

Another stellar growth print for the road

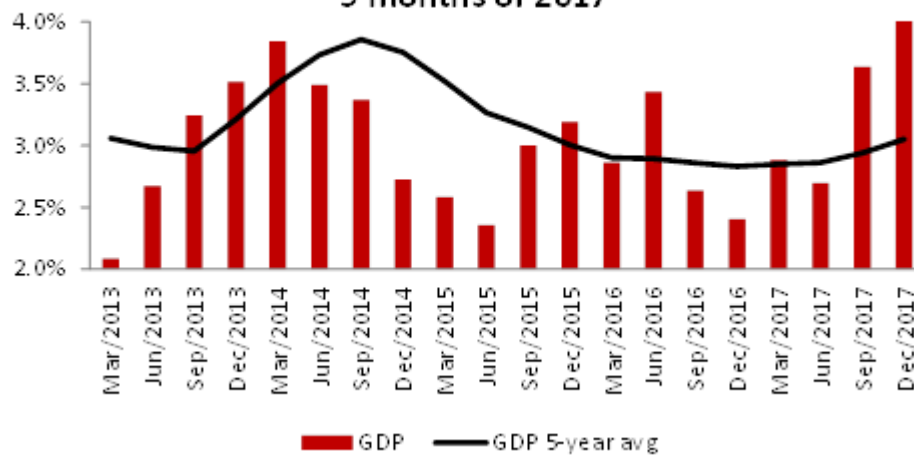
Thursday, October 26, 2017

Highlights

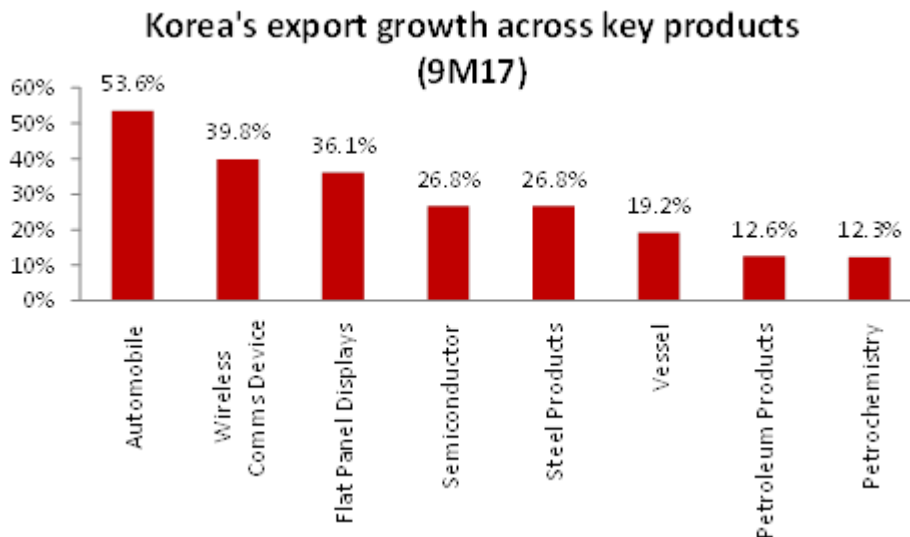
- South Korea's economy grew at its fastest pace since 2010 in 3Q17**, led by strong exports and the government's supplementary budget. Growth expanded by 3.6% y/y (+1.4% q/q sa), surprising market expectations for a 3.0% growth (OCBC est: +3.1% y/y). Accounting for 3Q17 growth, Korea's economy has grown an average of 3.1% in the first nine months of this year, a tat higher than BOK's recent growth upgrade to full-year's growth of 3.0% in its last October MPC meeting.
- Notably, Korea's external environment has been a key support to overall growth.** Export growth has constantly been in the double-digit growth print since the start of this year, with Sept's exports surging 35% y/y (fastest since Jan 2011). The uptick in external demand has been supported by overseas demand for semiconductors, steel and petrochemical products. Elsewhere, government expenditure grew 4.6% y/y in 3Q17, the fastest pace since 1Q16 while private investment growth sustained at double-digit zone (+10.1%).
- Barring any further escalation in geopolitical tensions in the Korean Peninsula, we upgrade our 2017 growth outlook to 3.5% (up from 3.0%).** The upgraded growth outlook is underpinned by the strong performance in the first three quarters of 2017 and a relatively lower base in 4Q16 (GDP grew at 2.4% in 4Q16, slowest since 2Q15). Growth is likely to be supported by the ongoing expansion in Korea's external environment, which in turn is expected to inject positive spillover effects into Korea's manufacturing and employment space

Treasury Research
Tel: 6530-8384

S. Korea GDP growth has been strong in the first 9 months of 2017



Barnabas Gan
Tel: 6530-1778
BarnabasGan@ocbc.com



Source: CEIC, OCBC Bank

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W