

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

The Economy

2000's GDP growth rate reached 8.8% while per capita GNI (a measure of consumers' real purchasing power) is expected to reach \$9,628.0. 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	9,298
Gross Saving Rate	35.4	35.5	33.8	33.4	33.9	32.9	32.3	-

Industry

Production in February grew 8.6% year-over-year, due to the increases in semiconductor and automobile production. Wholesale and retail sales also increased 1.3% year-over-year. Domestic machinery and construction orders remained stagnant.

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

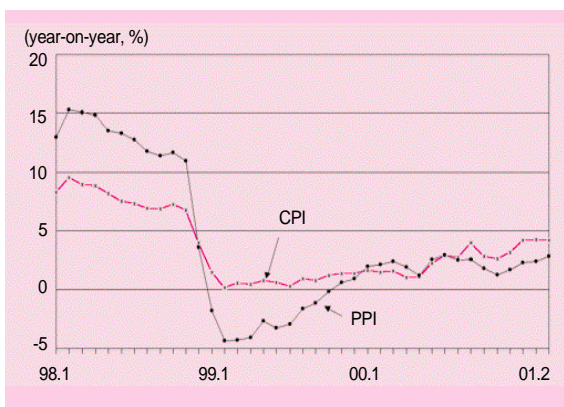
Employment



In March, the number of unemployed fell by 34,000 from the previous month to record 1 million 35 thousand persons. The unemployment rate fell 0.2% to 4.8%. This was the first fall in the number of unemployed and the unemployment rate since October last year. The agricultural and construction fields saw increased seasonal employment, while manufacturing and services also saw brisk hiring. By OECD standards, the unemployment rate fell 0.4% from last month to 5.0%. However, because of the domestic economy's slowdown, the unemployment rate is expected to reach 4.5% to 4.7% for the year.

	98	1999	2000					2001			
			Q1	Q2	Q3	Q4	Avg.	12	1	2	3
Total Employed (thousand)	19,994	20,281	20,313	21,268	21,395	21,266	21,061	20,857	20,286	20,196	20,728
Unemployment Rate (%)	6.8	6.3	5.1	3.8	3.6	3.7	5.1	3.8	3.6	5.0	4.8
Total Number of Unemployed (thousand)	1,461	1,353	1,092	1,220	1,011	1,353	1,092	840	804	1,069	1,035

Prices

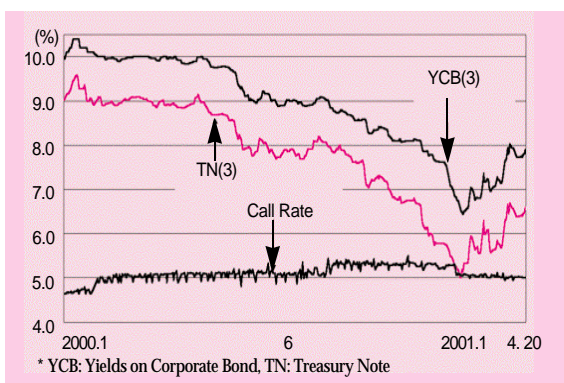


In March, consumer prices continued their upward surge, rising 4.4% year-over-year and 0.6% from the previous month. The first quarter of 2001 recorded a 1.9% inflation rate, nearly one-half of the government's 4% goal for the year. By category, the price of industrial goods fell slightly, but agricultural goods and private services continued their price hike. Living necessities prices rose 4.9% year-over-year (0.5% from last month), and producer prices rose 2.8% (0.4% from last month). However, the prices of raw materials and intermediate goods, which are leading indicators for inflation, fell for the second month, giving some hope for price stability.

Prices*(%)	99	2000												2001			
		1	2	3	4	5	6	7	8	9	10	11	12	year	1	2	3
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	4.4
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	2.8

*Percentage change over a year ago

Interest Rates

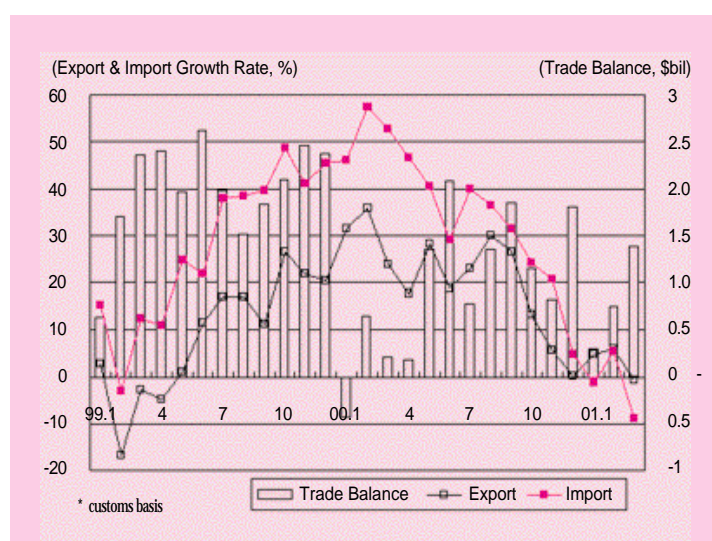


Despite the Fed's continued interest rate cuts, sentiment in the bond market has not recovered. Unlike domestic and world stock markets, which made dramatic gains, bond yields actually showed a slight increase. This seems due to recent inflationary pressure, which has caused investors to believe the latest rate cuts may not have the intended results.

