

* 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 paused its upward drive in August but still managed to show a high increase of 29.9% y-o-y. Inventories are building up in line with growing shipments and de-stocking, rising by 0.3% from July. Average manufacturing capacity utilization dropped to 78.7%, mostly owing to closure of large oil refineries for maintenance purposes. Industrial indices fared well overall to prove that the Daewoo problem exerted less threat on the economy than feared.

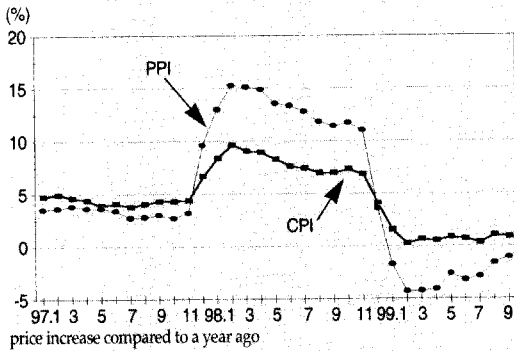
Industrial Indexes (y-o-y, %)	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	6	7	8	Q1	Q2
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	29.7	33.2	29.9	12.5	22.7
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	14.2	18.6	17.7	6.0	10.8
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	51.1	29.4	29.1	16.9	38.5
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	-6.2	0.1	1.2	-45.3	27.5

Employment

Unemployment rate in August dipped below 6% but also the number of unemployed workers shrank slightly, as the number of job seekers including students and day laborers reduced on account of summer break and torrential rains. The recent employment trend shows that the active economy boosted by strong domestic demand is creating more full-time jobs than part-time or temporary jobs.

	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	6	7	8
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,604	20,558	20,527
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	3,952	3,974	4,006
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	6.2	6.2	5.7
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,356	1,349	1,241

Prices

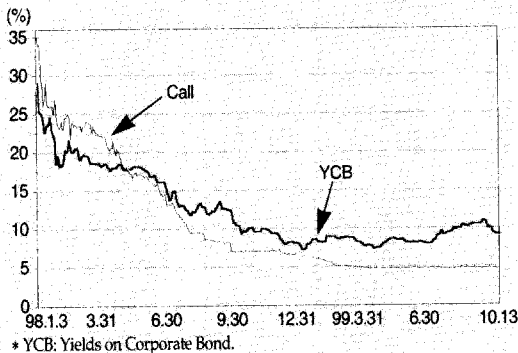


In September, soaring international oil prices and aftereffects of torrential rains pushed the consumer prices up by 0.3% from August and by 0.6% compared to September 1998. Also the high-priced *Chusok* (one of Korea's biggest traditional holidays) commodities in special demand contributed to the price jump. The prices of petrochemical and agricultural, dairy and marine products headed upward by 3.0% and 0.8%.

Prices*(%)	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	6	7	8	9
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.6	0.6	0.3	0.9	0.8
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-3.3	-3.2	-2.9	-1.6	-1.1

* Percentage change over a year ago

Interest Rates



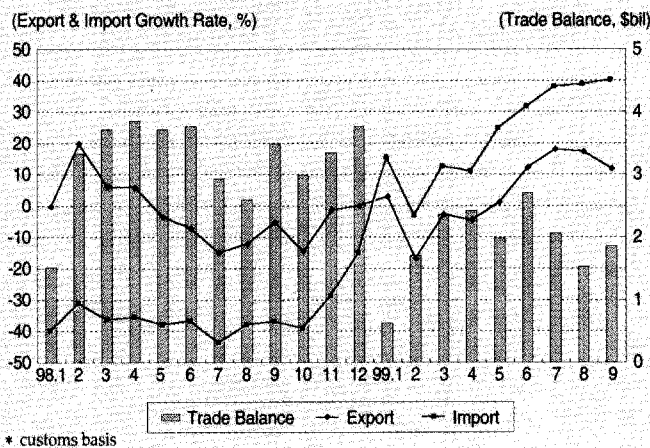
Interest rates in September experienced one of the most harrowing moments this year. Long-term interest rates almost reached the year's highest when rumors of a financial debacle in November created a panic-like state in the bond market. However, the skyrocketing movement halted and returned to their single-digit state after the government proposed to create a bond market stabilization fund.

