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Republic of Korea
Economic Bulletin

The Green Book: Current Economic Trends

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The Green Book: Current Economic Trends

Overview

The Korean economy is on a recovery track in the second half with domestic demand, such as private consumption, showing stronger signs of improvement.

Recovery in private consumption has accelerated driven by durable consumer goods including automobiles. A modest growth was seen in facility investment, while recovery in construction investment slowed.

Exports (*on current account basis*), despite concerns over possible slowdown, continued a double-digit growth of 14.9 percent in July and August due to a sustained robust overseas demand.

The improving economy was well captured in the growth of manufacturing and services output, which expanded by a large margin from the first half.

Employment kept on growing, with the number of newly employed exceeding 400,000 for three consecutive months since May. The number of people on the payroll increased 430,000 in July.

Prices remained stable as consumer prices stayed in the low and mid 2 percent range and core inflation stood around 2 percent.

The Korean economy is forecast to reach its growth potential with a stronger economic growth. However, it is also facing downside risks such as high international oil prices.

In particular, it will take time for the economic improvement to mark a change in people's perception of the economy due to meager improvements in real GNI resulting from deteriorating terms of trade for the time being.

1. Global economy

The global economy maintained its robust growth led by the US and China despite higher oil prices.

IMF World Economic Outlook (%, Apr 2005)
5.1 (2004) → 4.3 (2005^{P}) → 4.4 (2006^{P})
p: projection

However, concerns on global economic slowdown increased, as Hurricane Katrina sent oil prices (*WTI crude*) skyrocketing to a record high of US$70 per barrel, casting a shadow over the US economic growth in the third quarter.

US

The US economy showed strength with robust economic indicators in the second half, although the preliminary estimate of economic growth for the second quarter (*3.3 percent*) was lower than the advance estimate (*3.4 percent*).

The expansion of consumption expenditure (*3.0 percent*) was smaller than an earlier estimate (*3.3 percent*) due to a surge in oil prices, which led to a drop in the preliminary estimate of economic growth.

Growth rate (q-o-q, annualized rate, %)
4.0 (Q3 2004) → 3.8 (Q4) → 3.8 (Q1 2005) → 3.3 (Q2)

Major economic indicators such as employment, consumption and economic indices posted upward trends, except industrial production of which the growth slowed with inventory adjustment in the automobile sector.

New non-farm payroll employment (m-o-m, thousand)
292 (Apr 2005) → 126 (May) → 166 (Jun) → 242 (Jul) → 169 (Aug)

Industrial production (m-o-m, %)
0.9 (Q1 2005) → -0.3 (Apr) → 0.3 (May) → 0.9 (Jun) → 0.1 (Jul)

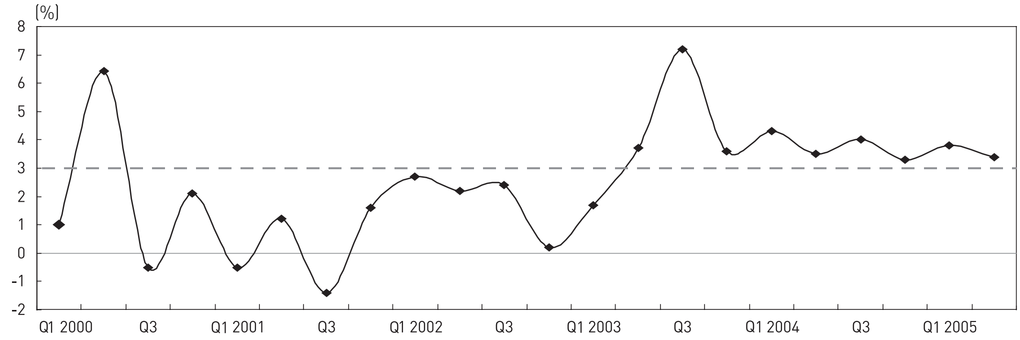
Retail sales (m-o-m, %)
1.5 (Q1 2005) → 1.8 (Apr) → -0.3 (May) → 1.7 (Jun) → 1.8 (Jul)

Leading composite index
136.7 (Q1 2005) → 136.5 (Apr) → 136.5 (May) → 137.7 (Jun) → 138.3 (Jul)

The Federal Open Market Committee (FOMC) pushed up the federal funds rate by 25 basis points to 3.5 percent in August.

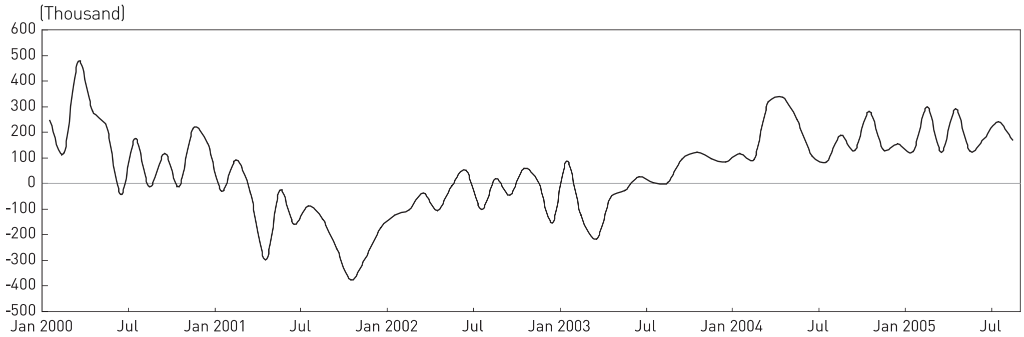
- m-o-m: month-on-month
- q-o-q: quarter-on-quarter
- y-o-y: year-on-year

Graph 1-1: US GDP (Q-o-Q, Annualized Rate)



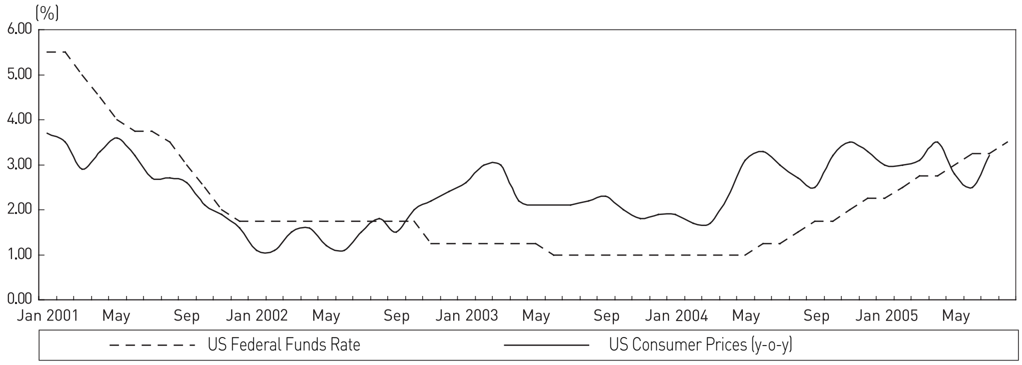
Source: US Department of Commerce

Graph 1-2: US Non-Farm Payroll Employment (M-o-M Change)



Source: US Department of Labor

Graph 1-3: US Federal Funds Rate and Consumer Prices



Source: US Federal Reserve Board & Department of Labor

China

The Chinese economy is continuing robust growth in the second half, as seen in strong economic indicators including retail sales and industrial production.

Since the foreign exchange reform on July 21, the yuan moved around 8.10 against the dollar. The Chinese monetary authority is in the process of fine-tuning the exchange rate flexibility.

Retail sales (y-o-y, %)
13.7 (Q1 2005) → 12.2 (Apr) → 12.2 (May) → 12.8 (Jun) → 12.7 (Jul)

Industrial production (y-o-y, %)
16.2 (Q1 2005) → 16.0 (Apr) → 16.6 (May) → 16.8 (Jun) → 16.1 (Jul)

Japan

The Japanese economy has shown a better quality of growth in the second quarter although quarter-on-quarter growth rate reduced to 0.3 percent after recording 1.3 percent the previous quarter. Domestic demand was on a solid growth track and net exports' contribution to the growth returned to positive territory.

Government organizations hinted at a possible end of prolonged economic depression as political uncertainties, which had escalated by the voting down of the bill on the privatization of the postal service in August, subsided with Prime Minister Koizumi's landslide election victory on September 11.

Economic growth rate (q-o-q, %)
-0.2 (Q3 2004) → 0.1 (Q4) → 1.3 (Q1 2005) → 0.3 (Q2)

Domestic demand's contribution to economic growth (%p)
0.0 (Q3 2004) → 0.2 (Q4) → 1.4 (Q1 2005) → 0.1 (Q2)

Net exports' contribution to economic growth (%p)
-0.2 (Q3 2004) → 0.0 (Q4) → -0.1 (Q1 2005) → 0.2 (Q2)

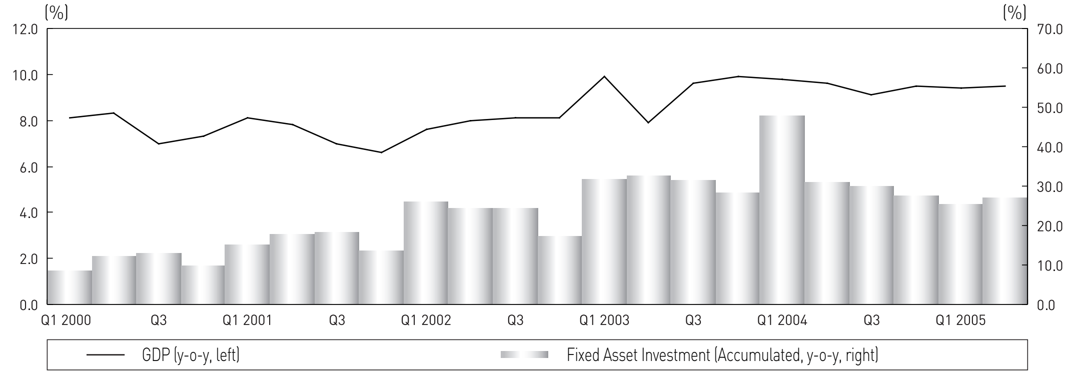
Eurozone

The economic performance of the second quarter was weaker than predicted, despite expectations on recovery in the second half.

The economic growth slowed in the second quarter to 0.3 percent from the 0.5 percent of the previous quarter, due to high oil prices and sluggish domestic demand.

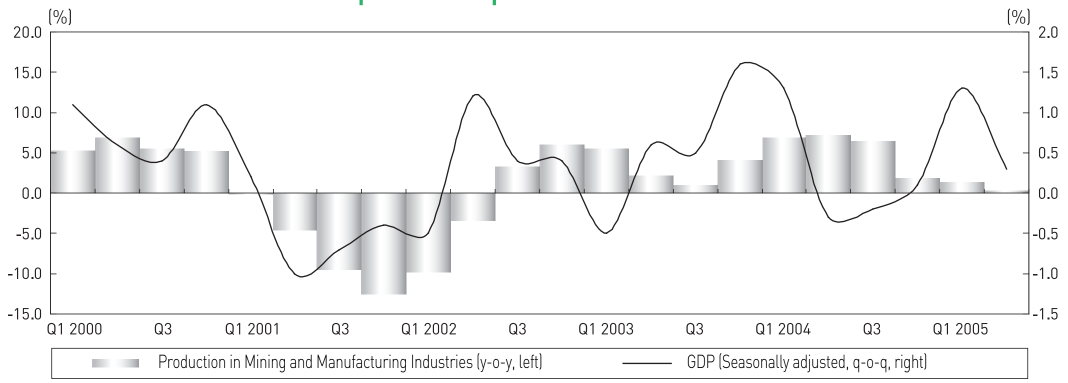
Eurozone's GDP (q-o-q, %)
0.3 (Q3 2004) → 0.2 (Q4) → 0.5 (Q1 2005) → 0.3 (Q2)

Graph 1-4: China's GDP and Fixed Asset Investment



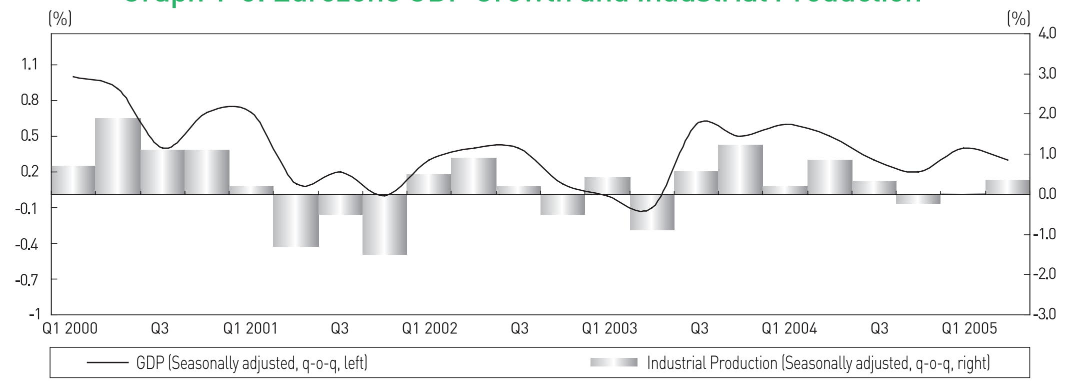
Source: National Bureau of Statistics of China

Graph 1-5: Japan's GDP Growth



Source: Cabinet Office & Ministry of Economy, Trade and Industry, Japan

Graph 1-6: Eurozone GDP Growth and Industrial Production



Source: Eurostat

2. Private consumption

The pace of private consumption (national accounts) recovery sped up gradually, after it turned positive in the fourth quarter of last year.

Private consumption (y-o-y, %)
-0.8 (Q3 2004) → 0.6 (Q4) → 1.4 (Q1 2005) → 2.8 (Q2)

Private consumption
(seasonally adjusted, q-o-q, %)
0.2 (Q3 2004) → 0.6 (Q4) → 0.7 (Q1 2005) → 1.4 (Q2)

Consumption-related indicators in July expanded further. Consumer goods sales, directly related to private consumption, rose 4.9 percent from 3.5 percent of the previous month, driven by strong sales of durable and semi-durable goods.

(Percentage change from same period in previous year)

	2004				2005				
	Jun	Jul	Q3	Q4	Q1	Q2[1]	May	Jun[1]	Jul[1]
Consumer goods sales	2.5	0.3	-0.4	-0.2	1.2	3.2	3.6	3.5	4.9
- Durable goods[2]	-2.4	-1.0	-6.1	-3.9	2.5	6.4	9.2	7.2	10.2
· Automobiles	0.5	-12.4	-3.1	8.4	-2.5	4.8	5.5	18.4	28.8
- Semi-durable goods[3]	11.4	6.4	3.9	3.9	2.8	7.3	6.0	9.8	9.0
- Non-durable goods[4]	1.0	-1.5	0.4	-0.4	-0.2	0.0	-0.3	-0.9	0.4

1. Preliminary figures
2. Passenger cars, electronic appliances, furniture, telecommunication devices, etc.
3. Clothing, footwear, etc.
4. Foods, medicine, cosmetics, fuel, tobaccos, etc.

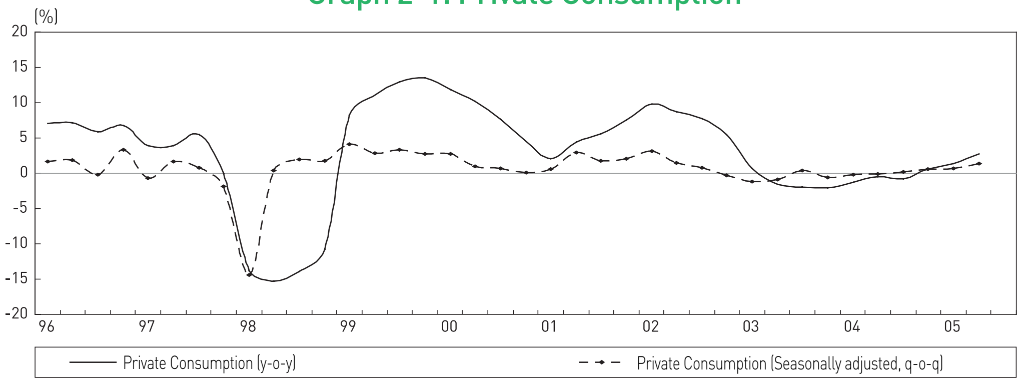
Wholesale and retail sales were up 2.9 percent from a year earlier, driven by stronger wholesale (*2.1 percent*), retail sales (*2.0 percent*) and car and fuel sales (*8.3 percent*).

(Percentage change from same period in previous year)

	2004				2005				
	Jul	Q3	Q4	Annual	Q1	Q2[1]	May	Jun[1]	Jul[1]
Wholesale & retail sales	-0.3	-1.1	-1.4	-0.9	-1.0	2.6	3.7	2.8	2.9
- Wholesale	0.2	-0.5	-1.1	0.2	-2.0	2.8	4.5	3.0	2.1
- Retail	0.5	-1.7	-1.6	-1.4	1.2	2.4	2.3	1.8	2.0
- Vehicles & fuel	-3.9	-1.4	-0.9	-3.0	-2.6	2.0	4.1	4.0	8.3
· Vehicles	-7.6	-3.3	-0.6	-8.3	-3.7	3.9	4.8	12.5	25.5
· Fuel	-1.8	0.3	-1.5	0.8	0.0	0.9	2.5	-1.5	0.1

1. Preliminary figures

Graph 2-1: Private Consumption

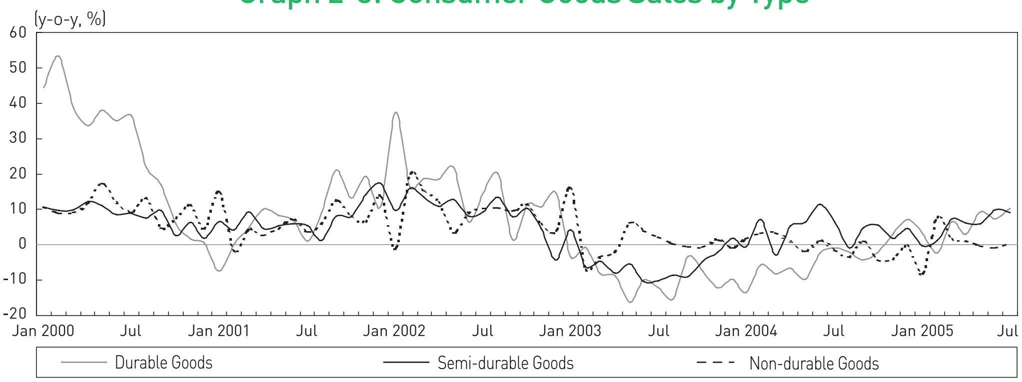


Source: The Bank of Korea (National Accounts)

Graph 2-2: Consumer Goods Sales

Source: Korea National Statistical Office (Industrial Activity Trend)

Graph 2-3: Consumer Goods Sales by Type



Source: Korea National Statistical Office (Industrial Activity Trend)

Preliminary consumption indicators continued positive growth in August. Sales growth in department stores and discount stores continued to gain momentum. The value of credit card use sustained its growth pace.

Department store sales (y-o-y, %)
3.7 (Apr 2005) → 3.6 (May) → 1.6 (Jun) → 4.3 (Jul) → around 7 (Aug)

Discount store sales (y-o-y, %)
3.2 (Apr 2005) → 2.1 (May) → 4.9 (Jun) → 5.3 (Jul) → around 2 (Aug)

Source: Ministry of Commerce, Industry and Energy
Ministry of Finance and Economy (Aug 2005)

Value of credit card use (y-o-y, %)
10.6 (Q4 2004) → 13.6 (Q1 2005) → 18.0 (Q2)
16.8 (Jun 2005) → 14.5 (Jul) → 17.3 (Aug)

Source: Credit Finance Association

Especially, domestic sales of home-manufactured automobiles stayed on the gaining side driven by sales of new models in the market.

Home-manufactured automobile sales
(unit, thousand): 84 (Aug 2004), 92 (May 2005) → 101 (Jun) → 102 (Jul) → 90 (Aug)
(y-o-y, %): -3.0 (Aug 2004), -0.7 (May 2005) → 9.4 (Jun) → 18.2 (Jul) → 7.7 (Aug)

However, households' consumer confidence, which substantially enhanced since earlier this year, has dampened due to high oil prices. Consumer expectation index in August, a barometer of consumer confidence for the next six months, and consumer evaluation index, an evaluation of consumer confidence compared to the past six months, both declined.

Consumer expectation index (base=100)
102.2 (Mar 2005) → 101.3 (Apr) → 99.2 (May) → 95.4 (Jun) → 95.2 (Jul) → 94.8 (Aug)

Consumer evaluation index (base=100)
89.6 (Mar 2005) → 90.2 (Apr) → 85.5 (May) → 79.7 (Jun) →78.9 (Jul) → 78.3 (Aug)

Source: Korea National Statistical Office

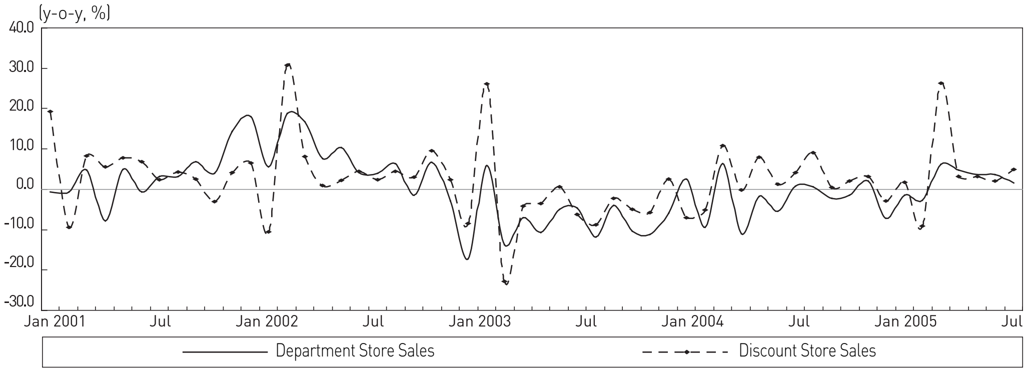
Private consumption is likely to recover given the improvements in household debt restructuring and employment. However, weak income increase such as slowing Gross National Income (GNI) growth from deteriorating terms of trade may put a brake on the recovery pace.

