



News Release

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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 AUGUST 2014

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

- The Conference Board LEI for Korea edged up in August, after a sharp decline in the previous month, driven by a large positive contribution from private construction orders. Despite this month's slight increase, the leading economic index contracted by 0.1 percent (about a -0.2 percent annual rate) between February and August 2014, down from the increase of 1.3 percent (about a 2.5 percent annual rate) over the previous six months. However, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, increased slightly this month. However, in the six-month period ending in August 2014, the coincident economic index fell by 0.8 percent (about a -1.5 percent annual rate), a reversal from its 2.3 percent increase (about a 4.7 percent annual rate) during the previous six months. At the same time, real GDP grew at a 2.0 percent annual rate in the second quarter of 2014, down from 3.8 percent growth (annual rate) in the first quarter.
- The LEI for Korea has been relatively flat since 2011. Its six-month growth rate, while relatively unchanged in recent months, has turned slightly negative. Meanwhile, the CEI for Korea increased marginally for the third month in a row after declining sharply in the previous three months. As a result, its six-month growth rate has fallen into negative territory with widespread

weaknesses among its components. Taken together, the composite indexes continue to suggest that economic activity will likely continue to grow in the near term, but at a slow pace.

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

With the 0.1 percent increase in August, The Conference Board LEI for Korea now stands at 121.2 (2004=100). Based on revised data, this index declined 1.1 percent in July and increased 0.2 percent in June. Over the six-month span through August, the leading economic index decreased 0.1 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 August. The positive contributors – in order from the largest positive contributor to the smallest – were total employment, the wholesale and retail sales component and monthly cash earnings*, while industrial production declined in August.

With the 0.1 percent increase in August, The Conference Board CEI for Korea now stands at 118.5 (2004=100). Based on revised data, this index increased 0.5 percent in July and increased 0.4 percent in June. During the six-month span through August, the coincident economic index decreased 0.8 percent, with only one of the four components advancing (diffusion index, six-month span equals 25.0 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 October 14, 2014.

* The series in the leading economic index based on The Conference Board’s estimates is monthly letter of credit arrivals. The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings.

Summary Table of Composite Economic Indexes

	2014			<u>6-month Feb to Aug</u>
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	
Leading Economic Index (LEI)	122.5 r	121.1 p	121.2 p	
Percent Change	0.2 p	-1.1 p	0.1 p	-0.1 p
Diffusion	85.7 p	28.6 p	64.3 p	71.4
Coincident Economic Index (CEI)	117.8 p	118.4 p	118.5 p	
Percent Change	0.4 p	0.5 p	0.1 p	-0.8 p
Diffusion	87.5	87.5	75.0	25.0

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 Friday, November 14, 2014 at 10:00 A.M. (KST)

In the U.S – Thursday, November 13, 2014 at 8:00 P.M (ET)

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

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