



## News Release

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The Conference Board<sup>®</sup>

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

### **THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup> (LEI) FOR KOREA AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2014**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI) for Korea declined 0.6 percent and The Conference Board Coincident Economic Index<sup>®</sup> (CEI) for Korea declined 0.5 percent in May.**

- The Conference Board LEI for Korea fell in May after three consecutive gains. A large negative contribution from the value of machinery orders component was the primary driver behind the decline. With May's decrease, the leading economic index contracted by 0.1 percent (about a -0.2 percent annual rate) between November 2013 and May 2014, down from the increase of 1.7 percent (about a 3.5 percent annual rate) over the previous six months. Additionally, the weaknesses among the leading indicators have become slightly more widespread than the strengths in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, also declined in May. Between November 2013 and May 2014, the coincident economic index grew by 0.3 percent (about a 0.7 percent annual rate), slower than the 1.3 percent increase (about a 2.6 percent annual rate) during the previous six months. At the same time, real GDP grew at a 3.8 percent annual rate in the first quarter of this year, slightly up from 3.6 percent growth (annual rate) in the last quarter of 2013.
- The LEI for Korea has decreased in May, and as a result its six-month change has slipped into negative territory for the first time since September 2013. Meanwhile, the CEI for Korea also declined in May, and its six-month growth rate has slowed substantially compared to earlier this

year. Taken together, the weakening in both the LEI and CEI and their components suggests that the rate of economic growth is unlikely to pick up in the near term.

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

With the 0.6 percent decrease in May, The Conference Board LEI for Korea now stands at 122.8 (2004=100). Based on revised data, this index increased 1.0 percent in April and increased 0.8 percent in March. Over the six-month span through May, the leading economic index decreased 0.1 percent, with three of the seven components advancing (diffusion index, six-month span equals 42.9 percent).

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

With the 0.5 percent decrease in May, The Conference Board CEI for Korea now stands at 117.9 (2004=100). Based on revised data, this index decreased 0.1 percent in April and decreased 0.7 percent in March. During the six-month span through May, the coincident economic index increased 0.3 percent, with two of the four components advancing (diffusion index, six-month span equals 50.0 percent).

**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” 3 P.M. (ET) on July 9, 2014.

\* 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**

	2014			6-month Nov to May
	Mar	Apr	May	
<b>Leading Economic Index (LEI)</b>	122.4 r	123.6	122.8	
Percent Change	0.8 r	1.0 r	-0.6	-0.1
Diffusion	64.3 r	64.3 r	57.1	42.9
<b>Coincident Economic Index (CEI)</b>	118.6 p	118.5 p	117.9 p	
Percent Change	-0.7 p	-0.1 p	-0.5 p	0.3 p
Diffusion	25.0	37.5	25.0	50.0

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

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The next release is scheduled for Friday, August 15, 2014 at 10:00 A.M. (KST)  
*In the U.S – Thursday, August 14, 2014 at 9:00 P.M. (EDT)*

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

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