< Income and employment related indices >

(growth rate, %)

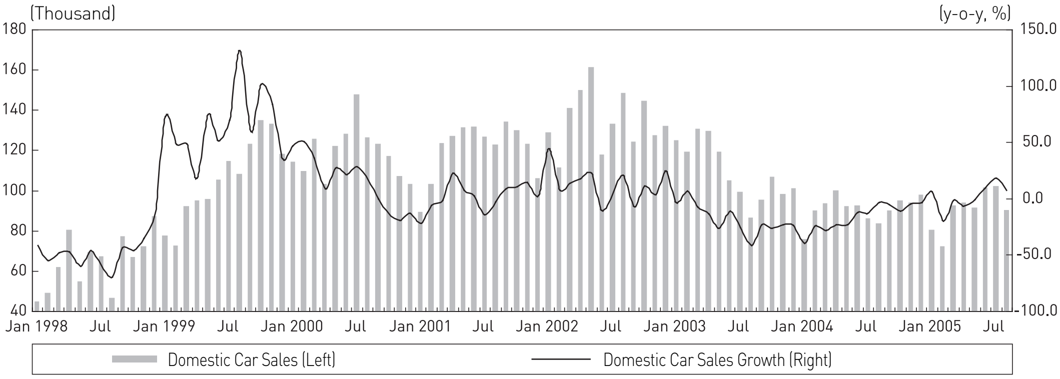
	2001	2002	2003	2004	Q1 2005	Q2
- Real GNI	2.8	7.0	1.9	3.8	0.5	0.0
- Real household income (urban employee)	5.6	3.6	1.7	2.2	1.9	1.6
- Number of employed (y-o-y, thousand)	416	597	-30	418	142	382

Graph 2-4: Department Store and Discount Store Sales (Current Value)



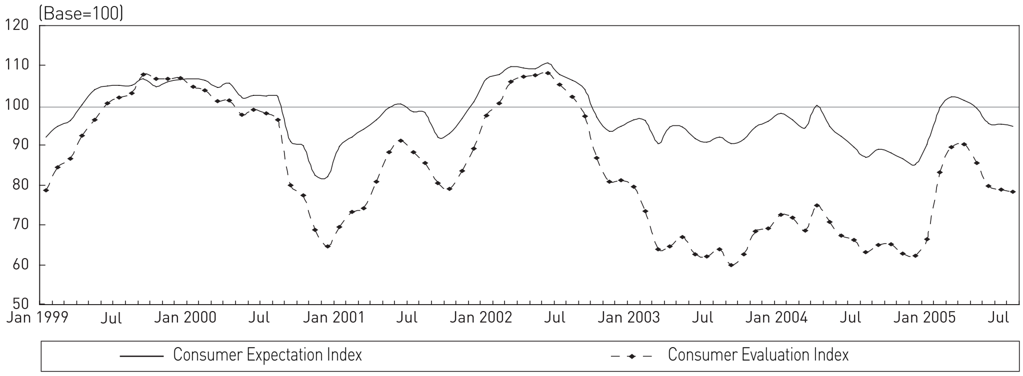
Source: Ministry of Commerce, Industry and Energy (Monthly Retail Sales)

Graph 2-5: Domestic Automobile Sales



Source: Korea Automobile Manufacturers Association (Monthly Automobile Industry Trend)

Graph 2-6: Consumer Expectation Index and Evaluation Index



Source: Korea National Statistical Office (Monthly Consumer Survey Index)

3. Facility investment

The pace of facility investment (*preliminary*) growth in the second quarter 2005 slowed to 2.9 percent on-year from the 3.1 percent of the first quarter due to continued weak investment in transportation equipment despite a rise in machinery investment.

However, the July facility investment (*estimate*) climbed 4.7 percent year-on-year with transportation equipment investment turning positive.

(Percentage change from same period in previous year)

	2004					2005		
	Annual	Q2	Jul	Q3	Q4	Q1[1]	Q2[1]	Jul[1]
Facility investment[2]	3.8	6.2	-	6.8	2.5	3.1	2.9	-
- Machinery	7.4	8.0	-	9.9	6.1	6.8	6.3	-
- Transportation equipment	-9.6	-0.4	-	-5.9	-12.2	-11.9	-10.3	-
Estimation index of facility investment[3]	1.4	3.2	4.0	3.8	0.1	4.0	1.4	4.7
- Machinery	3.6	4.2	6.9	6.1	0.8	5.5	3.6	6.4
- Transportation equipment	-7.7	0.3	-9.0	-4.7	2.6	1.8	-8.5	3.6

1. Preliminary figures 2. National accounts 3. Industrial activity

Actual figures of August Business Survey Index (BSI), indicating business confidence in the economy, remained nearly unchanged from July.

Nevertheless, the outlook for September jumped on seasonal factors such as *Chuseok* (*Harvest Moon Festival*) and improved real economic indicators.

BOK[1] BSI (*outlook*, base=100)

91 (May 2005)	84 (Jun)	82 (Jul)	78 (Aug)	85 (Sep)

FKI[2] BSI

114.1	105.1	96.5	91.7	111.4

KFSB[3] BSI

96.7	89.5	84.1	80.5	91.0

BOK[1] BSI (*actual*, base=100)

85 (Apr 2005)	81 (May)	79 (Jun)	75 (Jul)	77 (Aug)

FKI[2] BSI

107.0	98.2	93.4	91.7	91.0

KFSB[3] BSI

86.7	81.4	79.2	75.6	75.6

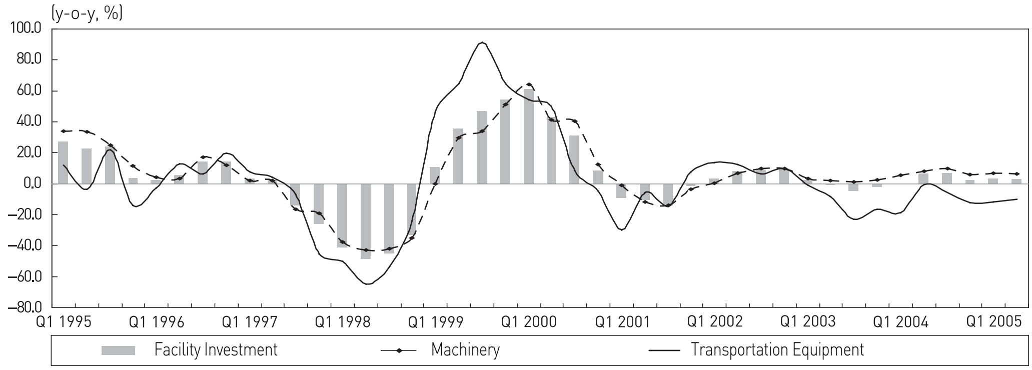
1. The Bank of Korea
2. The Federation of Korean Industries
3. Korea Federation of Small and Medium Business

Facility investment is expected to steadily rise with the recovery in domestic demand, yet strong improvement is unlikely for the time being given the significant decline in domestic machinery orders in the preceding months.

Machinery imports (y-o-y, %)
8.7 (Apr 2005) → 13.9 (May) → 15.9 (Jun) → 24.7 (Jul) → 7.5 (Aug 1~20)

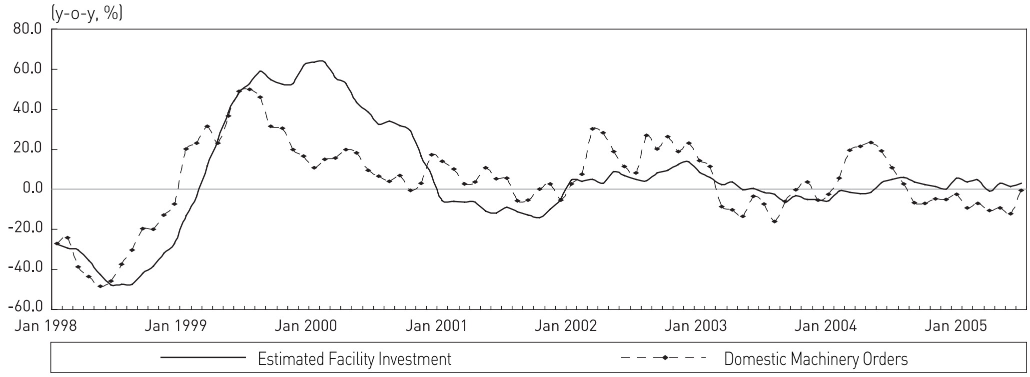
Domestic machinery orders (y-o-y, %)
-10.0 (Apr 2005) → -14.4 (May) → -12.2 (Jun) → 25.5 (Jul)

Graph 3-1: Facility Investment by Type



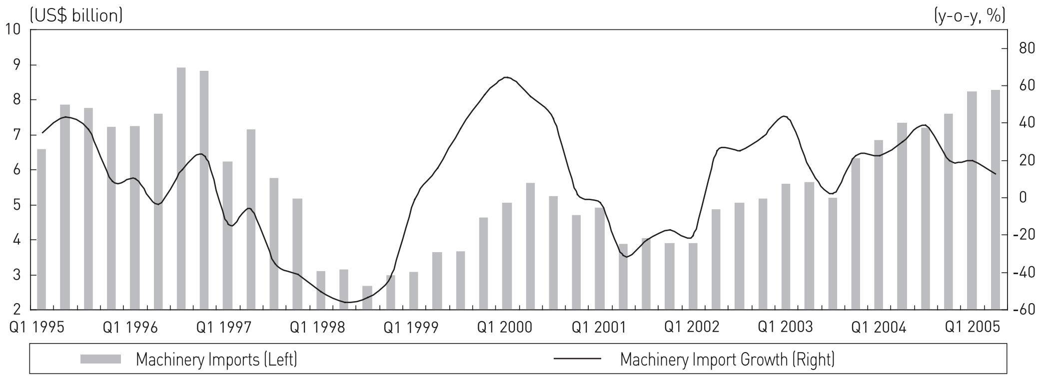
Source: The Bank of Korea (National Accounts)

Graph 3-2: Machinery Orders and Estimated Facility Investment (3-Month Average)



Source: Korea National Statistical Office (Industrial Activity Trend)

Graph 3-3: Machinery Imports



Source: Korea International Trade Association (KITA)

4. Construction investment

The pace of construction industry growth slowed in July 2005, although it turned positive into the second quarter overcoming the past sluggishness. Growth of the current value of completed construction projects slowed to 5.3 percent on-year after posting 11.6 percent in June. In particular, construction investment in the public sector fell again after growth for two consecutive months since May led by fiscal frontloading.

Public sector construction completed (y-o-y, %)
5.3 (2004) → -0.8 (Q1 2005) → -0.9 (Apr) → 4.5 (May) → 6.6 (Jun) → -0.8 (Jul)

(Percentage change from same period in previous year)

	2004			2005			
	Jul	Q4	Annual	Q1	Q2[1]	Jun[1]	Jul[1]
Construction investment[2]	-	-3.4	1.1	-2.9	1.7	-	-
- Building construction	-	-3.7	2.0	-6.2	1.8	-	-
- Civil engineering project	-	-3.0	-0.1	4.0	1.6	-	-
Construction completed[3]	11.7	4.4	11.0	2.8	10.3	11.6	5.3
- Construction project	16.8	8.3	14.1	1.1	10.5	11.6	4.1
- Civil engineering project	1.9	-2.0	5.3	6.3	10.3	11.7	7.9

1. Preliminary figures
2. National accounts, real basis
3. Industrial activity, current value basis

Construction orders, floor area of building construction permits, housing construction altogether were sluggish. The July construction orders grew a mere 7.6 percent and floor area of building construction permits declined 20.2 percent.

(Percentage change from same period in previous year)

	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2[1]	Jul[1]
Construction orders	-9.2	-23.8	-20.8	28.8	24.8	40.5	7.6
Floor area of building construction permits	-27.7	-34.0	-15.0	14.7	0.6	-0.6	-20.2

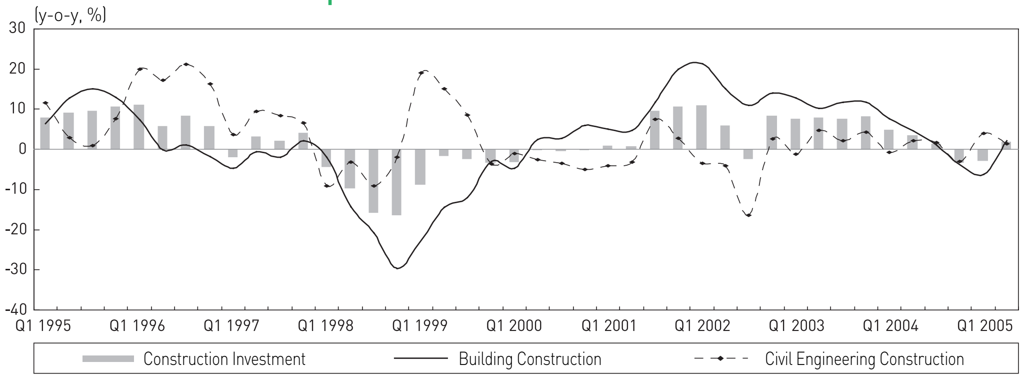
1. Preliminary figures

Housing construction in July dropped 17.1 percent, while the number of new units unsold rose 2.6 percent.

(Unit: thousand)

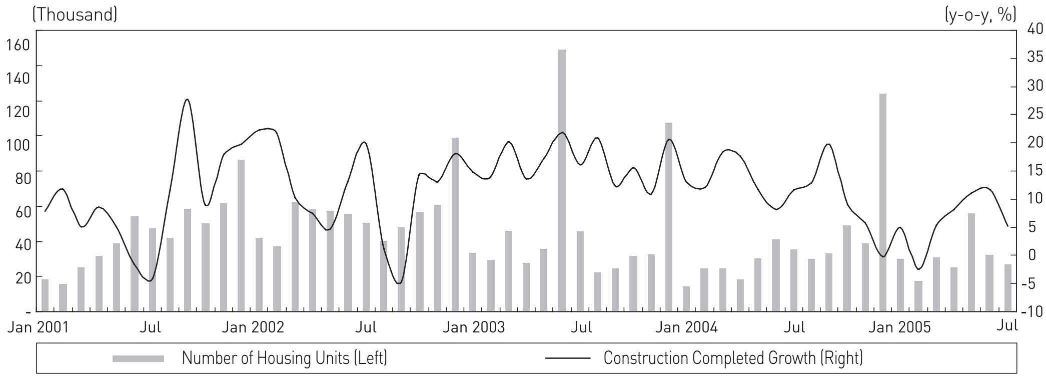
	2005						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Housing construction	30.0	17.5	30.7	25.1	56.0	32.1	26.6
(y-o-y, %)	109.3	-29.6	25.7	35.5	84.2	-21.8	-17.1
Number of units unsold	67.4	64.6	58.4	56.5	52.1	50.6	51.9
(m-o-m, %)	-2.6	-4.0	-9.6	-3.4	-7.8	-2.9	2.6

Graph 4-1: Construction Investment



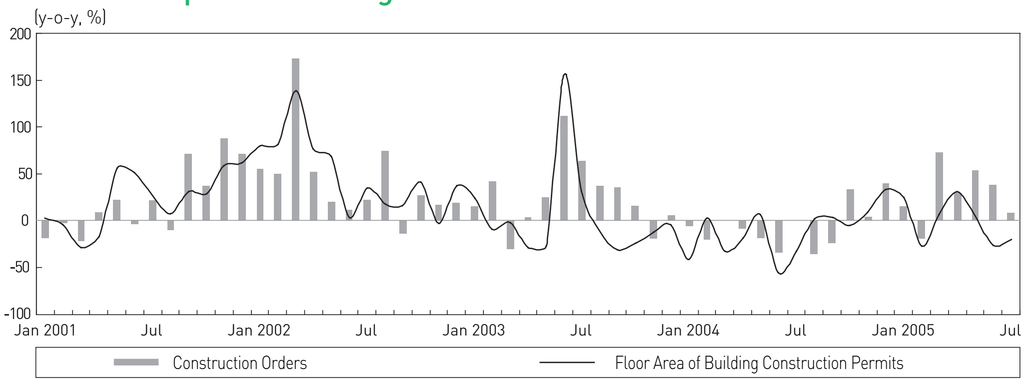
Source: The Bank of Korea (National Accounts)

Graph 4-2: Construction Completed and Housing Construction



Source: Korea National Statistical Office (Construction Completed)
Ministry of Construction and Transportation (Housing Construction)

Graph 4-3: Leading Indicators of Construction Investment



Source: Korea National Statistical Office (Construction Orders)
Ministry of Construction and Transportation (Floor Area of Building Construction Permits)

5. Exports and imports (customs clearance basis)

Exports in August rose 18.8 percent from a year earlier, to US$23.52 billion, posting the biggest monthly increase this year and exceeding the US$23 billion mark for the fourth straight month. Exports during the first eight months of this year recorded US$183.4 billion, up 11.8 percent from last year. Average daily exports edged down to US$0.98 billion in August due to summer holidays.

Exports (*estimate*) of semiconductors (*18.6 percent*) and wireless telecommunication devices (*10.0 percent*) showed solid growth. However, exports (*estimate*) of automobiles (*0.7 percent*) held steady, while computers (*-7.4 percent*), textiles (*-9.1 percent*) and electronic appliances (*-8.3 percent*) were down.

	2005						
	Mar	Apr	May	Jun	Jul	Aug	Jan-Aug
Exports (US$ billion) (y-o-y, %)	23.96 (13.1)	22.88 (6.5)	23.14 (11.0)	23.73 (9.6)	23.29 (10.9)	23.52 (18.8)	183.4 (11.8)
Average daily exports (US$ billion)	1.00	1.02	1.01	1.03	0.99	0.98	-

Imports expanded 20.5 percent from the previous year to US$21.85 billion in August, the highest monthly increase this year, as imports of raw materials led the way rising 39.6 percent year-on-year due to high oil prices. Imports of consumer goods and capital goods were also up 16.3 percent and 9.4 percent respectively with the growth of the latter slowing slightly. Average daily imports exceeded the US$0.9 billion mark for seven consecutive months.

	2005						
	Mar	Apr	May	Jun	Jul	Aug	Jan-Aug
Imports (US$ billion) (y-o-y, %)	22.75 (19.0)	21.22 (12.7)	21.13 (18.1)	21.20 (14.3)	21.49 (16.8)	21.85 (20.5)	167.4 (15.8)
Average daily imports (US$ billion)	0.95	0.94	0.92	0.92	0.91	0.91	-

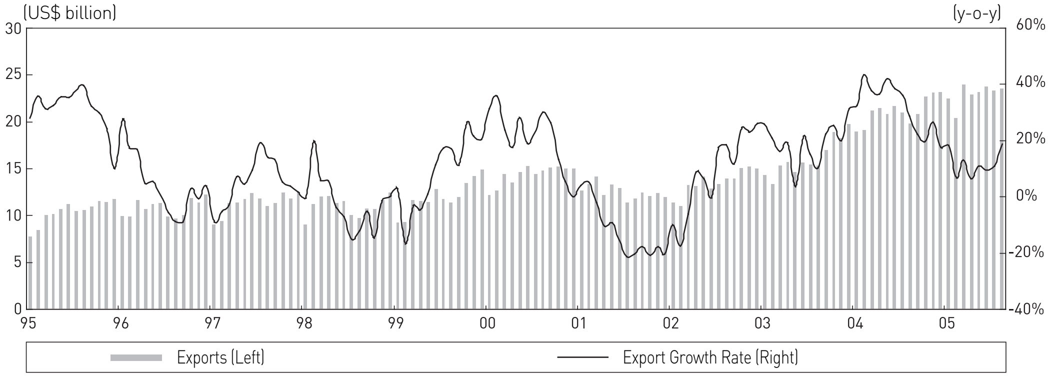
The trade balance surplus was down in August from US$1.80 billion the previous month to US$1.68 billion, as the value of imported oil increased.

Trade balance (US$ billion)
1.66 (Apr 2005) → 2.00 (May) → 2.54 (Jun) → 1.80 (Jul) → 1.68 (Aug)

Exports in September are expected to maintain a double-digit growth, considering a relatively low base set a year ago (US$20.8 billion in Sep 2004), more work days (up 1.5 days from a year earlier), an increase in imports for re-exports and growing letter of credit arrivals.

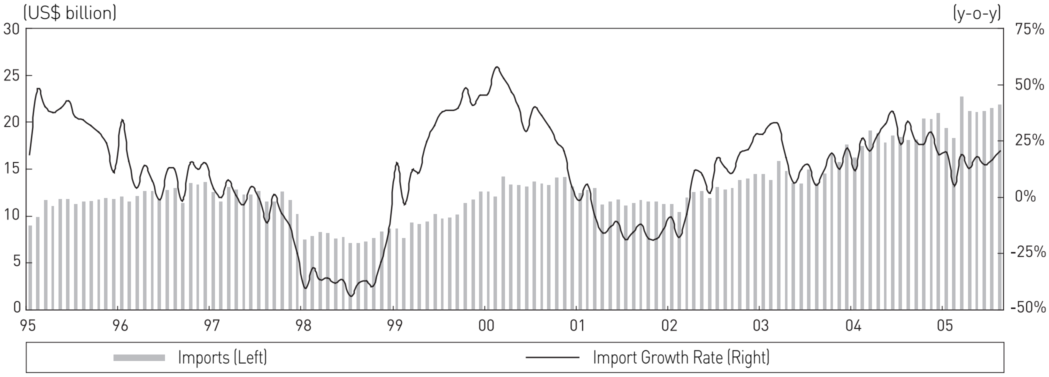
Work days (day)
19 (Feb 2005) → 24 (Mar) → 22.5 (Apr) → 23 (May) → 23 (Jun) → 23.5 (Jul) → 24 (Aug)

Graph 5-1: Exports (Customs Clearance Basis)



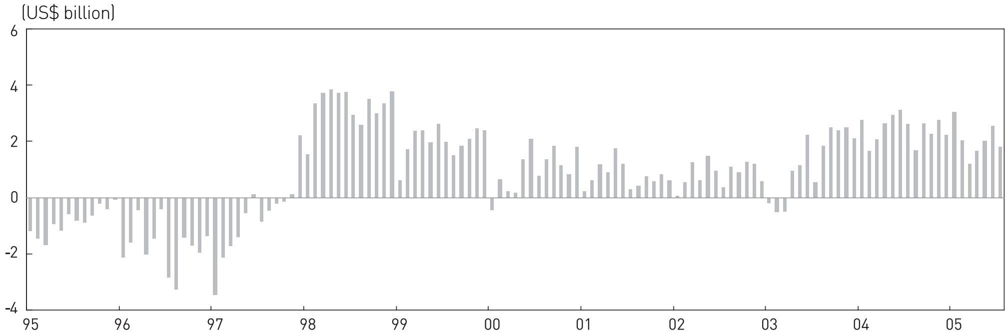
Source: Ministry of Commerce, Industry and Energy (Export and Import Trend)

Graph 5-2: Imports (Customs Clearance Basis)



Source: Ministry of Commerce, Industry and Energy (Export and Import Trend)

Graph 5-3: Trade Balance



Source: Ministry of Commerce, Industry and Energy (Export and Import Trend)

6. Industrial activity

Industrial production in July was up 7 percent from a year ago, much higher than the 4.1 percent of the previous month, and gained 1.3 percent (*seasonally adjusted*) from the previous month.

In particular, the recent recovery in domestic demand led the growth of domestic shipments (*6.6 percent*) to exceed that of export shipments (*6.2 percent*) for the first time in 37 months since June 2002 when domestic and export shipments increased 1.1 percent and 1.0 percent respectively.

(Percentage change from same period in previous year)

	Weight	2004			2005				
		Jun	Jul	Annual	Q1	Q2	May	Jun	Jul
Industrial production	-	12.9	13.5	10.4	3.8	4.0	4.2	4.1	7.0
Shipments	100	11.0	12.4	9.1	3.5	3.5	3.5	4.3	6.5
- Export shipments	34	20.7	21.9	20.0	10.9	6.7	4.3	8.2	6.2
- Domestic shipments	66	5.4	6.8	2.9	-1.2	1.4	2.9	1.8	6.6

Output in semiconductors (*23.3 percent*), automobiles (*20.8 percent*) and audiovisual telecommunications equipment (*10.4 percent*) increased sharply, while textiles (*-8.9 percent*) and printing & publishing (*-9.1 percent*) production decreased.

The average manufacturing operation ratio stood at 80.5 percent in July, up 0.4 percentage point from the previous month. Inventory growth expanded slightly to 8.4 percent year-on-year.

