Vol.31 No.4
April 2009

Republic of Korea

ECONOMIC BULLETIN

MINISTRY OF STRATEGY AND FINANCE
ECONOMIC INFORMATION AND EDUCATION CENTER, KDI

Vol. 31 | No. 4

Republic of Korea

Economic Bulletin

The Green Book: Current Economic Trends

The Green Book

Current Economic Trends

Overview

Although the economy, affected by plummeting growth in the fourth quarter of 2008, is still in recession, some economic indicators improved slightly in 2009.

In February 2009, mining and manufacturing posted a month-on-month increase of 6.8 percent as exports fell at a slower pace, easing a year-on-year drop from 25.5 percent in January to 10.3 percent in February. The service output posted a sharper month-on-month increase of 1.2 percent, or 0.1 percent rise year-on-year, the first increase in four months since October 2008.

February consumer goods sales posted a year-on-year loss of 6.2 percent, but a month-on-month increase of 5.0 percent, both affected by the sales of durable goods including automobiles. Facility investment remained sluggish, but slowed its fall, landing at 21.2 percent. Construction investment saw a year-on-year increase of 12.2 percent in terms of construction completed, thanks to brisk civil engineering works.

Exports in March decreased 21.2 percent year-on-year, while average daily exports posted a 1.7 percent growth from the previous month. The trade account registered a record high surplus of 4.61 billion won.

The total number of workers hired fell by 142,000 year-on-year in February, sending the unemployment rate soaring to 3.9 percent, exacerbating the already-tough Korean job market.

Consumer prices rose 3.9 percent in March year-on-year, slowing the pace of inflation from the previous month's 4.1 percent, as personal service prices, tuition among others, stabilized.

Although the domestic financial market has been relatively stable since March, it is being affected by the conditions of international financial markets, in particular, worries over the US automakers' possible bankruptcy.

To sum up, the current Korean economy has both positive and negative aspects, which, along with the uncertainties from external conditions, makes it difficult to give an optimistic outlook.

Given the external uncertainties, in particular those of the major developed economies as they are forecast to be worse than expected, the global economy as well as the Korean economy need to be closely watched in terms of the real economy. Against this backdrop, the government will step up its efforts for the early passage in the National Assembly and execution of the supplementary budget for job creation and public livelihood stabilization.

1. Global economy

Developing countries including China showed clear signs of economic slowdown, while advanced economies, such as the US and Japan, were locked in recession.

In March, the IMF and OECD cut their 2009 growth forecasts for the world economy and the major developed countries.

IMF's growth forecast for 2009 (%, Mar 17)
-1.0 ~ -0.5 (World), -2.6 (US), -3.2 (EU), -5.8 (Japan)

OECD's growth forecast for 2009 (%, Mar 31)
-2.7 (World), -4.0 (US), -4.1 (EU), -6.6 (Japan)

US

The US economic growth in the fourth quarter of 2008 was revised downward to minus 6.3 percent *(annualized q-o-q)* as the economy locked in recession despite some economic indicators improving.

The number of non-farm payroll employees in February tumbled more than projected by 651,000 and the unemployment rate hit a record high of 8.1 percent since December 1983, showing signs of deteriorating job markets.

Unemployment rate (%)
6.1 (Sep 2008) → 6.5 (Oct) → 6.8 (Nov) → 7.2 (Dec) → 7.6 (Jan 2009) → 8.1 (Feb)

Home construction and sales rose compared to the previous month, while the housing finance market improved due to a drop in mortgage interest rates.

Housing start (m-o-m, %)
-14.6 (Nov 2008) → -14.8 (Dec) → -14.5 (Jan 2009) → 22.2 (Feb)

The Federal Reserve decided to hold the target range for the federal funds rate at the current level of 0 to 0.25 percent and to purchase long-term Treasury securities and agency mortgage-backed securities at the FOMC meeting held on March 19. The Department of Treasury announced on March 23 the "Public-Private Investment Program (PPIP)" to purchase toxic assets.

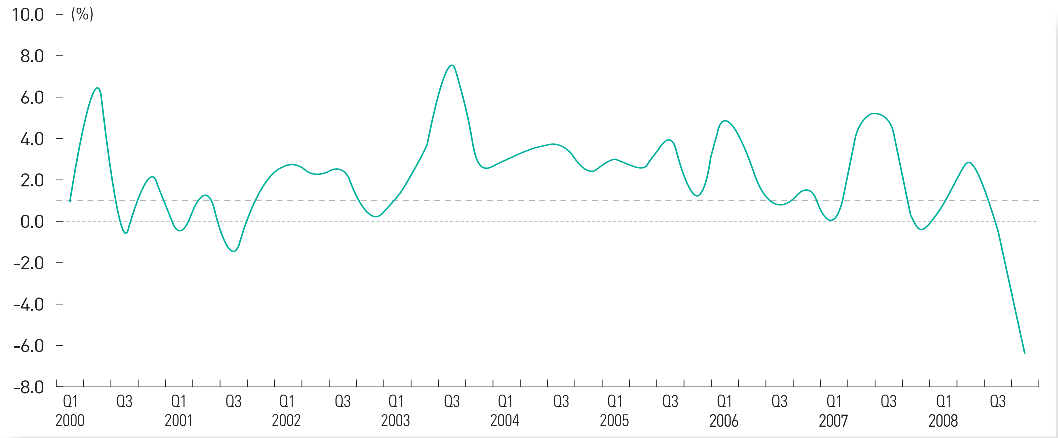
(Percentage change from previous period)

	2007	2008						2009	
	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Real GDP[1]	2.0	1.1	0.9	2.8	-0.5	-6.2	-	-	-
- Personal consumption expenditure	2.8	0.2	0.9	1.2	-3.8	-4.3	-	-	-
- Corporate fixed investment	4.9	1.6	2.4	2.5	-1.7	-21.7	-	-	-
- Construction investment for housing	-17.9	-20.8	-25.1	-13.3	-16.0	-22.8	-	-	-
Industrial production	1.7	-1.8	0.1	-0.9	-2.3	-3.0	-2.0	-1.9	-1.4
Retail sales	4.2	-0.4	-0.3	0.9	-1.3	-6.8	-3.0	1.8	-0.1
New non-farm payroll employment (q-o-q, thousand)	1,096	-2,589	-247	-214	-597	-1,531	-577	-655	-651
New home sales	-26.2	-37.6	-13.8	-7.5	-10.9	-18.9	-9.5	-13.2	4.7
Consumer prices (y-o-y, %)	2.9	3.9	4.1	4.4	5.3	1.6	0.1	0.0	0.2

1. Annualized rate (%)

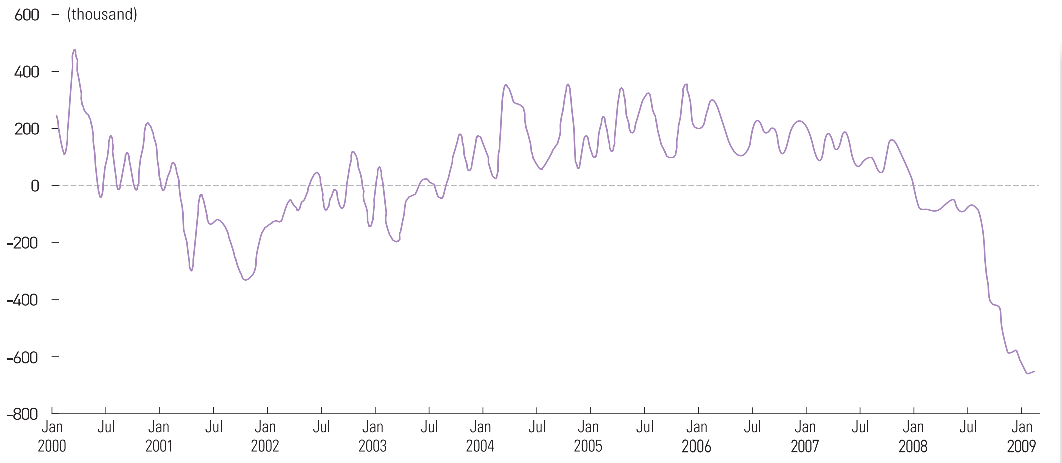
1-1 **US GDP** (q-o-q, annualized rate)

Source: US Department of Commerce



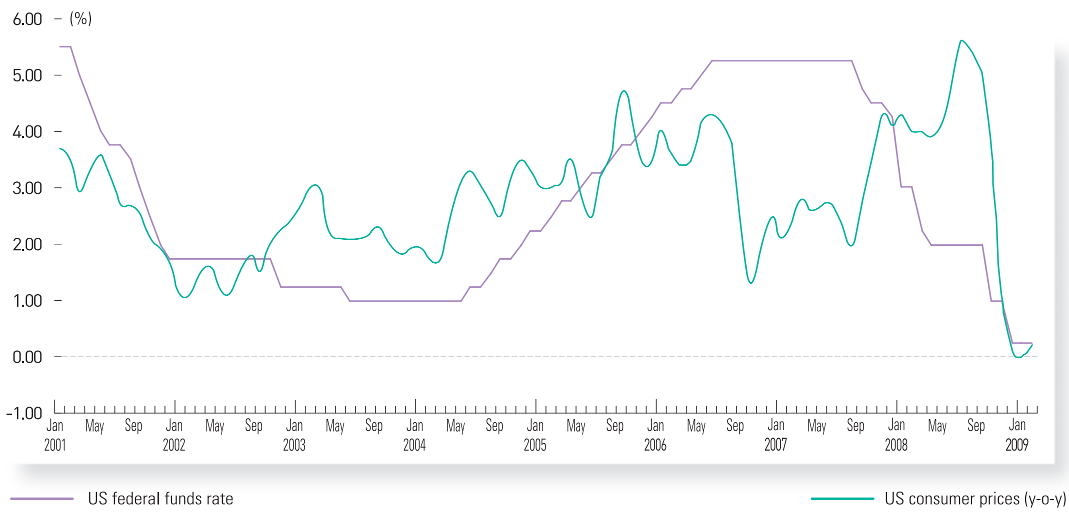
1-2 **US non-farm payroll employment** (m-o-m change)

Source: US Department of Labor



1-3 **US federal funds rate and consumer prices**

Source: US Federal Reserve Board & Department of Labor



China

China's economy showed clear signs of slowdown as production was affected by sharper decline in exports, whereas consumer spending and business investment remained high. Consumer prices in February fell 1.6 percent year-on-year, due to economic slowdown, a high base effect, and the shift of the Lunar New Year holidays from February in 2008 to January in 2009.

(Percentage change from same period in previous year)

	2006	2007	2008					2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jan	Feb
Real GDP	11.6	13.0	9.0	10.6	10.1	9.0	6.8	-	-
Fixed asset investment (accumulated)	24.5	25.8	26.1	25.9	26.8	27.6	26.1	-	26.5
Retail sales	13.7	16.8	21.6	20.6	22.2	23.2	20.4	-	15.2[1]
Industrial production	16.6	18.5	12.9	16.4	15.9	13.0	6.4	-	5.2[1]
Exports	27.2	25.7	17.2	21.4	22.4	22.9	4.1	-17.5	-25.7
Consumer prices	1.5	4.8	5.9	8.0	7.8	5.3	2.5	1.0	-1.6
Producer prices	3.0	3.1	6.9	6.9	8.4	9.7	2.5	-3.3	-4.5

1. The rate accumulated from January to February

Japan

Japan's real GDP fell 3.2 percent in the fourth quarter of 2008 from the previous quarter. In 2009, exports plummeted and industrial and mining production continued to decline. The Japanese government left its economic assessment unchanged, saying that the economy "is worsening significantly" and "likely to keep deteriorating." The BOJ on March 18 kept its key interest rate at 0.1 percent and increased the level of purchase of long-term government bonds.

(Percentage change from previous period)

	2006	2007	2008						2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Real GDP	2.0	2.4	-0.7	0.6	-1.0	-0.5	-3.2	-	-	-
Industrial and mining production	4.5	2.8	-3.3	-0.7	-0.8	-1.3	-11.9	-9.8	-10.2	-9.4
Retail sales (y-o-y, %)	0.1	-0.1	0.3	1.8	0.2	0.8	-1.5	-2.7	-2.4	-5.8
Exports (y-o-y, %)	14.6	11.5	-3.4	6.0	1.8	3.2	-23.1	-35.0	-45.7	-49.4
Consumer prices (y-o-y, %)	0.3	0.0	1.4	1.0	1.4	2.2	1.0	0.4	0.0	-0.1

Eurozone

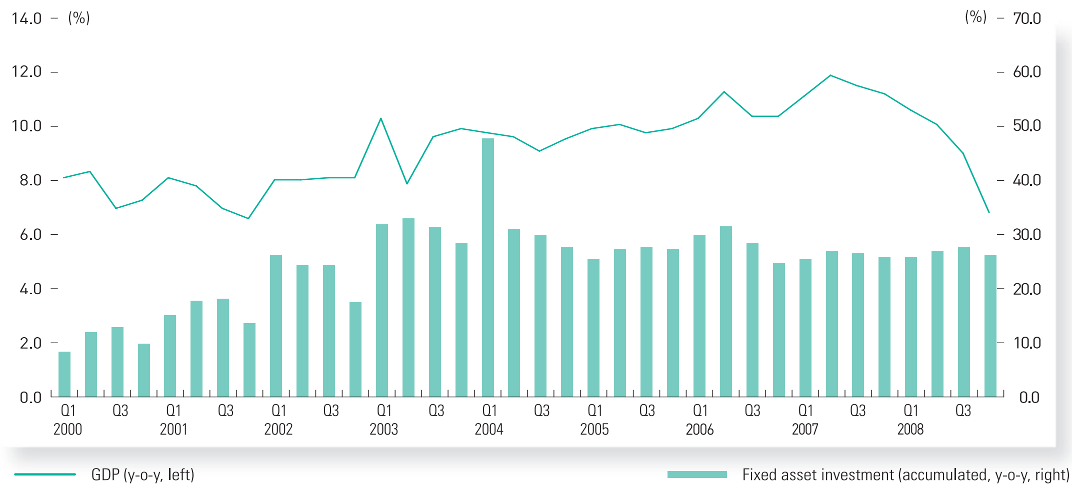
Recession deepens in the eurozone economy as industrial production and exports continued a downward trajectory. The ECB and BOE on March 5 slashed their benchmark interest rates 0.5 percentage points to 1.5 percent and 0.5 percent, respectively. EU leaders on March 2 failed to reach an agreement to bail out Eastern Europe, and on March 10, EU finance ministers rejected calls by the US to increase fiscal expenditure.

(Percentage change from previous period)

	2006	2007	2008						2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Real GDP	2.9	2.6	0.7	0.7	-0.2	-0.2	-1.5	-	-	-
Industrial production	4.0	3.5	-1.7	0.1	-1.6	-2.0	-5.1	-2.7	-3.5	-
Retail sales	1.6	0.9	-1.3	-0.3	-0.9	0.1	-0.8	-0.3	0.1	-
Exports (y-o-y, %)	11.7	8.6	3.7	8.0	7.3	4.5	-4.8	-2.3	-10.7	-
Consumer prices (y-o-y, %)	2.2	2.1	3.3	3.3	3.6	3.9	2.6	1.6	1.1	1.2

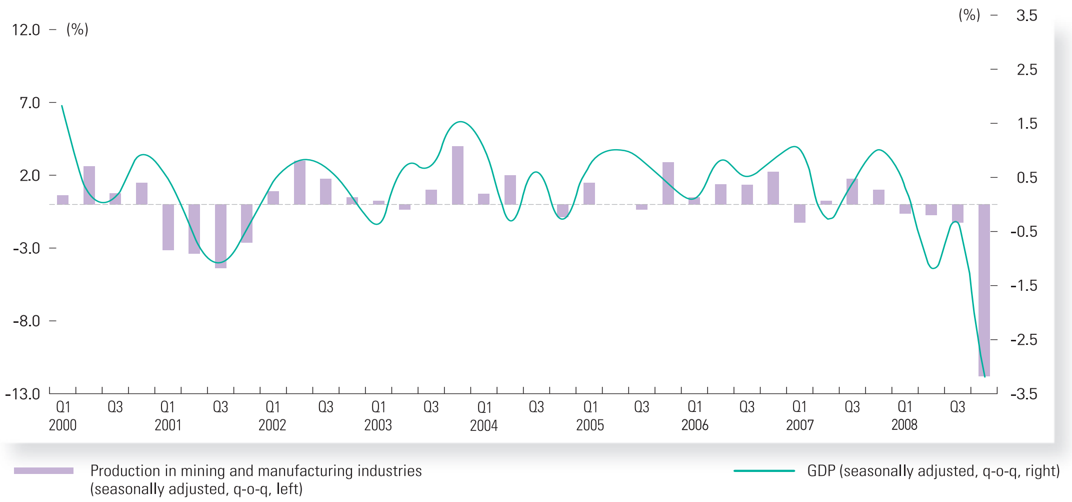
1-4 **China's GDP and fixed asset investment**

Source: National Bureau of Statistics of China



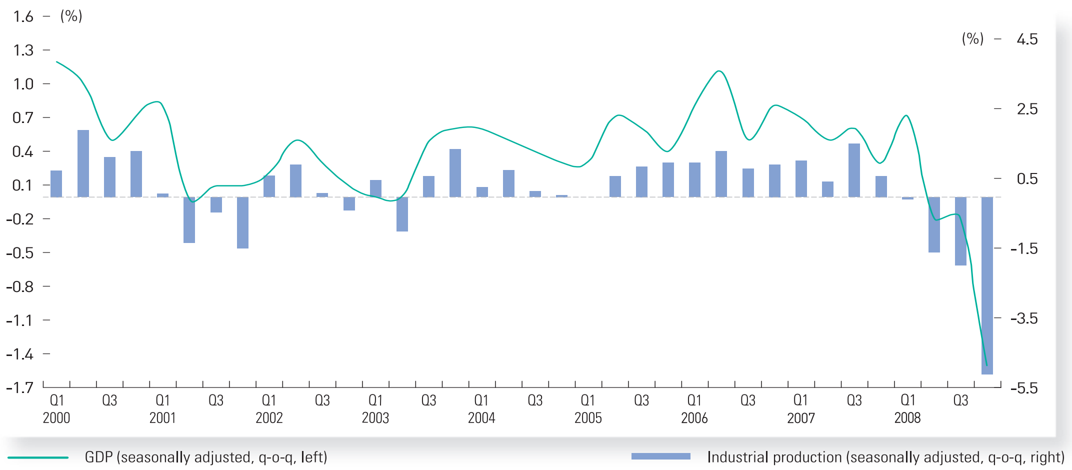
1-5 **Japan's GDP growth**

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



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

Source: Eurostat



2. Private consumption

Private consumption *(preliminary GDP)* in the fourth quarter of 2008 saw the largest decline since the Asian financial crisis, posting a year-on-year decline of 3.7 percent and quarter-on-quarter drop of 4.6 percent *(seasonally adjusted)*.

Private consumption (y-o-y, %)
5.4 (Q3 2007) → 4.7 (Q4) → 4.0 (Q1 2008) → 2.3 (Q2) → 1.4 (Q3) → -3.7 (Q4)
(SA*, q-o-q, %): 0.9 (Q3 2007) → 0.4 (Q4) → 1.1 (Q1 2008) → -0.2 (Q2) → 0.0 (Q3) → -4.6 (Q4)
** SA: seasonally adjusted*

Consumer goods sales in February 2009 decreased at a faster pace year-on-year affected by the Lunar New Year holidays shifting from February in 2008 to January in 2009. However, on a month-on-month basis, consumer goods sales rose 5.0 percent, a hike for the first time in seven months and the largest increase since February 1998 when the sales hit a 5.4 percent increase.

On a year-on-year basis, sales of durable goods sharply slowed the decline, while sales of non-durable goods fell, ending the upward trajectory for three consecutive months.

On a month-on-month basis, sales of non-durable goods posted an increase of 5.5 percent in February from a 6.8 percent decline in the previous month. Sales of durable goods and semi-durable goods continued their upward trend for the second straight month, posting a 3.6 percent increase in January and 6.4 percent in February, and 11.1 percent in January and 4.0 percent in February, respectively.

	2007	2008						2009	
	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan[1]	Feb[1]
Consumer goods sales	5.1	1.0	4.4	2.9	1.4	-4.2	-4.5	-3.3	-6.2
(Seasonally adjusted)[2]	-	-	1.1	-1.3	-0.1	-3.5	-0.2	-2.1	5.0
- Durable goods[3]	9.6	1.9	9.5	8.7	0.0	-9.9	-13.2	-20.8	-4.0
· Automobiles	6.2	-2.0	9.6	7.1	-4.9	-19.5	-21.7	-30.9	-9.2
- Semi-durable goods[4]	3.9	-2.4	3.8	-2.1	0.6	-9.9	-13.6	-1.2	-0.6
- Non-durable goods[5]	5.2	0.7	1.9	0.3	1.2	-0.4	1.9	5.1	-8.3

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.

Sales at large discounters and department stores turned negative, whereas sales at specialized retailers eased the decline.

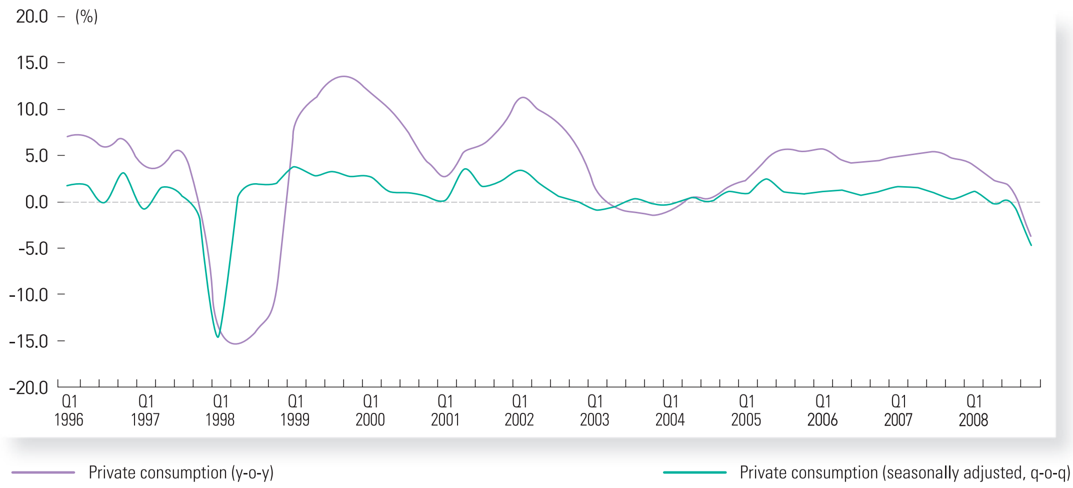
(Percentage change from same period in previous year)

	2007	2008						2009	
	Annual	Annual	Q1	Q2	Q3	Q4	Dec	Jan[1]	Feb[1]
- Department stores	0.8	0.5	4.3	3.7	0.2	-5.0	-11.9	8.7	-5.2
- Large discounters	8.5	2.2	7.6	3.1	-0.2	-1.2	-5.5	10.1	-19.2
- Specialized retailers[2]	5.2	-1.7	2.0	0.7	-1.0	-8.1	-6.6	-9.9	-3.6

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

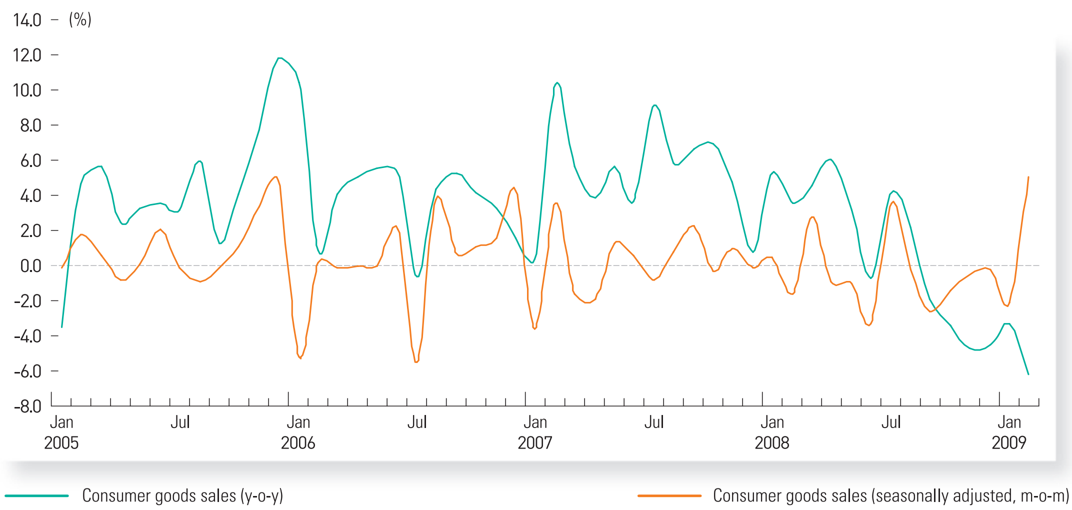
2-1 **Private consumption**

Source: The Bank of Korea (national accounts)



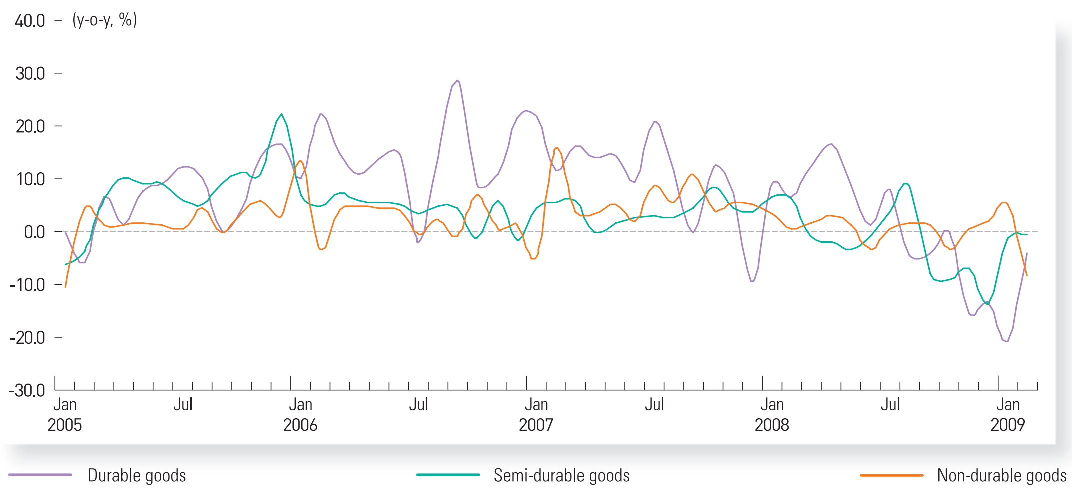
2-2 **Consumer goods sales**

Source: Korea National Statistical Office (industrial activity trend)



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

Source: Korea National Statistical Office (industrial activity trend)



Consumer goods sales in March are unlikely to snap their current downtrend, as the advance estimates are low and consumer sentiment has been deteriorating.

