

* 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 capita 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

In March, signs of economic recovery became more and more visible. The considerable increase in domestic demand and the continual upward trend in certain exports have pushed up the industrial production level to that of pre-crisis years. Facility investment in general showed indications of turnaround but construction orders are still flat.

Industrial Indexes (y-o-y, %)	97	98					99			
		Q1	Q2	Q3	Q4	Avg.	1	2	3	Q1
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	14.8	4.0	18.4	12.3
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	2.6	7.3	8.2	6.1
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	39.6	-1.0	15.8	16.9
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	-20.5	-52.2	-51.1	-45.3

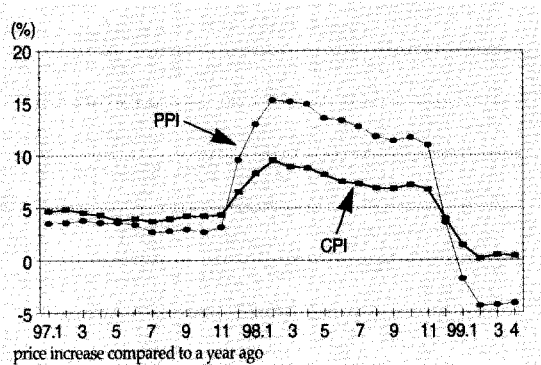
Employment

The unemployment rate has begun to fall, reaching 8.1% in March. Large companies began to recruit again, which helped turn around the rising trend in unemployment. However, even though the unemployment rate is expected to edge down, it will still remain at the 7% level for the time being.

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	97	98					99		
		Q1	Q2	Q3	Q4	Avg.	1	2	3
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	18,909	18,777	19,438
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,823	3,773	3,862
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.5	8.7	8.1
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,762	1,785	1,704

Prices



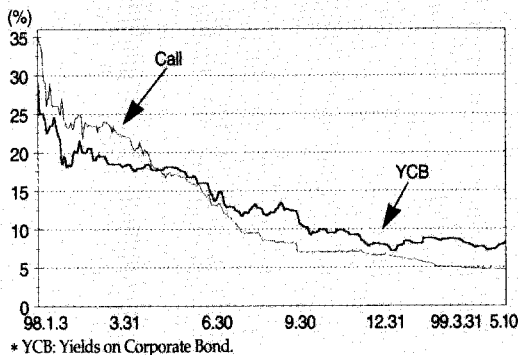
In April, consumer prices rose 0.4% year-on-year and 0.3% in comparison with March. Rising international oil prices led to a price hike in petroleum products and pushed up producer prices, which had been falling in the first quarter of 1999.

This trend will continue in coming months. However, reflecting the recession, consumer prices for housing, individual services and manufactured goods remained stable.

Prices*(%)	96	97	98							99			
			Q1	Q2	Q3	10	11	12	1	2	3	4	
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	7.2	6.8	4.0	1.5	0.2	0.5	0.4	
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	11.7	11.0	3.6	-1.8	-4.3	-4.3	-4.1	

* Percentage change over a year ago

Interest Rates



The actual economic recovery, which came earlier than expected, and ensuing concerns about inflationary pressure made interest rates rise steeply near the end of April. However, instability subsided and interest rate surge slowed down when the government announced its decision to maintain the current low interest rate policy.

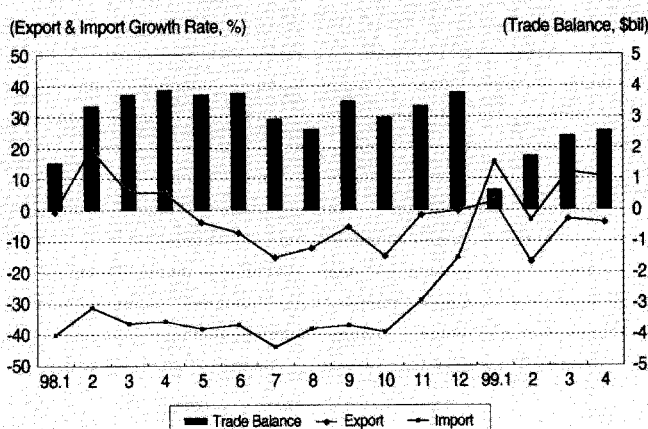
The speed of economic recovery and ensuing inflationary pressure will determine the trend of interest rates in coming months.

