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# Labor Market Assessment in the First Half and Labor Outlook for the Second Half of 2019

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Center for Labor Trends Analysis\*

## I. Overview of the Labor Market in the First Half of 2019

The average number of employed persons during the period of January to June 2019 (the first half of 2019) increased by 207,000 year-on-year, representing an improved trend compared to 2018. Such an improvement in total volume is largely due to the fact that the 15 to 64-year-old population has been increasing unlike the previous year, and that the Korean government's job creation project for the elderly started one month earlier and expanded in scale than in the past years. Another contributing factor was that employment improvement was visible compared to the previous year in certain service industries, such as the accommodations and food services. On the other hand, the economic recession was still being felt by some sectors, such as those in the 30s to 50s who were still suffering from the ongoing employment

downturn.

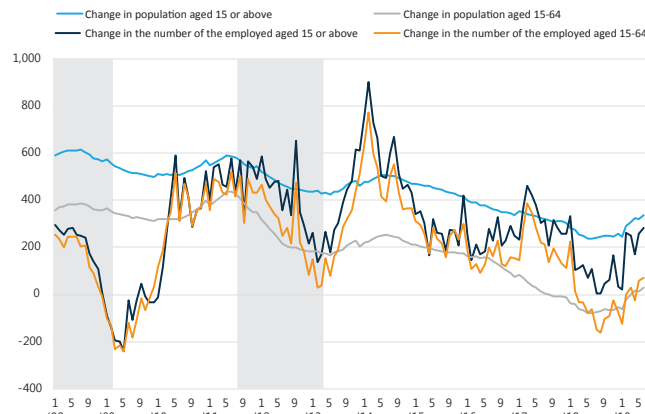
The unemployed population rose by 66,000 persons year-on-year. In particular, among the elderly aged 60 years or older, the number of the unemployed increased by 35,000 which was the result of the government receiving job applications under its job creation project for senior citizens starting in January, earlier than in previous years. The number of unemployed youths also rose by 8,000, but this was related to the civil service entrance examination schedule. It was observed that the youth unemployment rate decreased during months with no such examinations, as in the previous year.

The year-on-year increase in economically inactive population slowed to 30,000 in the first half of 2019. Since the first half, growth in the number of employed persons was centered on women, the number of those engaged in "childcare and house work" dropped by 134,000; and those "attending regular school" also fell by 171,000 ow-

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Figure 1. Trends in the Number of the Employed and Size of Population (Aged 15 or above & Aged 15-64) Compared to the Same Month of the Previous Year  
(Unit: thousand person, % year-on-year)



Note : The shaded area indicates an economic contraction period.

Source : Statistics Korea, KOSIS.

Table 1. Trends in Major Employment Indicators  
(Unit: thousand person, %, year-on-year)

		Jan. – Jun. 2017	Jan. – Jun. 2018	Jan. – Jun. 2019
Aged 15 or above	Working age population (number of increase)	43,859 (-338)	44,115 (-256)	44,418 (-304)
	Economically active population (number of increase)	27,628 (-390)	27,794 (-167)	28,067 (-273)
	Employed population (rate of increase)	26,509 (-1.4)	26,651 (-0.5)	26,858 (-0.8)
	(number of increase)	(-360)	(-142)	(-207)
	(Male)	(-173)	(-30)	(-43)
	(Female)	(-187)	(-112)	(-164)
	Employment rate (Male)	60.4 (-71)	60.4 (-70.7)	60.5 (-70.3)
	(Female)	(-50.3)	(-50.5)	(-50.9)
Aged 15~64	Unemployed population	1,118	1,143	1,209
	Unemployment rate (Male)	4 (-4.1)	4.1 (-4.1)	4.3 (-4.4)
	(Female)	(-4)	(-4.1)	(-4.2)
	Economically inactive population (number of increase)	16,231 (-51)	16,321 (-89)	16,351 (-31)
	Working age population (number of increase)	36,867 (-4.7)	36,806 (-6.1)	36,803 (-3)
	Employment rate (Male)	66.3 (-76)	66.5 (-75.9)	66.5 (-75.4)
	(Female)	(-56.5)	(-56.9)	(-57.4)
	Employed population (number of increase)	24,457 (-276)	24,461 (-5)	24,463 (-1)

Source : Statistics Korea, Economically Active Population Survey, raw data, each year.

ing to the reduction in the population attending schools. However, due to the continuing economic slowdown, the number of those who were “economically inactive” or “job seeking” increase by 188,000 and 79,000 respectively.

