

Republic of Korea
**ECONOMIC
BULLETIN**

Special **03**

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DPM's IR Speech in London

The Korean Economy: Innovation amid Globalization

Deputy Prime Minister and Minister of Finance and Economy Kwon Okyu on May 17 delivered an IR speech in London.

1. Introduction

Distinguished guests, ladies and gentlemen,

I would like to welcome all of you and thank you for taking the time to be with us today.

Let me also extend my compliments to Deutsche Bank, Goldman Sachs, and KDB for organizing this wonderful event.

The years 2006 and 2007 are special because Korea and the UK are celebrating the old friendship between our two countries.

Last year a number of events took place in the UK to promote cultural and human exchange with Korea. This year, in turn, marks the 'Think UK' campaign in Korea. When Koreans actually 'think UK,' most people first 'think the Premier League' and of Korean players like Ji Sung Park, who plays for Manchester United.

Likewise, when Manchester was defeated by AC Milan in the Champions League semi-final, many Koreans - together with hard-core Manchester fans - were devastated. Of course, Korea also supports Chelsea and Liverpool.

But, the Korea-UK bilateral relationship goes far beyond football...and that's why I am here with you today.

I would like to start today's discussion with a review of Korea's recent economic development, and then give you an overview of our vision and policy initiatives for a more competitive economy.

2. Recent economic development

Ladies and gentlemen,

When we think about the Korean economy today, we still think of it in the context of the financial crisis ten years ago.

We have dedicated the post-crisis years to restructuring our financial markets, improving corporate governance, and implementing extensive deregulation and liberalization.

The most valuable lesson of the crisis, however, is the fact that we can transform any challenge into opportunity, depending on how we respond. In this sense, the 1997 financial crisis was a blessing in disguise as was mentioned by Mr. Michael Camdessus.

Today, we can observe many positive results. I will highlight just a few of the most compelling aspects:

First, our foreign exchange reserves, which were nearly depleted during the crisis, are now the fifth largest in the world at 247 billion dollars.

The corporate sector enjoys enhanced competitiveness in terms of profitability and reduced debt/equity ratio. Commercial banks' profitability and soundness have improved considerably as well.

Another key strength is our traditional fiscal soundness. As of 2006, Korea's government debt-to-GDP ratio was 33.4 percent, far below the OECD average of 77.

Second, Korea's economy has returned to balanced and sound growth.

Both private consumption and facility investment have seen strong rebounds. Likewise, construction is also experiencing a solid recovery.

Exports have sustained double digit growth in spite of the Korean won's appreciation. And the Korean economic growth is expected to be in the mid 4 percent range this year.

Our strong economic performance is also reflected in our financial markets. The Korean stock index (KOSPI) recently hit a new record high and credit spreads on Korean bonds have increasingly tightened.

So those of you who were smart enough to invest in Korea - congratulations. For those of you who have not yet seen the light - I encourage you to have another look. Our PE ratios are still below those in advanced countries, which leaves some room for growth.

And following our sovereign rating upgrades in 2005, we are hoping for more good news this year. Considering our achievements since the crisis, the fact that our ratings are still below pre-crisis levels, while unsatisfactory to us, is good news for you because it leaves ample room for profit opportunity.

Finally, looking ahead, the mid to long-term prospects of the Korean economy are also bright.

Take an example. According to a recent Goldman Sachs report, if the current solid growth rate continues, Korea's per-capita income is expected to rival that of the US by 2050.

Personally, I would not agree with such estimates. I believe that Korea can do even better. And I think those researchers will agree with me after hearing what I have to say about Korea's bright economic future.

3. Future vision of the Korean economy

Ladies and gentlemen,

Despite the successes we have had in transforming our economy over the past ten years, we will never become complacent or satisfied with the status quo.

Instead, we will proactively cope with the quickly changing economic environment - and manage this process to our benefit.

This means, of course, fully embracing what has become the driving force of the world economy: That is globalization.

In today's world economy, with the liberalization of financial and foreign exchange markets, enormous pools of capital circle the world at dizzying speeds.

Technologies, information and even people move ever-more freely across borders.

Not only is the world flat, as Thomas Friedman has said, but also it is shrinking fast. Globalization has been accelerated by the integration of China, India and east European countries into the global economy. BRICs have emerged as new growth engines of the world economy.

Against this backdrop, our vision for the Korean economy can be boiled down to three main themes.

First, Korea is building a more mature and efficient economy by embracing innovation.

Second, Korea is committed to establishing a more open economy.

Last but not least, Korea is reforming the social welfare system so that the economy can thrive and prosper over the long term.

To realize our vision, the government is making strenuous efforts in various areas.

Let me provide details about some of our most important policy initiatives.

4. Policy initiatives for expanding growth potential

(1) Innovation-driven economy

Ladies and gentlemen,

Being a maturing economy with a falling birth rate, Korea is not likely to achieve economic growth by more labour input and increased capital accumulation - the two driving forces of the "Miracle on the Han River"

Korea is now moving on to an innovation-driven economy defined by enhanced productivity and efficiency.

In this dimension, we are striving to create an environment that encourages new growth drivers, such as the knowledge-based high-tech industries.

This means we have to increase R&D investment-as well as the efficiency of such investment. It also means that we must invest more in human resources.

Total R&D investment, both public and private, as a percentage of GDP exceeds that of developed countries. Indeed, Korea's capacity for innovation in science and technology has greatly improved during this administration. We are enhancing competition among universities and streamlining the university evaluation system to market needs. We are also strengthening the cooperation between business and academia.

At the same time, we are well aware that entrepreneurship is a necessary condition to boost innovation.

Thus, we are not just focusing on eliminating regulations, but also making efforts to create a favourable business environment.

Last year, the government announced comprehensive measures to improve the business environment encompassing the entire business cycle from start-up to exit.

In addition, in the innovation-driven economy, the service sector is increasingly important as the highest job-creating industry.

Thus the Korean government is removing discrimination against the service sector vis-a-vis manufacturing and expanding tax supports to boost services competitiveness.

(2) More globalized economy

Ladies and gentlemen,

We believe globalization leads to a more mature market economy and brings opportunities for expanding growth potential.

Someone once said markets are like parachutes - they work best when they are open. I believe the UK is a shining example of this, having chosen to proactively open its markets in order to greatly enhance its overall growth potential.

Likewise, we aim to become an economic hub connecting Europe, Asia and America. In pursuit of this goal, we have started negotiations for a series of bilateral and regional free trade agreements.

To date, FTAs with Chile, Singapore and EFTA have come into effect, and we recently concluded FTA negotiations with the US.

The Korea-US FTA was not without its sceptics, but I believe its successful conclusion promises to enhance bilateral trade and investment, strengthens both parties' growth potential, and consolidates the overall alliance between the two countries.

Next, we will put enormous efforts into the Korea-EU FTA negotiation which commenced just last week. EU is the largest economic bloc and Korea's largest investment partner and second largest trade partner.

I am confident Korea and the EU will come up with an outcome that will benefit both sides.

The fact that both sides are very sensitive to agriculture is paradoxically a good sign for smoother negotiations.

We also aim to conclude the ongoing negotiations with ASEAN, Canada and India as soon as possible. And, we hopefully consider negotiations with China and Gulf Cooperation Council.

However, FTAs are not panacea, just catalysts to enhance our global competitiveness.

Thus we should build upon the momentum created to improve regulations and institutions to conform to international standards.

To this end, the government will come up with comprehensive measures sequentially starting in June.

Among such measures is allowing omnibus account to facilitate foreign investment in the Korean bond market. And the government will extend the sunset period from 2007 to beyond 2010 for foreign companies to set up factories in the Seoul Metropolitan area.

Another vital element of globalization is securing foreign direct investment.

Last year, Korea attracted more than 10 billion dollars in FDI for the third consecutive year. This year we expect similar performance.

Recently some have expressed their concerns over the anti-foreign sentiment in some circles of Korean society.

However, I can say with full confidence that the Korean government remains firmly committed to market opening as evidenced in the Korea-US FTA.

Indeed, we appreciate some British companies, such as AMEC, TESCO, HSBC and SCB, for playing a key role in the Korean economy.

We also protect lawful and justly earned profits of foreign companies, which are well-deserved rewards of risk-taking activities.

Another concern of foreign investors is labour relations. However, there is a large gap between perception and changing reality.

Labour relations have stabilized as seen in the following cases. An increasing number of disputes are being resolved through peaceful dialogue within a legal framework.

The tripartite representatives of labor, management and government worked together to enact labor reform bills last year.

A recent example of improving labour relations is the joint IR activities held by the Korean government and federation of labour unions last year.

As a breakthrough initiative in securing FDI, the Korean government designated three areas surrounding Incheon International Airport and two major ports as Free Economic Zones.

These areas will serve as unrivalled regional bases for multinational corporations, especially in finance, logistics, R&D, IT and biotech.

They offer the best location, extensive incentives to foreign companies, and upscale living surroundings.

In the fourth year since inception, Korea's Free Economic Zones are picking up steam in the development and attraction of foreign investment.

Thus, I urge all of you to take advantage of these incomparable investment opportunities.

(3) Financial globalization

Ladies and gentlemen,

The eminent economist Frederic Mishkin argues, in his book, 'The Next Great Globalization' that successful financial globalization and advanced financial systems are necessary for emerging countries to reach the next stage of development and become wealthy.

To a large extent, his ideas are reflected in what we are doing to reshape our financial system. Central to this endeavour is the financial hub initiative.

A cornerstone of this effort is the introduction of the 'Financial Investment Services and Capital Markets Act' that combines existing asset management, securities and futures regulations into one.

This Act will bring about a Korean Big Bang. Actually it is inspired by the UK's Big Bang.

Just as 'the City' fully bloomed through the Big Bang, we have aspirations that this Act will provide momentum for our financial hub strategy.

The Act will bring on a totally new paradigm to our financial industry. In this new financial landscape, all financial innovation will be welcome.

And, we will look forward to the emergence of world-class Korean-brand investment banks.

We are also actively pursuing the liberalization of foreign exchange transactions.

The year 2006 marked the full liberalization of many capital transaction items that had previously been regulated. As a result, our OECD capital movement liberalization ratio jumped to 90 percent this year.

We will further streamline procedures and accelerate the implementation of the foreign exchange liberalization plan scheduled to be completed by 2009.

As part of our financial hub initiative, we established the Korea Investment Corporation (KIC) in order to stimulate the development of the asset management industry.

We look forward to KIC playing a role in attracting foreign financial institutions to Korea and accelerating the transfer of advanced financial techniques and global best practices to local managers.

(4) Social welfare reform for sustainable growth

Ladies and gentlemen,

I would like to touch upon our reform efforts regarding social welfare.

To establish sustainable social welfare system, the government is implementing various reforms in pension, health insurance, unemployment benefits and social investment.

Pension reform bill is now being reviewed in the National Assembly to extend the viability of the national pension.

And we are reinforcing health insurance, responding to an ageing population, although it is already quite efficient.

We are amending unemployment benefits for inducing willingness to work.

In addition, we are expanding conventional social welfare expenditure since we view it as investment in social cohesion to sustain growth, not just transfer or consumption.

5. Reducing geopolitical risk

Ladies and gentlemen!

I have shared with you today our vision for Korea's economic future and commitment to realizing it.

Now, I would like to turn to the geopolitical uncertainty of the Korean economy: the North Korean nuclear issue.

The recent achievements of the six-party talks demonstrate and reaffirm our confidence that this issue will ultimately be resolved peacefully.

On 13 February, the six parties reached an agreement on initial actions for implementation of the joint statement.

While there is currently a minor delay due to the Banco Delta Asia remittance issue, the six parties, including North Korea, maintain a positive and active outlook regarding implementation of the agreement.

Thus, I believe, when the BDA issue is resolved, implementation of the agreement will proceed quickly and deliberately.

To make this possible, Korea is strengthening its cooperation with other participating countries.

It is not on the security front alone that North Korea is showing promise.

North Korea has also taken small but irreversible steps in adopting a market economic system. The Gaeseong Industrial Complex and overseas training in market economics are examples.

6. Closing

Distinguished guests, ladies and gentlemen,

The French scholar and economist Jacques Attali argues that in 20 years Korea will be the strongest Asian economy and will emerge as one of the new economic and political powers.

Although that does not mean we are without challenges, I am confident that Korea is capable of overcoming them.

Today, Korea represents the steady advancement and sophisticated integration of technology, entrepreneurship and innovation into the very fabric of a globalizing economy.

It is this past, present and unquestionable future that gives me the confidence to encourage your participation in our journey and invite you to take advantage of the growing opportunities that Korea offers.

Thank you.

The Green Book

Current Economic Trends

Overview

The recent Korean economy remains on a recovery track on the back of robust exports, improving domestic demand indicators including consumption and investment, and reviving industrial production.

Consumer goods sales continued solid growth in April, up 4.9 percent year-on-year, led by a sales pick-up of durable goods including automobiles and electronic appliances.

Estimated facility investment jumped 15.6 percent in April from the previous month on the back of robust investment in machinery. Construction completed continued to expand.

May exports (*customs clearance basis, current balance*) maintained double digit growth due to strong demand from foreign countries including Japan, the eurozone and China.

Meanwhile, current account registered a deficit in April stemming from seasonal factors such as dividend payments by corporations whose fiscal year ends in December.

Industrial activity in April started recovering from past sluggishness. This was attributable to domestic demand recovery and continued export growth.

Employment continued to trend up this year. The number of workers on payrolls has steadily increased since the beginning of the year, helped by the robust performance in the service sector.

Prices continued to stabilize with price stability of agricultural and livestock products despite an increase in public transportation fees in the Seoul metropolitan area.

The Korean economy is expected to expand a mid 4 percent (around 4.5 percent) in 2007 with its growth lower in the first half and higher in the second, provided external conditions do not deteriorate sharply.

The government will focus on establishing solid foundations for domestic demand through the second phase of the measures to improve the business environment and measures to strengthen competitiveness of the service industry, with a view to firming up the current trend of increasing consumption and investment.

The government will take up the necessary procedures related to KORUS FTA as planned and make the best of it toward strengthening growth potential. Furthermore, the government will closely monitor the economic trends and keep the risk management intact in order to cope with changes in the external sector.

1. Global economy

The global economy maintained solid expansion led by growth in Japan, the eurozone and China, despite furthering slowdown of the US economy.

However, downside risks exist such as continued slowdown of the US economy, China's additional tightening measures and concerns over rising international oil prices.

US

The US economy grew 0.6 percent (*preliminary*) on-quarter at an annualized rate in the first quarter of 2007, substantially revised down from the early announced rate of 1.3 percent (*advance*).

The downward revision of growth was attributable mainly to expansion of imports increase (2.3% → 5.7%) stemming from rising oil prices and decrease in inventory investment led by growing consumption.

Recovery of the housing market seemed to be delayed, despite a big surge in new home sales, mainly because of a drop in existing home sales for two consecutive months and falling housing prices.

However, the prospect for continuation of private consumption growth remains positive, supported by industrial production reversing course to a positive territory in April, improving employment indicators and higher consumer confidence index in May.

Prices were stabilizing to some extent with core PCE price index falling for three consecutive months, pushing the possibility of additional interest rate rise further down.

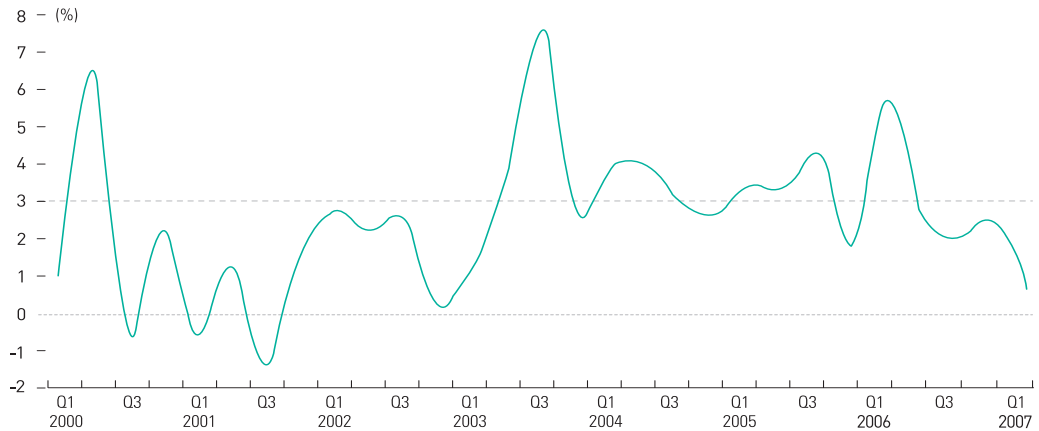
(Percentage change from previous period)

	2006					2007			
	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May
Real GDP ¹	3.4	5.6	2.6	2.0	2.5	0.6	-	-	-
- PCE	3.2	4.8	2.6	2.8	4.2	4.4	-	-	-
- Corporate fixed investment	7.4	13.7	4.4	10.0	-3.1	2.9	-	-	-
- Residential construction investment	-4.2	-0.3	-11.1	-18.7	-19.8	-15.4	-	-	-
Industrial production	3.9	5.0	6.5	4.0	-1.5	0.9	-0.3	0.7	-
Retail sales	6.1	3.2	0.7	0.9	0.2	1.5	1.0	-0.2	-
New non-farm payroll employment (q-o-q, thousand)	2,299	741	520	529	509	497	177	88	157
New home sales	-18.1	-13.3	-4.1	-8.4	-0.8	-12.4	-1.4	16.2	-
Core consumer prices (y-o-y, %)	2.5	2.1	2.5	2.8	2.6	2.6	2.5	2.3	-

1. Annualized rate

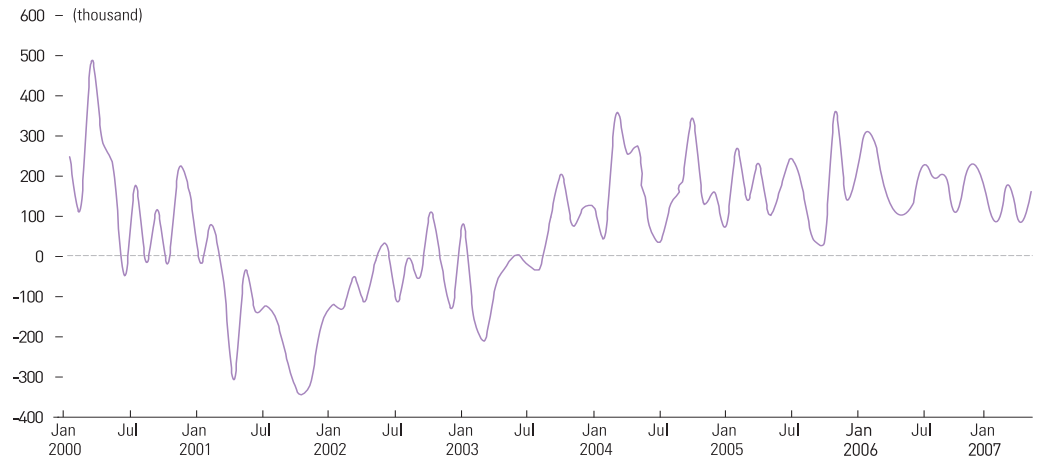
1-1 US GDP (q-o-q, annualized rate)

Source: US Department of Commerce



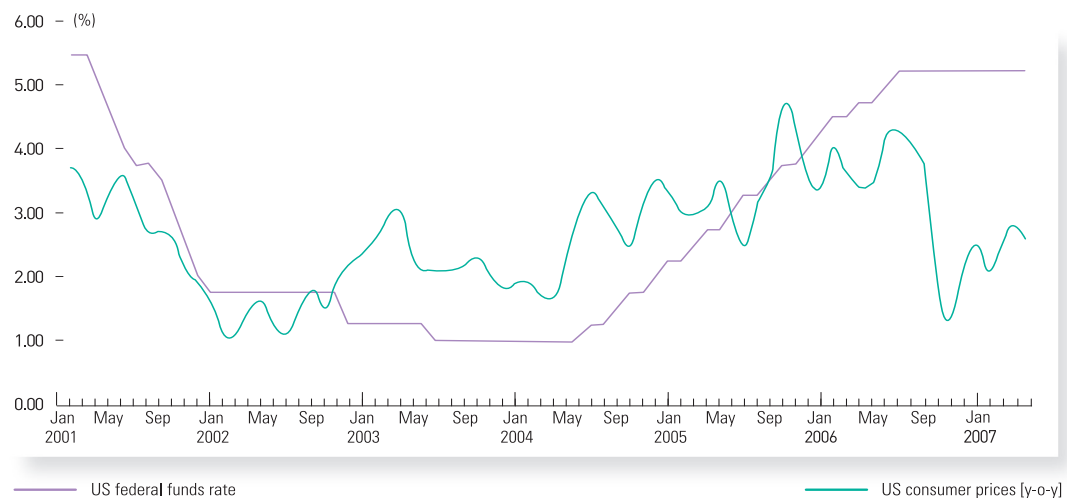
1-2 US non-farm payroll employment (m-o-m change)

Source: US Department of Labor



1-3 US federal funds rate and consumer prices

Source: US Federal Reserve Board & Department of Labor



China

The Chinese economy continued to be overheating driven by surges in trade surplus (*up 63%, y-o-y*), industrial production and fixed asset investment despite a series of tightening measures.

The People's Bank of China (PBC) announced comprehensive tightening measures on May 18, designed to curb the economic overheating and to ease external imbalances by increasing interest rate, raising the reserve requirement ratio of banks, and allowing wider fluctuation band of the Chinese yuan.

(Percentage change from same period in previous period)

	2006					2007		
	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr
Real GDP	10.7	10.3	11.3	10.4	10.4	11.1	-	-
Fixed asset investment (accumulated)	24.5	29.8	31.3	28.2	24.5	25.3	25.3	25.5
Retail sales	13.7	12.8	13.9	13.8	14.3	14.9	15.3	15.5
Industrial production	16.6	16.7	18.0	16.2	14.8	18.3	17.6	17.4
Exports	27.2	26.6	24.1	28.7	29.1	27.8	6.9	26.8
Consumer prices	1.5	1.2	1.3	1.3	2.0	2.7	3.3	3.0

Japan

Japan's GDP growth rate in the first quarter of 2007 stood at 0.6 percent (*2.4% at annualized rate*) exceeding the potential growth rate of upper 1 percent per annum. The growth was fueled by increase in personal expenditure and exports, despite decrease in facility investment. The pace of decrease of GDP deflator has steadily slowed.

(Percentage change from previous period)

	2006					2007		
	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr
Real GDP	2.2	0.8	0.3	0.1	1.2	0.6	-	-
Industrial production	4.8	0.4	1.3	1.3	2.2	-1.3	-0.3	-0.1
Retail sales	0.2	2.0	-0.8	-0.8	-0.7	1.9	-1.3	0.4
Exports (y-o-y, %)	14.6	17.5	14.7	15.6	11.2	12.5	10.3	8.3
Core consumer prices (y-o-y, %)	0.1	-0.0	0.0	0.2	0.1	0.1	-0.3	-0.1

Eurozone

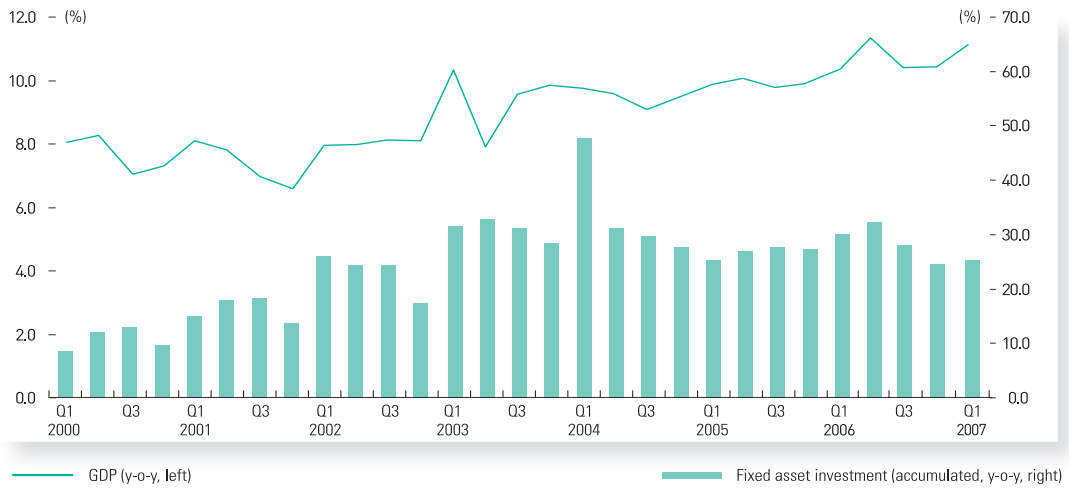
The eurozone economy growth rate in the first quarter of 2007 registered 0.6 percent, lower than that of the previous quarter (*0.9%*) but higher than expected (*0.5%*), driven by strong corporate investment despite interest rate rise and value-added tax increase in Germany.

(Percentage change from previous period)

	2005		2006				2007		
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr
Real GDP	1.4	2.6	0.8	1.0	0.5	0.9	0.6	-	-
Industrial production	1.3	4.0	1.0	1.3	0.9	0.8	0.8	0.4	-
Retail sales	1.3	2.0	0.1	0.5	0.7	0.4	0.0	0.5	-
Exports (y-o-y, %)	7.7	11.2	15.8	9.4	8.0	11.6	9.3	6.9	-
Consumer prices (y-o-y, %)	2.2	2.1	2.3	2.4	2.2	1.8	1.8	1.9	1.8

1-4 China's GDP and fixed asset investment

Source: National Bureau of Statistics of China



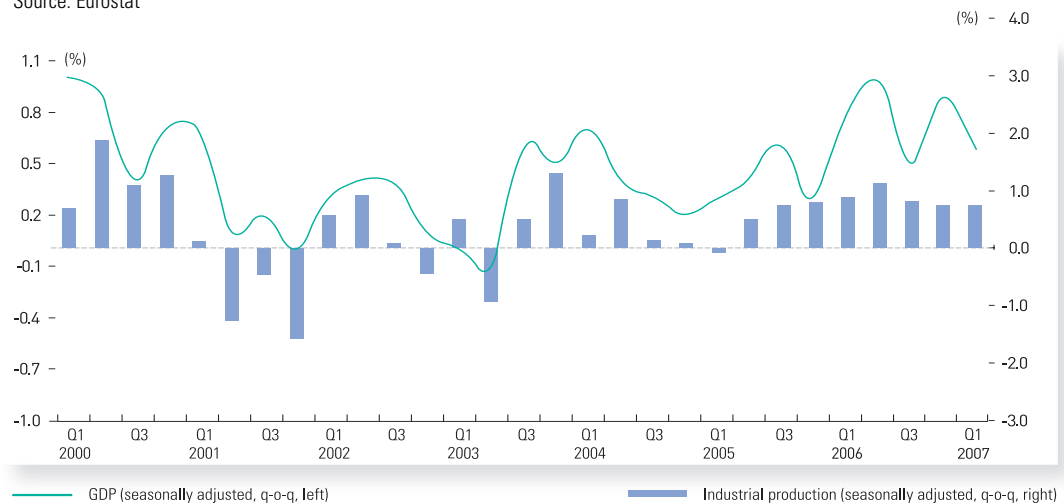
1-5 Japan's GDP growth

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



1-6 Eurozone GDP growth and industrial production

Source: Eurostat



2. Private consumption

The pace of private consumption growth expanded, returning to the 4 percent growth range in the first quarter of 2007. It gained on-year 4.1 percent or on-quarter 1.3 percent.

