

Republic of Korea
**ECONOMIC
BULLETIN**

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Republic of Korea

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The Green Book

Current Economic Trends

Overview

The Korean economy has seen inflation and employment remain stable with domestic economic readings such as consumption, investment and services slightly improving. However, due to slowing exports, mining and manufacturing production has continued to fall.

The labor market has added 470,000 jobs in the year to July evenly across many industries, leading to an improvement in employment indicators such as the employment rate and jobless rate.

Despite an increase in the price of agricultural and petroleum products, consumer prices in August rose just 1.2 percent year-on-year, which is the slowest rate since May 2000 when prices rose 1.1 percent, thanks to stable farm product prices and service fees.

Mining and manufacturing production slid 1.6 percent in July month-on-month due to a decrease in semiconductor and automobile production while service output was up 0.7 percent compared to the previous month due to an increase in wholesale & retail sales and financial & insurance services.

In July, retail sales were up 3.4 percent from a month ago, which is the fastest growth since May 2009, when a 4.1 percent growth was registered, due to an increase in durable goods sales as well as semi-durable and non-durable goods sales.

Despite a decrease in transportation equipment investment, the facility investment index in July rose 2.5 percent compared to the previous year due to an increase in machinery investment. Construction investment climbed 6.8 percent month-on-month as both building construction and civil engineering works increased.

Exports in August decreased 6.2 percent from a year earlier due to the European debt crisis, and imports also fell 9.8 percent. The current account balance was US\$2.04 billion.

The cyclical indicator of the coincident composite index in July rose 0.2 points from a month ago due to an increase in the domestic shipment index, while the leading composite index rose 0.2 points month-on-month due to an increase in the ratio of the export to import prices.

In August, domestic financial markets saw volatility relaxed somewhat as global financial markets stabilized slightly and foreign capital inflows increased amid expectations for stimulus in major countries.

Housing prices fell 0.2 percent in August while rent prices were up 0.1 percent from a month ago.

As the European crisis has increased concerns over the global economic downturn and falling confidence has added to domestic destabilizing factors, external and domestic uncertainties are mounting.

The Korean government will closely monitor the global and domestic economy, while reinforcing policy responses to stimulate the economy by boosting exports and domestic economic conditions.

At the same time, the government will focus on stabilizing the lives of low- and middle-income classes through job creation and by stabilizing the prices of necessities, while continuing to carry out policy actions to improve the health of the economy.

1. External economic situation

The US economy is recovering at a moderate rate, the eurozone continues to struggle and emerging economies are slowing down.

The turmoil in the eurozone continues as Spain may require a full bailout and Greece seeks to extend deadlines for its fiscal austerity measures. The bad debt ratio of Spain's banks rose to a record high of 9.42 percent in June (8.95% in May), deepening concerns about the deteriorating banking sector.

US

The US annual economic growth rate was revised up to 1.7 percent in the second quarter of 2012 from an initially reported 1.5 percent, but tepid consumption and investment confidence shows that the economy is still struggling.

Industrial output improved in July, but the ISM Manufacturing Index, an indicator for business sentiment, fell below the base level of 50 for a third successive month.

ISM Manufacturing Index (base=50)

53.1 (Dec 2011) ↻ 54.1 (Jan 2012) ↻ 52.4 (Feb) ↻ 53.4 (Mar) ↻ 54.8 (Apr) ↻ 53.5 (May) ↻ 49.7 (Jun) ↻ 49.8 (Jul) ↻ 49.6 (Aug)

Personal consumption expenditure in July turned positive, but consumer sentiment dropped compared to the first half of the year.

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) ↻ 72.3 (Jul)

In July, the jobless rate slightly increased, but nonfarm payrolls, which had fallen below 100,000 for three months in a row since March, increased by 163,000.

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

275 (Jan 2012) ↻ 259 (Feb) ↻ 143 (Mar) ↻ 68 (Apr) ↻ 87 (May) ↻ 64 (Jun) ↻ 163 (Jul)

Housing prices rose in June for a fifth consecutive month and sales of existing homes and new homes all increased in June by 2.3 percent and 3.6 percent, respectively.

Case-Shiller home price index (seasonally adjusted)

203.4 (Dec 2006) ↻ 136.5 (Jan 2012) ↻ 136.6 (Feb) ↻ 137.6 (Mar) ↻ 138.7 (Apr) ↻ 140.0 (May) ↻ 141.3 (Jun)

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

0.0 (Jan 2012) ↻ 8.0 (Feb) ↻ -3.8 (Mar) ↻ 1.7 (Apr) ↻ 6.7 (May) ↻ -8.4 (Jun) ↻ 3.6 (Jul)

(Percentage change from previous period)

	2010		2011				2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Real GDP ²	2.4	1.8	0.1	2.5	1.3	4.1	2.0	1.7	-	-
- Personal consumption expenditure	1.8	2.5	3.1	1.0	1.7	2.0	2.4	1.7	-	-
- Corporate fixed investment	0.7	8.6	-1.3	14.5	19.0	10.0	9.8	5.1	-	-
- Housing construction investment	-3.7	-1.4	-1.4	4.1	1.4	12.1	20.5	8.9	-	-
Industrial production	5.3	4.1	1.2	0.2	1.7	0.9	1.4	0.6	0.1	0.6
Personal consumption expenditure	3.8	4.7	1.5	1.0	1.0	0.8	0.6	0.4	-0.1	0.4
Existing home sales	-3.4	2.5	9.0	-5.2	-0.2	3.1	4.6	-0.7	-5.4	2.3
Unemployment rate ³	9.6	9.0	8.9	9.1	9.1	8.7	8.3	8.2	8.2	8.3
Consumer prices	1.6	3.1	1.3	1.0	0.8	0.2	0.6	0.2	0.0	0.0

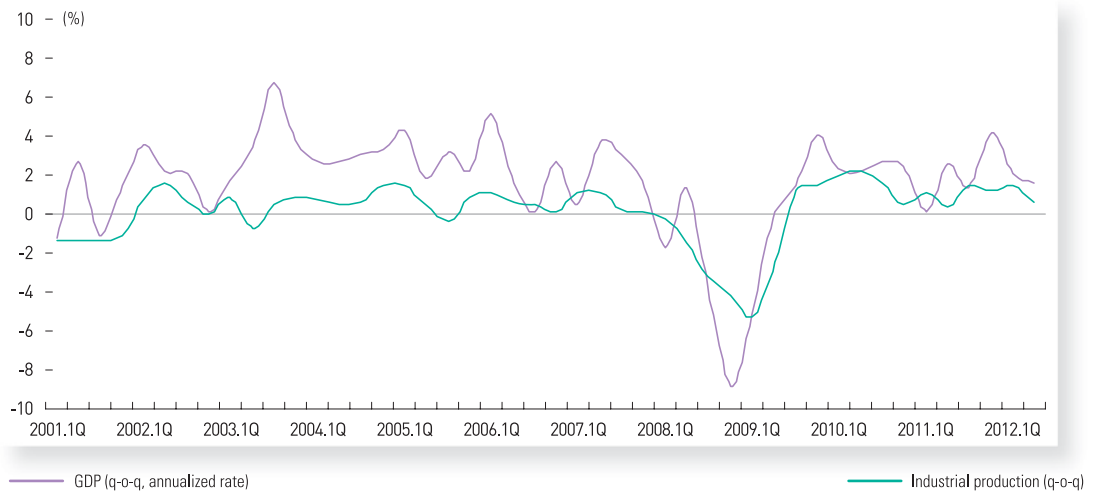
1. Preliminary 2. Annualized rate (%) 3. Seasonally adjusted Source: US Department of Commerce

1-1 World GDP growth



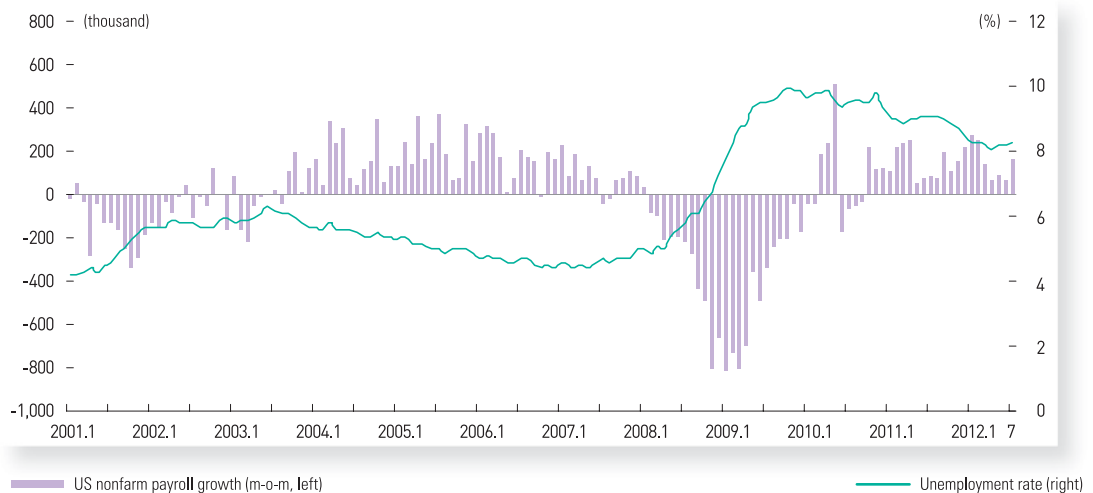
1-2 US GDP growth and industrial production

Source: US Department of Commerce & US Federal Reserve Board



1-3 US nonfarm payroll growth and unemployment rate

Source: US Department of Labor



China

In July, Chinese exports slowed down sharply owing to the economic downturn in Europe, the largest destination for its exports. The Chinese economic growth rate has continued to slow as industrial output and retail sales also slow down.

However, consumer prices, which remained high last year, have stabilized at 1 percent in July.

(Percentage change from same period in previous year)

	2010		2011				2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Real GDP	10.3	9.2	9.7	9.5	9.1	8.9	8.1	7.6	-	-
Industrial production ²	15.7	13.9	14.9	13.9	13.8	12.8	11.6	9.5	9.5	9.2
Fixed asset investment (accumulated)	24.5	25.1	32.5	27.0	28.0	28.0	21.3	20.8	21.0	20.9
Retail sales	18.4	17.1	17.1	18.2	17.3	17.5	14.9	13.9	13.7	13.1
Exports	31.3	20.3	26.4	22.0	20.5	14.3	8.9	10.5	11.3	1.0
Consumer prices ²	3.3	5.4	5.1	5.7	6.3	4.6	3.8	2.9	2.2	1.8
Producer prices ²	5.5	6.0	7.0	6.9	7.1	3.1	0.1	-1.4	-2.1	-2.9

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

Japan

The Japanese economy continued to struggle in July as retail sales turned negative for the first time this year, its exports tumbled and industrial production fell.

The current account balance reversed its course from a small surplus in June to a deficit in July, and consumer prices fell for two months in a row.

Current account balance (¥ billion)

-208 (Dec 2011) ↻ -1,481 (Jan 2012) ↻ 25 (Feb) ↻ -87 (Mar) ↻ -524 (Apr) ↻ -917 (May) ↻ 59 (Jun) ↻ -519 (Jul)

(Percentage change from previous period)

	2010		2011				2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Real GDP	4.4	-0.8	-2.0	-0.5	1.8	0.1	1.3	0.3	-	-
Industrial production	17.3	-2.4	-2.0	-4.0	4.3	-0.4	1.2	-2.0	0.4	-1.2
Retail sales (y-o-y)	2.5	-1.2	-2.7	-1.6	-1.0	0.7	5.2	3.2	0.2	-0.8
Exports (y-o-y)	26.1	-2.6	2.7	-8.1	0.6	-5.4	-2.0	5.2	-2.3	-8.1
Consumer prices (y-o-y)	-0.7	-0.3	-0.5	-0.4	0.1	-0.3	0.3	0.1	-0.2	-0.4

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

Eurozone

The eurozone economy contracted 0.2 percent in the second quarter of 2012.

Retail sales slightly increased in June, but overall the eurozone economy appears to struggle as industrial production continued to fall and manufacturing PMI fell below the base level of 50 for the 13th consecutive month.

The unemployment rate rose for 13 months in a row since May 2011, hitting a record high in June.

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) ↻ 44.0 (Jul) ↻ 45.1 (Aug)

Unemployment rate (%)

10.5 (Oct 2011) ↻ 10.6 (Nov) ↻ 10.7 (Dec) ↻ 10.8 (Jan 2012) ↻ 10.9 (Feb) ↻ 11.0 (Mar) ↻ 11.1 (Apr) ↻ 11.2 (May) ↻ 11.3 (Jun) ↻ 11.3 (Jul)

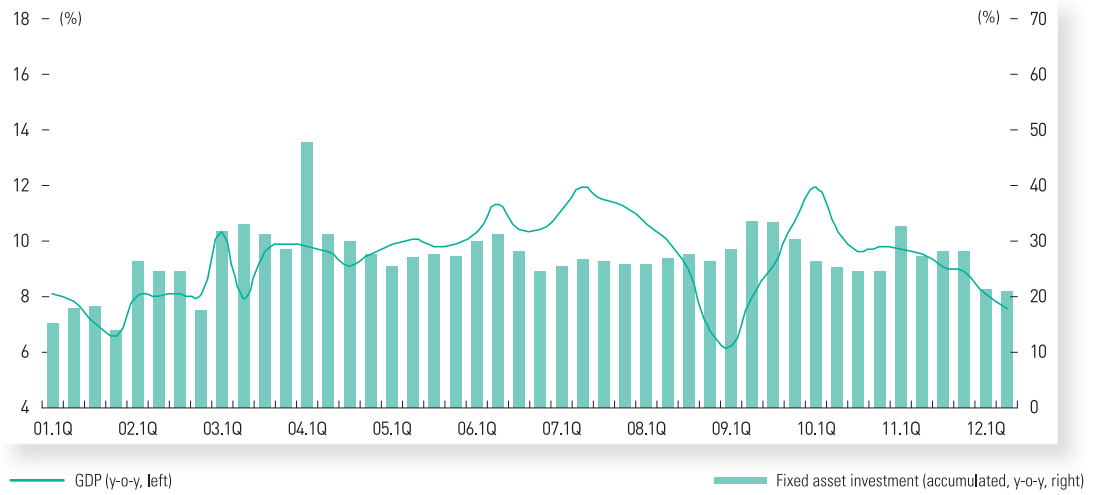
(Percentage change from previous period)

	2010		2011 ¹				2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul
Real GDP	1.8	1.5	0.7	0.1	0.1	-0.3	0.0	-0.2	-	-
Industrial production	7.4	3.5	0.9	0.2	0.8	-2.1	-0.5	-0.6	-0.6	-
Retail sales	0.9	-0.5	-0.1	-0.4	0.3	-1.2	0.1	-0.6	0.2	-
Exports (y-o-y)	20.1	12.7	21.5	13.0	9.4	8.3	8.6	8.0	12.3	-
Consumer prices (y-o-y)	1.6	2.7	2.5	2.8	2.7	2.9	2.7	2.4	2.4	2.4

1. Preliminary Source: Eurostat

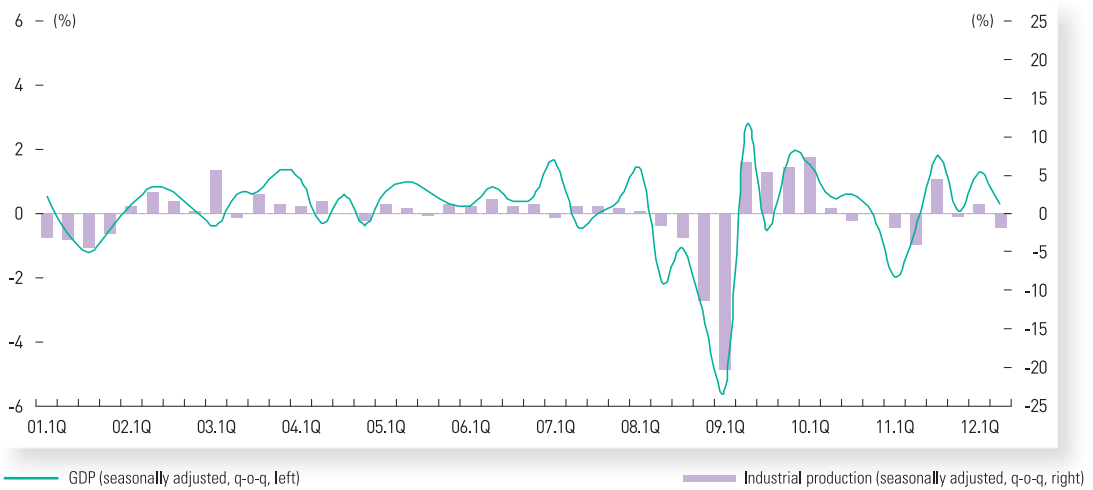
1-4 China's GDP growth and fixed asset investment

Source: National Bureau of Statistics of China



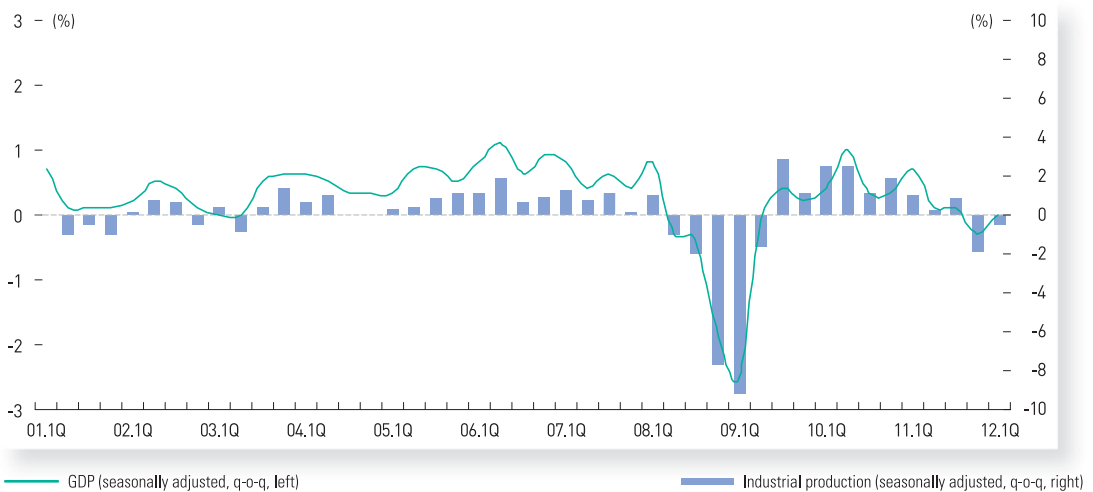
1-5 Japan's GDP growth and industrial production

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 0.5 percent quarter-on-quarter and 1.2 percent year-on-year in the second quarter of 2012.

(Percentage change from previous period)

	2010				2011 ¹					2012 ¹	
	Annual	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Private consumption ²	4.4	0.7	1.2	0.4	2.3	0.6	0.8	0.2	-0.4	1.0	0.5
y-o-y	-	3.9	3.9	3.0	-	2.9	3.0	2.1	1.1	1.6	1.2

1. Preliminary

2. National accounts

Source: The Bank of Korea

Retail sales in July rose 3.4 percent month-on-month due to an increase in the sale of durable goods, semi-durable goods and non-durable goods. On a yearly basis, sales increased 2.7 percent.

Durable goods sales went up 7.1 percent month-on-month thanks to a big increase in sales of computer & communication equipment and automobiles. Semi-durable goods and non-durable goods sales turned positive, rising 2.0 percent and 1.7 percent, respectively.

(Percentage change from previous period)

	2010		2011				2012			
	Annual	Annual ¹	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Jun ¹	Jul ¹
Consumer goods sales	6.7	4.3	1.5	0.1	1.6	-1.3	1.0	0.2	-0.5	3.4
y-o-y	-	-	5.4	5.7	4.7	1.9	2.0	1.0	0.6	2.7
- Durable goods ²	14.8	10.8	4.3	-0.5	1.8	-2.4	3.0	1.3	-0.8	7.1
· Automobiles	11.1	5.9	5.9	-4.9	3.6	-11.3	2.8	8.1	-1.4	3.0
- Semi-durable goods ³	6.8	4.2	0.8	0.7	1.2	-0.3	-0.3	-0.3	-1.8	2.0
- Non-durable goods ⁴	2.2	1.1	0.2	0.0	2.1	-0.5	0.7	-1.0	-0.2	1.7

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	Q2 ¹	Jun ¹	Jul ¹
- Department stores	8.8	8.1	2.2	0.5	1.2	-0.6	-0.8	1.1	-5.4	6.6
- Large discounters	4.5	3.9	1.2	1.0	0.2	0.3	-1.2	-2.1	-1.8	0.2
- Specialized retailers ²	5.7	3.3	1.3	-0.5	2.1	-3.1	1.5	-0.2	-0.2	4.6
- Nonstore retailers	15.6	8.6	1.4	1.2	2.8	0.6	2.7	2.4	-2.6	6.1

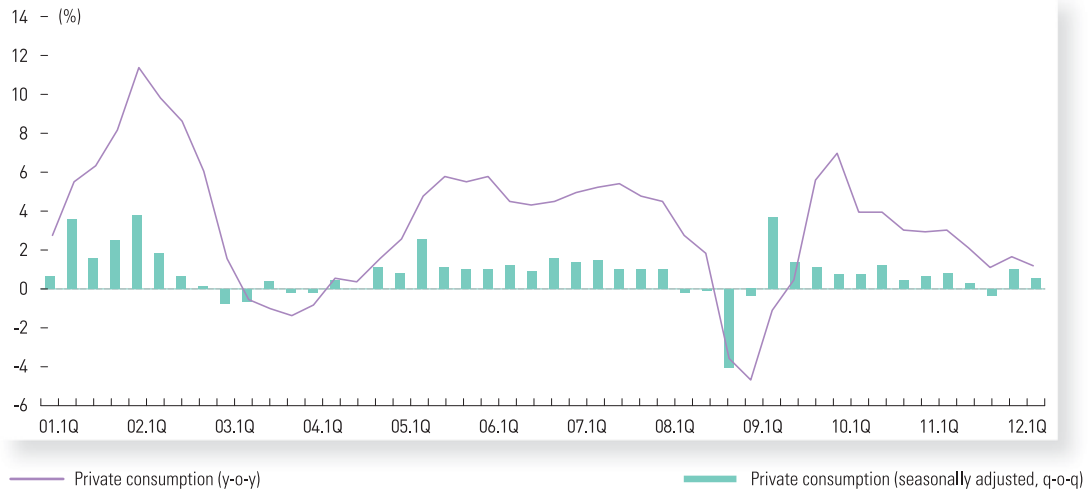
1. Preliminary

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

Source: Statistics Korea

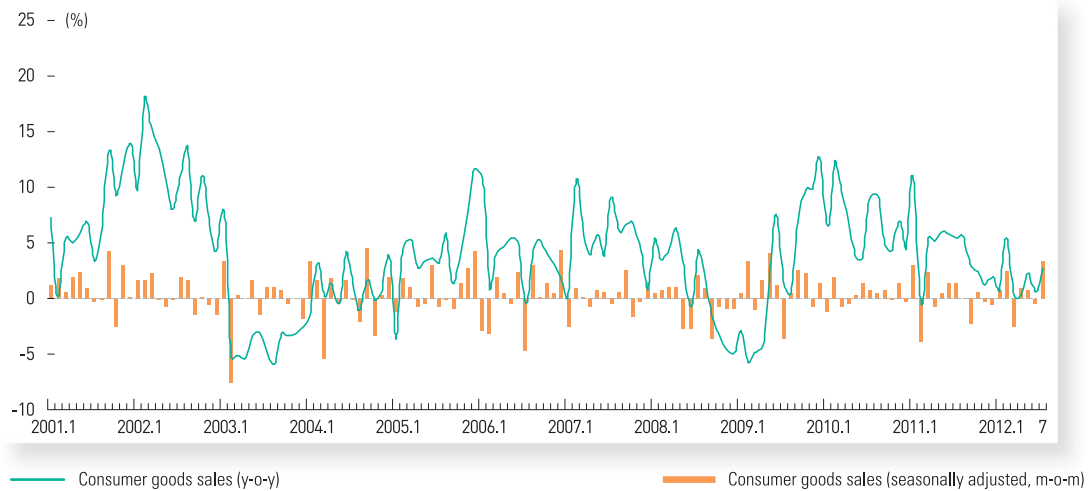
2-1 Private consumption

Source: The Bank of Korea (national accounts)



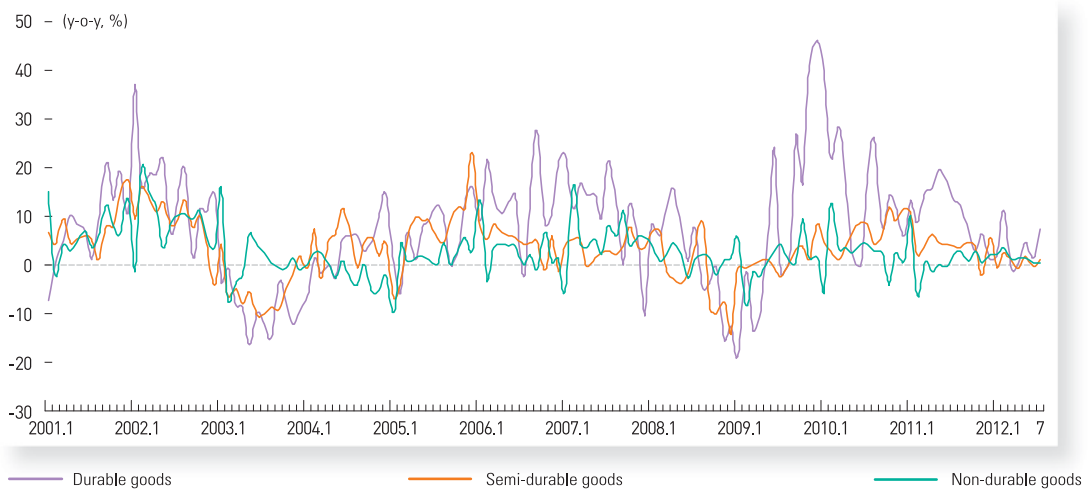
2-2 Consumer goods sales

Source: Statistics Korea (industrial activity trend)



2-3 Consumer goods sales by type

Source: Statistics Korea (industrial activity trend)



August retail sales are expected to slow down slightly given the base effect from the previous month's big increase and weak advanced indicators.

