

Republic of Korea  
**ECONOMIC  
BULLETIN**

The Green Book: Current Economic Trends **03**

Policy Issues **42**

Government to Take All-around Measures to Boost Corporate Investment

Economic News Briefing **45**

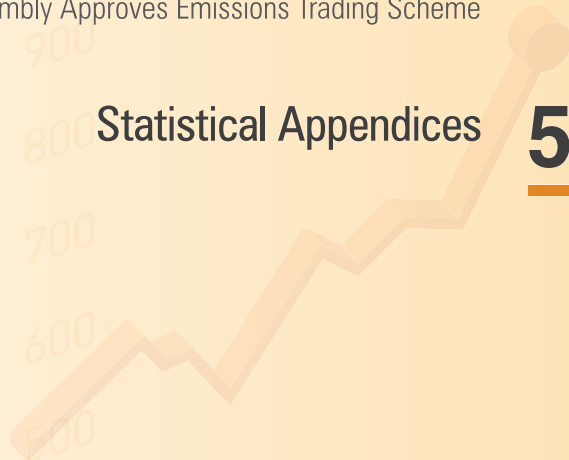
Korea Grows 0.9% in Q1

Korea, China and Japan to Negotiate FTA

Korea Pledges US\$15 Billion to IMF

National Assembly Approves Emissions Trading Scheme

Statistical Appendices **51**



Republic of Korea

# Economic Bulletin

## The Green Book: Current Economic Trends

<i>Overview</i>	3
1. External economic situation	4
2. Private consumption	8
3. Facility investment	12
4. Construction investment	14
5. Exports and imports	16
6. Mining and manufacturing production	18
7. Service sector activity	20
8. Employment	22
9. Financial markets	26
9.1 Stock market	
9.2 Exchange rate	
9.3 Bond market	
9.4 Money supply & money market	
10. Balance of payments	30
11. Prices and international commodity prices	32
11.1 Prices	
11.2 International oil and commodity prices	
12. Real estate market	36
12.1 Housing market	
12.2 Land market	
13. Industrial output and composite indices of business cycle indicators	40

## Policy Issues

Government to take all-around measures to boost corporate investment	42
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<b>Economic News Briefing</b>	45
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<b>Statistical Appendices</b>	51
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# The Green Book

## Current Economic Trends

### Overview

The Korean economy has seen employment steadily increase and inflation slightly slow down, but real economic indicators appears to be faltering.

Employment stayed in good shape in March, rising by more than 400,000 mainly in the service sector helped by full-time job increases.

Consumer prices have stabilized in April, staying within a 2 percent range for two successive months with a 2.5 percent increase in April and a 2.6 percent increase the previous month. Expected inflation has decreased since February but international oil prices and other dangerous factors remain.

Mining and manufacturing production fell 3.1 percent month-on-month in March due to a decrease in semiconductors and machinery equipment production while service output was 1.0 percent down compared to the previous month, affected by financial & insurance sector and transportation decreases.

In March, retail sales dropped 2.7 percent from the previous month since semi-durable and non-durable goods sales slipped despite an increase in durable goods sales.

Facility investment sank 7.0 percent month-on-month in March due to a fall in both machinery and transportation equipment investment. Construction investment dropped 1.8 percent compared to the previous month as an increase in civil engineering works was offset by a decrease in building construction.

April exports fell slightly by 4.7 percent year-on-year due to a base effect, but the current account balance continues to post a surplus of more than US\$2 billion, with US\$2.15 billion in April and US\$2.45 billion the previous month.

The cyclical indicator of the coincident composite index in March fell 0.4 points from a month ago as the value of construction completion decreased. The leading composite index remained unchanged compared to the previous month.

In April, Korean government bond prices went up and equities fell as the demand for safe assets rose amid the possibility that the European debt crisis may deteriorate.

In April, the housing prices kept diverging between the Seoul metropolitan area and other areas, while the upward trend in rental prices slightly decelerated.

Against the backdrop of a vulnerable international oil market, the uncertainties and risks have accelerated in regard to the European debt crisis such as the downgrade of Spanish government bonds.

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 recover and keep prices stable. At the same time, the government will accelerate efforts to secure the livelihoods of citizens through job creation and stabilization of necessity prices, continue to promote economic restructuring and boost domestic demand.

## 1. External economic situation

The US economy is steadily improving while the eurozone continues to struggle and emerging economies are slightly slowing down.

Amid increasing concerns about the eurozone's fiscal crisis, especially in Spain, destabilizing factors, such as a slowdown spurred by austerity measures and political uncertainties stemming from election results in major countries, remain.

### US

The US economy grew 2.2 percent (*annualized q-o-q, advanced estimates*) in the first quarter of 2012 as private consumption and housing construction investment rose, but at a slower pace compared to 3.0 percent in the previous quarter.

The ISM Manufacturing Index, which shows business sentiment, continued to be in good shape, staying above the base level of 50.

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

50.8 (Oct 2011) → 52.7 (Nov) → 53.9 (Dec) → 54.1 (Jan 2012) → 52.4 (Feb) → 53.4 (Mar) → 54.8 (Apr)

With consumer sentiment improving, personal consumption expenditures continued to increase.

#### Consumer Confidence Index

64.1 (Nov 2011) → 69.9 (Dec) → 75.0 (Jan 2012) → 75.3 (Feb) → 76.2 (Mar) → 76.4 (Apr)

The job market recovery slowed down with nonfarm payrolls increasing at a slower pace, while the jobless rate still remains high compared to the pre-crisis level.

#### Nonfarm payroll employment increase (m-o-m, thousand)

223 (Dec 2011) → 284 (Jan 2012) → 227 (Feb) → 120 (Mar) → 115 (Apr)

With the housing prices falling, existing home sales declined for the second consecutive month.

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

150.8 (Dec 2003) → 203.4 (Dec 2006) → 136.6 (Dec 2011) → 135.2 (Jan 2012) → 134.2 (Feb)

(Percentage change from previous period)

	2010		2011 <sup>1</sup>				2012 <sup>1</sup>			
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Feb	Mar
Real GDP <sup>2</sup>	3.0	2.3	1.7	0.4	1.3	1.8	3.0	2.2	-	-
- Personal consumption expenditure	2.0	3.6	2.2	2.1	0.7	1.7	2.1	2.9	-	-
- Corporate fixed investment	4.4	8.7	8.6	2.1	10.3	15.7	5.2	-2.1	-	-
- Housing construction investment	-4.3	2.5	-1.4	-2.4	4.2	1.3	11.6	19.1	-	-
Industrial production	5.3	0.8	4.1	1.2	0.2	1.7	0.9	1.3	0.0	0.0
Personal consumption expenditure	3.8	1.4	4.7	1.5	1.0	1.0	0.8	1.3	0.9	0.3
Existing home sales	-3.4	13.5	2.5	9.0	-5.2	-0.2	3.1	4.7	-0.6	-2.6
Unemployment rate <sup>3</sup>	9.6	9.6	9.0	8.9	9.1	9.1	8.7	8.3	8.3	8.2
Consumer prices	1.6	0.7	3.1	1.3	1.0	0.8	0.2	0.3	0.4	0.3

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

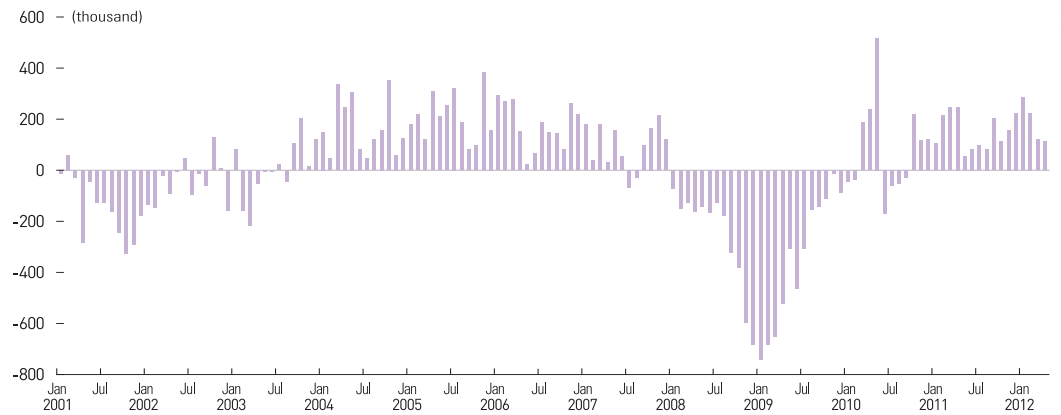
### 1-1 US GDP (q-o-q, annualized rate)

Source: US Department of Commerce



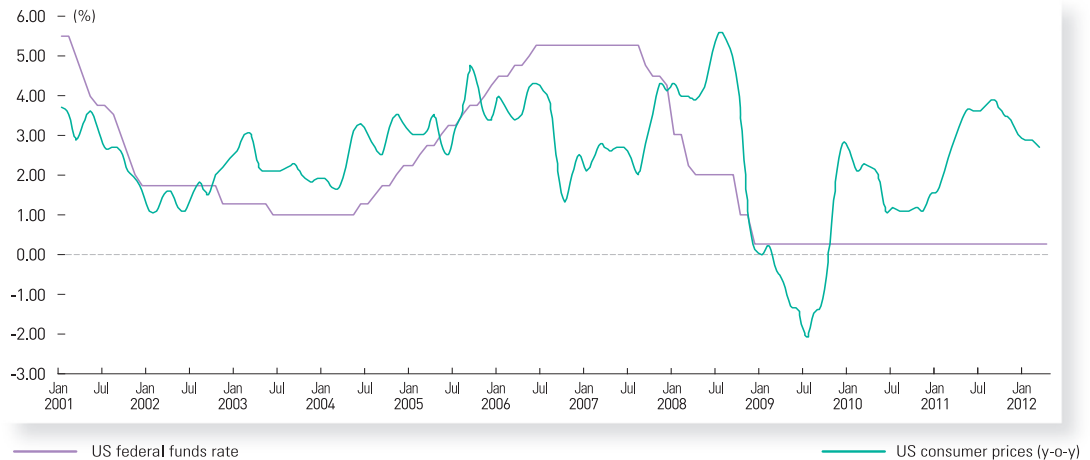
### 1-2 US nonfarm payroll employment (m-o-m change)

Source: US Department of Labor



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

Source: US Federal Reserve Board & Department of Labor



## China

The Chinese economy grew 8.1 percent year-on-year in the first quarter of 2012, but compared to the previous quarter, the rate fell 0.8 percentage points, suggesting a slowdown.

Exports to Europe, which account for 18 percent of all Chinese exports, have been hit by the economic slowdown in the region. March consumer prices slightly rose.

(Percentage change from same period in previous year)

	2010		2011 <sup>1</sup>				2012		
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Feb <sup>2</sup>	Mar
Real GDP	10.3	9.2	9.7	9.5	9.1	8.9	8.1	-	-
Industrial production <sup>3</sup>	15.7	13.9	14.9	13.9	13.8	12.8	11.6	11.4	11.9
Fixed asset investment (accumulated)	24.5	25.1	32.5	27.0	28.0	28.0	21.3	21.5	21.3
Retail sales	18.4	17.1	17.1	18.2	17.3	17.5	14.9	14.7	15.2
Exports	31.3	20.3	26.4	22.0	20.5	14.3	7.6	18.4	8.9
Consumer prices <sup>3</sup>	3.3	5.4	5.1	5.7	6.3	4.6	3.8	3.2	3.6
Producer prices <sup>3</sup>	5.5	6.0	7.0	6.9	7.1	3.1	0.1	0.0	-0.3

1. Preliminary 2. Average growth rate in January and February for industrial production, fixed asset investment, and retail sales

3. Quarterly change: average of monthly change Source: China National Bureau of Statistics

## Japan

Japan's industrial production and retail sales improved, but the current account balance went into the red again.

### Current account balance (yen billion)

-282 (Oct 2011) ↻ -690 (Nov) ↻ -206 (Dec) ↻ -1,482 (Jan 2012) ↻ 29 (Feb) ↻ -83 (Mar)

Bank of Japan decided on April 27 to increase the funds from 65 trillion yen to 70 trillion yen for purchasing government bonds and other assets from financial institutions.

(Percentage change from previous period)

	2010		2011 <sup>1</sup>				2012 <sup>1</sup>		
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Feb	Mar
Real GDP	4.4	-0.7	-1.8	-0.3	1.7	-0.2	-	-	-
Industrial production	16.4	-2.3	-1.5	-4.2	5.4	0.4	1.2	-1.6	1.0
Retail sales (y-o-y)	2.5	-1.2	-3.0	-1.7	-1.0	0.8	5.2	3.4	10.3
Exports (y-o-y)	24.4	-2.7	2.4	-8.1	0.5	-5.5	-1.6	-2.7	5.9
Consumer prices (y-o-y)	-0.7	-0.3	-0.5	-0.4	0.1	-0.3	0.3	0.3	0.5

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

## Eurozone

The eurozone economy continues to experience a mild recession with the March unemployment rate soaring to the highest since April 1997 and its production decreasing.

### Unemployment rate (%)

10.3 (Sep 2011) ↻ 10.4 (Oct) ↻ 10.5 (Nov) ↻ 10.6 (Dec) ↻ 10.7 (Jan 2012) ↻ 10.8 (Feb) ↻ 10.9 (Mar)

### Manufacturing PMI (base = 50)

47.1 (Oct 2011) ↻ 46.4 (Nov) ↻ 46.9 (Dec) ↻ 48.8 (Jan 2012) ↻ 49.0 (Feb) ↻ 47.7 (Mar) ↻ 45.9 (Apr)

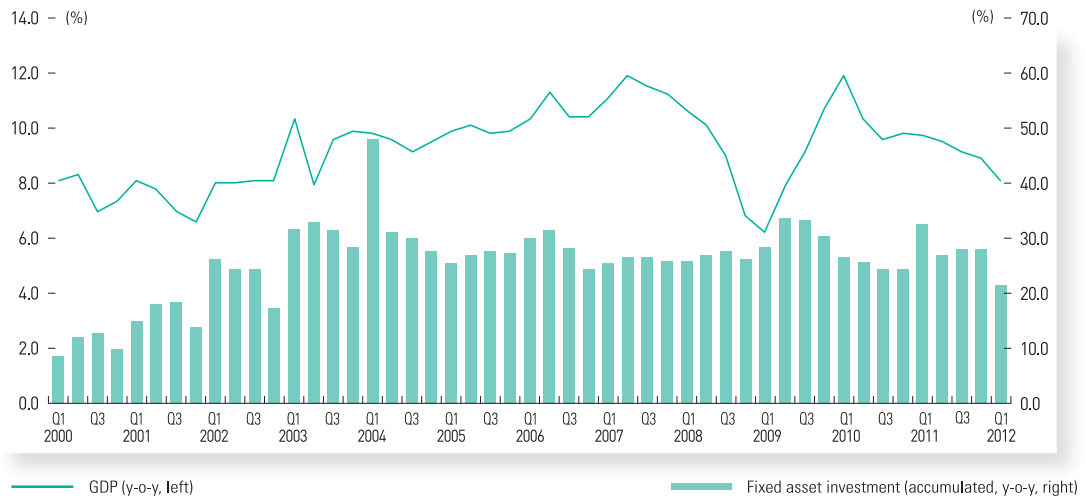
(Percentage change from previous period)

	2010			2011 <sup>1</sup>				2012 <sup>1</sup>			
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Feb	Mar
Real GDP	1.8	0.4	0.3	1.5	0.7	0.1	0.1	-0.3	-	-	-
Industrial production	7.4	1.0	1.8	3.5	0.9	0.2	0.8	-1.9	-	0.5	-
Retail sales	0.8	0.2	0.3	-0.6	-0.2	-0.4	0.3	-1.1	0.1	-0.2	0.3
Exports (y-o-y)	20.1	22.8	21.8	12.7	21.5	13.0	9.4	8.3	-	11.2	-
Consumer prices (y-o-y)	1.6	1.7	2.0	2.7	2.5	2.8	2.7	2.9	2.7	2.7	2.7

1. Preliminary Source: Eurostat

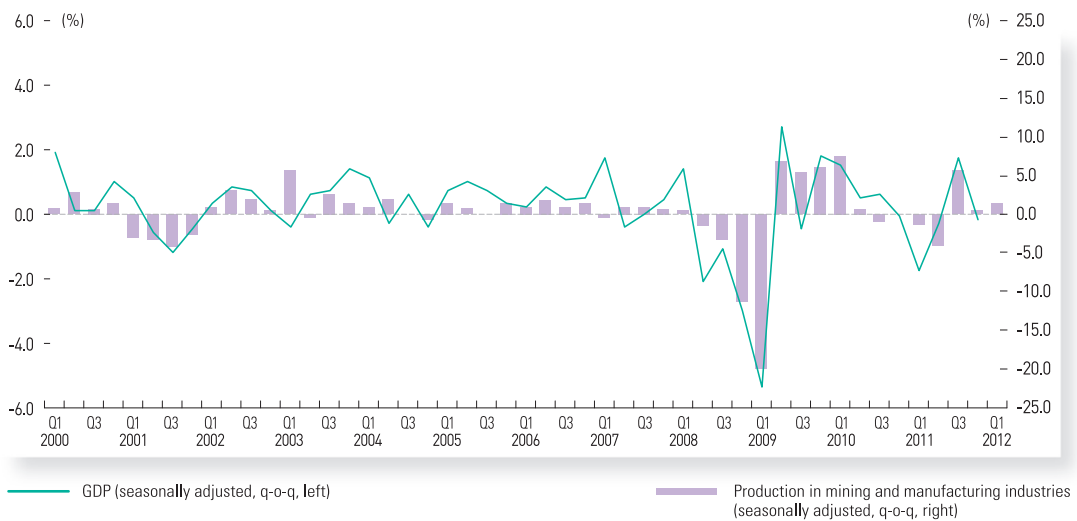
### 1-4 China's GDP growth and fixed asset investment

Source: National Bureau of Statistics of China



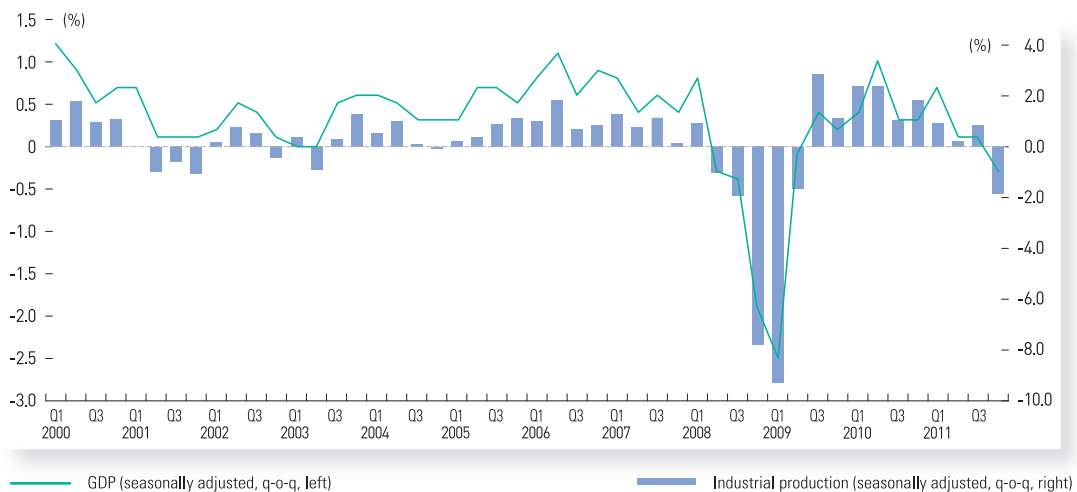
### 1-5 Japan's GDP growth and industrial production

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 estimate of GDP*) climbed 1.0 percent quarter-on-quarter and 1.6 percent year-on-year in the first quarter of 2012.

(Percentage change from previous period)

	2010					2011					2012
	Annual	Q1	Q2	Q3	Q4	Annual <sup>1</sup>	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>
Private consumption <sup>2</sup>	4.1	0.7	0.7	1.2	0.4	2.2	0.6	0.8	0.2	-0.4	1.0
y-o-y	-	6.9	3.9	3.9	3.0	-	2.9	3.0	2.1	1.1	1.6

1. Preliminary

2. National accounts

Source: The Bank of Korea

Retail sales in March declined 2.7 percent month-on-month as semi-durable and non-durable goods sales decreased despite a slight increase in durable goods sales. The sales have remained unchanged year-on-year.

For the first quarter of 2012, retail sales increased 1.0 percent, as sales in durable and non-durable goods rose while semi-durable goods sales declined.

(Percentage change from previous period)

	2010	2011					2012			
	Annual	Annual <sup>1</sup>	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Consumer goods sales	6.7	4.3	1.5	0.1	1.6	-1.3	1.0	0.8	2.5	-2.7
y-o-y	-	-	5.4	5.7	4.7	1.9	1.9	0.8	5.4	0.0
- Durable goods <sup>2</sup>	14.8	10.8	4.3	-0.5	1.8	-2.4	3.0	10.6	-6.2	0.1
· Automobiles	11.1	5.9	5.9	-4.9	3.6	-11.3	2.8	8.7	-5.0	2.9
- Semi-durable goods <sup>3</sup>	6.8	4.2	0.8	0.7	1.2	-0.3	-0.5	-4.0	4.3	-3.2
- Non-durable goods <sup>4</sup>	2.2	1.1	0.2	0.0	2.1	-0.5	0.8	-2.3	7.2	-4.5

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

Department store, large discount store, specialized retailer, and nonstore retailer sales all decreased.