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	Q2	6	7	8	9
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	5.7	4.77	4.85	4.67	4.74	4.80
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	7.1	6.32	6.40	7.54	8.23	7.87
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	8.00	8.4	7.98	7.96	9.23	10.26	9.95

* Percentage change over a year ago

Trade



Although the pace of increase slowed down because of long holidays in September, exports rose for the fourth straight month by 11.8% y-o-y, earning \$12 billion. Along with the yen's strength, the steep upsurge in the prices of semiconductors and other key export items contributed to the high growth. Soaring international oil prices and rising demand for capital and consumer goods in relation to increasing facility investment pushed imports up to the year's highest, 40.0% y-to-y.

International Trade (US\$ bil)	94	95	96	97	98	99.9*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	16.6***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	19.4***	26.3
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-0.9***	-0.6
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-3.3***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	101.3	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	84.1	111.1
FX Reserves	25.7	32.7	29.4**	8.9**	48.5**	65.5	-

* Data from Jan.~Sep. 1999

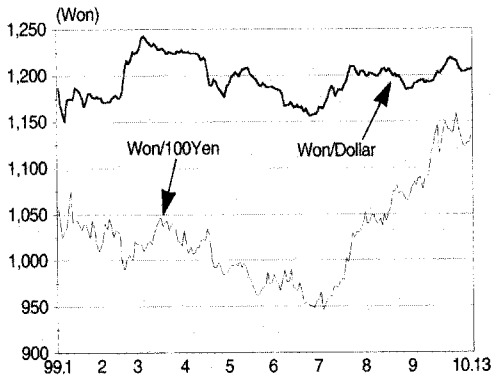
** Usable FX Reserves from 1996~Aug. 1999

*** Data from Jan.~Aug. 1999

External Liabilities (US\$ bil)	96	97	98				99				
			Q1	Q2	Q3	Q4	3(p)	4(p)	5(p)	6(p)	7(p)
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	113.7	112.4	111.4	109.3	108.6
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	31.9	30.3	31.4	32.1	35.1
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	145.5	142.7	142.8	141.4	143.6

* Percentage change over a year ago

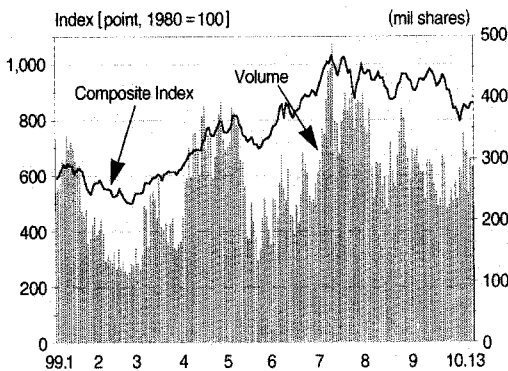
Exchange Rates



The Japanese yen's strength and speculative dollar purchases by offshore dealers continued in September. Additionally and decisively, foreign capital invested in domestic stocks flowed out en masse as financial markets were faced with uncertainty and instability. The won/dollar exchange rate edged up and down between 1,190 and 1,200 won until mid-September but stepped up to 1,210 won at the month's end.

Exchange Rates	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	5	6	7	8	9
₩ / \$	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	1,216.40
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	121.70	121.23	114.50	109.55	106.31

Stock Market



In early September the Korean stock market showed a good start with the Korea Stock Price Index (KOSPI) moving back into the 900-point area, kindling hopes for passing beyond the 1,000-point barrier once again. Such expectations came from the surging semiconductors price and Korea's strong export performances. However, institutional investors and foreigners rushed to sell their stocks as rumors of a financial crisis jolted the financial markets. The psychologically significant 900-point barrier broke down at the end of the month.

Stock Market	96	97	98				99				
			Q1	Q2	Q3	Q4	Q1	Q2	7	8	9
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.30	769.30	969.72	937.88	836.18
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	26,983.4	40,554.4	26,548.4	23,142.7