

# News Release

Embargoed until 0930 KST (0030 UTC) 1 July 2024

## S&P Global South Korea Manufacturing PMI<sup>®</sup>

### South Korea factory orders increase at fastest pace since February 2022

#### Key findings

Demand conditions strengthen, with export growth accelerating

Production rises solidly again, but expectations weaken slightly

Input cost inflation quickens to eight-month high

South Korea's manufacturing sector continued to record improving operating conditions at the end of the second quarter, building further upon May's upturn, latest PMI data from S&P Global showed. Solid expansions were seen in both new orders and output, with factory sales rising at the fastest rate since February 2022. Export demand also strengthened, while employment levels rose as companies sought to boost production capacity.

That said, there was a further marked softening of business confidence, which dipped to its lowest level in the year-to-date. Cost pressures also intensified as exchange rate weakness and rising raw material prices pushed up operating expenses.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) rose to 52.0 in June, from 51.6 in May. Overall, this took the survey's headline measure further above the 50.0 no-change mark, signalling a stronger rate of improvement in the health of South Korea's goods-producing economy. Furthermore, the index was at its highest level since April 2022 and therefore indicated the fastest expansion in over two years.

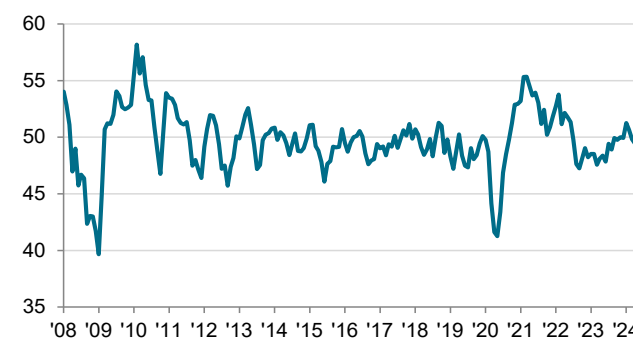
June survey data pointed to a third successive monthly rise in the volume of new factory orders received by South Korean manufacturers. Furthermore, the increase was solid and the strongest since February 2022. Stronger sales performances were registered in domestic and overseas markets, according to anecdotal evidence.

Indeed, new export orders continued the growth trend seen in every month of 2024 so far. The upturn was the strongest since January, with Asian, European and North American clients reportedly providing a boost to order books.

Subsequently, production volumes were lifted, confirming output growth in every month of the second quarter of 2024. Although the rate of expansion slowed, it held close to May's near three-year high. Output volumes were driven higher by

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-20 June 2024.

#### Comment

Joe Hayes, Principal Economist at S&P Global Market Intelligence, said:

"Another strong month of data from S&P Global's South Korea Manufacturing PMI survey provides further evidence that global industrial activity and trade are picking up.

"Viewed as a bellwether for exports due to its integration in supply chains for key intermediate goods like batteries and semiconductors, South Korean manufacturing output and orders often provide leading signals for trends more broadly.

"The good news is that in June, we saw another month of strong growth in production and sales. Panellists frequently cited external markets as sources of demand, and we saw new export orders increase at the quickest pace since January.

"Further positive near-term signals were also seen, with purchasing activity rising solidly and employment growth also quickening. This suggests that firms are equipping themselves with the capacity needed to sustainably meet more orders in the future."

PMI<sup>®</sup>

by S&P Global

new product launches and greater new business wins.

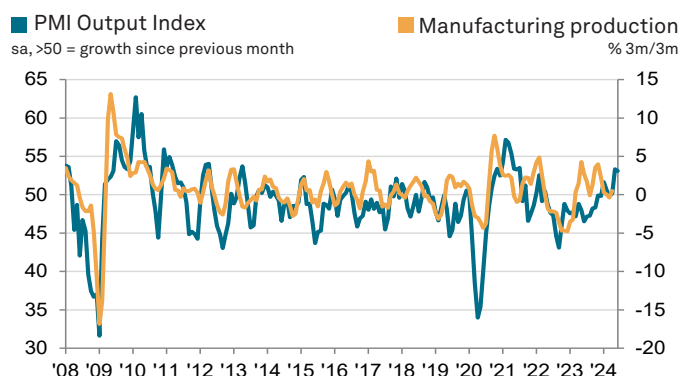
Stronger demand led capacity pressures at South Korean manufacturers to intensify in June. This was evidenced by backlogs of work rising. In fact, the rise in outstanding orders was the first since February and the quickest for nearly two years.

To accommodate for greater demand, factory employment in South Korea rose for a second month in a row. The rate of job creation was the strongest in four months, albeit mild. Purchasing activity also expanded solidly as firms sought to boost their quantities of raw materials and semi-finished items.

Nevertheless, inventories came under pressure as stronger demand led to stock depletion. Suppliers also reportedly struggled to meet orders from South Korean manufacturers, leading delivery times to lengthen to the greatest extent in the year-to-date.

As for prices, June data signalled the quickest rise in input costs for eight months, with greater raw material prices and exchange rate fluctuations cited as sources of inflation. That said, output charges increased at the softest pace since March.

Despite a strong monthly performance for manufacturers, their confidence in the growth outlook diminished further in June, with optimism slipping to a six-month low.



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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