Domestic credit card spending continued to post single digit growth for the fifth consecutive month, growing at a slower pace compared to the previous month.

Sales at large discounters and department stores turned positive. Domestic sales of Korean cars decreased for the eighth consecutive month, while sales of gasoline increased at a slightly slower pace.

Value of credit card use (y-o-y, %)
15.2 (Oct 2008) → 9.8 (Nov) → 9.1 (Dec) → 3.9 (Jan 2009) → 6.7 (Feb) → 6.2 (Mar)

Department store sales (y-o-y, %)
0.0 (Oct 2008) → 7.5 (Nov) → -4.5 (Dec) → 10.4 (Jan 2009) → -0.3 (Feb) → 7.9 (Mar)

Discount store sales (y-o-y, %)
-0.7 (Oct 2008) → 2.3 (Nov) → -5.8 (Dec) → 16.8 (Jan 2009) → -20.3 (Feb) → 8.4 (Mar)

Domestic sales of Korean automobiles (y-o-y, %)
-0.1 (Oct 2008) → -27.7 (Nov) → -23.8 (Dec) → -24.1 (Jan 2009) → -4.7 (Feb) → -15.4 (Mar)

Domestic sales of gasoline (y-o-y, %)
-9.0 (Oct 2008) → 5.2 (Nov) → 20.9 (Dec) → 4.2 (Jan 2009) → 3.9 (Feb) → 3.6 (Mar)

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

Consumer spending is likely to remain in a downtrend in the months to come, as real income has continued to decline due to worsening job markets, and the negative wealth effect from plunging real estate prices has continued to undermine consumer sentiment.

Employment (y-o-y, thousand)
97 (Oct 2008) → 78 (Nov) → -12 (Dec) → -103 (Jan 2009) → -142 (Feb)

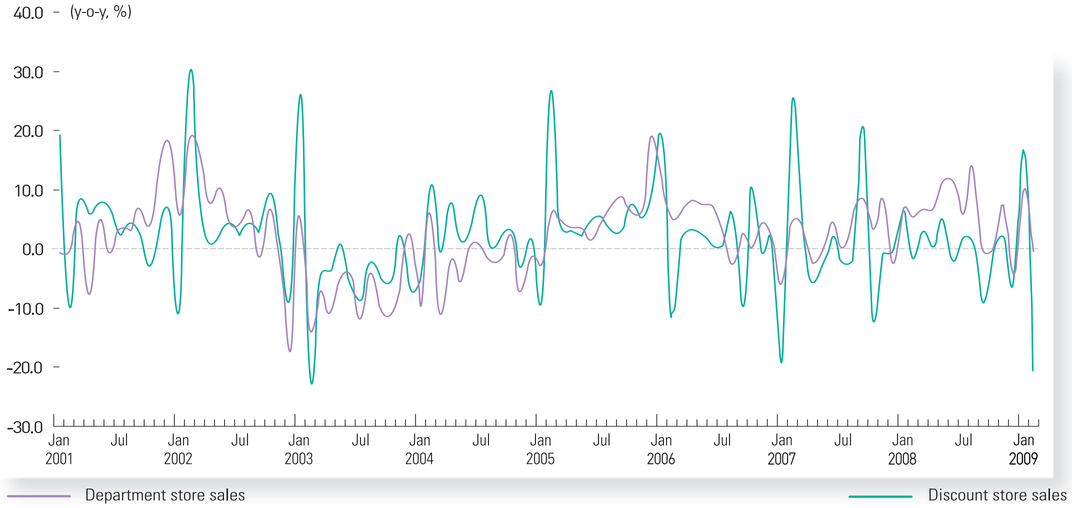
Real income (y-o-y, %)
1.8 (Q1 2008) → 2.6 (Q2) → -2.4 (Q3) → -6.4 (Q4)

Nationwide apartment prices (m-o-m, %)
-0.5 (Nov 2008) → -0.9 (Dec) → -0.7 (Jan 2009) → -0.3 (Feb) → -0.2 (Mar)

Consumer sentiment index
96 (Sep 2008) → 88 (Oct) → 84 (Nov) → 81 (Dec) → 84 (Jan 2009) → 85 (Feb) → 84 (Mar)

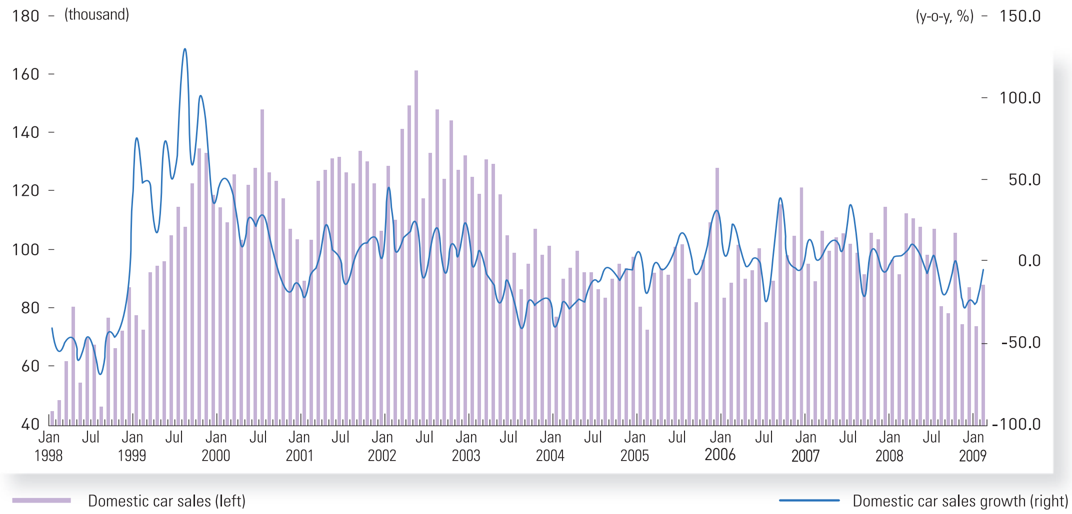
2-4 **Department store and discount store sales** (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



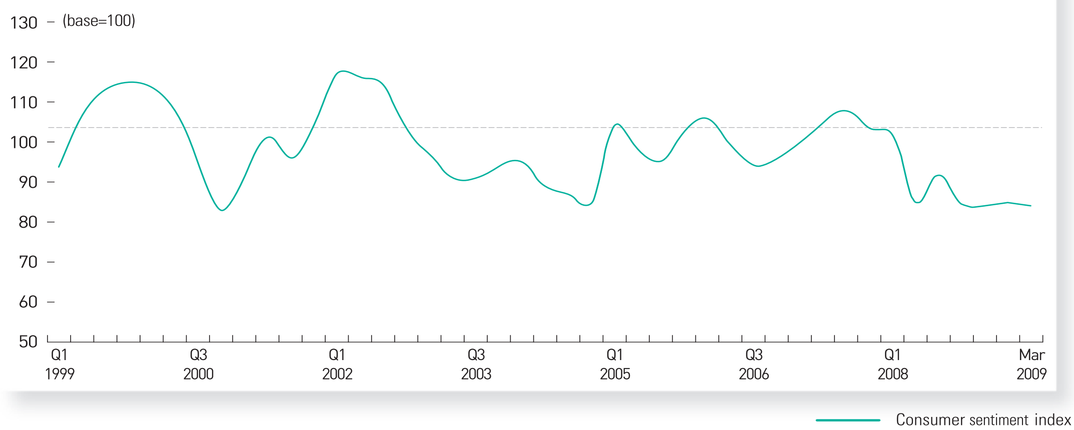
2-5 **Domestic automobile sales**

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



2-6 **Consumer sentiment index**

Source: The Bank of Korea



3. Facility investment

Facility investment *(preliminary GDP)* in the fourth quarter of 2008 saw a year-on-year decrease of 14.0 percent and a 14.2 percent loss from the previous quarter.

(Percentage change from same period in previous year)

	2006	2007					2008[1]				
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4
Facility investment[2]	8.2	9.3	12.6	13.0	4.0	8.0	-2.0	1.5	1.1	4.3	-14.0
(Seasonally adjusted)[3]	-	-	6.0	1.2	-3.0	3.8	-	-0.4	0.4	0.2	-14.2
- Machinery	9.1	9.2	15.4	11.1	2.5	8.5	-2.7	-1.2	-0.1	6.5	-15.3
- Transportation equipment	4.8	9.6	2.3	20.9	10.1	5.8	0.4	12.2	5.1	-3.6	-9.9

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

Facility investment *(estimated)* in February 2009 declined 21.2 percent year-on-year and 2.8 percent month-on-month, as investments in machinery such as semiconductor equipment fell.

The slowed decline in leading indicators such as machinery orders and imports along with an increase in the business survey index (BSI), indicates that facility investment is likely to improve slightly in March.

(Percentage change from same period in previous year)

	2006	2007	2008							2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Jan[1]	Feb[1]
Facility investment (estimated)	8.9	9.2	-3.2	-0.9	-0.5	5.3	-16.2	-17.0	-23.0	-25.9	-21.2
(Seasonally adjusted)[2]	-	-	-	-3.8	-0.7	1.1	-13.5	-2.0	-7.4	-5.4	-2.8
- Machinery	10.2	8.3	-4.0	-2.2	-1.6	5.6	-17.2	-18.4	-22.5	-28.9	-28.3
- Transportation equipment	3.9	13.2	0.6	5.2	4.4	6.2	-11.3	-8.6	-25.7	-8.9	18.5
Domestic machinery orders	16.2	21.1	-5.5	25.2	8.4	-7.6	-39.5	-43.9	-38.5	-46.9	-28.8
- Public	0.3	-11.2	4.9	8.8	83.7	-26.8	-3.5	-4.7	-43.2	56.1	661.2
- Private	18.0	24.2	-6.2	25.9	5.5	-6.4	-43.9	-46.7	-36.8	-51.1	-44.6
Machinery imports	18.0	22.1	6.4	12.0	8.1	20.0	-11.5	-20.6	-20.7	-33.5	-15.1
Facility investment adjustment pressure[3]	4.6	1.7	-2.2	5.1	2.8	0.3	-15.6	-17.9	-23.4	-29.6	-13.3

1. Preliminary
2. Percentage change from previous period
3. Production growth rate minus production capacity growth rate in the manufacturing sector (%p)

Both the Bank of Korea's BSI for facility investment projections and results in the manufacturing sector increased month-on-month, but still stood below 100, showing low investment levels.

Business survey indices (base=100)	2008	2009			
	Dec	Jan	Feb	Mar	Apr
Manufacturing facility investment results	80	81	80	85	-
Manufacturing facility investment projections	86	78	81	81	85

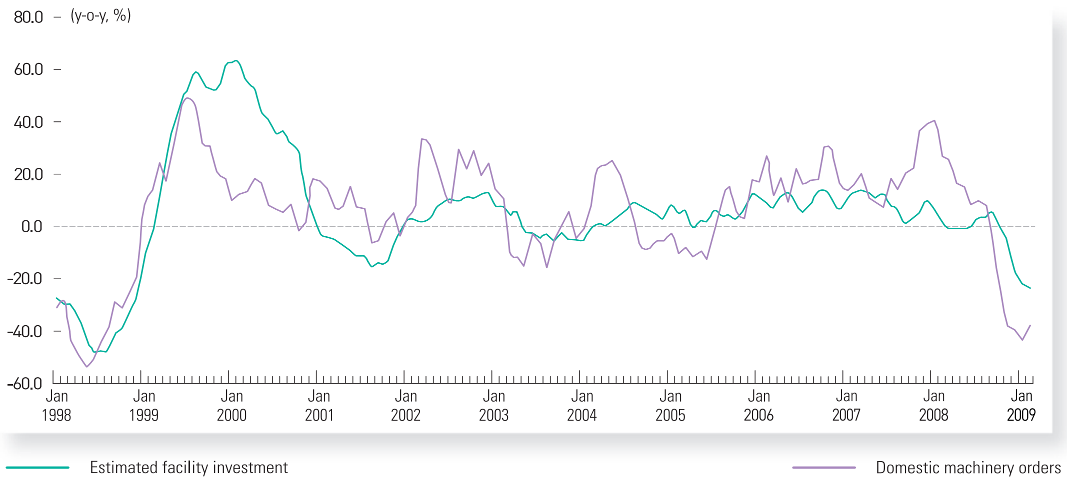
Source: The Bank of Korea

3-1 **Facility investment by type**

Source: The Bank of Korea (national accounts)

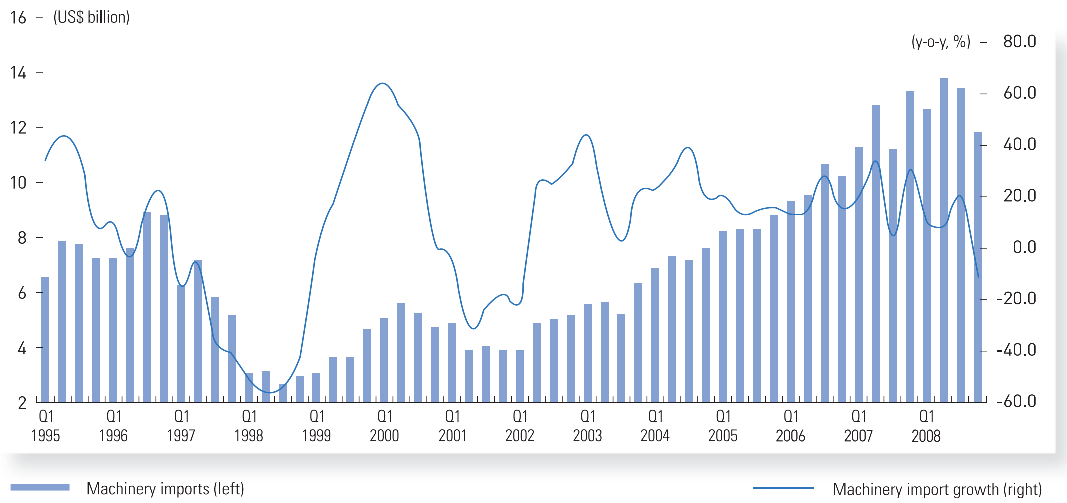
3-2 **Machinery orders and estimated facility investment** (3-month average)

Source: Korea National Statistical Office (industrial activity trend)



3-3 **Machinery imports**

Source: Korea International Trade Association (KITA)



4. Construction investment

Construction investment *(preliminary GDP)* in the fourth quarter of 2008 dipped 5.6 percent year-on-year, or 3.0 percent quarter-on-quarter.

(Percentage change from same period in previous year)

	2006	2007					2008[1]				
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4
Construction investment[2]	0.5	1.4	4.4	2.0	-0.2	0.4	-2.1	-1.9	-0.3	0.2	-5.6
(Seasonally adjusted)[3]	-	-	-0.1	-2.2	-0.4	2.9	-	-2.5	-0.3	0.1	-3.0
- Building construction	0.8	-0.0	0.6	-1.0	-0.4	0.7	-4.3	-1.2	-0.1	-0.1	-14.3
- Civil engineering works	0.1	3.8	12.4	6.8	0.2	-0.1	1.3	-3.2	-0.7	0.7	5.7

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

In February 2009, construction completed *(current value)* surged 12.2 percent due to an increase in civil engineering works. Construction completed in the public sector soared 33.3 percent, while that in the private sector expanded 2.5 percent.

(Percentage change from same period in previous year)

	2006	2007	2008							2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Jan[1]	Feb[1]
Construction completed	2.6	6.6	4.7	5.6	6.1	10.6	-2.2	-1.3	-8.6	-0.4	12.2
- Building construction	1.8	6.2	1.7	4.6	6.3	9.0	-10.6	-8.4	-18.7	-13.0	-0.6
- Civil engineering works	4.3	6.9	10.6	7.7	5.9	14.3	13.6	12.3	8.5	23.1	37.3

1. Preliminary

Construction orders in February dropped 20.7 percent year-on-year. However, civil engineering orders showed a large year-on-year increase of 73.2 percent as a result of government expansion of SOC investments, while building construction orders posted a year-on-year fall of 58.0 percent.

Business survey index for construction (base=100)
14.6 (Nov 2008) ➪ 37.3 (Dec) ➪ 48.9 (Jan 2009) ➪ 50 (Feb)
Source: The Construction and Economy Research Institute of Korea

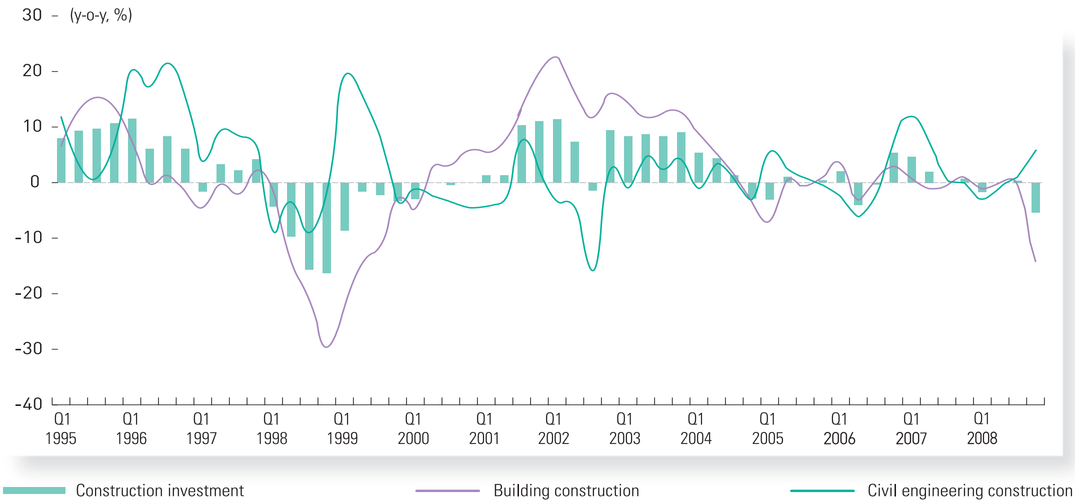
(Percentage change from same period in previous year)

	2006	2007	2008							2009	
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Jan[1]	Feb[1]
Construction orders	9.0	23.6	-9.0	-3.7	-6.1	-22.7	-6.5	-39.3	30.7	-15.0	-20.7
- Public	-6.3	40.3	9.1	17.4	14.6	2.9	5.0	-16.6	37.8	33.8	31.6
- Private	12.8	16.5	-15.8	-14.1	-4.7	-32.3	15.3	-46.7	23.4	-39.7	-46.5
Building permit area	19.5	13.3	-20.1	-8.3	3.9	-13.5	-41.9	-55.4	18.4	-48.4	-

1. Preliminary

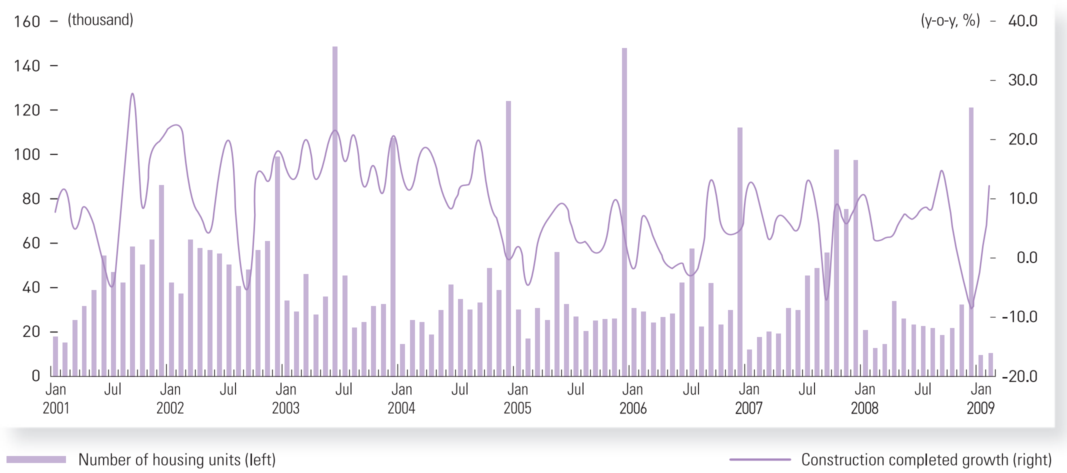
4-1 Construction investment

Source: The Bank of Korea (national accounts)



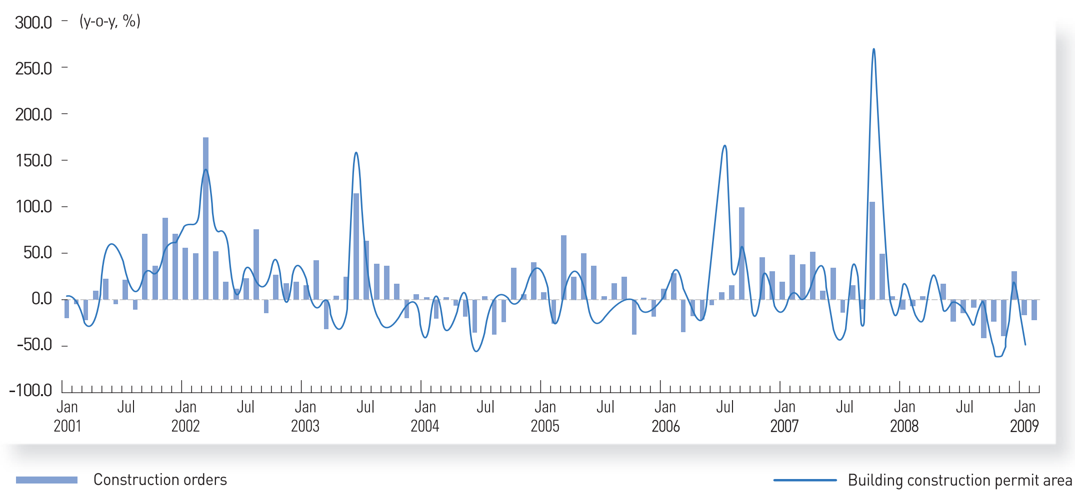
4-2 Construction completed and housing construction

Source: Korea National Statistical Office (construction completed)
Kookmin Bank (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 March fell 21.2 percent year-on-year to US$28.37 billion. The decline is expected to continue for a while due to the high base effect from 2008, when exports from the first through the third quarter increased 22.6 percent.

Average daily exports in working-day-adjusted terms fell 24.5 percent year-on-year, or rose 1.7 percent month-on-month, landing at US$1.18 billion.

The Ministry of Knowledge Economy estimated that by products between February 1 and 20, vessels *(up 61%)* continued its high growth, but other major products such as wireless communication devices *(down 20%)*, automobiles *(down 46%)*, and petroleum products *(down 48%)* plunged.

By regional category, according to the estimation by the Ministry of Knowledge Economy for the same period, exports to most regions fell, including China *(down 17.2%)*, the US *(down 24.0%)*, Japan *(down 29.8%)*, and the EU *(down 16.9%)*.

(US$ billion)

	2008				2009			
	Jan	Feb	Mar	Jan-Mar	Jan	Feb	Mar	Jan-Mar
Exports	32.28	31.18	36.00	99.44	21.24	25.46	28.37	75.06
(y-o-y, %)	14.9	18.9	18.4	17.4	-34.2	-18.3	-21.2	-24.5
Average daily exports	1.35	1.56	1.57	1.48	0.99	1.16	1.18	1.11
Imports	36.32	32.62	37.11	106.05	24.87	22.53	23.76	71.16
(y-o-y, %)	31.8	28.4	26.7	28.9	-31.5	-30.9	-36.0	-32.9
Average daily imports	1.51	1.63	1.61	1.58	1.16	1.02	0.99	1.05
Trade balance	-4.04	-1.45	-1.12	-6.61	-3.36	2.93	4.61	3.91

Imports in March continued to fall, slumping 36.0 percent to US$23.76 billion. In working-day-adjusted terms, average daily imports fell 38.6 percent year-on-year or 2.9 percent month-on-month to US$990 million. Falling prices of raw materials and flagging domestic demand led to plunging imports of raw materials, capital goods, as well as consumer goods.

