

Republic of Korea

ECONOMIC BULLETIN

Vol.35
January 2013

- 
- 03** The Green Book:
Current Economic Trends
- 50** Policy Issues
2013 Key Economic Policies
Korea Releases Middle to Long-Term Policy Tasks
- 60** Economic News Briefing
Bank of Korea Sets Inflation Target at 2.5-3.5%
72% of Budget to be Spent in First Half of 2013
Korea's Trade Minister Nominated for Next WTO Director-General
FDI Hits Record High in 2012
- 63** Statistical Appendices

Contents

	The Green Book: Current Economic Trends	
	Overview	03
	1. External economic situation	04
	2. Private consumption	10
	3. Facility investment	14
	4. Construction investment	17
	5. Exports and imports	19
	6. Mining and manufacturing production	22
	7. Service sector activity	24
	8. Employment	27
	9. Financial markets	31
	9.1 Stock market	
	9.2 Exchange rate	
	9.3 Bond market	
	9.4 Money supply & money market	
	10. Balance of payments	35
	11. Prices and international commodity prices	37
	11.1 Prices	
	11.2 International oil and commodity prices	
	12. Real estate market	43
	12.1 Housing market	
	12.2 Land market	
	13. Composite indices of business cycle indicators	48
	Policy Issues	
	2013 key economic policies	50
	Korea releases middle to long-term policy tasks	55
	Economic News Briefing	60
	Statistical Appendices	63

The Green Book

Current Economic Trends

Overview

The Korean economy has seen inflation remain stable and major economic indicators including production and consumption somewhat improve, but employment growth has been slowing down and investment continues to be low.

In November, the economy added 353,000 jobs year-on-year, but posted a slowdown in employment growth for the second consecutive month.

Consumer price inflation stayed stable at 1.4 percent in December, down from 1.6 percent in the previous month, backed by falling manufactured product prices, particularly petroleum product prices, which offset high agricultural product prices triggered by cold weather.

Mining and manufacturing production went up 2.3 percent month-on-month in November thanks to a rise in semiconductors & parts and audio-visual communications equipment, while service output improved by 0.8 percent with rebounding wholesale & retail and financial & insurance services.

In November, retail sales increased 2.3 percent from the previous month due to a rise in non-durable and semi-durable goods sales, despite weak durable goods sales.

The facility investment index in November fell 0.3 percent compared with the previous month as weak transportation equipment investment offset a rise in machinery investment. Construction investment went up 1.9 percent owing to an improvement in civil engineering works.

Exports declined 5.5 percent year-on-year in December due to reduced working days, despite brisk exports to China and the ASEAN countries. However, the current account remained in the black at US\$2.03 billion.

The cyclical indicator of the coincident composite index in November increased 0.1 point month-on-month, and the leading composite index rose 0.3 points.

In December, both the stock prices and the won rose as the international financial market volatility eased amid expectation of global economic recovery.

Housing prices in December declined 0.1 percent, while the growth in rental prices decelerated from 0.5 percent to 0.3 percent month-on-month.

Despite an agreement over the US fiscal cliff, global uncertainties continue, such as concerns over the US debt limit agreement and delaying eurozone economic recovery, and domestic uncertainties also persist as investment has been weak and foreign exchange volatility has increased.

The Korean government will continue to watch the global and domestic economy, reinforce policy responses to stimulate the economy, particularly through investment-boosting measures, and closely monitor the financial and foreign exchange markets.

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

1.

External economic situation

The US economy continues to steadily recover, but uncertainties and downside risks remain due to the persisting eurozone fiscal crisis.

The risk of a sharp economic recession was reduced when the US avoided the fiscal cliff*. However, there are concerns that anxieties will arise in two months when the US reaches the debt ceiling and the sequestration on government spending is set to kick in, as talks related to the debt ceiling have been unsuccessful. Political uncertainty has increased in the eurozone with the announcement on December 8 that Prime Minister Mario Monti of Italy would step down, and downside risks are great, due to the continuing economic recession**.

* The tax cut on incomes over US\$400,000 for singles and US\$450,000 for couples will end (reverting from the current 35 percent rate to the previous 39.6 percent), while the sequestration on government spending will be delayed by two months.

** The European Central Bank (ECB) froze its base rate at 0.75 percent and modified its growth rate forecast downward from -0.4~1.4 percent in September to -0.9~0.3 percent in December.

1-1 World GDP growth



US

The US growth rate (*annualized, quarter-on-quarter*) in the third quarter of 2012 was adjusted up to 3.1 percent from the preliminary estimate of 2.7 percent*, and economic indicators, including production, consumption and housing markets, all showed signs of improvement.

* Compared to preliminary estimates, private consumer spending, exports, and government spending all increased: private consumer spending rose from 1.4 percent to 1.6 percent, exports from 1.1 percent to 1.9 percent, and government spending from 3.5 percent to 3.9 percent.

Industrial production increased by 1.1 percent in November from the previous month due to factories, which had been damaged by Hurricane Sandy, restarting their operations. The ISM Manufacturing Index increased for the first time in two months, hovering over the 50 point baseline.

ISM Manufacturing Index (base=50)

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) ⇒ 51.5 (Sep) ⇒ 51.7 (Oct) ⇒ 49.5 (Nov) ⇒ 50.7 (Dec)

Private consumer spending in November increased by 0.4 percent month-on-month, but consumer sentiment in December greatly decreased amid concerns regarding the fiscal cliff.

University of Michigan Consumer Sentiment Index

75.0 (Jan 2012) ⇒ 75.3 (Feb) ⇒ 76.2 (Mar) ⇒ 76.4 (Apr) ⇒ 79.3 (May) ⇒ 73.2 (Jun) ⇒ 72.3 (Jul) ⇒ 74.3 (Aug) ⇒ 78.3 (Sep) ⇒ 82.6 (Oct) ⇒ 82.7 (Nov) ⇒ 72.9 (Dec)

Housing prices continued to rise for the ninth consecutive month in October, and November existing and new home sales improved greatly month-on-month.

Case-Shiller Home Price Index (seasonally adjusted)

136.7 (Jan 2012) ⇒ 136.9 (Feb) ⇒ 137.4 (Mar) ⇒ 138.9 (Apr) ⇒ 140.3 (May) ⇒ 141.6 (Jun) ⇒ 142.0 (Jul) ⇒ 142.6 (Aug) ⇒ 143.2 (Sep) ⇒ 144.1 (Oct)

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

0.0 (Jan 2012) ⇒ 8.0 (Feb) ⇒ -3.8 (Mar) ⇒ 1.7 (Apr) ⇒ 3.1 (May) ⇒ -2.4 (Jun) ⇒ 1.7 (Jul) ⇒ 0.3 (Aug) ⇒ 1.9 (Sep) ⇒ -3.5 (Oct) ⇒ 4.4 (Nov)

The increase in nonfarm payrolls slowed down slightly in December, but unemployment remained at 7.8 percent, the same as the previous month.

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

275 (Jan 2012) ⇒ 259 (Feb) ⇒ 143 (Mar) ⇒ 68 (Apr) ⇒ 87 (May) ⇒ 45 (Jun) ⇒ 181 (Jul) ⇒ 192 (Aug) ⇒ 132 (Sep) ⇒ 137 (Oct) ⇒ 161 (Nov) ⇒ 155 (Dec)

(Percentage change from previous period)

	2010	2011					2012 ¹						
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov	Dec
Real GDP ²	2.4	1.8	0.1	2.5	1.3	4.1	2.0	1.3	3.1	-	-	-	-
- Personal consumption expenditure	1.8	2.5	3.1	1.0	1.7	2.0	2.4	1.5	1.6	-	-	-	-
- Corporate fixed investment	0.7	8.6	-1.3	14.5	19.0	9.5	7.5	3.6	-1.8	-	-	-	-
- Housing construction investment	-3.7	-1.4	-1.4	4.1	1.4	12.1	20.5	8.5	13.5	-	-	-	-
Industrial production	5.3	4.1	1.2	0.2	1.7	0.9	1.4	0.6	0.0	0.2	-0.7	1.1	-
Personal consumption expenditure	3.8	4.7	1.5	1.0	1.0	0.8	1.2	0.5	0.8	0.8	-0.1	0.4	-
Existing home sales	-3.4	2.5	9.0	-5.2	-0.2	3.1	4.6	-0.7	2.3	-2.9	1.5	5.9	-
Unemployment rate ³	9.6	9.0	8.9	9.1	9.1	8.7	8.3	8.2	8.1	7.8	7.9	7.8	7.8
Consumer prices	1.6	3.1	1.3	1.0	0.8	0.2	0.6	0.2	0.6	0.6	0.1	-0.3	-

1. Preliminary

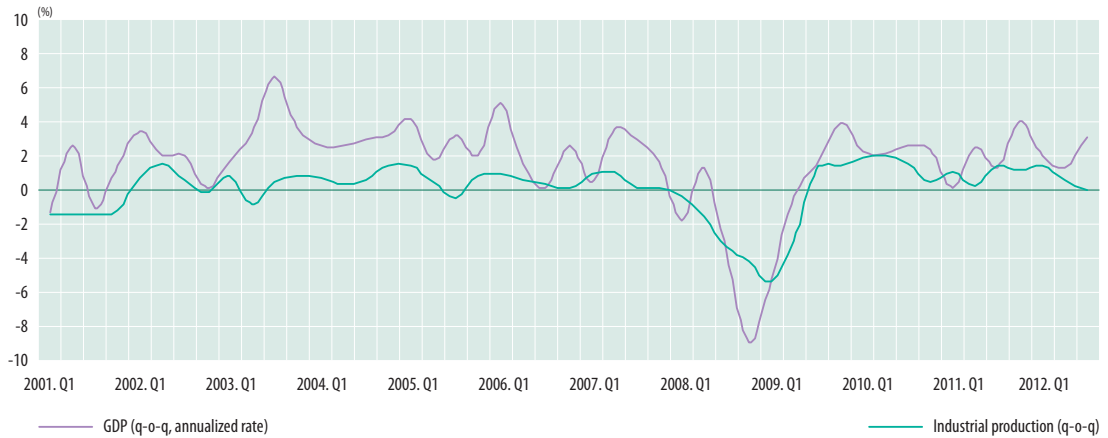
2. Annualized rate (%)

3. Seasonally adjusted

Source: US Department of Commerce

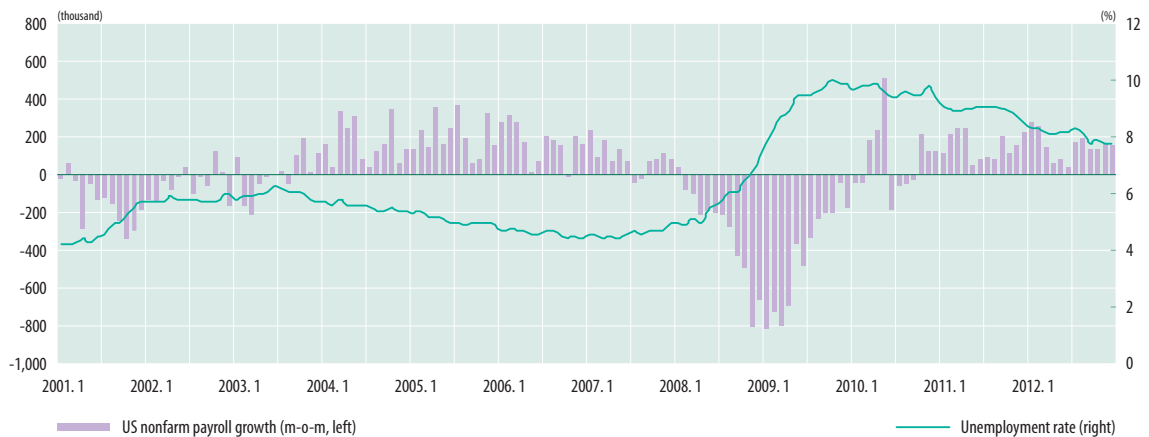
1-2 US GDP growth and industrial production

Source: US Department of Commerce & US Federal Reserve Board



1-3 US nonfarm payroll growth and unemployment rate

Source: US Department of Labor



China

Chinese exports, which had been strong in September and October, somewhat slowed down in November, but economic indicators improved on the back of domestic demand, such as consumption and production.

Consumer price inflation, which had been at a high level last year but had recently stabilized, slightly rose in November compared to the previous month.

