

S&P Global South Korea Manufacturing PMI[®]

Stronger improvement in manufacturing conditions but cost pressures intensify

March 2026

Steepest rise in output in 19 months

Employment returns to growth

Input cost inflation fastest since June 2022

South Korea's manufacturing PMI[®] data signalled a sustained expansion in the sector at the end of the first quarter of 2026.

Both output and new order intakes rose again in March, with the former increasing at the steepest rate since August 2024 amid an improved domestic demand picture. Firms mentioned that increased production and capacity requirements encouraged additional purchasing and hiring, with employment rising for the first time in three months.

That said, cost burdens faced by manufacturers increased sharply on the month, driven by widespread reports of higher oil and raw material prices. In response, companies looked to pass higher costs to customers by raising output charges to the greatest degree since July 2022.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index[™] (PMI[®]) was at 52.6 in March, up from 51.1 in February to indicate a moderate improvement in the health of the manufacturing economy. Moreover, the rate of improvement was the best registered in just over four years.

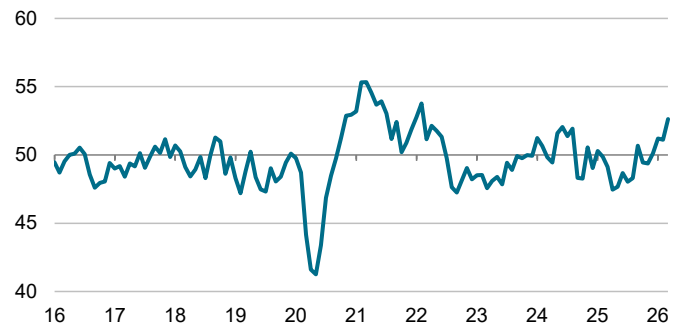
Production volumes increased at a stronger rate than in February, and moderately overall. Where expansions were reported, manufacturers noted that rising new order intakes, notably for new products and semiconductors, had boosted output.

Meanwhile, total new orders rose at the end of the first quarter, marking the fourth consecutive month of growth. Firms often cited improved domestic demand, new client wins and new product offerings as positive contributors to sales. Goods producers also recorded a sustained improvement in foreign demand, though the rate of increase was only marginal as firms noted the impact of the war in the Middle East and exchange rate fluctuations.

The aforementioned exchange rate movements, higher oil prices and increasing raw material costs contributed to a substantial rise in input prices during March. The rate of inflation reached the highest since June 2022, and pushed manufacturers to raise their charges to a greater extent than seen in February. Moreover, the latest uptick in output prices was the strongest since July 2022.

Rising production and capacity requirements meant there was a renewed rise in staffing levels in March, the first in three months. The rate of job creation hit a six-month high amid reports that companies looked to take on full-time staff. At the same time, firms recorded a third consecutive monthly accumulation in backlogs of work, though the latest increase was only fractional

S&P Global South Korea Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-23 March 2026.

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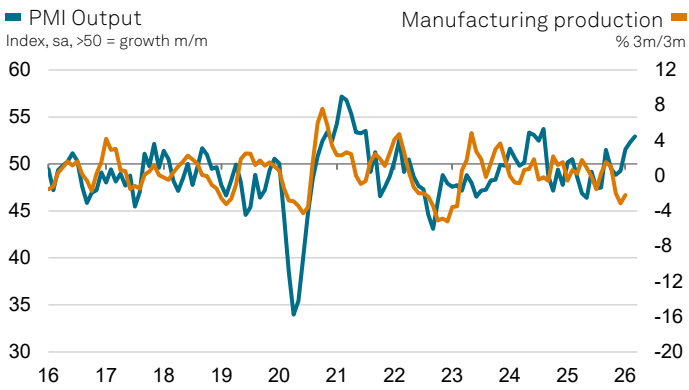
Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence:

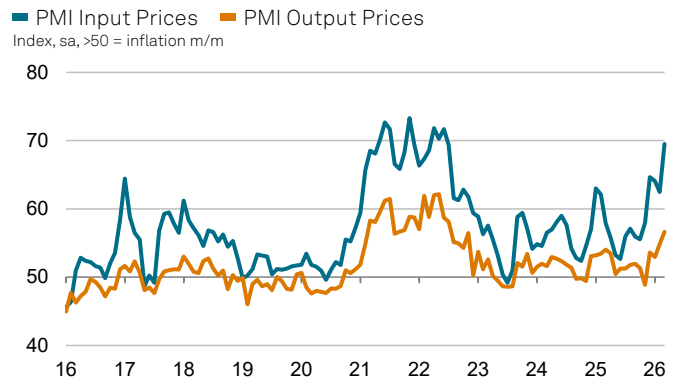
"March PMI data signalled that the South Korean manufacturing sector experienced a sustained improvement in operating conditions, with the pace of growth at its fastest in just over four years. Both production volumes and new orders rose again, with the former reaching the highest growth rate in just over a year-and-a-half. Anecdotal evidence suggested that a strengthening domestic economy and new product launches were behind the latest expansion in the manufacturing sector.

"Positive signals were dampened however, by evidence of accelerating cost pressures across the goods-producing sector. Input prices rose to the greatest extent since June 2022, often attributed to higher raw material costs and unfavourable exchange rate fluctuations, but also linked to the war in the Middle East with firms frequently mentioning higher oil prices. Firms looked to protect against higher costs by raising prices charged at the steepest rate since July 2022, while also attempting to build safety stocks to guard against future price and supply issues."

S&P Global South Korea Manufacturing PMI®



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Source: S&P Global PMI. ©2026 S&P Global.

overall.

Turning to the supply chain, buying activity among South Korean goods producers was up solidly in March, taking the current period of growth to four months. Firms reported purchasing inputs to keep pace with production, but also to protect against further price rises and supplier disruption. There were mentions of delivery delays among suppliers, partly due to the disruption caused by war in the Middle East. Consequently, average lead times lengthened to the greatest extent in 39 months. The aforementioned purchasing to try to mitigate the impacts of rising material costs and supply-chain disruption meant that stocks of inputs increased for the first time in five months, albeit marginally. Meanwhile, inventories of finished items were often used to help complete orders, resulting in a renewed fall in post-production stocks.

The 12-month outlook for output remained positive in March. However, the degree of optimism eased compared to the previous month to reach a four-month low. Confidence was centred on hopes for new client wins and the mass production of new products, as well as hopes for easing geopolitical tensions and softer price pressures.

Methodology

The S&P Global South Korea Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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