

\*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 March rose 6.2% year-over-year, while export shipments rose 12.1% and wholesale and retail sales rose 3.7%. The average facility utilization rate was 74.9%, the same rate as the previous month. In addition, the cyclical fluctuation of the coincident composite index fell by 0.1% from the previous month, and the leading coincident index rose 0.2% year-over-year.

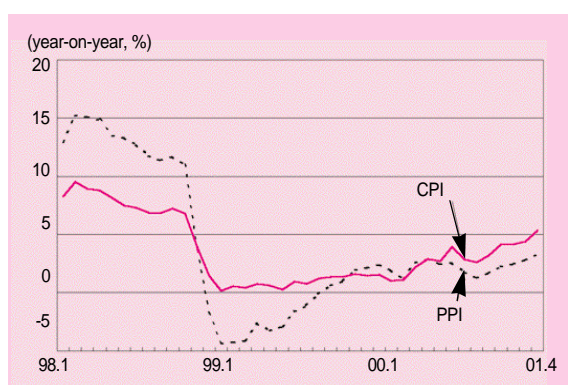
Industrial Indexes (y-o-y, %)	2000					2001		
	Q1	Q2	Q3	Q4	Avg.	Jan	Feb	Mar
Industrial Production Indexes	23.4	18.3	19.6	7.4	16.6	0.1	8.8	6.2
Wholesale and Retail Trade Indexes	14.4	12.4	8.0	3.9	9.8	2.2	1.6	3.7
Domestic Machinery Orders Received	18.2	8.3	7.0	17.3	11.7	-14.5	2.8	19.9
Domestic Construction Orders Received	75.9	20.4	7.9	-7.0	15.1	-32.1	-14.6	-27.2

## Employment

In April, the number of unemployed fell by 187 thousand in the previous month to 848 thousand persons. The unemployment rate decreased 1.0% to 3.8%, which was the second month of decline. The number of unemployed with the ability and willingness to work but have given up their job search also decreased by 13 thousand persons (9.6%) from March. The total number of jobholders in April was 21.5 million persons, a rise in most sectors from March. Due to seasonal factors, the agriculture and fishery, as well as construction industries, saw expanded hiring of 19.8% and 5.2% respectively. The hiring structure is unstable however, with more non-wage than wage workers and part-time rather than full time workers. By OECD standards, the unemployment rate fell 1.0% from March to 4.0%.

	98	1999	2000					2001			
			Q1	Q2	Q3	Q4	Avg.	1	2	3	4
Total Employed (thousand)	19,994	20,281	20,313	21,268	21,395	21,266	21,061	20,286	20,196	20,728	21,504
Unemployment Rate (%)	6.8	6.3	5.1	3.8	3.6	3.7	4.1	4.6	5.0	4.8	3.8
Total Number of Unemployed (thousand)	1,461	1,353	1,092	840	804	817	889	982	1,069	1,035	848

## Prices

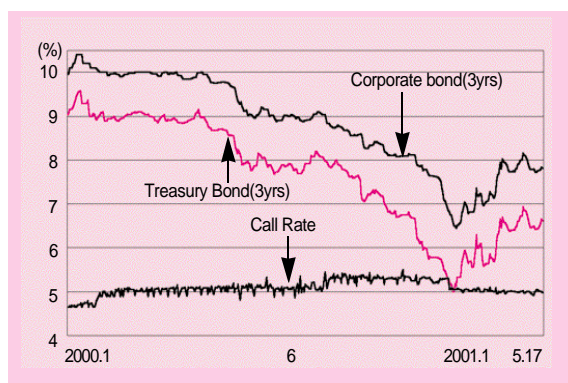


In April, consumer prices continued their uptrend, rising 5.3% year-over-year (0.6% from the previous month). Until April, consumer prices rose 2.5% compared to the end of last year. Public services fees rose 13.0% and including hikes in natural gas prices (23.4%), oil (19.9%), and bus fees (18.6%). With the continued economic stagnation, there is little demand-side inflationary pressure, and as oil prices or the exchange rate are not expected to rise significantly in the near future, prices are expected to stabilize in the second half.

