

# Republic of Korea **Economic Bulletin**

February 2025 Vol.47 No.2



Jwibulnori

**Current Economic Trends**

**Policy Issue**

**Economic News Briefing**

2025 Economic Policy Directions

Korea's GDP in 2024  
Korea maintains interest rate  
Korean FDI in 2024



▲ **Jwibulnori**, a Traditional Game where Streaks of light are Created to Welcome the New Year.

## Republic of Korea **Economic Bulletin**

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

**February 2025 Vol.47 No.2**

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# Current Economic Trends

## Overview

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### Economic Activity

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# Overview

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**In November, retail sales increased while industrial production, services production, facilities investment, and construction investment decreased from the previous month. In December, job growth decreased and consumer prices continued to moderate.**

In November, total production fell (*down 0.4% m-o-m and down 0.3% y-o-y*), as industrial production (*down 0.7% m-o-m and up 0.1% y-o-y*), services production (*down 0.2% m-o-m and up 1.0% y-o-y*), construction production (*down 0.2% and down 12.9% y-o-y*) declined.

In November, retail sales (*up 0.4% m-o-m and down 1.9% y-o-y*) rose, while facilities investment (*down 1.6% m-o-m and up 2.6% y-o-y*) and construction investment (*down 0.2% m-o-m and down 12.9% y-o-y*) decreased.

In December, exports increased by 6.6 percent from a year ago, driven by stronger exports in the IT products including semiconductor.

In December, the Consumer Sentiment Index (CSI) decreased by 12.3 points to 88.4 month-on-month. The Composite Business Sentiment Index (CBSI) moved down by 4.5 points to 87.0 in December, while the CBSI outlook for January 2025 fell by 7.3 points to 82.4.

In November, the cyclical indicator of the coincident composite index fell by 0.5 points, while the cyclical indicator of the leading composite index rose by 0.1 point.

In December, the employment decreased by 52,000 jobs compared to the previous year and the unemployment rate increased by 0.5 percentage point from a year ago to 3.8 percent.

In December, the Consumer Price Index (CPI) grew by 1.9 percent year-on-year. The index when excluding food and energy prices increased by 1.8 percent, and 1.8 percent when excluding agricultural and petroleum products. The CPI for basic necessities rose by 2.2 percent.

In December, Korean equity prices were down and yields for Korean Treasury Bond were up, and the Korean Won weakened against the dollar.

In December, housing prices turned to fall (*down 0.07% m-o-m*) and *Jeonse* (lump-sum deposits with no monthly payments) prices moderated (*up 0.01% m-o-m*).

**Recently, the Korean economy has experienced a slowdown in employment and rising downward pressure on growth as the expansion of domestic and external uncertainties has dampened economic sentiment.**

The global economy is showing an overall recovery, but amid ongoing geopolitical risks, factors such as potential changes in trade environments are increasing uncertainties.

With the Ministerial Meeting on Economic Affairs serving as the control tower, relevant government agencies would work in coordination to swiftly implement the 2025 Economic Policy Directions, aiming to manage the economy as stably as possible.



# Economic Activity

## 1. Gross Domestic Product (Preliminary estimate)

In the third quarter of 2024, Korea's real Gross Domestic Product (GDP) amounted to 572.1 trillion won, and real Gross Domestic Income (GDI) was 559.0 trillion won.

(Trillion won, inflation adjusted at 2020 prices)

|                           | 2022                | 2023                | 2022            |                 |                 |                 | 2023            |                 |                 |                 | 2024            |                 |                 |
|---------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                           | Annual <sup>1</sup> | Annual <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> |
| GDP                       | 2,212.2             | 2,243.2             | 525.7           | 554.5           | 555.9           | 576.1           | 531.6           | 560.0           | 563.6           | 588.1           | 548.9           | 572.8           | 571.8           |
| (Seasonally adjusted)     | -                   | -                   | 549.3           | 553.7           | 555.8           | 553.3           | 555.8           | 558.8           | 563.0           | 565.6           | 573.0           | 571.6           | 572.2           |
| - Private consumption     | 1,063.9             | 1,082.7             | 257.7           | 262.4           | 270.1           | 273.8           | 269.9           | 266.1           | 271.0           | 275.7           | 272.7           | 268.6           | 274.8           |
| - Facility investment     | 213.2               | 215.4               | 49.9            | 54.2            | 52.5            | 56.6            | 52.3            | 56.2            | 50.4            | 56.5            | 51.7            | 54.8            | 53.4            |
| - Construction investment | 301.4               | 306.0               | 62.5            | 82.2            | 75.1            | 81.7            | 63.5            | 83.5            | 78.3            | 80.7            | 64.5            | 83.1            | 73.9            |
| - Exports                 | 820.3               | 849.9               | 204.7           | 204.4           | 204.8           | 206.5           | 202.4           | 206.2           | 211.3           | 230.0           | 220.8           | 224.8           | 225.1           |
| - Imports                 | 730.7               | 756.4               | 180.8           | 176.7           | 185.6           | 187.5           | 193.6           | 182.8           | 185.2           | 194.8           | 192.9           | 188.4           | 193.2           |
| GDI                       | 2,117.5             | 2,151.8             | 511.3           | 532.4           | 526.6           | 547.2           | 504.3           | 532.3           | 545.4           | 569.8           | 536.5           | 556.6           | 559.0           |
| (Seasonally adjusted)     | -                   | -                   | 537.2           | 530.4           | 524.5           | 525.4           | 530.1           | 530.3           | 542.9           | 548.6           | 561.6           | 555.1           | 558.0           |

Source: Bank of Korea.

<sup>1</sup> Preliminary estimate.

In the third quarter of 2024, real GDP rose 1.5 percent year-on-year, and seasonally adjusted GDP rose 0.1 percent quarter-on-quarter. Real GDI rose 2.5 percent year-on-year, and seasonally adjusted GDI rose 0.5 percent quarter-on-quarter.

(Percentage change from same period in previous year, inflation adjusted at 2020 prices)

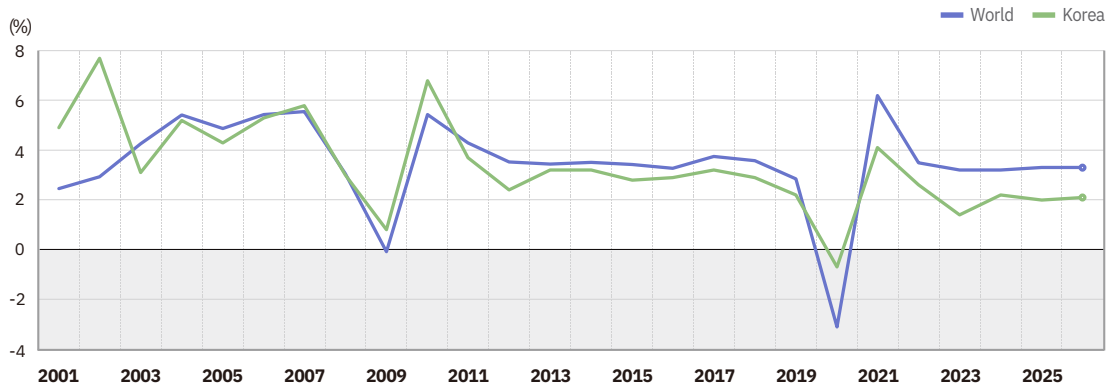
|                                     | 2022                | 2023                | 2022            |                 |                 |                 | 2023            |                 |                 |                 | 2024            |                 |                 |
|-------------------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                     | Annual <sup>1</sup> | Annual <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> |
| GDP                                 | 2.7                 | 1.4                 | 3.5             | 3.0             | 3.4             | 1.1             | 1.1             | 1.0             | 1.4             | 2.1             | 3.3             | 2.3             | 1.5             |
| (Seasonally adjusted <sup>2</sup> ) | -                   | -                   | 0.5             | 0.8             | 0.4             | -0.5            | 0.4             | 0.6             | 0.8             | 0.5             | 1.3             | -0.2            | 0.1             |
| - Private consumption               | 4.2                 | 1.8                 | 4.3             | 4.5             | 5.3             | 2.9             | 4.7             | 1.4             | 0.3             | 0.7             | 1.0             | 0.9             | 1.4             |
| - Facility investment               | -0.3                | 1.1                 | -4.9            | -5.5            | 4.8             | 4.8             | 4.7             | 3.8             | -3.9            | -0.2            | -1.0            | -2.5            | 5.9             |
| - Construction investment           | -3.5                | 1.5                 | -5.0            | -4.5            | -2.1            | -2.6            | 1.7             | 1.7             | 4.3             | -1.2            | 1.6             | -0.5            | -5.7            |
| - Exports                           | 3.9                 | 3.6                 | 7.8             | 5.6             | 5.4             | -2.4            | -1.1            | 0.9             | 3.2             | 11.4            | 9.1             | 9.0             | 6.8             |
| - Imports                           | 4.2                 | 3.5                 | 5.2             | 2.0             | 8.2             | 1.5             | 7.1             | 3.4             | -0.2            | 3.9             | -0.4            | 3.1             | 4.4             |
| GDI                                 | -0.7                | 1.6                 | 0.5             | -0.3            | -1.1            | -1.6            | -1.4            | 0.0             | 3.6             | 4.1             | 6.4             | 4.6             | 2.5             |
| (Seasonally adjusted <sup>2</sup> ) | -                   | -                   | 0.8             | -1.3            | -1.1            | 0.2             | 0.9             | 0.0             | 2.4             | 1.1             | 2.4             | -1.2            | 0.5             |

Source: Bank of Korea.

<sup>1</sup> Preliminary estimate.

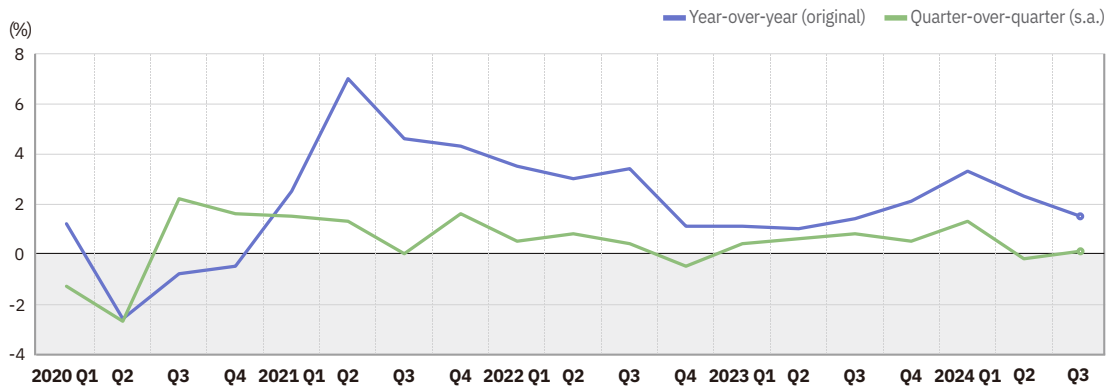
<sup>2</sup> Percentage change from previous period.

## GDP growth: World and Korea



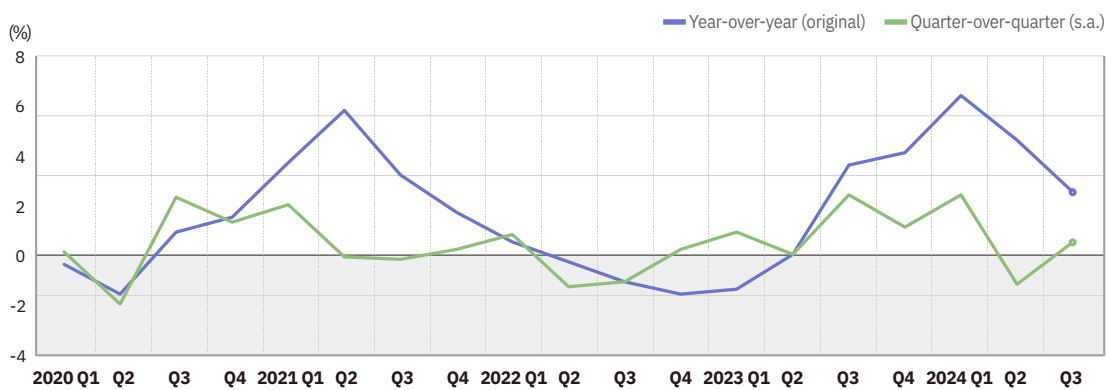
Source: IMF

## GDP growth: Korea



Source: Bank of Korea.

## GDI growth: Korea



Source: Bank of Korea.

## 2. Total Production and Composite Index of Business Indicators

In November, the Total Index of Industrial Production decreased by 0.4 percent month-on-month. Industrial production (*down 0.7%*), services (*down 0.2%*), public spending (*down 0.9%*), and construction (*down 0.2%*) decreased. The index fell 0.3 percent year-on-year.

### Coincident composite index

The cyclical indicator of the coincident composite index fell to 97.6 month-on-month. More specifically, the number of employed persons (excluding agriculture, forestry and fishing) increased, while imports, index of services, shipments for domestic market, and the value of construction completed decreased.

### Leading composite index

The cyclical indicator of the leading composite index rose 0.1 point month-on-month to 100.8. Within the leading composite index, construction orders received and domestic shipment of machinery increased, while economic sentiment, KOSPI, and inventory circulation indicator fell.

|  | 2023  | 2024  |       |       |       |       |       |       |       |       |                  |                  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|------------------|
|  | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Total index of Industrial Production (m-o-m, %)  | 0.3   | 0.3   | 1.3   | -2.3  | 1.4   | -0.8  | -0.1  | -0.6  | 1.1   | -0.4  | -0.2             | -0.4             |
| (y-o-y, %)                                       | 7.2   | 7.2   | 1.8   | 0.1   | 3.4   | 2.3   | 0.5   | 2.4   | 1.0   | -1.4  | 2.4              | -0.3             |
| Cyclical indicator of coincident composite index | 99.9  | 99.9  | 100.1 | 99.8  | 99.7  | 99.1  | 99.0  | 98.3  | 98.2  | 98.1  | 98.1             | 97.6             |
| (m-o-m, p)                                       | 0.1   | 0.1   | 0.2   | -0.3  | -0.1  | -0.6  | -0.1  | -0.7  | -0.1  | -0.1  | 0.0              | -0.5             |
| Coincident composite index (2020=100)            | 111.5 | 111.5 | 112.0 | 111.9 | 112.0 | 111.6 | 111.7 | 111.2 | 111.3 | 111.3 | 111.6            | 111.3            |
| (m-o-m, %)                                       | 0.4   | 0.4   | 0.4   | -0.1  | 0.1   | -0.4  | 0.1   | -0.4  | 0.1   | 0.0   | 0.3              | -0.3             |
| Cyclical indicator of leading composite index    | 100.2 | 100.2 | 100.4 | 100.2 | 100.5 | 100.5 | 100.7 | 100.7 | 100.6 | 100.7 | 100.7            | 100.8            |
| (m-o-m, p)                                       | 0.0   | 0.0   | 0.2   | -0.2  | 0.3   | 0.0   | 0.2   | 0.0   | -0.1  | 0.1   | 0.0              | 0.1              |
| Leading composite index (2020=100)               | 113.7 | 113.7 | 114.2 | 114.3 | 114.9 | 115.2 | 115.7 | 116.0 | 116.2 | 116.6 | 116.9            | 117.3            |
| (m-o-m, %)                                       | 0.3   | 0.3   | 0.4   | 0.1   | 0.5   | 0.3   | 0.4   | 0.3   | 0.2   | 0.3   | 0.3              | 0.3              |

Source: Industrial activity trends, Statistics Korea.

<sup>1</sup> Figures for the last three months of coincident composite index are preliminary, while figures for the last two months of leading composite index are preliminary.

### Coincident composite index in Nov 2024 (m-o-m, %)

|  |      |
|--|------|
| Number of employed persons (excluding agriculture, forestry and fishing) | 0.1  |
| Index of Services  | -0.1 |
| Shipment index for domestic market                                       | -1.7 |
| Value of construction completed  | -2.1 |

Source: Industrial activity trends, Statistics Korea.

