트레이드 렌즈
TRADE LENS

Focus on what matters.

MACRO INSIGHT / No.10

BALANCE OF PAYMENTS · CAPITAL FLOWS · CONVERSION · KRW

Korea's $61.5bn Surplus Paradox

Abundant dollars, yet why is the won weak?

From current income and foreign assets to actual spot-dollar supply

$61.46bn	$30.44bn	1,356.6
Sep current account · preliminary [1]	Sep net portfolio assets · calculated [3]	USD/KRW · 6 Nov, 15:30 [6]

The surplus is large.
Where the dollars go shapes the won.

Separate September's appreciation from November's reversal, then trace income, retention and conversion to assess the surplus's support—and limits.

ANALYSIS DATE 7 NOV 2026

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MACROECONOMICS · EXTERNAL ASSETS · FX FLOWS

01 / RESEARCH VIEW

A surplus is a buffer, not an FX guarantee

The key question is not only how much is earned, but who converts it into won and when.

TradeLens conclusion

The surplus strengthens Korea's external-payment base. Yet retaining foreign currency in overseas assets or domestic FX deposits does not generate an equal spot-dollar sale. The base case is **two-way volatility between a trade-income buffer and shifting financial demand**, not guaranteed won appreciation.

Observation	What it means
September surplus: $61.46bn [1]	A large external earnings flow; not a same-day conversion order.
USD/KRW fell during September [4] [5]	The surplus can support the won; that channel is not absent.
USD/KRW rose KRW14.5 on 6 Nov [6]	A monthly surplus can coexist with a daily risk-off reversal.

The analytical chain

First align the surplus with the observation window. Then trace asset acquisition, FX retention and conversion. Separate the cost of borrowing dollars from the spot price of buying them. Finally test conversion, capital inflows and funding conditions together.

The available observations do not identify a precise contribution from exports, overseas investment or interest rates to each currency move. The report therefore tests mechanisms and reversal conditions rather than assigning unsupported causal percentages.

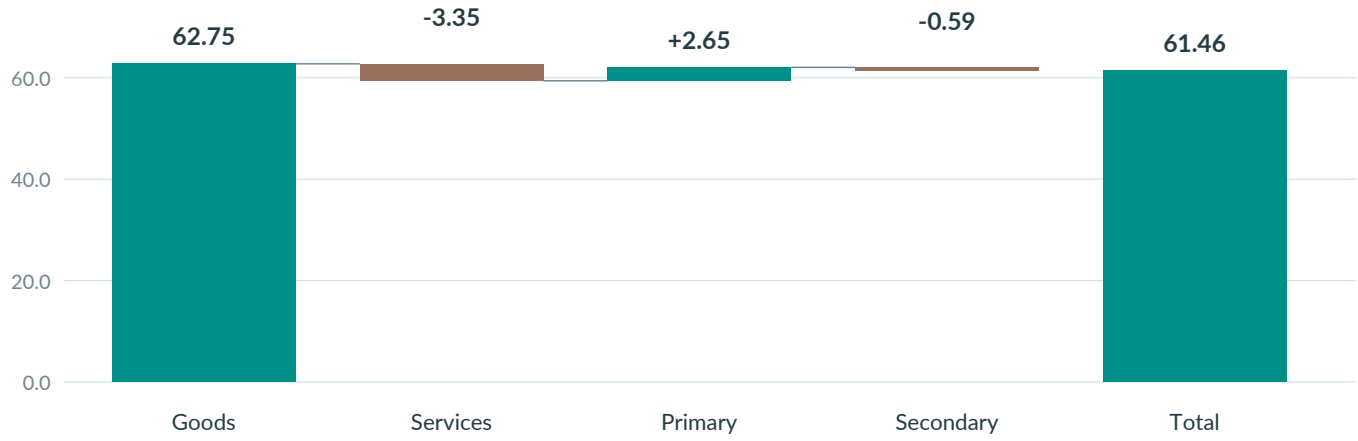
Reading map: pp.3–4 evidence; pp.5–10 transmission; pp.11–13 economic effects and policy; pp.14–15 outlook and monitoring.

