

Republic of Korea **Economic Bulletin**

January 2024 Vol.46 No.1



Daegwallyeong

Current Economic Trends

Economic News Briefing

Korea's GDP in Q3 2023
External Debt in Q3 2023

Korean FDI in Q3 2023
Korea-Vietnam Economic Cooperation



▲ **Daegwallyeong**, a mountain pass connecting the eastern and western part of Korea.

Republic of Korea **Economic Bulletin**

The Republic of Korea Economic Bulletin is a monthly publication that seeks to promote a greater understanding of the Korean economy by providing readers information on the latest economic trends and policy issues as well as relevant news and current events.

January 2024 Vol.46 No.1

Editors-in-Chief Song In-Ho (KDI), Kim Seong-Wook (MOEF)

Editorial Board Lee Je-Bong (MOEF), Park Ji-Hye (MOEF), Yu Hee-Jeong (MOEF), Jung Sung-Jin (KDI)

Translation Suh Hye-Won (MOEF), Jung Sung-Jin (KDI)

Design Qline

CONTENTS

Current Economic Trends

05 Overview

06 Economic Activity

- 06 Gross domestic product
- 08 All industry production and composite index of business indicators
- 10 Private consumption
- 12 Facility investment
- 14 Construction investment
- 16 Exports and imports
- 18 Employment
- 22 Prices
- 25 Housing market

27 Financial Markets

- 27 Stock market
- 27 Bond market
- 29 Foreign exchange market
- 29 Money market
- 31 Official foreign reserves
- 31 External debt

32 Public Finance

- 32 Fiscal balance
- 32 Government debt

Economic News Briefing

- 34 Korean economy grew by 0.6% in Q3 2023
- 35 External debt decreases to US \$649.3 billion in Q3 2023
- 35 Korean FDI totals US \$14.62 billion in Q3 2023
- 36 Korea and Vietnam to promote cooperation on strengthening supply chain for key minerals

Current Economic Trends

Overview

Economic Activity

1. Gross domestic product
2. All industry production and composite index of business indicators
3. Private consumption
4. Facility investment
5. Construction investment
6. Exports and imports
7. Employment
8. Prices
9. Housing market

Financial Markets

1. Stock market
2. Bond market
3. Foreign exchange market
4. Money market
5. Official foreign reserves
6. External debt

Public Finance

1. Fiscal balance
2. Government debt

Overview

In October, industrial and services production, retail sales, facility investment declined while construction investment increased. In November, job growth and inflation slowed down.

In October, total production fell (*down 1.6% month-on-month and up 1.0% y-o-y*) as industrial production (*down 3.5% m-o-m and up 1.1% y-o-y*) and services production decreased (*down 0.9% m-o-m and up 0.8% y-o-y*).

In October, retail sales (*down 0.8% m-o-m and down 4.4% y-o-y*), facility investment declined (*down 3.3% m-o-m and down 9.7% y-o-y*) while construction investment rose (*up 0.7% m-o-m and up 4.1% y-o-y*).

In November, exports increased by 7.8 percent from a year ago, driven by exports of automobiles, vessels and secondary batteries. The daily average of exports increased by 7.8 percent from a year ago to US \$2.32 billion.

In November, the consumer sentiment index (CSI) fell by 0.9 points to 97.2 from the previous month. The business survey index (BSI) remained steady at 70 from the previous month and the BSI outlook for December was unchanged, remaining at 69.

In October, the cyclical indicator of the coincident composite index decreased by 0.1 points from the previous month, while the cyclical indicator of the leading composite index increased by 0.3 points.

In November, the economy added 277 thousand jobs compared to the previous year and the unemployment rate remained unchanged at 2.3 percent.

In November, consumer prices rose at a slower pace, increasing by 3.3 percent from the previous month. The CPI excluding the food and energy prices increased by 3.0 percent, and the index excluding the agricultural and petroleum products increased by 3.3 percent. The CPI for basic necessities increased by 4.0 percent.

In November, the Korean equity market was up for the month while treasury bond yields fell amid a strengthening Won, as expectations of an interest rate hike by the US Federal Reserve subsided.

In November, the growth of housing prices slowed down (*from up 0.20% to up 0.04% m-o-m*), and Jeonse (lump-sum deposits with no monthly payments) prices growth also slowed down (*from up 0.36% to up 0.27% m-o-m*).

Recently, inflation has moderated in the Korean economy. Despite uneven recovery across the economy, gradual signs of an upturn are emerging, mainly driven by a rebound in manufacturing production and exports especially semiconductors as well as strong job growth.

Internationally, concerns of a weak economic recovery persist amid expectations of growth in the global IT industry. At the same time, geopolitical risks and supply chain instability remain heightened due to political unrest in the Middle East and the on-going Russia-Ukraine conflict.

The government will meticulously manage risks at home and abroad as well as improve its fundamental economic structure, while placing top priority on stabilizing prices and the public's livelihood. In addition, strengthened endeavors will be made to expand the export-driven economic rebound momentum throughout the entire economy.

Economic Activity

1. Gross Demestic Product

In the third quarter of 2023, Korea's real Gross Demestic Product (GDP) amounted to 501.0 trillion won, and real Gross Demestic Income (GDI) came to 474.8 trillion won.

(Trillion won, at chained 2015 year prices)

	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
GDP	1,918.7	1,968.8	454.1	478.9	479.0	506.7	468.0	493.0	494.2	513.8	472.2	497.3	501.0
(Seasonally adjusted)	-	-	474.6	478.7	479.4	486.0	489.3	492.9	494.1	492.6	494.2	497.2	500.3
- Private consumption	881.4	917.8	215.1	216.9	221.2	228.2	223.6	225.7	232.8	235.7	233.8	229.3	233.4
- Facility investment	182.1	180.5	45.3	48.3	42.5	46.0	42.0	45.1	44.3	49.0	44.5	47.2	42.5
- Construction investment	265.0	257.6	54.4	73.1	65.8	71.8	52.3	70.3	64.5	70.5	53.3	71.6	66.9
- Exports	851.1	880.2	202.3	207.6	212.4	228.8	217.3	217.2	223.1	222.6	212.9	217.8	230.0
- Imports	730.0	755.9	179.3	177.6	179.3	193.8	187.3	180.4	193.4	194.8	198.4	185.5	192.9
GDI	1,872.5	1,853.5	450.9	467.2	466.6	487.8	449.7	465.9	458.3	479.6	442.4	464.3	474.8
(Seasonally adjusted)	-	-	470.5	466.4	467.6	467.9	469.5	465.0	459.2	459.9	462.0	463.2	475.3

Source: Bank of Korea.

¹ Preliminary.

In the third quarter of 2023, real GDP rose 1.4 percent year-on-year, and seasonally adjusted GDP increased 0.6 percent quarter-on-quarter. Real GDI rose 3.6 percent year-on-year, and seasonally adjusted GDI rose 2.6 percent quarter-on-quarter.

(Percentage change from same period in previous year, at chained 2015 year prices)

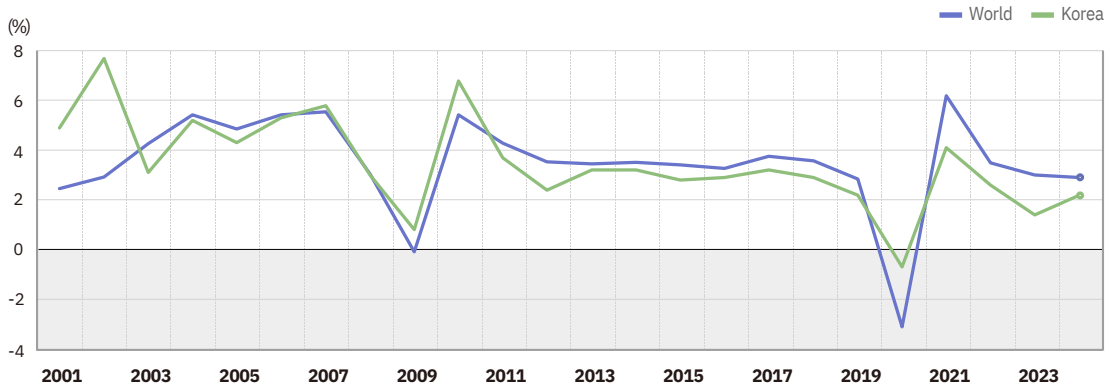
	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
GDP	4.3	2.6	2.4	6.4	4.1	4.3	3.1	2.9	3.2	1.4	0.9	0.9	1.4
(Seasonally adjusted)	-	-	1.8	0.9	0.1	1.4	0.7	0.8	0.2	-0.3	0.3	0.6	0.6
- Private consumption	3.6	4.1	1.2	3.7	3.4	6.1	4.0	4.1	5.2	3.3	4.6	1.6	0.2
- Facility investment	9.3	-0.9	15.6	14.0	4.2	4.0	-7.3	-6.7	4.4	6.5	5.9	4.7	-4.2
- Construction investment	-1.6	-2.8	-2.5	-1.1	-1.5	-1.5	-3.8	-3.7	-2.0	-1.8	1.9	1.7	3.8
- Exports	11.1	3.4	6.8	23.7	7.9	7.9	7.4	4.7	5.0	-2.7	-2.0	0.3	3.1
- Imports	10.1	3.5	6.0	14.8	7.9	12.0	4.5	1.6	7.8	0.5	5.9	2.8	-0.3
GDI	3.2	-1.0	3.9	5.1	2.6	1.5	-0.3	-0.3	-1.8	-1.7	-1.6	-0.3	3.6
(Seasonally adjusted)	-	-	2.0	-0.9	0.3	0.1	0.3	-1.0	-1.3	0.2	0.5	0.3	2.6

Source: Bank of Korea.

¹ Preliminary.

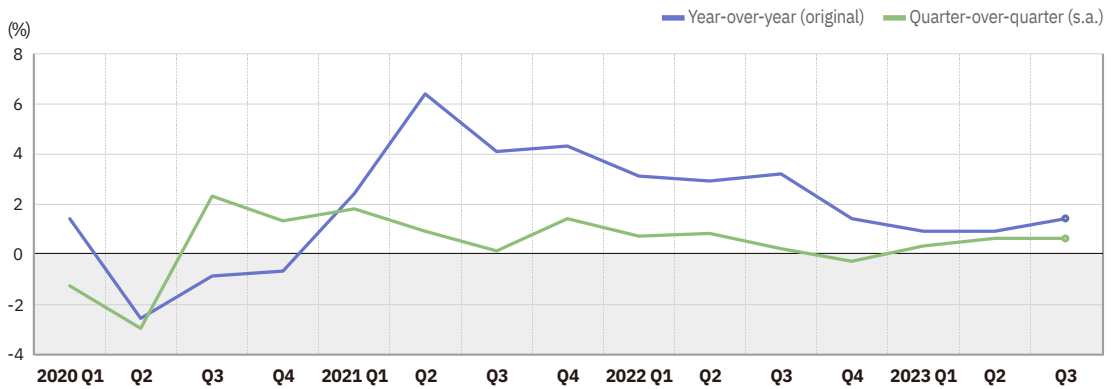
² Percentage change from previous period.

GDP growth: World and Korea



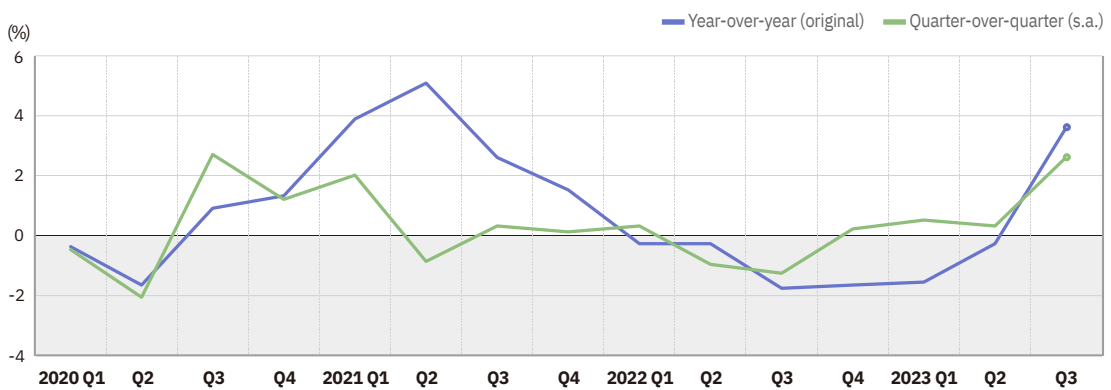
Source: IMF

GDP growth: Korea



Source: Bank of Korea.

GDI growth: Korea



Source: Bank of Korea.

2. All industry production and composite index of business indicators

The index of all industry production decreased by 1.6 percent month-on-month in October. Construction increased by 0.7 percent, while industrial production (*down 3.5%*), services (*down 0.9%*), and public sector spending (*down 1.4%*) all decreased. The index rose 1.0 percent year-on-year.

Coincident composite index

The cyclical indicator of the coincident composite index fell 0.1 points month-on-month to 99.1. Among the components of the coincident composite index, retail sales, shipment index for domestic market and imports decreased, while industrial production, the value of construction completed and number of workers excluding agriculture, forestry and fisheries increased.

Leading composite index

The cyclical indicator of the leading composite index rose 0.3 points month-on-month to 99.7. Among the components of the leading composite index, domestic shipments of machinery, construction orders received, inventory cycle of manufacturing rose, while economic sentiment index, KOSPI, net barter terms of trade and KOSPI fell.

	2023									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug ¹	Sep ¹	Oct ¹
Index of all industry production (m-o-m, %)	-0.2	1.1	1.1	-1.3	0.7	0.0	-0.8	1.9	1.0	-1.6
(y-o-y, %)	-1.5	3.4	2.0	-1.0	-1.4	0.6	-1.4	1.2	2.7	1.0
Cyclical indicator of coincident composite index	99.3	99.6	100.1	100.3	100.3	100.1	99.6	99.4	99.2	99.1
(m-o-m, p)	-0.5	0.3	0.5	0.2	0.0	-0.2	-0.5	-0.2	-0.2	-0.1
Coincident composite index (2020=100)	108.2	108.7	109.5	110.0	110.3	110.3	110.0	110.0	110.0	110.1
(m-o-m, %)	-0.2	0.5	0.7	0.5	0.3	0.0	-0.3	0.0	0.0	0.1
Cyclical indicator of leading composite index	99.2	99.0	98.7	98.5	98.6	98.9	99.3	99.3	99.4	99.7
(m-o-m, p)	-0.4	-0.2	-0.3	-0.2	0.1	0.3	0.4	0.0	0.1	0.3
Leading composite index (2020=100)	109.4	109.3	109.4	109.4	109.8	110.5	111.1	111.4	111.9	112.4
(m-o-m, %)	-0.1	-0.1	0.1	0.0	0.4	0.6	0.5	0.3	0.4	0.4

Source: Industrial activity trends, Statistics Korea.