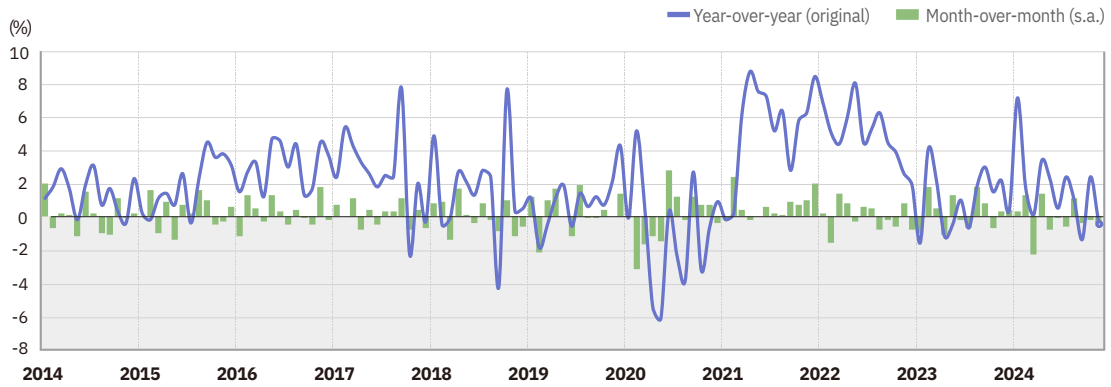
### Leading composite index in Nov 2024 (m-o-m, %)

|                                      |      |
|--------------------------------------|------|
| Construction orders received         | 18.4 |
| Domestic shipments of machinery      | 1.7  |
| Economic Sentiment Index (p)         | -0.5 |
| KOSPI                                | 1.8  |
| Inventory circulation indicator (%p) | -2.4 |

Source: Industrial activity trends, Statistics Korea.



## Total index of Industrial Production



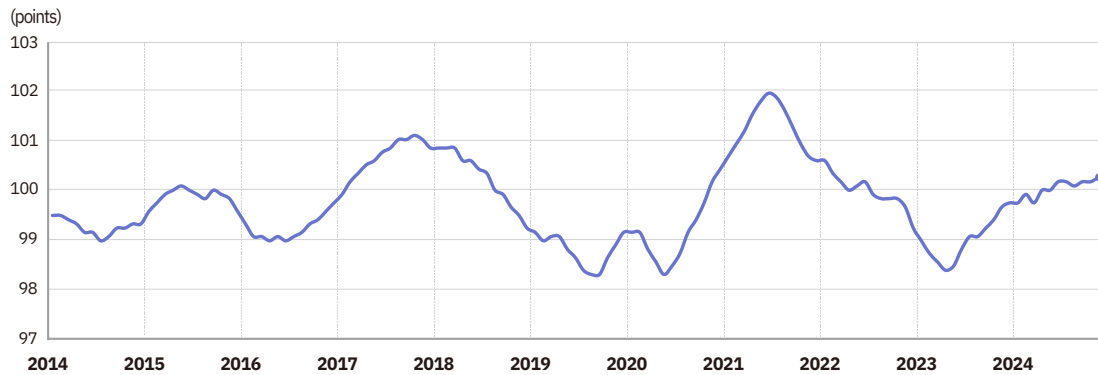
Source: Industrial activity trends, Statistics Korea.

## 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 2024 increased by 0.5 percent quarter-on-quarter and rose by 1.4 percent year-on-year.

(Percentage change from previous period)

|                     | 2022                | 2023                | 2022            |                 |                 |                 | 2023            |                 |                 |                 | 2024            |                 |                 |
|---------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                     | Annual <sup>1</sup> | Annual <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> |
| Private consumption | -                   | -                   | -1.0            | 2.9             | 1.3             | -0.1            | 0.5             | -0.3            | 0.1             | 0.4             | 0.7             | -0.2            | 0.5             |
| (y-o-y)             | 4.2                 | 1.8                 | 4.3             | 4.5             | 5.3             | 2.9             | 4.7             | 1.4             | 0.3             | 0.7             | 1.0             | 0.9             | 1.4             |

Source: National accounts, Bank of Korea.

<sup>1</sup> Preliminary estimate.

<sup>2</sup> Advance estimate.

Retail sales increased by 0.4 percent month-on-month in November. Sales of durable goods (*down 0.1%*) and nondurable goods (*down 0.7%*) fell, while semi-durable goods (*up 4.1%*) rose. The index fell by 1.9 percent year-on-year.

(Percentage change from previous period)

|                      | 2022   | 2023                | 2022 |      |      |      | 2023 |      |      |      | 2024  |      |                 |      |                  |                  |
|----------------------|--------|---------------------|------|------|------|------|------|------|------|------|-------|------|-----------------|------|------------------|------------------|
|                      | Annual | Annual <sup>1</sup> | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1    | Q2   | Q3 <sup>1</sup> | Sep  | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Retail sales         | -      | -                   | -0.9 | -0.7 | 0.8  | -1.5 | 0.6  | -0.5 | -1.9 | 0.4  | -0.5  | -0.8 | -0.6            | -0.3 | -0.8             | 0.4              |
| (y-o-y)              | -0.3   | -1.5                | 2.6  | -0.2 | -0.9 | -2.3 | -0.8 | -0.7 | -2.7 | -1.9 | -2.1  | -2.9 | -1.9            | -2.2 | -0.9             | -1.9             |
| - Durable goods      | -3.2   | -1.6                | -0.8 | -3.4 | 1.8  | -0.2 | -1.3 | 0.2  | -1.4 | 0.8  | -2.4  | -1.7 | 3.5             | 6.5  | -6.9             | -0.1             |
| - Automobiles        | 0.5    | 6.9                 | 2.4  | 4.0  | 5.1  | 3.0  | -0.7 | 4.3  | -4.1 | 2.6  | -10.3 | -1.0 | 8.7             | 6.4  | -3.4             | -3.6             |
| - Semi-durable goods | 2.2    | -1.2                | -2.2 | 2.3  | -0.2 | -4.3 | 5.2  | -2.4 | -4.3 | 2.1  | -0.1  | -2.1 | -4.1            | -2.2 | 4.2              | 4.1              |
| - Nondurable goods   | 0.3    | -1.6                | -0.5 | -0.4 | 0.5  | -1.0 | -0.2 | -0.1 | -1.3 | -0.4 | 0.2   | 0.1  | -1.1            | -2.5 | 0.5              | -0.7             |

Source: Statistics Korea.

<sup>1</sup> Preliminary.

The retail sales outlook for December was mixed, as credit card spending, sales figures for car sales at home, and sales at large discount stores increased while sales figures at department stores decreased.

(Percentage change from same period in previous year)

|   | 2024  |       |       |       |       |       |       |       |      |  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|------|--|
|   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec  |  |
| Car sales at home                         | -7.2  | -9.8  | -16.5 | 0.1   | 0.4   | 1.8   | 10.7  | -1.7  | 6.7  |  |
| Department store sales                    | 2.1   | 0.6   | -1.5  | -1.4  | 4.1   | -4.6  | 1.4   | -5.5  | 2.3  |  |
| Large discount store sales                | -2.5  | 0.0   | -1.9  | -3.3  | 4.4   | -4.8  | 1.3   | 1.8   | -3.0 |  |
| Credit card spending at home <sup>1</sup> | 3.3   | 3.4   | 3.8   | 3.2   | 4.4   | 4.6   | 1.2   | 2.9   | 5.4  |  |
| Consumer sentiment index <sup>2</sup>     | 100.7 | 98.4  | 100.9 | 103.6 | 100.8 | 100.0 | 101.7 | 100.7 | 88.4 |  |
| Number of Chinese tourists <sup>3</sup>   | 226.0 | 170.0 | 107.9 | 86.8  | 78.9  | 53.9  | 54.4  | 37.3  | 26.2 |  |

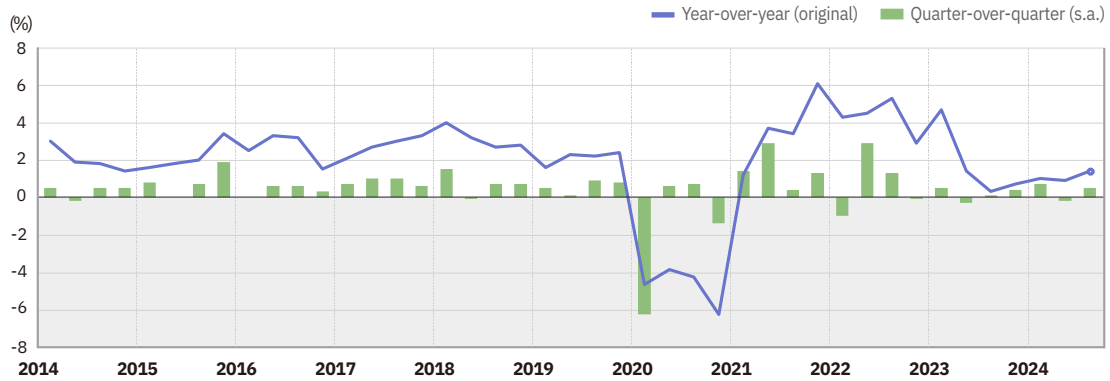
Sources: Korea Automobile Manufacturers Association; The Credit Finance Association; Bank of Korea; Korea Culture & Tourism Institute; data provided by retail industries.

<sup>1</sup> Utility bills are excluded.

<sup>2</sup> Level value.

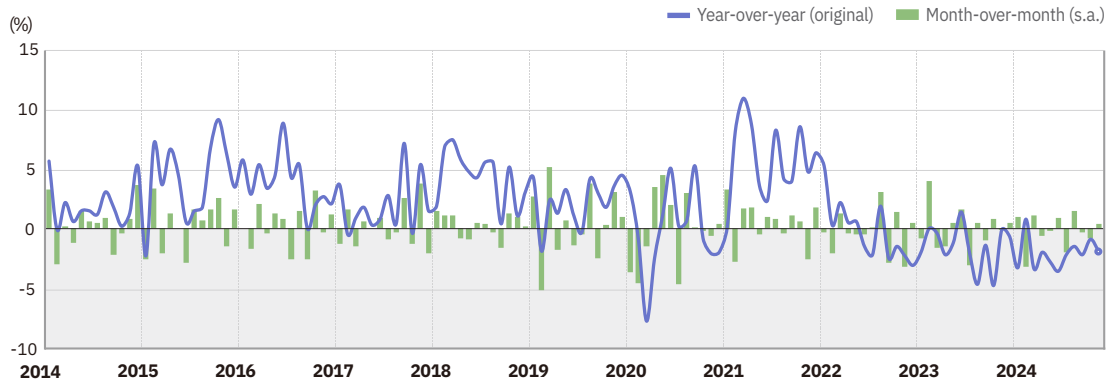
<sup>3</sup> Advance estimate based on total entries, The figure can be different from the statistic released by the Ministry of Culture, Sports and Tourism, which excludes diplomatic and military personnel.

## Private consumption



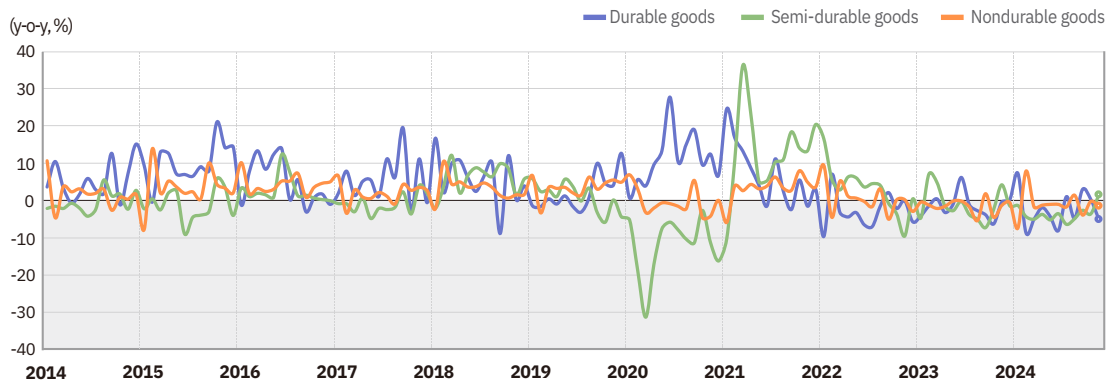
Source: National account, Bank of Korea.

## 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 2024 increased 6.5 percent quarter-on-quarter and 5.9 percent year-on-year.

(Percentage change from previous period)

|                            | 2022                | 2023                | 2022            |                 |                 |                 | 2023            |                 |                 |                 | 2024            |                 |                 |
|----------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                            | Annual <sup>1</sup> | Annual <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> |
| Facility investment        | -                   | -                   | -1.5            | 1.4             | 5.7             | -0.8            | -1.4            | 0.4             | -2.0            | 2.8             | -2.0            | -1.2            | 6.5             |
| (y-o-y)                    | -0.3                | 1.1                 | -4.9            | -5.5            | 4.8             | 4.8             | 4.7             | 3.8             | -3.9            | -0.2            | -1.0            | -2.5            | 5.9             |
| - Machinery                | 1.9                 | 1.6                 | 0.3             | 0.7             | 5.4             | 3.1             | -2.9            | 1.6             | -3.8            | 1.3             | 0.4             | -3.6            | 8.2             |
| - Transportation equipment | -7.8                | -1.0                | -7.8            | 3.7             | 7.0             | -14.4           | 5.0             | -4.2            | 5.6             | 8.9             | -10.7           | 8.1             | 0.5             |

Source: National accounts, Bank of Korea.

<sup>1</sup> Preliminary estimate.

In November, the facility investment index decreased by 1.6 percent month-on-month, as investments in machinery decreased. The index rose 2.6 percent year-on-year.

(Percentage change from previous period)

|                            | 2022   | 2023   | 2022 |      |      |      | 2023  |      |      |      | 2024 |      |      |       |                  |                  |
|----------------------------|--------|--------|------|------|------|------|-------|------|------|------|------|------|------|-------|------------------|------------------|
|                            | Annual | Annual | Q1   | Q2   | Q3   | Q4   | Q1    | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Sep   | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Facility investment index  | -      | -      | 1.8  | -2.2 | 9.8  | -1.6 | -8.6  | 1.5  | -1.9 | 5.0  | -3.8 | -0.2 | 10.3 | 10.0  | -5.9             | -1.6             |
| (y-o-y)                    | 2.5    | -4.9   | -0.7 | -3.6 | 5.6  | 9.1  | -1.9  | -1.3 | -9.9 | -6.0 | 0.3  | -1.5 | 10.7 | 7.2   | 5.5              | 2.6              |
| - Machinery                | 1.4    | -7.2   | -2.4 | 0.4  | 11.1 | -1.7 | -10.9 | 0.7  | -0.7 | 1.4  | -2.4 | 0.1  | 7.2  | 18.6  | -5.7             | -2.0             |
| - Transportation equipment | 6.0    | 2.6    | 15.3 | -9.2 | 6.0  | -1.3 | -0.7  | 3.8  | -5.8 | 16.3 | -7.2 | -0.9 | 19.6 | -12.9 | -7.1             | 0.1              |

Source: Statistics Korea.

<sup>1</sup> Preliminary.

The facility investment outlook was mixed, as the amount of domestic machinery orders received decreased while imports of machinery increased.

(Percentage change from same period in previous year)

|  | 2022   | 2023                | 2022 |      |      |       | 2023  |       |       |      | 2024 |                 |                 |                  |                  |
|--|--------|---------------------|------|------|------|-------|-------|-------|-------|------|------|-----------------|-----------------|------------------|------------------|
|  | Annual | Annual <sup>1</sup> | Q1   | Q2   | Q3   | Q4    | Q1    | Q2    | Q3    | Q4   | Q1   | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Domestic machinery orders received             | 1.1    | -3.6                | 3.4  | 1.6  | 13.5 | -12.9 | -7.7  | -3.0  | -14.6 | 13.8 | 3.0  | -7.4            | 19.8            | -5.9             | -15.3            |
| (% change from previous period)                | -      | -                   | -2.9 | -0.5 | 14.8 | -21.5 | 3.0   | 4.8   | -0.3  | 7.1  | -7.7 | -5.8            | 28.7            | -1.6             | -0.4             |
| - Public                                       | -24.1  | 89.8                | 8.2  | 6.9  | -4.9 | -57.3 | 155.6 | 120.0 | 25.9  | 40.3 | -5.7 | -32.0           | 165.8           | -38.0            | -63.3            |
| - Private                                      | 3.2    | -9.2                | 3.1  | 1.3  | 14.5 | -5.9  | -17.6 | -10.9 | -16.5 | 11.9 | 4.6  | -3.5            | 9.6             | -4.1             | -10.8            |
| Machinery imports                              | -0.1   | -2.6                | -4.0 | -6.0 | 4.8  | 6.0   | 2.7   | 6.7   | -12.3 | -7.4 | -7.4 | -12.3           | 18.0            | 7.8              | 7.8              |
| Average capacity utilization rate <sup>2</sup> | 74.5   | 71.9                | 78.3 | 75.9 | 73.7 | 70.0  | 70.6  | 72.0  | 72.3  | 72.5 | 72.7 | 73.5            | 72.9            | 72.3             | 71.8             |
| Facility investment pressure <sup>3</sup>      | 1.4    | -2.5                | 7.3  | 5.6  | -0.4 | -6.0  | -7.8  | -5.4  | -0.2  | 3.0  | 4.6  | 3.9             | 1.9             | 5.8              | -0.3             |

Sources: Statistics Korea; Korea International Trade Association.

