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Republic of Korea

Economic Bulletin

The Green Book: Current Economic Trends

The Green Book

Current Economic Trends

Overview

The Korean economy saw private sector employment steadily recovering, backed by brisk exports and domestic demand, while prices stabilized.

Mining and manufacturing production in June, thanks to robust exports and domestic demand, rose 1.4 percent month-on-month and 16.9 percent year-on-year. Service output, despite weak real estate & renting, gained 0.4 percent month-and-month and 4.4 percent year-on-year.

Consumer goods sales increased 2.4 percent month-on-month and 3.8 percent year-on-year, as unusually high temperatures boosted the sales of electronic appliances and clothing, along with the World Cup games positively affecting the sales.

In June facilities investment rose 8.6 percent month-on-month and 24.2 percent year-on-year, on the back of strong exports and improving business performance. Construction completed, while falling 6.0 percent year-on-year, increased 7.4 percent month-on-month, as early budget spending in the first half of 2010 lifted civil engineering works.

The total number of workers hired in June gained 314,000 year-on-year, led by the manufacturing and service sectors. The employment rate *(seasonally adjusted)* posted 58.9 percent, adding 0.1 percentage point year-on-year, while the unemployment rate *(seasonally adjusted)* landed at 3.5 percent, shedding 0.4 percentage points.

Exports in July, as semiconductors and automobiles continued to grow, jumped 29.6 percent year-on-year. Imports rose 28.9 percent from a year earlier, led by expanding consumer goods, despite decelerating raw and capital materials.

The consumer price in July posted a steady year-on-year increase of 2.6 percent, as low manufactured goods prices and public utility charges offset a price rise in agricultural products, affected by seasonal factors.

In July, stock prices rose and foreign exchange rates fell as Bank of Korea's base rate hike and the release of European banks' stress test results reduced uncertainties in the financial market.

Housing markets showed regional distinction in July, as the Seoul metropolitan area continued to post falling prices and shrinking sales, while provincial housing markets put up a steady rise in prices.

To sum up, although the Korean economy shows clear signs of improvement, external downside risks exist as major economies might go into recession.

The Korean government will continue macroeconomic policies which facilitate sustainable economic growth, while stepping up the monitoring of external situations. On the other hand, the government will renew policy efforts to create jobs, stabilize prices, and build up cooperative relationship between large enterprises and SMEs to help the fruit of the economic recovery trickle down to the real economy.

1. Global economy

Although the global economy continued a recovery track in terms of the real economy, the pace of the recovery slowed down, especially in the US and China. International financial markets became stable, with eased concerns over Southern Europe's fiscal crisis after the release of European banks' stress test results.

US

US real GDP in the second quarter contracted to 2.4 percent *(annualized q-o-q)*, slowing down from the previous quarter, as industrial production decelerated the rise.

Retail sales declined for a second consecutive month in June, while the Institute for Supply Management (ISM) manufacturing index fell for three months in a row.

ISM manufacturing index (base=50)
58.4 (Jan 2010) → 56.5 (Feb) → 59.6 (Mar) → 60.4 (Apr) → 59.7 (May) → 56.2 (Jun) → 55.5 (Jul)

Home sales in June rose 23.6 percent month-on-month, affected by a low base effect from the previous month, while existing home sales decreased by 5.1 percent.

The unemployment rate posted 9.5 percent in June, down 0.2 percentage points from a month earlier, with stabilizing inflation.

The Federal Reserve at the June FOMC meeting, revised down the 2010 growth forecast from the range of 3.2 to 3.7 percent to that of 3.0 to 3.5 percent, while raising the unemployment forecast from between 9.1 and 9.5 percent to between 9.2 and 9.5 percent.

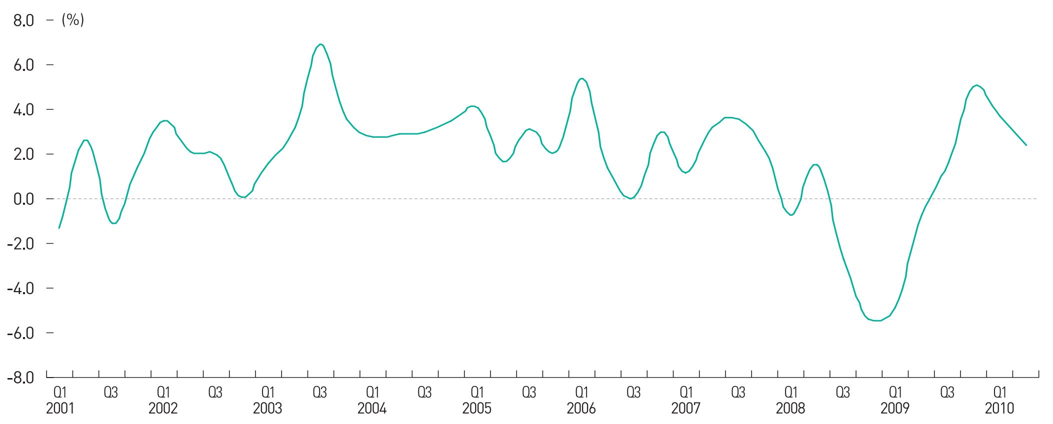
(Percentage change from previous period)

	2009[1]					2010			
	Annual	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Real GDP[2]	-2.6	-4.9	-0.7	1.6	5.0	3.7	2.4	-	-
- Personal consumption expenditure	-1.2	-0.5	-1.6	2.0	0.9	1.9	1.6	-	-
- Corporate fixed investment	-17.1	-35.2	-7.5	-1.7	-1.4	7.8	17.0	-	-
- Construction investment for housing	-22.9	-36.2	-19.7	10.6	-0.8	-12.3	27.9	-	-
Industrial production	-9.3	-4.7	-2.7	2.0	1.7	1.7	1.6	1.3	0.1
Retail sales	-6.3	-1.7	0.0	1.8	1.8	2.0	1.0	-1.1	-0.5
New home sales	-22.5	-8.6	4.2	9.1	-7.0	-3.6	-5.6	-36.7	23.6
New non-farm payroll employment (thousand)[3]	-395	-753	-477	-261	-90	87	207	433	-125
Consumer prices (y-o-y, %)	-0.3	-0.2	-1.0	-1.6	1.5	2.4	1.8	2.0	1.1

1. Smoothed
2. Annualized rate (%)
3. Monthly average
Source: US Department of Commerce

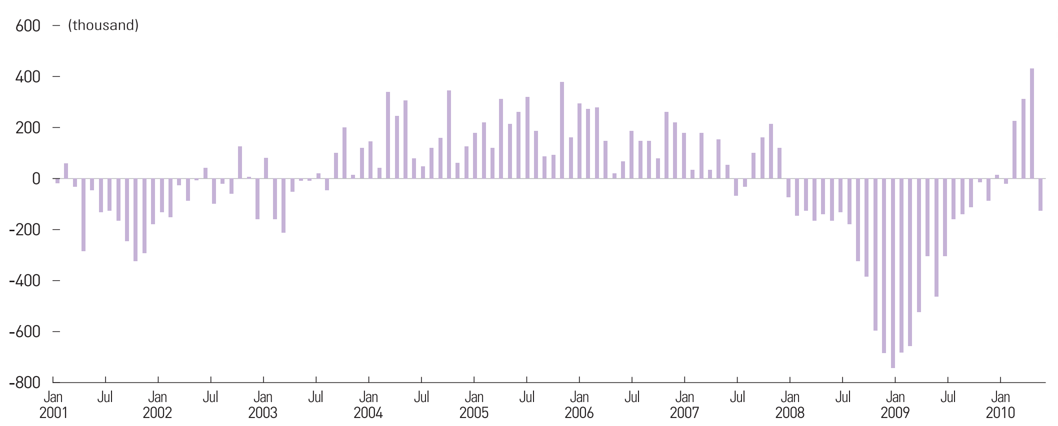
1-1 **US GDP** (q-o-q, annualized rate)

Source: US Department of Commerce



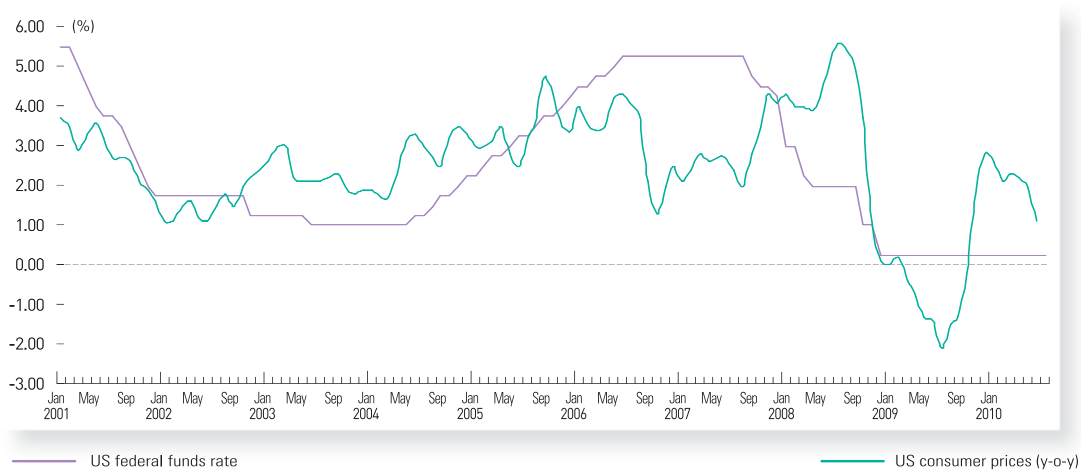
1-2 **US non-farm payroll employment** (m-o-m change)

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, although it decelerated the growth from the previous quarter, grew 10.3 percent year-on-year in the second half of 2010, thanks to strong domestic demand and exports. Consumer and housing prices rose at a slower rate, as the Chinese government tightened control over loans and regulations against real estate speculation.

Housing price (%, y-o-y)
9.5 (Jan 2010) → 10.7 (Feb) → 11.7 (Mar) → 12.8 (Apr) → 12.4 (May) → 11.4 (June)

(Percentage change from same period in previous year)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Real GDP	9.0	9.1	6.2	7.9	9.1	10.7	11.9	10.3	-	-
Fixed asset investment (accumulated)	26.1	30.5	28.6	33.6	33.3	30.5	26.4	25.0	25.9	25.0
Retail sales	21.6	15.5	14.9	15.0	15.4	16.9	17.9	18.2	18.7	18.3
Industrial production	12.9	11.0	5.1	9.1	12.4	18.0	19.6	17.6	16.5	13.7
Exports	17.2	-16.0	-19.7	-23.4	-20.3	0.2	28.7	40.9	48.5	43.9
Consumer prices	5.9	-0.7	-0.6	-1.5	-1.3	0.7	2.2	2.9	3.1	2.9
Producer prices	6.9	-5.4	-4.6	-7.2	-7.7	-2.1	5.2	6.8	7.1	6.4

Source: China National Bureau of Statistics

Japan

Japan's economy saw both industrial production and retail sales decline in June. Consumer prices fell 0.7 percent year-on-year, staying on a deflationary track.

(Percentage change from previous period)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Real GDP	-0.7	-5.2	-4.2	1.7	0.1	1.1	1.2	-	-	-
Industrial and mining production	-3.4	-21.8	-20.1	6.6	5.3	5.9	7.0	1.4	0.1	-1.5
Retail sales (y-o-y, %)	0.3	-2.2	-3.9	-0.9	-3.4	-0.7	3.8	1.7	2.9	-2.5
Exports (y-o-y, %)	-3.0	-34.2	-47.8	-39.9	-35.5	-8.7	44.8	-	33.8	-
Consumer prices (y-o-y, %)	1.4	-1.4	-0.1	-1.0	-2.2	-2.0	-1.2	-0.9	-0.9	-0.7

Source: Japan's Statistics Bureau and Statistics Centre

Eurozone

The eurozone economy continued a moderate recovery led by exports, amid eased concerns over fiscal woes after European banks' stress test. Real economic indicators improved, as retail sales shifted to a rise in May and industrial production increased for three consecutive months.

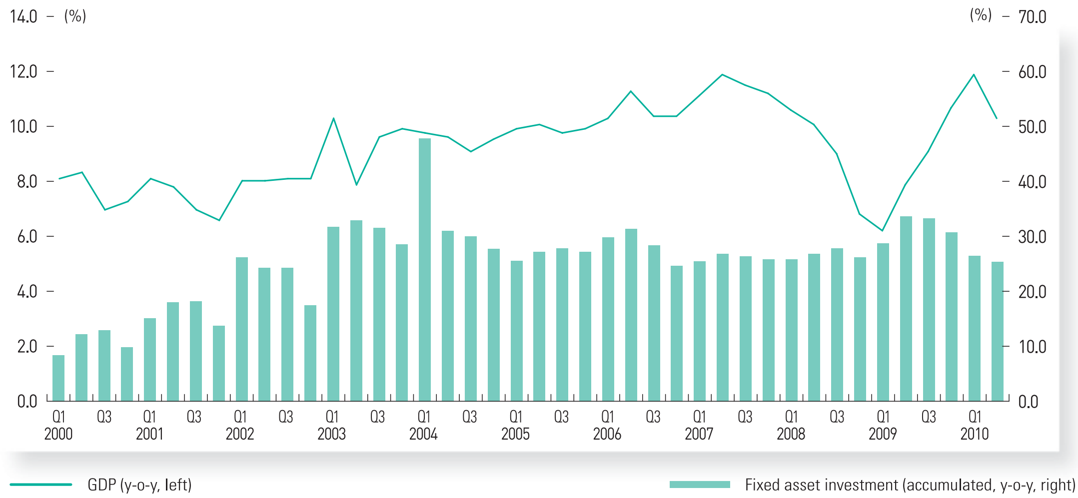
(Percentage change from previous period)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun
Real GDP	0.8	-4.0	-2.5	-0.1	0.4	0.0	0.2	-	-	-
Industrial production	-1.7	-14.9	-9.3	-1.6	2.6	1.4	2.5	-	1.0	-
Retail sales	-0.7	-2.2	-0.9	0.0	-0.1	0.1	0.3	-	0.1	-
Exports (y-o-y, %)	3.9	-18.1	-21.0	-22.9	-19.6	-8.6	12.7	-	23.5	-
Consumer prices (y-o-y, %)	3.3	0.3	1.0	0.2	-0.4	0.4	1.1	1.5	1.6	1.4

Source: Eurostat

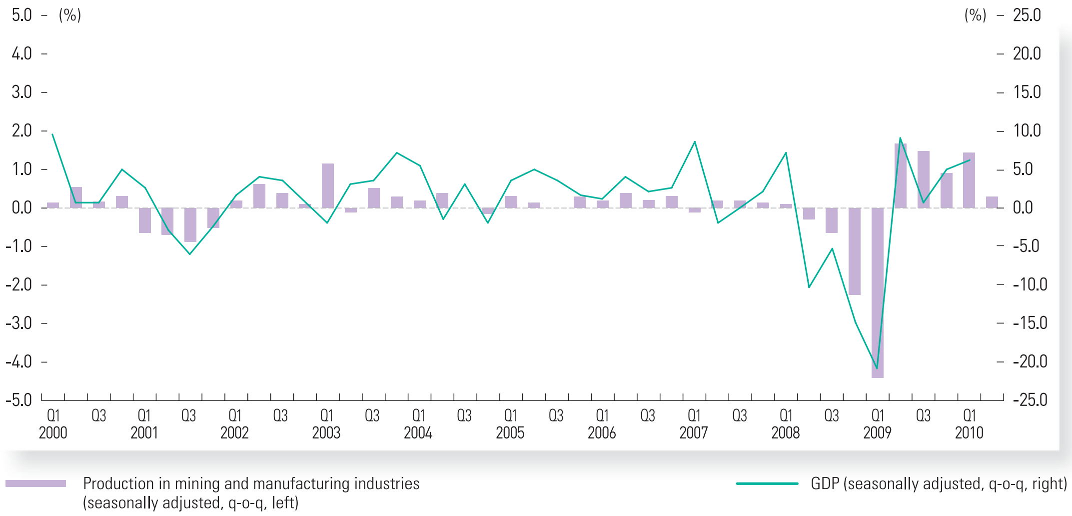
1-4 China's GDP and fixed asset investment

Source: National Bureau of Statistics of China



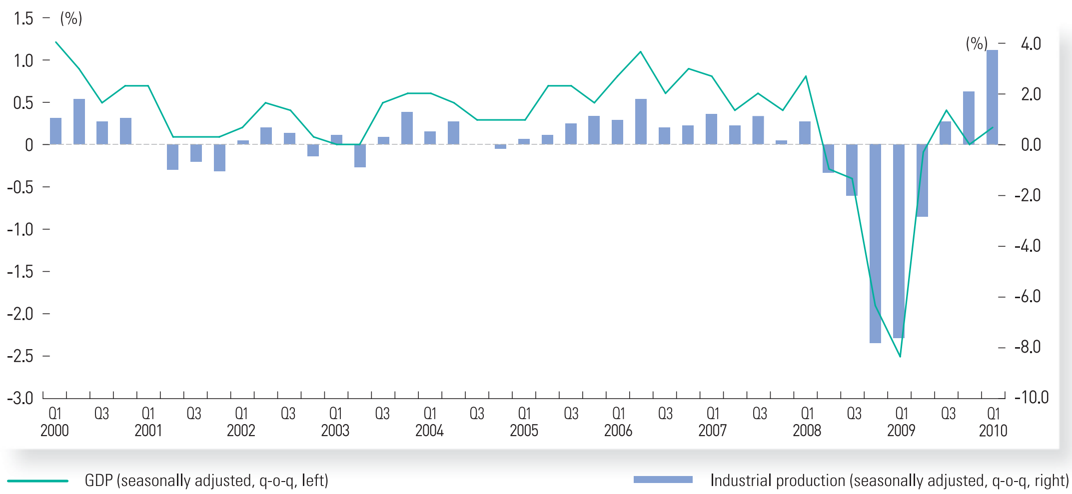
1-5 Japan's GDP growth

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 *(advanced estimates of GDP)* increased 0.8 percent quarter-on-quarter and 3.7 percent year-on-year in the second quarter of 2010.

(Percentage change from same period in previous year)

	2008		2009[1]					2010[1]	
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Private consumption[2]	1.3	-3.6	0.2	-4.4	-1.0	0.7	5.8	6.3	3.7
(Seasonally adjusted)[3]	-	-4.5	-	0.3	3.3	1.7	0.4	0.7	0.8

1. Preliminary   2. National accounts   3. Percentage change from previous period
Source: The Bank of Korea

Consumer goods sales in June increased 2.4 percent month-on-month and 3.8 percent year-on-year, as the sales of durable, semi-durable and non-durable goods all improved.

On a month-on-month basis, sales of durable goods such as TV sets and air conditioners increased most substantially by 5.8 percent, while those of semi-durable goods such as entertainment & hobby kit rose 3.1 percent.

On a year-on-year basis, the sales of semi- and non-durable goods rose 10.0 percent and 4.0 percent respectively, despite a plunge in automobile sales by 16.4 percent.

(Percentage change from same period in previous year)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2[1]	May[1]	Jun[1]
Consumer goods sales	1.1	2.6	-4.7	1.5	2.8	10.8	9.9	4.9	3.7	3.8
(Seasonally adjusted)[2]	-	-	1.0	5.1	0.3	4.1	0.5	0.0	1.2	2.4
- Durable goods[3]	1.6	8.1	-11.9	5.7	7.9	33.9	29.5	5.4	16.5	-0.1
· Automobiles	-3.5	21.8	-20.6	20.1	24.1	76.9	48.6	-2.0	-8.8	-16.4
- Semi-durable goods[4]	-3.0	0.3	-1.5	-0.6	-0.7	3.4	2.7	7.1	7.5	10.0
- Non-durable goods[5]	1.4	1.2	-1.4	0.5	1.9	4.1	3.3	3.4	2.8	4.0

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

Sales at department stores and large discounters rose at a faster pace, while those at specialized retailers slightly fell.

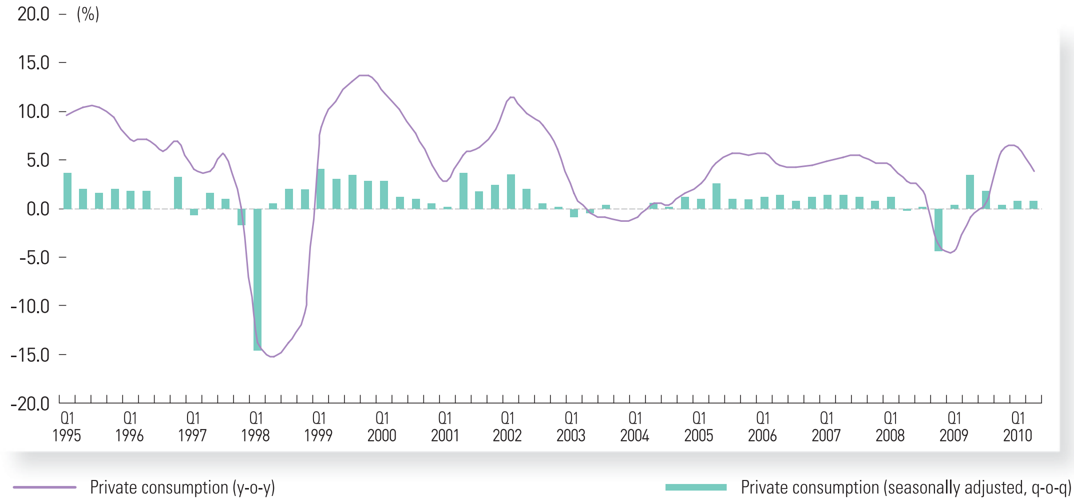
(Percentage change from same period in previous year)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2[1]	May[1]	Jun[1]
- Department stores	1.2	3.3	-0.8	0.4	4.2	9.1	9.0	10.5	9.2	12.9
- Large discounters	2.5	-2.0	-4.4	-2.9	-3.4	3.2	5.9	3.7	2.5	6.7
- Specialized retailers[2]	-1.8	2.9	-6.6	2.6	3.5	12.6	9.7	1.8	0.0	-0.6

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

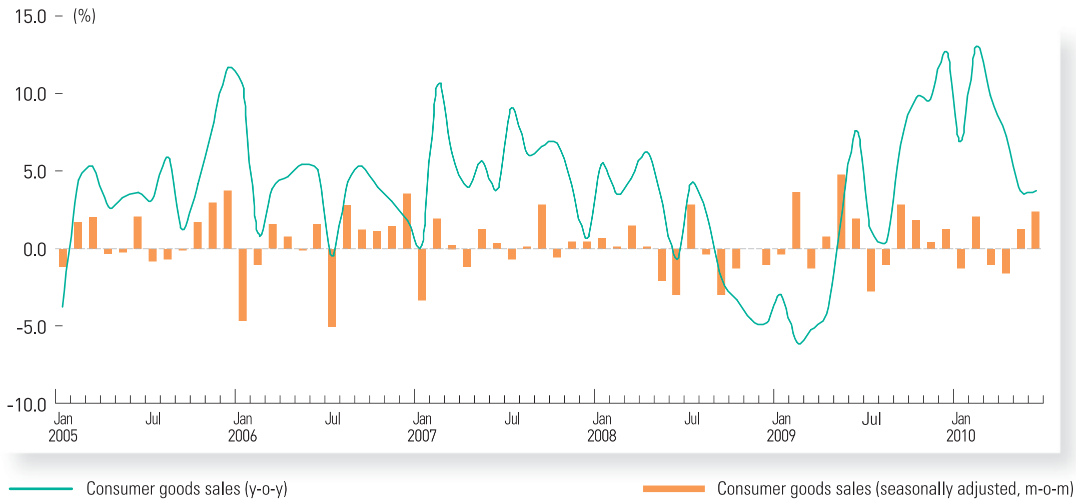
2-1 **Private consumption**

Source: The Bank of Korea (national accounts)



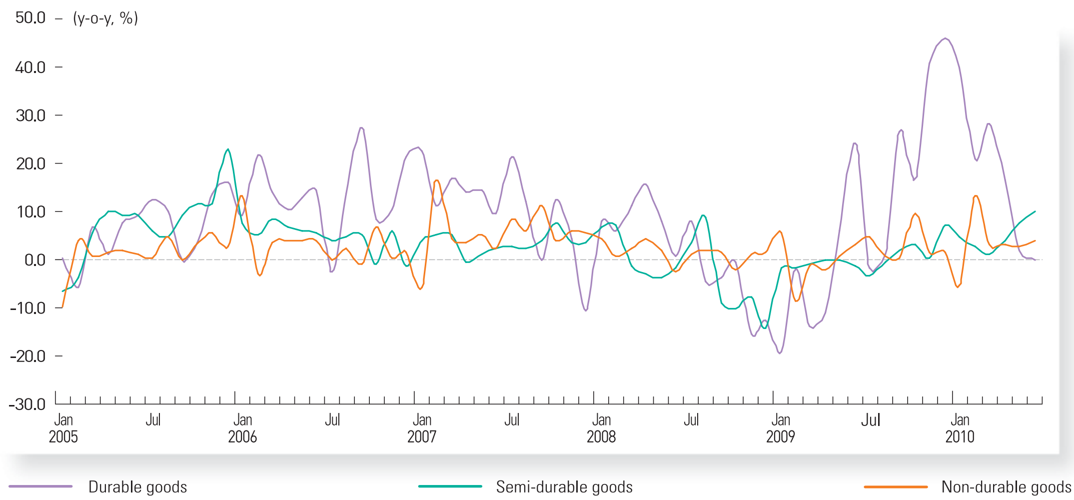
2-2 **Consumer goods sales**

Source: Statistics Korea (industrial activity trend)



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

Source: Statistics Korea (industrial activity trend)



Consumer goods sales are projected to slightly increase month-on-month in July, despite an absence of the World Cup games positively affecting the index in the previous month, given the estimates of advanced indicators such as increasing credit card spending and sales by distributors, and strong purchasing power and consumer sentiment.

Domestic credit card spending increased 17.1 percent year-on-year, adding 1.8 percentage points to the previous month's rate. Sales at department stores rose 8.6 percent year-on-year, slowing down from a month earlier, while those at large discounters grew 8.3 percent, up 2.3 percentage points from the previous month.

Gasoline sales went up 5.2 percent year-on-year, affected by increasing demand during the summer vacation.

Value of credit card use (y-o-y, %)
21.2 (Feb 2010) 19.1 (Mar) 18.0 (Apr) 17.2 (May) 15.3 (Jun) 17.1 (Jul)

Department store sales (y-o-y, %)
15.2 (Feb 2010) 4.6 (Mar) 8.5 (Apr) 7.5 (May) 10.8 (Jun) 8.6 (Jul)

Discount store sales (y-o-y, %)
30.8 (Feb 2010) 1.6 (Mar) 0.2 (Apr) 1.9 (May) 6.0 (Jun) 8.3 (Jul)

Domestic sales of gasoline (y-o-y, %)
8.3 (Feb 2010) 6.3 (Mar) 5.4 (Apr) 0.1 (May) 5.6 (Jun) 5.2 (Jul)

Source: Ministry of Knowledge Economy
The Credit Finance Association
Korea National Oil Corporation
Ministry of Strategy and Finance (for July data)

Purchasing power was restored, as the employment situation improved and summer holiday incentive payments increased.

