

S.Korea's industrial output contracts 1.7 pct in Aug.

SEOUL, Sept. 28 (Xinhua) -- South Korea's industrial output decreased 1.7 percent in August from a month earlier due to falling output in the export manufacturing sector affected by the global economic slowdown, a government report showed Friday.

All-industry index, which gauges overall industrial activities, stood at 130.2 in August, down 1.7 percent from a month before, according to Statistics Korea. The figure was down from a 0.2 percent on-month rise for July.

From a year earlier, the index retreated 0.2 percent in August, down from a 1.5 percent on-year advance tallied in the previous month.

Output in the mining, manufacturing and electricity & gas sectors declined 0.7 percent in August from the previous month. From a year before, the production was up 0.3 percent last month, up from a 0.2 percent rise in July.

The falling output stemmed mainly from sluggish exports that tumbled 6.2 percent in August from a year earlier. "The domestic economic slump mainly came from slowing exports caused by weaker global demand. That means the export manufacturing industry was hit hardest," said Jun Min-gyu, an economist at Korea Investment & Securities in Seoul.

The industrial output was also weighed down by labor strikes at the Hyundai-Kia Automotive Group, which dragged down auto production by 33 percent in August from a month before. "The auto industry accounts for around 11 percent in the mining and manufacturing output. Simply speaking, the 33 percent drop in auto output means a 3.6 percent drop in the production," said Yum Sang-hoon, an analyst at SK Securities in Seoul.

Production in the manufacturing sector, which makes up around half of all industrial output, declined 0.9 percent in August from a month earlier, after contracting 1.9 percent in July. From a year before, the output gained 0.3 percent last month, up from a 0.1 percent rise in the previous month.

Weak demand for automobiles and machinery equipment contributed to the on-month decline, but demand for chips and chemical products helped the August figure post a positive on-year rise.

Shipments in local manufacturers contracted 3.1 percent on-month in August due to a decline in automobiles and petrochemical products, but inventory in the manufacturing sector expanded 4.7 percent due to a rise in chips and petrochemical goods.

Local manufacturers operated at an average capacity of 73.8 percent last month, down 3.2 percentage points from the previous month. The factory utilization rate stood at 79.8 percent a year earlier.

Production in the service industry contracted 0.3 percent on-month in August, shifting from a 0.7 percent on-month expansion for July.

Upswing in education, publication & broadcasting sectors was offset by downswing wholesale & retail and science &

technology industries.

The Asia's No.4 economy saw its retail sales contract 3.0 percent in August from a month earlier, shifting from a 3.5 percent expansion in July.

Facility investment logged a 13.9 percent plunge in August from a month before due to a reduction in machinery and transport equipment investment.

The value of construction completed at a constant price retreated 6.6 percent on-month in August, and the figure for construction orders at a current price tumbled 29.9 percent in August from a year before.

The leading index of economic indicators, which gauges business activities around six months ahead, fell 0.2 point on- month 100.1 in August, and the coincident index, measuring current economic conditions, declined 0.5 point to 98.6.