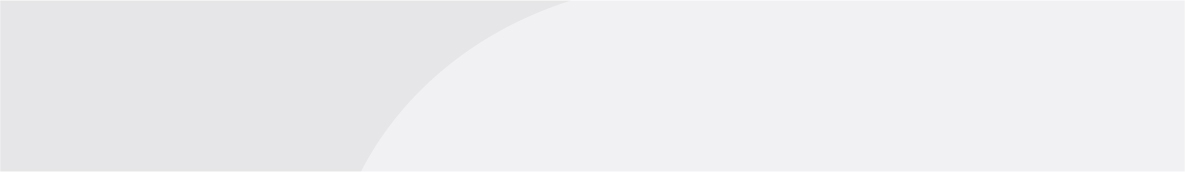
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| --- | --- |
| C:\Users\SJJ\Desktop\1.png  **Press Release** | |
| **Embargo:** | **Release Date:** June 16, 2023 |
| **Contact Information: Lee, Seung-Han (044-215-2730/ Economic Analysis Division)** | |

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**Current Economic Situation, June 2023**

**Industrial, Services Production and Retail Sales Down, Facilities and Construction Investment Up**

**Industrial production, services production and retail sales decreased while facilities and construction investment increased in April 2023.**

In April, the entire production (down 1.4%, m-o-m and down 0.8%, y-o-y) decreased as both industrial production (down 1.2%, m-o-m and down 8.9%, y-o-y) and services production (down 0.3%, m-o-m and up 3.1%, y-o-y) declined.

Retail sales (down 2.3%, m-o-m and down 1.1%, y-o-y) fell in April while facilities investment (up 0.9%, m-o-m and up 4.4%, y-o-y) and construction investment (up 1.2%, m-o-m and up 12.2%, y-o-y) moved up.

Exports declined 15.2 percent year-on-year in May due to sluggish exports of IT-related products including semiconductors, wireless communications and computers. Average daily exports decreased 9.3 percent from a year ago to US $2.43 billion in May 2023.

Meanwhile, sentiment indicators have seen improvements. The consumer sentiment index (CSI) grew by 2.9 points in May to 98.0 from the previous month. The business sentiment index (BSI) in May for the entire sector improved 4 point to 76 and the BSI outlook for June 2023 rose by 2 points to 76.

The cyclical indicator of the coincident composite index for April went up by 0.2 points, and the cyclical indicator of the leading composite index fell by 0.2 point.

**Employment continued to increase but consumer prices grew at a slower pace in May 2023.**

The economy added 351,000 jobs year-on-year in May with the unemployment rate down 0.3 percentage points from a year ago to 2.7 percent.

Consumer prices rose at a slower pace by 3.3 percent in May and the consumer price index excluding the food and energy sectors rose by 3.9% and the index excluding the agricultural and petroleum sectors grew by 4.3%.

**Stock prices went up and the won strengthened in May 2023 due to better prospects for semiconductors and clearing of uncertainties related to the US debt ceiling. Korea treasury yields increased as expectations for an early shift in the monetary policy stance weakened.**

In May 2023, housing prices (down 0.47% → down 0.22%, m-o-m) and prices of *Jeonse* (lump-sum deposits with no monthly payments) (down 0.63% → down 0.31%, m-o-m) declined at a slower pace than that of the previous month.

**Amid an inflation continued to decrease in Korea, the economy has been slowing down mainly in exports and manufacturing. Meanwhile, downside risks appeared to be ease due to a moderate recovery of domestic demand, improved economic sentiment, and solid employment growth.**

Internationally, the world’s economic uncertainties persisted driven by downside risks including the impacts of the prolonged Russia-Ukraine war and monetary tightening posed on the vulnerable sectors

alongside the expectations of China’s reopening and the global IT industry’s upturn.

The government will go all out to improve its economic structure and boost economic vitality, focusing on the promotion of export, investment and domestic demand in the second half of the year, on the back of the efforts to stabilize prices and people’s livelihoods and manage risks at home and abroad.

