



News Release

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Further information:

Carol Courter: 1-732-672-2817

carol.courter@conference-board.org

Jonathan Liu: 1-732-991-1754

jonathan.liu@conference-board.org

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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 JUNE 2014

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

- The Conference Board LEI for Korea remained unchanged in June after a sharp drop in the previous month. The large negative contribution from the letter of credit arrivals component was offset by positive contributions from the value of machinery orders in manufacturing and private constructions orders. The leading economic index recorded no change between December 2013 and June 2014, sharply down from the increase of 2.2 percent (about a 4.4 percent annual rate) during the previous six months. However, during the same time period, the strengths among the leading indicators have remained more widespread than the weaknesses.
- The Conference Board CEI for Korea, a measure of current economic activity, increased in June, after three months of consecutive declines. In the first half of 2014, the coincident economic index grew by 0.8 percent (about a 1.5 percent annual rate), slightly slower than the 1.0 percent increase (about a 2.1 percent annual rate) during the second half of last year. At the same time, real GDP grew at a 2.4 percent annual rate in the second quarter of 2014, down from 3.8 percent growth (annual rate) in the first quarter.
- Despite month-to-month volatility, the LEI for Korea has been relatively flat for the past three years and its six-month change remains weak. Meanwhile, the CEI for Korea increased in June, and its six-month growth rate has slowed moderately compared to earlier this year. Taken

together, the stagnation in the LEI and slow recovery in the CEI continue to suggest that the current modest rate of economic growth is likely to persist through the second half of 2014.

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

The Conference Board LEI for Korea remained unchanged in June and now stands at 122.3 (2004=100). Based on revised data, this index declined 1.1 percent in May and increased 1.1 percent in April. Over the six-month span through June, the leading economic index was unchanged, 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 June. The positive contributors – in order from the largest positive contributor to the smallest – were industrial production, total employment and monthly cash earnings*. The wholesale and retail sales component declined in June.

With the 0.3 percent increase in June, The Conference Board CEI for Korea now stands at 118.3 (2004=100). Based on revised data, this index decreased 0.5 percent in May and decreased 0.1 percent in April. During the six-month span through June, the coincident economic index increased 0.8 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” 2 P.M. (ET) on August 13, 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 Dec to Jun
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	
Leading Economic Index (LEI)	123.6	122.3 r	122.3	
Percent Change	1.1 r	-1.1 r	0.0	0.0
Diffusion	64.3 r	42.9 r	71.4	71.4
Coincident Economic Index (CEI)	118.5 p	117.9 p	118.3 p	
Percent Change	-0.1 p	-0.5 p	0.3 p	0.8 p
Diffusion	50.0	25.0	75.0	75.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

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The next release is scheduled for Friday, September 12, 2014 at 10:00 A.M. (KST)

In the U.S – Thursday, September 11, 2014 at 9:00 P.M. (EDT)

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

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