(Percentage change from previous period)

	2010	2011					2012			
	Annual	Annual <sup>1</sup>	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
- Department stores	8.8	8.1	2.2	0.5	1.2	-0.6	0.9	-5.1	5.2	-2.4
- Large discounters	4.5	3.9	1.2	1.0	0.2	0.3	-1.2	-6.2	7.7	-0.5
- Specialized retailers <sup>2</sup>	5.7	3.3	1.3	-0.5	2.1	-3.1	1.5	2.4	1.8	-4.1
- Nonstore retailers	15.6	8.6	1.4	1.2	2.8	0.6	2.6	0.7	3.7	-5.1

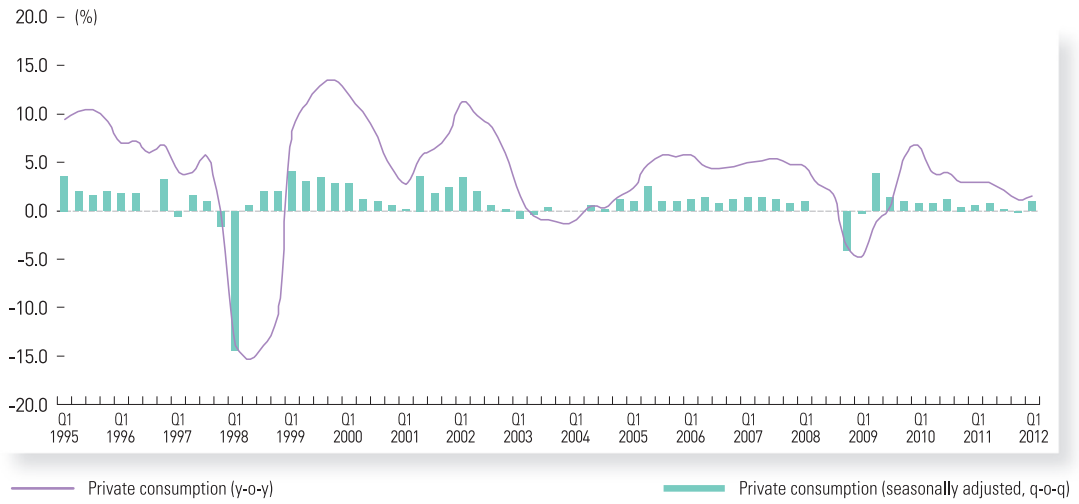
1. Preliminary

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

Source: Statistics Korea

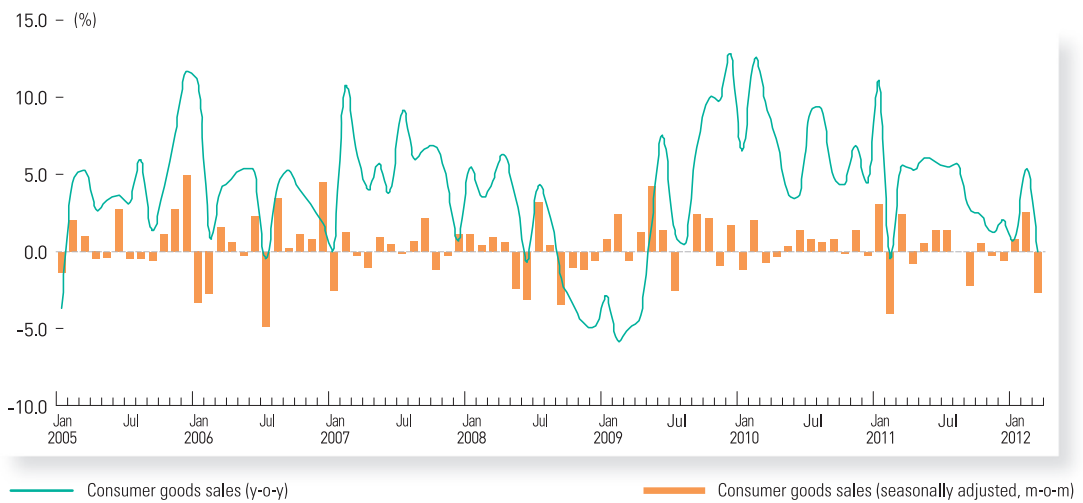
## 2-1 Private consumption

Source: The Bank of Korea (national accounts)



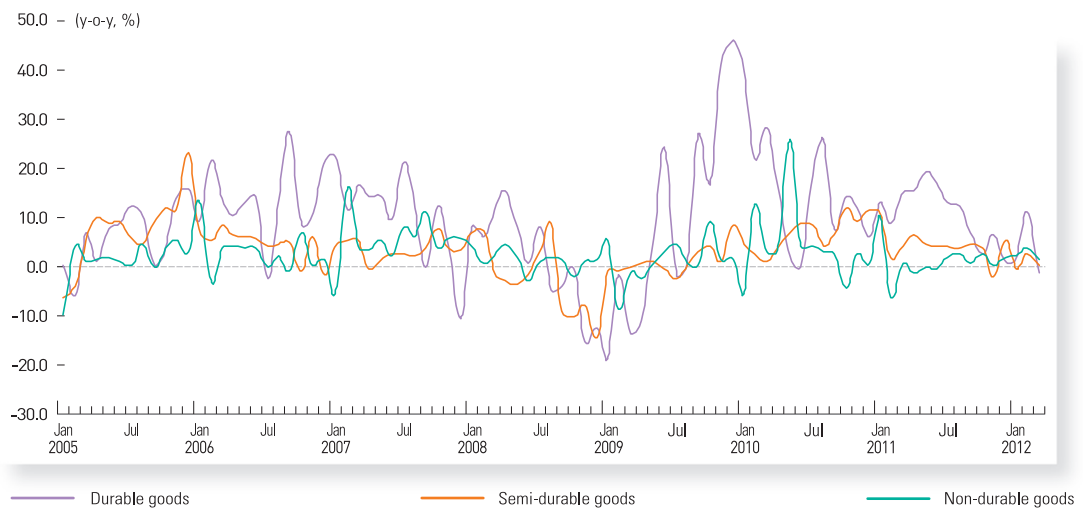
## 2-2 Consumer goods sales

Source: Statistics Korea (industrial activity trend)



## 2-3 Consumer goods sales by type

Source: Statistics Korea (industrial activity trend)



Considering advanced indicators, April retail sales are likely to go up month-on-month compared to the previous month.

In April, car sales fell year-on-year as sales of 2,000cc and above cars and SUVs decreased, but the downward pace slowed down compared to that in the previous month.

Gasoline sales grew year-on-year helped by decelerating oil price increases and a base effect.

**Gasoline prices** (won per liter)

2,051 (Apr, 1<sup>st</sup> week) ↻ 2,059 (2<sup>nd</sup> week) ↻ 2,062 (3<sup>rd</sup> week) ↻ 2,061 (4<sup>th</sup> week) ↻ 2,058 (5<sup>th</sup> week)

Discount store and department store sales were slightly down, by 2.4 percent and 3.8 percent respectively, year-on-year.

(y-o-y, %)

	2011		2012			
	Nov	Dec	Jan	Feb	Mar	Apr
- Credit card sales	14.5	18.4	11.2	24.9	14.5	18.3
- Large discounter sales	-0.5	3.7	2.7	-6.4	2.3	-2.4
- Department store sales	-0.5	11.0	-4.1	2.9	1.8	-3.8
- Domestic sales of gasoline	0.8	4.1	7.6	4.4	4.1	5.7
- Domestically made car sales	-12.6	-5.4	-19.9	5.5	-9.9	-6.8

Sources: Credit Finance Association of Korea, Ministry of Knowledge Economy, Korea National Oil Corporation, Korea Customs Service, Korea Automobile Manufacturers Association, Ministry of Strategy and Finance (for April data)

Retail sales are expected to increase moderately backed by improving consumption, but domestic and external uncertainties may limit the gain.

Continuing recovery in employment and slowing inflation have contributed to improving conditions related to consumption.

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

501 (Oct 2011) ↻ 479 (Nov) ↻ 441 (Dec) ↻ 536 (Jan 2012) ↻ 447 (Feb) ↻ 419 (Mar)

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

3.6 (Oct 2011) ↻ 4.2 (Nov) ↻ 4.2 (Dec) ↻ 3.4 (Jan 2012) ↻ 3.1 (Feb) ↻ 2.6 (Mar) ↻ 2.5 (Apr)

The consumer sentiment index in April hit the highest since May 2011, rising for the third consecutive month and signalling that consumer sentiment is improving moderately.

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

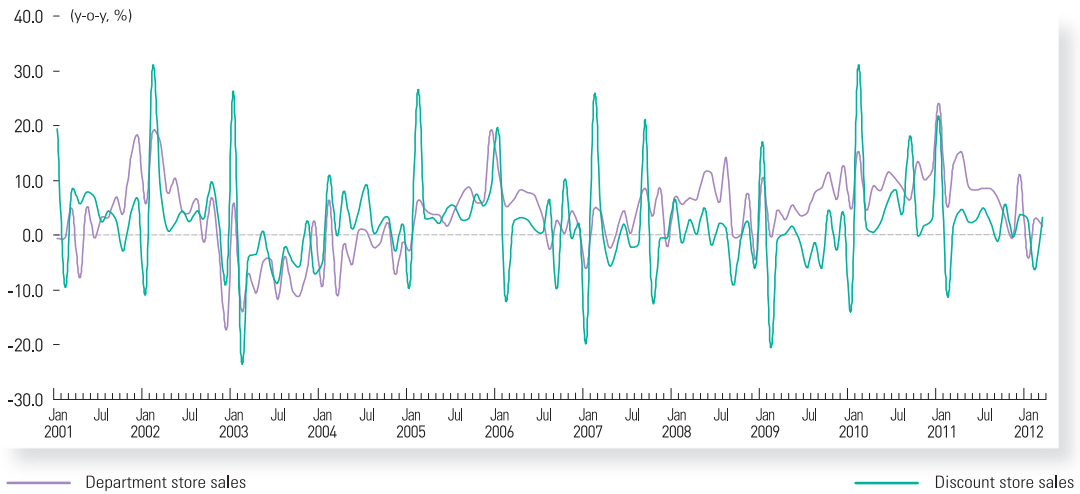
99 (Sep 2011) ↻ 100 (Oct) ↻ 103 (Nov) ↻ 99 (Dec) ↻ 98 (Jan 2012) ↻ 100 (Feb) ↻ 101 (Mar) ↻ 101 (Apr)

New cars, smartphones and the London 2012 Olympics are likely to have a positive effect on the recovery of consumption.

However, the recovery can be limited if the eurozone debt crisis worsens again and international oil prices keep rising.

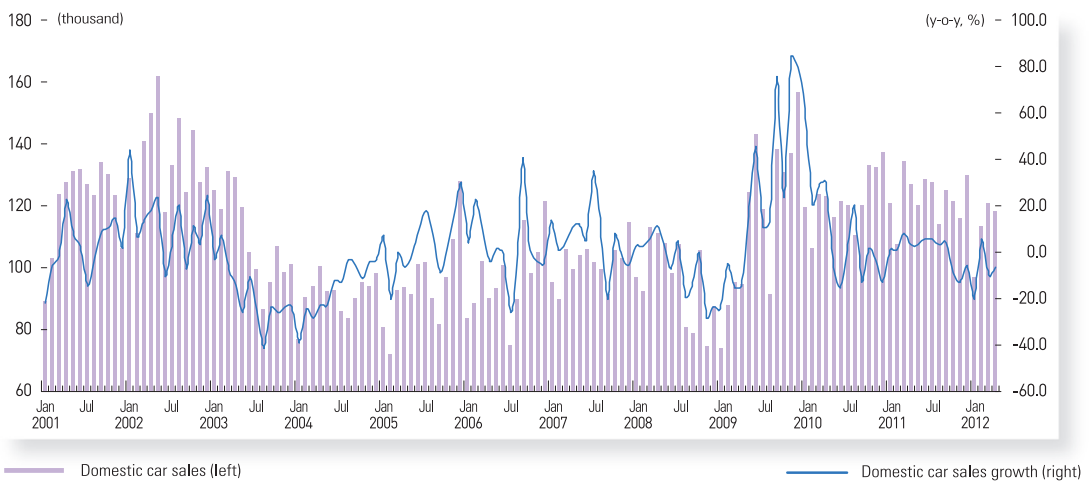
## 2-4 Department store and discount store sales (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



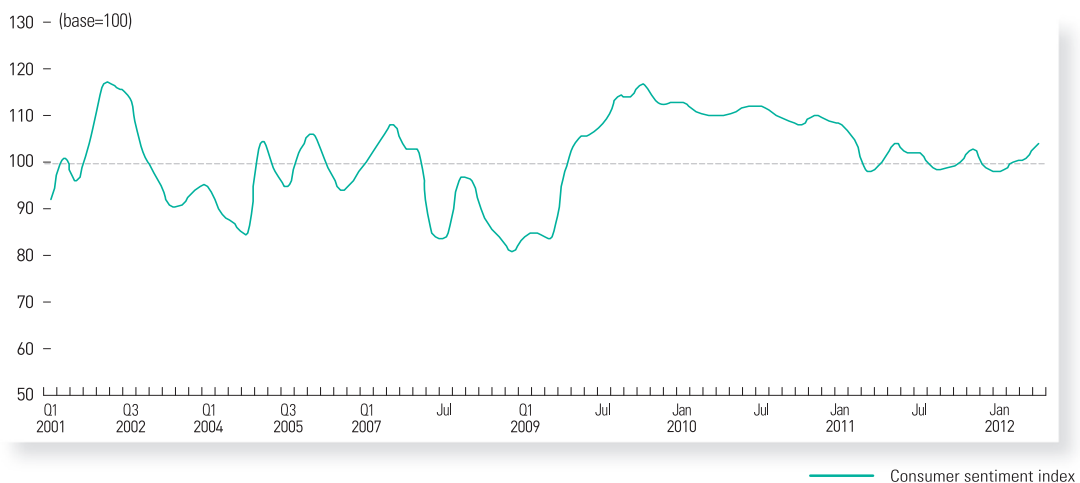
## 2-5 Domestically-made automobile sales

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 2012 increased 10.8 percent quarter-on-quarter and 9.1 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 <sup>1</sup>					2012 <sup>1</sup>
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1
Facility investment <sup>2</sup>	25.7	4.6	-0.2	3.7	-1.6	4.7	-1.8	-4.3	10.8
y-o-y	-	26.3	16.9	-	10.3	7.7	1.2	-3.3	9.1
- Machinery	31.2	7.1	-1.4	4.1	-1.9	5.0	-2.5	-2.5	-
- Transportation equipment	8.3	-4.7	4.9	1.9	-0.7	3.7	0.9	-11.2	-

1. Preliminary

2. National accounts

Source: The Bank of Korea

The facility investment index in March rose 1.0 percent year-on-year but fell 7.0 percent month-on-month as both machinery and transportation equipment investment retreated. In the first quarter of 2012, the facility investment index in the first quarter was up 11 percent quarter-on-quarter, helped by a big increase in both machinery and transportation equipment investment.

Facility investment is likely to improve due to an increase in machinery imports and a rebound in corporate sentiment. However, poor numbers in leading indicators, such as machinery orders and facility investment adjustment pressure, may limit the gain.

(Percentage change from previous quarter)

	2010		2011				2012 <sup>1</sup>			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Facility investment	24.2	0.7	-1.9	3.6	-1.5	-5.0	11.0	12.8	-3.9	-7.0
y-o-y	-	-	5.4	5.7	-3.1	-4.7	9.0	4.9	23.8	1.0
- Machinery	29.4	1.7	-3.5	6.0	-2.2	-3.1	9.9	12.1	-7.2	-8.0
- Transportation equipment	4.5	-4.1	6.1	-7.2	1.6	-12.9	14.7	12.3	19.8	-1.6

1. Preliminary Source: Statistics Korea

(Percentage change from same period in previous year)

	2010		2011				2012 <sup>1</sup>			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Domestic machinery orders	8.3	11.0	19.5	10.0	3.4	11.5	-2.7	0.1	21.8	-26.0
q-o-q, m-o-m	-	-	9.2	-0.3	-5.4	8.8	-7.4	2.4	14.1	-33.6
- Public	-37.7	11.2	-10.5	81.1	6.1	-3.1	104.5	0.2	485.1	-43.0
- Private	18.3	11.0	22.7	4.9	3.2	14.7	-11.1	0.1	-7.5	-24.2
Machinery imports	40.4	7.1	8.1	10.6	9.3	1.0	15.2	14.4	38.9	-0.4
Manufacturing average operation ratio	80.9	79.9	82.2	79.9	79.6	78.0	79.9	80.5	81.1	78.2
Facility investment adjustment pressure <sup>2</sup>	8.9	1.6	3.6	1.1	1.0	0.8	0.6	-5.7	11.4	-2.5

1. Preliminary

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

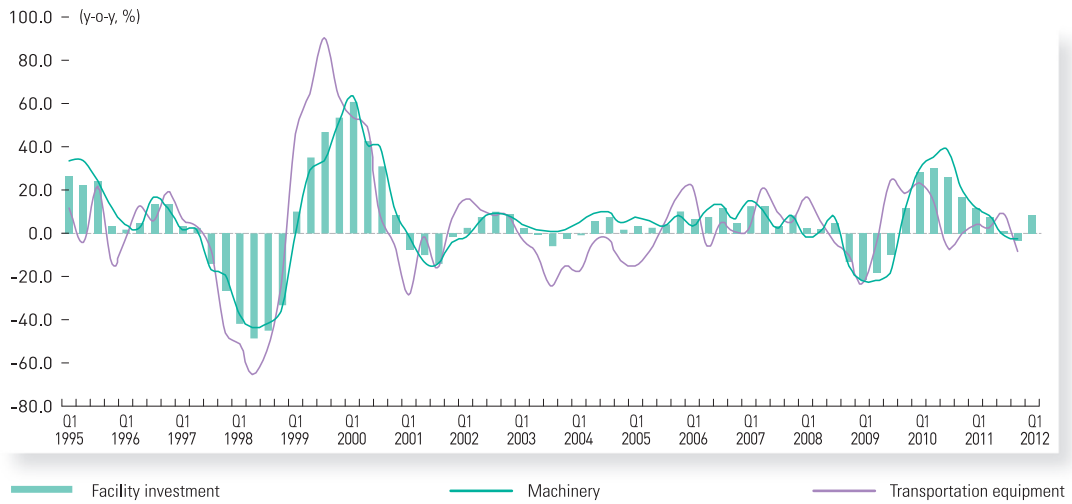
Sources: Statistics Korea, Korea International Trade Association (machinery imports data)

	2011		2012				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Business survey indices (base=100) for business outlook in the manufacturing sector	82	83	79	81	84	85	90

Source: The Bank of Korea

### 3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



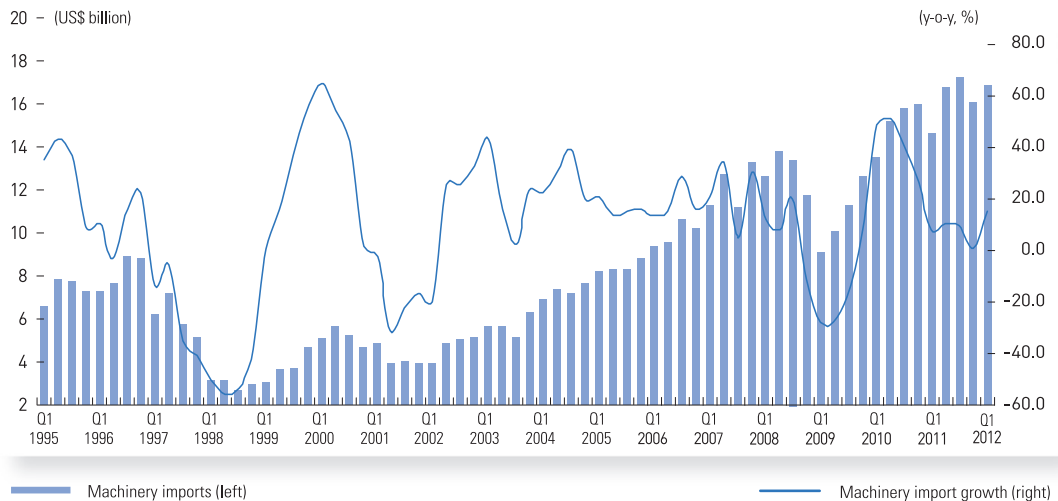
### 3-2 Machinery orders and estimated facility investment index (3-month average)

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 first quarter of 2012 fell 0.7 percent quarter-on-quarter but rose 2.1 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 <sup>1</sup>					2012 <sup>1</sup>
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1
Construction investment <sup>2</sup>	-3.7	-0.9	-1.9	-5.0	-4.4	3.5	0.5	0.1	-0.7
y-o-y	-	-4.9	-5.2	-	-11.0	-4.2	-4.0	-2.1	2.1
- Building construction	-1.6	-1.0	0.1	-4.1	-5.3	4.5	-1.1	-0.6	-
- Civil engineering works	-6.2	-0.8	-4.6	-6.0	-3.2	2.3	0.3	1.0	-

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

The value of construction completion (*constant*) in March fell 1.8 percent month-on-month and 7.9 percent year-on-year due to a decrease in building construction despite improved civil engineering works, while in the first quarter the value slipped 7.0 percent quarter-on-quarter due to poor performances in both building construction and civil engineering works.

(Percentage change from previous quarter)

	2010		2011				2012 <sup>1</sup>			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Value of construction completion(constant)	-3.3	-6.7	-3.8	2.0	-4.3	5.7	-7.0	-15.4	5.4	-1.8
y-o-y	-	-	-12.6	-6.6	-8.4	-0.5	-3.8	-9.6	9.0	-7.9
- Building construction	-7.0	-8.4	-4.7	1.0	-3.7	4.9	-3.7	-10.5	8.1	-6.6
- Civil engineering works	2.2	-4.5	-2.5	3.1	-5.1	6.6	-11.1	-21.4	1.8	5.3

1. Preliminary Source: Statistics Korea

(Percentage change from same period in previous year)

	2009		2011				2012			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Construction orders (current value)	-17.7	4.0	-11.8	-1.7	1.5	22.4	36.6	42.8	100.4	-3.5
q-o-q, m-o-m	-	-	12.5	11.7	3.3	-1.9	25.4	15.4	32.2	-40.6
- Building construction	-8.9	10.9	-7.7	-2.5	9.8	40.6	31.3	73.7	42.5	-0.7
- Civil engineering works	-28.3	-6.6	-17.2	0.1	-11.0	-1.1	44.5	0.6	175.9	-8.4
Building permit area	19.3	9.9	21.5	3.8	58.7	-14.8	8.7	-7.7	23.8	13.5

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

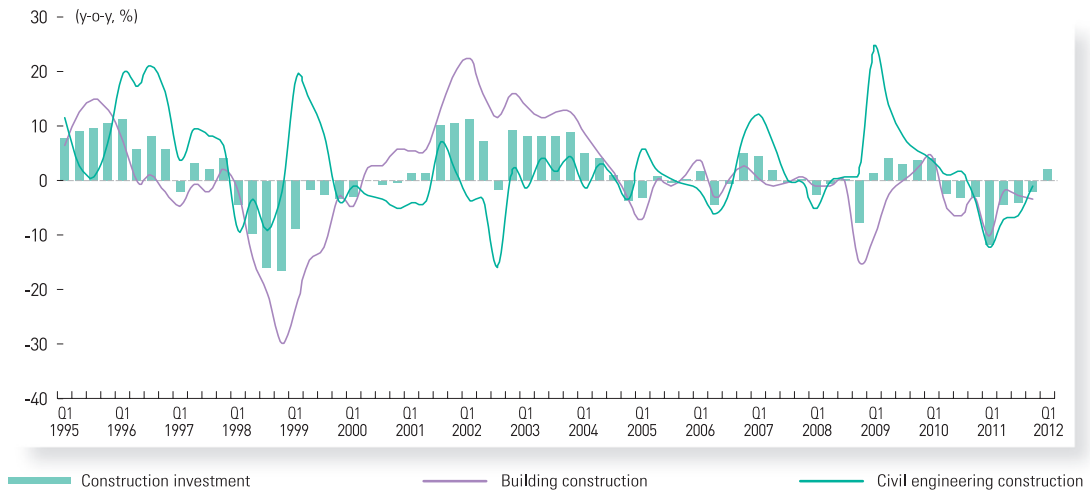
Construction investment may decline due to a decrease in construction orders and corporate sentiment.

