

## Financial Market Trends in November 2024

---

- **Treasury bond yields** fell sharply due to the emergence of concerns about the domestic economic slowdown after the U.S. presidential election, as well as to a Base Rate cut.
  - The **KOSPI** dropped significantly due to concerns over slowing domestic corporate earnings following the U.S. presidential election results, as well as to rising domestic political uncertainty since December.
  - **Bank lending to the household sector** grew by a substantially smaller margin in November (+3.8 trillion won in October 2024 → +1.9 trillion won in November), and growth in **bank lending to the corporate sector** also slowed significantly (+8.1 trillion won → +2.2 trillion won).
  - **Deposit-taking by banks** grew substantially in November (+8.4 trillion won in October 2024 → +18.9 trillion won in November), and **funds under management at asset management companies** remained on the rise (+29.6 trillion won → +8.7 trillion won).
-

## 1

## Interest Rates and Stock Prices

- Treasury bond yields fell sharply due to the emergence of concerns about the domestic economic slowdown after the U.S. presidential election, as well as to a Base Rate cut.
  - Major short-term interest rates fell substantially, influenced by a Base Rate cut (on November 28).\*
- \* Changes (bp) on the day of the November 28 Base Rate cut: -7 for Monetary Stabilization Bonds (91-day), -15 for CDs (91-day), -18 for CP (3-month).
- The KOSPI dropped significantly due to concerns over slowing domestic corporate earnings following the U.S. presidential election results, as well as to rising domestic political uncertainty since December.

### Major Interest Rates and KOSPI

	2021	2022	2023	Oct 2024 (A)	Nov	Dec 10 (B)	B - A
■ Treasury bonds (3-yr)	1.80	3.72	3.15	2.94	2.61	2.52	-0.42
■ Treasury bonds (10-yr)	2.25	3.73	3.18	3.10	2.75	2.65	-0.45
■ US. Treasury bonds (10-yr)	1.51	3.87	3.88	4.28	4.17	4.20 <sup>2)</sup>	-0.08
■ Corporate bonds (3-yr, AA) <sup>1)</sup>	2.41	5.20	3.89	3.50	3.20	3.17	-0.33
■ Corporate bonds (3-yr, A) <sup>1)</sup>	3.28	6.19	5.27	4.52	4.21	4.19	-0.33
■ Corporate bonds (3-yr, BBB) <sup>1)</sup>	5.86	8.73	7.92	6.93	6.58	6.55	-0.38
■ Monetary Stabilization Bonds (91-day) <sup>1)</sup>	1.00	3.53	3.46	3.05	2.98	2.97	-0.08
■ Bank debentures (3-month) <sup>1)</sup>	1.43	4.05	3.87	3.38	3.26	3.27	-0.11
■ CDs (91-day)	1.29	3.98	3.83	3.43	3.29	3.30	-0.13
■ CP (A1, 91-day)	1.56	5.28	4.32	3.54	3.39	3.42	-0.12
■ KOSPI	2,978	2,236	2,655	2,556	2,456	2,418	-138
■ KOSDAQ	1,034	679	867	743	678	662	-81

Notes: 1) Average yields on bonds rated by four private Korean credit rating agencies.

2) As of December 9, 2024.

## 2

## Household Loans

□ **Bank lending to the household sector** grew by a substantially smaller margin in November (+3.8 trillion won in October 2024 → +1.9 trillion won in November; +5.4 trillion won in November 2023).

○ Home mortgage lending grew by a much smaller margin (+3.6 trillion won → +1.5 trillion won) due to a slowdown in housing transactions in the Seoul metropolitan area, as well as to ongoing household lending management by banks.

※ Changes in leasehold deposit loans (trillion won): +0.6 in Sep 2024 → +0.4 in Oct → +0.1 in Nov (0.0 in Nov 2023).

○ Other loans continued to grow slightly, as in the previous month (+0.3 trillion won → +0.4 trillion won).

