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Economic Bulletin

President Lee Myung Bak Vowed to Revive the Economy in his Inaugural Speech

South Korea's newly elected President Lee Myung Bak delivered his inaugural speech on February 25th, 2008, giving a broad picture of the future economic policies of his administration for the next five years.

Economic boost

First of all, sensing the urgent need for an economic turnaround, he emphasized that new economic growth engines need to be found to expand economic growth, and create more jobs.

In order to do that, the government needs to be transformed into a more competitive organization. That is, efficiency should be boosted under the concept of 'the small-government, big-market principle'. In addition, the government should bring in as much participation as possible from the private sector and introduce fierce competition into the public sector. Moreover, he suggested that the number of the government officials should be gradually reduced and unnecessary regulations be removed in the near future.

Advanced markets and institutional reforms

President Lee pledged to improve markets and institutional environments in order for corporations to make active investments and advance into the global market. He said he will help innovative SMEs grow into big companies which are as competitive as larger corporations. He also expressed his willingness to build an atmosphere where transparent and honest businessmen are highly respected, and corporations which create jobs through investments are beloved.

President Lee emphasized that a voluntary improvement in labor-management relations is a pre-requisite for upgrading the economy. Therefore, both labor and management should make concessions to create a harmonized labor-management culture. Illegal strikes should be prohibited, and more efforts should be made to increase productivity. President Lee said that the Korean government will provide wholehearted support based on principle.

Market opening

President Lee underlined that it is inevitable for Korea to open its market in an era of globalization. As the Korean economy highly depends on exports, it is crucial to expand national wealth through free trade agreements. Unfortunately, the Korean economy is vulnerable in some sectors, especially in the field of agriculture and fishery. However, he asserted that there is no turning back at this moment, and the government will come up with countermeasures.

He insisted that the agriculture, forestry, and fishery industries should not stay as primary industries, but be upgraded to secondary or tertiary industries with the help of highly advanced production technologies and distribution services. Farmers and fishermen should not hesitate to open their markets. With cooperation between the government and the industries, the challenges ahead of us can turn into opportunities.

Active and preventive welfare

President Lee said that people have rights to live a healthy and comfortable life. In this vein, he pledged to replace the current passive welfare system with an active and preventive one.

President Lee said his government will promote civil and social rights by implementing gender equality policy. More child-care services will be provided based on the needs of living standards, and more jobs will become available home and abroad for younger generations to step into the real world. In addition, by stabilizing living environments, he will secure a foundation for individual living as well as social security.

As for tackling population aging, President Lee said that his government was set to revise the old-age pension scheme to be more realistic and expand medical benefits and infrastructures for the elderly. The government will also create jobs for the aged who are able and wiling to work. The president elaborated on his plan for the disabled and urged Korean society to treat them with warmth and dignity.

Education of talented people

President Lee stressed that the advancement of Korea hinged upon how many talented people we could secure. He acknowledged it was imperative to reform Korea's education system. The government will help schools diversify and teachers improve their skills and competitiveness. Autonomous universities and colleges are a key to enhancing national competitiveness and making Korea an advanced nation. Korean universities and colleges should vigorously invest in education and research to compete with the world's prestige universities. Korea also needs to nurture prospective scientists by creating a social environment where scientists are well respected and acknowledged.

Eco-friendly policies

Housing is not only a source of wealth but also a necessary infrastructure for our daily lives. President Lee mentioned that his government would push ahead with the housing policy in a way to curb runaway housing prices and upgrade the living standard. The president also added that we must redevelop our land to meet the future needs. Maritime expansion and metropolitanization are global trends. We should explore ways to modify our land use so as to upgrade our future lifestyle. In any case, he stressed, the goal is to enhance the healthiness of our land in an eco-friendly and culture-friendly manner. Environmental preservation leads to an improvement in the quality of life while environmental industries create new growth engines. Policies in regard to food, environment, water, resources, and energy should be made in line with environmental conservation, emphasized the president.

Global diplomacy

President Lee made it clear that he would more actively cooperate with the international community to carry out global diplomacy. The president reiterated the need to transform the current Korea-US relations into a stronger and more forward-looking partnership. He also acknowledged that forging solidarity with Asian countries was critical. In particular, Korea should bring peace and shared prosperity to the East Asia by strengthening cooperative relations with Japan, China and Russia.

The president also said that his government would look to secure a safe and stable supply of resources and energy to keep Korea's economic engine running in a steadfast way. In addition, he expressed his willingness to take the initiative in stepping up international efforts for the advancement of the environment and peace. He is resolute to contribute to upholding universal values and to play a leading role commensurate with Korea's economic and diplomatic capabilities.

Inter-Korean relations

Unification of the two Koreas has been a long-cherished desire of the 70 million Koreans. President Lee underlined that the inter-Korean relations must become more productive than they are now. To that end, Korea should ensure that pragmatism should take precedence over ideology. The government should prioritize policies which pave ways for unification in a way that helps North and South Koreans alike live happily. As already mentioned in "Vision 3000, Denuclearization and Openness," if the North abandons its nuclear ambitions and opens its doors to the world, a new horizon will open up in inter-Korean cooperation. The president said he would work with the international community to help North Koreans realize a per capita income of 3,000 dollars. He stressed that these efforts were for the sake of fellow Koreans in the North, which will eventually lead to advance the unification of the two Koreas.

The two Koreas' politicians, he insisted, should put their heads together to contemplate how to make the 70 million Koreans better off and how to unify the two Koreas based on mutual respect. To realize this, the leaders of the two Koreas must have dialogues whenever the need arises. President Lee added that a window of opportunity for inter-Korean summit talks was always open.

The Green Book

Current Economic Trends

Overview

The recent Korean economy has maintained growth momentum with strong exports.

Industrial and mining production posted double digit growth of 11.8 percent in January 2008 thanks to robust exports and improved consumption. Service output also increased, posting a 7.7 percent growth, up 1.9 percentage points from the previous month. The solid trend continued.

Growth in consumer goods sales recovered from 2.6 percent to 4.7 percent month-on-month in January on the back of increasing sales of automobiles.

Facility investment *(estimated)*, however, fell 0.94 percent in January due to the high base effect from the same month of the previous year when it grew 18.6 percent spurred by high investment in semiconductor equipment and ATMs.

In January, the coincident composite index (CCI) edged up supported by robust production and sales. The leading composite index (LCI), however, decreased due to falling share prices, decreasing construction orders and the worsening terms of trade triggered by rising oil prices.

February exports surged 20.2 percent year-on-year thanks to brisk exports of ships, general machinery and petrochemicals, recording US$31.54 billion.

Current account in January posted a deficit of US$2.60 billion, up from the previous year' US$0.43 billion, as the goods account shifted from surplus into deficit and the service account deficit continued.

Consumer prices edged up 3.6 percent on-year and 0.4 percent on-month in February due to the rising oil, grain and commodity prices, along with service fees adjustments early this year and the low base effect of the previous year.

To sum up, the Korean economy has maintained its upturn trend that started in the second half of 2007 in the face of increasing downside risks.

Nonetheless, as downside risks such as rising oil prices and the slowing global economy remain, the Korean government will further intensify policy efforts to keep the current upward momentum intact while closely monitoring the economic conditions.

1. Global economy

Downside risks in the global economy have expanded as major economies showed signs of slowing down in the aftermath of the US subprime mortgage crisis.

However, the global economy is unlikely to slow sharply as China and other emerging economies are continuing solid growth.

US

US GDP growth in the fourth quarter of 2007 dropped to 0.6 percent *(q-o-q, annualized, preliminary)* from the previous quarter's 4.9 percent increasing concerns over an economic recession.

The recent financial turbulence originating from the subprime mortgage market has spread to housing and consumption as well as other real sectors, causing investment, employment and industrial production indexes to deteriorate.

In addition, growing imports and inflationary pressures caused by rising oil and commodity prices are likely to put more pressure on the already troubled US economy.

The US government released an economic stimulus package featuring tax rebates and upward revision of FHA's mortgage limits on February 7, 2008. The FRB signaled that it would take appropriate steps to turn around the economy. Ben Bernanke, the Fed chairman, said on 29 February "we stand ready to take substantive additional action as needed to support growth and to provide adequate insurance against downside risks."

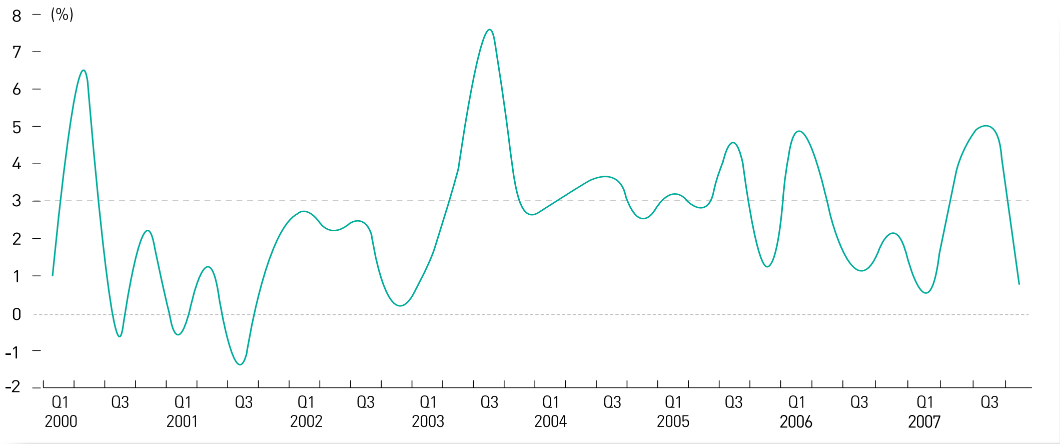
(Percentage change from previous period)

	2006	2007						2008
	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP[1]	2.9	2.2	0.6	3.8	4.9	0.6	-	-
- Personal consumption expenditure	3.1	2.9	3.7	1.4	2.7	2.0	-	-
- Corporate fixed investment	6.6	4.8	2.1	11.0	9.4	7.5	-	-
- Construction investment for housing	-4.6	-16.9	-16.3	-11.8	-20.5	-23.9	-	-
Industrial production	3.9	2.1	1.1	3.5	3.6	-1.0	0.0	0.1
Retail sales	6.2	4.1	1.4	1.3	0.9	1.2	-0.4	0.3
New non-farm payroll employment (q-o-q, thousand)	2,263	1,337	427	379	230	292	18	-17
New home sales	-18.1	-26.4	-13.5	0.2	-14.6	-10.4	-4.7	-2.8
Core consumer prices (y-o-y, %)	3.2	2.9	2.6	2.3	2.2	2.3	4.1	4.3

1. Annualized rate

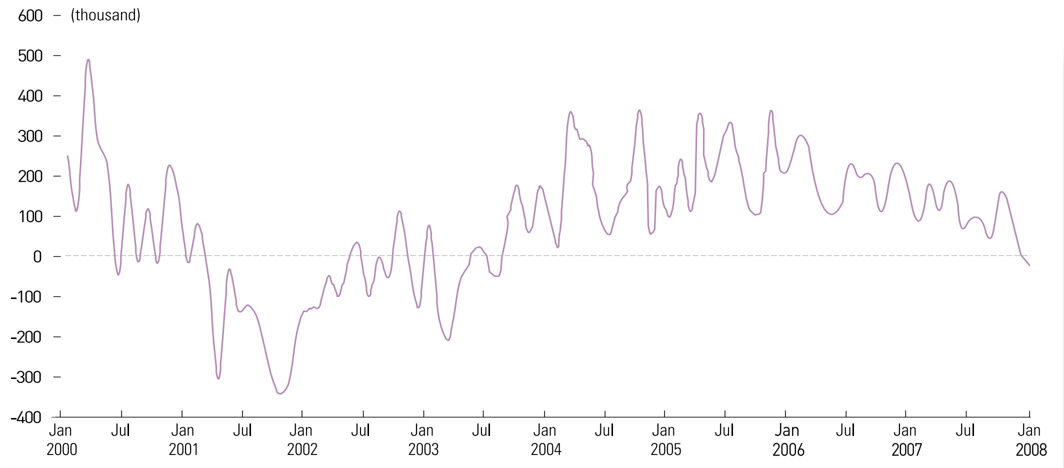
1-1 **US GDP** (q-o-q, annualized rate)

Source: US Department of Commerce



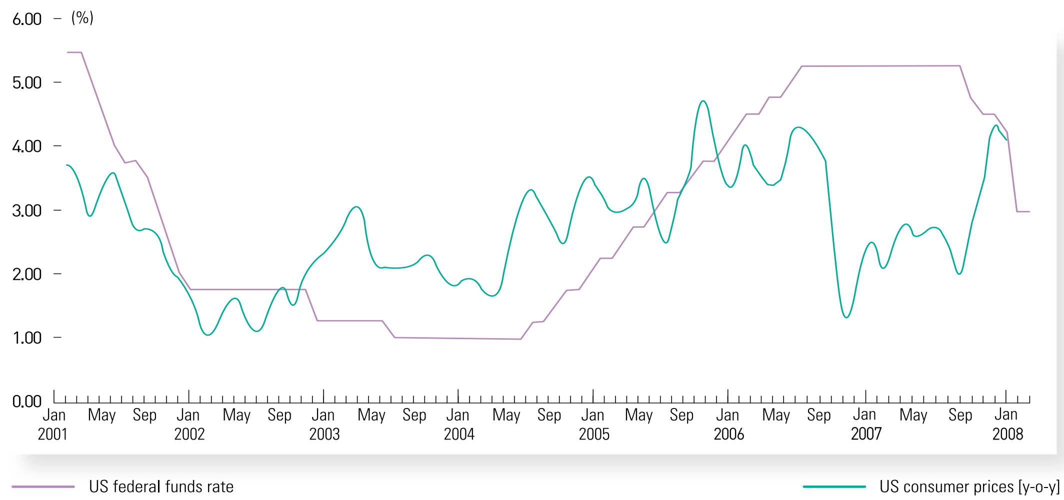
1-2 **US non-farm payroll employment** (m-o-m change)

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 has seen inflationary pressures rapidly mounting due to rising food prices in the wake of the worst snowstorms.

Inflation hit an 11-year high of 7.1 percent year-on-year in January 2008. The upward trend is likely to continue throughout the first quarter of 2008.

(Percentage change from same period in previous year)

	2006		2007						2008
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP	10.7	10.4	11.4	11.1	11.9	11.5	11.2	-	-
Fixed asset investment (accumulated)	24.5	24.5	24.8	25.3	26.7	26.4	24.8	-	-
Retail sales	13.7	14.3	16.8	14.9	15.8	16.8	19.0	-	-
Industrial production	16.6	14.8	18.5	18.3	18.7	18.5	17.4	17.4	-
Exports	27.2	28.9	25.7	27.9	27.4	26.2	25.7	21.7	26.7
Consumer prices	1.5	2.0	4.8	2.7	3.6	6.1	6.6	6.5	7.1

Japan

Japan has seen its economic recovery losing momentum as the US economic slowdown took its toll on Japan's exports and production. Against this backdrop, the Bank of Japan is expected to lower its key interest rates.

(Percentage change from previous period)

	2006		2007						2008
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP	2.4	1.3	2.1	0.8	-0.5	0.4	0.9	-	-
Industrial and mining production	4.8	2.2	2.7	-1.3	0.2	2.2	1.3	1.4	-
Retail sales	0.1	-0.8	-0.1	1.9	-0.7	-0.8	0.6	0.2	-
Exports (y-o-y, %)	14.6	11.2	11.6	12.5	13.1	10.7	10.0	6.9	7.7
Core consumer prices (y-o-y, %)	0.3	0.3	0.0	-0.1	-0.1	-0.1	0.1	0.7	0.7

Eurozone

Along with rising downside risks, CPI in the eurozone edged up 3.2 percent in January, showing an increased inflationary pressure. In the meantime, the ECB's inflation target is 2 percent.

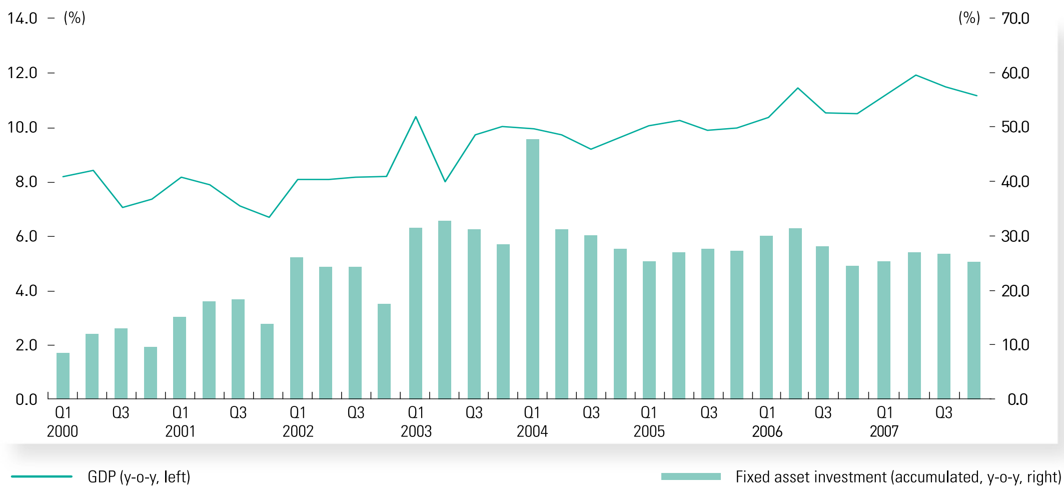
The European Commission revised down significantly its 2008 real GDP growth estimate to 1.8 percent (Feb 2008) from 2.2 percent (Nov 2007).

(Percentage change from previous period)

	2006		2007						2008
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP	2.8	0.9	2.7	0.7	0.3	0.7	0.4	-	-
Industrial production	4.0	0.9	3.4	0.9	0.4	1.5	0.5	-0.2	-0.5
Retail sales	2.1	0.7	0.7	-0.3	0.1	0.6	-1.0	-0.1	-
Exports (y-o-y, %)	11.2	11.6	8.3	9.3	8.7	9.3	10.6	0.1	-
Consumer prices (y-o-y, %)	2.2	1.8	2.1	1.9	1.9	1.9	2.9	3.1	3.2

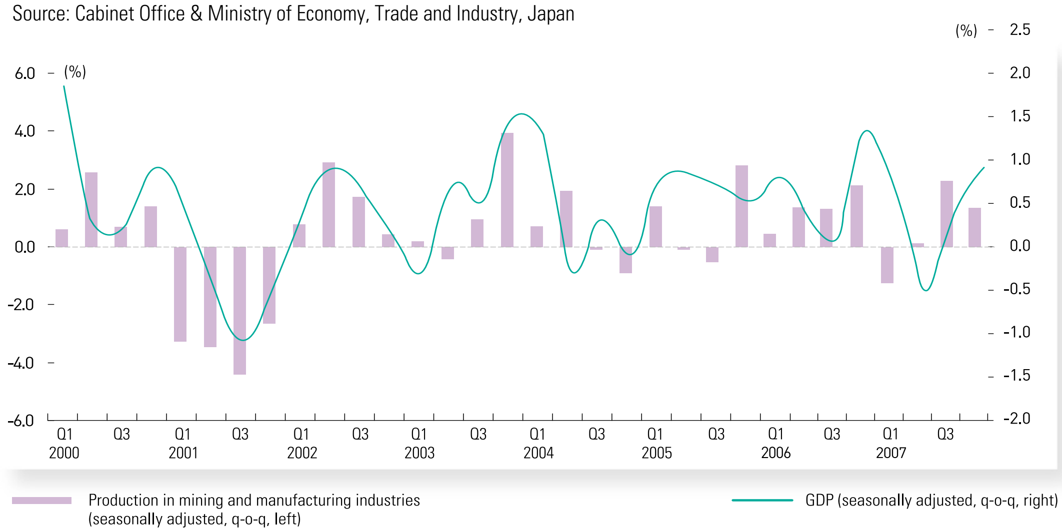
1-4 **China's GDP and fixed asset investment**

Source: National Bureau of Statistics of China



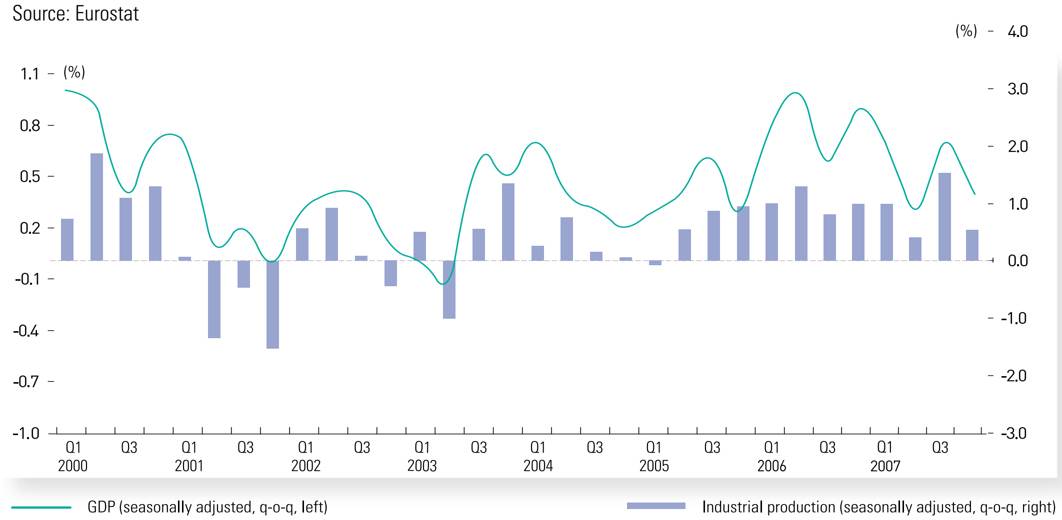
1-5 **Japan's GDP growth**

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



1-6 **Eurozone GDP growth and industrial production**

Source: Eurostat



2. Private consumption

Private consumption *(preliminary GDP)* expanded 4.7 percent year-on-year in the fourth quarter of 2007, unchanged from the 4.7 percent growth in the previous quarter. It gained on-quarter 1.1 percent in seasonally adjusted terms.

Private consumption
(y-o-y, %): 4.0 (Q3 2006) → 3.7 (Q4) → 4.1 (Q1 2007) → 4.2 (Q2) → 4.7 (Q3) → 4.7 (Q4)
(SA*, q-o-q, %): 0.9 (Q3 2006) → 1.0 (Q4) → 1.5 (Q1 2007) → 0.8 (Q2) → 1.2 (Q3) → 1.1 (Q4)
** SA: seasonally adjusted*

Consumer goods sales experienced growth of 4.7 percent year-on-year in January after increasing 2.6 percent in the previous month. They turned to an on-month upward trend in January compared to a decrease a month earlier.

Automobile sales growth surged from negative 0.8 percent to 10.0 percent on the back of release of new models. Sales of semi-durable goods such as clothing and entertainment & hobby materials were brisk.

Non-durable goods sales inched up 1.8 percent in January from a 0.1 percent increase in the previous month due to sluggish sales of gasoline. The gasoline sales decreased 8.2 percent after falling 0.2 percent a month earlier.

(Percentage change from same period in previous year)

	2005	2006	2007							2008
	Annual	Annual	Annual[1]	Q1	Q2	Q3	Q4[1]	Jan	Dec[1]	Jan[1]
Consumer goods sales	4.2	4.1	5.3	5.7	4.2	7.1	4.5	1.0	2.6	4.7
(Seasonally adjusted)[2]	-	-	-	1.5	0.1	1.8	0.3	-0.6	-1.8	2.5
- Durable goods[3]	6.5	11.2	10.8	15.7	12.2	10.1	6.2	20.8	3.4	6.3
· Automobiles	9.5	6.9	6.8	10.2	9.5	4.1	3.9	17.4	-0.8	10.0
- Semi-durable goods[4]	7.9	3.0	2.6	3.6	2.2	3.2	1.8	0.7	-2.3	10.1
- Non-durable goods[5]	1.2	1.7	3.5	2.3	1.7	7.1	3.4	-5.8	0.1	1.8

1. Preliminary
2. Percentage change from previous period
3. Durable goods: Automobiles, electronic appliances, furniture, telecommunications devices, etc.
4. Semi-durable goods: Clothing, footwear, etc.
5. Non-durable goods: Food, medicine, cosmetics, fuel, tobaccos, etc.

