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Republic of Korea

# Economic Bulletin

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# The Green Book

## Current Economic Trends

### Overview

Although the Korean economy has seen employment steadily improving, some real economic indicators such as mining and manufacturing production and retail sales have posted poor performance amid continuing high inflationary pressures.

Employment continued to rise in December, led by the service sector and with an increase in regular workers, adding 441,000 jobs, while the employment rate and the unemployment rate stayed in good shape at 58.5 percent and 3.0 percent, respectively.

Consumer price inflation declined to 3.4 percent in January from the previous month's 4.2 percent, as a rise in core inflation slowed down from 3.6 percent to 3.2 percent helped by stabilized manufactured goods prices. However, expected inflation edged up from 4.0 percent to 4.1 percent.

Mining and manufacturing production declined 0.9 percent month-on-month in December due to a fall in beverages and steel, but service output stayed flat as strong education offset weak wholesale & retail sales and hotels & restaurants.

In December retail sales fell 0.2 percent from the previous month, as durable goods sales, in particular automobiles, decreased, despite an improvement in non-durable and semi-durable goods sales.

Facilities investment increased 0.5 percent month-on-month in December with rising machinery investment, while construction investment rose 14.8 percent as both building construction and civil engineering works went up.

Trade posted a decline in January for the first time since October 2009, down 6.6 percent year-on-year, and the trade balance swung to a deficit of US\$1.96 billion.

The cyclical indicator of the coincident composite index fell 0.1 point from the previous month in December, as the mining and manufacturing production index went down. The leading composite index rose year-on-year for the second consecutive month.

In January, the financial market stabilized to some extent compared with the previous month, as improving indicators from US and China eased volatility in international financial markets.

The gap in the housing market between the Seoul metropolitan area and other areas has continued, while housing sales prices remained unchanged and rent prices slightly increased.

External uncertainties have continued to remain high with the ongoing European debt crisis, a possible slowdown in the global economy and worries over a rise in international oil prices.

The Korean government will closely monitor any changes in local and global economic situations and the subsequent outcome, while reinforcing policy actions to help the economy continue to recover and keep prices stable. In the meantime, it will focus on securing the livelihoods of citizens through active job creation and stabilization of prices of necessities, and push on with economic restructuring and expansion of domestic demand.

## 1. External economic situation

The US economic recovery is continuing, but the euro area is still in a slump, and the growth of emerging economies is slowing down.

The eurozone financial woes were eased somewhat as bond auctions by European countries had good results thanks to the European Central Bank's provision of 489.2 billion euros worth of long-term loans to banks.

However, there is a possibility that the unease may increase again, with the delayed negotiations over a second bailout for Greece, most of the debt of the crisis-hit countries scheduled to be matured in the second half of 2012 and upcoming elections in Europe.

### US

The US economy grew 2.8 percent (*annualized q-o-q, advanced estimates*) in the fourth quarter of 2011 as private consumption and inventories rose.

The ISM Manufacturing Index, which shows business sentiment, continued to improve, and so did the ISM Non-Manufacturing Index.

#### ISM manufacturing index (base=50)

50.6 (Aug 2011) ↻ 51.6 (Sep) ↻ 50.8 (Oct) ↻ 52.7 (Nov) ↻ 53.9 (Dec) ↻ 54.1 (Jan 2012)

#### ISM non-manufacturing index (base=50)

53.8 (Aug 2011) ↻ 52.6 (Sep) ↻ 52.6 (Oct) ↻ 52.6 (Nov) ↻ 53.0 (Dec) ↻ 56.8 (Jan 2012)

The recovery of the job market picked up speed in January 2012 as the unemployment rate dropped to 8.3 percent, the lowest since March 2009, and nonfarm payroll employment rose by 243,000.

Although the housing market remained in a slump with a drop in prices, some indicators for the market improved as existing home sales climbed 5.0 percent month-on-month in December 2011.

#### Case-Shiller home price index (seasonally adjusted)

140.9 (Jul 2011) ↻ 140.3 (Aug) ↻ 139.4 (Sep) ↻ 138.6 (Oct) ↻ 137.5 (Nov)

However, consumer confidence fell slightly in January after improving recently, and there was no increase in personal consumption expenditure.

#### Conference Board Consumer Confidence Index

46.4 (Sep 2011) ↻ 40.9 (Oct) ↻ 55.2 (Nov) ↻ 64.8 (Dec) ↻ 61.1 (Jan 2012)

#### Personal Consumption Expenditure (m-o-m, %)

-0.2 (Jun 2011) ↻ 0.8 (Jul) ↻ 0.1 (Aug) ↻ 0.7 (Sep) ↻ 0.1 (Oct) ↻ 0.1 (Nov) ↻ 0.0 (Dec)

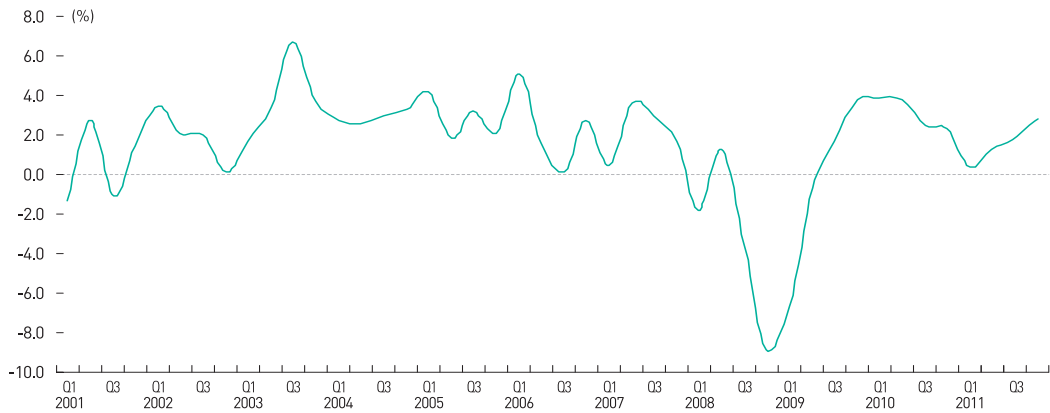
(Percentage change from previous period)

	2010		2011 <sup>1</sup>							2012 <sup>1</sup>
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Jan
Real GDP <sup>2</sup>	3.0	2.3	1.7	0.4	1.3	1.8	2.8	-	-	-
- Personal consumption expenditure	2.0	3.6	2.2	2.1	0.7	1.7	2.0	-	-	-
- Corporate fixed investment	4.4	8.7	8.6	2.1	10.3	15.7	1.7	-	-	-
- Housing construction investment	-4.3	2.5	-1.4	-2.4	4.2	1.3	10.9	-	-	-
Industrial production	5.3	0.8	4.1	1.2	0.2	1.5	0.8	-0.3	0.4	-
Personal consumption expenditure	3.8	1.4	4.7	1.5	1.0	1.0	0.7	0.1	0.0	-
Existing home sales	-3.4	13.5	2.5	9.0	-5.2	-0.2	5.9	3.3	5.0	-
Unemployment rate <sup>3</sup>	9.6	9.6	9.0	8.9	9.1	9.1	8.7	8.6	8.5	8.3
Consumer prices	1.6	0.7	3.1	1.3	1.0	0.8	0.2	0.0	0.0	-

1. Preliminary 2. Annualized rate (%) 3. Seasonally adjusted Source: US Department of Commerce

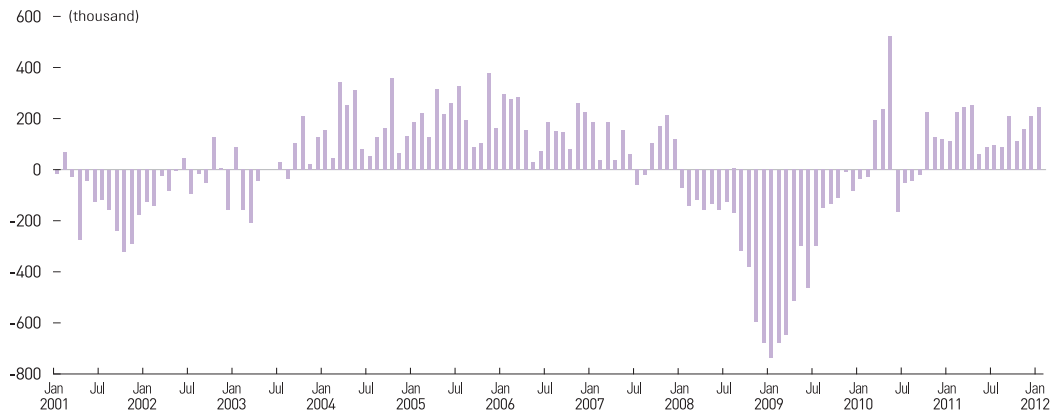
### 1-1 US GDP (q-o-q, annualized rate)

Source: US Department of Commerce



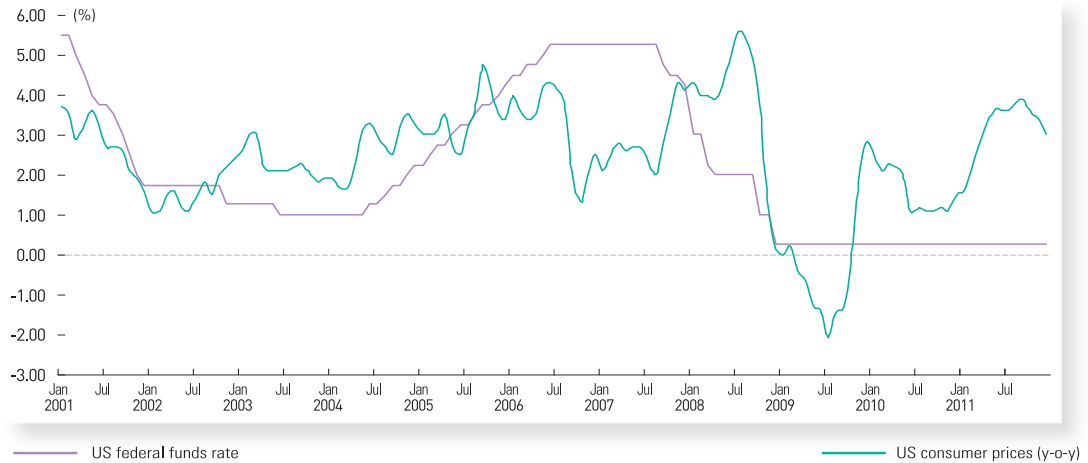
### 1-2 US non-farm payroll employment (m-o-m change)

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 industrial production and exports slowed down as the global economy lost steam, but the robust growth in domestic demand, such as fixed asset investment and retail sales, continued.

The manufacturing Purchasing Managers' Index (PMI), which fell short of the base level of 50 and hit its lowest point in 33 months in November, rose for the second month in a row in December.

### Manufacturing PMI (base=50)

50.7 (Jul 2011) ↗ 50.9 (Aug) ↗ 51.2 (Sep) ↗ 50.4 (Oct) ↘ 49.0 (Nov) ↗ 50.3 (Dec) ↗ 50.5 (Jan 2012)

(Percentage change from same period in previous year)

	2010			2011 <sup>1</sup>						
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Nov	Dec
Real GDP	10.3	9.6	9.8	9.2	9.7	9.5	9.1	8.9	-	-
Industrial production <sup>2</sup>	15.7	13.5	13.3	13.7	14.9	13.9	13.8	13.8	12.4	12.8
Fixed asset investment (accumulated)	24.5	24.5	24.5	25.1	32.5	27.0	28.0	28.0	27.9	25.1
Retail sales <sup>2</sup>	18.4	18.4	18.8	17.1	16.3	17.2	17.3	17.5	17.3	18.1
Exports	31.3	32.2	24.9	20.3	26.4	22.0	20.5	14.3	13.8	13.4
Consumer prices <sup>2</sup>	3.3	3.5	4.7	5.4	4.9	5.7	6.3	4.6	4.2	4.1
Producer prices <sup>2</sup>	5.5	4.5	5.7	6.0	7.0	6.9	7.1	3.1	2.7	1.7

1. Preliminary

2. Quarterly change: average of monthly change

Source: China National Bureau of Statistics

## Japan

As Japan's exports deepened the decline, the country posted a trade deficit of 2.5 trillion yen for 2011, its first deficit in 31 years, while the drop in consumer prices slowed down.

The country's current account surplus shrank for the ninth straight month in November 2011, falling 85.8 percent year-on-year.

### Current account balance (billion yen)

538.9 (Jun 2011) ↗ 1,053.7 (Jul) ↘ 436.3 (Aug) ↗ 1,610.7 (Sep) ↗ 562.4 (Oct) ↘ 138.5 (Nov)

(Percentage change from previous period)

	2010			2011 <sup>1</sup>						
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Nov	Dec
Real GDP	4.0	0.8	-0.3	-	-0.7	-0.3	1.4	-	-	-
Industrial production	16.4	-1.1	-0.1	-	-2.0	-4.0	4.3	-	-2.7	-
Retail sales (y-o-y)	2.5	3.2	-0.4	0.0	-3.0	-1.7	-1.0	0.8	-2.2	2.5
Exports (y-o-y)	24.4	17.8	10.0	-2.7	2.4	-8.0	0.5	-5.5	-4.5	-8.0
Consumer prices (y-o-y)	-0.7	-0.8	0.1	-0.3	-0.5	-0.4	0.1	-0.3	-0.5	-0.2

1. Preliminary Sources: Japan's Statistics Bureau and Statistics Centre, Ministry of Economy, Trade and Industry, Ministry of Finance

## Eurozone

The eurozone economy showed some positive signs as the manufacturing PMI rose significantly in January 2012 backed by the strong performance of Germany's manufacturing sector, although the decline in industrial production and retail sales continued.

### Manufacturing PMI (base=50)

50.4 (Jul 2011) ↗ 49.0 (Aug) ↘ 48.5 (Sep) ↘ 47.1 (Oct) ↘ 46.4 (Nov) ↘ 46.9 (Dec) ↗ 48.8 (Jan 2012)

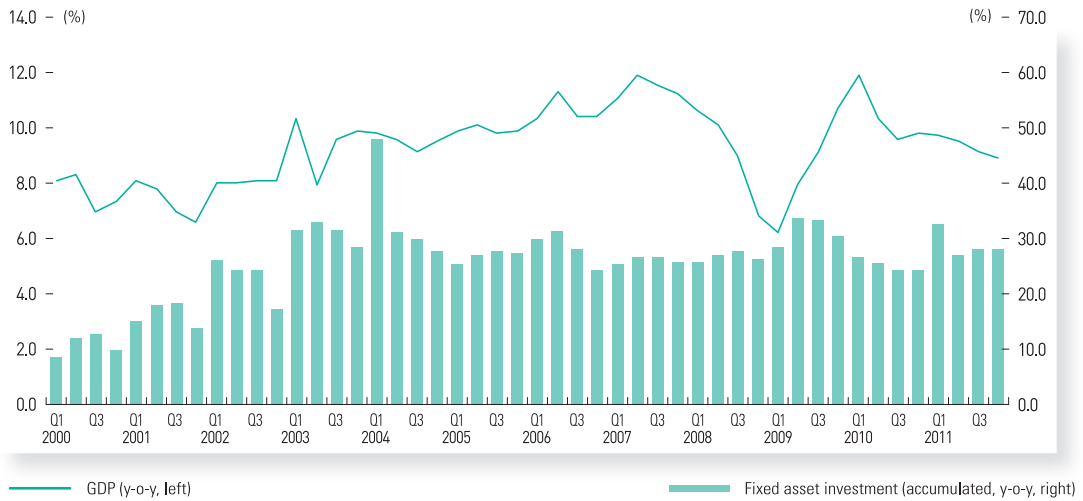
(Percentage change from previous period)

	2010			2011 <sup>1</sup>						
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Nov	Dec
Real GDP	1.8	0.4	0.3	-	0.8	0.2	0.1	-	-	-
Industrial production	7.4	1.0	1.8	-	0.9	0.2	0.6	-	-0.1	-
Retail sales	0.8	0.2	0.3	-0.6	-0.2	-0.4	-0.1	-0.7	-0.4	-0.4
Exports (y-o-y)	20.1	22.8	21.8	-	21.5	13.0	9.4	-	10.2	-
Consumer prices (y-o-y)	1.6	1.7	2.0	2.7	2.5	2.8	2.7	2.9	3.0	2.7

1. Preliminary Source: Eurostat

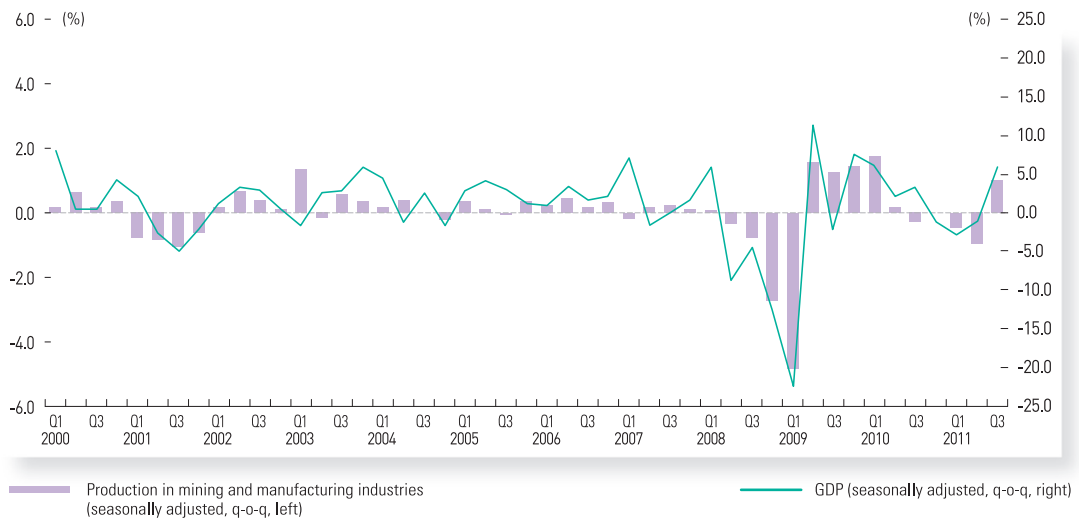
### 1-4 China's GDP and fixed asset investment

Source: National Bureau of Statistics of China



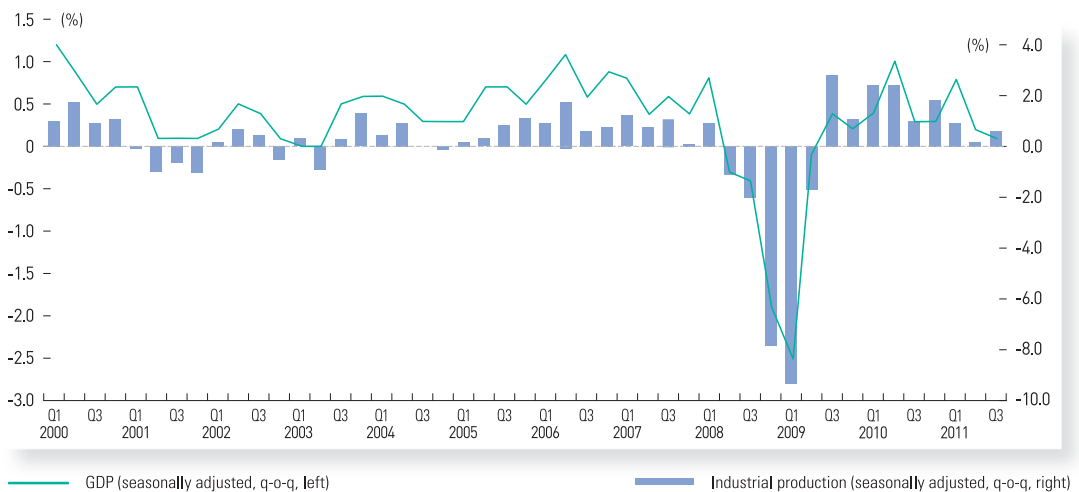
### 1-5 Japan's GDP growth

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*) dipped 0.4 percent quarter-on-quarter but climbed 1.2 percent year-on-year in the fourth quarter of 2011.

(Percentage change from previous period)

	2010 <sup>1</sup>					2011 <sup>1</sup>				
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4
Private consumption <sup>2</sup>	4.1	0.5	0.7	1.4	0.3	2.0	0.4	0.9	0.4	-0.4
y-o-y	-	6.6	3.5	3.6	2.9	-	2.8	3.0	2.0	1.2

1. Preliminary 2. National accounts

Source: The Bank of Korea

Retail sales dropped 0.2 percent month-on-month in December as sales of durable goods such as cars declined, although semi-durable and non-durable goods sales increased. However, the index rose 1.5 percent year-on-year.

Sales of semi-durable goods jumped 9.8 percent month-on-month from growing demand for winter clothes due to a drop in temperatures.

Temperatures significantly dropped to the average level in December, after unusually high temperatures during the previous month.

### National average temperature/yearly average

11.0°C/7.6°C (Nov 2011) ↻ 0.7°C/1.5°C (Dec)

Sales of durable goods dropped 7.2 percent month-on-month due to sluggish sales of cars and home appliances.

(Percentage change from previous period)

	2010					2011 <sup>1</sup>						
	Annual	Q1	Q2	Q3	Q4	Annual <sup>1</sup>	Q1	Q2	Q3	Q4 <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>
Consumer goods sales	6.6	0.6	-0.1	3.3	0.8	4.1	1.1	0.2	2.3	-2.2	-0.6	-0.2
y-o-y	-	9.7	4.9	7.5	5.1	-	5.1	5.7	4.4	1.5	0.5	1.5
- Durable goods <sup>2</sup>	14.9	1.4	-4.6	8.6	3.3	10.7	6.2	-1.9	2.8	-4.0	3.8	-7.2
· Automobiles	11.1	-8.6	-6.6	7.9	5.0	5.5	4.9	-6.1	5.0	-10.9	-2.9	-2.3
- Semi-durable goods <sup>3</sup>	6.8	2.3	2.8	2.6	2.7	4.4	-2.5	3.0	1.0	0.8	-4.9	9.8
- Non-durable goods <sup>4</sup>	2.2	-0.8	1.1	1.1	-1.4	1.0	0.0	0.0	3.3	-1.7	-1.6	0.3

1. Preliminary

2. Durable goods: Automobiles, electronic appliances, furniture, telecommunications devices, etc.

3. Semi-durable goods: Clothing, footwear, etc.

4. Non-durable goods: Food, medicine, cosmetics, fuel, tobacco, etc.

Source: Statistics Korea

Sales of department stores and large discount stores climbed month-on-month, but those of specialized retailers declined.

(Percentage change from previous period)

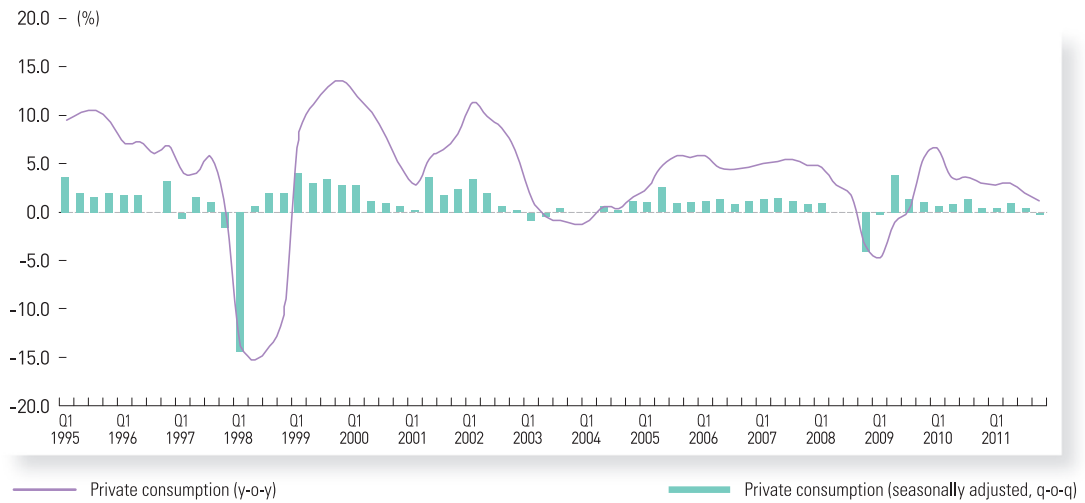
	2010					2011 <sup>1</sup>						
	Annual	Q1	Q2	Q3	Q4	Annual <sup>1</sup>	Q1	Q2	Q3	Q4 <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>
- Department stores	8.8	2.1	2.8	1.4	3.4	7.5	3.6	0.8	-1.7	0.1	-3.7	6.5
- Large discounters	4.4	2.4	-0.5	1.1	0.4	3.6	1.5	2.1	-1.0	0.1	-5.7	4.1
- Specialized retailers <sup>2</sup>	5.6	0.1	-0.7	3.8	0.4	3.0	1.0	-0.6	3.0	-4.0	1.4	-2.3
- Nonstore retailers	15.6	1.9	3.0	1.6	4.3	8.8	2.4	0.3	2.3	0.5	2.1	0.3

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

Source: Statistics Korea

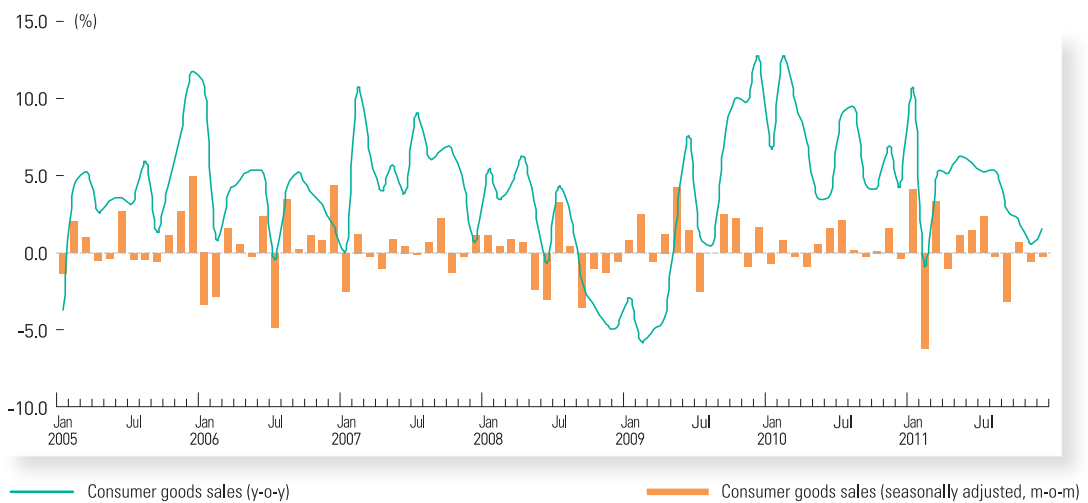
## 2-1 Private consumption

Source: The Bank of Korea (national accounts)



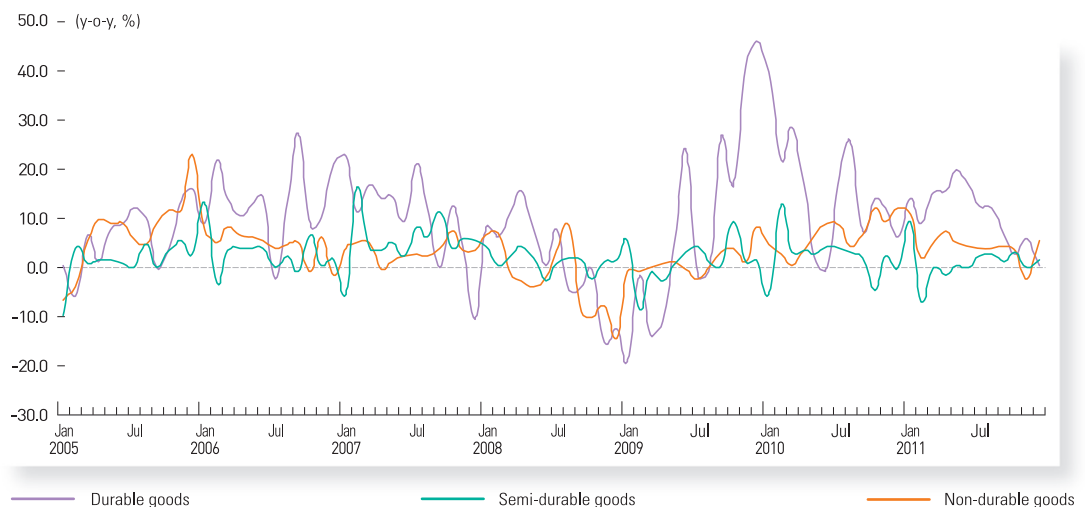
## 2-2 Consumer goods sales

Source: Statistics Korea (industrial activity trend)



## 2-3 Consumer goods sales by type

Source: Statistics Korea (industrial activity trend)



Considering advanced indicators, retail sales are expected to stay on a downward track in January 2012.