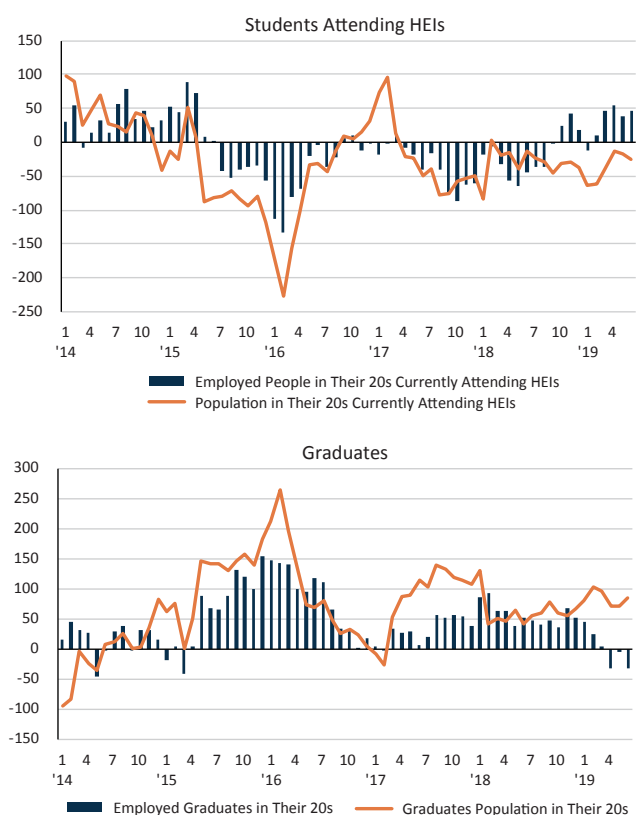
## II. Evaluation of the First Half of the 2019 Labor Market by Sector

### 1. Growth in Youth Employment amongst Those Attending Schools

In 2018, employment rates improved among those in the late 20s despite the economic slowdown, fueled by the government’s major youth employment promotion programs including a mutual aid program (“Naeil Chae-um Mutual Aid Program for Youth Employees”) and employment subsidies (“Cash Grant Program for Additional Youth Employment”); as well as a favorable employment environment of industries where youth are highly concentrated. On the other hand, employment rates among those in the early 20s declined significantly. In the first half of 2019, the rate of decrease in employment among those in their early 20s improved slightly compared to the previous year, and the employment rate for those in their late 20s has been slowing down more recently.

By education status, the number of the employed among those in their 20s attending higher education institutions (HEIs) (including those on leave of absence) increased by 30,000 persons, while the number of the employed among graduates in their 20s (including dropouts) rose only by 1,000, suggesting that those attending HEIs were leading the employment growth among those in their 20s. It appears that the sharp increase in employment among those attending HEIs is linked with the growth in employment in education services, business facility management and business support services, while the insignificant rise in employment among graduates is affected by the employ-

Figure 2. Trends in Employed Population in Their 20s by Graduation Status  
(Unit: thousand person, year-on-year)



Note: "Students Attending HEIs" include those currently attending HEIs and those taking a leave of absence from HEIs. "Graduates" include dropouts (included in the previous school) and exclude those attending HEIs.

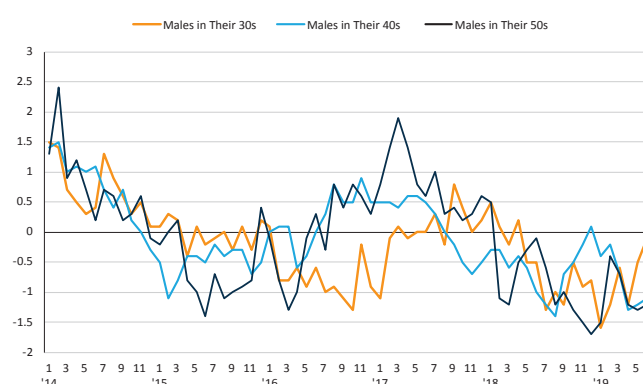
Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year.

ment reduction in the manufacturing industry (-55,000) and the financial and insurance industry (-27,000).