Raw materials (y-o-y, %)
-7.5 (Nov 2008) → -21.0 (Dec) → -30.2 (Jan 2009) → -35.0 (Feb) → -46.9 (Mar 1-20)

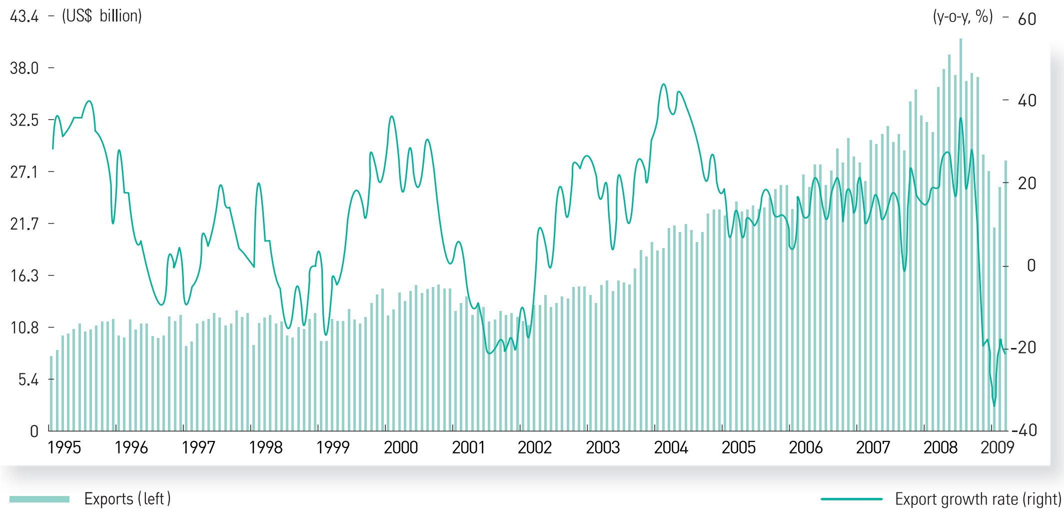
Capital goods (y-o-y, %)
-23.8 (Nov 2008) → -26.0 (Dec) → -33.6 (Jan 2009) → -23.0 (Feb) → -31.0 (Mar 1-20)

Consumer goods (y-o-y, %)
-28.8 (Nov 2008) → -11.1 (Dec) → -33.2 (Jan 2009) → -27.9 (Feb) → -30.8 (Mar 1-20)

Korea posted a record trade surplus of US$4.61 billion in March, the previous highest being US$3.85 billion in April 1998. Provided that oil prices stay stable, the trade account is expected to see another surplus in April.

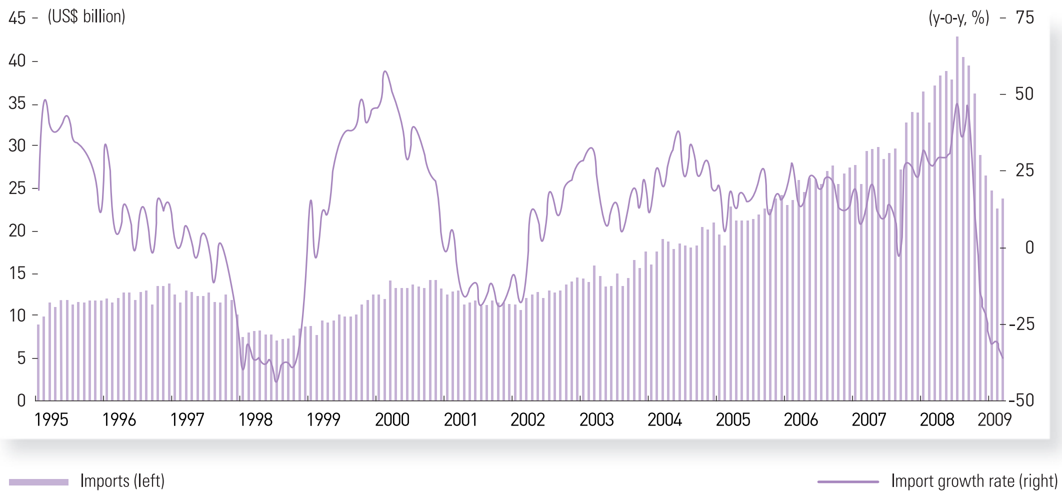
5-1 **Exports** (customs clearance basis)

Source: Korea Customs Service & Ministry of Knowledge Economy (export and import trend)



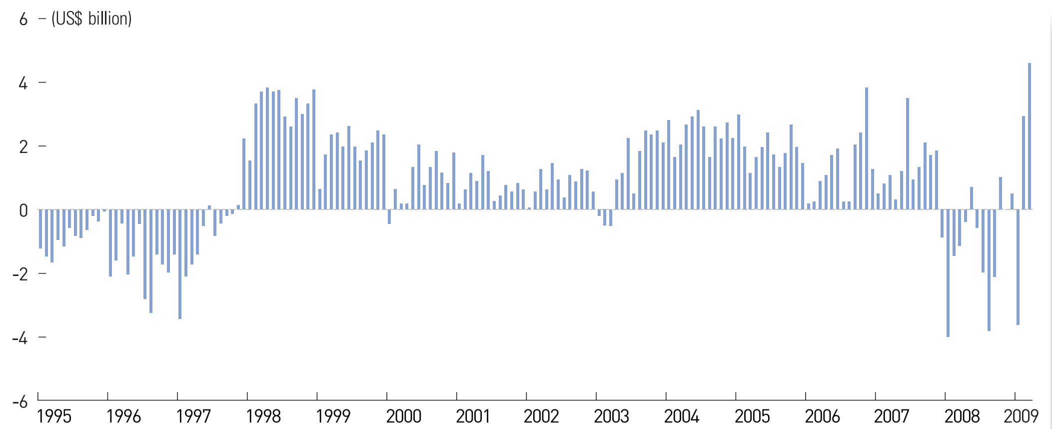
5-2 **Imports** (customs clearance basis)

Source: Korea Customs Service & Ministry of Knowledge Economy (export and import trend)



5-3 **Trade balance**

Source: Korea Customs Service & Ministry of Knowledge Economy (export and import trend)



6. Mining and manufacturing production

In February 2009, production in mining and manufacturing *(seasonally adjusted)* greatly improved by rising 6.8 percent month-on-month, reflecting the slower pace of decline in exports. On a year-on-year basis, the pace of decrease eased considerably.

By business category, automobiles, semiconductors and parts, and primary metals contributed to a year-on-year decrease in output.

Contribution to year-on-year output growth (%p)
Semiconductors and parts (-2.99), automobiles (-2.01), primary metals (-1.51)

Shipments fell again year-on-year, however at a slower pace of 9.6 percent from the previous month's 23.4 percent, posting a month-on-month increase of 6.3 percent. The level of inventory fell 4.4 percent in February, an improvement from the previous month's 0.4 percent rise.

By business category, shipments of automobiles fell 19.1 percent from a year earlier, semiconductors and parts dropped 15.7 percent, while primary metals declined 21.7 percent.

Inventories fell 4.5 percent month-on-month or 4.4 percent year-on-year. However, the ratio of inventory to shipments fell 13.5 points month-on-month, showing signs of inventory adjustment.

The average operation ratio for manufacturing rose 5.3 percentage points from the previous month to 66.7 percent.

(Percentage change from same period in previous year)

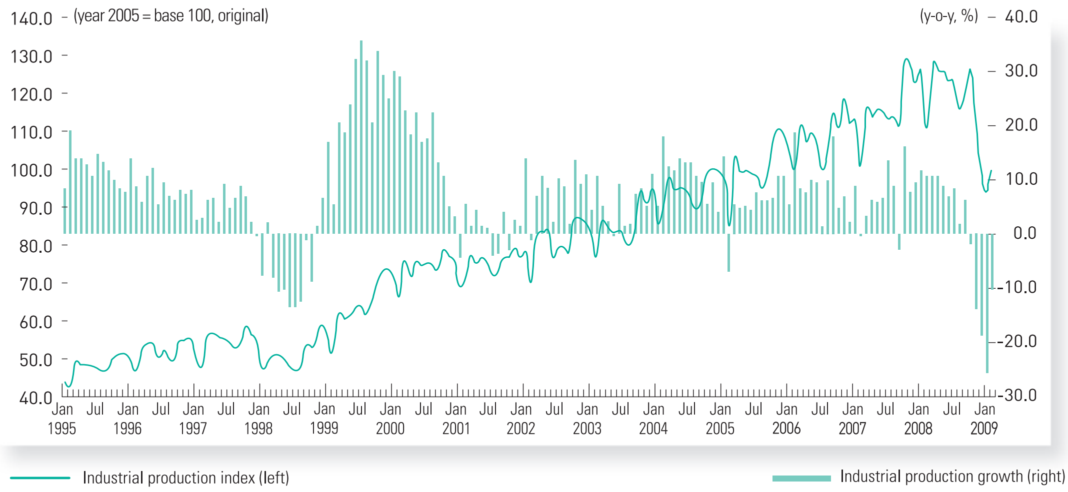
		2007	2008					2009	
		Annual	Annual	Q3	Q4	Nov	Dec	Jan[1]	Feb[1]
Mining and manufacturing activity[2]	Production (q-o-q, m-o-m)	-	-	-1.9	-11.9	-10.1	-9.6	1.6	6.8
	(y-o-y)	6.9	3.0	5.6	-11.3	-13.8	-18.7	-25.5	-10.3
	- Manufacturing	7.1	3.0	5.6	-12.1	-14.5	-20.0	-27.0	-10.6
	· Heavy chemical industry	8.3	4.1	6.8	-12.8	-15.0	-21.8	-27.8	-11.4
	· Light industry	2.0	-2.1	0.0	-8.8	-12.2	-10.6	-23.0	-6.3
	Shipment	7.2	2.4	5.3	-10.1	-13.2	-15.5	-23.4	-9.6
	- Domestic demand	5.1	-0.7	1.7	-11.0	-14.0	-14.8	-24.9	-10.8
	- Exports	10.3	7.1	10.3	-8.8	-11.9	-16.3	-21.3	-8.0
	Inventory[3]	5.6	7.4	17.3	7.3	16.1	7.4	0.4	-4.4
Manufacturing activity	Average operation ratio (%)	80.1	77.2	78.3	69.3	68.4	62.3	61.4	66.7
	Production capacity	5.4	5.2	5.3	3.5	3.4	3.4	2.6	2.7

1. Preliminary 2. Including mining, manufacturing, electricity and gas industry 3. End-period

Mining and manufacturing production is likely to see a slight month-on-month increase in March, considering a 1.7 percent increase in average daily exports from the previous month.

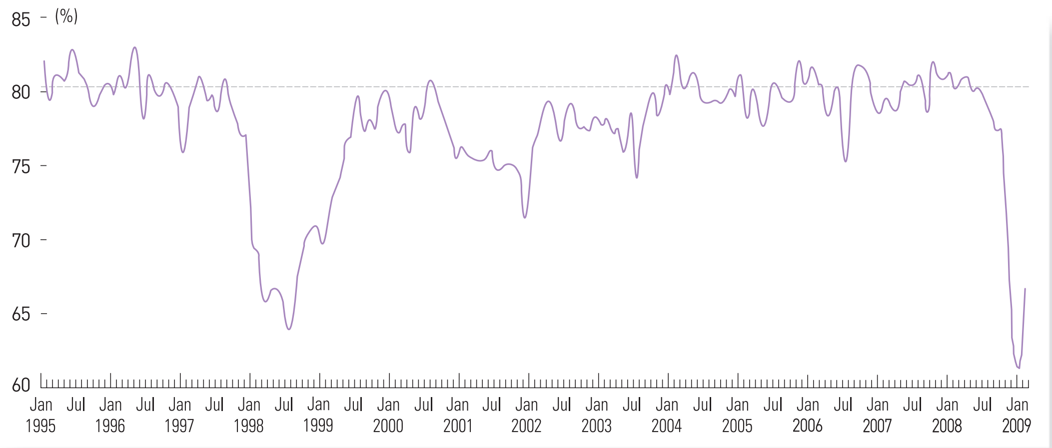
6-1 **Industrial production**

Source: Korea National Statistical Office (industrial activity trend)



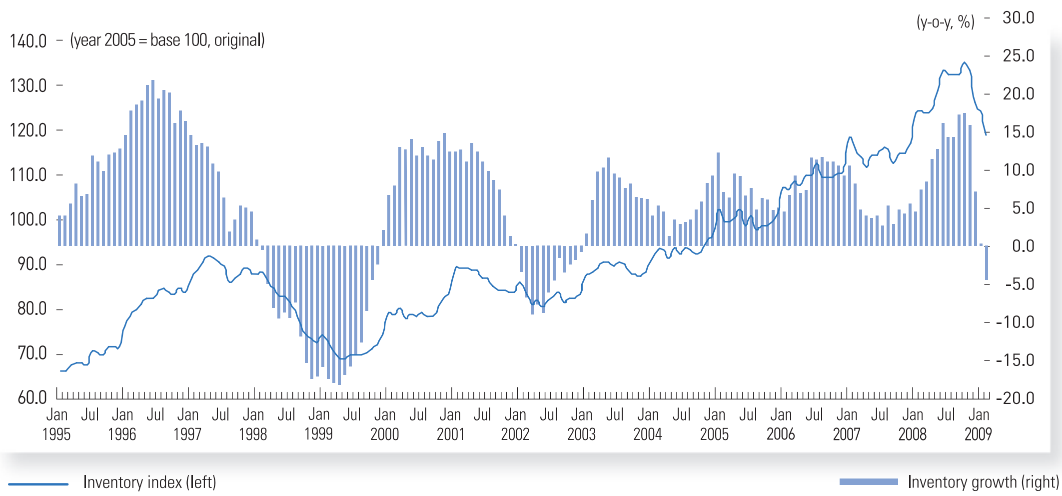
6-2 **Average manufacturing operation ratio**

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 February 2009 reversed its course of decline to post a 0.1 percent increase year-on-year.

On a month-on-month basis, it was up 1.2 percent after gaining 0.1 percent in December 2008 and 0.4 percent in January 2009.

By business category, healthcare & social welfare services *(up 9.7%)* and financial & insurance services *(up 7.8%)* expanded during the month.

Meanwhile, transportation services *(down 10.4%)* and business facility management & business support services *(down 4.7%)* showed sluggish performance.

(Percentage change from same period in previous year)

	Weight	2006	2007	2008						2009	
		Annual	Annual	Annual	Q1	Q2	Q3	Q4[1]	Dec	Jan[1]	Feb[1]
Service activity index	100	5.1	6.8	3.4	6.7	4.8	3.2	-0.4	-1.2	-1.1	0.1
- Wholesale & retail	22.0	3.8	5.8	1.4	4.0	3.1	3.6	-4.6	-5.0	-2.4	-4.3
- Hotels & restaurants	7.8	3.3	2.2	0.7	3.6	0.6	1.7	-3.0	-5.8	-4.0	-0.3
- Transportation services	9.0	3.5	6.6	4.3	8.1	8.2	4.3	-3.2	-3.6	-10.8	-10.4
- Information & communication services	8.4	4.6	3.8	3.5	6.0	5.5	3.4	-0.2	-2.4	-3.3	-0.8
- Financial & insurance services	15.3	8.3	17.1	9.7	16.1	9.8	9.6	4.5	5.8	4.2	7.8
- Real estate & renting	6.3	9.4	3.1	-2.1	5.7	2.7	-8.4	-7.5	-6.9	-0.3	-0.8
- Business services	2.9	5.0	9.0	4.6	8.0	7.7	3.2	0.1	-2.6	-4.8	-4.7
- Educational services	10.8	2.6	2.2	1.8	3.4	1.9	-0.5	2.3	2.4	2.2	1.3
- Healthcare & social welfare services	6.0	9.4	9.4	6.3	6.1	6.8	6.1	6.5	5.4	7.0	9.7
- Entertainment, cultural & sports services	2.9	0.5	6.3	2.2	2.5	0.4	1.7	4.3	-2.7	-1.9	5.7
- Membership organizations	3.8	2.7	0.1	0.1	1.9	1.0	-1.4	-1.0	-1.1	-3.9	-3.9
- Sewerage & waste management	0.4	6.5	4.9	5.8	8.9	6.9	3.9	4.0	8.4	-6.8	-1.6

1. Preliminary

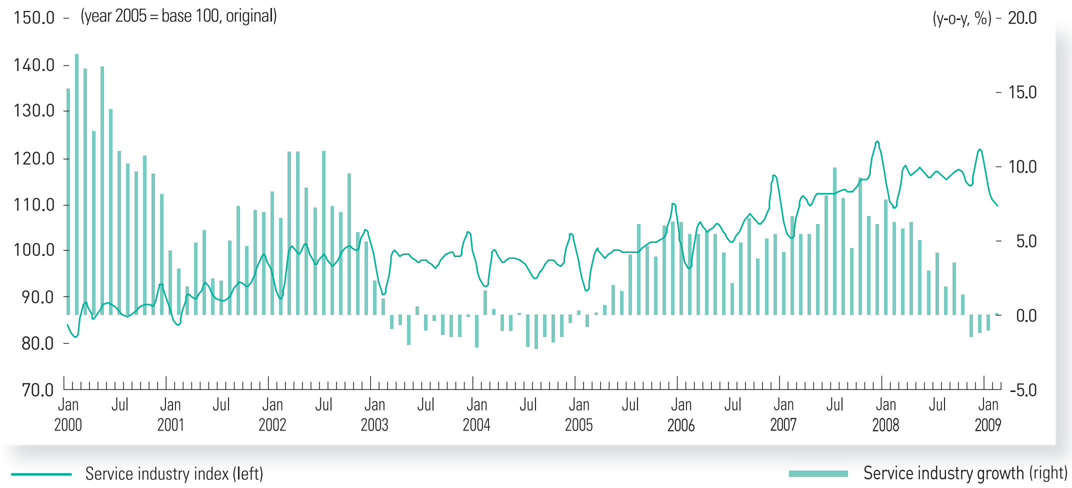
Service output has expanded month-on-month *(seasonally adjusted)* for three consecutive months. Service activity is expected to improve slightly in March compared with February, given the recent upward trend and the fiscal front-loading. The government has already executed 23.3 percent of the annual budget as of end February.

(Percentage change from same period in previous year)

	2008				2009	
	Q2	Q3	Q4	Dec	Jan	Feb
Consumer goods sales (y-o-y)	2.9	1.4	-4.2	-4.5	-3.3	-6.2
(q-o-q, m-o-m)	-1.3	-0.1	-3.5	-0.2	-2.1	5.0

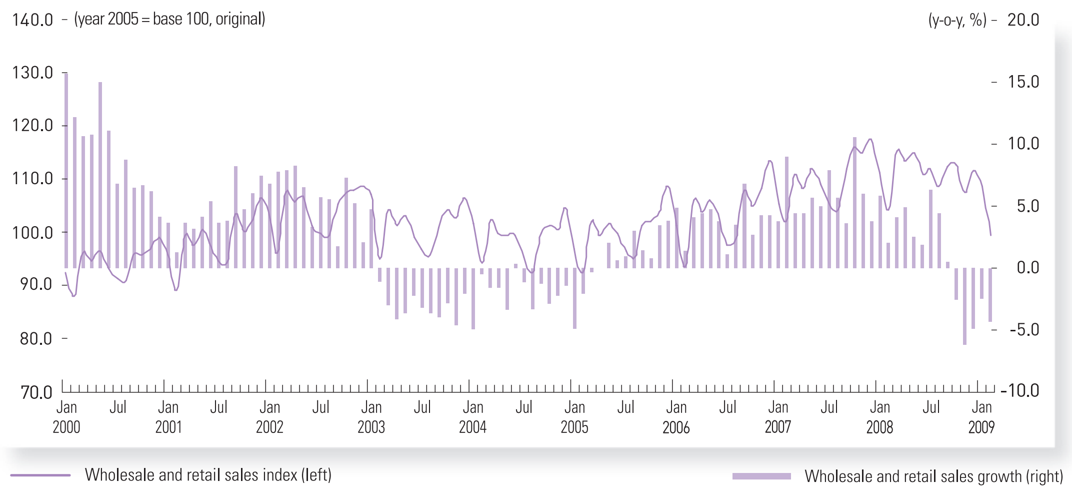
7-1 **Service industry**

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



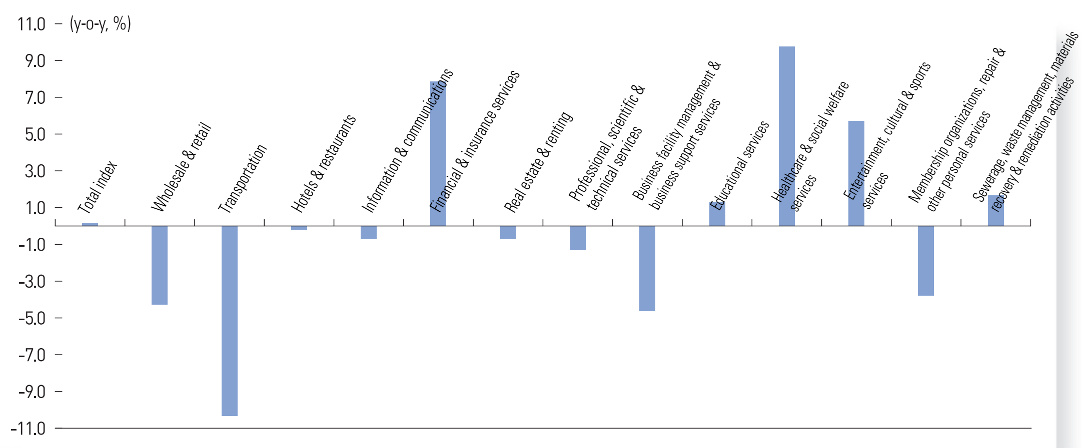
7-2 **Wholesale and retail sales**

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



7-3 **Feb 2009 service industry by business**

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



8. Employment

The number of workers on payroll in February 2009 declined by 142,000 year-on-year affected by weak domestic demand and decreased exports. It was the fastest fall since September 2003 when the number of employed dropped by 189,000.

Employment in the manufacturing sector stayed on a downward track by declining 176,000 after decreasing by 127,000 in the previous month, mainly due to falling exports. Hiring in the construction sector decelerated the pace of decline with a smaller decrease of 17,000 from the previous month's fall of 41,000, backed by increased construction orders in the public sector. Employment in the service sector slowed its year-on-year growth to 45,000 from 53,000 a month earlier, as wholesale & retail sales and hotels & restaurants continued to shed jobs with the number of employed in the sector declining by 116,000.

(Change from same period in previous year, thousand)

	2008							2009	
	Annual	Feb	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Employment growth	145	210	209	173	141	54	-12	-103	-142
- Manufacturing	-52	-12	-18	-34	-52	-103	-133	-127	-176
- Construction	-37	-18	-22	-46	-40	-41	-48	-41	-17
- Services	263	301	307	300	262	187	162	53	45
- Agriculture, forestry and fishery	-37	-67	-63	-54	-38	8	4	15	6

By status of workers, non-wage workers including self-employed workers plunged by 259,000 from a year earlier. Meanwhile, wage workers rose by 117,000 led by an increase of 390,000 in regular workers although temporary or daily workers shrank significantly by 273,000.

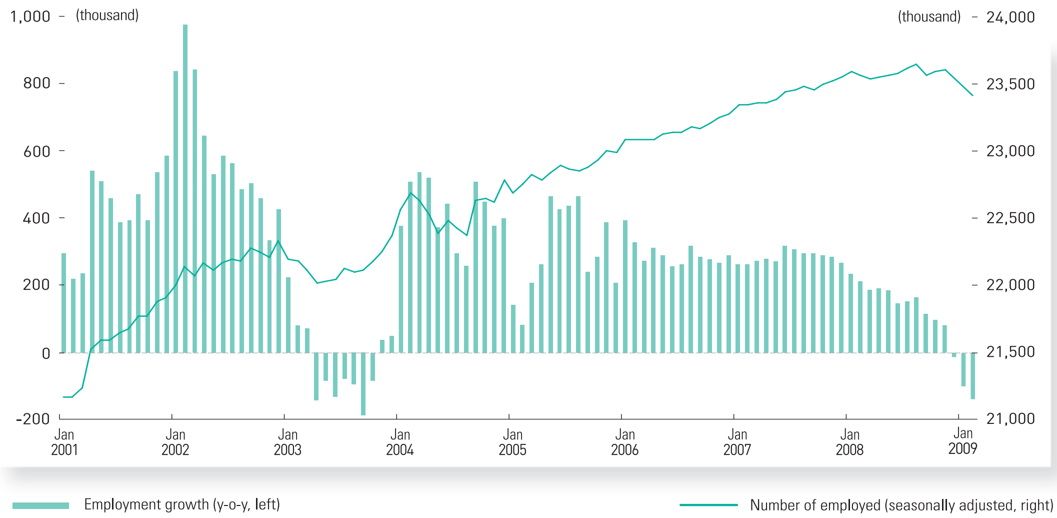
(Change from same period in previous year, thousand)

	2008								2009
	Annual	Feb	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Employment growth	145	210	209	173	141	54	-12	-103	-142
- Wage workers	236	297	312	289	208	137	86	21	117
· Regular workers	386	405	435	448	347	316	318	287	390
· Temporary or daily workers	-150	-108	-123	-159	-140	-179	-232	-267	-273
- Non-wage workers	-92	-87	-102	-115	-66	-83	-97	-123	-259
· Self-employed workers	-79	-34	-79	-67	-76	-95	-93	-112	-256
Unemployment rate (%)	3.2	3.5	3.4	3.1	3.1	3.1	3.3	3.6	3.9
Employment rate (%)	59.5	58.0	58.5	60.3	59.9	59.4	58.4	57.3	57.0

The employment rate stood at 57.0 percent, down 1.0 percentage point compared to the same month of the previous year. The unemployment rate rose 0.4 percentage points year-on-year to 3.9 percent, while that of youths aged 15 to 29 was up 1.1 percentage points from a year earlier to 8.7 percent.