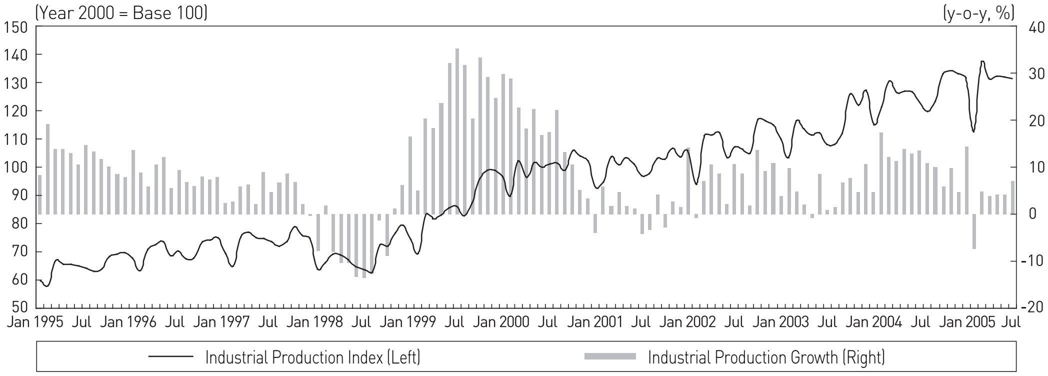
(Percentage change from same period in previous year)

	2004			2005				
	Jul	Q4	Annual	Q1	Q2[1]	May	Jun[1]	Jul[1]
Industrial production	13.5	6.7	10.4	3.8	4.0	4.2	4.1	7.0
- Semiconductors	36.1	22.5	41.0	15.5	13.0	10.9	14.3	23.3
- Automobiles	76.2	12.6	13.3	14.5	15.4	15.3	19.6	20.8
- Audiovisual communications equipment	18.4	11.1	19.6	9.9	4.0	-0.5	5.8	10.4
Average operation ratio (%)	79.1	80.4	80.3	80.0	79.0	78.0	80.1	80.5
Total inventory	3.4	9.4	9.4	9.4	8.0	10.3	8.0	8.4

1. Preliminary figures

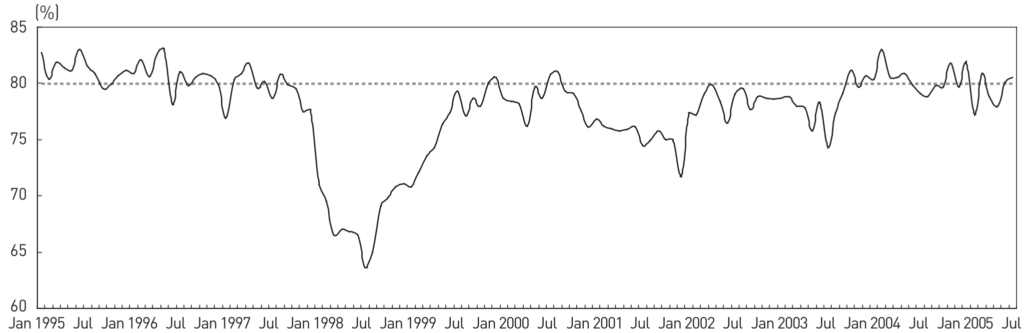
Industrial production is projected to continue its recovery in August given robust exports and a sustained economic recovery.

Graph 6-1: Industrial Production



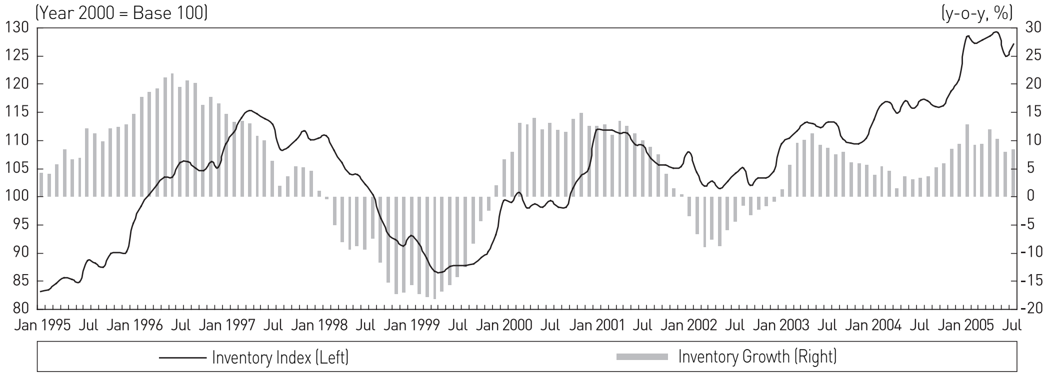
Source: Korea National Statistical Office (Industrial Activity Trend)

Graph 6-2: Average Manufacturing Operation Ratio



Source: Korea National Statistical Office (Industrial Activity Trend)

Graph 6-3: Inventory



Source: Korea National Statistical Office (Industrial Activity Trend)

7. Service sector activity

Service sector output in July was up 4.2 percent from a year earlier, accelerating from a 2.7 percent gain the previous month. Seasonally adjusted, it continued to increase month-on-month for the third consecutive month since May. It was attributed to the bullish stock market, a recovery in domestic demand, along with a base effect stemming from output declines shown after the second half of 2004.

	2004	2005				
	Jul	Mar	Apr	May	Jun	Jul
Year-on-Year (%)	-0.6	1.6	1.9	2.6	2.7	4.2
Month-on-Month (%, seasonally adjusted)	-0.9	0.4	-0.3	0.5	1.2	0.2

Output in overall business categories increased in July except for hotels & restaurants. In particular, financial & insurance services (*from 6.0 percent to 11.9 percent*), educational services (*from -2.3 percent to 2.7 percent*), and real estate & renting (*from 5.5 percent to 8.9 percent*) recorded strong performance.

Most industries contributed evenly to the 4.2 percent growth in total service output, with financial & insurance services (*2.09 percentage points*) and wholesale & retail trade (*0.55 percentage point*) leading the growth.

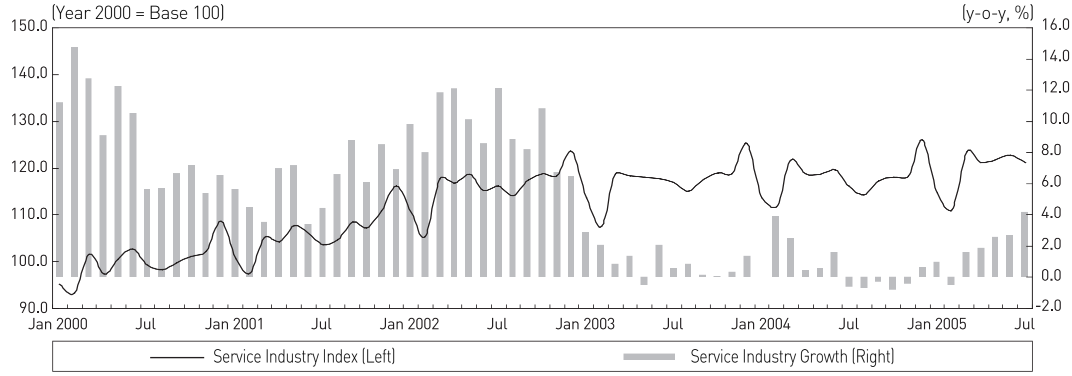
(Percentage change from same period in previous year)

	Weight	2004			2005					
		Jul	Q4	Annual	Q1	Q2[1]	May	Jun[1]	Jul[1]	Contri-bution[2]
Service industry activity	100.0	-0.6	-0.2	0.6	0.7	2.4	2.6	2.7	4.2	4.2
Wholesale & retail[3]	27.6	-0.6	-1.5	-1.2	-1.4	2.0	3.1	2.2	2.0	0.55
Hotels & restaurants	7.7	-0.3	1.6	-0.7	-1.3	-0.6	-0.8	-1.8	-0.7	-0.05
Transportation	8.8	4.4	3.1	6.2	3.1	3.4	3.1	3.1	3.5	0.31
Communication services	5.8	2.6	3.8	5.8	4.6	4.2	6.5	1.9	1.4	0.08
Financial & insurance services	17.6	-3.0	-1.1	0.1	0.4	1.8	0.2	6.0	11.9	2.09
Real estate & renting	5.4	-9.6	-4.5	-6.3	6.6	8.0	10.7	5.5	8.9	0.48
Business services	8.5	2.8	0.7	1.9	1.8	1.4	1.4	1.7	0.7	0.06
Educational services	8.6	-1.6	0.8	1.6	-0.4	0.0	1.3	-2.3	2.7	0.23
Healthcare & welfare services	4.0	1.9	4.9	5.0	1.6	7.0	7.7	7.0	7.3	0.29
Entertainment, cultural and sports services	3.5	-2.2	-5.1	-3.3	-1.1	3.5	3.1	3.6	5.3	0.19
Other public & personal services	2.6	-1.8	-3.2	-1.1	0.3	2.0	-0.9	2.4	0.3	0.01

1. Preliminary figures 2. Contribution to July growth (%p) 3. Calculated with value added weight

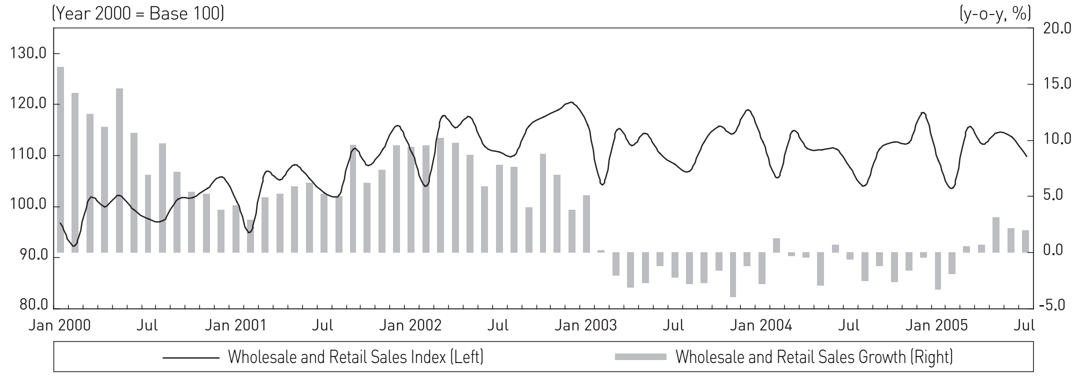
Service sector output is expected to continue its recovery given strong consumption indicators and buoyant stock prices. Output in tourism, entertainment services and hotels are likely to expand with the spread of 40-hour work week, which will in turn help boost prospect for output in the service sector.

Graph 7-1: Service Industry



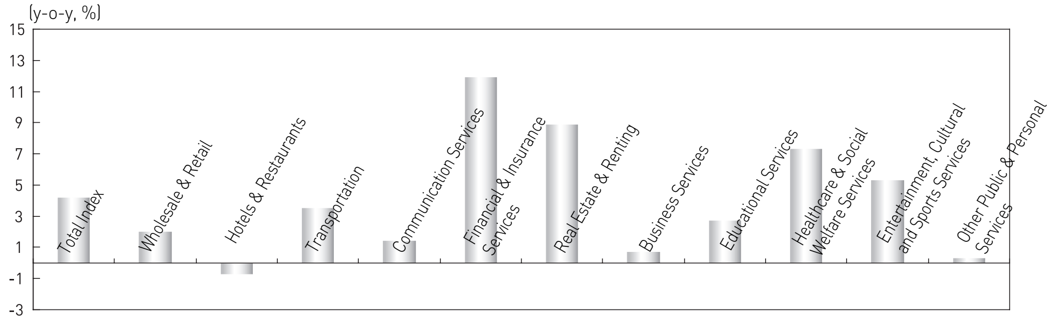
Source: Korea National Statistical Office (Service Industry Activity Trend)

Graph 7-2: Wholesale and Retail Sales



Source: Korea National Statistical Office (Service Industry Activity Trend)

Graph 7-3: July 2005 Service Industry by Business



Source: Korea National Statistical Office (Service Industry Activity Trend)

8. Employment

Employment is continuing to improve in the second half of 2005. The number of workers on the payroll in July rose by 434,000 year-on-year, with its growth having exceeded 400,000 for the third consecutive month. The monthly increase in the number of people employed averaged 287,000 during the January-July period.

Albeit a decreasing employment in the manufacturing sector (*down 79,000*), the upward trend in other industries contributed to the employment increase. Hiring in the agriculture, forestry and fisheries continued to climb for a third consecutive month (*up 81,000*), with the construction sector accelerating employment growth (*up 84,000*). The overall service sector, apart from the wholesale & retail trade and hotels & restaurants (*down 47,000*), continued to increase hiring (*up 345,000*).

Employment increase in the service sector
Business services (up 75,000)
Public, repair & personal services (up 33,000)
Healthcare & welfare services (up 51,000)
Cultural and sports services (up 48,000)
Communication services (up 33,000)
Educational services (up 41,000),
Household services (up 17,000)

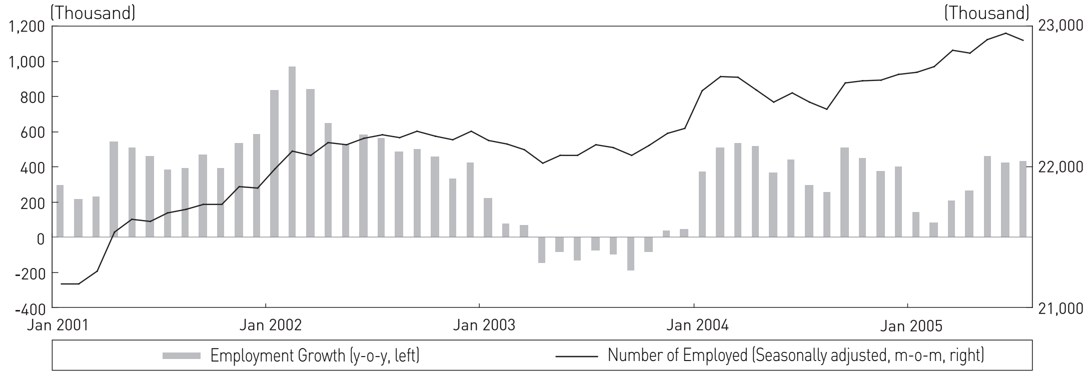
The unemployment rate stood at 3.7 percent in July, remaining unchanged from the same month last year. Despite a big gain in the number of employed (*up 434,000*), the unemployment rate did not improve as expectations of an economic recovery increased the economically active population (*up 456,000*). The July unemployment rate edged up 0.1 percentage point from the previous month on seasonal factors such as increased job-searching students during the summer vacation.

(Thousand, change from same period in previous year)

	2004	2005						
	Jul	Jan	Feb	Mar	Apr	May	Jun	Jul
Employment growth	294	142	80	205	262	460	424	434
- Agriculture, forestry and fisheries	-178	-84	-94	-74	4	80	67	81
- Manufacturing	85	-2	-18	-35	-52	-38	-65	-79
- Construction	4	-54	-96	-58	-17	50	66	84
- Services	455	284	290	371	323	364	352	345
(Seasonally adjusted, m-o-m)	(-72)	(18)	(37)	(118)	(-20)	(94)	(48)	(-62)
Unemployment rate (%)	3.7	4.2	4.3	4.1	3.8	3.5	3.6	3.7

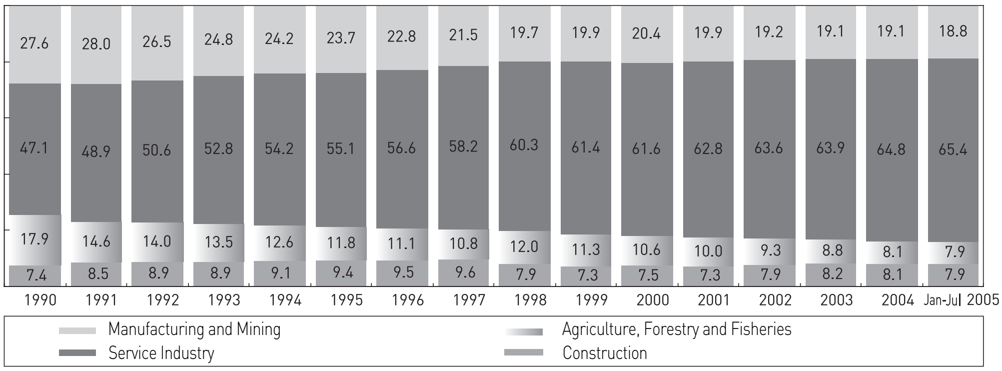
Overall employment has been improving since March. Despite a possible downward adjustment of employment in the agriculture, forestry and fisheries, employment is expected to increase at a faster pace in the second half provided that the real economy continues a healthy recovery driven by a rebound in domestic demand.

Graph 8-1: Number of Employed and Employment Growth



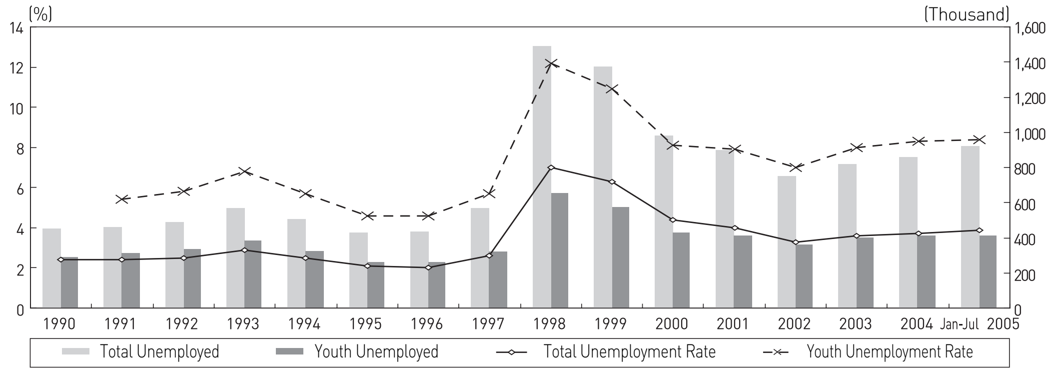
Source: Korea National Statistical Office (Employment Trend)

Graph 8-2: Share of Employed by Industry



Source: Korea National Statistical Office (Employment Trend)

Graph 8-3: Unemployment Rate and Number of Unemployed



Source: Korea National Statistical Office (Employment Trend)

9. Financial markets

9.1 Stock market

After hitting a 10 year record high of 1,130.2 points on August 12, the KOSPI finished August at 1,083.3 points, falling 2.5 percent from the end of July due to the increase in profit-taking following the short-term surge, high oil prices and the slowdown in global stock markets.

The KOSDAQ also dropped 7.8 percent from the end of previous month as the volume of trade decreased, showing corrections led by biotech stocks that have surged for several recent months.

Net selling by foreign investors for profit-taking amounted to 1,047.6 billion won, while net buying by institutional investors amounted to 249.8 billion won.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2004	Aug 2005	Change[1]	2004	Aug 2005	Change[1]
Stock price index	895.9	1,083.3	+187.4 (20.9%)	380.3	504.0	+123.7 (32.5%)
Market capitalization	412.5	505.7	+93.2 (22.6%)	31.6	47.3	+15.7 (49.7%)
Average daily trade value (yearly base)	2.2	3.1	+0.9 (40.9%)	0.6	1.7	+1.1 (183.3%)

1. Change from the end of previous year

9.2 Exchange rate

After having decreased in early August, the won/dollar exchange rate returned to an increase as the month neared its end.

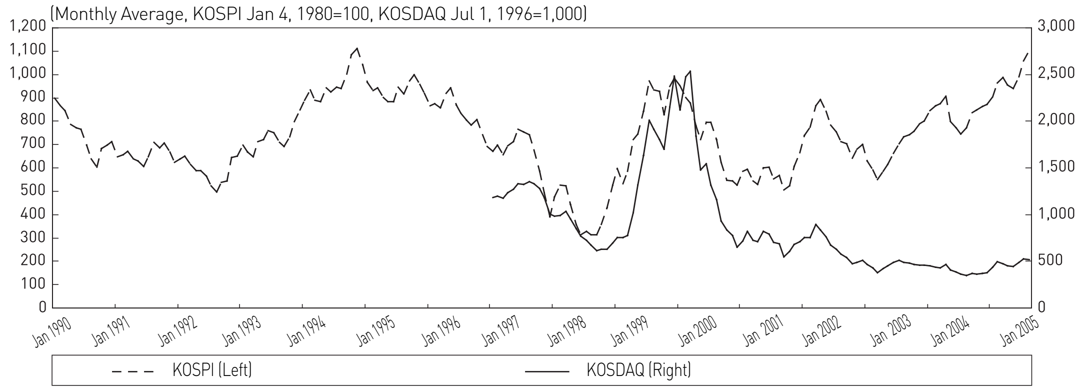
The won/dollar exchange rate fell to the low 1,010 won range in early August from the upper 1,020 won range at the end of July. It was because the dollar lost ground with the expectations for a Japanese economic recovery and the accommodation of the dollar which has been strong since May.

The won/dollar rate reversed course by going up to 1,038.5 won at the end of August, as demand for the dollar increased driven by net selling of domestic stocks by foreign investors, despite continued weakness in the dollar.

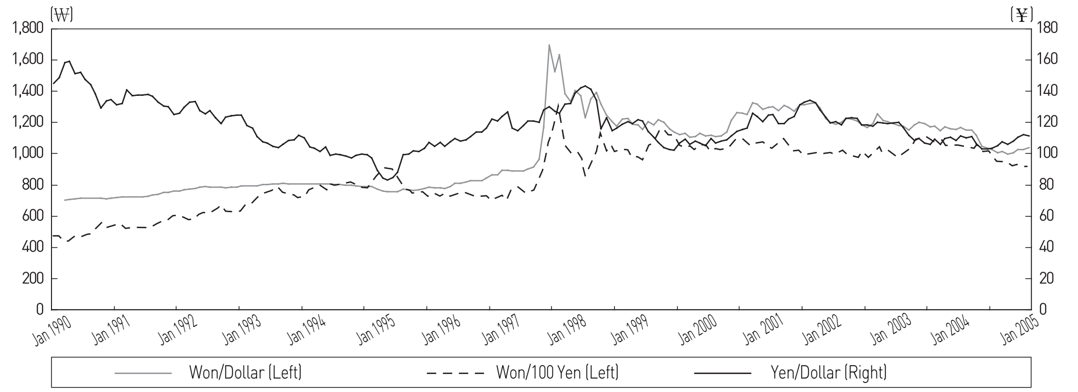
(End-period)

	2004	2005			
		May	Jun	Jul	Aug
Won/Dollar	1,035.1	1,007.7	1,025.4	1,026.8	1,038.5
Yen/Dollar	102.5	108.2	110.2	112.2	111.3

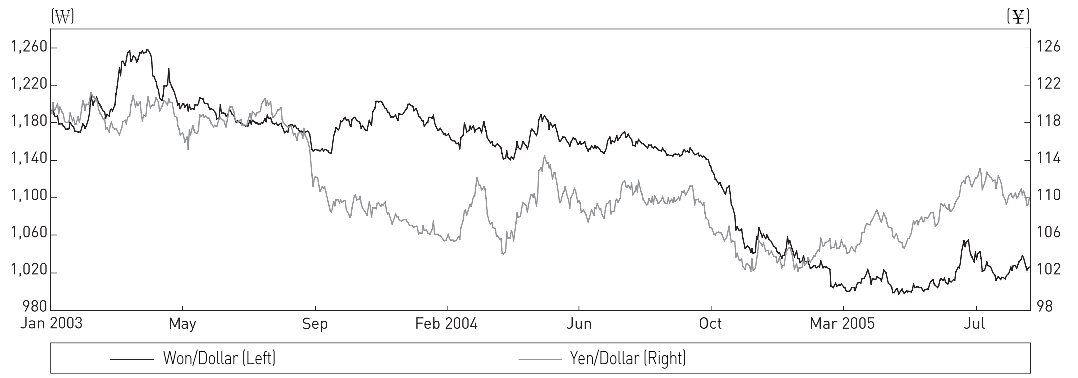
Graph 9-1: Stock Prices



Graph 9-2: Foreign Exchange Rate (Month-end)



Graph 9-3: Recent Foreign Exchange Rate



9.3 Bond market

Bond yields, such as the Treasury bond yield, continued its advance until mid-August affected by expectations of an economic recovery, an interest rate hike by the US Federal Reserve Board, and issues related to real estate prices. They, however, fell slightly at month-end as investors increased bond purchase in response to higher bond yields, foreign investors increased their purchase of futures, the stock market went through corrections and the government announced a new real estate reform policy.

