

South Korea's business sentiment stalled amid Middle East conflict concerns

South Korea's Business Survey Index (BSI) remained largely unchanged in June, a stark contrast with yesterday's notable rise in consumer confidence. The survey, though, was conducted from 11 June to 18 June amid heightened tension in the Middle East. This likely negatively affected business sentiment -- at least for now



89.4

The Composite Business Sentiment index

Outlook

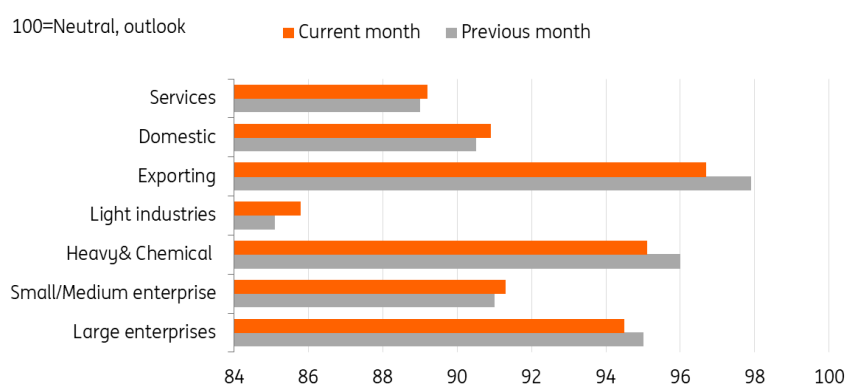
The Composite Business Sentiment index ticked down to 89.4 in June from 89.5 in May

South Korea's manufacturing and export-oriented businesses displayed less optimism in June than domestic and retail-related businesses amid conflicts in the Middle East and ongoing uncertainty

surrounding US trade policy -- coming in largely unchanged at 89.4 versus 89.5 in May. Domestic-focused businesses showed increased optimism (90.9 in June compared to 90.5 in May), while those centered on exports demonstrated a decline in sentiment (96.7 in June compared to 97.9 in May). We believe that the domestic-demand driven-recovery is likely to continue as suggested by [the big improvement in consumer sentiment](#).

Overall, the data reveals contrasting views between domestic and export-focused businesses, shaped both by local and international events. The optimism among domestic-focused businesses is a positive sign for the internal market, suggesting a potential improvement in consumer-led growth. However, the cautious approach by export-oriented businesses highlights the persistent concerns regarding geopolitical tensions and trade policies.

Domestic demand is likely to drive recovery



Source: CEIC

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