

Vol.26 No.3
March 2004

Republic of Korea Economic Bulletin

Monthly Economic Trends
Economic News Briefing
Policy Issues
Statistical Appendices



MINISTRY OF FINANCE AND ECONOMY
CENTER FOR ECONOMIC INFORMATION, KDI

Republic of Korea Economic Bulletin

March 2004

Contents

Monthly Economic Trends	3
Executive Summary	3
1. Real Economy	4
1.1 Industrial Production, Inventory and Operations	
1.2 Consumption	
1.3 Investment	
1.4 Service Industry Activity	
1.5 Business Indexes	
2. External Transactions	7
2.1 Exports and Imports	
2.2 Balance of Payments	
2.3 Foreign Exchange Reserves	
3. Prices and Employment	9
3.1 Prices	
3.2 Employment	
4. Financial Market	11
4.1 Interest Rates	
4.2 Stock Market	
4.3 Exchange Rates	
4.4 Money Market	
4.5 Money Supply	
4.6 Corporate Financing and Household Loans	
Economic News Briefing	14
Policy Issues	18
1. Economic Ministerial Talks / Ministry of Finance and Economy	18
2. Social Pact for Job Creation / Korea Tripartite Commission	21
Statistical Appendices	25

Monthly Economic Trends

Executive Summary

Industrial production grew 4.8 percent on-year in January 2004, due largely to an increase in semiconductor and audio-visual communication equipment output in spite of a decrease in automobile and office & accounting machinery output.

- Wholesale and retail sales decreased 2.5 percent on-year in January as automobiles, fuel and part sales declined due to shorter work days and sluggish consumer spending.
- Facility investment also decreased 3.1 percent on-year in January led by a decline in automobile and computer investments in spite of an increase in precision instrument investment.

Exports surged by 45.9 percent on-year to US\$19.46 billion in February, thanks largely to a surge in semiconductor, automobile, wireless telecommunication device exports, combined with an overall global economic recovery. Imports also increased by 25.6 percent to US\$17.41 billion, recording double-digit growth for the sixth consecutive month due primarily to an increase in capital good and raw material imports.

Consumer prices went up 0.4 percent on-month in

February. The increase stems from higher agricultural, fishery, and livestock prices, as well as petroleum product costs.

The unemployment rate rose 0.1 percentage point on-month to 3.7 percent in January due primarily to an increase in the number of students seeking jobs, as well as a decrease in the demand for workers in the construction sector.

Long-term interest rates such as yields on three-year government bonds were down in February compared to the previous month due primarily to expectations that low interest rates in the U.S. will continue and an increase in bond purchases from sound financial institutions.

The KOSPI rose 34.92 points or 4.1 percent from the end of January to finish February at 883.42 points thanks to a net increase in stock purchases by foreign portfolio investors.

The exchange rate rebounded to 1,176.2 won per dollar in February, up 2.5 won from the end of the previous month, in sync with an increase in the yen-to-dollar exchange rate on the strength of expectations of a U.S. economic recovery.

1. Real Economy

1.1 Industrial Production, Inventory and Operations

Industrial production grew 4.8 percent on-year in January 2004, thanks largely to an increase in semiconductor and audio-visual communication equipment output in spite of a decrease in automobile and office & accounting machinery output. It also grew 1.1 percent on-month led by increasing semiconductor and machinery equipment output.

Overall on-year inventory rose 3.2 percent in January due to an increase in automobile and chemical product inventories, although there was a decrease in primary metal and textile product inventories.

Overall producer shipments rose 4.0 percent on-year in January. Domestic shipments decreased 3.1 percent on-year due to sluggish motor vehicle and beverages & food shipments, while export shipments rose 17.7 percent thanks to an increase in semiconductor, audio-visual communications and automobile shipments.

The average operation ratio in the manufacturing sector stood at 80.5 percent in January, a 0.1 percentage point increase from the preceding month.

	2003						2004
	Jan.	3 rd Qtr.	4 th Qtr. ^p	Annual ^p	Nov.	Dec. ^p	Jan. ^p
▪ Industrial Production ¹⁾	3.9	3.2	7.8	5.1	4.9	10.9	4.8
▪ Total Inventory ¹⁾	1.3	8.1	5.7	5.7	5.9	5.7	3.2
▪ Shipments ¹⁾	3.5	2.5	6.8	4.2	3.7	9.9	4.0
▪ Average Operation Ratio ²⁾	78.7	76.9	80.4	78.3	79.6	80.4	80.5

1) percentage change over the same period of the previous year

2) percent

p: preliminary

Source: Korea National Statistical Office

1.2 Consumption

Wholesale and retail sales decreased 2.5 percent on-year in January as automobile, fuel and parts sales

declined due to shorter work days and sluggish consumer spending.

[percentage change over the same period of the previous year]

	2003						2004
	Jan.	3 rd Qtr.	4 th Qtr. ^p	Annual ^p	Nov.	Dec. ^p	Jan. ^p
▪ Wholesale & Retail	6.4	-2.5	-2.2	-1.3	-3.7	-1.2	-2.5
▪ Domestic Consumer Goods Shipments	-0.4	-7.0	-6.1	-5.9	-9.2	-2.7	-8.4
- Durable Goods	0.9	-14.9	-13.8	-11.5	-16.5	-10.7	-12.9
- Non-Durable Goods	-1.1	-2.8	-2.1	-3.1	-5.4	1.2	-6.3

p: preliminary

Source: Korea National Statistical Office

Domestic consumer goods shipments declined 8.4 percent on-year in January led by a 12.9 percent decrease in durable goods shipments such as

passenger cars and refrigerators and a 6.3 percent decline in non-durable goods shipments, including books and off-the-rack suits.

1.3 Investment

Facility investment decreased 3.1 percent on-year in January led by a decline in automobile and computer investments in spite of an increase in precision instrument investment. The current value of domestic machinery orders rebounded, increasing 13.2 percent on-year as orders from the public and private sectors all increased.

The current value of completed construction projects increased 7.4 percent on-year in January due largely to private sector construction. Domestic construction orders, however, shrank by 14.3 percent on-year in January due mainly to a decrease in the private sector orders.

[percentage change over the same period of the previous year]

	2003						2004
	Jan.	3 rd Qtr.	4 th Qtr. ^p	Annual ^p	Nov.	Dec. ^p	Jan. ^p
▪ Facility Investment	-7.7	-7.0	-4.6	-4.6	-8.3	-1.6	-3.1
▪ Machinery Orders	4.2	-7.5	-5.0	-8.5	-10.8	-9.1	13.2
▪ Value of Construction	21.5	17.9	18.6	18.8	12.2	24.4	7.4
▪ Construction Orders	23.6	47.9	2.1	22.5	-14.8	6.7	-14.3

p: preliminary

Source: Korea National Statistical Office

1.4 Service Industry Activity

Service sector activity weakened in January after a strong performance in December 2003 due mostly to the Lunar New-Year holidays. On-year growth decreased 1.7 percent led primarily by sluggish

activity in medical treatment, hotel, and restaurant services. When financial institutions and insurance services are excluded, the output also decreased 1.7 percent.

[percentage change over the same period of the previous year]

	2003							2004
	Jan.	3 rd Qtr.	4 th Qtr. ^p	Annual ^p	Oct.	Nov.	Dec. ^p	Jan. ^p
▪ Service Industry	5.3	0.6	0.4	1.3	0.2	0.0	1.1	-1.7
Excluding Financial Institutions and Insurance	5.8	0.9	1.0	1.5	0.9	0.4	1.5	-1.7

p: preliminary

Source: Korea National Statistical Office

1.5 Business Indexes

The Coincident Composite Index (CI) grew 0.7 percent on-month in January to 121.7 driven by an increase in export volume and the number of employed persons in the non-agricultural sectors.

The Cyclical Component of the Coincident CI, a snapshot of current business conditions, also rose to

99.7, up 0.2 point from the preceding month.

The leading CI stood at 111.4 in January, up 0.4 percent from the previous month, and the leading CI also increased 3.3 percent in January compared to the previous year

(Base year : 2000)

	2003						2004
	Jul.	Aug.	Sept.	Oct.	Nov.	Dec. ^p	Jan. ^p
▪ Coincident CI	115.6	116.4	117.1	118.7	119.7	120.8	121.7
▪ Cyclical Component	98.0	98.0	98.1	98.9	99.1	99.5	99.7
▪ Leading CI	108.0	109.0	109.0	110.0	110.5	111.0	111.4
- On-Month Change (%)	0.5	0.9	0.0	0.9	0.5	0.5	0.4
- Year-on-Year Change (%)	-0.2	0.5	0.7	1.8	2.5	3.0	3.3

p: preliminary

Source: Korea National Statistical Office

2. External Transactions

2.1 Exports and Imports (customs clearance basis)

Exports surged by 45.9 percent on-year to US\$19.46 billion in February. The global economic recovery coupled with the continued efforts of firms to exploit overseas markets and an increase in work days contributed to this strong performance. All major export items such as semiconductors, automobiles, wireless telecommunication devices and ships grew more than 40 percent.

Exports to China continued to surge, increasing 71 percent on-year in February and exports to

Korea's major markets such as the U.S., EU, ASEAN and Japan also maintained solid growth.

Imports increased by 25.6 percent on-year in February to US\$17.41 billion, recording a double-digit growth for six consecutive months since September 2003. The imports of capital goods and raw materials each rose by 28.5 percent led by a hike in international raw materials prices, while consumer goods imports increased only by 7.5 percent due to the sluggish domestic demand.

	2003					2004	
	Jan.	Feb.	1 st Half	2 nd Half	Annual	Jan.	Feb. ^p
▪ Exports ¹⁾	25.8	21.0	17.4	21.0	19.3	32.7	45.9
▪ Imports ¹⁾	28.0	32.3	21.1	14.5	17.6	11.2	25.6
▪ Trade Balance ²⁾	-0.2	-0.5	3.2	11.8	15.0	2.9	2.1

1) percentage change over the same period of the previous year

2) US\$ billion

p: preliminary

Source: Ministry of Commerce, Industry and Energy

2.2 Balance of Payments

The current account in December 2003 posted a surplus for the eighth consecutive month ending with a surplus of a US\$2.45 billion.

The trade surplus stood at US\$2.61 billion, down US\$0.19 billion from the previous month. The

service balance deficit widened to US\$0.43 billion from US\$0.30 billion of the previous month. The income balance surplus increased from US\$0.45 billion to US\$0.47 billion, whereas the current transfer balance deficit increased from US\$0.17 billion of the previous month to US\$0.19 billion.

The capital account surplus shrank to US\$0.46 billion in December from US\$4.29 billion of the previous month.

(US\$ billion)

	2001	2002		2003		
		Annual	Dec.	Annual ^p	Nov.	Dec. ^p
▪ Current Account Balance	8.03	5.39	-0.73	12.32	2.77	2.45
- Goods Trade Balance	13.49	14.78	0.43	22.16	2.80	2.61
- Service Balance	-3.87	-8.20	-1.08	-7.61	-0.32	-0.43
- Income Balance	-1.20	0.43	0.19	0.60	0.45	0.47
- Current Transfer	-0.39	-1.62	-0.27	-2.82	-0.17	-0.19
▪ Capital Account Balance	-3.39	6.25	2.05	13.13	4.29	0.46

p: preliminary

Source: Bank of Korea

2.3 Foreign Exchange Reserves

Foreign exchange reserves stood at US\$163.01 billion at the end of February, an increase of US\$5.56 billion from the previous month. This increase has been attributed to an increase in

interest revenue from U.S. Treasury bonds and the Bank of Korea withdrawal of foreign currency deposits at domestic commercial banks.

(End of period, US\$ billion)

	2001	2002	2003	2004	
				Jan.	Feb.
▪ Foreign Reserves	102.8	121.4	155.4	157.5	163.0

Source: Bank of Korea

3. Prices and Employment

3.1 Prices

Consumer prices went up 0.4 percent on-month in February and on-year consumer prices also rose by 3.3 percent. This increase stems from a hike in the prices of agricultural, fishery, and livestock products, as well as petroleum product, city gas, and water and sewage costs. On-month core consumer prices, which exclude agricultural and energy product prices, increased 0.1 percent.

Producer prices climbed by 1.2 percent on-month in February as the price of agricultural, forestry, fishery and livestock products jumped 3.2 percent. The cost of manufactured goods, which crept up 1.7 percent on-month as a result of oil price hikes, also contributed to the increase.

[Base year : 2000]

	2003							2004	
	Feb.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
▪ Consumer Prices	109.6	110.1	110.6	111.6	111.7	111.5	112.0	112.7	113.2
- Year-on-Year Change (%)	3.9	3.2	3.0	3.3	3.7	3.4	3.4	3.4	3.3
- On-Month Change (%)	0.6	-0.1	0.5	0.9	0.1	-0.2	0.4	0.6	0.4
▪ Producer Prices	101.1	100.7	101.1	101.5	101.8	102.2	102.9	104.3	105.6
- Year-on-Year Change (%)	2.8	1.6	1.9	2.1	2.2	2.4	3.1	3.8	4.5
- On-Month Change (%)	0.6	0.2	0.4	0.4	0.3	0.4	0.7	1.4	1.2

Source: Korea National Statistical Office, Bank of Korea

3.2 Employment

The unemployment rate rose 0.1 percentage point on-month to 3.7 percent in January due in large part to an increase in the number of university students seeking jobs as well as a decrease in the demand for workers in the construction sector. The on-year rate also increased 0.2 percentage point.

Unemployment was up 3.5 percent or 29,000

more jobless workers for a total of 854,000. The economic activity participation rate decreased 0.4 percentage point from the previous month to 60.7 percent.

Employment was down in January with a loss of 160,000 jobs or 0.7 percent from a month earlier to 21,936,000.

	2003						2004
	Jan.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
▪ Jobless (thous.)	789	756	730	765	792	825	854
▪ Unemployment Rate (%)	3.5	3.3	3.2	3.3	3.4	3.6	3.7
- Seasonally adjusted (%)	3.1	3.5	3.5	3.6	3.6	3.5	3.3
▪ Employed Persons (thous.)	21,562	22,126	22,301	22,452	22,425	22,096	21,936

Source: Korea National Statistical Office

4. Financial Market

4.1 Interest Rates

Long-term interest rates such as yields on three-year government bonds were down from 4.94 percent at the end of January to finish February at 4.78 percent, due primarily to expectations that low interest rates in the U.S. will continue and an increase in bond purchases from sound financial institutions.

CD yields were also down in February thanks largely to declining long-term interest rates, growing demand for CDs on the back of increased MMF issuances, which are mostly invested in such short-term financial products, combined with a decrease in CD issuances by banks.

(End-period percentage)

	2002	2003				2004		
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. 8
▪ Treasury bonds (3 yr.)	5.11	4.11	4.48	4.88	4.82	4.94	4.78	4.68
▪ Corporate bonds (3 yr.)	5.68	5.05	5.32	5.60	5.58	5.74	5.56	5.45
▪ CDs (91 days)	4.90	3.89	4.05	4.28	4.36	4.19	4.00	3.97

Source: Bank of Korea

4.2 Stock Market

Amid continued expectations of a domestic and global economic recovery, the KOSPI rose in February thanks to a net increase in stock purchases by foreign portfolio investors. The KOSPI rose 34.92 points or 4.1 percent since the end of January to finish February at 883.42 points, while

KOSDAQ lost 12.77 points or 2.9 percent since the end of January to finish February at 428.68 points. The proportion of foreign participation in the Korean stock market reached a record high 43.1 percent as of March 4.

(End-period Indexes)

	2001	2002	2003					2004	
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
▪ KOSPI	693.70	627.55	759.47	697.52	782.36	796.18	810.71	848.50	883.42
▪ KOSDAQ	72.21	44.36	495.4	448.6	463.8	458.4	448.7	441.45	428.68

Source: Bank of Korea

4.3 Exchange Rates

The won gained strength against the dollar as the exchange rate fell from 1,173.7 won the previous month to 1,152.2 won during February. This stems from the on-going trend toward a depreciating dollar, a net increase in the foreign purchase of domestic shares, and the inflow of dollars received as payment for exports into the foreign exchange market.

The exchange rate has since rebounded to 1,176.2 won per dollar at the end of February, up 2.5 won from the end of the previous month, in sync with an increase in the yen-to-dollar exchange rate on the strength of expectations of a U.S. economic recovery.

	2002	2003				2004	
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
▪ Won/Dollar	1,186.2	1,150.1	1,183.1	1,202.1	1,192.6	1,173.7	1,176.2
▪ Yen/Dollar	118.5	110.7	108.9	109.6	106.9	105.9	109.3
▪ Won/100 Yen	1,038.6	1,038.6	1,086.4	1,097.9	1,115.4	1,107.9	1,076.3

Source: Ministry of Finance and Economy

4.4 Money Market

Bank deposits increased 13.3 trillion won in February, a sharp turnaround from the 0.3 trillion won contraction the previous month as fiscal government expenditures and liquidity supply from abroad increased along with the return of capital to banks after the Lunar New-Year holiday.

Investment Trust Management Companies' (ITMC) receipts increased substantially 6.5 trillion won in February due to an increase in capital inflow to MMF.

(trillion won)

	2003						2004	
	Annual	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Dec.	Jan.	Feb.
▪ Bank deposits	3.3	2.8	4.9	-1.0	6.1	-5.0	-0.3	13.3
▪ ITMC Receipts	-2.4	-2.7	-3.0	2.1	-5.9	-4.7	0.5	6.5

Source: Bank of Korea

4.5 Money Supply

The on-year M3 growth rate is estimated to have risen slightly from 4.9 percent in January to approximately 5 percent in February due primarily to an increase in the public and liquidity supply from abroad.

New M1 growth rate is also estimated to have risen from 6.0 percent in January to approximately 7 percent in February thanks largely to an increase in MMF and instant access accounts.

(percentage change from same period of the previous year)

	2002	2003						2004	
		Annual	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Dec.	Jan.	Feb.
▪ M3 ¹⁾	12.9	8.8	12.4	9.6	8.1	5.4	5.0	4.9p	About-5
▪ New M2 ²⁾	11.5	7.9	13.1	9.1	6.5	3.3	3.0	2.4	Mid-2
▪ New M1 ³⁾	22.5	6.9	10.3	5.5	6.6	5.4	5.4	6.0	About-7

1) Currency in circulation + deposits at bank and non-bank financial institutions+ bank debentures issued + commercial bills sold + CD + RP + cover bills (includes cover bills since Nov. 1989)

2) Deposits with up to 2-year maturities (excluding life insurance and securities companies)

3) Demand deposits + instant access accounts + deposits in MMFs at ITMCs

p: preliminary

Source: Bank of Korea

4.6 Corporate Financing and Household Loans

Corporate loans in the banking sector increased 1.4 trillion won in February due mainly to seasonal factors, compared to an increase of 6.6 trillion won of the previous month. Loans to large companies decreased 0.5 trillion won, while loans to small- and medium-sized companies (SMEs) increased 1.8 trillion won in February.