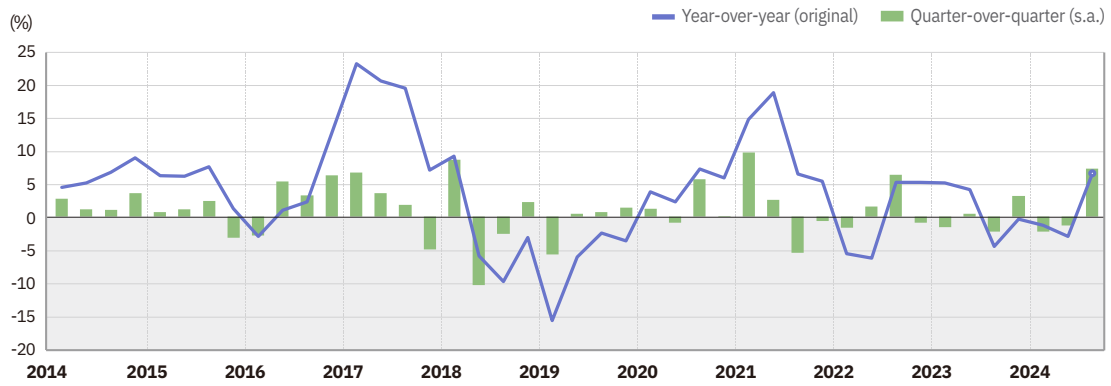
<sup>1</sup> Preliminary.

<sup>2</sup> Utilization rate for the period, %.

<sup>3</sup> Production growth rate minus production capacity growth rate in the manufacturing sector, %p.

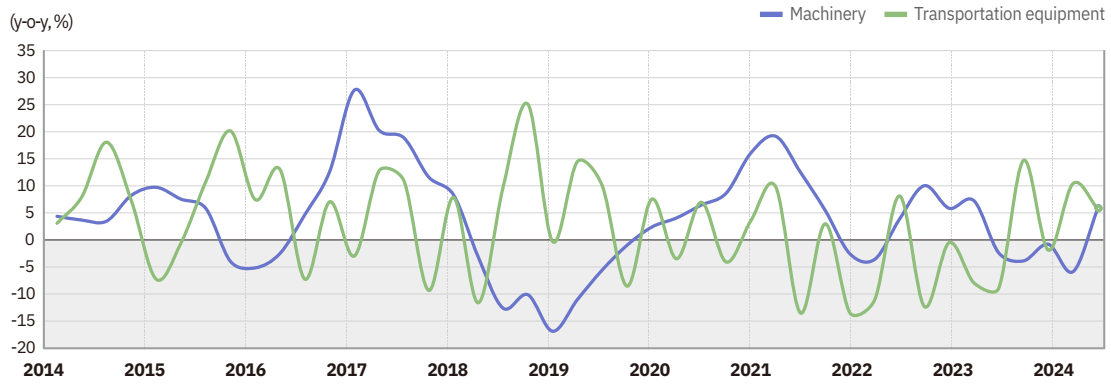


## Facility investment



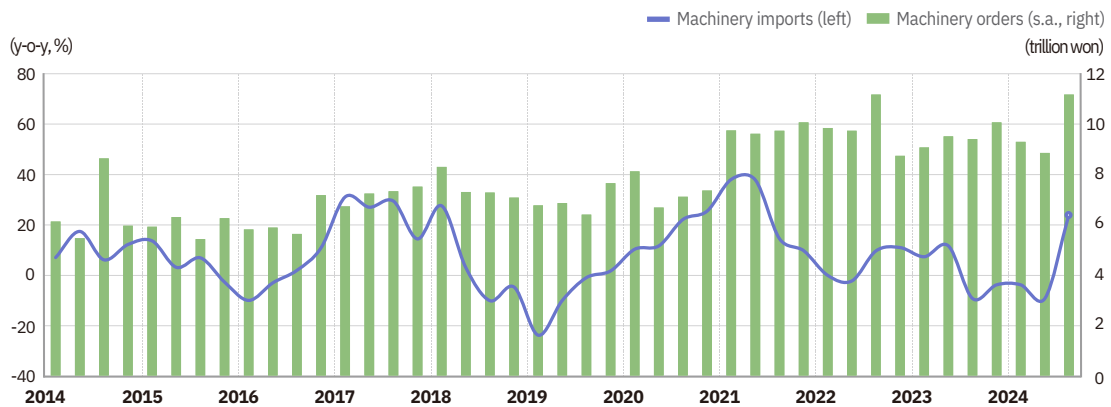
Source: National account, Bank of Korea.

## 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 2024 decreased 3.6 percent quarter-on-quarter and 5.7 percent year-on-year.

(Percentage change from previous period)

|                           | 2022                | 2023                | 2022            |                 |                 |                 | 2023            |                 |                 |                 | 2024            |                 |                 |
|---------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                           | Annual <sup>1</sup> | Annual <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q1 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> |
| Construction investment   | -                   | -                   | -3.3            | 0.0             | -0.2            | 1.1             | 0.6             | 0.2             | 1.9             | -3.8            | 3.3             | -1.7            | -3.6            |
| (y-o-y)                   | -3.5                | 1.5                 | -5.0            | -4.5            | -2.1            | -2.6            | 1.7             | 1.7             | 4.3             | -1.2            | 1.6             | -0.5            | -5.7            |
| - Building construction   | -0.7                | 3.1                 | -3.5            | 1.8             | 0.1             | 1.1             | 1.0             | 1.6             | 1.5             | -4.7            | 1.9             | -1.4            | -4.6            |
| - Civil engineering works | -10.7               | -2.8                | -2.6            | -4.8            | -0.9            | 1.3             | -0.5            | -3.8            | 3.0             | -0.9            | 7.5             | -2.7            | -0.8            |

Source: National accounts, Bank of Korea.

<sup>1</sup> Preliminary estimate.

In November, construction completed (*constant*) fell 0.2 percent month-on-month, which saw a decrease in both building construction and civil engineering works. The index decreased 12.9 percent year-on-year.

(Percentage change from previous period)

|                                   | 2022   | 2023   | 2022 |     |      |     | 2023 |     |      |      | 2024 |      |      |       |                  |                  |
|-----------------------------------|--------|--------|------|-----|------|-----|------|-----|------|------|------|------|------|-------|------------------|------------------|
|                                   | Annual | Annual | Q1   | Q2  | Q3   | Q4  | Q1   | Q2  | Q3   | Q4   | Q1   | Q2   | Q3   | Sep   | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Construction completed (constant) | -      | -      | -1.5 | 1.5 | 1.5  | 4.3 | 2.8  | 1.1 | 1.1  | -2.5 | 4.9  | -6.2 | -5.0 | -2.0  | -4.1             | -0.2             |
| (y-o-y)                           | 2.8    | 7.3    | -1.7 | 1.9 | 3.6  | 6.7 | 11.5 | 8.7 | 10.1 | 0.6  | 4.1  | -3.0 | -9.6 | -14.0 | -10.8            | -12.9            |
| - Building construction           | 4.2    | 9.4    | -2.5 | 1.3 | 2.9  | 4.7 | 4.5  | 0.9 | 0.7  | -3.5 | 5.0  | -7.5 | -6.4 | -3.3  | -1.1             | -2.9             |
| - Civil engineering works         | -1.2   | 1.2    | 1.5  | 2.1 | -2.7 | 2.9 | -2.5 | 1.9 | 2.6  | 0.8  | 4.6  | -2.0 | -0.9 | 1.6   | -12.2            | 7.7              |

Source: Statistics Korea.

<sup>1</sup> Preliminary.

The construction investment outlook is mixed, as construction orders received rose while the number of building permits fell.

(Percentage change from same period in previous year)

|  | 2022   | 2023   | 2022 |      |      |       | 2023  |       |       |       | 2024  |                 |                 |                  |                  |
|--|--------|--------|------|------|------|-------|-------|-------|-------|-------|-------|-----------------|-----------------|------------------|------------------|
|  | Annual | Annual | Q1   | Q2   | Q3   | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Oct <sup>1</sup> | Nov <sup>1</sup> |
| Construction orders received (current value) | 10.0   | -18.5  | 13.4 | 21.4 | 30.2 | -17.2 | -12.7 | -31.4 | -44.8 | 22.7  | -15.6 | 20.9            | 27.6            | -10.7            | 62.9             |
| (% change from previous period)              | -      | -      | 11.6 | 4.2  | 13.6 | -40.3 | 22.3  | -15.1 | -11.1 | 33.5  | -17.8 | 22.0            | -3.7            | -4.3             | 22.0             |
| - Building construction                      | 8.7    | -30.3  | 8.4  | 20.6 | 28.2 | -18.6 | -24.8 | -43.5 | -50.0 | 8.1   | -16.5 | 19.7            | 25.7            | -2.0             | 69.0             |
| - Civil engineering works                    | 14.6   | 22.7   | 36.0 | 24.8 | 39.3 | -13.6 | 31.1  | 17.9  | -24.2 | 58.5  | -13.8 | 23.4            | 32.6            | 63.9             | 40.6             |
| Building permits <sup>2</sup>                | 4.9    | -25.6  | 14.1 | 13.7 | 5.4  | -11.0 | -8.5  | -33.5 | -32.8 | -24.3 | -20.6 | -16.6           | 4.8             | 6.3              | -12.0            |
| Apartment presales <sup>3</sup>              | 38.0   | 21.1   | 10.2 | 7.2  | 8.3  | 12.3  | 3.5   | 4.0   | 5.1   | 8.6   | 5.8   | 5.7             | 5.7             | 2.5              | 3.2              |

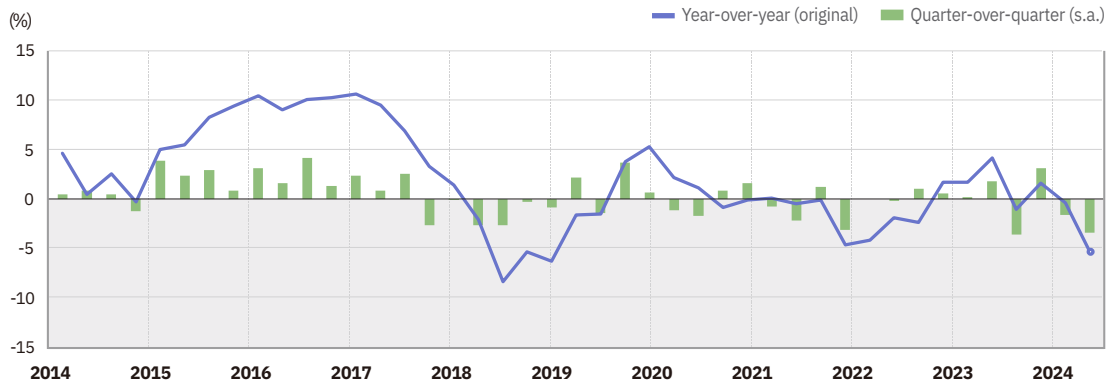
Sources: Statistics Korea; Ministry of Land Infrastructure and Transport; Real Estate 114.

<sup>1</sup> Preliminary.

<sup>2</sup> Gross Floor Area.

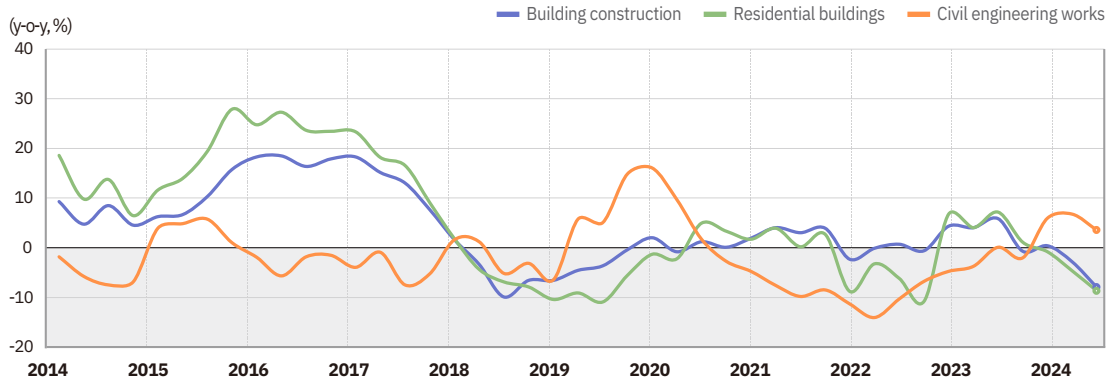
<sup>3</sup> Thousand housing units.

## Construction investment



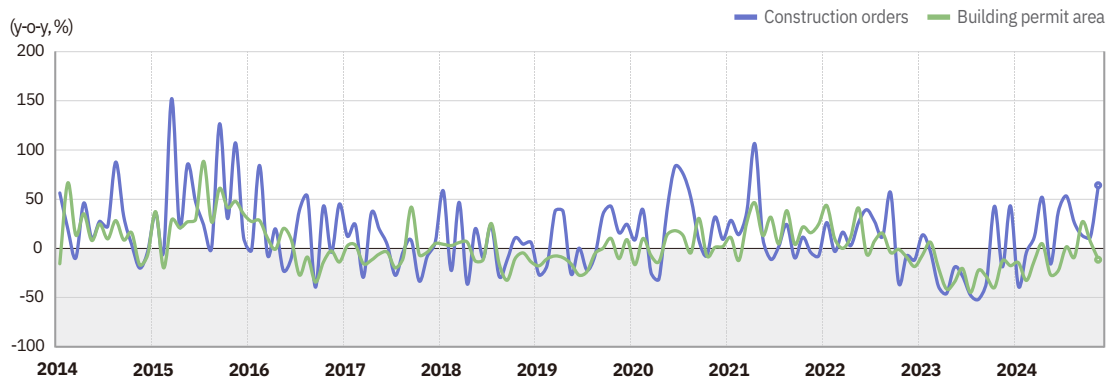
Source: National account, Bank of Korea.

## 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 6.6 percent year-on-year, totaling US \$61.4 billion in December.

Exports rose in seven out of 15 major export goods and in eight out of nine major export markets.

The average daily amount of exports, an indicator which factors in the number of working days, grew by 4.3 percent year-on-year to US \$2.7 billion.

Imports increased by 3.3 percent year-on-year to US \$54.9 billion in December owing to increased imports of other goods despite a decrease in energy imports.

The trade balance posted a surplus of US \$6.5 billion in December.

(US \$ billion)

|                       | 2023   | 2024   | 2023  |       |       |       | 2024  |       |       |       | 2023  | 2024 |
|-----------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
|                       | Annual | Annual | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Dec   | Dec  |
| Exports               | 632.2  | 683.8  | 151.2 | 155.8 | 157.1 | 168.1 | 163.3 | 171.5 | 173.7 | 175.2 | 57.6  | 61.4 |
| (y-o-y, %)            | -7.5   | 8.1    | -12.8 | -12.0 | -9.7  | 5.7   | 8.0   | 10.1  | 10.5  | 4.2   | 5.0   | 6.6  |
| Average daily exports | 2.3    | 2.5    | 2.2   | 2.3   | 2.3   | 2.5   | 2.4   | 2.6   | 2.5   | 2.6   | 2.6   | 2.7  |
| Imports               | 642.6  | 632.0  | 174.0 | 159.3 | 150.7 | 158.6 | 155.1 | 157.0 | 160.0 | 160.0 | 53.1  | 54.9 |
| (y-o-y, %)            | -12.1  | -1.6   | -2.2  | -13.2 | -21.6 | -10.7 | -10.9 | -1.4  | 6.2   | 0.9   | -10.9 | 3.3  |
| Average daily imports | 2.4    | 2.3    | 2.6   | 2.4   | 2.2   | 2.4   | 2.3   | 2.4   | 2.3   | 2.3   | 2.4   | 2.4  |
| Trade balance         | -10.4  | 51.6   | -22.8 | -3.5  | 6.4   | 9.6   | 8.5   | 146.3 | 13.9  | 15.2  | 4.5   | 6.5  |

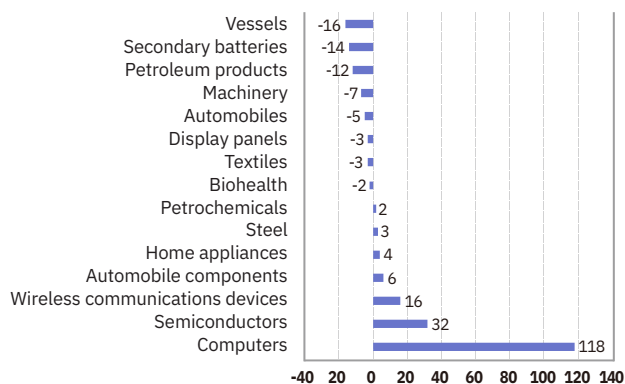
Source: Korea Customs Service.

