

## Korea: January manufacturing registers another month of gains, beating market expectations

Mining and manufacturing IP rose 0.2% month-on-month (seasonally adjusted) in January, well above the market expectation of -1.5%. The upbeat manufacturing PMI suggests that optimism on Korea manufacturing will continue for the near future.



Source: Shutterstock

**0.2%** January IP (% MoM, sa)

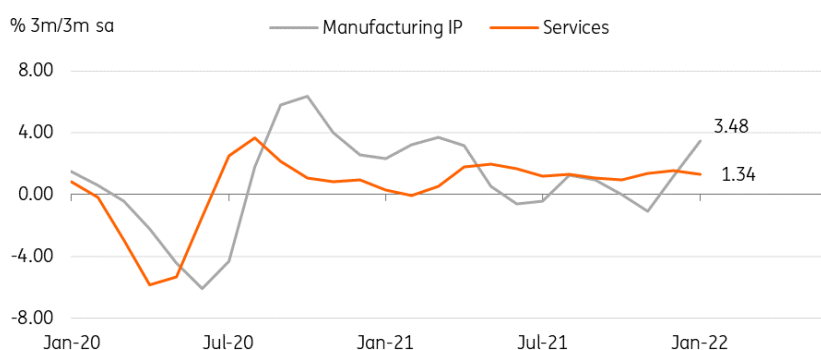
Higher than expected

## All-industry production index drops -0.3% month-on-month in January, mostly due to weak services and public administration. Manufacturing and construction still robust

Mining and manufacturing production was up by 0.2% month-on-month (seasonally adjusted), with shipment and inventory improving. Among major industries, semiconductors and autos were particularly solid, rising by 6.1% and 3.2% respectively. Machinery fell -3.2%. The weakness in services was mostly concentrated in the financial sector, probably due to poor recent KOSPI performance. On the positive side, leisure-related services (including hotels/restaurants and transportation) rebounded despite the Omicron surge in January. In sum, the all-industry production index dropped -0.3% month-on-month (seasonally adjusted), the first fall in three months.

Retail sales dropped by -1.9% month-on-month (SA) in January (vs. 2.2% in December) with imported auto sales and apparel sales down the most. On the other hand, facility investment registered a 2.5% gain, driven by transportation equipment.

### Manufacturing IP accelerates further in January



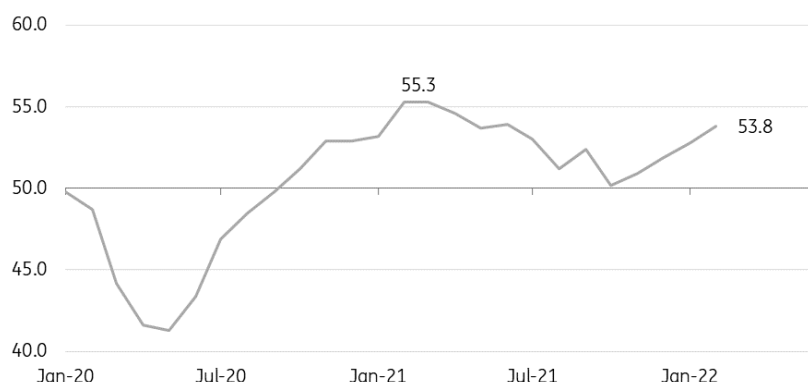
Source: CEIC

### Upbeat manufacturing PMI suggests a positive view on Korea's manufacturing outlook in the first half of this year.

The February manufacturing PMI index rose sharply to 53.8 (vs. 52.8 in January) with both output and new order indices rising, posting another rise to mark four months of consecutive gains.

Today's data releases were mixed overall but, together with yesterday's positive export data, Korean manufacturing and exports are expected to be the main drivers of the current quarter's growth and to remain resilient in the coming months.

## Manufacturing PMI has risen for four months in a row



Source: CEIC

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