Private consumption

(y-o-y, %): 5.2 (Q1 2006) ↗ 4.1 (Q2) ↘ 4.0 (Q3) ↗ 3.7 (Q4) ↗ 4.1 (Q1 2007)

(SA*, q-o-q, %): 1.2 (Q1 2006) ↗ 0.6 (Q2) ↘ 0.9 (Q3) ↗ 1.0 (Q4) ↗ 1.5 (Q1 2007)

* SA: seasonally adjusted

Consumer goods sales continued growth in April, up 4.9 percent year-on-year, even though the growth pace moderated from the previous month.

Durable goods sales including automobiles and electronic appliances maintained robust growth (15.2%), while semi- and non-durable goods including apparel and food stagnated.

(Percentage change from same period in previous year)

	2005		2006				2007				
	Annual	Annual	Apr	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹
Consumer goods sales	4.1	4.7	5.5	5.3	6.1	2.9	4.5	7.1	12.1	7.1	4.9
(Seasonally adjusted) ²	-	-	0.1	0.0	1.9	-0.2	3.0	2.5	2.2	-0.4	-1.8
- Durable goods ³	6.5	11.0	8.0	11.5	11.3	11.4	9.6	17.0	12.3	17.5	15.2
• Automobiles	9.5	8.1	11.0	22.6	8.1	4.2	1.3	9.8	5.5	7.6	10.9
- Semi-durable goods ⁴	7.9	5.1	8.7	7.4	6.7	2.9	3.6	6.4	7.1	6.8	2.5
- Non-durable goods ⁵	1.2	1.1	2.7	1.2	3.0	-1.7	2.0	2.1	14.6	1.3	0.3

1. Preliminary

2. Percentage change from previous period

3. Durable goods (25.4%): Automobiles, electronic appliances, furniture, telecommunications devices, etc.

4. Semi-durable goods (24.0%): Clothing, footwear, etc.

5. Non-durable goods (50.5%): Food, medicine, cosmetics, fuel, tobaccos, etc.

Sales growth in large discount stores decelerated, while growth in department stores and other retail stores reversed course to post a decrease.

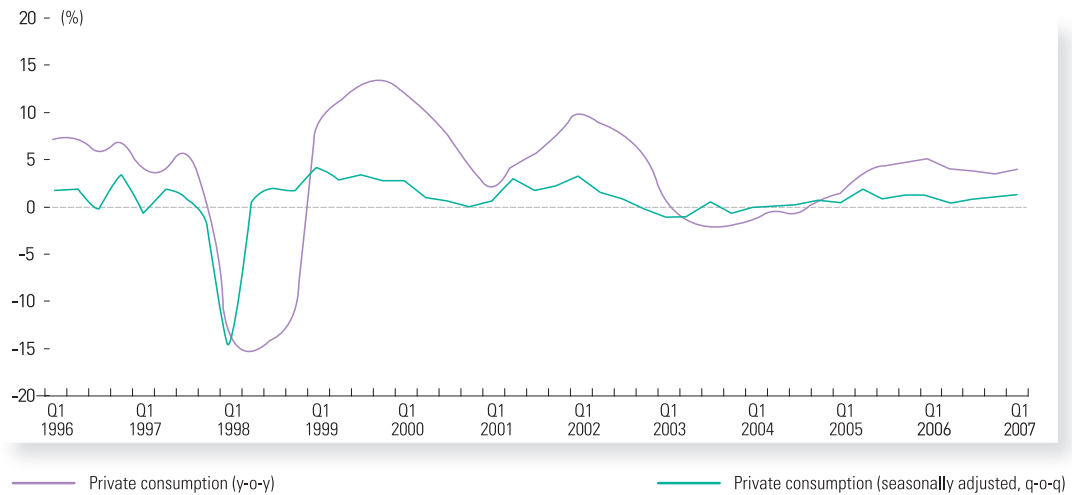
(Percentage change from same period in previous year)

	2005		2006				2007				
	Annual	Annual	Apr	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹
- Department stores	3.1	3.7	7.1	8.3	6.0	0.4	0.7	-2.1	0.9	1.2	-4.2
- Large discount stores	8.3	8.8	10.9	7.3	10.1	6.4	11.6	10.2	31.1	12.8	7.6
- Other retail stores	1.3	0.6	0.1	-1.4	-1.8	0.4	1.7	2.1	5.4	2.2	-1.4

1. Preliminary

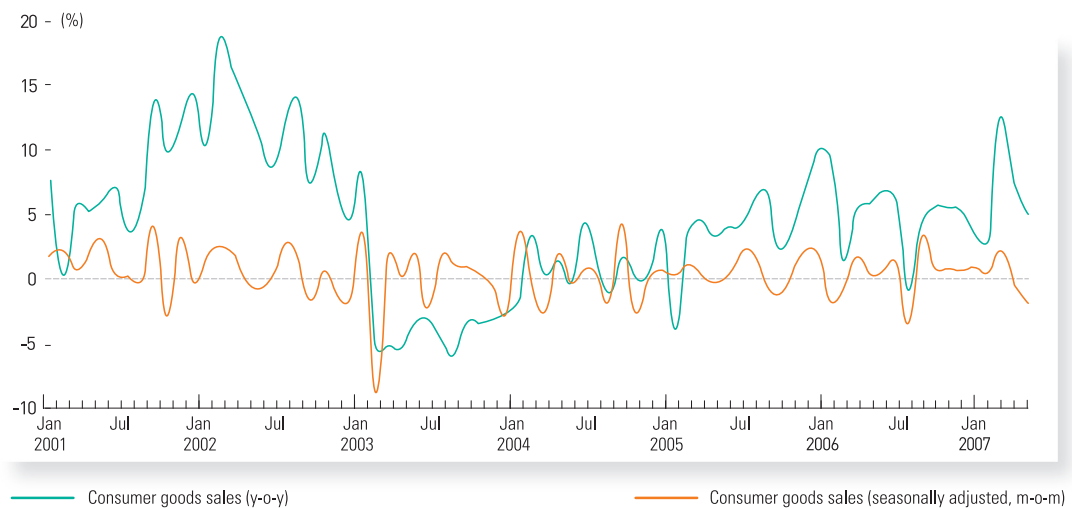
2-1 Private consumption

Source: The Bank of Korea (national accounts)



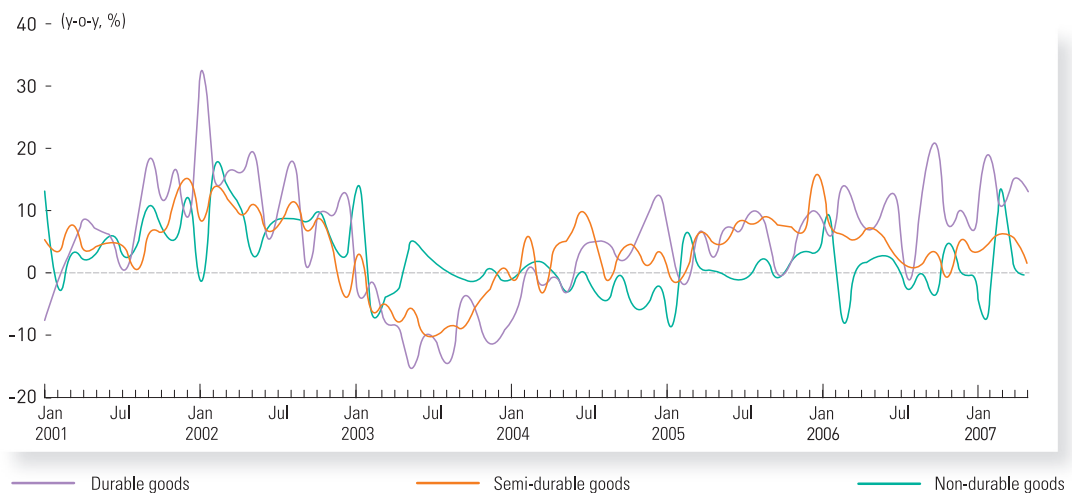
2-2 Consumer goods sales

Source: Korea National Statistical Office (industrial activity trend)



2-3 Consumer goods sales by type

Source: Korea National Statistical Office (industrial activity trend)



Consumption-related indicators slightly moderated in May due to the high comparison base set from the 2006 World Cup boom.

Growth in the value of credit card use reduced from April. The pace of decrease of sales volume at department and discount stores moderated.

Value of credit card use (y-o-y, %)

11.5 (Jan 2007) ↻ 16.5 (Feb) ↻ 12.1 (Mar) ↻ 16.2 (Apr) ↻ 12.8 (May)

Source: The Credit Finance Association

Department store sales (y-o-y, %)

-6.2 (Jan 2007) ↻ 4.7 (Feb) ↻ 4.1 (Mar) ↻ -2.3 (Apr) ↻ -1.7 (May)

Discount store sales (y-o-y, %)

-19.5 (Jan 2007) ↻ 25.3 (Feb) ↻ 3.6 (Mar) ↻ -5.5 (Apr) ↻ -4.0 (May)

Source: Ministry of Commerce, Industry and Energy
The Credit Finance Association

Domestic sales growth of home-manufactured automobiles accelerated driven by the launching of new models and the booming sales of popular models.

Domestic sales of home-manufactured automobiles

(thousand units): 95 (Jan 2007) ↻ 90 (Feb) ↻ 106 (Mar) ↻ 100 (Apr) ↻ 105 (May)

(y-o-y, %): 13.6 (Jan 2007) ↻ 0.9 (Feb) ↻ 4.4 (Mar) ↻ 10.5 (Apr) ↻ 12.1 (May)

The recent recovery in consumption is deemed to be sustainable as it is supported by the improving consumption climate including income, particularly since the latter half of 2006.

Gross National Income (GNI) growth neared the GDP growth.

Real GNI and GDP

(Growth rate, y-o-y, %)

	Q1 2006	Q2	Q3	Q4	Q1 2007
Real GNI	1.6	1.7	2.4	3.3	3.4
Real GDP	6.3	5.1	4.8	4.0	4.0

The consumer expectations index in April maintained its upturn trend exceeding its baseline of 100 for the first time since May 2006.

Consumer expectations index (base=100)

97.4 (Jun 2006) ↻ 94.3 (Jul) ↻ 93.7 (Aug) ↻ 94.8 (Sep) ↻ 93.9 (Oct) ↻ 95.2 (Nov) ↻ 93.7 (Dec) ↻ 96.1 (Jan 2007)
↻ 98.1 (Feb) ↻ 97.8 (Mar) ↻ 100.1 (Apr)

Source: Korea National Statistical Office

Consumer sentiment index (base=100)

101 (Q2 2006) ↻ 96 (Q3) ↻ 98 (Q4) ↻ 103 (Q1 2007)

Source: Bank of Korea

Sustainability of trend growth in private consumption will likely be determined by income and employment conditions.

Changes in number of employed (y-o-y, thousand)

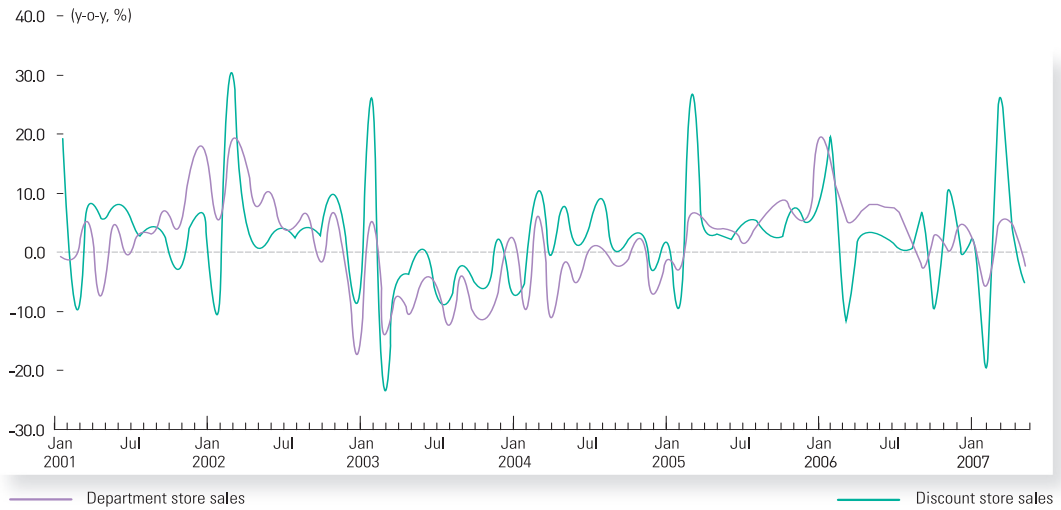
331 (Q1 2006) ↻ 283 (Q2) ↻ 288 (Q3) ↻ 278 (Q4) ↻ 264 (Q1 2007)

Real household income growth (nationwide, %)

2.2 (Q1 2006) ↻ 2.4 (Q2) ↻ 1.1 (Q3) ↻ 5.4 (Q4) ↻ 4.0 (Q1 2007)

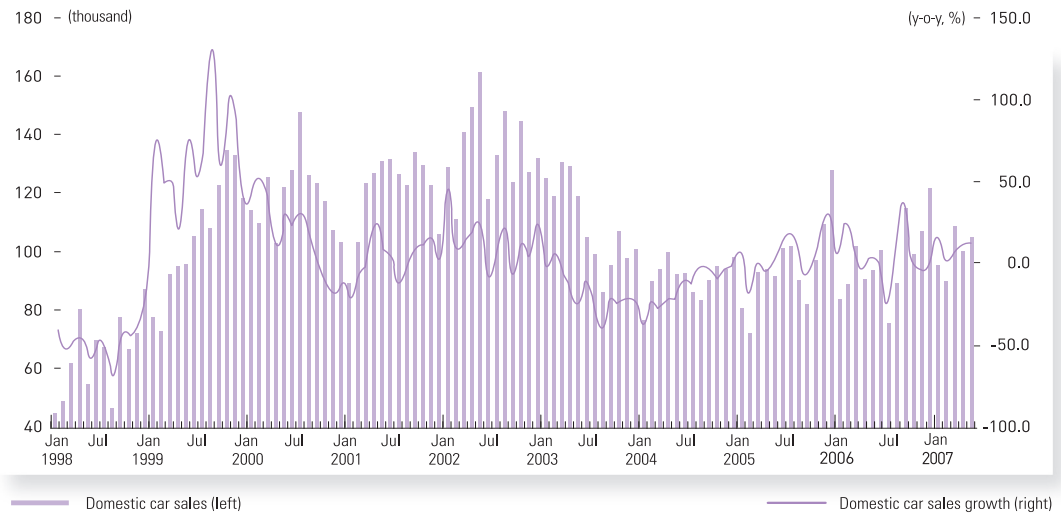
2-4 Department store and discount store sales (current value)

Source: Ministry of Commerce, Industry and Energy (monthly retail sales)



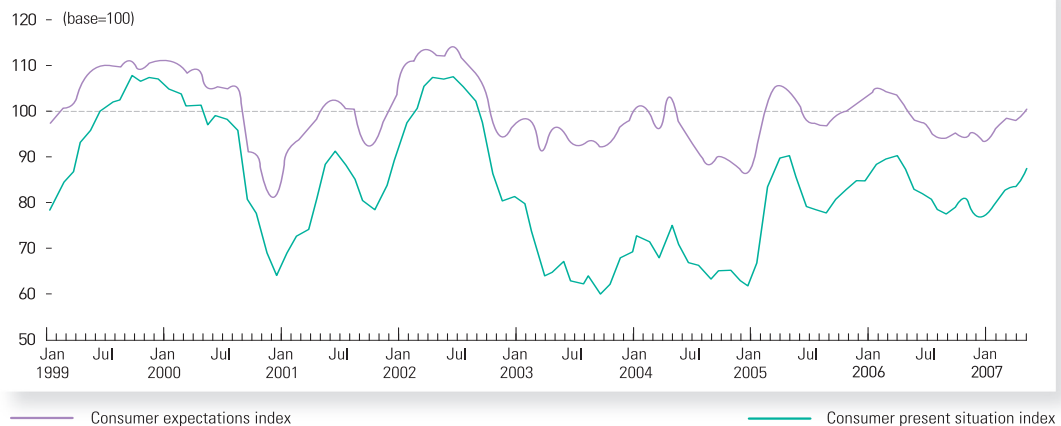
2-5 Domestic automobile sales

Source: Korea Automobile Manufacturers Association (monthly automobile industry trend)



2-6 Consumer expectations index and present situation index

Source: Korea National Statistical Office (monthly consumer survey index)



3. Facility investment

Facility investment in the first quarter of 2007 (*preliminary GDP*) expanded growth as domestic demand has entered a recovery track. It grew 10.8 percent year-on-year and 4.4 percent quarter-on-quarter.

(Percentage change from same period in previous year)

	2005					2006 ¹					2007 ¹
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1
Facility investment ²	3.8	3.1	5.0	10.8	5.7	7.0	7.2	11.1	5.3	7.6	10.8
(Seasonally adjusted) ³	2.1	2.0	1.0	5.2	-	-1.0	2.2	3.8	0.1	-	4.4
- Machinery	8.1	6.2	5.3	9.8	7.4	3.3	9.5	12.4	6.5	7.9	12.8
- Transportation equipment	-13.8	-9.4	3.4	15.9	-1.8	25.9	-3.5	4.8	-0.2	5.9	2.2

1. Preliminary 2. National accounts 3. Percentage change from previous period

Facility investment in April (*estimated index*) surged led by robust investment in special industrial machinery and office machinery. Domestic machinery shipments enlarged its growth pace to record a 4.5 percent increase year-on-year.

Leading indicators including domestic machinery orders (*current value*) and machinery imports in April showed moderated growth but has maintained its growth pace since last year.

Machinery imports (%)

12.3 (Dec 2006) ↗ 35.0 (Jan 2007) ↘ 13.3 (Feb) ↗ 16.0 (Mar) ↗ 42.7 (Apr) ↘ 41.7 (May 1~20)

The growth pace in domestic machinery orders moderated in April to on-year 5.1 percent as public sector orders turned to decrease and the growth pace in the private sector lagged.

(Percentage change from same period in previous year)

	2005	2006						2007			
	Annual	Annual	Apr	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹
Estimated facility investment ²	6.3	7.4	13.9	6.2	6.7	11.8	5.1	11.3	12.8	7.0	15.6
- Domestic machinery shipments	0.6	4.7	1.0	4.8	3.2	4.0	6.7	6.5	6.4	3.4	4.5
Domestic machinery orders	5.7	18.8	19.2	13.6	24.4	21.0	16.7	15.3	15.0	6.7	0.9
- Public	-1.3	7.1	-19.1	-31.1	24.7	19.0	22.1	12.1	20.2	-2.0	3.9
- Private	6.7	20.4	23.3	20.2	24.4	21.3	15.8	15.6	14.6	7.5	0.7

1. Preliminary 2. Industrial activity

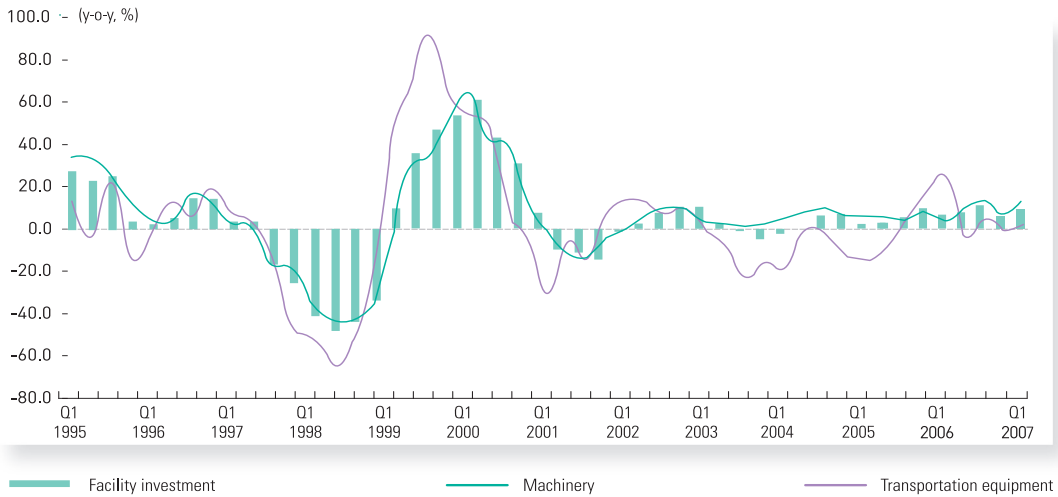
The Business Survey Index (BSI) for facility investment result and prospect in the manufacturing sector compiled by the Bank of Korea inched up from the previous month.

Business Survey Indexes (base=100)	2007					
	Jan	Feb	Mar	Apr	May	Jun
Manufacturing facility investment result	96	96	97	99	100	-
Manufacturing facility investment prospect	99	98	97	97	101	102

Source: The Bank of Korea

3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



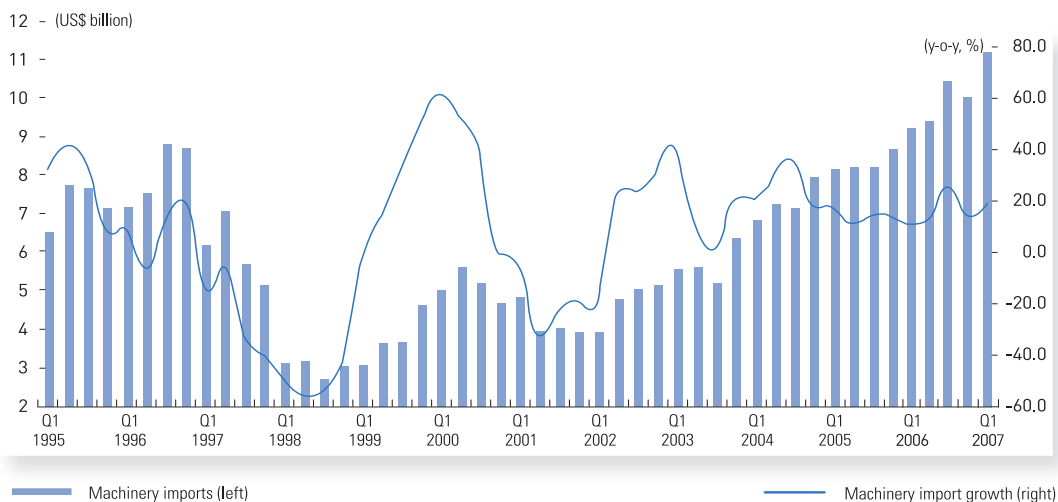
3-2 Machinery orders and estimated facility investment (3-month average)

Source: Korea National Statistical Office (industrial activity trend)



3-3 Machinery imports

Source: Korea International Trade Association (KITA)



4. Construction investment

Construction investment in the first quarter of 2007 (*preliminary GDP*) increased 3.9 percent year-on-year, or 0.8 percent from the previous month, expanding growth for two consecutive months.

(Percentage change from same period in previous year)

	2005					2006 ¹					2007 ¹
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1
Construction investment ²	-3.3	1.1	-0.1	0.4	-0.2	0.2	-5.0	-0.1	3.2	-0.4	3.9
(Seasonally adjusted) ³	0.2	4.4	-2.6	-1.3	-	0.0	-0.9	2.0	1.9	-	0.8
- Building construction	-7.4	0.4	-0.7	1.1	-1.4	1.1	-5.9	-2.4	-0.2	-2.0	2.1
- Civil engineering works	5.6	2.1	0.7	-0.5	1.5	-1.4	-3.9	3.4	7.4	2.0	7.4

1. Preliminary 2. National accounts 3. Percentage change from previous period

Construction completed (*current value*) in April accelerated growth fueled by increase in the private sector, despite moderation in the public sector.

(Percentage change from same period in previous year)

	2005		2006					2007			
	Annual	Annual	Apr	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹
Construction completed ²	4.1	3.7	0.2	4.2	-0.3	4.8	6.0	6.5	8.3	2.0	6.3
- Public	-3.7	1.9	-6.4	-11.7	-5.8	9.0	12.6	18.8	25.9	17.3	7.9
- Private	7.5	4.9	3.4	11.0	2.2	3.8	4.0	1.9	2.3	-4.1	3.3

1. Preliminary 2. Industrial activity

Leading indicators including construction orders continued a healthy increase after a surge in the third quarter of 2006.

Construction orders in April increased 48.9 percent backed by a solid growth in the public sector and an expanded growth pace in the private sector.