(End-period)

	2005								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Change[1]
Call rate (1 day)	3.24	3.26	3.25	3.25	3.26	3.27	3.24	3.23	-0.01
Treasury bonds (3 yr)	4.06	4.04	3.91	3.76	3.67	4.02	4.23	4.16	-0.07
Corporate bonds (3 yr)	4.53	4.49	4.34	4.18	4.08	4.41	4.63	4.59	-0.04

1. Percentage point change from end July 2005

9.4 Money supply & money market

M1 growth surged in July as transaction demand for money increased on a recovery in domestic demand and higher asset prices, and more money flowed into short-term assets such as money market funds.

The M3 in July continued a modest increase since April on the back of robust credit supply from the private sector, and expanded money supply from overseas led by foreign portfolio investment.

(Percentage change from same period in previous year, average)

	2005						
	Jan	Feb	Mar	Apr	May	Jun	Jul
M1	5.6	7.7	8.7	8.6	8.8	9.9	Mid 12
M2	5.3	5.3	5.3	5.5	5.5	6.0	Mid 6
M3	6.1	5.8	5.4	5.4	5.6	6.0	Low 6

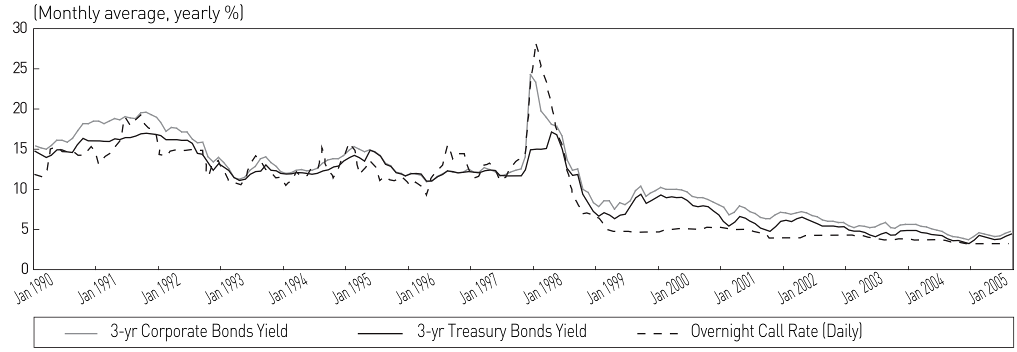
Bank deposits decreased 2 trillion won in July after soaring a substantial 11.9 trillion won the previous month, as value added tax is paid and corporate settlement funds that have flowed into bank deposits the previous month moved to money market funds.

Investment trust management company (ITMC) receipts increased substantially as money market funds with a higher interest rate absorbed settlement funds in banks and the money invested in bond-type beneficiary certificates.

(Average monthly change, trillion won)

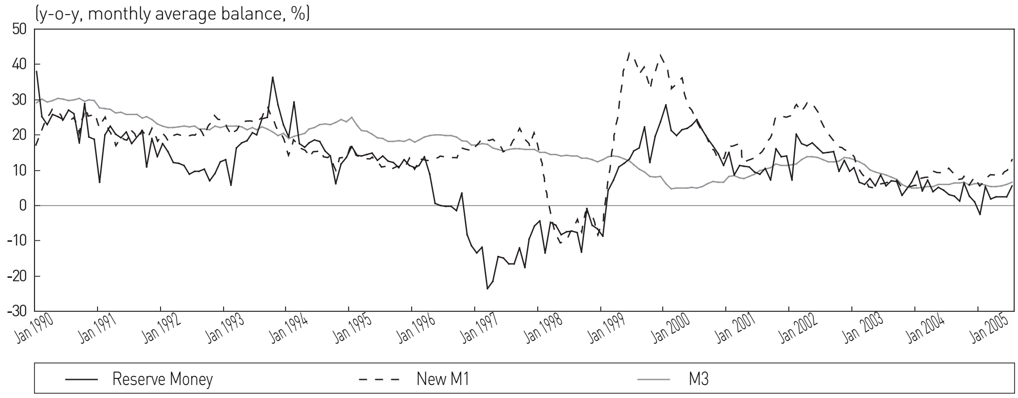
	2004	2005						
	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
Bank deposits	-0.1	-7.4	11.7	-4.3	9.9	1.9	11.9	-2.0
Bank trust	-0.8	0.3	0.9	-0.1	-1.3	-0.4	-0.2	0.2
ITMC receipts	3.8	0.7	4.6	-0.1	3.3	1.3	0.0	8.3

Graph 9-4: Interest Rates



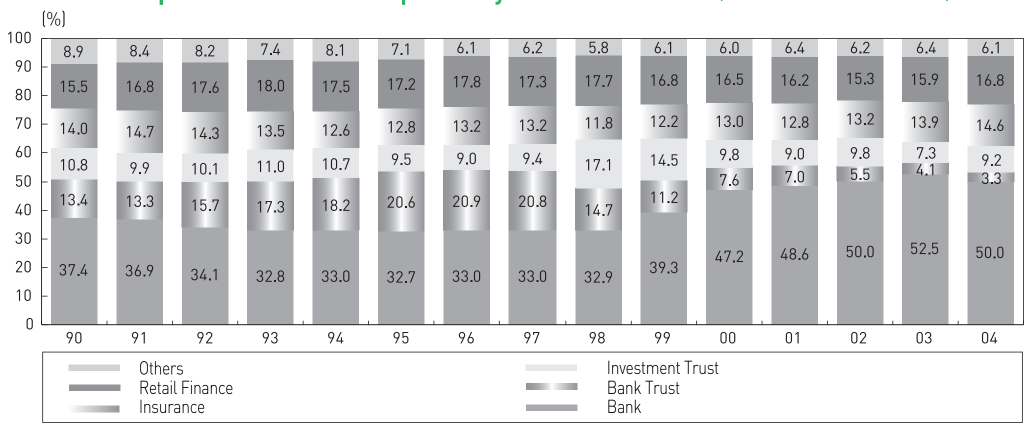
Source: The Bank of Korea

Graph 9-5: Total Money Supply



Source: The Bank of Korea

Graph 9-6: Share of Deposits by Financial Sector (M3 as of Year-end)



Source: The Bank of Korea

** Retail Finance: Mutual Savings Bank & National Credit Union Federation of Korea, Others: Investment Banks, Post Office Savings, etc.*

10. Balance of payments

Korea recorded a US$1.37 billion current account surplus in July, down US$0.93 billion from US$2.3 billion in the previous month.

The goods account surplus narrowed US$0.59 billion from the previous month to US$3.11 billion in July as imports surged due to higher international oil prices despite strong exports.

The services account deficit widened US$0.43 billion from the previous month to US$1.50 billion. The travel account deficit widened US$0.13 billion as payments of overseas travel expenses increased 29 percent hitting a record high of US$1.43 billion in July, the summer vacation season. The transport account surplus narrowed US$0.14 billion from a month earlier as payments for foreign flight services increased due to the pilots strike at Asiana Airlines.

Travel balance (US$ billion)

-0.82 (May 2005) → -0.86 (Jun) → -0.99 (Jul)

Number of locals going abroad (thousand)

802 (May 2005) → 864 (Jun) → 1,020.8 (Jul)

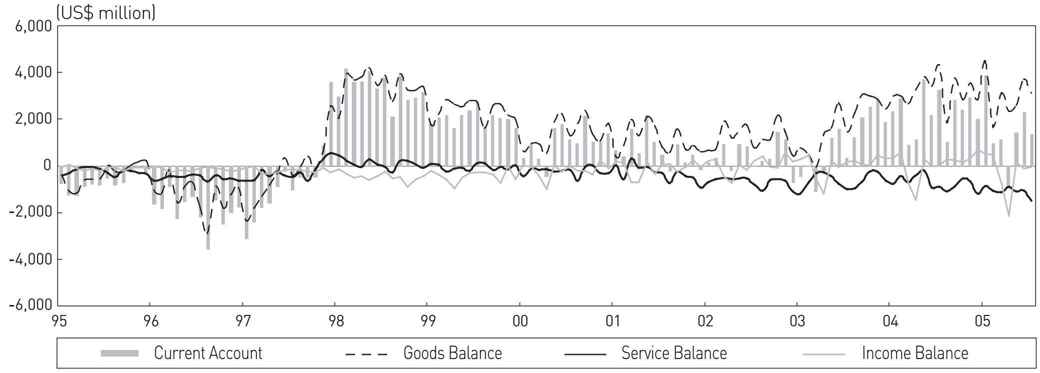
The income account deficit narrowed US$60 million from the previous month as interest payments from overseas increased.

The capital account recorded a net outflow of US$0.57 billion in July as the direct investment account and other investment accounts posted a net outflow, despite a net inflow in the portfolio investment account driven by more foreign investment in domestic stocks.

(US$ billion)

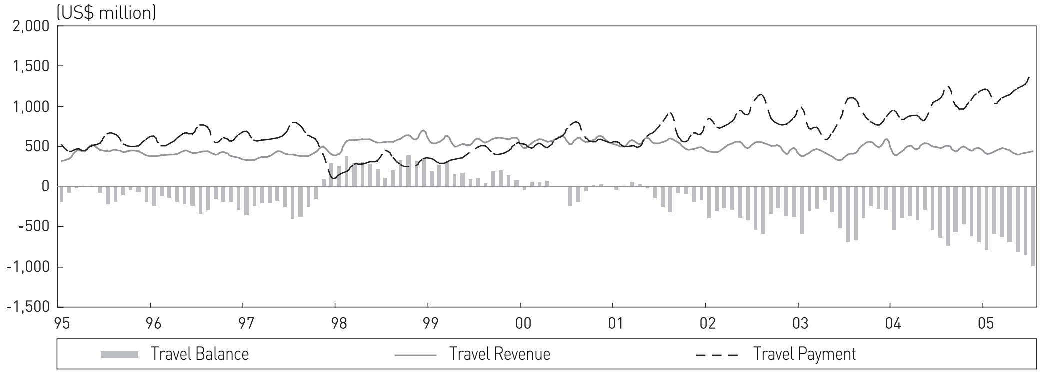
	Jul 2004	Jan - Jul 2004	Jun 2005	Jul 2005	Jan - Jul 2005
Current account	3.25	16.41	2.30	1.37	10.07
- Goods balance	4.29	23.39	3.70	3.11	21.05
- Service balance	-0.89	-4.35	-1.07	-1.50	-7.63
- Income balance	0.01	-0.96	-0.12	-0.06	-1.92
- Current transfer	-0.16	-1.66	-0.22	-0.19	-1.43
Capital account	-1.68	-0.91	-1.28	-0.77	3.91
- Financial account	-1.54	0.10	-1.09	-0.57	5.30
· Direct investment	-0.58	1.66	0.06	-0.50	-
· Portfolio investment	1.62	11.93	-0.77	2.77	-0.94
· Other investment	-2.58	-13.49	-0.38	-2.83	6.24
- Other capital account	-0.14	-1.01	-0.19	-0.21	-1.38

Graph 10-1: Current Account Balance



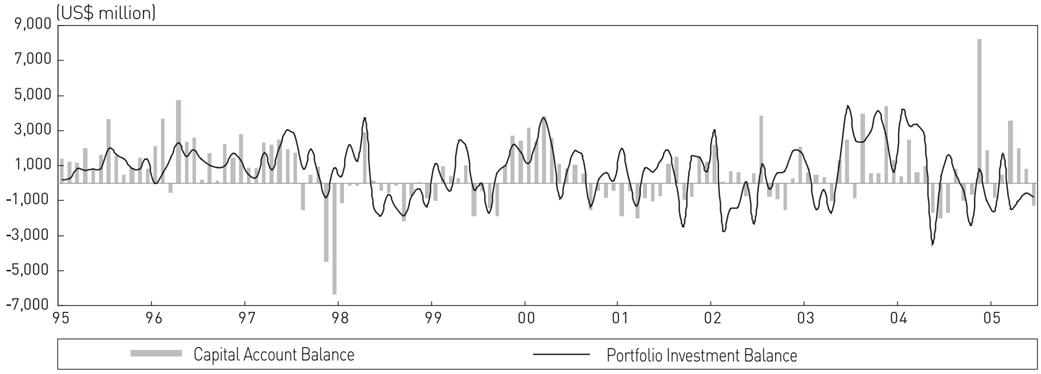
Source: The Bank of Korea (Balance of Payments Trend)

Graph 10-2: Travel Balance



Source: The Bank of Korea (Balance of Payments Trend)

Graph 10-3: Capital Account Balance



Source: The Bank of Korea (Balance of Payments Trend)

11. Prices and international commodity prices

11.1 Prices

Consumer prices in August rose 2.0 percent year-on-year, with inflation remaining low at the 2 percent range compared to monthly average prices in the first eight months of last year. Overall consumer price inflation slowed significantly despite the relatively high prices of oil products following the surge in global oil prices, as the price of agricultural, livestock and fisheries products all fell.

< Consumer price inflation >

	2004	2005				
	Aug	Apr	May	Jun	Jul	Aug
Month-on-Month (%)	0.9	0.1	-0.2	-0.3	0.4	0.3
Year-on-Year (%)	4.8	3.1	3.1	2.7	2.5	2.0

< Consumer price inflation in major sectors >

(Percentage change from same period in previous year)

	Total	Agricultural livestock & fisheries products	Industrial products	Oil products	Public utility	Housing rents	Personal services
Aug 2005 (Contribution ratio, %p)	2.0	-2.9 (-0.37)	3.6 (1.16)	8.1 (0.50)	2.9 (0.42)	-0.5 (-0.07)	3.0 (0.81)
Aug average 2000-2004	3.5	6.6	2.3	6.5	3.7	3.1	3.6

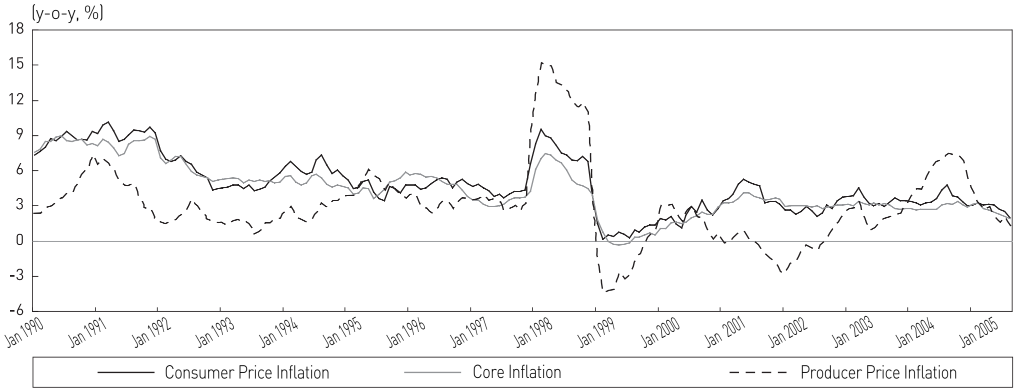
Year-on-year core inflation excluding agricultural and energy products stood at 1.9 percent due to the lower aggregate demand pressure. Year-on-year consumer prices inflation for basic necessities also fell to the 2 percent range at 2.8 percent.

(Percentage change from same period in previous year)

	2004	2005				
	Aug	May	Jun	Jul	Aug	Jan - Aug
Core inflation	3.2	2.5	2.3	2.1	1.9	2.6
Consumer prices for basic necessities	6.7	4.7	4.1	3.9	2.8	4.4

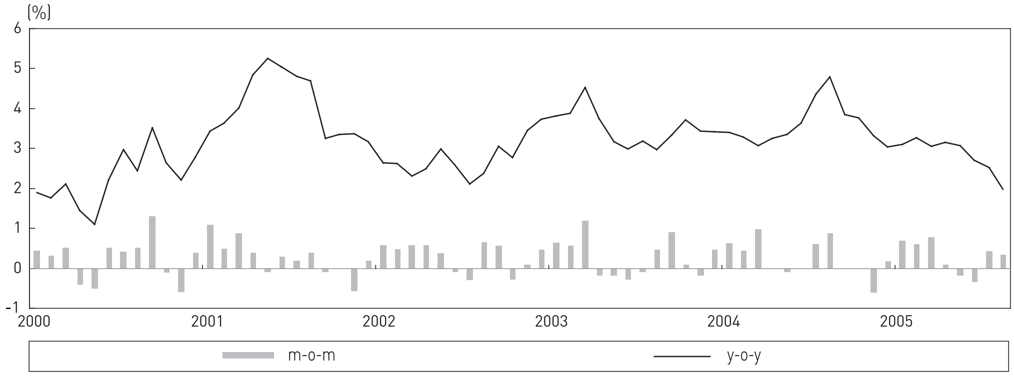
Consumer price inflation in September probably will continue to stabilize at the 2 percent range despite remaining inflationary factors such as rising international oil prices and the upcoming *Chuseok* (*Harvest Moon Festival*) holidays.

Graph 11-1: Prices



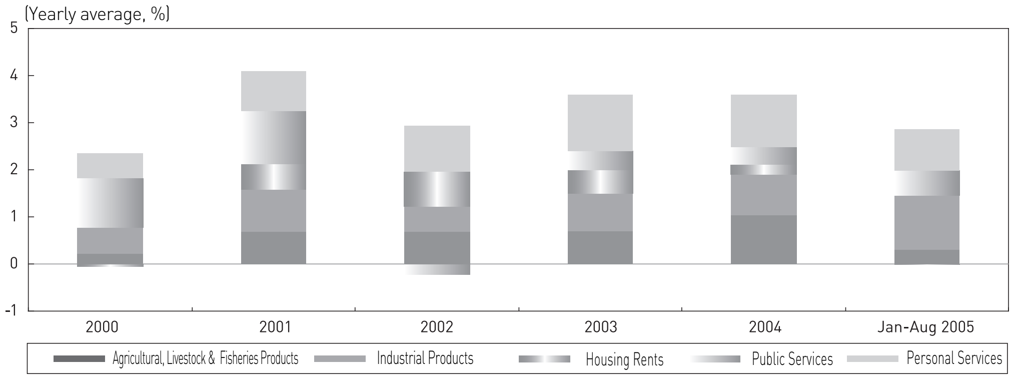
Source: Korea National Statistical Office (Consumer Prices, Core Inflation) & The Bank of Korea (Producer Prices)

Graph 11-2: Consumer Price Inflation



Source: Korea National Statistical Office (Consumer Price Trend)

Graph 11-3: Contribution to Consumer Price Inflation



Source: Korea National Statistical Office (Consumer Price Trend)

11.2. International oil and commodity prices

International oil prices (*Dubai crude*) continued to rise to reach nearly US$60 a barrel in August with the hurricane on the US Gulf of Mexico causing production losses in oil refineries, and political instability observed in some oil producing countries such as Saudi Arabia and Iran.

(US$/barrel)

	2003	2004		2005			
	Annual average	Annual average	Dec	Jun	Jul	Aug	Jan-Aug
Dubai crude	26.8	33.6	34.2	51.1	52.8	56.8	47.1
Brent crude	28.7	38.2	40.0	54.3	57.7	64.4	52.3
WTI crude	31.1	41.4	43.2	56.4	58.7	65.0	54.0

Record high oil prices in 2005 (US$/barrel)
Dubai crude: 59.1 (Aug 31)
Brent crude: 67.8 (Aug 12)
WTI crude: 69.8 (Aug 30)

However, the price of domestic oil products such as petroleum rose modestly due to a fall in the won/dollar exchange rate. Prices of Dubai crude gained 47.6 percent from a year earlier in August, while those of domestic petroleum rose a mere 5.1 percent.

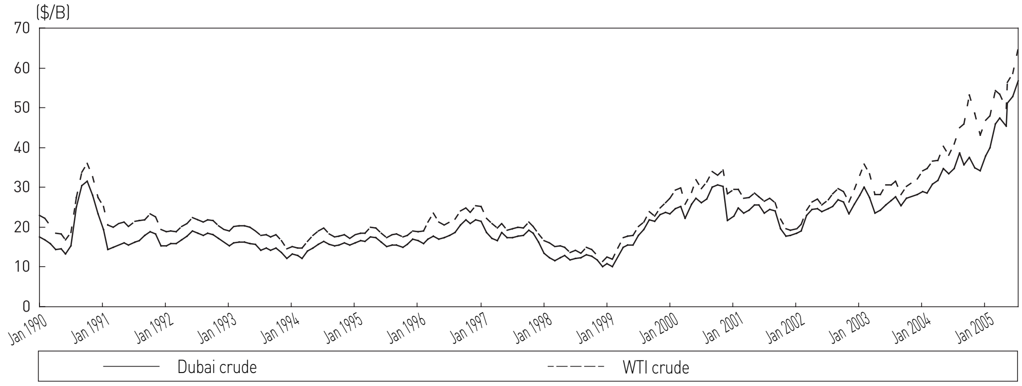
International oil prices are expected to remain high for the time being because of the damage from Hurricane Katrina and the heightened fear of oil supply disruption in the upcoming winter season.

As for other commodity prices, the Reuters index rose slightly in August led by price increases in non-ferrous metals and some farm produce.

Reuters index
(a weighted average index of 17 major commodities)
1,493 (2003)
1,618 (2004)
1,648 (May 2005) → 1,657 (Jun) → 1,668 (Jul) → 1,674 (Aug)

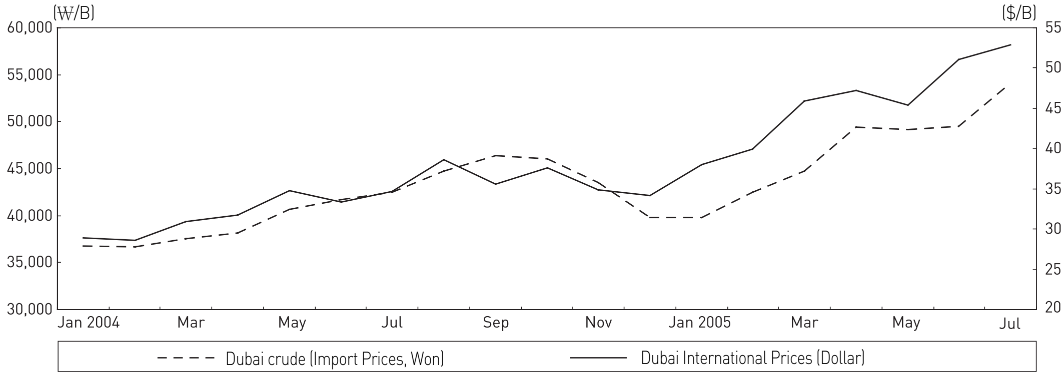
Prices of most non-ferrous metals rose as robust demand from the US and China continued. Prices of farm produce largely declined partly due to the improved weather conditions.

