

PANTHEON CHINA+ DATA WRAP 4 MAR 25

In one line: Korean manufacturing sentiment dented by sagging US and European orders

- Korea: Manufacturing PMI fell to 49.9 in February from 50.3 in January. Bloomberg reports no market consensus.

The headline index slipped 0.4 points to 49.9, as new orders from the US

and Europe sank, denting sentiment and leading manufacturers to make staff cuts and reduce purchases of inputs. The employment index sank 1.6 points to 47.9, the lowest since July 2022, while stocks of purchases fell 2.3 points to 49.0.

New export orders dropped 0.9 points to 50.1 in February, while overall new orders rose 0.2 points to 50.5, implying stronger domestic demand offset softer demand overseas.

Exporters said that fading sales to

Europe and the US outweighed rising demand in the Asia-Pacific region. Output climbed 0.3 points to 50.5.

Cost pressures remain intense, with the input price index dipping 0.9 points to a still-high 62.1, the highest since October 2022 except last month. Firms put the blame on rising material costs, notably for metals, and currency fluctuations. The output price index gained 0.2 points to a relatively contained 53.4, implying an operating margin squeeze.

Business sentiment waned, with the future output index declining 2.2 points to 51.2, and well below the long-term average, 56.4. WDA exports dropped 5.9% y/y in February, after rising 7.9% in January. Korean firms will be worried about the escalating trade war with the US today hiking tariffs by 25% on imports from Mexico and Canada and by 20% on goods from China, leading Canada and China to retaliate. China has responded with 10-to-15% additional tariffs on US soybeans, beef and other

agricultural products, and announced a ban on imports of Illumina's gene sequencers. Trade relations are likely to get worse before they get better, based on the experience of the first Trump administration, meaning a rocky road ahead for Korean exporters.

Korea Manufacturing PMI	Dec-24	Jan-25	Feb-25
Headline	49.0	50.3	49.9
Output	47.8	50.2	50.5
New Orders	48.3	50.3	50.5
New Export Orders	50.1	51.0	50.1
Employment	49.5	49.5	47.9
Suppliers' Delivery Times	49.5	49.3	49.2
Stock of Purchases	51.3	51.3	49.0
Quantity of Purchases	48.8	51.7	50.1
Stock of Finished Goods	50.2	49.5	46.9
Backlogs of Work	48.1	51.9	48.6
Output Prices	53.1	53.2	53.4
Input Prices	57.0	63.0	62.1
Future Output	47.5	53.4	51.2

Legend	
Darker Green	PMI>50 and rising
Light Green	PMI>50 and falling
Darker Red	PMI<50 and falling
Light Red	PMI<50 and rising
White	No Change