Credit card sales rose year-on-year, but at a slower pace. Department store sales in August decreased since *Chuseok* holiday falls at a later date this year than the previous year (September 12, 2011 → September 30, 2012), leading to a smaller gift demand for the holidays.

The discount store sales declined at a slower pace compared to the previous year as the stores began to resume operations on Sundays following the court's ruling against the government's regulation on operation hours. Gasoline sales declined for a second consecutive month compared to the previous year month due to rising gasoline prices.

Gasoline prices (won per liter)

1,903 (Jul, 4th week) → 1,924 (Aug, 1st week) → 1,939 (2nd week) → 1,959 (3rd week) → 1,990 (4th week) → 2,014 (5th week)

Automobile sales shrank significantly compared to the previous year due to strike-related supply disruption.

	2012							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
- Credit card sales	11.2	24.9	14.5	18.3	15.3	13.7	13.7	8.0
- Department store sales	-4.1	2.9	1.6	-3.4	1.0	-2.0	-1.3	-6.1
- Large discounter sales	2.7	-6.4	3.2	-2.4	-5.7	-7.2	-8.2	-3.5
- Domestic sales of gasoline	7.6	4.4	4.1	5.6	5.2	8.2	-2.1	-2.1
- Domestically made car sales	-19.9	5.5	-9.9	-6.8	0.7	-3.7	-4.6	-24.9

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 July data)

Despite a favorable condition for consumption, consumer sentiment is being held back by external and domestic uncertainties.

With inflation falling and incomes recovering, conditions for consumption have improved.

Consumer prices (y-o-y, %)

3.4 (Jan 2012) → 3.1 (Feb) → 2.6 (Mar) → 2.5 (Apr) → 2.5 (May) → 2.2 (Jun) → 1.5 (Jul) → 1.2 (Aug)

Income growth rate (y-o-y, %)

13.3 (Jan 2012) → 4.2 (Feb) → 5.5 (Mar) → 4.4 (Apr) → 4.7 (May) → 6.2 (Jun)

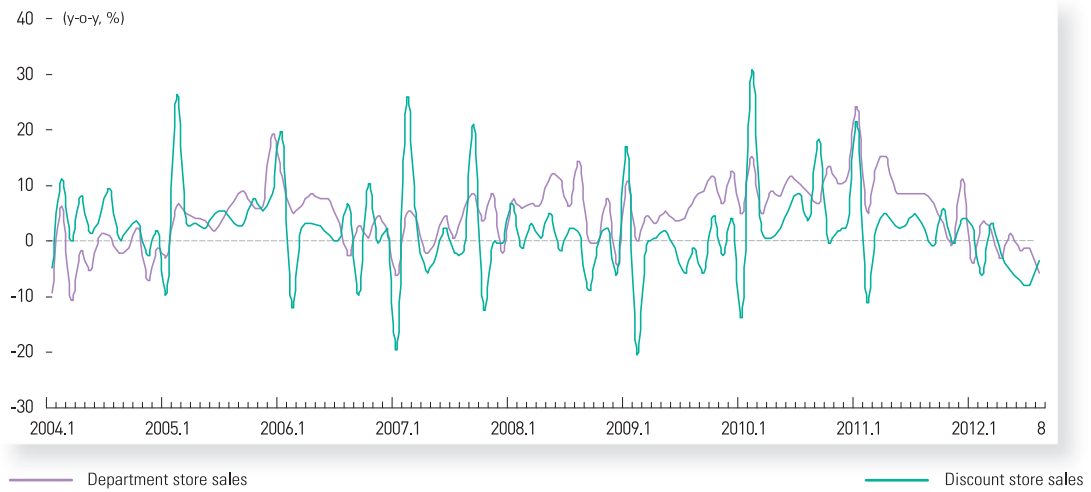
Consumer sentiment in August fell for a third consecutive month due to economic uncertainties, sliding below the base level of 100.

Consumer sentiment index (CSI, base=100)

98 (Jan 2012) → 100 (Feb) → 101 (Mar) → 104 (Apr) → 105 (May) → 101 (Jun) → 100 (Jul) → 99 (Aug)

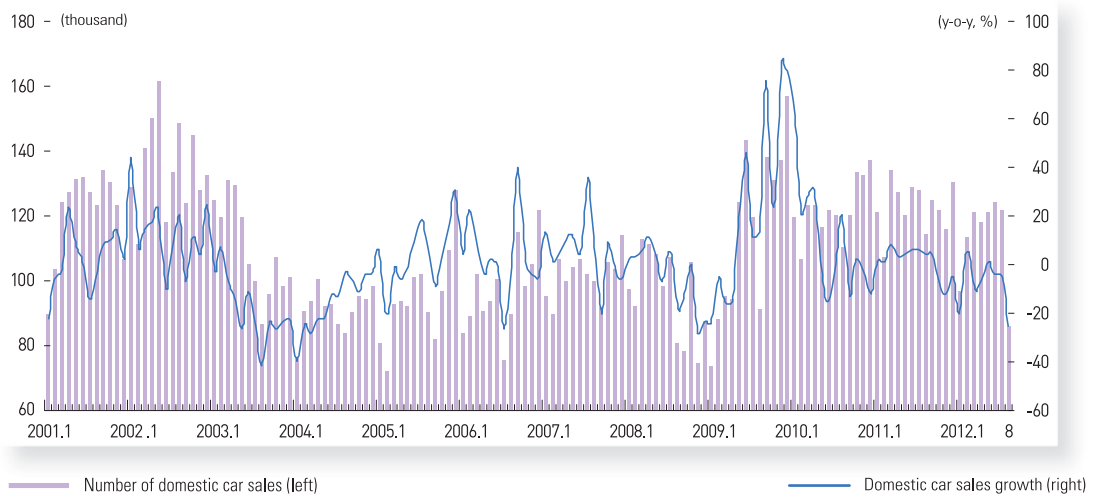
2-4 Department store and discount store sales (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



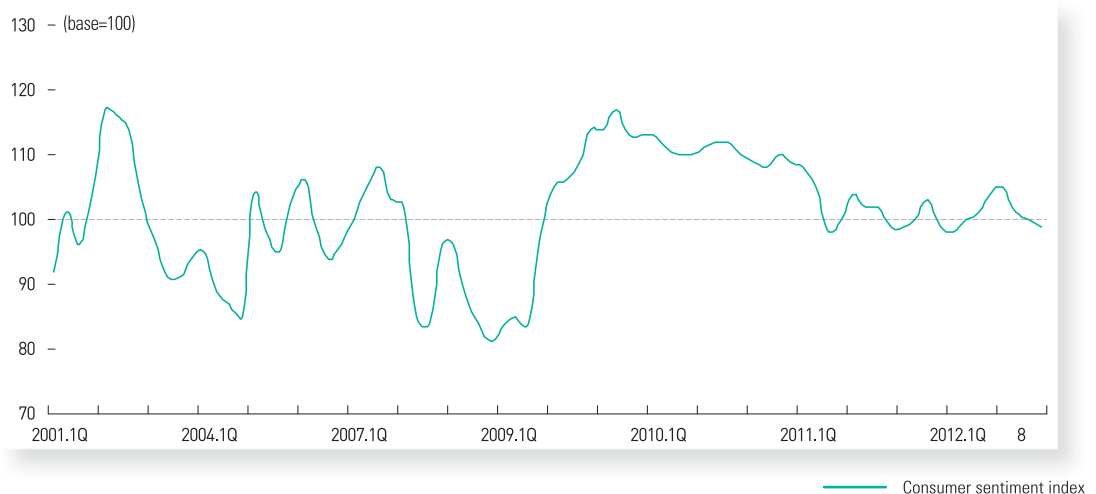
2-5 Domestically-made automobile sales

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 second quarter of 2012 decreased 6.4 percent quarter-on-quarter and 2.9 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 ¹					2012 ¹	
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Facility investment ²	25.7	4.6	-0.2	3.7	-1.6	4.7	-1.8	-4.3	10.3	-6.4
y-o-y	-	26.3	16.9	-	10.3	7.7	1.2	-3.3	8.6	-2.9
- 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 decrease in transportation equipment investment, the facility investment index in July rose 2.5 percent month-on-month and 1.2 percent year-on-year due to an increase in machinery investment.

(Percentage change from previous quarter)

	2010		2011				2012 ¹				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Facility investment index	24.2	0.7	-1.9	3.6	-1.5	-5.0	11.3	-3.7	-0.3	-5.9	2.5
y-o-y	-	-	5.4	5.7	-3.1	-4.7	9.3	-0.8	-1.3	-5.5	1.2
- Machinery	29.4	1.7	-3.5	6.0	-2.2	-3.1	10.2	-5.0	1.2	-9.7	4.5
- Transportation equipment	4.5	-4.1	6.1	-7.2	1.6	-12.9	14.7	5.1	-5.6	13.5	-5.9

1. Preliminary Source: Statistics Korea

Facility investment is projected to slow down given leading indicators such as machinery orders and facility investment adjustment pressure.

(Percentage change from same period in previous year)

	2010		2011				2012 ¹				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Domestic machinery orders	8.3	11.0	19.5	10.0	3.4	11.5	-2.4	-18.5	-10.9	-33.3	-6.7
q-o-q, m-o-m	-	-	9.2	-0.3	-5.4	8.8	-7.1	-12.0	-3.7	-18.5	20.2
- Public	-37.7	11.2	-10.5	81.1	6.1	-3.1	104.5	-47.3	-42.4	-58.1	72.7
- Private	18.3	11.0	22.7	4.9	3.2	14.7	-10.8	-15.0	-8.6	-27.6	-13.3
Machinery imports	40.4	7.1	8.1	10.6	9.3	1.0	15.1	-4.3	-7.8	-14.5	-6.3
Manufacturing average operation ratio	80.9	79.9	82.2	79.9	79.6	78.0	79.9	78.9	79.3	78.1	77.2
Facility investment adjustment pressure ²	8.9	1.6	3.6	1.1	1.0	0.8	0.8	-1.8	-0.5	-2.1	-3.2

1. Preliminary

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

Sources: Statistics Korea, Korea International Trade Association

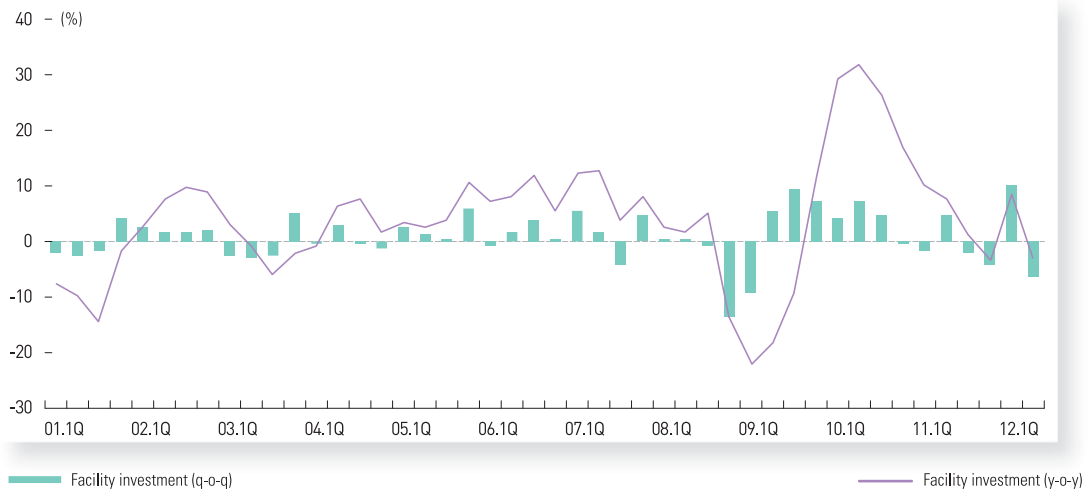
Amid economic uncertainties, corporate confidence has fallen for three consecutive months since July.

	2012								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Business survey indices (base=100) for facility investment projection in the manufacturing sector	97	98	99	99	99	99	98	94	93

Source: The Bank of Korea

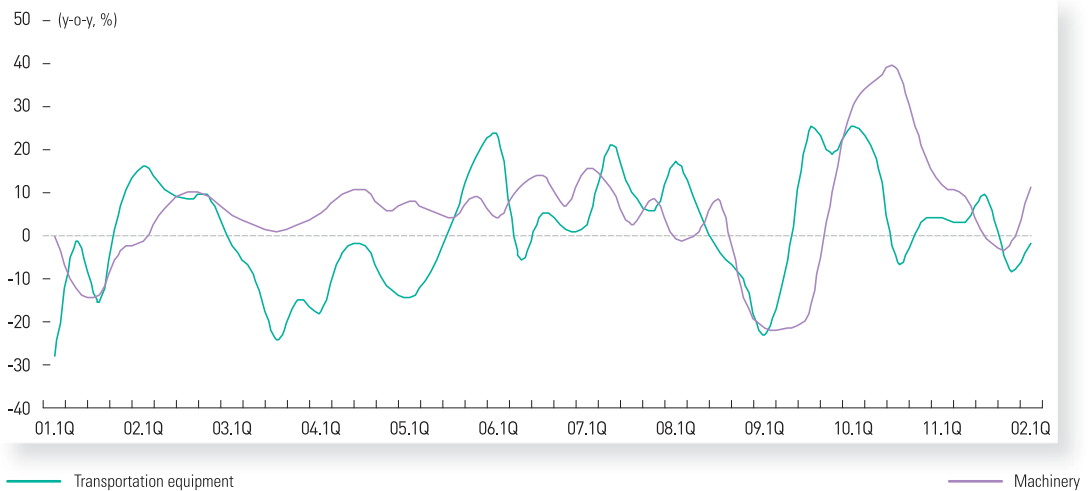
3-1 Facility investment

Source: The Bank of Korea (national accounts)



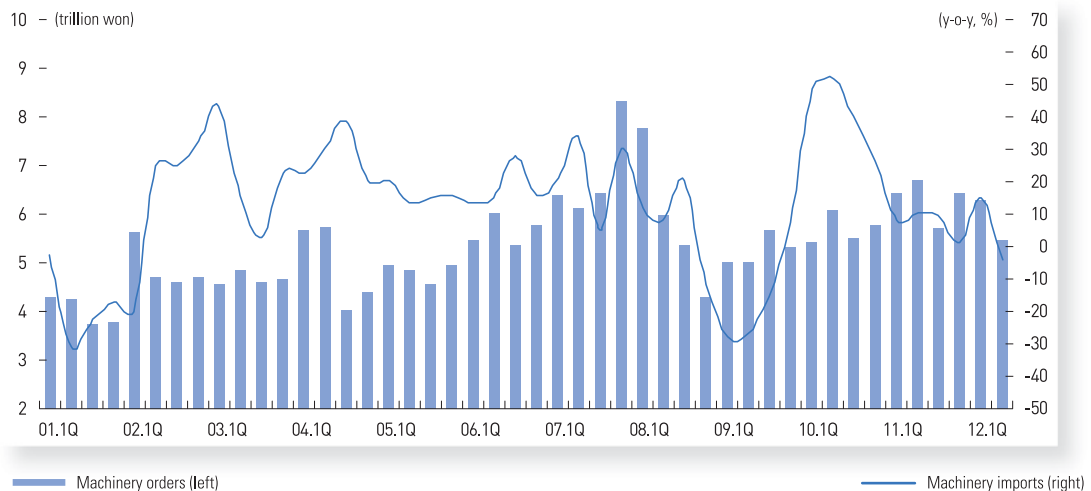
3-2 Facility investment by type

Source: The Bank of Korea (national accounts)



3-3 Machinery orders and machinery imports

Source: Korea International Trade Association (KITA) & Statistics Korea



4. Construction investment

Construction investment (*preliminary GDP*) in the second quarter of 2012 increased 0.3 percent quarter-on-quarter, but decreased 1.4 percent year-on-year.

(Percentage change from previous quarter)

	2010			2011 ¹					2012 ¹	
	Annual	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2
Construction investment ²	-3.7	-0.9	-1.9	-5.0	-4.4	3.5	-0.5	0.1	-1.2	0.3
y-o-y	-	-4.9	-5.2	-	-11.0	-4.2	-4.0	-2.1	1.5	-1.4
- 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 completed construction (*constant*) in July rose 6.8 percent month-on-month and 1.0 percent year-on-year, due to an increase in building construction.

(Percentage change from previous quarter)

	2010		2011				2012 ¹				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Value of completed construction (constant)	-3.3	-6.7	-3.8	2.0	-4.3	5.7	-6.8	-4.5	2.3	-2.8	6.8
y-o-y	-	-	-12.6	-6.6	-8.4	-0.5	-3.7	-10.8	-6.6	-16.2	1.0
- Building construction	-7.0	-8.4	-4.7	1.0	-3.7	4.9	-3.4	-10.2	1.8	-6.4	11.9
- Civil engineering works	2.2	-4.5	-2.5	3.1	-5.1	6.6	-11.2	3.3	3.0	1.5	1.0

1. Preliminary

Source: Statistics Korea

(Percentage change from same period in previous year)

	2009		2011				2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May	Jun ¹	Jul ¹
Construction orders (current value)	-17.7	4.0	-11.8	-1.7	1.5	22.4	36.6	0.8	2.9	2.6	23.8
q-o-q, m-o-m	-	-	12.5	11.7	3.3	-1.9	25.4	-20.9	0.7	29.5	-14.1
- Building construction	-8.9	10.9	-7.7	-2.5	9.8	40.6	31.3	-4.3	5.4	-12.6	57.3
- Civil engineering works	-28.3	-6.6	-17.2	0.1	-11.0	-1.1	44.5	11.5	-5.4	25.8	-4.7
Building permit area	19.3	9.9	21.5	3.8	58.7	-14.8	8.7	1.2	0.5	8.8	9.4

1. Preliminary

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

Construction investment may improve given increasing leading indicators such as construction orders and building permits. However, a recovery in construction investment could be limited given increasing stocks of unsold houses and decreasing housing transaction volumes.

Unsold houses (thousand)

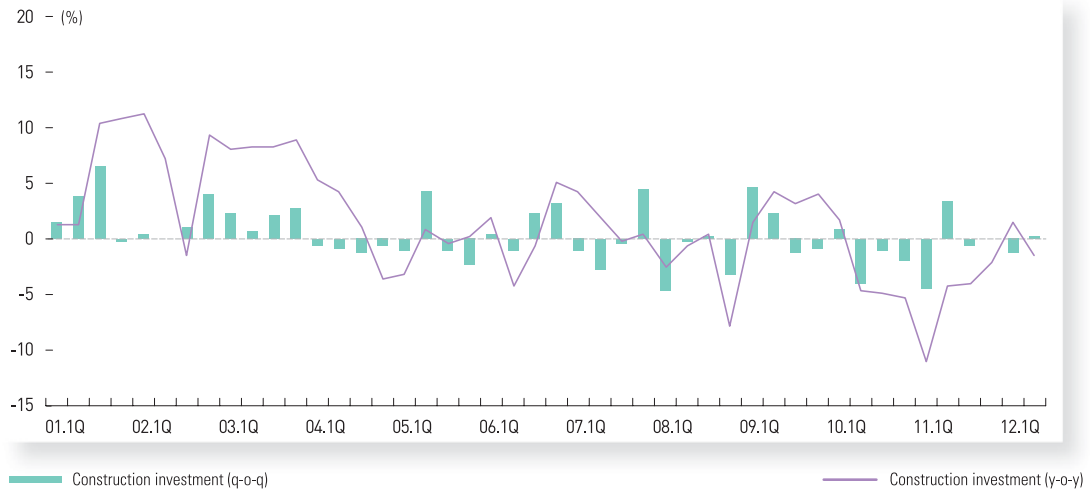
70 (Dec 2011) → 68 (Jan 2012) → 65 (Feb 2012) → 63 (Mar 2012) → 61 (Apr 2012) → 62 (May 2012)
 → 62 (Jun 2012) → 67 (Jul 2012)

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) → -29.3 (Jun)
 → -22.1 (Jul)

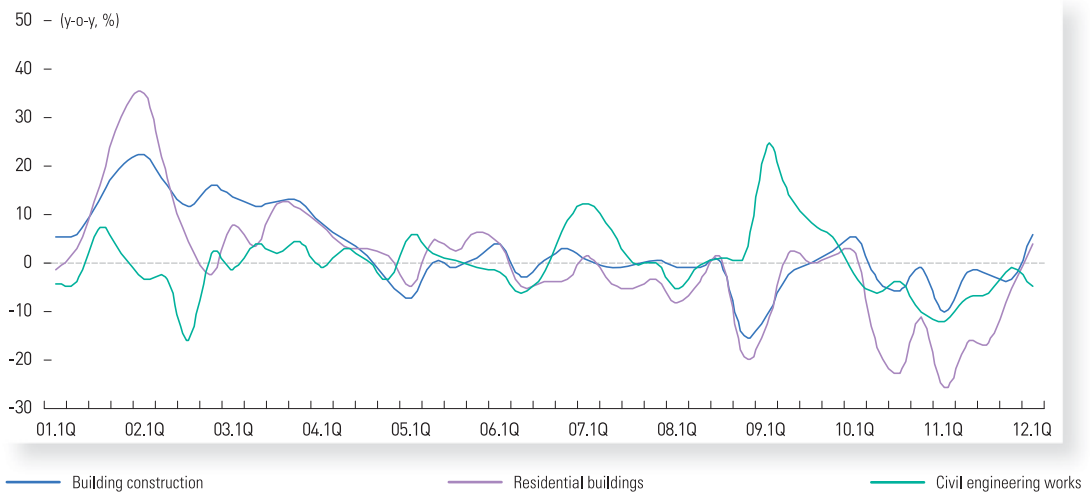
4-1 Construction investment

Source: The Bank of Korea (national accounts)



4-2 Construction investment by type

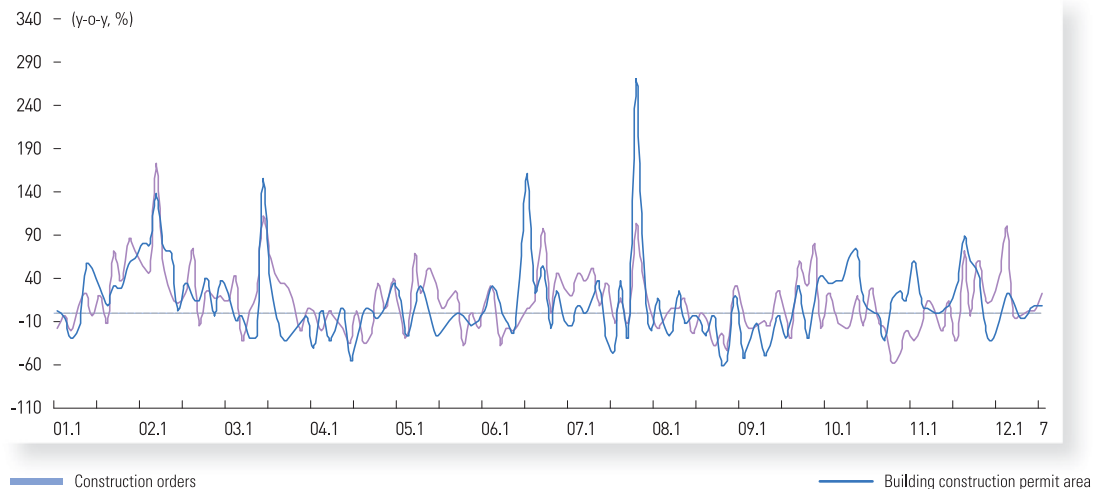
Source: The Bank of Korea (national accounts)



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

August exports decreased 6.2 percent (*preliminary*) year-on-year to US\$42.97 billion.