## 2. Continuing Employment Downturn amongst those in their 40s

In the first half of 2019, the employment rate for people in their 40s declined by 0.6%p year-on-year, continuing the downward trend since 2018. As for those in their 30s, the employment rate dropped by 0.1%p year-on-year, but has increased slightly since May 2019; and the employment rate for people in their 50s rose by 0.1%p year-on-year. However, the slowing trend seems to remain in place since last year for those in the 30s and 50s, and especially in the case of males, the employment rate continued to

Figure 3. Trends in the Employment Rate of Males in Their 30s, 40s, and 50s  
(Unit: %p, year-on-year)



Note: The shaded area indicates an economic contraction period.

Source : Statistics Korea, KOSIS.

Table 2. Trends in the Number of Employed Persons & Working Age Population by Age Group  
(Unit: thousand person, year-on-year)

	Changes in Employed population			Changes in Working age population		
	Jan. – Jun. 2017	Jan. – Jun. 2018	Jan. – Jun. 2019	Jan. – Jun. 2017	Jan. – Jun. 2018	Jan. – Jun. 2019
All	360	142	207	338	256	304
Aged 15~29	23	-21	26	-69	-132	-94
Aged 15~19	19	-49	-5	-134	-166	-141
20s	4	28	31	65	34	46
Aged 20~24	-23	-72	-37	-7	-65	-42
Aged 25~29	27	100	69	72	98	88
30s	-40	-31	-86	-102	-116	-102
40s	-44	-93	-168	-78	-91	-148
50s	168	65	90	102	70	109
60s or older	253	222	345	485	526	539
Aged 60~64	169	85	139	194	209	232
Aged 65~69	2	83	66	-24	125	86
70 or older	82	54	140	315	192	221

Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year.

decline throughout the first half of the year.

In the case of those in the 40s, employment declined in the manufacturing industry, the construction industry, and the accommodations and food services industry, following last year's trend. Employment decrease was mainly

observed among self-employed workers (71,000 persons) in men and among contingent workers in women (53,000 persons).

The employment rate for those aged 60 and over increased by 1.2%p year-on-year to 40.2% in the first half of 2019, showing a larger growth in employment among those aged 70 or over compared to the first half of 2018. Among senior citizens aged 70 or older, employment increased in the public administration services sector or the human health and social work sector; and a noticeable growth (57,000 persons) was recorded in the number of those engaged in marginal part-time employment (e.g., less than 15 hours a week), apparently reflecting the outcome of the government's job creation project for the elderly.

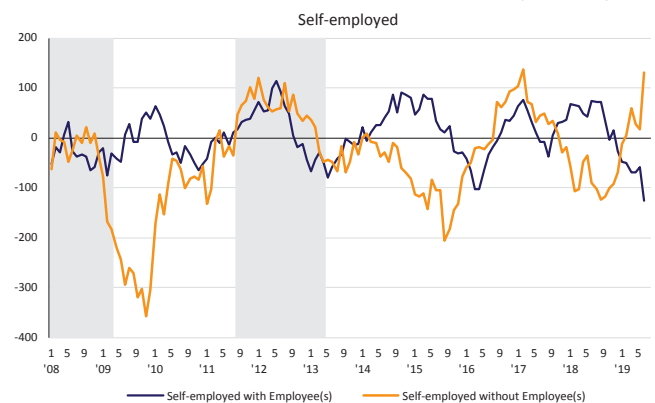
### 3. Self-employed with Employees Entering a Downward Phase

The recent trends by worker status indicate that, in the first half of 2019, employment growth continued mainly in permanent jobs, and the rate of decline in contingent or daily jobs moderated compared to 2018. The number of self-employed workers without employee(s) which fell last year increased in the first half of 2019, while the number of self-employed workers with employee(s) went up last year but declined in the first half of 2019.