02 / CURRENT-ACCOUNT BASELINE

The goods balance drives the $61.5bn surplus

September 2026 preliminary data. The title rounds $61.46bn to $61.5bn.

September current-account composition USD bn



Account	USD bn	Role
Goods	+62.75	Exports less imports
Services	-3.35	Net service payments
Primary income	+2.65	Net income including dividends and interest
Secondary income	-0.59	Net current transfers
Current account	+61.46	Sum of the four components

62.75 − 3.35 + 2.65 − 0.59 = 61.46, in USD bn. Components follow the published summary of BOK data. [1] [3]

The goods balance is 102.1% of the current-account surplus because the other components sum to −$1.29bn. This ratio is neither a repatriation rate nor a conversion rate. The size of external earnings and the size of market orders are different quantities.

> **TradeLens interpretation**
>
> Goods earnings underpin the September surplus. They support the currency's fundamentals, while subsequent treasury and investment decisions determine how much becomes demand for won.

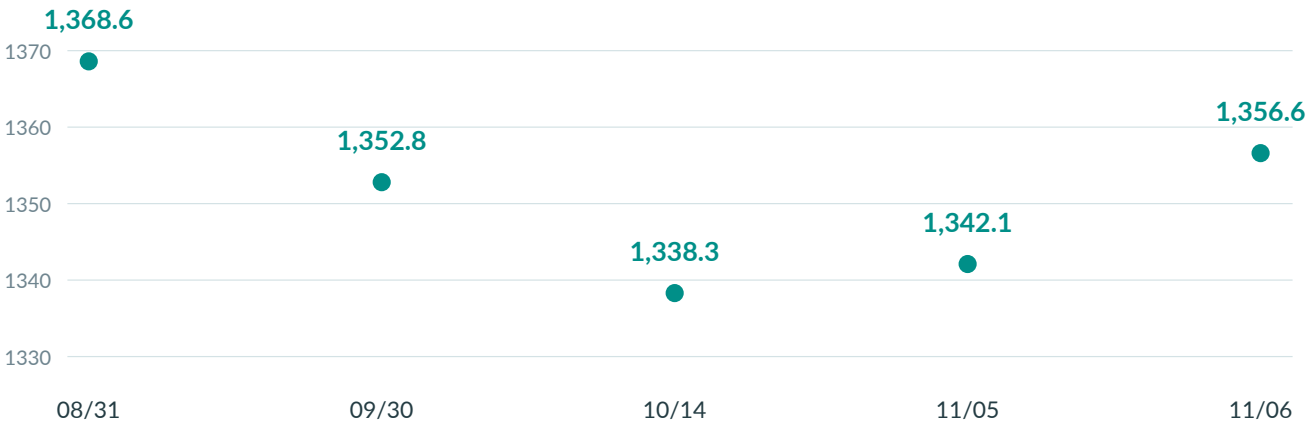
03 / TIME-ALIGNED FX EVIDENCE

The won strengthened in September, then reversed

A rise in USD/KRW means a weaker won. Monthly, interval and daily moves are distinct.

USD/KRW at selected dates

KRW per USD · selected observations



Equally spaced observations; no path is interpolated

Window	USD/KRW change	Won value*
31 Aug → 30 Sep	1,368.6 → 1,352.8 / −1.15%	+1.17%
30 Sep → 6 Nov	1,352.8 → 1,356.6 / +0.28%	−0.28%
5 Nov → 6 Nov	1,342.1 → 1,356.6 / +1.08%	−1.07%

*Won return against USD = earlier USD/KRW ÷ later USD/KRW − 1. The 6 Nov observation is at 15:30; 5 Nov is derived as 1,356.6 − 14.5. Selected observations, not a daily series. [5] [6]

The evidence does not support a claim that the won was weak throughout the record-surplus month. BOK's later review cited exporter dollar sales among the forces lowering USD/KRW. A November reversal does not negate that earlier channel. [4]

> **The precise question**
>
> The puzzle is not that the surplus has no effect, but why it fails to guarantee persistent appreciation. One month's earnings cannot determine every subsequent trading day.

04 / FROM EARNINGS TO CONVERSION

Between export earnings and a spot-dollar sale

Recording a transaction, receiving cash, retaining currency and converting it are separate steps.

