

**Embargo:**

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**CURRENT ECONOMIC SITUATION, DECEMBER 2022**

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

Manufacturing, services and retail sales decreased while facilities investment remained steady and construction investment increased in October. Employment and consumer prices rose at a slower pace in November.

Industrial production declined by 1.5 percent from the previous month in October as both manufacturing (down 3.5%, m-o-m and down 1.1%, y-o-y) and services (down 0.8%, m-o-m and up 5.0%, y-o-y) decreased.

In October, retail sales (down 0.2%, m-o-m and down 0.7%, y-o-y) went down, facilities investment (no change (0.0%), m-o-m and up 16.8%, y-o-y) showed a steady tone and construction investment (up 3.8%, m-o-m and up 8.3%, y-o-y) went up.

Exports declined by 14.0 percent year-on-year in November led by a slump in the export of major items such as semiconductor and steel products. Average daily exports decreased by 14.0 percent from a year ago to US \$2.16 billion in November 2022 from US \$2.51 billion in November 2021.

The consumer sentiment index (CSI) declined by 2.3 points in November to 86.5 from the previous month. The business survey index (BSI) for the entire sector went down by 1 point from the previous month to 75, and the BSI outlook for December 2022 declined by 2 points to 74.

The cyclical indicator of the coincident composite index for October remained steady and the cyclical indicator of the leading composite index fell by 0.1 points from the previous month.

The economy added 626,000 jobs year-on-year in November and the unemployment rate fell by 0.3 percentage points from a year ago to 2.3 percent.

The consumer prices grew by 5.0 percent year-on-year in November at a slower pace than the previous month due to a sharp decrease in the price of agricultural products, and the core inflation rose by 4.8 percent.

In November, stock prices increased, Korean treasury yields declined and the won strengthened due to continued market expectations about major economies' adjusting the pace of monetary tightening.

Housing prices decline is faster in November (-0.77% → -1.37%, m-o-m), and prices of Jeonse (lump-sum deposits with no monthly payments) also saw a faster decline (-0.88% → -1.55%, m-o-m).

Amid continued high inflation, as the pace of domestic demand recovery gradually slowed and economic sentiment and exports continued to be sluggish, there are concerns about an economic slowdown.

Internationally, the market volatility was reduced due to the expectations about major economies' adjusting the pace of interest rate hikes and China's relaxing lockdown measures, but global economic uncertainty continued due to global inflation and the uncertainty of the Russia-Ukraine war. The government will strengthen its efforts to revitalize the private sectors by boosting export and investment, manage risks at home and abroad and accelerate efforts to implement economic structural reforms, while also focusing on taming prices and stabilizing people's livelihood.

## Key Statistics

### Employment

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

### Consumer Price Index

(%)

	2021					2022										
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
y-o-y	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	5.0
m-o-m	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	-0.1

### 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>	Sep <sup>1</sup>	Oct <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	-1.9	-3.5	
	y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	4.1	1.3	0.7	-1.1	
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	-1.7	-1.7	-1.8	-3.6
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	4.3	1.2	0.7	-1.1
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.4	1.5	3.0	-2.9	-0.3	0.2	-2.0
	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	-0.5	-0.5	-1.4
	Production capacity (y-o-y)		1.6	1.1	1.6	1.3	1.0	0.4	-0.8	-0.2	-0.4	-0.6	-0.8
	Average operation ratio <sup>4</sup>		71.1	74.4	74.1	73.7	74.2	75.4	77.9	76.2	75.4	75.1	72.4

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)

### 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	Sep <sup>1</sup>	Oct <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	-0.2	-0.8

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	Sep <sup>1</sup>	Oct <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	-1.9	-0.2
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	2.4	-0.8	-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>	Sep <sup>1</sup>	Oct <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	-2.2	0.0
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-2.4	7.8	12.6	16.8

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	Q3 <sup>1</sup>	Sep <sup>1</sup>	Oct <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	0.5	0.6	3.8
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	2.1	4.0	4.5	8.3

1. Preliminary

## Exports and Imports

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

	2020	2021						2022				
	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Q1	Q2	Q3	Oct	Nov
Exports	512.50	644.40	146.40	156.73	164.54	176.73	60.33	173.41	177.12	174.37	52.48	51.91
(y-o-y, %)	-5.5	25.7	12.5	42.0	26.5	24.5	31.9	18.4	13.0	6.0	-5.7	-14.0
Average daily exports	1.88	2.36	2.22	2.27	2.40	2.54	2.51	2.67	2.59	2.53	2.44	2.16
Imports	467.63	615.09	136.60	149.23	156.89	172.37	57.36	177.61	183.49	192.42	59.18	58.93
(y-o-y, %)	-7.1	31.5	12.4	37.7	37.5	39.4	43.6	30.0	23.0	22.6	9.9	2.7
Average daily imports	1.71	2.25	2.07	2.16	2.29	2.48	2.39	2.73	2.68	2.79	2.75	2.46

## Composite Indices of Coincident and Leading Indicators

(Points)

	2022									
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep <sup>1</sup>	Oct <sup>1</sup>	
Cyclical indicator of coincident composite index	101.6	101.5	101.1	101.2	101.3	101.8	102.3	102.4	102.4	
m-o-m (points)	0.1	-0.1	-0.4	0.1	0.1	0.5	0.5	0.1	0.0	
Cyclical indicator of leading composite index	100.0	99.8	99.6	99.6	99.7	99.5	99.4	99.3	99.2	
m-o-m (points)	-0.3	-0.2	-0.2	0.0	0.1	-0.2	-0.1	-0.1	-0.1	

1. Preliminary