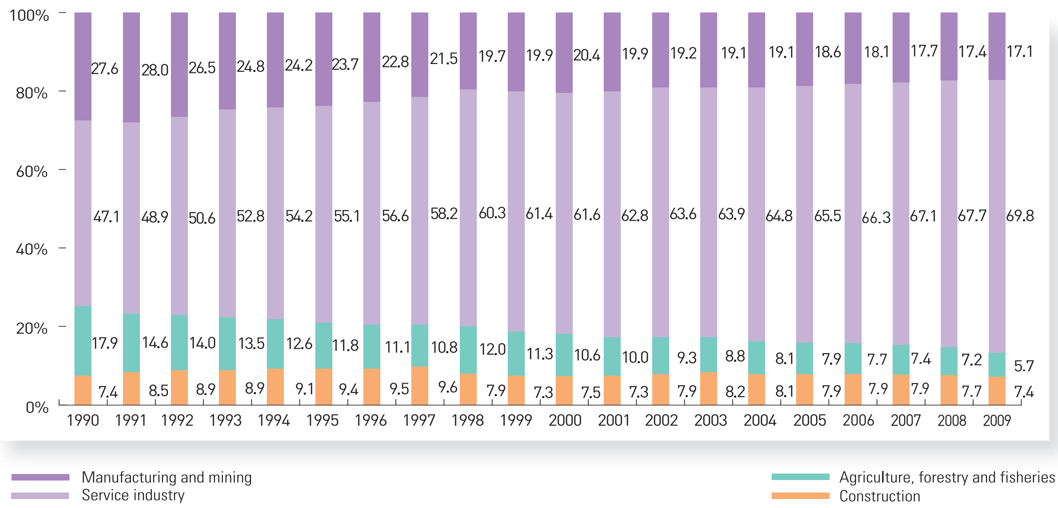
8-1 **Number of employed and employment growth**

Source: Korea National Statistical Office (employment trend)



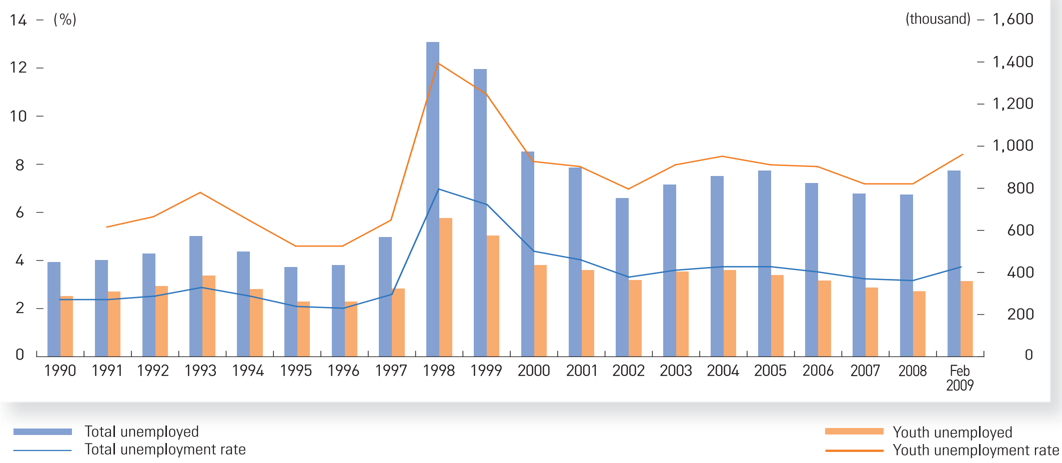
8-2 **Share of employed by industry**

Source: Korea National Statistical Office (employment trend)



8-3 **Unemployment rate and number of unemployed**

Source: Korea National Statistical Office (employment trend)



9. Financial markets

9.1 Stock market

The Korean stock market in March recovered the 1,200 point level as investor sentiment was boosted with global stock market rallies, the stabilizing exchange rate, and the February current account surplus of US$3.68 billion. On March 27, the KOSPI jumped to 1,256.7 point, the highest this year.

Global stock market rallies in Mar 2009 (end-period, m-o-m, %)
US (7.7), Japan (7.2), China (13.9), Hong Kong (6.0), Taiwan (14.3), Korea (13.5)

Foreign investors, who reduced their net-selling amount of Korean shares in early March, turned their positions to net-buyers after mid March.

Net buying of Korean shares by foreign investors in the KOSPI market (trillion won)
0.8 (Jan 2009) → -0.9 (Feb) → 0.05 (Mar), -0.8 (Mar 1-15) → 0.9 (Mar 16-31)

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2008	Mar 2009	Change[1]	2008	Mar 2009	Change[1]
Stock price index	1,124.4	1,206.2	81.8 (+7.3%)	332.0	421.4	89.4 (+26.9%)
Market capitalization	576.9	621.4	44.5 (+7.7%)	46.1	60.3	14.2 (+30.8%)
Average daily trade value	5.1	5.1	-	1.2	1.7	0.5 (+4.2%)

1. Change from the end of previous year

9.2 Exchange rate

The won/dollar exchange rate in early March rose to the upper 1,500 won fueled by uncertainties in the international financial market and worries over the global economic recession. Thereafter, the exchange rate has plunged to stabilize at the upper 1,300 won affected by the global stock market recovery, a current account surplus of US$3.68 billion, and foreign investors' shift to net-buyers of Korean shares. The won/dollar exchange rate in March fell by 150.5 won from the end February to wrap up the month at 1,383.5 won.

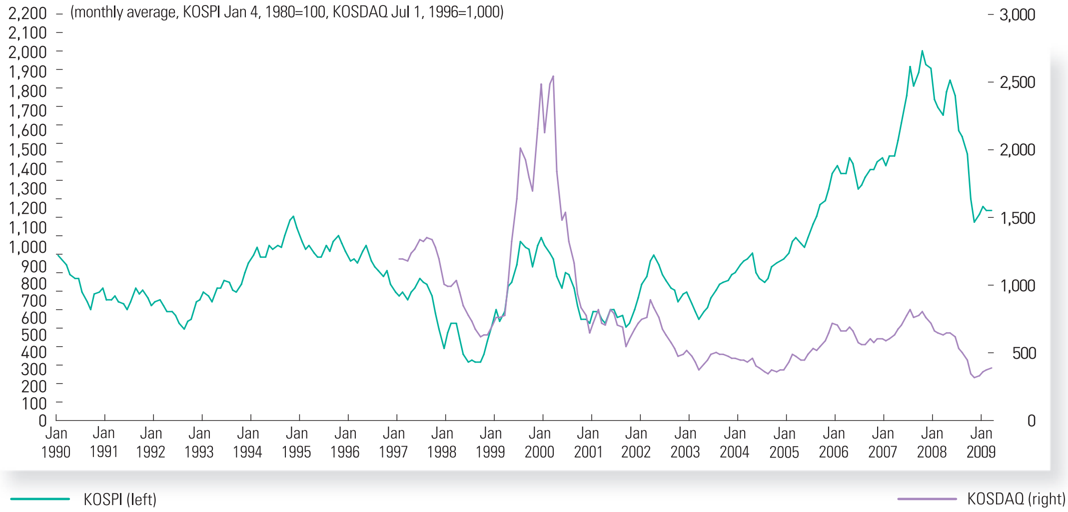
The won/yen exchange rate dropped to the 1,410 won range amid the won's appreciation.

(End-period)

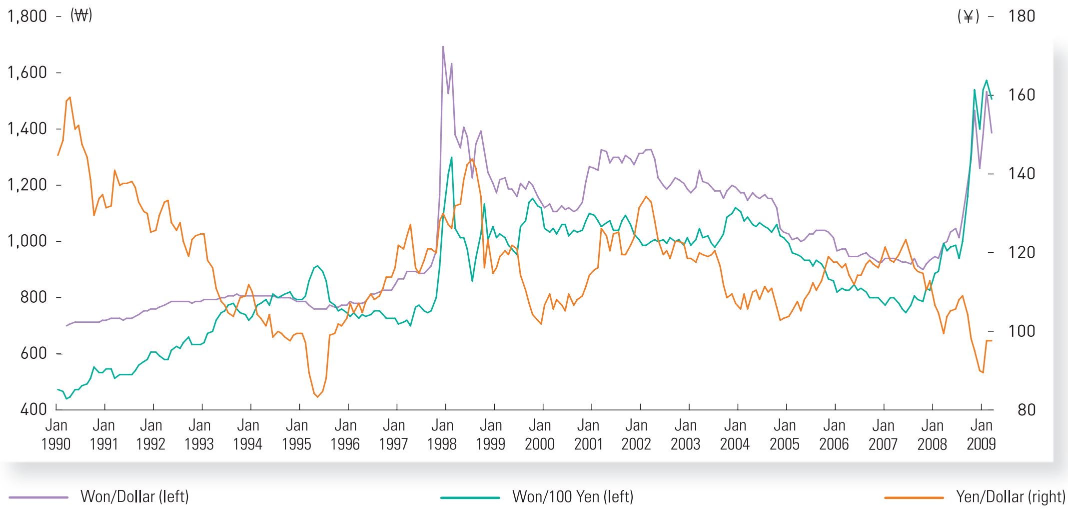
	2006	2007	2008	2009		
	Dec	Dec	Dec	Feb	Mar	Change[1]
Won/Dollar	929.8	936.1	1,259.5	1,534.0	1,383.5	-9.0
Won/100Yen	783.4	828.6	1,396.8	1,571.2	1,412.7	-1.1

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.

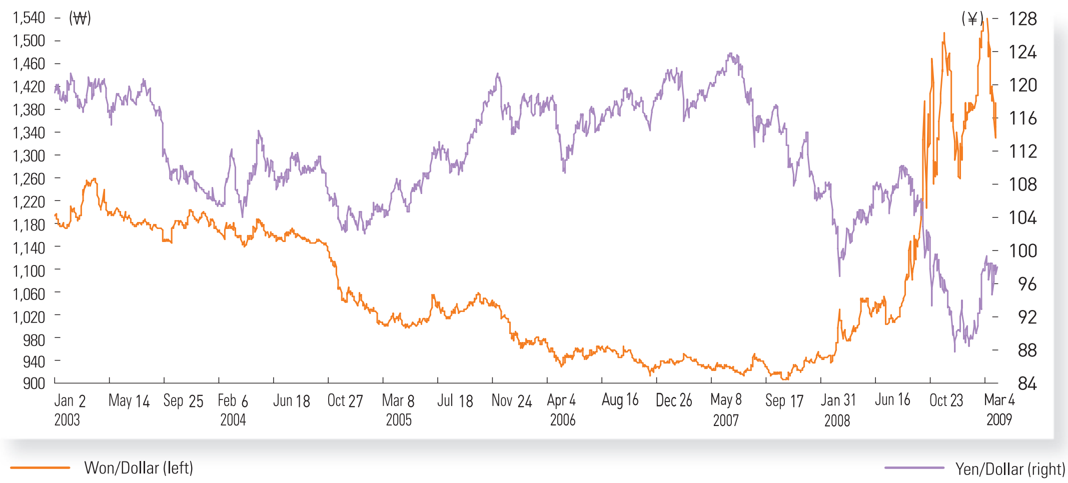
9-1 Stock prices



9-2 Foreign exchange rate (month-end)



9-3 Recent foreign exchange rate



9.3 Bond market

Treasury bond yields remained unstable in March to close the month with a higher rate, affected by worries over the imbalance between supply and demand caused by the supplementary budget plan announced on March 24.

Despite abundant liquidity in the market, short-term interest rates such as the yields on CDs fell at a slower pace after the Bank of Korea kept its benchmark rate steady on March 12.

(End-period)

	2005	2006	2007	2008	2009			
	Dec	Dec	Dec	Dec	Jan	Feb	Mar	Change[1]
Call rate (1 day)	3.76	4.60	5.02	3.02	2.41	1.87	1.72	-130
CD (91 days)	4.09	4.86	5.82	3.93	2.96	2.49	2.43	-150
Treasury bonds (3 yrs)	5.08	4.92	5.74	3.41	3.59	3.82	3.94	53
Corporate bonds (3 yrs)	5.52	5.29	6.77	7.72	7.29	6.60	6.13	-159
Treasury bonds (5 yrs)	5.36	5.00	5.78	3.77	4.07	4.57	4.69	92

1. Basis point changes in March 2009 from end December 2008

9.4 Money supply & money market

The year-on-year M2 (monthly average) growth in January 2009 decelerated slightly to 12.0 percent from a year earlier. The growth also slowed down from the previous month with a decelerated increase in private credits including household and corporate loans.

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

	2006	2007	2008				2009	
	Annual	Annual	Annual	Oct	Nov	Dec	Jan	Jan[1]
M1[2]	9.1	8.1	4.4	4.2	5.5	5.5	9.1	331.4
M2	8.3	11.2	14.3	14.2	14.0	13.1	12.0	1,440.3
Lf[3]	7.9	10.2	11.9	11.9	11.4	10.4	9.2[4]	1,868.9[4]

1. Balance at end January 2009, 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 February 2009, deposits of banks and asset management companies (AMC) increased considerably. Bank deposits showed a substantial rise driven by a 15.7 trillion won increase in instant access accounts, with an extensive inflow of short-term idle money. Asset management company (AMC) deposits continued to expand, though at a slower pace than the month before, mainly as market funds kept flowing into money market funds (MMFs) which saw a net inflow of 14.8 trillion won during the month.

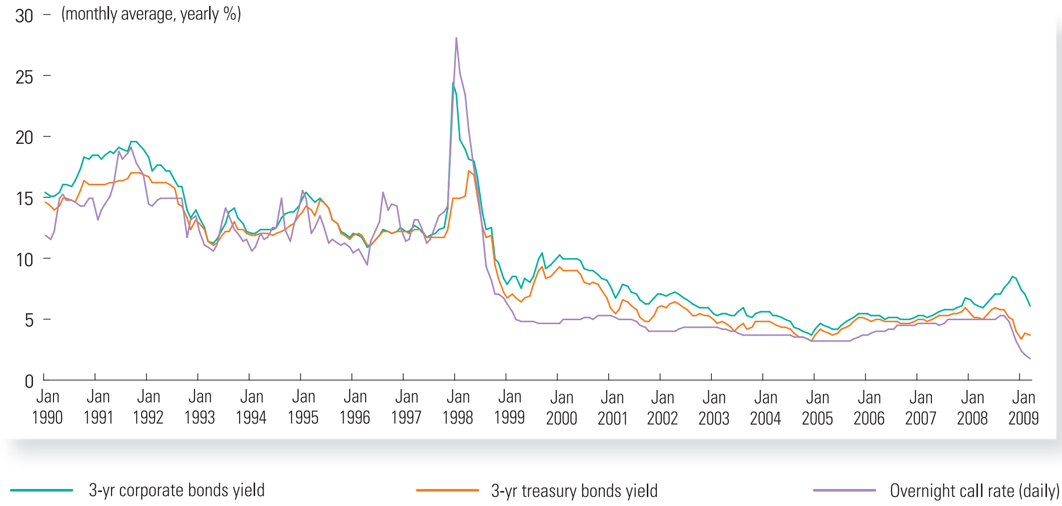
(Monthly change, end-period, trillion won)

	2007		2008			2009		
	Annual	Feb	Annual	Feb	Dec	Jan	Feb	Feb[1]
Bank deposits	51.0	6.2	95.5	8.9	-11.1	-5.5	20.6	921.5
AMC deposits	61.8	0.4	63.0	13.9	12.8	17.7	11.4	388.6

1. Balance at end February 2009, trillion won

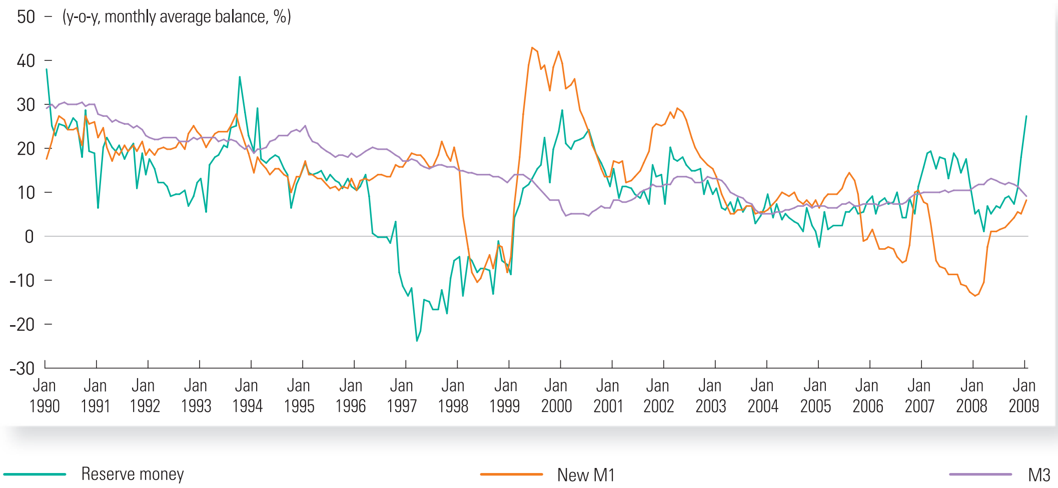
9-4 Interest rates

Source: The Bank of Korea



9-5 Total money supply

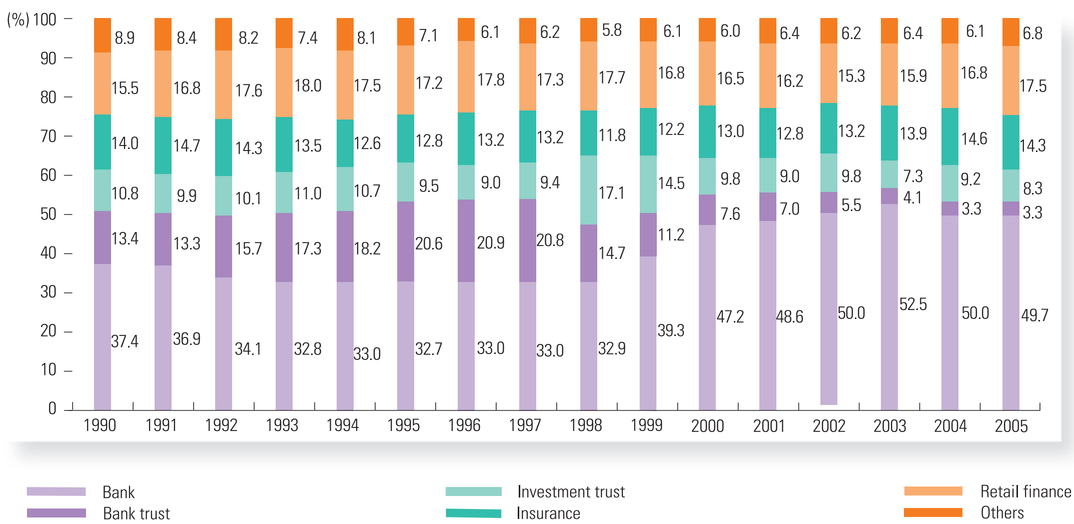
Source: The Bank of Korea



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, in February 2009, posted a current account surplus of US$3.68 billion, recording an accumulated surplus of US$2.05 billion for the first two months of the year.

The goods account turned to a US$3.15 billion surplus after posting a US$600 million deficit in the same month of the previous year as imports decreased at a faster pace while the decreasing pace in exports slowed down.

The service account deficit shrank to US$490 million from US$2.25 billion a year earlier as the travel account surplus expanded considerably despite increasing royalty payments.

The income account recorded a US$520 million surplus, a similar level to the previous month. It posted a US$700 million surplus in the same month of the previous year.

The current transfer account registered a US$500 million surplus extending its surplus trend for five consecutive months as Korean residents overseas remitted more money to their home country amid the won's depreciation against the dollar. A year earlier, it recorded a US$200 million deficit.

(US$ billion)

	2008						2009	
	Annual	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Current account	-6.41	-5.21	-0.13	-8.58	7.52	0.86	-1.64	3.68
- Goods balance	5.99	-1.22	5.72	-3.48	4.97	1.50	-1.74	3.15
- Service balance	-16.73	-5.07	-4.27	-5.69	-1.70	-1.52	-0.71	-0.49
• Travel balance	-8.05	-3.02	-2.77	-2.97	0.71	-0.21	0.02	0.37
- Income balance	5.11	1.69	-0.65	1.38	2.71	0.58	0.56	0.52
- Current transfers	-0.77	-0.61	-0.94	-0.77	1.55	0.31	0.25	0.50

The capital and financial account balance reversed its course to a net outflow of US$3.32 billion.

The direct investment account recorded a net outflow of US$550 million as overseas direct investment by locals increased.

The portfolio investment account showed a net inflow of US$160 million as domestic investors' withdrawal of funds from overseas stock markets exceeded the withdrawal of foreign capitals invested in domestic shares.

The financial derivatives account registered a net outflow of US$2.8 billion due to financial institutions' expanded loss from derivative products affected by the won's depreciation against the dollar.

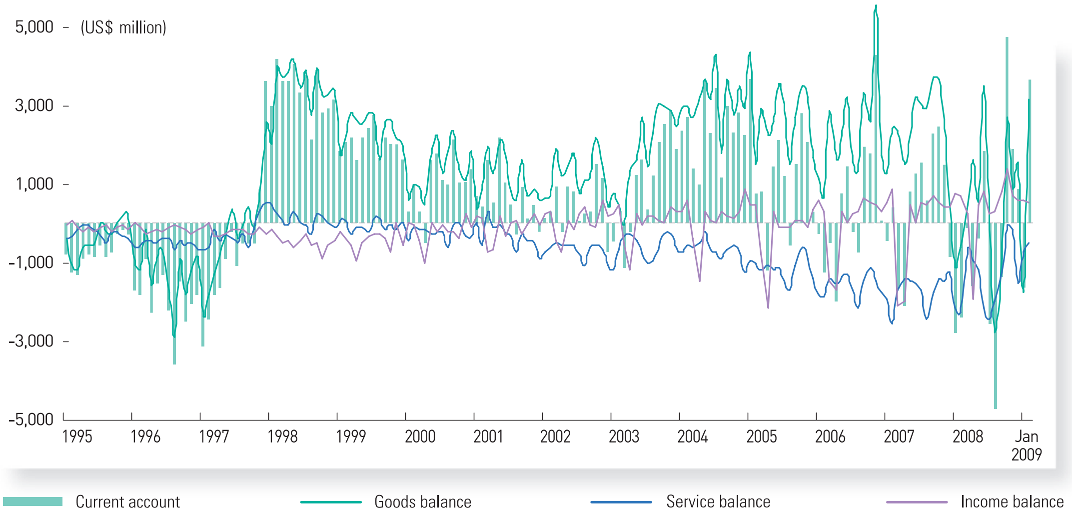
Capital & financial account balance (US$ billion)

-0.4 (Feb 2008) ➔ -24.83 (Oct) ➔ -12.14 (Nov) ➔ -4.83 (Dec) ➔ 4.86 (Jan 2009) ➔ -3.32 (Feb)

The current account is likely to record a surplus of around US$4.5 billion in March as the trade balance posted a huge surplus of US$4.61 billion.

