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Republic of Korea

Economic Bulletin

The Green Book: Current Economic Trends

The Green Book

Current Economic Trends

Overview

Despite continuing export gains, the Korean economy has seen domestic demand deteriorating and inflationary pressures mounting.

Mining and manufacturing production in July grew 9.1 percent year-on-year, up from the previous month's 6.8 percent, on the back of a 36 percent increase in exports and rising consumer goods sales.

July consumer goods sales reversed course and rose 4.5 percent month-on-month after decreasing for three consecutive months, while they went up 3.9 percent on a year-on-year basis.

Facility investment (*estimated*) expanded 10.7 percent in July from 4.4 percent a month earlier, thanks to increased investments in transportation equipment such as automobiles.

The total number of workers hired rose a mere 153,000 year-on-year in July, signifying a continued deterioration in the Korean job market.

In July, the leading composite index fell for the eighth consecutive month on a year-on-year basis, while the cyclical indicator of coincident composite index went down for the sixth straight month. In the manufacturing sector, the inventory cycle (on-year growth in shipments minus that in inventories) has remained in negative territory for six consecutive months indicating economic slowdown but it improved from the previous month as the difference between inventory buildups and the growth pace of shipments narrowed.

August exports surged 20.6 percent year-on-year, as brisk exports to emerging markets and resource-rich nations have continued. In July, Korea's current account posted a deficit of US$2.45 billion, as goods trade surpluses were down and service account deficits expanded, especially in business services.

Consumer prices in August jumped 5.6 percent year-on-year and fell 0.2 percent month-on-month, as the drop in global oil prices led to a decline in petroleum prices including gasoline and diesel.

To sum up, Korea's domestic economy has been on a downward trend, as cost-pushing inflationary pressures still remain in place despite the downturn in oil prices.

Against this backdrop, priority should be placed on stabilizing the lives of the ordinary people and continuous efforts should be made to create jobs and boost growth potential.

1. Global economy

Downside risks to the global economy have expanded as GDP in Japan and the eurozone contracted in the second quarter of 2008. Although inflationary pressures persist, the recent fall in oil and raw material prices slightly mitigated worries over inflation worldwide.

US

The US economic growth for the second quarter of 2008 has been revised upwards from 1.9 percent (*advance*) to 3.3 percent (*preliminary*) driven by accelerated export growth, but it could slow down in the second half. Also, exports which drove economic growth in the first half would grow at a slower pace in the second half owing to the strong dollar and economic downturns in Asia and the eurozone.

Moreover, consumer spending has contracted, as the effect of tax rebates has tapered off and consumer purchasing power has became weak due to the deteriorating job market and a decline in disposable income.

Real disposable income (m-o-m, %)
0.1 (Mar 2008) → 0.1 (Apr) → 5.2 (May) → -2.6 (Jun) → -1.7 (Jul)

Real personal consumption expenditure (m-o-m, %)
0.3 (Mar 2008) → 0.1 (Apr) → 0.3 (May) → -0.1 (Jun) → -0.4 (Jul)

The housing market is expected to be in the doldrums for a while, although sales of new houses have rebounded and the decline in home prices has slowed.

Case-Shiller Home Price Index (m-o-m, %)
-2.6 (Feb 2008) → -2.2 (Mar) → -1.3 (Apr) → -0.9 (May) → -0.5 (Jun)

July consumer spending hit a 17-year high, but inflationary pressures would be slightly mitigated thanks to the drop in oil and grain prices.

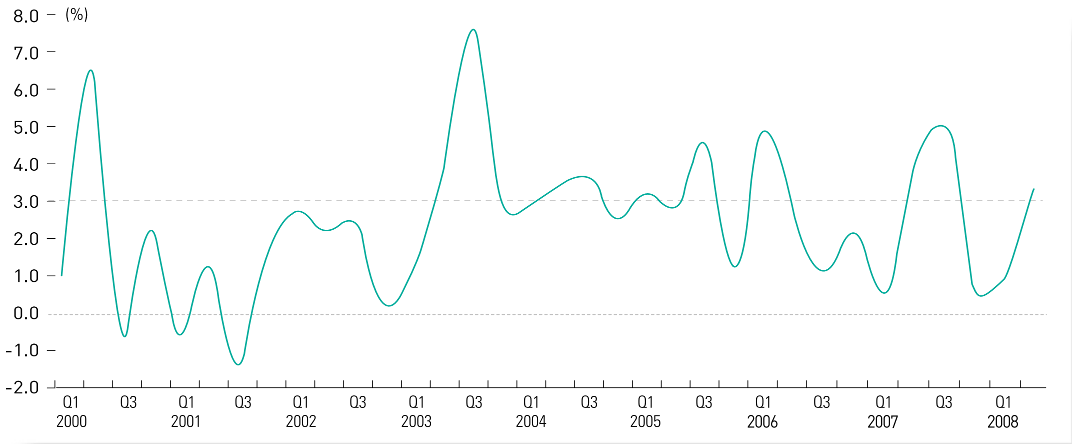
(Percentage change from previous period)

	2006	2007			2008				
	Annual	Annual	Q3	Q4	Q1	Q2	May	Jun	Jul
Real GDP[1]	2.8	2.0	4.8	-0.2	0.9	3.3	-	-	-
- Personal consumption expenditure	3.0	2.8	2.0	1.0	0.9	1.7	-	-	-
- Corporate fixed investment	7.5	4.9	8.7	3.4	2.4	2.2	-	-	-
- Construction investment for housing	-7.1	-17.9	-20.6	-27.0	-25.1	-15.7	-	-	-
Industrial production	2.2	1.7	3.6	0.3	0.4	-3.2	-0.2	0.4	0.2
Retail sales	5.8	4.0	0.6	0.9	0.2	1.0	0.8	0.3	-0.1
New non-farm payroll employment (q-o-q, thousand)	2,099	1,096	212	241	-247	-165	-47	-51	-51
New home sales	-18.1	-26.2	-14.3	-10.9	-13.8	-7.3	-5.2	-2.1	2.4
Consumer prices (y-o-y, %)	3.2	2.9	2.4	4.0	4.1	4.4	4.2	5.0	5.6

1. Annualized rate (%)

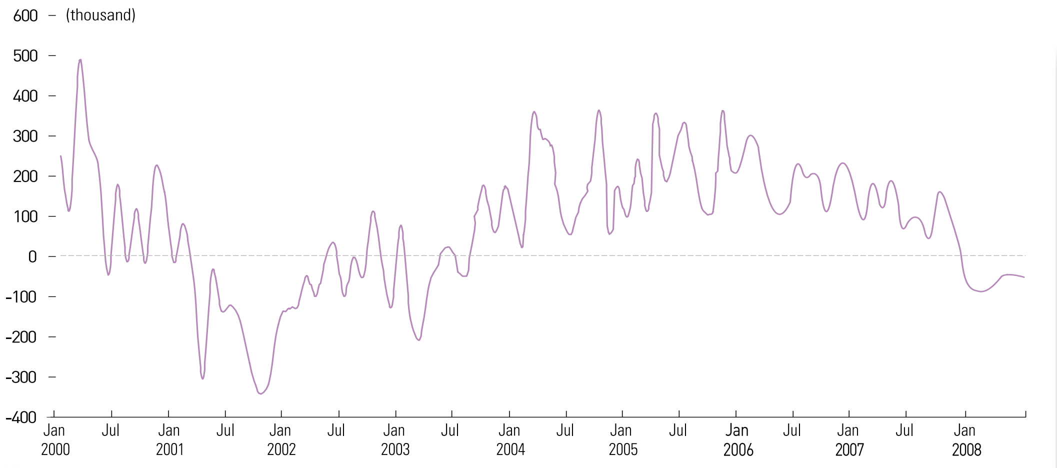
1-1 **US GDP** (q-o-q, annualized rate)

Source: US Department of Commerce



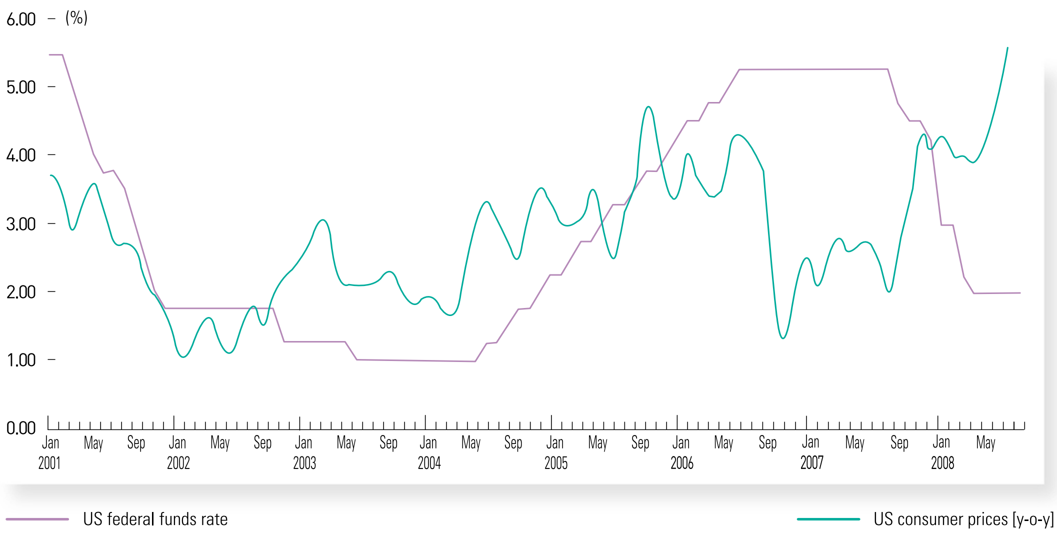
1-2 **US non-farm payroll employment** (m-o-m change)

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 a rebound in export growth in July, while the increase in consumer prices has declined for three months in a row. However, uncertainty in financial markets has persisted and producer prices sharply rose.

The Shanghai Composite Index (SCI) which had reached its peak of 6,124 on October 16, 2007, tumbled 60.9 percent to 2,397 on August 28, 2008.

(Percentage change from same period in previous year)

	2006	2007			2008				
	Annual	Annual	Q3	Q4	Q1	Q2	May	Jun	Jul
Real GDP	10.7	11.9	11.5	11.2	10.6	10.1	-	-	-
Fixed asset investment (accumulated)	24.5	25.8	26.4	25.8	25.9	27.1	25.6	26.8	27.3
Retail sales	13.7	16.8	16.8	19.0	20.6	22.2	21.6	23.0	23.3
Industrial production	16.6	18.5	18.1	17.5	16.4	15.9	16.0	16.0	14.7
Exports	27.2	25.7	26.2	25.7	21.4	22.4	28.1	17.6	26.9
Consumer prices	1.5	4.8	6.1	6.6	8.0	7.8	7.7	7.1	6.3
Producer prices	3.0	3.1	2.6	4.4	6.9	8.3	8.2	8.8	10.0

Japan

The Japanese economy has seen consumer prices go up continuously, while GDP in the second quarter of this year contracted for the first time in four quarters due to sluggish exports and weak consumption. In this circumstance, a nervous Japanese government revealed on August 30, 2008 a US$105.8 billion (11,500 billion yen) economic stimulus package which includes income tax cuts, fuel subsidies, and government loans to small- and medium-sized companies.

(Percentage change from previous period)

	2006	2007			2008				
	Annual	Annual	Q3	Q4	Q1	Q2	May	Jun	Jul
Real GDP	2.5	1.6	0.2	0.6	0.8	-0.6	-	-	-
Industrial and mining production	4.5	2.8	1.7	0.9	-0.7	-0.7	2.8	-0.2	0.9
Retail sales (y-o-y, %)	0.1	-0.1	-0.5	0.8	1.8	0.2	0.3	0.3	1.9
Exports (y-o-y, %)	14.6	11.5	10.7	10.0	6.0	1.8	3.7	-1.8	8.0
Consumer prices (y-o-y, %)	0.3	0.0	-0.2	0.5	0.9	1.4	1.3	2.0	2.3

Eurozone

The eurozone economy posted minus growth in the second quarter for the first time since the creation of the euro in 1999, due to deteriorating housing markets, the strong euro, and the weak purchasing power of consumers brought on by rising consumer prices.

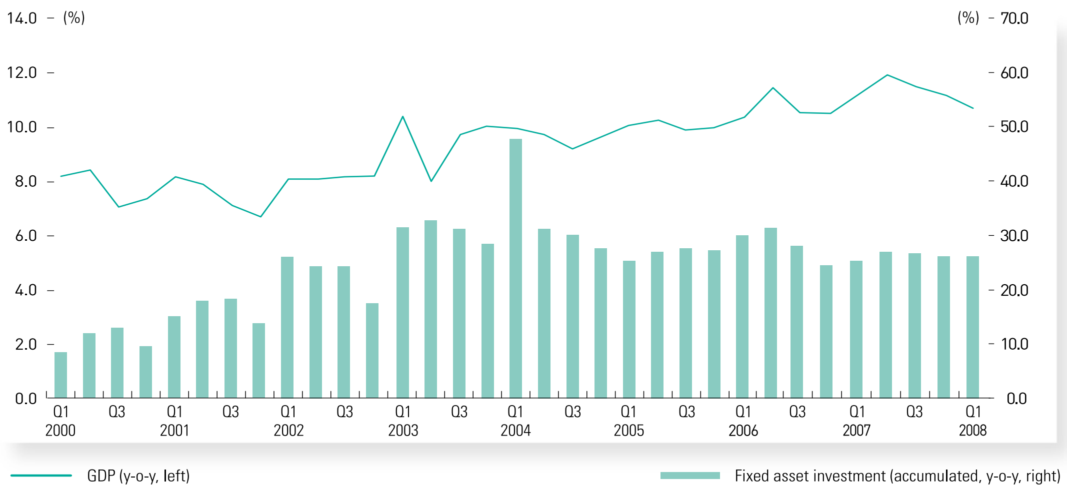
(Percentage change from previous period)

	2006	2007			2008				
	Annual	Annual	Q3	Q4	Q1	Q2	May	Jun	Jul
Real GDP	2.8	2.7	0.6	0.4	0.7	-0.2	-	-	-
Industrial production	4.0	3.4	1.4	-0.1	0.4	-0.6	-1.8	0.0	-
Retail sales	1.6	1.0	0.5	-0.9	-0.2	-0.9	0.5	-0.6	-
Exports (y-o-y, %)	11.6	8.4	10.1	5.4	6.7	7.8	2.8	4.9	-
Consumer prices (y-o-y, %)	2.2	2.1	1.9	2.9	3.4	3.6	3.7	4.0	4.0 (3.8)[1]

1. August inflation

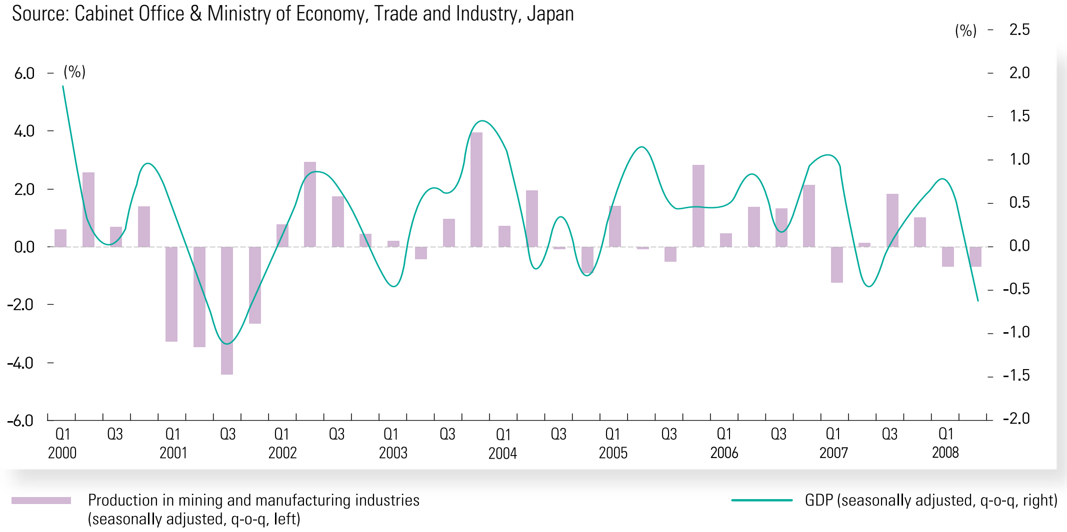
1-4 China's GDP and fixed asset investment

Source: National Bureau of Statistics of China



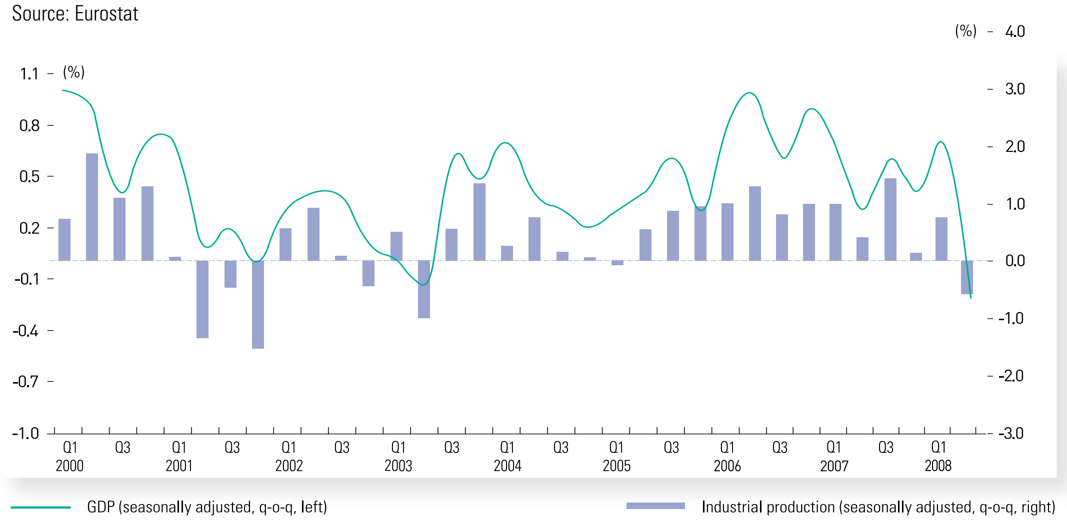
1-5 Japan's GDP growth

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 (*advance estimates of GDP*) in the second quarter of 2008 gained a mere 2.4 percent year-on-year and fell 0.1 percent compared to the preceding quarter, the first loss in 4 years since the second quarter of 2004.

Private consumption (y-o-y, %)
4.1 (Q1 2007) ➲ 4.4 (Q2) ➲ 4.8 (Q3) ➲ 4.6 (Q4) ➲ 3.4 (Q1 2008) ➲ 2.4 (Q2)
(SA*, q-o-q, %): 1.6 (Q1 2007) ➲ 0.9 (Q2) ➲ 1.3 (Q3) ➲ 0.8 (Q4) ➲ 0.4 (Q1 2008) ➲ -0.1 (Q2)
** SA: seasonally adjusted*

July consumer goods sales reversed course and rose 4.5 percent after decreasing for three straight months and jumped 3.9 percent on a year-on-year basis.

Sales of durable goods such as automobiles and air conditioners went up, and those of semi-durable and non-durable goods turned up after decreasing in the previous month.

(Percentage change from same period in previous year)

	2006	2007				2008				
	Annual	Annual	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Consumer goods sales	4.1	5.3	7.1	4.5	8.9	3.9	2.5	3.0	-1.0	3.9
(Seasonally adjusted)[2]	-	-	1.8	0.3	0.5	2.0	-1.1	-0.7	-4.3	4.5
- Durable goods[3]	11.2	11.0	10.1	6.9	20.1	8.2	7.6	7.7	0.3	7.1
· Automobiles	6.9	6.8	4.1	3.9	27.5	9.5	7.1	7.4	-5.1	5.7
- Semi-durable goods[4]	3.0	2.9	3.2	2.9	2.7	5.4	-1.6	-2.7	-0.9	3.8
- Non-durable goods[5]	1.7	3.7	7.1	4.0	6.2	1.5	1.6	3.0	-1.8	2.2

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 good: Food, medicine, cosmetics, fuel, tobaccos, etc.

While sales at large discounters have continued its uptrend, those at department stores slightly fell, but those at specialized retailers turned positive.

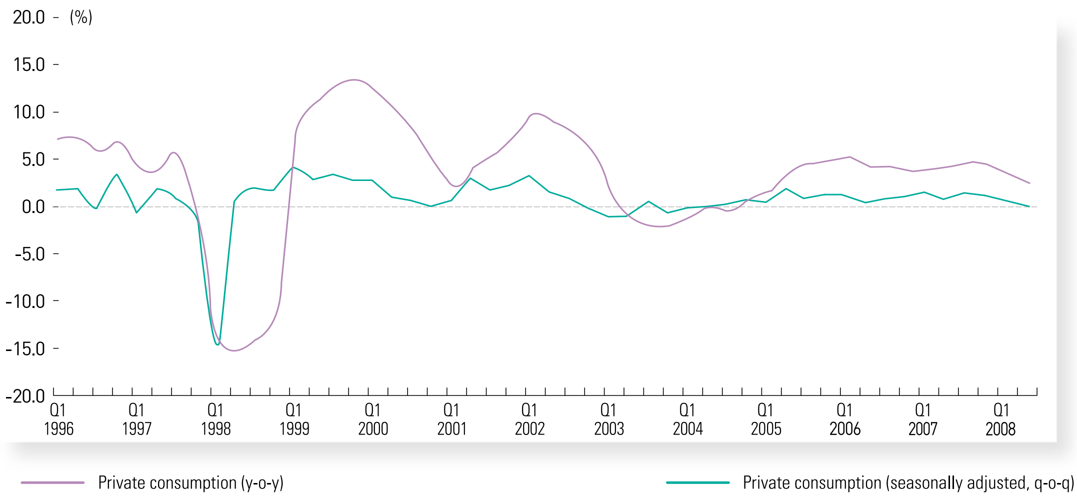
(Percentage change from same period in previous year)

	2006	2007				2008				
	Annual	Annual	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
- Department stores	3.3	0.7	3.2	2.8	-1.2	4.3	3.7	4.2	5.6	-0.6
- Large discounters	8.1	8.7	12.2	4.4	4.2	7.3	3.2	4.3	2.7	4.3
- Specialized retailers[2]	2.3	5.6	7.0	4.4	13.9	1.6	0.1	1.2	-5.9	1.6

1. Preliminary
2. Specialized retailers are defined as stores carrying a few (1 to 3) specialized items.

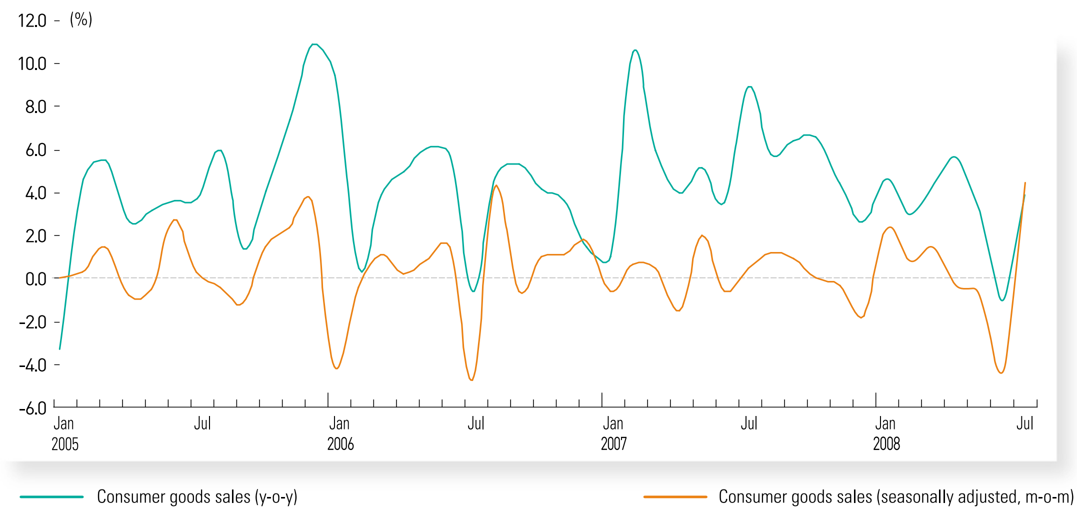
2-1 Private consumption

Source: The Bank of Korea (national accounts)



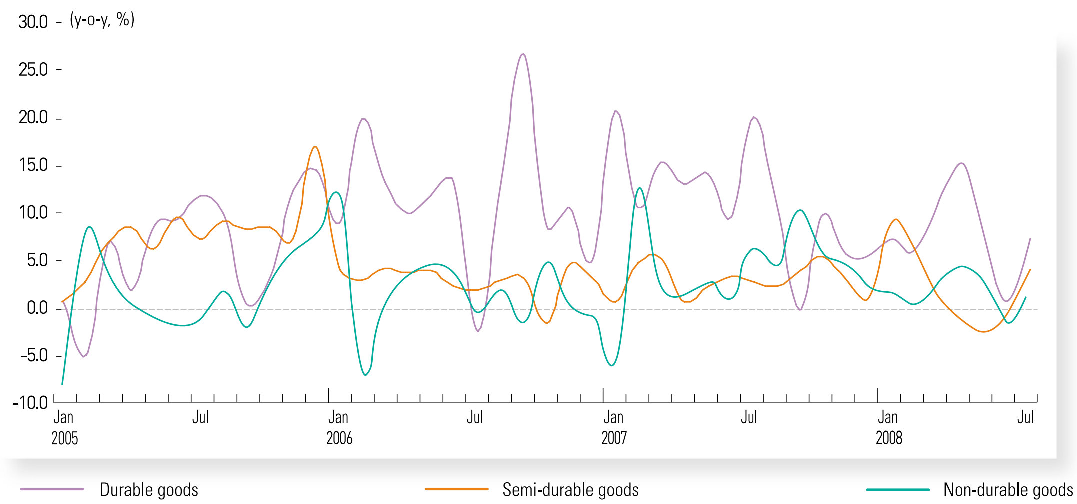
2-2 Consumer goods sales

Source: Korea National Statistical Office (industrial activity trend)



2-3 Consumer goods sales by type

Source: Korea National Statistical Office (industrial activity trend)



Given advance estimates of consumption indices and deterioration in consumer sentiment, consumer goods sales in August are likely to rather slow, compared to the previous month.