¹ Preliminary (coincident composite index: last three months, leading composite index: last two months).

Coincident composite index in Oct 2023 (m-o-m, %)

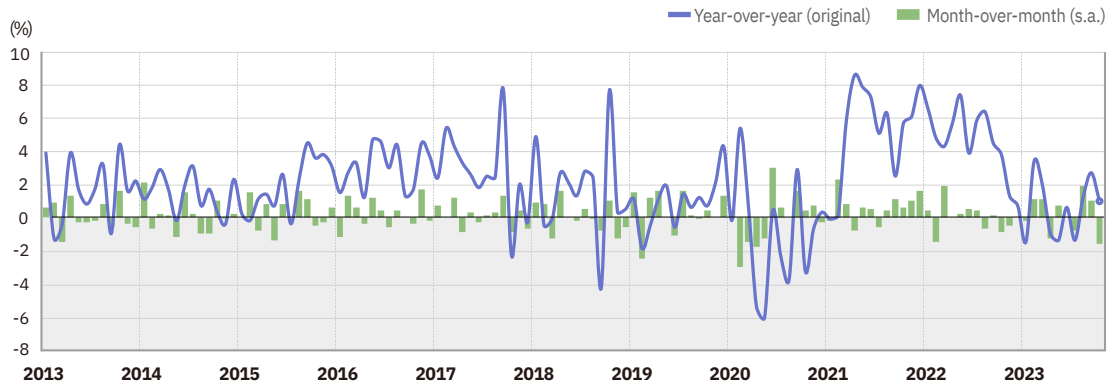
Industrial production	1.0
Value of construction completed	1.1
Number of workers excluding agriculture, forestry and fisheries	0.1
Retail sales	-0.3
Shipment index for domestic market	-0.3
Imports	-1.9

Source: Industrial activity trends, Statistics Korea.

Leading composite index in Oct 2023 (m-o-m, %)

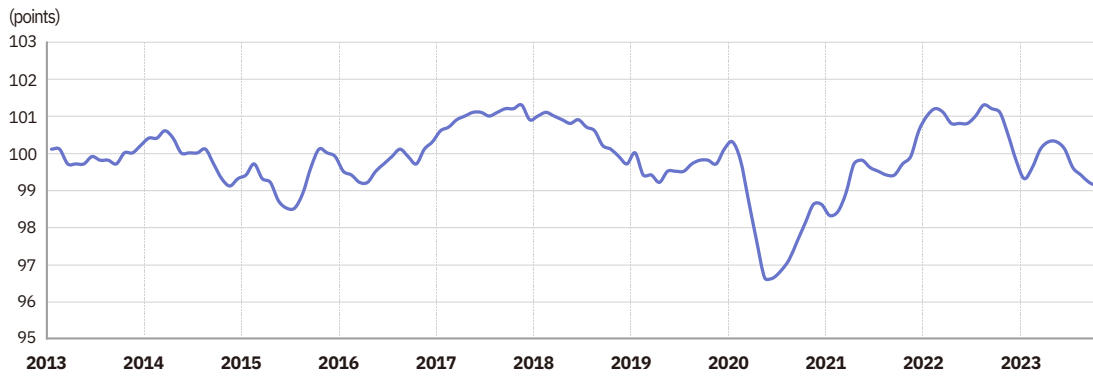
Domestic shipments of machinery(%p)	3.4
Construction orders received	6.9
Inventory cycle of manufacturing (%p)	0.4
Economic sentiment index (p)	-0.8
Net barter terms of trade	-0.5
KOSPI	-2.6

Index of all industry production



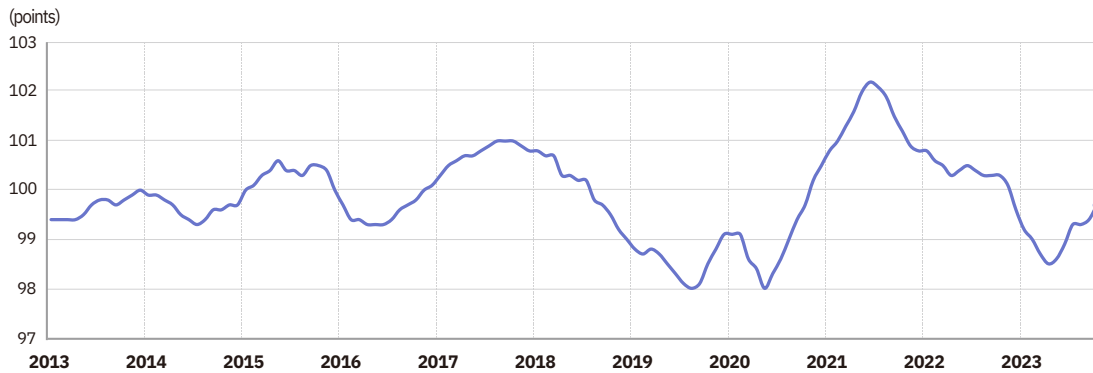
Source: Industrial activity trends, Statistics Korea.

Cyclical indicator of coincident composite index



Source: Industrial activity trends, Statistics Korea.

Cyclical indicator of leading composite index



Source: Industrial activity trends, Statistics Korea.

3. Private consumption

Private consumption (*preliminary estimate of GDP*) in the third quarter of 2023 increased by 0.3 percent quarter-on-quarter and increased by 0.2 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
Private consumption	-	-	1.4	2.9	0.4	1.3	-0.6	2.9	1.6	-0.5	0.6	-0.1	0.3
(y-o-y)	3.6	4.1	1.2	3.7	3.4	6.1	4.0	4.1	5.2	3.3	4.6	1.6	0.2

Source: National accounts, Bank of Korea.

¹ Preliminary.

Retail sales decreased by 0.8 percent month-on-month in October. Sales of durable goods (*up 1.0%*) and semi-durable goods (*up 4.3%*) increased, while nondurable goods (*down 3.1%*) decreased. The index fell 4.4 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Aug ¹	Sep ¹	Oct ¹
Retail sales	-	-	2.1	2.4	1.2	0.2	-1.2	-0.4	0.6	-1.4	1.1	-0.3	-2.6	-0.3	0.1	-0.8
(y-o-y)	5.8	-0.3	6.3	5.0	5.4	6.6	2.6	-0.2	-0.9	-2.3	-0.4	-0.2	-2.8	-4.7	-2.0	-4.4
- Durable goods	6.3	-3.2	3.0	-0.6	-1.3	0.1	-0.7	-2.9	0.8	-0.1	1.6	0.9	-3.4	-0.9	-2.4	1.0
· Automobiles	-0.2	0.5	-0.4	2.3	-8.9	-6.5	5.6	3.4	2.4	3.0	2.9	2.1	-6.9	-2.4	0.8	-1.8
- Semi-durable goods	12.7	2.2	4.8	5.4	2.2	2.6	-1.8	1.6	0.0	-4.1	5.0	-3.6	-4.8	-0.9	-2.9	4.3
- Nondurable goods	3.2	0.3	0.7	2.8	2.3	-0.8	-1.2	0.2	0.7	-1.1	-0.7	0.5	-1.4	0.3	2.3	-3.1

Source: Statistics Korea.

¹ Preliminary.

The retail sales outlook for October is mixed, as the car sales at home and department store sales and large discount store sales increased while consumer sentiment index declined.

(Percentage change from same period in previous year)

	2023							
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Car sales at home	8.2	10.9	10.4	-5.8	5.8	-3.1	-0.5	3.0
Department store sales	-0.8	-0.2	-0.2	2.6	-6.6	0.9	-1.8	7.0
Large discount store sales	2.6	1.6	-1.9	0.0	-8.5	7.3	-4.0	1.6
Credit card spending at home ¹	5.6	3.9	5.4	0.0	2.9	5.7	4.5	6.6
Consumer sentiment index ²	95.1	98.0	100.7	103.2	103.1	99.7	98.1	97.2
Number of Chinese tourists ³	1,191.8	1,258.6	1,303.3	1,234.6	862.2	810.9	967.9	770.3

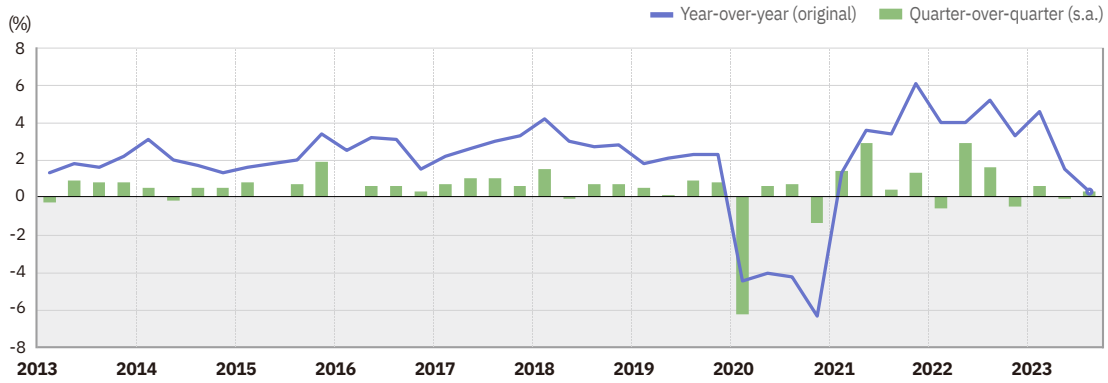
Sources: Korea Automobile Manufacturers Association; The Credit Finance Association; Bank of Korea; Korea Culture & Tourism Institute; data provided by retail industries.

¹ Utility bills are excluded.

² Level value.

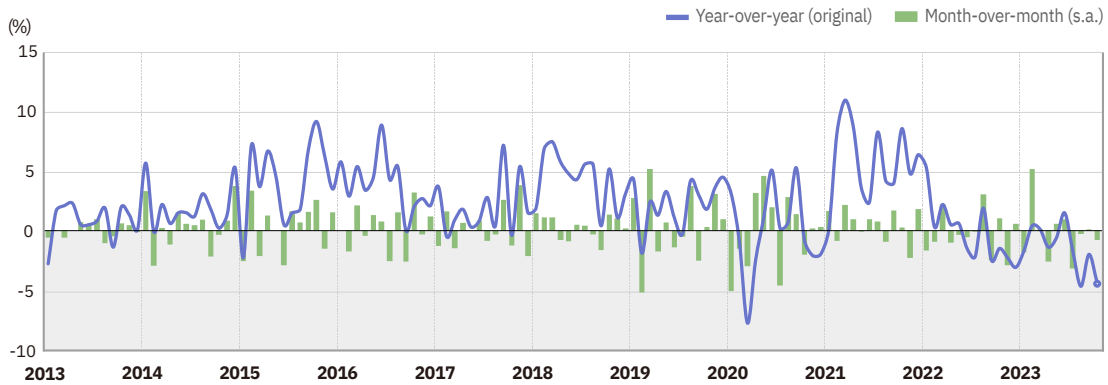
³ Advance estimate based on all Chinese entries, which can be different from the statistic released by the Ministry of Culture, Sports and Tourism as it excludes diplomatic and military personnel.

Private consumption



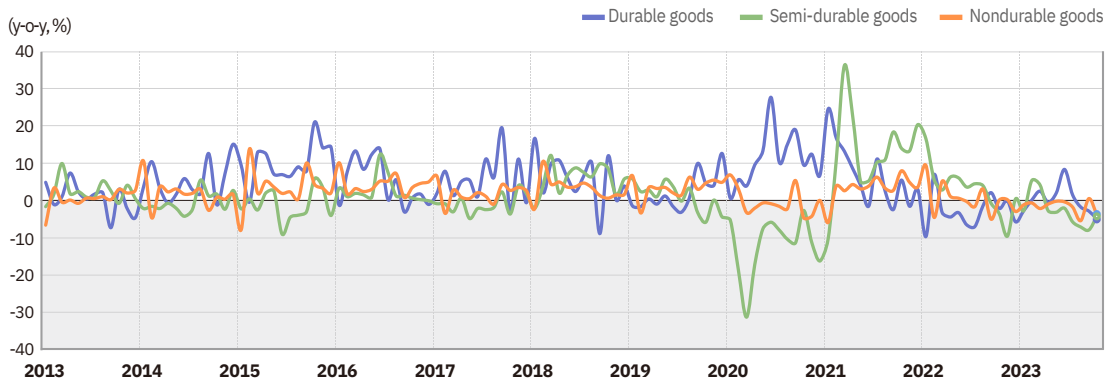
Source: National account, Bank of Korea.

Retail sales



Source: Industrial activity trends, Statistics Korea.

Retail sales by type



Source: Industrial activity trends, Statistics Korea.

4. Facility investment

Facility investment (*preliminary estimate of GDP*) in the third quarter of 2023 fell 2.2 percent quarter-on-quarter and fell 4.2 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
Facility investment	-	-	7.8	0.7	-4.1	0.1	-4.2	1.6	7.0	2.4	-5.0	0.5	-2.2
(y-o-y)	9.3	-0.9	15.6	14.0	4.2	4.0	-7.3	-6.7	4.4	6.5	5.9	4.7	-4.2
- Machinery	13.2	1.7	7.7	1.0	-1.3	-1.2	-3.1	1.5	7.6	5.2	-6.3	1.0	-4.7
- Transportation equipment	-1.7	-9.4	8.1	-0.1	-12.8	4.8	-8.0	1.9	4.9	-7.3	0.4	-1.0	7.3

Source: National accounts, Bank of Korea.

¹ Preliminary.