Prices*(%)	99	2000					2001			
		Q1	Q2	Q3	Q4	year	1	2	3	4
Consumer Prices (%)	0.8	1.5	1.4	3.2	2.9	2.3	4.2	4.2	4.4	5.3
Producer Prices (%)	-2.1	2.2	1.9	2.6	1.6	2.0	2.3	2.4	2.8	3.3

\*Percentage change over a year ago

## Interest Rates

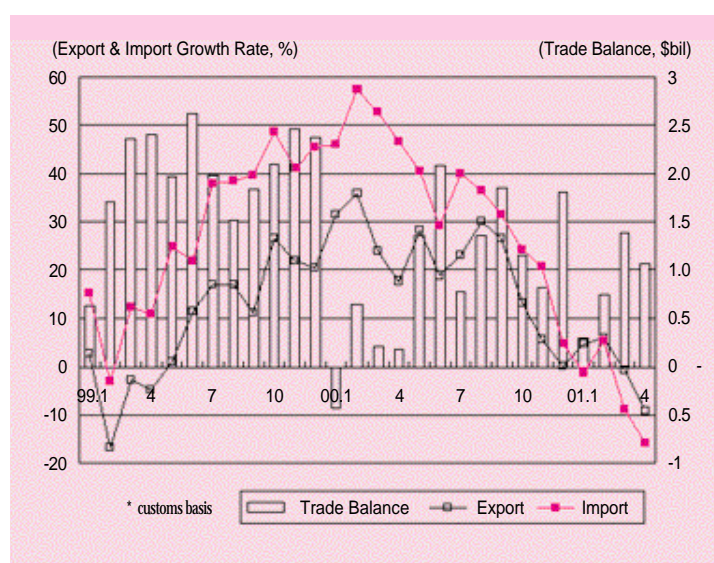


Interest rates, which were once on a rapid uptrend due to pressure for MMF redemptions by investment trust companies, began stabilizing downward in May with relieved pressure for the MMF redemptions. However, with little chance of a return of the funds that escaped from the investment trust sector, and rising inflationary pressure, the daily fluctuation of interest rates is increasing. In light of brightening prospects for the economy, market interest rates are expected to face continued upward pressure in the mid to long term.

Domestic Interest Rates* (%)	2000				2001				5.17
	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	
Call Rate (overnight)	5.11	5.16	5.03	6.01	5.27	5.06	5.01	5.01	4.99
Yield on CP (91 days)	7.28	7.61	7.40	7.13	6.55	6.11	5.97	6.10	6.07
Yield on Corporate Bonds (3 years)	10.01	9.41	9.04	8.13	7.38	6.77	7.67	8.05	7.82

\*End of period

## Trade



Exports in April decreased by 9.3% year-over-year to 12.27 billion dollars. April's decline rate was greater than the 1.8% seen in March. Semiconductor exports abruptly fell by 33%, and computer exports also fell by 30.5%. Due to sagging demand and a fall in export prices, key exports such as textile products (-8.0%), iron and steel products (-5.3%), and petrochemicals (-0.4%) showed declines. Imports in April decreased by 16.0% to record 11.22 billion dollars, a greater decrease than the 9.0% seen in March. Due to lackluster export performance, imports of export-related raw materials also fell. Double-digit declines continued for oil imports due to the fall in oil prices. The trade surplus was 1.05 billion dollars, the second month of trade surpluses exceeding 1 billion dollars. The cumulative trade surplus until the end of April was 3.24 billion dollars, a 2.63 billion dollar increase from the same period last year.

