

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

## The Economy

2000's GDP growth reached 8.8% while per capita GNI(a measure of consumers' real purchasing power) reached \$9,628.0. Economic growth is expected to slow down with a GDP growth rate just over 2.5% in 2001, and per capita GNI is forecast to decrease to \$8,500 in light of September's terrorist attacks in the US.

	1997	1998	1999	2000	2001.Q1	2001.Q2	2001.Q3	2001(E)	2002(E)
GDP Growth Rate (%)	5.0	-6.7	10.7	8.8	3.7	2.7	1.8	2.5	4.2
Nominal GDP (US\$ bil)	476.6	317.7	405.8	457.4	-	-	-	421.9	430.0
GNI per capita (US\$)	10,307.0	6,723.0	8,551.0	9,628.0	-	-	-	8,500	9,250
Gross Saving Rate	33.4	33.9	32.9	32.3	29.0	-	-	-	-

## Industry

Real indicators such as production and shipments in November showed a general improvement as domestic indicators continued their increase and exports showed an upturn after their prolonged downtrend. Production increased 4.9% y-o-y while the average facility utilization rate rose by 2.1% to 73.6%. Wholesale and retail sales rose 6.5% y-o-y with the steady increase in auto sales. Facility investment, which decreased until October, rose 4.4% y-o-y with increased investment in autos, computers, office equipment, and industrial equipment.

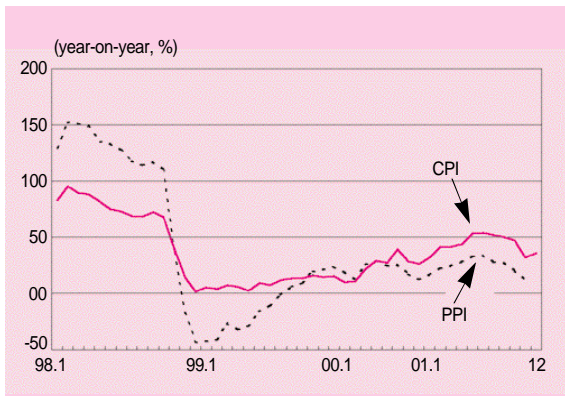
Industrial Indexes (y-o-y, %)	2000					2001					
	Q1	Q2	Q3	Q4	Avg.	Q1	Q2	Q3	9	10	11
Industrial Production Indexes	23.4	18.3	19.6	7.4	16.6	5.0	1.7	-1.8	5.1	-1.3	4.9
Wholesale and Retail Trade Indexes	14.4	12.4	8.0	3.9	9.8	2.5	4.4	4.7	7.7	4.6	6.5
Domestic Machinery Orders Received	18.2	8.3	7.0	17.3	11.7	3.7	-2.8	-5.8	4.8	4.2	-0.6
Domestic Construction Orders Received	75.9	20.4	7.9	-7.0	15.1	-25.3	1.7	17.0	63.7	30.2	80.4

## Employment

The number of unemployed in December rose by 48,000 from November but fell by 131 thousand y-o-y. The unemployment rate was 3.4%, a 0.2% increase from November (the seasonally adjusted rate fell from November by 0.2% to 3.3%). The number of newly-hired in the manufacturing sector continued to decrease, while services industries, wholesale and retail, and the food and hospitality industries absorbed some of the unemployed from manufacturing. The number of those willing and able to work but who have given up their job search remained at November's level of 83,000, and the unemployment rate by OECD standards also remained at last month's 3.7%.

	1999	2000	2001							
			Q1	Q2	Q3	Q4	10	11	12	year
Total Employed (thousand)	20,281	21,061	20,403	21,748	21,754	21,673	21,863	21,810	21,347	21,362
Unemployment Rate (%)	6.3	4.1	4.8	3.3	3.3	3.2	3.1	3.2	3.4	3.7
Total Number of Unemployed (thousand)	1,353	889	1,029	745	748	725	699	714	762	819

