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Haeundae Beach

Current Economic Trends

Economic News Briefing

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▲ **Haeundae Beach,** a Popular Beach located in the Southern Part of Korea.

Republic of Korea **Economic Bulletin**

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

August 2025 Vol.**47** No.**8**

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CONTENTS

Current Economic Trends

Economic News Briefing

Current Economic Trends

Overview

Economic Activity

1. Gross Domestic Product
2. Total Production and Composite Index of Business Indicators
3. Private consumption
4. Facility investment
5. Construction investment
6. Exports and imports
7. Employment
8. Prices
9. Housing market

Financial Markets

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

Public Finance

1. Fiscal balance
2. Government debt

Overview

In May, industrial production, services production, facilities investment, and construction investment declined, while retail sales remained unchanged. In June, the number of employed persons increased and consumer prices rose at a faster pace.

In May, total production fell *(down 1.1% m-o-m and down 0.8% y-o-y)*, as industrial production *(down 2.9% m-o-m and up 0.2% y-o-y)*, services production *(down 0.1% m-o-m and up 1.0% y-o-y)*, and construction *(down 3.9% m-o-m and down 20.8% y-o-y)* dropped.

In May, retail sales remained unchanged *(0.0% m-o-m and down 0.2% y-o-y)*, and both facilities investment *(down 4.7% m-o-m and up 7.5% y-o-y)* and construction investment *(down 3.9% m-o-m and down 20.8% y-o-y)* fell.

In June, exports increased by 4.3 percent from a year ago and average daily exports increased by 6.8 percent compared to the previous year.

In June, the Consumer Sentiment Index (CSI) rose by 6.9 points month-on-month to 108.7. The Composite Business Sentiment Index (CBSI) decreased by 0.5 points to 90.2 in June, and the CBSI outlook for July declined by 0.1 points to 89.4.

In May, the cyclical indicator of the coincident composite index and the cyclical indicator of the leading composite index decreased by 0.4 points and 0.1 point, respectively.

In June, the number of employed persons grew by 183,000 jobs compared to the previous year and the unemployment rate fell by 0.1 percent point from a year ago.

In June, the Consumer Price Index (CPI) climbed by 2.2 percent year-on-year, driven by a higher petroleum product prices and a wider increase in processed food prices. The index when excluding food and energy prices increased by 2.0 percent.

In June, Korean equity prices rose, yields for Korean Treasury Bond rose, and the Korean Won strengthened against the dollar.

In June, housing prices rose *(up 0.14% m-o-m)*, while *Jeonse* (lump-sum deposits with no monthly payments) prices also rose *(0.03% m-o-m)*.

Recently, the Korean economy has continued to face downward pressure, with delayed recovery in domestic demand – particularly in consumption and construction investment – and persistent employment challenges in vulnerable sectors. In addition, concerns over a slowdown in exports has grown amid worsening external conditions caused by U.S. tariff measures. However, some positive signs have emerged such as improving consumer sentiment.

The global economy is facing sustained volatility in global financial markets and concerns over slower trade and growth, primarily due to the worsening trade conditions driven by tariff measures imposed by major economies.

The government will make every effort to swiftly implement the 31.8 trillion won supplementary budget aimed at revitalizing the economy and improving people's livelihoods. It will also mobilize all available resources to ensure that the People's Livelihood Recovery Consumption Coupons scheduled to be distributed on July 21 serves as a catalyst for boosting domestic demand, including household consumption and regional economies. At the same time, the government will fully commit to addressing trade-related risks, including providing support for Korean companies affected by U.S. tariffs.

Economic Activity

1. Gross Domestic Product (Preliminary estimate)

In the first quarter of 2025, Korea's real Gross Domestic Product (GDP) amounted to 550.2 trillion won, and real Gross Domestic Income (GDI) was 537.2 trillion won.

(Trillion won, inflation adjusted at 2020 prices)

	2023	2024	2023				2024				2025
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
GDP	2,247.2	2,292.2	532.3	560.9	564.5	589.5	550.4	573.5	572.4	595.9	550.2
(Seasonally adjusted)	-	-	556.1	559.9	564.2	567.0	573.7	572.4	572.9	573.3	572.1
- Private consumption	1,085.4	1,097.0	270.7	266.8	271.9	276.0	273.7	268.8	275.5	279.0	275.2
- Facility investment	212.8	216.5	51.9	55.7	49.8	55.3	50.8	54.3	53.1	58.2	53.7
- Construction investment	300.0	290.2	62.5	82.4	75.9	79.2	63.5	81.4	71.2	74.1	55.0
- Total export	848.3	906.3	201.5	205.5	211.9	229.4	219.5	224.0	225.5	237.3	222.7
- Total import	752.7	771.4	193.1	181.2	184.4	194.0	191.7	187.2	193.0	199.6	195.7
GDI	2,155.5	2,240.3	505.5	532.6	546.3	571.0	537.9	557.9	560.8	583.8	537.2
(Seasonally adjusted)	-	-	529.5	531.9	544.2	549.9	560.4	558.1	559.3	562.5	559.0

Source: Bank of Korea.
[1] Preliminary estimate.

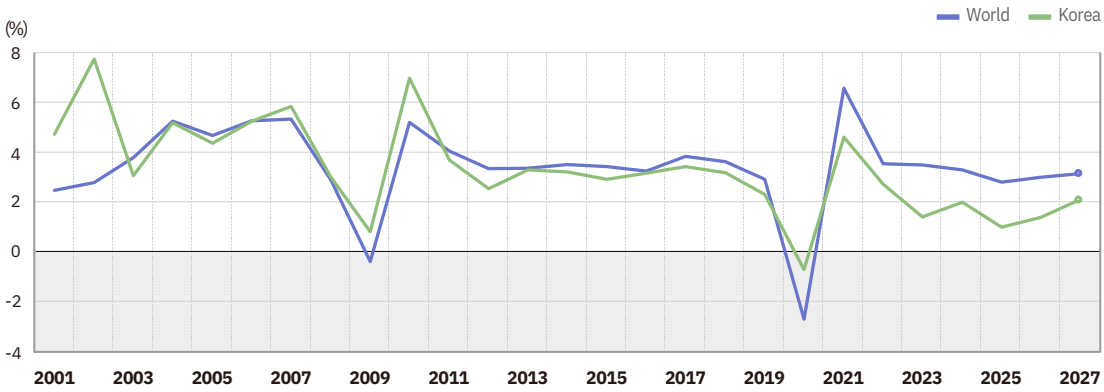
In the first quarter of 2025, real GDP remained unchanged year-on-year, and seasonally adjusted GDP declined 0.2 percent quarter-on-quarter. Real GDI fell 0.1 percent year-on-year, and seasonally adjusted GDI decreased 0.6 percent quarter-on-quarter.

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

	2023	2024	2023				2024				2025
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
GDP	1.6	2.0	1.3	1.2	1.8	2.2	3.4	2.2	1.4	1.1	0.0
(Seasonally adjusted[2])	-	-	0.4	0.7	0.8	0.5	1.2	-0.2	0.1	0.1	-0.2
- Private consumption	2.0	1.1	5.0	1.7	0.7	0.8	1.1	0.7	1.3	1.1	0.6
- Facility investment	-0.2	1.7	4.3	3.0	-5.1	-2.6	-2.2	-2.5	6.6	5.3	5.8
-Construction investment	-0.5	-3.3	0.1	0.3	1.1	-3.1	1.6	-1.2	-6.2	-6.4	-13.3
- Total export	3.4	6.8	-1.5	0.6	3.5	11.1	8.9	9.0	6.4	3.5	1.5
- Total import	3.0	2.5	6.8	2.5	-0.7	3.5	-0.7	3.3	4.6	2.9	2.1
GDI	1.8	3.9	-1.0	0.1	3.7	4.2	6.4	4.7	2.7	2.2	-0.1
(Seasonally adjusted[2])	-	-	0.7	0.5	2.3	1.0	1.9	-0.4	0.2	0.6	-0.6

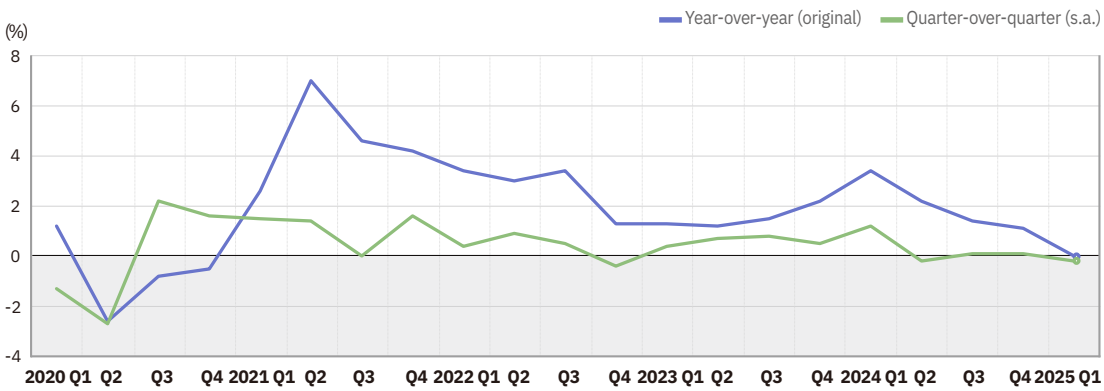
Source: Bank of Korea.
[1] Preliminary estimate.
[2] Percentage change from previous period.

GDP growth: World and Korea



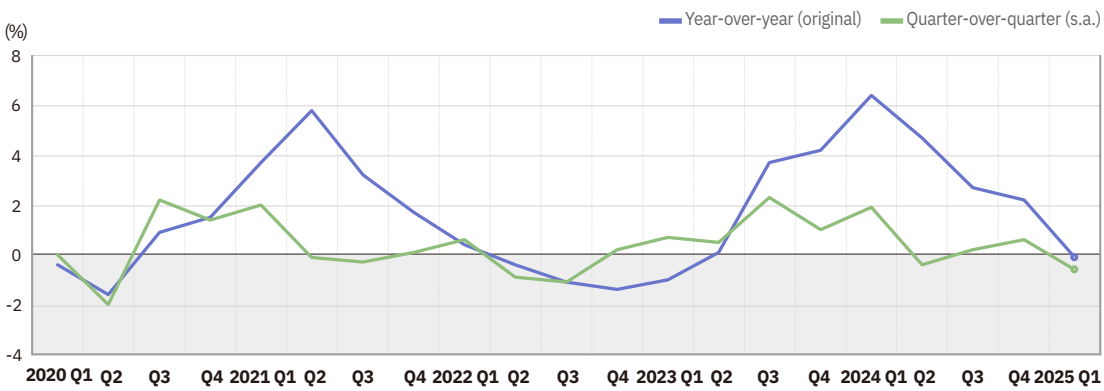
Source: IMF

GDP growth: Korea



Source: Bank of Korea.

GDI growth: Korea



Source: Bank of Korea.

2. Total Production and Composite Index of Business Indicators

In May, the Total Index of Industrial Production declined 1.1 percent month-on-month. Industrial production *(down 2.9%)*, construction *(down 3.9%)* and services *(down 0.1%)* decreased, while public spending *(up 0.8%)* increased. The index fell 0.8 percent year-on-year.

Coincident composite index

The cyclical indicator of the coincident composite index fell 0.4 point month-on-month to 98.5. More specifically, the number of employed persons excluding agriculture, forestry and fishing and index of services increased, while value of construction completed and the shipment index for domestic market decreased.

Leading composite index

The cyclical indicator of the leading composite index fell 0.1 point month-on-month to 100.9. Within the leading composite index, the net barter terms of trade and economic sentiment index rose, while producer's shipment index of machinery for domestic demand and construction orders received fell.

	2024							2025				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr[1]	May[1]
Total index of Industrial Production (m-o-m, %)	-0.2	-0.6	1.0	-0.3	0.5	-1.2	1.8	-1.6	0.7	1.1	-0.8	-1.1
(y-o-y, %)	0.3	2.0	1.0	-1.7	2.2	-1.0	0.7	-3.8	1.2	1.1	0.5	-0.8
Cyclical indicator of coincident composite index	99.6	99.1	99.0	99.0	99.3	98.9	98.8	98.4	98.5	98.7	98.9	98.5
(m-o-m, p)	-0.1	-0.5	-0.1	0.0	0.3	-0.4	-0.1	-0.4	0.1	0.2	0.2	-0.4
Coincident composite index (2020=100)	112.1	111.8	111.9	112.1	112.6	112.3	112.4	112.2	112.5	113.0	113.4	113.1
(m-o-m, %)	0.1	-0.3	0.1	0.2	0.4	-0.3	0.1	-0.2	0.3	0.4	0.4	-0.3
Cyclical indicator of leading composite index	100.9	100.9	100.8	100.8	100.8	100.8	100.7	100.3	100.4	100.6	101.0	100.9
(m-o-m, p)	0.1	0.0	-0.1	0.0	0.0	0.0	-0.1	-0.4	0.1	0.2	0.4	-0.1
Leading composite index (2020=100)	115.7	115.9	116.2	116.5	116.8	117.1	117.2	117.1	117.5	118.1	118.8	119.1
(m-o-m, %)	0.4	0.2	0.3	0.3	0.3	0.4	0.1	-0.1	0.3	0.5	0.6	0.3

Source: Industrial activity trends, Statistics Korea.

