



THE CONFERENCE BOARD

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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 FEBRUARY 2009

The Conference Board Leading Economic Index™ (LEI) for Korea increased 0.5 percent and **The Conference Board Coincident Economic Index™ (CEI)** for Korea also increased 0.5 percent in February.

- The Conference Board LEI for Korea rebounded in February, the first increase in the past seven months. The index of inventories to shipments in the manufacturing sector and real exports made large positive contributions to the index this month, more than offsetting the negative contributions from stock prices, the inverted government bond yield, value of machinery orders, and private construction orders. Despite this month's gain, the six-month growth rate for the leading economic index has remained at a low level—the index declined 10.0 percent (about a -18.9 percent annual rate) from August 2008 to February 2009 – near the lowest point since 1998 during the Asian financial crisis. However, the weaknesses among the leading indicators became somewhat less widespread during the last six months.
- The Conference Board CEI for Korea, a measure of current economic activity, also increased in February. Industrial production increased sharply, and the strengths among the coincident indicators were balanced with the weaknesses in February. Despite the gain, the six-month growth rate of the coincident economic index remained negative, at a -3.7 percent rate (a -7.4 percent annual rate) from August 2008 to February 2009. At the same time, real GDP registered its sharpest decrease since 1998 – a 20.8 percent annual rate of decline in the fourth quarter of 2008, resulting in a 3.0 percent average annual rate of decline for 2008.
- After accelerating sharply in late 2008, the decline in The Conference Board LEI for Korea seems to have moderated in the last three months. The weaknesses among the LEI components have also become somewhat less widespread. In addition, the monthly growth rate of The Conference Board CEI for Korea has turned positive in the first two months of 2009. Taken together, the slight improvement in both composite economic indexes for Korea since the beginning of this year suggests that economic conditions will remain weak in the near term; however, the current contraction may become somewhat less severe.

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

With the 0.5 percent increase in February, The Conference Board LEI for Korea now stands at 100.4 (2004=100). Based on revised data, this index declined 1.5 percent in January and declined 1.3 percent in December. During the six-month span through February, The Conference Board LEI for Korea decreased 10.0 percent, with three of the seven components advancing (diffusion index, six-month span equals 42.9 percent).

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for Korea increased in February. The positive contributors— in order from the larger positive contributor to the smaller — were industrial production and monthly cash earnings. The wholesale and retail sales component and total employment declined in February.

With the 0.5 percent increase in February, The Conference Board CEI for Korea now stands at 105.3 (2004=100). Based on revised data, this index increased 0.1 percent in January and decreased 1.2 percent in December. During the six-month span through February, The Conference Board CEI decreased 3.7 percent, with none of the four components advancing (diffusion index, six-month span equals 0.0 percent).

About The Conference Board

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Summary Table of Composite Economic Indexes

		2009		6-month
	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Aug to Feb</u>
Leading Economic index (LEI)	101.4 r	99.9	100.4	
Percent Change	-1.3 r	-1.5 r	0.5	-10.0
Diffusion	57.1 r	42.9 r	42.9	42.9
Coincident Economic Index (CEI)	104.7 p	104.8 p	105.3 p	
Percent Change	-1.2 p	0.1 p	0.5 p	-3.7 p
Diffusion	50.0	75.0	50.0	0.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 1990

Source: The Conference Board

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The next release is scheduled for Wednesday, May 13, 2009 at 10:00 A.M. (KOR)

In the U.S – Tuesday, May 12, 2009 at 9:00 P.M (EST)