August 2026
Vol.**48** No.**8**

Current Economic Trends

Economic Activity
Financial Markets
Public Finance

Policy Issue

Economic Growth Strategy

Economic News Briefing

Korean GDP in Q2 2026
24-hour FX Market
EUR FX Fund Bonds
Korean OFDI in Q1 2026
Korean FDI in H1 2026

Republic of Korea **Economic Bulletin**

Displays

Ministry of Finance and Economy

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▲ Korea's display industry maintains its global leadership through technological edge.

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.

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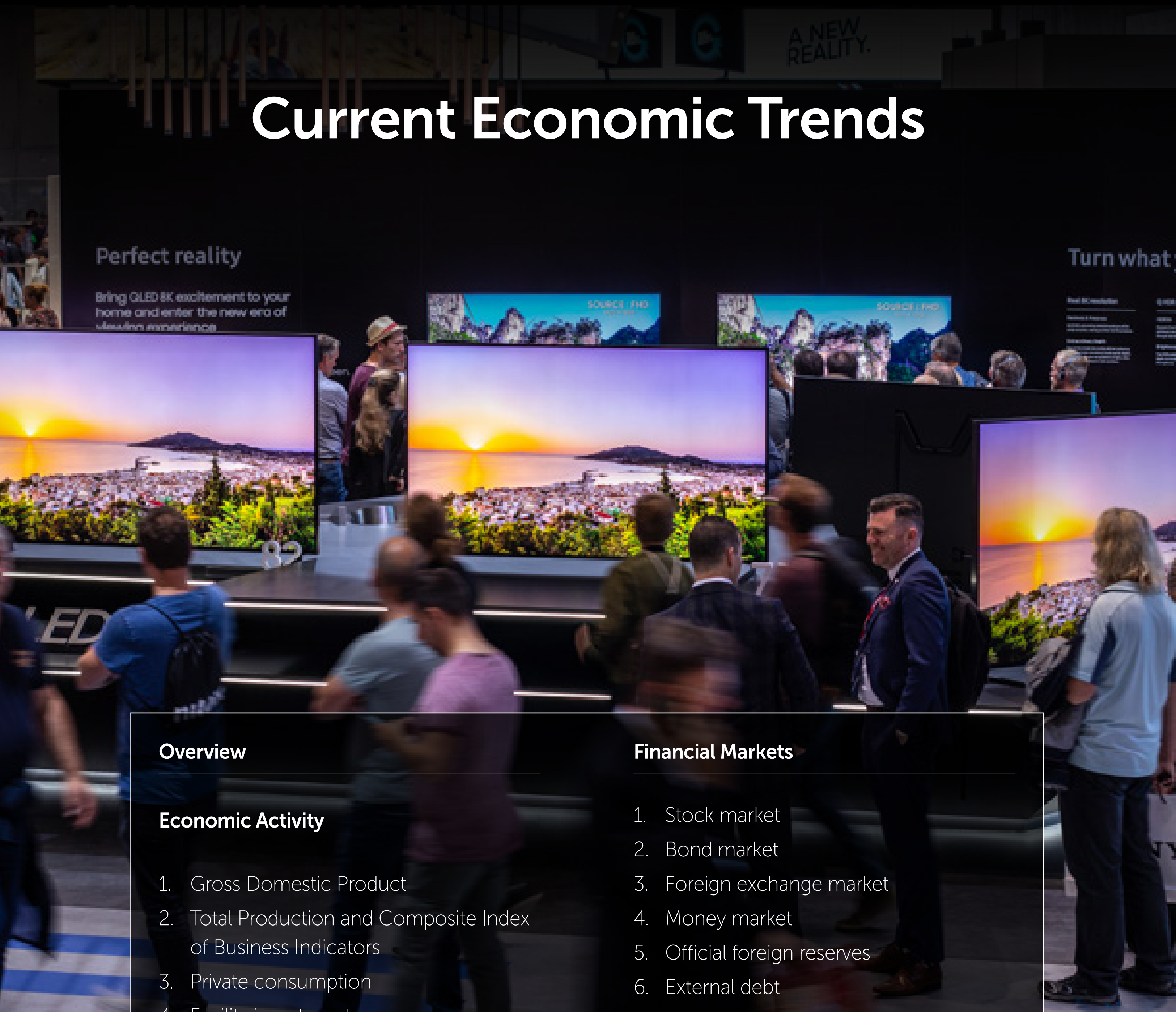

Current Economic Trends

Overview

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Overview

In May, total industrial production decreased, while retail sales increased. In June, the growth in the number of employed persons rebounded, and consumer price growth accelerated from the previous month.

In May, the total industrial production fell *(down 3.0% m-o-m and up 2.3% y-o-y)* as a decline in industrial output *(down 3.0% m-o-m and down 0.9% y-o-y)* more than offset increases in services output *(up 1.3% m-o-m and up 4.9% y-o-y)* and construction output *(up 3.8% m-o-m and down 1.9% y-o-y)*.

Facilities investment moved down *(down 0.1% m-o-m and up 9.7% y-o-y)* and retail sales moved up *(up 0.1% m-o-m and up 1.7% y-o-y)*.

The cyclical indicator of the coincident composite index for May fell by 0.3 points and the cyclical indicator of the leading composite index increased by 0.7 points.

In May, facilities investment moved down *(down 0.1% m-o-m and up 9.7% y-o-y)* and retail sales moved up *(up 0.1% and up 1.7%)*.

In June, the consumer sentiment index (CSI) went up by 0.5 points month-on-month to 106.6. The composite business sentiment index (CBSI) went down by 1.2 points to 97.7 and the CBSI outlook for July dropped by 2.4 points to 95.2.

In June, exports climbed by 70.9 percent year-on-year, supported by expanded exports of semiconductor, computers, and ships. Average daily exports rose by 59.5 percent in June compared to the same month of last year.

In June, the number of employed persons grew by 63,000 from a year earlier, and the unemployment rate remained unchanged at 2.8 percent.

In June, the year-on-year consumer price index (CPI) climbed by 3.2 percent, up from 3.1 percent last month, while the index excluding food and energy rose by 2.5 percent, the index excluding agricultural products and petroleum products rose by 2.4 percent, and the CPI for living necessities increased by 3.4 percent.

In June, stock prices remained flat, Korean Treasury Bond yields increased, and the Korean won weakened against the U.S. dollar.

In June, both housing prices *(up 0.33% m-o-m)* and *Jeonse* (lump-sum deposits with no monthly payments) prices *(up 0.38% m-o-m)* continued to climb.

The Korean economy has recently seen its recovery gain a firmer footing, following a marked acceleration in growth in the first quarter. Exports continued to increase sharply and domestic demand, including consumption, improved after temporarily losing momentum due in part to the impact of the war in the Middle East.

However, cost-of-living pressures persist, including higher inflation and slower employment growth in the wake of the conflict in the Middle East.

Although the global economy continues to grow at a moderate pace, the impact of the Middle East conflict has pushed up inflation in major economies and raised concerns over slower growth, while uncertainty surrounding international financial markets and energy prices remains.

The government plans to make every effort to minimize the impact of the Middle East conflict by ensuring stable supplies of key goods and maintaining price stability. At the same time, it will swiftly implement the Economic Growth Strategy for the Second Half of 2026 to address structural challenges, including a post-conflict strategy for the Middle East, a rebound in potential growth, and measures to address economic polarization.

Economic Activity

1. Gross Domestic Product (Preliminary estimate)

In the first quarter of 2026, Korea's real Gross Domestic Product (GDP) amounted to 574.1 trillion won, and real Gross Domestic Income (GDI) was 612.8 trillion won.

(Trillion won, inflation adjusted at 2020 prices)

	2024	2025	2024				2025				2026
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
GDP	2,300.1	2,326.3	552.3	573.8	575.3	598.6	553.2	577.9	587.3	607.9	574.1
(Seasonally adjusted)	-	-	575.2	574.3	574.6	576.0	575.0	578.7	586.6	586.0	596.7
- Private consumption	1,100.90	1,117.40	274.3	270.1	276.8	279.6	275.7	273	282.4	286.4	283.1
- Facility investment	214.9	218.0	50.9	53.8	52.6	57.6	53.3	55.3	53.0	56.5	55.7
- Construction investment	293.9	265.4	63.5	82.2	72.5	75.6	55.5	73.0	66.8	70.1	54.4
- Total export	922.1	962.0	222.9	228.4	230.2	240.6	226.3	238.3	245.8	251.6	253.0
- Total import	780.8	806.9	194.6	190.2	195.6	200.5	197.7	196.7	204.4	208.2	214.5
GDI	2,243.7	2,288.9	540.7	557.4	561.3	584.3	541.5	566.3	576.3	604.8	612.8
(Seasonally adjusted)	-	-	562.5	558.8	559.1	563.3	562.5	568.7	573.4	584.3	635.4

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

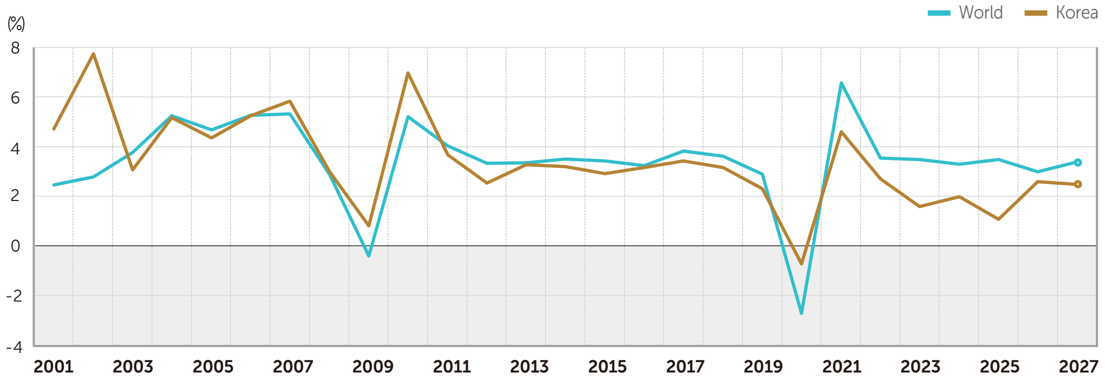
In the first quarter of 2026, real GDP grew 3.8 percent year-on-year, and seasonally adjusted GDP grew 1.8 percent quarter-on-quarter. Real GDI rose 13.2 percent year-on-year, and seasonally adjusted GDI also increased 8.7 percent quarter-on-quarter.

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

	2024	2025	2024				2025				2026
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
GDP	2.2	1.1	3.6	2.6	1.6	1.1	0.2	0.7	2.1	1.6	3.8
(Seasonally adjusted[2])	-	-	1.0	-0.2	0.1	0.2	-0.2	0.6	1.4	-0.1	1.8
- Private consumption	1.3	1.5	1.4	1.2	1.6	1.1	0.5	1.0	2.0	2.4	2.7
- Facility investment	1.0	1.5	-1.4	-2.9	5.6	3.1	4.7	2.7	0.7	-1.9	4.4
-Construction investment	-2.0	-9.7	1.6	-0.2	-4.5	-4.5	-12.7	-11.3	-7.9	-7.2	-1.9
- Total export	7.6	4.3	10.1	9.9	7.0	3.9	1.5	4.3	6.8	4.6	11.8
- Total import	3.8	3.3	0.3	5.0	6.3	3.6	1.6	3.4	4.5	3.9	8.5
GDI	4.3	2.0	6.7	5.3	3.0	2.3	0.1	1.6	2.7	3.5	13.2
(Seasonally adjusted[2])	-	-	2.2	-0.7	0.1	0.7	-0.1	1.1	0.8	1.9	8.7

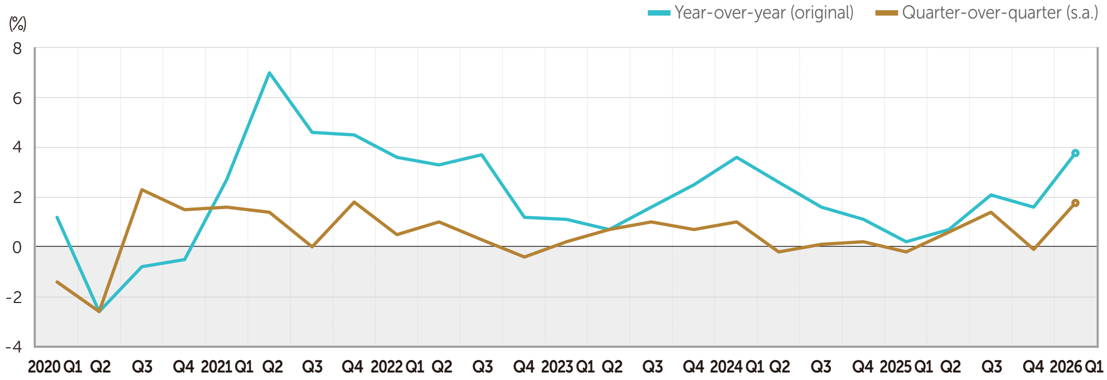
Source: Bank of Korea.
[1] Preliminary estimate.
[2] Percentage change from previous period.

GDP growth: World and Korea



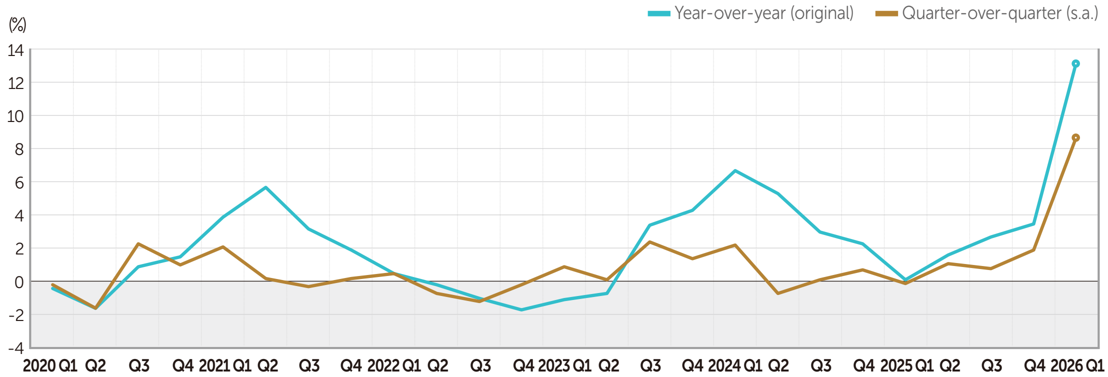
Source: IMF

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 fell 0.3 percent month-on-month. Industrial production *(down 3.0 %)* and public spending *(down 4.5%)* declined, while construction (up 3.8%) and services production *(up 1.1 %)* rose. The index climbed 2.3 percent year-on-year.

Coincident composite index

The cyclical indicator of the coincident composite index fell 0.3 points month-on-month to 99.9. More specifically, the index of services and imports rose, while value of construction completed, shipment index for domestic market, and industrial production index declined.

Leading composite index

The cyclical indicator of the leading composite index rose 0.7 points month-on-month to 104.8. Within the leading composite index, the KOSPI, construction orders received, and the net barter terms of trade rose, while the inventory circulation indicator, the economic sentiment index and domestic shipments of machinery fell.

	2025							2026				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar[1]	Apr[1]	May[1]
Total Index of Industrial Production (m-o-m, %)	1.8	-0.3	-0.1	1.2	-2.2	0.7	1.2	-0.8	2.1	0.4	-0.4	-0.3
(y-o-y, %)	1.9	2.8	0.2	8.0	-3.5	0.7	2.1	4.9	0.1	3.7	2.4	2.3
Cyclical indicator of coincident composite index	99.6	99.6	99.8	99.8	99.4	99.2	99.0	99.0	99.6	100.0	100.2	99.9
(m-o-m, p)	0.2	0.0	0.2	0.0	-0.4	-0.2	-0.2	0.0	0.6	0.4	0.2	-0.3
Coincident composite index (2020=100)	114.1	114.3	114.7	114.9	114.6	114.5	114.5	114.7	115.5	116.2	116.5	116.3
(m-o-m, %)	0.4	0.2	0.3	0.2	-0.3	-0.1	0.0	0.2	0.7	0.6	0.3	-0.2
Cyclical indicator of leading composite index	100.0	100.5	100.9	100.9	100.9	101.1	101.6	102.2	102.8	103.5	104.1	104.8
(m-o-m, p)	0.2	0.5	0.4	0.0	0.0	0.2	0.5	0.6	0.6	0.7	0.6	0.7
Leading composite index (2020=100)	119.1	120.1	120.9	121.2	121.5	122.2	123.1	124.2	125.2	126.4	127.5	128.8
(m-o-m, %)	0.4	0.8	0.7	0.2	0.2	0.6	0.7	0.9	0.8	1.0	0.9	1.0

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 2026 (m-o-m, %)

Index of services	0.9
Imports	0.3
Value of construction completed	-1.3
Shipment index for domestic market	-1.2
Industrial production index	-1.0

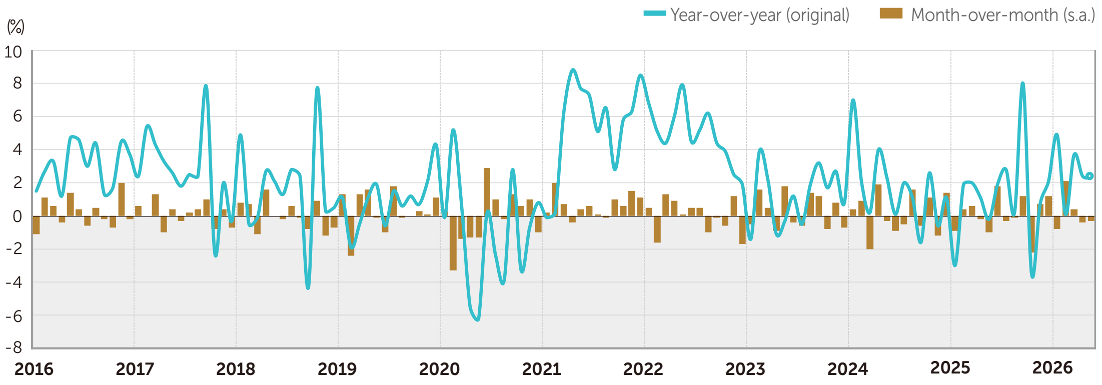
Source: Industrial activity trends, Statistics Korea.