On a year-on-year basis, sales of department stores swung from an 11.0 percent rise in the previous month to a 4.2 percent drop, and those of large discount stores slowed down an increase from 3.7 percent to 2.0 percent.

Gasoline sales grew 6.4 percent year-on-year from the previous month's 4.1 percent, on an increase in demand due to long-distance trips to hometowns during the Lunar New Year holiday.

Car sales dipped year-on-year with the economy continuing to slow down and due to fewer business days as a result of the holiday.

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

8.3 (Aug 2011) ↻ 6.5 (Sep) ↻ 3.1 (Oct) ↻ -0.5 (Nov) ↻ 11.0 (Dec) ↻ -4.2 (Jan 2012)

**Large discounter sales** (y-o-y, %)

2.0 (Aug 2011) ↻ -1.1 (Sep) ↻ 5.5 (Oct) ↻ -0.5 (Nov) ↻ 3.7 (Dec) ↻ 2.0 (Jan 2012)

**Domestic sales of gasoline** (y-o-y, %)

-0.3 (Aug 2011) ↻ 1.0 (Sep) ↻ -1.6 (Oct) ↻ 0.8 (Nov) ↻ 4.1 (Dec) ↻ 6.4 (Jan 2012)

**Domestic sales of cars** (y-o-y, %)

3.7 (Aug 2011) ↻ 3.8 (Sep) ↻ -8.8 (Oct) ↻ -12.6 (Nov) ↻ -5.4 (Dec) ↻ -19.9 (Jan 2012)

Sources: Ministry of Knowledge Economy

Korea National Oil Corporation

Korea Customs Service

Korea Automobile Manufacturers Association

Ministry of Strategy and Finance (for January data)

Domestic and external uncertainties are forecast to limit consumption although conditions related to consumption are improving in line with the slowdown of inflation, particularly in food products, and the continuing recovery in employment.

**Employment** (y-o-y, thousand)

335 (Jul 2011) ↻ 490 (Aug) ↻ 264 (Sep) ↻ 501 (Oct) ↻ 479 (Nov) ↻ 441 (Dec)

**Consumer prices** (y-o-y, %)

4.5 (Jul 2011) ↻ 4.7 (Aug) ↻ 3.8 (Sep) ↻ 3.6 (Oct) ↻ 4.2 (Nov) ↻ 4.2 (Dec) ↻ 3.4 (Jan 2012)

**Fresh food prices** (y-o-y, %)

11.1 (Jul 2011) ↻ 13.9 (Aug) ↻ -4.2 (Sep) ↻ -10.1 (Oct) ↻ -4.2 (Nov) ↻ -3.6 (Dec) ↻ -2.5 (Jan 2012)

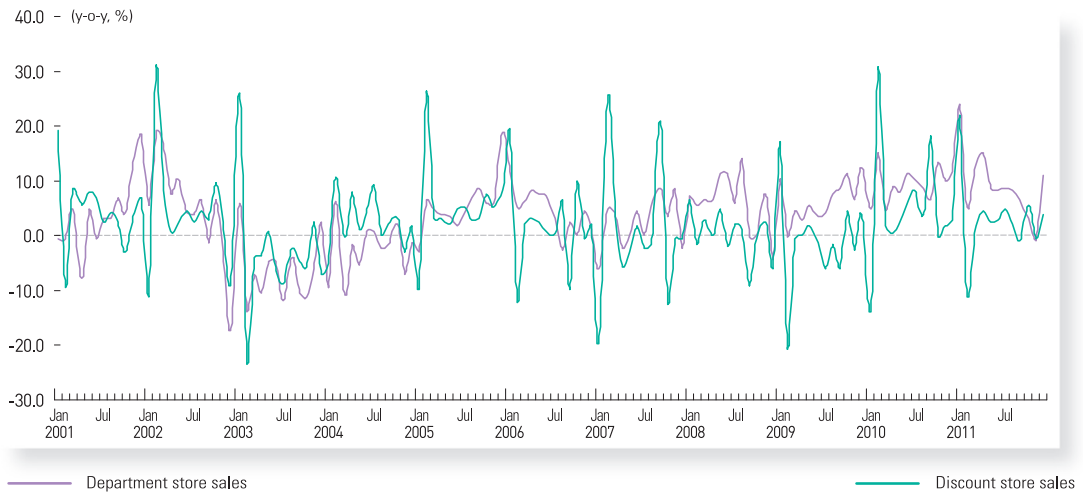
The consumer sentiment index declined for the second consecutive month as uncertainties grew due to concerns over the slowdown of the economy and the continuing European financial unease.

**Consumer sentiment index** (CSI, base=100)

102 (Jun 2011) ↻ 102 (Jul) ↻ 99 (Aug) ↻ 99 (Sep) ↻ 100 (Oct) ↻ 103 (Nov) ↻ 99 (Dec) ↻ 98 (Jan 2012)

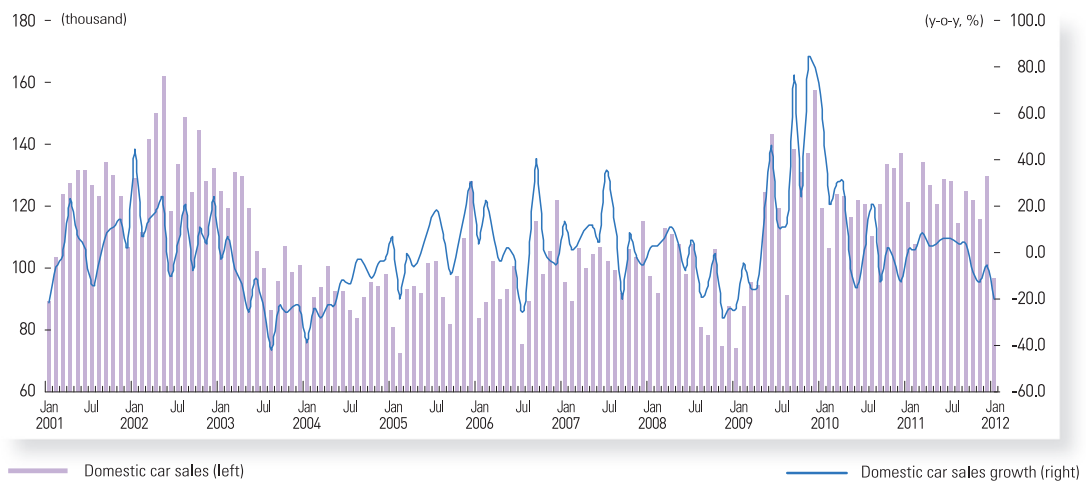
## 2-4 Department store and discount store sales (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



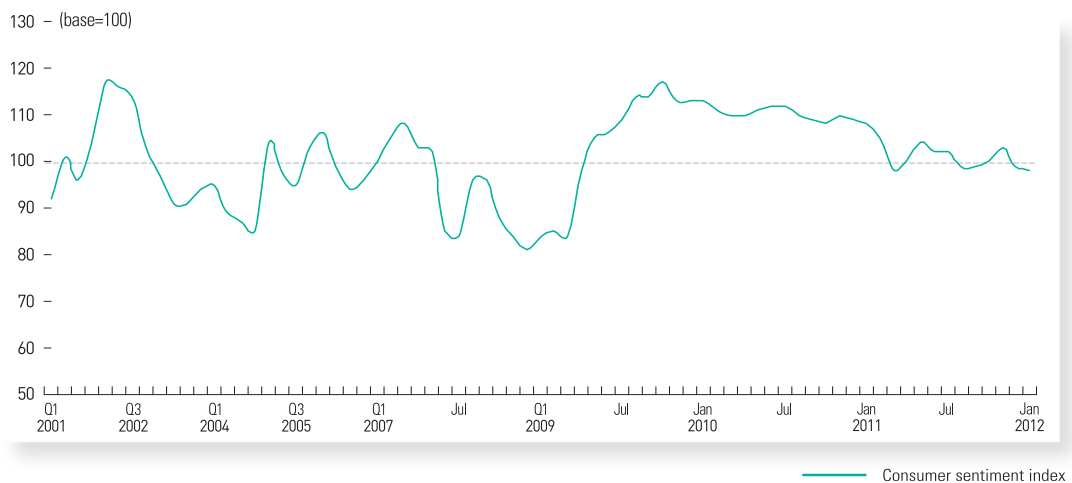
## 2-5 Domestic automobile sales

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 estimates of GDP*) in the fourth quarter of 2011 fell 5.2 percent quarter-on-quarter and 3.4 percent year-on-year.

(Percentage change from previous quarter)

	2009	2010 <sup>1</sup>		2011 <sup>1</sup>					
	Annual	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4
Facility investment <sup>2</sup>	-9.8	25.0	5.6	-1.0	3.8	-1.1	3.9	-0.8	-5.2
y-o-y	-	-	26.6	15.9	-	11.7	7.5	1.0	-3.4
- Machinery	-13.5	30.8	8.5	-2.2	-	-1.1	3.9	-1.5	-
- Transportation equipment	2.8	6.7	-5.0	4.2	-	-1.2	4.2	1.8	-

1. Preliminary

2. National accounts

Source: The Bank of Korea

Despite a decline in transportation equipment investment, facility investment in December, while falling 2.1 percent year-on-year, rose 0.5 percent month-on-month, as machinery investment increased. Facility investment is expected to be sluggish, given continuing external uncertainties and the decreasing manufacturing operation ratio. However, there is a possibility that the index will pick up, as corporate investment sentiment is no longer worsening and enterprises are planning to expand investment in facilities, particularly those for semiconductor manufacturing. According to the Ministry of Knowledge and Economy, Korea's top 30 companies are planning to increase investment in 2012 from 134.8 trillion won a year ago to 151.4 trillion won.

(Percentage change from previous quarter)

	2009	2010		2011 <sup>1</sup>					
	Annual	Annual	Q4	Annual <sup>1</sup>	Q3	Q4 <sup>1</sup>	Oct	Nov <sup>1</sup>	Dec <sup>1</sup>
Facility investment	-9.4	25.1	-5.4	0.5	-0.8	-7.3	-11.5	8.0	0.5
y-o-y	-	-	13.6	-	-3.5	-5.4	-11.2	-3.2	-2.1
- Machinery	-12.6	30.5	-5.5	1.3	-2.6	-6.1	-10.6	4.4	6.2
- Transportation equipment	4.6	4.3	-5.2	-3.7	8.6	-12.7	-16.3	28.0	-24.6

1. Preliminary Source: Statistics Korea

(Percentage change from same period in previous year)

	2009	2010		2011 <sup>1</sup>					
	Annual	Annual	Q4	Annual <sup>1</sup>	Q3	Q4 <sup>1</sup>	Oct	Nov <sup>1</sup>	Dec <sup>1</sup>
Domestic machinery orders	-10.3	11.2	11.3	9.4	1.3	8.9	15.6	31.4	-12.4
q-o-q, m-o-m	-	-	4.1	-	-9.4	12.2	1.6	28.9	-13.9
- Public	62.4	-37.9	31.4	11.8	6.1	-2.4	197.7	366.3	-72.8
- Private	-18.2	21.8	7.8	9.1	0.9	11.3	4.3	11.0	18.6
Machinery imports	-16.6	40.4	26.3	7.1	9.2	1.0	-7.6	8.8	1.3
Manufacturing operation ratio	-3.5	8.8	5.3	-0.1	-0.1	-2.4	-1.9	-1.7	-3.5
Facility investment adjustment pressure <sup>2</sup>	-3.7	9.5	4.6	2.1	1.2	1.3	2.5	2.1	-0.4

1. Preliminary 2. Production growth rate minus production capacity growth rate in the manufacturing sector (%p)

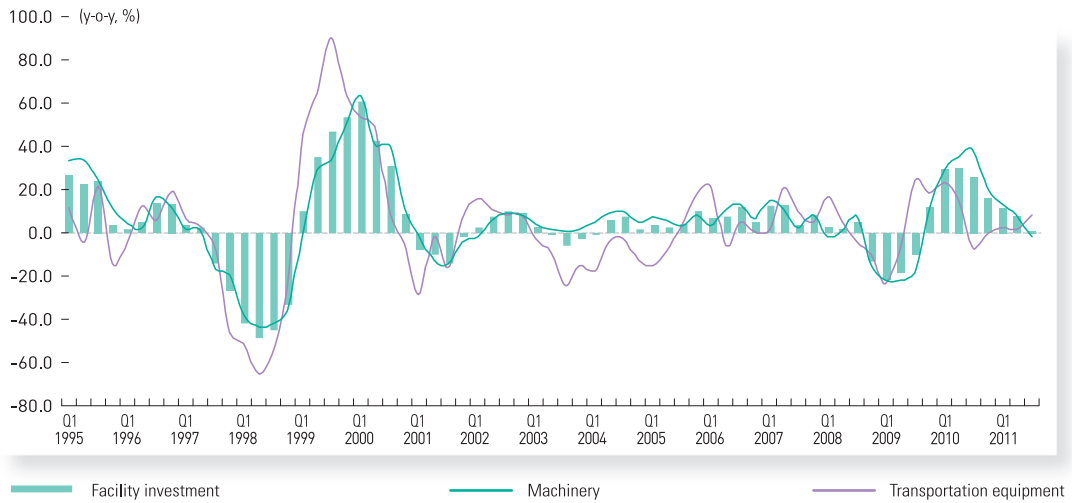
Sources: Statistics Korea, Korea International Trade Association (machinery imports data)

	2011				2012
	Sep	Oct	Nov	Dec	Jan
Business survey index (base=100) for manufacturing facility investment	99	96	98	95	96

Source: The Bank of Korea

### 3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



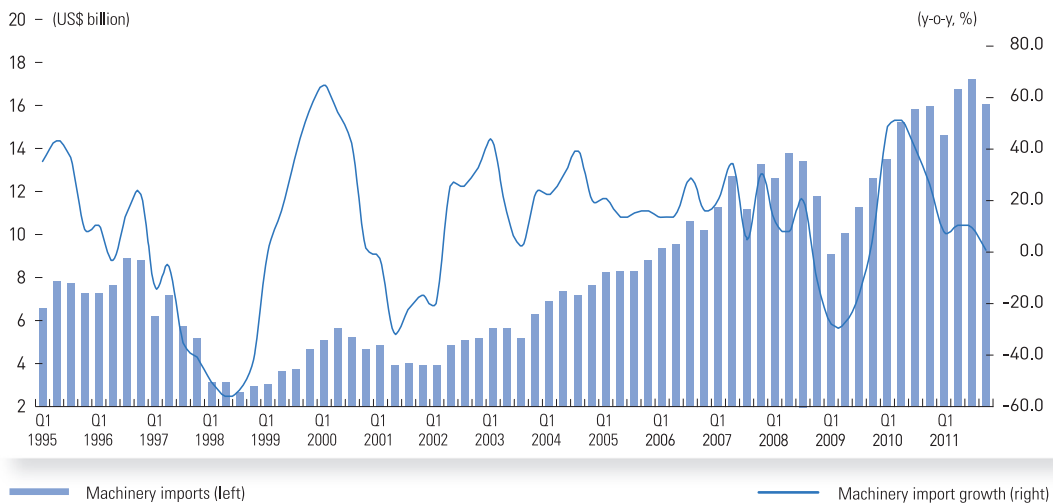
### 3-2 Machinery orders and estimated facility investment (3-month average)

Source: Statistics Korea (industrial activity trend)



### 3-3 Machinery imports

Source: Korea International Trade Association (KITA)



## 4. Construction investment

Construction investment (*advanced estimates of GDP*) in the fourth quarter of 2011 dropped 0.3 percent quarter-on-quarter and 4.0 percent year-on-year.

(Percentage change from previous quarter)

	2009	2010 <sup>1</sup>			2011 <sup>1</sup>				
	Annual	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4
Construction investment <sup>2</sup>	3.4	-1.4	-0.8	-1.0	-6.5	-6.7	1.6	1.8	-0.3
y-o-y	-	-	-3.1	-2.9	-	-11.9	-6.8	-4.6	-4.0
- Building construction	-2.3	-2.9	-0.3	0.2	-	-6.9	3.3	1.1	-
- Civil engineering works	11.6	0.5	-1.3	-2.5	-	-6.5	-0.5	2.7	-

1. Preliminary 2. National accounts Source: The Bank of Korea

The value of construction completion (*constant*) in December increased 14.8 percent month-on-month and 0.5 percent year-on-year, as both building construction and civil engineering works improved.

(Percentage change from previous quarter)

	2009	2010		2011 <sup>1</sup>					
	Annual	Annual	Q4	Annual <sup>1</sup>	Q3 <sup>1</sup>	Q4 <sup>1</sup>	Oct <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>
Value of construction completion(constant)	1.6	-3.3	-1.6	-6.9	-5.8	6.0	2.8	-7.3	14.8
y-o-y	-	-	-4.3	-	-8.4	-1.1	2.7	-6.6	0.5
- Building construction	-6.4	-7.1	0.2	-8.9	-3.7	4.5	2.9	-8.9	6.2
- Civil engineering works	16.1	2.2	-4.0	-4.2	-8.5	8.0	2.7	-5.1	26.0

1. Preliminary Source: Statistics Korea

(Percentage change from same period in previous year)

	2009	2010		2011 <sup>1</sup>					
	Annual	Annual	Q4	Annual <sup>1</sup>	Q3	Q4 <sup>1</sup>	Oct	Nov <sup>1</sup>	Dec <sup>1</sup>
Construction orders (current value)	5.0	-18.7	-40.2	3.4	0.9	22.8	56.3	15.0	16.4
q-o-q, m-o-m	-	-	-22.9	-	8.2	-6.3	-4.1	-2.1	12.1
- Building construction	-14.2	-9.9	-46.4	10.1	8.6	41.8	38.4	20.6	60.5
- Civil engineering works	44.3	-29.5	-29.9	-7.0	-11.0	-1.6	113.4	4.0	-18.6
Building permit area	-12.9	19.3	18.1	9.9	58.7	-14.8	53.4	-18.8	-32.9

1. Preliminary Sources: Statistics Korea, Ministry of Land, Transport and Maritime Affairs

Construction investment is likely to suffer for a while, considering the contracting business sentiment of construction industries, a slowdown in housing market recovery, and a decrease in public-sector civil engineering works.

	2011				2012
	Sep	Oct	Nov	Dec	Jan
Business survey index (base=100) for business performance by construction companies	73.8	65.4	66.0	71.6	62.3

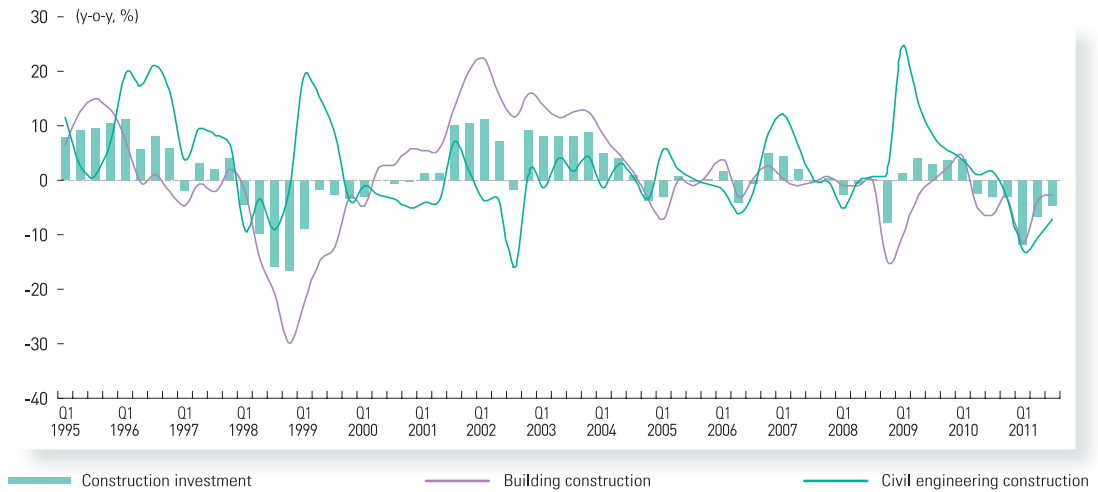
Source: Construction and Economy Research Institute of Korea

Yet, there are positive signs in some leading indicators, such as rise in construction starts and construction orders.

	2011			
	Jan-Sep (average)	Oct	Nov	Dec
Housing starts	27,000	58,000	51,000	67,000

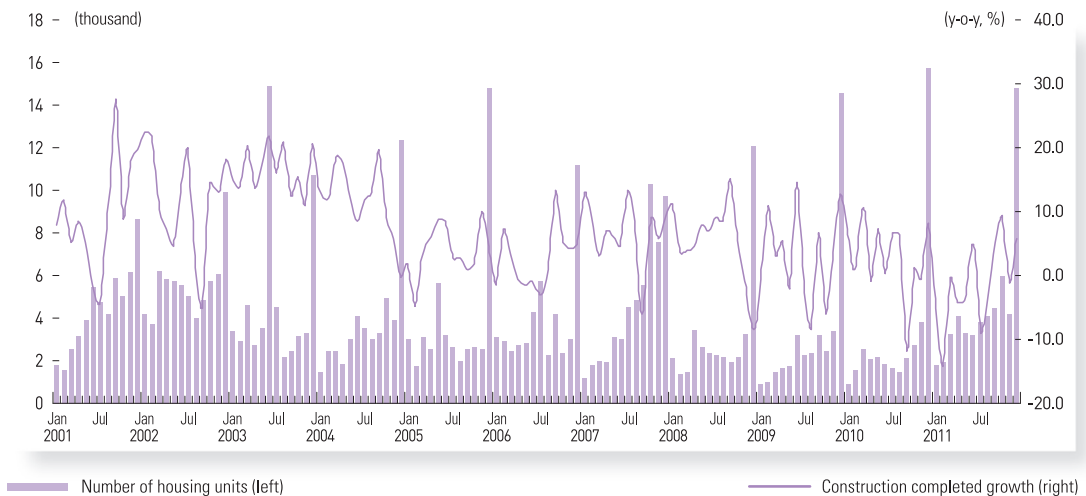
#### 4-1 Construction investment

Source: The Bank of Korea (national accounts)



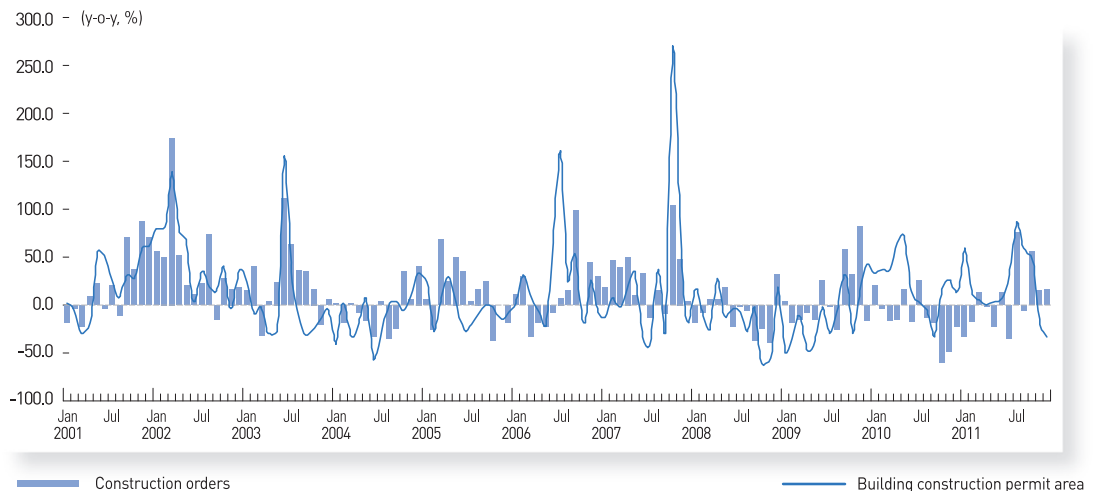
#### 4-2 Construction completed and housing construction

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 January decreased 6.6 percent (*preliminary*) year-on-year to US\$41.54 billion.

The slide in January exports is due to fewer work days than the same period of the previous year when the Lunar New Year holiday did not fall, and a high base effect from a year ago when vessel exports soared, as well as the European debt crisis.

By regional category, exports to Japan (*up 16.2%*), the ASEAN countries (*up 9.3%*) increased year-on-year, while those to the EU (*down 37.6%*), China (*down 2.2%*), and the US (*down 0.1%*) declined.

By business category, exports of petroleum products (*up 10.1%*) and automobiles (*up 3.7%*) grew year-on-year, while those of vessels (*down 43.7%*), mobile phones (*down 34.5%*), and semiconductors (*down 8.5%*) fell.

(US\$ billion)

	2010		2011						2012
	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Annual
Exports	466.38	556.51	130.98	142.69	141.23	141.61	46.05	48.92	41.54
(y-o-y, %)	28.3	19.3	29.6	18.7	21.4	10.0	11.6	10.8	-6.6
Average daily exports	1.70	2.03	1.99	2.08	2.05	1.99	1.92	2.00	1.89
Imports	425.21	524.38	123.91	134.29	134.92	131.26	43.01	45.52	43.49
(y-o-y, %)	31.6	23.3	26.1	27.2	27.7	13.4	11.2	13.6	3.6
Average daily imports	1.46	1.91	1.96	1.96	1.95	1.85	1.79	1.86	1.98

Source: Korea Customs Service

Imports in January increased 3.6 percent (*preliminary*) year on year to US\$43.49 billion.

Imports of grains (*down 20.4%*) and steel (*down 7.6%*) dropped, while those of semiconductor manufacturing equipment (*up 98.5%*) and crude oil (*up 17.5%*) jumped.

The trade balance (*preliminary*) in January posted a deficit of US\$1.96 billion.

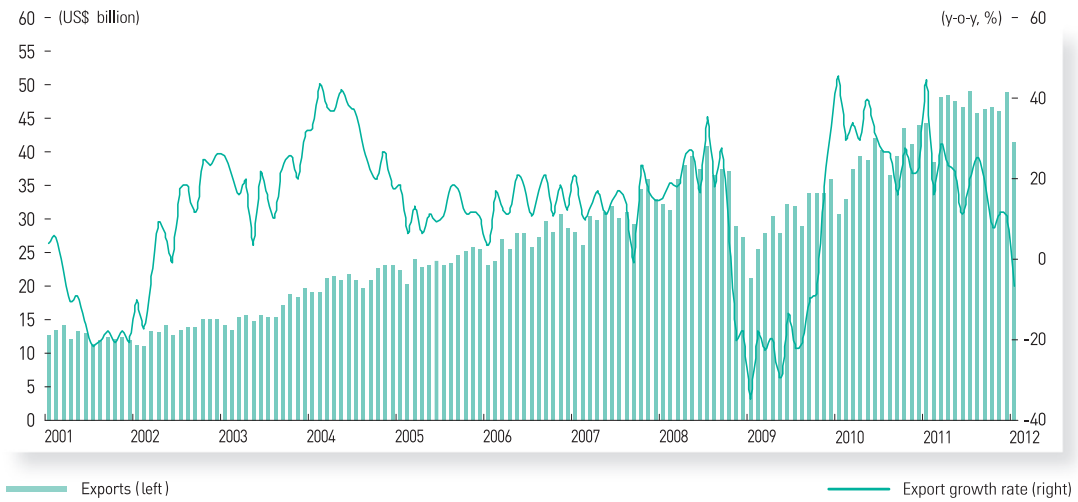
(US\$ billion)

	2010		2011						2012
	Annual	Annual	Q1	Q2	Q3	Q4	Nov	Dec	Annual
Trade balance	41.17	32.14	7.08	8.40	6.30	10.36	3.05	3.41	-1.96

Source: Korea Customs Service

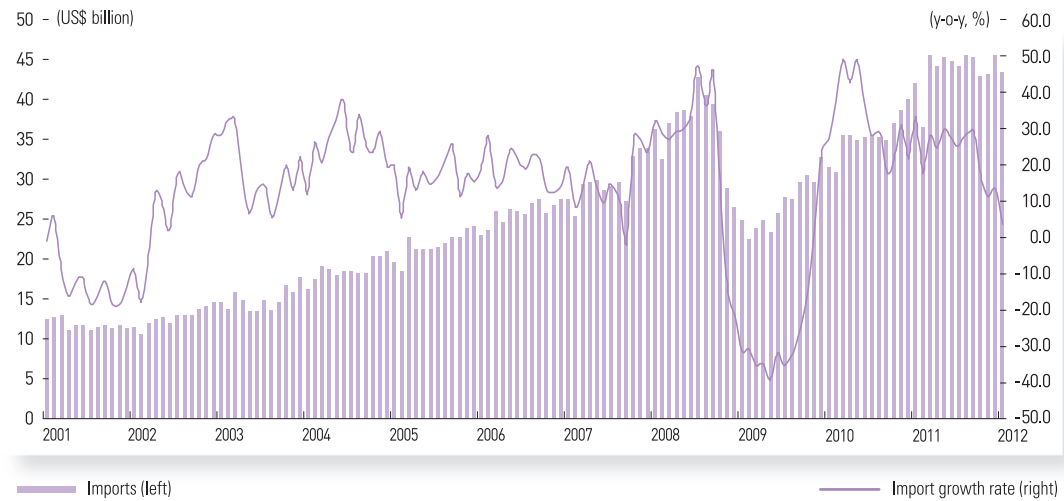
### 5-1 Exports (customs clearance basis)

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



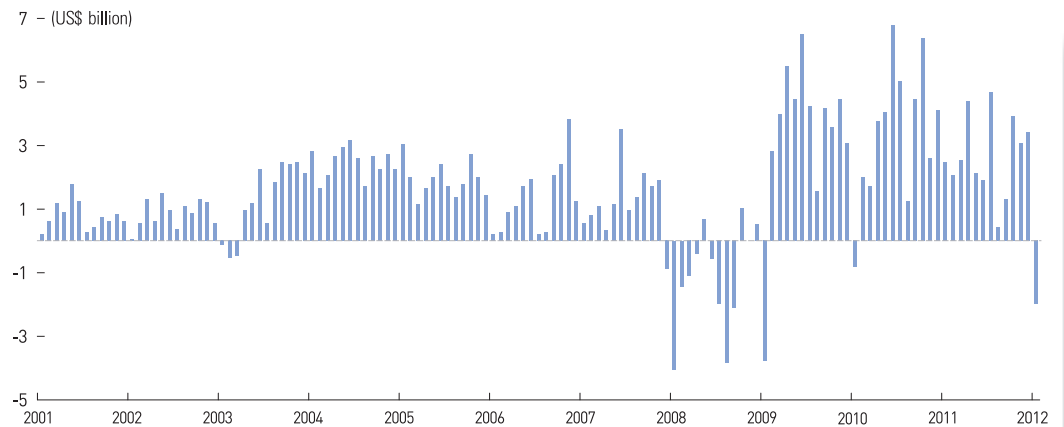
### 5-2 Imports (customs clearance basis)

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 in December 2011 fell 0.9 percent month-on-month as some indices, in particular beverages and steel, dropped. The index improved 2.8 percent year-on-year.