Sales at department stores surged, while those at large discount stores fell short of expectations and domestic credit card spending went down compared to the previous month.

Also, domestic demand for Korean automobiles tumbled due to supply disruptions triggered by truck drivers' strikes, and retail gasoline sales have been reduced at a faster pace.

Value of credit card use (y-o-y, %)
25.5 (Mar 2008) ➡ 19.4 (Apr) ➡ 20.0 (May) ➡ 18.8 (Jun) ➡ 22.9 (Jul) ➡ 19.0 (Aug)

Department store sales (y-o-y, %)
6.7 (Mar 2008) ➡ 6.5 (Apr) ➡ 11.3 (May) ➡ 11.2 (Jun) ➡ 5.9 (Jul) ➡ 12.7 (Aug)

Discount store sales (y-o-y, %)
2.8 (Mar 2008) ➡ 0.1 (Apr) ➡ 4.9 (May) ➡ -1.9 (Jun) ➡ 2.1 (Jul) ➡ 0.8 (Aug)

Domestic sales of Korean automobiles (y-o-y, %)
5.9 (Mar 2008) ➡ 11.4 (Apr) ➡ 3.3 (May) ➡ -7.5 (Jun) ➡ 5.1 (Jul) ➡ -18.7 (Aug)

Sales of gasoline (y-o-y, %)
-0.6 (Mar 2008) ➡ 6.5 (Apr) ➡ 0.0 (May) ➡ -4.6 (Jun) ➡ -5.1 (Jul) ➡ -8.1 (Aug)

Source: Ministry of Knowledge and Economy
The Credit Finance Association
Korea Automobile Manufacturers Association
Ministry of Strategy and Finance (for August data)

Oil prices have been on the decline since mid July, but whether they would go down further in the coming days still remains uncertain in a situation where the deteriorating job market and bear stock markets have negative effects on consumer sentiment.

Dubai oil price (US$/barrel, end-period)
106.8 (Apr 2008) ➡ 120.0 (May) ➡ 136.2 (Jun) ➡ 140.7 (Jul 4) ➡ 123.3 (Jul) ➡ 111.0 (Aug)

Consumer price index (y-o-y, %)
3.9 (Mar 2008) ➡ 4.1 (Apr) ➡ 4.9 (May) ➡ 5.5 (Jun) ➡ 5.9 (Jul) ➡ 5.6 (Aug)

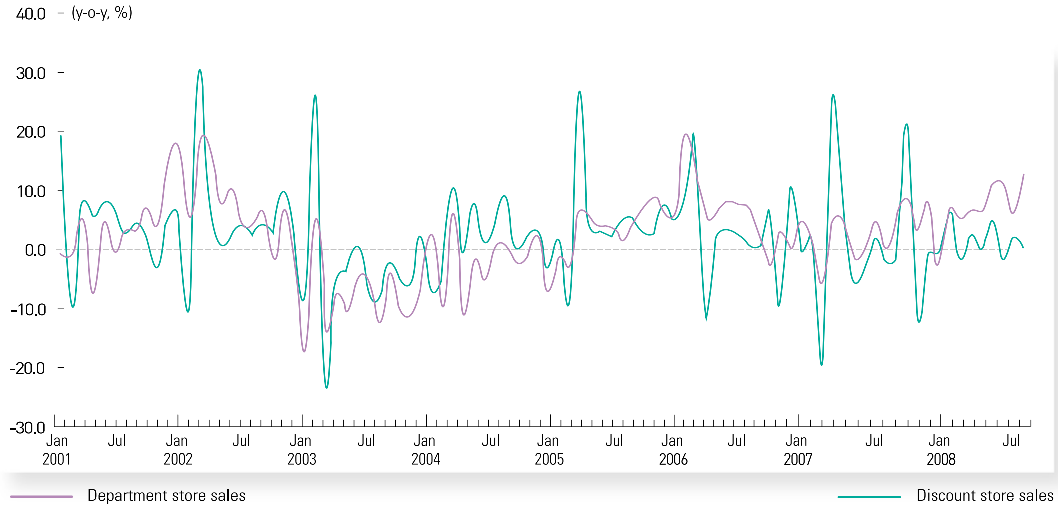
Source: Korea National Statistical Office

Consumer sentiment index
103.1 (Feb 2008) ➡ 99.7 (Mar) ➡ 100.4 (Apr) ➡ 92.2 (May) ➡ 86.8 (Jun) ➡ 84.6 (Jul)

Employment growth (y-o-y, %)
20.9 (Q1 2008) ➡ 17.3 (Q2) ➡ 18.1 (May) ➡ 14.7 (Jun) ➡ 15.3 (Jul)

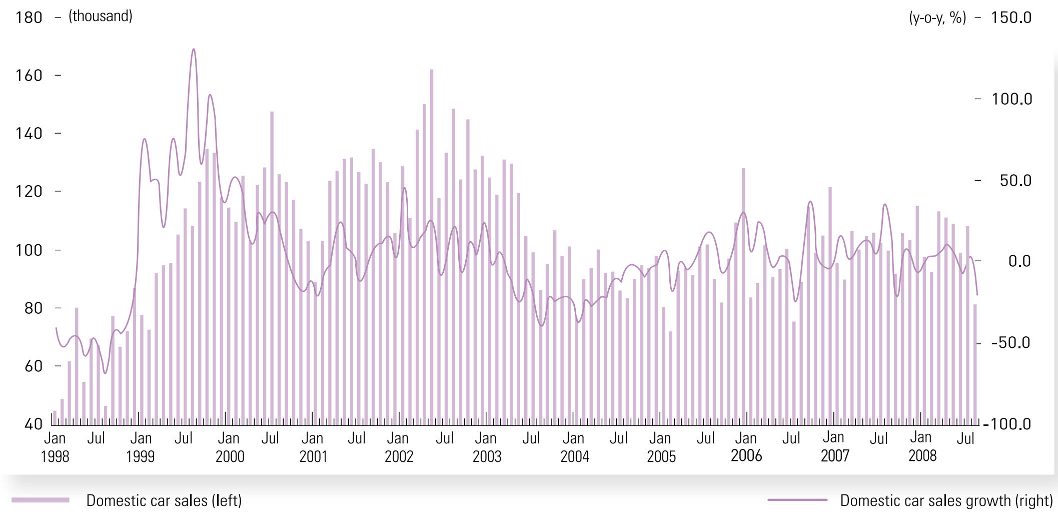
2-4 **Department store and discount store sales** (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



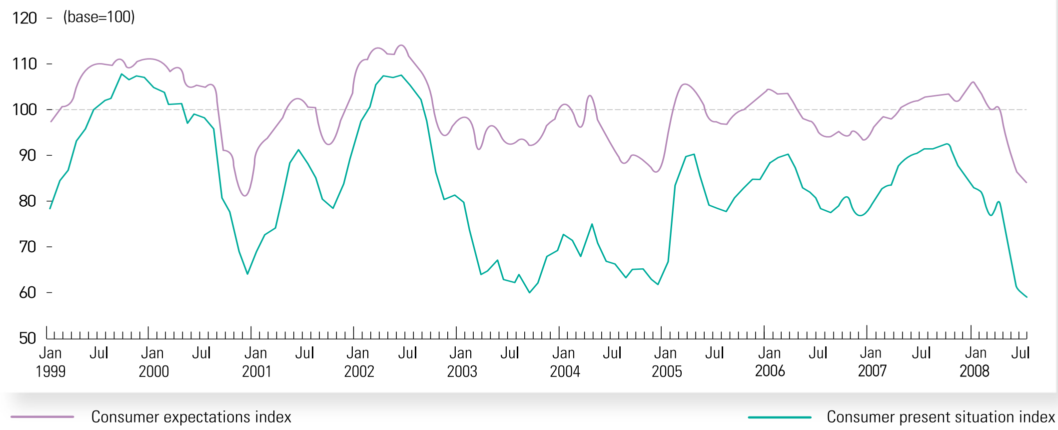
2-5 **Domestic automobile sales**

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 (*advance estimates of GDP*) in the second quarter of this year remained lackluster, gaining 0.8 percent year-on-year and 1.0 percent compared to the first quarter.

(Percentage change from same period in previous year)

	2006	2007[1]					2008[1]	
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Facility investment[2]	7.8	7.6	10.9	11.0	2.3	6.5	1.4	0.8
(Seasonally adjusted)[3]	-	-	4.5	1.6	-1.8	2.1	-0.4	1.0
- Machinery	8.2	7.6	13.5	9.5	1.0	7.0	-0.9	-
- Transportation equipment	6.0	7.7	0.3	18.9	8.9	4.0	12.3	-

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

The facility investment (*estimated*) in July has expanded its growth due to rising investments in transportation equipment such as automobiles.

(Percentage change from same period in previous year)

	2006	2007						2008				
	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Facility investment (estimated)	8.9	8.6	12.8	11.9	0.7	9.2	22	-0.9	0.1	-2.1	4.4	10.7
- Domestic machinery shipments	10.8	2.9	5.9	2.4	-1.7	4.8	9.5	1.3	0.8	-0.6	-1.6	6.9

1. Preliminary

Leading indicators such as machinery orders, machinery imports, and the business survey index (BSI) indicate that facility investment in August could slightly improve. Domestic machinery orders in July jumped 16.6 percent year-on-year, on the back of an increase in machinery orders from the private sector.

(Percentage change from same period in previous year)

	2006	2007						2008				
	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Domestic machinery orders	16.2	21.1	18.9	7.1	19.1	39.3	35.3	25.2	8.8	3.0	6.3	16.6
- Public	0.3	-11.2	13.9	-47.7	-26.9	12.9	117.5	8.8	83.4	-1.5	228.1	5.3
- Private	18.0	24.2	19.1	11.6	24.0	43.4	31.8	25.9	5.9	3.1	-2.6	17.4
Machinery imports	18.0	22.1	20.8	33.9	4.9	30.3	6.3	12.0	8.4	5.8	6.4	24.8

1. Preliminary

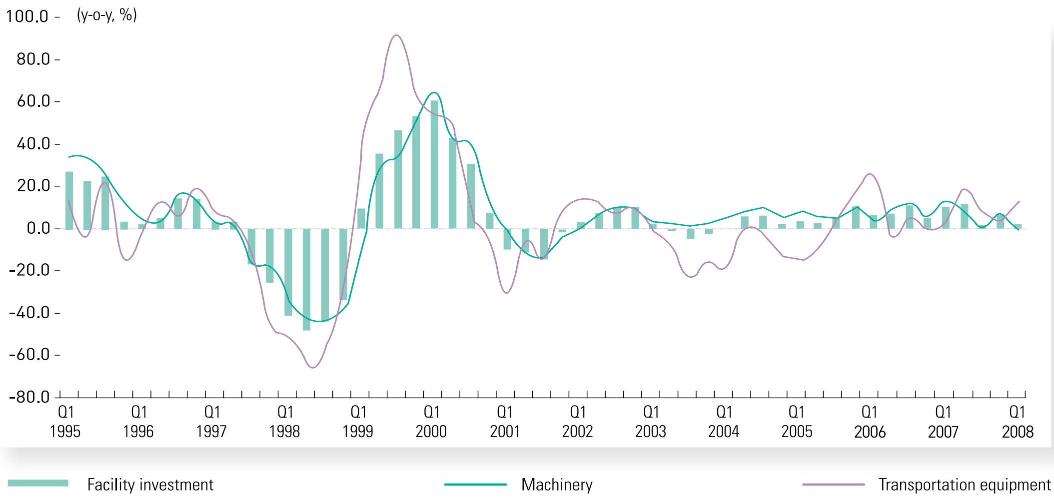
The Bank of Korea's BSI result and prospect for facility investments in the manufacturing sector rose 1 point from the previous month, respectively.

Business survey indexes (base=100)	2008					
	Apr	May	Jun	Jul	Aug	Sep
Manufacturing facility investment result	100	100	100	98	99	-
Manufacturing facility investment prospect	101	103	103	100	98	99

Source: The Bank of Korea

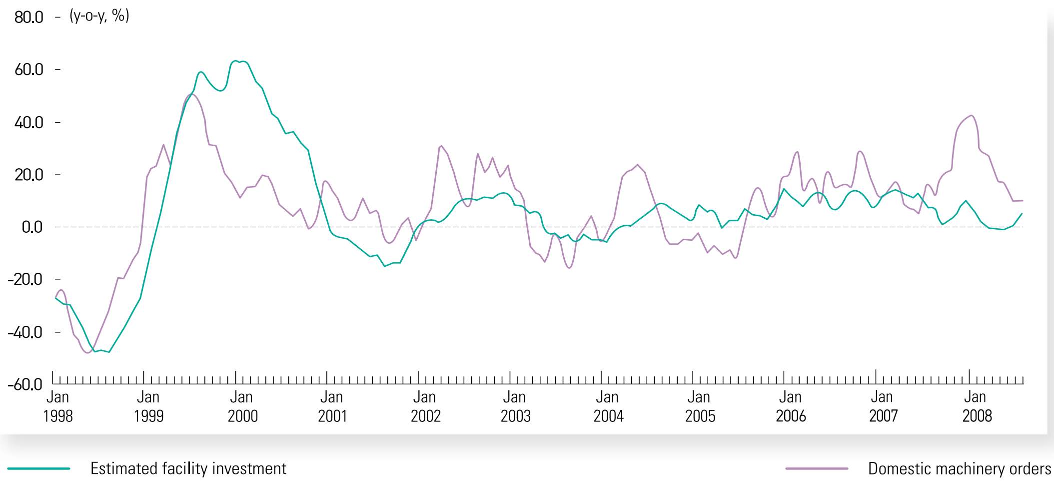
3-1 **Facility investment by type**

Source: The Bank of Korea (national accounts)



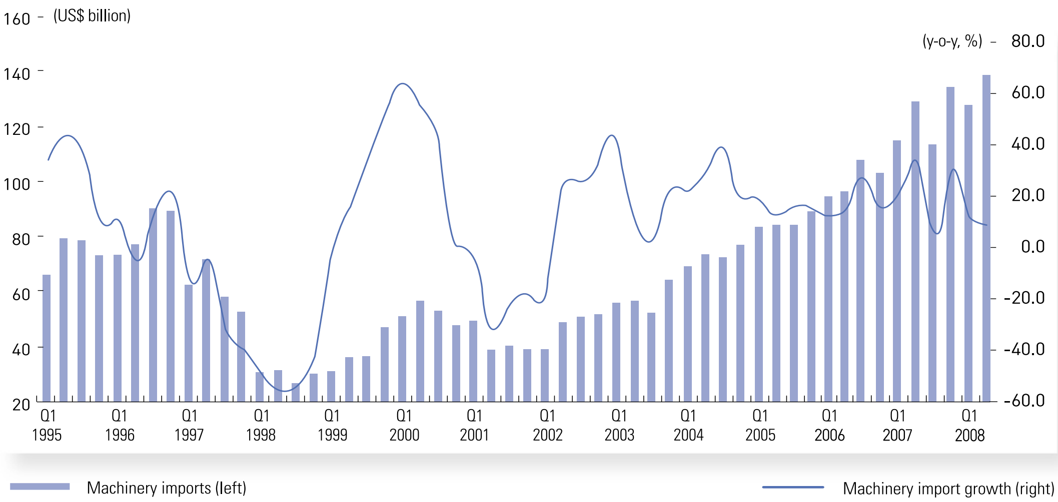
3-2 **Machinery orders and estimated facility investment** (3-month average)

Source: Korea National Statistical Office (industrial activity trend)



3-3 **Machinery imports**

Source: Korea International Trade Association (KITA)



4. Construction investment

Construction investment (*advance estimates of GDP*) in the second quarter fell 0.8 percent year-on-year and 0.6 percent compared to the previous quarter.

(Percentage change from same period in previous year)

	2006	2007[1]					2008[1]	
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Construction investment[2]	-0.1	1.2	3.7	1.6	-0.1	0.4	-1.1	-0.8
(Seasonally adjusted)[3]	-	-	-0.3	-1.2	0.2	1.2	-1.4	-0.6
- Building construction	-0.7	1.8	2.0	1.2	1.8	2.2	-0.3	-
- Civil engineering works	0.7	0.3	7.2	2.1	-2.9	-1.8	-2.5	-

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

In July, growth in construction completed (*current value*) picked up speed in both the private and public sectors.

(Percentage change from same period in previous year)

	2006	2007						2008				
	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Construction completed[2]	2.6	6.6	7.9	6.0	4.4	8.0	13.2	5.8	6.5	7.7	7.4	10.4
- Public	0.6	8.4	21.1	12.2	3.0	2.8	14.9	6.9	3.5	5.0	3.2	4.4
- Private	4.0	4.5	3.1	2.3	3.6	8.4	10.6	2.9	4.8	6.1	5.7	10.1

1. Preliminary
2. Industrial activity

Given the housing downturn and waning investor confidence, it is unlikely that construction investment snaps its downward trend in the months to come.

Business survey index for construction (base=100)
58.2 (Mar 2008) ➡ 51.4 (Apr) ➡ 49.3 (May) ➡ 51.7 (Jun) ➡ 52.5 (Jul)
Source: The Construction and Economy Research Institute of Korea

Construction orders (*current value*), one component of the leading composite index, dropped in both the private and public sectors, posting a year-on-year loss of 13.0 percent.

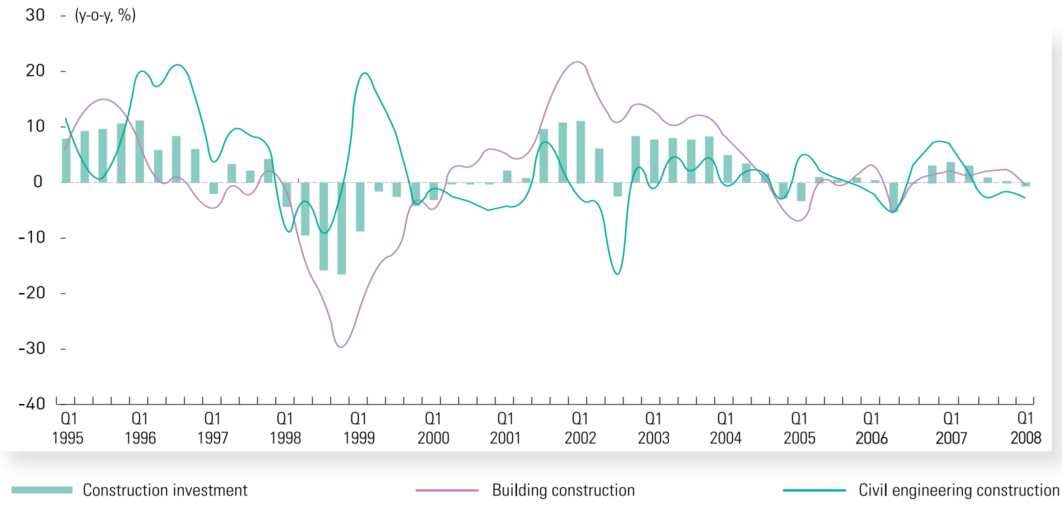
(Percentage change from same period in previous year)

	2006	2007						2008				
	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Construction orders[2]	9.0	19.3	26.3	26.3	-5.6	29.5	-14.9	-3.9	-6.1	18.8	-23.4	-13.0
- Public	-6.3	34.2	49.3	21.2	7.3	47.2	51.1	20.0	18.6	52.6	9.7	-8.8
- Private	12.8	13.1	21.8	17.0	-12.9	28.6	-38.8	-15.0	-5.9	18.2	-22.7	-8.1

1. Preliminary
2. Current value

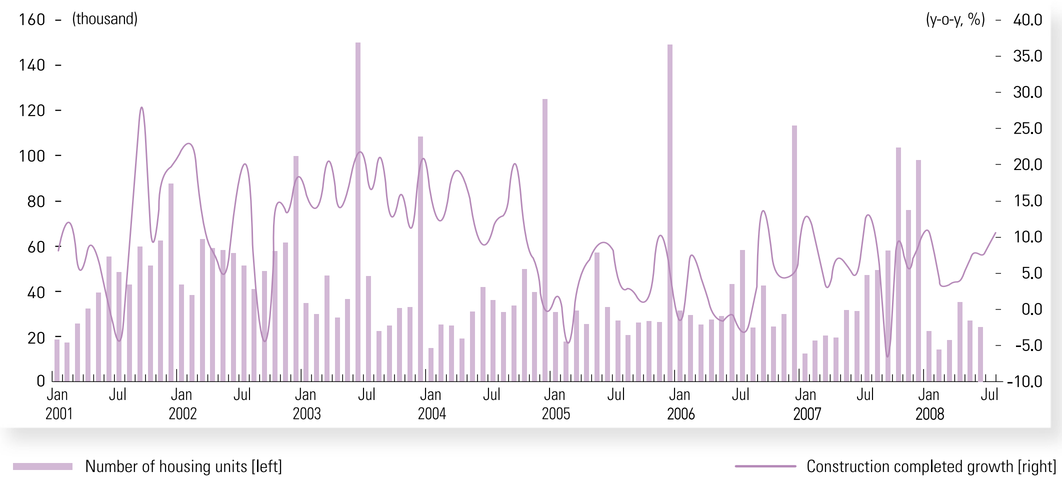
4-1 Construction investment

Source: The Bank of Korea (national accounts)



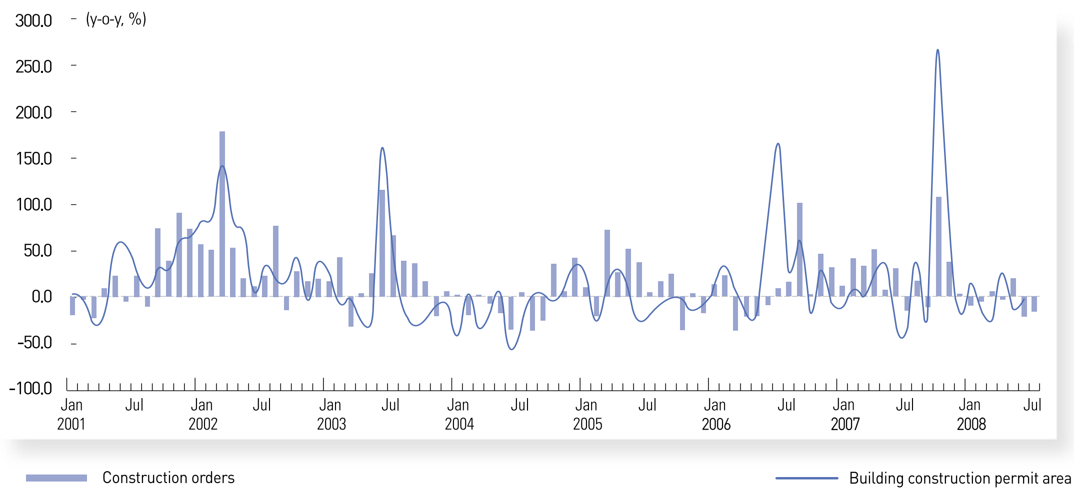
4-2 Construction completed and housing construction

Source: Korea National Statistical Office (construction completed)
Ministry of Land, Transport and Maritime Affairs (housing construction)



4-3 Leading indicators of construction investment

Source: Korea National Statistical Office (construction orders)
Ministry of Land, Transport and Maritime Affairs (building construction permit area)



5. Exports and Imports

Exports in August totaled US$37.39 billion, up 20.6 percent from a year earlier.