(Percentage change from same period in previous year)

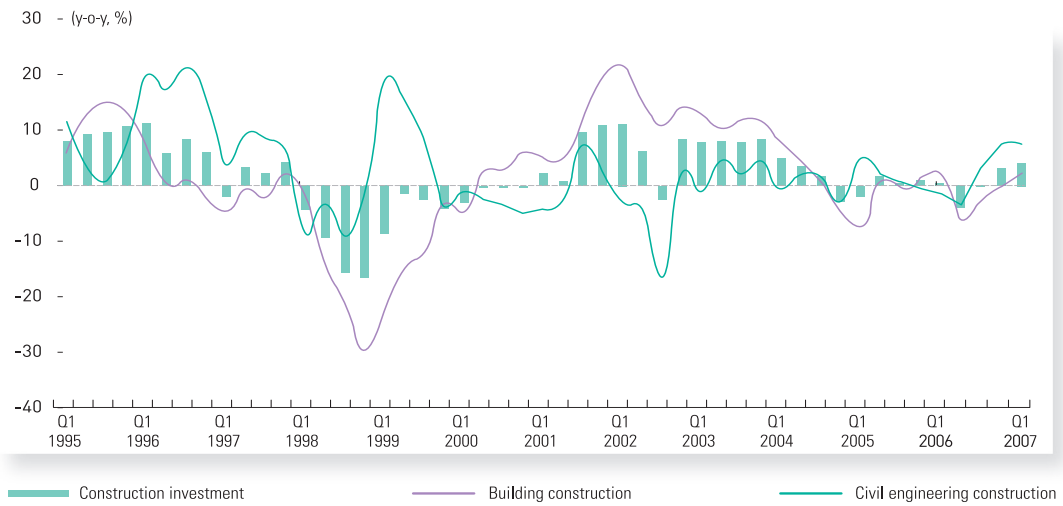
	2005		2006					2007			
	Annual	Annual	Apr	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹
Construction orders ²	7.3	9.0	-17.7	-8.5	-14.7	37.1	27.1	26.3	40.1	32.0	48.9
- Public	-1.7	-6.3	-35.8	-12.4	-29.9	21.2	2.7	49.3	20.5	65.0	45.5
- Private	14.5	12.8	-8.5	-3.9	-6.0	36.8	28.3	21.8	55.1	23.4	43.6

1. Preliminary 2. Current value basis

The construction sector is expected to reverse course to post growth derailing from the decreasing trend due to the low comparison base set in the previous year. However, improvement in large scale seems unlikely.

4-1 Construction investment

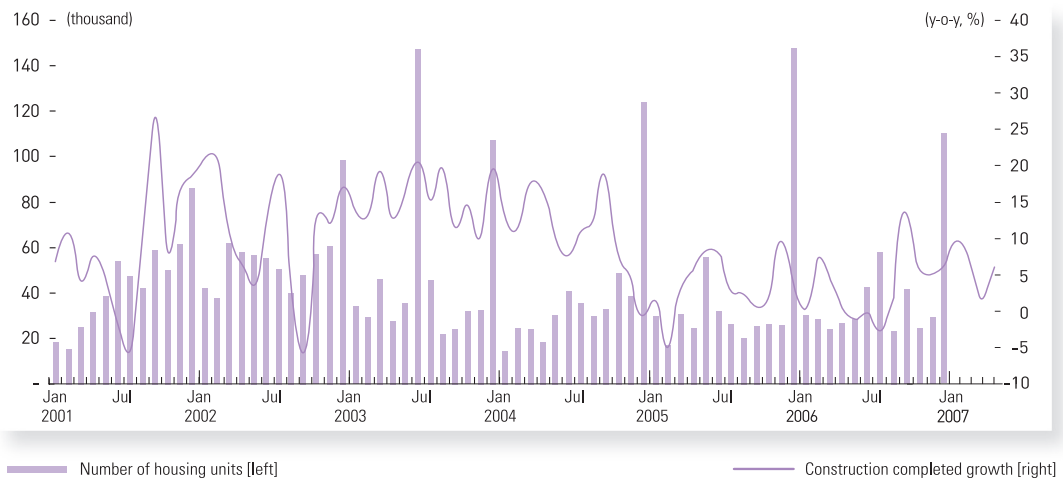
Source: The Bank of Korea (national accounts)



4-2 Construction completed and housing construction

Source: Korea National Statistical Office (construction completed)

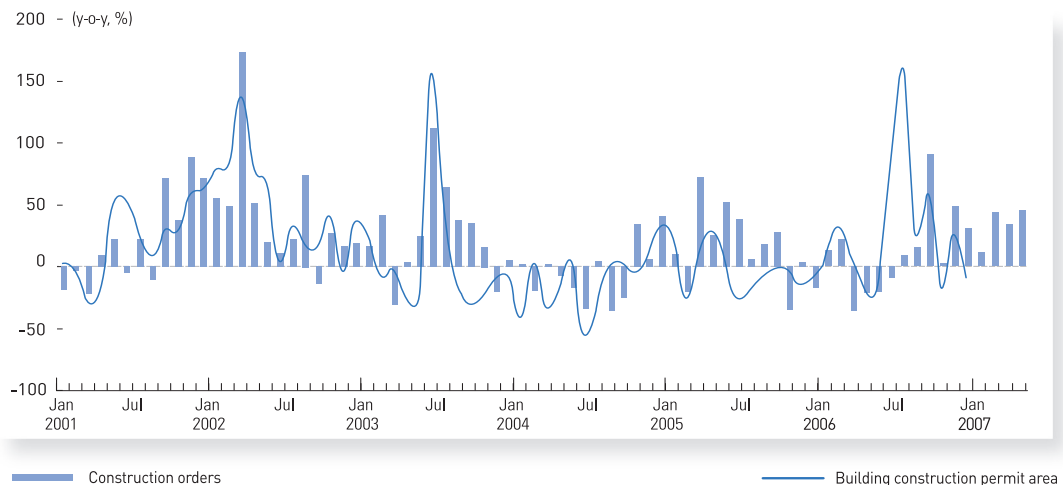
Ministry of Construction and Transportation (housing construction)



4-3 Leading indicators of construction investment

Source: Korea National Statistical Office (construction orders)

Ministry of Construction and Transportation (building construction permit area)



5. Exports and imports (customs clearance basis)

Exports in May posted US\$31.25 billion, the monthly highest ever. However, the pace of growth moderated to 11.9 percent due to the high comparison base of 20.8 percent set in the same month of the previous year.

By export category (*estimated, Ministry of Commerce, Industry and Energy*), automobiles, steel, LCD panel and petrochemicals maintained a high export growth, while exports of semiconductors were sluggish due to the price decrease.

(US\$ billion)

	2006				2007			
	Mar	Apr	May	Jan-May	Mar	Apr	May	Jan-May
Exports	26.84	25.59	27.82	127.41	30.39	29.96	31.25	145.91
(y-o-y, %)	12.1	11.9	20.3	12.9	13.2	17.1	11.9	14.5
Average daily exports	1.08	11.2	12.2	11.1	12.8	12.6	13.3	12.7

May imports rose 13.6 percent to US\$29.77 billion. Raw materials and capital goods showed a high growth and consumer goods expanded its increase rate on the back of price rise in raw materials and fast recovery in domestic demand.

Raw materials (%)

17.2 (Jan 2007) ↻ 5.6 (Feb) ↻ 14.7 (Mar) ↻ 18.6 (Apr) ↻ 10.0 (May 1-20)

Capital goods (%)

22.1 (Jan 2007) ↻ 5.9 (Feb) ↻ 11.3 (Mar) ↻ 25.6 (Apr) ↻ 21.3 (May 1-20)

Consumer goods (%)

32.3 (Jan 2007) ↻ 25.4 (Feb) ↻ 9.1 (Mar) ↻ 16.7 (Apr) ↻ 23.9 (May 1-20)

(US\$ billion)

	2006				2007			
	Mar	Apr	May	Jan-May	Mar	Apr	May	Jan-May
Imports	25.95	24.49	26.03	123.24	29.11	29.33	29.77	141.19
(y-o-y, %)	13.9	15.3	23.0	19.6	12.2	19.8	13.6	14.6
Average daily imports	10.8	10.9	11.4	10.8	12.4	12.8	12.9	12.3

Trade surplus in May expanded to US\$1.48 billion, up US\$0.84 billion from the previous month driven by swifter growth pace of exports compared to imports.

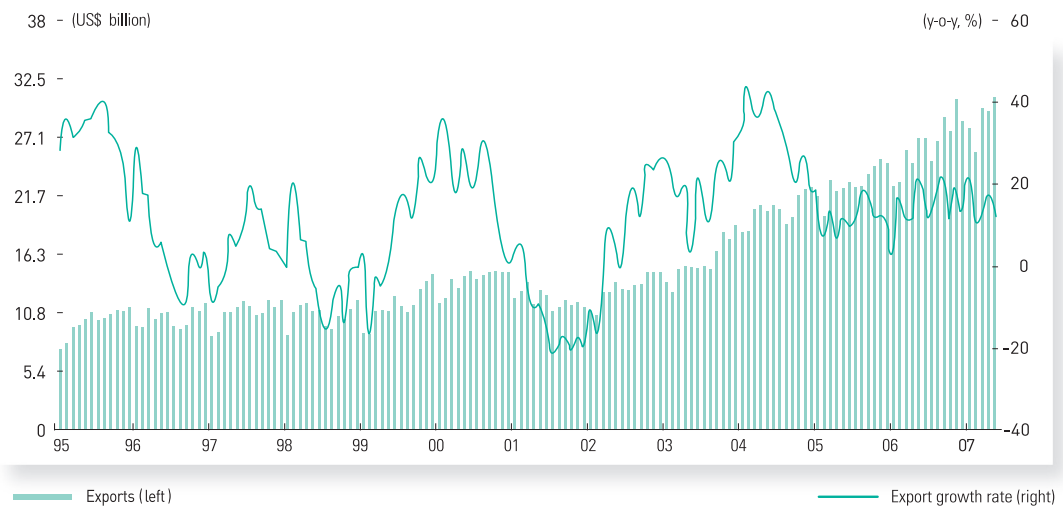
(US\$ billion)

	2006				2007			
	Mar	Apr	May	Jan-May	Mar	Apr	May	Jan-May
Trade balance	0.9	1.1	1.8	4.17	1.29	0.64	1.48	4.73

Export growth since June may moderate considering external conditions. Meantime, imports are likely to expand supported by rebounding facility investment and improving consumer sentiment.

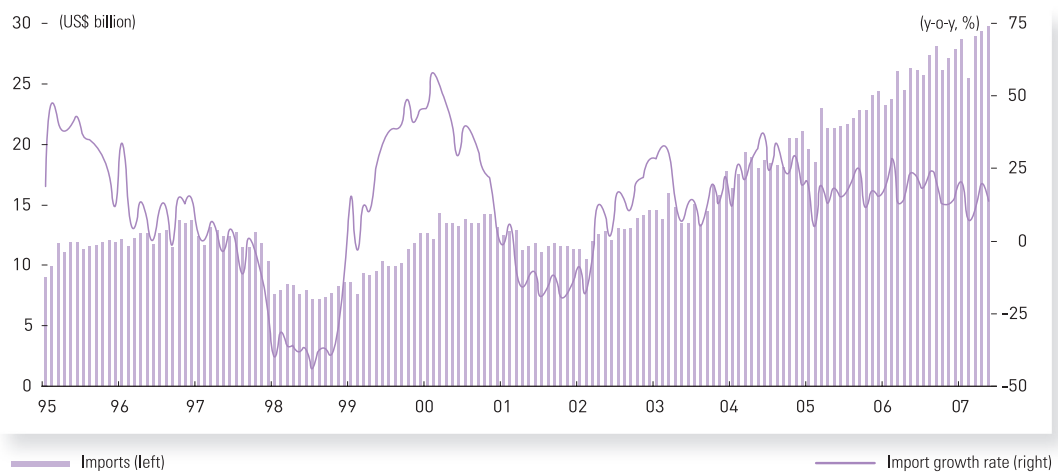
5-1 Exports (customs clearance basis)

Source: Ministry of Commerce, Industry and Energy (export and import trend)



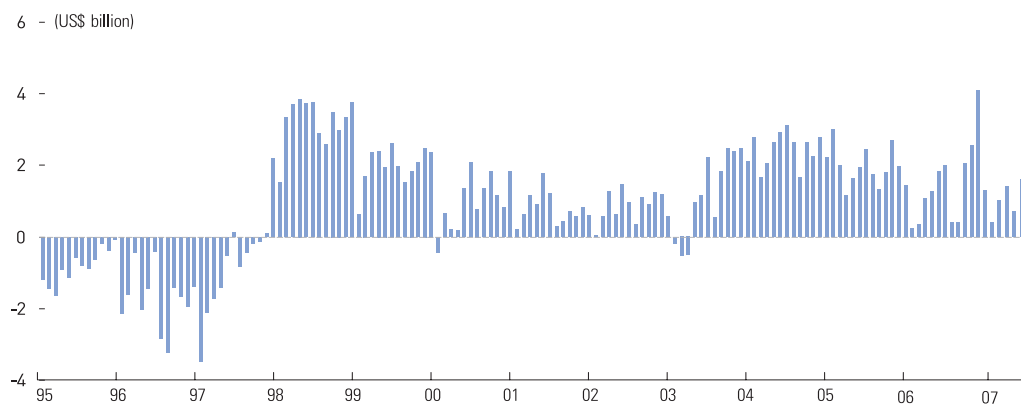
5-2 Imports (customs clearance basis)

Source: Ministry of Commerce, Industry and Energy (export and import trend)



5-3 Trade balance

Source: Ministry of Commerce, Industry and Energy (export and import trend)



6. Industrial activity

April industrial production gradually recovered from sluggishness on robust exports and improving demand indicators, up 6.7 percent on-year or 3.1 percent on-quarter.

By sector, output expansion in automobiles (12.8%) and semiconductors (14.1%) propped up the recovery of industrial activity, although audiovisual telecommunications remained sluggish (down 15.2 %).

Contribution to on-year industrial output growth (Apr 2007, %p)

Automobiles (1.24), semiconductors (3.43), audiovisual telecommunications (-1.16)

However, a close monitoring on the trend is required to confirm whether or not industrial activity is on a recovery track as inventory adjustment in such sectors as semiconductors is underway.

Semiconductor inventory (y-o-y, %, end-period)

26.7 (Q4 2006) ↻ 17.0 (Q1 2007) ↻ 10.3 (Apr)

Shipment growth for domestic demand as well as exports accelerated to 5.3 percent and 9.2 percent respectively, while the inventory growth remained similar to the previous month, standing at 5.9 percent.

(Percentage change from same period in previous year)

	2006			2007			
	Annual	Q1	Apr	Q1	Feb	Mar ¹	Apr ¹
Production (q-o-q, m-o-m)	-	3.8	-0.4	-0.6	0.2	-0.3	3.1
(y-o-y)	10.1	12.8	10.7	3.3	-0.6	3.1	6.7
(days operated reflected)	10.6	11.1	12.1	4.1	6.7	4.3	5.4
- Manufacturing	10.5	13.4	11.1	3.4	-0.6	3.1	6.8
Shipment	7.8	9.7	8.4	4.4	1.2	5.1	7.1
- Domestic demand	4.5	7.1	4.1	2.7	-0.8	1.8	5.3
- Exports	11.9	13.1	13.8	6.7	3.6	9.1	9.2
Inventory	6.2	3.8	3.7	5.8	8.4	5.8	5.9
Average operation ratio (%)	81.1	81.8	79.3	81.6	82.0	81.4	82.3
Production capacity	3.4	4.6	4.6	1.5	1.6	1.5	2.3

1. Preliminary

Industrial activity in May is forecast to have maintained upward trend on robust exports and improving domestic demand including consumption and investment, despite downside risks such as resurging oil prices and adjustment of inventory in semiconductors.

7. Service sector activity

Service activity grew 5.1 percent in April from a year earlier, maintaining the trend growth since the fourth quarter of last year. In seasonally adjusted terms, it grew 0.4 percent from the previous month.

In April, the following showed accelerated output growth: the financial and insurance services (*up 11.1%*), healthcare and social welfare services (*up 7.5%*), and business services (*up 7.1%*). In particular, financial and insurance services led the service output increase, expanding growth for the fourth consecutive month on the back of bullish stock market.

(Percentage change from same period in previous year)

	Weight	2005		2006				2007				Contri- bution ²
		Annual	Annual	Q1	Q2	Q3	Q4	Q1 ¹	Feb	Mar ¹	Apr ¹	
Wholesale & retail	27.6	2.1	4.0	3.7	4.2	4.3	3.7	4.9	6.9	3.2	4.0	1.03
Hotels & restaurants	7.7	0.3	2.1	3.9	2.4	2.3	-0.2	1.6	-2.1	1.6	1.5	0.10
Transportation services	8.8	4.2	6.3	6.4	6.3	5.9	6.9	6.8	8.6	4.3	2.6	0.24
Communication services	5.8	4.1	2.8	2.3	2.9	3.2	2.6	3.3	3.1	2.5	2.7	0.19
Financial & insurance services	17.6	7.3	7.9	13.2	9.2	4.9	4.8	8.6	8.2	10.8	11.1	2.15
Real estate & renting	5.4	8.5	10.2	10.5	8.2	7.4	14.3	5.8	7.1	2.0	3.5	0.18
Business services	8.5	2.8	5.9	5.6	5.7	5.7	6.4	5.4	6.0	5.2	7.1	0.61
Educational services	8.6	0.7	2.3	1.4	2.5	1.4	4.4	2.7	9.8	3.4	1.7	0.14
Healthcare & social welfare services	4.0	7.3	10.0	11.1	8.1	11.9	8.9	9.6	14.6	5.1	7.5	0.30
Entertainment, cultural and sports services	3.5	3.0	2.5	4.9	2.7	-0.9	3.7	5.7	3.4	9.6	4.1	0.14
Other public & personal services	2.6	1.9	3.8	4.7	4.1	3.9	2.5	1.9	1.7	1.7	-1.0	-0.03

1. Preliminary

2. Contribution to April 2007 growth (%p)

Most industries contributed evenly to the total sector growth of 5.1 percent in April with financial and insurance services (*2.15%p*), wholesale and retail sales (*1.03%p*) and business services (*0.61%p*) leading the increase.

Service activity is expected to have continued its upward trend in May although downside risks exist such as rising oil prices. Moreover, financial and insurance services, which account for 17.6 percent of the service sector, are forecast to have gotten a boost by favorable conditions in stock market such as increase in trading value. However, its growth pace may have been adjusted slightly given recent rise in oil prices.

KOSPI (monthly average)

1,419 (Dec 2006) ➔ 1,379 (Jan 2007) ➔ 1,435 (Feb) ➔ 1,432 (Mar) ➔ 1,517 (Apr) ➔ 1,611 (May)

Stock trading value (trillion won)

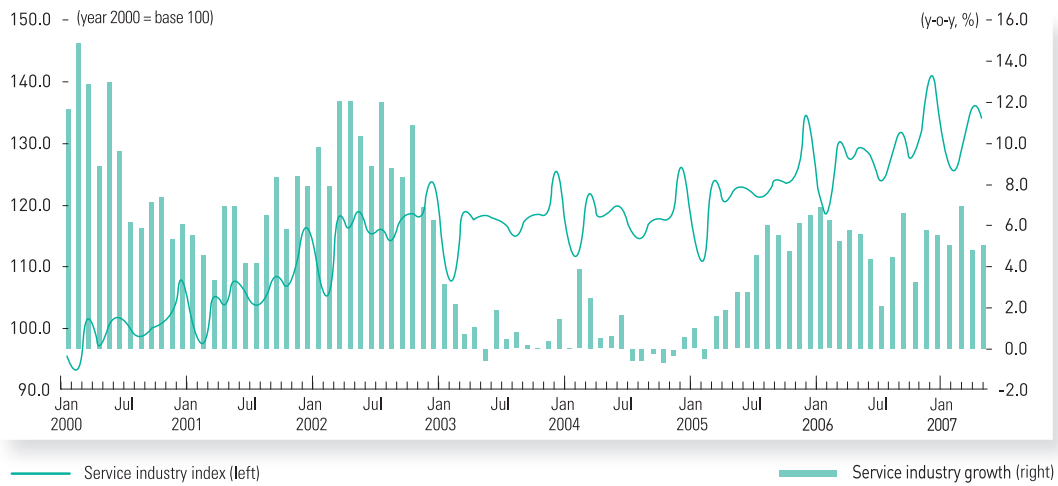
88 (Dec 2006) ➔ 96 (Jan 2007) ➔ 98 (Feb) ➔ 109 (Mar) ➔ 138 (Apr) ➔ 146 (May)

Oil prices (Dubai crude, US\$/barrel)

58.8 (Dec 2006) ➔ 51.8 (Jan 2007) ➔ 55.9 (Feb) ➔ 58.9 (Mar) ➔ 64.0 (Apr) ➔ 64.7 (May)

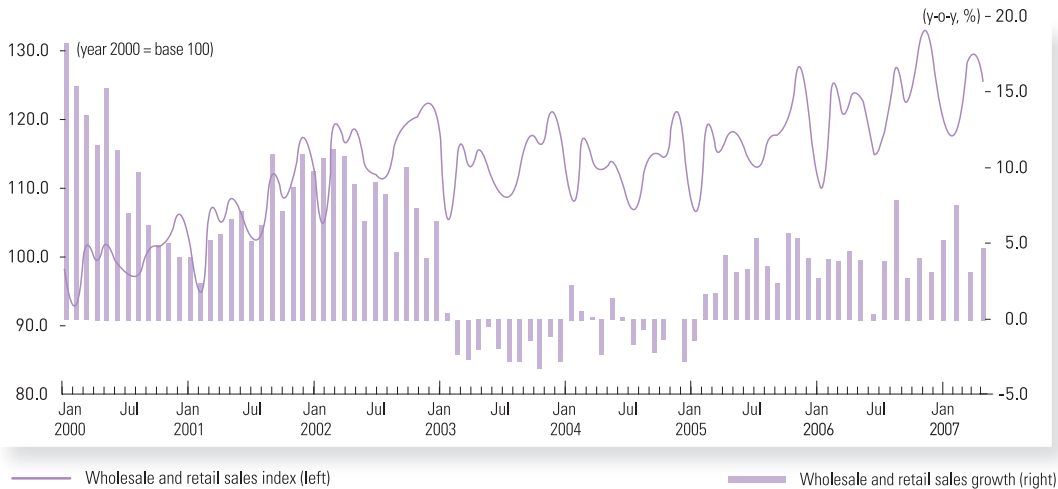
7-1 Service industry

Source: Korea National Statistical Office (service industry activity trend)



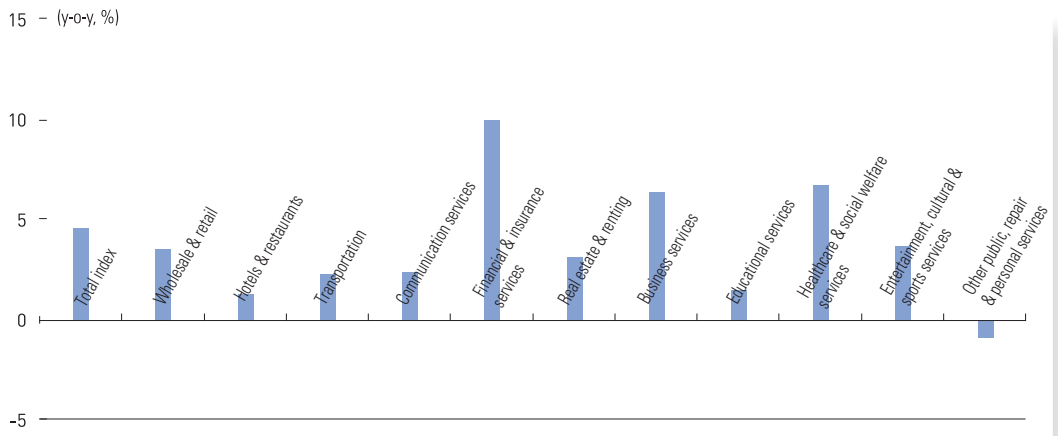
7-2 Wholesale and retail sales

Source: Korea National Statistical Office (service industry activity trend)



7-3 Apr 2007 service industry by business

Source: Korea National Statistical Office (service industry activity trend)



8. Employment

The number of workers on the payroll increased 278,000 in April from a year earlier, having steadily accelerated growth from 258,000 in January, 262,000 in February and 273,000 in March.

Service sector employment stayed healthy with an increase of 336,000 in April despite the high comparison base set from robust growth of 449,000 in the same period of the previous year. As industrial activity had yet to return to a full-fledged growth track, hiring in manufacturing slipped 65,000, slightly increasing the downward trend, despite strong exports.

Employment growth in construction recorded 51,000 led by robust increase in construction completed and favorable weather conditions, exceeding the 50,000 mark for the first time since August 2005. However, employment in agriculture, forestry and fisheries shed 42,000 jobs sustaining its trend decrease.

As for the type of employment, the increase was continually led by waged work (*up 348,000*), especially full-time work (*up 295,000*).

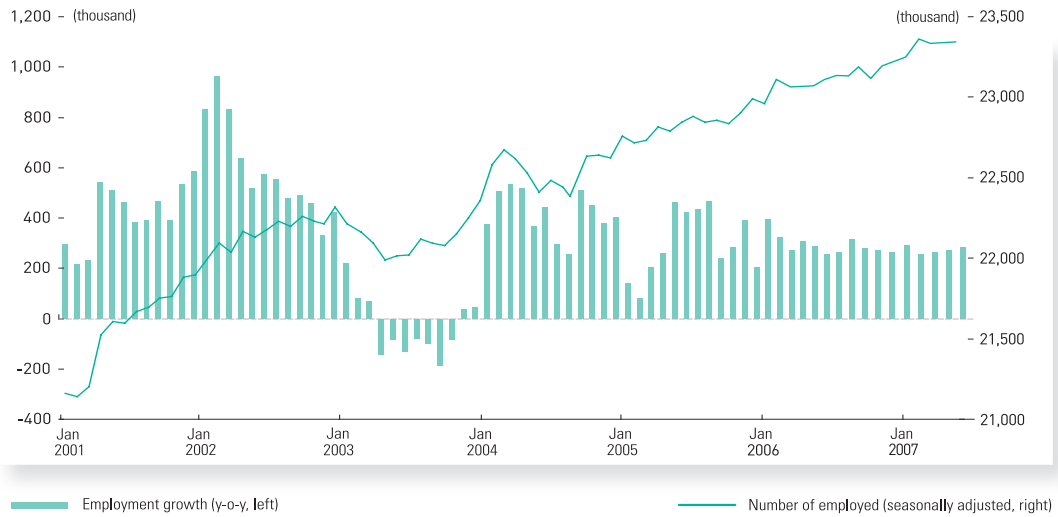
The employment rate rose 0.1 percentage point year-on-year to 60.2 percent, while the unemployment rate and the youth unemployment rate dropped 0.1 percentage point and 0.4 percentage points from a year earlier to 3.4 percent and 7.6 percent, respectively.