* The number of companies paying out summer holiday incentives rose 2.3 percentage points from 63.6 percent in 2009 to 65.9 percent in 2010.

* The average holiday incentives went up 8.7 percent from 412,000 won in 2009 to 448,000 in 2010.

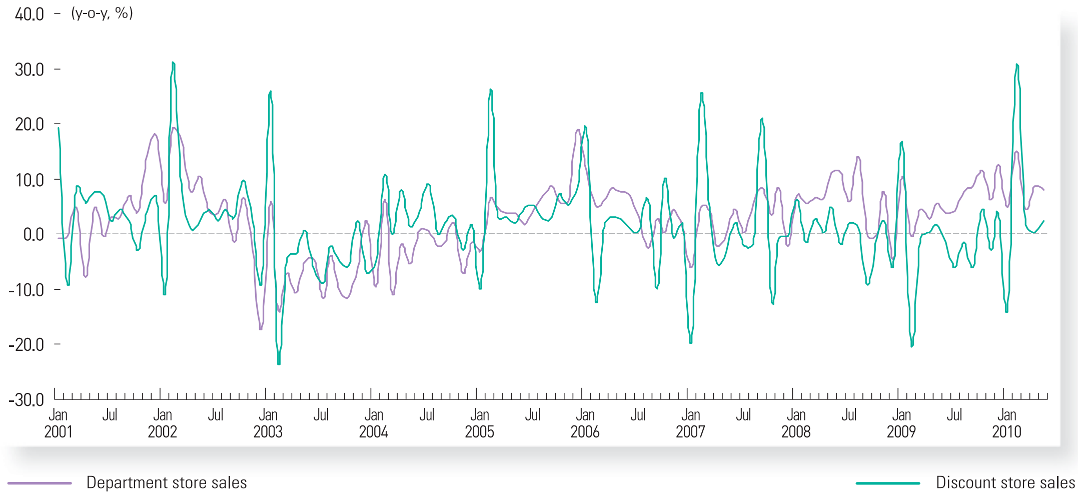
Source: The Korean Employers Federation; survey on summer holiday, 2010

Consumer sentiment stayed above the base since May 2009, reflecting the positive attitude towards the economy.

Consumer Sentiment Index (CSI, base=100)
113 (Jan 2010) 111 (Feb) 110 (Mar) 110 (Apr) 111 (May) 112 (Jun) 112 (Jul)

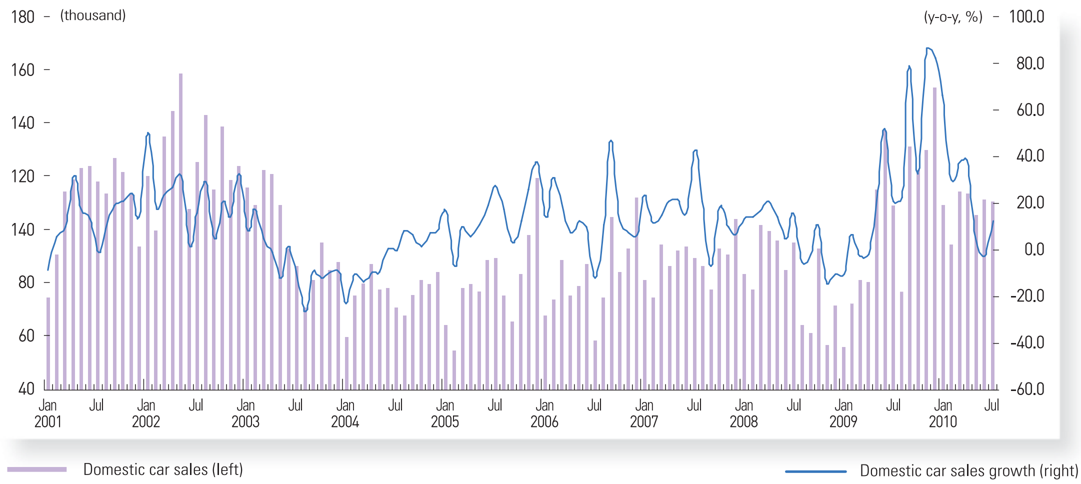
2-4 **Department store and discount store sales** (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



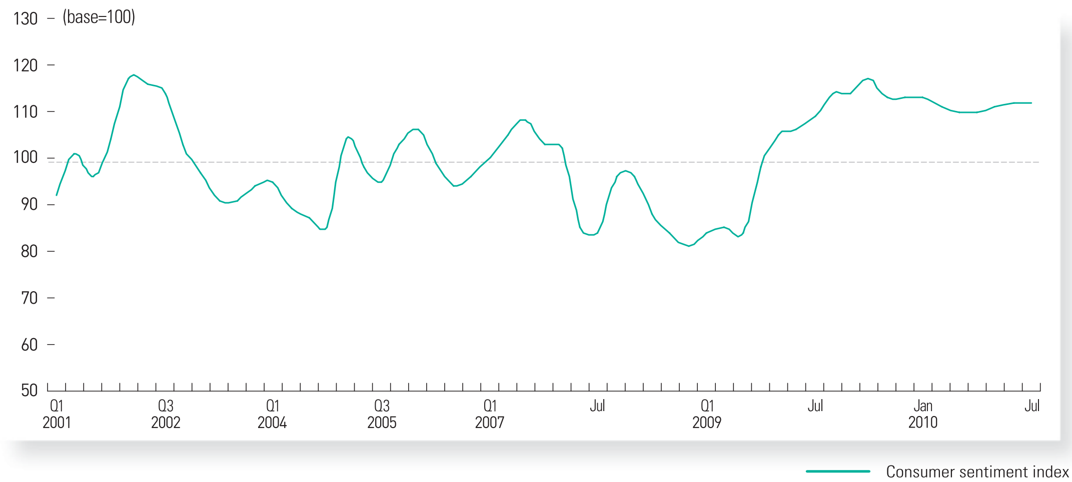
2-5 **Domestic automobile sales**

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



2-6 **Consumer sentiment index**

Source: The Bank of Korea



3. Facility investment

Facility investment *(advanced GDP)* in the second quarter of 2010 posted a quarter-on-quarter increase of 8.1 percent and a year-on-year gain of 29.0 percent.

(Percentage change from same period in previous year)

	2008				2009[1]					2010[1]	
	Annual	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Facility investment[2]	-1.0	2.0	5.3	-13.3	-9.1	-23.1	-17.3	-7.0	13.3	29.9	29.0
(Seasonally adjusted)[3]	-	1.2	-1.0	-13.9	-	-10.5	9.0	10.8	5.3	2.4	8.1
- Machinery	-1.8	0.9	8.0	-14.4	-13.0	-23.2	-21.5	-14.8	10.0	32.5	-
- Transportation equipment	1.8	5.9	-3.8	-9.8	4.7	-22.6	-2.9	22.9	24.2	19.4	-

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

Source: The Bank of Korea

Facility investment in June soared 8.6 percent month-on-month and 24.2 percent year-on-year, as both machinery investment including that in semi-conductor devices and transportation equipment investment including that in planes improved, thanks to brisk exports and strong sales.

(Percentage change from same period in previous year)

	2008	2009				2010[1]				
	Annual	Annual	Q2	Q3	Q4	Q1	Q2[1]	Apr	May[1]	Jun[1]
Facility investment	-3.0	-8.0	-12.9	-10.0	10.2	25.5	24.5	25.6	24.0	24.2
(Seasonally adjusted)[2]	-	-	5.6	2.4	13.9	1.4	6.0	-4.6	4.9	8.6
- Machinery	-4.2	-12.9	-18.9	-17.0	8.8	29.3	32.2	30.8	34.0	31.9
- Transportation equipment	2.1	12.0	11.8	20.0	15.5	11.9	0.0	6.9	-6.6	0.4
Domestic machinery orders	-13.8	-11.8	-17.7	3.4	20.0	10.5	24.0	25.1	57.5	1.5
- Public	5.0	61.7	29.9	280.2	-27.2	-43.7	-41.2	39.0	26.8	-68.6
- Private	-15.5	-19.9	-22.3	-16.0	35.2	22.9	34.7	24.2	59.8	23.7
- Machinery imports	6.4	-16.6	-27.4	-15.9	7.2	46.3	52.3	44.2	43.2	66.5
Facility investment adjustment pressure[3]	-1.7	-4.0	-8.9	1.2	12.8	21.7	14.3	15.4	16.3	11.7

1. Preliminary
2. Percentage change from previous period
3. Production growth rate minus production capacity growth rate in the manufacturing sector (%p)
Sources: Statistics Korea & The Korea International Trade Association (machinery imports data)

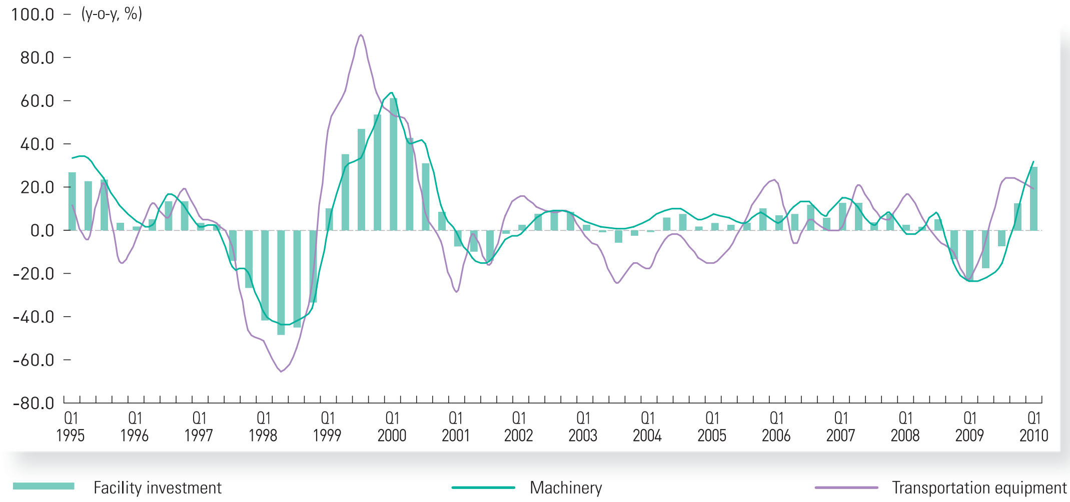
Facility investment in July is expected to continue an upward trend, considering machinery imports, production operation ratio and investor confidence having been improving, while the growth is likely to be limited due to a high base effect from the previous month.

	2010					
	Feb	Mar	Apr	May	Jun	Jul
Business survey indices (base=100) for manufacturing facility investment projections	101	103	104	104	107	106

Source: The Bank of Korea

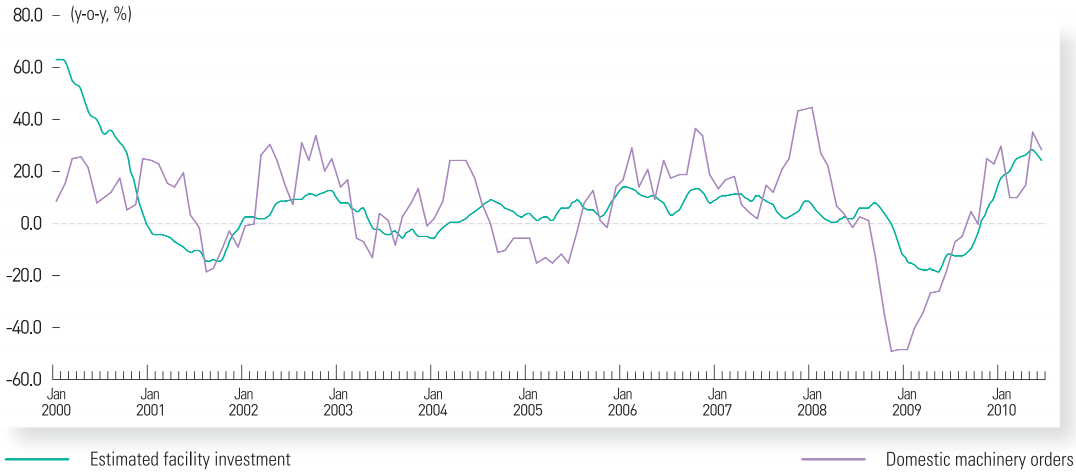
3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



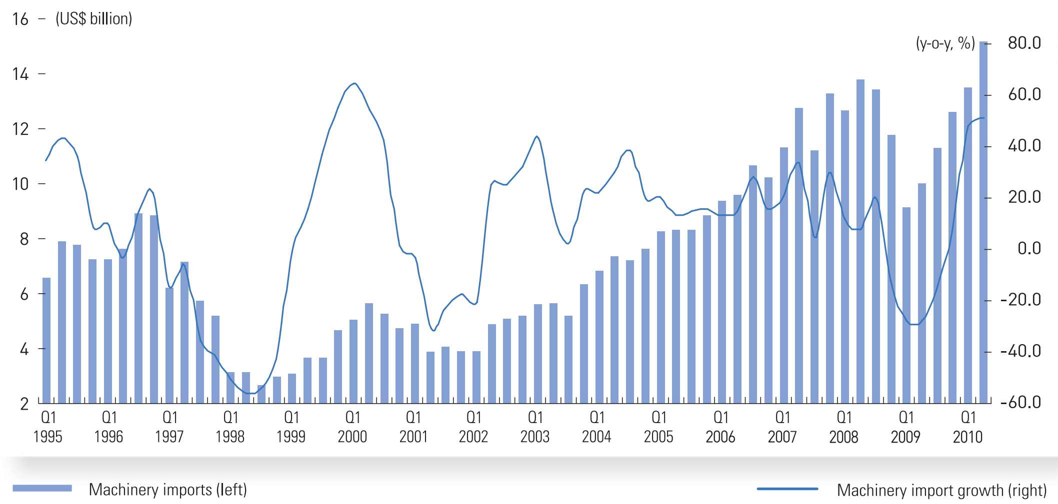
3-2 Machinery orders and estimated facility investment (3-month average)

Source: Statistics Korea (industrial activity trend)



3-3 Machinery imports

Source: Korea International Trade Association (KITA)



4. Construction investment

Construction investment *(advanced GDP)* in the second quarter of 2010 declined 3.4 percent quarter-on-quarter and 2.7 percent year-on-year.

(Percentage change from same period in previous year)

	2008				2009[1]					2010[1]	
	Annual	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Construction investment[2]	-2.8	-0.5	0.4	-7.7	4.4	2.8	5.1	4.4	5.0	2.3	-2.7
(Seasonally adjusted)[3]	-	-0.4	0.7	-3.3	-	5.9	1.8	-0.7	-0.1	1.3	-3.4
- Building construction	-4.6	-0.8	0.2	-14.8	-1.8	-9.6	-2.4	1.2	2.5	1.7	-
- Civil engineering works	-0.2	-0.2	0.8	1.6	13.3	26.1	15.7	9.7	7.5	3.1	-

1. Preliminary
2. National accounts
3. Percentage change from previous period
Source: The Bank of Korea

Construction completed *(constant value)* in June increased 7.4 percent month-on-month as civil engineering works performed well due to early fiscal spending in the first half of 2010. Year-on-year, however, it declined 6.0 percent, due to continued sluggish building construction and a high base effect from the same month of the previous year, when it recorded an increase of 16.0 percent.

(Percentage change from same period in previous year)

	2008	2009				2010[1]				
	Annual	Annual	Q2	Q3	Q4	Q1[1]	Q2[1]	Apr[1]	May[1]	Jun[1]
Construction completed(constant value)	-8.1	1.7	4.5	1.8	5.0	2.0	-3.8	-5.7	0.7	-6.0
(Seasonally adjusted)[2]	-	-	3.5	-5.3	-1.3	5.4	-2.1	-7.0	4.2	7.4
- Building construction	-10.3	-6.5	-6.5	-5.1	0.7	-0.1	-8.4	-7.7	-4.8	-11.9
- Civil engineering works	2.2	-5.7	25.9	15.4	11.4	4.8	2.7	-2.7	9.1	2.1
Construction orders (current value)	-7.6	3.0	-1.1	7.6	11.6	-6.9	-6.6	-14.6	16.8	-15.8
- Building construction	-15.4	-16.0	-47.2	5.6	17.0	-0.4	60.1	102.0	68.2	34.3
- Civil engineering works	13.5	41.9	140.9	10.6	3.7	-14.2	-51.5	-61.4	-40.4	-49.3
Building permit area	-20.1	-12.9	-32.7	-4.6	13.1	12.1	47.4	64.7	72.7	14.0

1. Preliminary
2. Percentage change from previous period
Source: Statistics Korea & The Ministry of Land, Transport and Maritime Affairs

Construction investment in July is expected to fall compared with the previous month with new investments in civil engineering works limited as a result of early fiscal spending in the first half, amid an extended slump in housing construction due to a sluggish real estate market.

	2010				
	Mar	Apr	May	Jun	Jul
Business survey indices (base=100) for construction projections	88.9	85.5	74.1	69.6	58.4

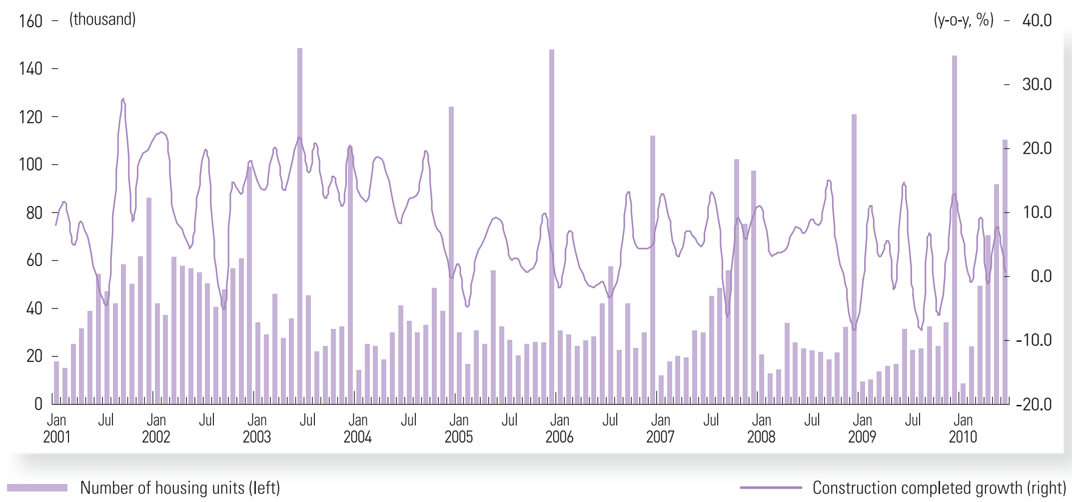
Source: The Construction and Economy Research Institute of Korea

4-1 **Construction investment**

Source: The Bank of Korea (national accounts)

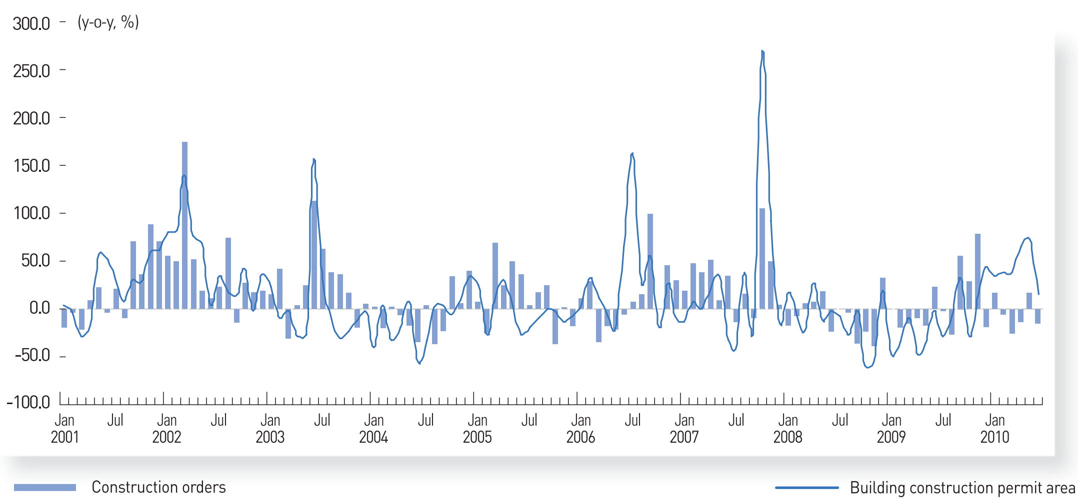
4-2 **Construction completed and housing construction**

Source: Statistics Korea (construction completed)
Kookmin Bank (housing construction)



4-3 **Leading indicators of construction investment**

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



5. Exports and imports

Exports in July continued a brisk pace as it rose 29.6 percent year-on-year to US$41.36 billion amid the global economy continuing to recover. Working day adjusted average daily exports fell slightly from the previous month's US$1.82 billion to post a daily average of US$1.69 billion, affected by 1.5 more working days compared with a month earlier.

By export category, semiconductors, automobiles, and household appliances jumped, while wireless communications devices decreased year-on-year. By regional category, exports to the US and Japan continued to perform well, while those to EU rose at a faster pace despite fiscal woes in Southern European countries.

(US$ billion)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Exports	422.01	363.53	74.42	90.36	94.78	103.97	101.36	120.31	41.92	41.36
(y-o-y, %)	13.6	-13.9	-25.2	-21.1	-17.6	11.7	36.2	33.1	30.1	29.6
Average daily exports	1.53	1.30	1.10	1.30	1.32	1.49	1.51	1.76	1.82	1.69
Imports	435.27	323.09	71.42	73.97	84.85	92.85	98.08	105.86	35.49	35.68
(y-o-y, %)	22.0	-25.8	-32.7	-35.6	-31.0	1.4	37.3	43.1	38.2	28.9
Average daily imports	1.58	1.16	1.06	1.06	1.18	1.33	1.46	1.55	1.54	1.46

Source: Korea Customs Service

Imports in July rose 28.9 percent year-on-year to US$35.68 billion, as those of raw materials, capital goods, and consumer goods continued to increase amid the recovering domestic economy. However, average daily imports were down from the previous month due to a rise in the number of working days. Imports of raw materials and capital goods increased at a slower rate due to falling unit prices of crude oil.

Raw materials (y-o-y, %)
39.0 (Q1 2010); 54.0 (Apr) → 64.9 (May) → 43.2 (Jun) → 31.4 (Jul)

Capital goods (y-o-y, %)
36.8 (Q1 2010); 27.3 (Apr) → 30.8 (May) → 38.9 (Jun) → 25.1 (Jul)

Consumer goods (y-o-y, %)
28.2 (Q1 2010); 27.7 (Apr) → 36.0 (May) → 10.5 (Jun) → 28.3 (Jul)

The trade balance in July posted a surplus of US$5.67 billion on the back of strong exports.

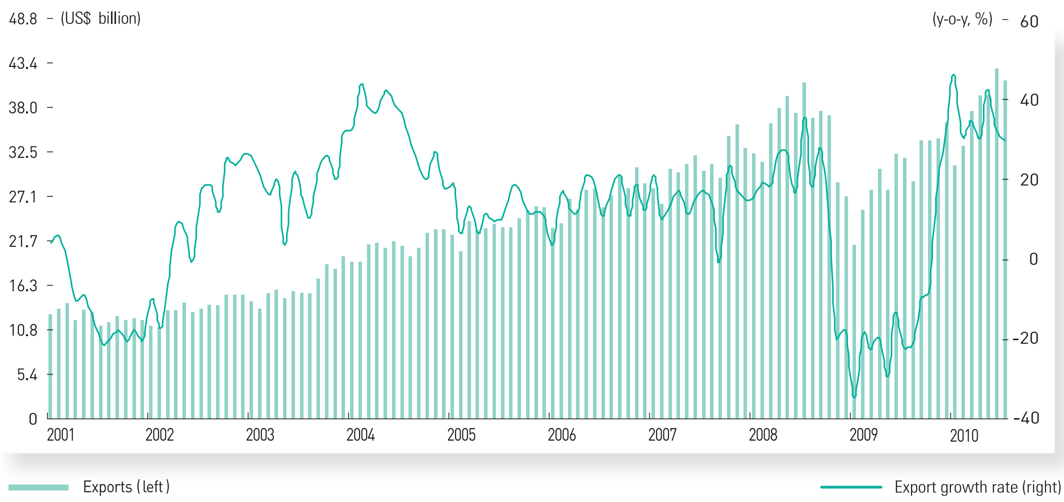
(US$ billion)

	2008	2009					2010			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Trade Balance	-13.27	40.45	3.00	16.39	9.94	11.12	3.27	14.44	6.43	5.67

Source: Korea Customs Service

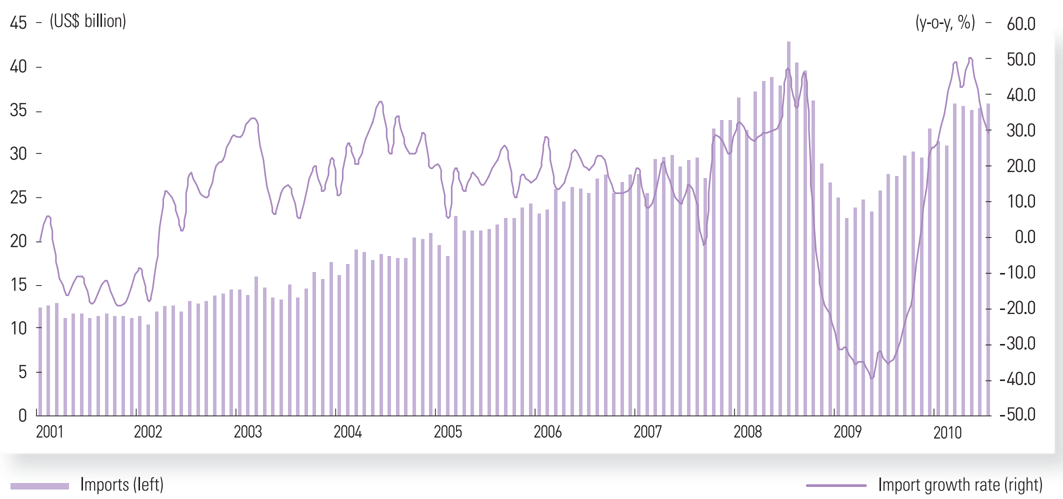
5-1 **Exports** (customs clearance basis)

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



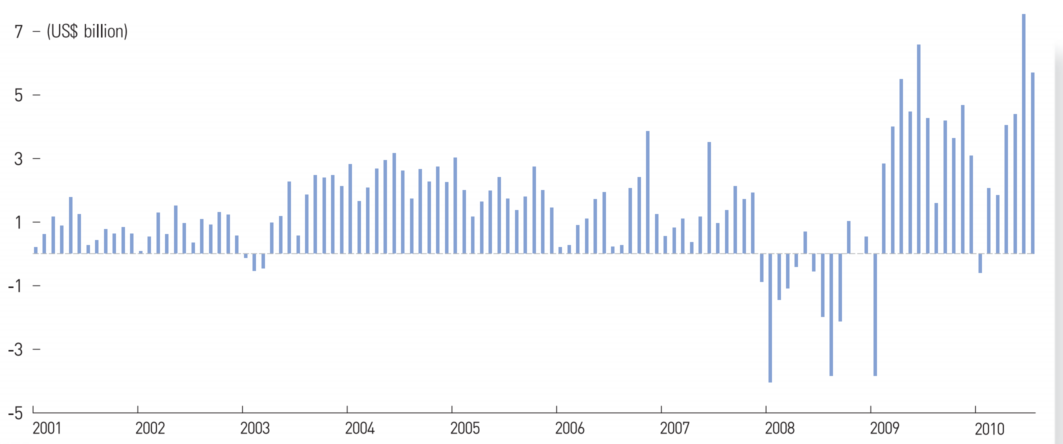
5-2 **Imports** (customs clearance basis)

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

Mining and manufacturing production increased 1.4 percent in June from the previous month, posting a month-on-month increase for the eighth consecutive month, while rising 16.9 percent year-on-year.