## Prices

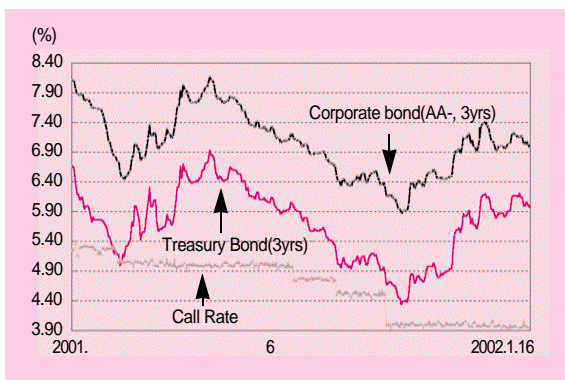


Consumer prices in December rose 0.2% from November (3.2% y-o-y) due to rising prices for foods, clothing, footwear, and housing, although prices for electricity, water, transport, and communication fell. While the inflation rate was stable in the second half of 2001, the price rise continued for housing rent, public services fees, and private services (y-o-y, housing rents rose 6.0%, public services fees rose 4.2%, and private services fees rose 3.5%). Living necessities prices rose by 0.2% from November, similar to the trend in consumer prices, but the y-o-y rise was only 2.4%, and continues to be lower than the corresponding rise of consumer prices.

Prices*(%)	99	2000	2001							
			Q1	Q2	Q3	Q4	10	11	12	year
Consumer Prices (%)	0.8	2.3	4.2	5.3	3.2	3.4	3.6	3.4	3.4	4.3
Producer Prices (%)	-2.1	2.0	2.5	3.2	1.2	0.2.0	0.6	0.1	0.1	1.9

\*Percentage change over a year ago

## Interest Rates

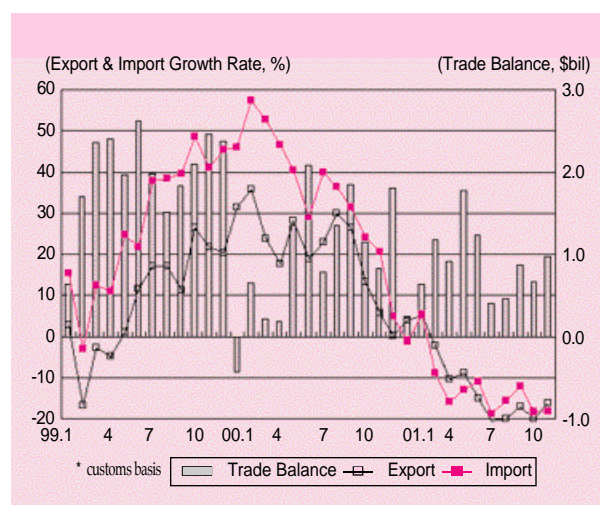


At the start of 2002, anticipation for an economic recovery as well as a strong stock market resulted in a significant rise in bond yields. Recently however, the increase rate has slowed and has been unable to form a steady trend. This seems to be because recovery expectations have already been reflected in the market, giving few incentives for bond sales, as well as the fact that bond purchases are occurring because of perceptions that the yield rate may have risen excessively.

Domestic Interest Rates* (%)	2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1.16
Call Rate (overnight)	5.11	5.16	5.03	6.01	6.01	5.01	3.97	4.01	3.97
Yield on CP (91 days)	7.28	7.61	7.40	7.13	5.97	5.62	4.62	5.01	4.88
Yield on Corporate Bonds (3 years)	10.01	9.41	9.04	8.13	7.67	7.10	5.95	7.04	6.99

\*End of period

## Trade



Exports in December recorded 12.03 billion dollars, a 19.6% fall y-o-y, while imports fell 14.1% to record 11.32 billion dollars. For 2001, exports totalled 150.65 billion dollars, and imports were 141.1 billion, resulting in a trade surplus of 9.53 billion dollars. The world economic slowdown - including the continued slump in the US economy and Japan's long-term stagnation - as well as the contraction in global IT demand and the effects of the September 11 attacks, resulted in an export decline of 12.5% for 2001. Imports fell by 12.1%, with those of capital goods and raw materials declining the most due to the decrease of facility investment amid the domestic economic slump, and lower demand for crude oil. Although the year's trade balance did not reach the original 10 billion dollar goal, it was the fourth consecutive surplus in four years.