H R I E C O N O M I C S T A T I S T I C S

Domestic Interest Rates* (%)	96	97	98				99					
			Q1	Q2	Q3	10	11	12	1	2	3	4
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	7.02	7.11	6.64	6.15	4.86	4.88	4.72
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.70	7.70	7.70	6.77	6.55	6.90	6.66
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	8.10	7.74

* Percentage change over a year ago

Trade



* customs basis

Although exports showed improved performance in industries including semiconductors and automobiles and the US economy continued to thrive, the gloomy economic outlook for Japan and the E.U., the won appreciation against the US dollar and tightened overseas import markets led to a 3.6% drop in April's exports. As the domestic demand came to life, imports increased 10.5%.

International Trade (US\$ bil)	94	95	96	97	98	99.4*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	4.3***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	4.3***	26.3
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-0.1***	-0.6
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-0.5***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	42.0	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	34.6	111.1
Usable FX Reserves	25.7**	32.7**	29.4	8.9	48.5	56.4	-

* Data from Jan.~Apr. 1999

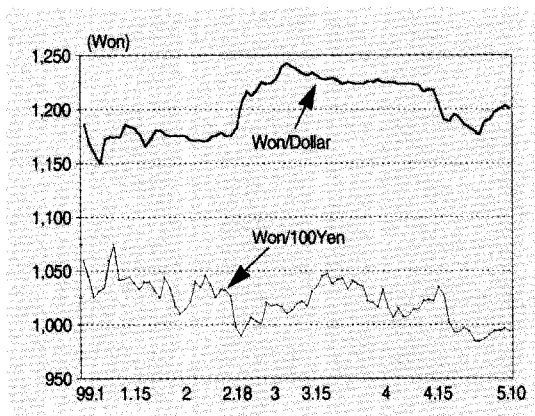
** FX reserves

*** Data from Jan.~Mar. 1999

External Liabilities (US\$ bil)	96	97	98				99		
			Q1	Q2	Q3	Q4	1	2	3
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	116.3	114.9	113.7
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	30.7	30.5	31.9
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	147.0	145.4	45.5

* Percentage change over a year ago

Exchange Rates

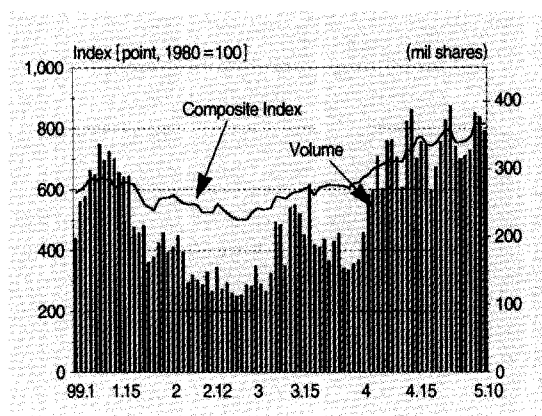


The won gained against the US dollar with rising holdings of foreign reserves and depreciation of yen against the US currency, moving back from the 1,100 won/dollar range in April into the 1,200 won/dollar range in early May.

The current account surplus and foreign investment inflow are the major sources of the excess supply of foreign currency in the market. The government is indirectly intervening in the market to maintain the price competitiveness of export products. The future trend of the won/dollar rate will be determined by how successful these countervailing measures are.

Exchange Rates	96	97	98				99			
			Q1	Q2	Q3	Q4	1	2	3	4
₩ / \$	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	1,176.40
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	116.30	120.70	120.10	985.67

Stock Market



In addition to foreign and institutional investors, private investors have helped fuel the bourse fever in April, finally breaking the 800-point range in early May. Sustained low interest rates, the sunny outlook for earlier-than-expected economic recovery and abundant liquidity in the stock market have contributed to the on-going bull run. Possibility instability in exchange rates and rise in international oil prices are exogenous variables to the continuation of stock market rally.

Stock Market	96	97	98				99			
			Q1	Q2	Q3	Q4	1	2	3	4
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	571.43	520.06	618.98	752.59
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	31,475.5