By business category, semiconductors and parts *(up 1.8%)*, machinery devices *(up 2.8%)*, and automobiles *(up 2.9%)* were up month-on-month, while primary metals *(down 1.6%)* and computers *(down 9.6%)* went down.

Both shipments and inventories stayed in a positive territory year-on-year, with inventories increasing at a faster pace than shipments which was affected by a high base effect. By business category, the shipments of semiconductors and parts *(up 25.7%)*, and machineries *(up 47.4%)* increased year-on-year, while those of other transportation equipment *(down 12.4%)* and cigarettes *(down 13.1%)* declined. The inventories of semiconductors and parts *(up 67.4%)*, and automobiles *(up 33.1%)* rose year-on-year, while those of clothing and fur *(down 23.7%)*, and paper products *(down 20.6%)* fell.

The average operation ratio of the manufacturing sector rose 1.1 percentage points from the previous month to 83.9 percent, the highest since October 1987.

(Percentage change from same period in previous year)

		2008	2009		2010				
		Annual	Annual	Q4	Q1	Q2[1]	Apr[1]	May[1]	Jun[1]
Mining and manufacturing activity[2]	Production (q-o-q, m-o-m)	-	-	1.3	5.1	4.9	0.2	2.7	1.4
	(y-o-y)	3.4	-0.8	16.2	25.8	19.4	20.1	21.7	16.9
	- Manufacturing	3.4	-0.9	16.8	26.8	20.1	20.7	22.4	17.4
	· ICT[3]	3.4	7.8	46.3	46.1	26.9	30.6	28.2	22.3
	· Automobiles	9.1	-6.8	14.7	51.0	35.5	39.0	40.6	27.8
	Shipment	2.6	-1.7	12.8	21.8	17.0	17.6	19.0	14.6
	- Domestic demand	-0.4	-1.8	12.3	21.2	15.3	17.4	16.9	11.9
	- Exports	7.2	-1.7	13.3	22.5	19.4	18.2	21.8	18.3
	Inventory[4]	7.1	-8.0	-8.0	6.6	15.6	10.9	14.8	15.6
Manufacturing activity	Average operation ratio (%)	77.5	74.6	78.4	80.5	83.0	82.2	82.8	83.9
	Production capacity	5.1	3.1	4.0	5.1	5.8	5.3	6.1	5.7

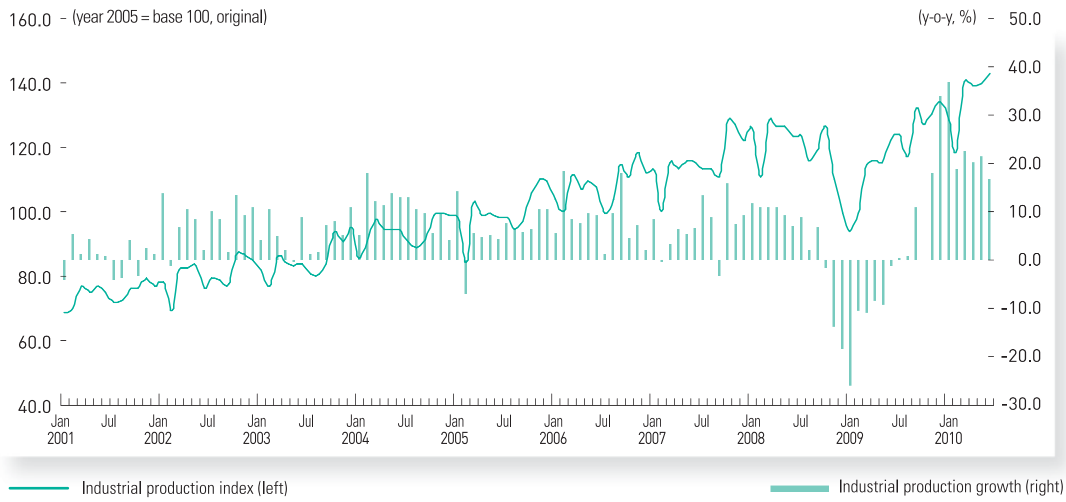
1. Preliminary
2. Including mining, manufacturing, electricity and gas industry
3. Information and Communications Technology
4. End-period
Source: Statistics Korea

Mining and manufacturing production in July is expected to continue month-on-month strides, considering brisk exports and domestic shipments, and a planned inventory increase.

Exports (US$ billion)
37.4 (Mar 2010) → 39.4 (Apr) → 39.0 (May) → 41.9 (Jun) → 41.4 (Jul)

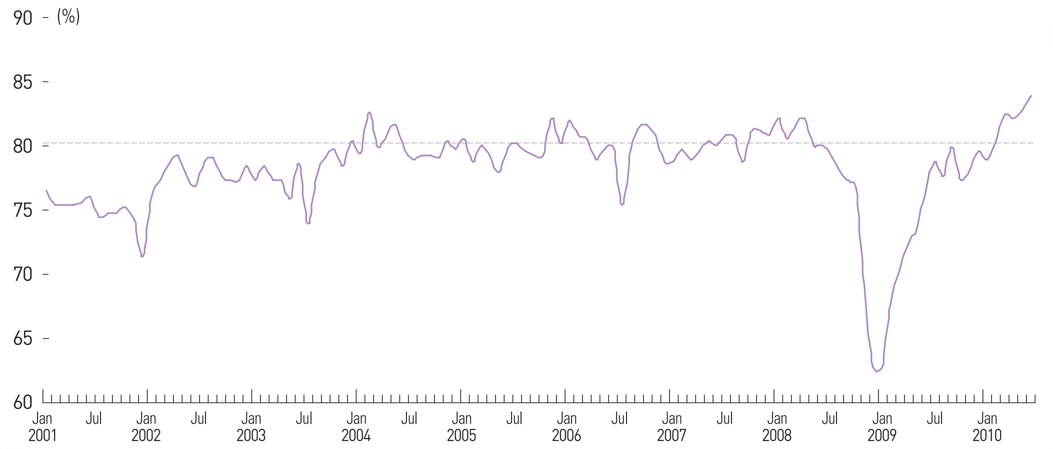
6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



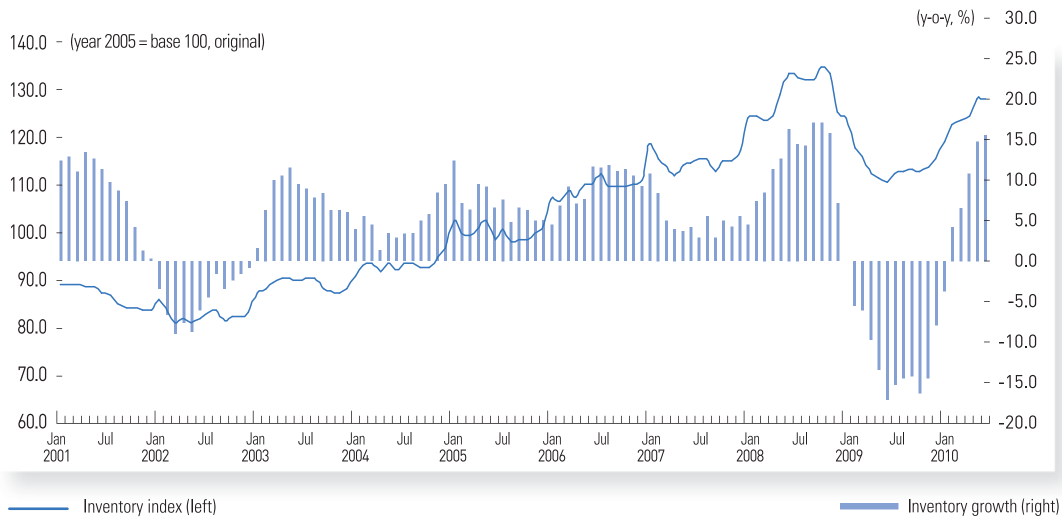
6-2 Average manufacturing operation ratio

Source: Statistics Korea (industrial activity trend)



6-3 Inventory

Source: Statistics Korea (industrial activity trend)



7. Service sector activity

Although the contracting property market dragged down the real estate & renting services, service activity in June increased 0.4 percent month-on-month and 4.4 percent year-on-year, with robustness in professional, scientific & technical services and healthcare & social welfare services.

By business category, professional, scientific & technical services *(up 6.3%)* and healthcare and social welfare services *(up 3.4%)* expanded month-on-month.

On the other hand, real estate & renting services *(down 13.2%)* and hotel & restaurants *(down 1.0%)* went down.

(Percentage change from same period in previous year)

	Weight	2008	2009					2010[1]			
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2[1]	May[1]	Jun[1]
Service activity index	100	3.6	2.0	-0.3	2.4	1.9	3.7	5.7	4.0	3.8	4.4
- Wholesale & retail	22.0	1.3	-0.4	-4.8	-2.2	0.3	5.4	7.4	5.5	6.0	4.8
- Transportation services	9.0	4.3	-6.6	-12.7	-10.0	-4.8	1.4	13.9	13.2	12.2	12.6
- Hotels & restaurants	7.8	0.7	-1.5	-2.6	-0.6	-2.5	-0.2	1.5	0.9	1.2	-0.1
- Information & communication services	8.4	3.3	0.7	-1.4	1.6	1.4	1.8	1.2	0.4	1.5	1.2
- Financial & insurance services	15.3	9.7	8.0	6.9	10.3	9.0	5.7	6.5	2.2	2.2	3.8
- Real estate & renting	6.3	-2.1	5.3	-4.2	-2.2	6.7	21.3	10.4	-2.7	1.9	-16.0
- Professional, scientific & technical services	4.8	2.0	1.0	-1.7	3.8	0.0	2.0	3.1	3.7	7.5	5.6
- Business services	2.9	4.4	-3.0	-4.9	-6.2	-0.8	0.0	5.4	7.8	7.5	9.4
- Educational services	10.8	1.7	2.8	9.4	16.5	-3.7	-9.6	-0.8	1.1	-7.0	10.7
- Healthcare & social welfare services	6.0	8.7	10.4	8.9	8.9	10.4	13.2	11.5	11.0	11.3	12.3
- Entertainment, cultural & sports services	2.9	2.2	-0.5	1.4	0.7	0.0	-3.8	-3.5	-0.2	1.3	-1.0
- Membership organizations	3.8	0.1	-2.4	-3.8	-4.8	-1.4	2.4	1.3	4.8	6.7	4.7
- Sewerage & waste management	0.4	5.8	3.7	0.1	9.0	6.0	-0.2	7.2	4.3	5.3	5.1

1. Preliminary
Source: Statistics Korea

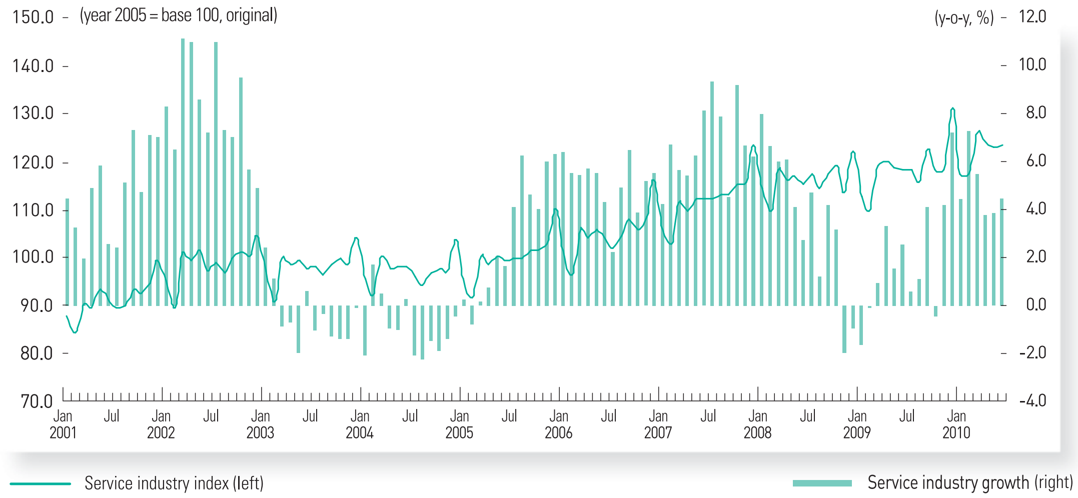
Service activity in July is expected to continue the upward trend as hotels & restaurants and other leisure related services were boosted by rising demand during the summer vacation. An ongoing recovery in the job market is also contributing to July's service activity.

Average daily volume of highway traffic (billion unit)
35.1 (Jul 2009) ➡ 38.3 (Jul 2010, up 9.1% y-o-y)
Source: Korea Expressway Corporation

Changes in the number of employed (month-on-moth, thousand)
125 (Feb 2010) ➡ 267 (Mar) ➡ 401 (Apr) ➡ 586 (May) ➡ 314 (Jun)

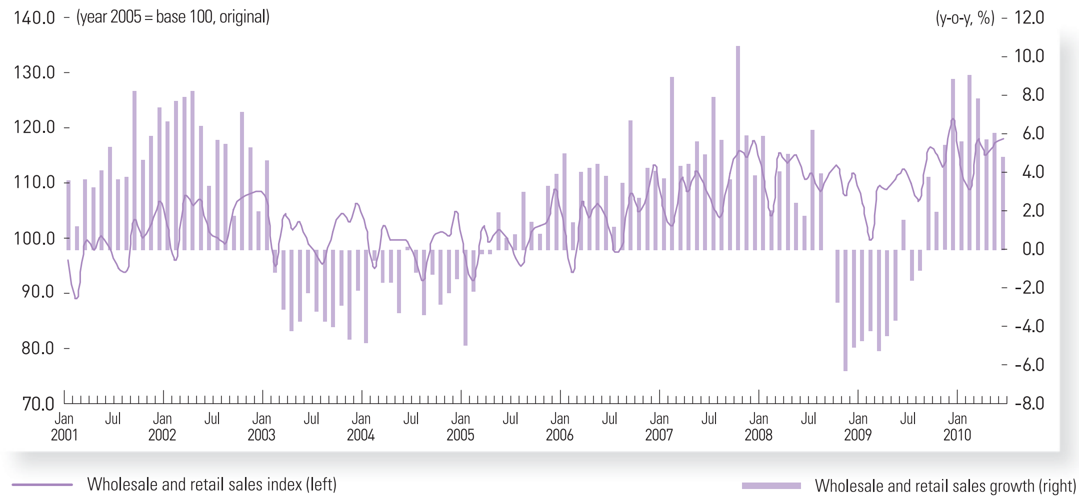
7-1 Service industry

Source: Statistics Korea (service industry activity trend)



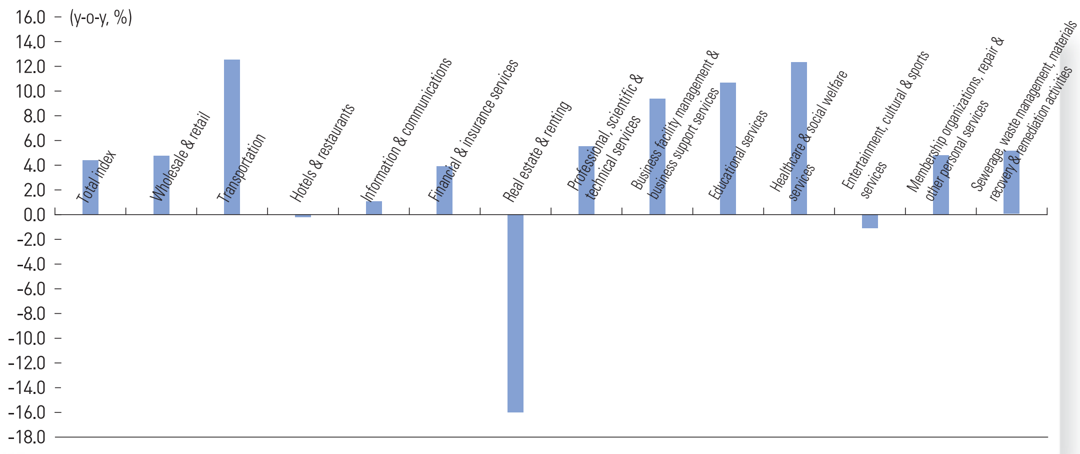
7-2 Wholesale and retail sales

Source: Statistics Korea (service industry activity trend)



7-3 June 2010 service industry by business

Source: Statistics Korea (service industry activity trend)



8. Employment

The number of workers on payroll in June increased by 314,000 from a year earlier, while the employment rate *(seasonally adjusted)* rose by 0.1 percentage point year-on-year to 58.9 percent.

By industry, employment in manufacturing *(up 181,000)*, construction *(up 67,000)* and services *(up 105,000)* climbed while that in agriculture, forestry & fishery *(down 39,000)* declined. For the first time since November 2000, hiring in manufacturing added more than hundred thousand jobs year-on-year for four consecutive months as output in mining and manufacturing increased amid robust exports. The service sector continued to hire more workers amid domestic demand recovery and elevated consumption.

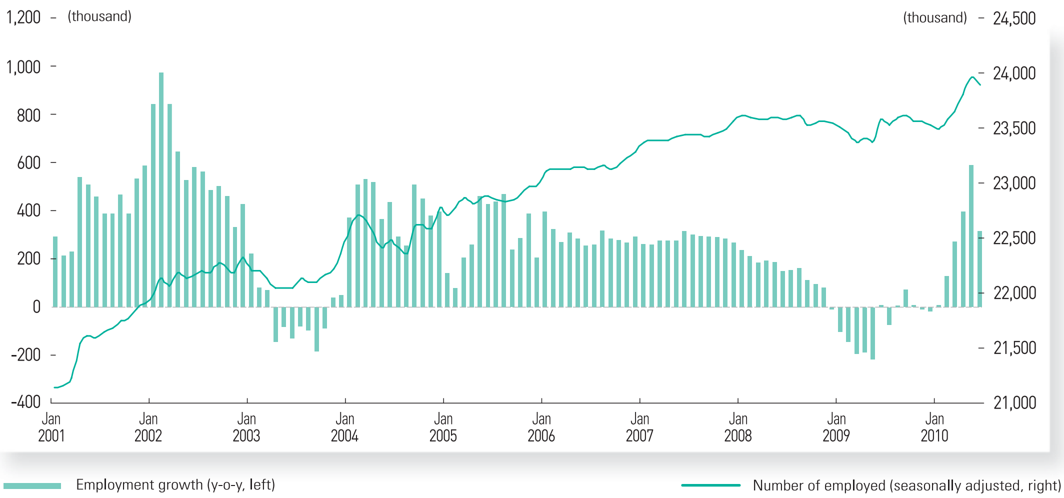
By status of workers, despite a continued increase in the number of regular workers *(up 750,000)*, wage workers rose at a slower pace with an increase of 457,000 as temporary workers *(down 116,000)* and daily workers *(down 177,000)* decreased. Non-wage workers *(down 143,000)* including self-employed workers *(down 85,000)* continued to decline.

	2008	2009						2010				
	Annual	Annual	Jun	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Number of employed (million)	23.58	23.51	23.97	22.90	23.74	23.75	23.63	23.04	24.17	23.92	24.31	24.28
Employment rate (%)	59.5	58.6	59.8	57.4	59.3	59.1	58.7	57.0	59.6	59.1	60.0	59.8
(seasonally adjusted)	59.5	58.6	58.8	58.8	58.6	58.7	58.5	58.3	58.9	58.8	59.1	58.9
Employment growth (y-o-y, thousand)	145	-72	4	-146	-134	-1	-6	132	433	401	586	314
(Excluding agriculture, forestry & fishery)	182	-34	29	-160	-109	24	110	296	51.8	529	673	353
- Manufacturing	-52	-126	-157	-163	-151	-143	-49	61	172	145	190	181
- Construction	-37	-91	-88	-43	-113	-103	-107	-61	44	19	46	67
- Services	263	186	273	47	155	269	264	295	303	367	438	105
- Agriculture, forestry & fishery	-37	-38	-25	14	-25	-25	-116	-164	-85	-128	-87	-39
- Wage workers	236	247	351	73	175	356	385	371	623	641	770	457
· Regular workers	386	383	301	318	313	386	515	651	766	784	763	750
· Temporary workers	-93	22	149	-136	-5	125	105	-37	42	96	147	-116
· Daily workers	-57	-158	-99	-108	-133	-155	-235	-243	-185	-240	-139	-177
- Non-wage workers	-92	-319	-347	-220	-309	-357	-391	-239	-189	-240	-185	-143
· Self-employed workers	-79	-259	-287	-197	-286	-276	-279	-106	-91	-106	-82	-85
- Male	96	31	95	-23	24	34	89	117	188	187	268	109
- Female	48	-103	-91	-124	-158	-34	-94	15	245	213	318	205
- 15 to 29	-119	-127	-71	-212	-99	-123	-77	-12	-58	-72	-16	-85
- 30 to 39	-26	-173	-199	-159	-213	-169	-149	-42	-13	-13	1	-27
- 40 to 49	64	-24	-26	8	-27	-30	-46	-21	48	58	63	24
- 50 to 59	207	198	169	193	156	211	230	251	342	320	374	332
- 60 or more	18	54	131	23	49	109	37	-44	114	108	162	70

Source: Statistics Korea

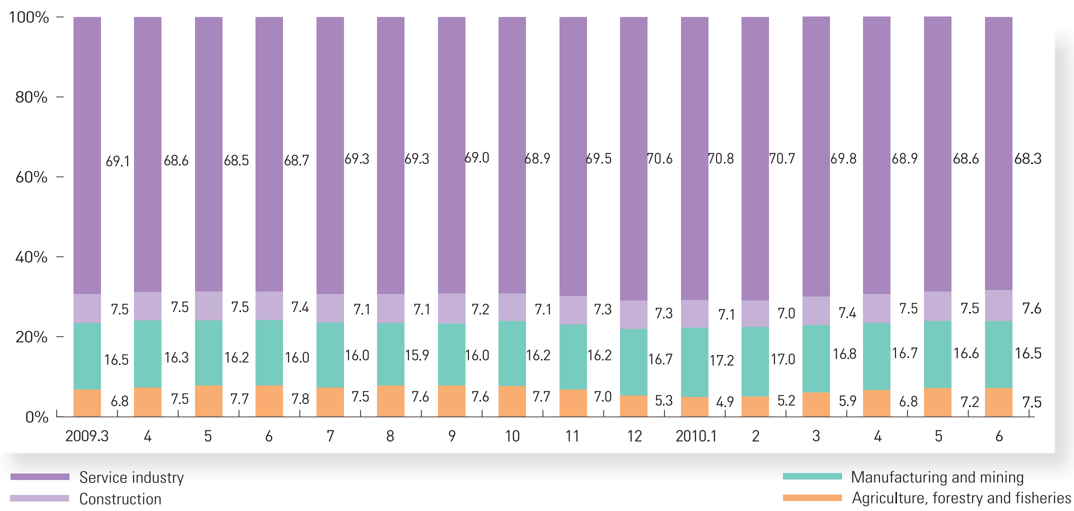
8-1 Number of employed and employment growth

Source: Statistics Korea (employment trend)



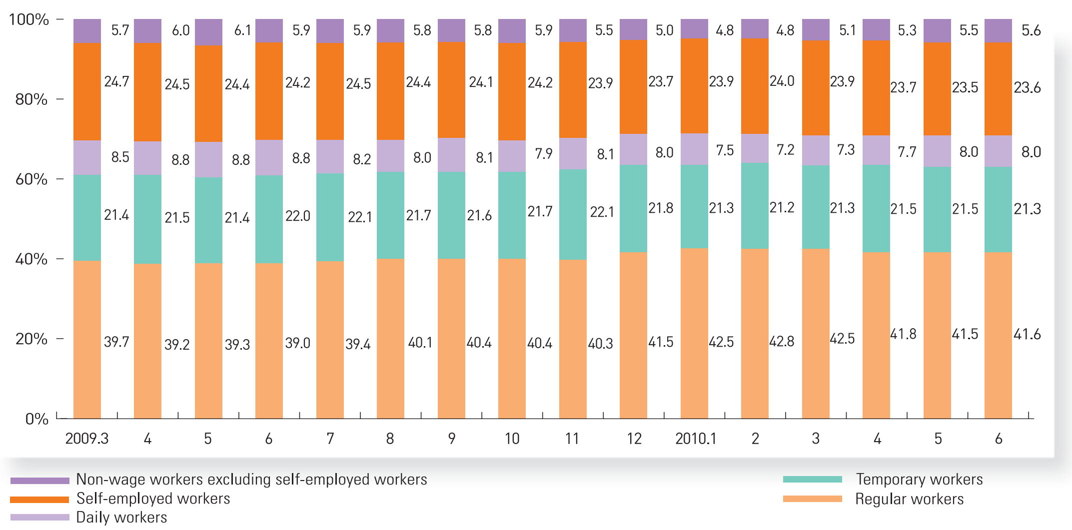
8-2 Share of employed by industry

Source: Statistics Korea (employment trend)



8-3 Share of employed by status of workers

Source: Statistics Korea (employment trend)



The number of unemployed persons in June decreased by 83,000 year-on-year to record 878,000 and the unemployment rate *(seasonally adjusted)* dropped by 0.4 percentage points to 3.5 percent from a year earlier.

Although employment contracted year-on-year in the public sector, the unemployment rate fell from a year earlier as hiring in the private sector improved.

By age, the unemployment rate edged up among seniors aged 60 or more, albeit decreasing in other age brackets. The unemployment for youths aged 15 to 29 fell 0.1 percentage point to 8.3 percent.