	2011	2012				
	Dec	Jan	Feb	Mar	Apr	May
Business survey index (base=100) for business outlook for construction companies	70.3	64.0	64.4	73.7	81.7	74.5

Source: Construction and Economy Research Institute of Korea

#### 4-1 Construction investment

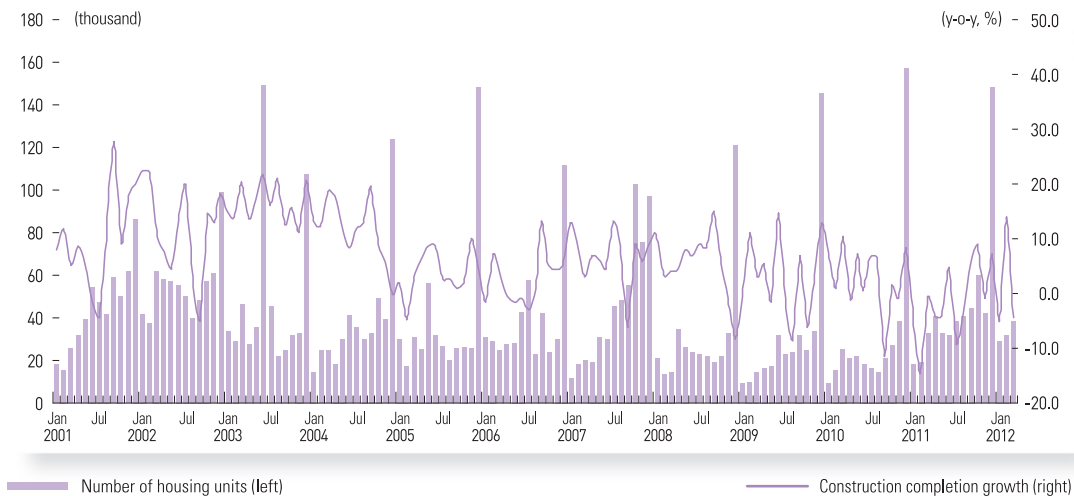
Source: The Bank of Korea (national accounts)



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

Source: Statistics Korea (construction completion)

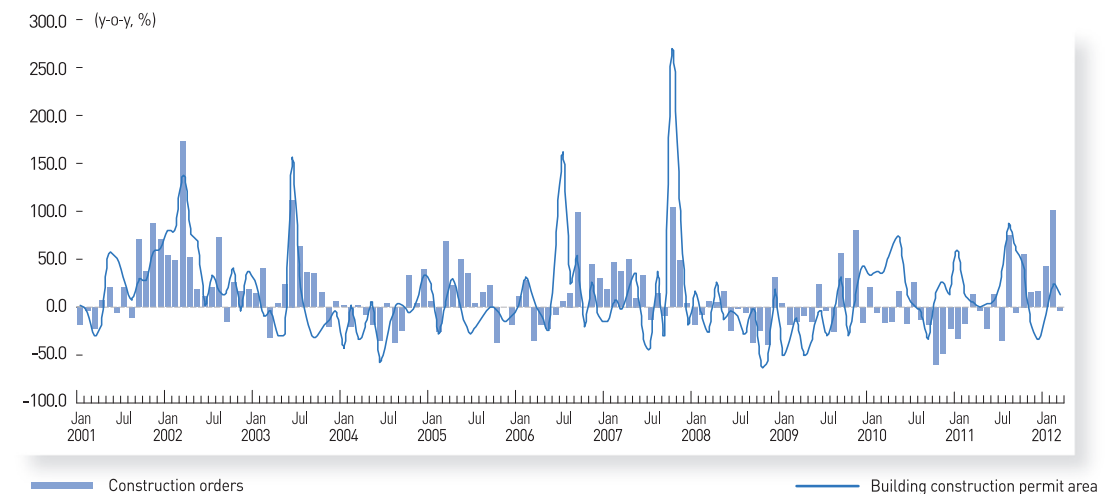
Ministry of Land, Transport and Maritime Affairs (housing construction)



#### 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

April exports decreased 4.7 percent (*preliminary*) year-on-year to US\$46.26 billion.

Though major exports such as automobiles and steel increased, year-on-year exports shrank due to a high base effect from a year ago when exports were US\$48.54 billion, the second highest in history (the largest was US\$48.9 billion in July 2011), and shorter working days (reduced by 1.5 days).

Average daily exports was US\$2.10 billion, up from US\$2.06 billion a year ago and from US\$2.02 billion a month before.

Exports of automobiles (*up 13.6%*) and steel (*up 4.0%*) grew year-on-year, while those of mobile phones (*down 37.1%*) and vessels (*down 21.7%*) fell.

Exports to the US (*up 5.6%*), the ASEAN countries (*up 4.0%*), and China (*up 1.7%*) maintained an upward trend, but those to the EU (*down 16.7%*) and Japan (*down 11.3%*) declined.

(US\$ billion)

	2010		2011				2012			
	Annual	Annual	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr <sup>1</sup>
Exports	466.38	555.21	130.99	142.69	141.24	140.37	41.21	46.35	47.38	46.26
(y-o-y, %)	19.6	19.0	29.6	18.7	21.4	9.0	-7.3	20.5	-1.4	-4.7
Average daily exports	1.70	2.01	1.98	2.08	2.03	1.98	1.88	2.02	2.02	2.10
Imports	425.21	524.41	123.91	134.29	134.92	131.26	43.40	44.92	44.93	44.11
(y-o-y, %)	31.6	23.3	26.1	27.2	27.7	13.4	3.5	23.4	-1.4	-0.2
Average daily imports	1.46	1.91	1.87	1.96	1.96	1.85	1.97	1.95	1.91	2.01

1. Preliminary

Source: Korea Customs Service

Imports in April decreased 0.2 percent (*preliminary*) year-on-year to US\$44.11 billion.

Imports were slightly down year-on-year, since consumer goods imports declined (*down 4.8%*) despite an increase in crude oil and other commodities imports (*up 14.0%*) and capital goods imports (*up 4.6%*).

The trade balance (*preliminary*) in April posted a surplus of US\$2.15 billion.

(US\$ billion)

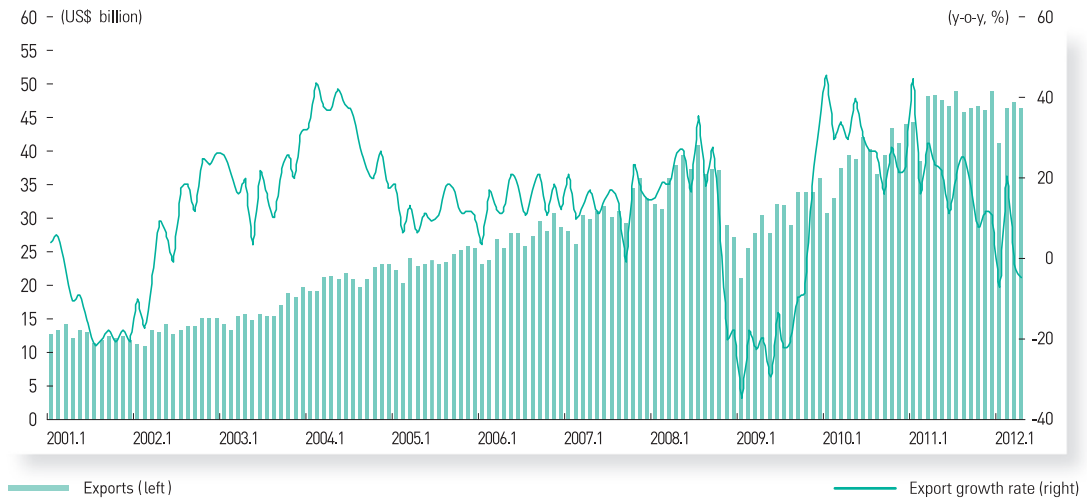
	2010		2011				2012			
	Annual	Annual	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr <sup>1</sup>
Trade balance	41.17	30.80	7.08	8.40	6.30	9.16	-2.23	1.43	2.45	2.15

1. Preliminary

Source: Korea Customs Service

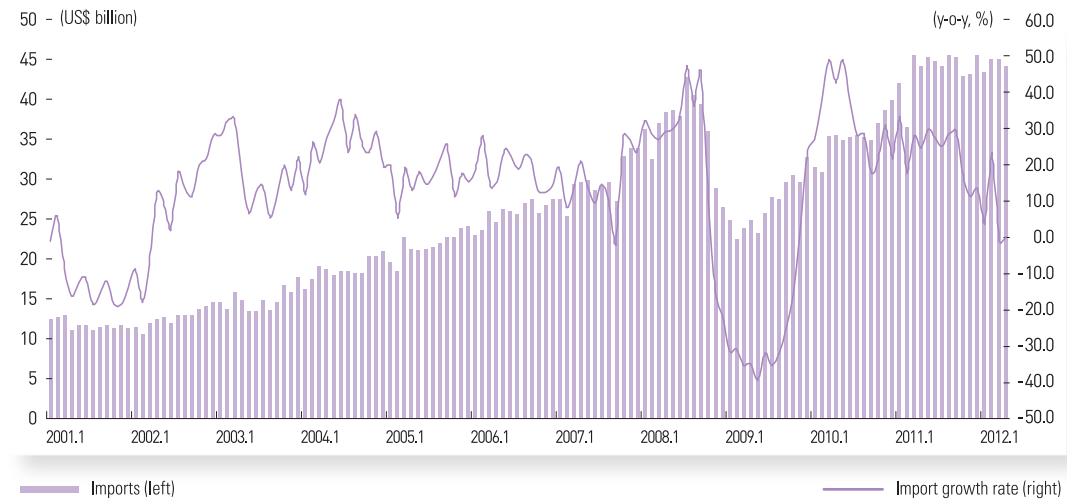
### 5-1 Exports (customs clearance basis)

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



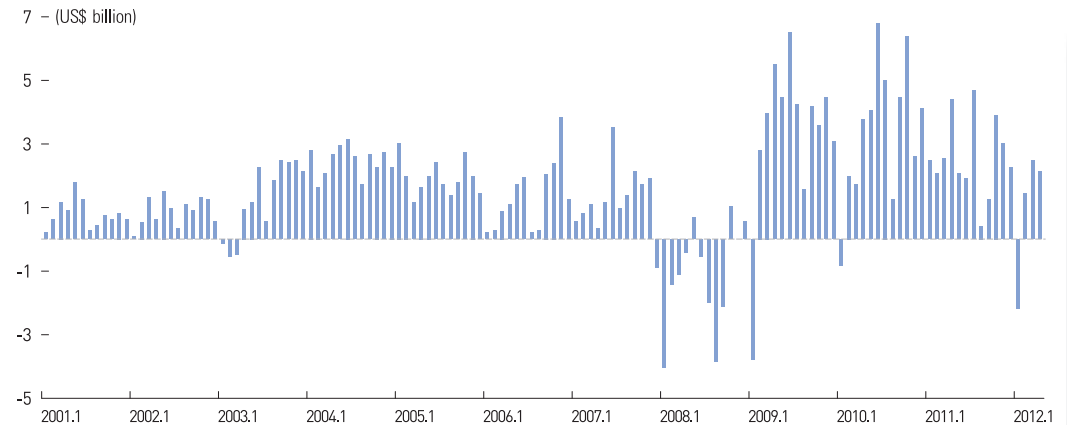
### 5-2 Imports (customs clearance basis)

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 fell 3.1 percent month-on-month, but rose 0.3 percent year-on-year in March, due to a decrease in the production of semiconductors & parts and machinery equipment.

The production of other transportation equipment (*up 7.4%*) and primary metals (*up 2.7%*) increased month-on-month while semiconductors & parts (*down 3.0%*) and machinery equipment (*down 8.3%*) fell.

The manufacturing inventory-shipment ratio increased month-on-month by 0.5 percentage point, as inventory decreased 2.5 percent and shipments fell 3.0 percent.

The shipments of semiconductors & parts (*up 1.5%*), and other transportation equipment (*up 1.1%*) increased month-on-month, while those of machinery equipment (*down 7.4%*) and refined petroleum products (*down 9.8%*) declined.

The inventories of primary metals (*up 6.1%*) and clothing & fur (*up 6.7%*) climbed month-on-month, while those of semiconductors & parts (*down 9.7%*) and audio-visual communications equipment (*down 8.2%*) fell.

The average operation ratio of the manufacturing sector declined 2.9 percentage points to 78.2 percent.

(Percentage change from previous quarter or month)

		2011				2012 <sup>1</sup>			
		Annual	Q1	Q4	Mar	Q1 <sup>1</sup>	Jan	Feb <sup>1</sup>	Mar <sup>1</sup>
Mining and manufacturing activity	Production (q-o-q, m-o-m) <sup>2</sup>	-	4.5	-0.1	1.5	2.0	3.2	0.6	-3.1
	(y-o-y) <sup>2</sup>	6.9	10.4	5.0	9.1	3.7	-2.1	14.3	0.3
	- Manufacturing (q-o-q, m-o-m)	-	4.6	0.1	1.6	2.1	3.2	1.0	-3.4
	Shipment	6.7	3.9	-0.3	2.4	2.5	3.2	0.7	-3.0
	(y-o-y)	7.0	10.6	5.3	9.3	4.0	-1.9	15.0	0.3
	- Domestic demand	3.3	2.9	-2.0	-1.2	1.5	3.7	-0.2	-4.5
	- Exports	10.8	4.9	1.5	-0.6	3.6	2.7	1.7	-1.3
Inventory <sup>3</sup>	20.8	0.4	9.3	1.1	-3.3	-2.6	1.8	-2.5	
Manufacturing activity	Average operation ratio	79.9	82.2	78.0	81.3	79.9	80.5	81.1	78.2
	Production capacity <sup>4</sup>	5.4	7.0	4.5	6.8	3.4	3.8	3.6	2.8

1. Preliminary

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

3. End-period

4. Percentage change from same period in previous year

Source: Statistics Korea

Mining and manufacturing production is likely to improve moderately with the help of a decrease in semiconductor inventories, but may also be affected by declining exports of major items.

### Semiconductor inventory (y-o-y, %)

7.5 (Nov 2011) ↻ 10.5 (Dec) ↻ -7.2 (Jan 2012) ↻ 4.7 (Feb) ↻ -11.5 (Mar)

### Petrochemical exports (US\$ billion)

3.62 (Nov 2011) ↻ 3.66 (Dec) ↻ 3.55 (Jan 2012) ↻ 3.93 (Feb) ↻ 3.92 (Mar) ↻ 3.60 (Apr<sup>1</sup>)

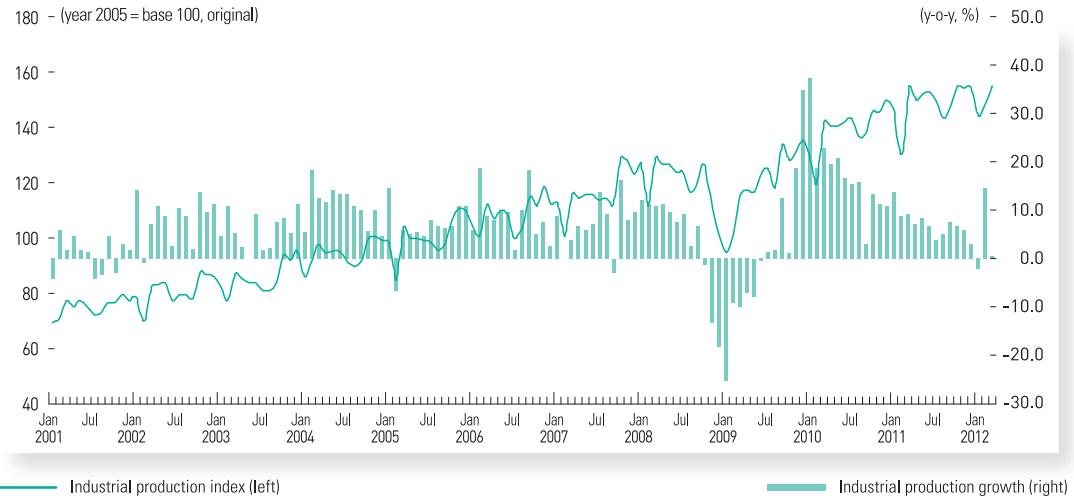
### Wireless telecommunication equipment exports (US\$ billion)

2.08 (Nov 2011) ↻ 1.74 (Dec) ↻ 1.61 (Jan 2012) ↻ 1.50 (Feb) ↻ 1.68 (Mar) ↻ 1.57 (Apr<sup>1</sup>)

1. Preliminary

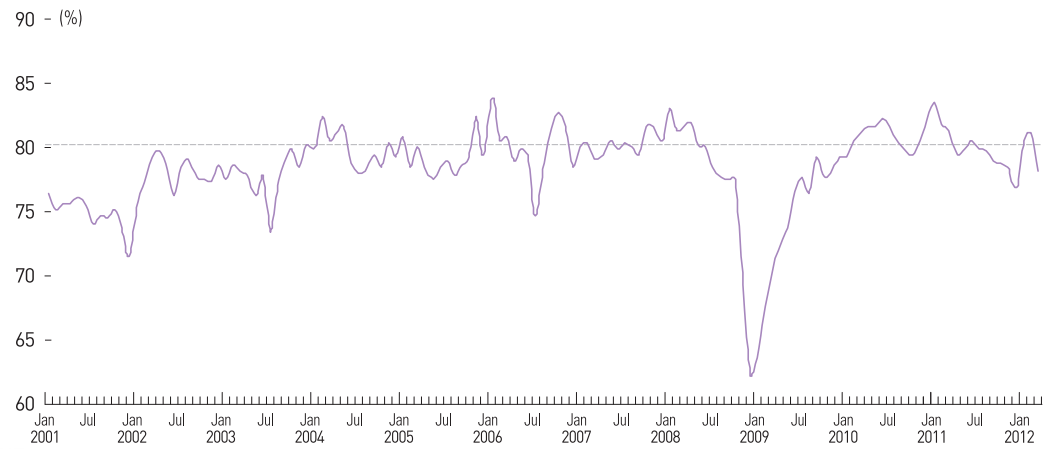
### 6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



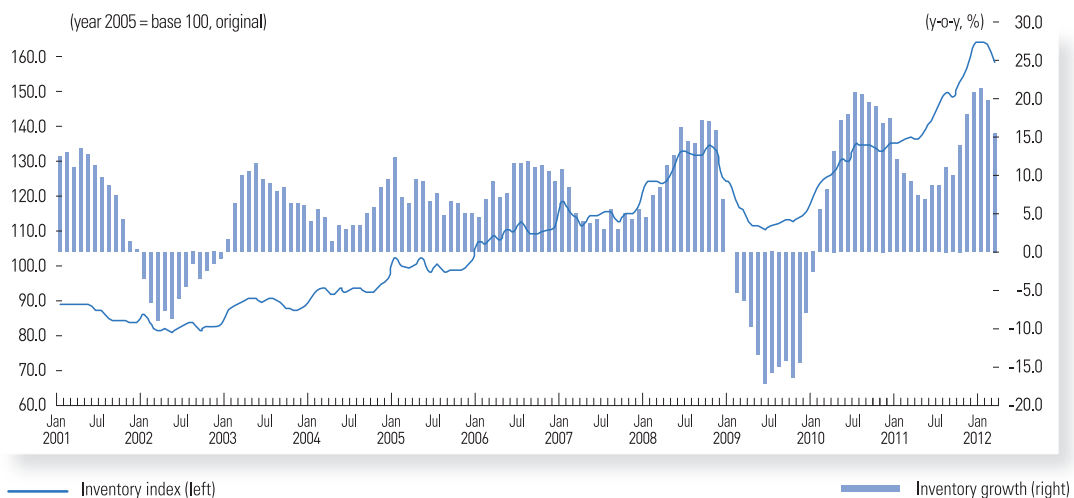
### 6-2 Average manufacturing operation ratio

Source: Statistics Korea (industrial activity trend)



### 6-3 Inventory

Source: Statistics Korea (industrial activity trend)



## 7. Service sector activity

Service activity in March dropped 1.0 percent month-on-month due to sluggish financial & insurance services and transportation services. On a year-on-year basis, service activity expanded 1.4 percent.

Financial & insurance services decreased 3.4 percent from the previous month affected by a small volume of stock transactions.

Transportation services fell 3.1 percent from the previous month due to a high base effect from the previous month and a decreased in freight volume, mainly led by the road freight and water freight sectors.

### Growth of road freight transportation (y-o-y, %)

6.0 (Oct 2011) ↻ 4.4 (Nov) ↻ -8.5 (Dec) ↻ -6.1 (Jan 2012) ↻ 1.8 (Feb) ↻ -14.4 (Mar)

### Growth of water freight transportation (y-o-y, %)

-9.3 (Oct 2011) ↻ -4.6 (Nov) ↻ -6.7 (Dec) ↻ 0.1 (Jan 2012) ↻ 8.5 (Feb) ↻ -3.7 (Mar)

Real estate & renting, which had marginally increased in February, shifted to a decline. On a year-on-year basis, however, the index continued to fall for 22 consecutive months.

Wholesale & retail sales (*up 0.1%*) and hotels & restaurants (*up 1.4%*) rose month-on-month.

(Percentage change from previous period)

	Weight	2010		2011				2012			
		Annual	Annual	Q1	Q2	Q3	Q4	Q1'	Jan	Feb'	Mar'
Service activity index	100.0	3.9	3.3	1.6	0.2	1.3	-0.5	0.9	0.7	1.2	-1.0
- Wholesale & retail sales	21.8	5.7	3.8	1.4	1.4	0.7	-0.7	0.1	2.0	-2.0	0.1
- Transportation services	9.0	11.9	3.9	2.6	-1.6	1.0	-1.0	1.5	0.0	3.4	-3.1
- Hotels & restaurants	7.7	1.2	-0.5	-0.4	1.0	-0.3	-1.5	-0.2	-0.1	0.7	1.4
- Information & communications services	8.4	1.7	4.4	1.1	0.5	2.8	0.3	0.7	1.7	-0.4	-2.7
- Financial & insurance services	15.3	4.6	7.3	3.0	0.1	2.7	0.1	1.1	1.1	3.0	-3.4
- Real estate & renting	6.3	-8.5	-10.3	3.3	-2.2	-0.3	-6.4	0.0	-2.7	7.3	-0.6
- Professional, scientific & technical services	4.8	-0.5	0.3	-1.5	2.0	1.0	1.4	1.5	-1.5	1.3	-0.8
- Business services	2.9	7.5	4.3	0.8	0.9	0.2	0.4	1.5	4.0	-3.0	-0.8
- Educational services	10.8	2.0	2.4	0.2	-0.9	1.7	0.4	0.9	0.5	0.5	-1.4
- Healthcare & social welfare services	6.0	8.8	6.3	3.3	0.6	1.4	1.6	1.7	-1.4	3.9	2.0
- Entertainment, cultural & sports services	2.9	-0.4	2.3	1.1	0.0	0.7	0.1	5.9	5.3	-1.8	7.6
- Membership organizations	3.8	4.3	1.1	-0.3	1.1	-0.3	-2.1	-0.4	-2.0	2.5	-0.3
- Sewerage & waste management	0.4	5.1	0.0	0.1	-0.5	0.2	3.1	1.1	-2.8	6.6	-2.1

1. Preliminary

Source: Statistics Korea

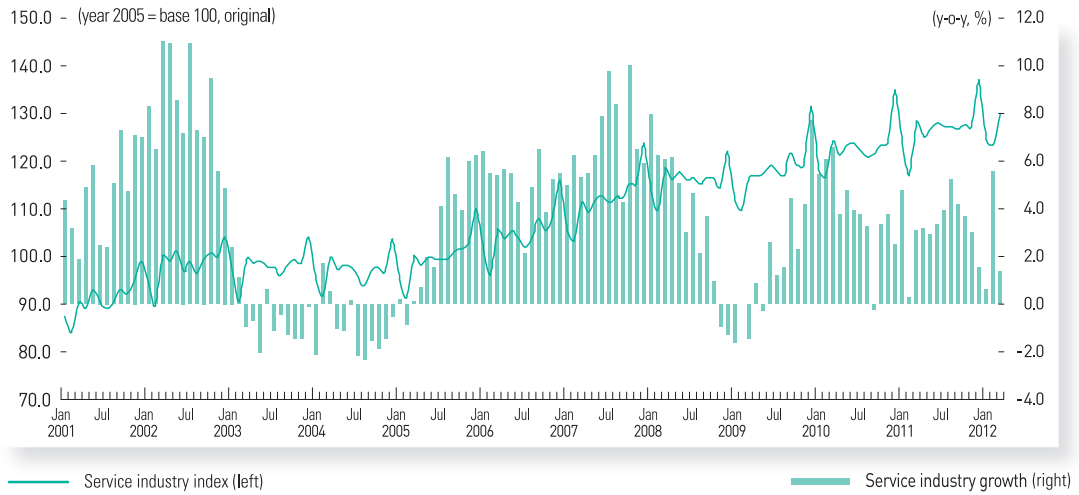
Service activity in April is expected to slow down, affected by sluggish financial & insurance services due to negative growth of stock trading values.