(Percentage change from same period in previous year)

	2010	2011					2012 ¹				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct	Nov
Real GDP	10.3	9.2	9.7	9.5	9.1	8.9	8.1	7.6	7.4	-	-
Industrial production ²	15.7	13.9	14.9	13.9	13.8	12.8	11.6	9.5	9.1	9.6	10.1
Fixed asset investment (accumulated)	24.5	25.1	32.5	27.0	28.0	28.0	21.3	20.8	21.0	21.2	21.1
Retail sales	18.4	17.1	17.1	18.2	17.3	17.5	14.9	13.9	13.5	14.5	14.9
Exports	31.3	20.3	26.4	22.0	20.5	14.3	8.9	10.5	4.5	11.6	2.9
Consumer prices ²	3.3	5.4	5.1	5.7	6.3	4.6	3.8	2.9	1.9	1.7	2.0
Producer prices ²	5.5	6.0	7.0	6.9	7.1	3.1	0.1	-1.4	-3.3	-2.8	-2.2

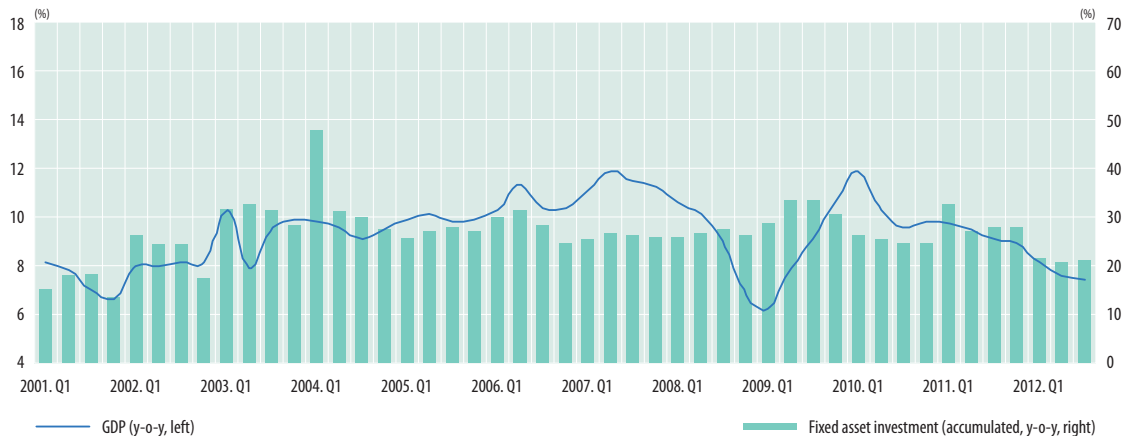
1. Preliminary

2. Quarterly change: average of monthly change

Source: China National Bureau of Statistics

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

Source: National Bureau of Statistics of China



Japan

Japan's retail sales improved, but the economy continues to be weak as exports and industrial production have slowed down and consumer prices have dropped for five consecutive months.

Japan posted a current account deficit for the fifth consecutive month in November, and the deficit grew larger as exports continued to decline and imports increased by 0.9 percent year-on-year.

Current account balance (billion yen)

-1,481 (Jan 2012) ⇒ 25 (Feb) ⇒ -87 (Mar) ⇒ -524 (Apr) ⇒ -917 (May) ⇒ 59 (Jun) ⇒ -523 (Jul) ⇒ -764 (Aug) ⇒ -565 (Sep) ⇒ -551 (Oct) ⇒ -955 (Nov)

(Percentage change from previous period)

	2010	2011					2012 ¹				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct	Nov
Real GDP	4.4	-0.8	-2.0	-0.5	1.8	0.1	1.3	0.1	-0.9	-	-
Industrial production ²	17.3	-2.4	-2.0	-4.0	4.3	-0.4	1.3	-2.0	-4.2	1.6	-1.7
Retail sales (y-o-y) ²	2.5	-1.2	-2.7	-1.6	-1.0	0.7	5.2	3.2	0.5	-1.2	1.3
Exports (y-o-y)	26.1	-2.6	2.7	-8.1	0.6	-5.4	1.0	9.2	-4.2	-6.5	-4.1
Consumer prices (y-o-y)	-0.7	-0.3	-0.5	-0.4	0.1	-0.3	0.3	0.1	-0.4	-0.4	-0.2

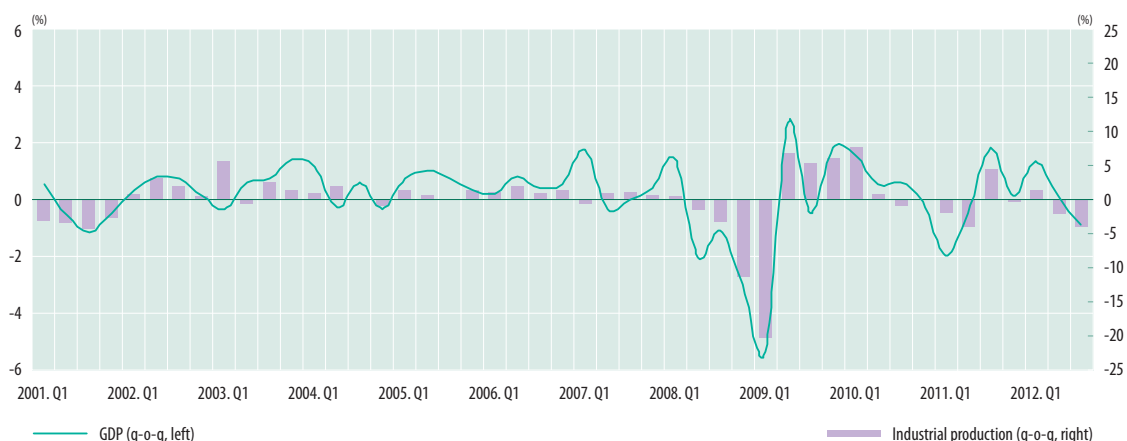
1. Preliminary

2. Quarterly change: average of monthly change

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

1-5 Japan's GDP growth and industrial production

Source: Japan's Cabinet Office, Ministry of Economy, Trade and Industry



Eurozone

The eurozone economy saw industrial production and retail sales fall in October from the previous month, and the manufacturing PMI registered below its base of 50 for the 17th consecutive month in December.

Manufacturing PMI (base = 50)

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) ⇒ 46.1 (Sep) ⇒ 45.4 (Oct) ⇒ 46.2 (Nov) ⇒ 46.1 (Dec)

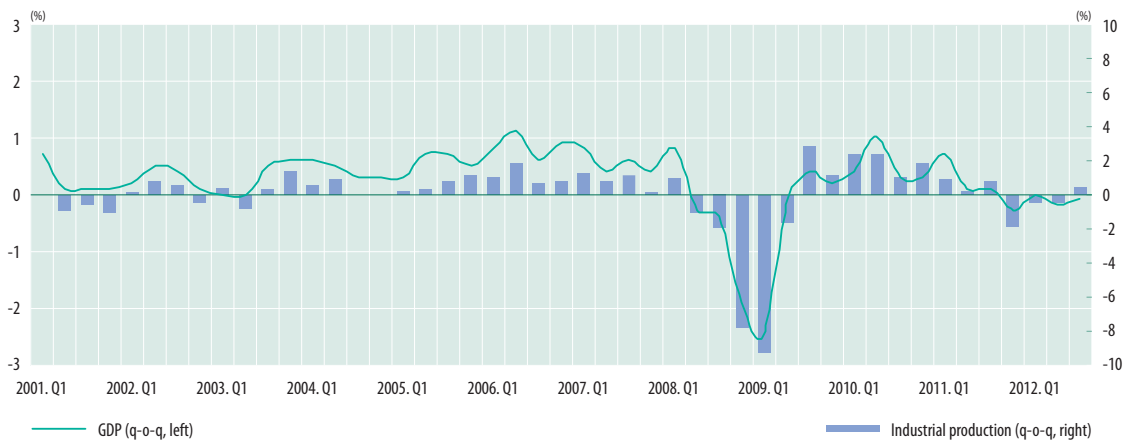
(Percentage change from previous period)

	2010	2011					2012 ¹					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov
Real GDP	2.0	1.4	0.6	0.2	0.1	-0.3	0.0	-0.2	-0.1	-	-	-
Industrial production	7.4	3.5	0.9	0.2	0.8	-2.1	-0.5	-0.5	0.4	-2.3	-1.4	-
Retail sales (y-o-y)	0.9	-0.5	-0.1	-0.4	0.3	-1.2	0.2	-0.8	0.1	-0.6	-1.2	-
Exports (y-o-y)	20.1	12.7	21.5	13.0	9.4	8.3	8.5	8.1	7.3	1.3	14.3	-
Consumer prices (y-o-y)	1.6	2.7	2.5	2.8	2.7	2.9	2.7	2.7	2.5	2.6	2.5	2.2

1. Preliminary
Source: Eurostat

1-6 Eurozone's GDP growth and industrial production

Source: Eurostat



Private consumption

Private consumption in the third quarter (*preliminary GDP*) increased 0.7 percent quarter-on-quarter and 1.6 percent year-on-year.

(Percentage change from previous period)

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

1. Preliminary

2. National accounts

Source: The Bank of Korea

2-1 Private consumption

Source: The Bank of Korea (national accounts)



Durable goods sales fell in November, but sales of semi-durable goods, such as clothes, and non-durable goods, such as fuel, increased, leading to an increase of 2.3 percent in retail sales month-on-month and 3.9 percent year-on-year.

Durable goods sales, particularly automobile sales, continued to show strong year-on-year growth thanks to the individual consumption tax cut, but fell 0.1 percent month-on-month due to the base effect.

Automobile sales (year-on-year, %)

1.5 (Jul 2012) ⇒ -11.9 (Aug) ⇒ 4.5 (Sep) ⇒ 14.7 (Oct) ⇒ 17.5 (Nov)

An increase in semi-durable goods sales accelerated by 5.6 percent, thanks to sales of winter clothing, which increased due to the early cold weather. Non-durable goods sales increased by 2.3 percent as a drop in oil prices boosted automobile fuel consumption.

(Percentage change from previous period)

	2010	2011					2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct ¹	Nov ¹
Consumer goods sales	6.7	4.3	1.5	0.1	1.6	-1.3	1.0	0.2	1.6	-0.9	2.3
(y-o-y)	-	-	5.4	5.7	4.7	1.9	2.0	1.0	1.6	1.9	3.9
- Durable goods ²	14.8	10.8	4.3	-0.5	1.8	-2.4	3.0	1.3	4.0	2.2	-0.1
• Automobiles	11.1	5.9	5.9	-4.9	3.6	-11.3	2.8	8.1	-0.8	3.1	-2.8
- Semi-durable goods ³	6.8	4.2	0.8	0.7	1.2	-0.3	-0.3	-0.3	-1.4	2.8	5.6
- Non-durable goods ⁴	2.2	1.1	0.2	0.0	2.1	-0.5	0.7	-1.0	1.7	-3.6	2.3

1. Preliminary

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

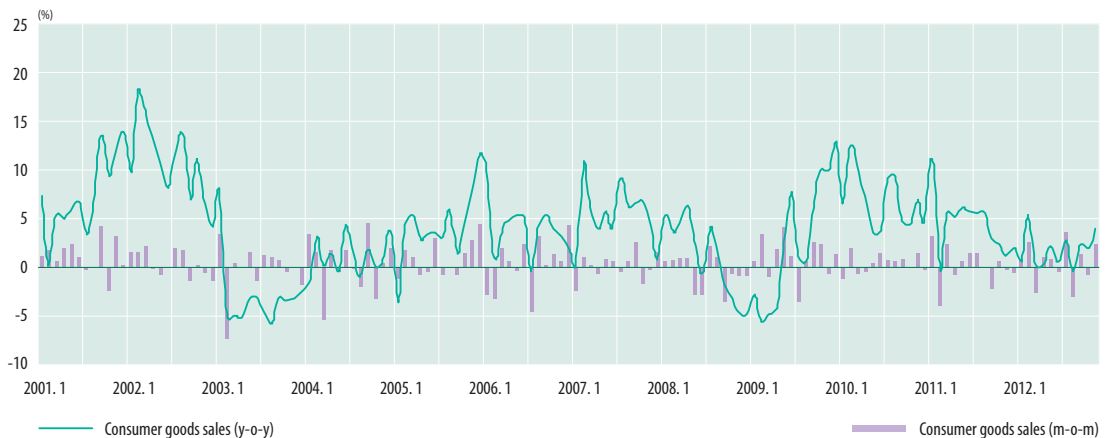
3. Semi-durable goods: Clothing, footwear, etc.

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

Source: Statistics Korea

2-2 Consumer goods sales

Source: Statistics Korea (industrial activity trend)



Department stores, specialized retailers, and large discount stores all saw their sales increase, but nonstore retail sales decreased.

(Percentage change from previous period)

	2010	2011					2012				
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct ¹	Nov ¹
Department stores	8.8	8.1	2.2	0.5	1.2	-0.6	-0.8	1.1	0.8	4.3	7.1
Large discount stores	4.5	3.9	1.2	1.0	0.2	0.3	-1.2	-2.1	2.3	-5.7	6.5
Specialized retailers ²	5.7	3.3	1.3	-0.5	2.1	-3.1	1.5	-0.2	1.7	0.8	0.5
Nonstore retailers	15.6	8.6	1.4	1.2	2.8	0.6	2.7	2.4	0.5	10.8	-3.2

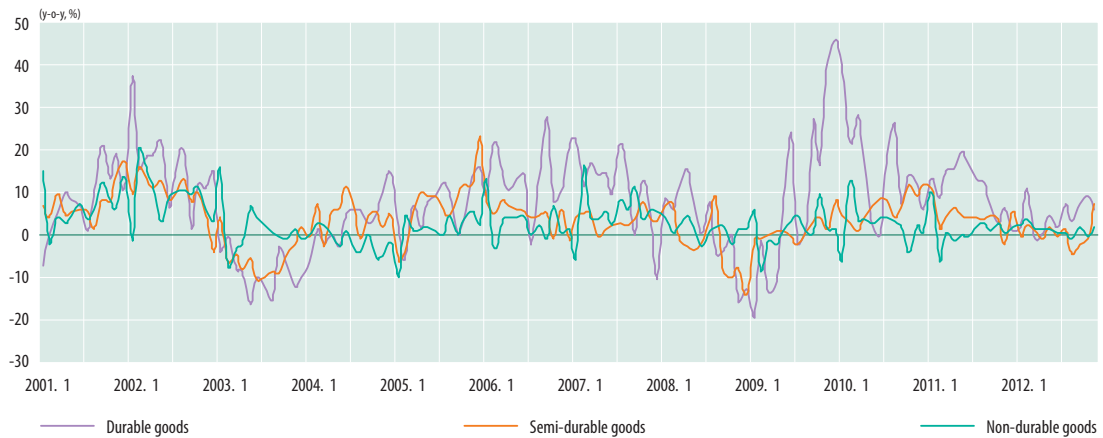
1. Preliminary

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

Source: Statistics Korea

2-3 Consumer goods sales by type

Source: Statistics Korea (industrial activity trend)



There is a possibility that December retail sales will slow down somewhat owing to a base effect and shrinking outdoor activity due to frequent snowfalls and the cold wave.