### Export growth and share by region in Dec 2024

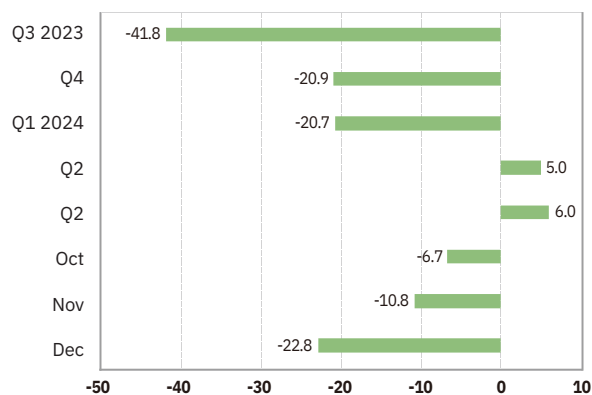
|               | Growth (y-o-y, %) | Share (%) <sup>1</sup> |                 | Growth (y-o-y, %) | Share (%) <sup>1</sup> |
|---------------|-------------------|------------------------|-----------------|-------------------|------------------------|
| Latin America | 16                | 4                      | India           | 6                 | 3                      |
| EU            | 15                | 10                     | US              | 6                 | 19                     |
| CIS countries | 9                 | -                      | ASEAN countries | 2                 | 17                     |
| China         | 9                 | 20                     | Middle East     | 0                 | 3                      |
| Japan         | 6                 | 4                      |                 |                   |                        |

<sup>1</sup> Cumulative total since January 2024.

### Export growth by item in Dec 2024 (y-o-y, %)

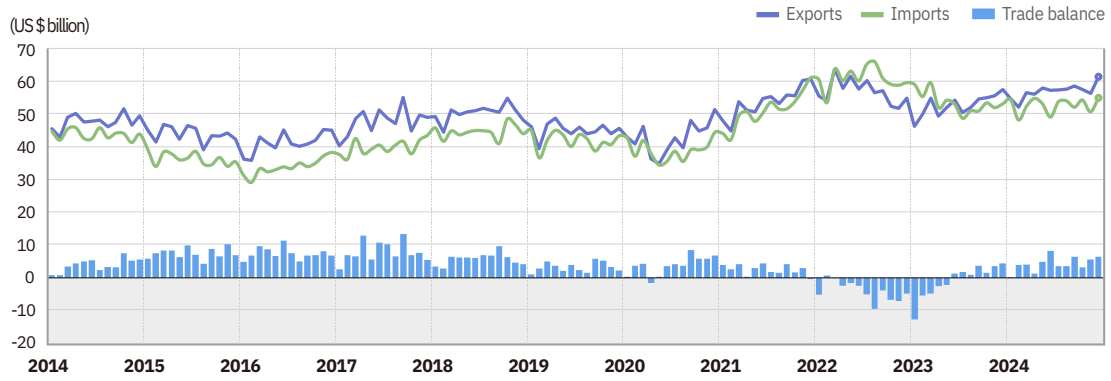


### Energy Imports (y-o-y, %)



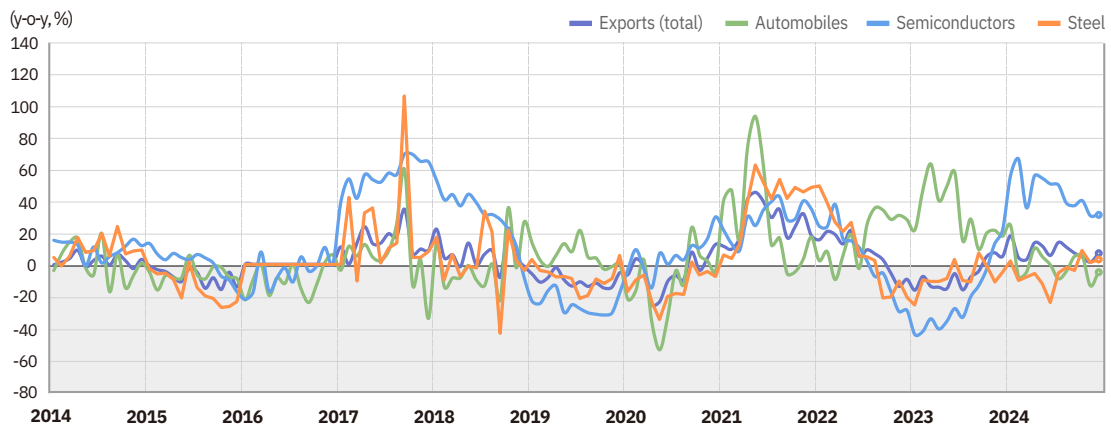


## Exports and imports



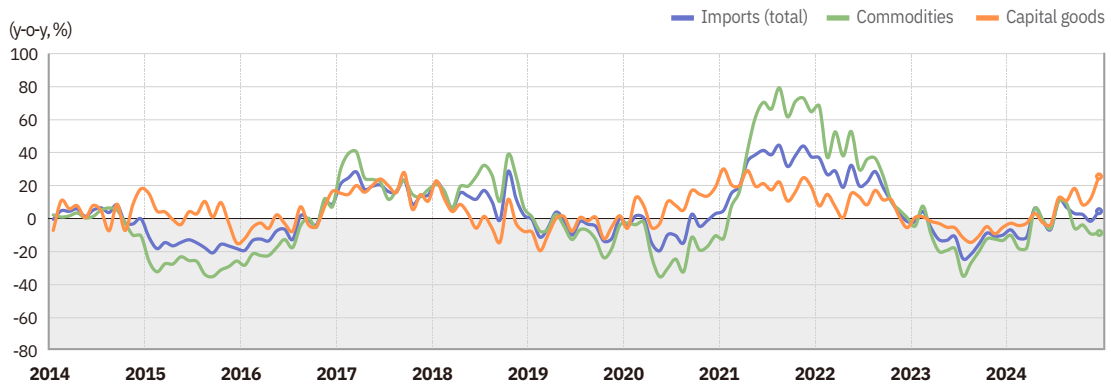
Sources: Korea Customs Service.

## Export growth by item



Sources: Korea Customs Service.

## Import growth by category



Sources: Korea Customs Service.

## 7. Employment

In December, the number of employed workers decreased by about 52,000 year-on-year to 28,041,000 and the employment rate (*aged 15 and above*) fell by 0.3 percent point to 61.4 percent.

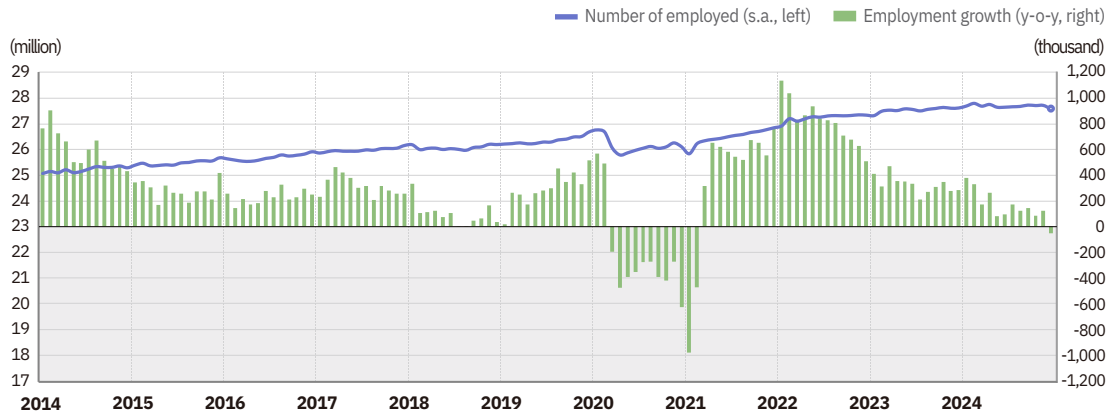
The manufacturing sector's negative employment growth trend continued to worsen, and employment growth in the services sector narrowed.

In terms of employment type, the growth in the number of permanent workers continued to grow while growth in the number of the temporary workers turned negative.

|                                       | 2022   | 2023   | 2024   | 2023  | 2024  |       |       |       |       |       |       |       |       |       |       |       |
|---------------------------------------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                       | Annual | Annual | Annual | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
| Number of employed (million)          | 28.09  | 28.42  | 28.58  | 28.09 | 27.74 | 28.04 | 28.40 | 28.69 | 28.92 | 28.91 | 28.86 | 28.80 | 28.84 | 28.85 | 28.82 | 28.04 |
| Employment rate (%)                   | 62.1   | 62.6   | 62.7   | 61.7  | 61.0  | 61.6  | 62.4  | 63.0  | 63.5  | 63.5  | 63.3  | 63.2  | 63.3  | 63.3  | 63.2  | 61.4  |
| (Seasonally adjusted)                 | -      | -      | -      | 62.6  | 62.8  | 63.0  | 62.8  | 62.9  | 62.6  | 62.6  | 62.6  | 62.7  | 62.8  | 62.7  | 62.7  | 62.3  |
| - 15 to 64                            | 68.5   | 69.2   | 69.5   | 69.2  | 68.7  | 68.7  | 69.1  | 69.6  | 70.0  | 69.9  | 69.8  | 69.8  | 69.9  | 69.8  | 69.9  | 69.4  |
| Employment growth (y-o-y, thousand)   | 816    | 327    | 159    | 285   | 380   | 329   | 173   | 261   | 80    | 96    | 172   | 123   | 144   | 83    | 123   | -52   |
| - Manufacturing                       | 135    | -43    | -6     | 10    | 20    | 38    | 49    | 100   | 38    | 9     | -11   | -35   | -49   | -33   | -95   | -97   |
| - Construction                        | 33     | -9     | -49    | 71    | 73    | 36    | 22    | 5     | -47   | -66   | -81   | -84   | -100  | -93   | -96   | -157  |
| - Services                            | 575    | 385    | 239    | 223   | 286   | 279   | 145   | 140   | 116   | 183   | 286   | 286   | 345   | 278   | 350   | 177   |
| · Wholesale & retail                  | -41    | -37    | -61    | 0     | 0     | 2     | -14   | -39   | -73   | -51   | -64   | -55   | -104  | -148  | -89   | -96   |
| · Hotels & restaurants                | 84     | 114    | 25     | 17    | -8    | -2    | 7     | 29    | 80    | 47    | 34    | 7     | 46    | 28    | 24    | 12    |
| · Healthcare & social welfare service | 180    | 143    | 83     | 94    | 104   | 72    | 50    | 93    | 94    | 120   | 117   | 63    | 75    | 97    | 113   | -3    |
| - Wage workers                        | 749    | 327    | 214    | 332   | 376   | 386   | 216   | 345   | 208   | 223   | 252   | 189   | 160   | 96    | 171   | -49   |
| · Permanent workers                   | 805    | 478    | 183    | 390   | 320   | 357   | 286   | 293   | 75    | 139   | 96    | 99    | 79    | 91    | 167   | 187   |
| · Temporary workers                   | 43     | -61    | 154    | 11    | 137   | 207   | 97    | 200   | 249   | 204   | 227   | 191   | 206   | 105   | 106   | -86   |
| · Day laborers                        | -100   | -90    | -122   | -69   | -82   | -177  | -168  | -147  | -116  | -121  | -71   | -101  | -125  | -100  | -103  | -150  |
| - Nonwage workers                     | 68     | 0      | -55    | -47   | 4     | -57   | -43   | -84   | -128  | -127  | -80   | -67   | -16   | -13   | -48   | -3    |
| · Self-employed                       | 119    | 57     | -32    | 3     | 29    | -21   | -36   | -94   | -110  | -100  | -62   | -38   | 22    | 37    | -13   | 7     |
| - Male                                | 381    | 24     | -29    | 72    | 108   | 83    | -7    | 19    | -45   | -44   | -29   | -70   | -84   | -114  | -34   | -127  |
| - Female                              | 436    | 303    | 188    | 214   | 272   | 246   | 179   | 242   | 124   | 140   | 200   | 192   | 228   | 197   | 157   | 75    |
| - 15 to 29                            | 119    | -98    | -144   | -74   | -85   | -61   | -131  | -89   | -173  | -149  | -149  | -142  | -168  | -182  | -180  | -217  |
| - 30 to 39                            | 49     | 54     | 90     | 64    | 85    | 71    | 91    | 132   | 74    | 91    | 110   | 99    | 77    | 67    | 89    | 96    |
| - 40 to 49                            | 4      | -54    | -81    | -19   | -42   | -62   | -79   | 90    | -114  | -106  | -91   | -68   | -62   | -72   | -91   | -97   |
| - 50 to 59                            | 194    | 59     | 28     | 34    | 71    | 84    | 59    | 16    | 27    | 2     | 23    | 3     | 25    | 12    | 7     | 4     |
| - 60 and above                        | 452    | 366    | 266    | 280   | 350   | 297   | 233   | 292   | 265   | 258   | 278   | 231   | 272   | 257   | 298   | 162   |

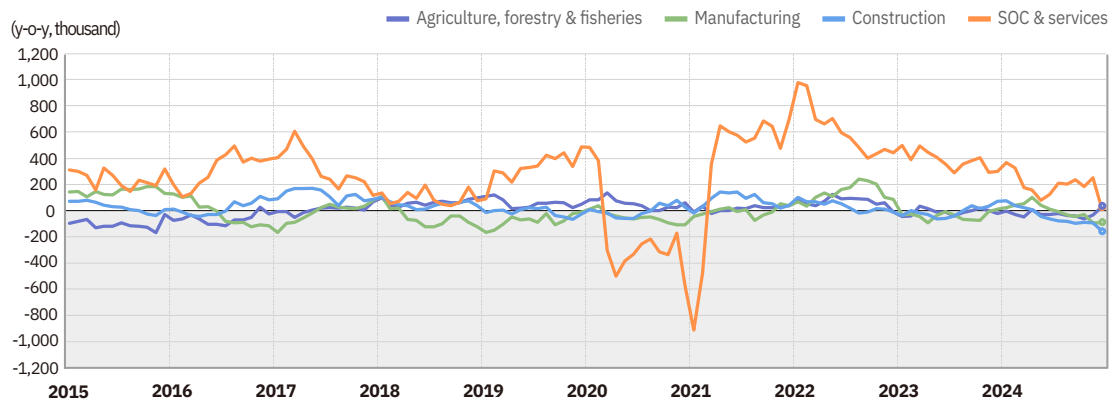
Source: Statistics Korea.

## Number of employed workers and employment growth



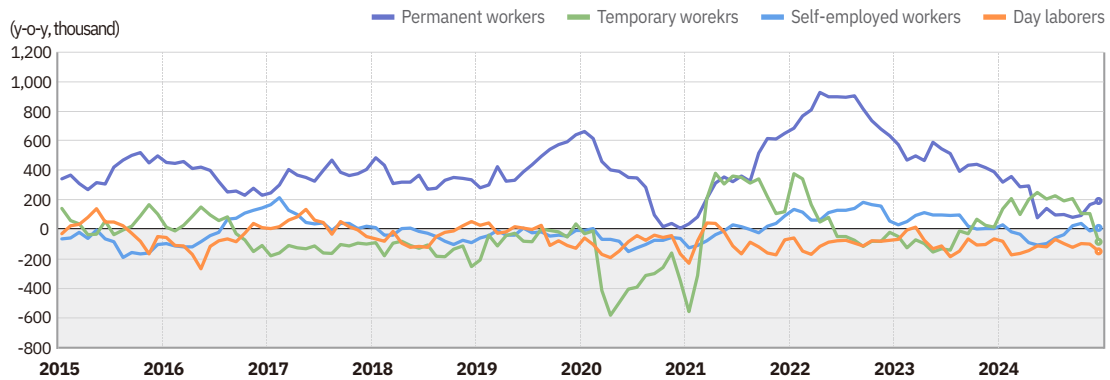
Source: Employment trends, Statistics Korea.

