



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. KST, THURSDAY, OCTOBER 15, 2009

The Conference Board®
Korea Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR KOREA**
AND RELATED COMPOSITE ECONOMIC INDEXES FOR AUGUST 2009

The Conference Board Leading Economic Index™ (LEI) for Korea declined 0.3 percent and **The Conference Board Coincident Economic Index™ (CEI)** for Korea increased 0.1 percent in August.

- The Conference Board LEI for Korea declined modestly in August, following six consecutive increases. Index of inventories to shipments (inverted), value of machinery orders, and the bond yield (inverted) all made large negative contributions to the index this month. Despite the decline in August, the leading economic index increased by 5.4 percent (about an 11.0 percent annual rate) in the six-month period through August 2009, a sharp reversal from the decline of 18.9 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, increased slightly again in August. Positive contributions from total employment and monthly cash earnings* more than offset negative contributions from industrial production and the wholesale and retail sales component. The coincident economic index increased 2.9 percent (a 5.8 percent annual rate) in the six-month period through August 2009, well above the 8.1 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.
- The Conference Board LEI and The Conference Board CEI for Korea have both risen sharply this year. However, their growth rates have tapered somewhat from the very high rates in recent months. Taken together, the current behavior of the composite indexes and their components suggest that the recovery in economic activity will continue in upcoming months.

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

With the 0.3 percent decrease in August, The Conference Board LEI for Korea now stands at 105.8 (2004=100). Based on revised data, this index increased 1.4 percent in July and increased 1.5 percent in June. During the six-month span through August, the leading economic index increased 5.4 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 August. The positive contributors – in order from the larger positive contributor to the smaller – were total employment and monthly cash earnings. Industrial production and the wholesale and retail sales component declined in August.

With the 0.1 percent increase in August, The Conference Board CEI for Korea now stands at 107.9 (2004=100). Based on revised data, this index increased 0.1 percent in July and increased 1.3 percent in June. During the six-month span through August, the coincident economic index increased 2.9 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 October 13, 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>Jun</u>	<u>2009 Jul</u>	<u>Aug</u>	<u>6-month Feb to Aug</u>
Leading Economic index (LEI)	104.6 r	106.1 r	105.8	
Percent Change	1.5 r	1.4	-0.3	5.4
Diffusion	57.1 r	78.6	57.1	71.4
Coincident Economic Index (CEI)	107.7 p	107.8 p	107.9 p	
Percent Change	1.3 p	0.1 p	0.1 p	2.9 p
Diffusion	100.0	25.0	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/

The next release is scheduled for Friday, November 13, 2009 at 10:00 A.M. (KST)

In the U.S – Thursday, November 12, 2009 at 8:00 P.M (EST)