

Embargo:

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CURRENT ECONOMIC SITUATION, OCTOBER 2022

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

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

Industrial production decreased by 0.3 percent from the previous month in August as services (up 1.5%, m-o-m and up 7.1%, y-o-y) went up but manufacturing (down 1.8%, m-o-m and up 1.0%, y-o-y) declined.

Retail sales (up 4.3%, m-o-m and up 2.3%, y-o-y), facilities investment (up 8.8%, m-o-m and up 11.8%, y-o-y) and construction investment (up 5.0%, m-o-m and up 7.5%, y-o-y) all increased in August.

Exports rose by 2.8 percent year-on-year in September led by petroleum products and cars. Average daily exports increased by 0.4 percent from a year ago to US \$2.67 billion in September 2022 from US \$2.66 billion in September 2021.

The consumer sentiment index (CSI) increased by 2.6 points in September to 91.4 from the previous month. The business survey index (BSI) for the entire sector went down by 3 points to 78, and the BSI outlook for October 2022 declined by 3 points to 79 from the previous month.

The cyclical indicator of the coincident composite index for August increased by 0.5 points and the cyclical indicator of the leading composite index fell by 0.2 points.

The economy added 707,000 jobs year-on-year in September and the unemployment rate fell by 0.3 percentage points from a year ago to 2.4 percent.

The consumer prices grew by 5.6 percent year-on-year in September although at a slower pace than the previous month due to continued stability in petroleum prices, and the core inflation rose by 4.5 percent.

In September, Korean treasury yields rose, the won weakened, and stock prices declined due to concerns regarding major economies' acceleration of tight monetary policy and volatility in the UK financial market.

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 and deteriorating economic sentiment due to 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 grow due to major economies' rapid interest rate increases, concerns about the expansion of the Russia-Ukraine war and China's lockdown measures.

The government will make its utmost efforts to boost the private economy and strengthen risk management efforts, while also focusing on taming prices and stabilizing people's livelihood. It will also press ahead with improving the current account balance and implementing structural reforms.

Key Statistics

Employment

	2020	2021					2022								
	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Number of employed (million)	26.90	27.27	27.68	27.74	27.80	27.30	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41	28.39
Employment rate (%)	60.1	60.5	61.3	61.4	61.5	60.4	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8	62.7
(Seasonally adjusted)	60.1	60.5	60.9	60.9	60.9	61.0	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3	62.2

Consumer Price Index

(%)

	2021							2022								
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
y-o-y	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	5.6
m-o-m	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	0.3

Mining, Manufacturing, Electricity and Gas Production

(Percentage change from the previous period, %)

		2020	2021				2022						
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul ¹	Aug ¹	
Total Production ²	m-o-m, q-o-q	-	-	3.7	-0.6	1.0	1.1	3.8	-1.6	1.8	-1.3	-1.8	
	y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	4.1	1.4	1.5	1.0	
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	-1.7	1.7	-1.6	-1.6
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	4.3	1.4	1.4	0.8
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.1	1.3	3.0	-2.9	-3.0	1.0	0.0
	Inventory ³ (m-o-m, q-o-q)		0.5	11.5	-1.0	-0.2	7.4	5.0	0.8	3.6	5.5	1.2	-0.4
	Production capacity (y-o-y)		1.6	1.1	1.6	1.3	1.0	0.4	-0.8	-0.2	-0.2	0.0	-0.7
	Average operation ratio ⁴		71.1	74.4	74.1	73.7	74.2	75.4	77.9	76.2	76.4	75.2	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	Jun	Jul ¹	Aug 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	2.8	-0.2	0.2	1.5

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	Jun	Jul ¹	Aug 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	-1.0	-0.4	4.3
y-o-y	-	-2.8	1.8	1.5	-1.0	-	6.7	5.0	5.6	6.4	2.8	-0.2	-1.5	-1.9	2.3

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	Jul ¹	Aug 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	-1.2	-3.5	8.8	
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-2.4	-2.2	11.8	

1. Preliminary

Construction Completed

(Percentage change from the previous period, %)

	2020					2021					2022				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jul ¹	Aug 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	-2.9	5.0	
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	2.1	1.7	7.5	

1. Preliminary

Exports and Imports

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

	2020	2021						2022							
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep
Exports	512.50	644.40	146.40	156.73	164.54	55.91	176.73	173.40	177.13	174.39	56.66	57.46			
(y-o-y, %)	-5.5	25.7	12.5	42.0	26.5	16.9	24.5	18.4	13.0	6.0	6.6	2.8			
Average daily exports	1.88	2.36	2.22	2.27	2.40	2.66	2.54	2.67	2.59	2.53	2.36	2.67			
Imports	467.63	615.09	136.60	149.23	156.89	51.64	172.37	177.37	183.70	192.72	66.15	61.23			
(y-o-y, %)	-7.1	31.5	12.4	37.7	37.5	31.1	39.4	29.8	23.1	22.8	28.2	18.6			
Average daily imports	1.71	2.25	2.07	2.16	2.29	2.46	2.48	2.73	2.68	2.79	2.76	2.85			

Composite Indices of Coincident and Leading Indicators

(Points)

	2022							
	Jan	Feb	Mar	Apr	May	Jun	Jul ¹	Aug ¹
Cyclical indicator of coincident composite index	101.5	101.6	101.5	101.1	101.2	101.3	101.8	102.3
m-o-m (points)	0.5	0.1	-0.1	-0.4	0.1	0.1	0.5	0.5
Cyclical indicator of leading composite index	100.3	100.0	99.8	99.6	99.6	99.7	99.5	99.3
m-o-m (points)	-0.1	-0.3	-0.2	-0.2	0.0	0.1	-0.2	-0.2

1. Preliminary