By business category, audio-visual communications equipment (*up 2.7%*) and non-metallic mineral products (*up 1.3%*) increased month-on-month, while beverages (*down 15.0%*) and primary metals (*down 2.3%*) went down.

The manufacturing inventory-shipment ratio increased month-on-month by 2.9 percentage points, as the inventory added 2.8 percent and the shipments 0.4 percent.

By business category, the shipments of audio-visual communications equipment (*up 6.7%*) and semiconductors and parts (*up 3.1%*) increased month-on-month, while those of machinery and equipment (*down 2.2%*) and chemical products (*down 1.8%*) declined. The inventories of semiconductors and parts (*up 8.4%*) and machinery and equipment (*up 8.4%*) climbed month-on-month, while those of computers (*down 33.7%*) and processed metals (*down 4.7%*) fell.

The average operation ratio of the manufacturing sector fell 1.5 percentage points to 77.6 percent.

(Percentage change from same period in previous year)

		2010			2011					
		Annual	Q4	Dec	Annual <sup>1</sup>	Q3	Q4 <sup>1</sup>	Oct	Nov <sup>1</sup>	Dec <sup>1</sup>
Mining and manufacturing activity <sup>2</sup>	Production (q-o-q, m-o-m)	-	-0.5	3.2	-	-0.1	-0.9	-0.6	-0.3	-0.9
	(y-o-y)	16.2	11.7	10.7	6.9	5.1	5.0	6.4	5.8	2.8
	- Manufacturing	16.7	12.0	11.0	7.1	5.1	5.1	6.5	6.1	2.9
	- ICT <sup>3</sup>	25.2	15.2	18.9	10.6	5.4	12.6	17.1	13.4	7.1
	- Automobiles	23.1	10.2	8.4	14.1	16.2	12.3	12.0	14.4	10.7
	Shipment	14.4	11.9	10.6	6.7	5.0	3.3	4.4	3.1	2.4
	- Domestic demand	11.5	8.3	4.3	3.4	2.6	0.2	0.6	-0.7	0.8
	- Exports	18.2	16.9	19.6	11.0	7.9	7.2	9.2	8.0	4.5
	Inventory <sup>4</sup>	17.4	17.4	17.4	21.4	10.7	21.4	14.7	18.5	21.4
Manufacturing activity	Average operation ratio (%)	81.2	80.8	82.2	81.2	81.3	78.8	79.7	79.1	77.6
	Production capacity	7.2	7.4	7.3	5.0	3.9	3.8	4.0	4.0	3.3

1. Preliminary

2. Including mining, manufacturing, electricity, and gas industry

3. Information and Communications Technology

4. End-period

Source: Statistics Korea

There is a possibility that mining and manufacturing production will be affected to some extent by weak exports of semiconductors, automobiles and other major items.

### Semiconductor exports (US\$ billion)

4.11 (Aug 2011) ➔ 4.59 (Sep) ➔ 4.35 (Oct) ➔ 4.10 (Nov) ➔ 4.27 (Dec) ➔ 3.75 (Jan 2012)

### Automobile exports (thousand)

216 (Aug 2011) ➔ 250 (Sep) ➔ 276 (Oct) ➔ 301 (Nov) ➔ 302 (Dec) ➔ 249 (Jan 2012)

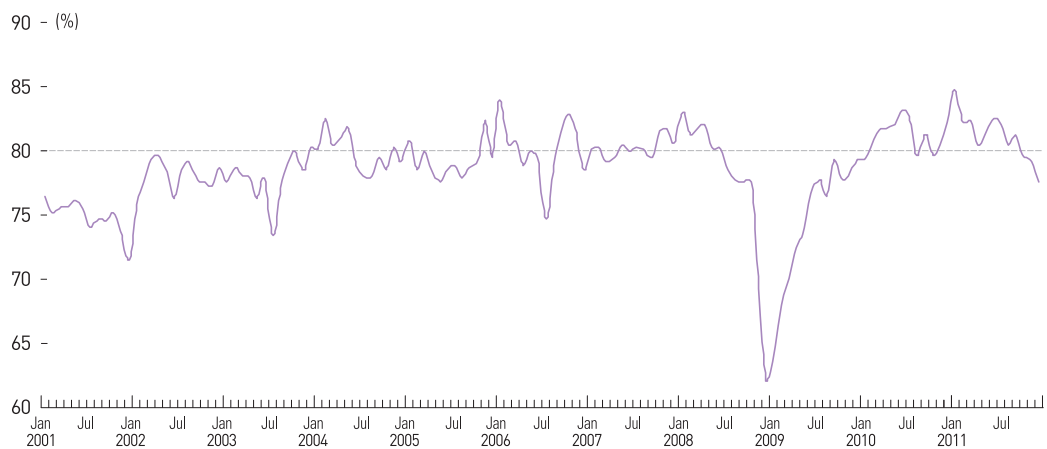
### 6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



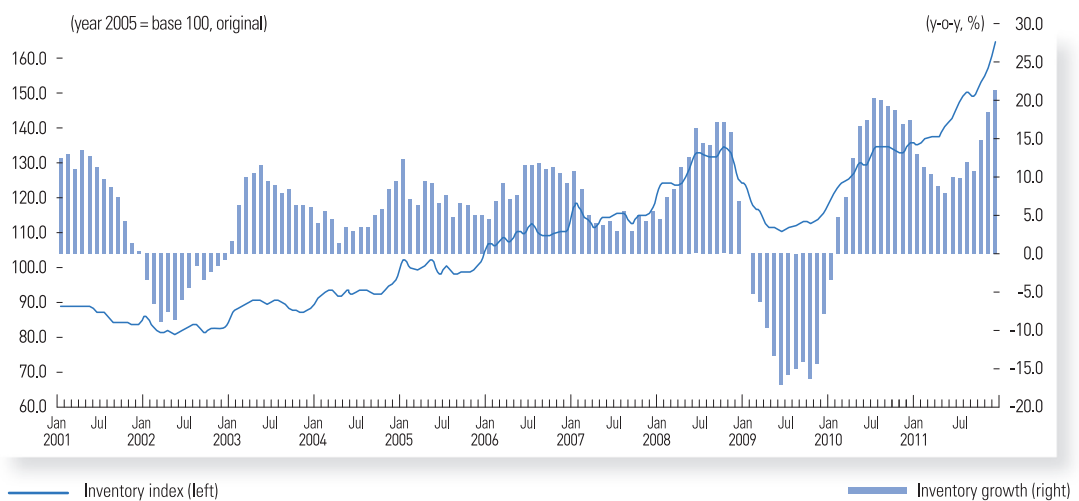
### 6-2 Average manufacturing operation ratio

Source: Statistics Korea (industrial activity trend)



### 6-3 Inventory

Source: Statistics Korea (industrial activity trend)



## 7. Service sector activity

Despite sluggish wholesale & retail sales and hotels & restaurants, service activity in December 2011 remained unchanged from the previous month, helped by improved transportation services and educational services. On a year-on-year basis, service activity expanded 1.6 percent.

Wholesale & retail sales dropped 1.2 percent from the previous month as sales of durable goods such as automobiles and electronic appliances decreased.

Hotels & restaurants decreased 2.1 percent month-on-month due to weak consumer sentiment affected by the economic slowdown and the news of North Korean leader Kim Jong-il's death.

Financial & insurance services fell 1.2 percent from the previous month due to financial market instability affected by the continuing eurozone fiscal crisis and the sudden death of North Korea's Kim Jong-il.

Real estate & renting rose 0.1 percent month-on-month while declining 7.5 percent year-on-year, falling for 19 consecutive months.

(Percentage change from previous period)

	Weight	2010						2011 <sup>1</sup>					
		Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>
Service activity index	100.0	3.9	1.2	0.7	0.1	1.0	3.2	1.0	1.0	1.1	-0.5	-0.5	0.0
- Wholesale & retail sales	21.8	5.7	1.6	0.9	2.2	-0.4	3.6	1.4	1.3	1.0	-1.2	-0.7	-1.2
- Transportation services	9.0	12.0	3.5	2.8	0.7	1.9	3.9	1.8	-1.1	1.8	-1.6	-1.3	2.7
- Hotels & restaurants	7.7	1.2	1.4	0.1	0.1	-0.4	0.8	-0.5	2.5	-0.3	-1.2	0.0	-2.1
- Information & communications services	8.4	1.9	-0.9	1.7	1.2	0.9	4.2	0.3	0.9	3.4	-0.4	-3.0	1.5
- Financial & insurance services	15.3	4.6	3.2	1.2	0.2	3.3	7.6	2.4	2.1	0.9	0.5	-0.5	-1.2
- Real estate & renting	6.3	-8.6	-1.8	-11.1	-10.4	-3.4	-10.1	7.2	-5.0	-1.8	-5.6	-1.2	0.1
- Professional, scientific & technical services	4.8	-0.5	-1.5	2.9	-5.0	2.6	0.1	-4.1	5.2	0.7	0.4	1.0	0.4
- Business services	2.9	7.5	2.2	2.5	2.7	0.9	4.3	-0.5	2.2	0.3	1.2	0.7	0.5
- Educational services	10.8	2.0	-0.3	-0.1	0.3	2.9	0.9	-1.8	-1.1	2.1	1.2	1.5	1.7
- Healthcare & social welfare services	6.0	8.8	0.7	2.5	1.9	-0.5	5.6	2.1	1.4	2.0	0.6	0.4	0.4
- Entertainment, cultural & sports services	2.9	-0.4	-2.7	2.5	0.6	0.4	1.9	-1.6	2.3	1.1	0.4	0.8	-0.4
- Membership organizations	3.8	4.3	0.5	2.6	1.0	0.1	1.2	-0.6	1.7	0.2	-2.8	-1.5	0.8
- Sewerage & waste management	0.4	5.1	3.7	4.0	-4.6	1.9	-0.2	-0.8	0.0	-0.9	4.1	-1.4	2.4

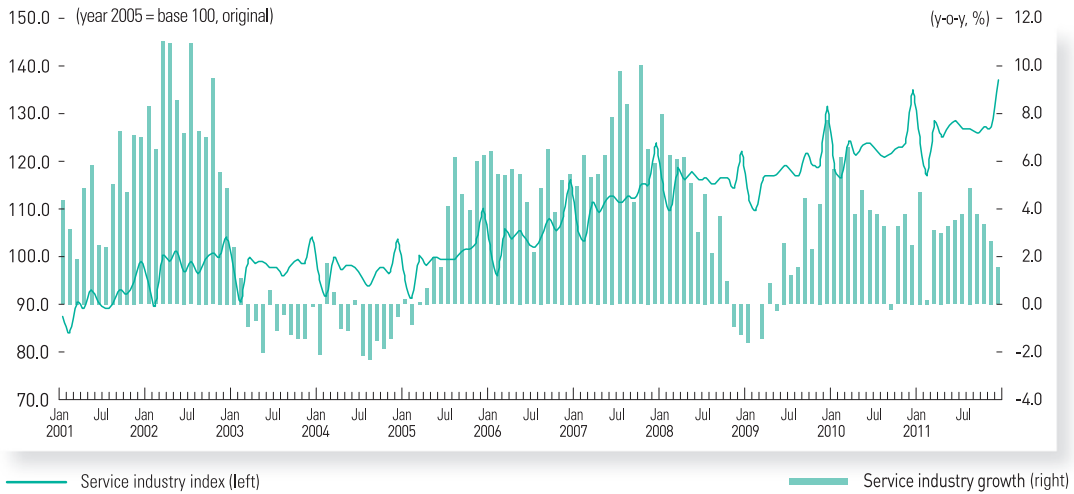
1. Preliminary

Source: Statistics Korea

Service activity in January 2012 is expected to remain weak due to poor retail sales affected by contracted consumer sentiment.

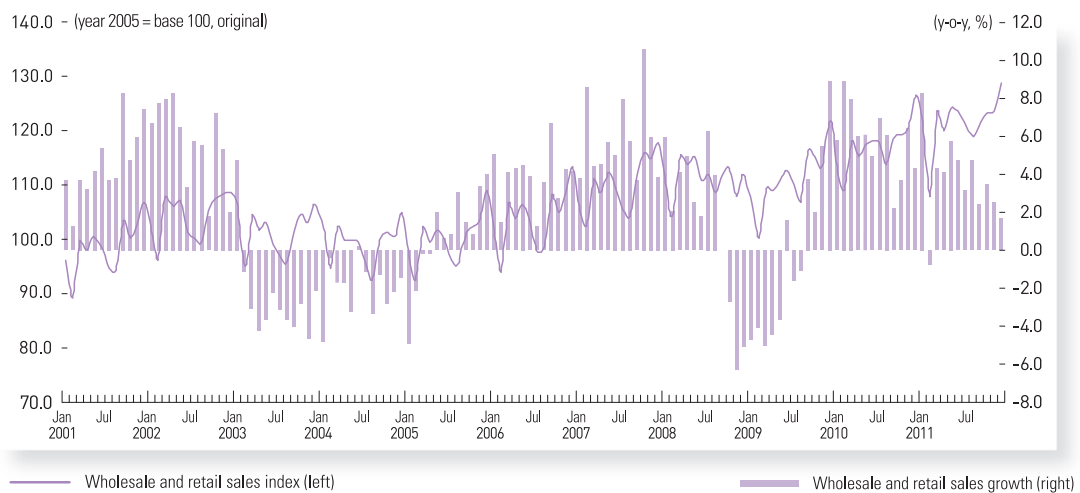
### 7-1 Service industry

Source: Statistics Korea (service industry activity trend)



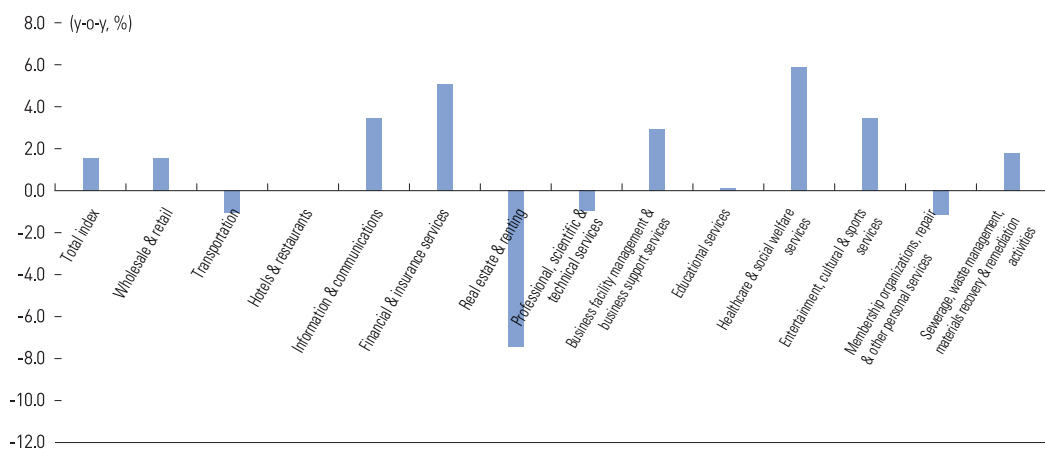
### 7-2 Wholesale and retail sales

Source: Statistics Korea (service industry activity trend)



### 7-3 December 2011 service industry by business

Source: Statistics Korea (service industry activity trend)



## 8. Employment

The number of workers on payroll in December 2011 increased by 441,000 from a year earlier to 24,130,000 and the employment rate (*seasonally adjusted*) rose by 0.5 percentage points year-on-year to 58.5 percent.

By industry, services (*up 462,000*) led the upward trend. In addition, employment in construction (*up 106,000*) improved.

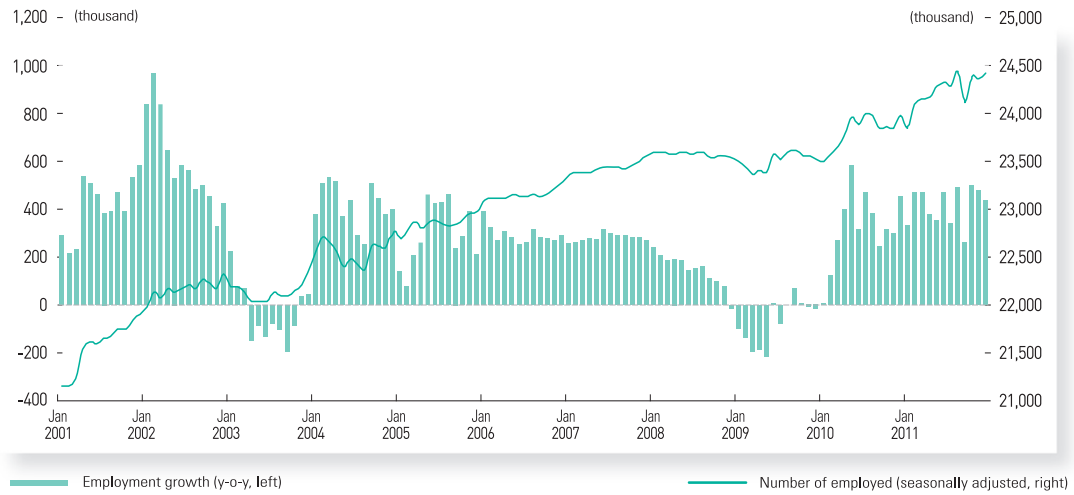
By status of workers, the number of regular workers (*up 477,000*) continued to increase while temporary workers (*down 13,000*) and daily workers (*down 122,000*) decreased.

	2009		2010					2011					
	Annual	Q4	Annual	Q2	Q3	Q4	Dec	Annual	Q1	Q2	Q3	Q4	Dec
Number of employed (million)	23.51	23.63	23.83	24.17	24.12	23.99	23.68	24.24	23.46	24.57	24.48	24.46	24.13
Employment rate (%)	58.6	58.7	58.7	59.6	59.3	58.9	58.0	59.1	57.4	59.9	59.5	59.4	58.5
(seasonally adjusted)	58.6	58.5	58.7	58.9	58.9	58.6	58.8	59.1	58.8	59.2	59.1	59.2	59.2
Employment growth (y-o-y, thousand)	-72	-6	323	433	369	358	455	415	423	402	363	474	441
(Excluding agriculture, forestry & fishery)	-34	110	405	518	414	393	454	440	451	39	414	497	466
- Manufacturing	-126	-49	191	172	262	269	284	63	228	112	-12	-75	-85
- Construction	-91	-107	33	44	92	57	25	-2	-3	-41	-35	71	106
- Services	179	261	200	325	83	80	154	386	224	331	472	514	462
- Agriculture, forestry & fishery	-38	-116	-82	-85	-45	-35	1	-25	-28	3	-51	-23	-25
- Wage workers	247	385	517	623	541	532	599	427	519	421	392	374	343
· Regular workers	383	515	697	766	671	699	715	575	605	621	572	500	477
· Temporary workers	22	105	-34	42	-26	-114	-75	-78	-88	-137	-76	-10	-13
· Daily workers	-158	-235	-146	-185	-104	-53	-41	-70	2	-63	-104	-115	-122
- Non-wage workers	-319	-391	-194	-189	-172	-174	-144	-11	-96	-19	-29	100	98
· Self-employed workers	-259	-279	-118	-91	-130	-146	-127	1	-115	-39	34	125	133
- Male	31	89	181	188	207	212	227	238	266	221	208	257	256
- Female	-103	-94	142	245	163	146	228	177	157	181	155	216	184
- 15 to 29	-127	-77	-43	-58	-44	-57	-76	-35	-49	-74	-1	-18	-37
- 30 to 39	-173	-149	-4	-13	21	17	15	-47	-34	-13	-83	-56	-46
- 40 to 49	-24	-46	29	48	40	50	78	57	77	59	46	47	45
- 50 to 59	198	230	294	342	295	287	299	291	286	294	270	315	334
- 60 or more	54	37	47	114	57	60	139	149	143	137	131	185	146

Source: Statistics Korea

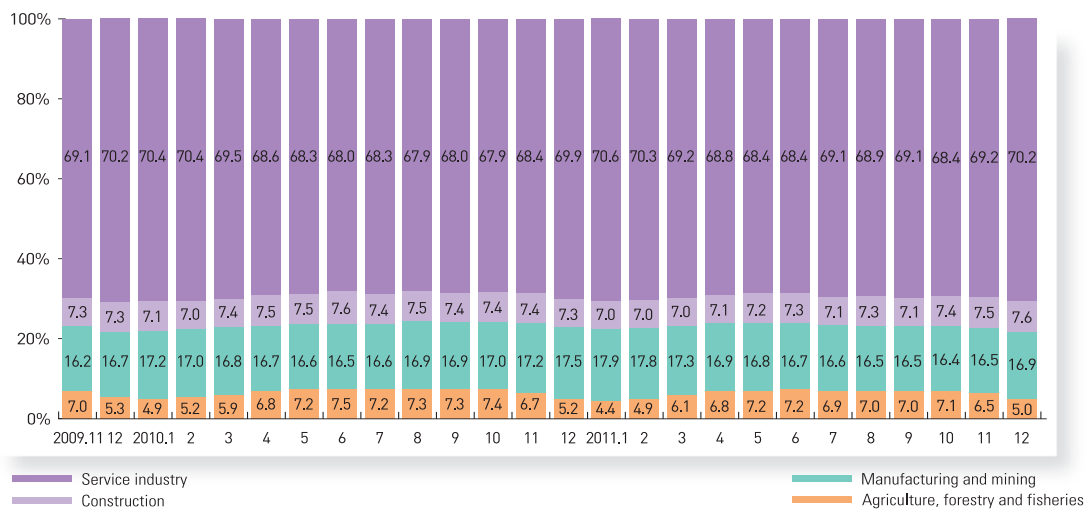
### 8-1 Number of employed and employment growth

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 December decreased by 99,000 year-on-year to 754,000 and the year-on-year unemployment rate (*seasonally adjusted*) dropped 0.5 percentage points to 3.0 percent.

The unemployment rate fell in all age brackets including the youth. The youth unemployment fell 0.3 percentage points from the previous year, recording 7.7 percent.

	2009		2010					2011					
	Annual	Q4	Annual	Q2	Q3	Q4	Dec	Annual	Q1	Q2	Q3	Q4	Dec
Number of unemployed (thousand)	889	817	920	868	873	808	853	855	1,028	865	786	740	754
Unemployment growth (y-o-y, thousand)	119	60	31	-75	-13	-10	19	-65	-101	-3	-88	-68	-99
- Male	80	25	-7	-47	-48	-16	8	-48	-70	-32	-48	-41	-59
- Female	40	36	38	-29	35	6	11	-17	-32	29	-40	-27	-40
Unemployment rate (%)	3.6	3.3	3.7	3.5	3.5	3.3	3.5	3.4	4.2	3.4	3.1	2.9	3.0
(Seasonally adjusted)	3.6	3.5	3.7	3.5	3.6	3.4	3.1	3.4	3.9	3.4	3.2	3.1	3.1
- 15 to 29	8.1	7.6	8.0	7.7	7.6	7.1	8.0	7.6	8.8	7.9	6.7	7.1	7.7
- 30 to 39	3.6	3.3	3.5	3.6	3.5	3.2	3.2	3.4	4.0	3.5	3.2	2.9	2.8
- 40 to 49	2.4	2.3	2.5	2.3	2.5	2.2	2.2	2.1	2.5	2.1	2.0	1.9	1.9
- 50 to 59	2.5	2.2	2.5	2.1	2.3	2.3	2.4	2.1	2.7	2.0	2.1	1.8	1.8
- 60 or more	1.6	1.5	2.8	2.1	2.0	1.9	2.2	2.6	4.5	2.3	2.1	1.8	1.8

Source: Statistics Korea

The economically inactive population in December was up 129,000 from a year earlier to 16,390,000. Meanwhile, the labor force participation rate (*seasonally adjusted*) rose 0.2 percentage points year-on-year to 60.3 percent.

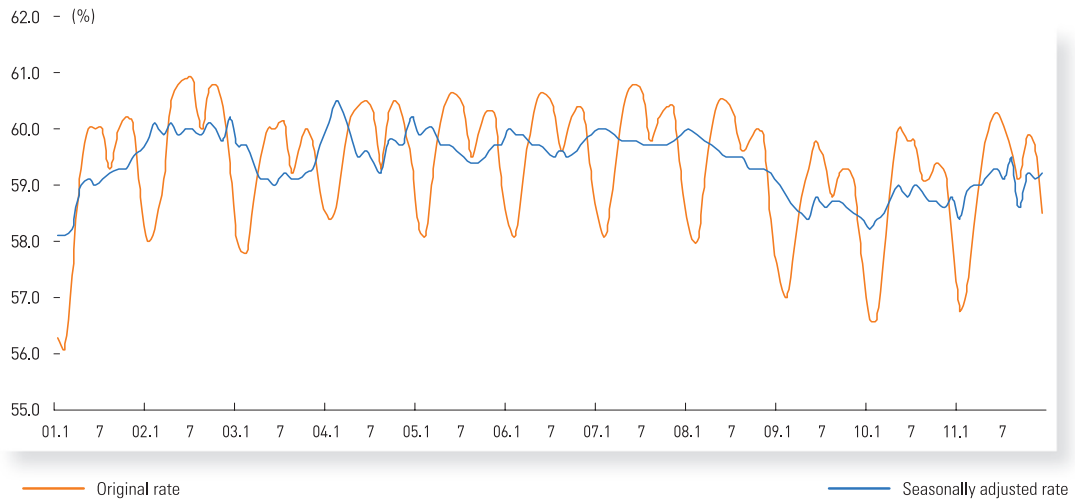
The number of workers quitting jobs due to rest, time-off and leisure (*up 182,000*), housework (*up 90,000*), childcare (*up 19,000*) and old age (*up 11,000*) increased while those who quit jobs due to education (*down 20,000*) decreased.