	2008			2009						2010				
	Annual	Q3	Q4	Annual	Jun	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Number of unemployed (thousand)	769	752	757	889	960	908	943	886	817	1,130	868	934	793	878
Unemployment growth (y-o-y, thousand)	-14	-5	24	119	196	107	176	134	60	222	-75	1	-145	-83
- Male	-12	1	25	80	139	83	116	95	25	83	-47	-2	-88	-51
- Female	-1	-6	-1	40	57	24	60	39	36	139	-29	3	-57	-32
Unemployment rate (%)	3.2	3.1	3.1	3.6	3.9	3.8	3.8	3.6	3.3	4.7	3.5	3.8	3.2	3.5
(Seasonally adjusted)	3.2	3.2	3.2	3.6	3.9	3.5	3.9	3.7	3.5	4.3	3.4	3.7	3.2	3.5
- Youth aged 15 to 29	7.2	6.9	7.0	8.1	8.4	8.6	8.0	8.1	7.6	9.5	7.7	8.6	6.4	8.3
- Middle school graduate or under	2.2	2.1	2.1	2.5	2.6	2.9	2.6	2.2	2.3	5.1	2.5	2.5	2.3	2.6
- High school graduate	3.8	3.8	3.8	4.4	4.9	4.5	4.6	4.6	4.0	5.0	3.8	4.1	3.4	4.0
- College, univ. graduate or over	3.0	2.9	2.9	3.5	3.5	3.6	3.7	3.3	3.2	4.2	3.6	4.1	3.4	3.5

Source: Statistics Korea

The economically inactive population in June was up 264,000 from a year earlier to post 15,420,000. Meanwhile, the labor force participation rate was down 0.2 percentage points year-on-year to 61.0 percent.

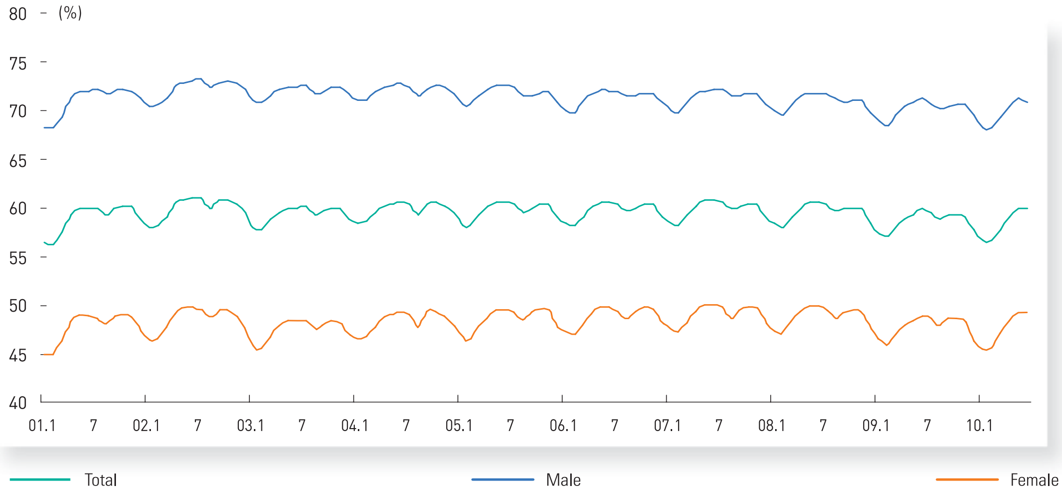
The number of workers quitting jobs due to childcare *(down 112,000)* decreased. On the other hand, those who quit due to housework *(up 246,000)*, old age *(up 53,000)* and reasons such as rest, time-off, and leisure *(up 45,000)* increased.

	2008			2009						2010				
	Annual	Q3	Q4	Annual	Jun	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Economically inactive population (million)	15.25	15.15	15.37	15.70	15.15	16.09	15.35	15.53	15.83	16.25	15.49	15.63	15.43	15.42
Labor force participation rate (%)	61.5	61.8	61.3	60.6	62.2	59.7	61.7	61.3	60.7	59.8	61.8	61.4	61.9	62.0
Growth in economically inactive population (y-o-y, thousand)	297	289	372	447	297	514	445	374	456	166	146	110	65	264
- Childcare	63	82	53	40	38	78	48	19	15	-118	-126	-142	-124	-112
- Housework	61	52	59	148	83	131	125	100	235	237	175	133	148	246
- Old age	76	104	59	88	83	52	102	105	92	193	59	94	32	53
- Rest	31	-27	99	123	59	162	112	94	123	-187	-27	-62	-64	45

Source: Statistics Korea

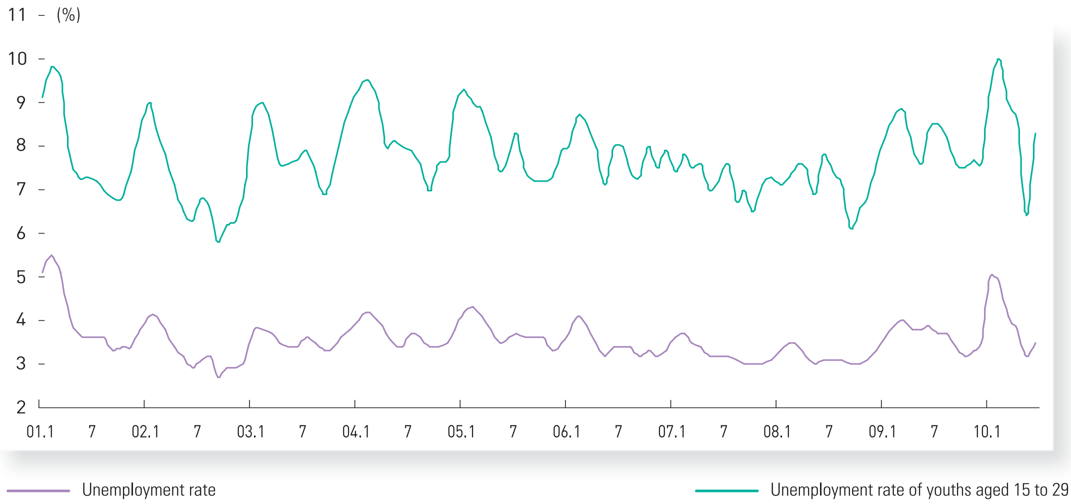
8-4 Employment rate

Source: Statistics Korea (employment trend)



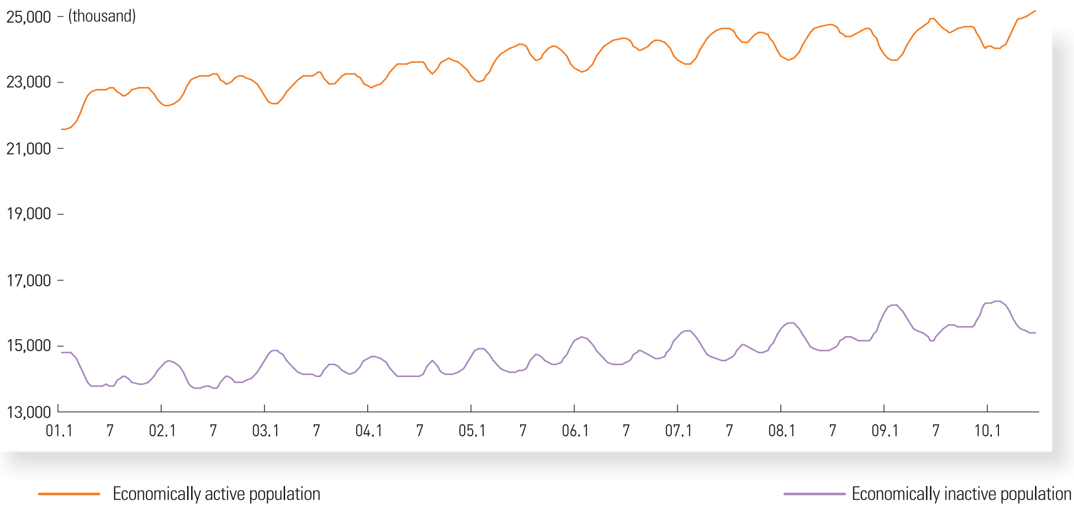
8-5 Unemployment rate and youth unemployment rate

Source: Statistics Korea (employment trend)



8-6 Economically active population

Source: Statistics Korea (employment trend)



9. Financial market

9.1 Stock market

The Korean stock market in July rose with stronger corporate performance and expectations of an economic recovery. Uncertainty about monetary policy was resolved with a policy rate hike. In addition, expectation of an economic recovery mounted as US companies such as Intel announced better performance while Korea recorded robust GDP growth in the second quarter.

Foreign investors' net-buying of Korean shares expanded 2.9 trillion won, as uncertain factors in the global financial market eased with the announcement of the stress test results for European banks while economic indicators in the Korean economy improved.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	Jun 2010	Jul 2010	Change[1]	Jun 2010	Jul 2010	Change[1]
Stock price index	1,698.3	1,759.3	+61.0 (+3.6%)	490.0	481.5	-8.5 (-1.7%)
Market capitalization	936.3	672.8	+36.3 (+3.9%)	88.0	87.4	-0.6 (-0.7%)
Average daily trade value	5.1	5.6	+0.5 (+9.8%)	1.7	1.5	-0.2 (-11.8%)
Foreign stock ownership	31.4	31.7	+0.3(+1.0%)	8.2	8.5	+0.3 (+3.7%)

1. Change from the end of the previous month

9.2 Exchange rate

The won/dollar exchange rate as of end-July declined 39.5 won from 1,222.2 won at the end of June to wrap up the month at 1,182.7 won. It was attributed to easing fiscal woes in the eurozone with the favorable result of the stress test on European banks, the Bank of Korea's interest rate hike and improved second quarter performance of US companies.

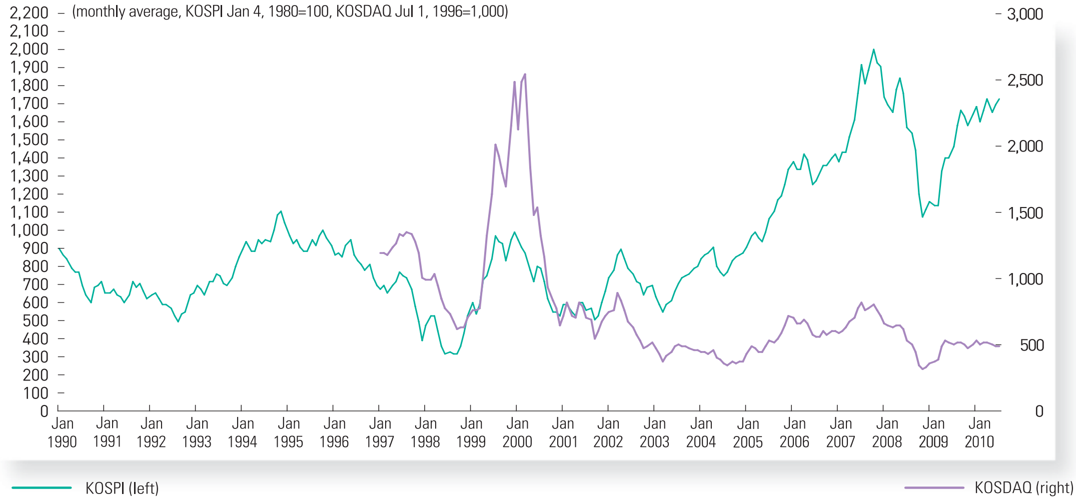
Despite the stronger won, the won/yen exchange rate edged down merely 11.9 won month-on-month as heightened concerns on economic slowdown in the US and China boosted appetite for safe assets, appreciating the yen.

(End-period)

	2006	2007	2008	2009	2010		
	Dec	Dec	Dec	Dec	Jun	Jul	Change[1]
Won/Dollar	929.8	936.1	1,259.5	1,164.5	1,222.2	1,182.7	-1.5
Won/100Yen	783.4	828.6	1,396.8	1,264.5	1,380.6	1,368.7	-7.6

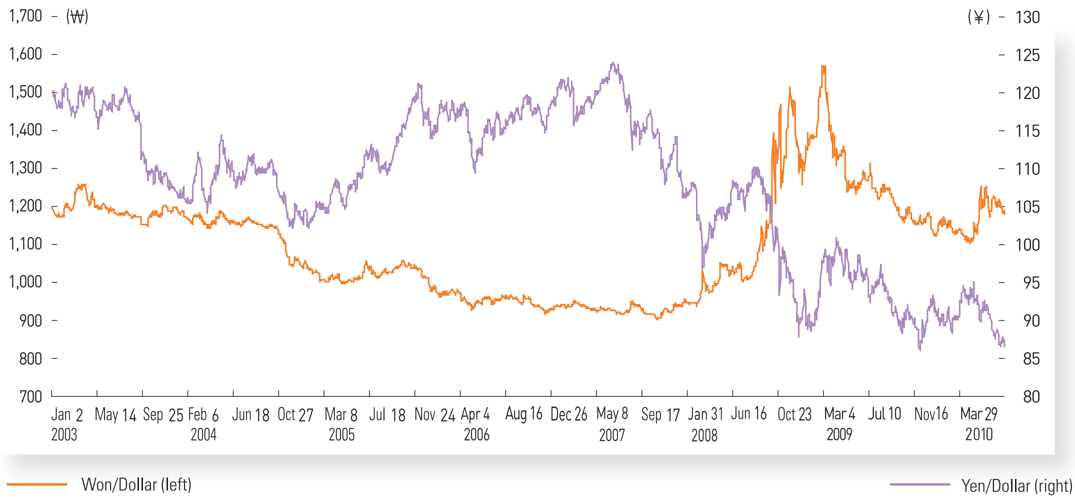
1. Appreciation from the end of the previous year (%); the exchange rate is based on the closing price at 3:00 p.m., local time.

9-1 Stock prices



9-2 Foreign exchange rate (month-end)

9-3 Recent foreign exchange rate



9.3 Bond market

Treasury bond yields were down in July with concerns over a weakening global economic recovery. The bond yields rose amid cautions on the policy rate hike jumping 25 basis points on July 9. After the middle of the month, however, the yields decelerated the increase and finally shifted to a decrease on worries over slower growth in the US and China.

(End-period, %)

	2006	2007	2008	2009	2010			
	Dec	Dec	Dec	Dec	May	Jun	Jul	Change[1]
Call rate (1 day)	4.60	5.02	3.02	2.01	2.00	2.03	2.28	25
CD (91 days)	4.86	5.82	3.93	2.88	2.45	2.46	2.63	17
Treasury bonds (3 yrs)	4.92	5.74	3.41	4.44	3.58	3.86	3.80	-6
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.45	4.77	4.75	-2
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.36	4.44	4.38	-6

1. Basis point changes in May 2010 from the previous month

9.4 Money supply & money market

The M2 (monthly average) in May expanded 8.7 percent from a year earlier excluding cash management accounts (CMAs), which were included in M2 since July 2009. Despite increases in private credits and money supplies in the overseas sector with expanded current account surpluses, the year-on-year M2 growth remained at a similar level to the previous month's 8.8 percent due to corporate tax payments and other money redemptions in the government sector.

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

	2008					2009					2010		
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	May	May[1]
M1[2]	-1.8	-12.4	-0.1	2.1	5.0	16.3	10.8	17.6	18.9	17.8	14.5	10.9	387
M2	14.3	13.3	15.3	14.7	13.8	10.1	11.5	10.1	9.5	9.3	8.8	8.7	1,621
Lf[3]	11.9	11.6	12.8	12.1	11.2	Upper7	8.8	7.3	7.5	7.4	8.1	8.4[4]	2,073

1. Balance at end April 2010, trillion won
2. M1 excluding corporate MMFs and individual MMFs while including CMAs
3. Liquidity aggregates of financial institutions (mostly identical with M3)
4. Preliminary

In June, bank deposits continued to increase with banks' efforts to secure funds before the policy rate hike and to lower the loan to deposit ratio. The pace of increase, however, slowed. Asset management company (AMC) deposits decreased significantly as fund inflows into money market funds (MMFs) were down due to corporations' withdrawal of money for financial ratio management at the end of the first half of the year. Increased redemption in equity funds with stock market rallies also contributed to a fall in AMC deposits.

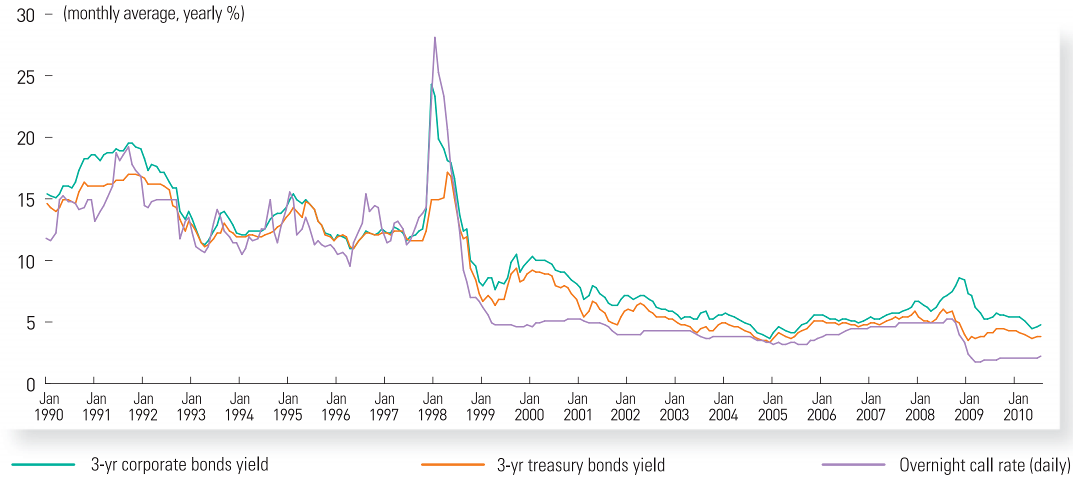
(Monthly change, end-period, trillion won)

	2008		2009		2010			
	Annual	Jun	Annual	Jun	Apr	May	Jun	Jun[1]
Bank deposits	104.3	5.2	54.8	7.7	-3.4	18.6	5.4	1,045
AMC deposits	63.0	-1.0	-27.6	-11.5	-3.0	4.2	-9.5	334

1. Balance at end June, trillion won

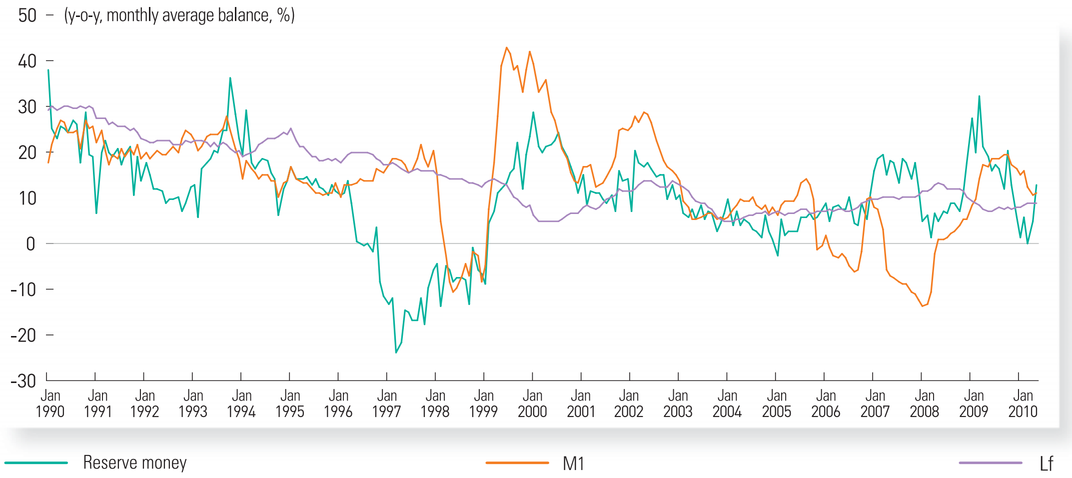
9-4 Interest rates

Source: The Bank of Korea



9-5 Total money supply

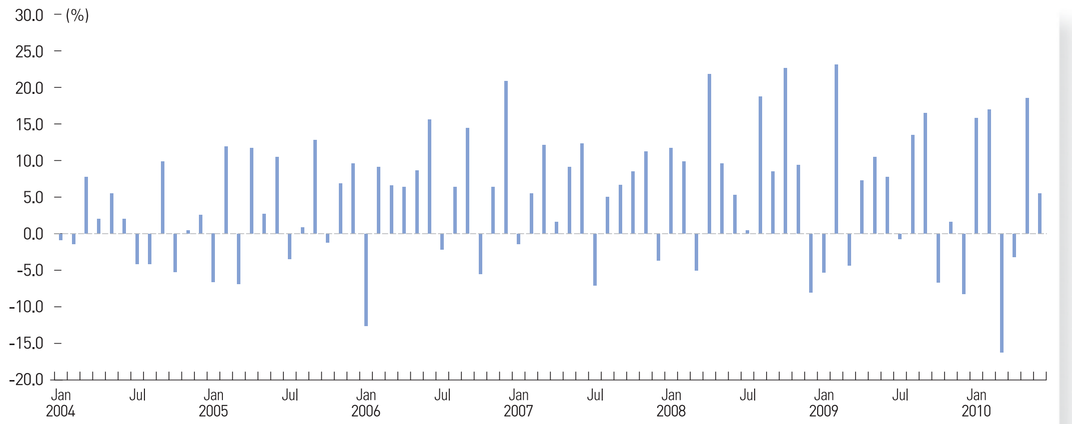
Source: The Bank of Korea



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's current account surplus expanded in June to record US$5.04 billion from US$3.82 billion a month earlier as the goods account surplus increased.

The goods account accelerated the surplus to post US$6.35 billion from the previous month's US$4.17 billion due to robust exports of semiconductors and cars and expanded payments received for the delivery of exported ships.

The service account deficit expanded to US$1.67 billion from the previous month's deficit of US$640 million as payments for the loyalty and business services, which were delayed in May due to higher exchange rates, were made in June.

The income account surplus posted US$330 million, remaining at a similar level to the previous month.

The current transfer account shifted to a modest surplus of US$30 million from the previous month's US$10 million deficit amid the won's appreciation.

(US$ billion)

	2008	2009					2010				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun	Jan-Jun
Current account	-5.78	42.67	8.62	13.10	10.40	10.56	1.34	10.28	3.82	5.04	11.61
- Goods balance	5.67	56.13	8.31	17.58	14.70	15.54	7.43	15.65	4.17	6.35	23.08
- Service balance	-16.67	-17.20	-1.93	-4.17	-5.33	-5.77	-6.04	-4.17	-0.64	-1.67	-10.21
- Income balance	5.90	4.55	0.92	0.29	1.69	1.65	0.76	-0.75	0.30	0.33	0.00
- Current transfers	-0.67	-0.81	1.31	-0.60	-0.66	-0.86	-0.81	-0.45	-0.01	0.03	-1.27

Source: The Bank of Korea

The capital and financial account in June sharply contracted the deficit as foreign investors turned to net-buying of Korean shares and domestic bank's overseas borrowings a net inflow.

Capital & financial account balance (US$ billion)
14.40 (Q3 2009) ➡ 4.77 (Q4) ➡ 5.71 (Q1 2010); 8.56 (Apr 2010) ➡ -12.04 (May) ➡ -0.94 (Jun)

The direct investment account showed a reduced net outflow to register US$470 million from the previous month's deficit of US$550 million as locals' overseas investment was down.

The portfolio investment account turned to a net inflow of US$1.89 billion as foreigners bought more shares with eased concerns over the sovereign debt crisis in Europe and geopolitical risks in the Korean peninsula.

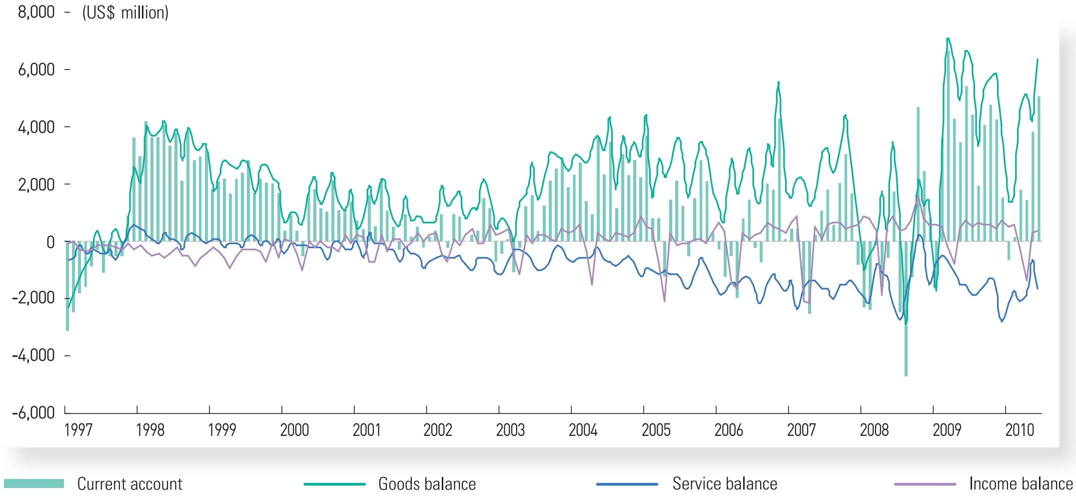
The financial derivatives account deficit stayed at a similar level to the previous month to record US$450 million as both gains and losses from overseas financial derivative transactions increased.

The other investment account deficit markedly shrank to US$1.95 billion from the previous month's deficit of US$10.55 billion as financial sectors' borrowings increased amid easing strains in the financial market.

The current account surplus in July is likely to decrease from the previous month to record around US$4 billion as the service account deficit expanded affected by the travel account deficit during the summer vacation.

10-1 Current account balance

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

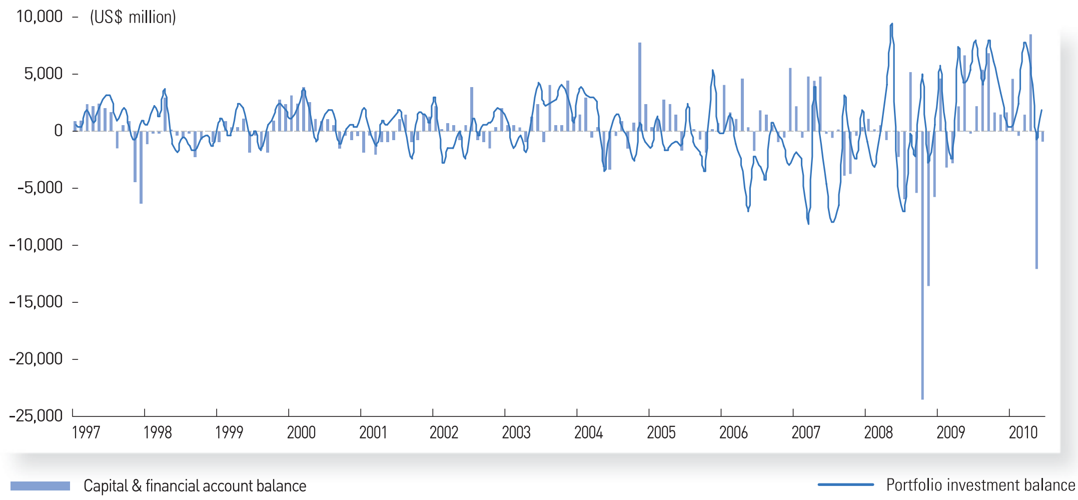


10-2 Travel balance

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

10-3 Capital & financial account balance

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



11. Prices and international commodity prices

11.1 Prices

Consumer prices in July increased 2.6 percent year-on-year and 0.3 percent month-on-month.

