

Republic of Korea
**ECONOMIC
BULLETIN**

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The Green Book

Current Economic Trends

Overview

The Korean economy has seen inflation decelerate, employment expand and real economic indicators slightly improve, but economic uncertainties are growing along with falling coincident and leading indicators.

The employment rate in May stood at 60.5 percent, up from April's 59.7 percent, and the jobless rate fell to 3.1 percent from 3.5 percent in April as the economy continues to add more than 400,000 jobs.

Consumer prices in June stayed within a 2 percent range for the fourth consecutive month, while core inflation has been in a steady downward trend at 1.5 percent in June, down from 1.6 percent in May and 1.8 percent in April.

Mining and manufacturing production in May rose 1.1 percent month-on-month due to an increase in production of refined petroleum and chemical products while service output was up 0.2 percent compared to the previous month, helped by an increase in wholesale & retail sales, transportation and hotel & restaurants.

In May, retail sales climbed 0.7 percent from a month earlier thanks to an increase in durable goods sales led by automobile sales as well as semi-durable and non-durable goods sales.

Facility investment in May decreased 0.8 percent from the previous month due to a decline in transportation equipment investment. Construction investment rose 2.5 percent month-on-month backed by an increase in both building construction and civil engineering works.

Exports in June increased for the first time in three months on the back of robust exports of major items. The current account balance in June posted a surplus of US\$4.96 billion, up from last month's US\$2.26 billion.

The cyclical indicator of the coincident composite index in May fell 0.5 points from a month ago while the leading composite index slipped 0.4 points month-on-month.

In June, volatility eased in domestic financial market as the Greek election outcome and the eurozone summit deal helped calm the global financial market.

In June, housing prices fell 0.1 percent compared to the previous month, while rent prices rose 0.1 percent month-on-month, but at a slower pace than the previous month's 0.2 percent.

External and domestic uncertainties continue amid ongoing destabilizing situations in the eurozone and concerns over economic slowdown in the US and other major economies.

The Korean government will closely monitor domestic and global economic situations, while bracing for the possibility of a prolonged crisis and reinforcing policy actions to stimulate the economy. At the same time, the government will accelerate efforts to stabilize the lives of middle- and low-income classes and strengthen the economy through job creation and stabilization of necessity prices.

1. External economic situation

The US economy is showing a moderate recovery, while the eurozone continues to struggle and growth is slowing down in emerging countries.

Concerns over a Greek exit from the eurozone have eased in the short term as the New Democracy Party, which supports the EU's fiscal austerity package, won the Greek election. The EU summit on June 28-29 produced measures for financial market stabilization that include a €120 billion fund for growth and job creation, authorizing the EFSF and ESM to directly finance bank recapitalizations and the establishment of a single bank regulator.

US

The US economy is on a moderate recovery track, but the job market growth is sluggish and business indices are weak.

The Federal Reserve revised its US GDP growth forecast for 2012 from 2.4-2.9 percent down to 1.9-2.4 percent and extended the "Operation Twist" program, which was scheduled to expire at the end of June, to the end of 2012, adding US\$267 billion. The IMF, on July 3, also downgraded its projection for 2012 US economic growth to 2.0 percent from the previous forecast of 2.1 percent.

The ISM Manufacturing Index, which shows business sentiment, fell in June below the base level of 50 for the first time since July 2009 and industrial output turned downward month-on-month.

ISM manufacturing index (base=50)

53.9 (Dec 2011) ➔ 54.1 (Jan 2012) ➔ 52.4 (Feb) ➔ 53.4 (Mar) ➔ 54.8 (Apr) ➔ 53.5 (May) ➔ 49.7 (Jun)

Consumer sentiment, which had been on the rise due to stable oil prices, fell in June.

US gasoline prices (average state price, US\$ per gallon)

3.72 (Feb 2012) ➔ 3.92 (Mar) ➔ 3.87 (Apr) ➔ 3.67 (May) ➔ 3.44 (Jun)

University of Michigan Consumer Sentiment Index (1964 = base 100, original)

69.9 (Dec 2011) ➔ 75.0 (Jan 2012) ➔ 75.3 (Feb) ➔ 76.2 (Mar) ➔ 76.4 (Apr) ➔ 79.3 (May) ➔ 73.2 (Jun)

Hopes for a housing recovery heightened as housing prices increased for the fourth consecutive month, but housing sales indices show mixed signs, with existing home sales falling in May while new home sales increased.

Case-Shiller home price index (seasonally adjusted)

203.4 (Dec 2006) ➔ 136.5 (Jan 2012) ➔ 136.6 (Feb) ➔ 137.6 (Mar) ➔ 138.6 (Apr)

New home sales (m-o-m, %)

0.0 (Jan 2012) ➔ 8.0 (Feb) ➔ -5.2 (Mar) ➔ -1.2 (Apr) ➔ 7.6 (May)

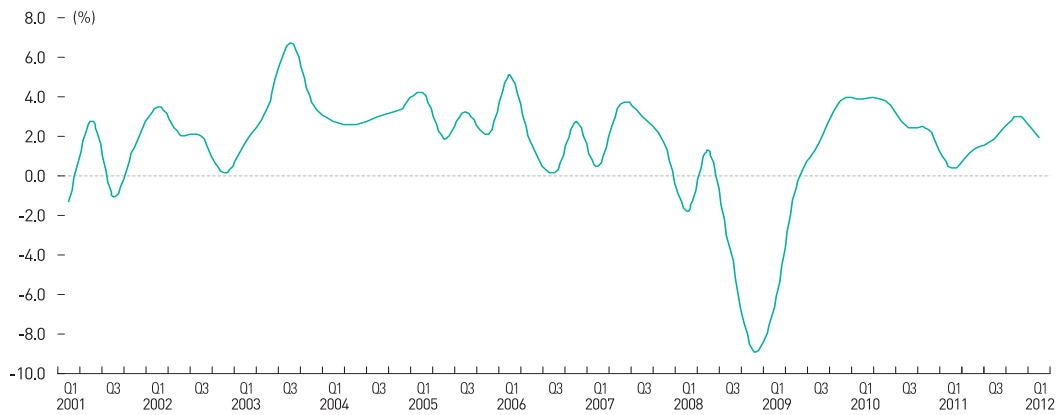
(Percentage change from previous period)

	2010		2011 ¹					2012 ¹			
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May
Real GDP ²	3.0	2.3	1.7	0.4	1.3	1.8	3.0	1.9	-	-	-
- Personal consumption expenditure	2.0	3.6	2.2	2.1	0.7	1.7	2.1	2.5	-	-	-
- Corporate fixed investment	4.4	8.7	8.6	2.1	10.3	15.7	5.2	3.1	-	-	-
- Housing construction investment	-4.3	2.5	-1.4	-2.4	4.2	1.3	11.6	20.0	-	-	-
Industrial production	5.3	0.8	4.1	1.2	0.2	1.7	0.9	1.4	-0.5	1.0	-0.1
Personal consumption expenditure	3.8	1.4	4.7	1.5	1.0	1.0	0.8	1.2	0.1	0.1	0.0
Existing home sales	-3.4	13.5	2.5	9.0	-5.2	-0.2	3.1	4.6	-2.8	3.4	-1.5
Unemployment rate ³	9.6	9.6	9.0	8.9	9.1	9.1	8.7	8.3	8.2	8.1	8.2
Consumer prices	1.6	0.7	3.1	1.3	1.0	0.8	0.2	0.6	0.3	0.0	-0.3

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

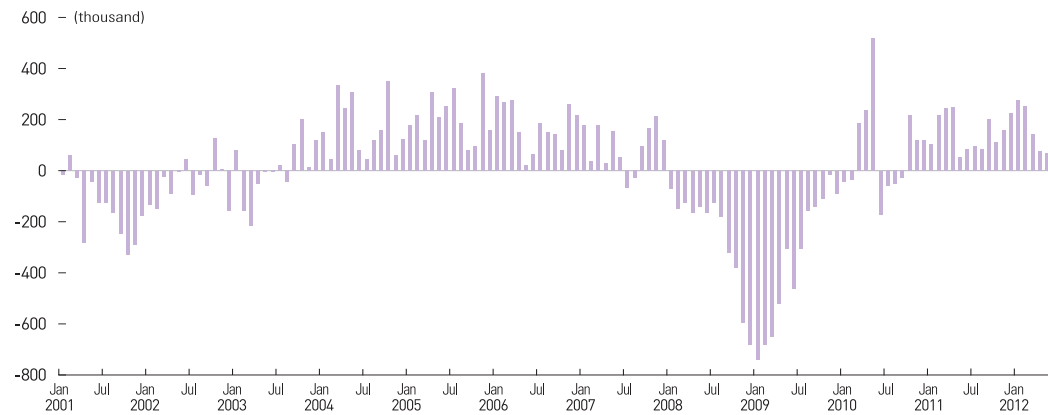
1-1 US GDP growth (q-o-q, annualized rate)

Source: US Department of Commerce



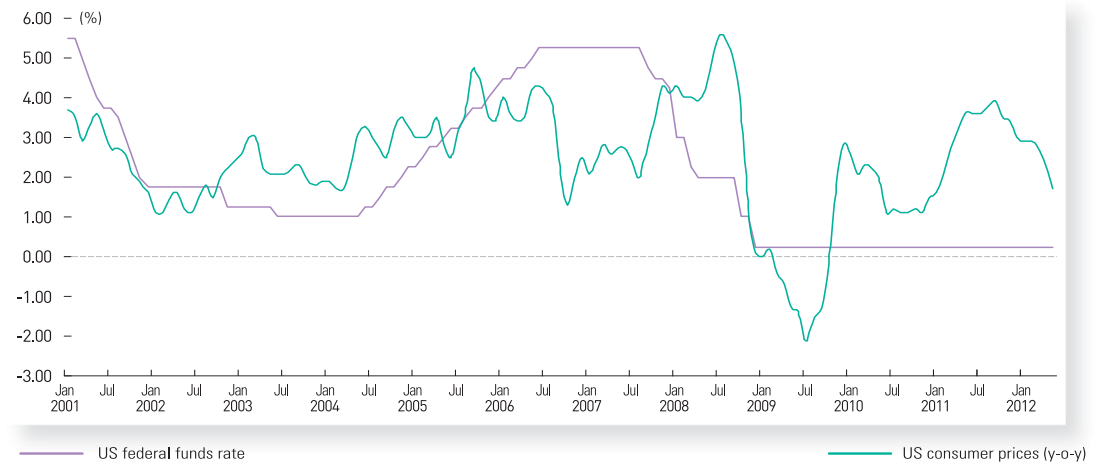
1-2 US nonfarm payroll employment (m-o-m change)

Source: US Department of Labor



1-3 US federal funds rate and consumer prices

Source: US Federal Reserve Board & Department of Labor



China

China's growth slowed down due to a weak domestic economy with retail sales and fixed asset investment slowing.

However, consumer prices, which had remained high last year, have stabilized and sluggish exports weighed on by global slowdown slightly rebounded.

(Percentage change from same period in previous year)

	2010	2011					2012 ¹		
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Apr	May
Real GDP	10.3	9.2	9.7	9.5	9.1	8.9	8.1	-	-
Industrial production ²	15.7	13.9	14.9	13.9	13.8	12.8	11.6	9.3	9.6
Fixed asset investment (accumulated)	24.5	25.1	32.5	27.0	28.0	28.0	21.3	20.5	20.1
Retail sales	18.4	17.1	17.1	18.2	17.3	17.5	14.9	14.1	13.8
Exports	31.3	20.3	26.4	22.0	20.5	14.3	7.6	4.6	15.3
Consumer prices ²	3.3	5.4	5.1	5.7	6.3	4.6	3.8	3.4	3.0
Producer prices ²	5.5	6.0	7.0	6.9	7.1	3.1	0.1	-0.7	-1.4

1. Preliminary 2. Quarterly change: average of monthly change Source: China National Bureau of Statistics

Japan

The Japanese economy's recovery appears to be delayed as industrial output has been weak and retail sales grew at a slower pace.

Exports expanded due to a base effect, but the current account deficit grew as energy imports including LNG and oil increased.

Current account balance (¥ billion)

208 (Dec 2011) ➔ -1,482 (Jan 2012) ➔ 25 (Feb) ➔ -87 (Mar) ➔ -522 (Apr) ➔ -907 (May)

(Percentage change from previous period)

	2010	2011					2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May
Real GDP	4.4	-0.7	-2.0	-0.3	1.9	0.0	1.2	-	-	-
Industrial production	16.5	-2.4	-1.5	-4.2	5.4	0.4	1.2	1.3	-0.2	-3.1
Retail sales (y-o-y)	2.5	-1.2	-3.0	-1.7	-1.0	0.8	5.2	10.3	5.7	3.6
Exports (y-o-y)	26.1	-2.6	2.7	-8.1	0.6	-5.4	-2.0	5.9	7.9	10.0
Consumer prices (y-o-y)	-0.7	-0.3	-0.5	-0.4	0.1	-0.3	0.3	0.5	0.4	0.2

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 struggle as industrial production and retail sales in April fell month-on-month while the jobless rate in May hit the highest since 1995.

Manufacturing PMI (base = 50)

46.9 (Dec 2011) ➔ 48.8 (Jan 2012) ➔ 49.0 (Feb) ➔ 47.7 (Mar) ➔ 45.9 (Apr) ➔ 45.1 (May) ➔ 45.1 (Jun)

Unemployment rate (%)

10.5 (Oct 2011) ➔ 10.6 (Nov) ➔ 10.7 (Dec) ➔ 10.8 (Jan 2012) ➔ 10.9 (Feb) ➔ 11.0 (Mar) ➔ 11.0 (Apr) ➔ 11.1 (May)

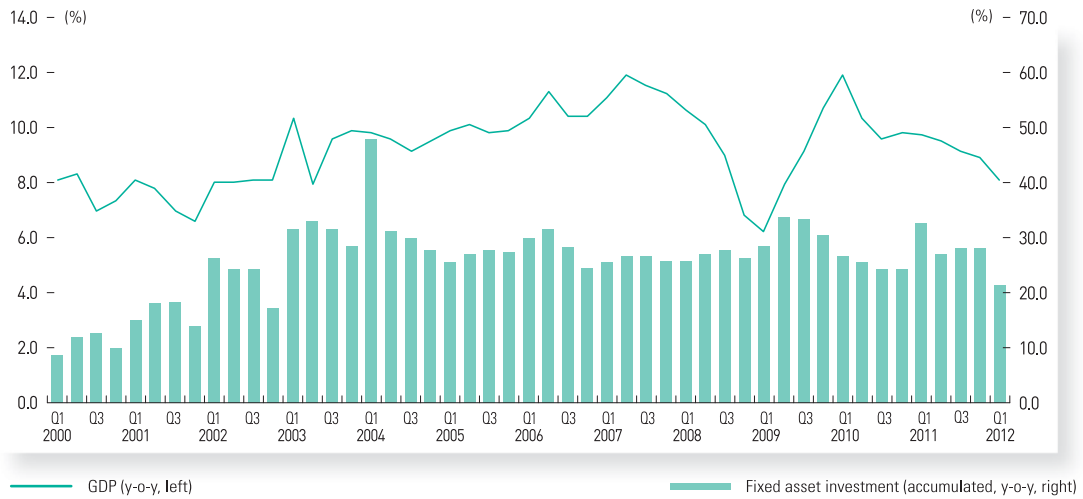
(Percentage change from previous period)

	2010	2011 ¹					2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May
Real GDP	1.8	1.5	0.7	0.1	0.1	-0.3	0.0	-	-	-
Industrial production	7.4	3.5	0.9	0.2	0.8	-1.9	-0.4	-0.1	-1.0	-
Retail sales	0.9	-0.6	-0.2	-0.4	0.3	-1.1	0.1	0.5	-1.2	-
Exports (y-o-y)	20.1	12.7	21.5	13.0	9.4	8.3	8.6	4.5	6.1	-
Consumer prices (y-o-y)	1.6	2.7	2.5	2.8	2.7	2.9	2.7	2.7	2.6	2.4

1. Preliminary Source: Eurostat

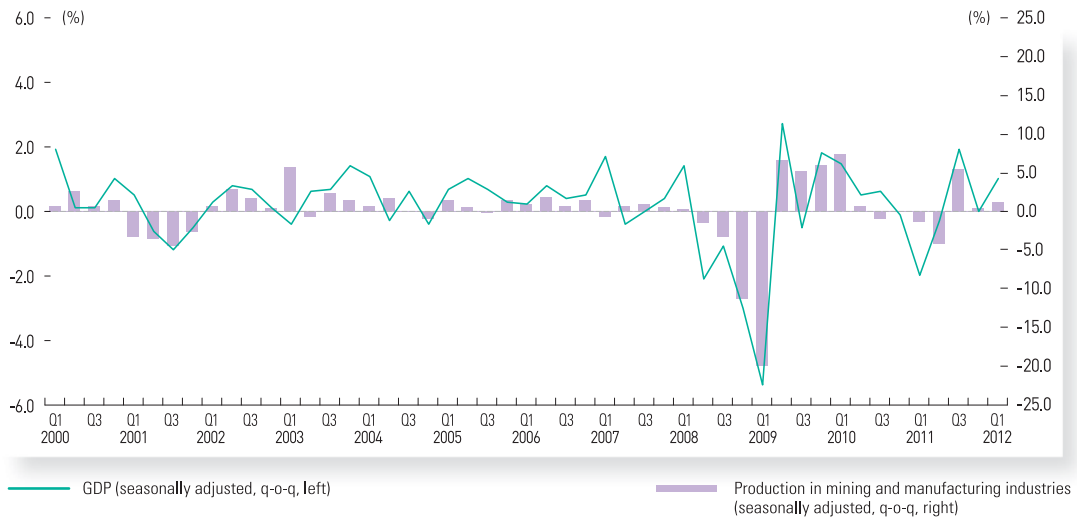
1-4 China's GDP growth and fixed asset investment

Source: National Bureau of Statistics of China



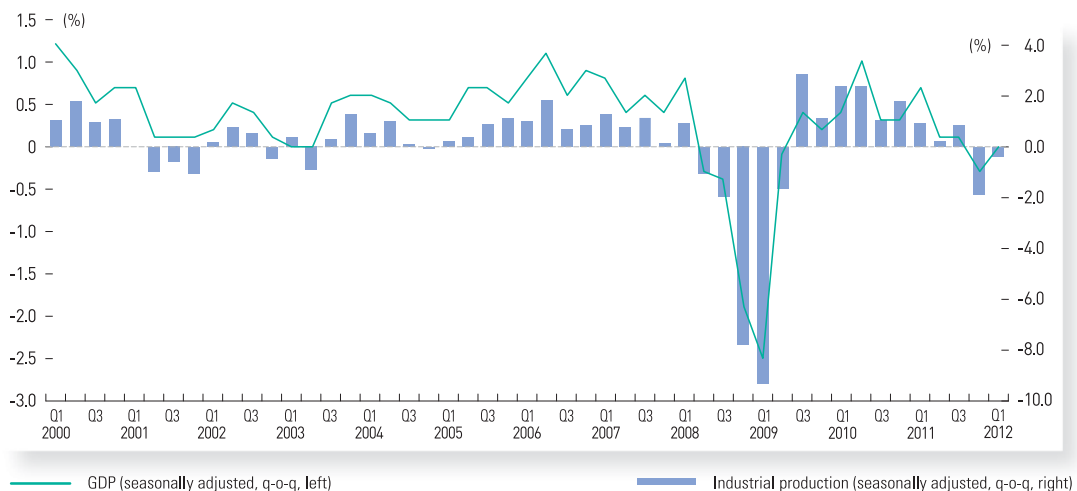
1-5 Japan's GDP growth and industrial production

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 (*preliminary 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 ¹					2012
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1 ¹
Private consumption ²	4.4	0.7	0.7	1.2	0.4	2.3	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 May rose 0.7 percent month-on-month and 2.2 percent year-on-year backed by an increase in sales of durable goods, semi-durable goods and non-durable goods.

Durable goods sales rose month-on-month for a third successive month, mainly led by automobile sales, while semi-durable goods and non-durable goods sales increased as unusually hot temperatures boosted early demand for summer clothing and stable oil prices increased fuel consumption.

(Percentage change from previous period)

	2010	2011					2012			
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Consumer goods sales	6.7	4.3	1.5	0.1	1.6	-1.3	1.0	-2.6	0.9	0.7
y-o-y	-	-	5.4	5.7	4.7	1.9	2.0	0.1	0.3	2.2
- Durable goods ²	14.8	10.8	4.3	-0.5	1.8	-2.4	3.0	0.1	3.3	0.8
· Automobiles	11.1	5.9	5.9	-4.9	3.6	-11.3	2.8	2.9	5.8	3.7
- Semi-durable goods ³	6.8	4.2	0.8	0.7	1.2	-0.3	-0.3	-2.9	-1.0	2.8
- Non-durable goods ⁴	2.2	1.1	0.2	0.0	2.1	-0.5	0.7	-4.6	-0.6	0.7

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 stores, large discount stores, specialized retailers and nonstore retailers all saw their sales increase.

