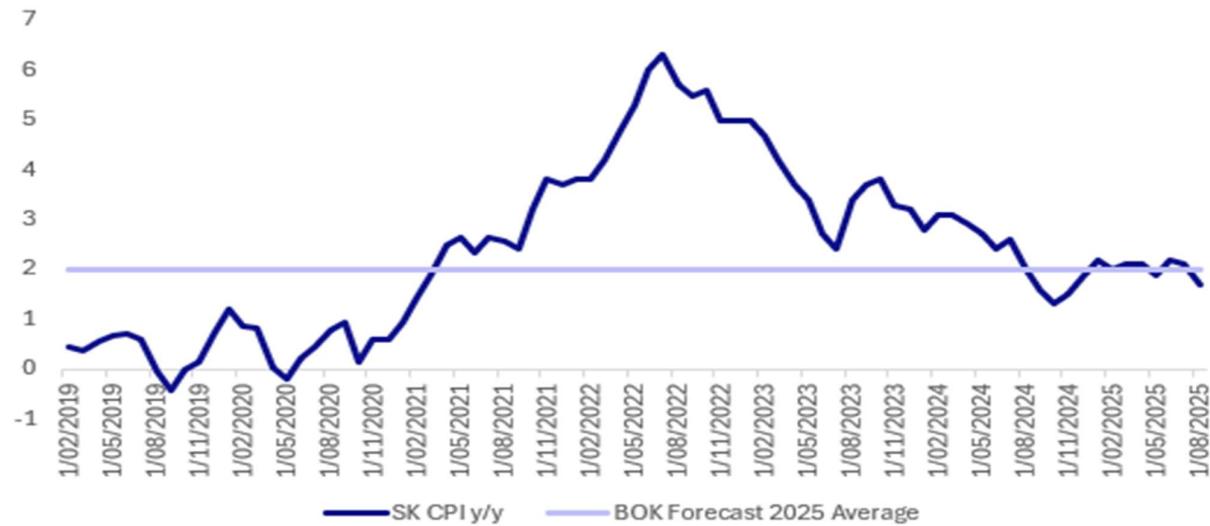




The Macro, Valuation, Sentiment and Technical Lens

Macro: Last week saw the first 20-days trade data which printed much stronger than the prior month, PPI for August ticked up to +0.6% from +0.5% prior, consumer confidence moderated though remains near all-time highs and retail sales fell significantly back to +3.7% (from +9.1% prior). For the week ahead out tomorrow is Industrial Production for August which the YoY release is forecast at 2.1% and the MoM at +0.7%, a rise from prior month result of +0.3%. Exports for September are out and forecast for a big jump to +8.3% and Imports are expected to bounce back from a contraction in August to +6.7% in September. The S&P Global South Korea PMI Manufacturing will be watched closely after contracting for seven consecutive months as the trade war continues. Also, key will be the September CPI with a decent bounce up to +0.6% is forecast MoM after a contraction last month with the year on year looking to show signs that it has bottomed out. Current forecast is for +2.1% YoY from 1.7% prior with Core up strongly.

Fig 1: South Korea CPI YoY



source: Bloomberg Finance LP / MNI

Source: Bloomberg Finance LP / MNI

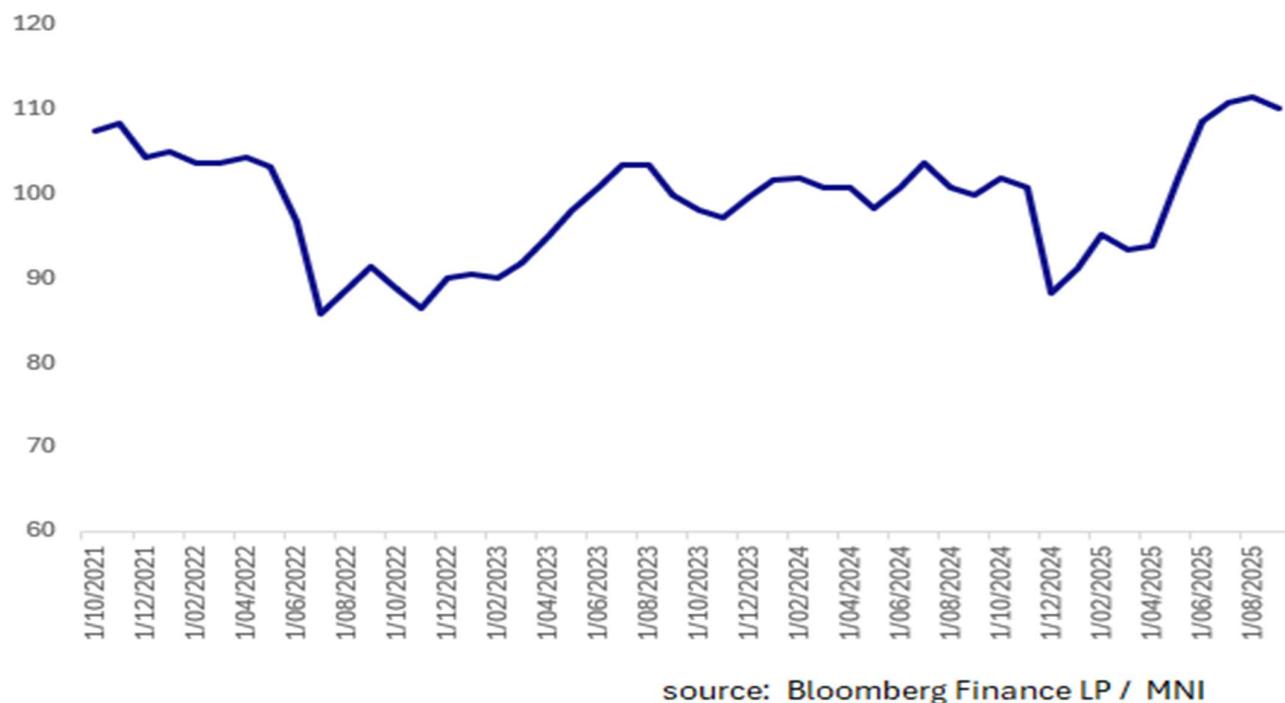
Valuations: The KOSPI's price to earnings sits below the 2023 peak, but significantly higher than the year end forecast. The 10-Yr KTB and the Won has traded in a reasonably tight range since June, needing a catalyst to break out.