01	>	02	>	03	>	04
Transaction		**Receipt**		**Allocation**		**Conversion**
Goods / services / income		Settlement timing		Spend / retain / invest		Domestic won needs

Recorded income and a market purchase of won occur at different endpoints. [10] [12] [13]

Use of dollars	Connection to demand for won
Domestic KRW costs	Conversion may fund wages, taxes or won liabilities.
USD inputs or USD debt	Using dollars directly can avoid a new spot trade.
FX deposits or overseas assets	Conversion can be deferred or forgone for a long period.
Settlement of an existing hedge	FX risk may have been transferred before cash receipt.

BOP data record resident–nonresident transactions in USD equivalents; the reporting currency need not be the settlement currency. Recording and settlement can also differ in timing. Retained affiliate profits can create a gap between recorded income and FX cash available for domestic use. [10] [13]

Why no conversion ratio is invented

Treasury needs, hedges, foreign-currency costs and investment plans differ across firms. A surplus and a deposit-stock change alone cannot identify the share left unconverted: the measures cover different transactions, balances and currencies.

> **Analytical focus**
>
> Ask not only whether dollars arrived, but whether they were sold to fund won expenses. Settlement currency and intended use change the strength of FX transmission.

05 / FINANCIAL-ACCOUNT CHANNEL

Outward investment and foreign sales are distinct

September financial account: distinguish asset acquisition from liability reduction.

BOP category	USD bn	Meaning
Resident outward direct investment	+11.43	External direct-investment assets increase.
Nonresident inward direct investment	+6.52	External direct-investment liabilities increase.
Resident outward portfolio investment	+16.63	Foreign securities assets increase.
Nonresident inward portfolio investment	−13.81	Domestic securities liabilities decrease.

Details from the published summary of BOK data. Assets and liabilities refer to external positions. [3]

Two contributions to net portfolio-asset acquisition



16.63 + 13.81 = $30.44bn · Not net spot-dollar purchases

Net portfolio-asset acquisition is 16.63 − (−13.81) = $30.44bn. This accounting flow combines asset acquisition and liability reduction; it is not a measurement of same-day net spot-dollar purchases.

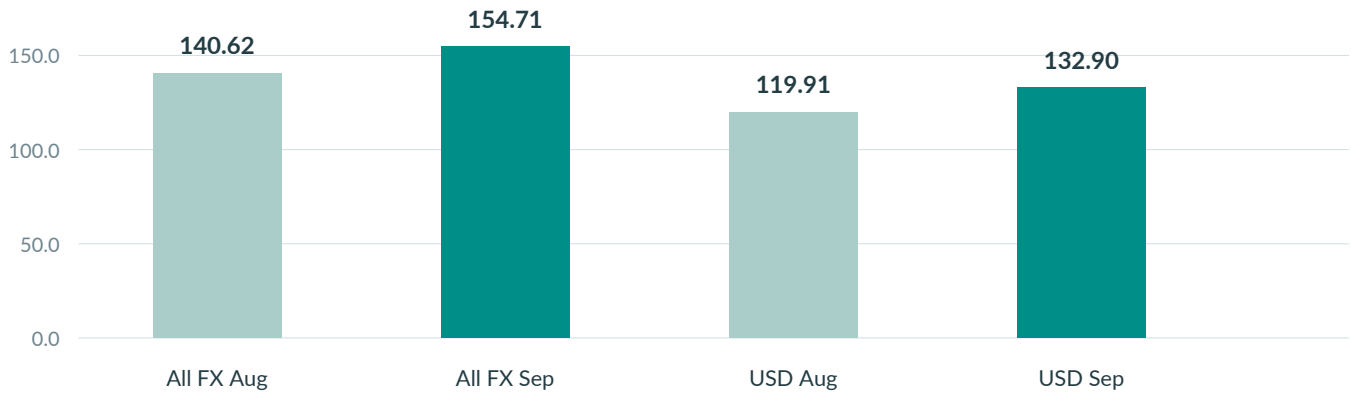
> **External asset accumulation is the counterpart**
>
> The full financial account records a $54.34bn increase in net assets. Subtracting it from the surplus does not reveal “dollars left at home.” Statistical identities—including the capital account and errors and omissions—are not a spot-order ledger. [2]

06 / DEPOSIT RETENTION

FX deposits are a clue to retention, not a conversion meter

Separate end-month stocks from monthly changes, and USD from all foreign currencies.