Exports in August turned negative year-on-year again following July as exports of major items such as mobile phones (*down 34.7%*), vessels (*down 34.2%*), automobiles (*down 21.7%*), and steel (*down 10.8%*) tumbled.

In August, when most people go on vacation, average daily exports typically fall because actual working days decrease.

Average daily exports (US\$ billion)

1.65 (Jul 2010) ↻ 1.52 (Aug) ↻ 1.88 (Sep)
2.08 (Jul 2011) ↻ 1.91 (Aug) ↻ 2.11 (Sep)

Average daily exports in August were US\$1.79 billion, falling from the previous year's US\$1.91 billion and previous month's US\$1.86 billion.

Average daily exports (US\$ billion)

2.08 (Jul 2011) ↻ 1.98 (Q4 2011) ↻ 1.97 (Q1 2012) ↻ 2.10 (Apr) ↻ 2.09 (May) ↻ 2.10 (Jun) ↻ 1.86 (Jul) ↻ 1.79 (Aug)

Vessel exports tumbled while automobile exports were hit by partial strikes in the auto industry and delayed shipments by the typhoon.

In August, vessel exports fell by US\$1.5 billion from last year's US\$4.3 billion as a steep decline in vessel orders during the financial crisis in 2009 led to recent decreases in vessel exports. Automobile exports in August fell to US\$2.5 billion from the previous year's US\$3.2 billion, hit by fierce competition in the US market and diminishing demand in Europe as well as temporary factors such as partial strikes that cost the auto industry 115,000 vehicles, delayed shipments due to the typhoon, and summer vacation.

However, a recent decline in exports may be caused by factors unrelated to the recent economic downturn, as poor vessel orders in 2009 have materialized and offshore productions of mobile phones have increased.

Exports (y-o-y, %)

-7.3 (Jan 2012) ↻ 20.4 (Feb) ↻ -1.5 (Mar) ↻ -5.0 (Apr) ↻ -0.8 (May) ↻ 1.1 (Jun) ↻ -8.8 (Jul) ↻ -6.2 (Aug)

Exports excluding vessel exports (y-o-y, %)

1.7 (Jan 2012) ↻ 25.3 (Feb) ↻ 3.9 (Mar) ↻ -0.2 (Apr) ↻ 3.8 (May) ↻ 2.5 (Jun) ↻ -1.8 (Jul) ↻ -1.9 (Aug)

(US\$ billion)

	2010		2011				2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jul	Aug ¹	Jan-Aug ¹
Exports	466.38	555.21	130.99	142.69	141.24	140.37	134.89	140.33	44.64	42.97	362.79
(y-o-y, %)	19.6	19.0	29.6	18.7	21.4	9.0	3.0	-1.6	-8.8	-6.2	-1.5
Average daily exports	1.70	2.01	1.98	2.08	2.03	1.98	1.97	2.09	1.86	1.79	1.98
Imports	425.21	524.41	123.91	134.29	134.92	131.26	133.40	131.11	42.34	40.93	347.21
(y-o-y, %)	31.6	23.3	26.1	27.2	27.7	13.4	7.6	-2.4	-5.4	-9.8	-0.2
Average daily imports	1.46	1.91	1.87	1.96	1.96	1.85	1.95	1.96	1.76	1.71	1.89

1. Preliminary

Source: Korea Customs Service

Imports in August fell 9.8 percent (*preliminary*) year-on-year to US\$40.93 billion.

Imports of capital goods (*down 18.2%*) including semiconductor equipment, consumer goods (*down 11.6%*), and commodities (*down 7.8%*) all decreased year-on-year.

The trade balance (*preliminary*) in August posted a surplus of US\$2.04 billion.

(US\$ billion)

	2010		2011				2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jul	Aug ¹	Jan-Aug ¹
Trade balance	41.17	30.80	7.08	8.40	6.30	9.16	1.45	9.22	2.76	2.04	15.58

1. Preliminary

Source: Korea Customs Service

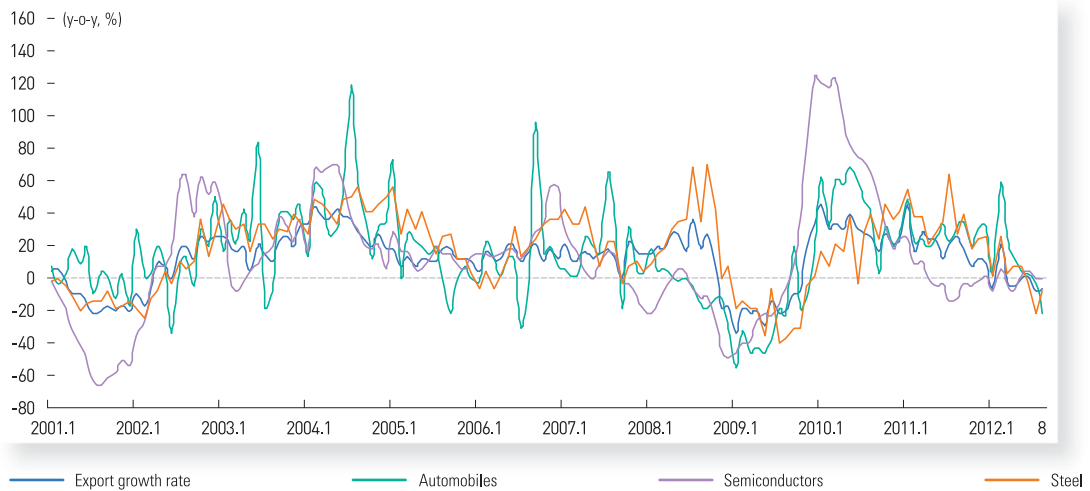
5-1 Exports and imports

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



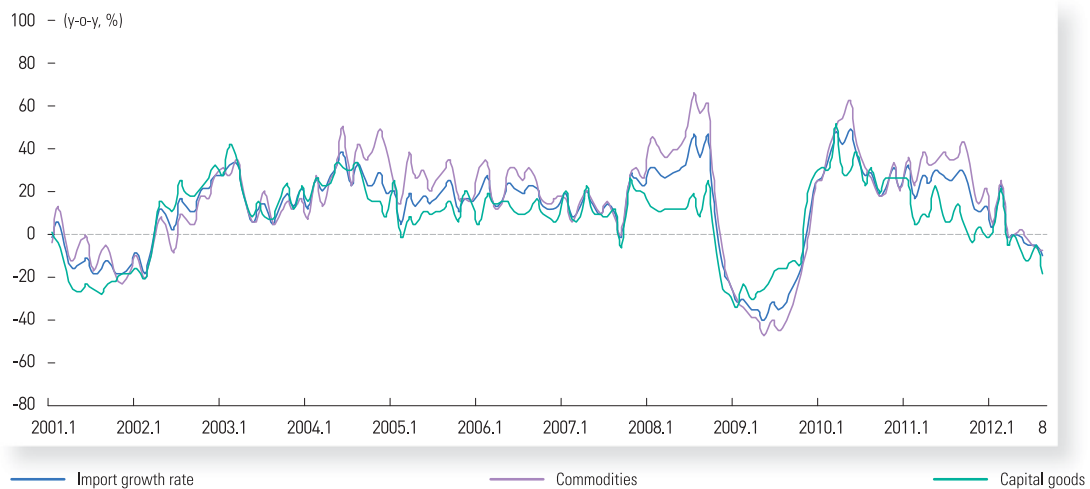
5-2 Exports by type

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



5-3 Imports by type

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



6. Mining and manufacturing production

Despite an increase in the production of tobacco and chemical products, mining and manufacturing production in July fell 1.6 percent month-on-month due to a decrease in the production of semiconductors and automobiles. On a yearly basis, production increased 0.3 percent.

The production of tobacco (*up 18.1%*) and refined petroleum products (*up 3.0%*) and chemical products (*up 2.3%*) increased month-on-month while that of semiconductors & parts (*down 5.7%*), automobiles (*down 5.8%*) and rubber & plastics (*down 2.8%*) fell.

The production of semiconductors & parts (*up 1.9%*), chemical products (*up 4.7%*), and primary metals (*up 2.8%*) increased year-on-year, while that of automobiles (*down 6.2%*), machinery equipment (*down 2.6%*) and nonmetallic minerals (*down 8.2%*) fell.

The manufacturing inventory-shipment ratio increased by 1.8 percentage points month-on-month as inventory decreased 0.1 percent and shipments fell 1.8 percent.

Shipments of chemical products (*up 4.1%*), electrical equipment (*up 2.7%*), and machinery equipment (*up 2.7%*) increased month-on-month, while those of semiconductors & parts (*down 7.8%*) and automobiles (*down 3.8%*) declined.

Inventories of semiconductors & parts (*up 1.4%*) and audio-visual communications equipment (*up 11.0%*) climbed month-on-month, while those of automobiles (*down 2.2%*) and other transportation equipment (*down 29.7%*) slipped.

The average operation ratio of the manufacturing sector fell by 0.9 percentage points to 77.2 percent.

(Percentage change from previous quarter or month)

	2011				2012 ¹					
	Annual	Q1	Q4	May	Q1	Q2 ¹	May	Jun ¹	Jul ¹	
Mining and manufacturing activity ²	Production (q-o-q, m-o-m)	-	4.5	-0.1	1.3	2.2	-0.2	1.3	-0.6	-1.6
	(y-o-y)	6.9	10.4	5.0	8.3	3.8	1.5	2.9	1.4	0.3
	- Manufacturing (q-o-q, m-o-m)	-	4.6	0.1	1.4	2.2	-0.2	1.3	-0.6	-1.8
	(y-o-y)	7.0	10.6	5.3	8.5	4.2	1.5	2.9	1.5	0.3
	Shipment	6.7	3.9	-0.3	0.7	2.5	0.1	2.4	-0.7	-1.8
	- Domestic demand	3.3	2.9	-2.0	1.7	1.6	-0.2	0.6	-0.7	1.2
	- Exports	10.8	4.9	1.5	-0.4	3.6	0.4	4.3	-0.7	-4.8
	Inventory ³	20.8	0.4	9.3	0.7	-2.9	-2.3	-0.4	-2.9	-0.1
Manufacturing activity	Average operation ratio (%)	79.9	82.2	78.0	79.9	79.9	78.9	79.3	78.1	77.2
	Production capacity ⁴	5.4	7.0	4.5	6.1	3.4	3.3	3.4	3.6	3.5

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

Despite increased exports in semiconductor and petroleum products, mining and manufacturing production could be corrected slightly due to production disruption caused by the auto industry's partial strikes.

Semiconductor exports (US\$ billion)

3.76 (Jan 2012) ➔ 3.87 (Feb) ➔ 4.31 (Mar) ➔ 3.83 (Apr) ➔ 4.23 (May) ➔ 4.35 (Jun) ➔ 3.94 (Jul) ➔ 4.07 (Aug)

Petroleum product exports (US\$ billion)

4.41 (Jan 2012) ➔ 4.63 (Feb) ➔ 4.77 (Mar) ➔ 4.29 (Apr) ➔ 4.45 (May) ➔ 4.61 (Jun) ➔ 4.30 (Jul) ➔ 4.76 (Aug)

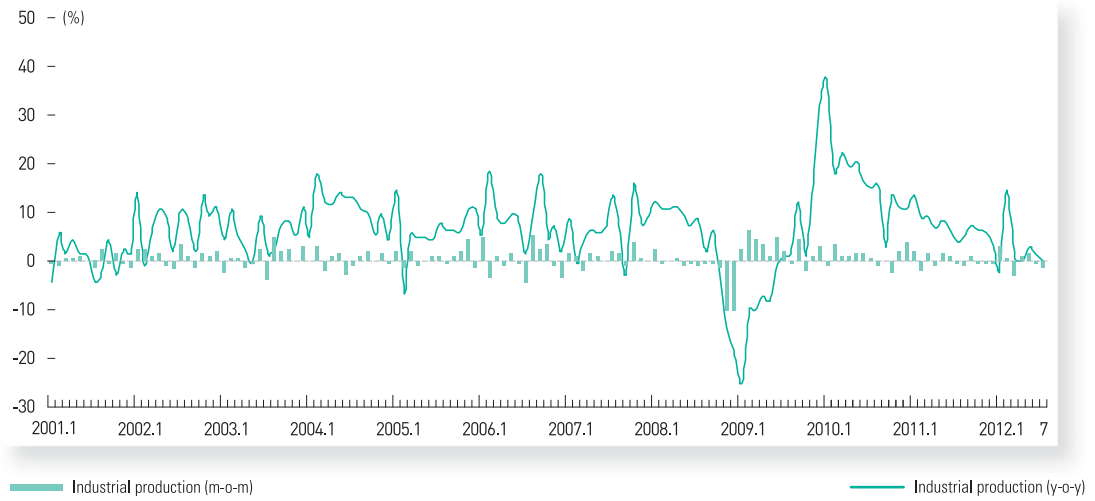
Automobile exports (US\$ billion)

3.43 (Jan 2012) ➔ 4.41 (Feb) ➔ 4.57 (Mar) ➔ 4.17 (Apr) ➔ 3.94 (May) ➔ 4.50 (Jun) ➔ 3.73 (Jul) ➔ 2.52 (Aug)

* According to data released on September 1 by the Ministry of Knowledge and Economy, partial strikes in August cost the auto industry about 115,000 vehicles.

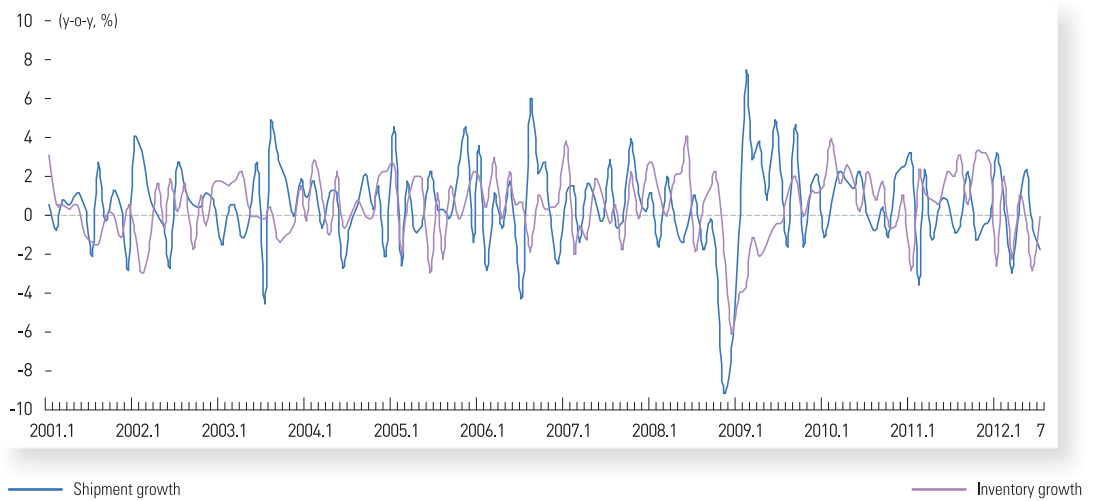
6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



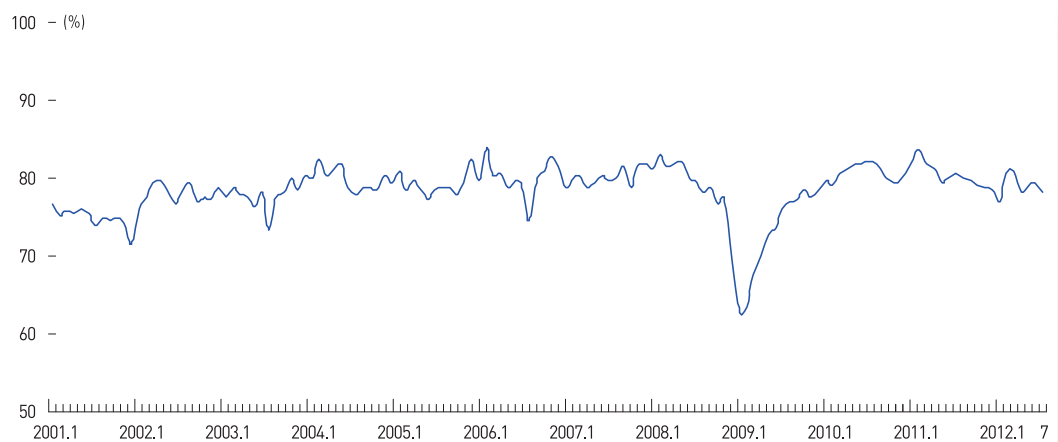
6-2 Shipment and inventory

Source: Statistics Korea (industrial activity trend)



6-3 Average manufacturing operation ratio

Source: Statistics Korea (industrial activity trend)



7. Service sector activity

Service activity in July rose 0.7 percent from the previous month and 1.5 percent from a year earlier as wholesale & retail, financial & insurance services and real estate & renting improved.

Wholesale & retail increased 0.7 percent month-on-month, thanks to a significant increase in retail sales, driving up the whole service activity.

Hotels & restaurants were down by 0.1 percent, as service activity in restaurants and bars decreased due to the economic slowdown and people taking early vacations.

Growth of service activity in restaurants and bars (y-o-y, %)

-4.1 (Jan 2012) ➔ 1.3 (Feb) ➔ 0.1 (Mar) ➔ -0.3 (Apr) ➔ -0.6 (May) ➔ 0.1 (Jun) ➔ -0.3 (Jul)

Real estate & renting rose 3.1 percent in July from the previous month as a housing transaction decline decelerated, but the sector is still in a slump, falling 3.8 percent year-on-year.

Housing transactions (y-o-y, %)

-58.8 (Jan 2012) ➔ -28.4 (Feb) ➔ -29.8 (Mar) ➔ -26.8 (Apr) ➔ -20.2 (May) ➔ -29.2 (Jun) ➔ -22.1 (Jul)

(Percentage change from previous period)

	Weight	2010		2011				2012			
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Jun ¹	Jul ¹
Service activity index	100.0	3.9	3.3	1.6	0.2	1.3	-0.5	1.0	0.1	-0.2	0.7
- Wholesale & retail	21.8	5.7	3.8	1.4	1.4	0.7	-0.7	0.1	0.6	-0.9	2.5
- Transportation services	9.0	11.9	3.9	2.6	-1.6	1.0	-1.0	1.5	-0.2	-0.7	-0.4
- Hotels & restaurants	7.7	1.2	-0.5	-0.4	1.0	-0.3	-1.5	-0.2	2.5	-0.5	-0.1
- Publishing & communication services	8.4	1.7	4.4	1.1	0.5	2.8	0.3	1.0	0.6	1.8	-0.5
- Financial & insurance services	15.3	4.6	7.3	3.0	0.1	2.7	0.1	1.4	-1.8	0.1	0.9
- Real estate & renting	6.3	-8.5	-10.2	3.3	-2.2	-0.3	-6.4	-0.2	3.1	-3.5	3.1
- Professional, scientific & technical services	4.8	-0.5	0.3	-1.5	2.0	1.0	1.4	1.8	-0.9	-0.3	1.9
- Business services	2.9	7.5	4.3	0.8	0.9	0.2	0.4	1.7	1.1	0.6	-0.9
- Educational services	10.8	2.0	2.4	0.2	-0.9	1.7	0.4	1.2	-1.3	-0.5	-0.6
- Healthcare & social welfare services	6.0	8.8	6.3	3.3	0.6	1.4	1.6	1.7	2.4	-1.4	1.1
- Entertainment, cultural & sports services	2.9	-0.4	2.3	1.1	0.0	0.7	0.1	4.3	-2.7	4.3	-3.7
- Membership organizations	3.8	4.3	1.1	-0.3	1.1	-0.3	-2.1	-0.2	0.4	3.9	-0.8
- Sewerage & waste management	0.4	5.1	0.0	0.1	-0.5	0.2	3.1	1.0	3.8	2.4	-2.6

1. Preliminary

Source: Statistics Korea

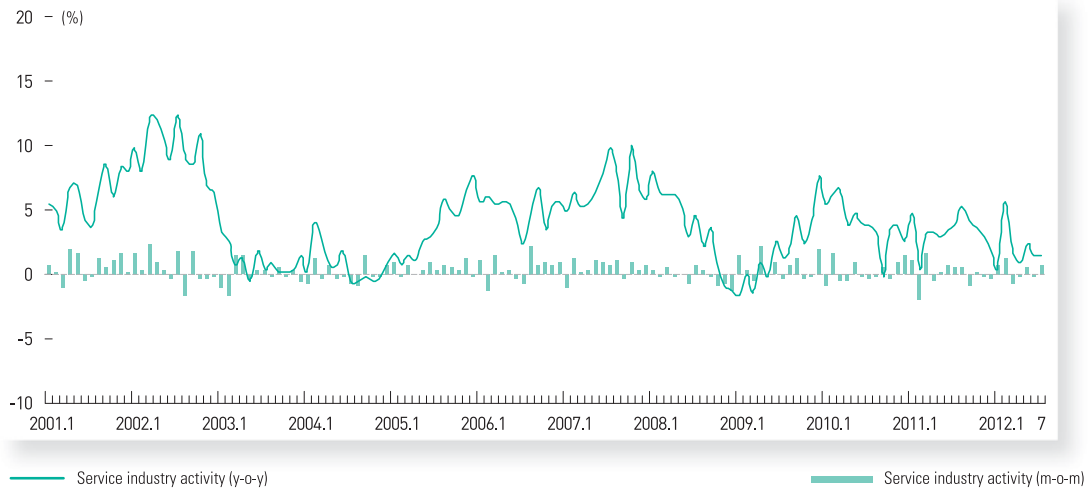
In August, financial & insurance services continued to improve due to increasing stock transactions, but wholesale & retail may slow down.