Bank lending to individuals reversed course by increasing 2.7 trillion won, last year's average for February, compared to a 0.5 trillion won decrease the previous month. This was due mainly to a rebound in loans for overdraft account holders that declined as a result of seasonal factors in January and an increase in mortgage-based loans.

(trillion won)

	2002	2003						2004	
		Annual	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Dec.	Jan.	Feb.
▪ Corporate Loans	32.1	16.4	11.0	7.4	-2.8	-8.8	6.6	1.4	
- Large Companies	-2.9	1.8	-1.0	0.1	-3.8	-4.4	2.7	-0.5	
- SMEs	35.0	14.7	11.9	7.3	1.1	-4.4	3.9	1.8	
▪ Corporate Bonds	-4.0	-1.0	-1.0	-3.1	1.3	-0.1	-1.6	-0.6	
▪ CPs	-2.0	2.5	-3.7	3.1	-4.1	-3.7	3.3	-0.5	
▪ Household Loans	30.6	4.8	9.1	8.7	7.9	2.0	-0.5	2.7	
- Mortgage-based Loans*	20.7	2.3	5.5	6.1	6.8	2.1	0.8	1.2	

* Based on loans collateralized by bank accounts and mortgages

Source: Bank of Korea

Economic News Briefing

Minister of Finance and Economy Highlights Primary Economic Policy Direction

DPM and Minister of Finance and Economy Hun-Jai Lee highlighted the direction of Korean economic policies during a press conference held March 3, an AMCHAM meeting held March 4, and EUCCK March 10.

DPM Lee said that he would continue to push for structural reform in the financial sector including the sale of the government stake in such investment trust management companies as Korea Investment & Securities Co. and Daehan Investment & Securities Co.

He also pointed out that there is now additional pressure for corporate governance improvements and transparency as the portion of foreign investment in domestic businesses has expanded.

Top economic policymaker Lee responded to questions such as the development of the asset management business, and foreign exchange and deregulation policies.

Finance Minister Lee also added that government is working to raise the proportion of foreign direct investment to GDP from 9.2 percent in 2002 to 14 percent by 2010.

Non-Banking Institution Structural Reform to Continue

The government is continuing structural reform in the non-bank financial sector as indicated by the sale of its controlling stake in Hyundai Investment & Securities Co., Ltd. (HISC) to Prudential Financial Investment (PFI), the third largest U.S. insurer, February 27, 2004.

PFI has now changed the name of HISC to Prudential Investment & Securities Co., Ltd.

The government has also been moving forward with the sale of Korea Investment & Securities Co. Ltd. and Daehan Investment & Securities Co., Ltd. Now that the managing underwriter has nearly completed its due diligence reports on the two companies, it is expected that the sale of the government stake in the two financial institutions will move ahead as scheduled.

Inter-Korean Economic Cooperation Committee Meeting Held

The eighth South-North Economic Cooperation Committee meeting was held March 2-5, 2004, in Seoul.

The two parties discussed economic

cooperation leading to mutual prosperity for the Korean people in accordance with the spirit of the South-North Joint Declaration made in June of 2000.

It was agreed that development plans for the 33,000 square-meter Gaeseong Industrial Complex should be implemented as planned, including the Mt. Geumgang Special Tourism Development Zone Project and testing the trans-Korean railway.

Discussions also addressed the opening of an Economic Cooperation Consultation Office and a Gaesung Industrial Complex Development Office, plans for preventing flood damage along the Imjin River, and the exchange of economic inspection teams.

Specialized Credit Financial Business Legislation Amended

Legislative revisions have been made to the Specialized Credit Financial Business (SCFB), which includes credit card business, facilities leasing business, installment financing business, and venture capital business, to prevent reckless household lending.

The revised SCFB Act was ratified by the National Assembly in December 2003 and made public in January 2004. The preliminary announcement of its enforcement decree amendment was first made February 28, 2004.

It is now expected that the revised SCFB enforcement decree will take effect April 4, 2004.

The SCFB enforcement decree revisions provide the standards and legal basis for SCFB

companies.

Household loans by SCFB companies are, for instance, prohibited from exceeding the line of credit allowed for such legislated services as facilities leasing business, installment financing, accounts receivable factoring and commercial bill discounting.

SCFB companies (5 of 42) that do not currently meet the abovementioned standards will have until 2008 to come into compliance.

Korea-Chile FTA Ratified and Government Strategy for More FTAs

The Korean National Assembly ratified on February 16 the long-delayed Korea-Chile Free Trade Agreement (FTA), which is the first for Korea, setting an important precedent for the trade agreement with other countries. The agreement will go into effect on April 1, 2004. Korean government estimates that the effectuation of the Korea-Chile FTA will not only lead to the expansion of trade with Chile, but also provide a gateway into the Latin American market, which accounts for half of Korea's trade surplus, and also sees it as an opportunity to regain trust in the FTA policies of the Korean government.

With a part of a government strategy to pursue more FTAs, Korea held the first round of exploratory talks with the Association of Southeast Asian Nations in Jakarta, Indonesia on March 8 to study the feasibility of signing a free trade agreement between both sides. Also, Korea is discussing trade pacts with Japan and Singapore. The government has already carried out the first round of negotiations with Singapore on February 27-29. Korea also carried out first and second

round of talks with Japan, touching on areas such as tariffs, liberalization of service trade, increased investment and intellectual property laws.

helped to overcome the 1998 crisis, and the Korean people's diligence and strong spirit to progress are the symbols of bright future.

IMF Expects Korea will Grow 5.5 Percent in 2004

The International Monetary Fund (IMF) revised its growth forecast upward for Korea to 5.5 percent this year from the previous projection of 4.75 percent. The upward revision is thanks mainly to an expected strong growth in the country's exports. The IMF stated in its annual report, released on February 25, "there is even some upside potential to this forecast, as the export performance may flow through into domestic demand." The IMF's forecast is in line with that of the Korean government's target growth between 5.0 percent and 5.9 percent.

The IMF, however, pointed out the downside risks to the country's economy, such as weak consumption spending and unclear prospect for corporate investment, and said that fiscal and monetary policies should remain supportive of the economic recovery. The IMF reiterated that in mid-to long-term Korea needs to continue with its structural reform policies, and particularly it needs to curtail household debts and address the credit card debt crisis.

Meanwhile, Horst Kohler, the IMF managing director, stressed that he remains optimistic on the outlook of the Korean economy, in the meeting with the South Korean President Roh Moo-Hyun, held February 28, 2004. Mr. Kohler further stated, "while the Korean economy faces challenges, it will continue and develop the same momentum that

Korean Logistic System Shifting from Highways to Railroads

In a bid to renovate the outdated logistic system of 'high cost and low efficiency', the Korean government plans to enforce 'the national logistics improvement plan.' The Plan aims to change the current highway-based transporting system to a large-scale long-distance railroad-based system, while elevating the efficiency of the general logistic system linking the facilities.

Pertinent laws to support general logistic system will be enforced within this year and policies that allow 2 percent tax cuts for the period of three years to those companies outsourcing their logistics will be introduced. According to the Plan, the government will improve the transporting function of Kyungbu and Honam lines commencing Korea Train Express (KTE) in April and building artery logistic networks in the south, north and east. Electric railways for Cholla line and double tracks for Kyung-Chon line will also be established by 2006 and 2008, respectively.

Deputy Prime Minister's Statement on Impeachment of President

Press Release March 12, 2004

Beloved people!

I am keenly aware of the great concern people across the country have as a result of the vote for the first ever presidential impeachment in Korea. This is especially unfortunate given the difficult economic situation that exists today.

I am confident, however, that Korea's demonstrated ability to overcome economic crises of the past even more severe than impeachment, will allow all market players to continue their activities with confidence.

The government will push ahead with consistent economic policies so there is no need for concern in the business community.

The problems we are facing are not inherently economic and Korea has been striving to bring about a market-based economic system that is less susceptible to this sort of political turmoil.

This is the reason why we believe that if all Koreans continue their everyday activities uninterrupted by these uncertainties, this will prove to be an opportunity to demonstrate our economic capabilities to the world by minimizing the impact it has on the economy.

As Deputy Prime Minister of economic affairs, I am in charge of economic issues such as stabilizing the livelihood of ordinary citizens and maintaining the international confidence in the Korean economy under the leadership of the Prime Minister. I would therefore very much appreciate the assistance of all economic participants.

Policy Issues

1. Economic Ministerial Talks

Ministry of Finance and Economy

Press Release March 13, 2004

Deputy Prime Minister (DPM) and Minister of Finance and Economy, Lee Hun-Jai held an economic ministers meeting 8 a.m. March 13 to discuss major pending matters and steps each ministry will take to deal with them.

DPM Lee emphasized the need to quell any economic uneasiness and uncertainties by being undeterred in implementing economic policies to bring about tangible results as quickly as possible, irrespective of the presidential impeachment. All economic ministries in attendance reaffirmed this to be of critical importance.

DPM Lee began by indicating that the vote to impeach the President does not suggest there are problems with the Korean economic system. He also emphasized the importance of the government maintaining coherent policies while acting swiftly to ensure international confidence and prevent the possible erosion of business sentiment.

DPM Lee asked for the cooperation of economic ministers to overcome any difficulties as they arise under the leadership of the Prime Minister, and indicated the impact will be short-lived if the government deals with the matter swiftly.

The following is a summary of the reports made by each ministry.

- The Ministry of Finance and Economy will work to accelerate policy initiatives to preventing an economic contraction and bring about tangible results as quickly as possible.

The ministry will push ahead with existing job creation policies as scheduled, while preparing measures to promote investment in general, with an emphasis on venture start-ups.

The ministry will also move ahead with policies aimed at promoting the service sector to boost domestic demand and increase employment, while striving to help improve the livelihoods of lower income workers by stabilizing prices.

International financial market trends and foreign investor movements will be monitored very closely and DPM Lee will hold regular meetings to assess the economic situation.

- The Ministry of Science and Technology is maintaining its current policy stance, which pursues national development based on science and technology and high quality

human resources. The ministry has been working especially hard to enhance the National Innovation System (NIS) to increase national competitiveness, while systematically expanding next generation growth industries and providing incentives for scientific and engineering manpower.

- The Ministry of Culture and Tourism will continue to move ahead with such major policy initiatives as attracting foreign visitors to Korea and successfully hosting international conferences. Public information services will be expanded to raise awareness of Korea as a tourist destination and promote domestic travel.
 - The Ministry of Agriculture and Forestry has emergency measures in place that include steps to stabilize agricultural, livestock, and fishery product prices by expanding government reserves of these products. The ministry will also step up emergency relief and inspection efforts in response to the damage caused by the recent snowstorm.
 - The Ministry of Commerce, Industry and Energy will respond to raw material shortages by cracking down on emergency steel imports and hoarding practices. Other steps will include formulating a plan for providing small- and medium-sized enterprises with financial assistance and manpower as part of an effort to expedite snowstorm recovery requiring the repair and rebuilding of various structures.
 - The Ministry of Information and Communication is focusing on such pending issues as creating an investor-friendly environment by attracting foreign R&D centers and finding ways to create
- more jobs. Other efforts will include insuring that the unusually heavy flow of mail leading up to and following the April 15th parliamentary elections is uninterrupted.
 - The Ministry of Health and Welfare is bolstering support for the underprivileged by expanding the number of jobs available for low- and middle-income families. Ministry efforts are also being exerted to eliminate factors that may cause conflict between medical institutions.
 - The Ministry of Environment is moving ahead with plans to improve the air quality in the Seoul metropolitan area, while mapping out accidental water contamination prevention measures for the dry months. The ministry is also working on policy priorities such as establishing guidelines for improving indoor air quality and preparing for UNEP 8th Special Session of the Governing Council/Global Ministerial Environment Forum.
 - The Ministry of Labor is trying to eliminate the factors that cause conflict between labor and management and lead to the workplace unrest by promoting central and regional tripartite committee negotiations between labor, management, and government representatives. Efforts are also being made to create amicable labor-management relations by regularizing tripartite committee negotiations and promoting regional meetings.
 - The Ministry of Construction and Transportation is making the necessary arrangements for the high-speed train to begin service as scheduled on April 1st 2004. The ministry is also moving ahead with real estate

market stabilization measures as planned, including housing regulations that require housing transactions to be reported to the government.

- The Ministry of Maritime Affairs and Fisheries is striving to protect domestic fishing operations and prevent unnecessary inter-Korean tension by reinforcing maritime security.
 - The Ministry of Planning and Budget is working to execute budgetary expenditures as planned to minimize the economic impact of the presidential impeachment. The ministry is also striving to provide timely fiscal support for snowstorm relief efforts and increase public sector employment.
 - The Fair Trade Commission is beefing up supervision to prevent market disorders that could give rise to investor anxiety, as it closely monitors manufacturers that have a monopoly of raw material processing and the status of subcontracted shipping industry transactions.
- The Financial Supervisory Commission is working to establish a contingency system that will enable it to respond quickly to uncertainties by stepping up financial market monitoring. The commission is also moving ahead with structural reforms already in progress, while carefully scrutinizing the liquidity of credit card issuers.
 - The Office of the Minister for Trade is seeking to capitalize on the momentum created by the Korea-Chile FTA by moving forward with a multi-track FTA approach with Japan, Singapore, and ASEAN member countries. It is also seeking to expedite the conclusion of DDA negotiations as it prepares a proactive strategy for negotiations involving the rice market. The relief effort plans for Iraq are also moving ahead as scheduled.

For further information, please contact :
Overall Economic Policy Division
Ministry of Finance and Economy
TEL : 82-2-503-9045

2. Social Pact for Job Creation

Korea Tripartite Commission

Press Release February 10, 2004

Recently investment has decreased due to continued pattern of sluggish domestic market, which is contributing to the ongoing economic difficulty. In particular, the Korean economy's ability to create jobs has sharply fallen, while observing jobless growth.

Moreover, industrial hollowing-out has been taking place with an increasing number of manufacturers moving their production bases overseas and the employment insecurity is being exacerbated by the bipolarization of the labor market and growing youth unemployment. This, in turn, leads to the fall of domestic demand, decrease in corporate investment, and increase in industrial conflicts. Mired in this vicious cycle, the Korean economy is now feared to lose its base for growth potential.

Recognizing the seriousness of the vicious cycle, the representatives of workers, employers, the government, and the public interest decided to push forward the conclusion of 「Social Pact for Job Creation」 at the plenary meeting of the Tripartite Commission on December 26, 2003. Since then in-depth discussions have been made, forming the drafting committee for the conclusion of a Social Pact for Job Creation. Such discussions have led to today's historical conclusion of the Social Pact.

The Social Pact for Job Creation is to address the pressing concern of employment insecurity, including rising youth unemployment by increasing decent jobs, and to enable women and aged workers to realize their full potential. The Pact is also

aimed at supporting sustainable economic and social development where growth, employment, and distribution are in the virtuous cycle by reducing the income gaps between different working classes. The Pact also emphasizes the cooperative spirit and states the role of each economic participant.

On the basis of the common recognition that entrenchment of the tripartite cooperative system is crucial to sustainable national development, we pledge that workers, employers, and the government will closely cooperate with one another so that the spirit and contents of the Pact can be spread to the workplace all over. In the mean time, the tripartite participants will exert all their efforts to take the spirit of the social compromise an opportunity to establish a new paradigm for workers, employers, and the government in responding to the rapid changes in the industrial structure.

Article 1 The government will consistently promote and engage a 「Comprehensive Measure for Job Creation」 which encompasses economic, social, and industrial policies, considering job creation as one of the priorities of the national policies.

Article 2 Measure to facilitate corporate investment by creating business- friendly environment.

2-1 (Promoting entrepreneurship) Workers, employers and the government agree that businesses play the leading role in creating jobs and that "entrepreneurship" with frontier spirit and innovation needs to be spread to

<p>the society to create more jobs. Toward the end, workers, employers, and the government will make concerted effort to create an environment where sound business activities are justly recognized and employers are admired.</p>	<p>3-3 Narrowing the gap in working conditions and stabilizing wages</p>
<p>2-2 (Deregulation on business activities) With a view to easing regulations on business activities, the government will have a thorough review of all regulations that may hinder investment expansion such as starting businesses, constructing more factories, etc.</p>	<p>3-4 Increasing workers' actual incomes and supporting for their living stability</p>
<p>2-3 Expansion of tax and financial benefits</p>	<p>3-5 Expanding the social safety net</p>
<p>2-4. Improving efficiency in managing workforce</p>	<p>Article 4 Measures to create jobs for those having difficulties in getting jobs will be strengthened.</p>
<p>2-5 Training and supplying workers that meet the industrial demand</p>	<p>4-1 Creating jobs in the public, welfare and social service sectors</p>
<p>2-6 Assistance to SMEs in securing workers</p>	<p>4-2 Promoting the employment of the youth, aged, disabled and women</p>
<p>2-7 (Attraction of Foreign Direct Investment (FDI)) The government will step up its efforts to facilitate FDI. Administrative and financial assistance will be strengthened; living environment will be improved; and one-stop service will be provided.</p>	<p>Article 5 Measure to support job creation by stabilizing industrial relations.</p>
<p>2-8 (Expansion of business investment) Businesses will gradually increase investment in job creation.</p>	<p>5-1 Building Workers and employers partnerships by ensuring transparent management</p>
<p>Article 3 Measure to expand the foundation for growth through employment security and reduced gaps between different working classes.</p>	<p>5-2 Establishing a labor-management culture based on 「laws and principles」 and 「dialogues and compromise」</p>
<p>3-1 Reducing artificial adjustment of employment</p>	<p>Article 6 Workers, employers and the government will faithfully implement and spread this Social Pact as follows.</p>
<p>3-2 Employment expansion through job sharing</p>	<p>6-1 Operating a 「Joint Public-Private Sector Committee on Job Creation」</p>
	<p>6-2 Pushing for joint projects for job creation in each local area</p>
	<p>6-3 Reflecting the contents of the social agreement in collective agreements</p>
	<p>6-4 Signing follow-up agreements</p>

Article 7 Workers and employers will make the following requests to political circles.

