

Embargo:

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CURRENT ECONOMIC SITUATION, FEBRUARY 2023

INDUSTRIAL PRODUCTION, SERVICES, AND INVESTMENT OF FACILITY AND CONSTRUCTION DOWN, RETAIL SALES UP

Industrial and services production, and facility and construction investment decreased while retail sales increased in December 2022.

The entire production decreased by 1.6 percent from the previous month in December 2022 as both industrial production (down 2.9%, m-o-m and down 7.3%, y-o-y) and services production (down 0.2%, m-o-m and up 3.7%, y-o-y) declined.

In December 2022, while retail sales (up 1.4%, m-o-m and down 2.5%, y-o-y) went up, facility investment (down 7.1%, m-o-m and up 3.2%, y-o-y) and construction investment (down 9.5%, m-o-m and down 3.1%, y-o-y) went down.

Exports declined by 16.6 percent year-on-year in January 2023 led by an overall slump in the export of IT items such as semiconductors. Average daily exports decreased by 14.6 percent from a year ago to US \$2.15 billion in January 2023 from US \$2.52 billion in January 2022.

The consumer sentiment index (CSI) grew by 0.5 points in January 2023 to 90.7 from the previous month. The business survey index (BSI) for the entire sector went down by 5 point from the previous month to 69, and the BSI outlook for February 2023 also declined by 2 points to 68.

In December, both the cyclical indicator of the coincident composite index and the cyclical indicator of the leading composite index fell by 0.9 points and 0.5 points respectively from the previous month.

Employment rose at a slower pace and consumer prices grew at a slightly faster pace in January 2023.

The economy added 411,000 jobs year-on-year in January 2023 and the unemployment rate fell by 0.5 percentage points from a year ago to 3.6 percent.

The consumer prices rose at a slightly faster pace by 5.2 percent year-on-year in January 2023 due to price increase factors at the beginning of the year, and the core inflation rose by 5.0 percent.

In January 2023, stock prices increased, Korean treasury yields fell, and the won strengthened due to China's reopening and market expectations for adjusting the pace of monetary tightening.

In January 2023, declines in housing prices (-1.98% → -1.49%, m-o-m) and prices of *Jeonse* (lump-sum deposits with no monthly payments) (-2.42% → -2.29%, m-o-m) were somewhat slower than the previous month.

Amid continued high inflation in Korea, economic growth slowed down, as indicated by the slowing pace of domestic demand recovery and continued downturn of exports and business sentiment.

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Global economic uncertainties continue to linger driven by downside risks including concerns about monetary tightening stance and the prolonged Russia-Ukraine war amid favorable economic factors such as China's reopening and expectations for the global economy's soft landing.

The government will go all out to improve economic structures with several measures including reforms in the key 3 sectors and an increase in energy efficiency, and manage risks at home and abroad, while making concerted efforts to boost export and investment under the stance of achieving price stabilization and reducing people's economic burdens.

Key Statistics

Employment

	2021	2022												2023	
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Number of employed (million)	27.27	28.09	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41	28.39	28.42	28.42	27.81	27.36
Employment rate (%)	60.5	62.1	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8	62.7	62.7	62.7	61.3	60.3
(Seasonally adjusted)	60.5	62.1	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3	62.2	62.2	62.1	62.0	62.0

Consumer Price Index

(%)

	2021			2022												2023
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jun
y-o-y	3.2	3.8	3.7	3.6	3.7	4.1	4.8	5.4	6.0	6.3	5.7	5.6	5.7	5.0	5.0	5.2
m-o-m	0.2	0.5	0.2	0.6	0.6	0.7	0.7	0.7	0.6	0.5	-0.1	0.3	0.3	-0.1	0.2	0.8

Mining, Manufacturing, Electricity and Gas Production

(Percentage change from the previous period, %)