Sales at department stores *(-1.7%→12.2%)* and large discount stores *(7.1%→12.2%)* surged significantly while sales growth in other retail stores *(1.6%→0.7%)* decreased.

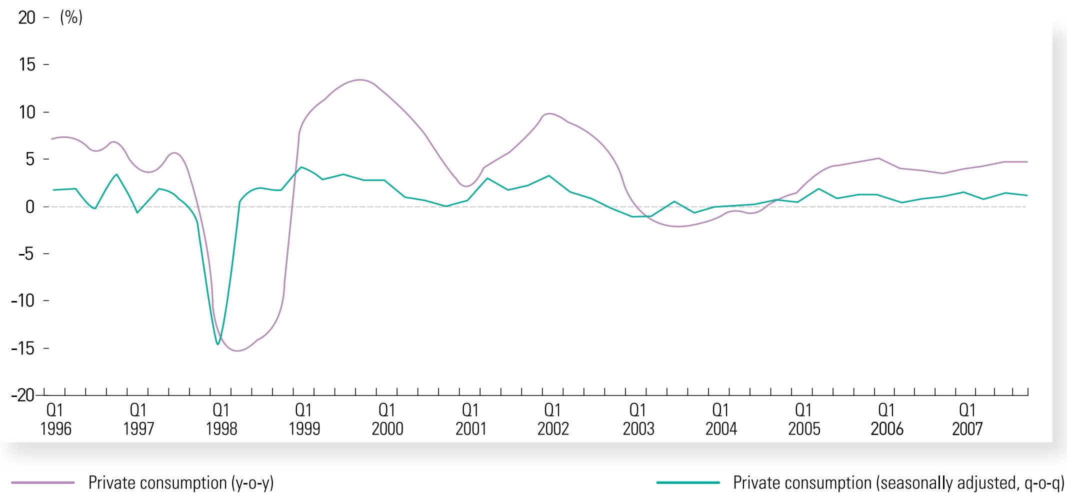
(Percentage change from same period in previous year)

	2005	2006	2007							2008
	Annual	Annual	Annual[1]	Q1	Q2	Q3	Q4[1]	Jan	Dec[1]	Jan[1]
- Department stores	3.1	3.2	0.8	-2.0	-1.3	3.2	2.8	-8.7	-1.7	6.8
- Large discount stores	7.9	8.1	8.7	9.8	8.5	12.1	4.4	-9.3	7.1	12.2
- Other retail stores[2]	2.4	2.3	5.6	6.4	4.7	6.9	4.4	5.8	1.6	0.7

1. Preliminary
2. Stores that sell a few (1~3) specialized products

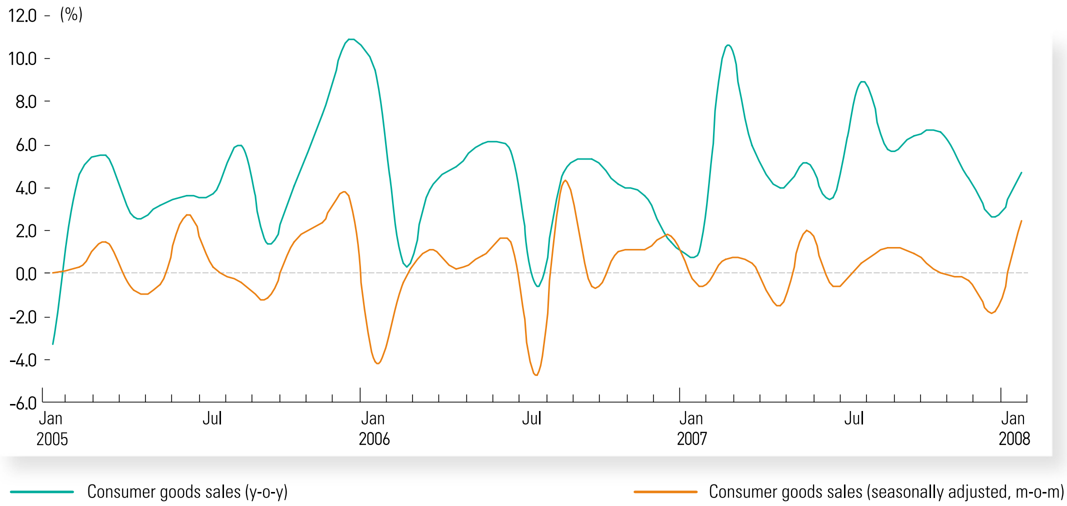
2-1 **Private consumption**

Source: The Bank of Korea (national accounts)



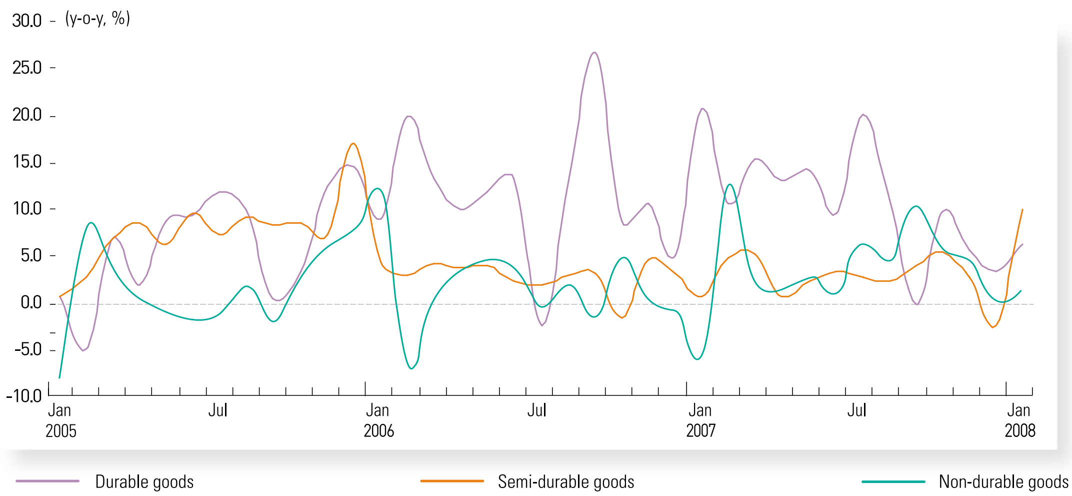
2-2 **Consumer goods sales**

Source: Korea National Statistical Office (industrial activity trend)



2-3 **Consumer goods sales by type**

Source: Korea National Statistical Office (industrial activity trend)



Consumer goods sales are expected to decrease the growth momentum slightly in February 2008 from a month earlier, considering the consumption-related preliminary indexes and a high growth rate of 10.6 percent in the same month of the previous year.

Domestic credit card use moderated from a month earlier while the growth of sales volume at retail stores such as department stores and large discount stores slowed down from the previous month.

Value of credit card use (y-o-y, %)
23.0 (Oct 2007) ➔ 16.6 (Nov) ➔ 15.9 (Dec) ➔ 21.9 (Jan 2008) ➔ 17.2 (Feb)

Department store sales (y-o-y, %)
3.4 (Oct 2007) ➔ 8.5 (Nov) ➔ -2.2 (Dec) ➔ 6.3 (Jan 2008) ➔ 3.4 (Feb)

Discount store sales (y-o-y, %)
-12.0 (Oct 2007) ➔ -0.7 (Nov) ➔ -0.6 (Dec) ➔ 6.4 (Jan 2008) ➔ 0.8 (Feb)

Source: Ministry of Knowledge and Economy
The Credit Finance Association
Ministry of Strategy and Finance (Feb data)

The recent recovery in consumption reflects the trend of the improving consumption environment including income and consumer sentiment since the second quarter of 2007.

The consumer expectations index increased in January from a month earlier exceeding the 100 mark. The consumer sentiment is improving.

Consumer expectations index (base=100)
96.1 (Jan 2007) ➔ 98.1 (Feb) ➔ 97.8 (Mar) ➔ 100.1 (Apr) ➔ 101.1 (May) ➔ 101.5 (Jun) ➔ 102.6 (Jul) ➔ 103.0 (Aug) ➔ 103.2 (Sep) ➔ 103.3 (Oct) ➔ 102.0 (Nov) ➔ 104.0 (Dec) ➔ 105.9 (Jan 2008)

Source: Korea National Statistical Office

Consumer sentiment index (base=100)
98 (Q4 2006) ➔ 103 (Q1 2007) ➔ 108 (Q2) ➔ 112 (Q3) ➔ 106 (Q4)

Source: The Bank of Korea

The gap between real income and GDP growth widened again in the fourth quarter of 2007 due to the deteriorating terms of trade amid a continuing trend of high oil prices.

Real GNI and GDP

(Percentage change from same period in previous year)

	Q4 2006	Q1 2007	Q2	Q3	Q4
Real GNI	3.3	3.4	4.7	5.4	2.4[1]
Real GDP	4.0	4.0	5.0	5.2	5.5

1. GNI (Q4) was replaced by GDI since GNI was not made public yet.

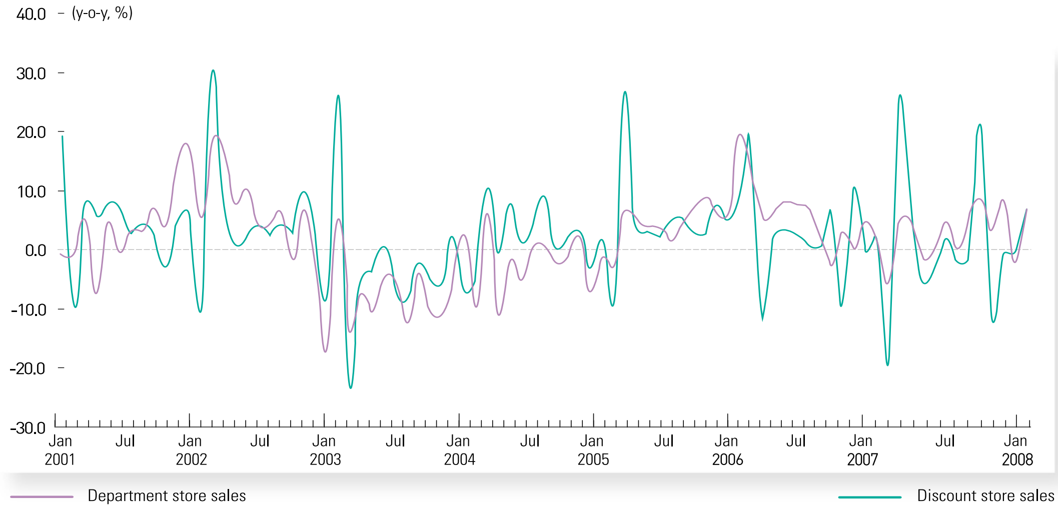
Sustainability of the trend of growing private consumption will likely be determined by income and employment conditions.

Number of employed (y-o-y, thousand)
264 (Q1 2007) ➔ 289 (Q2) ➔ 296 (Q3) ➔ 279 (Q4), 268 (Dec) ➔ 235 (Jan 2008)

Real household income (nationwide, y-o-y, %)
5.4 (Q4 2006) ➔ 4.0 (Q1 2007) ➔ 1.0 (Q2) ➔ 4.9 (Q3) ➔ 0.0 (Q4)

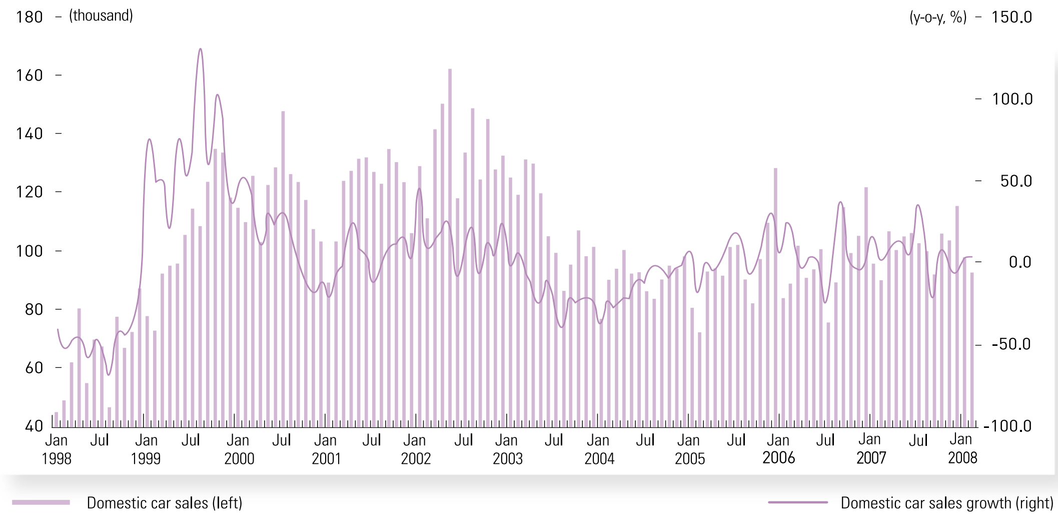
2-4 Department store and discount store sales (current value)

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



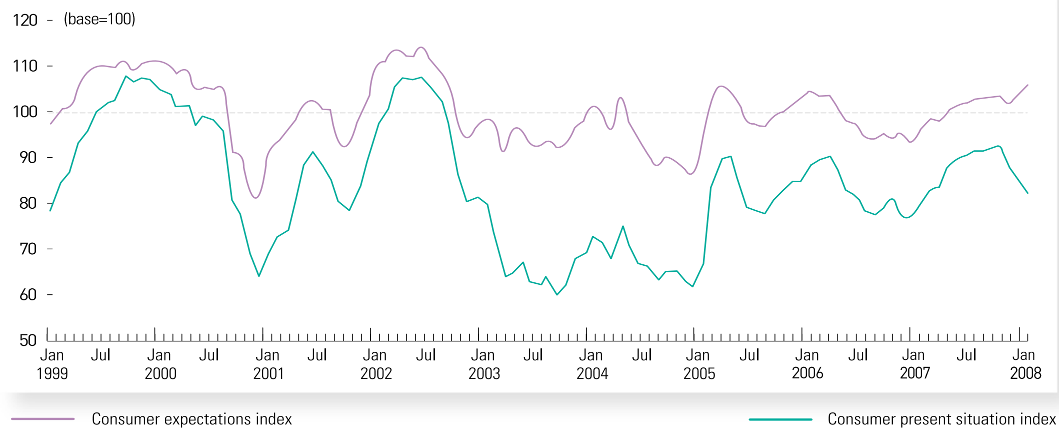
2-5 Domestic automobile sales

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 fourth quarter of 2007 *(preliminary GDP)* has been on the recovery track after the adjustment in the last quarter. It grew 5.7 percent year-on-year and 4.4 percent quarter-on-quarter.

(Percentage change from same period in previous year)

	2005	2006[1]					2007[1]				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Facility investment[2]	5.7	7.0	7.2	11.1	5.3	7.6	10.8	11.9	1.6	5.7	7.5
(Seasonally adjusted)[3]	-	-1.0	2.2	3.8	0.1	-	4.4	3.4	-6.3	4.4	-
- Machinery	7.4	3.3	9.5	12.4	6.5	7.9	12.8	10.9	-0.9	-	-
- Transportation equipment	-1.8	25.9	-3.5	4.8	-0.2	5.9	2.2	17.7	14.4	-	-

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

Despite the increased investment in the telecommunication facilities, growth in the overall facility investment *(estimated index)* in January 2008 reduced 0.9 percent due to the high comparison base in January 2007, when the investment expanded by 18.6 percent backed by surged investment in the ATMs and semiconductor equipment.

(Percentage change from same period in previous year)

	2005	2006	2007							2008
	Annual	Annual	Annual[1]	Q1	Q2	Q3	Q4[1]	Jan	Dec[1]	Jan[1]
Estimated facility investment[2]	5.9	8.9	8.6	12.8	11.9	0.7	9.2	18.6	10.1	-0.9
- Domestic machinery shipments	0.4	10.8	3.4	6.4	2.7	-1.4	5.8	10.1	5.3	3.4
Domestic machinery orders	5.7	18.9	17.0	16.1	7.4	14.7	29.9	27.2	25.1	33.4
- Public	-1.3	7.1	-4.0	12.1	-23.5	-15.2	8.3	22.1	129.9	16.2
- Private	6.7	20.5	19.6	16.4	10.5	18.8	33.7	27.6	8.3	34.8

1. Preliminary 2. Industrial activity

Leading indicators such as growth in the machinery imports slowed down while that in domestic machinery orders increased. Despite the drop in the public sector orders in January, the overall growth expanded from 25.1 percent to 33.4 percent as private sector orders have increased.

Machinery imports (y-o-y, %)
17.8 (Aug 2007) → -9.1 (Sep) → 36.5 (Oct) → 29.3 (Nov) → 25.9 (Dec) → 12.2 (Jan 2008)

The business survey index (BSI) for facility investment result in the manufacturing sector compiled by the Bank of Korea stood at the similar level to the previous month, but that for the prospect slightly improved.

Business survey indexes (base=100)	2007			2008		
	Oct	Nov	Dec	Jan	Feb	Mar
Manufacturing facility investment result	98	99	99	98	98	-
Manufacturing facility investment prospect	100	99	100	100	100	101

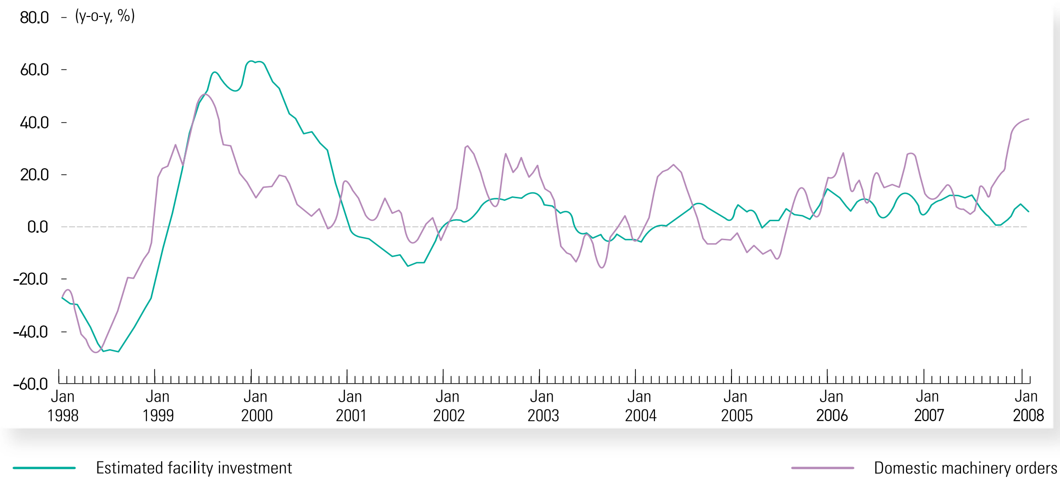
Source: The Bank of Korea

3-1 Facility investment by type

Source: The Bank of Korea (national accounts)

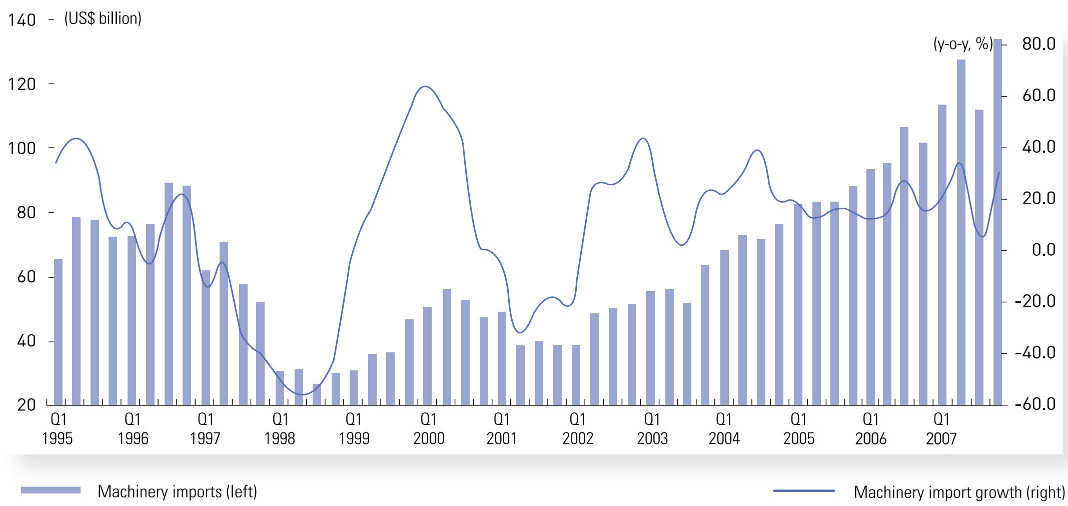
3-2 Machinery orders and estimated facility investment (3-month average)

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 fourth quarter of 2007 *(preliminary GDP)* decreased by 0.5 percent from a year earlier after increasing 0.9 percent in the previous quarter. It increased by 0.4 percent from the previous quarter.

(Percentage change from same period in previous year)

	2005	2006[1]					2007[1]				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Construction investment[2]	-0.2	0.2	-5.0	-0.1	3.2	-0.4	3.9	3.2	0.9	-0.5	1.6
(Seasonally adjusted)[3]	-	0.0	-0.9	2.0	1.9	-	0.8	-1.3	-0.5	0.4	-
- Building construction	-1.4	1.1	-5.9	-2.4	-0.2	-2.0	2.1	2.5	2.3	-	-
- Civil engineering works	1.5	-1.4	-3.9	3.4	7.4	2.0	7.4	4.2	-1.0	-	-

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

The overall growth in construction completed *(current value)* expanded from 9.2 percent to 10.9 percent as growth in both private and public sectors expanded.

(Percentage change from same period in previous year)

	2005	2006	2007							2008
	Annual	Annual	Annual[1]	Q1	Q2	Q3	Q4[1]	Jan	Dec[1]	Jan[1]
Construction completed[2]	4.1	2.6	6.6	7.9	6.0	4.4	8.0	12.9	9.2	10.9
- Public	-3.7	0.6	8.4	21.1	12.2	3.0	2.8	18.1	3.7	17.5
- Private	7.5	4.0	4.5	3.1	3.1	2.3	3.6	11.3	9.8	5.9

1. Preliminary
2. Industrial activity

Construction orders have tailed off as a considerable number of houses were on the market in the fourth quarter of 2007 and a slowdown in the housing market sustains.

(Percentage change from same period in previous year)

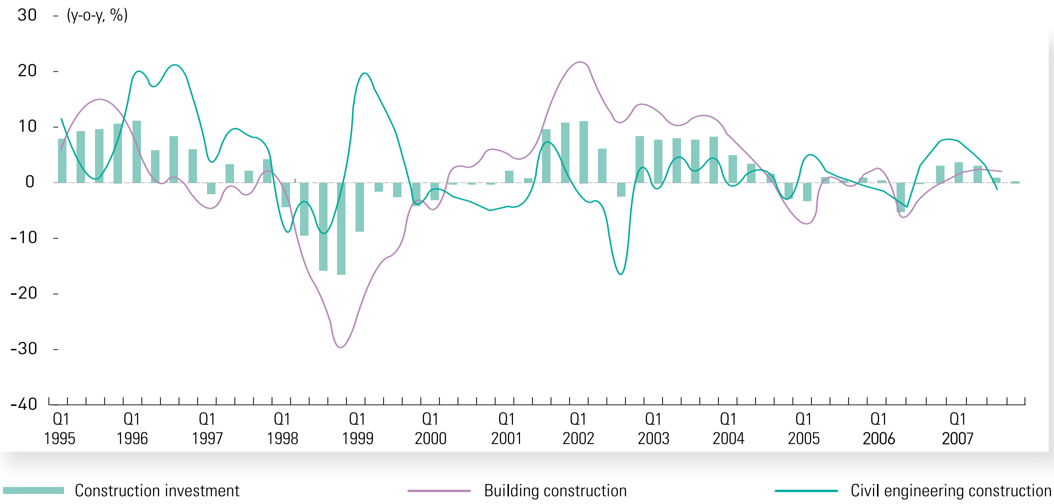
	2005	2006	2007							2008
	Annual	Annual	Annual[1]	Q1	Q2	Q3	Q4[1]	Jan	Dec[1]	Jan[1]
Construction orders[2]	7.3	9.0	19.3	26.3	26.3	-5.6	29.5	9.7	1.4	-13.1
- Public	-1.7	-6.3	34.2	49.3	21.2	7.3	47.2	73.4	34.6	3.6
- Private	14.5	12.8	13.1	21.8	17.0	-12.9	28.6	0.3	2.8	-19.0

1. Preliminary
2. Current value basis

A large-scale improvement in the construction investment sector seems unlikely in the coming months.

