

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

The Economy

In 2001, Korea's GDP growth rate recorded 3.0%, and this year the economy is expected to show a recovery led by consumption and construction investment. However, the trade surplus is expected to decline this year, lowering the contribution of exports to growth, and facility investment is not expected to rise significantly. As a result, the GDP growth rate in 2002 is expected to be limited to about 5.3%, and per capita GNI is forecast at approximately \$9,250.

	1997	1998	1999	2000	2001	2002(E)
GDP Growth Rate (%)	5.0	-6.7	10.9	9.3	3.0	5.3
Nominal GDP (US\$ bil)	476.6	317.7	405.8	461.7	422.2	460.0
GNI per capita (US\$)	10,307.0	6,723.0	8,551.0	9,770.0	8,900.0	9,250.0
Gross Saving Rate	33.4	33.9	32.9	32.4	29.9	-

Industry

Industrial production in February decreased by 2.6% y-o-y due to a holiday falling in that month. With a steep increase in retail sales, wholesale and retail sales rose by 8.2% y-o-y. Although facility investment declined slightly, construction orders rose by 40.2% y-o-y due to a surge in orders from the private sector. Some signs for an economic recovery include the maintenance of the facility operation rate at a similar level to last month, and a 9.4% fall in inventory due to increased shipments.

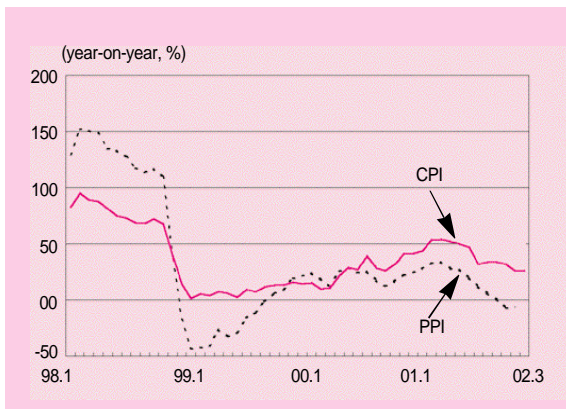
Industrial Indexes (y-o-y, %)	1999	2000	2001					2002	
			Q1	Q2	Q3	Q4	Avg.	1	2
Industrial Production Indexes	24.2	16.8	5.0	1.7	-1.8	2.3	1.8	10.0	-2.6
Wholesale and Retail Trade Indexes	13.0	9.8	2.5	4.4	4.9	6.5	4.6	7.3	8.2
Domestic Machinery Orders Received	30.9	11.7	3.7	-2.8	-5.7	-7.1	-1.0	27.9	14.5
Domestic Construction Orders Received	0.8	15.1	-25.3	1.7	17.0	60.1	14.4	39.5	41.9

Employment

The number of unemployed in March fell by 33,000 from February and fell by 266 thousand y-o-y. The unemployment rate was 3.4%, a 0.3% decrease from February, (the seasonally adjusted rate rose from December by 0.1% to 2.8%). The unemployment rate for teenagers rose significantly due to the return of working students to school. However, unemployment rates for other age groups fell overall. Due to seasonal factors, hiring in primary industries and construction rose steeply, while it fell in wholesale and retail sales as well as food and hotel industries. The number of persons willing and able to work but who have given up their job search fell by 3,000 from February to 89,000, and the unemployment rate by OECD standards fell by 0.3% to 3.7%.

	2001								2002		
	Q1	Q2	Q3	Q4	10	11	12	year	1	2	3
Total Employed (thousand)	20,403	21,748	21,754	21,673	21,863	21,810	21,347	21,362	21,025	22,563	21,523
Unemployment Rate (%)	4.8	3.3	3.2	3.2	3.1	3.2	3.4	3.7	3.7	3.7	3.4
Total Number of Unemployed (thousand)	1,029	745	748	725	699	714	762	819	819	770	769

