

HRI Economic Statistics

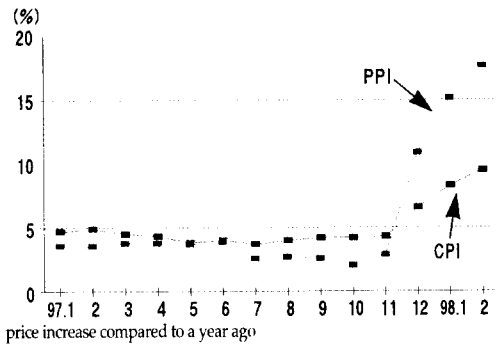
* Note: All figures are for the end of the period unless noted otherwise.

The Economy

In February, major industrial activity indicators tumbled to record lows. Industrial output fell 10.3 percent on a year-to-year basis, the biggest drop since the National Statistical Office began compiling statistics in 1954. Capacity utilization ratios fell in almost all industry to an average 68.3 percent, while retail and wholesale sales dropped 8.7 percent. Meanwhile, according to the Labor Ministry the number of unemployed is growing 10,000 people per day and will soon hit 1.5 million.

	1992	1993	1994	1995	1996	1997	1998(E)
GDP Growth Rate(%)	5.1	5.8	8.6	8.9	7.1	5.9	-0.3~0.4
Nominal GNP(US \$ bil)	305.7	330.8	378.0	452.6	480.4	-	-
GNP per capita(US \$)	7,007	7,484	8,467	10,037	10,548	9,635	6,749~6,814

Prices

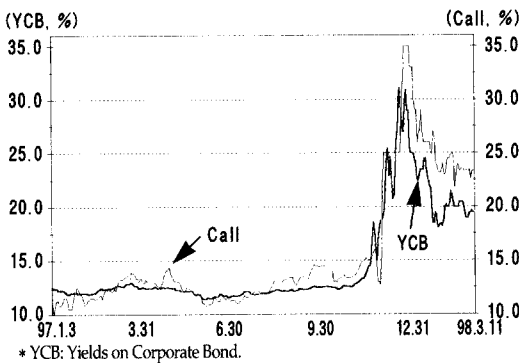


Consumer prices rose by 1.7 percent in February over the previous month, which is higher than January's 2.4 percent. Compared with the same month last year, prices have risen 9.5 percent. According to the Ministry of Finance and Economy, increases in the prices of personal services are beginning to show signs of slowing, while prices for manufactured goods are rising. Consumer prices for March are expected to stabilize further partly due to the recent decrease in the price of crude oil in the world market.

Prices*	97Q1	97Q2	97Q3	97Q4	98.1	98.2	98(E)
Producer Prices(%)	3.8	3.9	2.6	10.9	15.2	17.7	17~19
Consumer Prices(%)	4.5	4.0	4.2	6.6	8.2	9.5	10.4~11.3

* Percentage change over a year ago

Interest Rates



* YCB: Yields on Corporate Bond.

Interest rates continue to be a critical issue for the Korean economy.

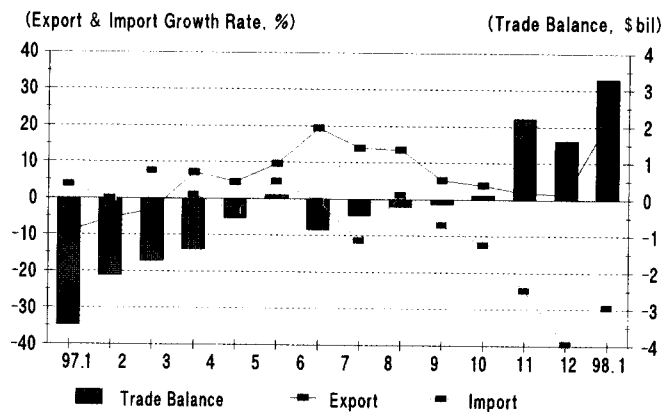
Many are arguing that rates need to come down if Korean firms are to survive and revive the Korean economy, but the IMF has stated that interest rates cannot come down until the exchange rate has stabilized at a lower level. With banks scrambling to the BIS capital adequacy ratio of 8%, market liquidity remains tight and there is no indication that interest rates will change significantly in March.

