S.Korean economic indicators weakening on sagging export: finance ministry

SEOUL, Aug. 7 (Xinhua) -- South Korea's economic indicators related to production and investment weakened recently due to a reduction in exports, the finance ministry said Tuesday.

"Our economy saw stable consumer prices continue recently, but the improvement in employment became moderate. Major economic indicators such as production and investment showed a picture of underperformance somewhat," the Ministry of Strategy and Finance said in Green Book, a monthly report assessing the nation's economic conditions.

The consumer price inflation fell to 1.5 percent in July, the lowest since 1.1 percent tallied in May 2000, but rising grain prices remained as a destabilizing factor, said the ministry.

South Korea created 365,000 jobs in June, but the job creation fell below the 400,000 level for the first time in 9 months.

The country's trade balance posted a surplus of 2.75 billion dollars in July, but exports tumbled 8.8 percent last month on an on-year basis, with imports contracting 5.5 percent.

Amid slowing exports, production in the mining and manufacturing sectors retreated 0.4 percent on-month in June, with retail sales declining 0.5 percent. Facilities investment plunged 6.3 percent over the same period, with construction investment falling 3.3 percent.

However, the leading index of economic indicators, which gauges business activities around six months ahead, rose 0.5 point in June from a month before, with the coincident index, measuring current economic conditions, staying unchanged over the cited period.

The ministry cautioned that there remained external uncertainties such as concerns over Europe's fiscal crisis and economic slowdown in major economies as well as delayed improvement in economic conditions at home.

The ministry promised it will strengthen its policy efforts to enhance the country's economic vigor by boosting domestic demand, while closely

monitoring changes in economic situation at home and abroad.