(Percentage change from previous period)

	2010	2011					2012			
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1 ¹	Mar	Apr ¹	May ¹
- Department stores	8.8	8.1	2.2	0.5	1.2	-0.6	-0.8	-1.9	-1.3	5.8
- Large discounters	4.5	3.9	1.2	1.0	0.2	0.3	-1.2	-0.4	-4.2	0.8
- Specialized retailers ²	5.7	3.3	1.3	-0.5	2.1	-3.1	1.5	-4.1	0.9	2.0
- Nonstore retailers	15.6	8.6	1.4	1.2	2.8	0.6	2.7	-4.8	3.5	2.9

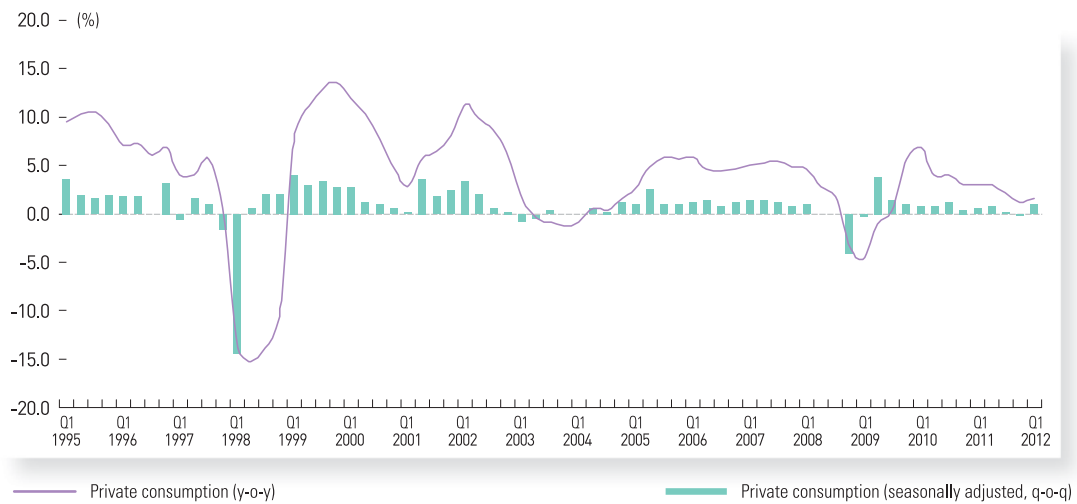
1. Preliminary

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

Source: Statistics Korea

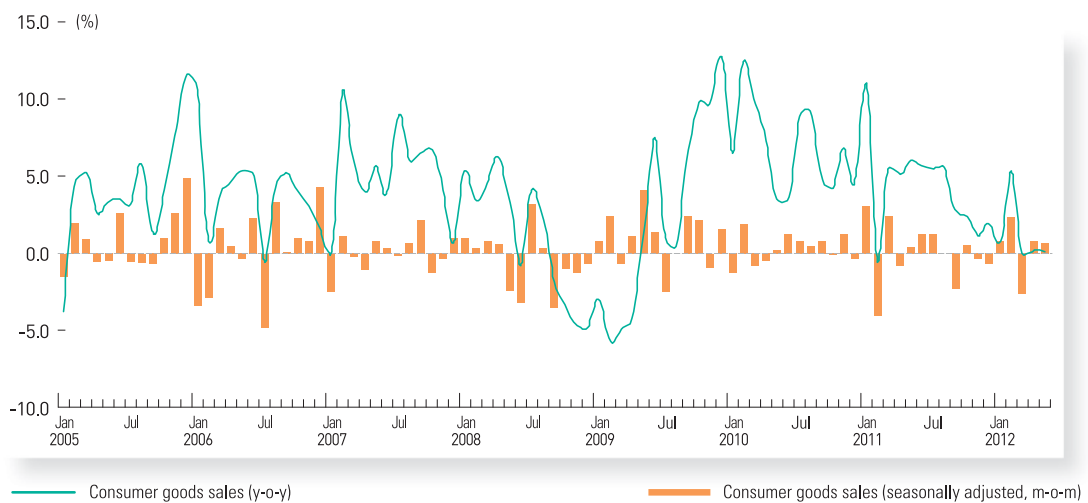
2-1 Private consumption

Source: The Bank of Korea (national accounts)



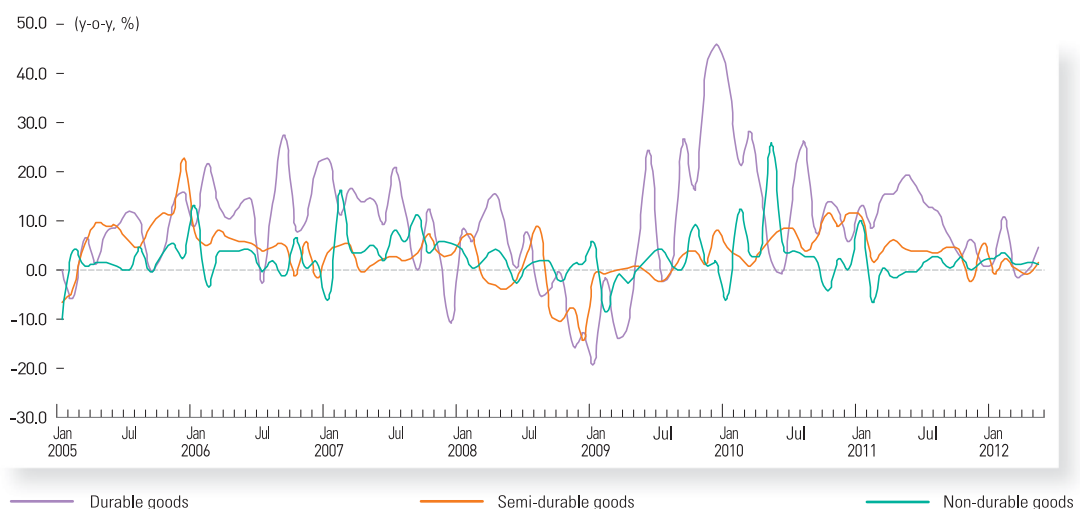
2-2 Consumer goods sales

Source: Statistics Korea (industrial activity trend)



2-3 Consumer goods sales by type

Source: Statistics Korea (industrial activity trend)



June retail sales are expected to slow down slightly, given weak advanced indicators and the possibility of an adjustment after having risen for two months in a row.

In June, credit card sales rose, but at a slower pace than the previous month's. Department store sales shrank while discounter sales dropped at a faster pace. Gasoline sales increased due to a decrease in international oil prices. Car sales turned downward due to a lack of demand for cars excluding newly launched models.

Gasoline prices (won per liter)

2,009 (end of May) ➔ 1,995 (June, 1st week) ➔ 1,982 (2nd week) ➔ 1,963 (3rd week) ➔ 1,939 (4th week)

(y-o-y, %)

	2012					
	Jan	Feb	Mar	Apr	May	Jun
- Credit card sales	11.2	24.9	14.5	18.3	15.3	13.7
- Large discounter sales	2.7	-6.4	3.2	-2.4	-5.7	-7.4
- Department store sales	-4.1	2.9	1.6	-3.4	1.0	-1.2
- Domestic sales of gasoline	7.6	4.4	4.1	5.6	5.2	9.4
- Domestically made car sales	-19.9	5.5	-9.9	-6.8	0.7	-3.7

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 June data)

Retail sales are expected to maintain a moderate upward trend helped by improving consumption, but domestic and external uncertainties may limit any gains.

Conditions related to consumption are improving due to recovering employment and slowing inflation.

Payroll employment change (y-o-y, thousand)

441 (Dec 2011) ➔ 536 (Jan 2012) ➔ 447 (Feb) ➔ 419 (Mar) ➔ 455 (Apr) ➔ 472 (May)

Consumer prices (y-o-y, %)

4.2 (Dec 2011) ➔ 3.4 (Jan 2012) ➔ 3.1 (Feb) ➔ 2.6 (Mar) ➔ 2.5 (Apr) ➔ 2.5 (May) ➔ 2.2 (Jun)

The launch of new smart phones and the London 2012 Olympics are projected to have a positive effect on the recovery of consumption.

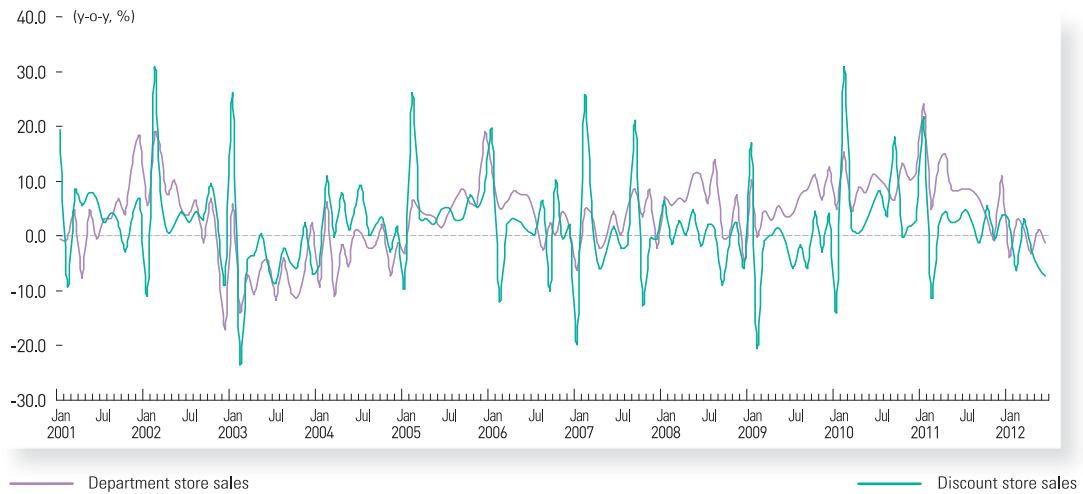
Consumer sentiment in June stayed above the base level of 100, but fell slightly than a month before since the eurozone crisis weighed on the financial market.

Consumer sentiment index (CSI, base=100)

103 (Nov 2011) ➔ 99 (Dec) ➔ 98 (Jan 2012) ➔ 100 (Feb) ➔ 101 (Mar) ➔ 104 (Apr) ➔ 105 (May) ➔ 101 (Jun)

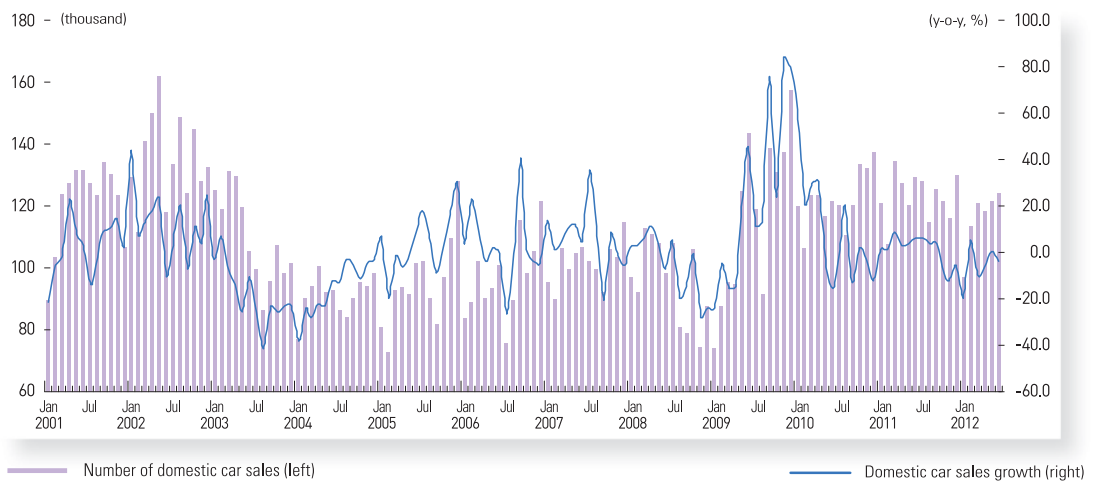
2-4 Department store and discount store sales (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



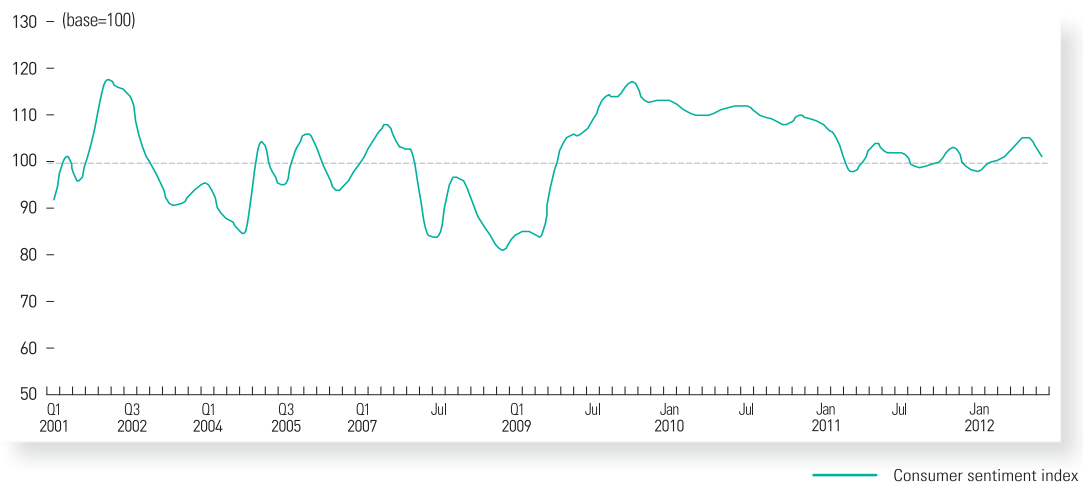
2-5 Domestically-made automobile sales

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



2-6 Consumer sentiment index

Source: The Bank of Korea



3. Facility investment

Facility investment (*preliminary GDP*) in the first quarter of 2012 increased 10.3 percent quarter-on-quarter and 8.6 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 ¹					2012 ¹
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1
Facility investment ²	25.7	4.6	-0.2	3.7	-1.6	4.7	-1.8	-4.3	10.3
y-o-y	-	26.3	16.9	-	10.3	7.7	1.2	-3.3	8.6
- Machinery	31.2	7.1	-1.4	4.1	-1.9	5.0	-2.5	-2.5	11.4
- Transportation equipment	8.3	-4.7	4.9	1.9	-0.7	3.7	0.9	-11.2	6.1

1. Preliminary

2. National accounts

Source: The Bank of Korea

Despite a slight increase in machinery investment, the facility investment index in May fell 0.8 percent month-on-month and 1.5 percent year-on-year due to a decrease in transportation equipment investment.

Facility investment is projected to slow down slightly given leading indicators such as machinery orders and machinery imports.

(Percentage change from previous quarter)

	2010	2011					2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Facility investment index	24.2	0.7	-1.9	3.6	-1.5	-5.0	11.3	-7.0	5.0	-0.8
y-o-y	-	-	5.4	5.7	-3.1	-4.7	9.3	1.3	5.4	-1.5
- Machinery	29.4	1.7	-3.5	6.0	-2.2	-3.1	10.2	-8.3	6.2	0.6
- Transportation equipment	4.5	-4.1	6.1	-7.2	1.6	-12.9	14.7	-1.5	-0.3	-5.7

1. Preliminary Source: Statistics Korea

(Percentage change from same period in previous year)

	2010	2011					2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Domestic machinery orders	8.3	11.0	19.5	10.0	3.4	11.5	-2.4	-25.1	-6.9	-11.1
q-o-q, m-o-m	-	-	9.2	-0.3	-5.4	8.8	-7.1	-32.8	21.6	-4.0
- Public	-37.7	11.2	-10.5	81.1	6.1	-3.1	104.5	-43.0	-1.2	-42.4
- Private	18.3	11.0	22.7	4.9	3.2	14.7	-10.8	-23.2	-7.2	-8.9
Machinery imports	40.4	7.1	8.1	10.6	9.3	1.0	15.2	-0.4	11.2	-7.8
Manufacturing average operation ratio	80.9	79.9	82.2	79.9	79.6	78.0	79.9	78.1	79.3	79.3
Facility investment adjustment pressure ²	8.9	1.6	3.6	1.1	1.0	0.8	0.8	-2.3	-2.6	-0.6

1. Preliminary

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

Sources: Statistics Korea, Korea International Trade Association

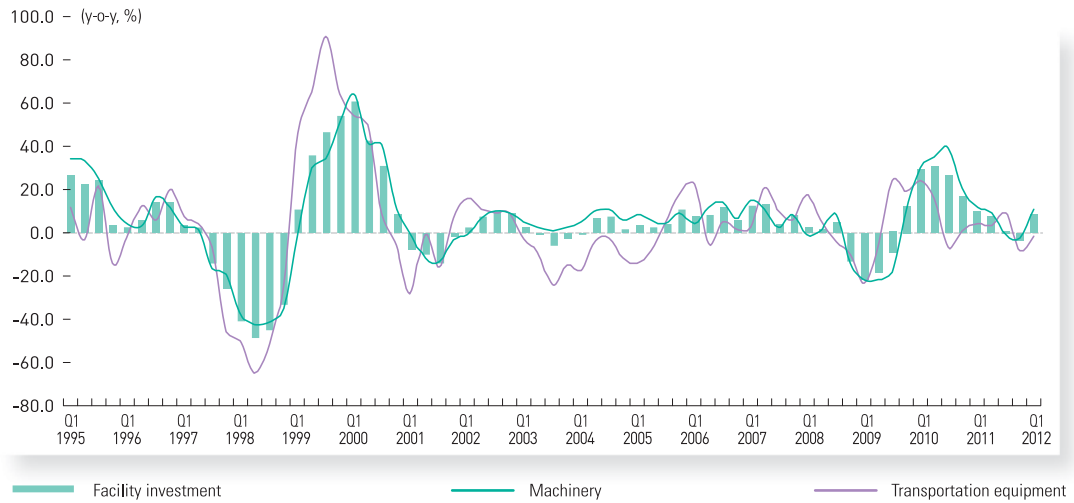
Corporate sentiment appears to decline due to external uncertainties.

	2012						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Business survey indices (base=100) for facility investment projection in the manufacturing sector	96	97	98	98	98	99	97

Source: The Bank of Korea

3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



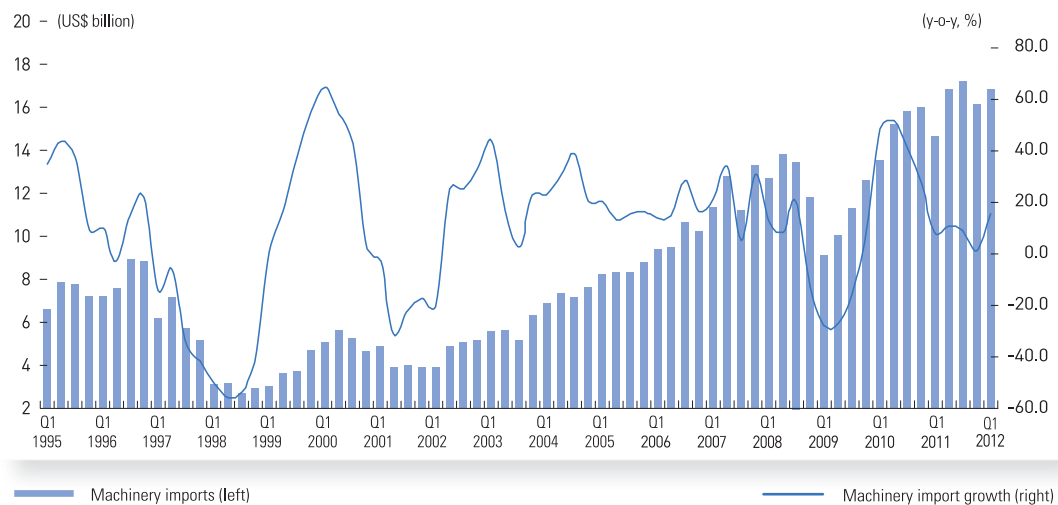
3-2 Machinery orders and estimated facility investment index (3-month average)

Source: Statistics Korea (industrial activity trend)



3-3 Machinery imports

Source: Korea International Trade Association (KITA)



4. Construction investment

Construction investment (*preliminary GDP*) in the first quarter of 2012 fell 1.2 percent quarter-on-quarter but rose 1.5 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 ¹					2012 ¹
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1
Construction investment ²	-3.7	-0.9	-1.9	-5.0	-4.4	3.5	-0.5	0.1	-1.2
y-o-y	-	-4.9	-5.2	-	-11.0	-4.2	-4.0	-2.1	1.5
- Building construction	-1.6	-1.0	0.1	-4.1	-5.3	4.5	-1.1	-0.6	3.8
- Civil engineering works	-6.2	-0.8	-4.6	-6.0	-3.2	2.3	0.3	1.0	-7.7

1. Preliminary

2. National accounts

Source: The Bank of Korea

The value of construction completion (*constant*) in May rose 2.5 percent month-on-month due to gains in building construction and civil engineering works. However, compared to the previous year, the value fell 6.5 percent.

(Percentage change from previous quarter)

	2010	2011					2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Value of construction completion(constant)	-3.3	-6.7	-3.8	2.0	-4.3	5.7	-6.8	-1.4	-5.8	2.5
y-o-y	-	-	-12.6	-6.6	-8.4	-0.5	-3.7	-7.6	-8.0	-6.5
- Building construction	-7.0	-8.4	-4.7	1.0	-3.7	4.9	-3.4	-5.9	-7.9	1.9
- Civil engineering works	2.2	-4.5	-2.5	3.1	-5.1	6.6	-11.2	5.0	-3.1	3.1

1. Preliminary

Source: Statistics Korea

(Percentage change from same period in previous year)

	2009	2011					2012			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Construction orders (current value)	-17.7	4.0	-11.8	-1.7	1.5	22.4	36.6	-3.5	-4.4	2.9
q-o-q, m-o-m	-	-	12.5	11.7	3.3	-1.9	25.4	-40.6	-5.4	0.7
- Building construction	-8.9	10.9	-7.7	-2.5	9.8	40.6	31.3	-0.7	-3.2	5.4
- Civil engineering works	-28.3	-6.6	-17.2	0.1	-11.0	-1.1	44.5	-8.4	-7.5	-5.4
Building permit area	19.3	9.9	21.5	3.8	58.7	-14.8	8.7	13.5	-4.9	0.5

1. Preliminary

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

Construction investment could improve, given leading indicators such as construction orders and building permit areas. However, as shown in the increasing number of unsold houses and decreasing housing transactions, a slow recovery in the housing market may weigh on the recovery of construction investment.

Unsold houses (thousand)

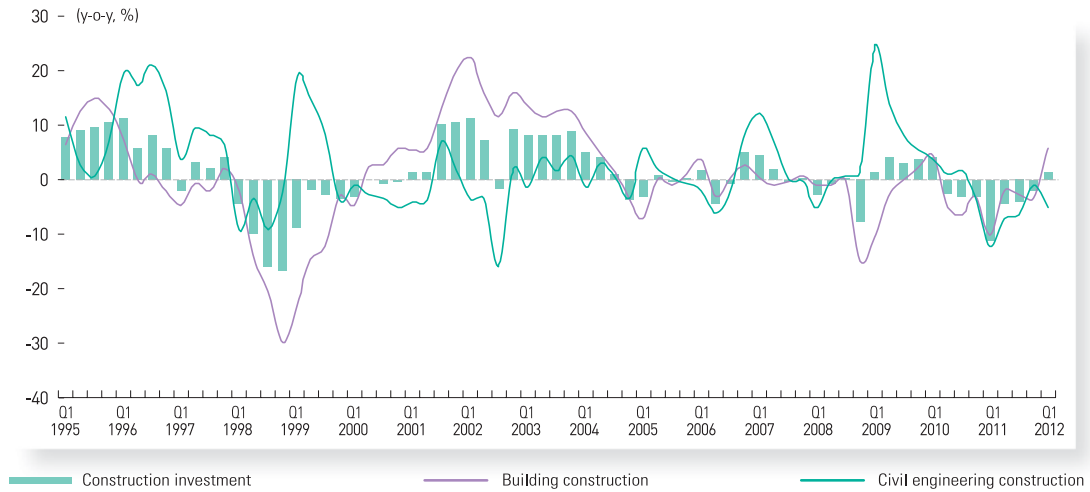
70 (Dec 2011) ➔ 68 (Jan 2012) ➔ 65 (Feb) ➔ 63 (Mar) ➔ 61 (Apr) ➔ 62 (May)

Housing transaction growth (y-o-y, %)

7.0 (Dec 2011) ➔ -58.8 (Jan 2012) ➔ -28.4 (Feb) ➔ -29.8 (Mar) ➔ -26.8 (Apr) ➔ -20.2 (May)

4-1 Construction investment

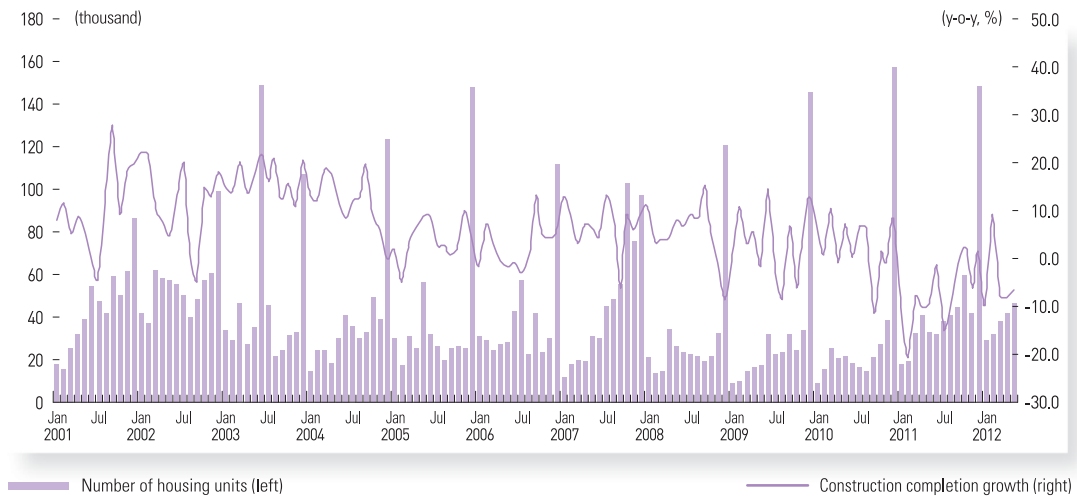
Source: The Bank of Korea (national accounts)



4-2 Construction completion and housing construction

Source: Statistics Korea (construction completion)

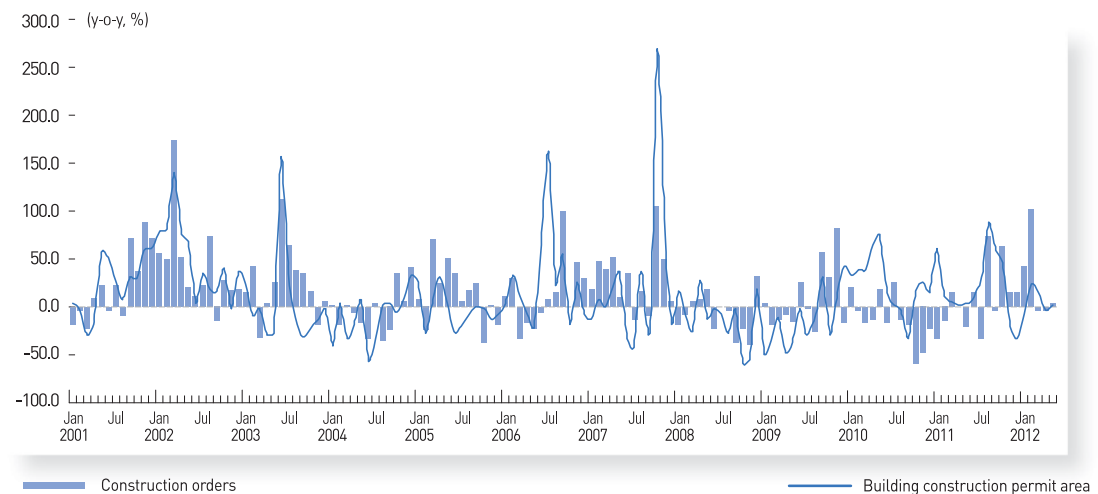
Ministry of Land, Transport and Maritime Affairs (housing construction)



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

June exports increased 1.3 percent (*preliminary*) year on year to US\$47.35 billion.