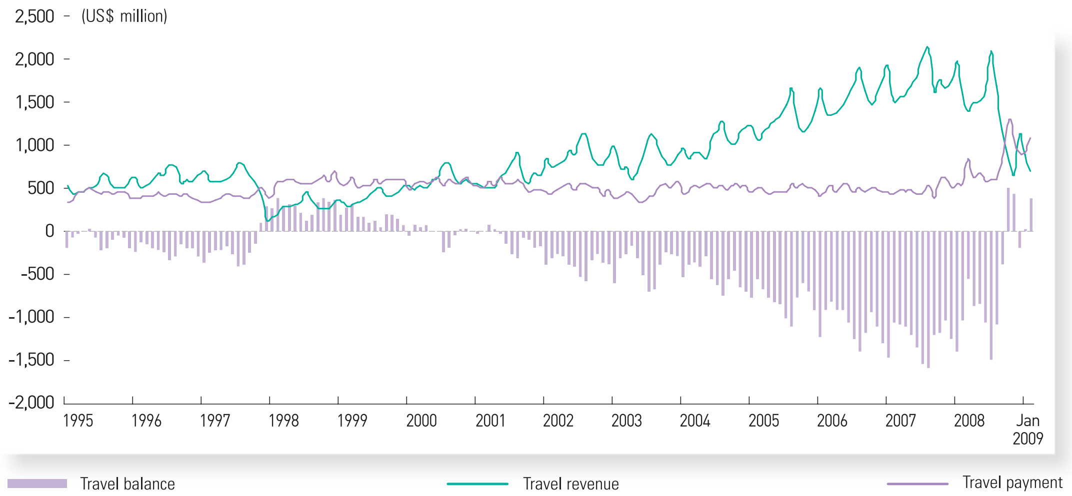
10-1 Current account balance

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



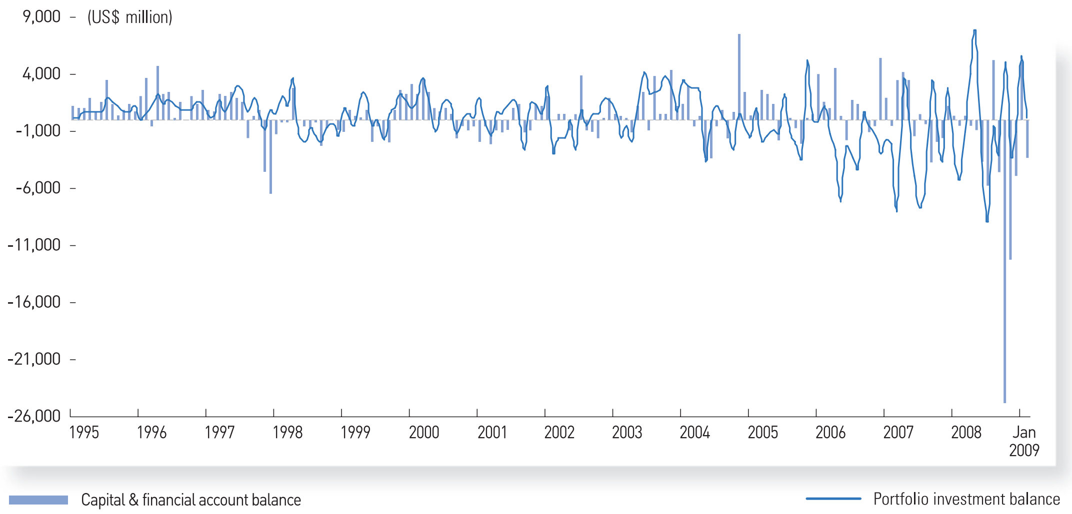
10-2 Travel balance

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 rose by 3.9 percent year-on-year in March, slowing its increase in a month. On a month-on-month basis, the prices went up 0.7 percent.

While agricultural, livestock and fishery products as well as oil products showed price strength, personal service charges were relatively stable compared to the average March level.

Prices of agricultural, livestock and fishery products were up 1.9 percent month-on-month due to decreases in cultivated land area and fish caught along with declined imports affected by the won's depreciation.

Prices of oil products *(up 2.1%)*, gold rings *(up 2.4%)*, shampoo *(up 6.4%)*, and computer CPUs *(up 7.3%)* showed an upward tendency month-on-month due to the weak won.

Prices of oil products in Mar 2009 (m-o-m, %)
Gasoline (2.5), diesel (-0.7), kerosene (0.9), LPG for automobiles (5.5), LPG for kitchen use (6.0)

Personal service charges slowed its growth pace considerably on the back of contracted consumption and the freeze on university tuition fees.

Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Gold rings	Public utility	Housing rents	Personal services
Month-on-Month (%)	0.7	1.9	0.9	2.1	2.4	0.3	0.0	0.7
Contribution (%p)	0.72	0.17	0.28	0.11	0.03	0.04	0.00	0.25
Year-on-Year (%)	3.9	10.1	4.7	-8.2	42.7	1.8	1.9	3.2
Contribution (%p)	3.88	0.83	1.45	-0.51	0.37	0.30	0.18	1.11

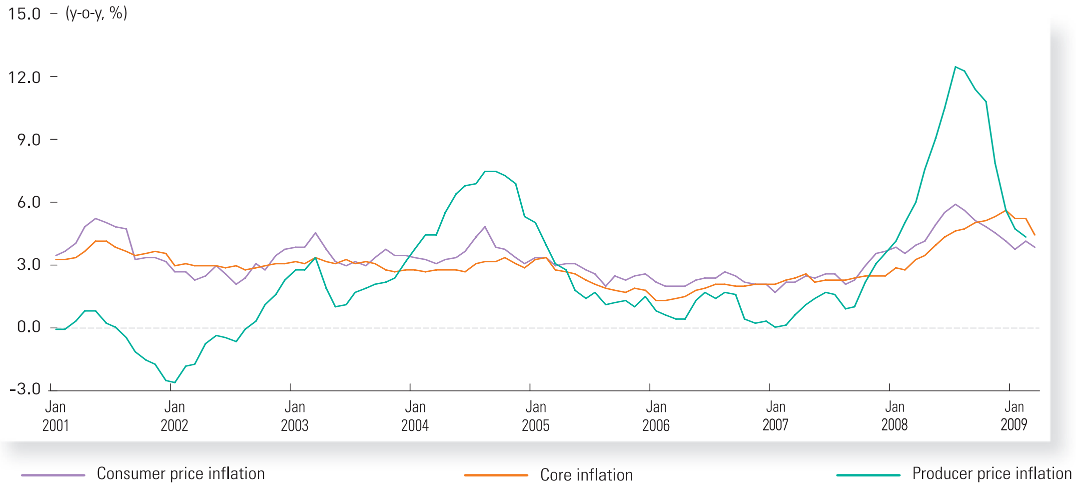
Core consumer prices, which exclude the prices of oil and agricultural products, rose by 4.5 percent year-on-year. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 3.1 percent compared to the same month of the previous year.

Consumer price inflation

	2008										2009		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Month-on-Month (%)	0.9	0.6	0.8	0.6	0.7	-0.2	0.1	-0.1	-0.3	0.0	0.1	0.7	0.7
Year-on-Year (%)	3.9	4.1	4.9	5.5	5.9	5.6	5.1	4.8	4.5	4.1	3.7	4.1	3.9
Core consumer prices (y-o-y)	3.3	3.5	3.9	4.3	4.6	4.7	5.1	5.2	5.3	5.6	5.2	5.2	4.5
(m-o-m)	1.1	0.5	0.5	0.5	0.5	0.2	0.5	0.2	0.3	0.5	0.2	0.4	0.4
Consumer prices for basic necessities (y-o-y)	4.9	5.1	5.9	7.0	7.1	6.6	5.5	4.8	4.0	3.0	2.8	3.3	3.1

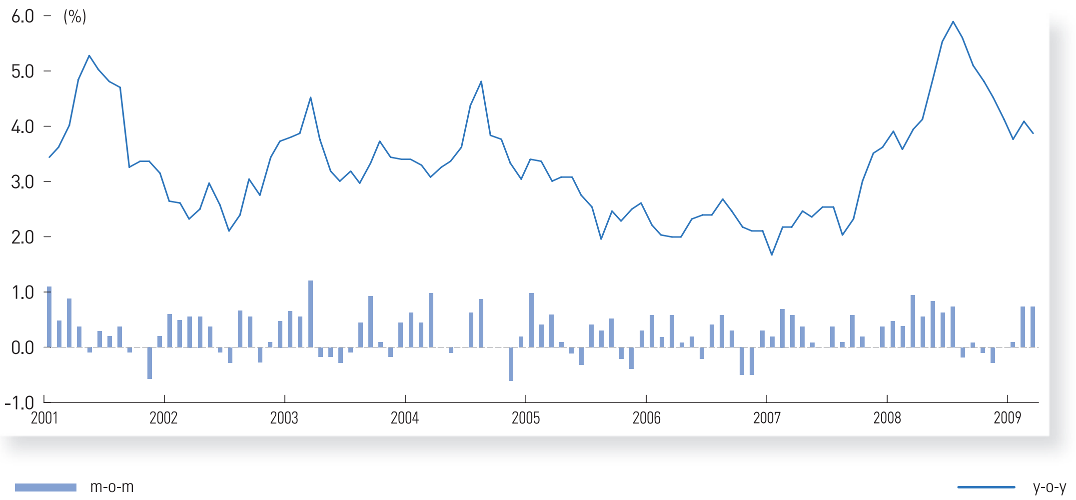
11-1 Prices

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



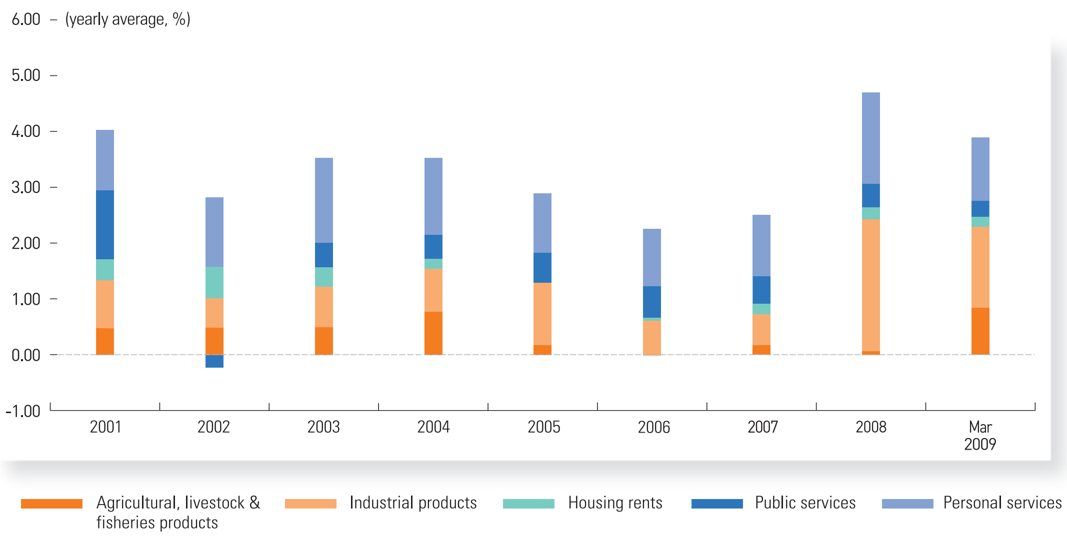
11-2 Consumer price inflation

Source: Korea National Statistical Office (consumer price trend)



11-3 Contribution to consumer price inflation

Source: Korea National Statistical Office (consumer price trend)



11.2. International oil and commodity prices

International oil prices in March increased due to the OPEC's cut in output and capital inflow into the oil market amid the weak dollar. The price of WTI crude surged significantly due to the expected economic recovery as the US government announced its plan to buy a massive amount of Treasury bonds and toxic assets.

(US$/barrel, period average)

	2006	2007	2008					2009		
	Annual	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Dubai crude	61.6	68.4	94.3	96.3	67.7	49.9	40.5	44.1	43.1	45.6
Brent crude	65.1	72.8	97.5	98.2	72.0	52.7	40.4	43.6	43.2	46.5
WTI crude	66.0	72.3	99.9	103.7	76.6	57.3	41.6	41.8	39.2	48.0

Record high oil prices (spot prices, US$/barrel)
Dubai crude: 141 (Jul 4, 2008), Brent crude: 145 (Jul 3), WTI crude: 146 (Jul 14)

While gasoline prices have gone up, disel prices dropped in line with the international prices.

(Won/liter, period average)

	2006	2007	2008					2009		
	Annual	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Gasoline prices	1,492	1,526	1,692	1,716	1,687	1,514	1,329	1,352	1,486	1,530
Diesel prices	1,228	1,273	1,614	1,664	1,602	1,416	1,303	1,305	1,322	1,304

Source: Korea National Oil Corporation

Overall, international prices of major non-ferrous metals and grain were on a downward trajectory month-on-month in March amid uncertainties over economic recovery. However, prices of some items increased due to the imbalance between supply and demand.

Prices of non-ferrous metals, in general, have been on a downward trend with the exception of bronze, zinc, and lead, whose demand was boosted as China expanded its strategic stockpile of those metals. Prices of grain also moved downwards with the expansion of cultivated land and the expected robust harvest. Prices of corn, however, rose on the possible recovery in demand.

Prices of non-ferrous metals and grain in Mar 2009 (m-o-m, %)
Corn (4.1), wheat (-2.6), soybean (-2.3), bronze (12.5), zinc (9.0), lead (12.2), nickel (-7.1), aluminum (-0.1), tin (-4.2)

Reuters index*

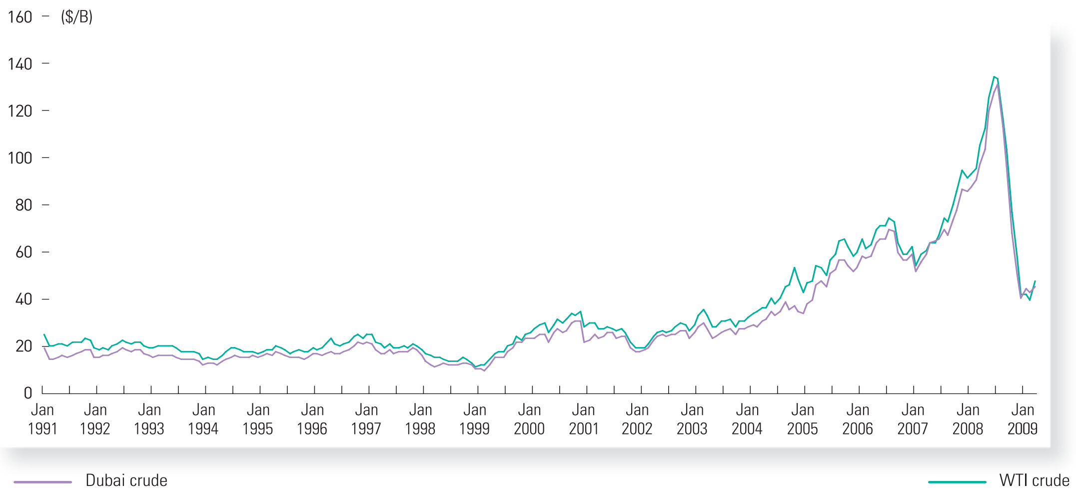
(Period average)

2006	2007	2008					2009		
Annual	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2,019	2,400	2,536	2,512	2,127	1,965	1,767	1,890	1,893	1,868

** 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 March, apartment sales prices fell 0.2 percent from the previous month decelerating the pace of decline for three consecutive months.

Apartment prices in the Gangnam area shifted to a 0.4 percent decrease from the previous month's 0.2 percent rise, as new demand was weak after apartments put up for urgent sale were sold out and the deregulation in the real estate market has been delayed.

Nationwide apartment sales prices

(Percentage change from previous period)

	2005	2006	2007	2008			2009						
	Annual	Annual	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Mar 2[1]	Mar 9[1]	Mar 16[1]	Mar 23[1]
Nationwide	5.9	13.8	2.1	2.3	-0.5	-0.9	-0.7	-0.3	-0.2	-0.07	-0.08	-0.05	-0.02
Seoul	9.1	24.1	3.6	3.2	-0.8	-1.6	-0.9	-0.2	-0.3	-0.08	-0.09	-0.09	-0.01
Gangnam[2]	13.5	27.6	0.5	-1.9	-1.2	-2.0	-1.1	0.2	-0.4	-0.06	-0.09	-0.05	0.03
Gangbuk[3]	3.2	19.0	8.3	9.4	-0.4	-1.3	-0.7	-0.6	-0.1	-0.11	-0.09	-0.15	-0.06

1. Weekly trends 2. Upscale area of southern Seoul 3. Northern Seoul

Source: Kookmin Bank

The average rental prices in March turned to an increase of 0.2 percent after four months of decline as the spring moving season began. As for Seoul, the price was up 0.7 percent led by a 1.0 percent increase in the Gangbuk area where demand for apartment rentals increased affected by the "New Town" construction projects.

Nationwide apartment rental prices

(Percentage change from previous period)

	2005	2006	2007	2008			2009						
	Annual	Annual	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Mar 2[1]	Mar 9[1]	Mar 16[1]	Mar 23[1]
Nationwide	5.7	7.6	1.9	0.8	-0.4	-1.4	-1.2	-0.3	0.2	0.08	0.04	0.06	0.04
Seoul	6.2	11.5	2.2	-1.8	-1.0	-2.7	-1.7	0.2	0.7	0.27	0.10	0.15	0.10
Gangnam[2]	8.6	11.3	0.5	-3.6	-1.2	-2.9	-1.8	0.7	0.3	0.36	0.17	0.25	0.16
Gangbuk[3]	2.9	11.8	4.6	0.5	-0.7	-2.4	-1.5	-0.4	1.0	0.16	0.01	0.02	0.03

1. Weekly trends 2. Upscale area of southern Seoul 3. Northern Seoul

Source: Kookmin Bank

Apartment sales transactions in February 2009 rose 22 percent to 60,000 from the previous month's 49,000 affected by the increased number of would-be home buyer for residential purposes.

Apartment sales transactions

(Monthly average, thousand)

2006	2007	2008													2009	
Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
94	84	74	80	70	88	97	82	85	84	63	61	68	54	57	49	60

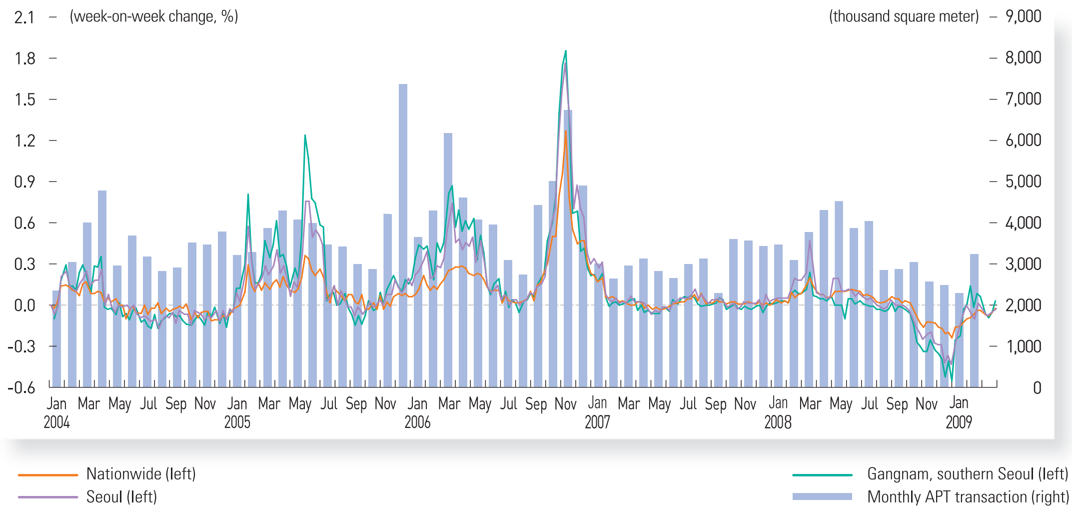
Source: Korea Land Corporation

12-1 **Real estate prices**

Source: Kookmin Bank (national housing price trend)

12-2 **Weekly apartment sales prices and monthly transaction volume**

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



12-3 **Apartment prices by region**

Source: Kookmin Bank (national housing price trend)

12.2 Land market

Nationwide land prices in February 2009 fell 0.35 percent decelerating its pace of decline for the second consecutive month.

Nationwide land prices (m-o-m, %)
-2.72 (Dec 2008) ➔ -0.75 (Jan 2009) ➔ -0.35 (Feb)

The month-on-month decrease of land prices in the Seoul metropolitan area including Seoul, the Gyeonggi province and Incheon, also slowed down to 0.43 percent, 0.44 percent and 0.39 percent, respectively, compared to the previous month. The decline in the area, however, was steeper than the nationwide average level of a 0.35 percent decrease.

Land prices by region

(Percentage change from previous period)

	2006	2007					2008					2009	
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Jan	Feb
Nationwide	5.61	3.88	0.96	0.79	0.91	1.15	-0.31	1.23	1.46	1.18	-4.08	-0.75	-0.35
Seoul	9.17	5.88	1.38	1.07	1.40	1.90	-1.00	1.83	2.17	1.59	-6.34	-0.91	-0.43
Gyeonggi	5.07	4.22	1.07	0.89	1.05	1.14	-0.26	1.28	1.57	1.28	-4.28	-1.02	-0.44
Incheon	5.58	4.86	1.24	1.28	1.12	1.13	1.37	1.36	1.67	2.01	-3.57	-0.92	-0.39

Nationwide land transactions in February increased by 30,000 land lots month-on-month to 164,000 land lots as the government removed restrictions on land transactions as of January 30 in most areas under the land transaction permit system which requires prior permission from authorities before land trading.

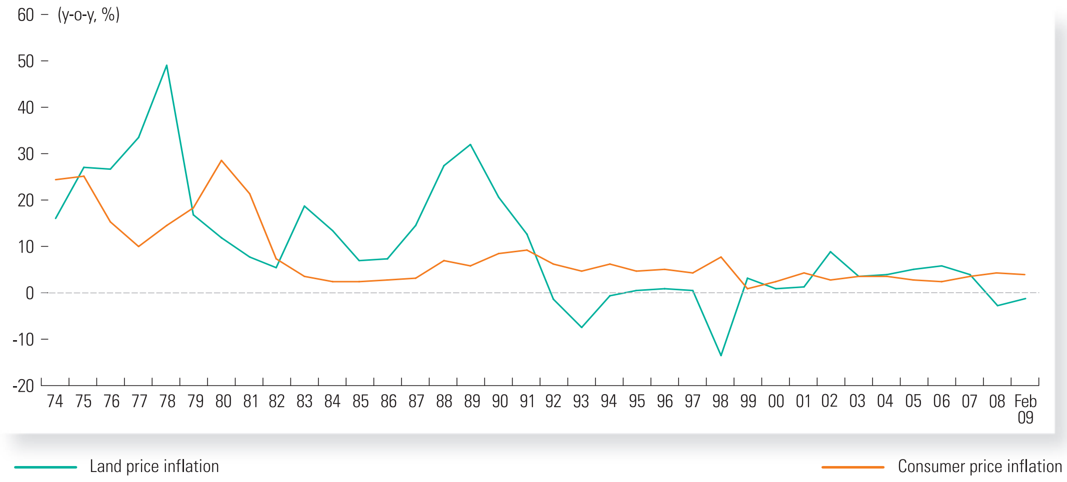
Land sales transactions

(Monthly average, land lot, thousand)

	2007	2008													2009	
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Nationwide	208	208	216	190	237	269	248	244	245	175	173	191	149	162	134	164
Seoul	33	26	24	24	32	41	36	38	34	18	20	23	14	13	13	15
Gyeonggi	49	45	44	40	50	61	58	55	57	38	37	36	28	31	26	34
Gwangju	4	5	5	4	4	5	5	4	5	4	4	5	5	3	5	6
South Chungcheong	11	12	10	12	15	13	15	15	14	12	10	11	10	10	7	14

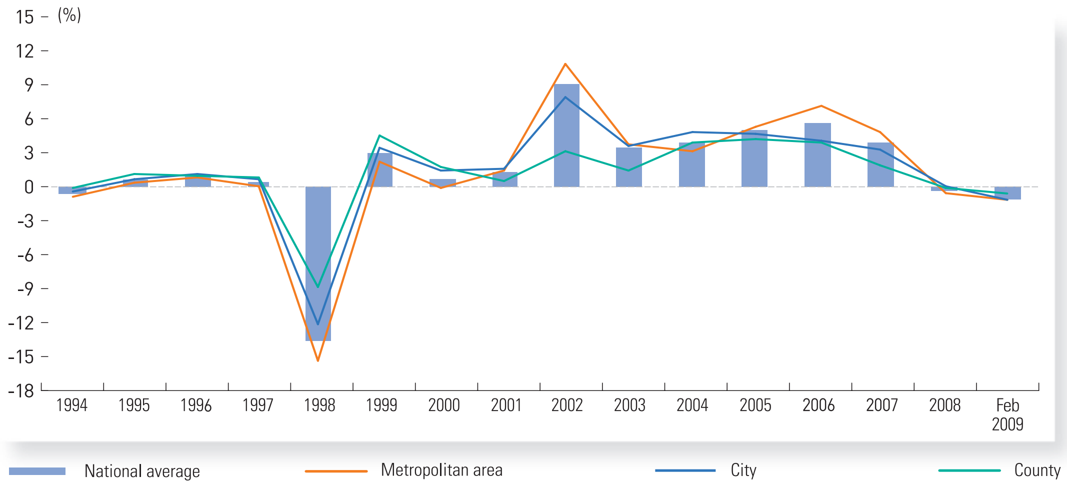
12-4 Land and consumer prices since 1970s

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



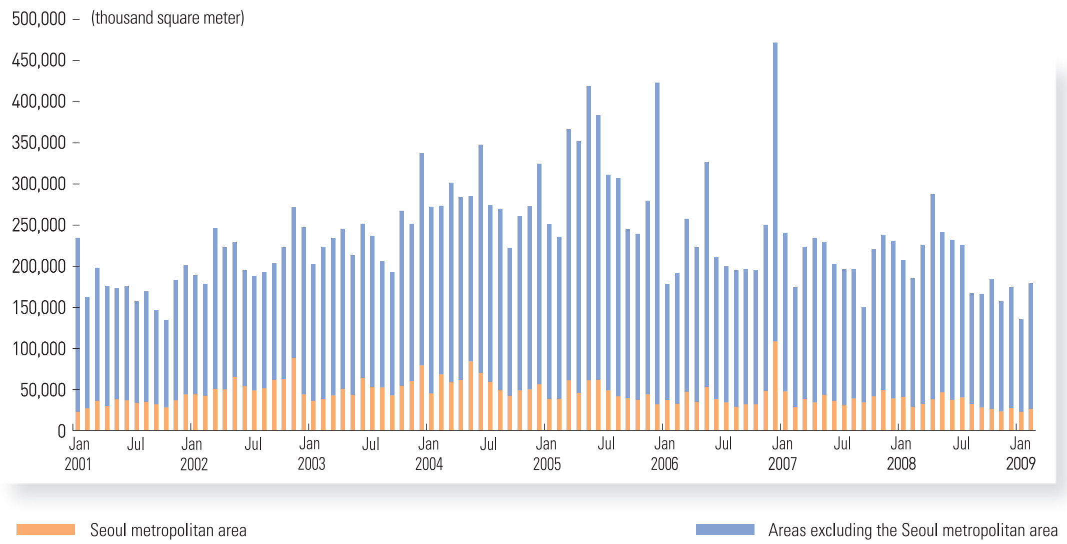
12-5 Land prices by region

Source: Korea Land Corporation (land price trend)



12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



13. Composite indices of business cycle indicators

The cyclical indicator of coincident composite index, a barometer of the current economic conditions, decreased at a slower pace with a drop of 0.4 points in February 2009.

