S. Korean economy expected to grow 3% in 2013: think tank

SEOUL, Nov. 25 (Xinhua) -- South Korean economy is expected to grow 3 percent next year due to gradual improvement in exports and domestic demand, but the growth will be limited amid the expected global economic slump, the state-run think tank said Sunday.

The Asia's No.4 economy is forecast to expand at an annual rate of 3 percent, lower than an earlier estimate of 3.4 percent made in September, according to a report by the state-run Korea Development Institute (KDI).

The thinks tank said the economy will grow at a faster pace next year than this year when the annual growth rate was expected to post 2.2 percent, noting that the faster pace of expansion would be attributable to a modest recovery in both exports and domestic demand.

The KDI, however, noted that the 2013 growth would be limited due to lingering external uncertainties such as the eurozone fiscal crisis and the global economic slump. The economy will grow at an annual rate of 2.2 percent in the first half of next year amid the external uncertainties, but the growth pace will rise to 3.7 percent in the second half.

Private consumption was expected to increase by 2.7 percent in 2013 on an on-year basis due to stable terms of trade and the enhanced purchasing power stemming from the ascent of the local currency against the greenback.

The 2013 outlook for the facilities investment growth was set at 5.3 percent, with the figure for investment in the construction sector being placed at 2.3 percent.

The current account surplus was projected to reach 30.4 billion U.S. dollars in 2013, down from the expected surplus of 37.7 billion dollars for 2012. The surplus reduction would arise mainly from the continued appreciation of the South Korean won against the dollar.

The consumer price inflation was forecast to stay at a relatively low level of 2.3 percent in 2013 due to the weaker demand-side inflationary pressures from the modest economic recovery as well as the stabilization of the supply-side pressures.