

* 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 in 1997. Based on the clear signs of an ongoing economic recovery, HRI again revised its 1999 growth rate forecast to 5.4%, in tandem with the upward revisions of the government and analysts both inside and outside Korea.

	1993	1994	1995	1996	1997	1998(E)	1999(E)
GDP Growth Rate (%)	5.5	8.3	8.9	6.8	5.0	-5.8	5.4
Nominal GDP (US\$ bil)	345.7	402.4	489.4	520.0	476.6	321.3	366.0
GNI per capita (US\$)	7,811	8,998	10,823	11,380	10,307	6,823	7,663
Gross Saving Rate	35.2	35.4	35.5	33.8	33.4	33.2	-

Industry

May's industrial indexes all in all showed a marked rate of recovery. Production jumped up 21.8% year-over-year and manufacturing operation rate continued to rise. Most notably, domestic construction orders increased by 89.6%. Wholesale and retail sales, the leading indicator of consumer trends, recorded the highest increase rate since the 1997 crisis, surging 8.9%.

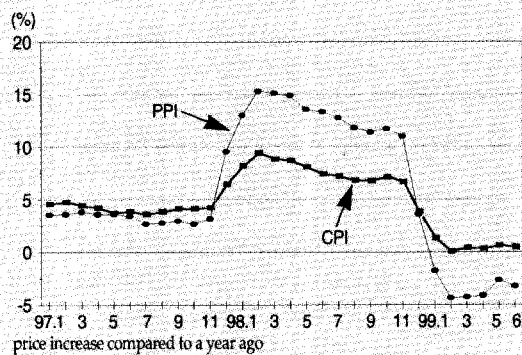
Industrial Indexes (y-o-y, %)	97	98					99			
		Q1	Q2	Q3	Q4	Avg.	3	4	5	Q1
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	18.8	17.1	21.8	12.5
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	8.3	8.2	8.9	6.0
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	15.8	23.6	40.5	16.9
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	-51.1	39.3	89.6	-45.3

Employment

The unemployment rate nose-dived to 6.5% in May, narrowing down closer to the 6% level targeted by the government. The number of employees went up 0.4% year-on-year to 75,000, showing the first increase since November 1997. The employment rate in the manufacturing sector turned to the plus side (1.9%) for the first time since November 1995.

	97	98					99		
		Q1	Q2	Q3	Q4	Avg.	Q1	4	5
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,004	20,301
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,889	3,911
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	7.2	6.5
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,550	1,406

Prices

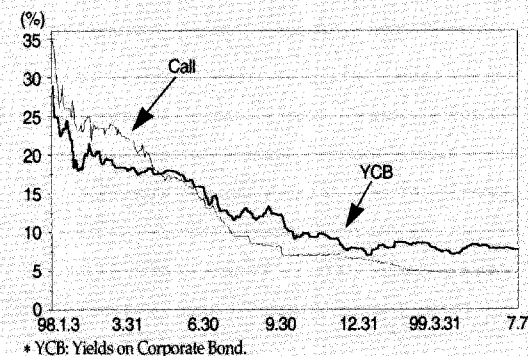


For the month of June, consumer prices rose by 0.6% year-on-year but fell by 0.6% month-on-month. Producer prices fell by 3.2% year-on-year and by 0.7% compared to May. Prices of agricultural products, housing and private services declined. Prices of industrial goods also dropped due to increasing production and reviving competition. Prices of raw materials, on the other hand, stepped up.

Prices*(%)	96	97	98				99			
			Q1	Q2	Q3	Q4	Q1	4	5	6
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.4	0.8	0.6
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-4.1	-2.6	-3.2

* Percentage change over a year ago

Interest Rates



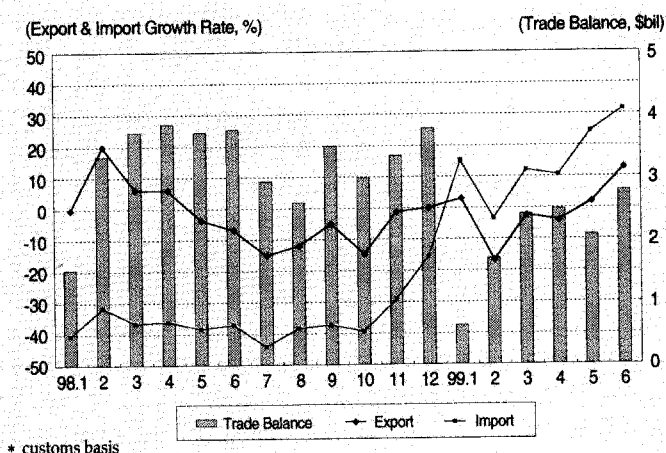
In June, the government's will to keep the current level of rates and the restored investor sentiment helped the bond yields stay on a stable downward trend throughout the month. Even with the worries for a possible interest rate hike both at home and abroad, interest rates fluctuated slightly. Towards the end of the month, long-term interest rates fell because of the delay in issuance of government bonds and of expectations that bond purchases to be made after the completion of banks' biannual settlement would push the rates down.