[1] 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 May 2025 (m-o-m, %)

Index of Services	0.2
Number of employed persons excluding agriculture, forestry and fishing	0.1
Retail sales index	-0.6
Shipment index for domestic market	-1.4
Value of construction completed	-3.4

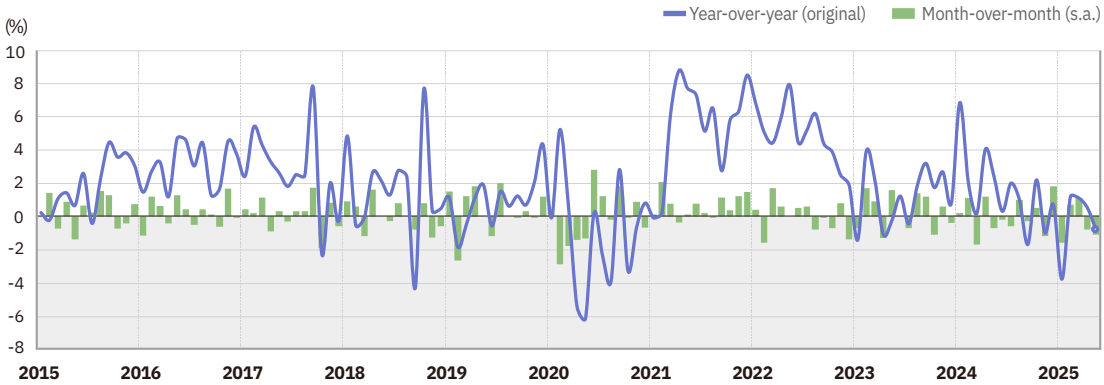
Source: Industrial activity trends, Statistics Korea.

Leading composite index in May 2025 (m-o-m, %)

Economic Sentiment Index (%p)	0.7
Net barter terms of trade	0.6
KOSPI	0.5
Inventory circulation indicator (%p)	-0.2
Producer's shipment index of machinery for domestic demand	1.6
Construction orders received	-11.1

Source: Industrial activity trends, Statistics Korea.

Total index of Industrial Production

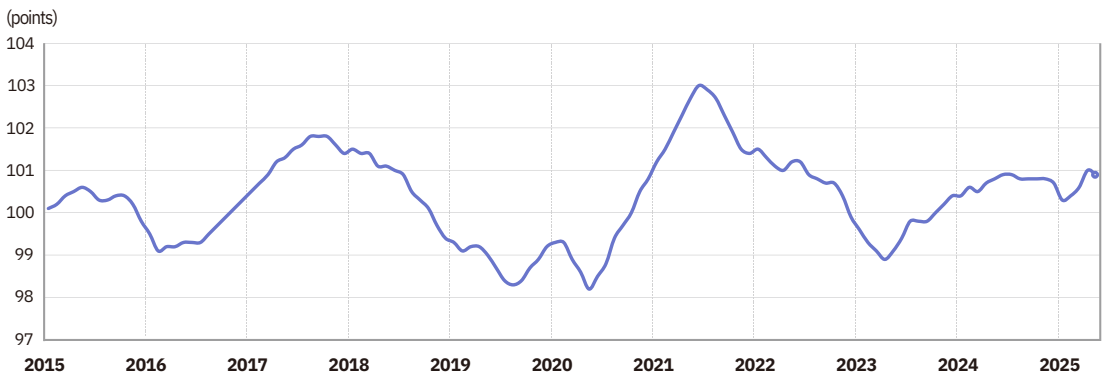


Source: Industrial activity trends, Statistics Korea.

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 first quarter of 2025 decreased by 0.1 percent quarter-on-quarter and rose by 0.6 percent year-on-year.

(Percentage change from previous period)

	2023	2024	2023				2024				2025
	Annual[1]	Annual[1]	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Private consumption	-	-	0.6	0.0	0.1	0.3	0.5	0.0	0.4	0.2	-0.1
(y-o-y)	2.0	1.1	5.0	1.7	0.7	0.8	1.1	0.7	1.3	1.1	0.6

Source: National accounts, Bank of Korea.
[1] Preliminary estimate.

Retail sales stayed at the same level month-on-month in May. Sales of durable goods *(up 1.2%)* and semi-durable goods *(up 0.7%)* rose, while sales of nondurable goods *(down 0.7%)* fell. The year-on-year index decreased 0.2 percent.

(Percentage change from previous period)

	2023	2024	2023				2024				2025			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Retail sales	-	-	-0.7	0.4	-1.3	0.8	-2.2	-0.3	0.7	-0.4	0.4	-1.0	-0.9	0.0
(y-o-y)	-1.3	-2.1	-1.4	-0.4	-2.6	-1.2	-1.6	-3.1	-1.5	-2.0	-0.3	0.7	-0.1	-0.2
- Durable goods	-1.1	-3.9	-1.0	-0.6	-1.9	2.8	-4.1	-3.2	4.5	-2.2	5.2	-9.0	-1.5	1.2
· Automobiles	6.9	-7.3	0.6	1.8	-5.4	4.4	-11.0	-0.6	7.1	0.8	3.9	-5.3	3.0	0.8
- Semi-durable goods	-0.5	-3.0	3.7	-0.5	-2.8	0.8	-1.4	-0.6	-1.2	1.2	-2.8	-0.8	-2.1	0.7
- Nondurable goods	-1.8	-0.9	-2.1	1.2	-0.6	-0.1	-1.5	1.0	-0.2	-0.2	-0.6	2.9	-0.3	-0.7

Source: Statistics Korea.
[1] Preliminary.

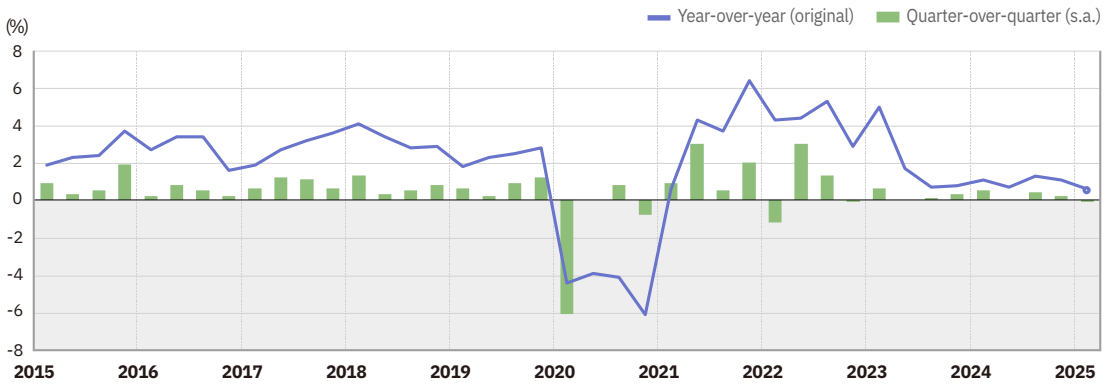
The retail sales outlook for May is mixed, as the number of Chinese tourists and the consumer sentiment index increased, while sales for department store and large discount store decreased.

(Percentage change from same period in previous year)

	2024			2025					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Car sales at home	10.7	-1.7	6.7	-10.5	15.6	6.0	12.5	10.0	10.3
Department store sales	1.4	-5.5	2.3	7.0	-10.4	-2.1	-13.2	-0.5	-1.1
Large discount store sales	1.3	1.8	-3.0	11.2	-16.7	3.2	-8.2	-5.9	-1.6
Credit card spending at home [1]	1.2	2.9	5.4	1.7	6.8	2.5	3.9	2.7	4.5
Consumer sentiment index[2]	101.7	100.7	88.4	91.2	95.2	93.4	93.8	101.8	108.7
Number of Chinese tourists[3]	54.4	37.3	26.2	39.7	6.3	22.4	18.9	28.7	28.8

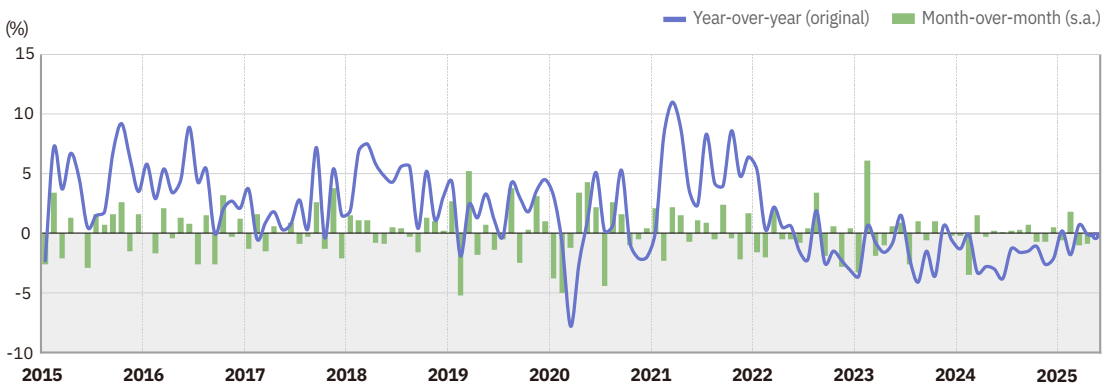
Sources: Korea Automobile Manufacturers Association; The Credit Finance Association; Bank of Korea; Korea Culture & Tourism Institute; data provided by retail industries.
[1] Utility bills are excluded.
[2] Level value.
[3] Advance estimate based on total entries, The figure can be different from the statistic released by the Ministry of Culture, Sports and Tourism, which excludes diplomatic and military personnel.

Private consumption



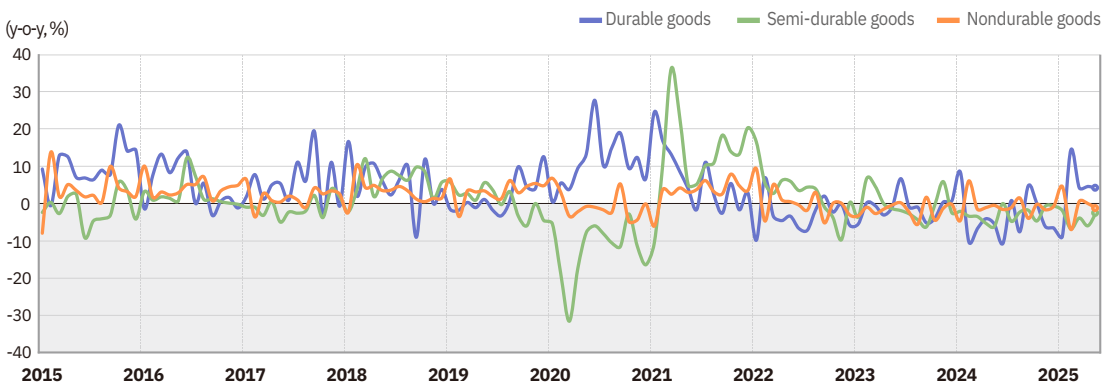
Source: National account, Bank of Korea.

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 first quarter of 2025 decreased by 0.4 percent quarter-on-quarter and rose by 5.8 percent year-on-year.

(Percentage change from previous period)

	2023	2024	2023				2024				2025
	Annual	Annual[1]	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Facility investment	-	-	-1.7	0.5	-3.6	2.2	-1.0	0.0	5.4	0.8	-0.4
(y-o-y)	-0.2	1.7	4.3	3.0	-5.1	-2.6	-2.2	-2.5	6.6	5.3	5.8
- Machinery	-0.1	1.8	-3.8	2.0	-5.6	1.1	0.9	-1.8	6.9	1.8	-4.6
- Transportation equipment	-0.4	1.4	7.5	-5.3	4.7	6.3	-7.9	6.7	0.0	-3.0	15.9

Source: National accounts, Bank of Korea.
[1] Preliminary estimate.

In May, the facility investment index fell by 4.7 percent month-on-month as machinery investment index decreased. The index jumped by 7.5 percent year-on-year.

(Percentage change from previous period)

	2023	2024	2023				2024				2025			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May
Facility investment index	-	-	-9.0	1.5	-3.8	3.5	-1.5	-1.4	10.2	-1.8	-1.7	-0.5	-0.5	-4.7
(y-o-y)	-4.8	2.9	-1.5	-0.9	-10.5	-5.8	-1.4	-3.3	11.5	5.3	5.7	14.6	8.4	7.5
Machinery	-7.1	1.9	-11.0	1.0	-2.8	-0.3	1.7	-1.9	5.0	3.4	-2.3	-1.8	-4.5	-6.9
Transportation equipment	2.8	5.3	-2.5	2.9	-6.9	15.1	-9.4	-0.1	23.7	-13.1	-0.1	3.0	9.4	0.1

Source: Statistics Korea.
[1] Preliminary.

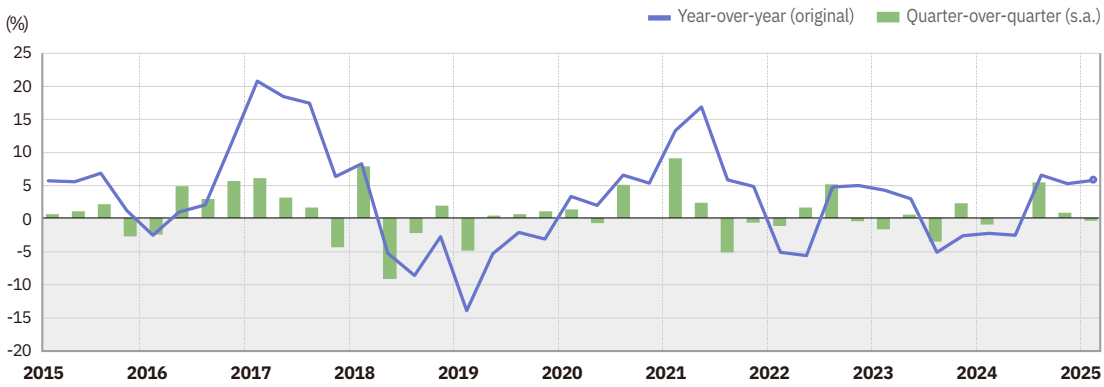
The facility investment outlook is mixed as machinery imports increased while domestic machinery orders received decreased in May.

