



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. KST, WEDNESDAY, SEPTEMBER 16, 2009

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 JULY 2009**

**The Conference Board Leading Economic Index™ (LEI) for Korea increased 1.4 percent and The Conference Board Coincident Economic Index™ (CEI) for Korea increased 0.1 percent in July.**

- The Conference Board LEI for Korea increased for the sixth consecutive month in July. Large gains in stock prices, private construction orders, and real exports more than offset the negative contribution from value of machinery orders. With July's gain, the six-month growth rate in the leading economic index continued to pick up, to a 6.3 percent rate (about a 13.0 percent annual rate) for the period ending in July 2009, a sharp reversal from the decline of 23.6 percent (annual rate) in the six-month period through January this year. In addition, the strengths among the leading indicators have remained widespread during the last six months.
- The Conference Board CEI for Korea, a measure of current economic activity, increased slightly in July. Positive contributions from industrial production and the wholesale and retail sales component marginally offset declines in total employment and monthly cash earnings\*. The six-month growth rate in the index has picked up to 3.3 percent (a 6.8 percent annual rate) for the period through July 2009, well above the 9.1 percent (annual rate) decline for the previous six months. At the same time, real GDP expanded at an 11.0 percent annual rate in the second quarter of 2009 – its highest growth rate since early 2002 and well above the 0.5 percent gain (annual rate) in the first quarter of 2009.
- After declining steadily since late 2007, The Conference Board LEI for Korea has risen sharply in 2009, and its growth has continued to accelerate. The Conference Board CEI for Korea has also risen this year, with its six-month growth rate reaching the highest rate since April 2002. Taken together, the current behavior of the composite indexes and their components suggest that the recovery in economic activity will likely continue in upcoming months.

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

With the 1.4 percent increase in July, The Conference Board LEI for Korea now stands at 106.3 (2004=100). Based on revised data, this index increased 1.6 percent in June and increased 0.3 percent in May. During the six-month span through July, the leading economic index increased 6.3 percent, with five of the seven components advancing (diffusion index, six-month span equals 71.4 percent).

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

With the 0.1 percent increase in July, The Conference Board CEI for Korea now stands at 108.0 (2004=100). Based on revised data, this index increased 1.4 percent in June and increased 0.5 percent in May. During the six-month span through July, the coincident economic index increased 3.3 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 September 14, 2009.

\* The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings.

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**Summary Table of Composite Economic Indexes**

	<u>May</u>	<u>2009</u> <u>Jun</u>	<u>Jul</u>	<u>6-month</u> <u>Jan to Jul</u>
<b>Leading Economic index (LEI)</b>	103.2 r	104.8 r	106.3	
Percent Change	0.3 r	1.6 r	1.4	6.3
Diffusion	57.1 r	57.1 r	78.6	71.4
<b>Coincident Economic Index (CEI)</b>	106.4 r	107.9 p	108.0 p	
Percent Change	0.5 r	1.4 p	0.1 p	3.3 p
Diffusion	62.5	100.0	50.0	75.0

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

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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 Thursday, October 15, 2009 at 10:00 A.M. (KST)

*In the U.S* – Wednesday, October 14, 2009 at 9:00 P.M (EST)