(Change from same period in previous year, thousand)

	2006						2007			
	Apr	Annual	Q1	Q2	Q3	Q4	Q1	Feb	Mar	Apr
Employment growth	307	295	331	283	288	278	264	262	273	278
- Agriculture, forestry and fishery	-87	-31	-34	-65	-28	4	-42	-46	-52	-42
- Manufacturing	-83	-67	-72	-77	-57	-62	-51	-45	-60	-65
- Construction	30	21	34	7	13	29	46	46	44	51
- Services	449	371	403	419	358	304	309	305	340	336
Unemployment rate (%)	3.5	3.5	3.9	3.4	3.3	3.2	3.6	3.7	3.5	3.4
Employment rate (%)	60.1	59.7	58.5	60.4	60.0	59.9	58.6	58.1	59.2	60.2

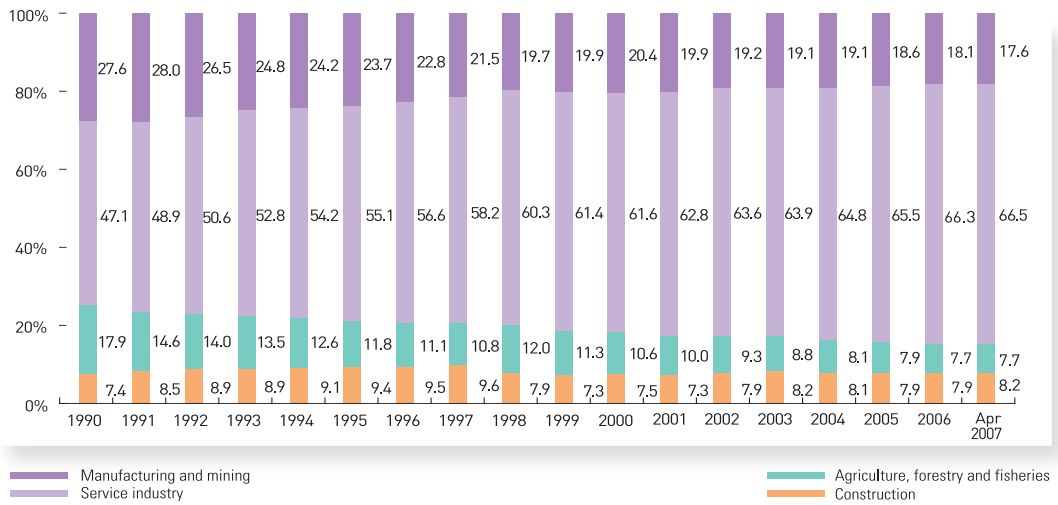
8-1 Number of employed and employment growth

Source: Korea National Statistical Office (employment trend)



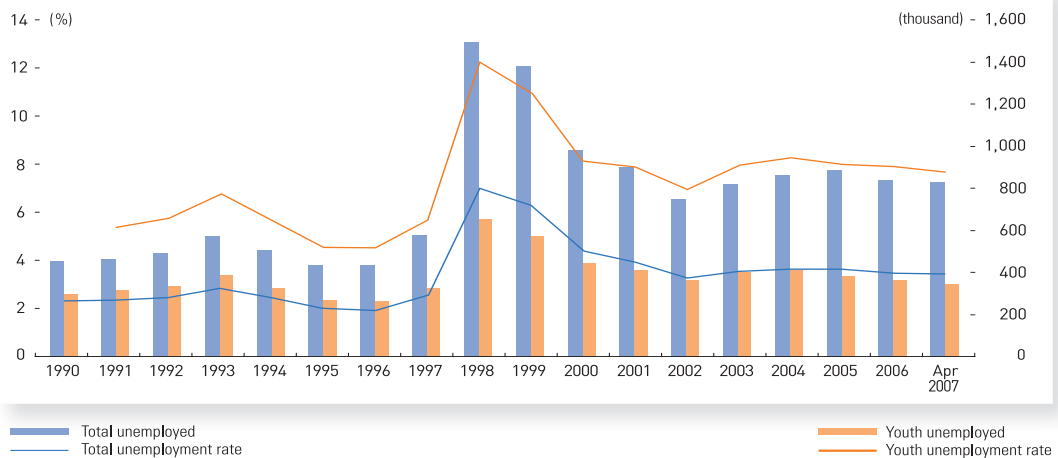
8-2 Share of employed by industry

Source: Korea National Statistical Office (employment trend)



8-3 Unemployment rate and number of unemployed

Source: Korea National Statistical Office (employment trend)



9. Financial markets

9.1 Stock market

The Korean stock market hit a record high of 1,700.9 points on May 31 on the back of internal and external factors such as expectations on economic recovery, stable liquidity and brisk global markets.

The KOSDAQ also had a bullish run in May and closed at 747.9 points on May 31, a record high of the year based on closing price.

In May, the net buying by foreign and individual investors amounted to 243.9 billion won and 737.5 billion won respectively, while net selling by institutional investors recorded 966.6 billion won.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2006	May 2007	Change ¹	2006	May 2007	Change ¹
Stock price index	1,434.5	1,700.9	266.4 (+18.6%)	606.2	747.9	141.7 (+23.4%)
Market capitalization	704.6	835.1	130.5 (+18.5%)	72.1	94.7	22.6 (+31.3%)
Average daily trade value	3.4	3.8	0.4 (+11.8%)	1.7	2.0	0.3 (+17.6%)

1. Change from the end of previous year

9.2 Exchange rate

The won/dollar exchange rate fell to the 922 won range on May 7, a record low for the year, affected by the bullish domestic stock market in early May, and non-residents' selling of dollars.

The dollar's value against the won rebounded to the 934 won range on May 18, pushed by the dollar's strength in the global market. Nonetheless, the won/dollar exchange rate turned to a fall and closed the month hovering at the upper 920 range as fluctuations in the Chinese currency widened.

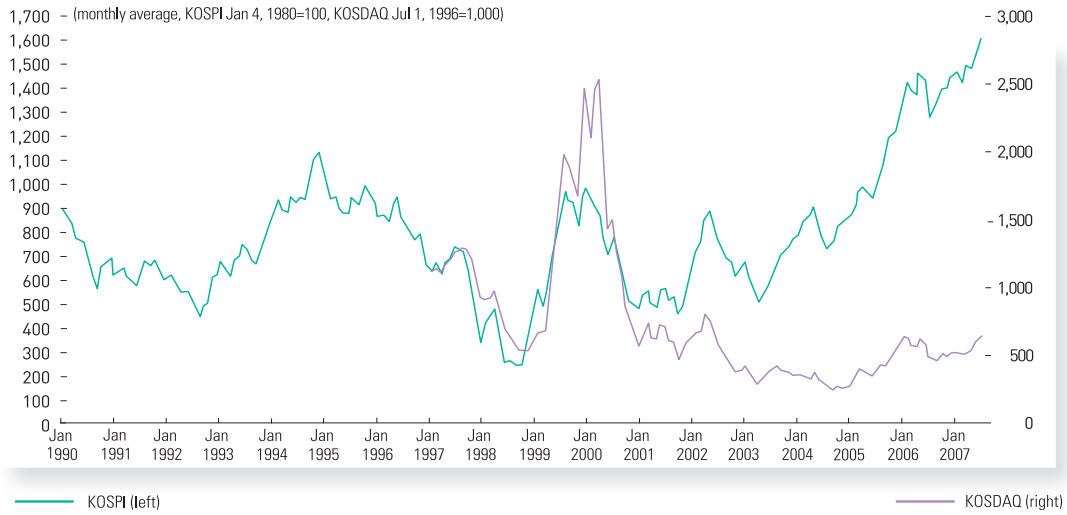
The won's value against the yen continued to rise in May due to the weakening of the yen.

(End-period)

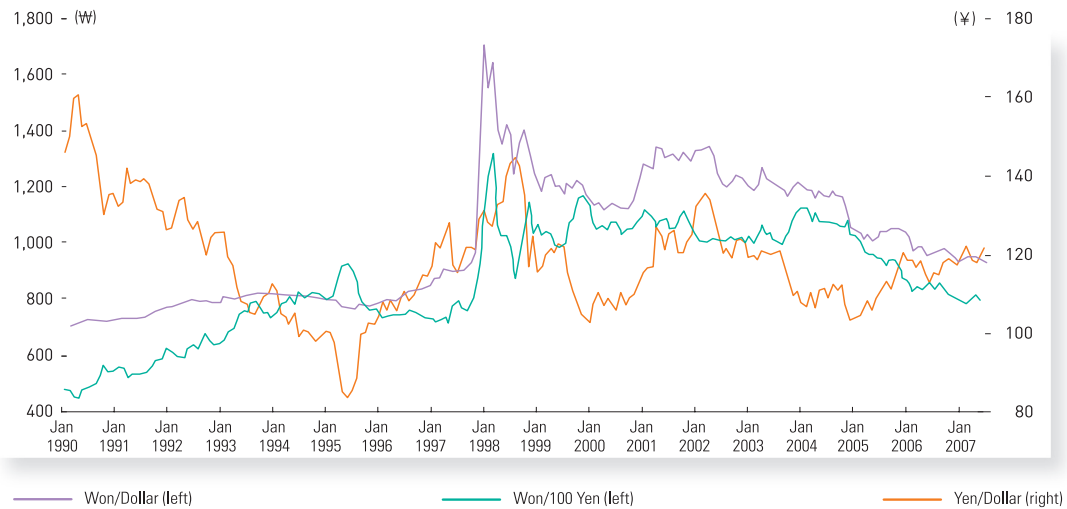
	2005	2006	2007				
	Dec	Dec	Feb	Mar	Apr	May	Change ¹
Won/Dollar	1,011.6	929.8	941.8	940.9	930.8	927.7	0.2
Yen/Dollar	117.8	118.7	118.2	117.6	119.5	121.5	-2.3

1. Appreciation from the end of previous year (%); the value of Korean won is based on closing price at 3:00 p.m.

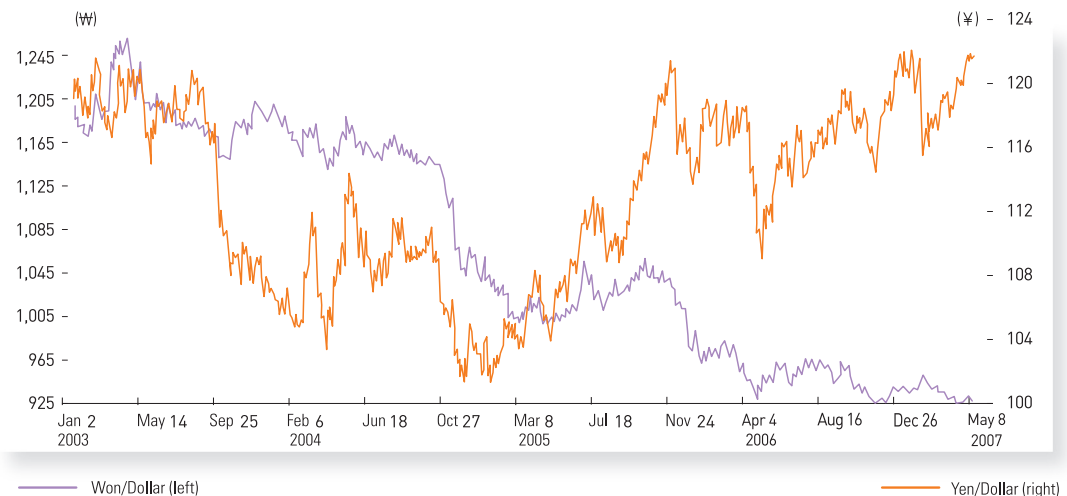
9-1 Stock prices



9-2 Foreign exchange rate (month-end)



9-3 Recent foreign exchange rate



9.3 Bond market

Bond yields such as Treasury bond yield rose in May due to following events: lingering uncertainties in short-term money market, a rise in US Treasury bond yields and anticipation of economic recovery. After mid-May, short-term money market regained stability. Nevertheless, the increase in bond yields kept up on the back of growing expectations of economic recovery boosted by benign industrial activity trend.

Yields on 91-day CDs, which are short-term interest rates, also continued upward trends as deployed in the previous month.

(End-period)

	2004	2005	2006		2007				Change ¹
	Dec	Dec	Sep	Dec	Feb	Mar	Apr	May	
Call rate (1-day)	3.29	3.76	4.48	4.60	4.55	4.63	4.88	4.55	-5
CD (91-day)	3.43	4.09	4.59	4.86	4.94	4.94	5.00	5.06	+20
Treasury bonds (3-yr)	3.28	5.08	4.57	4.92	4.86	4.76	5.05	5.17	+25
Corporate bonds (3-yr)	3.72	5.52	4.89	5.29	5.24	5.19	5.44	5.55	+26
Treasury bonds (5-yr)	3.39	5.36	4.61	5.00	4.88	4.80	5.06	5.21	+21

1. Basis point change from end December 2006

9.4 Money supply & money market

The M2 growth in April was high as the increase in private sector credit expanded led by corporate lending. M1, however, continued negative growth for two consecutive months as M1 no longer included money market funds (MMFs) held by individuals from March 22.

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

	2005		2006				2007			2007
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr	Apr ¹
M1 ²	8.5	-0.8	-0.6	-2.8	-5.5	5.9	3.4	-5.1	-5.7	305.6
M2	6.9	8.3	7.0	7.2	8.1	10.9	11.5	11.5	11.1	1,165.3
Lf ³	7.0	7.9	7.2	7.4	7.5	9.2	10.0	10.2 ⁴	10.1 ⁴	1,565.0

1. Amount, trillion won

2. Excludes corporate MMF and individual MMF from November 21, 2005 and March 22, 2007, respectively, as they are redeemable on and after the next business day following the transaction date from those periods each.

3. Liquidity aggregates of financial institutions (mostly identical with M3)

4. Preliminary

In April, bank deposits turned to a marginal decrease as businesses withdrew money to pay dividends and instant access accounts reduced, due to personal savings' flight to cash management accounts (CMAs) of security firms.

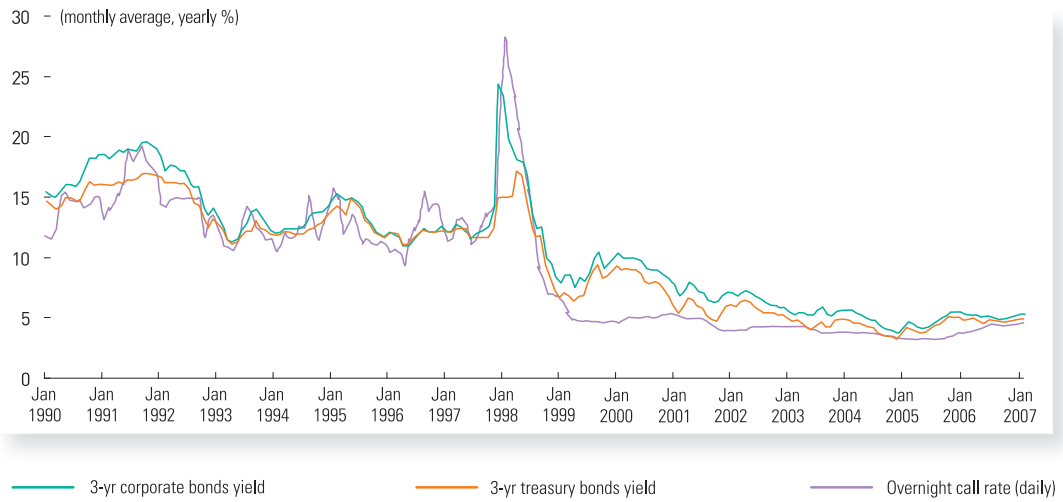
Asset management company (AMC) receipts declined considerably as they were affected by a fall in MMFs from revised rules related to the industry as well as increased redemption of domestic equity funds for profit-taking.

(Monthly change, end-period, trillion won)

	2006							2007			
	Apr	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Bank deposits	2.1	-7.2	4.3	13.6	-7.3	3.7	17.4	-8.3	4.6	6.9	-0.7
AMC receipts	1.3	0.3	-1.8	4.0	5.8	4.7	-0.8	3.4	0.4	3.4	-4.8

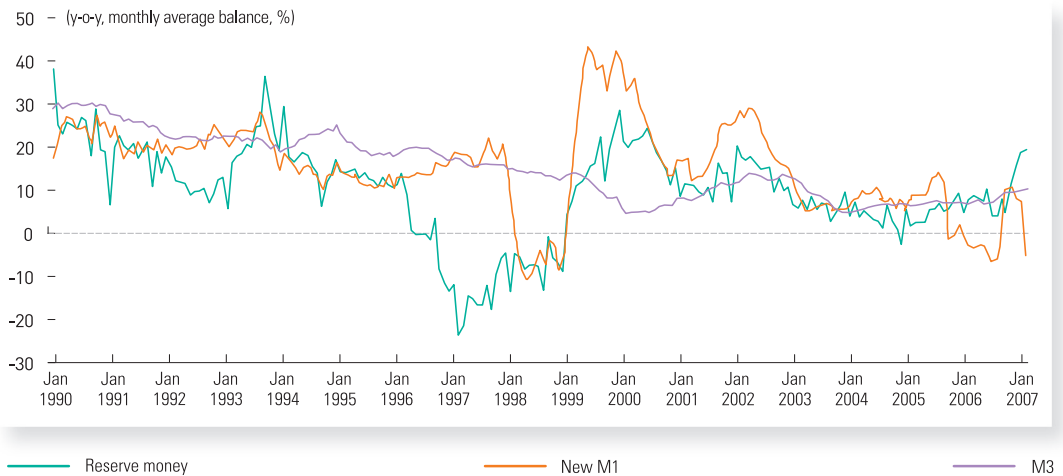
9-4 Interest rates

Source: The Bank of Korea



9-5 Total money supply

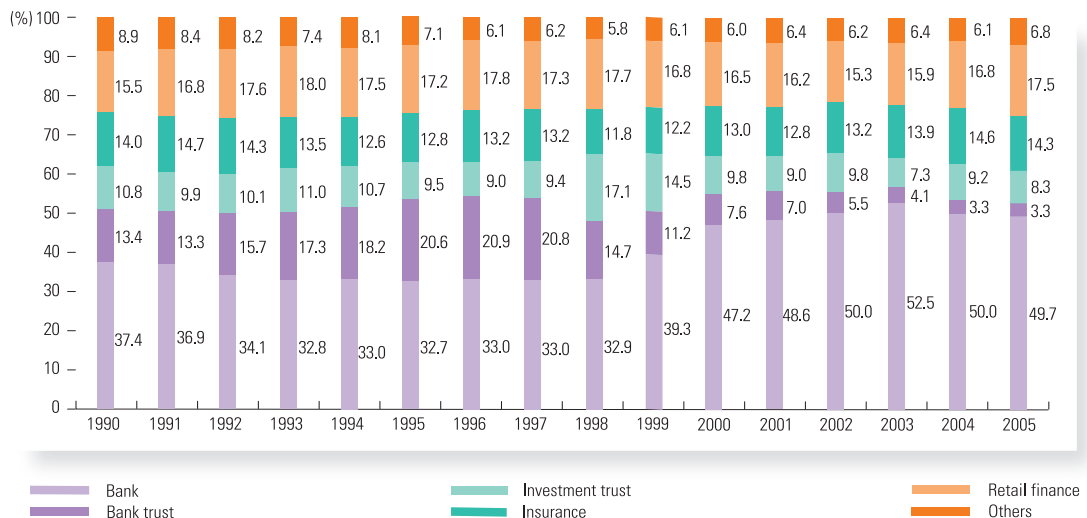
Source: The Bank of Korea



9-6 Share of deposits by financial sector (M3 as of year-end)

Source: The Bank of Korea

* Retail finance: Mutual savings banks & National Credit Union Federation of Korea, Others: Investment banks, post office savings, etc.



10. Balance of payments

Despite a fall in service account deficit, Korea's current account deficit in April expanded from US\$1.64 billion of the previous month to US\$1.93 billion, as the income account has recorded considerable deficit for the second consecutive month with seasonal factors.

The goods account surplus narrowed from US\$2.36 billion to US\$1.71 billion in spite of strong exports, as imports surged from robust facility investment and improved investor sentiment.

The service account deficit declined from US\$1.69 billion to US\$1.44 billion as the business services account deficit decreased while the transportation account surplus expanded.

Due to seasonal factors such as external dividend payments by domestic firms with end-December fiscal year, the income account posted a US\$2.00 billion deficit, after recording a US\$2.09 billion deficit in the previous month.

The seasonally adjusted current account deficit decreased US\$140 million month-on-month to US\$440 million in April, which is US\$1.49 billion less than the original data, as the income account deficit narrowed.

Current account (SA*, US\$ billion)

-0.18 (Apr 2006) ↻ -0.74 (Jan 2007) ↻ 0.63 (Feb) ↻ -0.58 (Mar) ↻ -0.44 (Apr)

* Seasonally adjusted

(US\$ billion)

	2006				2007			
	Feb	Mar	Apr	Jan-Apr	Feb	Mar	Apr	Jan-Apr
Current account	-0.76	-0.43	-1.61	-2.73	0.40	-1.64	-1.93	-3.59
- Goods balance	0.86	2.91	1.88	7.11	2.39	2.36	1.71	7.75
- Service balance	-1.82	-1.54	-1.35	-6.34	-2.55	-1.69	-1.44	-7.62
- Income balance	0.43	-1.47	-1.88	-2.36	0.85	-2.09	-2.00	-2.69

Despite a net outflow in direct investment account, the capital account balance realized a net inflow of US\$3.66 billion in May which was backed by a surplus in portfolio investment account.

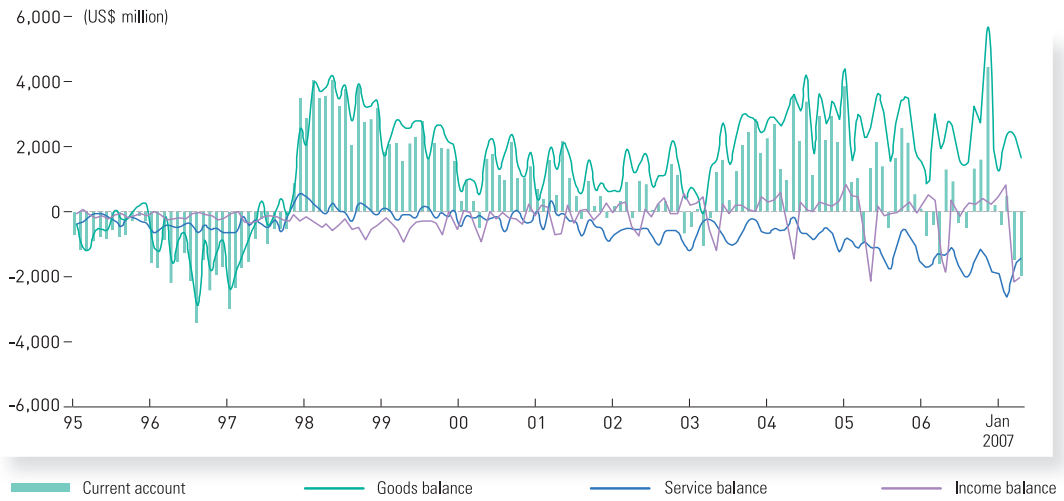
Capital & financial account balance (US\$ billion)

4.86 (Apr 2006) ↻ 2.08 (Jan 2007) ↻ -0.40 (Feb) ↻ 3.64 (Mar) ↻ 3.66 (Apr)

The current account balance is expected to have reversed course to post a surplus in May, largely due to the decrease in overseas dividend payments and increased export-import gap on customs clearance basis from US\$640 million in April to US\$1.48 billion in May. The May's current account may have been negatively influenced by deteriorated external conditions such as higher oil prices.

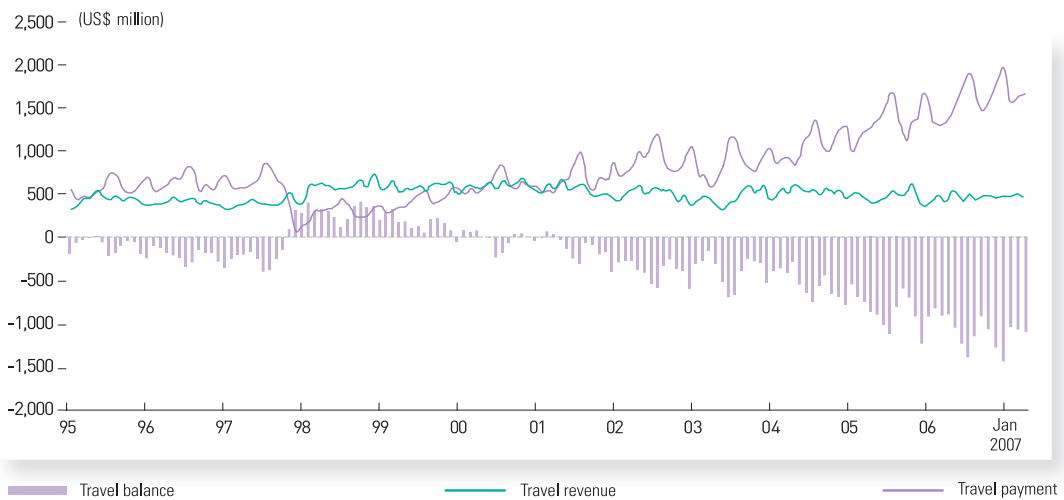
10-1 Current account balance

Source: The Bank of Korea (balance of payments trend)



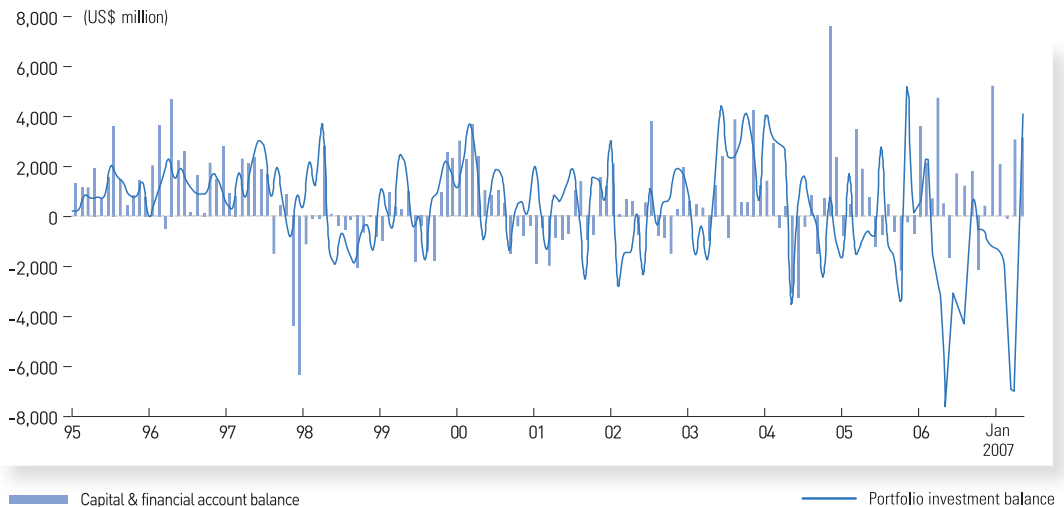
10-2 Travel balance

Source: The Bank of Korea (balance of payments trend)



10-3 Capital & financial account balance

Source: The Bank of Korea (balance of payments trend)



11. Prices and international commodity prices

11.1 Prices

Despite higher costs of energy including city gas and oil products, consumer prices in May sustained stability with an on-year 2.3 percent rise.