	June	July	Aug	Sep	Oct	Nov
▪ Apartment sale transactions (nationwide) <sup>1)</sup>	4.4	4.8	4.2	3.0	3.8	..
▪ Apartment sale transactions (Seoul metropolitan) <sup>1)</sup>	2.4	2.7	2.2	1.2	1.5	..
▪ Apartment sale transactions (Seoul) <sup>1)</sup>	0.8	0.9	0.6	0.3	0.4	..
▪ Apartment leasehold transactions (nationwide) <sup>1)</sup>	5.2	4.6	4.4	3.8	4.6	..
▪ New apartment sales (nationwide)	1.6	2.2	1.7	1.8	2.5	3.2
▪ Newly occupied apartments (nationwide)	2.6	2.0	3.2	2.6	3.0	3.5

Note: 1) Transaction volume (10,000s) as of the contract date, based on statistics compiled as of December 10, 2024, excluding cancelled contracts.

Sources: Ministry of Land, Infrastructure, and Transport, Real Estate 114.

### Household Loans<sup>1)</sup>

(changes during period, trillion won)

	2022		2023		2024			Outstanding amount (end-Nov 2024)	
	Jan-Nov	Nov	Jan-Nov	Nov	Jan-Nov	Sep	Oct		Nov
▪ <b>Household loans</b>	-2.9	-1.0	33.8	5.4	46.4	5.6	3.8	<b>1.9</b>	1,141.4
Loans secured by home mortgages <sup>2)</sup>	16.9	1.0	46.5	5.7	51.4	6.1	3.6	<b>1.5</b>	901.8
Other loans <sup>3)</sup>	-20.0	-2.1	-12.5	-0.4	-4.8	-0.5	0.3	<b>0.4</b>	238.5

Notes: 1) Based on depository banks (including trust accounts). Trust account lending is not included in sub-category figures. Including loans assigned to the Korea Housing Finance Corporation.

2) Including housing-related loans, such as loans for leasehold deposits, moving expenses, and intermediate payments that are not collateralized by real estate.

3) Consisting of general unsecured loans, credit line loans (overdrafts on accounts), loans collateralized by commercial real estate (shopping centers, etc.), and other loans (time deposits/installment savings-backed loans, stock-backed loans, etc.).

## 3

## Corporate Funding

- Growth in **bank lending to the corporate sector** slowed significantly in November (+8.1 trillion won in October 2024 → +2.2 trillion won in November; +7.3 trillion won in November 2023).
  - Bank lending to SMEs grew by a much smaller margin (+5.3 trillion won → +2.0 trillion won), affected largely by a contraction in major banks' lending activities.
  - Bank lending to large corporations grew only slightly (+2.9 trillion won → +0.2 trillion won), due chiefly to decreased demand for funds stemming from external uncertainty and funding through corporate bond issuance.
- A slight net issuance of **corporate bonds** continued as in the previous month (+0.6 trillion won in October 2024 → +0.7 trillion won in November; -0.9 trillion won in November 2023), affected chiefly by increased investment demand and declines in issuance rates due to Base Rate cuts.
  - There were net redemptions of CP and short-term bonds (-1.5 trillion won → -0.6 trillion won), led by blue-chip companies.

### Corporate Funding

(changes during period, trillion won)

	2022		2023		2024			Nov	Outstanding amount (end-Nov 2024)
	Jan-Nov	Nov	Jan-Nov	Nov	Jan-Nov	Sep	Oct		
■ <b>Bank loans</b> <sup>1)</sup>	114.1	10.5	83.4	7.3	78.8	4.3	8.1	<b>2.2</b>	1,326.6
(Large firms)	43.6	6.5	34.0	1.5	31.0	0.8	2.9	<b>0.2</b>	278.8
(SMEs)	70.5	4.0	49.4	5.8	47.8	3.5	5.3	<b>2.0</b>	1,047.7
<Small and medium-sized corporations>	50.0	3.7	40.9	4.9	41.3	3.3	4.9	<b>1.5</b>	591.0
<SOHOs>	20.5	0.3	8.5	0.9	6.5	0.3	0.3	<b>0.4</b>	456.7
■ <b>Corporate bonds (net)</b> <sup>2)</sup>	-6.5	-1.1	-1.2	-0.9	0.4	-1.3	0.6	<b>0.7</b>	-
■ <b>CP, short-term bonds (net)</b> <sup>3)</sup>	22.0	3.3	3.5	-2.1	2.5	1.1	-1.5	<b>-0.6</b>	58.0
■ <b>Stocks</b> <sup>4)</sup>	21.2	0.6	10.5	3.4	7.0	0.1	0.8	<b>0.4</b>	-

Notes: 1) Based on Korean won-denominated loans at depository banks (including trust accounts).