(Percentage change from same period in previous year)

	2023	2024	2023				2024				2025			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Domestic machinery orders received	-2.6	-2.7	-5.9	-3.1	-14.5	15.9	-7.1	-7.3	15.6	-9.5	18.3	19.6	9.5	-4.8
(% change from previous period)	-	-	3.9	4.6	-5.1	9.2	-12.8	-0.9	19.8	-12.9	12.0	21.1	9.0	-23.6
- Public	92.3	-21.2	158.8	124.5	28.0	40.1	-63.0	-42.6	169.3	-40.7	15.2	2.2	-44.4	27.0
- Private	-8.2	-0.3	-15.7	-11.1	-16.4	14.2	3.1	-1.7	4.8	-6.8	18.6	20.4	19.0	-6.0
Machinery imports	-2.6	1.8	2.7	6.7	-12.3	-7.4	-7.4	-12.4	18.2	12.7	11.5	22.1	12.1	13.6
Average capacity utilization rate[2]	72.1	72.7	70.9	72.2	72.5	72.7	72.4	73.4	72.5	72.5	73.5	74.5	73.8	71.7
Facility investment pressure[3]	-2.1	3.5	-7.1	-4.6	0.3	3.7	4.8	4.4	1.8	3.1	1.3	4.2	4.4	-0.5

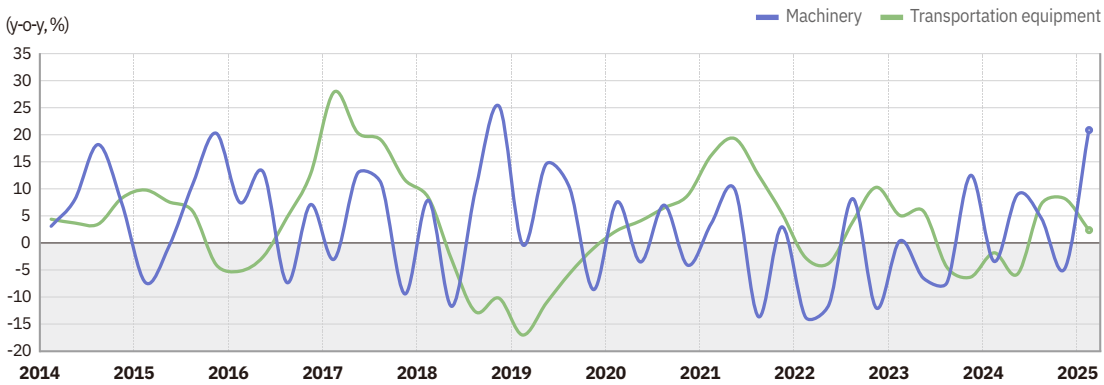
Sources: Statistics Korea; Korea International Trade Association.
[1] Preliminary.
[2] Utilization rate for the period, %.
[3] Production growth rate minus production capacity growth rate in the manufacturing sector, %p.

Facility investment



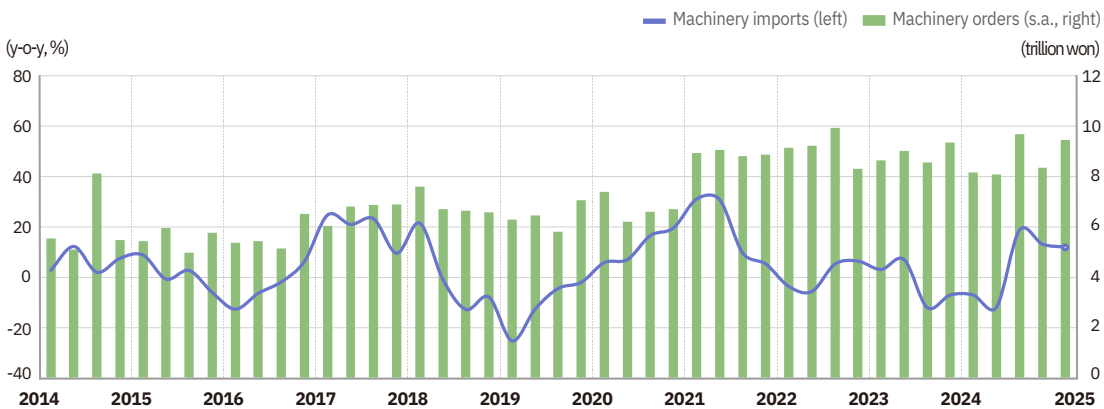
Source: National account, Bank of Korea.

Facility investment by type



Source: National account, Bank of Korea.

Leading indicators of facility investment



Sources: Statistics Korea; Korea International Trade Association.

5. Construction investment

Construction investment *(preliminary estimate of GDP)* in the first quarter of 2025 decreased 3.1 percent quarter-on-quarter and 13.3 percent year-on-year.

(Percentage change from previous period)

	2023	2024	2023				2024				2025
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Construction investment	-	-	-0.2	-0.5	1.5	-3.9	4.5	-3.3	-3.6	-4.1	-3.1
(y-o-y)	-0.5	-3.3	0.1	0.3	1.1	-3.1	1.6	-1.2	-6.2	-6.4	-13.3
- Building construction	-2.4	-5.0	-1.7	-0.4	0.7	-5.3	4.6	-3.9	-4.6	-2.4	-5.4
- Civil engineering works	5.0	1.3	4.3	-0.9	3.9	-0.5	4.3	-2.1	-1.2	-8.1	2.6

Source: National accounts, Bank of Korea.
[1] Preliminary estimate.

In April, construction completed *(constant)* fell 3.9 percent month-on-month, as both building construction decreased while civil engineering works increased. The index fell 20.8 percent year-on-year.

(Percentage change from previous period)

	2023	2024	2023				2024				2025			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Construction completed (constant)	-	-	3.4	-0.4	1.9	-4.2	7.7	-8.2	-3.8	-5.1	-6.4	-4.9	-1.4	-3.9
(y-o-y)	7.8	-4.7	12.0	9.5	10.8	0.8	4.0	-3.1	-9.1	-9.7	-21.2	-16.3	-21.1	-20.8
- Building construction	9.9	-6.7	6.3	-1.3	1.3	-5.7	9.2	-10.0	-5.3	-4.3	-5.7	-2.9	-3.8	-4.6
- Civil engineering works	1.8	2.0	-5.6	2.7	3.8	0.6	3.2	-2.5	0.9	-7.3	-8.4	-10.6	5.7	-2.0

Source: Statistics Korea.
[1] Preliminary.

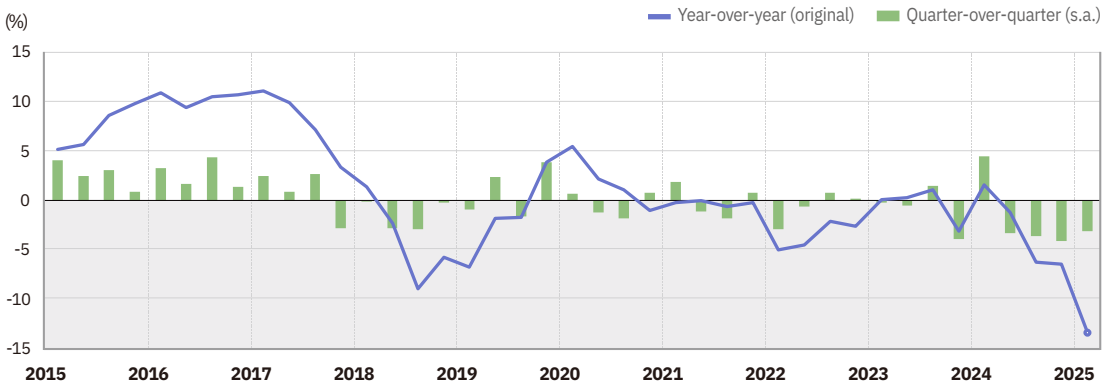
The construction investment outlook is mixed, building permits decreased while construction orders received rose in May.

(Percentage change from same period in previous year)

	2023	2024	2023				2024				2025			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Construction orders received (current value)	-18.3	10.9	-14.5	-31.2	-43.2	23.2	-10.4	20.7	26.8	9.7	1.1	13.3	-10.3	-5.5
(% change from previous period)	-	-	19.7	-15.6	-5.6	19.7	-8.2	15.6	0.8	8.1	-18.8	-17.1	-4.2	-11.2
- Building construction	-30.5	17.5	-27.4	-43.8	-48.3	8.5	-12.5	24.1	25.3	28.9	24.0	71.0	-1.4	20.7
- Civil engineering works	23.9	-1.8	32.2	20.1	-23.1	59.2	-6.2	14.3	30.8	-22.4	-41.6	-70.5	-32.5	-62.4
Building permits[2]	-25.6	-6.8	-8.5	-33.5	-32.8	-24.3	-20.6	-16.6	4.8	8.4	-23.4	-8.7	-15.9	-12.1
Apartment presales[3]	21.1	25.0	3.5	4.0	5.1	8.6	5.8	5.8	5.7	7.7	2.3	0.5	2.3	1.7

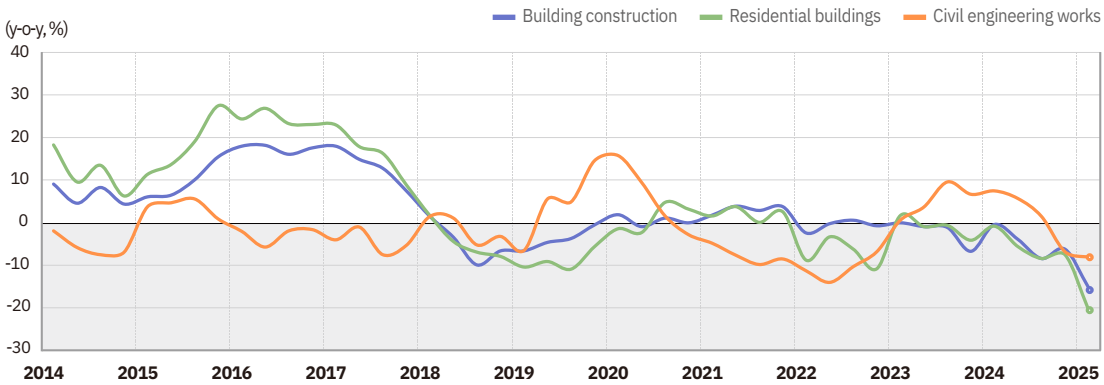
Sources: Statistics Korea; Ministry of Land Infrastructure and Transport; Real Estate 114.
[1] Preliminary.
[2] Gross Floor Area.
[3] Thousand housing units.

Construction investment



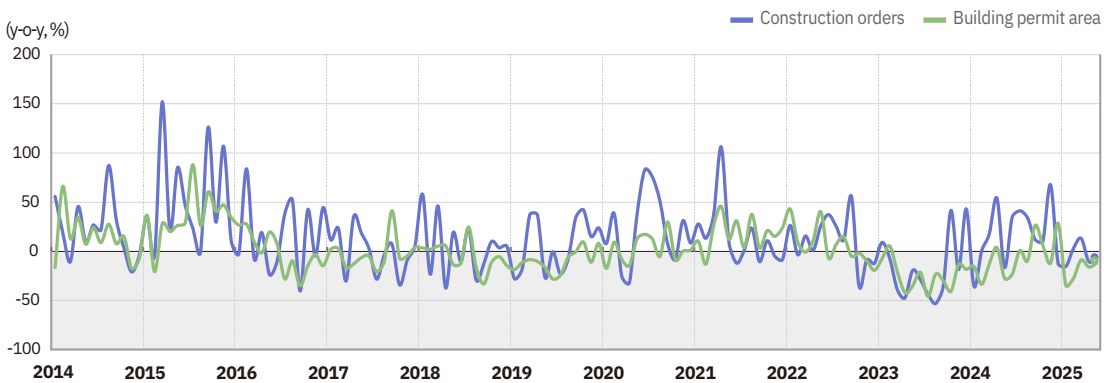
Source: National account, Bank of Korea.

Construction investment by type



Source: National account, Bank of Korea.

Leading indicators of construction investment



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

6. Exports and imports (Preliminary Estimate)

Exports rose by 4.3 percent year-on-year to US $59.8 in June, as business conditions in semiconductor sector improved and demand grew ahead of the mutual tariff grace period's expiration.
Exports of semiconductor and automobiles increased, while petroleum products and petrochemicals decreased. In terms of export markets, exports to EU and ASEAN increased while exports to US and China declined.
The average daily amount of exports, an indicator which factors in the number of working days, rose by 6.8 percent year-on-year to US $2.9 billion.

Imports increased by 3.3 percent year-on-year to US $50.7 billion in June.

Trade balance recorded a surplus for the past five consecutive months, totaling US $9.1 billion in June.

(US $ billion)

	2023	2024	2023				2024				2025	2024	2025
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Jun	Jun
Exports	632.2	683.8	151.2	155.8	157.1	168.1	163.3	171.5	173.7	175.2	159.8	57.3	59.8
(y-o-y, %)	-7.5	8.1	-12.8	-12.0	-9.7	5.7	8.0	10.1	10.5	4.2	-2.1	5.6	4.3
Average daily exports	2.3	2.5	2.2	2.3	2.3	2.5	2.4	2.6	2.5	2.6	2.5	2.5	2.9
Imports	642.6	632.0	174.0	159.3	150.7	158.6	155.1	157.0	160.0	160.0	152.6	49.1	50.7
(y-o-y, %)	-12.1	-1.6	-2.2	-13.2	-21.6	-10.7	-10.9	-1.4	6.2	0.9	-1.4	-7.5	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	2.3	2.4
Trade balance	-10.4	51.6	-22.8	-3.5	6.4	9.6	8.2	14.5	13.6	7.3	7.3	8.3	9.1

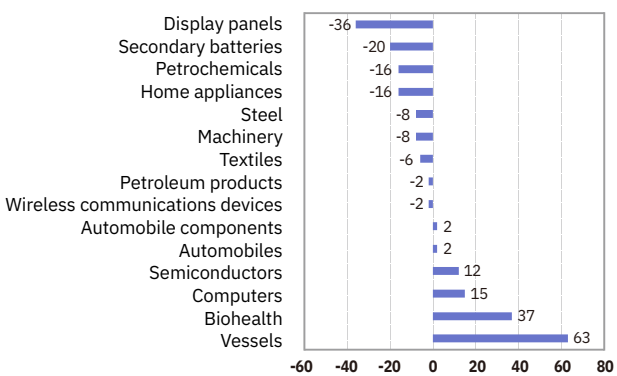
Source: Korea Customs Service.

