



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.

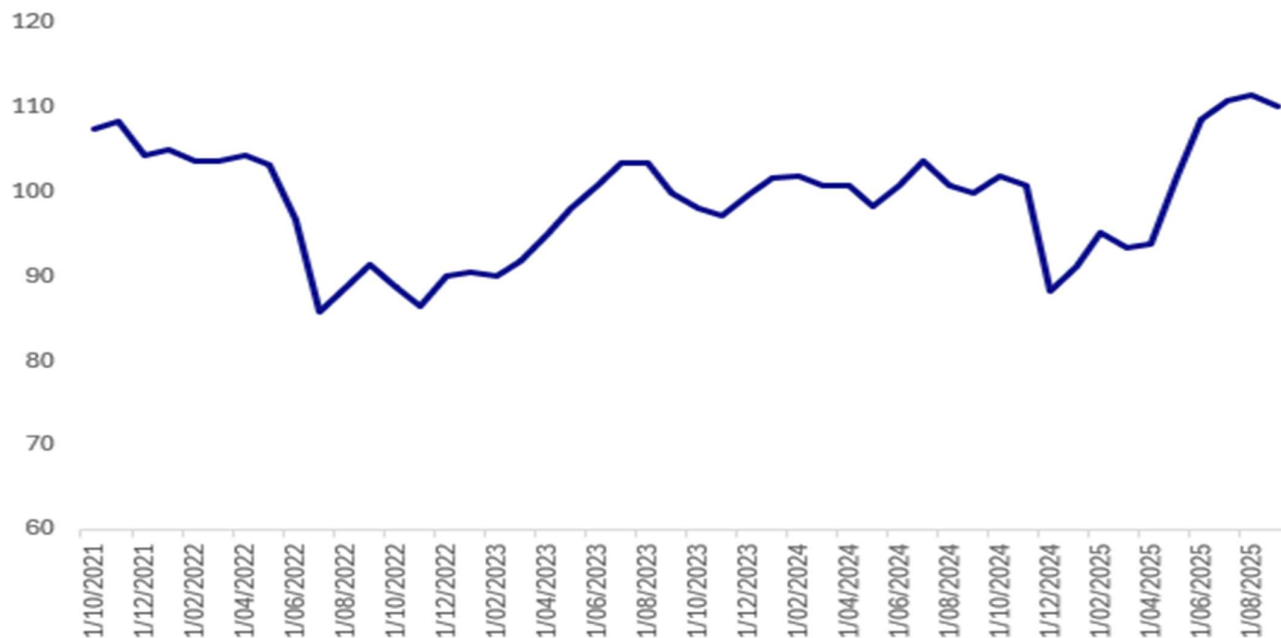
Fig 2: KOSPI Price to Earnings Analysis

Korea Stock Exchange KOSPI Index Compare <Sec> Acct Consolidated Periodicity Annuals Cur FRC (KRW)								
1) Key Stats	2) Fundamentals	3) Custom	4) Shared					
1) Highlights	12) Valuation	13) Profitability	14) Leverage & Liquidity	15) Market Data				
12 Months Ending	2021 Y	2022 Y	2023 Y	2024 Y	Current	2025 Y Est	2026 Y Est	
Valuation Metrics	12/31/2021	12/31/2022	12/31/2023	12/31/2024	09/28/2025	12/31/2025	12/31/2026	
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

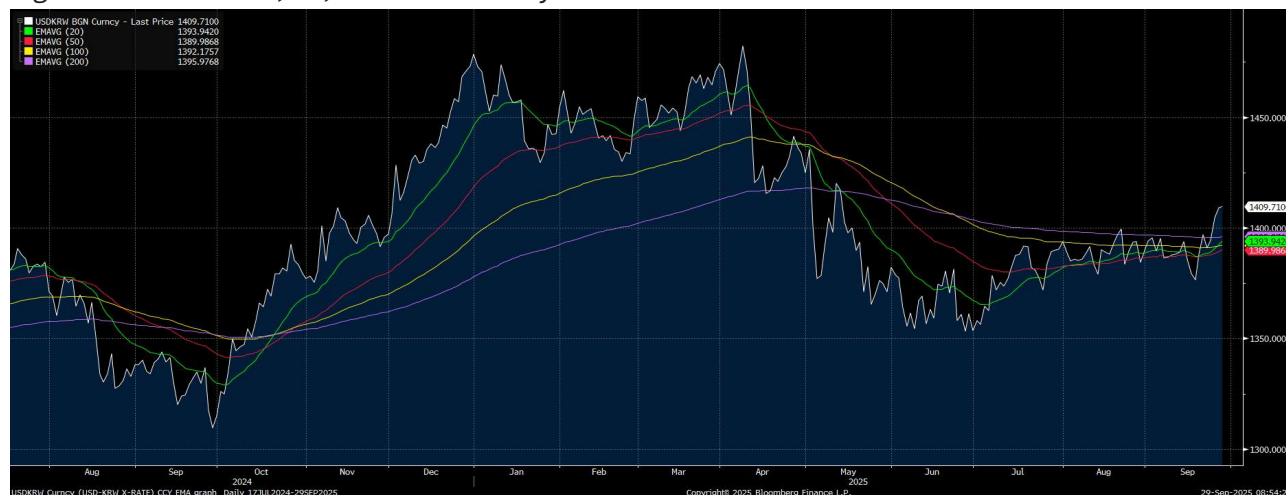


source: Bloomberg Finance LP / MNI

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

Unauthorized disclosure, publication, redistribution or further dissemination of this information may result in criminal prosecution or other severe penalties. Any such authorization requires the prior written consent of Market News International. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News International. Violators will be prosecuted. This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright © 2024 Market News International, Inc. All rights reserved.