2) Based on bonds (including P-CBOs, but excluding ABSs) issued through public offerings.

3) Based on general companies. 4) Combined total of KOSPI and KOSDAQ markets.

## 4

## Flow of Funds

- **Deposit-taking by banks** grew substantially in November (+8.4 trillion won in October 2024 → +18.9 trillion won in November), led by time deposits.
  - Time deposits increased (+14.4 trillion won → +8.0 trillion won), driven by corporate funds, as banks worked to attract funds in response to a large volume of deposits reaching maturity.
  - Transferable deposits shifted to an increase (-12.5 trillion won → +5.9 trillion won), boosted largely by temporary deposits of local government funds.
- **Funds under management at asset management companies** remained on the rise (+29.6 trillion won in October 2021 → +8.7 trillion won in November).
  - Deposits into MMFs increased slightly (+17.5 trillion won → +1.9 trillion won), due chiefly to their relatively favorable yields following short-term interest rate declines.
  - Inflows into bond-type funds (+5.6 trillion won → +2.0 trillion won) and other funds (+4.8 trillion won → +4.5 trillion won) continued.

### Deposits at Major Financial Institutions

(changes during period, trillion won)

	2022		2023		2024			Nov	Outstanding amount (end-Nov 2024)
	Jan-Nov	Nov	Jan-Nov	Nov	Jan-Nov	Sep	Oct		
■ <b>DMBs</b> <sup>1)</sup>	125.5	9.5	62.3	28.4	95.2	18.9	8.4	<b>18.9</b>	2,418.1
(Transferable deposits) <sup>2)</sup>	-116.4	-19.6	-43.0	6.0	-9.3	11.0	-12.5	<b>5.9</b>	889.1
(Time deposits)	215.3	27.7	47.6	13.7	92.5	6.3	14.4	<b>8.0</b>	1,061.5
(CDs)	10.8	-1.5	32.0	3.4	-11.1	-1.6	-2.3	<b>-0.9</b>	60.1
(Bank debentures)	10.3	-1.2	12.1	11.5	25.4	7.2	7.5	<b>5.1</b>	338.7
■ <b>AMCs</b> <sup>3)</sup>	49.0	8.9	110.6	14.3	140.5	-14.6	29.6	<b>8.7</b>	1,065.3
(MMFs)	19.3	6.3	38.9	-2.5	25.8	-19.3	17.5	<b>1.9</b>	195.6
<Corporations>	27.6	7.8	37.7	-2.4	23.3	-19.2	17.6	<b>1.4</b>	177.9
(Bond-type)	-12.2	-3.0	16.6	3.8	41.4	-0.3	5.6	<b>2.0</b>	177.9
(Stock-type)	0.9	2.0	11.0	4.9	17.0	1.2	1.3	<b>0.2</b>	120.5
(Mixed-type)	-3.1	-0.5	-3.3	-0.3	5.4	0.3	0.3	<b>0.1</b>	29.1
(Other) <sup>4)</sup>	44.1	4.1	47.5	8.5	50.9	3.5	4.8	<b>4.5</b>	542.2

Notes: 1) Excluding deposits of banks, the central government, and non-residents.

2) Including demand deposits.

3) Including private equity funds at securities companies.

4) Derivative funds, real estate funds, funds of funds, special asset funds, and multi-asset funds.

