

*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 shrink a little.

	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	8.8	4.8
Nominal GDP (US\$ bil)	402.4	489.4	520.0	476.6	317.7	405.8	457.4	432.6
GNI per capita (US\$)	8,998	10,823	11,380	10,307	6,742	8,551	9,628	9,067.2
Gross Saving Rate	35.4	35.5	33.8	33.4	33.9	32.9	32.3	-

Industry

Production in January grow 0.01% year-over-year, which was an increase from the previous month. But wholesale and retail sales decreased 1.2% year-over-year. Notably, domestic machinery orders and construction orders dramatically decreased in double digits.

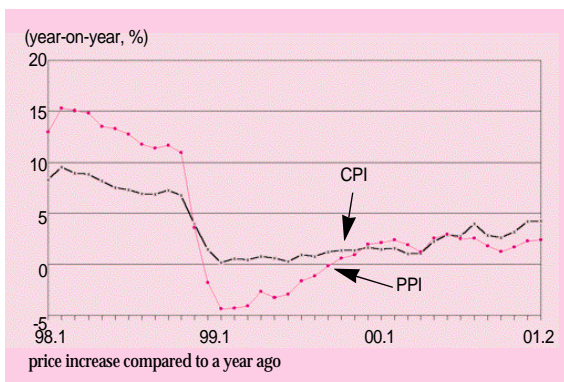
Industrial Indexes (y-o-y, %)	1999					2000					2001
	Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	Q4	Avg.	Jan
Industrial Production Indexes	14.1	24.6	28.5	28.9	24.2	23.4	18.3	19.6	7.4	16.6	0.1
Wholesale and Retail Trade Indexes	6.9	11.6	17.6	15.7	13.0	14.4	12.4	7.6	3.5	9.2	1.2
Domestic Machinery Orders Received	16.7	38.7	22.6	13.8	22.6	18.2	8.3	17.1	20.7	15.9	-20.5
Domestic Construction Orders Received	-45.3	27.1	13.4	18.0	0.8	75.9	20.4	8.5	-6.9	17.3	-32.1

Employment

In January, the number of unemployed increased by 89 thousand from the previous month, resulting in an unemployment rate of 4.6% (0.5% rise from the previous month). This was the third month of increasing unemployment after October, when unemployment was at its lowest since the financial crisis. Due to hiring in the distribution and service sectors, the unemployment rate of teenagers declined, but new job hunting by college grads and the overall economic downturn have caused unemployment of those in their twenties and thirties to increase. By industry, hiring in the construction, agriculture, and fisheries industries showed steep declines. By OECD standards, the unemployment rate was 5.0%.

	97	98	1999	2000					2001	
				Q1	Q2	Q3	Q4	Avg.	12	1
Total Employed (thousand)	21,106	19,994	20,281	20,313	21,268	21,395	21,266	21,061	20,857	20,286
Unemployment Rate(%)	2.6	6.8	6.3	5.1	3.8	3.6	3.7	5.1	3.8	3.6
Total Number of Unemployed (thousand)	556	1,461	1,353	1,092	1,220	1,011	1,353	1,092	840	804

Prices

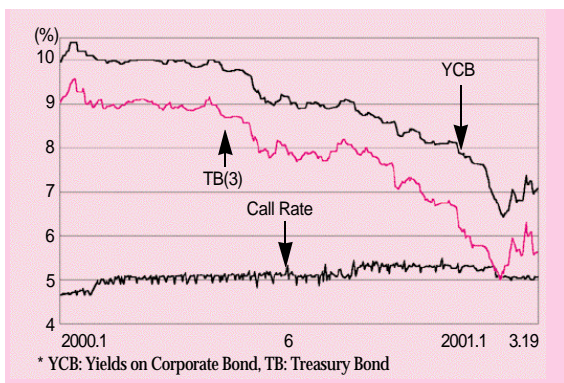


In February, consumer prices rose 4.2% year-over-year, and 0.2% from the previous month. Although the price rise of agricultural goods slowed from the previous month, fees for services and industrial goods prices showed increases. Producer prices rose 2.4% year-over-year (0.2% from the previous month). Because supply-side inflationary pressures such as international raw material prices have moderated, and the gradual recovery of consumer sentiment is not expected to spur inflation, prices are expected to gradually stabilize.

Prices*(%)	99	2000												2001		
		1	2	3	4	5	6	7	8	9	10	11	12	year	1	2
Consumer Prices (%)	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	4.2	4.2
Producer Prices (%)	-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	2.3	2.4

*Percentage change over a year ago

Interest Rates

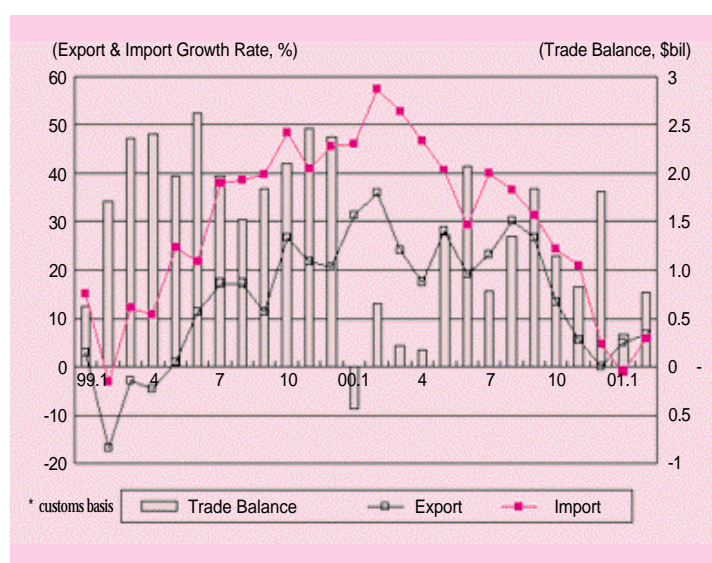


After a steep decline in the third week of March, interest rates have shown an increasing trend due to anxiety of market participants about the economy. Trading was restricted to relatively small transactions until the third week of March because of uncertainty about the size of future US rate cuts. The direction of domestic interest rates is expected to be clarified after the Fed's decision of rate cuts.