Although the number of contingent jobs has been on the decline since 2018, mainly in manufacturing and wholesale and retail trade activities, the actual rate of decrease was reduced in the first half of 2019 compared to 2018 resulting from the employment growth in the public administration services sector thanks to the government's project to offer jobs for the elderly. The number of daily workers increased by 6,000 persons in the first half of 2019 year-on-year due to the employment growth in the accommodations and food services sector.

The number of self-employed workers with employee(s)

Figure 4. Trends in the Number of Self-Employed  
(Unit: thousand person, year-on-year)



Note : The shaded area indicates an economic contraction period.

Source : Statistics Korea, *Economically Active Population Survey*, each year.

began to decline in December 2018, and decreased by 70,000 persons in the first half of 2019. By industry, the number dropped in the accommodations and food services industry (-37,000 persons), the construction industry (-14,000 persons), the manufacturing industry (-13,000 persons), and the wholesale and retail trade activities (-10,000 persons). It has been observed that, following a financial crisis, the number of self-employed workers with employee(s) generally tends to increase for a year and decrease for another year.

The number of self-employed workers without employee(s) increased by 38,000 persons in the first half of this year, affected by the reduced rate of decrease in the wholesale and retail trade sector and an increase in the accommodations and food services industry and the education services industry. Since the number of self-employed workers without employee(s) tends to increase when the economy slows down and the labor market is in poor shape after a financial crisis, the current increase in the first half of 2019 seems to reflect that tendency.

### 4. Increased Part-time Workers

The rapid decrease in working hours since 2018 has continued this year. Since March 2018, the number of workers whose working hours per week were between 53

Table 3. Trends in the Number of Employed Persons Aged 15~64 by Working Hours

(Unit: thousand person, changes year-on-year)

	Less than 15 hours	15~35 hours	36~51 hours	52 hours or more
All	112	276	271	-504
Male	44	99	254	-360
Female	68	177	18	-143
In Permanent jobs	10	170	473	-356
In Contingent jobs	62	70	-173	-136
In Daily jobs	41	36	-29	-12
Aged 15~29	69	48	-31	-56
Aged 30s	7	37	72	-156
Aged 40s	14	45	22	-158
Aged 50s	14	99	121	-84
Aged 60~64	8	46	87	-50
Manufacturing Industry	9	28	-10	-115
employing less than 300 persons	9	28	-11	-92
employing 300 persons or more	0	0	4	-23
Construction Industry	12	10	44	-44
Wholesale and Retail Trade	13	47	62	-114
Accommodations and Food Services	41	52	-4	-32
Human Health and Social Work	3	59	86	-26
Other Industries	36	81	94	-174

Note : 1) Based on the actual working hours of employees aged 15 to 64 reported in the main working place.

2) Average of January ~ May 2019 (excluded from the analysis on the June 2018 local elections).

Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year.

and 68 has displayed a steep downward trend, and it has continued to decrease by around 500,000 persons until recently. A similar trend has been observed for workers whose weekly working hours were between 45 and 52, with a recent drop of about 200,000 persons. On the other hand, those working less than 15 hours, and those working 15 to 35 hours a week have seen a rapid growth in

their number since the second half of 2018.

The number of part-time employees who worked less than 36 hours a week during January ~ May 2019<sup>1)</sup> increased by 390,000 persons year-on-year. Among them, the number of marginal part-time workers who worked for less than 15 hours per week grew by 112,000 persons, mainly among youths, in the accommodations and food services industry, the wholesale and retail trade industry, and the construction industry. The number of employees whose working hours were between 15 and 35 rose by 276,000 persons, among which 100,000 persons were those aged in their 50s rather than youths.

The recent increase in the number of workers whose working time is short and the decrease in the number of those who work longer hours seem be attributed to the combination of the following factors: the introduction of a maximum 52-hour workweek for companies employing 300 persons or more, the impact of economic downturn, the reduction of working hours on the part of employers to cope with higher minimum wages, and their avoidance of providing weekly paid leave allowance.