7-1 Legislation and Budget

7-2 Measures to improve high-cost political structure

For further information, please contact :
Korea Tripartite Commission
TEL : 82-2-2198-3100

Statistical Appendices

Tables & Figures

1. National Account
2. Production, Shipment and Inventory
3. Production Capacity and Operation Ratio
4. Wholesale and Retail Trade
5. Consumer Goods Shipment Index and Consumer Sentiment Index
6. Machinery Orders Received, Domestic Machinery Shipment and Estimation Index of Equipment Investment
7. Value of Construction Completed and Domestic Construction Orders Received
8. Composite Indexes of Business Cycle Indicators and BSI
9. Balance of Payments (I)
10. Balance of Payments (II)
11. Prices
12. Employment and Earnings
13. Financial Indicators
14. Monetary Indicators
15. Exchange Rates

1. National Account

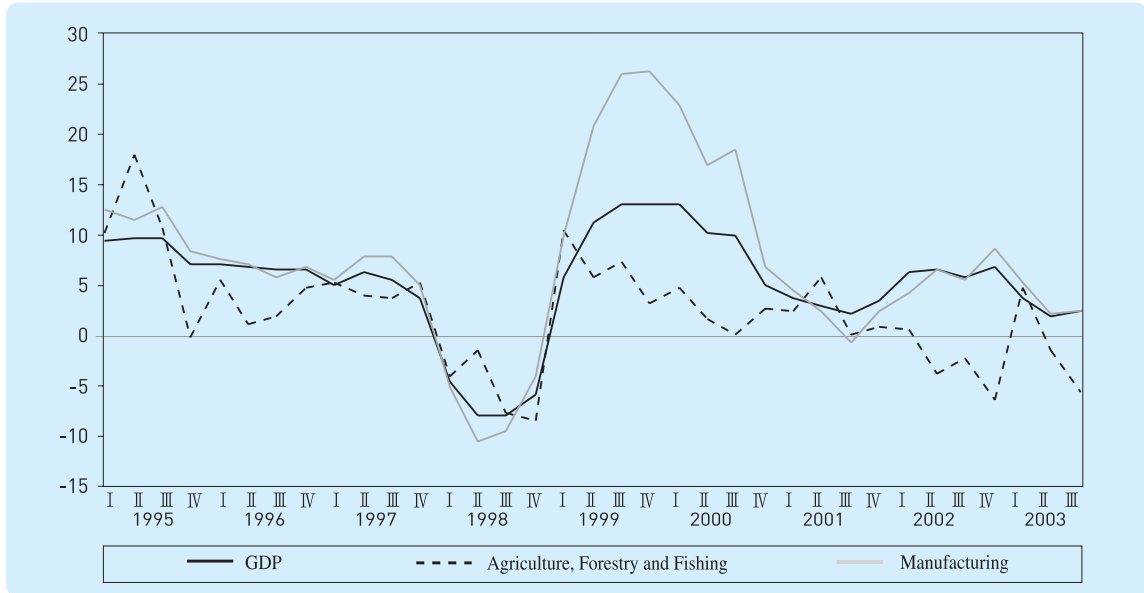
(Year-on-Year Change, %)

Period	Growth rate of GDP at constant prices			Increase rate of final consumption expenditure	Increase rate of gross fixed capital formation			Growth rate of GNI at constant prices	
	Agri.Fores. & fishing	Non-agri. forestry & fishing	Manufacturing		Construction	Machinery and equipment			
1991	9.2	2.9	9.8	9.5	7.9	13.3	12.5	14.8	9.3
1992	5.4	9.6	5.1	5.3	5.6	-0.7	-0.9	-0.3	5.3
1993	5.5	-4.5	6.3	5.4	5.4	6.3	9.7	0.3	5.7
1994	8.3	0.2	8.8	10.8	7.1	10.7	3.7	23.9	8.4
1995	8.9	6.6	9.1	11.3	8.2	11.9	8.0	18.1	8.1
1996	6.8	3.3	7.0	6.8	7.2	7.3	6.1	9.1	4.8
1997	5.0	4.6	5.0	6.6	3.2	-2.2	2.3	-8.7	2.1
1998	-6.7	-6.6	-6.7	-7.4	-10.1	-21.2	-10.1	-38.8	-9.1
1999	10.9	5.4	11.2	21.0	9.4	3.7	-10.3	36.3	9.4
2000	9.3	2.0	9.8	15.9	6.7	11.4	-4.1	35.3	3.6
2001	3.1	1.9	3.2	2.1	4.2	-1.8	5.3	-9.6	1.4
2002 ^p	6.3	-4.1	6.9	6.3	6.2	4.8	3.3	6.8	4.9
2001 II	3.0	5.7	2.9	2.5	4.0	-5.2	0.1	-11.0	1.4
III	2.1	0.2	2.2	-0.8	4.8	-2.5	8.4	-14.7	0.4
IV	3.5	0.9	3.8	2.4	6.3	4.9	10.0	-2.2	2.9
2002 ^p I	6.2	0.7	6.3	4.2	8.4	6.6	9.7	3.8	7.7
II	6.6	-3.7	7.1	6.6	7.4	5.4	3.8	7.5	5.6
III	5.8	-2.2	6.2	5.5	5.5	0.5	-4.6	7.8	2.7
IV	6.8	-6.3	8.0	8.8	3.8	6.8	6.0	8.2	4.1
2003 ^p I	3.7	4.8	3.7	5.2	1.2	4.8	8.1	1.6	-1.8
II	1.9	-1.4	2.1	2.2	-1.4	3.5	7.2	-0.8	0.2
III	2.3	-5.6	2.7	2.4	-1.4	2.3	7.8	-4.7	0.9

p: preliminary
source: Bank of Korea

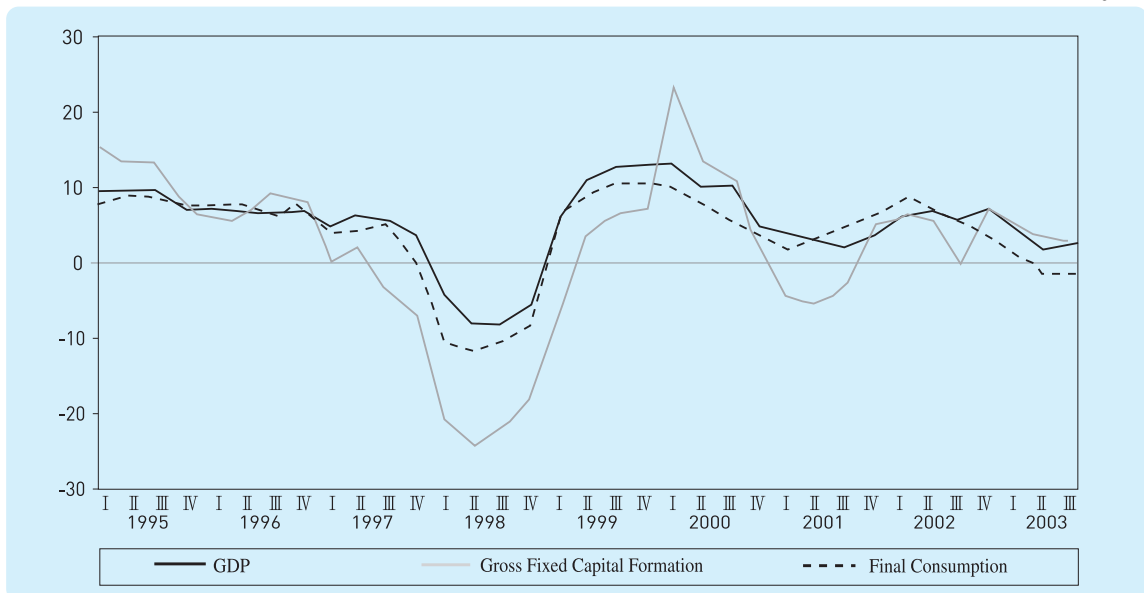
Growth Rate by Kind of Economic Activity

(Year-on-Year Change, %)



Growth Rate by Kind of Expenditure on GDP

(Year-on-Year Change, %)



2. Production, Shipment and Inventory

(2000=100)

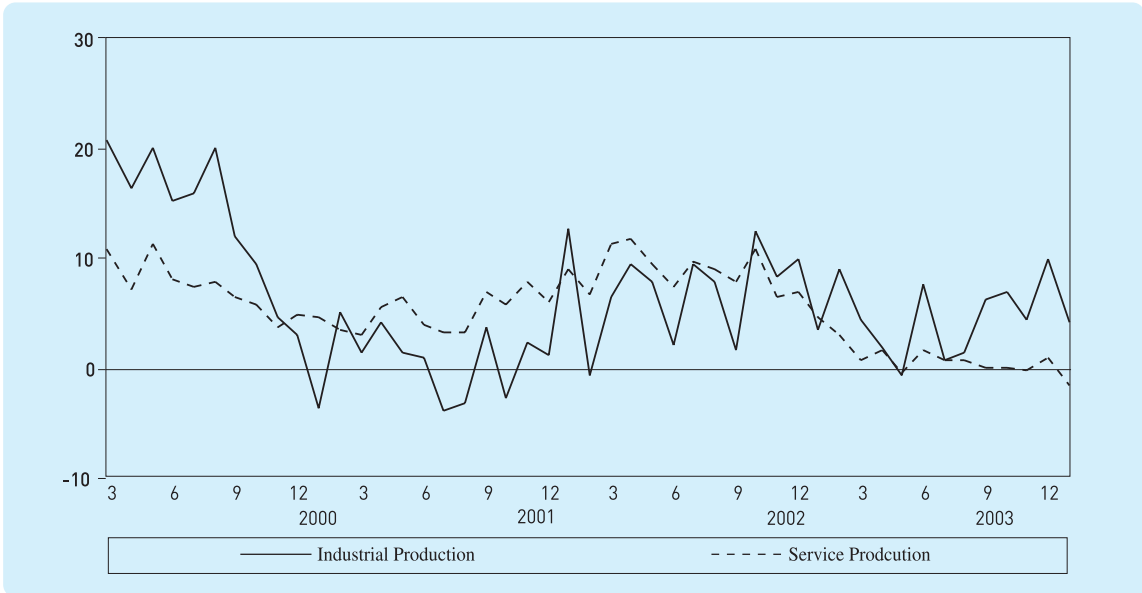
Period	Production		Shipment		Inventory		Service Production	
	Index	Y-o-Y Change (%)	Index	Change	Index	Change	Index	Change
2000	100.0	16.8	100.0	16.6	104.9	12.6	100.0	8.8
2001	100.7	0.7	101.3	1.3	105.3	0.4	105.6	5.6
2002	108.8	8.0	109.3	7.9	104.5	-0.8	116.0	9.8
2003 ^p	114.4	5.1	113.9	4.2	110.5	5.7	117.5	1.3
2001								
I	97.1	1.0	97.7	1.0	111.1	11.0	100.5	4.0
II	101.8	2.4	102.6	2.7	109.3	11.3	105.4	5.9
III	99.3	-1.1	99.0	-0.5	105.6	7.5	106.0	5.0
IV	104.4	0.4	105.0	1.9	105.3	0.4	110.5	7.4
2002								
I	103.7	6.8	104.9	7.4	101.9	-8.9	110.6	10.0
II	109.1	7.2	109.6	6.8	102.8	-5.9	116.6	10.6
III	106.2	6.9	106.2	6.3	102.1	-3.3	116.5	9.9
IV	116.3	11.4	116.4	10.9	104.5	-0.8	120.2	8.8
2003								
I	110.0	6.1	109.6	4.5	111.7	9.6	114.1	3.2
II	112.6	3.2	112.7	2.8	112.3	9.2	117.9	1.1
III	109.6	3.2	108.9	2.5	110.4	8.1	117.2	0.6
IV ^p	125.4	7.8	124.3	6.8	110.5	5.7	120.7	0.4
2003								
1	110.0	3.9	109.0	3.5	109.4	1.3	115.7	5.3
2	103.4	9.9	103.6	7.5	110.4	5.7	108.5	3.5
3	116.6	5.0	116.2	2.8	111.7	9.6	118.0	0.9
4	113.7	2.1	113.7	1.4	113.1	10.0	117.9	1.8
5	111.6	-0.6	111.9	-1.2	113.0	11.3	118.9	-0.4
6	112.4	8.6	112.5	8.9	112.3	9.2	116.9	1.9
7	108.3	1.0	106.8	1.2	113.3	8.7	117.8	0.8
8	108.2	1.6	107.4	1.3	113.0	7.5	106.3	0.8
9	112.3	7.0	112.6	5.2	110.4	8.1	117.4	0.2
10	126.1	7.8	125.5	7.0	109.6	6.1	119.6	0.2
11	122.3	4.9	121.5	3.7	109.4	5.9	117.7	0.0
12 ^p	127.8	10.9	126.0	9.9	110.5	5.7	124.9	1.1
2004								
1 ^p	115.3	4.8	113.4	4.0	112.9	3.2	113.7	-1.7

p: preliminary

Source: Korea National Statistical Office

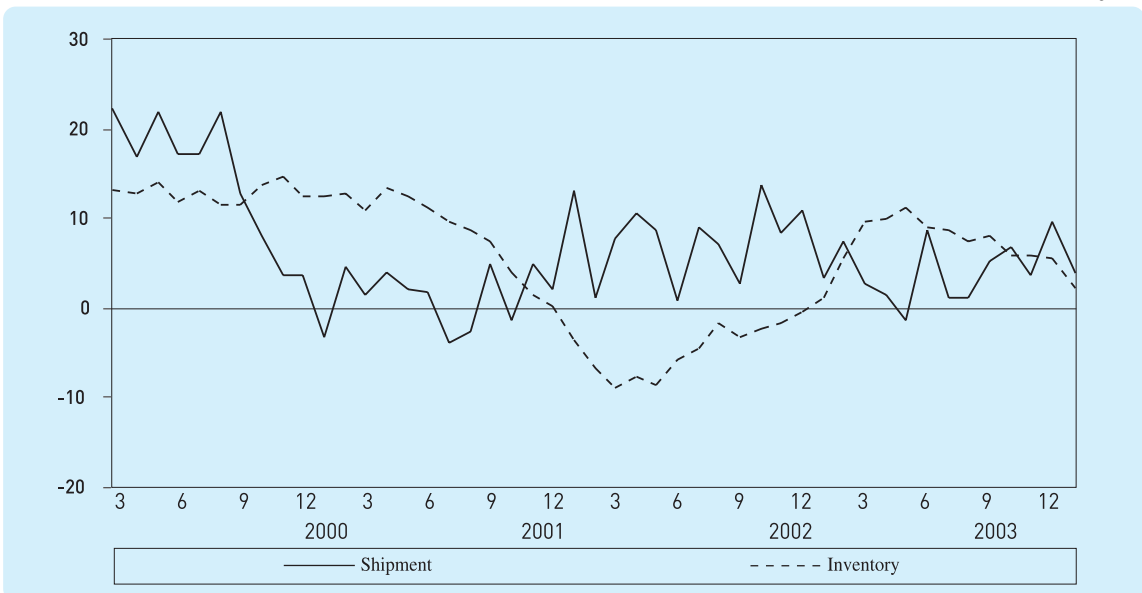
Industrial Production and Service Production

(Year-on-Year Change, %)



Inventory and Shipment

(Year-on-Year Change, %)



3. Production Capacity and Operation Ratio

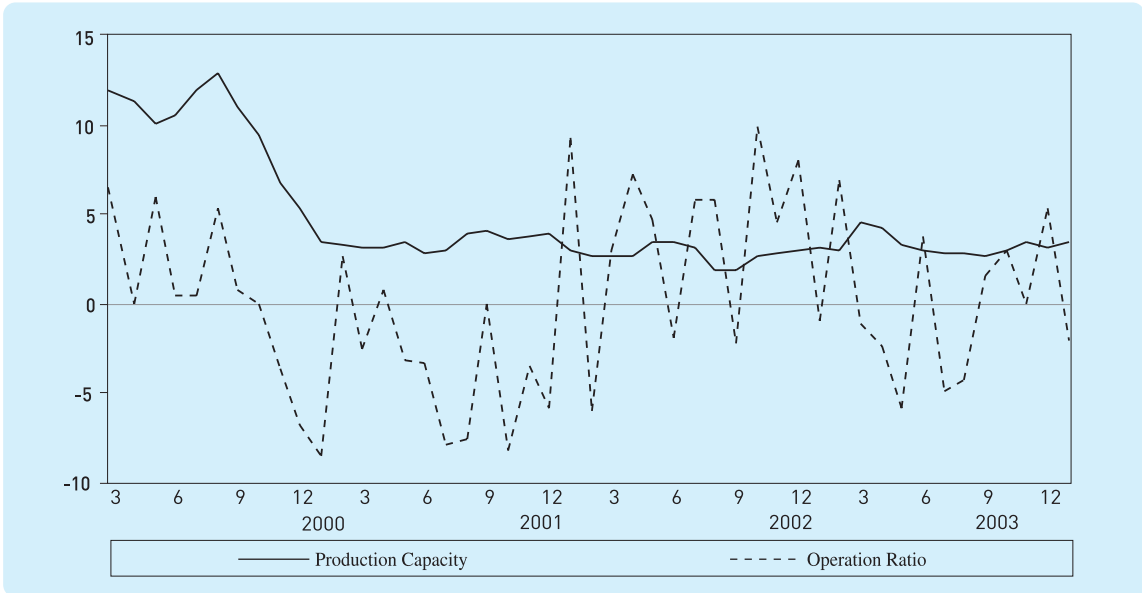
Period	Production Capacity Index (2000=100)	Y-o-Y Change (%)	Operation Ratio Index (2000=100)	Average Operation Ratio (%)	
				Change	
2000	100.0	10.4	100.0	2.4	78.6
2001	103.5	3.5	95.9	-4.1	75.3
2002	106.3	2.7	99.7	4.0	78.4
2003 ^p	109.8	3.3	99.7	0.0	78.3
2001					
I	102.2	3.3	94.1	-3.1	76.3
II	102.8	3.2	99.2	-2.0	75.8
III	104.2	3.7	94.7	-5.3	75.3
IV	104.8	3.8	95.7	-5.9	73.8
2002					
I	105.0	2.7	96.0	2.0	77.9
II	106.0	3.1	102.5	3.3	78.3
III	106.6	2.3	97.5	3.0	78.9
IV	107.7	2.8	102.9	7.5	78.5
2003					
I	108.8	3.6	97.2	1.3	78.5
II	109.7	3.5	100.9	-1.6	77.3
III	109.6	2.8	95.0	-2.6	76.9
IV ^p	111.2	3.2	105.7	2.7	80.4
2003					
1	108.2	3.2	96.9	-0.1	78.7
2	108.2	3.0	91.9	6.9	79.0
3	110.0	4.5	102.9	-1.2	77.9
4	109.8	4.2	103.0	-2.4	77.7
5	109.8	3.3	99.7	-5.9	76.3
6	109.5	2.9	99.9	3.8	78.0
7	109.5	2.8	94.0	-5.0	74.7
8	109.6	2.8	93.7	-4.3	77.2
9	109.6	2.7	97.3	1.6	78.9
10	110.7	3.0	109.2	3.0	81.1
11	111.4	3.4	103.0	-0.1	79.6
12 ^p	111.4	3.2	104.9	5.4	80.4
2004					
1 ^p	111.9	3.4	94.9	-2.1	80.5

p: preliminary

Source: Korea National Statistical Office

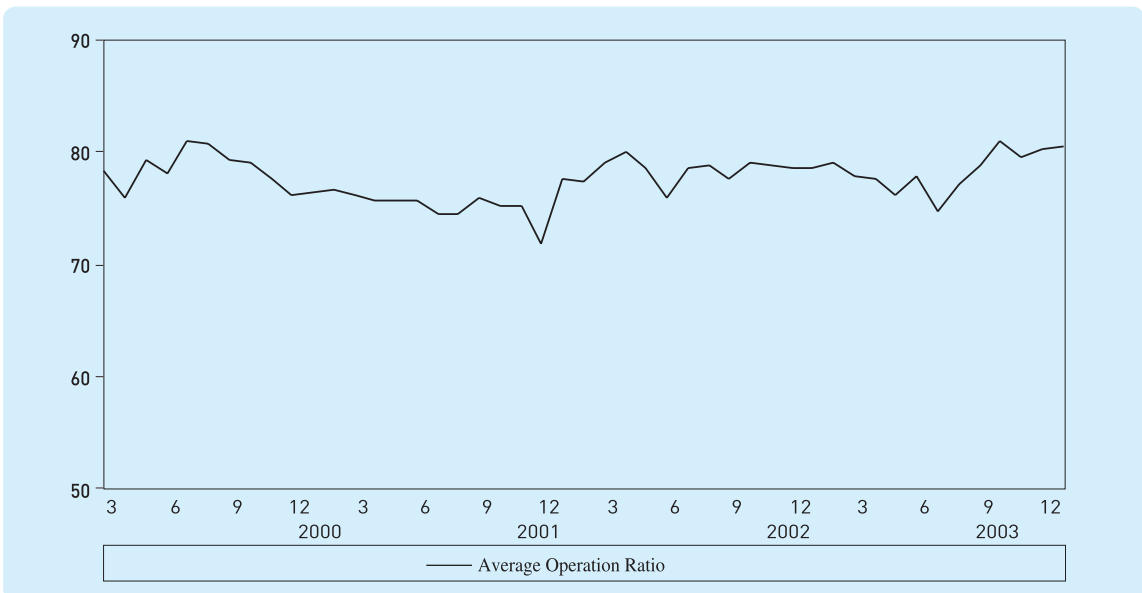
Production Capacity and Operation Ratio

(Year-on-Year Change, %)