Daily stock transaction value (trillion won)

8.2 (Jan 2012) ➔ 9.8 (Feb) ➔ 7.6 (Mar) ➔ 6.9 (Apr) ➔ 6.3 (May) ➔ 5.8 (Jun) ➔ 5.8 (Jul) ➔ 6.2 (Aug)

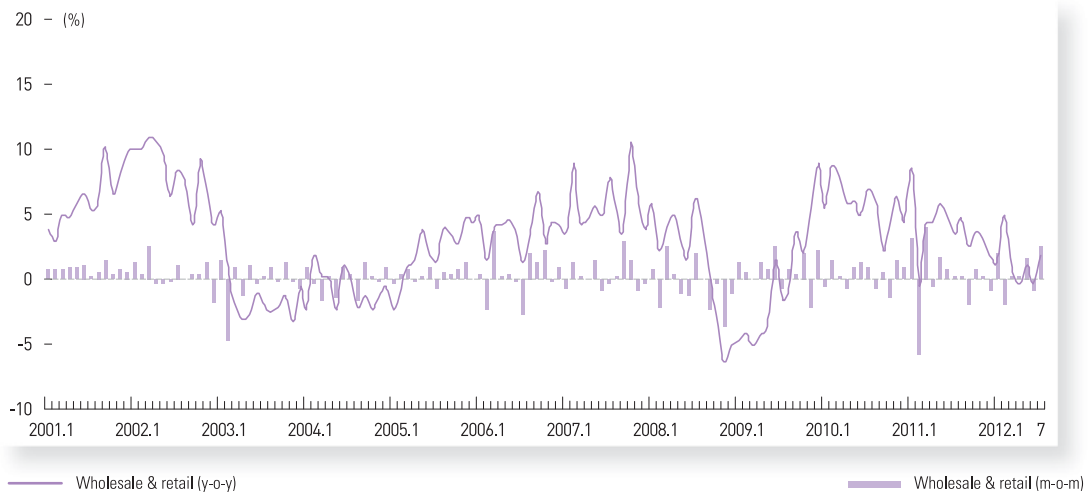
7-1 Service industry

Source: Statistics Korea (service industry activity trend)



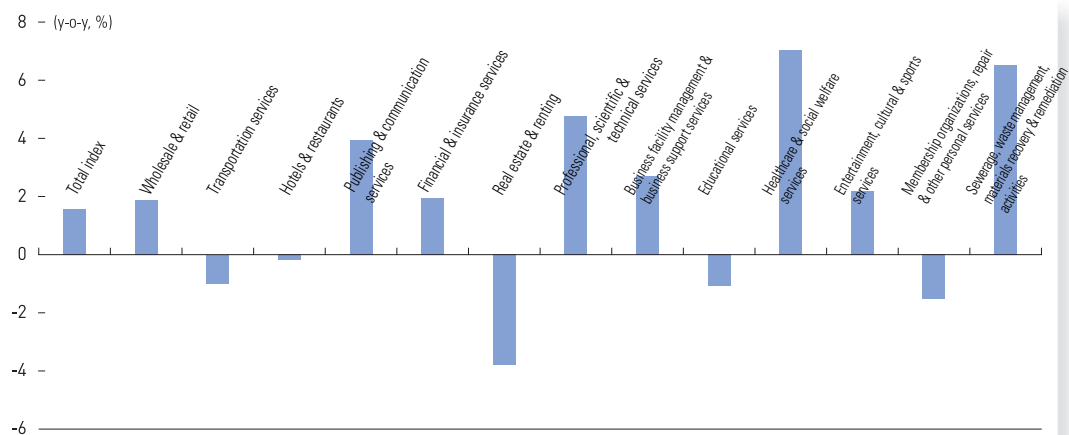
7-2 Wholesale & retail

Source: Statistics Korea (service industry activity trend)



7-3 July 2012 service industry by business

Source: Statistics Korea (service industry activity trend)



8. Employment

The number of workers on payroll in July increased by 470,000 from a year earlier to 25,110,000 and the employment rate rose by 0.3 percentage points year-on-year to 60.3 percent.

The monthly employment figures have been fluctuating recently due to a base effect, but the number of workers on payroll is continuing to rise steadily, at around 450,000 per month.

By industry, the service sector (*up 394,000*) led job growth, with the health & welfare (*up 102,000*), education (*up 96,000*) and hotel & restaurant sector (*up 40,000*) all adding jobs as well.

In July, employment in manufacturing (*up 34,000*) increased for the first time in 11 months. Job losses in manufacturing had been declining since January 2012 mostly due to increases in regular jobs.

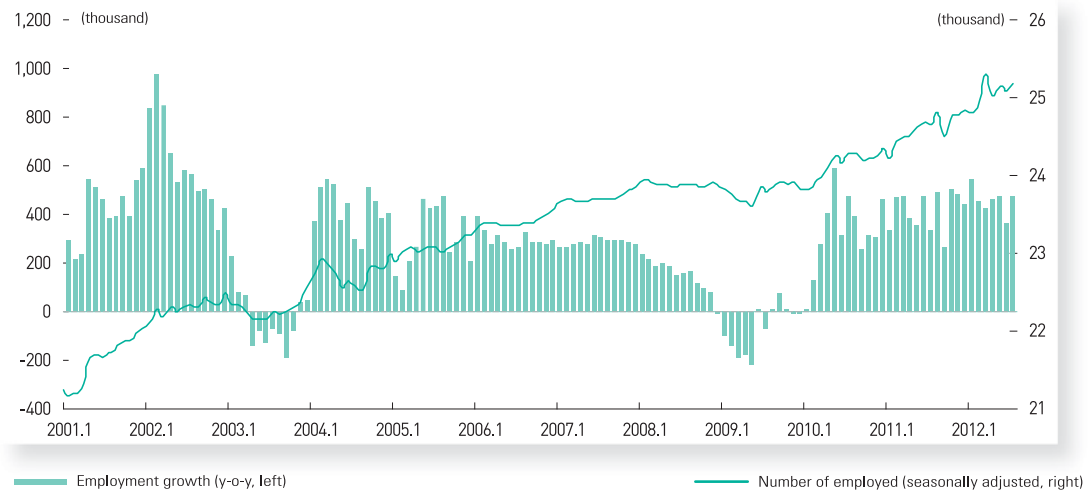
By status of workers, the number of regular workers (*up 435,000*) continued to rise and that of self-employed workers (*up 196,000*) also maintained the upward trend.

	2010			2011						2012			
	Annual	Q3	Q4	Annual	Jul	Q1	Q2	Q3	Q4	Jun	Jul	Q1	Q2
Number of employed (million)	23.83	24.12	23.99	24.24	24.64	23.46	24.57	24.48	24.46	25.12	25.11	23.93	25.00
Employment rate (%)	58.7	59.3	58.9	59.1	60.0	57.4	59.9	59.5	59.4	60.4	60.3	57.8	60.2
(Seasonally adjusted)	58.7	58.9	58.7	59.1	59.1	58.8	59.1	59.1	59.2	59.3	59.4	59.3	59.4
Employment growth (y-o-y, thousand)	323	369	358	415	335	423	402	363	474	365	470	467	430
(Excluding agriculture, forestry & fishery)	405	414	393	440	390	451	399	414	497	386	457	498	454
- Manufacturing	191	262	269	63	40	228	112	-12	-75	-51	34	-102	-66
- Construction	33	92	57	-2	-55	-3	-41	-35	71	14	27	79	33
- Services	200	83	80	386	410	224	331	472	514	416	394	541	491
- Agriculture, forestry & fishery	-82	-45	-35	-25	-55	-28	3	-51	-23	-21	13	-31	-24
- Wage workers	517	541	532	427	439	519	421	392	374	212	244	360	281
· Regular workers	697	671	699	575	611	605	621	572	500	441	435	413	379
· Temporary workers	-34	-26	-114	-78	-78	-88	-137	-76	-10	-38	-56	110	73
· Daily workers	-146	-104	-53	-70	-94	2	-63	-104	-115	-191	-135	-163	-171
- Non-wage workers	-194	-172	-174	-11	-104	-96	-19	-29	100	153	227	108	150
· Self-employed workers	-118	-130	-146	1	-39	-115	-39	34	125	169	196	149	173
- Male	181	207	212	238	175	266	221	208	257	207	276	238	242
- Female	142	163	146	177	160	157	181	155	216	158	194	230	188
- 15 to 29	-43	-44	-57	-35	-44	-49	-74	-1	-18	-29	-30	1	-8
- 30 to 39	-4	21	17	-47	-52	-34	-13	-83	-56	-70	-7	-65	-80
- 40 to 49	29	40	50	57	63	77	59	46	47	-4	-19	28	8
- 50 to 59	294	295	287	291	269	286	294	270	315	246	275	326	260
- 60 or more	47	57	60	149	98	143	137	131	185	222	251	178	251

Source: Statistics Korea

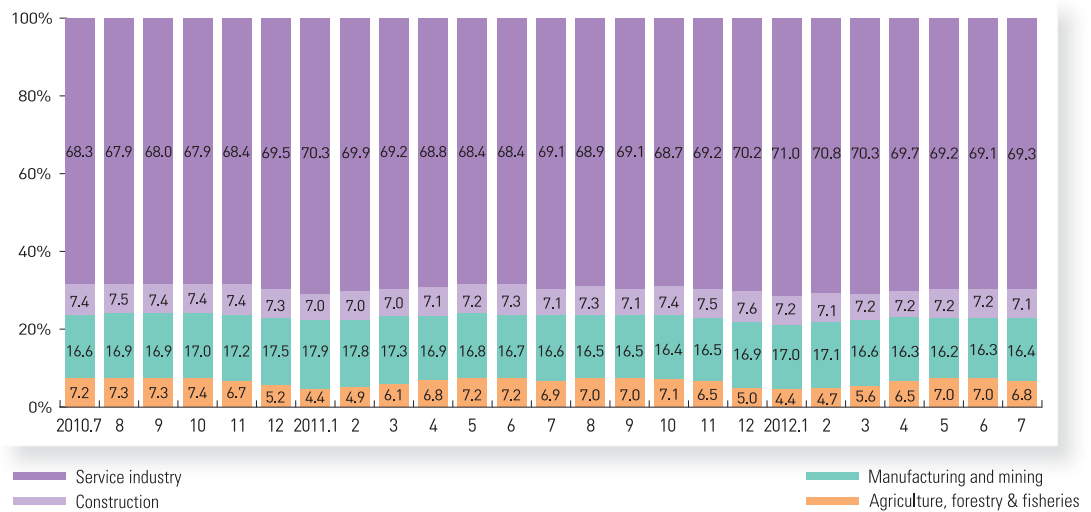
8-1 Number of employed and employment growth

Source: Statistics Korea (employment trend)



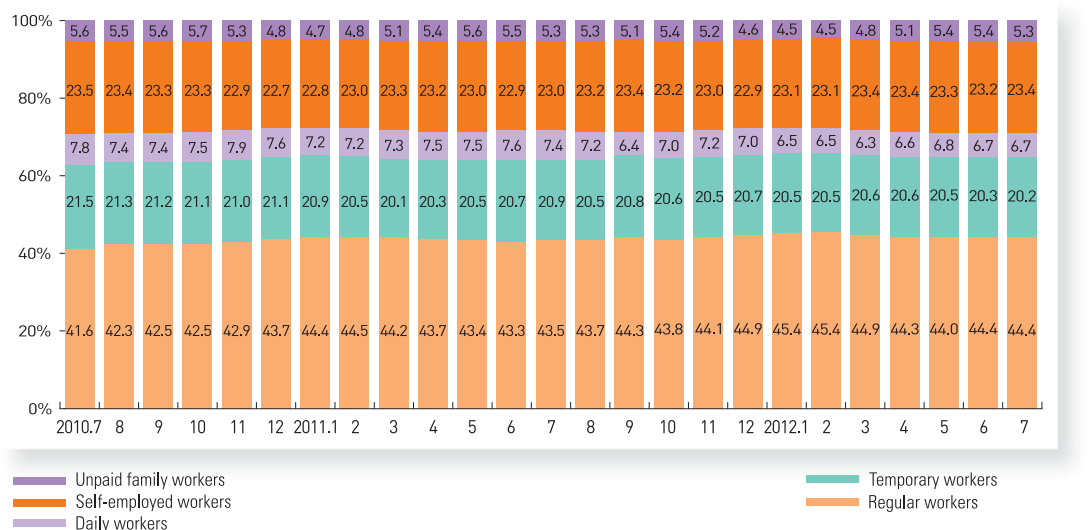
8-2 Share of employed by industry

Source: Statistics Korea (employment trend)



8-3 Share of employed by status of workers

Source: Statistics Korea (employment trend)



The number of unemployed persons decreased by 42,000 year-on-year to 795,000 in July, while the unemployment rate fell 0.2 percentage points year-on-year to 3.1 percent.

The unemployment rate of youths aged 15 to 29 declined 0.3 percentage points year-on-year to 7.3 percent.

	2010			2011						2012			
	Annual	Q3	Q4	Annual	Jul	Q1	Q2	Q3	Q4	Jun	Jul	Q1	Q2
Number of unemployed (thousand)	920	873	808	855	837	1,028	865	786	740	822	795	947	841
Unemployment growth (y-o-y, thousand)	31	-13	-10	-65	-95	-101	-3	-88	-68	-17	-42	-82	-23
- Male	-7	-48	-16	-48	-68	-70	-32	-48	-41	-1	-29	-54	-19
- Female	38	35	6	-17	-27	-32	29	-40	-27	-16	-13	-28	-4
Unemployment rate (%)	3.7	3.5	3.3	3.4	3.3	4.2	3.4	3.1	2.9	3.2	3.1	3.8	3.3
(Seasonally adjusted)	3.7	3.6	3.4	3.4	3.3	3.8	3.4	3.2	3.1	3.2	3.1	3.5	3.3
- 15 to 29	8.0	7.6	7.1	7.6	7.6	8.8	7.9	6.7	7.1	7.7	7.3	8.2	8.1
- 30 to 39	3.5	3.5	3.2	3.4	3.1	4.0	3.5	3.2	2.9	3.0	2.9	3.2	3.2
- 40 to 49	2.5	2.5	2.2	2.1	2.0	2.5	2.1	2.0	1.9	2.1	1.8	2.4	2.0
- 50 to 59	2.5	2.3	2.3	2.1	2.0	2.7	2.0	2.1	1.8	2.0	2.1	2.3	2.0
- 60 or more	2.8	2.0	1.9	2.6	2.5	4.5	2.3	2.1	1.8	1.9	2.0	4.4	2.0

Source: Statistics Korea

The economically inactive population in July was up 113,000 from a year earlier to 15,730,000. Meanwhile, the labor force participation rate rose by 0.2 percentage points to 62.2 percent.

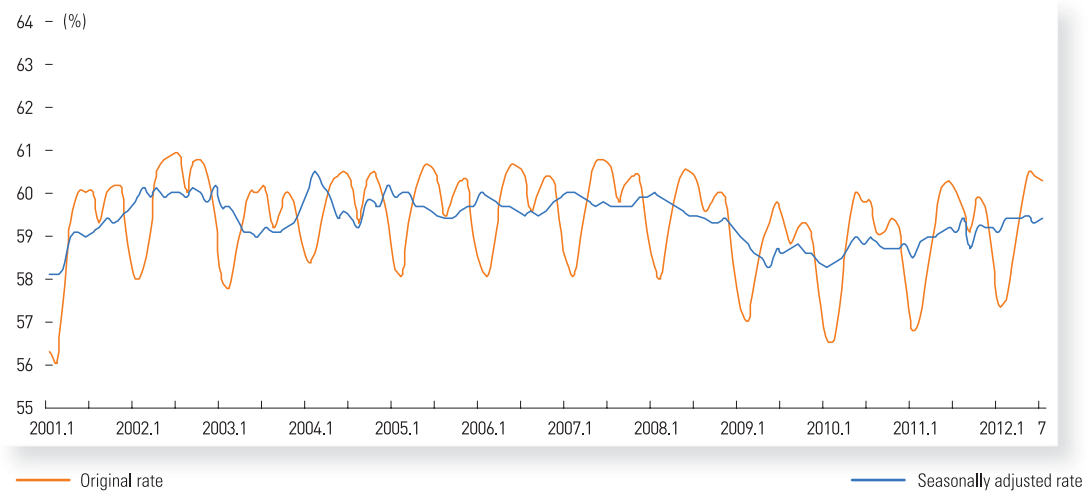
The number of workers quitting jobs due to old age (*up 159,000*) and housework (*up 144,000*) increased while those who quit jobs due to rest, time-off and leisure (*down 92,000*) and disability (*down 36,000*) decreased.

	2010			2011						2012			
	Annual	Q3	Q4	Annual	Jul	Q1	Q2	Q3	Q4	Jun	Jul	Q1	Q2
Economically inactive population (million)	15.84	15.66	15.96	15.95	15.61	16.39	15.56	15.85	16.01	15.62	15.73	16.50	15.67
Labor force participation rate (%)	61.0	61.5	60.8	61.1	62.0	59.9	62.0	61.5	61.1	62.4	62.2	60.1	62.3
(seasonally adjusted)	61.0	61.1	60.8	61.1	61.1	61.1	61.2	61.0	61.1	61.3	61.3	61.4	61.4
Growth in economically inactive population (y-o-y, thousand)	143	128	133	112	231	138	66	191	53	181	113	103	110
- Childcare	-125	-149	-107	-5	7	-44	-16	17	23	-13	-14	-	4
- Housework	201	203	189	101	104	130	27	143	103	221	144	85	181
- Education	12	46	55	-51	-61	-16	-39	-78	-69	-45	12	-28	-64
- Old age	80	43	25	-45	-22	-103	-58	-22	2	180	159	76	174
- Rest, time-off and leisure	-56	15	-27	182	215	241	163	193	131	-49	-92	126	-71

Source: Statistics Korea

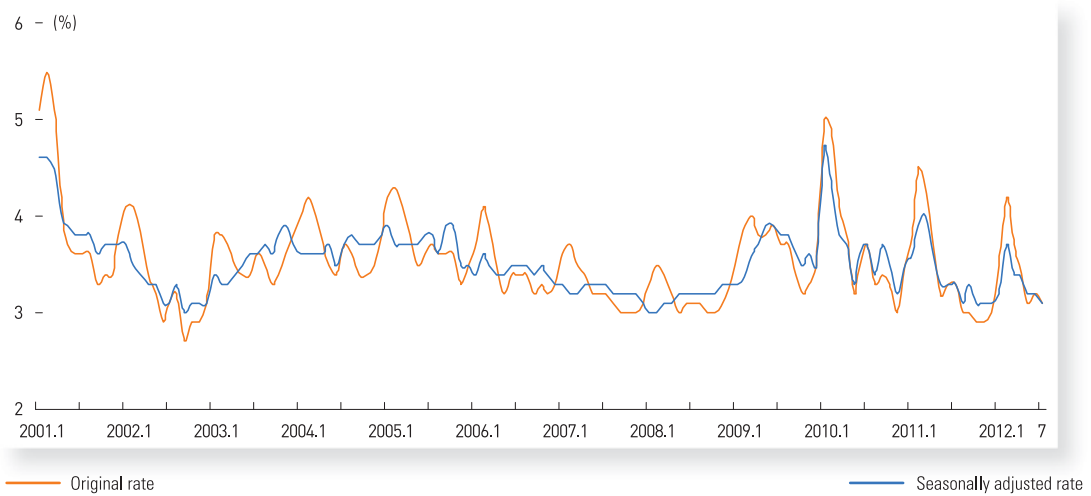
8-4 Employment rate

Source: Statistics Korea (employment trend)



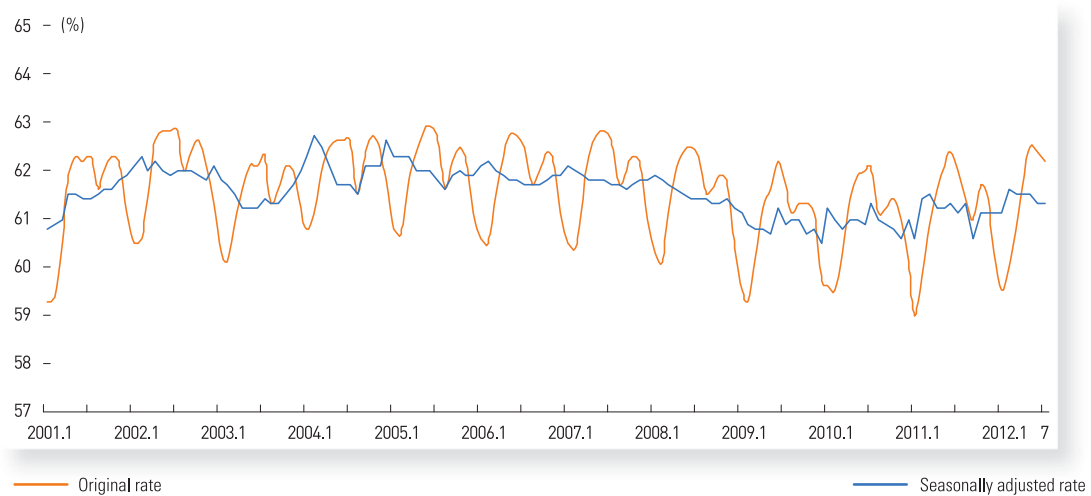
8-5 Unemployment rate

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 August rose 1.2 percent to 1,905 points from the previous month's 1,882 points.

The KOSPI Composite soared due to net foreign buying in the beginning of the month spurred by lowering eurozone risks, reaching 1,957.9 points on August 16. However, the previous gains pared due to weak global markets and profit-taking later in the month.

Net foreign buying increased from 600 billion won in July to 5 trillion won in August.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	Jul 2012	Aug 2012	Change ¹	Jul 2012	Aug 2012	Change ¹
Stock price index	1,882.0	1,905.1	23.1 (+1.2%)	467.6	508.4	40.8 (+8.7%)
Market capitalization	1,086.4	1,098.1	11.7 (+1.1%)	101.9	111.2	9.3 (+9.1%)
Average daily trade value	4.1	4.4	0.3 (+7.3%)	1.73	1.84	0.11 (+6.4%)
Foreign stock ownership	34.2	34.1	-0.1 (-0.3%)	7.92	8.00	0.08 (+1.0%)

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

9.2 Exchange rate

The won/dollar exchange rate in August rose by 4.1 won to 1,134.7 won from 1,130.6 won at the end of July.

The won/dollar exchange rate moved up and down between 1,120 won and 1,130 won in August on expectations that the US Federal Reserve would announce another round of stimulus, and on easing concern about the eurozone crisis.