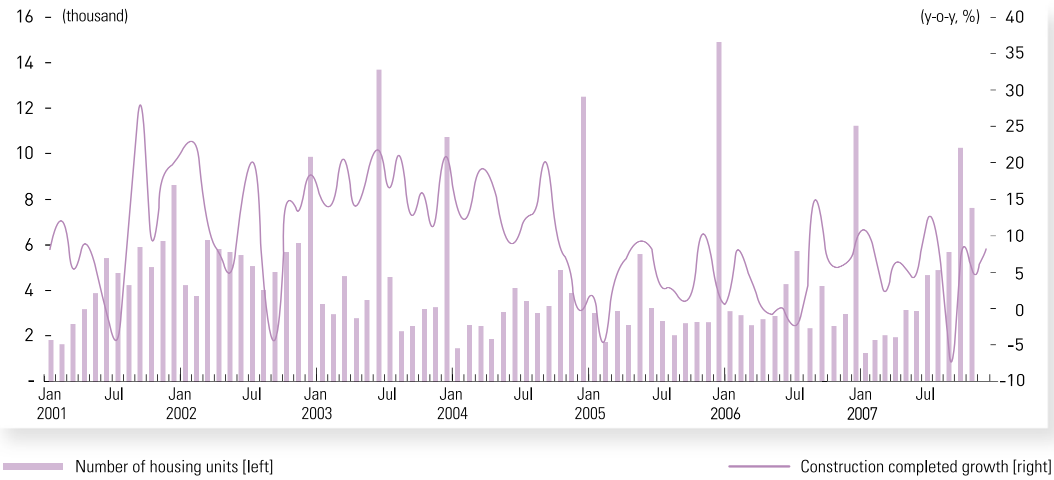
4-1 Construction investment

Source: The Bank of Korea (national accounts)



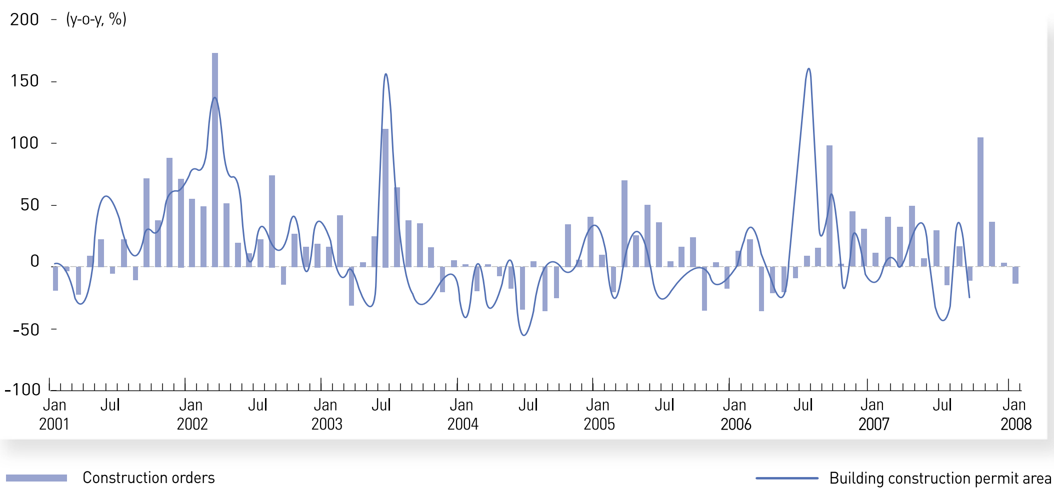
4-2 Construction completed and housing construction

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 February 2008 posted US$31.54 billion, up 20.2 percent from the same month of the previous year.

By export category *(estimated, Ministry of Knowledge and Economy)*, shipbuilding *(up 54.2%)*, machinery *(up 47.2%)*, and petrochemicals *(up 42.1%)* exhibited a robust growth, while exports of automobiles *(up 3.4%)*, semiconductors *(down 16.1%)* witnessed a moderated growth or a decrease.

By regional category, exports to ASEAN *(up 50.9%)*, the Middle East *(up 48.3%)*, and Japan *(up 10.1%)* exhibited growth, whereas those to China *(up 6.1%)* and the US *(down 19.7%)* showed a slowed growth or a decrease.

(US$ billion)

	2006		2007				2008	
	Nov	Dec	Jan	Feb	Nov	Dec	Jan	Feb
Exports	30.60	28.78	28.09	26.23	35.81	33.03	32.43	31.54
(y-o-y, %)	18.5	12.3	20.8	10.3	17.0	14.8	15.4	20.2
Average daily exports	1.28	1.28	1.17	1.28	1.49	1.54	1.35	1.58
Imports	26.77	27.52	27.56	25.41	33.93	33.90	36.13	32.34
(y-o-y, %)	12.2	13.8	19.4	8.1	26.8	23.2	31.1	27.3
Average daily imports	1.12	1.22	1.15	1.24	1.41	1.58	1.51	1.62

February imports rose 27.3 percent to US$32.34 billion. Imports of raw materials showed a high growth of 36.0 percent on the back of rising oil prices while consumer goods moderated to 6.3 percent.

Raw materials (%)
27.7 (Oct 2007) ⇨ 30.5 (Nov) ⇨ 27.0 (Dec) ⇨ 43.6 (Jan 2008) ⇨ 36.0 (Feb 1-20)

Capital goods (%)
26.0 (Oct 2007) ⇨ 21.6 (Nov) ⇨ 20.7 (Dec) ⇨ 13.2 (Jan 2008) ⇨ 11.8 (Feb 1-20)

Consumer goods (%)
34.6 (Oct 2007) ⇨ 19.7 (Nov) ⇨ 13.2 (Dec) ⇨ 23.8 (Jan 2008) ⇨ 6.3 (Feb 1-20)

The trade balance in February posted a deficit of US$0.81 billion driven by a sharp expansion of imports of raw materials such as crude oil amid high oil prices, registering a deficit for three consecutive months.

(US$ billion)

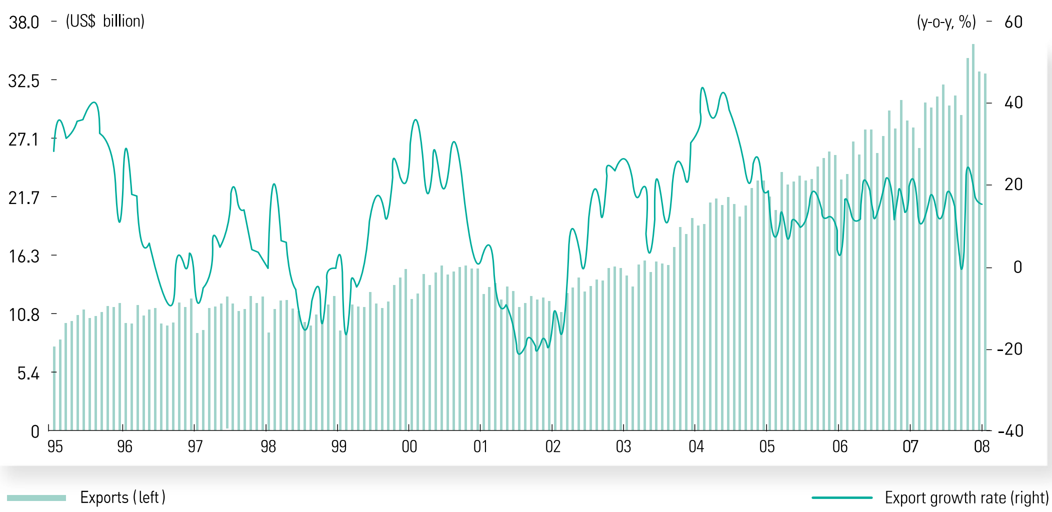
	2006		2007				2008	
	Nov	Dec	Jan	Feb	Nov	Dec	Jan	Feb
Trade balance	3.84	1.26	0.53	0.82	1.88	-0.87	-3.70	-0.81

Dubai crude oil prices (US$/barrel)
51.8 (Jan 2007) ⇨ 55.9 (Feb), 87.2 (Jan 2008) ⇨ 90.2 (Feb)

March exports are expected to continue double digit growth mainly led by exports to rapidly growing developing countries. However, the trade balance may take a downward trend for a while since imports growth is expected to outpace exports growth due to high oil prices.

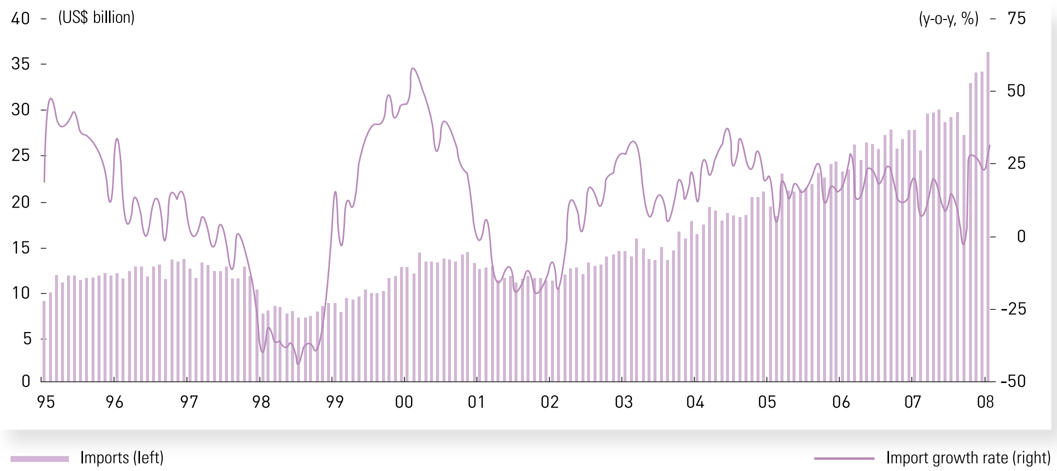
5-1 **Exports** (customs clearance basis)

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



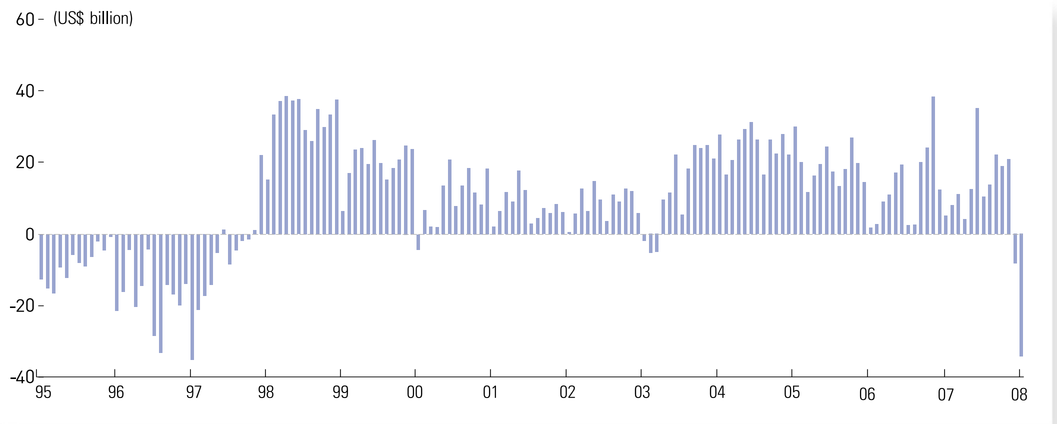
5-2 **Imports** (customs clearance basis)

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. Mining and manufacturing production

Mining and manufacturing production in January 2008 sustained its double digit growth at 11.8 percent year-on-year, up from 9.6 percent of the previous month, on the back of robust exports.

Output also increased 2.5 percent from a month earlier on the back of strong sales of semiconductors, parts and automobiles.

Mining and manufacturing production (y-o-y, %)
4.0 (Q1 2007) → 6.2 (Q2) → 6.0 (Q3) → 11.0 (Q4), 7.7 (Nov 2007) → 9.6 (Dec) → 11.8 (Jan 2008)

By business category, output expansion in the semiconductor and parts *(up 45.1%)*, automobiles *(up 11.0%)* and audiovisual telecommunications *(up 8.5%)* propped up the increase of mining and manufacturing production.

Contribution to on-year output growth (%p)
Semiconductors and parts (6.65), automobiles (1.17), audiovisual telecommunications (0.51)

Shipments posted a robust growth of 10.1 percent from the same month in the previous year on the back of brisk exports while inventory growth edged up to 7.1 percent.

(Percentage change from the same period in the previous year)

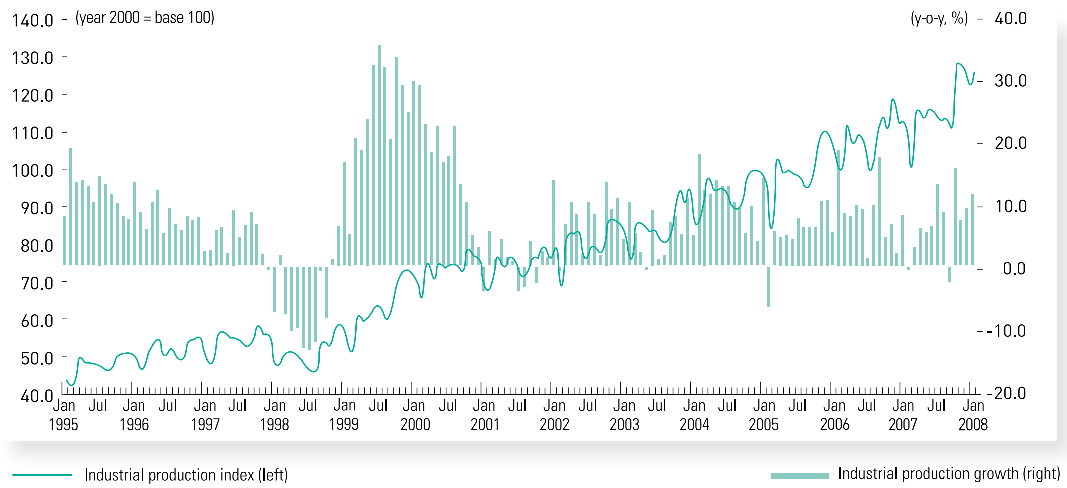
		2006	2007						2008
		Annual	Annual[1]	Q3	Q4[1]	Jan	Nov	Dec[1]	Jan[1]
Mining and manufacturing activity[2]	Production (q-o-q, m-o-m)	-	-	2.5	3.2	1.4	0.2	-0.2	2.5
	(y-o-y)	8.3	6.8	6.0	11.0	8.6	7.7	9.6	11.8
	(days operated reflected)	8.7	7.1	9.3	8.0	3.5	7.8	10.3	10.9
	- Manufacturing	8.6	7.0	6.1	11.2	8.8	7.8	9.9	12.1
	· Heavy chemical Industry	9.9	8.2	7.9	12.6	9.4	9.0	11.8	13.9
	· Light industry	3.4	1.8	-1.5	4.7	6.4	1.9	0.9	3.9
	Shipment	7.6	7.1	5.5	10.5	8.3	7.8	8.8	10.1
	- Domestic demand	6.1	4.8	2.7	6.8	8.4	4.7	3.7	7.2
	- Exports	10.0	10.5	9.4	16.2	8.0	12.5	17.0	14.6
	Inventory[3]	9.1	5.8	2.4	5.8	10.3	4.1	5.8	7.1
Manufacturing activity	Average operation ratio (%)	80.0	80.4	80.1	81.2	79.2	80.8	81.0	82.1
	Production capacity	4.1	5.1	5.6	6.1	4.2	6.1	6.1	5.8

1. Preliminary
2. Including mining, manufacturing, electricity and gas industry
3. End-period (month, quarter and year)

The growth pace of mining and manufacturing production in February 2008 is forecast to maintain the growth trend supported by improved exports *(up 20.2%)*.

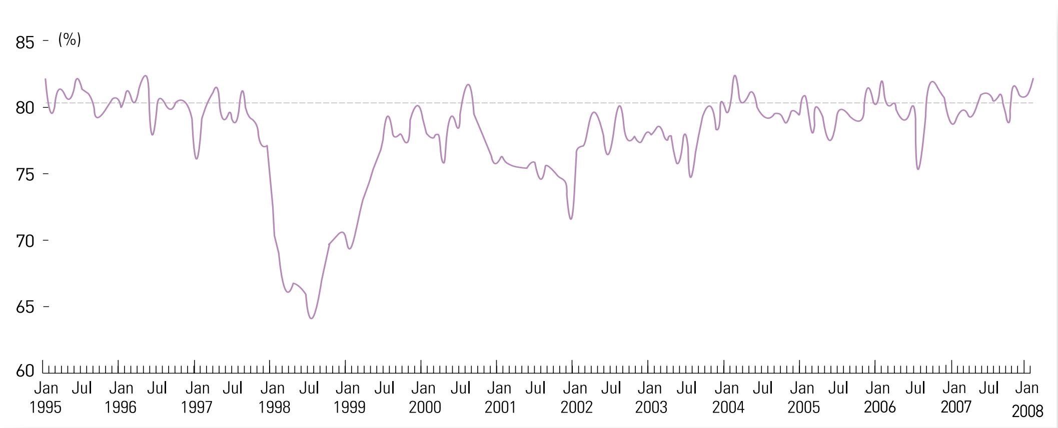
6-1 **Industrial production**

Source: Korea National Statistical Office (industrial activity trend)



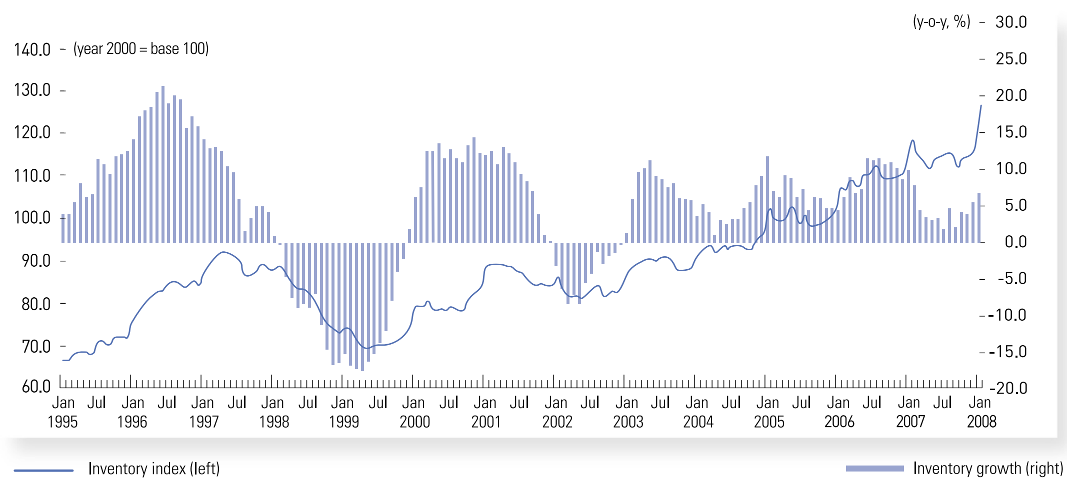
6-2 **Average manufacturing operation ratio**

Source: Korea National Statistical Office (industrial activity trend)



6-3 **Inventory**

Source: Korea National Statistical Office (industrial activity trend)



7. Service sector activity

Service activity in January 2008 was up 7.7 percent from a year earlier, accelerating from 5.8 percent growth of the previous month.

By business category, financial & insurance services *(up 17.3%)* led the growth momentum as all industries expanded output.

(Percentage change from same period in previous year)

	Weight	2005	2006	2007							2008
		Annual	Annual	Q1	Q2	Q3	Q4[1]	Nov	Dec[1]	Annual[1]	Jan[1]
Service activity index	100	3.2	5.5	5.4	6.1	7.2	6.8	6.3	5.8	6.4	7.7
- Wholesale & retail	22.0	0.7	3.8	4.3	3.7	4.2	5.2	4.5	2.2	4.3	5.6
- Hotels & restaurants	7.8	0.3	2.2	2.0	2.6	2.2	2.9	2.2	1.5	2.4	3.2
- Transportation services	9.0	4.2	6.9	6.6	5.5	8.4	8.0	8.4	4.1	7.1	8.3
- Communication services	5.0	4.1	3.6	3.1	2.9	2.3	6.3	5.4	5.4	3.7	4.9
- Financial & insurance services	15.4	7.3	9.0	9.5	16.3	18.3	19.5	19.5	16.3	16.0	17.3
- Real estate & renting	6.3	8.5	9.8	6.9	2.0	6.6	-3.5	-8.6	-0.5	2.7	4.8
- Business services	10.0	2.8	5.7	5.3	6.7	7.0	7.4	7.2	6.8	6.6	7.2
- Educational services	10.6	0.7	2.6	3.0	2.5	2.5	1.4	2.8	5.6	2.3	5.1
- Healthcare & social welfare services	6.0	7.3	11.0	8.3	9.0	9.2	7.4	6.8	9.7	8.5	9.5
- Entertainment, cultural and sports services	3.8	3.0	1.8	5.5	6.4	7.5	5.7	6.2	4.6	6.4	4.9
- Other public & personal services	4.2	2.0	3.8	1.0	0.1	0.7	1.0	0.3	-0.6	0.7	2.3

1. Preliminary

Service activity in February 2008 is expected to continue its upward trend. Nevertheless, there remain downside risks including financial market unrest and increase of consumer prices.

Output in the service sector is likely to stay on an upward trend along with private consumption which has maintained relatively favorable growth.

Consumer goods sales (y-o-y, %)
6.6 (Oct 2007) → 4.4 (Nov) → 2.6 (Dec) → 4.7 (Jan 2008)

In case uncertainties grow in the international and domestic financial markets, the increasing uncertainties would negatively affect financial & insurance services, which lead the service sector growth.

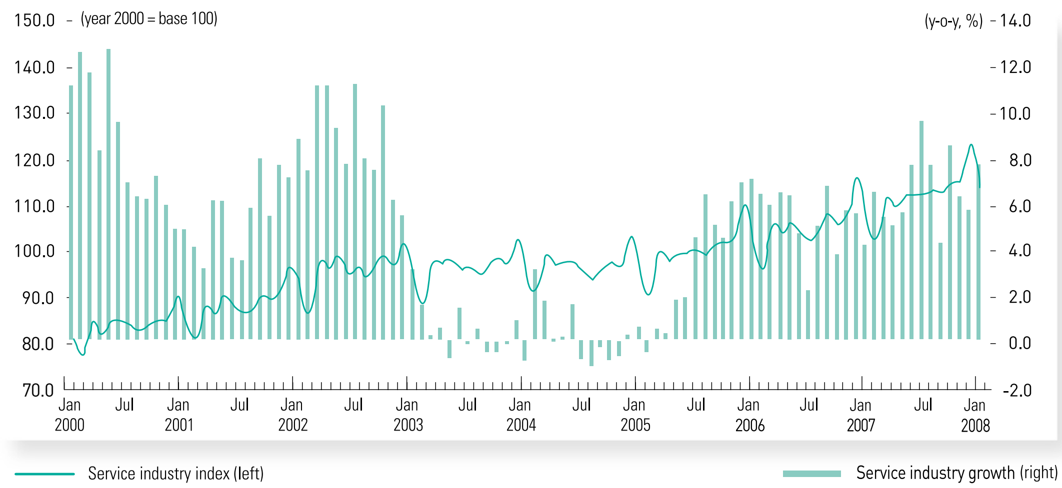
KOSPI (monthly average)
1,925 (Nov 2007) → 1,904 (Dec) → 1,732 (Jan 2008) → 1,690 (Feb)

The run-up of international commodity prices such as crude oil and grain put more inflationary pressure on the domestic market. This may hold back the service activity growth.