Domestic sales of cars reached its highest level since December 2010 thanks to the individual consumption tax cut, which took effect on September 11, but it only had a small effect year-on-year due to a high base effect.

Department store and large discount store sales have been slowing down amid weakening outdoor activity attributed to frequent snowfalls and the cold wave*.

* This December was the second coldest December since 1973 with an average temperature of -1.7 degrees Celsius. The average temperature in December is usually 1.5 degrees Celsius. The Seoul metropolitan area endured 10 days of snowfall this December, the third most since records started being taken in 1908.

Gasoline sales in December, despite a drop in oil prices, decreased year-on-year due to frequent snowfalls.

Growth in credit card use decreased due to a slowdown in department store and large discount store sales.

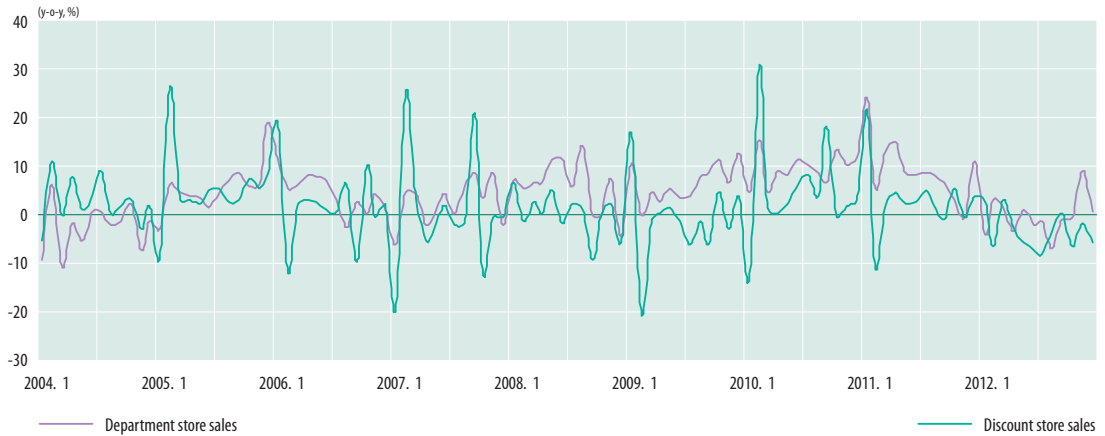
(y-o-y, %)

	2012									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Credit card sales	14.5	18.3	15.3	13.7	13.7	8.0	15.7	9.2	14.2	7.1
Department store sales	1.6	-3.4	1.0	-2.0	-1.3	-6.9	-0.8	-0.4	9.1	0.7
Large discounter sales	3.2	-2.4	-5.7	-7.2	-8.2	-3.3	0.2	-6.6	-1.7	-5.9
Domestic sales of gasoline	4.1	5.6	5.2	8.2	-2.1	-2.7	1.6	7.9	3.7	-5.8
Domestic sales of cars	-9.8	-6.9	1.3	-3.7	-4.0	-20.2	-3.1	4.3	13.2	7.5

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

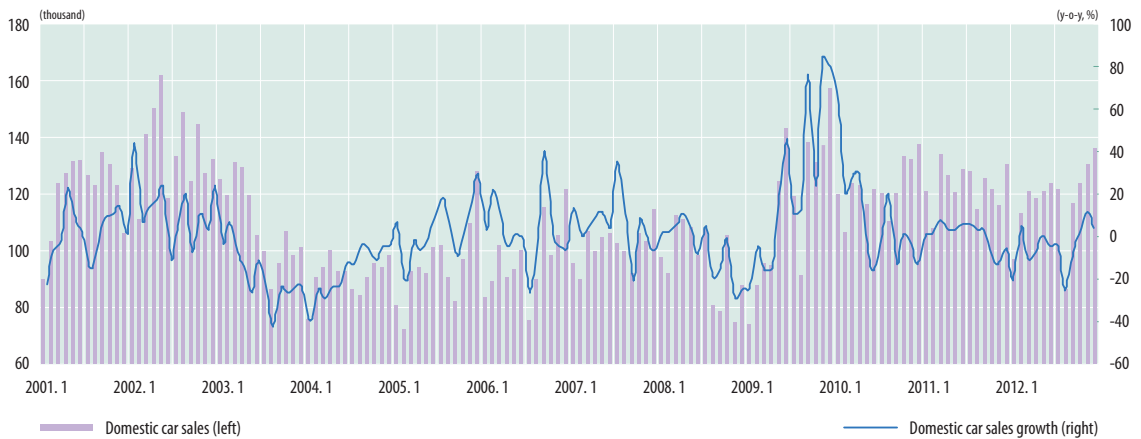
2-4 Department store and discount store sales (current value)

Source: Ministry of Knowledge Economy (monthly retail sales)



2-5 Domestically made automobile sales

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



Consumption conditions, such as inflation and employment, are favorable, but the recovery in consumer confidence is slow in coming.

Consumption conditions continue to improve as inflation remains stable and employment maintains a rise.

Consumer prices (y-o-y, %)

2.6 (Mar 2012) ⇒ 2.5 (Apr) ⇒ 2.5 (May) ⇒ 2.2 (Jun) ⇒ 1.5 (Jul) ⇒ 1.2 (Aug) ⇒ 2.0 (Sep) ⇒ 2.1 (Oct) ⇒ 1.6 (Nov) ⇒ 1.4 (Dec)

Employment growth (y-o-y, thousand)

455 (Apr 2012) ⇒ 472 (May) ⇒ 365 (Jun) ⇒ 470 (Jul) ⇒ 364 (Aug) ⇒ 685 (Sep) ⇒ 396 (Oct) ⇒ 353 (Nov)

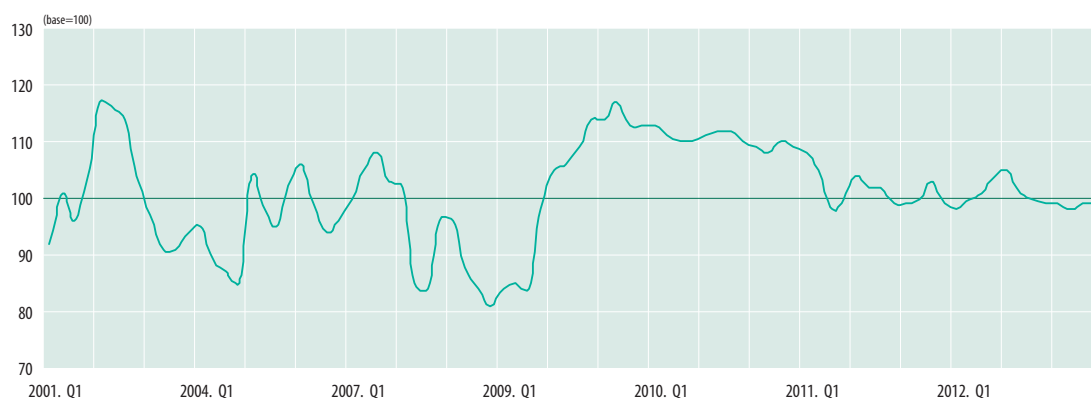
The recovery in consumer confidence remains elusive as the consumer sentiment was 99 in December, the fifth consecutive month that the index has fallen below the baseline of 100, amid foreign and domestic uncertainties.

Consumer sentiment index (CSI, base=100)

98 (Jan 2012) ⇒ 100 (Feb) ⇒ 101 (Mar) ⇒ 104 (Apr) ⇒ 105 (May) ⇒ 101 (Jun) ⇒ 100 (Jul) ⇒ 99 (Aug) ⇒ 99 (Sep) ⇒ 98 (Oct) ⇒ 99 (Nov) ⇒ 99 (Dec)

○ 2-6 Consumer sentiment index

Source: The Bank of Korea



3.

Facility investment

Facility investment (*preliminary GDP*) decreased 4.8 percent quarter-on-quarter and 6.5 percent year-on-year in the third quarter of 2012.

(Percentage change from previous quarter)

	2010	2011 ¹					2012 ¹		
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Facility investment ²	25.7	3.7	-1.6	4.7	-1.8	-4.3	10.3	-7.0	-4.8
(y-o-y)	-	-	10.3	7.7	1.2	-3.3	8.6	-3.5	-6.5
- Machinery	31.2	4.1	-1.9	5.0	-2.5	-2.5	11.4	-7.5	-5.9
- Transportation equipment	8.3	1.9	-0.7	3.7	0.9	-11.2	6.1	-4.6	-0.6

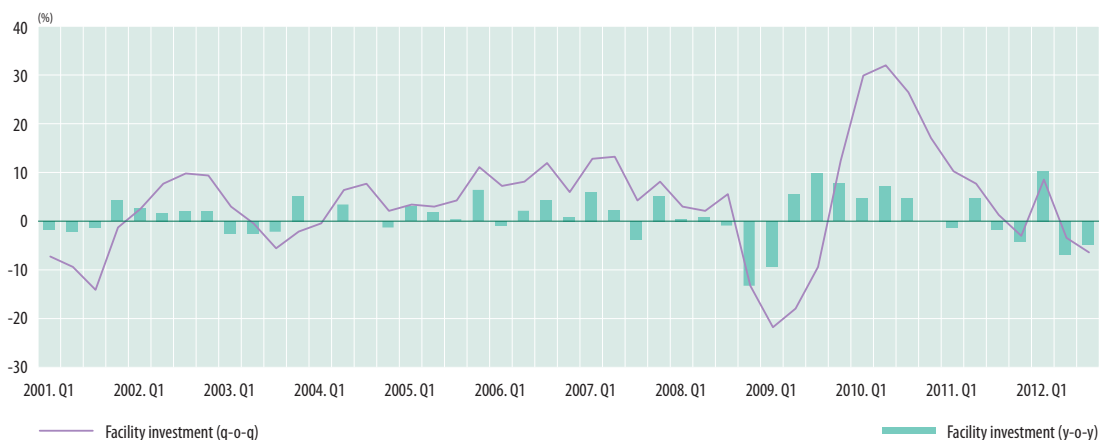
1. Preliminary

2. National accounts

Source: The Bank of Korea

3-1 Facility investment

Source: The Bank of Korea (national accounts)



Despite an increase in machinery investment, the facility investment index in November fell 0.3 percent month-on-month and 9.3 percent year-on-year due to a decrease in transportation equipment investment.

(Percentage change from previous quarter)

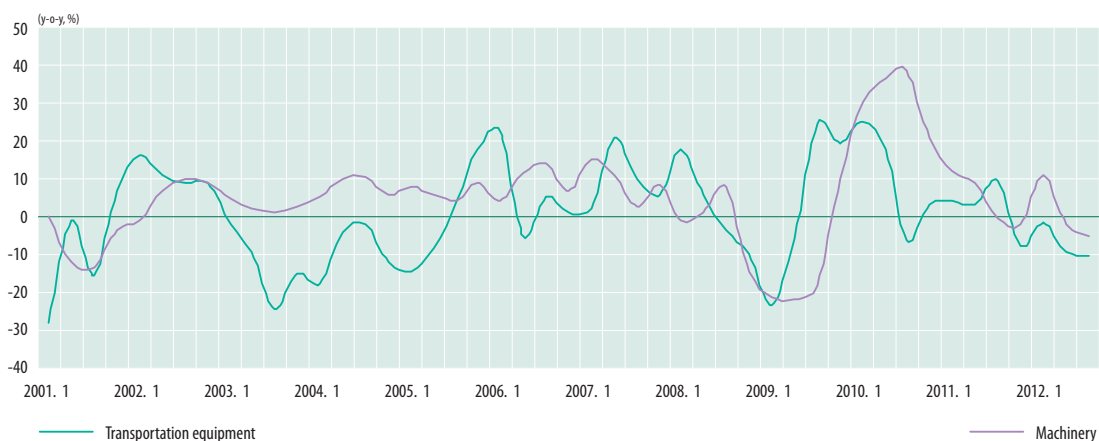
	2010	2011		2012 ¹						
	Annual	Annual	Q3	Q4	Q1	Q2	Q3	Sep	Oct ¹	Nov ¹
Facility investment index	24.2	0.7	-1.5	-5.0	11.3	-3.3	-9.3	6.6	-3.2	-0.3
(y-o-y)	-	-	-3.1	-4.7	9.3	-0.4	-7.1	-8.1	-1.0	-9.3
- Machinery	29.4	1.7	-2.2	-3.1	10.2	-4.6	-8.6	1.6	-2.7	0.6
- Transportation equipment	4.5	-4.1	1.6	-12.9	14.7	5.1	-13.3	38.4	-5.6	-3.0

1. Preliminary

Source: Statistics Korea

3-2 Facility investment by type

Source: The Bank of Korea (national accounts)



(Percentage change from previous quarter)

	2010	2011			2012 ¹					
	Annual	Annual	Q3	Q4	Q1	Q2	Q3	Sep	Oct ¹	Nov ¹
Domestic machinery orders	8.3	11.0	3.4	11.5	-2.4	-18.5	-8.9	-7.5	-19.4	-27.5
(q-o-q, m-o-m)	-	-	-5.4	8.8	-7.1	-12.0	2.2	8.3	-12.7	8.1
- Public	-37.7	11.2	6.1	-3.1	104.5	-47.3	25.0	-32.6	-72.5	-77.7
- Private	18.3	11.0	3.2	14.7	-10.8	-15.0	-11.5	-5.6	-9.9	-14.5
Machinery imports	40.4	7.1	9.3	1.0	15.1	-4.4	-12.2	-5.6	1.6	-17.0
Average manufacturing operation ratio	80.9	79.9	79.6	78.0	79.9	78.9	75.3	75.2	75.9	77.4
Facility investment adjustment pressure ²	8.9	1.6	1.0	0.8	0.8	-1.8	-2.9	-2.1	-2.9	1.0

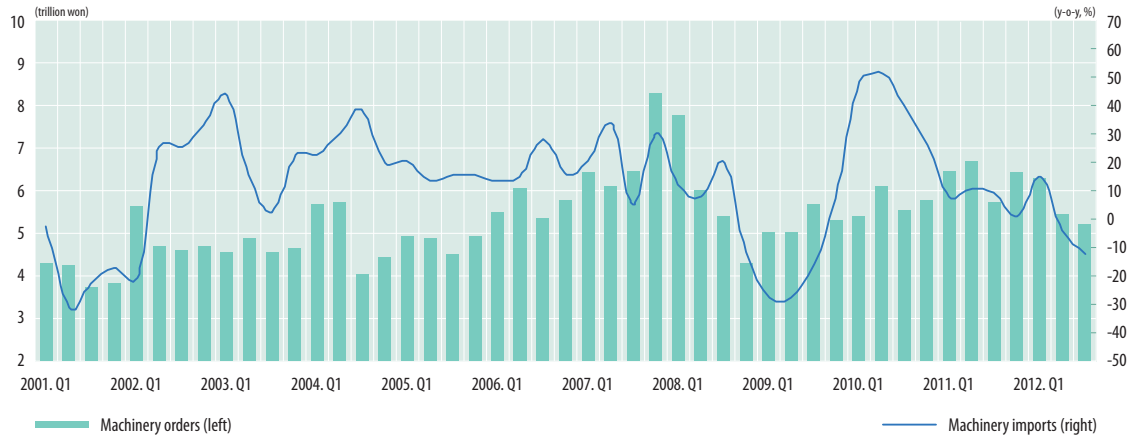
1. Preliminary

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

Sources: Statistics Korea, Korea International Trade Association

3-3 Machinery orders and machinery imports

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



Despite a rise in facility investment adjustment pressure and operation ratio, a recovery in facility investment might be delayed considering weak leading indicators, such as machinery orders, and poor corporate investment sentiment.