Change in resident FX-deposit stocks USD bn



Observation	End-September / monthly change
All FX deposits	$154.71bn / +$14.09bn
USD deposits	$132.90bn / +$12.99bn
USD share of total deposit increase	92.2% / TradeLens calculation

August stocks are derived by subtracting reported changes. All-currency balances are USD equivalents and may include valuation effects on non-USD deposits. [7] [8]

Export receipts and securities-related customer funds were among the reported drivers. The increase cannot all be attributed to exporters avoiding conversion. It nevertheless makes the timing between income generation and spot supply an important question. [8]

> **Avoid double counting**
>
> A resident's deposit at a domestic bank is not itself a cross-border transaction. If the bank places the funds abroad, an external asset arises elsewhere in the chain. Adding the deposit increase and external asset acquisition as independent outflows can double count.

07 / TWO DOLLAR MARKETS

Easy dollar funding need not mean a stronger won

A holder willing to lend dollars need not be willing to sell the currency exposure.

Dimension	Spot FX	Dollar funding / swaps
Economic question	Which currency should be held?	How should dollars be financed over a period?
Main prices	USD/KRW exchange rate	Swap rate, interest differential and basis
Dollar holder's choice	Sell dollars and hold won	Lend dollars and receive dollars back later
Key risks	Currency moves	Rollover, liquidity and counterparty risk

BOK's January 2026 explanation distinguished abundant dollar lending from strong demand to buy dollars outright. It is a historical illustration of the mechanism, not a November reading of funding spreads or liquidity. [11]

Spot

Hold USD → sell USD → hold KRW

Changes the currency exposure

Funding

Provide USD → term → receive USD

Changes funding and maturity exposure

What would change the risk diagnosis?

A higher spot rate alone does not diagnose a dollar-funding crisis. Rising funding premia, shorter maturities, larger collateral demands and failed refinancing would be stronger evidence. Stable funding would instead point toward currency-allocation demand and price adjustment.

> **TradeLens view**
>
> A surplus, deposits and the spot exchange rate are not one composite measure of dollar scarcity. Separating purchases from borrowing explains why abundant funding can coexist with a higher spot-dollar price.

08 / STRUCTURAL CHANGE

Who accumulates the surplus changes its FX effect

External asset accumulation is a long-term buffer on a different clock from spot demand.

BOK's April 2026 research describes a shift from public reserve accumulation toward private portfolio assets. Separating goods shocks from financial shocks shows why a larger surplus can coexist with different currency responses. This is structural evidence, not an attribution of the 6 November move. [9]

Route to a larger surplus	Associated force	Implication
Export competitiveness and receipts	Conversion to finance won expenses	Surplus and won strength can coincide.
Foreign-asset preference / weak investment	Savings allocated overseas; USD retained	Surplus and won weakness can coincide.
Income on accumulated foreign assets	Repatriation or reinvestment abroad	Income alone does not reveal conversion.

Reinvested earnings are not cash remittances

When an overseas affiliate reinvests profits rather than distributing them, income and external assets can rise without cash arriving for domestic conversion. BOK's June study therefore distinguishes income growth from the share reinvested abroad. [10]

Illustration: a wholly owned foreign affiliate retains 10 units

Income recorded +10 / Foreign direct-investment asset +10 / Remittance 0

Two statistical entries for the same profit; the illustration assumes no domestic spot sale.

The new question

Overseas investment builds assets that can generate future income; it is not all capital flight. Its support for the won depends jointly on income earned and the proportion returned and converted at home.

09 / MARKET TRANSMISSION

Foreign selling is not an FX attribution coefficient

Align statistical scope before combining rates, risk appetite, hedges and market depth.

Two September statistics	Reported value	Appropriate use
BOP portfolio-liability change [3]	−$13.81bn	Financial-account analysis
Foreign securities flows in the FX-market review [5]	−$19.97bn	Flows under that review's definition

Do not add these measures or treat the gap as "missing foreign selling." They differ in coverage and recording; this report does not invent a numerical reconciliation.

