## S. Korea's industrial output contracts amid global economic slump

SEOUL, Nov. 30 (Xinhua) -- South Korea's industrial output contracted 0.5 percent last month from a year earlier, reaffirming the downward trend in production amid lingering concerns over the global economic slowdown, a government report showed Friday.

All-industry index, which gauges overall industrial activities, stood at 131.3 in October, down 0.5 percent from a year before, according to Statistics Korea. The figure was down from a 1.3 percent increase in the previous month.

From a month earlier, the index declined 0.2 percent last month, shifting from a 1.0 percent rise for September.

Output in the mining manufacturing and electricity & percent; gas sectors retreated 0.8 percent in October from a year before, the first decline in 9 months. From a month earlier, the production was up 0.6 percent, down from a 0.7 percent expansion in the prior month.

Despite the recovery in exports, the production declined last month, indicating that the South Korean economy was not in a full recovery track yet amid lingering uncertainties surrounding the global economic conditions.

The Organization of Economic Cooperation and Development (OECD) lowered its 2013 global growth outlook to 3.4 percent from an earlier estimate of 4.2 percent. The outlook for 2012 was cut from 3.4 percent to 2.9 percent.

South Korea's exports expanded 1.1 percent on-year in October, logging the first growth in four months, but the consumer sentiment index (CS) stayed below the benchmark level of 100 for four months in a row in November, with the business confidence fell to the lowest since April 2009. "Business day contracted due to the Chuseok holiday, and auto production was affected negatively by the pause of car production in Kia Motors due to factory expansion. A hike in industrial electricity prices also affected the production negatively," said Yum Sang-hun, a fixed-income analyst at SK Securities in Seoul.

Production in the manufacturing sector, which makes up around half of all industrial output, declined 0.8 percent in October from a year earlier due mainly to a contraction in machinery equipment and chemical sectors. From a month before, the figure was up 0.7 percent.

Shipment in local manufacturers decreased 1.6 percent on-year in October, with the on-month figure posting a negative 1.2 percent rise last month. The increase in auto and chips was offset by a fall in machinery equipment.

Local manufacturers operated at an average capacity of 75.9 percent last month, up 0.7 percent point from the previous month. The factory utilization rate stood at 78.8 percent a year before.

Production in the service industry advanced 0.9 percent on-year in October, but the on-month figure logged a negative 1 percent rise last month.

The South Korean economy saw its retail sales increased 2 percent in October from a year earlier, down from a 2.3 percent expansion in the prior month. The sales declined 0.8 percent last month on an on-month basis. "Overall, retail sales remain subdued as consumers are cautious. Households are cutting back on discretionary purchases, while spending more at supermarkets and convenience stores," Moody's Analytics said in a report.

Facility investment logged a 0.7 percent fall in October from a year before, and the on-month figure contracted 2.9 percent last month, down from a 6.6 percent on-month expansion in the prior month. The decline hinted that local firms remained reluctant to spend capital in expanding facilities amid concerns over the global economic conditions.

The value of construction completed at a constant price tumbled 11.5 percent on-year in October, with the figure for construction orders at a current price plunging 22.7 percent last month.

The leading index of economic indicators, which gauges business activities around six months ahead, fell 0.3 point on-month to 99. 1 in October, and the coincident index, measuring current economic conditions, declined 0.5 point to 98.1 over the same period.