The facility investment index dropped 3.3 percent month-on-month in October as machinery investment and transportation equipment investment all fell. The index decreased 9.7 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Facility investment index	-	-	6.3	1.4	-1.7	-0.4	0.4	-0.4	8.6	-0.2	-8.8	1.3	-3.5	4.1	8.7	-3.3
(y-o-y)	9.6	3.3	12.4	13.2	6.2	6.2	-1.3	-2.4	7.5	9.6	-0.5	-1.2	-10.5	-14.6	-5.6	-9.7
- Machinery	13.8	2.9	8.9	-0.2	-0.6	0.8	-1.5	-0.2	9.6	-0.3	-10.7	0.2	-1.8	1.0	7.2	-4.1
- Transportation equipment	-1.8	4.3	-0.5	6.4	-5.0	-3.9	6.9	-1.1	5.5	0.4	-3.1	4.2	-8.0	14.1	13.0	-1.2

Source: Statistics Korea.

¹ Preliminary.

The facility investment outlook is mixed, considering that domestic machinery orders received increased while machinery imports decreased.

(Percentage change from same period in previous year)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Domestic machinery orders received	33.7	1.4	20.7	43.6	36.3	36.5	4.0	2.3	13.8	-13.4	-7.8	-2.0	-14.1	-23.7	-18.1	15.2
(% change from previous period)	-	-	32.3	-1.3	2.1	0.2	1.8	-1.7	14.6	-23.3	7.4	3.8	-0.7	3.8	-19.4	25.9
- Public	61.7	-22.5	1.8	-8.0	95.4	226.7	8.2	6.9	-4.9	-53.8	154.7	120.1	25.1	24.2	53.9	-9.2
- Private	31.9	3.3	22.0	48.7	34.0	25.0	3.8	2.0	14.9	-7.1	-17.5	-9.8	-15.9	-25.3	-21.3	16.8
Machinery imports	18.0	-0.1	30.5	30.3	9.2	4.9	-4.0	-6.0	4.8	6.0	2.7	6.6	-12.3	-19.1	-2.9	-2.4
Average capacity utilization rate ²	74.8	74.8	74.6	73.2	74.5	76.7	78.9	76.0	74.2	69.9	70.6	71.8	72.0	73.1	73.0	70.3
Facility investment pressure ³	6.4	1.8	3.4	10.8	5.1	6.7	6.7	5.5	1.3	-5.9	-7.7	-5.5	-0.8	0.9	2.9	0.8

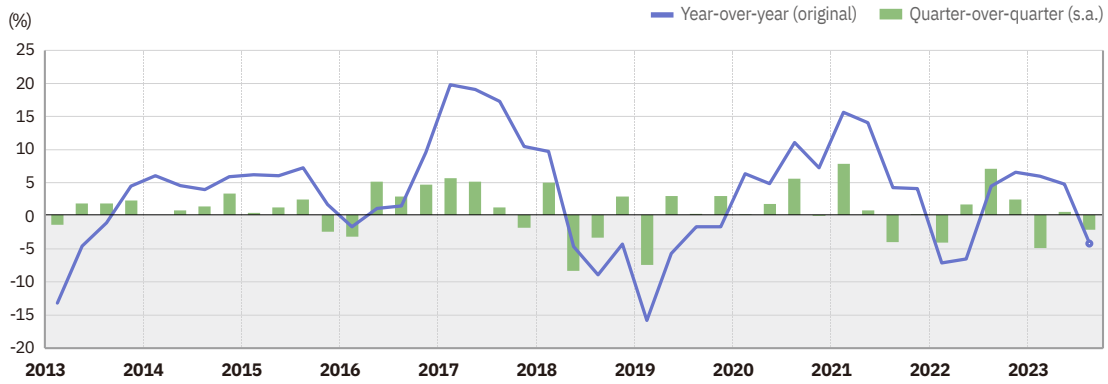
Sources: Statistics Korea; Korea International Trade Association.

¹ Preliminary.

² Utilization rate for the period, %.

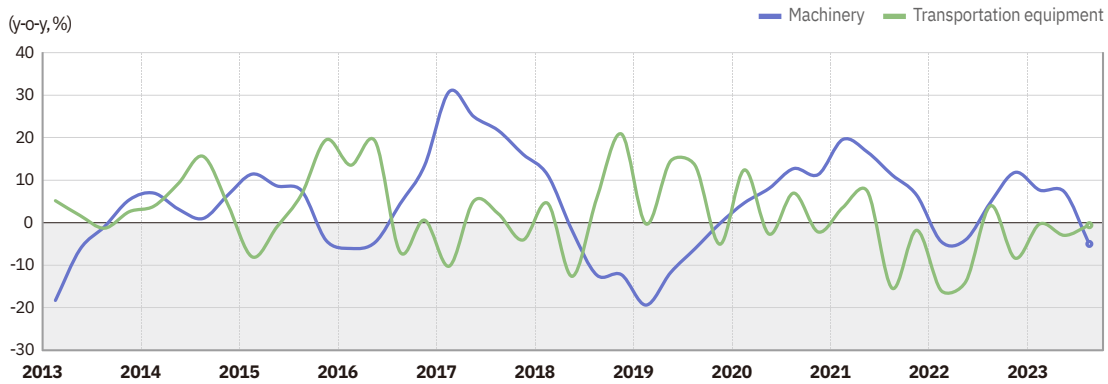
³ Production growth rate minus production capacity growth rate in the manufacturing sector, %p.

Facility investment



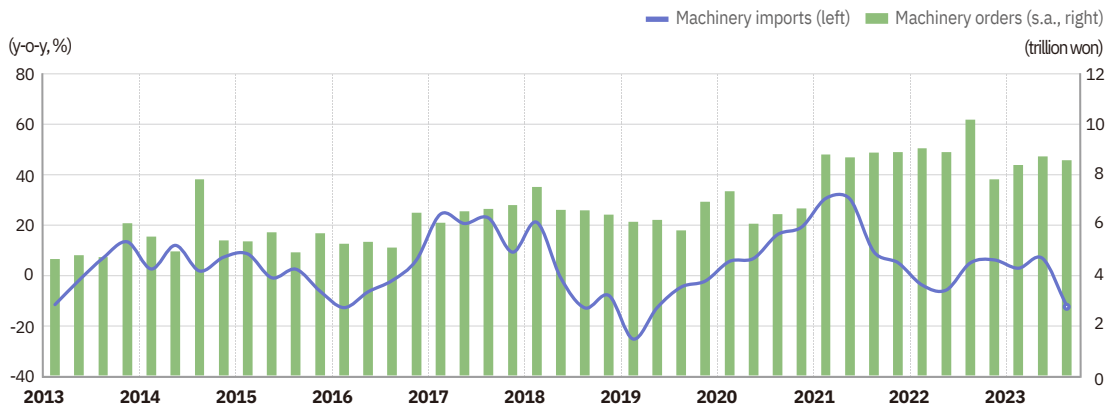
Source: National account, Bank of Korea.

Facility investment by type



Source: National account, Bank of Korea.

Leading indicators of facility investment



Sources: Statistics Korea; Korea International Trade Association.

5. Construction investment

Construction investment (*preliminary estimate of GDP*) in the third quarter of 2023 rose 2.1 percent quarter-on-quarter and rose 3.8 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
Construction investment	-	-	-0.1	-0.8	-2.0	1.4	-2.5	-0.6	-0.1	1.3	1.3	-0.8	2.1
(y-o-y)	-1.6	-2.8	-2.5	-1.1	-1.5	-1.5	-3.8	-3.7	-2.0	-1.8	1.9	1.7	3.8
- Building construction	1.1	-1.0	0.1	-0.2	-0.4	1.7	-2.9	1.0	0.1	0.6	2.6	1.4	1.2
- Civil engineering works	-8.0	-7.4	-0.6	-2.1	-6.1	0.5	-1.3	-4.8	-0.4	3.3	-2.1	-7.1	4.8

Source: National accounts, Bank of Korea.

¹ Preliminary.

Construction completed (*constant*) rose 0.7 percent month-on-month in October as building construction increased while civil engineering works decreased. The index rose 4.1 percent year-on-year.

(Percentage change from previous period)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Construction completed (constant)	-	-	-3.1	-3.5	-0.4	2.7	0.2	-0.4	1.0	4.9	4.6	-0.8	1.0	2.5	0.2	0.7
(y-o-y)	-6.7	2.7	-8.8	-7.2	-8.1	-3.1	-1.7	2.0	3.5	6.4	11.5	8.9	10.5	10.0	11.3	4.1
- Building construction	-3.4	4.2	-1.6	-2.0	1.2	2.8	-0.2	-0.7	2.8	4.7	7.0	-1.3	0.7	0.8	-3.9	1.3
- Civil engineering works	-14.9	-1.4	-6.9	-7.5	-5.0	2.5	1.4	0.5	-4.1	5.5	-2.8	1.0	2.2	9.8	14.1	-1.0

Source: Statistics Korea.

¹ Preliminary.

The construction investment outlook is mixed, considering that apartment presales recovered after the second quarter of 2023 while building permits fell.

(Percentage change from same period in previous year)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep ¹	Oct ¹
Construction orders received (current value)	9.2	10.1	26.5	18.7	3.7	-2.9	13.2	22.2	30.5	-17.4	-11.1	-31.5	-44.7	-52.2	-35.1	26.6
(% change from previous period)	-	-	1.1	-3.0	-0.3	-0.2	16.5	5.6	6.1	-39.9	31.2	-15.5	-17.3	-15.7	65.5	-11.3
- Building construction	7.4	8.2	31.0	14.4	5.3	-9.4	7.3	19.9	28.3	-19.1	-23.2	-42.8	-19.7	-53.5	-43.8	48.6
- Civil engineering works	16.4	17.2	9.2	40.9	-2.8	19.5	39.6	31.8	39.9	-13.2	31.3	11.9	-24.7	-46.6	-0.9	-23.4
Building permits ²	17.6	4.9	7.2	29.3	12.7	20.4	14.1	13.7	5.4	-11.0	-8.5	-33.5	-32.8	-23.0	-29.7	-40.7
Apartment presales ³	389	380	64	101	98	126	102	72	83	123	35	40	51	21	12	32

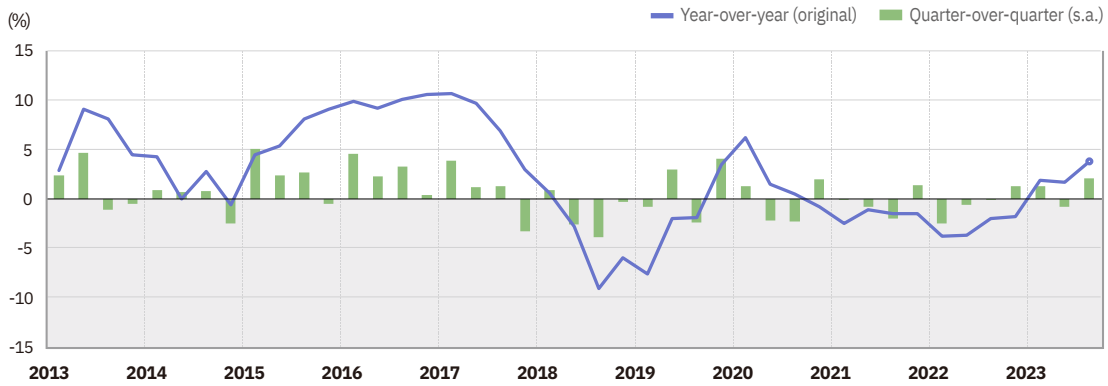
Sources: Statistics Korea; Ministry of Land Infrastructure and Transport; Real Estate 114.

¹ Preliminary.

² Gross Floor Area.

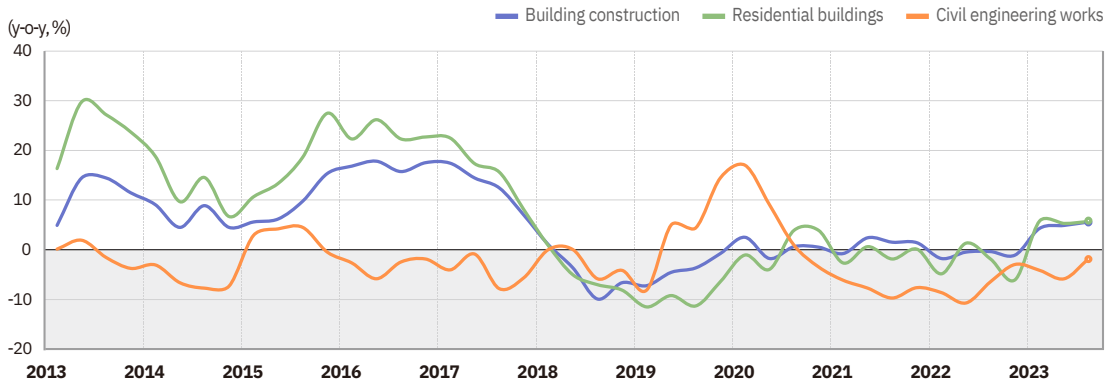
³ Thousand housing units.

Construction investment



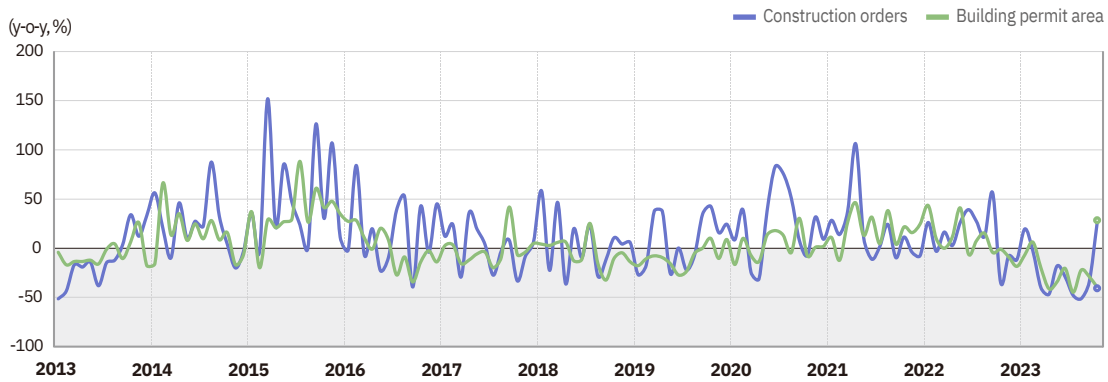
Source: National account, Bank of Korea.