Export growth and share by region in Jun 2025

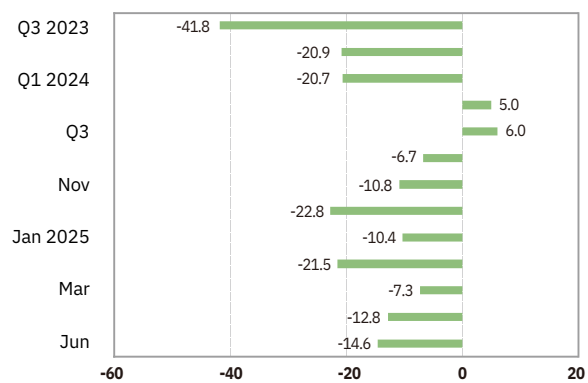
	Growth (y-o-y, %)	Share (%)
CIS countries	19	-
EU	15	11
Middle East	15	3
Japan	3	4
Latin America	3	4
ASEAN countries	2	17
India	2	3
US	-1	19
China	-3	18

[1] Cumulative total since January 2025.

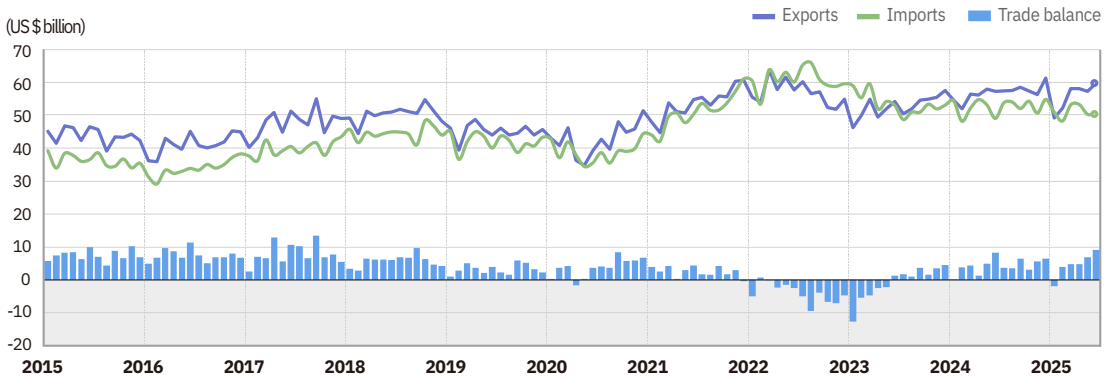
Export growth by item in Jun 2025 (y-o-y, %)



Energy Imports (y-o-y, %)

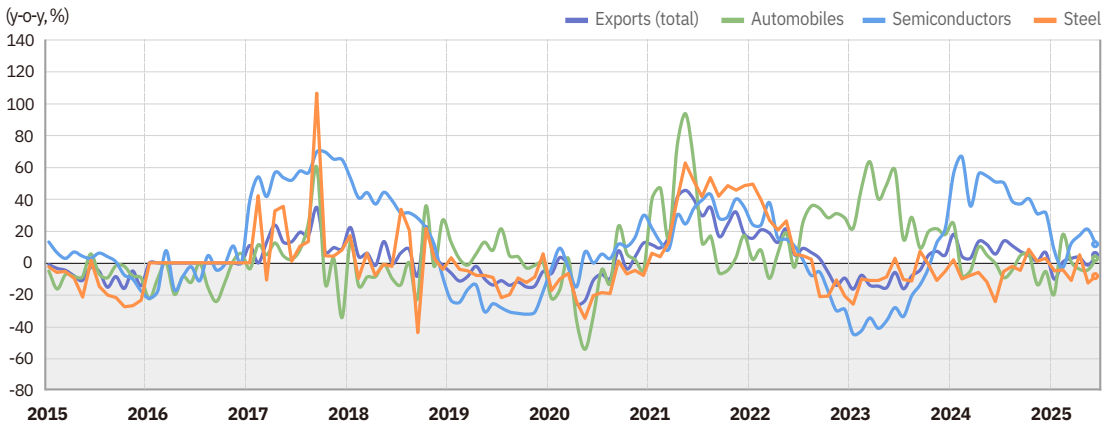


Exports and imports



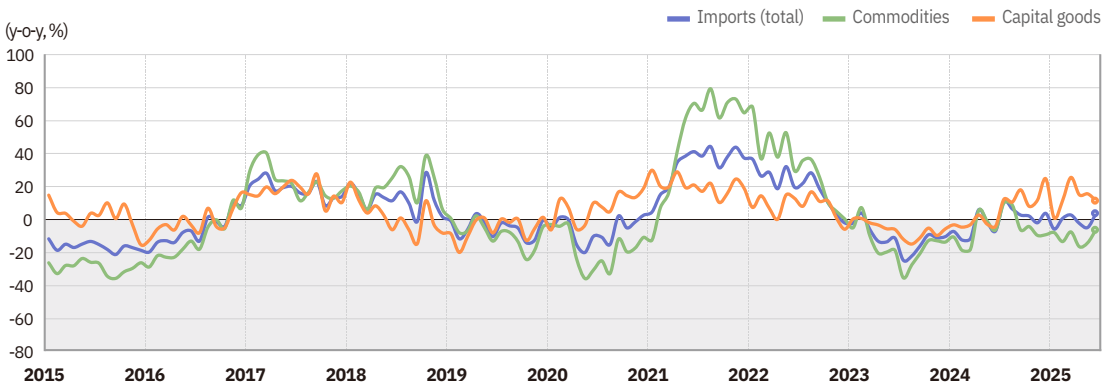
Sources: Korea Customs Service.

Export growth by item



Sources: Korea Customs Service.

Import growth by category



Sources: Korea Customs Service.

7. Employment

In June, the number of employed workers increased by about 183,000 year-on-year to 29,091,000 and the employment rate *(aged 15 and above)* grew by 0.3 percent points to 63.6 percent.

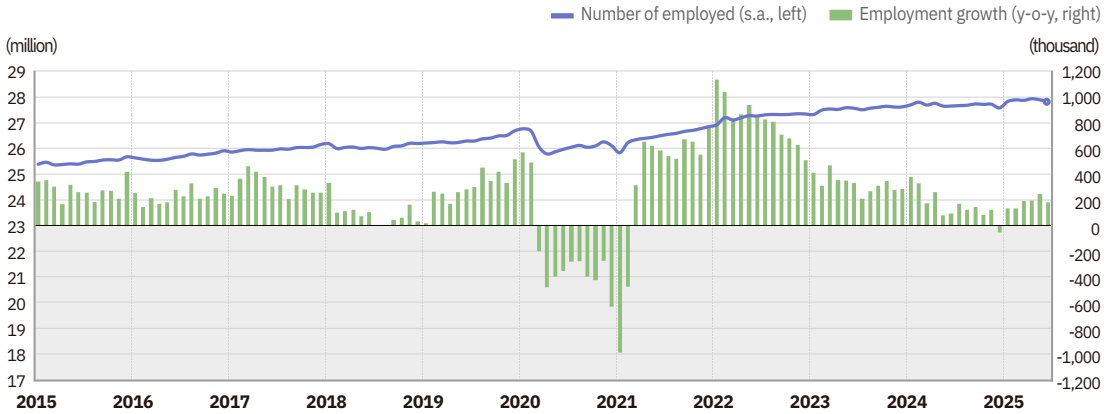
By sector, employment growth was led by an increase in the number of jobs in the healthcare and social welfare services, professional, scientific and technical activities, and finance insurance sectors.

In terms of job growth by employment type, the number of permanent workers and temporary workers increased, while the number of day laborers declined.

	2022	2023	2024	2024							2025					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Number of employed (million)	28.09	28.42	28.58	28.91	28.86	28.80	28.84	28.85	28.82	28.04	27.88	28.18	28.89	28.89	29.16	29.09
Employment rate (%)	62.1	62.6	62.7	63.5	63.3	63.2	63.3	63.3	63.2	61.4	61.0	61.7	62.5	63.2	63.8	63.6
(Seasonally adjusted)	-	-	-	62.6	62.6	62.7	62.8	62.7	62.7	62.3	62.9	63.0	63.0	63.1	62.9	62.8
- 15 to 64	68.5	69.2	69.5	69.9	69.8	69.8	69.9	69.8	69.9	69.4	68.8	68.9	69.3	69.9	70.5	70.3
Employment growth (y-o-y, thousand)	816	327	159	96	172	123	144	83	123	-52	135	136	193	194	245	183
- Manufacturing	135	-43	-6	9	-11	-35	-49	-33	-95	-97	-56	-74	-112	-124	-67	-83
- Construction	33	-9	-49	-66	-81	-84	-100	-93	-96	-157	169	-167	-185	-150	-106	-97
- Services	575	385	239	183	286	286	345	278	350	177	349	401	567	606	549	494
· Wholesale & retail	-41	-37	-61	-51	-64	-55	-104	-148	-89	-96	-91	-65	-26	-3	18	10
· Hotels & restaurants	84	114	25	47	34	7	46	28	24	12	27	56	56	1	-67	-38
· Healthcare & social welfare service	180	143	83	120	117	63	75	97	113	-3	119	192	212	218	233	216
- Wage workers	749	327	214	223	252	189	160	96	171	-49	180	177	259	277	329	314
· Permanent workers	805	478	183	139	96	99	79	91	167	187	224	233	234	279	362	318
· Temporary workers	43	-61	154	204	227	191	206	105	106	-86	72	36	126	52	25	58
· Day laborers	-100	-90	-122	-121	-71	-101	-125	-100	-103	-150	-116	-92	-100	-54	-59	-63
- Nonwage workers	68	0	-55	-127	-80	-67	-16	-13	-48	-3	-45	-41	-66	-83	-84	-130
· Self-employed	119	57	-32	-100	-62	-38	22	37	-13	7	-28	-14	-2	-6	-22	-66
- Male	381	24	-29	-44	-29	-70	-84	-114	-34	-127	-56	-42	2	33	49	7
- Female	436	303	188	140	200	192	228	197	157	75	191	178	191	161	196	177
- 15 to 29	119	-98	-144	-149	-149	-142	-168	-182	-180	-217	-218	-235	-206	-174	-150	-173
- 30 to 39	49	54	90	91	110	99	77	67	89	96	98	116	109	93	132	116
- 40 to 49	4	-54	-81	-106	-91	-68	-62	-72	-91	-97	-71	-78	-49	51	-39	-55
- 50 to 59	194	59	28	2	23	3	25	12	7	4	-14	-8	-26	-14	-68	-53
- 60 and above	452	366	266	258	278	231	272	257	298	162	340	342	365	340	370	348

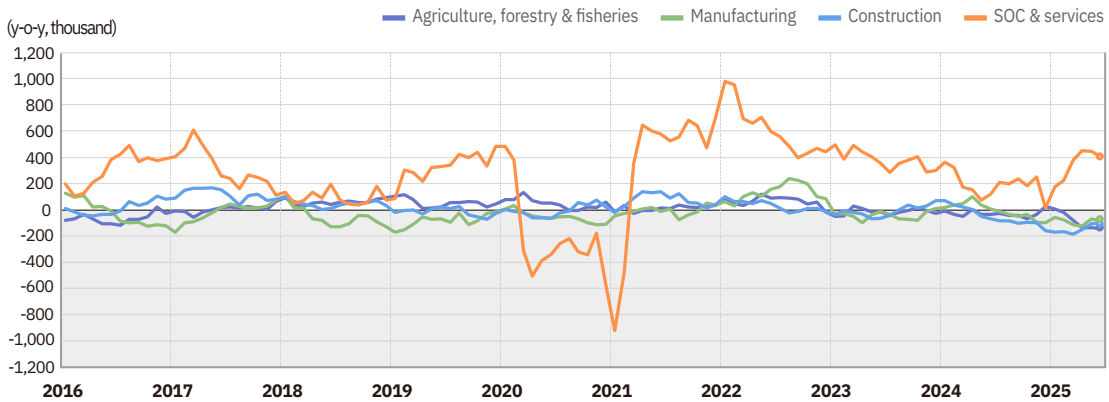
Source: Statistics Korea.

Number of employed workers and employment growth



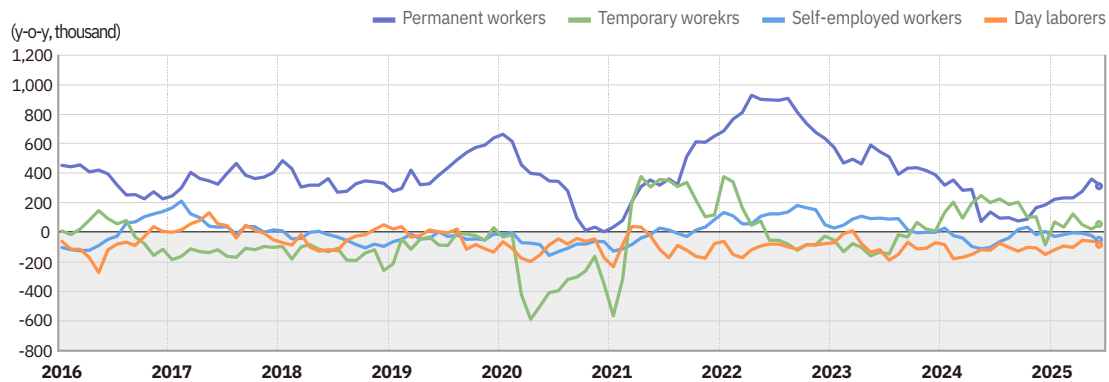
Source: Employment trends, Statistics Korea.