### Average daily stock trading value (trillion won)

8.3 (Nov 2011) ↻ 8.1 (Dec) ↻ 8.2 (Jan 2012) ↻ 9.8 (Feb) ↻ 7.6 (Mar) ↻ 6.9 (Apr)

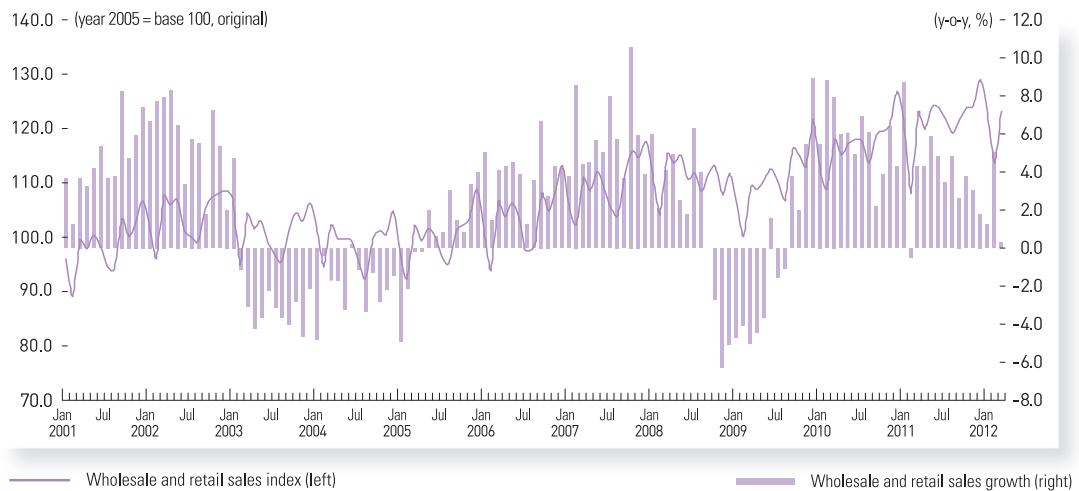
### 7-1 Service industry

Source: Statistics Korea (service industry activity trend)



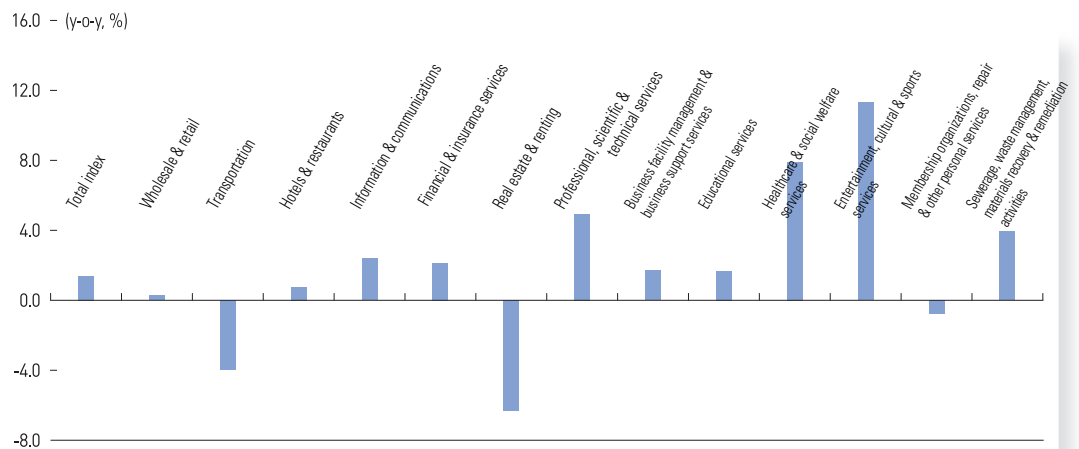
### 7-2 Wholesale and retail sales

Source: Statistics Korea (service industry activity trend)



### 7-3 March 2012 service industry by business

Source: Statistics Korea (service industry activity trend)



## 8. Employment

The number of workers on payroll in March increased by 419,000 from a year earlier to 24,270,000 and the employment rate rose by 0.3 percentage points year-on-year to 58.6 percent.

Employment expanded in most industries except agriculture, forestry & fishery (*down 92,000*) and manufacturing (*down 104,000*).

Employment in traditional domestic demand-oriented industries such as wholesale & retail sales (*up 44,000*) and transportation (*up 72,000*) remained robust while jobs in promising industries such as health & welfare (*up 95,000*) and advanced science & technology (*up 77,000*) continued to increase.

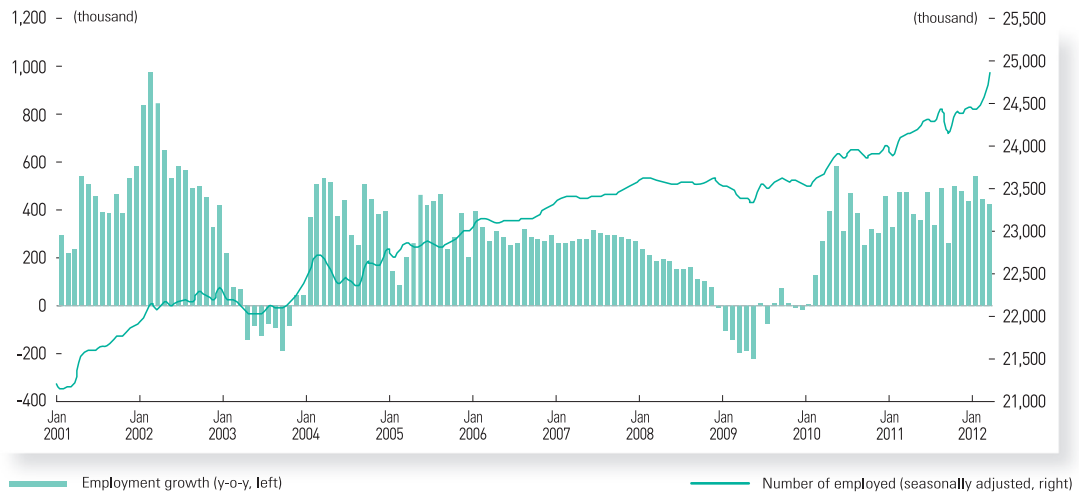
By status of workers, the number of regular workers (*up 356,000*) continued to rise and self-employed workers (*up 125,000*) also maintained the upward trend.

	2009		2010		2011					2012			
	Annual	Annual	Q3	Q4	Annual	Mar	Q1	Q2	Q3	Q4	Feb	Mar	Q1
Number of employed (million)	23.51	23.83	24.12	23.99	24.24	23.85	23.46	24.57	24.48	24.46	23.78	24.27	23.93
Employment rate (%)	58.6	58.7	59.3	58.9	59.1	58.3	57.4	59.9	59.5	59.4	57.5	58.6	57.8
(Seasonally adjusted)	58.6	58.7	58.9	58.7	59.1	59.0	58.8	59.1	59.1	59.2	59.4	59.4	59.3
Employment growth (y-o-y, thousand)	-72	323	369	358	415	469	423	402	363	474	447	419	467
(Excluding agriculture, forestry & fishery)	-34	405	414	393	440	398	451	399	414	497	484	512	498
- Manufacturing	-126	191	262	269	63	198	228	112	-12	-75	-88	-104	-102
- Construction	-91	33	92	57	-2	-50	-3	-41	-35	71	77	74	79
- Services	179	200	83	80	386	243	224	331	472	514	516	564	541
- Agriculture, forestry & fishery	-38	-82	-45	-35	-25	71	-28	3	-51	-23	-37	-92	-31
- Wage workers	247	517	541	532	427	448	519	421	392	374	369	356	360
· Regular workers	383	697	671	699	575	617	605	621	572	500	417	356	413
· Temporary workers	22	-34	-26	-114	-78	-194	-88	-137	-76	-10	95	215	110
· Daily workers	-158	-146	-104	-53	-70	25	2	-63	-104	-115	-143	-215	-163
- Non-wage workers	-319	-194	-172	-174	-11	20	-96	-19	-29	100	77	63	108
· Self-employed workers	-259	-118	-130	-146	1	-25	-115	-39	34	125	133	125	149
- Male	31	181	207	212	238	325	266	221	208	257	244	178	238
- Female	-103	142	163	146	177	143	157	181	155	216	203	241	230
- 15 to 29	-127	-43	-44	-57	-35	-38	-49	-74	-1	-18	-1	26	1
- 30 to 39	-173	-4	21	17	-47	-37	-34	-13	-83	-56	-53	-95	-65
- 40 to 49	-24	29	40	50	57	62	77	59	46	47	32	35	28
- 50 to 59	198	294	295	287	291	299	286	294	270	315	308	293	326
- 60 or more	54	47	57	60	149	182	143	137	131	185	160	160	178

Source: Statistics Korea

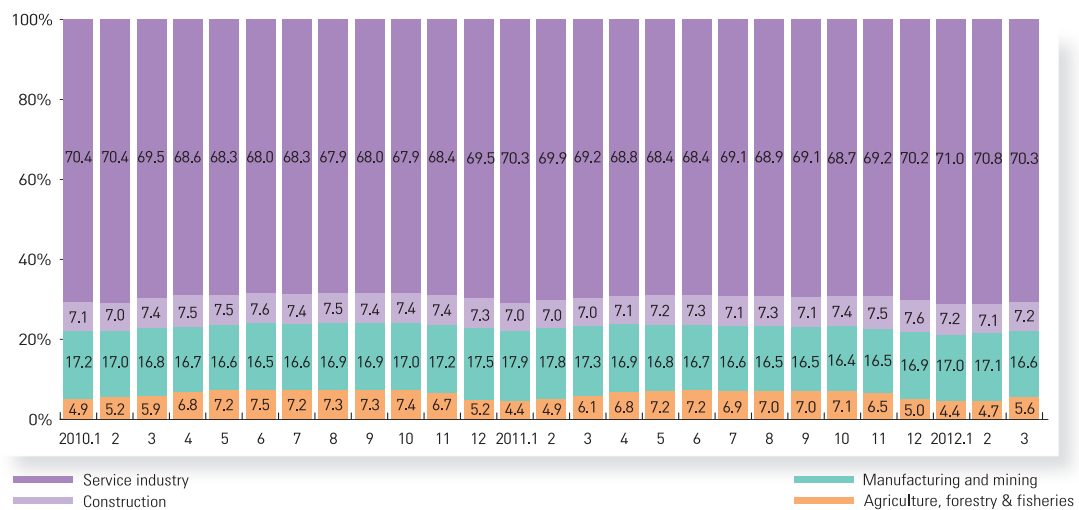
### 8-1 Number of employed and employment growth

Source: Statistics Korea (employment trend)



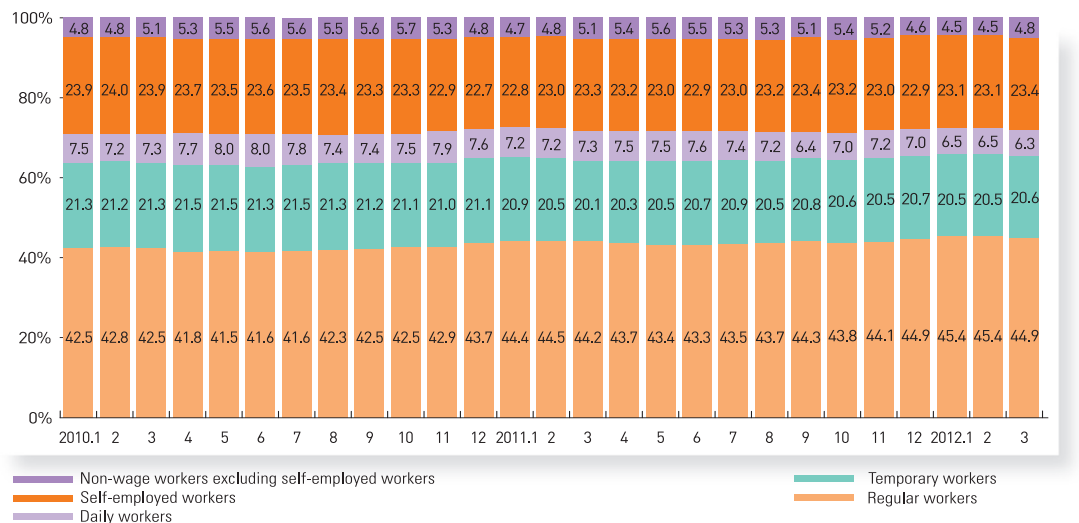
### 8-2 Share of employed by industry

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 March decreased by 128,000 year-on-year to 945,000 and the unemployment rate dropped 0.6 percentage points year-on-year to 3.7 percent.

Youth unemployment fell 1.2 percentage points from the previous year to 8.3 percent as employment in the 25- to 29-year-old age group significantly increased.

	2009	2010			2011					2012			
	Annual	Annual	Q3	Q4	Annual	Mar	Q1	Q2	Q3	Q4	Feb	Mar	Q1
Number of unemployed (thousand)	889	920	873	808	855	1,073	1,028	865	786	740	1,042	945	947
Unemployment growth (y-o-y, thousand)	119	31	-13	-10	-65	68	-101	-3	-88	-68	-52	-128	-82
- Male	80	-7	-48	-16	-48	14	-70	-32	-48	-41	-49	-72	-54
- Female	40	38	35	6	-17	54	-32	29	-40	-27	-3	-56	-28
Unemployment rate (%)	3.6	3.7	3.5	3.3	3.4	4.3	4.2	3.4	3.1	2.9	4.2	3.7	3.8
(Seasonally adjusted)	3.6	3.7	3.6	3.4	3.4	4.0	3.8	3.4	3.2	3.1	3.7	3.4	3.5
- 15 to 29	8.1	8.0	7.6	7.1	7.6	9.5	8.8	7.9	6.7	7.1	8.3	8.3	8.2
- 30 to 39	3.6	3.5	3.5	3.2	3.4	4.1	4.0	3.5	3.2	2.9	3.4	3.4	3.2
- 40 to 49	2.4	2.5	2.5	2.2	2.1	2.6	2.5	2.1	2.0	1.9	2.6	2.4	2.4
- 50 to 59	2.5	2.5	2.3	2.3	2.1	2.8	2.7	2.0	2.1	1.8	2.5	2.5	2.3
- 60 or more	1.6	2.8	2.0	1.9	2.6	3.9	4.5	2.3	2.1	1.8	6.7	3.4	4.4

Source: Statistics Korea

The economically inactive population in March was up 206,000 from a year earlier to 16,210,000. Meanwhile, the labor force participation rate stayed flat at 60.9 percent.

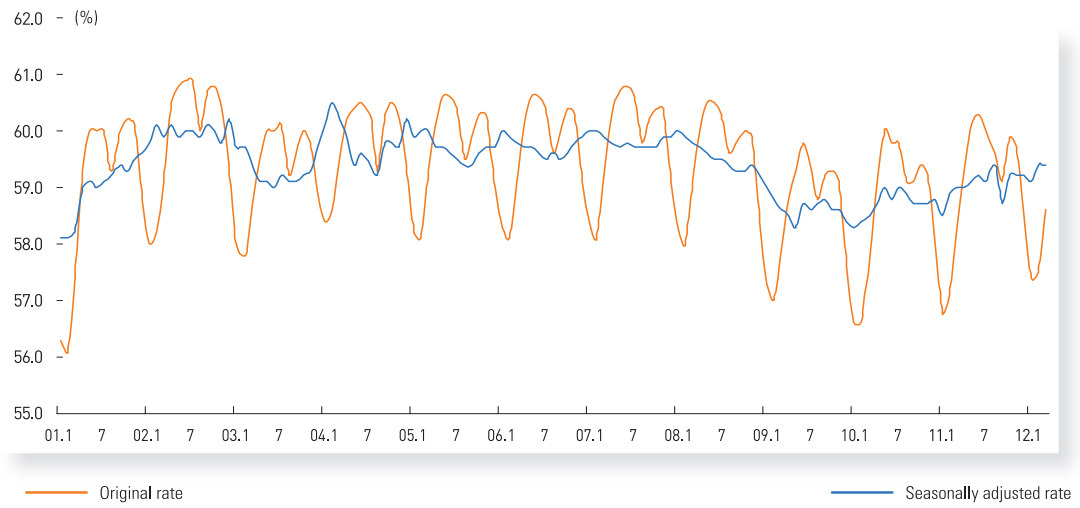
The number of workers quitting jobs due to education (*down 42,000*) and childcare (*down 9,000*) decreased while those who quit jobs due to housework (*up 167,000*) and rest, time-off and leisure (*up 129,000*) increased.

	2009	2010			2011					2012			
	Annual	Annual	Q3	Q4	Annual	Mar	Q1	Q2	Q3	Q4	Feb	Mar	Q1
Economically inactive population (million)	15.70	15.84	15.66	15.96	15.95	16.00	16.39	15.56	15.85	16.01	16.54	16.21	16.50
Labor force participation rate (%)	60.6	61.0	61.5	60.8	61.1	60.9	59.9	62.0	61.5	61.1	60.0	60.9	60.1
(seasonally adjusted)	60.6	61.0	61.1	60.8	61.1	61.5	61.1	61.2	61.0	61.1	61.6	61.5	61.4
Growth in economically inactive population (y-o-y, thousand)	447	143	128	133	112	-74	138	66	191	53	96	206	103
- Childcare	40	-125	-149	-107	-5	-22	-44	-16	17	23	-9	-9	-
- Housework	148	201	203	189	101	36	130	27	143	103	83	167	85
- Education	31	12	46	55	-51	-58	-16	-39	-78	-69	5	-42	-28
- Old age	88	80	43	25	-45	-113	-103	-58	-22	2	90	91	76
- Rest, time-off and leisure	123	-56	15	-27	182	142	241	163	193	131	107	129	126

Source: Statistics Korea

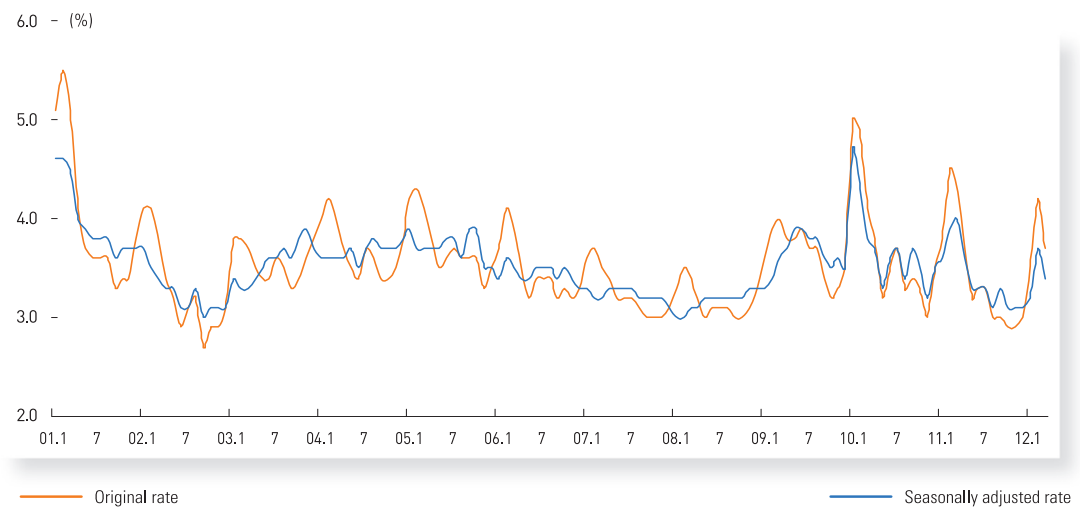
### 8-4 Employment rate

Source: Statistics Korea (employment trend)



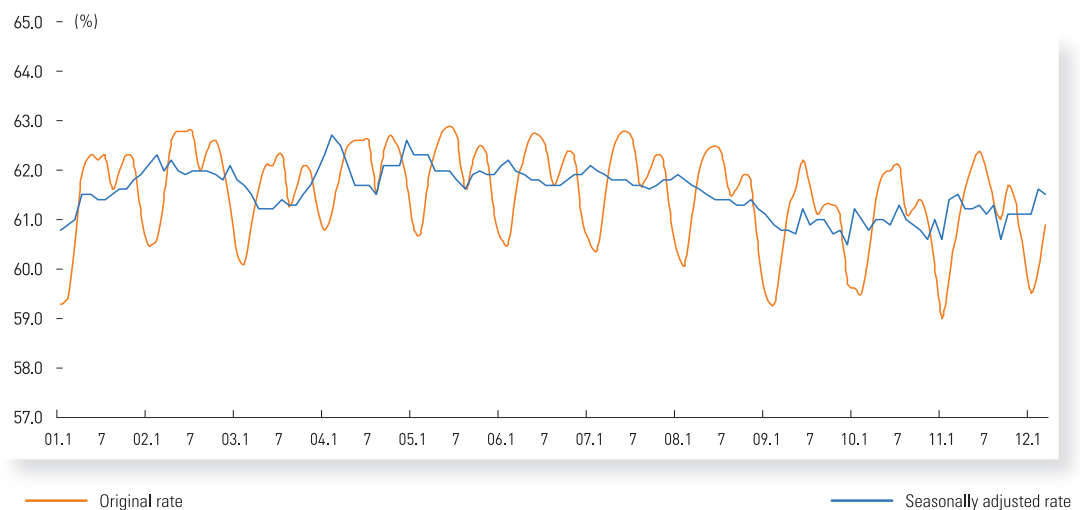
### 8-5 Unemployment rate

Source: Statistics Korea (employment trend)



### 8-6 Labor force participation rateEconomically active population

Source: Statistics Korea (employment trend)



## 9. Financial market

### 9.1 Stock market

The Korean stock price index in April dropped 1.6 percent to 1,982 points from the previous month's 2,014 points. The decline was due to the sluggish economic indicators of the US and soaring Spanish sovereign bond yields.

Foreign investors turned to a net-selling position, selling 3 billion won, from the previous month's net-buying of 400 billion won.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	Mar 2012	Apr 2012	Change <sup>1</sup>	Mar 2012	Apr 2012	Change <sup>1</sup>
Stock price index	2,014.0	1,982.0	-32.0 (-1.6%)	519.6	478.9	-40.7 (-7.8%)
Market capitalization	1,157.6	1,141.7	-15.9 (-1.4%)	111.7	103.2	-8.5 (-7.6%)
Average daily trade value	5.4	5.0	-0.4 (-7.4%)	2.25	1.95	-0.30 (-13.3%)
Foreign stock ownership	33.8	34.5	+0.7 (+2.1%)	7.94	7.79	-0.15 (-1.9%)

1. Change from the end of the previous month  
 Source: Korea Exchange

### 9.2 Exchange rate

The won/dollar exchange rate in April decreased 3.0 won to wrap up the month at 1,130.0 won from 1,133.0 won at the end of March.

The won/dollar exchange rate in April fluctuated between 1,120 and 1,140 won due to worries over Spain and an upgrade of Korea's credit rating outlook.

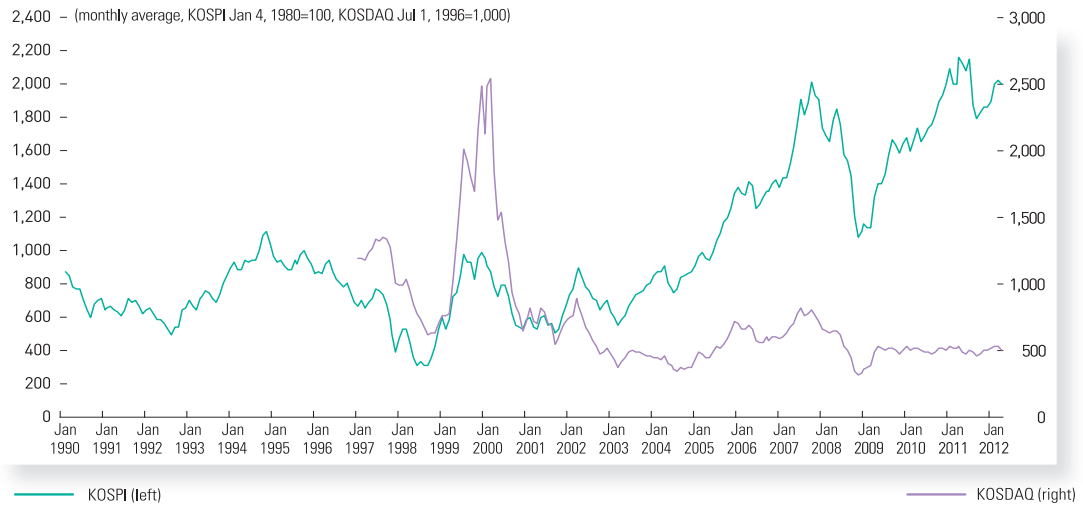
The won/100 yen exchange rate in April rose 27.3 won due to the strong Japanese yen against the dollar.

