

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

The Economy

The real GDP growth rate for 1998 was an estimated -5.8%, while per capital Gross National Income (GNI), a new indicator measuring consumers' real purchasing power, fell to \$6,823 from \$10,307 the year before. Given the recent signs of recovery, HRI has revised its 1999 growth rate forecast to 3.1% for the year.

	1993	1994	1995	1996	1997	1998(E)	1999(E)
GDP Growth Rate (%)	5.5	8.3	8.9	6.8	5.0	-5.8	3.1
Nominal GDP (US \$ bil)	345.7	402.4	489.4	520.0	476.6	321.3	381.5
GNI per capita (US \$)	7,811	8,998	10,823	11,380	10,307	6,823	7,720
Gross Saving Rate	35.2	35.4	35.5	33.8	33.4	33.2	-

Industry

Industrial production rose a year-on-year 4.0% in February, thanks to strong production of semiconductors and office accounting machinery for exports and also increased domestic demand for automobiles and refined petroleum products. In fact, considering that there were three fewer working days this February, production virtually increased 9% for the month.

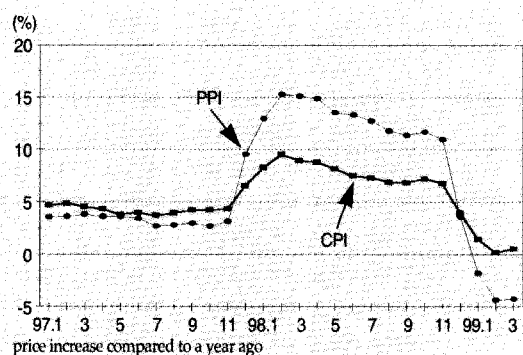
Industrial Indexes (y-o-y, %)	97	98								99	
		Q1	Q2	Q3	Q4	10	11	12	Avg.	1	2
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-9.3	0.3	4.8	-7.3	14.8	4.0
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-13.2	-8.1	-3.6	-12.7	2.6	7.3
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-25.4	-5.1	0.9	-30.5	39.6	-1.0
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-52.2	-35.7	-45.2	-42.5	-20.5	-52.2

Employment

The unemployment rate continued to rise in February, reaching 8.7% (7.1% seasonally adjusted), again a record high. Even though the economy is starting to show signs of recovery, unemployment will remain high for the time being since firms have little room to accommodate labor's demands as restructuring continues. The rising instability in labor-management relations could prove an obstacle to recovery in the months ahead.

	97	98								99	
		Q1	Q2	Q3	Q4	10	11	12	Avg.	1	2
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	20,166	19,852	19,521	19,926	18,909	18,777
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,840	3,860	3,858	3,884	3,823	3,773
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	7.1	7.3	7.9	6.8	8.5	8.7
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,536	1,557	1,665	1,463	1,762	1,785

Prices

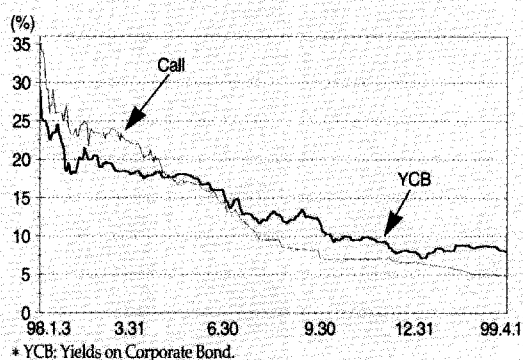


According to MOFE, consumer prices rose 0.7% year-on-year in the first quarter, largely thanks to the stable won, low international raw material prices, and low wage increases. Compared with February, prices rose a slight 0.2%. However, many expect prices to rise in the coming months because of higher international oil prices and inflationary pressure on agricultural prices before the farming season starts.

Prices*(%)	96	97	98						99		
			Q1	Q2	Q3	10	11	12	1	2	3
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	7.2	6.8	4.0	1.5	0.2	0.5
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	11.7	11.0	3.6	-1.8	-4.3	-4.3

* Percentage change over a year ago

Interest Rates



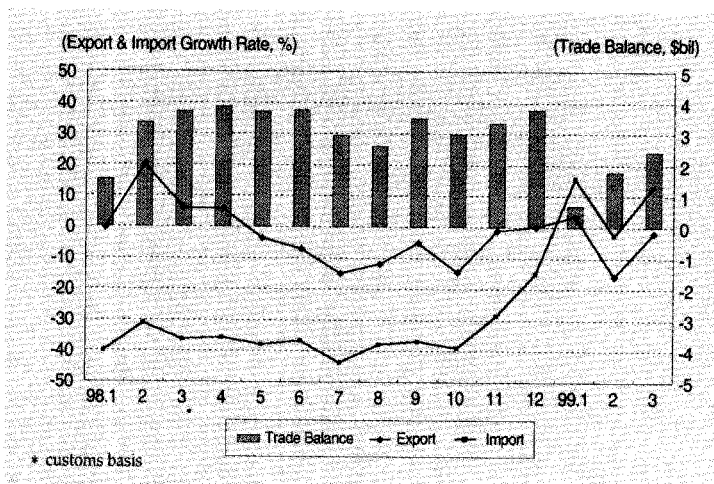
The government maintained its strong stance on lowering interest rates, with the call rate falling to 4.86% as of the end of March while the 3-year corporate bond rate dipped just under 8%. The government will maintain its stance on low interest rates to sustain a recovery, although factors such as the next stage of financial restructuring and the huge amount of government bonds to be issued this year could push rates upward.