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 June, the number of unemployed workers decreased by about 32,000 year-on-year to 825,000 and the unemployment rate declined 0.1 percent point to 2.8 percent.

	2022	2023	2024	2024							2025					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Number of unemployed (thousand)	833	787	823	857	737	564	622	678	656	1,115	1,083	940	918	854	853	825
Unemployment growth (y-o-y, thousand)	-205	-46	36	50	-70	-9	-39	51	-21	171	11	25	26	-32	-32	-32
- Male	-129	-14	18	44	-38	-1	-26	22	-32	29	-17	15	5	0	-17	-1
- Female	-76	-32	18	6	-32	-8	-13	29	11	141	28	10	21	-31	-15	-32
Unemployment rate (%)	2.9	2.7	2.8	2.9	2.5	1.9	2.1	2.3	2.2	3.8	3.7	3.2	3.1	2.9	2.8	2.8
(Seasonally adjusted)	-	-	-	2.8	2.5	2.4	2.5	2.7	2.7	3.7	2.9	2.7	2.9	2.7	2.7	2.6
- 15 to 29	6.4	5.9	5.9	6.2	5.5	4.1	5.1	5.5	5.5	5.9	6.0	7.0	7.5	7.3	6.6	6.1
- 30 to 39	2.7	2.6	2.7	3.1	2.8	2.4	2.2	2.3	2.2	2.2	2.6	2.8	2.9	2.8	2.6	2.8
- 40 to 49	2.0	1.9	1.9	2.4	1.8	1.3	1.5	1.7	1.7	1.8	2.0	2.3	2.2	2.1	2.3	2.0
- 50 to 59	1.7	1.7	1.8	1.8	1.5	1.2	1.4	1.7	1.6	1.8	1.8	1.9	2.1	2.1	2.1	2.1
- 60 and above	2.8	2.6	2.9	2.3	2.1	1.5	1.6	1.6	1.5	8.0	7.0	3.6	2.6	1.9	2.2	2.2

Source: Statistics Korea.

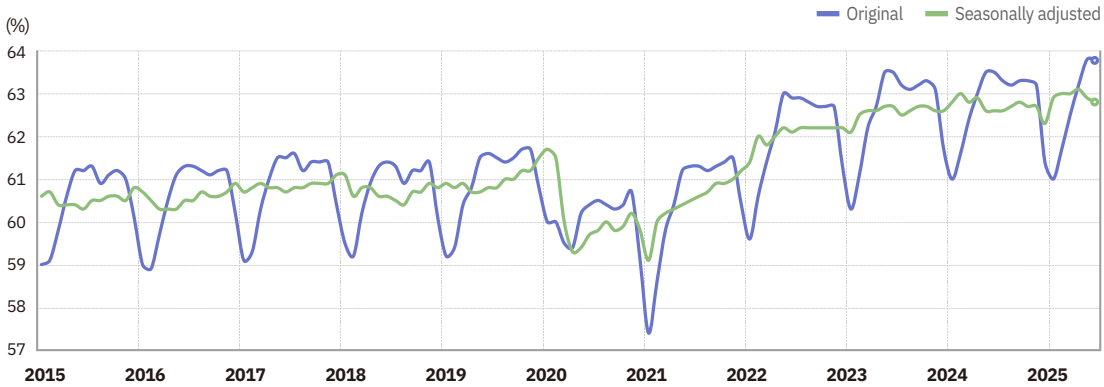
In June, the economically inactive population decreased by 42,000 year-on-year to 15,800,000 and the labor force participation rate rose 0.1 percent point to 65.4 percent.

The number of people economically inactive due to childcare fell, while those inactive due to retraining, rest, and job seeking rose.

	2022	2023	2024	2024							2025					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Economically inactive population (million)	16.3	16.2	16.2	15.8	16.0	16.2	16.1	16.1	16.2	16.5	16.7	16.6	16.2	16.0	15.7	15.8
Labor force participation rate (%)	63.9	64.3	64.5	65.3	64.9	64.4	64.6	64.7	64.6	63.9	63.4	63.7	64.6	65.1	65.6	65.4
(Seasonally adjusted)	-	-	-	64.4	64.2	64.2	64.3	64.4	64.4	64.7	64.7	64.8	64.8	64.8	64.7	64.5
Growth in economically inactive population (y-o-y, thousand)	-432	-134	-32	21	89	48	54	21	50	29	15	7	-40	18	-22	42
- Childcare	-125	-140	-113	-115	-121	-131	-122	-112	-89	-68	-96	-95	-86	-58	-39	-32
- Housework	-53	-1	45	58	53	61	62	50	90	34	11	-5	-2	47	3	20
- Retraining	-136	11	-54	-67	-24	-45	-48	-56	-78	-58	24	-24	-13	-8	-12	7
- Old age	121	-31	47	103	13	3	-3	6	4	22	4	2	-16	-30	-56	-43
- Rest	-122	74	117	129	243	245	231	207	179	179	128	123	71	45	56	6
- Job seeking	-78	-88	-48	58	-46	-52	-63	-24	-62	-55	-7	14	27	30	56	34

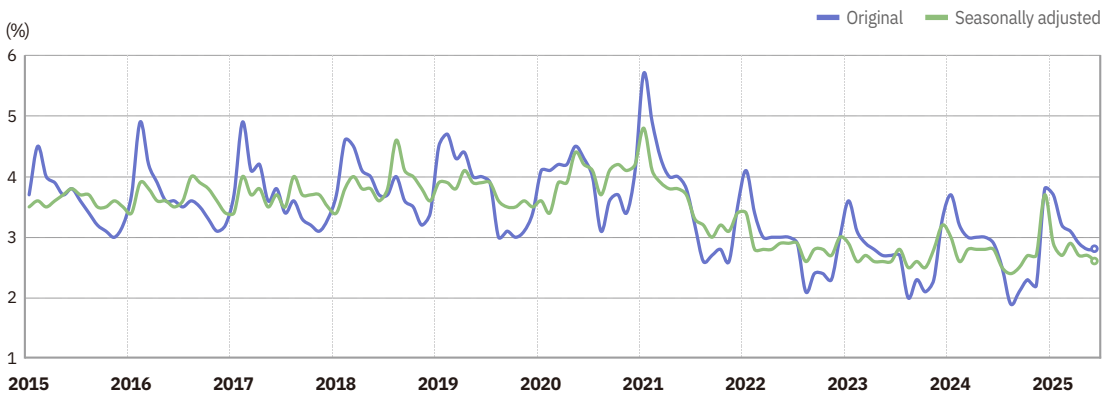
Source: Statistics Korea.

Employment rate



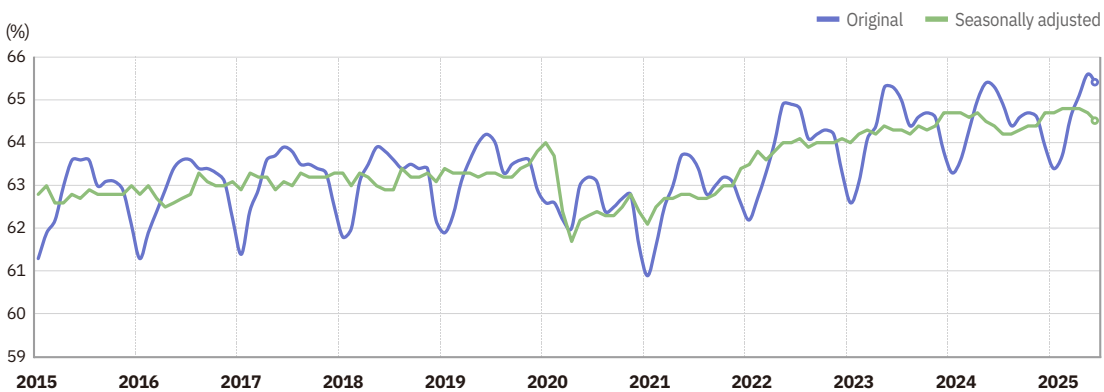
Source: Employment trends, Statistics Korea.

Unemployment rate



Source: Employment trends, Statistics Korea.

Labor force participation



Source: Employment trends, Statistics Korea.

8. Prices

In June, the Consumer Price Index (CPI) grew 2.2 percent from a year ago as the prices of agricultural and petroleum goods declined further and the prices of personal services moderated. The CPI remained unchanged month-on-month.

The prices of consumer goods excluding food and energy rose 2.0 percent year-on-year in June. The prices of consumer goods excluding crops and oil products rose 2.4 percent.

The index of prices for basic necessities rose 2.5 percent year-on-year in June. The fresh food price index fell 1.7 percent.

(Percentage change from same period in previous year)

	2024												2025					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CPI (y-o-y)	2.8	3.1	3.1	2.9	2.7	2.4	2.6	2.0	1.6	1.3	1.5	1.9	2.2	2.0	2.1	2.1	1.9	2.2
(m-o-m)	0.4	0.5	0.1	0.0	0.1	-0.2	0.3	0.4	0.1	0.0	-0.3	0.4	0.7	0.3	0.2	0.1	-0.1	0.0
Excluding food and energy	2.5	2.5	2.4	2.3	2.2	2.2	2.2	2.1	2.0	1.8	1.9	1.8	1.9	1.8	1.9	2.1	2.0	2.0
Excluding crops and oil products	2.6	2.6	2.4	2.2	2.0	2.0	2.1	1.9	1.8	1.7	1.8	1.8	2.0	1.9	2.1	2.4	2.3	2.4
Basic necessities	3.4	3.7	3.8	3.5	3.1	2.8	3.0	2.1	1.5	1.2	1.6	2.2	2.5	2.6	2.4	2.4	2.3	2.5
Fresh food	14.4	20.0	19.5	19.1	17.3	11.7	7.7	3.2	3.4	1.6	0.4	2.9	0.7	-1.4	-1.3	-1.9	-5.0	-1.7

Source: Statistics Korea.

In June, the year-on-year growth of prices for farm and fishery goods climbed. The growth of domestic oil prices also rose along with international oil prices.

(Percentage change from same period in previous year)

	Farm and fishery products	Manufactured products	Petroleum products	Public utilities	Housing rents	Public services	Personal services
May 2025	0.1	1.4	-2.3	3.1	0.8	1.3	3.2
Jun 2025	1.5	1.8	0.3	3.1	0.8	1.2	3.3
Contribution (%p)	0.1	0.6	0.0	0.1	0.1	0.1	1.1

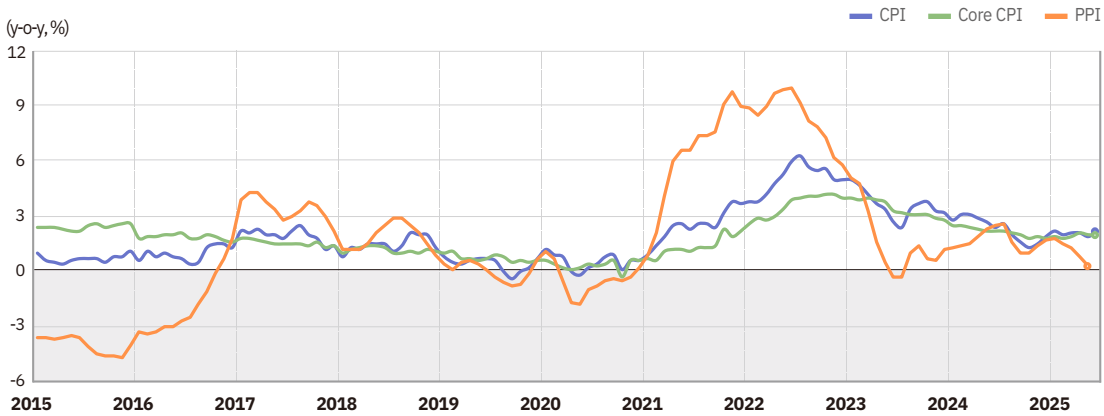
Source: Statistics Korea.

(Won/liter, period average)

	2023	2024	2023				2024				2025								
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun	1st week	2nd week	3rd week	4th week
Gasoline prices	1,643	1,647	1,578	1,617	1,690	1,687	1,607	1,681	1,674	1,624	1,708	1,642	1,647	1,636	1,642	1,629	1,628	1,642	1,667
Diesel prices	1,558	1,503	1,607	1,467	1,544	1,615	1,512	1,528	1,510	1,460	1,570	1,507	1,513	1,502	1,505	1,492	1,491	1,505	1,531

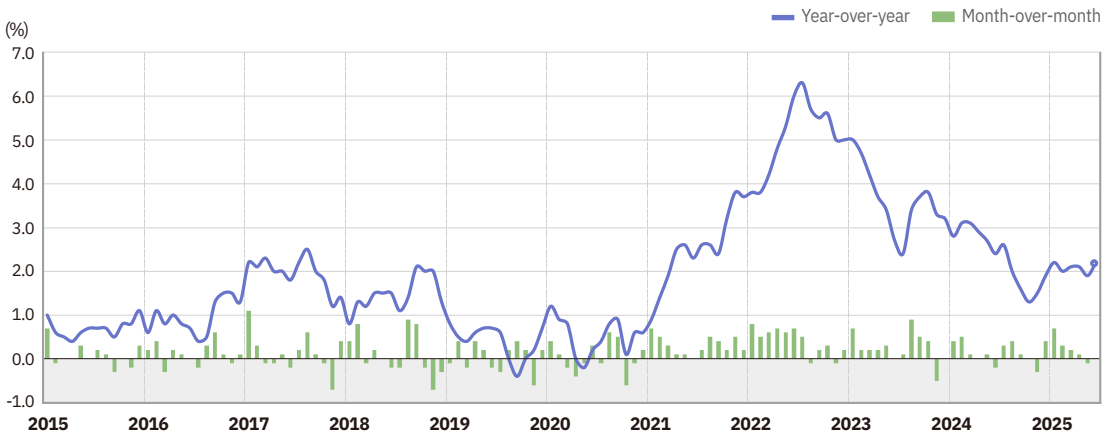
Source: Korea National Oil Corporation.

