

**Embargo:**

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CURRENT ECONOMIC SITUATION, NOVEMBER 2022

## **MANUFACTURING, SERVICES, RETAIL SALES AND FACILITIES INVESTMENT DOWN, CONSTRUCTION INVESTMENT STEADY**

**Manufacturing, services, retail sales, facilities investment declined while construction investment remained steady in September. Employment continued to increase in October and consumer prices rose at a faster pace.**

Industrial production decreased by 0.6 percent from the previous month in September as both manufacturing (down 1.8%, m-o-m and up 0.8%, y-o-y) and services (down 0.3%, m-o-m and up 5.6%, y-o-y) decreased.

In September, retail sales (down 1.8%, m-o-m and down 0.7%, y-o-y), facilities investment (down 2.4%, m-o-m and up 12.5%, y-o-y) went down while construction investment (no change (0.0%), m-o-m and up 3.9%, y-o-y) showed a steady tone.

Exports declined by 5.7 percent year-on-year in October led by a slump in the export of major items such as semiconductor and steel products. Average daily exports decreased by 7.9 percent from a year ago to US \$2.44 billion in October 2022 from US \$2.65 billion in October 2021.

The consumer sentiment index (CSI) declined by 2.6 points in October to 88.8 from the previous month. The business survey index (BSI) for the entire sector went down by 2 points from the previous month to 76, and the BSI outlook for November 2022 declined by 3 points to 76.

The cyclical indicator of the coincident composite index for September increased by 0.1 points and the cyclical indicator of the leading composite index fell by 0.1 points from the previous month.

The economy added 677,000 jobs year-on-year in October and the unemployment rate fell by 0.4 percentage points from a year ago to 2.4 percent.

The consumer prices grew by 5.7 percent year-on-year in October at a faster pace than the previous month due to an increase in public charge, and the core inflation rose by 4.8 percent.

In October, stock prices increased, the won strengthened, and Korean treasury yields returned to a decline after an increase at the beginning of the month due to market expectations about major economies' adjusting the pace of tightening.

Housing prices decline is faster in September (-0.29% → -0.49%, m-o-m), and prices of *Jeonse* (lump-sum deposits with no monthly payments) also saw a faster decline (-0.28% → -0.50%, m-o-m).

**While domestic demand has continued to improve gradually due to a 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 export slowdowns.**

Internationally, with global inflationary pressure continuously rising, there are continued financial market volatility and economic downside risks due to major economies' interest rate increases, the Russia-Ukraine war and China's lockdown measures.

The government will strengthen its efforts to revitalize export and investment, manage risks at home and abroad and implement structural reforms, while also focusing on taming prices and stabilizing people's livelihood.

## Key Statistics

### Employment

	2020	2021				2022									
	Annual	Annual	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Number of employed (million)	26.90	27.27	27.74	27.80	27.30	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41	28.39	28.42
Employment rate (%)	60.1	60.5	61.4	61.5	60.4	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8	62.7	62.7
(Seasonally adjusted)	60.1	60.5	60.9	60.9	61.0	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3	62.2	62.2

### Consumer Price Index

(%)

	2021						2022									
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
y-o-y	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	5.7
m-o-m	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	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	Q3 <sup>1</sup>	Aug <sup>1</sup>	Sep <sup>1</sup>	
Total Production <sup>2</sup>	m-o-m, q-o-q	-	-	3.7	-0.6	1.0	1.1	3.8	-1.6	-1.5	-1.4	-1.8	
	y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	4.1	1.3	1.5	0.8	
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	-1.7	-1.6	-1.2	-1.8
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	4.3	1.3	1.4	0.8
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.4	1.5	3.0	-2.9	-0.5	0.6	-0.3
	Inventory <sup>3</sup> (m-o-m, q-o-q)		0.5	11.5	-1.0	-0.2	7.4	5.0	0.8	3.6	0.7	-0.6	0.2
	Production capacity (y-o-y)		1.6	1.1	1.6	1.3	1.0	0.4	-0.8	-0.2	-0.5	-0.7	-0.7
	Average operation ratio <sup>4</sup>		71.1	74.4	74.1	73.7	74.2	75.4	77.9	76.2	75.0	75.3	74.5

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	Q3 <sup>1</sup>	Aug <sup>1</sup>	Sep <sup>1</sup>
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	1.5	1.8	-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	Q3 <sup>1</sup>	Aug <sup>1</sup>	Sep <sup>1</sup>
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	1.2	4.4	-1.8
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	2.3	-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	Q2	Q3 <sup>1</sup>	Aug <sup>1</sup>	Sep <sup>1</sup>
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	10.0	10.7	-2.4
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-2.4	7.7	13.9	12.5

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	Q3 <sup>1</sup>	Aug <sup>1</sup>	Sep <sup>1</sup>
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	0.3	3.8	0.0
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	2.1	3.8	6.1	3.9

1. Preliminary

## Exports and Imports

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

	2020	2021						2022					
	Annual	Annual	Q1	Q2	Q3	Q4	Oct	Q1	Q2	Q3	Sep	Oct	
Exports	512.50	644.40	146.40	156.73	164.54	176.73	55.66	173.41	177.12	174.37	57.45	52.48	
(y-o-y, %)	-5.5	25.7	12.5	42.0	26.5	24.5	24.2	18.4	13.0	6.0	2.8	-5.7	
Average daily exports	1.88	2.36	2.22	2.27	2.40	2.54	2.65	2.67	2.59	2.53	2.67	2.44	
Imports	467.63	615.09	136.60	149.23	156.89	172.37	53.85	177.46	183.70	192.63	61.23	59.18	
(y-o-y, %)	-7.1	31.5	12.4	37.7	37.5	39.4	37.7	29.9	23.1	22.8	18.6	9.9	
Average daily imports	1.71	2.25	2.07	2.16	2.29	2.48	2.56	2.73	2.68	2.79	2.85	2.75	

## Composite Indices of Coincident and Leading Indicators

(Points)

	2022									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug <sup>1</sup>	Sep <sup>1</sup>	
Cyclical indicator of coincident composite index	101.5	101.6	101.5	101.1	101.2	101.3	101.8	102.3	102.4	
m-o-m (points)	0.5	0.1	-0.1	-0.4	0.1	0.1	0.5	0.5	0.1	
Cyclical indicator of leading composite index	100.3	100.0	99.8	99.6	99.6	99.7	99.5	99.3	99.2	
m-o-m (points)	-0.1	-0.3	-0.2	-0.2	0.0	0.1	-0.2	-0.2	-0.1	

1. Preliminary