Rates / returns

Relative asset preferences

Risk appetite

Withdrawal and liquidity demand

Hedges / settlement

Timing of market orders

Market depth

Price impact of a given order

Asset prices both respond to and influence flows. A foreign investor selling securities may retain won or buy another domestic asset, rather than purchase dollars in full. A resident buying foreign securities may pay with existing FX balances.

> **Trace transmission, not just correlation**
>
> Banks adjust net customer positions in the interbank market. The same sale can have different price effects depending on offsetting orders and depth. A causal decomposition requires evidence beyond coincident foreign selling. [12]

10 / ILLUSTRATIVE CONVERSION SENSITIVITY

Identical receipts can generate different spot supply

Illustration only: neither a reconstruction of the BOP nor an estimate of actual conversion.

Assume a group of firms receives 100 units of dollars and uses 40 for dollar payments or debt repayment. A share q of the remaining 60 is converted into won; D is a separate investor group's otherwise unfunded spot-dollar demand. Other trades and bank responses are held constant.

Comparison balance = 60q − D

Illustration, not actual statistics

Conversion q	D = 25	D = 40	D = 55
30%	-7	-22	-37
60%	+11	-4	-19
90%	+29	+14	-1

Calculation: spot-dollar sales = 60q; comparison balance = 60q − D. Units are arbitrary dollar units. Positive means more sales; negative means more demand within the model—not a forecast of the exchange rate.

What the illustration changes

At D=40, the balance is −22 if q is 30%, but +14 if q is 90%. Identical receipts alone therefore cannot fix the direction of pressure. In real markets, exchange-rate changes also alter exporters' and investors' decisions.

> **Do not substitute national statistics**
>
> The $61.46bn surplus is not the model's gross receipt of 100. Multiplying net current income by an assumed conversion ratio and deducting overseas investment would not reconstruct actual spot demand.

11 / WHO BEARS THE FX EFFECT

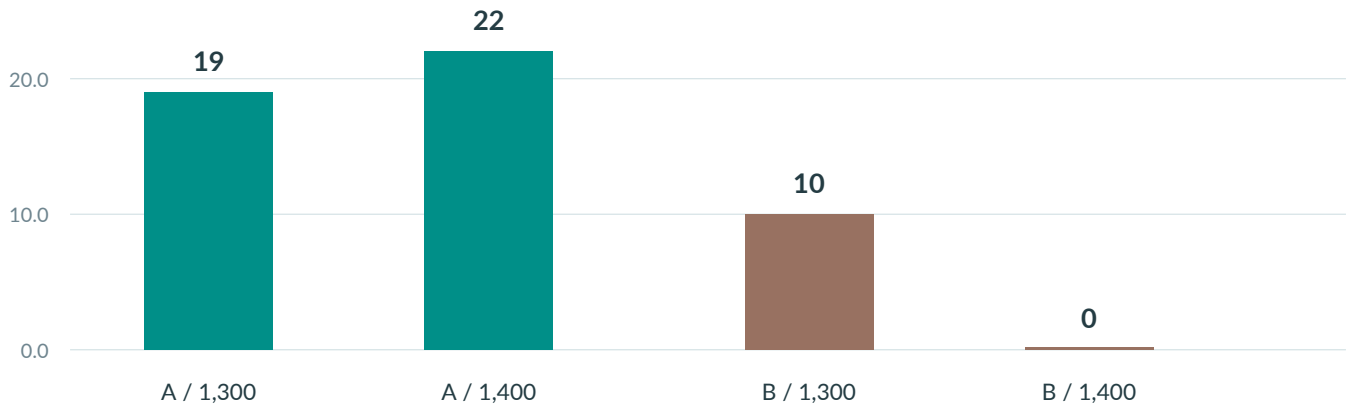
The same depreciation can have opposite profit effects

Illustration with fixed prices, volumes and local costs; not a company forecast.