Prices



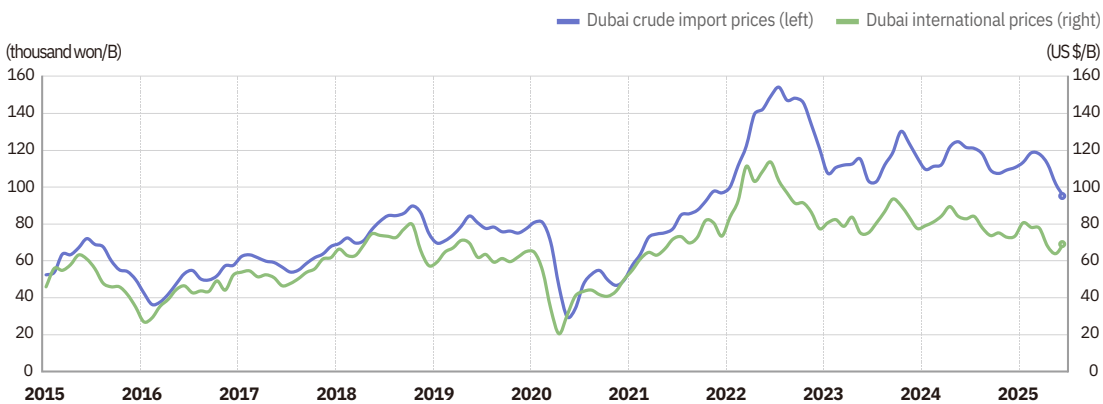
Sources: Consumer price trends, Statistics Korea; Bank of Korea.

Consumer price inflation



Source: Consumer price trends, Statistics Korea.

Dubai crude prices and import prices



Source: Korea National Oil Corporation.

In June, international oil prices climbed from the previous month amid geopolitical risks related to the Iran-Israel conflict, even though production by OPEC+ increased.

International grain prices declined from the previous month amid expectations of a favorable harvest.

Nonferrous metal prices rose from the previous month with demand spiking in anticipation of US tariffs and growing tension in the Middle East.

(Period average)

	2023	2024	2023				2024				2025				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Dubai crude[1]	82.1	79.6	80.3	77.6	86.6	83.7	81.2	85.3	78.5	73.6	76.9	63.7	67.7	63.7	69.3
WTI crude[1]	77.6	75.8	76.0	73.6	82.2	78.5	76.9	80.7	75.3	70.3	71.4	67.0	63.0	60.9	67.3
Brent crude[1]	82.2	79.9	82.1	77.7	85.9	82.9	81.8	85.0	78.7	74.0	75.0	66.7	66.5	64.0	69.8
Reuters Index[2]	3,104	3,086	3,265	3,040	3,066	3,045	2,948	3,110	3,080	3,203	3,152	2,996	3,010	3,004	2,974

Source: Korea National Oil Corporation; Korea PDS.
[1] US $/barrel.
[2] A weighted average index of 17 major commodities (Sep 18, 1931=100)

International grain prices growth Jun 2025 (m-o-m, %)

Wheat	2.3
Corn	-4.9
Soybeans	-0.6

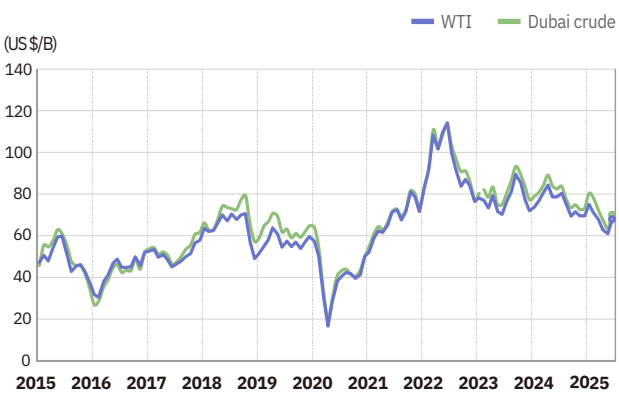
Note: Monthly average prices.

Nonferrous metal prices growth in Jun 2025 (m-o-m, %)

Copper	3.2
Aluminum	3.0
Nickel	-2.2

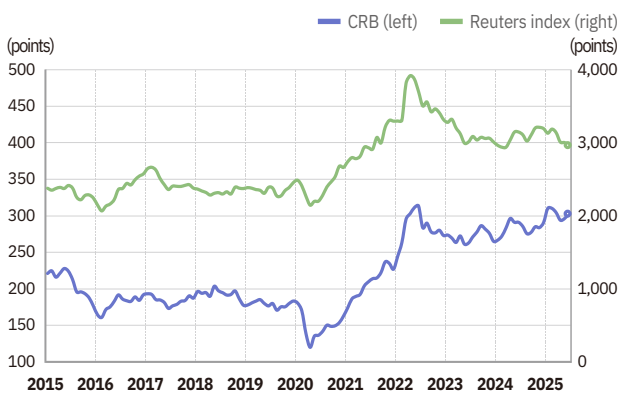
Note: Monthly average prices.

International oil prices



Source: Korea National Oil Corporation.

International commodity prices



Source: Korea PDS

9. Housing market

Nationally, housing sales prices rose 0.14 percent month-on-month in June.
Within the Seoul metropolitan area, housing sales prices rose 0.37 percent, increasing 0.95 percent in Seoul and 0.11 percent in Gyeonggi Province, while decreasing 0.08 percent in Incheon.
In the areas excluding the Seoul metropolitan, housing sales prices declined 0.09 percent, decreasing 0.16 percent in the five metropolitan cities and 0.05 percent in the eight provinces on average.

Housing sales prices

(Percentage change from previous period)

	2020	2021	2022	2023	2024	2024	2025			
	Annual	Annual	Annual	Annual	Annual	Jun	Cumulative total	Apr	May	Jun
Nationwide	5.4	9.9	-4.7	-3.6	0.1	0.04	-0.04	-0.02	-0.02	0.14
Seoul metropolitan area	6.5	12.8	-6.5	-3.6	1.4	0.19	0.62	0.07	0.10	0.37
- Seoul	2.7	6.5	-4.8	-2.0	3.2	0.38	2.34	0.25	0.38	0.95
· Southern Seoul	2.2	6.8	-4.1	-1.5	3.6	0.40	3.30	0.31	0.53	1.25
· Northern Seoul	3.2	6.1	-5.4	-2.4	2.8	0.36	1.32	0.18	0.23	0.63
Areas excluding the Seoul metropolitan area	4.3	7.4	-3.0	-3.5	-1.1	-0.10	-0.67	-0.11	-0.12	-0.09

Source: Korea Real Estate Board.

Housing sales prices in six major cities in Jun 2025 (m-o-m, %)

Busan	Daegu	Gwangju	Daejeon	Ulsan	Sejong
-0.16	-0.20	-0.22	-0.17	0.00	0.39

Source: Korea Real Estate Board.

Nationally, housing rental prices increased 0.03 percent in June compared to the previous month.
By region, housing rental prices rose 0.24 percent in the Seoul metropolitan area, while they fell 0.04 percent in other areas.

Housing rental prices

(Percentage change from previous period)

	2020	2021	2022	2023	2024	2024	2025			
	Annual	Annual	Annual	Annual	Annual	Jun	Cumulative total	Apr	May	Jun
Nationwide	4.6	6.5	-5.6	-5.1	1.3	0.11	0.04	0.00	0.00	0.03
Seoul metropolitan area	5.6	7.7	-8.0	-5.7	3.1	0.31	0.31	0.05	0.06	0.11
- Seoul	3.7	4.9	-6.5	-5.3	3.3	0.38	0.72	0.09	0.15	0.24
· Southern Seoul	4.4	5.1	-6.9	-5.8	2.9	0.32	0.94	0.12	0.17	0.30
· Northern Seoul	2.9	4.7	-6.2	-4.7	3.6	0.45	0.48	0.07	0.12	0.18
Areas excluding the Seoul metropolitan area	3.7	5.5	-3.3	-4.4	-0.44	-0.06	-0.21	-0.05	-0.05	-0.04

Source: Korea Real Estate Board.

Housing rental prices in major districts in Jun 2025 (m-o-m, %)

Gangnam	Songpa	Gangdong	Dongan	Gwacheon
0.25	0.69	0.80	0.76	1.79

Source: Korea Real Estate Board.

There were 62,703 housing sales transactions in May, a decrease of 4.2 percent month-on-month *(65,421 in April 2025)* and an increase of 9.2 percent year-on-year *(57,436 in May 2024)*.

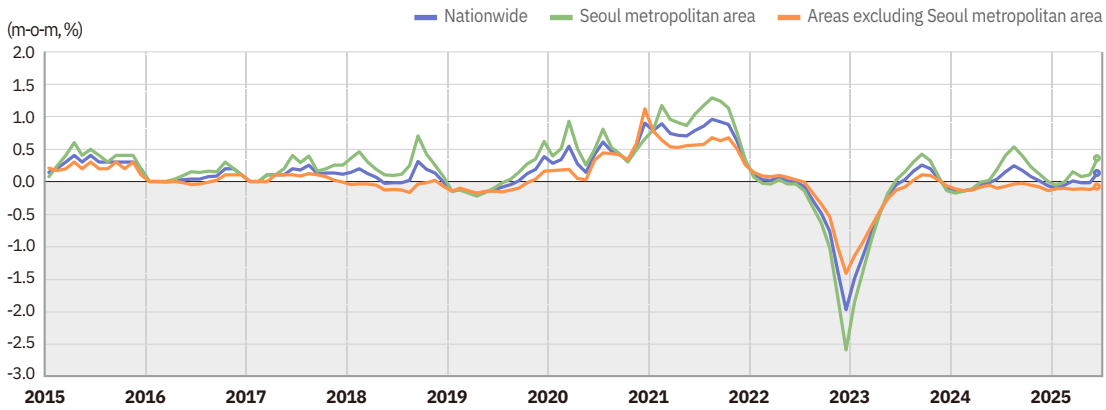
Housing sales transactions

(Thousand)

	2021	2022	2023	2024	2024								2025				
	Annual[1]	Annual[1]	Annual[1]	Annual[1]	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Nationwide	85	42	46	54	57	56	68	61	51	57	49	46	38	51	67	65	63

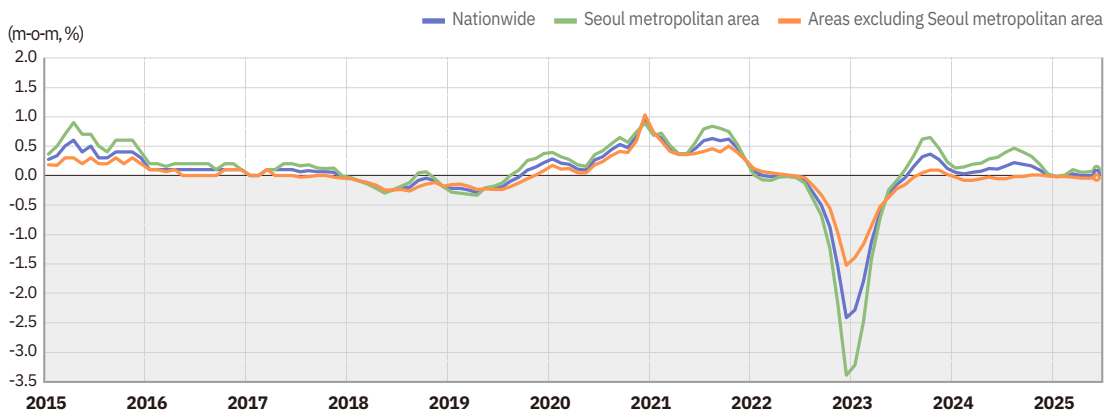
[1] Monthly average.
Source: Ministry of Land, Infrastructure and Transport.

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, rose amid the suspension of US-China mutual tariffs.

	KOSPI			KOSDAQ		
	May 2025	Jun 2025	Change	May 2025	Jun 2025	Change
Stock price index (points)	2,697.67	3,071.70	374.03 (13.86%)	734.35	781.50	47.15 (6.42%)
Market capitalization (trillion won)	2,210.6	2,512.1	301.5 (13.64%)	379.6	404.6	25 (6.59%)
Daily trade (trillion won)	8.9	15.2	6.3 (70.79%)	6.4	7.2	0.8 (12.50%)
Foreign stock ownership (%, %p)	31.78	32.37	0.59 (1.86%)	10.08	10.32	0.24 (2.38%)

Source: Korea Exchange.
Note: The figures are closing rate.

2. Bond market

The government issued 23.8 trillion won worth of Treasury bonds in June.

(End-period, trillion won)

	2021	2022	2023	2024	2024							2025					
	Annual	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Treasury bonds issuance[1]	180.5	168.6	165.7	157.7	18.3	15.8	11.8	10.8	9.9	7.8	1.4	18.3	21.3	20.7	20.9	19.0	23.8

Source: Monthly public finance, Ministry of Economy and Finance.
[1] Issuance limit is 158.4 trillion won in 2024.

Korean Treasury bond yields rose from the previous month.

