

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

\* 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 output continued its rising streak in July, reaching 33.1%. Thanks to a fast rise in plant operations, average manufacturing capacity utilization regained its "normal" level by marking 81.0%, moving into the 80% level for the first time since September 1997. Boosted by a substantial increase in automobile sales (86.7% year-to-year), wholesale and retail sales rose by 18.6%.

Industrial Indexes (y-o-y, %)	97	98					99			
		Q1	Q2	Q3	Q4	Avg.	5	6	7	Q1
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	21.8	29.7	33.1	12.5
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	8.9	14.2	18.6	6.0
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	40.5	51.1	29.4	16.9
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	89.6	-6.2	0.1	-45.3

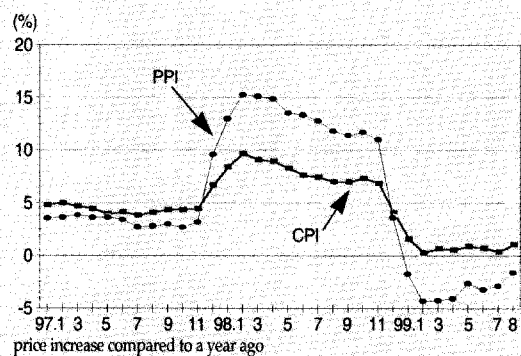
## Employment

July's unemployment rate remained unchanged from June's 6.2%. The number of employed decreased slightly because the number of workers hired for public works projects was reduced and there were fewer seasonal workers in farming and fishing. However, the total number of economically active population, which together with the number of people with jobs forms the basis of calculating the jobless rate, shrank also.

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

	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	5	6	7
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,393	20,604	20,558
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	3,917	3,952	3,974
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	6.4	6.2	6.2
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,402	1,356	1,349

## Prices

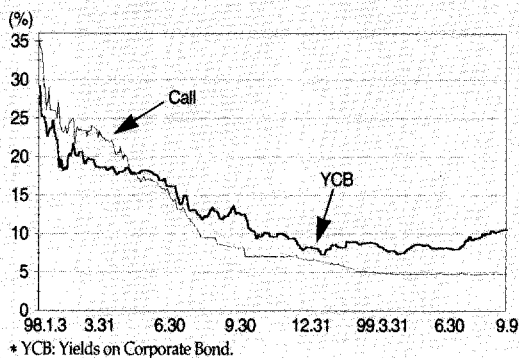


In August, consumer prices climbed by a solid 1.0% from a month ago, edging upward by 0.9% compared to August 1998. Damages from typhoons and torrential rains pushed the price of agricultural, dairy and marine products up by 6.8% compared to last July. Amid soaring international oil price and public service charges, producer prices showed the highest rise since February 1998, jumping 0.7% from the previous month.

Prices*(%)	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	5	6	7	8
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.8	0.6	0.3	0.9
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-2.6	-3.2	-2.9	-1.6

\* Percentage change over a year ago

## Interest Rates



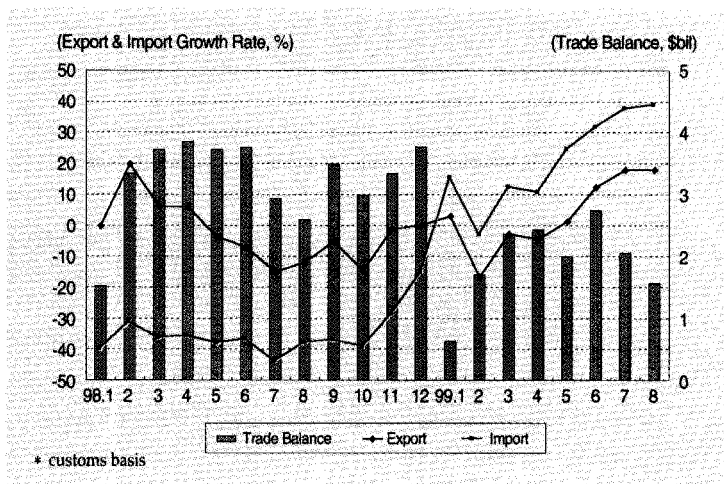
August was a dizzy month for the domestic interest rates. The financial authorities were put to the test when the gap between short-term and long-term rates widened to the point that long-term rates were more than twofold of short-term rates. Authorities tried and managed to keep the overnight call rate around 4.7%. Daewoo's credit crunch and workout programs for its subsidiaries jolted the financial markets and the yield on 3-year corporate bond soared past 10%, reaching 10.27%.