Core consumer prices, which exclude the prices of oil and agricultural products continued to stabilize with a year-on-year increase of 1.7 percent. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 2.7 percent compared to the same month of the previous year.

Consumer price inflation

	2009						2010						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jun
Month-on-Month (%)	0.4	0.4	0.1	-0.3	0.2	0.4	0.4	0.4	0.3	0.5	0.1	-0.2	0.3
Year-on-Year (%)	1.6	2.2	2.2	2.0	2.4	2.8	3.1	2.7	2.3	2.6	2.7	2.6	2.6
Core consumer prices (y-o-y)	3.2	3.1	2.7	2.6	2.5	2.2	2.1	1.9	1.5	1.5	1.6	1.7	1.7
(m-o-m)	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2
Consumer prices for basic necessities (y-o-y)	0.4	1.3	1.7	1.5	2.3	3.3	3.8	3.4	2.9	3.2	3.0	2.8	2.7

Source: Statistics Korea

While prices of agricultural and livestock products soared, prices of industrial products and public service charges continued to stabilize. Prices of vegetables and fruits increased relatively high due to seasonal factors and bad weather conditions while prices of fishery products remained stable.

Temperature and rainfall from Jul 1 to 20
Average in 2010: 24.6 degrees Celsius, 204.7 millimeters;
Averages in the past 30 years: 23.8 degrees Celsius, 177.0 millimeters
Source: Korea Meteorological Administration

Prices of agricultural, livestock & fishery products in Jul (m-o-m, %)
Garlic (24.2), Chinese cabbage (14.2), potato (-22.1), mackerel (-6.7), scabbard fish (-6.5)

Despite prices of oil products edged up 0.5 percent from the previous month, prices of industrial products in general remained stable as prices of other industrial products held steady due to stabilized exchange rate.

Prices of Dubai crude (US$/barrel)
76.8 (Jan 2010) → 73.6 (Feb) → 77.3 (Mar) → 83.6 (Apr) → 76.8 (May) → 74.1 (Jun) → 72.6 (Jul)

Won/dollar exchange rate (average)
1,139 (Jan, 2010) → 1,157 (Feb) → 1,138 (Mar) → 1,117 (Apr) → 1,163 (May) → 1,212 (Jun) → 1,207 (Jul)

Public utility charges continued to stabilize as most public service fees were frozen. On the other hand, personal service charges increased 0.3 percent month-on-month.

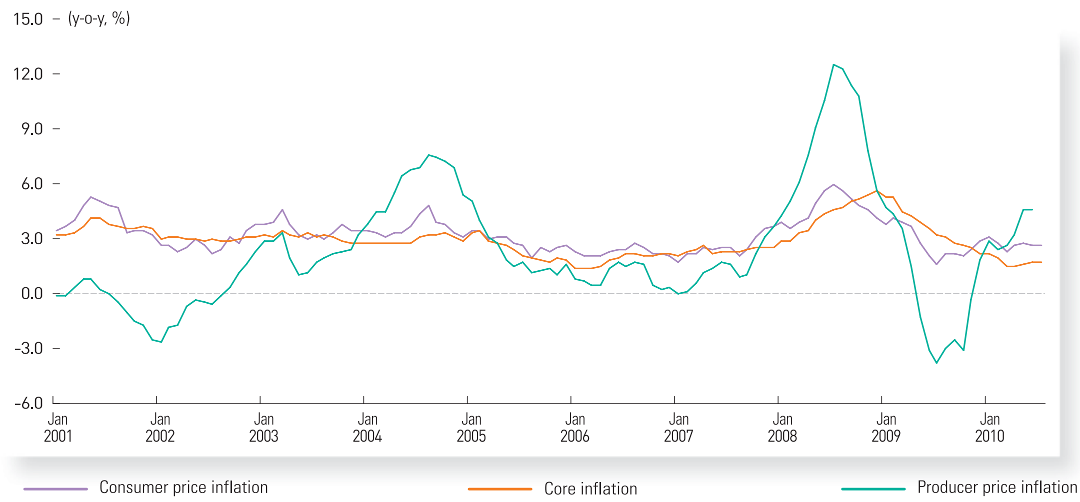
Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Housing rents	Public utility	Personal services
Month-on-Month (%)	0.3	2.2	0.1	0.5	0.1	0.0	0.3
Contribution (%p)	0.35	0.19	0.03	0.03	0.01	0.00	0.12
Year-on-Year (%)	2.6	7.5	2.8	8.4	2.0	0.5	2.2
Contribution (%p)	2.57	0.63	0.87	0.48	0.18	0.09	0.76

Source: Statistics Korea

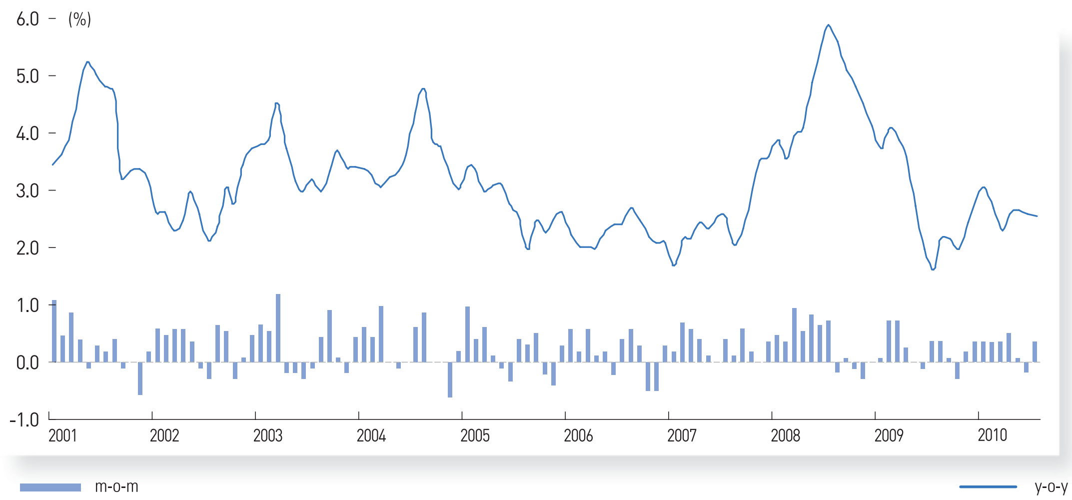
11-1 Prices

Source: Statistics Korea (consumer prices, core inflation) & The Bank of Korea (producer prices)



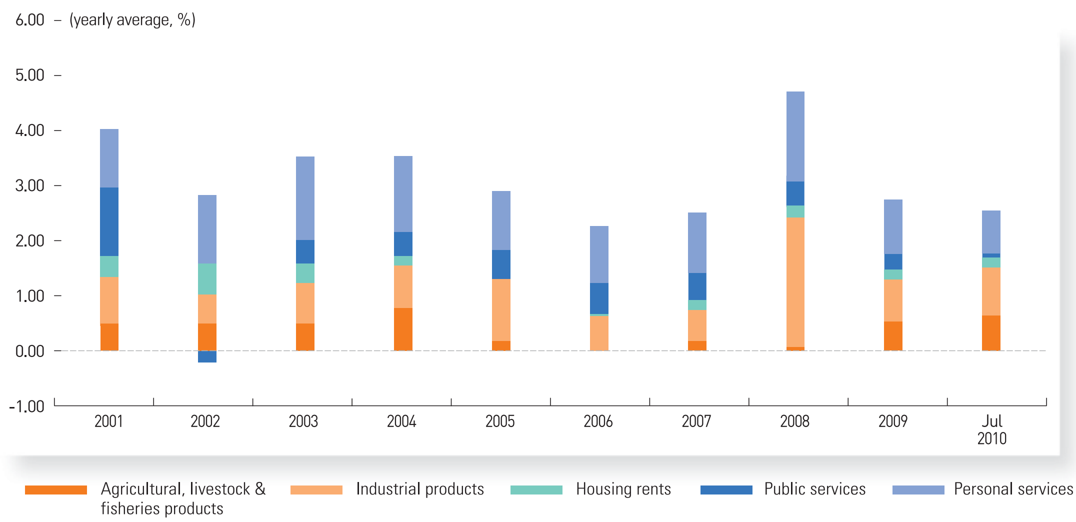
11-2 Consumer price inflation

Source: Statistics Korea (consumer price trend)



11-3 Contribution to consumer price inflation

Source: Statistics Korea (consumer price trend)



11.2. International oil and commodity prices

International oil prices and domestic oil product prices in July increased from the previous month.

International oil prices (WTI crude) edged up month-on-month on the back of continuing oil demand from emerging countries including China amid eased concerns on the fiscal crisis in southern Europe. Spain successfully attracted solid demand for its bond sales on July 1, 15 and 20, and most European banks passed the stress test. Also, China announced in July that the country's crude oil import rose 34 percent year-on-year in June to 22.27 million tons.

(US$/barrel, period average)

	2007	2008	2009	2010						
	Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
Dubai crude	68.4	94.3	61.9	76.8	73.6	77.3	83.6	76.8	74.1	72.6
Brent crude	72.8	97.5	61.7	76.4	73.9	79.0	84.8	75.2	74.9	75.7
WTI crude	72.3	99.9	61.9	78.3	76.5	81.3	84.5	73.7	75.3	76.3

Source: KOREAPDS

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

Domestic prices of oil products edged up month-on-month in line with an increase in international prices of oil and oil products.

(Won/liter, period average)

	2007	2008	2009	2010						
	Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
Gasoline prices	1,526	1,692	1,601	1,661	1,664	1,691	1,725	1,732	1,715	1,722
Diesel prices	1,273	1,614	1,397	1,450	1,443	1,469	1,507	1,522	1,509	1,518

Source: Korea National Oil Corporation

Prices of non-ferrous metals and grain in July increased due to expectations over demand expansion amid the easing financial crisis in Europe and worries over supply shortage in some regions affected by bad weather.

Prices of major non-ferrous metals such as copper, aluminum and nickel were up from a month earlier due to expectations of economic recovery.

International prices of grain including wheat hiked with concerns over supply shortage amid major producing countries such as Russia and Canada suffered from bad weather conditions.

Prices of non-ferrous metals and grain in Jul (m-o-m, %)
Corn (12.0), wheat (26.0), soybean (2.6), raw sugar (14.4), bronze (3.5), aluminum (2.3), nickel (0.6), zinc (5.5), lead (7.4), tin (4.9)

Reuters index*

(Period average)

2007	2008	2009	2010						
Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul
2,400	2,536	2,079	2,343	2,290	2,269	2,329	2,273	2,285	2,477

** A weighted average index of 17 major commodities* *Source: KOREAPDS*

11-4 **International oil prices**

Source: Korea National Oil Corporation

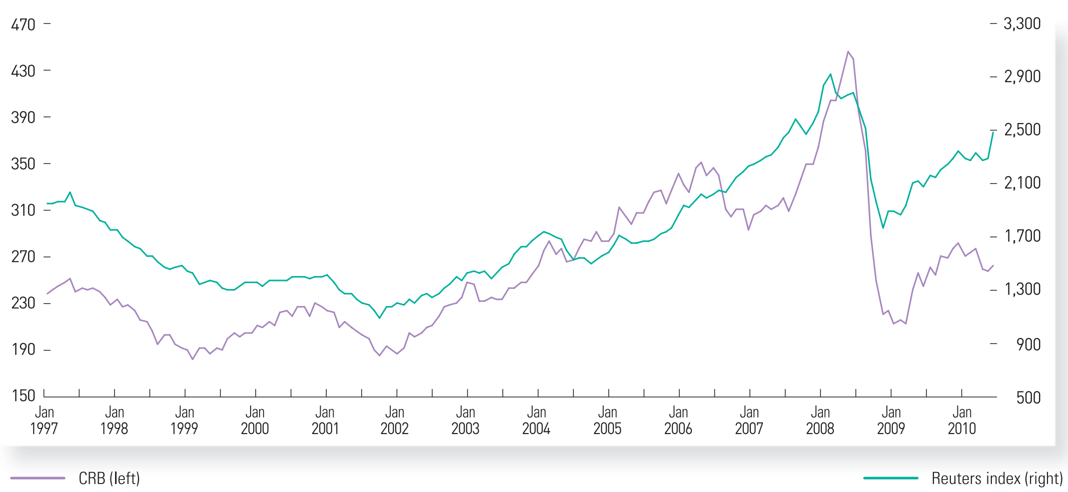
11-5 **International oil prices** (Dubai crude) **and import prices**

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 July, nationwide apartment sales prices decreased 0.1 percent month-on-month, shifting to a downward trend for the first time in 16 months since March 2009.

Apartment sales prices in the Seoul metropolitan area fell for the fourth consecutive month in July with a 0.7 percent decrease as market sentiment remained chilled. Apartment prices in Seoul retreated 0.5 percent in July while those in Gyeonggi province and Incheon decreased 0.8 percent and 0.7 percent, respectively.

Meanwhile, apartment sales prices in areas excluding the Seoul metropolitan area continued to increase led by North Jeolla province *(up 1.0%)*, Busan *(up 0.9%)* and South Gyeongsang province *(up 0.7%)*. Apartment prices in 5 metropolitan cities advanced 0.4 percent, while those in other cities climbed 0.6 percent.

Nationwide apartment sales prices

(Percentage change from previous period)

	2006	2007	2008	2009		2010									
	Annual	Annual	Annual	Annual	Q4	Feb	Mar	Apr	May	Jun	Jul	Jul 5[1]	Jul 12[1]	Jul 19[1]	Jul 26[1]
Nationwide	13.8	2.1	2.3	1.6	0.9	0.4	0.3	0.2	0.1	0.0	-0.1	0.0	-0.1	0.0	0.0
Seoul	24.1	3.6	3.2	2.6	0.3	0.3	0.0	-0.2	-0.4	-0.6	-0.5	-0.1	-0.2	-0.1	-0.1
Gangnam[2]	27.6	0.5	-1.9	3.9	0.2	0.4	0.0	-0.1	-0.4	-0.5	-0.5	-0.1	-0.1	-0.1	-0.1
Gangbuk[3]	19.0	8.3	9.4	0.9	0.4	0.1	0.0	-0.3	-0.3	-0.6	-0.5	-0.1	-0.2	-0.2	-0.1
Seoul metropolitan area	24.6	4.0	2.9	0.7	0.2	0.1	0.0	-0.2	-0.4	-0.7	-0.7	-0.2	-0.2	-0.1	-0.1
5 metropolitan cities	2.1	-0.6	1.0	2.8	1.9	0.8	0.7	0.8	0.6	0.5	0.4	0.0	0.1	0.1	0.1

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

Apartment rental prices in July were up 0.4 percent month-on-month due to strong seasonal demand during school vacation. Areas excluding the Seoul metropolitan area led the increase in apartment rental prices. In the Seoul metropolitan area *(up 0.1%)*, apartment rental prices showed relative stability with contracted sales transactions.

Nationwide apartment rental prices

(Percentage change from previous period)

	2006	2007	2008	2009		2010									
	Annual	Annual	Annual	Annual	Q4	Feb	Mar	Apr	May	Jun	Jul	Jul 5[1]	Jul 12[1]	Jul 19[1]	Jul 26[1]
Nationwide	7.6	1.9	0.8	4.5	2.0	0.9	0.8	0.7	0.5	0.4	0.4	0.1	0.1	0.1	0.1
Seoul	11.5	2.2	-1.8	8.1	2.3	1.0	0.7	0.5	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Gangnam[2]	11.3	0.5	-3.6	10.4	2.7	1.2	0.5	0.5	0.3	0.3	0.2	0.1	0.0	0.0	0.1
Gangbuk[3]	11.8	4.6	0.5	5.4	1.9	0.7	0.9	0.5	0.2	0.0	-0.1	0.0	0.0	0.0	0.0
Seoul metropolitan area	11.7	2.1	-0.4	5.6	1.8	0.7	0.7	0.6	0.3	0.1	0.1	0.0	0.1	0.0	0.0
5 metropolitan cities	3.0	1.1	1.6	3.9	2.6	1.4	1.0	1.0	0.8	0.7	0.6	0.1	0.1	0.1	0.2

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

Apartment sales transactions in June increased 5.7 percent from 62,050 a month earlier to post 65,197. The transactions were down 19.4 percent from a year earlier and 13.8 percent compared with the monthly average of 76,000 recorded in the same month for the past 3 years.

Apartment sales transactions

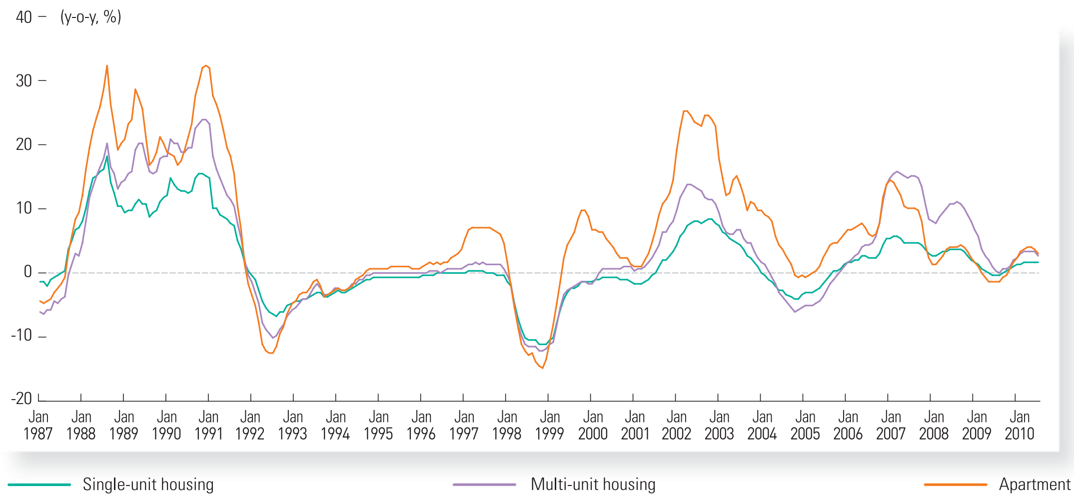
(Monthly average, thousand)

	2007	2008	2009									2010					
	Annual	Annual	Annual	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Nationwide	84	74	77	72	81	91	81	90	87	82	82	62	67	80	73	62	65

Source: Korea Land Corporation

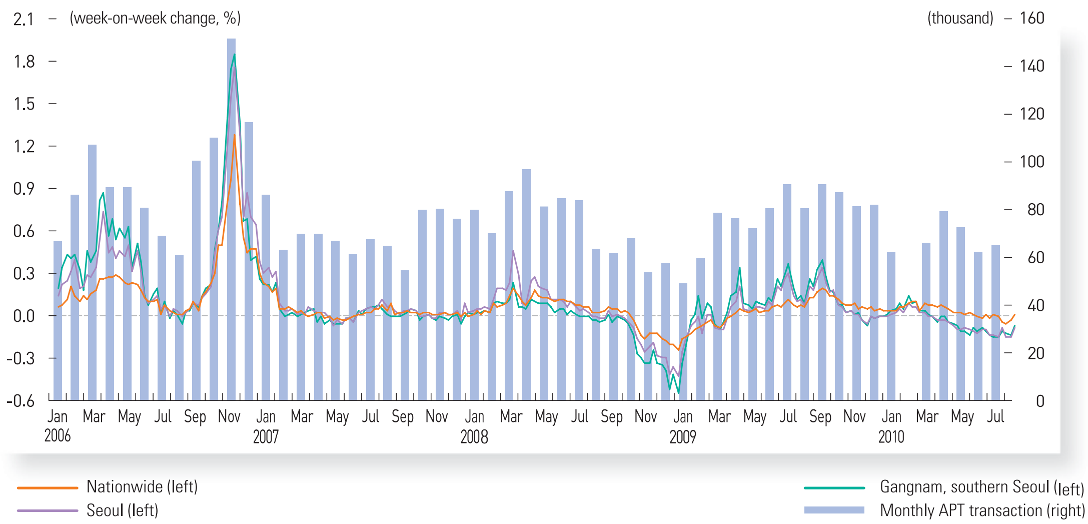
12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



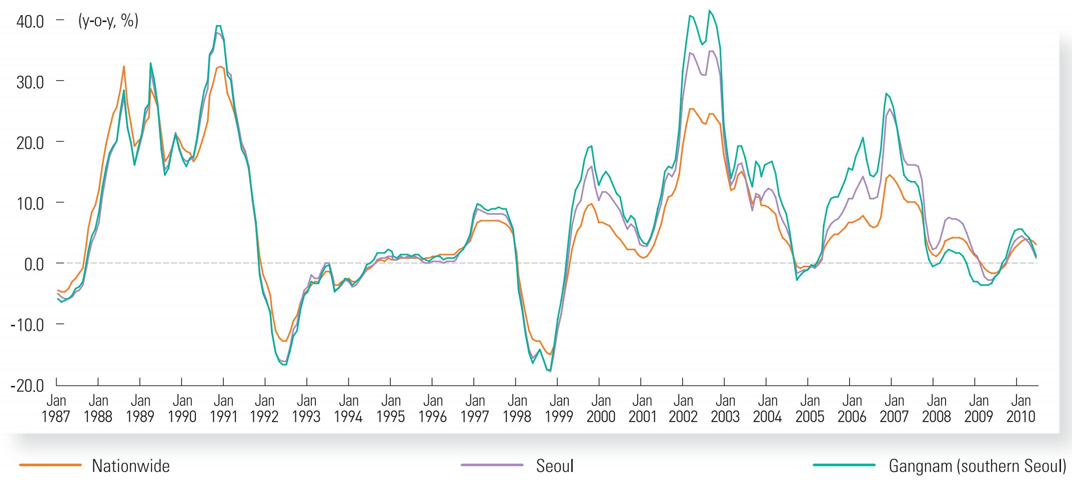
12-2 Weekly apartment sales prices and monthly transaction volume

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 June decelerated the upward trend to post a rise of 0.05 percent. Land prices in June were 2.26 percent lower than the pre-crisis peak reached in October 2008.

Land prices in the Seoul metropolitan area *(up 0.03%)* slowed the growth pace as Seoul *(down 0.03%)* shifted to a decrease.

Land price increases in Seoul metropolitan area (m-o-m, %)
0.29 (Feb 2010) ➡ 0.25 (Mar) ➡ 0.15 (Apr) ➡ 0.11 (May) ➡ 0.03 (Jun)

Also, land price increases in areas excluding the Seoul metropolitan area slowed down to 0.07 percent from 0.09 percent of the previous month.

Land price increases in areas excluding Seoul metropolitan area (m-o-m, %)
0.13 (Feb 2010) ➡ 0.12 (Mar) ➡ 0.11 (Apr) ➡ 0.09 (May) ➡ 0.07 (Jun)

Land prices by region

(Percentage change from previous period)

	2007		2008			2009					2010					
	Annual	Q4	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Jun
Nationwide	3.88	1.15	-0.31	1.18	-4.08	0.96	-1.20	0.35	0.88	0.94	0.25	0.23	0.21	0.14	0.10	0.05
Seoul	5.88	1.90	-1.00	1.59	-6.34	1.40	-1.38	0.68	1.30	0.81	0.25	0.26	0.21	0.05	0.00	-0.03
Gyeonggi	4.22	1.14	-0.26	1.28	-4.28	1.22	-1.62	0.37	1.13	1.36	0.35	0.32	0.29	0.25	0.19	0.09
Incheon	4.86	1.13	1.37	2.01	-3.57	1.99	-1.39	0.53	1.16	1.70	0.45	0.33	0.30	0.21	0.17	0.06

Source: Korea Land Corporation

Nationwide land transactions in June recorded 183,000 land lots, up 3.8 percent from the previous month, which is equivalent to 79.7 percent of a monthly average of 230,000 in the same month of the past 5 years.

Nationwide land transactions increased in Ulsan *(up 31.1%)* and North Chungcheong province *(up 14.1%)* while decreased in Incheon *(down 20.7%)* and Gwangju *(down 13.8%)*.