Yields to maturity in Jun 2025 (m-o-m, basis points)

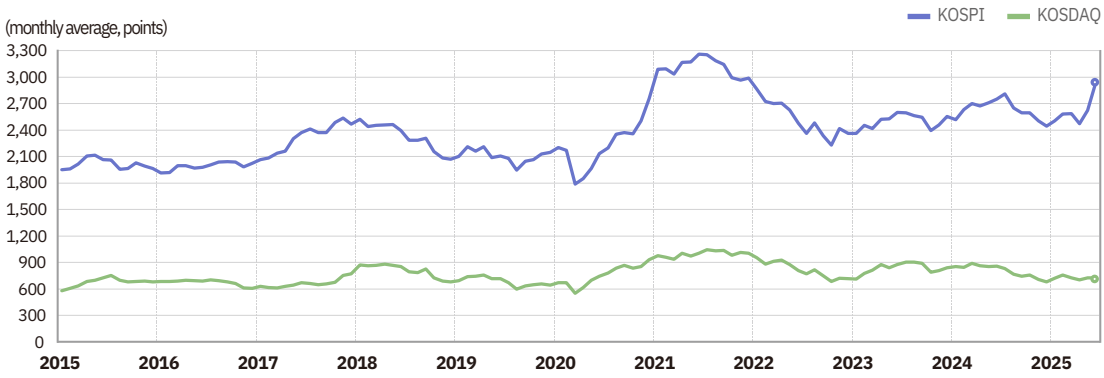
3 yrs	5 yrs	10 yrs	20 yrs	30 yrs
10	7	2	10	12

(Percent per annum)

	2017	2018	2019	2020	2021	2022	2023	2024	2025		
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec	May	Jun	Change[1]
Call rate (1 day)	1.58	1.89	1.39	0.61	1.44	3.38	3.91	3.33	2.58	2.57	-1
CD (91 days)	1.66	1.93	1.53	0.66	1.29	3.98	3.83	3.39	2.59	2.56	-3
Treasury bonds (3 yrs)	2.14	1.82	1.36	0.98	1.80	3.72	3.15	2.60	2.35	2.45	10
Treasury bonds (5 yrs)	2.34	1.88	1.48	1.34	2.01	3.74	3.16	2.76	2.52	2.59	7
Corporate bonds (3 yrs)	2.68	2.29	1.94	2.21	2.42	5.23	3.90	3.28	2.92	2.96	4

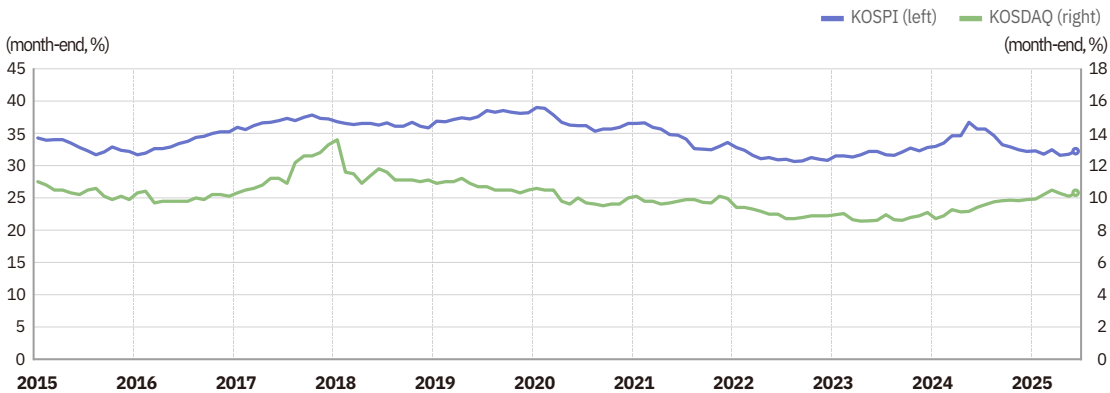
Source: Bank of Korea.
Note: Figures are closing rate.
[1] Change from the previous month as of end-June 2025, basis point.

Stock prices



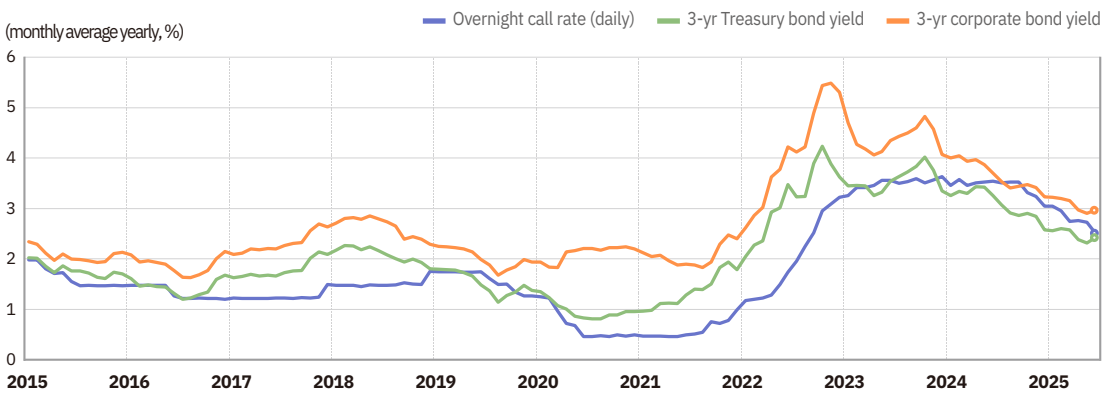
Source: Korea Exchange

Foreign stock ownership



Sources: Financial Supervisory Service, Korea Exchange

Interest rates



Source: Bank of Korea

3. Foreign exchange market

The won appreciated against the US Dollar in May compared to the previous month.

	2019	2020	2021	2022	2023	2024	2025		
	Dec	Dec	Dec	Dec	Dec	Dec	May	June	Change[1]
Dollar-Won	1,156.4	1,086.3	1,188.8	1,264.5	1,288.0	1,472.5	1,380.1	1,350.0	2.2
100 Yen-Won	1,059.8	1,051.2	1,032.5	945.6	912.25	943.3	958.8	939.0	2.2
Yuan-Won	165.6	167.0	186.6	181.6	181.17	202.6	191.9	188.4	1.9

Source: Bank of Korea.
Note: The exchange rate is based on the closing price at 3:30 pm, local time.
[1] Appreciation from the end of the previous month as of end- June 2025, %.

4. Money market

M2 *(monthly average)* rose 5.7 percent year-on-year in May.

(Percentage change from same period in previous year)

	2017	2018	2019	2020	2021	2022	2023	2024	2025		
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Apr[1]	May[1]	May[2]
M1[3]	9.2	4.9	4.3	20.8	21.0	4.0	-10.5	3.2	3.5	4.6	1,284.6
M2	5.5	6.3	7.0	9.3	11.7	8.5	2.9	5.6	5.7	5.7	4,269.5
Lf[4]	6.7	7.0	7.9	8.3	9.8	7.5	3.1	5.4	5.4	5.4	5,828.6

Source: Bank of Korea.
[1] Preliminary.
[2] Period-average, trillion won.
[3] M1 excludes corporate MMFs and individual MMFs, and includes CMAs.
[4] Liquidity aggregates of financial institutions (mostly identical with M3).

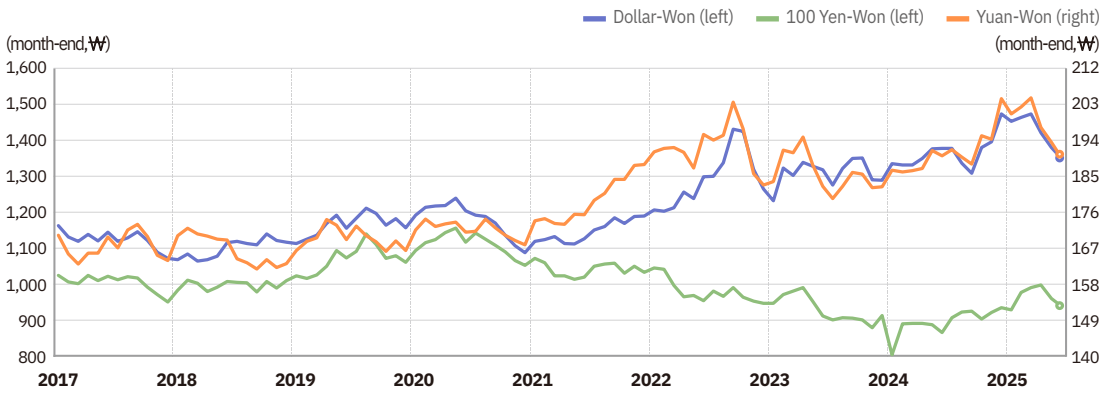
In June, the deposits of banks increased by 27.3 trillion won, and the deposits of Asset Management Companies (AMC) decreased by 1.3 trillion won.

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025			
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Dec	Apr	May	Jun	Jun[1]
Bank deposits	79.5	91.6	106.3	188.4	198.5	107.4	76.4	16.5	-25.9	20.0	27.3	2,460.0
AMC deposits	27.9	53.8	98.6	42.2	93.9	44.4	93.7	-23.3	38.4	25.2	-1.3	1,168.6

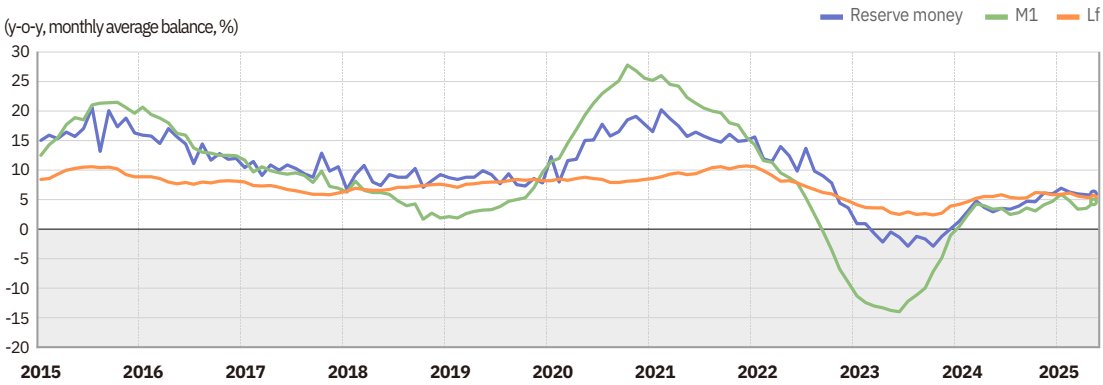
Source: Bank of Korea.
[1]Balance at end- May 2025.

Foreign exchange rates



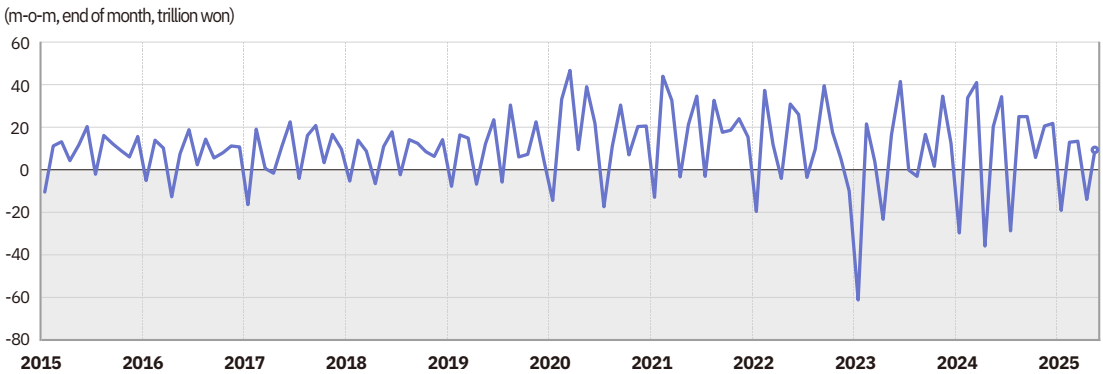
Source: Bank of Korea.

Total money supply



Source: Bank of Korea.

Total deposits of banks



Source: Bank of Korea.

5. Official foreign reserves

Korea's official foreign reserves increased month-on-month, totaling US $410.2 billion as of the end of June.

(US $ billion)

	2021	2022	2023	2024	2024			
					May	Jun		Change (m-o-m)
Official foreign reserves	463.1	423.2	420.2	415.6	404.6	410.2	(100.0%)	5.6
- Securities[1]	421.7	369.7	373.7	366.7	360.0	358.5	(87.4%)	-1.5
- Deposits	16.6	29.3	22.0	25.2	19.7	26.5	(6.5%)	6.8
- SDRs	15.4	14.8	15.1	14.7	15.7	15.9	(3.9%)	0.2
- IMF position[2]	4.6	4.5	4.6	4.2	4.5	4.5	(1.1%)	0.0
- Gold	4.8	4.8	4.8	4.8	4.8	4.8	(1.2%)	0.0

Source: Bank of Korea.

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

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

6. External debt

External debt amounted to US $1,051.3 billion as of the first quarter of 2025, down US $8.7 billion quarter-on-quarter. Short-term debt was US $149.3 billion *(up US $2.8 billion y-o-y)*, and long-term debt was US $534.1 billion *(up US $7.7 billion y-o-y)*. Net external assets decreased by US $19.2 billion to US $367.9 billion.

(End-period, US $billion)

	2024[1]				2025[1]	Change (q-o-q)
	Q1	Q2	Q3	Q4	Q1	
External assets (in debt instruments, A)	1,042.5	1,031.2	1,072.5	1,060.0	1,051.3	-8.7
Total debt (B)	671.2	665.7	705.0	672.9	683.4	10.5
- Short-term	141.1	142.1	158.5	146.5	149.3	2.8
- Long-term	530.0	523.6	546.5	526.4	534.1	7.7
Short-term/Total debt (%)	21.0	21.3	22.5	21.8	21.9	0.1%p
Short-term/Reserve assets (%)	33.7	34.5	37.7	35.3	36.5	1.2%p
Net external assets (A-B)	371.4	365.5	367.6	387.1	367.9	-19.2

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

[1] Preliminary.

Public Finance

1. Fiscal balance

The consolidated fiscal balance recorded a deficit of 35.5 trillion won in May, an increase of 3.5 trillion won y-o-y. The managed fiscal balance also recorded a deficit of 54.2 trillion won, a decrease of 20.2 trillion won y-o-y.