Three components of the index including the value of construction completed and the wholesale & retail sales index increased. In the mean time, the other five components, such as the volume of imports and the domestic shipment index were down.

Components of the cyclical indicator of coincident composite index in Feb 2009 (m-o-m)
Number of non-farm payroll employment (-0.3%), mining and manufacturing production index (-0.7%), manufacturing operation ratio index (-0.9%) value of construction completed (3.9%), service activity index (0.7%), wholesale & retail sales index (1.2%), domestic shipment index (-1.1%), volume of imports (-5.1%)

Cyclical indicator of coincident composite index (m-o-m, p)
-0.6 (Oct 2008) → -1.9 (Nov) → -2.7 (Dec) → -2.2 (Jan 2009) → -0.4 (Feb)

The year-on-year leading composite index, which foresees the future economic conditions, went up 0.5 percent month-on-month in February, reversing its course to an increase for the first time in 14 months since December 2007.

Four out of all components of the index including the capital goods imports and the value of construction orders received declined, while the other six components such as the indicator of inventory cycle and the value of machinery orders received were up.

Components of the leading composite index rose in Feb 2009 (m-o-m)
Indicator of inventory cycle (6.2%p), value of machinery orders received (2.5%), composite stock price index (0.7%), liquidity in the financial institutions (1.1%), spreads between long & short term interest rates (0.3%p), net terms of trade index (0.1%)

Leading composite index
111.3 (Nov 2008) → 110.4 (Dec) → 110.1 (Jan 2009) → 110.7 (Feb)

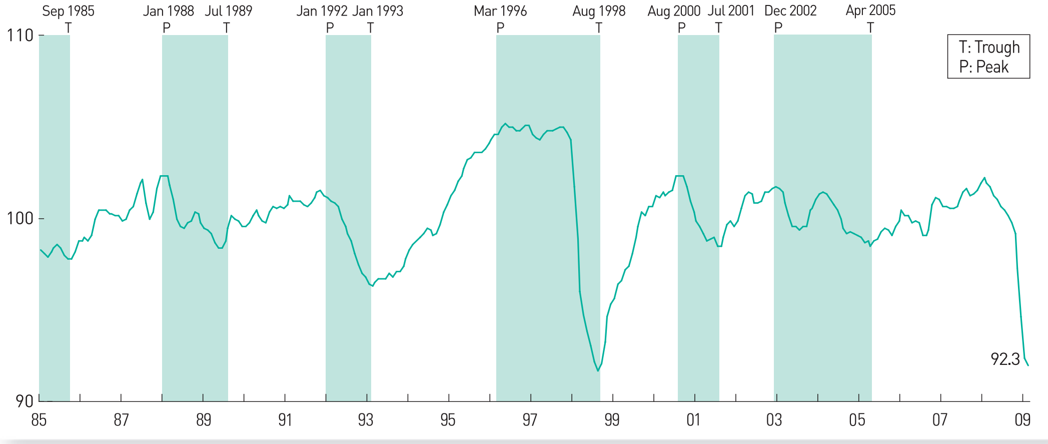
12 month smoothed change in leading composite index (m-o-m, %p)
-1.4 (Nov 2008) → -1.0 (Dec) → -0.3 (Jan 2009) → 0.5 (Feb)

	2008			2009	
	Oct	Nov	Dec[1]	Jan[1]	Feb[1]
Coincident composite index (m-o-m, %)	-0.3	-1.4	-2.5	-1.9	-0.1
Cyclical indicator of coincident composite index	99.2	97.3	94.6	92.4	92.0
(m-o-m, p)	-0.6	-1.9	-2.7	-2.2	-0.4
Leading composite index (m-o-m, %)	-0.6	-1.2	-0.8	-0.3	0.5
12 month smoothed change in leading composite index (%)	-1.8	-3.2	-4.2	-4.5	-4.0
(m-o-m, %p)	-0.9	-1.4	-1.0	-0.3	0.5

1. Preliminary

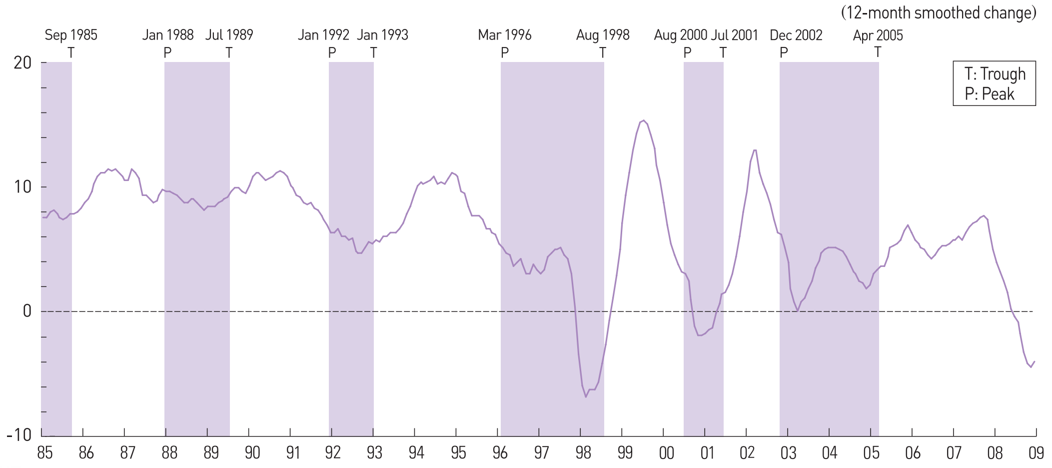
13-1 Cyclical indicator of coincident composite index

Source: Korea National Statistical Office



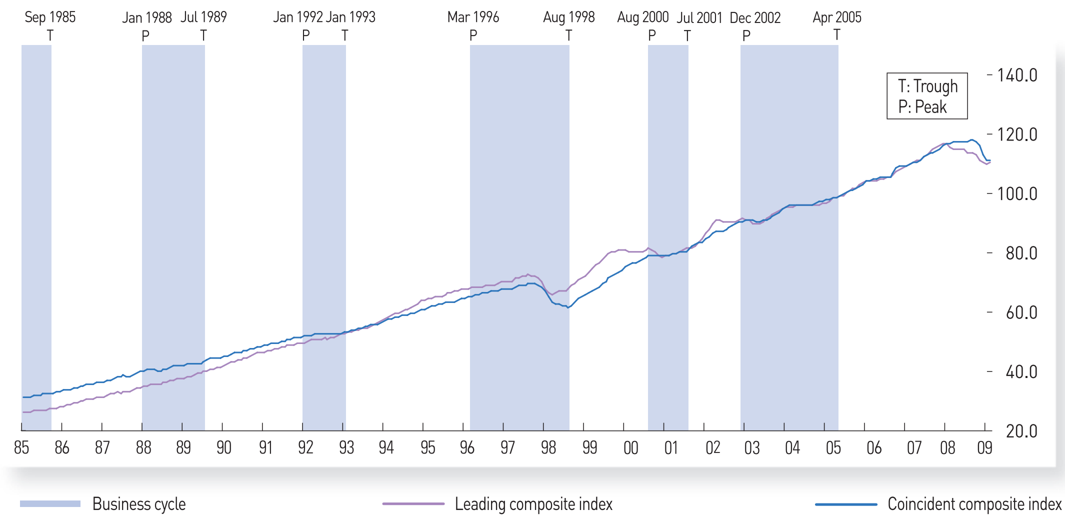
13-2 Leading composite index

Source: Korea National Statistical Office



13-3 Coincident and leading composite indices

Source: Korea National Statistical Office



Policy Issues

Supplementary Budget for Public Livelihood Stabilization

Purpose

The purpose of the supplementary budget is to help ride out the economic crisis by creating and maintaining jobs. However, it also aims at preparing for the post-crisis period by boosting the economic growth potential. Also, the supplementary budget will support the basic livelihood of the public through strengthened social safety net.

5 Major focuses

The five major focuses of the supplementary budget are 1) creating and maintaining jobs, 2) supporting SMEs and the self-employed by expanding liquidity supply and assisting startups, 3) revitalizing provincial economies through increased financing and improved environmental, cultural, and infrastructural facilities, 4) investing in the future growth potential such as "Green New Deal" and education, and 5) stabilizing lower-income classes' living conditions through increased unemployment benefits, living expenses support, and educational and housing aid.

Strategies

The supplementary budget is to be executed in a timely manner within 2009, concentrating on the projects which create more jobs, boost growth potential, and facilitate prompt economic recovery. To maximize the effect of budgetary spending, it will finance on-going projects for a limited period of time to help complete the projects rather than support new projects.

The Size of the budget and changes in fiscal balance

Of the total supplementary budget of 28.9 trillion won, 17.7 trillion won will be executed as fiscal expenditures and 11.2 trillion won will be used to plug an expected shortfall in tax revenue. The former is allocated to stabilize employment and living conditions of the public, while the latter set aside for the national projects planned to be financed by the 2009 budget. The proposed supplementary budget is more than double the 13.9 trillion won extra budget set during the Asian financial crisis in 1998.

Korea's fiscal balance excluding social security funds in 2009 is expected to record a deficit of 51.6 trillion won, equivalent to 5.4 percent of GDP, which is a 26.8 trillion won increase in deficit from the initial 2009 budget. It is a larger deficit than that of 1998, when the fiscal balance excluding social security funds saw a deficit of 5.1 percent of GDP. The level of government debt is expected to reach 366.9 trillion won, 38.5 percent of GDP, an increase of 17.2 trillion won from the initial 2009 budget. However, the level of government debt, compared with other OECD countries, is relatively low.

Government debt (% of GDP)
47.5 (UK), 62.8 (US), 170.3 (Japan), 75.4 (OECD average)

The Size of budget and changes in fiscal balance

(Trillion won)

	2008	2009 Initial budget (A)	2009 Supplementary budget (B)	Difference (B-A)
Consolidated budget balance	11.4 (1.2)[1]	6.4 (0.6)	-22.5 (-2.4)	-28.9
Consolidated budget balance excluding social security funds	-16.6 (-1.7)	-24.8 (-2.4)	-51.6 (-5.4)	-26.8
Government debt	308.3 (32.5)	349.7[2] (34.1)	366.9 (38.5)	17.2
Government bonds issued in the general account (net increase)	7.4	19.7	36.9	17.2

1. Figures in parentheses denote the ratio to GDP (%)
2. Based on 2008 account settlement. 352.8 trillion won in terms of the 2009 budget

Spending plan

3.5 trillion won will be spent to help maintain and create jobs. 4.5 trillion won will be used to assist SMEs and the self-employed through expanded credit guarantees and increased government financing, government investments in funds of funds among others. To revitalize provincial economies, 3 trillion won are set aside to support municipal governments by purchasing municipal government bonds and facilitating early completion of infrastructure projects being constructed by provincial firms. 2.5 trillion won will be invested in nurturing future growth engines such as education to prepare for the post-crisis period. 4.2 trillion won will be allocated to help lower-income families manage their living expenses. This includes increased support for the unemployed.

Projected effects

Through the supplementary budget, 552,000 new jobs are expected to be created. Additional 40,000 to 70,000 new jobs are also expected to be added by supporting SMEs and exporters, and investing in future economic growth engines. 221,000 jobs, worth 500 billion won, will be maintained through job sharing programs. 327,000 Koreans will have training and educational opportunities. Of 382,000 from lower-income classes receiving government support for basic livelihood and employment, 374,000 will be given unemployment benefits of 1.5 trillion won.

Budget spending and the number of beneficiaries

(Trillion won)

	Job creation	Job sharing	Education and training	Support for the unemployed
Supplementary budget	2.7	0.5	0.2	1.6
Beneficiaries (thousand)	552	221	327	382

A 17.7 trillion won increase in fiscal expenditure is projected to lift GDP growth by around 1.5 percentage points. Government expenditure multiplier is expected to be higher than the average multiplier of around 0.5, as the budgets are allocated to lower-income classes and their job creation, which lead to higher demand. Also, the budget will facilitate achieving the current account surplus projected at US$13.0 billion this year. Despite a chance of inflationary pressure, inflation will be curbed to upper 2 percent-range as was forecasted.

The supplementary budget, along with deregulation and increased private investment, is expected to boost GDP growth of 2009 by about 2 percentage points.

The 6th Reform Plan for Public Firms: Creating a More Efficient Management Structure

Background

Five rounds of reform plans for public firms have been announced since August 2008: The first three rounds were aimed at privatization and consolidation of 105 public companies, the fourth round at improving management efficiency of 69 firms, and the fifth round at restructuring subsidiaries of 132 firms. The sixth plan is aimed at improving management efficiency of another 60 public firms by more than 10 percent. The sixth plan also includes guidelines for carrying out the reform plans and amendment to public disclosure of the firms.

Main contents

At the heart of the 6th plan lies labor cost reduction through outsourcing to the private sector, dissolving non-core businesses, and realigning overlapping businesses among public firms. 11.6 percent of the total 25,768 regular positions from the 60 public firms, 2,981 jobs, will be eliminated through the 6th plan. More than 127.7 billion won is expected to be saved through the labor cost reduction.

Asset sales are also an important part of the reform plan. 37 assets worth more than 56.5 billion won are subject to liquidation. The assets on the sales list are those less relevant to the firms' core businesses, those no longer in use due to consolidation, and those not directly related to the firms' businesses, in particular idle properties and hotel memberships.

The 6th plan introduced the annual pay system, performance based pay, and "wage-peak" system to the public firms' management in order to help them achieve business efficiency in the long run. Wage-peak system refers to a system of incremental salary cut for workers after they reach a certain age in return for job security. 55 public firms of the 60 companies subject to the 6th reform plan either adopted the annual pay system or plan to introduce the system. Wage-peak system was adopted by 9 public firms of the 60 companies with 22 firms planning to adopt the system. The government will set the standards for these two pay systems and encourage the rest of the public firms, which do not intend to introduce the pay systems at present, to adopt them.

Guidelines for reform plans

Along with the 6th reform plan, the government unveiled guidelines to effectively implement and supervise the six reform plans announced so far. According to the guidelines, all reforms should be done fairly, transparently, and promptly. The government notified public companies under the reform plans of the following guidelines:

(a) **Privatization and asset sales:** All preparatory work needed for asset sales should be completed as early as possible. Even in the case of the institutions which are scheduled to be privatized after 2010, all preparatory work should be completed no later than 2009. For fairer assessment of the assets, an asset evaluation company may be selected at the recommendation of a 3rd party.

(b) **Consolidation:** Institutions subject to consolidation should be ready for the process by integrating workforces, revising compensation systems, and restructuring organizations in line with the government efforts to be able to enforce the consolidation related act.

(c) **Labor cost reduction:** The size of workforce should be adjusted immediately to the target level as agreed but the current workforce can be reduced gradually to the target level by 2012. Budgets will be allocated until 2012 to pay the workforce currently on the payroll.

(d) **Weekly report on the reform efforts:** Public firms under the reform plans will be required to submit weekly reports on their reform efforts to both the Ministry of Strategy and Finance (MOSF) and responsible ministries, and if necessary, to the Public Institutions Management Committee.

Amendment to public disclosure

The Public Institutions Management Committee passed a draft of amendment to the public firms' business performance disclosure standards. The standards will be applied to all public firms subject to public disclosure.

Public firms will disclose their management performance at the end of January, April, July and October instead of the beginning of the months as the amendment takes into account the firms' settlement date in public disclosure. Also, the amendment requires public companies to disclose more items in detail: The number of disclosure items will be increased from 27 to 33, and detailed information on internship program, starting salary, and affiliates will be required. Other information required by the amendment is welfare expenses, overseas business trip by executives, auditors' assessment results, public firms' current state of investment, business performance evaluation, and labor union's activities including collective agreement.

Institutions making public disclosure with dishonest or false information will be given penalty points, and any of them which scores a certain level of penalty points will be designated as an “dishonestly disclosing institution” or an “institution with warning”. Those habitually making dishonest public disclosures will be required to submit improvement plans and post their status as “dishonestly disclosing institutions” on the Alio (All Public Information in One) system, a website featuring business performance of public firms (www.alio.go.kr), as well as on their own websites.

Plans for the future

The government plans to examine the proceedings of the planned reforms in 2009. A follow up plan will be announced in April 2009, which will be aimed to improve management efficiency of consolidated firms. Small institutions with less than 50 regular workers will be required to voluntarily establish management efficiency improvement plans on their own after consulting responsible ministries.

Economic News Briefing

GDP was up 2.2% year-on-year in 2008 *(Preliminary)*

South Korea's real GDP grew 2.2 percent from the previous year in 2008, slowing down from a 5.1 percent increase in 2007, as facility and construction investments decreased while growth in private consumption and exports decelerated significantly.

GDP by production and expenditure*

(Percentage change from previous period)

	2007	2008[1, 2]					2008[1, 3]			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP	5.1	2.2	5.5	4.3	3.1	-3.4	1.1	0.4	0.2	-5.1
Agriculture, forestry and fishery	4.0	5.5	7.4	4.4	4.2	6.4	5.8	0.8	0.6	-0.1
Manufacturing	7.2	3.1	9.1	8.4	5.6	-9.1	1.2	1.7	0.1	-11.9
Construction	2.6	-2.4	0.8	-1.5	-1.0	-6.3	-1.4	-2.2	1.1	-4.2
Services[4]	5.1	2.5	4.4	3.3	2.6	-0.1	0.8	0.1	0.5	-1.4
Private consumption	5.1	0.9	4.0	2.3	1.4	-3.7	1.1	-0.2	0.0	-4.6
Facility investment	9.3	-2.0	1.5	1.1	4.3	-14.0	-0.4	0.4	0.2	-14.2
Construction investment	1.4	-2.1	-1.9	-0.3	0.2	-5.6	-2.5	-0.3	0.1	-3.0
Goods exports[5]	11.9	4.1	11.1	10.9	8.5	-11.6	-0.7	2.5	-0.9	-12.6
Goods imports[5]	10.9	4.6	11.8	10.0	10.6	-11.6	0.1	3.0	1.2	-15.7
GNI	4.8	-0.8	3.3	2.3	-2.7	-5.4	-1.0	0.9	-3.6	-1.6

**At 2005 chained prices*
1. Preliminary
2. Original terms, percentage change from same period in previous year
3. Seasonally adjusted terms
4. 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.
5. FOB basis

On the production side, output growth in the manufacturing and service sectors slowed considerably with 3.1 percent and 2.5 percent increases, respectively, while production in the construction sector declined 2.4 percent. On the expenditure side, private consumption and exports of goods expanded mere 0.9 percent and 4.1 percent after robust increases of 5.1 percent and 11.9 percent, respectively. Facility investments turned to a decrease of 2.0 percent from a 9.3 increase, while construction investments shifted from a 1.4 percent rise to a 2.1 percent decline.

In addition, domestic demand's contribution to GDP growth dropped to 1.4 percentage points from 4.6 percentage points, although net exports' contribution edged up from 0.5 percentage points to 0.9 percentage points. Meanwhile, real gross national income (GNI) contracted 0.8 percent from the previous year as the terms of trade deteriorated.

Inbound FDI in Q1 posted a healthy US$1,677 million

Foreign direct investment (FDI) into Korea recorded US$1,677 million in the first quarter of 2009, which is relatively robust given the worsening investment environment from the global economic crisis, although it decreased 38.2 percent from US$2,715 million a year earlier.

(Notification basis, US$ million)

	2007					2008					2009
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1
Inbound FDI	1,559	1,769	2,951	4,195	10,514	2,715	1,832	2,873	4,283	11,705	1,667
(y-o-y, %)	-27.7	-34.6	13.3	12.7	-6.5	69.8	3.6	-2.6	2.1	11.3	-38.2

Inbound FDI in the manufacturing sector climbed 26.0 percent from a year earlier to post US$913 million and the share of Greenfield investments in total FDI into Korea was up from 64 percent to 88 percent, which is expected to have positive effects on job creation. By country, FDI from Japan increased 162.8 percent to US$661 million led by investments into the parts and materials sectors. FDI from the US and the EU, however, decreased 21.0 percent and 65.2 percent, respectively.

The Korean government raises US$3 bln in dollar debt sale

South Korea on April 8 sold US$3 billion of dollar-denominated bonds overseas, US$1 billion more than had initially been planned amid strong demand for the offering, reflecting a recovery of foreign investors' confidence on the Korean economy. In the first sovereign debt sale since November 2006, the government issued US$1.5 billion of 5-year notes at 400 basis points over equivalent US Treasuries, and raised US$1.5 billion in 10-year bonds at

437.5 basis points over T-bills, which are in line with earlier guidance. The terms will be act as a benchmark for domestic companies and banks tapping overseas debt market.

S. Korea's contribution to the successful G20 summit

The leaders of G20 nations met in London on April 2 to bring the world economy out of recession and prevent the current financial crisis from recurring in the future. They decided to raise an additional US$1.1 trillion program of support to restore credit, growth and jobs in the world economy. In concrete terms, they agreed to treble resources available to the IMF to US$750 billion, support a new Special Drawing Rights (SDR) allocation of US$250 billion, provide US$100 billion of additional lending by Multilateral Development Banks, ensure US$250 billion of support for trade finance, and use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries.

At the G20 summit, President Lee Myung-bak warned against growing protectionism amid the economic recession, claiming that removing barriers for trade and investment is the key to overcoming the financial crisis and boosting global economic growth.

Meanwhile, on the sidelines of the G20 summit, Lee held bilateral summit talks with US President Barack Obama, Chinese President Hu Jintao, Japan's Prime Minister Taro Aso and Australian Prime Minister Kevin Rudd. Lee also met with UN Secretary General Ban Ki-moon to discuss global security issues.

After the summit, President Lee Myung-bak visited the Korean press center and explained the summit's results. He said that many countries had positively evaluated Korea's role and the suggestions at the G20 meeting. Lee explained that many proposals made by S. Korea were included in the six major pledges. He also said the fact that advanced and emerging economies were able to reach a consensus has a very significant and historic meaning, and would greatly support the world economy's revival.

S. Korea to allow dual citizenship for skilled foreigners

The Presidential Council on National Competitiveness (PCNC) on March 26 announced the plan to allow skilled foreigners to hold dual citizenship as part of the effort to bring competent people with foreign citizenship into Korea.

Under the plan, the government will grant citizenship to foreigners with outstanding ability in science, business, culture and sports. Once recognized as a "talented person with ample potential to contribute to the nation's development," such foreigner will be subject to a special naturalization process and exempted from related requirements including the five-year mandatory residency and the naturalization exam. The beneficiary will retain his or her original citizenship by submitting a document stating that he or she will not exercise rights as a foreigner in South Korea. The revised bill will be submitted to the National Assembly by June, after government-ruling party consultations in April and public hearings in May.

"Human New Deal" to nurture middle-income class

The Korean government announced on March 23 a set of measures to support the middle class as the global economic crisis increased costs of living including education and medical services. The so-called "Human New Deal" program aimed to broaden the middle class in the nation by boosting growth potential and investing in human resources according to the Presidential Council on Future and Vision. It also called for continued expansion of the social safety net to support low income families.

Through the Human New Deal, the government will, foremost, work to prevent the middle class from falling into lower income brackets by diversifying sources of income and lowering residential, educational and medical expenses. Secondly, the government will push low-income earners to advance into the middle class by providing future-oriented vocational training and encouraging the start-ups in every social sector. Thirdly, the government will help the underprivileged class break the vicious cycle of inherited poverty. For this reason, the government will lessen their financial burden on private education by enhancing the standards of public education. It will also raise welfare, child rearing and educational budgets for the lowest income earners.

Early this year, the government announced the "Green New Deal", which is expected to rescue the faltering economy and create more jobs at the same time. The two new deals will be the main axes of Lee's policy administration, a council official said.

S. Korea takes preemptive initiatives to strengthen financial institutions

Major economies are in the process of preparing or implementing aggressive measures to support their financial industries amid deteriorating financial environment in the global economy. Despite the Korean economy's relatively strong position, the government has decided to take preemptive initiatives to safeguard the soundness of financial institutions in order to better cope with potential risks in the case of further deterioration of global market conditions.

The government is to take such measures to strengthen financial institutions' intermediary functions and to eliminate any potential sources for systemic risks. For these purposes, the government is to draft a bill proposing a new law necessary to pursue non-performing loans (NPL) sell-offs and to enable Korea Asset Management Corporation (KAMCO) to lead the process. One of the main provisions of the bill will be a calling for the endorsement on a government guarantee of the bond to be issued by KAMCO whose maximum amount will be 40 trillion won. The government will also propose to set up a new law to enhance the overall financial industry and to allow the launch of Financial Market Stabilization Fund. The main usage of the fund will include equity investments, loans, and loan guarantees.

