



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 2010

The Conference Board Leading Economic Index® (LEI) for Korea increased 0.1 percent and **The Conference Board Coincident Economic Index®** (CEI) for Korea increased 0.9 percent in February.

- The Conference Board LEI for Korea increased slightly in February, but January's increase was revised down to a small decline as actual data for value of machinery orders became available. In February, gains in real exports, letter of credit arrivals, and value of machinery orders more than offset the large negative contributions from private construction orders and the (inverted) index of inventories to shipments. With this month's small gain, the leading economic index increased by 6.7 percent (about a 13.9 percent annual rate) in the six-month period ending in February 2010, slightly above the increase of 5.4 percent (about a 11.1 percent annual rate) for the previous six months. In addition, the strengths among the leading indicators have been very widespread in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, also increased in February, following a small decline in January. Industrial production, total employment, and the wholesale and retail sales component all made large positive contributions to the index this month. The six-month growth rate in the coincident economic index stands at 2.7 percent (about a 5.4 percent annual rate) for the period through February, down from 3.3 percent (about a 6.8 percent annual rate) for the previous six months. At the same time, real GDP growth also slowed substantially in the fourth quarter of the year, to 0.7 percent (annual rate), from the rapid increases of 13.6 percent in the third quarter and the 5.3 percent average rate in the first half of 2009.
- After rising rapidly in 2009, The Conference Board LEI for Korea has been essentially flat in the first two months of 2010. Additionally, its six-month growth rate has stabilized somewhat in recent months. At the same time, the upward trend in The Conference Board CEI for Korea continued in February, but its six-month growth rate has slowed. 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. 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 real exports FOB, letter of credit arrivals, and value of machinery orders. Negative contributors – from the largest negative contributor to the smallest – were private construction orders, the (inverted) index of inventories to shipments, and stock prices. The (inverted) yield of government public bonds was unchanged in February.

With the 0.1 percent increase in February, The Conference Board LEI for Korea now stands at 114.3 (2004=100). Based on revised data, this index declined 0.1 percent in January and increased 1.9 percent in December. During the six-month span through February, the leading economic index increased 6.7 percent, with all seven components advancing (diffusion index, six-month span equals 100.0 percent).

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

With the 0.9 percent increase in February, The Conference Board CEI for Korea now stands at 111.6 (2004=100). Based on revised data, this index decreased 0.3 percent in January and increased 0.3 percent in December. During the six-month span through February, the coincident economic index increased 2.7 percent, with three of the four components advancing (diffusion index, six-month span equals 75.0 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 April 7, 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.

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Summary Table of Composite Economic Indexes

	2009		2010	6-month
	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Aug to Feb</u>
Leading Economic index (LEI)	114.3 r	114.2 r	114.3	
Percent Change	1.9 r	-0.1 r	0.1	6.7
Diffusion	92.9 r	50.0 r	50.0	100.0
Coincident Economic Index (CEI)	110.9 p	110.6 p	111.6 p	
Percent Change	0.3 p	-0.3 p	0.9 p	2.7 p
Diffusion	50.0	25.0	75.0	75.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board All Rights Reserved

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For more information visit our Website: www.conference-board.org/economics/bci/

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

In the U.S – Tuesday, May 11, 2010 at 9:00 P.M (EST)