Domestic Interest Rates* (%)	1999				2000				2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar	4.20
Call Rate (overnight)	4.88	4.85	4.67	4.84	5.11	5.16	5.03	6.01	5.27	5.06	5.01	5.00
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	5.97	6.05
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	7.67	7.91

*End of period

Trade



In March, exports declined 0.6% year-over-year to 14.34 billion dollars. This was due to the continued fall of semiconductor prices, a decline in consignment manufacturing, and decrease in computer exports. Exports are forecast to recover moderately in the future on the strength of the expected rise in semiconductor prices. Imports in March recorded 12.96 billion dollars, an 8.8% decrease year-over-year. Contracted facility investment as well as export-related import demand led to a steep fall in raw material and capital goods imports. Demand for consumer goods showed a recovery however, with demand leaping for clothing and living necessities. The trade balance reached 1.38 billion dollars, the first balance exceeding 1 billion dollars this year.

External Transaction (US\$ bil)	97	98	99	2000				Total	2001
				Q1	Q2	Q3	Q4		Mar
Export (custom basis)	136.2	132.3	143.6	39.3	43.4	44.4	45.2	172.6	40.5
Imports (custom basis)	144.6	93.3	119.8	38.8	39.8	40.4	41.4	160.5	38.1
Current Account	-8.2	40.4	24.5	1.3	2.7	3.7	3.3	11.0	1.4
Goods	-3.2	41.6	28.4	2.4	4.6	5.4	4.2	16.6	1.5
Services	-3.2	1.0	-0.7	-0.9	-0.8	-1.2	-1.0	-4.0	-0.6
Income	-2.5	-5.6	-5.2	-0.5	-1.2	-0.6	0.1	-2.2	0.5
Current Transfer	0.7	3.3	1.9	0.3	0.2	0.1	0.1	0.6	0.1
FX Reserves*	8.9	48.5	74.1	83.7	90.2	92.5	96.2	96.2	95.3

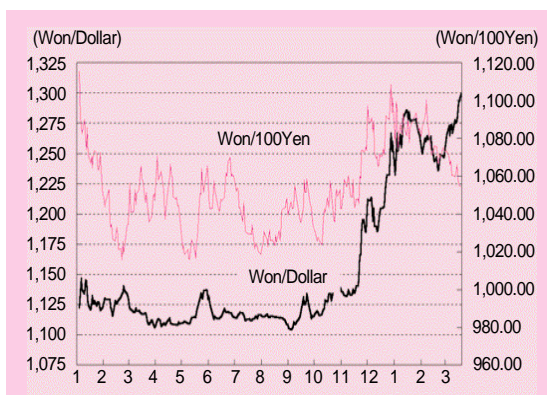
* end of period

Note: Exports and imports are for March, other figures are for February on an FOB basis.

External Liabilities* (US\$ bil)	97	98	99	2000						2001
				Jul	Aug	Sep	Oct	Nov	Dec	Feb
Long Term	95.7	118.0	97.8	94.4	94.3	93.7	92.3	91.8	92.1	89.8
Short Term	63.6	30.7	39.2	47.8	47.5	46.8	46.1	44.8	44.2	41.8
Total	159.3	148.7	137.0	142.2	141.8	140.5	138.4	136.6	136.3	131.6

* end of period

Exchange Rates

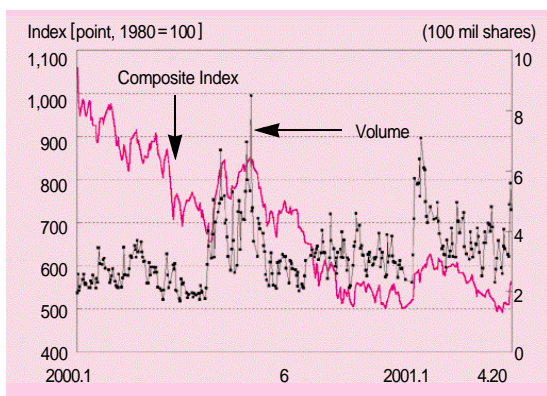


The won/dollar rate skyrocketed to 1,370 due to the U.S. economic cool-down and the Japanese yen's weakness against the dollar. The worries of Japan's financial crisis and equity sales by foreigners also made the won/dollar rate rise further. However, Korean government's intervention in the forex market induced the won/dollar rate to relatively stabilize within the 1320 to 1330 range.

Exchange Rates*	1999				2000				2001		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar
₩ / \$	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	1327.50
¥ / \$	118.22	133.22	114.00	102.23	102.67	105.92	108.12	114.32	116.62	116.60	123.16

* end of period

Stock Market



Although the stock market was relatively contracted until the third week of April, the latest interest rate cut by the US Federal Reserve Board helped the stock price index to soar by about 50 points. While the rate cut was a major factor, the market upturn was also helped by the unexpectedly strong performance of Nasdaq-listed US semiconductor firms, which caused foreign investors to buy stocks of Korean semiconductor firms.

Stock Market*	1999				2000				2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar	4. 20
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	556.29
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	47,228

* end of period