

PRESS RELEASE	 BANK OF KOREA
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Real Gross Domestic Product: Fourth Quarter and Annual 2020 (Advance Estimate)

Quarter on quarter

Real gross domestic product (chained volume measure of GDP) grew by 1.1 percent in the fourth quarter of 2020 compared to the previous quarter.

Real gross domestic income (GDI) increased by 0.7 percent compared to the previous quarter.

On the expenditure side, private consumption contracted by 1.7 percent, as expenditures on services (e.g. restaurants & accommodation, transportation) and goods (e.g. food) both decreased.

Government consumption fell by 0.4 percent, with decreased expenditures on goods and health care benefits.

Construction investment expanded by 6.5 percent, as building construction and civil engineering increased.

Facilities investment contracted by 2.1 percent due to a decrease in transportation equipment despite an increase in machinery.

Exports increased by 5.2 percent, as exports of goods such as semiconductors and chemical products expanded. Imports were up by 2.1 percent, owing to increased imports of machinery & equipment.

Growth Rates by Component of Expenditure (at chained 2015 year prices, S.A. series)

	(percentage change over previous quarter)							
	2019 ^P				2020 ^P			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-0.3	1.0	0.4	1.3	-1.3	-3.2	2.1	1.1
Final consumption expenditure	0.3	0.9	0.7	1.0	-4.4	1.4	0.1	-1.3
(Private)	0.1	0.7	0.4	0.7	-6.5	1.5	0.0	-1.7
(Government)	1.1	1.7	1.7	1.8	1.4	1.1	0.2	-0.4
Gross fixed capital formation	-2.5	2.3	-2.7	4.7	0.5	-0.4	-1.4	2.6
(Construction)	-0.7	2.9	-6.4	8.0	0.5	-1.5	-7.3	6.5
(Facilities)	-8.5	2.6	1.7	2.6	0.2	-0.5	8.1	-2.1
(Intellectual property products)	1.5	0.7	0.4	0.4	0.8	2.4	0.1	1.0
Exports of goods & services	-3.1	1.9	4.5	0.6	-1.4	-16.1	16.0	5.2
(Goods)	-3.7	1.1	5.2	1.0	-1.0	-15.9	18.4	5.2
(Services)	1.0	7.5	-0.2	-2.5	-3.2	-17.4	-0.2	5.3
Imports of goods & services	-3.2	2.9	1.2	0.4	-3.6	-6.7	5.6	2.1
(Goods)	-4.0	3.1	1.6	0.7	-2.3	-4.8	6.7	2.4
(Services)	0.0	2.2	-0.4	-0.9	-8.6	-14.8	0.6	0.1
Gross Domestic Income	0.2	-0.6	0.0	0.6	-0.6	-1.9	2.7	0.7

On the production side, agriculture, forestry & fishing increased by 4.9 percent, mainly due to increased crop yields and fishery production.

Manufacturing rose by 2.8 percent, mainly due to increases in chemical products and computer, electronic & optical products.

Electricity, gas & water supply rose by 5.9 percent, due to an increase in electricity.

Construction expanded by 2.6 percent, owing to increases in building construction and civil engineering.

Services grew by 0.4 percent, led by information & communication and human health & social work despite decreases in accommodation & food services and transportation & storage.

Growth Rates by Type of Economic Activity
(at chained 2015 year prices, S.A. series)

	(percentage change over previous quarter)							
	2019 ^P				2020 ^P			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-0.3	1.0	0.4	1.3	-1.3	-3.2	2.1	1.1
Agriculture, forestry & fishing	5.8	-5.5	2.9	-1.5	3.7	-9.5	0.7	4.9
Manufacturing	-2.9	1.0	1.8	1.8	-1.0	-8.9	7.9	2.8
Electricity, gas & water supply	2.0	7.5	-13.8	5.5	9.9	0.1	-6.2	5.9
Construction	-1.2	3.1	-3.7	3.7	0.2	-0.3	-5.2	2.6
Services ¹⁾	0.6	0.8	0.5	1.3	-2.4	-0.9	0.9	0.4

Note: 1) Includes wholesale & retail trade; accommodation & food services; transportation & storage; finance & insurance; real estate; information & communication; business activities; public administration, defense & social security; education; human health & social work; and cultural & other services.