HRI ECONOMIC STATISTICS

Domestic Interest Rates* (%)	96	97	98				99			
			Q1	Q2	Q3	Q4	Q1	4	5	6
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	5.7	4.72	4.73	4.85
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	7.1	6.66	6.35	6.40
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	8.00	8.4	7.74	8.37	7.96

* Percentage change over a year ago

Trade



Exports in June surged 12.8% year-on-year, reaching an all-time-high monthly volume of \$13 billion. Imports jumped 31.8% to \$10.2 billion, allowing the trade balance to record a surplus. The trade balance surplus in the first half of 1999 has added up to almost half (roughly 48.2%) of the targeted annual amount, \$25 billion. The key industries continued to show good export performance; shipments to advanced markets rose in automobile, industrial electronics products and semiconductor.

International Trade (US\$ bil)	94	95	96	97	98	99.6*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	10.8***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	12.3***	26.3
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-0.3***	-0.6
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-2.2***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	66.3	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	54.3	111.1
Usable FX Reserves	25.7**	32.7**	29.4	8.9	48.5	60.4	-

* Data from Jan.-Jun. 1999

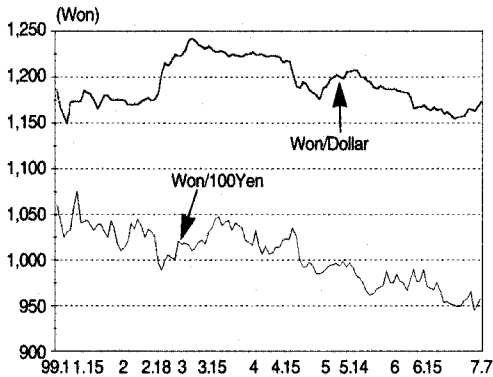
** FX reserves

*** Data from Jan.-May 1999

External Liabilities (US\$ bil)	96	97	98				99				
			Q1	Q2	Q3	Q4	1(p)	2(p)	3(p)	4(p)	5(p)
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	116.3	114.9	113.7	112.4	111.4
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	30.7	30.5	31.9	30.3	31.4
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	147.0	145.4	145.5	142.7	142.8

* Percentage change over a year ago

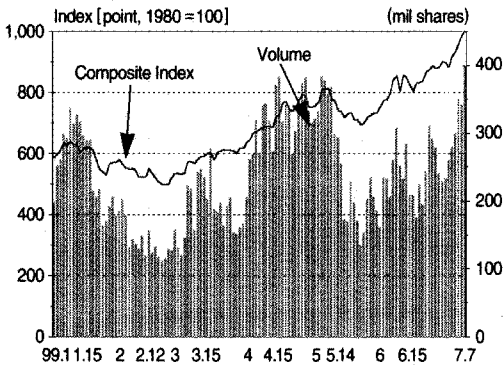
Exchange Rates



The oversupply of the U.S. dollar in the market pushed the won/dollar exchange rate further down to 1,150 won level toward the end of the month. The Korean won's strength for the past consecutive six months is mostly due to the abundant inflow of foreign funds into the local stock exchange. The government has decided to float won-denominated foreign exchange stabilization bonds to slow down the outpour of dollars, yet the issuance date has been postponed to later this year.

Exchange Rates	96	97	98				99			
			Q1	Q2	Q3	Q4	Q1	4	5	6
₩ / \$	844.20	1,415.20	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,176.40	1,186.20	1,157.60
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	119.33	121.70	121.23

Stock Market



Starting from the 700-point range in the first week of June, the Korea Composite Stock Price Index (KOSPI) mainly stayed in the 800-point area and then skyrocketed past the 900-point line by the end of the month. Again institutions were strong buyers in June. Stable interest rates, massive inflows of liquidity and expectations for improvement of corporate performance induced active buying.

Stock Market	96	97	98				99			
			Q1	Q2	Q3	Q4	Q1	4	5	6
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.3	752.59	736.02	883.00
Traded Volume (Avg, ten thousands)	2,657.1	4,152.5	8,394.4	5,704.2	7,728.4	24,846.4	14,922.3	31,475.5	18,590.7	25,989.0