**Key Statistics**

Employment

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | | | | | | | 2023 | | | | |
| Annual | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Number of employed (million) | 28.09 | 27.75 | 28.08 | 28.49 | 28.48 | 28.47 | 28.41 | 28.39 | 28.42 | 28.42 | 27.81 | 27.36 | 27.71 | 28.22 | 28.43 | 28.84 |
| Employment rate (%) | 62.1 | 61.4 | 62.1 | 63.0 | 62.9 | 62.9 | 62.8 | 62.7 | 62.7 | 62.7 | 61.3 | 60.3 | 61.1 | 62.2 | 62.7 | 63.5 |
| (Seasonally adjusted) | 62.1 | 61.9 | 62.0 | 62.3 | 62.2 | 62.2 | 62.3 | 62.2 | 62.2 | 62.1 | 62.0 | 62.0 | 62.6 | 62.7 | 62.6 | 62.8 |

Consumer Price Index

(%)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | | | | | | 2023 | | | | |
| Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| y-o-y | 4.1 | 4.8 | 5.4 | 6.0 | 6.3 | 5.7 | 5.6 | 5.7 | 5.0 | 5.0 | 5.2 | 4.8 | 4.2 | 3.7 | 3.3 |
| m-o-m | 0.7 | 0.7 | 0.7 | 0.6 | 0.5 | -0.1 | 0.3 | 0.3 | -0.1 | 0.2 | 0.8 | 0.3 | 0.2 | 0.2 | 0.3 |

Retail Sales

(Percentage change from the previous period, %)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | 2021 | | | | | 2022 | | | | | 2023 | | |
| Annual | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | Q1¹ | Mar¹ | Apr¹ |
| Retail sales | -0.1 | 5.8 | 2.9 | 1.5 | 1.1 | 0.5 | -0.3 | -0.7 | -1.0 | 0.3 | -0.9 | 1.0 | 0.1 | -2.3 |
| (y-o-y) | - | - | 6.3 | 5.0 | 5.4 | 6.6 | - | 2.6 | -0.2 | -0.9 | -2.3 | -0.4 | 0.1 | -1.1 |

1. Preliminary

Facility Investment Index

(Percentage change from the previous period, %)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2021 | | | | | 2022 | | | | | 2023 | | | |
| Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4¹ | Q1¹ | Feb | Mar¹ | Apr¹ | |
| Facility investment index | 9.6 | 6.3 | 1.4 | -1.7 | -0.4 | 3.3 | 0.4 | -0.4 | 8.6 | -0.2 | -8.8 | 1.0 | -2.4 | 0.9 | |
| (y-o-y) | - | 12.4 | 13.2 | 6.2 | 6.2 | - | -1.3 | -2.4 | 7.5 | 9.6 | -0.6 | 4.1 | 1.8 | 4.4 | |

1. Preliminary

Construction Completed

(Percentage change from the previous period, %)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2021 | | | | | 2022 | | | | | 2023 | | | |
| Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | 1Q¹ | Feb | Mar¹ | Apr¹ |
| Construction Completed  (Constant) | -6.7 | -2.9 | -3.3 | -0.6 | 2.4 | 2.7 | 0.5 | -0.1 | 0.8 | 4.6 | 4.9 | 3.6 | -4.3 | 1.2 |
| (y-o-y) | - | -8.8 | -7.2 | -8.1 | -3.1 | 2.7 | -1.7 | 2.0 | 3.5 | 6.4 | 11.5 | 19.5 | 12.0 | 12.2 |

1. Preliminary

Exports and Imports

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2021 | | | | | 2022 | | | | | | 2023 | | |
| Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | May | Q3 | Q4 | Q1 | Apr | May |
| Exports | 644.40 | 146.40 | 156.73 | 164.54 | 176.73 | 683.58 | 173.40 | 177.  11 | 61.59 | 174.02 | 159.05 | 151.35 | 49.51 | 52.22 |
| (y-o-y, %) | 25.7 | 12.5 | 42.0 | 26.5 | 24.5 | 6.1 | 18.4 | 13.0 | 21.4 | 5.8 | -10.0 | -12.7 | -14.4 | -15.2 |
| Average daily exports | 2.36 | 2.22 | 2.27 | 2.40 | 2.54 | 2.51 | 2.67 | 2.59 | 2.68 | 2.52 | 2.27 | 2.24 | 2.20 | 2.43 |
| Imports | 615.09 | 136.60 | 149.23 | 156.89 | 172.37 | 731.37 | 177.90 | 183.  53 | 63.17 | 192.30 | 177.64 | 173.94 | 52.23 | 54.34 |
| (y-o-y, %) | 31.5 | 12.4 | 37.7 | 37.5 | 39.4 | 18.9 | 30.2 | 23.0 | 31.8 | 22.6 | 3.1 | -2.2 | -13.3 | -14.0 |
| Average daily imports | 2.25 | 2.07 | 2.16 | 2.29 | 2.48 | 2.68 | 2.74 | 2.68 | 2.75 | 2.79 | 2.54 | 2.58 | 2.32 | 2.53 |