Construction investment by type



Source: National account, Bank of Korea.

Leading indicators of construction investment



Sources: Statistics Korea; Ministry of Land, Infrastructure and Transport.

6. Exports and imports (preliminary estimate)

Exports grew by 7.8 percent year-on-year, totaling US \$55.8 billion in November.

Exports rose in 12 out of the 15 major export items and in six out of the nine major markets. Average daily exports, an indicator measured with the number of working days factored in, jumped 7.8 percent year-on-year to US \$2.3 billion.

Imports fell by 11.6 percent year-on-year to US \$52.0 billion in November.

Commodities imports and consumer goods decreased at a similar rate to the previous month, while capital goods imports dropped at a faster rate.

The trade balance posted a surplus of US \$3.8 billion in November.

(US \$ billion)

	2021	2022	2022				2023			2022	2023
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Nov	Nov
Exports	644.4	683.6	173.4	177.1	174.0	159.1	151.2	155.8	157.2	51.8	55.8
(y-o-y, %)	25.7	6.1	18.4	13.0	5.8	-10.0	-12.8	-12.0	-9.7	-14.2	7.8
Average daily exports	2.4	2.5	2.7	2.6	2.5	2.3	2.2	2.3	2.3	2.2	2.3
Imports	615.1	731.4	177.9	183.5	192.3	177.6	174.0	159.3	150.7	58.9	52.0
(y-o-y, %)	31.5	18.9	30.2	23.0	22.6	3.1	-2.2	-13.2	-21.6	2.6	-11.6
Average daily imports	2.3	2.7	2.7	2.7	2.8	2.5	2.6	2.4	2.2	2.5	2.2
Trade balance	29.3	-47.8	-4.5	-6.4	-18.3	-18.6	-22.8	-3.5	6.5	-7.1	3.8

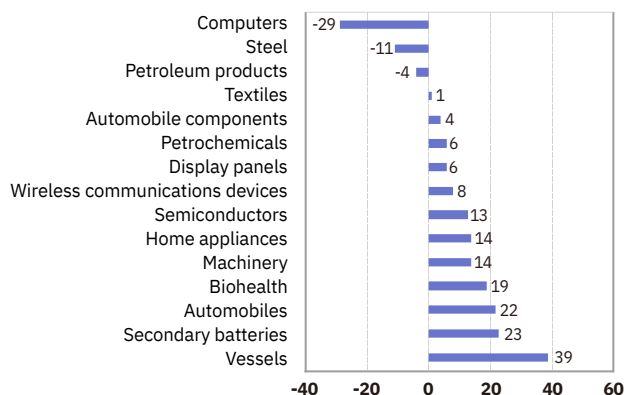
Source: Korea Customs Service.

Export growth and share by region in Nov 2023

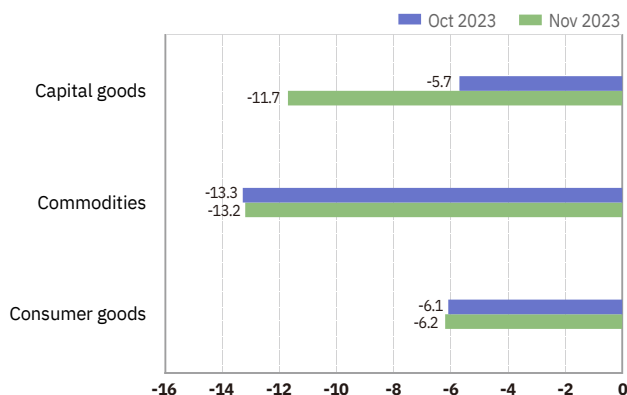
	Growth (y-o-y, %)	Share (%) ¹		Growth (y-o-y, %)	Share (%) ¹
US	25	18	EU	4	11
Japan	12	5	China	-0	20
India	11	3	Middle East	-7	3
ASEAN countries	9	17	CIS countries	-26	-
Latin America	8	4			

¹ Cumulative total since January 2023.

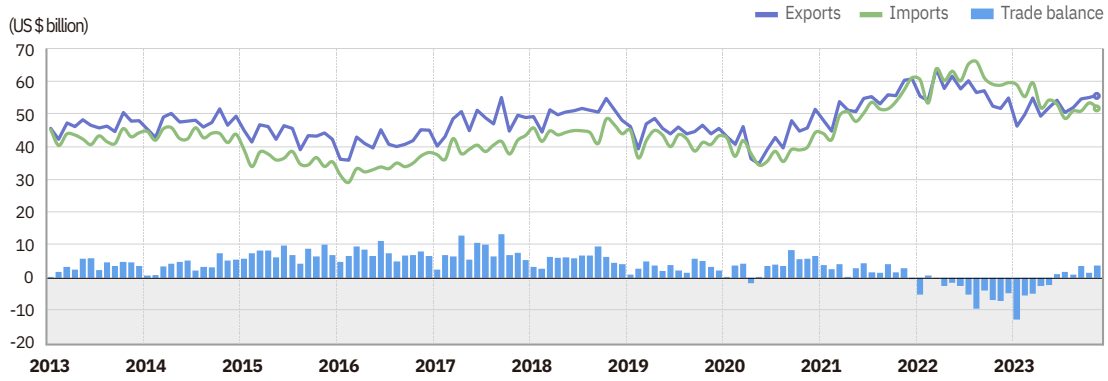
Export growth by item in Nov 2023 (y-o-y, %)



Import growth by category (y-o-y, %)

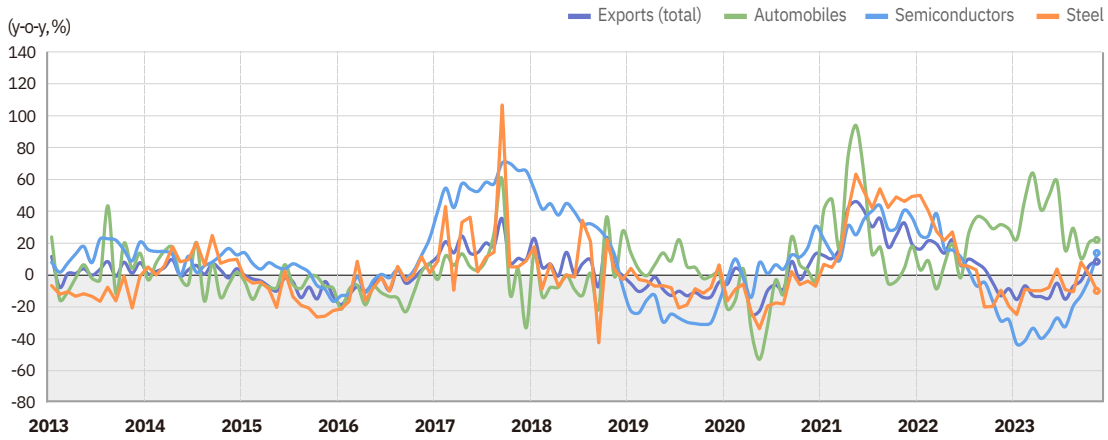


Exports and imports



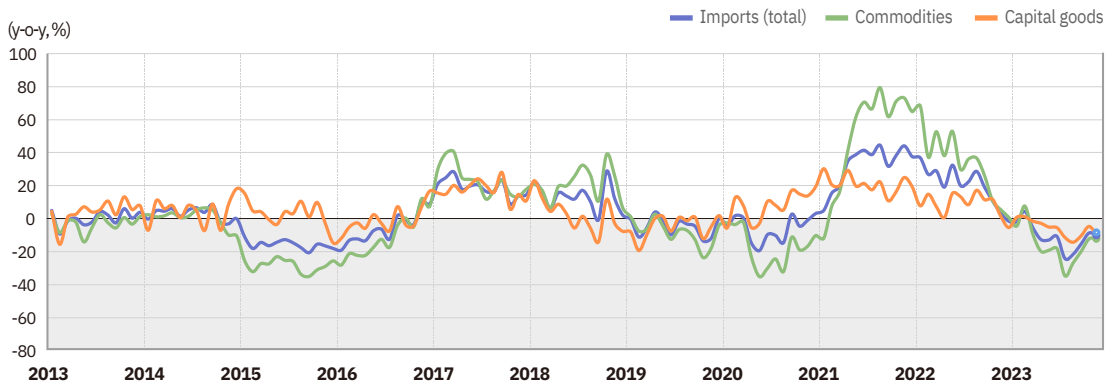
Sources: Korea Customs Service.

Export growth by item



Sources: Korea Customs Service.

Import growth by category



Sources: Korea Customs Service.

7. Employment

In November, the number of employed workers increased by 277 thousand year-on-year to 28.70 million and the employment rate (*aged 15 and above*) rose by 0.4 percentage points to 63.1 percent.

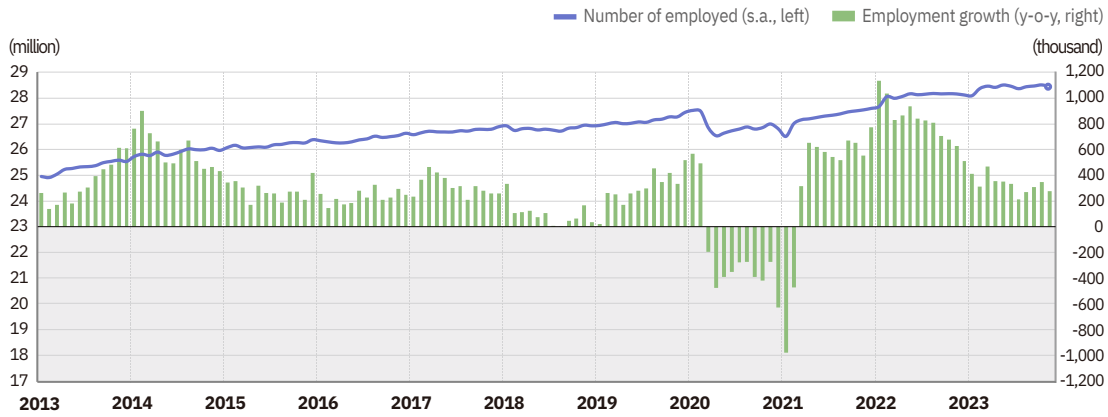
By industry, the number of employed workers decreased in manufacturing, and increased in services and construction.

By type of employment, the number of permanent workers rose, and the number of day laborers fell.

	2021	2022				2023										
	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Number of employed (million)	27.27	28.09	28.42	27.81	27.36	27.71	28.22	28.43	28.84	28.81	28.69	28.68	28.70	28.76	28.70	
Employment rate (%)	60.5	62.1	62.7	61.3	60.3	61.1	62.2	62.7	63.5	63.5	63.2	63.1	63.2	63.3	63.1	
(Seasonally adjusted)	60.5	62.1	62.1	62.0	62.0	62.6	62.7	62.6	62.8	62.7	62.5	62.6	62.7	62.7	62.5	
- 15 to 64	66.5	68.5	69.0	68.5	67.8	68.0	68.7	69.0	69.9	69.9	69.6	69.6	69.6	69.7	69.6	
Employment growth (y-o-y, thousand)	369	816	626	509	411	312	469	354	351	333	211	268	309	346	277	
- Manufacturing	-8	134	101	86	-35	-27	-49	-97	-39	-10	-35	-69	-72	-77	-11	
- Construction	74	27	11	-12	-39	-4	-20	-31	-66	-62	-43	-1	36	14	32	
- Services	292	575	453	446	528	380	500	469	469	411	327	345	335	380	250	
• Wholesale & retail	-150	-37	-78	-73	-61	-76	-66	-62	-31	-27	-55	-69	-17	11	7	
• Hotels & restaurants	-47	80	231	216	214	176	177	171	128	116	125	121	66	52	7	
• Healthcare & social welfare service	198	177	149	184	220	192	186	148	166	126	145	138	118	104	85	
- Wage workers	421	745	511	537	453	334	433	288	300	297	181	230	337	398	337	
• Permanent workers	366	812	678	636	575	470	497	464	591	546	513	393	435	440	419	
• Temporary workers	152	40	-83	-23	-52	-128	-75	-100	-158	-133	-144	-14	-31	68	25	
• Day laborers	-96	-107	-84	-76	-70	-8	11	-76	-133	-115	-188	-149	-67	-110	-107	
- Nonwage workers	-53	62	115	-27	-43	-22	36	66	50	36	30	38	-29	-52	-60	
• Self-employed	-18	117	156	53	29	50	91	111	94	96	92	94	19	-1	3	
- Male	166	381	229	104	49	37	68	9	3	1	-35	-13	49	28	18	
- Female	202	436	397	405	362	275	401	345	348	332	246	281	260	318	260	
- 15 to 29	115	119	-5	-25	-51	-125	-89	-137	-99	-117	-138	-103	-89	-82	-67	
- 30 to 39	-107	49	66	42	17	24	24	15	70	70	51	64	56	110	80	
- 40 to 49	-35	4	-6	-57	-63	-77	-63	-22	-48	-34	-61	-69	-58	-69	-62	
- 50 to 59	66	194	92	110	107	77	50	55	49	71	61	73	45	51	36	
- 60 and above	330	446	479	440	400	413	547	442	379	343	298	304	354	336	291	

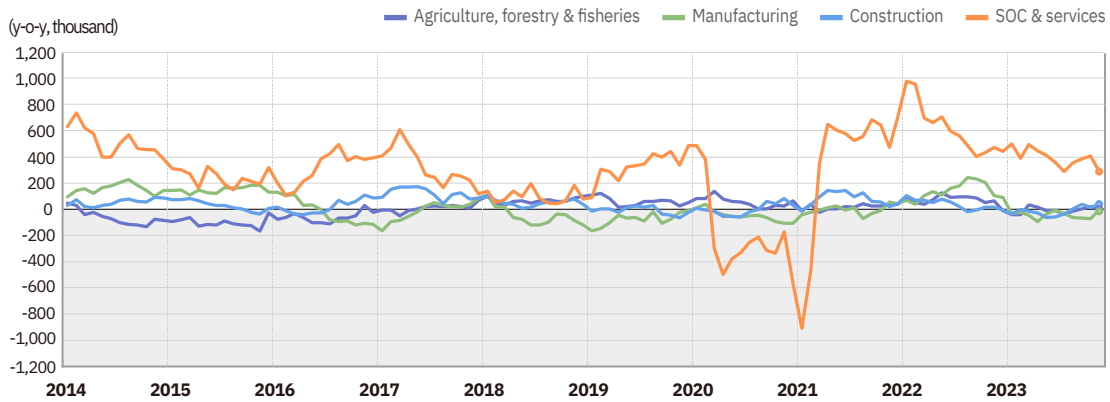
Source: Statistics Korea.

