

# 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

The growth momentum of industrial production showed a temporary slowdown in September due to shorter working days and frequent rainfalls, reaching 18.4% y-o-y. However, average manufacturing capacity utilization rose to 79.1%, up from August's. Industrial indices in general state that real economy is clearly and steadily recovering, recapturing the pre-crisis level.

Industrial Indexes (y-o-y, %)	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	8	9	Q1	Q2	Q3
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	29.9	18.4	12.5	22.7	26.7
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	17.7	14.1	6.0	10.8	16.9
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	29.1	9.2	16.9	38.5	22.1
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	1.2	36.5	-45.3	27.5	13.4

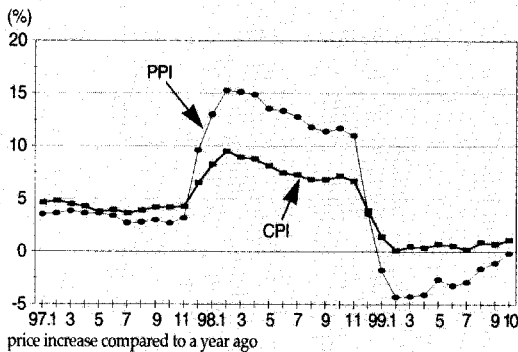
## Employment

Jobless rate showed the biggest-ever monthly drop in September, falling by 4.8% from the previous month. The sharp fall in unemployment rate has its roots in the continuing economic robustness and a large jump in the number of temporary workers during the the Chusok holiday season.

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	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	8	9
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,695	20,527	21,000
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	4,039	4,006	4,138
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	5.6	5.7	4.8
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,220	1,241	1,069

## Prices

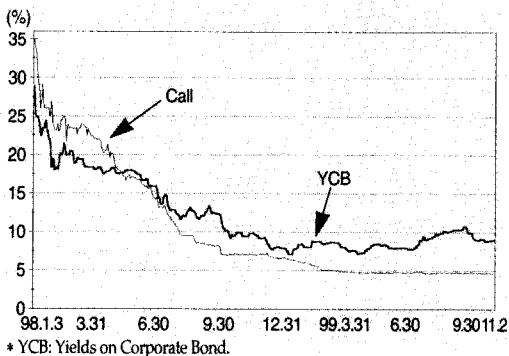


Steep international oil prices and exorbitant grocery prices resulting from early chill pushed October's consumer prices up by 0.8% from September. However, without threatening signs of inflation, prices are expected to show a moderate annual increase rate between 0.8% and 1.0%. The increasing trend continued for producer prices in October which hopped up to 1.0%.

Prices*(%)	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	8	9	10
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.6	0.7	0.9	0.8	1.2
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-3.3	-1.9	-1.6	-1.1	-0.2

\* 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 highest of this year 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.

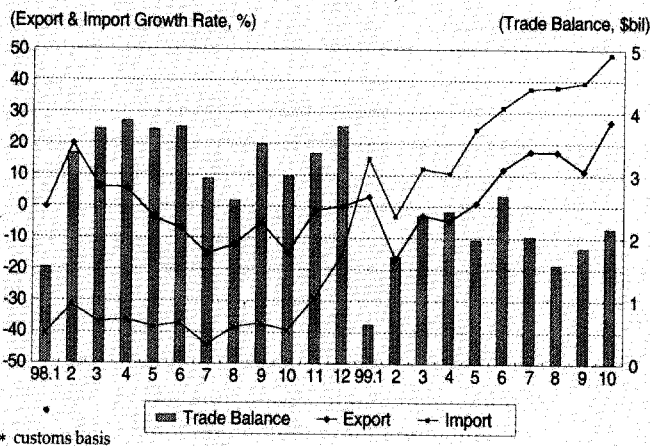
\* YCB: Yields on Corporate Bond.

