

News Release

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S&P Global South Korea Manufacturing PMI[®]

Muted demand continues to dampen South Korean manufacturing performance

Key findings

Sustained and solid reductions in output and new orders

Sharpest fall in export sales in four months

Business sentiment turns positive, while employment levels rise

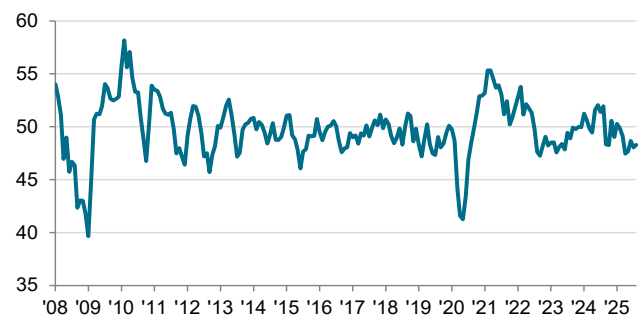
August data indicated a sustained decline in output amid a sharp reduction in new order intakes, as South Korean manufacturers commented that a subdued domestic economy and global trade uncertainty weighed on the health of the sector. This also showed through in a stronger reduction in export sales that was the most pronounced since April. Despite the weak overall picture for the goods-producing sector, firms opted to prepare for an eventual recovery in demand by raising input purchases and employment levels, whilst also citing a positive outlook regarding the year ahead.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI[®]) registered 48.3 in August, up slightly from 48.0 in July, indicating a modest deterioration in the health of the South Korean manufacturing sector. The contraction marked the seventh successive month of worsening business conditions. That said, the latest deterioration was slightly weaker than that seen in July.

There was a sharp decrease in incoming business inflows, with new orders falling for the fifth month running midway through the third quarter. Firms often cited a subdued domestic economy and the impact of US tariffs as the key factors behind the fall. The latter also weighed on foreign demand, as goods producers recorded the strongest reduction in new export orders since tariffs were initially announced in April. Consequently, manufacturers reported a further contraction in production levels in August, extending the current sequence to six months.

Despite the weaker picture for demand, the year-ahead outlook for production was positive for the third time in four months, as firms mentioned hopes that the launch and mass production of new products and an improvement in economic conditions would boost output. The overall degree of positive sentiment was moderate but below the series average amid concerns regarding the timing of any recovery

S&P Global South Korea Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-20 August 2025.

Comment

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

"August presented a muted picture for the South Korean manufacturing sector. Both output and new orders remained in contraction territory, with both metrics little-changed from those seen in July. Exports were notably weak, falling at the strongest rate since the initial tariff announcement in April.

"According to manufacturers, challenging domestic economic conditions and the impact of US tariffs weighed most on the sector, stymieing sales and production levels.

"Positively, goods producers expressed optimism regarding the outlook for the coming year, reversing the pessimism seen in July. The degree of optimism was moderate, with hopes centred on the launch and mass production of new products and an alleviation of domestic economic malaise. There was concern noted, however, regarding the timing of any recovery and the potential prolonged impact of US tariffs."

PMI[®]

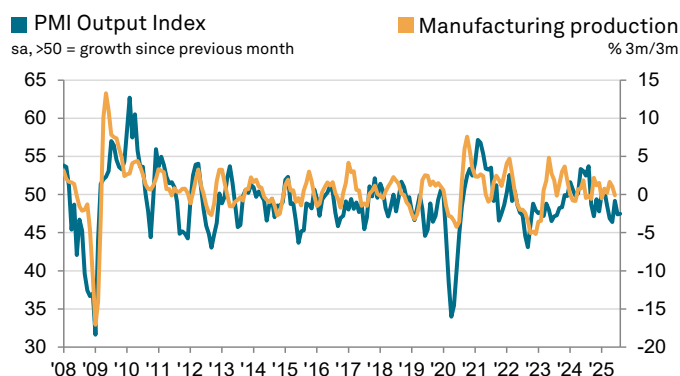
by S&P Global

and the potential prolonged impact of US tariffs.

Nonetheless, confidence regarding the outlook encouraged manufacturers to raise employment levels for the first time in three months, amid the filling of vacancies and preparation for an eventual demand recovery. Similarly, August data pointed to an increase in purchasing activity for the first time since March, again related to preparation for a recovery. The rise in input buying was also the most pronounced since the start of the year.

Firms noted that they had sufficient capacity to fulfil incoming work, as evidenced by a further modest depletion in backlogs of work. Inventories of both pre- and post-production goods were also reduced as firms mentioned exhausting existing holdings while operating conditions were subdued. Suppliers' delivery times saw a sustained lengthening in August, though the rate of deterioration softened from that seen a month prior.

On the price front, inflationary pressures accelerated at the midpoint of the third quarter. The rate of input price inflation was marked and reached a five-month high. In turn, output prices were raised modestly, yet at the strongest pace since April.



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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