According to the estimates by the Ministry of Knowledge Economy, exports of petroleum goods (*up 98.7%*), vessels (*up 147.1%*), general machinery (*up 23.6%*), wireless telecommunications equipment (*up 21.1%*) and steel (*up 36.5%*) have been resilient, while those of semiconductors (*down 12.9%*), cars (*down 17.1%*), and computers (*down 27.5%*) have slid.

By regional category, exports to ASEAN nations (*up 45.8%*), the Middle East (*up 41.2%*), China (*up 33.1%*), and Central and South America (*up 87.2%*) have boomed. In addition, those to the EU and the US have risen 20.6 percent and 16.3 percent, respectively.

(US$ billion)

	2007				2008			
	Jun	Jul	Aug	Jan-Aug	Jun	Jul	Aug	Jan-Aug
Exports	32.00	30.21	31.00	238.89	37.31	41.09	37.39	292.53
(y-o-y, %)	(14.5)	(14.8)	(13.6)	(14.6)	(16.6)	(36.0)	(20.6)	(22.5)
Average daily exports	1.42	1.31	1.30	1.30	1.70	1.64	1.66	1.61
Imports	28.51	29.22	29.64	229.09	37.77	43.03	40.62	304.10
(y-o-y, %)	(9.5)	(14.4)	(9.7)	(13.5)	(32.5)	(47.2)	(37.0)	(32.7)
Average daily imports	1.27	1.27	1.27	1.25	1.72	1.72	1.81	1.67
Trade balance	3.49	0.98	1.36	9.81	-0.46	-1.94	-3.23	-11.58

August imports soared 37.0 percent year-on-year to post US$40.62 billion. The upsurge in imports, driven by raw materials (*up 65.8%*) such as crude oil (*up 89.7%*), petroleum goods (*up 120.7%*), and gas (*up 54.3%*), eclipsed export gains.

The effects of falling international oil prices have petered out since mid July owing to delivery periods and inventories of oil shipments made under long-term contracts.

Raw materials (y-o-y, %)
39.8 (Apr 2008) → 40.2 (May) → 45.2 (Jun) → 66.3 (Jul) → 65.8 (Aug 1~20)

Capital goods (y-o-y, %)
14.5 (Apr 2008) → 13.4 (May) → 14.0 (Jun) → 20.6 (Jul) → 18.8 (Aug 1~20)

Consumer goods (y-o-y, %)
22.8 (Apr 2008) → 14.0 (May) → 18.9 (Jun) → 20.3 (Jul) → 23.2 (Aug 1~20)

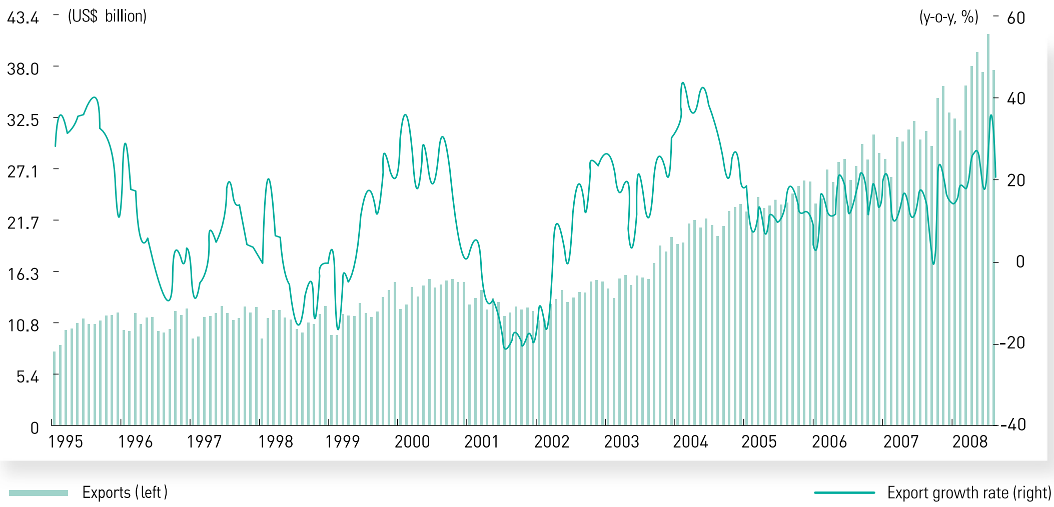
In August, Korea' trade balance posted a deficit of US$3.23 billion as high oil prices (*up on-year 89.7%*) jacked up the cost of raw material imports such as crude oil to a point where booming exports are no longer a counterbalance.

Dubai crude oil price (US$/barrel)
65.9 (Jun 2007) → 69.7 (Jul) → 67.4 (Aug), 127.9 (Jun 2008) → 131.3 (Jul) → 113.0 (Aug)

September's trade balance is projected to be an improvement on August's. The cost of crude oil imports fell sharply in September compared to August levels, which is likely to put a brake on September imports growth.

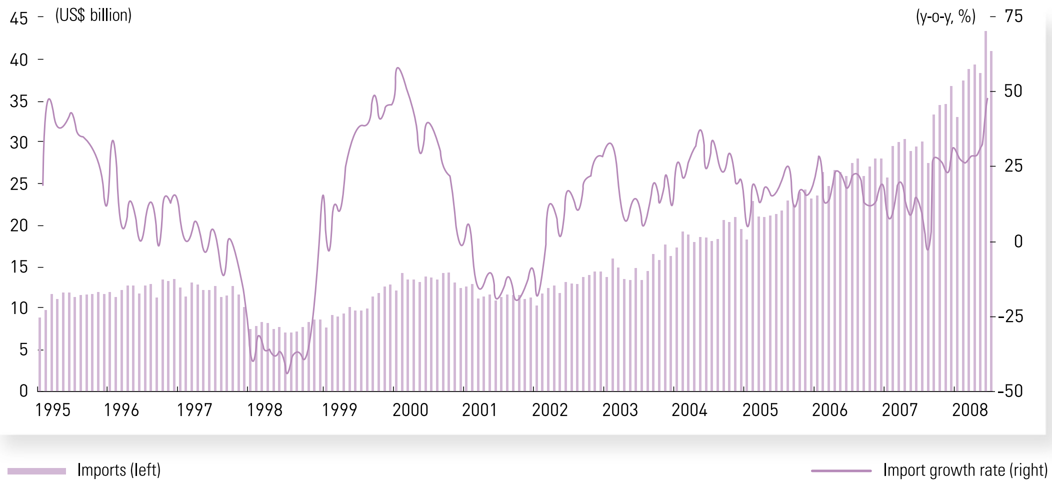
5-1 **Exports** (customs clearance basis)

Source: Ministry of Knowledge Economy (export and import trend)



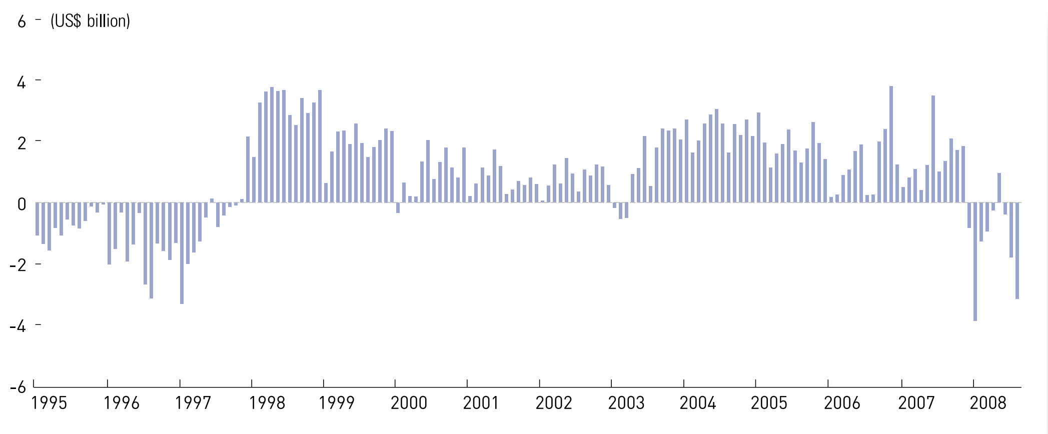
5-2 **Imports** (customs clearance basis)

Source: Ministry of Knowledge Economy (export and import trend)



5-3 **Trade balance**

Source: Ministry of Knowledge Economy (export and import trend)



6. Mining and manufacturing production

Production in mining and manufacturing in July grew 9.1 percent from a year earlier, up from the previous month's 6.8 percent, thanks to export gains (*up 36%*) and brisk sales of consumer goods.

On a month-on-month basis, it inched down 0.2 percent in the tail of decreased automobile production caused by labor-management disputes. In working-day-adjusted terms, its growth slowed a bit.

By business category, production of semiconductors & parts (*up 25.7%*) and audiovisual telecommunications equipment (*up 33.3%)* has contributed to output growth on a year-on-year basis.

Contribution to year-on-year output growth (%p)
Semiconductors & parts (2.94), audiovisual telecommunications (2.04)

July shipments posted an 8.5 percent gain, up from a 4.4 percent increment in the previous month, while inventories slowed their growth pace to 14.4 percent from 16.1 percent a month earlier.

Semiconductors & parts contributed 12.2 percentage points to July inventory growth of 14.4 percent.

(Percentage change from same period in previous year)

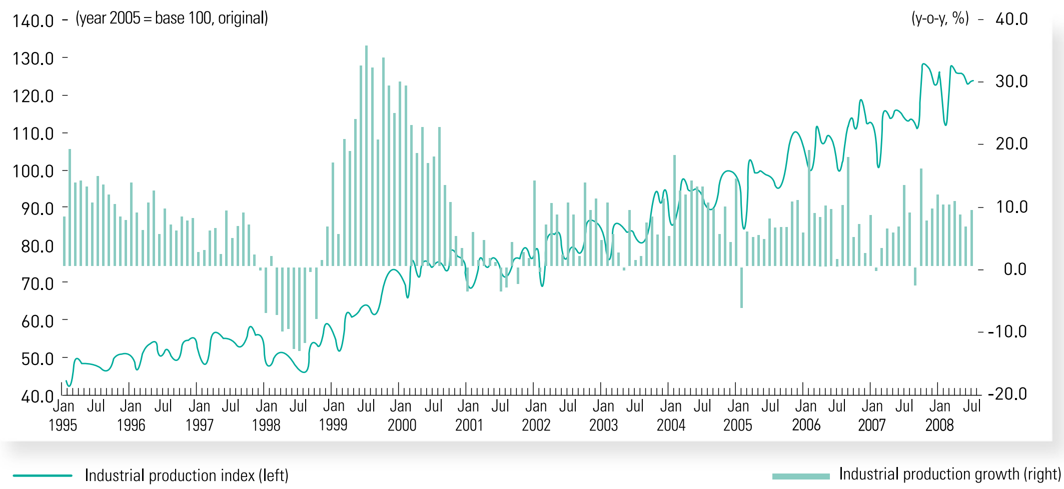
		2007			2008				
		Annual	Q2	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Mining and manufacturing activity[2]	Production (q-o-q, m-o-m)	-	3.0	1.6	2.1	1.4	-0.6	0.2	-0.2
	(y-o-y)	6.8	6.2	13.5	10.6	8.6	8.6	6.8	9.1
	(days operated reflected)	7.0	6.0	12.5	10.2	9.5	11.9	7.1	6.4
	- Manufacturing	7.0	6.3	14.0	10.7	9.0	8.9	7.0	9.1
	· Heavy chemical industry	8.2	7.0	16.1	12.9	11.1	11.4	8.7	10.4
	· Light industry	1.7	3.0	5.4	1.5	-0.7	-2.0	-1.1	3.2
	Shipment	7.1	6.9	14.1	8.9	6.4	6.2	4.4	8.5
	- Domestic demand	4.9	5.7	13.4	5.3	1.8	0.2	0.3	4.6
	- Exports	10.2	8.7	15.3	14.3	13.6	15.9	10.9	14.2
	Inventory[3]	5.7	3.9	2.5	9.0	16.1	13.1	16.1	14.4
Manufacturing activity	Average operation ratio (%)	80.3	80.7	80.5	81.1	81.0	80.3	80.4	80.4
	Production capacity	5.2	4.4	5.5	5.9	6.2	6.4	6.1	5.4

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

August's production in the mining and manufacturing sector is forecast to remain on its upward trajectory, propped up by strong exports, but its growth pace is likely to be limited compared to July's due to slackening consumption.

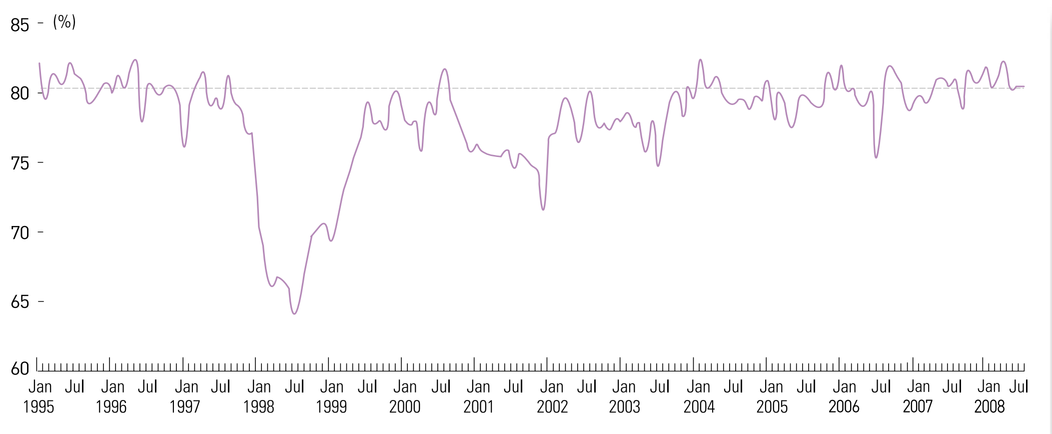
6-1 **Industrial production**

Source: Korea National Statistical Office (industrial activity trend)



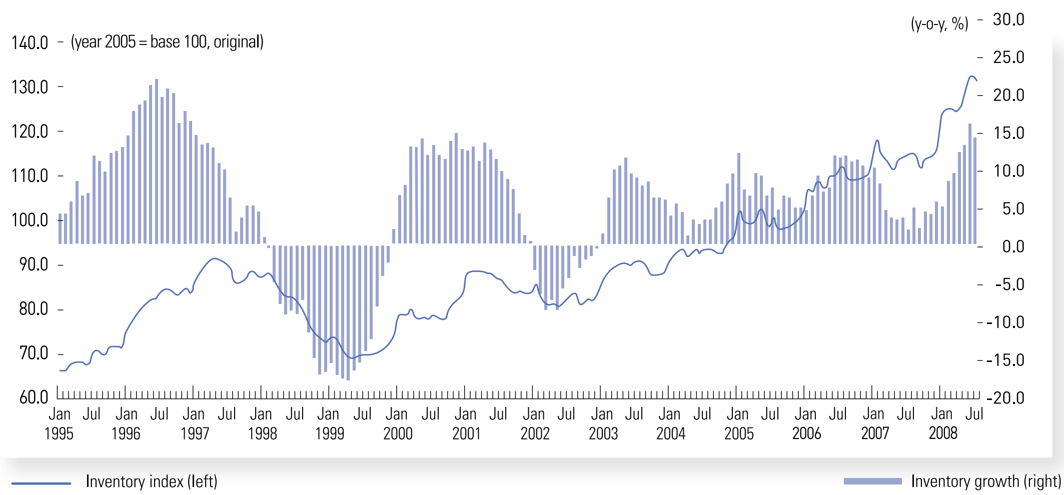
6-2 **Average manufacturing operation ratio**

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 July recorded a year-on-year growth of 3.9 percent, slightly accelerating from the previous month's 2.9 percent growth.

By business category, financial & insurance services (*up 8.8%*), healthcare & social welfare services (*up 6.1%*) and communication services (*up 5.7%*) have contributed to the output growth in the service sector. Meanwhile, hotels and restaurants (*up 0.6%*), educational services (*up 0.1%*), entertainment, cultural & sports services (*up 0.0%*), and real estate & renting (*down 6.8%*) have shown sluggish performance, reflecting deteriorating consumer sentiment and a contracted housing market.

(Percentage change from same period in previous year)

	Weight	2006	2007						2008				
		Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2[1]	May	Jun[1]	Jul[1]
Service activity index	100	5.5	6.4	5.4	6.1	7.2	6.8	9.6	6.4	4.6	4.8	2.9	3.9
- Wholesale & retail	22.0	3.8	4.3	4.3	3.7	4.2	5.2	6.7	3.9	2.5	2.0	1.2	5.5
- Hotels & restaurants	7.8	2.2	2.4	2.0	2.6	2.2	2.9	4.4	3.1	1.7	1.8	2.2	0.6
- Transportation services	9.0	6.9	7.1	6.6	5.5	8.4	8.1	10.2	7.7	8.1	6.8	6.4	5.4
- Communication services	5.0	3.6	3.7	3.1	2.9	2.3	6.3	3.5	4.8	4.6	3.1	3.9	5.7
- Financial & insurance services	15.4	9.0	16.0	9.5	16.3	18.3	19.5	22.2	15.3	10.0	11.5	6.4	8.8
- Real estate & renting	6.3	9.8	2.7	6.9	2.0	6.6	-3.5	9.0	5.8	2.6	5.3	-3.9	-6.8
- Business services	10.0	5.7	6.6	5.3	6.7	7.0	7.4	7.3	5.0	3.7	4.1	2.8	4.7
- Educational services	10.6	2.6	2.3	3.0	2.5	2.5	1.4	6.0	3.3	1.8	2.1	2.2	0.1
- Healthcare & social welfare services	6.0	11.0	8.5	8.3	9.0	9.2	7.4	11.0	6.2	6.8	7.5	5.6	6.1
- Entertainment, cultural & sports services	3.8	1.8	6.4	5.5	6.4	7.5	5.7	12.1	4.1	1.8	2.9	1.6	0.0
- Other public & personal services	4.2	3.8	0.7	1.0	0.1	0.7	1.0	1.7	2.0	0.9	0.3	-0.1	0.6

1. Preliminary

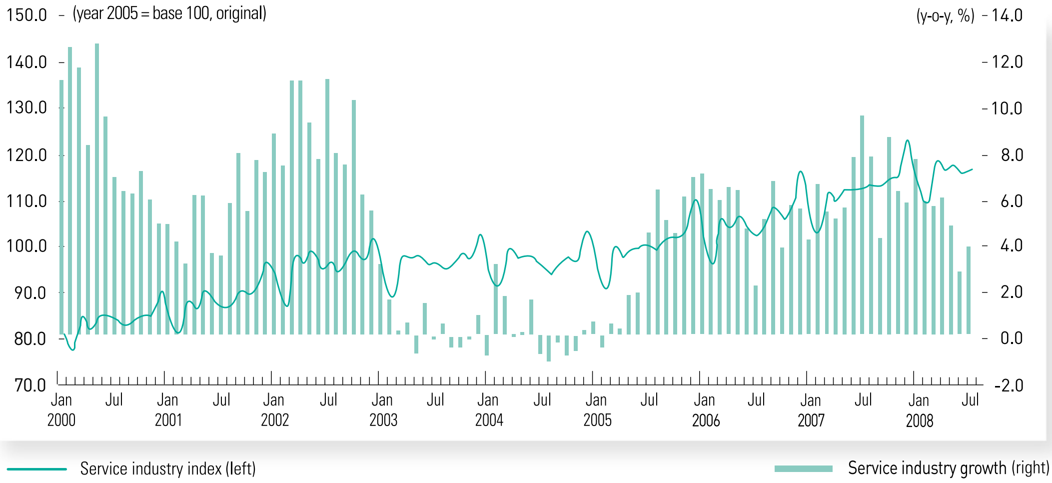
Service output growth in August is expected to be limited amid weak domestic consumption and growing inflationary pressures fueled by high oil prices.

Dubai crude oil prices (US$/barrel, monthly average)
103.6 (Apr 2008) ➜ 119.5 (May) ➜ 127.9 (Jun) ➜ 131.3 (Jul) ➜ 113.0 (Aug)

Private consumption (y-o-y, %)
4.8 (Q3 2007) ➜ 4.6 (Q4) ➜ 3.4 (Q1 2008) ➜ 2.4 (Q2)

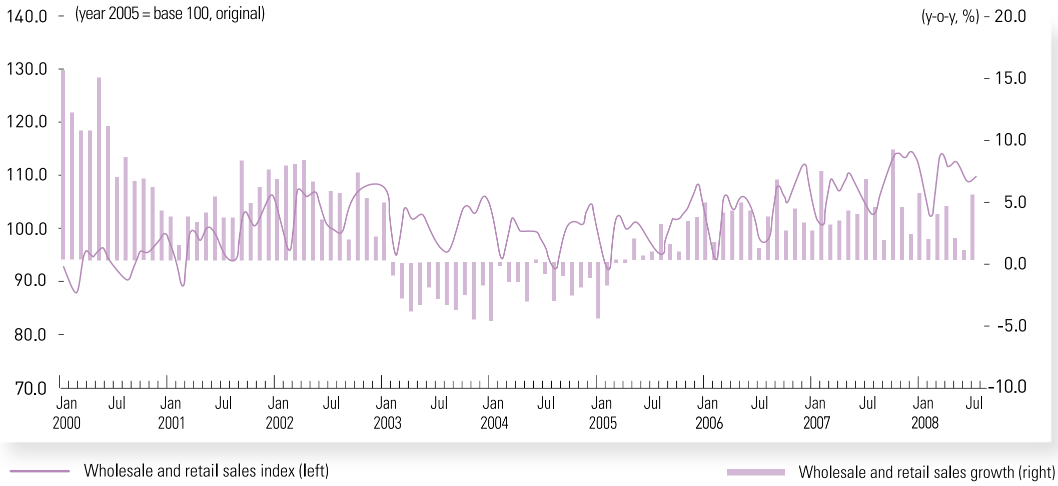
7-1 Service industry

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



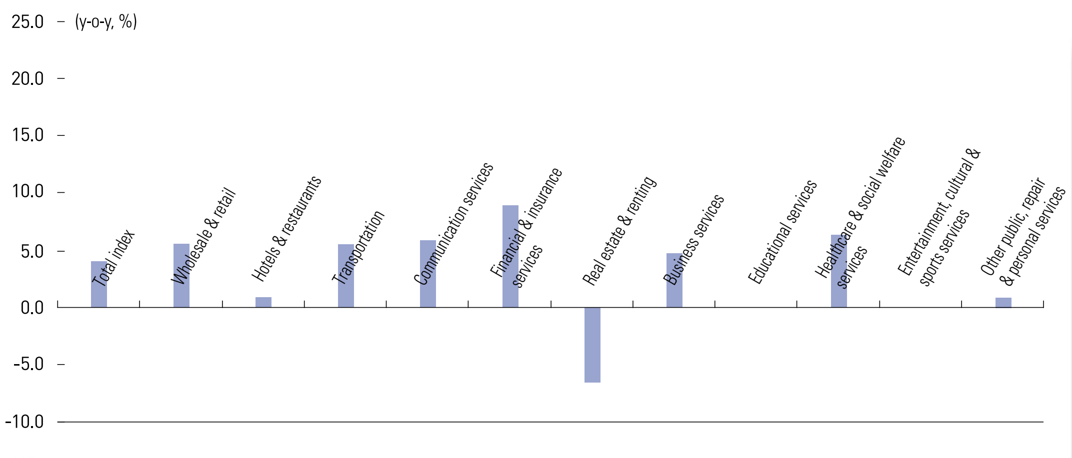
7-2 Wholesale and retail sales

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



7-3 Jul 2008 service industry by business

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



8. Employment

The labor market remained weak in July as the number of Korean workers on payroll increased a mere 153,000 from a year earlier. The figure is compared with a monthly average increase of 282,000 in 2007. The sluggish employment was attributed to lackluster domestic demand dragged down by high oil prices, and companies' reluctance to employ new workers.

Service sector employment continued robust growth with an increase of 244,000, driven by educational services and healthcare & social welfare services. However, the overall pace of job growth slowed in the service sector due to sluggishness in wholesale and retail sales, transportation services and business services.

The manufacturing sector recorded fewer job losses totaling 29,000, as the recent robust exports blunted structural factors such as informatization which put brakes on job creation.

Hiring in the construction sector has been falling since the third quarter of 2007 due to a recent slump in the housing market and weak investment in construction. The number of employed in the sector dropped 26,000 in July.

Employment in agriculture, forestry and fisheries lost 43,000 jobs, continuing its downward trend as its share in the national economy has contracted.