Leading composite index in May 2026 (m-o-m, %)

KOSPI	12.4
Construction orders received	11.4
Net barter terms of trade	3.1
Inventory circulation indicator (%p)	-1.2
Economic sentiment index (p)	-0.4
Domestic shipments of machinery	-0.3

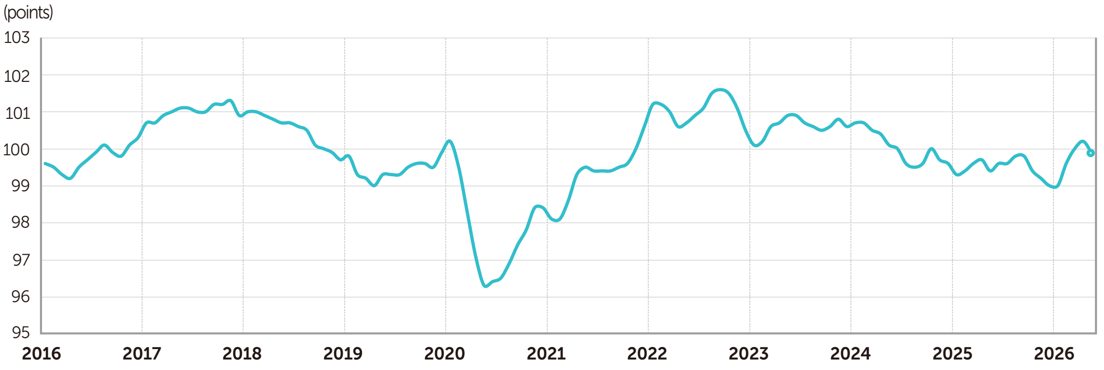
Source: Industrial activity trends, Statistics Korea.

Total index of Industrial Production



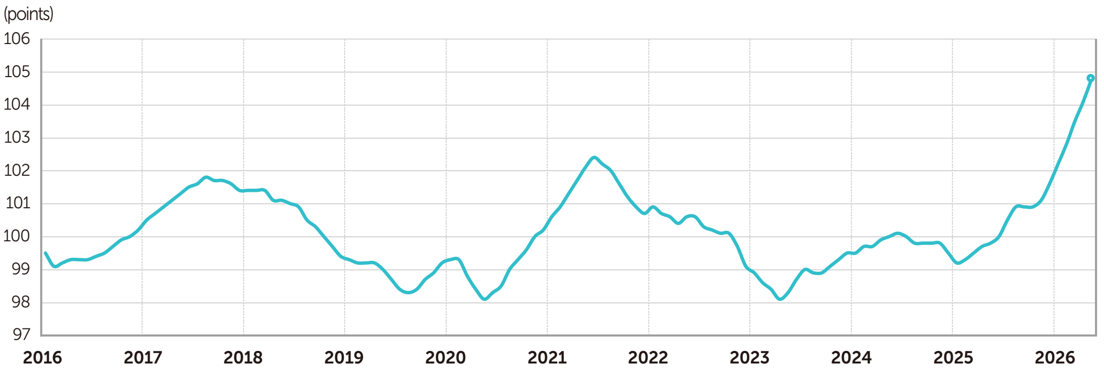
Source: Industrial activity trends, Statistics Korea.

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 2026 increased by 0.6 percent quarter-on-quarter and by 2.7 percent year-on-year.

(Percentage change from previous period)

	2024	2025	2024				2025				2026
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Private consumption	-	-	0.8	0.0	0.3	0.0	0.2	0.7	1.1	0.4	0.6
(y-o-y)	1.3	1.5	1.4	1.2	1.6	1.1	0.5	1.0	2.0	2.4	2.7

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

Retail sales increased 0.1 percent month-on-month in May. Sales of durable goods *(down 3.4%)* fell, while sales of semi-durable goods *(up 2.3%)* and nondurable goods *(up 0.9%)* rose. The year-on-year index climbed 1.7 percent.

(Percentage change from previous period)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Retail sales	-	-	-1.2	-0.7	0.4	-0.6	0.6	-0.6	1.2	0.6	2.4	1.9	-3.5	0.1
(y-o-y)	-1.9	0.3	-1.5	-3.0	-1.4	-1.8	-0.8	-0.1	1.6	0.9	3.2	5.0	1.6	1.7
- Durable goods	-3.6	3.8	-4.1	-2.6	4.3	-2.4	3.7	-1.1	4.8	-3.8	6.5	10.2	-11.0	-3.4
· Automobiles	-7.3	11.0	-11.8	1.0	6.8	0.3	2.8	4.3	3.1	-3.2	6.0	2.6	-6.5	-10.9
- Semi-durable goods	-3.0	-2.1	-0.1	-0.3	-2.4	0.9	-2.3	-1.0	2.9	0.1	3.0	0.4	0.1	2.3
- Nondurable goods	-0.8	-0.2	-0.2	0.1	-0.3	-0.2	0.1	-0.1	-1.1	2.8	0.4	-1.3	-1.1	0.9

Source: Statistics Korea.
[1] Preliminary.

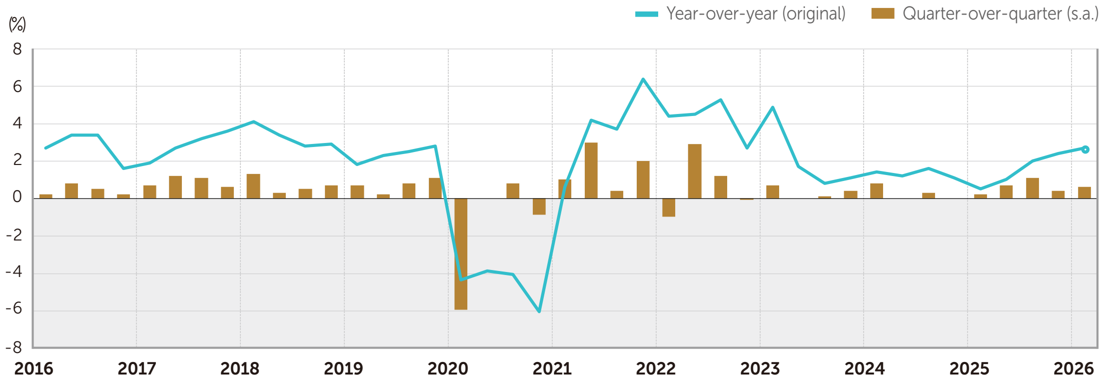
The retail sales index outlook for June is expected to be mixed, as increases in car sales at home and the consumer sentiment index are offset by a decrease in large discount store sales.

(Percentage change from same period in previous year)

	2025			2026					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Car sales at home	-16.3	-4.4	-0.9	11.2	-13.3	8.0	-8.0	-14.2	5.0
Department store sales	5.6	2.0	5.0	-0.7	30.3	10.1	14.2	17.1	13.3
Large discount store sales	8.2	-3.8	-5.1	-17.0	18.7	-6.7	-7.4	-4.1	-9.6
Credit card spending at home[1]	2.1	6.6	4.3	4.7	6.3	8.4	7.3	7.0	6.0
Consumer sentiment index[2]	109.8	112.4	109.9	110.8	112.1	107.0	99.2	106.1	106.6
Number of Chinese tourists[3]	25.1	26.8	28.8	14.8	40.5	19.8	28.2	15.4	33.6

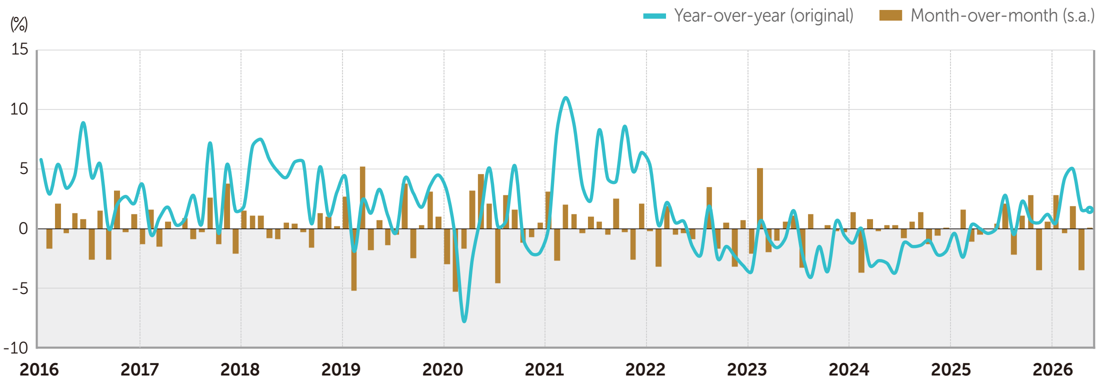
Sources: Korea Automobile Manufacturers Association; The Credit Finance Association; Bank of Korea; Korea Culture & Tourism Institute; data provided by retail industries.
[1] Utility bills are excluded.
[2] Level value.
[3] Advance estimate based on total entries, The figure can be different from the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

Private consumption



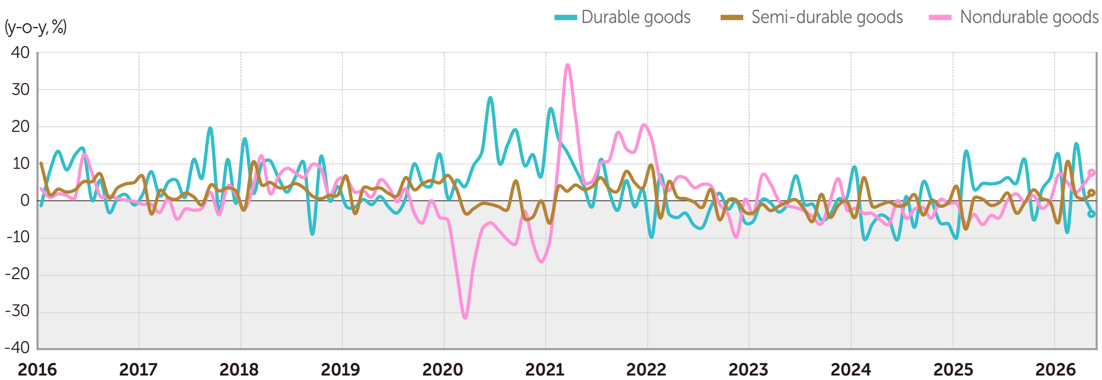
Source: National account, Bank of Korea.

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 2026 grew by 6.6 percent quarter-on-quarter and by 3.6 percent year-on-year.

(Percentage change from previous period)

	2024	2025	2024				2025				2026
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Facility investment	-	-	-1.5	-0.2	3.8	0.8	0.2	-1.8	1.3	-1.6	6.6
(y-o-y)	1.0	1.5	-2.2	-2.5	6.6	5.3	5.8	3.4	1.0	-1.7	3.6
- Machinery	-0.1	1.1	-1.4	-2.9	5.6	3.1	4.7	2.7	0.7	-1.9	4.4
- Transportation equipment	5.1	2.5	-9.8	6.0	4.5	-0.8	9.3	-8.0	-4.4	-4.4	7.1

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

In May, the facility investment index declined by 0.1 percent month-on-month, led by a decrease in the machinery investment index. The index also rose by 9.7 percent year-on-year.

(Percentage change from previous period)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Facility investment index	-	-	-3.0	0.4	6.0	1.8	-2.2	0.3	0.6	-3.8	13.0	1.7	-3.7	-0.1
(y-o-y)	3.0	1.2	-1.5	-3.4	11.4	5.6	5.4	5.5	1.2	-6.2	9.8	9.8	7.9	9.7
Machinery	2.0	0.6	0.7	0.1	1.9	5.3	-3.0	-2.8	3.4	-1.9	9.1	-0.1	0.1	-0.2
Transportation equipment	5.3	2.3	-12.4	1.1	16.5	-5.8	-0.3	7.5	-5.3	-8.2	22.5	5.4	-11.3	0.2

Source: Statistics Korea.
[1] Preliminary.

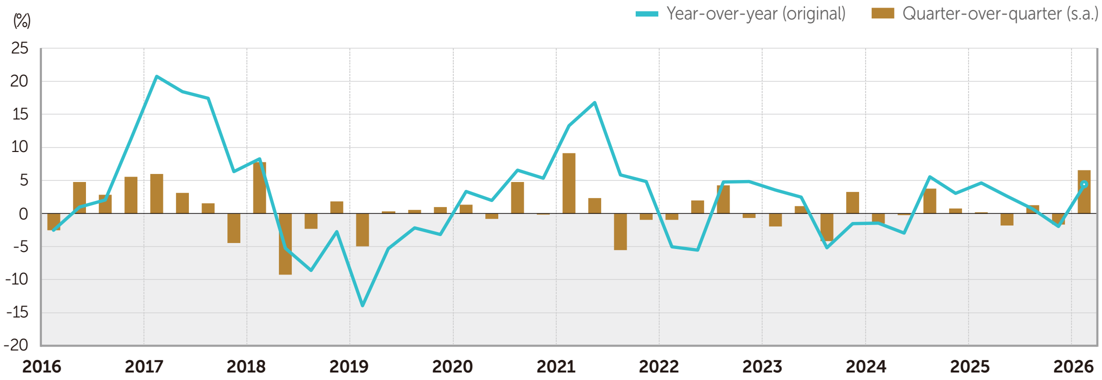
The facility investment outlook is mixed, as an increase in domestic machinery orders received is expected to be offset by a decline in facility investment pressure.

(Percentage change from same period in previous year)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Domestic machinery orders received	-3.1	1.8	-7.6	-7.2	15.5	-10.6	13.8	6.1	-14.4	3.5	-2.8	-2.3	-8.7	25.9
(% change from previous period)	-	-	-15.0	2.9	22.8	-17.9	11.3	-5.5	-3.5	4.0	0.7	8.6	-2.7	25.4
- Public	-21.2	-10.1	-63	-42.4	169.3	-40.6	14.4	-24.7	-37.2	72.2	-29.9	28.3	-29.7	-2.3
- Private	-0.8	3.0	2.6	-1.6	4.8	-8.0	13.8	9.0	-10.4	-0.4	-1.0	-3.8	-7.0	27.3
Machinery imports	1.8	8.1	-7.4	-12.4	18.2	12.7	11.5	13.5	6.1	2.2	17.1	11.2	15.1	14.1
Average capacity utilization rate[2]	72.6	72.6	72.4	73.3	72.1	72.5	72.9	72.9	73.1	71.4	73.3	74.6	73.3	71.1
Facility investment pressure[3]	3.5	0.7	4.5	4.1	1.6	3.1	0.8	1.0	5.2	-3.7	2.1	3.1	0.7	-1.7

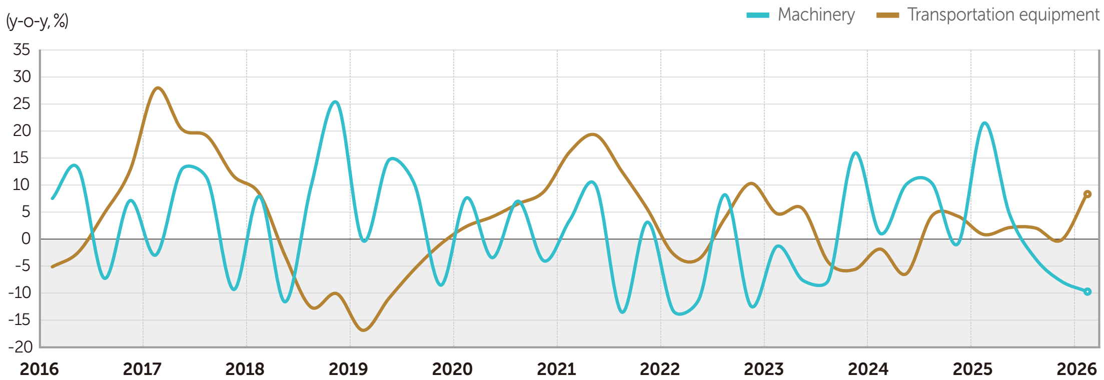
Sources: Statistics Korea; Korea International Trade Association.
[1] Preliminary.
[2] Utilization rate for the period, %.
[3] Production growth rate minus production capacity growth rate in the manufacturing sector, %p.