## 5. Manufacturing Jobs Continue to Decline

Since hitting a low in January (-170,000 persons), the decline in employment in the manufacturing sector has gradually slowed down but remained steady (-130,000 in the first half). The average rates of capacity utilization in manufacturing dropped by 1.0%p and 1.7%p to 71.8% in the first quarter and 72.2% in the second quarter, respectively, compared to the same quarter of the previous year. As a result, employment declined by 151,000 persons, mainly in production. This pattern continues to prevail. In particular, the decrease in the number of temporary workers used to respond to temporary production demand was large (-72,000 persons). On the other hand, the

1) Based on the actual working hours reported in the main working place during the survey period; The number does not include the elderly who are affected by the government's job creation project for senior citizens.

employment in the white collar occupations is still growing (up by 44,000 persons), which means that head office functions such as product development, marketing, and R&D are not significantly reduced.

According to the *Report on Labor Force Survey at Establishments* released by the Ministry of Employment and Labor, the statistics on the number of the insured under employment insurance and the analysis of production flows, the recent increase in production and exports in other transportation equipment manufacturing (including the shipbuilding industry) and automobile and trailer manufacturing has contributed to a gradual recovery of employment. Manufacturing of food products is likely to have a favorable employment situation thanks to the rapid growth of the Home Meal Replacement (HMR) market. In contrast, manufacturing of basic metal products, processing of metals, and manufacturing of rubber and plastics have been slowing down due to the downturn in related industries such as construction and machinery. In the electronic components manufacturing industry (including semiconductors), active outbound foreign direct investment and declining domestic production of home electronic appliances and components have led to a slowdown in employment. As for the machinery industry which has a strong impact on employment, it has entered a contraction phase both in machinery investments including

semiconductor machinery (-20.9% in the first half and -9.2% in the second half) and in machinery orders including special industrial machinery (-2.8% in the first quarter and -0.6% in the second quarter). Therefore, employment growth is likely to be constrained by those factors.

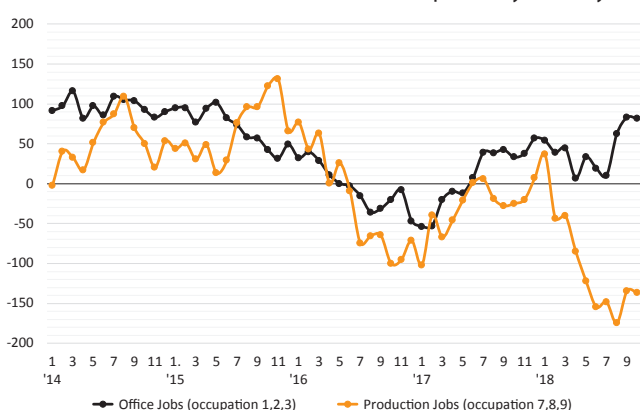
## 6. Improving Employment in the Service Industry

The service sector recorded an increase of 267,000 persons in employment, well above the growth of the same period in the previous year (72,000 persons), showing a slight departure from the sluggishness that followed since the second half in 2017. The existing decrease in temporary and daily jobs improved this year, and the number of permanent workers has been increasing at a rapid pace. By age group, the number of workers aged in their 60s or above rose significantly (260,000 persons), with the majority of increase in the human health and social work industry (83,000 persons) and the public administration industry (54,000 persons). By occupation, sales workers and simple laborers, the number of which declined in the first half of last year, recorded a positive growth by 10,000 persons and 54,000 persons, respectively, in the first half of 2019.

By sub-industry, employment growth was mainly observed in human health and social work, accommodations and food services, information and communications, professional and scientific and technical services. Also, education services (38,000 persons), and real estate, renting and leasing (27,000 persons), due to the baseline effect from last year, saw an increase in employment.

In the human health and social work industry, the number of employed persons increased by 161,000 persons in H1 2019. Among them, 83,000 persons were aged 60 or over; and 39,000 persons were contingent workers in their 70s or over, reflecting a contribution of the government's job creation project for the elderly.

Figure 5. Status of Employed Population in Manufacturing:  
Office Workers & Production Workers  
(Unit: thousand person, year-on-year)





In the field of information and communications (54,000 persons), the software development and supply production industry which includes mobile software development saw an increase of 7.3% in the first quarter and 3.5% in the second quarter; and the number of the insured under employment insurance also rose (20,000 persons in the first half), reflecting the steady rising trend.