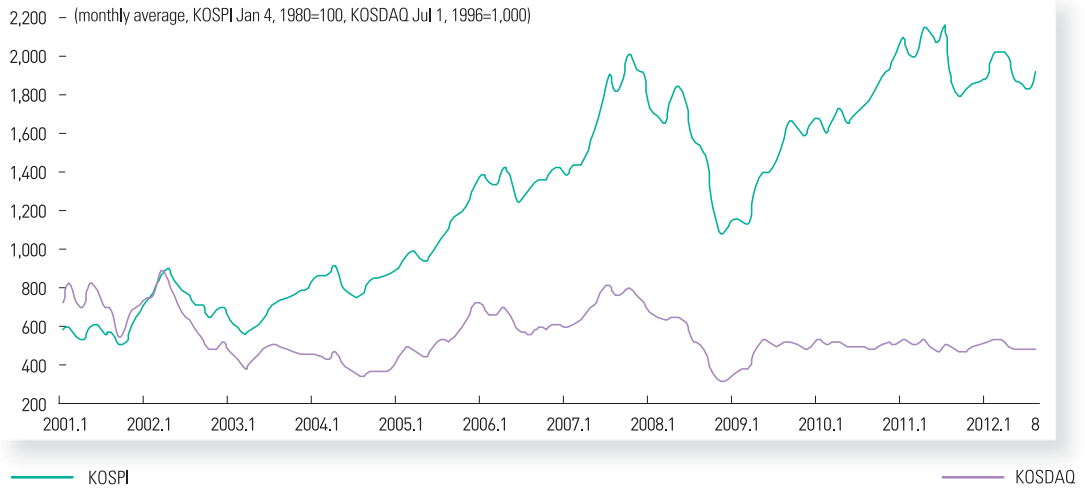
The won/100 yen exchange rate rose by 1.17 won as both the won and the yen depreciated relative to the dollar.

(End-period)

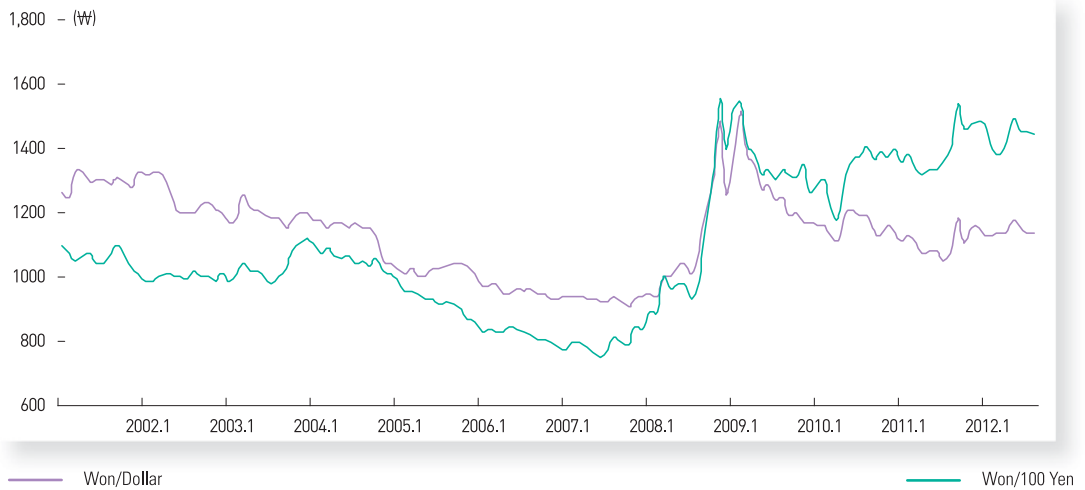
	2008	2009	2010	2011	2012		Change ¹
	Dec	Dec	Dec	Dec	Jul	Aug	
Won/Dollar	1,259.5	1,164.5	1,134.8	1,151.8	1,130.6	1,134.7	1.5
Won/100 Yen	1,396.8	1,264.5	1,393.6	1,481.2	1,445.2	1,446.4	2.4

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.

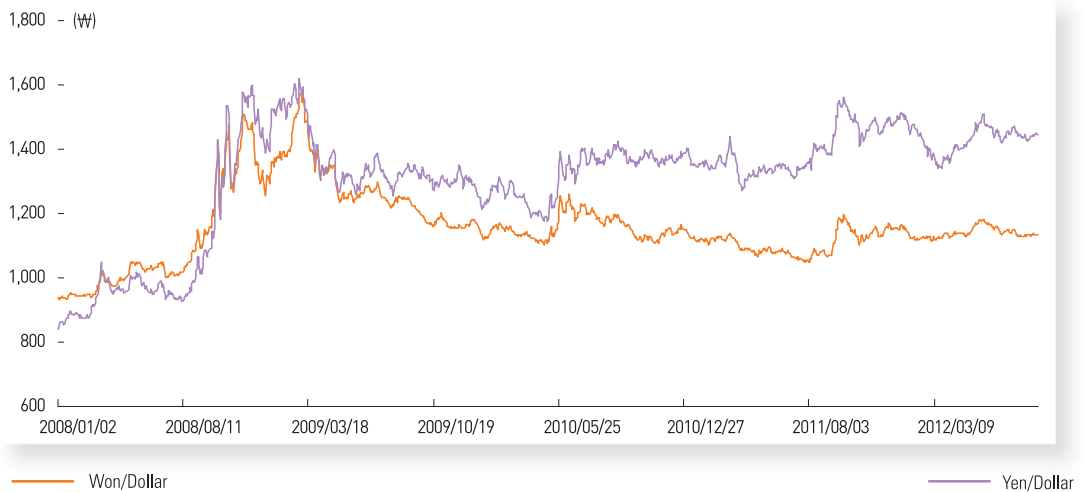
9-1 Stock prices



9-2 Foreign exchange rate (month-end)



9-3 Recent foreign exchange rate



9.3 Bond market

5-year Treasury bond yields dropped 11 basis points in August to 2.86 percent from the previous month's 2.97 percent as foreign investors continued to make net purchases after US government bond yields fell and Moody's upgraded Korea's sovereign debt rating on August 27.

(End-period, %)

	2006	2007	2008	2009	2010	2011	2012		Change ¹
	Dec	Dec	Dec	Dec	Dec	Dec	Jul	Aug	
Call rate (1 day)	4.60	5.02	3.02	2.01	2.51	3.29	3.02	3.00	-2
CD (91 days)	4.86	5.82	3.93	2.88	2.80	3.55	3.20	3.16	-4
Treasury bonds (3 yrs)	4.92	5.74	3.41	4.44	3.38	3.34	2.85	2.76	-9
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.27	4.21	3.44	3.27	-17
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.08	3.46	2.97	2.86	-11

1. Basis point, changes from the previous month

9.4 Money supply & money market

The M2 (monthly average) in June expanded 5.9 percent from a year earlier excluding cash management accounts (CMAs), which were included in M2 since July 2009.

Although private sector credit growth decelerated, broad money (M2) rose slightly month-on-month due to the government's early budget spending.

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

	2008	2009	2010	2011				2012				
	Annual	Annual	Annual	Annual	Q2	Q3	Q4	Q1	Q2	May	Jun	Jun ¹
M1 ²	-1.8	16.3	11.8	6.6	7.5	4.8	2.6	1.8	3.6	3.5	4.7	440.1
M2	14.3	10.3	8.7	4.2	3.5	3.8	4.4	5.3	5.6	5.5	5.9	1,789.0
Lf ³	11.9	7.9	8.2	5.3	4.3	5.3	6.2	7.5	8.5	8.4	8.5 ⁴	2,369.2 ⁴

1. Balance at end June 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 deposit growth fell into negative territory in July because, unlike the previous month, there were no effects from increased fiscal spending. Instant access deposits also significantly decreased because of surtax payments. Meanwhile, asset management company (AMC) deposit growth accelerated as large corporate funds flowed into money market funds (MMF) and public institution funds boosted stock-type funds.

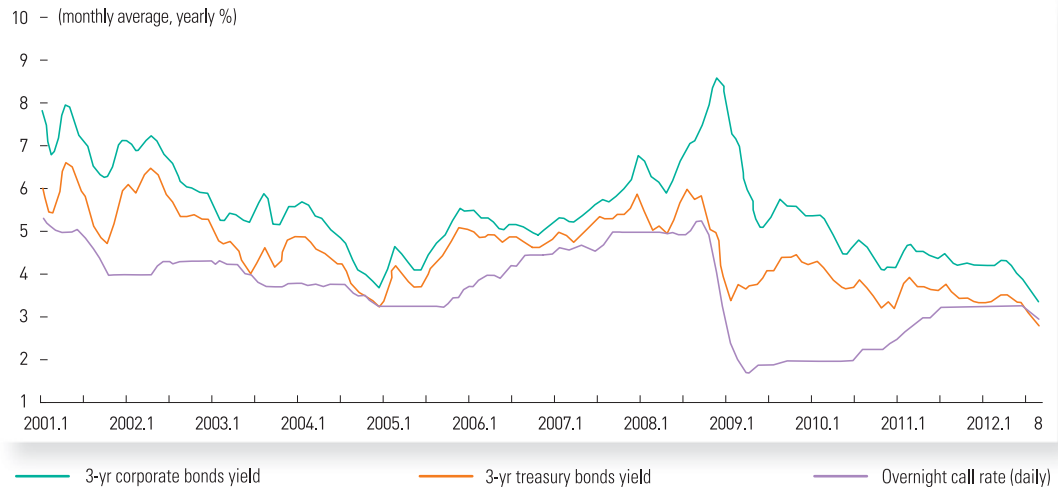
(Monthly change, end-period, trillion won)

	2009	2010		2011		2012		
	Annual	Annual	Jul	Annual	Jul	Jun	Jul	Jul ¹
Bank deposits	54.8	36.9	3.5	58.9	7.1	13.2	-7.1	1,114.9
AMC deposits	-27.6	-16.7	-6.5	-16.6	0.6	3.1	12.5	324.3

1. Balance at end July 2012, trillion won

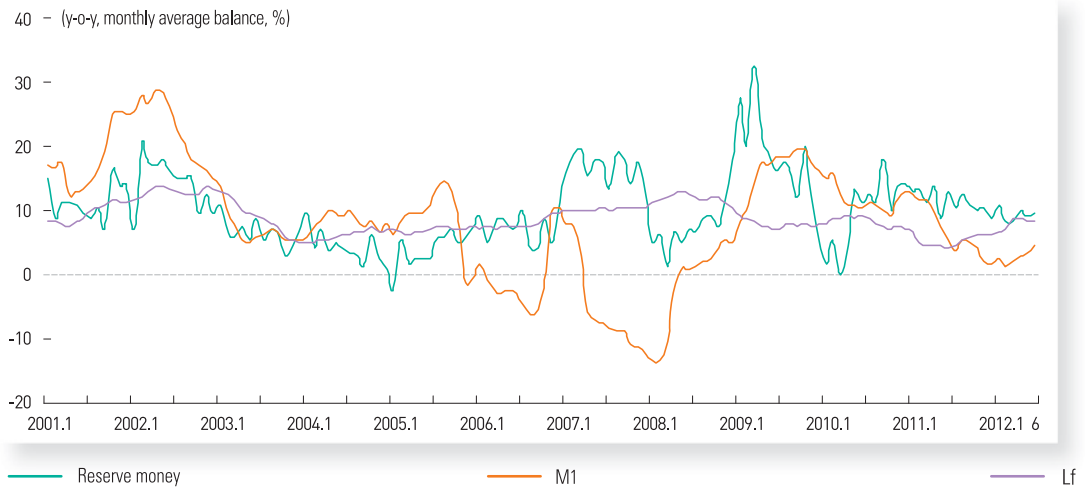
9-4 Interest rates

Source: The Bank of Korea



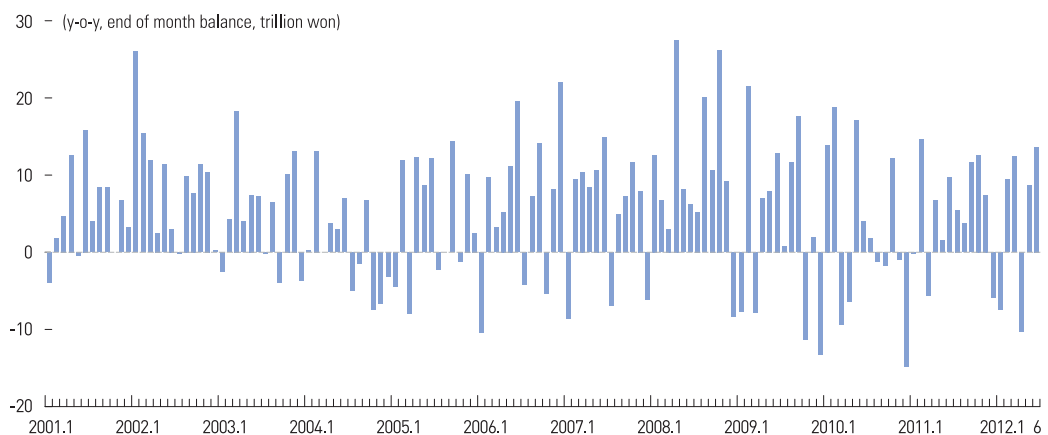
9-5 Total money supply

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 July posted a surplus of US\$6.10 billion.

Despite decreasing exports, the goods account surplus inched up from the previous month, from US\$5.05 billion to US\$5.32 billion, as imports declined more than exports due to lower oil prices.

Goods exports (US\$ billion)

46.80 (Jun 2012) ↻ 46.58 (Jul)

Goods imports (US\$ billion)

41.75 (Jun 2012) ↻ 41.27 (Jul)

Unit cost of crude oil (US\$/barrel)

110.8 (Jun 2012) ↻ 103.21 (Jul)

The service account surplus widened to US\$0.58 billion from US\$0.17 billion a month earlier. Although the travel account deficit increased as a result of summer vacations, the construction service account and intellectual property rights account improved in July. Income from construction services rose, as a result of robust overseas construction activities during 2010 and 2011.

Overseas travelers (million)

1.11 (Jun 2012) ↻ 1.31 (Jul)

Foreign visitors (million)

0.95 (Jun 2012) ↻ 1.01 (Jul)

Orders for overseas construction projects (US\$ billion)

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

The primary income account surplus was reduced to US\$0.4 billion from US\$0.9 billion as the investment income balance deteriorated due to an increase in dividend payments. The secondary income account deficit narrowed from the previous month's US\$0.25 billion to US\$0.19 billion due to a decrease in foreign remittances.

(US\$ billion)

	2010		2011				2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul ¹	Jan-Jul ¹
Current account	29.39	26.51	2.61	5.49	7.00	11.52	2.56	11.14	5.88	6.10	19.85
- Goods balance	40.08	30.95	5.84	7.66	7.20	10.25	2.62	8.48	5.05	5.32	16.45
- Service balance	-8.63	-4.38	-2.54	-0.80	-1.20	0.15	-0.65	2.31	0.17	0.58	2.24
- Income balance	1.02	2.46	0.39	-0.82	1.31	1.58	1.48	0.82	0.90	0.40	2.71
Current transfer	-3.08	-2.52	1.08	-0.55	-0.42	-0.47	-0.89	-0.47	-0.25	-0.19	-1.55

1. Preliminary Source: The Bank of Korea

The capital and financial account (*preliminary*) in July posted a net outflow of US\$7.90 billion.

Capital & financial account balance (US\$ billion)

1.31 (Jan 2012) ↻ -0.92 (Feb) ↻ -1.76 (Mar) ↻ -1.37 (Q1 2012) ↻ 0.16 (Apr) ↻ -2.90 (May) ↻ -5.23 (Jun)

↻ -7.90 (Jul)

Net outflow in direct investment widened to US\$1.44 billion from the previous month's US\$0.69 billion due to a decrease in foreign direct investment.

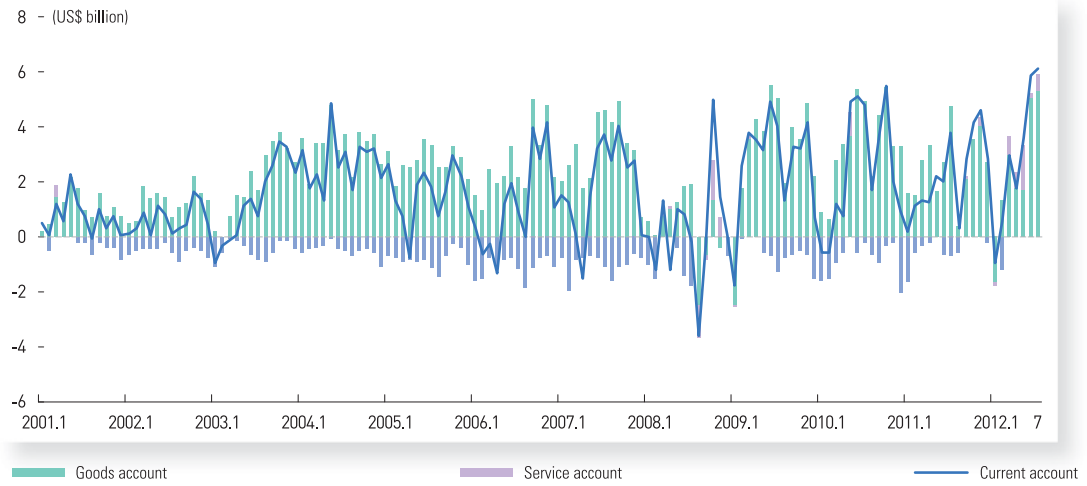
The portfolio investment account shifted to a net inflow of US\$2.53 billion from a net outflow of US\$2.33 billion a month earlier, as local residents increased issuance of overseas bonds.

The financial derivatives account shifted to a net inflow of US\$0.27 billion, while net outflow in the other investment account expanded to US\$7.68 billion from US\$1.65 billion due to increasing lending by domestic banks and also due to debt repayments.

The current account in August is expected to maintain a surplus, helped by a goods account surplus resulting from a trade surplus in July.

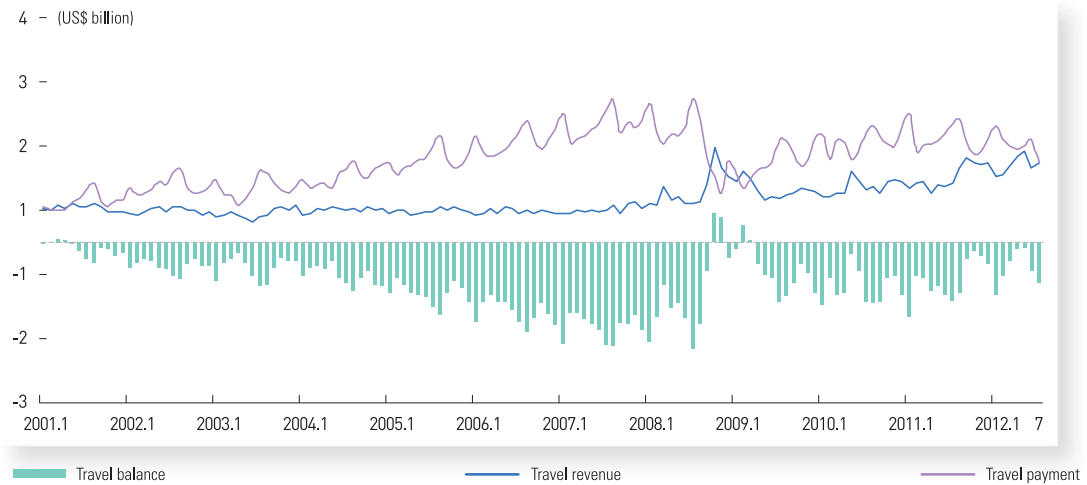
10-1 Current account balance

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



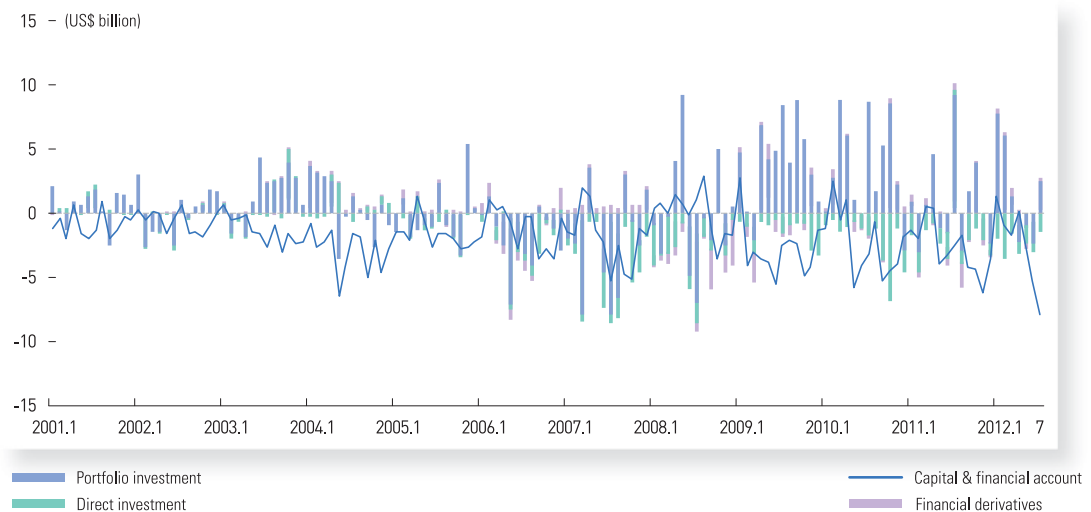
10-2 Travel balance

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 August rose 1.2 percent year-on-year (*up 0.4%, m-o-m*), staying stable.

Core consumer prices, which exclude oil and agricultural products, rose 1.3 percent year-on-year and 0.2 percent month-on-month. Core consumer prices based on the OECD method, which excludes food and energy, rose 1.2 percent year-on-year and 0.2 percent month-on-month. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 0.6 percent year-on-year (*up 0.7%, m-o-m*).

The average annual expected inflation rate was 3.6 percent, which is the same as the previous month, while the import prices fell 1.0 percent year-on-year (*down 0.8%, m-o-m*).

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) ↻ 3.6 (Jul) ↻ 3.6 (Aug)

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) ↻ -1.2 (Jun) ↻ -1.0 (Jul)

Consumer price inflation

(%)

	2011					2012							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Month-on-Month	0.7	-0.1	-0.2	0.1	0.4	0.5	0.4	-0.1	0.0	0.2	-0.1	-0.2	0.4
Year-on-Year	4.7	3.8	3.6	4.2	4.2	3.4	3.1	2.6	2.5	2.5	2.2	1.5	1.2
Consumer prices excluding oil and agricultural products (y-o-y)	3.5	3.3	3.2	3.5	3.6	3.2	2.5	1.9	1.8	1.6	1.5	1.2	1.3
Consumer prices excluding food and energy (y-o-y)	2.8	2.6	2.6	2.8	2.7	2.5	2.6	1.7	1.6	1.5	1.4	1.2	1.2
Consumer prices for basic necessities (y-o-y)	5.2	3.8	3.6	4.5	4.4	3.3	2.8	2.0	2.0	2.2	1.8	0.8	0.6

Source: Statistics Korea

The prices of agricultural and oil products rose month-on-month led by the heat wave and typhoons, while those of livestock and fishery products, services and others stabilized.

Housing rents rose at the same pace as in previous years. Dining out costs remained stable but other personal service prices such as tutoring fees increased.