Facility investment



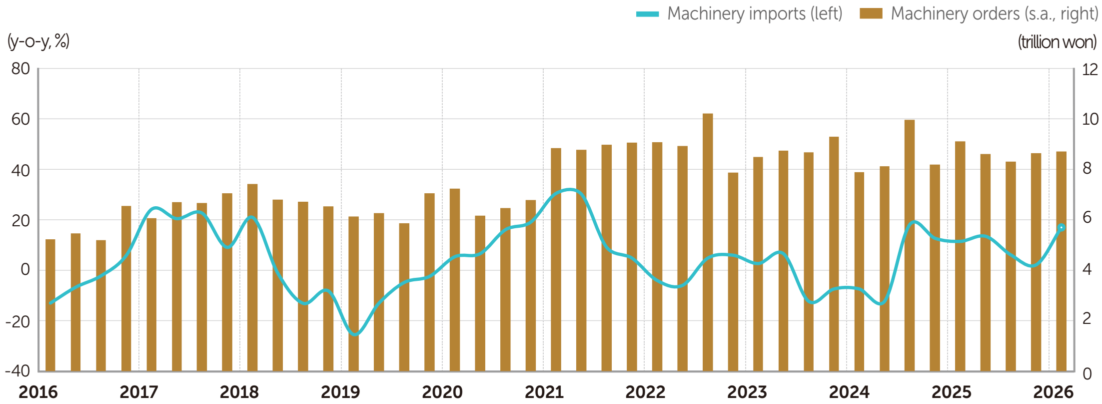
Source: National account, Bank of Korea.

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 2026 rose by 1.4 percent quarter-on-quarter, and declined by 1.9 percent year-on-year.

(Percentage change from previous period)

	2024	2025	2024				2025				2026
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Construction investment	-	-	4.9	-2.3	-3.4	-3.5	-4.0	-0.7	0.2	-2.6	1.4
(y-o-y)	-2.0	-9.7	1.6	-0.2	-4.5	-4.5	-12.7	-11.3	-7.9	-7.2	-1.9
- Building construction	-3.9	-10.4	5.4	-3.1	-4.0	-2.4	-5.3	-0.3	-0.8	-0.7	0.2
- Civil engineering works	2.8	-8.0	3.5	-0.2	-2.0	-6.0	-0.9	-1.6	2.7	-7.0	4.2

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

In May, construction completed *(constant)* climbed by 3.8 percent month-on-month, as both building construction and civil engineering increased. The index declined 1.9 percent year-on-year.

(Percentage change from previous period)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Construction completed (constant)	-	-	4.5	-5.5	-4.6	-4.6	-7.2	-2.6	-0.8	-4.1	0.5	-5.9	-1.4	3.8
(y-o-y)	-4.6	-16.5	4.1	-3.1	-9.0	-9.5	-21.1	-17.3	-11.9	-15.1	-6.1	-5.6	-5.3	-1.9
- Building construction	-6.6	-17.5	4.9	-6.7	-5.4	-4.1	-7.8	-2.9	-1.5	-2.7	-2.4	-3.2	-1.6	5.1
- Civil engineering works	2.0	-13.5	3.4	-1.7	-2.3	-5.8	-5.3	-2.0	1.1	-8.1	8.9	-12.5	-0.9	0.2

Source: Statistics Korea.
[1] Preliminary.

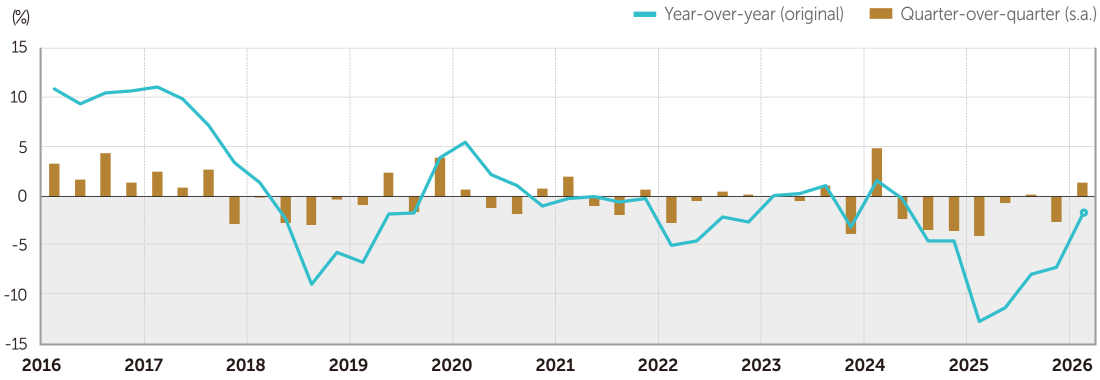
The construction investment outlook is mixed, as an increase in construction orders received is expected to be offset by a decrease in building permits.

(Percentage change from same period in previous year)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]	Mar	Apr[1]	May[1]
Construction orders received (current value)	10.8	4.9	-11.4	20.5	28.6	9.1	-0.1	-5.1	27.4	1.1	30.7	34.4	55.7	55.3
(% change from previous period)	-	-	-0.2	19.5	-10.3	3.9	-6.1	8.6	17.0	-17.6	21.8	11.8	8.7	18.8
- Building construction	17.4	14.6	-13.7	23.8	27.9	28.2	23.2	13.7	28.6	2.2	24.1	15.4	42.9	54.5
- Civil engineering works	-2.2	-17.7	-6.8	14.1	30.6	-22.7	-43.1	-43.9	24.1	-2.0	57.2	188.8	102.2	60.4
Building permits[2]	-9.0	-10.5	-16.2	-22.2	-5.4	10.8	-23.3	-8.7	-5.6	-5.0	-5.0	-4.5	-0.2	-12.6
Apartment presales[3]	25	21.8	5.8	5.8	5.7	7.7	2.3	4.8	7.4	7.3	3.9	1.9	2.6	2.5

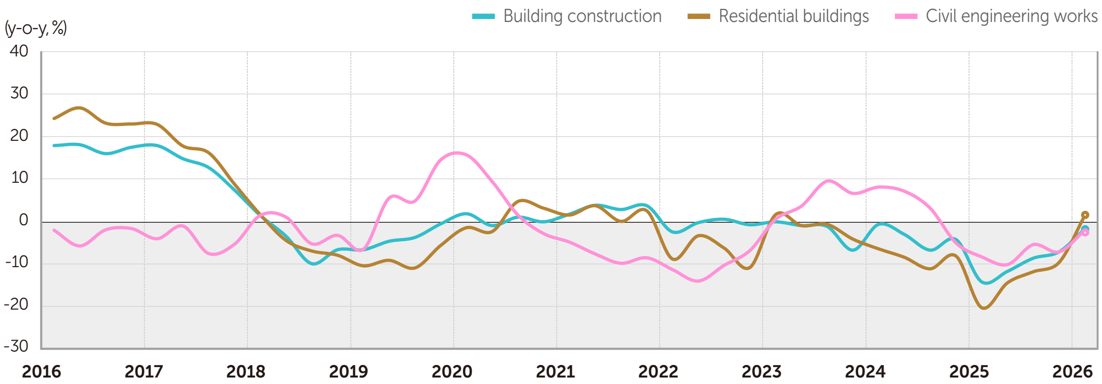
Sources: Statistics Korea; Ministry of Land Infrastructure and Transport; Real Estate 114.
[1] Preliminary.
[2] Gross Floor Area.
[3] Thousand housing units.

Construction investment



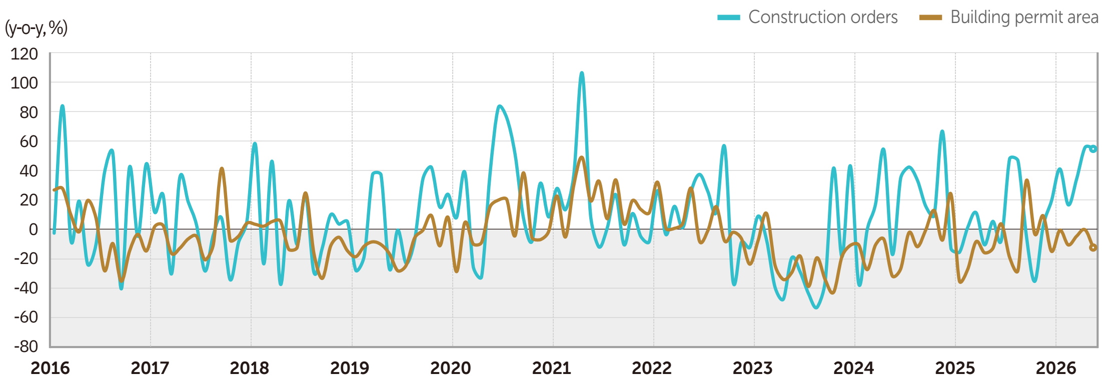
Source: National account, Bank of Korea.

Construction investment by type



Source: National account, Bank of Korea.

Leading indicators of construction investment



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

6. Exports and imports (Preliminary Estimate)

Exports grew by 70.9 percent year-on-year to US $102.3 billion in June.
Exports of semiconductor, computers, ships, and automobiles increased, while exports of automobile components decreased.
In terms of export markets, exports to China, US and ASEAN increased while exports to the Middle East and CIS declined.
The average daily amount of exports, which factors in the number of working days, rose by 59.5 percent year-on-year to US $4.5 billion.

Imports rose by 30.1 percent year-on-year to US $66.1 billion in June.

The trade balance recorded a surplus of US $36.2 billion in June.

(US $ billion)

	2024	2025	2025				2026				
	Annual	Annual	Q1	Q2	Q3	Q4	Feb	Mar	Apr	May	Jun
Exports	683.6	709.4	159.5	175.1	184.9	189.8	67.6	87.2	85.9	87.8	102.3
(y-o-y, %)	8.1	3.8	-2.3	2.1	6.5	8.4	29.2	50.2	48.0	53.2	70.9
Average daily exports	2.5	2.6	2.5	2.4	2.6	2.9	3.6	3.8	3.6	4.3	4.5
Imports	631.8	631.8	152.6	154.3	162.4	162.2	57.1	60.4	62.1	60.8	66.1
(y-o-y, %)	-1.6	-0.0	-1.4	-1.7	1.5	1.4	11.6	13.2	16.7	20.8	30.1
Average daily imports	2.3	2.4	2.4	2.3	2.6	2.5	2.4	2.6	2.6	3.0	2.9
Trade balance	51.8	77.7	6.9	20.9	22.5	27.7	8.7	26.9	23.8	27.0	36.2

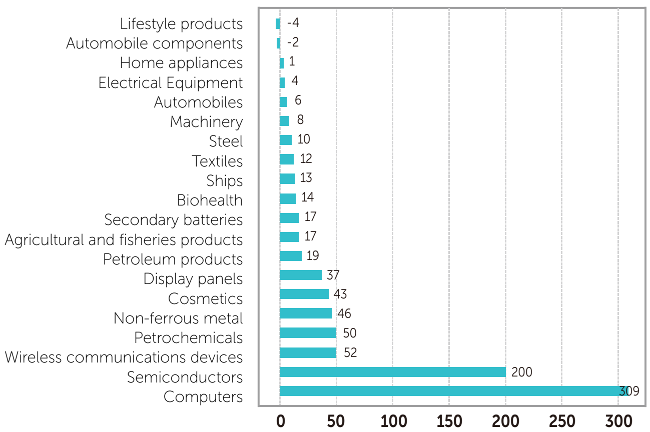
Source: Korea Customs Service.

Export growth and share by region in Jun 2026

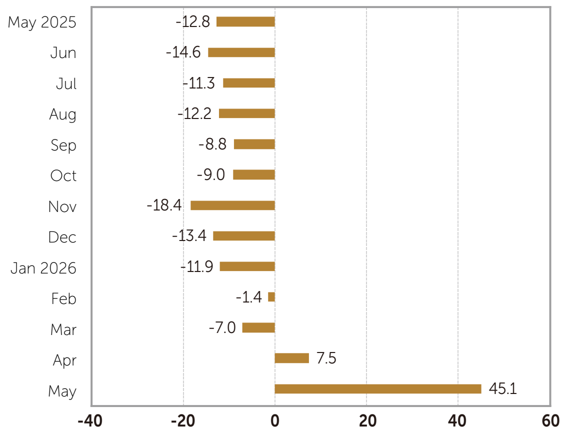
	Growth (y-o-y, %)	Share (%)[1]
China	92.1	20.2
US	78.6	18.8
ASEAN countries	86.6	18.0
Latin America	36.3	3.5
India	33.3	2.4
EU	31.8	8.0
Japan	16.0	3.3
CIS countries	-0.2	-
Middle East	-8.4	1.7

[1] Cumulative total since January 2026.

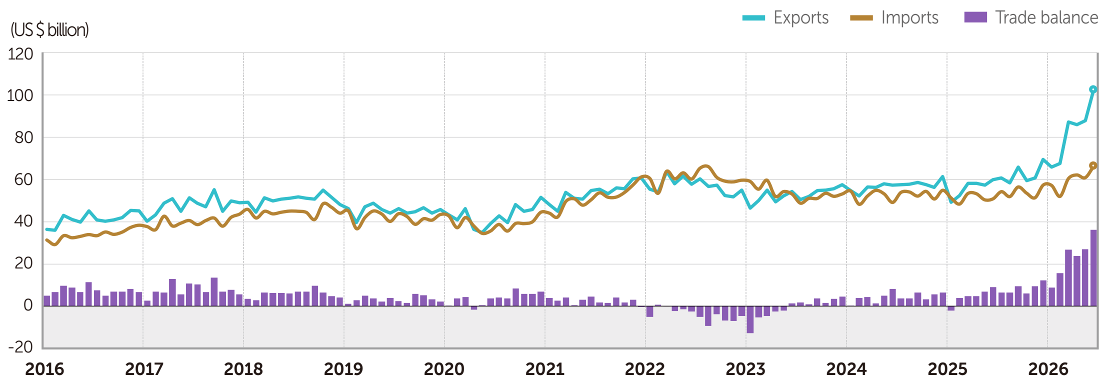
Export growth by item in May 2026 (y-o-y, %)



Energy Imports (y-o-y, %)

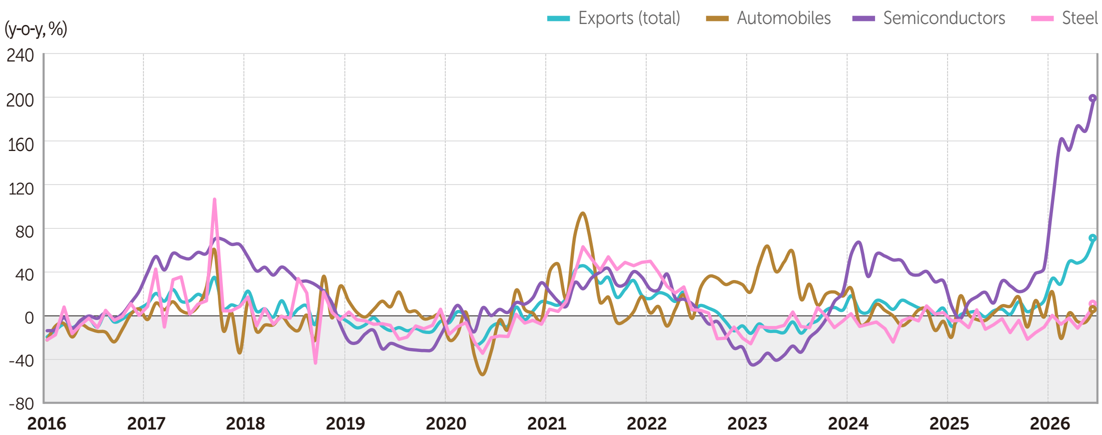


Exports and imports



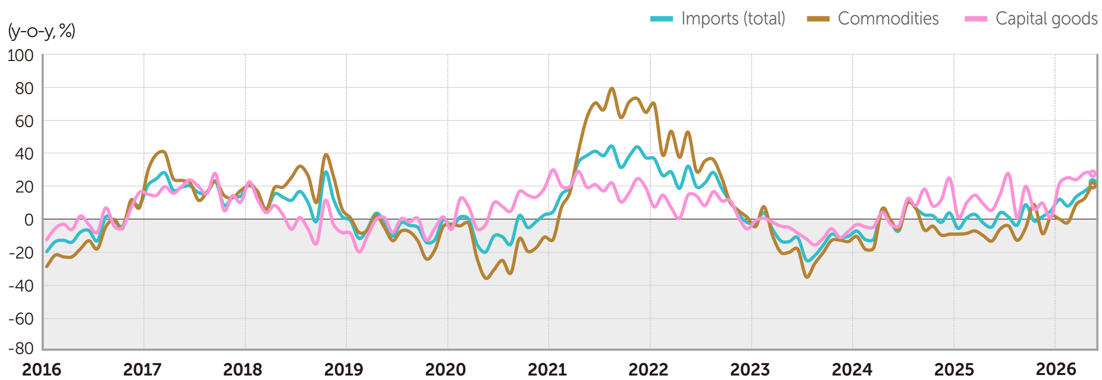
Sources: Korea Customs Service.

