

News Release

Embargoed until 0930 KST (0030 UTC) 1 July 2025

S&P Global South Korea Manufacturing PMI[®]

Manufacturing conditions deteriorate at softest rate in three months

Key findings

Slower reductions in output and new orders

Renewed fall in employment

Business optimism rebounds

South Korea's manufacturing sector registered a subdued performance at the end of the first half of 2025, according to the latest PMI[®] data from S&P Global. Firms reported sustained, albeit slower, contractions in both output and new order intakes, while purchasing activity declined further due to a reluctance to hold excess inventories. Manufacturers also signalled a renewed fall in employment, reversing the uplift seen in May.

Meanwhile, business confidence meanwhile rebounded during June, reaching its strongest level in just over a year. On the price front, the rate of input cost inflation eased to an eight-month low, contributing to only a modest increase in selling prices.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index[™] (PMI) rose from 47.7 in May to 48.7 in June, signalling the softest deterioration in the health of the South Korean manufacturing sector in three months.

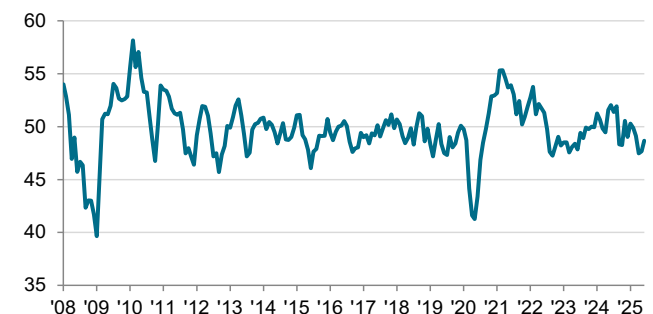
June survey data pointed to a fourth consecutive monthly fall in production volumes. The pace of decrease was marginal though, and the softest recorded in the current sequence. Where output decreased, this was often attributed to declining sales volumes, however some firms noted positive movements in the domestic market. In some instances, firms opted to use existing inventories of finished items, resulting in a modest depletion of stock holdings.

New order intakes fell further during June, extending the current period of decline to three months. According to manufacturers, weak client confidence was signalled, including from international markets as a result of higher tariffs. Indeed, new export sales fell for the third month in a row.

Confidence in the year-ahead activity outlook rebounded during June. Optimism strengthened to a 13-month high amid hopes that the launch and mass production of new products

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-20 June 2025.

Comment

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

"Another muted month of data from the South Korea Manufacturing PMI survey provides evidence of subdued domestic industrial activity at the end of the second quarter. Manufacturing output and sales both decreased, albeit at a softer rate than that seen in May, as firms signalled pockets of improvements in the domestic market.

"The outlook for the coming months appears mixed. On the one hand, firms reported a renewed and moderate decline in employment alongside decreasing levels of outstanding business. However, confidence regarding the upcoming year strengthened and was the strongest recorded in just over a year. Firms widely hoped that the domestic economy and geopolitical landscape will improve, helping to stimulate demand for newly launched products."

PMI[®]

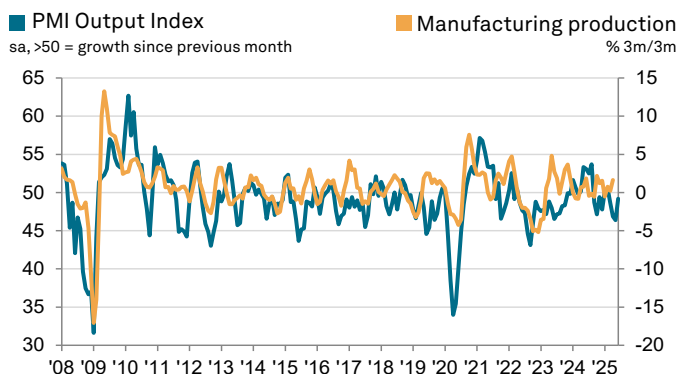
by S&P Global

would drive sales and output, while some firms mentioned expectations of an improved domestic and geopolitical outlook.

Despite stronger confidence, firms lowered their employment levels for the seventh time in eight months. The rate of job shedding was moderate, but the second-strongest since September 2020. Evidence of spare capacity remained prevalent at the end of the second quarter, as the level of outstanding business fell for the third consecutive month.

In line with trends for output and demand, purchasing activity fell modestly during June, 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 to deliver items on time, leading to a further lengthening in overall lead times.

On the price front, June data signalled a moderate increase in input costs driven by rising raw material prices, notably for metals. That said, firms mentioned that an improved exchange rate had eased price pressures on internationally sourced inputs, pushing the rate of input cost inflation down to an eight-month low. As a result, output charges were raised only modestly, although the pace of increase quickened slightly from May.



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.

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