(End-period)

	2008	2009	2010	2011	2012		Change <sup>1</sup>
	Dec	Dec	Dec	Dec	Mar	Apr	
Won/Dollar	1,259.5	1,164.5	1,134.8	1,151.8	1,133.0	1,130.0	1.9
Won/100 Yen	1,396.8	1,264.5	1,393.6	1,481.2	1,383.1	1,410.4	5.0

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

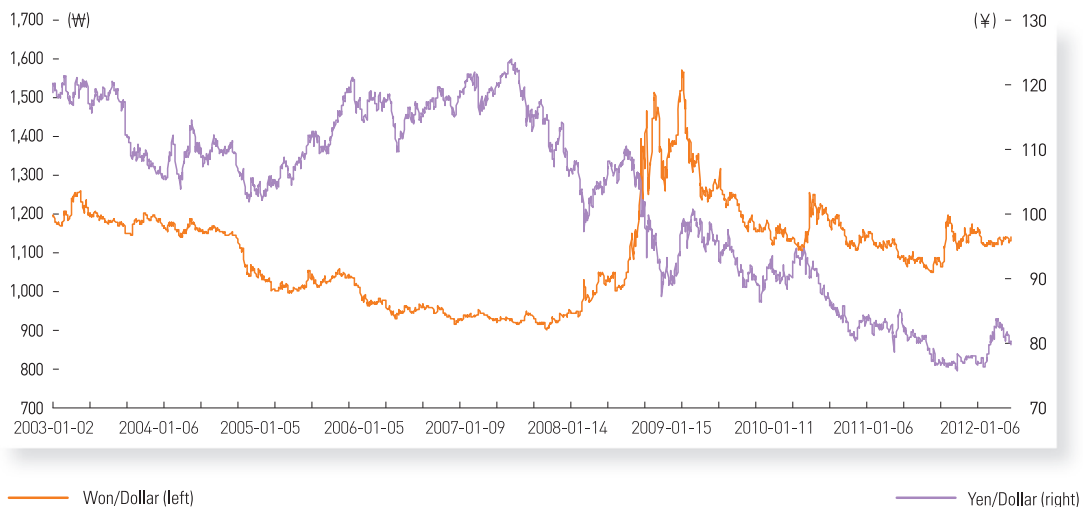
### 9-1 Stock prices



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



### 9-3 Recent foreign exchange rate



## 9.3 Bond market

The 5-year Treasury bond yields dropped 14 basis points in April to 3.56 percent from the previous month's 3.70 percent. Yields on the Korea Treasury Bond (KTB) decreased due to a significant fall in US Treasury bond yields and a flight to safety driven by worries over a global economic slowdown.

(End-period)

	2006	2007	2008	2009	2010	2011	2012		Change <sup>1</sup>
	Dec	Dec	Dec	Dec	Dec	Dec	Mar	Apr	
Call rate (1 day)	4.60	5.02	3.02	2.01	2.51	3.29	3.25	3.26	+1
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	3.34	3.55	3.45	-10
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.27	4.21	4.35	4.14	-21
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.08	3.46	3.70	3.56	-14

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

## 9.4 Money supply & money market

The M2 (monthly average) in February 2012 expanded 5.3 percent from a year earlier excluding cash management accounts (CMAs), which were included in M2 since July 2009.

The month-on-month M2 growth significantly accelerated from the previous month as money supply from the government sector sharply increased affected by fiscal front loading. In addition, the private sector credit slightly increased due to decelerating bank lending growth.

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

	2008	2009	2010		2011				2012			
	Annual	Annual	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Jan	Feb	Feb <sup>1</sup>
M1 <sup>2</sup>	-1.8	16.3	11.8	11.2	6.6	11.9	7.5	4.8	2.6	2.3	1.1	437.2
M2	14.3	10.3	8.7	7.4	4.2	5.3	3.5	3.8	4.4	4.8	5.3	1,763.0
Lf <sup>3</sup>	11.9	7.9	8.2	7.1	5.3	5.5	4.3	5.3	6.2	6.2	7.2 <sup>4</sup>	2,302.1 <sup>4</sup>

1. Balance at end February 2012, 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

Bank deposits in March expanded as instant access deposits increased considerably due to the deferrals of tax payments to early April in line with the last day of March having fallen on a Saturday.

Asset management company (AMC) deposits changed to a net inflow. Although stock-type funds registered a net outflow, MMFs and bond-type funds shifted to an increase due to inflows of short-term corporate funds.

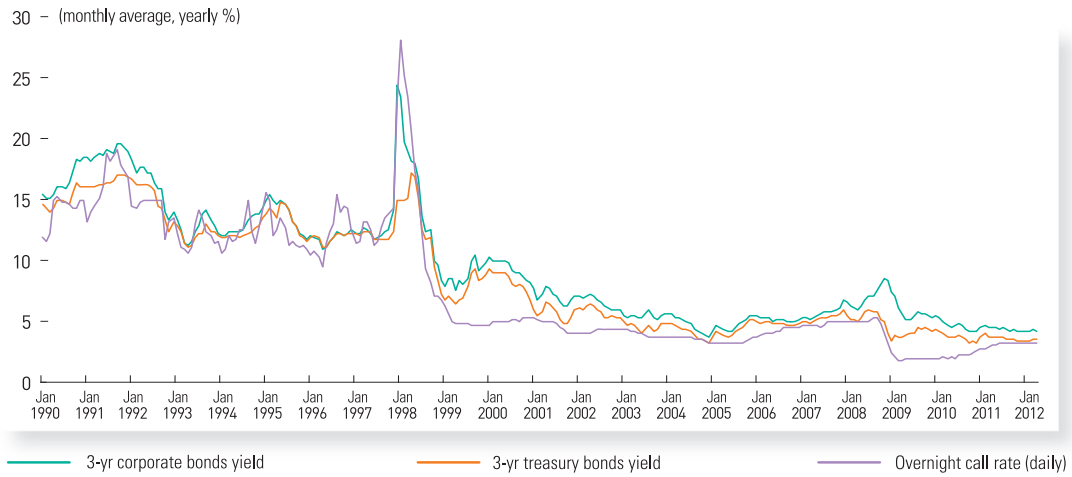
(Monthly change, end-period, trillion won)

	2009	2010		2011		2012		
	Annual	Annual	Mar	Annual	Mar	Feb	Mar	Mar <sup>1</sup>
Bank deposits	54.8	36.9	-16.2	58.9	-11.4	8.8	15.2	1,112.7
AMC deposits	-27.6	-16.7	6.1	-16.6	0.6	-4.7	4.0	303.5

1. Balance at end March 2012, trillion won

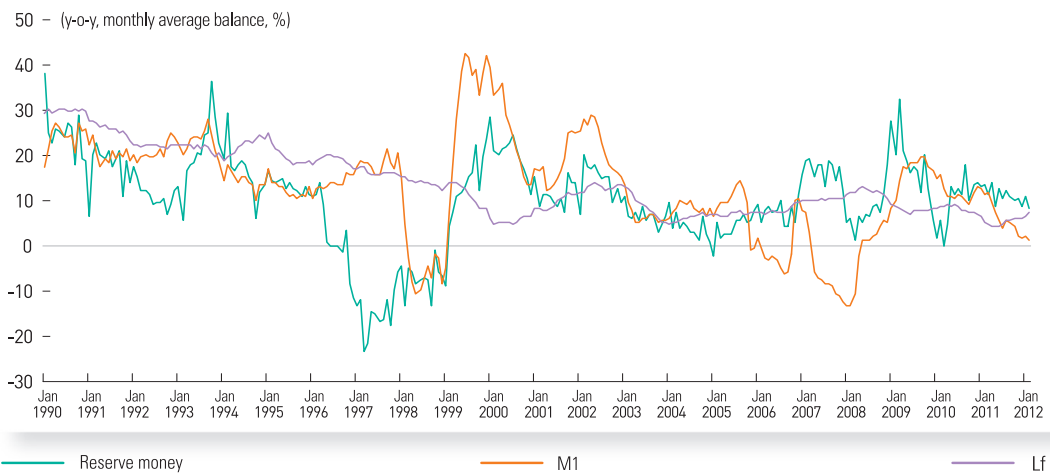
### 9-4 Interest rates

Source: The Bank of Korea



### 9-5 Total money supply

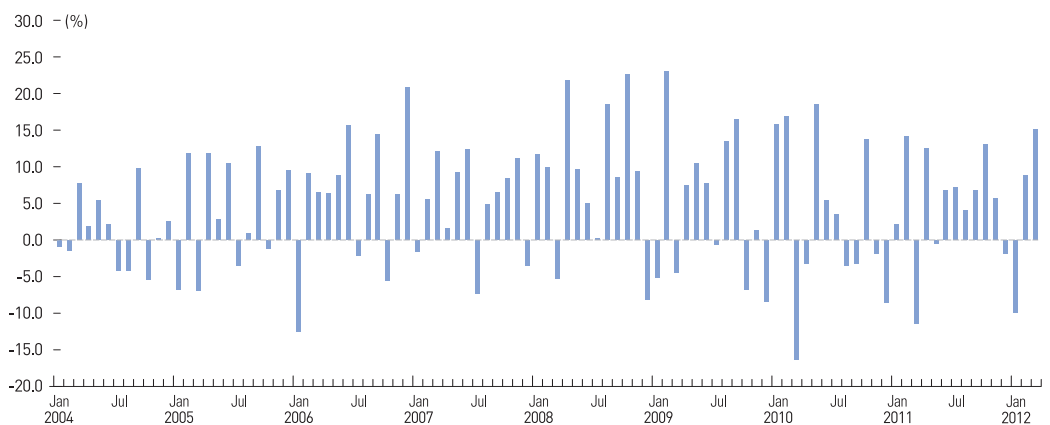
Source: The Bank of Korea



### 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 (*preliminary*) in March posted a surplus of US\$3.04 billion.

The goods account surplus expanded to US\$3 billion from previous month's US\$1.31 billion helped by robust exports of cars and petroleum products.

The service account shifted to a surplus of US\$0.7 billion from the previous month's deficit of US\$1.22 billion due to the improvement of the travel account and the intellectual property rights charges account.

The primary income account turned to a deficit of US\$0.32 billion from a surplus of US\$0.61 billion a month earlier as cross-border dividend payments by firms whose fiscal year ended in December increased. The secondary income account deficit expanded from the previous month's US\$0.15 billion to US\$0.34 billion due to increased overseas remittance.

(US\$ billion)

	2010		2011				2012			
	Annual	Annual	Mar	Q1	Q2	Q3	Q4	Jan	Feb	Mar
Current account	29.39	26.51	1.33	2.61	5.49	7.00	11.52	-0.97	0.56	3.04
- Goods balance	40.08	30.95	2.75	5.84	7.66	7.20	10.25	-1.62	1.31	3.00
- Service balance	-8.63	-4.38	-0.33	-2.54	-0.80	-1.20	0.15	-0.13	-1.22	0.70
- Income balance	1.02	2.46	-0.86	0.39	-0.82	1.31	1.58	1.19	0.61	-0.32
Current transfers	-3.08	-2.52	-0.24	1.08	-0.55	-0.42	-0.47	-0.41	-0.15	-0.34

1. Preliminary

Source: The Bank of Korea

The capital and financial account (*preliminary*) in March posted a net outflow of US\$1.63 billion.

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

-8.32 (Q3 2011) ● -14.18 (Q4) ● 1.31 (Jan 2012) ● -0.96 (Feb) ● -1.63 (Mar<sup>1</sup>)

1. Preliminary

The net outflow of the direct investment account contracted to US\$1.62 billion from the previous month's US\$3.57 billion as foreign direct investment shifted to a net inflow.

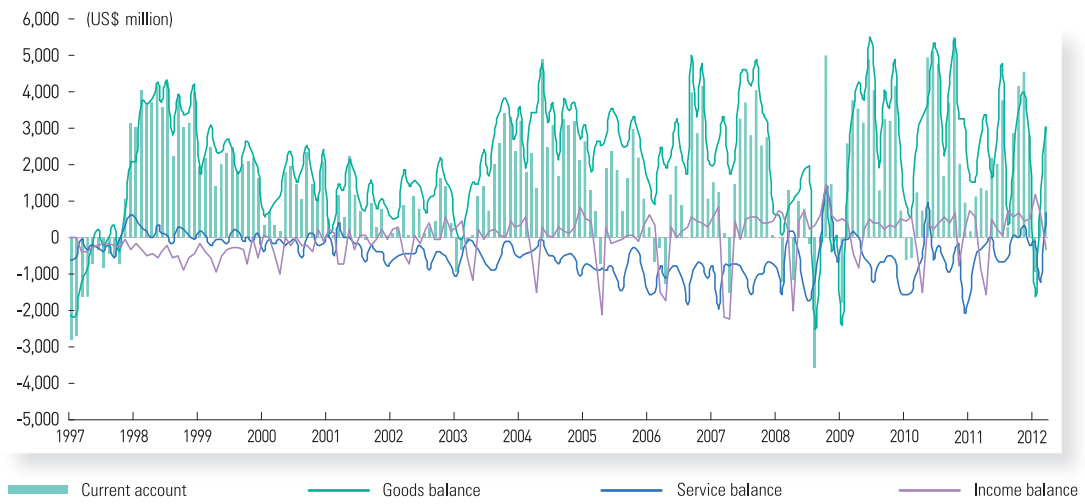
The net inflow into the portfolio investment account narrowed to US\$1.30 billion from the previous month's US\$6.12 billion due to a slowdown in foreign investors' stock and bond investment.

The net inflow into the financial derivatives account expanded to US\$0.92 billion from the previous month's US\$0.21 billion. The net outflow into the other investment account narrowed to US\$0.49 billion from the previous month's US\$1.53 billion due to domestic banks' loan withdrawals.

The current account in April is expected to maintain a surplus, helped by an expanding trade account surplus amid improvement in the balance of trade.

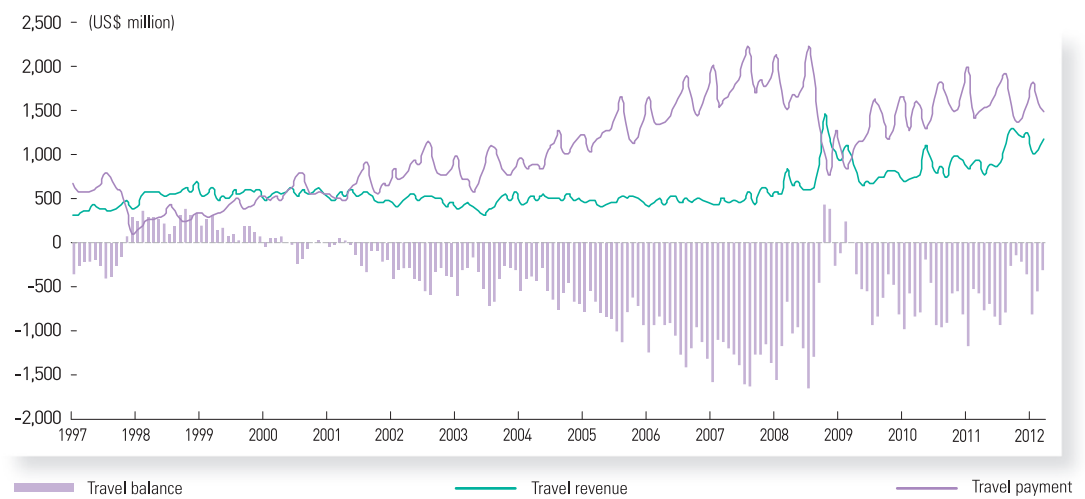
### 10-1 Current account balance

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



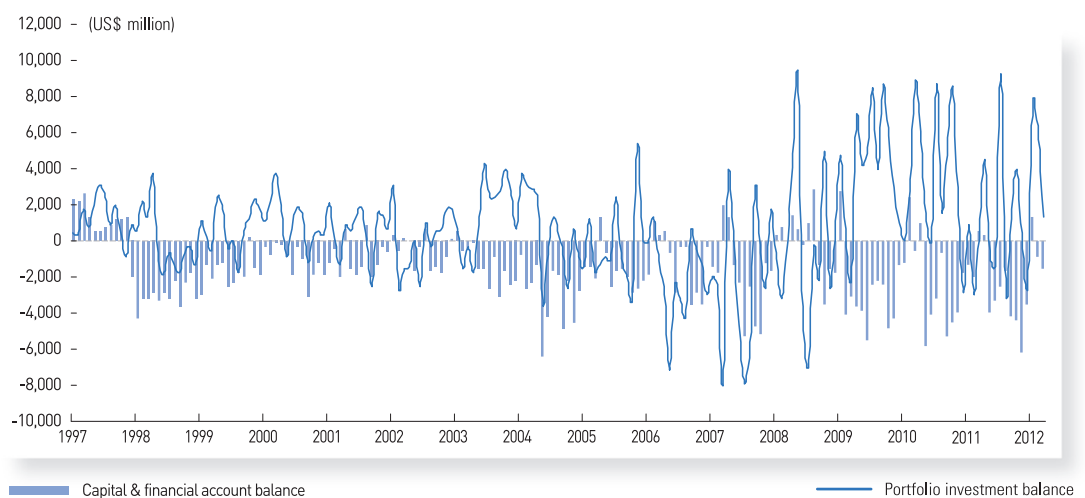
### 10-2 Travel balance

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 continued to climb at a steady pace in April, rising 2.5 percent from a year earlier and remaining unchanged compared to the previous month. Price gains in oil products slowed, while prices of agricultural products, especially vegetables, plunged. Meanwhile, personal service prices rose slightly, with the exception of housing rents and dining out costs.

Core consumer prices, which exclude oil and agricultural products, rose 1.8 percent year-on-year and 0.1 percent month-on-month. Core consumer prices based on the OECD method, which excludes food and energy, rose 1.6 percent year-on-year and 0.1 percent month-on-month. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 2.0 percent compared to the same month of the previous year.

Expected inflation fell for the third consecutive month, while the upward trend of import prices decelerated.

#### Expected inflation (%)

4.3 (Sep 2011) ↻ 4.2 (Oct) ↻ 4.1 (Nov) ↻ 4.0 (Dec) ↻ 4.1 (Jan 2012) ↻ 4.0 (Feb) ↻ 3.9 (Mar) ↻ 3.8 (Apr)

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

11.8 (Nov 2011) ↻ 7.1 (Dec) ↻ 7.9 (Jan 2012) ↻ 5.2 (Feb) ↻ 3.5 (Mar)

### Consumer price inflation

(%)

	2011										2012			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Month-on-Month	0.0	0.0	0.2	0.5	0.7	-0.1	-0.2	0.1	0.4	0.5	0.4	-0.1	0.0	
Year-on-Year	3.8	3.9	4.2	4.5	4.7	3.8	3.6	4.2	4.2	3.4	3.1	2.6	2.5	
Consumer prices excluding oil and agricultural products (y-o-y)	3.0	3.2	3.5	3.6	3.5	3.3	3.2	3.5	3.6	3.2	2.5	1.9	1.8	
Consumer prices excluding food and energy (y-o-y)	2.5	2.7	2.8	2.8	2.8	2.6	2.6	2.8	2.7	2.5	2.6	1.7	1.6	
Consumer prices for basic necessities (y-o-y)	4.1	4.0	4.5	4.9	5.2	3.8	3.6	4.5	4.4	3.3	2.8	2.0	2.0	

Source: Statistics Korea

The prices of livestock and fishery products rose, while those of agricultural products plunged.

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

Eggs (6.5), Korean beef (1.5), cutlassfish (6.3), mackerel (3.5), seaweed (3.4), clam (2.3), green chili (-34.2), cucumbers (-25.1), strawberries (-18.9), zucchini (-29.0), spinach (-25.5)

The prices of processed food, pharmaceuticals and other manufactured products fell. Oil product prices rose at a slower pace compared to the previous month.

Housing rents continued to rise, affected by the spring moving season. Personal service prices excluding dining out costs, namely private tutoring and group travel costs, rose at a considerably fast pace.

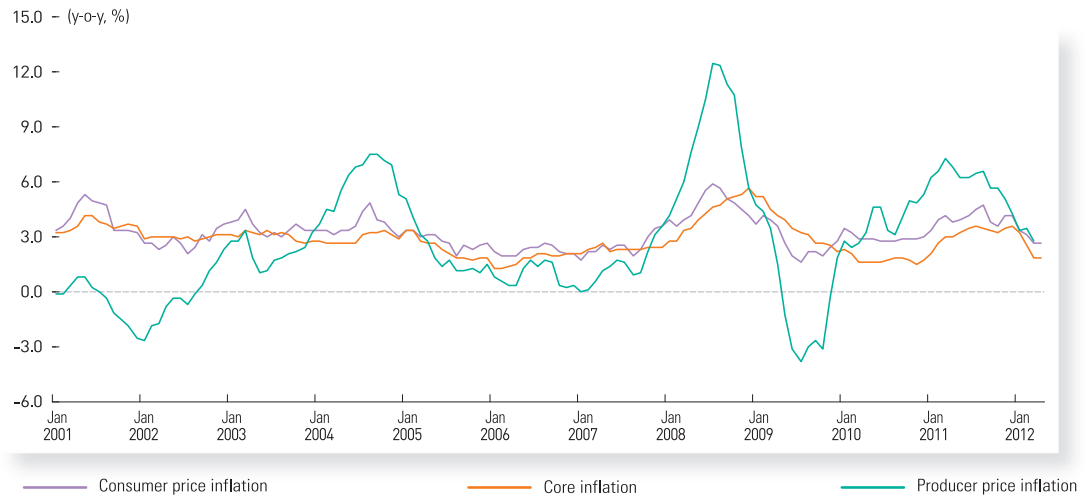
### Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public services	Personal services
Month-on-Month (%)	0.0	-0.8	-0.1	1.0	0.1	0.4	-0.1	0.3
Contribution (%p)	0.00	-0.07	-0.03	0.06	0.00	0.03	-0.01	0.09
Year-on-Year (%)	2.5	4.1	3.8	6.5	5.8	4.8	0.6	0.7
Contribution (%p)	2.51	0.34	1.23	0.38	0.28	0.44	0.08	0.22

Source: Statistics Korea

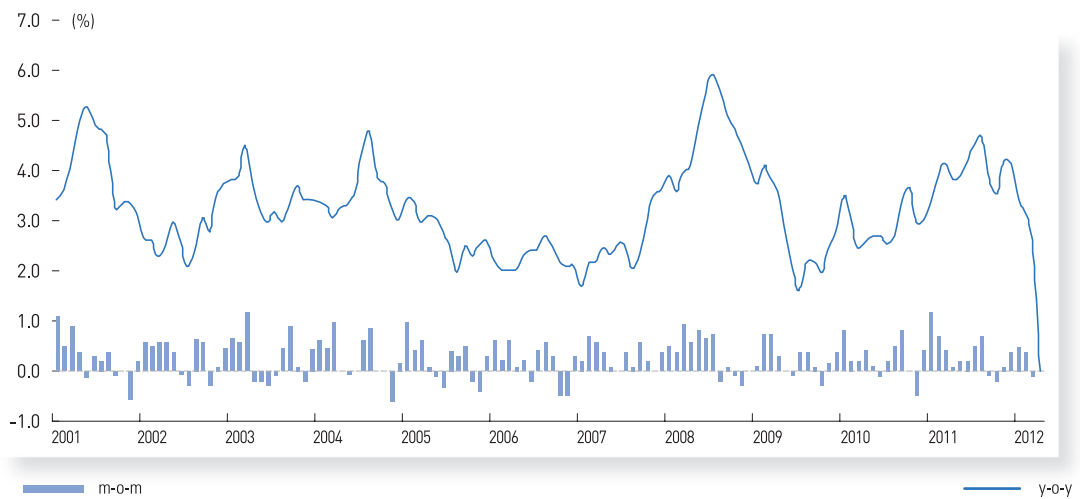
### 11-1 Prices

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



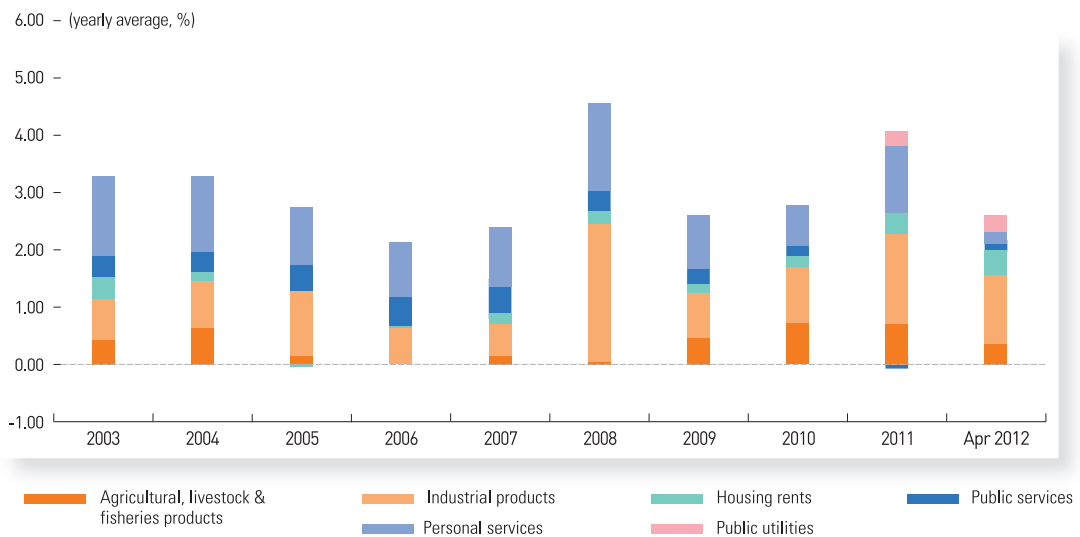
### 11-2 Consumer price inflation

Source: Statistics Korea (consumer price trend)



### 11-3 Contribution to consumer price inflation

Source: Statistics Korea (consumer price trend)



## 11.2. International oil and commodity prices

International oil prices fluctuated within the mid-US\$110 range, while domestic oil product prices started to fall from mid-April.