Fewer working days in June this year (22.5 days) than a year earlier (23 days) did not weigh on exports, which turned positive year-on-year as those of main items such as car parts and general machinery increased.

With average daily exports at US\$2.11 billion in June, up both from the previous month's US\$2.09 billion and the previous year's US\$2.03 billion, exports maintained their upward momentum.

Average daily exports (US\$ billion)

2.03 (Jun 2011) ➡ 1.88 (Jan 2012) ➡ 2.02 (Feb) ➡ 2.02 (Mar) ➡ 2.10 (Apr) ➡ 2.09 (May) ➡ 2.11 (Jun)

Exports of general machinery (*up 9.2%*), car parts (*up 5.6%*), semiconductors (*up 3.1%*), and vessels (*up 4.9%*) grew year-on-year, but those of mobile phones (*down 28.6%*) fell.

Vessel exports in June resumed an upward trend due to a base effect of the same month last year, while mobile phone exports continued to fall due to overseas production expansion.

Vessel orders (US\$ billion)

6.3 (Apr 2011) ➡ 5.2 (May) ➡ 4.1 (Jun)

Overseas production ratio of mobile phones (%)

69.0 (Q1 2011) ➡ 76.6 (Q2) ➡ 81.0 (Q3) ➡ 80.1 (Q4)

(US\$ billion)

	2010	2011					2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Apr	May	Jun ¹	Jan-Jun ¹
Exports	466.38	555.21	130.99	142.69	141.24	140.37	134.85	46.13	47.05	47.35	275.39
(y-o-y, %)	19.6	19.0	29.6	18.7	21.4	9.0	3.0	-4.9	-0.6	1.3	0.7
Average daily exports	1.70	2.01	1.98	2.08	2.03	1.98	1.97	2.10	2.09	2.11	2.03
Imports	425.21	524.41	123.91	134.29	134.92	131.26	133.40	44.06	44.80	42.39	264.65
(y-o-y, %)	31.6	23.3	26.1	27.2	27.7	13.4	7.6	-0.3	-1.1	-5.4	2.5
Average daily imports	1.46	1.91	1.87	1.96	1.96	1.85	1.95	2.01	1.99	1.88	1.95

1. Preliminary

Source: Korea Customs Service

Imports in May decreased 5.4 percent (*preliminary*) year-on-year to US\$42.39 billion.

Imports were down year-on-year, due to a fall in imports of capital goods (*down 10.3%*) including semiconductor equipment and a decline in imports of commodities (*down 8.2%*) spurred by falling oil prices and a decrease in steel imports.

The trade balance (*preliminary*) in June posted a surplus of US\$4.96 billion.

(US\$ billion)

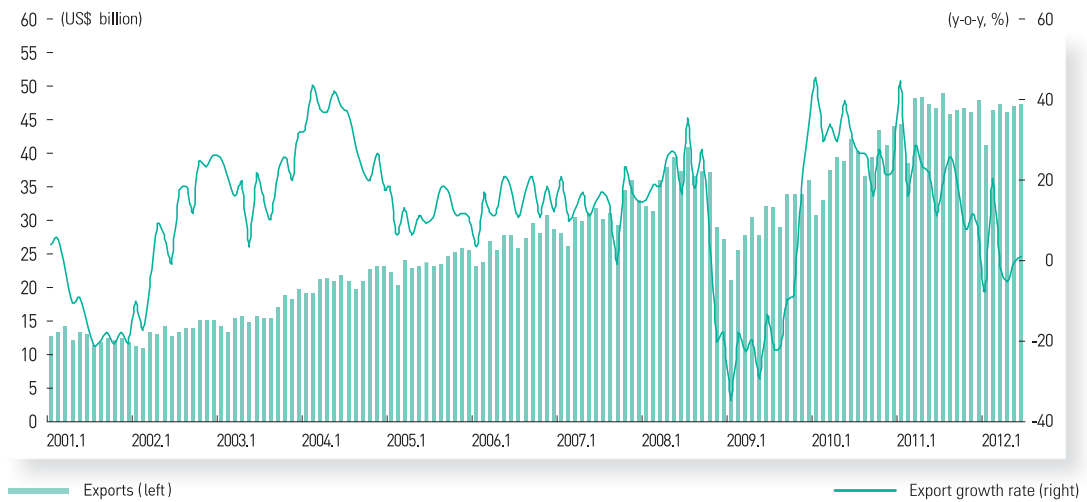
	2010	2011					2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Apr	May	Jun ¹	Jan-Jun ¹
Trade balance	41.17	30.80	7.08	8.40	6.30	9.16	1.45	2.07	2.26	4.96	10.74

1. Preliminary

Source: Korea Customs Service

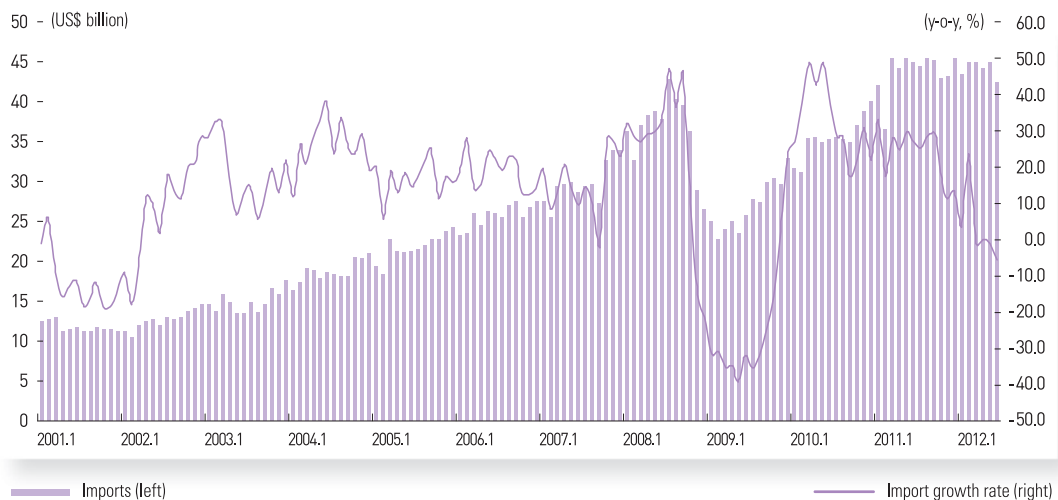
5-1 Exports (customs clearance basis)

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



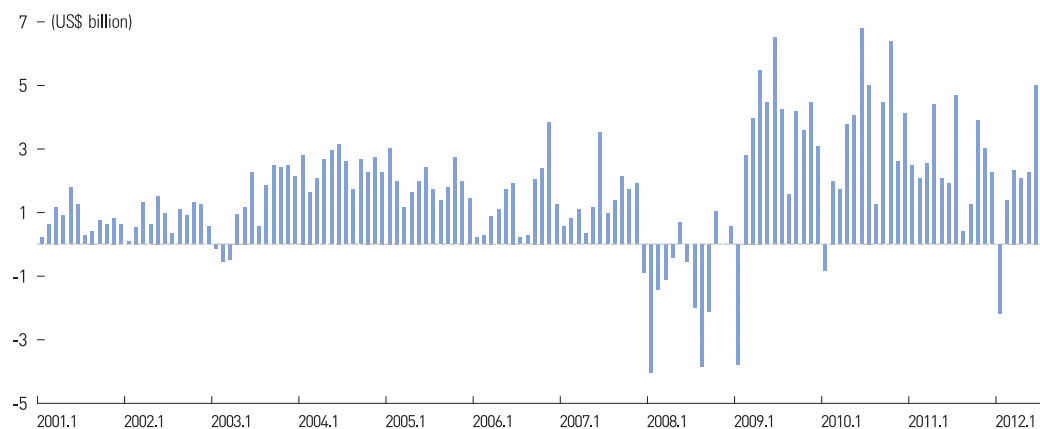
5-2 Imports (customs clearance basis)

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 in May rose 1.1 percent month-on-month and 2.6 percent year-on-year due to an increase in the production of chemicals and refined petroleum products.

The production of refined petroleum products (*up 10.7%*) and chemicals (*up 4.1%*) increased month-on-month while the production of tobacco (*down 34%*) and processed metals (*down 2.3%*) fell month-on-month.

The manufacturing inventory-shipment ratio decreased by 3.2 percentage points month-on-month as inventory decreased 0.7 percent and shipments rose 2.2 percent.

Shipments of refined petroleum products (*up 12.0%*) and semiconductors & parts (*up 2.8%*) increased month-on-month, while those of tobacco (*down 30.1%*) and clothing and fur (*down 4.5%*) declined.

Inventories of machinery equipment (*up 5.1%*) and chemicals (*up 3.8%*) climbed month-on-month, while those of semiconductors & parts (*down 5.4%*) and audio-visual communications equipment (*down 4.9%*) slipped.

The average operation ratio of the manufacturing sector remained at 79.3 percent, unchanged from the previous month.

(Percentage change from previous quarter or month)

		2011				2012 ¹			
		Annual	Q1	Q4	May	Q1	Mar	Apr ¹	May ¹
Mining and manufacturing activity ²	Production (q-o-q, m-o-m)	-	4.5	-0.1	1.3	2.2	-2.9	0.9	1.1
	(y-o-y)	6.9	10.4	5.0	8.3	3.8	0.6	0.0	2.6
	- Manufacturing (q-o-q, m-o-m)	-	4.6	0.1	1.4	2.2	-3.2	0.9	1.1
	(y-o-y)	7.0	10.6	5.3	8.5	4.2	0.7	0.0	2.7
	Shipment	6.7	3.9	-0.3	0.7	2.5	-3.0	0.6	2.2
	- Domestic demand	3.3	2.9	-2.0	1.7	1.6	-4.5	2.7	0.6
	- Exports	10.8	4.9	1.5	-0.4	3.6	-1.6	-1.8	4.0
	Inventory ³	20.8	0.4	9.3	0.7	-2.9	-2.3	0.9	-0.7
Manufacturing activity	Average operation ratio (%)	79.9	82.2	78.0	79.9	79.9	78.1	79.3	79.3
	Production capacity ⁴	5.4	7.0	4.5	6.1	3.4	3.0	2.6	3.3

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 projected to expand slowly, led by semiconductors and automobiles, but a decline in exports of steel and petrochemicals may limit the gain.

Semiconductor exports (US\$ billion)

3.77 (Jan 2012) ➡ 3.87 (Feb) ➡ 4.31 (Mar) ➡ 3.84 (Apr) ➡ 4.24 (May) ➡ 4.34 (Jun¹)

Automobile exports (US\$ billion)

3.44 (Jan 2012) ➡ 4.41 (Feb) ➡ 4.57 (Mar) ➡ 4.17 (Apr) ➡ 3.95 (May) ➡ 4.48 (Jun¹)

Steel exports (US\$ billion)

2.95 (Jan 2012) ➡ 3.11 (Feb) ➡ 3.08 (Mar) ➡ 3.12 (Apr) ➡ 3.26 (May) ➡ 3.12 (Jun¹)

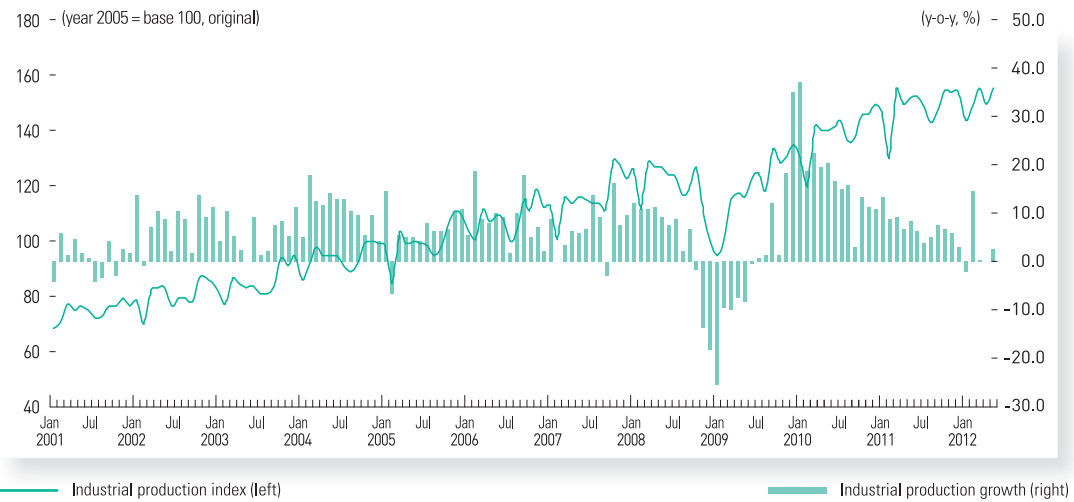
Petrochemical exports (US\$ billion)

3.55 (Jan 2012) ➡ 3.93 (Feb) ➡ 3.92 (Mar) ➡ 3.76 (Apr) ➡ 3.87 (May) ➡ 3.09 (Jun¹)

1. Preliminary

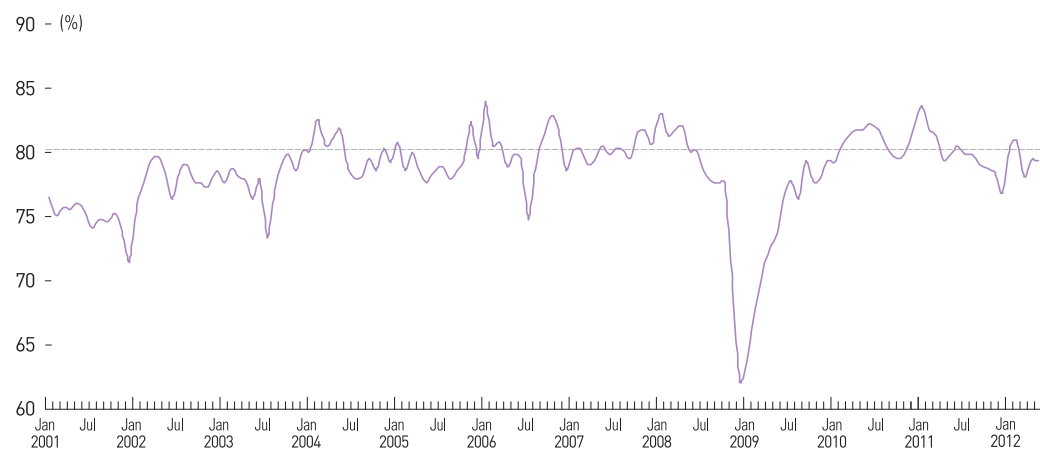
6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



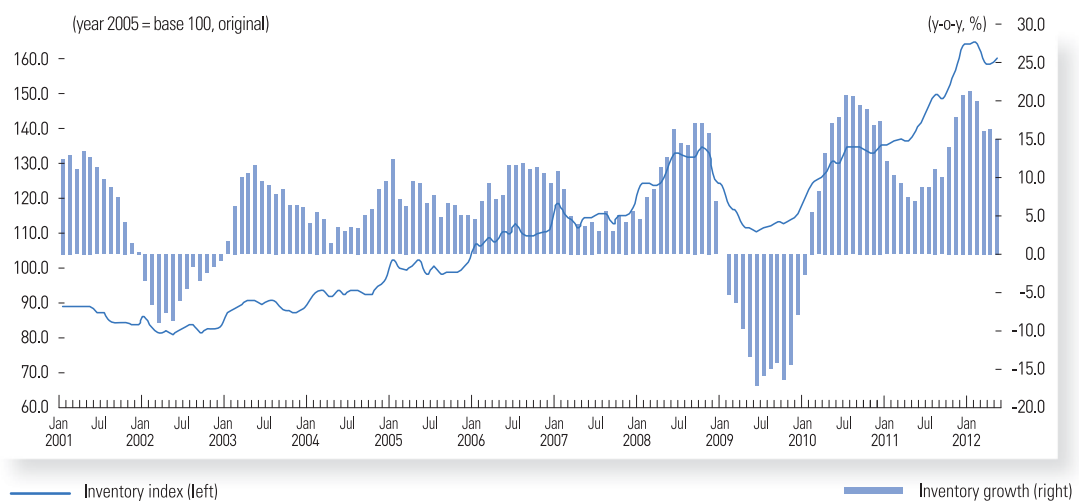
6-2 Average manufacturing operation ratio

Source: Statistics Korea (industrial activity trend)



6-3 Inventory

Source: Statistics Korea (industrial activity trend)



7. Service sector activity

Despite sluggish financial & insurance services, service activity in May rose 0.2 percent month-on-month helped by wholesale & retail sales and hotels & restaurants. On a year-on-year basis, service activity expanded 2.2 percent.

Financial & insurance services decreased 0.7 percent from the previous month affected by a small volume of stock transactions.

Real estate & renting shifted to a decline, falling 0.1 percent month-on-month.

Wholesale & retail sales (*up 1.6%*) and hotels & restaurants (*up 1.2%*) expanded for three and four consecutive months, respectively, accelerating the growth pace from the previous month.

Transportation services increased 1.0 percent from the previous month, recovering from the weak performance in mainly in road freight transportation during March and April.

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

-6.1 (Jan 2012) ➡ 1.6 (Feb) ➡ -14.4 (Mar) ➡ -8.7 (Apr) ➡ 4.0 (May)

(Percentage change from previous period)

	Weight	2010	2011					2012			
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Mar	Apr ¹	May ¹
Service activity index	100.0	3.9	3.3	1.6	0.2	1.3	-0.5	1.0	-0.8	0.0	0.2
- Wholesale & retail sales	21.8	5.7	3.8	1.4	1.4	0.7	-0.7	0.1	0.2	0.2	1.6
- Transportation services	9.0	11.9	3.9	2.6	-1.6	1.0	-1.0	1.5	-2.6	-0.4	1.0
- Hotels & restaurants	7.7	1.2	-0.5	-0.4	1.0	-0.3	-1.5	-0.2	1.5	0.6	1.2
- Information & communications services	8.4	1.7	4.4	1.1	0.5	2.8	0.3	1.0	-2.6	0.9	0.2
- Financial & insurance services	15.3	4.6	7.3	3.0	0.1	2.7	0.1	1.4	-2.8	-0.5	-0.7
- Real estate & renting	6.3	-8.5	-10.2	3.3	-2.2	-0.3	-6.4	-0.2	-0.8	2.7	-0.1
- Professional, scientific & technical services	4.8	-0.5	0.3	-1.5	2.0	1.0	1.4	1.8	0.1	-1.2	-0.2
- Business services	2.9	7.5	4.3	0.8	0.9	0.2	0.4	1.7	-0.8	1.3	2.0
- Educational services	10.8	2.0	2.4	0.2	-0.9	1.7	0.4	1.2	-1.5	0.6	-1.0
- Healthcare & social welfare services	6.0	8.8	6.3	3.3	0.6	1.4	1.6	1.7	2.0	0.2	0.0
- Entertainment, cultural & sports services	2.9	-0.4	2.3	1.1	0.0	0.7	0.1	4.3	5.7	-6.9	0.3
- Membership organizations	3.8	4.3	1.1	-0.3	1.1	-0.3	-2.1	-0.2	0.3	-0.9	-1.4
- Sewerage & waste management	0.4	5.1	0.0	0.1	-0.5	0.2	3.1	1.0	-2.5	4.5	-2.7

1. Preliminary

Source: Statistics Korea

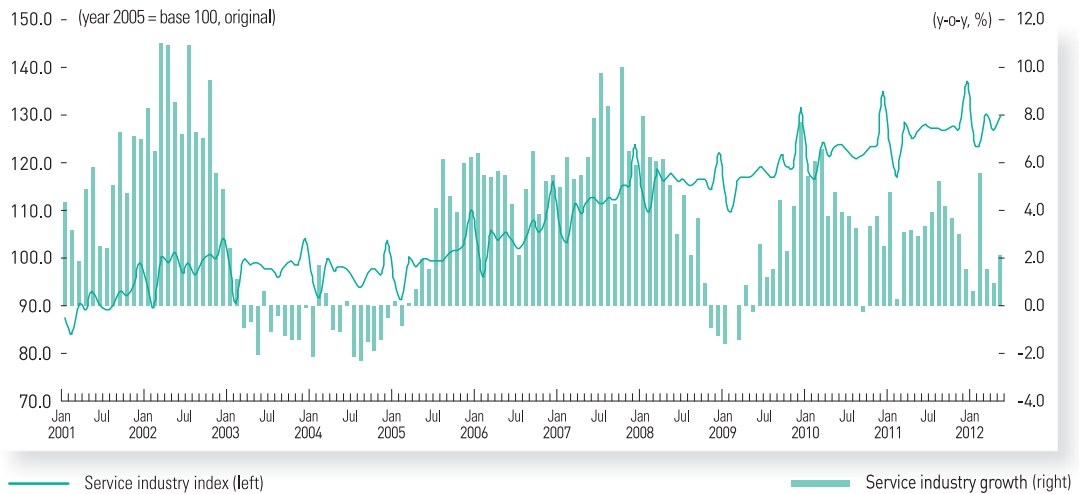
With financial & insurance services remaining sluggish, service activity including wholesale & retail sales in June is expected to slow down, experiencing a correction.