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 63,000 year-on-year to 29,154,000 and the employment rate *(aged 15 and above)* fell by 0.2 percent points to 63.4 percent.

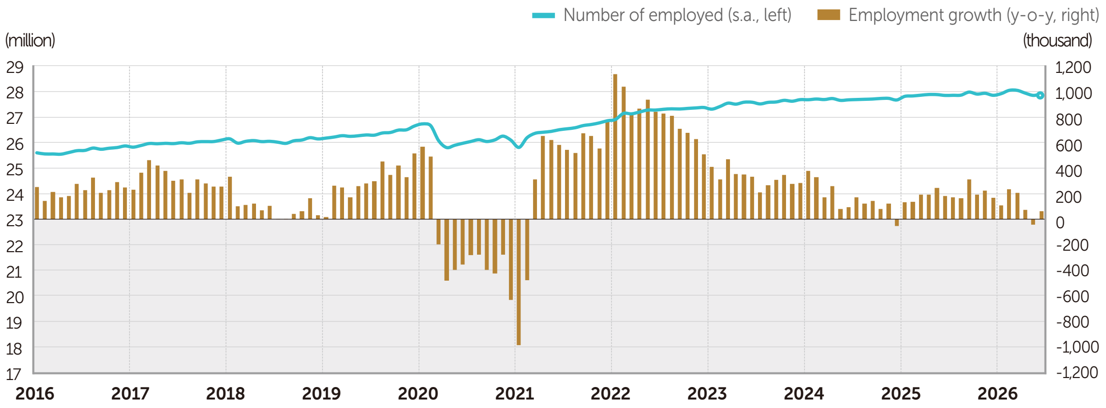
By sector, employment growth accelerated in the services sector, while conditions worsened in the construction sectors.

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

	2023	2024	2025	2025							2026					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Number of employed (million)	28.42	28.58	28.77	29.09	29.03	28.97	29.15	29.04	29.05	28.21	27.99	28.41	28.79	28.96	29.16	29.15
Employment rate (%)	62.6	62.7	62.9	63.6	63.4	63.3	63.7	63.4	63.4	61.5	61.0	61.8	62.7	63.0	63.3	63.4
(Seasonally adjusted)	-	-	-	62.8	62.8	62.8	63.1	62.9	62.9	62.7	62.8	63.0	63.0	62.7	62.5	62.6
- 15 to 64	69.2	69.5	69.8	70.3	70.2	69.9	70.4	70.1	70.2	69.6	69.2	69.2	69.7	70.0	70.2	70.2
Employment growth (y-o-y, thousand)	327	159	193	183	171	166	312	193	225	168	108	234	206	74	-40	63
- Manufacturing	-43	-6	-73	-83	-78	-61	-61	-51	-41	-63	-23	-16	-42	-55	-140	-97
- Construction	-9	-49	-125	-97	-92	-132	-83	-123	-131	-63	-20	-40	-16	-8	-43	-67
- Services	385	239	492	494	460	484	588	481	516	403	256	374	316	208	248	307
· Wholesale & retail	-37	-61	-1	10	13	0	28	46	11	44	23	22	-18	-52	-36	-44
· Hotels & restaurants	114	25	-3	-38	-71	0	26	22	-22	-22	-16	-27	-2	29	20	10
· Healthcare & social welfare service	143	83	237	216	263	304	304	280	281	220	185	288	294	261	212	214
- Wage workers	327	214	275	314	287	270	386	311	294	214	121	205	113	-43	-115	-81
· Permanent workers	478	183	283	318	319	348	340	286	258	195	192	158	140	62	-7	16
· Temporary workers	-61	154	46	58	16	-12	2	79	65	-7	-97	8	-59	-127	-121	-51
· Day laborers	-90	-122	-55	-63	-48	-67	44	-55	-29	25	26	39	32	22	14	-45
- Nonwage workers	0	-55	-81	-130	-116	-103	-75	-118	-70	-46	-13	29	93	116	75	144
· Self-employed	57	-32	-38	-66	-65	-70	-55	-98	-38	12	45	70	105	140	109	167
- Male	24	-29	20	7	16	20	67	22	22	95	33	20	69	4	-55	37
- Female	303	188	174	177	155	146	244	171	203	73	75	214	137	70	15	26
- 15 to 29	-98	-144	-178	-173	-158	-219	-146	-163	-177	-112	-175	-146	-147	-194	-255	-197
- 30 to 39	54	90	102	116	93	96	133	80	76	83	101	86	112	84	62	65
- 40 to 49	-54	-81	-50	-55	-56	-73	-45	-38	-9	-33	-3	0	-5	-17	-43	-19
- 50 to 59	59	28	-26	-53	-49	-38	-11	-19	2	-11	45	6	5	11	25	3
- 60 and above	366	266	345	348	342	401	381	334	333	241	141	287	242	189	171	211

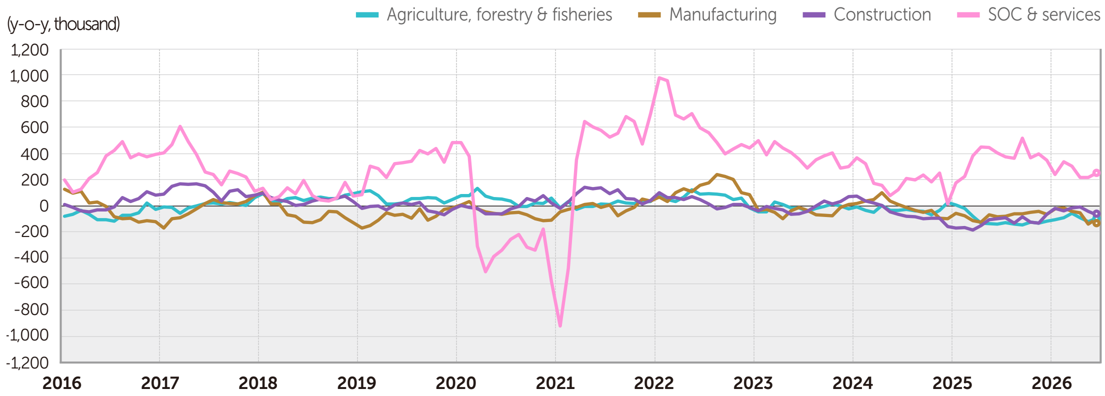
Source: Statistics Korea.

Number of employed workers and employment growth



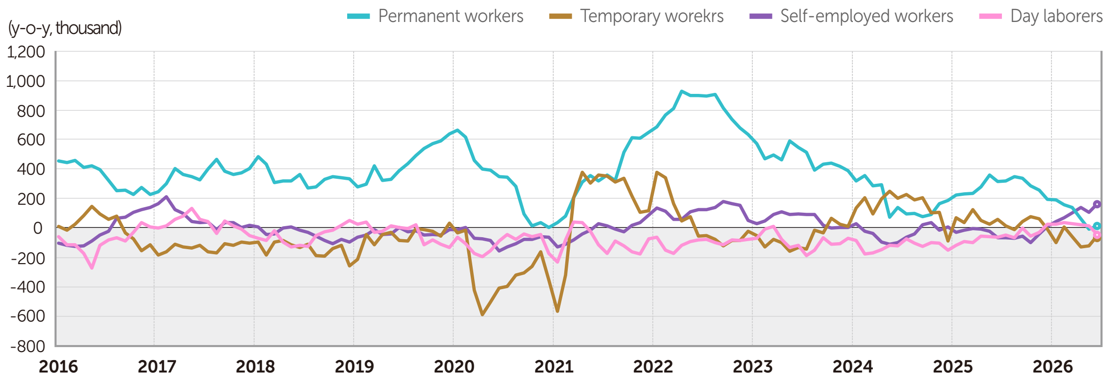
Source: Employment trends, Statistics Korea.

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 increased by about 10,000 year-on-year to 834,000 and the unemployment rate remained unchanged at 2.8 percent.

	2023	2024	2025	2025							2026					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Number of unemployed (thousand)	787	823	830	825	726	592	635	658	661	1,217	1,211	993	884	853	873	834
Unemployment growth (y-o-y, thousand)	-46	36	7	-32	-11	28	12	-20	5	103	128	54	-35	-2	25	10
- Male	-14	18	13	-1	16	23	52	4	29	47	36	44	-31	-28	5	-26
- Female	-32	18	-6	-32	-27	4	-39	-24	-24	55	49	10	-4	26	30	36
Unemployment rate (%)	2.7	2.8	2.8	2.8	2.4	2.0	2.1	2.2	2.2	4.1	4.1	3.4	3.0	2.9	2.9	2.8
(Seasonally adjusted)	-	-	-	2.6	2.5	2.6	2.5	2.6	2.7	4.0	3.0	2.9	2.7	2.8	2.8	2.7
- 15 to 29	5.9	5.9	6.1	6.1	5.5	4.9	4.8	5.3	5.5	6.2	6.8	7.7	7.6	7.1	7.2	7.0
- 30 to 39	2.6	2.7	2.7	2.8	2.5	2.5	2.6	2.7	2.9	3.0	3.0	3.6	3.3	3.3	3.2	3.4
- 40 to 49	1.9	1.9	2.0	2.0	2.0	1.7	1.7	1.7	1.8	1.9	1.8	1.9	1.8	1.9	2.1	1.9
- 50 to 59	1.7	1.8	1.8	2.1	1.8	1.4	1.6	1.5	1.4	1.6	1.7	1.9	2.0	1.8	1.8	1.6
- 60 and above	2.6	2.9	2.8	2.2	1.7	1.0	1.2	1.4	1.2	8.4	8.3	3.7	2.3	2.2	2.3	2.0

Source: Statistics Korea.

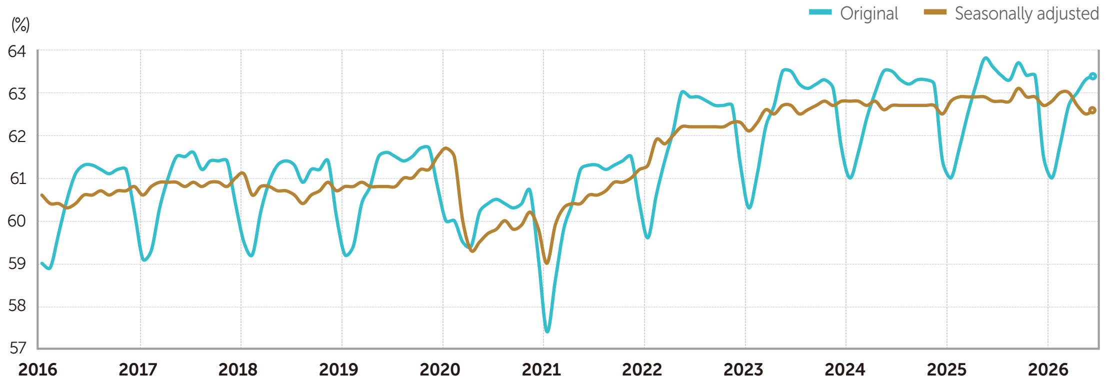
In June, the economically inactive population increased by 181,000 year-on-year to 16,009,000 and the labor force participation rate fell by 0.2 percent point to 65.2 percent.

The number of people economically inactive because of childcare or job seeking fell, while the number of people involved in housework or retraining increased.

	2023	2024	2025	2025							2026					
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Economically inactive population (million)	16.2	16.2	16.2	15.8	16.0	16.2	16.0	16.1	16.1	16.5	16.7	16.5	16.3	16.2	16.0	16.0
Labor force participation rate (%)	64.3	64.5	64.7	65.4	65.0	64.6	65.0	64.8	64.8	64.7	63.6	64.0	64.6	64.9	65.2	65.2
(Seasonally adjusted)	-	-	-	64.5	64.4	64.4	64.8	64.5	64.6	65.0	64.7	64.9	64.8	64.5	64.3	64.4
Growth in economically inactive population (y-o-y, thousand)	-134	-32	-8	42	8	9	-116	38	-10	-49	4	-39	69	174	264	181
- Childcare	-140	-113	-64	-32	-29	-48	-68	-63	-65	-90	-95	-98	-83	-79	-88	-73
- Housework	-1	45	7	20	60	13	-25	14	-44	-8	-14	-6	28	64	126	89
- Retraining	11	-54	1	7	47	21	25	17	36	-16	34	42	66	96	124	117
- Old age	-31	47	-28	-43	-36	-50	-40	-41	-16	-11	26	24	58	59	68	56
- Rest	74	117	88	6	69	73	42	135	124	124	110	27	31	63	47	5
- Job seeking	-88	-48	5	34	-12	11	-8	-38	-13	-37	-28	-27	-51	-43	-41	-26

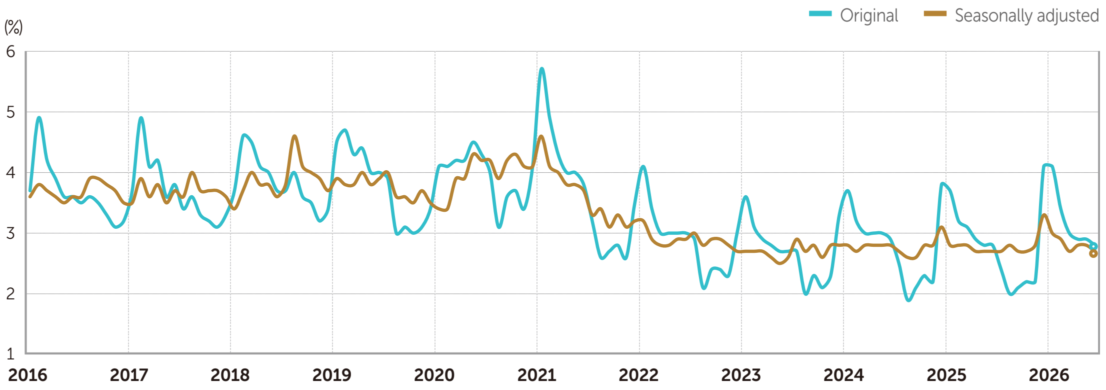
Source: Statistics Korea.

Employment rate



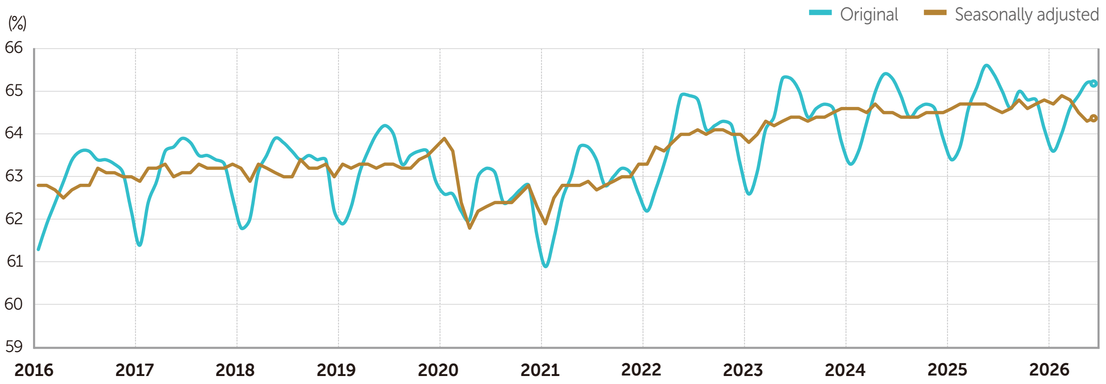
Source: Employment trends, Statistics Korea.

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 3.2 percent from a year ago. The CPI rose 0.1 percent month-on-month.

Prices for consumer goods excluding food and energy rose 2.5 percent year-on-year in June. Prices for consumer goods excluding crops and oil products rose 2.4 percent.

The price index for basic necessities rose 3.4 percent year-on-year in June. The fresh food price index climbed 0.4 percent.