By status of workers, growth in the number of wage workers has decelerated to 236,000, as companies held back from hiring new employees due to worsening external conditions. The number of temporary or daily workers, in particular, shrank significantly by 143,000 year-on-year, while the number of regular workers rose by 381,000.

The employment rate posted 60.3 percent, down 0.3 percentage points compared to the same month of the previous year.

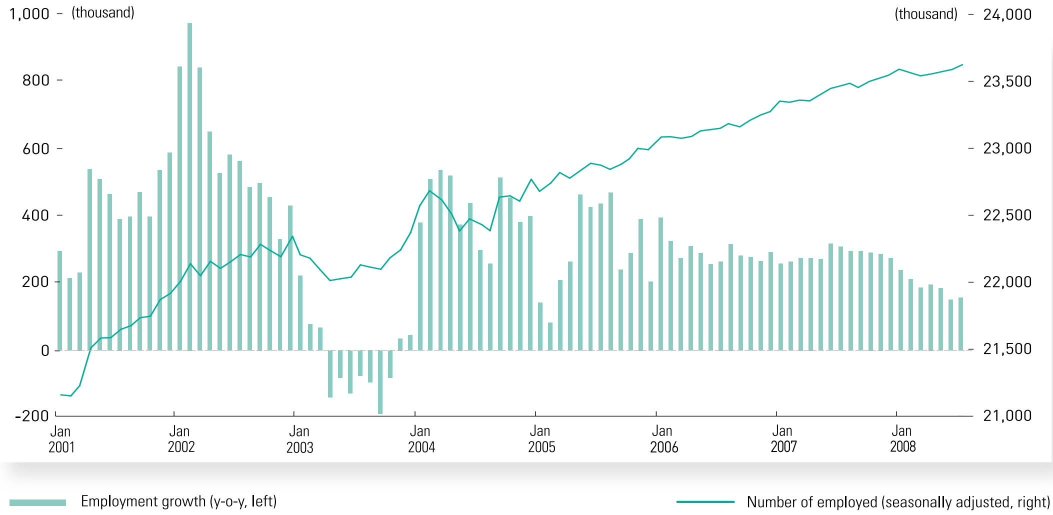
The unemployment rate fell by 0.1 percentage points to 3.1 percent year-on-year, settling in the downward tendency. Also, the employment rate of youths aged 15 to 29 fell 0.2 percentage points from a year earlier to 7.4 percent.

(Change from same period in previous year, thousand)

	2007						2008			
	Jul	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Employment growth	303	282	264	289	296	278	210	173	147	153
- Agriculture, forestry and fishery	-80	-58	-42	-52	-72	-67	-62	-52	-54	-43
- Manufacturing	-53	-48	-51	-55	-50	-37	-24	-25	-33	-29
- Construction	4	15	46	30	-6	-9	-17	-38	-61	-26
- Services	434	373	309	367	424	392	312	285	292	244
Unemployment rate (%)	3.2	3.2	3.6	3.2	3.1	3.0	3.4	3.1	3.1	3.1
Employment rate (%)	60.6	59.8	58.6	60.6	60.2	60.0	58.5	60.4	60.5	60.3

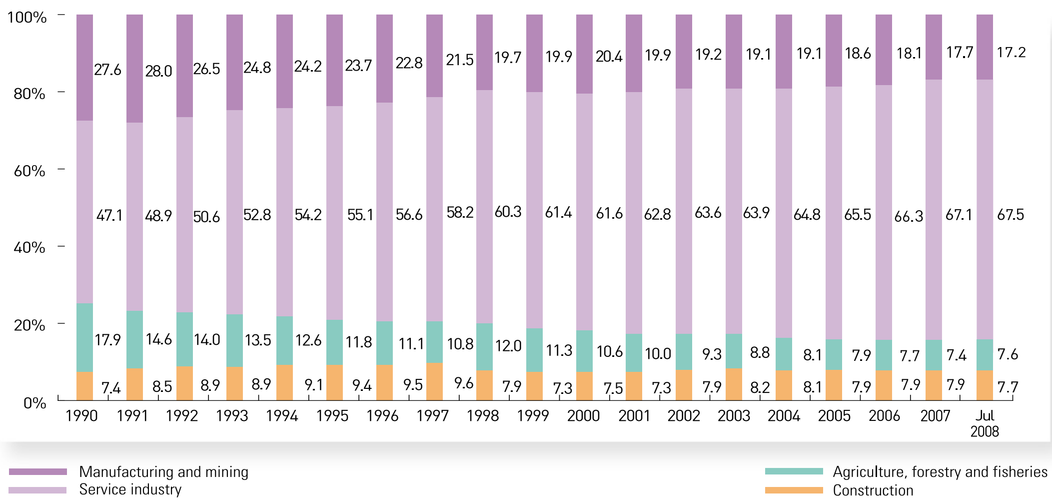
8-1 **Number of employed and employment growth**

Source: Korea National Statistical Office (employment trend)



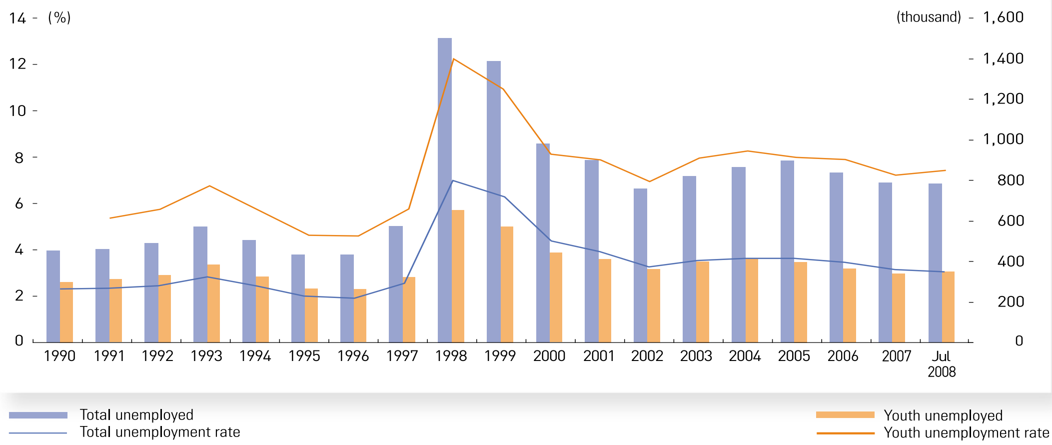
8-2 **Share of employed by industry**

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 Korea stock market went through a sharp correction as foreign investors continued to sell Korean shares to shift to safe heaven assets amid growing uncertainties in the international financial market. KOSPI fell below 1,500 points to record the lowest this year as investor sentiment worsened significantly.

Foreign investors maintained a net selling position in Asian emerging countries including Korea in line with the continuing deleveraging in the global market.

Net selling by foreign investors (trillion won)
18.7 (Jan-Jun 2008) ➔ 5.1 (Jul) ➔ 3.0 (Aug)

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2007	Aug 2008	Change[1]	2007	Aug 2008	Change[1]
Stock price index	1,897.1	1,474.2	-422.9 (-22.29%)	704.2	470.3	-233.9 (-33.25%)
Market capitalization	951.9	749.7	-202.2 (-21.2%)	99.9	70.1	-29.8 (-20.3%)
Average daily trade value	5.5	3.7	-1.8 (-32.7%)	2.0	1.0	-1.0 (-50.0%)

1. Change from the end of previous year

9.2 Exchange rate

The won/dollar exchange rate soared to wrap up August at 1,089.0 won, a steep rise compared to 1,012.1 won of the end of the previous month. The exchange rate continued to rise during the month as the dollar's strength was added to existing upward pressure on the rate caused by the trade deficit and net selling of Korean shares by foreign investors.

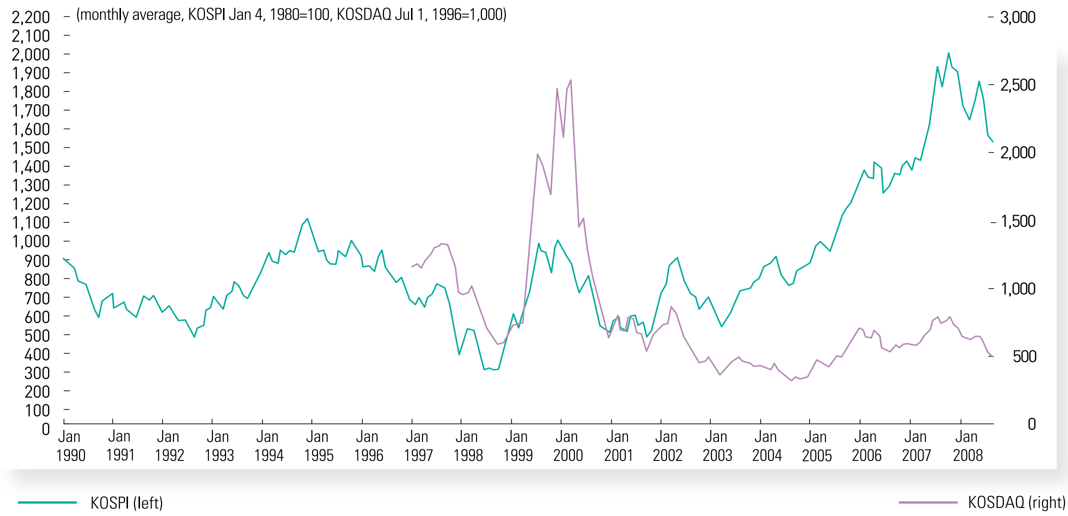
The won/yen exchange rate close the month at 998.9 won amid the won's depreciation against the dollar.

(End-period)

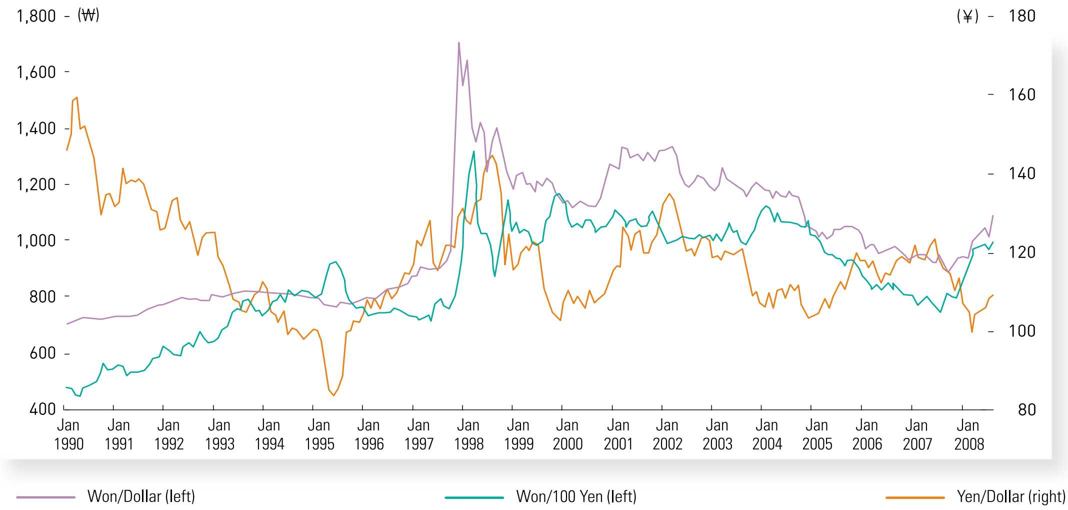
	2005	2006	2007	2008		
	Dec	Dec	Dec	Jul	Aug	Change[1]
Won/Dollar	1,011.6	929.8	936.1	1,012.1	1,089.0	-14.0
Won/100Yen	858.5	783.4	828.6	937.4	998.9	-17.0

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

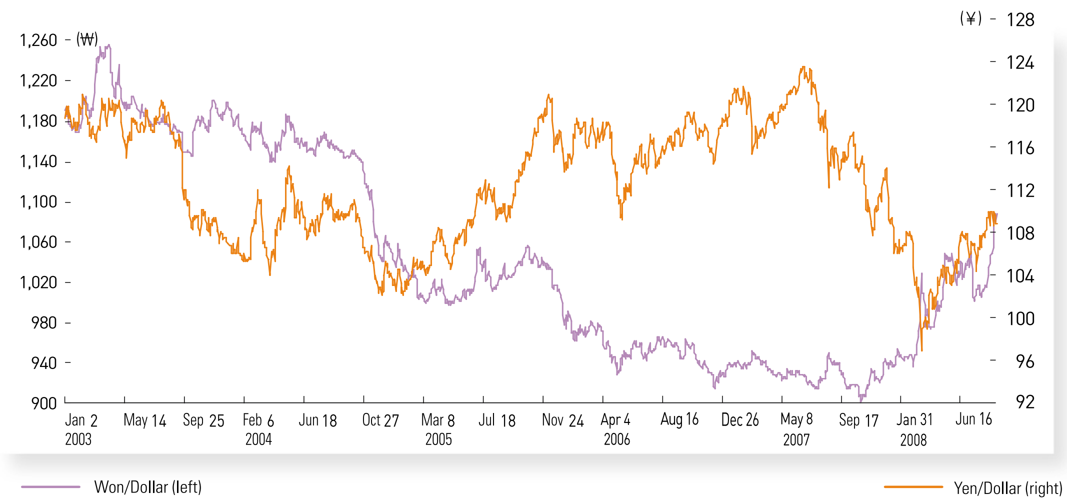
9-1 Stock prices



9-2 Foreign exchange rate (month-end)



9-3 Recent foreign exchange rate



9.3 Bond market

Short-term bond yields in August rose with the policy rate hike by the Bank of Korea on August 7, while the long-term bond yields fluctuated as worries over an economic slowdown and inflationary concerns fueled by the won's depreciation coexisted.

Corporate bond yields surged amid growing concerns over credit risks that companies face due to an economic slowdown. The yields were also pushed up as investor sentiment chilled in fear of foreign investors' possible flight from the Korean bond markets.

(End-period)

	2004	2005	2006	2007	2008				
	Dec	Dec	Dec	Dec	May	Jun	Jul	Aug	Change[1]
Call rate (1 day)	3.29	3.76	4.60	5.02	5.04	5.01	5.02	5.28	26
CD (91 days)	3.43	4.09	4.86	5.82	5.36	5.37	5.68	5.79	-3
Treasury bonds (3 yrs)	3.28	5.08	4.92	5.74	5.46	5.90	5.80	5.77	3
Corporate bonds (3 yrs)	3.72	5.52	5.29	6.77	6.41	6.88	6.91	7.34	57
Treasury bonds (5 yrs)	3.39	5.36	5.00	5.78	5.54	5.98	5.86	5.86	8

1. Basis point changes in August 2008 from end December 2007

9.4 Money supply & money market

The M2 growth (*period average*) in June decelerated to 15.1 percent year-on-year, a slowdown from 15.8 percent of the previous month. This was mainly due to moderated growth in credit to households and businesses during the month.

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

	2006	2007					2008			
	Annual	Annual	Q1	Q2	Q3	Q4	Apr	May	Jun	Jun[1]
M1[2]	9.1	8.1	9.4	9.8	8.3	4.8	2.2	5.4	4.8	340.4
M2	8.3	11.2	11.5	11.0	11.1	11.2	14.9	15.8	15.1	1,369.7
Lf[3]	7.9	10.2	10.0	10.2	10.2	10.5	11.6	12.7	12.7[4]	1,798.4[4]

1. Balance, trillion won
2. Excluding corporate MMFs and individual MMFs while including CMAs
3. Liquidity aggregates of financial institutions (mostly identical with M3)
4. Preliminary

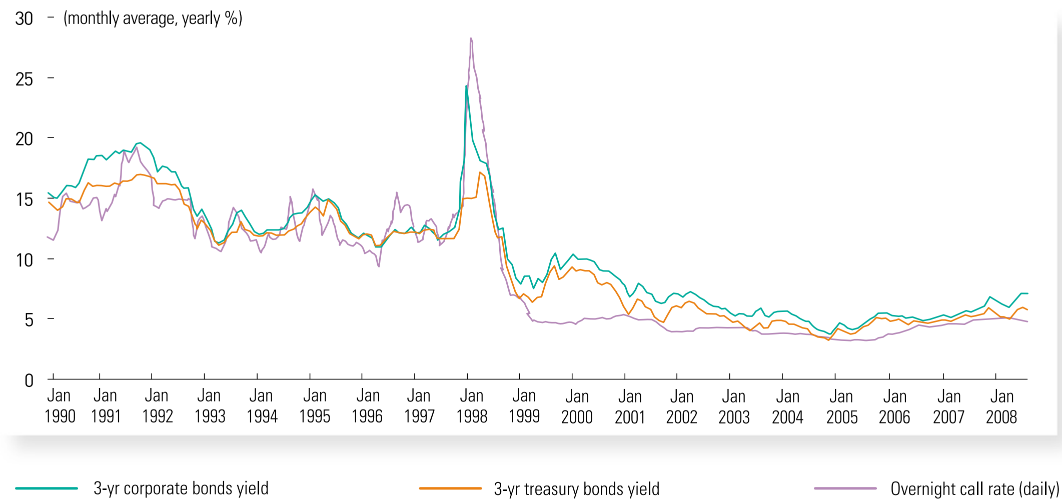
In June, bank deposit growth decelerated significantly as the amount of funds in time deposits plunged by 3.7 trillion won after seeing a net inflow of 2.9 trillion won a month earlier. Some matured funds in time deposits headed to CDs (certificate of deposits) issued with bankbooks for customers rather than certificates, which mainly contributed to a sharp decline in funds in time deposits. Meanwhile, instant access accounts attracted more funds as their deposits grew by 5.2 trillion won. Asset management company (AMC) deposits decreased considerably amid weak money inflows into equity funds since May.

(Monthly change, end-period, trillion won)

	2007						2008					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Bank deposits	-8.3	4.3	6.5	7.6	11.3	-4.3	12.2	8.9	-6.0	22.8	9.3	5.3
AMC deposits	3.9	4.0	3.3	13.0	14.3	-0.4	23.5	13.9	0.4	10.2	14.7	-1.0

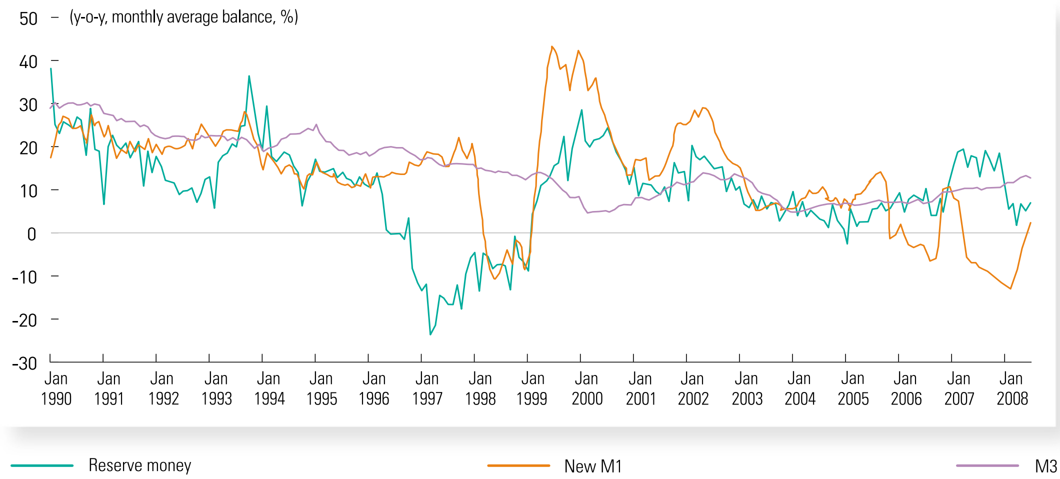
9-4 **Interest rates**

Source: The Bank of Korea



9-5 **Total money supply**

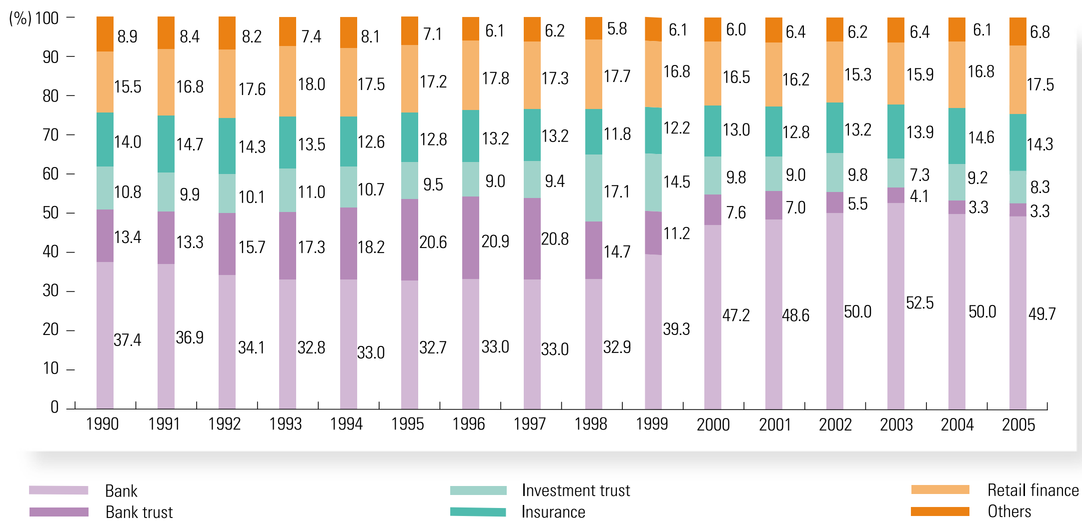
Source: The Bank of Korea



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 registered a current account deficit of US$2.45 billion in July, compared with a surplus of US$1.55 billion a year earlier, as the goods account surplus narrowed while the service account deficit increased.

Despite robust export growth of 36 percent, the volume of imports surged 47 percent in July due to higher commodity prices. For example, oil imports climbed US$4.19 billion year-on-year to US$9.32 billion. As a result, the goods account surplus fell to US$300 million in July from US$3.04 billion recorded in the same month of the previous year.

The service account deficit widened to US$2.46 billion in July from US$1.69 billion a year earlier, although the travel account deficit continued to shrink from the previous year's US$1.55 billion to US$1.49 billion. The increase in the service account deficit was largely due to the expanded deficit in the business services.

The income account surplus amounted to US$240 million in July thanks to stable interest income helped by an increase in overseas investments.

Interest income (US$ billion)
1.38 (Jan 2008) → 1.42 (Feb) → 1.29 (Mar) → 1.58 (Apr) → 1.26 (May) → 1.40 (Jun) → 1.31 (Jul)

(US$ billion)

	2007				2008			
	May	Jun	Jul	Jan-Jul	May	Jun	Jul	Jan-Jul
Current account	0.84	1.27	1.55	-0.08	-0.38	1.82	-2.45	-7.8
- Goods balance	2.24	3.21	3.04	16.05	0.61	3.48	0.3	4.8
- Service balance	-1.48	-1.52	-1.69	-12.26	-1.17	-2.13	-2.46	-11.8
- Income balance	0.46	0.0	0.53	-1.7	0.46	0.83	0.24	1.28
- Current transfers	-0.38	-0.42	-0.34	-2.16	-0.28	-0.35	-0.54	-2.09

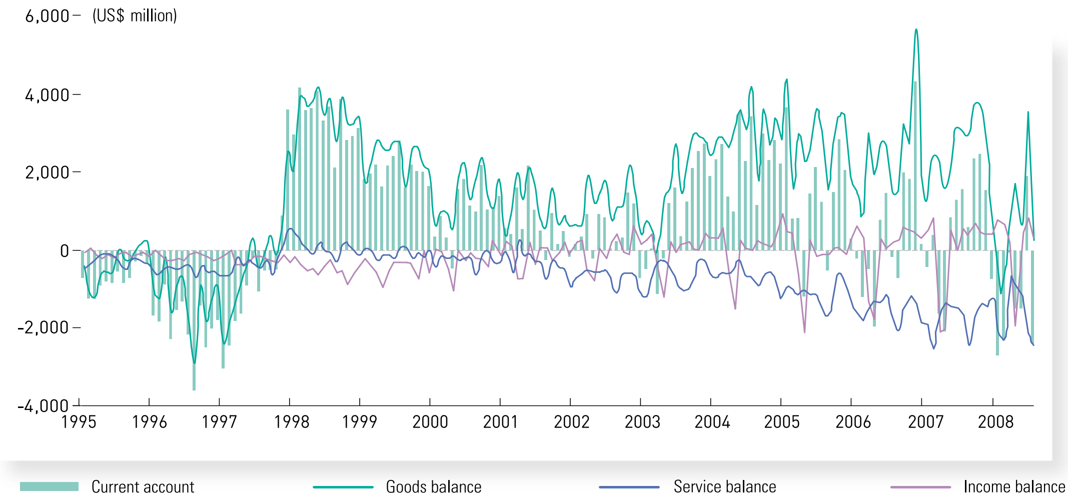
The capital and financial account balance realized a net outflow of US$5.77 billion in July as the direct and portfolio investment account recorded a huge deficit, although the other investment account showed an inflow of US$5.18 billion. Capital outflows exceeded inflows, on the back of increased overseas direct investment by locals, and net selling of domestic shares by foreign investors.