Average daily stock trading value (trillion won)

8.2 (Jan 2012) ➡ 9.8 (Feb) ➡ 7.6 (Mar) ➡ 6.9 (Apr) ➡ 6.3 (May) ➡ 5.8 (Jun)

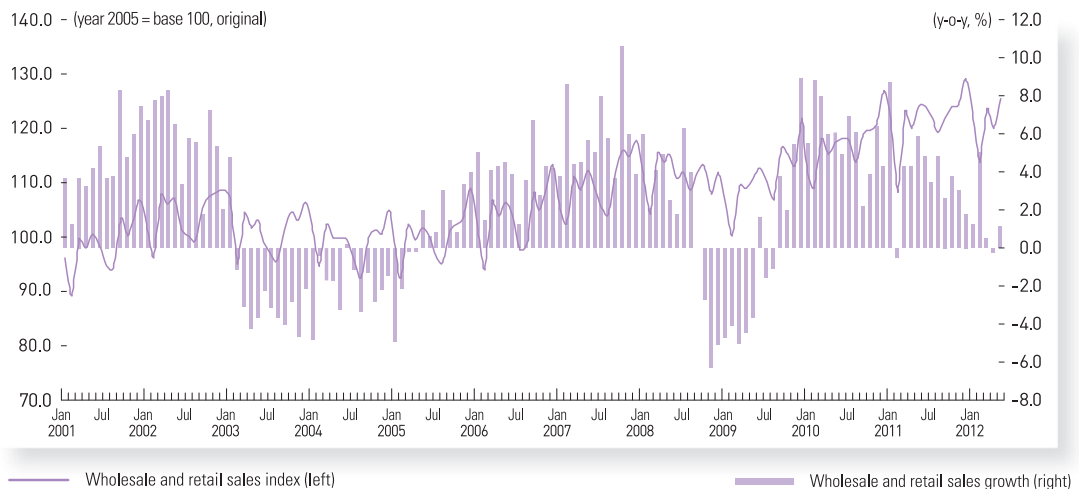
7-1 Service industry

Source: Statistics Korea (service industry activity trend)



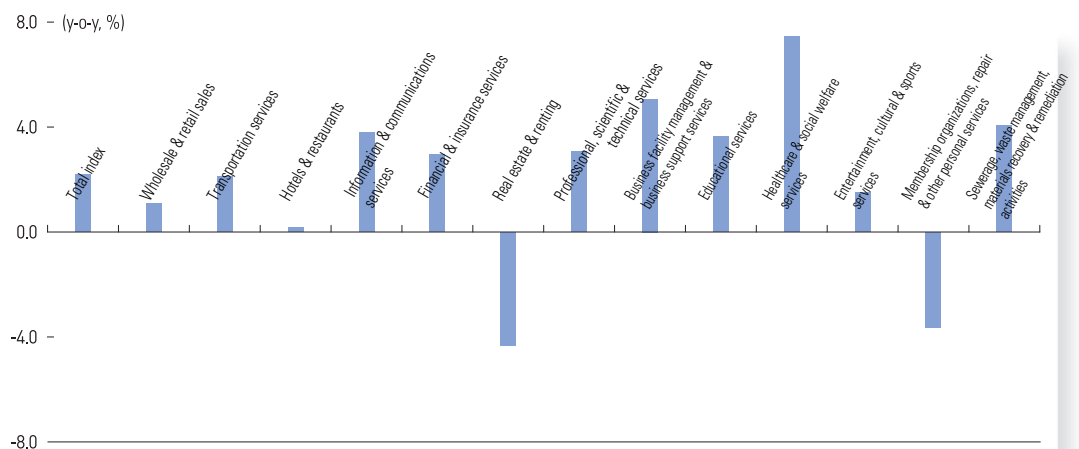
7-2 Wholesale and retail sales

Source: Statistics Korea (service industry activity trend)



7-3 May 2012 service industry by business

Source: Statistics Korea (service industry activity trend)



8. Employment

The number of workers on payroll in May increased by 472,000 from a year earlier to 25,130,000 and the employment rate rose by 0.4 percentage points year-on-year to 60.5 percent.

Employment expanded in most industries except agriculture, forestry & fishery (*down 21,000*) and manufacturing (*down 67,000*).

Jobs in health & welfare (*up 92,000*) and education (*up 88,000*) sharply increased as demands for social services expanded. Employment in traditional domestic demand-oriented industries such as wholesale & retail sales (*up 109,000*) and transportation (*up 53,000*) also remained robust.

Although employment in manufacturing continued to decrease, the pace of decline has gradually decelerated and the number of regular workers has turned positive since March.

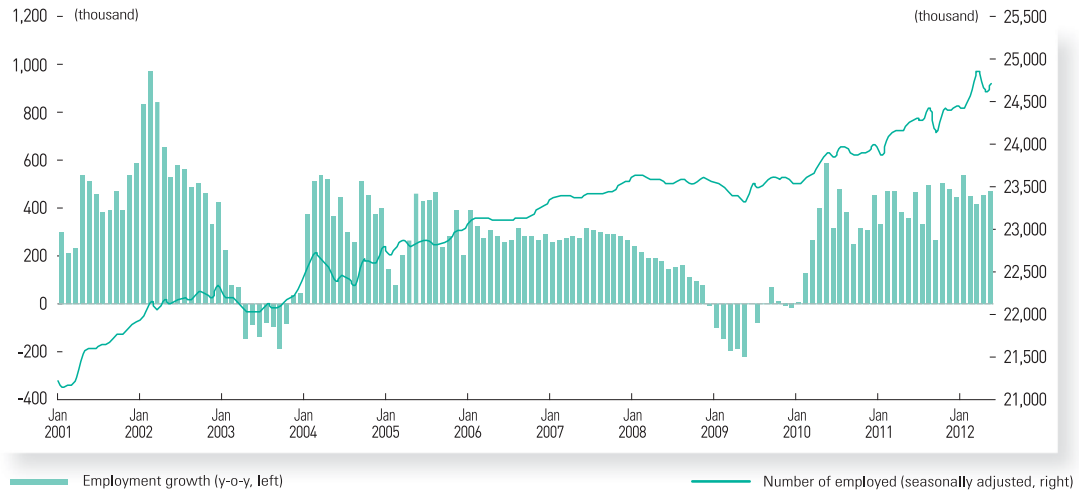
By status of workers, the number of regular workers (*up 356,000*) continued to rise along with self-employed workers (*up 186,000*).

	2009	2010			2011						2012		
	Annual	Annual	Q3	Q4	Annual	May	Q1	Q2	Q3	Q4	Apr	May	Q1
Number of employed (million)	23.51	23.83	24.12	23.99	24.24	24.66	23.46	24.57	24.48	24.46	24.76	25.13	23.93
Employment rate (%)	58.6	58.7	59.3	58.9	59.1	60.1	57.4	59.9	59.5	59.4	59.7	60.5	57.8
(Seasonally adjusted)	58.6	58.7	58.9	58.7	59.1	59.1	58.8	59.1	59.1	59.2	59.4	59.5	59.3
Employment growth (y-o-y, thousand)	-72	323	369	358	415	355	423	402	363	474	455	472	467
(Excluding agriculture, forestry & fishery)	-34	405	414	393	440	-	451	399	414	497	484	493	498
- Manufacturing	-126	191	262	269	63	101	228	112	-12	-75	-80	-67	-102
- Construction	-91	33	92	57	-2	-27	-3	-41	-35	71	53	33	79
- Services	179	200	83	80	386	260	224	331	472	514	525	531	541
- Agriculture, forestry & fishery	-38	-82	-45	-35	-25	27	-28	3	-51	-23	-29	-21	-31
- Wage workers	247	517	541	532	427	372	519	421	392	374	322	309	360
· Regular workers	383	697	671	699	575	630	605	621	572	500	339	356	413
· Temporary workers	22	-34	-26	-114	-78	-159	-88	-137	-76	-10	167	89	110
· Daily workers	-158	-146	-104	-53	-70	-99	2	-63	-104	-115	-185	-136	-163
- Non-wage workers	-319	-194	-172	-174	-11	-17	-96	-19	-29	100	133	163	108
· Self-employed workers	-259	-118	-130	-146	1	-49	-115	-39	34	125	163	186	149
- Male	31	181	207	212	238	171	266	221	208	257	245	276	238
- Female	-103	142	163	146	177	184	157	181	155	216	210	196	230
- 15 to 29	-127	-43	-44	-57	-35	-98	-49	-74	-1	-18	25	-19	1
- 30 to 39	-173	-4	21	17	-47	-15	-34	-13	-83	-56	-75	-95	-65
- 40 to 49	-24	29	40	50	57	64	77	59	46	47	2	25	28
- 50 to 59	198	294	295	287	291	274	286	294	270	315	252	282	326
- 60 or more	54	47	57	60	149	129	143	137	131	185	251	278	178

Source: Statistics Korea

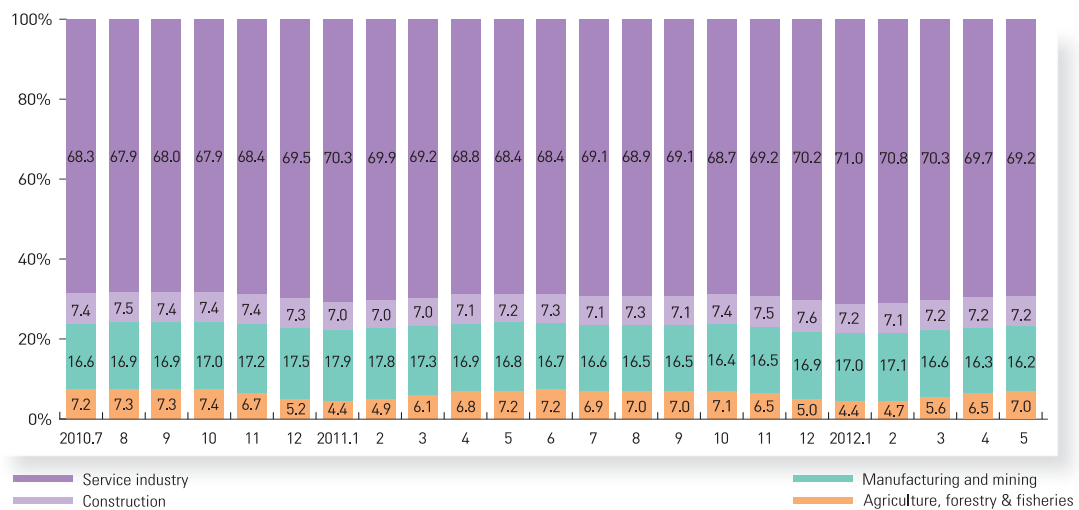
8-1 Number of employed and employment growth

Source: Statistics Korea (employment trend)



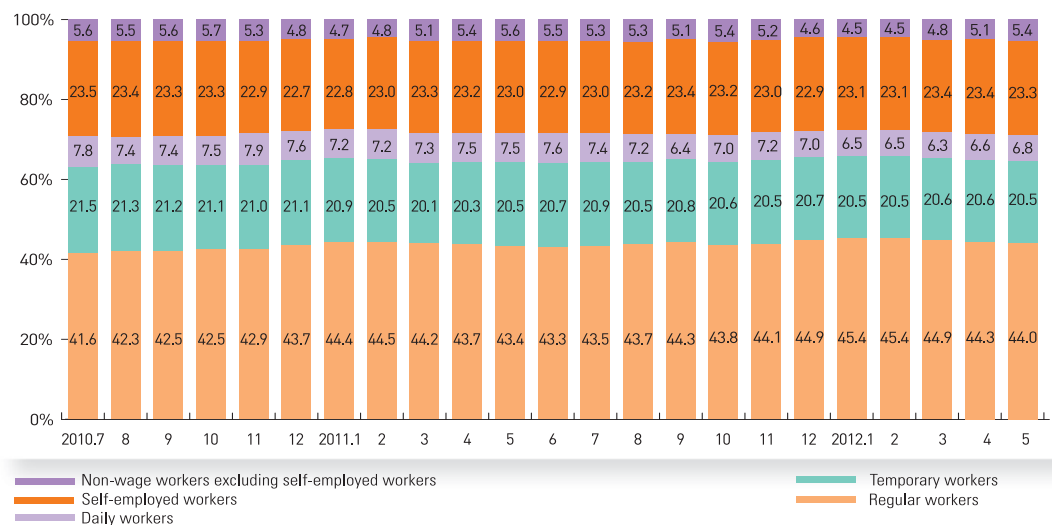
8-2 Share of employed by industry

Source: Statistics Korea (employment trend)



8-3 Share of employed by status of workers

Source: Statistics Korea (employment trend)



With the number of unemployed persons in May decreasing by 12,000 year-on-year to 807,000, the unemployment rate dropped 0.1 percentage point year-on-year to 3.1 percent.

The youth unemployment rate in May increased by 0.7 percentage points from the same month of the previous year as the labor force participation rate for youth aged 15 to 24 years rose 2.4 percentage points from a year ago, and the young people in the age group who applied for jobs and were not selected were counted as unemployed persons.

	2009	2010			2011						2012		
	Annual	Annual	Q3	Q4	Annual	May	Q1	Q2	Q3	Q4	Apr	May	Q1
Number of unemployed (thousand)	889	920	873	808	855	819	1,028	865	786	740	895	807	947
Unemployment growth (y-o-y, thousand)	119	31	-13	-10	-65	26	-101	-3	-88	-68	-41	-12	-82
- Male	80	-7	-48	-16	-48	-10	-70	-32	-48	-41	-35	-21	-54
- Female	40	38	35	6	-17	36	-32	29	-40	-27	-6	9	-28
Unemployment rate (%)	3.6	3.7	3.5	3.3	3.4	3.2	4.2	3.4	3.1	2.9	3.5	3.1	3.8
(Seasonally adjusted)	3.6	3.7	3.6	3.4	3.4	3.3	3.8	3.4	3.2	3.1	3.4	3.2	3.5
- 15 to 29	8.1	8.0	7.6	7.1	7.6	7.3	8.8	7.9	6.7	7.1	8.5	8.0	8.2
- 30 to 39	3.6	3.5	3.5	3.2	3.4	3.2	4.0	3.5	3.2	2.9	3.3	3.1	3.2
- 40 to 49	2.4	2.5	2.5	2.2	2.1	2.0	2.5	2.1	2.0	1.9	2.1	1.8	2.4
- 50 to 59	2.5	2.5	2.3	2.3	2.1	2.1	2.7	2.0	2.1	1.8	2.3	1.8	2.3
- 60 or more	1.6	2.8	2.0	1.9	2.6	2.2	4.5	2.3	2.1	1.8	2.3	1.7	4.4

Source: Statistics Korea

The economically inactive population in May was up 56,000 from a year earlier to 15,580,000. Meanwhile, the labor force participation rate stood at 62.5 percent, rising 0.4 percentage points year-on-year.

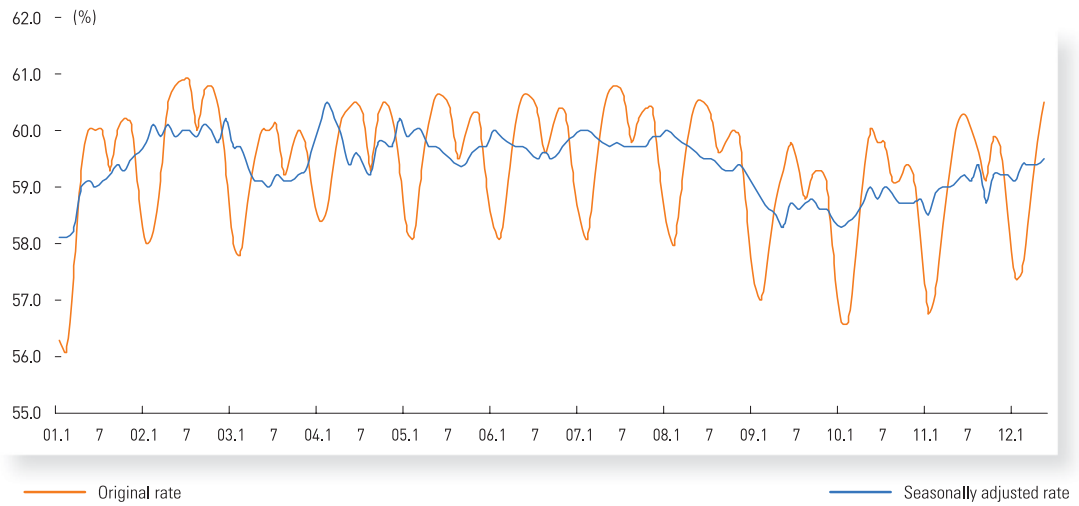
The number of workers quitting jobs due to old age (*up 170,000*) and housework (*up 157,000*) increased while those who quit jobs due to education (*down 65,000*) and rest, time-off and leisure (*down 103,000*) decreased.

	2009	2010			2011						2012		
	Annual	Annual	Q3	Q4	Annual	May	Q1	Q2	Q3	Q4	Apr	May	Q1
Economically inactive population (million)	15.70	15.84	15.66	15.96	15.95	15.52	16.39	15.56	15.85	16.01	15.81	15.58	16.50
Labor force participation rate (%)	60.6	61.0	61.5	60.8	61.1	62.1	59.9	62.0	61.5	61.1	61.9	62.5	60.1
(seasonally adjusted)	60.6	61.0	61.1	60.8	61.1	61.3	61.1	61.2	61.0	61.1	61.5	61.5	61.4
Growth in economically inactive population (y-o-y, thousand)	447	143	128	133	112	89	138	66	191	53	92	56	103
- Childcare	40	-125	-149	-107	-5	-11	-44	-16	17	23	5	21	-
- Housework	148	201	203	189	101	34	130	27	143	103	163	157	85
- Education	31	12	46	55	-51	-65	-16	-39	-78	-69	-82	-65	-28
- Old age	88	80	43	25	-45	-60	-103	-58	-22	2	173	170	76
- Rest, time-off and leisure	123	-56	15	-27	182	188	241	163	193	131	-60	-103	126

Source: Statistics Korea

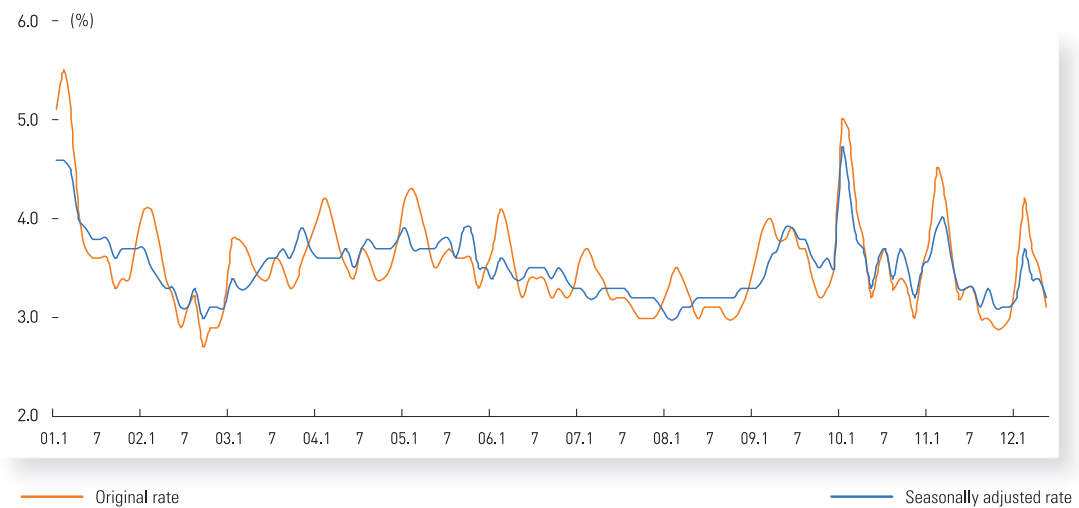
8-4 Employment rate

Source: Statistics Korea (employment trend)



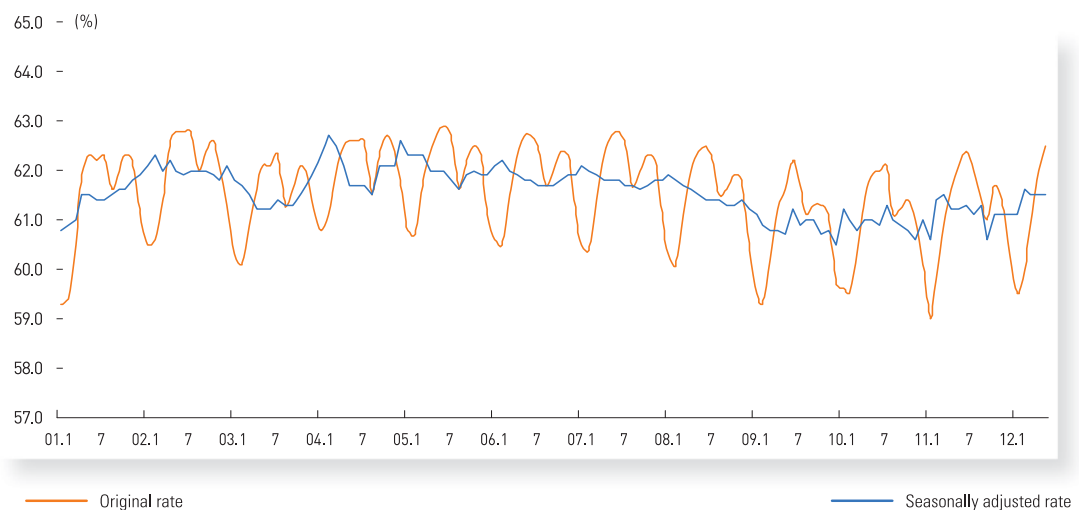
8-5 Unemployment rate

Source: Statistics Korea (employment trend)



8-6 Labor force participation rate

Source: Statistics Korea (employment trend)



9. Financial market

9.1 Stock market

The Korean stock price index in June rose 0.6 percent to 1,854 points from the previous month's 1,844 points.

The Korean stock market fell due to worries over global economic slowdown caused by sluggish economic indicators in China and the US. The index slightly rose thereafter with EU summit talks concluding with an agreement on the stabilization of the European financial market.

Foreign investors continued to hold the net selling position, although the amount was reduced from the previous month's 4 trillion won to 1 trillion won in June.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	May 2012	Jun 2012	Change ¹	May 2012	Jun 2012	Change ¹
Stock price index	1,843.5	1,854.0	10.5 (+0.6%)	471.9	489.2	17.3 (+3.7%)
Market capitalization	1,061.3	1,068.3	7.0 (+0.7%)	99.4	106.2	6.6 (+6.6%)
Average daily trade value	4.7	4.1	-0.6 (-12.8%)	1.61	1.71	0.1 (+6.2%)
Foreign stock ownership	33.9	33.8	-0.1 (-0.3%)	7.80	8.03	0.23 (+2.9%)

1. Change from the end of the previous month

Source: Korea Exchange

9.2 Exchange rate

The won/dollar exchange rate in June decreased 34.9 won to wrap up the month at 1,145.4 won from 1,180.3 won at the end of May.

