

\*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

Production in September grew 15.1% year-over-year, which was a slowdown from the previous month. The average rate of facility utilization increased from 82.1% in August to 78.1% in September.

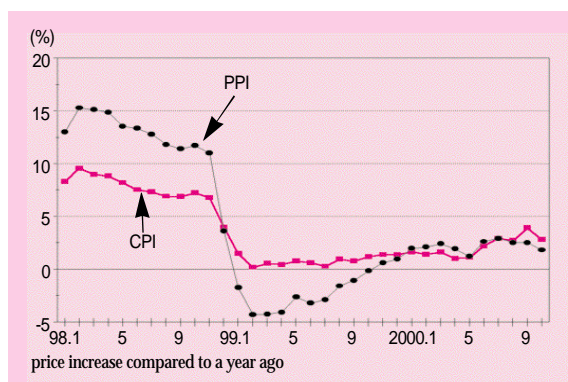
Industrial Indexes (y-o-y, %)	97	98					99					2000			
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	12	Q1	Q2	Q3
Industrial Production Indexes	4.7	-4.9	-11.4	-9.1	-0.6	-6.5	14.1	24.6	28.5	28.9	24.2	24.6	23.4	18.3	19.6
Wholesale and Retail Trade Indexes	3.2	-11.2	-16.0	-15.1	-8.3	-12.7	6.9	11.6	17.6	15.7	13.0	14.9	14.4	12.4	7.6
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	17.1
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	8.5

## Employment

With strong hiring in the manufacturing sector thanks to the Chusok holiday, the unemployment rate in September decreased. The unemployment rate and the number of unemployed decreased by 0.1% and 140,000 respectively from August to record 3.6% and 804,000 in September.

	97	98					99					2000				
		Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	Q1	Q2	7	8	9
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	21,501	21,253	21,432
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	4,257	4,184	4,280
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	3.6	3.7	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	804	818	804

## Prices

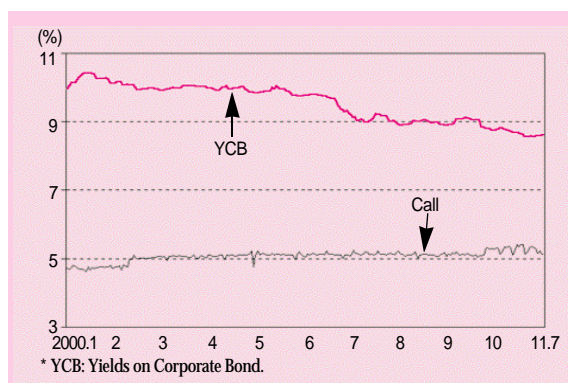


Consumer prices in October dropped 0.3% from the previous month (a 2.8% increase year on year) thanks to a large drop in agricultural product prices. Manufacturing product prices rose 0.7% due to the rise in petroleum product prices. Public service charges and rent also rose 0.2% and 0.1% respectively.

Prices*(%)	98	99				2000									
		Q1	Q2	Q3	Q4	1	2	3	4	5	6	7	8	9	10
Consumer Prices (%)	7.5	0.7	0.6	0.7	1.3	1.6	1.4	1.6	1.0	1.1	2.2	2.9	2.7	3.9	2.8
Producer Prices (%)	12.2	-3.5	-3.3	-1.9	0.4	2.0	2.1	2.4	1.9	1.2	2.6	2.9	2.5	2.5	1.8

\*Percentage change over a year ago

## Interest Rates

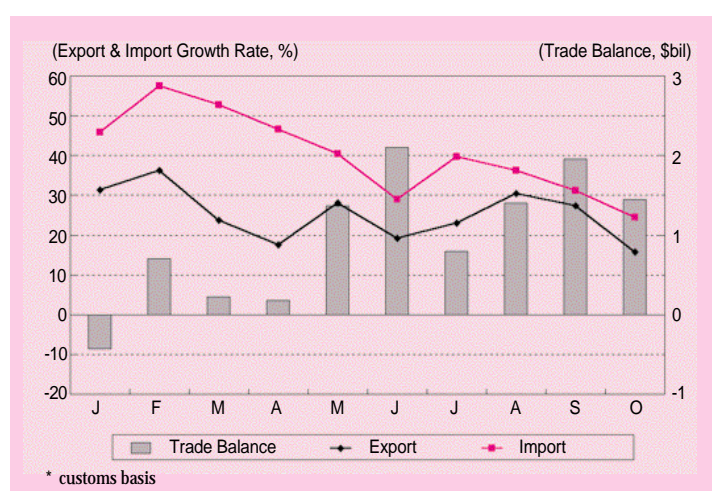


Corporate bond yields reached their lowest levels yet this year. The rapid fall of interest rates was caused by the flow of funds to relatively safe government bonds or AA- corporate bonds out of anxiety about restructuring. The interest rates of BBB- corporate bonds did not fall as much, widening the spread between AA- and BBB- bonds from 2.6% in the beginning of October to 3.4%.