Illustrative firm	USD revenue	USD costs	KRW revenue / local costs
Net exporter A	$100m	$70m	None / KRW20bn
Importer B	None	$100m	KRW150bn / KRW10bn

Illustrative operating profit at two exchange rates

KRW bn



A profit = ($100m − $70m) × FX − KRW20bn. B profit = KRW150bn − $100m × FX − KRW10bn. No hedges, tax, finance costs, price pass-through or volume response.

As USD/KRW rises from 1,300 to 1,400, A's profit rises from KRW19bn to KRW22bn, while B's falls from KRW10bn to zero. Net dollar operating exposure and hedges provide a sharper test than the label "exporter."

Connect accounting to payment needs

A higher won translation value of a foreign asset is not a won cash inflow. Dollar borrowers must also fund repayment when due. The incidence of currency changes differs across assets, liabilities and operations.

12 / POLICY & LIQUIDITY BUFFERS

National foreign assets are not one cash pool

Private assets, official reserves and swap limits have different owners and uses.

Buffer	Potential benefit	Not equivalent to
Private foreign assets	Sales, dividends or interest can provide FX.	Official reserve assets immediately controlled by authorities
Domestic-bank FX deposits	Payment capacity and bank funding	Automatic spot-dollar selling
Official FX reserves [15]	External payments and market-stability capacity	A fund covering every private currency loss
NPS FX swap limit [14]	A financing route under specified terms	An amount already drawn or permanent dollar supply

In their December 2025 announcement, authorities and NPS agreed to extend the $65bn FX swap limit through end-2026. A facility limit is not its current use. It should not be added to the current-account surplus and deposits to produce a supposed total domestic dollar supply. [14]

What policy can and cannot do

Diversifying financing routes and smoothing concentrated orders can support market functioning. It cannot eliminate long-run asset preferences or firms' overseas investment needs. Orderly trading, payment and rollover capacity are more informative stability tests than defending a single exchange-rate level.

> **Risk follows the contract**
>
> Official reserves, bank maturity management and corporate hedges address different risks. A large balance in one pocket does not establish that the liquidity risks of all other holders have disappeared.

13 / CONDITIONAL OUTLOOK

A surplus alone is not an appreciation forecast

A conditional one-to-three-month outlook, without FX targets, probabilities or trade timing.

Base assessment

Export-backed earnings remain a buffer. Private dollar retention, overseas asset allocation and risk appetite can still dominate short-run moves. The evidence better supports **continued sensitivity to financial demand** than mechanical appreciation caused by the surplus.

Path	Conditions appearing together	Economic direction
Stronger won support	Higher receipts and conversion; revived KRW-asset demand; stable funding	Better spot-dollar supply and less upward pressure on USD/KRW
Persistent two-way volatility	Surplus persists; foreign-asset demand remains; periodic risk aversion	Exporter supply and financial demand alternate in strength
Depreciation and stress	Weaker receipts; foreign withdrawals; higher dollar-funding cost	A weaker income buffer plus simultaneous spot and funding pressure

The adverse case requires joint deterioration in receipts, flows and funding—not merely one smaller surplus. Conversely, a large announced surplus alone does not establish the supportive case: an expected figure may add little new information.

Use the right horizon

For a trading day, watch risk aversion and concentrated orders. In the next monthly releases, examine receipts, deposits and investment flows. Over one to three months, test persistence. A one-day currency move is not by itself proof of a medium-term structural shift.

These are conditional TradeLens interpretations. September BOP data, end-September deposits and 6 November spot observations remain distinct windows, not a same-day causal experiment.

14 / MONITORING & FALSIFICATION

Next, test the route back into won

Align periods, owners, settlement currency and maturity before comparing sizes.

Observe	Evidence supporting the framework	Evidence changing the assessment
Next BOP release	Goods earnings and investment income persist.	A sustained weakening of export receipts
Deposits and conversion	A persistent lag between receipts and domestic use	Repeated conversion translating into greater spot supply
Resident / foreign securities flows	Continued foreign-asset demand and withdrawals	Reviving won-asset demand and domestic reinvestment
Dollar funding	Stable financing despite spot volatility	Funding premia, maturity and collateral worsen together
Dollar and real exchange rates	Global and domestic forces interact.	Won weakness persists even after stronger actual conversion

Three reasons to revise the current view

First, sustained conversion and inflows into won assets alongside a larger surplus would strengthen the supportive case. Second, joint deterioration in receipts and funding would shift attention toward external liquidity risk. Third, weakness despite higher conversion would weaken the retention explanation and call for greater focus on the global dollar and risk premia.