(Percentage change from same period in previous year)

	2025										2026					
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CPI (y-o-y)	2.1	2.1	1.9	2.2	2.1	1.7	2.1	2.4	2.4	2.3	2.0	2.0	2.2	2.6	3.1	3.2
(m-o-m)	0.2	0.1	-0.1	0.0	0.2	-0.1	0.5	0.3	-0.2	0.3	0.4	0.3	0.3	0.5	0.5	0.1
Excluding food and energy	1.9	2.1	2.0	2.0	2.0	1.3	2.0	2.2	2.0	2.0	2.0	2.3	2.2	2.2	2.5	2.5
Excluding crops and oil products	2.1	2.4	2.3	2.4	2.3	1.9	2.4	2.5	2.3	2.3	2.3	2.5	2.3	2.2	2.5	2.4
Basic necessities	2.4	2.4	2.3	2.5	2.5	1.5	2.5	2.5	2.9	2.8	2.2	1.8	2.3	2.9	3.3	3.4
Fresh food	-1.3	-1.9	-5.0	-1.7	-0.5	2.1	-2.5	-0.8	4.1	1.8	-0.2	-2.7	-6.6	-6.1	-1.4	0.4

Source: Statistics Korea.

In June, the price of agricultural goods turned higher and the price growth of livestock goods accelerated. Petroleum product prices rose, reflecting the base effect from the same month of the previous year and continued uncertainties in the Middle East, despite the U.S.-Iran end-of-war MOU.

Domestic oil products fell from the previous month following the reduction on the cap of oil prices.

(Percentage change from same period in previous year)

	Farm and fishery products	Manufactured products		Public utilities	Housing rents	Public services	Personal services
			Petroleum products				
May 2026	2.2	4.2	24.2	0.1	1.0	1.8	3.7
Jun 2026	3.2	4.4	24.7	0.1	1.0	1.6	3.4
Contribution (%p)	0.2	1.5	0.9	0.0	0.1	0.2	1.2

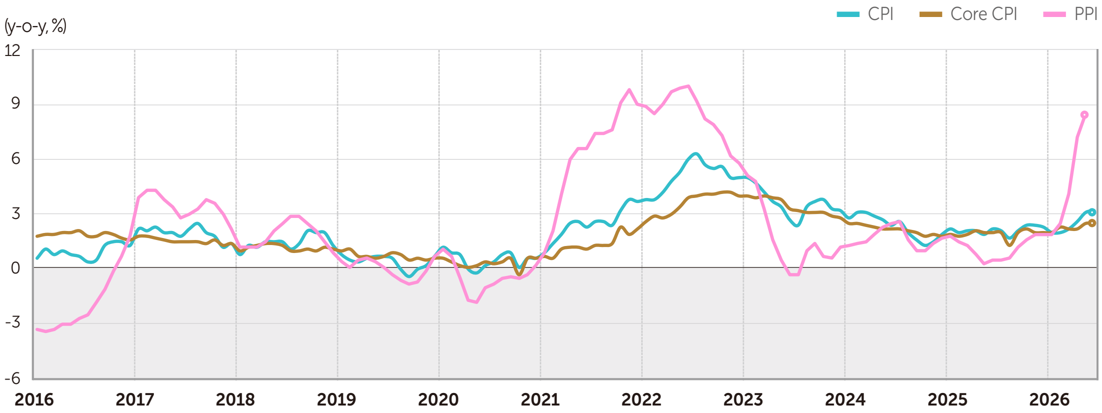
Source: Statistics Korea.

(Won/liter, period average)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Gasoline prices	1,647	1,680	1,607	1,681	1,674	1,624	1,708	1,642	1,665	1,707	1,745	2,001	2,011	2,005
Diesel prices	1,503	1,553	1,512	1,528	1,510	1,460	1,570	1,507	1,533	1,602	1,675	1,995	2,006	1,999

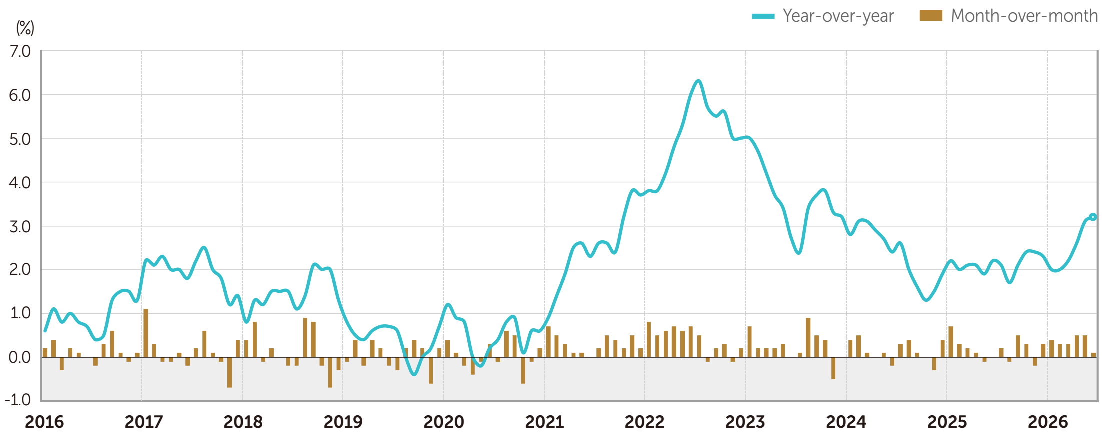
Source: Korea National Oil Corporation.

Prices



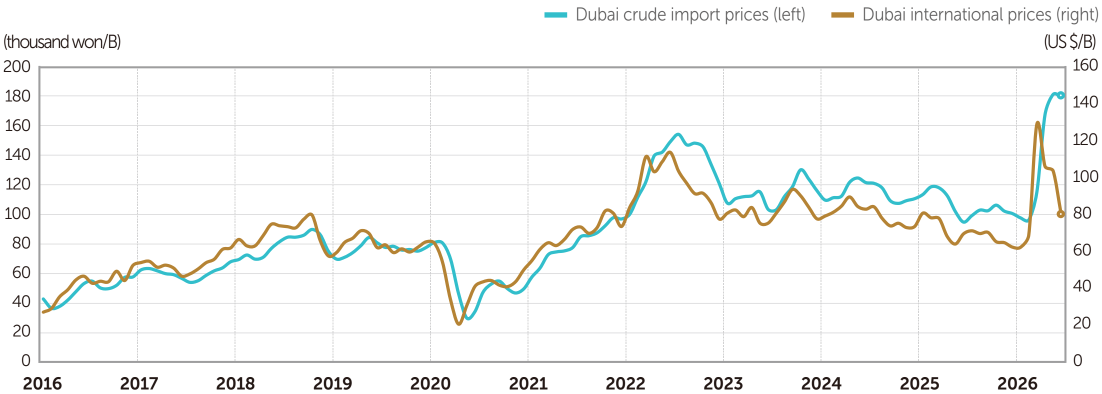
Sources: Consumer price trends, Statistics Korea; Bank of Korea.

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 fell from the previous month following the U.S.-Iran end-of-war MOU.

International grain prices dropped compared to the previous month as supply is expected to grow due to favorable weather conditions.

Non-ferrous metal prices fell month-on-month, led by increased supply of nickel and aluminum.

(Period average)

	2024	2025	2024				2025				2026			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Dubai crude[1]	79.6	69.4	81.2	85.3	78.5	73.6	76.9	67.0	70.1	63.8	86.3	96.1	103.2	79.5
WTI crude[1]	75.8	64.7	76.9	80.7	75.3	70.3	71.4	63.7	65.0	59.1	71.9	92.8	98.5	81.8
Brent crude[1]	79.9	68.2	81.8	85.0	78.7	74.0	75.0	66.7	68.2	63.1	77.9	96.9	103.7	84.4
Reuters Index[2]	3,086	3,025	2,949	3,112	3,081	3,203	3,151	2,996	2,979	2,975	2,969	3,031	3,075	3,071

Source: Korea National Oil Corporation; Korea PDS.

[1] US $/barrel.

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

International grain prices growth in Jun 2026 (m-o-m, %)

Corn	-9.7
Wheat	-7.4
Soybeans	-5.4

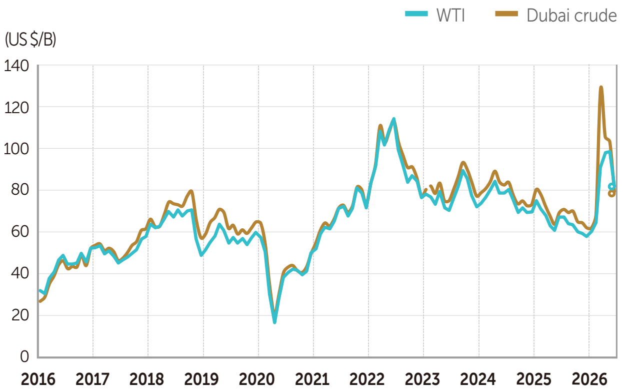
Note: Monthly average prices.

Nonferrous metal prices growth in Jun 2026 (m-o-m, %)

Nickel	-6.1
Aluminum	-5.8
Copper	0.5

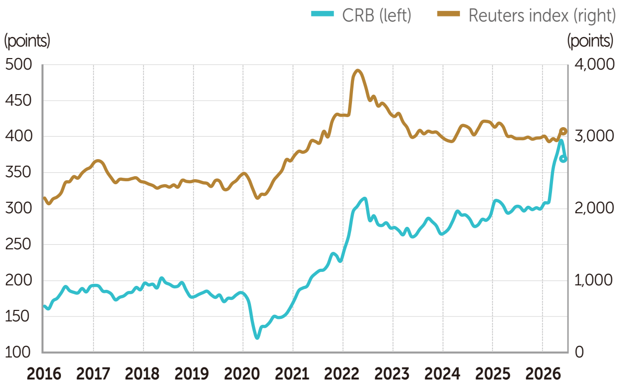
Note: Monthly average prices.

International oil prices



Source: Korea National Oil Corporation.

International commodity prices



Source: Korea PDS

9. Housing market

Nationally, housing sales prices rose 0.33 percent month-on-month in June.
Within the Seoul metropolitan area, housing sales prices rose 0.67 percent, increasing 1.03 percent in Seoul, 0.59 percent in Gyeonggi Province, and 0.11 percent in Incheon.
In the areas excluding the Seoul metropolitan, housing sales prices rose 0.01 percent. The prices fell 0.05 in the five metropolitan cities and rose 0.04 percent in the eight provinces on average.

Housing sales prices

(Percentage change from previous period)

	2021	2022	2023	2024	2025	2025	2026			
	Annual	Annual	Annual	Annual	Annual	Jun	Cumulative total	Apr	May	Jun
Nationwide	9.9	-4.7	-3.6	0.1	1.0	0.14	1.37	0.16	0.21	0.33
Seoul metropolitan area	12.8	-6.5	-3.6	1.4	2.9	0.37	2.67	0.31	0.46	0.67
- Seoul	6.5	-4.8	-2.0	3.2	7.1	0.95	4.52	0.55	0.90	1.03
· Southern Seoul	6.8	-4.1	-1.5	3.6	9.2	1.25	4.32	0.46	0.86	1.00
· Northern Seoul	6.1	-5.4	-2.4	2.8	4.9	0.63	4.73	0.24	0.94	1.07
Areas excluding the Seoul metropolitan area	7.4	-3.0	-3.5	-1.1	-0.7	-0.09	0.16	0.02	-0.02	0.01

Source: Korea Real Estate Board.

Housing sales prices in six major cities in Jun 2026 (m-o-m, %)

Busan	Daegu	Gwangju	Daejeon	Ulsan	Sejong
-0.04	-0.08	-0.31	-0.01	0.31	-0.19

Nationally, housing rental prices increased 0.38 percent in June compared to the previous month.
By region, housing rental prices rose 0.71 percent in the Seoul metropolitan area and 0.08 percent in other areas.

Housing rental prices

(Percentage change from previous period)

	2021	2022	2023	2024	2025	2025	2026			
	Annual	Annual	Annual	Annual	Annual	Jun	Cumulative total	Apr	May	Jun
Nationwide	6.5	-5.6	-5.1	1.3	0.9	0.03	1.83	0.31	0.35	0.38
Seoul metropolitan area	7.7	-8.0	-5.7	3.1	1.8	0.11	2.95	0.50	0.61	0.71
- Seoul	4.9	-6.5	-5.3	3.3	3.0	0.24	3.97	0.66	0.91	1.08
· Southern Seoul	5.1	-6.9	-5.8	2.9	3.9	0.30	3.58	0.62	0.84	0.95
· Northern Seoul	4.7	-6.2	-4.7	3.6	2.1	0.18	4.39	0.70	0.98	1.21
Areas excluding the Seoul metropolitan area	5.5	-3.3	-4.4	-0.4	0.1	-0.04	0.79	0.14	0.10	0.08

Source: Korea Real Estate Board.

Housing rental prices in major districts in Jun 2026 (m-o-m, %)

Songpa	Seocho	Nowon	Gwangmyung	Dongtan
1.53	0.51	1.78	1.43	2.31

Source: Korea Real Estate Board.

There were 66,490 housing sales transactions in May, a decrease of 4.7 percent month-on-month *(69,755 in April 2026)* and an increase of 6.0 percent year-on-year *(62,703 in May 2025)*.

Housing sales transactions

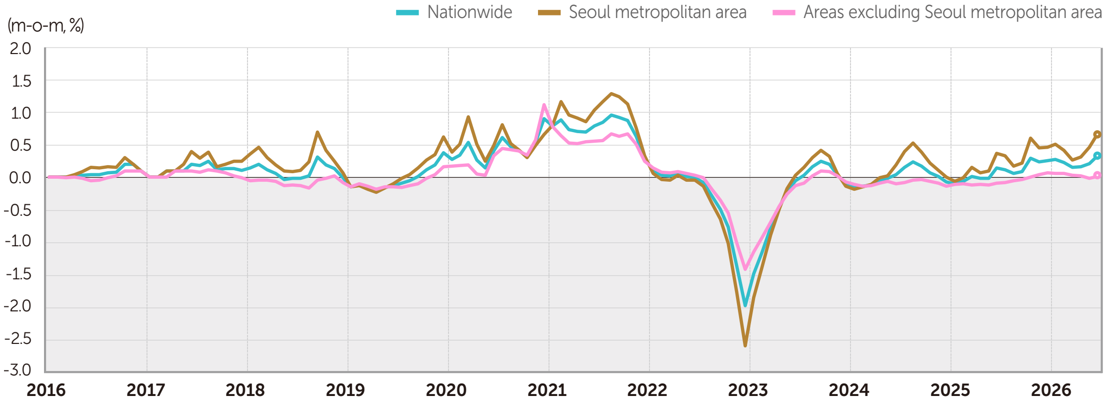
(Thousand)

	2022	2023	2024	2025	2025								2026				
	Annual[1]	Annual[1]	Annual[1]	Annual[1]	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Nationwide	42	46	54	61	63	74	64	46	63	70	61	63	61	58	72	70	66

Source: Ministry of Land, Infrastructure and Transport.

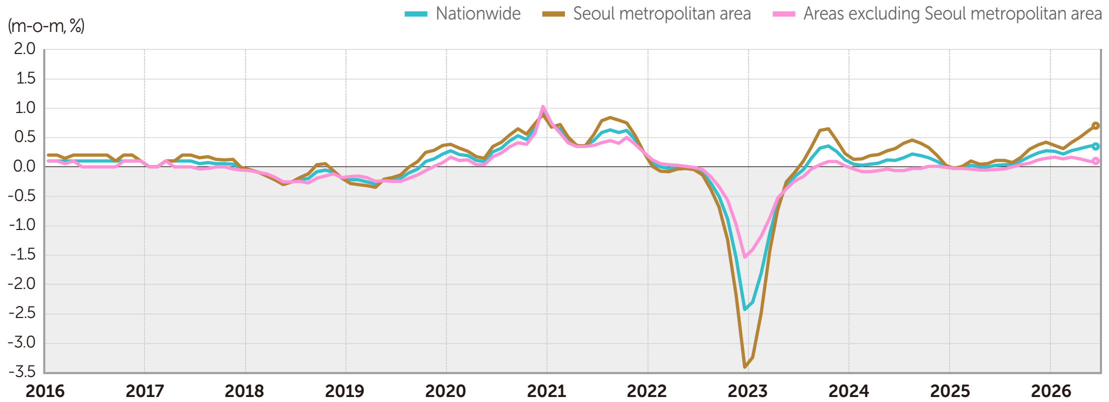
[1] Monthly average.

Housing sales prices



Source: Korea Real Estate Board

Housing rental prices



Source: Korea Real Estate Board

Financial Markets

1. Stock market

In June, stock prices surged on the back of a robust semiconductor sector and expectations of an end to the U.S.-Iran conflict, however prices eventually leveled off due to foreign investors' net selling.

