

*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 July logged an annual increase of 19.3% on the strength of semiconductor and computer exports. The wholesale and retail trade index rose by 8.3% year over year, and domestic orders for machinery increased by 26.8%. Although real indicators are continuing their growth trend, there are signs that the growth will gradually taper off.

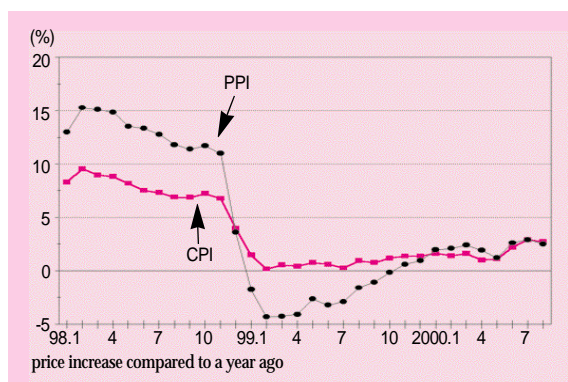
Industrial Indexes (y-o-y, %)	97	98					99					2000					
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	12	Q1	Q2	5	6	7
Industrial Production Indexes	4.7	-4.9	-11.4	-9.1	-0.6	-6.5	14.1	24.6	28.5	28.9	24.2	24.6	23.4	18.3	20.1	17.8	19.3
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	6.9	11.6	17.6	15.7	13.0	14.9	14.4	12.4	14.7	11.1	8.3
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	8.3	10.2	-5.8	26.8
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	20.4	18.8	44.3	12.7

Employment

While the unemployment rate in July remained steady at 3.6%, the number of jobless rose slightly due to job hunting by students during their vacation. Seasonally adjusted unemployment fell to 3.7%, the lowest level since the financial crisis.

	97	98					99					2000				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	Q1	Q2	5	6	7
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	21,268	21,349	21,390	21,501
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	4,215	4,208	4,207	4,257
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	3.8	3.7	3.6	3.6
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	840	828	793	804

Prices

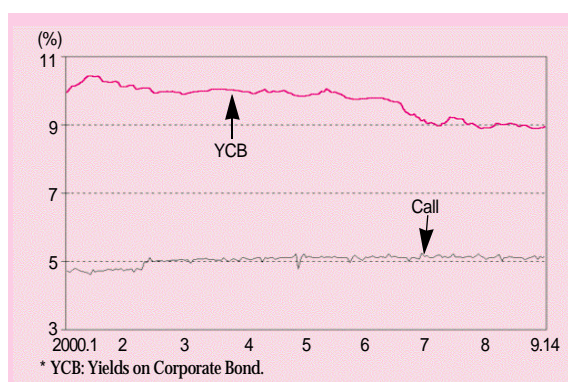


Consumer prices in August rose 0.8% from July, a 2.7% increase year-on-year. Public service charges rose 1.9% due to the rise in medical fees and bus fare. The prices of manufacturing products and agricultural goods rose 1.0% and 1.2% respectively, contributing to overall price increases.

Prices*(%)	98				99				2000							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1	2	3	4	5	6	7	8
Consumer Prices (%)	9.0	8.2	7.0	6.0	0.7	0.6	0.7	1.3	1.6	1.4	1.6	1.0	1.1	2.2	2.9	2.7
Producer Prices (%)	14.5	13.9	12.0	8.6	-3.5	-3.3	-1.9	0.4	2.0	2.1	2.4	1.9	1.2	2.6	2.9	2.5

*Percentage change over a year ago

Interest Rates

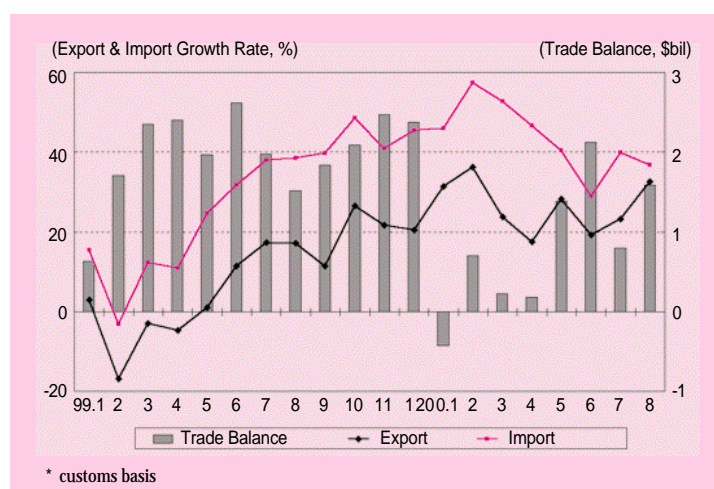


In expectation of the settlements of accounts of the second financial restructuring in late September, institutional investors bought greater quantities of low-risk bonds such as national bonds. As a result, real market interest rates maintained their low levels through early September. However, general anxiety stemming from the recent oil price hikes are putting upward pressure on interest rates.

