News Release
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S&P Global South Korea Manufacturing PMI®

Renewed deterioration in manufacturing conditions amid tariff concerns

October 2025

Output and new orders fall back into decline

Broad stagnation in employment levels

Inflationary pressures remain historically elevated

South Korea's manufacturing sector registered a renewed deterioration in performance at the start of the final quarter of 2025.

Firms reported contractions in both output and new order intakes, while employment levels fell fractionally for the first time in three months. Manufacturers often cited domestic economic weakness and the impact of US tariffs as factors weighing on production and demand in October, which also influenced their purchasing and stock-holding decisions.

Meanwhile, firms signalled a sustained and sharp rise in operating expenses. This increase was often linked to higher raw material prices sourced from abroad, driven in large part by a weaker exchange rate but also in some cases tariffs. Consequently, manufacturers sought to pass these costs on to clients, leading to a rise in factory gate charges for the eleventh consecutive month.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI®) fell from 50.7 in September to 49.4 in October, signalling a deterioration in the health of the South Korean manufacturing sector for the eighth time in the past nine months.

October survey data indicated a monthly decline in production volumes, reversing September's modest uptick. Although the fall was only marginal, it marked the seventh decrease in the last eight months and was often attributed to lower new order inflows, particularly within the domestic economy. In some cases, firms opted to utilise existing inventories of finished items to help meet order requirements, resulting in a modest depletion of stock holdings.

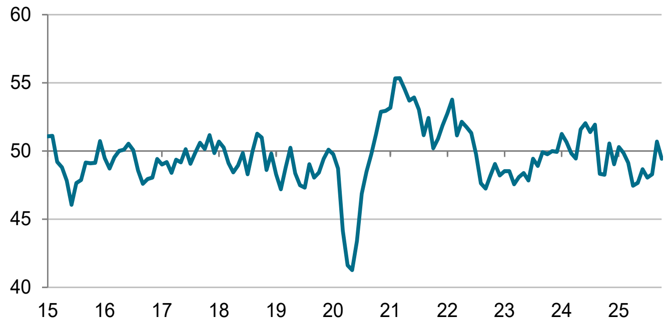
New order intakes fell at a moderate pace in October, following a fractional increase in the previous month. Manufacturers attributed this decline to a muted domestic economy and tariffs imposed on export goods, particularly those sold to the US. However, the reduction in new export sales was only fractional and softer than that seen for total new orders.

Firms reduced their employment levels for the first time in three months during the latest survey period. The rate of job shedding was only fractional but was often linked to the non-replacement of voluntary leavers. At the same time, evidence of spare capacity persisted in October. Backlogs of work decreased to the largest degree since June, as firms redirected capacity to complete existing work amid subdued demand.

On the price front, October data indicated a sharp increase in

S&P Global South Korea Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 9-23 October 2025.

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Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence

"The positive signals for the South Korean manufacturing economy observed at the end of the third quarter largely evaporated in October, according to the latest PMI data. Output, new orders, and employment all returned to contraction territory, with firms highlighting weakness in the domestic economy. Moreover, manufacturers noted that tariffs further impacted the sector, as new export orders fell into decline again, particularly emphasizing the decrease in US export demand.

"Inflationary pressures remained historically elevated, with raw material prices from abroad often rising due to unfavourable exchange rate fluctuations.

"The outlook for the coming months appears mixed. On one hand, firms reported a renewed decline in employment alongside a modest fall in the level of outstanding business. On the other hand, confidence regarding the upcoming year strengthened slightly amid hopes of a boost from the mass production of new products. However, concerns about the prolonged impact of domestic weakness and tariff-related disruptions persist."

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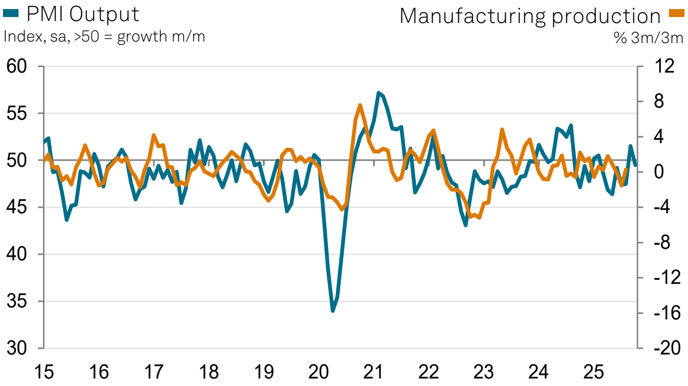

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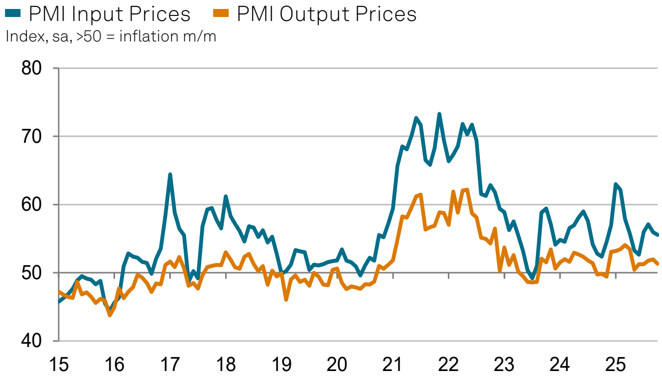

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input costs, driven by higher raw material prices. Firms also noted that a weak exchange rate and tariffs had placed additional price pressures on inputs sourced from abroad. Despite easing to a four-month low, the rate of input price inflation remained above the series average. As a result, output charges were raised for the eleventh consecutive month, though at the softest rate in three months, with firms citing the need to pass through higher cost burdens to customers.

In line with trends in output and new orders, purchasing activity fell in October, as production requirements were muted and higher prices weighed on input buying decisions. There was, however, evidence that manufacturers sought to purchase and store materials in advance to guard against further price increases and potential supply disruptions. Shipping delays also influenced supplier performance, contributing to the most pronounced lengthening of average lead times since July.

Confidence in the year-ahead outlook was positive among South Korean manufacturing firms at the start of the fourth quarter. The degree of optimism picked up slightly from September but remained below the series average and was only modest overall. Positive sentiment was linked to the mass production of newly launched products, though concerns were raised regarding the health of the domestic economy and the long-term impacts of tariffs.

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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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PMI by S&P Global

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