

# News Release

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## S&P Global South Korea Manufacturing PMI®

### Manufacturing conditions little-changed amid muted growth of demand and production

#### Key findings

Output and new orders rise only marginally

Stronger fall in employment, while optimism remains subdued

Input price inflation historically elevated

The performance of South Korea's manufacturing sector was broadly stable at the midpoint of the first quarter of 2025, latest PMI® data from S&P Global showed. Firms recorded sustained, albeit marginal expansions in output and new order intakes. Meanwhile, purchasing activity was broadly stable and firms showed a reluctance to hold excess inventories.

Business confidence remained relatively subdued and firms recorded the strongest fall in employment levels since July 2022. On the price front, the rate of input cost inflation remained marked and companies increased their selling prices to the largest extent in 15 months as a result.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI®) fell from 50.3 in January to 49.9 in February, signalling broadly unchanged manufacturing conditions in South Korea following a slight improvement at the start of the year.

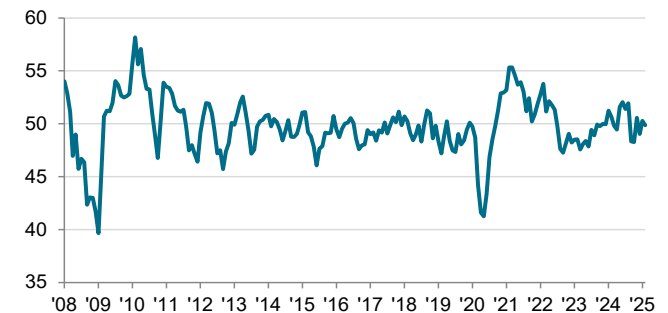
February survey data pointed to a second successive monthly rise in the volume of new orders received by South Korean manufacturers. The pace of increase was marginal, but edged slightly higher than that in January. Where sales increased, this was often attributed to the launch of new products and pockets of overseas demand. Indeed, new export orders rose again in the latest survey period though the rate of growth was only fractional. Improved demand in the Asia-Pacific region was broadly offset by weaker sales to Europe and the US.

Subsequently, production volumes were raised at a similar, marginal rate to new orders. In some cases firms opted to use existing inventories of finished items rather than engaging in new production. This resulted in the steepest reduction in stock holdings since August 2021.

Confidence in the 12-month growth outlook eased and was weaker than the series average. As optimism waned, firms also lowered employment to the largest degree since July

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-20 February 2025.

#### Comment

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

*"Another muted month of data from the South Korea Manufacturing PMI survey by S&P Global provides evidence that domestic industrial activity remained subdued midway through the first quarter. Although manufacturing output and sales increased during the month, the rates of expansion were marginal, amid ongoing reports of soft domestic demand conditions.*

*"The outlook for the coming months appears uncertain, as firms recorded the steepest decline in employment levels since July 2022, along with a renewed decrease in outstanding business. Confidence regarding the upcoming year was also relatively weak.*

*"Meanwhile, there was a further steep increase in input prices for South Korean manufacturers. Higher raw material prices were noted, and unfavourable exchange rate fluctuations also contributed to cost burdens."*

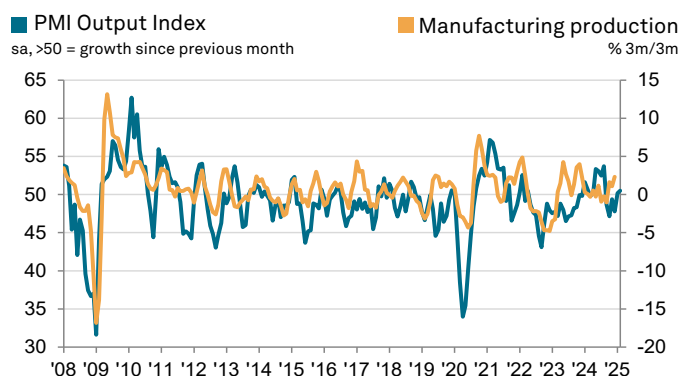
PMI®

by S&P Global

2022. Evidence of spare capacity was also prevalent in the latest survey period, as the level of outstanding business fell for the second time in the past three months.

In line with the trends for the output and demand, purchasing activity rose only fractionally in February as production requirements were muted. Concurrently, holdings of pre-production goods were lowered as firms showed a reluctance to hold excess inventories. That said, suppliers reportedly struggled with delivery delays, leading to a further lengthening in delivery times.

On the price front, February data signalled a robust increase in input costs amid rising raw material prices, notably for metals. Firms also mentioned that unfavourable exchange rate fluctuations impacted input costs. As a result, output charges were raised at a solid rate that was the most pronounced for 15 months.



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

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### Survey 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](mailto:economics@spglobal.com).

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