Consumer price inflation

	2006		2007			
	May	Jan	Feb	Mar	Apr	May
Month-on-Month (%)	0.2	0.2	0.7	0.6	0.4	0.1
Year-on-Year (%)	2.3	1.7	2.2	2.2	2.5	2.3

Public service fees went up sharply driven by city gas fees while prices of oil products and textile goods edged up affected by rising oil prices.

Meantime, prices of agricultural, livestock and fisheries products have clearly stabilized compared to the previous years as prices of vegetables and livestock products including beef showed downward stability.

Consumer price inflation in major sectors

(Percentage change from same period in previous year)

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Housing rents	Public utility	Personal services
May 2007 (Contribution ratio, %p)	2.3	1.8 (0.16)	1.1 (0.33)	0.9 (0.06)	1.8 (0.17)	3.6 (0.58)	3.1 (1.08)
May average 2002-2006	3.0	4.6	2.5	5.9	2.3	1.8	3.7

Consumer price increases of major items in May 2007 (y-o-y, %)

Melon (12.5), water melon (23.0), city gas (6.7), gasoline (0.4), LPG for automobile (12.8)

Consumer price decreases of major items in May 2007 (y-o-y, %)

Radish (-22.7), Chinese cabbage (-43.1), camera (-31.4), mobile phone (-31.6)

Core inflation was up 2.2 percent from a year earlier in May. Consumer prices for basic necessities, a barometer of perceived consumer prices, rose 3.1 percent year-on-year.

(Percentage change from same period in previous year)

	2006		2007			
	May	Jan	Feb	Mar	Apr	May
Core inflation	1.8	2.1	2.3	2.4	2.6	2.2
Consumer prices for basic necessities	3.1	1.9	2.4	2.5	2.9	3.1

Forecast of the consumer prices in June shows that it will maintain the stable 2 percent level year-on-year with price stabilization of agricultural, livestock and fisheries products although oil product prices stay on the upward track due to rising oil prices.

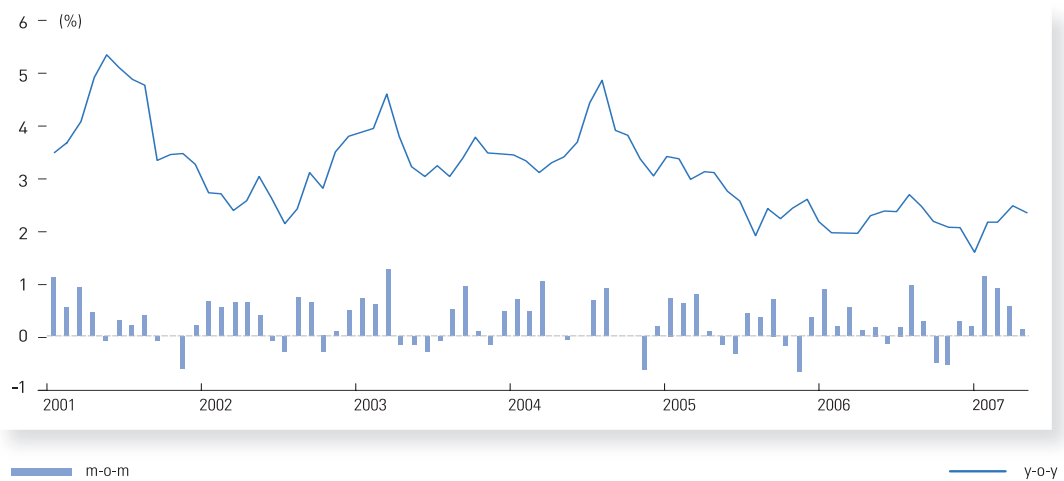
11-1 Prices

Source: Korea National Statistical Office (consumer prices, core inflation) & The Bank of Korea (producer prices)



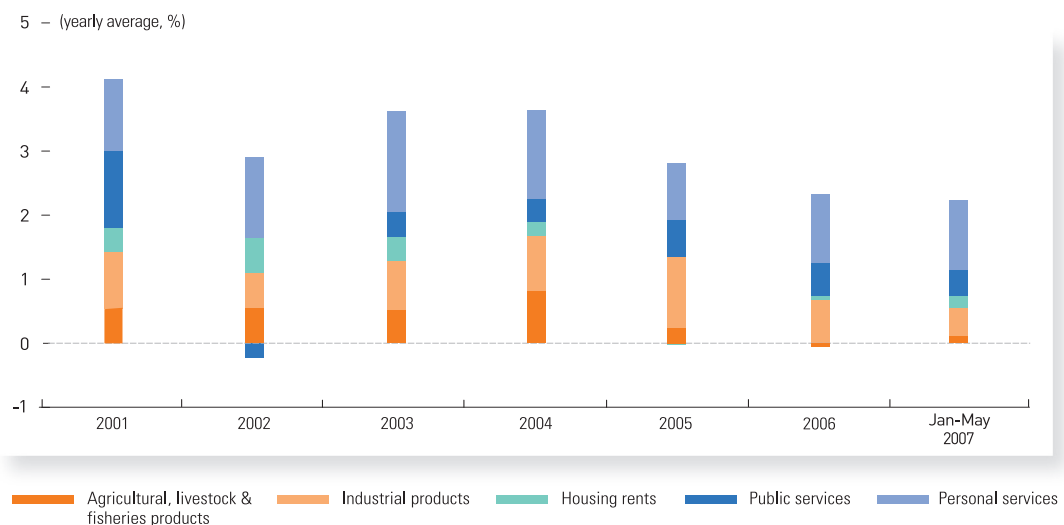
11-2 Consumer price inflation

Source: Korea National Statistical Office (consumer price trend)



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 in May remained high in the range of US\$60 to US\$70 a barrel, despite some factors dragging down the prices including the increase in US oil reserve. Strong oil prices were largely attributed to tightened oil supply with the OPEC's output cut, and disruption in Nigeria's crude oil supply.

International oil prices in June are likely to be influenced by the development of the geopolitical unrest in Iran and Nigeria, and the expected growth of gasoline demand in the US driving season from May to September.

(US\$/barrel, period average)

	2004	2005	2006	2007			
	Annual	Annual	Annual	Feb	Mar	Apr	May
Dubai crude	33.6	49.4	61.6	55.9	58.9	64.0	64.7
Brent crude	38.2	54.3	65.1	57.5	62.3	67.6	67.4
WTI crude	41.4	56.5	66.0	59.2	60.6	63.9	63.4

Record high oil prices (spot prices, US\$/barrel, Aug 2006)

Dubai crude: 72.2 Brent crude: 78.7 WTI crude: 77.0

Prices of domestic oil products including gasoline and diesel were up from a month earlier due to high prices of international oil and oil products.

(Won/liter, period average)

	2004	2005	2006	2007			
	Annual	Annual	Annual	Feb	Mar	Apr	May
Gasoline prices	1,295	1,365	1,543	1,402	1,456	1,505	1,535
Diesel prices	908	1,080	1,295	1,164	1,186	1,215	1,237

Source: Korea National Oil Corporation

Among international commodities, prices of non-ferrous metals declined mainly with investors' profit-taking from short-term price hike, while prices of grain rose on concerns over possible weak harvest dragged by bad weather.

Prices of major non-ferrous metals such as electrolytic copper and aluminum decreased due to increased profit-taking and worries over demand slowdown in China. Prices of some non-ferrous metals including lead, however, rose on increased demand for battery ahead of the summer season.

Prices of corn, wheat and soybean advanced on concerns over possible supply shortage arising from aggravated weather conditions.

Price increases in May 2007 (m-o-m, %)

Lead (1.2), corn (1.8), wheat (1.9), soybean (2.1)

Price decreases in May 2007 (m-o-m, %)

Electrolytic copper (-0.2), aluminum (-0.2)

Reuters index*

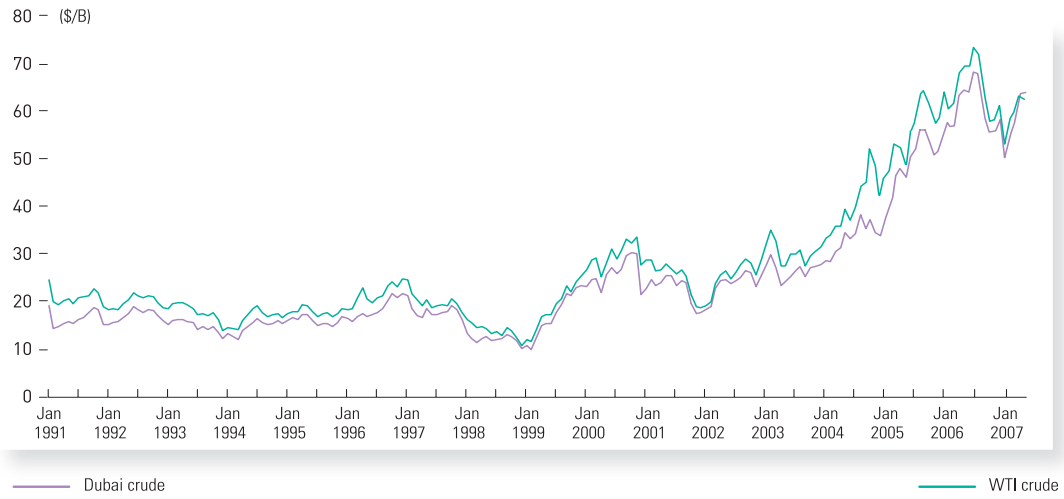
(Period average)

2005	2006			2007			
Annual	Annual	Dec	Jan	Feb	Mar	Apr	May
1,680	2,019	2,182	2,223	2,247	2,266	2,296	2,304

* A weighted average index of 17 major commodities

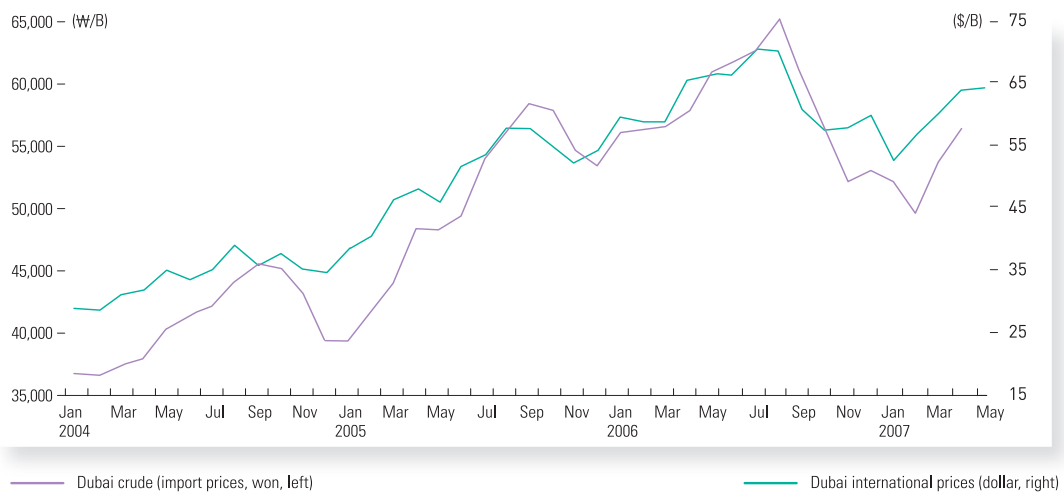
11-4 International oil prices

Source: Korea National Oil Corporation



11-5 International oil prices (Dubai crude) and import prices

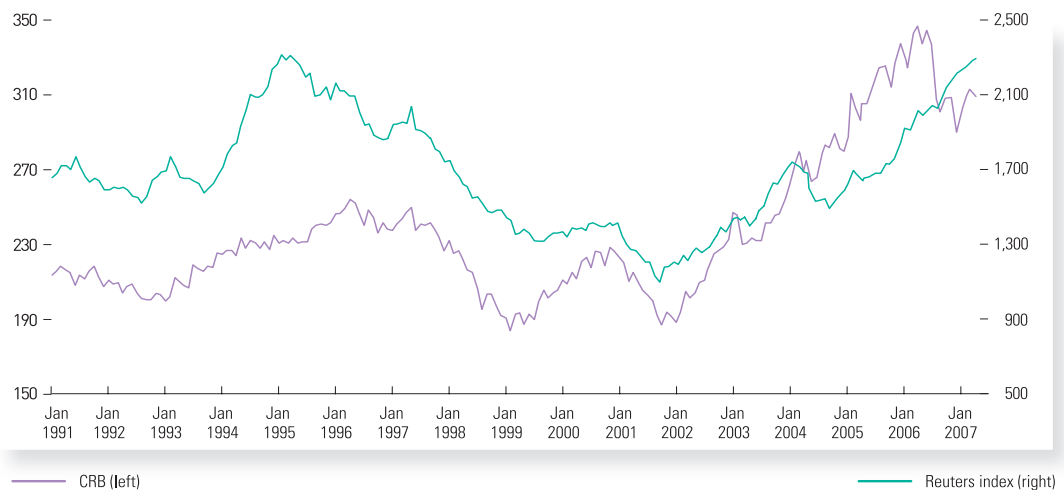
Source: Korea National Oil Corporation & Korea Customs Service



11-6 International commodity prices

Source: Bloomberg (CRB) & The Bank of Korea (Reuters index)

* 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 in May turned downward from the previous month.

Nationwide apartment sales prices

(Percentage change from previous period)

	2004	2005	2006		2007								
	Annual	Annual	Annual	Dec	Jan	Feb	Mar	Apr	May	May 7 ¹	May 14 ¹	May 21 ¹	May 28 ¹
Nationwide	-0.6	5.9	13.8	2.1	1.0	0.3	0.1	0.0	-0.1	-0.01	-0.03	-0.03	-0.02
Seoul	-1.0	9.1	24.1	3.7	1.8	0.3	0.2	0.0	-0.2	-0.04	-0.06	-0.01	-0.01
Gangnam ²	-1.3	13.5	27.6	2.4	1.1	0.1	0.0	-0.3	-0.4	-0.06	-0.06	-0.01	-0.02
Gyeonggi	-3.7	7.6	28.4	3.6	1.6	0.5	0.2	0.0	-0.2	-0.02	-0.05	-0.05	-0.07

1. Weekly trends

2. Upscale area of southern Seoul

Source: Kookmin Bank

Apartment rental prices also reversed course to a decrease in May.

Nationwide apartment rental prices

(Percentage change from previous period)

	2004	2005	2006		2007								
	Annual	Annual	Annual	Dec	Jan	Feb	Mar	Apr	May	May 7 ¹	May 14 ¹	May 21 ¹	May 28 ¹
Nationwide	-2.7	5.7	7.6	0.6	0.5	0.3	0.4	0.3	-0.1	-0.01	0.01	-0.02	0.00
Seoul	-4.4	6.2	11.5	0.6	0.7	0.4	0.6	0.4	-0.1	0.02	-0.01	0.01	-0.01
Gangnam ²	-5.2	8.6	11.3	0.5	0.7	0.4	0.3	0.2	-0.2	0.00	-0.03	-0.02	-0.03
Gyeonggi	-5.5	10.6	12.4	1.0	0.8	0.4	0.6	0.3	-0.3	-0.07	-0.05	-0.05	0.02

1. Weekly trends

2. Upscale area of southern Seoul

Source: Kookmin Bank

Apartment sales transactions in April remained unchanged from the previous month while decreased from a year earlier.

Apartment sales transactions

(Monthly average, thousand)

2004	2005	2006										2007			
Annual	Annual	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
64	79	89	89	81	68	60	100	110	152	116	86	63	70	70	

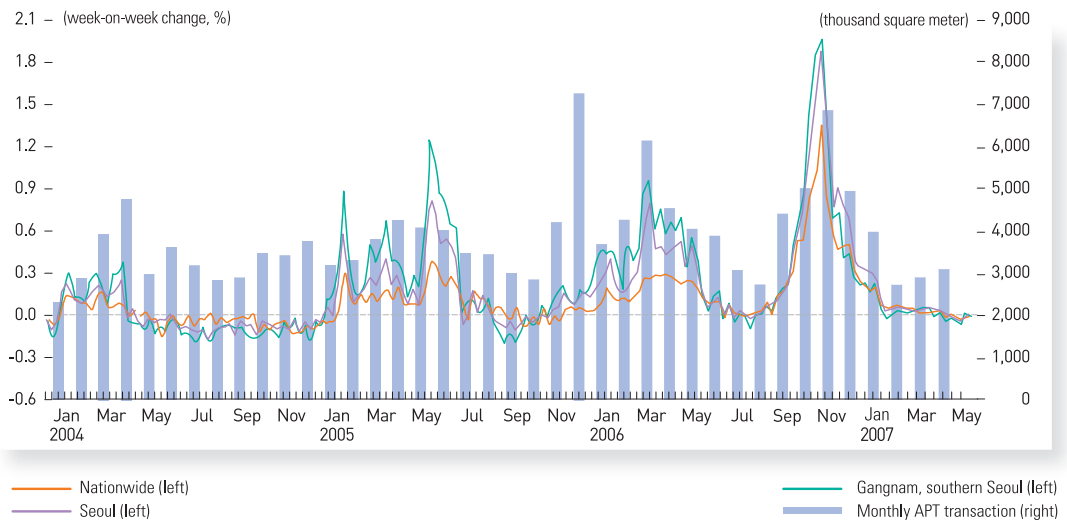
12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



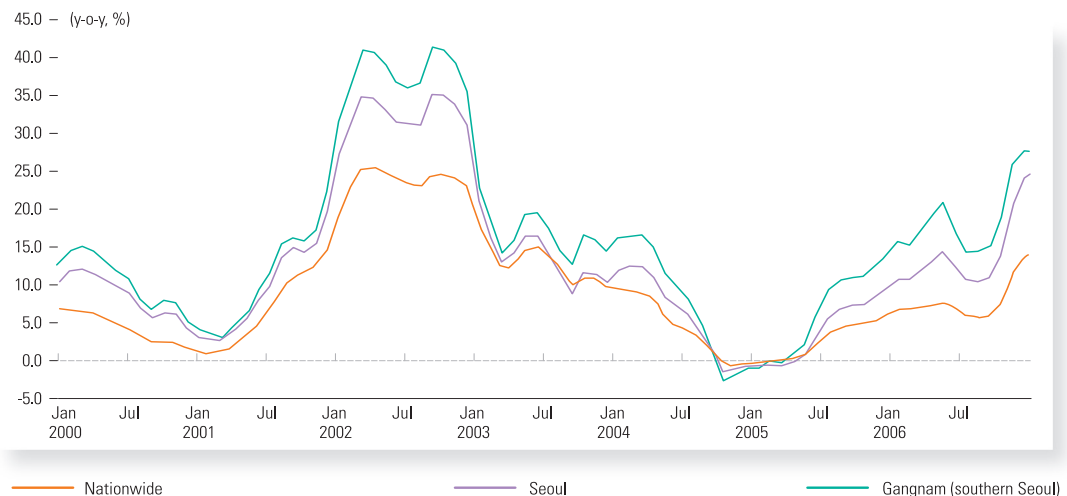
12-2 Weekly apartment sales prices and monthly transaction volume

Source: Kookmin Bank (weekly APT price trend) & Korea Land Corporation (monthly land trade trend)



12-3 Apartment prices by region

Source: Kookmin Bank (national housing price trend)



12.2 Land market

Nationwide land prices in April rose 0.26 percent from the previous month.

Only 69 areas out of 248 cities, counties and districts stayed above the nationwide average while the remaining 179 areas stood at the below average.

Land prices by region

(Percentage change from previous period)

	2004	2005			2006						2007			
	Annual	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Feb	Mar	Apr	
Nationwide	3.86	4.98	1.13	1.11	5.61	1.31	1.43	1.25	1.5	0.49	0.31	0.28	0.26	
Seoul	4.09	6.56	1.44	1.59	9.17	1.78	2.37	2.19	2.5	0.81	0.46	0.40	0.34	
Gyeonggi	6.12	5.69	1.41	0.81	5.07	1.12	1.29	1.05	0.5	0.49	0.35	0.31	0.29	
S. Chungcheong	11.65	8.32	1.28	2.12	5.54	2.77	1.31	0.69	0.67	0.24	0.15	0.14	0.14	

Nationwide land transactions in April decreased from the previous month as well as from a year earlier.

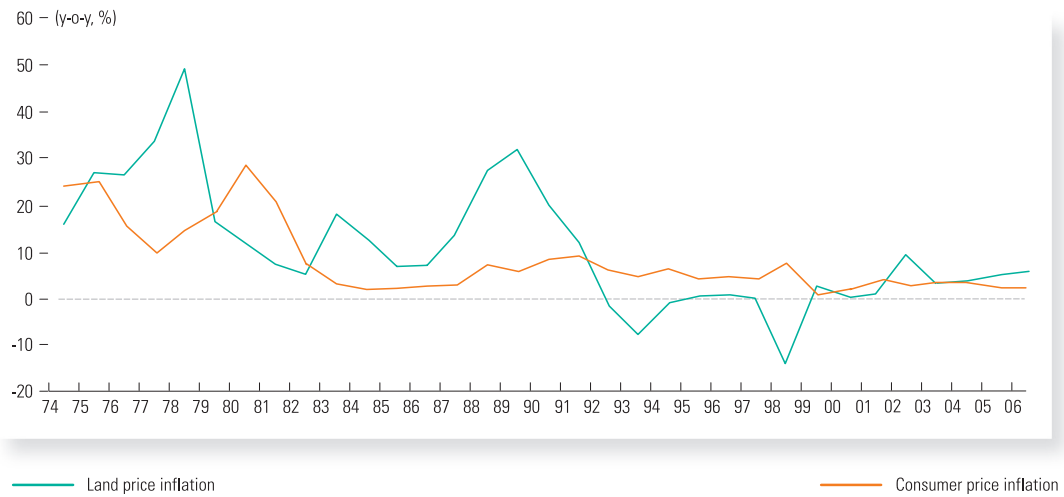
Land sales transactions

(Monthly average, thousand)

	2004	2005	2006										2007			
	Annual	Annual	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Nationwide	218	248	231	249	211	182	178	236	239	330	372	242	185	212	203	
Gyeonggi	52	56	55	66	52	45	46	66	71	102	100	59	43	48	45	
N. Chungcheong	8	11	8	9	9	8	7	8	7	10	13	9	7	9	8	
S. Chungcheong	20	17	14	15	12	8	8	10	9	12	15	12	9	11	12	

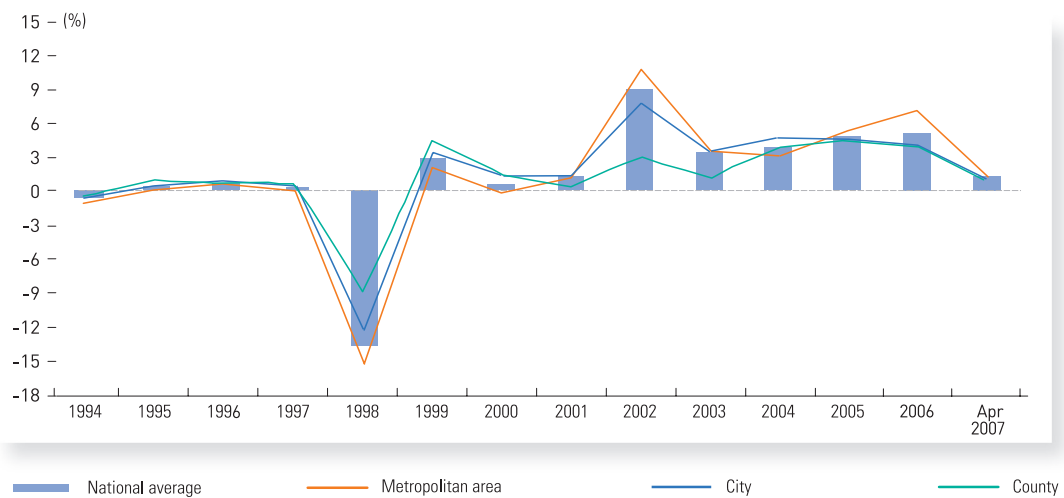
12-4 Land and consumer prices since 1970s

Source: Korea Land Corporation (land prices) & Korea National Statistical Office (consumer prices)



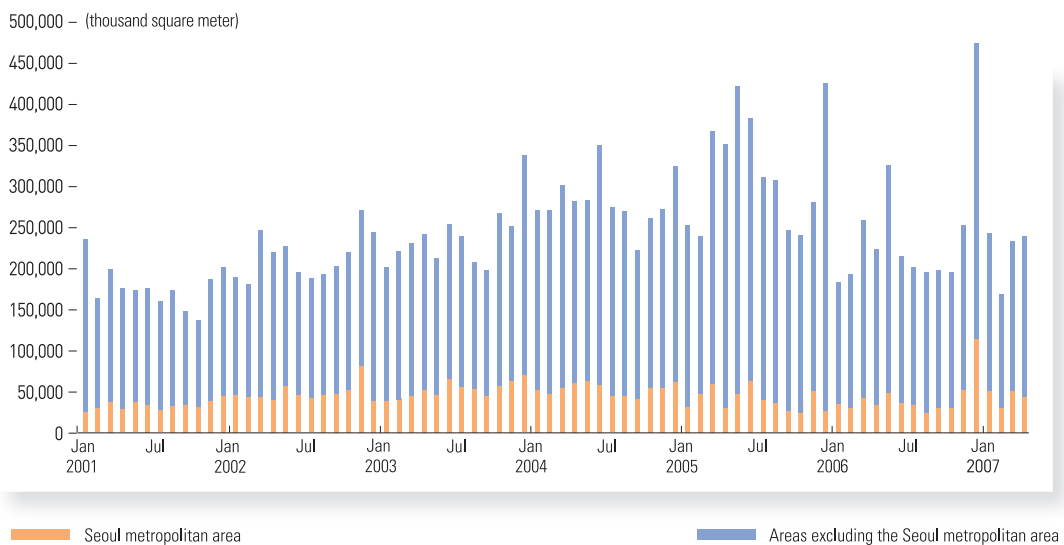
12-5 Land prices by region

Source: Korea Land Corporation (land price trend)



12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



13. Composite indexes of business cycle indicators

The cyclical indicator of coincident composite index, a barometer of current economic conditions, rose 0.1 percentage point from a month earlier in April, mainly due to the increase in most components of the index including industrial production and domestic shipment.