Fig 2: KOSPI Price to Earnings Analysis

Korea Stock Exchange KOSPI Index		Compare <Sec>	Acct	Consolidated	Periodicity	Annuals	Cur	FRC (KRW)
1) Key Stats	2) Fundamentals	3) Custom	4) Shared					
11) Highlights	12) Valuation	13) Profitability	14) Leverage & Liquidity	15) Market Data				
12 Months Ending	2021 Y 12/31/2021	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	Current 09/28/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	
Valuation Metrics								
Price/Earnings	12.15	9.45	18.00	11.52	15.00	12.38	10.15	
Price/Earnings before -	11.05	7.67	11.47	9.66	12.14	11.85	10.05	
Price/Earnings before -	12.40	9.35	16.35	11.19	14.02			
Price/Book Value	1.13	0.85	0.95	0.83	1.13	1.15	1.07	
EV/Sales	1.26	0.98	1.09	1.05	1.24			
EV/EBIT	14.51	13.08	21.73	14.63	16.47			
EV/EBITDA	8.04	6.97	8.81	6.94	8.02	5.71	6.01	
Dividend Yield	1.39	2.01	1.64	2.13	1.77	1.84	2.01	
Fundamentals								
Gross Margin	23.41	20.98	18.23	21.50	22.64	25.49	27.19	
Operating Margin	8.66	7.50	5.02	7.15	7.56	9.46	11.10	
Profit Margin	6.75	5.54	3.56	5.08	5.28	6.77	7.84	
Return on Assets	2.17	1.85	1.28	1.63	1.78	2.42	2.93	
Return on Equity	9.00	7.80	4.95	6.98	7.16	9.39	10.50	

Source: Bloomberg Finance LP / MNI

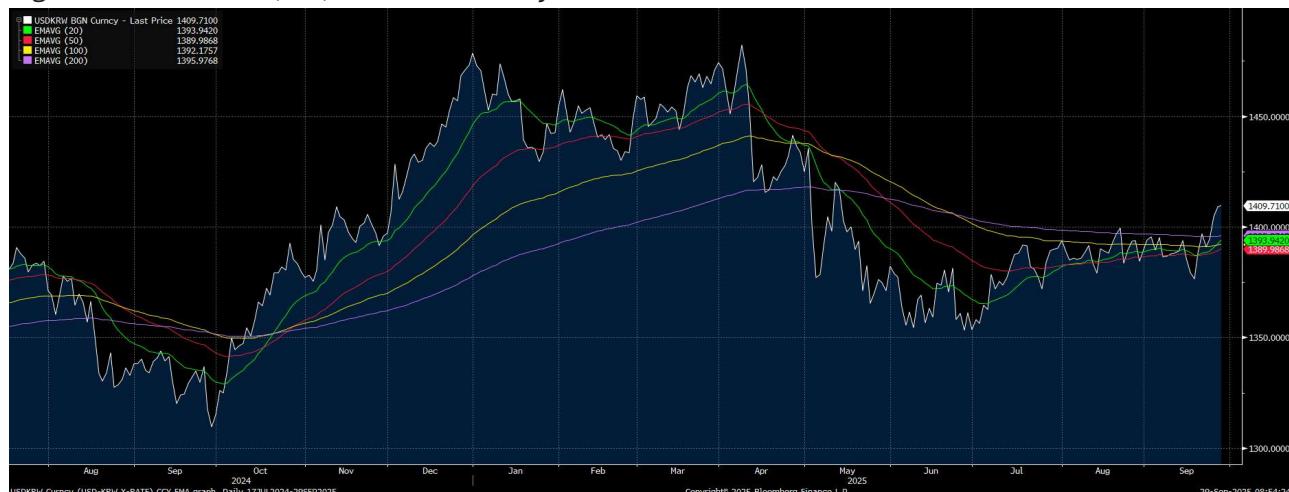
Sentiment: Sentiment remains strong with the Consumer Confidence Index hitting all-time highs in August and moderating in September. This has the potential for correction as the ongoing attempts to dampen house price growth continues. The resolution of the political situation and subsequent policy announcements have fed into a broad recovery in investor sentiment, feeding the stock market rally. Look for this to temper in the back half of the years as valuations become stretched and government measures to cool the housing market impact investor psyche. Tax policies, along with initiatives to boost corporate value, will be other focus points for equity investors.

Fig 3: South Korea Consumer Confidence

source: Bloomberg Finance LP / MNI

Source: Bloomberg Finance LP / MNI

Technicals: The Won has weakened in recent weeks, trading back above all major moving averages last week for the first time in a month. Since trending below the 200-day EMA in late April, the Won has only traded above it once since and was unable to hold above for more than a few days, a situation it is in again currently.

Fig 3: USDKRW vs 20, 50, 100 and 200-day EMA

source: Bloomberg Finance LP / MNI



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