Average Operation Ratio

(%)



4. Wholesale and Retail Trade

[2000=100]

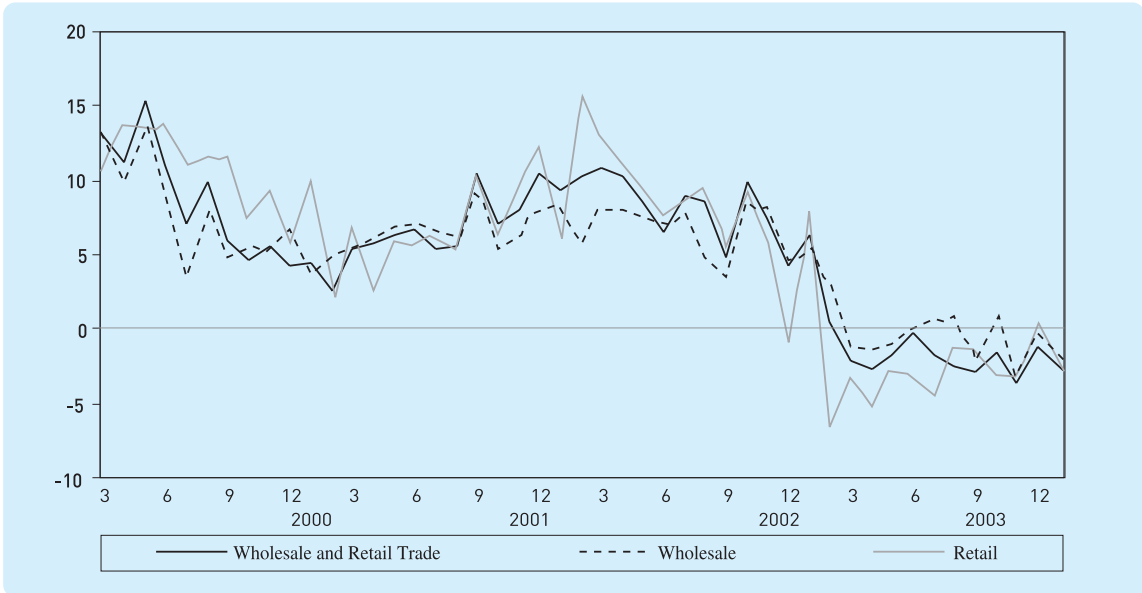
Period	Wholesale and Retail Trade		Wholesale		Retail		Vehicles and Fuel	
		Y-o-Y Change (%)		Change		Change		Change
2000	100.0	9.8	100.0	9.1	100.0	11.0	100.0	9.3
2001	106.6	6.6	106.4	6.4	107.0	7.0	106.4	6.4
2002	115.4	8.3	113.6	6.8	115.8	8.2	121.7	14.4
2003	113.9	-1.3	113.6	0.0	113.1	-2.3	117.2	-3.7
2001								
I	101.4	4.1	102.9	4.6	101.9	6.3	93.9	-2.9
II	106.3	6.2	105.9	6.6	105.3	4.8	110.5	7.8
III	105.8	7.2	105.1	7.7	105.2	7.3	110.5	5.1
IV	112.7	8.6	111.5	6.6	115.6	9.5	110.8	15.8
2002								
I	111.7	10.2	110.6	7.5	113.6	11.5	112.2	19.5
II	115.4	8.6	113.9	7.6	115.3	9.5	122.0	10.4
III	113.6	7.4	110.6	5.2	113.4	7.8	126.2	14.2
IV	120.7	7.1	119.3	7.0	120.8	4.5	126.5	14.2
2003								
I	113.4	1.5	113.0	2.2	112.6	-0.9	116.9	4.2
II	113.4	-1.7	113.1	-0.7	110.9	-3.8	121.1	-0.7
III	110.8	-2.5	110.3	-0.3	110.7	-2.4	112.9	-10.5
IV	118.1	-2.2	118.1	-1.0	118.2	-2.2	117.8	-6.9
2003								
1	118.8	6.4	116.9	5.0	121.5	7.6	120.3	9.2
2	105.3	0.4	105.5	3.0	102.8	-6.8	110.8	8.5
3	116.0	-2.2	116.6	-1.2	113.6	-3.3	119.6	-3.7
4	112.8	-2.8	111.9	-1.4	110.3	-5.2	122.6	-3.1
5	115.6	-1.9	114.0	-1.3	114.8	-3.0	124.4	-1.5
6	111.9	-0.4	113.4	0.5	107.7	-3.1	116.2	2.7
7	109.8	-1.9	109.0	0.9	109.1	-4.5	114.7	-6.4
8	108.8	-2.6	109.9	0.5	105.6	-1.1	112.1	-16.3
9	113.7	-2.9	112.0	-2.3	117.3	-1.5	111.9	-8.4
10	117.4	-1.6	117.4	0.8	115.7	-3.4	121.4	-6.3
11	115.9	-3.7	114.5	-3.6	118.4	-3.1	115.7	-5.2
12 ^p	121.0	-1.2	122.5	-0.1	120.4	0.1	116.4	-8.9
2003								
1 ^p	115.8	-2.5	115.9	-0.9	118.5	-2.5	108.5	-9.8

p: preliminary

Source: Korea National Statistical Office

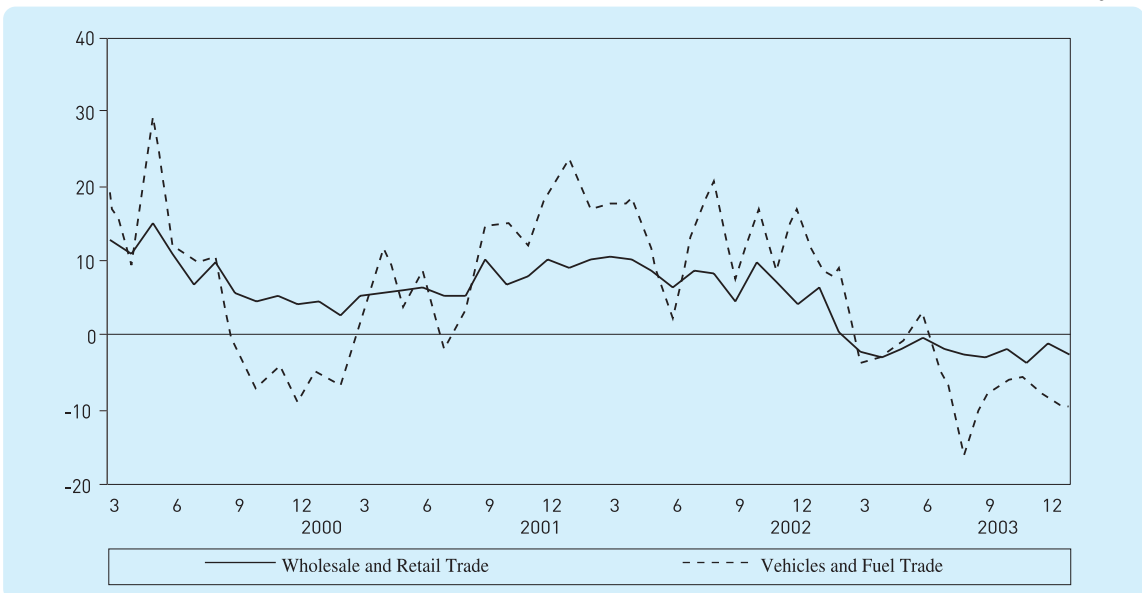
Wholesale and Retail Trade

(Year-on-Year Change, %)



Wholesale and Retail Trade, and Vehicles and Fuel Trade

(Year-on-Year Change, %)



5. Consumer Goods Shipment Index and Consumer Sentiment Index

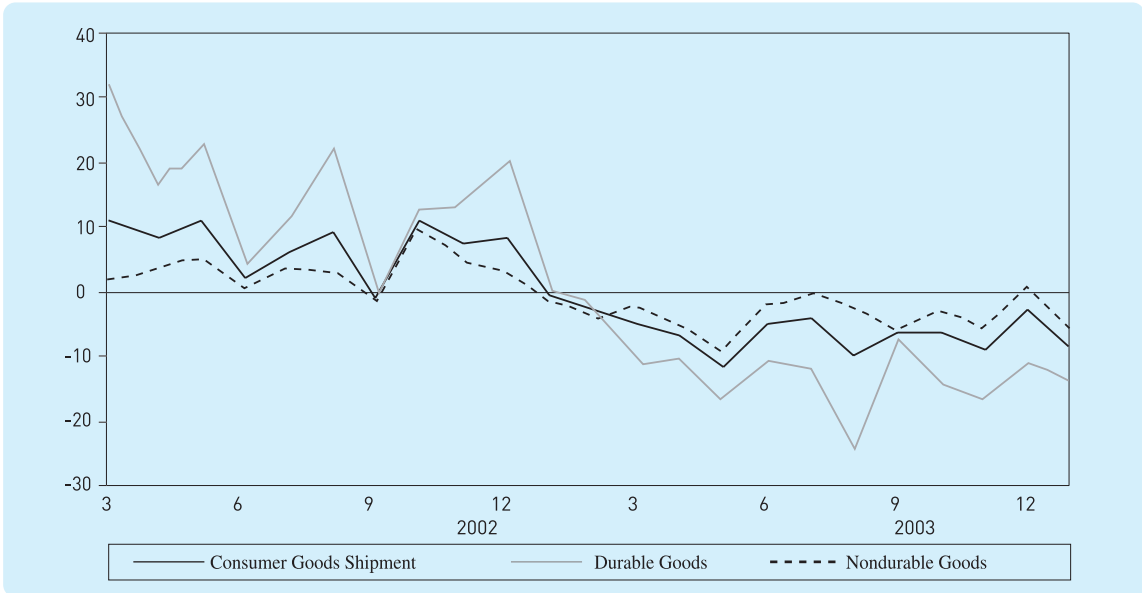
Period	Domestic Consumer Goods Shipment Index (2000=100)						Consumer Sentiment Index	
	Domestic Consumer Goods Shipment Index (2000=100)	Y-o-Y Change (%)	Durable	Change	Nondurable	Change	Consumer expectation Index	Consumer present situation Index
2001	102.8	2.8	103.0	3.0	102.7	2.7	95.9	81.9
2002	111.3	8.3	120.6	17.1	106.9	4.1	104.7	98.3
2003 ^p	104.5	-5.9	106.6	-11.5	104.4	-3.1	-	-
2001								
I	96.7	-4.3	87.4	-14.3	101.0	0.5	91.9	72.2
II	104.1	5.6	109.4	6.9	101.7	5.0	98.7	86.8
III	104.3	5.4	107.5	8.6	102.8	3.7	96.2	84.7
IV	106.1	4.6	107.6	11.3	105.4	1.8	96.8	83.9
2002								
I	108.1	11.8	114.9	31.5	105.0	4.0	108.0	101.3
II	111.5	7.1	125.2	14.4	105.1	3.3	109.7	107.6
III	109.2	4.7	118.3	10.0	104.9	2.0	106.0	101.5
IV	116.2	9.5	123.8	15.1	112.7	6.9	95.1	83.0
2003								
I	106.4	-1.6	109.8	-4.4	104.9	-0.1	94.3	72.3
II	103.2	-7.4	109.4	-12.6	100.3	-4.6	93.6	64.8
III	101.6	-7.0	100.6	-14.9	102.9	-2.8	91.1	62.0
IV ^p	108.5	-6.1	106.7	-13.8	109.7	-2.1	-	-
2002								
1	111.9	16.7	110.2	40.7	112.7	8.3	106.7	97.4
2	100.7	8.4	108.5	25.1	97.0	1.3	107.7	100.5
3	111.8	10.5	125.9	29.4	105.2	2.0	109.7	105.9
4	111.7	8.2	124.5	16.8	105.7	4.0	109.4	107.2
5	117.4	11.1	134.7	22.2	109.3	5.4	109.1	107.6
6	105.4	1.9	116.4	4.5	100.2	0.5	110.6	108.1
7	105.8	6.2	117.1	10.8	100.6	4.0	107.8	105.2
8	111.2	9.1	124.5	21.5	105.0	3.2	106.2	102.1
9	110.5	-0.8	113.4	-0.8	109.1	-0.8	103.9	97.2
10	117.1	10.9	127.3	12.3	112.3	10.2	97.1	86.8
11	114.7	7.6	124.6	13.5	110.1	4.8	93.4	80.9
12	115.0	8.4	119.5	19.9	112.9	3.5	94.8	81.2
2003								
1	111.5	-0.4	111.2	0.9	111.5	-1.1	96.4	79.6
2	97.7	-3.0	106.6	-1.8	93.6	-3.5	96.1	73.5
3	106.0	-5.2	111.5	-11.4	103.4	-1.7	90.4	63.9
4	104.1	-6.8	112.2	-9.9	100.2	-5.2	94.5	64.7
5	103.5	-11.8	112.1	-16.8	99.5	-9.0	94.5	67
6	100.2	-4.9	104.2	-10.5	98.4	-1.8	91.7	62.7
7	101.2	-4.3	102.7	-12.3	100.5	-0.1	90.8	62.1
8	100.2	-9.9	94.6	-24.0	102.8	-2.1	92.0	63.9
9	103.4	-6.4	104.8	-7.6	102.7	-5.9	90.4	59.9
10	109.6	-6.4	109.4	-14.1	109.7	-2.3	91.5	62.7
11	104.1	-9.2	104.0	-16.5	104.1	-5.4	94.6	68.4
12 ^p	111.9	-2.7	106.7	-10.7	114.3	1.2	96.0	69.2
2004								
1 ^p	102.1	-8.4	96.9	-12.9	104.5	-6.3	98.0	72.6
2 ^p	-	-	-	-	-	-	96.3	71.9

p: preliminary

Source: Korea National Statistical Office

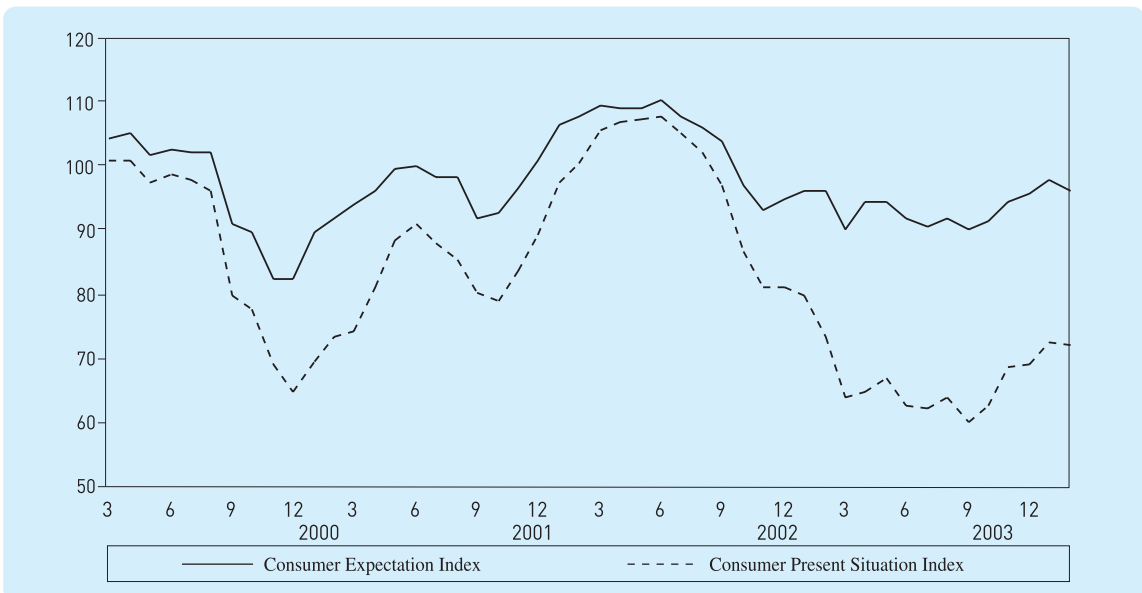
Consumer Goods Shipment

(Year-on-Year Change, %)