Capital & financial account balance (US$ billion)
3.60 (May 2007) → -1.36 (Jun) → 0.54 (Jul), -1.25 (May 2008) → -3.99 (Jun) → -5.77 (Jul)

The current account in August is likely to remain in the red as Korea's trade balance posted an expanded deficit of US$3.23 billion and overseas travels by locals increased temporarily especially during the Beijing Olympic Games.

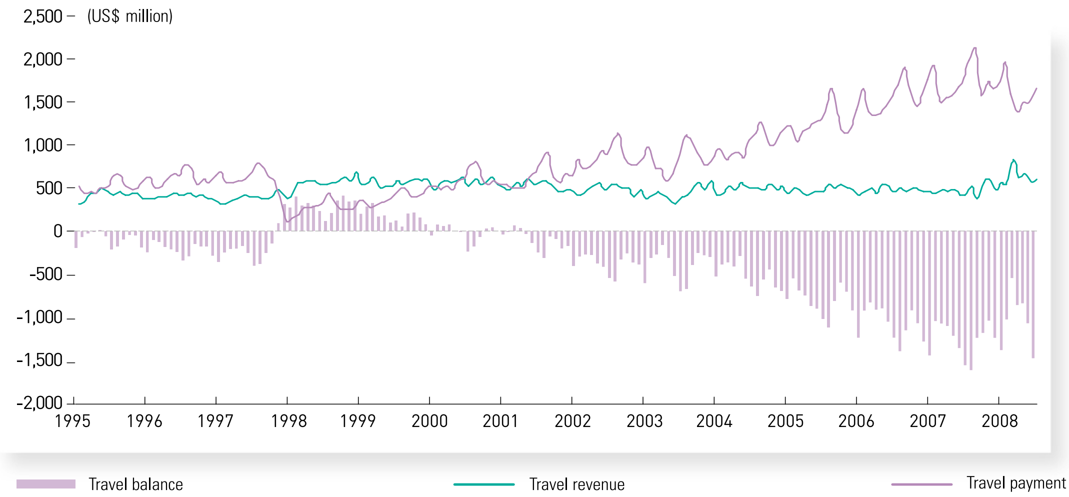
10-1 **Current account balance**

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



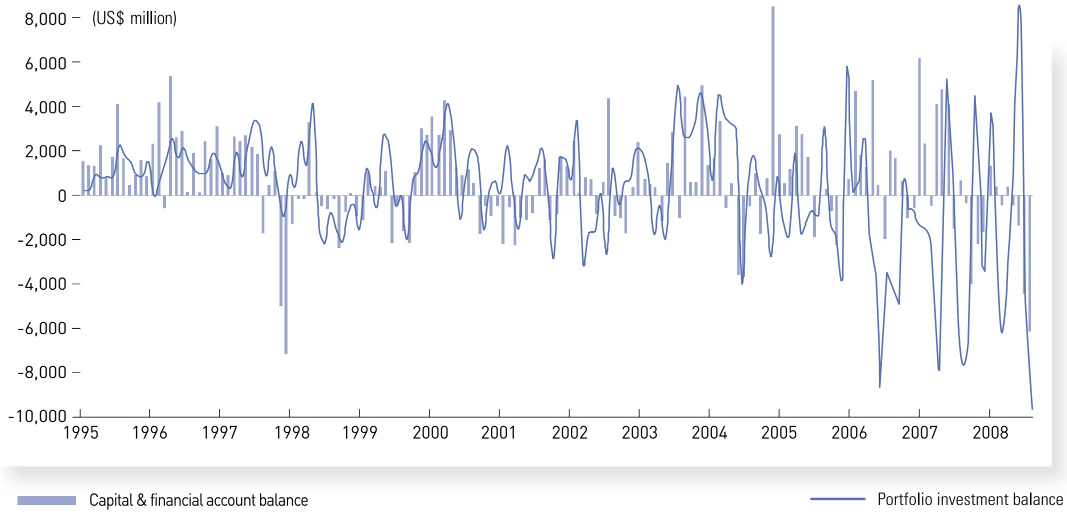
10-2 **Travel balance**

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 August rose by 5.6 percent year-on-year and fell by 0.2 percent month-on-month, as a rise in the prices of agricultural products was offset by a fall in the prices of petroleum goods.

Consumer price inflation

	2007	2008							
	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Month-on-Month (%)	0.1	0.5	0.4	0.9	0.6	0.8	0.6	0.7	-0.2
Year-on-Year (%)	2.0	3.9	3.6	3.9	4.1	4.9	5.5	5.9	5.6

Prices of agricultural products increased by 2.3 percent month-on-month as shipments of culinary vegetables including Chinese cabbage, radish, young radish and spinach decreased due to unfavorable weather conditions. Meantime, the price of oil products fell 6.0 percent from the previous month as oil prices at local gas stations dropped in line with the downward trend of international oil prices. The average price of Dubai crude fell 13.9 percent month-on-month to US$113.0 a barrel in August.

Prices of oil products (m-o-m, %)
Gasoline (-6.8), diesel (-7.5), kerosene (-6.0)

Personal service charges continued to rise as cost-pushing factors such as commodity price rises in the past months were fully reflected in prices.

Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Public utility	Housing rents	Personal services
Month-on-Month (%)	-0.2	2.3	-1.4	-6.0	0.1	0.2	0.3
Aug 2008 contribution (%p)	-0.2	0.18	-0.44	-0.44	0.01	0.02	0.09
Year-on-Year (%)	5.6	3.5	9.7	27.8	2.4	2.4	5.1
a. Aug 2008 contribution (%p)	5.6	0.29	2.95	1.57	0.39	0.23	1.80
b. Jan-Dec 2007 contribution (%p)	2.5	0.16	0.60	0.17	0.17	0.51	1.08
c. a-b	3.1	0.13	2.35	1.40	0.22	-0.28	0.72

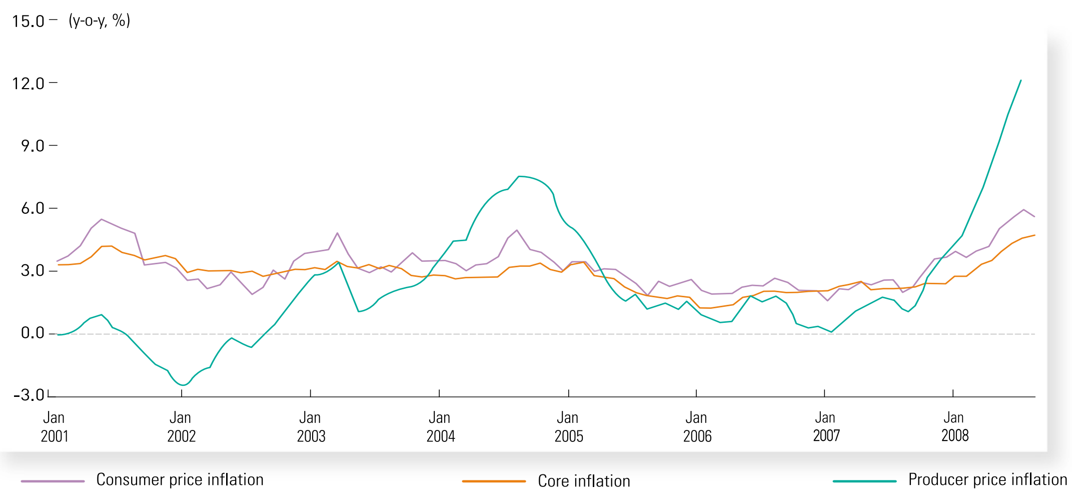
Core inflation, which excludes the prices of oil and agricultural products, rose by 4.7 percent from a year earlier, fueled by increasing commodity prices.

Core inflation (y-o-y, %)
2.3 (Aug 2007) → 2.8 (Jan 2008) → 2.8 (Feb) → 3.3 (Mar) → 3.5 (Apr) → 3.9 (May) → 4.3 (Jun) → 4.6 (Jul)

Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 6.6 percent in August compared to the same month of the previous year.

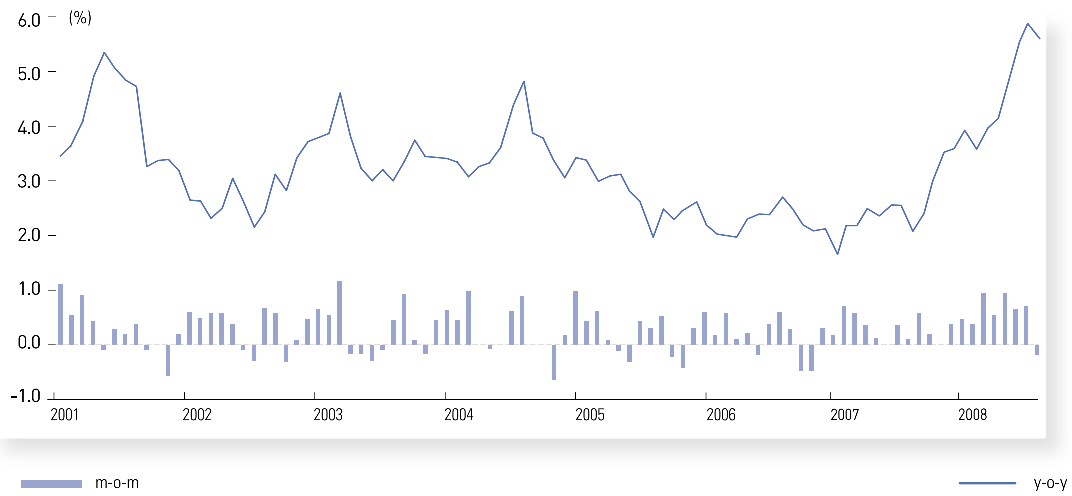
11-1 Prices

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



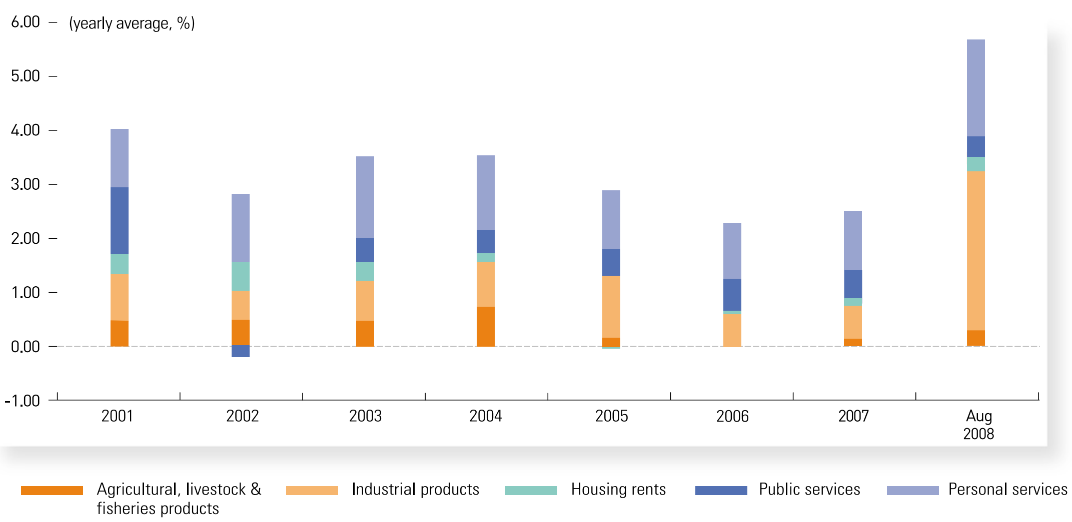
11-2 Consumer price inflation

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 dropped in August to around US$110 a barrel due to the strong dollar, and an expected fall in oil demands amid the global economic slowdown. The scope of its downturn, however, was limited by concerns over possible supply shortages arising from geopolitical unrest such as the war between Russia and Georgia, and a hurricane in the US.

(US$/barrel, period average)

	2005	2006	2007	2008						
	Annual	Annual	Annual	Feb	Mar	Apr	May	Jun	Jul	Aug
Dubai crude	49.4	61.6	68.4	90.2	96.9	103.6	119.5	127.9	131.3	112.9
Brent crude	54.3	65.1	72.8	95.4	104.2	108.9	122.7	132.7	133.6	113.5
WTI crude	56.5	66.0	72.3	95.4	105.4	112.6	125.4	133.9	133.4	116.6

Record high oil prices (spot prices, US$/barrel)
Dubai crude: 140.7 (Jul 4, 2008), Brent crude: 144.5 (Jul 3), WTI crude: 145.5 (Jul 14)

Prices of domestic oil products including gasoline and diesel went down from a month earlier on the back of decreasing international oil prices.

(Won/liter, period average)

	2005	2006	2007	2008						
	Annual	Annual	Annual	Feb	Mar	Apr	May	Jun	Jul	Aug
Gasoline prices	1,432	1,492	1,526	1,654	1,670	1,698	1,803	1,907	1,923	1,785
Diesel prices	1,080	1,228	1,273	1,456	1,504	1,611	1,768	1,910	1,919	1,766

Source: Korea National Oil Corporation

Overall prices of major non-ferrous metals and agricultural products in August were down month-on-month due to flight of speculative funds on the dollar's strength and lower international oil prices.

Prices for non-ferrous metals declined as the global economic slowdown raised the projections for a fall in demand.

International grain prices dropped as improved weather conditions enhanced the potential for better harvests.

Prices of non-ferrous metals and agricultural products in Aug 2008 (m-o-m, %)
Corn (-12.9), soybean (-14.5), bronze (-7.9), aluminum (-9.6), nickel (-6.1), zinc (-7.0), lead (-2.2), tin (-13.2); wheat (0.8)

Reuters index*

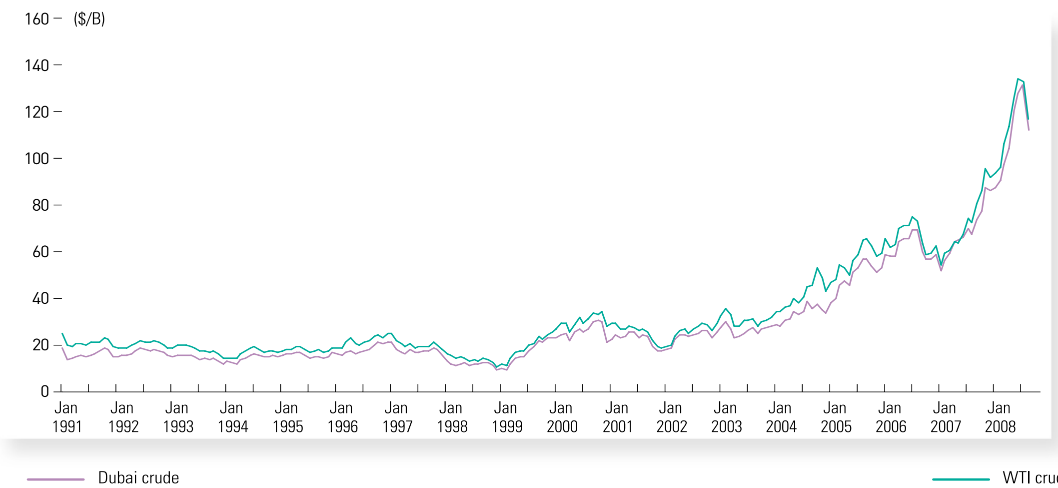
(Period average)

2005	2006	2007	2008						
Annual	Annual	Annual	Feb	Mar	Apr	May	Jun	Jul	Aug
1,680	2,019	2,400	2,831	2,923	2,773	2,737	2,765	2,775	2,663

** A weighted average index of 17 major commodities*

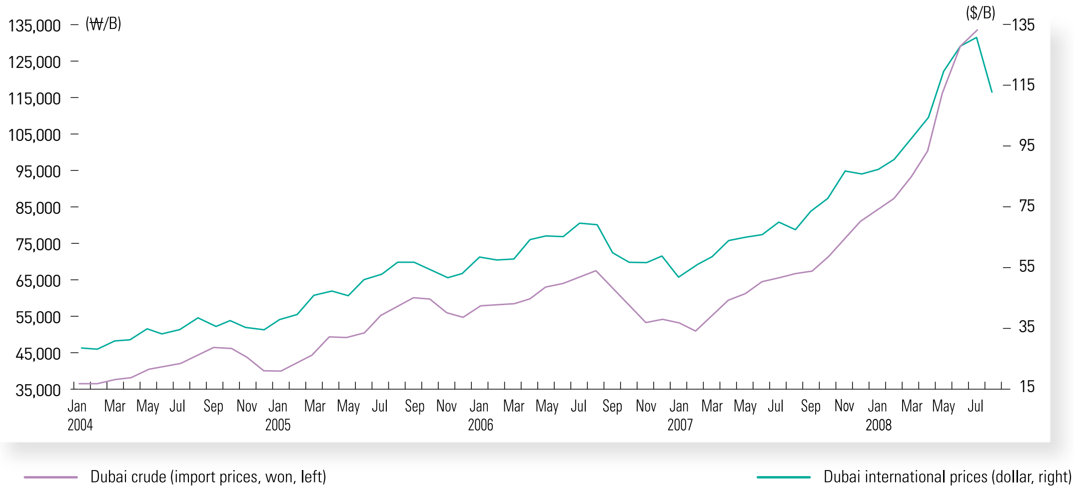
11-4 **International oil prices**

Source: Korea National Oil Corporation



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

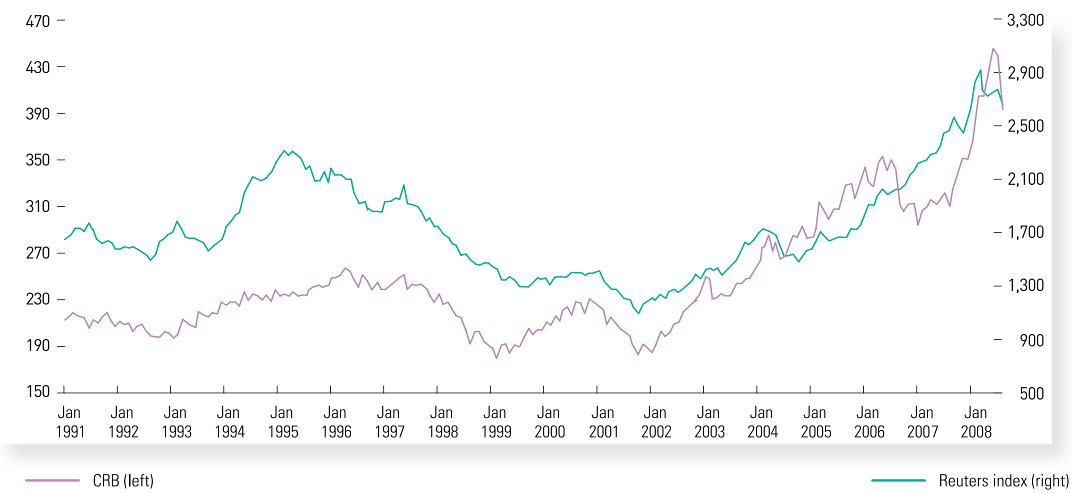
Source: Korea National Oil Corporation & Korea Customs Service



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

In August, the pace of apartment price hikes declined for the fourth consecutive month as prices have stagnated in the Seoul metropolitan area, especially in southern Seoul where prices reversed course to a 0.1 percent fall from a rise a month earlier. Apartment price increases slowed amid the nationwide slowdown in apartment sales transactions.

Nationwide apartment sales prices

(Percentage change from previous period)

	2004	2005	2006	2007	2008									
	Annual	Annual	Annual	Annual	Mar	Apr	May	Jun	Jul	Aug	Aug 4[1]	Aug 11[1]	Aug 18[1]	Aug 25[1]
Nationwide	-0.6	5.9	13.8	2.1	0.2	1.0	0.6	0.5	0.3	0.1	0.02	0.02	0.04	0.06
Seoul	-1.0	9.1	24.1	3.6	0.5	2.0	0.8	0.5	0.2	0.0	-0.01	-0.02	-0.01	0.03
Gangnam[2]	-1.3	13.5	27.6	0.5	0.1	0.7	0.4	0.2	0.0	-0.1	-0.03	-0.04	-0.03	0.01
Gangbuk[3]	-0.6	3.2	19.0	8.3	1.0	3.5	1.4	0.9	0.5	0.1	0.02	0.01	0.01	0.06
Gyeonggi	-3.7	7.6	28.4	3.0	0.2	1.0	0.8	0.7	0.3	0.0	0.01	0.00	0.02	0.04

1. Weekly trends 2. Upscale area of southern Seoul 3. Northern Seoul
Source: Kookmin Bank

Lump-sum deposits renters pay to lease apartments remained stagnant in August, increasing a mere 0.1 percent from a month earlier thanks to seasonally low demand for apartment rentals and leveling-off of apartment sales prices during the month.

Nationwide apartment rental prices

(Percentage change from previous period)

	2004	2005	2006	2007	2008									
	Annual	Annual	Annual	Annual	Mar	Apr	May	Jun	Jul	Aug	Aug 4[1]	Aug 11[1]	Aug 18[1]	Aug 25[1]
Nationwide	-2.7	5.7	7.6	1.9	0.5	0.6	0.2	0.2	0.1	0.1	0.02	0.04	0.04	0.07
Seoul	-4.4	6.2	11.5	2.2	0.7	0.6	0.2	0.0	0.1	0.0	-0.01	0.00	0.00	0.06
Gangnam[2]	-5.2	8.6	11.3	0.5	0.5	0.4	0.2	0.0	0.1	-0.1	-0.03	-0.05	-0.05	0.01
Gangbuk[3]	-3.3	2.9	11.8	4.6	1.0	1.0	0.2	0.0	0.1	0.1	0.01	0.05	0.06	0.11
Gyeonggi	-5.5	10.6	12.4	2.0	0.7	0.8	0.3	0.2	0.1	0.0	0.02	0.05	0.02	0.04

1. Weekly trends 2. Upscale area of southern Seoul 3. Northern Seoul
Source: Kookmin Bank

Apartment sales transactions in July slightly decreased from the previous month.

Apartment sales transactions

(Monthly average, thousand)

2005	2006	2007						2008						
Annual	Annual	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
79	94	68	65	55	80	80	76	80	70	88	97	82	85	84

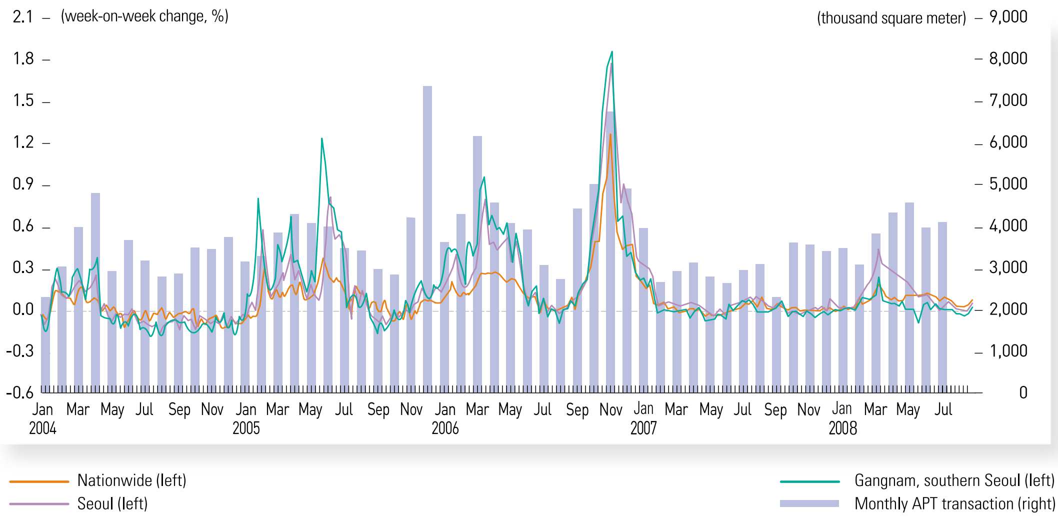
Source: Korea Land Corporation

12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)

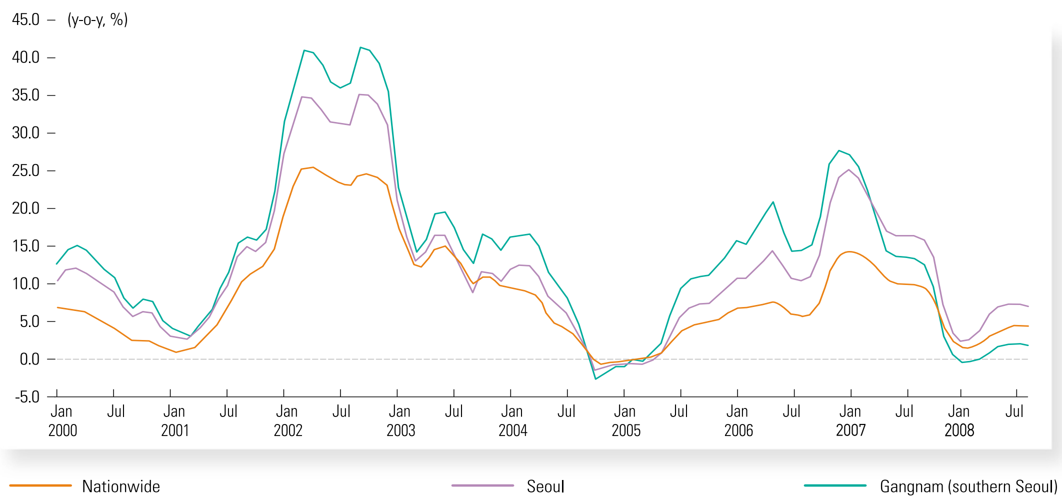
12-2 Weekly apartment sales prices and monthly transaction volume

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

Growth in nationwide land prices in July slightly decelerated for the third consecutive month, recording 0.42 percent, down 0.05 percentage points from a month earlier.