International oil prices (Dubai crude) reached US\$122 per barrel on April 3, but later fell back due to the possibility that the economic slowdown in China and the eurozone may lead to lower demand, and also as a result of progress in the nuclear talks between Iran and the western nations. The first round of negotiations between Iran and the UN Security Council's five permanent members plus Germany (P5+1), held on April 14, produced no tangible results, but ended on a positive note with the parties agreeing to hold a second round of talks on May 23.

**Oil demand outlook** (US Energy Information Administration, short-term forecast for January and April, barrels per day)

China : 10.37 million ➔ 10.31 million (Jan ➔ Apr)

Europe : 14.14 million ➔ 14.02 million (Jan ➔ Apr)

World : 89.38 million ➔ 88.81 million (Jan ➔ Apr)

(US\$/barrel, period average)

	2009	2010	2011			2012				
	Annual	Annual	Annual	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Dubai crude	61.9	78.1	106.0	103.5	107.9	105.5	109.5	116.2	122.5	117.3
Brent crude	61.7	79.7	111.1	109.1	110.5	107.7	111.0	119.3	124.9	120.0
WTI crude	61.9	79.5	95.1	86.5	97.3	98.7	100.4	97.41	106.3	103.4

Source: Korea National Oil Corporation

Domestic oil product prices dropped after the 3<sup>rd</sup> week of April, as a result of falling international oil and oil product prices. International gasoline prices are reflected in domestic oil product prices after a time lag of one or two weeks.

(Won/liter, period average)

	2009	2010	2011			2012				
	Annual	Annual	Annual	Dec	Jan	Feb	Mar	Apr	Week 3	Week 4
Gasoline prices	1,600.7	1,710.4	1,929.3	1,943.0	1,955.1	1,986.5	2,030.0	2,058.7	2,062.2	2,061.6
Diesel prices	1,397.5	1,502.8	1,745.7	1,792.3	1,805.1	1,828.8	1,853.6	1,865.6	1,867.6	1,865.6

Source: Korea National Oil Corporation

International commodity prices showed a mixed trend in April.

Non-ferrous metal prices went through a corrective period, due to unease in the eurozone as well as concerns over lower demand from China, which accounts for 40 percent of the world's metal demand.

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

Copper (-0.5), aluminum (-0.3), gold (-0.2), nickel (0.4), zinc (3.1)

Soybean prices continued to surge due to poor harvest in Latin America and a surge in US exports to China (up 26%, m-o-m). However, prices of wheat continued to decline as a result of an increase in world wheat production.

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

Soybeans (7.1), corn (2.5), wheat (-2.0), raw sugar (-14.3)

### Reuters index\*

(Period average)

	2009	2010	2011			2012				
	Annual	Annual	Annual	Oct	Nov	Dec	Jan	Feb	Mar	Apr
	2,079	2,553	3,062	2,781	2,770	2,732	2,832	2,935	2,968	2,969

\* 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 April rose at a slower pace than the previous month (*up 0.1%, m-o-m*).

Apartment sales prices in the Seoul metropolitan area declined for the sixth consecutive month (*down 0.4%, m-o-m*).

Apartment sales prices continued to rise in areas excluding the Seoul metropolitan area, in particular Ulsan (*up 1.9%, m-o-m*), South Chungcheong Province (*up 1.5%, m-o-m*) and North Gyeongsang Province (*up 1.8%, m-o-m*). Apartment prices in 5 metropolitan cities and other cities climbed 0.6 percent and 0.7 percent, respectively.

#### Nationwide apartment sales prices

(Percentage change from previous period)

	2009	2010	2011				2012								
	Annual	Annual	Annual	Oct	Nov	Dec	Jan-Apr	Jan	Feb	Mar	Apr	Apr 9 <sup>1</sup>	Apr 16 <sup>1</sup>	Apr 23 <sup>1</sup>	Apr 30 <sup>1</sup>
Nationwide	1.6	2.5	9.6	0.5	0.6	0.2	0.7	0.2	0.2	0.2	0.1	0.02	0.02	0.01	0.00
Seoul	2.6	-2.2	-0.4	-0.1	-0.2	-0.2	-1.0	-0.2	-0.1	-0.2	-0.4	-0.08	-0.08	-0.08	-0.06
Gangnam <sup>2</sup>	3.9	-1.8	-0.6	-0.2	-0.3	-0.2	-1.3	-0.2	-0.2	-0.3	-0.6	-0.12	-0.10	-0.10	-0.08
Gangbuk <sup>3</sup>	0.9	-2.7	-0.2	0.0	-0.1	-0.1	-0.6	-0.1	-0.1	-0.2	-0.3	-0.04	-0.05	-0.06	-0.05
Seoul metropolitan area	0.7	-2.9	0.4	0.0	-0.1	-0.1	-0.9	-0.2	-0.1	-0.2	-0.4	-0.08	-0.07	-0.07	-0.07
5 metropolitan cities	2.8	8.7	20.3	1.0	1.2	0.5	2.2	0.5	0.5	0.6	0.6	0.09	0.09	0.07	0.07

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

Nationwide apartment rental prices climbed at a slightly slower pace in April (*up 0.5%, m-o-m*). Rental price increases decelerated in the Seoul metropolitan area, with Seoul and Gyeonggi Province rising 0.0 percent and 0.2 percent each.

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

Gangnam (-0.7), Songpa (-0.9), Yangcheon (-0.7), Gangbuk (-0.7)

#### Nationwide apartment rental prices

(Percentage change from previous period)

	2009	2010	2011				2012								
	Annual	Annual	Annual	Oct	Nov	Dec	Jan-Apr	Jan	Feb	Mar	Apr	Apr 9 <sup>1</sup>	Apr 16 <sup>1</sup>	Apr 23 <sup>1</sup>	Apr 30 <sup>1</sup>
Nationwide	4.5	8.8	16.2	1.1	0.7	0.1	1.8	0.3	0.4	0.6	0.5	0.07	0.09	0.06	0.05
Seoul	8.1	7.4	13.4	1.0	0.3	-0.2	0.4	-0.1	0.2	0.2	0.0	0.00	-0.01	0.01	-0.01
Gangnam <sup>2</sup>	10.4	8.8	12.5	0.9	0.1	-0.2	0.2	0.0	0.2	0.2	-0.1	-0.03	-0.03	0.01	-0.03
Gangbuk <sup>3</sup>	5.4	5.6	14.6	1.2	0.5	-0.1	0.6	-0.1	0.2	0.3	0.2	0.04	0.03	0.05	0.01
Seoul metropolitan area	5.6	7.2	13.9	1.1	0.2	-0.3	0.7	-0.1	0.3	0.3	0.1	0.01	0.02	0.01	0.00
5 metropolitan cities	3.9	12.0	18.9	1.1	1.3	0.3	2.8	0.5	0.7	0.7	0.8	0.08	0.14	0.09	0.11

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

Apartment sales transactions in March increased 20.5 percent from the previous month's 38,694 to 46,636. However, the transactions were down 34.8 percent from 71,577 a year earlier.

#### Apartment sales transactions

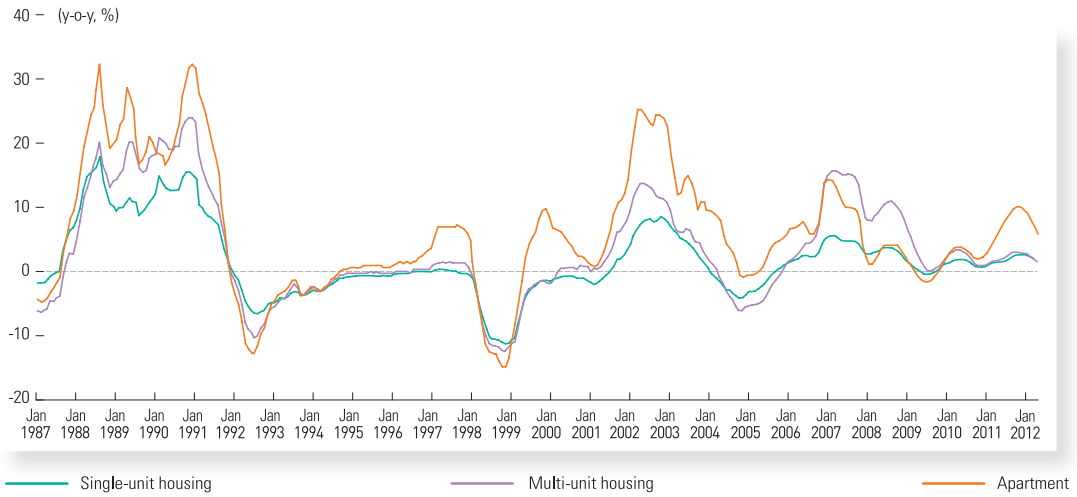
(Monthly average, thousand)

	2009	2010	2011												2012		
	Annual	Annual	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Nationwide	53	48	61	72	65	59	55	51	51	50	55	55	77	18	39	47	

Source: Ministry of Land, Transport and Maritime Affairs

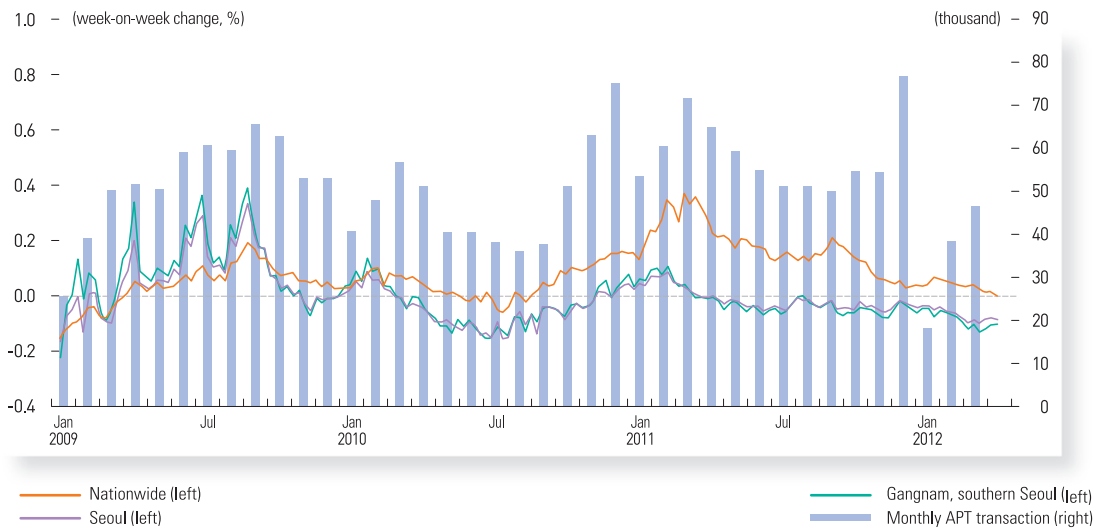
### 12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



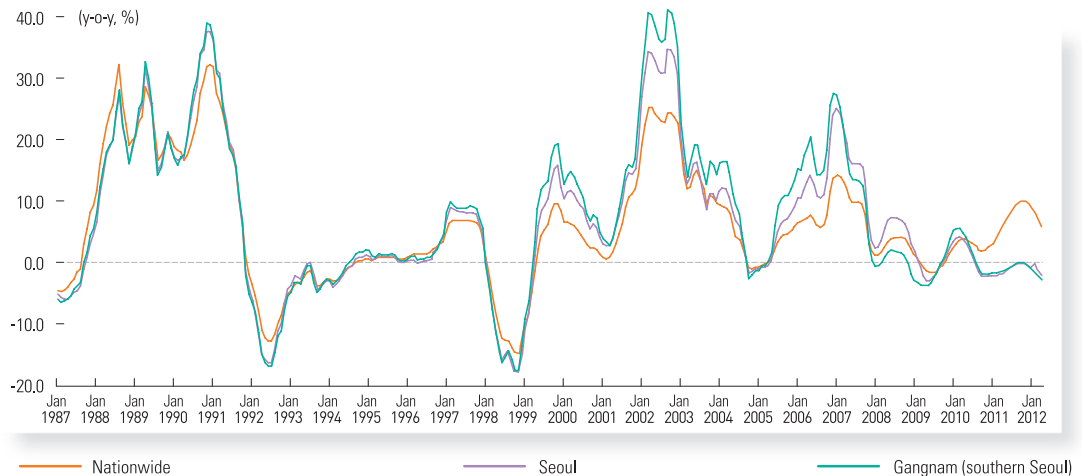
### 12-2 Weekly apartment sales prices and monthly transaction volume

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 March rose for the 17<sup>th</sup> consecutive month (*up 0.1%, m-o-m*), but were still 0.76 percent lower than the pre-crisis peak reached in October 2008.

Land prices in Seoul (*up 0.10%, m-o-m*), Gyeonggi Province (*up 0.12%, m-o-m*) and Incheon (*up 0.13%, m-o-m*) picked up the pace of increase.

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

0.08 (Oct 2011) ↻ 0.08 (Nov) ↻ 0.08 (Dec) ↻ 0.07 (Jan 2012) ↻ 0.07 (Feb) ↻ 0.11 (Mar)

Land prices in areas excluding the Seoul metropolitan area rose at an accelerated pace in March, rising 0.14 percent month-on-month.

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

0.12 (Oct 2011) ↻ 0.13 (Nov) ↻ 0.13 (Dec) ↻ 0.12 (Jan 2012) ↻ 0.13 (Feb) ↻ 0.14 (Mar)

## Land prices by region

(Percentage change from previous period)

	2007	2008	2009	2010			2011						2012			
	Annual	Annual	Annual	Annual	Q3	Q4	Annual	Aug	Sep	Oct	Nov	Dec	Jan-Mar	Jan	Feb	Mar
Nationwide	3.88	-0.31	0.96	1.05	-0.05	0.11	1.17	0.09	0.09	0.10	0.10	0.10	1.17	0.09	0.09	0.12
Seoul	5.88	-1.00	1.40	0.53	-0.25	0.39	0.97	0.05	0.05	0.04	0.04	0.04	0.97	0.03	0.05	0.10
Gyeonggi	4.22	-0.26	1.22	1.49	-0.08	0.07	1.47	0.15	0.13	0.13	0.13	0.13	1.47	0.11	0.11	0.12
Incheon	4.86	1.37	1.99	1.43	-0.10	0.02	0.66	0.06	0.05	0.05	0.05	0.05	0.66	0.04	0.04	0.13

Source: Korea Land & Housing Corporation

Nationwide land transactions in March were 187,000 land lots, up 12.8 percent from the previous month but down 18.2 percent from 228,000 a year earlier.

Monthly land transactions increased in Seoul (*up 16.8%, m-o-m*), Incheon (*up 17.5%, m-o-m*), Ulsan (*up 21.3%, m-o-m*), and South Jeolla Province (*up 20.3%, m-o-m*).

Transactions of vacant land decreased 7.4 percent year-on-year at 86,000 lots, making up 45.8 percent of the total amount of transactions.

## Land sales transactions

(Land lot, thousand)

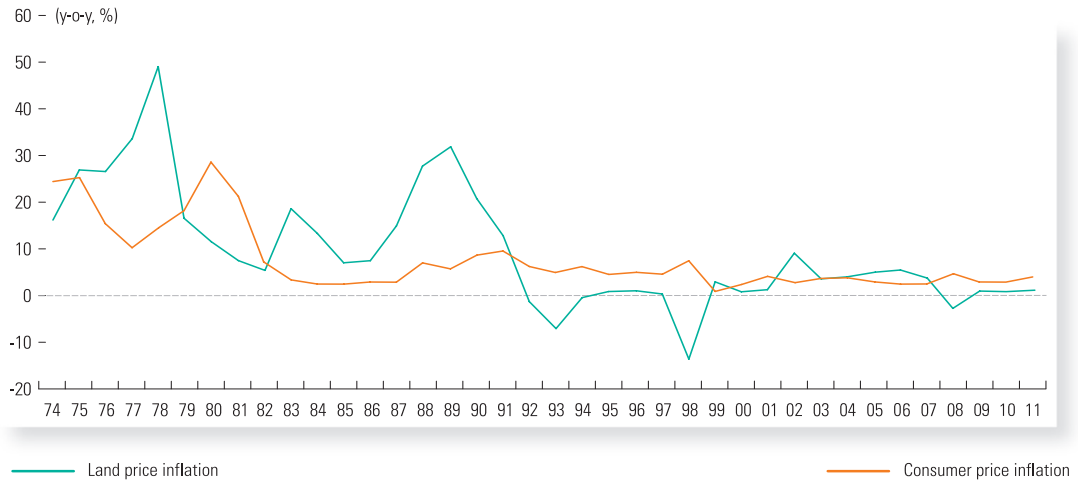
	2008	2009	2010	2011												2012			
	Annual <sup>1</sup>	Annual <sup>1</sup>	Annual <sup>1</sup>	Annual <sup>1</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Nationwide	208	203	187	208	191	176	244	226	212	207	196	196	181	200	209	256	129	165	187
Seoul	26	22	16	18	18	17	23	19	18	18	15	17	16	18	17	21	9	12	14
Gyeonggi	45	46	41	43	46	38	52	46	43	40	40	39	39	41	42	52	24	30	37
Incheon	13	10	8	10	8	9	13	11	13	10	11	9	9	9	9	11	5	6	7

1. Monthly average

Source: Korea Land & Housing Corporation

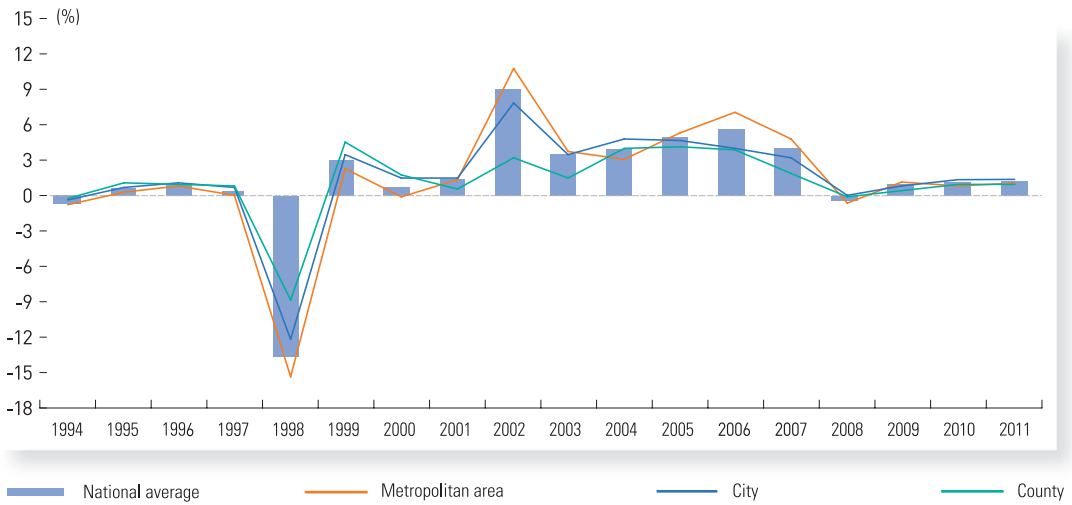
### 12-4 Land and consumer prices since 1970s

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



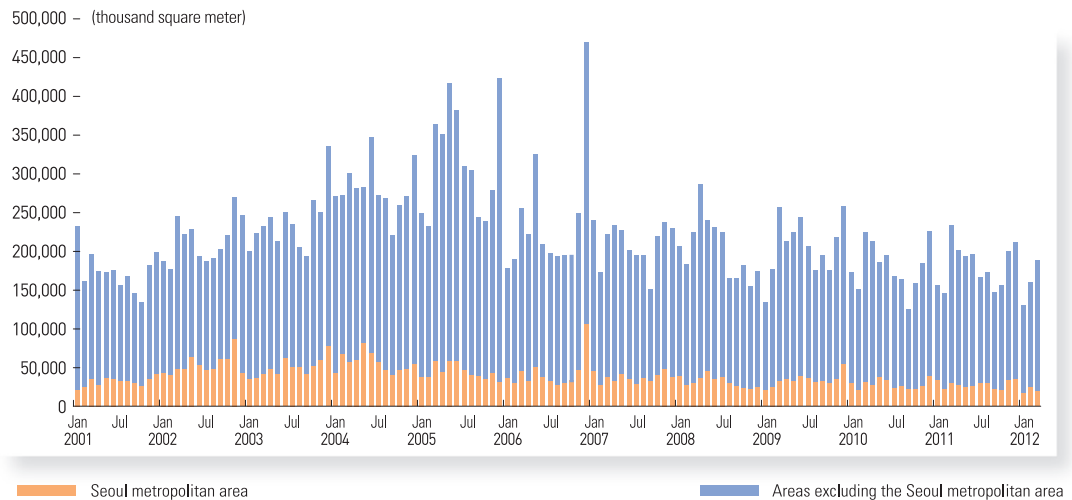
### 12-5 Land prices by region

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 March declined 1.4 percent month-on-month but increased 0.2 percent year-on-year. Output in public administration (*up 5.4%, m-o-m*) rose, while output in mining & manufacturing (*down 3.1%, m-o-m*), construction (*down 1.8%, m-o-m*) and services (*down 1.0%, m-o-m*) fell.

