

* 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 continued to show a steady upward climb in November, reaching 26.8% y-o-y. Average manufacturing capacity utilization rate soared to 80.3% to meet rapidly growing demand both at home and abroad. Facility investment jumped to 66.2% as companies expanded investment in machinery and transportation equipment.

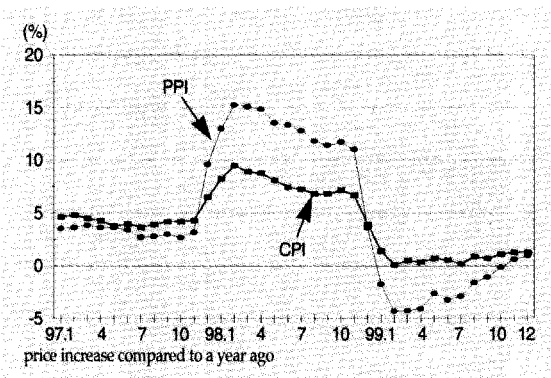
Industrial Indexes (y-o-y, %)	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	10	11	Q1	Q2	Q3
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	30.8	26.8	12.5	22.7	26.7
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	15.5	15.4	6.0	10.8	16.9
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	24.2	3.8	16.9	38.5	22.1
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	33.9	17.5	-45.3	27.5	13.4

Employment

Unemployment rate continued to head downward in November, falling to 4.4%. Recruiting was active in industries of distribution, accommodations and restaurant, construction and manufacturing. By sector, construction posted the highest rate of increase in employment. The number of unemployed shrank to 971,000 from 1,021,000 in October.

	97	98					99					
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	9	10	11
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,695	21,000	21,155	21,116
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	4,039	4,138	4,197	4,254
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	5.6	4.8	4.6	4.4
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,220	1,069	1,021	971

Prices

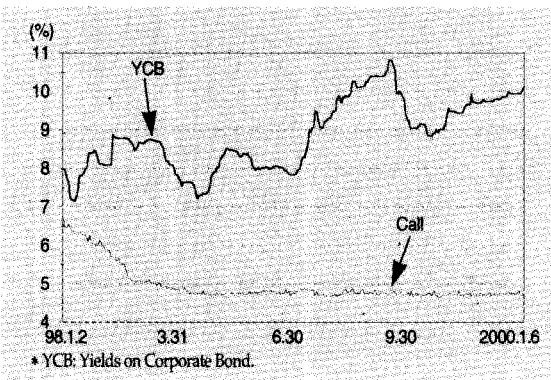


Inflationary worries somewhat subsided, as prices fell in December. Consumer price remained static at -0.2% month to month. The abolishment of special excise tax law pushed prices of industrial products to -0.5%. Producer price dropped to -0.3% from November mainly due to lower foreign exchange rate and the tax law repeal.

Prices*(%)	96	97	98				99					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	10	11	12
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.6	0.7	1.2	1.4	1.4
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-3.3	-1.9	-0.2	0.6	0.9

* Percentage change over a year ago

Interest Rates

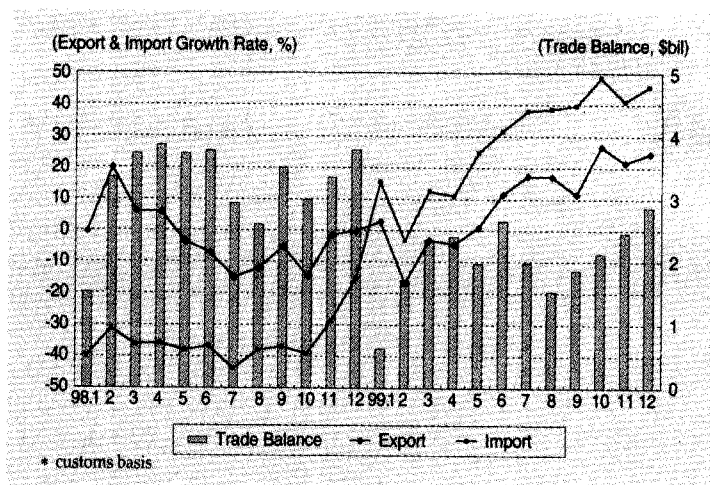


Concerns of double-digit interest rates were brought about by long-term interest rates which steadily moved up in December. However, banking institutions managed their money prudently toward the year-end, curtailing further rise in rates. Yield on 3-year corporate bond ended at 9.95% on December 28.

