News Release
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S&P Global South Korea Manufacturing PMI®

Strongest rise in new orders since November 2024 despite accelerating inflationary pressures

December 2025

Headline PMI climbs above 50.0 for the first time since September

Stronger business optimism pushes up employment and purchasing

Cost pressures intensify sharply

December data indicated a renewed improvement in demand conditions, as South Korean manufacturers reported the steepest rise in new orders since November 2024.

The increase in total new business inflows was partly attributed to a modest improvement in international sales. Output continued to decline, albeit at a softer pace than in November. Firms also saw optimism regarding the coming 12 months strengthen sharply at the end of 2025, with confidence reaching its highest level in just over three-and-a-half years. This business confidence contributed to companies raising employment levels to meet both current and future production requirements, while purchasing activity also increased.

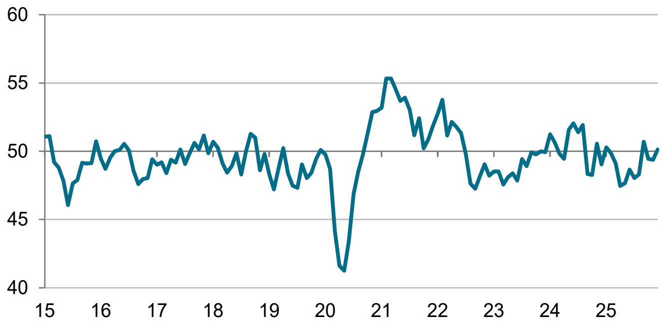
The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI®) registered 50.1 in December, up from 49.4 in November, indicating a renewed, albeit fractional, improvement in the health of the South Korean manufacturing economy. This expansion was the first since September. The latest PMI reading was broadly consistent with the long-run series average.

There was a renewed and modest increase in incoming business inflows, with new orders rising for the first time in three months in December and at the strongest rate since November 2024. Firms frequently cited new product launches and stronger international demand as key factors behind the rise. New export orders also returned to expansion territory for the first time since September, as manufacturers signalled improving demand in key markets across Europe, the Americas, and Mainland China. Despite the evolution in demand conditions, manufacturers recorded a sustained yet softer contraction in production levels in December, extending the current sequence to three months.

The improved picture for demand helped to strengthen the year-ahead outlook for production in December, as firms expressed hopes that business expansions and the launch of new products would boost output and sales. The overall degree of positive sentiment was the most pronounced since May 2022.

Confidence in the outlook and increased capacity requirements also encouraged manufacturers to raise employment levels for the first time in three months. Concurrently, December data

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



Data were collected 4-15 December 2025.
Source: S&P Global PMI. ©2026 S&P Global.

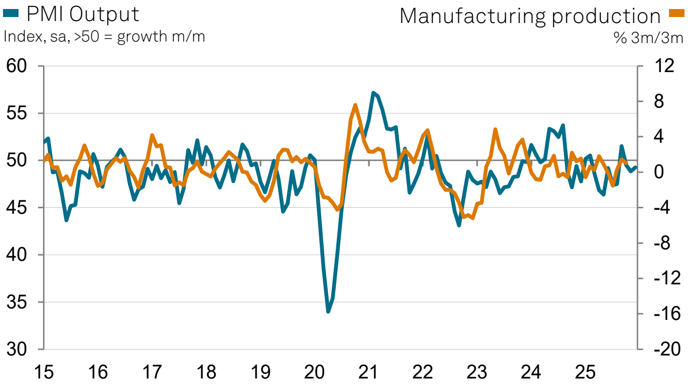
Comment

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

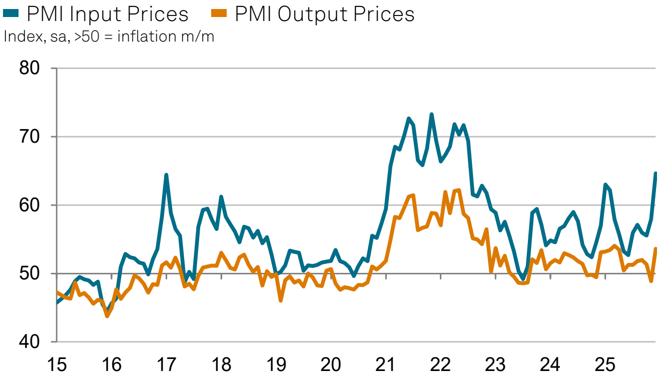
"December presented an improved picture for the South Korean manufacturing sector as 2025 drew to a close. New orders returned to expansion territory for the first time in three months, with the pace of growth reaching its fastest in just over a year. Exports were a notable point of strength, also rising for the first time in three months.

"According to manufacturers, new product launches and improved external demand drove the improvement in sales, while confidence in the outlook also improved markedly in December to reach its highest level since May 2022. In turn, firms were encouraged to raise both employment levels and purchasing activity.

"The inflation picture was less positive, however, with the rate of input cost inflation accelerating markedly in December amid higher raw material prices and exchange rate weakness. In response, firms more than reversed the slight cut in charges seen a month prior, raising factory gate prices to the greatest extent in nine months in an effort to protect profit margins."



Sources: S&P Global PMI, KOSTAT via S&P Global Market Intelligence. ©2025 S&P Global.



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pointed to an increase in purchasing activity for the first time since September, partly in response to higher new orders but also as part of efforts to protect against rising raw material prices. The rise in input buying was also the most marked since August 2024.

Backlogs of work broadly stabilised in December as some firms indicated that higher new orders had started to impart some pressure on capacity. Inventories of both pre- and post-production goods were reduced as firms drew on existing reserves to keep pace with output and demand requirements. Suppliers' delivery times saw a sustained, albeit fractional, lengthening during December, though the rate of deterioration was the softest in the current nine-month sequence.

On the price front, inflationary pressures intensified at the end of 2025. The rate of input cost inflation was marked and reached the highest level since July 2022 amid higher raw material prices and unfavourable exchange rate fluctuations. In turn, output prices were raised solidly, and at the strongest pace since March, following a brief reduction in charges during November.

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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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