The won/dollar exchange rate gradually decreased from 1,180.3 won to 1,145.4 won due to the pro-bailout New Democracy party's victory in the Greek parliamentary election, and the agreement reached at the EU Summit in June to allow direct recapitalization of banks through the European Stability Mechanism (ESM).

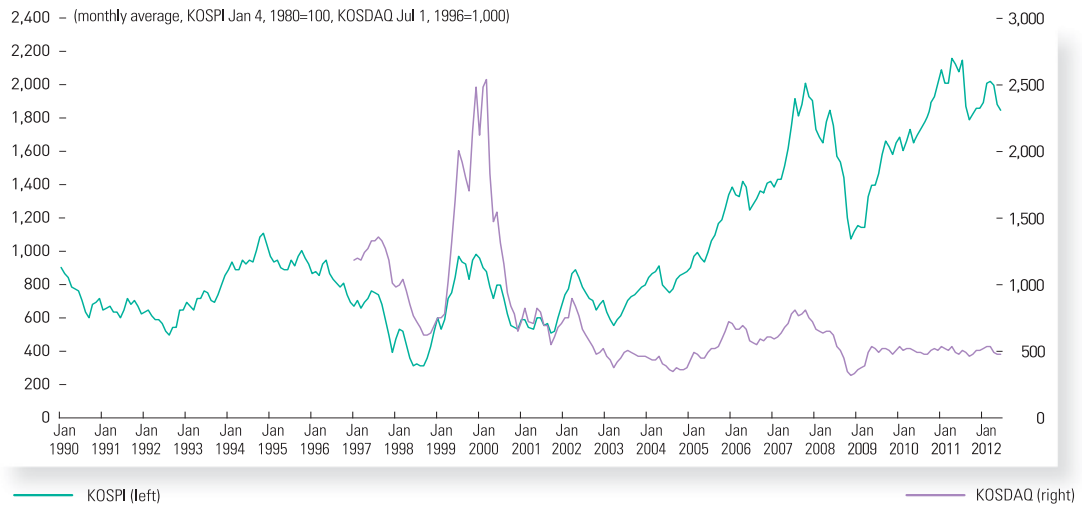
The won/100 yen exchange rate in June fell 55.1 won due to the strong Korean won and a weaker yen/dollar exchange rate.

(End-period)

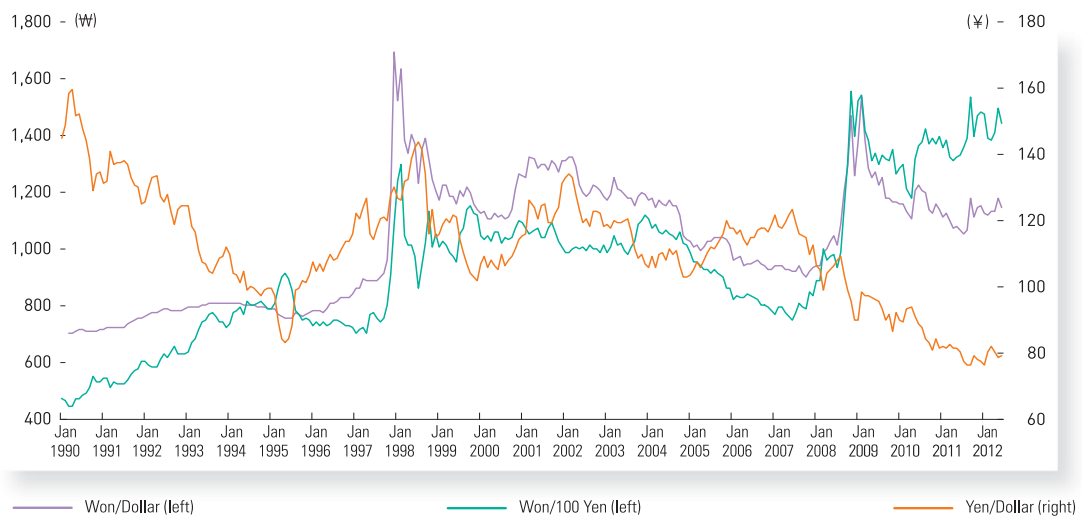
	2008	2009	2010	2011	2012		
	Dec	Dec	Dec	Dec	May	Jun	Change ¹
Won/Dollar	1,259.5	1,164.5	1,134.8	1,151.8	1,180.3	1,145.4	0.6
Won/100 Yen	1,396.8	1,264.5	1,393.6	1,481.2	1,498.4	1,443.3	2.6

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

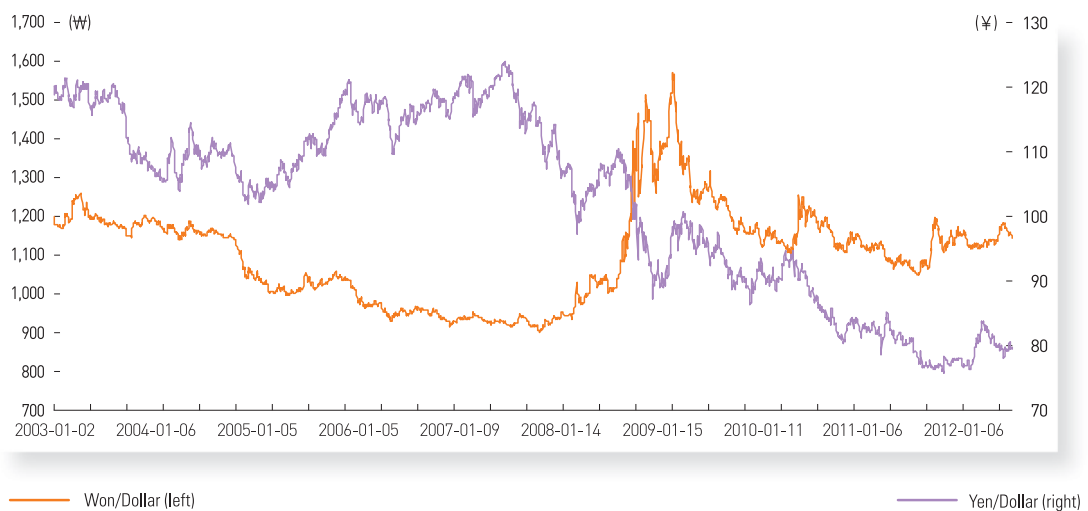
9-1 Stock prices



9-2 Foreign exchange rate (month-end)



9-3 Recent foreign exchange rate



9.3 Bond market

The 5-year Treasury bond yields dropped 1 basis point in June to 3.42 percent from the previous month's 3.43 percent. Yields on the Korea Treasury Bond (KTB) slightly decreased due to a fall in US Treasury bond yields and continuing concerns over the eurozone.

(End-period)

	2006	2007	2008	2009	2010	2011	2012		
	Dec	Dec	Dec	Dec	Dec	Dec	May	Jun	Change ¹
Call rate (1 day)	4.60	5.02	3.02	2.01	2.51	3.29	3.27	3.26	-1
CD (91 days)	4.86	5.82	3.93	2.88	2.80	3.55	3.54	3.54	-
Treasury bonds (3 yrs)	4.92	5.74	3.41	4.44	3.38	3.34	3.32	3.30	-2
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.27	4.21	3.92	3.87	-5
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.08	3.46	3.43	3.42	-1

1. Basis point, changes from the previous month

9.4 Money supply & money market

M2 (monthly average) in April expanded 5.5 percent from a year earlier excluding cash management accounts (CMAs), which were included in M2 since July 2009.

Despite an expansion of credit in the private sector, M2 growth slowed from a month ago as net overseas inflows decreased due to foreign withdrawals from domestic equity funds. Money inflows to the government sector, spurred by a rise in corporate tax collection, also contributed to the trend.

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

	2008	2009	2010		2011					2012		
	Annual	Annual	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Mar	Apr	Apr ¹
M1 ²	-1.8	16.3	11.8	11.2	6.6	11.9	7.5	4.8	2.6	2.1	2.8	437.4
M2	14.3	10.3	8.7	7.4	4.2	5.3	3.5	3.8	4.4	5.7	5.5	1,777.1
Lf ³	11.9	7.9	8.2	7.1	5.3	5.5	4.3	5.3	6.2	8.7	8.6 ⁴	2,349.7 ⁴

1. Balance at end April 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 May turned positive as instant access deposits increased due to inflows of corporate settlement funds. Meanwhile, asset management company (AMC) deposits maintained an upward track as stock-type funds shifted to a net inflow and deposits into money market funds (MMF) increased due to inflows of corporate funds.

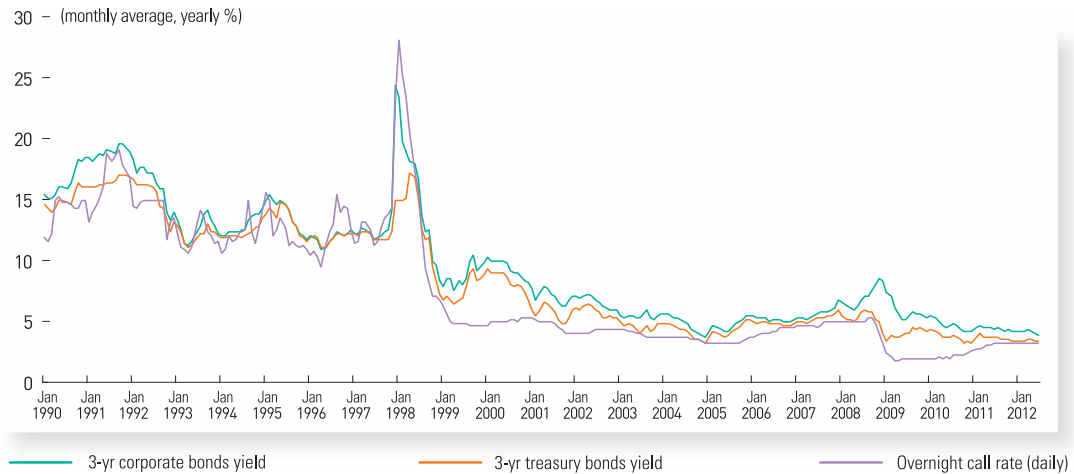
(Monthly change, end-period, trillion won)

	2009	2010		2011		2012		
	Annual	Annual	May	Annual	May	Apr	May	May ¹
Bank deposits	54.8	36.9	18.6	58.9	-0.4	-15.5	12.1	1,109.3
AMC deposits	-27.6	-16.7	4.2	-16.6	4.1	1.8	3.6	308.8

1. Balance at end May 2012, trillion won

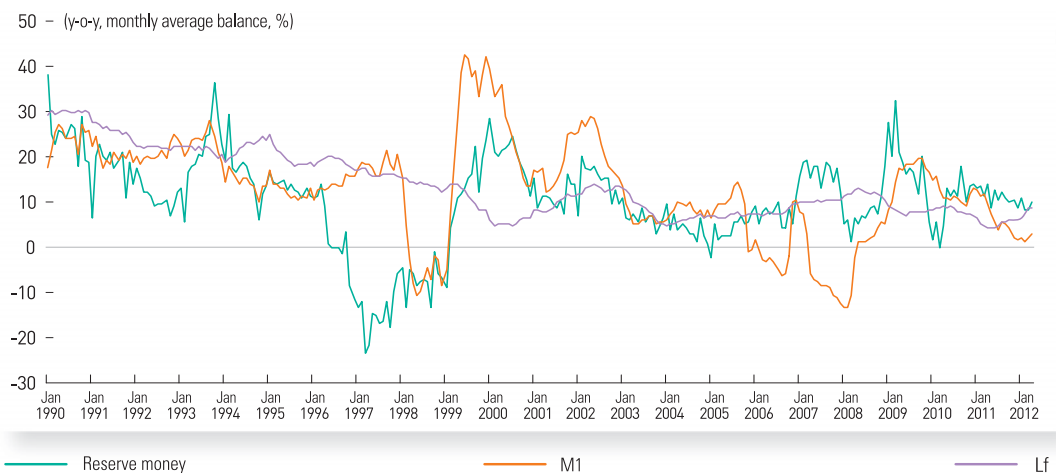
9-4 Interest rates

Source: The Bank of Korea



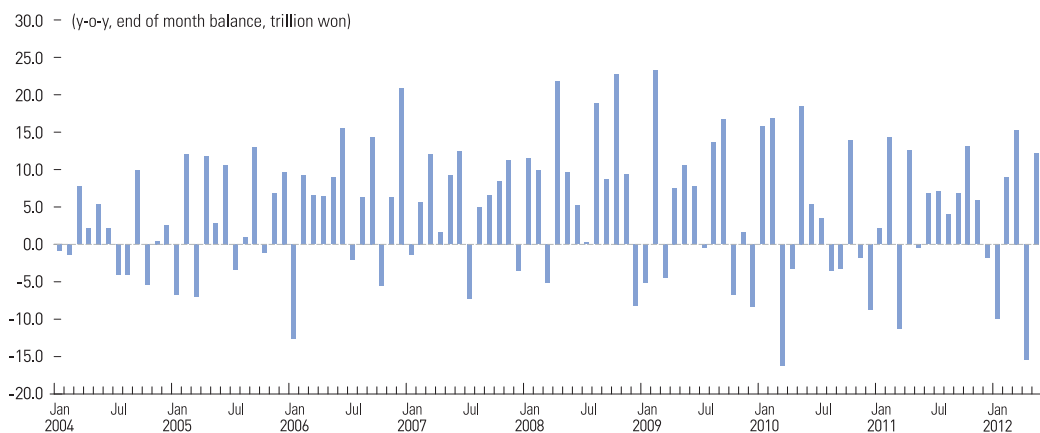
9-5 Total money supply

Source: The Bank of Korea



9-6 Deposits in financial institutions

Source: The Bank of Korea



10. Balance of payments

Korea's current account (*preliminary*) in May posted a surplus of US\$3.61 billion.

Despite the eurozone debt crisis, the goods account posted a surplus of US\$1.75 billion, helped by robust exports of major items such as car parts and general machinery.

The service account surplus significantly widened to a record high of US\$1.59 billion from US\$0.55 billion a month earlier as the construction services and the travel accounts improved.

Overseas construction orders, which rose sharply during 2010 and 2011, contributed to the improvement of the construction services account.

Overseas construction orders (US\$ billion)

39.8 (2007) ➔ 47.6 (2008) ➔ 49.2 (2009) ➔ 71.6 (2010) ➔ 59.1 (2011) ➔ 32.1 (Jan-Jun 2012)

Growth of foreign tourists visiting Korea in May (y-o-y, %)

26.8 (Total), 38.1 (China), 34.9 (Japan), 46.1 (Taiwan)

The primary income account shifted from a US\$0.42 billion deficit in the previous month to a US\$0.34 billion surplus as seasonal factors between March and April eased. The secondary income account deficit narrowed from the previous month's US\$0.14 billion to US\$0.08 billion due to a decrease in remittances from overseas workers.

The primary income account tends to deteriorate in March and April when corporate dividends are generally paid out.

(US\$ billion)

	2010	2011					2012			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Apr	May ¹	Jan-May ¹
Current account	29.39	26.51	2.61	5.49	7.00	11.52	2.56	1.73	3.61	7.91
- Goods balance	40.08	30.95	5.84	7.66	7.20	10.25	2.62	1.75	1.75	6.12
- Service balance	-8.63	-4.38	-2.54	-0.80	-1.20	0.15	-0.65	0.55	1.59	1.49
- Income balance	1.02	2.46	0.39	-0.82	1.31	1.58	1.48	-0.42	0.34	1.41
Current transfer	-3.08	-2.52	1.08	-0.55	-0.42	-0.47	-0.89	-0.14	-0.08	-1.11

1. Preliminary Source: The Bank of Korea

The capital and financial account (*preliminary*) in May posted a net outflow of US\$2.92 billion.

Capital & financial account balance (US\$ billion)

1.31 (Jan 2012) ➔ -0.92 (Feb) ➔ -1.76 (Mar) ➔ -1.37 (Q1 2012) ➔ 0.16 (Apr) ➔ -2.92 (May)

The direct investment account widened the net outflow to US\$1.38 billion from the previous month's US\$0.94 billion due to an increase in overseas direct investment.

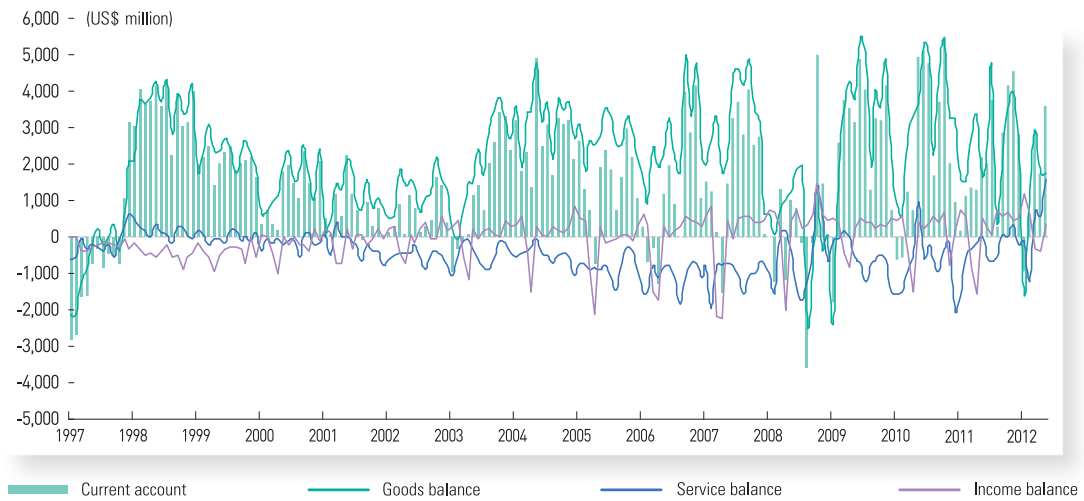
The portfolio investment account posted a net outflow of US\$0.94 billion, down from US\$2.21 billion a month earlier, as foreign investors' debt securities investment shifted to a net inflow and offset the expansion in their sale of equity securities.

The financial derivatives account shifted from the previous month's net inflow of US\$0.32 billion to a net outflow of US\$0.39 billion. The other investment account shifted from a net inflow of US\$2.67 billion the previous month to a net outflow of US\$1.62 billion due to domestic banks' expanding loans.

The current account in June is expected to maintain a surplus, helped by a goods account surplus resulting from a balance of trade surplus.

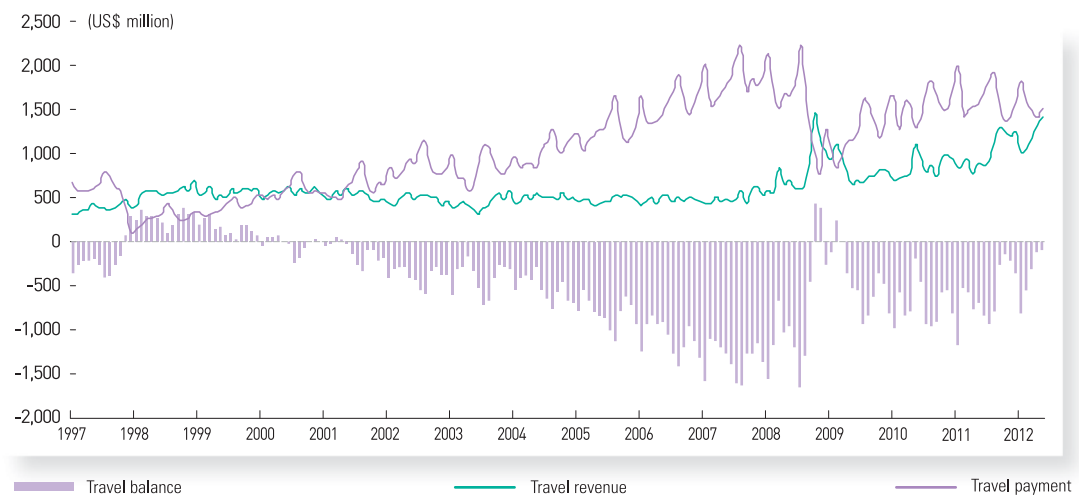
10-1 Current account balance

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



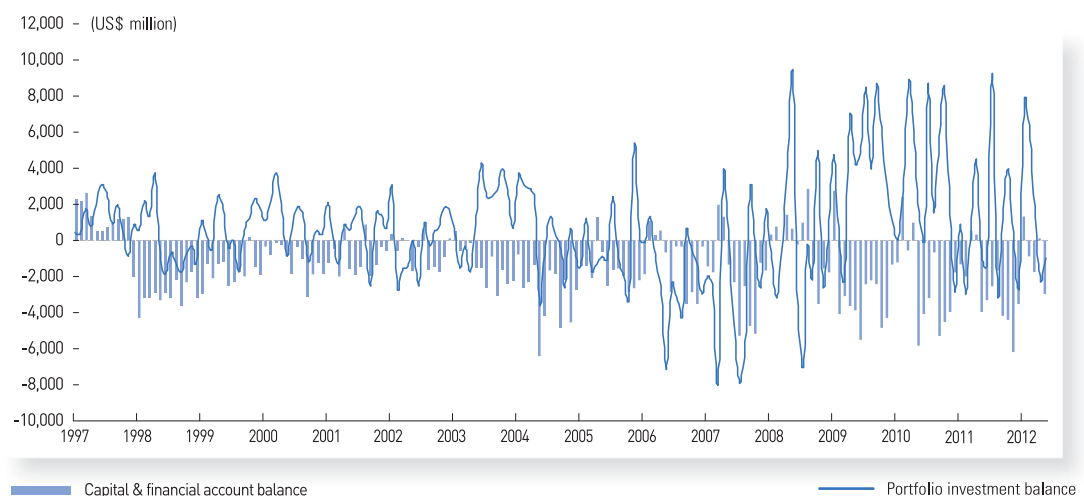
10-2 Travel balance

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



10-3 Capital & financial account balance

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



11. Prices and international commodity prices

11.1 Prices

Consumer prices in June rose 2.2 percent year-on-year (*down 0.1%, m-o-m*), slowing down considerably from 2.5 percent in the previous month and posting the lowest growth rate so far this year. Prices of agricultural, livestock & fishery products as well as those of manufactured products fell by a small margin, while housing rents maintained the same growth rate as in previous years and personal service prices remained stable.

Core consumer prices, which exclude oil and agricultural products, rose 1.5 percent year-on-year and 0.3 percent month-on-month. Core consumer prices based on the OECD method, which excludes food and energy, rose 1.4 percent year-on-year and 0.1 percent month-on-month. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 1.8 percent (*down 0.3%, m-o-m*) compared to the same month of the previous year.

Expected inflation in June showed the same growth rate as in the previous month, while import prices rose 2.1 percent year-on-year led by oil products.