(Trillion won, percent)

	2024					2025[1]			Change
	Main budget (a)	Settlement (b)	May (Cumulative, c)	(c)/(a)	(c)/(b)	1st supplementary budget (d)	May (Cumulative, e)	(e)/(d)	(e)-(c)
A. Total revenue	612.2	594.5	258.2	42.2	43.4	652.8	279.8	42.9	21.6
B. Total spending	656.6	638.0	310.4	47.3	48.6	687.1	315.3	45.9	4.9
C. Consolidated fiscal balance (A-B)	-44.4	-43.5	-52.2	-	-	-34.3	-35.5	-	16.7
D. Net social security fund[2]	47.2	61.2	22.3	-	-	52.1	18.7	-	-3.5
E. Managed fiscal balance (C-D)	-91.6	-104.8	-74.4	-	-	-86.4	-54.2	-	20.2

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

[1] Preliminary.

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

Fiscal balance and outlook

(Trillion won)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Consolidated fiscal balance	-0.2	16.9	24.0	31.2	-12.0	-71.2	-30.5	-64.6	-36.8	-43.5	-31.2
Managed fiscal balance	-38.0	-22.7	-18.5	-10.6	-54.4	-112.0	-90.6	-117.0	-87.0	-104.8	-46.1

2. Government debt

The total amount of central government debt in April was 1,217.8 trillion won, up 19.9 trillion won from a month earlier. Korean Treasuries totaled 1,216.4 trillion won, followed by bonds at 1,119.9 trillion won, national housing bonds at 78.0 trillion won, and foreign exchange stabilization bonds at 18.5 trillion won..

(Trillion won)

	2019	2020	2021	2022	2023	2024	2025[1]	
	Annual	Annual	Annual	Annual	Annual	Annual	Apr	May
Central gov't debt	699.0	819.2	939.1	1,033.4	1,092.5	1,141.2	1,197.8	1,217.8
(% of GDP)	34.3	39.8	42.3	44.5	45.5	44.8	-	-
- Treasuries (total)[2]	696.3	815.2	937.0	1,031.5	1,091.1	1,139.8	1,196.5	1,216.4
· Bonds	611.5	726.8	843.7	937.5	998.0	1,047.9	1,101.3	1,119.9
· National housing bonds	76.4	78.9	82.2	82.2	81.6	79.1	78.0	78.0
· Foreign exchange stabilization bonds	8.3	9.5	11.2	11.8	11.5	12.8	17.2	18.5
- Loans	2.6	3.3	2.0	1.9	1.2	1.2	1.2	1.2
- Treasury commitments	0.1	0.7	0.1	0.1	0.2	0.2	0.2	0.2

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

[1] Preliminary.

[2] Including debt-equity swap securities for international organizations.

Economic News Briefing

- Korea's GDP Grew by 0.6% in Q2 2025 (Advance Estimate)
- The Extension of FX Market Trading Hours: Progress Over the Past Year and Additional Improvement Measures
- Inbound FDI posts US $13.1 billion in the first half of 2025

Korea's GDP Grew by 0.6% in Q2 2025 (Advance Estimate)

In the second quarter of 2025, Korea's real Gross Domestic Product (GDP) grew by 0.6 percent quarter-on-quarter and 0.5 percent year-on-year according to the Bank of Korea's advance estimate released on July 24.

On the production side, the figure for agriculture, forestry and fisheries declined by 1.4 percent quarter-on-quarter in the first quarter of 2025. Manufacturing rose by 2.7 percent, led by increased production of computer, electronic and optical products. Production of electricity, gas and water supply fell by 3.2 percent as a result of a decrease in electricity. Construction fell by 4.4 percent as building construction and civil engineering both declined. Services increased by 0.6 percent with an increase in wholesale and retail trade, accommodation and food services, and real estate offsetting a decrease in information and communication.

On the expenditure side, private consumption increased by 0.5 percent, led by an expenditure on goods and services increased. Government spending also rose by 1.2 percent with increased expenditures on health care benefits. Construction investment decreased by 1.5 percent and facility investment fell by 1.5 percent on the back of a decrease in machinery and transportation equipment. Exports rose by 4.2 percent as exports of semiconductors, petroleum products, and chemical products increased. Imports increased by 3.8 percent as imports of energy items rose.

Real GDP growth by Production and Expenditure

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

	2023	2024	2023				2024				2025	
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]	Q2[2]
GDP	1.6	2.0	0.4	0.7	0.8	0.5	1.2	-0.2	0.1	0.1	-0.2	0.6
(y-o-y % change of original data)			(1.3)	(1.2)	(1.5)	(2.2)	(3.4)	(2.2)	(1.4)	(1.1)	(0.0)	(0.5)
Agriculture, forestry & fisheries	-1.8	0.6	-2.3	1.5	-1.5	-5.6	4.1	2.0	0.7	-1.8	4.4	-1.4
Manufacturing	1.5	4.3	1.6	2.5	1.7	1.6	0.9	0.9	0.0	0.1	-0.6	2.7
Electricity, gas & water supply	-2.6	3.3	-7.0	3.7	1.0	2.6	-1.2	0.1	5.4	-5.9	5.2	-3.2
Construction	-0.6	-3.8	-0.7	-2.3	1.8	-3.9	5.8	-5.6	-3.0	-4.4	-0.4	-4.4
Services[2]	2.7	1.6	0.2	0.3	0.6	0.4	0.6	0.1	0.4	0.3	-0.2	0.6
Private consumption	2.0	1.1	0.6	0.0	0.1	0.3	0.5	0.0	0.4	0.2	-0.1	0.5
Government spending	1.9	2.1	0.9	-1.9	0.6	0.3	0.9	0.8	0.9	0.4	0.0	1.2
Construction investment	-0.5	-3.3	-0.2	-0.5	1.5	-3.9	4.5	-3.3	-3.6	-4.1	-3.1	-1.5
Facility investment	-0.2	1.7	-1.7	0.5	-3.6	2.2	-1.0	0.0	5.4	0.8	-0.4	-1.5
Intellectual property investment	0.2	1.2	-1.3	0.7	0.7	-0.5	1.9	-1.3	-0.2	0.9	1.5	-0.4
Exports	3.4	6.8	3.6	1.3	2.5	3.4	1.3	1.5	0.0	0.6	-0.6	4.2
Imports	3.0	2.5	4.0	-2.5	0.1	1.9	-0.3	1.6	1.3	0.2	-1.1	3.8

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

The Extension of FX Market Trading Hours: Progress Over the Past Year and Additional Improvement Measures

It has been one year since the trading hours of the onshore dollar-won foreign exchange (FX) market were extended to 2 a.m. the following day, with the aim of enhancing convenience for both domestic and foreign investors in FX transactions[1]. At this point, the Ministry of Economy and Finance and the Bank of Korea evaluated the operational performance over the past year and announced further steps to ensure system stability, along with the results of the selection of the leading Registered Financial Institutions (RFIs)[2].

Evaluation of the System's Performance

The FX authorities have implemented FX market reform measures, including allowing foreign financial institutions to participate in the Korean FX market since January last year, and extending trading hours from 9:00 a.m.-3:30 p.m. to 9:00 am - 2:00 a.m. the following day[3] starting from July 1st. To date, a total of 52 foreign financial institutions have registered as RFIs and are participating in the Korean FX market. Transactions and settlements by these institutions have been processed smoothly throughout the entire process.

Since the extension of trading hours, the average daily spot FX trading volume in Korea's FX market reached $12.31 billion from July 2024 to June 2025, marking a 16.3% increase ($1.73 billion) compared to the same period a year earlier, and a 44.6% increase ($3.79 billion) compared to the five-year average from 2019 to 2023, indicating a steady expansion in market volume. In particular, as the effects of the institutional reforms gradually take hold, the trading volume in the first half of 2025 showed a notable improvement compared to the second half of 2024. Trading during the extended hours (3:30 p.m. - 2:00 a.m. the following day) averaged $2.22 billion per day, accounting for approximately 18% of the total daily volume which demonstrates continued growth in trading activity.

Additional Improvement Measures

As part of efforts to sustain the growth and expansion momentum of Korea's FX market, the FX authorities plan to implement the following follow-up measures aimed at further stabilizing the RFI system and promoting active trading during the extended hours.

First, the minimum threshold for RFIs is clearly established at an average annual trading volume of $100 million over the previous three years. While existing regulations stipulate that RFIs must maintain a certain level of trading activity to retain their registration status, no specific threshold had been set thus far, considering the early stage of the RFI system. Now that the institutional foundation has been successfully

[1] For example, exporting and importing companies can conduct timely FX transactions at real-time market rates that immediately reflect key economic indicators, such as U.S. GDP growth and inflation, that are typically released overnight. Also, domestic investors can convert currency at real-time market rates, rather than temporary indicative rates set by securities firms, when investing in overseas capital markets such as those in the U.S. during nighttime hours.

[2] Registered Foreign Institution (RFI): A foreign financial institution located overseas that meets the eligibility requirements prescribed under the Foreign Exchange Transactions Act and is registered with the FX authorities to directly participate in Korea's FX market.

[3] The extended trading hours fully cover those of the London financial market, one of the world's major financial hubs.

strengthened, this clear standard is being introduced to encourage active participation by RFIs in the market. When calculating trading performance, not only interbank market transactions but also direct transactions will be taken into account, with the latter weighted at 50%[4]. Assessments will be conducted on a three-year cycle, with the requirement to be applied starting from 2026 trading data so as not to discourage early participation in the market.

Second, the reporting obligation of RFIs to the Bank of Korea's Foreign Exchange Information System (FEIS) will be further deferred by six months, from the end of June to the end of December this year[5]. This decision reflects requests from multiple institutions, given that connecting to the Bank of Korea's system, developing internal reporting systems, and completing internal approval processes require a certain amount of time; additional feedback and familiarization processes are also needed, especially for foreign financial institutions that are not yet accustomed to Korea's reporting infrastructure.

Third, the government is steadily advancing the introduction of the aggregator system to enhance currency exchange convenience for foreign investors, as well as domestic and overseas corporations and institutions. In March, the amendment to the Foreign Exchange Transactions Act was passed, and the new system is scheduled to take effect on September 19. With the aim of launching full-scale services next year, the government plans to proceed step by step with the amendment of subordinate regulations and the authorization process, through consultations with relevant institutions and industry stakeholders. Furthermore, the government will continue to foster an environment that enables onshore financial institutions (including branches of foreign banks) to conduct electronic foreign exchange (eFX) trading through automated algorithms, even during overnight hours or when human dealers are unavailable, provided that appropriate internal control mechanisms are in place.

Outcome of the Selection Process for Leading RFIs

In accordance with the "Introduction of Leading RFIs" announced in March, the FX authorities evaluated the past year's (July 2024 – June 2025) performance of RFIs currently participating in Korea's FX market. The assessment covered bidirectional spot FX transactions, quote-based spot FX transactions, and FX swap transactions. Based on their outstanding performance, the following five institutions have been selected as the 2025 Leading RFIs (in alphabetical order):

1. Deutsche Bank AG, London Branch
2. KEB Hana Bank, London Branch
3. Standard Chartered Bank, London Head Office
4. State Street Bank and Trust Company, Hong Kong Branch
5. State Street Bank and Trust Company, London Branch

While the original plan announced in March envisioned the selection of three institutions, the number was increased to five in light of the selected institutions' active participation in both spot FX and FX swap transactions, and their overall contribution to invigorating the market.

The FX authorities plan to establish a regular consultation channel with the selected Leading RFIs, which will serve as a platform for monitoring market conditions and facilitating dialogue on institutional improvements. In addition to the previously announced incentives – such as exemption from disciplinary action for certain reporting violations once per year and commendations awarded by the Ministry of Economy and Finance to institutions or individuals – the authorities will also explore additional measures to further promote active participation.

[4] In consideration of the initial challenges foreign financial institutions face in establishing credit lines, as well as the need to improve operational efficiency within affiliated entities.

[5] A prior notice regarding the six-month extension of the reporting grace period was provided to RFIs and their reporting agents in late June.

These follow-up measures are expected to significantly reinforce the effectiveness of the RFI system and further stimulate trading during extended hours. The Ministry of Economy and Finance and the Bank of Korea plans to continue to work closely with market participants to expand both the breadth and depth of Korea's FX market, while actively devising additional institutional improvements, including measures to enhance foreign investors' access to the domestic capital market.

Inbound FDI posts US $13.1 billion in the first half of 2025

The Ministry of Trade, Industry and Energy (MOTIE) announced on July 2 that foreign direct investments (FDIs) pledged to Korea in the first half of 2025 decreased 14.6 percent year-on-year to USD 13.1 billion, while FDIs that actually arrived in Korea over the same period rose 2.7 percent to $7.3 billion.

By type, greenfield and M&A investment pledges declined 4.5 percent and 44.6 percent to $11.0 billion and $2.1 billion, respectively. In contrast, greenfield and M&A investment arrivals rose 4.4 percent and 0.2 percent to $4.5 billion and $2.8 billion, respectively, as investments expanded for service businesses like datacenters and hypermarkets.

By region, FDI pledges flowing in from the EU increased 14.5 percent to $2.2 billion. Those from the U.S. rose 20.2 percent to $3.1 billion, led by the retail and service sector. Meanwhile, pledges from Japan (down 25.4 percent to $2.2 billion) and China (down 39.0 percent to $1.8 billion) dropped.

By industry, FDI pledges for the manufacturing sector fell 34.5 percent to $5.3 billion as categories like electrical and electronics (down 61.6 percent to $1.4 billion) and machinery and precision medical devices (down 77.0 percent to $0.3 billion) were affected by global trade uncertainties and a reduction in domestic facility investments. The service sector saw pledges rise 10.6 percent to $7.1 billion, led by categories like retail (up 73.3 percent to $1.3 billion) and information and communications (up 9.4 percent to $1.1 billion).

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

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