

\* Note: All figures are for the end of the period unless noted otherwise.

## The Economy

The real GDP growth rate for 1999 is estimated at 9.9%, while per capita GNI (a measure of consumers' real purchasing power) is expected to reach \$8,500. HRI forecasts continued economic recovery in 2000, and predicts that per capita GNI will climb back to the \$10,000 level.

	1993	1994	1995	1996	1997	1998	1999(E)	2000(E)
GDP Growth Rate (%)	5.5	8.3	8.9	6.8	5.0	-5.8	9.9	7.5
Nominal GDP (US\$ bil)	345.7	402.4	489.4	520.0	476.6	321.3	413.1	465.2
GNI per capita (US\$)	7,811	8,998	10,823	11,380	10,307	6,823	8,500	10,032
Gross Saving Rate	35.2	35.4	35.5	33.8	33.4	33.2	-	-

## Industry

Industrial production recorded growth of 24.1% y-o-y in December, while the average capacity utilization rate in the manufacturing sector reached 81.0%, reflecting continued strong growth in the real economy. The growth trends in consumption and investment also remain stable.

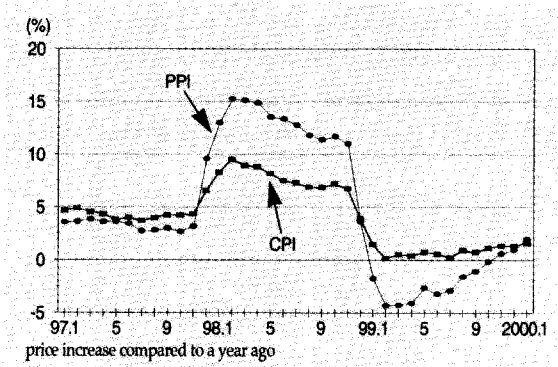
Industrial Indexes (y-o-y, %)	97	98					99						
		Q1	Q2	Q3	Q4	Avg.	11	12	Q1	Q2	Q3	Q4	Avg.
Industrial Production Indexes	5.3	-6.2	-12.2	-9.5	-1.6	-7.3	26.8	24.1	12.5	22.7	26.7	27.2	22.5
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	15.4	14.0	6.0	10.8	16.9	14.9	12.1
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	3.8	13.8	16.9	38.5	22.1	13.7	22.5
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.5	17.5	8.7	-45.3	27.5	13.4	7.9	0.8

## Employment

The unemployment rate, which had been declining through most of 1999, increased slightly in December due to seasonal factors, while the number of unemployed again exceeded the 1 million mark. The unemployment rate for 1999 as a whole was 6.3%, which was a slight decrease from 6.8% in 1998.

	97	98					99				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.
Total Employed (thousand)	21,048	19,710	20,178	19,971	19,846	19,926	19,042	20,301	20,695	20,962	20,281
Manufacturing Employed (thousand)	4,475	4,081	3,844	3,758	3,852	3,884	3,819	3,922	4,039	4,233	4,006
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	5.6	4.6	6.3
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,220	1,040	1,353

## Prices

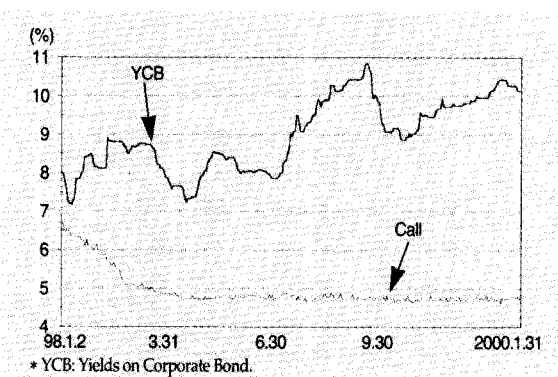


Consumer prices rose 0.2% year over year in January while producer prices fell 0.1% y-o-y. Despite higher prices of agricultural goods and private and public services, the trend of overall price stability is continuing thanks to lower oil prices following the decreased transportation tax and the appreciated won.

Prices*(%)	96	97	98				99				2000		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	10	11	12	1
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	1.6
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	2.0

\* Percentage change over a year ago

## Interest Rates

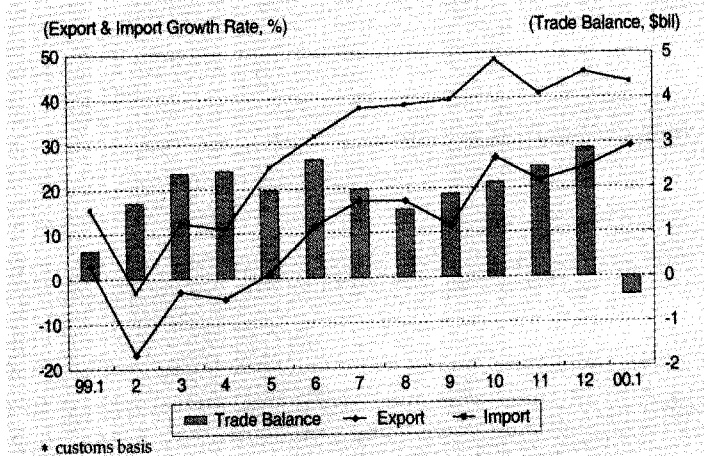


The yield of corporate bonds increased to the mid 10% level due to the reflection of real prices by long term interest rates, fears of price instability and interest rate increases, and worry about the Daewoo bond redemptions in February. However, the government's financial market stabilization measures will prevent additional interest rate increases.