	KOSPI			KOSDAQ		
	May 2026	Jun 2026	Change	May 2026	Jun 2026	Change
Stock price index (points)	8,476.15	8,476.48	0.33 (0.00%)	1,074.80	916.18	-158.62 (-14.76%)
Market capitalization (trillion won)	6,933.1	6,929.5	-3.6 (-0.05%)	600.4	513.9	-86.5 (-14.41%)
Daily trade (trillion won)	50.2	50.3	0.1 (0.20%)	15.6	10.0	-5.6 (-35.90%)
Foreign stock ownership (%, %p)	40.01	40.93	0.92 (2.30%)	11.04	12.3	1.26 (11.41%)

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

2. Bond market

The government issued 17.1 trillion won worth of treasury bonds in June.

(End-period, trillion won)

	2022	2023	2024	2025	2025							2026					
	Annual	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Treasury bonds issuance[1]	168.6	165.7	157.7	226.2	23.8	21.2	21.0	21.5	17.7	15.6	5.4	17.9	22.4	21.2	22.6	22.9	17.1

Source: Monthly public finance, Ministry of Planning and Budget.
[1] Issuance limit is 225.7 trillion won in 2026.

In June, Korean Treasury bond yields increased amid concerns over domestic and global inflation and expectations of policy rate hikes, however the gains narrowed eventually following the U.S.-Iran ceasefire agreement.

Yields to maturity in Jun 2026 (m-o-m, basis points)

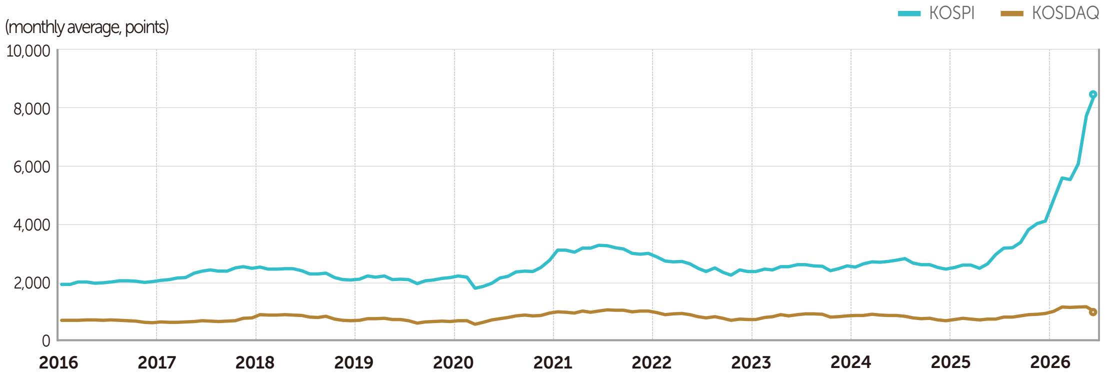
3 yrs	5 yrs	10 yrs	20 yrs	30 yrs
-3	1	2	18	34

(Percent per annum)

	2019	2020	2021	2022	2023	2024	2025	2026			
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Apr	May	Jun	Change[1]
Call rate (1 day)	0.61	1.44	3.38	3.91	3.33	2.63	2.60	2.55	2.59	2.65	6
CD (91 days)	0.66	1.29	3.98	3.83	3.39	2.81	2.81	2.81	2.86	2.92	6
Treasury bonds (3 yrs)	0.98	1.80	3.72	3.15	2.60	2.95	3.04	3.60	3.73	3.70	-3
Treasury bonds (5 yrs)	1.34	2.01	3.74	3.16	2.76	3.24	3.28	3.78	3.92	3.92	0
Corporate bonds (3 yrs)	2.21	2.42	5.23	3.90	3.28	3.48	3.64	4.25	4.35	4.38	3

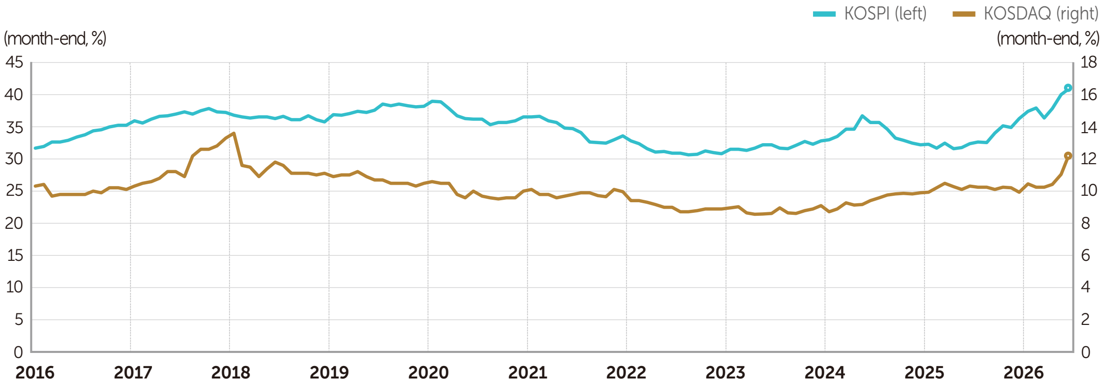
Source: Bank of Korea.
Note: Figures are closing rate.
[1] Change from the previous month as of end-Jun2026, basis point.

Stock prices



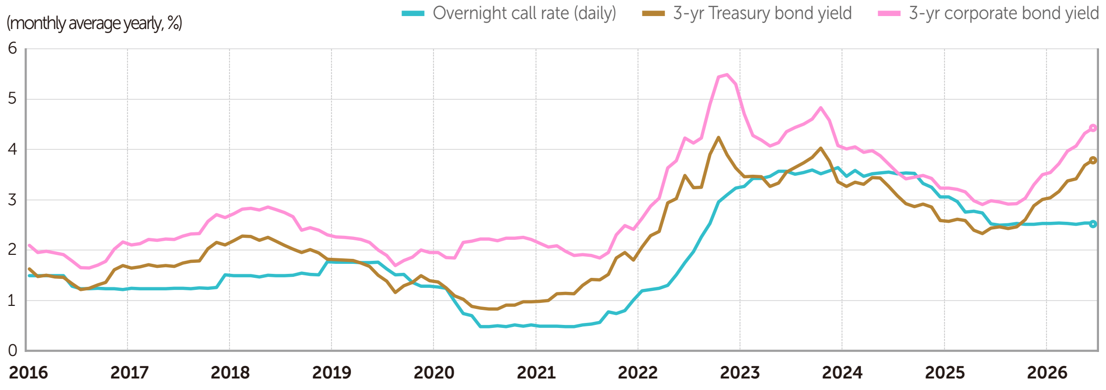
Source: Korea Exchange

Foreign stock ownership



Sources: Financial Supervisory Service, Korea Exchange

Interest rates



Source: Bank of Korea.

3. Foreign exchange market

The won depreciated against the US Dollar in June compared to the previous month.

	2019	2020	2021	2022	2023	2024	2025	2026		
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	May	Jun	Change[1]
Dollar-Won	1,156.4	1,086.3	1,188.8	1,264.5	1,288.0	1,472.5	1,439.0	1,507.9	1,549.4	-2.7
100 Yen-Won	1,059.8	1,051.2	1,032.5	945.6	912.3	934.3	917.6	945.6	952.0	-0.7
Yuan-Won	165.6	167.0	186.6	181.6	181.2	202.6	206.0	222.7	228.2	-2.4

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- Jun 2026, %.

4. Money market

In May, M2 *(monthly average)* rose 5.8 percent year-on-year.

(Percentage change from same period in previous year)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026			
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Mar	Apr	May[1]	May[2]
M1[3]	16.0	9.5	4.7	3.9	20.9	21.5	4.2	-10.6	2.9	5.2	7.9	8.3	8.4	1,397.9
M2	7.6	6.8	5.7	6.2	11.1	11.4	9.8	3.8	3.3	4.5	5.5	5.7	5.8	4,184.1
Lf[4]	8.5	7.4	6.4	7.8	8.4	8.6	8.3	3.5	6.4	6.9	7.2	7.3	8.0	6,307.2

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).

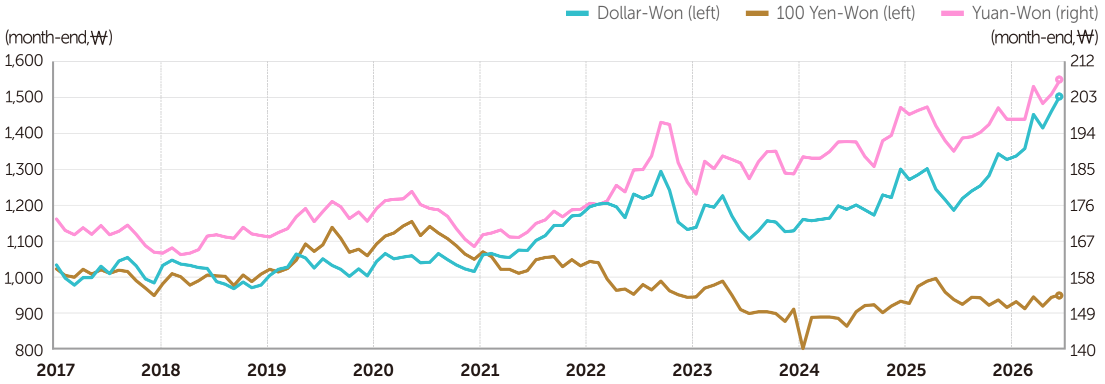
In June, deposits of both banks increased and Asset Management Companies (AMC) decreased.

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026				
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Mar	Apr	May	Jun	Jun[1]
Bank deposits	79.5	91.6	106.3	188.4	198.5	110.4	76.4	111.7	100.2	20.5	-6.8	48.8	28.8	2,622.5
AMC deposits	27.9	53.8	98.6	42.2	93.9	45.4	93.7	117.2	241.0	-29.1	99.6	86.4	-11.7	1,568.8

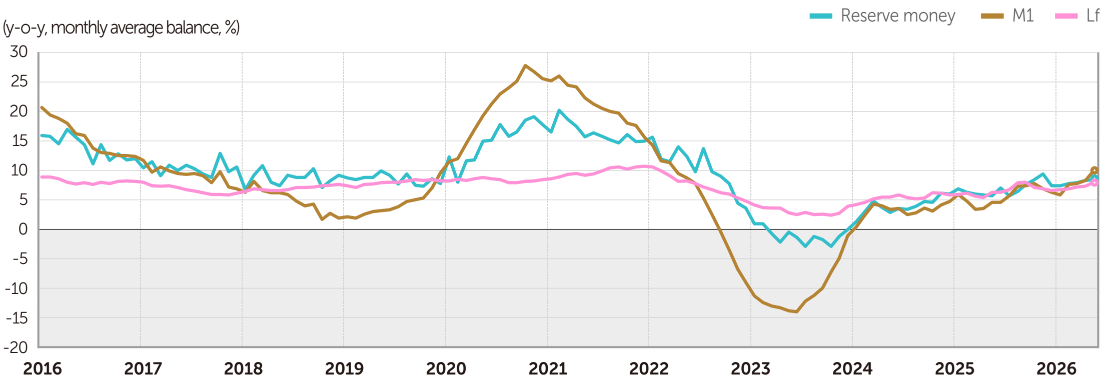
Source: Bank of Korea.
[1]Balance at end- Jun 2026.

Foreign exchange rates



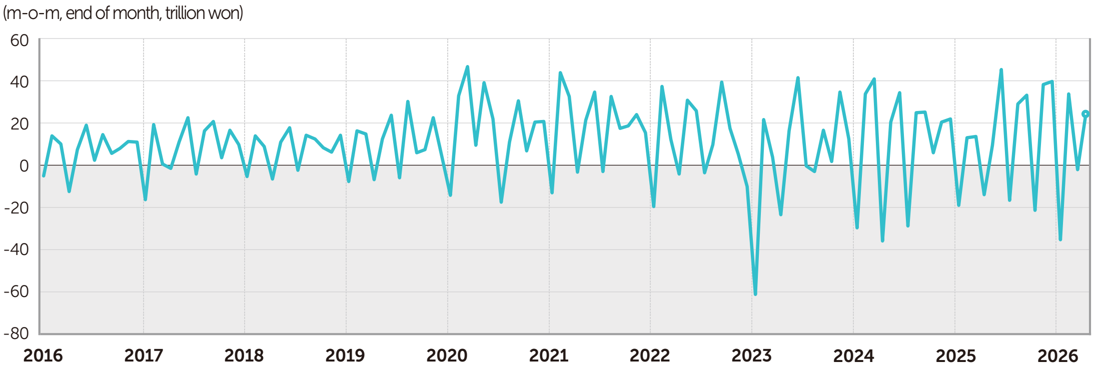
Source: Bank of Korea.

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 $427.4 billion as of the end of June.

(US $ billion)

	2022	2023	2024	2025	2026		
					May	Jun	Change (m-o-m)
Official foreign reserves	423.2	420.2	415.6	428.1	427.0	427.4 (100.0%)	0.4
- Securities[1]	369.7	373.7	366.7	371.1	380.7	380.3 (89.0%)	-0.3
- Deposits	29.4	22.0	25.2	31.9	21.4	22.3 (5.2%)	0.9
- SDRs	14.8	15.1	14.7	15.9	15.8	15.6 (3.7%)	-0.1
- IMF position[2]	4.5	4.6	4.2	4.4	4.4	4.3 (1.0%)	-0.1
- Gold	4.8	4.8	4.8	4.8	4.8	4.8 (1.1%)	0.0

Source: Bank of Korea.
[1] Including government bonds, government agency bonds, debentures, MBSs, ABSs, etc.
[2] Claims related to the IMF composed of the reserve tranche position (RTP) and loans.

6. External debt

External debt amounted to US $774.4 billion as of the end of the first quarter of 2026, up US $4.2 billion quarter-on-quarter. Short-term debt was US $183.6 billion *(up US$ 4.2 billion q-o-q)*, and long-term debt was US $590.8 billion *(unchanged from the previous quarter)*. Net external assets decreased by US $7.6 billion to US $365.5 billion.

(End-period, US $billion)

	2025[1]				2026[1]	Change (y-o-y)
	Q1	Q2	Q3	Q4	Q1	
External assets (in debt instruments, A)	1,057.0	1,099.6	1,127.8	1,143.2	1,139.9	-3.3
Total debt (B)	687.9	739.6	741.8	770.2	774.4	4.2
- Short-term	149.8	168.0	162.8	179.4	183.6	4.2
- Long-term	538.1	571.6	579.0	590.8	590.8	0.0
Short-term/Total debt (%)	21.8	22.7	21.9	23.3	23.7	0.4%p
Short-term/Reserve assets (%)	36.6	40.9	38.6	41.9	43.3	1.4%p
Net external assets (A-B)	369.1	360.0	386.1	373.1	365.5	-7.6

Source: Ministry of Finance and Economy, Bank of Korea.
[1] Preliminary.

Public Finance

1. Fiscal balance

The consolidated fiscal balance recorded a deficit of 23.4 trillion won in May, a decrease of 12.1 trillion won year-on-year. The managed fiscal balance also recorded a deficit of 54.2 trillion won, unchanged from the same month of the previous year.

(Trillion won, percent)

	2025					2026[1]			Change
	Supplementary budget (a)	Settlement (b)	May (Cumulative, c)	(c)/(a)	(c)/(b)	Main budget (d)	May (Cumulative, e)	(e)/(d)	(e)-(c)
A. Total revenue	642.4	637.4	279.8	43.5	43.9	700.6	330.0	47.1	50.2
B. Total spending	703.3	684.1	315.3	44.8	46.1	753.1	353.3	46.9	38.1
C. Consolidated fiscal balance (A-B)	-60.8	-46.7	-35.5	-	-	-52.5	-23.4	-	12.1
D. Net social security fund[2]	50.8	57.5	18.7	-	-	55.1	30.8	-	12.1
E. Managed fiscal balance (C-D)	-111.6	-104.2	-54.2	-	-	-107.6	-54.2	-	0.0

Source: Monthly public finance, Ministry of Planning and Budget.
[1] Preliminary.
[2] National Pension Fund, Private School Personnel Pension Fund, Industrial Accident Compensation Insurance & Prevention Fund and Employment Insurance Fund.

Fiscal balance

(Trillion won)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025[1]	2026[1]
Consolidated fiscal balance	16.9	24.0	31.2	-12.0	-71.2	-30.5	-64.6	-36.8	-43.5	-43.3	-13.2
Managed fiscal balance	-22.7	-18.5	-10.6	-54.4	-112.0	-90.6	-117.0	-87.0	-104.8	-89.6	-36.6

Source: Open fiscal data, Ministry of Planning and Budget.
[1] Preliminary.