Out of 249 cities, counties and districts, 67 areas including 55 in the Seoul metropolitan area witnessed a higher price increase than the national average of 0.42 percent, whereas 182 areas saw a below-the-average price gain.

Land prices by region

(Percentage change from previous period)

	2005	2006	2007					2008						
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun	Jul	Jan-Jul
Nationwide	4.98	5.61	3.88	0.96	0.79	0.91	1.15	1.23	1.46	0.50	0.48	0.47	0.42	3.15
Seoul	6.56	9.17	5.88	1.38	1.07	1.40	1.90	1.83	2.17	0.77	0.71	0.66	0.59	4.66
Gyeonggi	5.69	5.07	4.22	1.07	0.89	1.05	1.14	1.28	1.57	0.51	0.54	0.51	0.47	3.37
South Chungcheong	8.32	5.54	2.02	0.46	0.41	0.42	0.71	0.75	0.83	0.25	0.27	0.29	0.31	1.91

Nationwide land transactions in July registered 244,827 land lots, staying at a similar level to the previous month.

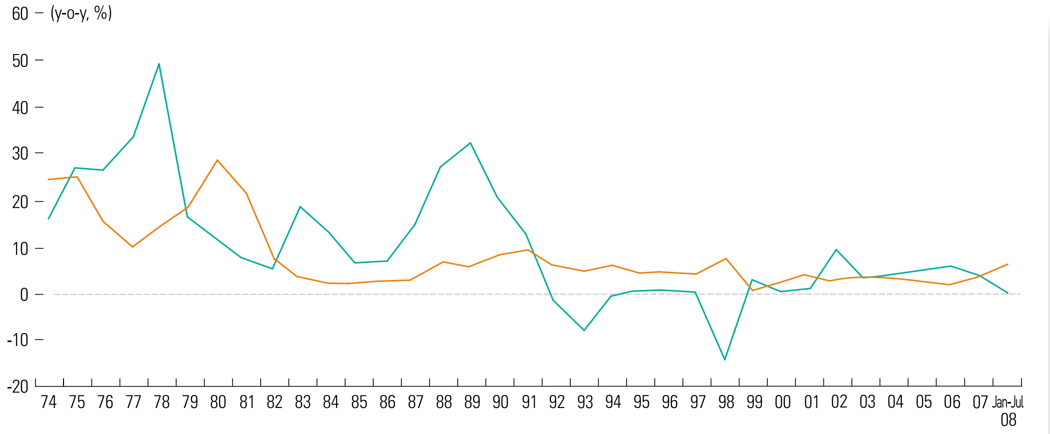
Land sales transactions

(Monthly average, land lot, thousand)

	2004	2005	2006	2007				2008						
	Annual	Annual	Annual	Annual	Jul	Sep	Nov	Jan	Feb	Mar	Apr	May	Jun	Jul
Nationwide	218	248	237	208	196	157	242	216	190	237	269	248	244	245
Seoul	34	36	44	33	24	22	34	24	24	32	41	36	38	34
Gyeonggi	52	56	63	49	48	38	61	44	40	50	61	58	55	57
North Chungcheong	8	11	9	9	8	6	10	10	9	10	11	10	9	11
South Chungcheong	20	17	12	11	9	7	12	10	12	15	13	15	15	14

12-4 **Land and consumer prices since 1970s**

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



Land price inflation

Consumer price inflation

12-5 **Land prices by region**

Source: Korea Land Corporation (land price trend)

National average

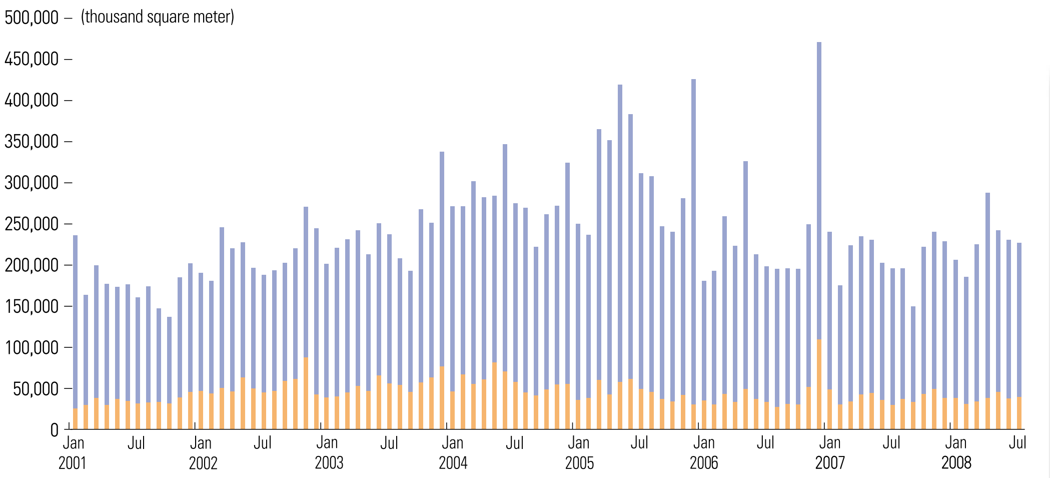
Metropolitan area

City

County

12-6 **Land trade volume**

Source: Korea Land Corporation (land trade trend)



Seoul metropolitan area

Areas excluding the Seoul metropolitan area

13. Composite indexes of business cycle indicators

The cyclical indicator of coincident composite index, a barometer of current economic conditions, decreased for the sixth consecutive month in July with a decrease of 0.1 points from the previous month.

Five out of all components of the index, i.e., the number of non-farm payroll employment, the value of construction completed, the service production index, the wholesale & retail sales index, the volume of imports were up, while the mining and manufacturing production index (*down 0.2%*), the manufacturing operation ratio index (*down 0.7%*), and the domestic shipment index (*down 0.7%*) went down.

Cyclical indicator of coincident composite index (m-o-m, p)
-0.3 (Feb 2008) ➲ -0.3 (Mar) ➲ -0.4 (Apr) ➲ -0.1 (May) ➲ -0.5 (Jun) ➲ -0.1(Jul)

The year-on-year leading composite index, which foresees the future economic conditions, has gone down for eight straight months with an on-month decrease of 1.1 percentage points in July.

Four out of all components of the index, i.e., the ratio of job openings to job seekers, the value of machinery orders received, the capital goods imports, the spreads between long and short-term interest rates were up, while the consumer expectations index, the value of construction orders received, and the composite stock price index significantly declined.

Six components of the leading composite index fell in Aug 2008 (m-o-m)
Indicator of inventory cycle (-1.8%p), consumer expectations index (-3.9p), value of machinery orders received (-12.3%), the composite stock price index (-3.8%), liquidity in the financial institutions (-1.5%), net barter terms of trade (-1.8%)

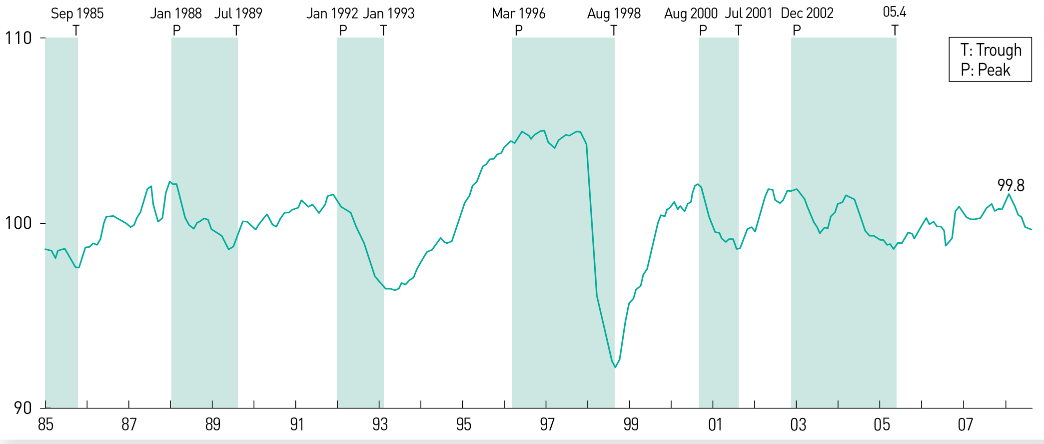
12 month smoothed change in leading composite index (m-o-m, %p)
-1.4 (Feb 2008) ➲ -1.1 (Mar) ➲ -0.4 (Apr) ➲ -0.5 (May) ➲ -1.1 (Jun) ➲ -1.1 (Jul)

	2008				
	Mar	Apr	May[1]	Jun[1]	Jul[1]
Coincident composite index (m-o-m, %)	0.2	0.0	0.3	0.0	0.2
Cyclical indicator of coincident composite index	100.9	100.5	100.4	99.9	99.8
(m-o-m, p)	-0.3	-0.4	-0.1	-0.5	-0.1
Leading composite index (m-o-m, %)	-0.4	0.2	0.1	-0.4	-0.6
12 month smoothed change in leading composite index (%)	3.2	2.8	2.3	1.2	0.1
(m-o-m, %p)	-1.1	-0.4	-0.5	-1.1	-1.1

1. Preliminary

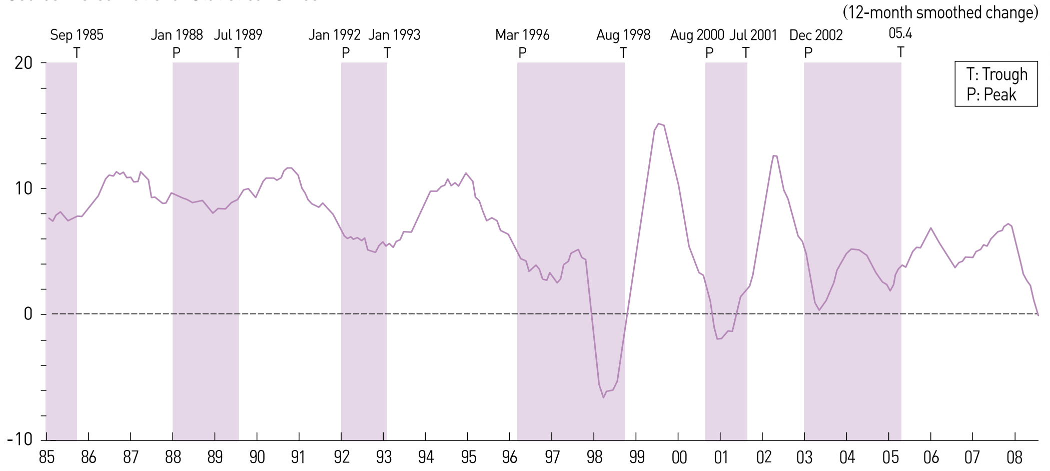
13-1 Cyclical indicator of coincident composite index

Source: Korea National Statistical Office



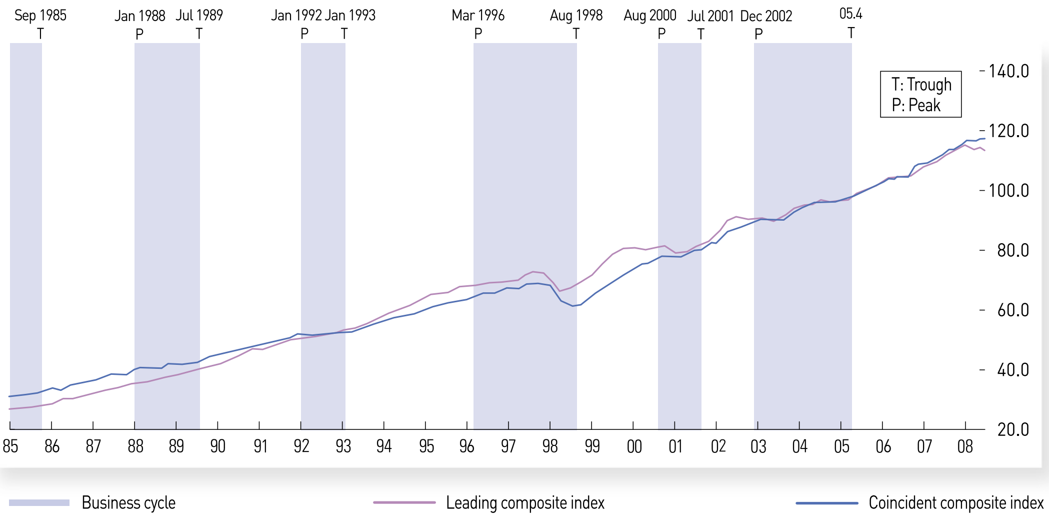
13-2 Leading composite index

Source: Korea National Statistical Office



13-3 Coincident and leading composite indexes

Source: Korea National Statistical Office



Policy Issues

Major Contents of the Tax Cut Package in September 2008

1. Background

On September 1st, 2008, the Korean Ministry of Strategy & Finance (hereinafter referred to as "MOSF") unveiled a major tax cut package designed to enhance economic growth potentials by raising consumption, promoting investment and helping create jobs. The proposed package is part of President Lee's campaign pledge to boost economic growth by reducing the overall tax burden on individuals and companies.

The incumbent President's goal of creating a first-class business environment and securing long-term growth potentials in Korea is pursued, based upon the following four principles: minimizing regulations, minimizing tax burden, rendering its financial markets in line with global standards and applying disciplined approach to labor-management relations.

The current tax system in Korea features relatively heavy tax burden compared to other major economies and its high tax rates are suspected to hamper domestic investment and consumption. In addition, numerous earmarked taxes make the tax system unduly complicated. The purpose of the recently announced tax cut package is to effectively address these decade-old problems and consequently secure long-term growth potentials.

2. Boosting spending and aiding low- and middle-income class

Over the last 10 years, the average annual growth rate of private sector consumption has registered 2.8 percent, far lower than the average GDP growth of 4.3 percent over the same period. This sluggish growth has made substantial impact on slowing the domestic economy.

In a bid to boost private spending and aid low- and middle-income citizens, individual income-tax rates will drop two percentage points for each bracket. As a result, the individual income tax band will be lowered from the current 8 to 35 percent to 6 to 33 percent starting from 2009. In addition, tax exemptions for those with larger families will rise to 1.5 million won per person from the current one million won. Tax exemptions for education and medical-care expenses will be also raised.

In principle, the strategy will be driven by the government, but a consortium which consists of government agencies, municipalities, and private experts, will be formed to discuss and cooperate with each other. Infrastructure for megalopolis areas such as traffic networks will be constructed mainly by the government, while private investments will be channeled into profitable businesses in tourism and leisure.

3. Reducing tax burden on companies to promote investment

Over the past 10 years, the average annual growth rate of facility investment has been 2.6 percent, lagging behind the average GDP growth rate of 4.3 percent. Given this, MOSF also plans to lower corporate tax rates to promote investment, but the Ministry will delay part of its implementation by a year. It will phase down the current 13 to 25 percent band to 10 to 20 percent range by 2011. The tax rate on those who pay 13 percent (applicable to companies whose tax base is equal to or less than 0.2 billion won) will drop to 11 percent this year and further down to 10 percent in 2011 as originally suggested, but those who now pay 25 percent (companies whose tax base is more than 0.2 billion won) will pay 22 percent in 2010 and 20 percent in 2011. Thanks to a simultaneous adjustment to the tax brackets themselves, MOSF estimates that 90 percent of firms will pay the lower rate of 10 percent.

The government's push for corporate tax cuts are in line with recent trends in other major economies such as the UK (from 30% → 28%), Germany (25% → 15%), Taiwan (25% → 17.5%), China (33% → 25%) and Hong Kong (17.5% → 16.5), just to name a few.

In another attempt to relieve corporate tax burden, MOSF plans to introduce consolidated tax returns, a regime already adopted by a number of OECD countries, starting from 2010. The proposed regime will treat a parent company and its wholly owned subsidiaries as a single entity for tax purposes over a period of 5 consecutive years, when the parent company chooses to be treated that way. In addition, loss carryover will be extended from the current 5 years to 10 years.

A number of tax measures will be put into place to strengthen the competitiveness of the service sector. These measures include, but are not limited to, extending tax benefits accorded only to the manufacturing sector to the service sector and applying VAT zero-rating to hotels.

4. Promoting R&D for long-term growth potentials

Another major goal of the proposed package is raising exemptions on investment in research and development (R&D) facilities to boost overall productivity and consequently spur long-term growth potentials of the economy. In year 2006, the total value of R&D as a percentage of GDP stood at 3.2 percent and MOSF would expect the proportion rise to 5 percent of GDP by year 2012.

In order to achieve that goal effectively, MOSF introduced several tax incentives, such as deeming up to 3 percent of sales, when deposited as R&D related reserves, as expenses for tax purposes and increasing exemption rate on investment in R&D from the current 7 percent to 10 percent. Furthermore, the special income tax rate applicable to foreign workforce will be lowered from the current 17 percent to 15 percent.

5. Improving inefficient features of the tax system

MOSF plans to revamp capital gains tax on houses in order to ensure that only those who purchase houses for speculative purposes are subject to heavy tax. The Ministry will also modify recently introduced comprehensive real estate tax as well as lower the burden on inheritance and gift tax in line with international trends.

Three fundamental principles to curb real estate speculation

MOSF used to rely upon tax rate hikes on real estate transactions to discourage speculation but changed its policy to stabilize the real estate market and announced three main principles underlying its changed direction as follows:

First of all, stabilize the real estate market primarily through expanding the supply of houses. Secondly, strengthen requirements for those taking out bank loans by screening out potential speculators and finally, use tax measures as a last resort to absorb ill-gotten speculative gains into the national coffer.

Revamping capital gains tax & comprehensive real estate tax

The plan effectively reduces capital gains taxes on primary home sales as long as the owner has held and resided in the property for three years. The threshold for imposing capital gains taxes was raised from the current 0.6 billion won to 0.9 billion won. These proposed measures intend to ease the tax burden on middle-class homeowners when they move. The capital gains tax rates will be lowered in line with the individual income tax band ranging from 6 to 33 percent and tax brackets will be adjusted on the basis of those applicable to individual income tax.

On the other hand, proposed revisions in the comprehensive real estate tax system will be unveiled later on, along with the government's specific plan to increase supply of houses. The plan is currently under consultation with other relevant ministries.

Lowering the tax burden on inheritance

MOSF also wants to help people build wealth across generations by cutting the top inheritance tax rate in line with the individual income tax band and adjust the tax brackets at the same time to ease the burden on inheritance tax. According to the plan, the current tax rate band of 10 to 50 percent will be lowered to 6 to 33 percent.

This rather dramatic change in the inheritance tax regime is influenced by the following factors. In year 2006, only 0.7 percent of the deceased paid any amount of inheritance tax, leaving the tax policy makers wondering about its effects, in terms of its contributions to the total tax revenue against its compliance cost. Furthermore, high inheritance tax rates may trigger an outflow of wealth to lower rate jurisdictions in a borderless world. Finally, a number of OECD countries have either abolished its inheritance tax rates or maintained them low.

Streamlining unduly complicated earmarked tax system

Finally, streamlining earmarked taxes has become one of the major goals of the proposed reform package. The Korean tax system features several earmarked taxes, rendering it rather complicated and the government will start streamlining earmarked taxes by folding them into their underlying taxes, starting from 2010. Transportation, energy and environment tax will be replaced by individual consumption tax. Education tax and special agricultural tax will be folded into their underlying taxes, respectively.

6. Estimated effects

As a result of these proposed changes, GDP is expected to increase 0.6 percentage points by 2012 in response to the reduction of corporate tax rate by 5 percentage points (with revenue foregone estimated at 9 trillion won). Lowering individual income tax rates will produce an increase of disposable income in the private sector, equivalent to 3.6 trillion won and result in the growth of consumption by 0.5 percentage points. Reduced corporate tax rates and tax incentives for R&D are expected to raise investment growth by

7 percentage points and employment will increase from the current 200,000 to roughly 380,000 by 2012.

Estimated effects at a glance

	Current statistics	Estimated effects	Expected outcome
GDP growth	Around 5%	+0.6%p	5.6%
Consumption growth	Around 4%	+0.5%p	4.5%
Investment growth	Around 4%	+7%p	11%
Employment growth	200,000	+180,000	380,000

** Estimated effects are cumulative effects that are likely to occur by 2012 when the proposed measures are implemented, as scheduled.*

7. Conclusions

Major contents of the proposed fiscal stimulus package may be summarized as follows. MOSF plans to boost spending through individual income tax cuts, help create jobs by reducing tax burden on companies, promote long-term growth potentials by expanding incentives for R&D and streamline and revise taxes on real estate and inheritance in line with international trends. By pursuing these goals, MOSF will make efforts to revitalize the sluggish economy.

Economic News Briefing

GDP expands 0.8% in Q2 (*Preliminary*)

South Korea's real GDP increased 0.8 percent in the second quarter of 2008 compared with the previous quarter. It is the same pace as the advance estimates released on July 25. From a year earlier, it expanded by 4.8 percent in the April-June period.

GDP by production and expenditure*

(Percentage change from previous period)

	2006				2007[1]				2008[1]	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP	1.2 (6.3)	0.8 (5.2)	1.3 (5.0)	0.8 (4.2)	1.0 (4.0)	1.7 (4.9)	1.5 (5.1)	1.6 (5.7)	0.8 (5.8)	0.8 (4.8)
Agriculture, forestry and fishery	-1.4	-0.3	-0.5	1.6	0.8	-1.0	0.9	-1.1	0.5	2.0 (4.5)
Manufacturing	1.8	1.0	2.2	0.3	0.4	3.1	2.5	2.9	0.7	2.2 (8.5)
Construction	-0.3	0.0	3.8	-0.2	0.2	-0.8	0.6	1.0	-0.5	-2.4 (-1.4)
Services[3]	1.1	0.8	0.9	1.4	1.1	1.4	1.5	0.8	0.5	0.5 (3.3)
Private consumption	1.3	0.7	0.9	0.9	1.6	0.9	1.3	0.8	0.4	-0.2 (2.3)
Facility investment	-0.9	1.7	6.3	-1.7	4.5	1.6	-1.8	2.1	-0.4	0.9 (0.7)
Construction investment	-0.4	0.1	2.2	1.2	-0.3	-1.2	0.2	1.2	-1.4	-1.0 (-1.2)
Goods exports[4]	2.6	4.5	3.3	-0.7	3.3	4.3	1.8	7.4	-1.8	4.3 (12.5)
Goods imports[4]	2.4	5.3	2.5	-2.1	4.0	5.9	-2.4	9.9	-1.9	4.2 (9.2)
Domestic demand[5]	0.9	0.9	2.0	0.7	1.5	0.8	0.6	1.2	-0.1	0.2 (1.9)

**At 2000 constant prices, seasonally adjusted terms*
1. Preliminary
2. Figures in parenthesis denote percentage changes from the same period in the previous year in original terms.
3. Wholesale & retail sales, hotels & restaurants, transportation & storage, communication services, financial & insurance services, real estate, business services, public administration, defense & social security, educational services, healthcare & social welfare services and other services are included.
4. FOB basis
5. Excluding inventory

On the production side, the manufacturing sector grew 2.2 percent from the previous quarter driven by robust performance in IT manufacturing. The construction sector, however, decreased 2.4 percent quarter-on-quarter. On the expenditure side, facility investment climbed 0.9 percent, led by increased investments in machinery, while private consumption declined 0.2 percent due to sluggish consumption of durable goods and semi-durable goods.