Year on year

Real GDP (chained volume measure of GDP) decreased by 1.4 percent year on year in the fourth quarter of 2020.

Growth Rates by Type of Economic Activity and Component of Expenditure
(at chained 2015 year prices, original series)

	(percentage change over previous year)									
	2019 ^P					2020 ^P				
	Q1	Q2	Q3	Q4	Ann	Q1	Q2	Q3	Q4	Ann
Gross Domestic Product	1.8	2.1	2.0	2.3	2.0	1.4	-2.7	-1.1	-1.4	-1.0
Agriculture, forestry & fishing	3.8	-0.5	5.7	1.2	2.3	-0.4	-4.9	-7.0	-0.9	-3.4
Manufacturing	1.1	0.9	1.3	1.7	1.3	3.5	-6.6	-0.7	0.1	-1.0
Electricity, gas & water supply	8.3	12.3	-3.5	-0.7	4.3	7.2	0.0	8.7	9.2	6.1
Construction	-7.4	-2.6	-2.4	1.2	-2.5	3.0	-0.2	-1.9	-2.8	-0.8
Services ¹⁾	2.8	3.0	2.7	3.2	2.9	0.2	-1.5	-1.3	-2.1	-1.2
Final consumption expenditure	2.5	3.2	2.9	3.1	2.9	-1.7	-1.3	-2.1	-4.3	-2.4
(Private)	1.4	1.8	1.6	1.9	1.7	-4.8	-4.0	-4.4	-6.6	-5.0
(Government)	5.9	7.2	6.9	6.5	6.6	6.8	6.1	4.6	2.3	5.0
Gross fixed capital formation	-9.0	-2.9	-1.4	1.4	-2.8	4.7	1.9	3.2	1.2	2.6
(Construction)	-8.1	-3.0	-2.7	2.6	-2.5	4.2	-0.1	-1.0	-2.5	-0.1
(Facilities)	-17.4	-7.0	-2.3	-2.0	-7.5	7.3	4.1	10.6	5.6	6.8
(Intellectual property products)	3.1	3.2	2.8	3.0	3.0	2.4	4.1	3.9	4.4	3.7
Exports of goods & services	0.2	1.2	1.6	3.7	1.7	5.6	-13.0	-3.4	1.0	-2.5
(Goods)	-0.9	-0.5	-0.1	3.4	0.5	6.3	-11.5	-0.3	3.7	-0.5
(Services)	8.4	12.5	14.1	5.8	10.2	1.2	-22.1	-22.3	-16.0	-15.2
Imports of goods & services	-5.1	-0.2	1.8	1.2	-0.6	0.9	-8.5	-4.6	-3.0	-3.8
(Goods)	-5.7	-0.6	2.2	1.3	-0.8	3.1	-4.8	-0.1	1.7	0.0
(Services)	-2.8	1.3	0.2	0.8	-0.2	-7.8	-23.0	-22.3	-21.6	-18.7
Gross Domestic Income	-0.3	-0.5	-0.7	0.2	-0.3	-0.6	-1.9	0.6	0.7	-0.3

Note: 1) Includes wholesale & retail trade; accommodation & food services; transportation & storage; finance & insurance; real estate; information & communication; business activities; public administration, defense & social security; education; human health & social work; and cultural & other services.

3 Annual 2020

National Income Statistics

Real GDP decreased by 1.0 percent in 2020.

On the expenditure side, while the growth of government consumption continued and facilities investment turned positive, private consumption and exports reversed to a decrease.

On the production side, while the decline in construction was alleviated, manufacturing and services turned negative.

Real GDI fell by 0.3 percent. As the terms of trade improved due to factors such as a decrease in the price of crude oil, real GDI exceeded real GDP.