	2009		2010					2011					
	Annual	Q4	Annual	Q2	Q3	Q4	Dec	Annual	Q1	Q2	Q3	Q4	Dec
Economically inactive population (million)	15.70	15.83	15.84	15.49	15.66	15.96	16.27	15.95	16.39	15.56	15.85	16.01	16.39
Labor force participation rate (%)	60.6	60.7	61.0	61.8	61.5	60.8	60.1	61.1	59.9	62.0	61.5	61.1	60.3
(seasonally adjusted)	60.6	60.6	61.0	61.0	61.1	60.8	60.5	61.1	61.1	61.3	61.0	61.1	61.1
Growth in economically inactive population (y-o-y, thousand)	447	456	143	146	128	133	257	112	138	66	191	53	129
- Childcare	40	15	-125	-126	-149	-107	-103	-5	-44	-16	17	23	19
- Housework	148	235	201	175	203	189	215	101	130	27	143	103	90
- Education	31	-36	12	23	46	55	90	-51	-16	-39	-78	-69	-20
- Old age	88	92	80	59	43	25	9	-45	-103	-58	-22	2	11
- Rest, time-off and leisure	123	123	-56	-27	15	-27	4	182	241	163	193	131	182

Source: Statistics Korea

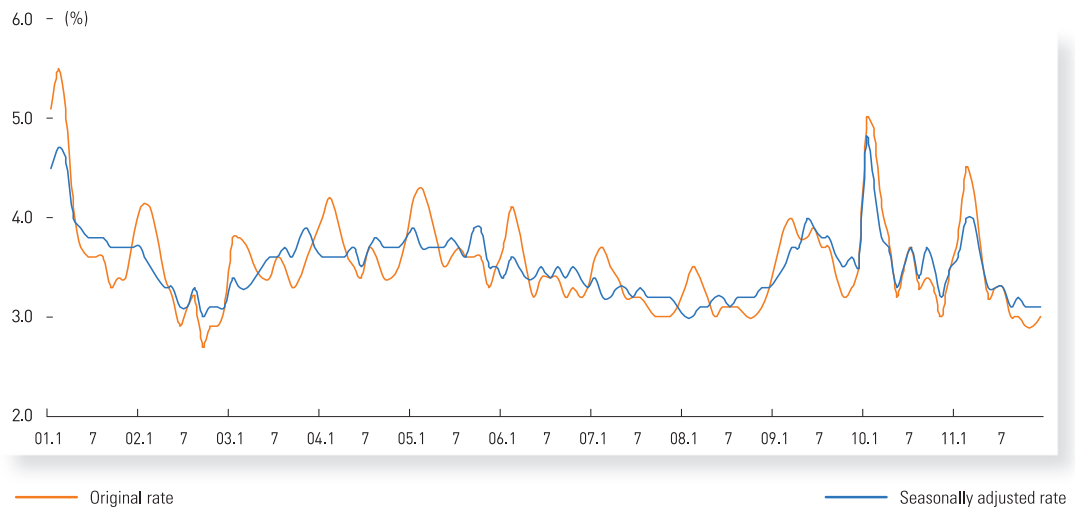
### 8-4 Employment rate

Source: Statistics Korea (employment trend)



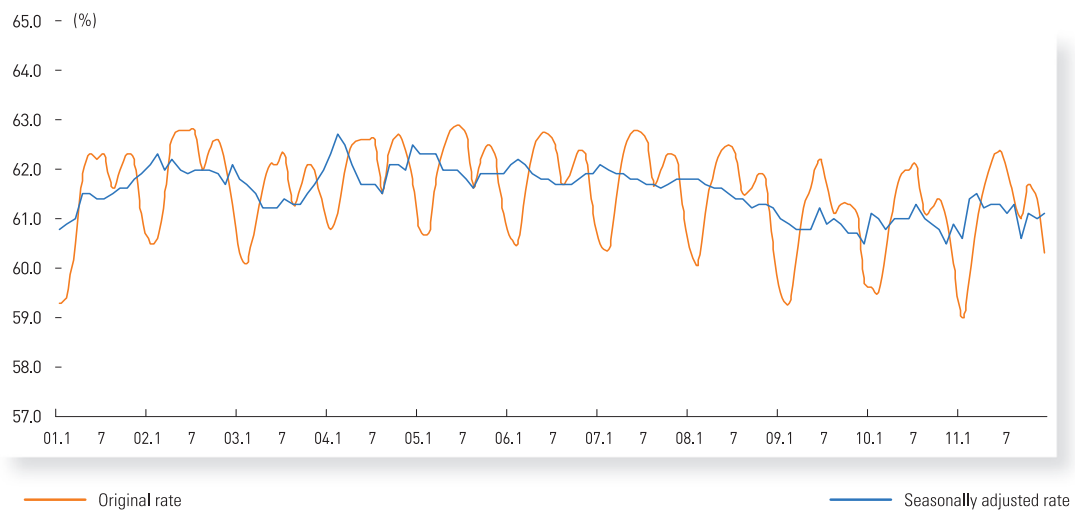
### 8-5 Unemployment rate

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 price index in January 2012 rose 7.1 percent month-on-month to 1,956 points from the previous month's 1,826 points. The stock market rose to 1,965 points on January 27 as foreign investors continued the net-buying position affected by improved economic indicators of the US and China, successful eurozone debt issuance supported by the European Central Bank's long-term lending program, and the Fed's decision on January 25 to continue its accommodative monetary policy.

Foreign investors shifted to a net-buying position of 6.2 trillion won from the previous month's net selling of 0.6 trillion won.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	Dec 2011	Jan 2012	Change <sup>1</sup>	Dec 2011	Jan 2012	Change <sup>1</sup>
Stock price index	1,825.7	1,955.8	+130.1 (+7.1%)	500.2	514.0	+13.8 (+2.8%)
Market capitalization	1,042.0	1,117.2	+75.2 (+7.2%)	106.0	109.4	+3.4 (+3.2%)
Average daily trade value	4.9	5.4	+0.5 (+10.0%)	3.16	2.80	-0.4 (-11.4%)
Foreign stock ownership	32.9	33.2	+0.3 (+1.0%)	7.89	7.92	+0.03 (+0.4%)

1. Change from the end of the previous month

### 9.2 Exchange rate

The won/dollar exchange rate in January 2012 decreased 28.5 won to wrap up the month at 1,123.3 won from 1,151.8 won at the end of December 2011.

Although rating agencies downgraded the credit ratings of eurozone countries, the won/dollar exchange rate fell as the international financial market stabilized after the successful bond auctions in Italy.

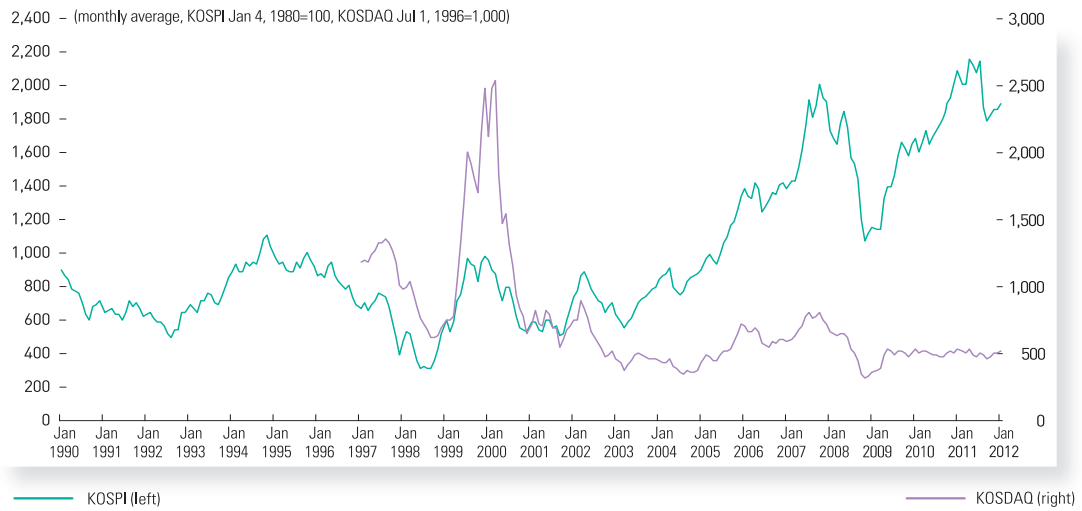
The won/100 yen exchange rate fell 6.7 won, affected by Japan's trade deficit of 2.5 trillion yen in 2011.

(End-period)

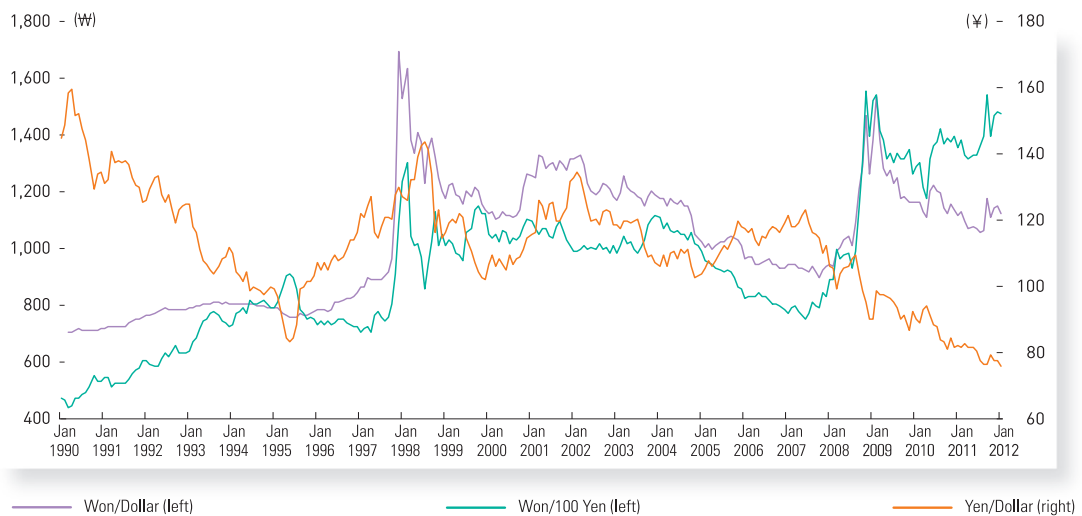
	2007	2008	2009	2010	2011	2012	
	Dec	Dec	Dec	Dec	Dec	Jan	Change <sup>1</sup>
Won/Dollar	936.1	1,259.5	1,164.5	1,134.8	1,151.8	1,123.3	2.5
Won/100 Yen	828.6	1,396.8	1,264.5	1,393.6	1,481.2	1,474.5	0.5

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.

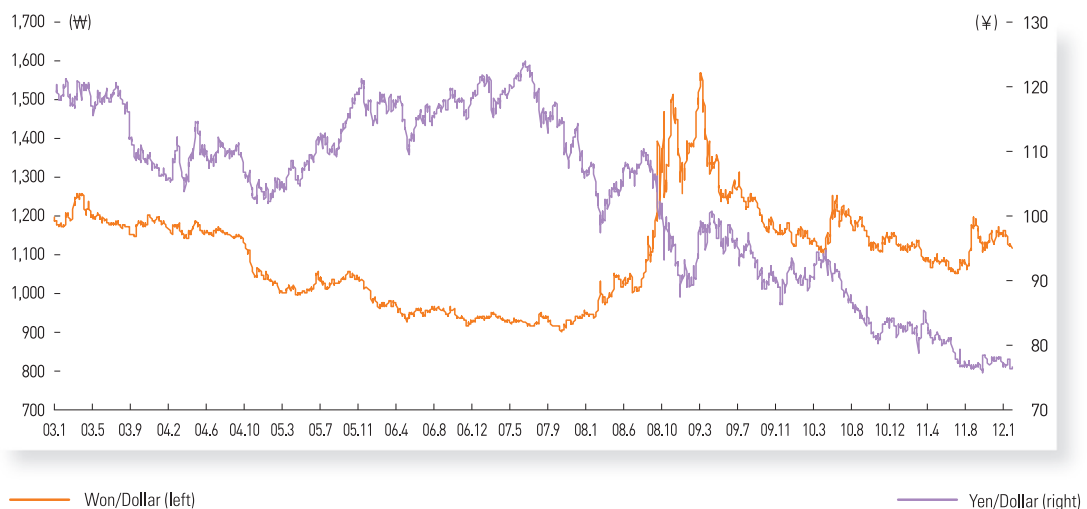
### 9-1 Stock prices



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



### 9-3 Recent foreign exchange rate



## 9.3 Bond market

The 5-year Treasury bond yields rose 3 basis points in January 2012 to 3.49 percent from the previous month's 3.46 percent. Despite Fed's ultra-low interest rate policy, the Korea Treasury bond yields increased helped by eased concerns over the eurozone debt problems, foreign investment inflow to the Korea Treasury bond futures, and robust US economic indicators.

(End-period)

	2006	2007	2008	2009	2010	2011		2012	
	Dec	Dec	Dec	Dec	Dec	Nov	Dec	Jan	Change <sup>1</sup>
Call rate (1 day)	4.60	5.02	3.02	2.01	2.51	3.27	3.29	3.27	-2
CD (91 days)	4.86	5.82	3.93	2.88	2.80	3.55	3.55	3.54	-1
Treasury bonds (3 yrs)	4.92	5.74	3.41	4.44	3.38	3.38	3.34	3.38	+4
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.27	4.22	4.21	4.24	+3
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.08	3.49	3.46	3.49	+3

1. Basis point, changes in January 2012 from the previous month

## 9.4 Money supply & money market

The M2 (monthly average) in November expanded 4.4 percent from a year earlier excluding cash management accounts (CMAs), which were included in M2 since July 2009.

Despite increased redemption for money in the government sector and contracted money supply from the overseas sector, the month-on-month M2 growth stayed at a similar level to the previous month, helped by expanded private sector credit such as bank lending.

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

	2008	2009	2010				2011					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Aug	Sep	Oct	Nov	Nov <sup>1</sup>
M1 <sup>2</sup>	-1.8	16.3	11.8	14.5	10.7	10.8	11.2	5.4	5.1	4.1	2.0	423.1
M2	14.3	10.3	8.7	9.4	9.5	8.6	7.4	4.0	4.2	4.4	4.4	1,753.3
Lf <sup>3</sup>	11.9	7.9	8.2	8.5	9.1	8.2	7.1	5.6	5.7	6.1	6.2 <sup>4</sup>	2,279.2 <sup>4</sup>

1. Balance at end November 2011, 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

Despite increased instant access account deposits, bank deposits slightly decreased as time deposits significantly declined due to outflows of regional government funds at the end of the year.

Asset management company (AMC) deposits showed a sharp decline due to plummeting money market funds (MMFs) affected by the outflows of treasury fund and corporate funds at the end of the year. It was also attributable to the withdrawal of funds to repay maturing bonds.

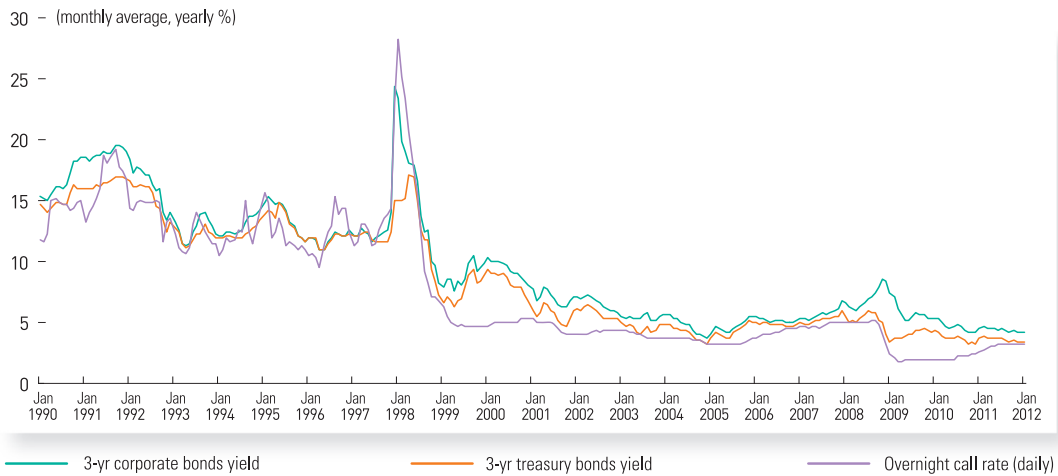
(Monthly change, end-period, trillion won)

	2009		2010		2011			
	Annual	Dec	Annual	Dec	Oct	Nov	Dec	Dec <sup>1</sup>
Bank deposits	54.8	-8.3	36.9	-8.7	13.0	5.8	-1.9	1,102.8
AMC deposits	-27.6	-11.1	-16.7	-11.2	9.3	-0.4	-19.5	298.5

1. Balance at end December 2011, trillion won

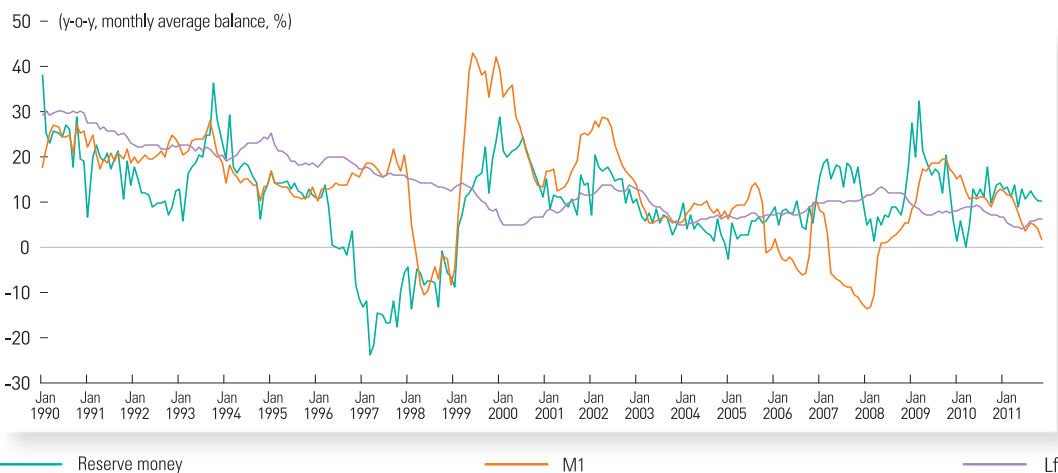
### 9-4 Interest rates

Source: The Bank of Korea



### 9-5 Total money supply

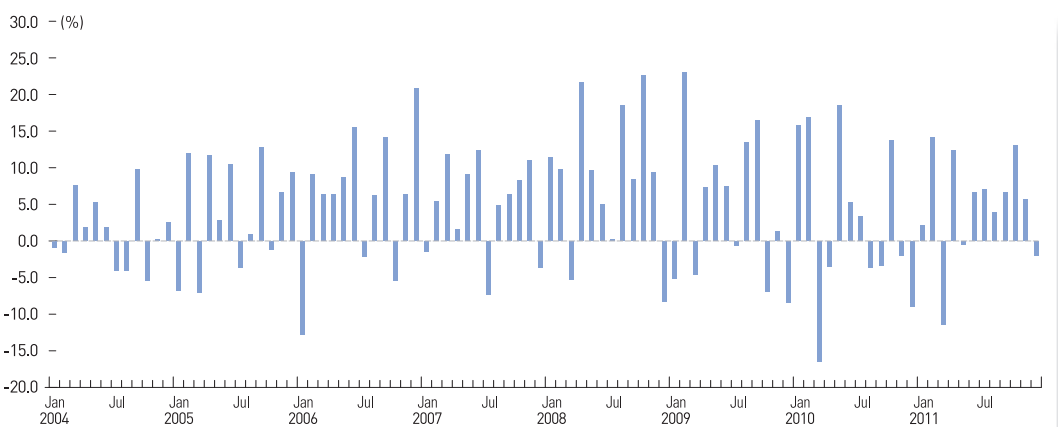
Source: The Bank of Korea



### 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 (*preliminary*) in December 2011 posted US\$3.96 billion, continuing a surplus for 22 months in a row. The surplus slightly contracted from the previous month's US\$4.56 billion. The accumulated current account surplus for 2011 registered US\$27.65 billion.

The goods account continued to post a surplus, helped by robust exports of petroleum products, steel and automobiles. The accumulated goods account surplus for 2011 posted US\$32.10 billion.

The service account shifted to a deficit of US\$210 million from the previous month's surplus of US\$360 million as the expanded deficit of the travel & business service account offset the construction account surplus.

The primary income account surplus expanded to US\$490 million from the previous month's US\$450 million owing to increasing interest income. Meanwhile, the secondary income account deficit contracted to US\$180 million from of US\$240 million a month earlier due to increased inward remittance.

(US\$ billion)

	2009	2010			2011						
	Annual	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Nov	Dec
Current account	32.79	29.39	10.12	8.47	27.65	2.61	5.49	6.90	12.66	4.56	3.96
- Goods balance	37.87	40.08	11.57	11.91	32.10	5.84	7.66	7.20	11.40	4.00	3.85
- Service balance	-6.64	-8.63	-1.79	-2.57	-4.38	-2.54	-0.80	-1.20	0.16	0.36	-0.21
- Income balance	2.28	1.01	1.29	0.03	2.46	0.39	-0.83	1.32	1.58	0.45	0.49
Current transfers	-0.71	-3.08	-0.95	-0.91	-2.52	-1.08	-0.55	-0.42	-0.48	-0.24	-0.18

1. Preliminary

Source: The Bank of Korea

The capital and financial account (*preliminary*) in December 2011 registered an outflow of US\$4.15 billion. The accumulated capital and financial account from January to December 2011 posted a deficit of US\$32.61 billion.

### Capital & financial account balance (US\$ billion)

-2.75 (Q1 2011) ➔ -6.81 (Q2) ➔ -8.32 (Q3) ➔ -4.39 (Oct) ➔ -6.19 (Nov) ➔ -4.15 (Dec<sup>1</sup>)

1. Preliminary

The direct investment account decelerated the outflow to US\$840 million from the previous month's outflow of US\$2.08 billion as foreign direct investment increased while overseas direct investment by locals decreased.

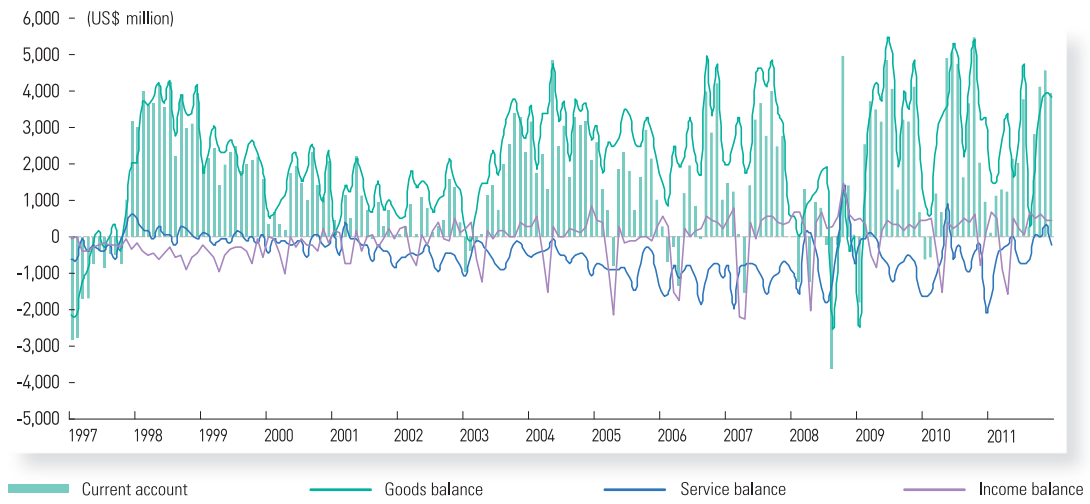
The portfolio investment account turned to a net outflow of US\$2.41 billion from the previous month's net inflow of US\$40 million as the net outflow of debt securities investment funds offset the net inflow of foreign investor funds for equity securities investment.

The financial derivatives account decelerated the net outflow of US\$160 million from the previous month's US\$380 million. Meanwhile, the other investment account expanded the net outflow to US\$640 million from the previous month's US\$10 million.

The current account in January 2012 is expected to post a deficit, affected by the trade deficit and increased overseas travel during the winter vacation.

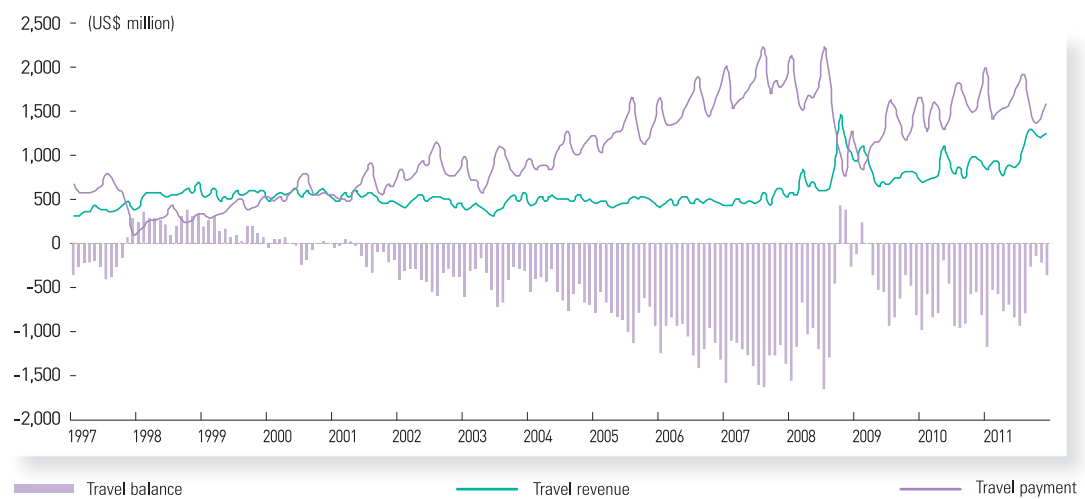
### 10-1 Current account balance

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



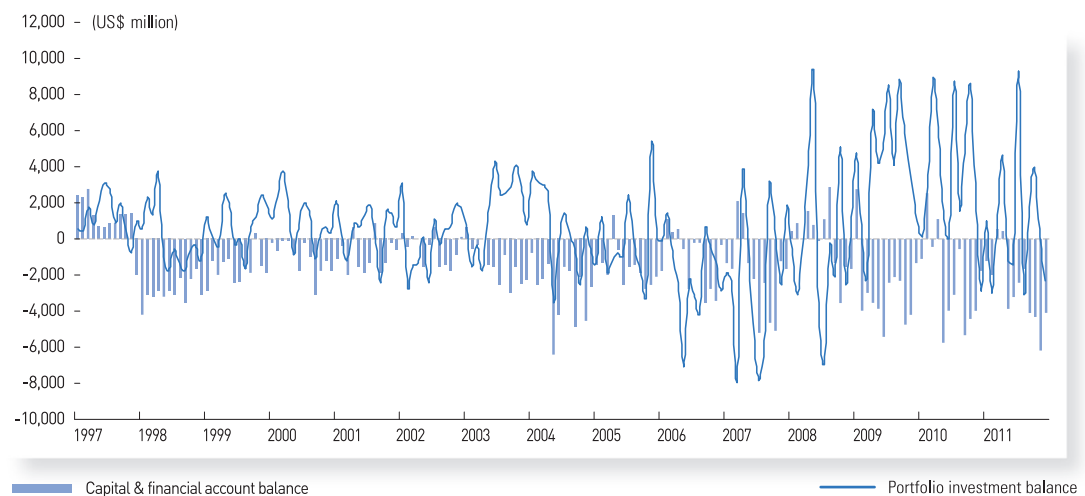
### 10-2 Travel balance

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 January 2012 rose 3.4 percent year-on-year and 0.5 percent month-on-month. Manufactured product prices and dining out expenses stabilized, but the prices of agricultural products and public service charges rose.

Core consumer prices, which exclude oil and agricultural products, rose 3.2 percent year-on-year and 0.3 percent month-on-month. Core consumer prices based on the OECD method, which excludes food and energy, rose 2.5 percent year-on-year and 0.3 percent month-on-month. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 3.3 percent compared to the same month of the previous year.

Expected inflation slightly accelerated, while the upward trend of import prices eased.

#### Expected inflation (%)

4.2 (Aug, 2011) ↗ 4.3 (Sep) ↗ 4.2 (Oct) ↗ 4.1 (Nov) ↗ 4.0 (Dec) ↗ 4.1 (Jan, 2012)

#### Import price increases (y-o-y, %, won base)

14.0 (Sep, 2011) ↗ 16.0 (Oct) ↗ 11.8 (Nov) ↗ 7.1 (Dec)

### Consumer price inflation

	2011												2012
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Month-on-Month	0.7	0.4	0.0	0.0	0.2	0.5	0.7	-0.1	-0.2	0.1	0.4	0.5	
Year-on-Year	3.9	4.1	3.8	3.9	4.2	4.5	4.7	3.8	3.6	4.2	4.2	3.4	
Consumer prices excluding oil and agricultural products (y-o-y)	2.6	3.0	3.0	3.2	3.5	3.6	3.5	3.3	3.2	3.5	3.6	3.2	
Consumer prices excluding food and energy (y-o-y)	2.1	2.4	2.5	2.7	2.8	2.8	2.8	2.6	2.6	2.8	2.7	2.5	
Consumer prices for basic necessities (y-o-y)	4.6	4.7	4.1	4.0	4.5	4.9	5.2	3.8	3.6	4.5	4.4	3.3	

Source: Statistics Korea

The prices of agricultural, livestock & fishery products rose 2.7 percent in January 2012. Prices were affected by higher demand for agricultural products for the Lunar New Year holiday, and lower shipments due to seasonal factors.