FDI outflow jumps 42.8% in the first half of 2008

South Korea's overseas direct investment (notification basis) during the first half of 2008 rose by 42.8 percent year-on-year to US$14.72 billion, driven by large conglomerates' rush to develop resources and new markets. Investments by large companies increased significantly, up 72.9 percent during the first six months of this year, while those by SMEs and individuals grew 17.4 percent and 4.2 percent, respectively.

FDI outflows were concentrated in wholesale & retail sales and mining sectors which increased overseas direct investments by 130.1 percent and 106.8 percent, respectively. By country, FDI outflows to Cambodia and the US were considerably up. Investments in the US rose 102.7 percent mainly as Samsung C&T Corporation and the Korea National Oil Corporation have set out to invest in the development of off-shore oil fields in the Gulf of Mexico. In Cambodia, GS Engineering & Construction established a corporation to develop a business area in Phnom Penh, which helped push up overseas investments in the country by 127.8 percent.

(US$ billion, notification basis)

	2006	2007		2008
	Annual	Annual	Jan-Jun	Jan-Jun
FDI outflow	18.53 (102.1)	27.48 (48.3)	10.31 (43.6)	14.72 (42.8)
Notified cases	10,071 (15.3)	11,619 (15.4)	5,671 (19.8)	5,721 (0.9)

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

South Korea to advance listing and delisting rules

Rules governing initial public offerings (IPO) would be revised to boost stock market activity and credibility, said the Financial Services Commission (FSC) on August 19. Late last year, the government simplified listing procedures by eliminating barriers against foreign listings and tightening delisting rules for loss-making companies.

Companies with a market capitalization of 20 billion won or more would be allowed to list on the main bourse, KOSPI, even without meeting the minimum equity requirement of 10 billion won, according to the FSC. The change will provide more companies with opportunities to list on the market. To qualify for listing on the KOSDAQ market, companies would need at least a market capitalization of 9 billion won or equity capital of 3 billion won. The regulator will also reinforce delisting regulations in order to evict listed companies that habitually violate disclosure rules, in an effort to improve transparency of the stock market.

The government plans to amend the regulations by the end of September, reflecting opinions collected from public hearings on the new system.

South Korea, China to strengthen partnership

President Lee Myung-bak and his Chinese counterpart Hu Jintao vowed to significantly deepen political, economic, cultural and personal exchanges of the two countries, and to set up strategic talks between senior diplomats, during their summit talks held in Seoul on August 25. The agreement came as part of efforts to strengthen their partnership on the international stage.

Lee and Hu focused significantly on boosting bilateral economic and commercial cooperation agreeing to make efforts to realize the goal of increasing the annual volume of two-way trade to US$200 billion by 2010, two years earlier than initially planned. The two Presidents will consider launching a government-level review of a bilateral free trade agreement on the basis of private-sector joint studies and research, while deepening bilateral cooperation in the field of energy, communications, and financial services. The two leaders also agreed to make joint efforts to persuade North Korea to abandon its nuclear weapons programs within the framework of the six-party negotiations.

Lee and Hu have already met twice after the Korean president took office in February. During their first summit in Beijing in late May, Lee and Hu agreed to upgrade Seoul-Beijing relations from a “comprehensive cooperative partnership” to a “strategic cooperative partnership.” The two leaders met again on August 9 in Beijing, after Lee attended the opening ceremony of the 29th Summer Olympics there.

‘Low-carbon, green-growth’ bill to be introduced

The South Korean government will lay the legal framework for efficient implementation of policies on greenhouse gas reduction and climate change, as it issued a preliminary notice on the legislation of related basic laws on August 29. The enactment will lay the foundation for realizing a vision of “low carbon and green growth” that President Lee Myung-bak provided for Korea's long-term economic development in his congratulatory speech on the 60th anniversary of the founding of the nation.

The legislation includes the formulation of a comprehensive plan on climate change, the introduction of a greenhouse gas transaction system and a greenhouse gas statistics system, and the obligation of greenhouse gas emitting industries to report on emissions of such gases to the government. The bill is subject to a public hearing, a review by the government deregulation committee, a joint session of the government and the ruling party, and the Ministry of Government Legislation, as well as an approval by the National Assembly. It will come into effect three months after it is promulgated.

South Korea to spur R&D to rank the top seven science/technology leaders

The South Korean government plans to increase its commitment to research and development (R&D) to take a leading role in global technology development, announced the Ministry of Education, Science and Technology on August 12.

The new "577 initiative" outlined by the national science and technology committee calls for R&D spending to reach 5 percent of GDP by 2012 from 3.23 percent as of 2006, and the efficiency of R&D investment to improve. The visionary plan also spurs investments into seven key innovation and technology areas including knowledge-based technology and mega-trend sciences. This could allow the country to rank among the top seven science and technology leaders in the world. According to the committee, a total of 66.5 trillion won in state funds is to be injected into the R&D sector over the next five years, up from 40.1 trillion won spent in the previous four years.

Easier entry/departure process for foreign businessmen

South Korea eased entry and departure processes for foreign executives whose companies have business operations or plans to invest in Korea. According to the Ministry of Knowledge and Economy, business executives whose companies have invested more than US$5 million in local manufacturing or US$10 million in tourism services are eligible to receive an Investor Express Card from August 29 that will allow the holders to swiftly clear immigration and customs inspections. 187 businessmen from 91 companies have been selected so far to benefit from the new system, said the ministry.

The new policy is designed to complement the current system of swiftly processing businessmen with D-8 corporate investment visas that have been in effect since February 2004. Since the D-8 visas are only issued to people staying in the country for more than 90 days, foreign executives from head offices and investors who stay for shorter periods have not been able to take advantage of the existing rule.

South Korea's e-government placed first for three consecutive years

South Korea's e-government has been ranked first in the world for three consecutive years, according to a report released by a US based think tank, Brookings Institution which examined almost 1,700 government websites in nearly 200 countries.

For the second year in a row, Korea received the perfect score for its online services for all administration procedures, foreign language services, security policies and private information protection. Among its significant improvements is that Korea scored 57 percent this year compared with the previous score of zero in terms of access for disabled persons. Taiwan, the US and Singapore followed Korea to rank second, third and fourth respectively.

South Korea ranked third in coping with globalization

South Korea was ranked third in overall adaptation to the globalized world among the OECD member countries according to the annual "Global Benchmark Report 2008" published by the Confederation of Danish Industry. In the report, the confederation evaluated the OECD member states on 84 measurable indicators in six main categories: growth and development; knowledge and competences; business flexibility; enterprise and entrepreneurship; costs and taxation; and internationalization and openness.

The country was ranked highest in the "Knowledge and Competences" category, based on a high share of youth completing secondary school, a large share of students in science and engineering, and a high patent productivity. Korea achieved leading positions in the field of "Growth and Development" and "Costs and taxation" as well.

Statistical Appendices

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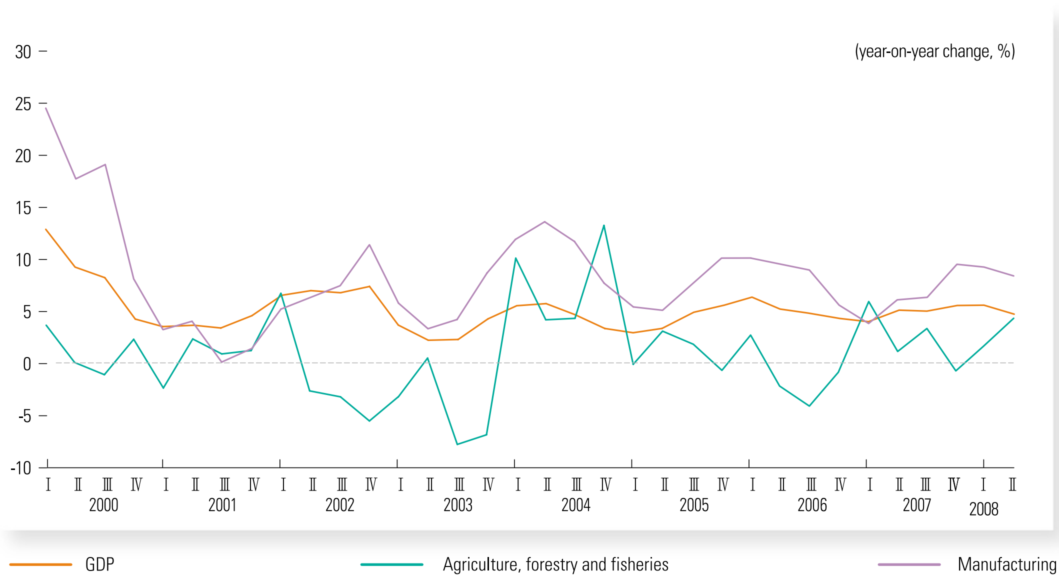
1. National accounts

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

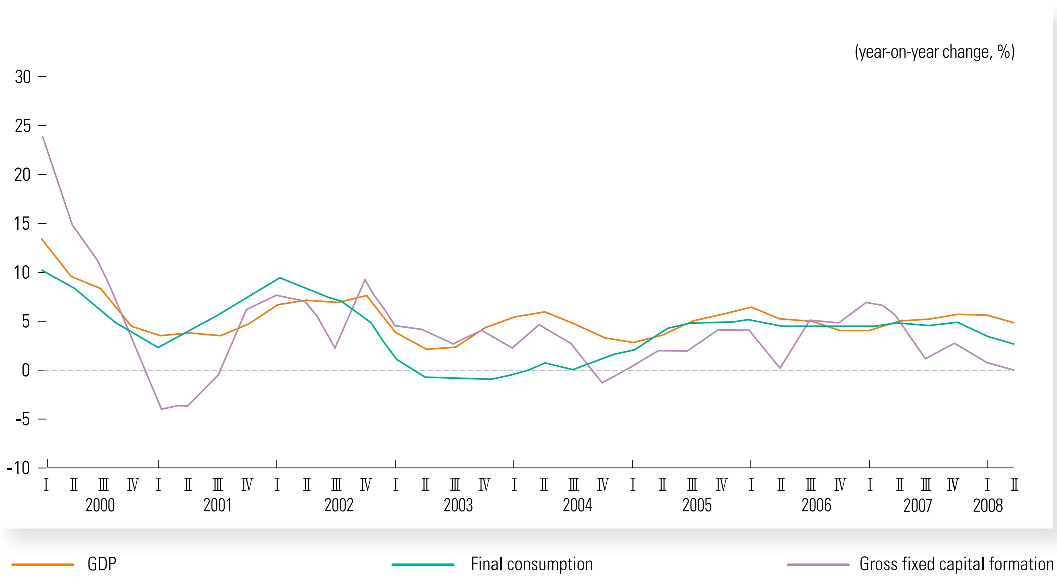
Period		Real GDP		Final consumption expenditure	Gross fixed capital formation		
			Agri., fores. & fisheries	Manufacturing			Construction	Facilities
2000		8.5	1.2	17.0	7.1	12.2	-0.8	33.6
2001		3.8	1.1	2.2	4.9	-0.2	6.0	-9.0
2002		7.0	-3.5	7.6	7.6	6.6	5.3	7.5
2003		3.1	-5.3	5.5	-0.3	4.0	7.9	-1.2
2004		4.7	9.2	11.1	0.4	2.1	1.1	3.8
2005		4.2	0.7	7.1	3.9	2.4	-0.2	5.7
2006		5.0	-1.5	8.5	4.8	3.6	-0.1	7.8
2007P		5.0	1.1	6.5	4.7	4.0	1.2	7.6
2002	I	6.5	6.7	5.2	9.4	7.7	11.0	3.3
	II	7.0	-2.7	6.2	8.5	7.3	6.0	8.0
	III	6.8	-3.2	7.4	7.3	2.4	-2.4	9.1
	IV	7.5	-5.5	11.4	5.3	9.1	8.4	9.6
2003	I	3.8	-3.3	5.8	1.2	4.7	7.7	2.3
	II	2.2	0.5	3.3	-0.6	4.2	7.9	-0.4
	III	2.3	-7.8	4.2	-1.0	2.7	7.7	-4.6
	IV	4.1	-6.9	8.6	-0.9	4.3	8.3	-2.0
2004	I	5.4	10.1	11.9	-0.4	2.4	4.9	-0.1
	II	5.7	4.2	13.6	0.7	4.7	3.8	6.4
	III	4.7	4.3	11.7	0.1	2.9	1.0	6.8
	IV	3.3	13.3	7.7	1.3	-1.1	-3.3	2.4
2005	I	2.9	-0.1	5.4	2.0	0.5	-3.3	3.8
	II	3.4	3.1	5.1	3.9	2.1	1.1	3.1
	III	4.8	1.9	7.5	4.8	2.2	-0.1	5.0
	IV	5.5	-0.5	10.1	4.9	4.3	0.4	10.8
2006	I	6.3	2.8	10.1	5.4	4.2	1.1	7.1
	II	5.2	-2.2	9.6	4.6	0.2	-5.3	7.5
	III	5.0	-4.1	9.0	4.7	5.1	0.2	11.4
	IV	4.2	-0.9	5.6	4.6	4.9	3.6	5.4
2007P	I	4.0	5.8	3.8	4.5	7.2	3.7	10.9
	II	4.9	1.1	6.1	4.9	5.5	1.6	11.0
	III	5.1	3.5	6.3	4.7	1.3	-0.1	2.3
	IV	5.7	-0.7	9.5	4.8	2.9	0.4	6.5
2008P	I	5.8	2.0	9.3	3.5	0.5	-1.1	1.4
	II	4.8	4.4	8.5	2.7	0.1	-1.2	0.7

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		108.4	8.4	107.6	7.6	110.8	9.3	105.5	5.5
2007		115.8	6.8	115.2	7.1	117.2	5.7	112.3	6.4
2006	I	105.3	10.5	104.2	8.8	108.6	9.3	101.5	6.4
	II	108.1	9.0	107.6	8.1	110.0	11.7	105.0	6.0
	III	106.4	9.9	106.0	9.4	109.5	11.1	105.2	4.7
	IV	113.8	4.8	112.8	4.5	111.0	9.3	110.4	5.1
2007	I	109.5	4.0	109.5	5.1	114.0	5.0	107.0	5.4
	II	114.8	6.2	115.0	6.9	114.3	3.9	111.4	6.1
	III	112.7	5.9	111.7	5.4	112.4	2.6	112.8	7.2
	IV	126.1	10.8	124.5	10.4	117.3	5.7	117.9	6.8
2008	I	121.1	10.6	119.2	8.9	124.3	9.0	113.8	6.4
	IIP	124.7	8.6	122.4	6.4	132.5	15.9	116.5	4.6
2006	1	103.8	5.6	101.8	4.2	107.0	4.6	101.8	7.0
	2	100.4	18.7	99.7	15.7	106.6	6.8	96.8	6.4
	3	111.8	8.6	111.1	7.3	108.6	9.3	106.0	6.0
	4	107.0	7.8	106.6	6.8	107.5	7.0	104.3	6.5
	5	109.5	9.8	108.8	9.9	110.1	7.6	106.3	6.4
	6	107.9	9.3	107.5	7.9	110.0	11.7	104.3	4.7
	7	99.8	1.5	98.5	1.0	112.5	11.6	102.4	2.3
	8	104.3	10.0	104.8	9.5	109.6	11.8	105.0	5.1
	9	115.0	17.9	114.6	17.5	109.5	11.1	108.3	6.7
	10	110.8	4.8	109.3	4.1	109.6	11.2	106.0	3.9
	11	118.5	7.0	117.0	6.9	110.2	10.6	108.7	5.7
	12	112.0	2.1	112.0	2.6	111.0	9.3	116.4	5.6
2007	1	112.7	8.6	110.2	8.3	118.5	10.7	106.1	4.2
	2	100.2	-0.2	101.6	1.9	115.5	8.3	103.2	6.6
	3	115.5	3.3	116.7	5.0	114.0	5.0	111.7	5.4
	4	113.6	6.2	114.4	7.3	111.8	4.0	109.6	5.1
	5	115.7	5.7	115.9	6.6	114.1	3.6	112.2	5.6
	6	115.0	6.6	114.8	6.8	114.3	3.9	112.3	7.7
	7	113.3	13.5	112.4	14.1	115.3	2.5	112.2	9.6
	8	113.5	8.8	112.3	7.2	115.3	5.2	113.1	7.7
	9	111.4	-3.1	110.4	-3.7	112.4	2.6	113.0	4.3
	10	128.4	15.9	126.1	15.4	114.7	4.7	115.1	8.6
	11	127.5	7.6	125.9	7.6	114.9	4.3	115.6	6.3
	12	122.5	9.4	121.6	8.6	117.3	5.7	123.1	5.8
2008	1	125.3	11.2	121.2	10.0	124.0	4.6	114.0	7.4
	2	110.5	10.3	109.4	7.7	124.6	7.9	109.3	5.9
	3	127.4	10.3	126.9	8.7	124.3	9.0	118.1	5.7
	4	125.7	10.7	124.1	8.5	125.2	12.0	116.2	6.0
	5	125.7	8.6	123.1	6.2	129.0	13.1	117.6	4.8
	6P	122.8	6.8	119.9	4.4	132.7	16.1	115.6	2.9
	7P	123.6	9.1	122.0	8.5	131.9	14.4	116.6	3.9

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
2007		109.5	5.2	100.5	0.2	80.3
2006	I	102.9	4.8	99.3	2.4	81.0
	II	103.6	4.2	101.9	0.9	79.6
	III	104.0	3.7	97.9	1.3	79.1
	IV	105.8	3.6	102.0	-3.2	80.3
2007	I	107.3	4.3	97.3	-2.0	79.4
	II	108.2	4.4	102.8	0.9	80.7
	III	110.0	5.8	96.3	-1.6	80.0
	IV	112.5	6.3	105.6	3.5	81.0
2008	I	113.6	5.9	99.0	1.7	81.1
	II[P]	114.9	6.2	102.6	-0.2	81.0
2006	1	102.7	4.9	97.3	-3.4	82.1
	2	102.8	4.8	95.0	11.5	80.4
	3	103.3	4.9	105.6	0.4	80.6
	4	103.3	4.3	100.8	-0.8	79.4
	5	103.8	4.3	103.0	2.1	79.1
	6	103.8	4.1	101.8	1.3	80.2
	7	103.7	3.9	91.6	-7.5	75.0
	8	103.9	3.6	95.3	1.2	80.1
	9	104.4	3.7	106.9	10.8	82.1
	10	105.4	3.6	99.8	-4.5	81.4
	11	105.8	3.5	107.3	-0.6	80.7
	12	106.1	3.5	98.8	-4.6	78.8
2007	1	107.1	4.3	98.8	2.6	79.1
	2	107.3	4.4	88.4	-6.9	79.7
	3	107.6	4.2	103.7	-1.8	79.3
	4	107.7	4.3	101.6	0.8	80.1
	5	108.1	4.1	104.0	1.0	81.0
	6	108.7	4.7	102.7	0.9	80.9
	7	109.4	5.5	98.4	7.4	80.5
	8	110.0	5.9	96.6	1.4	81.0
	9	110.6	5.9	93.8	-12.3	78.6
	10	112.2	6.5	109.4	9.6	81.6
	11	112.4	6.2	107.4	0.1	80.6
	12	112.8	6.3	99.9	1.1	80.9
2008	1	113.5	6.0	103.0	3.2	81.8
	2	113.4	5.7	89.3	1.0	80.3
	3	113.9	5.9	104.6	0.9	81.1
	4	114.3	6.1	104.1	2.5	82.2
	5	115.0	6.4	103.0	-1.0	80.3
	6[P]	115.3	6.1	100.8	-1.9	80.4
	7[P]	115.3	5.4	101.0	2.6	80.4

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
2007		109.6	5.3	123.4	11.0	106.0	2.9	105.5	3.7
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
	IV	115.8	4.5	127.6	6.9	122.7	2.9	108.1	4.0
2008	I	110.9	3.9	127.7	8.2	105.8	5.4	106.2	1.5
	IIP	111.3	2.5	133.0	7.6	105.7	-1.6	104.8	1.6
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	13.0	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
	12	119.4	2.6	131.9	5.4	128.3	0.9	110.7	2.1
2008	1	111.1	4.6	125.9	7.3	107.8	9.0	106.4	1.6
	2	106.5	2.9	116.1	5.8	100.9	6.1	104.9	0.5
	3	115.1	4.4	141.0	11.2	108.6	1.2	107.3	2.4
	4	112.7	5.4	137.6	15.1	107.4	-1.2	104.8	3.8
	5	114.8	3.0	135.4	7.7	109.5	-2.7	108.6	3.0
	6P	106.4	-1.0	126.1	0.3	100.1	-0.9	100.9	-1.8
	7P	109.5	3.9	138.1	7.1	97.4	3.8	102.9	2.2

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		106.6	6.6	110.4	10.4	105.0	5.0	-	-
2007		112.7	5.7	124.7	13.0	107.9	2.8	-	-
2006	I	102.5	7.7	101.9	13.6	102.7	5.3	-	-
	II	103.0	6.6	106.5	9.7	101.6	5.4	-	-
	III	108.7	8.1	112.4	11.5	107.2	6.7	-	-
	IV	112.1	4.2	120.8	7.5	108.6	2.8	-	-
2007	I	110.6	7.9	119.3	17.1	107.2	4.4	-	-
	II	110.8	7.6	122.6	15.1	106.0	4.3	-	-
	III	111.2	2.3	123.2	9.6	106.3	-0.8	-	-
	IV	118.3	5.5	133.8	10.8	112.2	3.3	-	-
2008	I	117.3	6.1	133.9	12.2	110.6	3.2	-	-
	II	116.7	5.3	138.2	12.7	108.1	2.0		
2006	1	103.4	3.7	96.8	7.8	106.0	2.2	104.5	88.4
	2	96.6	12.5	99.0	21.8	95.7	9.0	103.8	89.0
	3	107.4	7.3	110.0	12.2	106.3	5.4	103.4	90.1
	4	101.4	5.6	100.3	6.9	101.9	5.2	100.6	87.2
	5	103.9	7.9	106.0	10.0	103.1	7.1	98.0	83.0
	6	103.6	6.3	113.3	12.0	99.7	3.9	97.4	81.9
	7	99.7	1.5	100.6	-3.8	99.4	4.0	94.3	78.7
	8	106.5	5.4	109.7	11.5	105.2	3.1	93.7	77.8
	9	119.8	16.8	126.8	27.6	116.9	12.6	94.8	78.9
	10	108.8	2.8	116.7	6.7	105.6	1.2	93.9	80.7
	11	114.4	6.8	123.5	8.9	110.8	5.9	95.2	77.3
	12	113.1	3.0	122.2	6.8	109.5	1.4	93.7	77.1
2007	1	114.3	10.5	117.3	21.2	113.1	6.7	96.1	79.3
	2	103.8	7.5	112.9	14.0	100.1	4.6	98.1	82.3
	3	113.8	6.0	127.6	16.0	108.3	1.9	97.8	83.3
	4	111.2	9.7	119.5	19.1	107.9	5.9	100.1	87.4
	5	112.7	8.5	125.5	18.4	107.5	4.3	101.1	89.6
	6	108.4	4.6	122.7	8.3	102.6	2.9	101.5	90.4
	7	109.6	9.9	124.5	23.8	103.6	4.2	102.6	91.4
	8	112.6	5.7	124.5	13.5	107.8	2.5	103.0	91.4
	9	111.3	-7.1	120.7	-4.8	107.6	-8.0	103.2	92.0
	10	121.4	11.6	137.0	17.4	115.2	9.1	103.3	92.5
	11	117.2	2.4	132.8	7.5	111.0	0.2	102.0	88.0
	12	116.4	2.9	131.5	7.6	110.3	0.7	104.0	85.1
2008	1	124.2	8.7	132.8	13.2	120.8	6.8	105.9	82.7
	2	106.6	2.7	123.5	9.4	99.8	-0.3	103.1	81.8
	3	121.0	6.3	145.3	13.9	111.2	2.7	99.7	76.4
	4	120.5	8.4	145.5	21.8	110.5	2.4	100.4	80.0
	5	116.9	3.7	138.7	10.5	108.1	0.6	92.2	72.2
	6	112.9P	4.2P	130.5P	6.4P	105.9P	3.2P	86.8	61.3
	7	117.5P	7.2P	136.8P	9.9P	109.8P	6.0P	84.6	59.2
	8	-	-	-	-	-	-	91.2	68.4

