

# News Release

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## S&P Global South Korea Manufacturing PMI<sup>®</sup>

### Renewed improvement in South Korean manufacturing business conditions

#### Key findings

Softer fall in output amid renewed new order growth

Employment levels decrease for second time in three months

Sharpest reduction in output charges since August 2023

South Korea's manufacturing PMI data signalled a renewed improvement in operating conditions at the midpoint of the fourth quarter of 2024. While output volumes continued to fall, firms pointed to stronger demand conditions with a renewed rise in new order inflows. New export orders also increased, with growth at a four-month high. That said, manufacturers lowered employment levels for the second time in three months, while input prices rose at a sharper rate. However, firms opted to absorb rising cost pressures in an effort to remain competitive and lowered output charges for the third month running.

The seasonally adjusted S&P Global South Korea Manufacturing Purchasing Managers' Index™ (PMI) rose from 48.3 in October to 50.6 in November, signalling a renewed improvement in the health of South Korea's manufacturing sector. The improvement was the first for three months, yet only marginal overall.

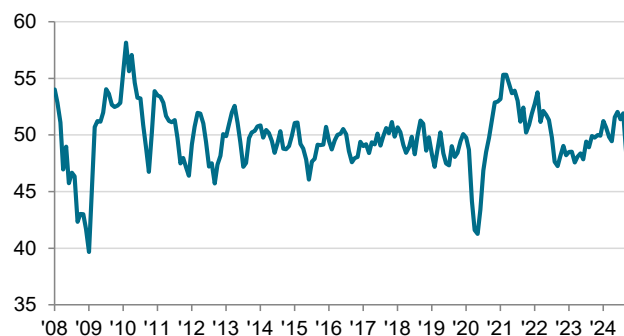
The main driver behind the positive headline figure was a return to growth of new orders in November. New business increased for the first time since August. Where an increase in sales was reported, manufacturers noted orders for newly launched products, as well as other new contract wins. Firms were also positive regarding foreign demand for manufactured goods, where the renewed increase was the strongest since July. According to anecdotal evidence, international sales were notably positive across the Asia-Pacific region.

Despite the renewed rise in demand, South Korean manufacturers recorded a sustained, albeit softer contraction in production levels in November. The reduction was only slight, but firms mentioned that a stagnant economy and strike action across the sector had weighed on output.

In line with new orders, buying activity at South Korean goods producers was raised, following a slight fall in October, as firms prepared for higher production requirements and

S&P Global South Korea Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 November 2024.

#### Comment

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

"November PMI data signalled that the South Korean manufacturing sector saw a renewed improvement in operating conditions. Despite production volumes shrinking for the third consecutive month, the rate of decline was only slight amid a renewed, modest increase in new order inflows. Firms were particularly buoyed by international demand, which rose at the quickest pace for four months.

"Increasing new orders also placed pressure on capacity, as evidenced by the strongest rise in backlogs since June 2022. That said, firms recorded a renewed fall in employment as they opted not to replace voluntary leavers.

"On the price front, input price inflation strengthened for the first time since June to reach a four-month high. This did not translate to higher charges however, as manufacturers opted to lower prices again in a bid to remain competitive and stimulate further sales growth."

PMI<sup>®</sup>

by S&P Global

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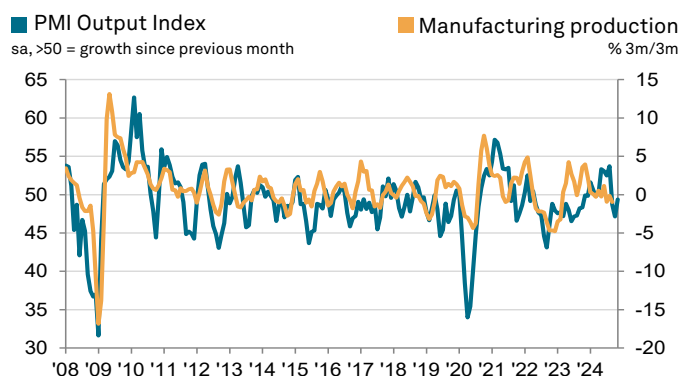
work on new products. At the same time, pre-production inventories were increased for the first time since the start of the year and at the strongest rate since September 2023. The accumulation was often attributed to preparing for work on new orders. Likewise, firms also saw a fresh increase in post-production inventories in November.

Manufacturers noted that the extent to which delivery times lengthened was only marginal in November, and the softest in the current six month period of deterioration. Firms commonly attributed delivery delays to higher demand for raw materials.

As demand returned to positive territory, there was a renewed increase in backlogs of work midway through the final quarter. The rate of accumulation was modest, but the most pronounced since June 2022. Rising outstanding business was also partly reflective of capacity shortages. Employment levels were lowered for the second time in three months, albeit only marginally.

Input costs continued to rise solidly in November, with the latest bout of price inflation the strongest since July. Survey members attributed the latest rise to further increases in raw material prices. In response however, manufacturers lowered output charges for the third month running in an effort to remain competitive.

The 12-month outlook for output strengthened midway through the fourth quarter, but was still below the series average. Confidence was attributed to hopes that demand for new products would rise further, alongside a domestic economic recovery.



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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](mailto:economics@spglobal.com).

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