Cyclical indicator of coincident composite index (m-o-m, p)

0.3 (Nov 2006) ↻ -0.2 (Dec) ↻ -0.2 (Jan 2007) ↻ 0.1 (Feb) ↻ -0.2 (Mar) ↻ 0.1 (Apr)

The on-year leading composite index in April, which foresees the future economic conditions, rose 0.3 percentage points from a month earlier. The increase was led by robustness in various components of the index including the inventory circulation indicator, the value of imported capital goods, KOSPI and the value of construction order placed.

12 month smoothed change in leading composite index (m-o-m, %p)

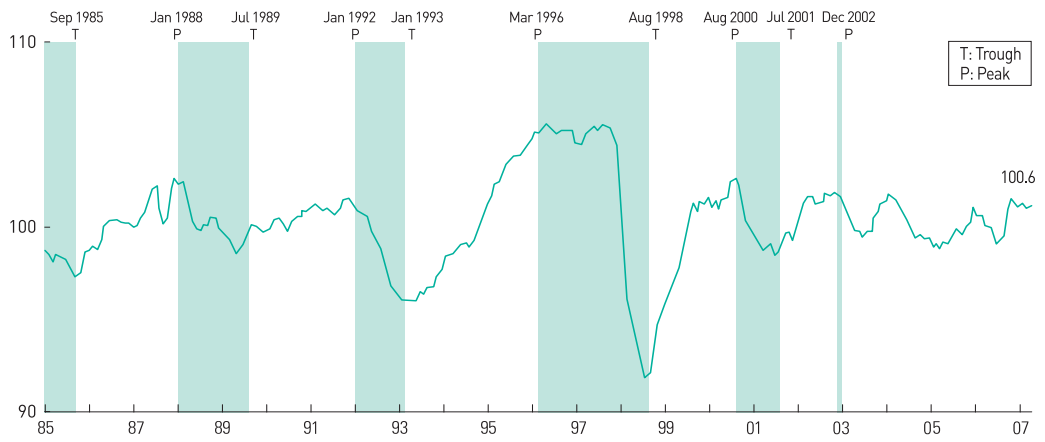
0.4 (Nov 2006) ↻ -0.1 (Dec) ↻ 0.0 (Jan 2007) ↻ 0.2 (Feb) ↻ -0.1 (Mar) ↻ 0.4 (Apr)

	2006		2007		
	Dec	Jan	Feb ¹	Mar ¹	Apr ¹
Coincident composite index (m-o-m, %)	0.2	0.2	0.5	0.2	0.6
Cyclical indicator of coincident composite index	100.8	100.6	100.7	100.5	100.6
(m-o-m, p)	-0.2	-0.2	0.1	-0.2	0.1
Leading composite index (m-o-m, %)	0.4	0.3	0.6	0.2	0.7
12 month smoothed change in leading composite index (%)	4.7	4.7	4.9	4.8	5.1
(m-o-m, %p)	-0.1	0.0	0.2	-0.1	0.3

1. Preliminary

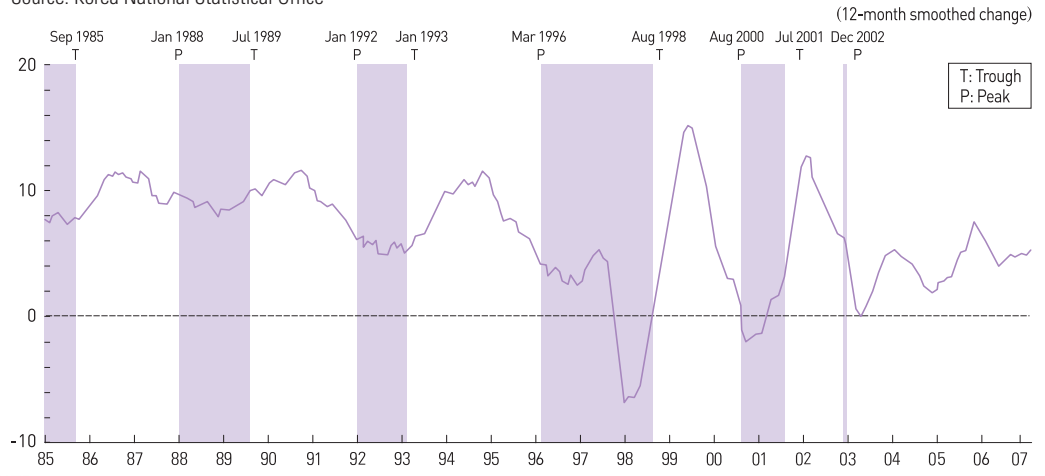
13-1 Cyclical indicator of coincident composite index

Source: Korea National Statistical Office



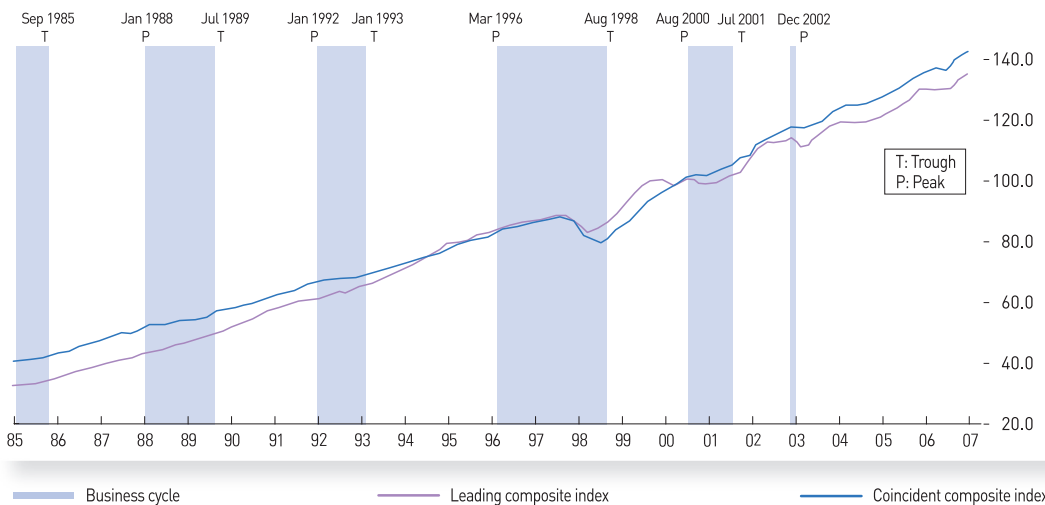
13-2 Leading composite index

Source: Korea National Statistical Office



13-3 Coincident and leading composite indexes

Source: Korea National Statistical Office



Economic News Briefing

Growing optimism on the Korean economy

The International Monetary Fund (IMF) is upbeat about the Korean economy amid heightening expectations on domestic demand recovery. After the 2007 Article IV Consultation, the IMF said the Korean economy is in good shape. With domestic demand holding up and exports continuing to perform well across a range of industries, growth should pick up modestly in the remainder of 2007, reaching 4.4 percent for the year.

Foreign banks' forecasts are also in the same tune. Their average growth forecast has been upgraded to reach 4.4 percent. In particular, Goldman Sachs on June 4 raised its forecast for Korea's economic growth in 2007 and 2008 to 4.8 percent and 5.3 percent, respectively, citing brisk exports probably lead to a rise in companies' capital expenditure and a recovery in private consumption.

The Korea Development Institute (KDI) forecast an annual growth of 4.4 percent for 2007 based on a strong revival in consumer spending. Major private institutes, Samsung Economic Research Center (SERI) and Hyundai Research Institute (HRI) at the end of May have raised the year's growth outlook for the nation to 4.5 percent from the previous estimates of 4.3 percent and 4.2 percent, with rebounding private consumption and resilient exports.

Meanwhile, the Organization for Economic Cooperation and Development (OECD) predicted on May 24 that the Korean economy will grow 4.3 percent this year, a slight downgrade from a previous forecast of 4.4 percent, on the ground of cooling exports. The OECD, however, upgraded its outlook on the country's domestic consumption growth from 3.8 percent of previous prediction to 4.4 percent, upholding expectations on full-fledged recovery of domestic demand.

Korea's GDP by production and expenditure*

(Percentage change from previous quarter)

	2005				2006 ¹				2007 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	0.7	1.6	1.6	1.7	1.0	0.8	1.2	0.9	0.9
Agriculture, forestry and fisheries	-2.4	0.1	-0.1	0.6	-2.2	-0.7	-0.4	-0.6	1.8
Manufacturing	1.0	2.0	2.8	3.9	0.8	1.6	2.2	1.0	-0.9
Construction	0.0	2.9	-1.8	-0.8	-0.2	-1.4	3.6	0.6	1.4
Services ²	0.8	1.2	1.2	1.0	1.1	0.7	0.9	1.2	1.2
Private consumption	0.5	1.9	1.0	1.2	1.2	0.6	0.9	1.0	1.5
Facility investment	2.1	2.0	0.9	5.2	-1.0	2.2	3.8	0.1	4.4
Construction investment	0.2	4.4	-2.6	-1.3	0.0	-0.9	2.0	1.9	0.8
Goods exports ³	2.8	0.9	5.9	1.7	2.3	5.4	2.9	-0.5	2.7
Goods imports ³	-1.9	3.8	4.4	0.7	1.8	6.1	2.0	-2.1	4.5
Domestic demand ⁴	0.9	2.3	0.3	1.2	0.8	0.7	1.6	1.1	1.5

*At 2000 constant prices, seasonally adjusted

1. Preliminary

2. Wholesale and retail sales, hotel and restaurants, transportation and storage, communication services, financial and insurance services, real estate, business services, public administration, defense and social security, educational services, healthcare and social welfare services and other services are included.

3. FOB basis

4. Excluding inventory

Korea's investments in overseas securities up 75.1% last year

Korea's investments in overseas bonds and stocks surged 75.1 percent in 2006 compared to the previous year as financial institutions increased holdings of foreign stocks. According to the Bank of Korea, the nation's financial institutions, the government, corporations and individuals held an outstanding US\$76.43 billion in overseas bonds and stocks as of the end of last year. In particular, overseas investment funds operated by local asset managers amounted to 18.9 trillion won (US\$20.29 billion) in net asset, up from 7.2 trillion won (US\$7.73 billion) a year earlier. The central bank's overseas investments using the nation's foreign reserves were not included in the tally.

The increasing trend of overseas securities investments is expected to be further fueled by the government's efforts to boost Korea's overseas direct investment. As part of the efforts, capital gains taxes on locally domiciled funds' investments in overseas equities are waived from June 1, 2007. However, the temporary tax exemption for three years are not applied to offshore funds domiciled in other countries even though they are doing business in Korea.

Korea-ASEAN Goods Trade Agreement came into effect

The Korea-ASEAN Goods Trade Agreement became effective as of June 1 as the amending procedures for "FTA Special Tariff Law Enforcement Ordinance and Enforcement Regulations" had been completed.

Under this agreement, tariffs on 7,991 items from ASEAN countries including coffee beans, tires, and television subjected to immediate withdrawal in Korea from June 1. With an exception of 108 items composed of tropical fruits including banana and pineapple, and highly sensitive items such as rice and beef, a total of 12,063 general items and 877 sensitive items will be phased in tariff withdrawal and tariff cuts, respectively.

Also, Korea's exports to five ASEAN member countries including Malaysia are expected to enjoy preferential tariff benefits from June 1. Over 90 percent of the entire items are classified under the general product group, and among them, half of the Korean products are subject to lowered tariff within the range from 0 to 5 percent right upon the FTA effectuation. As the next phase, approximately 90 percent of the Korean products under general product group will be exempted from duties by January 1, 2009.

According to the Korea Institute for International Economic Policy (KIEP), the effectuation of Korea-ASEAN FTA will bring about an increase in real GDP by 0.63 percent, consumer welfare by US\$2,464 million and a surplus of global trade balance by US\$84 million.

Inter-Korean commercial trade jumps 43% in January to April

Despite a stagnation in non-commercial trade between the South and North Korea amid lingering nuke problems, the inter-Korean commercial trade soared 43 percent year-on-year to US\$346.99 million in the first four months of this year. It was also boosted by surged influx of products from Gaeseong Industrial Complex, a joint industrial complex of two sides located in the North Korean border city of Gaeseong. Products made in the complex during the January-April period of this year were valued at US\$48.1 million, about 24 percent of which, or US\$11.3 million worth of products were exported, compared with 18.4 percent, or US\$2.3 million in the same period of the previous year. The biggest importer of Gaeseong-made goods was the EU, followed by China, Russia and Australia.

New electronic registration service for foreign investors

A new electronic registration service that processes foreign investors' registration applications and issues registration certificates electronically, began on June 1, 2007. It is designed to continually improve Korea's investment climate for global investors and to utilize the financial information network shared by the Financial Supervisory Service (FSS) and financial institutions for information exchange.

A foreign investor using the new electronic registration service (<http://fines.fss.or.kr/>) may send the registration documents via the designated financial institution (*agent*) and receive the registration certificate electronically. A foreign investor may designate an agent financial institution from banks, securities companies and Korea Securities Depository (KSD). Registration certificate issued by the FSS is used as a verification of the investor's lawful identity. Under the new electronic service, the processing time for a new registration certificate is shortened from 4 days to approximately 4 hours.

Information on Korea's investment procedures will be available in English on the FSS Internet homepage (<http://english.fss.or.kr/fsseng/index.jsp>) beginning July 1, 2007. It will include explanations on Korea's investor registration system, the registration procedure, and rules and regulations pertaining to investor registration.

Korea ranks first in Digital Opportunity Index for 3 consecutive years

In a survey of "Digital Opportunity Index (DOI)", Korea ranked first among 181 economies for the third consecutive year in 2007 boasting its status as a leading IT country, according to the International Telecommunication Union (ITU) on May 17. A composite index, the DOI measures the level of IT development, including countries' adoption and access to information and communication technologies (ICTs). Japan, Denmark, and Iceland followed Korea keeping their second, third and fourth spots, respectively, in 2007 for two years in a row.

Korean firms rushing to adopt global eco-management norms

Korean firms are moving quickly to improve their global competitiveness by adopting international standards for environmental management, given the figure released on June 7 by the Korean Agency for Technology and Standards (ATS), under the Ministry of Commerce, Industry and Energy. According to the ATS, the number of local firms that received the ISO 14001 certification reached 5,893 in 2005, which was a 2.4-fold increase from the previous year, and a quantum leap forward from the 52 certificates handed out in 1996 when the government first started to urge companies to consider environment-friendly management practices. The 14001 certificate given by the International Organization for Standardization (ISO) through local accreditation organizations is designed to improve corporate competitiveness by efficient and clean use of resources.

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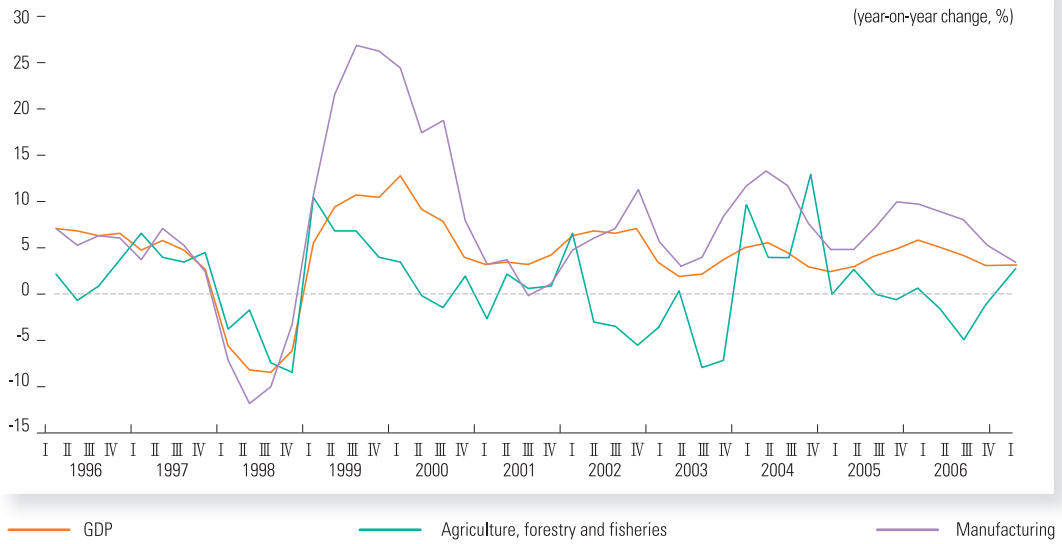
1. National accounts

(year-on-year change, %, 2000 constant prices)

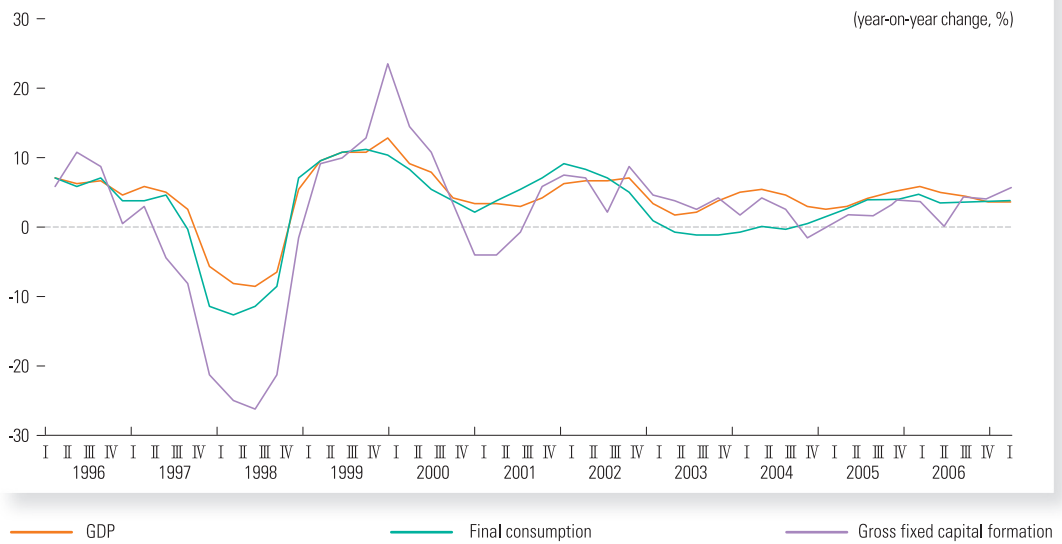
Period	Real GDP			Final consumption expenditure	Gross fixed capital formation		
	Agri., fores. & fisheries	Manufacturing			Construction	Facilities	
1996	7.0	2.3	6.4	7.0	8.4	7.5	9.2
1997	4.7	4.6	4.9	3.2	-2.3	2.3	-9.6
1998	-6.9	-6.4	-7.9	-10.6	-22.9	-12.4	-42.3
1999	9.5	5.9	21.8	9.7	8.3	-3.8	36.8
2000	8.5	1.2	17.0	7.1	12.2	-0.8	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
2004	4.7	9.2	11.1	0.4	2.1	1.1	3.8
2005	4.2	0.7	7.1	3.9	2.4	-0.2	5.7
2006 ^P	5.0	-2.6	8.4	4.5	3.2	-0.4	7.6
2001 I	3.5	-2.4	3.4	2.3	-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
2004 I	5.4	10.1	11.9	-0.4	2.4	4.9	-0.1
II	5.7	4.2	13.6	0.7	4.7	3.8	6.4
III	4.7	4.3	11.7	0.1	2.9	1.0	6.8
IV	3.3	13.3	7.7	1.3	-1.1	-3.3	2.4
2005 I	2.9	-0.1	5.4	2.0	0.5	-3.3	3.8
II	3.4	3.1	5.1	3.9	2.1	1.1	3.1
III	4.8	1.9	7.5	4.8	2.2	-0.1	5.0
IV	5.5	-0.5	10.1	4.9	4.3	0.4	10.8
2006 ^P I	6.3	0.9	9.9	5.2	3.5	0.2	7.0
II	5.1	-3.3	9.3	4.3	0.1	-5.0	7.2
III	4.8	-4.7	9.0	4.3	4.6	-0.1	11.1
IV	4.0	-2.0	5.7	4.3	4.5	3.2	5.3
2007 ^P I	4.0	4.0	3.8	4.3	7.0	3.9	10.8

P: Preliminary
Source: The Bank of Korea

Growth rate by economic activity



Growth rate by expenditure on GDP



2. Production, shipment and inventory See graphs 6-1, 6-3, 7-1, 7-2 & 7-3

(constant prices, 2000 = 100)

Period	Production		Shipment		Inventory		Service production	
	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)
2004	126.2	10.2	124.7	9.1	121.2	9.3	118.3	0.7
2005	134.1	6.3	131.7	5.6	124.1	2.4	122.6	3.6
2006	147.6	10.1	142.0	7.8	131.8	6.2	129.0	5.2
2004 I	122.8	11.4	121.2	10.2	117.2	4.5	116.0	2.2
II	127.1	12.8	125.5	11.0	115.9	2.9	119.3	1.0
III	121.7	10.9	120.3	10.0	116.1	4.9	116.6	-0.4
IV	133.5	6.4	131.9	5.7	121.2	9.3	121.2	-0.1
2005 I	127.1	3.5	125.6	3.6	127.6	8.9	116.9	0.8
II	131.6	3.5	129.9	3.5	124.3	7.2	122.4	2.6
III	130.4	7.1	128.0	6.4	122.8	5.8	123.0	5.5
IV	147.3	10.3	143.2	8.6	124.1	2.4	128.3	5.9
2006 I	143.4	12.8	137.8	9.7	132.4	3.8	124.1	6.2
II	146.7	11.5	141.6	9.0	133.6	7.5	129.0	5.4
III	145.2	11.3	139.8	9.2	130.8	6.5	128.5	4.5
IV	155.0	5.2	148.6	3.8	131.8	6.2	134.5	4.8
2007 I ^P	148.2	3.3	143.9	4.4	140.1	5.8	131.0	5.6
2004 1	115.5	4.8	114.0	4.2	114.2	4.1	114.1	0.0
2	121.8	17.6	119.7	15.1	116.7	5.3	111.9	3.9
3	131.0	12.2	129.9	11.4	117.2	4.5	121.7	2.5
4	126.9	11.4	125.8	10.3	115.0	1.3	118.3	0.6
5	127.3	13.9	125.1	11.5	117.4	3.5	119.0	0.6
6	127.0	12.9	125.5	11.2	115.9	2.9	119.6	1.7
7	122.4	12.9	120.4	12.3	117.4	3.3	116.2	-0.6
8	119.6	10.4	118.3	9.7	117.3	3.5	114.4	-0.6
9	123.0	9.4	122.3	8.1	116.1	4.9	117.5	-0.2
10	133.0	5.3	132.1	4.8	116.3	5.7	117.8	-0.7
11	134.3	9.6	133.2	9.2	119.0	8.4	118.2	-0.4
12	133.1	4.1	130.3	3.1	121.2	9.3	126.5	0.6
2005 1	131.9	14.2	128.4	12.6	128.6	12.6	115.2	1.0
2	112.6	-7.6	112.5	-6.0	127.3	9.1	111.4	-0.4
3	136.8	4.4	135.8	4.5	127.6	8.9	123.7	1.6
4	131.1	3.3	129.3	2.8	127.8	11.1	120.6	1.9
5	131.9	3.6	129.3	3.4	128.1	9.1	122.3	2.8
6	131.7	3.7	131.0	4.4	124.3	7.2	122.9	2.8
7	131.0	7.0	128.2	6.5	126.7	7.9	121.5	4.6
8	127.7	6.8	126.3	6.8	122.7	4.6	121.3	6.0
9	132.4	7.6	129.5	5.9	122.8	5.8	124.0	5.5
10	143.7	8.0	140.3	6.2	122.7	5.5	123.4	4.8
11	150.1	11.8	146.3	9.8	122.6	3.0	125.4	6.1
12	148.2	11.3	142.9	9.7	124.1	2.4	134.7	6.5
2006 1	142.1	7.7	135.2	5.3	128.1	-0.4	124.1	7.7
2	136.7	21.4	132.2	17.5	130.2	2.3	118.1	6.0
3	151.4	10.7	146.0	7.5	132.4	3.8	130.2	5.3
4	145.1	10.7	140.1	8.4	132.5	3.7	128.5	6.6
5	148.5	12.6	142.8	10.4	134.7	5.2	130.2	6.5
6	146.5	11.2	141.9	8.3	133.6	7.5	128.2	4.3
7	137.4	4.9	130.5	1.8	135.8	7.2	124.9	2.8
8	142.6	11.7	138.5	9.7	131.7	7.3	128.0	5.5
9	155.7	17.6	150.5	16.2	130.8	6.5	132.5	6.9
10	151.6	5.5	144.4	2.9	131.6	7.3	129.0	4.5
11	160.8	7.1	154.1	5.3	131.3	7.1	132.5	5.7
12	152.7	3.0	147.2	3.0	131.8	6.2	141.9	5.4
2007 1	152.7	7.5	144.6	7.0	142.1	10.9	130.3	5.0
2	135.9	-0.6	133.8	1.2	141.2	8.4	126.0	6.7
3 ^P	156.1	3.1	153.4	5.1	140.1	5.8	136.6	4.9
4 ^P	154.8	6.7	150.1	7.1	140.3	5.9	135.0	5.1