Number of employed workers and employment growth



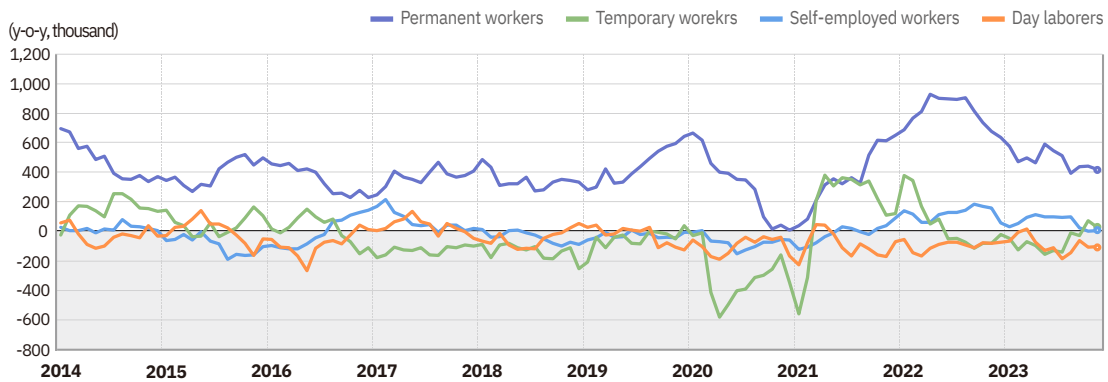
Source: Employment trends, Statistics Korea.

Employment growth by industry



Source: Economically active population survey, Statistics Korea.

Employment growth by type of employment



Source: Economically active population survey, Statistics Korea.

In November, the number of unemployed workers increased by 11 thousand year-on-year to 677 thousand, and the unemployment rate was unchanged at 2.3 percent.

	2021	2022				2023										
	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Number of unemployed (thousand)	1,037	866	666	866	1,024	890	840	804	787	807	807	573	661	627	677	
Unemployment growth (y-o-y, thousand)	-71	-113	-68	-113	-119	-64	-34	-59	-102	-81	-30	-41	-42	-66	11	
- Male	-48	-62	-46	-62	-44	-45	2	1	-32	-37	-20	-21	-16	-18	23	
- Female	-23	-51	-22	-51	-75	-19	-35	-60	-70	-44	-10	-20	-26	-47	-12	
Unemployment rate (%)	3.7	3.0	2.3	3.0	3.6	3.1	2.9	2.8	2.7	2.7	2.7	2.0	2.3	2.1	2.3	
(Seasonally adjusted)	3.7	3.3	2.9	3.3	2.9	2.6	2.7	2.6	2.5	2.6	2.8	2.4	2.6	2.5	2.8	
- 15 to 29	7.8	5.2	5.7	5.2	5.9	7.0	7.1	6.4	5.8	6.3	6.0	4.5	5.2	5.1	5.3	
- 30 to 39	3.3	2.3	2.5	2.3	2.6	2.7	3.0	3.0	2.6	2.7	2.7	2.3	2.4	2.3	2.5	
- 40 to 49	2.4	1.9	1.8	1.9	2.2	2.2	2.1	2.0	2.0	2.1	2.0	1.5	1.7	1.5	1.8	
- 50 to 59	2.6	1.4	1.4	1.4	1.9	2.0	1.7	1.8	1.8	1.7	2.0	1.2	1.5	1.4	1.7	
- 60 and above	3.9	5.2	1.3	5.2	6.4	3.0	2.0	1.9	2.1	2.2	2.2	1.3	1.6	1.5	1.4	

Source: Statistics Korea.

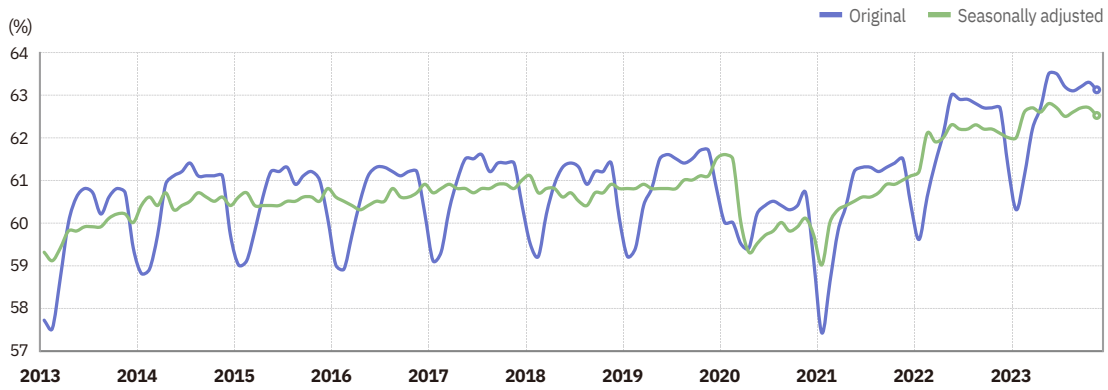
In November, the economically inactive population decreased by 130 thousand year-on-year to 16.1 million, and the labor force participation rate rose 0.4 percentage points to 64.6 percent.

The number of persons economically inactive due to childcare, job seeking, and rest decreased 121 thousand, 58 thousand and 8 thousand, respectively. The number of economically inactive persons due to old age rose 83 thousand.

	2021	2022				2023										
	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Economically inactive population (million)	16.8	16.3	16.2	16.7	17.0	16.8	16.3	16.1	15.8	15.8	15.9	16.2	16.1	16.1	16.1	
Labor force participation rate (%)	62.8	63.9	64.2	63.3	62.6	63.1	64.1	64.4	65.3	65.3	65.0	64.4	64.6	64.7	64.6	
(Seasonally adjusted)	62.8	63.9	63.9	64.1	63.8	64.2	64.5	64.3	64.4	64.4	64.3	64.2	64.4	64.3	64.3	
Growth in economically inactive population (y-o-y, thousand)	-3	-432	-422	-271	-139	-106	-288	-156	-115	-118	-40	-83	-120	-130	-130	
- Childcare	-68	-125	-188	-174	-181	-187	-166	-139	-146	-150	-129	-105	-97	-122	-121	
- Housework	51	-53	11	38	86	37	-24	-13	5	-21	-21	-50	-20	17	19	
- Retraining	-164	-136	-59	-26	-75	26	38	65	34	32	50	21	-2	-29	-10	
- Old age	131	121	-41	-67	-57	-93	-136	-141	-152	-92	-3	45	41	43	83	
- Rest	24	-122	-67	34	84	165	68	133	181	175	116	83	11	6	-8	
- Job seeking	51	-78	-61	-61	-87	-120	-113	-95	-90	-85	-81	-122	-71	-93	-58	

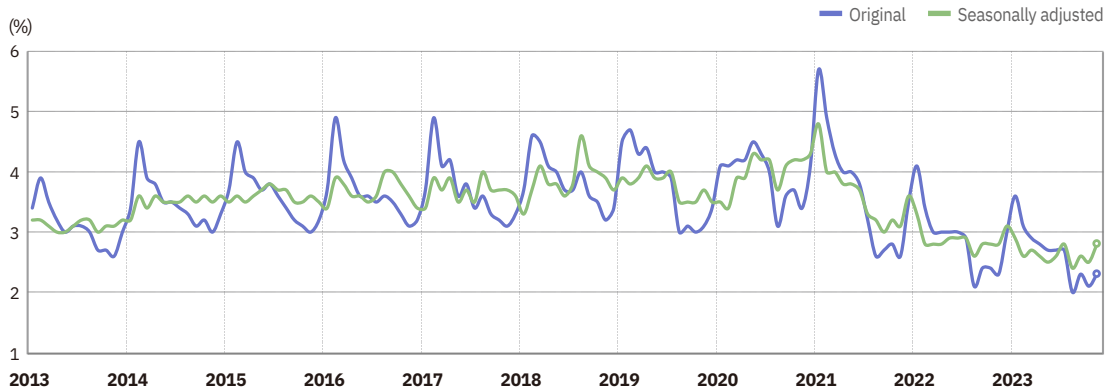
Source: Statistics Korea.

Employment rate



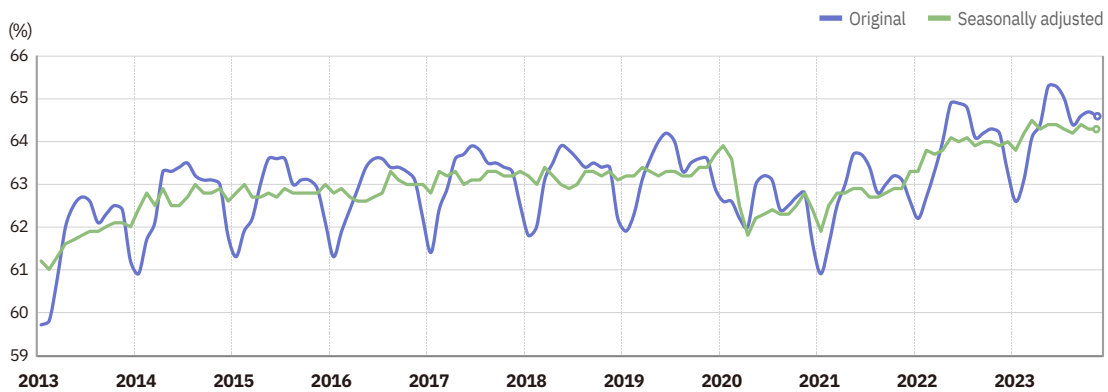
Source: Employment trends, Statistics Korea.

Unemployment rate



Source: Employment trends, Statistics Korea.

Labor force participation



Source: Employment trends, Statistics Korea.

8. Prices

The Consumer Price Index (CPI) in November declined by 0.6 percent month-on-month and rose 3.3 percent year-on-year.

The prices of consumer goods excluding food and energy rose 3.0 percent year-on-year in November. The prices of consumer goods excluding crops and oil products rose 3.3 percent.

The index of the cost of basic necessities rose 4.0 percent year-on-year in November after rising 4.6 percent in October. The fresh food price index rose 12.7 percent after rising 12.1 percent.

(Percentage change from same period in previous year)

	2022							2023										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
CPI (y-o-y)	6.0	6.3	5.7	5.6	5.7	5.0	5.0	5.2	4.8	4.2	3.7	3.3	2.7	2.3	3.4	3.7	3.8	3.3
(m-o-m)	0.6	0.5	-0.1	0.3	0.3	-0.1	0.2	0.8	0.3	0.2	0.2	0.3	0.0	0.1	1.0	0.6	0.3	-0.6
Excluding food and energy	3.9	3.9	4.0	4.1	4.2	4.3	4.1	4.1	4.0	4.0	4.0	3.9	3.5	3.3	3.3	3.3	3.2	3.0
Excluding crops and oil products	4.4	4.5	4.4	4.5	4.8	4.8	4.8	5.0	4.8	4.8	4.6	4.3	4.1	3.9	3.9	3.8	3.6	3.3
Basic necessities	7.4	7.9	6.8	6.5	6.5	5.5	5.7	6.1	5.5	4.4	3.7	3.2	2.3	1.8	3.9	4.4	4.6	4.0
Fresh food	5.4	13.0	14.9	12.8	11.4	0.8	1.1	2.4	3.6	7.3	3.1	3.5	3.7	1.3	5.6	6.4	12.1	12.7

Source: Statistics Korea.

In November, farm and fishery product prices growth rate decreased by 4.9 percent month-on-month owing to improved supply and demand conditions. Crops and fisher products rose 13.6 percent and 1.8 percent respectively, while animal products dropped 1.3 percent year-on-year.

Domestic petroleum prices declined at a faster rate in line with falling international oil prices in November.

Personal service prices rose at a similar rate to the previous month and manufactured products increased at a slower rate, reflecting discounts on imported cars.

(Percentage change from same period in previous year)

	Farm and fishery products	Manufactured products	Petroleum products	Public utilities	Housing rents	Public services	Personal services
Oct 2023	7.3	3.5	-1.3	9.6	0.0	2.2	4.1
Nov 2023	6.6	2.4	-5.1	9.6	0.0	2.2	4.2
Contribution (%p)	0.6	0.9	-0.2	0.4	0.0	0.3	1.3

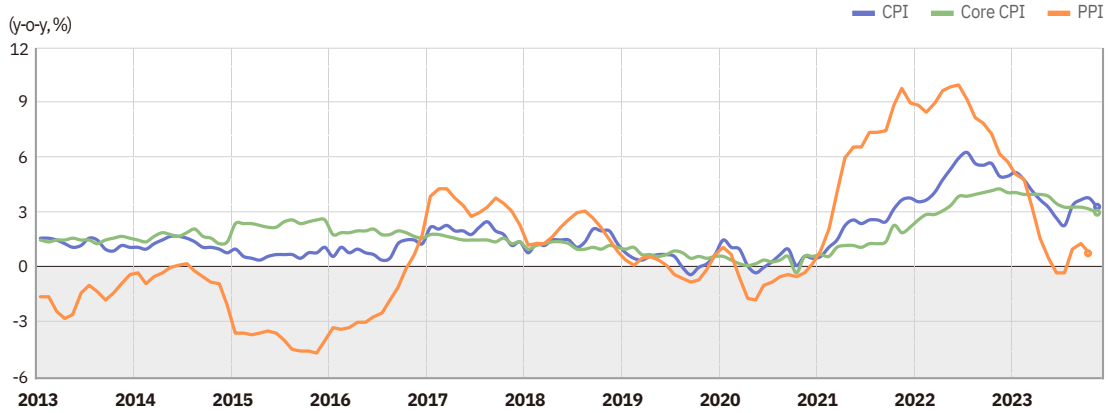
Source: Statistics Korea.