## 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 December, the number of unemployed workers increased by about 171,000 year-on-year to 1,115,000 and the unemployment rate rose by 0.5 percent point to 3.8 percent.

|                                       | 2022   | 2023   | 2024   | 2023 | 2024  |     |     |     |     |     |     |     |     |     |     |       |
|---------------------------------------|--------|--------|--------|------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
|                                       | Annual | Annual | Annual | Dec  | Jan   | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec   |
| Number of unemployed (thousand)       | 833    | 787    | 823    | 944  | 1,072 | 915 | 892 | 885 | 884 | 857 | 737 | 564 | 622 | 678 | 656 | 1,115 |
| Unemployment growth (y-o-y, thousand) | -205   | -46    | 36     | 78   | 48    | 25  | 52  | 81  | 97  | 50  | -70 | -9  | -39 | 51  | -21 | 171   |
| - Male                                | -129   | -14    | 18     | 46   | 29    | 29  | 35  | 48  | 75  | 44  | -38 | -1  | -26 | 22  | -32 | 29    |
| - Female                              | -76    | -32    | 18     | 32   | 19    | -5  | 17  | 33  | 21  | 6   | -32 | -8  | -13 | 29  | 11  | 141   |
| Unemployment rate (%)                 | 2.9    | 2.7    | 2.8    | 3.3  | 3.7   | 3.2 | 3.0 | 3.0 | 3.0 | 2.9 | 2.5 | 1.9 | 2.1 | 2.3 | 2.2 | 3.8   |
| (Seasonally adjusted)                 | -      | -      | -      | 3.3  | 3.0   | 2.6 | 2.8 | 2.8 | 2.8 | 2.8 | 2.5 | 2.4 | 2.5 | 2.7 | 2.7 | 3.7   |
| - 15 to 29                            | 6.4    | 5.9    | 5.9    | 5.5  | 6.0   | 6.5 | 6.5 | 6.8 | 6.7 | 6.2 | 5.5 | 4.1 | 5.1 | 5.5 | 5.5 | 5.9   |
| - 30 to 39                            | 2.7    | 2.6    | 2.7    | 2.6  | 2.8   | 3.1 | 3.2 | 2.8 | 2.9 | 3.1 | 2.8 | 2.4 | 2.2 | 2.3 | 2.2 | 2.2   |
| - 40 to 49                            | 2.0    | 1.9    | 1.9    | 1.7  | 2.2   | 2.1 | 2.2 | 2.2 | 2.2 | 2.4 | 1.8 | 1.3 | 1.5 | 1.7 | 1.7 | 1.8   |
| - 50 to 59                            | 1.7    | 1.7    | 1.8    | 1.6  | 1.9   | 1.9 | 2.2 | 2.2 | 2.0 | 1.8 | 1.5 | 1.2 | 1.4 | 1.7 | 1.6 | 1.8   |
| - 60 and above                        | 2.8    | 2.6    | 2.9    | 5.7  | 6.6   | 3.4 | 2.4 | 2.4 | 2.4 | 2.3 | 2.1 | 1.5 | 1.6 | 1.6 | 1.5 | 8.0   |

Source: Statistics Korea.

In December, the economically inactive population increased by 29,000 year-on-year to 16,498,000 and the labor force participation rate rose slightly to 63.9 percent.

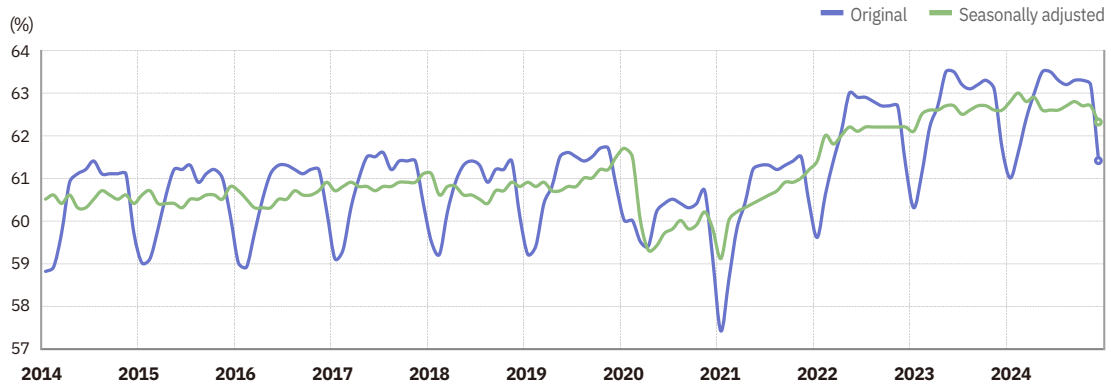
The number of people economically inactive due to child rearing and retraining fell, while the number of economically inactive due to old age and rest rose.

|  | 2022   | 2023   | 2024   | 2023 | 2024 |      |      |      |      |      |      |      |      |      |      |      |
|--|--------|--------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|  | Annual | Annual | Annual | Dec  | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  |
| Economically inactive population (million)                   | 16.3   | 16.2   | 16.2   | 16.5 | 16.7 | 16.6 | 16.2 | 16.0 | 15.7 | 15.8 | 16.0 | 16.2 | 16.1 | 16.1 | 16.2 | 16.5 |
| Labor force participation rate (%)                           | 63.9   | 64.3   | 64.5   | 63.8 | 63.3 | 63.6 | 64.3 | 65.0 | 65.4 | 65.3 | 64.9 | 64.4 | 64.6 | 64.7 | 64.6 | 63.9 |
| (Seasonally adjusted)  | -      | -      | -      | 64.6 | 64.7 | 64.7 | 64.6 | 64.7 | 64.5 | 64.4 | 64.2 | 64.2 | 64.3 | 64.4 | 64.4 | 64.7 |
| Growth in economically inactive population (y-o-y, thousand) | -432   | -134   | -32    | -190 | -267 | -183 | -63  | -174 | -12  | 21   | 89   | 48   | 54   | 21   | 50   | 29   |
| - Childcare  | -125   | -140   | -113   | -138 | -102 | -102 | -110 | -142 | -136 | -115 | -121 | -131 | -122 | -112 | -89  | -68  |
| - Housework  | -53    | -1     | 45     | 13   | -21  | 49   | 34   | 7    | 63   | 58   | 53   | 61   | 62   | 50   | 90   | 34   |
| - Retraining   | -136   | 11     | -54    | -20  | -46  | -27  | -55  | -92  | -54  | -67  | -24  | -45  | -48  | -56  | -78  | -58  |
| - Old age  | 121    | -31    | 47     | 87   | 71   | 61   | 78   | 85   | 120  | 103  | 13   | 3    | -3   | 6    | 4    | 22   |
| - Rest   | -122   | 74     | 117    | -124 | -108 | -61  | 30   | 38   | 87   | 129  | 243  | 245  | 231  | 207  | 179  | 179  |
| - Job seeking  | -78    | -88    | -48    | -36  | -56  | -49  | -9   | -32  | -76  | 58   | -46  | -52  | -63  | -24  | -62  | -55  |

Source: Statistics Korea.

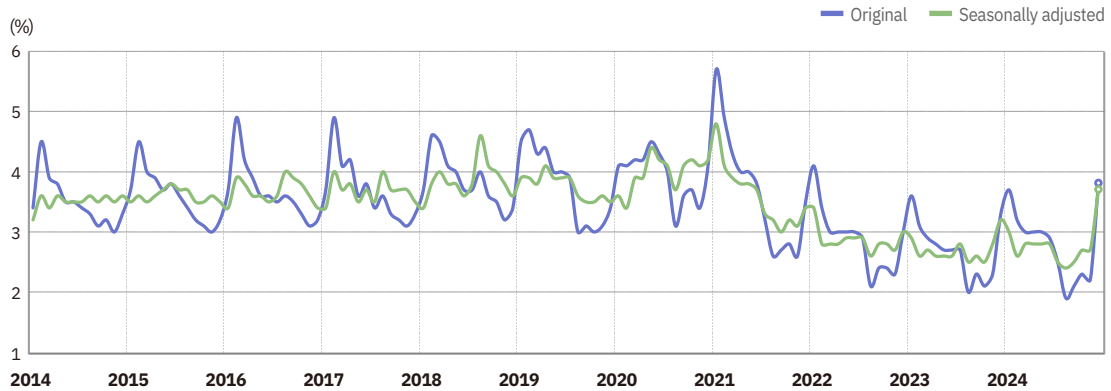


## Employment rate



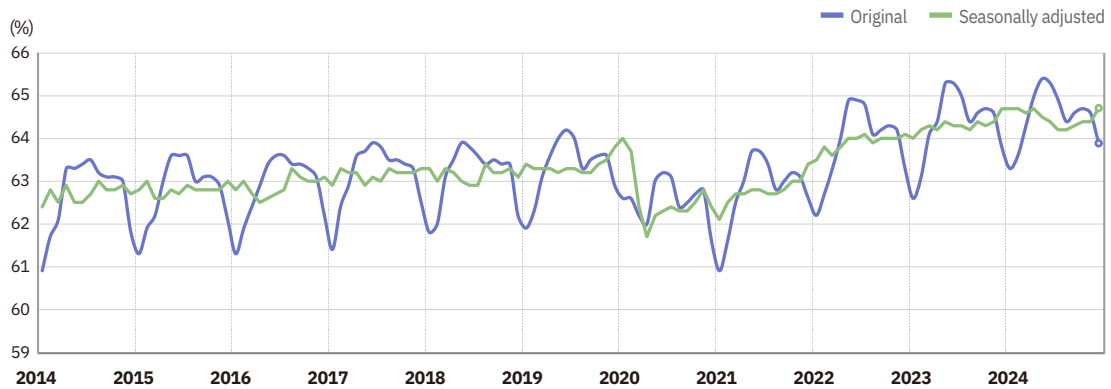
Source: Employment trends, Statistics Korea.

## Unemployment rate



Source: Employment trends, Statistics Korea.

## Labor force participation



Source: Employment trends, Statistics Korea.

## 8. Prices

In December, the Consumer Price Index (CPI) grew 1.9 percent from a year ago and rose 0.4 percent month-on-month due to an increase in the price of farm and fishery products and higher oil prices.

The prices of consumer goods excluding food and energy rose 1.8 percent year-on-year in December. The prices of consumer goods excluding crops and oil products rose 1.8 percent.

The index of prices for basic necessities rose 2.2 percent year-on-year in December. The fresh food price index rose 2.9 percent.

(Percentage change from same period in previous year)

|   | 2023 |     |     |      |      |      | 2024 |      |      |      |      |      |     |     |     |     |      |     |
|---|------|-----|-----|------|------|------|------|------|------|------|------|------|-----|-----|-----|-----|------|-----|
|   | Jul  | Aug | Sep | Oct  | Nov  | Dec  | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul | Aug | Sep | Oct | Nov  | Dec |
| <b>CPI (y-o-y)</b>                      | 2.4  | 3.4 | 3.7 | 3.8  | 3.3  | 3.2  | 2.8  | 3.1  | 3.1  | 2.9  | 2.7  | 2.4  | 2.6 | 2.0 | 1.6 | 1.3 | 1.5  | 1.9 |
| <b>(m-o-m)</b>                          | 0.1  | 0.9 | 0.5 | 0.4  | -0.5 | 0.0  | 0.4  | 0.5  | 0.1  | 0.0  | 0.1  | -0.2 | 0.3 | 0.4 | 0.1 | 0.0 | -0.3 | 0.4 |
| <b>Excluding food and energy</b>        | 3.2  | 3.1 | 3.1 | 3.1  | 2.9  | 2.8  | 2.5  | 2.5  | 2.4  | 2.3  | 2.2  | 2.2  | 2.2 | 2.1 | 2.0 | 1.8 | 1.9  | 1.8 |
| <b>Excluding crops and oil products</b> | 3.8  | 3.7 | 3.7 | 3.5  | 3.2  | 3.1  | 2.6  | 2.6  | 2.4  | 2.2  | 2.0  | 2.0  | 2.1 | 1.9 | 1.8 | 1.7 | 1.8  | 1.8 |
| <b>Basic necessities</b>                | 2.0  | 3.9 | 4.4 | 4.5  | 3.9  | 3.7  | 3.4  | 3.7  | 3.8  | 3.5  | 3.1  | 2.8  | 3.0 | 2.1 | 1.5 | 1.2 | 1.6  | 2.2 |
| <b>Fresh food</b>                       | 2.2  | 6.6 | 7.6 | 13.3 | 13.7 | 14.5 | 14.4 | 20.0 | 19.5 | 19.1 | 17.3 | 11.7 | 7.7 | 3.2 | 3.4 | 1.6 | 0.4  | 2.9 |

Source: Statistics Korea.

In December, the prices of farm and fishery products grew at a faster rate than the previous month as vegetable and fishery prices continued to rise sharply.

The price of domestic oil rose again compared to last year due to the appreciation of the US Dollar and the fact that oil prices were lower during the same period last year.

(Percentage change from same period in previous year)

|                          | Farm and fishery products | Manufactured products | Petroleum products | Public utilities | Housing rents | Public services | Personal services |
|--------------------------|---------------------------|-----------------------|--------------------|------------------|---------------|-----------------|-------------------|
| <b>Nov 2024</b>          | 1.0                       | 0.6                   | -5.3               | 3.0              | 0.5           | 0.9             | 2.9               |
| <b>Dec 2024</b>          | 2.6                       | 1.4                   | 1.0                | 3.0              | 0.6           | 1.0             | 2.9               |
| <b>Contribution (%p)</b> | 0.2                       | 0.5                   | 0.0                | 0.1              | 0.1           | 0.1             | 1.0               |

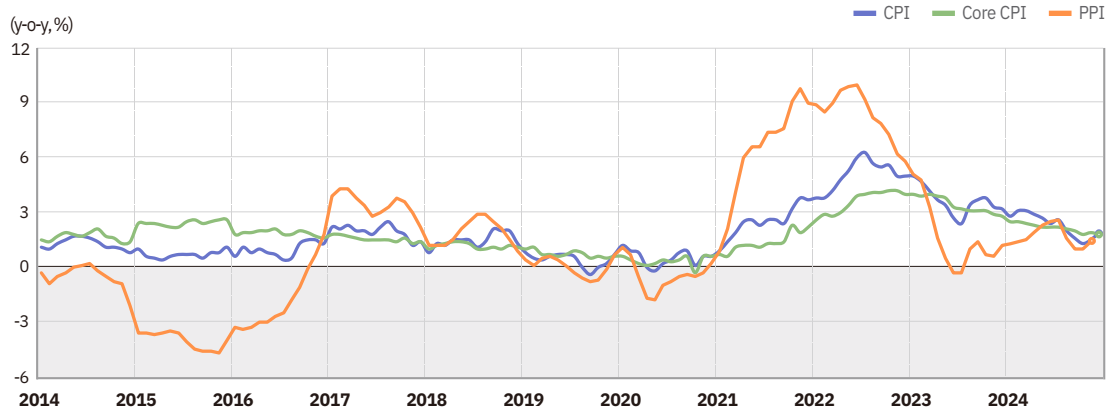
Source: Statistics Korea.

(Won/liter, period average)

|                        | 2023   | 2024   | 2023  |       |       |       | 2024  |       |       |       | 2024  |       |       |          |          |          |          |
|------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|----------|----------|----------|
|                        | Annual | Annual | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Oct   | Nov   | Dec   | 1st week | 2nd week | 3rd week | 4th week |
| <b>Gasoline prices</b> | 1,643  | 1,647  | 1,578 | 1,617 | 1,690 | 1,687 | 1,607 | 1,681 | 1,674 | 1,624 | 1,591 | 1,628 | 1,654 | 1,643    | 1,648    | 1,656    | 1,665    |
| <b>Diesel prices</b>   | 1,558  | 1,503  | 1,607 | 1,467 | 1,544 | 1,615 | 1,512 | 1,528 | 1,510 | 1,460 | 1,421 | 1,461 | 1,497 | 1,484    | 1,491    | 1,500    | 1,510    |

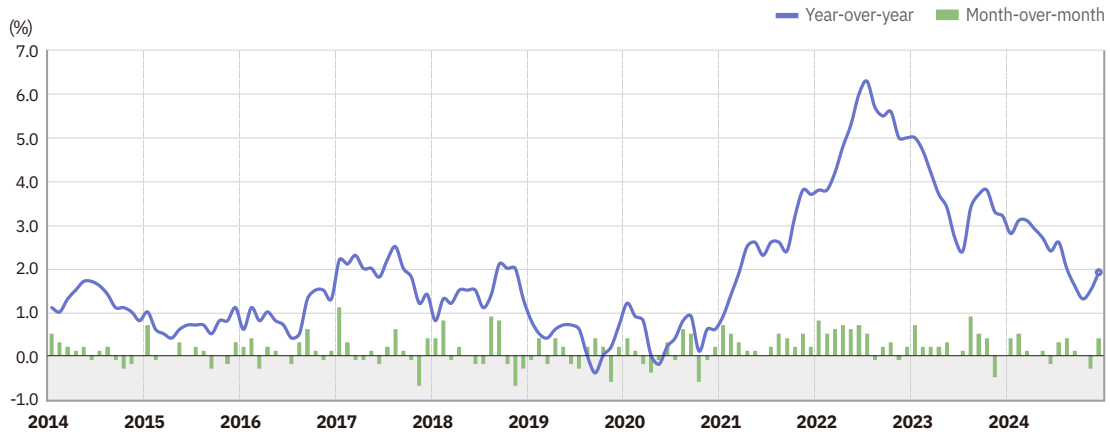
Source: Korea National Oil Corporation.

