

## Republic of Korea

**Composite Rating:** Aa2 / AA/ AA-

**Bond/s:** KOREA 5.625 25

**Outlook:** Positive

### Country Overview

- **Highly Developed Mixed Economy:** South Korea boasts a highly developed mixed economy, ranking as the 13th largest globally by nominal GDP and the 4th largest in Asia as of 2025, with a nominal GDP of approximately USD 1.950 trillion.
- **Rapid Economic Development:** The nation experienced a remarkable economic transformation known as the “Miracle on the Han River”, evolving from an underdeveloped country to a high-income, developed nation in a few decades.
- **Global Leader in Key Industries:** South Korea is a global leader in sectors such as electronics, telecommunications, automobile production, chemicals, shipbuilding, and steel, with significant investments in research and development (around 4.93% of GDP).

### Macro Fundamentals

- **Resilient Against Shocks:** Strong economic fundamentals and sound macroeconomic policies have enabled South Korea to navigate various economic shocks effectively, leading to a recovery in economic growth and a decline in inflation.
- **Strong Export Performance:** Exports remain a crucial driver of economic growth, with integrated circuits, machinery, and vehicles being key export goods. The country was the ninth-largest exporter worldwide in 2022.
- **Healthy External Position:** South Korea maintains a robust current account surplus, driven by strong global demand for its key exports, and holds significant foreign exchange reserves.

### Risk & Catalysts

- **Demographic Challenges:** Rapid population aging and a declining labor force pose significant long-term economic and fiscal challenges, potentially impacting growth potential.
- **Geopolitical Tensions:** Recurring military crises and geopolitical tensions in the region, particularly involving North Korea, can negatively affect financial markets and the country's credit rating.
- **Global Economic Uncertainty:** Downside risks stemming from policy shifts in major trading partners, softening global demand (especially for semiconductors), and heightened global commodity price volatility could impact economic growth.



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## Key Macro Indicators

	FY2022	FY2023	FY2024	2025F
Real GDP Growth	2.7%	1.4%	2.2%	2%
Inflation Rate	5.1%	3.6%	2.3%	2%
Current Account Balance	1.4%	1.9%	4.2%	3.6%
Fiscal Balance/GDP	-2.8%	-1.5%	-1.5%	-1.2%
Debt-to-GDP	39.7%	36.6%	37.3%	38.7%

Sources: International Monetary Fund (IMF), Metrobank Research

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