Graph 11-4: International Oil Prices



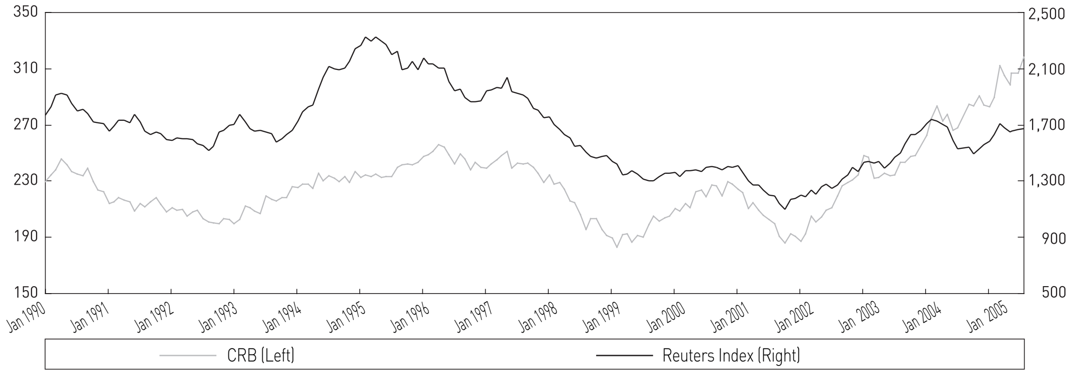
Source: Korea National Oil Corporation

Graph 11-5: International Oil Prices (Dubai crude) and Import Prices



Source: Korea National Oil Corporation

Graph 11-6: International Commodity Prices



Source: CRB (Bloomberg), Reuters Index (The Bank of Korea)

**CRB demonstrates futures price index of 21 commodities listed on the US Commodity Transaction Market, including beans and other crops, crude oil and jewelry.*

12. Real estate market

12.1 Housing market

Apartment prices climbed 0.5 percent from the previous month in August, with growth slowing slightly compared to July.

< Sale prices of apartments >

(Percentage change from the previous period)

	2003	2004	2005												
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Aug 1	Aug 8	Aug 15	Aug 22	Aug 29
Nationwide	9.6	-0.6	-0.3	0.5	0.6	0.8	0.8	1.2	1.1	0.5	0.1	0.1	0.1	0.0	0.1
Seoul	10.2	-1.0	-0.3	1.0	0.5	1.2	1.0	2.2	1.9	0.4	0.1	0.0	0.1	0.1	0.0
Gangnam[1]	14.3	-1.3	-0.3	1.7	0.7	1.9	1.5	3.7	2.6	0.2	0.1	0.0	0.0	0.1	0.0

1. Southern Seoul Source: Kookmin Bank

The growth of prices in large sized apartments slowed more sharply than smal/medium sized units.

< Sale prices of apartments by size >

(Percentage change from the previous period)

	2005								Aug change from	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	End 2004	Aug 2004
Large	-0.1	1.0	0.9	1.4	1.8	2.9	2.4	0.4	11.1	10.2
Medium	-0.3	0.4	0.5	0.7	0.8	1.1	1.0	0.5	4.7	3.7
Small	-0.3	0.6	0.5	0.7	0.5	0.7	0.7	0.4	3.9	2.6

Source: Kookmin Bank

Weekly price increases of leased apartments have accelerated as demand rose ahead of the fall moving season.

< Lease prices of apartments >

(Percentage change from the previous period)

	2003	2004	2005												
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Aug 1	Aug 8	Aug 15	Aug 22	Aug 29
Nationwide	-0.4	-2.7	-0.4	0.4	0.7	0.6	0.4	0.4	0.3	0.4	0.1	0.1	0.1	0.2	0.3
Seoul	-3.2	-4.4	-0.6	0.2	0.3	0.4	0.1	0.4	0.3	0.7	0.1	0.1	0.2	0.3	0.4
Gangnam[1]	-2.3	-5.2	-0.7	0.4	0.2	0.6	0.3	0.8	0.6	0.7	0.1	0.1	0.1	0.4	0.5

1.Southern Seoul Source: Kookmin Bank

Apartment sales in July decreased from the previous month.

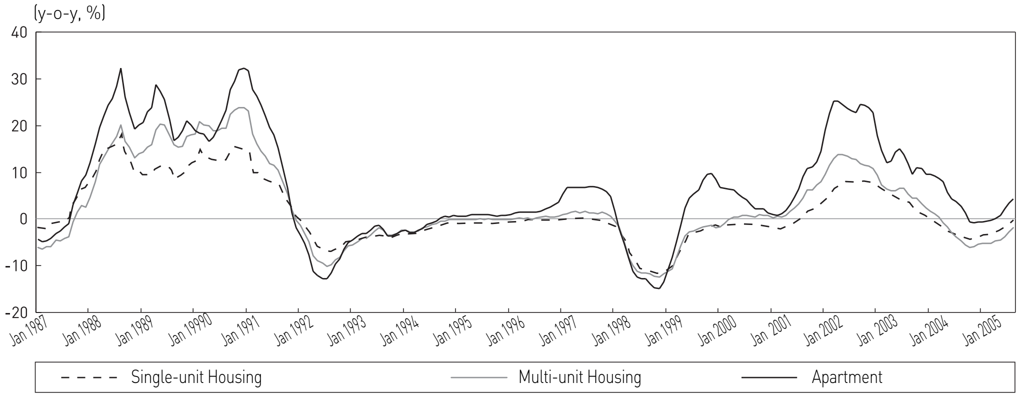
< Number of apartment sale transactions >

(Monthly average, thousand)

2003	2004				2005						
Annual	Jan-Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
91	62	65	67	75	68	63	90	94	86	85	77

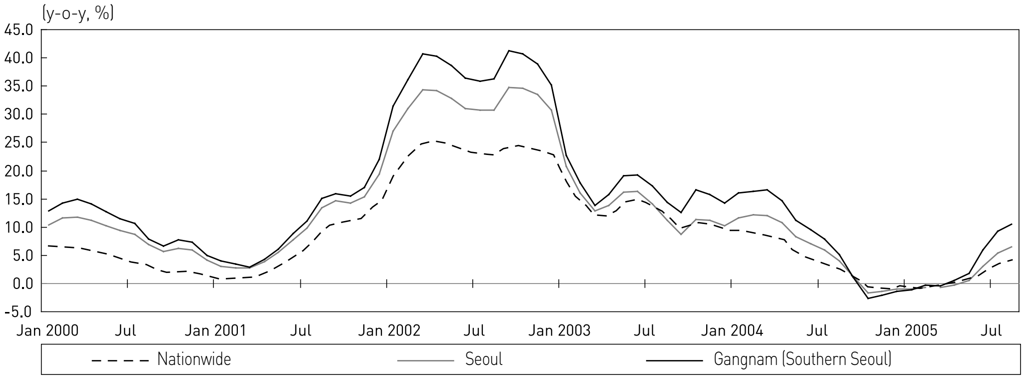
Source: Kookmin Bank

Graph 12-1: Real Estate Prices



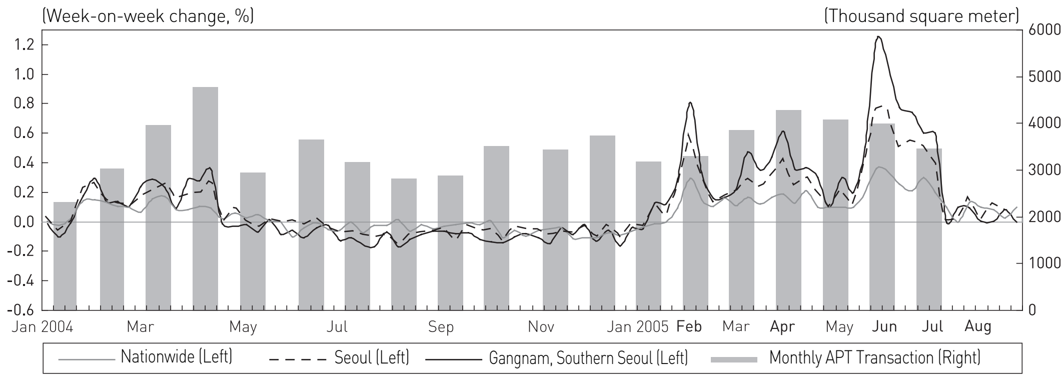
Source: Kookmin Bank (National Housing Price Trend)

Graph 12-2: Apartment Prices by Region



Source: Kookmin Bank (National Housing Price Trend)

Graph 12-3: Weekly Apartment Sale Prices and Monthly Transaction Volume



Source: Kookmin Bank (Weekly APT Price Trend) & Korea Land Corporation (Monthly Land Trade Trend)

12.2 Land market

Overall land prices were up 0.47 percent month-on-month in July, with growth having slowed since April.

< Land prices by region >

(Percentage change from the previous period)

	2003	2004					2005						
	Annual	Q1	Q2	Q3	Q4	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
Nationwide	3.43	1.36	1.09	0.77	0.58	3.86	0.23	0.18	0.35	0.53	0.56	0.79	0.47
Seoul	5.23	2.10	0.95	0.59	0.39	4.09	0.19	0.14	0.40	0.73	0.59	1.31	0.49
Gyeonggi	5.12	1.96	1.74	1.16	1.13	6.12	0.37	0.26	0.32	0.59	0.88	0.90	0.72
South Chungcheong	4.81	2.40	4.65	3.93	0.25	11.65	0.46	0.53	1.15	0.80	0.88	0.81	0.61

Land price increases were higher in some parts of the nation due to mounting expectations for various reconstruction and redevelopment projects, the selection of four provincial cities as beneficiaries of company town projects, and the removal of development restrictions on some areas.

The top 5 areas with the steepest increase in land prices include Muju-si, North Jeolla province (*3.62 percent*), Pyeongtaek-si, Gyeonggi province (*1.81 percent*), Cheongwon-gun, North Chungcheong province (*1.47 percent*), Hwaseong-si, Gyeonggi province (*1.36 percent*) and Boryeong-si, South Chungcheong province (*1.28 percent*).

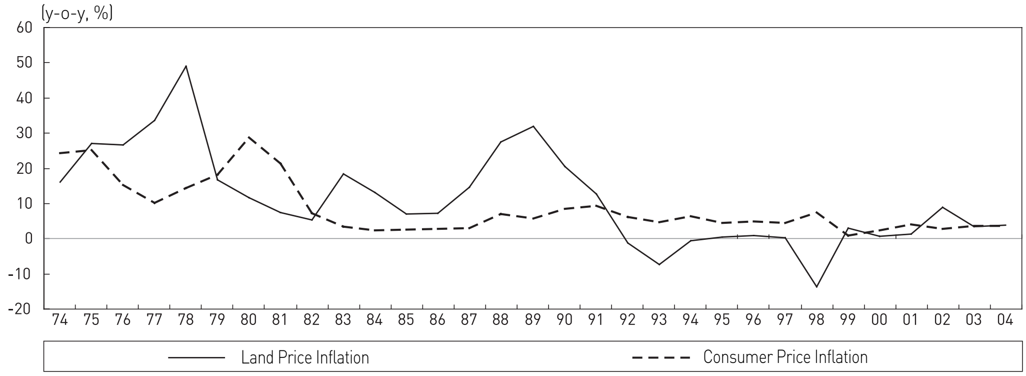
Land transactions continued to be brisk since March, driven by the plan for establishing a multi-functional administrative city and company towns, and various development projects.

< Number of land sale transactions >

(Monthly average, thousand)

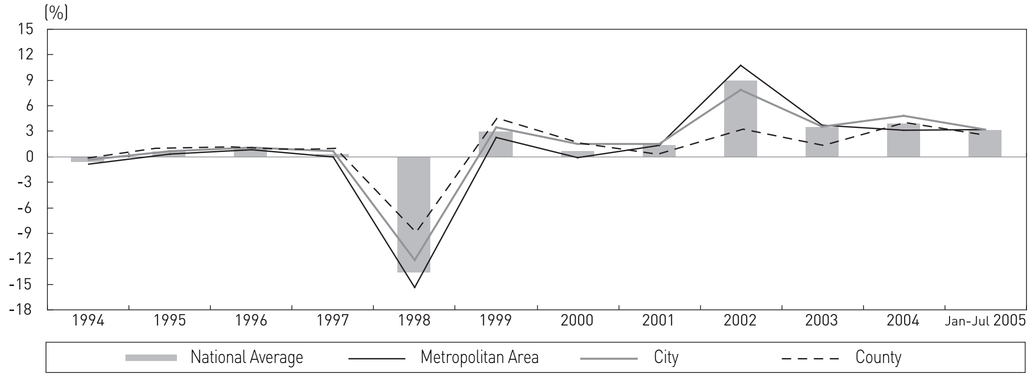
2003	2004					2005						
Annual	Jan-Sep	Oct	Nov	Dec	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
218	216	207	218	244	218	228	180	279	285	297	287	253

Graph 12-4: Land and Consumer Prices Since 1970s



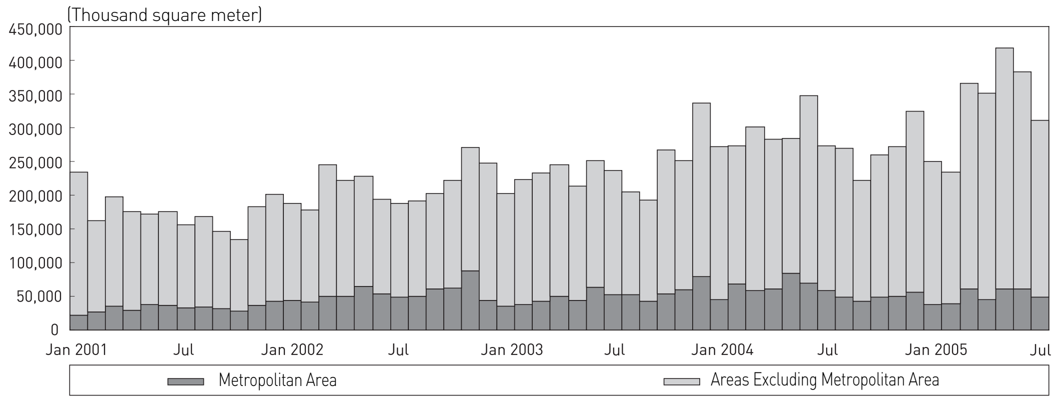
Source: Land Prices (Korea Land Corporation), Consumer Price Inflation (Korea National Statistical Office)

Graph 12-5: Land Prices by Region



Source: Korea Land Corporation (Land Price Trend)

Graph 12-6: Land Trade Volume



Source: Korea Land Corporation (Land Trade Trend)

Policy Issues

1. 2005 Tax Revision Bill

Overview

The Ministry of Finance and Economy convened the 38th meeting of the Tax Development Deliberation Committee and discussed the 2005 Tax Reform Bill on August 26, 2005. The meeting was presided over by Park Yong-sung, Chairman of the Korea Chamber of Commerce and Industry.

Major features of the 2005 Tax Revision Bill

1. Revitalizing economic momentum and expanding growth potential

The tax regime designed to promote business restructuring will be modified to ensure that the tax system does not stand in the way of corporate restructuring.

The corporate taxation framework will be streamlined by abolishing regulations on investment in a third-party corporation and discrimination against consumption-oriented service business.

The international taxation regime will be improved in line with global standards. The taxing principle of substance over form will be included. Special provisions on withholding taxes for foreign funds set up in tax havens, as designated by the Minister of Finance and Economy, will be introduced.

With the introduction of this system, when domestic taxpayers (charged with an obligation to withholding tax) provide funds with investment income such as dividends, interests and capital gains from stock transfer, the funds will be subject to withholding taxes according to domestic withholding tax rates. If a beneficial owner of investment income submits documents proving his or her country of residence to the tax office concerned within three years, he or she will receive the difference between the tax rate of the relevant tax treaty and that of the domestic law.

The corporate tax system will be improved and updated. Donations and dividends received are not likely to be included in the corporate tax payable. To expedite an economic recovery, venture start-ups will be promoted, the early inheritance system for start-up capital will be set up and the exemption of value-added taxes on operation income of private university facilities will be granted. Also, the tax deduction on investments in energy-saving facilities will be extended from the end of 2007 to the end of 2008.

2. Expanding tax base through curtailing tax exemptions and reductions

In principle, tax exemptions and reductions which are supposed to expire at the end of 2005 will be abolished as scheduled. Also, inefficient tax exemptions and benefits will be streamlined. For example, tax deduction on commercial paper and on credit card usage will be cut. Preferential tax treatments on income earned on long-term housing savings will be reduced. Reduced tariff on factory automation equipment will be adjusted lower.

To expand the tax base, the government will impose taxes on profit-making businesses operated by the state and local governments. In addition, tax rates on liquefied natural gas, distilled liquors and whiskey will be raised.

3. Complementing the tax system in response to aging population and economic polarization

Regarding pension savings, tax benefits for workers will be revised to protect the post-retirement income. In this regard, additional tax perks on pension savings accounts will be allowed and the ceiling for tax deduction on lump sum pension savings payment will be adjusted.

To support small and medium enterprises (SMEs) and small business owners, value-added taxes (VAT) will be lowered and the VAT rate for simplified taxpayers will be adjusted. Also, requirements for VAT tax exemption related to business transfer will be relaxed.

Support for production activities of farmers and fishermen will be enhanced. In line with this, the government will prolong the VAT zero rate on equipment for farming, livestock, forestry and fishery from the end of 2007 to the end of 2008.

The system enabling revenue authorities to gather information on taxpayers' incomes will be established. Toward this goal, submission of payment records on incomes earned by daily workers and earned on interest and dividend incomes which are non-taxable or subject to separate taxation will be mandatory.

Moreover, tax offices will be allowed to collect data on taxpayers' incomes, which are held by public agencies such as local governments and the National Pension Corporation.

4. Establishing new tax reductions for balanced regional development

The government will come up with new tax reductions for balanced regional development. Tax credits will be expanded for companies and employees opting for relocation out of major cities.

5. Improving service toward taxpayers by simplifying the tax system

The taxation framework will be simplified for SMEs so that those maintaining transparent book keeping by using the standard electronic account book can pay their taxes through simplified procedures for tax calculation.

Salaried workers' tax return process at year-end will be made easier by the new system which allows organizations issuing documentary evidence on deductible items to transmit the documents directly to tax offices concerned in electronic format, relieving the burdens of workers in gathering all relevant data and submitting them to withholding agents on an individual basis.

A single channel for customs procedures will be set up, so that the customs may deal with all declarations such as quarantine application for import/export declarations.

Future plans for implementation

Tax revision bills for the Corporation Tax Act, the Income Tax Act, the Restriction of Tax Reduction and Exemption Act, the Liquor Tax Act, the Special Consumption Tax Act, the Stamp Tax Act, the Adjustment of International Tax Act, the Customs Act, the Frame Act on National Taxes will be submitted to the National Assembly by October 2.

2. New Real Estate Reform Policy

The new real estate reform policy was announced on August 31, 2005 for the purpose of stabilizing housing for ordinary people and curbing real estate speculation. This was developed jointly by the Ministry of Finance and Economy, the Ministry of Government Administration and Home Affairs, the Ministry of Construction and Transportation and the Financial Supervisory Commission.

I. Korea's current real estate market

Housing prices, which had stabilized with the introduction of the October 29, 2003 real estate measures, started to surge in the first half of 2005 driven by southern Seoul (*Gangnam*) and *Bundang* in the Gyeonggi province. The trend is spreading into northern Seoul and the southern part of the Seoul metropolitan area. The sharp increase in housing prices is seen to have resulted from the combined effect of imbalance between demand and supply and psychological factors.

Land prices, that enjoyed the long-term stability, have been climbing since 2004 led by the development-designated areas. Recent land prices hike is seen to have come from the intertwined complexities of the internal and external factors of the land market.

II. Need for policy on stabilizing real estate market

Against the backdrop of the current status of real estate and land markets, a clear need for an effective policy on real estate market stabilization is arising, particularly because of the six essential reasons stated below.

(1) To prevent real estate price bubble

(2) To stabilize housing for ordinary people

(3) To ensure stable supply of industrial and housing land

(4) To continue to pursue successful national balanced development

(5) To achieve social cohesion

(6) To improve the capital flow in the market

By developing and putting in place a real estate market policy subscribing to the above needs, the government envisages a fundamental reform of the real estate market aimed at improving the constitution of the Korean economy and ensuring sustainable growth.

III. Basic policy framework

1) The policy aims, in the short term, at removing instabilities surrounding the real estate market at the earliest possible time, and in the long term at shaking up real estate regulations for a stabilized and advanced real estate market.

2) The policy will be convincing and geared toward achieving the goals of stabilizing housing for ordinary people and restraining speculative demand.

3) While firmly pushing ahead with the core policy, the government will do its best to minimize the inconveniences to and burden on ordinary people that may arise in implementing the real estate policy, and to ensure that the measure would not hamper economic revitalization.

4) A practicable and tangible supply policy, along with strong anti-speculative actions, will be formulated to ensure maximum utilization of readily usable land for housing.

5) Institutional mechanism will be put in place, so that a solid foundation will be laid for stabilizing real estate prices.

The government will draw up, on national consensus, a rational institutional reform measure, aimed at achieving the basic policy framework and strongly moving ahead with it.

IV. Policy for stabilizing housing for ordinary people

1. Increase support for stabilizing housing for people without home ownership

The budget allocated for housing purchase fund will be increased by 500 billion won from 1.5 trillion won to 2.0 trillion won. The interest rate of housing purchase fund will be differentiated depending on income bracket or the purchase price of the house. The temporary financial support for those who buy a house for the first time will be resumed after it was applied from July 2001 to December 2003. The interest rate applied to loans for low-incomers' leased housing will be lowered.

Those who are forced to move out because of public housing site development projects will receive increased monetary support for leased housing.

Mortgage loans extended by the Korea Housing Finance Corporation for low income earners and those with no home ownership will be expanded. Mortgage insurance to be introduced will be helpful for those with no home of their own and those seeking to buy a house smaller than 25.7 *pyong* (*84.8 square meters*) in non-speculative areas. Apartment lottery program will be enhanced with the biggest consideration being the people with real demand for home.

2. Expand public rental housing construction

The government will secure the basis for increased rental housing supply.

A national rental housing complex will be added to the current 60 of such complexes occupying 19 million *pyong* (*62.7 million square meters*) by utilizing sites which are to be released from the list of limited development area due to low value for environment preservation.

The size of area to which the Special Act on National Rental Housing is applicable will be enlarged from the current 300,000 *pyong* (*about 990,000 square meters*) to 500,000 *pyong* (*about 1.65 million square meters*). The burden placed on the people who are to move into public rental housing will be lessened through increased support for national rental housing. Fiscal expenditure allocated for that purpose will be expanded from the current 11.4 trillion won to 13.1 trillion won, up 1.7 trillion won, while the fund be increased from 22.4 trillion won to 31 trillion won, up 8.6 trillion won.

Diversified national rental housing will be supplied to meet the needs of people. The government seeks to increase multi-housing rental, which has proved effective for stabilizing poor people's housing. The government's initial plan to buy and rent 10,000 multi-housing units till 2008 (*2,000 units per year*) was modified to 50,000 units till 2015 (*4,500 units per year*). Local governments and the Korea National Housing Corporation will make rental housing contracts before re-renting to low income earners.

3. Revitalize the supply of private rental housing

Supply of 10-year long-term private rental housing will be promoted. Participation of special purpose companies (SPCs) will be encouraged which are led by financial investors capable of long term capital management. 20 percent of gross floor area ratio will be offered as an incentive for the construction of long-term rental housing. The enforcement decree of the National Land Plan Act is under review for amendment. Competition between the public and the private sectors will be encouraged by expanding participation of the Korea National Housing Corporation and the Korea Real Estate Investment Trust.

Support for rental housing purchase by a private citizen will be enhanced. Requirements for tax benefits and registration of rental housing purchase by a private citizen will be strengthened. However, reduction of acquisition and registration taxes will be scrapped in case the rental housing business owner acquires additional apartment complex within the housing transaction report area.

4. Policy on ensuring transparency in real estate transactions

Real transaction prices will be required to be reported to the authorities concerned. It will take effect on January 1, 2006 as per the revision of the Real Estate Transaction

Business Act. The reported prices will be posted in the register book, as in the case of the US, UK, France and Singapore. In line with this measure, the Ministry of Justice will revise the Real Estate Registration Act in the second half of this year. Also, an electronic report system will be established to be in operation in 2006.

In order to eradicate speculative demand, a surveillance system will be set up targeting speculators likely to disturb the market order. Statistical data on real estate ownership, transactions and taxation will be rearranged.