## Prices



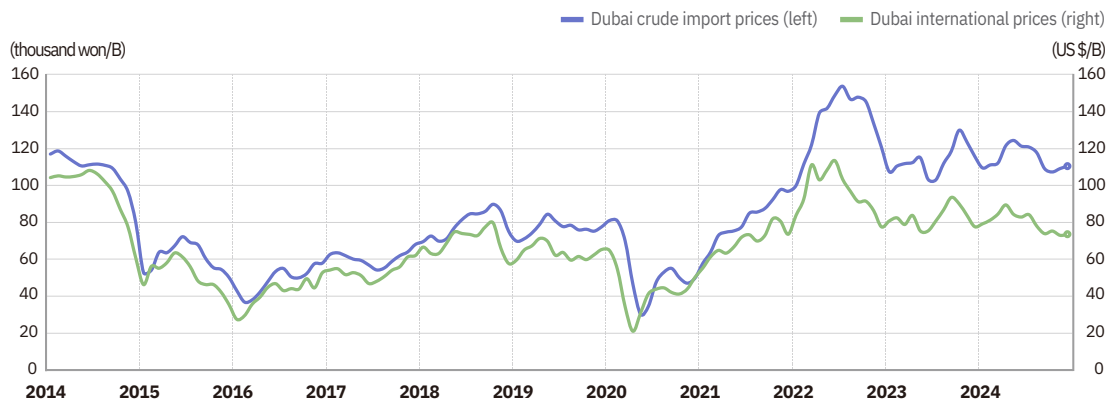
Sources: Consumer price trends, Statistics Korea; Bank of Korea.

## Consumer price inflation



Source: Consumer price trends, Statistics Korea.

## Dubai crude prices and import prices



Source: Korea National Oil Corporation.

In December, international oil prices rose as OPEC+ delayed its plan to ease production cuts again and the Chinese government announced a round of economic stimulus measures.

International grain prices remained broadly unchanged from the previous month though the changes vary among items.

Nonferrous metal prices declined amid expectations of a slowdown in demand.

(Period average)

|                            | 2023   | 2024   | 2023  |       |       |       | 2024  |       |       |       |       |       |       |
|----------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                            | Annual | Annual | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Oct   | Nov   | Dec   |
| Dubai crude <sup>1</sup>   | 82.1   | 79.6   | 80.3  | 77.6  | 86.6  | 83.7  | 81.2  | 85.3  | 78.5  | 73.6  | 74.9  | 72.6  | 73.2  |
| WTI crude <sup>1</sup>     | 77.6   | 75.8   | 76.0  | 73.6  | 82.2  | 78.5  | 76.9  | 80.7  | 75.3  | 70.3  | 71.6  | 69.5  | 69.7  |
| Brent crude <sup>1</sup>   | 82.2   | 79.9   | 82.1  | 77.7  | 85.9  | 82.9  | 81.8  | 85.0  | 78.7  | 74.0  | 75.4  | 73.4  | 73.1  |
| Reuters Index <sup>2</sup> | 3,104  | 3,086  | 3,265 | 3,040 | 3,066 | 3,045 | 2,948 | 3,110 | 3,080 | 3,203 | 3,202 | 3,211 | 3,194 |

Source: Korea National Oil Corporation; Korea PDS.

<sup>1</sup> US \$/barrel,

<sup>2</sup> A weighted average index of 17 major commodities (Sep 18, 1931=100)

### International grain prices growth in Dec 2024 (m-o-m, %)

|          |      |
|----------|------|
| Wheat    | -1.7 |
| Soybeans | -1.4 |
| Corn     | 4.2  |

Note: Monthly average prices.

### Nonferrous metal prices growth in Dec 2024 (m-o-m, %)

|          |      |
|----------|------|
| Copper   | -1.7 |
| Aluminum | -1.7 |
| Nickel   | -1.8 |

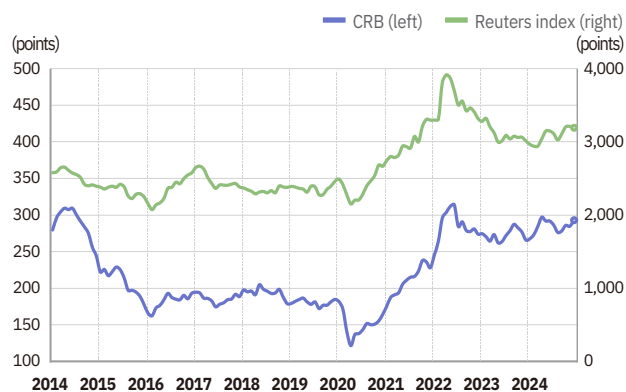
Note: Monthly average prices.

### International oil prices



Source: Korea National Oil Corporation.

### International commodity prices



Source: Korea PDS

## 9. Housing market

Nationally, housing sales prices fell 0.07 percent month-on-month in December.

Within the Seoul metropolitan area, housing sales prices stayed unchanged, increasing 0.08 percent in Seoul, remaining unchanged in Gyeonggi Province, and decreasing 0.27 percent in Incheon.

In the areas excluding the Seoul metropolitan, housing sales prices declined 0.14 percent, decreasing 0.20 percent in the five metropolitan cities and 0.09 percent in the eight provinces on average.

### Housing sales prices

(Percentage change from previous period)

|   | 2019   | 2020   | 2021   | 2022   | 2023   | 2023  | 2024             |       |       |       |
|---|--------|--------|--------|--------|--------|-------|------------------|-------|-------|-------|
|   | Annual | Annual | Annual | Annual | Annual | Dec   | Cumulative total | Oct   | Nov   | Dec   |
| Nationwide                                  | -0.4   | 5.4    | 9.9    | -4.7   | -3.6   | -0.10 | 0.13             | 0.07  | 0.01  | -0.07 |
| Seoul metropolitan area                     | 0.5    | 6.5    | 12.8   | -6.5   | -3.6   | -0.14 | 1.40             | 0.22  | 0.11  | 0.00  |
| - Seoul                                     | 1.2    | 2.7    | 6.5    | -4.8   | -2.0   | -0.07 | 3.18             | 0.33  | 0.20  | 0.08  |
| · Southern Seoul                            | 1.4    | 2.2    | 6.8    | -4.1   | -1.5   | -0.08 | 3.55             | 0.34  | 0.21  | 0.09  |
| · Northern Seoul                            | 1.1    | 3.2    | 6.1    | -5.4   | -2.4   | -0.06 | 2.79             | 0.32  | 0.20  | 0.08  |
| Areas excluding the Seoul metropolitan area | -1.1   | 4.3    | 7.4    | -3.0   | -3.5   | -0.07 | -1.05            | -0.06 | -0.09 | -0.14 |

Source: Korea Real Estate Board.

### Housing sales prices in six major cities in Dec 2024 (m-o-m, %)

| Busan | Daegu | Gwangju | Daejeon | Ulsan | Sejong |
|-------|-------|---------|---------|-------|--------|
| -0.18 | -0.40 | -0.12   | -0.12   | -0.03 | -0.22  |

Source: Korea Real Estate Board.

Nationally, housing rental prices rose 0.01 percent month-on-month in December.

By region, housing rental prices increased 0.03 percent in the Seoul metropolitan area and fell 0.01 percent in other areas.

### Housing rental prices

(Percentage change from previous period)

|   | 2019   | 2020   | 2021   | 2022   | 2023   | 2023 | 2024             |      |      |       |
|---|--------|--------|--------|--------|--------|------|------------------|------|------|-------|
|   | Annual | Annual | Annual | Annual | Annual | Dec  | Cumulative total | Oct  | Nov  | Dec   |
| Nationwide                                  | -1.3   | 4.6    | 6.5    | -5.6   | -5.1   | 0.12 | 1.26             | 0.16 | 0.09 | 0.01  |
| Seoul metropolitan area                     | -0.8   | 5.6    | 7.7    | -8.0   | -5.7   | 0.23 | 3.10             | 0.33 | 0.19 | 0.03  |
| - Seoul                                     | -0.4   | 3.7    | 4.9    | -6.5   | -5.3   | 0.25 | 3.25             | 0.30 | 0.15 | 0.02  |
| · Southern Seoul                            | -0.5   | 4.4    | 5.1    | -6.9   | -5.8   | 0.29 | 2.89             | 0.29 | 0.11 | 0.00  |
| · Northern Seoul                            | -0.4   | 2.9    | 4.7    | -6.2   | -4.7   | 0.22 | 3.63             | 0.31 | 0.18 | 0.44  |
| Areas excluding the Seoul metropolitan area | -1.7   | 3.7    | 5.5    | -3.3   | -4.4   | 0.02 | -0.44            | 0.01 | 0.01 | -0.01 |

Source: Korea Real Estate Board.

### Housing rental prices in major districts in Dec 2024 (m-o-m, %)

| Gangnam | Seocho | Songpa | Nowon | Seongdong |
|---------|--------|--------|-------|-----------|
| 0.15    | 0.20   | -0.15  | 0.17  | 0.20      |

Source: Korea Real Estate Board.

There were 49,114 housing sales transactions in November, decrease of 13.2 percent month-on-month (56,579 in October 2024) and increased of 8.1 percent year-on-year (45,415 in November 2023).

### Housing sales transactions

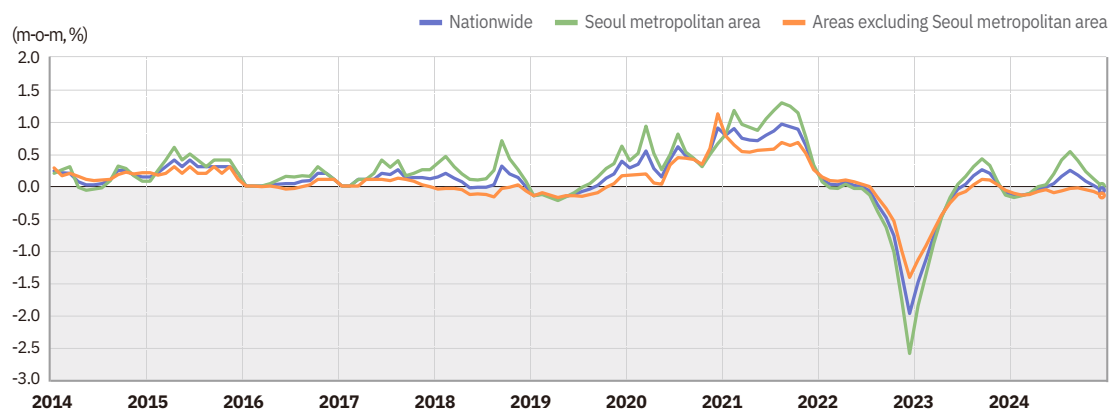
(Thousand)

|            | 2020                | 2021                | 2022                | 2023                | 2023 |     | 2024 |     |     |     |     |     |     |     |     |     |     |
|------------|---------------------|---------------------|---------------------|---------------------|------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|            | Annual <sup>1</sup> | Annual <sup>1</sup> | Annual <sup>1</sup> | Annual <sup>1</sup> | Nov  | Dec | Jan  | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| Nationwide | 107                 | 85                  | 42                  | 46                  | 45   | 38  | 43   | 43  | 53  | 58  | 57  | 56  | 68  | 61  | 51  | 57  | 49  |

<sup>1</sup> Monthly average.

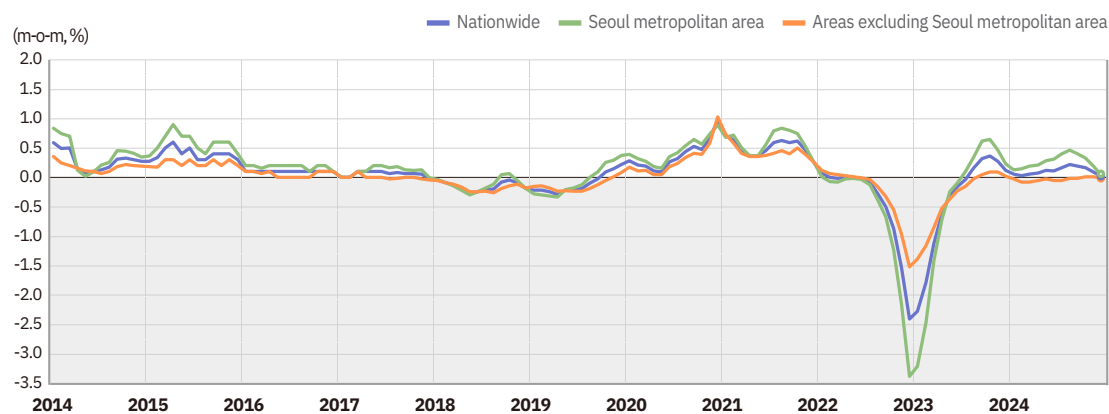
Source: Ministry of Land, Infrastructure and Transport.

### Housing sales prices



Source: Korea Real Estate Board

### Housing rental prices



Source: Korea Real Estate Board



# Financial Markets

## 1. Stock market

The Korean equity markets, KOSPI and KOSDAQ, fell in December amid the political instability in Korea and growing expectations of fewer interest rate cuts by the US Fed.

|                                      | KOSPI    |          |                | KOSDAQ   |          |               |
|--------------------------------------|----------|----------|----------------|----------|----------|---------------|
|                                      | Nov 2024 | Dec 2024 | Change         | Nov 2024 | Dec 2024 | Change        |
| Stock price index (points)           | 2,455.9  | 2,399.5  | -56.4 (-2.30%) | 678.2    | 678.2    | -0 (-0.00%)   |
| Market capitalization (trillion won) | 2,011.4  | 1,963.3  | -48.1 (-2.39%) | 337.8    | 340.2    | 2.4 (0.71%)   |
| Daily trade (trillion won)           | 9.9      | 8.7      | -1.2 (-12.12%) | 7.0      | 6.5      | -0.5 (-7.14%) |
| Foreign stock ownership (% , %p)     | 32.48    | 32.22    | -0.26 (-0.80%) | 9.82     | 9.89     | 0.07 (0.71%)  |

Source: Korea Exchange.

Note: The figures are closing rate.

## 2. Bond market

The government issued 7.8 trillion won worth of Treasury bonds in November.

(End-period, trillion won)

|                                      | 2021   | 2022   | 2023   | 2024   | 2023 | 2024 |      |      |      |      |      |      |      |      |     |     |     |
|--------------------------------------|--------|--------|--------|--------|------|------|------|------|------|------|------|------|------|------|-----|-----|-----|
|                                      | Annual | Annual | Annual | Annual | Dec  | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct | Nov | Dec |
| Treasury bonds issuance <sup>1</sup> | 180.5  | 168.6  | 165.7  | 157.7  | 4.0  | 12.5 | 17.5 | 18.4 | 15.0 | 18.5 | 18.3 | 15.8 | 11.8 | 10.8 | 9.9 | 7.8 | 1.4 |

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

<sup>1</sup> Issuance limit is 158.4 trillion won in 2024.

Korean Treasury bond yields fell following the BOK's lowering of benchmark interest rate.