(Won/liter, period average)

	2021	2022	2022				2023										
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov	1st week	2nd week	3rd week	4th week	5th week
Gasoline prices	1,591	1,813	1,764	2,009	1,852	1,627	1,578	1,617	1,690	1,769	1,776	1,684	1,739	1,710	1,678	1,654	1,637
Diesel prices	1,392	1,843	1,608	1,986	1,942	1,833	1,607	1,467	1,544	1,667	1,690	1,628	1,672	1,654	1,626	1,600	1,579

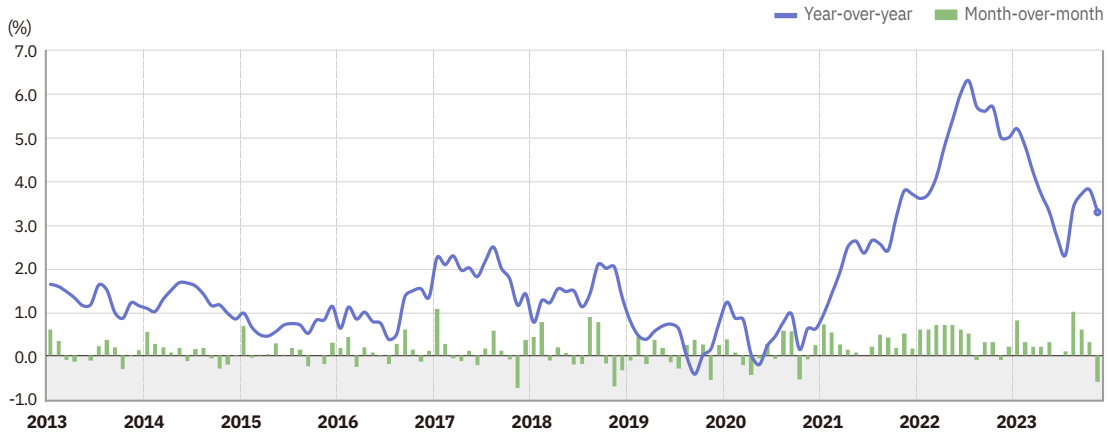
Source: Korea National Oil Corporation.

Prices



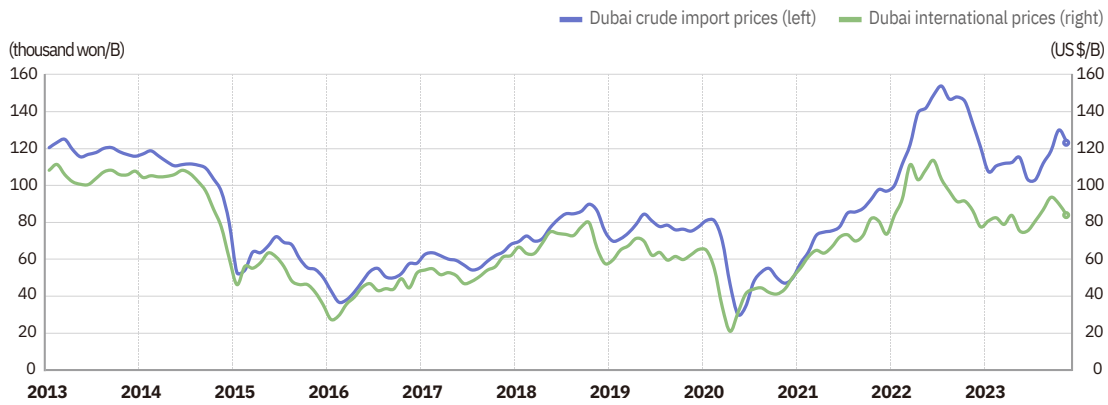
Sources: Consumer price trends, Statistics Korea; Bank of Korea.

Consumer price inflation



Source: Consumer price trends, Statistics Korea.

Dubai crude prices and import prices



Source: Korea National Oil Corporation.

In November, international oil prices fell due to concerns of a slowdown in global demand and increased US crude oil inventories and production.

Corn prices dropped following increased production in the US, while international soybean and wheat prices rose amid a drought in Latin America.

Nickel prices fell due to concerns of oversupply, while copper and aluminum rose on the back of expectations of a large-scale stimulus in the Chinese real estate market.

(Period average)

	2021	2022	2021				2022				2023					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov
Dubai crude ¹	69.4	96.4	60.2	67.1	71.7	78.3	96.2	108.3	96.7	84.8	80.3	77.6	86.6	93.3	89.7	83.6
WTI crude ¹	68.1	94.4	58.1	66.2	70.5	77.1	95.0	108.9	91.4	82.6	76.0	73.6	82.2	89.4	85.5	77.4
Brent crude ¹	70.9	99.1	61.3	69.1	73.2	79.7	97.9	112.0	97.7	88.6	82.1	77.7	85.9	92.6	88.7	82.0
Reuters Index ²	2,987	3,542	2,773	2,896	2,993	3,273	3,489	3,791	3,497	3,397	3,265	3,040	3,066	3,075	3,059	3,062

Source: Korea National Oil Corporation; Korea PDS.

¹ US \$/barrel.

² A weighted average index of 17 major commodities (Sep 18, 1931=100).

International grain prices growth in Nov 2023 (m-o-m, %)

Soybeans	5.0
Wheat	0.4
Corn	-3.1

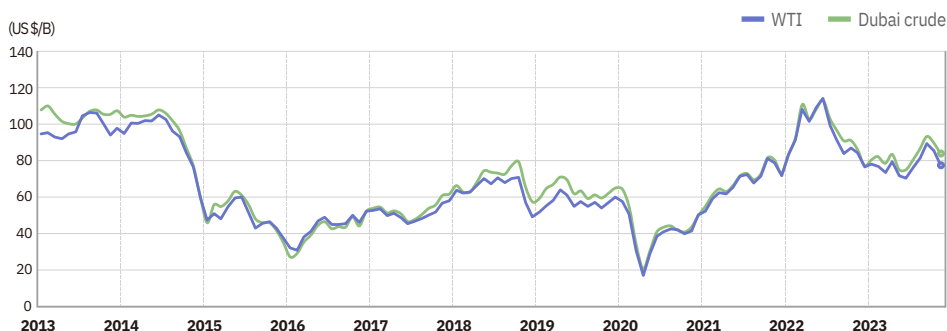
Note: Monthly average prices.

Nonferrous metal prices growth in Nov 2023 (m-o-m, %)

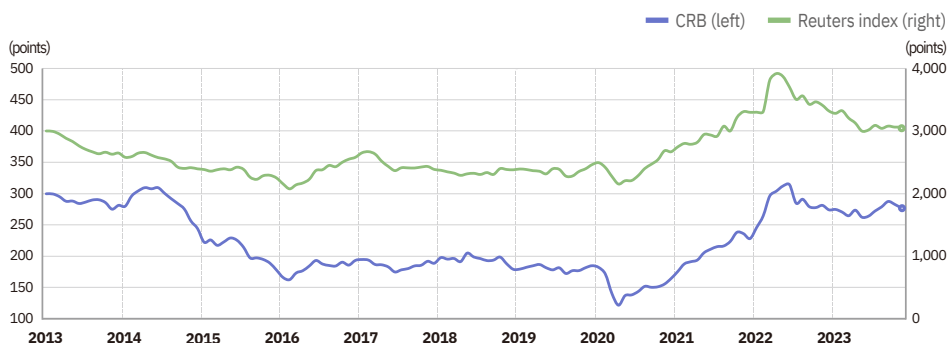
Copper	3.0
Aluminum	4.0
Nickel	-7.0

Note: monthly average prices.

International oil prices



International commodity prices



9. Housing market

Housing sales prices nationwide rose 0.04 percent month-on-month in November.

Housing sales prices rose 0.06 percent in the Seoul metropolitan area, which includes Seoul (up 0.10%), Gyeonggi Province (up 0.10%) and Incheon (down 0.24%). Housing sales prices rose 0.02 percent in the areas excluding the Seoul metropolitan area. Prices fell 0.05 percent in the five metropolitan cities and rose 0.06 percent in the eight provinces.

Housing sales prices

(Percentage change from previous period)

	2018	2019	2020	2021	2022		2023				
	Annual	Annual	Annual	Annual	Annual	Nov	Cumulative total	Aug	Sep	Oct	Nov
Nationwide	1.1	-0.4	5.4	9.9	-4.7	-1.37	-3.5	0.16	0.25	0.20	0.04
Seoul metropolitan area	3.3	0.5	6.5	12.8	-6.5	-1.77	-3.5	0.30	0.42	0.32	0.06
- Seoul	6.2	1.2	2.7	6.5	-4.8	-1.34	-1.9	0.29	0.32	0.25	0.10
- Southern Seoul	6.5	1.4	2.2	6.8	-4.1	-1.29	-1.4	0.35	0.36	0.30	0.11
- Northern Seoul	5.9	1.1	3.2	6.1	-5.4	-1.39	-2.4	0.23	0.28	0.20	0.08
Areas excluding the Seoul metropolitan area	-0.9	-1.1	4.3	7.4	-3.0	-1.01	-3.4	0.02	0.10	0.09	0.02

Source: Korea Real Estate Board.

Housing sales prices in six major cities in Nov 2023 (m-o-m, %)

Busan	Daegu	Gwangju	Daejeon	Ulsan	Sejong
-0.21	-0.03	0.06	0.17	0.03	0.04

Source: Korea Real Estate Board.

Housing rental prices nationwide rose 0.27 percent month-on-month in November.

Housing rental prices rose 0.46 percent in the Seoul metropolitan area and 0.09 percent in the other areas.

Housing rental prices

(Percentage change from previous period)

	2018	2019	2020	2021	2022		2023				
	Annual	Annual	Annual	Annual	Annual	Nov	Cumulative total	Aug	Sep	Oct	Nov
Nationwide	-1.8	-1.3	4.6	6.5	-5.6	-1.55	-5.2	0.15	0.32	0.36	0.27
Seoul metropolitan area	-1.5	-0.8	5.6	7.7	-8.0	-2.18	-6.0	0.34	0.62	0.65	0.46
- Seoul	0.3	-0.4	3.7	4.9	-6.5	-1.84	-5.5	0.31	0.45	0.41	0.43
- Southern Seoul	-0.3	-0.5	4.4	5.1	-6.9	-2.00	-6.0	0.35	0.46	0.41	0.45
- Northern Seoul	0.8	-0.4	2.9	4.7	-6.2	-1.66	-4.9	0.28	0.44	0.40	0.41
Areas excluding the Seoul metropolitan area	-2.1	-1.7	3.7	5.5	-3.3	-0.98	-4.5	-0.03	0.04	0.09	0.09

Source: Korea Real Estate Board.

Housing rental prices in major districts in Nov 2023 (m-o-m, %)

Songpa	Yangcheon	Seongdong	Bundang	Hwaseong
0.71	0.67	1.35	1.03	1.93

Source: Korea Real Estate Board.

There were 47,799 housing sales transactions in October, down 3.3 percent month-on-month (49,448 in September 2023) and up 48.6 percent year-on-year (32,173 in October 2022).

Housing transactions

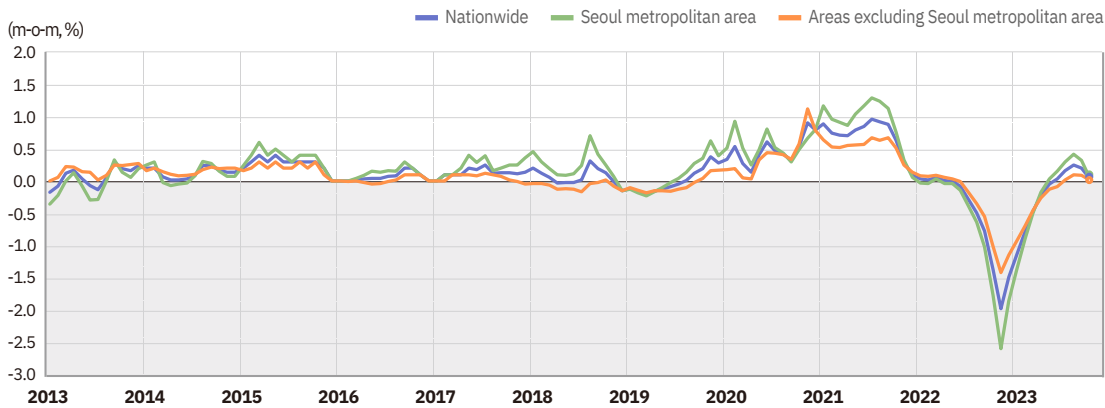
(Thousand)

	2019	2020	2021	2022			2023										
	Annual ¹	Annual ¹	Annual ¹	Annual ¹	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Nationwide	67	107	85	42	32	30	29	26	41	52	48	55	53	48	52	49	48

Source: Ministry of Land, Infrastructure and Transport.

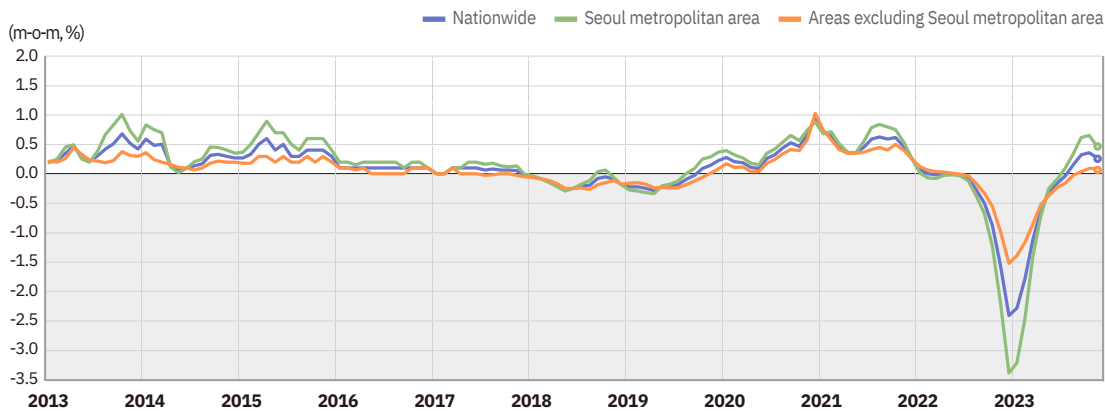
¹ Monthly average.

Housing sales prices



Source: Korea Real Estate Board

Housing rental prices



Source: Korea Real Estate Board

Financial Markets

1. Stock market

In November, Korean equity markets, KOSPI and KOSDAQ, surged by 11.3 percent and 13.0 percent, respectively, as investor sentiment recovered amid expectation that the US Fed will end raising interest rates and the return of foreign investors' as net purchasers.