(y-o-y, %)

	2012										2013
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Business survey index for manufacturing sector	87	90	85	81	70	75	72	70	67	70	

Source: The Bank of Korea

4.

Construction investment

Construction investment (*preliminary GDP*) in the third quarter of 2012 increased 0.1 percent quarter-on-quarter, and decreased 0.2 percent year-on-year.

(Percentage change from previous quarter)

	2010	2011				2012 ¹			
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Construction investment ²	-3.7	-5.0	-4.4	3.5	-0.5	0.1	-1.2	-0.4	0.1
(y-o-y)	-	-	-11.0	-4.2	-4.0	-2.1	1.5	-2.1	-0.2
- Building construction	-1.6	-4.1	-5.3	4.5	-1.1	-0.6	3.8	-3.6	-2.0
- Civil engineering works	-6.2	-6.0	-3.2	2.3	0.3	1.0	-7.7	4.4	2.8

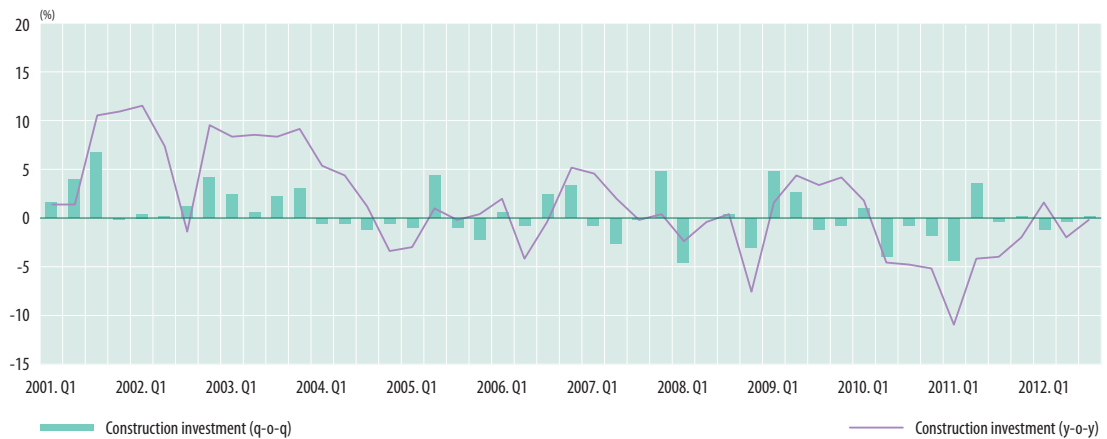
1. Preliminary

2. National accounts

Source: The Bank of Korea

4-1 Construction investment

Source: The Bank of Korea (national accounts)



The value of construction completed (*constant*) in November increased 1.9 percent month-on-month thanks to strong civil engineering works but decreased 2.2 percent year-on-year.

(Percentage change from previous quarter)

	2010	2011		2012 ¹						
	Annual	Annual	Q3	Q4	Q1	Q2	Q3	Sep	Oct ¹	Nov ¹
Construction completed (constant)	-3.3	-6.7	-4.3	5.7	-6.8	-4.5	1.5	5.5	-1.7	1.9
(y-o-y)	-	-	-8.4	-0.5	-3.7	-10.8	-4.4	-5.2	-11.7	-2.2
- Building construction	-7.0	-8.4	-3.7	4.9	-3.4	-10.2	1.2	8.8	-0.1	-1.8
- Civil engineering works	2.2	-4.5	-5.1	6.6	-11.2	3.3	1.7	1.8	-3.7	6.4

1. Preliminary

Source: Statistics Korea

4-2 Construction investment by type

Source: The Bank of Korea (national accounts)



(Percentage change from same period in previous year)

	2010	2011		2012 ¹						
	Annual	Annual	Q3	Q4	Q1	Q2	Q3	Sep	Oct ¹	Nov ¹
Construction orders (current value)	-17.7	4.0	1.5	22.4	36.6	0.8	-10.4	-14.8	-22.7	-17.4
(q-o-q, m-o-m)	-	-	3.3	-1.9	25.4	-20.9	-9.6	0.1	-4.5	-2.3
- Building construction	-8.9	10.9	9.8	40.6	31.3	-4.3	-2.8	-10.7	-15.7	-16.7
- Civil engineering works	-28.3	-6.6	-11.0	-1.1	44.5	11.5	-24.4	-25.3	-37.6	-18.8
Building permit area	19.3	9.9	58.7	-14.8	8.7	1.2	-7.3	1.4	-21.7	3.1

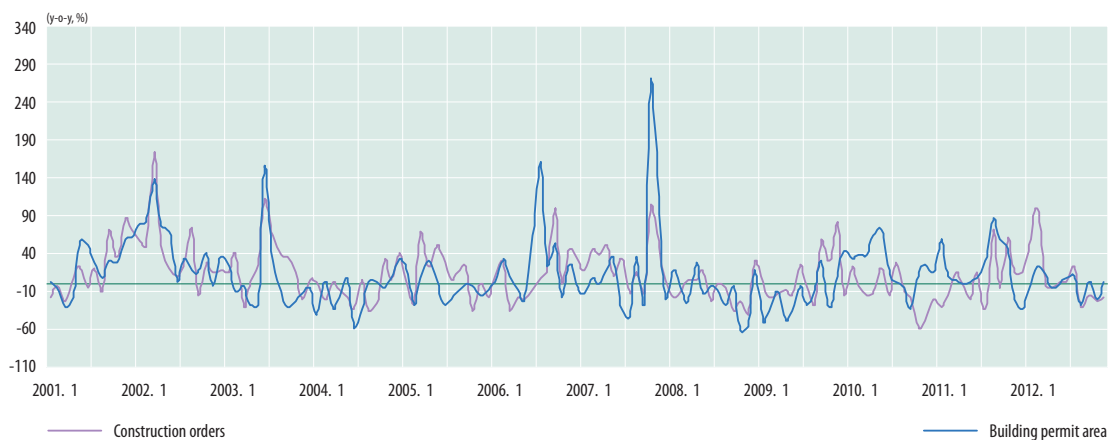
1. Preliminary

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

4-3 Leading indicators of construction investment

Source: Statistics Korea (construction orders)

Ministry of Land, Transport and Maritime Affairs (building construction permit area)



Construction investment is likely to slow down as housing markets have yet to recover and business sentiment weakened in the construction sector.

	2012					
	Jul	Aug	Sep	Oct	Nov	Dec
Business survey index for construction industry	73.7	64.3	66.6	74.7	66.3	63.0

Source: Construction & Economy Research Institute of Korea

The construction sector continued to struggle, with construction orders falling for four consecutive months since August.

The downward trend in housing transactions, which had slowed down thanks to temporary home transaction tax incentives, is projected to pick up the pace again once the tax reduction ends. Unsold new houses also increased month-on-month.

Unsold houses (thousand)

61 (Apr 2012) ⇒ 62 (May) ⇒ 62 (Jun) ⇒ 67 (Jul) ⇒ 70 (Aug) ⇒ 72 (Sep) ⇒ 73 (Oct) ⇒ 76 (Nov)

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

-20.2 (May 2012) ⇒ -29.3 (Jun) ⇒ -22.1 (Jul) ⇒ -34.6 (Aug) ⇒ -44.3 (Sep) ⇒ -15.2 (Oct) ⇒ -8.0 (Nov)

5.

Exports and imports

Exports in December decreased 5.5 percent (*preliminary*) year-on-year to US\$45.1 billion.

Despite a significant rise in average daily exports, December exports turned negative due to three fewer working days, which include the presidential election on December 19.

Average daily exports (US\$ billion)

1.95 (Dec 2011) ⇒ 2.10 (Dec 2012)

Working days (the number of days)

24.5 (Dec 2011) ⇒ 21.5 (Dec 2012)

Although most exports slowed down due to a three day reduction in working days, average daily exports increased, backed by strong IT products, such as mobile phones and LCDs.

Exports by item (y-o-y, %)

9.1 (mobile phones), 12.4 (LCDs), 0.9 (semiconductors), 6.2 (petrochemicals), 0.3 (petroleum products), -7.0 (automobiles), -25.8 (steel), -37.0 (vessels)

Without the calendar effect, average daily exports continuously improved since July. Exports in December stood at US\$2.1 billion, up 7.6 percent compared to the previous quarter's US\$1.95 billion.

Average daily export growth by month (y-o-y, %)

-10.6 (Jul 2012) ⇒ -6.0 (Aug) ⇒ -2.3 (Sep) ⇒ -1.2 (Oct) ⇒ 3.8 (Nov) ⇒ 7.6 (Dec)

Average daily exports (US\$ billion)

1.95 (Nov 2011), 1.97 (Q1 2012), 2.10 (Q2), 1.90 (Q3), 1.99 (Nov), 2.10 (Dec)

Exports to China rose for four months in a row, and exports to the ASEAN countries increased. However, exports to the EU, US, and Japan contracted.

Exports by region (y-o-y, %)

2.7 (China), 14.1 (ASEAN countries), -7.5 (EU), -16.9 (Japan), -0.7 (US)

(US\$ billion)

	2011			2012						
	Annual	Q3	Q4	Annual ¹	Q1	Q2	Q3	Q4	Nov	Dec ¹
Exports	555.21	141.24	140.37	548.17	134.87	140.19	133.14	139.96	47.78	45.10
(y-o-y, %)	19.0	21.4	9.0	-1.3	3.0	-1.7	-5.7	-0.3	3.8	-5.5
Average daily exports	2.01	2.03	1.98	2.00	1.97	2.09	1.90	2.04	1.99	2.10
Imports	524.41	134.92	131.21	519.54	133.61	130.47	125.59	129.86	43.40	43.07
(y-o-y, %)	23.3	27.7	13.4	-0.9	7.8	-2.8	-6.9	-1.0	0.9	-5.3
Average daily imports	1.91	1.95	1.85	1.90	1.95	1.96	1.79	1.89	1.81	2.00

1. Preliminary

Source: Korea Customs Service

Imports in December fell 5.3 percent (*preliminary*) year-on-year to US\$43.07 billion.

Despite a slight increase in consumer goods imports, imports fell month-on-month due to a decrease in commodities and capital goods imports.

Imports by category (Dec 1- 20, y-o-y, %)

-14.3 (commodities), -8.1 (capital goods), 4.0 (consumer goods)

The trade balance (*preliminary*) in December posted a surplus of US\$2.03 billion.

