

## **LETTER FROM THE EDITOR**

Going into the second quarter of 2001, the Korean business cycle is expected to show a continued slowdown due to the downturn in the world economy, stagnant domestic demand, and the recent weakness of the Japanese yen. And there is some controversy over when the Korean economy will recover.

This month's Korean Macroeconomy reviews performance in the real economy. Although business sentiment showed some improvement and the business cycle displayed some positive signs, future prospects are unclear with the slowdown of the US and Japanese economies. The article examines the prospects for Korean exports under these conditions.

The Korean Financial Market looks at the recent financial jitters and their source in the foreign exchange market. The won recently depreciated due to its correlation to the Japanese yen as well as from speculative demand arising from market anxiety. The article reviews the effects on domestic interest rates and stock prices, the impact on price levels, as well as the Bank of Korea's planned interventions.

The first article in this month's Current Issues section looks at the results of the latest survey on consumer sentiment conducted by Hyundai Research Institute. The survey found that consumer sentiment and expectations for present and future economic conditions improved from the last quarter. In addition, the article describes consumer sentiment for current and future consumption of services and durable goods. One finding was that persons with higher incomes gave more positive responses. Finally, the article looks at the possibilities for an economic rebound.

Cyber-rules for e-commerce are examined in the second article. With the continuing spread of Internet use as well as rapid technological advance, the need for adequate regulation is an issue that cannot be neglected. The article categorizes cyber-rules according to their purpose, which can include business or social aims, and may focus on contents and applications or infrastructure. The article also looks at Korea's existing regulations in the areas of certification, consumer protection, privacy, and intellectual property rights, and outlines future tasks for Korea's progress.

The third article in this month's Current Issues deals with labor relations. The recent agreements by the tripartite commission to ban wage payments to full-time union officials, as well as permission for multiple unions, are examined, and the implications for each group are described. In addition, pending labor issues in public sector, financial sector, and corporate sector restructuring are analyzed. The article also outlines recent progress on issues such as reduction of working hours and wage increases. **VIP**