V. Policy on stabilizing housing market

With regards to policy on housing demand, the tax system will be rationalized to curb speculative demand. The tax system will be rationalized to keep a lid on speculative demand. For this, ownership tax will be imposed based on the size of the real estate. The capital gains tax will be raised to redeem speculative gains from rising real estate prices.

On the supply side, housing supply will be enhanced by securing new housing sites in the Seoul metropolitan area. Sufficient new housing sites will be secured in the Seoul metropolitan area by utilizing national and public lands and by developing areas near the existing housing sites. Existing urban areas will be developed over a wide area and incentives are to be given to construction projects led by public companies.

The notion of housing supply system as a public interest will also be strengthened. Housing development by public companies will be expanded to stabilize housing for ordinary people. Pricing methods of pre-sale apartment housing will be improved and monopoly on pre-sale rights will be limited strictly. Housing supply modalities in *Pangyo* in Gyeonggi province will be improved as well.

Economic News Briefing

Korea's Per Capita GNI to Reach US$20,000 around 2008

Deputy Prime Minister and Minister of Finance and Economy Han Duck-soo predicted on August 23 that Korea's per capita gross national income (GNI) could reach $20,000 around 2008, when the current government's term ends.

He made the forecast as he met with reporters to brief economic operation performance of the Participatory Government's two and a half years, the mid-point of President Roh Moo-hyun's five-year term.

The government will consistently push for a more transparent economic system, business-friendly environment and improved labor-management relations, he said.

Also, DPM Han mentioned that government R&D investments in science and technology will be expanded continuously and institutional reshaping for the financial sector will speed up aimed at building a Northeast Asian financial hub in Korea.

Pointing to weak domestic consumption as the biggest challenge during the two and a half years, DPM Han said that the 2-year-long slump in domestic consumption has decelerated the GDP growth rate by 0.8 percent point.

Meager improvement in labor-management relations, delayed restructuring of small and medium enterprises (SMEs) and weak competitiveness in the service industry were cited as critical problems to resolve.

The finance minister said that the Participatory Government has made remarkable progress in improving corporate governance and accounting practices through legislation on upgrading the accounting system and introducing class action law. Also, he mentioned that labor-management cooperation will truly materialize only when corporate transparency is achieved.

12th APEC Finance Ministers' Meeting Held in Jeju on September 8-9

The 12th APEC Finance Ministers' Meeting was held on September 8-9, 2005 in Jeju Island, Korea, under the chairmanship of Korea's Deputy Prime Minister and Minister of Finance and Economy Han Duck-soo.

With consent from all member economies, the Joint Ministerial Statement was adopted, together with the "Jeju Declaration on Enhancing Regional Cooperation against the Challenges of Population Ageing," as proposed by Korea.

The Finance Ministers reiterated that all member economies have a shared responsibility to address major risks to the global economy such as the global imbalance and the high oil prices.

They reaffirmed the importance of liberalization in trade and investment to promote continued progress towards the Bogor Goals and reiterated their support for the successful conclusion of the WTO Doha Development Agenda negotiations.

The 2005 Finance Ministers' Process sought joint measures on two policy themes: "Free and stable movement of capital" and "Meet the challenge of ageing economies." Regarding the former, the Ministers agreed on the need to continuously promote it. For the latter, the "Jeju Declaration" was adopted to address the challenges that could be brought by population ageing. Under the Jeju Declaration, an "Expert Group" of research experts from each member economy will be created at the next Finance Ministers' Meeting to suggest fiscal and financial policy recommendations.

Also, the "APEC Finance Ministers' Statement on Remittances" was adopted to encourage the establishment and the use of official remittance channels. Furthermore, it was agreed on the four priority areas of governments' efforts, namely to strengthen the availability of data on remittance flows, strengthen or modernize domestic financial infrastructure, ensure appropriate oversight of remittance service providers, and to expand financial literacy programs.

The Finance Ministers agreed on the need for a stronger consultative mechanism between oil exporting and importing countries via the International Energy Forum and G-20 to cope with the oil price hikes.

They shared a view on the need for Northeast Asian regional development as a joint project. Toward this, they showed a positive response to the suggestion to invite North Korea to next year's meeting. They, however, cited as preconditions a progress in the North's nuclear issue and consensus among member economies on the invitation.

The 13th APEC FMM will be held in Hanoi, Vietnam on September 7-8, 2006.

Facility Investments by Top 200 Firms to Increase 24.3% in 2nd Half

Korea's top 200 firms are expected to increase facility investments by 24.3 percent from a year earlier in the second half, according to a survey conducted by the Ministry of Commerce, Industry and Energy (MOCIE). Their facility investments expanded 10.9 percent in the first half of 2005 on top of a 36 percent rise during the same period last year. Annual facility investments are likely to grow 17.6 percent this year boosted by the up-tick in the second half.

Capital expenditure in the manufacturing sector is expected to rise as much as 31.5 percent in the second half following the slowed growth of 5.3 percent during the first six months. Main contributors to this growth are likely to be display and petrochemical industries with the growth of 156.1 percent and 126.7 percent respectively.

Meanwhile, facility investment growth in the non-manufacturing sector is forecast to slow to 6.2 percent in the second half because investments concentrated in the first half, increasing 29.8 percent.

The MOCIE survey also found the top 30 conglomerates have led the nation's facility investments, accounting for 86.5 percent of the total investments projected this year. The investment growth of top 30 firms (*19.3 percent*) is outpacing the total average (*17.6 percent*).

The quality of investments is also forecast to improve in the second half, according to the survey. 50.7 percent of the projected investments will be poured into new product development and 32.9 percent into research and development (R&D), whereas most of investments in the first half were spent on the maintenance of existing production facilities. The shift of investment focus by major companies hints at their abandoning conservative attitudes to take aggressive strategies for securing competitiveness in the global market where they are challenged by Chinese companies.

BIS Capital Adequacy Ratio Highest Ever

The average BIS capital adequacy ratio of domestic banks posted a record high of 12.57 percent as of end June this year. Risk-weighted assets rose a mere 4.4 percent during the first half, which was offset by a 8.6 percent gain in banks' equity capital. The equity capital gain is attributable to 6.6 trillion won worth net income of domestic banks and 500 billion won worth government contributions to the Export-Import Bank of Korea during the period.

Domestic banks' tier-1 capital surged by 10.1 trillion won or 17.8 percent, while debt type tier-2 capital declined 2.7 trillion won or 9.2 percent to improve the quality of capital. With the increase in tier-1 capital, the ceiling on tier-2 capital jumped to 66.7 trillion won as of end June 2005 from 56.6 trillion won at end 2004.

< BIS bank capital adequacy ratio: 2000-2005 >

[End-period, %]

2000	2001	2002	2003	2004		2005
				Jun	Dec	Jun
10.59	11.68	11.33	11.16	11.72	12.08	12.57

The capital adequacy ratio climbed in 13 banks whereas it fell in six banks since end 2004. The capital adequacy ratios of Korea Exchange Bank and Chohung Bank which had been below 10 percent, improved during the first half of the year. All domestic banks are expected to maintain BIS ratios above 10 percent by year-end.

Credit Card Firms Turned Around in 4 Years

All credit card companies posted gains in the second quarter in four years and their delinquency ratios continued to fall according to a report released by the Financial Supervisory Service (FSS).

Six major credit card companies recorded a combined loss of 523.9 billion won in the first half. However, the loss mainly came from Samsung Card that registered a net loss of 1.5 trillion won in the first quarter as it raised provisions against bad loans for better asset management. The combined net profit of the rest five credit card issuers, except Samsung, was 909.9 billion won during the January-June period.

All of the six credit card issuers recorded quarterly profits as Samsung Card also posted profits in the second quarter this year, which is for the first time in nearly four years since the third quarter of 2001.

Credit card delinquency ratios moved down 4.97 percentage points to 13.27 percent as of end June 2005, the lowest since end 2003. The improvement was attributed to a significant drop in new bad debts and continued write-offs of existing bad debts.

The FSS sees that credit card delinquency ratios have stabilized after peaking in early 2004. The credit card capital equity ratio averaged 17.59 percent, up 7.74 percentage points from 9.83 percent at end 2004.

The financial watchdog expects the capital equity ratio to remain stable as business performance of card companies have continuously improved with strong asset quality.

FDI Outflows Rose 2.3% in 1st Half 2005

Korea's FDI outflows in the first half of this year (*notification basis*) rose 2.3 percent from the same period the previous year to US$3.66 billion. The number of notified cases was up 11.7 percent.

FDI outflows have been on a steady rise due to an increasing investment demand triggered by global economic briskness and domestic companies' global management strategies. However, the growth slowed because of weak investment sentiment from oil price hikes and the base effect stemming from relatively large investment overseas last year.

Korea’s investment in the US and eurozone declined, whereas it rose slightly in Asia and soared in Latin America. .

The nation's investments in China shrank 4.2 percent from the same period last year due to a 15 percent drop of investments in China’s manufacturing sector. The decrease is a temporary trend, attributable to relatively large-scale investments in electronics and telecommunications last year.

Korea's FDI outflows to Central and South America elevated in the first half from US$70 million to US$250 million due to investments in oil producing facilities by the Korea National Oil Corporation and in production facilities by electronics companies to increase market share in the region.

Investments by individuals and small and medium enterprises climbed rapidly while investments by large corporations were down,

The size of investments per case has been on a steady decline, amounting to US$1.8 million. Particularly, the number of small-scale investments worth less than $1 million grew 12.4 percent year-on-year, accounting for 88.7 percent of the total investments.

By industry, investments in the manufacturing sector fell 13.1 percent, with its proportion to total FDI outflows down to 52.5 percent from 61.7 percent of the previous year. Investments in the wholesale and retail sectors dropped 45.1 percent because of big companies' large-scale investments in local sales companies in Europe during the first half of last year. However, investments in the service sectors, telecommunications, and hotels & restaurants grew dramatically.

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1. National Accounts

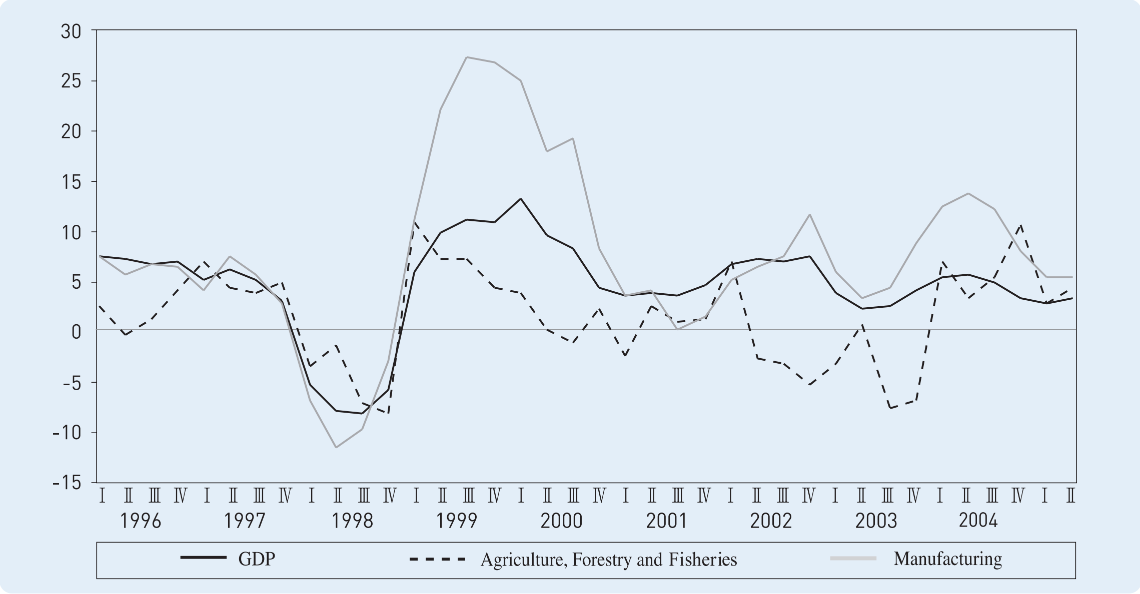
(Year-on-Year Change, %)

Period		Growth Rate of Real GDP at Constant Prices			Increase Rate of Final Consumption Expenditure	Increase Rate of Gross Fixed Capital Formation		
			Agri., Fores. & Fisheries	Manufacturing			Construction	Machinery and Equipment
1996		7.0	2.3	6.4	7.0	8.4	7.5	9.2
1997		4.7	4.6	4.9	3.2	-2.3	2.3	-9.6
1998		-6.9	-6.4	-7.9	-10.6	-22.9	-12.4	-42.3
1999		9.5	5.9	21.8	9.7	8.3	-3.7	36.8
2000		8.5	1.2	17.0	7.1	12.2	-0.7	33.6
2001		3.8	1.1	2.2	4.9	-0.2	6.0	-9.0
2002		7.0	-3.5	7.6	7.6	6.6	5.3	7.5
2003		3.1	-5.3	5.5	-0.3	4.0	7.9	-1.2
2004p		4.6	7.4	11.4	0.2	1.9	1.1	3.8
2001	I	3.5	-2.4	3.4	2.2	-3.7	1.0	-9.4
	II	3.7	2.4	4.1	4.2	-3.5	0.8	-10.6
	III	3.4	0.9	0.0	5.7	-0.5	9.6	-14.2
	IV	4.6	1.2	1.3	7.3	6.2	10.7	-1.3
2002	I	6.5	6.7	5.2	9.4	7.7	11.0	3.3
	II	7.0	-2.7	6.2	8.5	7.3	6.0	8.0
	III	6.8	-3.2	7.4	7.3	2.4	-2.4	9.1
	IV	7.5	-5.5	11.4	5.3	9.1	8.4	9.6
2003	I	3.8	-3-3	5.8	1.2	4.7	7.7	2.3
	II	2.2	0.5	3.3	-0.6	4.2	7.9	-0.4
	III	2.3	-7.8	4.2	-1.0	2.7	7.7	-4.6
	IV	4.1	-6.9	8.6	-0.9	4.3	8.3	-2.0
2004p	I	5.3	6.8	12.2	-0.5	2.2	4.9	-0.3
	II	5.5	3.1	13.7	0.4	4.3	3.6	6.2
	III	4.7	5.3	12.0	-0.1	3.0	1.3	6.8
	IV	3.3	10.4	8.0	0.9	-1.2	-3.4	2.5
2005p	I	2.7	2.6	5.3	1.7	0.1	-2.9	3.1
	II	3.3	4.6	5.2	3.0	2.1	1.7	2.9

p: preliminary
Source: The Bank of Korea

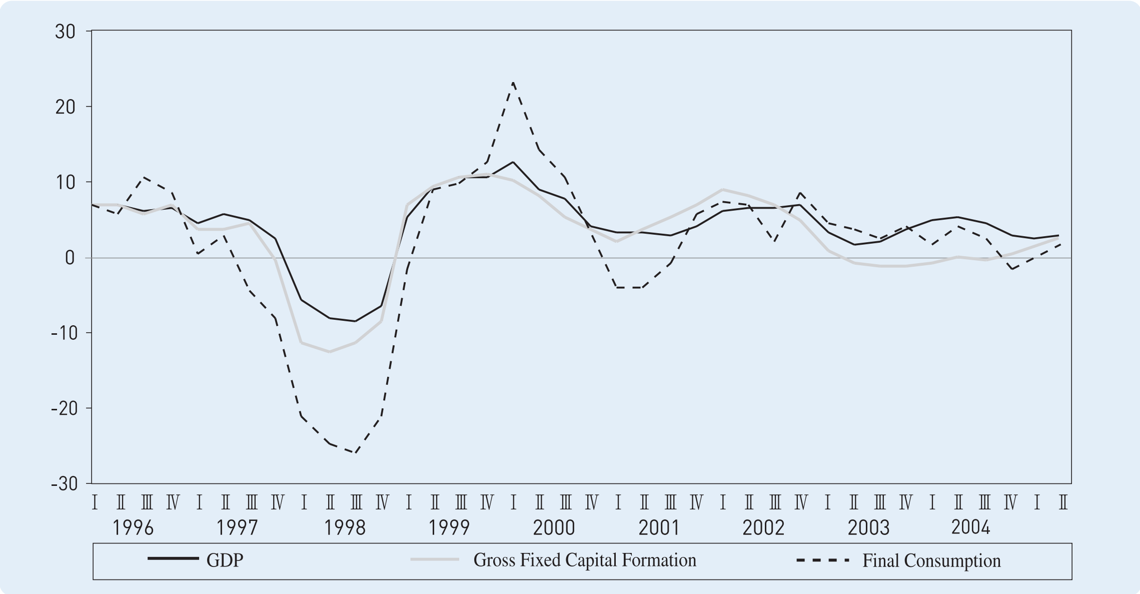
Growth Rate by Economic Activity

(Year-on-Year Change, %)



Growth Rate by Expenditure on GDP

(Year-on-Year Change, %)



2. Production, Shipment and Inventory

See graphs 6-1, 6-3, 7-1, 7-2, 7-3

(2000=100)

Period	Production Index	Y-o-Y Change (%)	Shipment Index	Y-o-Y Change (%)	Inventory Index	Y-o-Y Change (%)	Service Production Index	Y-o-Y Change (%)
2001	100.7	0.7	101.3	1.3	105.3	0.4	106.1	6.1
2002	108.8	8.0	109.2	7.8	104.5	-0.8	116.1	9.4
2003	114.2	5.0	113.7	4.1	110.4	5.6	117.2	0.9
2004	126.1	10.4	124.1	9.1	120.8	9.4	117.9	0.6
2002								
I	103.6	6.7	104.9	7.4	101.9	-8.9	111.2	10.0
II	109.0	7.1	109.5	6.7	102.8	-5.9	116.9	10.3
III	106.2	6.9	106.1	6.2	102.1	-3.3	115.9	9.8
IV	116.1	11.2	116.3	10.8	104.5	-0.8	120.3	8.0
2003								
I	109.9	6.1	109.5	4.4	111.7	9.6	113.3	1.9
II	112.4	3.1	112.6	2.8	112.3	9.2	118.0	0.9
III	109.4	3.0	108.8	2.5	110.3	8.0	116.5	0.5
IV	125.0	7.7	124.1	6.7	110.5	5.6	121.0	0.6
2004								
I	122.3	11.3	120.5	10.0	116.8	4.6	115.7	2.1
II	126.7	12.7	124.8	10.8	115.7	3.0	119.1	0.9
III	121.9	11.4	119.8	10.1	116.0	5.2	115.9	-0.5
IV	133.4	6.7	131.3	5.8	120.8	9.4	120.8	-0.2
2005								
I	127.0	3.8	124.7	3.5	127.8	9.4	116.5	0.7
II^p	131.8	4.0	129.2	3.5	124.9	8.0	121.9	2.4
2003								
1	109.9	3.8	108.9	3.4	109.4	1.3	113.7	2.9
2	103.3	9.9	103.5	7.4	110.4	5.7	107.5	2.1
3	116.4	4.9	116.1	2.8	111.7	9.6	118.7	0.8
4	113.6	2.0	113.6	1.4	113.1	10.1	118.4	1.4
5	111.4	-0.8	111.8	-1.2	113.0	11.3	118.0	-0.5
6	112.2	8.5	112.4	8.8	112.3	9.2	117.7	2.1
7	108.1	0.8	106.7	1.2	113.3	8.7	116.9	0.6
8	108.0	1.5	107.2	1.2	113.0	7.5	115.1	0.9
9	112.0	6.7	112.4	5.0	110.3	8.0	117.6	0.2
10	125.8	7.6	125.3	6.9	109.6	6.1	119.0	0.1
11	122.0	4.7	121.3	3.6	109.4	5.9	118.8	0.3
12	127.3	10.7	125.7	9.8	110.4	5.6	125.3	1.4
2004								
1	115.1	4.7	113.3	4.0	113.7	3.9	113.7	0.0
2	121.3	17.4	119.0	15.0	116.4	5.4	111.7	3.9
3	130.5	12.1	129.2	11.3	116.8	4.6	121.7	2.5
4	126.5	11.4	125.2	10.2	114.8	1.5	118.9	0.4
5	126.9	13.9	124.4	11.3	117.1	3.6	118.7	0.6
6	126.7	12.9	124.8	11.0	115.7	3.0	119.6	1.6
7	122.7	13.5	119.9	12.4	117.2	3.4	116.2	-0.6
8	119.8	10.9	117.8	9.9	117.1	3.6	114.3	-0.7
9	123.2	10.0	121.7	8.3	116.0	5.2	117.3	-0.3
10	133.1	5.8	131.5	4.9	116.1	5.9	118.1	-0.8
11	134.1	9.9	132.5	9.2	118.7	8.5	118.3	-0.4
12	133.1	4.6	129.9	3.3	120.8	9.4	126.1	0.6
2005								
1	131.6	14.3	127.4	12.4	128.4	12.9	114.8	1.0
2	112.4	-7.3	111.7	-6.1	127.2	9.3	111.1	-0.5
3	136.9	4.9	134.9	4.4	127.8	9.4	123.6	1.6
4	131.4	3.9	128.7	2.8	128.6	12.0	121.1	1.9
5	132.2	4.2	128.7	3.5	129.2	10.3	121.8	2.6
6^p	131.9	4.1	130.2	4.3	124.9	8.0	122.8	2.7
7^p	131.3	7.0	127.7	6.5	127.1	8.4	121.1	4.2

p: preliminary
Source: Korea National Statistical Office

3. Production Capacity and Operation Ratio

See graph 6-2

Period	Production Capacity Index (2000=100)	Y-o-Y Change (%)	Operation Ratio Index (2000=100)	Y-o-Y Change (%)	Average Operation Ratio (%)
2001	103.5	3.5	95.9	-4.1	75.3
2002	106.3	2.7	99.7	4.0	78.4
2003	109.8	3.3	99.7	0.0	78.3
2004	115.1	4.8	102.5	2.8	80.3
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	78.7
IV	107.7	2.8	102.9	7.5	78.7
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	111.2	3.2	105.7	2.7	80.5
2004					
I	113.0	3.9	101.1	3.9	81.5
II	115.3	5.1	104.9	4.0	80.4
III	115.6	5.5	98.3	3.5	79.2
IV	116.5	4.8	105.8	0.1	80.4
2005					
I	117.1	3.6	99.2	-1.8	80.0
II[p]	117.9	2.3	103.9	-1.0	79.0
2003					
1	108.2	3.2	96.9	-0.1	78.7
2	108.2	3.0	91.9	6.9	78.8
3	110.0	4.5	102.9	-1.2	78.0
4	109.8	4.2	103.0	-2.4	77.8
5	109.8	3.3	99.7	-5.9	75.8
6	109.5	2.9	99.9	3.8	78.3
7	109.5	2.8	94.0	-5.0	74.3
8	109.6	2.8	93.7	-4.3	77.3
9	109.6	2.7	97.3	1.6	79.1
10	110.7	3.0	109.2	3.0	81.2
11	111.4	3.4	103.0	-0.1	79.7
12	111.4	3.2	104.9	5.4	80.7
2004					
1	112.3	3.8	94.3	-2.7	80.4
2	112.9	4.3	100.7	9.6	83.0
3	113.8	3.5	108.0	5.0	80.6
4	114.7	4.5	105.4	2.3	80.5
5	115.6	5.3	104.9	5.2	80.9
6	115.7	5.7	104.5	4.6	79.8
7	115.6	5.6	100.0	6.4	79.1
8	115.6	5.5	96.5	3.0	78.8
9	115.6	5.5	98.5	1.2	79.8
10	116.1	4.9	106.6	-2.4	79.7
11	116.5	4.6	107.2	4.1	81.8
12	116.9	4.9	103.6	-1.2	79.7
2005					
1	117.0	4.2	102.6	8.8	81.9
2	117.1	3.7	86.7	-13.9	77.2
3	117.2	3.0	108.4	0.4	80.9
4	117.2	2.2	104.6	-0.8	78.8
5	118.3	2.3	103.8	-1.0	78.0
6[p]	118.3	2.2	103.4	-1.1	80.1
7[p]	118.5	2.5	101.7	1.7	80.5

p: preliminary
Source: Korea National Statistical Office

4. Wholesale and Retail Trade

(Constant price, 2000 =100)

