News Release
Embargoed until 0930 KST 1 October 2025 / 0030 UTC 1 October 2025

S&P Global South Korea Manufacturing PMI®

Strongest rise in output for 13 months

September 2025

Headline PMI rises above neutral 50.0 mark in September

Renewed new order growth supported by higher exports

Job creation hits two-year high

Business conditions in the South Korean manufacturing sector improved for the first time since the start of 2025 during September.

Both output and new orders returned to expansion territory, with the former rising at the most pronounced rate since August 2024. The increase in new business was only fractional, but supported by a rise in new export orders for the first time since March. In response to improved demand conditions, firms raised purchasing activity and employment, while the level of outstanding business rose for the first time in six months. Moreover, manufacturers cited optimism regarding the year ahead for the second month in a row, though the degree of confidence eased from that in August.

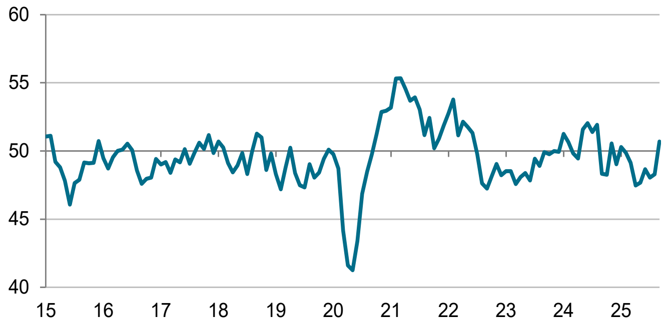
At 50.7 in September, the seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI®) rose from 48.3 in August to indicate a renewed improvement in the health of the South Korean manufacturing sector. The marginal strengthening of business conditions was the first since January and the strongest since August 2024.

There were renewed increases in the two main components of the headline PMI - output and new orders. The modest rise in production ended a six-month sequence of decline, and was the most marked since August 2024. Meanwhile, new orders expanded for the first time since February, albeit marginally. Panel members often mentioned that the production and launch of new products had helped to raise output and new business. Notably, September data signalled that foreign demand was supportive of the expansion in total new business. New export orders rose at a modest pace and for the first time in six months amid improving demand from key markets in the Asia-Pacific region.

September data also signalled a rise in backlogs of work for the first time since March. The rate of accumulation was mild and often linked to higher new order inflows. At the same time, higher production requirements contributed to a further increase in purchasing activity, while firms reported that they had also used pre- and post-production inventories in order to keep pace with demand conditions.

South Korean goods producers raised their employment

S&P Global South Korea Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 11-22 September 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

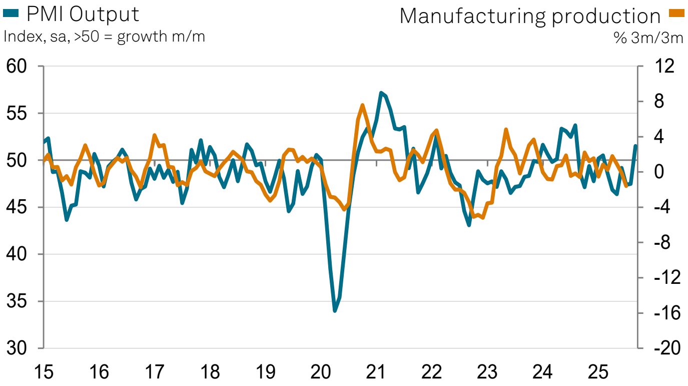
Usamah Bhatti, Economist at S&P Global Market Intelligence

"South Korea's manufacturing sector was on surer footing in September. The end of the third quarter bought with it a renewed improvement in operating conditions as both output and new orders came back into expansion territory. In fact, the rise in output was the strongest in 13 months, while demand conditions were bolstered by a moderate improvement in foreign sales.

"Firms often mentioned that growth was attributed to the launch and mass production of new product lines.

"It appears likely that improved conditions will be sustained in the near-term, as firms cited a renewed rise in work outstanding, while job creation was at a two-year high as manufacturers looked to raise productive capacity in line with demand. At the same time, firms signalled confidence in the year-ahead outlook, though concerns were raised regarding the timing of any domestic recovery as well as the longer-term impacts of US tariffs."

PMI® by S&P Global



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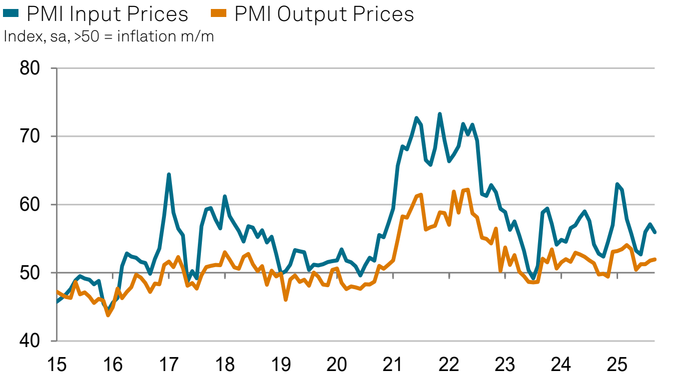

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levels for the second successive month at the end of the third quarter, as firms looked to take on new full-time staff. The rate of job creation gathered momentum since August to reach the highest in exactly two years. Concurrently, manufacturers signalled optimism in the latest survey period, though the degree of confidence eased from that seen a month prior. Companies commonly mentioned hopes that further new product development would support growth, and that the health of the domestic economy would start to improve. That said, concerns were raised over the timing of any recovery and the long-term impact of higher tariffs.

Cost pressures faced by South Korean manufacturers softened in September, though the rate of input price inflation remained sharp overall. Companies continued to mention higher raw material prices, particularly from abroad amid unfavourable exchange rate fluctuations. Meanwhile, goods producers raised charges at the strongest rate in five months, albeit only modestly.

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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

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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