	KOSPI			KOSDAQ		
	Oct 2023	Nov 2023	Change	Oct 2023	Nov 2023	Change
Stock price index (points)	2,278.0	2,535.3	257.3 (11.3%)	736.1	831.7	95.6 (13.0%)
Market capitalization (trillion won)	1,815.4	2,027.8	212.4 (11.7%)	359.9	409.5	49.6 (13.8%)
Daily trade (trillion won)	8.4	8.2	-0.2 (-2.4%)	6.6	7.6	1.0 (15.2%)
Foreign stock ownership (% , %p)	32.68	32.29	-0.39 (-1.2%)	8.77	8.9	0.13 (1.5%)

Source: Korea Exchange.

Note: The figures are closing rate.

2. Bond market

The government issued 6.9 trillion won worth of Treasury bonds in November. The cumulative total from January to November amounted to 161.7 trillion won.

(End-period, trillion won)

	2020	2021	2022	2022		2023										
	Annual	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Treasury bonds issuance ¹	174.5	180.5	168.6	9.5	3.8	14.8	13.4	17.8	17.9	18.1	16.7	17.6	14.9	13.2	10.5	6.9

Source: Monthly public finance, Ministry of Economy and Finance.

¹ Issuance limit is 167.8 trillion won in 2023.

Korean Treasury bond yields declined substantially in November as US Treasury yields plunged due to increasing expectations that the US Fed will end raising interest rates as well as eased concerns over supply and demand conditions.

Yields to maturity in Nov 2023 (m-o-m, basis points)

3 yrs	5 yrs	10 yrs	20 yrs	30 yrs
-51	-58	-63	-55	-51

(Percent per annum)

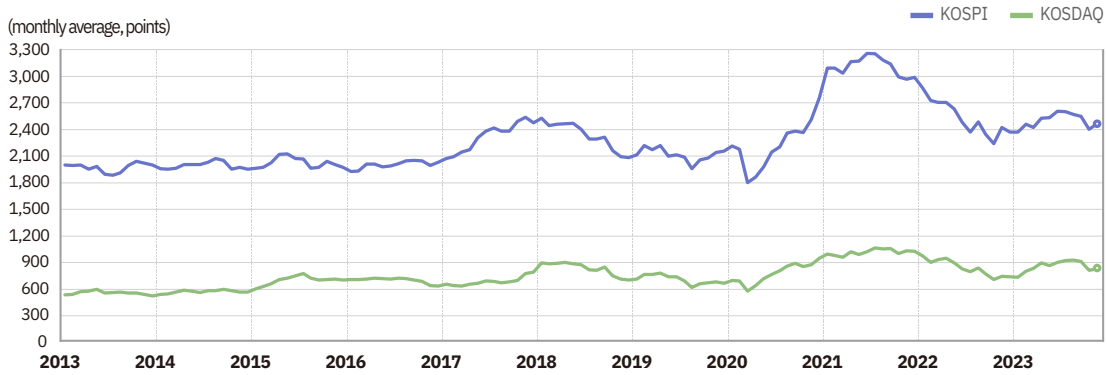
	2016	2017	2018	2019	2020	2021	2022	2023		
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Oct	Nov	Change ¹
Call rate (1 day)	1.27	1.58	1.89	1.39	0.61	1.44	3.38	3.50	3.67	17
CD (91 days)	1.52	1.66	1.93	1.53	0.66	1.29	3.98	3.82	3.84	2
Treasury bonds (3 yrs)	1.64	2.14	1.82	1.36	0.98	1.80	3.72	4.09	3.58	-51
Treasury bonds (5 yrs)	1.80	2.34	1.88	1.48	1.34	2.01	3.74	4.20	3.62	-58
Corporate bonds (3 yrs)	2.13	2.68	2.29	1.94	2.21	2.42	5.23	4.91	4.32	-59

Source: Bank of Korea.

Note: Figures are closing rate.

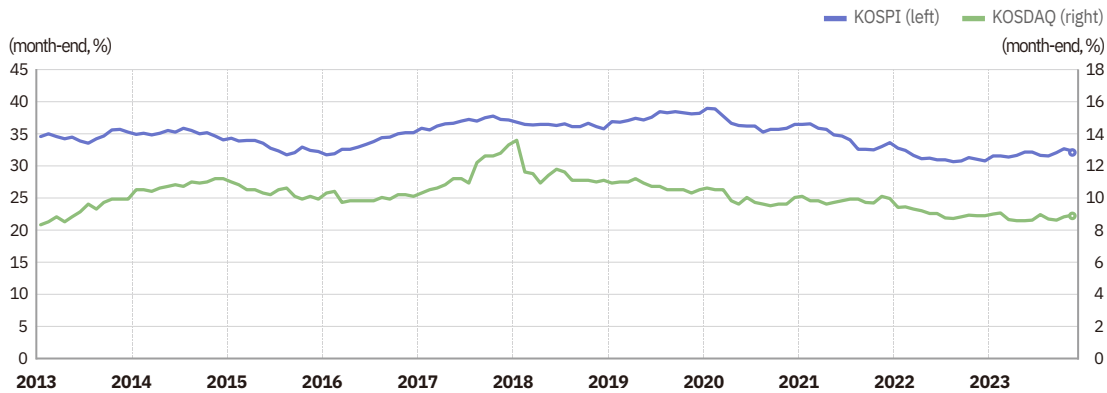
¹ Change from the previous month as of end-Oct 2023, basis point.

Stock prices



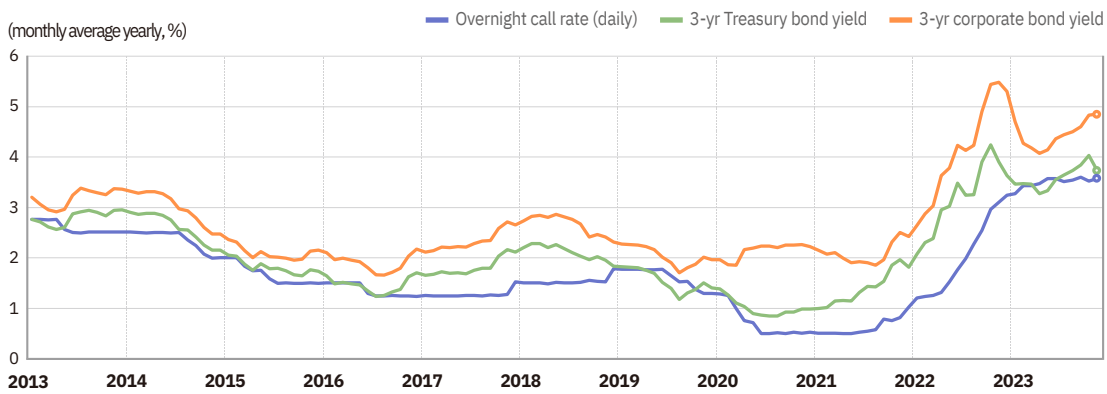
Source: Korea Exchange

Foreign stock ownership



Sources: Financial Supervisory Service, Korea Exchange

Interest rates



Source: Bank of Korea

3. Foreign exchange market

The won strengthened from the previous month in November.

	2017	2018	2019	2020	2021	2022	2023		
	Dec	Dec	Dec	Dec	Dec	Dec	Oct	Nov	Change ¹
Dollar-Won	1,070.5	1,115.7	1,156.4	1,086.3	1,188.8	1,264.5	1,350.5	1290.0	4.7
100 Yen-Won	949.3	1,008.9	1,059.8	1,051.2	1,032.5	945.6	899.7	877.8	2.5
Yuan-Won	163.2	162.4	165.6	167.0	186.6	181.6	184.2	180.9	1.8

Source: Bank of Korea.

Note: The exchange rate is based on the closing price at 3:30 pm, local time.

¹ Appreciation from the end of the previous month as of end-Nov 2023, %.

4. Money market

M2 (monthly average) rose 2.3 percent year-on-year in October. The M2 growth rate decreased from a month earlier.

(Percentage change from same period in previous year)

	2015	2016	2017	2018	2019	2020	2021	2022	2023		
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Sep	Oct ¹	Oct ²
M1 ³	18.6	15.4	9.2	4.9	4.3	20.8	21.0	4.0	-10.0	-7.2	1,195.1
M2	8.6	7.3	5.5	6.3	7.0	9.3	11.7	8.5	2.5	2.3	3,856.9
Lf ⁴	9.7	8.1	6.7	7.0	7.9	8.3	9.8	7.5	2.6	2.4	5,266.3

Source: Bank of Korea.

¹ Preliminary.

² Period-average, trillion won.

³ M1 excludes corporate MMFs and individual MMFs, and includes CMAs.

⁴ Liquidity aggregates of financial institutions (mostly identical with M3).

In November, the deposits of banks and Asset Management Companies (AMC) increased by 28.4 trillion won and 14.3 trillion won, respectively.

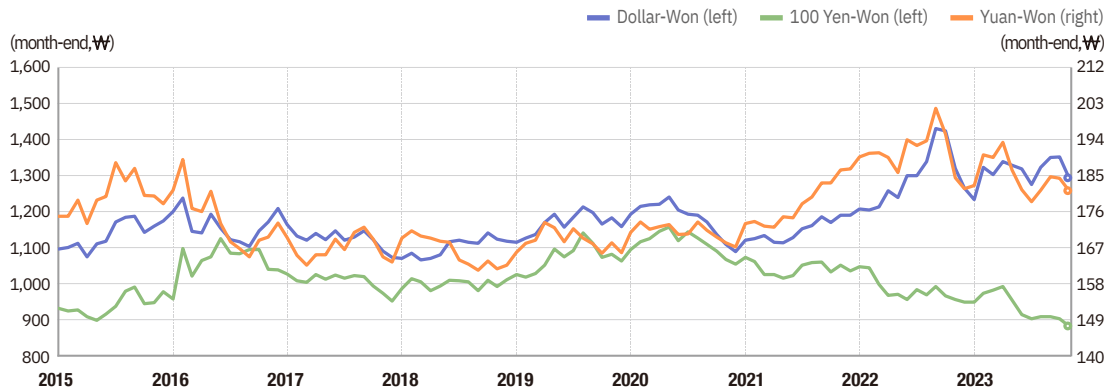
(Change from the end of the previous period, trillion won)

	2015	2016	2017	2018	2019	2020	2021	2022	2023				
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Aug	Sep	Oct	Nov	Nov ¹
Bank deposits	100.3	80.8	79.5	91.6	106.3	188.4	198.5	107.4	27.9	27.1	-3.0	28.4	2,308.8
AMC deposits	44.4	47.6	27.9	53.8	98.6	42.2	93.9	44.4	2.4	0.1	24.8	14.3	941.7

Source: Bank of Korea.

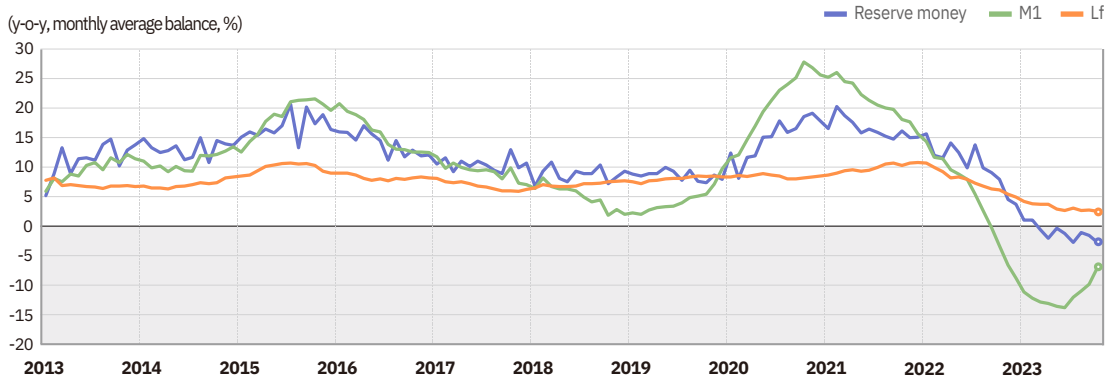
¹ Balance at end-Nov 2023.

Foreign exchange rates



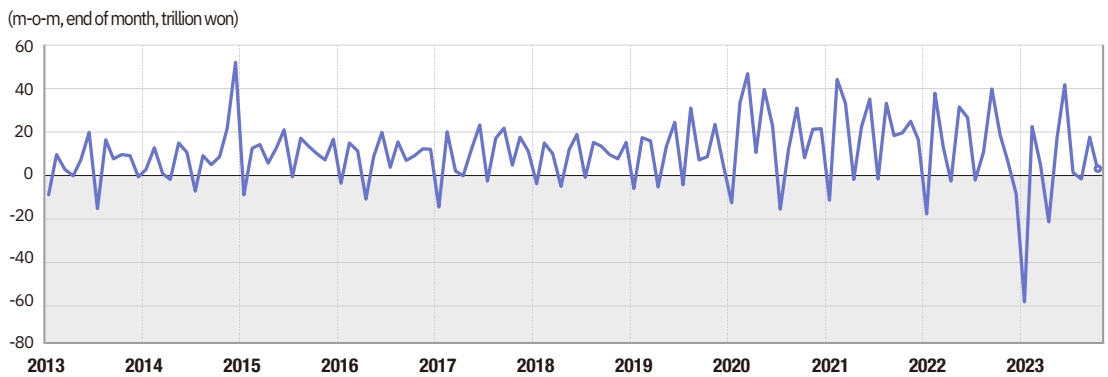
Source: Bank of Korea.

Total money supply



Source: Bank of Korea.

Total deposits of banks



Source: Bank of Korea.

5. Official foreign reserves

Korea's official foreign reserves decreased US \$4.2 billion month-on-month to US \$417.1 billion as of the end of November.

(US \$ billion)

	2019	2020	2021	2022	2023		Change (m-o-m)
					Oct	Nov	
Official foreign reserves	408.8	443.1	463.1	423.2	412.9	417.1 (100.0%)	4.2
- Securities ¹	385.0	409.8	421.7	369.7	370.0	372.1 (89.2%)	2.1
- Deposits	12.9	20.3	16.6	29.3	18.9	20.6 (4.9%)	1.7
- SDRs	3.4	3.4	15.4	14.8	14.8	15.1 (3.6%)	0.3
- IMF position ²	2.8	4.8	4.6	4.5	4.5	4.5 (1.1%)	0.1
- Gold	4.8	4.8	4.8	4.8	4.8	4.8 (1.1%)	0.0

Source: Bank of Korea.