Period	Wholesale and Retail Trade	Y-o-Y Change (%)	Wholesale	Y-o-Y Change (%)	Retail	Y-o-Y Change (%)	Vehicles and Fuel	Y-o-Y Change (%)
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	114.2	-1.0	113.8	0.2	113.5	-2.0	117.2	-3.7
2004	113.2	-0.9	114.0	0.2	111.9	-1.4	113.7	-3.0
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	113.6	1.7	113.1	2.3	113.1	-0.4	116.9	4.2
II	113.7	-1.5	113.3	-0.5	111.4	-3.4	121.1	-0.7
III	111.0	-2.3	110.5	-0.1	111.0	-2.1	112.9	-10.5
IV	118.3	-2.0	118.3	-0.8	118.3	-2.1	117.8	-6.9
2004								
I	113.4	-0.2	115.7	2.3	111.2	-1.7	109.7	-6.2
II	113.0	-0.6	113.3	0.0	110.8	-0.5	117.2	-3.2
III	109.8	-1.1	109.9	-0.5	109.1	-1.7	111.3	-1.4
IV	116.7	-1.4	117.0	-1.1	116.4	-1.6	116.7	-0.9
2005								
I	112.3	-1.0	113.4	-2.0	112.5	1.2	106.9	-2.6
II[p]	115.9	2.6	116.5	2.8	113.5	2.4	119.6	2.0
2003								
1	119.1	6.6	117.0	5.1	122.3	8.3	120.4	9.3
2	105.4	0.5	105.7	3.2	102.8	-6.8	110.8	8.5
3	116.3	-1.9	116.7	-1.1	114.2	-2.8	119.6	-3.7
4	113.2	-2.5	112.2	-1.1	111.2	-4.5	122.7	-3.0
5	115.8	-1.7	114.1	-1.2	115.2	-2.7	124.5	-1.4
6	112.1	-0.2	113.7	0.8	107.8	-3.0	116.2	2.7
7	110.2	-1.5	109.4	1.3	109.7	-3.9	114.7	-6.4
8	109.0	-2.4	110.0	0.6	105.9	-0.8	112.2	-16.2
9	113.9	-2.7	112.2	-2.1	117.5	-1.3	111.9	-8.4
10	117.6	-1.4	117.6	0.9	115.9	-3.3	121.4	-6.3
11	116.1	-3.6	114.8	-3.4	118.6	-2.9	115.7	-5.2
12	121.1	-1.1	122.5	-0.1	120.5	0.2	116.4	-8.9
2004								
1	115.8	-2.8	116.1	-0.8	118.9	-2.8	106.8	-11.3
2	107.6	2.1	110.0	4.1	104.4	1.6	105.7	-4.6
3	116.9	0.5	120.9	3.6	110.2	-3.5	116.5	-2.6
4	112.9	-0.3	113.3	1.0	110.3	-0.8	118.0	-3.8
5	112.6	-2.8	111.8	-2.0	113.7	-1.3	113.3	-9.0
6	113.4	1.2	114.8	1.0	108.3	0.5	120.2	3.4
7	109.9	-0.3	109.6	0.2	110.3	0.5	110.2	-3.9
8	106.6	-2.2	108.9	-1.0	101.4	-4.2	110.0	-2.0
9	113.0	-0.8	111.2	-0.9	115.6	-1.6	113.8	1.7
10	114.7	-2.5	115.1	-2.1	114.3	-1.4	114.3	-5.8
11	114.5	-1.4	114.2	-0.5	115.3	-2.8	113.9	-1.6
12	121.0	-0.1	121.7	-0.7	119.5	-0.8	122.0	4.8
2005								
1	112.4	-2.9	113.6	-2.2	112.3	-5.6	107.5	0.7
2	105.9	-1.6	105.2	-4.4	110.9	6.2	96.1	-9.1
3	118.5	1.4	121.4	0.4	114.2	3.6	117.2	0.6
4	114.4	1.3	114.4	1.0	113.9	3.3	115.8	-1.9
5	116.8	3.7	116.8	4.5	116.3	2.3	117.9	4.1
6[p]	116.6	2.8	118.3	3.0	110.3	1.8	125.0	4.0
7[p]	113.1	2.9	111.9	2.1	112.5	2.0	119.4	8.3

p: preliminary

Source: Korea National Statistical Office

5. Consumer Goods Shipment Index and Consumer Sentiment Index

See graph 2-6

Period	Domestic Consumer Goods Shipment Index (2000=100)	Y-o-Y Change (%)	Durable Goods	Y-o-Y Change (%)	Non-durable Goods	Y-o-Y Change (%)	Consumer Sentiment Index: Consumer Expectation Index	Consumer Sentiment Index: Consumer Present Situation Index
2001	102.8	2.8	103.0	3.0	102.7	2.7	-	-
2002	111.1	8.1	120.6	17.1	106.7	3.9	-	-
2003	104.5	-5.9	106.7	-11.5	103.4	-3.1	-	-
2004	102.0	-2.4	99.2	-7.0	103.2	-2.0	-	-
2002								
I	108.1	11.8	114.9	31.5	105.0	4.0	-	-
II	111.5	7.1	125.2	14.4	105.1	3.3	-	-
III	109.2	4.7	118.3	10.0	104.9	2.0	-	-
IV	115.6	9.0	123.8	15.1	111.8	6.1	-	-
2003								
I	105.1	-2.8	109.8	-4.4	102.8	-2.1	-	-
II	102.6	-8.0	109.5	-12.5	99.4	-5.4	-	-
III	101.6	-7.0	100.7	-14.9	102.0	-2.8	-	-
IV	108.5	-6.1	106.7	-13.8	109.4	-2.1	-	-
2004								
I	103.7	-1.3	103.2	-6.0	103.9	1.1	-	-
II	101.1	-1.5	100.8	-7.9	101.2	1.8	-	-
III	98.9	-2.7	93.0	-7.6	101.7	-0.3	-	-
IV	104.2	-4.0	99.9	-6.4	106.2	-2.9	-	-
2005								
I	98.5	-5.0	96.3	-6.7	99.5	-4.2	-	-
II^p	102.3	1.2	108.1	7.2	99.7	-1.5	-	-
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	67.0
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	111.9	-2.7	106.7	-10.7	114.3	1.2	96.0	69.2
2004								
1	103.4	-7.3	97.3	-12.5	106.2	-4.8	98.0	72.6
2	99.7	2.0	104.6	-1.9	97.4	4.1	96.3	71.9
3	107.9	1.8	107.8	-3.3	108.0	4.4	94.4	68.5
4	104.3	0.2	105.2	-6.2	103.8	3.6	99.9	74.9
5	99.7	-3.7	98.8	-11.9	100.1	0.6	94.8	70.7
6	99.2	-1.0	98.3	-5.7	99.6	1.2	92.2	67.3
7	98.8	-2.4	95.5	-7.0	100.3	-0.2	89.6	66.2
8	97.5	-2.7	91.1	-3.7	100.6	-2.1	87.0	63.1
9	100.4	-2.9	92.4	-11.8	104.2	1.5	88.9	65.0
10	103.6	-5.5	100.8	-7.9	104.9	-4.4	88.0	65.1
11	103.8	-0.3	100.9	-3.0	105.1	1.0	86.6	62.8
12	105.2	-6.0	97.9	-8.2	108.6	-5.0	85.1	62.2
2005								
1	102.8	-0.6	95.6	-1.7	106.1	-0.1	90.3	66.5
2	88.5	-11.2	86.8	-17.0	89.3	-8.3	99.4	83.2
3	104.2	-3.4	106.6	-1.1	103.1	-4.5	102.2	89.6
4	100.5	-3.6	103.7	-1.4	99.0	-4.6	101.3	90.2
5	102.3	2.6	108.2	9.5	99.6	-0.5	99.2	85.5
6^p	104.2	5.0	112.3	14.2	100.5	0.9	95.4	79.7
7^p	104.7	6.0	114.6	20.0	100.0	-0.3	95.2	78.9
8	-	-	-	-	-	-	94.8	78.3

p: preliminary
Source: Korea National Statistical Office

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

See graph 3-2

Period	Domestic Machinery Orders Received Excluding Ship (Billion Won)				Estimation Index of Equipment Investment (2000=100)	Domestic Machinery Shipment Excluding Ship (2000=100)
	Total	Public	Private	Manufacturing		
2003	22,385	2,178	20,206	8,629	96.2	102.2
2004	23,913	2,563	21,350	10,579	97.5	101.2
2004						
I	6,664	644	6,020	2,935	96.3	97.5
II	6,847	800	6,046	2,995	102.7	106.0
III	5,086	417	4,669	2,269	94.0	96.2
IV	5,316	701	4,615	2,399	96.7	104.9
2005						
I	6,211	694	5,517	2,708	100.2	97.1
II p	6,010	390	5,620	2,904	104.1	104.5
2004						
1	2,054	183	1,871	930	82.4	84.3
2	2,080	133	1,947	923	98.1	96.9
3	2,530	327	2,203	1,082	108.5	111.4
4	2,291	151	2,141	1,150	100.4	103.8
5	2,311	213	2,097	982	98.9	103.6
6	2,245	437	1,808	863	108.9	110.6
7	1,536	80	1,455	689	94.5	97.3
8	1,663	102	1,561	741	93.8	95.3
9	1,887	235	1,652	838	93.7	96.1
10	1,915	155	1,760	968	96.5	101.1
11	1,727	204	1,523	775	93.0	99.1
12	1,674	341	1,333	656	100.7	114.4
2005						
1	2,070	97	1,973	1,007	95.6	92.1
2	1,691	73	1,618	760	94.7	86.5
3	2,449	523	1,926	940	110.2	112.6
4	2,062	136	1,926	1,007	100.2	103.6
5	1,977	112	1,865	995	106.5	103.4
6p	1,971	143	1,828	902	105.5	106.6
7p	1,928	224	1,703	801	98.9	102.2
			Y-o-Y Change (%)			
2003	-8.7	-32.5	-5.1	8.8	-2.3	-1.1
2004	6.8	17.6	5.7	22.8	1.4	-1.3
2004						
I	19.6	72.3	15.8	36.5	-2.0	-3.3
II	19.2	81.3	14.0	23.7	3.2	-1.5
III	-6.6	-41.4	-1.4	15.9	3.8	0.4
IV	-5.4	7.6	-7.1	14.2	0.1	-0.9
2005						
I	-6.8	7.8	-8.4	-7.7	4.0	-0.4
II p	-12.2	-51.3	-7.1	-3.0	1.4	-1.4
2004						
1	13.1	64.3	9.8	37.3	0.0	-9.9
2	13.6	12.1	13.7	26.3	2.6	0.3
3	31.5	128.7	23.7	45.8	-7.1	-0.6
4	19.0	48.3	17.3	38.4	-1.5	-2.9
5	19.6	80.5	15.6	19.4	3.7	-3.9
6	18.9	96.9	8.6	12.5	7.5	2.3
7	-5.6	-3.6	-5.8	5.1	4.0	4.2
8	-5.5	-29.4	-3.4	8.6	6.0	2.0
9	-8.4	-51.4	4.8	35.4	1.5	-4.4
10	-7.1	-55.2	2.7	29.9	-0.5	1.3
11	1.6	122.0	-5.3	10.7	3.0	-3.1
12	-9.9	60.7	-19.0	0.0	-1.8	-1.1
2005						
1	0.8	-46.9	5.5	8.3	16.0	9.3
2	-18.7	-45.0	-16.9	-17.6	-3.5	-10.7
3	-3.2	59.9	-12.6	-13.1	1.6	1.1
4	-10.0	-9.6	-10.0	-12.4	-0.2	-0.2
5	-14.4	-47.7	-11.1	1.3	7.7	-0.2
6p	-12.2	-67.4	1.1	4.5	-3.1	-3.6
7p	25.5	179.9	17.0	16.2	4.7	5.0

p: preliminary
Source: Korea National Statistical Office

7. Value of Construction Completed and Domestic Construction Orders Received

See graph 4-2

(Billion Won)

Period	Value of Construction Completed (Total)	Type of Order		Domestic Construction Orders Received (Total)	Type of Order	
		Public	Private		Public	Private
2003	65,553	22,789	40,646	80,897	19,571	58,271
2004	72,766	23,988	46,485	76,588	22,124	50,409
2004						
I	15,537	4,914	10,182	14,509	3,654	10,538
II	18,413	6,055	11,785	17,984	3,446	13,579
III	18,227	6,101	11,555	14,581	3,591	10,136
IV	20,588	6,918	12,964	29,514	11,434	16,156
2005						
I	15,971	4,874	10,628	18,110	4,488	12,791
II[p]	20,315	6,266	13,421	25,262	6,042	18,066
2004						
1	4,853	1,546	3,163	4,588	1,321	3,175
2	4,767	1,470	3,180	4,635	1,458	3,167
3	5,917	1,898	3,839	5,285	875	4,196
4	5,963	1,985	3,798	5,074	1,276	3,533
5	5,975	1,920	3,866	5,647	558	4,749
6	6,476	2,151	4,121	7,263	1,612	5,297
7	5,846	1,842	3,816	6,161	1,299	4,300
8	6,003	1,989	3,831	4,315	911	3,346
9	6,379	2,269	3,908	4,106	1,380	2,490
10	6,315	1,946	4,151	8,202	3,106	4,749
11	6,484	2,164	4,095	6,150	2,246	3,810
12	7,789	2,808	4,718	15,162	6,082	7,597
2005						
1	5,088	1,540	3,388	5,272	1,435	3,388
2	4,655	1,457	3,088	3,709	627	3,038
3	6,227	1,877	4,152	9,128	2,425	6,364
4	6,452	1,966	4,290	6,550	1,972	4,460
5	6,636	2,007	4,434	8,690	1,946	6,489
6[p]	7,227	2,293	4,698	10,022	2,124	7,117
7[p]	6,153	1,828	4,110	6,631	1,161	5,368
Y-o-Y Change (%)						
2003	16.6	10.7	20.6	19.3	0.9	27.6
2004	11.0	5.3	14.4	-5.3	13.0	-13.5
2004						
I	14.7	13.4	16.5	-9.2	29.6	-17.5
II	12.3	9.3	14.1	-23.8	-29.3	-22.2
III	14.8	8.7	18.3	-20.8	-7.8	-28.7
IV	4.4	-5.3	9.8	28.8	43.2	16.9
2005						
I	2.8	-0.8	4.4	24.8	22.8	21.4
II[p]	10.3	3.5	13.9	40.5	75.4	33.0
2004						
1	13.1	5.3	18.2	-6.1	55.7	-21.1
2	12.0	17.0	11.8	-20.2	30.7	-27.7
3	18.3	18.1	19.2	0.0	2.3	-3.9
4	17.6	15.5	19.2	-8.4	7.1	-17.5
5	11.8	7.5	14.1	-18.6	-67.0	-8.8
6	8.2	5.7	9.7	-34.7	-19.0	-33.6
7	11.7	1.4	17.2	0.0	28.7	-15.2
8	12.9	9.6	15.0	-36.4	-24.0	-39.3
9	19.7	14.4	22.9	-24.7	-18.2	-31.4
10	9.0	-3.6	16.6	33.1	47.3	21.7
11	5.8	0.5	8.3	4.3	34.3	-4.7
12	-0.2	-10.3	5.7	39.7	44.6	28.3
2005						
1	4.9	-0.4	7.1	14.9	8.6	6.7
2	-2.4	-0.9	-2.9	-20.0	-57.0	-4.1
3	5.3	-1.1	8.1	72.7	177.1	51.7
4	8.2	-0.9	12.9	29.1	54.6	26.2
5	11.1	4.5	14.7	53.9	248.8	36.6
6[p]	11.6	6.6	14.0	38.0	31.8	34.4
7[p]	5.3	-0.8	7.7	7.6	-10.6	24.8

p: preliminary
Source: Korea National Statistical Office

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	95.7	-4.9	101.4	101.8	66.3	114.5
2	96.2	-4.5	101.6	101.4	81.5	110.2
3	96.8	-4.0	101.9	101.3	98.7	131.0
4	96.7	-4.1	101.9	100.7	100.4	127.9
5	97.1	-3.4	102.2	100.5	105.4	123.3
6	97.6	-2.4	102.5	100.3	101.8	103.8
7	97.8	-1.7	102.7	99.9	88.9	91.4
8	97.8	-1.3	103.3	99.9	79.0	91.1
9	98.1	-0.6	104.2	100.3	87.0	104.7
10	98.9	0.5	105.4	100.9	85.9	91.8
11	100.1	2.1	105.9	100.8	95.9	81.0
12	101.1	3.3	105.8	100.1	103.0	68.0
2002						
1	103.0	5.4	106.8	100.6	105.6	105.1
2	105.1	7.8	107.8	101.0	109.7	110.7
3	107.7	10.7	109.4	101.9	138.9	141.9
4	109.2	12.4	109.9	101.8	129.8	140.8
5	109.4	12.4	110.1	101.5	125.9	143.0
6	108.5	11.0	110.3	101.1	108.4	121.8
7	108.1	9.8	110.9	101.1	97.3	114.6
8	107.7	8.6	111.8	101.4	100.2	100.4
9	108.3	8.2	112.7	101.7	106.2	118.5
10	108.3	7.1	113.1	101.5	102.7	115.1
11	109.0	6.6	113.6	101.4	99.6	98.6
12	109.2	6.0	114.5	101.6	91.9	95.6
2003						
1	109.1	5.0	115.3	101.8	90.2	91.9
2	108.2	3.3	115.2	101.1	79.8	89.3
3	107.0	1.3	115.1	100.6	89.3	109.0
4	106.3	-0.1	114.7	99.6	87.7	90.2
5	106.0	-1.1	114.6	99.0	84.7	108.1
6	107.3	-0.5	115.0	98.8	81.5	96.4
7	108.1	-0.2	115.2	98.5	79.1	90.3
8	109.1	0.5	116.2	98.8	85.1	91.4
9	109.0	0.5	116.9	98.8	89.4	109.6
10	110.0	1.6	118.6	99.7	103.4	110.3
11	110.5	2.4	119.5	99.9	98.9	102.8
12	111.2	3.1	120.8	100.5	100.4	98.7
2004						
1	111.3	3.2	121.9	100.8	90.7	99.8
2	111.8	3.5	123.4	101.6	95.3	104.9
3	112.0	3.6	124.1	101.6	104.2	113.6
4	111.9	3.4	124.4	101.2	101.7	104.3
5	111.8	3.2	124.1	100.5	90.2	113.2
6	111.6	2.9	124.0	99.9	86.8	92.1
7	111.6	2.7	123.7	99.1	83.8	86.4
8	111.8	2.6	123.4	98.3	81.2	86.4
9	112.0	2.3	123.7	98.0	93.4	95.5
10	112.0	1.9	124.0	97.8	92.2	99.2
11	111.8	1.2	124.8	97.8	82.2	90.3
12	111.7	0.8	125.1	97.5	80.9	82.2
2005						
1	112.3	1.0	126.1	97.8	84.6	77.8
2	112.8	1.3	125.9	97.1	87.2	85.7
3	113.3	1.5	126.7	97.2	110.7	119.2
4	113.0p	1.1p	126.3	96.4	107.0	117.6
5	113.3p	1.3p	127.2	96.6	98.2	114.1
6	113.7p	1.6p	127.6p	96.3p	93.4	105.1
7	114.6p	2.3p	128.4p	96.4p	91.7	96.5
8	-	-	-	-	91.0	91.7
9	-	-	-	-	-	111.4

p: preliminary

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

9. Balance of Payments (I)

See graphs 5-1, 5-2, 10-1

(Million US$)

Period	Current Balance	Goods Trade Balance	Exports	Imports	Services Trade Balance	Income Trade Balance	Current Transfers
2001	8,032.6	13,488.0	150,439.1	137,990.3	-3,872.1	-1,198.1	-385.2
2002	5,393.9	14,777.4	162,470.5	148,636.6	-8,197.5	432.3	-1,618.3
2003	11,949.5	21,952.0	193,817.4	175,475.9	-7,424.2	326.3	-2,904.6
2004[p]	27,612.8	38,160.7	253,884.7	175,475.9	-8,768.8	724.9	-2,504.0
2003							
I	-1,556.4	1,199.3	43,035.9	44,223.5	-2,178.9	154.7	-731.5
II	2,572.9	5,685.6	46,053.0	41,710.5	-1,486.3	-1,029.7	-596.7
III	3,669.7	6,793.0	47,828.1	42,970.8	-2,633.0	438.7	-929.0
IV	7,263.3	8,274.1	56,900.4	49,921.9	-1,126.0	762.6	-647.4
2004[p]							
I	6,130.5	8,639.6	59,298.9	52,797.5	-1,915.1	207.5	-801.5
II	7,030.4	10,452.3	63,974.7	55,269.7	-1,543.3	-1,178.5	-700.1
III	7,098.4	9,866.6	61,633.9	54,707.8	-2,903.3	526.7	-391.6
IV	7,353.5	9,202.2	68,937.1	61,687.7	-2,407.1	1,169.2	-610.8
2005[p]							
I	5,950.1	9,290.8	66,812.5	60,525.2	-3,052.5	236.3	-524.5
II	2,756.8	8,648.2	69,753.4	63,544.8	-3,079.7	-2,095.5	-716.2
2003							
1	-467.8	760.1	14,319.9	14,495.0	-1,185.3	270.8	-313.4
2	32.2	473.0	13,337.1	13,858.3	-687.8	448.3	-201.3
3	-1,120.8	-33.8	15,378.9	15,870.2	-305.8	-564.4	-216.8
4	-209.4	1,346.4	15,720.6	14,758.7	-269.3	-1,190.6	-95.9
5	1,184.1	1,626.6	14,676.1	13,523.6	-456.9	219.3	-204.9
6	1,598.2	2,712.6	15,656.3	13,428.1	-760.1	-58.4	-295.9
7	345.7	1,447.3	15,431.7	14,898.0	-1,010.1	186.0	-277.5
8	1,231.6	2,285.0	15,375.3	13,541.4	-967.4	202.6	-288.6
9	2,092.4	3,060.7	17,021.1	14,531.4	-655.5	50.1	-362.9
10	2,518.9	2,985.0	18,929.7	16,536.6	-246.8	15.7	-235.0
11	2,858.3	2,846.3	18,242.1	15,760.8	-248.3	441.8	-181.5
12	1,886.1	2,442.8	19,728.7	17,624.5	-630.9	305.1	-230.9
2004[p]							
1	2,338.4	2,985.0	18,987.1	16,208.9	-774.9	345.7	-217.4
2	2,881.4	2,985.1	19,137.0	17,468.6	-449.7	587.8	-241.8
3	910.7	2,669.5	21,174.9	19,120.1	-690.5	-726.0	-342.3
4	1,142.5	3,256.4	21,483.4	18,830.0	-392.7	-1,448.3	-272.9
5	3,708.4	3,793.3	20,834.3	17,895.4	-228.2	294.2	-150.9
6	2,179.5	3,402.6	21,657.1	18,544.4	-922.4	-24.4	-276.3
7	3,246.6	4,293.9	21,003.8	18,390.1	-893.6	8.6	-162.3
8	1,039.0	1,840.1	19,799.0	18,124.4	-1.094.3	285.0	8.2
9	2,812.8	3,732.6	20,831.1	18,193.3	-915.4	233.1	-237.5
10	2,418.6	2,839.6	22,663.3	20,408.2	-536.4	151.7	-36.3
11	2,939.7	3,536.9	23,076.6	20,312.0	-676.4	317.6	-238.4
12	1,995.2	2,825.7	23,197.2	20,967.5	-1,194.3	699.9	-336.1
2005[p]							
1	3,866.2	4,493.9	22,450.2	19,415.2	-874.7	496.5	-249.5
2	969.3	1,686.7	20,405.1	18,362.5	-1,048.3	463.4	-132.5
3	1,114.6	3,110.2	23,957.2	22,747.6	-1,129.5	-723.6	-142.5
4	-975.7	2,333.4	22,878.5	21,216.0	-912.5	-2,136.2	-260.4
5	1,437.5	2,612.5	23,135.3	21,131.2	-1,097.2	160.0	-237.8
6	2,295.0	3,702.3	23,739.6	21,197.5	-1,070.0	-119.3	-218.0
7	1,365.1	3,114.1	23,288.9	21,485.5	-1,495.2	-62.7	-191.1

p: preliminary
Source: The Bank of Korea

10. Balance of Payments (II)

See graph 10-3

(Million US$)