CPI (y-o-y, %)
2.3 (Jan-Sep 2007) → 3.0 (Oct) → 3.5 (Nov) → 3.6 (Dec) → 3.9 (Jan 2008) → 3.6 (Feb)

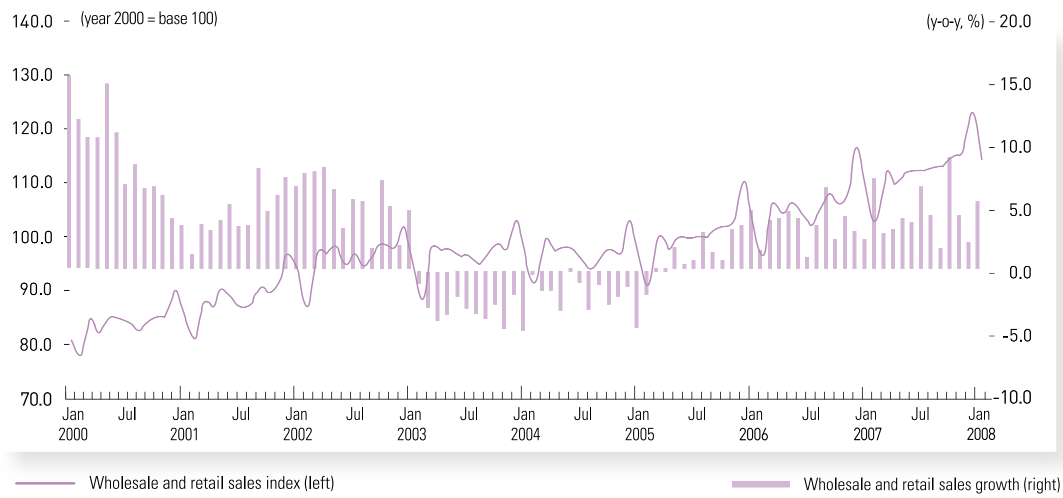
7-1 Service industry

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



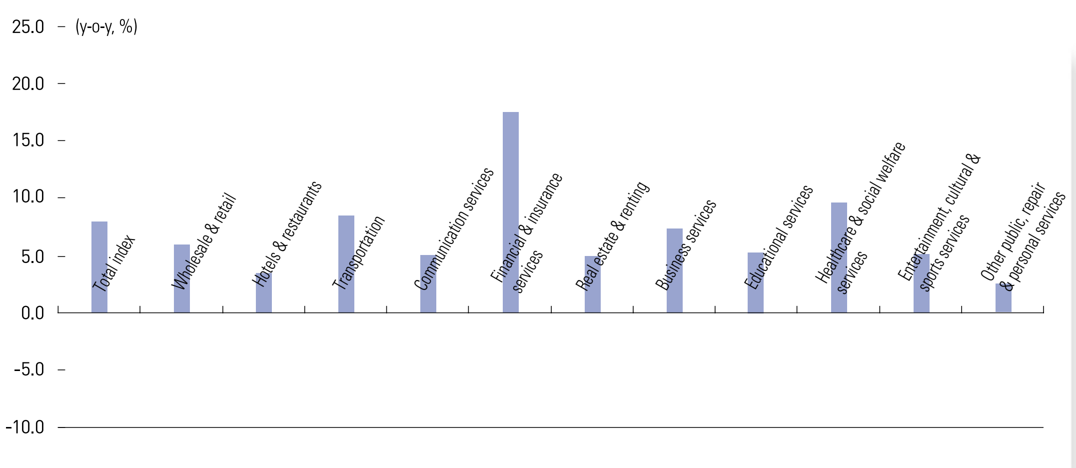
7-2 Wholesale and retail sales

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



7-3 Jan 2008 service industry by business

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



8. Employment

The number of workers on payroll in January 2008 rose by 235,000 year-on-year to post 22,960,000 due to slowed growth in the service sector and winter seasonal factors.

Employment in the service sector continued a sharp rise with an increase of 333,000, led by business services, healthcare & social welfare services and financial & insurance services. The pace of growth, however, moderated.

The manufacturing sector's employment, which has been on a downward trend due to structural factors, fell by 30,000. The pace of the decrease, however, slowed by brisk industrial activities.

Hiring in the construction sector was reduced by 5,000 year-on-year. However, employment in the construction sector is expected to grow as construction completed is back on the recovery track.

Hiring in agriculture, forestry and fisheries declined 64,000 from a year earlier continuing the decreasing trend caused by their reduced weights in the Korean industry.

The quality of employment continued to improve as the number of wage workers *(up 376,000)* and in particular regular workers *(up 433,000)* sustained a sharp increase. Meanwhile, the number of non-wage workers including self-employed small business owners *(down 136,000)* and non-paid family members *(down 5,000)* continued to decrease.

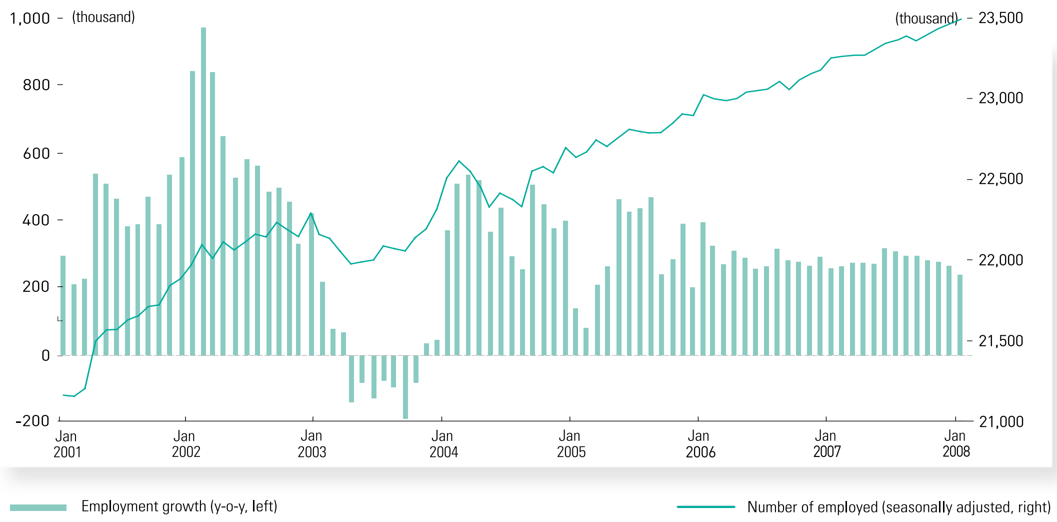
The employment rate posted 58.3 percent, down by 0.1 percentage point from a year earlier. The unemployment rate stood at 3.3 percent, while the youth unemployment rate marked 7.1 percent. Both of them were down 0.3 percentage point from a year earlier.

(Change from same period in previous year, thousand)

	2007									2008
	Jan	Annual	Q1	Q2	Q3	Q4	Oct	Nov	Dec	Jan
Employment growth	258	282	264	289	296	278	287	281	268	235
- Agriculture, forestry and fishery	-28	-58	-42	-52	-72	-67	-68	-64	-70	-64
- Manufacturing	-45	-48	-51	-55	-50	-37	-40	-44	-26	-30
- Construction	47	15	46	30	-6	-9	-9	-13	-5	-5
- Services	281	373	309	367	424	392	404	402	370	333
Unemployment rate (%)	3.6	3.2	3.6	3.2	3.1	3.0	3.0	3.0	3.1	3.3
Employment rate (%)	58.4	59.8	58.6	60.6	60.2	60.0	60.4	60.4	59.1	58.3

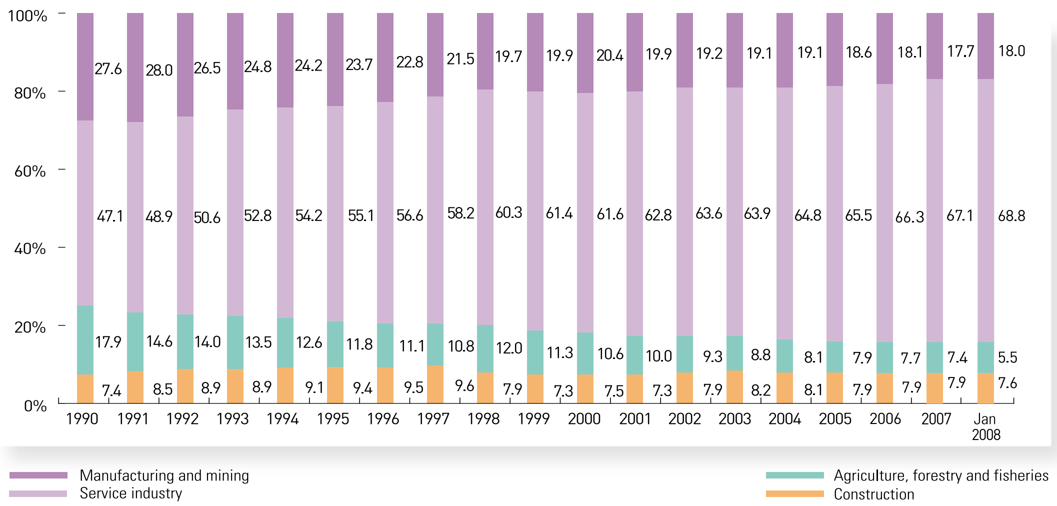
8-1 Number of employed and employment growth

Source: Korea National Statistical Office (employment trend)



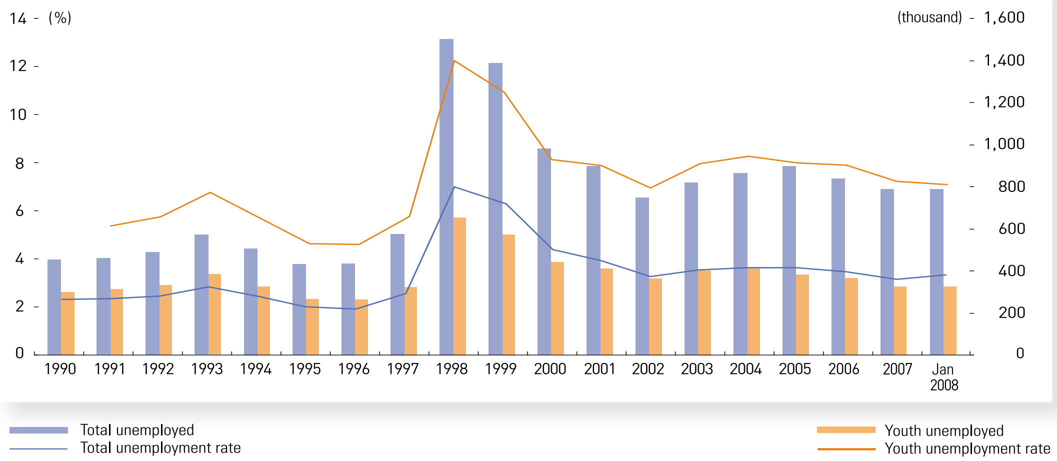
8-2 Share of employed by industry

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 KOSPI in February 2008 fell sharply right after the Lunar New Year holidays dropping as low as 1,641 points on February 11. The sharp drop was attributable to external factors such as concerns over possible downgrade of the US bond insurers' credit rating and looming US economic recession.

The Korean main bourse, however, rebounded thereafter to the 1,700-point level to wrap up the month at 1,711.6 points on February 29 on the back of investors' expectations toward the new government and subdued net-selling by foreign investors. Bargain hunting by institutional and individual investors also helped boost the KOSPI.

By investor type, net selling by foreign investors was 2.0 trillion won. Meanwhile, institutional investors made a net purchase of 0.4 trillion won backed by continuing influx of money into domestic equity funds which amounted to 1.1 trillion won. Individual investors were also net buyers of 0.3 trillion won worth of Korean shares.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2007	Feb 2008	Change[1]	2007	Feb 2008	Change[1]
Stock price index	1,897.1	1,711.6	-185.5 (-9.8%)	704.2	655.9	-48.3 (-6.9%)
Market capitalization	951.9	840.4	-111.5 (-11.7%)	99.9	95.1	-4.8 (-4.8%)
Average daily trade value	5.5	5.1	-0.4 (-7.3%)	2.0	1.5	-0.5 (-25.0%)

1. Change from the end of previous year

9.2 Exchange rate

The won/dollar exchange rate fluctuated within a narrow band of the 940 won range in early and mid February, before edging down to the upper 930 won range at the end of the month due to the greater depreciation of the dollar. There existed downward pressure on the won's value from continued net selling of Korean shares by foreign investors and trade deficits of US$800 million in February. The exchange rate, however, fell slightly as the dollar lost more ground in the global market from weak economic indicators as well as stock market correction in the US.

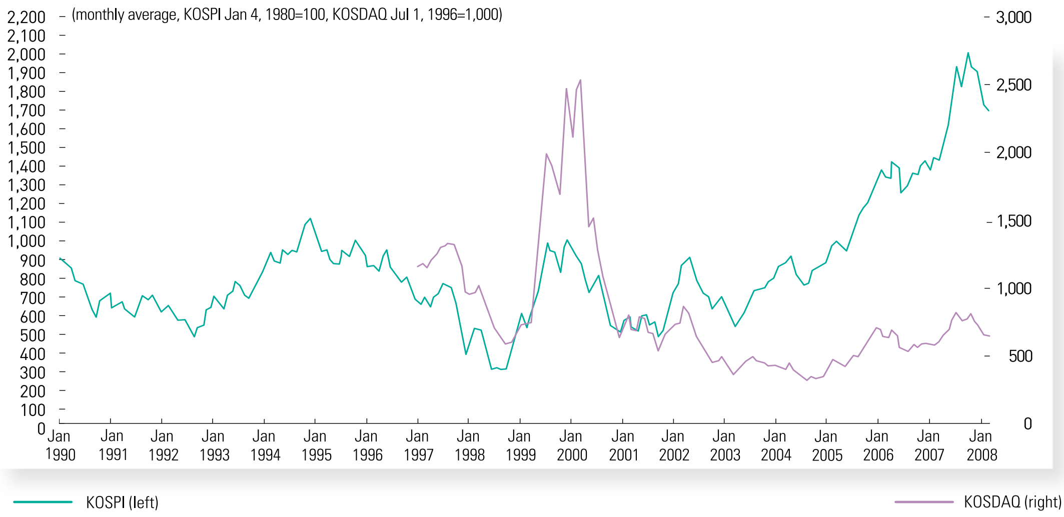
The won/yen exchange rate hovered around the narrow range of the 870 to 880 won, before jumping up to the 890 won range at the end of the month as the yen's value surged reflecting the global weakness of the dollar.

(End-period)

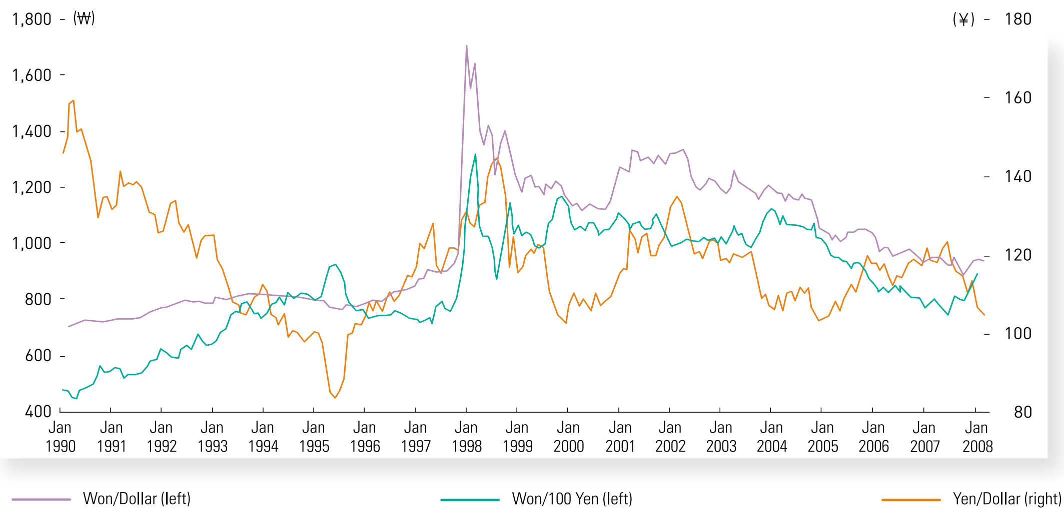
	2005	2006	2007	2008		
	Dec	Dec	Dec	Jan	Feb	Change[1]
Won/Dollar	1,011.6	929.8	936.1	943.9	939.0	-0.3
Won/100Yen	858.5	783.4	828.6	886.6	895.7	-7.5

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

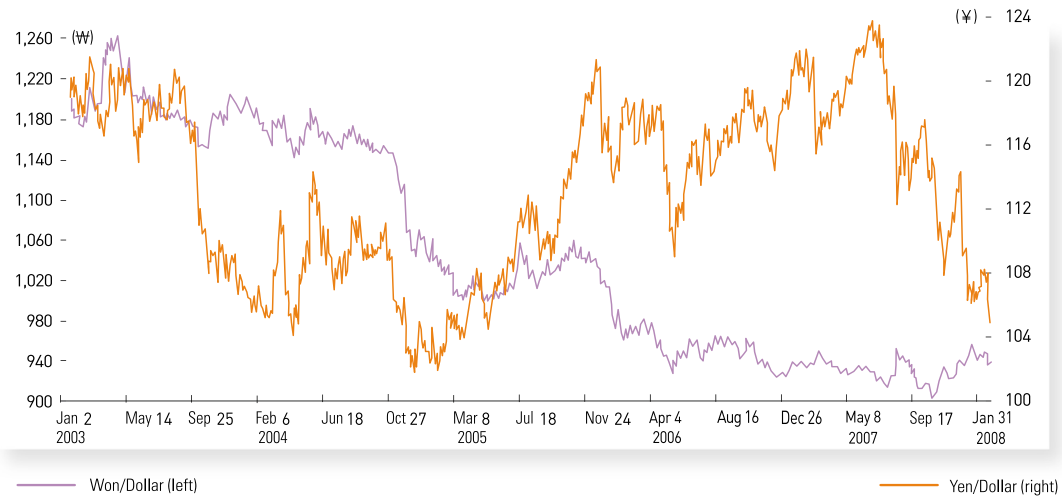
9-1 **Stock prices**



9-2 **Foreign exchange rate** (month-end)



9-3 **Recent foreign exchange rate**



9.3 Bond market

Bond yields such as Korea Treasury bond yields edged down in February 2008, affected by a fall in US bond rates over concerns about credit crunch and expected policy rate cut by the Bank of Korea. In early February, bond yields were up on the back of robust economic indicators and inflationary pressure from a 3.9 percent rise of consumer price index in the previous month. The yields, however, turned to a decrease to close the month with a slight fall from a month earlier. The shift to a decline was attributed to growing expectation over the interest rate cut by the Bank of Korea as its governor hinted at the downward revision for 2008 growth forecast.

Yields on 3-month CDs, which are key short-term interest rates, have considerably fallen for two consecutive months as the supply and demand conditions improved with more funds in the banking sector.

(End-period)

	2004	2005	2006	2007			2008		
	Dec	Dec	Dec	Oct	Nov	Dec	Jan	Feb	Change[1]
Call rate (1 day)	3.29	3.76	4.60	5.01	5.02	5.02	4.96	4.94	-6
CD (91 days)	3.43	4.09	4.86	5.35	5.60	5.82	5.50	5.18	-64
Treasury bonds (3 yrs)	3.28	5.08	4.92	5.43	5.77	5.74	5.04	4.97	-77
Corporate bonds (3 yrs)	3.72	5.52	5.29	6.02	6.47	6.77	6.28	6.14	-63
Treasury bonds (5 yrs)	3.39	5.36	5.00	5.49	5.84	5.78	5.11	5.08	-70

1. Basis point change from end December 2007

9.4 Money supply & money market

The M2 growth in January 2008 accelerated considerably as the private sector credit increased further and the government sector spent 7 trillion won. The M1 expanded the decrease due mainly to payments of VAT *(10.1 trillion won)* imposed on settlement deposits.

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

	2006			2007						2008	2007
	Annual	Q3	Q4	Annual[1]	Q1	Q2	Q3	Q4[1]	Dec[1]	Jan[1]	Dec[2]
M1[3]	-0.8	-5.5	5.9	-5.2	6.1	-6.7	-8.6	-11.5	-12.5	Lower -13	307.8
M2	8.3	8.1	10.9	11.2	11.5	11.0	11.1	11.2	11.5	Mid 12	1,269.5
Lf[4]	7.9	7.5	9.2	10.2[5]	10.0	10.2	10.2	10.5[5]	10.6[5]	Around 11	1,689.1[5]

1. Estimate 2. Amount, trillion won

3. 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.

4. Liquidity aggregates of financial institutions (mostly identical with M3) 5. Preliminary

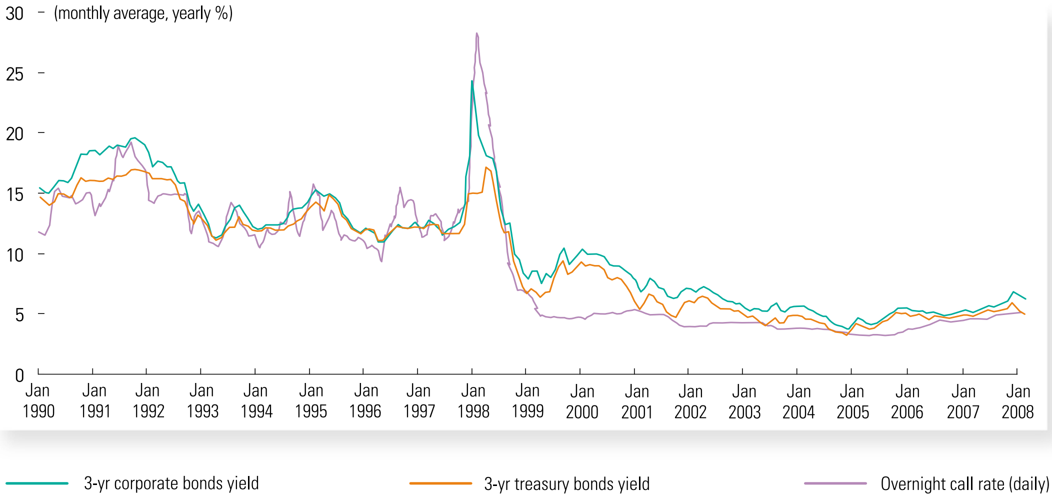
In January, the amount of bank deposits rose sharply, as time deposits increased buoyed by special offers with higher interest rates although instant access accounts declined 14.5 trillion won due mainly to tax payments. Asset management company (AMC) receipts, mainly money market funds (MMFs), soared as equity funds raised 1.7 trillion won and domestic banks entrusted idle money for investment. MMFs reversed course from a 5.9 trillion decrease to an 8.7 trillion won increase.