(US\$ billion)

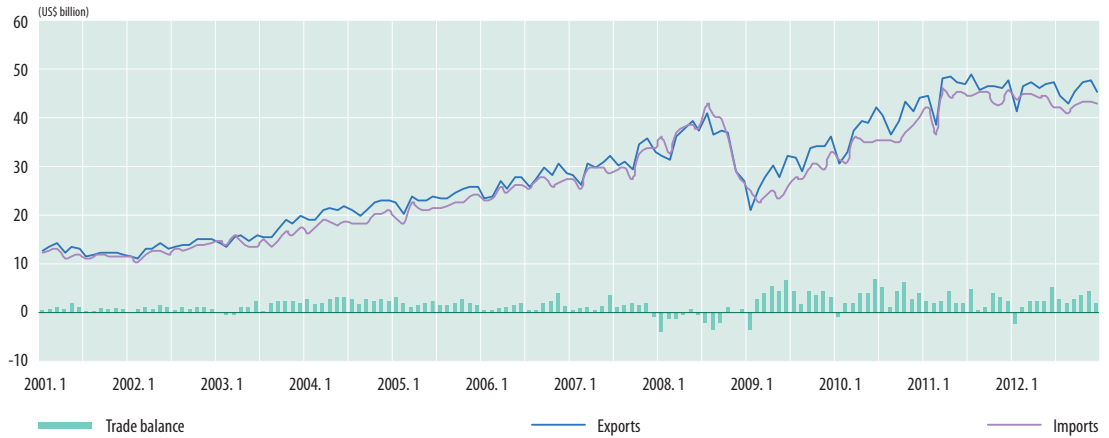
	2011			2012						
	Annual	Q3	Q4	Annual ¹	Q1	Q2	Q3	Q4 ¹	Nov	Dec ¹
Trade balance	30.80	6.30	9.16	28.63	1.26	9.72	7.55	10.10	4.38	2.03

1. Preliminary

Source: Korea Customs Service

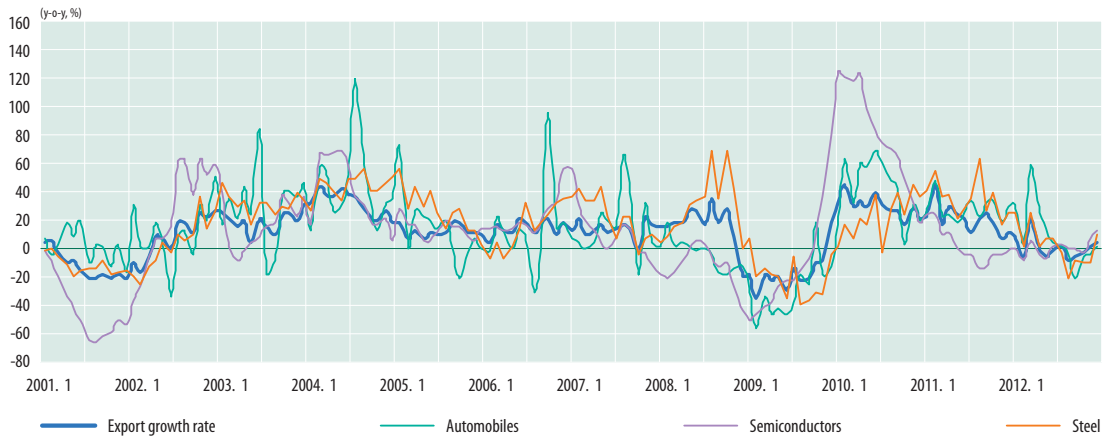
5-1 Exports and imports

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



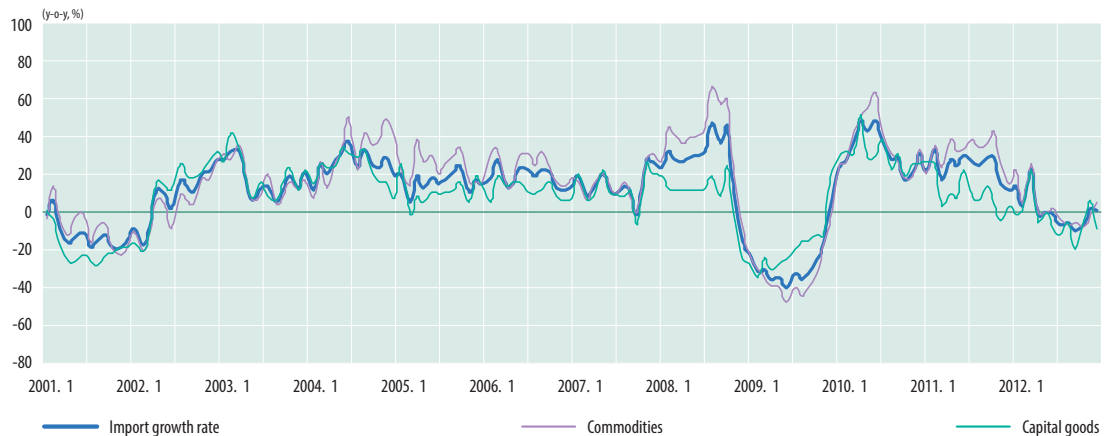
5-2 Exports by type

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 a decrease in the production of tobacco and rubber & plastic, mining and manufacturing production in November increased 2.3 percent month-on-month backed by strong growth in semiconductors & parts and audio-visual communications equipment. On a yearly basis, output rose 2.9 percent.

Compared to the previous month, production of semiconductors & parts (*up 6.8%*), audio-visual communications equipment (*up 5.5%*) and automobiles (*up 1.3%*) rose, while production of tobacco (*down 10.7%*), rubber & plastic (*down 0.9%*) and nonmetallic minerals (*down 0.8%*) fell.

Compared to a year ago, production of semiconductors & parts (*up 14.7%*), chemical products (*up 2.7%*) and medicine & medical products (*up 9.4%*) went up, while production of mechanical equipment (*down 9.0%*), nonmetallic minerals (*down 9.3%*) and processed metals (*down 4.2%*) went down.

The manufacturing inventory-shipment ratio increased by 1.2 percentage points month-on-month as both inventories and shipments rose 2.4 percent and 1.3 percent, respectively.

Shipments of semiconductors & parts (*up 4.6%*) and audio-visual communications equipment (*up 4.8%*) rose month-on-month, while mechanical equipment (*down 3.2%*), chemical products (*down 1.8%*), and groceries (*down 1.8%*) declined.

Inventories of semiconductors & parts (*up 5.7%*) and audio-visual communications equipment (*up 21.7%*) climbed, while inventories of mechanical equipment (*down 3.2%*), processed metals (*down 2.6%*) and primary metals (*down 0.9%*) slipped.

The average operation ratio of the manufacturing sector rose by 1.5 percentage points to 77.4 percent month-on-month.

(Percentage change from previous quarter or month)

		2011			2012 ¹				
		Annual	Q3	Sep	Q2	Q3	Sep	Oct ¹	Nov ¹
Mining and manufacturing activity ²	Mining production (q-o-q, m-o-m)	-	0.4	1.2	-0.1	-2.0	0.7	0.7	2.3
	(y-o-y)	6.9	5.3	7.4	1.5	0.4	0.7	-0.8	2.9
	Manufacturing production (q-o-q, m-o-m)	-	0.3	1.1	-0.1	-2.3	0.9	0.7	2.8
	(y-o-y)	7.0	5.3	7.4	1.5	0.3	0.7	-0.8	2.9
	Shipment	6.7	4.9	7.7	0.1	-2.6	3.7	-1.2	1.3
	- Domestic demand	3.3	2.5	4.2	-0.1	-1.7	1.2	0.3	0.5
	- Exports	10.8	7.7	11.9	0.5	-3.6	6.6	-2.9	2.1
	Inventory ³	20.8	9.9	9.9	-2.9	-2.9	-2.9	2.3	2.4
Manufacturing activity	Average operation ratio (%)	79.9	79.6	79.0	78.9	75.3	75.2	75.9	77.4
	Production capacity ⁴	5.4	4.3	4.2	3.3	3.2	2.8	2.1	1.9

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

In December mining and manufacturing production is expected to stay at a similar level to the previous month, with mixed performance among major exports. However, temporary factors such as reduced working days and a high base effect may negatively affect the index. The number of working days in December was 21.5 days, a decrease of 2.5 days from the previous month and 3.1 days from a year ago.

LCD device exports (y-o-y, %)

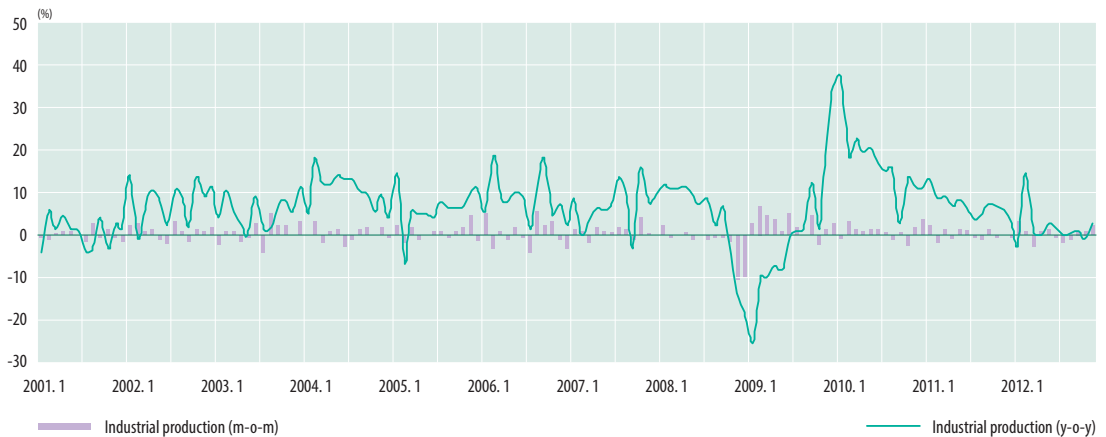
0.7 (Apr 2012) ⇒ -0.8 (May) ⇒ -3.9 (Jun) ⇒ 7.3 (Jul) ⇒ 10.8 (Aug) ⇒ 0.5 (Sep) ⇒ 1.7 (Oct) ⇒ 7.6 (Nov) ⇒ 12.4 (Dec)

Semiconductor exports (y-o-y, %)

-7.7 (Apr 2012) ⇒ 1.3 (May) ⇒ 3.3 (Jun) ⇒ -0.7 (Jul) ⇒ -0.5 (Aug) ⇒ -2.6 (Sep) ⇒ 6.7 (Oct) ⇒ 12.9 (Nov) ⇒ 0.9 (Dec)

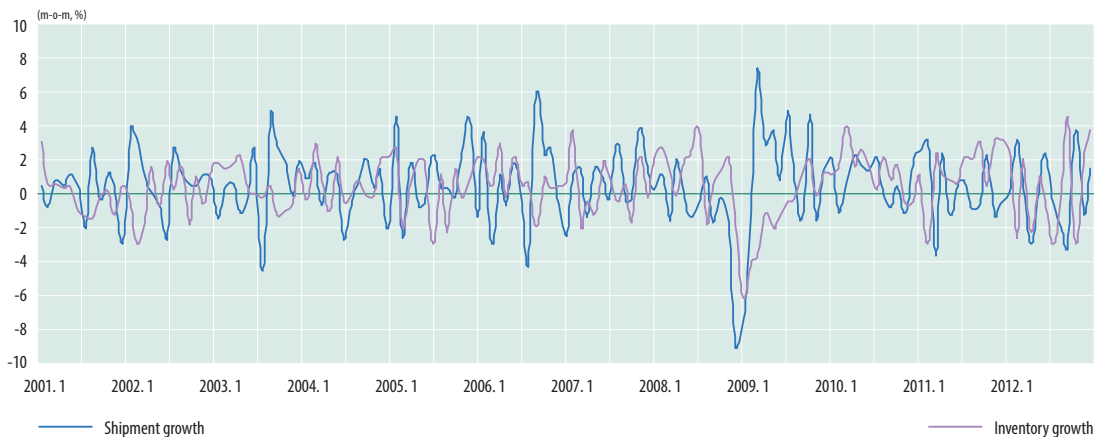
6-1 Industrial production

Source: Statistics Korea (industrial activity trend)



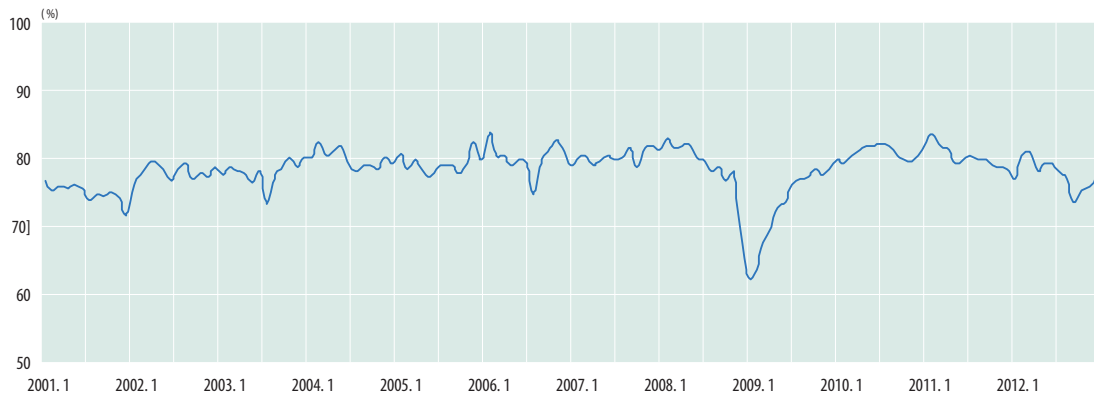
6-2 Shipment and inventory

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 November rose 0.8 percent month-on-month and 2.0 percent year-on-year as growth in wholesale & retail and transportation services offset weaknesses in hotels & restaurants.

Wholesale & retail increased 2.1 percent month-on-month, as retail sales of semi-durable and non-durable goods grew.

Transportation services rose 1.7 percent, as export growth led to increased cargo transportation.

Export growth (y-o-y, %)

-1.5 (Mar 2012) ⇒ -5.0 (Apr) ⇒ -0.9 (May) ⇒ 0.9 (Jun) ⇒ -8.7 (Jul) ⇒ -6.0 (Aug) ⇒ -2.3 (Sep) ⇒ 1.0 (Oct) ⇒ 3.8 (Nov)

Hotels & restaurants weakened for the fourth straight month, declining 0.6 percent due to poor consumer confidence.

Real estate & renting declined 0.5 percent from the previous month. Real estate improved somewhat, as housing transactions increased from 664,000 in October to 721,000 in November due to the government's measures to boost the real estate market. However, renting decreased by 0.5 percent, led by machinery rental services.

