

News Release

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S&P Global South Korea Manufacturing PMI®

Stronger deterioration in manufacturing conditions in July

Key findings

Steeper falls in output and new orders

Strongest increase in cost burdens in four months

Business confidence turns negative

South Korea's manufacturing PMI® data signalled a stronger deterioration in operating conditions at the start of the second half of 2025. Both output volumes and new order intakes fell at a steeper rate in July, with notable weakness in the domestic economy. In turn, employment and purchases were reduced further while overall confidence in the outlook for the coming year was negative for the first time in three months.

On the price front, goods producers noted an acceleration in input price inflation during July, with average cost burdens rising at the fastest pace since March.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI) fell from 48.7 in June to 48.0 in July, signalling a sixth successive deterioration in the health of the manufacturing sector. The decline was more pronounced than that seen in the previous month, but modest overall.

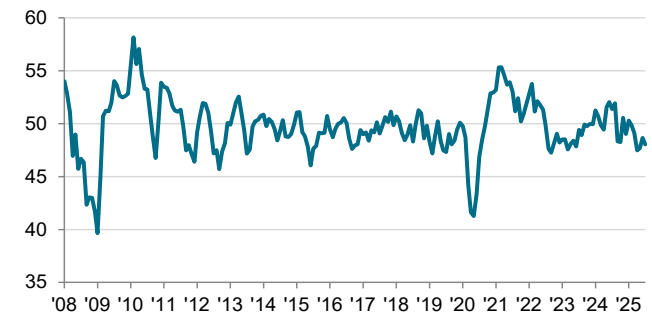
There was a fifth consecutive contraction in output in July. Production volumes decreased at a stronger rate than that in June, and at a solid pace overall. In instances where a decrease in output was reported, manufacturers noted challenging domestic economic conditions, and falling new order intakes.

Meanwhile, total new orders fell sharply at the start of the third quarter, extending the current period of reduction to four months. Firms often noted domestic economic weakness, particularly in the autos and construction sectors. Manufacturers also continued to record falling foreign demand, though the rate of decrease in new export orders eased to the lowest in the current four-month sequence.

In line with the trend for new orders, there was a sustained fall in backlogs of work, the fourth in as many months. The rate of depletion was modest however, and the softest in this period. At the same time, firms recorded a second successive reduction in employment levels, as lower production

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-23 July 2025.

Comment

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

"July PMI data signalled that the South Korean manufacturing sector experienced a stronger deterioration in operating conditions. Both production volumes and new orders fell at a steeper rate than that in June, with anecdotal evidence indicating that weakness in the domestic economy was compounded by the impacts of US tariff policy."

"Price pressures also intensified at the start of the third quarter, with businesses recorded the fastest rise in input prices in four months. Firms often noted that higher raw material prices and exchange rate fluctuations - both of which were linked to tariff increases - added to cost burdens during the month."

"Looking ahead to the coming year, business confidence turned negative for the second time in 2025 so far. Concerns were raised that domestic weakness would persist, while global trade and geopolitical issues are also set to weigh on output and demand."

PMI®

by S&P Global

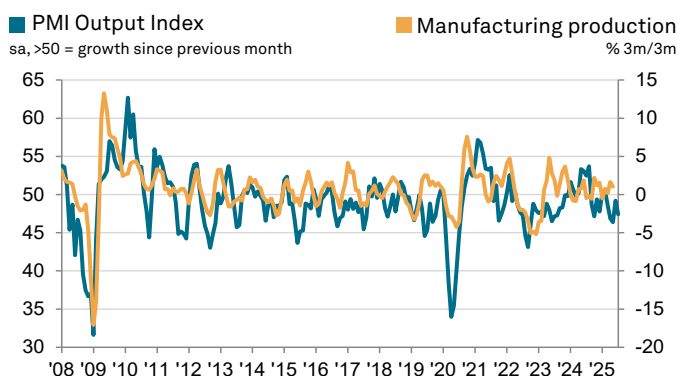
requirements meant goods producers looked to restructure their workforces.

Input costs rose markedly during July, with the latest bout of inflation accelerating from June to reach the strongest since March. Survey members attributed the increase to higher raw material prices due to US tariff policy, as well as unfavourable exchange rate movements. In response, manufacturers raised output charges, though only modestly as part of efforts to remain price competitive.

Buying activity at South Korean goods producers fell solidly in July, as firms adjusted their purchases in relation to demand conditions. At the same time, pre- and post-production inventories were lowered amid attempts by manufacturers to exhaust existing inventory levels.

Goods producers noted a stronger deterioration in suppliers' delivery times in the latest survey period, and one that was the most pronounced since January 2023. Firms commonly mentioned that global conflicts and logistical bottlenecks as a result of tariffs weighed on supplier performance.

The 12-month outlook for output turned negative for the first time in three months at the start of the third quarter. Pessimism was related to concerns regarding the health of the domestic economy, along with the potential for further tariff disruption.



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

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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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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