



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 NOVEMBER 2014

This month's release incorporates 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 was 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 is no longer included in the Korea LEI. We are currently evaluating several other components for inclusion in the Korea LEI. **(For further information, see Technical Notes)**

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

The Conference Board Leading Economic Index® (LEI) for Korea declined 0.6 percent and The Conference Board Coincident Economic Index® (CEI) for Korea increased 0.4 percent in November.

- The Conference Board LEI for Korea declined in November, fueled by large negative contributions from private construction orders and real exports. Despite this month's decrease, the leading economic index grew by 1.8 percent (about a 3.6 percent annual rate) between May and November 2014, much faster than its growth of 0.2 percent (about a 0.4 percent annual rate)

during the previous six months. Additionally, the strengths among the leading indicators have remained much more widespread than the weaknesses in recent months.

- The Conference Board CEI for Korea, a measure of current economic activity, improved, with three out of four components contributing positively. Between May and November 2014, the coincident economic index grew by 0.9 percent (about a 1.9 percent annual rate), a reversal from its contraction of 0.1 percent (about a -0.2 percent annual rate) during 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.
- The LEI for Korea has increased in four out of the six most recent months, and has been on a slow upward trend since the beginning of last year. As a result, its six-month growth rate has improved with widespread strengths among its components. Meanwhile, The CEI for Korea improved in November, and its six-month growth rate has strengthened compared to the first half of 2014. Taken together, the composite indexes and their components continue to suggest that the rate of economic growth is likely to continue in the near term, with some potential for acceleration.

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

With the 0.6 percent decrease in November, The Conference Board LEI for Korea now stands at 108.1 (2010=100). Based on revised data, this index increased 0.4 percent in October and increased 0.7 percent in September. Over the six-month span through November, the leading economic index increased 1.8 percent, with four of the six components advancing (diffusion index, six-month span equals 75.0 percent).

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

With the 0.4 percent increase in November, The Conference Board CEI for Korea now stands at 106.9 (2010=100). Based on revised data, this index decreased 0.1 percent in October and decreased 0.3 percent in September. During the six-month span through November, the coincident economic index increased 0.9 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” 10 A.M. (ET) on January 13, 2015.

* 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
	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>May to Nov</u>
Leading Economic Index (LEI)	108.3 r	108.7 r	108.1	
Percent Change	0.7	0.4 r	-0.6	1.8
Diffusion	83.3	66.7 r	66.7	75.0
Coincident Economic Index (CEI)	106.6 p	106.5 p	106.9 p	
Percent Change	-0.3 p	-0.1 p	0.4 p	0.9 p
Diffusion	50.0	50.0	75.0	75.0

n.a. Not available p Preliminary r Revised
 Indexes equal 100 in 2010

Source: The Conference Board All Rights Reserved

The next release is scheduled for Thursday, February 12, 2015 at 10:00 A.M. (KST)
In the U.S – Wednesday, February 11, 2015 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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