Domestic Interest Rates* (%)	97	98				99				2000					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	3	4	5	6	7	8
Call Rate (overnight)	35.0	22.1	14.3	7.09	6.53	4.88	4.85	4.67	4.84	4.90	5.01	5.12	5.08	5.13	5.12
Yield on CP (91 days)	35.0	22.2	16.3	10.50	7.90	6.90	6.40	7.54	7.85	7.28	7.37	7.46	7.00	7.52	7.11
Yield on Corporate Bonds (3 years)	29.0	18.3	16.0	11.90	8.00	8.10	7.96	9.23	9.95	9.98	9.94	9.89	9.00	9.17	8.98

*End of period

Trade



Traditionally, export performance in August is usually modest because it is a vacation month. In 2000 however, exports for August recorded \$15.1 billion, a figure exceeded only by June's \$15.3 billion. The performance was attributable to higher semiconductor prices following increased world demand, stability in the won/dollar exchange rate, and a strong US economy. Meanwhile, import growth petered out with the cooling domestic economy, and imports for the month logged \$13.5 billion to result in a trade surplus of \$1.6 billion.

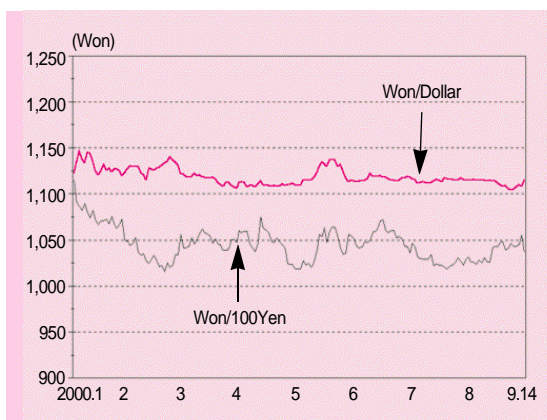
External Transaction (US\$ bil)	97	98	99	2000			
				Q1	Q2	Jul	Aug
Export	136.2	132.3	143.6	39.3	43.5	14.5	15.1
Imports (CIF)	144.6	93.3	119.8	38.8	39.8	13.7	13.5
Current Account	-8.2	40.4	24.5	1.7	2.7	1.5	0.8
Goods	-3.2	41.6	28.4	2.5	4.7	2.3	1.3
Services	-3.2	1.0	-0.7	-0.8	-1.0	-0.5	-0.5
Income	-2.5	-5.6	-5.2	-0.2	-1.1	-0.2	0.0
Current Transfer	0.7	3.3	1.9	0.3	0.0	-0.1	0.0
FX Reserves*	8.9	48.5	74.1	83.7	90.2	90.4	91.4

*end of period

External Liabilities* (US\$ bil)	97	98	99	2000		
				Q1	Q2	Jul
Long Term	95.7	118.0	97.8	99.8	94.0	94.3
Short Term	63.6	30.7	39.2	43.4	47.0	47.8
Total	159.2	148.7	137.1	143.2	141.0	142.1

*end of period

Exchange Rates

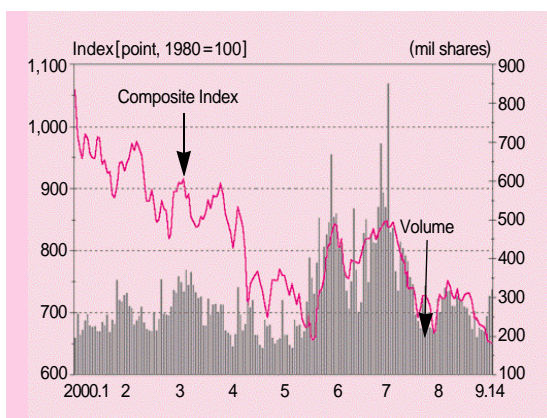


On entering mid September, the won/dollar rate, which had fallen steeply until early September, showed a dramatic surge. Likely factors in this upturn are the rising yen/dollar rate in the world currency markets, and the large scale sale of Korean stocks by foreigners.

Exchange Rates*	98				99				2000				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	4	5	6	7	8
₩ / \$	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,157.60	1,204.00	1,138.00	1,109.1	1,129.4	1,115.00	1,116.70	1,108.80
¥ / \$	133.22	138.93	136.66	115.02	118.22	133.22	114.00	102.23	106.43	105.4	105.57	109.48	106.37

*end of period

Stock Market



Due to the fall in world semiconductor prices, foreigners dumped their Korean semiconductor-related shares starting with Samsung Electronics. This mass selling caused the bourse to fall drastically in September. A more fundamental reason behind the stock market slump seems to be the delay of corporate restructuring and its resulting drag on market confidence.

Stock Market*	98				99				2000				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	4	5	6	7	8
Composite Stock Price Index (end)	481.04	297.88	310.32	562.46	572.30	769.30	943.79	1,028.07	725.39	731.88	821.22	705.97	688.62
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	22,815	24,702	46,287	21,898	26,337

*end of period