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Domestic Interest Rates* (%)	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	8	9	10
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	5.7	4.77	4.67	4.74	4.80	4.67
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	7.1	6.32	7.54	8.23	7.87	7.26
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	8.00	8.4	7.98	9.23	10.26	9.95	9.02

\* Percentage change over a year ago

## Trade



Exports broke the monthly highest record in October, earning \$13.5 billion and increasing by 27.0% year-on-year. Improved domestic factors and rosier overseas trade cycle created a synergistic boost for Korea's exports. The increase rate of exports moved from the 10% level into the 20% range since June 1999. The export volume exceeded the import volume; current account surplus in September grew from August, recording \$2.4 billion.

International Trade (US\$ bil)	94	95	96	97	98	99.10*	99(p)
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	19.2***	22.8
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	22.1***	26.3
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-1.0***	-0.6
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-3.4***	-3.8
Export (FOB)	96.0	125.1	129.7	136.2	133.2	114.7	133.3
Import (CIF)	102.4	135.0	150.3	144.6	93.3	95.4	111.1
FX Reserves	25.7	32.7	29.4**	8.9**	48.5**	66.2	-

\* Data from Jan.~Oct. 1999

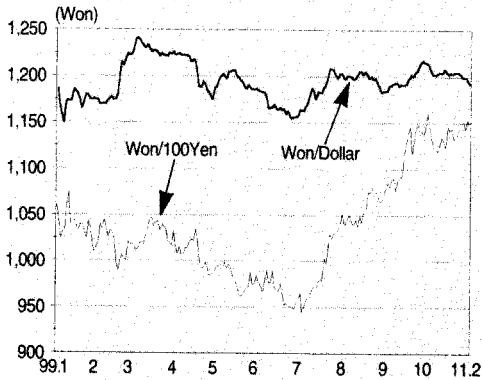
\*\* Usable FX Reserves from 1996~Aug. 1999

\*\*\* Data from Jan.~Sep. 1999

External Liabilities (US\$ bil)	96	97	98				99				
			Q1	Q2	Q3	Q4	5(p)	6(p)	7(p)	8(p)	9(p)
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	111.4	109.3	108.6	106.4	106.0
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	31.4	32.1	35.1	36.2	35.0
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	142.8	141.4	143.6	142.6	140.9

\* Percentage change over a year ago

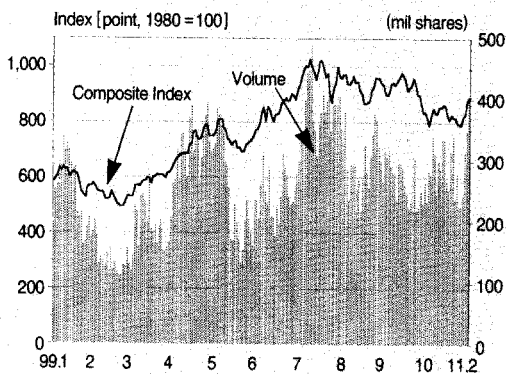
**Exchange Rates**



Solid signs of resolution regarding Daewoo's problem stabilized the domestic financial markets and helped the won/dollar exchange rate to move steadily between 1,204 and 1,205 won in October, sliding back into the 1,190-won level at the end of the month. Investor sentiment was restored, as the government worked out more concrete assessment of the size of Daewoo bonds and loss liability principles. Foreign capital which flowed out en masse last month returned to Korea and increased the dollar supply.

Exchange Rates	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	8	9	10
₩ / \$	844.20	1,415.20	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,157.60	1,204.00	1,184.60	1,216.40	1,200.00
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	133.22	114.00	109.55	106.31	104.14

**Stock Market**



October's stock market lost upward momentum and failed to defend the 900-point barrier. Amid wild rumors of a financial disaster in November, the KOSPI undulated between 790 and 860 points. As Daewoo's problem seemed to show high possibilities of resolution due to the government's concrete measures, fears subsided and foreign investors came back to sessions and turned into net buyers once again. Concentrated purchases by institutional and foreign investors moved the KOSPI out of the 700-point range at the month's end.

Stock Market	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	8	9	10
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.30	769.30	943.79	937.88	836.18	833.51
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	317,163	26,548.4	23,142.7	31,310.1