

S. Korea's import prices fall on stronger won

SEOUL, Feb. 13 (Xinhua) -- South Korea's import prices fell the most by more than three years in January as the local currency appreciated against the U.S. dollar, central bank data showed Wednesday.

In local currency terms, import prices tumbled 10.6 percent in January from a year before, the lowest since October 2009 when the prices sank 15.3 percent, according to the Bank of Korea (BOK). From a month earlier, the prices declined 0.8 percent.

The stronger won accelerated the fall in import prices from a 6.4 percent decline in October, a 7.9 percent fall in November and a 9 percent drop in December. The South Korean won rose 1.1 percent versus the dollar last month.

Prices in raw material imported from overseas gained 0.1 percent in January from the prior month as Dubai crude, South Korea's benchmark, averaged 107.93 U.S. dollars a barrel last month, up 1.5 percent from a month before.

On an on-month basis, intermediate goods prices declined 1.2 percent in January after falling 1 percent in the previous month, and prices for capital goods and consumer products retreated 2 percent and 1.1 percent each.

In contract currency terms, import prices slid 3.3 percent in January from the same month of last year.

The slide in import prices granted more room for the BOK to cut its benchmark interest rate further from the current 2.75 percent. The central bank froze the rate at the January rate-setting meeting after lowering it in July and October last year.

Expectations for the additional rate cut remained as BOK Governor Kim Choong-soo mentioned the effectiveness of monetary policy when it comes with fiscal stimulus. After taking office in late February, the new administration under President-elect Park Geun-hye was widely forecast to unveil new fiscal stimulus measures to boost the economy in the early period of new presidency.