(Monthly change, end-period, trillion won)

	2007											2008
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Bank deposits	6.2	10.9	2.0	6.9	13.3	-8.3	4.3	6.5	7.6	11.3	-4.3	12.1
AMC receipts	0.4	3.4	-4.8	7.6	13.6	3.9	4.0	3.3	13.0	14.3	-0.4	23.5

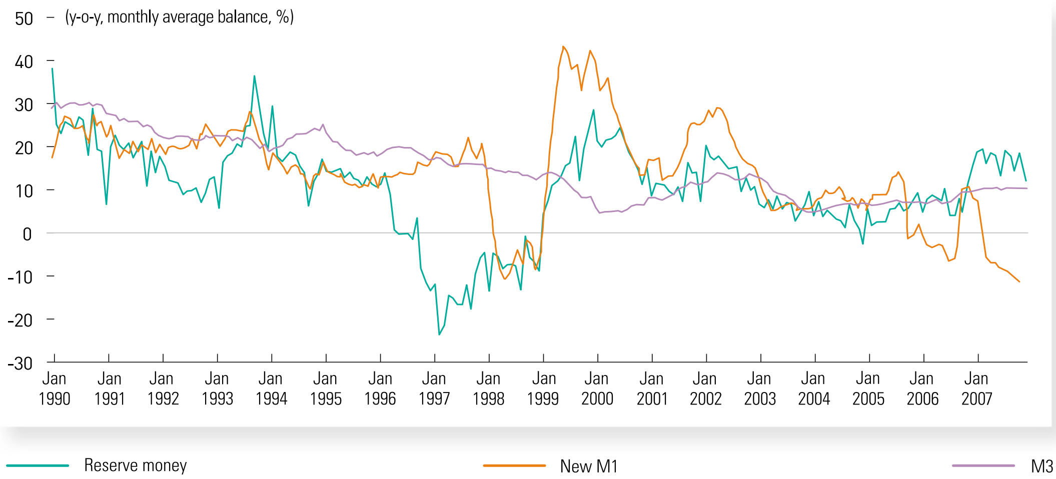
9-4 **Interest rates**

Source: The Bank of Korea



9-5 **Total money supply**

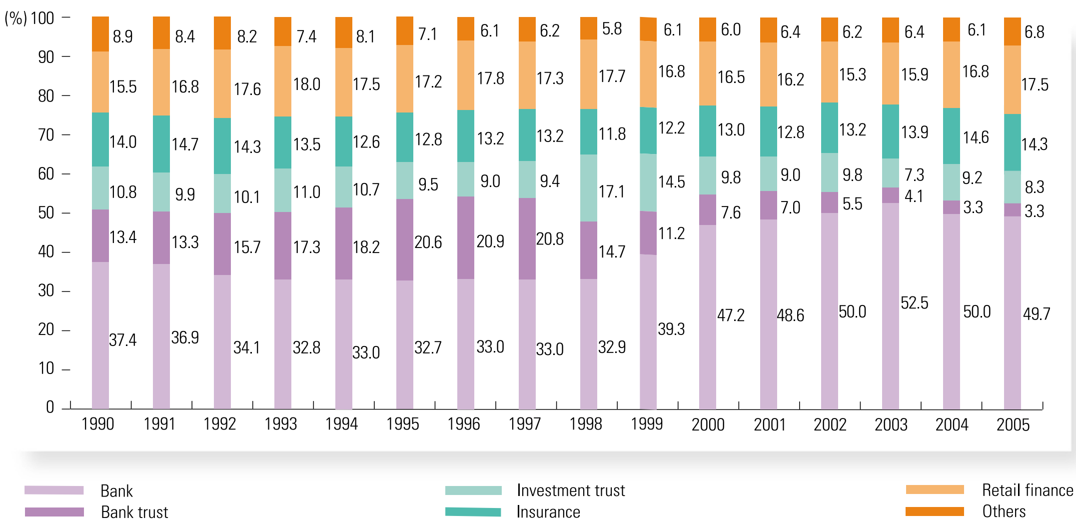
Source: The Bank of Korea



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

Korea's current account in January 2008 recorded US$2.6 billion in deficit compared to a US$430 million deficit a year earlier albeit the growth in income account surplus. It was attributed to the sustaining deficit in service and the shift of the goods account to a deficit.

Despite robust export growth of 15.4 percent *(customs clearance basis)*, the amount of imports surged 31.1 percent *(customs clearance basis)* due to higher commodity prices. As a result, the goods account turned into deficit of US$1.01 billion for the first time in 58 months compared to a US$1.29 billion surplus a year earlier.

The service account deficit widened to US$2.07 billion in January from US$1.94 billion in the same month of the previous year. Deficit in the travel account declined modestly year-on-year while deficit in the business service account increased.

The income account surplus grew to US$770 million from US$550 million a year earlier, thanks to increased dividend and interest income from a year earlier.

The seasonally adjusted current account deficit recorded US$2.03 billion, US$570 million less than the original series, as the goods and service account deficits narrowed with the adjustment process.

(US$ billion)

	2007						2008
	Jan	Sep	Oct	Nov	Dec	Annual	Jan
Current account	-0.43	2.30	2.46	1.51	-0.81	5.95	-2.60
- Goods balance	1.29	3.73	3.64	2.64	0.44	29.41	-1.01
- Service balance	-1.94	-1.75	-1.42	-1.46	-1.24	-20.57	-2.07
- Income balance	0.55	0.69	0.50	0.42	0.41	0.77	0.77
- Current transfers	-0.32	-0.36	-0.26	-0.10	-0.43	-3.65	-0.29

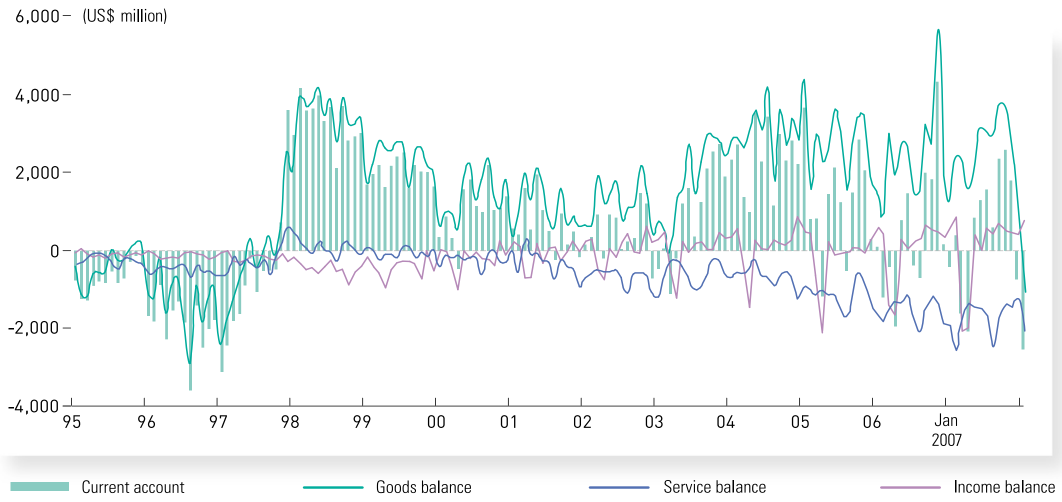
The capital and financial account balance realized a net inflow of US$270 million in January as the other investment account posted surplus driven by domestic banks' increased overseas borrowings. Meanwhile, the direct and portfolio investment accounts showed a net outflow due to more overseas investment by Korean investors and foreigners' retrieval of investment in the Korean market.

Capital & financial account balance (US$ billion)
-0.30 (Aug 2007) → -3.56 (Sep) → -1.91 (Oct) → -1.50 (Nov) → 1.21 (Dec) → 0.27 (Jan 2008)

The current account in February 2008 is expected to show deficit due to high oil prices and the increase of outbound tourists during the Lunar New Year holidays, which were two days longer than the previous year.

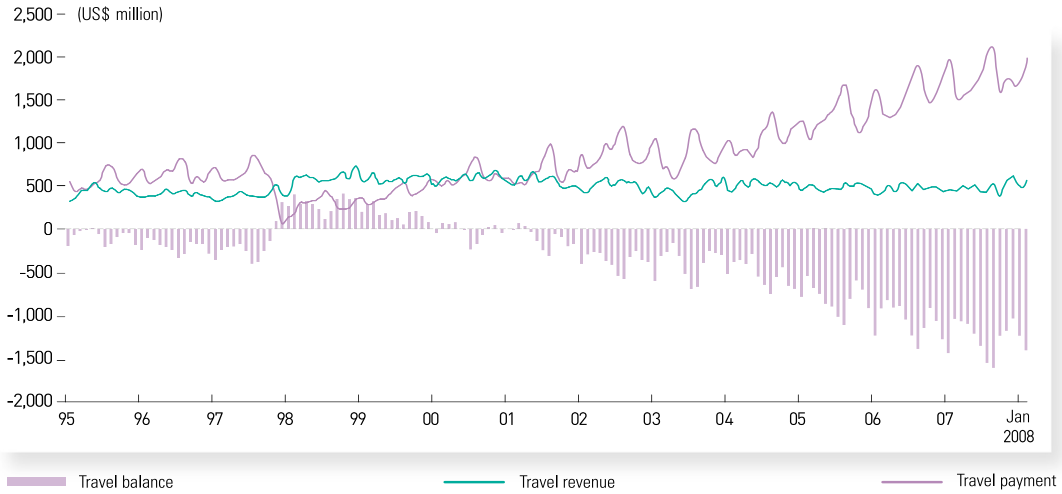
10-1 Current account balance

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



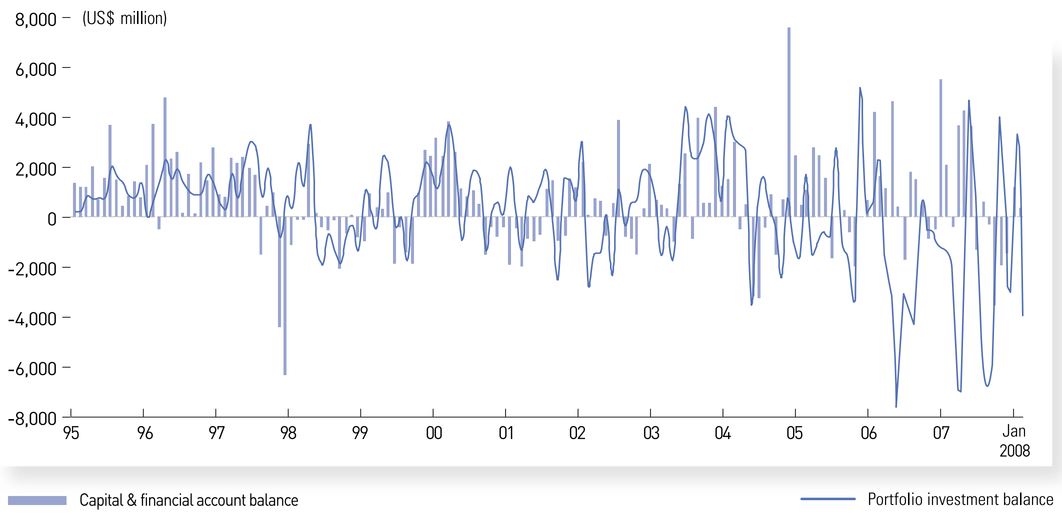
10-2 Travel balance

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

Consumer prices in February 2008 rose by 0.4 percent month-on-month and 3.6 percent year-on-year. This is largely due to the continuing crude oil and grain prices hikes, raised utility charges and a relative comparison to the low base set in the previous year.

Consumer price inflation

	2007						2008	
	Feb	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Month-on-Month (%)	0.7	0.1	0.6	0.2	0.0	0.4	0.5	0.4
Year-on-Year (%)	2.2	2.0	2.3	3.0	3.5	3.6	3.9	3.6

Prices of oil products rose by 19.7 percent from a year earlier due to higher international oil prices and the low base effect from the previous year. It decreased by 0.3 percent month-on-month. Prices of agricultural, livestock and fishery products edged up from a month earlier as prices of apple, pear and yellow corvina rose for higher seasonal demands around the Lunar New Year holidays. They were down 0.6 percent year-on-year.

Prices of agricultural, livestock and fishery products (m-o-m, %)
Agriculture (0.9), livestock (0.7), fishery (2.4), public services (0.4)

Housing rents remained relatively stable while public utility charges were slightly up 0.4 percent month-on-month as public service charges rose 19.5 percent. For example, the fee for issuing a certificate of identity shot up from 500 to 1,000 won. Personal service fees jumped as service charges were adjusted at the beginning of the year. The adjustment of the service charge reflected the increased cost pressure of the previous year.

Personal service fees (m-o-m, %)
Maintenance charges for apartments (5.1), Jajangmyeon - stir-fried been paste noodles (2.4), Kalgeuksu - Korean-style noodles in hot soup (2.1), Gimchi-jigae - Korean traditional hot soup made of Gimchi (1.5)

Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Public utility	Housing rents	Personal services
Year-on-Year (%) (Contribution ratio, %p)	3.6 (3.60)	-0.6 (-0.05)	5.6 (1.69)	19.7 (1.04)	3.3 0.55	1.9 0.18	3.5 1.23
Month-on-Month (%) (Contribution ratio, %p)	0.4 (0.39)	1.1 (0.09)	0.1 (0.03)	-0.3 (-0.02)	0.4 0.06	0.2 0.02	0.6 0.19

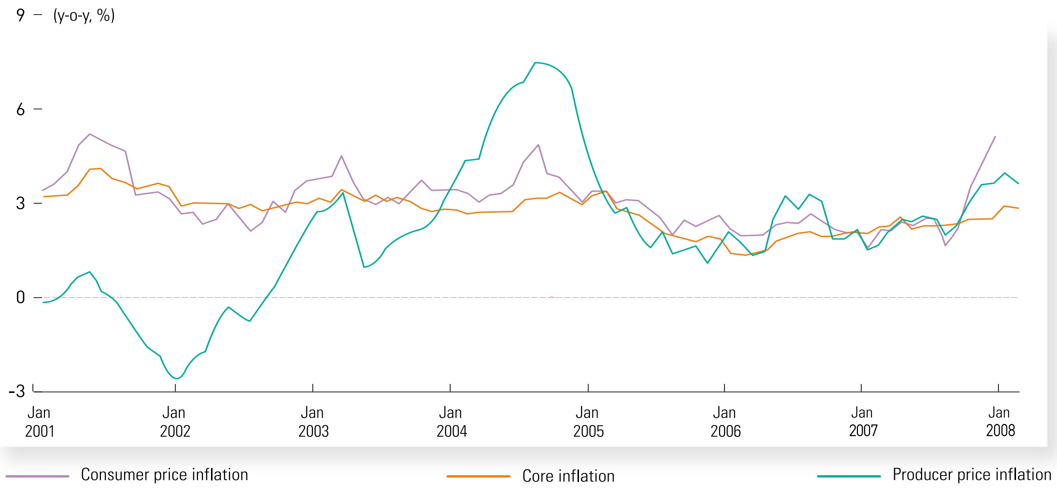
Core inflation, which excludes the prices of oil and agricultural products, rose by 2.8 percent compared to the previous year mainly due to skyrocketing commodity prices and the price adjustment in the beginning of the year. Consumer prices for basic necessities, a barometer of perceived consumer prices, rose 4.6 percent from a year earlier.

Core inflation (y-o-y, %)
2.1 (Jan 2007) → 2.4 (Oct 2007) → 2.4 (Nov 2007) → 2.4 (Dec 2007) → 2.8 (Jan 2008) → 2.8 (Feb 2008)

Prices in March 2008 are expected to be in the mid-and-upper range of 3 percent as crude oil and grain prices increase.

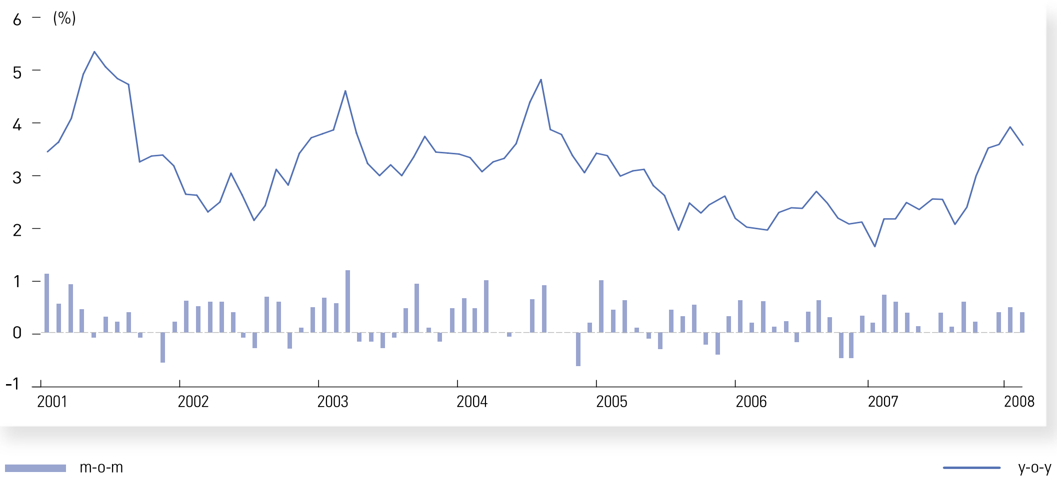
11-1 Prices

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



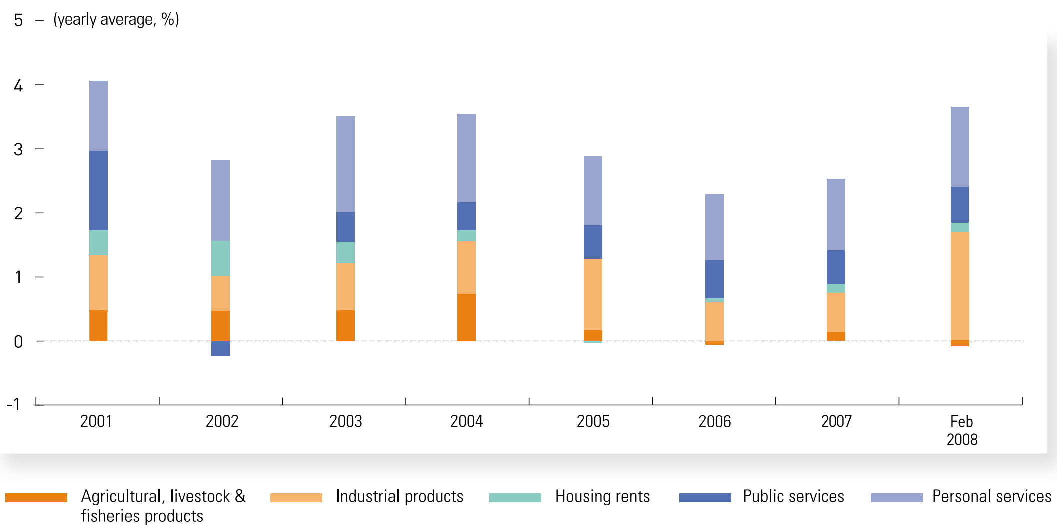
11-2 Consumer price inflation

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 February 2008 rose month-on-month, hitting a record high fueled by weak dollars in the wake of US Fed's rate cuts and political unrest in Nigeria and Turkey, despite concerns over oil demand decrease affected by the US economic slowdown.

International oil prices in March 2008 are expectedly influenced by the result of the OPEC's regular meeting, US and global economic trends, movements of speculative funds, and US winter weather.

(US$/barrel, period average)

	2005	2006	2007				2008	
	Annual	Annual	Jan	Feb	Nov	Dec	Jan	Feb
Dubai crude	49.4	61.6	51.8	55.9	86.9	85.7	87.2	90.2
Brent crude	54.3	65.1	53.6	57.5	92.9	91.0	92.3	95.4
WTI crude	56.5	66.0	54.2	59.2	94.7	91.3	93.0	95.4

Record high oil prices (spot prices, US$/barrel)
Dubai crude (94.8), Brent crude (101.4), WTI crude (102.6)

Oil product prices increased to set a new high in the domestic market, as prices of international oil and oil products have remained to be in an upward trend.

(Won/liter, period average)

	2005	2006	2007				2008	
	Annual	Annual	Jan	Feb	Nov	Dec	Jan	Feb
Gasoline prices	1,365	1,543	1,411	1,402	1,606	1,633	1,652	1,654
Diesel prices	1,080	1,295	1,170	1,164	1,404	1,436	1,456	1,456

Source: Korea National Oil Corporation

In February, international prices of all commodities such as grain, non-ferrous metals and gold increased compared to the previous month.

Inflow of investment funds, soaring demands in China, and decreased inventories followed by supply disruptions pushed the prices of non-ferrous metals such as copper, aluminum and lead.

Prices of major grain such as wheat, soybean and corn jumped. This was prompted by concerns over supply disruption from lowered spring wheat inventory in the US and China's move to stock soybean oil for strategic purposes.

Price increases in Feb 2008 (m-o-m, %)
Wheat (14.8), soybean (10.0), corn (6.4), copper (11.6), tin (5.3), aluminum (12.8), lead (17.3)

Reuters index*

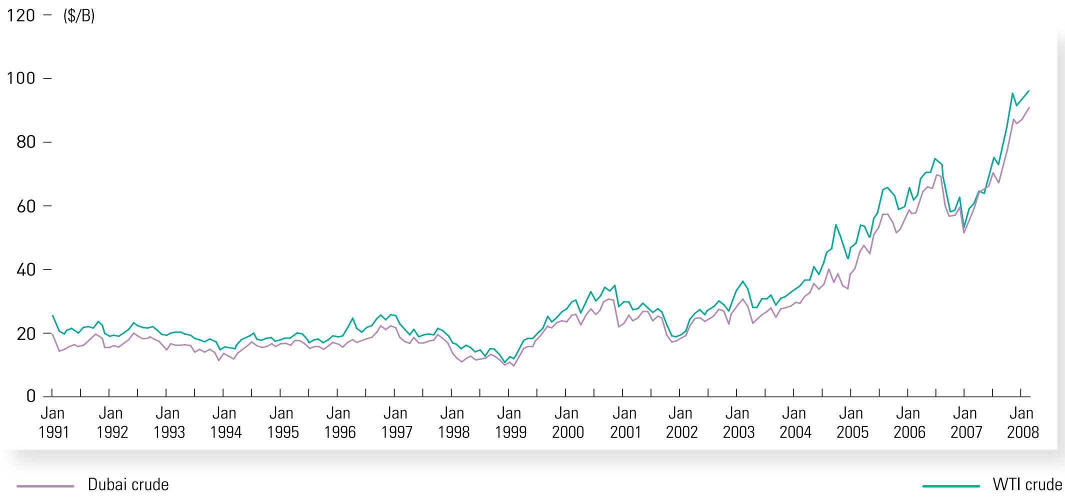
(Period average)

2005	2006	2007				2008	
Annual	Annual	Jan	Feb	Nov	Dec	Jan	Feb
1,680	2,019	2,224	2,248	2,472	2,557	2,645	2,825

** A weighted average index of 17 major commodities*

11-4 **International oil prices**

Source: Korea National Oil Corporation



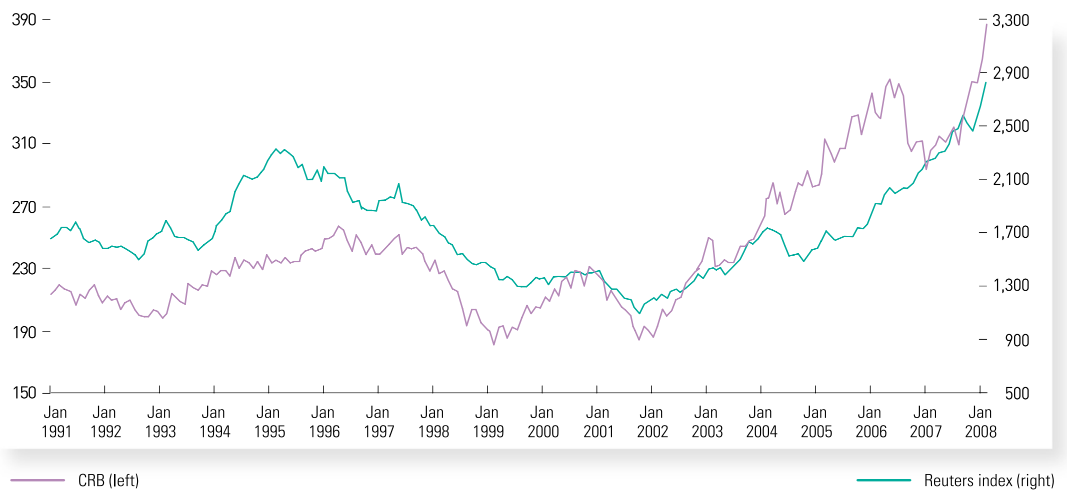
11-5 **International oil prices** (Dubai crude) **and import prices**

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 February 2008 accelerated growth.

