

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

The Economy

2000's GDP growth rate reached 9.5% while per capita GNI (a measure of consumers' real purchasing power) is expected to reach \$9,764.0. Economic growth is expected to slow down with a GDP growth rate just over 5% in 2001, while per capita GNI is forecast to maintain its level of nearly \$10,000.

	1994	1995	1996	1997	1998	1999	2000(E)	2001(E)
GDP Growth Rate (%)	8.3	8.9	6.8	5.0	-6.7	10.7	9.5	5.5
Nominal GDP (US\$ bil)	402.4	489.4	520.0	476.6	317.7	406.7	445.3	469.7
GNI per capita (US\$)	8,998	10,823	11,380	10,307	6,742	8,581	9,764	9,299
Gross Saving Rate	35.4	35.5	33.8	33.4	34.0	33.7	-	-

Industry

Production in November grew 6.4% year-over-year, which was a slowdown from the previous month. The average rate of facility utilization decreased from 76.5% in October to 75.8% in November.

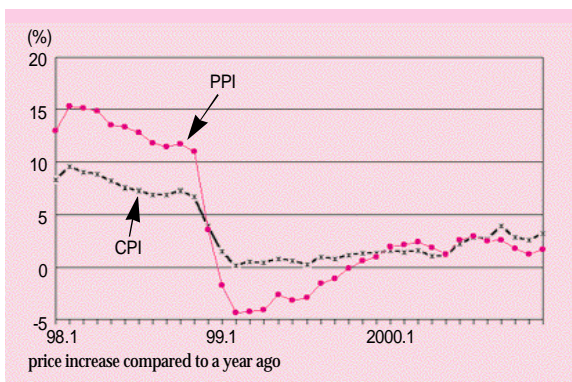
Industrial Indexes (y-o-y, %)	1999						2000					
	Q1	Q2	Q3	Q4	Avg.	12	Q1	Q2	Q3	10	11	
Industrial Production Indexes	14.1	24.6	28.5	28.9	24.2	24.6	23.4	18.3	19.6	11.4	6.4	
Wholesale and Retail Trade Indexes	6.9	11.6	17.6	15.7	13.0	14.9	14.4	12.4	7.6	5.0	3.2	
Domestic Machinery Orders Received	16.7	38.7	22.6	13.8	22.6	14.2	18.2	8.3	17.1	0.5	18.3	
Domestic Construction Orders Received	-45.3	27.1	13.4	18.0	0.8	8.9	75.9	20.4	8.5	-16.8	-7.5	

Employment

The unemployment rate, which had fallen in October to its lowest level since before the financial crisis, rose to 3.6% due to a fall in new hiring in the construction sector. The unemployment rate for persons in their twenties rose by 0.5%. By region, the unemployment rate was high in large cities such as Seoul (4.4%), Pusan (6.0%), and Kwangju (6.0%). The number of unemployed was 797 thousand, an increase of 37 thousand from the previous month. The seasonally-adjusted unemployment rate was 4.1%, a 0.2% rise from the previous month.

	97	98	1999					2000					
			Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	9	10	11
Total Employed (thousand)	21,106	19,994	19,105	20,362	20,695	20,962	20,281	20,313	21,268	21,395	21,432	21,573	21,366
Unemployment Rate(%)	2.6	6.8	8.4	6.6	5.6	4.6	6.3	5.1	3.8	3.6	3.6	3.4	3.6
Total Number of Unemployed (thousand)	556	1,461	1,749	1,435	1,220	1,011	1,353	1,092	840	809	804	760	797