#### Prices of agricultural, livestock & fishery products in January 2012 (m-o-m, %)

Chinese cabbage (11.1), pears (9.7), radishes (4.9), apples (4.8), cutlassfish (4.5), eggs (4.1), yellow corvina (1.1), chili powder (0.6), rice (-0.2), mackerel (-1.8), chicken (-2.1), pork (-3.6)

Manufactured product prices stabilized (*up 0.1%, m-o-m*) overall. However, the prices of certain processed food, including powdered milk and ramen, rose, as well as those of oil products.

Rents continued to rise (*up 0.3%, m-o-m*) in January 2012. Although dining out costs remained stabilized (*up 0.1%, m-o-m*), personal service charges rose 0.4 percent month-on-month as other costs rose (*up 0.6%, m-o-m*) such as tutoring fees.

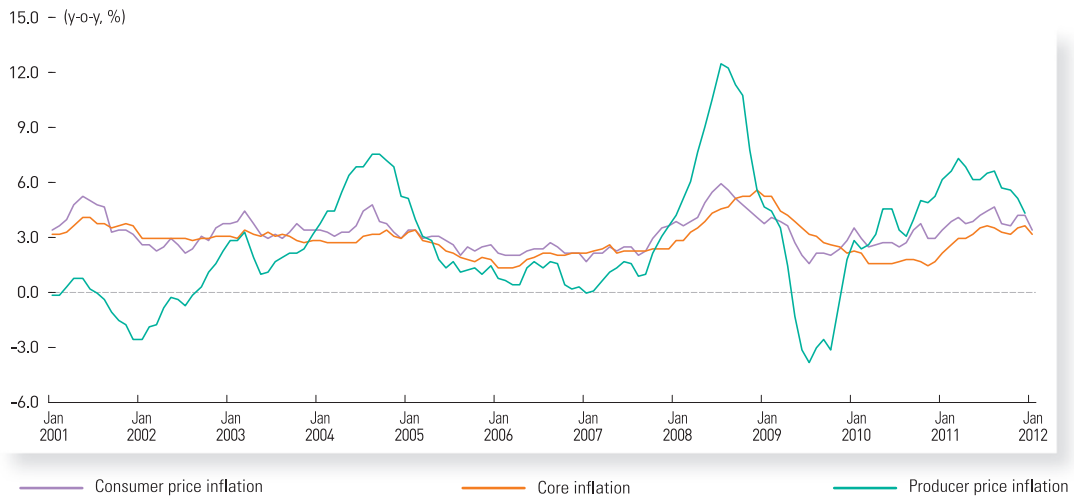
### Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public utility	Personal services
Month-on-Month (%)	0.5	2.7	0.1	0.3	0.0	0.3	0.5	0.4
Contribution (%p)	0.48	0.22	0.03	0.02	0.00	0.03	0.07	0.12
Year-on-Year (%)	3.4	3.6	4.3	7.0	5.5	5.0	-0.7	3.4
Contribution (%p)	3.42	0.30	1.37	0.40	0.26	0.46	-0.10	1.10

Source: Statistics Korea

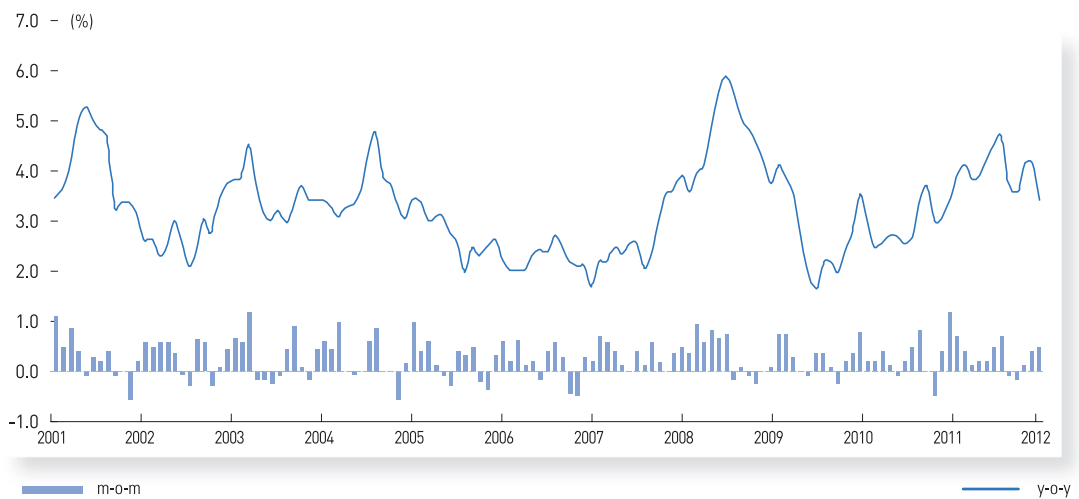
### 11-1 Prices

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



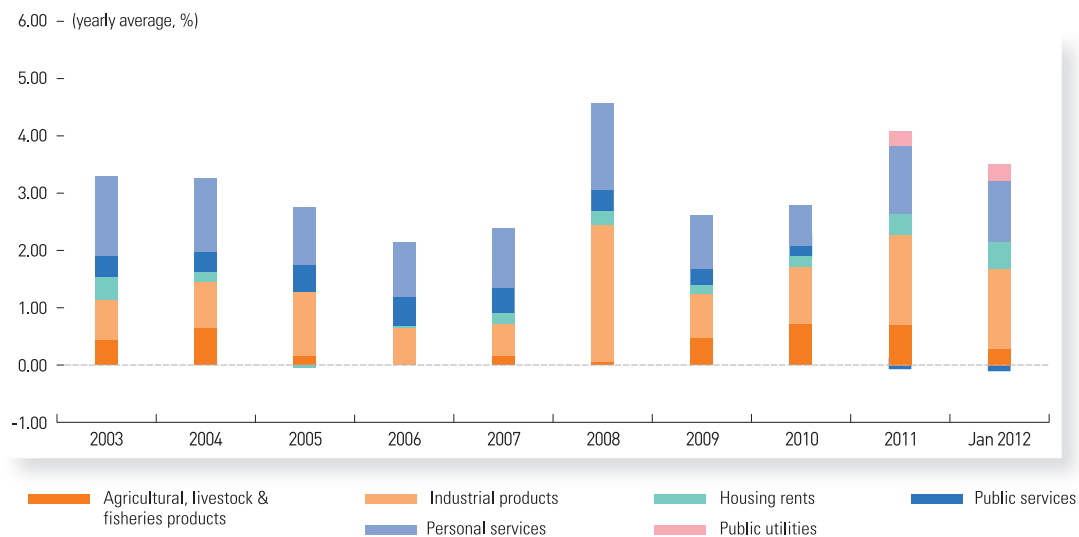
### 11-2 Consumer price inflation

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

The prices of international oil and domestic oil products rose in January 2012.

Despite increasing crude oil inventories in the OECD member nations and economic uncertainties stemming from the European financial crisis, international oil prices rose due to concerns over supply disruptions caused by the US' and EU's decision to ban oil imports from Iran.

**OECD crude oil inventories in November** (International Energy Agency, Oil Market Report, as of end-January 2012)  
2.65 billion barrels (up 0.2%, m-o-m)

(US\$/barrel, period average)

	2009	2010	2011							2012
	Annual	Annual	Annual	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Dubai crude	61.9	78.1	106.0	110.2	105.0	105.7	103.5	107.9	105.5	109.5
Brent crude	61.7	79.7	111.1	116.8	110.0	111.5	109.1	110.5	107.7	111.0
WTI crude	61.9	79.5	95.1	97.3	86.3	85.6	86.5	97.3	98.7	100.4

Source: Korea National Oil Corporation

Domestic oil product prices continued to rise as a result of increases in international oil and oil product prices, and also due to higher demand for heating fuel.

(Won/liter, period average)

	2009	2010	2011							2012
	Annual	Annual	Annual	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Gasoline prices	1,601	1,710	1,929	1,935	1,946	1,945	1,978	1,981	1,943	1,955
Diesel prices	1,397	1,503	1,746	1,754	1,758	1,746	1,772	1,788	1,792	1,805

Source: Korea National Oil Corporation

The prices of international commodities rose in January 2012 despite uncertainties over the global economy.

Non-ferrous metal prices rose as a result of higher demand due to a rise in imports by China and lower inventories of copper. Copper inventories in the London Metal Exchange were 9.6 percent lower than the previous month as of January 27, 2012. In addition, plans to cut aluminum production such as the announcement made by Alcoa, the world's largest aluminum producer, also contributed to the trend.

**Prices of non-ferrous metals in January 2012** (m-o-m, %)

Tin (10.5), nickel (9.1), aluminum (7.1), copper (6.1)

Despite the prediction that grain production worldwide will increase, international grain prices rose due to the possibility that Russia would limit grain exports and concerns that the drought in Brazil, Argentina and other Latin American nations would lead to poor harvest.

**Outlook for worldwide grain production in 2011-2012** (USDA, as of January 2012)

2.298 billion tons (up 0.2%, m-o-m)

**Prices of grain in January 2012** (m-o-m, %)

Soybeans (5.1), corn (3.7), wheat (2.7), raw sugar (2.7)

### Reuters index\*

(Period average)

2009	2010	2011							2012
Annual	Annual	Annual	Jul	Aug	Sep	Oct	Nov	Dec	Jan
2,079	2,553	3,062	3,145	3,038	2,978	2,781	2,770	2,732	2,832

\* A weighted average index of 17 major commodities

Source: KOREA PDS

### 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

Nationwide apartment sales prices in November rose 0.2 percent from the previous month.

Apartment sales prices in the Seoul metropolitan area declined for the third consecutive month (*down 0.2%, m-o-m*).

Increases in apartment sales price slightly accelerated in areas excluding the Seoul metropolitan area, in particular Ulsan (*up 1.1%, m-o-m*), South Chungcheong Province (*up 0.8%, m-o-m*), Daegu (*up 0.7%, m-o-m*), and Busan (*up 0.4%, m-o-m*). Apartment prices in 5 metropolitan cities and other cities climbed 0.5 percent and 0.6 percent each, surpassing the national average.

#### Nationwide apartment sales prices

(Percentage change from previous period)

	2008	2009	2010	2011								2012				
	Annual	Annual	Annual	Annual	Q1	Q2	Sep	Oct	Nov	Dec	Jan	Jan 2 <sup>1</sup>	Jan 9 <sup>1</sup>	Jan 16 <sup>1</sup>	Jan 30 <sup>1</sup>	
Nationwide	2.3	1.6	2.5	9.6	3.1	2.9	0.7	0.5	0.6	0.2	0.2	0.04	0.04	0.04	0.07	
Seoul	3.2	2.6	-2.2	-0.4	0.6	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.04	-0.03	-0.03	-0.05	
Gangnam <sup>2</sup>	-1.9	3.9	-1.8	-0.6	0.8	-0.3	-0.1	-0.2	-0.3	-0.2	-0.2	0.06	-0.05	-0.05	-0.07	
Gangbuk <sup>3</sup>	9.4	0.9	-2.7	-0.2	0.4	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.02	-0.02	-0.02	-0.02	
Seoul metropolitan area	2.9	0.7	-2.9	0.4	0.8	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.03	-0.04	-0.03	-0.03	
5 metropolitan cities	1.0	2.8	8.7	20.3	5.6	6.3	1.4	1.0	1.2	0.5	0.5	0.11	0.10	0.10	0.16	

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

Nationwide apartment rental prices increased at a faster pace in January 2012, rising 0.3 percent month-on-month. The rental prices continued to fall in Seoul (*down 0.1%, m-o-m*) and Gyeonggi Province (*down 0.1%, m-o-m*).

#### Apartment rental price increase in major districts in Seoul (m-o-m, %)

Gangnam (-0.8), Yangcheon (-0.4), Songpa (-0.2), Gangdong (1.2)

#### Nationwide apartment rental prices

(Percentage change from previous period)

	2008	2009	2010	2011								2012				
	Annual	Annual	Annual	Annual	Q1	Q2	Sep	Oct	Nov	Dec	Jan	Jan 2 <sup>1</sup>	Jan 9 <sup>1</sup>	Jan 16 <sup>1</sup>	Jan 30 <sup>1</sup>	
Nationwide	0.8	4.5	8.8	16.2	5.5	3.6	1.8	1.1	0.7	0.1	0.3	0.04	0.07	0.07	0.14	
Seoul	-1.8	8.1	7.4	13.4	5.1	1.5	2.2	1.0	0.3	-0.2	-0.1	-0.02	0.04	0.00	0.05	
Gangnam <sup>2</sup>	-3.6	10.4	8.8	12.5	4.6	1.5	2.1	0.9	0.1	-0.2	0.0	-0.03	0.06	-0.02	0.05	
Gangbuk <sup>3</sup>	0.5	5.4	5.6	14.6	5.7	1.4	2.3	1.2	0.5	-0.1	-0.1	-0.01	0.01	0.02	0.04	
Seoul metropolitan area	-0.4	5.6	7.2	13.9	5.6	2.2	2.0	1.1	0.2	-0.3	-0.1	-0.02	0.00	0.01	0.08	
5 metropolitan cities	1.6	3.9	12.0	18.9	5.8	5.5	1.4	1.1	1.3	0.3	0.5	0.12	0.13	0.13	0.20	

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

With the temporary tax cut of the real estate acquisition nearing expiration, apartment sales transactions in December 2011 increased 40.4 percent from the previous month's 45,479 to 63,857, up 1.1 percent from 63,192 a year earlier.

#### Apartment sales transactions

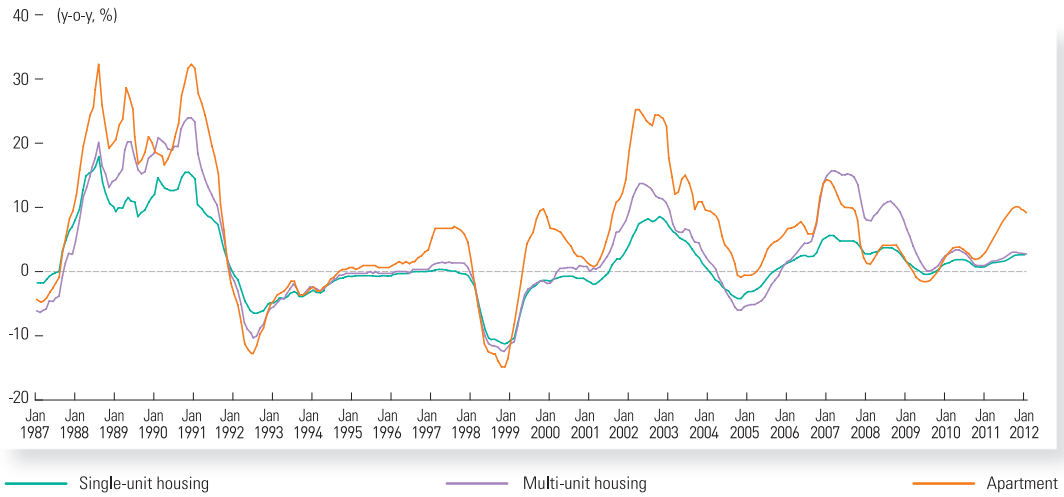
(Monthly average, thousand)

	2007	2008	2009	2010				2011											
	Annual	Annual	Annual	Annual	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Nationwide	38	39	44	40	41	54	63	45	52	59	56	48	47	43	44	43	48	45	64

Source: Ministry of Land, Transport and Maritime Affairs

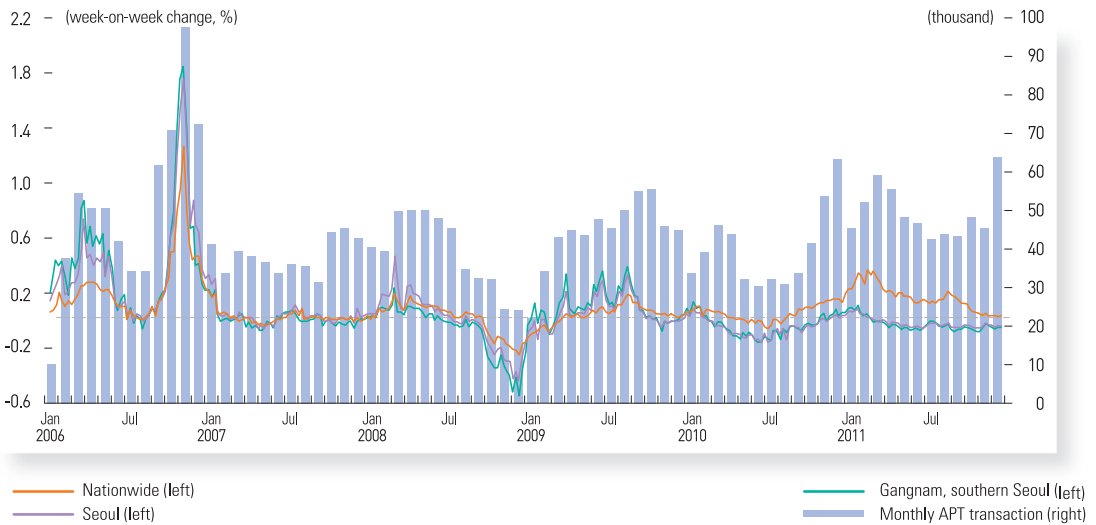
### 12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



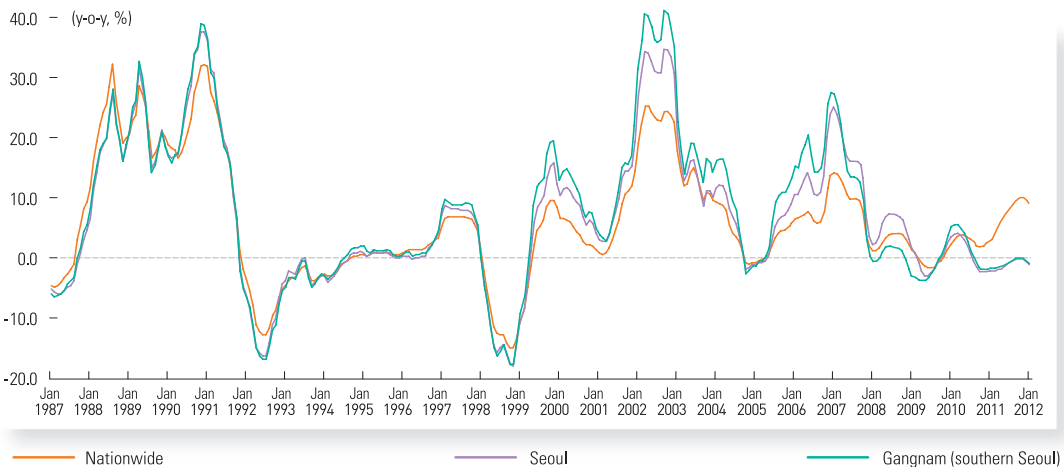
### 12-2 Weekly apartment sales prices and monthly transaction volume

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 December 2011 rose for the 14<sup>th</sup> consecutive month (*up 0.1%, m-o-m*), but were still 1.06 percent lower than the pre-crisis peak reached in October 2008.

Land prices in Seoul (*up 0.04%*), the Seoul metropolitan area (*up 0.08%*), Gyeonggi Province (*up 0.13%*) and Incheon (*up 0.05%*) continued to rise month-on-month.

### Land price increases in Seoul metropolitan area (m-o-m, %)

0.10 (Jul, 2011) ↻ 0.10 (Aug) ↻ 0.09 (Sep) ↻ 0.08 (Oct) ↻ 0.08 (Nov) ↻ 0.08 (Dec)

Land prices in areas excluding the Seoul metropolitan area rose 0.13 percent month-on-month in November, continuing the upward trend since October 2010.

### Land price increases in areas excluding Seoul metropolitan area (m-o-m, %)

0.10 (Jul, 2011) ↻ 0.09 (Aug) ↻ 0.11 (Sep) ↻ 0.12 (Oct) ↻ 0.13 (Nov) ↻ 0.13 (Dec)

## Land prices by region

(Percentage change from previous period)

	2007	2008	2009		2010			2011										
	Annual	Annual	Annual	Q4	Annual	Q3	Q4	Annual	Q1	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Nationwide	3.88	-0.31	0.96	0.94	1.05	-0.05	0.11	1.17	0.29	0.10	0.10	0.10	0.10	0.09	0.09	0.10	0.10	0.10
Seoul	5.88	-1.00	1.40	0.81	0.53	-0.25	0.39	0.97	0.40	0.12	0.09	0.07	0.07	0.05	0.05	0.04	0.04	0.04
Gyeonggi	4.22	-0.26	1.22	1.36	1.49	-0.08	0.07	1.47	0.26	0.11	0.12	0.14	0.15	0.15	0.13	0.13	0.13	0.13
Incheon	4.86	1.37	1.99	1.70	1.43	-0.10	0.02	0.66	0.17	0.06	0.06	0.06	0.05	0.06	0.05	0.05	0.05	0.05

Source: Korea Land & Housing Corporation

Nationwide land transactions in December 2011 were 256,000 land lots, up 22.4 percent from the previous month but down 0.8 percent from 258,000 a year earlier. It is 1.3 percent higher than the most recent five-year December average of 253,000 land lots.

Monthly land transactions increased nationwide, particularly in Daejeon (*up 54.7%*), Jeju (*up 44.2%*), Busan (*up 41.1%*), North Chungcheong Province (*up 32.4%*), and Geonggi Province (*up 25.7%*).

## Land sales transactions

(Land lot, thousand)

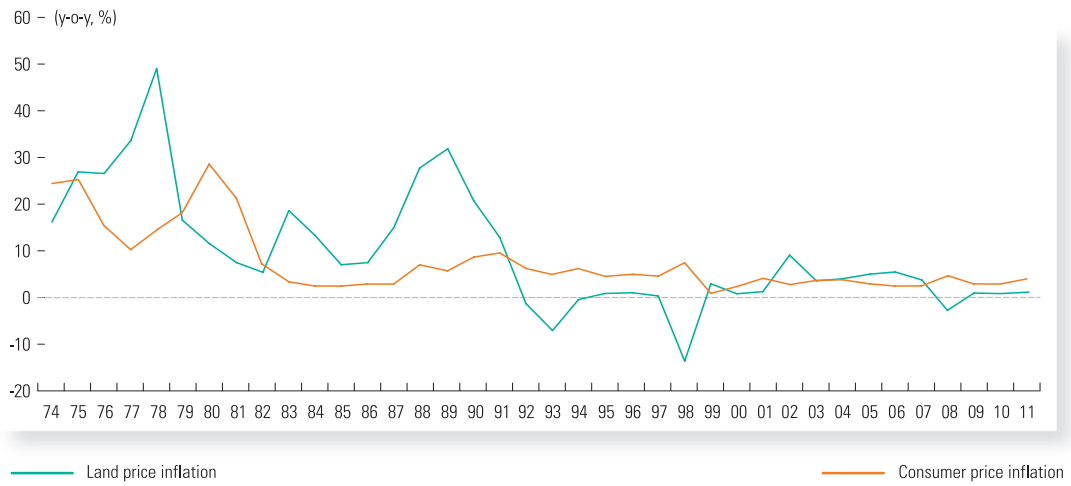
	2007	2008	2009			2010			2011											
	Annual <sup>1</sup>	Annual <sup>1</sup>	Annual <sup>1</sup>	Nov	Dec	Annual <sup>1</sup>	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Nationwide	208	208	203	207	241	187	208	257	191	176	244	226	212	207	196	196	181	200	209	256
Seoul	33	26	22	19	21	16	18	24	18	17	23	19	18	18	15	17	16	18	17	21
Gyeonggi	49	45	46	48	58	41	45	58	46	38	52	46	43	40	40	39	39	41	42	52
Incheon	13	13	10	11	12	8	9	11	8	9	13	11	13	10	11	9	9	9	9	11

1. Monthly average

Source: Korea Land & Housing Corporation

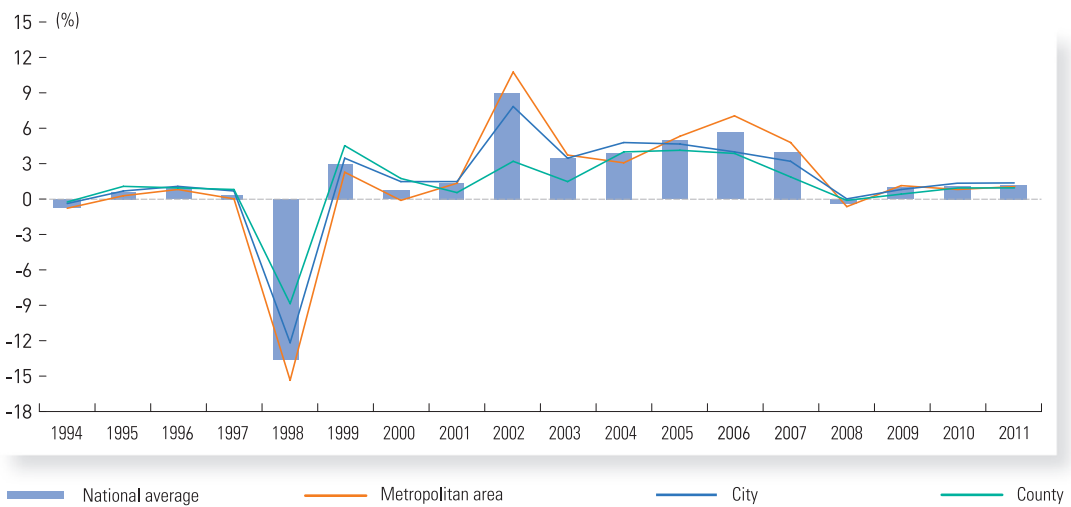
### 12-4 Land and consumer prices since 1970s

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



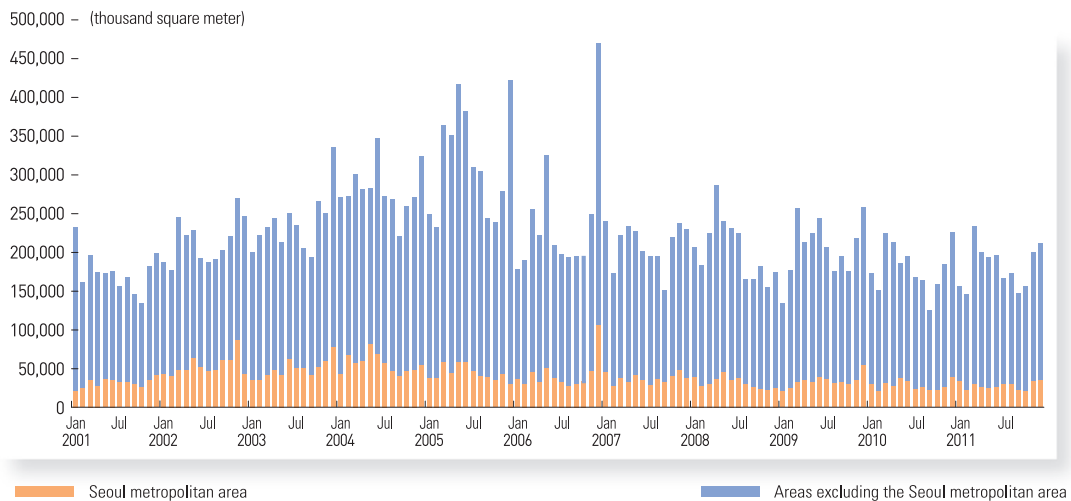
### 12-5 Land prices by region

Source: Korea Land Corporation (land price trend)



### 12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



## 13. Industrial output and composite indices of business cycle indicators

Industrial output in December 2011 increased 0.5 percent month-on-month and 1.9 percent year-on-year. Service output remained unchanged from the previous month. Output in construction (*up 14.8%, m-o-m*) and public administration (*up 0.8%, m-o-m*) rose while mining & manufacturing declined (*down 0.9%, m-o-m*).

The cyclical indicator of the coincident composite index fell 0.1 point in December 2011.

Four components of the coincident composite index, such as the value of construction completion, improved from the previous month, while three components, including the manufacturing operation ratio, fell.

### Components of the coincident composite index in December 2011 (m-o-m)

Value of construction completion (3.2%), number of non-farm payroll employment (0.4%), wholesale & retail sales (0.2%), service activity (0.1%), volume of imports (0.0%), mining & manufacturing production (-0.6%), domestic shipments (-0.6%), manufacturing operation ratio (-1.6%)

The year-on-year leading composite index rose 0.4 percentage points from the previous month.