Land sales transactions

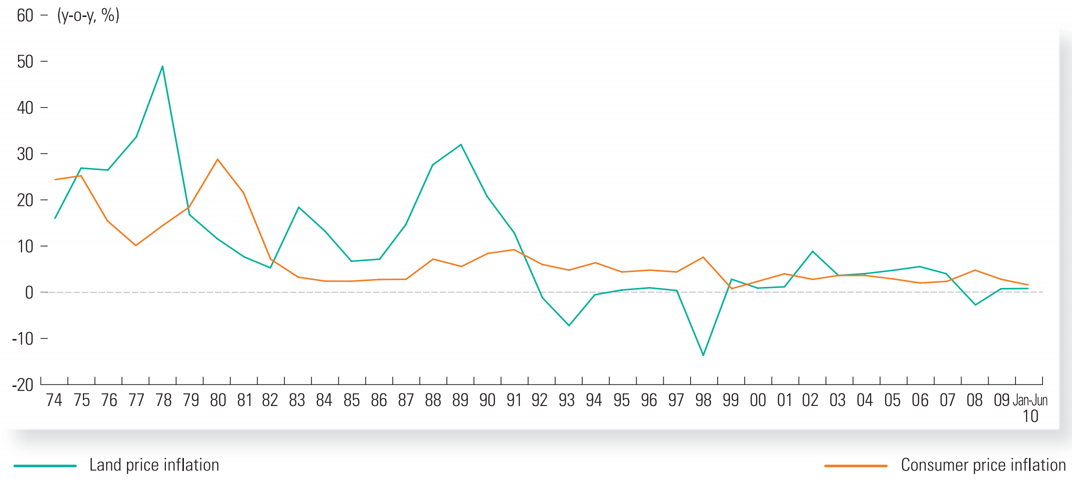
(Land lot, thousand)

	2007	2008	2009								2010					
	Annual[1]	Annual[1]	Annual[1]	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Nationwide	208	208	203	215	222	206	226	212	207	241	170	168	213	203	177	183
Seoul	33	26	22	27	26	25	28	25	19	21	16	17	20	17	14	13
Gyeonggi	49	45	46	49	50	48	56	52	48	58	39	34	44	42	37	42
Incheon	13	13	10	10	11	10	13	14	11	12	6	7	9	9	10	8

1. Monthly average
Source: Korea Land Corporation

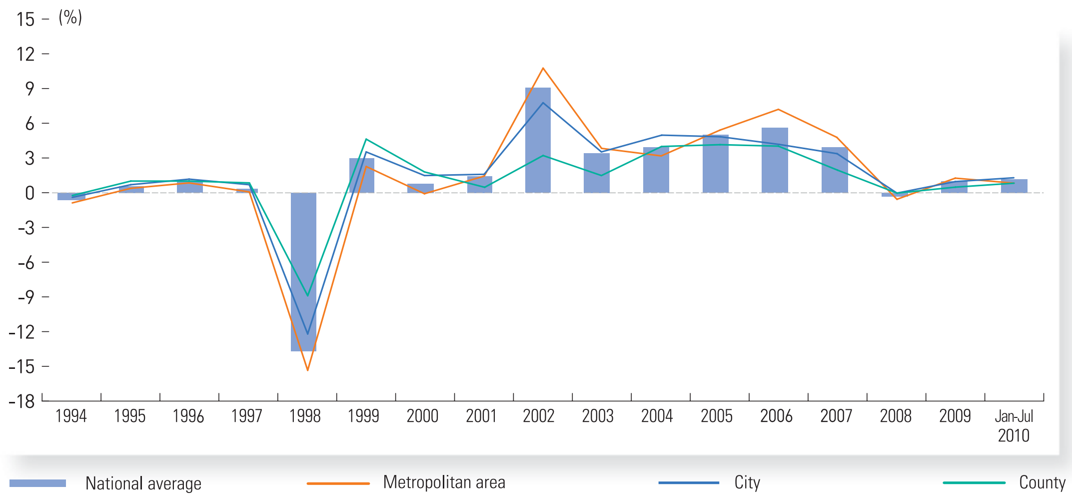
12-4 Land and consumer prices since 1970s

Source: Korea Land Corporation (land prices) & Statistics Korea (consumer prices)



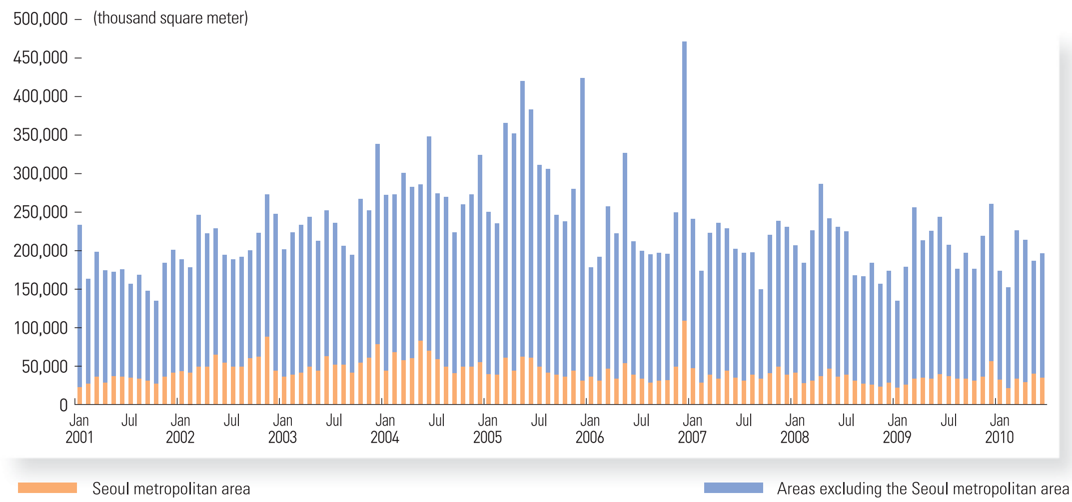
12-5 Land prices by region

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 the coincident composite index increased 0.3 points month-on-month in June, showing the continuous upward trend of the economy since February 2009.

Among the components of the coincident composite index, only the service activity index decreased while the other seven components such as the volume of imports, the mining & manufacturing production index and the value of construction completed were up.

Components of the coincident composite index in Jun (m-o-m)

Service activity index (-0.5), volume of imports (1.7%), mining & manufacturing production index (1.5%), value of construction completed (1.4%), domestic shipment index (1.3%), wholesale & retail sales index (0.8%), manufacturing operation ratio index (0.7%), number of non-farm payroll employment (0.2%)

The year-on-year leading composite index in June went down 0.9 percentage points from the previous month to record 7.0 percent.

Four components of the index including the value of construction orders received and the value of capital goods imports increased, while the other six components such as the indicator of inventory cycle, the ratio of job openings to job seekers, and the composite stock price index were down.

Components of the leading composite index in Jun (m-o-m)

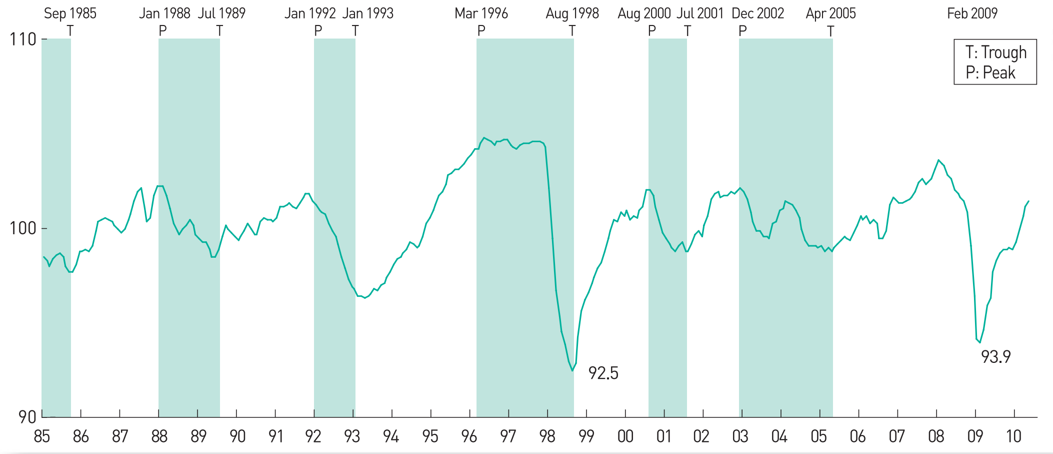
Value of construction orders received (7.2%), value of capital goods imports (3.7%), consumer expectations index (1.1p), value of machinery orders received (0.8%), indicator of inventory cycle (-4.8%p), ratio of job openings to job seekers (-0.9%p), composite stock price index (-0.4%), liquidity in the financial institutions (-0.1%), net terms of trade index (-0.1%), spreads between long & short term interest rates (-0.1%p)

	2009	2010					
	Dec	Jan	Feb	Mar[1]	Apr[1]	May[1]	Jun[1]
Coincident composite index (m-o-m, %)	0.4	0.8	1.2	0.9	0.9	0.7	0.8
Cyclical indicator of coincident composite index	98.9	99.3	100.0	100.6	101.1	101.4	101.7
(m-o-m, p)	-0.1	0.4	0.7	0.6	0.5	0.3	0.3
Leading composite index (m-o-m, %)	0.7	0.3	-0.2	0.2	-0.2	0.5	0.4
12 month smoothed change in leading composite index (%)	11.6	11.3	10.3	9.7	8.6	7.9	7.0
(m-o-m, %p)	0.3	-0.3	-1.0	-0.6	-1.1	-0.7	-0.9

1. Preliminary

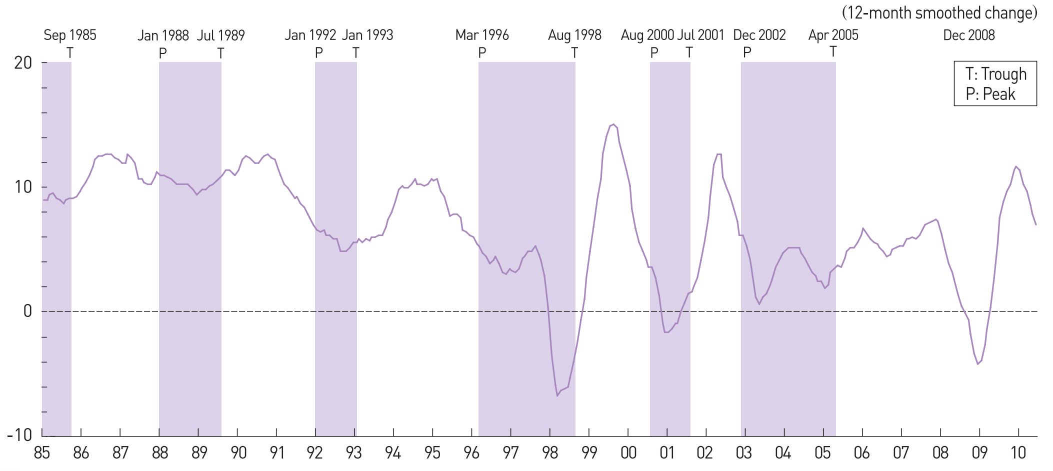
13-1 Cyclical indicator of coincident composite index

Source: Statistics Korea



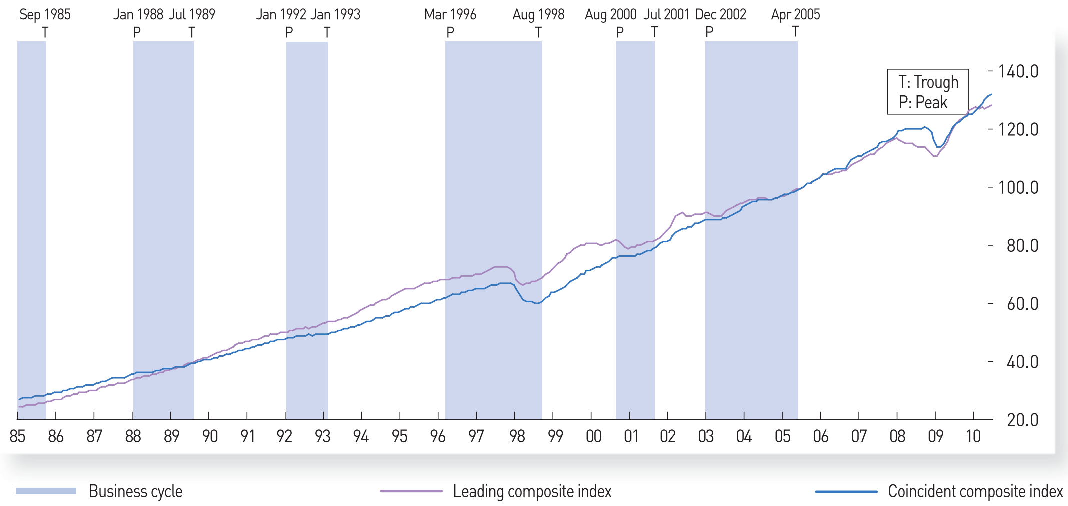
13-2 Leading composite index

Source: Statistics Korea



13-3 Coincident and leading composite indices

Source: Statistics Korea



Policy Issues

Plans to financially support green industries

Background

As Korea is entering the new era of a low birth and ageing society, along with its leading manufacturing industries such as shipbuilding, car-making, and steel-producing no longer growing as fast as they used to, the country is in need of shifting the development paradigm. The Korean government has decided to nurture green industries as the country's next growth engines, and to help the industries lead the market. However, considering longer period of return on investment in green industries compared with traditional industries, the government believed that it is difficult to draw enough investment from the private sector. Against this backdrop, the government unveiled measures to financially support green industries, which involve fiscal investment, tax incentives, and increased financing. The measures are aimed at founding a basis for private financing and eventually motivating the private sector to lead the industries.

The measures

1) Fiscal investment to be increased and made on the basis of performance

Between 2009 and 2013, 107.4 trillion won or around 2.0 percent of GDP will go to the green sector, along with R&D investment rising from 1.4 trillion won in 2008 to 3.5 trillion in 2013.

10 core technologies of secondary batteries, nuclear power, water treatment, CO2 capture and storage, smart grids, LED lamps, environmentally friendly PCs, high-efficiency solar cells,

green cars, and fuel cells will get the most financial support. In addition, technologies in the stage just before commercial use such as wind power generators, solar huts, smart grids, desalinization, eco-friendly plants, and LED lamps will be financed for a reliability test.

R&D financing given to SMEs on condition that large conglomerates purchase the products developed by the SMEs for a certain period will be expanded from 10 billion won in 2009 to 55 billion in 2013, along with professionals and commercialization experts deployed to SMEs and middle standing firms working on innovative technologies. On top of that, a joint ministerial program called "Green Bridge Program" will be adopted, which involves selecting technologies the government needs to support in all stages from basic research to development, organizing a joint-ministerial support team, and evaluating the progress. The examples of such technologies are silicon solar cells, LED, high efficiency secondary batteries, IT for electricity management, and climate change forecasting.

2) Tax incentives for green industries to be expanded

The government will expand tax incentives for green industries to help them increase facility investment, which will lead to creating new markets.

Green technologies will be added to the list of technologies eligible for R&D tax incentives currently given to core and new growth engine related technologies, while the government seeks tax incentives for foreign investment in innovative green technologies. The government will also reduce basic tariff rates for core materials used in green industries, along with adding more items to the tariff reduction list, necessary to produce and use new renewable energy.

3) Green financing to be more aggressively provided

The Korea Finance Corporation will lead the financing of green technologies in a more active way, while the government encourages using the green certification system and provides support to energy service companies (ESCOs).

The Korea Finance Corporation set up the investment fund for green industries in August 2010, in which the corporation invested 1.5 trillion won, following the collective investment scheme of 50 billion won in July. The collective investment scheme participates in a wide range of investments in green industries and technologies, and shares out the costs and profits to investors. The government will give favor to enterprises with the green certification in financing, exporting and R&D support, and build up a portal to provide a one-stop access to information on financing, certification, and tax incentives available to green industries.

ESCOs will be given 600 billion won support in 2011, up from 2010's 135 billion. Small and medium-sized ESCOs are encouraged to buy government's guarantee insurance which is designed to provide guarantee to contractors with ESCOs for the companies' performance. ESCOs will also be eligible for government's financial support when they remodel existing constructions. Apartments and commercial buildings with the energy consumption of more than 2,000 TOE (tonnage of oil equivalent) are subject to the examination on efficient energy use, and the government recommends ESCO services when the buildings are expected to save more than 10 percent of energy consumption after remodeling.

4) Government to purchase green products

Finally, the government will help increase demand for eco-friendly products and services in the public sector by purchasing those products and services.

The Ministry of Strategy and Finance will detail measures to give favor to green industries by December 2010 in case of government procurement, following the July measures announced by the Public Procurement Service to give more points in evaluation to government agencies when they purchase products of green enterprises.

Public firms are obliged to remodel their buildings with ESCOs when their building are examined to be able to save more than 10 percent of the current energy consumption after remodeling by ESCOs.

Expected effect

As the government clearly showed the will to nurture green industries by investing 107.4 trillion won, expanding tax incentives, and increasing financial support, investment into green industries is expected to increase. SMEs and middle standing firms equipped with high technologies will be more likely to actively participate in the market, backed by the government's financial, R&D and human resources support.

The Korean government will carefully listen to the market, reflect on policies what it learned, and develop new growth models with green technologies.

Economic News Briefing

Global CEOs gather in Seoul for G-20 Business Summit

Korea will host the G-20 Business Summit on November 10-11, 2010, prior to the G-20 Seoul Summit. During the series of round table discussions, the business leaders will exchange views on how to boost the recovery and put the global economy back on track to high growth. According to the organizing committee for the Seoul G-20 Business Summit, the agenda includes four main topics: trade and investment, finance, green growth, and corporate social responsibility. Those invited to the business summit were selected from Fortune 250 companies including around 80 CEOs from G-20 members and 20 corporate leaders from non-member countries.

Korea grows 1.5% in the second quarter *(Advance)*

Korea's real GDP grew 1.5 percent in the second quarter of 2010 (advance) compared with the previous quarter. From a year earlier, it expanded 7.2 percent during the April-June period.

On the production side, the manufacturing sector was up 5.1 percent from the previous quarter thanks to the growth in machinery equipment, fabricated metal products and automobile manufacturing. On the expenditure side, private consumption rose by 0.8

percent while facility investment and exports of goods continued robust growth by increasing 8.1 percent and 7.1 percent, respectively.

Real GDI (gross domestic income) reflecting the change in terms of trade was up 0.5 percent from the previous quarter and increased 6.0 percent from the same quarter of the previous year.

Meanwhile, the Bank of Korea on July 12 upgraded its 2010 growth forecast for the economy to 5.9 percent from 5.2 percent projected in April, citing strong economic recovery. For 2011, the GDP growth rate is expected to be somewhat lower than this year's figure at 4.5 percent, the central bank said.

<GDP by production and expenditure*>

(Percentage change from previous period)

	2008	2009[1]					2010[1]	
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2
GDP	2.3	0.2	0.2	2.4	3.2	0.2	2.1 (8.1)[2]	1.5 (7.2)
Agriculture, forestry and fishery	5.6	1.6	-0.1	-0.4	2.9	0.4	-4.9 (-1.9)	0.0 (-2.3)
Manufacturing	2.9	-1.6	-2.5	8.0	9.4	-1.7	4.2 (20.7)	5.1 (18.0)
Construction	-2.5	1.9	4.4	1.2	-1.0	-0.6	1.9 (1.5)	-0.8 (-0.5)
Services[3]	2.8	1.0	0.3	1.0	0.9	0.9	1.6 (4.4)	0.2 (3.7)
Private consumption	1.3	0.2	0.3	3.3	1.7	0.4	0.7 (6.3)	0.8 (3.7)
Government consumption	4.3	5.0	2.9	0.7	0.0	-2.4	5.8 (3.8)	0.1 (3.2)
Facility investment	-1.0	-9.1	-10.5	9.0	10.8	5.3	2.4 (29.9)	8.1 (29.0)
Construction investment	-2.8	4.4	5.9	1.8	-0.7	-0.1	1.3 (2.3)	-3.4 (-2.7)
Goods exports[4]	4.6	0.0	-1.7	13.5	5.1	-1.5	3.7 (21.6)	7.1 (15.0)
Goods imports[4]	4.5	-7.9	-5.8	8.7	8.0	-1.3	5.1 (21.8)	9.0 (21.5)
GDI	-1.2	1.7	0.1	4.7	1.4	2.8	1.1 (9.2)	0.5 (6.0)

**At 2005 chained prices in seasonally adjusted terms*

1. Preliminary

2. Percentage changes from the same period in the previous year in original terms

3. Wholesale & retail sales, hotels & restaurants, transportation & storage, communication services, financial & insurance services, real estate & renting, business services, public administration, defense & social security, educational services, healthcare & social welfare services, entertainment, cultural & sports services and other services are included.

4. FOB basis

International organizations upgrade Korea's growth forecasts for 2010

International organizations are releasing rosier outlook on Korea amid robust recovery of the economy. On July 20, the Asian Development Bank (ADB) upgraded its 2010 growth forecast for the Korean economy to 5.5 percent from 5.2 percent projected in April. The ADB also forecasted East Asia including Korea to expand 8.4 percent this year, slightly higher than its April prediction of 8.3 percent.

IHS Global Insight, a US agency specializing in economic analysis, expected Korea to grow more than 6 percent this year in its report released in August, citing the nation's robust exports despite slower recovery of its trade partners. On July 8, the International Monetary Fund (IMF) upgraded Korea's growth forecast for this year to 5.7 percent from the previous estimate of 4.5 percent. In addition, the Organization for Economic Cooperation and Development (OECD) on June 15 forecasted that the Korean economy will expand 5.75 percent this year.

Moody's raises Korea's credit range

On July 28, Moody's Investors Service, an international credit rating agency, maintained its A1 rating for Korea citing the economy's robust recovery and raised the nation's credit range from "A3-A2-A1" to "A1-Aa3-Aa2." That is just two levels below the top rating range of "Aa3-Aa1-Aaa." The two notch upgrade of credit range would suggest that Korea's sovereign rating could be raised in the near future. In the report, Moody's raised Korea's economic fundamentals from "high" to "highest" but maintained its evaluation of the risk of unexpected events at "medium."

Korea unveils measures to promote long-term KTB futures

On July 26, the Ministry of Strategy and Finance, the Financial Services Commission and the Korean Exchange (KRX) unveiled measures to spur trading in long-term Korea Treasury Bond (KTB) futures.

10-year KTB futures hardly traded since its introduction in 2008. The causes for poor trading can be examined in terms of cash market, market making and trading regulations. First, although the annual issuance amount of short-term and long-term KTBs is balanced, trading conditions in the secondary market is dominated by the short-term KTBs. Second, the market making function for 10-year KTB futures is rather insufficient and the primary dealers do not actively participate in trading of 10-year KTB futures. Third, the physical delivery method, which was used for final settlement of 10-year KTB futures, acts as constraint in trading long-term KTB futures since investors felt burdened in securing the deliverable KTBs amid sluggish trading of long-term KTBs.

To boost the trading of long-term KTB futures, Korea will stimulate long-term KTB trade in the spot market, reinforce market making functions for long-term KTB futures and enhance market participants' convenience. First, the Korean government will increase the issuance volume of long-term KTB futures and reinforce the market making function of primary dealers. In addition, sales of inflation-linked Korea Treasury Bond (KTBi) with 10-year maturity will be resumed. Second, the government will encourage the participation of primary dealers by taking into account the trading volumes of 10-year KTB futures in their performance assessment and rebating derivatives fee to the market makers. Third, the final settlement method of 10-year KTB futures will be changed from the physical delivery to cash settlement.

	Existing regulation		Amended regulations
	3-yr & 5-yr futures	10-yr futures	3-yr, 5-yr and 10-yr futures
Settlement method	Cash settlement	Physical delivery	Cash settlement
Trading unit	100 million won	50 million won	100 million won
Coupon rate	8/100 per year	5/100 per year	5/100 per year
Contract month	2 within 6 months	3 within 9 months	2 within 6 months
Quotation unit	0.01	0.02	0.01

Plans to enhance the short-term financial market

The Korean government on July 27 unveiled a series of measures to improve the short-term financial market with a healthier call market and a development of benchmarks for short-term bond rates.

In the short-term financial market, where financial institutions trade or issue products with maturity of 1 year or less such as Calls, RPs, CPs and CDs, the call market takes up about 50 percent with daily average trade volume of 33 trillion won. The heavy dependence on the call market causes distortions in the market function and may entail latent systemic risk. Under the new rules, call loans at brokerages will be limited to 100 percent of their capitals, which is planned to be implemented in the third quarter. Brokerages will be given a six-month grace period to adjust their short-term loans position.

Non-bank financial institutions will instead be encouraged to utilize the repurchase agreement (RP) market. The Korean government will introduce a central clearing system for RP transactions and establish an over-the-counter (OTC) online transaction system by 2011 to improve RP transaction infrastructure. The government also plans to revise the National Financial Act in 2011 to issue short-term KTBs up to standards to be represented as the benchmark short-term bond. In the interim, the Bank of Korea’s currency stabilization bonds will be used as the benchmark bond rate.

Overseas investment increases 37.3% in the first half

Korea's overseas investment in the first half of 2010 totaled US$11.48 billion, representing a year-on-year increase of 37.3 percent. Overseas investment to Asia, Europe, Central and South America, and the Middle East were particularly noticeable, led by investments in resources development and real estate. Overseas investment this year is projected to increase from the previous year, backed by positive prospect of global economic recovery.

(Notification basis, US$ billion)

	2008			2009				2010	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Overseas investment	8.48	8.88	10.21	3.96	4.41	5.07	16.98	6.10	5.38
(y-o-y, %)	13.9	72.3	-22.1	-56.8	-48.0	-42.9	66.4	54.0	22.0

Korea becomes world's 9th exporter in 2009

On August 3, the Ministry of Foreign Affairs and Trade announced that Korea jumped three spots in 2009 to become the world's ninth largest exporting country, citing data from the World Trade Organization (WTO). Korea's exports reached US$364 billion last year, accounting for 2.9 percent of the world trade. It is the first time that Korea entered the world's top 10 in terms of export value. Meanwhile, Korea slid two notches to 12th place in terms of imports in 2009.

(US$ billion)

Rank	Exporter	Value	Rank	Importer	Value
1	China	1202	1	US	1604
2	Germany	1121	2	China	1006
3	US	1057	3	Germany	931
4	Japan	581	4	France	551
5	Netherlands	499	5	Japan	551
6	France	475	6	UK	480
7	Italy	405	7	Netherlands	446
8	Belgium	370	8	Italy	410
9	Korea	364	9	Hong Kong, China	353
10	UK	351	10	Belgium	351

Korea outlines the privatization plan of Woori Financial Group

On July 30, the Public Funds Oversight Committee held the 22nd meeting to finalize its plans to sell the remaining 57 percent stakes in Woori Financial Group (WFG) held by the Korea Deposit Insurance Corporation (KDIC). Upon the stake sale, the government aims at maximizing recovery of injected public funds; making an early privatization; and contributing to sound and productive advancement of the financial industry. An open competitive bidding for domestic and overseas investors will be held through two steps; first by preliminary bidding, and second by final bidding.

Korea begins Sunshine loan program for low-income groups

Local savings banks and cooperative lenders including the National Agricultural Cooperative Federation started to provide a total of 10 trillion won over the next five years to those with an annual income of 20 million won or less or who have credit ratings of level 6 or below, said the Financial Services Commission (FSC) on July 20.

The Lee Myung-bak Administration has been stepping up efforts to help low-and middle-income households. As a part of such effort, the Sunshine loan program aims to help low-income families to operate an existing business (up to 20 million won), start a new business (up to 50 million won), and get urgently needed living expenses (up to 10 million won). As of July 20, the interest rate ceiling is 10.6 percent for financial cooperatives, and 13.1 percent for mutual savings banks. The interest rate for the loans will be set no higher than the caps to help people reduce borrowing costs.