Growth Rates by Type of Economic Activity and Component of Expenditure
(at chained 2015 year prices, original series)

	(percentage change over previous year)					
	2015	2016	2017	2018	2019 ^P	2020 ^P
Gross Domestic Product	2.8	2.9	3.2	2.9	2.0	-1.0
Agriculture, forestry & fishing	-0.2	-5.6	2.3	0.2	2.3	-3.4
Manufacturing	1.7	2.3	3.7	3.3	1.3	-1.0
Electricity, gas & water supply	3.1	-1.2	6.2	-1.7	4.3	6.1
Construction	6.2	9.8	5.9	-2.8	-2.5	-0.8
Services ¹⁾	3.1	2.9	2.6	3.8	2.9	-1.2
Final consumption expenditure	2.6	3.0	3.1	3.7	2.9	-2.4
(Private)	2.2	2.6	2.8	3.2	1.7	-5.0
(Government)	3.8	4.4	3.9	5.3	6.6	5.0
Gross fixed capital formation	5.4	6.6	9.8	-2.2	-2.8	2.6
(Construction)	6.9	10.0	7.3	-4.6	-2.5	-0.1
(Facilities)	5.1	2.6	16.5	-2.3	-7.5	6.8
(Intellectual property products)	2.0	4.0	6.5	4.4	3.0	3.7
Exports of goods & services	0.2	2.4	2.5	4.0	1.7	-2.5
(Goods)	-0.3	2.0	4.4	3.3	0.5	-0.5
(Services)	4.0	5.0	-10.1	9.4	10.2	-15.2
Imports of goods & services	2.1	5.2	8.9	1.7	-0.6	-3.8
(Goods)	0.7	3.9	8.8	2.0	-0.8	0.0
(Services)	9.1	10.2	8.9	0.5	-0.2	-18.7
Gross Domestic Income	6.5	4.4	3.3	1.6	-0.3	-0.3

Note: 1) Includes wholesale & retail trade; accommodation & food services; transportation & storage; finance & insurance; real estate; information & communication; business activities; public administration, defense & social security; education; human health & social work; and cultural & other services.

1. Scope of measurement

The national income statistics estimate total economic activity in Korea, *i.e.* the production and expenditures of all economic agents, including households, enterprises and the government.

Production boundary: goods are counted as output even when they are not meant for sale (*e.g.* when they are for self-consumption), whereas in the case of services, non-paid domestic work and personal services (*e.g.* for self-consumption) are excluded from the production boundary.

Illegal economic activities, such as smuggling, gambling and prostitution, are likewise currently not included in national income, even though they should be captured as production activities for comprehensive measurement of production and expenditures.

2. Methods of measurement

Estimation under the output approach (production-side national income) is carried out as follows:

Nominal value-added is derived by first estimating the values of output and intermediate input and then subtracting the value of intermediate input from that of output. If the value of intermediate input cannot be determined separately, it is calculated using the value-added ratio obtained from the Bank of Korea's quarterly and annual financial statement analysis reports.

Statistics under the expenditure approach (expenditure-side national income) are estimated directly using a variety of raw data on the amounts of money spent on final products.

The two sets of national income statistics, one estimated via the output approach and the other via expenditures, should therefore be identical. Due to differences in the data used and the methods of estimation, however, statistical discrepancies occur, which are identified on the expenditures side.

3. Dissemination

The Bank of Korea officially announces five types of sequential national income statistics. They are “advance” and “preliminary” quarterly estimates, and “Gross National Income (preliminary),” “National Accounts (preliminary)” and “National Accounts (final)” annual estimates.

The “advance” quarterly estimates are released within 28 days of the quarter’s end, and give the first look at Korea’s real GDP, including the rates and amounts of growth by type of economic activity and by component of expenditure. The “preliminary” quarterly estimates provide more detailed analyses, *e.g.* of GDP valued at current prices by type of economic activity and by component of expenditure, and of GNI and savings and investment ratios, within 70 days of the end of the quarter.

Various consolidated accounts, sectoral accounts and supporting tables are published in the “Gross National Income (preliminary),” “National Accounts (preliminary)” and “National Accounts (final)” annual estimates. “Gross National Income (preliminary)” is released at around three months after the relevant year has ended. “National Accounts (preliminary)” and “National Accounts (final)” are released at around six months after the relevant year has ended and six months after the following year has ended, respectively.

4. Notes on statistical use

Due to the non-additive characteristics of real GDP statistics estimated through the chain-weighted method, the total value (*i.e.* GDP) and those of its components (*i.e.* the values added by economic activity) do not match except in the reference year and the year following.

National Income Statistics and National Accounts are derived statistics estimated using various raw data, such as monthly industrial statistics, corporate financial statements, balance of payments, and government finance statistics, which may differ from the raw data in some respects.