Domestic Interest Rates* (%)	97	98				99				2000					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	7	8	9	10
Call Rate (overnight)	35.0	22.1	14.3	7.09	6.53	4.88	4.85	4.67	4.84	5.11	5.16	5.13	5.12	5.09	5.36
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	7.61	7.52	7.11	7.24	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	10.01	9.41	9.17	8.98	9.04	8.59

\*End of period

## Trade



Exports in October grew at 15.8% year-over-year thanks to strong exports of semiconductors, autos, and computers. Although the growth rate of exports was the lowest in 13 months, export value reached a record high of \$15.6 billion. Imports increased steeply at 24.4% y-o-y, this was mostly from the high unit price of oil imports; domestic demand growth declined for other imports. With the month's trade surplus recording \$1.4 billion, and a cumulative surplus of \$9.8 billion, the surplus for the year may exceed the government's goal of \$10 billion to reach \$12 billion.

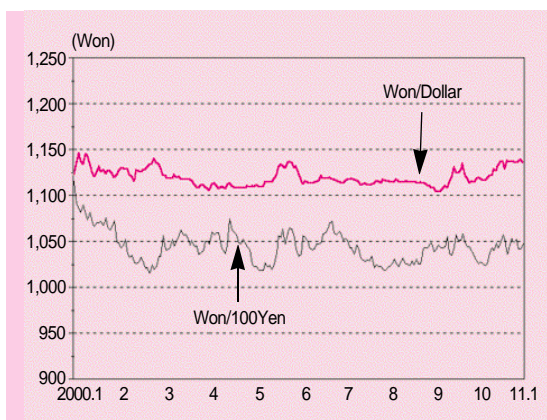
External Transaction (US\$ bil)	97	98	99	2000				
				Q1	Q2	Q3	Oct	Total
Export	136.2	132.3	143.6	39.3	43.4	44.5	15.6	142.9
Imports (CIF)	144.6	93.3	119.8	38.8	39.8	40.4	14.1	141.3
Current Account	-8.2	40.4	24.5	1.7	2.7	3.6	-	7.7
Goods	-3.2	41.6	28.4	2.5	4.7	5.6	-	12.8
Services	-3.2	1.0	-0.7	-1.0	-1.0	-1.5	-	-3.5
Income	-2.5	-5.6	-5.2	-0.3	-1.1	-0.4	-	-1.8
Current Transfer	0.7	3.3	1.9	0.2	0.1	-0.1	-	0.2
FX Reserves*	8.9	48.5	74.1	83.7	90.2	92.5	92.7	-

\*end of period

External Liabilities* (US\$ bil)	97	98	99	2000					
				Apr	May	Jun	Jul	Aug	Sep
Long Term	95.7	118.0	98.3	94.2	94.7	94.5	94.4	94.3	93.7
Short Term	63.6	30.7	38.4	46.2	46.8	47.5	47.8	47.5	46.8
Total	159.2	148.7	136.4	140.4	141.5	142.0	142.1	141.9	140.5

\*end of period

## Exchange Rates

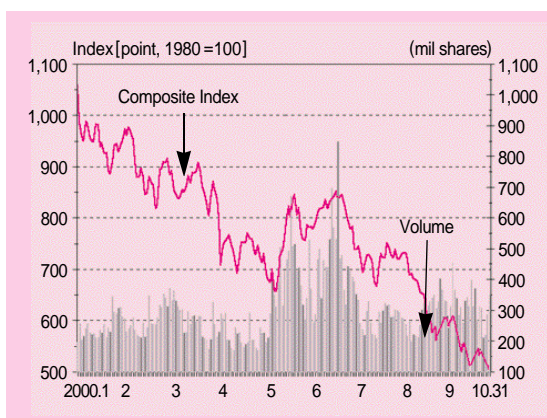


With stock prices relatively stable due to equity sales by foreigners, the won/dollar rate fluctuated mildly at around 1,130 won per dollar. The government's resolve to complete restructuring contributed to the exchange rate stability. However, because of continued demand for foreign exchange from oil companies and the financial sector, the exchange rate is unlikely to fall.

Exchange Rates*	98				99				2000				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	6	7	8	9	10
₩ / \$	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,157.60	1,204.00	1,138.00	1,115.00	1,116.70	1,108.80	1,115.00	1,139.00
¥ / \$	133.22	138.93	136.66	115.02	118.22	133.22	114.00	102.23	105.57	109.48	106.37	107.83	109.15

\*end of period

## Stock Market



Despite the fall in the Dow Jones, the bankruptcy of some large corporations, and a worsening credit crunch, the stock market showed a modest rally, after being reassured of the government's will to reform. However, with continuing uncertainty regarding the US presidential elections, US stock markets are in confusion, and as a result, the rise in Korean markets has also been limited.

Stock Market*	98				99				2000				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	6	7	8	9	10
Composite Stock Price Index (end)	481.04	297.88	310.32	562.46	572.30	769.30	943.79	1,028.07	821.22	705.97	688.62	613.22	514.48
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	46,287	21,898	26,337	30,334	31,447

\*end of period