Real estate (y-o-y, %)

-7.6 (Mar 2012) ⇒ -6.6 (Apr) ⇒ -5.3 (May) ⇒ -4.9 (Jun) ⇒ -4.8 (Jul) ⇒ -3.2 (Aug) ⇒ -1.6 (Sep) ⇒ 0.6 (Oct) ⇒ 1.6 (Nov)

Renting (y-o-y, %)

3.5 (Mar 2012) ⇒ 7.3 (Apr) ⇒ 6.7 (May) ⇒ 4.4 (Jun) ⇒ 4.8 (Jul) ⇒ 0.9 (Aug) ⇒ 2.3 (Sep) ⇒ -2.2 (Oct) ⇒ -2.2 (Nov)

Financial & insurance services and publishing & communications services showed a slight improvement from the previous month's slump, growing 0.3 percent and 3.3 percent, respectively.

(Percentage change from previous period)

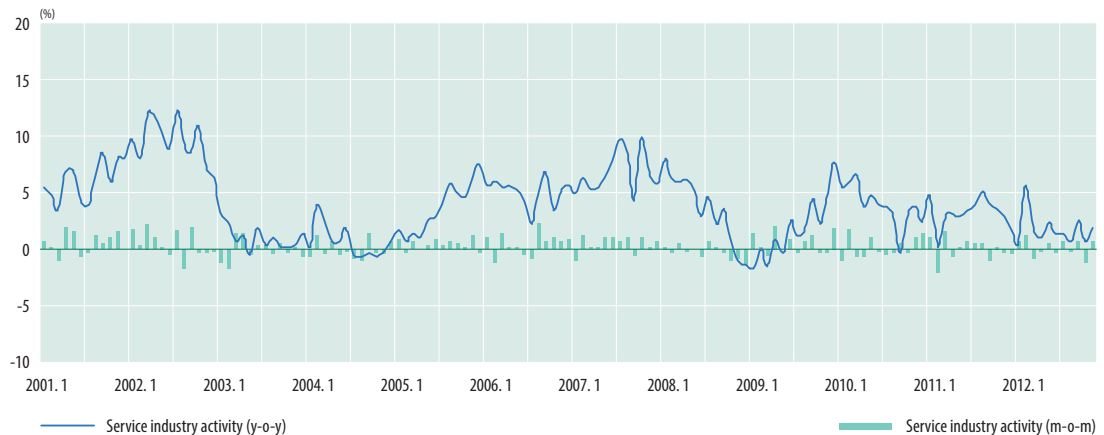
	Weight	2010	2011				2012					
		Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct ¹	Nov ¹
Service activity index	100.0	3.9	3.3	1.6	0.2	1.3	-0.5	1.0	0.1	0.9	-1.1	0.8
- Wholesale & retail	21.8	5.7	3.8	1.4	1.4	0.7	-0.7	0.1	0.6	0.7	-1.1	2.1
- Transportation services	9.0	11.9	3.9	2.6	-1.6	1.0	-1.0	1.5	-0.2	0.2	-1.2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

1. Preliminary

Source: Statistics Korea

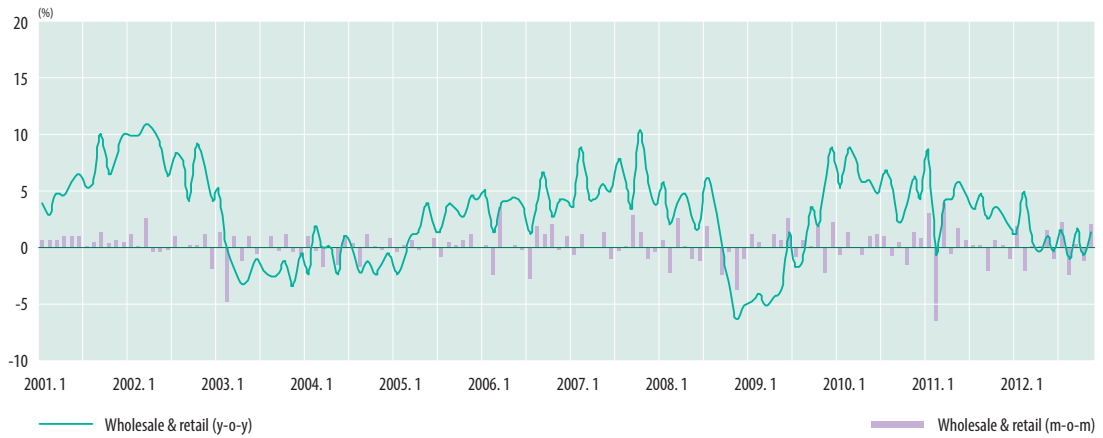
7-1 Service industry

Source: Statistics Korea (service industry activity trend)



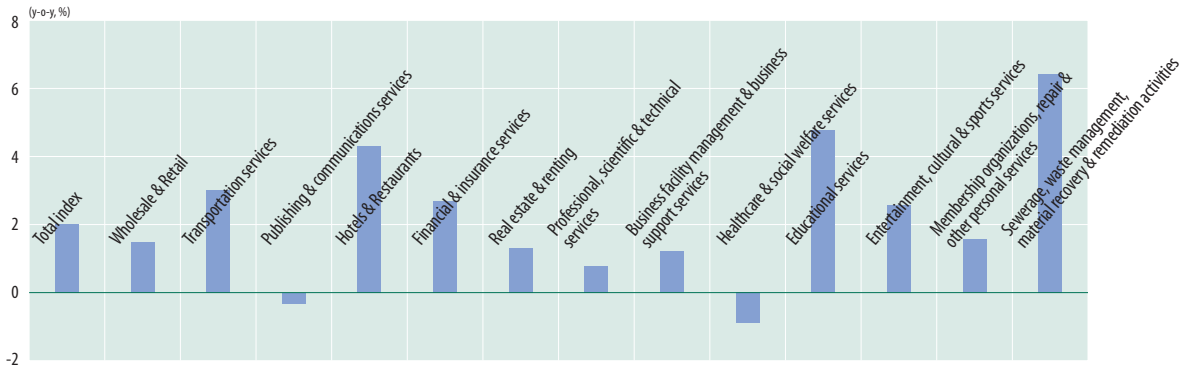
7-2 Wholesale & retail

Source: Statistics Korea (service industry activity trend)



7-3 November 2012 service industry by business

Source: Statistics Korea (service industry activity trend)



Service activity is expected to decline in December, led by wholesale & retail and financial & insurance services, as the cold spell and heavy snow hampered outdoor activity and also as the daily stock transaction value decreased.

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) ⇒ 7.9 (Sep) ⇒ 6.8 (Oct) ⇒ 6.2 (Nov) ⇒ 5.8 (Dec)

8.

Employment

The number of workers on payroll in November increased by 353,000 from a year earlier to 24,940,000 and the employment rate remained unchanged at 59.7 percent.

Employment continued to improve, staying above the pre-crisis levels (*the average year-on-year employment growth during 2005-2007 was 292,000*). However, the growth rate has been slowing, with the number of workers decreasing month-on-month for the second straight month in November.

The number of workers in the manufacturing sector surged, while employment continued to decline in construction and certain service sectors, including publishing & visual entertainment (*down 51,000*) and finance & insurance (*down 28,000*).

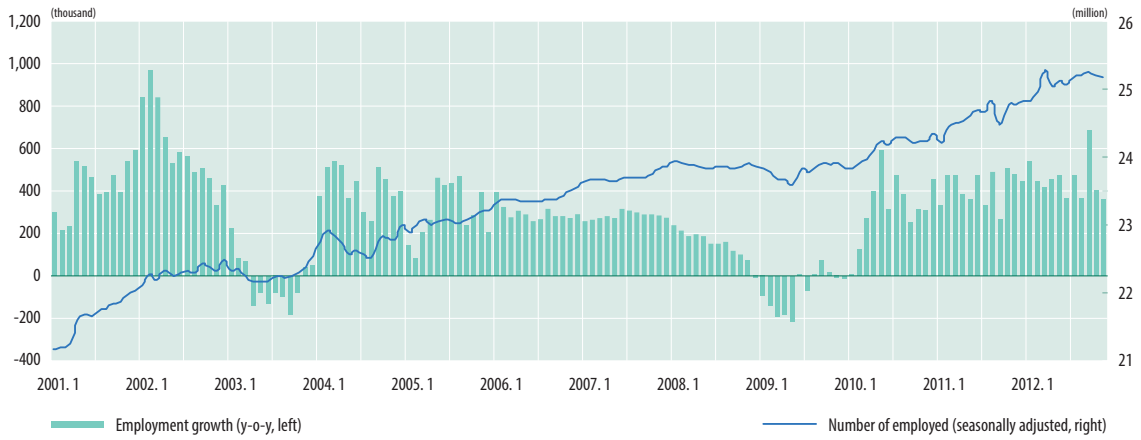
By status of workers, the number of regular workers continued to show strong growth, while growth in the number of self-employed workers gradually declined.

	2010		2011						2012				
	Annual	Q4	Annual	Nov	Q1	Q2	Q3	Q4	Oct	Nov	Q1	Q2	Q3
Number of employed (million)	23.83	23.99	24.24	24.59	23.46	24.57	24.48	24.46	25.07	24.94	23.93	25.00	24.99
Employment rate (%)	58.7	58.9	59.1	59.7	57.4	59.9	59.5	59.4	60.1	59.7	57.8	60.2	60.0
(Seasonally adjusted)	58.7	58.7	59.1	59.1	58.8	59.1	59.1	59.2	59.4	59.2	59.3	59.4	59.5
Employment growth (y-o-y, thousand)	323	358	415	479	423	402	363	474	396	353	467	430	506
(Excluding agriculture, forestry & fishery)	405	393	440	491	451	399	414	497	415	328	498	454	504
- Manufacturing	191	269	63	-85	228	112	-12	-75	144	164	-102	-66	85
- Construction	33	57	-2	66	-3	-41	-35	71	-3	-35	79	33	17
- Services	200	80	386	525	224	331	472	514	270	187	541	491	397
- Agriculture, forestry & fishery	-82	-35	-25	-12	-28	3	-51	-23	-19	25	-31	-24	2
- Wage workers	517	532	427	349	519	421	392	374	350	292	360	281	317
• Regular workers	697	699	575	505	605	621	572	500	505	443	413	379	485
• Temporary workers	-34	-114	-78	-22	-88	-137	-76	-10	-130	-87	110	73	-79
• Daily workers	-146	-53	-70	-133	2	-63	-104	-115	-26	-64	-163	-171	-89
- Non-wage workers	-194	-174	-11	130	-96	-19	-29	100	46	61	108	150	189
• Self-employed workers	-118	-146	1	135	-115	-39	34	125	48	38	149	173	143
- Male	181	212	238	268	266	221	208	257	256	169	238	242	284
- Female	142	146	177	211	157	181	155	216	140	184	230	188	223
- 15 to 29	-43	-57	-35	-36	-49	-74	-1	-18	-92	-70	1	-8	-57
- 30 to 39	-4	17	-47	-57	-34	-13	-83	-56	27	-18	-65	-80	33
- 40 to 49	29	50	57	42	77	59	46	47	6	-7	28	8	12
- 50 to 59	294	287	291	312	286	294	270	315	230	233	326	260	273
- 60 or more	47	60	149	218	143	137	131	185	225	214	178	251	245

Source: Statistics Korea

8-1 Number of persons employed and employment growth

Source: Statistics Korea (employment trend)



8-2 Share of persons employed by industry

Source: Statistics Korea (employment trend)



8-3 Share of persons employed by status of workers

Source: Statistics Korea (employment trend)



The number of unemployed persons in November decreased by 19,000 year-on-year to 710,000, while the unemployment rate fell 0.1 percentage point from the previous year to 2.8 percent.

The unemployment rate of youths aged 15 to 29 also declined 0.1 percentage point year-on-year. Employment in the 15 to 24 age bracket improved in particular, with the unemployment rate falling 1.4 percentage points.

	2010		2011						2012				
	Annual	Q4	Annual	Nov	Q1	Q2	Q3	Q4	Oct	Nov	Q1	Q2	Q3
Number of persons unemployed (thousand)	920	808	855	730	1,028	865	786	740	718	710	947	841	770
Unemployment growth (y-o-y, thousand)	31	-10	-65	-8	-101	-3	-88	-68	-18	-19	-82	-23	-16
- Male	-7	-16	-48	-18	-70	-32	-48	-41	-34	-14	-54	-19	-16
- Female	38	6	-17	10	-32	29	-40	-27	16	-5	-28	-4	0
Unemployment rate (%)	3.7	3.3	3.4	2.9	4.2	3.4	3.1	2.9	2.8	2.8	3.8	3.3	3.0
(Seasonally adjusted)	3.7	3.4	3.4	3.1	3.8	3.4	3.2	3.1	3.0	3.0	3.5	3.3	3.1
- 15 to 29	8.0	7.1	7.6	6.8	8.8	7.9	6.7	7.1	6.9	6.7	8.2	8.1	6.8
- 30 to 39	3.5	3.2	3.4	2.9	4.0	3.5	3.2	2.9	2.7	2.8	3.2	3.2	2.8
- 40 to 49	2.5	2.2	2.1	1.9	2.5	2.1	2.0	1.9	1.8	1.9	2.4	2.0	2.0
- 50 to 59	2.5	2.3	2.1	1.7	2.7	2.0	2.1	1.8	1.9	1.8	2.3	2.0	2.2
- 60 or more	2.8	1.9	2.6	1.8	4.5	2.3	2.1	1.8	1.5	1.5	4.4	2.0	1.9

Source: Statistics Korea

The economically inactive population in November was up 234,000 from a year earlier to 16,120,000, while the labor force participation rate remained unchanged at 61.4 percent.