The cyclical indicator of the coincident composite index fell 0.4 points in March.

Four components of the coincident composite index, such as service activity, increased while three others declined, in particular the value of construction completion.

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

Service activity (0.4%), mining & manufacturing production (0.2%), wholesale & retail sales (0.2%), number of non-farm payroll employment (0.2%), value of imports (-0.4%), domestic shipment (-0.6%), value of construction completion (-4.5%)

The cyclical indicator of the leading composite index remained unchanged from the previous month.

Five components of the leading composite index, including the Korea Composite Stock Price Index (KOSPI), increased while four components, such as the value of construction orders received, were lower compared to the previous month.

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

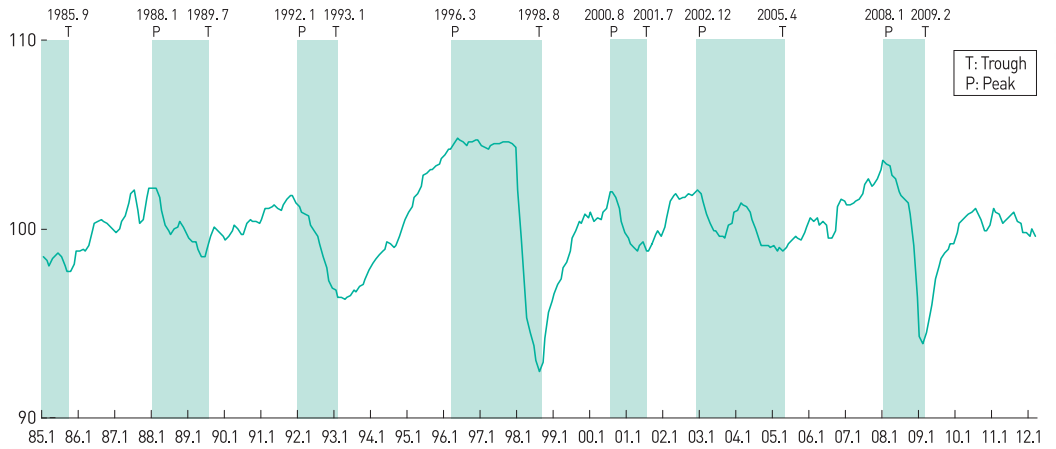
KOSPI (2.8%), indicator of inventory cycle (0.9%p), consumer expectations index (0.8p), international commodity prices (0.4%), spreads between long & short term interest rates (0.1%p), domestic shipment of machinery (-0.7%), ratio of export to import prices (-0.7%), ratio of job openings to job seekers (-1.9%p), value of construction orders received (-3.1%)

	2011					2012		
	Aug	Sep	Oct	Nov	Dec	Jan <sup>1</sup>	Feb <sup>1</sup>	Mar <sup>1</sup>
Industrial output (m-o-m, %)	0.1	0.1	-0.1	-0.3	0.1	1.0	1.3	-1.4
(y-o-y, %)	4.3	5.3	4.3	3.7	1.6	-1.0	8.7	0.2
Coincident composite index (m-o-m, %)	0.5	0.0	0.3	0.0	0.4	0.1	0.8	0.1
Cyclical indicator of coincident composite index (m-o-m, p)	100.9	100.4	100.3	99.8	99.8	99.6	100.0	99.6
Leading composite index (m-o-m, %)	0.1	0.0	0.1	0.2	0.4	0.7	1.0	0.4
Cyclical indicator of leading composite index (m-o-m, p)	99.8	99.4	99.2	99.0	99.0	99.2	99.8	99.8

1. Preliminary

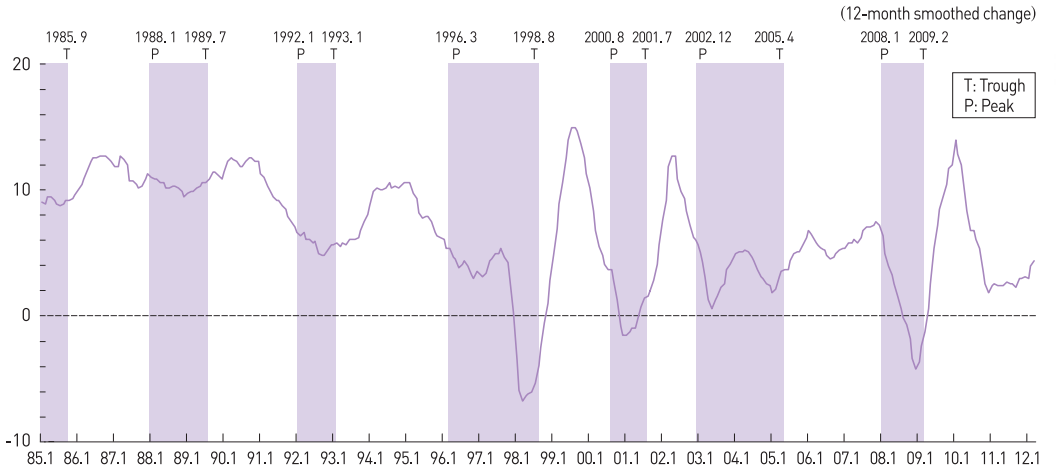
### 13-1 Cyclical indicator of coincident composite index

Source: Statistics Korea



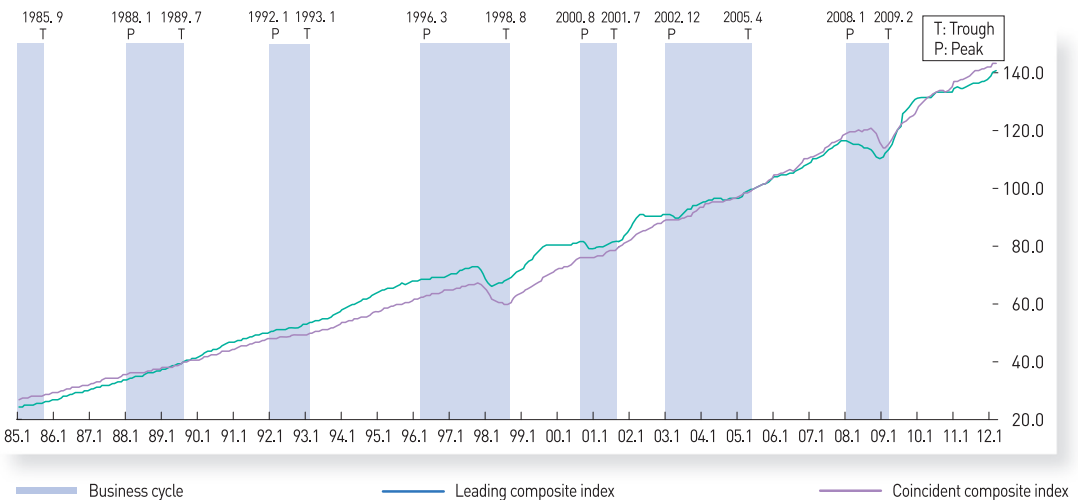
### 13-2 Leading composite index

Source: Statistics Korea



### 13-3 Coincident and leading composite indices

Source: Statistics Korea



# Policy Issues

## Government to Take All-around Measures to Boost Corporate Investment

### Corporate investment situation

Facility investment by corporations, although it has seemingly rebounded due to a low base effect during the financial crisis, has slowed down since 2010. Corporate investment in R&D has also slowed down, compared with the pre-crisis level. R&D investment by small- and medium-sized enterprises (SMEs) and venture businesses has particularly been weak. Foreign direct investment has been stagnant since 2004, while offshore investment by domestic companies has increased fast.

Given Korea's income level and major economies' investment situation, facility investment in Korea is seriously low. Facility investment in Japan increased 10.2 percent during the period it reached per capita income of US\$20,000 from US\$10,000, while Korea's facility investment growth registered 6.8 percent during the same period, accounting for 67 percent of Japan's. Korea's facility investment is not likely to increase in a short time, considering poor corporate investment sentiment affected by the slowdown in the global economy and volatile oil prices. In addition, investment led mainly by large conglomerates resulted in a lack of investment by SMEs, and investment focused on the IT industry made the overall economy vulnerable to changes in the IT industry situation, raising volatility of the whole economy. There has been concern that the sluggish growth in facility investment might harm Korea's growth potential. Against this backdrop, the Korean government devised policies to improve the corporate investment situation.

## The policies

The policies are aimed at expanding future growth potential and promoting investment by creating a favorable atmosphere for corporate investment. The key policy areas are: 1) improving location and financing conditions; 2) inviting foreign investment to specific domestic projects; 3) adopting industry-specific policies; and 4) increasing investment in the public sector.

### **1. Improving location and financing conditions**

Although many of the existing industrial complexes have old facilities and infrastructure which disturb effective operation including logistics, it is not easy to provide financial support to fix them because they are too big in size. To provide the most adequate financial support, the government will develop each complex into three to four subcomplexes with welfare and convenience facilities, and revise related laws to allow foreign direct investment in those complexes. For industrial complexes established in the 1960's and 70's with extremely old facilities and infrastructure, the government will provide financial support of 4 billion won in 2012. To help locate factories in the most convenient area, agricultural and forestry belts will be allowed to be designated as quasi-industrial complex areas.

Most of the corporate city development projects by the private sector have not shown much progress due to sluggishness in the real estate market. To boost investment in those projects, tax incentives related to the projects, initially scheduled to expire at the end of 2012, will be extended until the end of 2015.

Self employed startups and venture businesses in their initial stage have difficulties in getting finance. To help those businesses, the government will revise the law to allow them to raise funds through crowdfunding.

### **2. Inviting foreign investment to local government projects**

The government will help local governments attract foreign investment for constructing theme parks, such as Universal Studios and Legoland. It is working on designating the sites of those theme parks as foreign investment zones.

### **3. Industry-specific policies**

Pharmaceutical industry: The government is expanding tax incentives for researches to develop new medicines. Vaccines will be added to the list of bio-medicines that are receiving tax breaks, and technologies for testing the clinical value of new medicines and examining their practicality as a treatment will also become eligible for tax incentives.

Medical equipment: Korea's medical equipment manufacturing industry has been growing fast, but due to lack of capital and brand awareness, imports account for 67 percent of the domestic market. To help the industry, the government will provide financial support for raising brand awareness and launching maintenance centers overseas, while securing domestic markets by providing incentives to public organizations which purchase government certified domestic products.

Contents: Although the size of the global content market is US\$1.4 trillion, larger than that of the automobile market, Korean content producers share only 2.4 percent of it. The government will streamline the process of launching enterprise-affiliated content creating centers to boost content production.

Logistics: Domestic as well as global markets for distribution are growing rapidly with the globalization of manufacturing facilities and increasing FTAs. Since much of the domestic distribution in Korea is done by manufacturers themselves, however, the distribution industry stays underdeveloped. The government will reinforce tax incentives as well as financial support to foster the industry. Tax incentives for using professional distributors, which are scheduled to expire this year, will be extended until the end of 2015. There will be expanded financial support for modernizing distribution facilities and equipment.

Environment: The domestic environmental industry is growing rapidly at an annual rate of over 15 percent, registering 44 trillion won as of 2009, but it only takes 0.3 percent of the world market, exporting 2.2 trillion won. The industry needs to be supported financially for rapid growth, and for this the government will gradually increase loans to more than 250 billion won by 2015, from 115 billion in 2012. A site for testing environmental technologies from application to effectiveness monitoring will be established.

Liquors: Unlike other distilled liquors, brandy and whisky are required to be produced in large facilities, resulting in comparatively fewer brewers of the kinds. The government is working on lowering the facility requirements on brandy and whisky breweries.

#### **4. Increasing investment in public projects**

The government planned to increase private investment in national projects, and 6.3 trillion won from private investors will go to 183 national projects this year. To boost domestic demand and complete social overhead capital (SOC) projects early, Korea introduced the *in-advance private investment system* in 2008. However, the *in-advance investment* has not worked out satisfactorily due to excessive financial costs, poor incentives and low level of awareness. The government will reinforce incentives to cover financial costs, and enable loans for the *in-advance investment* in banks other than the Korean Development Bank, in order to lower interest rates on the loan. There will be investment of 330 billion won by public firms in addition to the total public firm investment of 68.5 trillion won scheduled for this year, with 198.9 billion won added to the energy sector, 99.3 billion won to the SOC sector and 31.5 billion to other sectors.

# Economic News Briefing

## **Korea grows 0.9% in Q1 (*Advanced*)**

Korea's real gross domestic product (GDP) expanded by 0.9 percent in the first quarter of 2012 compared to the previous quarter. It grew 2.8 percent from a year earlier.

On the production side, the manufacturing sector expanded by 2.2 percent helped by robust production of automobiles and petrochemicals. Meanwhile, electricity, gas & water supply decreased by 4.3 percent. Construction fell 1.0 percent due to sluggish residential building construction and civil engineering. Services grew by 0.9 percent as gains from information & communications and health & social works offset the decline in financial intermediation.

On the expenditure side, private consumption grew by 1.0 percent led by increased expenditures on durable and non-durable goods. Facility investment rose by 10.8 percent while construction investment fell by 0.7 percent. Despite falling exports of mobile phones and steel, exports rose by 3.4 percent.

Real gross domestic income (GDI) rose by 0.2 percent from the previous quarter.

## <GDP by production and expenditure\*>

(Percentage change from previous period)

	2010				2011 <sup>1</sup>				2012 <sup>1</sup>
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	2.1(8.7) <sup>2</sup>	1.4(7.6)	0.7(4.5)	0.6(4.9)	1.3(4.2)	0.8(3.5)	0.8(3.6)	0.3(3.3)	0.9(2.8)
Agriculture, forestry and fishery	-2.1	-2.1	-2.9	0.5	-3.0	4.5	-5.2	8.2	-4.3
Manufacturing	4.2	3.7	2.1	0.5	3.3	1.2	1.1	-0.3	2.2
Construction	0.5	-0.7	-1.8	-2.6	-4.3	1.8	2.8	-0.2	1.0
Services	1.7	0.3	0.4	1.0	1.0	0.3	0.4	0.7	0.9
Private consumption	0.7	0.7	1.2	0.4	0.6	0.8	0.2	-0.4	1.0
Government consumption	3.0	0.3	-0.2	0.5	0.7	0.8	1.2	-0.8	3.1
Facility investment	4.4	7.3	4.6	-0.2	-1.6	4.7	-1.8	-4.3	10.8
Construction investment	1.0	-4.0	-0.9	-1.9	-4.4	3.5	-0.5	0.1	-0.7
Exports of goods and services	2.0	8.6	2.1	2.4	2.8	0.8	3.1	-2.3	3.4
Imports of goods and services	5.0	4.8	2.9	1.4	1.4	1.9	1.3	-3.0	4.5
Real gross domestic income (GDI)	1.8	1.3	0.3	0.3	-0.1	0.5	0.6	0.6	0.2

\*Based on 2005 chained prices in seasonally adjusted terms

1. Preliminary

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

## Korea pledges US\$15 billion to IMF

Korea has pledged US\$15 billion to the International Monetary Fund (IMF), as part of a global effort to expand the fund's lending capacity. Korea joined Australia, Singapore and the UK in promising contributions to the IMF, in an announcement made prior to the G20 meeting of finance ministers and central bank governors held on April 20. Australia, Singapore and the UK will contribute US\$7 billion, US\$4 billion and US\$15 billion each.

Korea's contribution amount reflects the nation's international stature, its share in the IMF and the contributions of other G20 member countries. The fact that Korea has decided to participate in expanding the IMF's lending capacity is significant, as it shows how a nation that once received bailout funds from the IMF is now playing a major role in solving a global crisis.

## Korea, China and Japan to negotiate FTA

Leaders of Korea, China and Japan held a trilateral summit in Beijing on May 14 and exchanged views on matters of mutual concern such as trilateral cooperation, free trade and North Korean issues. The three leaders evaluated the trilateral collaboration, which has developed in a systematic way in various fields, while stressing the significant role that the three nations take on in the stability and prosperity of the region as well as the international community. In particular, the three sides agreed to launch negotiations for a three-way FTA within this year. In addition, the leaders welcomed the signing of the Trilateral Agreement for the Promotion, Facilitation and Protection of Investment on May 13 and concurred on completing their respective domestic procedures as soon as possible in order to bring the Agreement into effect at the earliest possible date.

## Korea and China launch FTA negotiations

Korean Trade Minister Bark Tae-ho and Chinese Minister of Commerce Chen Deming held a meeting in Beijing on May 2 and released a joint statement announcing the start of formal negotiations for the Korea-China free trade agreement (FTA). The Ministers shared the view that the Korea-China FTA is important for both countries in further strengthening and broadening the bilateral economic cooperation and trade relations, and thus deepening the Korea-China Strategic Cooperative Partnership.

To address the sensitivities in the area of trade in goods, items will be divided into a normal track and sensitive track. For the sensitive track, which may include a “sensitive” list and a “highly sensitive” list, various measures including longer phase-out periods, partial reductions, and exclusion of tariffs will be rolled out. The Ministers agreed that the level of liberalization for trade in goods should go beyond the commitment in the World Trade Organization agreement.

The Korea-China FTA is expected to benefit the Korean economy by increasing the nation’s exports to China, which is Korea’s largest trade partner. Bilateral trade between Korea and China reached US\$220.6 billion in 2011, higher than US\$100.8 billion with the US and US\$103.1 billion with the EU. The agreement is expected to result in Korea’s GDP rising by 2.28 to 3.04 percent and could generate 240,000 to 330,000 jobs within 10 years after the implementation of the deal.

## Korea, China and Japan to expand cross-investment in government bonds

Korea, China and Japan held the 12th Korea-Japan-China Finance Ministers' and Central Bank Governors' Meeting in Manila on May 3 and agreed to promote investment in one another's government bonds to strengthen cooperation and enhance the regional economic relationship among the three countries. In addition, the countries committed to continue implementing appropriate macroeconomic policies, including promoting fiscal soundness, expanding domestic demand, increasing employment, and accelerating structural reforms to achieve strong, sustainable and balanced economic growth.

Meanwhile, the 15<sup>th</sup> Finance Ministers and Central Bank Governors of ASEAN, China, Japan and Korea (ASEAN+3) Meeting was held on May 2 in Manila under the co-chairmanship of Korean Finance Minister Bahk Jaewan and Cambodian Finance Minister Keat Chhon. To help strengthen the regional financial safety net, the ASEAN+3 countries agreed to double the total size of the Chiang Mai Initiative Multilateralisation (CMIM) agreement from US\$120 billion to US\$240 billion, increase the IMF de-linked portion to 30 percent in 2012, and introduce a crisis prevention facility called "CMIM Precautionary Line (CMIM-PL)". In addition, the ASEAN+3 adopted New Roadmap+ in order to reinvigorate the Asia Bond Markets Initiative (ABMI) discussions and strengthen the region's bond market.

## National Assembly approves emissions trading scheme

The National Assembly approved on May 2 a bill to start trading carbon dioxide emissions in 2015, setting the stage to become one of the first Asian countries to implement a nationwide cap-and-trade system. The carbon emissions trading scheme limits industry emissions of carbon dioxide, while allowing companies to buy credits if they want to emit more, or sell credits if they are able to reduce emissions. By adopting the carbon emissions trading scheme, Korea has paved a way to actively participate in international efforts to reduce greenhouse gas emissions and take preemptive measures against climate change.

Korea's carbon trading system corresponds to those adopted in the EU, Australia and New Zealand, but the government has produced additional measures aiming to relieve the burden on industries, such as introducing tax breaks and subsidies to businesses that risk losing competitiveness due to participating in the scheme.

## Korea plans to expand ODA for green growth projects

The Korean government is planning to expand official development assistance (ODA) for green growth projects, as part of the nation's push for leadership in green growth. The Presidential Committee on Green Growth held a meeting on May 2 to review the previous "green ODA" policies and discuss future plans. According to the committee, Korea's green ODA has more than doubled in three years, from US\$55 million in 2007 to US\$127 million in 2010. Green ODA's average annual growth rate of 35 percent far exceeds that of the overall ODA, which is 20 percent.

As a result of the government's efforts to promote green growth as the core of the nation's ODA policy, the share of green ODA has grown from 11.3 percent in 2007 to 14.1 percent in 2010. Under a plan to expand this share to 25 percent by 2013 and 30 percent by 2020, Korea will introduce environmentally friendly factors to previous ODA projects, and encourage developing nations to invest in green growth by developing green ODA packages which fit the needs of individual recipient countries.

## Korea resumes plan to sell Woori stake

Korea has reopened the sale of the controlling stake in Woori Finance Holdings, after two previous attempts have failed due to lack of interest among potential buyers. The Financial Services Commission announced on April 30 that the privatization of the financial group can take place either as a merger or an acquisition, and set a July 27 deadline for preliminary bids to take place. As this is an attempt to sell a controlling stake in Woori, the minimum bid acceptable is for a 30 percent stake.

Woori Finance Holdings was created in 2001 as a holdings company for banks that the government rescued during the Asian Financial Crisis. The government has been trying to sell the 57 percent stake that it owns in Woori, but has been unable to lure investors since the first attempt in 2010.