Consumer Sentiment Index

(Base = 100)



6. Machinery Orders Received, Domestic Machinery Shipment and Estimation Index of Equipment Investment

Period	Domestic Machinery Orders Received (Billion Won)				Estimation Index of Equipment Investment (1995=100)	Machinery shipment excluding ship (2000=100)
	Total	Public	Private	Mfg.		
2002						
I	6,705	1,666	5,039	1,952	124.5	98.0
II	5,964	378	5,586	2,000	125.8	107.1
III	5,904	614	5,290	1,815	116.8	98.6
IV	5,942	571	5,372	2,161	125.0	110.6
2003						
I	5,577	374	5,203	2,148	120.3	100.8
II	5,777	446	5,331	2,418	121.1	107.6
III	5,513	730	4,782	1,956	108.6	95.8
IV ^p	5,662	652	5,010	2,205	119.3	105.9
2003						
1	1,815	112	1,703	676	103.6	93.6
2	1,833	119	1,714	730	113.9	96.6
3	1,928	143	1,785	741	143.3	112.1
4	1,928	102	1,826	830	126.2	106.9
5	1,941	123	1,818	822	115.5	107.8
6	1,908	222	1,686	767	121.7	108.1
7	1,649	98	1,551	655	104.7	93.4
8	1,768	148	1,620	682	104.5	93.4
9	2,096	484	1,612	618	116.4	100.5
10	2,074	347	1,727	744	119.7	99.8
11	1,707	92	1,615	700	115.1	102.3
12 ^p	1,881	212	1,669	761	123.2	115.7
2004						
1 ^p	2,215	154	2,061	923	100.4	85.2

Year - on - Year Change (%)

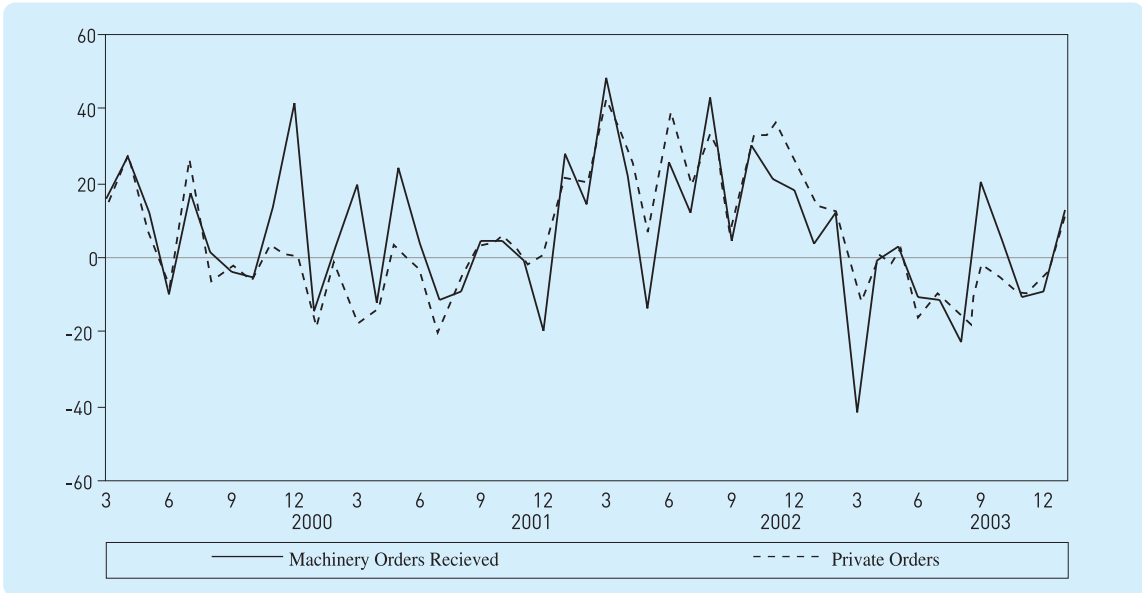
2002						
I	33.2	50.9	28.3	12.7	2.7	10.0
II	9.2	-59.4	23.2	1.3	0.0	6.9
III	19.8	20.8	19.7	-1.6	0.4	8.6
IV	22.9	-20.1	30.3	24.5	3.1	12.3
2003						
I	-16.8	-77.6	3.3	10.0	-3.4	2.9
II	-3.1	18.0	-4.6	20.9	-3.7	0.5
III	-6.6	18.9	-9.6	7.8	-7.0	-2.8
IV ^p	-4.7	14.2	-6.7	2.1	-4.6	-4.2
2003						
1	4.1	-55.8	14.3	4.7	-7.7	0.8
2	12.4	12.2	12.4	17.2	-3.6	7.1
3	-42.1	-89.1	-11.8	8.4	0.1	1.2
4	-0.8	-7.9	-0.3	13.3	-4.6	-0.7
5	3.3	5.7	3.2	24.8	-8.8	-3.6
6	-11.0	46.3	-15.3	26.0	2.7	6.3
7	-11.5	-35.1	-9.4	11.0	-11.1	-8.4
8	-23.1	-58.2	-16.7	11.1	-7.8	-3.2
9	20.4	348.2	-1.3	1.3	-2.2	3.4
10	4.8	153.9	-6.2	6.7	-3.8	-1.5
11	-10.8	-29.9	-9.4	-4.4	-8.3	-7.5
12 ^p	-9.1	-29.8	-5.5	4.1	-1.6	-3.6
2004						
1 ^p	13.2	38.2	11.6	36.5	-3.1	*-9.0

p: preliminary

Source: Korea National Statistical Office

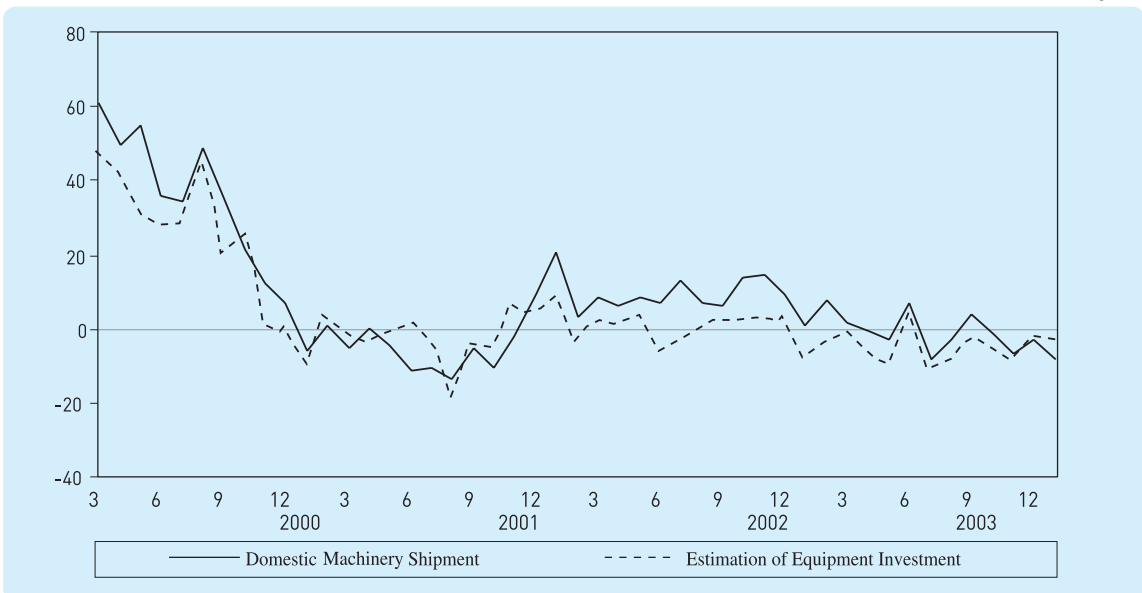
Machinery Orders Received

(Year-on-Year Change, %)



Domestic Machinery Shipment and Estimation of Equipment Investment

(Year-on-Year Change, %)



7. Value of Construction Completed and Domestic Construction Orders Received

(Billion Won)

Period	Value of Construction Completed (Total)	Type of Order		Domestic Construction Orders Received (Total)	Type of Order	
		Public	Private		Public	Private
2002						
I	11,632	4,321	6,959	15,998	3,404	12,359
II	13,936	5,213	8,260	16,161	3,863	11,952
III	13,642	4,921	8,243	12,745	3,064	9,223
IV	17,006	6,125	10,238	22,930	9,064	12,121
2003						
I	14,035	4,912	8,683	16,520	2,969	13,168
II	16,497	5,689	10,316	24,320	4,863	18,210
III	16,082	5,611	10,008	18,814	4,010	14,483
IV ^p	20,161	7,417	12,168	23,418	8,096	14,207
2003						
1	4,536	1,713	2,683	5,243	934	4,297
2	4,482	1,520	2,820	5,951	1,128	4,513
3	5,016	1,679	3,180	5,326	907	4,358
4	5,156	1,796	3,205	5,783	1,129	4,603
5	5,403	1,836	3,409	7,370	1,755	5,574
6	5,938	2,057	3,702	11,166	1,979	8,033
7	5,274	1,802	3,223	6,336	1,063	5,181
8	5,417	1,844	3,417	6,846	1,234	5,524
9	5,391	1,965	3,269	5,632	1,713	3,778
10	5,916	2,031	3,683	6,200	2,084	3,967
11	6,193	2,157	3,858	6,261	1,714	4,321
12 ^p	8,053	3,228	4,627	10,958	4,298	5,918
2004						
1 ^p	4,871	1,570	3,156	4,492	1,274	3,126

Year - on - Year Change (%)

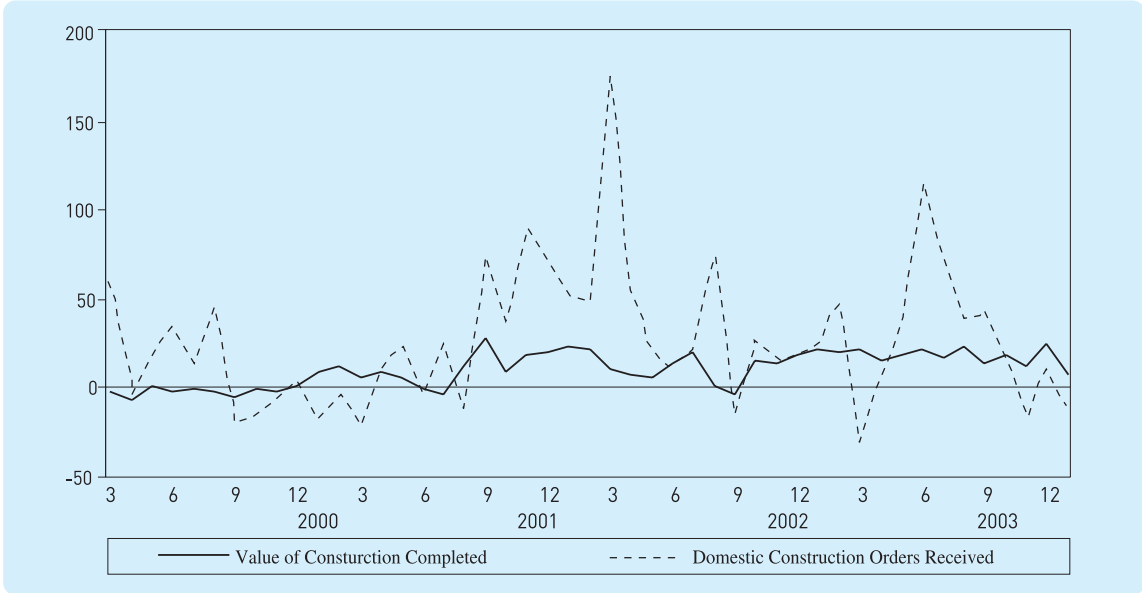
2002						
I	17.6	-0.6	30.4	93.1	48.4	121.2
II	8.4	-7.8	19.6	25.2	-11.8	69.8
III	4.3	-13.5	15.7	19.6	8.0	21.4
IV	15.3	-8.5	32.9	19.8	-10.3	43.4
2003						
I	20.7	13.7	24.8	3.3	-12.8	6.6
II	18.4	9.1	24.9	50.5	25.9	52.4
III	17.9	14.0	21.4	47.6	30.9	57.0
IV ^p	18.6	21.1	18.9	2.1	-10.7	17.2
2003						
1	21.5	26.4	17.3	23.6	7.3	28.1
2	19.9	7.8	26.4	45.0	10.3	46.5
3	20.6	7.9	30.3	-30.4	-40.0	-26.4
4	15.5	6.6	22.3	8.1	28.8	3.8
5	18.5	10.2	24.0	32.6	5.2	46.3
6	20.9	10.5	28.1	112.7	50.1	116.6
7	17.1	11.8	21.1	68.2	-5.5	98.4
8	23.2	19.8	26.5	38.6	32.6	53.3
9	13.7	11.0	16.8	39.5	69.7	25.6
10	18.0	21.0	17.6	16.7	-5.0	28.3
11	12.2	16.3	11.7	-14.8	-15.7	4.2
12 ^p	24.4	24.5	26.7	6.7	-11.1	21.2
2003						
1 ^p	7.4	-8.4	17.6	-14.3	36.4	-27.2

p: preliminary

Source: Korea National Statistical Office

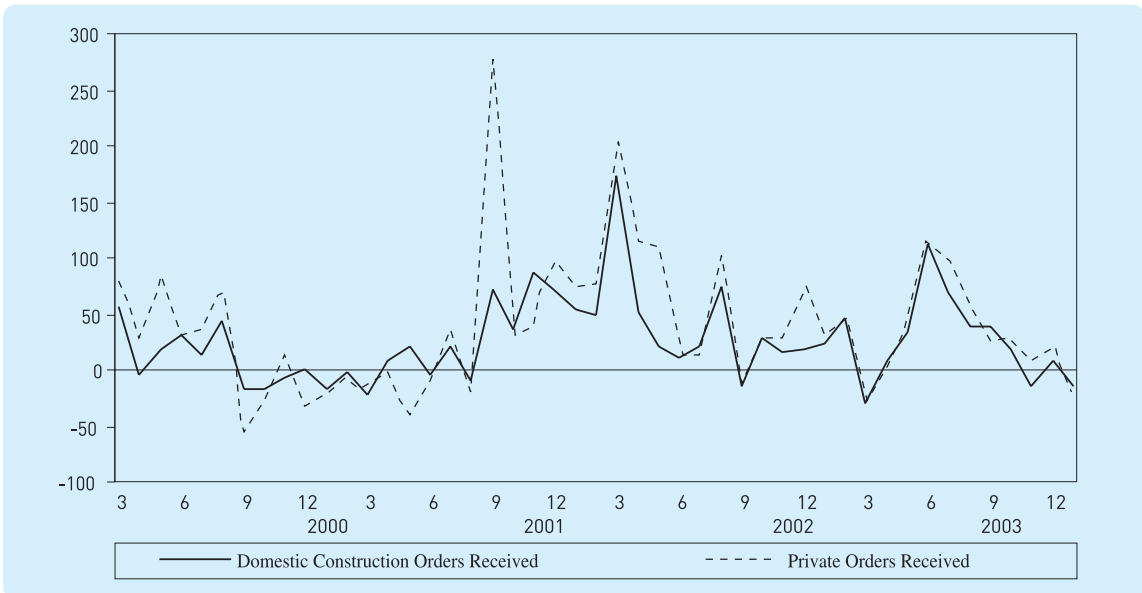
Value of Construction Completed and Domestic Construction Orders Received

(Year-on-Year Change, %)



Domestic Construction Orders Received

(Year-on-Year Change, %)



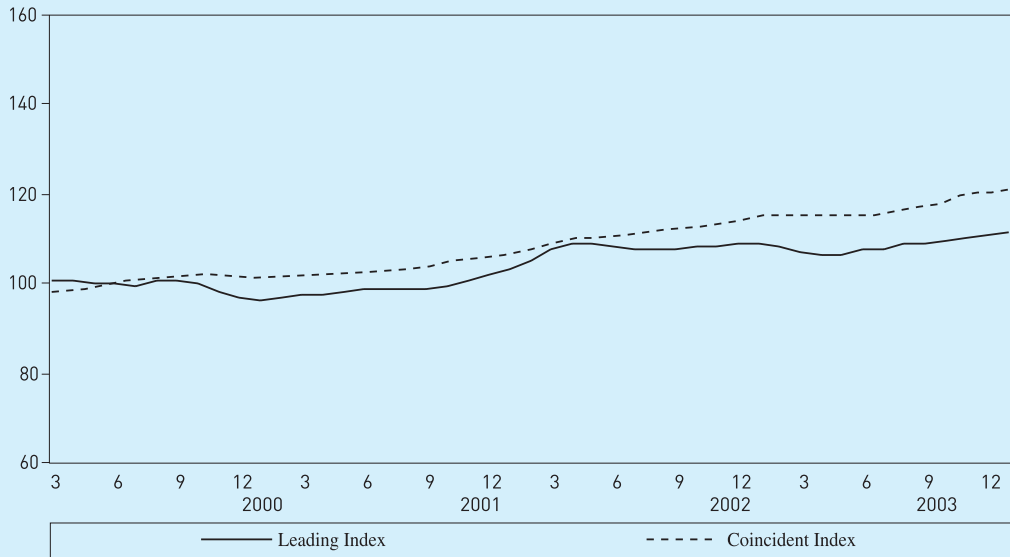
8. Composite Indexes of Business Cycle Indicators and BSI

