

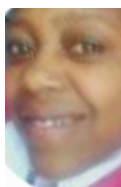


South Korean Economy Remains Resilient Despite Escalating Tensions in The Korean Peninsula

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The escalating tensions on the Korean peninsula have been a cause of concern for many global powers. However, for South Korea, a country that appears to be at the epicenter of this diplomatic storm, things appear to be smooth sailing on the economic front.

Data released by the government

showed that economic growth for the third quarter was the fastest reported over the last seven years. Analysts are also upbeat that this momentum will hold despite the continued saber-rattling between US president Donald Trump and North Korean leader Kim Jong Un.

Analysts at Capital Economics observed that there are clear indicators that show the South Korean economy will continue to grow as long as a military confrontation with the North is avoided. Analysts are betting on

increased government spending, improved global trade, and a significant increase in the country's minimum wage as some of the key economic drivers in the near term.

Investor sentiment towards South Korean stocks has also been relatively good compared to other countries in Asia Pacific. The benchmark Kospi Index is already up 22% since the beginning of 2017. The momentum is expected to continue until the end of the year. Samsung stocks have yet again proved key in the market.

◀ The Samsung Note 7 problems and corruption convictions of Samsung's leader were some of the low points for the Korean tech giant in 2016. But things have since picked up. Samsung's stocks are up 45% already this year.

Flare ups between Donald Trump and Kim Jong Un have affected many markets around the world. However, there is almost an immediate recovery. Investors are becoming accustomed to the situation in the peninsula and it's only a matter of time before it becomes a new normal. As long as a direct military confrontation is avoided, the tough talk between the two leaders is likely to have a less significant net effect on global stock markets than earlier anticipated.

Despite this resilience, South Korea is still facing a number of challenges. For example, the

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deployment of US missile defense system in the South has rubbed China the wrong way. China is the largest Korean trading partner. Any potential fallout in relations could have negative effects on the Korean economy. Korean firms operating in China may also have a hard time doing their business. There has also been a sharp drop in the number of Chinese tourists coming into South Korea.

Data released by the government indicated that the economy grew

1.4% in the third quarter. The data also showed that exports grew 6.1% too. However, analysts believe that the government must put in place measures to address the high household debt. Although an increase in minimum wage may have an effect in alleviating this situation, more still needs to be done.

Investing In the Korean Stock Market

In case you are looking to cash in on the resilience of the Korean economy you can invest on its stock market. The best way to trade shares of Korean companies is through an investment vehicle. The [Asia Pacific Fund](#) offers you this opportunity. The Fund gives foreign investors a chance to invest in the KOSPI using a managed portfolio. To get in, you will need to buy the Fund's stocks on the NYSE under the ticker symbol APB.