

Embargo:

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CURRENT ECONOMIC SITUATION, SEPTEMBER 2024

In July, services production and facilities investment went up, while industrial production, retail sales, and construction investment fell.

Despite increases in services production (+0.7% m-o-m, +2.2% y-o-y), the decrease in industrial production (-3.6% m-o-m, +5.5% y-o-y) and construction production (-1.7% m-o-m, -5.3% y-o-y) led to a decline in the entire production (-0.4% m-o-m, +2.7% y-o-y).

Facilities investment (+10.1% m-o-m, +18.5% y-o-y) climbed up, while retail sales (-1.9% m-o-m, -2.1% y-o-y) and construction investment (-1.7% m-o-m, -5.3% y-o-y) moved down.

In August, exports grew by 11.4% from a year ago, thanks to the expanded exports of the IT sector including semiconductors. Average daily exports surged by 13.7% in August compared to the same month of last year.

The consumer sentiment index (CSI) in August dropped by 2.8 points month-on-month to 100.8. The composite business sentiment index (CBSI) fell by 2.6p to 92.5 and the CBSI outlook for September decreased by 0.7 points month-on-month to 92.7.

The cyclical indicator of the coincident composite index for July went down by -0.6 points compared to that of last month, with the cyclical indicator of the leading composite index staying flat.

In August, job growth saw an increase and consumer price growth declined.

The economy added 123 thousand jobs year-on-year and the unemployment rate decreased by 0.1%p from a year ago to 1.9%.

The consumer price index (CPI) growth fell to 2.0% m-o-m while the CPI excluding the food and energy sectors increased by 2.1%, with the index excluding the agricultural and petroleum sectors up by 1.9%. The CPI for basic necessities moved up by 2.1%.

In August, stock prices dropped due to concerns over a potential slowdown in profitability of big tech and AI-related companies. In addition, Korean Treasury Bond yields plummeted driven by growing expectations of a potential interest rate cut by the U.S. Fed, and the Korean won strengthened.

In July, housing prices continued to rise (+0.15% m-o-m) and *Jeonse*¹ prices climbed (+0.16% m-o-m).

¹ lump-sum deposits with no monthly payments

With the Korean economy has recently been experiencing an expanding trend of price stability, the recovery momentum has been sustained mainly driven by robust export and manufacturing. While a moderate domestic demand recovery has been observed, particularly in facility investment and services, the pace of recovery varies across sectors.

Although the global economy is showing an overall recovery trend, mainly driven by the upturn in trade and the shift in monetary policies in major countries, the pace of recovery differs across regions. At the same time, geopolitical risks, such as the ongoing Russia-Ukraine war and the potential escalation of conflicts in the Middle East, along with concerns about economic slowdowns in major economies, are contributing to increased uncertainty.

Under these circumstances, the government will promptly implement key policy tasks of the ‘Livelihood Stabilization Measures Ahead of Chuseok’, such as anchoring price stability, providing tailored support for small business owners, and strengthening domestic demand. Also, the ‘Dynamic Economy Roadmap’ will be proceeded aiming to improve people’s quality of life and enhance the sustainability of the Korean economy.

Key Statistics

Employment

	2022	2023							2024							
	Annual	Annual	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Number of employed (million)	28.09	28.42	28.69	28.68	28.70	28.76	28.70	28.09	27.74	28.04	28.40	28.69	28.91	28.91	28.86	28.80
Employment rate (%)	62.1	62.6	63.2	63.1	63.2	63.3	63.1	61.7	61.0	61.6	62.4	63.0	63.5	63.5	63.3	63.2
(Seasonally adjusted)	62.1	62.6	62.5	62.6	62.7	62.7	62.5	62.4	62.8	63.0	62.8	62.9	62.6	62.6	62.6	62.7

Consumer Price Index

(%)

	2023									2024							
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
y-o-y	3.7	3.4	2.7	2.4	3.4	3.7	3.8	3.3	3.2	2.8	3.1	3.1	2.9	2.7	2.4	2.6	2.0
m-o-m	0.2	0.3	0.0	0.1	0.9	0.5	0.4	-0.5	0.0	0.4	0.5	0.1	0.0	0.1	-0.2	0.3	0.4

Retail Sales

(Percentage change from the previous period, %)

	2022					2023					2024				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Retail sales	-0.3	-0.9	-0.7	0.8	-1.5	-1.5	0.6	-0.5	-1.9	0.4	-0.5	-0.8	-0.2	1.0	-1.9
(y-o-y)	-	2.6	-0.2	-0.9	-2.3	-	-0.8	-0.7	-2.7	-1.9	-2.1	-2.9	-2.8	-3.6	-2.1

1. Preliminary

Facility Investment Index

(Percentage change from the previous period, %)