Statistical Appendices

Tables & Figures

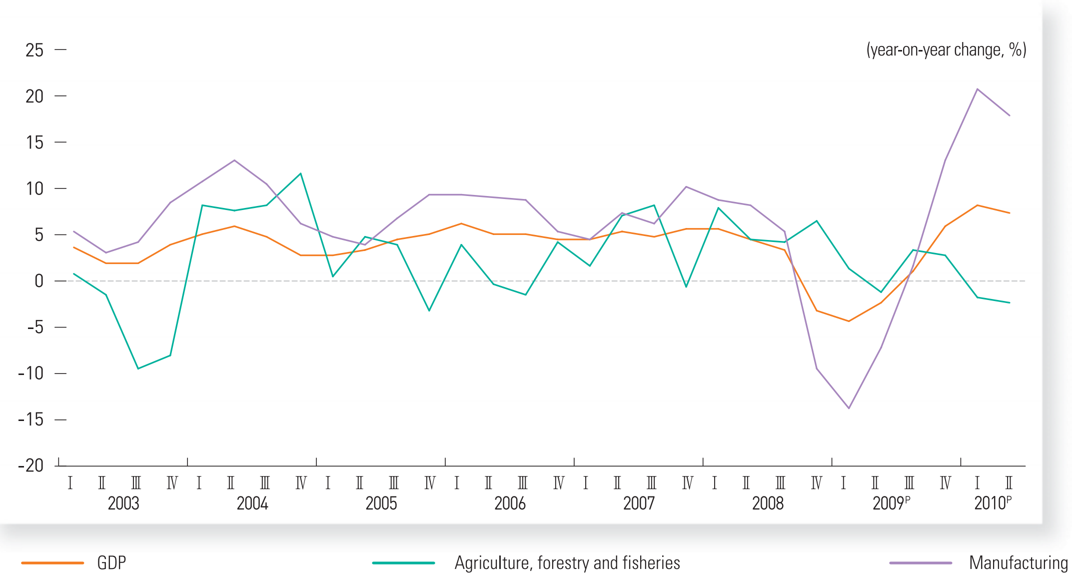
1. National accounts

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

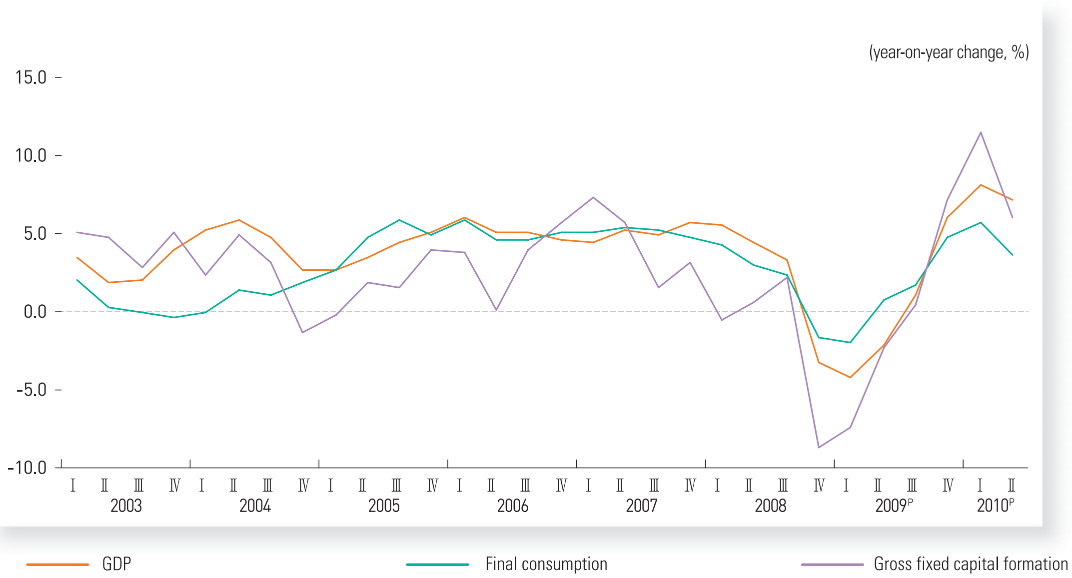
Period		Real GDP		Final consumption expenditure	Gross fixed capital formation		
			Agri., fores. & fisheries	Manufacturing			Construction	Facilities
2003		2.8	-5.4	5.4	0.5	4.4	8.5	-1.5
2004		4.6	9.1	10.0	1.0	2.1	1.3	3.8
2005		4.0	1.3	6.2	4.6	1.9	-0.4	5.3
2006		5.2	1.5	8.1	5.1	3.4	0.5	8.2
2007		5.1	4.0	7.2	5.1	4.2	1.4	9.3
2008		2.3	5.6	2.9	2.0	-1.9	-2.8	-1.0
2009P		0.2	1.6	-1.6	1.3	-0.2	4.4	-9.1
2003	I	3.5	0.7	5.4	2.0	5.1	8.2	2.9
	II	1.8	-1.6	3.1	0.3	4.7	8.4	-0.7
	III	2.0	-9.6	4.3	0.0	2.8	8.3	-5.8
	IV	3.9	-8.0	8.5	-0.4	5.0	9.0	-2.2
2004	I	5.2	8.2	10.9	-0.1	2.3	5.3	-0.6
	II	5.9	7.6	12.9	1.3	4.9	4.2	6.4
	III	4.8	8.3	10.4	1.0	3.1	1.2	7.7
	IV	2.7	11.6	6.2	1.8	-1.4	-3.5	1.8
2005	I	2.7	0.4	4.8	2.7	-0.3	-3.1	3.4
	II	3.4	4.8	3.9	4.7	1.8	0.9	2.8
	III	4.5	3.8	6.7	5.9	1.5	-0.3	4.1
	IV	5.1	-3.1	9.3	4.9	3.9	0.3	10.8
2006	I	6.1	3.9	9.4	5.8	3.8	1.9	7.2
	II	5.1	-0.3	9.1	4.9	0.1	-4.2	8.0
	III	5.0	-1.4	8.7	4.6	4.0	-0.5	12.0
	IV	4.6	4.2	5.4	5.1	5.7	5.1	5.7
2007	I	4.5	1.6	4.5	5.1	7.3	4.4	12.6
	II	5.3	7.0	7.2	5.4	5.7	2.0	13.0
	III	4.9	8.2	6.3	5.3	1.5	-0.2	4.0
	IV	5.7	-0.7	10.2	4.7	3.1	0.4	8.0
2008	I	5.5	7.8	8.9	4.3	-0.6	-2.5	2.8
	II	4.4	4.6	8.3	3.0	0.6	-0.5	2.0
	III	3.3	4.3	5.3	2.4	2.1	0.4	5.3
	IV	-3.3	6.5	-9.4	-1.7	-8.7	-7.7	-13.3
2009P	I	-4.3	1.5	-13.6	-2.0	-7.4	2.8	-23.1
	II	-2.2	-1.3	-7.2	0.7	-2.3	5.1	-17.3
	III	1.0	3.3	1.7	1.7	0.4	4.4	-7.0
	IV	6.0	2.8	13.0	4.7	7.1	5.0	13.3
2010P	I	8.1	-1.9	20.7	5.7	11.4	2.3	29.9
	II	7.2	-2.3	18.0	3.6	6.1	-2.7	29.0

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 (%)
2008		119.8	3.4	118.3	2.6	125.5	7.1	116.1	3.6
2009		118.9	-0.8	116.3	-1.7	115.5	-8.0	118.4	2.0
2008	I	121.9	11.2	119.8	9.3	123.6	8.4	114.0	6.8
	II	125.5	9.2	123.0	6.8	133.2	16.3	116.0	4.3
	III	119.6	5.9	118.0	5.5	132.0	17.1	116.4	3.4
	IV	112.4	-11.0	112.4	-9.9	125.5	7.1	118.1	0.0
2009	I	102.8	-15.7	101.9	-14.9	115.9	-6.2	113.7	-0.3
	II	117.8	-6.1	115.9	-5.8	110.6	-16.9	118.8	2.4
	III	124.7	4.3	120.5	2.1	113.3	-14.2	118.6	1.9
	IV	130.5	16.2	126.8	12.8	115.5	-8.0	122.5	3.7
2010	I	129.3	25.8	124.1	21.8	123.6	6.6	120.2	5.7
	II^{P}	140.7	19.4	135.6	17.0	127.9	15.6	123.5	4.0
2008	1	126.3	12.0	121.9	10.5	123.9	4.5	114.3	8.0
	2	111.1	10.9	109.9	8.1	124.3	7.5	109.6	6.6
	3	128.3	10.9	127.6	9.2	123.6	8.4	118.1	6.0
	4	126.5	11.2	124.8	8.9	124.6	11.4	116.1	6.1
	5	126.5	9.2	123.7	6.6	128.7	12.7	116.7	4.1
	6	123.5	7.3	120.5	4.9	133.1	16.2	115.1	2.7
	7	123.4	8.9	121.6	8.0	132.4	14.5	117.4	4.7
	8	116.2	2.2	114.7	2.0	132.1	14.3	114.2	1.2
	9	119.1	6.7	117.6	6.3	132.0	17.1	117.5	4.2
	10	126.7	-1.5	124.2	-1.7	134.7	17.1	118.9	3.1
	11	110.3	-13.6	109.8	-12.9	133.2	15.9	113.3	-2.0
	12	100.0	-18.4	103.2	-15.1	125.5	7.1	122.2	-1.0
2009	1	93.8	-25.7	93.1	-23.6	123.7	-0.2	112.4	-1.7
	2	99.8	-10.2	99.4	-9.6	117.6	-5.4	109.5	-0.1
	3	114.7	-10.6	113.3	-11.2	115.9	-6.2	119.2	0.9
	4	116.1	-8.2	114.7	-8.1	112.4	-9.8	119.9	3.3
	5	115.0	-9.1	112.8	-8.8	111.4	-13.4	118.5	1.5
	6	122.2	-1.1	120.1	-0.3	110.6	-16.9	118.0	2.5
	7	124.3	0.7	120.0	-1.3	112.3	-15.2	118.1	0.6
	8	117.4	1.0	113.5	-1.0	112.8	-14.6	115.5	1.1
	9	132.3	11.1	127.9	8.8	113.3	-14.2	122.3	4.1
	10	127.0	0.2	123.4	-0.6	112.6	-16.4	118.3	-0.5
	11	130.3	18.1	126.8	15.5	113.7	-14.6	118.1	4.2
	12	134.2	34.2	130.2	26.2	115.5	-8.0	131.0	7.2
2010	1	128.5	37.0	123.0	32.1	1192	-3.6	117.3	4.4
	2	118.7	18.9	113.7	14.4	122.5	4.2	117.5	7.3
	3	140.7	22.7	135.6	19.7	123.6	6.6	125.8	5.5
	4	139.4	20.1	134.9	17.6	124.6	10.9	124.4	3.8
	5^{P}	139.7	21.5	134.1	18.9	127.9	14.8	123.0	3.8
	6^{P}	142.9	16.9	137.6	14.6	127.9	15.6	123.2	4.4

P: Preliminary
Source: Statistics Korea

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 (%)
2008		115.3	5.1	97.2	-3.2	77.5
2009		118.9	3.1	93.5	-3.8	74.6
2008	I	113.8	5.9	99.3	2.2	81.5
	II	115.1	6.3	103.1	0.5	80.8
	III	116.0	5.3	95.5	-0.7	78.3
	IV	116.4	3.4	91.1	-13.6	69.6
2009	I	116.8	2.6	81.4	-18.0	66.9
	II	117.8	2.3	94.6	-8.2	74.2
	III	119.7	3.2	97.8	2.4	78.8
	IV	121.1	4.0	100.3	10.1	78.4
2010	I	122.7	5.1	97.7	20.0	80.5
	II P	124.6	5.8	106.5	12.6	83.0
2008	1	113.8	6.2	103.2	3.4	82.1
	2	113.8	5.9	89.5	1.5	80.6
	3	113.9	5.8	105.1	1.4	81.7
	4	114.3	5.9	104.7	3.2	82.1
	5	115.4	6.7	103.3	-0.6	80.1
	6	115.7	6.2	101.2	-1.3	80.1
	7	115.7	5.5	99.8	1.5	79.3
	8	116.0	5.3	92.2	-4.6	78.3
	9	116.2	4.9	94.5	0.7	77.3
	10	116.3	3.6	104.1	-4.8	76.9
	11	116.3	3.4	89.4	-16.8	69.1
	12	116.7	3.3	79.7	-20.1	62.8
2009	1	116.8	2.6	73.5	-28.8	62.8
	2	116.7	2.5	79.5	-11.2	67.7
	3	117.0	2.7	91.1	-13.3	70.3
	4	117.6	2.9	93.4	-10.8	72.4
	5	117.6	1.9	92.6	-10.4	73.6
	6	118.3	2.2	97.9	-3.3	76.6
	7	119.1	2.9	98.6	-1.2	78.7
	8	119.5	3.0	91.1	-1.2	77.7
	9	120.4	3.6	103.6	9.6	79.9
	10	120.6	3.7	99.1	-4.8	77.3
	11	120.8	3.9	100.6	12.5	78.2
	12	121.9	4.5	101.1	26.9	79.6
2010	1	122.1	4.5	97.4	32.5	78.9
	2	122.4	4.9	88.4	11.2	80.3
	3	123.6	5.6	107.2	17.7	82.4
	4	123.8	5.3	106.6	14.1	82.2
	5 P	124.8	6.1	104.7	13.1	82.8
	6 P	125.1	5.7	108.0	10.3	83.9

P: Preliminary
Source: Statistics Korea

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 (%)
2008		110.6	1.1	126.4	1.6	104.9	-3.0	110.0	1.4
2009		113.5	2.6	136.7	8.1	105.2	0.3	111.3	1.2
2008	I	111.5	4.5	129.9	8.7	103.6	4.0	109.2	2.3
	II	111.7	2.9	134.1	8.0	107.2	-2.7	108.8	1.3
	III	108.8	1.4	125.8	-0.1	94.0	0.3	112.3	1.5
	IV	110.4	-4.2	115.7	-9.6	115.0	-10.7	109.5	0.2
2009	I	106.3	-4.7	114.4	-11.9	102.0	-1.5	107.7	-1.4
	II	113.4	1.5	141.8	5.7	106.6	-0.6	109.3	0.5
	III	111.9	2.8	135.7	7.9	93.3	-0.7	114.4	1.9
	IV	122.3	10.8	154.9	33.9	118.9	3.4	114.0	4.1
2010	I	116.8	9.9	148.1	29.5	104.8	2.7	111.3	3.3
	II P	118.9	4.9	149.5	5.4	114.2	7.1	113.0	3.4
2008	1	111.7	5.4	128.3	8.1	104.4	6.7	108.8	4.3
	2	107.3	3.5	117.8	6.1	97.8	7.2	108.4	0.6
	3	115.4	4.6	143.6	11.4	108.5	-1.3	110.5	2.2
	4	113.4	6.3	139.1	15.6	108.5	-2.8	109.5	4.5
	5	115.1	3.3	136.0	7.9	112.1	-3.7	112.3	2.0
	6	106.5	-0.7	127.1	0.6	100.9	-1.8	104.5	-2.7
	7	109.6	4.2	140.7	7.9	97.6	3.5	106.1	1.0
	8	106.2	2.2	121.5	-4.7	86.2	8.8	112.0	2.0
	9	110.7	-1.8	115.2	-3.8	98.1	-8.9	118.8	1.6
	10	109.7	-3.3	123.9	-0.5	111.6	-10.1	106.6	-2.2
	11	108.9	-4.6	108.9	-15.3	120.3	-7.7	107.7	1.2
	12	112.7	-4.8	114.4	-12.5	113.1	-14.3	114.3	1.5
2009	1	108.5	-2.9	103.9	-19.0	102.6	-1.7	114.8	5.5
	2	100.9	-6.0	115.8	-1.7	96.1	-1.7	99.0	-8.7
	3	109.4	-5.2	123.6	-13.9	107.4	-1.0	109.2	-1.2
	4	108.6	-4.2	123.7	-11.1	108.3	-0.2	107.1	-2.2
	5	117.0	1.7	144.0	5.9	112.1	0.0	113.0	0.6
	6	114.6	7.6	157.8	24.2	99.4	-1.5	107.8	3.2
	7	110.9	1.2	138.3	-1.7	94.3	-3.4	111.1	4.7
	8	106.7	0.5	122.7	1.0	85.6	-0.7	112.9	0.8
	9	118.1	6.7	146.0	26.7	100.1	2.0	119.1	0.3
	10	120.4	9.8	144.7	16.8	114.9	3.0	116.8	9.6
	11	119.5	9.7	153.2	40.7	120.7	0.3	109.3	1.5
	12	127.0	12.7	166.8	45.8	121.2	7.2	116.0	1.5
2010	1	116.0	6.9	145.6	40.1	107.3	4.6	108.8	-5.2
	2	114.1	13.1	140.1	21.0	98.6	2.6	112.2	13.3
	3	120.2	9.9	158.6	28.3	108.5	1.0	112.8	3.3
	4	116.5	7.3	144.1	16.5	112.7	4.1	110.6	3.3
	5 P	121.3	3.7	146.7	1.9	120.5	7.5	116.2	2.8
	6 P	118.9	3.8	157.6	-0.1	109.3	10.0	112.1	4.0

P: Preliminary
Source: Statistics Korea

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
2008	114.8	1.6	126.8	1.8	109.9	1.4	-
2009	115.5	0.6	133.9	5.6	108.1	-1.6	
2008 I	117.5	5.8	133.3	11.3	111.1	3.3	-
II	115.7	4.2	136.5	11.4	107.4	0.9	-
III	113.8	2.2	123.0	0.1	110.1	3.2	-
IV	111.9	-5.7	114.4	-13.9	111.0	-1.8	-
2009 I	106.7	-9.2	112.7	-15.5	104.3	-6.1	-
II	114.1	-1.4	138.0	1.1	104.5	-2.7	-
III	118.8	4.4	138.0	12.2	111.1	0.9	-
IV	122.5	9.5	147.0	28.5	112.6	1.4	-
2010 I	117.6	10.2	136.1	20.8	110.2	5.7	-
II P	119.3	4.6	139.6	1.2	111.1	6.3	-
2008 1	125.4	9.1	132.6	12.4	122.5	7.8	-
2	106.5	2.1	123.1	8.3	99.8	-0.7	-
3	120.6	5.7	144.2	12.8	111.1	2.3	-
4	119.8	7.3	144.2	20.3	110.1	1.7	-
5	115.7	2.4	136.9	9.3	107.2	-0.7	-
6	111.7	2.9	128.5	5.0	105.0	2.0	-
7	117.8	7.4	134.3	8.0	111.1	6.9	84
8	111.7	-1.1	118.6	-5.1	108.9	0.7	96
9	112.0	0.6	116.1	-2.8	110.3	2.1	96
10	119.7	-1.6	127.7	-6.4	116.6	0.8	88
11	107.0	-9.3	111.0	-15.8	105.4	-6.2	84
12	109.1	-6.3	104.4	-19.8	111.0	0.1	81
2009 1	106.4	-15.2	98.6	-25.6	109.5	-10.6	84
2	102.7	-3.6	115.1	-6.5	97.7	-2.1	85
3	110.9	-8.0	124.4	-13.7	105.6	-5.0	84
4	111.3	-7.1	119.1	-17.4	108.2	-1.7	98
5	112.7	-2.6	138.9	1.5	102.2	-4.7	105
6	118.2	5.8	156.1	21.5	103.0	-1.9	106
7	118.1	0.3	144.3	7.4	107.7	-3.1	109
8	110.0	-1.5	124.6	5.1	104.2	-4.3	114
9	128.2	14.5	145.0	24.9	121.5	10.2	114
10	120.2	0.4	138.8	8.7	112.7	-3.3	117
11	118.8	11.0	146.0	31.5	107.9	2.4	113
12	128.4	17.7	156.1	49.5	117.3	5.7	113
2010 1	122.3	14.9	135.5	37.4	117.0	6.8	113
2	109.5	6.6	129.1	12.2	101.7	4.1	111
3	121.0	9.1	143.8	15.6	111.9	6.0	110
4	119.5	7.4	135.2	13.5	113.2	4.6	110
5	116.5 P	3.4 P	135.5 P	-2.4 P	108.8 P	6.5 P	111
6	121.8 P	3.0 P	148.2 P	-5.1 P	111.2 P	8.0 P	112
7	-	-	-	-	-	-	112

P: Preliminary
Source: Statistics Korea & 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 (2005=100)	Domestic machinery shipment excluding ship (2005=100)
		Total	Public	Private	Manufacturing		
2009		20,718	3,735	16,983	9,111	109.3	110.4
2009	I	5,033	932	4,101	1,992	97.0	98.7
	II	4,942	696	4,246	2,212	110.4	112.7
	III	5,591	1,345	4,246	2,321	107.7	107.5
	IV	5,152	763	4,389	2,586	122.2	122.6
2010	I	5,563	525	5,038	2,956	121.7	119.6
	II P	6,129	409	5,721	3,508	137.5	147.7
2009	1	1,575	232	1,344	714	89.0	85.2
	2	1,682	518	1,164	531	95.8	97.8
	3	1,775	181	1,594	746	106.1	113.1
	4	1,457	91	1,366	678	105.0	110.9
	5	1,377	96	1,280	658	107.0	104.2
	6	2,108	508	1,600	883	119.1	123.0
	7	2,494	1,073	1,421	754	101.9	107.5
	8	1,340	71	1,268	653	100.7	98.2
	9	1,757	200	1,557	914	120.4	116.8
	10	1,541	84	1,458	836	112.4	109.1
	11	1,942	433	1,509	941	121.4	116.3
	12	1,669	246	1,422	810	132.9	142.3
2010	1	1,752	169	1,583	1,010	107.6	111.6
	2	1,630	107	1,523	880	114.5	105.7
	3	2,181	249	1,932	1,065	142.9	141.5
	4	1,823	127	1,696	1,053	131.9	143.1
	5 P	2,168	122	2,046	1,331	132.7	145.2
	6 P	2,139	160	1,979	1,124	147.9	154.7
		Y-o-Y change (%)					
2009		-11.8	61.7	-19.9	-27.2	-8.2	-5.2
2009	I	-35.5	150.8	-44.8	-59.1	-18.3	-12.7
	II	-17.7	29.9	-22.3	-27.6	-12.9	-8.0
	III	3.4	280.2	-16.0	-19.4	-9.9	-6.4
	IV	20.0	-27.2	35.2	51.5	10.0	6.4
2010	I	10.5	-43.7	22.9	48.4	25.5	21.2
	II P	24.0	-41.2	34.7	58.6	24.5	31.1
2009	1	-49.1	56.5	-54.4	-64.6	-21.8	-20.7
	2	-27.5	661.0	-48.3	-65.8	-12.4	-6.1
	3	-25.5	16.8	-28.4	-42.6	-20.2	-11.4
	4	-27.4	-4.1	-28.5	-39.1	-18.5	-9.2
	5	-25.4	8.9	-27.1	-26.6	-16.1	-15.8
	6	-2.0	44.5	-11.1	-16.6	-3.7	1.1
	7	6.1	498.5	-34.6	-38.1	-18.3	-10.9
	8	-19.6	-17.4	-19.7	-30.7	-15.6	-9.9
	9	26.5	127.5	19.7	27.3	5.3	1.6
	10	-7.9	-79.0	14.3	16.5	-0.5	-5.3
	11	56.2	110.1	45.5	74.6	10.1	4.0
	12	21.2	-44.5	52.4	79.5	20.8	20.1
2010	1	11.2	-27.1	17.8	41.4	20.9	31.0
	2	-3.1	-79.4	30.9	65.7	19.5	8.1
	3	22.9	37.2	21.3	42.7	34.7	25.1
	4	25.1	39.0	24.2	57.0	25.6	29.0
	5 P	57.5	26.8	59.8	102.3	24.0	39.3
	6 P	1.5	-68.6	27.3	27.3	24.2	25.8

P: Preliminary
Source: Statistics Korea

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
2009		89,863	32,393	52,562	107,011	50,771	51,914
2009	I	19,130	6,570	11,544	18,104	9,219	8,263
	II	23,628	8,665	13,577	26,392	17,747	7,760
	III	22,106	7,875	13,029	19,719	8,826	9,971
	IV	25,000	9,284	14,412	42,795	14,980	25,920
2010	I	20,066	7,317	11,870	16,848	7,646	8,335
	II P	24,176	9,156	14,009	24,649	6,746	16,453
2009	1	6,063	2,150	3,623	5,674	2,679	2,728
	2	6,102	2,039	3,751	4,949	2,758	2,065
	3	6,964	2,381	4,170	7,481	3,782	3,471
	4	7,433	2,636	4,416	7,513	5,752	1,488
	5	7,227	2,597	4,208	7,151	4,434	2,596
	6	8,971	3,431	4,953	11,728	7,561	3,677
	7	6,988	2,362	4,252	6,009	3,314	2,398
	8	6,719	2,427	3,929	4,660	1,756	2,807
	9	8,398	3,085	4,848	9,050	3,756	4,766
	10	7,301	2,585	4,354	10,570	4,700	5,616
	11	8,060	2,780	4,854	14,538	5,101	8,853
	12	9,639	3,919	5,204	17,688	5,179	11,451
2010	1	6,414	2,222	3,924	6,643	2,286	4,074
	2	6,051	2,236	3,589	4,615	2,109	2,163
	3	7,602	2,859	4,357	5,590	3,252	2,099
	4	7,355	2,623	4,473	6,418	1,735	4,356
	5P	7,784	2,858	4,564	8,354	1,613	6,521
	6P	9,037	3,675	4,971	9,877	3,398	5,576
		Y-o-Y change (%)					
2009		3.3	21.2	-5.7	3.0	60.9	-21.9
2009	I	4.3	24.5	-5.3	-12.0	33.1	-37.3
	II	6.4	31.9	-5.9	-1.1	182.9	-60.2
	III	-1.2	21.3	-11.8	7.6	78.9	-14.3
	IV	3.7	10.7	0.4	11.6	11.6	17.3
2010	I	4.9	11.4	2.8	-6.9	-17.1	0.9
	II P	2.3	5.7	3.2	-6.6	-62.0	112.0
2009	1	-0.5	25.2	-11.4	0.3	64.4	-31.2
	2	11.2	34.2	1.0	-19.0	39.7	-47.3
	3	3.1	16.7	-5.0	-14.9	13.8	-34.5
	4	5.5	34.0	-5.2	-10.7	234.8	-77.1
	5	-1.6	16.8	-11.4	-17.9	70.5	-55.5
	6	14.6	44.4	-1.3	22.7	286.7	-48.9
	7	-2.8	16.6	-11.6	-1.8	135.8	-42.7
	8	-8.2	14.1	-18.9	-27.0	6.7	-36.6
	9	6.8	31.9	-5.4	55.3	99.6	57.4
	10	-5.9	3.5	-10.1	28.8	90.8	16.2
	11	3.2	8.1	1.7	78.8	63.3	92.5
	12	12.9	18.3	9.8	-19.6	-33.9	-9.6
2010	1	5.8	3.4	8.3	17.1	-14.7	49.4
	2	-0.8	9.6	-4.3	-6.7	-23.5	4.7
	3	9.2	20.1	4.5	-25.3	-14.0	-39.5
	4	-1.1	-0.5	1.3	-14.6	-69.8	192.8
	5P	7.8	10.0	8.5	16.8	-63.6	151.2
	6P	0.7	7.1	0.4	-15.8	-55.1	51.7

