

# Short Term Indicators of Korea

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## **I . Consumer Survey Index : CSI**

## **II. Business Survey Index : BSI**

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## Definition & Object

### 1) What is **CSI**?

: The index that reflects consumers' perception about overall economic situations and economic sentiment for current month and future tendency

### 2) Purpose of CSI

- To **capture cyclical fluctuation** than traditional statistics
- To forecast a point of **consumer attitudes**  
→CSI contributes to the analyze **consumption spending situation**

## Methology

A CSI is produced for each question,  
by average weighting of all responses to that question

Perception of current economic situation

What do you think of **your current living standards** compared to that six months earlier?

Very positive	Considerably better (increased)	: 1.0
Somewhat positive	Slightly better (increased)	: 0.5
Similar	Similar	: 0.0
Somewhat negative	Slightly worse (decreased)	: -0.5
Very negative	Considerably worse (decreased)	: -1.0

# I. Consumer Survey Index

## Methology

	Survey items	Survey contents
Perception of current economic situation	current living standards	current situation compared to that six months earlier
	current domestic economic conditions	"
Prospective economic situation	prospective living standards	six months ahead in comparison with the current time
	prospective domestic economic conditions	"
	prospective employment opportunities	"
	prospective interest rates	"
Prospective household spending	household income	six months ahead in comparison with the current time
	household spending	"
Savings and debt of households	current household savings	current situation compared to that six months earlier
	prospective household savings	six months ahead in comparison with the current time
	current household debt	current situation compared to that six months earlier
	prospective household debt	six months ahead in comparison with the current time
Prospective prices	prospective prices	one year ahead in comparison with the current time.
	prospective housing prices	"
	prospective wages	"

## Methology

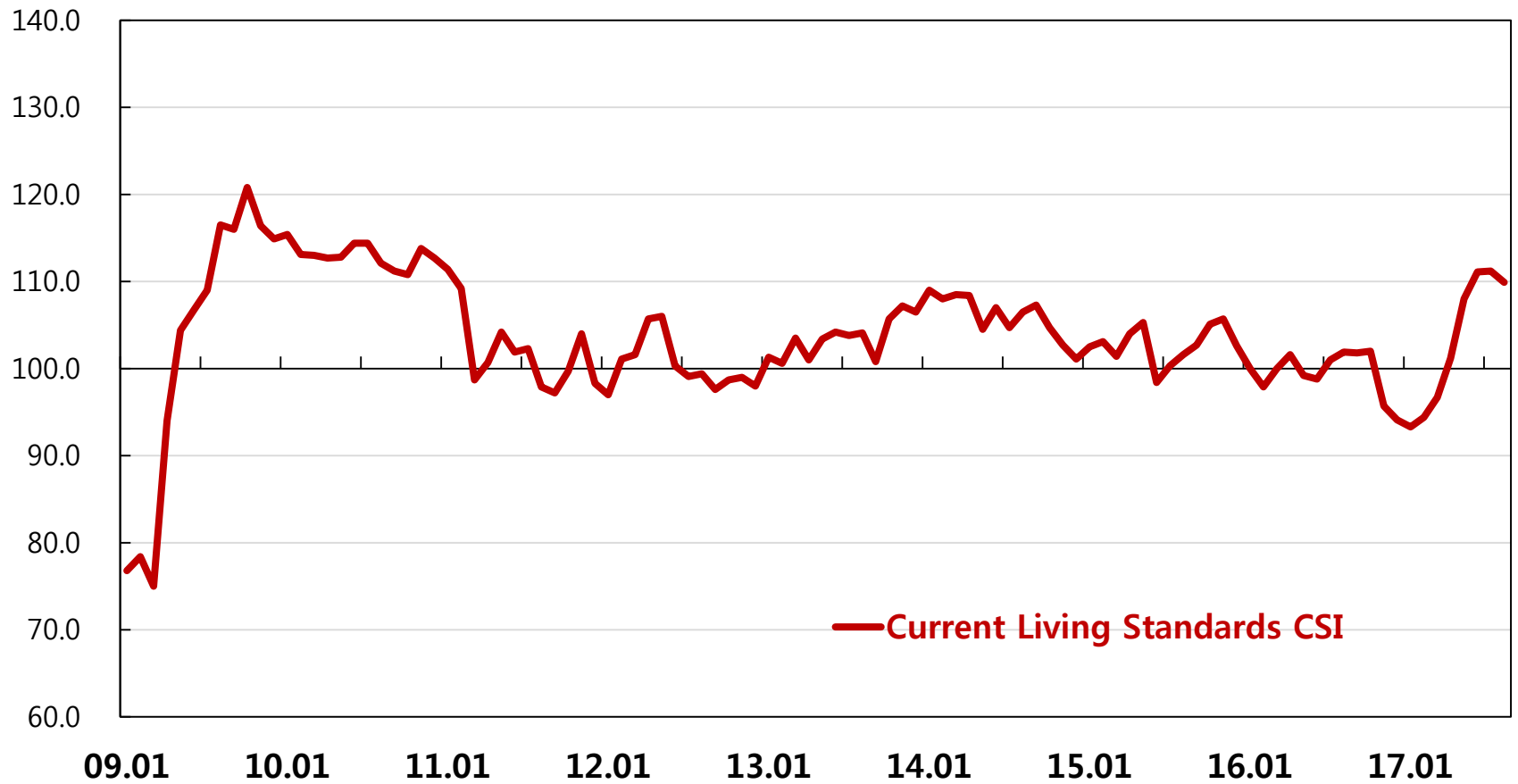
### ※ Formula for Consumer Sentiment Index (CSI)