	2022					2023					2024				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Facility investment index	2.5	1.8	-2.2	9.8	-1.6	-4.9	-8.6	1.5	-1.9	5.0	-3.8	-0.2	-3.6	3.4	10.1
(y-o-y)	-	-0.7	-3.6	5.6	9.1	-	-1.9	-1.3	-9.9	-6.0	0.3	-1.5	-1.4	-3.3	18.5

1. Preliminary

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Construction Completed

(Percentage change from the previous period, %)

	2022					2023					2024				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Construction Completed (Constant)	2.8	-1.5	1.5	1.5	4.3	7.3	2.8	1.1	1.1	-2.5	4.9	-5.9	-4.6	-0.8	-1.7
(y-o-y)	-	-1.7	1.9	3.6	6.7	-	11.5	8.7	10.1	0.6	4.1	-2.7	-3.2	-5.3	-5.3

1. Preliminary

Exports and Imports

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

	2022	2023						2024						
	Annual	Annual	Q1	Q2	Q3	Aug	Q4	Q1	Q2	Apr	May	Jun	Jul	Aug
Exports	683.58	632.23	151.22	155.78	157.10	51.99	168.12	163.50	171.53	56.15	58.03	57.35	57.47	57.90
(y-o-y, %)	6.1	-7.5	-12.8	-12.0	-9.7	-8.1	5.7	8.1	10.1	13.6	11.5	5.6	13.9	11.4
Average daily exports	2.51	2.34	2.24	2.33	2.29	2.17	2.49	2.44	2.58	2.44	2.64	2.67	2.30	2.46
Imports	731.37	642.59	174.04	159.25	150.72	51.01	158.56	154.86	156.96	54.74	53.16	49.07	53.87	54.07
(y-o-y, %)	18.9	-12.1	-2.2	-13.2	-21.6	-22.7	-10.7	-11.1	-1.4	5.4	-2.0	-7.5	10.5	6.0
Average daily imports	2.68	2.38	2.58	2.38	2.20	2.17	2.35	2.31	2.36	2.38	2.42	2.28	2.15	2.30

Industrial Production (Mining, Manufacturing, Electricity and Gas Production)

(Percentage change from the previous period, %)

		2022	2023						2024					
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Apr	May	Jun ¹	Jul ¹	
Total Production ²		m-o-m, q-o-q	-	-	0.4	2.6	1.3	2.2	-0.3	1.1	2.6	-0.7	0.7	-3.6
		y-o-y	1.0	-2.6	-8.3	-6.1	-0.4	4.8	5.9	4.8	6.4	4.2	3.8	5.5
Manufacturing	Production	m-o-m, q-o-q	-	-	0.3	3.0	1.3	2.2	-0.5	1.5	2.9	-0.6	0.7	-3.8
		y-o-y	0.9	-2.6	-8.7	-6.2	-0.2	5.1	6.2	5.0	6.7	4.4	3.9	5.9
	Shipments (m-o-m, q-o-q)		0.3	-0.5	0.1	2.6	-0.8	2.0	-3.0	1.5	1.9	-0.8	2.6	-6.1
	Inventory ³ (m-o-m, q-o-q)		4.1	-2.1	3.4	-0.8	2.4	-6.6	1.0	-2.3	0.5	-0.1	-2.7	2.6
	Production capacity (y-o-y)		-0.5	0.1	-0.9	-0.8	0.0	2.1	1.6	1.1	1.4	1.2	0.8	0.8
	Average operation ratio ⁴		74.5	71.9	70.6	72.0	72.3	72.5	72.7	73.5	73.8	72.9	73.8	71.4

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)

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Service Output

(Percentage change from the previous period, %)

	2021					2022					2023					2024				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Service output	5.0	1.2	2.5	0.1	2.7	7.0	0.6	3.3	1.6	0.3	3.1	1.0	0.0	1.0	0.3	0.8	-0.3	-0.8	0.3	0.7

1. Preliminary

Composite Indices of Coincident and Leading Indicators

(Points)

	2023				2024						
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May ¹	Jun ¹	Jul ¹
Cyclical indicator of coincident composite index	99.8	99.9	99.9	99.8	99.9	100.1	99.8	99.7	99.1	99.0	98.4
m-o-m (points)	-0.2	0.1	0.0	-0.1	0.1	0.2	-0.3	-0.1	-0.6	-0.1	-0.6
Cyclical indicator of leading composite index	99.6	99.8	100.1	100.2	100.2	100.4	100.2	100.5	100.5	100.6	100.6
m-o-m (points)	0.2	0.2	0.3	0.1	0.0	0.2	-0.2	0.3	0.0	0.1	0.0

1. Preliminary