Expected inflation (%)

4.2 (Oct 2011) → 4.1 (Nov) → 4.0 (Dec) → 4.1 (Jan 2012) → 4.0 (Feb) → 3.9 (Mar) → 3.8 (Apr) → 3.7 (May) → 3.7 (Jun)

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

7.1 (Dec 2011) → 7.9 (Jan 2012) → 5.2 (Feb) → 3.5 (Mar) → 1.7 (Apr) → 2.1 (May)

Consumer price inflation

(%)

	2011							2012					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Month-on-Month	0.2	0.5	0.7	-0.1	-0.2	0.1	0.4	0.5	0.4	-0.1	0.0	0.2	-0.1
Year-on-Year	4.2	4.5	4.7	3.8	3.6	4.2	4.2	3.4	3.1	2.6	2.5	2.5	2.2
Consumer prices excluding oil and agricultural products (y-o-y)	3.5	3.6	3.5	3.3	3.2	3.5	3.6	3.2	2.5	1.9	1.8	1.6	1.5
Consumer prices excluding food and energy (y-o-y)	2.8	2.8	2.8	2.6	2.6	2.8	2.7	2.5	2.6	1.7	1.6	1.5	1.4
Consumer prices for basic necessities (y-o-y)	4.5	4.9	5.2	3.8	3.6	4.5	4.4	3.3	2.8	2.0	2.0	2.2	1.8

Source: Statistics Korea

The prices of livestock products rose month-on-month, while those of fishery products and most agricultural products declined.

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

Pork (17.6), chicken (1.0), Chinese cabbages (-30.9), cucumbers (-33.6), broccoli (-35.7), tomatoes (-22.1), zucchini (-19.7), mackerel (-6.5), hairtail (-5.6), spring onion (39.1), sweet potatoes (4.9), spinach (6.7)

The prices of manufactured products fell in June, as falling oil product prices offset stronger growth in textile prices.

Housing rents rose at the same pace as in previous years. Personal service prices including dining out costs remained stable.

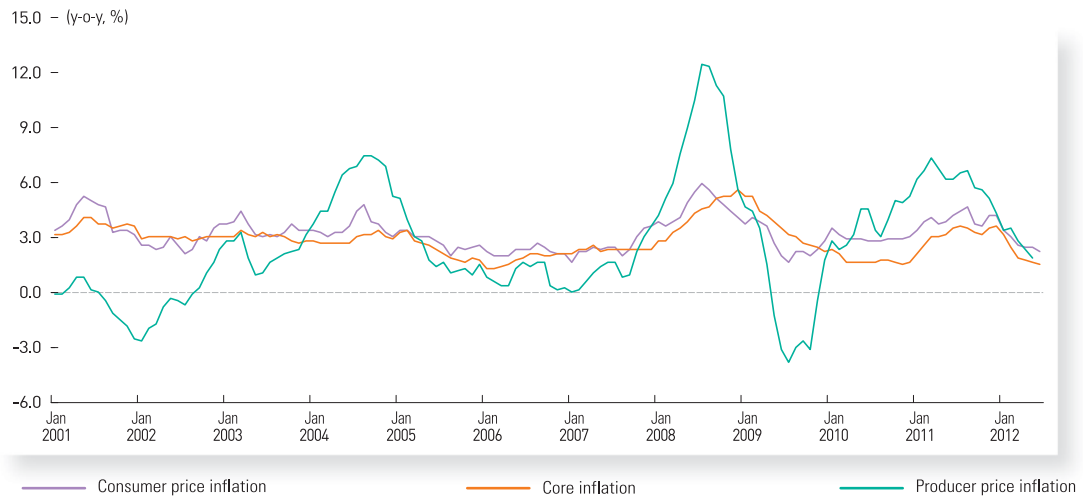
Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public services	Personal services
Month-on-Month (%)	-0.1	-1.0	-0.3	-2.6	0.3	0.3	0.2	0.0
Contribution (%p)	-0.09	-0.08	-0.09	-0.16	0.01	0.03	0.03	0.00
Year-on-Year (%)	2.2	5.8	3.1	5.1	4.2	4.3	0.8	0.5
Contribution (%p)	2.22	0.46	0.98	0.29	0.20	0.40	0.11	0.15

Source: Statistics Korea

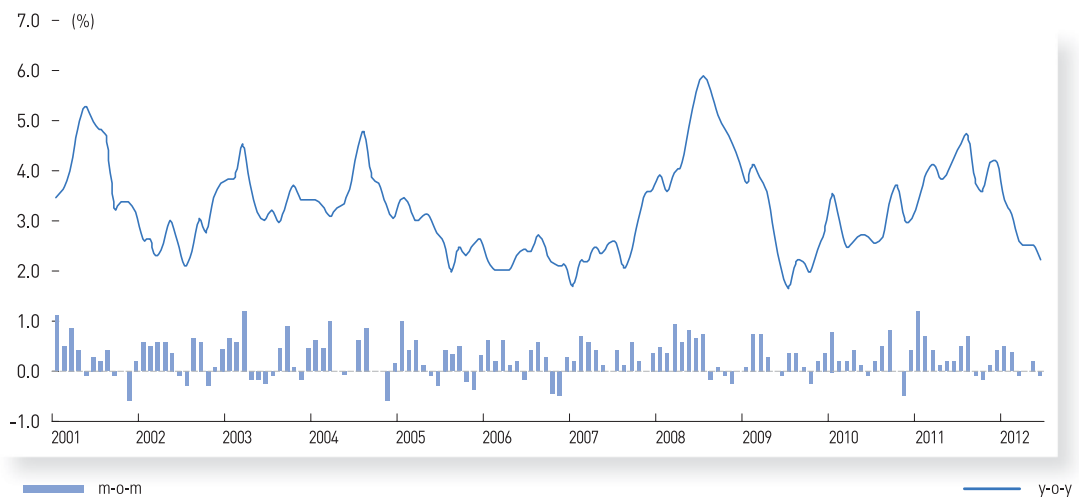
11-1 Prices

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



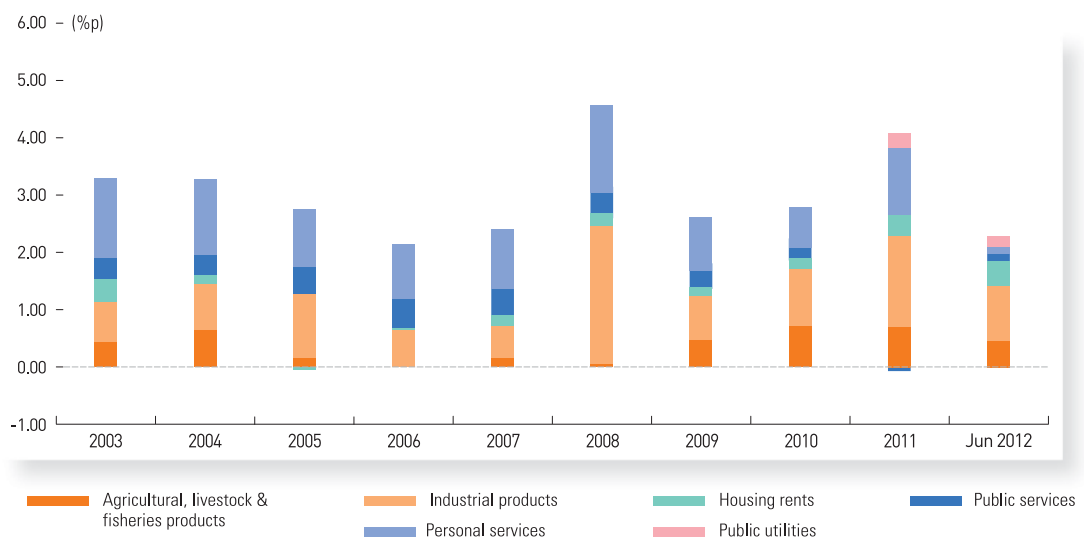
11-2 Consumer price inflation

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 and domestic oil product prices continued to fall in June.

International oil prices declined amid heightened concerns over a slowdown in global growth, but the EU summit held on June 28-29 helped limit losses at the end of the month.

Weekly oil prices (Dubai crude, \$/barrel)

98.4 (Jun 1) ⬇️ 89.2 (Jun 22) ⬇️ 92.8 (Jun 29, down 8.9% since end of May)

Due to weakened investor sentiment, net speculative positions in NYMEX crude futures were reduced to almost half of the level reached in February, falling to 179,000 contracts in June 29 from 333,000 contracts at the end of February.

(US\$/barrel, period average)

	2009	2010	2011		2012					
	Annual	Annual	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Dubai crude	61.9	78.1	107.9	105.5	109.5	116.2	122.5	117.3	107.3	94.4
Brent crude	61.7	79.7	110.5	107.7	111.0	119.3	124.9	120.0	109.7	95.2
WTI crude	61.9	79.5	97.3	98.7	100.4	97.41	106.3	103.4	94.7	82.4

Source: Korea National Oil Corporation

Domestic oil product prices continued to fall in June, affected by declining international oil product prices. The monthly average price for gasoline fell short of 2,000 won per liter.

(Won/liter, period average)

	2009	2010	2011	2012						
	Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Week 4
Gasoline prices	1,600.7	1,710.4	1,929.3	1,955.1	1,986.5	2,030.0	2,058.7	2,035.8	1,968.8	1,989.2
Diesel prices	1,397.5	1,502.8	1,745.7	1,805.1	1,828.6	1,853.6	1,865.6	1,839.6	1,777.7	1,753.1

Source: Korea National Oil Corporation

International grain prices surged in June due to droughts, while non-ferrous metal prices showed a mixed trend.

Non-ferrous metal prices fell due to deteriorating economic conditions in China and the US, but bounced back after mid-June helped by the EU summit.

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

Copper (1.2), nickel (-0.1), zinc (-3.1), lead (-6.6), aluminum (-7.3)

International grain prices rose amid continued droughts in major grain producing areas such as the US and Russia, and also due to China boosting imports.

Prices of grain in June (m-o-m, %)

Wheat (17.6), corn (14.3), soybeans (6.6), raw sugar (8.2), coffee (6.3)

Reuters index*

(Period average)

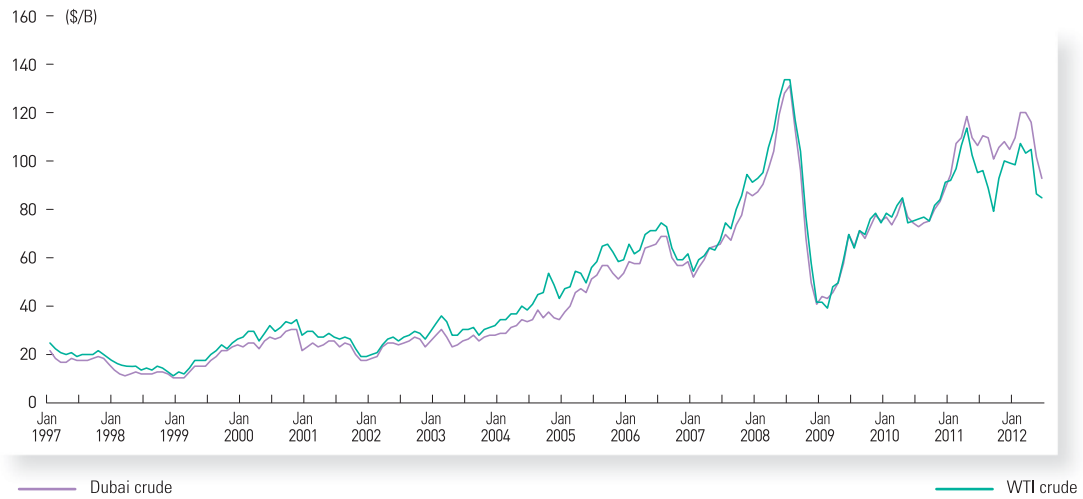
2009	2010	2011		2012					
Annual	Annual	Annual	Dec	Jan	Feb	Mar	Apr	May	Jun
2,079	2,553	3,062	2,732	2,832	2,935	2,968	2,969	2,912	2,876

* 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 turned lower in June, falling 0.1 percent from the previous month.

Apartment sales prices in the Seoul metropolitan area declined for the eighth consecutive month (*down 0.3%, m-o-m*).

Apartment sales prices continued to rise in areas excluding the Seoul metropolitan area, in particular Ulsan (*up 0.5%, m-o-m*), South Chungcheong Province (*up 0.7%, m-o-m*) and North Gyeongsang Province (*up 0.6%, m-o-m*). Apartment prices in 5 metropolitan cities and other cities climbed 0.1 percent and 0.2 percent each.

Nationwide apartment sales prices

(Percentage change from previous period)

	2009	2010	2011		2012										
	Annual	Annual	Annual	Dec	Jan-Jun	Jan	Feb	Mar	Apr	May	Jun	Jun 4 ¹	Jun 11 ¹	Jun 18 ¹	Jun 25 ¹
Nationwide	1.6	2.5	9.6	0.2	0.7	0.2	0.2	0.2	0.1	0.0	-0.1	-0.01	0.02	-0.02	-0.03
Seoul	2.6	-2.2	-0.4	-0.2	-1.5	-0.2	-0.1	-0.2	-0.4	-0.3	-0.3	-0.09	-0.09	-0.07	-0.12
Gangnam ²	3.9	-1.8	-0.6	-0.2	-1.9	-0.2	-0.2	-0.3	-0.6	-0.3	-0.4	-0.11	-0.12	-0.10	-0.10
Gangbuk ³	0.9	-2.7	-0.2	-0.1	-1.1	-0.1	-0.1	-0.2	-0.3	-0.2	-0.2	-0.07	-0.06	-0.04	-0.14
Seoul metropolitan area	0.7	-2.9	0.4	-0.1	-1.4	-0.2	-0.1	-0.2	-0.4	-0.3	-0.3	-0.07	-0.07	-0.07	-0.08
5 metropolitan cities	2.8	8.7	20.3	0.5	2.6	0.5	0.5	0.6	0.6	0.3	0.1	0.03	0.01	-0.01	0.03

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

Nationwide apartment rental prices climbed at a slower pace in June (*up 0.1%, m-o-m*). Rental prices in the Seoul metropolitan area remained steady for the second month.

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

Gangnam (0.0), Seocho (-0.2), Songpa (-0.2), Yangcheon (-0.3)

Nationwide apartment rental prices

(Percentage change from previous period)

	2009	2010	2011		2012										
	Annual	Annual	Annual	Dec	Jan-Jun	Jan	Feb	Mar	Apr	May	Jun	Jun 4 ¹	Jun 11 ¹	Jun 18 ¹	Jun 25 ¹
Nationwide	4.5	8.8	16.2	0.1	2.1	0.3	0.4	0.6	0.5	0.2	0.1	0.02	0.04	0.03	0.03
Seoul	8.1	7.4	13.4	-0.2	0.3	-0.1	0.2	0.2	0.0	-0.1	0.0	-0.01	-0.01	-0.03	-0.02
Gangnam ²	10.4	8.8	12.5	-0.2	0.1	0.0	0.2	0.2	-0.1	-0.1	0.0	0.00	-0.02	-0.01	-0.01
Gangbuk ³	5.4	5.6	14.6	-0.1	0.5	-0.1	0.2	0.3	0.2	0.0	-0.1	-0.02	0.00	-0.04	-0.03
Seoul metropolitan area	5.6	7.2	13.9	-0.3	0.6	-0.1	0.3	0.3	0.1	0.0	0.0	-0.01	0.00	0.00	0.00
5 metropolitan cities	3.9	12.0	18.9	0.3	3.4	0.5	0.7	0.7	0.8	0.4	0.2	0.04	0.05	0.02	0.05

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

Apartment sales transactions in May increased 1.2 percent from the previous month's 45,079 to 45,641, but were down 23.2 percent from 59,403 a year earlier.

Apartment sales transactions

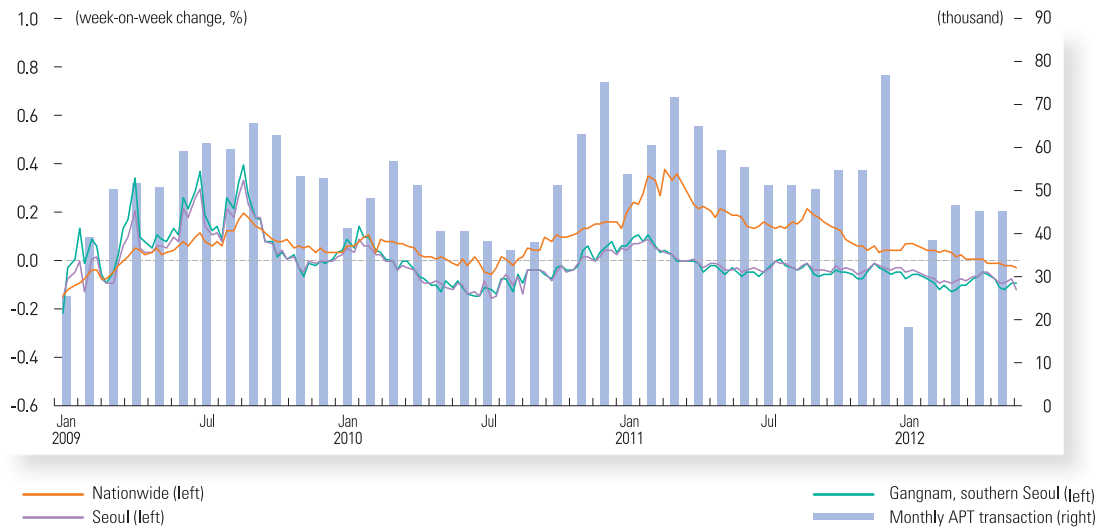
(Monthly average, thousand)

	2009	2010	2011									2012				
	Annual	Annual	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Nationwide	53	48	65	59	55	51	51	50	55	55	77	18	39	47	45	46

Source: Ministry of Land, Transport and Maritime Affairs

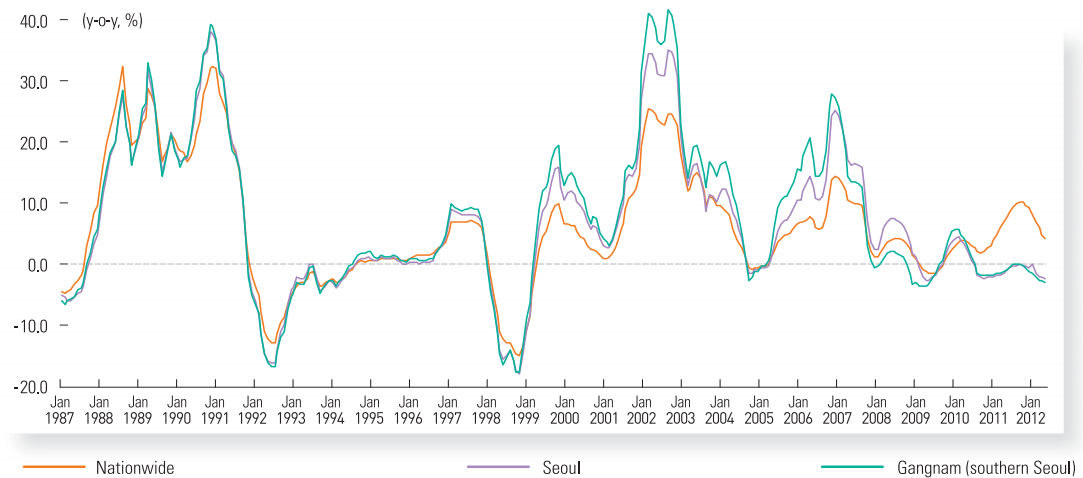
12-1 Weekly apartment sales prices and monthly transaction volume

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



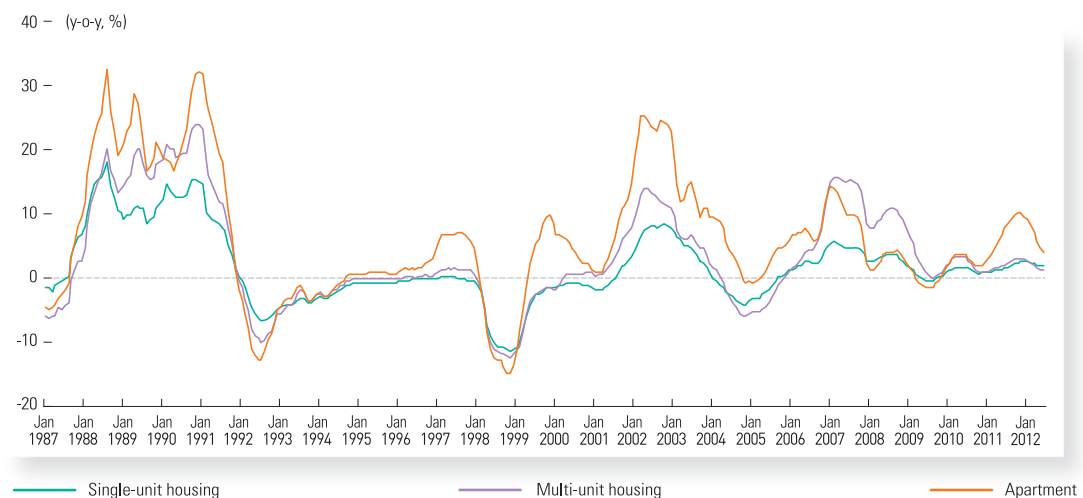
12-2 Apartment prices by region

Source: Kookmin Bank (national housing price trend)



12-3 Real estate prices

Source: Kookmin Bank (national housing price trend)



12.2 Land market

Nationwide land prices in May rose for the 19th consecutive month (*up 0.1%, m-o-m*), but were still 0.54 percent lower than the pre-crisis peak reached in October 2008.

Land prices in Seoul (*up 0.09%, m-o-m*), Gyeonggi Province (*up 0.11%, m-o-m*) and Incheon (*up 0.06%, m-o-m*) rose at a slower pace compared to the previous month.

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

0.08 (Nov 2011) ➡ 0.08 (Dec) ➡ 0.07 (Jan 2012) ➡ 0.07 (Feb) ➡ 0.11 (Mar) ➡ 0.11 (Apr) ➡ 0.10 (May)

Land prices in areas excluding the Seoul metropolitan area also continued the upward trend, rising 0.14 percent month-on-month.

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

0.13 (Nov 2011) ➡ 0.13 (Dec) ➡ 0.12 (Jan 2012) ➡ 0.13 (Feb) ➡ 0.14 (Mar) ➡ 0.14 (Apr) ➡ 0.14 (May)

Land prices by region

(Percentage change from previous period)

	2007	2008	2009	2010			2011					2012				
	Annual	Annual	Annual	Annual	Q3	Q4	Annual	Oct	Nov	Dec	Jan-May	Jan	Feb	Mar	Apr	May
Nationwide	3.88	-0.31	0.96	1.05	-0.05	0.11	1.17	0.10	0.10	0.10	0.53	0.09	0.09	0.12	0.12	0.11
Seoul	5.88	-1.00	1.40	0.53	-0.25	0.39	0.97	0.04	0.04	0.04	0.37	0.03	0.05	0.10	0.10	0.09
Gyeonggi	4.22	-0.26	1.22	1.49	-0.08	0.07	1.47	0.13	0.13	0.13	1.57	0.11	0.11	0.12	0.12	0.11
Incheon	4.86	1.37	1.99	1.43	-0.10	0.02	0.66	0.05	0.05	0.05	0.32	0.04	0.04	0.13	0.05	0.06

Source: Korea Land & Housing Corporation

Nationwide land transactions in May were 186,000 land lots, up 1.8 percent from the previous month but down 6.3 percent from 198,000 a year earlier.

Monthly land transactions increased in Incheon (*up 16.9%, m-o-m*), Ulsan (*up 5.1%, m-o-m*), Gangwon Province (*up 21.1%, m-o-m*), and South Jeolla Province (*up 20.1%, m-o-m*).

