

S&P Global South Korea Manufacturing PMI[®]

Manufacturing upturn strengthens amid stockpiling efforts, but price pressures persist

May 2026

Strongest rise in output in just over five years

Input price inflation remains close to record high

Jobs growth at highest since March 2013 as outlook improves

South Korea's manufacturing economy continued to expand midway through the second quarter, but growth was at least in part linked to safety stock building as price and supply disruption remained severe.

Production and new order volumes each rose at the sharpest rates in around five years, as demand for manufactured products was boosted by efforts to build and maintain inventories amid disruption stemming from the war in the Middle East. Cost inflation was a key headwind for firms, with average cost burdens rising at a pace only marginally softer than April's record high. Improved new orders and output requirements nonetheless helped boost employment to the greatest extent in just over 13 years, as optimism for the coming year improved.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI[®]) rose from 53.6 in April to 54.8 in May, indicating a stronger improvement in the health of the manufacturing economy. The latest reading was the highest since March 2021 and well above the long-run series average of 50.3.

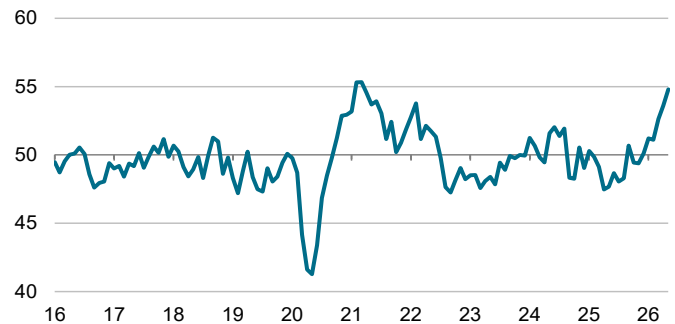
Demand for South Korean goods picked up during May. New orders rose for the sixth month running, and at the fastest pace since June 2021. Stronger client confidence, and advance orders in response to price and supply disruption were highlighted as reasons for rising new business, particularly in the domestic market. Conversely, the volume of new export business fell for the first time since last November, albeit only fractionally.

The stronger increase in new orders led to a steeper uptick in production growth. The rate of expansion was the most marked in just over five years. Here too, however, growth was partly linked to efforts to build inventory levels amid rising material prices and supply shortages. That said, stocks of finished goods continued to be depleted, and at a sharper rate than in April. Anecdotal evidence suggested that existing holdings were used to fulfil incoming orders, as stock replenishment was held up by raw material shortages and delivery delays.

Higher production requirements also encouraged South Korean goods producers to further raise staffing numbers. The rate of job creation was solid, and the most pronounced since March 2013. Incoming demand also placed strain on capacity as backlogs rose for the fifth month in a row and at the strongest rate since February.

Manufacturers addressed both higher output requirements and

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Index, sa, >50 = improvement m/m



Data were collected 12-20 May 2026.

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Comment

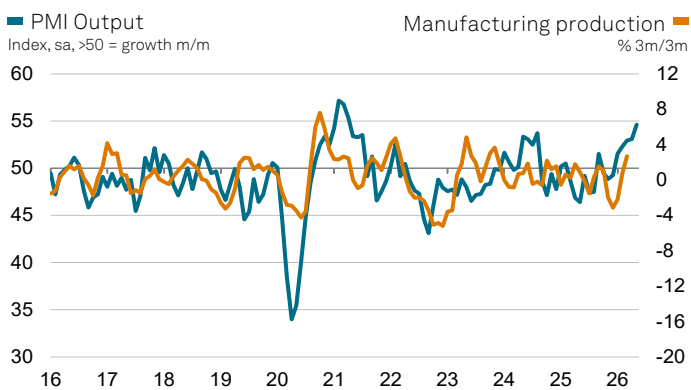
Usamah Bhatti, Economist at S&P Global Market Intelligence:

"South Korea's manufacturing sector continued its upward trajectory in May, though the positive headline reading should be viewed with an air of caution. Both new orders and production growth hit the highest for around five years, but anecdotal evidence from respondents often linked expansions to stock building efforts as the war in the Middle East continued to cause price increases and disrupt supply conditions for the manufacturing economy.

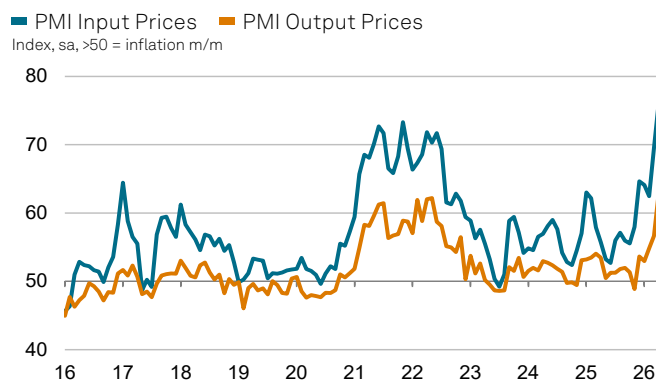
"In fact, cost pressures were little-changed from April's survey record, amid widespread reports of higher raw material prices which were exacerbated by exchange rate weakness. At the same time, vendor performance deteriorated to a similar extent as seen a month prior as the effective closure of the Strait of Hormuz in particular weighed on the timely delivery of inputs.

"More positive signs are available, however. Goods producers raised employment for the third month running, and to the greatest extent in over 13 years. This came as business confidence reached the highest for three months. Optimism hinged on an expected easing of price and supply disruption emanating from the war, therefore the timing of any recovery appears uncertain."

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fears of further price rises by expanding their purchasing activity during May. The volume of inputs ordered rose at the fastest rate since July 2021, a steep pace that was well above the long-run survey average. Concurrently, stocked inputs rose for the second time in three months as firms lifted inventories to protect against further price and supply disruption. Supply chains remained under intense pressure meanwhile, as lead times lengthened at an extent little-changed from April's recent record.

Inflationary pressure in the goods-producing sector remained substantial in May, according to the latest survey data. Input price inflation eased only slightly from April's series record. Cost pressures were widely linked to higher raw material prices - notably oil - due to the war in the Middle East, as well as a weaker exchange rate. Selling price inflation was also marked, and remained among the highest in the survey history.

Looking ahead, hopes for an easing of price, supply and exchange rate pressure were all mentioned as having the potential to support growth over the coming 12 months. The overall strength of sentiment was the highest in three months.

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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