# 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	5	6	7	8
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	5.7	4.73	4.85	4.67	4.74
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	7.1	6.35	6.40	7.54	8.23
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	8.00	8.4	8.37	7.96	9.23	10.26

\* Percentage change over a year ago

## Trade



Exports in August ran before the favorable trade winds and rose for the third straight month to 17.8% year-on-year, earning \$11.44 billion. The Japanese yen's strength improved Korea's export competitiveness and major export markets including advanced economies and Emerging Markets are showing favorable signs. Imports also edged upward to 38.3% year-to-year, owing to the rising international oil prices and export-induced imports.

International Trade (US\$ bil)	94	95	96	97	98	99.8*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	15.5***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	17.9***	26.3
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-0.7***	-0.6
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-2.9***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	89.4	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	73.9	111.1
Usable FX Reserves	25.7**	32.7**	29.4	8.9	48.5	64.8	-

\* Data from Jan.~Aug. 1999

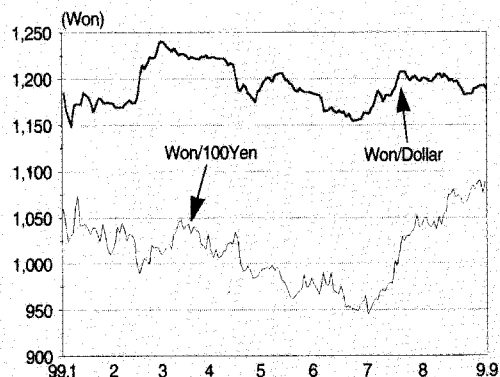
\*\* FX reserves

\*\*\* Data from Jan.~Jul. 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

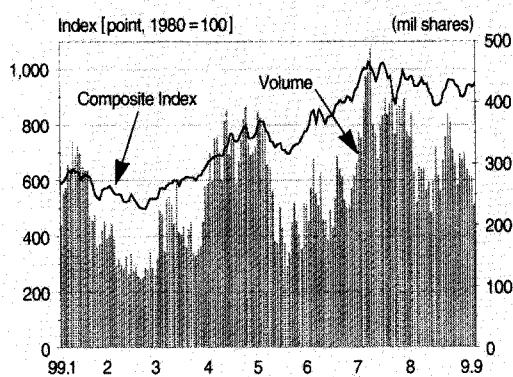
**Exchange Rates**



The won/dollar exchange rate stayed in the 1,200 won/dollar area in August, as the Japanese yen's strength continued throughout August and offshore dealers continued their speculative dollar purchases. However, the rate moved down to the 1,180-1,190 won range with the dollar supply outrunning the demand toward the end of the month. The 100 yen/won exchange rate jumped into the 1,080 won area as the Japanese economy is repeatedly showing signs of recovery.

Exchange Rates	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	5	6	7	8
₩ / \$	844.20	1,415.20	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,186.20	1,157.60	1,204.0	1,184.60
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	121.70	121.23	114.50	109.55

**Stock Market**



More bad news than good news hit the Korea Stock Exchange in August. The Seoul bourse quickly turned bearish when the Daewoo Business Group's credit crunch pressed the market and domestic interest rates skyrocketed. When workout programs began for Daewoo subsidiaries, institutional investors cashed in their stocks to prepare for their customers' redemption of beneficiary certificates. Korea Stock Price Index has lost more than 150 points in mid-August but managed to reenter the 900-point area as of the end of August.

Stock Market	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	5	6	7	8
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.3	736.02	883.00	969.72	937.88
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	18,590.7	25,989.0	40,554.4	26,548.4