Domestic Interest Rates* (%)	96	97	98				99				2000
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1
Call Rate (overnight)	12.3	35.0	22.1	14.3	7.09	6.53	4.88	4.85	4.67	4.84	4.75
Yield on CP (91 days)	13.9	35.0	22.2	16.3	10.50	7.90	6.90	6.40	7.54	7.85	7.46
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	10.12

\* Percentage change over a year ago

## Trade



January's trade balance was negative for the first time since October 1997 because of the rapid rise of imports following the economic recovery. Although the trade deficit was \$0.4 billion, the worldwide economic recovery and the strong yen allowed to exports to grow 32% year over year.

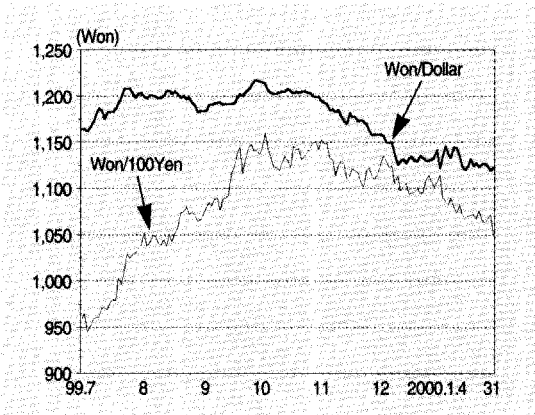
External Transaction (US\$ bil)	97	98	99				year	2000
			Q1	Q2	Q3	Q4		1
Export	136.2	132.3	30.3	35.8	35.1	43.1	144.2	12.2
Imports (CIF)	144.6	93.3	25.6	28.7	29.7	35.7	119.7	12.6
Current Account	-8.2	40.6	6.2	6.4	6.5	-	-	-
Goods	-3.2	41.6	6.8	8.0	6.8	-	-	-
Services	-3.2	0.6	-0.1	-0.5	-0.1	-	-	-
Income	-2.5	-5.0	-1.0	-1.6	-0.7	-	-	-
Current Transfer	0.7	3.4	0.6	0.4	0.5	-	-	-
FX Reserves*	8.9	48.5	54.5	60.4	65.5	74.1	74.1	76.8

\* end of period

External Liabilities* (US\$ bil)	97	98	99				Nov
			Q1	Q2	Q3	Oct	
Long Term	95.7	118.0	113.7	109.3	106.0	98.4	97.7
Short Term	63.6	30.7	31.9	32.1	35.0	37.7	38.0
Total	159.2	148.7	145.5	141.4	140.9	136.1	135.7

\* end of period

## Exchange Rates

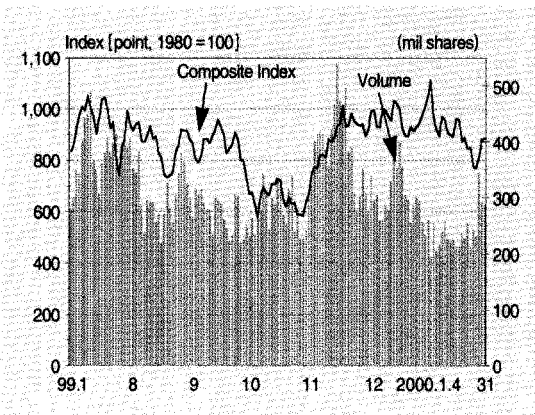


The won/dollar exchange rate, which was 1,138 at the end of 1999, plummeted to a momentary low of 1,110 due to a large inflow of foreign stock investment funds and speculative dollar sales in the NDF market. From the end of the month, the exchange rate is expected to fall slightly to 1,120 in consideration of the government's financial market stabilization measures and increased demand for domestic currency at the end of the month.

Exchange Rates	96	97	98				99				2000
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1
₩ / \$	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	1,138.00	1,123.20
¥ / \$	116.00	130.57	133.22	138.93	136.66	115.02	118.22	133.22	114.00	102.23	106.90

\* end of period

## Stock Market



At the beginning of the year, the stock market was bullish due to successful resolution of the Y2K problem, with the KOSPI index exceeding 1,050 points. However, fears of US interest rate increases, the rapid rise in world oil prices, and financial market instability associated with the Daewoo bond redemption caused the stock index to temporarily fall below even the 880 point level. Recently, the index has rebounded to above 940 points thanks the government's financial market stabilization measures and hopes for improved firm performance in 2000.

Stock Market	96	97	98				99				2000
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1
Composite Stock Price Index (end)	651.22	376.31	481.04	297.88	310.32	562.46	572.30	769.30	943.79	1,028.07	942.88
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	26,983.4	317,163	25,975.8	28,943.5

\* end of period