In professional, scientific and technical services, the number of employed persons increased by 50,000 persons in the first quarter, and the growth in the number of employees reported by the *Report on Labor Force Survey at Establishments* is maintained steadily at 30,000 persons. Employment in professional services including corporate headquarters and accounting and legal services also increased, based on the number of the insured under employment insurance (16,000 persons in the second quarter).

As for traditional domestic services, the accommodations and food services industry has recently turned to an upward direction in the number of employed persons despite a large minimum wage hike (10.9%); and while employment contraction continues in wholesale and retail trade and business facility management and business support services, the pace of contraction has been decelerating gradually.

In accommodations and food services (up by 25,000 persons), employment which had continued to decline since the second half of 2017 turned to an upward direction in February 2019 and has been increasing at a faster pace (56,000 persons in the second quarter). Such growth may be attributed to the gradually improving production of non-alcoholic beverage stores (6.6% in the first quarter of 2018, 11.5% in first quarter of 2019) such as coffee shops, and the final consumption expenditures related to household food and accommodations in the National Ac-

counts<sup>2)</sup> having turned upward since the fourth quarter of 2018 (up by 789 billion won), after previously posting an increase of 454 billion won in Q4 2017 but slowing down to an increase of 24 billion won in the third quarter of 2018. The steady growth in the number of foreign tourists including Chinese tourists (300,000 in April and 250,000 in May) may also have had a positive effect on the rise of employment in this industry. Although the overall increase of 49,000 persons recorded in the first half of 2019 shows an improvement, it should be noted that part-time employment<sup>3)</sup> accounted for the majority of the increase.

Although the number of employed persons in the wholesale and retail trade industry showed an improvement by dramatically reducing the size of decrease (down by 57,000 persons in the first quarter, and up by 17,000 persons in the second quarter) compared to the third quarter of 2018 (-156,000 persons), there was an overall decrease in employment by 45,000 persons in the first half of 2019.

Employment in retail sales increased significantly in duty free shops (26.5% in the first quarter, 25.5% in the second quarter), and non-store retailing (13.5% in the first quarter, 14.2% in the second quarter) but maintained its downward trend in convenience stores (5.1% in the first quarter, 3.8% in the second quarter). It appears that retail sales have improved mainly in duty free shops and online stores, which are not considered to have a significant impact on employment. As for wholesale trade, employment has been on the rise since the second half of 2017 according to the regional employment survey.

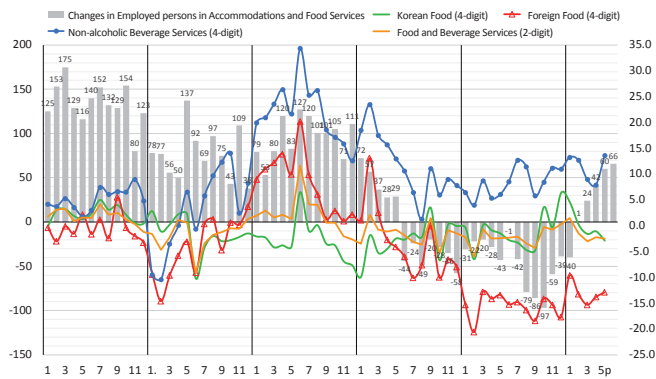
Employment in the business facility management and business support services was markedly reduced in the third quarter of 2018 (-116,000 persons) but the rate of decrease has moderated to some extent in the first half of 2019 (-41,000 persons). Such an improvement is linked

2) Real, original series, as of 2015.

3) An increase of 44,000 wage workers who worked less than 15 hours in the first half of 2019 based on the actual working hours for principal job; excludes workers on temporary leave.

