



## News Release

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The Conference Board®

Korea Business Cycle Indicators<sup>SM</sup>

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

**The Conference Board Leading Economic Index® (LEI)** for Korea increased 0.3 percent and **The Conference Board Coincident Economic Index® (CEI)** for Korea increased 0.2 percent in March.

- The Conference Board LEI for Korea increased again in March, with gains in machinery orders, exports, and financial indicators more than offsetting the negative contributions from private construction orders and the (inverted) index of inventories to shipments. Despite the gain in March, the six-month increase in the leading economic index continued to slow, to 4.5 percent (about a 9.3 percent annual rate) for the period through March 2010, down from 7.5 percent (about a 15.6 percent annual rate) for the previous six months. However, the strengths among the leading indicators have been more widespread than the weaknesses in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, also increased in March. Industrial production, total employment, and monthly cash earnings all made positive contributions to the index this month. The six-month growth rate in the coincident economic index stands at 2.4 percent (about a 4.8 percent annual rate) for the period through March, slightly down from 2.7 percent (about a 5.5 percent annual rate) for the previous six months. At

the same time, real GDP grew at a 7.5 percent annual rate in the first quarter of 2010, slightly above the 6.9 percent average annual rate in the second half of last year.

- After rising rapidly in 2009, The Conference Board LEI for Korea has been on a flat to slightly rising trend in the first quarter of 2010. Its six-month growth rate has also moderated in recent months. At the same time, The Conference Board CEI for Korea continued to increase in March, but at a modestly slower rate than the second half of last year. Taken together, the current behavior of the composite indexes and their components suggests that the economy will continue to grow, albeit at a modest pace in the near term.

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

With the 0.3 percent increase in March, The Conference Board LEI for Korea now stands at 114.9 (2004=100). Based on revised data, this index increased 0.4 percent in February and declined 0.1 percent in January. During the six-month span through March, the leading economic index increased 4.5 percent, with five of the seven components advancing (diffusion index, six-month span equals 71.4 percent).

**COINCIDENT INDICATORS.** Three of the four components that make up The Conference Board CEI for Korea increased in March. The positive contributors– in order from the largest positive contributor to the smallest – were total employment, industrial production, and monthly cash earnings\*. The wholesale and retail sales component declined in March.

With the 0.2 percent increase in March, The Conference Board CEI for Korea now stands at 111.8 (2004=100). Based on revised data, this index increased 0.9 percent in February and decreased 0.4 percent in January. During the six-month span through March, the coincident economic index increased 2.4 percent, with three of the four components advancing (diffusion index, six-month span equals 87.5 percent).

**FOR TABLES AND CHARTS, SEE BELOW**

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

	<b>2010</b>			<b>6-month</b>
	<b><u>Jan</u></b>	<b><u>Feb</u></b>	<b><u>Mar</u></b>	<b><u>Sep to Mar</u></b>
<b>Leading Economic index (LEI)</b>	114.1 r	114.5 r	114.9	
Percent Change	-0.1	0.4 r	0.3	4.5
Diffusion	50.0	57.1 r	71.4	71.4
<b>Coincident Economic Index (CEI)</b>	110.6 p	111.6 p	111.8 p	
Percent Change	-0.4 p	0.9 p	0.2 p	2.4 p
Diffusion	25.0	75.0	75.0	87.5

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for Wednesday, June 16, 2010 at 10:00 A.M. (KST)

*In the U.S* – Tuesday, June 15, 2010 at 9:00 P.M (EST)

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