Among the components of the leading composite index, the indicator of inventory cycle declined while eight other components, including the value of construction orders received, increased from the previous month.

### Components of the leading composite index in December 2011 (m-o-m)

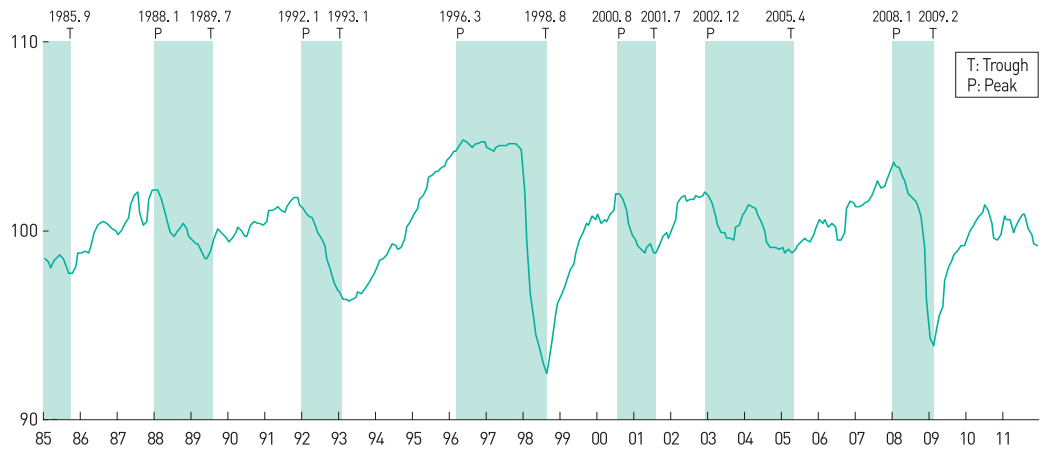
Ratio of job openings to job seekers (4.3%p), value of machinery orders received (3.8%), value of construction orders received (1.7%), composite stock price index (1.6%), value of capital goods imports (1.4%), consumer expectations index (1.2p), net terms of trade (0.6%), liquidity in the financial institutions (0.2%), spreads between long & short term interest rates (0.0%p), indicator of inventory cycle (-5.3%p)

	2011							
	May	Jun	Jul	Aug	Sep <sup>1</sup>	Oct <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>
Industrial output (m-o-m, %)	1.7	1.7	-1.6	-0.2	0.1	0.2	-0.8	0.5
(y-o-y, %)	4.4	4.0	3.1	4.3	4.7	4.6	3.4	1.9
Coincident composite index (m-o-m, %)	0.8	0.8	0.7	0.4	-0.4	0.1	-0.1	0.4
Cyclical indicator of coincident composite index (m-o-m, p)	100.2	100.6	100.9	100.9	100.1	99.8	99.3	99.2
Leading composite index (m-o-m, %)	0.5	0.5	0.5	0.1	-0.4	-0.2	0.3	0.5
12 month smoothed change in leading composite index (%)	1.3	1.7	2.0	1.9	1.4	1.0	1.1	1.5
(m-o-m, %p)	0.3	0.4	0.3	-0.1	-0.5	-0.4	0.1	0.4

1. Preliminary

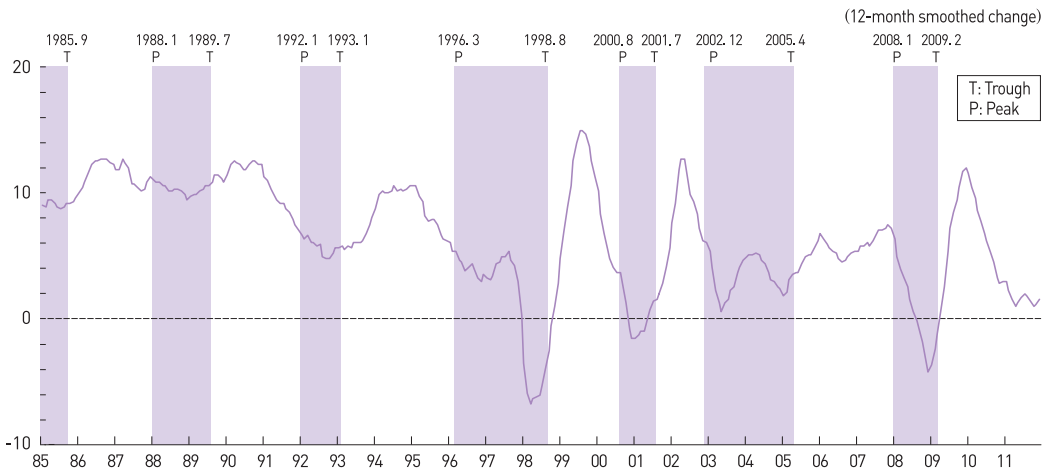
### 13-1 Cyclical indicator of coincident composite index

Source: Statistics Korea



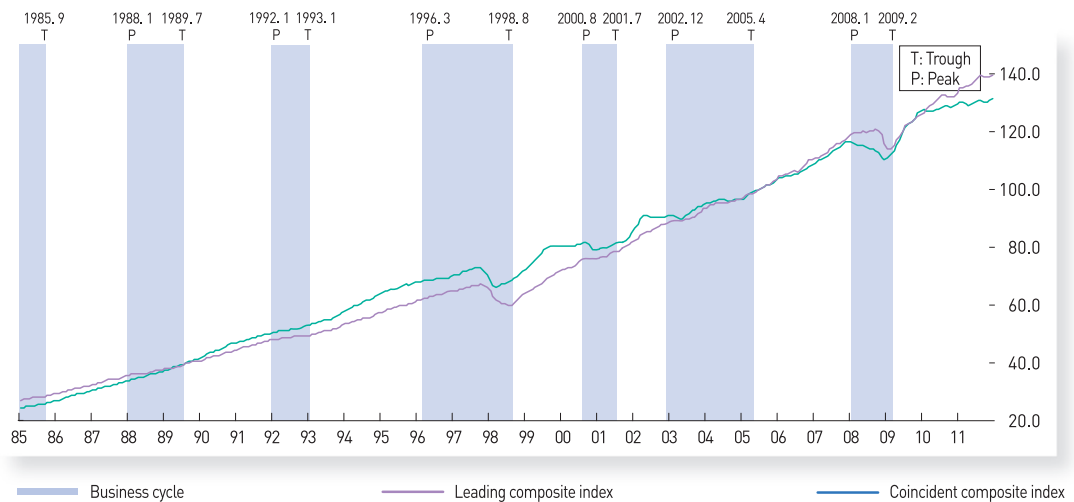
### 13-2 Leading composite index

Source: Statistics Korea



### 13-3 Coincident and leading composite indices

Source: Statistics Korea



# Policy Issues

## 2012 KTB Issuance Policies

### 2012 KTB issuance plan

In 2012, Korea will issue 79.8 trillion won worth of Korea Treasury Bonds (KTBs), 1.5 trillion won less than the previous year. Of the 79.8 trillion won KTBs, those for financing will be 13.8 trillion won, and 42.8 trillion won worth of the bonds will be used for maturity redemption.

#### <KTB Issuance, 2006 - 2012>

(trillion won)

	2006	2007	2008	2009	2010	2011	2012 (plan)
Total issuance	60.7	48.3	52.1	85.0	77.7	81.3	79.8
- Net increase	36.4	20.6	12.0	41.6	29.2	30.0	25.0
- Redemption	24.3	27.7	40.1	43.4	48.5	51.3	54.8

#### <KTB Issuance, 2011 - 2012>

(trillion won)

	2011	2012 (plan)
Total issuance	81.3	79.8
- Net increase	80.0	25.0
Deficit covering bonds	16.5	13.8
Others	13.5	11.1
- Redemption	51.3	54.8
Maturity redemption	27.8	42.8
Conversion & redemption before maturity	23.5	12.0

## New policies

The 2012 KTB policies are aimed at stabilizing the supply of and demand for KTBs, promoting long-term debt markets, and reducing refinancing risks. To achieve those goals, the Korean government will push for the issuance of 30-year KTBs, encourage KTB investment by individuals, and increase the supply of inflation-linked Korea Treasury Bonds (KTBis).

Although the Korean government has increased the issuance of long-term KTBs since 2010, short-term debts have largely accounted for the issuance of KTBs, making difficult the refinancing of mid- and long-term debts with the average time remaining to maturity of 5.56 years as of the end of November 2011. The government decided to introduce 30-year KTBs from September 2012, after it carefully examined potential markets and found the growing demand for 30-year bonds, particularly from pension funds and insurance companies.

\* KTB issuance in 2011 (%): 26.0 (3-year), 31.1 (5-year), 27.9 (10-year), 15.0 (20-year)

In the early stages, the 30-year KTBs can be purchased only through a syndicate of financial institutions to minimize their effect on bond markets. As the issuance of the extra long-term debt requires compromise with 10-year and 20-year KTBs, the 30-year bonds will be issued during a period of two years to reduce the effect on other KTB markets, such as a possible increase in the bond yields of 10-year or 20-year debts due to reduced offer at auctions. The monthly auction of the 30-year KTBs will amount to 400 billion won, and the new debt will provide before-maturity buyback offers. Later the auctions will be conducted through competitive biddings.

As of November 2011, the private ownership of KTBs is around 3 trillion won, or 0.9 percent of the total value. The low level of investment has been the result of the high cost of KTBs whose bidding price per unit is one million won. Also, the low liquidity of KTBs with low face value has contributed to the low investment. To encourage KTB investment by individuals, the Korean government is considering lowering the minimum purchase unit of KTBs from one million won to 100,000 won. Individual investors will be able to bid for KTBis, and the government will promote the development of high-risk and high-return KTB derivatives.

The liquidity of low-face value KTBs will be improved as the government will prioritize the early redemption of the bonds over other government debts. Measures under examination are tax incentives for long-term KTB investment by individuals, as well as KTBs exclusively for individuals. An increase in KTB investment by individuals is expected to help reduce volatility of bond yields, as the individuals will contribute to broadening the investment base.

KTBis, first auctioned in June 2010 to provide a hedge against inflation and meet the demand from long-term investors including the national pension fund, have shown poor transactions in the market. The government will buy back the off-the-run issues and offer on-the-run bonds with high liquidity, while increasing the on-the-run issues through the extension of fungibility from one year to two years.

## Existing policies

The government will continue to keep monthly auction offers as balanced as possible, and in 2012 KTBs worth between six to seven trillion won will be offered every month out of the total plan of 79.8 trillion, enhancing the predictability of the market. However, fiscal spending due to early budget expenditure plans and market situations will be taken into account.

### <KTB issuance in 2011>

(billion won)

	Q1	Q2	Q3	Q4	Total
Amount	22,276	20,910.7	18,545.5	19,573.9	81,306.1
%	27.4	25.7	22.8	24.1	100

There will be an increase in the issuance of long-term debt following the previous year as far as the market situation allows, as it reduces refinancing risks and helps stabilize the capital market.

### <KTB issuance by maturity, 2011 - 2012>

(percentage to total)

	3-year	5-year	10-year	20-year	30-year
2011 plan	20 - 30	30 - 40	25 - 35	5 - 15	-
2011 issuance	26.0	31.1	27.9	15.0	-
2012 plan	20 - 30	25 - 35	25 - 35	5 - 15	0 - 10

To avoid refinancing risks from large amount of redemptions between 2014 and 2016, the government will offer an early buyback in 2012 using the KTB issuance fund to adjust the bond market, Public Capital Management Fund and budget surplus. The buyback offers will also include debts maturing in 2013.

### <Redemption due, as of December 2011>

(trillion won)

	2012	2013	2014	2015	2016	2017	2018	2020	2021	2026	2027	2029	2030
Amount	42.8	45.5	56.1	39.4	32.2	14.8	28.6	20.4	13.3	6.7	5.2	11.5	11.5

The simulation system for KTB issuance will be further improved so that the replication period can be extended from 5 years to 20 years, which is expected to help minimize refinancing costs. The system will also make possible stress testing aimed at diagnosing external variables to the KTB market such as real GDP, oil prices, foreign exchange rates, call rates and inflation. On top of that, the government will persistently promote the 10-year KTB futures market, while reflecting ideas from KTB market participants including primary dealers, managers of various funds, particularly those of pension funds, and foreign investors, by holding regular meetings and conferences.

# Economic News Briefing

## **Korea grows 0.4% in Q4 (*Advanced*)**

Korea's real gross domestic product (GDP) expanded by 0.4 percent in the fourth quarter of 2011 compared to the previous quarter. It grew 3.4 percent from a year earlier.

On the production side, agriculture, forestry & fishing expanded by 6.8 percent due to robust cultivation helped by good weather conditions. Meanwhile, the manufacturing sector decreased by 0.5 percent due to a decline in general machinery and transport equipment. Construction fell 2.2 percent due to sluggish non-residential building construction and civil engineering works. Services grew by 0.9 percent as gains from wholesale & retail sales and financial intermediation offset the decline in real estate & renting.

On the expenditure side, private consumption declined by 0.4 percent due to weak expenditures on durables and non-durables. Facility investment decreased by 0.4 percent as investment in machinery and transport equipment fell. Construction investment contracted by 0.3 percent due to weak non-residential building construction. Exports and imports fell by 1.5 and 3.1 percent, respectively.

Real gross domestic income (GDI) rose by 0.6 percent from the previous quarter.

## <GDP by production and expenditure\*>

(Percentage change from previous period)

	2009				2010 <sup>1</sup>				2011 <sup>1</sup>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP	0.1 (-4.2) <sup>2</sup>	2.5 (-2.1)	3.4 (1.0)	0.2 (6.3)	2.1 (8.5)	1.4 (7.5)	0.6 (4.4)	0.5 (4.7)	1.3 (4.2)	0.9 (3.4)	0.8 (3.5)	0.4 (3.4)
Agriculture, forestry and fishery	1.1	0.0	3.7	0.0	-3.1	-2.5	-2.5	0.2	-4.5	8.3	-6.1	6.8
Manufacturing	-3.4	8.4	9.7	-1.1	4.2	4.0	2.3	0.1	3.1	1.4	1.4	-0.5
Construction	3.5	1.3	-1.4	0.5	1.4	-0.1	-1.2	-3.2	-6.1	2.6	3.5	-2.2
Services	0.4	1.0	1.1	0.9	1.5	0.2	0.3	1.1	1.2	0.0	0.3	0.9
Private consumption	-0.3	3.7	1.4	0.9	0.5	0.7	1.4	0.3	0.4	0.9	0.4	-0.4
Government consumption	2.6	0.8	0.1	-1.1	3.6	0.3	-0.1	-0.4	1.7	0.8	1.4	-1.7
Facility investment	-10.2	6.7	9.1	7.8	2.8	7.9	5.6	-1.0	-1.1	3.9	-0.8	-5.2
Construction investment	3.9	2.4	-1.2	0.7	2.0	-4.2	-0.8	-1.0	-6.7	1.6	1.8	-0.3
Exports of goods and services	-2.1	13.3	5.4	-1.7	3.0	7.4	2.5	3.0	4.6	0.9	2.2	-1.5
Imports of goods and services	-6.1	8.1	7.8	-0.4	4.8	7.1	3.6	-0.7	3.1	3.8	1.5	-3.1
Real gross domestic income (GDI)	0.8	4.8	1.9	1.2	1.6	1.2	0.5	0.3	-0.3	-0.1	1.1	0.6

\* Based on 2005 chained prices in seasonally adjusted terms

1. Preliminary

2. The number in the parenthesis represents percentage change from the previous year.

## Bank of Korea wins approval to invest in Chinese financial market

The Bank of Korea (BOK) announced on January 18 that it has obtained the Qualified Foreign Institutional Investor (QFII) license from the China Securities Regulatory Commission (CSRC) and received approval from the People's Bank of China to buy bonds, paving the way to diversify its long-term portfolio by investing in Chinese securities and bonds. The BOK plans to invest in yuan-denominated assets gradually with a medium- to long-term perspective. Meanwhile, Korea Investment Corporation (KIC) and the National Pension Service (NPS) also received the QFII licenses in December 2011.

## Effects of Korea-EU FTA

Despite growing external uncertainties, trade volume between Korea and the European Union (EU) increased by 3.9 percent year-on-year over a six month period after the Korea-EU free trade agreement (FTA) took effect in July 2011. In particular, exports of preferential-tariff products increased significantly and contributed to the trade surplus with the EU. However, Korea's overall trade surplus with the EU during the second half of 2011 narrowed to US\$740 million from the previous year's US\$6.92 billion due to declining demand for Korea's vessels and IT goods amid the European debt crisis.

<Five non-tariff export products that showed significant decrease in exports>

Base tariff (%)	Exports (% , US\$ mil.)				Changes (% , US\$ mil.)	
	Jul-Dec 2010		Jul-Dec 2011		Changes in value	Changes in weight
	Value	Weight	Value	Weight		
Vessels (0)	6,077	24.2%	3,181	12.7%	-47.6%	-2,895
Telephones for wireless network (0)	1,499	6.0%	629	2.5%	-58.1%	-870
Flat Panel Display (0)	2,779	11.1%	2,011	8.0%	-27.6%	-768
Discrete semiconductor devices (0)	938	3.7%	405	1.6%	-56.8%	-533
Semiconductor integrated circuits (0)	1,030	4.1%	609	2.4%	-40.9%	-422
Total	12,323	49.1%	6,835	27.2%	-44.5%	-5,448

<Five non-tariff products that showed significant increases in imports>

Base tariff (%)	Imports (% , US\$ mil.)				Changes (% , US\$ mil.)	
	Jul-Dec 2010		Jul-Dec 2011		Changes in value	Changes in weight
	Value	Weight	Value	Weight		
Aircraft (0)	12	0.1%	974	4.0%	8,328.2%	963
Naphtha (0)	60	0.3%	253	1.0%	325.6%	194
Ferrous waste and scrap (0)	188	0.9%	352	1.4%	87.6%	165
Tube or pipe fittings of steel and iron (0)	108	0.5%	237	1.0%	119.8%	129
Apparatus for communication in a wired network (0)	23	0.1%	112	0.5%	378.2%	88
Total	391	1.9%	1,928	7.9%	393.1%	1,539

<Five preferential-tariff products that showed significant increases in exports>

Base tariff (% , types of concession)	Exports (% , US\$ mil.)				Changes (% , US\$ mil.)	
	Jul-Dec 2010		Jul-Dec 2011		Changes in value	Changes in weight
	Value	Weight	Value	Weight		
Automobiles (5~10%, 5 years)	1,520	6.1%	2,935	11.7%	93.1%	1,415
Jet fuel & kerosene (4.7%, immediately)	155	0.6%	774	3.1%	399.0%	619
Auto parts (1.7~19%, 3 years)	1,740	6.9%	1,981	7.9%	13.8%	241
Construction heavy equipment (0~4.5%, 3 years)	330	1.3%	509	2.0%	54.5%	180
Synthetic resin (0~6.5%, 3 years)	446	1.8%	605	2.4%	35.5%	158
Total	4,191	16.7%	6,834	27.1%	63.1%	2,613

<Five preferential-tariff products that showed significant increases in imports>

Base tariff (% , types of concession)	Imports (% , US\$ mil.)				Changes (% , US\$ mil.)	
	Jul-Dec 2010		Jul-Dec 2011		Changes in value	Changes in weight
	Value	Weight	Value	Weight		
Crude oil (3%, immediately)	0	0.0%	337	1.4%	581,276,913.8%	337
Automobiles (8%, 5 years)	1,093	5.4%	1,359	5.6%	24.3%	266
Auto parts (8%, 3 years)	745	3.7%	881	3.6%	18.3%	136
Motor (0~8%, 5 years)	449	2.2%	564	2.3%	25.8%	116
Measuring instruments (0~8%, 3 years)	311	1.5%	418	1.7%	34.1%	106
Total	2,598	12.8%	3,559	14.6%	37.0%	961

## Korea announces 2012 policy for foreign residents

The Korean government this year will boost efforts to attract foreign talent and achieve social integration. A total of 964 projects have been outlined, with a budget of 370.6 billion won. The announcement was made by the Prime Minister's Office on January 27, after a state panel meeting was held to review and finalize this year's policies for foreign residents.

Highly skilled migrant workers will be granted E-7 or F-2 visas, which will allow them to be employed for an indefinite period of time and to gain permanent resident status. In addition, the government will increase subsidies for small- and medium-sized enterprises (SMEs) that experience difficulties in finding and employing highly qualified foreigners.

To provide better aid to foreign residents and improve the public's understanding of multiculturalism, the government will operate programs that would help dispel discriminatory stereotypes against foreigners as well as increase the number of educational programs for children from multicultural families. The government also plans to raise the number of institutions running social integration programs, from the current 150 to 400.

## Foreign investment in Korea's stock and bond market

Foreign investors' investment in the Korean stock market in 2011 decreased due to a deterioration in external conditions such as the European debt crisis. Foreign investors shifted to a net selling of 9.6 trillion won in Korean shares from the previous year's net buying of 22 trillion won. As of end-2011, foreign investors held 351.5 trillion won in listed stocks equivalent to 30.4 percent of the total market capitalization.

### <Foreign investors' net purchase in stocks>

(Unit: billion won)

	2010	2011	Jan-Jul	Aug-Dec
Net purchase	22,893.9	-9,573.1	-255.3	-9,317.8
KOSPI	21,897.2	-8,178.7	-581.5	-7,597.2
KOSDAQ	996.7	-1,394.4	326.2	-1,720.6

Foreign investors' investment in Korean bonds fell by 9.8 trillion won to 7.1 trillion won in 2011 from 16.9 trillion won a year earlier. As of end-2011, foreign investors held 83 trillion won in listed bonds equivalent to 6.9 percent of total listed bonds. Net investment in Korean bonds by the US and European countries decreased from the previous year while that from Asian countries increased. In particular, China significantly expanded investment and made net investment of 3.7 trillion won in 2011.

### <Foreign investors' net purchase in bonds>

(Unit: billion won)

	2010	2011	Jan~Jul	Aug~Dec
Net purchase (a)	63,119.5	41,234.3	26,826.0	14,408.3
Treasury bonds	24,141.1	19,683.6	14,453.3	5,230.3
MSB	38,487.5	19,744.6	10,756.5	8,988.1
Maturity redemption, etc. (b)	46,209.7	34,128.4	17,203.3	16,925.1
Treasury bonds	4,356.6	8,255.5	4,046.3	4,209.2
MSB	41,551.6	25,299.6	12,701.2	12,598.4
Net investment (a-b)	16,909.8	7,105.9	9,622.7	-2,516.8
Treasury bonds	19,784.5	11,428.1	10,407.0	1,021.1
MSB	-3,064.1	-5,555.0	-1,944.7	-3,610.3

\* Figures are rounded up to the nearest tenth. The difference between the total amount and the sum of treasury bonds and MSBs is attributed to other types of bonds.

### FDI rises 4.6% in 2011

Foreign direct investment (FDI) in Korea exceeded US\$13 billion for two years in a row, reflecting continuing confidence in the Korean economy despite increased uncertainties from the European financial crisis. FDI inflows in 2011 amounted to US\$13.67 billion, up 4.6 percent from the previous year's US\$13.07 billion. Investment from the advanced economies increased 33.6 percent, while FDI inflows from the emerging economies fell 31.6 percent. Greenfield investments grew 5.8 percent, while cross border M&A activities decreased 2.3 percent. By industry, FDI in services increased 15.4 percent. Investments in finance and insurance, in particular, expanded 81.5 percent year-on-year. Meanwhile, FDI in the manufacturing industry decreased 15.1 percent from the previous year.

(Notification basis)

	2007	2008	2009	2010	2011
Total (US\$ billion)	10.52	11.71	11.48	13.07	13.67
Growth rate <sup>1</sup> (%)	-6.5	11.4	-1.9	13.8	4.6

1. Percentage change from the previous year

### Korea expands R&D support to IT industry

The Ministry of Knowledge Economy signed a memorandum of understanding (MOU) with 8 investment fund management companies to facilitate research and development (R&D) in the information and technology (IT) industry. The two parties agreed to expand investment in IT and IT-convergence areas such as software development, mobile technologies and cloud computing, and initiate a support program to nurture IT companies. The Ministry

expected that investment in IT areas would surge in the near future due to strong market demands in line with the speeding up of mobilization, smartization, and IT-convergence.

### <Investment trend in IT industry>

(Unit: billion won, %)

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IT industry	Value	486.7	301.4	291.4	275.7	300.6	271.3	313.7	210.5	197.0	295.6	314.0
	Weight	54.6	48.8	46.2	45.6	39.6	37.0	31.6	29.0	22.7	27.1	28.3
Total		891.3	615.7	630.6	604.4	757.3	733.3	991.7	724.6	867.1	1,091.0	1,110.8

\* Source: Korea Venture Capital Association

In a separate statement, the Ministry of Knowledge Economy announced that it has earmarked a total of 4.74 trillion won this year to support R&D. The Ministry's 2012 budget for R&D is 4.8 percent more than the previous year and accounts for 29.6 percent of the government's total R&D budget.

## Korea plans to boost trade to US\$ 2 trillion by 2020

The Korean government revealed plans to boost the nation's trade volume from the current US\$1 trillion to US\$2 trillion by 2020. The Ministry of Knowledge Economy announced on February 3 that in order to achieve the US\$2 trillion target by 2020, the government will aim to diversify Korea's export items by nurturing future growth engines such as cultural contents, convergence technologies and green energy. The government will also foster globally competitive SMEs and boost exports of intermediary goods, as well as expand overseas markets through FTAs.

