

Embargo:

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CURRENT ECONOMIC SITUATION, SEPTEMBER 2022

SERVICES UP, MANUFACTURING, RETAIL SALES, FACILITIES AND CONSTRUCTION INVESTMENT DOWN

Services rose in July while manufacturing, retail sales, facilities and construction investment declined. Employment continued to increase in August and consumer prices rose at a slower pace.

Industrial production decreased by 0.1 percent from the previous month in July as services (up 0.3%, m-o-m and up 4.7%, y-o-y) went up but manufacturing (down 1.3%, m-o-m and up 1.5%, y-o-y) declined.

Retail sales (down 0.3%, m-o-m and down 1.9%, y-o-y), facilities investment (down 3.2%, m-o-m and down 2.2%, y-o-y) and construction investment (down 2.5%, m-o-m and up 2.0%, y-o-y) all declined in July.

Exports rose by 6.6 percent year-on-year in August led by petroleum products and cars. Average daily exports increased by 2.2 percent from a year ago to US \$2.36 billion in August 2022 from US \$2.31 billion in August 2021.

The consumer sentiment index (CSI) increased by 2.8 points in August to 88.8 from the previous month. The business survey index (BSI) for the entire sector also went up by 1 point to 81, and the BSI outlook for September 2022 rose by 3 points to 82.

The cyclical indicator of the coincident composite index for July increased by 0.5 points and the cyclical indicator of the leading composite index fell by 0.3 points.

The economy added 807,000 jobs year-on-year in August and the unemployment rate fell by 0.5 percentage points from a year ago to 2.1 percent.

The consumer prices grew by 5.7 percent year-on-year in August due to a slower increase in petroleum prices and the core inflation rose by 4.4 percent.

In August, Korean treasury yields rose, the won weakened, and stock prices returned to decline after increases at the beginning of the month as concerns regarding the US tightening policy were re-emphasized.

Housing prices decline is faster in August (-0.08% → -0.29%, m-o-m), and prices of *Jeonse* (lump-sum deposits with no monthly payments) also saw a faster decline (-0.08% → -0.28%, m-o-m).

While the economy has continued to improve gradually due to recovery in employment and in-person service industries, amid continued high inflation caused by external factors, there are concerns of economic slowdown such as a drag on export recovery in the future.

Internationally, with global inflationary pressure continuously rising, financial market volatility and global economic downside risks persist due to major economies' rapid interest rate increases, China's lockdown measures and the uncertainty of energy supply and demand.

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The government will make its utmost efforts to boost the private economy, strengthen risk management efforts and push ahead with structural reforms for each sector as well as to take comprehensive measures to stabilize people's livelihood following the *Chuseok* holiday by taming prices and helping recover from the devastation caused by typhoons.

Key Statistics

Employment

	2020	2021						2022							
	Annual	Annual	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Number of employed (million)	26.90	27.27	27.60	27.68	27.74	27.80	27.30	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41
Employment rate (%)	60.1	60.5	61.2	61.3	61.4	61.5	60.4	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8
(Seasonally adjusted)	60.1	60.5	60.7	60.9	60.9	60.9	61.0	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3

Consumer Price Index

(%)

	2021								2022							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
y-o-y	2.6	2.3	2.6	2.6	2.4	3.2	3.8	3.7	3.6	3.7	4.1	4.8	5.4	6.0	6.3	5.7
m-o-m	0.1	0.0	0.2	0.5	0.4	0.2	0.5	0.2	0.6	0.6	0.7	0.7	0.7	0.6	0.5	-0.1

Mining, Manufacturing, Electricity and Gas Production

(Percentage change from the previous period, %)