Prices

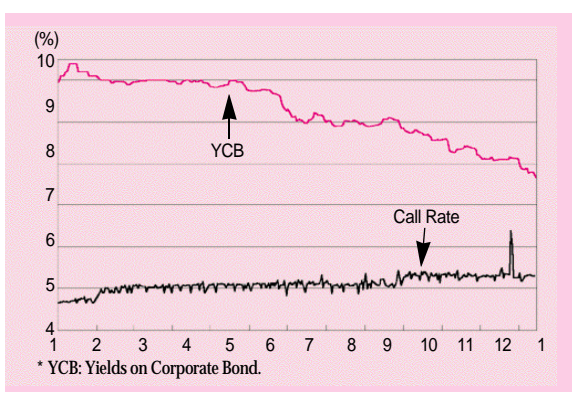


The price level, which was relatively stable during the previous two months, started to rise again in December. Although the price of agricultural goods fell, the price of manufactured goods rose, resulting in a 0.4% month-to-month rise in consumer prices, a 3.2% rise from the same month in the previous year. The rise in consumer prices for the whole year was 2.3%. Producer prices in December rose 1.7% over the same month in 1999, and the annual rise was 2.0%.

Prices*(%)	98	99	2000												
			1	2	3	4	5	6	7	8	9	10	11	12	year
Consumer Prices (%)	7.5	0.8	1.6	1.4	1.6	1.0	1.1	2.2	2.9	2.7	3.9	2.8	2.6	3.2	2.3
Producer Prices (%)	12.2	-2.1	2.0	2.1	2.4	1.9	1.2	2.6	2.9	2.5	2.5	1.8	1.3	1.7	2.0

*Percentage change over a year ago

Interest Rates



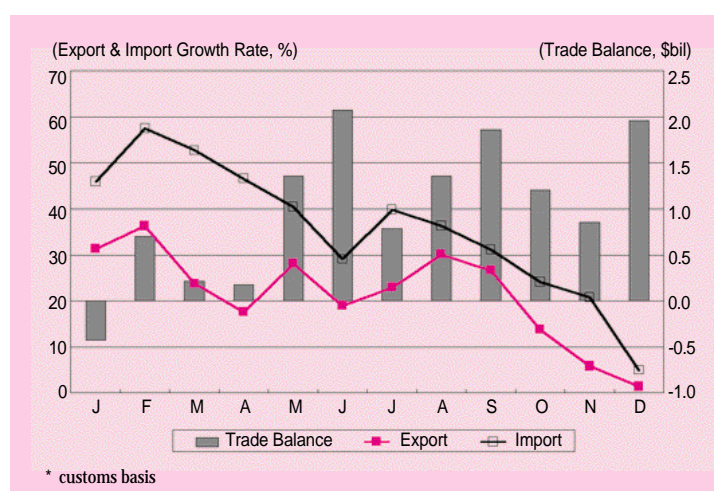
Anxiety still remains in the financial market, causing market participants to turn to safer assets such as government bonds, leading interest rate to continue their decline. Government bonds recorded their lowest rates ever with yields at around 5%. With the recent cut in U.S. interest rates, additional falls in yield may be possible. Meanwhile, corporate bonds rated below BBB are being issued more widely, contributing to the falling yield in the market.

* YCB: Yields on Corporate Bond.

Domestic Interest Rates* (%)	1999				2000				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1.17
Call Rate (overnight)	4.88	4.85	4.67	4.84	5.11	5.16	5.03	6.01	5.31
Yield on CP (91 days)	6.90	6.40	7.54	7.85	7.28	7.61	7.40	7.13	6.92
Yield on Corporate Bonds (3 years)	8.10	7.96	9.23	9.95	10.01	9.41	9.04	8.13	7.70

*End of period

Trade



In 2000, exports increased by 20.1% from the previous year, the first double-digit growth since 1995 (30.3%), and acted as the engine of economic growth, accounting for 65% of growth in the third quarter. The reason for the export boom was increased demand from the strong U.S. economy, stable economic growth in China, and recovery in the developing economies.

Imports rose steeply due to the domestic economic recovery, and the rise in international oil prices, to record a 34.0% increase from the previous year. However, going into December, the growth rate tapered off to 5%, partly due to stabilizing oil prices. The amount of imports, which

had plummeted after the financial crisis, exceeded pre-crisis levels. The rapid increase of imports was due to short term causes such as rising oil prices in addition to greater demand following economic growth.