<Ref 1>

## Household Loans and Corporate Funding

(changes during period, trillion won)

	Jun 2024	Jul	Aug	Sep	Oct	Nov	Outstanding amount (end-Nov 2024)
<b>Household loans<sup>1)</sup></b>	5.9	5.4	9.2	5.6	3.8	1.9	1,141.4
Loans secured by home mortgages <sup>2)</sup>	6.2	5.6	8.2	6.1	3.6	1.5	901.8
Other loans <sup>3)</sup>	-0.3	-0.1	1.1	-0.5	0.3	0.4	238.5
<b>Corporate loans<sup>1)</sup></b>	5.3	7.8	7.2	4.3	8.1	2.2	1,326.6
Large corporations	0.7	4.4	1.9	0.8	2.9	0.2	278.8
SMEs	4.6	3.4	5.3	3.5	5.3	2.0	1,047.7
<Small and medium-sized corporations>	4.4	2.5	4.5	3.3	4.9	1.5	591.0
<SOHOs>	0.3	0.8	0.8	0.3	0.3	0.4	456.7
<b>Net issuance of corporate bonds<sup>4)</sup></b>	-1.7	-1.9	-0.5	-1.3	0.6	0.7	-
<b>Net issuance of CP, short-term bonds<sup>5)</sup></b>	-1.6	0.8	-1.1	1.1	-1.5	-0.6	58.0

Notes: 1) Based on depository banks (including trust accounts).

2) Excluding trust accounts. Including housing-related loans, such as loans for leasehold deposits, moving expenses, and intermediate payments that are not collateralized by real estate.

3) Consisting of general unsecured loans, credit line loans (overdrafts on accounts), loans collateralized by commercial real estate (shopping centers, etc.), and other loans (time deposits/installment savings-backed loans, stock-backed loans, etc.).

4) Based on bonds (including P-CBOs, but excluding ABSs) issued through public offerings.

5) Based on general companies.

<Ref 2>

## Deposits at Financial Institutions

(changes during period, trillion won)

	Jun 2024	Jul	Aug	Sep	Oct	Nov	Outstanding amount (end-Nov 2024)
<b>Bank accounts<sup>1)</sup></b>	26.4	-30.7	21.5	18.9	8.4	18.9	2,418.1
Demand deposits less uncleared checks & bills	10.6	-14.5	10.8	1.6	-9.7	5.1	306.6
Time & savings deposits	25.6	-14.4	17.7	17.3	12.7	9.5	1,709.7
(Time deposits)	-2.5	15.3	14.1	6.3	14.4	8.0	1,061.5
(Transferable deposits)	26.2	-31.7	2.7	9.3	-2.8	0.8	582.5
CDs + RPs + Cover bills	-5.5	2.8	-5.3	-7.2	-2.1	-0.8	63.1
Bank debentures	-4.3	-4.6	-1.8	7.2	7.5	5.1	338.7
<b>Asset management companies<sup>2)</sup></b>	-2.5	34.4	-0.9	-14.6	29.6	8.7	1,065.3
MMFs	-16.1	15.6	-7.6	-19.3	17.5	1.9	195.6
Bond investment trusts	1.1	12.2	4.1	-0.3	5.6	2.0	177.9
Stock investment trusts	4.8	0.5	-0.1	1.2	1.3	0.2	120.5
Mixed-type investment trusts	0.5	0.5	0.6	0.3	0.3	0.1	29.1
Other <sup>3)</sup>	7.1	5.6	2.1	3.5	4.8	4.5	542.2
<b>Money in trust funds</b>	-13.1	14.7	1.1	-17.4	17.8	3.7	395.5
Specific money in trusts	-14.6	14.5	0.8	-18.2	17.0	1.6	192.2
<b>Merchant banking corporations</b>	-0.2	1.0	-0.3	-0.9	0.5	0.2	22.7
Bills issued	-0.8	1.5	0.0	-1.4	0.7	-0.3	16.3
CMAAs	0.6	-0.5	-0.3	0.5	-0.2	0.5	6.4
(Bills sold)	-0.4	0.2	0.0	-0.5	1.2	-0.9	24.4
<b>Postal savings</b>	0.6	0.7	0.6	-0.4	-0.1	-0.4	87.2
<b>Deposits at securities companies</b>	2.1	-2.2	-2.2	4.7	-6.2	1.7	52.3

Notes: 1) Excluding deposits from banks, the central government, and non-residents.

2) Including private equity funds at securities companies.

3) Derivative funds, real estate funds, funds of funds, special asset funds, and multi-asset funds.