

* 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

Industrial production posted a 29.5% increase in June, backed by surging domestic demand and export orders. Manufacturers are back in business, pushing the manufacturing sector's capacity utilization rate to 79.8%. What were hopeful expectations for full recovery of consumption and investment are turning into reality, as wholesale and retail sales and facility investment are climbing upward.

Industrial Indexes (y-o-y, %)	97	98					99			
		Q1	Q2	Q3	Q4	Avg.	4	5	6	Q1
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	17.1	21.8	29.5	12.5
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	8.2	8.9	14.2	6.0
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	23.6	40.5	51.1	16.9
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	39.3	89.6	-6.2	-45.3

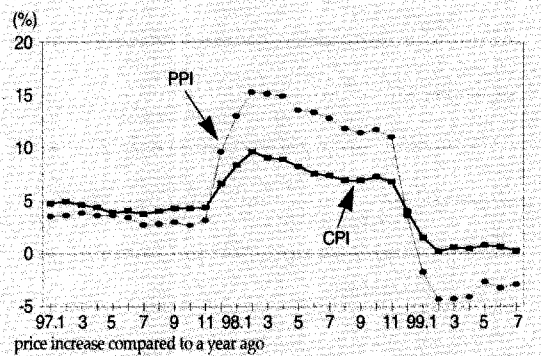
Employment

June's unemployment rate fell for the fourth straight month to 6.2%, with increased recruitment in the manufacturing, construction and hospitality sectors. Notably, the number of unemployed people in their 20s and 30s dropped and the percentage of full-time employees jumped, subsiding worries that the reduced unemployment rate was just statistical and not reflecting the reality.

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	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	4	5	6
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,004	20,393	20,604
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	3,889	3,917	3,952
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	7.2	6.4	6.2
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,550	1,402	1,356

Prices

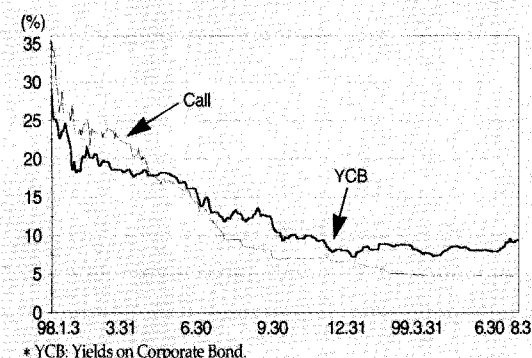


Consumer prices fell by 0.3% from June but rose by 0.3% compared to July 1998 and 0.6% year-over-year. Good harvests pulled the price of agricultural products down in July, whereas public service charges edged up by 0.1%. Producer prices dropped for the seventh straight month, falling by 2.9% in comparison to July 1998.

Prices*(%)	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	4	5	6	7
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.4	0.8	0.6	0.3
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-4.1	-2.6	-3.2	-2.9

* Percentage change over a year ago

Interest Rates



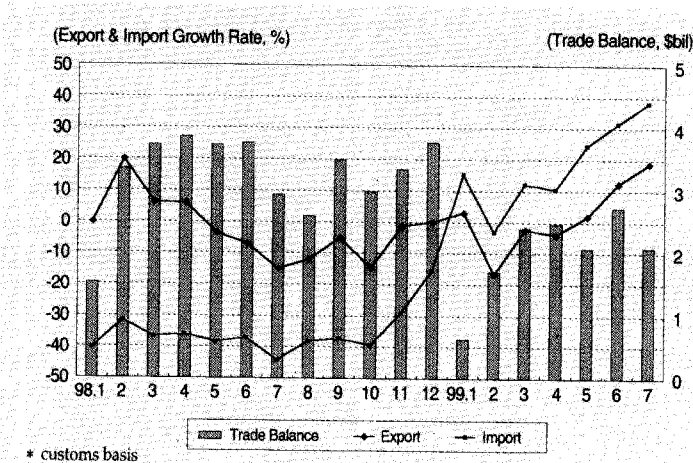
Interest rates stayed in the stable mood in early July, but as money moved from the bond market to the bourse and research bodies upwardly revised economic growth forecasts, inflationary expectations pushed the 3-year corporate bond yield up past 9%. Toward the month-end, the government's rescue package regarding financial instabilities related to Daewoo' debts managed to calm the bond market, but not enough to break the corporate bond yield's 9% barrier.