# Statistical Appendices

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# 1. National accounts

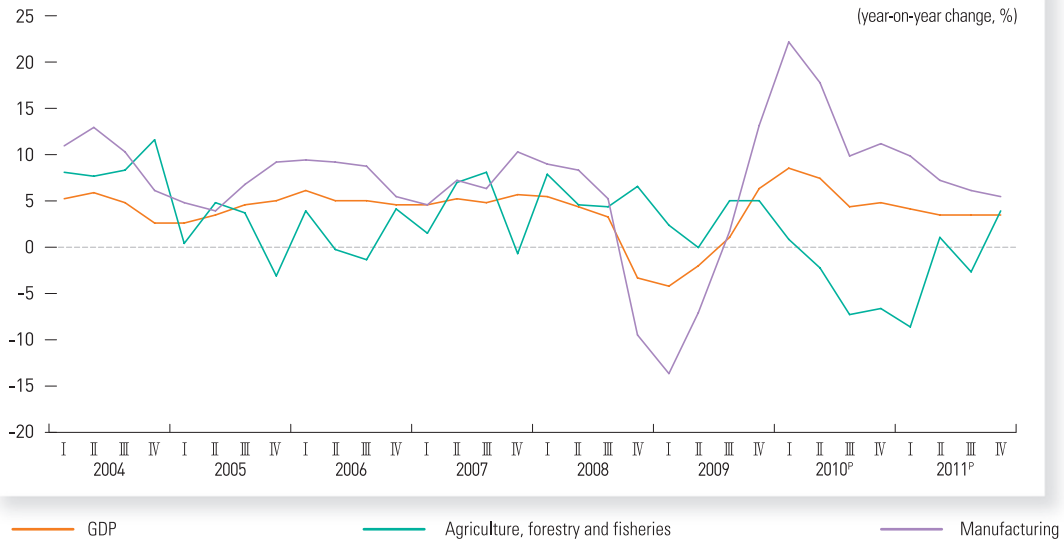
(year-on-year change, %, chained 2005 year prices)

Period	Real GDP			Final consumption expenditure	Gross fixed capital formation		
		Agri., fores. & fisheries	Manufacturing			Construction	Facilities
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	2.8	2.0	-1.9	-2.8	-1.0
2009	0.3	3.2	-1.5	1.2	-1.0	3.4	-9.8
2010 <sup>P</sup>	6.2	-4.3	14.8	3.9	7.0	-1.4	25.0
2011 <sup>P</sup>	3.6	-1.0	7.1	2.3	-2.1	-6.5	3.8
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
2009 I	-4.2	2.5	-13.6	-2.2	-7.5	1.6	-21.9
II	-2.1	0.0	-7.1	0.7	-3.0	4.3	-18.1
III	1.0	5.0	1.8	1.5	-1.0	3.2	-9.4
IV	6.3	5.0	13.1	4.8	6.2	4.0	12.2
2010 <sup>P</sup> I	8.5	0.9	22.2	5.9	12.5	4.3	29.1
II	7.5	-2.2	17.8	3.4	6.8	-2.3	30.5
III	4.4	-7.3	9.8	3.4	6.8	-3.1	26.6
IV	4.7	-6.7	11.1	3.0	3.4	-2.9	15.9
2011 <sup>P</sup> I	4.2	-8.6	9.8	2.5	-2.2	-11.9	11.7
II	3.4	1.0	7.2	2.8	-1.1	-6.8	7.5
III	3.5	-2.7	6.1	2.3	0.1	-4.6	1.0
IV	3.4	4.0	5.5	1.4	-3.0	-4.0	-3.4

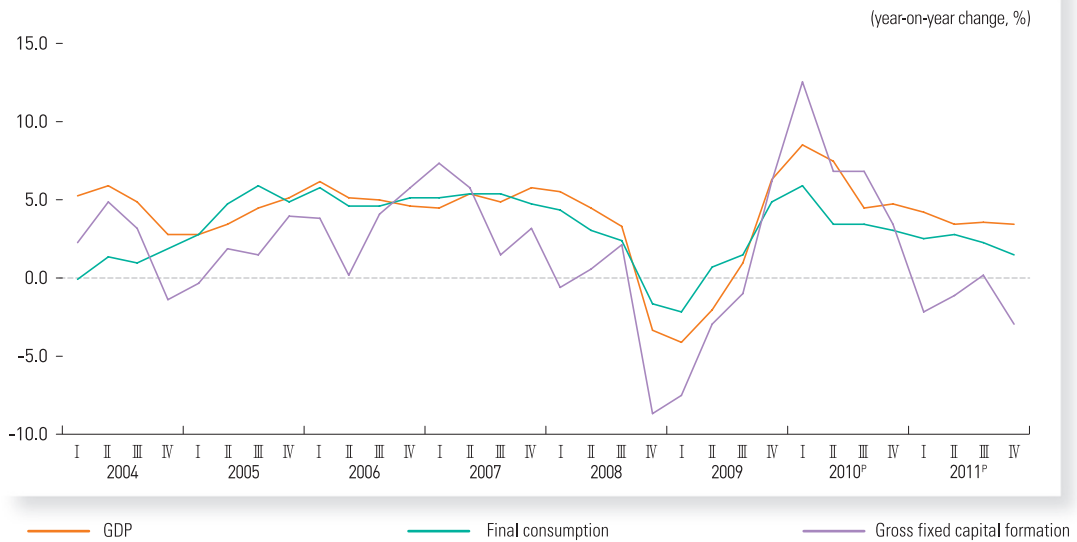
P: Preliminary

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		Shipment index		Inventory index		Service production index		
	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 (%)	
2009	119.7	-0.1	116.7	-1.4	115.5	-7.8	118.3	1.8	
2010	139.1	16.2	133.5	14.4	135.6	17.4	122.9	3.9	
2011 <sup>P</sup>	148.7	6.9	142.4	6.7	164.6	21.4	126.8	3.2	
2009	I	103.5	-15.1	102.6	-14.4	115.9	-6.2	112.9	-1.1
	II	118.7	-5.4	116.6	-5.2	110.4	-17.0	118.0	1.1
	III	125.3	4.9	120.7	2.3	113.0	-14.3	118.9	2.4
	IV	131.2	16.8	126.9	12.9	115.5	-7.8	123.4	4.8
2010	I	129.8	25.4	124.0	20.9	124.6	7.5	119.9	6.2
	II	141.0	18.8	135.1	15.9	127.7	17.5	122.9	4.2
	III	139.0	10.9	132.7	9.9	134.6	19.1	121.6	2.3
	IV	146.6	11.7	142.0	11.9	135.6	17.4	127.3	3.2
2011	I	143.6	10.6	138.7	11.9	137.4	10.3	123.1	2.7
	II	151.2	7.2	144.8	7.2	142.7	10.0	127.0	3.3
	III	146.1	5.1	139.3	5.0	149.0	10.7	126.7	4.2
	IV <sup>P</sup>	153.9	5.0	146.7	3.3	164.6	21.4	130.5	2.5
2009	1	94.4	-25.3	93.7	-23.1	123.9	0.1	112.1	-1.6
	2	100.7	-9.4	100.3	-8.7	117.7	-5.2	109.9	0.0
	3	115.3	-10.1	113.8	-10.7	115.9	-6.2	116.7	-1.4
	4	117.2	-7.4	115.6	-7.4	112.3	-9.8	117.1	0.9
	5	116.1	-8.2	113.8	-7.9	111.5	-13.3	117.6	-0.2
	6	122.7	-0.6	120.5	0.0	110.4	-17.0	119.2	2.6
	7	124.6	1.0	120.1	-1.2	111.5	-15.7	117.9	1.2
	8	117.8	1.4	113.6	-1.0	112.0	-15.1	117.0	1.6
	9	133.4	12.1	128.3	9.1	113.0	-14.3	121.8	4.5
	10	128.1	1.2	124.0	-0.2	112.4	-16.4	119.3	2.3
	11	130.7	18.5	126.6	15.3	113.6	-14.6	119.3	4.2
	12	134.8	34.8	130.1	26.2	115.5	-7.8	131.6	7.7
2010	1	129.3	37.0	123.1	31.4	119.8	-3.3	118.5	5.7
	2	119.1	18.3	113.6	13.3	123.3	4.8	116.7	6.2
	3	141.1	22.4	135.2	18.8	124.6	7.5	124.4	6.6
	4	140.0	19.5	134.7	16.5	126.3	12.5	121.5	3.8
	5	140.0	20.6	133.4	17.2	129.9	16.5	123.3	4.8
	6	142.9	16.5	137.3	13.9	129.7	17.5	124.0	4.0
	7	143.1	14.8	135.7	13.0	134.1	20.3	122.4	3.8
	8	136.5	15.9	131.0	15.3	134.5	20.1	120.9	3.3
	9	137.3	2.9	131.4	2.4	134.6	19.1	121.6	-0.2
	10	145.3	13.4	140.8	13.5	133.5	18.8	123.2	3.3
	11	145.3	11.2	141.4	11.7	132.8	16.9	123.8	3.8
	12	149.2	10.7	143.9	10.6	135.6	17.4	134.9	2.5
2011	1	146.9	13.6	141.4	14.9	135.4	13.0	124.1	4.7
	2	129.8	9.0	125.2	10.2	137.1	11.2	116.9	0.2
	3	154.0	9.1	149.6	10.7	137.4	10.3	128.2	3.1
	4	149.7	6.9	144.6	7.3	137.3	8.7	125.2	3.0
	5	151.5	8.2	144.4	8.2	140.2	7.9	127.4	3.3
	6	152.3	6.6	145.4	5.9	142.7	10.0	128.4	3.5
	7	148.7	3.9	135.9	3.1	147.2	9.8	127.0	3.8
	8	142.9	4.7	136.5	4.2	150.4	11.8	126.8	4.9
	9	146.8	6.9	141.3	7.5	149.1	10.8	126.2	3.8
	10	154.6	6.4	147.0	4.4	153.1	14.7	127.4	3.4
	11 <sup>P</sup>	153.7	5.8	145.8	3.1	157.4	18.5	127.2	2.7
	12 <sup>P</sup>	153.4	2.8	147.4	2.4	167.6	21.4	137.0	1.6

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 (%)
2009	119.3	3.5	93.8	-3.5	74.4
2010	127.9	7.2	102.1	8.8	81.2
2011 <sup>P</sup>	134.3	5.0	102.0	-0.1	81.2
2009 I	117.0	2.8	81.7	-17.7	67.0
II	118.0	2.5	95.3	-7.6	74.3
III	120.1	3.5	97.8	2.4	77.8
IV	122.2	5.0	100.3	10.1	78.4
2010 I	124.3	6.2	97.4	19.2	80.4
II	126.5	7.2	105.6	10.8	82.3
III	129.5	7.8	99.6	1.8	81.2
IV	131.3	7.4	105.6	5.3	80.8
2011 I	132.7	6.8	99.9	2.6	83.1
II	133.8	5.8	105.3	-0.3	81.4
III	134.6	3.9	99.5	-0.1	81.3
IV <sup>P</sup>	136.3	3.8	103.1	-2.4	78.8
2009 1	116.9	2.7	73.7	-28.6	63.7
2	116.9	2.7	79.8	-10.8	67.3
3	117.1	2.8	91.6	-12.8	70.0
4	117.7	3.0	94.1	-10.1	72.5
5	117.7	2.0	93.3	-9.7	73.7
6	118.5	2.4	98.4	-2.8	76.6
7	119.3	3.1	98.8	-1.0	77.7
8	119.8	3.3	91.0	-1.3	76.4
9	121.1	4.2	103.6	9.6	79.3
10	121.6	4.6	99.1	-4.8	77.8
11	121.9	4.8	100.5	12.4	78.0
12	123.1	5.5	101.2	27.0	79.3
2010 1	123.6	5.7	97.1	31.8	79.3
2	123.9	6.0	88.4	10.8	80.5
3	125.3	7.0	106.7	16.5	81.5
4	125.5	6.6	106.1	12.8	81.7
5	126.5	7.5	103.8	11.3	82.1
6	127.4	7.5	107.0	8.7	83.1
7	128.6	7.8	105.3	6.6	82.7
8	129.7	8.3	96.2	5.7	79.7
9	130.1	7.4	97.2	-6.2	81.2
10	130.8	7.6	106.6	7.6	79.7
11	131.1	7.5	105.4	4.9	80.5
12	132.1	7.3	104.9	3.6	82.2
2011 1	132.2	7.0	102.5	5.6	84.8
2	132.5	6.9	89.5	1.2	82.2
3	133.4	6.5	107.8	1.0	82.4
4	133.8	6.6	104.6	-1.4	80.4
5	133.7	5.7	104.7	0.9	81.3
6	133.9	5.1	106.6	-0.4	82.5
7	134.2	4.4	102.8	-2.4	82.1
8	134.4	3.6	96.9	0.7	80.4
9	135.1	3.8	99.0	1.9	81.3
10	136.0	4.0	104.6	-1.9	79.7
11 <sup>P</sup>	136.4	4.0	103.6	-1.7	79.1
12 <sup>P</sup>	136.4	3.3	101.2	-3.5	77.6

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		Durable goods		Semi-durable goods		Non-durable goods	
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)
2009	113.6	2.7	136.8	8.2	106.3	1.3	111.3	1.2
2010	121.1	6.6	157.2	14.9	113.5	6.8	113.7	2.2
2011 <sup>P</sup>	126.1	4.1	174.0	10.7	118.5	4.4	114.8	1.0
2009 I	106.5	-4.5	114.7	-11.7	103.1	-0.5	107.7	-1.4
II	113.4	1.5	142.0	5.9	107.7	0.5	109.2	0.4
III	111.9	2.8	135.5	7.7	94.3	0.3	114.3	1.8
IV	122.4	10.9	155.1	34.1	120.2	4.5	113.9	4.0
2010 I	116.8	9.7	148.7	29.6	105.7	2.5	111.1	3.2
II	118.9	4.9	149.9	5.6	114.4	6.2	112.8	3.3
III	120.3	7.5	158.5	17.0	100.5	6.6	117.7	3.0
IV	128.6	5.1	171.6	10.6	133.6	11.1	113.1	-0.7
2011 I	122.7	5.1	167.9	12.9	112.2	6.1	112.0	0.8
II	125.7	5.7	176.2	17.5	120.8	5.6	112.4	-0.4
III	125.6	4.4	175.0	10.4	104.5	4.0	120.1	2.0
IV <sup>P</sup>	130.5	1.5	176.7	3.0	136.6	2.2	114.7	1.4
2009 1	108.5	-2.9	104.1	-18.9	103.6	-0.8	114.8	5.5
2	101.2	-5.7	116.0	-1.5	97.1	-0.7	99.2	-8.5
3	109.7	-4.9	124.0	-13.6	108.5	0.0	109.2	-1.2
4	108.6	-4.2	123.9	-10.9	109.3	0.7	106.8	-2.5
5	117.0	1.7	144.0	5.9	113.3	1.1	113.1	0.7
6	114.6	7.6	158.0	24.3	100.4	-0.5	107.6	3.0
7	110.8	1.1	138.2	-1.8	95.4	-2.3	110.8	4.4
8	106.7	0.5	122.5	0.8	86.5	0.3	112.9	0.8
9	118.2	6.8	145.9	26.6	101.1	3.1	119.3	0.4
10	120.6	9.9	144.8	16.9	116.1	4.0	116.6	9.4
11	119.6	9.8	153.5	41.0	121.8	1.2	109.2	1.4
12	127.1	12.8	167.1	46.1	122.6	8.4	116.0	1.5
2010 1	115.8	6.7	145.5	39.8	108.4	4.6	108.7	-5.3
2	114.2	12.8	141.3	21.8	99.6	2.6	112.1	13.0
3	120.3	9.7	159.2	28.4	109.1	0.6	112.6	3.1
4	116.5	7.3	144.6	16.7	113.1	3.5	110.4	3.4
5	121.2	3.6	147.0	2.1	120.7	6.5	116.0	2.6
6	118.9	3.8	158.1	0.1	109.3	8.9	112.1	4.2
7	120.7	8.9	164.0	18.7	103.5	8.5	115.1	3.9
8	116.7	9.4	154.4	26.0	90.2	4.3	116.4	3.1
9	123.5	4.5	157.0	7.6	107.7	6.5	121.6	1.9
10	125.5	4.1	165.2	14.1	130.0	12.0	111.1	-4.7
11	127.8	6.9	172.1	12.1	133.4	9.5	111.9	2.5
12	132.6	4.3	177.4	6.2	137.3	12.0	116.2	0.2
2011 1	128.1	10.6	165.9	14.0	120.4	11.1	118.9	9.4
2	113.3	-0.8	154.2	9.1	101.6	2.0	104.3	-7.0
3	126.6	5.2	183.5	15.3	114.6	5.0	112.7	0.1
4	122.4	5.1	167.4	15.8	121.5	7.4	108.7	-1.5
5	128.8	6.3	176.4	20.0	127.0	5.2	116.3	0.3
6	125.8	5.8	184.9	17.0	114.0	4.3	112.2	0.1
7	127.1	5.3	184.6	12.6	107.5	3.9	117.6	2.2
8	122.8	5.2	173.3	12.2	93.6	3.8	119.4	2.6
9	126.9	2.8	167.2	6.5	112.4	4.4	122.9	1.1
10	128.3	2.2	170.0	2.9	134.8	3.7	114.4	3.0
11 <sup>P</sup>	128.5	0.5	182.0	5.8	130.3	-2.3	111.8	-0.1
12 <sup>P</sup>	134.6	1.5	178.1	0.4	144.8	5.5	118.0	1.5

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)						Consumer sentiment index
	Domestic consumer goods shipment index (2005=100)		Durable goods		Non-durable goods		
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)	
2009	116.4	1.4	135.1	6.5	108.9	-0.9	-
2010	122.0	4.8	139.6	3.3	115.0	5.6	-
2011 <sup>P</sup>	120.6	-1.1	134.8	-3.4	114.9	-0.1	-
2009 I	107.7	-8.3	113.4	-14.9	105.3	-5.2	-
II	114.8	-0.8	139.9	2.5	104.7	-2.5	-
III	119.9	5.4	139.4	13.3	112.0	1.7	-
IV	123.3	10.2	147.8	29.2	113.4	2.2	-
2010 I	118.5	10.0	136.7	20.5	111.2	5.6	-
II	119.9	4.4	139.5	-0.3	112.1	7.1	-
III	122.0	1.8	139.2	-0.1	115.1	2.8	-
IV	127.6	3.5	142.9	-3.3	121.6	7.2	-
2011 I	120.8	1.9	134.9	-1.3	115.2	3.6	-
II	117.8	-1.8	134.6	-3.5	111.0	-1.0	-
III	120.8	-1.0	136.5	-1.9	114.5	-0.5	-
IV <sup>P</sup>	123.1	-3.5	133.3	-6.7	119.0	-2.1	-
2009 1	107.6	-14.2	99.0	-25.3	111.0	-9.4	84
2	103.8	-2.5	115.5	-6.2	99.0	-0.8	85
3	111.7	-7.4	125.7	-12.8	106.0	-4.6	84
4	112.6	-6.0	120.6	-16.4	109.3	-0.7	98
5	113.5	-1.9	140.7	2.8	102.6	-4.3	105
6	118.4	6.0	158.4	23.3	102.3	-2.6	106
7	119.0	1.0	146.3	8.9	108.0	-2.8	109
8	110.9	-0.7	125.8	6.1	104.9	-3.7	114
9	129.7	15.8	146.1	25.8	123.1	11.6	114
10	121.7	1.7	139.5	9.2	114.5	-1.8	117
11	118.5	10.7	146.7	32.2	107.2	1.7	113
12	129.6	18.8	157.1	50.5	118.6	6.8	113
2010 1	123.7	15.0	136.0	37.4	118.8	7.0	113
2	110.3	6.3	129.7	12.3	102.6	3.6	111
3	121.6	8.9	144.5	15.0	112.3	5.9	110
4	120.5	7.0	135.4	12.3	114.6	4.8	110
5	117.5	3.5	135.3	-3.8	110.4	7.6	111
6	121.8	2.9	147.7	-6.8	111.4	8.9	112
7	121.9	2.4	145.6	-0.5	112.4	4.1	112
8	120.5	8.7	133.9	6.4	115.2	9.8	110
9	123.6	-4.7	138.0	-5.5	117.8	-4.3	109
10	129.3	6.2	145.7	4.4	122.8	7.2	108
11	128.3	8.3	144.7	-1.4	121.8	13.6	110
12	125.3	-3.3	138.4	-11.9	120.1	1.3	109
2011 1	129.6	4.8	133.0	-2.2	128.2	7.9	108
2	105.9	-4.0	125.6	-3.2	98.0	-4.5	105
3	127.0	4.4	146.1	1.1	119.4	6.3	98
4	118.6	-1.6	133.1	-1.7	112.7	-1.7	100
5	115.7	-1.5	131.4	-2.9	109.4	-0.9	104
6	119.1	-2.2	139.4	-5.6	110.9	-0.4	102
7	120.0	-1.6	141.9	-2.5	111.2	-1.1	102
8	121.2	0.6	132.3	-1.2	116.8	1.4	99
9	121.1	-2.0	135.4	-1.9	115.3	-2.1	99
10	124.4	-3.8	132.0	-9.4	121.3	-1.2	100
11 <sup>P</sup>	121.2	-5.5	130.9	-9.5	117.3	-3.7	103
12 <sup>P</sup>	123.8	-1.2	137.0	-1.0	118.5	-1.3	99
2012 1	-	-	-	-	-	-	98

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		
2010	23,360	2,330	21,030	12,279	133.2	135.0
2011 <sup>P</sup>	25,555	2,604	22,951	13,895	133.8	136.1
2010 I	5,544	525	5,019	2,910	120.5	116.7
II	6,247	402	5,845	3,564	137.5	144.2
III	5,662	380	5,282	3,026	139.1	136.2
IV	5,908	1,023	4,885	2,779	135.6	142.8
2011 I	6,627	471	6,156	3,744	128.5	133.1
II	6,760	732	6,029	3,684	144.1	148.4
III	5,734	404	5,330	3,110	134.2	128.8
IV <sup>P</sup>	6,434	998	5,436	3,357	128.3	133.8
2010 7	2,092	105	1,987	1,068	139.1	138.6
8	1,710	106	1,604	897	140.8	132.8
9	1,860	169	1,691	1,061	137.5	137.1
10	1,719	101	1,618	964	130.8	134.8
11	1,770	102	1,668	981	134.7	136.7
12	2,418	820	1,599	834	141.2	156.9
2011 1	2,115	116	2,000	1,156	125.7	127.6
2	2,070	122	1,948	1,148	113.9	123.6
3	2,442	233	2,209	1,440	145.8	148.1
4	1,965	102	1,869	1,158	132.5	138.3
5	2,171	142	2,029	1,190	146.1	150.9
6	2,624	487	2,137	1,336	154.1	156.0
7	2,000	152	1,848	1,027	134.9	135.9
8	1,813	115	1,698	1,007	136.0	124.5
9	1,921	137	1,784	1,077	131.8	125.8
10	1,988	301	1,687	967	116.1	124.1
11 <sup>P</sup>	2,326	474	1,852	1,125	130.4	128.8
12 <sup>P</sup>	2,119	223	1,896	1,265	138.3	148.5
<i>Y-o-Y change (%)</i>						
2010	11.2	-37.9	21.8	32.3	25.1	22.5
2011 <sup>P</sup>	9.4	11.8	9.1	13.2	0.5	0.8
2010 I	10.3	-43.7	22.6	45.6	30.0	18.1
II	24.7	-42.2	35.5	58.5	29.5	25.7
III	-0.2	-71.7	22.0	27.4	29.3	27.4
IV	11.3	31.4	7.8	4.5	13.6	18.4
2011 I	19.5	-10.3	22.7	28.7	6.6	14.1
II	8.2	82.0	3.1	3.4	4.8	2.9
III	1.3	6.1	0.9	2.8	-3.5	-5.4
IV <sup>P</sup>	8.9	-2.4	11.3	20.8	-5.4	-6.3
2010 7	-16.5	-90.2	38.7	41.8	31.5	28.1
8	26.6	48.9	25.3	37.1	41.2	36.9
9	2.3	-15.5	4.5	9.6	17.1	18.8
10	9.9	20.8	9.3	13.2	21.6	25
11	-9.2	-76.5	10.0	4.2	13.1	19.5
12	34.9	213.9	4.3	-3.7	7.4	12.4
2011 1	19.7	-31.5	25.1	14.6	22.2	17.8
2	26.1	14.0	27.0	30.4	1.0	20.4
3	14.4	-6.3	17.1	41.0	0.5	6.5
4	6.6	-19.6	8.6	9.8	-0.3	-0.8
5	-0.8	23.4	-2.2	-10.5	10.3	7.1
6	18.5	205.2	4.0	13.2	4.7	2.5
7	-4.4	44.9	-7.0	-3.9	-3.0	-1.9
8	6.0	8.0	5.8	12.2	-3.4	-6.3
9	3.3	-19.1	5.5	1.5	-4.1	-8.2
10	15.6	197.7	4.3	0.4	-11.2	-7.9
11 <sup>P</sup>	31.5	366.3	11.0	14.7	-3.2	-5.8
12 <sup>P</sup>	-12.4	-72.8	18.6	51.6	-2.1	-5.4

P: Preliminary  
Source: Statistics Korea

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

(current prices, billion won)

Period	Value of construction completion (total)	Type of order		Domestic construction orders received (total)	Type of order	
		Public	Private		Public	Private
2010	92,238	35,163	52,777	88,675	29,013	54,628
2011 <sup>P</sup>	91,448	35,595	51,040	91,660	27,936	59,033
2010 I	20,329	7,467	11,977	18,110	7,955	9,087
II	24,082	9,129	13,931	25,295	6,890	16,737
III	22,005	7,784	13,160	19,095	6,814	11,406
IV	25,823	10,784	13,708	26,175	7,355	17,399
2011 I	19,067	7,288	10,857	15,796	4,053	10,743
II	23,898	9,304	13,195	24,473	6,067	16,821
III	21,492	7,851	12,515	19,259	6,396	12,176
IV <sup>P</sup>	26,990	11,151	14,473	32,132	11,419	19,293
2010 7	7,453	2,690	4,419	7,475	3,903	3,351
8	7,150	2,460	4,370	4,145	1,327	2,698
9	7,401	2,634	4,371	7,475	1,584	5,355
10	7,356	2,856	4,135	4,415	1,185	3,111
11	8,041	3,278	4,401	7,551	2,023	5,217
12	10,426	4,650	5,173	14,209	4,146	9,071
2011 1	6,157	2,415	3,476	4,658	1,295	2,697
2	5,277	2,047	2,991	4,959	1,396	2,445
3	7,634	2,827	4,391	7,179	1,362	5,601
4	7,053	2,721	3,981	6,459	1,413	4,452
5	7,435	2,189	4,226	6,753	1,861	4,428
6	9,410	3,765	4,989	11,260	2,793	7,941
7	6,793	2,441	4,044	4,892	1,735	3,042
8	6,908	2,524	4,051	7,269	1,505	5,503
9	7,791	2,886	4,421	7,098	3,156	3,631
10	8,016	2,951	4,684	6,902	2,296	4,446
11 <sup>P</sup>	7,945	3,250	4,300	8,684	2,913	5,668
12 <sup>P</sup>	11,029	4,950	5,489	16,546	6,211	9,179
<i>Y-o-Y change (%)</i>						
2010	2.7	8.5	0.5	-18.7	-43.7	2.8
2011 <sup>P</sup>	-0.9	1.2	-3.3	3.4	-3.7	8.1
2010 I	6.3	13.8	3.8	-1.6	-14.9	8.0
II	2.0	5.5	2.6	-6.7	-61.9	105.4
III	-0.4	-1.1	1.0	-3.6	-22.0	13.2
IV	3.3	15.9	-4.8	-40.2	-52.1	34.4
2011 I	-6.2	-2.4	-9.4	-12.8	-49.1	18.2
II	-0.8	1.9	-5.3	-3.3	-11.9	0.5
III	-2.3	0.9	-4.9	0.9	-6.1	6.8
IV <sup>P</sup>	4.5	3.4	5.6	22.8	55.3	10.9
2010 7	6.7	14.0	3.9	25.6	23.5	38.3
8	6.5	1.4	11.2	-12.5	-26.2	-5.0
9	-11.8	-14.6	-9.8	-18.1	-58.0	11.4
10	0.9	10.5	-4.8	-58.8	-75.0	-45.7
11	-0.5	17.1	-9.4	-48.7	-61.4	-41.2
12	8.2	18.6	-0.5	-22.5	-22.8	-23.9
2011 1	-5.2	7.0	-12.5	-33.9	-46.3	-36.9
2	-14.1	-11.1	-17.3	-16.7	-35.7	9.5
3	-0.7	-2.8	0.0	13.7	-59.6	117.0
4	-4.1	3.5	-10.7	-2.7	-22.7	-0.1
5	-4.0	-0.8	-6.9	-22.5	11.3	-33.4
6	4.7	2.9	1.1	13.3	-17.6	41.1
7	-8.8	-9.3	-8.5	-34.6	-55.5	-9.3
8	-3.4	2.6	-7.3	75.4	13.4	103.9
9	5.3	9.6	1.1	-5.0	99.3	-32.2
10	9.0	3.3	13.3	56.3	93.7	42.9
11 <sup>P</sup>	-1.2	-0.8	-2.3	15.0	44.0	8.6
12 <sup>P</sup>	5.8	6.5	6.1	16.4	49.8	1.2

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)	
2008	1	116.3	6.5	119.3	103.7	95.2	103.0
	2	115.6	5.1	119.6	103.5	95.6	94.8
	3	115.1	4.0	119.9	103.4	101.1	102.1
	4	114.9	3.2	119.9	102.9	101.7	98.1
	5	114.8	2.5	120.0	102.6	98.1	104.7
	6	114.2	1.4	119.8	102.0	79.1	95.3
	7	113.5	0.2	119.8	101.5	80.8	83.2
	8	113.3	-0.4	120.0	101.3	83.1	80.8
	9	113.1	-0.9	120.3	101.1	76.8	98.3
	10	112.5	-1.7	120.3	100.6	64.6	84.9
	11	111.3	-3.1	118.8	99.0	53.7	63.7
	12	110.5	-3.9	116.1	96.4	52.4	55.0
2009	1	110.8	-3.6	114.1	94.3	58.1	52.0
	2	112.2	-2.4	114.1	93.9	62.4	66.0
	3	113.4	-1.3	115.3	94.5	89.0	76.1
	4	115.3	0.5	117.1	95.5	93.7	86.7
	5	117.3	2.6	118.1	96.0	100.9	103.8
	6	119.9	5.4	120.4	97.4	96.6	100.2
	7	121.5	7.2	121.7	98.0	98.5	98.7
	8	122.5	8.4	122.7	98.4	96.0	99.8
	9	123.4	9.4	123.5	98.7	110.5	117.0
	10	124.6	10.4	124.4	98.9	107.5	116.5
	11	126.4	11.7	125.2	99.2	103.8	109.0
	12	127.2	12.0	125.8	99.2	104.8	105.9
2010	1	127.5	11.6	126.6	99.5	99.2	103.1
	2	127.0	10.4	127.8	100.0	98.7	102.3
	3	127.1	9.6	128.8	100.3	113.1	116.2
	4	126.9	8.6	129.6	100.5	108.9	111.2
	5	127.3	7.7	130.5	100.8	111.9	113.4
	6	127.7	6.8	131.4	101.0	109.4	108.9
	7	128.4	6.2	132.4	101.4	105.0	107.3
	8	128.8	5.4	132.6	101.1	98.6	100.7
	9	128.8	4.5	132.2	100.4	104.1	111.1
	10	128.4	3.3	131.8	99.6	104.3	113.1
	11	128.7	2.8	132.1	99.5	103.5	107.1
	12	129.3	2.9	133.1	99.8	102.1	104.2
2011	1	130.1	3.0	135.1	100.8	99.1	101.8
	2	129.8	2.4	135.3	100.6	92.2	98.0
	3	129.4	1.6	135.8	100.5	107.8	113.5
	4	129.0	1.1	135.5	99.9	98.4	99.3
	5	129.5	1.3	136.6	100.3	98.9	104.3
	6	130.2	1.7	137.7	100.6	99.6	104.3
	7	130.8	2.0	138.6	100.9	96.2	101.3
	8	130.9	1.9	139.2	100.9	86.8	98.9
	9	130.6	1.4	138.7	100.1	96.4	96.3
	10	130.1	1.0	138.9	99.8	95.0	101.4
	11	130.4	1.1	138.7	99.3	93.0	96.4
	12	131.1	1.5	139.2	99.2	90.1	94.8
2012	1	-	-	-	-	88.6	88.3
	2	-	-	-	-	-	91.0