Domestic Interest Rates* (%)	96	97	98				99						
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	9 10 11 12			
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	4.88	4.85	4.67	4.80	4.67	4.77	4.79
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	6.90	6.40	7.54	7.87	7.26	7.85	8.01
Yield on Corporate Bonds (3 years)	12.6	29.0	18.3	16.0	11.90	8.00	8.10	7.96	9.23	9.95	9.02	9.72	9.95

* Percentage change over a year ago

Trade



Exports in December reached \$15.5 billion, the newest record-breaking monthly amount. Aggregate export of 1999 was over \$144 billion, which exceeds by far the original annual target of \$10 billion. Imports mounted to \$12.6 billion.

International Trade (US\$ bil)	94	95	96	97	98	99.11	99(p)	99.12*
Current Account	-3.9	-8.5	-23.0	-8.2	40.0	21.3	22.8	23.6***
Goods Balance	-2.9	-4.4	-15.0	-3.2	41.2	24.7	26.3	26.7***
Services Balance	-1.8	-3.0	-6.2	-3.2	0.4	-1.0	-0.6	-1.0***
Income Balance	-0.5	-1.3	-1.8	-2.5	-4.8	-4.1	-3.8	-3.9***
Export (FOB)	96.0	125.1	129.7	136.2	133.2	128.9	133.3	144.2
Import (CIF)	102.4	135.0	150.3	144.6	93.3	107.1	111.1	119.7
FX Reserves	25.7	32.7	29.4**	8.9**	48.5**	69.7	-	74.1

* Data from Jan.~Dec. 1999

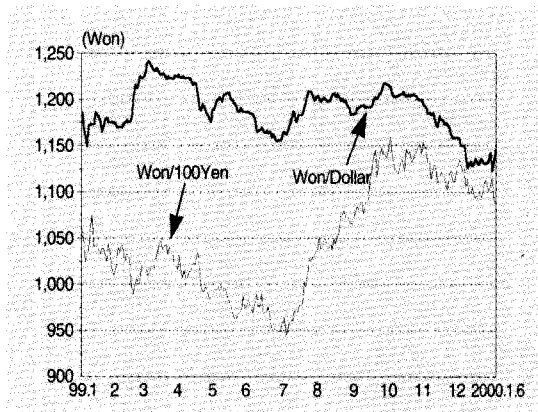
** Usable FX Reserves from 1996~Aug. 1999

*** Data from Jan.~Nov. 1999

External Liabilities (US\$ bil)	96	97	98				99				
			Q1	Q2	Q3	Q4	7(p)	8(p)	9(p)	10(p)	11(p)
Long Term	71.3	94.9	90.4	115.5	121.5	118.5	108.6	106.4	106.0	98.4	97.7
Short Term	93.0	63.2	60.9	38.3	32.1	30.8	35.1	36.2	35.0	38.0	0.3
Total External Liabilities*	164.3	158.1	151.3	153.8	153.6	149.3	143.6	142.6	140.9	136.1	135.7

* Percentage change over a year ago

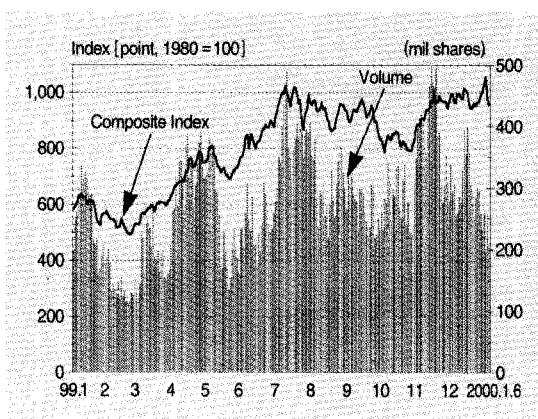
Exchange Rates



The won/dollar exchange rate downhill movements in December, falling as low as the 1,120-won level. Having started strong in the 1,170-won range, it showed extreme ups and downs throughout the month. The government's intervention stopped further plunge but the rate failed to show recovery due to sudden inflow of foreign currency in the market.

Exchange Rates	96	97	98				99						
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	9	10	11	12
₩ / \$	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	1,216.40	1,200.00	1,159.20	1,138.00
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	133.22	114.00	106.31	104.14	102.10	102.23

Stock Market



The Korean stock market enjoyed sessions in December, as the KOSPI tested the 1,000-point line quite often. The KOSPI started strong with 999.16 points on December 1, dipping to 948.57 point in the middle of the month. Stable economy and positive prospects for the coming year pushed the index up to 1,028.07 points at the closing session on December 28. High expectations out of the "January effect" and optimistic bourse forecast encouraged foreign investors to rush into last-minute buying.

Stock Market	96	97	98				99						
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	9	10	11	12
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.30	769.30	943.79	836.18	833.51	996.66	1,028.07
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	23,142.7	31,310.1	33,899.8	25,975.8