P: Preliminary
Source: Statistics Korea

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 (results)	BSI (prospects)
2007	1	109.1	5.3	110.7	101.3	85.6	96.5
	2	110.0	5.8	111.1	101.3	87.5	93.4
	3	110.4	5.8	111.7	101.4	109.4	112.3
	4	111.1	6.0	112.3	101.5	105.8	107.7
	5	111.4	5.8	112.9	101.6	104.1	110.9
	6	112.3	6.2	113.8	101.9	100.2	105.6
	7	113.3	6.7	114.7	102.4	95.8	99.3
	8	114.0	7.0	115.5	102.6	94.4	102.5
	9	114.7	7.1	115.7	102.3	101.5	111.8
	10	115.4	7.2	116.2	102.4	108.3	116.3
	11	116.2	7.4	116.9	102.6	106.0	112.4
	12	116.6	7.2	118.0	103.1	98.9	103.4
2008	1	116.3	6.3	119.1	103.6	95.2	103.0
	2	115.6	5.0	119.3	103.4	95.6	94.8
	3	115.2	3.9	119.7	103.3	101.1	102.1
	4	115.1	3.2	119.7	102.8	101.7	98.1
	5	115.1	2.6	119.9	102.6	98.1	104.7
	6	114.6	1.5	119.7	102.0	79.1	95.3
	7	114.0	0.5	119.9	101.8	80.8	83.2
	8	113.8	-0.1	120.2	101.6	83.1	80.8
	9	113.6	-0.7	120.5	101.4	76.8	98.3
	10	112.7	-1.8	120.3	100.8	64.6	84.9
	11	111.1	-3.4	118.7	99.1	53.7	63.7
	12	110.4	-4.2	116.0	96.4	52.4	55.0
2009	1	110.8	-3.9	113.7	94.1	58.1	52.0
	2	112.2	-2.6	113.9	93.9	62.4	66.0
	3	113.5	-1.4	115.3	94.6	89.0	76.1
	4	115.4	0.4	117.3	95.9	93.7	86.7
	5	117.6	2.7	118.4	96.3	100.9	103.8
	6	120.3	5.5	120.5	97.7	96.6	100.2
	7	122.1	7.6	121.8	98.3	98.5	98.7
	8	123.2	8.8	122.8	98.7	96.0	99.8
	9	123.9	9.6	123.6	98.9	110.5	117.0
	10	124.7	10.3	124.1	98.9	107.5	116.5
	11	126.1	11.3	124.7	99.0	103.8	109.0
	12	127.0	11.6	125.2	98.9	104.8	105.9
2010	1	127.4	11.3	126.2	99.3	99.2	103.1
	2	127.1	10.3	127.7	100.0	98.7	102.3
	3	127.3	9.7	128.9	100.6	113.1	116.2
	4	127.1	8.6	130.1	101.1	108.9	111.2
	5	127.7	7.9	131.0	101.4	111.9	113.4
	6	128.2	7.0	132.0	101.7	109.4	108.9
	7	-	-	-	-	105.0	107.3
	8	-	-	-	-	-	100.7

P: Preliminary
Source: Statistics Korea & 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
2008		-5,776.3	5,669.1	422,007.3	435,274.7	-16,671.5	5,900.0	-673.9
2009P		42,667.6	56,127.6	363,533.6	323,084.5	-17,202.7	4,553.6	-810.9
2008	I	-4,866.4	-1,375.4	99,444.5	106,052.9	-4,936.9	1,979.7	-533.8
	II	-411.5	5,526.4	114,492.0	114,792.8	-4,460.5	-521.1	-956.3
	III	-8,329.7	-3,230.5	115,000.1	122,901.0	-5,837.8	1,503.3	-764.7
	IV	7,831.3	4,748.6	93,070.6	91,528.0	-1,436.3	2,938.1	1,580.9
2009P	I	8,618.2	8,308.8	74,421.4	71,417.5	-1,926.2	922.3	1,313.3
	II	13,097.4	17,576.0	90,360.4	73,970.2	-4,167.7	292.7	-603.6
	III	10,395.5	14,702.5	94,780.5	84,845.1	-5,334.5	1,690.7	-663.2
	IV	10,556.5	15,540.3	103,971.3	92,851.8	-5,774.3	1,647.9	-857.4
2010P	I	1,335.2	7,434.7	101,207.9	98,009.6	-6,041.0	756.0	-814.5
	II	10,277.5	15,650.0	120,306.0	105,863.5	-4,165.9	-753.5	-453.1
2008	1	-2,343.6	-935.1	32,274.6	36,318.0	-1,957.3	840.3	-291.5
	2	-2,372.0	-524.2	31,178.2	32,624.3	-2,205.7	792.3	-434.4
	3	-150.8	83.9	35,991.8	37,110.6	-773.9	347.1	192.1
	4	-1,578.8	1,733.1	37,850.2	38,260.4	-1,072.9	-1,914.2	-324.8
	5	-566.7	367.0	39,383.2	38,704.5	-1,215.3	563.5	-281.9
	6	1,734.0	3,426.3	37,258.6	37,827.9	-2,172.3	829.6	-349.6
	7	-2,433.9	487.2	40,961.2	42,952.5	-2,719.6	350.0	-551.5
	8	-4,676.2	-2,926.8	36,610.6	40,420.4	-1,962.9	427.4	-213.9
	9	-1,219.6	-790.9	37,428.3	39,528.1	-1,155.3	725.9	0.7
	10	4,644.8	2,102.2	37,111.1	36,098.8	180.5	1,590.6	771.5
	11	2,408.2	1,230.4	28,841.6	28,853.6	-70.0	757.4	490.4
	12	778.3	1,416.0	27,117.9	26,575.6	-1,546.8	590.1	319.0
2009P	1	-1,612.3	-1,762.2	21,133.4	24,898.8	-710.5	596.4	264.0
	2	3,585.8	3,100.1	25,397.1	22,598.1	-540.4	510.5	515.6
	3	6,644.7	6,970.9	27,890.8	23,920.6	-675.3	-184.6	533.7
	4	4,274.1	6,105.2	30,326.5	24,873.8	-1,117.3	-803.1	89.3
	5	3,442.6	4,872.3	27,823.8	23,407.0	-1,524.4	389.6	-294.9
	6	5,380.7	6,598.5	32,210.0	25,689.3	-1,526.0	706.2	-398.0
	7	4,419.5	6,114.5	31,908.5	27,679.8	-1,898.0	511.1	-308.1
	8	1,922.1	3,319.5	28,949.6	27,408.2	-1,803.4	617.7	-211.7
	9	4,053.9	5,268.5	33,922.4	29,757.1	-1,633.1	561.9	-143.4
	10	4,757.3	5,675.1	33,970.0	30,396.5	-1,312.6	559.4	-164.6
	11	4,277.7	5,842.3	33,991.6	29,534.7	-1,662.7	390.0	-291.9
	12	1,521.5	4,022.9	36,009.6	32,920.5	-2,799.0	698.5	-400.9
2010P	1	-630.8	1,376.4	30,740.8	31,474.4	-2,164.4	465.4	-308.2
	2	167.6	1,557.9	33,039.8	31,015.0	-1,777.9	547.9	-160.3
	3	1,798.4	4,500.4	37,427.3	35,520.3	-2,098.7	-257.3	-346.0
	4	1,421.6	5,124.4	39,359.2	35,462.1	-1,850.8	-1.378.3	-473.7
	5	3,818.4	4,171.4	39,026.2	34,908.6	-642.7	298.3	-8.6
	6	5,037.5	6,354.2	41,920.6	35,429.8	-1,672.4	326.5	29.2

P: Preliminary
Source: The Bank of Korea & Korea Customs Service

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

(million US$)

Period	Capital & financial account	Direct investment	Portfolio investment	Financial derivative	Other investment	Capital transfers & acquisition of non-financial assets	Changes in reserve assets	Errors and omissions
2008	-50,083.6	-15,632.6	-2,405.6	-14,769.9	-17,384.8	109.3	56,446.0	-586.1
2009P	26,447.9	-9,065.8	50,681.6	-5,538.1	-10,817.1	1,187.3	-69,061.1	-54.4
2008 I	1,990.3	-5,781.5	-4,401.5	-1,249.5	13,533.2	-110.4	3,850.0	-973.9
II	-3,160.7	-4,140.0	8,356.7	-1,240.7	-5,909.9	-226.8	5,717.7	-2,145.5
III	-6,286.4	-3,661.1	-9,421.3	-3,550.4	10,564.1	-217.7	12,883.1	1,733.0
IV	-42,626.8	-2,050.0	3,060.5	-8,729.3	-35,572.2	664.2	33,995.2	800.3
2009P I	-1,399.2	-2,045.4	3,532.3	-4,893.6	1,282.5	725.0	-9,017.4	1,798.4
II	8,682.0	-172.1	16,740.2	-614.9	-7,566.0	294.8	-19,541.8	-2,237.6
III	14,399.1	-2,137.6	19,914.7	-1,296.5	-2,258.0	176.5	-23,886.9	-907.7
IV	4,766.0	-4,710.7	10,494.4	1,266.9	-2,275.6	-9.0	-16,615.0	1,292.5
2010P I	5,713.7	-2,645.7	10,547.5	407.9	-2,420.4	-175.6	-6,863.3	-185.6
II	5,713.7	-2,645.7	10,547.5	407.9	-2,420.4	-175.6	-6,863.3	-185.6
2008 1	1,171.9	-3,002.7	-949.8	-130.4	5,313.5	-58.7	1,436.1	-264.4
2	202.3	-90.9	-3,144.5	-298.1	3,750.7	-14.9	1,703.1	466.6
3	616.1	-2,687.9	-307.2	-821.0	4,469.0	-36.8	710.8	-1,176.1
4	-835.4	-2,561.0	4,093.1	-560.3	-1,720.5	-86.7	2,411.3	2.9
5	-113.8	-683.4	9,168.1	-627.6	-7,921.8	-49.1	2,264.6	-1,584.1
6	-2,211.5	-895.6	-4,904.5	-52.8	3,732.4	-91.0	1,041.8	-564.3
7	-6,014.3	-1,465.4	-7,025.3	-551.2	3,204.5	-176.9	9,171.4	-723.2
8	5,113.2	-1,428.7	-343.4	-69.3	7,062.4	-107.8	-1,215.2	778.2
9	-5,385.3	-767.0	-2,052.6	-2,929.9	297.2	67.0	4,926.9	1,678.0
10	-23,462.3	-978.9	5,004.0	-3,888.3	-23,952.6	353.5	19,988.1	-1,170.6
11	-13,488.5	-615.2	-2,524.0	-1,347.1	-9,215.7	213.5	10,904.2	176.1
12	-5,676.0	-455.9	580.5	-3,493.9	-2,403.9	97.2	3,102.9	1,794.8
2009P 1	4,655.2	-538.7	5,678.8	-248.5	-379.9	143.5	-4,488.6	1,445.7
2	-3,216.5	-785.8	161.4	-2,312.2	-609.6	338.7	-1,260.0	890.7
3	-2,837.9	-720.9	-2,307.9	-2,323.9	2,272.0	242.8	-3,268.8	-538.0
4	2,193.3	112.4	7,133.0	-679.8	-4,532.5	160.2	-5,444.1	-1,023.3
5	6,707.8	-574.5	4,263.5	1,341.1	1,586.6	91.1	-10,248.6	98.2
6	-219.1	290.0	5,343.7	-1,276.2	-4,620.1	43.5	-3,849.1	-1,312.5
7	2,200.5	-1,323.9	7,940.1	-272.7	-4,379.0	236.0	-5,573.6	-1,046.4
8	5,296.9	-276.1	4,063.5	-721.0	2,177.0	53.5	-7,095.2	-123.8
9	6,901.7	-537.6	7,911.1	-302.8	-56.0	-113.0	-11,218.1	262.5
10	1,582.9	-509.0	6,130.5	-572.9	-3,477.9	12.2	-7,966.2	1,626.0
11	1,544.2	-2,835.0	3,389.4	848.7	193.9	-52.8	-5,637.4	-184.5
12	1,638.9	-1,366.7	974.5	991.1	1,008.4	31.6	-3,011.4	-149.0
2010P 1	4,631.0	-1,679.9	316.0	49.8	6,015.1	-70.0	-5,250.9	1,250.7
2	-433.0	-763.5	2,442.1	254.5	-2,322.9	-43.2	714.7	-449.3
3	1,515.7	-202.3	7,789.4	103.6	-6,112.6	-62.4	-2,327.1	-987.0
4	8,557.3	-1.216.1	5,496.5	-250.2	4,647.6	-120.5	-9,290.2	-688.7
5	-12,037.5	-548.7	-592.6	-445.5	-10,522.0	101.3	7,083.3	1,135.8
6	-935.8	-470.4	1,885.1	-449.0	-1,947.8	46.3	-3,393.3	-708.4

P: Preliminary
Source: The Bank of Korea

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

(2005 = 100)

Period		Consumer prices				Producer prices (2005=100)		Export & import prices	
		All Items	Commodity	Service	Core	All items	Commodity	Export	Import
2008		109.7	109.9	109.6	108.6	111.1	112.5	109.5	143.7
2009		112.8	113.6	112.2	112.5	110.9	111.9	109.2	137.7
2008	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
	4	112.7	113.8	112.0	112.2	111.0	112.1	112.2	134.1
	5	112.7	113.6	112.0	112.4	110.1	111.0	106.3	130.0
	6	112.6	113.3	112.1	112.5	109.8	110.5	108.3	136.7
	7	113.0	113.9	112.5	112.7	111.1	112.1	109.0	136.6
	8	113.4	114.5	112.7	112.8	111.7	112.9	109.3	139.5
	9	113.5	114.6	112.7	112.9	111.8	113.0	107.3	136.8
	10	113.2	113.9	112.8	113.0	110.9	111.8	104.0	135.3
	11	113.4	114.2	112.9	113.2	111.3	112.5	104.3	137.9
	12	113.8	115.0	113.0	113.3	111.9	113.1	105.1	138.6
2010	1	114.2	115.6	113.3	113.4	112.7	113.9	103.5	136.9
	2	114.6	116.1	113.6	113.6	113.0	114.5	104.7	137.6
	3	115.0	116.9	113.8	113.7	113.7	115.3	104.0	139.2
	4	115.6	118.1	114.0	113.9	114.6	116.4	103.8	140.9
	5	115.7	118.1	114.1	114.2	115.2	117.1	106.7	144.7
	6	115.5	117.6	114.2	114.4	114.8	116.6	109.9	147.6
	7	115.9	118.3	114.4	114.6	114.9	116.7	109.4	147.0
					Y-o-Y change (%)				
2008		4.7	6.2	3.7	4.2	8.6	10.8	21.8	36.2
2009		2.8	3.4	2.4	3.6	-0.2	-0.5	-0.2	-4.1
2008	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	22.9	18.0
	3	3.9	5.8	2.7	4.5	3.5	4.3	17.4	10.6
	4	3.6	5.2	2.6	4.2	1.5	1.6	7.7	-1.8
	5	2.7	3.3	2.3	3.9	-1.3	-1.9	-4.1	-13.9
	6	2.0	1.6	2.2	3.5	-3.1	-4.3	-3.3	-11.9
	7	1.6	0.9	2.2	3.2	3.8	-5.1	-2.7	-12.9
	8	2.2	2.0	2.2	3.1	-3.0	-4.0	-1.1	-7.0
	9	2.2	2.2	2.1	2.7	-2.6	-3.4	-7.2	-10.8
	10	2.0	2.0	2.0	2.6	-3.1	-4.2	-16.5	-15.3
	11	2.4	3.5	1.8	2.5	-0.4	-0.7	-13.4	-7.5
	12	2.8	4.4	1.8	2.2	1.8	2.0	-8.6	-1.4
2010	1	3.1	4.7	2.0	2.1	2.8	3.2	-6.9	-0.9
	2	2.7	3.6	2.2	1.9	2.4	2.7	-10.2	-4.1
	3	2.3	3.2	1.8	1.5	2.6	2.9	-12.2	-4.3
	4	2.6	3.8	1.8	1.5	3.2	3.8	-6.7	5.1
	5	2.7	4.0	1.9	1.6	4.6	5.5	0.4	11.3
	6	2.6	3.8	1.9	1.7	4.6	5.5	1.5	8.0
	7	2.6	3.9	1.7	1.7	3.4	4.1	0.3	7.5

Source: The Bank of Korea

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

Period	Economically active persons (thous.)	Employed persons (thous.)			Unemployment (%)	Wage workers (thous.)			
		All industry	Manufacturing	S.O.C&service			Regular	Temporary	Daily
2008	24,347	23,577	3,963	17,906	3.2	16,206	9,007	5,079	2,121
2009	24,394	23,506	3,836	17,998	3.6	16,454	9,390	5,101	1,963
2008 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
4	24,456	23,524	3,846	17,899	3.8	16,353	9,227	5,051	2,076
5	24,658	23,720	3,846	18,016	3.8	16,484	9,316	5,076	2,092
6	24,927	23,967	3,836	18,251	3.9	16,736	9,340	5,281	2,115
7	24,756	23,828	3,802	18,210	3.7	16,589	9,383	5,255	1,952
8	24,525	23,620	3,761	18,048	3.7	16,479	9,472	5,117	1,890
9	24,630	23,805	3,810	18,155	3.4	16,687	9,606	5,151	1,931
10	24,655	23,856	3,858	18,130	3.2	16,690	9,628	5,170	1,892
11	24,625	23,806	3,855	18,267	3.3	16,790	9,603	5,256	1,931
12	24,063	23,229	3,872	18,104	3.5	16,555	9,632	5,074	4,860
2010 1	24,082	22,865	3,924	17,796	5.0	16,297	9,712	4,860	1,725
2	24,035	22,867	3,886	17,762	4.9	16,282	9,786	4,838	1,657
3	24,382	23,377	3,924	18,047	4.1	16,617	9,926	4,976	1,714
4	24,858	23,924	3,991	18,285	3.8	16,994	10,011	5,147	1,836
5	25,099	24,306	4,036	18,499	3.2	17,255	10,078	5,223	1,953
6	25,158	24,280	4,017	18,422	3.5	17,193	10,089	5,165	1,938
7	25,232	24,301	4,040	18,489	3.7	17,228	10,107	5,215	1,905
				Y-o-Y change (%)					
2008	0.5	0.6	-1.3	1.3	-	1.5	4.5	-1.8	-2.6
2009	0.2	-0.3	-3.2	0.5	-	1.5	4.3	0.4	-7.4
2008 7	0.5	0.6	-1.2	1.3	-	1.5	4.4	-1.7	-2.4
8	0.7	0.7	-1.2	1.3	-	1.4	3.9	-1.5	-2.3
9	0.5	0.5	-1.6	1.1	-	1.0	3.6	-1.7	-3.2
10	0.4	0.4	-2.3	1.2	-	1.0	3.5	-1.7	-2.8
11	0.4	0.3	-2.2	0.7	-	1.0	3.6	-2.0	-2.5
12	0.2	-0.1	-3.3	0.6	-	0.5	3.6	-1.8	-6.3
2009 1	-0.1	-0.4	-3.2	0.1	-	0.1	3.3	-2.6	-6.3
2	-0.2	-0.6	-4.4	0.2	-	0.7	4.4	-3.8	-4.1
3	-0.2	-0.8	-4.7	-0.2	-	0.5	3.1	-1.6	-5.4
4	-0.2	-0.8	-3.9	-0.2	-	0.6	3.7	-1.5	-7.2
5	-0.1	-0.9	-3.5	-0.2	-	0.5	3.4	-1.7	-6.2
6	0.8	0.0	-3.9	1.0	-	2.1	3.3	2.9	-4.5
7	0.3	-0.3	-4.3	0.7	-	1.4	3.6	1.8	-9.1
8	0.6	0.0	-3.5	1.0	-	2.3	4.0	3.0	-6.7
9	0.7	0.3	-3.0	1.1	-	2.9	5.1	2.7	-6.5
10	0.3	0.0	-2.2	0.7	-	2.3	5.4	2.7	-11.7
11	0.2	0.0	-1.1	1.0	-	2.5	5.4	3.7	-12.0
12	0.1	-0.1	-0.4	0.9	-	2.3	6.2	-0.2	-9.3
2010 1	1.6	0.0	0.8	0.8	-	1.5	6.7	-2.4	-12.4
2	1.6	0.5	1.2	1.3	-	2.1	6.4	-0.5	-12.6
3	1.3	1.2	2.9	2.0	-	3.4	8.2	0.7	-12.6
4	1.6	1.7	3.8	2.2	-	3.9	8.5	1.9	-11.5
5	1.8	2.5	4.9	2.7	-	4.7	8.2	2.9	-6.6
6	0.9	1.3	4.7	0.9	-	2.7	8.0	-2.2	-8.4
7	1.9	2.0	6.2	1.5	-	3.9	7.7	-0.8	-2.4

Source: Statistics Korea

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)
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
	4	1.8	2.4	5.7	3.8	4.4	1,369.40
	5	1.9	2.4	5.2	3.8	4.5	1,395.89
	6	1.9	2.4	5.2	4.1	4.7	1,390.07
	7	1.9	2.4	5.5	4.1	4.6	1,577.29
	8	2.0	2.5	5.7	4.4	4.9	1,591.85
	9	2.0	2.6	5.6	4.4	4.9	1,673.14
	10	2.0	2.8	5.6	4.5	4.9	1,580.69
	11	2.0	2.8	5.4	4.3	4.8	1,555.60
	12	2.0	2.8	5.4	4.2	4.8	1,682.77
2010	1	2.0	2.9	5.4	4.3	4.8	1,602.43
	2	2.0	2.9	5.3	4.2	4.8	1,594.58
	3	2.0	2.8	5.0	3.9	4.5	1,692.85
	4	2.0	2.5	4.7	3.8	4.4	1,741.56
	5	2.0	2.5	4.5	3.7	4.4	1,641.25
	6	2.0	2.5	4.7	3.8	4.4	1,698.29
	7	2.2	2.6	4.8	3.9	4.5	1,759.33

Source: The Bank of Korea

14. Monetary indicators See graph 9-5

(period average) (billion won)

Period		Reserve money	M1	M2	Lf
2008		52,272.8	307,273.6	1,367,713.4	1,794,841.2
2009		61,739.6	357,344.1	1,508,550.4	1,937,336.0
2008	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	1,457,931.3	1,879,102.7
	3	65,669.5	342,777.0	1,470,443.1	1,889,071.5
	4	61,379.9	350,446.0	1,482,009.7	1,897,923.7
	5	60,082.5	355,922.0	1,491,542.7	1,913,084.5
	6	59,530.3	362,111.3	1,501,898.3	1,925,418.1
	7	59,420.2	363,421.4	1,512,822.5	1,940,223.0
	8	60,570.3	361,012.4	1,524,879.7	1,956,130.6
	9	59,650.3	367,070.3	1,535,279.8	1,972,408.5
	10	63,681.7	371,531.7	1,551,319.5	1,990,372.5
	11	61,154.5	370,979.7	1,564,175.8	2,000,503.6
	12	62,633.2	376,977.3	1,570,027.1	2,014,950.4
2010	1	65,054.7	381,218.2	1,574,215.8	2,019,563.5
	2	66,563.8	387,858.6	1,595,403.8	2,041,164.1
	3	65,643.6	386,015.4	1,607,896.1	2,056,233.7
	4	64,274.7	388,174.7	1,621,176.9	2,069,616.1
	5	67,835.1	394,880.2	1,630,904.7	2,084,007.4
	6	66,250.8	400,132.8	1,647,981.2	2,104,724.0
		Y-o-Y change (%)			
2008		7.7	-1.8	14.3	11.9
2009		18.1	16.3	10.3	7.9
2008	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	20.0	9.8	11.4	8.8
	3	32.5	14.3	11.1	8.4
	4	21.1	17.4	10.6	7.7
	5	19.0	17.0	9.9	7.3
	6	16.1	18.5	9.6	7.0
	7	17.4	18.5	9.7	7.7
	8	16.5	18.5	10.0	8.0
	9	11.9	19.5	10.0	7.7
	10	20.2	19.6	10.5	7.8
	11	12.7	17.3	9.7	7.6
	12	5.6	16.4	9.3	8.1
2010	1	1.6	15.0	9.3	8.1
	2	5.6	15.9	9.4	8.6
	3	0.0	12.6	9.3	8.8
	4	4.7	10.8	9.4	9.0
	5	12.9	10.9	9.3	8.9
	6	11.3	10.5	9.7	9.3

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
2008		1,257.5	1,102.6	1,393.9	1,076.6	1,776.2	1,606.8
2009		1,167.6	1,276.4	1,262.8	1,363.1	1,674.3	1,774.4
2008	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
	4	1,348.0	1,341.9	1,382.9	1,356.2	1,786.8	1,771.6
	5	1,272.9	1,258.7	1,314.1	1,304.5	1,772.7	1,719.1
	6	1,284.7	1,261.4	1,336.3	1,305.5	1,809.3	1,767.8
	7	1,240.5	1,264.0	1,299.2	1,338.1	1,745.9	1,778.8
	8	1,244.9	1,238.4	1,332.8	1,304.3	1,779.1	1,776.3
	9	1,188.7	1,219.2	1,318.8	1,332.4	1,734.3	1,774.2
	10	1,200.6	1,175.3	1,312.6	1,300.8	1,781.3	1,742.9
	11	1,167.4	1,164.2	1,348.3	1,304.4	1,751.7	1,736.6
	12	1,167.6	1,166.5	1,262.8	1,300.8	1,674.3	1,703.7
2010	1	1,156.5	1,138.8	1,287.0	1,248.3	1,614.6	1,627.5
	2	1,158.4	1,157.1	1,299.3	1,281.7	1,569.2	1,584.5
	3	1,130.8	1,137.6	1,217.7	1,255.8	1,518.2	1,544.9
	4	1,115.5	1,117.1	1,186.8	1,195.3	1,479.3	1,501.7
	5	1,200.2	1,163.1	1,318.5	1,265.2	1,474.2	1,460.7
	6	1,210.3	1,212.3	1,364.6	1,333.6	1,475.4	1,480.9
	7	1,187.2	1,207.3	1,370.0	1,377.7	1,552.4	1,540.3
		Y-o-Y change (%)					
2008		34.0	18.7	67.3	36.3	28.6	26.2
2009		-7.1	15.8	-9.4	26.6	-5.7	10.4
2008	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
	4	34.8	36.0	43.8	40.9	14.8	13.9
	5	23.4	21.4	34.5	31.2	10.8	6.5
	6	23.1	22.5	36.1	35.6	9.9	10.4
	7	23.0	24.0	39.3	40.2	11.1	10.7
	8	15.1	18.9	34.9	36.9	11.9	13.1
	9	0.1	7.9	15.3	25.6	1.6	9.0
	10	-7.0	-11.4	0.5	-2.0	7.0	-1.3
	11	-21.3	-16.2	-13.2	-9.1	-8.4	-1.8
	12	-7.1	-15.1	-9.4	-13.5	-5.7	-7.7
2010	1	-15.5	-15.4	-15.4	-16.1	-8.7	-9.3
	2	-23.6	-19.1	-15.7	-17.1	-18.7	-13.4
	3	-17.9	-22.2	-13.9	-16.0	-16.4	-18.9
	4	-17.2	-16.8	-14.2	-11.9	-17.2	-15.2
	5	-5.7	-7.6	0.3	-3.0	-16.8	-15.0
	6	-5.8	-3.9	2.1	2.2	-18.5	-16.2
	7	-4.3	-4.5	5.4	3.0	-11.1	-13.4

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://eng.ftc.go.kr

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