Industrial Production (Mining, Manufacturing, Electricity and Gas Production)

(Percentage change from the previous period, %)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | 2021 | | | 2022 | | | | | 2023 | | | | |
| Annual | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4¹ | Q1¹ | Jan | Feb | Mar¹ | Apr¹ |
| Total Production2 | | m-o-m,  q-o-q | - | 1.7 | 2.9 | - | 3.2 | -2.3 | -2.4 | -6.4 | -0.7 | 1.9 | -2.9 | 5.3 | -1.2 |
| y-o-y | 8.2 | 6.7 | 7.3 | 1.4 | 5.8 | 5.6 | 1.4 | -6.4 | -9.8 | -13.4 | -8.2 | -7.6 | -8.9 |
| Manufacturing | Production | m-o-m,  q-o-q | - | 1.6 | 3.1 | - | 3.2 | -2.2 | -2.6 | -6.7 | -0.5 | 2.1 | -2.8 | 5.6 | -1.2 |
| y-o-y | 8.4 | 6.7 | 7.5 | 1.4 | 6.0 | 5.6 | 1.4 | -6.7 | -10.0 | -14.0 | -8.4 | -7.7 | -9.0 |
| Shipments  (m-o-m, q-o-q) | | 5.0 | -0.6 | 1.9 | -0.1 | 1.1 | -2.2 | -0.2 | -4.4 | -0.2 | -0.1 | 1.2 | 3.5 | -4.6 |
| Inventory3  (m-o-m, q-o-q) | | 13.7 | 11.0 | 3.8 | 4.6 | -1.4 | 4.9 | -1.0 | 1.9 | 4.1 | 3.8 | 1.0 | -0.8 | 6.2 |
| Production capacity  (y-o-y) | | 2.0 | 1.6 | 0.8 | -0.4 | -0.7 | 0.1 | 0.1 | -0.8 | -2.3 | -2.1 | -2.2 | -2.6 | -2.4 |
| Average operation ratio4 | | 74.8 | 74.5 | 76.7 | 74.8 | 78.9 | 76.0 | 74.2 | 69.9 | 70.8 | 71.3 | 68.6 | 72.0 | 71.2 |

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 | | | | | 2023 | | |
| Annual | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | Q1¹ | Mar¹ | Apr¹ |
| Service output | -2.0 | 5.0 | 1.2 | 2.2 | 0.3 | 2.6 | 6.7 | 0.8 | 2.9 | 1.7 | 0.1 | 1.5 | -0.5 | -0.3 |

1. Preliminary

Composite Indices of Coincident and Leading Indicators

(Points)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | 2023 | | | |
| Aug | Sep | Oct | Nov | Dec¹ | Jan | Feb¹ | Mar¹ | Apr¹ |
| Cyclical indicator of coincident composite index | 100.9 | 100.8 | 100.7 | 100.1 | 99.4 | 99.0 | 99.2 | 99.7 | 99.9 |
| m-o-m (points) | 0.3 | -0.1 | -0.1 | -0.6 | -0.7 | -0.4 | 0.2 | 0.5 | 0.2 |
| Cyclical indicator of leading composite index | 99.9 | 99.8 | 99.8 | 99.5 | 99.1 | 98.8 | 98.4 | 98.2 | 98.0 |
| m-o-m (points) | -0.2 | -0.1 | 0.0 | -0.3 | -0.4 | -0.3 | -0.4 | -0.2 | -0.2 |

1. Preliminary