$$\text{CSI} = \frac{(\text{very positive} \times 1.0 + \text{somewhat positive} \times 0.5 + \text{similar} \times 0.0) - (\text{somewhat negative} \times 0.5 + \text{very negative} \times 1.0)}{\text{total number of households surveyed}} \times 100 + 100$$

**The base CSI level is 100**

# II. Business Survey Index

## Practice & Trend



## Definition & Object

### 1) What is **BSI**?

: The index that reflects entrepreneurs' perception about overall economic situations and business conditions for current month and future tendency

### 2) Purpose of BSI

- To **measure sentimental change** of entrepreneurs
- To forecast a point of **business fluctuations**  
→BSI contributes to the appropriate **implementation of monetary policy**



## Methology

- **Judgment survey**

ex. Rate the level of your 'Business Situations?'

(1)Good (2)Normal (3)Bad

- **2 types of the questions**

- Assessments of the present situation

ex. Rate the level of your 'inventories' for the current month

(1) excess (2) balance (3) shortage

- Direction of change

compared to **1 years ago (year-on-year)** or **1 month ago (month-on-month)** situation.

ex. Rate change of your sales prices compared to the previous year (year-on-year)

(1) expansion (2) around the same (3) slowdown

## Methology

$$\text{Sub-sector BSI} = \frac{\text{number of companies repoding positevely} - \text{number of companies repoding negatively}}{\text{total number of companies repoding}} \times 100 + 100$$

$$\text{Upper category BSI} = \sum_{i=1}^n w_i \times BSI_i$$

where,  $w_i$ : each sector's GDP weight  
 $BSI_i$ : each sector's BSI

# II. Business Survey Index

## Methology

- The assessment of the situation: 5 items

The direction of the change: 10 items

Level (5 items)	Change (10 items)	
	year-on-year	month-on-month
<ul style="list-style-type: none"><li>• <b>business situation</b></li><li>• inventories</li><li>• facilities investment</li><li>• production facilities (compared to original plan)</li><li>• labor force situation</li></ul>	<ul style="list-style-type: none"><li>• <b>sales</b><ul style="list-style-type: none"><li>-domestic oriented</li><li>-export oriented</li></ul></li><li>• production</li><li>• new orders</li><li>• operation rate</li></ul>	<ul style="list-style-type: none"><li>• sales prices</li><li>• raw material purchase prices</li><li>• <b>profitability</b></li><li>• financial situation</li></ul>

- Additional item : **Problematic factor**

## II. Business Survey Index

### Example

**100** enterprises responded the survey.

From among these,

**30** enterprises responded to feel **positive** about the company.

**50** enterprises responded to feel normal about the company.

**20** enterprises responded to feel **negative** about the company.

In this case,

$$BSI = \frac{(30 - 20)}{100} \times 100 + 100 = 110$$

If **BSI > 100**, it means the number of companies answered positively excess the number of companies answered negatively

## Practice & Trend

### BSI on Business Situations

- May 2017(tendency): **82** (fell by 1 point from Apr 2017)  
Jun 2017(future tendency): **84**(unchanged from May 2016)
- Large enterprises: -1 point  
Medium & small enterprises: -1 point  
Export-oriented: +2 points  
Domestic demand-oriented: -3 points
- **After seasonal adjustment**  
May 2017(tendency): **78**(rose by 1 point from Apr 2017)  
Jun 2017(future tendency): **82**(rose by 3 points from May 2017)

# II. Business Survey Index

## Practice & Trend

