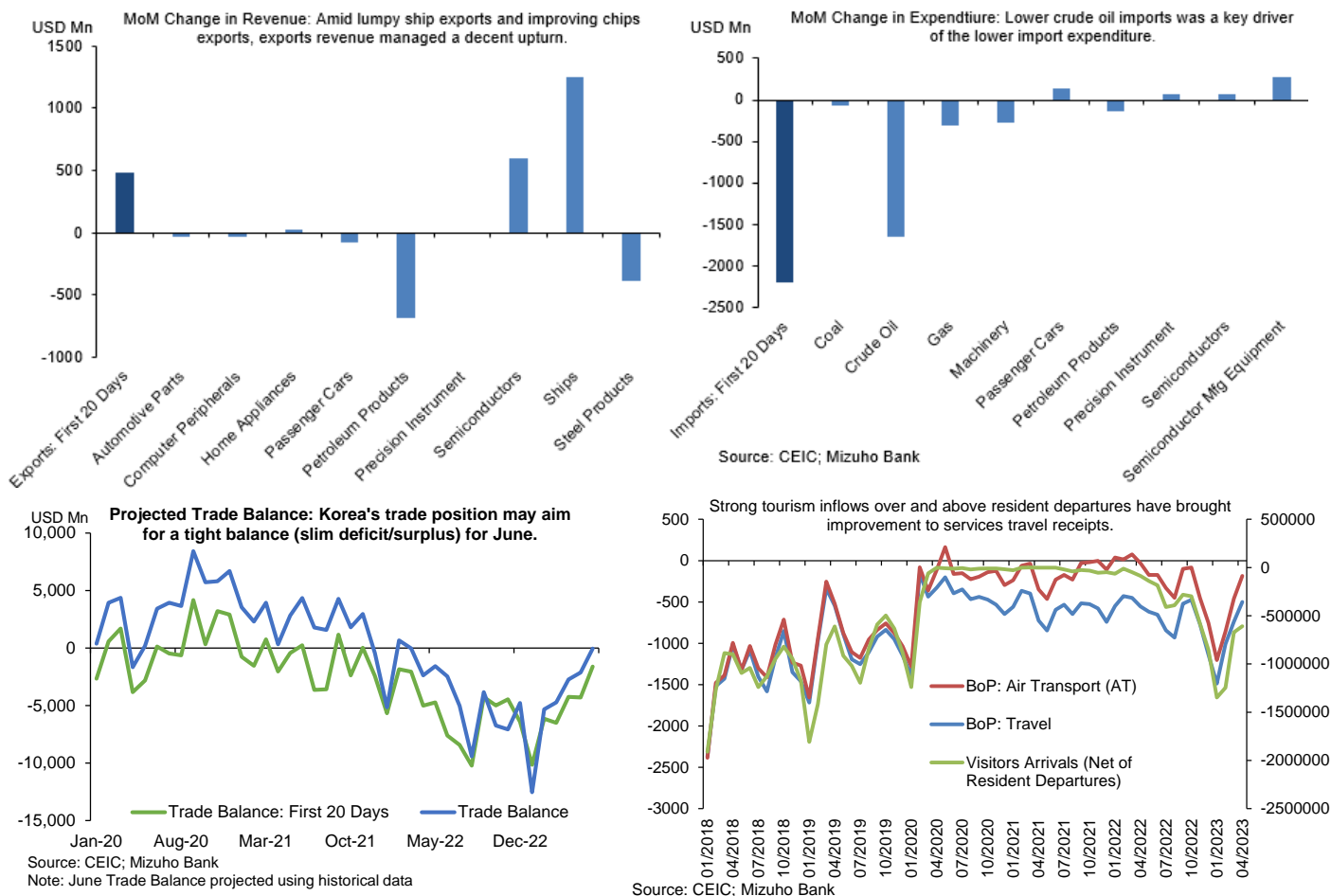


## Korea Trade and Services: Tight Balance



- Given the first 20 days' trade balance for June which had a small deficit of US\$1.6bn, we project that the **final monthly outturn (to be released on 30 June) ought to be in a finely balance position** with even odds of slim surplus or deficit, a clear **departure from stark deficits** seen in late 2022/early 2023.
- That said, the improved position is largely driven by marked step down in import expenditure driven by **lower spending on crude oil imports** rather than outright export demand exuberance. While energy import bill may stay close to such levels, further declines are less likely given sticky oil prices backstop of OPEC+.
- On the export front, given that **lumpy ship** exports was the biggest driver of June's export revenue gains compared to May, **sustainability of these gains** remain in doubt. Meanwhile, the consolation here looks like **semiconductor exports may have likely bottomed in Jan-Feb** though an outright recovery may be increasingly laboured.
- On the **tourism** front, the **pace of resident departures have slowed while visitor inflows surged which has led to improvement in travel balances on the services account of the BoP**. In pre-Covid times, number of resident departures outweigh visitor arrivals and net resident spending abroad also

exceeds that of foreign spending.

- As such, these temporary boost on the services front is unlikely to durably turn the tide for their current account for position which necessarily require substantial improvement in electronic exports that may not happen until late this year.

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