Period	Capital & Financial Account	Financial Account	Direct Investment	Portfolio Investment	Other Investment	Other Capital Account	Changes in Reserve Assets	Errors and Omissions
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	6,251.5	7,338.3	-224.2	708.7	6,853.8	-1,086.8	-11,799.4	154.0
2003	13,909.4	15,307.8	100.0	17,906.5	-2,698.7	-1,398.4	-25,849.5	-9.5
2004p	8,319.1	10,091.7	3,396.6	9,268.8	-2,573.7	-1,772.6	-38,710.5	2,778.6
2003								
I	1,367.9	1,678.7	-417.8	-1,054.2	3,150.7	-310.8	-926.3	1,114.7
II	2,705.2	3,091.8	-141.9	3,642.5	-408.8	-386.6	-5,720.0	441.9
III	3,639.5	4,022.5	-404.5	7,731.2	-3,304.2	-383.0	-8,516.7	1,207.5
IV	6,196.8	6,514.8	1,064.2	7,587.0	-2,136.4	-318.0	-10,686.5	-2,773.6
2004p								
I	3,457.8	3,855.2	-837.1	10,739.7	-6,047.4	-397.4	-8,746.9	-841.4
II	-2,681.2	-2,211.1	3,080.3	-424.7	-4,866.7	-470.1	-4,005.5	-343.7
III	-1,856.3	-1,470.9	-278.3	1,594.0	-2,786.6	-385.4	-6,805.7	1,563.6
IV	9,398.8	9,918.5	1,431.7	-2,640.2	11,127.0	-519.7	-19,152.4	2,400.1
2005p								
I	3,208.1	3,715.7	-680.8	-1,329.3	5,725.8	-507.6	-9,513.8	355.6
II	1,480.4	2,146.6	1,184.3	-2,379.4	3,341.7	-666.2	-2,817.4	-1,419.8
2003								
1	594.4	692.9	132.1	816.0	-255.2	-98.5	-206.7	80.1
2	452.5	548.8	-334.6	1,508.0	2,391.4	-96.3	-985.9	501.2
3	321.0	437.0	-215.3	-362.2	1,014.5	-116.0	226.4	533.4
4	-1,032.7	-895.7	-63.5	-1,684.3	852.1	-137.0	1,139.4	102.7
5	1,269.3	1,383.6	-79.1	937.0	525.7	-114.3	-2,668.7	215.3
6	2,468.6	2,603.9	0.7	4,389.8	-1,786.6	-135.3	-4,190.7	123.9
7	-878.3	-736.6	-198.4	2,474.5	-3,012.7	-141.7	-1,333.4	1,866.0
8	3,956.8	4,079.3	156.8	2,353.4	1,569.1	-122.5	-4,054.5	-1,133.9
9	561.0	679.8	-362.9	2,903.3	-1,860.6	-118.8	-3,128.8	475.4
10	533.9	637.6	1,081.8	4,120.8	-4,565.0	-103.7	-1,269.9	-1,782.9
11	4,383.6	4.480.1	134.0	2,819.4	1,526.7	-96.5	-6,372.4	-869.5
12	1,279.3	1,397.1	-151.6	646.8	901.9	-117.3	-3,044.2	-121.2
2004p								
1	391.3	488.3	-255.3	4,129.4	-3,385.8	-97.0	-2,156.8	-572.9
2	2,473.4	2,579.5	-301.0	3,260.1	-379.6	-106.1	-5,748.6	393.8
3	593.1	787.4	-280.8	3,350.2	-2,282.0	-194.3	-841.5	-662.3
4	979.4	1,138.1	634.8	2,667.2	2,163.9	-158.7	-1,348.0	-773.9
5	-1,671.7	-1,537.8	2,359.0	-3,470.1	-426.7	-133.9	-1,982.2	-54.5
6	-1,988.9	-1,811.4	86.5	378.2	-2,276.1	-177.5	-675.3	484.7
7	-1,681.7	-1,541.1	-583.5	1,617.4	-2,575.0	-140.6	-1,540.7	-24.2
8	810.9	944.5	25.2	430.1	489.2	-133.6	-2,177.6	327.7
9	-985.5	-874.3	280.0	-453.5	-700.8	-111.2	-3,087.4	1,260.1
10	-660.9	-475.0	118.9	-2,414.5	1,820.6	-185.9	-2,036.8	279.1
11	8,214.9	8,373.1	663.5	745.0	6,964.6	-158.2	-11,927.0	772.4
12	1,844.8	2,020.4	649.3	-970.7	2,341.8	-175.6	-5,188.6	1,348.6
2005p								
1	-822.5	-636.0	-23.1	-1,548.8	935.9	-186.5	-2,874.3	-169.4
2	487.5	631.0	-475.2	1,704.4	-598.2	-143.5	-1,848.5	391.7
3	3,543.1	3,720.7	-182.5	-1,484.9	5,388.1	-177.6	-4,791.0	133.3
4	1,959.8	2,196.7	1,390.3	-1,035.0	1,841.4	-236.9	-625.4	-358.7
5	797.9	1,039.9	-266.9	-574.7	1,881.5	-242.0	-1636.9	-598.5
6	-1,277.3	-1,090.0	60.9	-769.7	-381.2	-187.3	-555.1	-462.6
7	-773.6	-565.6	-502.0	2,766.2	-2,829.8	-208.0	-873.3	281.8

p: preliminary
Source: The Bank of Korea, Korea Customs Service

11. Prices

See graphs 11-1, 11-2, 11-3

(2000 = 100)

Period		Consumer Prices				Producer Prices		Export & Import Prices	
		All Items	Commodity	Service	Core	All Items	Commodity	Export	Import
2002		106.9	106.4	107.5	106.7	99.2	97.7	89.5	97.1
2003		110.7	109.8	111.4	110.0	101.4	99.7	87.5	98.9
2004		114.7	114.5	114.8	113.2	107.6	107.2	92.9	108.9
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	91.2	105.1
	3	114.3	114.2	114.5	112.7	106.6	106.0	91.2	106.6
	4	114.3	114.0	114.5	112.8	107.1	106.7	91.0	106.6
	5	114.2	113.7	114.6	113.0	107.4	107.1	93.9	110.5
	6	114.2	113.6	114.7	113.2	107.3	107.0	92.4	108.6
	7	114.9	114.3	115.3	113.5	107.7	107.3	93.7	110.4
	8	115.9	116.5	115.4	113.8	108.7	108.6	95.9	113.4
	9	115.9	116.5	115.4	114.0	109.1	109.3	95.9	111.8
	10	115.9	116.3	115.6	114.1	109.2	109.3	97.4	115.0
	11	115.2	114.6	115.8	113.9	109.2	109.3	92.9	109.4
	12	115.4	114.5	116.1	114.2	108.4	108.2	87.7	104.1
2005	1	116.2	115.9	116.4	114.9	108.6	108.2	68.9	104.4
	2	116.9	117.3	116.5	115.1	109.0	108.8	86.8	104.8
	3	117.8	118.0	117.5	115.8	109.5	109.5	87.1	108.2
	4	117.9	118.6	117.3	115.8	110.2	110.5	87.0	110.5
	5	117.7	118.0	117.4	115.8	109.6	109.7	84.2	107.5
	6	117.3	117.0	117.4	115.8	109.0	108.7	85.1	110.6
	7	117.8	117.9	117.7	115.9	109.9	109.8	87.5	114.3
	8	118.2	118.6	117.8	116.0	110.2	110.3	87.0	116.5
Y-o-Y Change (%)									
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
2004		3.6	4.3	3.1	2.9	6.1	7.5	6.2	10.2
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	2.4	3.7
	3	3.1	3.0	3.2	2.7	4.4	5.1	-0.2	3.3
	4	3.3	3.8	2.8	2.7	5.5	6.6	3.0	8.2
	5	3.3	4.1	2.7	2.7	6.3	7.9	8.9	14.6
	6	3.6	4.9	2.7	2.7	6.8	8.6	7.3	12.4
	7	4.4	5.8	3.0	3.1	7.0	8.7	9.2	14.3
	8	4.8	6.9	3.0	3.2	7.5	9.5	11.2	16.7
	9	3.9	5.0	2.9	3.2	7.5	9.6	12.6	17.0
	10	3.8	4.6	3.1	3.4	7.3	9.3	13.0	16.8
	11	3.3	3.7	3.1	3.1	6.8	8.8	5.1	8.2
	12	3.0	2.9	3.1	2.9	5.3	6.9	-2.8	0.7
2005	1	3.1	3.2	3.1	3.1	4.1	5.3	-5.4	-0.8
	2	3.3	3.7	2.9	3.2	3.2	4.0	-4.9	-0.3
	3	3.1	3.3	2.6	2.8	2.7	3.3	-4.5	1.4
	4	3.1	4.0	2.4	2.7	2.9	3.6	-4.4	3.6
	5	3.1	3.8	2.4	2.5	2.0	2.4	-10.3	-2.7
	6	2.7	3.0	2.4	2.3	1.6	1.6	-7.9	1.8
	7	2.5	3.1	2.1	2.1	2.0	2.3	-6.6	3.6
	8	2.0	1.8	2.1	1.9	1.4	1.6	-9.3	2.7

Source: Korea National Statistical Office, The Bank of Korea

12. Employment and Earnings

See graphs 8-1, 8-2, 8-3

Period	Economically Active Persons (Thous.)	Employed Persons (Thous.)			Unemploy-ment (%)	All Industry Earnings (Won) (Base year = 2000)	
		All Industry	Manufac-turing	S.O.C & Service			Manufacturing
2001	22,471	21,572	4,267	15,139	4.0	1,824,826	1,702,350
2002	22,921	22,169	4,241	15,841	3.3	2,036,207	1,907,117
2003	22,957	22,139	4,205	15,967	3.6	2,228,491	2,073,992
2004	23,417	22,557	4,290	16,427	3.7	2,372,612	2,279,724
2004							
1	22,844	21,936	4,254	16,173	4.0	2,507,996	2,372,647
2	22,959	22,006	4,272	16,158	4.2	2,196,532	2,106,600
3	23,303	22,371	4,309	16,263	4.0	2,177,895	2,027,800
4	23,535	22,673	4,323	16,401	3.7	2,214,623	2,096,647
5	23,571	22,738	4,286	16,455	3.5	2,073,898	1,903,048
6	23,621	22,822	4,316	16,503	3.4	2,365,186	2,246,496
7	23,616	22,750	4,311	16,502	3.7	2,362,503	2,304,100
8	23,229	22,382	4,226	16,209	3.6	2,342,387	2,194,540
9	23,601	22,809	4,297	16,556	3.4	2,625,841	2,514,334
10	23,711	22,901	4,323	16,573	3.4	2,257,751	2,155,096
11	23,621	22,802	4,304	16,655	3.5	2,142,152	1,965,456
12	23,394	22,495	4,261	16,670	3.8	3,215,092	3,481,702
2005							
1	23,058	22,078	4,252	16,403	4.2	2,381,738	2,259,398
2	23,074	22,086	4,255	16,352	4.3	2,656,764	2,694,615
3	23,531	22,576	4,274	16,575	4.1	2,352,840	2,197,945
4	23,839	22,934	4,271	16,707	3.8	2,378,458	2,329,572
5	24,051	23,199	4,249	16,868	3.5	2,184,497	2,037,326
6	24,123	23,246	4,251	16,921	3.6	-	-
7	24,072	23,184	4,233	16,931	3.7	-	-
Y-o-Y Change (%)							
2001	1.5	2.0	-0.6	3.7	-	5.6	6.3
2002	2.0	2.8	-0.6	4.6	-	11.6	12.0
2003	0.2	-0.1	-0.9	0.8	-	9.4	8.8
2004	2.0	1.9	2.0	2.9	-	6.5	9.9
2004							
1	2.0	1.7	2.7	2.3	-	-0.1	-0.6
2	2.7	2.4	2.9	3.0	-	7.0	12.2
3	2.7	2.4	2.4	3.2	-	6.3	9.6
4	2.6	2.3	2.0	3.6	-	4.9	8.5
5	1.8	1.6	0.8	3.2	-	7.2	9.3
6	1.9	2.0	2.2	3.2	-	4.0	7.4
7	1.4	1.3	2.2	2.4	-	9.5	14.6
8	1.3	1.2	2.7	1.8	-	4.2	3.8
9	2.3	2.3	3.2	3.3	-	10.0	14.4
10	2.0	2.0	2.0	3.0	-	6.2	6.8
11	1.6	1.7	1.4	2.8	-	6.2	8.0
12	1.9	1.8	0.1	2.6	-	12.0	22.7
2005							
1	0.9	0.6	-0.1	1.4	-	-5.0	-4.8
2	0.5	0.4	-0.4	1.2	-	21.0	27.9
3	1.0	0.9	-0.8	1.9	-	8.0	8.4
4	1.3	1.2	-1.2	1.9	-	7.4	11.1
5	2.0	2.0	-0.9	2.5	-	5.3	7.1
6	2.1	1.9	-1.5	2.5	-	-	-
7	1.9	1.9	-1.8	2.6	-	-	-

Source: Korea National Statistical Office

13. Financial Indicators

See graphs 9-1, 9-4

Period		Yields (%)				Stock
		1 Day Call Rate	3 Month CD	3 Year Corporate Bonds (AA-)	3 Year Treasury Bonds	KOSPI (End-Period)
2001	1	5.3	6.4	7.8	6.0	617.91
	2	5.1	5.7	6.8	5.4	578.10
	3	5.0	5.7	7.2	5.8	523.22
	4	5.0	5.8	7.9	6.6	577.36
	5	5.0	5.9	7.7	6.5	612.16
	6	5.0	5.6	7.2	6.0	595.10
	7	4.8	5.3	7.0	5.8	541.60
	8	4.6	4.9	6.5	5.2	545.10
	9	4.3	4.7	6.3	4.9	479.70
	10	4.0	4.4	6.3	4.7	537.80
	11	4.0	4.5	6.8	5.3	643.90
	12	4.0	4.8	7.1	5.9	693.70
2002	1	4.0	4.8	7.1	6.1	748.10
	2	4.0	4.5	6.9	5.9	820.00
	3	4.0	4.6	7.1	6.3	895.60
	4	4.0	4.8	7.2	6.5	842.30
	5	4.2	4.8	7.1	6.3	796.40
	6	4.3	4.9	6.8	5.9	742.70
	7	4.3	4.9	6.6	5.7	718.00
	8	4.3	4.8	6.2	5.4	736.40
	9	4.3	4.8	6.1	5.4	646.40
	10	4.3	4.9	6.0	5.4	658.90
	11	4.3	4.9	5.9	5.3	724.80
	12	4.3	4.9	5.9	5.1	627.60
2003	1	4.3	4.7	5.5	5.0	591.90
	2	4.3	4.5	5.3	4.7	575.40
	3	4.3	4.8	5.4	4.8	535.70
	4	4.2	4.6	5.4	4.6	599.40
	5	4.1	4.4	5.3	4.3	633.40
	6	4.0	4.3	5.3	4.1	669.90
	7	3.8	4.2	5.7	4.4	713.50
	8	3.7	3.9	5.9	4.6	759.50
	9	3.7	3.8	5.2	4.1	697.50
	10	3.7	3.9	5.2	4.3	782.40
	11	3.8	4.2	5.5	4.8	796.20
	12	3.8	4.3	5.6	4.8	810.70
2004	1	3.8	4.3	5.7	4.9	848.50
	2	3.8	4.1	5.6	4.8	883.40
	3	3.8	3.9	5.4	4.6	880.50
	4	3.8	3.9	5.3	4.5	862.80
	5	3.8	3.9	5.1	4.4	803.80
	6	3.8	3.9	4.9	4.3	785.79
	7	3.8	3.9	4.8	4.2	735.30
	8	3.6	3.7	4.4	3.8	803.60
	9	3.5	3.5	4.1	3.6	835.10
	10	3.5	3.5	4.0	3.5	834.84
	11	3.4	3.4	3.9	3.4	878.06
	12	3.3	3.4	3.7	3.3	895.92
2005	1	3.3	3.5	4.1	3.7	932.70
	2	3.3	3.6	4.6	4.2	1,011.36
	3	3.3	3.6	4.5	4.0	965.68
	4	3.3	3.5	4.2	3.8	911.30
	5	3.3	3.5	4.1	3.7	970.21
	6	3.3	3.5	4.4	4.0	1,008.16
	7	3.3	3.5	4.6	4.2	1,111.29
	8	3.3	3.5	4.6	4.2	1,083.33

Source: The Bank of Korea

14. Monetary Indicators

See graph 9-5

(Period Average) (Billion Won)

Period		Reserve Money	M1	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
2004	1	38,875.0	302,742.1	901,048.5	1,219,452.7
	2	37,664.2	303,377.3	906,803.8	1,227,580.6
	3	37,380.6	306,044.0	916,675.5	1,240,792.7
	4	36,990.4	305,387.2	918,104.4	1,241,191.1
	5	36,980.0	302,199.8	921,047.9	1,246,816.4
	6	36,922.6	304,267.2	925,909.9	1,255,118.7
	7	36,086.0	305,847.1	927,447.0	1,261,956.8
	8	36,525.5	303,270.1	930,254.5	1,265,835.3
	9	37,292.9	307,386.4	938,988.9	1,277,735.9
	10	37,783.5	309,055.2	937,308.7	1,277,608.6
	11	37,347.3	309,111.4	940,819.9	1,281,810.9
	12	37,421.0	318,393.9	946,438.9	1,289,901.1
2005	1	39,910.0	319,641.8	948,511.9	1,293,677.9
	2	39,675.3	326,808.0	955,165.0	1,299,294.0
	3	38,039.2	332,776.6	965,699.6	1,306,902.0
	4	37,932.3	331,756.2	968,730.0	1,308,378.1
	5	37,911.3	328,875.1	971,942.6	1,316,437.6
	6	37,842.3	334,444.0	981,382.2	1,330,813.8
	7	38,103.3	345,017.5	991,985.6	-
Y-o-Y 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
2004	1	9.6	6.0	2.4	4.9
	2	4.0	7.5	2.6	5.1
	3	7.2	8.3	2.7	5.3
	4	3.8	9.9	3.1	5.4
	5	5.2	9.2	3.9	5.9
	6	4.3	9.2	4.4	6.0
	7	3.2	10.2	4.6	5.9
	8	2.8	8.4	4.9	6.3
	9	1.2	7.3	5.4	6.3
	10	6.4	7.9	5.9	6.6
	11	2.7	6.2	4.9	5.9
	12	0.9	7.5	4.9	6.3
2005	1	-2.5	5.6	5.3	6.1
	2	5.3	7.7	5.3	5.8
	3	1.8	8.7	5.3	5.3
	4	2.5	8.6	5.5	5.4
	5	2.5	8.8	5.5	5.6
	6	2.5	9.9	6.0	6.0
	7	5.6	12.8	7.0	-

p: preliminary
Source: The Bank of Korea

15. Exchange Rates

See graphs 9-2, 9-3

Period		₩/US$		₩/100 ¥		₩/Euro	
		End-Period	Average	End-Period	Average	End-Period	Average
2002		1,200.4	1,251.2	1,012.9	999.6	1,257.4	1,180.6
2003		1,197.8	1,191.9	1,119.6	1,030.0	1,502.6	1,348.3
2004		1,043.8	1,144.7	1,012.1	1,058.8	1,423.0	1,422.9
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
	3	1,153.6	1,166.3	1,090.0	1,073.1	1,404.8	1,430.0
	4	1,167.7	1,150.9	1,062.1	1,071.2	1,396.2	1,381.3
	5	1,165.7	1,177.4	1,056.2	1,048.9	1,426.7	1,412.2
	6	1,152.5	1,158.6	1,064.0	1,059.0	1,393.7	1,407.3
	7	1,168.3	1,157.7	1,041.6	1,059.1	1,405.8	1,420.8
	8	1,153.8	1,159.0	1,048.5	1,050.3	1,389.8	1,412.1
	9	1,147.9	1,148.0	1,033.5	1,044.9	1,416.3	1,401.0
	10	1,126.0	1,144.0	1,059.2	1,049.5	1,434.8	1,428.7
	11	1,047.9	1,091.2	1,018.3	1,041.0	1,390.8	1,416.3
	12	1,043.8	1,050.9	1,012.1	1,012.5	1,423.0	1,408.6
2005	1	1,026.4	1,038.2	990.1	1,005.7	1,336.2	1,363.7
	2	1,008.1	1,022.4	957.6	974.8	1,334.4	1,333.9
	3	1,024.3	1,007.5	952.5	957.1	1,323.5	1,328.6
	4	1,002.5	1,010.9	944.7	942.6	1,293.7	1,308.8
	5	1,002.5	1,002.2	928.4	939.4	1,251.3	1,271.8
	6	1,024.4	1,010.9	927.3	930.1	1,237.7	1,229.1
	7	1,028.3	1,037.4	915.8	927.2	1,247.2	1,249.5
	8	1,031.0	1,021.2	925.6	921.8	1,259.2	1,254.5
Y-o-Y Change (%)							
2002		-9.5	-3.1	0.3	-5.9	7.2	2.1
2003		-0.2	-4.7	10.5	3.0	19.5	14.2
2004		-12.9	-4.0	-9.6	2.8	-5.3	5.5
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
	3	-7.9	-5.4	4.3	3.3	4.0	7.4
	4	-3.7	-6.6	4.7	4.1	3.6	3.2
	5	-3.4	-1.9	3.5	2.5	-0.6	1.4
	6	-3.4	-3.0	6.8	5.0	2.3	1.0
	7	-1.0	-2.0	6.2	6.4	5.0	5.6
	8	-2.2	-1.6	4.3	5.9	8.2	7.4
	9	-0.2	-1.6	0.4	2.9	6.4	7.0
	10	-4.4	-1.9	-2.2	-1.5	4.8	4.6
	11	-12.9	-7.9	-7.5	-4.1	-2.9	2.2
	12	-12.9	-11.9	-9.6	-8.5	-5.3	-3.8
2005	1	-12.5	-12.3	-10.6	-9.6	-8.3	-8.7
	2	-14.2	-12.4	-10.7	-11.0	-8.7	-9.5
	3	-11.2	-13.6	-12.6	-10.8	-5.8	-7.1
	4	-14.1	-12.2	-11.0	-12.0	-7.3	-5.3
	5	-14.0	-14.9	-12.1	-10.4	-12.3	-9.9
	6	-11.1	-12.8	-12.9	-12.2	-11.2	-12.7
	7	-12.0	-10.4	-12.1	-12.5	-11.3	-12.1
	8	-10.6	-11.9	-11.7	-12.2	-9.4	-11.2

Source: The Bank of Korea

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

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