

## **S. Korea's industrial output advances 1.6 pct in May**

SEOUL, June 29 (Xinhua) -- South Korea's industrial output grew 1.6 percent last month from a year earlier due to an expansion in both manufacturing and service industries that offset sluggish production in the construction sector, a government report showed Friday.

All industry index, which gauges overall industrial activities, stood at 132.5 in May, up 1.6 percent from a year before, according to Statistics Korea. From a month earlier, the index was up 0.4 percent.

The on-year growth was up from a 0.4 percent gain tallied in April. An advance in production of manufacturing and service industries offset slow output in the construction sector.

Output in the mining, manufacturing and electricity & gas sectors expanded 2.6 percent in May from the same month of last year, after staying unchanged in April. From a month before, the production advanced 1.1 percent last month, up from a 0.9 percent on-month increase.

The accelerating production came despite lingering uncertainties such as Europe's debt crisis and slowing growth in China, South Korea's largest trading partner. "Manufacturing production was boosted by moderate recovery in domestic demand reflected in rising auto production, growing exports and a rise in working days," said Kim Jong-soo, an economist at NH Investment & Securities.

Production in the manufacturing sector, which makes up around half of all industrial output, expanded 2.7 percent in May from the same month of last year, after staying flat in April. From a month before, the output grew 1.1 percent last month, up from a 0.9 percent advance in April.

Solid demand for automobiles, chips, parts and chemical products contributed to the faster on-year growth, but demand for audio & video equipment, machinery and non-metallic minerals remained weak, the statistical agency said.

Shipment in local manufactures jumped 3.4 percent on-year in May due to an advance in autos, chips, parts and oil refining sectors, and inventory surged 15 percent last month amid a growth in chips, parts, primary metals and machinery industries.

Local manufacturers operated at an average capacity of 79.3 percent last month, unchanged from the previous month. The factory utilization rate stood at 79.9 percent a year earlier.

Production in the service industry expanded 2.2 percent on-year in May, up from a 1 percent gain tallied in April. Upswings in health, social welfare, finance and insurance sectors offset downswings in real estate and rental service industries.

Output in the construction sector tumbled 6.5 percent on-year in April, down from an 8 percent on-year plunge tallied in the previous month. From a month earlier, the production gained 2.5 percent, a turnaround from a 5.8 percent on-month contraction in April.

The Asia's No. 4 economy saw its retail sales grow 2.2 percent in May from a year earlier, up from a 0.3 percent rise in April. The faster growth was attributable in outperformance in durable goods such as autos as well as solid sales of semi-durable and non-durable goods such as vehicle fuel.

Facility investment logged a 1.5 percent contraction in May from a year before, down from a 5.4 percent growth in April. The fall was ascribable to falling investment in general machinery and transportation equipment that offset a growth in the automobile and precision machine.

The value of construction completed at a constant price sank 6.5 percent on-year in May, but the figure for construction orders received at a current price grew 2.9 percent over the same period.

The leading index of economic indicators, which gauges business activities around six months ahead, fell 0.4 point on-month to 99.4 in May, and the coincident index, measuring current economic conditions, declined 0.5 point to 98.9.