



## News Release

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Further information:

Carol Courter: 1-732-672-2817

[carol.courter@conference-board.org](mailto:carol.courter@conference-board.org)

Jonathan Liu: 1-732-991-1754

[jonathan.liu@conference-board.org](mailto:jonathan.liu@conference-board.org)

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The Conference Board®

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

### **THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR KOREA AND RELATED COMPOSITE ECONOMIC INDEXES FOR OCTOBER 2014**

**The Conference Board Leading Economic Index® (LEI)** for Korea increased 0.2 percent and **The Conference Board Coincident Economic Index® (CEI)** for Korea declined 0.2 percent in October.

Next month's release will incorporate annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. Also, with this benchmark revision, the base year of the composite indexes will be changed to 2010 = 100 from 2004 = 100. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

In addition, one of the components of The Conference Board Korea Leading Economic Indicator (LEI), letter of credit arrivals, has been discontinued and as of next month will no longer be included in the Korea LEI. We are currently evaluating several other components for inclusion in the Korea LEI.

For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact us at [indicators@conference-board.org](mailto:indicators@conference-board.org).

- The Conference Board LEI for Korea increased slightly in October, with positive contributions from the index of inventories to shipments in manufacturing and bond yields more than offsetting negative contributions from stock prices and letter of credit arrivals. Despite this month's increase, the leading economic index fell 1.1 percent (about a -2.3 percent annual rate) between April and October 2014, a reversal from the increase of 0.7 percent (about a 1.3 percent

annual rate) in the previous six months. Additionally, the weaknesses among the leading indicators have become more widespread than the strengths in recent months.

- The Conference Board CEI for Korea, a measure of current economic activity, decreased slightly. Between April and October 2014, the coincident economic index declined 0.1 percent (about a -0.2 percent annual rate), down from its 0.7 percent increase (about a 1.4 percent annual rate) over the previous six months. At the same time, real GDP grew at a 3.7 percent annual rate in the third quarter of 2014, up from 2.0 percent growth (annual rate) in the second quarter.
- Despite recent improvements in The Conference Board LEI for Korea, the rate of decline in its six-month growth rate has deepened and the weaknesses among its components have become much more widespread. Taken together, the negative growth rate of the LEI and the weak performance of its components suggest that the pace of economic growth is unlikely to pick up momentum in the near term.

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

With the 0.2 percent increase in October, The Conference Board LEI for Korea now stands at 122.2 (2004=100). Based on revised data, this index increased 0.7 percent in September and increased 0.1 percent in August. Over the six-month span through October, the leading economic index decreased 1.1 percent, with three of the seven components advancing (diffusion index, six-month span equals 42.9 percent).

**COINCIDENT INDICATORS.** Two of the four components that make up The Conference Board CEI for Korea increased in October. The positive contributors—in order from the larger positive contributor to the smaller—were the wholesale and retail sales component and monthly cash earnings\*. Industrial production and total employment declined in October.

With the 0.2 percent decrease in October, The Conference Board CEI for Korea now stands at 117.8 (2004=100). Based on revised data, this index decreased 0.3 percent in September and increased 0.1 percent in August. During the six-month span through October, the coincident economic index decreased 0.1 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” 10 A.M. (ET) on December 10, 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			6-month
	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Apr to Oct</u>
<b>Leading Economic Index (LEI)</b>	121.1 p	122.0 p	122.2 p	
Percent Change	0.1 p	0.7 p	0.2 p	-1.1 p
Diffusion	64.3 p	85.7 p	57.1 p	42.9
<b>Coincident Economic Index (CEI)</b>	118.4 r	118.0 p	117.8 p	
Percent Change	0.1	-0.3 p	-0.2 p	-0.1 p
Diffusion	50.0	37.5	50.0	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, January 16, 2015 at 10:00 A.M. (KST)  
*In the U.S – Thursday, January 15, 2015 at 8:00 P.M. (ET)*

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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