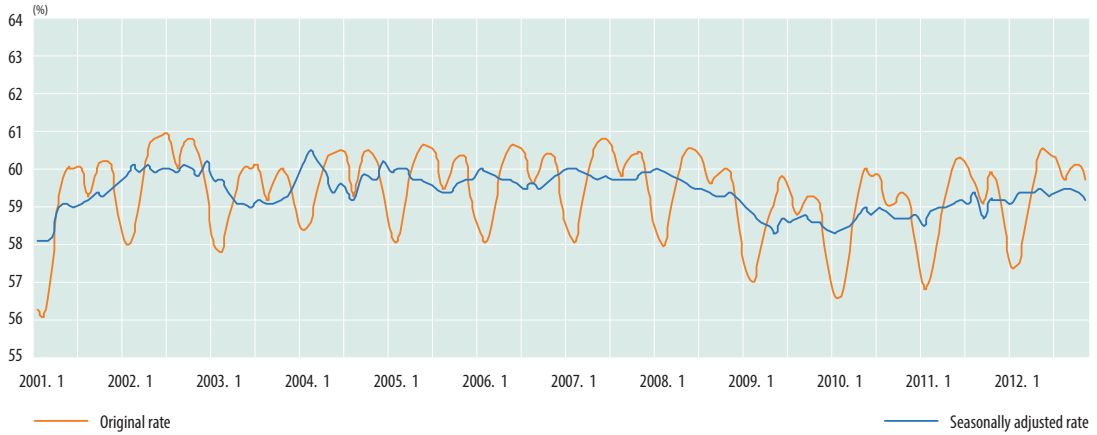
The number of those economically inactive due to old age (*up 181,000*) and housework (*up 93,000*) increased while those due to rest, time-off and leisure (*down 106,000*) decreased.

	2010		2011						2012				
	Annual	Q4	Annual	Nov	Q1	Q2	Q3	Q4	Oct	Nov	Q1	Q2	Q3
Economically inactive population (million)	15.84	15.96	15.95	15.89	16.39	15.56	15.85	16.01	15.94	16.12	16.50	15.67	15.90
Labor force participation rate (%)	61.0	60.8	61.1	61.4	59.9	62.0	61.5	61.1	61.8	61.4	60.1	62.3	61.8
(seasonally adjusted)	61.0	60.8	61.1	61.0	61.1	61.2	61.0	61.1	61.2	61.1	61.4	61.4	61.4
Growth in economically inactive population (y-o-y, thousand)	143	133	112	-19	138	66	191	53	183	234	103	110	57
- Childcare	-125	-107	-5	29	-44	-16	17	23	-13	-5	-	4	-7
- Housework	201	189	101	79	130	27	143	103	107	93	85	181	101
- Education	12	55	-51	-90	-16	-39	-78	-69	31	42	-28	-64	5
- Old age	80	25	-45	1	-103	-58	-22	2	182	181	76	174	156
- Rest, time-off and leisure	-56	-27	182	87	241	163	193	131	-114	-106	126	-71	-142

Source: Statistics Korea

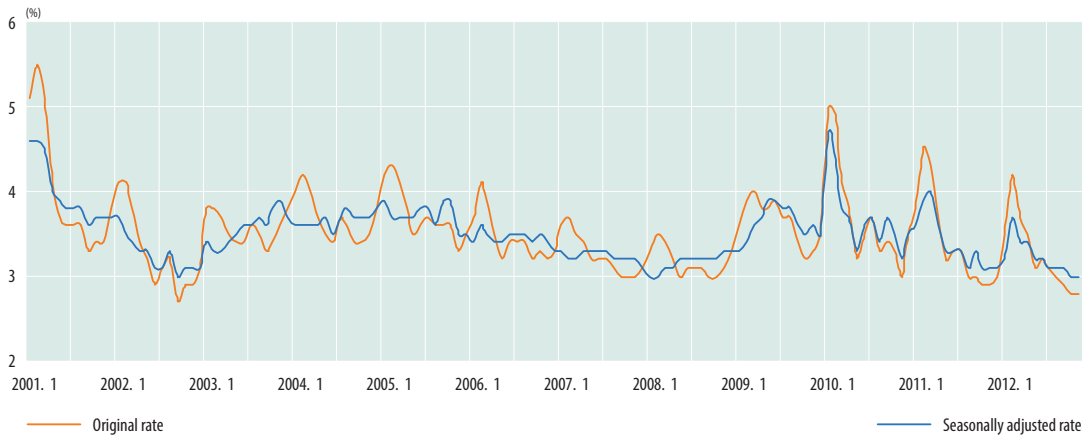
8-4 Employment rate

Source: Statistics Korea (employment trend)



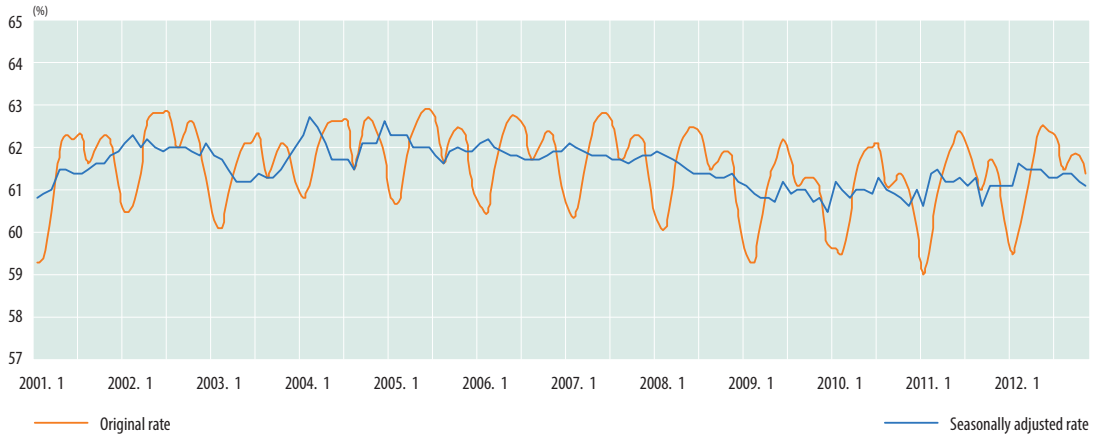
8-5 Unemployment rate

Source: Statistics Korea (employment trend)



8-6 Labor force participation rate

Source: Statistics Korea (employment trend)



9.1 Stock market

The Korean stock price index in December rose 3.3 percent to 1,997 points from the previous month's 1,933 points.

Despite North Korea's long-range missile launch, the KOSPI Composite rose due to an additional economic stimulus in the US, foreign investors' net buying and a record high current account surplus.

Foreign investors became net buyers of Korean stocks in December, buying 3.6 trillion won compared to selling 0.6 trillion won in the previous month.

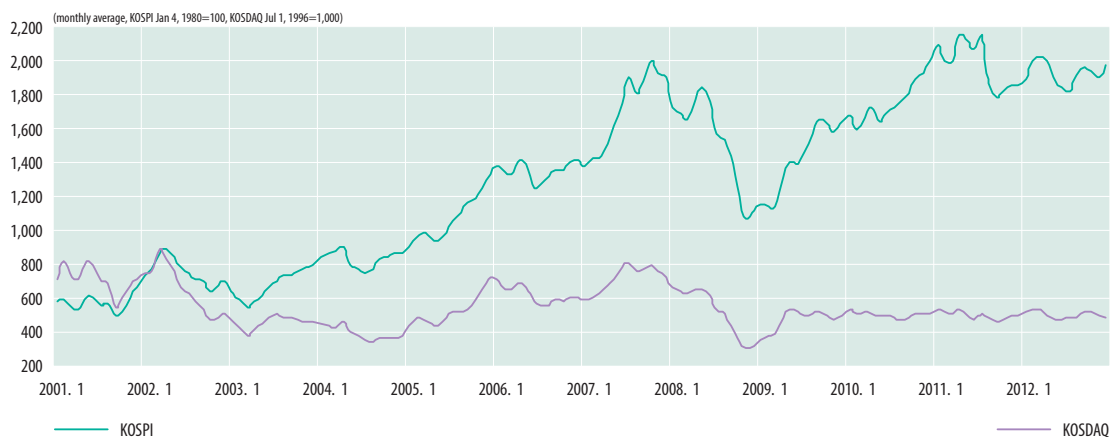
(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	Nov 2012	Dec 2012	Change ¹	Nov 2012	Dec 2012	Change ¹
Stock price index	1,932.9	1,997.1	64.2 (3.3%)	499.4	496.3	-3.1 (-0.6%)
Market capitalization	1,117.3	1,154.3	37.0 (3.3%)	109.3	109.1	-0.2 (-0.2%)
Average daily trade value	4.3	4.2	-0.1 (-2.3%)	1.88	1.60	-0.28 (-14.9%)
Foreign stock ownership	34.4	34.8	0.4 (1.2%)	8.25	8.23	-0.02 (-0.2%)

1. Change from the end of the previous month

Source: Korea Exchange

9-1 Stock prices



9.2 Exchange rate

The won/dollar exchange rate in December fell by 12.3 won to 1,070.6 won from 1,082.9 won at the end of November.

The won/dollar exchange rate fell from the 1,080 won range to the 1,070 won range, as the Federal Open Market Committee (FOMC) announced additional quantitative easing (QE), export companies sold dollars and as eurozone concerns eased after talks on a eurozone banking union made progress.

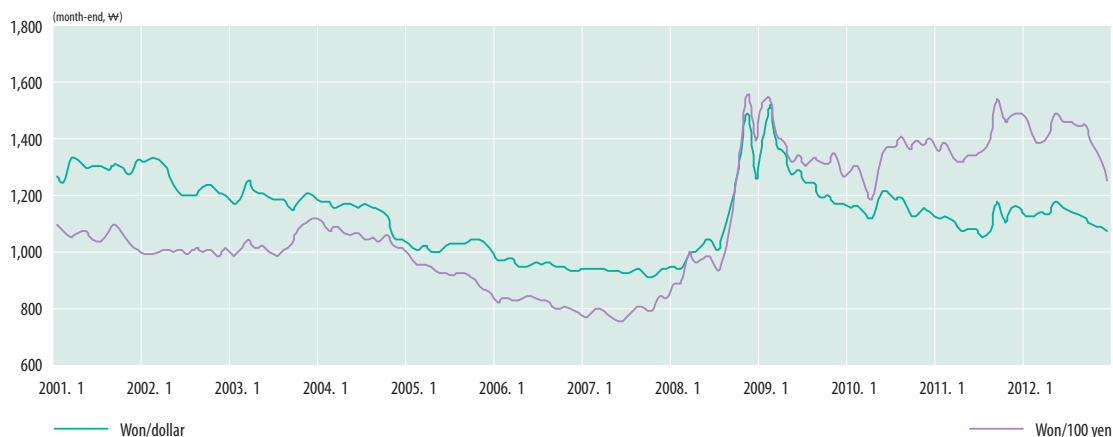
The won/100 yen exchange rate fell by 78.1 won as the won remains strong relative to the US dollar and as the value of the yen relative to the US dollar fell due to expectations of the new Japanese government's monetary easing policy.

(End-period)

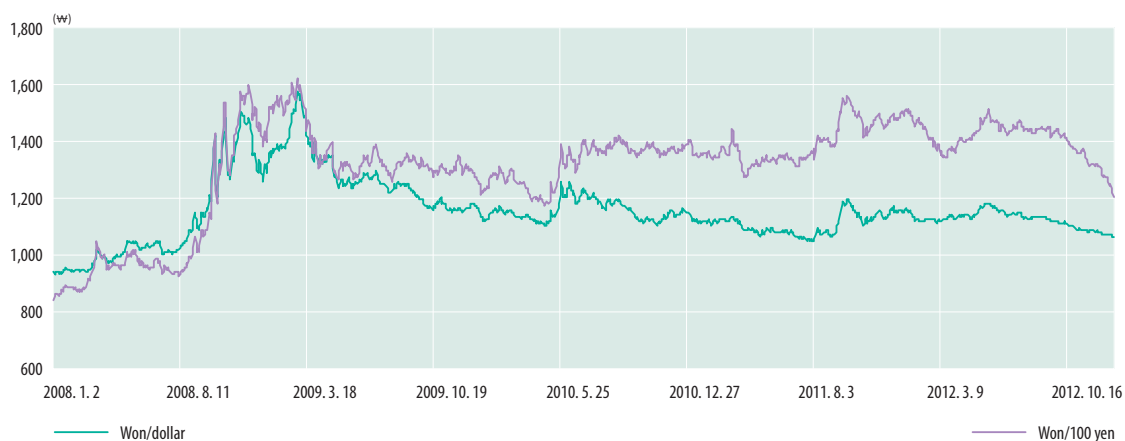
	2008	2009	2010	2011	2012		
	Dec	Dec	Dec	Dec	Nov	Dec	Change ¹
Won/dollar	1,259.5	1,164.5	1,134.8	1,151.8	1,082.9	1,070.6	7.6
Won/100 yen	1,396.8	1,264.5	1,393.6	1,481.2	1,316.4	1,238.3	19.6

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

9-2 Foreign exchange rate



9-3 Recent daily foreign exchange rate trend



9.3 Bond market

3-year Treasury bond yields fell 2 basis points in December to 2.82 percent from the previous month's 2.84 due to concerns over US fiscal cliff negotiations and foreign investors' net buying of Treasury bond futures.

(End-period, %)

	2006	2007	2008	2009	2010	2011	2012		
	Dec	Dec	Dec	Dec	Dec	Dec	Nov	Dec	Change ¹
Call rate (1 day)	4.60	5.02	3.02	2.01	2.51	3.29	2.77	2.77	-
CD (91 days)	4.86	5.82	3.93	2.88	2.80	3.55	2.85	2.89	4
Treasury bonds (3 yrs)	4.92	5.74	3.41	4.44	3.38	3.34	2.84	2.82	-2
Corporate bonds (3 yrs)	5.29	6.77	7.72	5.56	4.27	4.21	3.37	3.29	-8
Treasury bonds (5 yrs)	5.00	5.78	3.77	4.98	4.08	3.46	2.91	2.97	6

1. Basis point, changes from the previous month

9-4 Interest rates

Source: The Bank of Korea



9.4 Money supply & money market

The M2 (monthly average) in October expanded 4.6 percent from a year earlier.