¹ Including government bonds, government agency bonds, debentures, MBSs, ABSs, etc.

² Claims related to the IMF composed of the reserve tranche position (RTP) and loans.

6. External debt

External debt amounted to US \$649.3 billion as of the end of the third quarter of 2023, down US \$15.7 billion quarter-on-quarter. Short-term debt was US \$141.6 billion (*down US \$20.3 billion, q-o-q*), and long-term debt was US \$507.7 billion (*up US \$4.6 billion, q-o-q*). Net external assets decreased by US \$1.1 billion to US \$352.7 billion.

External assets in debt instruments and external debt

(End-period, US \$billion)

	2022 ¹			2023 ¹			Change (q-o-q)
	Q2	Q3	Q4	Q1	Q2	Q3	
External assets (in debt instruments, A)	1,044.6	1,014.8	1,021.7	1,021.2	1,018.9	1,002.0	-16.9
Total debt (B)	665.0	640.5	665.2	665.0	665.1	649.3	-15.7
- Short-term	185.3	171.3	166.5	173.7	161.9	141.6	-20.3
- Long-term	479.7	469.2	498.8	491.3	503.2	507.7	4.6
Short-term/Total debt (%)	27.9	26.8	25.0	26.1	24.3	21.8	-2.5%p
Short-term/Reserve assets (%)	42.3	41.1	39.3	40.8	38.4	34.2	-4.2%p
Net external assets (A-B)	379.6	374.3	356.5	356.2	353.8	352.7	-1.1

Source: Ministry of Economy and Finance, Bank of Korea.

¹ Preliminary.

Public Finance

1. Fiscal balance

In October, the managed fiscal balance deficit decreased by 34.1 trillion won year-on-year to 52.2 trillion won. The consolidated fiscal balance deficit also by fell 32.6 trillion won to 10.4 trillion won.

(Trillion won, percent)

	2022					2023 ¹			Change
	2 nd supplementary budget (a)	Settlement (b)	Oct (Cumulative, c)	c/a	c/b	Main budget (d)	Oct (Cumulative, e)	e/d	
A. Total revenue	609.1	617.8	537.6	88.3	87.0	625.7	492.5	78.7	-45.2
B. Total spending	679.5	682.4	580.7	85.5	85.1	638.7	502.9	78.7	-77.8
C. Consolidated fiscal balance (A-B)	-70.4	-64.6	-43.1	-	-	-13.1	-10.4	-	32.6
D. Net social security fund ²	40.4	52.5	43.3	-	-	45.1	41.8	-	-1.5
E. Managed fiscal balance (C-D)	-110.8	-117.0	-86.3	-	-	-58.2	-52.2	-	34.1

Source: Monthly public finance and Open fiscal data, Ministry of Economy and Finance.

¹ Preliminary. ² National Pension Fund, Private School Personnel Pension Fund, Industrial Accident Compensation Insurance & Prevention Fund and Employment Insurance Fund.

Fiscal balance

(Trillion won)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ¹
Consolidated fiscal balance	14.2	8.5	-0.2	16.9	24.0	31.2	-12.0	-71.2	-30.4	-70.4	-13.1
Managed fiscal balance	-21.1	-29.5	-38.0	-22.7	-18.5	-10.6	-54.4	-112.0	-90.5	-110.8	-58.2

¹ Outlook.

2. Government debt

Central government debt in October amounted to 1,105.5 trillion won, up 5.9 trillion won from a month earlier. Treasuries totaled 1,104.2 trillion won. Bonds were 1,011.6 trillion won, national housing bonds were 80.8 trillion won, and foreign exchange stabilization bonds were 11.9 trillion won.

(Trillion won)

	2018	2019	2020	2021	2022	2023 ¹					
	Annual	Annual	Annual	Annual	Annual	May	Jun	Jul	Aug	Sep	Oct
Central gov't debt	651.8	699.0	819.2	939.1	1,033.4	1,088.7	1,083.4	1,097.8	1,110.0	1,099.6	1,105.5
(% of GDP)	34.3	36.3	42.2	45.1	47.8	-	-	-	-	-	-
- Treasuries (total) ²	648.4	696.3	815.2	937.0	1,031.5	1,087.1	1,081.9	1,096.6	1,108.6	1,098.2	1,104.2
• Bonds	567.0	611.5	726.8	843.7	937.5	993.4	988.4	1,003.7	1,015.3	1,004.4	1,011.6
• National housing bonds	73.3	76.4	78.9	82.2	82.2	81.3	81.2	80.9	81.0	82.0	80.8
• Foreign exchange stabilization bonds	8.0	8.3	9.5	11.2	11.8	12.3	12.3	12.0	12.4	11.8	11.9
- Loans	3.2	2.6	3.3	2.0	1.9	1.5	1.4	1.1	1.3	1.3	1.3
- Treasury commitments	0.2	0.1	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Source: Monthly public finance and Open fiscal data, Ministry of Economy and Finance.

¹ Preliminary. ² Including debt-equity swap securities for international organizations.

Economic News Briefing



- Korean economy grew by 0.6% in Q3 2023 (Preliminary Estimate)
- External debt decreases to US \$649.3 billion in Q3 2023
- Korean FDI totals US \$14.62 billion in Q3 2023
- Korea and Vietnam to promote cooperation on strengthening supply chain for key minerals

Korean economy grew by 0.6% in Q3 2023 (Preliminary Estimate)

Korea's real gross domestic product (GDP) grew by 0.6% from the previous quarter in the third quarter of 2023, according to the Bank of Korea's preliminary estimate released on December 5. The Korean economy expanded 1.4% on a year-on-year basis.



On the production side, agriculture, forestry and fisheries rose by 1.5%. Manufacturing grew by 1.4% driven by increased production of computer, electronic and optical products, where energy production of electricity, gas and water supply declined by 0.5%.

Construction rose by 2.4% on the back of stronger building and civil engineering works. Services increased 0.3% mainly driven by growth in cultural and other services despite a decrease in wholesale and retail trade, and the accommodation and food services sectors.

On the expenditure side, private consumption grew by 0.3% owing to an increase in services production. Construction investment rose 2.1% as building construction and civil engineering works both increased. Facility investment decreased by 2.2% due to a decrease in machinery. Exports rose 3.4% driven by higher exports of semiconductors and machinery and equipment. Imports also rose 2.3% as domestic demand for petroleum products increased.

GDP by Production and Expenditure

(Percentage change from previous period)

	2021	2022	2021				2022				2023		
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹	Q3 ¹
GDP	4.3	2.6	1.8	0.9	0.1	1.4	0.7	0.8	0.2	-0.3	0.3	0.6	0.6
			(2.4) ²	(6.4) ²	(4.1) ²	(4.3) ²	(3.1) ²	(2.9) ²	(3.2) ²	(1.4) ²	(0.9) ²	(0.9) ²	(1.4) ²
Agriculture, forestry & fisheries	5.2	-1.0	5.8	-6.7	7.1	1.4	-1.6	-5.1	2.9	1.3	-6.3	5.4	1.5
Manufacturing	7.1	1.5	3.3	-0.1	-0.8	1.5	2.3	-0.2	-0.6	-3.9	1.3	2.5	1.4
Electricity, gas & water supply	2.7	1.9	2.1	-1.4	0.1	0.4	2.1	-0.2	-0.3	0.1	-3.2	-5.0	-0.5
Construction	-1.9	0.7	0.8	-1.0	-1.5	2.0	-0.5	-1.4	2.1	2.9	3.0	-3.9	2.3
Services³	3.8	4.2	1.2	1.5	0.7	1.6	0.4	1.7	0.6	1.1	0.0	0.3	0.3
Private consumption	3.6	4.1	1.4	2.9	0.4	1.3	-0.6	2.9	1.6	-0.5	0.6	-0.1	0.3
Government spending	5.5	4.0	1.6	3.8	1.5	1.1	0.1	1.0	0.1	2.5	0.4	-2.1	0.2
Construction investment	-1.6	-2.8	-0.1	-0.8	-2.0	1.4	-2.5	-0.6	-0.1	1.3	1.3	-0.8	2.1
Facility investment	9.3	-0.9	7.8	0.7	-4.1	0.1	-4.2	1.6	7.0	2.4	-5.0	0.5	-2.2
Intellectual property investment	6.1	5.0	1.9	0.9	1.9	1.8	1.1	-0.5	5.0	-2.9	0.9	0.7	0.5
Exports	11.1	3.4	4.4	-0.7	0.3	3.7	3.8	-3.2	0.6	-3.8	4.5	-0.9	3.4
Imports	10.1	3.5	6.1	2.0	-0.6	4.2	-1.1	-0.8	5.4	-2.8	4.2	-3.7	2.3

Source: Bank of Korea.

Note: At chained 2015 prices, seasonally adjusted series.

¹ Preliminary.

² Percentage change from the same period in previous year (original data).

³ Wholesale & retail trade; accommodation & food services; transportation & storage; finance & insurance; real estate; information & communication; business activities; public administration, defense & social security; education; human health & social work; and cultural & other services.

External debt decreases to US \$649.3 billion in Q3 2023

The external debt stood at \$649.3 billion as of the end of the third quarter of 2023, decreasing by \$15.7 billion from the previous quarter (\$665.1 billion). By maturity, short-term external debt (maturities of one year or less) decreased by \$20.3 billion to \$141.6 billion, while long-term external debt (maturities greater than one year) increased by \$4.6 billion to reach \$507.7 billion. By sector, the government's external debt decreased by \$2.2 billion. The external debt of the central bank and banks decreased by \$4.2 billion and \$11.9 billion, respectively. The debt of other sectors including non-bank financial institutions and public and private companies increased by \$2.7 billion.



Meanwhile, external assets decreased by \$16.9 billion from the previous quarter to approximately \$1.0 trillion as of the end of Q3 2023, driven by a decrease in foreign exchange reserves. As a result, net external assets (external assets minus external debt) also declined slightly by \$1.1 billion to \$352.7 billion compared with the previous quarter.

The decrease in short-term external debt led to an improvement in external debt solvency indicators. More specifically, the ratio of short-term external debt to total external debt fell to 21.8% and the ratio of short-term external debt to reserves decreased to 34.2%. The ratio of short-term external debt to total external debt has fallen to its lowest level since the collection of the data began in Q4 of 1994. Also, the ratio of short-term external debt to reserves is at its lowest since the fourth quarter of 2019, just before the outbreak of the pandemic. The foreign currency liquidity coverage ratio (LCR), which indicates the ability of banks to repay external debt, stood at 143.3% as of the end of September 2023, significantly exceeding the regulatory requirement of 80%.

Korean FDI totals US \$14.62 billion in Q3 2023

Korea's foreign direct investment (FDI) in the third quarter of 2023 amounted to US \$14.62 billion, falling by 20.4% from a year ago, when it hit US \$18.37 billion. It also fell 6.6% from the previous quarter, reflecting a slowdown in investment for two consecutive quarters.

By industry, Korean FDI was down in most of the sectors, including finance and insurance (US \$6.66 billion, down 21.3% y-o-y), real estate and rental (US \$0.92 billion, down 36.9% y-o-y), and professional science and technology (\$0.43 billion, down 42.5% y-o-y), and mining (US \$0.4 billion, down 14.9% y-o-y). FDI in the manufacturing increased by US \$4.86 billion, which is down 11.8% y-o-y.

By country, the top destinations for Korean FDI were the US (US \$6.68 billion, down 10.3%), followed by the Cayman Islands (US \$1.38 billion, down 47.4%), Luxembourg (US \$1.26 billion, up 44.4%), Canada (US \$0.96 billion, up 272.9%) and Vietnam (US \$0.58 billion, up 8.3%).

Korea and Vietnam to promote cooperation on strengthening supply chain for key minerals

The governments of Korea and Vietnam convened in Seoul on December 7 to engage in dialogue to promote greater economic cooperation. As a follow-up to an MOU signed in June during their summit, the governments of both countries agreed to push forward in establishing a supply control tower for key minerals and promoting cooperation in research and development on materials and parts. The governments also agreed to support the private sector and organize events hosted by trade and investment promotion agencies to strengthen economic cooperation with the goal of achieving USD 150 billion in bilateral trade by 2030.



Moreover, the governments also engaged in dialogue on identifying ways to cooperate on the reduction of greenhouse gases (GHG), Vietnam's LNG project and other measures for achieving carbon neutrality.

In addition, Korea and Vietnam engaged in productive discussions on critical trade issues such as management of import controls, revision of country-of-origin standards, resolution of non-tariff barriers, trade of agricultural products, and promotion of the Korea-Vietnam Free Trade Agreement (FTA).

Related Websites



Ministry of Economy and Finance
<https://english.moef.go.kr/>



Korea Development Institute (KDI)
<https://www.kdi.re.kr/eng/>



Ministry of Trade, Industry and Energy
<https://english.motie.go.kr/www/main.do>



Bank of Korea
<https://www.bok.or.kr/eng/main/main.do>



Statistics Korea
<https://kostat.go.kr/anse/>



Korea Customs Service
<https://www.customs.go.kr/english/main.do>



Ministry of Employment and Labor
<https://www.moel.go.kr/english>



Financial Supervisory Service
<https://www.fss.or.kr/eng/main/main.do?menuNo=400000>



Ministry of Land, Infrastructure and Transport
<https://www.molit.go.kr/english/intro.do>



Korea Real Estate Board
<https://www.reb.or.kr/rebEng/main.do>



Korea Exchange
<https://global.krx.co.kr/main/main.jsp>



Korea National Oil Corporation
<https://www.knoc.co.kr/ENG/main.jsp#>



Republic of Korea

Economic Bulletin

January 2024 Vol.46 No.1

Contact

Economic Information and Education Center
Korea Development Institute
263 Namsejong-ro, Sejong, 30149 Republic of Korea

Tel +82-44-550-4170 **Fax** +82-44-550-4941

E-mail sjung@kdi.re.kr

Website <https://eiec.kdi.re.kr/publish/ebMain.do> <http://english.moef.go.kr>