2008 Consolidated fiscal balance with a surplus of 11.9 trillion won

Korea's consolidated fiscal balance for Fiscal Year 2008 posted a surplus of 11.9 trillion won or 1.3 percent of GDP, helped by larger tax revenue including corporate tax. On the other hand, the so-called "adjusted fiscal balance," which is consolidated fiscal balance minus the surplus in social security funds shifted to a deficit of 15.6 trillion won for the first time in a year. The government's closed balance sheets will be presented to the National Assembly by the end of May 2009 after the examination by the Board of Audit and Inspection.

Meanwhile, the ratio of external debts to GDP slightly improved as of the end 2008 to 31.3 percent from 32.1 percent a year earlier, although the amount of external debts increased by 8.8 trillion won to 297.9 trillion won.

(Trillion won, %)

	2007 (A)	2008 (B)	Change (B-A)
Revenue (consolidated budget)	243.6 (27.0)[1]	250.7 (26.5)	7.1
Expenditure (consolidated budget)	209.8 (23.3)	238.8 (25.2)	29.0
Consolidated fiscal balance (C)	33.8 (3.8)	11.9 (1.3)	-21.9
Social security balance (D)	30.2 (3.4)	27.5 (2.9)	-2.7
Adjusted fiscal balance (C-D)	3.6 (0.4)	-15.6 (-1.6)	-19.2

1. Figures in parenthesis denote the ratio to GDP which is estimated to have recorded 947.7 trillion won in 2008

Statistical Appendices

Tables & Figures

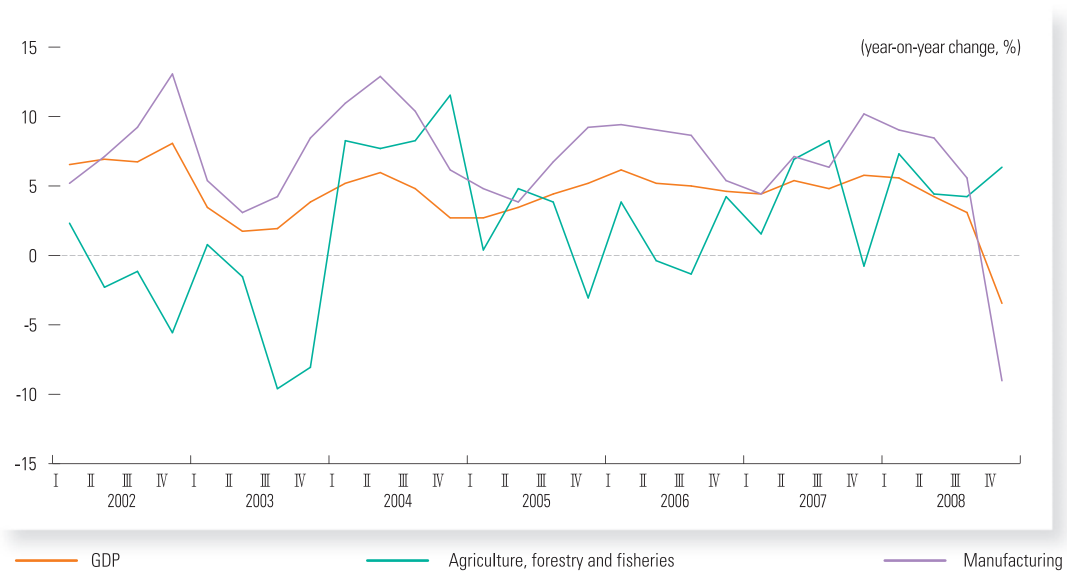
1. National accounts

(year-on-year change, %, chained 2005 year prices)

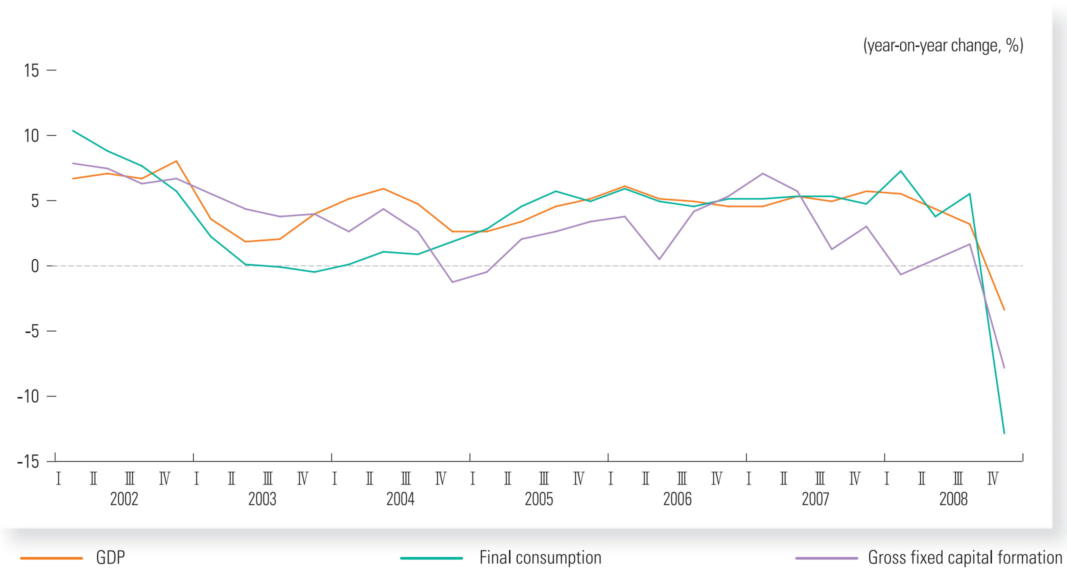
Period		Real GDP		Final consumption expenditure	Gross fixed capital formation		
			Agri., fores. & fisheries	Manufacturing			Construction	Facilities
2002		7.2	-2.2	8.7	8.1	7.1	6.2	7.3
2003		2.8	-5.4	5.4	0.5	4.4	8.5	-1.5
2004		4.6	9.1	10.0	1.0	2.1	1.3	3.8
2005		4.0	1.3	6.2	4.6	1.9	-0.4	5.3
2006		5.2	1.5	8.1	5.1	3.4	0.5	8.2
2007		5.1	4.0	7.2	5.1	4.2	1.4	9.3
2008P		2.2	5.5	3.1	1.6	-1.7	-2.1	-2.0
2002	I	6.6	2.3	5.1	10.4	7.8	10.8	2.9
	II	7.0	-2.4	7.2	8.9	7.5	6.8	7.2
	III	6.8	-1.1	9.3	7.7	6.3	2.5	10.6
	IV	8.1	-5.5	13.1	5.7	6.7	5.2	8.5
2003	I	3.5	0.7	5.4	2.2	5.6	7.8	3.3
	II	1.8	-1.6	3.1	0.1	4.3	8.5	-1.2
	III	2.0	-9.6	4.3	0.0	3.7	9.5	-5.5
	IV	3.9	-8.0	8.5	-0.4	4.0	8.4	-2.6
2004	I	5.2	8.2	10.9	0.1	2.6	4.5	-0.2
	II	5.9	7.6	12.9	1.1	4.4	3.8	5.9
	III	4.8	8.3	10.4	0.9	2.7	0.4	8.1
	IV	2.7	11.6	6.2	1.9	-1.2	-3.1	1.5
2005	I	2.7	0.4	4.8	2.8	-0.4	-3.5	3.9
	II	3.4	4.8	3.9	4.6	2.0	1.4	2.4
	III	4.5	3.8	6.7	5.8	2.6	1.4	4.0
	IV	5.1	-3.1	9.3	5.0	3.4	-0.8	11.0
2006	I	6.1	3.9	9.4	5.9	3.8	1.6	7.6
	II	5.1	-0.3	9.1	4.9	0.5	-3.7	7.5
	III	5.0	-1.4	8.7	4.6	4.1	-0.3	11.9
	IV	4.6	4.2	5.4	5.1	5.3	4.7	5.7
2007	I	4.5	1.6	4.5	5.2	7.0	3.9	13.0
	II	5.3	7.0	7.2	5.4	5.8	2.2	12.7
	III	4.9	8.2	6.3	5.3	1.3	-0.4	3.7
	IV	5.7	-0.7	10.2	4.7	3.0	0.2	8.1
2008P	I	5.5	7.4	9.1	7.3	-0.6	-2.3	1.6
	II	4.3	4.4	8.4	3.8	0.4	-0.4	0.7
	III	3.1	4.2	5.6	5.6	1.6	0.1	4.0
	IV	-3.4	6.4	-9.1	-12.9	-7.9	-5.7	-14.0

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	111.0	9.3	105.1	5.1
2007		115.9	6.9	115.3	7.2	117.2	5.6	112.2	6.8
2008		119.4	3.0	118.1	2.4	125.9	7.4	116.1	3.5
2006	I	105.3	10.5	104.2	8.8	108.6	9.3	101.0	5.6
	II	108.1	9.0	107.6	8.1	110.0	11.7	104.0	5.2
	III	106.4	9.9	106.0	9.4	109.5	11.1	104.8	4.6
	IV	113.8	4.8	112.8	4.5	111.0	9.3	110.0	4.9
2007	I	109.6	4.1	109.6	5.2	114.0	5.0	106.7	5.5
	II	114.9	6.3	115.2	7.1	114.5	4.1	111.2	6.5
	III	112.9	6.1	111.9	5.6	112.7	2.9	112.6	7.4
	IV	126.2	10.9	124.7	10.5	117.2	6.0	118.1	7.4
2008	I	121.6	10.9	119.6	9.1	123.7	8.5	113.8	6.7
	II	125.1	8.9	122.8	6.6	133.1	16.2	116.5	4.8
	III	119.2	5.6	117.8	5.3	132.2	17.3	116.2	3.2
	IV	116.9	-11.3	112.1	-10.1	125.9	7.4	117.7	-0.3
2006	1	103.8	5.6	101.8	4.2	107.0	4.6	101.5	6.3
	2	100.4	18.7	99.7	15.7	106.6	6.8	96.3	5.5
	3	111.8	8.6	111.1	7.3	108.6	9.3	105.6	5.4
	4	107.0	7.8	106.6	6.8	107.5	7.0	103.8	5.7
	5	109.5	9.8	108.8	9.9	110.1	7.6	105.6	5.5
	6	107.9	9.3	107.5	7.9	110.0	11.7	103.7	4.3
	7	99.8	1.5	98.5	1.0	112.5	11.6	101.9	2.2
	8	104.3	10.0	104.8	9.5	109.6	11.8	104.6	4.9
	9	115.0	17.9	114.6	17.5	109.5	11.1	107.9	6.5
	10	110.8	4.8	109.3	4.1	109.6	11.2	105.5	3.8
	11	118.5	7.0	117.0	6.9	110.2	10.6	108.3	5.2
	12	112.0	2.1	112.0	2.6	111.0	9.3	116.2	5.5
2007	1	112.8	8.7	110.3	8.3	118.6	10.8	105.9	4.3
	2	100.2	-0.2	101.7	2.0	115.6	8.4	102.8	6.7
	3	115.7	3.5	116.8	5.1	114.0	5.0	111.4	5.5
	4	113.8	6.4	114.6	7.5	111.8	4.0	109.4	5.4
	5	115.8	5.8	116.0	6.6	114.2	3.7	112.1	6.2
	6	115.1	6.7	114.9	6.9	114.5	4.1	112.1	8.1
	7	113.4	13.6	112.6	14.3	115.6	2.8	112.1	10.0
	8	113.7	9.0	112.5	7.3	115.6	5.5	112.9	7.9
	9	111.6	-3.0	110.6	-3.5	112.7	2.9	112.8	4.5
	10	128.6	16.1	126.3	15.6	115.0	4.9	115.3	9.3
	11	127.6	7.7	126.1	7.8	114.9	4.9	115.6	6.7
	12	122.5	9.4	121.6	8.6	117.2	5.6	123.4	6.2
2008	1	126.0	11.7	121.7	10.3	123.9	4.5	114.2	7.8
	2	110.9	10.7	109.7	7.9	124.4	7.6	109.3	6.3
	3	127.8	10.5	127.3	9.0	123.7	8.5	118.0	5.9
	4	126.1	10.8	124.5	8.6	124.8	11.6	116.3	6.3
	5	126.1	8.9	123.5	6.5	128.9	12.5	117.7	5.0
	6	123.1	7.0	120.3	4.7	133.1	16.2	115.5	3.0
	7	123.1	8.6	121.5	7.9	132.4	14.5	116.8	3.9
	8	115.8	1.8	114.5	1.8	132.3	14.4	115.1	1.9
	9	118.6	6.3	117.3	6.1	132.2	17.3	116.8	3.5
	10	126.2	-1.9	124.0	-1.8	135.1	17.5	116.9	1.4
	11	110.0	-13.8	109.5	-13.2	133.4	16.1	113.9	-1.5
	12	99.6	-18.7	102.8	-15.5	125.9	7.4	121.9	-1.2
2009	1P	93.9	-25.5	93.2	-23.4	124.4	0.4	113.0	-1.1
	2P	99.5	-10.3	99.2	-9.6	118.9	-4.4	109.4	0.1

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		109.7	5.4	100.4	0.1	80.1
2008		115.4	5.2	96.8	-3.6	77.2
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	107.5	4.5	97.2	-2.1	78.9
	II	108.3	4.5	102.6	0.7	79.9
	III	110.2	6.0	96.2	-1.7	80.1
	IV	112.6	6.4	105.5	3.4	81.3
2008	I	114.0	6.0	98.9	1.7	80.8
	II	115.3	6.5	102.7	0.1	80.4
	III	116.0	5.3	95.1	-1.1	78.3
	IV	116.5	3.5	90.6	-14.1	69.3
2006	1	102.7	4.9	97.3	-3.4	81.6
	2	102.8	4.8	95.0	11.5	80.8
	3	103.3	4.9	105.6	0.4	80.3
	4	103.3	4.3	100.8	-0.8	78.3
	5	103.8	4.3	103.0	2.1	80.0
	6	103.8	4.1	101.8	1.3	80.1
	7	103.7	3.9	91.6	-7.5	75.2
	8	103.9	3.6	95.3	1.2	80.1
	9	104.4	3.7	106.9	10.8	81.7
	10	105.4	3.6	99.8	-4.5	81.7
	11	105.8	3.5	107.3	-0.6	80.9
	12	106.1	3.5	98.8	-4.6	78.9
2007	1	107.2	4.4	99.8	2.6	78.5
	2	107.5	4.6	88.2	-7.2	79.5
	3	107.7	4.3	103.6	-1.9	78.8
	4	107.9	4.5	101.5	0.7	78.8
	5	108.2	4.2	103.9	0.9	80.5
	6	108.9	4.9	102.5	0.7	80.4
	7	109.7	5.8	98.3	7.3	80.6
	8	110.2	6.1	96.6	1.4	81.1
	9	110.8	6.1	93.8	-12.3	78.6
	10	112.3	6.5	109.4	9.6	81.9
	11	112.5	6.3	107.4	0.1	81.0
	12	113.0	6.5	99.7	0.9	80.9
2008	1	113.8	6.2	102.9	3.1	81.3
	2	113.8	5.9	89.2	1.1	80.2
	3	114.3	6.1	104.6	1.0	80.9
	4	114.7	6.3	104.2	2.7	81.0
	5	115.5	6.7	103.0	-0.9	80.0
	6	115.7	6.2	100.8	-1.7	80.2
	7	115.7	5.5	99.4	1.1	79.2
	8	116.0	5.3	91.9	-4.9	78.4
	9	116.2	4.9	94.1	0.3	77.3
	10	116.3	3.6	103.8	-5.1	77.3
	11	116.3	3.4	89.1	-17.0	68.4
	12	116.8	3.4	78.9	-20.9	62.3
2009	1P	116.8	2.6	72.9	-29.2	61.4
	2P	116.9	2.7	78.5	-12.0	66.7

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		104.0	4.0	113.8	13.8	104.0	4.0	103.1	3.1
2007		109.4	5.2	125.2	10.0	108.1	3.9	108.5	5.2
2008		110.4	0.9	127.1	1.5	105.5	-2.4	109.3	0.7
2006	I	101.3	5.1	102.6	15.4	94.8	6.4	102.2	4.6
	II	103.8	5.3	110.8	13.2	108.5	5.4	104.0	4.4
	III	99.9	3.0	114.3	12.7	90.8	4.1	101.9	0.3
	IV	111.1	3.0	127.6	14.1	121.9	0.9	104.2	3.0
2007	I	106.6	5.2	119.6	16.6	99.9	5.4	106.6	4.3
	II	108.3	4.3	124.6	12.5	110.1	1.5	107.6	3.5
	III	107.1	7.2	126.0	10.2	94.1	3.6	110.5	8.4
	IV	115.6	4.1	130.6	2.4	128.5	5.4	109.4	5.0
2008	I	111.3	4.4	131.0	9.5	103.7	3.8	108.6	1.9
	II	111.4	2.9	135.5	8.7	107.8	-2.1	107.9	0.3
	III	108.6	1.4	126.0	0.0	94.7	0.6	111.8	1.2
	IV	110.3	-4.6	115.9	-11.3	115.8	-9.9	109.0	-0.4
2006	1	105.8	10.4	97.3	10.2	93.7	6.8	109.8	13.3
	2	93.9	0.9	99.7	22.2	86.6	4.8	92.6	-3.4
	3	104.3	4.0	110.8	14.6	104.2	7.3	104.2	4.0
	4	102.7	5.0	105.8	11.0	111.6	6.0	101.6	4.7
	5	105.4	5.5	110.7	13.7	114.2	5.4	105.0	4.4
	6	103.3	5.2	115.9	14.9	99.8	5.1	105.4	4.0
	7	96.2	-0.6	108.1	-2.0	91.5	3.5	96.9	-0.4
	8	97.9	4.3	114.0	14.0	77.8	4.7	103.7	2.4
	9	105.6	5.2	120.9	28.6	103.1	4.4	105.2	-0.8
	10	106.2	4.1	111.7	9.1	114.5	-1.2	105.0	7.0
	11	109.6	3.2	124.1	10.7	124.6	5.9	101.1	0.7
	12	117.5	1.6	146.9	21.5	126.7	-1.6	106.6	1.4
2007	1	106.2	0.4	118.7	22.0	98.0	4.6	104.4	-4.9
	2	103.6	10.3	111.2	11.5	91.5	5.7	107.4	16.0
	3	110.1	5.6	128.8	16.2	110.2	5.8	108.1	3.7
	4	106.6	3.8	120.5	13.9	111.5	-0.1	105.0	3.3
	5	111.3	5.6	126.5	14.3	116.2	1.8	110.3	5.0
	6	107.0	3.6	126.8	9.4	102.5	2.7	107.4	1.9
	7	105.0	9.1	130.5	20.7	94.4	3.2	105.3	8.7
	8	103.6	5.8	127.0	11.4	80.0	2.8	109.6	5.7
	9	112.6	6.6	120.5	-0.3	107.8	4.6	116.7	10.9
	10	113.5	6.9	125.4	12.3	123.9	8.2	109.3	4.1
	11	114.8	4.7	133.2	7.3	130.0	4.3	106.6	5.4
	12	118.4	0.8	133.2	-9.3	131.7	3.9	112.2	5.3
2008	1	111.7	5.2	129.5	9.1	104.5	6.6	108.1	3.5
	2	107.2	3.5	118.7	6.7	97.3	6.3	107.9	0.5
	3	115.1	4.5	144.8	12.4	109.2	-0.9	109.8	1.6
	4	113.0	6.0	140.6	16.7	109.2	-2.1	108.1	3.0
	5	114.8	3.1	137.6	8.8	112.5	-3.2	111.7	1.3
	6	106.3	-0.7	128.2	1.1	101.8	-0.7	103.9	-3.3
	7	109.3	4.1	141.1	8.1	98.0	3.8	105.7	0.4
	8	105.9	2.2	121.5	-4.3	87.1	8.9	111.4	1.6
	9	110.5	-1.9	115.4	-4.2	99.1	-8.1	118.2	1.3
	10	109.5	-3.4	124.4	-0.3	112.5	-9.2	105.8	-3.2
	11	108.6	-4.7	109.0	-15.6	121.2	-6.8	107.0	0.4
	12	112.8	-4.5	114.4	-13.2	113.8	-13.6	114.3	1.9
2009	1P	108.0	-3.3	102.5	-20.8	103.2	-1.2	113.6	5.1
	2P	100.6	-6.2	113.9	-4.0	96.7	-0.6	98.9	-8.3

P: Preliminary
Source: Korea National Statistical Office

5. Consumer goods shipment index and consumer sentiment index

See graph 2-6

Period		Domestic consumer goods shipment index (2005=100)	Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)	Consumer sentiment index
2007		113.0	6.0	124.5	12.8	108.4	3.2	-
2008		114.6	1.4	126.6	1.7	109.8	1.3	-
2007	I	111.1	8.4	119.8	17.6	107.6	4.8	-
	II	111.0	7.8	122.5	15.0	106.4	4.7	-
	III	111.3	2.4	122.9	9.3	106.7	-0.5	-
	IV	118.7	5.9	132.8	9.9	113.0	4.1	-
2008	I	117.3	5.6	132.5	10.6	111.3	3.4	-
	II	115.7	4.2	136.4	11.3	107.5	1.0	-
	III	113.5	2.0	123.0	0.1	109.7	2.8	-
	IV	111.8	-5.8	114.4	-13.9	110.8	-1.9	-
2007	1	114.9	11.1	118.0	21.9	113.6	7.2	-
	2	104.3	8.0	113.7	14.8	100.5	5.0	-
	3	114.1	6.2	127.8	16.2	108.6	2.2	-
	4	111.6	10.1	119.9	19.5	108.3	6.3	-
	5	113.0	8.8	125.3	18.2	108.0	4.8	-
	6	108.5	4.7	122.4	8.0	102.9	3.2	-
	7	109.7	10.0	124.3	23.6	103.9	4.5	-
	8	112.9	6.0	125.0	13.9	108.1	2.8	-
	9	111.3	-7.1	119.5	-4.8	108.0	-8.0	-
	10	121.6	11.6	136.4	17.4	115.7	9.1	-
	11	118.0	2.4	131.8	7.5	112.4	0.2	-
	12	116.4	2.9	130.2	7.6	110.9	0.7	-
2008	1	124.2	9.0	132.8	11.4	120.8	8.0	-
	2	106.6	2.0	123.5	7.7	99.8	-0.5	-
	3	121.0	5.4	145.3	12.3	111.2	2.3	-
	4	120.5	7.3	145.5	20.1	110.5	1.7	-
	5	116.9	2.5	138.7	9.3	108.1	-0.6	-
	6	112.7	2.9	130.6	4.7	105.5	2.0	-
	7	119.5	7.2	138.3	8.0	112.0	6.8	84
	8	112.3	-1.4	120.4	-5.0	109.0	0.2	96
	9	111.5	0.2	116.0	-2.9	109.7	1.6	96
	10	119.5	-1.7	127.8	-6.3	116.2	0.4	88
	11	107.0	-9.3	111.0	-15.8	105.5	-6.1	84
	12	108.8	-6.5	104.6	-19.7	110.5	-0.1	81
2009	1P	105.4	-15.8	99.0	-24.7	107.9	-12.1	84
	2P	102.1	-4.0	115.2	-5.9	96.8	-3.2	85

P: Preliminary
Source: Korea National Statistical Office & The Bank of Korea

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	14,671	127.2	114.5
2008		32,280	2,313	29,967	14,672	123.1	114.5
2008	I	10,196	372	9,824	5,429	126.7	111.7
	II	8,506	537	7,969	3,650	130.8	120.6
	III	7,519	354	7,165	3,393	125.3	113.9
	IV	6,057	1,049	5,007	2,198	109.4	111.9
2008	1	3,810	149	3,661	2,197	120.2	106.3
	2	3,044	68	2,976	1,723	118.2	102.9
	3	3,343	155	3,188	1,510	141.6	125.9
	4	2,914	95	2,819	1,302	135.6	119.6
	5	2,659	90	2,585	1,101	128.7	122.1
	6	2,933	351	2,601	1,264	128.2	120.0
	7	3,153	179	2,974	1,392	131.5	119.6
	8	2,330	87	2,243	1,114	123.5	108.3
	9	2,037	88	1,949	887	120.9	113.8
	10	2,371	399	1,972	939	113.4	112.5
	11	1,813	207	1,607	668	107.8	108.2
	12	1,872	444	1,429	590	107.1	115.2
2009	1P	2,022	232	1,790	791	89.1	84.3
	2P	2,167	519	1,648	612	93.2	97.3
		Y-o-Y change (%)					
2007		21.1	-11.2	24.2	31.9	9.2	3.3
2008		-5.5	4.9	-6.2	-15.8	-3.2	0.0
2008	I	25.2	8.8	25.9	40.2	-0.7	1.3
	II	8.4	83.7	5.5	-4.5	-0.5	0.6
	III	-7.6	-26.8	-6.4	-20.3	5.3	6.5
	IV	-39.5	-3.5	-43.9	-59.8	-16.2	-7.3
2008	1	44.4	67.8	43.5	69.8	-1.5	1.8
	2	8.3	-54.7	11.8	23.9	-2.2	0.2
	3	24.1	50.6	23.0	27.0	1.2	1.6
	4	17.9	1.3	18.5	6.8	-1.8	4.4
	5	2.3	-1.5	2.5	-9.9	-1.4	-0.8
	6	5.6	228.9	-3.4	-9.8	1.8	-1.7
	7	20.7	5.3	21.8	12.3	8.7	7.1
	8	-3.9	-31.8	-2.4	-0.1	0.1	2.6
	9	-34.3	-52.7	-33.2	-53.3	7.5	10.0
	10	-36.5	348.0	-45.9	-62.1	-7.7	-1.0
	11	-43.9	-4.7	-46.7	-63.8	-17.0	-10.1
	12	-38.5	-43.2	-36.8	-48.4	-23.0	-10.4
2009	1P	-46.9	56.1	-51.1	-64.0	-25.9	-20.7
	2P	-28.8	661.2	-44.6	-64.5	-21.2	-5.4

