
PRESS RELEASE

January 14, 2022
Research Department, Bank of Korea

Recent Economic Developments

<Summary>

Korea's economy has continued its recovery trend, despite the resurgence of COVID-19. Exports have remained strong, led by increased global demand for goods and solid growth in the IT sector. Private consumption had rebounded in October and November of last year, but its recovery trend has paused recently due to the surge of COVID-19 cases and strengthened disease-control measures.

Looking ahead, the Korean economy is expected to grow at about 3% as projected in November 2021. Uncertainty about the growth outlook is still high. Among the upside risks to growth are early improvement in the COVID-19 situation, an expansion of government stimulus measures, and improvement in the global semiconductor industry. Downside risks include a more severe spread of COVID-19 at home and abroad, delayed recovery of global supply disruptions, and a rapid slowdown in China's economic growth. Consumer price inflation is expected to exceed last year's level as inflationary pressures spread widely due to the economic recovery and supply bottlenecks. The current account balance is forecast to remain in positive territory.