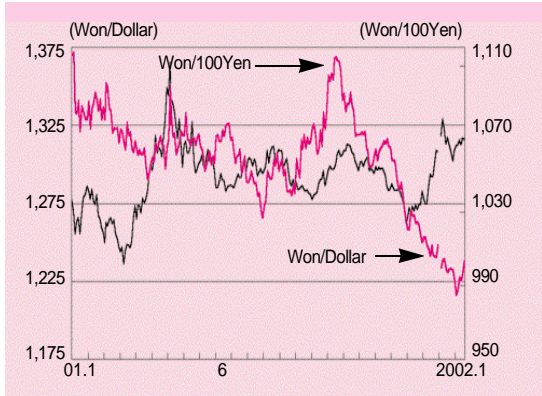
External Transaction (US\$ bil)	97	98	99	2000	2001					
					Q1	Q2	Q3	Oct	Nov	Dec
Export (FOB)	136.2	132.3	143.6	143.7	172.3	40.1	35.9	12.6	12.5	12.0
Imports (CIF)	144.6	93.3	119.8	119.8	160.5	38.1	34.1	11.7	11.6	11.3
Current Account	-8.2	40.4	24.5	24.5	11.0	3.1	9.6	0.8	7.0	-
Goods	-3.2	41.6	28.4	28.4	16.6	3.5	29.8	1.6	9.5	-
Services	-3.2	1.0	-0.7	-0.7	-4.0	-0.6	-16.1	-0.3	-3.8	-
Income	-2.5	-5.6	-5.2	-5.2	-2.2	0.0	-1.0	-0.3	2.6	-
Current Transfer	0.7	3.3	1.9	1.9	0.6	0.1	-3.2	-0.1	-1.4	-
FX Reserves*	8.9	48.5	74.1	96.2	95.3	93.6	100.1	100.0	101.7	102.8

\*end of period

External Liabilities* (US\$ bil)	97	98	99	2000	2001		
					Q1	Q2	Q3
Long Term	95.7	118.0	97.8	92.1	87.5	85.9	78.1
Short Term	63.6	30.7	39.2	44.2	42.4	41.1	42.6
Total	159.3	148.7	137.0	136.3	129.8	127.0	120.7

\*end of period

## Exchange Rates

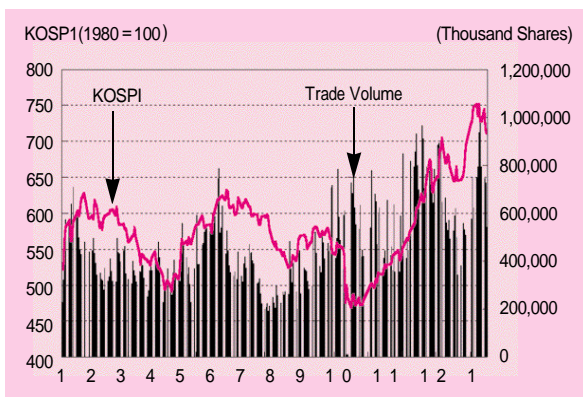


The rise of the yen/dollar rate, which was rapid at the beginning of the year, slowed due to the protests of other Asian countries. As a result, the won/dollar rate and won/100 yen rates fluctuated at around 1,310 and 1,000 respectively. In the long term, considering the opposition of Asian countries against further weakening of the yen, as well as the continued stagnation of Japan's economy, the yen/dollar rate is forecast to fluctuate at around 130 to 135

Exchange Rates*	1999				2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1.16
₩ / \$	1,191.4	1,157.6	1,204.0	1,138.0	1,108.3	1,114.9	1,115.0	1,265.0	1,327	1,319.7	1,309.0	1,312.9	1,315.8
¥ / \$	118.2	133.2	114.0	102.2	102.7	105.9	108.1	114.3	123.16	123.8	119.53	131.64	132.02

\*end of period

## Stock Market



The stock price index, which steadily rose to 750 at the start of 2002, is starting to falter. One reason is that expectations for an economic recovery have already been reflected in the market, and there is little incentive for additional buying. Another factor was short term supply and demand conditions in the market, such as program sales or the maturity dates of futures and options.

Stock Market*	2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1.16
Composite Stock Price Index (end)	860.94	821.22	613.22	504.62	523.22	595.13	479.68	693.7	710.95
Traded Volume (Avg, ten thousands)	12,155	45,908	34,279	23,968	41,438.4	22,298	42,030	50,969	54,306

\*end of period