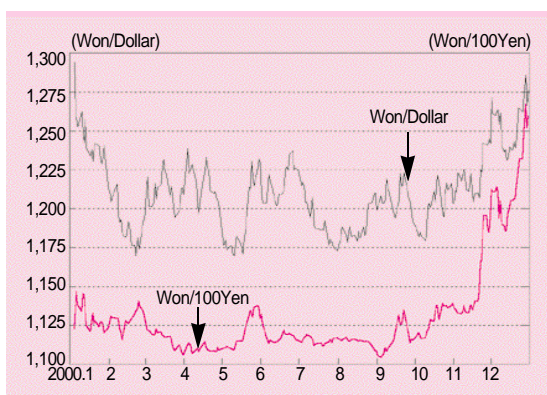
External Transaction (US\$ bil)	97	98	99	2000				Total
				Q1	Q2	Q3	Q4	
Export (FOB)	136.2	132.3	143.6	39.3	43.4	44.5	45.4	172.6
Imports (CIF)	144.6	93.3	119.8	38.8	39.8	40.4	41.4	160.5
Current Account	-8.2	40.4	24.5	1.7	2.7	3.6	-	7.7
Goods	-3.2	41.6	28.4	2.5	4.7	5.6	-	12.8
Services	-3.2	1.0	-0.7	-1.0	-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	96.2	

*end of period

External Liabilities* (US\$ bil)	97	98	99	2000					
				Jun	Jul	Aug	Sep	Oct	Nov
Long Term	95.7	118.0	97.8	94.5	94.4	94.3	93.7	92.3	91.8
Short Term	63.6	30.7	39.2	47.5	47.8	47.5	46.8	46.1	44.8
Total	159.2	148.7	137.0	142.0	142.1	141.9	140.5	138.4	136.6

*end of period

Exchange Rates

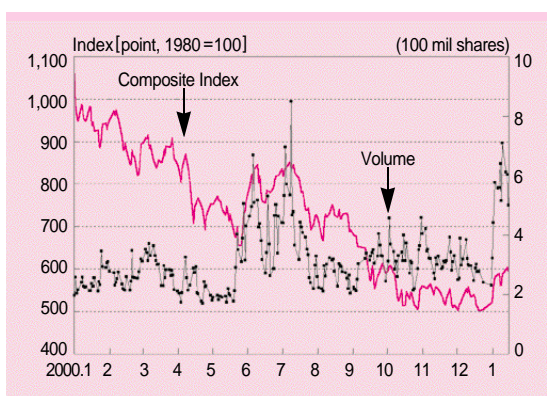


The won/dollar rate rose dramatically to 1,250 due to offshore demand for foreign exchange since November. Since then, continued speculative dollar demand and equity sales by foreigners made the won/dollar rate rise steeply. In early 2001, as stock market sentiment became bullish, the won/dollar rate was relatively stable, staying between 1260 and 1280.

Exchange Rates*	1998				1999				2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
₩ / \$	1,378.80	1,385.20	1,373.60	1,204.00	1,191.40	1,157.60	1,204.00	1,138.00	1,108.3	1,114.9	1,115.0	1,265.0
¥ / \$	133.22	138.93	136.66	115.02	118.22	133.22	114.00	102.23	102.67	105.92	108.12	114.32

*end of period

Stock Market



Coming into 2001, the rapid increase in foreign buying has energized the stock market. Influenced by the U.S. interest rate reduction, foreigners are increasing their holdings in emerging markets including Asia, and this trend is expected to last in the short term. However, the stock price index is not expected to rise above the 600 level, and for a long term rally, the stock market needs a reduction of risk due to effective restructuring

Stock Market*	1999				2000				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1.17
Composite Stock Price Index (end)	572.30	769.30	943.79	1,028.07	860.94	821.22	613.22	504.62	595.83
Traded Volume (Avg, ten thousands)	14,922.3	26,983.4	31,716.3	27,879	12,155	45,908	34,279	23,968	49,883

*end of period