Transactions of vacant land increased 1.4 percent year-on-year at 84,000 lots, making up 45.3 percent of the total amount of transactions.

Land sales transactions

(Land lot, thousand)

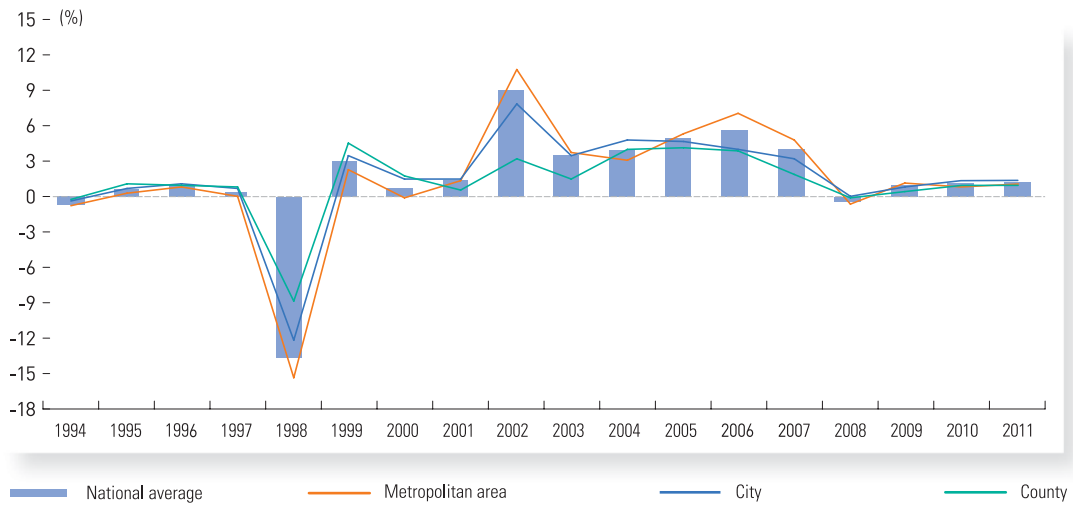
	2008	2009	2010	2011									2012				
	Annual ¹	Annual ¹	Annual ¹	Annual ¹	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Nationwide	208	203	187	208	212	207	196	196	181	200	209	256	129	165	187	182	186
Seoul	26	22	16	18	18	18	15	17	16	18	17	21	9	12	14	15	15
Gyeonggi	45	46	41	46	43	40	40	39	39	41	42	52	24	30	37	36	35
Incheon	13	10	8	8	13	10	11	9	9	9	9	11	5	6	7	7	8

1. Monthly average

Source: Korea Land & Housing Corporation

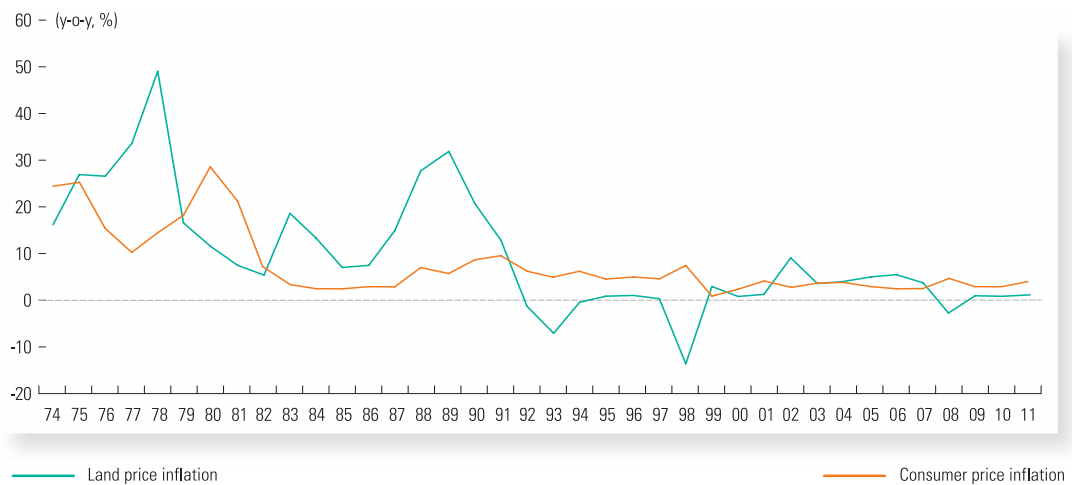
12-4 Land prices by region

Source: Korea Land Corporation (land price trend)



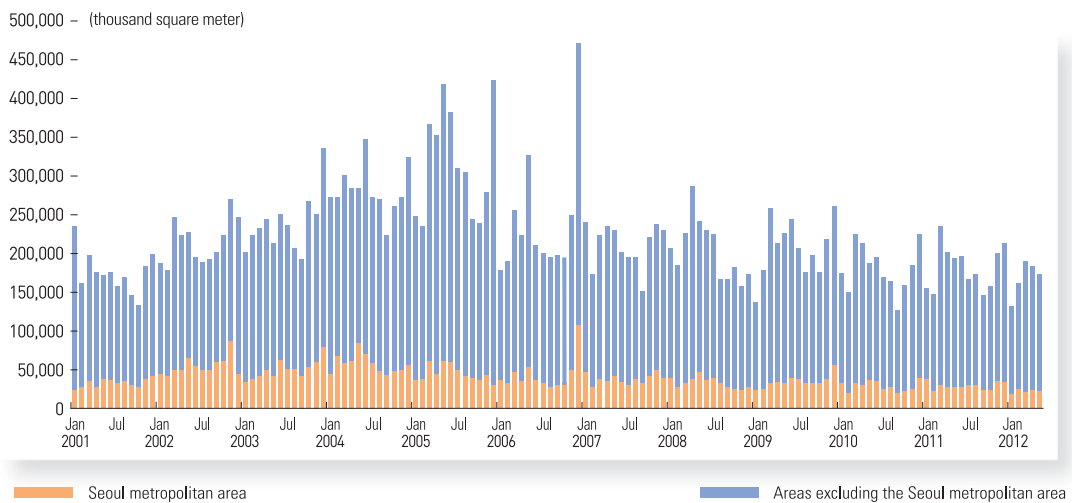
12-5 Land and consumer prices since 1970s

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



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 May increased 0.4 percent month-on-month and 1.6 percent year-on-year. Output in construction (*up 2.5%, m-o-m*), mining & manufacturing (*up 1.1%, m-o-m*) and services (*up 0.2%, m-o-m*) rose, while output in public administration (*down 3.4%, m-o-m*) fell.

The cyclical indicator of the coincident composite index fell 0.5 points in May.

Nonfarm payroll employment increased month-on-month while six other components, such as the value of construction completion, declined.

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

Number of nonfarm payroll employment (0.1%), value of imports (-0.2%), mining & manufacturing production (-0.3%), domestic shipment (-0.3%), wholesale & retail sales (-0.4%), service activity (-0.5%), value of construction completion (-1.7%)

The cyclical indicator of the leading composite index fell 0.4 points from the previous month.

Three components of the leading composite index, including the consumer expectations index, increased while five components, such as the value of construction orders received, were lower compared to the previous month. The spreads between long & short term interest rates stayed unchanged.

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

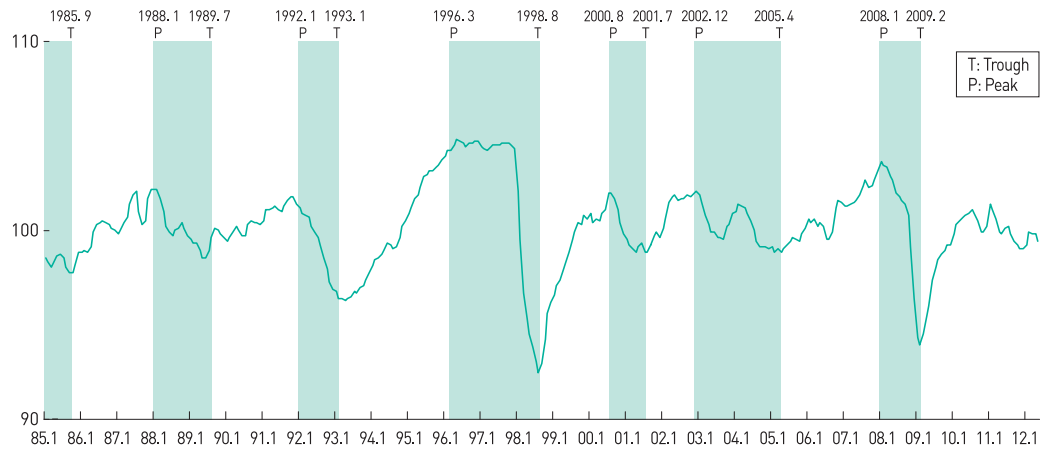
Consumer expectations index (1.5p), indicator of inventory cycle (1.0%p), ratio of export to import prices (0.8%), spreads between long & short term interest rates (0.0%p), KOSPI (-1.9%), international commodity prices (-2.1%), ratio of job openings to job seekers (-2.2%p), domestic shipment of machinery (-3.0%), value of construction orders received (-20.2%)

	2011			2012				
	Oct	Nov	Dec	Jan	Feb	Mar	Apr ¹	May ¹
Industrial output (m-o-m, %)	-0.1	-0.3	0.1	1.0	1.3	-1.1	-0.1	0.4
(y-o-y, %)	4.3	3.7	1.6	-1.0	8.7	0.5	0.4	1.6
Coincident composite index (m-o-m, %)	0.3	0.0	0.4	0.1	0.8	0.1	0.2	-0.1
Cyclical indicator of coincident composite index (m-o-m, p)	100.3	99.8	99.8	99.6	100.0	99.6	99.4	98.9
Leading composite index (m-o-m, %)	0.1	0.2	0.4	0.7	1.0	0.4	0.4	0.1
Cyclical indicator of leading composite index (m-o-m, p)	99.2	99.0	99.0	99.2	99.8	99.8	99.8	99.4
	-0.2	-0.2	0.0	0.2	0.6	-0.1	0.0	-0.4

1. Preliminary

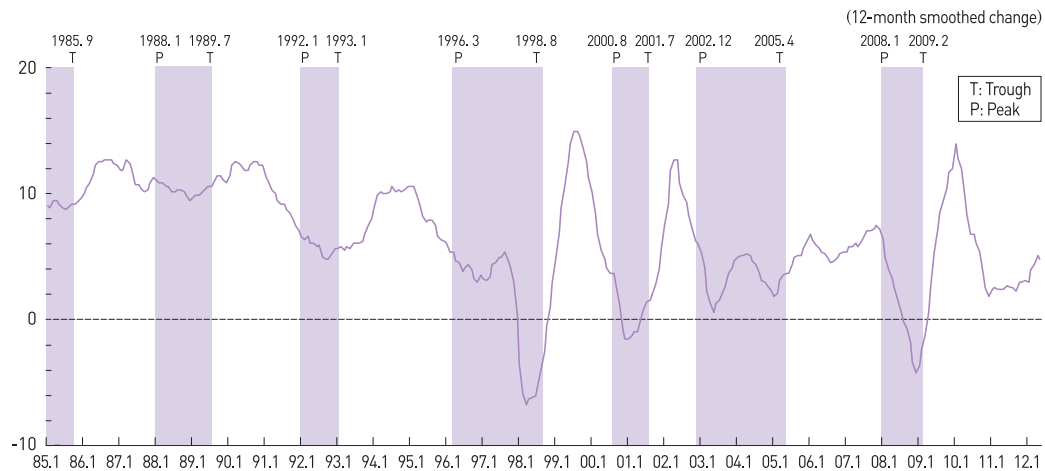
13-1 Cyclical indicator of coincident composite index

Source: Statistics Korea



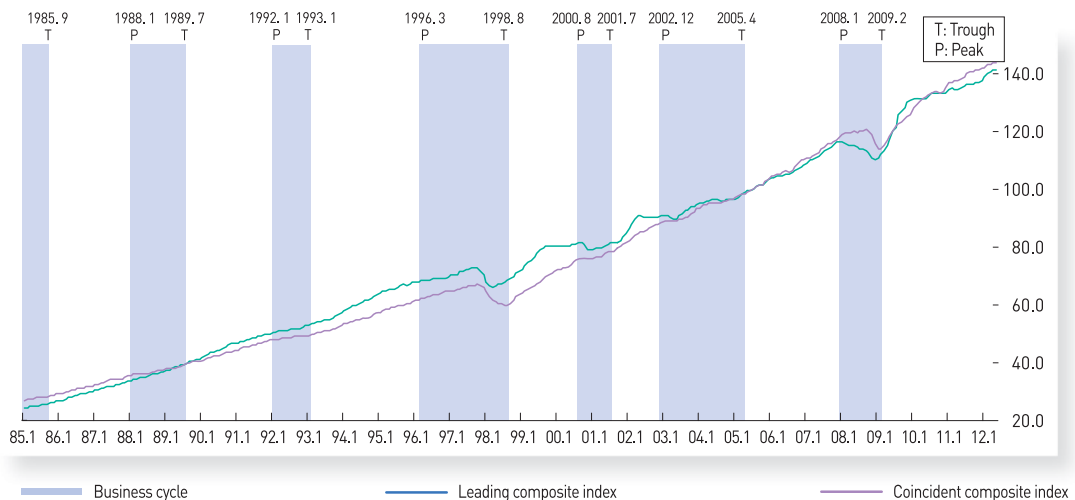
13-2 Leading composite index

Source: Statistics Korea



13-3 Coincident and leading composite indices

Source: Statistics Korea



Featured Issue

Rapidly Aging Population in Korea: Policies and Challenges

Han, Dongman

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Ministry of Foreign Affairs and Trade



As of June 23, 2012 Korea's population stood at 50 million. Yet the news is not entirely joyful as the Korean society is aging rapidly. The population of 50 million has its productive aspects in terms of GDP and trade, but at the same time it imposes a heavy burden on the government in terms of welfare costs.

As stated in a report released by the Royal Bank of Scotland on June 19, the average age of Korean workers is expected to be the oldest in the world in 2045 mainly due to the country's rapidly aging population. With the labor force projected to shrink from 2016 onward, Korea's potential growth, or the rate at which the Korean economy is expected to grow when its capital and labor force are fully employed, will slow down.

The report said that the economic impact of the aging population will be felt much earlier, with Korea's working-age population falling faster than that of Europe by 2020 and Japan by 2039. There will be more pensioners than workers, and by 2050, every worker will have to support 1.65 pensioners.

According to the OECD's 2012 statistics Korea's total fertility rate (1.15) is less than half the world average and far less than the average rate (1.74) of OECD member states. Korea's labor input, relative to population, is by far the largest among OECD member states, reflecting long working hours that are 25 percent above the OECD average. However, Korea's labor productivity per hour of work is only about half of that of the average of the top half of OECD member states.

The growth of the older population imposes many challenges on our future economy. We have to engage in visionary initiatives to help understand and prepare for the challenges of our rapidly aging society, as the aging population will have far-reaching consequences for social organizations, economic activities, health care, housing, and almost every area of life.

What can be done to effectively address such impending challenges?

Firstly, it is essential to boost the employment rate from 63 percent of the working-age population (as of 2010) to the 70 percent level of some advanced countries, in particular by encouraging working among women, the elderly, and youth. It is also important to reduce labor market dualism to create better job opportunities for women and young people, by increasing the availability of affordable, high-quality childcare and ensuring better access to comprehensive employment support programs, as recommended by the OECD.

The older population's participation in the economy will become increasingly important not only because it improves the financial health of the economy and the individual, but also because it provides seniors meaningful roles and a sense of identity. An important issue in the employment of older workers is their skills and training in a rapidly changing job environment.

Secondly, we should promote immigration, although inflows have been closely restricted thus far. There were 1.5 million foreign workers in Korea in 2011, accounting for less than 3 percent of the country's total labor force, far below the OECD average of 10 percent. Therefore, we should increase the number of skilled foreign manpower, while making more efforts to promote the social integration of foreign workers.

Thirdly, economic policies will have to place greater emphasis on environmental sustainability and inclusive growth to promote social cohesion. As described in National Employment Strategy 2020 the Government should i) pursue employment-friendly economic and industrial policies, including the Green Growth Strategy, ii) improve income distribution and welfare, in part by reforming regulations for non-regular workers, and iii) reform the social safety net to provide stronger work incentives.

Lastly, we have to raise the productivity of the service sector by lowering entry barriers through regulatory reform, and by improving competition policies. We may also raise global competitiveness in services through increased inflows of foreign direct investment by removing ownership restrictions, and by creating a more business-friendly environment.

Policy Issues

Economic Policy Directions for the Second Half of 2012

Economic outlook for the second half of 2012

Although the global economy has moderately recovered this year, concerns over the European debt crisis are growing, and the outlook for future growth has dimmed. Korea's economic growth has been revised down to 3.3 percent from 3.7 percent because external conditions, which have been negatively affected by the European crisis, have delayed a full recovery. In the second half of 2012, however, the economy is expected to see job markets and domestic demand improve and exports recover, while consumer price inflation is slowing down.

Inflation is projected to stand at 2.8 percent, helped by stabilizing oil and other commodity prices. The current account is expected to show a surplus of US\$18 billion in 2012, as a decrease in the goods account surplus will be offset by the improving service account.

In 2013, the Korean economy is forecast to grow 4.3 percent, helped by a global economic recovery. Jobs will increase by 330,000 and prices by 3.0 percent. The current account surplus will narrow to US\$15 billion as recovering domestic demand will boost imports.

	2011	2012		2013
		Original	Revised	
Employment (thousand)	420	280	400	330
GDP Growth (%)	3.6	3.7	3.3	4.3
Consumer Price Inflation (%)	4.0	3.2	2.8	3.0
Current Account (US\$ bil)	16	16	18	15

Economic policies for the second half of 2012

The economic policies for the second half of 2012 will focus on minimizing the effect of the global economic crisis on the Korean economy and supporting the working classes, while pursuing economic reform.

The government will redouble its efforts to promote an economic recovery to safeguard against potentially longlasting global uncertainties. First of all, the government will keep running the emergency monitoring system and review the existing contingency plans, while lowering household debts to a manageable level and achieving fiscal soundness. The government will continue fiscal stimulus in the second half, despite a front-loaded fiscal adjustment in the first half, by minimizing budgets left unspent or transferred to the next term. Private investment will be boosted as the government will encourage investment by small- and medium-sized enterprises (SMEs) and foreigners, and reinforce the construction sector.

With trade exceeding US\$1 trillion, Korea needs to diversify its foreign markets. To help businesses find new export markets, the government will come up with specific strategies unique to each market, particularly growing markets in emerging economies and the Middle East. Service and green industries will continue to be nurtured as future growth engines, while mid- to long-term policies related to demographic and climate changes will be addressed.

As the working class is vulnerable to external shocks, the government will prioritize supporting the working class by keeping prices stable and creating jobs. The government will swiftly respond to short-term price volatility caused by imbalances in supply and demand, while seeking to improve distribution systems. Job creation for young adults and baby boomers will take the top priority and taxes will be revised to be more employment-friendly. There will be increased support for working class housing as well as expanded micro-financing. Welfare programs will be improved to benefit the members of society who most require them.

The seven tasks of the second half of 2012

The seven most important tasks in the second half of 2012 are 1) dealing with the global financial crisis effectively, 2) continuing fiscal stimulus by assigning supplementary budgets and increasing budgetary spending, 3) backing private investment with a facility investment fund, 4) keeping consumer prices in the two percent range with improved distribution systems, 5) creating 400,000 jobs this year and revising taxes to be more employment-friendly, 6) promoting micro-financing and housing support, and 7) nurturing future growth engines such as the service and green industries, while preparing for demographic changes.

1. Dealing with the global fiscal crisis effectively

Due to the possibility that the current financial crisis will continue, the government will step up its current monitoring system while persistently reviewing and revising contingency plans so that volatilities in the domestic financial market can be successfully dealt with and the real economy can be prevented from being negatively affected. A public-private joint meeting chaired by the President will be held every month to check domestic and external uncertainties and prepare for them. Various meetings to examine the current economic and financial situation are going to be merged into one regular meeting whose purpose will be to check the state of macroeconomic soundness.

To prevent a crisis from arising, the government will help reduce household debt, achieve fiscal consolidation and build financial safety nets. To promote disciplined consumption, the tax deduction system for spending will be revised to favor debit cards over credit cards. Thirty percent of spending just up to 3 million won will be tax deductible in the case of debit card use, compared with 20 percent for credit card. Covered bonds, which are expected to facilitate banks' long-term and fixed rate lending, will become mandatory, and the government along with the Bank of Korea will financially support the Korea Housing Finance Cooperation in 2012 and 2013. Fiscal spending will be more tightly controlled by examining the performance of fiscal projects, setting standards for fiscal spending and separately managing mandatory and discretionary spending, while factors that may risk fiscal soundness will be thoroughly examined and promptly responded to through a system exclusively developed to deal with such risks.

Local governments' fiscal soundness needs to be improved. The government will not allow any new tax incentives to be implemented by local governments. The support for local governments will be closely investigated, and stricter procedures will be applied to the foundation of local public firms. To strengthen the country's financial system, the government will impose a stricter capital ratio requirement as well as demand improved asset soundness from financial institutions. In addition, rules related to capital markets will be revised, as will those concerning the governance of financial firms.

2. Continuing fiscal stimulus by assigning supplementary budgets and increasing budget spending

There will be an increase in the funds used to support the working class, SMEs, small businesses and service industries. Terms of mortgages will be eased for those who want to purchase houses if they are from the working class. There will also be price stability support to improve distribution and storage. Young business startups will be eligible for government guaranteed financing, and funds for small businesses will be recapitalized. Infrastructure needed to grow tourism and leisure industries will be reinforced, and support for industries related to sports, culture and art will be increased.

There will be increased investment in social overhead capital projects because they help the economy. More public investment will be made in projects such as innovative city construction, which will start earlier than planned, and the improvement of power generating facilities and dam construction. To encourage private investment in public projects, the projects will be managed more strictly and private investors will receive more incentives.

The government will maximize budget spending in the second half by minimizing budgets left unspent or transferred to next year.

3. Backing private investment with the facility investment fund

The government will relax rules which might restrict investment in SMEs, while supporting investment by foreign investors. The Korea Development Bank and the Industrial Bank of Korea will create a facility investment fund which will be used to finance facility investment by enterprises including SMEs. Expenses charged for using farm land will be waived until the end of 2013 in free economic zones, and the minimum amount of cash support given to foreign investors will be lifted for the support to be more effective. The foreign investor support system will be revised by the end of August to provide fast, thoughtful, on-the-spot service.

To help construction companies run their businesses and improve the soundness of construction projects, the government will provide financial support including the project financing fund recapitalization, tax incentives for REITs and an increase in the amount of won in the fund from 99.2 billion to 194.2 billion to help construction companies. Primary CBOs (Collateralized Bond Obligations) of 1.7 trillion won will be issued to help relieve the financial stress felt by small- and medium-sized builders, while government guarantee of bridge loans to help proceed with building construction will be available again. The government will apply stricter rules on financially troubled real estate developers, and the troubled developers will be taken away construction rights. A system of evaluating real estate development projects will be adopted, which is expected to act as a guide toward healthy real estate development.