Figure 6. Status of Employed Population in Accommodations and Food Services; Rate of Production Increase at Food and Beverage Services (Constant Index, 2015 = 100)

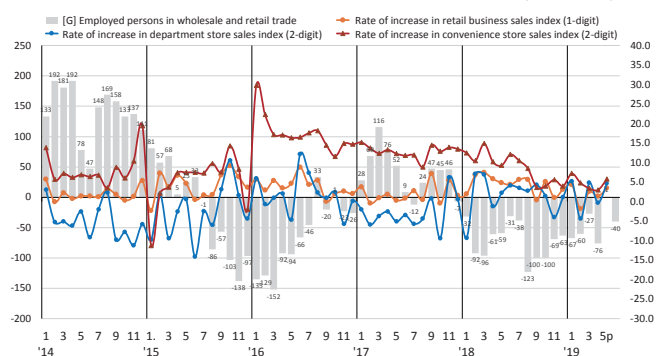
(Unit: thousand person, %, year-on-year)



Source : Statistics Korea, Economically Active Population Survey, raw data, each year.  
Service Industry Survey, KOSIS.

Figure 7. Status of Employed Population in Wholesale and Retail Trade; Rate of Increase in Retail Sales Index by Retail Business Type (Constant Index, 2015 = 100)

(Unit: thousand person, %, year-on-year)



Source : Statistics Korea, Economically Active Population Survey, raw data, each year.  
Service Industry Survey, KOSIS.

with the reduced drop in the number of simple laborers and service workers compared to last year.

The financial and insurance industry (-36,000 persons) and public administration (-20,000 persons) saw a decline in employment due to the baseline effect from last year. On the other hand, education services (38,000 persons), and real estate, renting and leasing (27,000 persons) witnessed a rise in employment, also owing to the baseline effect from last year.

Table 4. Trends in the Number of Employed Persons in Various Sub-industries of the Service Sector

(Unit: thousand person, year-on-year)

	Jan. – Jun. 2017	Jan. – Jun. 2018	Jan. – Jun. 2019
Service Industries	293	72	267
Wholesale & retail trade	58	-62	-45
Transportation & storage	-35	2	11
Accommodations & Food services	30	-24	25
Information & communications	17	30	54
Finance & insurance	-7	49	-36
Real estate, renting & leasing	65	-20	27
Professional, scientific & technical activities	7	-9	50
Business facility management & business support services	-21	-24	-41
Public administration, national defense & social security administration	33	74	-20
Education Services	77	-85	38
Human health & social work	67	99	161
Arts, sports & recreation related	23	27	19
Membership organizations & other personal services	-15	32	8

## 7. Declining Employment in Construction

Construction orders, the leading indicator of the construction market, began to dwindle in the second half of 2017, and decreased by 4.2% in the first quarter of 2019 and by 4.9% in the second quarter of 2019. As a result, a slump in the construction market has continued to this day, with the value of construction completed (current) turning downward (-5.7%) since the third quarter of 2018. Employment in the construction industry has also been slowing since peaking in the first half of 2017, and declined by 4,000 persons in the second half of 2019. Due to the prevailing outlook for dwindling construction orders and construction investment in the second half of 2019<sup>4)</sup>,

4) Forecasts for the second half of 2019 by the Construction & Economy Research Institute of Korea: construction orders -13.3% (annual -5.8%), construction investments 2.2% (annual -4.1%).



the overall condition of the construction industry is likely to have a negative impact on employment.

### III. Employment Outlook for H2 2019

The labor market in the first half of 2019 has improved in terms of total volume compared to the slowdown in 2018, but the sector-by-sector situation shows that the impact of the economic slowdown remains intact. Although employment growth has recovered to a certain extent, driven by the baseline effect of last year's sluggish employment, the signs of population growth since the beginning of this year, and the expansion of senior jobs, it is observed that employment of those in their 30s and 50s is still sluggish.

Industrial situations show that employment in the manufacturing industry is still shrinking. Employment in the service industry has grown at a high level, but apart from the growth in accommodations and food services; professional, scientific and technical activities; arts, sports and recreation related industries, the overall increase was similar to the baseline fluctuation level of last year. The accommodations and food services industry witnessed an increase in marginal part-time workers; and while professional, scientific and technical activities are preferred by many young jobseekers, their youth employment was not active enough to be evaluated as showing solid improvement.