HRI ECONOMIC STATISTICS

Domestic Interest Rates* (%)	96	97	98				99			
			Q1	Q2	Q3	10	11	12	1	2
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	7.02	7.11	6.64	6.15	4.86
Yield on CD (91 days)	13.9	35.0	22.2	16.3	10.50	7.70	7.70	7.70	6.77	6.55
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	10.00	9.25	8.00	8.13	7.98

* Percentage change over a year ago

Trade



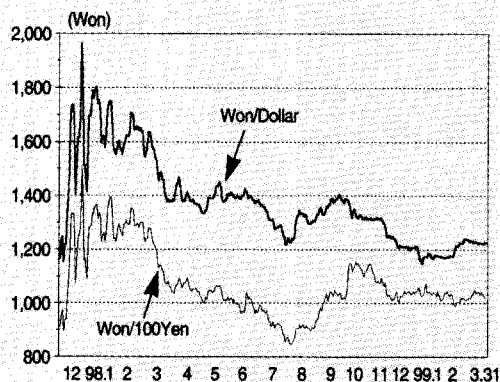
Exports declined 1.9% y-o-y in March to \$11.78 billion, while imports grew 12.8% to reach \$9.35 billion. However, if special factors such as last year's exports of gold and idle machinery are excluded, exports actually rose by 2.8%, thanks to strong performances in semiconductors, automobiles, and ships. The \$2.4 billion trade surplus was a significant improvement over February's \$1.78 billion and January's \$647 million.

International Trade (US \$ bil)	96	97	98(p)	98				99		
				Q1	Q2	Q3	Q4	1	2	3
Current Account	-23.0	-8.2	41.1	10.8	10.9	9.6	8.7	1.9	2.3	-
Goods & Service Balance	-21.1	-6.4	42.5	10.2	11.4	10.2	9.7	1.8	2.4	-
Income Balance	-1.8	-2.5	-4.7	-0.7	-1.3	-1.1	-1.7	-0.2	-0.3	-
Export (FOB)	129.7	136.2	133.2	32.2	34.9	30.5	34.7	9.3	9.4	11.8
Import (CIF)	150.3	144.6	93.3	23.7	23.5	21.5	24.6	8.6	7.6	9.3

External Liabilities (US\$ bil)	96	97	98				99
			Q1	Q2	Q3	Q4	1
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	116.3
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	30.7
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	147.0

* Percentage change over a year ago

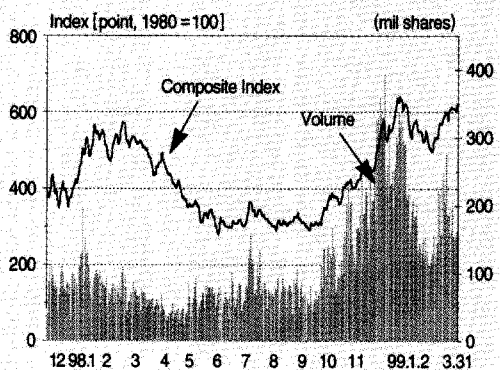
Exchange Rates



The government has been focusing on the won/100 yen exchange rate, in an effort to bolster the price competitiveness of Korean export commodities. After dropping under 1,000 won/100 yen for a brief period in February, the rate has moved into the 1,040 range thanks to the government's indirect intervention. With the yen expected to depreciate somewhat further, the won/dollar rate should also rise slightly for the time being.

Exchange Rates	96	97	98				99		
			Q1	Q2	Q3	Q4	1	2	3
₩ / \$	844.20	1,415.20	1,378.80	1,385.20	1,373.60	1,204.00	1,175.00	1,223.00	1,227.00
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	116.30	120.70	120.10

Stock Market



Foreign and institutional investors resumed their buying in March, spurred by the progress in financial and corporate restructuring, the stable exchange rates, and also the low interest rates. Foreigners seem to be looking at long-term investment rather than last year's quick profit taking. Given the positive outlook for Korea, the ample market liquidity, and the stable, low interest rates, the market should rise further for the time being.

Stock Market	96	97	98				99		
			Q1	Q2	Q3	Q4	1	2	3
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	571.43	520.06	618.98
Traded Volume (Avg, ten thousands)	2,657.1	4,152.5	8,394.4	5,704.2	7,728.4	24,846.4	17,793.2	12,701.2	16,561.8