

PM Datanote: Exports, Korea, November

In one line: Korea's WDA exports rebound in November, but looming protectionist risks loom over growth.

-Korea: Exports grew 1.4% y/y in November, after rising 4.6% in the full month October. Bloomberg consensus was 2.8%.

Korea's export growth fell short of

market expectations, rising by a milder 1.4% y/y in November, slowing sharply from the 4.6% recorded in October. There were 23.5 working days in November this year, 0.5 days fewer than in November last year, so the full-month number may be slightly distorted. On a WDA basis, export growth in fact rebounded to 3.7% y/y in November, up from -0.2% in October. Admittedly, growth momentum is already slowing on a 3mma basis, down to just 5.4%, from 10.9% three months ago.

By geographical destination, the reversal in WDA export growth was mainly driven by a sharp rebound in ASEAN shipments, which rose by 2.6% in November compared to -8.9% previously, adding 0.5pp to overall export growth—2.2pp more than in October. The "rest of the world" category, which excludes all traditional key markets such as the G7, China, the Middle East, and South America, also contributed to November's export increase. The

20-day export data from earlier in the month suggests that exports to Taiwan might account for a large part of this "rest of the world" exports jump. Notably, the US (-0.6pp in November versus -0.2pp in October) and China (0.3pp versus 1.1pp) both contributed less to overall growth in November, with growth slowing to -3.0% y/y and 1.6%, respectively, from -1.3% and 5.7%. By contrast, exports to Japan and the EU improved, rising by 0.3% and 3.1%, respectively, and adding a combined 0.3pp to the headline.

By key product, November's improvement in WDA exports was driven by resilient shipments of semiconductors (47.3% y/y in November versus 42.5% in October) and bio-health, cosmetic, and pharmaceutical products (21.9% versus 17.3%), more than offsetting declines in car-related exports (-11.8% versus 9.3%), machinery (-17.1% versus -12.3%), and petroleum product shipments (-16.9% versus -37.9%). Within the dominant

categories, semiconductor-related exports, including chips, SSDs, and MCPs, accounted for 10.2pp of total export growth in November. On the other hand, car-related exports, which include EV and ICE vehicles, parts, and lithium batteries, reduced overall headline growth by 4.8pp, marking the largest detraction since June 2020, with EVs being the largest downward driver.

Korean exports are expected to continue riding the semiconductor

upcycle led by AI innovation, with high-end HBM chips going to Taiwan's foundries for production into AI chips. It is interesting to note that export growth excluding semiconductors and other cyclical items actually dwindled, falling by 2.7% y/y on a WDA basis in November. Having said that, with major foundries reporting resilient order books for high-end AI chips and beginning to invest in capacity expansion, semiconductors will likely continue contributing to Korean export growth in 2025, but likely at a

slower pace given the high base from last year. In fact, growth momentum measured by moving averages are moderating already. On top of that, the likelihood of US trade tariffs on countries running trade surpluses could reduce trade flows overall, adding further uncertainty to Korea's export growth prospects. Going forward, the authorities may prioritise economic growth over household debt risks and KRW weakness. In terms of monetary policy, the cut by the BoK on 28 November came as a surprise.

With looming protectionist measures on global trade, the BoK might loosen policy to support growth - by a total of 75bp in 2025, reducing the Base Rate to 2.25%, with the next 25bp cut expected in January, followed by equal cuts in Q2 and Q3.

