

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

## The Economy

1999's GDP growth rate reached 10.7% while per capita GNI (a measure of consumers' real purchasing power) is expected to reach \$8,581. HRI forecasts continued economic recovery in 2000, and predicts that per capita GNI will climb back to \$10,000.

	1993	1994	1995	1996	1997	1998	1999(E)	2000(E)
GDP Growth Rate (%)	5.5	8.3	8.9	6.8	5.0	-6.7	10.7	7.8
Nominal GDP (US\$ bil)	345.7	402.4	489.4	520.0	476.6	317.7	406.7	469.4
GNI per capita (US\$)	7,811	8,998	10,823	11,380	10,307	6,742	8,581	10,051
Gross Saving Rate	35.2	35.4	35.5	33.8	33.4	34.0	33.7	-

## Industry

Industrial production in May recorded a 20% growth rate due to continuing favorable export conditions and resumption of the loosened production during the auto workers' strike in May. Retail and wholesale conditions maintained their positive trends. Meanwhile, the growth rate of facility investment decreased drastically.

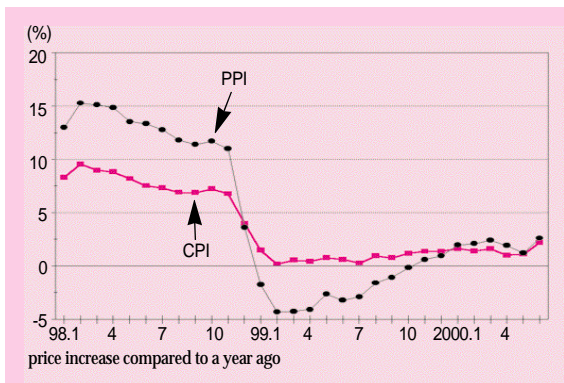
Industrial Indexes (y-o-y, %)	97	98					99					2000				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	12	Q1	3	4	5
Industrial Production Indexes	4.7	-4.9	-11.4	-9.1	-0.6	-6.5	14.1	24.6	28.5	28.9	24.2	24.6	23.4	17.6	16.9	20.0
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	6.9	11.6	17.6	15.7	13.0	14.9	14.4	12.8	11.6	14.3
Domestic Machinery Orders Received	3.3	-38.9	-43.8	-22.2	-10.9	-30.5	16.7	38.7	22.6	13.8	22.6	14.2	18.2	17.5	25.1	10.2
Domestic Construction Orders Received	5.4	-23.4	-53.4	-44.8	-44.9	-42.6	-45.3	27.1	13.4	18.0	0.8	8.9	75.9	55.7	-4.4	20.3

## Employment

Because of factors such as the farming season and the trend of economic recovery, hiring has increased, and June's unemployment rate fell to 3.7% - its lowest point since the financial crisis. The number of unemployed workers fell to 828 thousand.

	97	98					99					2000			
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	Q1	3	4	5
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	20,313	20,660	21,065	21,349
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	4,206	4,221	4,229	4,208
Unemployment Rate (%)	2.6	5.7	6.9	7.4	7.4	6.8	8.4	6.6	5.6	4.6	6.3	5.1	4.7	4.1	3.7
Total Number of Unemployed (thousand)	556	1,182	1,485	1,600	1,586	1,463	1,751	1,435	1,220	1,011	1,353	1,092	1,028	900	828

## Prices

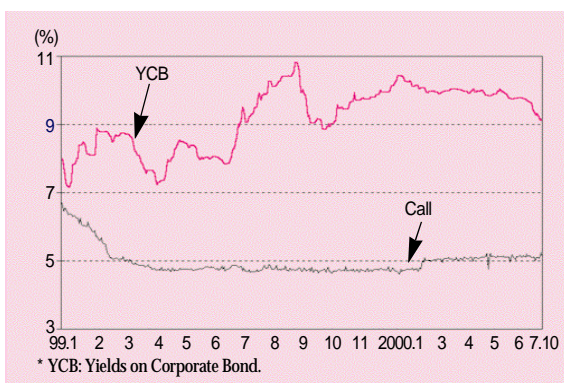


Consumer prices in June rose 0.5% from May, a 2.2% increase year-on-year. Manufacturing product prices rose 1.2% from May due to the increase in domestic petroleum prices. The rise in agricultural product prices and public service charges also contributed to the upturn in consumer prices.