Korea should take advantage of growing emerging economies through trade. A consulting body of government agencies dealing with trade and economic cooperation with China will be set up to help promote trade and cooperation between the two countries. The Export-Import Bank of Korea will increase export credit, and the budget for the trade insurance fund will also be expanded to help broaden export markets to emerging economies including the Middle East.

4. Keeping consumer price inflation in the two percent range with improved distribution systems

To stabilize petroleum product prices, the government will continue to actively pursue the expansion of thrifty gas stations and sales of various brands at one gas station, while diversifying oil suppliers. There will be 1,000 thrifty gas stations nationwide including 25 in Seoul by the end of this year. A joint public-private watchdog will closely monitor for any

exclusive purchase contracts made between oil refiners and gas stations. Tariffs for online trade will be applied to oil imports starting July 2012, and oil import charges will be refunded at the full price of 16 won per liter. On top of that, there will be a new energy supplier, the fifth one, beginning in the second half of 2012, which is also expected to contribute to lower energy prices through increased competition.

The government will strengthen its forecasting of agricultural and fishery product harvests to help stabilize food prices, and will increase contract farming and the stock of farm products. There will be flexible management of tariff quotas to increase imports in time of need. The Korea Agro-fisheries and Food Cooperation will directly import sugar, while saccharine will remain under relaxed regulation.

The government will pursue the improvement of distribution systems based on items. The prices of basic necessities will be closely watched, and the price difference of imports from other countries and the effects of FTAs will be thoroughly analyzed. The government will work on and manage the mid-term consumer price target after 2013. The indices for consumer prices will be changed every 2-3 years, instead of every 5 years.

5. Creating 400,000 jobs this year, while adopting employment-friendly taxes

Young male adults attending the Defense Ministry's special job training program will be given favors when they apply for positions during their military service. The army will provide young male adults with employment services 1-2 months before leaving the army, including consultation. There will be 70 billion won of financial support for youth startups, an increase of 20 billion won from the originally planned 50 billion won. Young adults interested in working in overseas construction will have a chance to receive specialized job training. Public institutions will increase their employment of high school graduates by 2,400, on top of 15,300 in additional employment already planned in 2012.

Retired baby boomers will get help when they look for jobs or start businesses. Self employed business owners with an annual revenue of less than 150 million won will be eligible to enroll in government programs for job training and employment service if they want to change careers.

To encourage employment by enterprises, the government will revise taxes to be more employment-friendly. Tax incentives for job creation will involve increased tax deductions for investment that encourages employment, tax deductions for SMEs which re-employ young adults returning from military service, and expanded income tax reductions for the crew members of overseas voyages due to the crew shortage of 6,000 predicted to last until 2020.

6. Promoting micro-financing and housing support

To help the financially vulnerable, the government, in cooperation with the Bank of Korea, will

come up with measures to increase the credit of those with low credit scores or low income. The government will also allow joint business activities by savings banks and mainstream banks so that various kinds of loans with various interest rates can be introduced. The Financial Consumer Protection Act is planned to be enacted to protect financial consumers, and acts concerning private lending will be revised to introduce a ceiling on the interest rates of private loans. Illegal predatory lending will continue to be under strict control, and micro-financing will be expanded. Emergency loans such as those for tuition and living costs, will be available through the micro-financing program called Miso financing.

The government will provide housing support according to people's needs. Working class people who want to purchase houses will be able to purchase mortgages with lowered interest rates. The real estate acquisition tax will be waived until the end of 2012 in the case of single home owners. The standardized rent contract will be revised so that those who rent houses can avoid financial burden when they have to break contracts when any unavoidable situation arises. There will be an increased income tax deduction on rent from the current 40 percent. The government will review and revise current measures to boost the supply of small housing.

7. Nurturing future growth engines and preparing for the future

The Service Industry Act will be put back on the table to be enacted, while any unfair dealings between the manufacturing sector and the service sector will be looked for and corrective action will be taken. Efforts to attract Chinese tourists will be boosted by extending the length of multiple visas from 3 years to 5 years, reinforcing interpretation services and relaxing hotel construction regulation. The greenhouse gas emissions reduction targets of each enterprise will be examined and adjusted, due to the enforcement of the Emission Trading System Act enacted in November, which stipulates emissions trading details, such as certified emission reduction (CER). To encourage the development of green industries, the government will extend the tax exemption for energy technology SMEs until the end of 2012, while introducing a tax deduction of 10 percent for facility investment which will reduce green house gas emissions.

The government will revise the taxes on retirement pensions and ease housing pension requirements to reflect the country's growing ageing population. Banks will be encouraged to invite savings in foreign currencies, and non-residents will be encouraged to make deposit at domestic banks. There will be tax incentives for banks and foreign depositors on the savings. Experts will seek ways to stabilize the sovereign bond market, such as launching market stabilization bonds, increasing direct purchasing by public institutions and reinforcing international cooperation. Mid- and long-term reports on future challenges and policies will come out in September, particularly dealing with climate change, low birth rates, an ageing population and social integration.

Economic News Briefing

Korea to expand foreign currency savings

The Korean government announced a plan to expand foreign currency savings, in a bid to prepare for possible capital flights amid financial market instability. The plan has three phases based on the development of the domestic financial market, and the government will focus on providing them with incentives and direction.

In the first phase, the government will cut the levy on non-deposit foreign currency borrowings of the banks that have expanded foreign currency savings. In addition, 50 percent of the collected levy will be deposited in those banks. Meanwhile, non-residents will be exempted from interest income tax on their foreign currency savings at local banks. Foreign branches of local banks will be evaluated with revised performance indicators which will include their level of foreign currency savings. The government will introduce measures to increase prudence of foreign currency savings in the second phase and may raise the cost of foreign currency borrowings. In the third phase, regulations on transactions related to foreign currency savings will be eased as part of efforts to raise the ratio of foreign currency savings to 10 percent of the total savings.

Korea's growth forecast for 2012

The Bank of Korea revised down its economic growth outlook for 2012 to 3.0 percent from the previous 3.5 percent due to slower export growth amid growing uncertainties in the global economy. The projection for consumer price inflation was revised down to 2.7 percent from an earlier forecast of 3.2 percent. Meanwhile, the central bank decided on July 12 to lower the base rate by 25 basis points to 3.00 percent, considering the downside risks such as uncertainties surrounding the eurozone fiscal crisis, possibilities of international financial market unrest, and economic slumps in major countries.

Korea signs FTA with Colombia

The trade ministers of Korea and Colombia released a joint statement on June 25 announcing the conclusion of Free Trade Agreement (FTA) negotiations that began in 2009. The free trade pact will eliminate tariffs on 96.1 percent of Korean goods and 96.7 percent of Colombian goods over the next ten years, and as a result will greatly boost bilateral trade. Korea and Colombia can be ideal FTA partners considering their complementary trade structure, in which the former exports manufactured products and the latter exports raw materials and natural resources. Korea's key export items to Colombia are automobiles and automobile parts, while Colombia's major export items to Korea are coffee, crude oil and alloy iron. Colombia is the third Latin American country to sign an FTA with Korea, after Chile and Peru.

Trade surplus shrinks to US\$10.7 billion in the first half of 2012

Korea's exports in the first half of 2012 increased 0.7 percent from the same period of the previous year to US\$275.38 billion, with imports rising 2.5 percent to US\$264.64 billion. Korea managed to post a trade surplus of US\$10.7 billion, but the surplus amount was only two-thirds of that from the first half of 2011 as a result of economic slowdown in China and the EU.

Exports of automobiles, automobile parts, machines and oil products increased 10 percent, while exports of ships and mobile communications devices posted a sharp decline. By area, exports to the EU and China fell, while exports to the US, Middle East and ASEAN nations were relatively strong. Imports slightly rose, due to slow growth in raw material imports and declining consumer goods imports. Imports from the EU, US and ASEAN regions rose, while imports from China, Japan and Latin America declined.

FDI hits record high in the first half of 2012

Foreign direct investment (FDI) in Korea hit a record high in the first half of 2012, helped by growing overseas investment by Japanese firms and Korea's free trade agreements (FTAs). FDI inflows during the first six months of 2012 amounted to US\$7.11 billion, a 32.5 percent rise from the same period of the previous year.

Investment from Japan surged 196 percent year-on-year to US\$2.64 billion, while investment from the US increased 13.1 percent to US\$1.26 billion. In contrast, FDI inflows from the EU fell 31.6 percent to US\$1.4 billion amid growing uncertainties over the region's debt crisis. Investment from China also declined 17.8 percent to US\$187 million.

Greenfield investments continued to show strong growth this year, rising 13.8 percent while cross border M&As surged 130 percent year-on-year to US\$1.98 billion. By industry, investments in manufacturing and services increased 56 percent and 34.8 percent, respectively.

(Notification basis, US\$ million, %)

	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹
Total FDI	4,548	4,644	4,333	5,364	7,106
Growth rate ²	35.0	2.1	-6.7	23.8	32.5

1. First half of the year

2. Percentage change from the same period of the previous year

Bank of Korea invests in the Chinese A-share market

Bank of Korea, which obtained China's Qualified Foreign Institutional Investor (QFII) status in December 2011, made a full investment of US\$300 million in the Chinese A-share market. The investment was entrusted to Korea's domestic and foreign asset management companies. It is expected that the investment into the Chinese stock market will help the central bank to expand the diversity of Korea's foreign exchange reserves and boost cooperative ties between Korea and China.

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14. Monetary indicators
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1. National accounts

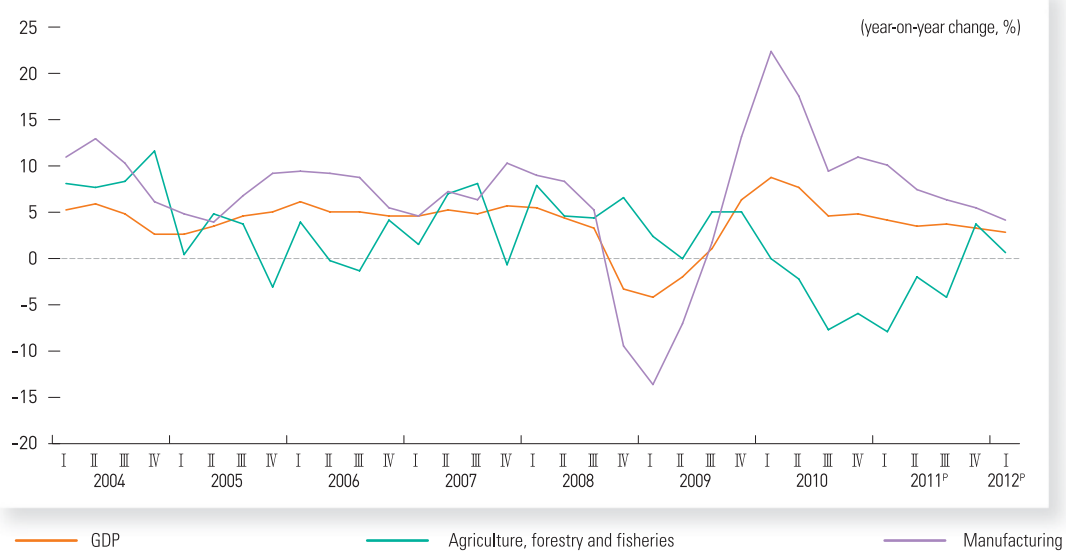
(year-on-year change, %, chained 2005 year prices)

Period		Real GDP		Final consumption expenditure	Gross fixed capital formation			
		Agri., fores. & fisheries	Manufacturing			Construction	Facilities	
2004		4.6	9.1	10.0	1.0	2.1	1.3	3.8
2005		4.0	1.3	6.2	4.6	1.9	-0.4	5.3
2006		5.2	1.5	8.1	5.1	3.4	0.5	8.2
2007		5.1	4.0	7.2	5.1	4.2	1.4	9.3
2008		2.3	5.6	2.8	2.0	-1.9	-2.8	-1.0
2009		0.3	3.2	-1.5	1.2	-1.0	3.4	-9.8
2010		6.3	-4.4	14.7	4.1	5.8	-3.7	25.7
2011 ^P		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 ^P	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 ^P I		2.8	0.7	4.1	2.2	4.6	1.5	8.6

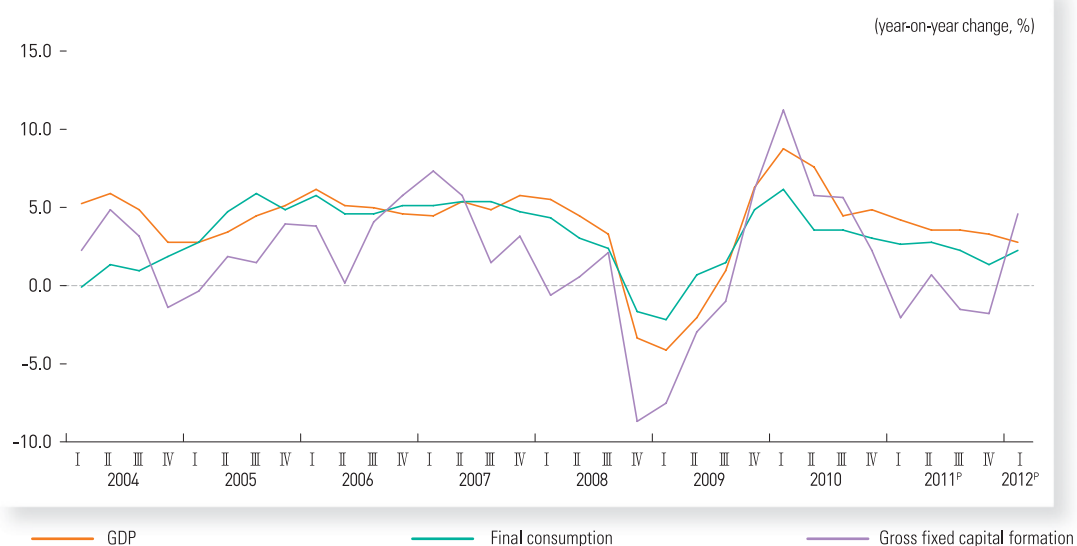
P: Preliminary

Source: The Bank of Korea

Growth rate by economic activity



Growth rate by expenditure on GDP



2. Production, shipment and inventory See graphs 6-1, 6-3, 7-1, 7-2 & 7-3

(constant prices, 2005 = 100)

Period		Production index	Y-o-Y change (%)	Shipment index	Y-o-Y change (%)	Inventory index	Y-o-Y change (%)	Service production index	Y-o-Y change (%)
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		149.1	3.8	142.5	3.0	159.0	16.0	126.2	2.5
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	0.6
	2	148.4	14.4	141.7	13.5	164.0	20.0	123.6	5.6
	3	155.2	0.6	148.5	-0.5	159.0	16.0	130.4	1.6
	4P	149.6	0.0	142.8	-1.0	158.6	16.2	126.7	1.0
	5P	155.5	2.6	148.7	3.3	160.2	14.9	129.7	2.2

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 I	138.3	3.4	97.6	-1.4	79.9
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	138.3	3.7	97.6	10.3	81.0
3	138.5	3.0	102.6	-3.9	78.1
4 ^P	138.5	2.6	98.9	-4.0	79.3
5 ^P	139.6	3.3	102.4	-0.7	79.3

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	I	125.3	2.0	173.3	3.6	112.8	0.7	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
	2	119.6	5.4	170.8	11.1	104.2	2.5	108.4	3.6
	3	127.0	0.1	181.1	-1.1	114.9	0.7	114.7	1.2
	4 ^P	123.0	0.3	167.5	0.3	120.1	-0.7	110.6	1.5
	5 ^P	131.4	2.2	184.1	4.7	128.6	1.7	117.5	1.4

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 I	119.9	-1.2	135.5	0.0	113.6	-1.7	-
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	117.3	10.3	136.6	8.3	109.5	11.3	100
3	122.1	-4.1	141.6	-3.3	114.2	-4.5	101
4 ^P	119.7	0.8	129.4	-3.2	115.9	2.7	104
5 ^P	123.5	6.6	139.5	5.7	117.1	7.1	105
6	-	-	-	-	-	-	101

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
II	6,676	728	5,948	3,677	144.5	147.3
III	5,703	404	5,300	3,109	133.3	128.4
IV	6,416	998	5,418	3,367	127.9	133.2
2012 I	6,292	960	5,332	2,986	138.5	130.3
2011 1	2,009	115	1,894	1,109	123.3	121.5
2	2,045	122	1,923	1,146	112.4	118.3
3	2,391	233	2,158	1,441	144.5	143.7
4	1,951	99	1,853	1,155	134.4	137.5
5	2,113	142	1,971	1,186	146.8	149.4
6	2,611	487	2,124	1,336	152.3	154.9
7	1,990	152	1,838	1,027	133.7	135.2
8	1,800	115	1,685	1,006	135.0	124.1
9	1,913	137	1,776	1,076	131.3	125.8
10	1,977	301	1,676	966	114.8	122.5
11	2,317	474	1,843	1,124	129.3	127.3
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
2	2,490	712	1,778	1,013	139.8	132.5
3	1,790	133	1,658	842	146.4	138.6
4 ^P	1,817	98	1,720	943	141.7	133.8
5 ^P	1,878	82	1,796	964	144.6	135.4
Y-o-Y change (%)						
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
II	10.0	81.1	4.9	3.1	5.7	3.6
III	3.4	6.1	3.2	3.1	-3.1	-2.9
IV	11.5	-3.1	14.7	21.0	-4.7	-3.7
2012 I	-2.4	104.5	-10.8	-19.2	9.3	2.0
2011 1	15.6	-32.1	20.7	9.8	19.4	11.5
2	28.0	14.0	29.0	29.8	-0.2	14.1
3	16.2	-6.3	19.3	40.9	-0.2	4.0
4	9.0	-22.3	11.4	9.4	2.2	0.2
5	-0.8	23.4	-2.2	-10.8	11.7	8.5
6	21.4	205.2	6.7	13.1	3.5	2.2
7	-1.7	44.9	-4.3	-3.9	-3.0	-0.2
8	6.8	8.0	6.7	12.0	-2.9	-3.5
9	6.1	-19.1	8.8	2.5	-3.2	-5.3
10	18.0	197.7	6.4	0.0	-10.9	-4.7
11	33.9	333.3	13.7	13.6	-2.8	-4.5
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
2	21.8	485.1	-7.5	-11.6	24.4	12.0
3	-25.1	-43.0	-23.2	-41.6	1.3	-3.5
4 ^P	-6.9	-1.2	-7.2	-18.3	5.4	-2.7
5 ^P	-11.1	-42.4	-8.9	-18.7	-1.5	-9.4

P: Preliminary
Source: Statistics Korea

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

(current prices, billion won)

Period	Value of construction completion (total)	Type of order		Domestic construction orders received (total)	Type of order	
		Public	Private		Public	Private
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 I	19,195	7,496	10,778	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	5,978	2,364	3,363	8,193	2,175	5,912
3	7,316	2,905	4,034	7,006	1,491	5,127
4 ^P	6,714	2,608	3,818	6,374	1,438	4,483
5 ^P	7,136	2,819	3,998	7,186	1,063	6,028
Y-o-Y change (%)						
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 I	0.6	2.3	-0.7	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	13.9	17.3	12.4	100.4	55.7	132.2
3	-4.1	2.6	-8.0	-3.5	9.0	-9.3
4 ^P	-4.8	-4.2	0.1	-4.4	0.4	-2.7
5 ^P	-4.0	-4.0	-5.3	2.9	-43.9	31.1

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	100.0	92.2	91.0
3	140.6	143.3	99.6	101.4	106.1
4	141.2	143.6	99.4	97.5	98.4
5	141.3	143.5	98.9	95.7	104.7
6	-	-	-	90.4	98.3
7	-	-	-	-	89.7

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 ^P	I	2,559.9	2,612.4	134,627.6	132,015.2	-648.4	1,487.6	-891.7
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 ^P	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	2,971.4	2,926.3	47,380.8	44,454.5	699.7	-317.5	-337.1
	4	1,734.0	1,750.8	45,820.3	44,069.5	549.7	-422.0	-144.5
	5	3,611.8	1,754.1	46,253.8	44,499.7	1,593.0	341.6	-76.9

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						Changes in reserve assets	Errors and omissions
		Direct investment	Portfolio investment	Financial derivative	Other investment	Capital transfers & acquisition of non-financial assets		
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 ^P I	-1,377.1	-7,203.3	15,156.1	1,355.0	-4,232.7	134.3	-6,586.4	-1,182.8
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 ^P 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	-1,762.4	-1,617.4	1,303.9	706.7	-516.2	100.0	-1,739.4	-1,209.0
4	157.7	-940.4	-2,213.3	320.5	2,667.4	102.3	221.2	-1,891.7
5	-2,912.1	-1,382.0	-937.1	-390.4	-1,615.6	144.2	1,268.8	-699.7

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 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
5	106.2	109.2	103.9	104.6	124.6	128.8	113.7	167.2
6	106.1	108.8	104.0	104.9	122.9	126.5	111.8	161.2
Y-o-Y change (%)								
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 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
5	2.5	4.3	1.3	1.6	1.9	2.2	3.2	2.1
6	2.2	3.6	1.2	1.5	0.8	0.8	2.2	-1.2

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 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
4	25,653	24,758	4,027	19,103	3.5	17,679	10,957	5,095	1,627
5	25,939	25,133	4,071	19,292	3.1	17,935	11,064	5,153	1,718
Y-o-Y change (%)									
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 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
4	1.6	1.9	-2.0	3.1	-	1.9	3.2	3.4	-10.2
5	1.8	1.9	-1.6	3.0	-	1.8	3.3	1.8	-7.4

Source: Statistics Korea

13. Financial indicators See graphs 9-1 & 9-4

(period average)

Period	Yields (%)					Stock	
	Call rate (1 day)	CD (91 days)	Corporate bonds (3 years, AA-)	Treasury bonds (3 years)	Treasury bonds (5 years)	KOSPI (end-period)	
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
	5	3.3	3.5	4.0	3.4	3.5	1,843.47
	6	3.3	3.5	3.9	3.3	3.4	1,854.01

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 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
4	80,641.8	437,445.3	1,777,114.7	2,349,723.2
5	80,547.7	438,795.3	1,784,220.5	2,357,701.0
Y-o-Y change (%)				
2010	9.5	11.8	8.7	8.2
2011	11.3	6.6	4.2	9.4
2010 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
4	10.2	2.8	5.5	8.6
5	9.1	3.5	5.5	8.4

Source: The Bank of Korea

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

Period	₩/US\$		₩/100 ¥		₩/Euro	
	End-period	Average	End-period	Average	End-period	Average
2010	1,138.9	1,156.3	1,397.1	1,320.6	1,513.6	1,532.9
2011	1,153.3	1,108.1	1,485.2	1,391.3	1,494.1	1,541.4
2010 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
5	1,177.8	1,154.3	1,489.1	1,447.1	1,456.6	1,478.6
6	1,153.8	1,165.5	1,453.8	1,469.1	1,435.0	1,462.3
Y-o-Y change (%)						
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 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
5	9.0	6.5	11.5	8.5	-6.0	-4.7
6	7.0	7.8	8.8	9.4	-8.0	-6.0

Source: The Bank of Korea

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<http://english.fss.or.kr>

Fair Trade Commission

<http://eng.ftc.go.kr>

Ministry of Labor

<http://english.molab.go.kr/english>

The Bank of Korea

<http://www.bok.or.kr/eng>

Statistics Korea

<http://kostat.go.kr/portal/english>

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