# Statistical Appendices

## Tables & Figures

1. National accounts
2. Production, shipment and inventory
3. Production capacity and operation ratio
4. Consumer goods sales index
5. Consumer goods shipment index and consumer sentiment index
6. Machinery orders received, domestic machinery shipment, and estimated facility investment index
7. Value of construction completion and domestic construction orders received
8. Composite indices of business cycle indicators and BSI
9. Balance of payments (I)
10. Balance of payments (II)
11. Prices
12. Employment
13. Financial indicators
14. Monetary indicators
15. Exchange rates

# 1. National accounts

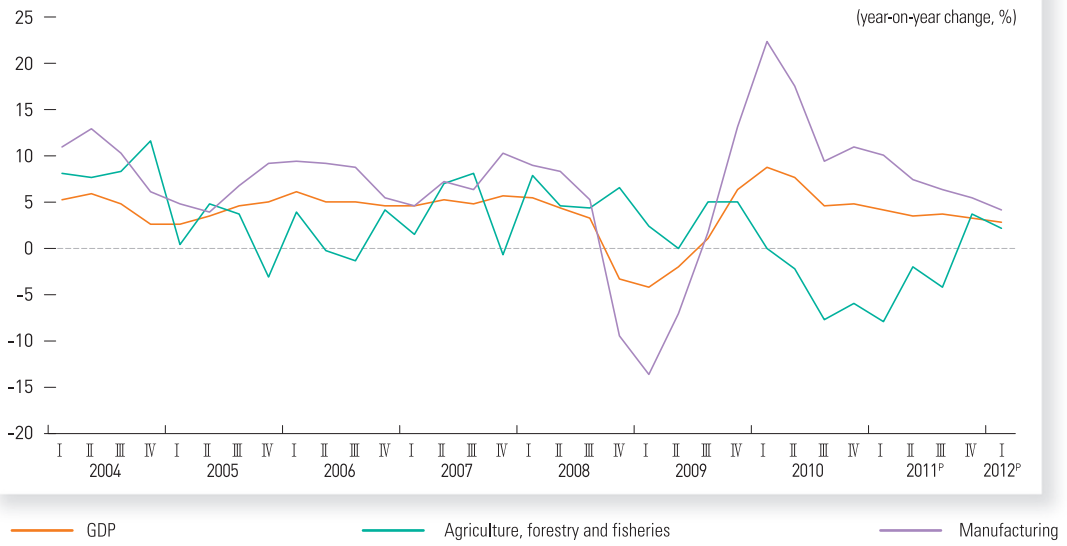
(year-on-year change, %, chained 2005 year prices)

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		6.3	-4.4	14.7	4.1	5.8	-3.7	25.7
2011 <sup>P</sup>		3.6	-2.0	7.2	2.2	-1.1	-5.0	3.7
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	I	8.7	-0.1	22.4	6.1	11.2	1.8	29.6
	II	7.6	-2.2	17.6	3.6	5.8	-4.7	32.0
	III	4.5	-7.8	9.5	3.5	5.6	-4.9	26.3
	IV	4.9	-5.9	11.0	3.0	2.3	-5.2	16.9
2011 <sup>P</sup>	I	4.2	-7.9	10.0	2.6	-2.1	-11.0	10.3
	II	3.5	-1.9	7.5	2.7	0.7	-4.2	7.7
	III	3.6	-4.1	6.3	2.3	-1.5	-4.0	1.2
	IV	3.3	3.7	5.4	1.3	-1.8	-2.1	-3.3
2012 <sup>P</sup>	I	2.8	2.1	4.2	2.2	5.1	2.1	9.1

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 (%)	
2010	139.1	16.2	133.5	14.4	135.6	17.4	122.9	3.9	
2011	148.8	6.9	142.1	6.5	163.6	20.7	127.0	3.3	
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	2.8
	II	151.2	7.2	144.8	7.2	142.7	10.0	126.8	3.2
	III	146.1	5.1	139.3	5.0	149.0	10.7	127.1	4.5
	IV	154.0	5.0	146.4	3.3	163.6	20.7	130.8	2.7
2012	IP	148.9	3.7	142.4	3.0	158.2	15.4	126.1	3.0
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	153.7	5.8	145.8	3.1	157.4	18.5	127.2	2.7
	12	153.7	2.8	147.0	2.4	163.6	20.7	137.1	1.6
2012	1	143.7	-2.1	137.2	-2.6	164.0	21.4	124.7	0.7
	2P	148.2	14.3	141.5	13.4	163.8	19.8	123.6	6.6
	3P	154.7	0.3	148.4	-0.5	158.2	15.4	130.1	1.8

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 (%)	
2010	128.7	7.9	101.7	8.4	80.9	
2011	135.7	5.4	100.5	-1.2	79.9	
2010	I	124.9	6.8	97.1	18.8	80.3
	II	127.3	7.9	105.3	10.5	81.9
	III	130.4	8.6	99.3	1.5	80.6
	IV	132.1	8.1	105.0	4.7	80.8
2011	I	133.7	7.0	99.0	2.0	82.2
	II	135.2	6.2	103.7	-1.5	79.9
	III	136.0	4.3	98.0	-1.3	79.6
	IV	138.1	4.5	101.4	-3.4	78.0
2012	IP	133.7	7.0	99.0	2.0	82.2
2010	1	124.2	6.2	96.9	31.5	79.2
	2	124.5	6.5	88.1	10.4	80.5
	3	125.9	7.5	106.4	16.2	81.2
	4	126.3	7.3	105.8	12.4	81.7
	5	127.4	8.2	103.5	10.9	81.7
	6	128.3	8.3	106.7	8.4	82.2
	7	129.5	8.5	104.9	6.2	81.7
	8	130.6	9.0	96.1	5.6	80.4
	9	131.1	8.3	96.8	-6.6	79.7
	10	131.6	8.2	106.1	7.1	79.5
	11	131.9	8.2	104.8	4.3	80.5
	12	132.9	8.0	104.2	3.0	82.3
2011	1	133.1	7.2	101.6	4.9	83.6
	2	133.4	7.1	88.5	0.5	81.8
	3	134.5	6.8	106.8	0.4	81.3
	4	135.0	6.9	103.0	-2.6	79.4
	5	135.2	6.1	103.1	-0.4	79.9
	6	135.4	5.5	104.9	-1.7	80.5
	7	135.7	4.8	101.0	-3.7	79.9
	8	135.8	4.0	95.3	-0.8	79.8
	9	136.6	4.2	97.6	0.8	79.0
	10	137.8	4.7	102.9	-3.0	78.8
	11	138.2	4.8	101.9	-2.8	78.4
	12	138.2	4.0	99.5	-4.5	76.9
2012	1	138.2	3.8	92.6	-8.9	80.5
	2 <sup>P</sup>	138.2	3.6	97.7	10.4	81.1
	3 <sup>P</sup>	138.2	2.8	102.7	-3.8	78.2

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 (%)
2010	121.2	6.7	157.1	14.8	113.5	6.8	113.8	2.2
2011	126.4	4.3	174.0	10.8	118.3	4.2	115.0	1.1
2010 I	116.6	9.5	148.7	29.6	105.9	2.7	110.8	2.9
II	118.8	4.8	149.9	5.6	114.6	6.4	112.9	3.4
III	120.4	7.6	158.5	17.0	100.4	6.5	118.0	3.2
IV	128.8	5.2	171.5	10.6	133.3	10.9	113.4	-0.4
2011 I	122.9	5.4	167.3	12.5	112.0	5.8	112.4	1.4
II	125.6	5.7	175.9	17.3	120.3	5.0	112.2	-0.6
III	126.0	4.7	175.6	10.8	104.5	4.1	120.1	1.8
IV	131.2	1.9	177.3	3.4	136.5	2.4	115.3	1.7
2012 IP	125.2	1.9	173.3	3.6	112.7	0.6	115.0	2.3
2010 1	115.5	6.5	145.5	39.8	108.4	4.6	108.2	-5.7
2	113.9	12.5	141.4	21.9	99.7	2.7	111.7	12.6
3	120.3	9.7	159.2	28.4	109.6	1.0	112.6	3.1
4	116.5	7.3	144.5	16.6	113.6	3.9	110.5	3.5
5	121.2	3.6	147.1	2.2	120.9	6.7	116.0	2.6
6	118.8	3.7	158.0	0.0	109.2	8.8	112.1	4.2
7	120.8	9.0	163.9	18.6	103.4	8.4	115.4	4.2
8	116.6	9.3	154.4	26.0	90.1	4.2	116.3	3.0
9	123.9	4.8	157.1	7.7	107.6	6.4	122.3	2.5
10	125.8	4.3	165.3	14.2	129.8	11.8	111.7	-4.2
11	127.8	6.9	171.9	12.0	133.0	9.2	111.9	2.5
12	132.9	4.6	177.3	6.1	137.0	11.7	116.7	0.6
2011 1	128.2	11.0	164.9	13.3	120.1	10.8	119.2	10.2
2	113.5	-0.4	153.7	8.7	101.7	2.0	104.6	-6.4
3	126.9	5.5	183.2	15.1	114.1	4.1	113.3	0.6
4	122.6	5.2	167.0	15.6	120.9	6.4	109.0	-1.4
5	128.6	6.1	175.8	19.5	126.4	4.5	115.9	-0.1
6	125.7	5.8	184.9	17.0	113.7	4.1	111.7	-0.4
7	127.5	5.5	185.5	13.2	107.5	4.0	117.7	2.0
8	123.1	5.6	173.3	12.2	93.4	3.7	119.5	2.8
9	127.5	2.9	167.9	6.9	112.6	4.6	123.1	0.7
10	128.8	2.4	169.8	2.7	134.7	3.8	114.8	2.8
11	129.3	1.2	183.0	6.5	130.2	-2.1	112.2	0.3
12	135.6	2.0	179.0	1.0	144.6	5.5	119.0	2.0
2012 1	129.2	0.8	168.0	1.9	119.4	-0.6	121.9	2.3
2P	119.6	5.4	170.8	11.1	104.2	2.5	108.4	3.6
3P	126.9	0.0	181.1	-1.1	114.5	0.4	114.8	1.3

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)		Durable goods		Non-durable goods		Consumer sentiment index
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)	
2010	122.4	5.2	140.5	4.0	115.2	5.8	-
2011	121.1	-1.1	135.4	-3.6	115.3	0.1	-
2010 I	118.9	10.4	137.3	21.1	111.4	5.8	-
II	120.2	4.7	140.2	0.2	112.2	7.2	-
III	122.6	2.3	140.3	0.6	115.5	3.1	-
IV	128.1	3.9	144.1	-2.5	121.7	7.3	-
2011 I	121.3	2.0	135.5	-1.3	115.6	3.8	-
II	117.9	-1.9	135.2	-3.6	111.0	-1.1	-
III	121.7	-0.7	137.1	-2.3	115.5	0.0	-
IV	123.3	-3.7	133.9	-7.1	119.1	-2.1	-
2012 IP	120.0	-1.1	135.9	0.3	113.5	-1.8	-
2010 1	124.2	15.4	136.5	37.9	119.2	7.4	113
2	110.7	6.6	130.2	12.7	102.8	3.8	111
3	121.7	9.0	145.1	15.4	112.3	5.9	110
4	120.8	7.3	136.0	12.8	114.8	5.0	110
5	117.6	3.6	136.2	-3.2	110.2	7.4	111
6	122.2	3.2	148.4	-6.3	111.7	9.2	112
7	122.4	2.9	146.7	0.3	112.7	4.4	112
8	121.3	9.4	134.7	7.1	116.0	10.6	110
9	124.1	-4.3	139.6	-4.4	117.9	-4.2	109
10	129.7	6.6	146.7	5.2	122.9	7.3	108
11	128.7	8.6	145.8	-0.6	121.9	13.7	110
12	125.9	-2.9	139.9	-10.9	120.2	1.3	109
2011 1	130.2	4.8	134.0	-1.8	128.7	8.0	108
2	106.3	-4.0	126.1	-3.1	98.4	-4.3	105
3	127.3	4.6	146.5	1.0	119.6	6.5	98
4	118.8	-1.7	133.7	-1.7	112.8	-1.7	100
5	115.8	-1.5	132.0	-3.1	109.3	-0.8	104
6	119.2	-2.5	139.9	-5.7	110.9	-0.7	102
7	120.2	-1.8	142.5	-2.9	111.3	-1.2	102
8	122.2	0.7	132.9	-1.3	117.9	1.6	99
9	122.6	-1.2	136.0	-2.6	117.3	-0.5	99
10	124.3	-4.2	132.5	-9.7	121.0	-1.5	100
11	121.5	-5.6	131.4	-9.9	117.5	-3.6	103
12	124.2	-1.4	137.8	-1.5	118.7	-1.2	99
2012 1	120.4	-7.5	128.2	-4.3	117.2	-8.9	98
2 <sup>P</sup>	117.4	10.4	136.8	8.5	109.6	11.4	100
3 <sup>P</sup>	122.1	-4.1	142.7	-2.6	113.8	-4.8	101
4	-	-	-	-	-	-	104

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		
2011	25,240	2,599	22,641	13,848	133.1	134.2
2011 I	6,445	470	5,975	3,695	126.7	127.8
2011 II	6,676	728	5,948	3,677	144.5	147.3
2011 III	5,703	404	5,300	3,109	133.3	128.4
2011 IV	6,416	998	5,418	3,367	127.9	133.2
2012 IP	6,271	960	5,311	2,964	138.1	129.5
2011 1	2,009	115	1,894	1,109	123.3	121.5
2011 2	2,045	122	1,923	1,146	112.4	118.3
2011 3	2,391	233	2,158	1,441	144.5	143.7
2011 4	1,951	99	1,853	1,155	134.4	137.5
2011 5	2,113	142	1,971	1,186	146.8	149.4
2011 6	2,611	487	2,124	1,336	152.3	154.9
2011 7	1,990	152	1,838	1,027	133.7	135.2
2011 8	1,800	115	1,685	1,006	135.0	124.1
2011 9	1,913	137	1,776	1,076	131.3	125.8
2011 10	1,977	301	1,676	966	114.8	122.5
2011 11	2,317	474	1,843	1,124	129.3	127.3
2011 12	2,122	223	1,899	1,277	139.3	149.8
2012 1	2,012	115	1,897	1,131	129.3	119.7
2012 2 <sup>P</sup>	2,490	712	1,778	1,013	139.2	131.2
2012 3 <sup>P</sup>	1,769	133	1,637	820	145.9	137.7
<i>Y-o-Y change (%)</i>						
2011	11.0	11.2	11.0	12.8	0.7	1.4
2011 I	19.5	-10.5	22.7	26.8	5.4	9.2
2011 II	10.0	81.1	4.9	3.1	5.7	3.6
2011 III	3.4	6.1	3.2	3.1	-3.1	-2.9
2011 IV	11.5	-3.1	14.7	21.0	-4.7	-3.7
2012 IP	-2.7	104.5	-11.1	-19.8	9.0	1.3
2011 1	15.6	-32.1	20.7	9.8	19.4	11.5
2011 2	28.0	14.0	29.0	29.8	-0.2	14.1
2011 3	16.2	-6.3	19.3	40.9	-0.2	4.0
2011 4	9.0	-22.3	11.4	9.4	2.2	0.2
2011 5	-0.8	23.4	-2.2	-10.8	11.7	8.5
2011 6	21.4	205.2	6.7	13.1	3.5	2.2
2011 7	-1.7	44.9	-4.3	-3.9	-3.0	-0.2
2011 8	6.8	8.0	6.7	12.0	-2.9	-3.5
2011 9	6.1	-19.1	8.8	2.5	-3.2	-5.3
2011 10	18.0	197.7	6.4	0.0	-10.9	-4.7
2011 11	33.9	333.3	13.7	13.6	-2.8	-4.5
2011 12	-9.6	-72.8	24.3	54.4	-1.0	-2.0
2012 1	0.1	0.2	0.1	2.0	4.9	-1.5
2012 2 <sup>P</sup>	21.8	485.1	-7.5	-11.6	23.8	10.9
2012 3 <sup>P</sup>	-26.0	-43.0	-24.2	-43.1	1.0	-4.2

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
2011	91,638	35,508	51,273	93,428	28,459	60,333
2011 I	19,088	7,325	10,852	16,276	4,095	11,102
II	23,904	9,324	13,182	25,101	6,307	17,509
III	21,499	7,841	12,533	19,638	6,593	12,245
IV	27,146	11,017	14,706	32,413	11,463	19,477
2012 IP	19,172	7,519	10,734	22,232	5,640	15,959
2011 1	6,208	2,480	3,475	4,927	1,330	2,904
2	5,247	2,015	2,991	4,088	1,397	2,546
3	7,633	2,831	4,386	7,262	1,369	5,651
4	7,053	2,724	3,978	6,670	1,432	4,609
5	7,430	2,817	4,222	6,984	1,895	4,598
6	9,422	3,783	4,982	11,448	2,979	8,303
7	6,786	2,432	4,046	5,098	1,819	3,103
8	6,901	2,513	4,056	7,300	1,504	5,509
9	7,813	2,896	4,431	7,240	3,270	3,633
10	8,022	2,963	4,678	7,111	2,295	4,630
11	7,945	3,250	4,300	8,745	2,948	5,668
12	11,179	4,804	5,729	16,556	6,220	9,179
2012 1	5,901	2,227	3,382	7,033	1,973	4,920
2 <sup>P</sup>	5,978	2,364	3,363	8,193	2,175	5,912
3 <sup>P</sup>	7,294	2,928	3,989	7,006	1,491	5,127
<i>Y-o-Y change (%)</i>						
2011	-0.7	1.0	-2.9	4.0	-2.5	9.5
2011 I	-6.2	-2.1	-9.4	-11.8	-49.2	20.2
II	-0.7	2.2	-5.4	-1.7	-8.4	3.8
III	-2.4	0.5	-4.7	1.5	-3.1	6.7
IV	5.1	2.5	6.9	22.4	54.2	11.3
2012 IP	0.4	2.6	-1.1	36.6	37.7	43.7
2011 1	-4.5	9.5	-12.5	-31.9	-46.6	-33.3
2	-14.7	-12.6	-17.2	-16.0	-36.2	10.7
3	-0.8	-2.7	-0.2	14.2	-59.6	119.0
4	-4.0	3.8	-10.7	0.1	-21.0	3.0
5	-4.0	-0.8	-6.9	-21.0	12.7	-31.8
6	4.7	3.3	0.7	14.1	-12.2	46.9
7	-8.9	-9.7	-8.3	-32.8	-53.1	-8.4
8	-3.4	2.2	-7.1	72.8	12.5	101.8
9	5.3	9.2	1.3	-3.9	105.4	-32.2
10	8.8	3.9	12.4	61.4	94.1	52.0
11	-0.9	-0.1	-2.3	14.1	44.7	7.1
12	7.1	3.4	10.4	15.0	47.6	0.1
2012 1	-5.0	-10.2	-2.7	42.8	48.4	69.4
2 <sup>P</sup>	13.9	17.3	12.4	100.4	55.7	132.2
3 <sup>P</sup>	-4.4	3.4	-9.0	-3.5	9.0	-9.3

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)	Coincident index (2005=100)	Cycle of coincident index (2005=100)	BSI (results)	BSI (prospects)
2008					
1	115.8	119.9	103.1	95.2	103.0
2	115.3	120.4	103.0	95.6	94.8
3	114.7	120.7	102.9	101.1	102.1
4	114.4	120.8	102.6	101.7	98.1
5	113.9	120.8	102.1	98.1	104.7
6	113.0	120.4	101.4	79.1	95.3
7	112.3	120.3	100.9	80.8	83.2
8	112.8	120.6	100.7	83.1	80.8
9	113.7	121.1	100.7	76.8	98.3
10	114.4	121.1	100.3	64.6	84.9
11	114.5	120.1	99.1	53.7	63.7
12	114.9	118.1	97.1	52.4	55.0
2009					
1	115.5	116.7	95.6	58.1	52.0
2	116.6	116.7	95.2	62.4	66.0
3	117.4	117.7	95.6	89.0	76.1
4	119.7	119.2	96.4	93.7	86.7
5	121.5	120.0	96.7	100.9	103.8
6	123.7	122.0	97.7	96.6	100.2
7	124.6	123.0	98.3	98.5	98.7
8	125.6	123.8	98.5	96.0	99.8
9	126.7	124.7	98.8	110.5	117.0
10	128.5	125.8	99.2	107.5	116.5
11	130.1	126.8	99.6	103.8	109.0
12	131.0	127.5	99.7	104.8	105.9
2010					
1	131.5	128.2	99.8	99.2	103.1
2	131.5	129.4	100.3	98.7	102.3
3	131.5	130.2	100.5	113.1	116.2
4	131.2	131.1	100.7	108.9	111.2
5	131.6	131.8	100.8	111.9	113.4
6	132.1	132.4	100.9	109.4	108.9
7	132.9	133.3	101.1	105.0	107.3
8	133.2	133.6	100.9	98.6	100.7
9	133.5	133.6	100.5	104.1	111.1
10	133.0	133.5	99.9	104.3	113.1
11	133.3	134.0	99.9	103.5	107.1
12	133.5	135.0	100.2	102.1	104.2
2011					
1	134.6	136.7	101.1	99.1	101.8
2	134.8	137.1	100.9	92.2	98.0
3	134.7	137.6	100.8	107.8	113.5
4	134.3	137.5	100.3	98.4	99.3
5	134.8	138.2	100.4	98.9	104.3
6	135.7	139.1	100.6	99.6	104.3
7	136.4	140.0	100.8	96.2	101.3
8	136.6	140.7	100.9	86.8	98.9
9	136.6	140.7	100.4	96.4	96.3
10	136.8	141.1	100.3	95.0	101.4
11	137.1	141.1	99.8	93.0	96.4
12	137.7	141.7	99.8	90.1	94.8
2012					
1	138.7	141.9	99.6	88.6	88.3
2	140.1	143.1	100.1	92.2	91.0
3	140.6	143.2	99.6	101.4	106.1
4	-	-	-	97.5	98.4
5	-	-	-	-	104.7

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					
2010	29,393.5	40,082.5	461,444.9	421,362.4	-8,626.0	1,015.9	-3,078.9	
2011	26,505.3	30,950.3	552,564.3	521,614.0	-4,377.4	2,455.8	-2,523.4	
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	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	11,506.8	10,248.9	140,756.8	130,507.9	154.8	1,577.8	-474.7
2012	IP	2,630.9	2,686.5	134,664.0	131,977.5	-648.3	1,487.6	-894.9
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	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	2,809.3	2,704.5	47,648.9	44,944.4	-205.2	488.7	-178.7
2012 <sup>P</sup>	1	-968.8	-1,624.0	41,383.8	43,007.8	-128.8	1,191.7	-407.7
	2	557.3	1,310.1	45,863.0	44,552.9	-1,219.3	613.4	-146.9
	3	3,042.4	3,000.4	47,417.2	44,416.8	699.8	-317.5	-340.3

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				
2010	-27,478.5	-22,184.3	42,479.8	828.9	-21,414.4	-217.9	-26,970.6	-1,915.0	
2011	-31,964.6	-15,694.0	10,312.2	-1,735.3	-11,084.9	150.0	-13,912.6	4,960.1	
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									
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	-14,081.6	-4,052.0	1,547.5	-432.0	2,788.6	207.8	-14,141.5	2,574.8	
2012									
IP	-1,140.3	-7,203.3	15,156.1	1,569.9	-4,210.8	134.3	-6,586.4	-1,490.6	
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									
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	-7.38.8	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	-3,497.8	-842.7	-2,411.4	-160.6	-640.0	10.1	-93.2	688.5	
2012 <sup>P</sup>									
1	1,305.6	-2,013.3	7,737.0	434.2	-2,190.4	-1.7	-2,660.2	-336.8	
2	-920.3	-3,572.6	6,115.2	214.1	-1,526.1	36.0	-2,186.8	363.0	
3	-1,525.6	-1,617.4	1,303.9	921.6	-494.3	100.0	-1,739.4	-1,516.8	

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
	2	106.1	108.5	104.2	104.7	124.7	129.0	112.8	169.3
	3	106.0	109.2	103.5	104.3	125.4	129.9	113.4	172.3
	4	106.0	108.9	103.7	104.4	125.3	129.7	114.1	170.5
<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
	2	3.1	3.9	2.5	2.5	3.5	4.1	2.1	5.2
	3	2.6	4.1	1.4	1.9	2.8	3.3	-0.0	3.5
	4	2.5	4.1	1.3	1.8	2.4	2.8	2.0	1.7

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
2012	1	24,585	23,732	4,034	18,631	3.5	17,184	10,769	4,868	1,547
	2	24,825	23,783	4,060	18,599	4.2	17,225	10,807	4,877	1,542
	3	25,210	24,265	4,018	18,870	3.7	17,421	10,899	4,997	1,525
<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
2012	1	2.0	2.3	-2.8	3.5	-	2.1	4.5	0.4	-7.9
	2	1.6	1.9	-2.1	3.2	-	2.2	4.0	2.0	-8.5
	3	1.2	1.8	-2.5	3.4	-	2.1	3.4	4.5	-12.3

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)	
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
	2	3.3	3.5	4.3	3.4	3.6	2,030.25
	3	3.3	3.5	4.4	3.6	3.7	2,014.04
	4	3.3	3.5	4.3	3.5	3.6	1,981.99

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	1,756,597.4	2,288,816.9
2012 1	81,635.4	439,352.9	1,757,058.7	2,292,213.5
2	81,655.3	437,193.9	1,762,988.4	2,302,065.8
3	79,068.0	440,075.4	1,773,172.9	2,341,626.9
<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	6.2
2012 1	11.0	2.3	4.8	6.5
2	8.3	1.1	5.3	7.2
3	8.3	2.1	5.7	8.8

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
	2	1,126.5	1,123.4	1,399.2	1,433.7	1,516.3	1,486.0
	3	1,137.8	1,125.9	1,380.7	1,364.1	1,513.4	1,487.1
	4	1,134.2	1,135.6	1,412.0	1,393.9	1,501.7	1,495.6
<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
	2	-0.1	0.5	1.3	6.1	-2.1	-2.5
	3	2.8	0.3	3.7	-0.9	-3.2	-5.4
	4	5.8	4.5	7.5	6.8	-5.6	-4.7

Source: The Bank of Korea



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