By sector, the dwindling shipbuilding industry, which had been a major cause of manufacturing production and employment slowdown since 2016, has gradually been recovering. However, the slowdown in production in many industries, such as electronic/electrical components manufacturing including displays, manufacturing of basic metal products, processing of metals, and other machin-

ery industries, has led to a decline in employment in manufacturing and related industries. It is predicted that exports and production of major industries will continue to be sluggish in the second half of 2019<sup>5)</sup>. In addition, given the trade friction between the U.S. and China which may affect China's future growth, as well as Japan's export restrictions, Korea's employment market is facing a sharp rise in external uncertainties.

Some improvements in employment have been visible in the service sector in 2019. The human health and social work industry has been positively affected by the increase in demand caused by demographic structure and the expansion of the government's job creation project. Employment in accommodations and food services was supported to a certain degree by real economic flows such as changing preferences, recovery of the number of foreign visitors to Korea, and increasing household consumption. In the case of information and communications; and professional, scientific and technical activities, they have seen a slow but steady increase of employment, and will contribute to improving the employment in the service industry in the second half of 2019 if they maintain the current employment trend.

Considering the sectoral situations as described above, employment in the second half of 2019 may have some numerical improvement driven by the baseline effect of last year's rapid contraction, but it is hard to expect fundamental improvement of employment. Many economic institutions at home and abroad—Bank of Korea (2.2%), KDI (2.4%), OECD (2.4%) and IMF (2.6%)—are projecting that the current economic downturn will continue through the second half of 2019. The Bank of Korea continuously revised down its economic forecasts, and in July (the latest), its existing projection was revised further down by 0.3%p. They predicted a slower pace than last year in terms of demand, including private consumption (2.3%)

5) *Forecasts for Korea's 13 Major Industries in the second half of 2019* by Korea Institute for Industrial Economics & Trade (July 2019)

Table 5. Outlook for Labor Indicators in the Second Half of 2019

(Unit: %, thousand person)

	2018			2019		
	First Half	Second Half	Annual	First Half	Second Half p	Annual p
Economic growth rate	2.8	2.5	2.7	1.9	2.4	2.2
Population aged 15 or above	44,115	44,250	44,182	44,418	44,556	44,487
Economically active population	27,794	27,996	27,895	28,067	28,212	28,144
Labor force participation rate	63	63.3	63.1	63.2	63.3	63.3
Employed population	26,651	26,993	26,822	26,858	27,214	27,036
(rate of increase)	0.5	0.2	0.4	0.8	0.8	0.8
(number of increase/decrease)	142	53	97	207	221	214
Unemployed population	1,143	1,004	1,073	1,209	1,008	1,108
Unemployment rate	4.1	3.6	3.8	4.3	3.6	3.9
Employment rate	60.4	61	60.7	60.5	61.1	60.8
Economically inactive population	16,321	16,253	16,287	16,351	16,335	16,343

Note : \* indicates "flash estimates," p indicates "projected numbers." Economic growth rate was projected by the Bank of Korea and employment indicators were projected by KLI Center for Labor Trends Analysis.

Source : Statistics Korea, *Economically Active Population Survey*, raw data, each year;

The Bank of Korea, *National Accounts*, each issue;

The Bank of Korea (Jul. 2019), *Economic Outlook*.

and exports (0.6%). The bank also projected that facility investment (-5.5%) or construction investment (-3.3%) will make a modest recovery in H2 (2.3% and -1.3%, respectively) but those number are still sluggish in annual terms.

Based on the Bank of Korea's economic outlook, the number of employed persons in the second half of 2019 is expected to rise by 221,000 in the second half of 2019 and 214,000 in 2019 (annual). This projection reflects the baseline effect of last year's sluggish employment growth (97,000 persons); the impact of growth in population aged 15 to 64 that became apparent from the beginning of this year; the expansion of jobs for the elderly; and recent improvements in the service industry. Both unemployment and employment rates are expected to increase by 0.1%p

each year, respectively.

The ongoing trade friction between China and the U. S., the exclusion of Korea from Japan's white list, and the gradual contraction of the global economy may serve as downside risks, affecting the future economy and employment. On the other hand, aggressive monetary and fiscal policies of major countries could act as upside opportunities.

Lastly, the working age population of 15-to-64-year-olds, which declined in 2018, has been increasing since the first half of 2019, but this growth is unlikely to continue. Therefore, care should be taken when incorporating demographic effects for interpreting future employment indicators.