

News Release

Embargoed until 0930 KST (0030 UTC) 2 January 2025

S&P Global South Korea Manufacturing PMI®

Production outlook turns negative for first time since the COVID-19 pandemic

Key findings

Stronger fall in output amid renewed new order contraction

Output charge inflation at 13-month high

Business sentiment turns negative

December data pointed to a stronger fall in output amid a renewed reduction in new order intakes, as South Korean manufacturers commented on a subdued domestic economy. The overall performance of the manufacturing sector was also weighed down by rising cost pressures at the end of 2024, as a sharp acceleration in cost burdens contributed to the strongest rise in output charges since November 2023. Moreover, for the first time since July 2020, manufacturers were pessimistic regarding the year-ahead outlook for output.

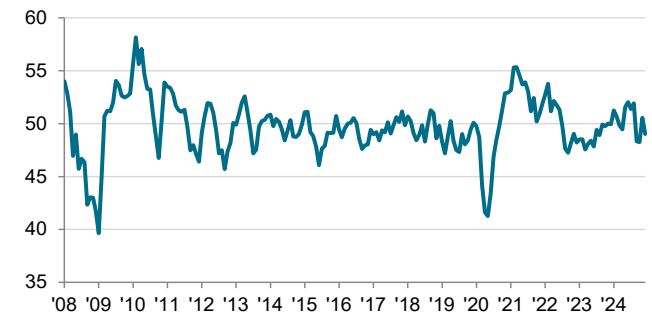
The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI®) registered 49.0 in December, down from 50.6 in November and indicative of a renewed deterioration in the health of the South Korean manufacturing sector. The contraction was the third in the past four months, albeit only slight.

There was a steeper decrease in production levels in December, with output falling moderately at the end of 2024. Production has now fallen in each of the last four months. Firms often mentioned that falling new orders was the main reason behind the decline in output, as manufacturers also highlighted a renewed contraction in incoming business. The deterioration in demand was commonly linked to weaker client confidence, notably in the domestic market. Meanwhile, growth in new export orders was only fractional amid reported weakness in the US and Mainland China.

The outlook for production over the coming year was negative for the first time since July 2020 during December, as firms were increasingly concerned regarding the health of the domestic economy. Fears about the potential consequences of increased US protectionism also contributed to pessimism. As a result, the overall degree of negative sentiment was the most pronounced for four-and-a-half years. In fact, if the COVID-19 pandemic period is excluded, sentiment in the sector was the lowest since data for future output were first collected in 2012.

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 05-13 December 2024.

Comment

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

"December provided a subdued picture for the South Korean manufacturing sector. Both output and new orders were in contraction territory, with the former seeing the rate of decline accelerate on the month. The headline PMI was also held back by a further decrease in employment.

"Inflationary pressures reportedly strengthened at the end of 2024, with the rate of input price inflation reaching a five-month high. This contributed to a renewed rise in output charges that was the steepest since November 2023.

"At the same time, goods producers recorded pessimism regarding the outlook for the coming year. The degree of negative sentiment was the most pronounced since June 2020. Downbeat expectations often stemmed from concerns surrounding domestic economic conditions, as well as potential US protectionist policies."

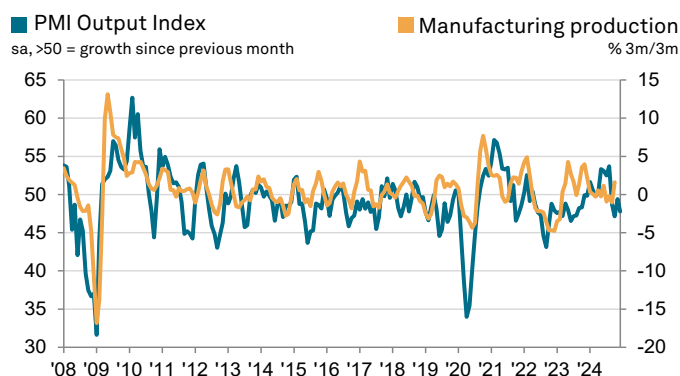
PMI®

by S&P Global

Backlogs of work saw a renewed decrease in the latest survey period, the fifth in the past six months. Firms often mentioned that a lack of new orders pushed firms to complete existing work instead. At the same time, manufacturing firms opted to reduce their workforce numbers for the second successive month, amid the non-replacement of voluntary leavers. That said, the rate of job shedding was only marginal and little-changed from that seen in November.

Inflationary pressures accelerated at the end of the year. The rate of input price inflation was strong, and reached the most pronounced since July. In turn, output prices rose for the first time in four months and at the steepest rate since November 2023.

In line with the picture for new orders, a renewed decrease in purchasing activity was recorded in December. While only modest, the moderation was the strongest seen since August 2023. Meanwhile, holdings of both inputs and finished items were raised as firms mentioned that weak demand had led to items being left in stock rather than being used to support production or fulfil new orders. Suppliers' delivery times continued to lengthen in December, though the rate of deterioration eased to the softest in the current seven-month sequence.



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

Contact

Usamah Bhatti
Economist
S&P Global Market Intelligence
T: +44-134-432-8370
usamah.bhatti@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +81 3 6262 1757
sungha.park@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.