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		
2007		34,143	2,205	31,938	17,424	126.5	114.0
2006	I	6,849	300	6,549	3,421	112.6	103.7
	II	7,329	559	6,770	3,552	116.8	116.5
	III	6,833	661	6,171	3,094	117.4	108.1
	IV	7,188	963	6,225	3,137	119.0	115.0
2007	I	8,145	342	7,803	3,873	127.0	109.8
	II	7,849	292	7,556	3,825	130.7	119.3
	III	8,139	484	7,655	4,257	118.2	106.3
	IV	10,012	1,087	8,924	5,470	130.0	120.5
2008	I	10,197	372	9,825	5,429	125.9	111.2
	IIP	8,541	536	8,005	3,667	130.8	120.2
2007	1	2,639	89	2,550	1,294	121.6	103.9
	2	2,812	150	2,661	1,390	120.3	102.2
	3	2,694	103	2,591	1,189	139.1	123.3
	4	2,473	94	2,378	1,220	137.2	114.0
	5	2,598	91	2,506	1,204	130.0	122.5
	6	2,778	107	2,671	1,401	125.1	121.4
	7	2,613	170	2,442	1,239	120.1	111.0
	8	2,425	128	2,297	1,115	122.4	104.9
	9	3,101	186	2,916	1,902	112.1	102.9
	10	3,735	89	3,646	2,481	121.8	112.9
	11	3,234	217	3,017	1,846	129.2	120.0
	12	3,043	781	2,262	1,144	139.0	128.6
2008	1	3,810	149	3,661	2,197	119.4	105.7
	2	3,044	68	2,976	1,723	118.0	102.6
	3	3,343	155	3,188	1,510	140.3	125.2
	4	2,914	95	2,819	1,302	134.6	119.3
	5	2,675	90	2,585	1,101	127.3	121.8
	6P	2,952	351	2,601	1,264	130.5	119.4
	7P	3,046	179	2,866	1,211	132.9	118.7
		Y-o-Y change (%)					
2007		21.1	-11.2	24.2	31.9	8.6	2.9
2006	I	10.1	-57.0	18.6	29.0	7.4	12.1
	II	21.9	43.1	20.4	26.7	9.1	12.3
	III	18.1	14.3	18.5	33.4	12.8	9.5
	IV	15.0	19.2	14.4	29.4	6.4	9.5
2007	I	18.9	13.9	19.1	13.2	12.8	5.9
	II	7.1	-47.7	11.6	7.7	11.9	2.4
	III	19.1	-26.9	24.0	37.6	0.7	-1.7
	IV	39.3	12.9	43.4	74.4	9.2	4.8
2008	I	25.2	8.8	25.9	40.2	-0.9	1.3
	IIP	8.8	83.4	5.9	-4.1	0.1	0.8
2007	1	29.2	5.8	30.2	34.7	18.6	8.9
	2	20.0	53.6	18.5	17.0	14.5	3.7
	3	9.3	-13.1	10.5	-6.6	6.9	5.3
	4	3.3	-0.3	3.4	-0.8	15.6	3.3
	5	15.6	-3.0	16.5	11.6	8.8	0.1
	6	3.3	-71.1	15.2	12.7	11.3	3.9
	7	35.3	117.5	31.8	41.1	2.2	9.5
	8	5.1	-46.7	11.1	9.4	3.5	-2.0
	9	19.5	-45.9	29.4	59.0	-3.7	-11.1
	10	42.5	-85.1	80.3	140.5	7.0	8.2
	11	46.7	174.0	42.0	81.9	10.4	3.4
	12	28.8	174.9	8.8	4.9	10.1	3.2
2008	1	44.4	67.8	43.5	69.8	-1.8	1.7
	2	8.3	-54.7	11.8	23.9	-1.9	0.4
	3	24.1	50.6	23.0	27.0	0.9	1.5
	4	17.9	1.3	18.5	6.8	-1.9	4.6
	5	3.0	-1.5	3.1	-8.6	-2.1	-0.6
	6P	6.3	228.1	-2.6	-9.8	4.4	-1.6
	7P	16.6	5.3	17.4	-2.3	10.7	6.9

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: Public	Type of order: Private	Domestic construction orders received (total)	Type of order: Public	Type of order: Private
2006		77,839	23,159	52,148	91,001	20,460	66,550
2007		82,950	25,096	54,476	108,559	27,454	75,285
2006	I	16,044	4,080	11,431	16,377	3,807	12,227
	II	19,700	5,655	13,419	21,249	4,147	16,801
	III	19,337	5,927	12,822	23,049	4,159	18,074
	IV	22,758	7,498	14,476	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	20,183	6,103	13,280	21,768	4,462	15,740
	IV	24,582	7,708	15,690	39.274	12,285	25,002
2008	I	18,314	5,279	12,128	19,868	6,820	12,661
	IIP	22,238	6,570	14,377	25,193	5,961	18,499
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	4,357	9,122	1,616	7,181
	10	7,364	2,075	4,967	10,691	3,286	7,094
	11	7,882	2,432	5,094	12,311	3,694	7,792
	12	9,337	3,201	5,629	16,272	5,304	10,117
2008	1	6,090	1,721	4,074	5,570	1,619	3,904
	2	5,480	1,519	3,692	5,931	1,894	3,820
	3	6,745	2,040	4,362	8,367	3,306	4,937
	4	7,033	1,967	4,627	7,646	1,715	5,745
	5	7,336	2,224	4,732	8,432	2,474	5,780
	6P	7,869	2,379	5,018	9,115	1,772	6,973
	7P	7,282	2,048	4,824	5,274	1,360	3,386
				Y-o-Y change (%)			
2006		2.6	0.6	4.0	9.0	-6.3	12.8
2007		6.6	8.4	4.5	19.3	34.2	13.1
2006	I	2.9	-13.3	9.7	-8.5	-12.4	-3.9
	II	-1.0	-6.7	1.5	-14.7	-29.9	-6.0
	III	3.8	7.5	3.0	37.1	21.2	36.8
	IV	4.8	11.1	2.9	27.1	2.7	28.3
2007	I	7.9	21.1	3.1	26.3	49.3	21.8
	II	6.0	12.2	2.3	26.3	21.2	17.0
	III	4.4	3.0	3.6	-5.6	7.3	-12.9
	IV	8.0	2.8	8.4	29.5	47.2	28.6
2008	I	5.8	6.9	2.9	-3.9	20.0	-15.0
	IIP	6.5	3.5	4.8	-6.1	18.6	-5.9
2007	1	12.9	18.1	11.3	9.7	73.4	0.3
	2	9.1	27.0	3.1	40.1	20.5	55.1
	3	3.0	19.0	-3.3	32.0	65.0	23.4
	4	7.0	8.4	4.0	48.9	45.5	43.6
	5	6.2	16.4	1.7	5.2	15.6	-6.8
	6	4.9	11.9	1.2	28.8	6.6	19.4
	7	13.2	14.9	10.6	-14.9	51.1	-38.8
	8	8.6	5.0	8.2	13.4	72.5	6.0
	9	-6.3	-7.3	-6.5	-9.8	-32.3	-3.7
	10	8.8	-4.6	13.0	103.8	104.2	102.5
	11	5.9	8.8	2.8	36.3	32.1	27.7
	12	9.2	3.7	9.8	1.4	34.6	2.8
2008	1	10.8	16.8	5.7	-13.1	3.6	-19.0
	2	3.3	-1.0	2.5	-6.2	3.5	-14.9
	3	3.8	5.5	0.8	5.3	44.3	-11.6
	4	4.3	2.4	2.5	-2.5	-4.1	0.2
	5	7.7	5.0	6.1	18.8	52.6	18.2
	6P	7.4	3.2	5.7	-23.4	9.7	-22.7
	7P	10.4	4.4	10.1	-13.0	-8.8	-8.1

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	104.1	6.7	104.0	100.3	95.4	102.6
	2	104.1	6.3	104.2	100.0	90.5	102.4
	3	104.1	5.7	104.7	100.1	111.5	118.9
	4	104.2	5.3	104.9	99.9	99.8	112.7
	5	104.4	5.0	105.3	99.9	94.1	110.7
	6	104.7	4.7	105.6	99.7	94.2	98.6
	7	104.8	4.1	105.1	98.8	79.1	94.2
	8	105.2	3.9	105.6	98.9	85.9	93.4
	9	106.0	4.3	106.5	99.3	99.4	107.7
	10	106.9	4.7	108.3	100.6	99.4	103.5
	11	107.6	5.0	109.1	100.9	103.7	104.3
	12	108.0	4.9	109.3	100.6	100.4	101.4
2007	1	108.5	5.0	109.4	100.3	85.6	96.5
	2	109.3	5.4	109.8	100.2	87.5	93.4
	3	109.7	5.4	110.2	100.2	109.4	112.3
	4	110.5	5.7	110.8	100.3	105.8	107.7
	5	110.8	5.6	111.4	100.3	104.1	110.9
	6	111.7	6.1	112.2	100.6	100.2	105.6
	7	112.5	6.5	113.0	100.9	95.8	99.3
	8	113.3	6.8	113.6	101.1	94.4	102.5
	9	114.0	6.9	113.7	100.7	101.5	111.8
	10	114.8	7.2	114.3	100.8	108.3	116.3
	11	115.5	7.3	114.8	100.8	106.0	112.4
	12	115.8	7.0	115.8	101.2	98.9	103.4
2008	1	115.1	5.7	116.6	101.5	95.2	103.0
	2	114.3	4.3	116.7	101.2	95.6	94.8
	3	113.8	3.2	116.9	100.9	101.1	102.1
	4	114.0	2.8	116.9	100.5	101.7	98.1
	5	114.1P	2.3P	117.3	100.4	98.1	104.7
	6	113.6P	1.2P	117.3P	99.9P	79.1	95.3
	7	112.9P	0.1P	117.5P	99.8P	80.8	83.2
	8	-	-	-	-	83.1	80.8
	9	-	-	-	-	-	98.3

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	533.7	-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
2008P	I	-5,212.6	-1,219.8	99,467.7	105,937.5	-5,067.2	1,688.1	-613.7
	II	-134.4	5,722.7	114,536.0	114,410.3	-4,272.7	-645.6	-938.8
2006	1	-273.5	1,143.9	23,257.9	23,089.3	-1,797.8	613.2	-232.8
	2	-1,217.8	681.3	23,787.0	23,507.8	-1,849.4	326.9	-376.6
	3	-486.3	2,857.5	26,840.1	25,945.0	-1,437.6	-1,459.7	-446.5
	4	-1,978.8	1,639.0	25,590.1	24,485.8	-1,537.7	-1,700.5	-379.6
	5	782.8	2,240.9	27,934.5	26,210.4	-1,340.5	301.9	-419.5
	6	1,431.0	3,229.9	27,948.8	26,023.5	-1,322.6	41.7	-518.0
	7	-226.2	1,553.5	25,774.4	25,549.7	-1,716.2	237.5	-301.0
	8	-734.2	1,330.3	27,287.2	27,029.5	-2,141.4	296.4	-219.5
	9	1,977.3	3,347.1	29,651.2	27,636.6	-1,482.5	614.4	-501.7
	10	1,776.0	2,627.4	28,015.9	25,621.8	-1,139.2	500.1	-212.3
	11	4,270.7	5,550.9	30,602.3	26,765.1	-1,457.0	448.2	-271.4
	12	64.2	1,703.4	28,775.4	27,518.2	-1,738.8	313.6	-214.0
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	-2,751.3	-1,095.2	32,283.2	36,274.8	-2,138.1	768.0	-286.0
	2	-2,350.7	-599.1	31,180.7	32,589.1	-2,249.6	700.7	-202.7
	3	-110.6	474.5	36,003.8	37,073.7	-679.5	219.4	-125.0
	4	-1,581.3	1,632.3	37,860.1	38,197.4	-979.8	-1,932.0	-302.6
	5	-377.5	612.5	39,404.5	38,552.4	-1,167.4	459.2	-281.8
	6	1824.4	3477.9	37,308.2	37,766.9	-2,126.3	827.2	-354.4
	7	-2,450.7	300.9	41,093.5	43,029.0	-2,456.0	239.6	-535.2

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
2008P	I	395.9	-4,790.6	-11,065.6	16,489.7	-237.6	3,850.0	966.7
	II	-5,629.2	-2,913.5	5,191.4	-7,674.1	-233.0	5,717.7	45.9
2006	1	4,082.2	-504.9	692.7	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	409.2	-2,488.7	-4,011.1	7,013.3	-104.3	1,436.1	906.0
	2	-401.3	303.5	-5,426.4	4,819.9	-98.3	1,703.1	1,048.9
	3	388.0	-2,605.4	-1,628.1	4,656.5	-35.0	710.8	-988.2
	4	-386.9	-1,911.9	3,571.7	1,958.9	-87.8	2,411.3	-443.1
	5	-1,250.4	-262.6	7,343.4	-8,276.5	-54.7	2,264.6	-636.7
	6	-3,991.9	-739.0	-5,723.7	2,561.3	-90.5	1,041.8	1,125.7
	7	-5,774.6	-1,214.3	-9,563.1	5,180.4	-177.6	9,171.4	-946.1

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	100.9	100.5	91.8	100.9
2007	104.8	103.5	105.7	104.2	102.3	101.5	89.8	105.5
2006 1	101.1	101.1	101.1	100.6	100.5	100.1	93.9	99.1
2	101.3	101.1	101.4	100.8	100.5	100.2	92.0	98.0
3	101.9	101.1	102.3	101.4	100.4	100.0	92.0	98.4
4	102.0	101.3	102.5	101.5	100.6	100.1	90.9	99.8
5	102.2	101.6	102.6	101.9	100.9	100.5	90.7	101.6
6	102.0	101.0	102.7	101.9	100.8	100.3	92.0	102.6
7	102.4	101.5	103.0	102.1	101.1	100.7	92.0	104.0
8	103.0	103.0	103.1	102.2	101.7	101.5	93.8	105.9
9	103.3	103.1	103.4	102.2	102.1	101.9	93.2	102.2
10	102.8	101.8	103.4	102.2	101.1	100.6	92.1	100.9
11	102.3	100.7	103.4	102.3	100.6	99.8	89.9	99.3
12	102.6	101.2	103.6	102.5	100.5	99.7	89.1	99.4
2007 1	102.8	101.4	103.8	102.7	100.5	99.6	88.6	97.7
2	103.5	102.3	104.2	103.1	100.6	99.6	88.1	99.5
3	104.1	102.3	105.2	103.8	101.0	100.2	88.9	102.7
4	104.5	102.8	105.5	104.1	101.7	100.9	89.2	104.0
5	104.6	102.8	105.7	104.1	102.3	101.6	89.3	104.5
6	104.6	102.7	105.8	104.2	102.5	101.7	89.5	104.2
7	105.0	103.3	106.0	104.4	102.7	101.7	89.6	104.1
8	105.1	103.5	106.1	104.5	102.6	101.7	90.6	105.1
9	105.7	104.7	106.3	104.6	103.1	102.3	90.8	107.6
10	105.9	105.1	106.4	104.7	103.3	102.4	89.8	108.6
11	105.9	104.9	106.6	104.8	103.7	103.1	91.5	113.0
12	106.3	105.6	106.7	105.0	104.1	103.7	92.0	114.9
2008 1	106.8	106.3	107.1	105.6	104.7	104.4	93.7	118.4
2	107.2	106.6	107.5	106.0	105.7	105.7	94.8	121.6
3	108.2	107.1	108.9	107.2	107.1	107.5	100.8	131.5
4	108.8	108.2	109.2	107.7	109.4	110.3	103.3	136.5
5	109.7	110.0	109.5	108.2	111.5	113.1	110.7	151.1
6	110.4	111.5	109.7	108.7	113.3	115.5	112.0	155.2
7	111.2	112.9	110.1	109.2	115.5	118.1	112.1	156.8
8	111.0	112.2	110.3	109.4	115.2	117.6	110.5	149.9
				Y-o-Y change (%)				
2006	2.2	1.5	2.7	1.8	0.9	0.5	-8.2	0.9
2007	2.5	2.0	2.9	2.4	1.4	1.0	-2.1	4.5
2006 1	2.2	2.5	2.0	1.3	0.8	0.2	-9.8	2.2
2	2.0	1.6	2.3	1.3	0.6	0.1	-10.6	1.2
3	2.0	1.2	2.3	1.4	0.4	-0.2	-9.3	-0.0
4	2.0	1.0	2.7	1.5	0.4	-0.5	-9.8	0.2
5	2.3	1.8	2.7	1.8	1.3	0.8	-7.2	4.4
6	2.4	2.0	2.8	1.9	1.7	1.4	-6.2	3.8
7	2.4	1.7	2.9	2.1	1.4	1.1	-8.3	2.5
8	2.7	2.7	2.8	2.1	1.7	1.6	-5.4	3.4
9	2.5	1.6	3.1	2.0	1.6	1.5	-6.9	-1.6
10	2.2	0.7	3.1	2.0	0.4	-0.1	-8.6	-2.3
11	2.1	1.0	2.9	2.1	0.2	-0.4	-8.5	-1.7
12	2.1	0.8	2.9	2.1	0.3	0.0	-7.5	-0.6
2007 1	1.7	0.3	2.7	2.1	0.0	-0.5	-5.7	-1.4
2	2.2	1.2	2.8	2.3	0.1	-0.6	-4.2	1.6
3	2.2	1.2	2.8	2.4	0.6	0.2	-3.3	4.4
4	2.5	1.5	2.9	2.6	1.1	0.8	-1.8	4.2
5	2.3	1.2	3.0	2.2	1.4	1.1	-1.4	2.8
6	2.5	1.7	3.0	2.3	1.7	1.4	-2.8	1.6
7	2.5	1.8	2.9	2.3	1.6	1.0	-2.6	0.1
8	2.0	0.5	2.9	2.3	0.9	0.2	-3.4	-0.7
9	2.3	1.6	2.8	2.3	1.0	0.4	-2.6	5.2
10	3.0	3.2	2.9	2.4	2.2	1.8	-2.5	7.5
11	3.5	4.2	3.1	2.4	3.1	3.3	1.8	13.7
12	3.6	4.3	3.0	2.4	3.6	4.0	3.4	15.6
2008 1	3.9	4.8	3.2	2.8	4.2	4.8	5.8	21.2
2	3.6	4.2	3.2	2.8	5.1	6.1	7.6	22.2
3	3.9	4.7	3.5	3.3	6.1	7.3	13.4	28.0
4	4.1	5.3	3.5	3.5	7.6	9.3	15.7	31.3
5	4.9	7.0	3.6	3.9	9.0	11.3	24.0	44.6
6	5.5	8.6	3.7	4.3	10.5	13.6	25.2	49.0
7	5.9	9.3	3.9	4.6	12.5	16.1	25.1	50.6
8	5.6	8.4	4.0	4.7	12.3	15.6	21.9	42.6

Source: The Bank of Korea

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

Period		Economically active persons (thous.)	Employed persons (thous.) All industry	Employed persons (thous.) Manufacturing	Employed persons (thous.) S.O.C&service	Unemployment (%)	All industry earnings (won) (base year=2000)	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	2,485,058	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	-	-
	3	24,114	23,305	4,100	17,630	3.4	-	-
	4	24,495	23,711	4,099	17,829	3.2	-	-
	5	24,692	23,939	4,097	17,931	3.0	-	-
	6	24,727	23,963	4,107	17,947	3.1	-	-
	7	24,673	23,903	4,097	17,958	3.1		
	8	24,380	23,617	4,020	17,744	3.1	-	-
					Y-o-Y change (%)			
2006		1.0	1.3	-1.6	2.3	-5.4	5.6	5.6
2007		1.0	1.2	-1.1	2.3	-8.6	5.9	6.8
2006	1	1.2	1.8	-1.2	3.0	-11.9	20.3	24.1
	2	1.3	1.5	-1.7	2.5	-4.7	-7.7	-11.8
	3	1.0	1.2	-2.2	2.5	-4.9	5.5	5.7
	4	1.0	1.3	-1.9	2.9	-7.9	5.3	4.1
	5	0.9	1.2	-1.9	2.5	-8.6	7.9	8.1
	6	0.8	1.1	-1.6	2.2	-5.6	4.1	3.4
	7	0.8	1.1	-1.2	2.2	-8.1	6.0	5.9
	8	1.2	1.4	-1.3	2.3	-5.6	5.9	5.3
	9	0.7	1.2	-1.6	2.1	-11.1	1.3	-0.2
	10	0.8	1.2	-1.4	1.9	-8.3	11.5	13.1
	11	1.0	1.1	-1.4	1.9	-3.0	5.6	6.1
	12	1.1	1.3	-1.6	2.0	-5.7	4.6	6.9
2007	1	1.0	1.1	-1.1	1.9	-2.7	-8.3	-13.5
	2	0.7	1.2	-1.1	2.1	-9.8	22.9	28.6
	3	0.8	1.2	-1.4	2.3	-10.3	6.5	6.4
	4	1.0	1.2	-1.5	2.3	-2.9	5.5	7.6
	5	1.1	1.2	-1.3	2.2	0.0	5.5	6.1
	6	1.1	1.3	-1.0	2.4	-5.9	4.9	6.5
	7	1.1	1.3	-1.3	2.5	-5.9	6.9	10.0
	8	1.0	1.3	-1.5	2.5	-8.8	6.2	9.1
	9	1.0	1.3	-0.8	2.3	-6.2	11.4	12.5
	10	0.9	1.2	-1.0	2.3	-9.1	-0.2	-0.3
	11	1.1	1.2	-1.1	2.2	-6.2	5.7	6.2
	12	0.9	1.2	0.6	2.1	-6.1	5.8	6.7
2008	1	0.7	1.0	-0.7	1.9	-8.3	-	-
	2	0.7	0.9	-0.5	1.7	-5.4	-	-
	3	0.6	0.8	-0.5	1.5	-2.9	-	-
	4	0.7	0.8	-0.6	1.5	-5.9	-	-
	5	0.6	0.8	-0.4	1.4	-6.2	-	-
	6	0.5	0.6	-0.8	1.3	-3.1	-	-
	7	0.5	0.6	-0.7	1.2	-3.1	-	-
	8	0.7	0.7	-0.8	1.3	0.0	-	-

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	5.1	5.1	1,711.62
	3	5.0	5.3	6.1	5.2	5.2	1703.99
	4	5.0	5.4	5.9	5.0	5.0	1,825.47
	5	5.0	5.4	6.2	5.3	5.4	1,852.02
	6	5.0	5.4	6.7	5.7	5.8	1,674.92
	7	5.0	5.5	7.0	6.0	6.0	1,594.67
	8	5.2	5.8	7.1	5.8	5.8	1,474.24

Source: The Bank of Korea

14. Monetary indicators See graph 9-5

(period average) (billion won)

Period		Reserve money	M1	M2	Lf
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	1,711,196.8
	2	52,563.7	304,580.7	1,309,161.7	1,726,407.2
	3	49,571.5	299,792.8	1,324,032.7	1,743,481.7
	4	50,683.6	298,474.4	1,339,434.9	1,762,945.3
	5	50,502.5	304,239.8	1,356,612.9	1,782,721.1
	6	51,274.4	305,514.3	1,369,728.1	1,798,379.5
	7	50,600.6	306,584.4	1,378,914.3	1,801,365.3
			Y-o-Y change (%)		
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
	2	6.2	-13.2	13.4	11.6
	3	1.3	-10.6	13.9	11.9
	4	6.7	-2.3	14.9	12.7
	5	5.0	1.0	15.8	13.1
	6	7.0	1.0	15.1	12.7
	7	6.5	1.4	14.8	12.1

P: Preliminary
Source: The Bank of Korea

15. Exchange rates See graphs 9-2 & 9-3

Period		₩/US$		₩/100¥		₩/Euro	
		End-period	Average	End-period	Average	End-period	Average
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	943.9	942.4	889.1	872.9	1402.3	1,386.2
	2	937.3	944.7	889.7	880.6	1423.5	1,395.4
	3	991.7	979.9	1,000.2	972.3	1,565.0	1,519.5
	4	999.7	986.7	961.8	962.4	1,556.2	1,555.1
	5	1,031.4	1,036.7	977.0	994.2	1,599.6	1,614.6
	6	1,043.4	1,029.3	981.8	963.0	1,647.1	1,601.7
	7	1,008.5	1,019.1	932.9	954.2	1,571.0	1,606.4
	8	1,081.8	1,041.5	987.9	953.0	1,590.3	1,561.6
		Y-o-Y change (%)					
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
	3	5.5	3.9	25.5	20.8	24.8	21.6
	4	7.6	5.9	23.6	22.8	22.8	23.6
	5	10.9	11.7	27.8	29.4	28.1	28.7
	6	12.6	10.9	30.5	27.2	32.2	28.7
	7	9.2	10.9	20.4	26.3	24.0	27.5
	8	15.1	11.5	22.0	19.2	24.0	22.7

Source: The Bank of Korea

Useful Internet Websites

Economy-related Websites Recommended

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

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

Financial Services Commission
http://www.fsc.go.kr/eng

Financial Supervisory Service
http://english.fss.or.kr

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

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

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