

S&P Global South Korea Manufacturing PMI[®]

Manufacturing upturn gains momentum at start of 2026

January 2026

Strongest rise in new orders since June 2024

Production increases for first time in four months and outlook improves

Input price inflation holds at elevated level

The first month of PMI[®] data for South Korea's manufacturing sector for 2026 revealed a stronger upturn in business conditions. New order growth accelerated, leading to a renewed increase in output. The 12-month outlook improved although price pressures remained elevated.

The headline S&P Global South Korea Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases, and has been compiled since 2004.

The PMI rose to 51.2 in January, up from 50.1 in December, indicating a stronger improvement in the health of the South Korean manufacturing economy. The latest reading was the highest since August 2024 and above the long-run series average of 50.2.

Three of the PMI's five components had positive overall influences in January, including new orders, output and suppliers' delivery times. Employment and stocks of purchases had slight negative influences.

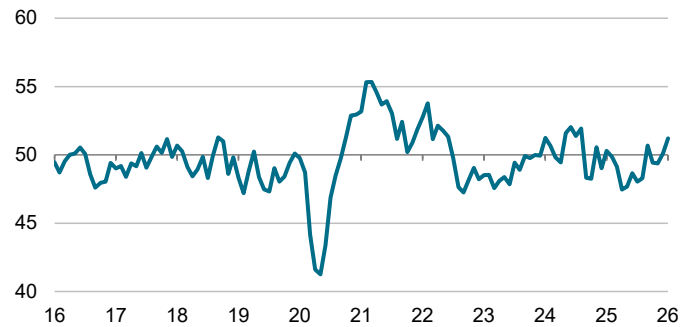
Demand for South Korean goods picked up at the start of 2026. New orders rose for the second month running, and at the fastest rate since June 2024. Demand, new products and exports were all highlighted as reasons for new business. The volume of new export business rose at the fastest clip since April 2021, with Mainland China, North America and Europe all reported as sources of growth.

The sustained, stronger increase in new orders led to renewed growth of production in January, only the second in the past 11 months. The rate of growth was modest, but the joint-strongest (with last September) since August 2024. Companies often linked higher output to new orders in both domestic and export markets, plus the impact of new product launches.

The volume of incoming new work was sufficient to generate pressure on capacity in January, as backlogs rose for the first time in four months. Meanwhile, post-production inventories shrank for the thirteenth month running, the longest sequence of destocking since 2014.

The rise in backlogs partly reflected a reduction in employment during the opening month of 2026, reversing a slight increase in December. The rate of job shedding was only fractional,

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



Data were collected 12-22 January 2026.
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Comment

Trevor Balchin, Economics Director at S&P Global Market Intelligence:

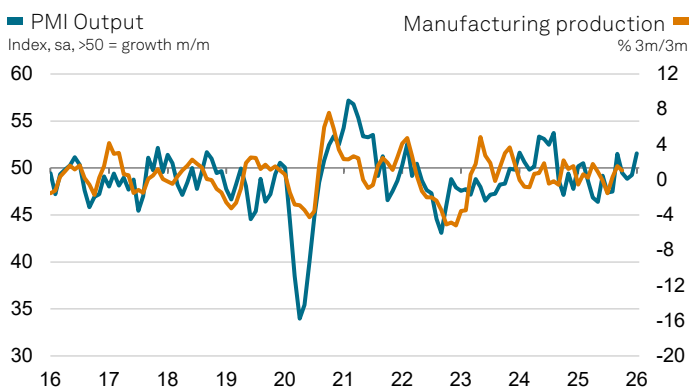
"South Korea's manufacturing sector made a good start to 2026, with the PMI moving clear of the growth threshold of 50.0 on the back of stronger new order growth and a renewed increase in production. It is the first time the headline figure has registered back-to-back readings above 50.0 since mid-2024.

"The outlook for 2026 also improved, with overall confidence for the next 12 months reaching the highest since May 2022. Companies report that new product lines, diversification and favourable conditions in key markets (such as autos and semiconductors) will underpin growth.

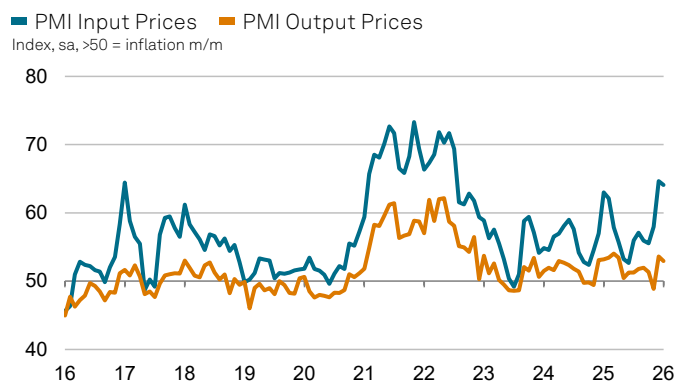
"Inflationary pressures remain a concern, however, with input price inflation holding close to December's 41-month high. The weak exchange rate and metals were highlighted as key sources of cost pressures. As a result, output prices were increased at a relatively strong rate.

"A slight cut in employment reflected efforts to control costs through the non-replacement of leavers, and backlogs of work accumulated as a result."

S&P Global South Korea Manufacturing PMI®



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however, and slightly weaker than the marginal decline seen over 2025 on average. Where cuts were made, firms mentioned the non-replacement of resigning and retiring staff.

Manufacturers addressed rising output requirements by increasing their purchasing activity in January. The volume of inputs ordered rose at the fastest rate since August 2024, a robust pace that was above the long-run survey average. Despite this expansion, stocked inputs fell for the third month running as output grew. Supply chains remained under little pressure as lead times rose only slightly during the month.

Inflationary pressures in the goods-producing sector remained strong in January, according to the latest survey data. Input price inflation eased only slightly from December's 41-month high, remaining well above the long-run average. Cost pressures were linked to the weak exchange rate and metals. Meanwhile, output prices rose at a solid rate that was the second-highest in nine months.

Looking ahead 12 months, new product lines, diversification and expanded capacity were all mentioned by manufacturers as being likely to support growth. The overall strength of sentiment was the highest since May 2022.

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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