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Domestic Interest Rates	96 Q4	97 Q1	97 Q2	97 Q3	97 Q4	98.1	98.2	98(E)
Call Rate(% p.a.)	12.3	13.0	11.5	14.50	35.00	26.27	23.51	-
Yield on CD(“)	13.4	13.5	12.0	13.75	25.00	21.75	23.50	-
Yield on Corporate Bonds(“)	12.6	12.5	11.8	12.60	29.49	18.50	20.50	17~18

International Interest Rates	96 Q4	97Q1	97Q2	97Q3	97 Q4	98.1	98.2
EURO \$ (LIBOR, 3 months)	5.562	5.773	5.781	5.769	5.812	5.625	5.680
EURO ¥ (3 months)	0.492	0.578	0.656	0.562	0.785	0.789	0.812
EURO DM (3 months)	3.125	3.250	3.125	3.406	3.668	3.535	3,516

Trade



Korea recorded its fourth consecutive monthly trade surplus in February.

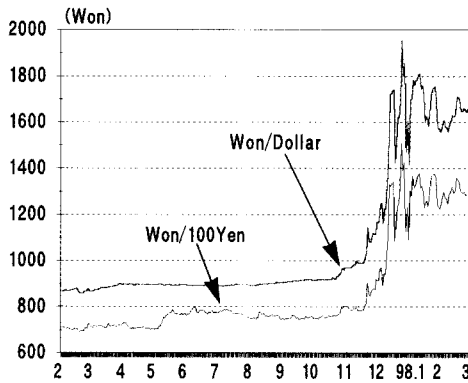
Exports for February amounted to \$11.4 billion while imports totalled \$8.1 billion for a record trade surplus of \$3.29 billion. The huge trade surplus was attributed to the steep fall in imports (-29.5%) and strong exports of semiconductors, petrochemicals, general machinery, automobiles, and steel.

For the year to date, Korea has a trade surplus of \$4.79 billion, which is a \$10.4 billion improvement over a year ago.

International Trade (US \$ bil)	96	97Q1	97Q2	97Q3	97Q4	97	98.1	98.2	98(E)
Current Account	-23.7	-7.4	-2.8	-2.1	3.5	-8.9	3.03	-	20.7
Balance of Trade*	-15.3	-5.4	-0.7	0.0	3.3	-2.8	2.18	3.29	24.9
Exports(FOB)	129.7	29.7	35.5	34.3	37.0	136.6	9.16	11.4	147.0
Imports(CIF)	150.3	37.1	37.4	35.7	34.5	144.6	7.56	8.1	123.0

* balance of payment basis

Exchange Rates

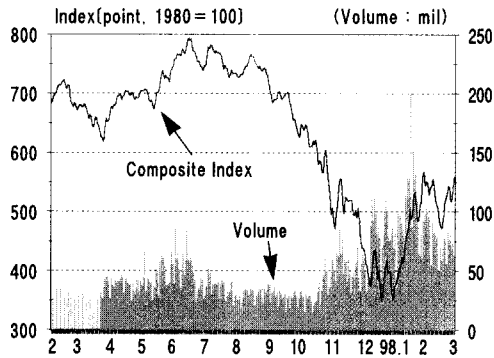


The exchange rate inched back up in February, reaching 1640 won/dollar at the end of February. The Korean "road show" of negotiations meeting with international creditors to sell the debt restructuring program agreed upon in late January appears to have been successful, and according to the Korean government, the rollover rate is in the mid-90% range.

Barring any unexpected developments, the exchange should gradually lower to an average 1300 won/dollar in the second half.

Exchange Rates	96 Q4	97 Q1	97 Q2	97 Q3	97 Q4	98.1	98.2	98(E)
W / \$	844.20	897.10	888.10	914.80	1,415.20	1,572.90	1,640.10	1H : 1,500 / 2H : 1,300
¥ / \$	116.00	123.75	114.60	120.36	130.15	126.93	126.13	-

Stock Markets



The Korean stock market continued to remain fairly strong in February.

The KOSPI index reached 558.98 on February 28, up almost 50 percent from the 376.31 recorded at the end of 1997. Foreigners continued to buy Korea stocks, with net purchases for the month amounting to about 1.5 trillion won.

Whether or not foreigners maintain their buying stance is largely dependent on how much the Korean economic situation stabilizes and how fast reforms and restructuring are pursued and implemented.

Stock Market.	97.3	97.6	97.9	97.12	98.1	98.2
Composite Stock Price Index	677.3	745.4	647.1	376.31	567.38	558.98
Customer Deposits (Wbil)	2,942	3,337	2,565	3,103	3,751	-
Traded Volume (Avg, ten thousands)	3,325.5	5,108.0	2,834.5	8,257.3	10,161.5	7,978.8