			2020	2021				2022					
			Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Total Production ²	Production	m-o-m, q-o-q	-	-	3.7	-0.6	1.0	1.1	3.8	-1.6	0.3	1.7	-1.3
		y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	4.1	7.5	1.3	1.5
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	-1.7	0.2	1.6	-1.5
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	4.3	7.9	1.3	1.5
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.1	1.3	3.0	-3.0	0.8	-3.1	0.4
	Inventory ³ (m-o-m, q-o-q)		0.5	11.5	-1.0	-0.2	7.4	5.0	0.8	3.5	-2.2	5.4	1.4
	Production capacity (y-o-y)		1.6	1.1	1.6	1.3	1.0	0.4	-0.8	-0.2	-0.2	-0.2	0.1
	Average operation ratio ⁴		71.1	74.4	74.1	73.7	74.2	75.4	77.9	76.2	75.6	76.4	75.2

1. Preliminary

2. Mining, Manufacturing, Electricity and Gas Production

3. End-point (month, quarter, and year)

4. Average operation ratio for the month (or quarter)

Service Output

(Percentage change from the previous period, %)

	2020					2021					2022				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Service output	-2.0	-2.9	-1.5	2.2	0.9	4.4	0.6	1.7	1.1	1.5	0.0	2.7	1.0	-0.2	-0.3

1. Preliminary

Retail Sales

(Percentage change from the previous period, %)

	2020					2021					2022				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Retail sales	-0.2	-5.9	5.3	-0.4	1.1	5.9	1.7	2.2	0.8	1.1	-1.1	-1.1	-0.1	-1.0	-0.3
y-o-y	-	-2.8	1.8	1.5	-1.0	-	6.7	5.0	5.6	6.4	2.8	-0.2	0.7	-1.5	-1.9

1. Preliminary

Facility Investment Index

(Percentage change from the previous period, %)

	2020					2021					2022				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Jun ¹	Jul ¹	
Facility investment index	5.9	-2.0	2.5	2.9	1.4	9.6	6.0	0.7	-0.8	-0.2	0.2	-1.3	4.0	-3.2	
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-2.5	-0.7	-2.2	

1. Preliminary

Construction Completed

(Percentage change from the previous period, %)

	2020					2021					2022				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Q1	Q2 ¹	Jun ¹	Jul ¹	
Construction Completed (Constant)	-2.1	1.7	-2.3	-2.5	1.3	-6.7	-5.2	-1.9	-1.1	4.1	-1.9	1.4	-1.2	-2.5	
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	2.1	1.5	2.0	

1. Preliminary

Exports and Imports

(US\$ billion, y-o-y, %)

	2019	2020	2021						2022			
	Annual	Annual	Annual	Q1	Q2	Q3	Aug	Q4	Q1	Q2	Jul	Aug
Exports	542.23	512.50	644.40	146.40	156.73	164.54	53.17	176.73	173.40	177.13	60.57	56.67
(y-o-y, %)	-10.4	-5.5	25.7	12.5	42.0	26.5	34.7	24.5	18.4	13.0	9.2	6.6
Average daily exports	1.99	1.88	2.36	2.22	2.27	2.40	2.31	2.54	2.67	2.59	2.58	2.36
Imports	503.34	467.63	615.09	136.60	149.23	156.89	51.58	172.37	177.29	183.70	65.37	66.15
(y-o-y, %)	-6.0	-7.1	31.5	12.4	37.7	37.5	44.0	39.4	29.8	23.1	21.8	28.2
Average daily imports	1.85	1.71	2.25	2.07	2.16	2.29	2.24	2.48	2.73	2.68	2.78	2.76

Composite Indices of Coincident and Leading Indicators

(Points)

	2021	2022						
	Dec	Jan	Feb	Mar	Apr	May	Jun ¹	Jul ¹
Cyclical indicator of coincident composite index	101.0	101.5	101.6	101.5	101.1	101.2	101.3	101.8
m-o-m (points)	0.7	0.5	0.1	-0.1	-0.4	0.1	0.1	0.5
Cyclical indicator of leading composite index	100.4	100.3	100.0	99.8	99.6	99.6	99.7	99.4
m-o-m (points)	-0.1	-0.1	-0.3	-0.2	-0.2	0.0	0.1	-0.3

1. Preliminary