Prices

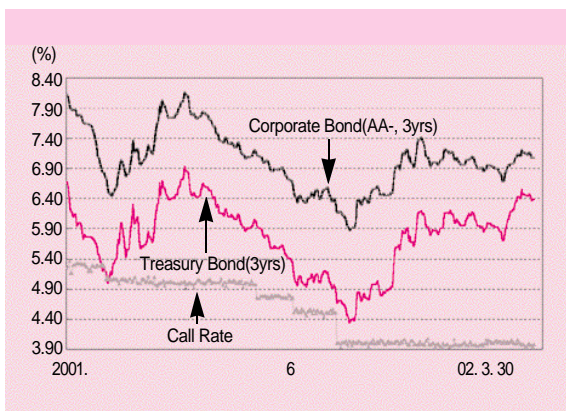


Although food prices fell from February, education prices rose steeply, causing consumer prices in March to rise by 0.6% from February (2.3% y-o-y). Prices for services, including housing rents which were stable in early 2002, showed an uptrend again, increasing the burden of the working class. While living necessities prices rose by 0.8% from February, its annual increase of 2.0% remained below that of consumer prices. Although inflationary factors exist in domestic demand and international supply (especially of oil), the yearly inflation rate is expected to be at or below the level of 2001.

Prices*(%)	2000	2001							2002		
		8	9	10	11	12	year	1	2	3	
Consumer Prices (%)	2.3	4.7	3.3	3.4	3.4	3.2	4.1	2.6	2.6	2.3	
Producer Prices (%)	2.0	2.0	1.2	0.6	0.1	-0.7	1.9	-0.6	-0.2	0.0	

*Percentage change over a year ago

Interest Rates



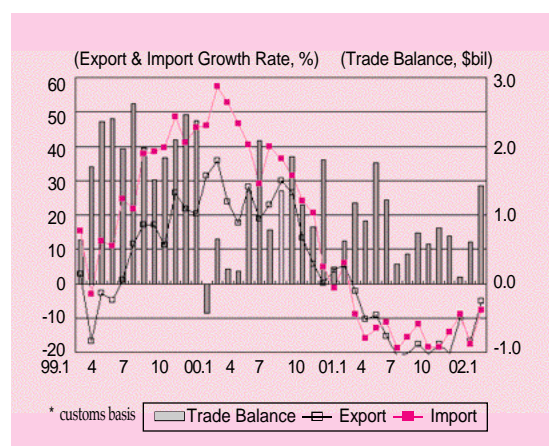
Concerns of an early hike in call rates due to the surge in the asset market caused market interest rates to rise steeply, but they stabilized in late March.

With the announcement of real estate stabilization measures, speculation in real estate declined, and capital continues to flow into the bullish stock market. Interest rates were stabilized by the upgrade of Korea's credit rating by Moody's, which lowered the cost of raising capital abroad for Korean banks and companies, as well as improved domestic financing conditions. The Bank of Korea is expected to gradually raise call rates considering factors such as exports, US interest rate hikes, and inflation levels.

Domestic Interest Rates* (%)	2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Call Rate (overnight)	5.11	5.16	5.03	6.01	5.01	5.04	3.97	4.01	4.04
Yield on CP (91 days)	7.28	7.61	7.40	7.13	5.97	5.62	4.62	5.01	4.98
Yield on Corporate Bonds (3 years)	10.01	9.41	9.04	8.13	7.67	7.10	5.95	7.04	7.07

*End of period

Trade



Exports in March recorded 13.39 billion dollars, a 5.2% decrease y-o-y, showing a moderated downtrend from recent months. Imports amounted to 11.96 billion, a 7.6% decline y-o-y, resulting in a trade surplus of 1.43 billion dollars, a significant increase from February's figure. The moderated export decline was due to the increase in prices for key exports (especially in the IT sector) with the recovery in the world economy. Imports recorded a single-digit decrease rate for the first time since March 2001 due to a recovery in facility investment and household consumption. The trade surplus exceeded 1 billion dollars for the first time in 2002 due to an impressive 20.6% increase in exports from the previous month. The accumulated trade surplus until March was 2.16 billion dollars, and March was the 26th consecutive

month of surplus since February 2000. In April, the increase rate of exports is expected to be in the double-digits, but imports are also forecast to rise quickly due to the domestic economic recovery.