Nationwide apartment sales prices

(Percentage change from previous period)

	2004	2005	2006	2007					2008				
	Annual	Annual	Annual	Aug	Sep	Oct	Nov	Dec	Jan	Jan 28[1]	Feb 11[1]	Feb 18[1]	Feb 25[1]
Nationwide	-0.6	5.9	13.8	0.1	0.1	0.2	0.2	0.0	0.2	0.02	0.09	0.06	0.08
Seoul	-1.0	9.1	24.1	0.2	0.2	0.3	0.3	0.1	0.5	0.05	0.11	0.20	0.19
Gangnam[2]	-1.3	13.5	27.6	0.1	0.1	0.0	0.0	-0.1	0.1	0.02	0.09	0.10	0.09
Gyeonggi	-3.7	7.6	28.4	0.2	0.2	0.2	0.1	0.0	0.2	0.03	0.21	0.02	0.10

1. Weekly trends
2. Upscale area of southern Seoul
Source: Kookmin Bank

The average of apartment rental prices also expanded the increase.

Nationwide apartment rental prices

(Percentage change from previous period)

	2004	2005	2006	2007					2008				
	Annual	Annual	Annual	Aug	Sep	Oct	Nov	Dec	Jan	Jan 28[1]	Feb 11[1]	Feb 18[1]	Feb 25[1]
Nationwide	-2.7	5.7	7.6	0.1	0.2	0.1	0.0	0.0	0.1	0.01	0.09	0.11	0.13
Seoul	-4.4	6.2	11.5	0.2	0.1	0.1	-0.1	-0.1	0.2	0.02	0.05	0.03	0.12
Gangnam[2]	-5.2	8.6	11.3	0.1	-0.1	-0.1	-0.3	-0.2	0.1	0.01	0.02	0.04	0.14
Gyeonggi	-5.5	10.6	12.4	0.1	0.3	0.1	-0.1	-0.1	0.0	-0.02	0.11	0.04	0.18

1. Weekly trends
2. Upscale area of southern Seoul
Source: Kookmin Bank

Apartment sales transactions in January 2008 inched up from the previous month while edged down from the same month of the previous year.

Apartment sales transactions

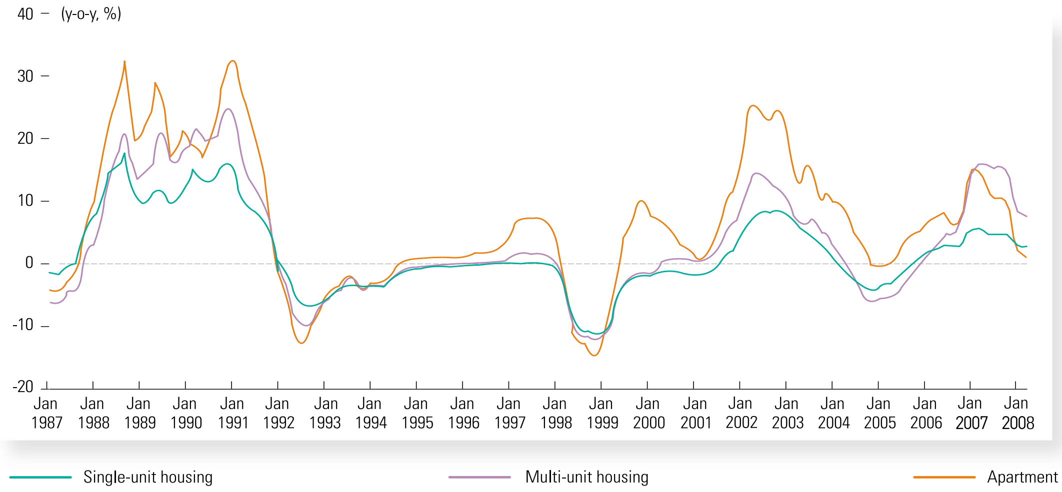
(Monthly average, thousand)

2005	2006	2007												2008
Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
79	94	87	63	70	70	67	61	68	65	55	80	80	76	80

Source: Korea Land Corporation

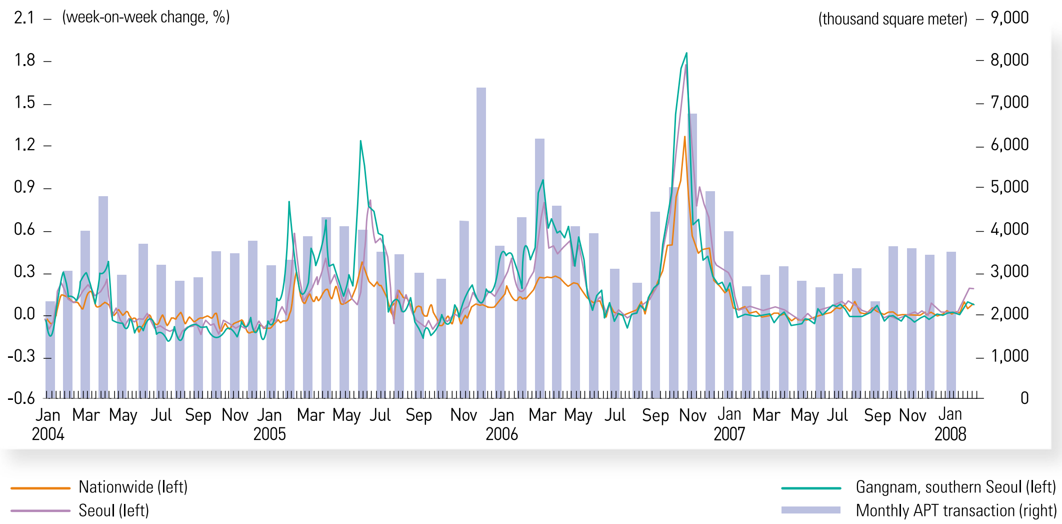
12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



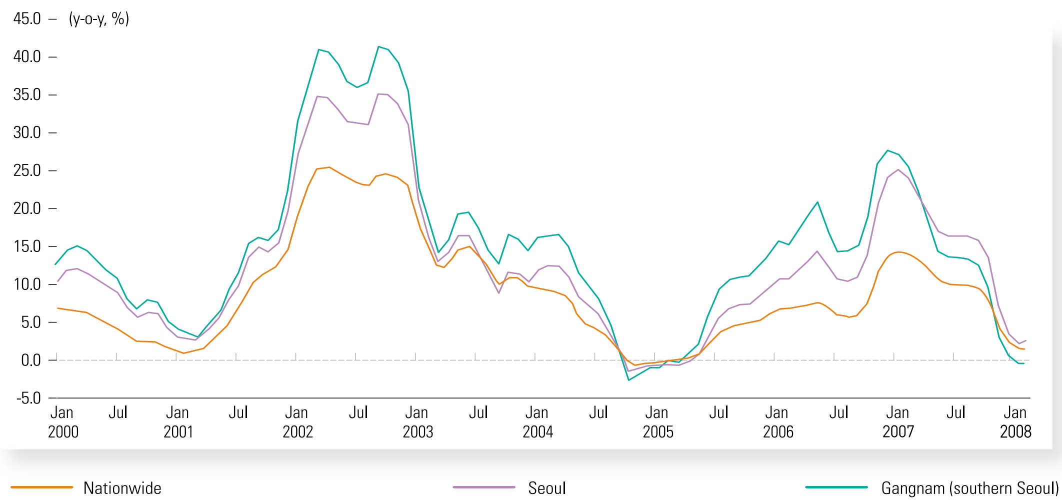
12-2 Weekly apartment sales prices and monthly transaction volume

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 January 2008 rose by 0.36 percent from a month earlier.

Out of 248 cities, counties and districts, land prices in 61 areas including Seoul *(up 0.53%)*, 51 of which are located in the Seoul metropolitan area, stayed above the national average *(up 0.36%)* while those in the rest (187 areas) stood below average.

Land prices by region

(Percentage change from previous period)

	2005	2006					2007					2008
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Jan
Nationwide	4.98	5.61	1.31	1.43	1.25	1.50	3.88	0.96	0.79	0.91	1.15	0.36
Seoul	6.56	9.17	1.78	2.37	2.19	2.53	5.88	1.38	1.07	1.40	1.90	0.53
Gyeonggi	5.69	5.07	1.12	1.29	1.05	1.51	4.22	1.07	0.89	1.05	1.14	0.40
South Chungcheong	8.32	5.54	2.77	1.31	0.69	0.67	2.02	0.46	0.41	0.42	0.71	0.25

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

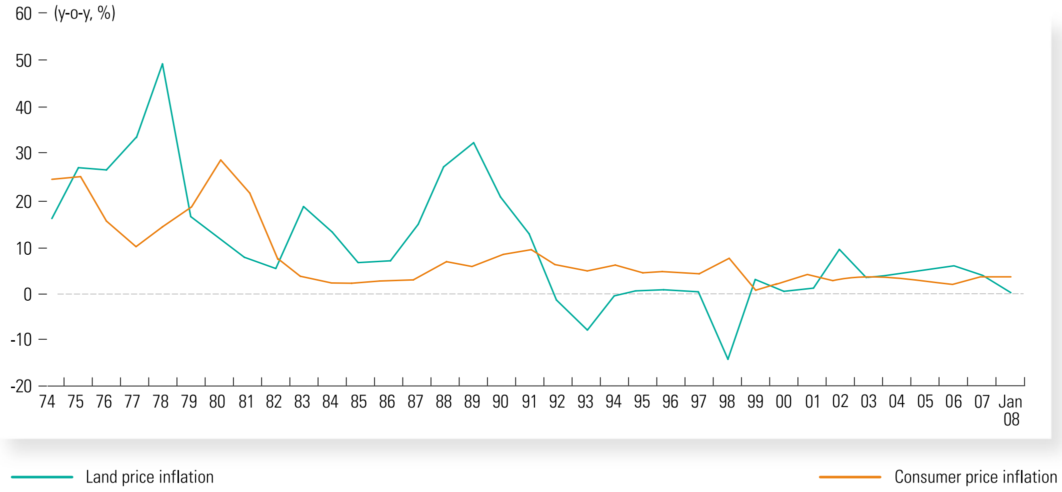
Land sales transactions

(Monthly average, thousand)

	2004	2005	2006	2007										2008
	Annual	Annual	Annual	Annual	Jan	Feb	Mar	May	Jul	Sep	Oct	Nov	Dec	Jan
Nationwide	218	248	237	208	242	185	212	216	196	157	223	242	229	216
Gyeonggi	52	56	63	49	59	43	48	49	48	38	54	61	50	44
North Chungcheong	8	11	9	9	9	7	9	10	8	6	9	10	11	10
South Chungcheong	20	17	12	11	12	9	11	12	9	7	11	12	12	10

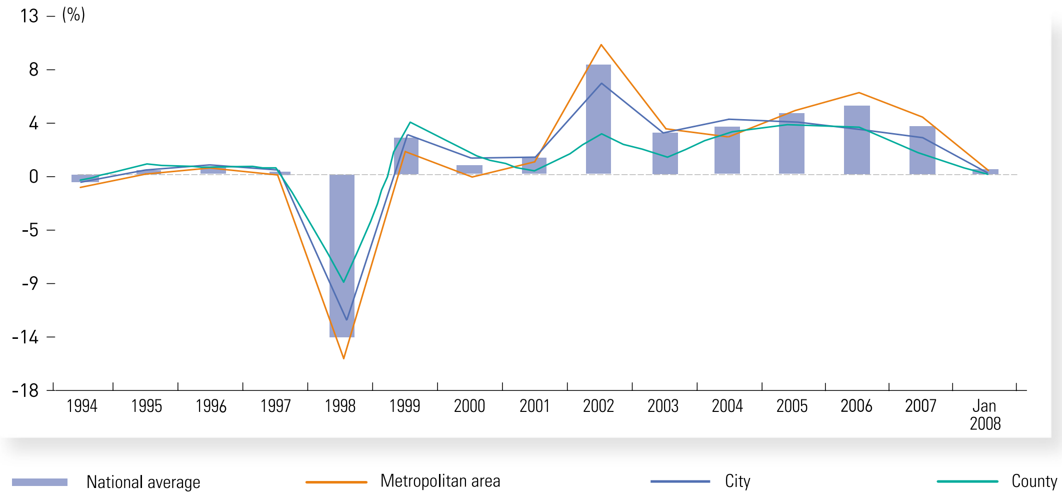
12-4 Land and consumer prices since 1970s

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



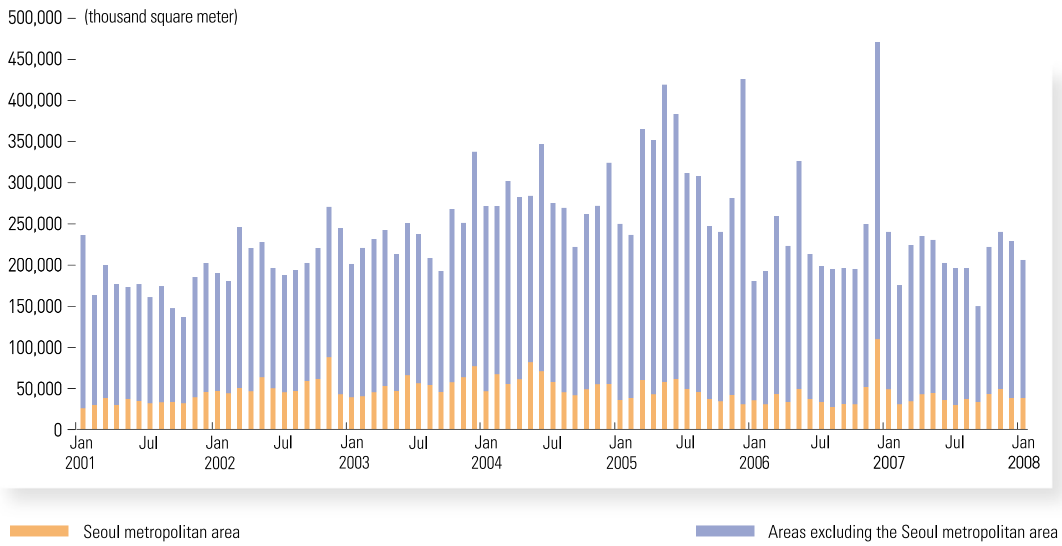
12-5 Land prices by region

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, was up 0.4 percentage point in January 2008 compared to the previous month.

That was driven by increases of all eight components of the index: i.e. mining and manufacturing production index, service activity index, domestic shipment index, value of construction completed, value of imports, the number of non-farm payroll employment, manufacturing operation ratio index, and wholesale & retail sales index.

Cyclical indicator of coincident composite index (m-o-m, p)
0.3 (Jul 2007) ➔ 0.2 (Aug) ➔ -0.4 (Sep) ➔ 0.1 (Oct) ➔ 0.0 (Nov) ➔ 0.4 (Dec) ➔ 0.4 (Jan 2008)

The on-year leading composite index, which foresees the future economic conditions, was down month-on-month for two consecutive months with a decrease of 1.1 percentage point.

Four components of the index increased such as the ratio of job opening to job seeking, indicator of inventory cycle, the value of machinery orders received, and liquidity in the financial institutions.

Five components of the index, however, decreased such as the value of construction orders placed *(down 14.4%)*, composite stock price index *(down 5.5%)*, the net terms-of-trade *(down 2.6%)*, consumer expectations index *(down 0.9p)*, and the value of capital goods imports *(down 0.3%)*.

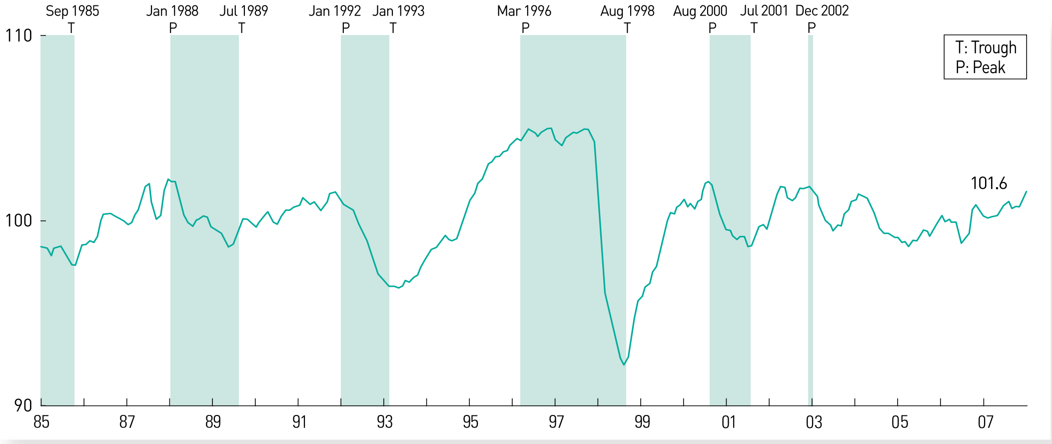
12 month smoothed change in leading composite index (m-o-m, %p)
0.4 (Jul 2007) ➔ 0.3 (Aug) ➔ 0.1 (Sep) ➔ 0.3 (Oct) ➔ 0.2 (Nov) ➔ -0.2 (Dec) ➔ -1.1 (Jan 2008)

	2007				2008
	Sep	Oct	Nov[1]	Dec[1]	Jan[1]
Coincident composite index (m-o-m, %)	0.1	0.5	0.4	0.9	0.8
Cyclical indicator of coincident composite index	100.7	100.8	100.8	101.2	101.6
(m-o-m, p)	-0.4	0.1	0.0	0.4	0.4
Leading composite index (m-o-m, %)	0.5	0.8	0.6	0.3	-0.4
12 month smoothed change in leading composite index (%)	6.7	7.0	7.2	7.0	5.9
(m-o-m, %p)	0.1	0.3	0.2	-0.2	-1.1

1. Preliminary

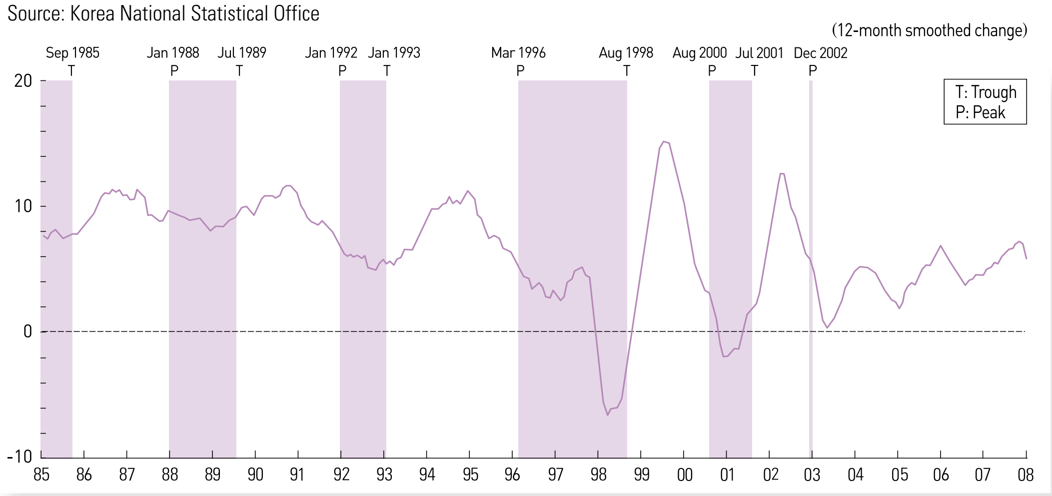
13-1 Cyclical indicator of coincident composite index

Source: Korea National Statistical Office



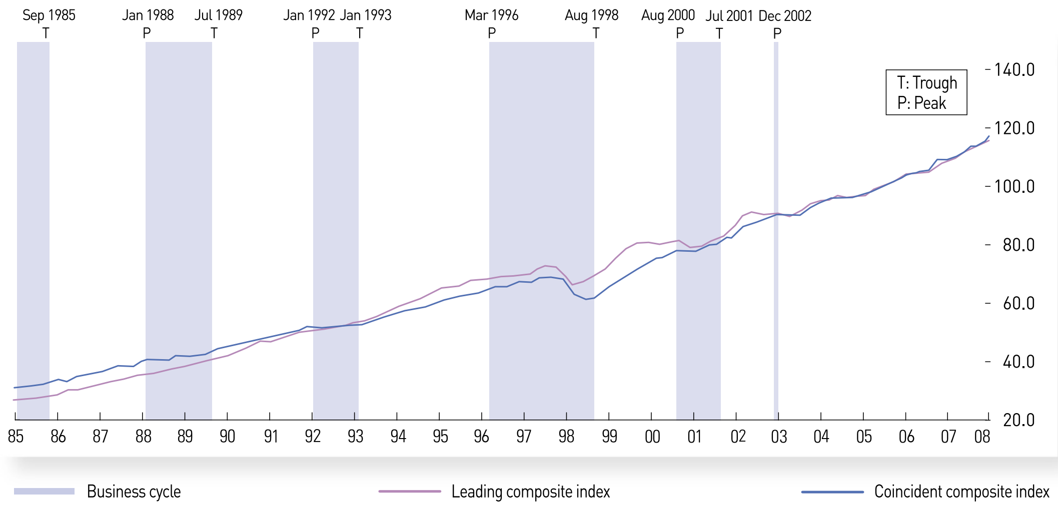
13-2 Leading composite index

Source: Korea National Statistical Office



13-3 Coincident and leading composite indexes

Source: Korea National Statistical Office



Economic News Briefing

Seoul to cut corporate taxes and ease investment regulations

Korea will reduce company taxes gradually as part of its efforts to revive the economy through deregulation and expanded investment. In its first report to President Lee Myung-bak, the Ministry of Strategy and Finance said it would cut corporate tax rates (ranging between 13 and 25 percent) to as low as 10 to 20 percent by 2013. The ministry will also expand the period that tax breaks are available on factory investment by one year to encourage more corporate spending.

Moreover, the Korean government will ease regulations on financial investment by large companies, the report said. First, the government will abolish *restrictions on conglomerates' cross-subsidiary investment* in the first half of the year. Currently, a large conglomerate, *chaebol*, with asset of 2 trillion won or more is banned from making equity investments in its affiliated firm. The government will also ease ownership rules for financial firms.

In addition to encouraging corporate investment, Korea's new government is taking measures to fuel consumer spending to boost the economy. The new government has already cut taxes on gasoline and other oil products by 10 percent to tame inflation and ease the growing burden on consumers who have been hit hard by soaring international oil prices. The tax cuts are effective temporarily from March to the end of 2008.

FDI outflow jumps 49.2% in 2007

Korea's overseas direct investment *(notification basis)* in 2007 rose by 49.2 percent year-on-year to US$27.64 billion thanks to eased regulations and local firms' rush to develop resources and new markets. Investments by SMEs increased significantly, up 89.9 percent in 2007 while those by large companies and individuals grew 31.7 percent and 26.2 percent respectively.

FDI outflow concentrated in business services and real estate which increased overseas direct investment by 384.5 percent and 211.0 percent respectively. By country, FDI outflow to Norway, Ireland, Cambodia, and the Netherlands increased considerably. Investment in Ireland increased from US$0.4 million to US$830 million thanks to Doosan Infracore's establishment of holding company *(US$810 million)*. In Norway, STX established a holding company *(US$790 million)*.

(US$ billion)

	2006	2007				
	Annual	Annual	Q1	Q2	Q3	Q4
FDI outflow	18.53 (102.1)	27.64 (49.2)	3.90 (1.3)	6.52 (95.8)	4.76 (-12.0)	12.46 (109.8)
Notified cases	5,140 (15.2)	5,497 (6.9)	1,348 (15.1)	1,443 (7.4)	1,393 (8.0)	1,313 (-1.7)

** Figures in parenthesis refer to percentage change from the same period in previous year.*

Banks' bad loans ratio fell to the lowest 0.72% as of end-2007

The ratio of bank loans classified as substandard and below (SBLs) compared to the total outstanding loans fell from 0.84 percent of the end of 2006 to 0.72 percent as of end-2007; the lowest since the Financial Supervisory Commission (FSC) began compiling statistics on banks' non-performing loans in 1999. The drop in SBL ratio was in large part due to a decrease in loans newly classified as substandard or below and an increase in total outstanding loans.