### Yields to maturity in Dec 2024 (m-o-m, basis points)

| 3 yrs | 5 yrs | 10 yrs | 20 yrs | 30 yrs |
|-------|-------|--------|--------|--------|
| -1    | 11    | 10     | 18     | 16     |

(Percent per annum)

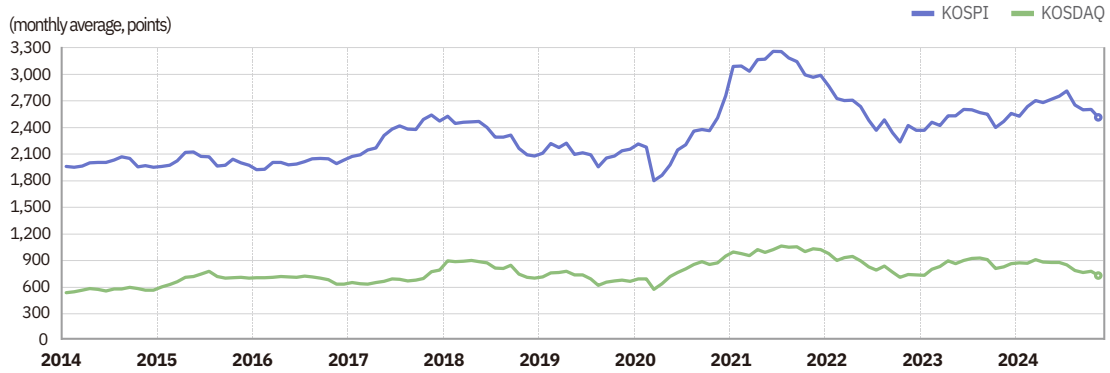
|                         | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |      |                     |
|-------------------------|------|------|------|------|------|------|------|------|------|---------------------|
|                         | Dec  | Dec  | Dec  | Dec  | Dec  | Dec  | Dec  | Nov  | Dec  | Change <sup>1</sup> |
| Call rate (1 day)       | 1.58 | 1.89 | 1.39 | 0.61 | 1.44 | 3.38 | 3.91 | 3.07 | 3.33 | 26                  |
| CD (91 days)            | 1.66 | 1.93 | 1.53 | 0.66 | 1.29 | 3.98 | 3.83 | 3.29 | 3.39 | 10                  |
| Treasury bonds (3 yrs)  | 2.14 | 1.82 | 1.36 | 0.98 | 1.80 | 3.72 | 3.15 | 2.61 | 2.60 | -1                  |
| Treasury bonds (5 yrs)  | 2.34 | 1.88 | 1.48 | 1.34 | 2.01 | 3.74 | 3.16 | 2.65 | 2.76 | 11                  |
| Corporate bonds (3 yrs) | 2.68 | 2.29 | 1.94 | 2.21 | 2.42 | 5.23 | 3.90 | 3.19 | 3.28 | 9                   |

Source: Bank of Korea.

Note: Figures are closing rate.

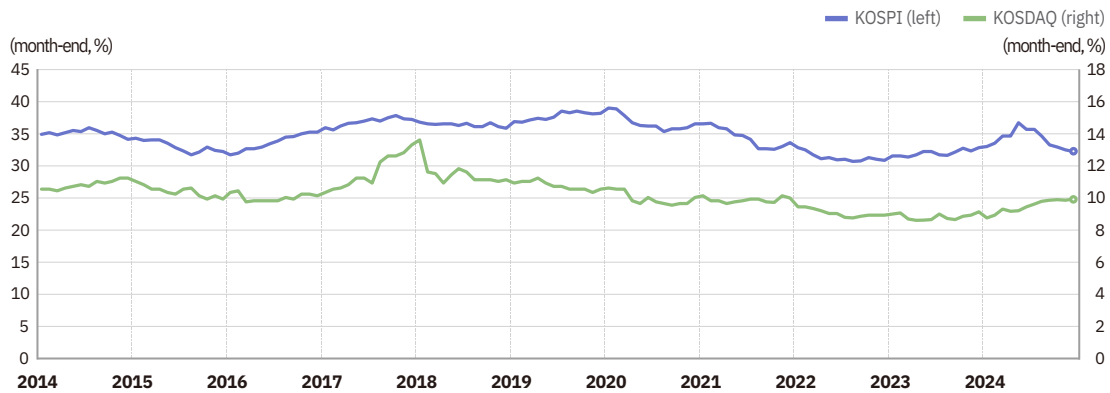
<sup>1</sup> Change from the previous month as of end-Dec 2024, basis point.

## Stock prices



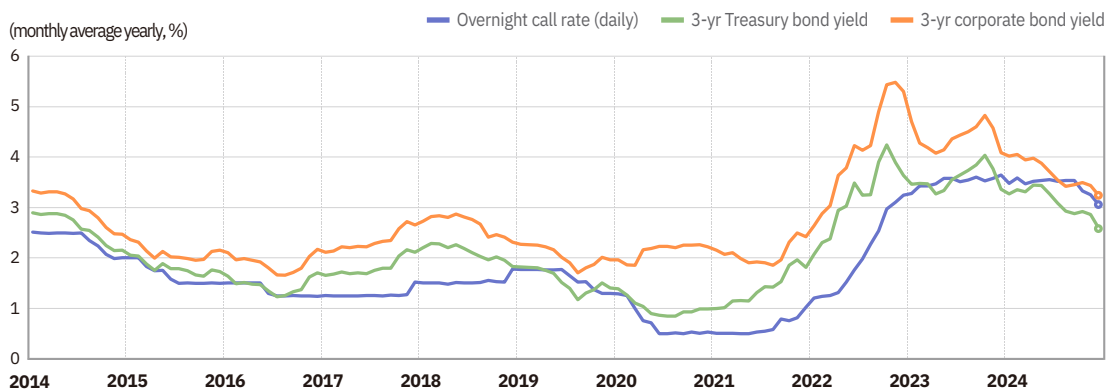
Source: Korea Exchange

## Foreign stock ownership



Sources: Financial Supervisory Service, Korea Exchange

## Interest rates



Source: Bank of Korea

### 3. Foreign exchange market

The won weakened against the US Dollar in December compared to the previous month.

|             | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    |         |                     |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------------------|
|             | Dec     | Dec     | Dec     | Dec     | Dec     | Nov     | Dec     | Change <sup>1</sup> |
| Dollar-Won  | 1,156.4 | 1,086.3 | 1,188.8 | 1,264.5 | 1,288.0 | 1,394.7 | 1,472.5 | -5.3                |
| 100 Yen-Won | 1,059.8 | 1,051.2 | 1,032.5 | 945.6   | 912.25  | 920.9   | 943.3   | -0.3                |
| Yuan-Won    | 165.6   | 167.0   | 186.6   | 181.6   | 181.17  | 192.7   | 202.6   | -4.3                |

Source: Bank of Korea.

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

<sup>1</sup> Appreciation from the end of the previous month as of end- Dec 2024, %.

### 4. Money market

M2 (*monthly average*) rose 6.4 percent year-on-year in November.

(Percentage change from same period in previous year)

|                 | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024             |     |                  |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|-----|------------------|
|                 | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Oct <sup>1</sup> | Nov | Nov <sup>2</sup> |
| M1 <sup>3</sup> | 15.4   | 9.2    | 4.9    | 4.3    | 20.8   | 21.0   | 4.0    | -10.5  | 3.1              | 4.1 | 273.9            |
| M2              | 7.3    | 5.5    | 6.3    | 7.0    | 9.3    | 11.7   | 8.5    | 2.9    | 6.5              | 6.4 | 4,146.7          |
| Lf <sup>4</sup> | 8.1    | 6.7    | 7.0    | 7.9    | 8.3    | 9.8    | 7.5    | 3.1    | 6.2              | 6.1 | 5,640.3          |

Source: Bank of Korea.

<sup>1</sup> Preliminary.

<sup>2</sup> Period-average, trillion won.,

<sup>3</sup> M1 excludes corporate MMFs and individual MMFs, and includes CMAs.

<sup>4</sup> Liquidity aggregates of financial institutions (mostly identical with M3).

In December, the deposits of banks increased by 16.5 trillion won, while the deposits of Asset Management Companies (AMC) decreased by 23.3 trillion won.

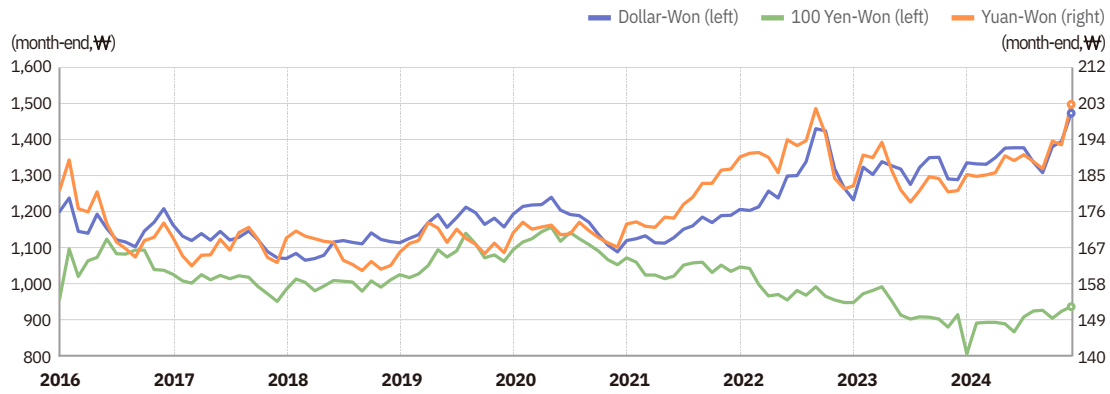
(Change from the end of the previous period, trillion won)

|               | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024  |      |      |       |                  |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|------|------|-------|------------------|
|               | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Sep   | Oct  | Nov  | Dec   | Dec <sup>1</sup> |
| Bank deposits | 80.8   | 79.5   | 91.6   | 106.3  | 188.4  | 198.5  | 107.4  | 76.4   | 18.9  | 8.4  | 18.9 | 16.5  | 2,434.5          |
| AMC deposits  | 47.6   | 27.9   | 53.8   | 98.6   | 42.2   | 93.9   | 44.4   | 93.7   | -14.6 | 29.6 | 8.7  | -23.3 | 1,042.0          |

Source: Bank of Korea.

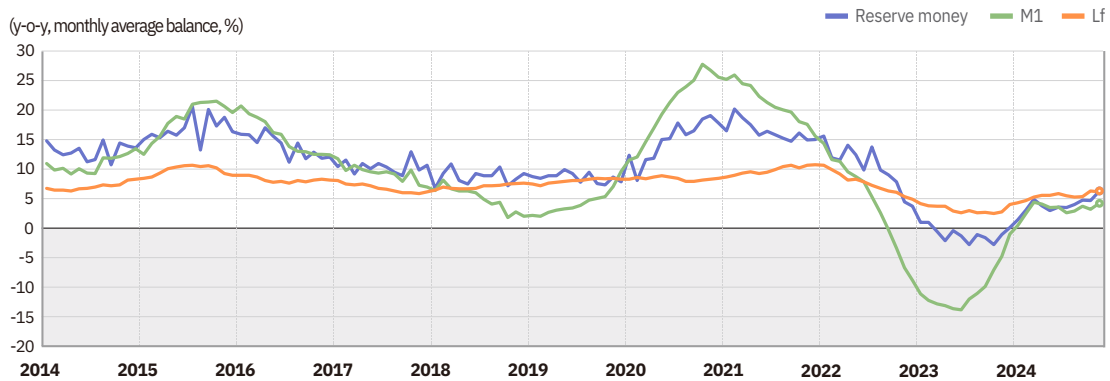
<sup>1</sup>Balance at end- Dec 2024.

## Foreign exchange rates



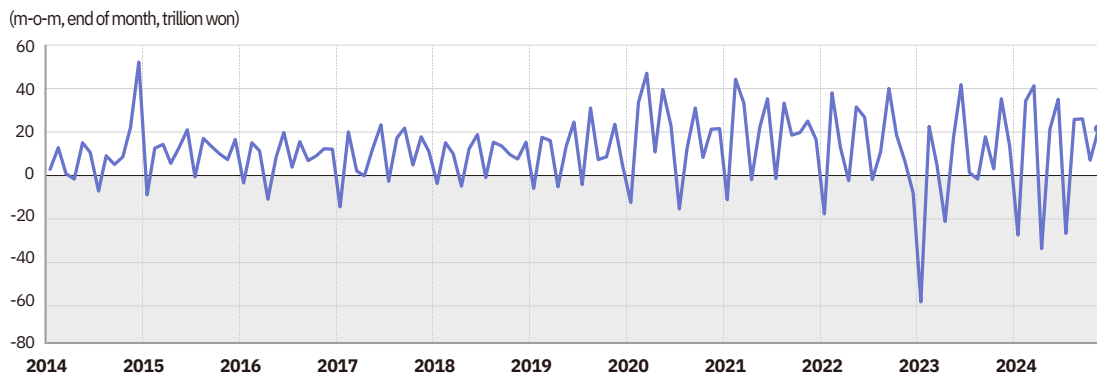
Source: Bank of Korea.

## 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 month-on-month, totaling US \$415.6 billion as of the end of December.

(US \$ billion)

|                             | 2020  | 2021  | 2022  | 2023  | 2024  |                |                |
|-----------------------------|-------|-------|-------|-------|-------|----------------|----------------|
|                             |       |       |       |       | Oct   | Nov            | Change (m-o-m) |
| Official foreign reserves   | 443.1 | 463.1 | 423.2 | 420.2 | 415.4 | 415.6 (100.0%) | 0.2            |
| - Securities <sup>1</sup>   | 409.8 | 421.7 | 369.7 | 373.7 | 372.4 | 366.7 (88.2%)  | -5.7           |
| - Deposits                  | 20.3  | 16.6  | 29.3  | 22.0  | 19.1  | 25.2 (6.1%)    | 6.1            |
| - SDRs                      | 3.4   | 15.4  | 14.8  | 15.1  | 14.9  | 14.7 (3.5%)    | -0.2           |
| - IMF position <sup>2</sup> | 4.8   | 4.6   | 4.5   | 4.6   | 4.2   | 4.2 (1.0%)     | 0.0            |
| - Gold                      | 4.8   | 4.8   | 4.8   | 4.8   | 4.8   | 4.8 (1.2%)     | 0.0            |

Source: Bank of Korea.

<sup>1</sup> Including government bonds, government agency bonds, debentures, MBSs, ABSs, etc.

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

## 6. External debt

External debt amounted to US \$702.7 billion as of the third quarter of 2024, up US \$44.4 billion quarter-on-quarter. Short-term debt was US \$158.7 billion (*up US \$16.8 billion q-o-q*), and long-term debt was US \$544.0 billion (*up US \$27.6 billion q-o-q*). Net external assets decreased by US \$3.4 billion to US \$378.0 billion.

(End-period, US \$billion)

|  | 2023 <sup>1</sup> |         |         |         | 2024 <sup>1</sup> |         |         | Change (q-o-q) |
|--|-------------------|---------|---------|---------|-------------------|---------|---------|----------------|
|  | Q1                | Q2      | Q3      | Q4      | Q1                | Q2      | Q3      |                |
| External assets (in debt instruments, A) | 1,039.1           | 1,035.1 | 1,017.4 | 1,044.5 | 1,052.1           | 1,039.7 | 1,080.7 | 41.0           |
| Total debt (B)                           | 673.0             | 674.2   | 659.8   | 672.5   | 667.5             | 658.3   | 702.7   | 44.4           |
| - Short-term                             | 178.8             | 166.1   | 146.1   | 140.7   | 141.0             | 142.0   | 158.7   | 16.8           |
| - Long-term                              | 494.2             | 508.1   | 513.7   | 531.9   | 526.5             | 516.3   | 544.0   | 27.6           |
| Short-term/Total debt (%)                | 26.6              | 24.6    | 22.1    | 20.9    | 21.1              | 21.6    | 22.6    | 1.0%p          |
| Short-term/Reserve assets (%)            | 42.0              | 39.4    | 35.3    | 33.5    | 33.6              | 34.4    | 37.8    | 3.4%p          |
| Net external assets (A-B)                | 366.1             | 360.8   | 357.6   | 372.0   | 384.6             | 381.5   | 378.0   | -3.4           |

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

<sup>1</sup> Preliminary.

# Public Finance

## 1. Fiscal balance

The consolidated fiscal balance recorded a deficit of 28.2 trillion won in November, an increase of 8.7 trillion won y-o-y. The managed fiscal balance also recorded a deficit of 81.3 trillion won, an increase of 16.4 trillion won y-o-y.

(Trillion won, percent)

|  | 2023            |                |                     |         |         | 2024 <sup>1</sup> |                     |         |         | Change |
|--|-----------------|----------------|---------------------|---------|---------|-------------------|---------------------|---------|---------|--------|
|  | Main budget (a) | Settlement (b) | Nov (Cumulative, c) | (c)/(a) | (c)/(b) | Main budget (d)   | Nov (Cumulative, e) | (e)/(d) | (e)-(c) |        |
| A. Total revenue                         | 625.7           | 573.9          | 529.2               | 84.6    | 92.2    | 612.2             | 542.0               | 88.5    | 12.8    |        |
| B. Total spending                        | 638.7           | 610.7          | 548.6               | 85.9    | 89.8    | 656.6             | 570.1               | 86.8    | 21.5    |        |
| C. Consolidated fiscal balance (A-B)     | -13.1           | -36.8          | -19.5               | -       | -       | -44.4             | -28.2               | -       | -8.7    |        |
| D. Net social security fund <sup>2</sup> | 45.1            | 50.3           | 45.5                | -       | -       | 47.2              | 53.1                | -       | 7.7     |        |
| E. Managed fiscal balance (C-D)          | -58.2           | -87.0          | -64.9               | -       | -       | -91.6             | -81.3               | -       | -16.4   |        |

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

<sup>1</sup> Preliminary.