P: Preliminary
Source: Korea National Statistical Office

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

(current prices, billion won)

Period		Value of construction completed (total)	Type of order		Domestic construction orders received (total)	Type of order	
			Public	Private		Public	Private
2007		82,939	25,098	54,559	112,502	28,695	77,554
2008		86,806	26,728	55,509	102,321	31,320	65,294
2008	I	18,283	5,279	12,142	21,048	7,398	13,077
	II	22,158	6,568	14,367	25,995	6,056	19,171
	III	22,317	6,503	14,712	17,061	4,691	10,795
	IV	24,047	8,383	14,288	38,217	13,175	22,252
2008	1	6,074	1,716	4,072	6,275	1,907	4,166
	2	5,473	1,519	3,698	6,152	2,048	3,887
	3	6,736	2,040	4,372	8,621	3,442	5,024
	4	7,026	1,967	4,636	7,880	1,743	5,933
	5	7,321	2,224	4,731	8,578	2,499	5,884
	6	7,811	2,376	5,001	9,537	1,814	7,353
	7	7,168	2,025	4,789	5,372	1,392	3,452
	8	7,312	2,139	4,822	6,169	1,520	4,432
	9	7,837	2,339	5,101	5,519	1,779	2,911
	10	7,741	2,498	4,819	8,187	2,451	4,827
	11	7,779	2,572	4,743	8,151	3,088	4,722
	12	8,528	3,312	4,726	21,879	7,636	12,703
2009	1P	6,048	2,149	3,608	5,333	2,552	2,514
	2P	6,141	2,025	3,789	5,880	2,695	2,079
		Y-o-Y change (%)					
2007		6.6	8.4	4.6	23.6	40.3	16.5
2008		4.7	6.5	1.7	-9.0	9.1	-15.8
2008	I	5.6	6.8	3.0	-3.7	17.4	-14.1
	II	6.1	3.5	4.6	-6.1	14.6	-4.7
	III	10.6	6.6	10.5	-22.7	2.9	-32.3
	IV	-2.2	8.7	-9.1	-6.5	5.0	-15.3
2008	1	10.5	16.5	5.6	-9.3	3.6	-15.0
	2	3.1	-1.0	2.6	-7.0	2.1	-14.1
	3	3.6	5.5	1.0	3.6	40.1	-13.4
	4	4.2	2.4	2.6	-0.5	-5.6	3.4
	5	7.5	5.0	5.9	16.4	50.7	16.0
	6	6.6	3.1	5.3	-23.0	2.0	-21.0
	7	8.7	3.2	9.2	-13.2	-9.2	-8.4
	8	8.3	9.5	5.9	-8.1	9.3	-10.7
	9	14.8	6.9	16.7	-39.8	8.8	-59.6
	10	5.1	20.4	-3.3	-23.7	-25.8	-32.1
	11	-1.3	5.7	-7.1	-39.3	-16.6	-46.7
	12	-8.6	3.4	-16.2	30.7	37.8	23.4
2009	1P	-0.4	25.2	-11.4	-15.0	33.8	-39.7
	2P	12.2	33.3	2.5	-20.7	31.6	-46.5

P: Preliminary
Source: Korea National Statistical Office

8. Composite indices of business cycle indicators and BSI

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

Period		Leading index (2005=100)	Y-o-Y change (%)	Coincident index (2005=100)	Cycle of coincident index (2005=100)	BSI (actual)	BSI (outlook)
2006	1	104.2	8.0	104.0	100.4	95.4	102.6
	2	104.3	7.4	104.1	100.1	90.5	102.4
	3	104.2	6.1	104.5	100.1	111.5	118.9
	4	104.3	5.6	104.6	99.8	99.8	112.7
	5	104.6	5.3	105.2	99.9	94.1	110.7
	6	105.0	5.6	105.5	99.8	94.2	98.6
	7	105.2	5.0	105.2	99.1	79.1	94.2
	8	105.6	4.6	105.6	99.1	85.9	93.4
	9	106.3	4.7	106.4	99.4	99.4	107.7
	10	107.2	5.3	108.3	100.7	99.4	103.5
	11	108.0	5.3	109.1	101.1	103.7	104.3
	12	108.6	4.9	109.4	101.0	100.4	101.4
2007	1	109.1	4.7	109.4	100.6	85.6	96.5
	2	109.9	5.4	109.8	100.6	87.5	93.4
	3	110.3	5.9	110.2	100.5	109.4	112.3
	4	111.0	6.4	110.7	100.5	105.8	107.7
	5	111.3	6.4	111.2	100.6	104.1	110.9
	6	112.4	7.0	112.1	100.9	100.2	105.6
	7	113.2	7.6	113.0	101.4	95.8	99.3
	8	114.1	8.0	113.7	101.6	94.4	102.5
	9	114.7	7.9	113.8	101.2	101.5	111.8
	10	115.6	7.8	114.4	101.3	108.3	116.3
	11	116.4	7.8	115.0	101.5	106.0	112.4
	12	116.8	7.6	116.0	101.9	98.9	103.4
2008	1	116.5	6.8	116.8	102.2	95.2	103.0
	2	115.7	5.3	116.9	101.9	95.6	94.8
	3	115.1	4.4	117.1	101.7	101.1	102.1
	4	115.0	3.6	117.1	101.2	101.7	98.1
	5	114.6	3.3	117.3	101.0	98.1	104.7
	6	113.8	2.0	117.3	100.6	79.1	95.3
	7	113.5	0.5	117.6	100.4	80.8	83.2
	8	113.4	-0.5	117.7	100.1	83.1	80.8
	9	112.7	-1.1	117.9	99.8	76.8	98.3
	10	111.3	-2.5	117.6	99.2	64.6	84.9
	11	110.4	-4.4	115.9	97.3	53.7	63.7
	12	110.4P	-0.8P	113.0	94.6	52.4	55.0
2009	1	110.1P	-4.5P	110.9P	92.4P	58.1	52.0
	2	110.7P	-4.0P	110.8P	92.0P	62.4	66.0
	3	-	-	-	-	89.0	76.1
	4	-	-	-	-	-	86.7

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
2007		5,876.0	28,168.0	371,489.0	356,845.8	-19,767.6	1,002.7	-3,527.1
2008P		-6,406.4	5,993.9	422,007.3	435,274.7	-16,733.6	5,106.5	-773.2
2007	I	-1,013.3	5,721.8	84,703.5	82,261.7	-5,391.3	-618.1	-725.7
	II	-1,303.6	5,811.9	92,984.5	87,961.9	-4,415.9	-1,662.4	-1,037.2
	III	4,344.1	8,881.9	90,529.0	86,058.8	-5,256.6	1,759.9	-1,077.1
	IV	3,848.8	7,752.4	103,272.0	100,563.3	-4,703.8	1,487.3	-687.1
2008P	I	-5,212.6	-1,219.8	99,444.5	106,052.9	-5,067.2	1,688.1	-613.7
	II	-134.4	5,722.7	114,492.0	114,792.8	-4,272.7	-645.6	-938.8
	III	-8,579.9	-3,475.5	115,000.1	122,901.0	-5,691.7	1,356.7	-769.4
	IV	7,520.5	4,966.5	93,070.6	91,528.0	-1,702.0	2,707.3	1,548.7
2007	1	439.4	1,505.6	28,092.6	27,560.1	-1,409.6	610.1	-266.7
	2	430.4	2,140.0	26,225.1	25,406.2	-2,356.4	867.2	-220.4
	3	-1,883.1	2,076.2	30,385.8	29,295.5	-1,625.3	-2,095.4	-238.6
	4	-2,558.6	1,233.1	29,944.5	29,596.9	-1,371.3	-2,203.8	-216.6
	5	193.8	1,476.9	31,039.9	29,856.9	-1,396.5	504.0	-390.6
	6	1,061.2	3,101.9	32,000.1	28,508.1	-1,648.1	37.4	-430.0
	7	1,773.7	3,250.9	30,207.4	29,223.2	-1,675.3	557.1	-359.0
	8	589.1	2,386.2	30,998.1	29,642.1	-2,050.6	610.7	-357.2
	9	1,981.3	3,244.8	29,323.5	27,193.6	-1,530.7	628.1	-360.9
	10	3,010.5	4,361.0	34,433.8	32,741.2	-1,527.0	454.1	-277.6
	11	1,674.4	2,723.8	35,807.9	33,926.1	-1,410.8	474.8	-113.4
	12	-836.1	667.6	33,030.3	33,895.9	-1,766.0	588.4	-296.1
2008P	1	-2,751.3	-1,095.2	32,274.6	36,318.0	-2,138.1	768.0	-286.0
	2	-2,350.7	-599.1	31,178.2	32,624.3	-2,249.6	700.7	-202.7
	3	-110.6	474.5	35,991.8	37,110.6	-679.5	219.4	-125.0
	4	-1,581.3	1,632.3	37,850.2	38,260.4	-979.0	-1,932.0	-302.6
	5	-377.5	612.5	39,383.2	38,704.5	-1,167.4	459.2	-281.8
	6	1,824.4	3,477.9	37,258.6	37,827.9	-2,126.3	827.2	-354.4
	7	-2,534.0	217.6	40,961.2	42,952.5	-2,456.0	239.6	-535.2
	8	-4,696.3	-2,803.4	36,610.6	40,420.4	-2,000.0	324.8	-217.7
	9	-1,349.6	-889.7	37,428.3	39,528.1	-1,235.7	792.3	-16.5
	10	4,753.0	2,625.7	37,111.1	36,098.8	-54.8	1,411.2	770.9
	11	1,906.7	844.8	28,841.6	28,853.6	-130.1	720.2	471.8
	12	860.8	1,496.0	27,117.9	26,575.6	-1,517.1	575.9	306.0
2009P	1	-1,635.8	-1,736.5	21,236.2	24,866.3	-708.6	563.5	245.8
	2	3,681.9	3,152.4	25,458.2	22,529.1	-494.6	524.3	499.8

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	Financial derivative	Other investment	Capital transfers & acquisition of non-financial assets	Changes in reserve assets	Errors and omissions
2007		7,128.3	-13,836.0	-26,057.8	5,444.8	43,964.8	-2,387.5	-15,128.4	2,124.1
2008P		-50,933.3	-10,594.8	-15,367.5	-14,332.7	-10,599.7	-38.6	56,446.0	893.7
2007	I	6,364.1	-900.7	-12,227.6	1,300.5	19,005.7	-813.8	-3,998.3	-1,352.5
	II	8,948.6	-2,847.3	-1,055.9	1,067.4	12,466.8	-682.4	-6,250.1	-1,394.9
	III	-4,323.4	-2,606.0	-11,455.8	1,432.9	8,879.2	-573.7	-2,495.6	2,475.1
	IV	-3,861.0	-7,482.0	-1,318.5	1,644.0	3,613.1	-317.6	-2,384.2	2,396.4
2008P	I	395.9	-4,790.6	-9,992.8	-1,072.8	16,489.7	-237.6	3,850.0	966.7
	II	-4,673.7	-2,913.5	5,997.3	-805.9	-6,718.6	-233.0	5,717.7	-909.6
	III	-4,850.5	-2,283.5	-12,393.1	-3,470.2	13,515.7	-219.4	12,883.1	547.3
	IV	-41,805.0	-607.2	1,021.1	-8,983.8	-33,886.5	651.4	33,995.2	289.3
2007	1	2,179.9	-222.3	-1,915.9	292.8	4,381.7	-356.4	-2,350.7	-268.6
	2	-527.7	-644.1	-2,366.7	368.2	2,318.3	-203.4	-1,134.7	1,232.0
	3	4,711.9	-34.3	-7,945.0	639.5	12,305.7	-254.0	-512.9	-2,315.9
	4	4,481.5	-402.2	3,601.6	197.7	1,325.2	-240.8	-1,878.4	-44.5
	5	4,750.1	-282.9	-12.6	409.0	4,871.5	-234.9	-4,492.9	-451.0
	6	-283.0	-2,162.2	-4,644.9	460.7	6,270.1	-206.7	121.2	-899.4
	7	-552.8	-322.0	-7,912.0	705.2	7,203.9	-227.9	-2,421.6	1,200.7
	8	137.3	-1,427.1	-6,531.8	440.1	7,864.1	-208.0	-937.6	211.2
	9	-3,907.9	-856.9	2,988.0	287.6	-6,188.8	-137.8	863.4	1,063.2
	10	-3,753.9	-4,514.5	-638.2	663.4	900.5	-165.1	-847.5	1,590.9
	11	-373.5	-1,723.4	-2,473.5	627.2	3,269.4	-73.2	-493.8	-807.1
	12	266.4	-1,244.1	1,793.2	353.4	-556.8	-79.3	-1,042.9	1,612.6
2008P	1	409.2	-2,488.7	-3,829.7	-181.4	7,013.3	-104.3	1,436.1	906.0
	2	-401.3	303.5	-5,214.3	-212.1	4,819.9	-98.3	1,703.1	1,048.9
	3	388.0	-2,605.4	-948.8	-679.3	4,656.5	-35.0	710.8	-988.2
	4	-376.9	-1,911.9	4,069.9	-498.2	-1,948.9	-87.8	2,411.3	-453.1
	5	-732.1	-262.6	7,623.0	-279.6	-7,758.2	-54.7	2,264.6	-1,155.0
	6	-3,564.7	-739.0	-5,695.6	-28.1	2,988.5	-90.5	1,041.8	698.5
	7	-5,774.6	-1,214.3	-8,855.9	-707.2	5,180.4	-177.6	9,171.4	-862.8
	8	5,312.4	-742.7	-566.8	1.4	6,730.0	-109.5	-1,215.2	599.1
	9	-4,388.3	-326.5	-2,970.4	-2,764.4	1,605.3	67.7	4,926.9	811.0
	10	-24,834.8	-198.7	5,172.5	-3,912.1	-26,247.2	350.7	19,988.1	93.7
	11	-12,140.9	-213.9	-3,139.6	-1,558.7	-7,439.3	210.6	10,904.2	-670.0
	12	-4,829.3	-194.6	-1,011.8	-3,513.0	-200.0	90.1	3,102.9	865.6
2009P	1	5,139.4	-55.0	5,678.8	-248.5	-379.4	143.5	-4,488.6	985.0
	2	3,222.5	-545.0	164.3	-2,802.4	-477.6	338.7	-1,260.0	900.6

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
2007		104.8	103.5	105.7	104.2	102.3	101.5	89.8	105.5
2008		109.7	109.9	109.6	108.6	111.1	112.5	109.5	143.7
2007	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
	9	111.1	112.1	110.4	109.9	114.8	117.0	115.6	153.4
	10	111.0	111.7	110.6	110.1	114.4	116.7	124.5	159.7
	11	110.7	110.3	110.9	110.4	111.8	113.3	120.4	149.1
	12	110.7	110.2	111.0	110.9	109.9	110.9	115.0	140.6
2009	1	110.8	110.4	111.1	111.1	109.6	110.4	111.1	138.1
	2	111.6	112.1	111.2	111.5	110.3	111.5	116.5	143.5
	3	112.4	113.3	111.8	112.0	110.8	112.1	118.4	145.4
		Y-o-Y change (%)							
2007		2.5	2.0	2.9	2.4	1.4	1.0	-2.1	4.5
2008		4.7	6.2	3.7	4.2	8.6	10.8	21.8	36.2
2007	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
	9	5.1	7.1	3.9	5.1	11.3	14.4	27.4	42.6
	10	4.8	6.3	3.9	5.2	10.7	14.0	38.6	47.1
	11	4.5	5.1	4.1	5.3	7.8	9.9	31.5	32.0
	12	4.1	4.4	4.0	5.6	5.6	6.9	25.0	22.4
2009	1	3.7	3.9	3.7	5.2	4.7	5.7	18.6	16.7
	2	4.1	5.2	3.4	5.2	4.4	5.5	22.6	18.0
	3	3.9	5.8	2.7	4.5	3.5	4.3	17.4	10.6

Source: The Bank of Korea

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

Period		Economically active persons (thous.)	Employed persons (thous.) All industry	Manufacturing	S.O.C&service	Unemployment (%)	Wage workers (thous.)	Regular	Temporary	Daily
2007		24,216	23,433	4,014	17,679	3.2	15,970	8,620	5,172	2,178
2008		24,347	23,577	3,963	17,906	3.2	16,206	9,007	5,079	2,121
2007	7	24,545	23,750	4,022	17,850	3.2	16,127	8,674	5,254	2,199
	8	24,214	23,458	3,945	17,635	3.1	15,882	8,763	5,044	2,075
	9	24,341	23,622	3,990	17,754	3.0	16,056	8,823	5,100	2,132
	10	24,482	23,750	4,036	17,800	3.0	16,147	8,825	5,119	2,203
	11	24,471	23,739	3,983	17,969	3.0	16,218	8,793	5,174	2,251
	12	23,993	23,257	4,021	17,822	3.1	16,104	8,750	5,176	2,178
2008	1	23,738	22,964	4,022	17,651	3.3	16,032	8,815	5,115	2,102
	2	23,703	22,884	4,017	17,510	3.5	15,836	8,804	5,055	1,977
	3	24,114	23,305	3,999	17,732	3.4	15,993	8,898	5,023	2,073
	4	24,495	23,711	4,001	17,929	3.2	16,258	8,894	5,127	2,238
	5	24,692	23,939	3,987	18,046	3.0	16,405	9,010	5,165	2,231
	6	24,727	23,963	3,993	18,067	3.1	16,385	9,039	5,132	2,214
	7	24,673	23,903	3,975	18,088	3.1	16,363	9,054	5,163	2,146
	8	24,380	23,617	3,899	17,872	3.1	16,104	9,107	4,970	2,027
	9	24,456	23,734	3,928	17,951	3.0	16,221	9,142	5,015	2,064
	10	24,582	23,847	3,945	18,005	3.0	16,314	9,138	5,034	2,142
	11	24,566	23,816	3,897	18,086	3.1	16,377	9,111	5,071	2,195
	12	24,032	23,245	3,888	17,935	3.3	16,189	9,068	5,082	2,040
2009	1	23,709	22,861	3,895	17,663	3.6	16,053	9,102	4,982	1,969
	2	23,667	22,742	3,842	17,539	3.9	15,953	9,194	4,862	1,897
	3	24,062	23,110	3,813	17,701	4.0	16,076	9,174	4,941	1,961
					Y-o-Y change (%)					
2007		1.0	1.2	-1.0	2.2	-8.6	2.7	5.1	0.6	-1.2
2008		0.5	0.6	-1.3	1.3	0.0	1.5	4.5	-1.8	-2.6
2007	7	1.1	1.3	-1.1	2.5	-5.9	2.6	6.7	-1.2	-3.3
	8	1.0	1.3	-1.5	2.4	-8.8	3.5	6.3	0.5	-0.7
	9	1.0	1.3	-0.8	2.2	-6.2	3.0	5.7	0.0	-0.5
	10	0.9	1.2	-1.0	2.2	-9.1	2.8	5.2	-0.2	0.8
	11	1.1	1.2	-1.1	2.2	-6.2	2.6	5.1	-0.5	0.7
	12	0.9	1.2	-0.4	2.0	-6.1	2.4	4.9	-1.1	1.6
2008	1	0.7	1.0	-0.6	1.8	-8.3	2.4	5.2	-1.2	0.2
	2	0.7	0.9	-0.3	1.6	-5.4	1.9	4.8	-1.4	-1.9
	3	0.6	0.8	-0.4	1.4	-2.9	1.7	5.5	-3.2	-1.8
	4	0.7	0.8	-0.6	1.4	-5.9	1.8	5.2	-2.1	-1.7
	5	0.6	0.8	-0.8	1.5	-6.2	1.9	5.6	-1.8	-3.2
	6	0.5	0.6	-1.1	1.4	-3.1	1.6	4.9	-1.6	-3.3
	7	0.5	0.6	-1.2	1.3	-3.1	1.5	4.4	-1.7	-2.4
	8	0.7	0.7	-1.2	1.3	0.0	1.4	3.9	-1.5	-2.3
	9	0.5	0.5	-1.6	1.1	0.0	1.0	3.6	-1.7	-3.2
	10	0.4	0.4	-2.3	1.2	0.0	1.0	3.5	-1.7	-2.8
	11	0.4	0.3	-2.2	0.7	3.3	1.0	3.6	-2.0	-2.5
	12	0.2	-0.1	-3.3	0.6	6.5	0.5	3.6	-1.8	-6.3
2009	1	-0.1	-0.4	-3.2	0.1	9.1	0.1	3.3	-2.6	-6.3
	2	-0.2	-0.6	-4.4	0.2	11.4	0.7	4.4	-3.8	-4.1
	3	-0.2	-0.8	-4.7	-0.2	17.6	0.5	3.1	-1.6	-5.4

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	1,703.99
	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
	9	5.2	5.8	7.5	5.8	5.8	1,448.06
	10	4.9	6.0	8.0	5.1	5.2	1,113.06
	11	4.0	5.6	8.6	5.0	5.2	1,076.07
	12	3.3	4.7	8.4	4.0	4.3	1,124.47
2009	1	2.4	3.2	7.3	3.4	4.0	1,162.11
	2	2.1	2.7	7.1	3.8	4.6	1,063.03
	3	1.8	2.5	6.1	3.7	4.5	1,206.26

Source: The Bank of Korea

14. Monetary indicators See graph 9-5

(period average) (billion won)

Period		Reserve money	M1	M2	Lf
2007		48,543.7	312,832.3	1,197,094.8	1,603,516.0
2008		52,272.8	307,273.6	1,367,713.4	1,794,841.2
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	1,798,774.9
	7	50,600.6	306,584.4	1,378,914.3	1,801,540.6
	8	51,981.0	304,538.7	1,386,101.1	1,810,535.1
	9	53,303.9	307,067.8	1,395,719.2	1,831,313.4
	10	52,976.5	310,565.5	1,403,984.2	1,845,717.7
	11	54,254.5	316,330.9	1,426,165.1	1,859,348.8
	12	59,300.7	323,725.9	1,436,298.3	1,864,111.6
2009	1	64,040.6	331,358.0	1,440,275.8	1,868,843.3
	2	63,061.7	334,521.7	1,452,931.3	1,879,007.4
		Y-o-Y change (%)			
2007		16.5	-5.2	11.2	10.2
2008		7.7	-1.8	14.3	11.9
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
	8	8.7	2.2	14.7	11.8
	9	9.1	2.7	14.5	12.2
	10	7.3	4.2	14.2	11.9
	11	11.1	5.5	14.0	11.4
	12	17.8	5.2	13.1	10.4
2009	1	27.4	8.3	12.0	9.2
	2	20.2	9.8	11.4	8.8

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
2007		938.2	929.2	833.3	789.8	1,381.3	1,272.7
2008		1,257.5	1,102.6	1,393.9	1,076.6	1,776.2	1,606.8
2007	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	1,402.3	1,386.2
	2	937.3	944.7	889.7	880.6	1,423.5	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
	9	1,187.7	1,130.4	1,144.2	1,060.6	1,707.2	1,627.6
	10	1,291.4	1,326.9	1,306.0	1,327.1	1,664.4	1,765.3
	11	1,482.7	1,390.1	1,553.8	1,435.1	1,912.6	1,768.9
	12	1,257.5	1,373.8	1,393.9	1,503.3	1,776.2	1,846.1
2009	1	1,368.5	1,346.1	1,521.0	1,487.2	1,768.7	1,793.8
	2	1,516.4	1,429.5	1,541.1	1,546.1	1,930.1	1,829.9
	3	1,377.1	1,462.0	1,414.8	1,495.7	1,816.4	1,904.0
				Y-o-Y change (%)			
2007		0.9	-2.8	6.6	-3.9	-13.0	6.1
2008		34.0	18.7	67.3	36.3	28.6	26.2
2007	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
	9	29.0	21.2	43.6	30.8	31.0	26.1
	10	42.3	44.9	65.1	67.8	27.1	35.5
	11	59.5	51.6	83.6	73.7	39.4	31.5
	12	34.0	47.7	67.3	81.5	28.6	36.2
2009	1	45.0	42.8	71.1	70.4	26.1	29.4
	2	61.8	51.3	73.2	75.6	35.6	31.1
	3	38.9	49.2	41.5	53.8	16.1	25.3

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

The Bank of Korea
  http://www.bok.or.kr

Korea National Statistical Office
  http://www.nso.go.kr/eng2006

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Foreign Press Spokesperson's Office
Ministry of Strategy and Finance
Government Complex II, 88 Gwanmoonro
Gwacheon City, Gyeonggi Province, 427-725
Republic of Korea
Tel: 82-2-2150-2455
Fax: 82-2-504-1335
E-mail: fppr@mosf.go.kr
Website: http://english.mosf.go.kr

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