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	Q4	Q1	4	5	6	7
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	5.7	4.72	4.73	4.85	4.67
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	7.54
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	9.23

* Percentage change over a year ago

Trade



July's exports rose 18.6% compared to July 1998 to \$11.9 billion. Exchange rates, interest rates and other macroeconomic indicators' strength restored price competitiveness. Progress in the restructuring process and lower production costs stabilized industrial base of export sector. Imports jumped high (38.3% year-on-year); notably, imports of export-purpose materials began to rise.

International Trade (US\$ bil)	94	95	96	97	98	99.7*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	13.6***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	15.1***	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	-2.4***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	78.1	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	64.1	111.1
Usable FX Reserves	25.7**	32.7**	29.4	8.9	48.5	64.0	-

* Data from Jan.~Jul. 1999

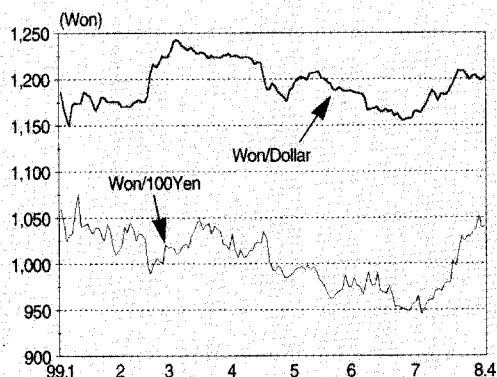
** FX reserves

*** Data from Jan.~Jun. 1999

External Liabilities (US\$ bil)	96	97	98				99					
			Q1	Q2	Q3	Q4	1(p)	2(p)	3(p)	4(p)	5(p)	6(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	109.3
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	30.7	30.5	31.9	30.3	31.4	32.1
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	141.4

* Percentage change over a year ago

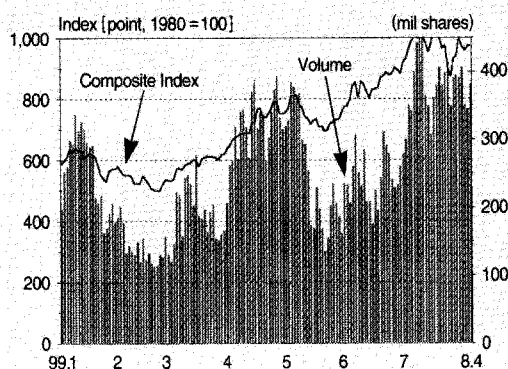
Exchange Rates



The won/dollar exchange rate moved mostly in the 1,180 won/dollar range until mid-July with abundant dollar supply in the market. However, it rose sharply above 1,200 won upon strong rumors regarding the impending devaluation of the Chinese yuan and speculative dollar purchases made by offshore traders. The economic recovery in Japan and yen's strength raised the won/100 yen exchange rate to the 1,000-won line for the first time in three months.

Exchange Rates	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	4	5	6	7
₩ / \$	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	1,204.0
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	119.33	121.70	121.23	114.50

Stock Market



The Korea Stock Exchange witnessed dramatic sessions day after day throughout July, as the KOSPI entered the long-awaited 1,000-point range early in the month, only to roller-coaster as much as 70 points on July 23, and dip into the bottom of 900-point zone. Various events shook the stock market, including Samsung Motors' court receivership request, insolvent Daewoo business group's dismantling restructuring plan and foreign investors' sudden net selling spree for profit-taking.

Stock Market	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	4	5	6	7
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	969.72
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	40,554.4