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		Services trade balance	Income trade balance	Current transfers	
		Exports	Imports				
2009	32,790.5	37,866.0	358,189.7	320,323.7	-6,640.5	2,276.7	-711.7
2010	29,393.5	40,082.5	461,444.9	421,362.4	-8,626.0	1,015.9	-3,078.9
2011 <sup>P</sup>	27,654.6	32,099.6	553,743.2	521,643.6	-4,377.4	2,455.8	-2,523.4
2009 I	4,543.3	2,819.2	73,334.9	70,515.7	-26.0	393.9	1,356.2
II	11,557.4	13,553.3	87,038.0	73,484.7	-1,291.4	-151.1	-553.4
III	8,613.2	10,914.6	95,485.2	84,570.6	-2,663.3	948.6	-586.7
IV	8,076.6	10,578.9	102,331.6	91,752.7	-2,659.8	1,085.3	-927.8
2010 I	67.8	4,296.2	100,951.1	96,654.9	-4,067.7	595.6	-756.3
II	10,734.7	12,307.0	117,120.4	104,813.4	-200.0	-901.4	-470.9
III	10,121.7	11,566.2	116,756.4	105,190.2	-1,787.5	1,289.2	-946.2
IV	8,469.3	11,913.1	126,617.0	114,703.9	-2,570.8	32.5	-905.5
2011 <sup>P</sup> I	2,610.3	5,842.7	127,691.2	121,848.5	-2,538.0	387.9	-1,082.3
II	5,492.2	7,661.0	142,722.8	135,061.8	-796.0	-824.8	-548.0
III	6,896.0	7,197.7	141,393.5	134,195.8	-1,198.2	1,314.9	-418.5
IV	12,656.1	11,398.2	141,935.7	130,537.5	154.8	1,577.8	-474.7
2009 1	-1,800.2	-2,441.3	21,910.3	24,351.6	-98.9	502.7	237.3
2	2,579.8	1,766.2	24,179.6	22,413.4	-64.1	366.2	511.5
3	3,763.7	3,494.3	27,245.0	23,750.7	137.0	-475.0	607.4
4	3,511.2	4,255.5	28,832.5	24,577.0	-15.8	-835.1	106.6
5	3,153.8	3,822.6	27,228.8	23,406.2	-555.6	205.0	-318.2
6	4,892.4	5,475.2	30,976.7	25,501.5	-720.0	479.0	-341.8
7	4,054.8	5,021.2	32,688.5	27,667.3	-1,241.2	366.3	-91.5
8	1,300.2	1,920.5	29,001.4	27,080.9	-761.3	367.9	-226.9
9	3,258.2	3,972.9	33,795.3	29,822.4	-660.8	214.4	-268.3
10	3,202.9	3,546.1	33,474.6	29,928.5	-505.9	336.2	-173.5
11	4,165.0	4,851.1	34,055.5	29,204.4	-643.6	272.5	-315.0
12	708.7	2,181.7	34,801.5	32,619.8	-1,510.3	476.6	-439.3
2010 1	-599.5	891.0	31,782.7	30,891.7	-1,596.2	456.5	-350.8
2	-549.2	633.2	31,111.0	30,477.8	-1,495.3	549.9	-237.0
3	1,216.5	2,772.0	38,057.4	35,285.4	-976.2	-410.8	-168.5
4	724.5	3,333.9	38,740.1	35,406.2	-561.5	-1,514.5	-533.4
5	4,923.1	3,625.4	38,083.5	34,458.1	932.8	390.0	-25.1
6	5,087.1	5,347.7	40,296.8	34,949.1	-571.3	223.1	87.6
7	4,779.0	4,934.9	40,473.4	35,538.5	-219.6	359.9	-296.2
8	1,668.5	2,224.0	37,186.1	34,962.1	-630.1	540.2	-465.6
9	3,674.2	4,407.3	39,096.9	34,689.6	-937.8	389.1	-184.4
10	5,489.1	5,403.2	42,008.4	36,605.2	-352.6	654.2	-215.7
11	2,024.4	3,241.2	41,822.0	38,580.8	-201.2	-775.6	-240.0
12	955.8	3,268.7	42,786.6	39,517.9	-2,017.0	153.9	-449.8
2011 <sup>P</sup> 1	154.7	1,557.9	42,662.8	41,104.9	-1,640.9	703.7	-466.0
2	1,126.1	1,530.8	37,228.3	35,697.2	-569.1	542.6	-378.2
3	1,329.5	2,754.0	47,800.4	45,046.4	-328.0	-858.4	-238.1
4	1,277.6	3,327.6	47,879.4	44,551.8	-178.8	-1,581.9	-289.3
5	2,183.9	1,633.8	47,149.8	45,516.0	15.5	517.3	17.3
6	2,030.7	2,699.6	47,693.6	44,994.0	-632.7	239.8	-276.0
7	3,773.6	4,728.0	48,555.9	43,827.9	-690.9	72.3	-335.8
8	292.6	371.5	45,634.9	45,263.4	-577.9	699.6	-200.6
9	2,829.8	2,098.2	47,202.7	45,104.5	70.6	543.0	118.0
10	4,132.9	3,547.2	46,451.7	42,904.5	2.8	643.5	-60.6
11	4,564.6	3,997.2	46,656.2	42,659.0	357.2	445.6	-243.5
12	3,958.6	3,853.8	48,827.8	44,974.0	-205.2	488.7	-178.7

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						Capital transfers & acquisition of non-financial assets	Changes in reserve assets	Errors and omissions
		Direct investment	Portfolio investment	Financial derivative	Other investment				
2009	-34,651.2	-14,948.0	49,727.7	-3,093.0	2,038.9	289.6	-68,666.4	1,860.7	
2010	-27,478.5	-22,184.3	42,479.8	828.9	-21,414.4	-217.9	-26,970.6	-1,915.0	
2011 <sup>P</sup>	-32,614.7	-15,694.0	10,312.2	-1,735.3	-11,735.0	150.0	-13,912.6	4,960.1	
2009 I	-4,368.3	-2,777.9	2,784.6	-2,656.9	6,917.1	382.3	-9,017.4	-175.0	
II	-12,936.8	-2,032.0	15,927.2	599.0	-7,914.9	25.8	-19,541.8	1,379.4	
III	-6,977.2	-3,305.7	21,226.9	-1,050.9	-251.1	-103.9	-23,492.6	-1,636.0	
IV	-10,368.9	-6,832.4	9,789.0	15.8	3,287.8	-14.6	-16,614.6	2,292.3	
2010 I	743.2	-2,873.4	11,725.9	829.9	-191.2	-179.8	-8,568.2	-811.0	
II	-8,818.0	-2,898.6	7,207.0	-882.1	-6,727.8	20.3	-5,536.8	-1,916.7	
III	-9,103.9	-6,617.3	15,659.9	-241.4	-7,519.0	-8.2	-10,377.9	-1,017.8	
IV	-10,299.8	-9,795.0	7,887.0	1,122.5	-6,976.4	-50.2	-2,487.7	1,830.5	
2011 <sup>P</sup> I	-2,754.1	-4,696.3	-1,379.1	730.3	6,251.6	-181.4	-3,479.2	143.8	
II	-6,808.0	-4,138.1	2,035.4	-542.9	-1,432.5	-111.9	-2,618.0	1,315.8	
III	-8,320.9	-2,807.6	8,108.4	-1,490.7	-18,692.6	235.5	6,326.1	1,424.9	
IV	-14,731.7	-4,052.0	1,547.5	-432.0	2,138.5	207.8	-14,141.5	2,075.6	
2009 1	2,763.4	-643.0	4,715.2	473.2	2,644.7	61.9	-4,488.6	-963.2	
2	-4,063.6	-1,095.1	122.8	-771.2	-1,255.7	195.6	-1,260.0	1,483.8	
3	-3,068.1	-1,039.8	-2,053.4	-2,358.9	5,528.1	124.8	-3,268.8	-695.6	
4	-3,595.1	-695.3	6,879.7	274.1	-4,669.7	60.3	-5,444.1	83.9	
5	-3,865.7	-855.9	4,157.3	1,279.7	1,818.3	-16.5	-10,248.6	711.9	
6	-5,476.0	-480.8	4,890.2	-954.8	-5,063.5	-18.0	-3,849.1	583.6	
7	-2,438.2	-1,644.2	8,470.1	-155.1	-3,538.9	3.4	-5,573.6	-1,616.6	
8	-2,160.3	-865.9	4,004.4	-870.3	2,696.1	-29.4	-7,095.2	860.1	
9	-2,378.7	-795.6	8,752.4	-25.5	591.7	-77.9	-10,823.8	-879.5	
10	-4,817.0	-749.1	5,829.4	-509.1	-1,429.4	6.9	-7,965.8	1,614.1	
11	-4,229.2	-2,855.1	2,992.6	614.2	712.9	-56.4	-5,637.4	64.2	
12	-1,322.7	-3,228.2	967.0	-89.3	4,004.3	34.9	-3,011.4	614.0	
2010 1	-1,176.7	-936.1	171.9	230.0	6,410.8	-70.6	-6,982.7	1,776.2	
2	2,454.3	-549.9	2,771.5	593.4	-912.6	-46.1	598.0	-1,905.1	
3	-534.4	-1,387.4	8,782.5	6.5	-5,689.4	-63.1	-2,183.5	-682.1	
4	1,044.1	-1,102.5	6,093.5	126.2	5,337.6	-120.5	-9,290.2	-1,768.6	
5	-5,831.6	-677.6	1,073.0	-799.8	-12,610.7	100.2	7,083.3	908.5	
6	-4,030.5	-1,118.5	40.5	-208.5	545.3	40.6	-3,329.9	-1,056.6	
7	-3,182.5	-1,758.4	8,698.4	-227.3	-3,633.0	-0.5	-6,261.7	-1,596.5	
8	-615.0	-1,139.5	1,650.2	124.6	-25.7	12.0	-1,236.6	-1,053.5	
9	-5,306.4	-3,719.4	5,311.3	-138.7	-3,860.3	-19.7	-2,879.6	1,632.2	
10	-4,519.4	-6,893.6	8,528.1	366.2	-3,814.4	-47.1	-2,658.6	-969.7	
11	-3,996.0	-1,119.5	2,243.9	251.4	-3,627.2	-25.3	-1,719.3	1,971.6	
12	-1,784.4	-1,781.9	-2,885.0	504.9	465.2	22.2	1,890.2	828.6	
2011 <sup>P</sup> 1	-1,282.0	-1,725.4	904.6	569.3	1,773.3	-120.7	-2,683.1	1,127.3	
2	-1,996.2	-1,635.1	-3,004.0	-363.3	5,126.9	-32.7	-2,088.0	870.1	
3	524.1	-1,335.8	720.3	524.3	-648.6	-28.0	1,291.9	-1,853.6	
4	394.7	-7,388.8	4,575.0	-206.2	-145.9	-33.6	-3,055.8	-1,672.3	
5	-3,956.7	-1,254.7	-1,140.1	165.1	-821.7	-49.9	-855.4	1,772.8	
6	-3,246.0	-2,144.6	-1,399.5	-501.8	-464.9	-28.4	1,293.2	1,215.3	
7	-2,469.2	327.1	9,258.3	526.6	-6,581.0	13.8	-6,014.0	-1,304.4	
8	-1,690.6	-1,036.4	-2,923.0	-1,868.6	4,638.4	41.5	-542.5	1,398.0	
9	-4,161.1	-2,098.3	1,773.1	-148.7	-16,750.0	180.2	12,882.6	1,331.3	
10	-4,391.9	-1,132.2	3,919.1	108.5	2,784.7	109.7	-10,181.7	259.0	
11	-6,191.9	-2,077.1	39.8	-379.9	-6.2	98.1	-3,866.6	1,627.3	
12	-4,147.9	-842.7	-2,411.4	-160.6	-640.0	0.0	-93.2	189.3	

P: Preliminary

Source: The Bank of Korea

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

Period	Consumer prices (2010=100)				Producer prices (2005=100)		Export & import prices (2005=100)		
	All Items	Commodity	Service	Core	All items	Commodity	Export	Import	
2010	100.0	100.0	100.0	100.0	115.1	117.0	106.4	145.0	
2011	104.0	105.7	102.7	103.2	122.1	125.8	111.1	164.4	
2010	1	98.8	98.3	99.2	99.3	112.7	113.9	103.5	136.9
	2	99.0	98.6	99.4	99.5	113.0	114.5	104.7	137.6
	3	99.2	98.9	99.5	99.4	113.7	115.3	104.0	139.2
	4	99.6	99.6	99.7	99.6	114.6	116.4	103.8	140.9
	5	99.7	99.5	99.9	99.8	115.2	117.1	106.7	144.7
	6	99.6	99.2	99.9	99.9	114.8	116.6	109.9	147.6
	7	99.8	99.5	100.2	100.1	114.9	116.7	109.4	147.0
	8	100.3	100.3	100.3	100.3	115.2	117.1	107.4	147.4
	9	101.1	102.0	100.4	100.4	116.3	118.6	106.9	147.4
	10	101.1	102.0	100.4	100.4	116.4	118.6	105.0	146.1
	11	100.6	100.8	100.6	100.4	116.7	118.9	106.3	149.2
	12	101.0	101.5	100.7	100.7	117.8	120.5	109.6	156.1
2011	1	102.2	103.4	101.2	101.4	119.7	122.7	108.6	156.1
	2	102.9	104.4	101.7	102.1	120.5	123.9	110.6	160.9
	3	103.3	104.9	102.1	102.4	122.0	125.8	113.5	166.5
	4	103.4	104.6	102.4	102.6	122.4	126.2	111.8	167.6
	5	103.6	104.7	102.6	103.0	122.3	126.0	110.2	163.9
	6	103.8	105.0	102.8	103.4	121.9	125.5	109.4	163.2
	7	104.3	105.9	103.1	103.7	122.4	126.0	108.0	161.4
	8	105.0	107.1	103.3	103.8	122.8	126.7	109.4	162.1
	9	104.9	107.1	103.1	103.7	122.9	126.9	113.1	168.1
	10	104.7	106.6	103.2	103.6	122.9	126.9	114.7	169.5
	11	104.8	106.8	103.3	103.9	122.6	126.5	112.0	166.8
	12	105.2	107.3	103.5	104.3	122.9	127.0	112.4	167.2
2012	1	105.7	107.9	103.9	104.6	123.8	122.8	113.6	168.5
<i>Y-o-Y change (%)</i>									
2010	3.0	4.6	1.9	1.8	3.8	4.6	-2.6	5.3	
2011	4.0	5.7	2.7	3.2	6.1	7.5	4.4	13.4	
2010	1	3.5	5.8	2.1	2.3	2.8	3.2	-6.9	-0.9
	2	3.0	4.5	2.2	2.1	2.4	2.7	-10.2	-4.1
	3	2.5	3.7	1.7	1.6	2.6	2.9	-12.2	-4.3
	4	2.6	4.0	1.8	1.6	3.2	3.8	-6.7	5.1
	5	2.7	4.1	2.0	1.6	4.6	5.5	0.4	11.3
	6	2.7	4.0	1.9	1.6	4.6	5.5	1.5	8.0
	7	2.5	3.8	1.8	1.7	3.4	4.1	0.3	7.5
	8	2.7	4.1	1.7	1.8	3.1	3.7	-1.7	5.7
	9	3.4	5.8	1.8	1.8	4.0	5.0	-0.4	7.8
	10	3.7	6.4	1.8	1.7	5.0	6.1	1.0	8.1
	11	3.0	4.9	1.9	1.5	4.9	5.7	1.9	8.2
	12	3.0	4.9	1.9	1.7	5.3	6.5	4.3	12.7
2011	1	3.4	5.2	2.0	2.1	6.2	7.7	4.9	14.1
	2	3.9	5.9	2.3	2.6	6.6	8.2	5.6	16.9
	3	4.1	6.1	2.6	3.0	7.3	9.1	9.1	19.6
	4	3.8	5.0	2.7	3.0	6.8	8.4	7.7	19.0
	5	3.9	5.2	2.7	3.2	6.2	7.6	3.3	13.2
	6	4.2	5.8	2.9	3.5	6.2	7.6	-0.4	10.5
	7	4.5	6.4	2.9	3.6	6.5	8.0	-1.3	9.8
	8	4.7	6.8	3.0	3.5	6.6	8.2	1.8	10.0
	9	3.8	5.0	2.7	3.3	5.7	7.0	5.8	14.0
	10	3.6	4.5	2.8	3.2	5.6	7.0	9.2	16.0
	11	4.2	6.0	2.7	3.5	5.1	6.4	5.4	11.8
	12	4.2	5.7	2.8	3.6	4.3	5.4	2.5	7.1
2012	1	3.4	4.4	2.7	3.2	3.4	4.2	4.6	7.9

Source: The Bank of Korea

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

Period	Economically active persons (thous.)				Unemployment (%)	Wage workers (thous.)				
	Employed persons (thous.)					Regular	Temporary	Daily		
	All industry	Manufacturing	S.O.C.&service							
2010	24,748	23,829	4,028	18,214	3.7	16,971	10,086	5,068	1,817	
2011	25,099	24,244	4,091	18,595	3.4	17,397	10,661	4,990	1,746	
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
	8	24,863	24,005	4,058	18,175	3.3	17,048	10,151	5,122	1,775
	9	24,911	24,054	4,062	18,216	3.4	17,103	10,217	5,106	1,780
	10	25,004	24,172	4,098	18,264	3.3	17,178	10,280	5,089	1,809
	11	24,847	24,109	4,139	18,340	3.0	17,300	10,334	5,069	1,898
	12	24,538	23,684	4,156	18,272	3.5	17,154	10,347	4,999	1,808
2011	1	24,114	23,196	4,148	18,007	3.8	16,832	10,305	4,848	1,680
	2	24,431	23,336	4,149	18,019	4.5	16,856	10,390	4,781	1,684
	3	24,918	23,846	4,122	18,244	4.3	17,065	10,543	4,782	1,740
	4	25,240	24,303	4,108	18,536	3.7	17,357	10,618	4,928	1,812
	5	25,480	24,661	4,137	18,731	3.2	17,626	10,708	5,064	1,854
	6	25,592	24,752	4,135	18,812	3.3	17,720	10,716	5,132	1,872
	7	25,473	24,636	4,079	18,844	3.3	17,667	10,718	5,137	1,811
	8	25,257	24,495	4,031	18,739	3.0	17,510	10,710	5,031	1,769
	9	25,076	24,318	4,014	18,595	3.0	17,378	10,764	5,047	1,567
	10	25,409	24,673	4,044	18,856	2.9	17,608	10,796	5,094	1,718
	11	25,318	24,589	4,054	18,921	2.9	17,650	10,838	5,047	1,765
	12	24,880	24,125	4,071	18,833	3.0	17,496	10,824	4,986	1,686
<i>Y-o-Y change (%)</i>										
2010	1.5	1.4	5.0	1.2	-	3.1	7.4	-0.7	-7.4	
2011	1.4	1.7	1.6	2.1	-	2.5	5.7	-1.5	-3.9	
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
	8	1.3	1.6	7.9	0.7	-	3.5	7.2	0.1	-6.1
	9	1.1	1.0	6.6	0.3	-	2.5	6.4	-0.9	-7.8
	10	1.4	1.3	6.2	0.7	-	2.9	6.8	-1.6	-4.4
	11	0.9	1.3	7.4	0.4	-	3.0	7.6	-3.6	-1.7
	12	2.0	2.0	7.3	0.9	-	3.6	7.4	-1.5	-2.2
2011	1	0.1	1.4	5.7	1.2	-	3.3	6.1	-0.3	-2.6
	2	1.6	2.1	6.7	1.4	-	3.5	6.2	-1.2	1.6
	3	2.2	2.0	5.1	1.1	-	2.7	6.2	-3.9	1.5
	4	1.5	1.6	2.9	1.4	-	2.1	6.1	-4.3	-1.3
	5	1.5	1.5	2.5	1.3	-	2.2	6.3	-3.0	-5.1
	6	1.7	1.9	2.9	2.1	-	3.1	6.2	-0.6	-3.4
	7	1.0	1.4	1.0	1.9	-	2.5	6.0	-1.5	-4.9
	8	1.7	2.0	-0.7	3.1	-	2.7	5.5	-1.8	-0.3
	9	0.7	1.1	-1.2	2.1	-	1.6	5.4	-1.2	-11.9
	10	1.6	2.1	-1.3	3.2	-	2.5	5.0	0.1	-5.0
	11	1.9	2.0	-2.1	3.2	-	2.0	4.9	-0.4	-7.0
	12	1.4	1.9	-2.1	3.1	-	2.0	4.6	-0.3	-6.7

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)
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
8	2.3	2.6	4.7	3.7	4.3	1,742.75
9	2.3	2.7	4.4	3.5	3.9	1,872.81
10	2.3	2.7	4.1	3.2	3.7	1,882.95
11	2.4	2.7	4.2	3.4	4.0	1,904.63
12	2.5	2.8	4.2	3.3	4.0	2,051.00
2011						
1	2.7	2.9	4.5	3.7	4.3	2,069.73
2	2.8	3.1	4.7	3.9	4.4	1,939.30
3	2.9	3.4	4.5	3.7	4.1	2,106.70
4	3.0	3.4	4.5	3.7	4.1	2,192.36
5	3.0	3.5	4.4	3.7	4.0	2,142.47
6	3.2	3.5	4.4	3.7	3.9	2,100.69
7	3.3	3.6	4.5	3.8	4.0	2,133.21
8	3.3	3.6	4.2	3.6	3.7	1,880.11
9	3.3	3.6	4.2	3.5	3.6	1,769.65
10	3.2	3.6	4.3	3.5	3.6	1,909.03
11	3.3	3.6	4.2	3.4	3.5	1,847.51
12	3.3	3.6	4.2	3.4	3.5	1,825.74
2012						
1	3.3	3.6	4.2	3.2	3.5	1,955.79

Source: The Bank of Korea

## 14. Monetary indicators See graph 9-5

(period average)

(billion won)

Period	Reserve money	M1	M2	Lf
2010	67,585.1	399,412.3	1,639,675.1	2,096,534.8
2011	75,232.0	425,675.1	1,708,984.5	2,974,440.3
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
7	66,958.2	403,785.1	1,653,057.5	2,111,672.2
8	67,318.7	400,882.5	1,653,907.2	2,113,052.7
9	70,266.5	403,413.5	1,659,400.1	2,123,558.2
10	69,905.0	405,000.1	1,669,376.6	2,134,385.4
11	69,476.8	414,912.8	1,679,909.9	2,145,901.5
12	71,472.9	425,673.9	1,682,871.9	2,154,538.9
2011 1	73,540.8	429,368.1	1,676,448.8	2,152,814.0
2	75,432.1	432,482.8	1,674,390.5	2,148,254.1
3	73,012.7	430,936.6	1,677,475.9	2,152,736.5
4	73,206.1	425,420.5	1,684,792.3	2,163,485.7
5	73,828.5	423,994.7	1,690,543.0	2,175,557.3
6	74,705.5	421,885.3	1,697,204.2	2,189,729.2
7	74,069.7	418,973.1	1,705,451.5	2,208,624.3
8	75,642.3	422,649.3	1,719,437.8	2,230,191.9
9	77,942.2	425,196.4	1,729,531.1	2,243,675.6
10	76,944.6	421,480.1	1,742,645.4	2,263,627.7
11	76,617.3	423,111.9	1,753,296.4	2,279,234.1
12	77,842.5	432,602.2	1,756,579.4	2,974,440.3
<i>Y-o-Y change (%)</i>				
2010	9.5	11.8	8.7	8.2
2011	11.3	6.6	4.2	9.4
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
7	12.7	11.1	9.3	8.8
8	11.1	11.0	8.5	8.0
9	17.8	10.2	8.1	7.7
10	9.8	9.0	7.6	7.2
11	13.6	11.8	7.4	7.3
12	14.1	12.9	7.2	6.9
2011 1	13.0	12.6	6.5	6.6
2	13.3	11.5	5.0	5.2
3	11.2	11.6	4.3	4.7
4	13.9	9.6	3.9	4.5
5	8.8	7.4	3.7	4.4
6	12.8	5.4	3.0	4.0
7	10.6	3.8	3.2	4.6
8	12.4	5.4	4.0	5.5
9	10.9	5.1	4.2	5.7
10	10.1	4.1	4.4	6.1
11	10.3	2.0	4.4	6.2
12	8.9	1.6	4.4	9.4

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	
2010	1,138.9	1,156.3	1,397.1	1,320.6	1,513.6	1,532.9	
2011	1,153.3	1,108.1	1,485.2	1,391.3	1,494.1	1,541.4	
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
	8	1,189.1	1,179.9	1,406.0	1,380.2	1,505.9	1,523.3
	9	1,142.0	1,167.0	1,363.3	1,384.2	1,556.0	1,518.7
	10	1,126.6	1,123.4	1,390.7	1,371.1	1,569.3	1,559.6
	11	1,157.3	1,126.2	1,373.4	1,366.6	1,518.3	1,541.3
	12	1,138.9	1,147.6	1,397.1	1,376.7	1,513.6	1,515.4
2011	1	1,114.3	1,120.1	1,356.6	1,356.3	1,514.0	1,495.4
	2	1,127.9	1,118.1	1,380.7	1,351.0	1,549.5	1,524.6
	3	1,107.2	1,122.5	1,331.9	1,376.2	1,563.5	1,572.6
	4	1,072.3	1,086.8	1,313.8	1,304.8	1,591.2	1,569.4
	5	1,080.6	1,083.5	1,335.6	1,333.6	1,549.7	1,551.3
	6	1,078.1	1,081.3	1,335.7	1,342.8	1,560.5	1,555.4
	7	1,052.6	1,059.5	1,353.2	1,333.4	1,507.9	1,515.4
	8	1,071.7	1,073.2	1,396.8	1,391.4	1,547.3	1,538.7
	9	1,179.5	1,118.6	1,536.6	1,456.5	1,601.4	1,542.4
	10	1,104.5	1,155.5	1,458.0	1,508.2	1,562.7	1,584.0
	11	1,150.3	1,132.3	1,475.7	1,460.0	1,532.9	1,536.6
	12	1,153.3	1,147.5	1,485.2	1,473.4	1,494.1	1,511.0
2012	1	1,125.0	1,145.9	1,473.1	1,488.7	1,478.2	1,477.2
<i>Y-o-Y change (%)</i>							
2010	-2.5	-9.4	10.6	-3.1	-9.6	-13.6	
2011	1.3	-4.2	6.3	5.4	-1.3	0.6	
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
	8	-4.5	-4.7	5.5	5.8	-15.4	-13.8
	9	-3.9	-4.3	3.4	3.9	-10.3	-14.4
	10	-6.2	-4.4	5.9	5.4	-11.9	-10.5
	11	-0.9	-3.3	1.9	4.8	-13.3	-11.2
	12	-2.5	-1.6	10.6	5.8	-9.6	-11.1
2011	1	-3.6	-1.6	5.4	8.7	-6.2	-8.1
	2	-2.6	-3.4	6.3	5.4	-1.3	-3.8
	3	-2.1	-1.3	9.4	9.6	3.0	1.8
	4	-3.9	-2.7	10.7	9.2	7.6	4.5
	5	-10.0	-6.8	1.3	5.4	5.1	6.2
	6	-10.9	-10.8	-2.1	0.7	5.8	5.0
	7	-11.3	-12.2	-1.2	-3.2	-2.9	-1.6
	8	-9.9	-9.0	-0.7	0.8	2.7	1.0
	9	3.3	-4.1	12.7	5.2	2.9	1.6
	10	-2.0	2.8	4.8	10.0	-0.4	1.6
	11	-0.6	0.5	7.4	6.8	1.0	-0.3
	12	1.3	0.0	6.3	7.0	-1.3	-0.3
2012	1	1.0	2.3	8.6	9.8	-2.4	-1.2

Source: The Bank of Korea



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Fax: 82-2-504-1335  
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Republic of Korea  
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Fax: 82-2-3295-0748  
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