Bad loans ratio of domestic banks

(End-period)

	2000	2001	2002	2003	2004	2005	2006	2007
Bad loans ratio* (%)	8.00	3.41	2.33	2.63	1.90	1.22	0.84	0.72
Amount of bad loans (trillion won)	42.1	18.8	15.1	18.7	13.9	9.7	7.8	7.7

** The ratio of loans classified as substandard and below compared to total outstanding loans*

Korea to accelerate overseas resource development

Korea's self sufficiency rate in oil and gas rebounded to 4.2 percent of total energy demand in 2007 from the previous year's 3.2 percent, said the government on February 26. According to the Ministry of Knowledge Economy (formerly the Ministry of Commerce, Industry and Energy), gas and oil produced by local companies in overseas reserve increased by 32 percent to record 45.7 million barrels last year. The government estimates that the size of gas and oil reserves overseas controlled by Korean companies reached 2.25 billion barrels, up 200 million barrels from a year earlier. Korea has made all-out efforts to secure resources abroad. The new government, for example, is planning to upgrade the self-efficiency rate of energy development up to 20 percent by 2013. The government has also set aside 357.6 billion won in funds this year to help local companies develop oil and gas fields abroad.

Korea's top 600 companies expand investment in 2008

Korea's large companies will increase investment and capital spending this year as they expect drastic deregulation by the newly inaugurated government. According to the poll conducted by the Federation of Korea Industries (FKI), the nation's top 600 companies excluding financial firms answered they planned to expand investment in 2008 to 92.4 trillion won in total, up 14 percent from a year earlier.

Meanwhile, the top 600 firms' investment increased 5.1 percent year-on-year to 81.1 trillion won in 2007, of which 55.1 percent or 44.7 trillion won was invested in the second half of the year. The growth of corporate investment last year was led by the non-manufacturing sector which increased the investment by 13 percent year-on-year.

New York Phil hold historic concert in Pyongyang

Old enemies of the Cold War era enjoyed the music of freedom and harmony together. On February 26 in Pyongyang, the New York Philharmonic performed a landmark concert, opening a new chapter for relations between North Korea and the US. The New York Phil was the first major American cultural group to perform in the country and brought the largest-ever delegation from the US to visit the North. All audience at the theater including North Koreans, most of them Communist elites, gave standing ovation to the orchestra. "We haven't seen that kind of enthusiastic reaction in a long time, and we have had some very successful concert," said Lorin Maazel, musical director of the New York Phil. Many hope that the New York Phil's Pyongyang performance could lead to peace and harmony in North Korea.

Overseas construction orders to exceed US$40 bn this year

Korean builders have gained US$10.05 billion in the first two months of this year thanks to strong demand from the Middle East and Asian markets, according to the report released by the Ministry of Land, Transport and Maritime Affairs on March 7. The increase was the fastest pace ever in order-taking from foreign markets. Korean companies accepted US$5.5 billion worth of order from the Middle East and US$3 billion from Asian countries.

If the current growth rate continues, the Ministry expects that Korea's overseas order-taking would likely exceed US$40 billion this year. In 2007, builders gained a combined $39.9 billion worth of construction orders from outside Korea.

Downsizing to become a small and efficient government

The Korean government was streamlined with the merger and abolition of organizations to become slimmer and more efficient, as the National Assembly passed the government reorganization plan on February 22. Under the new law, the number of ministries cut from 18 to 15, while two of four ministry-level agencies were closed. Three ministries with overlapping or less important functions - the Ministry of Maritime Affairs and Fisheries, Ministry of Information and Communication, and the Ministry of Science and Technology - were absorbed into other ministries. Following are the new titles of 15 ministries.

- Ministry of Strategy and Finance
- Ministry of Education, Science and Technology
- Ministry of Foreign Affairs and Trade
- Ministry of Environment
- Ministry of Justice
- Ministry of National Defense
- Ministry of Public Administration and Security
- Ministry of Unification
- Ministry of Food, Agriculture, Forestry and Fisheries
- Ministry of Knowledge Economy
- Ministry of Health, Welfare and Family Affairs
- Ministry of Culture, Sports and Tourism
- Ministry of Labor
- Ministry of Gender Equality
- Ministry of Land, Transport and Maritime Affairs

Statistical Appendices

Tables & Figures

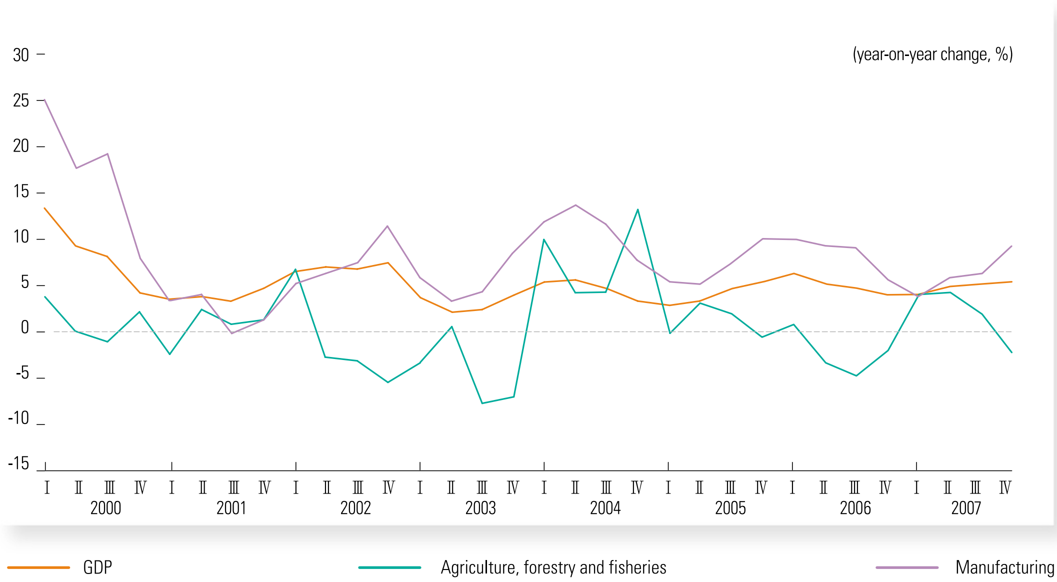
1. National accounts

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

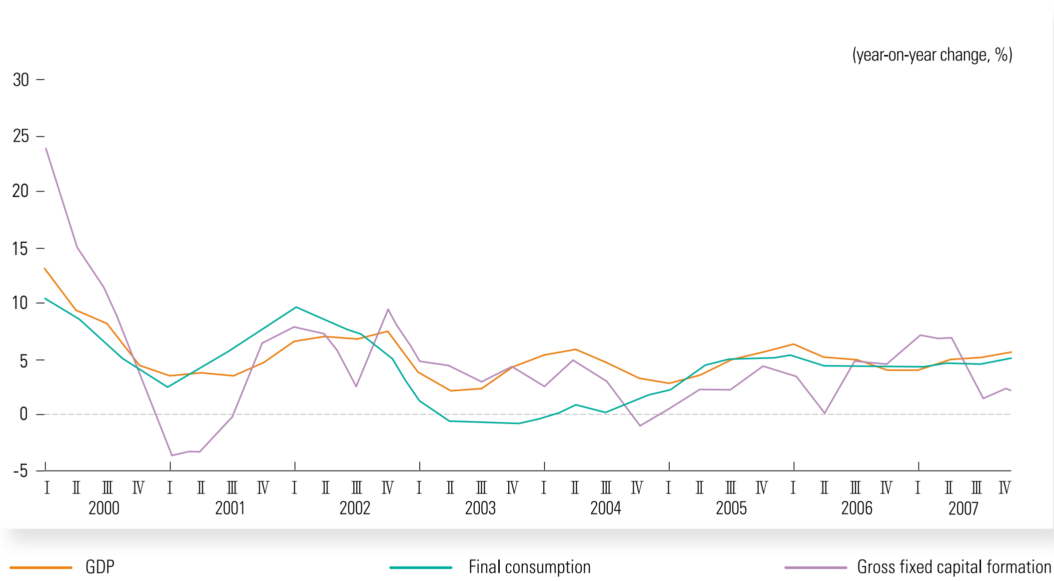
Period	Real GDP			Final consumption expenditure	Gross fixed capital formation		
		Agri., fores. & fisheries	Manufacturing			Construction	Facilities
2000	8.5	1.2	17.0	7.1	12.2	-0.8	33.6
2001	3.8	1.1	2.2	4.9	-0.2	6.0	-9.0
2002	7.0	-3.5	7.6	7.6	6.6	5.3	7.5
2003	3.1	-5.3	5.5	-0.3	4.0	7.9	-1.2
2004	4.7	9.2	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
2006P	5.0	-2.6	8.4	4.5	3.2	-0.4	7.6
2007P	4.9	0.6	6.4	4.5	4.1	1.6	7.5
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
2006P 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
2007P I	4.0	4.0	3.8	4.3	7.0	3.9	10.8
II	5.0	4.3	5.9	4.5	6.7	3.2	11.9
III	5.2	2.0	6.4	4.5	1.4	0.9	1.6
IV	5.5	-2.1	9.3	4.8	2.0	-0.5	5.7

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, 2005 = 100)

Period		Production index	Y-o-Y change (%)	Shipment index	Y-o-Y change (%)	Inventory index	Y-o-Y change (%)	Service production index	Y-o-Y change (%)
2006		108.3	8.3	107.6	7.6	110.8	9.1	105.5	5.5
2007P		115.7	6.8	115.2	7.1	117.2	5.8	112.3	6.4
2006	I	105.3	10.5	104.2	8.7	108.7	9.2	101.5	6.4
	II	108.1	9.0	107.6	8.1	110.1	11.8	105.0	6.0
	III	106.2	9.7	105.8	9.3	109.5	11.1	105.2	4.7
	IV	113.6	4.6	112.7	4.5	110.8	9.1	110.4	5.1
2007	I	109.5	4.0	109.5	5.1	113.8	4.7	107.0	5.4
	II	114.8	6.2	115.0	6.9	114.1	3.6	111.4	6.1
	III	112.6	6.0	111.6	5.5	112.1	2.4	112.8	7.2
	IVP	126.1	11.0	124.5	10.5	117.2	5.8	117.9	6.8
2006	1	103.7	5.5	101.8	4.2	107.1	4.8	101.8	7.0
	2	100.5	18.7	99.7	15.5	106.6	6.7	96.8	6.4
	3	111.8	8.5	111.1	7.2	108.7	9.2	106.0	6.0
	4	107.0	7.8	106.6	6.7	107.6	7.1	104.3	6.5
	5	109.5	9.8	108.7	9.8	110.2	7.7	106.3	6.4
	6	107.9	9.3	107.5	7.9	110.1	11.8	104.3	4.7
	7	99.7	1.4	98.4	0.9	112.6	11.7	102.4	2.3
	8	104.2	9.9	104.7	9.5	109.6	12.0	105.0	5.1
	9	114.8	17.9	114.4	17.5	109.5	11.1	108.3	6.7
	10	110.7	4.8	109.2	4.1	109.6	11.3	106.0	3.9
	11	118.3	7.0	116.9	6.9	110.2	10.6	108.7	5.7
	12	111.9	2.1	111.9	2.6	110.8	9.1	116.4	5.6
2007	1	112.6	8.6	110.2	8.3	118.1	10.3	106.1	4.2
	2	100.3	-0.2	101.6	1.9	115.2	8.1	103.2	6.6
	3	115.5	3.3	116.6	5.0	113.8	4.7	111.7	5.4
	4	113.6	6.2	114.4	7.3	111.7	3.8	109.6	5.1
	5	115.7	5.7	115.9	6.6	113.9	3.4	112.2	5.6
	6	115.0	6.6	114.7	6.7	114.1	3.6	112.3	7.7
	7	113.1	13.4	112.3	14.1	115.0	2.1	112.2	9.6
	8	113.4	8.8	112.2	7.2	115.0	4.9	113.1	7.7
	9	111.3	-3.0	110.3	-3.6	112.1	2.4	113.0	4.3
	10	128.2	15.8	125.9	15.3	114.4	4.4	115.1	8.6
	11	127.4	7.7	126.0	7.8	114.7	4.1	115.6	6.3
	12P	122.6	9.6	121.7	8.8	117.2	5.8	123.1	5.8
2008	1P	125.9	11.8	121.3	10.1	126.5	7.1	114.3	7.7

P: Preliminary
Source: Korea National Statistical Office

3. Production capacity and operation ratio See graph 6-2

Period		Production capacity index (2005=100)	Y-o-Y change (%)	Operation ratio index (2005=100)	Y-o-Y change (%)	Average operation ratio (%)
2006		104.1	4.1	100.3	0.3	80.0
2007P		109.4	5.1	100.6	0.3	80.4
2006	I	102.9	4.8	99.3	2.4	81.0
	II	103.6	4.2	101.8	0.8	79.5
	III	104.1	3.8	97.9	1.3	79.0
	IV	105.8	3.6	101.9	-3.3	80.3
2007	I	107.3	4.2	97.4	-1.9	79.4
	II	108.1	4.2	102.8	1.0	80.7
	III	109.9	5.6	96.4	-1.5	80.1
	IVP	112.3	6.1	105.7	3.7	81.2
2006	1	102.7	4.9	97.4	-3.2	82.1
	2	102.7	4.7	95.0	11.4	80.4
	3	103.3	4.8	105.6	0.5	80.6
	4	103.3	4.3	100.7	-0.9	79.3
	5	103.8	4.3	103.0	2.2	79.1
	6	103.8	4.1	101.8	1.3	80.2
	7	103.8	4.0	91.6	-7.5	75.0
	8	104.0	3.7	95.3	1.2	80.1
	9	104.4	3.7	106.8	10.6	82.0
	10	105.4	3.6	99.8	-4.6	81.4
	11	105.8	3.5	107.2	-0.8	80.6
	12	106.1	3.5	98.8	-4.6	78.8
2007	1	107.0	4.2	98.8	2.6	79.2
	2	107.3	4.5	88.6	-6.7	79.8
	3	107.6	4.2	103.8	-1.7	79.3
	4	107.7	4.3	101.7	1.0	80.2
	5	108.0	4.0	104.1	1.1	81.1
	6	108.6	4.6	102.7	0.9	80.9
	7	109.4	5.4	98.5	7.5	80.5
	8	109.9	5.7	96.7	1.5	81.1
	9	110.5	5.8	94.0	-12.0	78.8
	10	112.1	6.4	109.6	9.8	81.7
	11	112.3	6.1	107.6	0.4	80.8
	12P	112.6	6.1	100.0	1.2	81.0
2008	1P	113.2	5.8	103.3	3.4	82.1

P: Preliminary
Source: Korea National Statistical Office

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

(constant prices, 2005 = 100)

Period		Consumer goods sales index	Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Semi-durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)
2006		104.1	4.1	111.2	11.2	103.0	3.0	101.7	1.7
2007P		109.6	5.3	123.2	10.8	105.7	2.6	105.3	3.5
2006	I	100.9	4.7	102.0	13.8	96.9	3.7	102.2	1.8
	II	104.2	5.6	110.2	11.8	105.1	3.4	101.4	3.9
	III	100.3	3.1	113.2	11.7	90.7	2.7	99.1	-0.2
	IV	110.8	3.0	119.4	8.1	119.2	2.2	103.9	1.2
2007	I	106.7	5.7	118.0	15.7	100.4	3.6	104.6	2.3
	II	108.6	4.2	123.6	12.2	107.4	2.2	103.1	1.7
	III	107.4	7.1	124.6	10.1	93.6	3.2	106.1	7.1
	IVP	115.8	4.5	126.8	6.2	121.4	1.8	107.4	3.4
2006	1	105.1	9.5	97.1	9.0	98.2	4.4	111.2	11.8
	2	93.6	0.5	99.1	20.0	90.7	3.0	92.6	-6.8
	3	104.1	3.9	110.0	13.3	102.0	4.2	102.7	0.3
	4	102.8	5.0	105.7	9.9	107.8	3.8	99.6	3.5
	5	106.0	6.1	110.1	11.9	110.0	4.1	102.7	4.6
	6	103.9	5.7	114.7	13.3	97.6	2.4	102.0	3.8
	7	96.8	-0.6	107.3	-2.3	91.3	1.9	94.8	-0.7
	8	98.4	4.7	112.9	13	79.5	3.0	100.4	1.9
	9	105.8	5.3	119.4	26.6	101.3	3.2	102.2	-1.7
	10	106.4	4.2	110.8	8.8	111.3	-1.5	102.7	5.0
	11	109.7	3.6	122.3	10.6	119.2	4.7	100.7	0.0
	12	116.4	1.5	125.2	5.1	127.2	3.2	108.4	-1.0
2007	1	106.2	1.0	117.3	20.8	98.9	0.7	104.7	-5.8
	2	103.5	10.6	109.7	10.7	95.1	4.9	104.4	12.7
	3	110.3	6.0	126.8	15.3	107.3	5.2	104.8	2.0
	4	106.9	4.0	119.5	13.1	108.7	0.8	101.0	1.4
	5	111.5	5.2	125.7	14.2	112.5	2.3	105.4	2.6
	6	107.5	3.5	125.7	9.6	101.0	3.5	102.8	0.8
	7	105.4	8.9	128.9	20.1	93.8	2.7	100.7	6.2
	8	104.1	5.8	125.4	11.1	81.4	2.4	104.8	4.4
	9	112.6	6.4	119.4	0.0	105.5	4.1	112.8	10.4
	10	113.4	6.6	121.6	9.7	117.3	5.4	108.4	5.6
	11	114.5	4.4	129.3	5.7	122.5	2.8	105.3	4.6
	12P	119.4	2.6	129.4	3.4	124.3	-2.3	108.5	0.1
2008	1P	111.2	4.7	124.7	6.3	108.9	10.1	106.6	1.8

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 (2005=100)	Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)	Consumer sentiment index: Expectations index	Consumer sentiment index: Present situation index
2006		106.3	6.3	109.9	9.9	104.8	4.8	-	-
2007P		112.2	5.6	124.0	12.8	107.4	2.5	-	-
2006	I	102.2	7.2	101.5	13.4	102.5	5.0	-	-
	II	102.7	6.3	106.0	9.3	101.4	5.2	-	-
	III	108.3	7.7	111.7	10.7	107.0	6.6	-	-
	IV	111.7	3.9	120.2	6.8	108.3	2.7	-	-
2007	I	110.0	7.6	118.6	16.8	106.7	4.1	-	-
	II	110.3	7.4	121.7	14.8	105.7	4.2	-	-
	III	110.5	2.0	122.4	9.6	105.7	-1.2	-	-
	IVP	117.8	5.5	133.5	11.1	111.5	3.0	-	-
2006	1	103.1	3.4	96.4	7.6	105.8	1.9	104.5	88.4
	2	96.5	12.3	98.6	21.7	95.6	8.9	103.8	89.0
	3	107.1	6.8	109.5	11.7	106.1	4.8	103.4	90.1
	4	101.2	5.4	99.9	6.6	101.7	5.0	100.6	87.2
	5	103.6	7.6	105.5	9.6	102.8	6.6	98.0	83.0
	6	103.4	6.1	112.7	11.5	99.6	3.8	97.4	81.9
	7	99.4	1.3	99.8	-4.5	99.2	3.9	94.3	78.7
	8	106.2	5.3	109.1	10.9	105.1	3.1	93.7	77.8
	9	119.4	16.3	126.2	26.6	116.7	12.3	94.8	78.9
	10	108.4	2.6	116.1	5.9	105.4	1.2	93.9	80.7
	11	114.0	6.4	122.9	8.2	110.5	5.7	95.2	77.3
	12	112.7	2.6	121.6	6.3	109.1	1.0	93.7	77.1
2007	1	113.8	10.4	116.7	21.1	112.7	6.5	96.1	79.3
	2	103.2	6.9	112.3	13.9	99.6	4.2	98.1	82.3
	3	113.1	5.6	126.7	15.7	107.7	1.5	97.8	83.3
	4	110.6	9.3	118.6	18.7	107.4	5.6	100.1	87.4
	5	112.2	8.3	124.6	18.1	107.2	4.3	101.1	89.6
	6	108.0	4.4	121.8	8.1	102.4	2.8	101.5	90.4
	7	108.9	9.6	123.5	23.7	103.1	3.9	102.6	91.4
	8	112.0	5.5	123.7	13.4	107.3	2.1	103.0	91.4
	9	110.5	-7.5	120.0	-4.9	106.7	-8.6	103.2	92.0
	10	120.7	11.3	136.4	17.5	114.4	8.5	103.3	92.5
	11	116.8	2.5	132.7	8.0	110.4	-0.1	102.0	88.0
	12	116.0p	2.9p	131.3p	8.0p	109.8p	0.6p	104.0	85.1
2008	1	122.8p	7.9p	133.1p	14.1p	118.7p	5.3p	105.9	82.7
	2	-	-	-	-	-	-	103.1	81.8

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, constant prices)				Estimated facility investment index (2000=100)	Domestic machinery shipment excluding ship (2005=100)
	Total	Public	Private	Manufacturing		
2006	32,597	3,576	29,022	14,559	116.5	110.8
2007P	38,152	3,433	34,719	18,093	126.5	114.6
2006 I	8,122	636	7,486	3,872	112.6	103.9
II	8,300	761	7,539	3,828	116.8	116.4
III	7,921	944	6,977	3,388	117.4	107.9
IV	8,254	1,234	7,020	3,470	119.0	115.1
2007 I	9,426	713	8,713	4,195	127.0	110.5
II	8,913	582	8,331	4,050	130.7	119.5
III	9,087	801	8,286	4,365	118.2	106.4
IVP	10,726	1,337	9,389	5,484	130.0	121.8
2007 1	3,101	227	2,874	1,409	121.6	104.9
2	3,197	243	2,953	1,488	120.3	103.0
3	3,128	243	2,885	1,298	139.1	123.7
4	2,814	188	2,626	1,318	137.2	114.4
5	2,981	184	2,797	1,282	130.0	122.7
6	3,118	210	2,908	1,449	125.0	121.3
7	3,003	293	2,710	1,305	120.1	111.0
8	2,786	245	2,541	1,171	122.4	105.2
9	3,297	262	3,035	1,889	112.1	102.9
10	3,874	171	3,703	2,413	121.8	112.3
11	3,483	308	3,175	1,859	129.2	121.6
12P	3,369	858	2,511	1,211	139.0	131.6
2008 1P	4,137	264	3,874	2,168	120.5	108.5
	Y-o-Y change (%)					
2006	18.9	7.1	20.5	32.5	8.9	10.8
2007P	17.0	-4.0	19.6	24.3	8.6	3.4
2006 I	13.6	-31.1	20.3	32.2	7.4	12.1
II	24.4	24.7	24.4	30.0	9.1	12.2
III	21.1	19.0	21.4	35.2	12.8	9.2
IV	16.8	22.1	16.0	33.3	6.4	9.7
2007 I	16.1	12.1	16.4	8.3	12.8	6.4
II	7.4	-23.5	10.5	5.8	11.9	2.7
III	14.7	-15.2	18.8	28.8	0.7	-1.4
IVP	29.9	8.3	33.7	58.0	9.2	5.8
2007 1	27.2	22.1	27.6	24.4	18.6	10.1
2	15.9	20.2	15.6	12.5	14.5	4.0
3	6.9	-2.0	7.7	-8.5	6.9	5.4
4	1.4	3.9	1.3	-3.3	15.6	3.5
5	17.8	28.6	17.1	10.6	8.8	0.7
6	4.1	-52.0	13.7	11.0	11.3	3.8
7	30.8	58.0	28.4	31.8	2.2	9.1
8	5.1	-21.3	8.6	5.6	3.5	-1.6
9	10.8	-41.3	20.1	46.5	-3.7	-10.7
10	31.3	-74.5	62.6	111.0	7.0	7.7
11	33.4	63.6	31.0	64.2	10.4	4.9
12P	25.1	129.9	8.3	1.4	10.1	5.3
2008 1P	33.4	16.2	34.8	53.9	-0.9	3.4

P: Preliminary
Source: Korea National Statistical Office

7. Value of construction completed and domestic construction orders received See graphs 4-2 & 4-3

(current prices, billion won)

