



BANK OF KOREA

PRESS RELEASE

FOR IMMEDIATE RELEASE

January 15, 2026

Monetary Policy Decision

The Monetary Policy Board of the Bank of Korea decided today to leave the Base Rate unchanged at 2.50% for the intermeeting period.

(Attachment)

The Monetary Policy Board of the Bank of Korea decided today to leave the Base Rate unchanged at 2.50% for the intermeeting period. Along with inflation expected to stabilize gradually, economic growth continues to improve and risks to financial stability also remain. The Board, therefore, judged that it is appropriate to maintain the current level of the Base Rate while assessing developments in the domestic and external policy environments.

The currently available information suggests that, despite the impact of the tariff policies of the United States, the global economy is expected to maintain moderate growth, supported by expansionary fiscal policies in major economies and by continued AI-related investment. Inflation trajectories are expected to diverge across countries. In global financial markets, long-term government bond yields increased on the back of weakening expectations of additional rate cuts and concerns about fiscal soundness in major economies. The US dollar weakened, and then strengthened, influenced by better than expected US economic indicators. Stock prices continued their upward trend on expectations of an improvement in corporate earnings. Looking ahead, the global economy and financial markets will be influenced by changes in the monetary and fiscal policies in major economies, and by the global trade environment and geopolitical risks.

In terms of the domestic economy, despite sluggishness in construction investment, growth has continued its improvement trend, supported by a sustained recovery in consumption and by continued export growth. The increase in the overall number of employed persons has continued to grow, led by the service sector. Going forward, exports are projected to remain favorable due to the strong semiconductor sector, and domestic demand is also expected to sustain its improvement trend, led by a continued recovery in consumption and by easing sluggishness in construction investment. The growth rate is expected to be broadly consistent with the November forecast of 1.8% for this year. However, upside risks are judged to have increased somewhat, reflecting the accelerating upward trend in the semiconductor sector and the stronger than expected growth in major economies.

Consumer price inflation declined slightly to 2.3% in December, reflecting a slower increase in the prices of agricultural, livestock, and fisheries products, despite a faster rise in petroleum product prices. Core inflation (excluding food and energy) remained unchanged from the previous month at 2.0%. Short-term inflation expectations among the general public remained the same as the previous month at 2.6%. Looking ahead, inflation is expected to gradually decline to the 2% level supported by stable global oil prices, although the elevated exchange rate is likely to exert upward pressure. Both headline and core inflation for this year are expected to be generally consistent with the November forecast of 2.1% and 2.0%, respectively. The future path of inflation is likely to be affected by movements in the exchange rate and global oil prices, by economic conditions at home and abroad, and by the government's price stabilization measures.

In financial and foreign exchange markets, the Korean won to US dollar exchange rate declined sharply following foreign exchange market stabilization measures, but subsequently rose again to the mid- to upper 1,400 won range driven by US dollar strength, Japanese yen weakness, heightened geopolitical risks, and continued investment overseas by residents. Korean Treasury bond yields rose significantly as expectations of the Base Rate cut weakened, but later declined somewhat. Stock prices increased sharply on expectations of stronger earnings in major sectors, including semiconductors. Household loans continued their slowing trend, led by a slowdown in the increase of housing-related loans and by a net repayment of other loans, while housing prices in Seoul and its surrounding areas continued to rise at a high pace.

The Board will continue to conduct monetary policy in order to stabilize consumer price inflation at the target level over the medium-term horizon as it monitors economic growth while paying attention to financial stability. The domestic economy has continued on an improving growth trend, with upside risks to the growth path having increased somewhat. Inflation is

expected to gradually decline, although the elevated exchange rate remains a source of upside risk. Regarding financial stability, risks still remain related to housing prices in Seoul and its surrounding areas, to household debt, and to the heightened exchange rate volatility. Therefore, the Board will make its policy decisions, amid supporting a recovery in economic growth, while closely monitoring changes in domestic and external policy conditions and the resulting impact on inflation dynamics and financial stability developments.