Period	Leading Index (2000=100)	Y-o-Y Change (%)	Coincident Index (2000=100)	Cycle of Coincident Index (2000=100)	BSI (Actual)	BSI (Outlook)
2001						
1	96.5	-4.4	101.2	101.8	66.3	114.5
2	97.1	-3.8	101.6	101.6	81.5	110.2
3	97.6	-3.3	102.0	101.5	98.7	131.0
4	97.6	-3.2	102.1	101.0	100.4	127.9
5	98.0	-2.6	102.5	100.8	105.4	123.3
6	98.6	-1.7	102.7	100.5	101.8	103.8
7	98.6	-1.2	102.8	100.0	88.9	91.4
8	98.6	-1.0	103.3	99.9	79.0	91.1
9	98.7	-0.5	104.2	100.2	87.0	104.7
10	99.7	0.7	105.3	100.7	85.9	91.8
11	100.8	2.1	105.8	100.6	95.9	81.0
12	101.9	3.3	105.6	99.8	103.0	68.0
2002						
1	103.6	5.2	106.6	100.1	105.6	105.1
2	105.5	7.4	107.7	100.6	109.7	110.7
3	107.7	10.0	109.3	101.6	138.9	141.9
4	109.0	11.2	110.1	101.7	129.8	140.8
5	109.2	11.1	110.5	101.5	125.9	143.0
6	108.4	9.7	110.6	101.0	108.4	121.8
7	107.9	8.4	111.2	100.9	97.3	114.6
8	107.5	7.2	111.9	101.0	100.2	100.4
9	108.0	6.7	112.8	101.2	106.2	118.5
10	108.1	5.9	113.0	100.9	102.7	115.1
11	108.7	5.5	113.6	100.8	99.6	98.6
12	109.0	4.9	114.3	100.8	91.9	95.6
2003						
1	108.9	4.0	115.2	101.0	90.2	91.9
2	108.2	2.6	115.3	100.5	79.8	89.3
3	107.1	0.9	115.4	100.1	89.3	109.0
4	106.5	-0.4	115.2	99.3	87.7	90.2
5	106.2	-1.2	115.2	98.7	84.7	108.1
6	107.5	-0.6	115.4	98.4	81.5	96.4
7	108.0	-0.2	115.6	98.0	79.1	90.3
8	109.0	0.5	116.4	98.0	85.1	91.4
9	109.0	0.7	117.1	98.1	89.4	109.6
10	110.0	1.8	118.7	98.9	103.4	110.3
11	110.5	2.5	119.7	99.1	98.9	102.8
12 ^p	111.0	3.0	120.8	99.5	100.4	98.7
2004						
1 ^p	111.4	3.3	121.7	99.7	90.7	99.8
2 ^p	-	-	-	-	95.3	104.9
3 ^p	-	-	-	-	-	113.6

p: preliminary

Source: Korea National Statistical Office, The Federation of Korean Industries

Leading Index and Coincident Index



Business Survey Index



9. Balance of Payments (I)

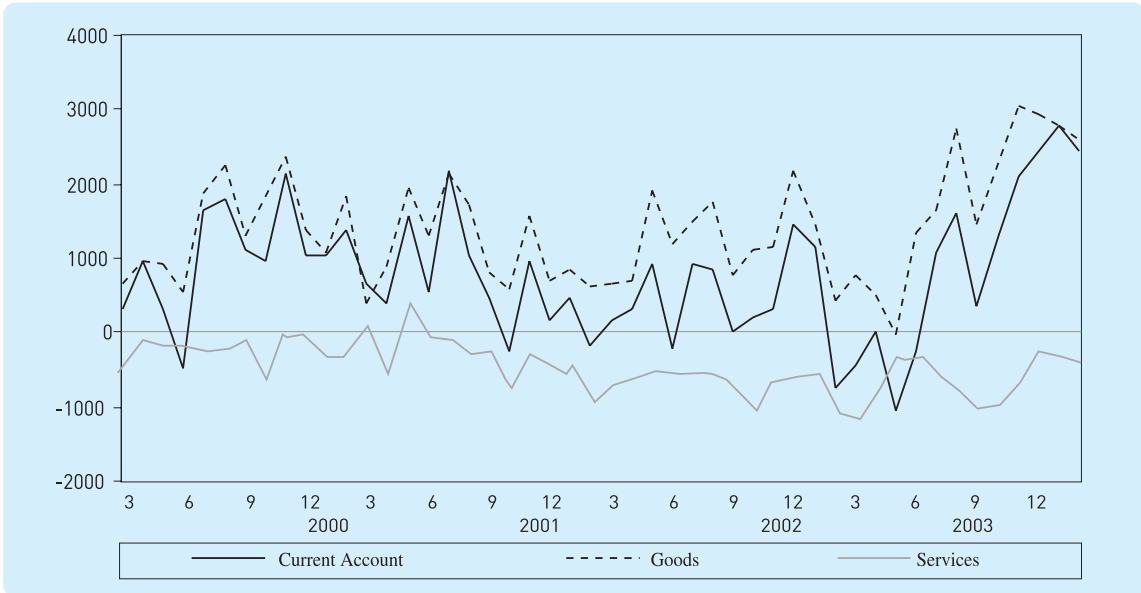
(Million Dollar)

Period	Current Balance	Goods Trade Balance	Goods Trade		Services Trade Balance	Income Trade Balance	Current Transfers
			Exports	Imports			
2000	12,250.8	16,953.6	172,267.5	160,481.0	-2,847.8	-2,421.3	566.3
2001	8,032.6	13,488.0	150,439.1	141,097.8	-3,872.1	-1,198.1	-385.2
2002	5,393.9	14,777.4	162,470.5	152,126.2	-8,197.5	432.3	-1,618.3
2003 ^p	12,320.7	22,161.3	193,817.4	178,826.7	-7,611.2	595.4	-2,824.8
2001							
I	2,666.9	3,224.8	36,029.1	32,910.1	-253.7	-382.8	78.6
II	3,738.2	5,127.9	38,634.6	33,549.4	-425.0	-850.5	-114.2
III	1,185.3	2,964.9	36,227.1	33,247.4	-1,320.1	-123.2	-354.3
IV	442.2	2,170.4	35,777.0	33,571.8	-1,891.3	158.4	4.7
2002							
I	1,400.6	3,259.9	36,029.1	32,910.1	-1,789.4	40.6	-110.5
II	1,569.7	4,450.7	40,573.5	36,204.0	-1,642.3	-859.3	-379.4
III	547.2	3,012.2	40,913.0	38,087.0	-2,464.9	582.1	-582.2
IV	1,876.4	4,054.6	45,038.1	41,172.8	-2,300.9	668.9	-546.2
2003							
I	-1,523.7	1,241.9	44,501.3	43,275.2	-2,295.4	254.6	-724.8
II	2,426.1	5,756.4	46,472.1	40,774.9	-1,674.9	-1,039.8	-615.6
III	3,757.7	6,818.0	49,064.6	42,005.4	-2,648.7	478.9	-890.5
IV ^p	7,660.6	8,345.0	45,038.1	41,172.8	-992.2	901.7	-593.9
2003							
1	-460.3	771.3	14,319.9	14,495.0	-1,178.3	257.0	-310.3
2	5.2	499.2	13,337.1	13,858.3	-740.2	447.7	-210.5
3	-1,068.6	-28.6	15,378.9	15,870.2	-376.9	-450.1	-213.0
4	-257.8	1,357.4	15,720.6	14,758.7	-305.4	-1,215.2	-94.6
5	1,080.6	1,646.6	14,676.1	13,523.6	-536.0	211.5	-241.5
6	1,603.3	2,752.4	15,656.3	13,428.1	-833.5	-36.1	-279.5
7	345.7	1,461.6	15,431.7	14,898.0	-1,027.4	162.8	-251.3
8	1,302.6	1,289.2	15,373.3	13,541.4	-977.0	266.7	-276.3
9	2,109.4	3,067.2	17,021.1	14,531.4	-644.3	49.4	-362.9
10	2,436.5	2,940.6	18,929.7	16,536.6	-261.2	-10.1	-232.8
11	2,771.8	2,795.4	18,241.1	15,760.8	-302.3	446.4	-167.7
12 ^p	2,452.3	2,609.0	19,728.9	17,624.5	-428.7	465.4	-193.4
2004							
1 ^p	-	-	18,999.2	16,121.6	-	-	-
2 ^p	-	-	19,460.3	17,409.3	-	-	-

Source: Bank of Korea

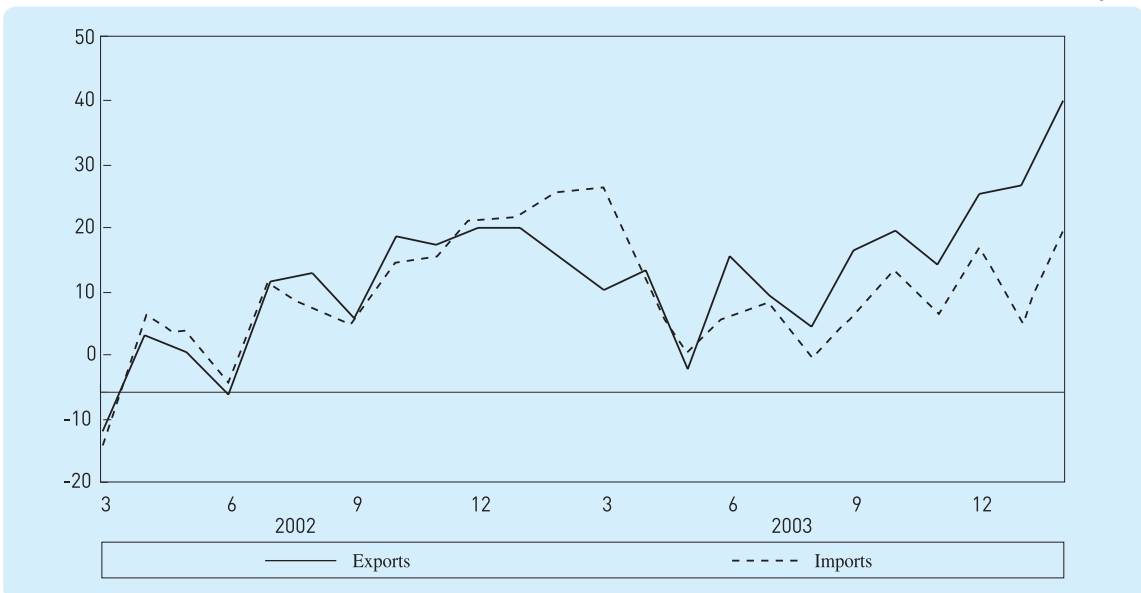
Balance on Current Account

(Million \$)



Imports and Exports

(Year-on-Year Change, %)



10. Balance of Payments (II)

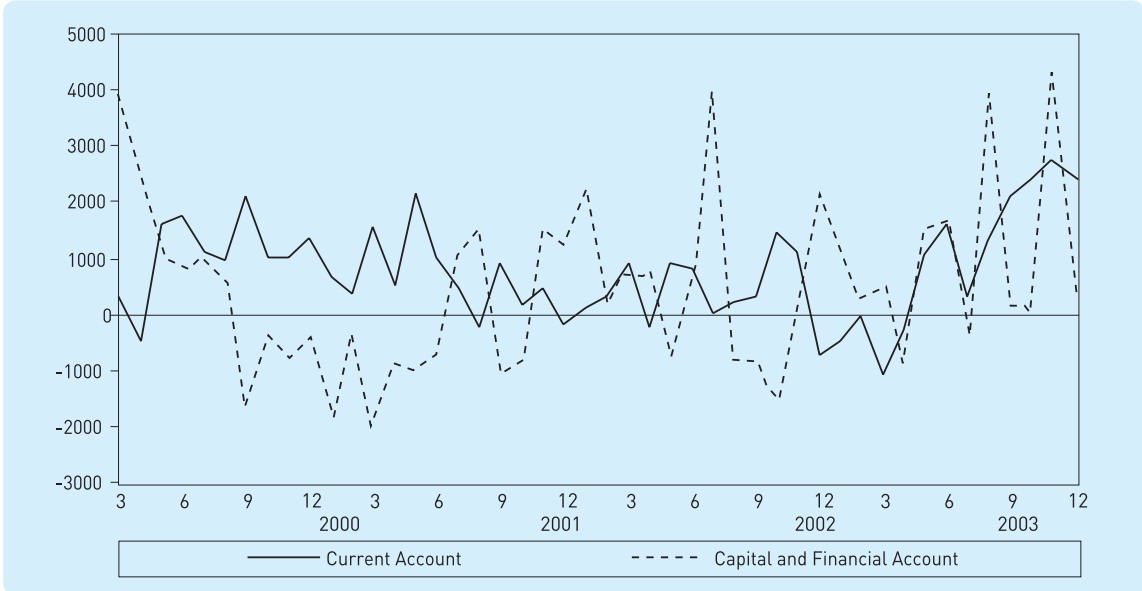
(Million Dollar)

Period	Capital & Financial Account	Financial Account				Capital Account	Changes in Reserve Assets	Errors and Omissions
		Financial Account	Direct Investment	Portfolio Investment	Other Investment			
2000	12,110.0	12,725.2	4,284.5	11,997.5	-3,556.8	-615.2	-23,771.2	-589.6
2001	-3,390.8	-2,659.8	1,107.6	6,583.4	-10,350.8	-731.0	-7,575.8	2,934.0
2002	6,151.5	7,338.3	-224.2	708.7	6,853.8	-1,086.8	-11,799.4	154.0
2003 ^a	13,128.3	14,530.4	-207.2	17,959.4	-3,221.8	-1,402.1	-25,849.5	400.5
2002								
I	2,922.3	3,096.0	21.2	-1,229.3	4,304.1	-173.7	-3,284.0	-1,038.9
II	424.1	782.2	-500.6	-3,665.2	4,348.0	-358.1	-2,079.7	85.9
III	2,142.1	2,376.8	-144.5	1,275.3	1,246.0	-234.7	-4,305.4	1,616.1
IV	763.0	1,083.3	399.5	4,327.9	-3,644.3	-320.3	-2,130.3	-509.1
2003								
I	1,996.8	2,312.4	-431.3	-1,121.9	3,865.6	-315.6	-926.3	453.2
II	2,496.5	2,883.0	-193.8	3,801.8	-725.0	-386.5	-5,720.0	797.4
III	3,759.5	4,141.9	-439.9	7,724.4	-3,142.6	-382.4	-8,516.7	999.5
IV ^a	4,875.5	5,193.1	-857.8	7,555.1	-3,219.8	-317.6	-10,686.5	-1,849.6
2003								
1	1,202.7	1,301.2	110.0	771.9	419.3	-98.5	-206.7	-535.7
2	337.3	433.2	-233.8	-1,547.2	2,114.2	-95.9	-986.0	643.5
3	456.8	578.0	-307.5	-346.6	1,232.1	-121.2	266.4	345.4
4	-748.1	-611.3	-81.0	-1,575.7	1,045.4	-136.8	1,139.4	-133.5
5	1,570.2	1,684.5	-74.7	974.6	784.6	-114.3	-2,668.7	17.9
6	1,674.4	1,809.8	-38.1	4,402.9	-2,555.0	-135.4	-4,190.7	913.0
7	-279.1	-137.3	-205.1	2,527.6	-2,459.8	-141.8	-1,333.4	1,266.8
8	3,907.5	4,029.8	151.3	2,215.4	1,603.1	-122.3	-4,054.5	-1,155.6
9	131.1	249.4	-386.1	2,981.4	-2,345.9	-118.3	-3,128.8	888.3
10	123.5	227.2	1,079.9	4,193.9	-5,046.6	-103.7	-1,269.9	-1,290.1
11	4,287.2	4,383.8	-28.0	7.0	1,654.8	-96.6	-6,372.4	-686.6
12 ^a	464.8	582.1	-194.1	604.2	172.0	-117.3	-3,044.2	127.1

Source: Bank of Korea

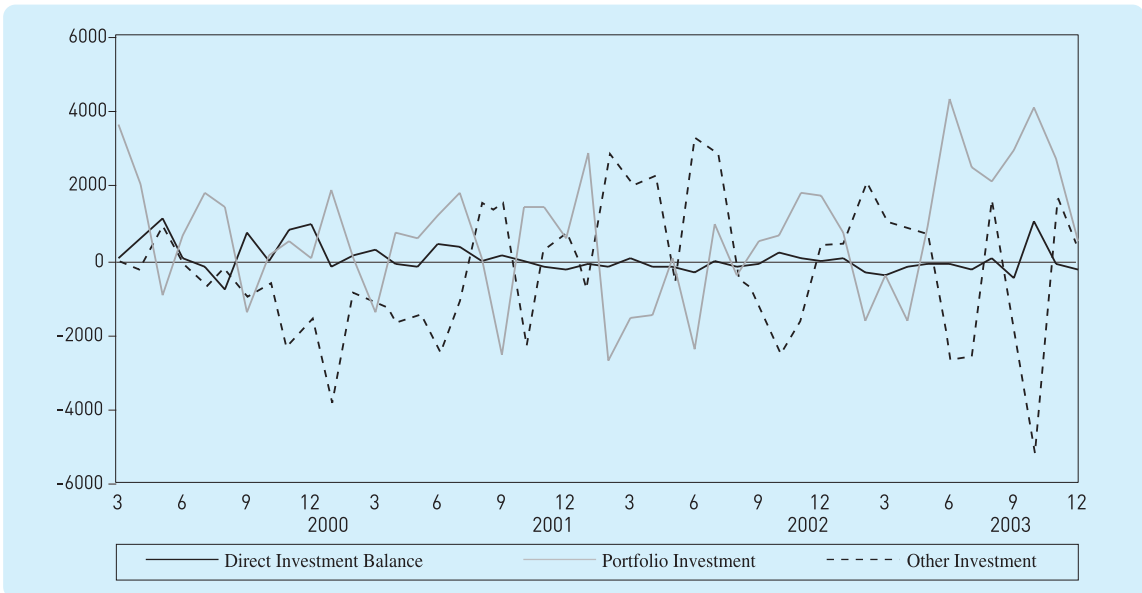
Current and Capital Balance

(Million \$)



Financial Account

(Million \$)



11. Prices

(2000 = 100)

Period	Consumer Prices				Producer Prices		Export & Import Prices	
	All Items	Commodity	Service	Core	All Items	Commodity	Export	Import
1998	97.0	96.1	97.9	97.9	100.1	99.9	124.5	105.7
1999	97.8	98.4	97.2	98.2	98.0	97.9	101.0	92.9
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	104.1	103.5	104.6	103.6	99.5	98.9	96.2	103.5
2002	106.9	106.4	107.5	106.7	99.2	97.7	89.5	97.1
2003	100.7	109.8	111.4	110.0	101.4	99.7	87.5	98.9
2003 1	109.0	108.8	109.2	108.4	100.5	98.8	86.9	98.0
2	109.6	109.9	109.3	108.6	101.1	99.5	89.0	101.4
3	110.9	110.9	110.9	109.7	102.1	100.9	91.4	103.2
4	110.7	109.8	111.4	109.8	101.5	100.1	88.4	98.5
5	110.5	109.2	111.6	110.0	101.0	99.3	86.3	96.4
6	110.2	108.3	111.7	110.2	100.5	98.5	86.2	96.6
7	110.1	108.0	111.9	110.1	100.7	98.7	85.8	96.6
8	110.6	109.0	112.0	110.3	101.1	99.2	86.2	97.2
9	111.6	110.9	112.1	110.5	101.5	99.7	85.2	95.6
10	111.7	111.2	112.1	110.4	101.8	100.0	86.2	98.4
11	111.5	110.5	112.3	110.5	102.2	100.5	88.4	101.1
12	112.0	111.3	112.6	111.0	102.9	101.2	90.3	103.4
2004 1	112.7	112.3	112.9	111.4	104.3	102.8	91.8	105.3
2	113.2	113.1	113.2	111.5	105.6	104.6	-	-