Period		Value of construction completed (total)	Type of order		Domestic construction orders received (total)	Type of order	
			Public	Private		Public	Private
2006		78,637	23,470	52,623	91,001	20,460	66,550
2007P		82,952	25,094	54,480	108,603	27,454	75,329
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	I	17,306	4,940	11,783	20,678	5,683	14,893
	II	20,878	6,345	13,723	26,839	5,025	19,649
	III	20,185	6,106	13,284	21,768	4,462	15,740
	IVP	24,583	7,708	15,690	39,318	12,285	25,046
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
	3	6,501	1,934	4,328	7,942	2,291	5,584
	4	6,743	1,922	4,515	7,841	1,789	5,733
	5	6,810	2,119	4,462	7,096	1,621	4,891
	6	7,326	2,305	4,745	11,902	1,615	9,025
	7	6,597	1,963	4,381	6,060	1,491	3,685
	8	6,759	1,953	4,542	6,586	1,354	4,874
	9	6,829	2,185	4,361	9,122	1,616	7,181
	10	7,364	2,075	4,967	10,735	3,286	7,138
	11	7,882	2,432	5,094	12,311	3,694	7,792
	12P	9,337	3,201	5,629	16,272	5,304	10,117
2008	1P	6,099	1,731	4,080	5,570	1,619	3,904
		Y-o-Y change (%)					
2006		3.7	1.9	4.9	9.0	-6.3	12.8
2007P		5.5	6.9	3.5	19.3	34.2	13.2
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	I	6.5	18.8	1.9	26.3	49.3	21.8
	II	5.2	11.2	1.6	26.3	21.2	17.0
	III	3.4	1.5	2.8	-5.6	7.3	-12.9
	IVP	6.8	1.5	7.2	29.6	47.2	28.8
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
	3	2.0	17.3	-4.1	32.0	65.0	23.4
	4	6.1	7.4	3.2	48.9	45.5	43.6
	5	5.4	15.1	1.0	5.2	15.6	-6.8
	6	4.2	10.9	0.5	28.8	6.6	19.4
	7	12.3	13.8	9.8	-14.9	51.1	-38.8
	8	7.5	3.4	7.4	13.4	72.5	6.0
	9	-7.2	-8.8	-7.2	-9.8	-32.3	-3.7
	10	7.9	-5.4	12.0	104.7	104.2	103.8
	11	4.6	7.1	1.7	36.3	32.1	27.7
	12P	7.9	2.3	8.5	1.4	34.6	2.8
2008	1P	10.9	17.5	5.9	-13.1	3.6	-19.0

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 (2005=100)	Y-o-Y change (%)	Coincident index (2005=100)	Cycle of coincident index (2005=100)	BSI (actual)	BSI (outlook)
2006	1	104.2	6.9	104.0	100.3	95.4	102.6
	2	104.3	6.4	104.2	100.0	90.5	102.4
	3	104.2	5.9	104.7	100.1	111.5	118.9
	4	104.2	5.4	104.9	99.9	99.8	112.7
	5	104.4	5.0	105.3	99.9	94.1	110.7
	6	104.6	4.6	105.6	99.7	94.2	98.6
	7	104.7	4.0	105.1	98.8	79.1	94.2
	8	105.0	3.7	105.6	98.9	85.9	93.4
	9	105.7	4.0	106.5	99.3	99.4	107.7
	10	106.5	4.3	108.3	100.6	99.4	103.5
	11	107.3	4.6	109.1	100.9	103.7	104.3
	12	107.7	4.5	109.3	100.6	100.4	101.4
2007	1	108.2	4.6	109.4	100.3	85.6	96.5
	2	108.9	5.0	109.8	100.2	87.5	93.4
	3	109.4	5.1	110.2	100.2	109.4	112.3
	4	110.2	5.5	110.8	100.3	105.8	107.7
	5	110.6	5.5	111.4	100.3	104.1	110.9
	6	111.5	5.9	112.2	100.6	100.2	105.6
	7	112.2	6.3	113.0	100.9	95.8	99.3
	8	112.9	6.6	113.6	101.1	94.4	102.5
	9	113.5	6.7	113.7	100.7	101.5	111.8
	10	114.4	7.0	114.3	100.8	108.3	116.3
	11	115.1	7.2	114.8	100.8	106.0	112.4
	12	115.5	7.0	115.8	101.2	98.9	103.4
2008	1	115.0	5.9	116.7	101.6	95.2	103.0
	2	-	-	-	-	95.6	94.18
	3	-	-	-	-	-	102.1

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	Exports	Imports	Services trade balance	Income trade balance	Current transfers
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		5,385.2	27,905.1	325,464.8	309,382.6	-18,960.7	553.7	-4,092.9
2007P		5,954.3	29,409.4	371,489.1	356,845.7	-20,574.9	768.5	-3,648.7
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	I	-1,977.6	4,682.7	73,884.9	72,542.1	-5,084.8	-519.6	-1,055.9
	II	235.0	7,109.8	81,473.4	76,719.7	-4,200.8	-1,356.9	-1,317.1
	III	1,016.9	6,230.9	82,712.8	80,215.8	-5,340.1	1,148.3	-1,022.2
	IV	6,110.9	9,881.7	87,393.7	79,905.1	-4,335.0	1,261.9	-697.7
2007P	I	-1,662.2	6,037.9	84,703.5	82,261.7	-6,180.1	-689.6	-830.4
	II	34.4	6,970.2	92,984.5	87,961.9	-4,395.3	-1,543.1	-997.4
	III	4,430.2	9,676.2	90,529.1	86,058.8	-5,884.1	1,663.8	-1,025.7
	IV	3,151.9	6,725.1	103,272.0	100,563.3	-4,115.4	1,337.4	-795.2
2006	1	-273.5	1,143.9	23,257.9	23,089.3	-1,644.0	571.4	-314.3
	2	-1,217.8	681.3	23,787.0	23,507.8	-1,808.2	418.9	-230.8
	3	-486.3	2,857.5	26,840.1	25,945.0	-1,544.0	-1,472.0	-317.9
	4	-1,978.8	1,639.0	25,590.1	24,485.8	-1,345.7	-1,876.5	-269.8
	5	782.8	2,240.9	27,934.5	26,210.4	-1,354.5	387.1	-488.3
	6	1,431.0	3,229.9	27,948.8	26,023.5	-1,178.7	-158.6	-436.7
	7	-226.2	1,553.5	25,774.4	25,549.7	-1,744.0	44.4	-312.5
	8	-734.2	1,330.3	27,287.2	27,029.5	-2,087.3	311.7	-305.9
	9	1,977.3	3,347.1	29,651.2	27,636.6	-1,553.4	252.5	-458.5
	10	1,776.0	2,627.4	28,015.9	25,621.8	-1,192.8	461.2	-194.0
	11	4,270.7	5,550.9	30,602.3	26,765.1	-1,426.3	236.3	-285.1
	12	64.2	1,703.4	28,775.4	27,518.2	-1,884.0	285.0	-205.7
2007P	1	-428.1	1,292.1	28,092.6	27,560.1	-1,943.4	547.1	-323.9
	2	402.1	2,387.3	26,225.1	25,406.2	-2,551.1	850.7	-284.8
	3	-1,636.2	2,358.5	30,385.8	29,295.5	-1,685.6	-2,087.4	-221.7
	4	-2,078.1	1,519.5	29,944.4	29,596.9	-1,396.1	-2,001.5	-200.0
	5	839.1	2,239.0	31,039.9	29,856.9	-1,483.2	461.6	-378.3
	6	1,273.4	3,211.7	32,000.1	28,508.1	-1,516.0	-3.2	-419.1
	7	1,552.3	3,044.1	30,207.4	29,223.2	-1,688.2	533.5	-337.1
	8	573.7	2,906.4	30,998.1	29,642.1	-2,445.2	444.3	-331.8
	9	2,304.2	3,725.7	29,323.5	27,193.6	-1,750.7	686.0	-356.8
	10	2,461.1	3,638.0	34,433.8	32,741.2	-1,416.5	502.9	-263.3
	11	1,504.6	2,643.7	35,807.9	33,926.1	-1,458.9	422.8	-103.0
	12	-813.8	443.4	33,030.3	33,895.9	-1,240.0	411.7	-428.9
2008P	1	-2,598.2	1,008.9	32,428.5	36,128.2	-2,071.3	768.0	-286.0

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	Direct investment	Portfolio investment	Other investment	Capital transfers & acquisition of non-financial assets	Changes in reserve assets	Errors and omissions
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	17,972.0	-4,540.4	-22,745.6	48,384.1	-3,126.1	-22,112.9	-1,244.3
2007P	6,232.3	-13,696.7	-19,093.3	41,411.9	-2,389.6	-15,128.2	2,941.6
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 I	6,824.8	-1,062.3	1,847.1	6,787.0	-747.0	-5,679.3	832.1
II	3,319.1	-30.9	-14,079.6	18,255.2	-825.6	-4,315.9	761.8
III	3,754.1	-3,856.2	-7,703.3	15,978.3	-664.7	-3,688.8	-1,082.2
IV	4,074.0	409.0	-2,809.8	7,363.6	-888.8	-8,428.9	-1,756.0
2007P I	5,313.6	-959.8	-10,492.9	17,580.4	-814.1	-3,998.3	346.9
II	6,442.1	-2,867.7	-27.2	10,023.0	-686.0	-6,250.1	-226.4
III	-3,326.5	-2,445.6	-9,169.6	8,858.8	-570.1	-2,495.6	1,391.9
IV	-2,196.9	-7,423.6	596.4	4,949.7	-319.4	-2,384.2	1,429.2
2006 1	4,082.2	-504.9	602.7	4,124.2	-229.8	-5,432.6	1,623.9
2	1,594.0	137.3	2,404.0	-695.4	-251.9	140.7	-516.9
3	1,148.6	-694.7	-1,249.6	3,358.2	-265.3	-387.4	-274.9
4	4,639.6	328.5	-3,099.7	7,714.2	-303.4	-3,354.8	694.0
5	391.0	-105.2	-7,937.6	8,680.4	-246.6	-495.6	-678.2
6	-1,711.5	-254.2	-3,042.3	1,860.6	-275.6	-465.5	746.0
7	1,767.1	-174.9	-3,899.6	6,123.2	-281.6	-686.0	-854.9
8	1,410.5	-671.6	-4,470.4	6,719.8	-167.3	-959.7	283.4
9	576.5	-3,009.7	666.7	3,135.3	-215.8	-2,043.1	-510.7
10	-940.2	-131.6	-678.3	137.1	-267.4	-933.1	97.3
11	-524.0	-38.9	-827.2	671.9	-329.8	-2,677.2	-1,069.5
12	5,538.2	579.5	-1,304.3	6,554.6	-291.6	-4,818.6	-783.8
2007P 1	2,078.9	-208.9	-1,411.2	4,054.0	-355.0	-2,350.7	699.9
2	-404.0	-687.6	-1,940.7	2,427.6	-203.3	-1,134.7	1,136.6
3	3,638.7	-63.3	-7,141.0	11,098.8	-255.8	-512.9	-1,489.6
4	4,203.3	-388.2	3,808.0	1,029.3	-245.8	-1,878.4	-246.8
5	3,597.1	-311.3	529.6	3,613.2	-234.4	-4,492.9	56.7
6	-1,358.3	-2,168.2	-4,364.8	5,380.5	-205.8	121.2	-36.3
7	537.1	-3.0	-6,925.0	7,692.6	-227.5	-2,421.6	332.2
8	-304.8	-1,372.5	-5,973.7	7,248.3	-206.9	-937.5	668.6
9	-3,558.8	-1,070.1	3,729.1	-6,082.1	-135.7	863.5	391.1
10	-1,912.9	-4,439.9	154.3	2,538.1	-165.4	-847.5	299.3
11	-1,498.6	-1,726.1	-2,901.5	3,202.6	-73.6	-493.8	487.8
12	1,214.6	-1,257.6	3,343.6	-791.0	-80.4	-1,042.9	642.1
2008P 1	271.9	-2,488.7	-3,925.0	6,789.9	-104.3	1,436.1	890.2

P: Preliminary
Source: The Bank of Korea

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

(2005 = 100)

Period	Consumer prices				Producer prices (2000=100)		Export & import prices	
	All Items	Commodity	Service	Core	All items	Commodity	Export	Import
2006	102.2	101.5	102.7	101.8	112.4	112.6	91.8	100.9
2007	104.8	103.5	105.7	104.2	115.4	115.7	89.8	105.5
2006 1	101.1	101.1	101.1	100.6	110.9	110.7	93.9	99.1
2	101.3	101.1	101.4	100.8	110.9	110.7	92.0	98.0
3	101.9	101.1	102.3	101.4	111.0	110.9	92.0	98.4
4	102.0	101.3	102.5	101.5	111.8	111.9	90.9	99.8
5	102.2	101.6	102.6	101.9	112.5	112.8	90.7	101.6
6	102.0	101.0	102.7	101.9	112.5	112.9	92.0	102.6
7	102.4	101.5	103.0	102.1	113.0	113.5	92.0	104.0
8	103.0	103.0	103.1	102.2	113.9	114.7	93.8	105.9
9	103.3	103.1	103.4	102.2	114.2	114.9	93.2	102.2
10	102.8	101.8	103.4	102.2	113.1	113.3	92.1	100.9
11	102.3	100.7	103.4	102.3	112.5	112.4	89.9	99.3
12	102.6	101.2	103.6	102.5	112.6	112.5	89.1	99.4
2007 1	102.8	101.4	103.8	102.7	112.6	112.3	88.6	97.7
2	103.5	102.3	104.2	103.1	112.8	112.5	88.1	99.5
3	104.1	102.3	105.2	103.8	113.4	113.3	88.9	102.7
4	104.5	102.8	105.5	104.1	114.6	114.8	89.2	104.0
5	104.6	102.8	105.7	104.1	115.3	115.6	89.3	104.5
6	104.6	102.7	105.8	104.2	115.5	115.8	89.5	104.2
7	105.0	103.3	106.0	104.4	115.7	116.0	89.6	104.1
8	105.1	103.5	106.1	104.5	115.8	116.2	90.6	105.1
9	105.7	104.7	106.3	104.6	116.6	117.1	90.8	107.6
10	105.9	105.1	106.4	104.7	116.9	117.3	89.8	108.6
11	105.9	104.9	106.6	104.8	117.4	118.1	91.5	113.0
12	106.3	105.6	106.7	105.0	118.3	119.2	92.0	114.9
2008 1	106.8	106.3	107.1	105.6	119.2	120.1	93.7	118.4
2	107.2	106.6	107.5	106.0	120.5	121.8	94.8	121.6
	Y-o-Y change (%)							
2006	2.2	1.5	2.7	1.8	2.3	2.6	-8.2	0.9
2007	2.5	2.0	2.9	2.4	2.7	2.8	-2.1	4.5
2006 1	2.2	2.5	2.0	1.3	2.1	2.3	-9.8	2.2
2	2.0	1.6	2.3	1.3	1.7	1.7	-10.6	1.2
3	2.0	1.2	2.3	1.4	1.4	1.3	-9.3	-0.0
4	2.0	1.0	2.7	1.5	1.5	1.3	-9.8	0.2
5	2.3	1.8	2.7	1.8	2.6	2.8	-7.2	4.4
6	2.4	2.0	2.8	1.9	3.2	3.9	-6.2	3.8
7	2.4	1.7	2.9	2.1	2.8	3.4	-8.3	2.5
8	2.7	2.7	2.8	2.1	3.4	4.0	-5.4	3.4
9	2.5	1.6	3.1	2.0	3.1	3.5	-6.9	-1.6
10	2.2	0.7	3.1	2.0	1.9	1.9	-8.6	-2.3
11	2.1	1.0	2.9	2.1	1.9	1.9	-8.5	-1.7
12	2.1	0.8	2.9	2.1	2.2	2.4	-7.5	-0.6
2007 1	1.7	0.3	2.7	2.1	1.5	1.4	-5.7	-1.4
2	2.2	1.2	2.8	2.3	1.7	1.6	-4.2	1.6
3	2.2	1.2	2.8	2.4	2.2	2.2	-3.3	4.4
4	2.5	1.5	2.9	2.6	2.5	2.6	-1.8	4.2
5	2.3	1.2	3.0	2.2	2.5	2.5	-1.4	2.8
6	2.5	1.7	3.0	2.3	2.7	2.6	-2.8	1.6
7	2.5	1.8	2.9	2.3	2.4	2.2	-2.6	0.1
8	2.0	0.5	2.9	2.3	1.7	1.3	-3.4	-0.7
9	2.3	1.6	2.8	2.3	2.1	1.9	-2.6	5.2
10	3.0	3.2	2.9	2.4	3.4	3.5	-2.5	7.5
11	3.5	4.2	3.1	2.4	4.4	5.1	1.8	13.7
12	3.6	4.3	3.0	2.4	5.1	6.0	3.4	15.6
2008 1	3.9	4.8	3.2	2.8	5.9	6.9	5.8	21.2
2	3.6	4.2	3.2	2.8	6.8	8.3	7.6	22.2

Source: Korea National Statistical Office & The Bank of Korea

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

Period		Economically active persons (thous.)	Employed persons (thous.)			Unemploy-ment (%)	All industry earnings (won) (base year=2000)	
			All industry	Manufacturing	S.O.C&service			Manufacturing
2006		23,978	23,151	4,167	17,181	3.5	2,666,550	2,594,830
2007		24,216	23,433	4,119	17,569	3.2	2,823,220	2,772,786
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	2,643,764	2,607,695
	5	24,537	23,758	4,114	17,677	3.2	2,485,053	2,336,692
	6	24,593	23,816	4,140	17,715	3.2	2,817,804	2,748,589
	7	24,545	23,750	4,126	17,740	3.2	2,829,211	2,855,274
	8	24,214	23,458	4,052	17,524	3.1	2,769,911	2,762,758
	9	24,341	23,622	4,101	17,639	3.0	3,114,931	2,979,084
	10	24,482	23,750	4,142	17,689	3.0	2,683,992	2,672,783
	11	24,471	23,739	4,092	17,856	3.0	2,546,228	2,363,575
	12	23,993	23,257	4,127	17,712	3.1	3,706,293	3,998,473
2008	1	23,738	22,964	4,125	17,549	3.3	-	-
	2	23,703	22,884	4,136	17,409	3.5	-	-
		Y-o-Y change (%)						
2006		1.0	1.3	-1.6	2.3	-	5.6	5.6
2007		1.0	1.2	-1.1	2.3	-	-	-
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	-	5.5	7.6
	5	1.1	1.2	-1.3	2.2	-	5.5	6.1
	6	1.1	1.3	-1.0	2.4	-	4.9	6.5
	7	1.1	1.3	-1.3	2.5	-	6.9	10.0
	8	1.0	1.3	-1.5	2.5	-	6.2	9.1
	9	1.0	1.3	-0.8	2.3	-	11.4	12.5
	10	0.9	1.2	-1.0	2.3	-	-0.2	-0.3
	11	1.0	1.2	-1.1	2.2	-	5.7	6.2
	12	0.9	1.2	-0.6	2.1	-	5.8	6.7
2008	1	0.7	1.0	-0.7	1.9	-	-	-
	2	0.7	0.9	-0.5	1.7	-	-	-

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)
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
	6	4.5	5.0	5.6	5.2	5.4	1,743.60
	7	4.7	5.1	5.8	5.4	5.4	1,933.27
	8	4.9	5.2	5.7	5.3	5.3	1,873.24
	9	5.0	5.3	5.9	5.4	5.4	1,946.48
	10	5.0	5.3	6.0	5.4	5.5	2,064.95
	11	5.0	5.4	6.2	5.5	5.6	1,906.00
	12	5.0	5.7	6.7	5.9	5.9	1,897.10
2008	1	5.0	5.8	6.6	5.4	5.5	1,624.68
	2	5.0	5.3	6.3	5.0	5.14	1,711.62

Source: The Bank of Korea

14. Monetary indicators See graph 9-5

(period average) (billion won)

Period		Reserve money	M1	M2	Lf
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
2007		48,543.7	312,832.3	1,197,094.8	1,603,516.0
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	1,547,512.8
	3	48,936.8	335,446.8	1,162,429.3	1,557,701.9
	4	47,485.3	305,602.5	1,165,291.0	1,564,339.3
	5	48,092.5	301,184.5	1,171,148.4	1,575,635.4
	6	47,914.3	302,511.7	1,190,080.2	1,596,407.1
	7	47,500.5	302,375.6	1,200,892.7	1,606,424.5
	8	47,823.9	298,066.1	1,208,052.8	1,618,788.3
	9	48,870.6	299,048.0	1,219,265.1	1,631,969.6
	10	49,370.6	297,999.3	1,229,742.1	1,649,987.5
	11	48,831.0	299,714.7	1,250,790.1	1,668,328.3
	12	50,353.8	307,809.3	1,269,522.5	1,686,063.4
2008	1	50,260.5	305,868.0	1,286,407.8	1,711,602.9
			Y-o-Y change (%)		
2005		4.1	8.5	6.9	7.0
2006		7.4	-0.8	8.3	7.9
2007		16.5	-5.2	11.2	10.2
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
	5	18.1	-7.0	10.9	10.1
	6	17.7	-7.5	10.9	10.4
	7	13.2	-8.4	10.9	10.0
	8	18.7	-8.6	11.4	10.3
	9	17.8	-8.7	11.0	10.3
	10	14.3	-10.7	10.8	10.4
	11	17.6	-11.2	11.3	10.4
	12	12.2	-12.5	11.5	10.6
2008	1	5.0	-13.5	12.5	11.4

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
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
2007		938.2	929.2	833.3	789.8	1,381.3	1,272.7
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	777.9	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
	6	926.8	928.3	752.4	757.1	1,246.0	1,244.9
	7	923.2	918.9	774.6	755.6	1,266.9	1,260.0
	8	939.9	933.8	809.9	799.8	1,282.3	1,272.4
	9	920.7	932.4	796.7	810.6	1,302.9	1,291.2
	10	907.4	915.9	791.1	790.7	1,309.9	1,303.3
	11	929.6	917.0	846.5	826.2	1,371.8	1,345.6
	12	938.2	930.2	833.3	828.4	1,381.3	1,355.2
2008	1	944.0	942.4	889.1	872.9	1,402.3	1,386.2
	2	937.3	944.7	889.7	880.6	1,423.5	1,395.4
				Y-o-Y change (%)			
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
2007		0.9	-2.8	6.6	-3.9	-13.0	6.1
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
	6	-3.5	-2.8	-9.8	-9.1	2.5	3.0
	7	-3.1	-3.3	-6.7	-8.0	4.2	4.5
	8	-2.1	-2.8	-1.3	-3.6	4.1	3.4
	9	-2.6	-2.2	-0.7	-0.5	8.5	6.3
	10	-3.9	-4.0	-1.5	-1.5	9.1	8.4
	11	-0.0	-2.1	5.9	3.5	12.2	11.6
	12	0.9	0.5	6.6	4.8	13.0	10.8
2008	1	0.3	0.6	15.0	12.2	14.9	13.9
	2	-0.1	0.8	12.1	13.4	14.6	13.9

Source: The Bank of Korea

Useful Internet Websites

Economy-related Websites Recommended

Ministry of Strategy and Finance
http://english.mofe.go.kr

Ministry of Knowledge Economy
http://www.mke.go.kr/language/eng

Financial Supervisory Commission/Financial Supervisory Service
http://english.fss.or.kr/fsseng/index.jsp

Fair Trade Commission
http://www.ftc.go.kr/eng

Ministry of Labor
http://english.molab.go.kr/english

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Foreign Press Spokesperson's Office
Ministry of Strategy and Finance
Government Complex II, 88 Gwanmoonro
Gwacheon City, Gyeonggi Province, 427-725
Republic of Korea
Tel: 82-2-2150-2974
Fax: 82-2-504-1335
E-mail: fppr@mofe.go.kr
Website: http://english.mofe.go.kr

Economic Information and Education Center
Korea Development Institute
207-41, Chongnyangni-dong, Dondaemun-gu
Seoul, 130-012
Republic of Korea
Tel: 82-2-958-4644
Fax: 82-2-3295-0748
E-mail: kjieun@kdi.re.kr
Website: http://eb.kdi.re.kr