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 (%)
2004	115.1	4.8	102.5	2.8	80.3
2005	119.0	3.4	102.1	-0.4	79.7
2006	123.1	3.4	103.1	1.0	81.1
2004 I	113.0	3.9	101.0	3.9	80.9
II	115.3	5.1	104.9	4.0	80.6
III	115.6	5.5	98.3	3.5	79.6
IV	116.5	4.8	105.8	0.1	80.2
2005 I	117.2	3.7	99.4	-1.6	79.5
II	118.1	2.4	104.1	-0.8	79.5
III	118.9	2.9	98.7	0.4	79.9
IV	121.7	4.5	106.0	0.2	80.1
2006 I	122.6	4.6	102.2	2.8	81.8
II	122.8	4.0	105.0	0.9	80.7
III	122.7	3.2	100.8	2.1	80.6
IV	124.3	2.1	104.4	-1.5	81.3
2007 IP	124.4	1.5	102.2	0.0	81.6
2004 1	112.3	3.8	94.3	-2.7	79.8
2	112.9	4.3	100.7	9.6	82.7
3	113.8	3.5	108.0	5.0	80.1
4	114.7	4.5	105.4	2.3	80.7
5	115.6	5.3	104.9	5.2	81.6
6	115.7	5.7	104.5	4.6	79.6
7	115.6	5.6	100.0	6.4	79.1
8	115.6	5.5	96.5	3.0	79.8
9	115.6	5.5	98.5	1.2	80.0
10	116.1	4.9	106.6	-2.4	79.8
11	116.5	4.6	107.2	4.1	80.6
12	116.9	4.9	103.6	-1.2	80.1
2005 1	117.1	4.3	102.7	8.9	80.8
2	117.2	3.8	86.8	-13.8	77.3
3	117.3	3.1	108.6	0.6	80.4
4	117.3	2.3	104.8	-0.6	79.4
5	118.4	2.4	104.0	-0.9	79.0
6	118.5	2.4	103.6	-0.9	80.0
7	118.5	2.5	101.8	1.8	80.6
8	118.6	2.6	96.2	-0.3	79.8
9	119.5	3.4	98.2	-0.3	79.2
10	121.0	4.2	104.9	-1.6	79.2
11	122.0	4.7	108.7	1.4	81.3
12	122.1	4.4	104.5	0.9	79.9
2006 1	122.5	4.6	99.8	-2.8	83.1
2	122.5	4.5	97.5	12.3	80.9
3	122.7	4.6	109.3	0.6	81.3
4	122.7	4.6	103.3	-1.4	79.3
5	122.8	3.7	106.2	2.1	80.9
6	122.8	3.6	105.5	1.8	81.9
7	122.8	3.6	94.9	-6.8	76.7
8	122.6	3.4	98.0	1.9	81.2
9	122.6	2.6	109.4	11.4	84.0
10	124.1	2.6	101.2	-3.5	81.9
11	124.3	1.9	109.7	0.9	81.6
12	124.4	1.9	102.4	-2.0	80.5
2007 1	124.4	1.6	104.2	4.4	81.4
2	124.4	1.6	93.0	-4.6	82.0
3P	124.5	1.5	109.5	0.2	81.4
4P	125.5	2.3	107.1	3.7	82.3

P: Preliminary

Source: Korea National Statistical Office

4. Consumer goods sales index See graphs 2-2, 2-3, 2-4 & 2-5

(constant prices, 2000 = 100)

Period	Consumer goods sales index		Durable goods		Semi-durable goods		Non-durable goods	
	Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)	
2004	116.2	1.0	117.1	3.3	115.8	3.9	116.0	-1.4
2005	121.0	4.1	124.7	6.5	124.9	7.9	117.4	1.2
2006	126.7	4.7	138.4	11.0	131.3	5.1	118.7	1.1
2004 I	114.3	0.5	110.6	-2.2	112.7	1.0	117.0	1.7
II	115.9	1.7	115.3	0.8	117.5	7.5	115.4	-0.5
III	113.7	0.7	117.6	4.9	101.9	3.6	117.3	-2.4
IV	121.0	1.3	125.0	9.8	131.3	4.0	114.1	-4.2
2005 I	115.8	1.3	114.5	3.5	115.5	2.5	116.6	-0.3
II	120.0	3.5	122.9	6.6	125.9	7.1	115.7	0.3
III	119.0	4.7	126.4	7.5	111.7	9.6	118.7	1.2
IV	129.4	6.9	135.1	8.1	146.6	11.7	118.4	3.8
2006 I	121.9	5.3	127.7	11.5	124.1	7.4	118.0	1.2
II	127.3	6.1	136.8	11.3	134.3	6.7	119.2	3.0
III	122.4	2.9	140.8	11.4	114.9	2.9	116.7	-1.7
IV	135.2	4.5	148.1	9.6	151.9	3.6	120.8	2.0
2007 IP	130.6	7.1	149.4	17.0	132.0	6.4	120.5	2.1
2004 1	120.2	-1.6	110.2	-6.3	116.7	-0.6	126.9	0.2
2	107.7	3.3	108.3	1.6	107.0	7.2	107.8	2.5
3	115.0	0.2	113.3	-1.6	114.3	-2.9	116.2	2.5
4	115.5	1.3	117.6	0.1	119.5	5.3	112.5	0.2
5	117.2	-0.4	112.7	-2.7	124.2	6.4	116.1	-2.5
6	114.9	4.3	115.5	5.2	108.7	11.4	117.6	0.9
7	113.7	1.3	122.5	6.0	104.2	6.4	113.7	-3.1
8	107.4	-1.1	113.3	6.0	88.3	-0.9	113.6	-4.3
9	119.9	1.7	117.0	2.8	113.2	4.7	124.6	0.0
10	118.7	-0.2	122.8	5.0	130.0	5.5	111.3	-5.5
11	119.3	0.3	122.6	10.0	132.4	1.9	111.4	-5.2
12	125.1	3.7	129.6	14.6	131.5	4.5	119.7	-1.9
2005 1	115.5	-3.9	114.3	3.7	115.7	-0.9	116.1	-8.5
2	111.7	3.7	106.7	-1.5	107.9	0.8	116.1	7.7
3	120.1	4.4	122.6	8.2	122.9	7.5	117.6	1.2
4	119.0	3.0	121.5	3.3	126.7	6.0	114.0	1.3
5	121.7	3.8	122.7	8.9	131.6	6.0	116.4	0.3
6	119.3	3.8	124.4	7.7	119.3	9.8	116.7	-0.8
7	119.9	5.5	136.6	11.5	113.7	9.1	114.5	0.7
8	114.5	6.6	124.7	10.1	97.8	10.8	117.4	3.3
9	122.5	2.2	117.8	0.7	123.6	9.2	124.3	-0.2
10	123.4	4.0	125.5	2.2	141.4	8.8	113.8	2.2
11	127.6	7.0	135.3	10.4	143.0	8.0	116.4	4.5
12	137.2	9.7	144.5	11.5	155.5	18.3	124.9	4.3
2006 1	126.0	9.1	122.3	7.0	125.6	8.6	128.1	10.3
2	113.3	1.4	123.9	16.1	115.9	7.4	106.6	-8.2
3	126.5	5.3	136.9	11.7	130.8	6.4	119.2	1.4
4	125.6	5.5	131.2	8.0	137.7	8.7	117.1	2.7
5	129.7	6.6	136.6	11.3	141.2	7.3	120.7	3.7
6	126.5	6.0	142.5	14.5	123.9	3.9	119.7	2.6
7	118.9	-0.8	135.6	-0.7	115.7	1.8	111.9	-2.3
8	119.4	4.3	141.0	13.1	99.7	1.9	117.9	0.4
9	129.0	5.3	145.9	23.9	129.2	4.5	120.3	-3.2
10	129.8	5.2	136.6	8.8	141.4	0.0	120.8	6.2
11	134.1	5.1	151.3	11.8	152.7	6.8	116.7	0.3
12	141.7	3.3	156.5	8.3	161.6	3.9	124.9	0.0
2007 1	129.4	2.7	148.2	21.2	132.1	5.2	118.7	-7.3
2	127.0	12.1	139.2	12.3	124.1	7.1	122.2	14.6
3P	135.5	7.1	160.9	17.5	139.7	6.8	120.7	1.3
4P	131.7	4.9	151.2	15.2	141.1	2.5	117.4	0.3

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)						Consumer sentiment index		
		Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)	Expectations index	Present situation index	
2004	105.8	-1.4	106.4	-4.7	103.6	-1.1	-	-	
2005	108.0	2.1	112.6	5.8	104.2	0.6	-	-	
2006	113.3	4.9	124.0	10.1	107.8	3.5	-	-	
2004	I	107.2	0.2	110.4	-2.2	104.8	0.6	-	-
	II	104.9	0.3	108.5	-4.0	101.3	0.7	-	-
	III	102.5	-1.6	99.6	-5.5	101.7	-1.5	-	-
	IV	108.7	-4.1	107.3	-7.1	106.5	-3.9	-	-
2005	I	102.4	-4.5	101.8	-7.8	100.6	-4.0	-	-
	II	105.3	0.4	111.2	2.5	101.3	0.0	-	-
	III	107.7	5.1	111.5	11.9	104.7	2.9	-	-
	IV	116.6	7.3	126.0	17.4	110.4	3.7	-	-
2006	I	109.4	6.8	116.1	14.0	105.0	4.4	-	-
	II	111.3	5.7	125.1	12.5	104.4	3.1	-	-
	III	113.4	5.3	121.7	9.1	109.4	4.5	-	-
	IV	119.2	2.2	133.2	5.7	112.6	2.0	-	-
2007	IP	114.3	4.5	129.6	11.6	107.8	2.7	-	-
2004	1	106.2	-5.7	103.3	-9.0	106.8	-4.8	101.2	72.6
	2	103.5	3.7	112.1	2.2	98.5	3.2	99.0	71.9
	3	112.0	3.2	115.7	0.3	109.0	3.7	96.4	68.5
	4	107.9	1.6	112.6	-3.0	104.2	2.8	103.0	74.9
	5	103.5	-1.4	106.7	-6.7	100.0	-0.8	97.1	70.7
	6	103.2	0.7	106.1	-2.1	99.8	0.3	94.1	67.3
	7	102.5	-0.3	102.4	-2.9	100.7	-0.8	90.8	66.2
	8	100.7	-1.9	96.6	-3.0	100.9	-2.5	88.3	63.1
	9	104.4	-2.5	99.8	-10.2	103.6	-1.1	90.1	65.0
	10	108.5	-5.5	108.7	-8.0	105.6	-5.7	89.1	65.1
	11	108.8	-0.3	109.1	-3.5	105.3	-0.5	87.8	62.8
	12	108.9	-6.2	104.1	-9.9	108.6	-5.2	86.5	62.2
2005	1	107.2	0.9	102.1	-1.2	106.9	0.1	92.5	66.5
	2	91.7	-11.4	91.4	-18.5	90.3	-8.3	102.5	83.2
	3	108.2	-3.4	112.0	-3.2	104.5	-4.1	105.7	89.6
	4	103.9	-3.7	107.5	-4.5	100.6	-3.5	104.7	90.2
	5	104.9	1.4	110.6	3.7	101.1	1.1	102.2	85.5
	6	107.1	3.8	115.4	8.8	102.1	2.3	97.8	79.7
	7	106.7	4.1	116.1	13.4	101.5	0.8	97.2	78.9
	8	107.0	6.3	108.1	11.9	105.2	4.3	96.7	78.3
	9	109.4	4.8	110.4	10.6	107.3	3.6	99.1	81.2
	10	113.8	4.9	122.4	12.6	107.8	2.1	100.0	83.4
	11	117.6	8.1	128.9	18.1	110.2	4.7	101.5	84.9
	12	118.4	8.7	126.8	21.8	113.2	4.2	103.0	85.3
2006	1	110.4	3.0	112.3	10.0	107.9	0.9	104.5	88.4
	2	103.1	12.4	112.5	23.1	97.8	8.3	103.8	89.0
	3	114.6	5.9	123.5	10.3	109.2	4.5	103.4	90.1
	4	108.8	4.7	118.1	9.9	103.7	3.1	100.6	87.2
	5	112.0	6.8	125.5	13.5	105.3	4.2	98.0	83.0
	6	113.0	5.5	131.8	14.2	104.2	2.1	97.4	81.9
	7	104.7	-1.9	110.3	-5	102.2	0.7	94.3	78.7
	8	110.5	3.3	117.4	8.6	107.5	2.2	93.7	77.8
	9	124.9	14.2	137.3	24.4	118.4	10.3	94.8	78.9
	10	114.1	0.3	126.8	3.6	107.8	0.0	93.9	80.7
	11	122.8	4.4	139.4	8.1	115.1	4.4	95.2	77.3
	12	120.7	1.9	133.4	5.2	115.0	1.6	93.7	77.1
2007	1	117.5	6.4	127.5	13.5	113.1	4.8	96.1	79.3
	2	107.2	4.0	120.6	7.2	101.5	3.8	98.1	82.3
	3	118.3 ^P	3.2 ^P	140.7 ^P	13.9 ^P	108.9 ^P	-0.3 ^P	97.8	83.3
	4	115.3 ^P	6.0 ^P	132.1 ^P	11.9 ^P	108.5 ^P	4.6 ^P	100.1	87.4
	5	-	-	-	-	-	-	101.1	89.6

P: Preliminary

Source: Korea National Statistical Office

6. Machinery orders received, domestic machinery shipment and estimated facility investment index See graph 3-2

Period	Domestic machinery orders received excluding ship (billion won)				Estimated facility investment index (2000=100)	Domestic machinery shipment excluding ship (2000=100)
	Total	Public	Private	Manufacturing		
2005	24,260	2,472	21,879	10,195	107.4	101.8
2006	27,702	2,515	25,188	13,071	115.3	106.6
2006 I	6,779	293	6,486	3,405	111.1	101.9
II	7,259	559	6,700	3,531	115.3	108.2
III	6,670	671	5,999	3,060	115.8	102.4
IV	6,994	991	6,003	3,074	119.1	114.0
2007 IP	7,834	335	7,499	3,757	123.7	108.5
2005 7	1,938	224	1,714	780	110.8	101.8
8	1,968	221	1,747	754	102.0	96.5
9	1,890	134	1,756	797	98.1	97.1
10	1,928	235	1,693	727	107.5	98.2
11	1,929	145	1,784	798	109.6	100.6
12	2,391	431	1,960	908	122.8	121.5
2006 1	2,022	81	1,941	960	102.3	93.1
2	2,324	96	2,228	1,187	103.5	96.4
3	2,434	117	2,317	1,259	127.5	116.2
4	2,377	94	2,282	1,225	117.1	104.9
5	2,219	93	2,126	1,070	116.1	111.9
6	2,664	372	2,292	1,236	112.6	107.9
7	1,892	72	1,820	86	115.1	95.3
8	2,264	256	2,007	1,016	116.7	101.4
9	2,514	342	2,172	1,178	115.5	110.6
10	2,587	635	1,95	1,015	113.5	101.2
11	2,123	71	2,052	999	118.1	111.0
12	2,283	285	1,999	1,060	125.6	129.7
2007 1	2,525	78	2,448	1,251	118.1	102.8
2	2,720	164	2,556	1,340	116.7	102.6
3P	2,589	93	2,496	1,166	136.4	120.2
4P	2,385	88	2,297	1,199	135.4	109.6
<i>Y-o-Y change (%)</i>						
2005	1.5	-3.6	2.1	-3.8	6.3	0.6
2006	14.2	1.7	15.6	28.2	7.4	4.7
2006 I	9.2	-57.7	17.6	29.4	6.2	4.8
II	20.8	44.1	19.2	26.1	6.7	3.2
III	15.1	15.9	15.0	31.3	11.8	4.0
IV	11.9	22.2	10.4	26.4	5.1	6.7
2007 IP	15.6	14.2	15.6	10.3	11.3	6.5
2005 7	26.2	179.8	17.8	13.1	11.1	4.6
8	18.3	116.5	11.9	1.7	1.4	1.3
9	0.1	-43.0	6.3	-5.0	0.2	1.0
10	0.7	51.0	-3.8	-24.9	7.2	-2.9
11	11.7	-28.8	17.1	-3.0	13.0	1.5
12	42.8	26.2	47.1	38.4	21.7	6.2
2006 1	-2.3	-17.3	-1.5	-2.6	1.5	1.3
2	37.5	31.5	37.8	61.9	4.7	11.1
3	-0.6	-77.6	20.3	37.7	11.7	2.9
4	15.3	-30.7	18.6	24.7	13.9	1.0
5	12.3	-16.9	14.1	12.6	5.7	8.2
6	35.1	165.1	25.1	42.6	0.7	0.8
7	-2.4	-68.0	6.2	11.2	3.9	-6.4
8	15.0	16.4	14.9	34.7	14.4	5.1
9	33.0	155.5	23.7	47.9	17.7	13.9
10	34.2	170.7	15.3	39.6	5.6	3.1
11	10.1	-51.2	15.0	25.1	7.8	10.3
12	-4.5	-33.9	2.0	16.8	2.3	6.7
2007 1	24.9	-3.5	26.1	30.4	15.4	10.4
2	17.1	71.1	14.7	12.9	12.8	6.4
3P	6.4	-20.0	7.7	-7.3	7.0	3.4
4P	0.4	-6.5	0.7	-2.1	15.6	4.5

P: Preliminary

Source: Korea National Statistical Office

7. Value of construction completed and domestic construction orders received

See graphs 4-2 & 4-3

(billion won)

Period	Value of construction completed (total)	Type of order		Domestic construction orders received (total)	Type of order	
		Public	Private		Public	Private
2005	75,831	23,031	50,144	83,489	21,825	58,975
2006	78,637	23,470	52,623	91,001	20,460	66,550
2006 I	16,254	4,158	11,561	16,377	3,807	12,227
II	19,849	5,709	13,510	21,249	4,147	16,801
III	19,520	6,010	12,918	23,049	4,159	18,074
IV	23,014	7,593	14,633	30,327	8,347	19,447
2007 IP	17,306	4,940	11,783	20,678	5,683	14,893
2005 7	6,015	1,759	4,048	6,667	1,111	5,455
8	6,179	1,744	4,207	5,052	1,041	4,000
9	6,433	2,012	4,192	5,098	1,279	3,758
10	6,433	1,846	4,339	5,255	1,258	3,939
11	7,135	2,063	4,785	6,233	2,187	3,933
12	8,143	2,836	4,941	12,368	4,682	7,286
2006 1	4,977	1,291	3,525	5,846	901	4,809
2	4,902	1,218	3,521	4,515	1,518	2,893
3	6,376	1,649	4,515	6,017	1,388	4,525
4	6,354	1,790	4,375	5,266	1,229	3,992
5	6,461	1,841	4,415	6,744	1,403	5,249
6	7,034	2,078	4,720	9,239	1,515	7,560
7	5,873	1,724	3,989	7,123	987	6,020
8	6,286	1,890	4,229	5,808	785	4,598
9	7,361	2,396	4,701	10,118	2,387	7,457
10	6,826	2,192	4,435	5,245	1,609	3,503
11	7,533	2,271	5,009	9,031	2,796	6,101
12	8,655	3,130	5,189	16,051	3,941	9,843
2007 1	5,498	1,473	3,854	6,411	1,562	4,822
2	5,307	1,533	3,602	6,326	1,830	4,488
3P	6,501	1,934	4,328	7,942	2,291	5,584
4P	6,753	1,930	4,517	7,841	1,789	5,733
<i>Y-o-Y change (%)</i>						
2005	4.1	-3.7	7.5	7.3	-1.7	14.5
2006	3.7	1.9	4.9	9.0	-6.3	12.8
2006 I	4.2	-11.7	11.0	-8.5	-12.4	-3.9
II	-0.3	-5.8	2.2	-14.7	-29.9	-6.0
III	4.8	9.0	3.8	37.1	21.2	36.8
IV	6.0	12.6	4.0	27.1	2.7	28.3
2007 IP	6.5	18.8	1.9	26.3	49.3	21.8
2005 7	2.8	-4.2	5.7	4.3	-15.3	20.7
8	2.8	-12.1	9.4	16.2	13.5	18.7
9	0.8	-11.1	6.9	23.7	-7.5	50.0
10	1.8	-4.8	4.2	-36.5	-59.7	-18.2
11	10.0	-4.4	16.5	0.8	-2.9	2.5
12	4.5	1.3	4.5	-18.6	-23.0	-4.4
2006 1	0.6	-12.5	6.5	10.9	-34.6	39.7
2	8.0	-13.5	16.6	29.0	158.0	0.7
3	4.3	-9.6	10.5	-34.1	-41.7	-29.4
4	0.2	-6.4	3.4	-17.7	-35.8	-8.5
5	-0.8	-5.5	1.1	-21.7	-26.6	-18.6
6	-0.2	-5.6	2.3	-6.8	-27.6	7.0
7	-2.4	-2.0	-1.4	6.8	-11.2	10.4
8	1.7	8.4	0.5	15.0	-24.6	14.9
9	14.4	19.1	12.1	98.5	86.6	98.4
10	6.1	18.7	2.2	-0.2	27.9	-11.1
11	5.6	10.1	4.7	44.9	27.9	55.1
12	6.3	10.4	5.0	29.8	-15.8	35.1
2007 1	10.5	14.1	9.3	9.7	73.4	0.3
2	8.3	25.9	2.3	40.1	20.5	55.1
3P	2.0	17.3	-4.1	32.0	65.0	23.4
4P	6.3	7.9	3.3	48.9	45.5	43.6

P: Preliminary

Source: Korea National Statistical Office

8. Composite indexes of business cycle indicators and BSI

See graphs 13-1, 13-2 & 13-3

Period	Leading index (2000=100)	Y-o-Y change (%)	Coincident index (2000=100)	Cycle of coincident index (2000=100)	BSI (actual)	BSI (outlook)	
2004	1	118.2	5.0	123.4	101.3	90.7	99.8
	2	118.7	5.2	124.2	101.5	95.3	104.9
	3	118.8	5.1	124.5	101.3	104.2	113.6
	4	119.1	5.1	124.9	101.2	101.7	104.3
	5	119.5	5.0	125.1	101.0	90.2	113.2
	6	119.6	4.8	125.3	100.7	86.8	92.1
	7	119.6	4.4	125.3	100.3	83.8	86.4
	8	119.4	3.8	125.2	99.8	81.2	86.4
	9	119.4	3.3	125.4	99.5	93.4	95.5
	10	119.8	3.1	126.0	99.5	92.2	99.2
	11	119.9	2.6	126.3	99.4	82.2	90.3
	12	120.3	2.4	126.7	99.3	80.9	82.2
2005	1	120.3	2.0	127.1	99.2	84.6	77.8
	2	121.0	2.3	127.2	98.8	87.2	85.7
	3	122.3	3.1	127.9	98.9	110.7	119.2
	4	123.0	3.4	128.2	98.7	107.0	117.6
	5	123.6	3.7	129.2	99.1	98.2	114.1
	6	123.8	3.8	129.9	99.2	93.4	105.1
	7	124.7	4.3	130.9	99.6	91.7	96.5
	8	125.6	4.9	131.7	99.8	91.0	91.7
	9	126.4	5.3	132.2	99.7	99.2	111.4
	10	126.9	5.5	132.3	99.4	98.0	110.2
	11	128.0	6.1	133.3	99.7	101.8	107.8
	12	129.2	6.8	134.2	99.9	107.1	103.8
2006	1	130.4	7.3	135.5	100.5	95.4	102.6
	2	130.4	6.9	136.0	100.4	90.5	102.4
	3	130.3	6.3	136.6	100.4	111.5	118.9
	4	130.1	5.7	136.6	100.0	99.8	112.7
	5	130.3	5.2	137.1	99.9	94.1	110.7
	6	130.7	4.9	137.5	99.8	94.2	98.6
	7	130.7	4.2	137.1	99.1	79.1	94.2
	8	131.1	3.9	137.8	99.2	85.9	93.4
	9	132.0	4.1	138.9	99.6	99.4	107.7
	10	133.1	4.4	141.1	100.7	99.4	103.5
	11	134.2	4.8	142.1	101.0	103.7	104.3
	12	134.7	4.7	142.4	100.8	100.4	101.4
2007	1	135.1	4.7	142.7	100.6	85.6	96.5
	2	135.9 ^P	4.9 ^P	143.4	100.7	87.5	93.4
	3	136.2 ^P	4.8 ^P	143.7 ^P	100.5 ^P	109.4	112.3
	4	137.2 ^P	5.1 ^P	144.5 ^P	100.6 ^P	105.8	107.7
	5	-	-	-	-	104.1	110.9
	6	-	-	-	-	-	105.6

P: Preliminary

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

9. Balance of payments (I) See graphs 5-1, 5-2, 5-3, 10-1 & 10-2

(million US\$)

