



BANK OF KOREA

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 27, 2025

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 having risen somewhat, the economy continues to improve, driven by consumption and exports, while uncertainty in the growth outlook continues, and risks to financial stability also remain. The Board, therefore, judged that it is appropriate to maintain the current level of the Base Rate and to assess domestic and external policy conditions.

The currently available information suggests that although the global economy is expected to slow due to the tariff policies of the United States, the pace of the slowdown is projected to be gradual, supported by eased U.S.-China trade tensions and by expansionary fiscal policies in major economies. Inflation trajectories are expected to diverge across countries. In global financial markets, long-term Treasury yields and the U.S. dollar index rose, and then partially reversed, influenced by the changes in expectations of the U.S. Federal Reserve rate cuts and by fiscal conditions in major countries. Stock prices continued their upward trend and then underwent a correction due to concerns about overvaluation in the AI sector. Looking ahead, the global economy and financial markets will be influenced by changes in monetary and fiscal policies in major economies and by the global trade environment.

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, but some major industries, such as manufacturing, have continued to decline in employment. Going forward, domestic demand is expected to sustain its recovery, led by consumption. Although export growth is expected to slow somewhat, it is likely to remain better than expected, supported by the strong semiconductor sector and the conclusion of Korea-U.S. tariff negotiations. Consequently, the growth rate is forecast at 1.0% for this year and at 1.8% for the next year, both higher than the August projections of 0.9% and 1.6%, respectively. Nevertheless, the future path of economic growth is judged to be subject to high uncertainties related to the global trade environment, developments in the semiconductor sector, and the pace of recovery in domestic demand.

Inflation rose in October, with the consumer price and core inflation rates (excluding food and energy) at 2.4% and 2.2%, respectively, influenced by higher prices for travel-related services and agricultural, livestock, and fishery products, as well as by a faster rise in petroleum product prices due to elevated exchange rates. Short-term inflation expectations among the general public remained at 2.6% in November, the same as in October. Looking ahead, although inflation is projected to gradually decline to the 2% level due to stable global oil prices, it is expected to remain somewhat above the previously forecast path, influenced by the elevated exchange rate and a sustained recovery in domestic demand. As a result, consumer price inflation is forecast to be 2.1% for this year, above the August forecast of 2.0%, and core inflation is expected to be consistent with the previous forecast of 1.9%. Also, consumer price inflation and core inflation are forecast to be 2.1% and 2.0%, respectively, in next year, both above the previous forecast of 1.9%. The future path of inflation is likely to be affected by economic conditions at home and abroad, by movements in exchange rates and in global oil prices, and by the government's price stabilization measures.

In financial and foreign exchange markets, the volatility of major price variables has increased. The Korean won to U.S. dollar exchange rate rose to the mid- to upper 1,400 won range due to factors such as an increase in residents' overseas securities investment and net sales of domestic stocks by foreign investors. Also, Korean Treasury bond yields increased due to changes in domestic monetary policy expectations. Stock prices continued to rise on the back of a strong semiconductor sector, before undergoing a correction. The increase in household loans has accelerated, led by other loans. Housing price increases and transaction volumes have slowed in Seoul and its surrounding areas, but expectations of rising housing prices still remain high.

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. Regarding the domestic economy, although the growth forecast has been revised upward, there remain both upside and downside risks in its future path, and inflation has been somewhat higher than expected. Regarding financial stability, it is necessary to remain cautious about risks associated with housing prices in Seoul and its surrounding areas, with household debt, and the impact of heightened exchange rate volatility. Therefore, while leaving room for potential rate cuts, the Board will decide whether and when to implement any further Base Rate cuts while closely monitoring changes in domestic and external policy conditions and examining the resulting impact on economic growth, inflation, and financial stability.