Prices*(%)	96	97	98				99				2000				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2	3	4	5	6
Consumer Prices (%)	4.9	4.5	9.0	8.2	7.0	6.0	0.7	0.6	0.7	1.3	1.4	1.6	1.0	1.1	2.2
Producer Prices (%)	3.2	3.9	14.5	13.9	12.0	8.6	-3.5	-3.3	-1.9	0.4	2.1	2.4	1.9	1.2	2.6

\* Percentage change over a year ago

## Interest Rates

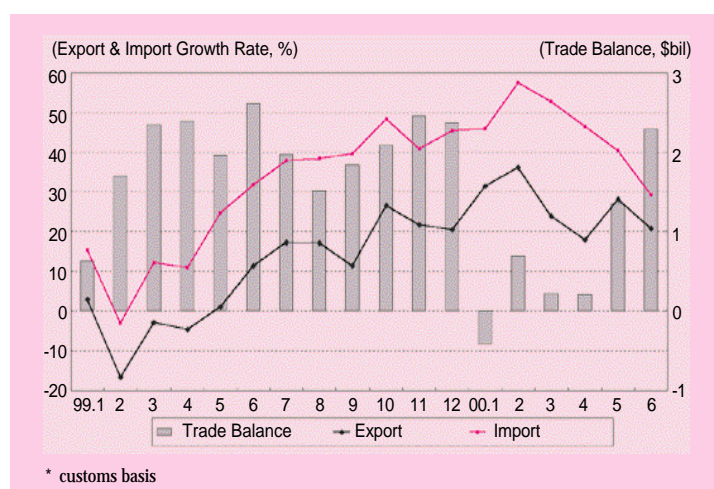


The interest rate fell further with the banking sector expected to buy bonds preemptively with the approaching first half closing of accounts and with the activation of Bond Funds. As a result of the declining interest rates, the mark-to-market bond pricing system is expected to have little influence and a rebound of corporate bond rates is unlikely.

Domestic Interest Rates* (%)	97	98				99				2000				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2	3	4	5	6
Call Rate (overnight)	35.0	22.1	14.3	7.09	6.53	4.88	4.85	4.67	4.84	5.02	4.90	5.01	5.12	5.08
Yield on CP (91 days)	35.0	22.2	16.3	10.50	7.90	6.90	6.40	7.54	7.85	7.33	7.28	7.37	7.46	7.00
Yield on Corporate Bonds (3 years)	29.0	18.3	16.0	11.90	8.00	8.10	7.96	9.23	9.95	9.90	9.98	9.94	9.89	9.00

\*End of period

## Trade



Despite China's restrictions on Korean mobile phone and polyethylene exports, Korea's semiconductor, petrochemical, machinery, and computer industry exports experienced favorable conditions to result in an export figure of \$15.5 billion in June- the highest figure so far in 2000. The growth rate of imports declined with the economy's slowdown, although imports of raw materials increased due to higher international oil prices. The month's trade balance, thanks to the strong export conditions, recorded \$2.3 billion, which exceeded the cumulative total for the previous five months.