		2021					2022							
		Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Nov ¹	Dec ¹	
Total Production ²	m-o-m, q-o-q	-	3.7	-0.6	1.0	1.1	-	3.8	-1.6	-1.5	-5.7	0.6	-2.9	
	y-o-y	7.4	4.7	13.1	5.8	6.4	1.4	4.7	4.1	1.2	-4.1	-3.4	-7.3	
Manufacturing	Production	m-o-m, q-o-q	-	3.9	-0.7	0.9	1.3	-	3.9	-1.7	-1.8	-5.7	0.8	-3.5
		y-o-y	7.6	4.9	13.4	5.8	6.5	1.3	4.7	4.3	1.2	-4.3	-3.3	-8.0
	Shipments (m-o-m, q-o-q)		5.7	2.4	-0.7	-1.4	1.5	-0.1	3.0	-2.9	-0.3	-3.1	-2.0	-0.1
	Inventory ³ (m-o-m, q-o-q)		11.5	-1.0	-0.2	7.4	5.0	3.4	0.8	3.6	-0.5	-0.5	1.6	-1.2
	Production capacity (y-o-y)		1.1	1.6	1.3	1.0	0.4	-0.7	-0.8	-0.2	-0.4	-1.0	-1.0	-1.1
	Average operation ratio ⁴		74.4	74.1	73.7	74.2	75.4	75.3	77.9	76.2	75.4	71.8	72.8	70.3

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	Annual	Q1	Q2	Q3 ¹	Q4 ¹	Nov ¹	Dec ¹
Service output	-2.0	-2.9	-1.5	2.2	0.9	4.4	0.6	1.7	1.1	1.5	4.8	0.0	2.8	1.5	-0.8	-0.6	-0.2

1. Preliminary

Retail Sales

(Percentage change from the previous period, %)

	2020					2021					2022						
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Nov ¹	Dec ¹
Retail sales	-0.2	-5.9	5.3	-0.4	1.1	5.9	1.7	2.2	0.8	1.1	0.2	-1.1	-1.1	1.2	-0.8	-1.7	1.4
y-o-y	-	-2.8	1.8	1.5	-1.0	-	6.7	5.0	5.6	6.4	-	2.8	-0.2	-0.1	-1.8	-2.2	-2.5

1. Preliminary

Facility Investment Index

(Percentage change from the previous period, %)

	2020	2021					2022						
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Nov ¹	Dec ¹
Facility investment index	5.9	9.6	6.0	0.7	-0.8	-0.2	3.3	0.2	-1.2	9.8	-0.1	0.7	-7.1
y-o-y	-	-	12.4	13.2	6.2	6.2	-	-1.3	-2.4	7.5	9.6	10.7	3.2

1. Preliminary

Construction Completed

(Percentage change from the previous period, %)

	2020	2021					2022						
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Nov ¹	Dec ¹
Construction Completed (Constant)	-2.1	-6.7	-5.2	-1.9	-1.1	4.1	2.5	-1.9	1.4	0.4	5.1	2.7	-9.5
y-o-y	-	-	-9.0	-7.2	-8.1	-2.9	-	-1.5	2.1	3.9	5.1	12.1	-3.1

1. Preliminary

Exports and Imports

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

	2021					2022						2023
	Annual	Q1	Q2	Q3	Q4	Annual	Jan	Q1	Q2	Q3	Q4	Jan
Exports	644.40	146.40	156.73	164.54	176.73	683.59	55.46	173.40	177.11	174.02	159.05	46.28
(y-o-y, %)	25.7	12.5	42.0	26.5	24.5	6.1	15.5	18.4	13.0	5.8	-10.0	-16.6
Average daily exports	2.36	2.22	2.27	2.40	2.54	2.51	2.52	2.67	2.59	2.52	2.27	2.15

	2021					2022					2023
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Jan
Imports	615.09	136.60	149.23	156.89	172.37	731.37	177.90	183.53	192.30	177.64	58.93
(y-o-y, %)	31.5	12.4	37.7	37.5	39.4	18.9	30.2	23.0	22.6	3.1	-2.8
Average daily imports	2.25	2.07	2.16	2.29	2.48	2.68	2.74	2.68	2.79	2.54	2.74

Composite Indices of Coincident and Leading Indicators

(Points)

	2022								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov ¹	Dec ¹
Cyclical indicator of coincident composite index	101.1	101.2	101.3	101.8	102.3	102.4	102.4	101.8	100.9
m-o-m (points)	-0.4	0.1	0.1	0.5	0.5	0.1	0.0	-0.6	-0.9
Cyclical indicator of leading composite index	99.6	99.6	99.7	99.5	99.4	99.3	99.2	99.0	98.5
m-o-m (points)	-0.2	0.0	0.1	-0.2	-0.1	-0.1	-0.1	-0.2	-0.5

1. Preliminary