



News Release

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FOR RELEASE: 10:00 A.M. KST, WEDNESDAY, SEPTEMBER 15, 2010

The Conference Board[®]

Korea Business Cycle IndicatorsSM

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

The Conference Board Leading Economic Index[®] (LEI) for Korea declined 0.7 percent and The Conference Board Coincident Economic Index[®] (CEI) increased 0.6 percent in July.

- The Conference Board LEI for Korea fell sharply in July, and the flat growth in June was revised down to a small decline. Large negative contributions from letter of credit arrivals, the (inverted) index of inventories to shipments, and real exports more than offset positive contributions from value of machinery orders, stock prices, and private construction orders. With the decline in July, the six-month growth rate of the leading economic index has continued to slow, to 1.2 percent (about a 2.5 percent annual rate) from January to July 2010, substantially down from 6.4 percent (about a 13.3 percent annual rate) for the previous six months. Moreover, the strengths among the leading indicators have become less widespread in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, increased in July. All the components in the coincident economic index advanced. With the increase this month, the coincident economic index grew by 3.4 percent (about a 6.9 percent annual rate) in the six-month period through July 2010, above the 0.6 percent increase (about a 1.1 percent annual rate) for 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 declined for the past two months, and its six-month growth rate has slowed sharply this year. Meanwhile, The Conference Board CEI for Korea remains on a rising trend, and its growth rate has picked up in the last six months. Taken together, the current behavior of the leading economic index and its components suggest 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 July. The positive contributors – from the largest positive contributor to the smallest – were value of machinery orders, stock prices, and private construction orders. Negative contributors – from the largest negative contributor to the smallest – were letter of credit arrivals, the (inverted) index of inventories to shipments, real exports FOB, and the (inverted) yield of government public bonds.

With the 0.7 percent decrease in July, The Conference Board LEI for Korea now stands at 115.4 (2004=100). Based on revised data, this index declined 0.2 percent in June and increased 0.9 percent in May. During the six-month span through July, the leading economic index increased 1.2 percent, with four of the seven components advancing (diffusion index, six-month span equals 57.1 percent).

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

With the 0.6 percent increase in July, The Conference Board CEI for Korea now stands at 113.0 (2004=100). Based on revised data, this index remained unchanged in June and increased 0.7 percent in May. During the six-month span through July, the coincident economic index increased 3.4 percent, with all four 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 September 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

	2010			6-month
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Jan to Jul</u>
Leading Economic index (LEI)	116.4 r	116.2 r	115.4	
Percent Change	0.9 r	-0.2 r	-0.7	1.2
Diffusion	35.7 r	42.9 r	42.9	57.1
Coincident Economic Index (CEI)	112.3 r	112.3 p	113.0 p	
Percent Change	0.7 r	0.0 p	0.6 p	3.4 p
Diffusion	100.0	50.0	100.0	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 Thursday, October 14, 2010 at 10:00 A.M. (KST)

In the U.S – Wednesday, October 13, 2010 at 9:00 P.M (EST)

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