Year - on - Year Change (%)

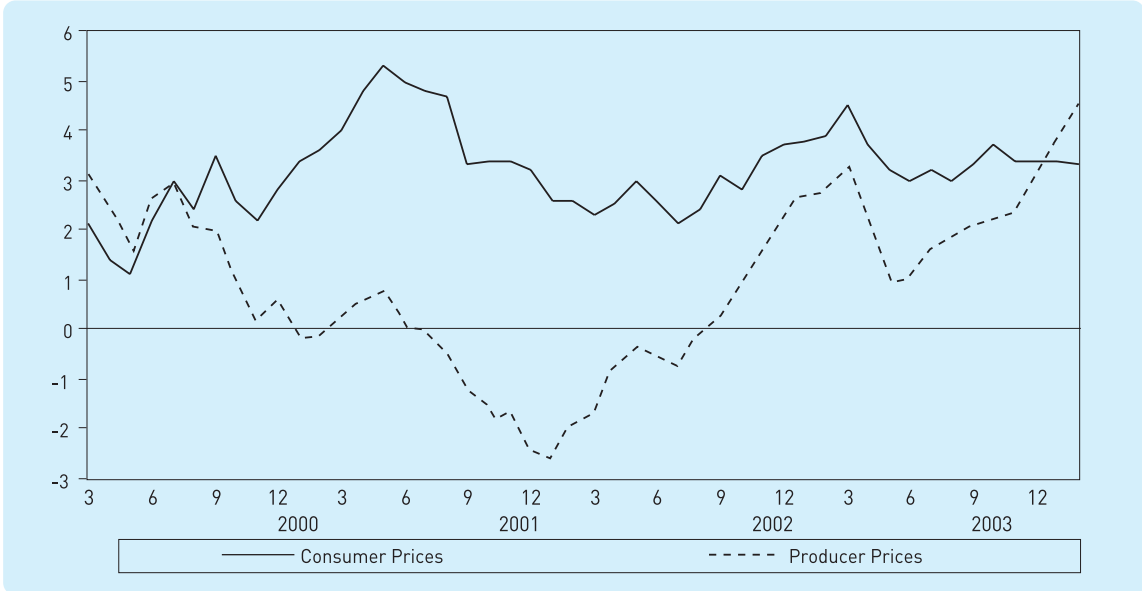
1998	7.5	9.8	5.2	5.9	12.2	13.5	31.3	28.2
1999	0.8	2.3	-0.8	0.3	-2.1	-2.0	-18.9	-12.1
2000	2.3	1.7	3.0	1.9	2.0	2.1	-1.0	7.7
2001	4.1	3.5	4.5	3.6	-0.5	-1.1	-3.8	3.5
2002	2.7	2.8	2.8	3.0	-0.3	-1.2	-7.0	-6.2
2003	3.6	3.2	3.6	3.1	2.2	2.0	-2.2	1.8
2003 1	3.8	4.8	2.9	3.1	2.8	2.8	-4.3	2.5
2	3.9	4.3	3.4	3.0	2.8	3.0	-3.6	5.2
3	4.5	5.5	3.7	3.4	3.3	3.7	-3.9	2.8
4	3.7	3.6	3.9	3.2	1.9	2.0	-7.1	-3.4
5	3.2	2.3	3.8	3.1	1.0	0.6	-5.1	-2.4
6	3.0	1.8	3.9	3.3	1.1	0.6	-0.9	1.2
7	3.2	2.2	4.0	3.1	1.6	1.2	0.5	3.2
8	3.0	2.0	3.9	3.2	1.9	1.5	-0.1	2.6
9	3.3	2.5	3.9	3.1	2.1	1.9	-2.6	-1.5
10	3.7	3.7	3.7	2.8	2.2	2.1	-3.4	-0.8
11	3.4	3.2	3.7	2.7	2.4	2.4	1.9	6.4
12	3.4	3.2	3.5	2.8	3.1	3.2	3.3	6.5
2004 1	3.4	3.2	3.4	2.8	3.8	4.0	5.7	7.4
2	3.3	2.9	3.6	2.7	4.5	5.1	-	-

Note: 1) Sep. of 2003 = 100

Source: Korea National Statistical Office, Bank of Korea, Kookmin Bank

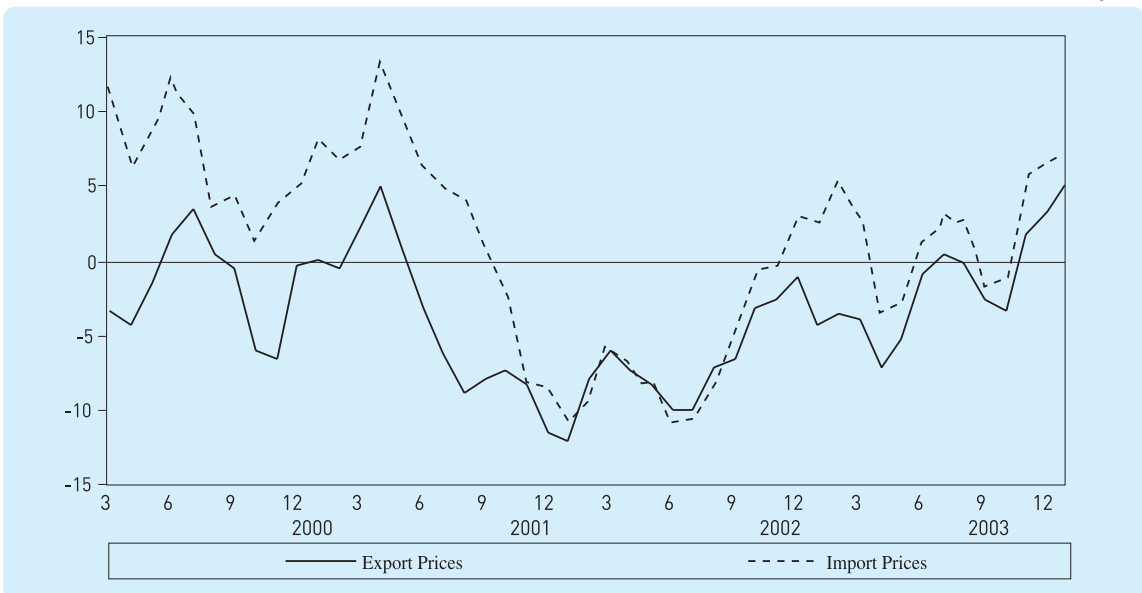
Consumer and Producer Prices

(Year-on-Year Change, %)



Export and Import Prices

(Year-on-Year Change, %)



12. Employment and Earnings

Period	Economically Active Persons	Employed Persons			Unemployment (%)	All Industry Earnings (Won) (Base year = 2000)	Manufacturing
		All Industry	Manufacturing	S.O.C & Service			
2000	22,069	21,156	4,293	14,603	4.1	1,727,338	1,601,468
2001	22,417	21,572	4,267	15,139	3.8	1,824,826	1,702,350
2002	22,877	22,169	4,241	15,841	3.1	2,036,207	1,907,117
2003	22,916	22,139	4,205	15,967	3.4	2,228,491	2,073,992
2003							
1	22,352	21,562	4,144	15,807	3.5	2,511,545	2,387,360
2	22,320	21,498	4,152	15,685	3.7	2,053,000	1,876,980
3	22,644	21,837	4,209	15,756	3.6	2,049,389	1,850,907
4	22,912	22,156	4,238	15,825	3.3	2,110,473	1,932,985
5	23,114	22,370	4,252	15,948	3.2	1,935,255	1,741,462
6	23,138	22,383	4,225	15,988	3.3	2,273,793	2,090,913
7	23,238	22,456	4,220	16,116	3.4	2,157,598	2,011,279
8	22,883	22,126	4,115	15,917	3.3	2,247,760	2,114,594
9	23,031	22,301	4,164	16,030	3.2	2,386,405	2,198,409
10	23,218	22,452	4,236	16,088	3.3	2,126,587	2,017,836
11	23,218	22,425	4,246	16,205	3.4	2,017,523	1,819,736
12	22,922	22,096	4,257	16,245	3.6	2,870,292	2,837,319
2004							
1	22,790	21,936	4,254	16,173	3.7	-	-

Year - on - Year Change (%)

2000	1.9	4.3	5.9	4.4	-	8.0	8.5
2001	1.6	2.0	-0.6	3.7	-	5.6	6.3
2002	2.1	2.8	-0.6	4.6	-	11.6	12.0
2003	0.2	-0.1	-0.8	0.8	-	9.4	8.8
2003							
1	0.7	1.0	-2.4	2.3	-	37.4	42.8
2	0.3	0.4	-1.9	1.0	-	-2.9	-6.0
3	0.3	0.3	-0.9	1.1	-	9.2	9.3
4	-0.5	-0.7	-0.6	-0.1	-	8.2	8.0
5	-0.1	-0.4	-0.4	0.4	-	9.0	6.5
6	-0.1	-0.6	-0.4	0.1	-	8.1	6.9
7	0.2	-0.3	0.2	0.4	-	6.7	4.9
8	-0.1	-0.4	-1.8	0.9	-	13.0	13.0
9	-0.3	-0.8	-1.8	0.4	-	6.9	6.1
10	0.2	-0.4	-0.4	0.6	-	7.9	6.8
11	0.8	0.2	-0.3	1.2	-	9.1	11.2
12	0.7	0.2	0.4	1.4	-	5.5	3.1
2004							
1	2.0	1.7	2.7	2.3	-	-	-

Source: Korea National Statistical Office

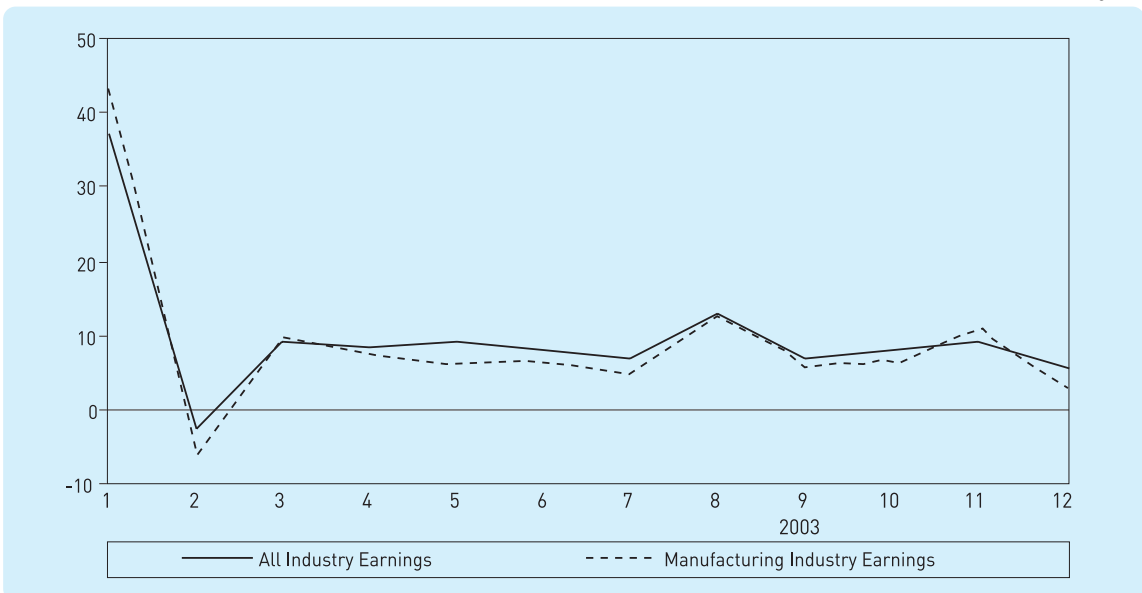
Unemployment Rate and Growth Rate of the Employed

(%)



Earnings

(Year-on-Year Change, %)



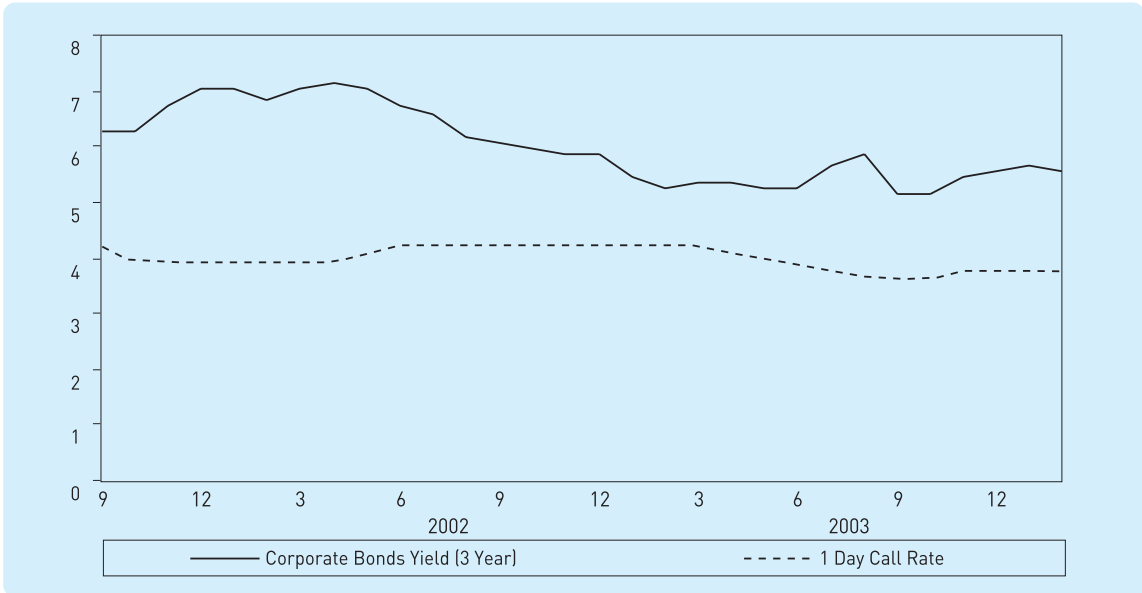
13. Financial Indicators

Period	Yields, %				Stock		
	1 Day Call Rate	3 Month CD	3 Year Corporate Bonds	3 Year Treasury Bonds	Stock Price Index (Kospi)	Trading Value (Bill. Won)	
2001	1	5.3	6.4	7.8	6.0	585.0	53,510.5
	2	5.1	5.7	6.8	5.4	593.4	39,362.5
	3	5.0	5.7	7.2	5.8	543.9	16,145.4
	4	5.0	5.8	7.9	6.6	530.3	32,657.6
	5	5.0	5.9	7.7	6.5	600.7	49,230.6
	6	5.0	5.6	7.2	6.0	602.9	36,365.8
	7	4.8	5.3	7.0	5.8	554.1	24,586.3
	8	4.6	4.9	6.5	5.2	567.1	34,078.0
	9	4.3	4.7	6.3	4.9	504.0	34,479.2
	10	4.0	4.4	6.3	4.7	523.3	31,176.4
	11	4.0	4.5	6.8	5.3	604.9	61,929.8
	12	4.0	4.8	7.1	5.9	666.0	60,082.6
2002	1	4.0	4.8	7.1	6.1	739.0	90,300.4
	2	4.0	4.5	6.9	5.9	774.4	59,861.7
	3	4.0	4.6	7.1	6.3	864.7	87,336.1
	4	4.0	4.8	7.2	6.5	894.0	84,815.2
	5	4.2	4.8	7.1	6.3	842.2	69,981.5
	6	4.3	4.9	6.8	5.9	784.3	43,623.7
	7	4.3	4.9	6.6	5.7	753.7	65,903.3
	8	4.3	4.8	6.2	5.4	713.2	51,164.5
	9	4.3	4.8	6.1	5.4	703.0	42,706.4
	10	4.3	4.9	6.0	5.4	642.2	54,392.1
	11	4.3	4.9	5.9	5.3	679.7	51,474.5
	12	4.3	4.9	5.9	5.3	699.8	40,590.6
2003	1	4.3	4.7	5.5	5.0	631.0	36,144.8
	2	4.3	4.5	5.3	4.7	591.6	29,335.7
	3	4.3	4.8	5.4	4.8	550.8	39,090.8
	4	4.2	4.6	5.4	4.6	585.9	54,875.7
	5	4.1	4.4	5.3	4.3	613.5	40,840.8
	6	4.0	4.3	5.3	4.1	663.2	47,946.6
	7	3.8	4.2	5.7	4.4	703.5	49,483.9
	8	3.7	3.9	5.9	4.6	731.7	46,450.9
	9	3.7	3.8	5.2	4.3	742.3	42,642.3
	10	3.7	3.9	5.2	4.3	756.5	52,947.7
	11	3.8	4.3	5.5	4.8	789.1	53,972.5
	12	3.8	4.4	5.6	4.8	801.2	51,330.4
2004	1	3.8	4.2	5.7	4.9	845.5	49,491.6
	2	3.8	4.0	5.6	4.8	867.5	52,324.1

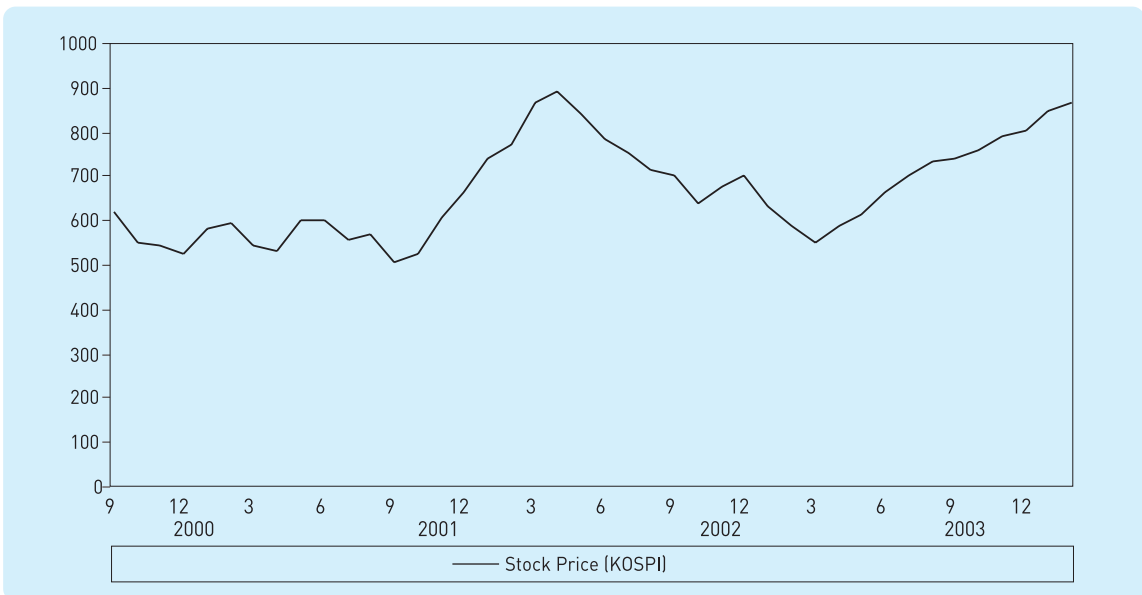
Source: Bank of Korea

Corporate Bonds Yield and 1 Day Call Rate

[%]



