

S. Korea's current account surplus reduces on dividend payment

SEOUL, May 29 (Xinhua) -- South Korea's current account surplus reduced last month as local companies with a book closing day of December 31 paid dividends to offshore investors, offsetting faster growth in exports. Current account surplus was 3.97 billion dollars in April after posting a surplus of 4.16 billion dollars in the prior month, according to the Bank of Korea (BOK). The current account balance kept its surplus trend for 15 straight months, but the reading fell compared with the previous month due to an increase in payment of stock dividend by companies that close books in December to offshore investors. Primary income account, which includes monthly salaries and investment income, posted a deficit of 1.09 billion dollars in April, up from a deficit of 220 million dollars in the previous month. Dividend paid to foreigners was 1.43 billion dollars more than dividend received from overseas stock investment. Exports, which account for around half of the economy, expanded 3.8 percent from a year earlier to 47.56 billion dollars in April after rising 1.1 percent in the previous month. Imports fell 0.2 percent to 43.97 billion dollars last month after reducing 1.6 percent in the previous month. Trade surplus declined to 3.59 billion dollars in April from a surplus of 3.59 billion dollars in the prior month. Outbound shipments to China and the Southeast Asian countries increased last month, but exports to Japan fell amid the continued weak yen trend. The yen/dollar exchange rate rose fast since September last year, topping the 100 yen level in around four years earlier this month. More than 20 percent depreciation of the Japanese yen versus the dollar over the cited period was faster than any other descending period. The weak yen trend was feared to hamper the price competitiveness of local exporters, which are competing with Japanese rivals in overseas markets. Market watchers expected the weak yen's negative impact on South Korean exports to be substantiated from the second quarter of this year. Surplus in the service account, which measures the flow of travel, transport costs and royalties, widened to 1.45 billion dollars in April from 910 million dollars in March due to a reduction in the payment of intellectual property right usage. Financial account, which gauges cross-border investment, registered an outflow of 2.57 billion dollars in April after posting an outflow of 6.79 billion dollars in the prior month. Direct investment shifted to an inflow of 300 million dollars in April from an outflow of 1.87 billion dollars in the previous month due to a rise in investment into the country by offshore residents. Net outflow in the portfolio investment, including stock and bond purchases, narrowed to 1.92 billion dollars in April from 3.39 billion dollars in March as local residents reduced investment into overseas securities. Net outflow in other investment account, including trade credit and foreign debts, widened to 1.59 billion dollars in April from 130 million dollars in March amid an increase in foreign currency-denominated loans by financial institutions.