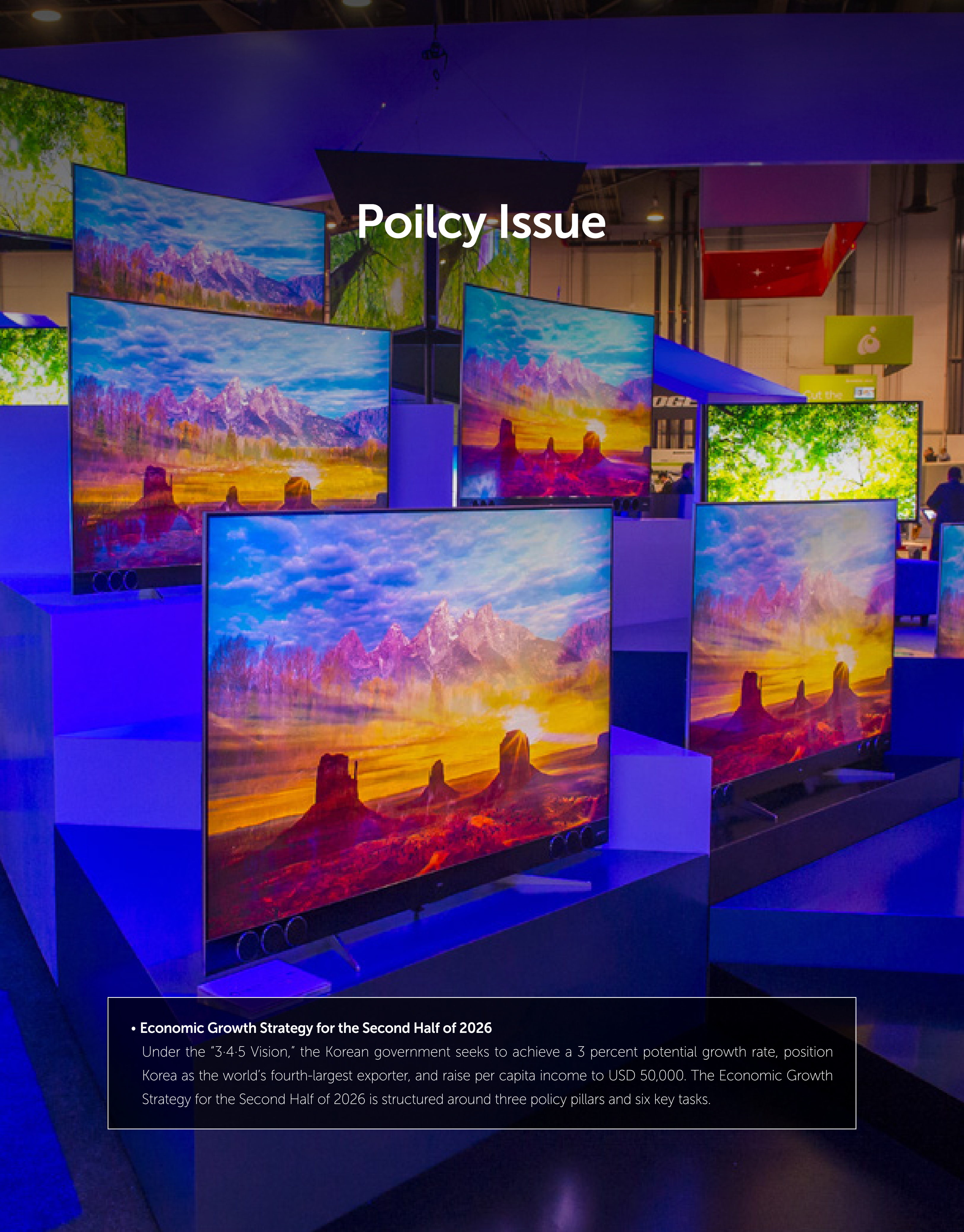
2. Government debt

The total amount of central government debt in May was 1,345.2 trillion won, up 23.6 trillion won from a month earlier. Korean Treasuries totaled 1,343.6 trillion won, which is comprised of bonds at 1,233.9 trillion won, national housing bonds at 75.4 trillion won, and foreign exchange stabilization bonds at 34.2 trillion won.

(Trillion won)

	2020	2021	2022	2023	2024	2025	2026[1]	
	Annual	Annual	Annual	Annual	Annual	Annual	Apr	May
Central gov't debt	819.2	939.1	1,033.4	1,092.5	1,141.2	1,268.1	1,321.7	1,345.2
(% of GDP)	39.8	42.3	44.5	45.5	44.8	47.6	-	-
- Treasuries (total)[2]	815.2	937.0	1,031.5	1,091.1	1,139.8	1,266.5	1,320.0	1,343.6
· Bonds	726.8	843.7	937.5	998.0	1,047.9	1,161.3	1,211.4	1,233.9
· National housing bonds	78.9	82.2	82.2	81.6	79.1	75.6	74.2	75.4
· Foreign exchange stabilization bonds	9.5	11.2	11.8	11.5	12.8	29.5	34.4	34.2
- Loans	3.3	2.0	1.9	1.2	1.2	1.5	1.5	1.5
- Treasury commitments	0.7	0.1	0.1	0.2	0.2	0.1	0.1	0.1

Source: Monthly public finance and Open fiscal data, Ministry of Planning and Budget.
[1] Preliminary.
[2] Including debt-equity swap securities for international organizations.



Poilcy Issue

- **Economic Growth Strategy for the Second Half of 2026**

  Under the "3·4·5 Vision," the Korean government seeks to achieve a 3 percent potential growth rate, position Korea as the world's fourth-largest exporter, and raise per capita income to USD 50,000. The Economic Growth Strategy for the Second Half of 2026 is structured around three policy pillars and six key tasks.

Economic Growth Strategy for the Second Half of 2026

Current Economic Situation

- **Economic growth gains momentum despite challenges, including the Middle East conflict at the beginning of the year.**
  - **Growth:** The economy rebounded quickly from the impact of the martial law declaration, with growth gaining momentum from the second half of last year. Growth accelerated further in the first half of this year despite adverse factors, including the conflict in the Middle East.
  - **Exports:** Korea's exports ranked fifth in the world during the January-April period, up from seventh, surpassing Japan and Italy. The current account surplus reached a record high in the January-May period, already exceeding the full-year total recorded last year.
  - **Stock Market:** Supported by strong performance in key industries and government initiatives to boost the stock market, Korea's stock market capitalization rose from 13th to seventh globally. Since the inauguration of the current administration, Korea has recorded the strongest stock market performance among major economies.
  - **Inflation:** Despite higher oil prices stemming from the conflict in the Middle East, inflation remained lower than in major economies, as policy measures such as price caps and fuel tax cuts contain inflationary pressures..

Policy Responses in the First Half of 2026

- **Successful and decisive response to the unexpected challenge posed by the Middle East conflict**
  - An emergency economic response framework led by the President mobilized all available fiscal resources and policy tools.

  - Implemented a price cap on petroleum products *(March)*, fuel tax cuts *(March)*, introduced emergency supply and demand adjustment measures for naphtha and petrochemical feedstocks *(starting in March)*, and secured alternative crude oil supplies *(starting in Mar.)*, thereby minimizing the impact on people's livelihoods.
  - Introduced a KRW 26.2 trillion supplementary budget in response to the conflict, enabling the swift provision of high oil price relief payments with 99 percent of the central government budget executed by the end of May and helping ease the burden on low-income households.

- **Accelerating policy initiatives to revive potential growth**
  - **Potential growth:** Laid the foundation for a hyper-innovation economy by accelerating AI transformation (AX) and green transformation (GX), while channeling more capital into productive sectors through the rollout of the National Growth Fund.
  - **Structural reform and reducing economic polarization:** Advanced labor market reforms and balanced regional development policies, while supporting inclusive growth through measures to help young people build assets and strengthen retirement income security.

- **Risk management:** Safeguarded financial and foreign exchange (FX) market stability by introducing a three-pronged tax support package for FX stability (March 31), which included the launch of domestic market return accounts, and by adjusting Korean Treasury Bond issuance.

2026 Revised Outlook and 2027 Economic Outlook

- **Growth:** The economy is projected to grow 3.0 percent in 2026 amid continued strength in AI-driven semiconductor exports, with policy measures, including the supplementary budget, helping cushion downside risks posed by the Middle East conflict.
- **Employment:** Employment is projected to increase by 150,000 in 2026, as weak job growth in April and May due to the Middle East conflict and the delayed recovery in the construction sector partly offset employment gains from stronger economic growth.
- **Inflation:** Inflation is projected to rise by 2.6 percent in 2026, reflecting increased oil price volatility driven by the Middle East conflict.
- **Current account:** The current account surplus is projected to reach USD 290 billion in 2026 (a new record high), far exceeding the initial forecast of USD 135 billion, supported by strong performance in the first half of the year and continued strength in the semiconductor sector.

Economic Growth Strategy for the Second Half of 2026

The Economic Growth Strategy aims to make 2026 the starting point for Korea's major economic leap and reinforce the country's position as an indispensable player in the global economy. Under the "3·4·5 Vision," the government will seek to achieve a 3 percent potential growth rate, position Korea as the world's fourth-largest exporter, and raise per capita income to USD 50,000.

To this end, the Economic Growth Strategy for the Second Half of 2026 is structured around three policy pillars and six key tasks. The key policy measures are as follows:

I. Post-Conflict Strategy

i. Maintaining Macroeconomic Stability

- Establish an integrated policy response framework tailored to the evolving economic environment and ensure the coordinated implementation of macroeconomic policies.
  ① Establish a ministerial-level consultative body on macroprudential policy.
  ② Maintain a proactive fiscal policy stance, underpinned by favorable tax revenue conditions.
- Enhance policy measures to mitigate the risks of elevated inflation, a weak Korean won, and high interest rates in the aftermath of the Middle East conflict.
  ① Contain inflation by stabilizing fuel and grocery prices while easing cost-of-living burdens; a package of livelihood stability measures for the Chuseok holiday will be prepared in September.
  ② Mitigate the impact of a weak Korean won through market stabilization measures and support to ease the burden on small and medium-sized enterprises (SMEs); extend the exemption from the Macroprudential Stability Levy by three months, and extend by six months the interest on foreign currency reserve deposits, along with the temporary supervisory relief measures for stress testing.
  ③ Ease the impact of high interest rates by improving financial access for vulnerable borrowers and strengthening the management of delinquent loans.

- Support housing stability by expanding housing supply and promoting the efficient use of real estate.
  ① Accelerate housing supply in the third-generation new towns and urban areas.
  ② Develop balanced improvement measures for real estate transaction and holding taxes

ii. Securing Supply Chain Resilience and Energy Security

- Build resilient supply chains through item-specific and phased measures to reduce vulnerability to external shocks.
  ① Promote domestic production by providing production incentives and bolstering support for recycling and resource recovery.
  ② Increase strategic reserves by broadening the range and volume of stockpiled items and upgrading stockpiling capabilities.
  ③ Secure overseas production capacity by scaling up overseas supply chain investment and leveraging patient capital (long-term investment capital) more effectively.
  ④ Diversify import sources by expanding support for alternative sourcing of goods heavily dependent on specific countries, including those in the Middle East.
- Promote the wider adoption of renewable energy and reinforce the foundation for carbon-neutral energy security; the Korean Green Transformation (K-GX) Strategy will be announced jointly by relevant ministries in Q3 2026 to support the implementation of the three mega projects, reduce dependence on fossil fuels, and develop key green industries.
- Deepen strategic economic cooperation in response to the Middle East conflict; pursue the opening of a Korea-U.S. shipbuilding cooperation center in Washington, D.C., in Q3 2026; and establish a Korea-India economic cooperation task force.

II. Reviving Potential Growth

i. Fostering World-Leading Growth Engines

- Position Korea as a global leader in semiconductors, AI data centers, and physical AI through the three mega projects.
  ① Cement Korea's global leadership in semiconductors by increasing production capacity and supporting next-generation semiconductor technologies; expedite the completion of fabs in the Seoul metropolitan area to double memory production capacity within five years, and invest a total of KRW 800 trillion in building fabs in the southwestern region.
  ② Maintain an unassailable technological lead by building AI data centers and revitalizing the data economy; invest KRW 550 trillion in building an 8.4 GW AI data center and begin phased operations from 2029.
  ③ Forster globally competitive strategic industries by advancing physical AI and accelerating AX; strengthen support for the demonstration and commercialization of physical AI across seven priority sectors: factories, robotics, autonomous vehicles, shipbuilding, home appliances, drones, and semiconductors.
- Support the development of new hyper-innovation growth drivers, including the Hyper-Innovation Economy flagship project, emerging industries, and blockchain.
  ① Step up support for key future-industry components, including sensors, actuators, and secondary batteries, by designating them as new Hyper-Innovation Economy flagship projects.
  ② Drive Korea's emergence as a global top-five pharmaceutical and biotechnology power and a top-four defense industry power, while making strategic investments in future frontier industries, including aerospace and AI agents.
  ③ Advance financial infrastructure innovation through the blockchain-based tokenization of government bonds.
- Build a stronger foundation for future growth through R&D innovation and expanded financing.

① Pursue comprehensive R&D reform by upgrading the R&D governance framework and developing nationally leading government-funded research institutes.

② Scale up public and private financing for cutting-edge technologies through the sovereign wealth fund, the National Growth Fund, and other financing vehicles; establish a strategic investment account within the Korea Investment Corporation (KIC) for domestic and overseas strategic investments, with a view to broadening and restructuring its sovereign wealth fund functions by 2026.

ii. Advancing Region-Led Growth

- Create new regional growth drivers by promoting the "Five Growth Hubs and Three Special Zones" initiative and facilitating regional entrepreneurship.

① Identify regional growth engines in Q3 2026 based on regional industrial conditions, corporate investment plans, future growth potential, and alignment with national industrial policy.

② Launch a package of support measures for the four startup cities and designate six additional startup cities in the second half of 2026.

③ Announce the second-phase public institution relocation plan to redistribute national functions concentrated in the Seoul metropolitan area in the second half of 2026, and begin relocations in 2027.

- Improve regional vitality by enhancing living, mobility, and educational conditions across local communities.

① Expand the rural basic income program to cover seven additional counties, bringing the total to 17 counties in August 2026.

② Upgrade housing, cultural, educational, and healthcare infrastructure to ensure that residents in regional areas can enjoy a high quality of life.

- Lay the foundation for regional growth through preferential fiscal, tax, and public procurement policies for local areas.

① Substantially increase the number of regionally prioritized programs in 2027 from seven in 2026.

② Introduce a three-part package of regional tax incentives for businesses, workers, and other eligible groups.

III. Addressing Structural Challenges

i. Address Economic Polarization

- Develop and implement a basic plan for employment stability amid industrial transformation to proactively respond to the labor market impact of AI.

- Support young people in achieving economic and social mobility through solution-oriented measures addressing employment, asset building, housing, marriage, and childbirth; prepare and announce the youth employment revitalization plan in Q3 2026; and review the youth policy governance framework to support the systematic formulation and implementation of youth policies.

① Create more than 200,000 quality jobs by 2030 by boosting private-sector employment and developing youth-oriented public sector jobs.

② Launch a youth ISA in the first half of 2027, offering a 10 percent tax deduction on contributions and tax exemptions on interest and dividend income.

③ Supply more than 400,000 public rental housing units for young people by 2030.

- Support the growth and recovery of SMEs, self-employed business owners, and vulnerable groups through tailored policy measures.

① Build a nationwide startup ecosystem where anyone can turn innovative ideas into a business.

② Promote investment and growth among SMEs through growth-oriented support and mutually beneficial partnerships; introduce a tax benefit phase-out period to ease the reduction in tax incentives as SMEs grow into mid-sized enterprises.

③ Strengthen the competitiveness of small business while supporting their recovery from crises; provide a package of support for technology development and commercialization to help promising small business owners bring their ideas to market.

④ Bolster the social safety net by enhancing work incentives and closing gaps in social protection; announce measures to refine the earned income tax credit (EITC) eligibility criteria, including easing the income eligibility requirements, in July 2026.

- Reduce labor market disparities by protecting workers' rights and improving employment and working-hour systems; review measures to facilitate the flexible use of working hours and support the wider adoption of diverse working arrangements.

ii. Pushing ahead with Structural Reform

- Drive a shift toward more productive finance through capital market reform and the decoupling of real estate and finance.

① Allow foreign investors using omnibus accounts to invest in ETFs.

② Establish and launch an offshore Korean won settlement system in January 2027 while substantially relaxing FX regulations on capital transactions.

③ Provide incentives for the use of the Korean won in current account transactions and facilitate Korean won-denominated trade finance using currency swap funds.

- Institutionalize public sector, tax, and fiscal reforms through more strategic sovereign wealth management and functional reforms of public institutions; undertake strategic restructuring of key public institutions, consolidate overlapping institutions with similar functions, and streamline subsidiaries and overseas branches.

- Address demographic decline and modernize the talent development system.

① Announce an integrated foreign workforce support roadmap covering the entire foreign worker employment process in the second half of 2026.

② Attract 2,000 highly skilled foreign professionals by 2030 by expanding eligibility for the Top-Tier Visa.

- Strengthen a comprehensive, sustainable, and multi-tier retirement income security system; introduce a progressive benefit structure for the Basic Pension and undertake a comprehensive reform of the retirement pension system in the second half of 2026.

