

Embargo:

Release Date: July 20, 2022

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CURRENT ECONOMIC SITUATION, JULY 2022

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

Manufacturing, services, construction investment and facility investment rose in May while retail sales declined. Employment continued to increase in June and consumer prices rose at a faster pace.

Industrial production increased by 0.8 percent from the previous month in May as manufacturing (up 0.1%, m-o-m and up 7.3%, y-o-y) rose and services (up 1.1%, m-o-m and up 7.5%, y-o-y) went up.

Facilities investment (up 13.0%, m-o-m and up 5.1%, y-o-y) and construction investment (up 5.9%, m-o-m and up 8.2%, y-o-y) increased while retail sales (down 0.1%, m-o-m and up 0.7%, y-o-y) declined in May.

Exports rose by 5.2 percent year-on-year in June led by semiconductors and petroleum products. Average daily exports increased by 14.8 percent from a year ago to US \$2.62 billion in June 2022 from US \$2.28 billion in June 2021.

The consumer sentiment index (CSI) declined by 6.2 points in June to 96.4 from the previous month. The business survey index (BSI) for the manufacturing sector also went down by 3 points to 83, and the BSI outlook for July 2022 decreased by 4 points to 83.

The cyclical indicator of the coincident composite index and the cyclical indicator of the leading composite index for May rose by 0.1 points and 0.1 points, respectively.

The economy added 841,000 jobs year-on-year in June and the unemployment rate fell by 0.8 percentage points from a year ago to 3.0 percent.

The consumer prices grew by 6.0 percent year-on-year in June due to higher increases in petroleum product prices and the core inflation rose by 4.4 percent.

Stock prices dropped in June out of continued concerns for major economies' tight monetary policies such as U.S. interest rate hikes caused by global inflationary pressure while Korean treasury yields picked up and the won became weaker.

Housing prices growth turned negative in June (0.01% → -0.01%, m-o-m), and prices of *Jeonse* (lump-sum deposits with no monthly payments) also turned lower (0.00% → -0.02%, m-o-m).

While the economy has continued to gradually improve due to recovery in employment and in-person service industries, concerns remain that higher inflation caused by external factors and the potential to drag on export recovery could slow down the economy.

Internationally, with global inflationary pressure continuously rising, financial market volatility lingers and global economic downside risks are higher due to major economies' rapid interest rate increases, China's economic slowdowns and the prolonged Russia-Ukraine war.

The government will make its utmost efforts to stabilize prices and people's livelihood, address economic challenges and manage risks by taking rapid actions to overcome low growth and creating a virtuous cycle of growth and welfare.

Key Statistics

Employment

	2020	2021								2022					
	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Number of employed (million)	26.90	27.27	27.64	27.65	27.60	27.68	27.74	27.80	27.30	26.95	27.40	27.75	28.08	28.49	28.48
Employment rate (%)	60.1	60.5	61.3	61.3	61.2	61.3	61.4	61.5	60.4	59.6	60.6	61.4	62.1	63.0	62.9
(Seasonally adjusted)	60.1	60.5	60.6	60.7	60.7	60.9	60.9	60.9	61.0	61.2	62.1	61.8	62.1	62.4	62.2

Consumer Price Index

(%)

	2021										2022					
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
y-o-y	1.9	2.5	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
m-o-m	0.3	0.1	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

Mining, Manufacturing, Electricity and Gas Production

(Percentage change from the previous period, %)

			2020	2021				2022					
			Annual	Annual	Q1	Q2	Q3	Q4	Q1	Feb	Mar	Apr ¹	May ¹
Total Production ²	m-o-m, q-o-q	-	-	3.7	-0.6	1.0	1.1	3.8	0.3	1.2	-3.3	0.1	
	y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	6.4	3.7	3.5	7.3	
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	0.3	1.2	-3.2	0.1
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	6.2	3.7	3.6	7.8
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.1	1.3	3.0	-1.9	0.7	-2.3	0.8
	Inventory ³ (m-o-m, q-o-q)		0.5	11.5	-1.0	-0.2	7.4	5.0	0.8	1.6	-0.4	0.2	-1.8
	Production capacity (y-o-y)		1.6	1.1	1.6	1.3	1.0	0.4	-0.8	-0.7	-0.7	-0.7	-0.6
	Average operation ratio ⁴		71.1	74.4	74.1	73.7	74.2	75.4	77.9	77.0	78.0	76.7	75.7

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, %)

	2019	2020					2021					2022		
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1 ¹	Apr ¹	May ¹
Service output	1.4	-2.0	-2.9	-1.5	2.2	0.9	4.4	0.6	1.7	1.1	1.5	0.0	1.1	1.1

1. Preliminary

Retail Sales

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(Percentage change from the previous period, %)

	2019	2020					2021					2022		
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Apr ¹	May ¹
Retail sales	2.4	-0.2	-5.9	5.3	-0.4	1.1	5.9	1.7	2.2	0.8	1.1	-1.1	-0.2	-0.1
y-o-y	-	-	-2.8	1.8	1.5	-1.0	-	6.7	5.0	5.6	6.4	2.8	0.4	0.7

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	Mar	Apr ¹	May 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	-2.3	-7.6	13.0
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-5.4	-12.1	5.1

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	Mar	Apr ¹	May 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	-0.1	5.9
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	-5.0	-2.3	8.2

1. Preliminary

Exports and Imports

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

	2019	2020	2021					2022				
	Annual	Annual	Annual	Q1	Q2	Jun	Q3	Q4	Q1	Q2	May	Jun
Exports	542.23	512.50	644.40	146.40	156.73	54.78	164.54	176.73	173.40	177.05	61.58	57.63
(y-o-y, %)	-10.4	-5.5	25.7	12.5	42.0	39.7	26.5	24.5	18.4	13.0	21.4	5.2
Average daily exports	1.99	1.88	2.36	2.22	2.27	2.28	2.40	2.54	2.67	2.58	2.68	2.62
Imports	503.34	467.63	615.09	136.60	149.23	50.43	156.89	172.37	177.09	183.72	63.19	60.20
(y-o-y, %)	-6.0	-7.1	31.5	12.4	37.7	40.9	37.5	39.4	29.6	23.1	31.9	19.4
Average daily imports	1.85	1.71	2.25	2.07	2.16	2.10	2.29	2.48	2.72	2.68	2.75	2.74

Composite Indices of Coincident and Leading Indicators

(Points)

	2021			2022				
	Oct	Nov	Dec	Jan	Feb	Mar	Apr ¹	May ¹
Cyclical indicator of coincident composite index	100.9	101.1	101.8	102.4	102.6	102.4	102.1	102.2
m-o-m (points)	0.1	0.2	0.7	0.6	0.2	-0.2	-0.3	0.1
Cyclical indicator of leading composite index	100.7	100.4	100.2	100.1	99.8	99.6	99.3	99.4
m-o-m (points)	-0.4	-0.3	-0.2	-0.1	-0.3	-0.2	-0.3	0.1

1. Preliminary