<sup>2</sup> National Pension Fund, Private School Personnel Pension Fund, Industrial Accident Compensation Insurance & Prevention Fund and Employment Insurance Fund.

## Fiscal balance and outlook

(Trillion won)

|                             | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020   | 2021  | 2022   | 2023  | 2024  |
|-----------------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|
| Consolidated fiscal balance | 8.5   | -0.2  | 16.9  | 24.0  | 31.2  | -12.0 | -71.2  | -30.4 | -64.6  | -36.8 | -52.9 |
| Managed fiscal balance      | -29.5 | -38.0 | -22.7 | -18.5 | -10.6 | -54.4 | -112.0 | -90.5 | -117.0 | -87.0 | -91.5 |

## 2. Government debt

The total amount of central government debt in November was 1,159.5 trillion won, increase of 4.1 trillion won from a month earlier. Korean Treasuries totaled 1,158.1 trillion won, followed by bonds at 1,066.7 trillion won, national housing bonds at 79.6 trillion won, and foreign exchange stabilization bonds at 11.8 trillion won.

(Trillion won)

|  | 2018   | 2019   | 2020   | 2021   | 2022    | 2023    | 2024 <sup>1</sup> |         |
|--|--------|--------|--------|--------|---------|---------|-------------------|---------|
|  | Annual | Annual | Annual | Annual | Annual  | Annual  | Oct               | Nov     |
| Central gov't debt                     | 651.8  | 699.0  | 819.2  | 939.1  | 1,033.4 | 1,092.5 | 1,155.5           | 1,159.5 |
| (% of GDP)                             | 34.3   | 36.3   | 42.2   | 45.1   | 47.8    | 48.9    | -                 | -       |
| - Treasuries (total) <sup>2</sup>      | 648.4  | 696.3  | 815.2  | 937.0  | 1,031.5 | 1,091.1 | 1,154.1           | 1,158.1 |
| · Bonds                                | 567.0  | 611.5  | 726.8  | 843.7  | 937.5   | 998.0   | 1,062.4           | 1,066.7 |
| · National housing bonds               | 73.3   | 76.4   | 78.9   | 82.2   | 82.2    | 81.6    | 79.9              | 79.6    |
| · Foreign exchange stabilization bonds | 8.0    | 8.3    | 9.5    | 11.2   | 11.8    | 11.5    | 11.8              | 11.8    |
| - Loans                                | 3.2    | 2.6    | 3.3    | 2.0    | 1.9     | 1.2     | 1.2               | 1.2     |
| - Treasury commitments                 | 0.2    | 0.1    | 0.7    | 0.1    | 0.1     | 0.2     | 0.2               | 0.2     |

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

<sup>1</sup> Preliminary.

<sup>2</sup> Including debt-equity swap securities for international organizations.





# Policy Issue

- **2025 Economic Policy Directions**

The government has devised the 2025 economic policy directions with the goal of ensuring the economy is managed as stably as possible in response to growing domestic and external uncertainties.

The policy directions focus on four pillars: improving the livelihoods of Koreans, managing external creditworthiness, reacting to the vagueness in the international trade environment, and increasing industrial competitiveness.

# 2025 Economic Policy Directions

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## Current Economic Situation and Outlook for 2025

The Korean economy's future growth outlook is increasingly becoming uncertain amid a weak recovery of domestic demand and slowing export growth.

The external environment is also challenging. Changes in trade and industrial environment caused by policy shifts of major economies and greater international competition in advanced industries pose significant challenges for the Korean economy.

Considering these domestic and external challenges, the economy is expected to grow by 2.1% in 2024 and 1.8% in 2025.

Korean exports are facing greater downward pressure due to external factors. Moreover, domestic demand is expected to be constrained by weak construction activity and depressed economic sentiment, although inflation rates have mitigated and high interest rates has eased.

This year inflation is expected to decelerate to 1.8%, which is lower than last year's figure of 2.3%, aided by a decline in international oil prices. However, uncertainties stemming from geopolitical risks may persist.

The number of employed people is expected to increase by only 120,000, a smaller increase than last year.

## 2025 Economic Policy Directions

The government has devised the 2025 economic policy directions with the goal of ensuring the economy is managed as stably as possible in response to growing domestic and external uncertainties.

The policy directions focus on four pillars: improving the livelihoods of Koreans, managing external creditworthiness, reacting to the vagueness in the international trade environment, and increasing industrial competitiveness.

### **I. The government will make all-out effort to achieve a swift recovery of the public's livelihoods.**

#### **1. The government's urgent priorities are to improve economic sentiment and to stimulate recovery in domestic demand and overall economic activity.**

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To this end, the government will take unprecedented actions to provide swift support for the public's livelihoods:

- We will mobilize a total of KRW 18 trillion in available resources by expanding and accommodating major fund project plans, increasing investments by public institutions, promoting private sector investments, and providing additional policy financing.
- We will also expedite the implementation of planned projects in the first half of the year to a record-high 67%. In particular, a total of KRW 85 trillion is allocated to the sectors related to improving the economy and the public's livelihood, and up to 70% of the amount is expected to be implemented by the first half of the year.

- Urgent projects critical to the public and businesses will be implemented immediately at the start of the year through streamlined administrative procedures, relaxed requirements, and advanced national funding disbursement to enhance policy impact.
- Key initiatives to support the livelihoods of Koreans will be fast-tracked to increase effectiveness, such as the early launch of senior job programs, the expedited disbursement of youth employment incentives, and the accelerated payment of eco-friendly vehicle subsidies.
- We will temporarily reduce the specific consumption tax on automobiles during the first half of the year and immediately launch discount campaigns for agricultural, livestock, and fisheries products starting in early January. Additionally, we will offer one million accommodation vouchers for non-metropolitan areas to boost consumption and tourism in the beginning of the year.
- Effort will also be made to address the sluggish construction sector and struggling regional economies. Public housing supply will be increased by expanding new construction and increasing purchase of newly constructed rental units. Furthermore, public and private construction costs will be adjusted reflecting market realities to resolve difficulties in the industry. Tax burdens, such as comprehensive real estate tax in regional area, will also be eased.

## 2. Moreover, the government will strengthen tailored support for low-income and vulnerable groups.

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- This includes reducing key living expenses by implementing additional tariff quotas on several food items and introducing rent tax credits for married couples living apart. We will also provide a record-high level policy financing of KRW 11 trillion for low-income households.
- We will establish a 'ladder of hope for the youth' by scaling up the Youth Employment All-Care Platform and improving social integration admissions.
- To support retirement income security for middle-aged and older individuals, the government will seek to improve retirement pension yields.
- We will expand the eligibility for the New Start Fund<sup>1</sup>, raise income tax deductions for spending at small-scale taxpayer businesses, and broaden the acceptability of Onnuri gift certificate to increase sales at small businesses and to alleviate their management burdens.
- We will reinforce support for the livelihood stability of vulnerable workers, including those affected by industrial accidents, low income, and wage arrears.

## II. The government will meticulously manage external creditworthiness.

- We will ensure stable management of the foreign exchange (FX) market through structural improvements in the FX supply while maintaining ongoing communication with the international community to enhance external trust.
- We will continue efforts to advance the capital market, including the introduction of value-up tax incentives and promoting amendments to the Capital Markets Act. Moreover, we will comprehensively reform the infrastructure for government bond investments to ensure the smooth inclusion of Korean government bonds in the World Government Bond Index (WGBI).
- We will enhance the infrastructure of FX transactions for foreign investors in order to meet global standards.
- We will drastically raise incentives to attract foreign investors by allocating separate quotas for Opportunity Development Zones in non-metropolitan areas and significantly increasing cash grant limits temporarily until 2025.

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<sup>1</sup> This program adjusts debt for individual business owners or small business corporations by extending loan repayment periods, reducing interest burdens, and assisting borrowers struggling with repayment through principal adjustments. ⇨

### **III. The government will proactively respond to uncertainties in the global trade environment.**

- We will push forward with a new outward economic strategy by developing a new policy framework and action plans based on a framework that allows for flexible responses to the changing policies of major economies, through enhanced coordination among the governments such as establishing a Ministerial Roundtable on International Economic Affairs.
- We will strengthen support of supply chain management in response to shifts in the economic security landscape, provide urgent liquidity support to export companies facing challenges, and supply the largest-ever trade financing to promote exports despite challenging conditions.

### **IV. The government will commit to enhancing industrial competitiveness.**

#### **1. Above all, the government supports innovation in core industries to respond to intensifying global competition.**

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- To bolster the semiconductor ecosystem, we will shore up infrastructure support for specialized industrial zones and provide increased policy financing. In addition, we will focus on developing strategies for the automotive and battery industries to address external changes such as possible tariff increases by the new US administration and uncertainties related to the Inflation Reduction Act (IRA).
- We will step up the government's response to new demand in traditional manufacturing industries such as shipbuilding, steel, and petrochemicals, and secure competitiveness through value-added innovation.
- We will establish an innovation strategy focusing on Artificial Intelligence, biotechnology, and quantum technology as the three major game-changers, while striving to nurture new service industries and support service exports.
- We will continue to scale up key infrastructure, including support for the country's power grid and efforts to attract overseas talent.

#### **2. Furthermore, the government will make every effort to promote investment.**

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- We will apply special accelerated depreciation for facility investment to small and medium-sized enterprises, along with the largest-ever supply of funding for investment in facilities.
- We are planning to announce the 4th Investment Promotion Measures focused on resolving on-site obstacles in the first half of the year.

## **Conclusion**

The government will actively communicate with the National Assembly and shore up public-private cooperation to address major issues related to the economy and the livelihoods of Koreans.

Furthermore, the government will conduct a broad review of Korea's economy in the first quarter and consider additional measures to support the economy if necessary, taking into account the specific developments of the partner nation's economic policies, changes in economic indicators, and shifts in the domestic economy.



A long-exposure photograph of a person performing a fire dance. The person is in the center, holding a glowing circular ring of sparks. The sparks are captured as a dense, golden-yellow spray that fans out in all directions, creating a large, circular shape. The background is dark, and the ground is visible at the bottom.

# Economic News Briefing

- Korea's GDP Increased by 2.0 % in 2024 (Advance Estimate)
- Bank of Korea Maintains Benchmark Interest Rate at 3.00%
- Korea's inbound FDI Totals US \$34.6 billion in 2024



# Korea's GDP Increased by 2.0 % in 2024 (Advance Estimate)

Korea's real gross domestic product (GDP) grew by 2.0 percent in 2024, according to the Bank of Korea's advance estimate released on January 23. In the fourth quarter of 2024, the Korean economy rose 0.1 percent quarter-on-quarter and 1.2 percent year-on-year.



On the production side, the figures for agriculture, forestry and fisheries declined by 3.9 percent quarter-on-quarter. Manufacturing grew by 0.1 percent, led by increased production of chemicals and chemical products as well as computer, electronic and optical products computer but offset by decreased production in fabricated metal products. Production of electricity, gas and water supply decreased by 2.9 percent. Construction fell by 3.5 percent as building and civil engineering works both declined. Services increased by 0.3 percent due to increases in finance and insurance as well as human health and social work. However, wholesale and retail trade as well as accommodation and food services offset this growth.

On the expenditure side, private consumption grew by 0.2 percent, led by an expenditure in the semi-durable goods and services. Facility investment increased by 1.6 percent on the back of an increase in machinery, while construction investment decreased by 3.2 percent as building construction and civil engineering works both decreased. Exports grew by 0.3 percent owing to higher exports of IT items such as semiconductors. Imports fell by 0.1 percent as imports of motor vehicles and crude oil decreased.

## Real GDP growth by Production and Expenditure

(Percentage change from previous period of seasonally adjusted data; inflation adjusted at 2020 prices)

|   | 2023                |                     | 2024            |                 |                 |                 | 2024            |                 |                 |                 |
|---|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | Annual <sup>1</sup> | Annual <sup>2</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>1</sup> | Q1 <sup>1</sup> | Q2 <sup>1</sup> | Q3 <sup>1</sup> | Q4 <sup>2</sup> |
| <b>GDP</b><br>(y-o-y % change of original data) | 1.4                 | 2.0                 | 0.4<br>(1.1)    | 0.6<br>(1.0)    | 0.8<br>(1.4)    | 0.5<br>(2.1)    | 1.3<br>(3.3)    | -0.2<br>(2.3)   | 0.1<br>(1.5)    | 0.1<br>(1.2)    |
| <b>Agriculture, forestry &amp; fisheries</b>    | -2.6                | 0.6                 | -3.4            | 2.6             | -0.1            | -7.4            | 1.8             | 4.4             | 2.4             | -3.9            |
| <b>Manufacturing</b>                            | 1.7                 | 4.0                 | 1.6             | 3.0             | 1.5             | 1.2             | 0.9             | 0.8             | 0.2             | 0.1             |
| <b>Electricity, gas &amp; water supply</b>      | -2.9                | 5.0                 | -6.8            | 3.1             | 3.1             | 1.8             | -0.1            | -1.0            | 5.9             | -2.9            |
| <b>Construction</b>                             | 3.1                 | -2.6                | 1.2             | -2.7            | 3.7             | -3.5            | 5.5             | -6.0            | -1.4            | -3.5            |
| <b>Services<sup>3</sup></b>                     | 2.1                 | 1.6                 | 0.2             | 0.1             | 0.5             | 0.4             | 0.9             | 0.0             | 0.2             | 0.3             |
| <b>Private consumption</b>                      | 1.8                 | 1.1                 | 0.5             | -0.3            | 0.1             | 0.4             | 0.7             | -0.2            | 0.5             | 0.2             |
| <b>Government spending</b>                      | 1.3                 | 1.7                 | 0.4             | -2.1            | 0.3             | 0.5             | 0.8             | 0.6             | 0.6             | 0.5             |
| <b>Construction investment</b>                  | 1.5                 | -2.7                | 0.6             | 0.2             | 1.9             | -3.8            | 3.3             | -1.7            | -3.6            | -3.2            |
| <b>Facility investment</b>                      | 1.1                 | 1.8                 | -1.4            | 0.4             | -2.0            | 2.8             | -2.0            | -1.2            | 6.5             | 1.6             |
| <b>Intellectual property investment</b>         | 1.7                 | 0.7                 | -0.2            | 1.0             | 0.8             | -0.2            | 0.8             | -0.9            | 0.0             | 0.2             |
| <b>Exports</b>                                  | 3.6                 | 6.9                 | 4.2             | 1.1             | 1.9             | 3.9             | 1.8             | 1.2             | -0.2            | 0.3             |
| <b>Imports</b>                                  | 3.5                 | 2.4                 | 3.9             | -1.8            | 0.3             | 1.6             | -0.4            | 1.6             | 1.6             | -0.1            |

<sup>1</sup> Preliminary estimate.

<sup>2</sup> Advance estimate

<sup>3</sup> 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.



## Bank of Korea Maintains Benchmark Interest Rate at 3.00%

On January 16, the Bank of Korea's (BOK) Monetary Policy Committee maintained the benchmark interest rate at 3.00%.

The BOK stated that it was appropriate to maintain the base rate at the current level, amid greater downside risks to economic growth and increased volatility in the foreign exchange rate due to political concerns in Korea, while inflation has stabilized and household debt has slowed down. The central bank also reiterated its monetary policy framework of inflation targeting over the medium-term while also monitoring the economy's growth and impact of heightened foreign exchange volatility.



## Korea's inbound FDI Totals US \$34.6 billion in 2024

Inbound foreign direct investment (FDI) pledged to Korea increased by 5.7 percent year-on-year to a record high of US \$34.6 billion.

By industry, investments in manufacturing jumped by 21.6 percent year-on-year to US \$14.5 billion, hitting an all-time high. Investments increased notably in electrical and electronics (up 29.4 percent to US \$5.3 billion), machinery and precision medical devices (up 174.0 percent to US \$2.4 billion), and pharmaceuticals (up 113.2 percent to US \$0.7 billion). FDIs pledged to the service sector rose 0.3 percent to US \$17.8 billion.



By country, investments from Japan and China jumped by 375.6 percent to US \$6.1 billion and by 266.1 percent to US \$ 5.8 billion. In contrast, those from the U.S. and the EU fell by 14.6 percent to US \$5.2 billion and 18.1 percent to US \$5.1 billion, which can be attributed to the high base effect of the previous year as well as uncertainties arising from the regions' leadership changes.



## 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#>



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