> **The lasting decision rule**
>
> Korea earning dollars and market participants buying won are different events. The $61.5bn headline is not a daily FX signal. It is the starting point for tracing the assets and currencies in which external income ultimately remains.

15 / SOURCE REGISTER · DATA

Source register

Select an in-text source number, title or Open source to visit the cited material.

01. Bank of Korea | Balance of payments: September 2026 Open source

2026.11.05 · Official statistics · September current account, preliminary

02. Bank of Korea | September 2026 balance of payments (English) Open source

2026.11.05 · Official release · Current account $61.46bn; financial account $54.34bn

03. Dong-A University | Summary of the September 2026 BOP release Open source

2026.11.06 · BOK release summary · Account components and investment flows

04. KDI EIEC | International financial and FX markets since September Open source

2026.10.16 · BOK summary · Exporter conversion, FX direction and foreign flows

05. Asia Economy | September foreign securities flows and exchange rates Open source

2026.10.16 · Reporting on BOK data · Dated FX observations and securities flows

06. Yonhap | USD/KRW daytime close on 6 November 2026 Open source

2026.11.06 · Market report · 15:30 rate of 1,356.6, up KRW14.5 on the day

07. KDI EIEC | Resident foreign-currency deposits, September 2026 Open source

2026.10.28 · BOK summary · Total FX deposits and changes by currency

08. Asia Times Korea | September growth in resident FX deposits Open source

2026.10.28 · Reporting on BOK data · USD deposits of $132.90bn and inflow context

Official releases are distinguished from reporting and summaries of those releases. Earlier research informs mechanisms; it does not attribute the current day's FX move to individual causes.

16 / SOURCE REGISTER · MECHANISMS

Source register

Select an in-text source number, title or Open source to visit the cited material.

09. Bank of Korea | Structural external-sector change and exchange rates Open source

2026.04.17 · Issue Note 2026-9 summary · Private assets, goods and financial shocks

10. Bank of Korea | Overseas investment, investment income and FX Open source

2026.06.18 · Issue Note 2026-15 summary · Repatriation and reinvested earnings

11. Bank of Korea | Abundant dollar funding but a rising exchange rate? Open source

2026.01.19 · Official explanation · Funding versus spot FX; conditions are historical

12. Bank of Korea | The foreign-exchange market Open source

/ Reference · Market structure · Customer/interbank links and hedging instruments

13. Bank of Korea | Lecture 764: understanding balance-of-payments data Open source

2018.11.05 · Statistical concepts · Residency, transactions and recording principles

14. Bank of Korea | Extension of the $65bn FX swap arrangement with NPS Open source

2025.12.15 · Official agreement · Limit extended to end-2026; not an amount drawn

15. Bank of Korea | The role of official foreign-exchange reserves Open source

/ Reference · Official explanation · Reserve assets versus privately held foreign assets

Official releases are distinguished from reporting and summaries of those releases. Earlier research informs mechanisms; it does not attribute the current day's FX move to individual causes.

17 / METHODOLOGY & USE

Methodology, disclaimer and use

Official data, market reports, institutional research, interpretations and illustrations are distinct.

Item	Standard
Date / scope	7 Nov 2026. September BOP, end-September deposits and selected FX observations through 6 Nov are separate windows.
Amounts / periods	Korean tables use units of USD100m; English tables use USD bn. 614.6 units of USD100m = $61.46bn. Flows are not added to stocks.
Calculations	Component sums, net asset acquisition and FX changes use the stated data. Won returns use the inverse exchange rate; rounding occurs last.
Illustrations	Pages 11–12 use arbitrary amounts and fixed conditions. They are not actual conversion rates, corporate sensitivities, FX targets, causal coefficients or probabilities.
Source scope	BOK preliminary data and official explanations are prioritized; summaries and reporting are identified separately. Older research is not a current market reading.

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