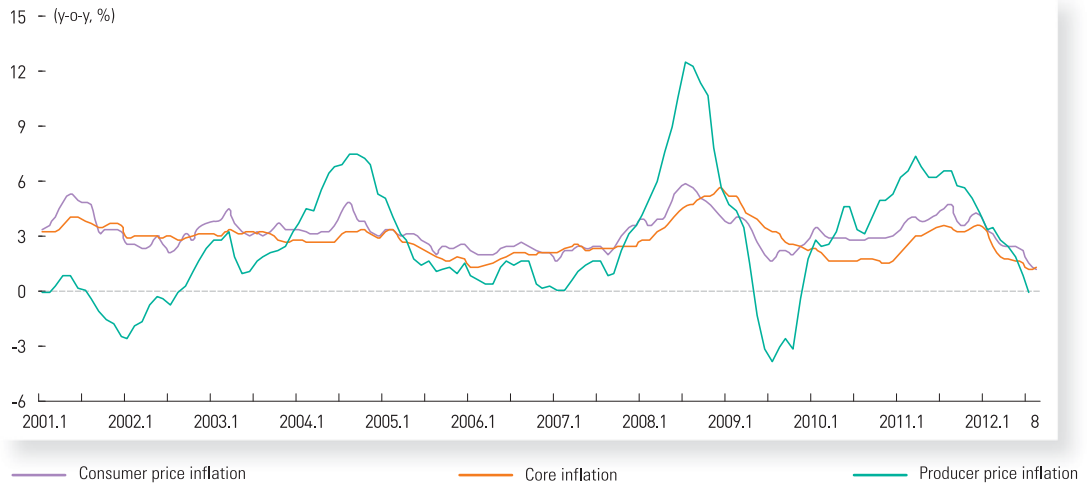
Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public services	Personal services
Month-on-Month (%)	0.4	1.8	0.5	1.8	0.8	0.2	0.1	0.3
Contribution (%p)	0.38	0.15	0.15	0.10	0.04	0.02	0.01	0.09
Year-on-Year (%)	1.2	-1.7	1.7	0.3	6.2	4.0	0.3	0.7
Contribution (%p)	1.24	-0.14	0.54	0.02	0.30	0.37	0.04	0.21

Source: Statistics Korea

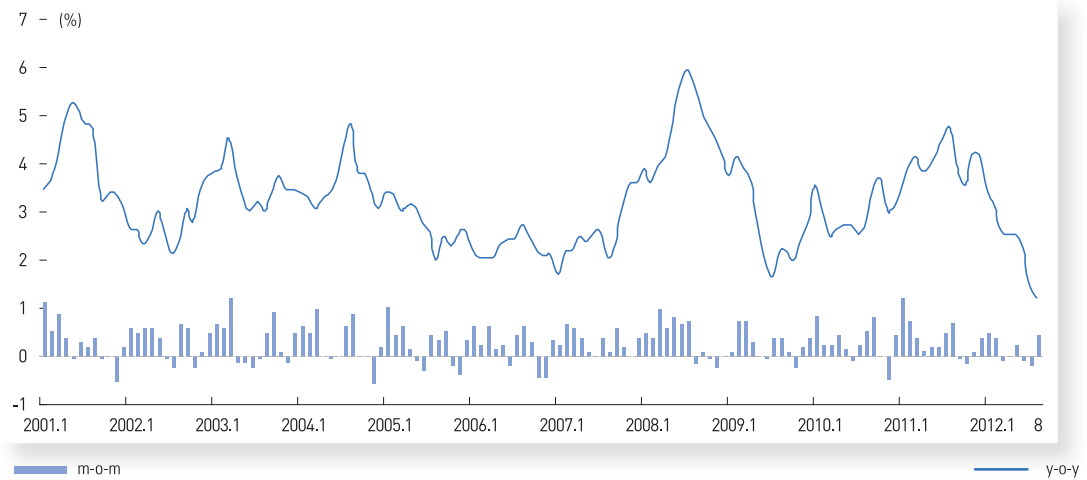
11-1 Prices

Source: Statistics Korea (consumer price trend) & The Bank of Korea (producer prices)



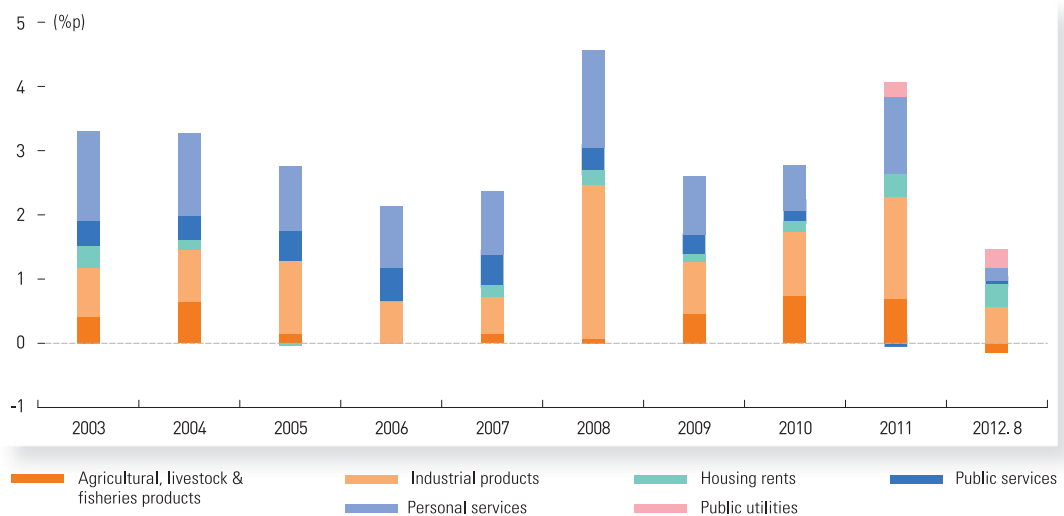
11-2 Consumer price inflation

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 rise in August.

Oil prices fluctuated within the US\$110 range. Geopolitical risks in the Middle East and the possibility of stimulus in major countries had led the growth at the beginning of the month, but news that the US is considering the release of the strategic petroleum reserves later put a break on price increases.

Dubai crude (\$/barrel)

101.0 (Aug 1) ↗ 113.2 (Aug 23) ↘ 110.3 (Aug 31, up 8.3% since end of July)

(US\$/barrel, period average)

	2009	2010	2011	2012							
	Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Dubai crude	61.9	78.1	105.9	109.5	116.2	122.5	117.3	107.3	94.4	99.1	108.6
Brent crude	61.7	79.7	110.0	111.0	119.3	124.9	120.0	109.7	95.2	102.7	113.0
WTI crude	61.9	79.5	95.1	100.4	97.4	106.3	103.4	94.7	82.4	87.9	94.1

Source: Korea National Oil Corporation

Domestic oil product prices continued to rise in August, led by increasing international oil product prices. The monthly average price for gasoline has exceeded 2,000 won per liter since August 23rd.

(Won/liter, period average)

	2009	2010	2011	2012							
	Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
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	1,901.4	1,971.3
Diesel prices	1,397.5	1,502.8	1,745.7	1,805.1	1,828.8	1,853.6	1,865.6	1,839.6	1,777.7	1,726.6	1,784.8

Source: Korea National Oil Corporation

Amid concerns about agricultural production disruption, international grain price growth slowed down after it took a break from the recent surge for a relatively short period.

Non-ferrous metal prices remained steady in general as investors waited and watched amid worries on falling demand and investor sentiment spurred by sluggish global economic indicators.

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

Nickel (-2.9), aluminum (-1.8), copper (-1.2), zinc (-1.2), tin (0.2)

Due to concerns on production disruption, international grain prices continued to rise with the prices of corn and soybeans hitting a record high, but arbitrage trading and the after effects of short term price surges have reduced the pace compared to the previous month.

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

Corn (7.5), soybeans (5.8), wheat (2.4), coffee (-7.9), raw sugar (-9.8)

Reuters index*

(Period average)

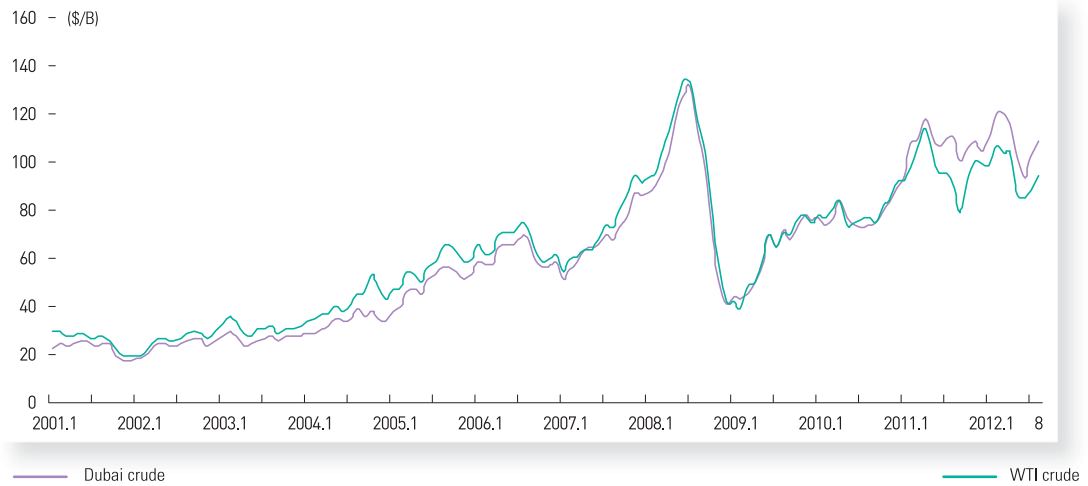
2009	2010	2011	2012								
Annual	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
2,079	2,553	3,062	2,832	2,935	2,968	2,969	2,912	2,876	3,065	3,108	

* A weighted average index of 17 major commodities

Source: KOREA PDS

11-4 International oil prices

Source: Korea National Oil Corporation



11-5 Dubai crude prices and import prices

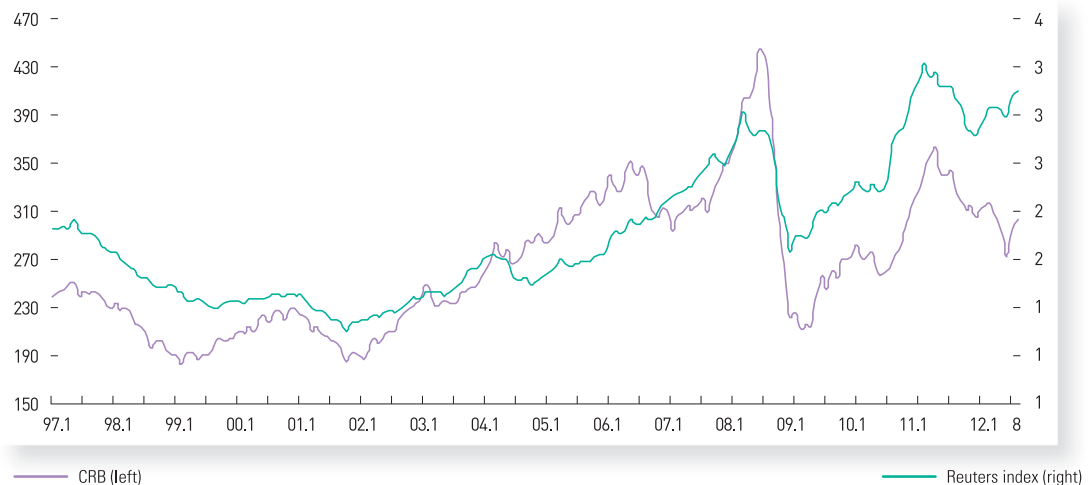
Source: Korea National Oil Corporation



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 kept the downward trend in August, falling 0.2% from the previous month.

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

Apartment sales prices continued to rise in some areas excluding the Seoul metropolitan area, in particular Daegu (up 0.4%, m-o-m), South Chungcheong Province (up 0.5%, m-o-m) and North Gyeongsang Province (up 0.5%, m-o-m). Apartment prices in five metropolitan cities and other cities stayed flat.

Nationwide apartment sales prices

(Percentage change from previous period)

	2009	2010	2011	2012											
	Annual	Annual	Annual	Jan-Aug	Q1	Q2	Apr	May	Jun	Jul	Aug	Aug 6 ¹	Aug 13 ¹	Aug 20 ¹	Aug 27 ¹
Nationwide	1.6	2.5	9.6	0.4	0.6	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.04	-0.03	-0.04	-0.05
Seoul	2.6	-2.2	-0.4	-2.5	-0.5	-0.1	-0.4	-0.3	-0.3	-0.5	-0.5	-0.11	-0.13	-0.14	-0.14
Gangnam ²	3.9	-1.8	-0.6	-3.0	-0.7	-1.2	-0.6	-0.3	-0.4	-0.6	-0.6	-0.14	-0.18	-0.17	-0.20
Gangbuk ³	0.9	-2.7	-0.2	-1.9	-0.4	-0.7	-0.3	-0.2	-0.2	-0.5	-0.3	-0.07	-0.08	-0.11	-0.08
Seoul metropolitan area	0.7	-2.9	0.4	-2.2	-0.5	-0.9	-0.4	-0.3	-0.3	-0.4	-0.4	-0.08	-0.10	-0.11	-0.12
5 metropolitan cities	2.8	8.7	20.3	2.7	1.6	1.0	0.6	0.3	0.1	0.1	0.0	-0.01	0.03	0.02	0.02

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 August (up 0.1%, m-o-m). Rental prices in the Seoul metropolitan area and five metropolitan cities rose 0.1% each, which is the same pace as in the previous month.

Apartment rental price increase in major districts in Seoul (m-o-m, %)
Gangnam (-0.1), Seocho (0.0), Songpa (0.2), Mapo (0.4), Seongbuk (0.2)

Nationwide apartment rental prices

(Percentage change from previous period)

	2009	2010	2011	2012											
	Annual	Annual	Annual	Jan-Aug	Q1	Q2	Apr	May	Jun	Jul	Aug	Aug 6 ¹	Aug 13 ¹	Aug 20 ¹	Aug 27 ¹
Nationwide	4.5	8.8	16.2	2.4	1.3	0.9	0.5	0.2	0.1	0.2	0.1	0.02	0.05	0.07	0.09
Seoul	8.1	7.4	13.4	0.3	0.4	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.01	0.02	0.07	0.14
Gangnam ²	10.4	8.8	12.5	0.1	0.3	-0.2	-0.1	-0.1	0.0	-0.1	0.0	-0.01	0.03	0.06	0.17
Gangbuk ³	5.4	5.6	14.6	0.5	0.5	0.1	0.2	0.0	-0.1	0.0	0.0	-0.01	0.00	0.09	0.11
Seoul metropolitan area	5.6	7.2	13.9	0.7	0.5	0.1	0.1	0.0	0.0	0.1	0.1	0.01	0.03	0.07	0.11
5 metropolitan cities	3.9	12.0	18.9	3.6	2.0	1.4	0.8	0.4	0.2	0.1	0.1	0.02	0.07	0.05	0.07

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

Apartment sales transactions in July increased 1.8 percent from the previous month's 37,069 to 37,726, but were down 26.5 percent from 51,297 a year earlier.

Apartment sales transactions

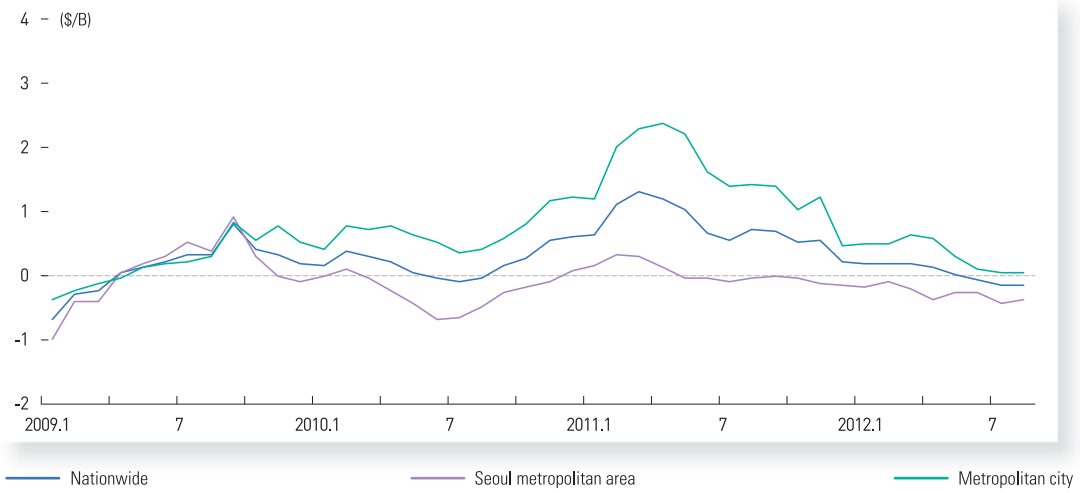
(Monthly average, thousand)

	2009	2010	2011								2012							
	Annual	Annual	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Aug	
Nationwide	53	48	59	55	51	51	50	55	55	77	18	39	47	45	46	37	38	

Source: Ministry of Land, Transport and Maritime Affairs

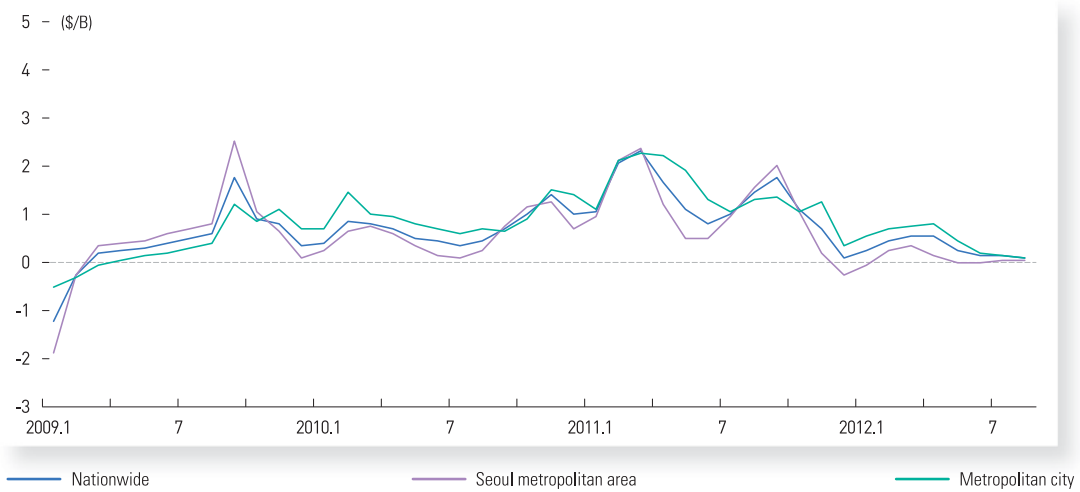
12-1 Apartment sales prices by region

Source: Kookmin Bank



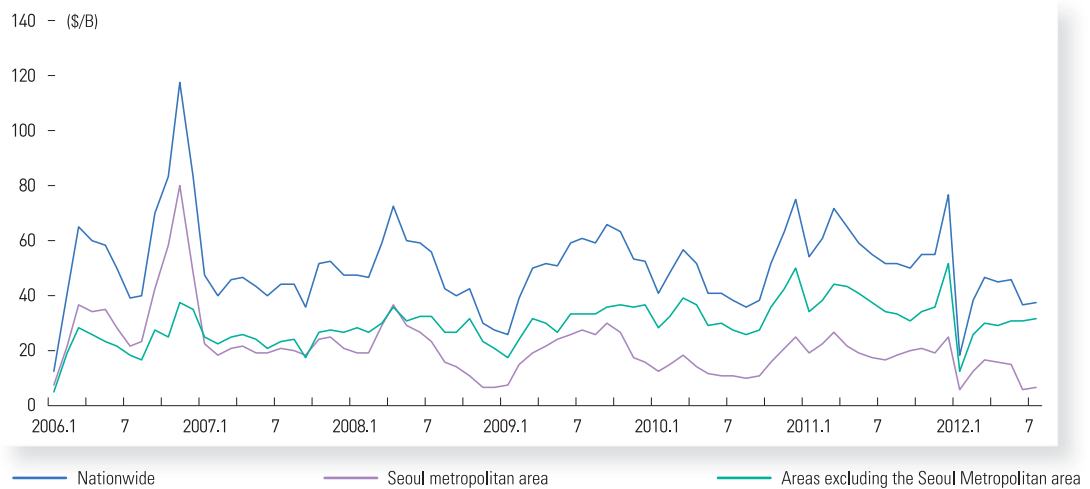
12-2 Apartment rental prices by region

Source: Kookmin Bank



12-3 Monthly transaction volume

Source: Ministry of Land, Transport and Maritime Affairs



12.2 Land market

Nationwide land prices in July rose for the 21st consecutive month (*up 0.07%, m-o-m*), but were still 0.38 percent lower than the pre-crisis peak reached in October 2008.

Growth in land prices in the Seoul metropolitan area decelerated as those of Seoul fell (*down 0.03%, m-o-m*).

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

0.07 (Jan 2012) ↻ 0.07 (Feb) ↻ 0.11 (Mar) ↻ 0.11 (Apr) ↻ 0.10 (May) ↻ 0.10 (Jun) ↻ 0.03 (Jul)

Land prices in areas excluding the Seoul metropolitan area continued the upward trend, rising 0.13 percent month-on-month.

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

0.12 (Jan 2012) ↻ 0.13 (Feb) ↻ 0.14 (Mar) ↻ 0.14 (Apr) ↻ 0.14 (May) ↻ 0.13 (Jun) ↻ 0.13 (Jul)

Land prices by region

(Percentage change from previous period)

	2008	2009	2010	2011				2012							
	Annual	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jan-Jul	Q1	Q2	Apr	May	Jun	Jul
Nationwide	-0.31	0.96	1.05	1.17	0.29	0.30	0.29	0.29	0.69	0.30	0.33	0.12	0.11	0.10	0.07
Seoul	-1.00	1.40	0.53	0.97	0.40	0.28	0.17	0.12	0.40	0.17	0.26	0.10	0.09	0.06	-0.03
Gyeonggi	-0.26	1.22	1.49	1.47	0.26	0.38	0.43	0.39	0.78	0.34	0.34	0.12	0.11	0.11	0.10
Incheon	1.37	1.99	1.43	0.66	0.17	0.18	0.15	0.15	0.38	0.21	0.16	0.05	0.06	0.05	0.02

Source: Korea Land & Housing Corporation

Nationwide land transactions in July were 167,000 land lots, up 2.9 percent from the previous month but down 9.1 percent from 184,000 a year earlier.

Monthly land transactions increased in Gyeonggi Province (*up 7.1%, m-o-m*), Gwangju (*up 6.7%, m-o-m*), Gangwon Province (*up 6.0%, m-o-m*), and South Gyeongsang Province (*up 14.6%, m-o-m*).

Transactions of vacant land decreased 0.2 percent year-on-year to 79,000 lots, making up 47.3 percent of the total amount of transactions.