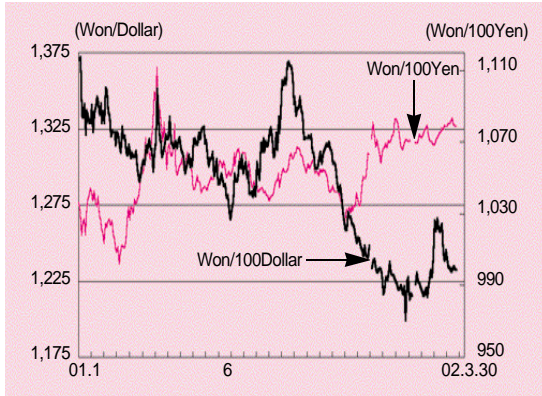
External Transaction(US \$ bil)	98	99	2000	2001	2001		
					1	2	3
Export(FOB)	132.3	143.6	172.2	150.4	11.4	11.1	13.3
Import(CIF)	93.3	119.8	160.4	141.4	11.3	10.5	12
Current Account	40.4	24.5	12.2	8.6	0.3	0.4	-
Goods	41.6	28.4	16.7	13.4	0.7	0.7	-
Services	1.0	-0.7	-2.8	-3.5	-0.6	-0.5	-
Income	-5.6	-5.2	-2.4	-0.9	0.2	0.2	-
Current Transfer	3.3	1.9	0.7	-0.4	0	-0.1	-
FX Reserves*	48.5	74.1	96.2	102.8	104.3	105.1	106.1

*end of period

External Liabilities* (US\$ bil)	98	99	2000	2001	2002	
					1	2
Long Term	118.0	97.8	83.7	81.0	82.4	81.3
Short Term	30.7	39.2	47.9	38.9	39.4	39.8
Total	148.7	137.0	131.6	119.9	121.8	121.0

*end of period

Exchange Rates

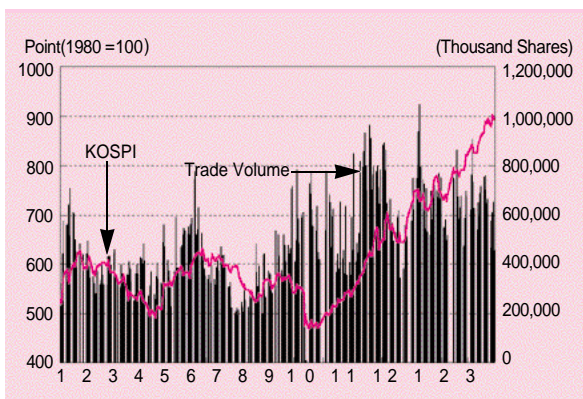


The won/dollar rate fluctuated mildly around 1,330 as the yen/dollar rate showed relative stability due to factors such as signs of an export-led economic recovery in Japan and instability in the Middle East. While Japan's export increase and the worsening Middle Eastern situation acted to weaken the US dollar, Japan's announcement of a weak yen policy resulted in yen depreciation as well. Meanwhile, the weak recovery of Korean exports, continued selling by foreigners in the stock market, and the surge in world oil prices were factors in the rising won/dollar rate. In April, the won/dollar rate may see additional upward movement depending on the extent of export recovery.

Exchange Rates*	1999				2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
₩ / \$	1,191.4	1,157.6	1,204.0	1,138.0	1,108.3	1,114.9	1,115.0	1,265.0	1,327.5	1,319.7	1,309.0	1,313.0	1,325.9
¥ / \$	118.2	133.2	114.0	102.2	102.7	105.9	108.1	114.3	123.2	123.8	119.5	120.5	132.8

*end of period

Stock Market



The Korea Stock Price Index rose to the 900 point level due to Moody's upward revision of Korea's credit rating by two levels and strong expectations for a recovery in exports. Hopes for an economic recovery led by domestic demand, as well as the credit rating upgrade by Moody's, helped funds continually flow into the stock market. However, foreign investors continued to sell stocks, a factor of uncertainty that caused the stock index to fluctuate broadly at around 900. In April, the stock price index is expected to fluctuate between 880 and 920 due to cautious sentiment concerning the timing and extent of a call rate hike by the Bank of Korea.

Stock Market*	2000				2001				2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Composite Stock Price Index (end)	860.94	821.22	613.22	504.62	523.22	595.13	479.68	693.70	895.58
Traded Volume (Avg, ten thousands)	12,155	45,908	34,279	23,968	41,438	22,298	42,029	50,969	45,492

*end of period