



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 FEBRUARY 2015

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

- The Conference Board LEI for Korea decreased in February, fueled by large negative contributions from the index of inventories to shipments and manufacturing machinery orders. The leading economic index increased by 0.5 percent (about a 0.9 percent annual rate) between August 2014 and February 2015, down from the increase of 2.9 percent (about a 5.8 percent annual rate) during the previous six months. Additionally, the strengths among the leading indicators have become less widespread and now are balanced with the weaknesses.
- The Conference Board CEI for Korea, a measure of current economic activity, improved. Between August 2014 and February 2015, the coincident economic index grew by 0.9 percent (about a 1.9 percent annual rate), a reversal from its decline of 0.9 percent (about a -1.8 percent annual rate) during the previous six months. At the same time, real GDP expanded at a 1.1 percent annual rate in the last quarter of 2014, down from 3.2 percent growth (annual rate) in the third quarter.
- The LEI for Korea declined in February, and while its six-month growth rate remains positive, it has slowed over the past several months. Meanwhile, The CEI for Korea increased, and the rate of its six-month change has accelerated compared to six months ago. Despite the improvement in

the CEI growth, the moderating growth rate in the LEI suggests that the current modest pace of economic expansion is likely to continue in the near term.

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

With the 0.6 percent decrease in February, The Conference Board LEI for Korea now stands at 108.1 (2010=100). Based on revised data, this index increased 0.4 percent in January and increased 0.1 percent in December. Over the six-month span through February, the leading economic index increased 0.5 percent, with three of the six components advancing (diffusion index, six-month span equals 50.0 percent).

COINCIDENT INDICATORS. Three of the four components that make up The Conference Board CEI for Korea increased in February. 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 remained unchanged in February.

With the 0.6 percent increase in February, The Conference Board CEI for Korea now stands at 107.9 (2010=100). Based on revised data, this index decreased 0.3 percent in January and increased 0.5 percent in December. During the six-month span through February, 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 April 8, 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		2015		6-month <u>Aug to</u> <u>Feb</u>
	<u>Dec</u>		<u>Jan</u>	<u>Feb</u>	
Leading Economic Index (LEI)	108.3	r	108.7	r	108.1
Percent Change	0.1		0.4	r	-0.6
Diffusion	41.7		66.7	r	66.7
Coincident Economic Index (CEI)	107.6	p	107.3	p	107.9
Percent Change	0.5	p	-0.3	p	0.6
Diffusion	100.0		50.0		87.5

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2010

Source: The Conference Board

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The next release is scheduled for Wednesday, May 13, 2015 at 10:00 A.M. (KST)

In the U.S – Tuesday, May 12, 2015 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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