Land sales transactions

(Land lot, thousand)

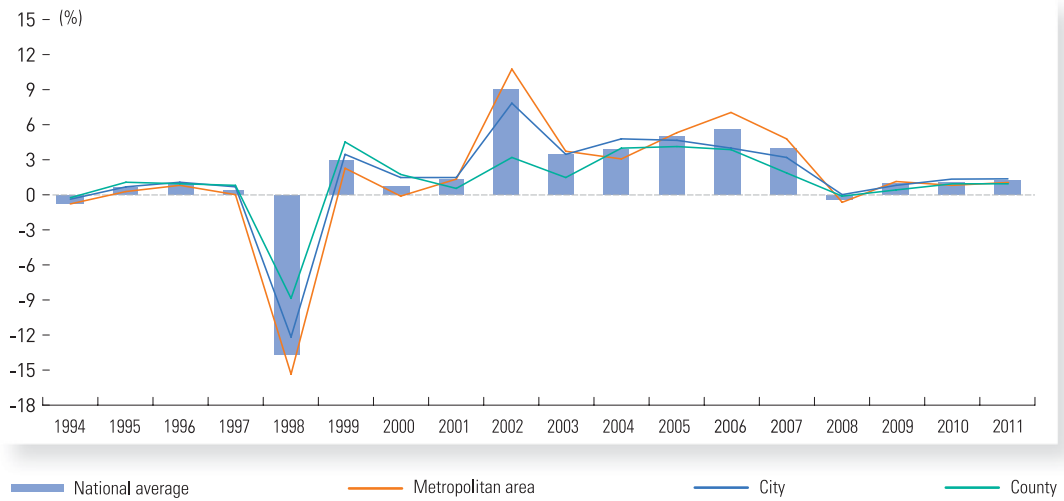
	2008	2009	2010	2011								2012						
	Annual ¹	Annual ¹	Annual ¹	Annual ¹	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Nationwide	208	203	187	208	197	184	183	171	184	195	240	129	165	187	182	186	163	167
Seoul	26	22	16	18	16	14	15	14	15	15	19	9	12	14	15	15	13	12
Gyeonggi	45	46	41	43	38	37	36	36	37	39	48	24	30	37	36	35	32	34
Incheon	13	10	8	10	9	9	8	8	8	8	10	5	6	7	7	8	7	7

1. Monthly average

Source: Korea Land & Housing Corporation

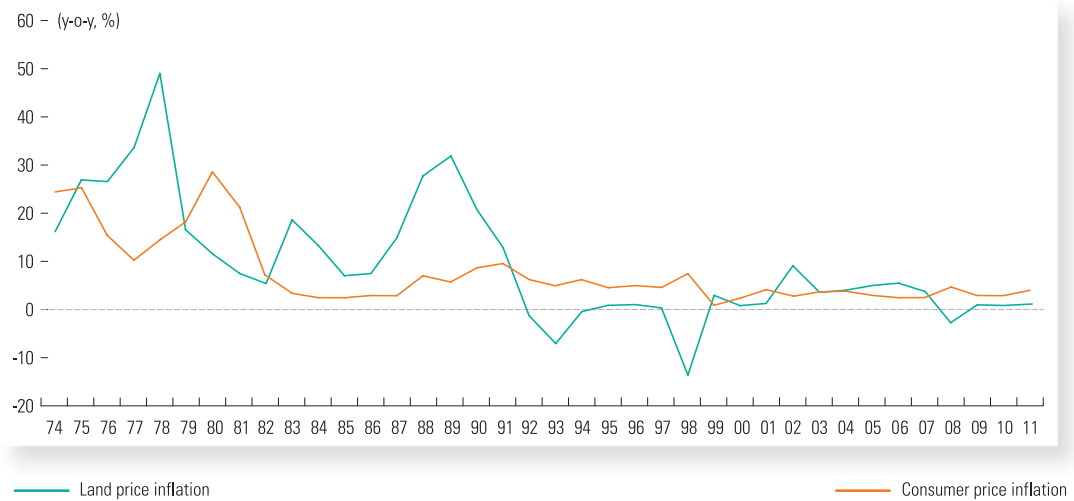
12-4 Land prices by region

Source: Korea Land Corporation (land price trend)



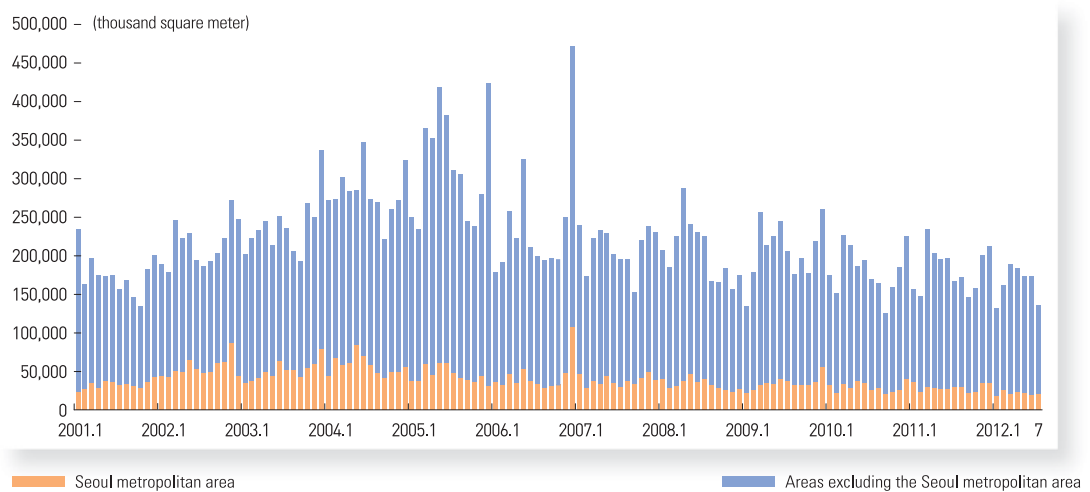
12-5 Land and consumer prices since 1970s

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



12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



13. Composite indexes of business cycle indicators

Industrial output in July increased 0.3 percent month-on-month and 1.6 percent year-on-year. Output in construction (*up 6.8%, m-o-m*), public administration (*up 3.1%, m-o-m*) and services (*up 0.7%, m-o-m*) rose, while output in mining & manufacturing (*down 1.6%, m-o-m*) fell.

The cyclical indicator of the coincident composite index rose 0.2 points in July.

Mining & manufacturing production declined month-to-month while six other components, such as wholesale & retail sales, value of construction completion and domestic shipment, increased.

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

Mining & manufacturing production (-0.3%), value of construction completion (2.1%), wholesale & retail sales (1.2%), value of imports (1.2%), domestic shipment (0.4%), service activity (0.2%), number of non-farm payroll employment (0.1%)

The cyclical indicator of the leading composite index rose 0.2 points from the previous month.

Four components of the leading composite index, including the indicator of inventory cycle and value of construction orders received, increased while five components, such as consumer expectations index and KOSPI, were lower compared to the previous month.

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

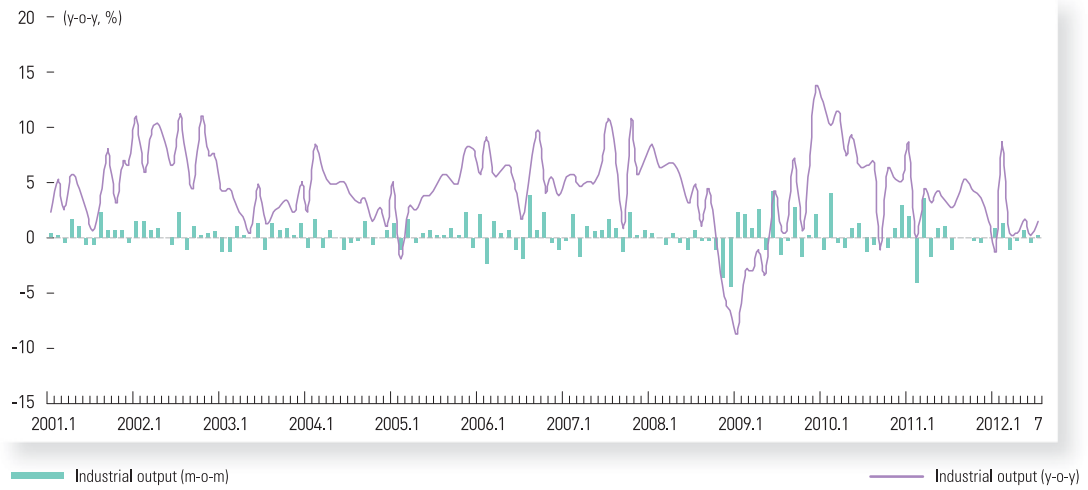
Value of construction orders received (4.4%), indicator of inventory cycle (3.5%p), ratio of job openings to job seekers (1.1%p), ratio of export to import prices (1.0%), spreads between long & short term interest rates (-0.1%p), domestic shipment of machinery (-0.9%), international commodity prices (-0.7%), KOSPI (-3.0%), Consumer expectations index (-2.2p)

	2011		2012					
	Dec	Jan	Feb	Mar	Apr	May ¹	Jun ¹	Jul ¹
Industrial output (m-o-m, %)	0.1	1.0	1.3	-1.1	-0.2	0.6	-0.3	0.3
(y-o-y, %)	1.6	-1.0	8.7	0.5	0.4	1.8	0.3	1.6
Coincident composite index (m-o-m, %)	0.4	0.1	0.8	0.1	0.2	-0.1	0.4	0.6
Cyclical indicator of coincident composite index	99.8	99.6	100.0	99.6	99.4	98.9	98.9	99.1
(m-o-m, p)	0.0	-0.2	0.4	-0.4	-0.2	-0.5	0.0	0.2
Leading composite index (m-o-m, %)	0.4	0.7	1.0	0.4	0.4	0.1	1.0	0.6
Cyclical indicator of leading composite index	99.0	99.2	99.9	99.8	99.8	99.4	100.0	100.2
(m-o-m, p)	0.0	0.2	0.7	-0.1	0.0	-0.4	0.6	0.2

1. Preliminary

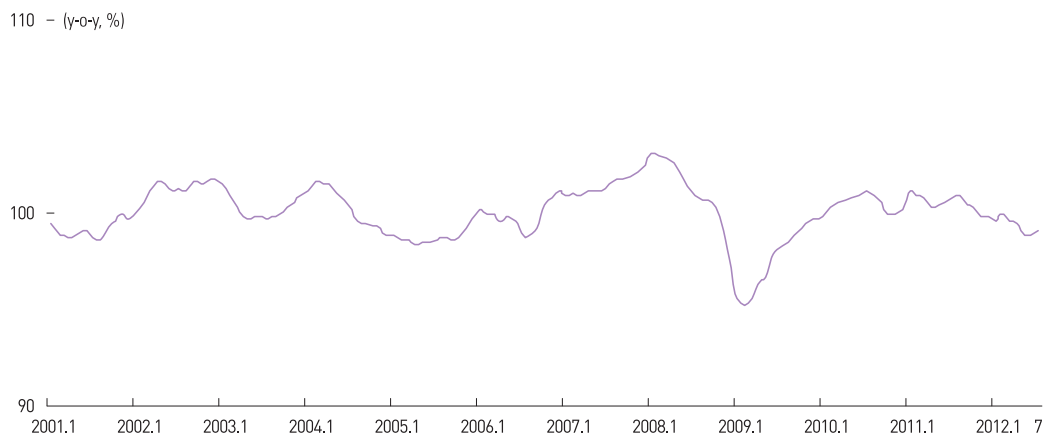
13-1 Industrial output

Source: Statistics Korea



13-2 Cyclical indicator of coincident composite index

Source: Statistics Korea



13-3 Cyclical indicator of leading composite index

Source: Statistics Korea



Featured Issue

Facility Investment in Korea: Trends and Implications

Recent trends

Investment, which creates added value and determines mid- to long-term production capability, has played a critical role in Korea's path to achieving rapid growth and overcoming various crises. Facility investment led Korea's fast growth and industrialization from the 1970s to 90s, and also acted as a breakthrough in both the 1997 Asian currency crisis and 2008 global financial crisis.

However, recently facility investment has been weaker compared to the past and also compared to other major countries. The growth rate of facility investment is not even half as that of the 1990s. Also, considering the income level, the growth rate has become lower than that of the US, UK and Japan. Since the end of 2011, Korea's economy has been hindered by daunted facility investment.

<GDP growth rate and contribution of each expenditure component>

(y-o-y, %)

	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	
GDP	4.2	3.5	3.6	3.3	2.8	2.4	
Consumption	1.8	1.8	1.6	0.9	1.7	1.2	
Investment	Construction	-1.6	-0.7	-0.7	-0.4	0.1	-0.2
	Facility	1.0	0.8	0.1	-0.3	0.8	-0.3
Exports	3.0	0.6	2.0	1.5	0.0	1.4	

Source: Bank of Korea

Main reasons for the weakening

As the global financial crisis and European debt crisis persist, sluggish trade and global economic slowdown have heightened uncertainties. The uncertainty daunts investor sentiment and negatively affects investment as a whole. Since the currency crisis, corporations are less inclined to make preemptive investments, and tend to refrain from investing until making sure that the economy is in the phase of economic expansion. Even when the investment is necessary, there is a greater tendency to respond passively, such as repairing existing facilities rather than expanding production facilities. As corporations put more weight on financial safety, the proportion of internal funds being a source of investment has more than doubled since the beginning of the currency crisis.

While facility investment's dependence on conglomerates and the IT industry is increasing, investment in small- and medium-sized enterprises (SMEs) and non-IT industries is relatively weak. The amount of investment in Korea's service sector is one of the lowest among the OECD countries. In most parts of the service sector the growth rate of facility investment falls short of the OECD average.

Another reason is growing overseas investment. Since 2005, Korean corporations have greatly expanded overseas direct investment in order to promote globalization and to cut production costs. For the manufacturing sector, overseas direct investment rose from US\$3.70 billion in 2005 to US\$7.95 billion in 2011. Increasing overseas investment tends to negatively influence facility investment.

Policy implications

If sluggish facility investment continues, the economy will continue to struggle and growth foundations will be damaged, which could influence the nation's potential growth rate. Diminishing investment creates a vicious circle of economic slowdown through reduced production followed by shrinking incomes and employment. In order for the economy to recover and capture growth potential, it is vital to continue increasing facility investment.

The government will boost corporate entrepreneurship while providing well-targeted measures centered on SMEs and the service sector. For this purpose, first of all, it is necessary to minimize uncertainties regarding policies and provide SMEs and leading enterprises with information related to policies and investments. Improved access to information will reduce the information gap between large enterprises and SMEs, leading to a rise in SME investment, and SMEs will reap the benefits of internal capital markets. It is also important to help corporations invest in promising projects by removing troublesome

regulations and offering financial support.

Corporations need to innovate on new products, enter new markets and contribute to economic growth by expanding investment during this period. A 2011 report by Steenkamp & Fang, who compared the effect of R&D investment on market share and revenues during a recession with that during an expansion by analyzing 1,175 US enterprises between 1971 and 2005, found that preemptive corporate R&D investment made in a recession is likely to lead to greater market share by as much as 19.8 percent and more revenues by as much as 25.9 percent than similar investments made during a period of expansion.

In order to promote investment in SMEs and the service sector, it is critical to continuously introduce industry-specific measures. To encourage investment by domestic corporations doing business overseas, tax incentives will be offered along with relocation and human resources support for businesses that return to Korea. The government will actively encourage foreign investment in the service markets, which will be opened with the FTAs taking effect. There will be incentives for investment in green industries such as green house gas emissions reducing and energy efficiency increasing technologies and products. The government will aggressively nurture material and components industries to boost the linkage effect of the IT sector, which has received a lot of facility investment recently.

Policy Issues

Second Round of Fiscal Support to Stimulate the Economy

In addition to June 28's 8.5 trillion won stimulus package for the second half of this year, the government is preparing a second round of fiscal support to stimulate the economy. The aim of the fiscal support is to help the private sector regain steam amid the eurozone crisis and global economic slowdown. This round of support will use the maximum available resources, both fiscal and administrative, concentrate on areas where the fiscal support will have an impact this year, include local governments as well as the central government to help boost the economy nationwide, and actively reinforce social safety nets.

There will be fiscal support of 4.6 trillion won in 2012 and 1.3 trillion won in 2013 to promote real estate transactions, consumption and investment, revitalize the provincial economy, and strengthen the social safety net.

The real estate acquisition tax and transaction tax will be reduced for the remainder of this year, and the withholding tax and individual consumption tax will be reduced for the same period.

The private sector will be encouraged to invest in social overhead capital (SOC) projects earlier than scheduled, while the government will increase investment in public firms. Small- and medium-sized enterprises (SMEs) and venture businesses will receive stronger support.

To help boost the provincial economy, the government will invest 400 billion won for the relocation of government organizations to the 10 new provincial cities and increase local government budget spending.

More families will be eligible for the low-income class emergency social security benefits.

Classification	Measures	Details	Fiscal support (2012, trillion won)
Boosting home transactions	- Reduction of acquisition and transaction taxes	- 100 percent tax reduction for new home sales for five years - 50 percent tax reduction for home purchase	0.7
Boosting consumption	- Reduction of withholding tax - Reduction of consumption tax	- 10 percent reduced tax base - 1.5 percentage point consumption tax reduction on automobiles and expensive home electronics	1.5, 0.5(2013) 0.1
Boosting investment	- Early private investment in SOC projects - Changed plans of spending of funds and increase investment in public firms - Increased investment in venture businesses	- 100 billion won of increased investment in SOC projects, particularly roads - Fund spending plans to be changed and investment in public firms increased - SMEs and venture businesses to be financed from venture capital of up to 100 billion won	0.1 0.1 0.1
Boosting local economies	- Earlier relocation of government organizations to new provincial cities - Increased local government budget spending	- 400 billion won for early relocation of government organizations - Local government budget spending to increase 1.6 percentage points from the previous year	0.4 2.0
Strengthening social safety nets	- Stronger social safety nets for low income families	- Expanded eligibility for emergency social security benefits - Increased emergency financial support for employers to help maintain employment	0.8 (2013)

Details of the Stimulus Plan

1. Support for the Housing Market

Those who purchase new homes for the remainder of this year will be exempt from the capital gains tax on home sales for five years.

The acquisition tax rate on homes purchased by the end of the year will be reduced 50 percent to 1.2 percent from 2.4 percent.

The Korea Land & Housing Cooperation will impose reduced interest rates on new home mortgage delinquency: down 0.5 percentage points for less than one month delinquency and 1.0 percentage points for one month or more delinquency.

2. Withholding Tax Reduction

A number of employees pay withholding taxes more than they are supposed to, and get a refund for the overpaid amount the next year. In 2010, a total of 4.31 trillion won was refunded to 9.70 million employees, an average of 443,000 won per employee. Starting September, the withholding tax will be reduced by 10 percent on average, and the overpaid taxes between January and August will be reimbursed in September.

3. Individual Consumption Tax Reduction

To boost the mining and manufacturing industry, which has a significant influence on other industries but has been affected by weak exports amid the global economic slowdown, there will be an individual consumption tax reduction of 1.5 percentage points for cars and expensive home electronics. Cars with 2,000 cc or bigger engines will be subject to the individual consumption tax of 3.5 percent, and those with larger than 2,000 cc engines to 6.5 percent. Expensive home electronics, such as large air conditioners, refrigerators, TV sets and washing machines, will also be subject to the reduced individual consumption tax of 3.5 percent.

There will be an individual consumption tax refund for products in stock.

4. Earlier-than-Scheduled Private Investment in SOC Projects

To complete SOC projects earlier than scheduled, the government has invited private companies for SOC construction, and rewarded them when the construction is completed. However, the private investment in SOC projects has fallen recently partly due to a low compensatory interest rate.

* Private investment in SOC construction (billion won): 64.6 (2009), 6.4 (2010), 31.7 (2011)

The government will raise the compensatory interest rate from 5 percent to 6 percent, and invite private investments of up to 100 billion won in the second half of this year. Cheap financing will be available for private companies investing in SOC projects with more banks providing such financing.

5. Increased Investment in SMEs and Venture Businesses through Venture Capital

Investment in venture capital by the Korea fund of funds (FOF) has continued to decrease.

* Investment in venture capital (billion won): 607.4 (H1, 2011) ↘ 495.1 (H2, 2011) ↘ 486.4 (H1, 2012)

For the remainder of this year, the government aims to increase the Korea FOF's venture capital investment by up to 100 billion won, compared with the first half of the year: The Korea FOF's venture capital investment ceiling will be raised to 150 billion won, up from 100 billion won. The amount of venture capital investment will be factored in when the FOF selects new investments. The Korea FOF will reinvest the returns on venture capital investment, estimated to be 150 to 200 billion won, in venture capital starting 2013.

6. Support Relocation of Government Organizations to New Provincial Cities

The relocation of government organizations to new provincial cities has not progressed as planned due to a shortage of funds. The sales of properties in current locations face

difficulties, and consequently, the construction of new offices has been delayed.

The government will borrow 400 billion won from the treasury through a special account to spur the relocation process.

7. Increased Local Governments' Budget Spending

To ease local governments' fiscal shortages due to the frontloaded budget spending of 60 percent in the first half of this year, the government will raise the second half budget execution rate by 1.6 percentage points compared to 2011 levels.

8. Further Investment in Funds and Public Firms

There will be an additional investment of around 90 billion won in funds and public firms, or 18.8 billion won and 70 billion won each.

9. Stronger Social Safety Net for Low-Income Families

To provide increased help to those in emergency, the government will raise the basic living costs by 20 percentage points, and extend housing support from 6 months to 12 months. Small business owners will also be eligible for the same benefits in case of business closure.

There will be more earned income tax credit (EITC) recipients this year, along with increased benefits: 740,000 households, up 42.3 percent, will receive a total of 597.1 billion won, an increase of 48.5 percent.

Social security benefits related to unemployment will be increased by 50 percent in 2013, from 73.4 billion won in 2012 to 109.0 billion: Employment support for business owners, designed to help them keep employment in case of difficulties, will be increased by 15.8 billion won in 2013. On top of that, there will be newly introduced unemployment benefits of 8.4 billion won.

Business owners will be eligible for new loan facilities of 5 billion won, which are designed to help them repay existing debt, and 6.4 billion won will be loaned to low income workers.

Budgets for after school programs will be increased in 2013 from 288.0 billion won to 450.0 billion won, along with an increase in other educational support from 169.4 billion won to 201.3 billion won. Financial support for student loans will also be expanded from 1.5 trillion won to 1.9 trillion won in 2013.

Economic News Briefing

Korea grows 0.3% in Q2 (Preliminary)

Korea's real gross domestic product (GDP) expanded by 0.3 percent quarter-on-quarter and 2.3 percent year-on-year in the second quarter of 2012. The numbers were revised downward by 0.1 percentage points each from the advanced estimates released a month ago.

On the production side, manufacturing and construction contracted by 0.2 percent and 2.7 percent, respectively. Services expanded by 0.5 percent, led by finance & insurance, information & communications, and healthcare & social welfare.

On the expenditure side, private consumption grew by 0.4 percent due to increased expenditures on durable and semi-durable goods. Facility investment and construction investment fell by 7.0 percent and 0.4 percent each. Exports fell by 1.4 percent, led by automobiles and petrochemical products, while imports fell by 1.8 percent due to lower demand for electronics and general machinery.

The real gross national income (GNI) rose 1.2 percent from the previous quarter, helped by improving terms of trade. The nominal GNI, however, fell by 0.2 percent.

<GDP by production and expenditure*>

(Percentage change from previous period)

	2010				2011 ¹				2012 ¹	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP	2.2(8.7) ²	1.4(7.6)	0.7(4.5)	0.6(4.9)	1.3(4.2)	0.8(3.5)	0.8(3.6)	0.3(3.3)	0.9(2.8)	0.3(2.3)
Manufacturing	4.2	3.7	2.1	0.5	3.3	1.2	1.1	-0.3	2.0	-0.2
Construction	0.5	-0.7	-1.8	-2.6	-4.3	1.8	2.8	-0.2	-1.7	-2.7
Services	1.7	0.3	0.4	1.0	1.0	0.3	0.4	0.7	1.1	0.5
Private consumption	0.7	0.7	1.2	0.4	0.6	0.8	0.2	-0.4	1.0	0.4
Government consumption	3.0	0.3	-0.2	0.5	0.7	0.8	1.2	-0.8	3.4	-0.3
Facility investment	4.4	7.3	4.6	-0.2	-1.6	4.7	-1.8	-4.3	10.3	-7.0
Construction investment	1.0	-4.0	-0.9	-1.9	-4.4	3.5	-0.5	0.1	-1.2	-0.4
Goods exports ⁴	3.2	7.3	2.6	3.2	4.1	0.4	2.1	-2.7	4.2	-1.4
Goods imports ⁴	5.3	6.2	3.4	0.4	3.2	2.7	1.4	-3.6	4.0	-1.8
Real Goss National Income	1.6	1.4	0.1	0.0	0.0	0.7	0.6	1.0	0.2	1.2

*At 2005 chained prices in seasonally adjusted terms

1. Preliminary

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

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

4. FOB basis

Moody's, Fitch and S&P upgrade Korea's credit rating

All three major international credit rating agencies have recently upgraded Korea's sovereign debt rating, throwing a vote of confidence on the nation's ability to cope with a volatile global financial environment. Moody's raised Korea's credit rating from 'A1' to 'Aa3' on August 27, citing the nation's fiscal soundness, economic vitality and competitiveness, improved financial sector, and effective handling of geopolitical risks. Moody's also lifted Korea's credit rating outlook to 'positive' from 'stable'.