External Transaction (US\$ bil)	97	98	99	2000	2001	
					Q1	Apr
Export (FOB)	136.2	132.3	143.6	172.3	52.8	12.3
Imports (CIF)	144.6	93.3	119.8	160.5	49.3	11.2
Current Account	-8.2	40.4	24.5	11.0	3.2	-
Goods	-3.2	41.6	28.4	16.6	3.5	-
Services	-3.2	1.0	-0.7	-4.0	-0.6	-
Income	-2.5	-5.6	-5.2	-2.2	0.0	-
Current Transfer	0.7	3.3	1.9	0.6	0.1	-
FX Reserves*	8.9	48.5	74.1	96.2	95.3	92.5

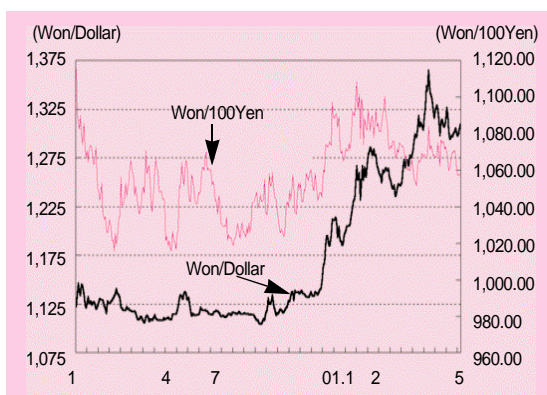
\*end of period

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

External Liabilities* (US\$ bil)	97	98	99	2000	2001		
					Jan	Feb	Mar
Long Term	95.7	118.0	97.8	92.1	91.1	89.8	87.5
Short Term	63.6	30.7	39.2	44.2	42.3	41.8	42.4
Total	159.3	148.7	137.0	136.3	133.4	131.7	129.8

\*end of period

## Exchange Rates

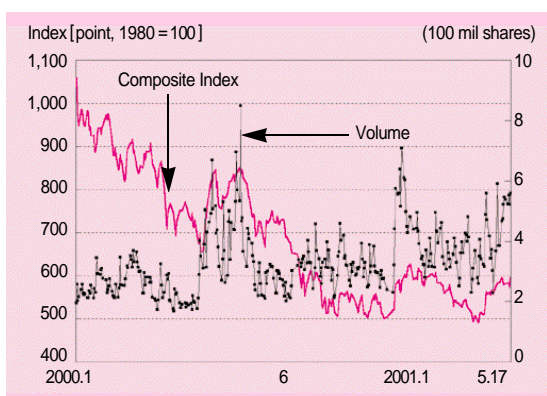


The won/dollar rate declined to 1,300 level on May due to the sign of macroeconomic recovery and the Japanese yen's rebound against the dollar. The hope of Japan's financial reform and equity purchase by foreigners also made the won/dollar rate drop further. Eventually, the rate has been relatively stabilized within the range 1290 - 1310.

Exchange Rates*	1999				2000				2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr
₩ / \$	1,191.40	1,157.60	1,204.00	1,138.00	1,108.3	1,114.9	1,115.0	1,265.0	1,259.0	1,250.8	1,320.50	1,319.7
¥ / \$	118.22	133.22	114.00	102.23	102.67	105.92	108.12	114.32	116.62	116.60	123.16	123.83

\*end of period

## Stock Market



The Korea Stock Price Index, which increased by almost 100 points in April, stayed at around the 590 level in early May. Another upward trend in the market is unlikely as uncertainty remains about whether the economy has passed its trough. However, considering that the bull market trend lasted through the whole month of April, a rise of the stock price index above the 600 level may be common if there is an improvement in fundamentals.

Stock Market*	2000				2001				
	Q1	Q2	Q3	Q4	Jan	Feb	Mar	April	5.17
Composite Stock Price Index (end)	860.94	821.22	613.22	504.62	617.91	578.10	523.22	577.36	596.39
Traded Volume (Avg, ten thousands)	12,155	45,908	34,279	23,968	43,345	34,875	41,438.4	36,837.6	55,896.1

\*end of period