Period	Current balance	Goods trade balance		Services trade balance	Income trade balance	Current transfers	
		Exports	Imports				
2004	28,173.5	37,568.8	253,844.7	224,462.7	-8,046.1	1,082.8	-2,432.0
2005	14,980.9	32,683.1	284,418.7	261,238.3	-13,658.2	-1,562.5	-2,481.5
2006 ^P	6,092.6	29,213.7	325,464.8	309,382.6	-18,762.9	-538.6	-3,819.5
2004 I	6,418.4	8,585.4	59,298.9	52,797.5	-1,870.9	497.6	-793.7
II	6,856.6	10,060.7	63,974.7	55,269.7	-1,358.1	-1,168.4	-677.6
III	7,565.4	9,752.9	61,633.9	54,707.8	-2,305.2	461.4	-343.7
IV	7,333.1	9,169.8	68,937.1	61,687.7	-2,511.9	1,292.2	-617.0
2005 I	5,263.5	8,750.5	66,807.6	60,626.8	-3,114.4	166.4	-539.0
II	2,352.1	8,365.8	69,702.8	63,694.9	-3,368.7	-1,948.8	-696.2
III	2,198.2	7,234.8	71,097.7	66,228.3	-4,254.6	-97.3	-684.7
IV	5,167.1	8,332.0	76,810.7	70,688.3	-2,920.5	317.2	-561.6
2006 ^P I	-1,118.4	5,222.6	73,885.0	72,542.1	-4,996.2	-481.7	-863.0
II	692.0	7,413.7	81,473.4	76,719.7	-3,878.9	-1,648.0	-1,194.8
III	374.9	6,227.9	82,712.8	80,215.8	-5,384.7	608.6	-1,076.9
IV	6,144.1	10,349.5	87,393.7	79,905.1	-4,503.1	982.5	-684.8
2007 ^P I	-1,662.2	6,037.9	84,701.3	82,089.3	-6,180.1	-689.6	-830.4
2005 1	3,682.3	4,356.6	22,454.0	19,450.0	-948.6	498.0	-223.7
2	781.4	1,489.1	20,401.1	18,396.9	-1,008.4	447.7	-147.0
3	799.8	2,904.8	23,952.5	22,779.9	-1,157.4	-779.3	-168.3
4	-1,202.2	2,233.7	22,872.5	21,244.5	-1,053.6	-2,121.9	-260.4
5	1,444.3	2,558.5	23,122.7	21,161.8	-1,182.2	296.5	-228.5
6	2,110.0	3,573.6	23,707.6	21,288.6	-1,132.9	-123.4	-207.3
7	1,237.6	3,052.7	23,235.5	21,508.8	-1,484.3	-91.6	-239.2
8	-527.9	1,472.4	23,343.0	22,000.8	-1,696.6	-71.1	-232.6
9	1,488.5	2,709.7	24,519.2	22,718.7	-1,073.7	65.4	-212.9
10	2,830.3	3,477.0	25,352.7	22,652.7	-610.0	61.8	-98.5
11	2,056.8	3,187.2	25,826.2	23,849.6	-875.1	-80.4	-174.9
12	280.0	1,667.8	25,631.7	24,186.0	-1,435.4	335.8	-288.2
2006 ^P 1	91.2	1,478.2	23,257.9	23,089.3	-1,644.0	571.4	-314.3
2	-782.8	837.3	23,787.0	23,507.8	-1,808.2	418.9	-230.8
3	-426.8	2,907.1	26,840.1	25,945.0	-1,544.0	-1,472.0	-317.9
4	-1,608.1	1,883.9	25,590.1	24,485.8	-1,345.7	-1,876.5	-269.8
5	1,359.6	2,815.3	27,934.5	26,210.4	-1,354.5	387.1	-488.3
6	940.5	2,714.5	27,948.8	26,023.5	-1,178.7	-158.6	-436.7
7	-392.7	1,619.4	25,774.4	25,549.7	-1,744.0	44.4	-312.5
8	-638.3	1,443.2	27,287.2	27,029.5	-2,087.3	311.7	-305.9
9	1,405.9	3,165.3	29,651.2	27,636.6	-1,553.4	252.5	-458.5
10	1,759.9	2,685.5	28,016.0	25,621.8	-1,192.8	461.2	-194.0
11	4,237.5	5,712.6	30,602.3	26,765.1	-1,426.3	236.3	-285.1
12	146.7	1,951.4	28,775.4	27,518.2	-1,884.0	285.0	-205.7
2007 ^P 1	-428.1	1,292.1	28,084.4	27,668.4	-1,943.4	547.1	-323.9
2	402.1	2,387.3	26,224.2	25,315.2	-2,551.1	850.7	-284.8
3	-1,636.2	2,358.5	30,392.7	29,105.7	-1,685.6	-2,087.4	-221.7
4	-1,931.4	1,712.3	29,961.8	29,325.5	-1,442.1	-2,001.5	-200.1

P: Preliminary

Source: The Bank of Korea & Korea Customs Service

10. Balance of payments (II) See graph 10-3

(million US\$)

Period	Capital & financial account					Changes in reserve assets	Errors and omissions
		Direct investment	Portfolio investment	Other investment	Capital transfers & acquisition of non-financial assets		
2004	7,598.8	4,588.3	8,619.3	-3,856.0	-1,752.8	-38,710.5	2,938.2
2005	4,756.5	2,010.4	-1,728.2	6,814.7	-2,340.4	-19,805.8	68.4
2006 ^P	18,618.7	-3,483.5	-22,543.6	47,679.1	-3,033.3	-22,111.7	-2,599.6
2004 I	3,980.6	-680.6	10,260.3	-5,226.3	-372.8	-8,746.9	-1,652.1
II	-6,066.6	3,163.8	-757.0	-8,002.9	-470.5	-4,005.5	3,215.5
III	-1,137.1	144.4	1,621.2	-2,514.9	-387.8	-6,805.7	377.4
IV	10,821.9	1,960.7	-2,505.2	11,888.1	-521.7	-19,152.4	997.4
2005 I	4,141.5	-194.0	-1,278.2	6,125.5	-511.8	-9,513.7	108.7
II	2,257.6	1,249.7	-2,575.3	4,247.5	-664.3	-2,817.2	-1,792.5
III	-504.3	48.8	-147.5	256.8	-662.4	-2,300.1	606.2
IV	-1,138.3	905.9	2,272.8	-3,815.1	-501.9	-5,174.8	1,146.0
2006 ^P I	6,524.4	-1,306.7	1,436.2	7,083.8	-688.9	-5,679.3	273.3
II	3,684.4	780.4	-14,176.7	17,880.6	-799.9	-4,315.7	-60.7
III	4,773.7	-3,656.5	-7,395.3	16,479.6	-654.1	-3,615.4	-1,533.2
IV	3,636.2	699.3	-2,407.8	6,235.1	-890.4	-8,501.3	-1,279.0
2007 ^P I	5,313.6	-959.8	-10,341.2	17,428.7	-814.1	-3,998.3	346.9
2005 1	376.1	101.6	-1,489.7	1,950.3	-186.1	-2,874.5	-1,183.9
2	1,061.5	-255.4	1,864.5	-401.7	-145.9	-1,848.6	5.7
3	2,703.9	-40.2	-1,653.0	4,576.9	-179.8	-4,790.6	1,286.9
4	2,430.5	1,457.1	-972.8	2,182.9	-236.7	-625.4	-602.9
5	1,523.1	-231.1	-740.7	2,730.5	-235.6	-1,636.7	-1,330.7
6	-1,696.0	23.7	-861.8	-665.9	-192.0	-555.1	141.1
7	-9.0	-440.0	2,579.4	-1,936.8	-211.6	-873.2	-355.4
8	212.7	327.8	-1,103.9	1,209.2	-220.4	-450.3	765.5
9	-708.0	161.0	-1,623.0	984.4	-230.4	-976.6	196.1
10	-1,941.8	74.5	-3,168.6	1,319.8	-167.5	-715.9	-172.6
11	158.5	160.3	5,406.6	-5,213.5	-194.9	-2,518.6	303.3
12	645.0	671.1	34.8	78.6	-139.5	-1,940.3	1,015.3
2006 ^P 1	3,628.2	-319.4	609.5	3,561.3	-223.2	-5,432.6	1,713.2
2	2,110.2	190.4	2,207.1	-92.7	-194.6	140.7	-1,468.1
3	786.0	-1,177.7	-1,380.4	3,615.2	-271.1	-387.4	28.2
4	4,862.8	585.2	-3,180.0	7,745.1	-287.5	-3,354.6	99.9
5	513.1	125.6	-7,880.1	8,509.1	-241.5	-495.6	-1,377.1
6	-1,691.5	69.6	-3,116.6	1,626.4	-270.9	-465.5	1,216.5
7	1,730.1	-114.2	-3,669.2	5,789.4	-275.9	-686.0	-651.4
8	1,234.9	-663.3	-4,448.2	6,511.4	-165.0	-959.8	363.2
9	1,808.7	-2,879.0	722.1	4,178.8	-213.2	-1,969.6	-1,245.0
10	-2,263.8	-57.9	-614.1	-1,328.7	-263.1	-956.2	1,460.1
11	436.0	126.1	-653.5	1,286.9	-323.5	-2,695.1	-1,978.4
12	5,464.0	631.1	-1,140.2	6,276.9	-303.8	-4,850.0	-760.7
2007 ^P 1	2,078.9	-208.9	-1,404.0	4,046.8	-355.0	-2,350.7	699.9
2	-404.0	-687.6	-1,770.6	2,257.5	-203.3	-1,134.7	1,136.6
3	3,638.7	-63.3	-7,166.6	11,124.4	-255.8	-512.9	-1,489.6
4	3,662.3	-388.2	4,223.7	72.6	-245.8	-1,878.4	147.5

P: Preliminary

Source: The Bank of Korea

11. Prices See graphs 11-1, 11-2 & 11-3

(2000 = 100)

Period	Consumer prices (2005=100)				Producer prices		Export & import prices	
	All Items	Commodity	Service	Core	All items	Commodity	Export	Import
2004	97.3	96.9	97.7	97.7	107.6	107.2	92.9	108.9
2005	100.0	100.0	100.0	100.0	109.9	109.8	86.7	112.0
2006	102.2	101.5	102.7	101.8	112.4	112.6	85.1	118.0
2005 7	100.0	99.8	100.1	100.0	109.9	109.8	87.5	114.3
8	100.3	100.3	100.3	100.1	110.2	110.3	87.0	116.5
9	100.8	101.5	100.3	100.2	110.8	111.0	88.8	118.8
10	100.6	101.1	100.3	100.2	111.0	111.2	89.1	118.6
11	100.2	99.7	100.5	100.2	110.4	110.3	86.4	115.5
12	100.5	100.4	100.7	100.4	110.2	109.9	85.0	114.8
2006 1	101.1	101.1	101.1	100.6	110.9	110.7	83.8	115.0
2	101.3	101.1	101.4	100.8	110.9	110.7	82.5	113.7
3	101.9	101.1	102.3	101.4	111.0	110.9	83.3	114.3
4	102.0	101.3	102.5	101.5	111.8	111.9	83.6	117.2
5	102.2	101.6	102.6	101.9	112.5	112.8	84.7	119.7
6	102.0	101.0	102.7	101.9	112.5	112.9	86.2	120.7
7	102.4	101.5	103.0	102.1	113.0	113.5	87.1	123.3
8	103.0	103.0	103.1	102.2	113.9	114.7	89.1	125.3
9	103.3	103.1	103.4	102.2	114.2	114.9	87.3	119.1
10	102.8	101.8	103.4	102.2	113.1	113.3	85.9	116.9
11	102.3	100.7	103.4	102.3	112.5	112.4	84.1	115.1
12	102.6	101.2	103.6	102.5	112.6	112.5	83.6	115.4
2007 1	102.8	101.4	103.8	102.7	112.6	112.3	83.4	112.4
2	103.5	102.3	104.2	103.1	112.8	112.5	84.0	115.4
3	104.1	102.3	105.2	103.8	113.4	113.3	85.6	119.3
4	104.5	102.8	105.5	104.1	114.6	114.8	86.4	122.1
5	104.6	102.8	105.7	104.1	115.3	115.6	87.0	122.8
<i>Y-o-Y change (%)</i>								
2004	3.6	4.2	3.1	2.9	6.1	7.5	6.2	10.2
2005	2.8	3.2	2.4	2.3	2.1	2.4	-6.7	2.9
2006	2.2	1.5	2.7	1.8	2.3	2.6	-1.9	5.3
2005 7	2.6	3.2	2.0	2.1	2.0	2.3	-6.6	3.6
8	2.0	1.7	2.2	1.9	1.4	1.6	-9.3	2.7
9	2.5	2.9	2.2	1.8	1.6	1.6	-7.4	6.3
10	2.3	2.7	2.0	1.7	1.6	1.7	-8.5	3.1
11	2.5	2.8	2.0	1.9	1.1	0.9	-7.0	5.6
12	2.6	3.6	1.9	1.8	1.7	1.6	-3.1	10.2
2006 1	2.2	2.5	2.0	1.3	2.1	2.3	-3.6	10.2
2	2.0	1.6	2.3	1.3	1.7	1.7	-4.9	8.5
3	2.0	1.2	2.3	1.4	1.4	1.3	-4.4	5.7
4	2.0	1.0	2.7	1.5	1.5	1.3	-4.0	6.1
5	2.3	1.8	2.7	1.8	2.6	2.8	0.6	11.3
6	2.4	2.0	2.8	1.9	3.2	3.9	1.3	9.2
7	2.4	1.7	2.9	2.1	2.8	3.4	-0.5	7.8
8	2.7	2.7	2.8	2.1	3.4	4.0	2.4	7.5
9	2.5	1.6	3.1	2.0	3.1	3.5	-1.7	0.2
10	2.2	0.7	3.1	2.0	1.9	1.9	-3.6	-1.4
11	2.1	1.0	2.9	2.1	1.9	1.9	-2.6	-0.3
12	2.1	0.8	2.9	2.1	2.2	2.4	-1.6	0.6
2007 1	1.7	0.3	2.7	2.1	1.5	1.4	-0.4	-2.3
2	2.2	1.2	2.8	2.3	1.7	1.6	1.9	1.5
3	2.2	1.2	2.8	2.4	2.2	2.2	2.7	4.4
4	2.5	1.5	2.9	2.6	2.5	2.6	3.4	4.2
5	2.3	1.2	3.0	2.2	2.5	2.5	2.7	2.6

Source: Korea National Statistical Office

12. Employment and earnings See graphs 8-1, 8-2 & 8-3

Period	Economically active persons (thous.)				Unemployment (%)	All industry earnings (won) (base year=2000)		
	Employed persons (thous.)			All industry		Manufacturing		
	All industry	Manufacturing	S.O.C&service					
2004	23,417	22,557	4,290	16,427	3.7	2,372,612	2,279,724	
2005	23,743	22,856	4,234	16,789	3.7	2,524,917	2,458,022	
2006	23,978	23,151	4,167	17,181	3.5	2,666,550	2,594,830	
2006	1	23,340	22,471	4,201	16,893	3.7	2,865,004	2,803,400
	2	23,365	22,412	4,184	16,763	4.1	2,451,498	2,376,782
	3	23,769	22,848	4,179	16,986	3.9	2,481,580	2,322,720
	4	24,088	23,242	4,188	17,186	3.5	2,504,830	2,424,268
	5	24,267	23,484	4,170	17,293	3.2	2,356,038	2,201,426
	6	24,320	23,501	4,184	17,294	3.4	2,685,520	2,580,407
	7	24,270	23,447	4,180	17,303	3.4	2,646,200	2,596,198
	8	23,972	23,164	4,114	17,099	3.4	2,607,031	2,531,654
	9	24,096	23,330	4,135	17,248	3.2	2,796,266	2,648,830
	10	24,253	23,463	4,183	17,294	3.3	2,690,402	2,681,556
	11	24,225	23,458	4,137	17,467	3.2	2,409,143	2,226,062
	12	23,773	22,989	4,153	17,348	3.3	3,502,448	3,745,800
2007	1	23,580	22,729	4,156	17,221	3.6	2,627,540	2,425,973
	2	23,536	22,674	4,139	17,114	3.7	3,013,449	3,056,645
	3	23,960	23,121	4,119	17,371	3.5	2,641,959	2,471,807
	4	24,337	23,520	4,124	17,573	3.4	-	-
	5	24,537	23,758	4,114	17,677	3.2	-	-
<i>Y-o-Y change (%)</i>								
2004	2.0	1.9	2.0	2.9	-	6.5	9.9	
2005	1.4	1.3	-1.3	2.2	-	6.4	7.8	
2006	1.0	1.3	-1.6	2.3	-	5.6	5.6	
2006	1	1.2	1.8	-1.2	3.0	-	20.3	24.1
	2	1.3	1.5	-1.7	2.5	-	-7.7	-11.8
	3	1.0	1.2	-2.2	2.5	-	5.5	5.7
	4	1.0	1.3	-1.9	2.9	-	5.3	4.1
	5	0.9	1.2	-1.9	2.5	-	7.9	8.1
	6	0.8	1.1	-1.6	2.2	-	4.1	3.4
	7	0.8	1.1	-1.2	2.2	-	6.0	5.9
	8	1.2	1.4	-1.3	2.3	-	5.9	5.3
	9	0.7	1.2	-1.6	2.1	-	1.3	-0.2
	10	0.8	1.2	-1.4	1.9	-	11.5	13.1
	11	1.0	1.1	-1.4	1.9	-	5.6	6.1
	12	1.1	1.3	-1.6	2.0	-	4.6	6.9
2007	1	1.0	1.1	-1.1	1.9	-	-8.3	-13.5
	2	0.7	1.2	-1.1	2.1	-	22.9	28.6
	3	0.8	1.2	-1.4	2.3	-	6.5	6.4
	4	1.0	1.2	-1.5	2.3	-	-	-
	5	1.1	1.2	-1.3	2.2	-	-	-

Source: Korea National Statistical Office

13. Financial indicators See graphs 9-1 & 9-4

(period average)

Period	Yields (%)					Stock	
	Call rate (1 day)	CD (91 days)	Corporate bonds (3 years, AA-)	Treasury bonds (3 years)	Treasury bonds (5 years)	KOSPI (end-period)	
2004	1	3.8	4.3	5.7	4.9	5.2	848.50
	2	3.8	4.1	5.6	4.8	5.1	883.40
	3	3.8	3.9	5.4	4.6	4.9	880.50
	4	3.8	3.9	5.3	4.5	4.9	862.80
	5	3.8	3.9	5.1	4.4	4.8	803.80
	6	3.8	3.9	4.9	4.3	4.6	785.80
	7	3.8	3.9	4.8	4.2	4.5	735.30
	8	3.6	3.7	4.4	3.8	4.0	803.60
	9	3.5	3.5	4.1	3.6	3.8	835.10
	10	3.5	3.5	4.0	3.5	3.7	834.80
	11	3.3	3.4	3.9	3.4	3.5	878.10
	12	3.3	3.4	3.7	3.3	3.4	895.90
2005	1	3.3	3.5	4.1	3.7	3.9	932.70
	2	3.3	3.6	4.6	4.2	4.5	1,011.40
	3	3.3	3.6	4.5	4.0	4.3	965.70
	4	3.3	3.5	4.3	3.9	4.1	911.30
	5	3.3	3.5	4.1	3.7	3.9	970.20
	6	3.3	3.5	4.2	3.8	4.0	1,008.20
	7	3.3	3.5	4.5	4.1	4.4	1,111.30
	8	3.3	3.5	4.8	4.3	4.7	1,083.30
	9	3.3	3.7	4.9	4.5	4.8	1,221.00
	10	3.4	3.9	5.2	4.8	5.1	1,158.10
	11	3.5	4.0	5.5	5.1	5.4	1,297.40
	12	3.7	4.0	5.5	5.1	5.3	1,379.40
2006	1	3.7	4.2	5.5	5.0	5.3	1,399.80
	2	3.9	4.3	5.3	4.9	5.0	1,371.60
	3	4.0	4.3	5.3	4.9	5.1	1,359.60
	4	4.0	4.3	5.2	5.0	5.2	1,419.70
	5	4.0	4.4	5.1	4.8	4.9	1,371.70
	6	4.2	4.5	5.2	4.9	5.0	1,295.70
	7	4.2	4.6	5.2	4.9	5.0	1,297.80
	8	4.4	4.7	5.1	4.8	4.8	1,352.70
	9	4.5	4.6	5.0	4.7	4.8	1,371.40
	10	4.5	4.6	4.9	4.6	4.7	1,364.60
	11	4.5	4.6	5.1	4.7	4.8	1,432.20
	12	4.5	4.8	5.2	4.8	4.9	1,434.50
2007	1	4.6	4.9	5.3	5.0	5.0	1,360.20
	2	4.6	5.0	5.3	4.9	4.9	1,417.30
	3	4.6	4.9	5.2	4.8	4.8	1,452.60
	4	4.7	5.0	5.3	4.9	5.0	1,542.24
	5	4.6	5.0	5.5	5.1	5.1	1,700.91

Source: The Bank of Korea

14. Monetary indicators See graph 9-5

(period average)

(billion won)

Period	Reserve money	M1	M2	Lf
2004	37,272.4	306,842.5	929,640.6	1,260,547.1
2005	38,785.2	332,902.1	993,960.1	1,348,818.8
2006	41,664.0	330,134.1	1,076,682.4	1,454,858.8
2005 7	38,103.3	346,659.4	1,004,960.2	1,361,474.7
8	38,630.0	346,984.8	1,008,802.0	1,366,592.7
9	39,864.5	347,135.3	1,008,223.6	1,371,084.6
10	39,732.8	339,969.4	1,008,215.2	1,374,836.2
11	39,461.4	307,025.1	1,011,582.7	1,381,692.7
12	40,319.5	318,419.2	1,021,591.6	1,393,063.7
2006 1	41,336.0	327,542.1	1,027,697.4	1,398,707.3
2	41,655.5	326,548.3	1,034,711.9	1,407,971.3
3	40,991.9	325,711.9	1,042,293.6	1,413,306.8
4	41,190.0	324,222.6	1,048,598.6	1,421,447.5
5	40,734.4	323,908.4	1,055,855.4	1,430,748.5
6	40,715.1	326,949.2	1,072,886.5	1,445,440.3
7	41,973.7	330,267.7	1,082,577.5	1,460,729.4
8	40,287.2	325,958.2	1,084,752.6	1,468,210.0
9	41,500.4	327,648.4	1,098,444.2	1,479,577.9
10	43,199.9	333,597.5	1,110,360.9	1,494,767.6
11	41,507.4	337,666.0	1,123,714.6	1,510,883.0
12	44,876.4	351,588.5	1,138,295.5	1,526,516.2
2007 1	47,851.4	353,494.2	1,143,814.9	1,536,010.8
2	49,493.5	350,734.7	1,154,108.8	1,547,248.7
3	48,936.8	335,446.8	1,162,429.3	1,558,062.3
4	47,485.3	305,602.5	1,165,291.0	1,565,038.7
<i>Y-o-Y change (%)</i>				
2004	4.2	8.3	4.6	6.1
2005	4.1	8.5	6.9	7.0
2006	7.4	-0.8	8.3	7.9
2005 7	5.6	13.3	7.9	7.5
8	5.8	14.4	7.7	7.6
9	6.9	12.8	6.6	6.9
10	5.2	6.7	6.5	6.9
11	5.7	-1.1	6.6	7.2
12	7.8	-0.5	7.0	7.4
2006 1	9.0	1.7	7.3	7.2
2	5.0	-0.8	7.2	7.4
3	7.8	-2.7	6.6	7.0
4	8.6	-3.0	6.8	7.4
5	7.5	-2.3	7.1	7.6
6	7.6	-3.0	7.7	7.3
7	10.2	-4.7	7.7	7.3
8	4.3	-6.1	7.5	7.4
9	4.1	-5.6	9.0	7.9
10	8.7	-1.9	10.1	8.7
11	5.2	10.0	11.1	9.4
12	11.3	10.4	11.4	9.6
2007 1	15.8	7.9	11.3	9.8
2	18.8	7.4	11.5	9.9
3	19.4	3.0	11.5	10.2
4	15.3	-5.7	11.1	10.1

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
2004	1,043.8	1,144.7	1,012.1	1,058.7	1,423.0	1,422.9
2005	1,013.0	1,024.3	859.9	930.7	1,199.3	1,274.0
2006	929.6	955.5	781.8	821.5	1,222.2	1,199.3
2005 7	1028.3	1,037.4	915.8	927.2	1,247.2	1,249.5
8	1031.0	1,021.2	925.6	921.8	1,259.2	1,254.5
9	1038.0	1,029.3	915.9	927.1	1,247.4	1,262.1
10	1042.7	1,046.3	900.4	910.9	1,256.7	1,258.0
11	1036.3	1,041.4	865.4	880.1	1,219.3	1,229.0
12	1013.0	1,024.2	859.9	863.9	1,199.3	1,214.0
2006 1	971.0	987.0	824.9	854.3	1,173.8	1,194.8
2	969.0	970.2	833.8	822.4	1,147.9	1,159.7
3	975.9	975.1	831.7	831.3	1,187.1	1,172.8
4	945.7	954.4	828.3	814.8	1,184.9	1,169.9
5	947.4	941.4	842.2	843.0	1,208.0	1,201.7
6	960.3	955.2	834.0	833.0	1,215.9	1,208.7
7	953.1	950.2	830.2	821.4	1,216.4	1,206.2
8	959.6	960.7	820.3	829.7	1,232.3	1,230.6
9	945.2	953.7	802.2	814.3	1,200.6	1,214.9
10	944.2	954.2	803.5	803.2	1,200.8	1,202.4
11	929.9	936.2	799.0	798.0	1,223.0	1,205.3
12	929.6	925.8	781.8	790.2	1,222.2	1,222.8
2007 1	940.9	936.4	773.1	778.0	1,220.1	1,217.0
2	938.3	937.0	793.9	776.8	1,241.9	1,225.1
3	940.3	943.3	797.0	804.8	1,253.9	1,249.4
4	929.4	931.5	778.3	783.7	1,266.9	1,257.7
5	929.9	927.9	764.8	768.5	1,249.0	1,254.1
<i>Y-o-Y change (%)</i>						
2004	-12.9	-4.0	-9.6	2.8	-5.3	5.5
2005	-3.0	-10.5	-15.0	-12.1	-15.7	-10.5
2006	-8.2	-6.7	-9.1	-11.7	1.9	-5.9
2005 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
9	-9.6	-10.3	-11.4	-11.3	-11.9	-9.9
10	-7.4	-8.6	-15.0	-13.2	-12.4	-12.0
11	-1.1	-4.6	-15.0	-15.5	-12.3	-13.2
12	-3.0	-2.6	-15.0	-14.7	-15.7	-13.8
2006 1	-5.4	-4.9	-16.7	-15.1	-12.2	-12.4
2	-3.9	-5.1	-12.9	-15.6	-14.0	-13.1
3	-4.7	-3.2	-12.7	-13.2	-10.3	-11.7
4	-5.7	-5.6	-12.3	-13.6	-8.4	-10.6
5	-5.5	-6.1	-9.3	-10.3	-3.5	-5.5
6	-6.3	-5.5	-10.1	-10.4	-1.8	-1.7
7	-7.3	-8.4	-9.3	-11.4	-2.5	-3.5
8	-6.9	-5.9	-11.4	-10.0	-2.1	-1.9
9	-8.9	-7.4	-12.4	-12.2	-3.8	-3.7
10	-9.5	-8.8	-10.8	-11.8	-4.5	-4.4
11	-10.3	-10.1	-7.7	-9.3	0.3	-1.9
12	-8.2	-9.6	-9.1	-8.5	1.9	0.7
2007 1	-3.1	-5.1	-6.3	-8.9	3.9	1.9
2	-3.2	-3.4	-4.8	-5.5	8.2	5.6
3	-3.7	-3.3	-4.2	-3.2	5.6	6.5
4	-1.7	-2.4	-6.0	-3.8	6.9	7.5
5	-1.9	-1.4	-9.2	-8.8	3.4	4.4

Source: The Bank of Korea

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