Meanwhile, Fitch upgraded Korea's credit rating by one notch, from 'A+' to 'AA-', on September 6. Fitch listed steady growth, favorable fiscal fundamentals, low unemployment rate, and scope for fiscal and monetary flexibility as the Korean economy's strengths. On September 14, Standard & Poor's (S&P) raised Korea's credit rating from 'A' to 'A+', citing reduced geopolitical risks in the Korean peninsula and the resilience of the Korean economy.

Korea ranks 19th in the WEF's competitiveness report

An annual report by the World Economic Forum (WEF) showed that Korea's competitiveness has improved from the previous year. In the 2012 edition of the WEF Global Competitiveness Report, released on September 5, Korea's ranking moved up five notches to 19th among 144 countries this year. Korea's ranking had been declining since reaching 11th in 2007. The nation ranked 19th in 2009, 22nd in 2010, and 24th in 2011. Improvements in all three major areas of competitiveness (basic requirements, efficiency enhancers, innovation and sophistication factors) contributed to this year's bounce back.

Financial regulators reveal plan to improve ETF market

Korea's financial regulators revealed on September 3 their plans to improve the nation's exchange traded fund (ETF) market. The global ETF market has grown at an average annual rate of 30 percent since 2000, and as of June 2012 it is estimated to be worth US\$1.7 trillion. Korea's ETF market has also been growing fast since its introduction in 2002, but still faces some challenges, such as lack of diversity and the investors' tendency to flock around a few products. On the supply side, new ETF products will be introduced gradually in order to diversify the market, while on the demand side the financial regulators will reinforce investor protection measures by promoting market transparency.

Government plans to expand budget for export marketing

The Korean government is planning to invest billions of won from September this year in order to boost the nation's exports and provide export opportunities to small- and medium-sized enterprises (SMEs). The Ministry of Knowledge Economy (MKE) announced on September 4 that the government will allocate an additional 8 billion won for the purpose of holding large scale road shows and exhibitions that would help to promote Korean products. The existing budget for export promotion is 8.3 billion won, and with the additional budget, the total amount that is expected to be executed by the end of the year now stands at 16.3 billion won.

Consolidated fiscal deficit expands in first half of 2012 *(Preliminary)*

Korea's consolidated fiscal balance excluding social security funds for the first half of 2012 *(preliminary)* posted a deficit of 29.9 trillion won, rising 10.7 trillion won from the previous year mainly due to soaring fiscal spending (up 17.9 trillion won). The consolidated fiscal revenue increased 8.8 trillion won to register 163.1 trillion won and the consolidated fiscal spending also rose 17.9 trillion won year-on-year to mark 174.6 trillion won.

(trillion won, %)

	2011			2012			Y-o-Y change
	Budget (a)	1 st half (b)	b/a (%)	Budget (c)	1 st half (d)	d/c (%)	d-b
A. Consolidated fiscal revenue	284.8	154.3	54.2	312.5	163.1	52.2	8.8
B. Consolidated fiscal spending	279.5	156.7	56.1	294.3	174.6	59.3	17.9
C. Consolidated fiscal balance (A-B)	5.3	-2.3	-	18.1	-11.5	-	-9.2
D. Social security funds ¹	30.3	16.8	-	32.4	18.4	-	1.6
E. Consolidated fiscal balance excluding social security funds (C-D)	-25.0	-19.2	-	-14.3	-29.9	-	-10.7

1. Social security funds include national pension funds, private school teachers' funds, accident insurance funds and employment insurance funds.

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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
2004 II	5.9	7.6	12.9	1.3	4.9	4.2	6.4
2004 III	4.8	8.3	10.4	1.0	3.1	1.2	7.7
2004 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
2005 II	3.4	4.8	3.9	4.7	1.8	0.9	2.8
2005 III	4.5	3.8	6.7	5.9	1.5	-0.3	4.1
2005 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
2006 II	5.1	-0.3	9.1	4.9	0.1	-4.2	8.0
2006 III	5.0	-1.4	8.7	4.6	4.0	-0.5	12.0
2006 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
2007 II	5.3	7.0	7.2	5.4	5.7	2.0	13.0
2007 III	4.9	8.2	6.3	5.3	1.5	-0.2	4.0
2007 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
2008 II	4.4	4.6	8.3	3.0	0.6	-0.5	2.0
2008 III	3.3	4.3	5.3	2.4	2.1	0.4	5.3
2008 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
2009 II	-2.1	0.0	-7.1	0.7	-3.0	4.3	-18.1
2009 III	1.0	5.0	1.8	1.5	-1.0	3.2	-9.4
2009 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
2010 II	7.6	-2.2	17.6	3.6	5.8	-4.7	32.0
2010 III	4.5	-7.8	9.5	3.5	5.6	-4.9	26.3
2010 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
2011 ^P II	3.5	-1.9	7.5	2.7	0.7	-4.2	7.7
2011 ^P III	3.6	-4.1	6.3	2.3	-1.5	-4.0	1.2
2011 ^P 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
2012 ^P II	2.3	-1.6	2.6	1.7	-2.1	-2.1	-3.5

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
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 I	149.1	3.8	142.5	3.0	159.0	16.0	126.2	2.5
II	153.3	1.5	146.5	1.5	155.7	9.8	128.9	1.7
2010 1	129.3	37.0	123.1	31.4	119.8	-3.3	118.5	5.7
2	119.1	18.3	113.6	13.3	123.3	4.8	116.7	6.2
3	141.1	22.4	135.2	18.8	124.6	7.5	124.4	6.6
4	140.0	19.5	134.7	16.5	126.3	12.5	121.5	3.8
5	140.0	20.6	133.4	17.2	129.9	16.5	123.3	4.8
6	142.9	16.5	137.3	13.9	129.7	17.5	124.0	4.0
7	143.1	14.8	135.7	13.0	134.1	20.3	122.4	3.8
8	136.5	15.9	131.0	15.3	134.5	20.1	120.9	3.3
9	137.3	2.9	131.4	2.4	134.6	19.1	121.6	-0.2
10	145.3	13.4	140.8	13.5	133.5	18.8	123.2	3.3
11	145.3	11.2	141.4	11.7	132.8	16.9	123.8	3.8
12	149.2	10.7	143.9	10.6	135.6	17.4	134.9	2.5
2011 1	146.9	13.6	141.4	14.9	135.4	13.0	124.1	4.7
2	129.8	9.0	125.2	10.2	137.1	11.2	116.9	0.2
3	154.0	9.1	149.6	10.7	137.4	10.3	128.2	3.1
4	149.7	6.9	144.6	7.3	137.3	8.7	125.2	3.0
5	151.5	8.2	144.4	8.2	140.2	7.9	127.4	3.3
6	152.3	6.6	145.4	5.9	142.7	10.0	128.4	3.5
7	148.7	3.9	135.9	3.1	147.2	9.8	127.0	3.8
8	142.9	4.7	136.5	4.2	150.4	11.8	126.8	4.9
9	146.8	6.9	141.3	7.5	149.1	10.8	126.2	3.8
10	154.6	6.4	147.0	4.4	153.1	14.7	127.4	3.4
11	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
4	149.6	0.0	142.8	-1.0	158.6	16.2	126.7	1.0
5	155.9	2.9	149.0	3.5	160.7	15.3	129.9	2.4
6 ^P	154.4	1.4	147.8	1.9	155.7	9.8	130.0	1.4
7 ^P	149.0	0.3	141.4	1.4	157.5	7.5	129.2	1.5

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
II	139.6	3.3	101.1	-2.5	78.9
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	138.7	2.7	98.8	-4.1	79.2
5	139.8	3.4	102.4	-0.7	79.3
6 ^P	140.3	3.6	101.9	-2.9	78.1
7 ^P	140.4	3.5	97.7	-3.3	77.2

P: Preliminary
Source: Statistics Korea

4. Consumer goods sales index See graphs 2-2, 2-3, 2-4 & 2-5

(constant prices, 2005 = 100)

Period	Consumer goods sales index		Durable goods		Semi-durable goods		Non-durable goods	
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)
2010	121.2	6.7	157.1	14.8	113.5	6.8	113.8	2.2
2011	126.4	4.3	174.0	10.8	118.3	4.2	115.0	1.1
2010 I	116.6	9.5	148.7	29.6	105.9	2.7	110.8	2.9
II	118.8	4.8	149.9	5.6	114.6	6.4	112.9	3.4
III	120.4	7.6	158.5	17.0	100.4	6.5	118.0	3.2
IV	128.8	5.2	171.5	10.6	133.3	10.9	113.4	-0.4
2011 I	122.9	5.4	167.3	12.5	112.0	5.8	112.4	1.4
II	125.6	5.7	175.9	17.3	120.3	5.0	112.2	-0.6
III	126.0	4.7	175.6	10.8	104.5	4.1	120.1	1.8
IV	131.2	1.9	177.3	3.4	136.5	2.4	115.3	1.7
2012 I	125.3	2.0	173.3	3.6	112.8	0.7	115.0	2.3
II	126.9	1.0	179.7	2.2	120.8	0.4	113.4	1.1
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	123.0	0.3	167.5	0.3	120.1	-0.7	110.6	1.5
5	131.4	2.2	183.7	4.5	128.8	1.9	117.5	1.4
6 ^P	126.4	0.6	187.9	1.6	113.4	-0.3	112.2	0.4
7 ^P	130.9	2.7	199.1	7.3	108.8	1.2	118.2	0.4

P: Preliminary
Source: Statistics Korea

5. Consumer goods shipment index and consumer sentiment index

Period	Domestic consumer goods shipment index (2005=100)						Consumer sentiment index
			Durable goods	Y-o-Y change (%)	Non-durable goods	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	-
II	120.7	2.4	136.9	1.3	114.2	2.9	-
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	119.7	0.8	129.4	-3.2	115.9	2.7	104
5	123.2	6.4	139.1	5.4	116.9	7.0	105
6 ^P	119.3	0.1	142.3	1.7	110.1	-0.7	101
7 ^P	121.5	1.1	141.7	-0.6	113.4	1.9	100
8	-	-	-	-	-	-	99

Source: Statistics Korea & The Bank of Korea

6. Machinery orders received, domestic machinery shipment and estimated facility investment index See graph 3-3

Period	Domestic machinery orders received excluding ship (billion won, constant prices)				Estimated facility investment index (2005=100)	Domestic machinery shipment excluding ship (2005=100)
	Total	Public	Private	Manufacturing		
2011	25,240	2,599	22,641	13,848	133.1	134.2
2011 I	6,445	470	5,975	3,695	126.7	127.8
2011 II	6,676	728	5,948	3,677	144.5	147.3
2011 III	5,703	404	5,300	3,109	133.3	128.4
2011 IV	6,416	998	5,418	3,367	127.9	133.2
2012 I	6,292	960	5,332	2,986	138.5	130.3
2012 II	5,440	383	5,057	2,770	143.4	136.4
2011 1	2,009	115	1,894	1,109	123.3	121.5
2011 2	2,045	122	1,923	1,146	112.4	118.3
2011 3	2,391	233	2,158	1,441	144.5	143.7
2011 4	1,951	99	1,853	1,155	134.4	137.5
2011 5	2,113	142	1,971	1,186	146.8	149.4
2011 6	2,611	487	2,124	1,336	152.3	154.9
2011 7	1,990	152	1,838	1,027	133.7	135.2
2011 8	1,800	115	1,685	1,006	135.0	124.1
2011 9	1,913	137	1,776	1,076	131.3	125.8
2011 10	1,977	301	1,676	966	114.8	122.5
2011 11	2,317	474	1,843	1,124	129.3	127.3
2011 12	2,122	223	1,899	1,277	139.3	149.8
2012 1	2,012	115	1,897	1,131	129.3	119.7
2012 2	2,490	712	1,778	1,013	139.8	132.5
2012 3	1,790	133	1,658	842	146.4	138.6
2012 4	1,816	98	1,719	941	141.3	134.0
2012 5	1,883	82	1,801	972	144.9	135.2
2012 6 ^P	1,741	204	1,537	858	143.9	140.0
2012 7 ^P	1,856	263	1,593	804	135.3	129.6
<i>Y-o-Y change (%)</i>						
2011	11.0	11.2	11.0	12.8	0.7	1.4
2011 I	19.5	-10.5	22.7	26.8	5.4	9.2
2011 II	10.0	81.1	4.9	3.1	5.7	3.6
2011 III	3.4	6.1	3.2	3.1	-3.1	-2.9
2011 IV	11.5	-3.1	14.7	21.0	-4.7	-3.7
2012 I	-2.4	104.5	-10.8	-19.2	9.3	2.0
2012 II	-18.5	-47.3	-15.0	-24.7	-0.8	-7.4
2011 1	15.6	-32.1	20.7	9.8	19.4	11.5
2011 2	28.0	14.0	29.0	29.8	-0.2	14.1
2011 3	16.2	-6.3	19.3	40.9	-0.2	4.0
2011 4	9.0	-22.3	11.4	9.4	2.2	0.2
2011 5	-0.8	23.4	-2.2	-10.8	11.7	8.5
2011 6	21.4	205.2	6.7	13.1	3.5	2.2
2011 7	-1.7	44.9	-4.3	-3.9	-3.0	-0.2
2011 8	6.8	8.0	6.7	12.0	-2.9	-3.5
2011 9	6.1	-19.1	8.8	2.5	-3.2	-5.3
2011 10	18.0	197.7	6.4	0.0	-10.9	-4.7
2011 11	33.9	333.3	13.7	13.6	-2.8	-4.5
2011 12	-9.6	-72.8	24.3	54.4	-1.0	-2.0
2012 1	0.1	0.2	0.1	2.0	4.9	-1.5
2012 2	21.8	485.1	-7.5	-11.6	24.4	12.0
2012 3	-25.1	-43.0	-23.2	-41.6	1.3	-3.5
2012 4	-6.9	-1.2	-7.2	-18.6	5.1	-2.5
2012 5	-10.9	-42.4	-8.6	-18.1	-1.3	-9.5
2012 6 ^P	-33.3	-58.1	-27.6	-35.8	-5.5	-9.6
2012 7 ^P	-6.7	72.7	-13.3	-21.7	1.2	-4.1

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
2011 II	23,904	9,324	13,182	25,101	6,307	17,509
2011 III	21,499	7,841	12,533	19,638	6,593	12,245
2011 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
2012 II	21,925	8,731	12,143	25,304	5,557	18,782
2011 1	6,208	2,480	3,475	4,927	1,330	2,904
2011 2	5,247	2,015	2,991	4,088	1,397	2,546
2011 3	7,633	2,831	4,386	7,262	1,369	5,651
2011 4	7,053	2,724	3,978	6,670	1,432	4,609
2011 5	7,430	2,817	4,222	6,984	1,895	4,598
2011 6	9,422	3,783	4,982	11,448	2,979	8,303
2011 7	6,786	2,432	4,046	5,098	1,819	3,103
2011 8	6,901	2,513	4,056	7,300	1,504	5,509
2011 9	7,813	2,896	4,431	7,240	3,270	3,633
2011 10	8,022	2,963	4,678	7,111	2,295	4,630
2011 11	7,945	3,250	4,300	8,745	2,948	5,668
2011 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
2012 2	5,978	2,364	3,363	8,193	2,175	5,912
2012 3	7,316	2,905	4,034	7,006	1,491	5,127
2012 4	6,714	2,608	3,818	6,374	1,438	4,483
2012 5	7,139	2,822	3,997	7,186	1,063	6,028
2012 6 ^P	8,071	3,301	4,328	11,744	3,056	8,271
2012 7 ^P	6,944	3,362	4,216	6,311	2,292	3,755
<i>Y-o-Y change (%)</i>						
2011	-0.7	1.0	-2.9	4.0	-2.5	9.5
2011 I	-6.2	-2.1	-9.4	-11.8	-49.2	20.2
2011 II	-0.7	2.2	-5.4	-1.7	-8.4	3.8
2011 III	-2.4	0.5	-4.7	1.5	-3.1	6.7
2011 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
2012 II	-8.3	-6.4	-7.9	0.8	-11.9	7.3
2011 1	-4.5	9.5	-12.5	-31.9	-46.6	-33.3
2011 2	-14.7	-12.6	-17.2	-16.0	-36.2	10.7
2011 3	-0.8	-2.7	-0.2	14.2	-59.6	119.0
2011 4	-4.0	3.8	-10.7	0.1	-21.0	3.0
2011 5	-4.0	-0.8	-6.9	-21.0	12.7	-31.8
2011 6	4.7	3.3	0.7	14.1	-12.2	46.9
2011 7	-8.9	-9.7	-8.3	-32.8	-53.1	-8.4
2011 8	-3.4	2.2	-7.1	72.8	12.5	101.8
2011 9	5.3	9.2	1.3	-3.9	105.4	-32.2
2011 10	8.8	3.9	12.4	61.4	94.1	52.0
2011 11	-0.9	-0.1	-2.3	14.1	44.7	7.1
2011 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
2012 2	13.9	17.3	12.4	100.4	55.7	132.2
2012 3	-4.1	2.6	-8.0	-3.5	9.0	-9.3
2012 4	-4.8	-4.2	-4.0	-4.4	0.4	-2.7
2012 5	-3.9	0.2	-5.3	2.9	-43.9	31.1
2012 6 ^P	-14.3	-12.7	-13.1	2.6	2.6	-0.4
2012 7 ^P	2.3	-2.9	4.2	23.8	26.0	21.0

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	142.7	144.1	98.9	90.4	98.3
	7	143.6	145.0	99.1	82.1	89.7
	8	-	-	-	84.4	82.7
	9	-	-	-	-	99.5

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
	II	11,144.7	8,477.7	138,829.3	130,351.6	2,312.8	821.4	-467.2
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	3,574.9	1,751.9	46,162.8	44,446.9	1,593.0	341.6	-75.6
	6	5,879.9	5,053.8	46,801.8	41,748.0	170.1	901.8	-245.7
	7	6,103.8	5,316.3	46,584.1	41,267.8	579.2	104.9	-193.6

P: Preliminary

Source: The Bank of Korea & Korea Customs Service

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

(million US\$)

Period	Capital & financial account						Capital transfers & acquisition of non-financial assets	Changes in reserve assets	Errors and omissions
		Direct investment	Portfolio investment	Financial derivative	Other investment				
2010	-27,478.5	-22,184.3	42,479.8	828.9	-21,414.4	-217.9	-26,970.6	-1,915.0	
2011	-31,964.6	-15,694.0	10,312.2	-1,735.3	-11,084.9	150.0	-13,912.6	4,960.1	
2010 I	743.2	-2,873.4	11,725.9	829.9	-191.2	-179.8	-8,568.2	-811.0	
II	-8,818.0	-2,898.6	7,207.0	-882.1	-6,727.8	20.3	-5,536.8	-1,916.7	
III	-9,103.9	-6,617.3	15,659.9	-241.4	-7,519.0	-8.2	-10,377.9	-1,017.8	
IV	-10,299.8	-9,795.0	7,887.0	1,122.5	-6,976.4	-50.2	-2,487.7	1,830.5	
2011 I	-2,754.1	-4,696.3	-1,379.1	730.3	6,251.6	-181.4	-3,479.2	143.8	
II	-6,808.0	-4,138.1	2,035.4	-542.9	-1,432.5	-111.9	-2,618.0	1,315.8	
III	-8,320.9	-2,807.6	8,108.4	-1,490.7	-18,692.6	235.5	6,326.1	1,424.9	
IV	-14,081.6	-4,052.0	1,547.5	-432.0	2,788.6	207.8	-14,141.5	2,574.8	
2012 ^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	
II	-7,986.0	-3,015.2	5,481.3	-65.3	-599.2	284.3	890.7	-3,158.7	
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	-7,388.8	4,575.0	-206.2	-145.9	-33.6	-3,055.8	-1,672.3	
5	-3,956.7	-1,254.7	-1,140.1	165.1	-821.7	-49.9	-855.4	1,772.8	
6	-3,246.0	-2,144.6	-1,399.5	-501.8	-464.9	-28.4	1,293.2	1,215.3	
7	-2,469.2	327.1	9,258.3	526.6	-6,581.0	13.8	-6,014.0	-1,304.4	
8	-1,690.6	-1,036.4	-2,923.0	-1,868.6	4,638.4	41.5	-542.5	1,398.0	
9	-4,161.1	-2,098.3	1,773.1	-148.7	-16,750.0	180.2	12,882.6	1,331.3	
10	-4,391.9	-1,132.2	3,919.1	108.5	2,784.7	109.7	-10,181.7	259.0	
11	-6,191.9	-2,077.1	39.8	-379.9	-6.2	98.1	-3,866.6	1,627.3	
12	-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	-2,897.4	-1,382.0	-937.1	-390.4	-1,600.9	144.2	1,268.8	-677.5	
6	-5,228.3	-692.8	-2,330.9	4.6	-1,647.7	37.8	-599.3	-651.6	
7	-7,898.9	-1,443.6	-2,529.2	267.1	-7,684.1	36.3	-1,603.8	1,795.1	

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
	7	105.9	107.9	104.2	104.9	122.3	125.7	110.4	159.8
	8	106.3	108.8	104.4	105.1	123.2	126.9	110.6	162.6
<i>Y-o-Y change (%)</i>									
2010	3.0	4.6	1.9	1.8	3.8	4.6	-2.6	5.3	
2011	4.0	5.7	2.7	3.2	6.1	7.5	4.4	13.4	
2010	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
	7	1.5	1.9	1.1	1.2	-0.1	-0.2	2.2	-1.0
	8	1.2	1.6	1.1	1.3	0.3	0.2	1.1	0.3

Source: The Bank of Korea

12. Employment See graphs 8-1, 8-2, 8-3 & 8-5

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	
6	25,939	25,117	4,084	19,248	3.2	17,932	11,157	5,094	1,681	
7	25,901	25,106	4,114	19,265	3.1	17,911	11,153	5,081	1,676	
<i>Y-o-Y change (%)</i>										
2010	1.5	1.4	5.0	1.2	-	3.1	7.4	-0.7	-7.4	
2011	1.4	1.7	1.6	2.1	-	2.5	5.7	-1.5	-3.9	
2010 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	
6	1.4	1.5	-1.2	2.3	-	1.2	4.1	-0.7	-10.2	
7	1.7	1.9	0.8	2.2	-	1.4	4.1	-1.1	-7.5	

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
7	3.1	3.3	3.0	3.1	3.6	1,881.99
8	3.0	3.2	3.4	2.8	2.9	1,905.12

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
6	81,804.0	441,611.0	1,796,981.5	2,377,045.8
7	81,557.7	441,760.6	1,807,289.2	2,393,737.7
<i>Y-o-Y change (%)</i>				
2010	9.5	11.8	8.7	8.2
2011	11.3	6.6	4.2	9.4
2010 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
6	9.5	4.7	5.9	8.5
7	10.1	5.4	6.0	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
7	1,136.2	1,143.4	1,453.6	1,446.4	1,393.1	1,407.0
8	1,134.6	1,131.7	1,444.0	1,438.4	1,419.6	1,402.8
<i>Y-o-Y change (%)</i>						
2010	-2.5	-9.4	10.6	-3.1	-9.6	-13.6
2011	1.3	-4.2	6.3	5.4	-1.3	0.6
2010 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
7	7.9	7.9	7.4	8.5	-7.6	-7.2
8	5.9	5.5	3.4	3.4	-8.3	-8.8

Source: The Bank of Korea

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