Domestic Interest Rates* (%)	1999				2000				2001		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	3.19
Call Rate (overnight)	4.88	4.85	4.67	4.84	5.11	5.16	5.03	6.01	5.27	5.06	5.06
Yield on CP (91 days)	6.90	6.40	7.54	7.85	7.28	7.61	7.40	7.13	6.55	6.11	6.03
Yield on Corporate Bonds (3 years)	8.10	7.96	9.23	9.95	10.01	9.41	9.04	8.13	7.38	6.77	7.07

*End of period

Trade



Exports increased by 20.1% year-on-year to recover a two-digit level for the first time since 1995. Acting as the engine of growth for the domestic economy, exports had a contribution rate of 65.0% in the third quarter of 2000. The reasons for the strong performance included the strong US economy, China's steady growth, and economic recovery in the developing countries.

Imports grew 34.0% from the previous year due to recovery of the domestic economy and rise in world oil prices. However, with stabilized oil prices, the import growth rate fell sharply in December to 5.0%. The rapid increase of imports in 2000 was caused by higher prices as well as increased orders from economic growth.

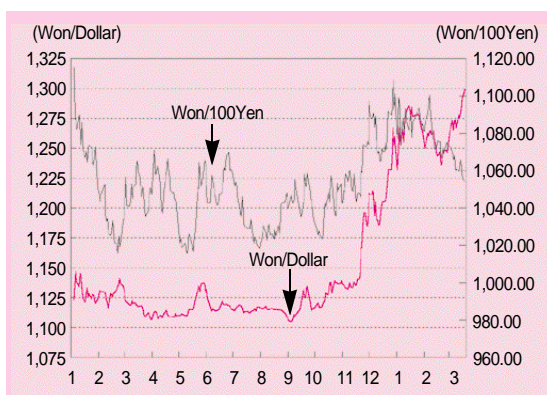
External Transaction (US\$ bil)	98	99	2000				Total	2001
			Q1	Q2	Q3	Q4		Jan
Export (FOB)	132.3	143.6	39.3	43.4	44.4	45.4	172.6	126.8
Imports (CIF)	93.3	119.8	38.8	39.8	40.4	41.4	160.5	121.9
Current Account	40.4	24.5	1.3	2.7	3.7	3.3	11.0	6.8
Goods	41.6	28.4	2.4	4.6	5.4	4.2	16.6	4.9
Services	1.0	-0.7	-0.9	-0.8	-1.2	-1.0	-4.0	-1.9
Income	-5.6	-5.2	-0.5	-1.2	-0.6	0.1	-2.2	3.0
Current Transfer	3.3	1.9	0.3	0.2	0.1	0.1	0.6	0.9
FX Reserves*	48.5	74.1	83.7	90.2	92.5	96.2	96.2	95.4

*end of period

External Liabilities* (US\$ bil)	98	99	2000						2001
			Jul	Aug	Sep	Oct	Nov	Dec	Jan
Long Term	118.0	97.8	94.4	94.3	93.7	92.3	91.8	92.1	91.1
Short Term	30.7	39.2	47.8	47.5	46.8	46.1	44.8	44.2	42.3
Total	148.7	137.0	142.2	141.8	140.5	138.4	136.6	136.3	133.4

*end of period

Exchange Rates

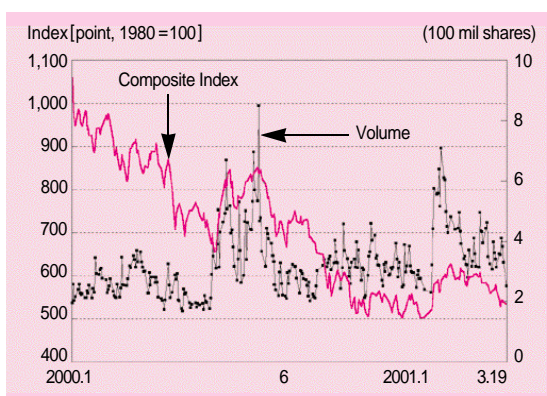


The won/dollar rate skyrocketed to 1,296 due to the U.S. economic cool-down and the Japanese yen's weakness against the dollar. The worries of Japan's financial crisis and equity sales by foreigners also made the won/dollar rate rise further. As overseas environment aggravates further, the won/dollar rate will break a resistance line of 1,300.

Exchange Rates*	1999				2000				2001	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb
₩ / \$	1,191.40	1,157.60	1,204.00	1,138.00	1,108.3	1,114.9	1,115.0	1,265.0	1259.0	1250.8
¥ / \$	118.22	133.22	114.00	102.23	102.67	105.92	108.12	114.32	116.62	116.60

*end of period

Stock Market



In a display of stock market synchronization, the recent plunge of the Nasdaq index, led to declines in domestic stock markets. Another negative factor that impacted stocks was the possibility of a financial crisis in Japan due to a liquidity shortage in Japanese banks, which could possibly affect the Korean economy.

Stock Market*	1999				2000				2001		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	3.19
Composite Stock Price Index (end)	572.30	769.30	943.79	1,028.07	860.94	821.22	613.22	504.62	617.91	578.10	534.33
Traded Volume (Avg, ten thousands)	14,922.3	26,983.4	31,716.3	27,879	12,155	45,908	34,279	23,968	43,345	34,875	29,173

*end of period