



News Release

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The Conference Board®

Korea Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR KOREA AND RELATED COMPOSITE ECONOMIC INDEXES FOR AUGUST 2010

The Conference Board Leading Economic Index® (LEI) for Korea declined 0.8 percent and **The Conference Board Coincident Economic Index® (CEI)** declined 0.1 percent in August.

- The Conference Board LEI for Korea fell for the third consecutive month in August, and the weaknesses among the leading indicators were very widespread. Large negative contributions from private construction orders and value of machinery orders more than offset the small positive contributions from the (inverted) bond yield and letter of credit arrivals. With the decline in August, the leading economic index was flat in the six-month period ending in August 2010, substantially down from an increase of 6.9 percent (about a 14.3 percent annual rate) for the previous six months. Moreover, the strengths among the leading indicators have become less widespread in recent months, and have just been balanced with the weaknesses over the past six months.
- The Conference Board CEI for Korea, a measure of current economic activity, also fell in August. The wholesale and retail sales component and total employment both declined. With the small

decline in August, the coincident economic index grew by 1.9 percent (about a 3.8 percent annual rate) from February to August 2010, about the same rate as the previous six months. At the same time, real GDP grew at a 5.8 percent annual rate in the second quarter of 2010, slower than the increase of 8.8 percent annual rate during the first quarter.

- The Conference Board LEI for Korea has declined for three consecutive months through August, and its six-month growth rate has fallen sharply -- to zero growth for the last six months. Meanwhile, The Conference Board CEI for Korea has been on a slightly rising trend despite monthly volatility, and its six-month growth rate has been fairly stable this year. Taken together, the current behavior of the leading economic index and its components suggest that economic growth will be modest in the near term.

LEADING INDICATORS. Two of the seven components that make up The Conference Board LEI for Korea increased in August. The positive contributors were the (inverted) yield of government public bonds and letter of credit arrivals. Negative contributors – from the largest negative contributor to the smallest – were private construction orders, value of machinery orders, real exports FOB, stock prices, and the (inverted) index of inventories to shipments.

With the 0.8 percent decrease in August, The Conference Board LEI for Korea now stands at 114.5 (2004=100). Based on revised data, this index declined 0.7 percent in July and declined 0.3 percent in June. During the six-month span through August, the leading economic index was flat, with four of the seven components advancing (diffusion index, six-month span equals 50.0 percent).

COINCIDENT INDICATORS. Only one of the four components that make up The Conference Board CEI for Korea increased in August. The positive contributor was industrial production. The wholesale and retail sales component and total employment declined, while monthly cash earnings* remained unchanged in August.

With the 0.1 percent decrease in August, The Conference Board CEI for Korea now stands at 112.9 (2004=100). Based on revised data, this index increased 0.6 percent in July and decreased 0.1 percent in June. During the six-month span through August, the coincident economic index increased 1.9 percent, with all components advancing (diffusion index, six-month span equals 100.0 percent).

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index[®]** (LEI) and **The Conference Board Coincident Economic Index[®]** (CEI) for Korea reported in this release are those available “as of” 10 A.M. (ET) on October 8, 2010.

* The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings. There is no forecasted series in the leading economic index.

Summary Table of Composite Economic Indexes

	2010			6-month
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Feb to Aug</u>
Leading Economic index (LEI)	116.2	115.4	114.5	
Percent Change	-0.3 r	-0.7	-0.8	0.0
Diffusion	42.9 r	42.9	28.6	50.0
Coincident Economic Index (CEI)	112.3 p	113.0 p	112.9 p	
Percent Change	-0.1 p	0.6 p	-0.1 p	1.9 p
Diffusion	50.0	100.0	50.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board All Rights Reserved

The next release is scheduled for Friday, November 12, 2010 at 10:00 A.M. (KST)

In the U.S – Thursday, November 11, 2010 at 8:00 P.M (EST)

For more information, visit The Conference Board website: www.conference-board.org/data/bci.cfm