Stock Price



14. Monetary Indicators

(Period Average)

(Billion Won)

Period	Reserve Money	New M1	New M2	M3
2000	26,357.0	183,349.9	691,393.5	882,764.3
2001	29,375.9	216,442.4	739,337.0	967,324.9
2002	33,579.3	265,042.4	824,227.8	1,092,168.8
2003	35,754.7	283,397.4	888,988.6	1,187,839.8
2002 5	33,342.4	262,936.9	812,805.7	1,076,229.2
6	32,613.9	262,948.0	822,108.1	1,085,397.9
7	33,129.4	261,444.5	827,976.7	1,095,821.5
8	33,242.9	261,835.5	831,521.4	1,103,157.4
9	34,487.4	268,114.5	842,512.0	1,117,925.4
10	34,554.2	271,961.4	853,092.8	1,131,444.3
11	34,779.8	275,624.4	868,756.6	1,149,973.2
12	34,785.2	280,864.0	875,405.5	1,156,429.1
2003 1	35,464.6	285,581.0	880,250.7	1,162,240.3
2	36,200.9	282,153.5	883,643.0	1,168,118.1
3	34,854.8	282,509.9	892,494.8	1,177,872.1
4	35,625.4	277,971.1	890,351.6	1,177,246.3
5	35,162.7	276,666.5	886,410.8	1,177,553.5
6	35,412.2	278,561.3	886,769.4	1,183,812.6
7	34,976.9	277,602.5	886,242.9	1,191,441.2
8	35,544.9	279,840.7	886,880.8	1,190,755.5
9	36,836.1	286,407.1	890,673.1	1,201,779.7
10	35,519.3	286,354.8	885,171.7	1,198,490.1
11	36,377.7	291,032.3	896,674.7	1,210,856.4
12	37,080.9	296,103.4	901,818.6	1,213,911.2
2004 1	38,875.0	302,742.1	901,048.5	1,219,445.1
2 ^p	37,664.5	-	-	-

Year - on - Year Change (%)

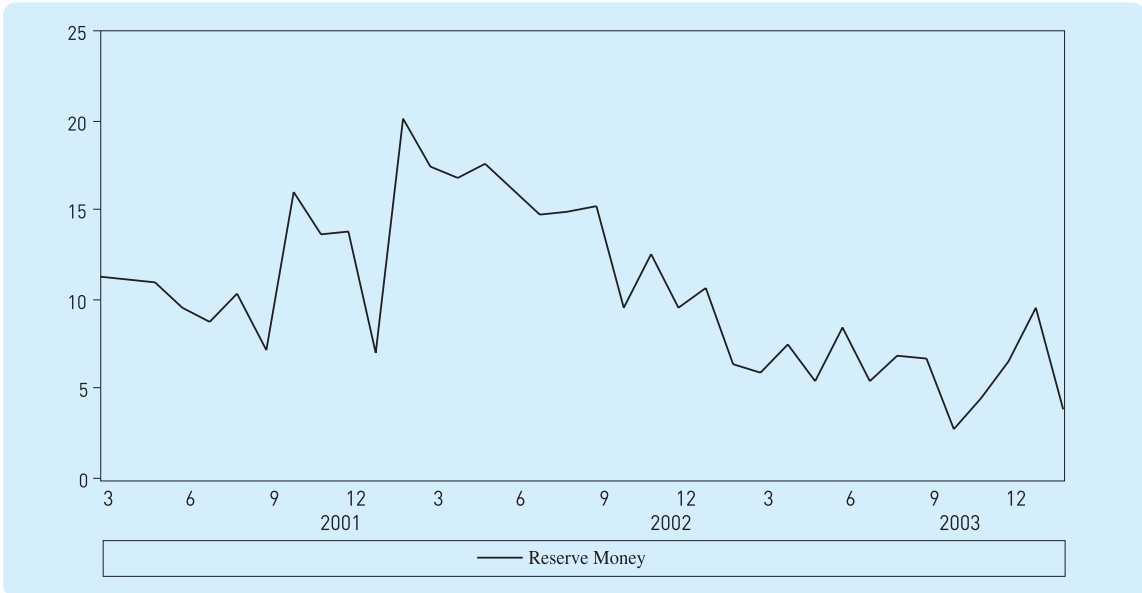
2000	20.0	24.5	2.2	5.6
2001	11.5	18.0	6.9	9.6
2002	14.3	22.5	11.5	12.9
2003	6.5	6.9	7.9	8.8
2002 5	17.8	28.4	12.4	13.7
6	16.3	26.4	12.5	13.5
7	14.9	22.6	11.5	13.0
8	15.1	20.3	10.7	12.4
9	15.3	18.0	10.6	12.4
10	9.7	16.9	11.6	12.5
11	12.7	16.1	13.3	13.7
12	9.7	15.2	14.1	13.3
2003 1	10.7	13.7	13.9	13.1
2	6.5	9.5	13.3	12.5
3	6.0	7.8	11.9	11.7
4	7.6	5.3	10.3	10.2
5	5.5	5.2	9.1	9.4
6	8.6	5.9	7.9	9.1
7	5.6	6.2	7.0	8.7
8	6.9	6.9	6.7	7.9
9	6.8	6.8	5.7	7.5
10	2.8	5.3	3.8	5.9
11	4.6	5.6	3.2	5.3
12	6.6	5.4	3.0	5.0
2004 1	9.6	6.0	2.4	4.9
2 ^p	4.0	-	-	-

p: preliminary

Source: Bank of Korea

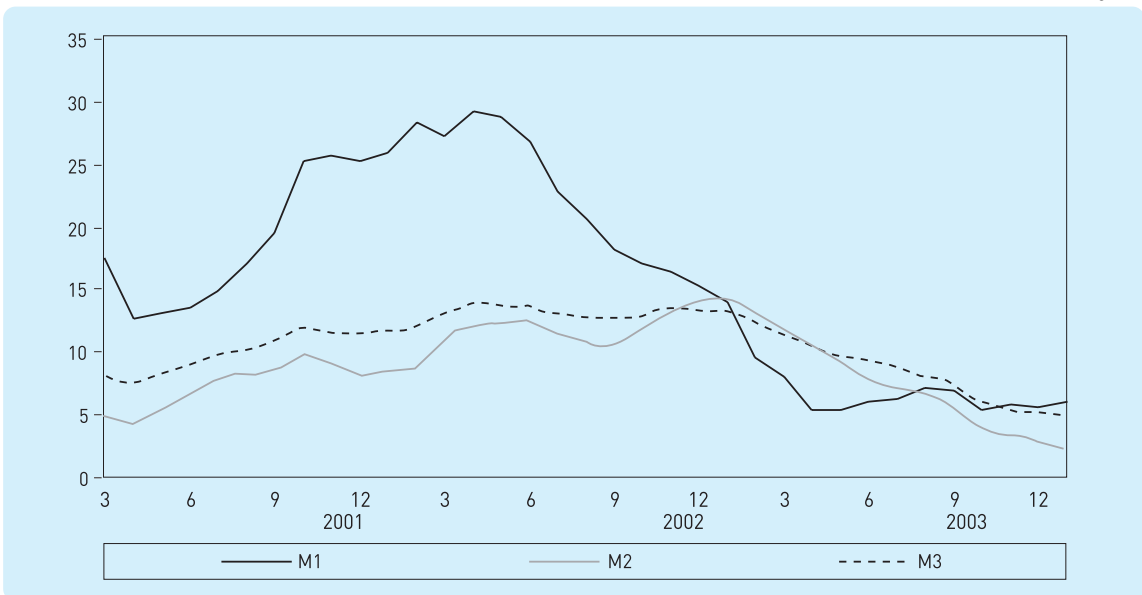
Reserve Money

(Year-on-Year Change, %)



Monetary Trends

(Year-on-Year Change, %)



15. Exchange Rates

(Billion Won)

Period	₩/US\$		₩/100 ¥		₩/ Euro	
	End-of-Period	Average	End-of-Period	Average	End-of-Period	Average
2001	1,326.1	1,291.0	1,009.4	1,062.7	1,172.6	1,156.6
2002	1,200.4	1,251.5	1,012.9	999.5	1,257.4	1,180.2
2003	1,197.8	1,088.4	1,119.6	934.3	1,502.6	1,226.8
2002 1	1,314.8	1,317.9	989.7	993.6	1,133.3	1,165.9
2	1,327.7	1,318.7	988.4	987.5	1,149.6	1,146.2
3	1,326.4	1,322.3	999.0	1,009.4	1,156.0	1,158.6
4	1,292.2	1,318.4	1,008.3	1,007.7	1,167.3	1,167.7
5	1,233.3	1,266.9	998.5	1,002.2	1,155.1	1,162.0
6	1,201.8	1,223.9	1,004.5	992.5	1,190.7	1,168.2
7	1,197.0	1,184.3	994.4	1,004.7	1,177.1	1,175.8
8	1,200.8	1,195.6	1,013.9	1,003.7	1,178.6	1,169.2
9	1,225.5	1,208.5	998.4	1,001.3	1,202.3	1,184.2
10	1,233.4	1,241.2	1,003.5	1,001.1	1,214.0	1,217.3
11	1,208.0	1,212.1	986.3	997.6	1,202.1	1,214.4
12	1,200.4	1,208.6	1,012.9	993.2	1,257.4	1,233.2
2003 1	1,170.5	1,179.8	987.1	994.0	1,265.7	1,251.4
2	1,186.8	1,191.2	1,008.5	996.8	1,275.6	1,283.1
3	1,252.9	1,234.1	1,044.7	1,038.4	1,351.1	1,331.3
4	1,213.1	1,230.7	1,014.0	1,027.0	1,348.3	1,337.3
5	1,205.3	1,200.0	1,010.7	1,022.4	1,420.5	1,391.5
6	1,193.1	1,194.5	996.4	1,008.5	1,362.3	1,393.7
7	1,180.0	1,181.6	980.9	997.0	1,338.4	1,346.1
8	1,178.5	1,178.3	1,009.6	992.1	1,294.6	1,313.7
9	1,150.2	1,166.0	1,028.9	1,015.3	1,331.2	1,311.5
10	1,177.3	1,166.4	1,083.5	1,065.3	1,369.0	1,365.5
11	1,202.6	1,184.9	1,100.7	1,085.2	1,432.8	1,385.5
12	1,197.8	1,138.6	1,119.6	1,106.1	1,502.6	1,464.0
2004 1	1,173.6	1,184.3	1,107.9	1,112.7	1,461.7	1,472.9
2	1,174.5	1,166.7	1,072.5	1,095.7	1,461.0	1,473.9

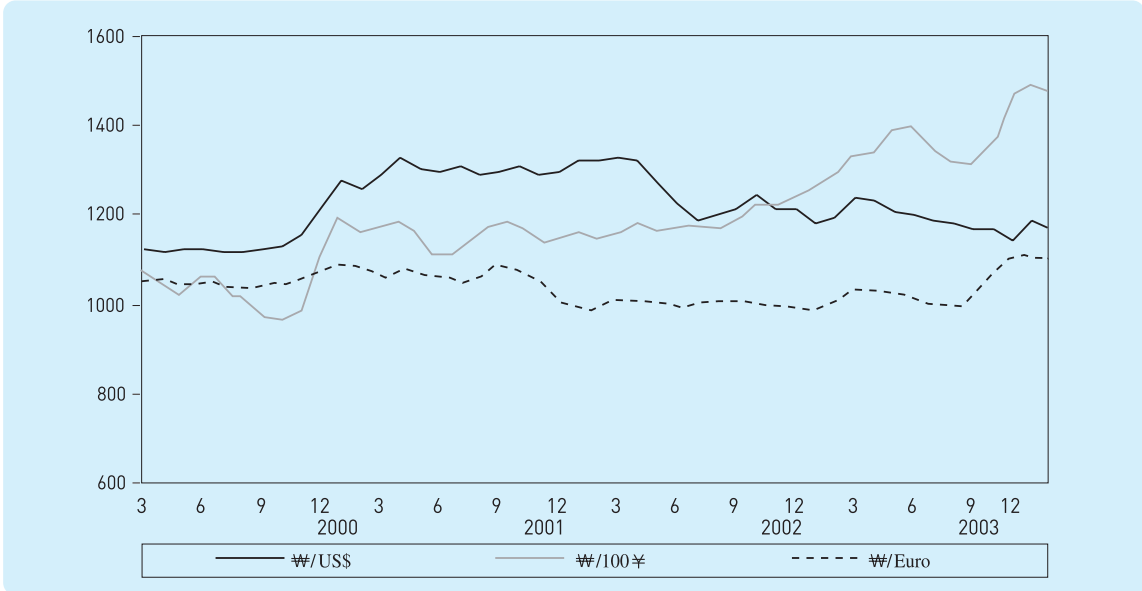
Year - on - Year Change (%)

2001	5.3	14.2	-8.4	1.3	-1.2	10.7
2002	-9.5	-3.1	0.3	-5.9	7.2	2.0
2003	-0.2	-13.0	10.5	-6.5	19.5	3.9
2002 1	3.9	3.5	-9.5	-8.7	-3.4	-2.6
2	6.6	5.3	-7.8	-8.4	0.5	-0.7
3	-0.1	2.6	-5.1	-4.8	-1.0	-1.1
4	-2.5	-0.6	-5.6	-5.9	-1.1	-1.5
5	-4.6	-2.4	-7.0	-5.9	4.4	2.2
6	-7.6	-5.4	-3.7	-6.2	7.8	5.8
7	-8.0	-9.1	-4.3	-4.1	3.5	4.8
8	-7.8	-7.0	-2.5	-4.9	0.2	1.0
9	-6.4	-6.6	-8.9	-8.2	0.9	1.0
10	-4.8	-4.7	-5.4	-6.8	3.4	0.3
11	-5.2	-5.6	-4.1	-4.9	6.4	3.2
12	-9.5	-6.3	0.3	-2.0	7.2	6.5
2003 1	-11.0	-10.5	-0.3	0.0	11.7	7.3
2	-10.6	-9.7	2.0	0.9	11.0	11.9
3	-5.5	-6.7	4.6	2.9	16.9	14.9
4	-6.1	-6.7	0.6	1.9	15.5	14.5
5	-2.3	-5.3	1.2	2.0	23.0	19.8
6	-0.7	-2.4	-0.8	1.6	14.4	19.3
7	-1.4	-0.2	-1.4	-0.8	13.7	14.5
8	-1.8	-1.4	-0.4	-1.2	9.8	12.4
9	-6.1	-3.5	3.1	1.4	10.7	10.7
10	-4.5	-6.0	8.0	6.4	12.8	12.2
11	-0.4	2.3	11.6	8.8	19.2	14.1
12	-0.2	-5.8	10.5	11.5	19.5	18.8
2004 1	0.3	-0.4	12.2	12.0	15.1	19.3
2	-1.0	2.1	6.3	9.9	14.5	14.9

Source: Bank of Korea

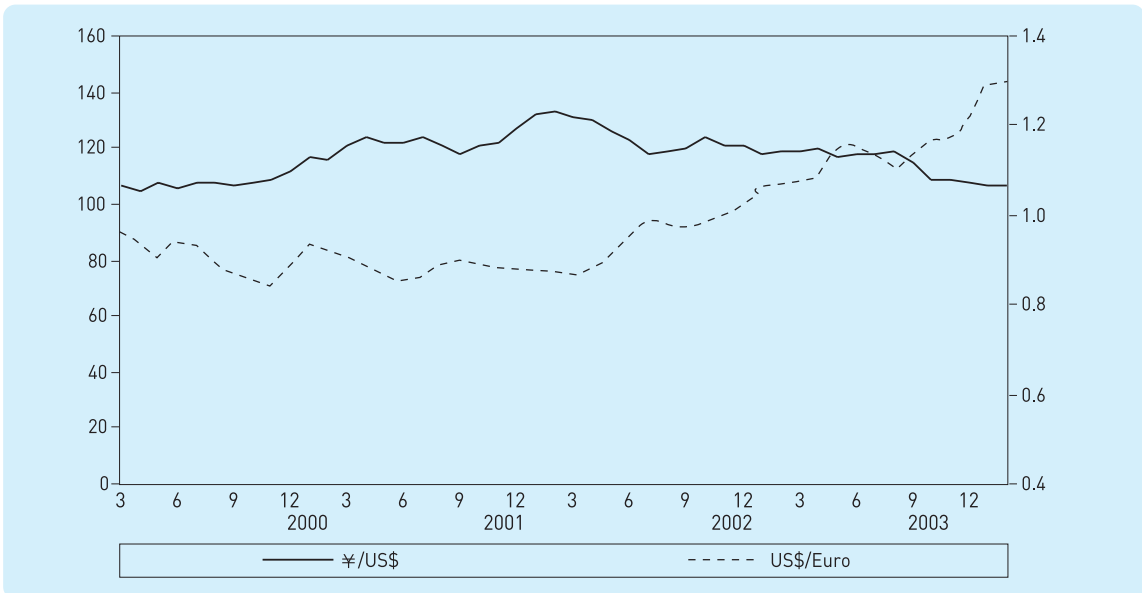
Won's Exchange Rates to Major Foreign Currencies

(Average)



Exchange Rates of Major Currencies

(Average)



Editor-in-Chief
Han, Seung-Hee

Editorial Board
Choi, Young-Rok
Kim, In-Chul
Shim, Jae-Hak

Coordinator
Yun, Chang-Hee

Editor
Lee, Sung-Shin

Useful Internet Websites

Recommended Economy-related Government Internet Websites

Ministry of Finance and Economy
<http://www.mofe.go.kr>

Ministry of Commerce, Industry and Energy
<http://www.mocie.go.kr>

Ministry of Planning and Budget
<http://www.mpb.go.kr>

Financial Supervisory Commission
<http://www.fsc.go.kr>

Fair Trade Commission
<http://www.ftc.go.kr>

Ministry of Labor
<http://www.molab.go.kr>

For free subscriptions and inquiries, please contact :

Center for Economic Information, KDI
207-41, Chongnyangni-dong, Dongdaemun-gu
Seoul, Korea (130-012)
TEL : 82-2-958-4645
FAX : 82-2-3295-0744
E-mail : sslee@kdi.re.kr
Website : <http://epic.kdi.re.kr>