

Embargo:

Release Date: January 13, 2023

Contact Information: Lee, Seung-han (044-215-2731/ Economic Analysis Division)

CURRENT ECONOMIC SITUATION, JANUARY 2023

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

Manufacturing, facilities and construction investment increased while services and retail sales decreased in November. Employment rose at a slower pace and consumer prices growth showed a continuously slow pace in December.

Industrial production increased by 0.1 percent from the previous month in November as manufacturing (up 0.4%, m-o-m and down 3.7%, y-o-y) went up while services (down 0.6%, m-o-m and up 2.6%, y-o-y) declined.

In November, while retail sales (down 1.8%, m-o-m and down 2.2%, y-o-y) went down, facilities investment (up 1.0%, m-o-m and up 11.0%, y-o-y) and construction investment (up 1.4%, m-o-m and up 10.2%, y-o-y) went up.

Exports declined by 9.5 percent year-on-year in December led by an overall slump in the export of IT items such as semiconductor products. Average daily exports decreased by 9.5 percent from a year ago to US \$2.24 billion in December 2022 from US \$2.48 billion in December 2021.

The consumer sentiment index (CSI) grew by 3.4 points in December to 89.9 from the previous month. The business survey index (BSI) for the entire sector went down by 1 point from the previous month to 74, and the BSI outlook for January 2023 declined by 4 points to 70.

In November, both the cyclical indicator of the coincident composite index and the cyclical indicator of the leading composite index fell by 0.7 points and 0.2 points respectively from the previous month.

The economy added 509,000 jobs year-on-year in December and the unemployment rate fell by 0.5 percentage points from a year ago to 3.0 percent.

The consumer prices continued to slowly grow by 5.0 percent year-on-year in December due to a decrease in the price of petroleum products, and the core inflation rose by 4.8 percent.

In December, stock prices decreased due to grim outlooks for business performance and the won strengthened due to market expectations about major economies' adjusting the pace of monetary tightening.

Housing prices decline is significantly 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 in Korea, 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, with uncertainties about major economies' adjusting the pace of monetary tightening and China's quarantine measures against Covid-19 lingering, downward risks on economic growth continued due to the growth slowdowns of major economies and the uncertainty of the Russia-Ukraine war. The government will strengthen its efforts to boost export and investment, manage risks at home and abroad, and accelerate efforts to achieve structural reforms in the 3 sectors, while also focusing on stabilizing people's livelihood by taming prices ahead of Lunar New Year Holiday.

Key Statistics

Employment

	2021		2022												
	Annual	Dec	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of employed (million)	27.27	27.30	28.09	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41	28.39	28.42	28.42	27.81
Employment rate (%)	60.5	60.4	62.1	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8	62.7	62.7	62.7	61.3
(Seasonally adjusted)	60.5	61.0	62.1	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3	62.2	62.2	62.1	62.0

Consumer Price Index

(%)

	2021				2022											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
y-o-y	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	5.0
m-o-m	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	0.2

Mining, Manufacturing, Electricity and Gas Production

(Percentage change from the previous period, %)

			2020	2021				2022					
			Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct ¹	Nov ¹
Total Production ²	Production	m-o-m, q-o-q	-	-	3.7	-0.6	1.0	1.1	3.8	-1.6	-1.5	-3.5	0.4
		y-o-y	-0.3	7.4	4.7	13.1	5.8	6.4	4.7	4.1	1.2	-1.2	-3.7
Manufacturing	Production	m-o-m, q-o-q	-	-	3.9	-0.7	0.9	1.3	3.9	-1.7	-1.8	-3.5	0.5
		y-o-y	-0.2	7.6	4.9	13.4	5.8	6.5	4.7	4.3	1.2	-1.2	-3.8
	Shipments (m-o-m, q-o-q)		-2.2	5.7	2.4	-0.7	-1.4	1.5	3.0	-2.9	-0.3	-2.1	-2.4
	Inventory ³ (m-o-m, q-o-q)		0.5	11.5	-1.0	-0.2	7.4	5.0	0.8	3.6	-0.5	-0.9	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	-0.8	-0.8
Average operation ratio ⁴		71.1	74.4	74.1	73.7	74.2	75.4	77.9	76.2	75.4	72.5	73.1	

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 ¹	Sep	Oct ¹	Nov 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	1.5	-0.1	-1.1	-0.6

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 ¹	Sep	Oct ¹	Nov 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	1.2	-2.0	-0.2	-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	-0.9	-0.7	-2.2

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	Oct ¹	Nov 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	9.8	0.4	1.0
y-o-y	-	7.9	5.7	7.7	3.0	-	12.4	13.2	6.2	6.2	-1.3	-2.4	7.5	16.6	11.0

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	Oct ¹	Nov 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	0.4	4.6	1.4	
y-o-y	-	1.2	-3.6	-2.2	-3.2	-	-9.0	-7.2	-8.1	-2.9	-1.5	2.1	3.9	8.9	10.2	

1. Preliminary

Exports and Imports

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

	2021							2022					
	Annual	Q1	Q2	Q3	Q4	Dec	Annual	Q1	Q2	Q3	Q4	Dec	
Exports	644.40	146.40	156.73	164.54	176.73	60.73	683.95	173.41	177.13	174.10	159.32	54.99	
(y-o-y, %)	25.7	12.5	42.0	26.5	24.5	18.3	6.1	18.4	13.0	5.8	-9.9	-9.5	
Average daily exports	2.36	2.22	2.27	2.40	2.54	2.48	2.51	2.67	2.59	2.52	2.28	2.24	
Imports	615.09	136.60	149.23	156.89	172.37	61.16	731.18	177.63	183.45	192.37	177.71	59.68	
(y-o-y, %)	31.5	12.4	37.7	37.5	39.4	37.0	18.9	30.0	22.9	22.6	3.1	-2.4	
Average daily imports	2.25	2.07	2.16	2.29	2.48	2.44	2.68	2.73	2.68	2.79	2.54	2.44	

Composite Indices of Coincident and Leading Indicators

(Points)

	2022									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct ¹	Nov ¹	
Cyclical indicator of coincident composite index	101.5	101.1	101.2	101.3	101.8	102.3	102.4	102.4	101.7	
m-o-m (points)	-0.1	-0.4	0.1	0.1	0.5	0.5	0.1	0.0	-0.7	
Cyclical indicator of leading composite index	99.8	99.6	99.6	99.7	99.5	99.4	99.3	99.2	99.0	
m-o-m (points)	-0.2	-0.2	0.0	0.1	-0.2	-0.1	-0.1	-0.1	-0.2	

1. Preliminary