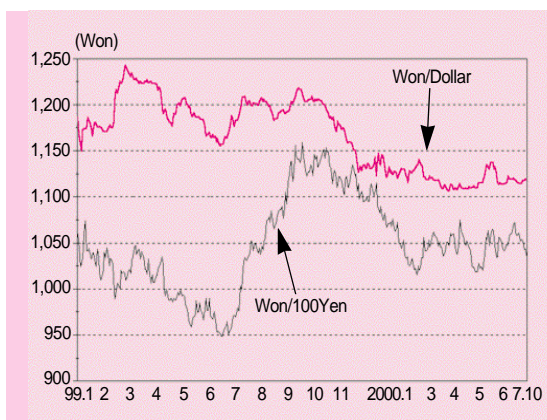
External Transaction (US\$ bil)	97	98	99	2000					
				Jan	Feb	Mar	Apr	May	Jun
Export	136.2	132.3	143.6	12.2	12.7	14.4	13.5	14.6	15.5
Imports (CIF)	144.6	93.3	119.8	12.6	12.0	14.2	13.3	13.3	13.2
Current Account	-8.2	40.6	25.0	0.3	0.7	0.2	-0.3	1.5	-
Goods	-3.2	41.6	28.7	0.6	0.6	0.9	0.5	1.9	-
Services	-3.2	6.3	-1.0	-0.3	-0.1	-0.4	-0.1	-0.3	-
Income	-2.5	-5.0	-4.7	-0.1	0.0	-0.4	-0.8	0.0	-
Current Transfer	0.7	3.4	2.0	0.1	0.1	0.0	0.1	0.0	-
FX Reserves*	8.9	48.5	74.1	76.8	79.7	83.6	84.6	86.8	90.2

\*end of period

External Liabilities* (US\$ bil)	97	98	99	2000				
				Jan	Feb	Mar	Apr	May
Long Term	95.7	118.0	98.3	96.9	97.7	99.8	94.2	94.7
Short Term	63.6	30.7	38.4	40.0	41.3	43.4	46.2	46.8
Total	159.2	148.7	136.4	136.8	138.9	143.2	140.4	141.5

\*end of period

## Exchange Rates

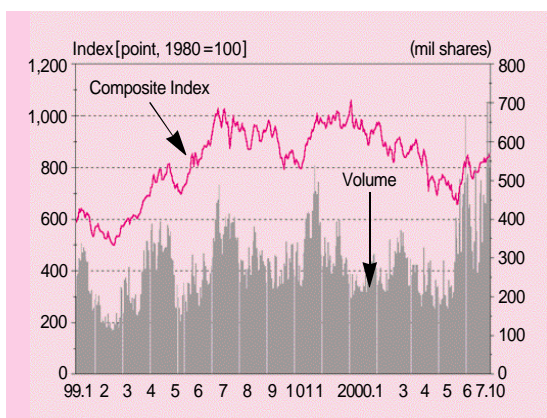


Because of anxiety related to the bank industry strike and the government's recent cautionary announcement about the recent fall in the exchange rate, the won/dollar rate began a continuing growth trend. In addition, the weakened currencies of the southeast Asian countries are abetting the weakening of the won.

Exchange Rates*	98				99				2000					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2	3	4	5	6	
₩ / \$	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,157.60	1,204.00	1,138.00	1,131.0	1,107.4	1,109.1	1,129.4	1,115.00	
¥ / \$	133.22	138.93	136.66	115.02	118.22	133.22	114.00	102.23	110.18	105.55	106.43	105.4	105.57	

\*end of period

## Stock Market



With favorable external and internal conditions including bullish international stock markets and decreasing market interest rates due to stability in the financial market, the Korean stock market has been rising. However, large gains above 850 are not likely because a lot of stocks are expected to be offered and market uncertainty exists related to the bank sector strike.

Stock Market*	98				99				2000					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2	3	4	5	6	
Composite Stock Price Index (end)	481.04	297.88	310.32	562.46	572.30	769.30	943.79	1,028.07	828.38	860.94	725.39	731.88	821.22	
Traded Volume (Avg, ten thousands)	8,394.4	5,704.2	7,728.4	9,771	14,922.3	26,983.4	31,716.3	27,879	25,723	21,473	22,815	24,702	46,287	

\*end of period