- Pursue bold regulatory reform across criminal penalties, industry- and technology-specific regulations, and regulatory sandboxes; modernize outdated regulations and align them with global standards.

- Create a safer society by closing safety gaps and strengthening accountability and enforcement in safety management; raise fire safety standards to the level of those in advanced economies.

Economic News Briefing

- Korea's GDP Increased by 0.6 % in Q2 2026 (Advance estimate)
- 24-Hour FX Market Launch Marks the Beginning of the Korean Won's Global Expansion
- Korea Successfully Issues Record-Size Euro-Denominated FX Fund Bonds at the Lowest-Ever Spreads
- Korea's OFDI Posts USD 21.74 Billion in Q1 2026
- Korea's FDI Notifications Rose 9.1% to $14.3 Billion in H1 2026

Korea's GDP Increased by 0.6 % in Q2 2026 (Advance estimate)

In the second quarter of 2026, Korea's real gross domestic product (GDP) grew by 0.6 percent quarter-on-quarter and 3.7 percent year-on-year, according to the Bank of Korea's advance estimate released on July 23.

On the production side, agriculture, forestry and fisheries shrank by 7.1 percent quarter-on-quarter. Manufacturing grew by 1.2 percent on the back of increased production in computer, electronic and optical products. Electricity, gas, and water supply declined by 1.3 percent. Construction also declined by 1.9 percent owing to a decrease in civil engineering. Services grew by 1.1 percent owing to increases in wholesale and retail trades, accommodation and food services, finance and insurance as well as information and communication.

On the expenditure side, private consumption grew by 0.4 percent, driven by increased expenditure both on goods and services. Construction investment declined by 0.2 percent, and facilities investment grew by 0.4 percent owing to increased expenditure in machinery equipment. Exports rose by 1.4 percent as exports of semiconductors as well as machinery and equipment increased. Imports increased by 0.8 percent, mainly due to increases in the imports of motor vehicle as well as machinery and equipment.

Real GDP growth by Production and Expenditure

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

	2024	2025	2024				2025				2026	
	Annual	Annual[1]	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]	Q3[1]	Q4[1]	Q1[1]	Q[2]
GDP	2.2	1.1	1.0	-0.2	0.1	0.2	-0.2	0.6	1.4	-0.1	1.8	0.6
(y-o-y % change of original data)			(3.6)	(2.6)	(1.6)	(1.1)	(0.2)	(0.7)	(2.1)	(1.6)	(3.8)	(3.7)
Agriculture, forestry & fisheries	0.7	0.5	2.3	2.2	-0.9	0.2	0.8	-1.7	1.7	-1.1	4.3	-7.1
Manufacturing	4.9	2.4	1.2	0.4	0.3	0.6	-0.6	2.1	1.7	-0.6	3.9	1.2
Electricity, gas & water supply	4.2	-0.6	-2.7	-0.3	4.9	-4.4	4.4	-6.0	4.9	-6.5	3.1	-1.3
Construction	-3.3	-9.2	5.4	-4.6	-4.0	-3.0	-1.5	-2.0	-0.3	-3.7	2.2	-1.9
Services[3]	1.7	1.7	0.4	0.2	0.3	0.4	-0.1	0.7	1.2	0.6	0.6	1.1
Private consumption	1.3	1.5	0.8	0.0	0.3	0.0	0.2	0.7	1.1	0.4	0.6	0.4
Government spending	2.2	2.7	1.1	0.7	1.0	0.3	0.0	1.2	1.4	1	-0.4	0.2
Construction investment	-2.0	-9.7	4.9	-2.3	-3.4	-3.5	-4.0	-0.7	0.2	-2.6	1.4	-0.2
Facility investment	1.0	1.5	-1.5	-0.2	3.8	0.8	0.2	-1.8	1.3	-1.6	6.6	0.2
Intellectual property investment	2.4	3	1.6	-0.3	0.1	1.6	0.8	0.9	0.9	-0.2	0.9	3.3
Exports	7.6	4.3	1.3	1.4	0.2	0.9	-0.9	4.1	2.6	-1.1	5.9	1.4
Imports	3.8	3.3	1.4	1.2	0.8	0.2	-0.5	3.0	1.6	-0.2	3.9	0.8

[1] Preliminary estimate.
[2] Advance estimate.
[3] Wholesale & retail trades; 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.

24-Hour FX Market Launch Marks the Beginning of the Korean Won's Global Expansion

On July 6, the first day of the launch of the 24-hour foreign exchange (FX) market, Deputy Prime Minister and Minister of Finance and Economy Koo Yun Cheol visited the FX dealing room at Hana Bank headquarters in Seoul at 7:30 a.m., during the newly extended trading hours, to hear the views of market participants, including domestic banks, overseas branches, and exporting companies, on the launch of the 24-hour FX market and to encourage dealing room staff.

Deputy Prime Minister Koo emphasized that the launch of the 24-hour FX market is a reform measure that reflects confidence in the sound fundamentals of the Korean economy, including its robust external soundness and record-high current account surplus, as well as strong demand from foreign investors for Korea's FX and capital markets, as evidenced by its inclusion in the World Government Bond Index (WGBI).

The Deputy Prime Minister further noted that the launch of the 24-hour FX market goes beyond simply extending trading hours and serves as a key piece of market infrastructure for bringing the accessibility and convenience of Korea's FX market in line with those of advanced markets. He described it as "the starting point for the Korean won's greater global role." He also stressed that enabling domestic and international investors, as well as importers and exporters, to conduct FX transactions at any time would ultimately enhance the attractiveness of Korea's capital market and the Korean won.

Deputy Prime Minister Koo also commended the close cooperation among all market participants – including the government, the Bank of Korea, banks, securities firms, brokerage companies, and importers and exporters – in preparing for the launch of the 24-hour market through revisions to relevant laws and regulations, internal rules and business practices, workforce expansion, and pilot trading. He noted that the 24-hour market would provide new benefits and opportunities for market participants by helping importers and exporters manage FX risks in real time and allowing domestic financial institutions and brokerage firms to expand their business operations.

Deputy Governor of the Bank of Korea Kwon Min Soo said he expects the launch of 24-hour trading to broaden and deepen Korea's FX market, highlighting the need for the Bank of Korea and the government to continue their policy efforts to help realize these expectations. He also noted that they would closely monitor developments in the market following the launch of 24-hour trading and assess its impact.

Participants, including representatives from Hana Bank, exporting companies, and FX dealers from overseas branches, expressed their support for the launch of 24-hour trading, recognizing its objective of better meeting market demand. They added that they would actively leverage the new FX market infrastructure, including 24-hour trading, to quickly adapt to the evolving trading environment and strengthen the global competitiveness of Korean banks and businesses.

Last but not least, Deputy Prime Minister Koo underlined that maintaining the stability of the FX market and ensuring the successful implementation of the new trading framework are the government's top priorities. He added that the government would provide round-the-clock market monitoring and support the smooth operation of 24-hour trading, while continuing to implement other FX market reform measures without disruption, including the offshore won settlement system, which will enable 24-hour settlement (fund transfers) upon its planned full launch in January 2027.

Korea Successfully Issues Record-Size Euro-Denominated FX Fund Bonds at the Lowest-Ever Spreads

On July 8, the government successfully issued EUR 1.7 billion (approximately USD 1.94 billion) in Foreign Exchange Equalization Fund Bonds (EUR FX Fund Bonds).

The government issued the bonds in a dual-tranche offering, consisting of EUR 700 million in three-year bonds and EUR 1 billion in seven-year bonds.

Maturity	Amount	Issuance Rate[1]	Coupon Rate[2]
3Y	EUR 700 million	3Y EUR Mid-Swap[3] + 10bp = 2.981%	2.875%
7Y	EUR 1 billion	7Y EUR Mid-Swap[3] + 28bp = 3.285%	3.250%

[1] Issuance rate: the benchmark rate for the same currency and maturity plus a spread.
[2] Coupon rate: the interest rate paid to bondholders.
[3] EUR Mid-Swap: the midpoint of bid and offer rates for euro interest rate swaps (IRS), used as the benchmark rate for euro-denominated bond issuance.

This issuance carries the following implications:

First, the government set a new benchmark for Korean euro-denominated bonds by issuing a record EUR 1.7 billion in EUR FX Fund Bonds. In particular, the seven-year tranche was the largest-ever single tranche, surpassing the previous record of EUR 750 million set in 2014. By establishing a solid benchmark in the euro market – one of the world's two major funding currencies alongside the U.S. dollar – the government has further strengthened the foundation for Korean issuers to raise foreign-currency funding under more stable conditions.

Second, both the three-year and seven-year tranches achieved the lowest-ever spreads for their respective maturities. Following February's successful USD FX Fund Bond issuance, the government likewise achieved new record-low spreads in the euro market, pricing the three-year and seven-year tranches at 15bp and 24bp below the previous record lows established in 2025 (3-year: +25bp; 7-year: +52bp), respectively. Notably, the spreads were at or below those of outstanding bonds with comparable maturities issued by major advanced economies, international organizations, and highly rated public-sector issuers, further reaffirming the international financial market's strong confidence in the Korean economy. As the spreads on FX Fund Bonds serve as a benchmark for overseas funding by Korean issuers, the tighter spreads achieved in this issuance are expected to reduce foreign-currency funding costs across the broader Korean market.

Third, the issuance confirmed robust demand for the FX Fund Bonds despite challenging market conditions, including heightened external uncertainty stemming from renewed tensions in the Middle East. Ahead of the issuance, the government actively presented Korea's growth strategy to leading global institutional investors, highlighting its AI transformation initiative aimed at making Korea one of the world's top three AI powers (AI G3), the competitiveness of its advanced manufacturing sector, and capital market advancement. As a result, the bonds were priced at spreads 4bp tighter than the initial price guidance for both tranches. In addition, by successfully issuing the bonds under the SSA[1] format for the third consecutive year, the government further strengthened its standing as a leading sovereign issuer while broadening its base of high-quality investors.

Fourth, the issuance proactively secured additional foreign-currency resources to support Korea's external soundness. In particular, by securing funding for the redemption of the EUR 700 million euro-denominated FX Fund Bonds maturing this October more than three months in advance of their maturity, the government has ensured stable external payment capacity without refinancing pressure. The foreign-currency assets raised through this issuance will serve as a strong buffer against unexpected changes in external conditions, helping the Korean economy respond resiliently to external shocks.

With this issuance, the government has successfully completed its 2026 FX Fund Bond issuance program totaling the equivalent of USD 5 billion – the largest annual issuance of foreign-currency FX Fund Bonds on record. Successful placements in both the U.S. dollar and euro bond markets at record-low spreads underscored global investors' strong confidence in Korean credit. The government will continue to closely monitor developments in international financial markets, maintain a stable foreign-currency funding base, and steadfastly support the external soundness of the Korean economy.

[1] SSA (Sovereigns, Supranationals and Agencies): A category of high-quality institutional investors in the global bond market, including sovereign governments, central banks, sovereign wealth funds, supranational organizations, and policy financial institutions.

Korea's OFDI Posts USD 21.74 Billion in Q1 2026

In the first quarter of 2026, Korea's outbound foreign direct investment (OFDI) totaled USD 21.74 billion, up 36.2% from the same period of the previous year (USD 15.96 billion), extending the expansion trend that has continued since the third quarter of 2025.

The increase in Korea's OFDI in the first quarter of 2026 is attributable to expanded overseas financial investment for global portfolio diversification and alternative investment for diversifying returns, supported by the sustained strength of global equity markets since the second half of 2025.

The government will continue to closely monitor trends in OFDI amid evolving external economic and investment conditions, including interest rate hikes in Japan and the EU. At the same time, it will strengthen communication and cooperation with major investment destination countries and relevant institutions to support the stable business operations of Korean firms entering overseas markets.

Korea's OFDI

	2024				2025				2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Amount invested (US $100 million)	166.0	163.6	146.9	184.7	159.6	154.3	196.4	223.4	217.4
Y-o-y change (%)	-9.1	1.6	-2.5	11.4	-3.9	-5.7	33.7	20.9	36.2

Korean OFDI by industry

	Finance and insurance	Manufacturing	Information and communications	Scientific and technical services	Real estate and renting
Q1 2025 (US $100 million)	82.1	36.1	3.7	2.2	11.0
Q1 2026 (US $100 million)	133.8	34.0	11.9	9.1	8.4
Y-o-y change (%)	63.0	-5.7	220.4	322.2	-23.6

Korean OFDI by region

	North America	Europe	Asia	Latin America	Oceania	Africa	Middle East
Q1 2025 (US $100 million)	60.7	36.6	30.9	24.7	6.0	0.5	0.3
Q1 2026 (US $100 million)	102.6	51.3	35.0	23.6	2.9	1.2	0.7
Y-o-y change (%)	69.2	40.1	13.2	-4.4	-50.6	135.7	183.3

Korean OFDI by country

	U.S.	Luxemburg	Cayman Islands	Singapore	Vietnam
2024 (US $ billion)	48.9	14.3	20.9	4.9	4.7
2025 (US $ billion)	101.5	28.3	20.8	10.5	7.3
Y-o-y change (%)	107.6	97.9	-0.5	115.7	55.1

Korea's FDI Notifications Rose 9.1% to $14.3 Billion in H1 2026

Foreign direct investment (FDI) in Korea on a notification basis reached USD 14.3 billion in the first half of 2026, up 9.1 percent year-on-year. Actual inflows also increased 42.6 percent year-on-year to $10.7 billion.

Despite continued downward pressure on global FDI, including from recent Middle East tensions, Korea recorded year-on-year gains in both investment notifications and actual inflows. The increase shows that notified projects are moving into implementation and that new investment continues to enter promising sectors such as semiconductors and displays, reflecting investor confidence in Korea's advanced industry supply chains and innovation ecosystem.

Investment Notification

By type, greenfield investment notifications for new or expanded factories and business sites totaled $10.8 billion, down 1.5 percent year-on-year. The decline eased significantly from the first quarter of 2026, when greenfield investment notifications fell 19.8 percent to $3.7 billion amid an uncertain trade environment. M&A investment notifications, including corporate equity acquisitions and mergers, rose sharply by 64.3 percent to $3.5 billion.

By industry, manufacturing investment notifications fell 28.4 percent year-on-year to $3.8 billion, led by decreases in chemicals, down 17.0 percent to $1.1 billion, and electrical and electronics, down 26.5 percent to $1.0 billion. In contrast, investment in machinery, equipment, and medical precision instruments rose 243.1 percent to $0.9 billion, driven by inflows into promising industries such as autonomous driving robots and healthcare. Investment in non-metallic mineral products, including displays, also increased 34.2 percent to $0.3 billion.

Services investment notifications rose 27.9 percent year-on-year to $9.1 billion. Investment increased significantly in finance and insurance, up 47.9 percent to $3.7 billion, and real estate, up 98.8 percent to $1.6 billion. R&D and professional, scientific, and technical services also improved, rising 24.3 percent to $0.5 billion.

By source country, investment notifications from major investors declined year-on-year, with investment from the United States down 2.5 percent to $3.1 billion, the European Union down 8.1 percent to $2.1 billion, Japan down 30.9 percent to $1.5 billion, and China down 18.6 percent to $1.5 billion. In contrast, investment notifications from other countries, including Singapore and the United Kingdom, rose 65.4 percent to $6.2 billion.

Actual Inflows

By type, greenfield investment inflows edged down 5.6 percent year-on-year to $4.5 billion, while M&A investment inflows rose 123.3 percent to $6.3 billion.

By industry, actual inflows into manufacturing surged 205.2 percent year-on-year to $5.0 billion. Chemicals rose 916.3 percent to $4.1 billion, as capital for large-scale chemical projects continued to arrive steadily. Investment in non-metallic mineral products, including displays, also increased 223.2 percent to $0.3 billion.

Actual inflows into services edged up 1.4 percent year-on-year to $5.6 billion. Finance and insurance rose 9.3 percent to $3.4 billion, and real estate increased 98.7 percent to $0.6 billion. In contrast, distribution fell 33.1 percent to $0.6 billion, while information and communications declined 48.4 percent to $0.4 billion.

By source country, actual inflows from the United States fell 13.3 percent year-on-year to $1.3 billion. In contrast, the European Union posted a 106.1 percent increase to $4.3 billion, Japan a 56.5 percent increase to $0.6 billion, and China a 36.0 percent increase to $0.2 billion. Actual inflows from other countries also rose 26.4 percent to $4.3 billion.

To sustain momentum from Korea's record-high FDI in 2025, the Ministry of Trade, Industry and Resources plans to strengthen foreign investment incentives aligned with national industrial policies, including the Five Mega-Regions and Three Special Self-Governing Provinces initiative, and expand strategic IR activities in Korea and abroad. The Ministry also plans to hear directly from foreign-invested companies through on-site investment promotion caravans and roundtables, while working with relevant ministries and agencies to support a stable investment environment.

Related Websites

Ministry of Finance and Economy
http://english.mofe.go.kr

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

Ministry of Trade Industry and Resources
https://english.motir.go.kr/

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