



THE CONFERENCE BOARD

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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 2009**

Next month's release will incorporate annual benchmark revisions to the composite indexes, which bring them up-to-date with revisions in the source data. 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 will no longer be directly comparable to those issued prior to the benchmark revision.

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

**The Conference Board Leading Economic Index™ (LEI)** for Korea declined 0.2 percent and **The Conference Board Coincident Economic Index™ (CEI)** declined 0.4 percent in October.

- The Conference Board LEI for Korea fell slightly in October, the first decline in the last nine months. The inverted index of inventories to shipments and stock prices both made large negative contributions this month. With the small decrease, the six-month growth in the leading economic index slowed to 5.7 percent (about an 11.8 percent annual rate) in the six-month period through October 2009. However, it is still a substantial improvement from the 4.2 percent decline (about a -8.2 percent annual rate) for the previous six months. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, also decreased in October. Industrial production fell sharply, and total employment also made a negative contribution to the index. In the six-month period through October, the coincident economic index increased by 2.4 percent (a 4.8 percent annual rate), a reversal from the 1.8 percent decline (about a -3.5 percent annual rate) for the previous six months. At the same time, real GDP has continued to expand, by 12.3 percent (annual rate) in the third quarter of 2009, following an average increase of 5.6 percent (annual rate) for the first half of the year.
- After rising sharply since February this year, The Conference Board LEI and The Conference Board CEI for Korea both fell in October, and their six-month growth rates also slowed. Taken together, the current behavior of the composite indexes and their components suggests that the economy will continue to recover, but likely at a modest pace in the near term.

**LEADING INDICATORS.** Three 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 private construction orders, real exports FOB, and letter of credit arrivals. Negative contributors – from the largest negative contributor to the smallest – were the (inverted) index of inventories to shipments, stock prices, value of machinery orders, and the (inverted) yield of government public bonds.

With the 0.2 percent decrease in October, The Conference Board LEI for Korea now stands at 108.7 (2004=100). Based on revised data, this index increased 2.4 percent in September and increased 0.1 percent in August. During the six-month span through October, the leading economic index increased 5.7 percent, with six of the seven components advancing (diffusion index, six-month span equals 85.7 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 0.4 percent decrease in October, The Conference Board CEI for Korea now stands at 108.3 (2004=100). Based on revised data, this index increased 0.9 percent in September and increased 0.1 percent in August. During the six-month span through October, the coincident economic index increased 2.4 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 December 8, 2009.

\* 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.

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## Summary Table of Composite Economic Indexes

|  | <u>Aug</u>  | <b>2009</b><br><u>Sep</u> | <u>Oct</u>  | <b>6-month</b><br><u>Apr to Oct</u> |
|--|-------------|---------------------------|-------------|-------------------------------------|
| <b>Leading Economic index (LEI)</b>        | 106.3 r     | 108.9 r                   | 108.7       |                                     |
| Percent Change                             | 0.1 r       | 2.4 r                     | -0.2        | 5.7                                 |
| Diffusion                                  | 57.1 r      | 92.9 r                    | 50.0        | 85.7                                |
| <br><b>Coincident Economic Index (CEI)</b> | <br>107.7 r | <br>108.7 p               | <br>108.3 p |                                     |
| Percent Change                             | 0.1 p       | 0.9 p                     | -0.4 p      | 2.4 p                               |
| Diffusion                                  | 50.0        | 87.5                      | 50.0        | 75.0                                |

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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For more information visit our Website: [www.conference-board.org/economics/bci/](http://www.conference-board.org/economics/bci/)

The next release is scheduled for Friday, January 15, 2010 at 10:00 A.M. (KST)

*In the U.S* – Thursday, January 14, 2010 at 8:00 P.M (EST)