M2 growth decelerated from the previous month as private sector credit and net foreign assets decreased, led by a decrease in bank loans and foreign portfolio investment, and as the government paid off its debts.

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

	2008	2009	2010	2011		2012						
	Annual	Annual	Annual	Annual	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Oct ¹
M1 ²	-1.8	16.3	11.8	6.6	4.8	2.6	1.8	3.6	4.3	3.5	5.5	449.6
M2	14.3	10.3	8.7	4.2	3.8	4.4	5.3	5.6	5.6	5.2	4.6	1,827.3
Lf ³	11.9	7.9	8.2	5.3	5.3	6.2	7.5	8.5	7.9	7.6	7.1 ⁴	2,426.0 ⁴

1. Balance at end October 2012, trillion won

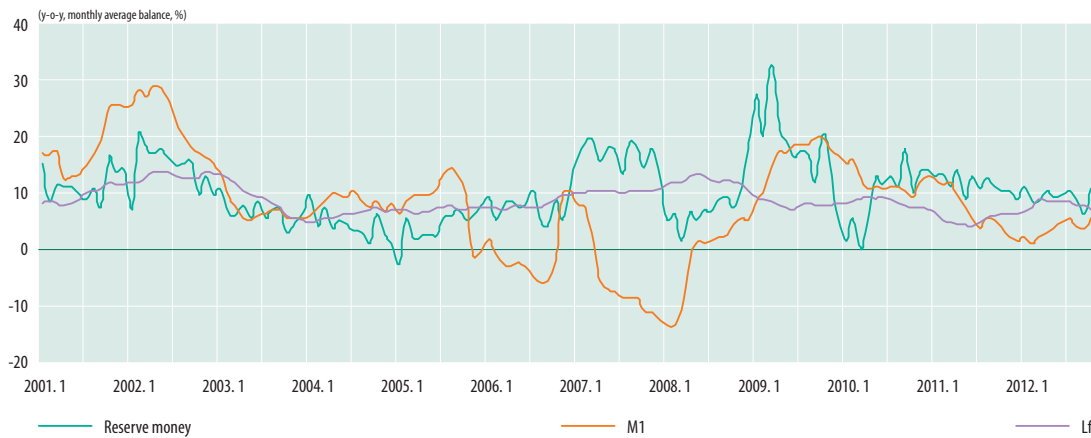
2. M1 excluding corporate MMFs and individual MMFs while including CMAs

3. Liquidity aggregates of financial institutions (mostly identical with M3)

4. Preliminary

9-5 Total money supply

Source: The Bank of Korea



Bank deposits turned positive in November while asset management company (AMC) deposits turned negative. Bank deposits rose as instant access deposits increased due to inflows of corporate payment funds. Despite rising inflows of assets from bond-type funds, AMC deposits turned negative, due to outflows of the treasury surplus and weakening competitiveness of money market funds (MMF).

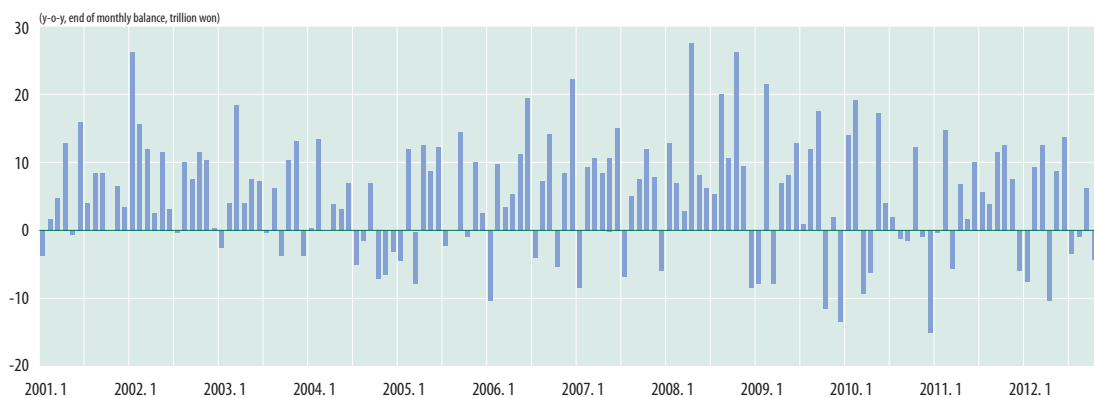
(Monthly change, end-period, trillion won)

	2009	2010		2011		2012		
	Annual	Annual	Nov	Annual	Nov	Oct	Nov	Nov ¹
Bank deposits	54.8	36.9	-1.9	58.9	5.8	-0.2	7.7	1,129.3
AMC deposits	-27.6	-16.7	0.0	-16.6	-0.4	11.8	-3.0	323.9

1. Balance at end November 2012, trillion won

9-6 Deposits in financial institutions

Source: The Bank of Korea



10.

Balance of payments

Korea's current account (*preliminary*) in November posted a surplus of US\$6.88 billion.

The goods account surplus expanded from US\$5.17 billion in October to US\$6.75 billion in November, helped by strong exports of petroleum products and IT products such as mobile phones and semiconductors.

Goods exports (US\$ billion)

48.14 (Oct) ⇒ 49.63 (Nov)

Goods imports (US\$ billion)

42.98 (Oct) ⇒ 42.87 (Nov)

Changes in major export items (y-o-y, %)

Mobile phones (14.4), semiconductors (12.6), petroleum products (10.6), vessels (-47.8)

The service account switched to a deficit of US\$0.05 billion from a surplus of US\$0.38 billion in the previous month as the intellectual property account and the travel account stumbled due to falling exchange rates. Foreign tourist arrivals in November declined 3.2 percent year-on-year, while the number of overseas travelers increased 14.7 percent.

The primary income account surplus narrowed to US\$0.37 billion from US\$0.52 billion as the investment income balance shrank due to a decrease in interest income. The secondary income account deficit contracted to US\$0.20 billion from US\$0.29 billion in the previous month due to a decrease in overseas transfers.

(US\$ billion)

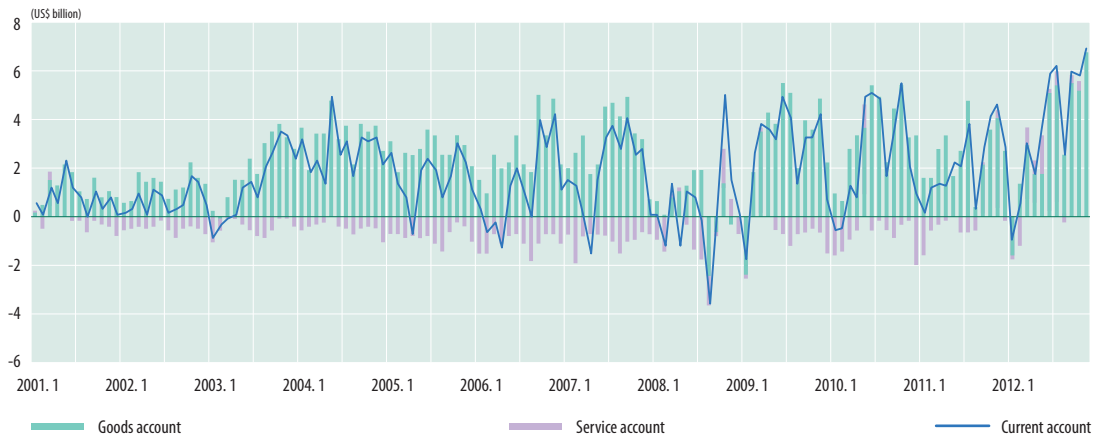
	2011					2012					
	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct	Nov ¹	Jan-Nov ¹
Current account	26.07	1.41	5.37	7.89	11.39	2.56	11.19	14.56	5.78	6.88	40.97
- Goods balance	31.66	5.05	8.28	7.47	10.86	2.61	8.52	13.34	5.17	6.75	36.40
- Service balance	-5.85	-3.26	-1.62	-0.52	-0.45	-0.65	2.31	0.65	0.38	-0.05	2.65
- Primary income balance	2.89	0.56	-0.62	1.45	1.50	1.49	0.82	1.04	0.52	0.37	4.25
- Secondary income balance	-2.63	-0.94	-0.67	-0.51	-0.51	-0.89	-0.47	-0.47	-0.29	-0.20	-2.32

1. Preliminary

Source: The Bank of Korea

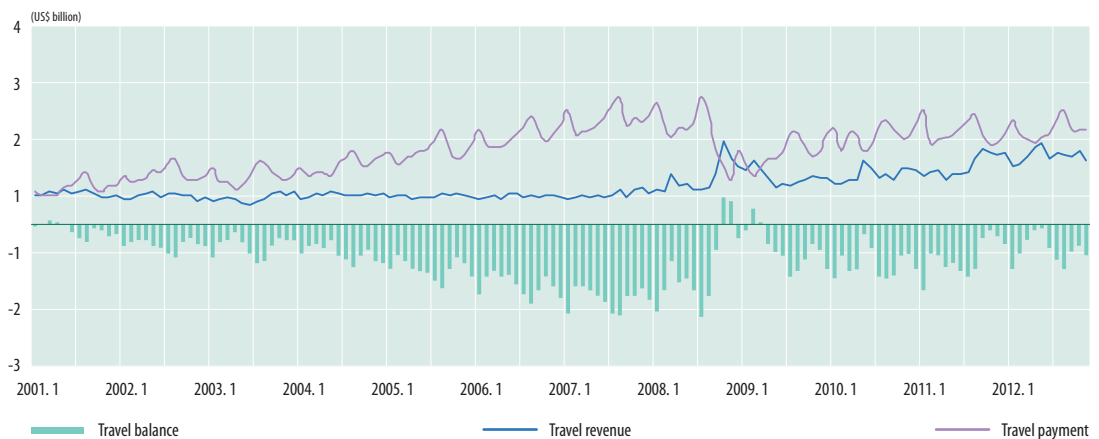
10-1 Current account balance

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



10-2 Travel balance

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



The capital and financial account (*preliminary*) in November posted a net outflow of US\$9.84 billion.

Capital & financial account balance (US\$ billion)

-1.38 (Q1 2012) ⇒ 7.97 (Q2) ⇒ -13.34 (Q3) ⇒ -7.26 (Oct) ⇒ -9.84 (Nov), -39.79 (Jan-Nov)

Net outflow in direct investment widened to US\$1.34 billion from the previous month's US\$0.98 billion due to an increase in overseas direct investment.

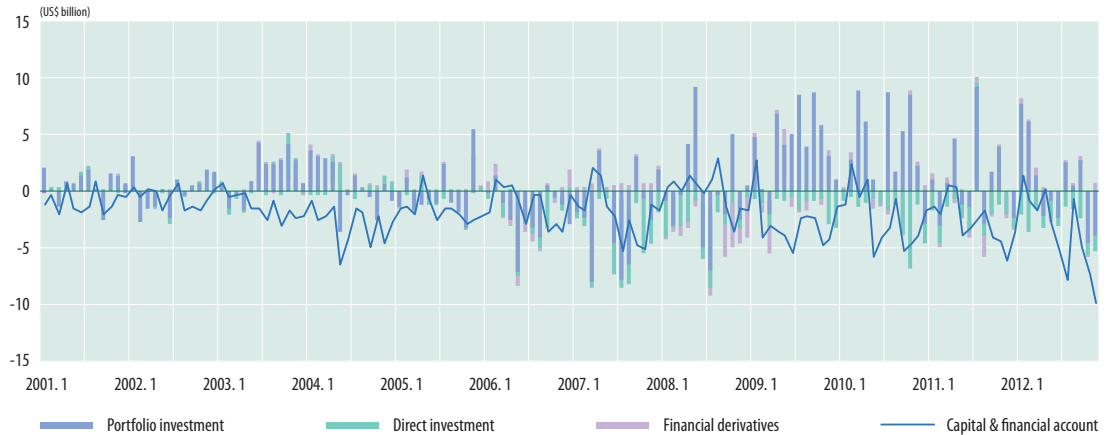
Although overseas equity investment increased, net outflow in the portfolio investment account narrowed to US\$3.88 billion from US\$4.66 billion in the previous month as foreign investment in bonds swung to a net inflow.

Net outflow of US\$0.14 billion in financial derivatives shifted to a net inflow of US\$0.61 billion in November, while a net outflow in the other investment account expanded to US\$2.69 billion from US\$0.02 billion.

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

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 December rose 1.4 percent year-on-year (*up 0.2%, m-o-m*), staying stable at around the 2 percent range since March. For the whole year of 2012, consumer prices rose 2.2 percent.

Core consumer prices, which exclude oil and agricultural products, rose 1.2 percent year-on-year and 0.2 percent month-on-month. Core consumer prices based on the OECD method, which exclude food and energy, rose 1.4 percent year-on-year and 0.2 percent month-on-month. Consumer prices for basic necessities, a barometer of perceived consumer prices, were up 0.7 percent year-on-year and 0.1 percent month-on-month.

The average annual expected inflation rate fell 0.1 percentage points to 3.2 percent and import prices declined 7.6 percent year-on-year.

Expected inflation (%)

4.1 (Nov 2011) ⇒ 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) ⇒ 3.4 (Sep) ⇒ 3.4 (Oct) ⇒ 3.3 (Nov) ⇒ 3.2 (Dec)

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

3.5 (Mar 2012) ⇒ 1.7 (Apr) ⇒ 2.1 (May) ⇒ -1.2 (Jun) ⇒ -1.0 (Jul) ⇒ 0.3 (Aug) ⇒ -2.4 (Sep) ⇒ -6.4 (Oct) ⇒ -7.6 (Nov)

<Consumer price inflation>

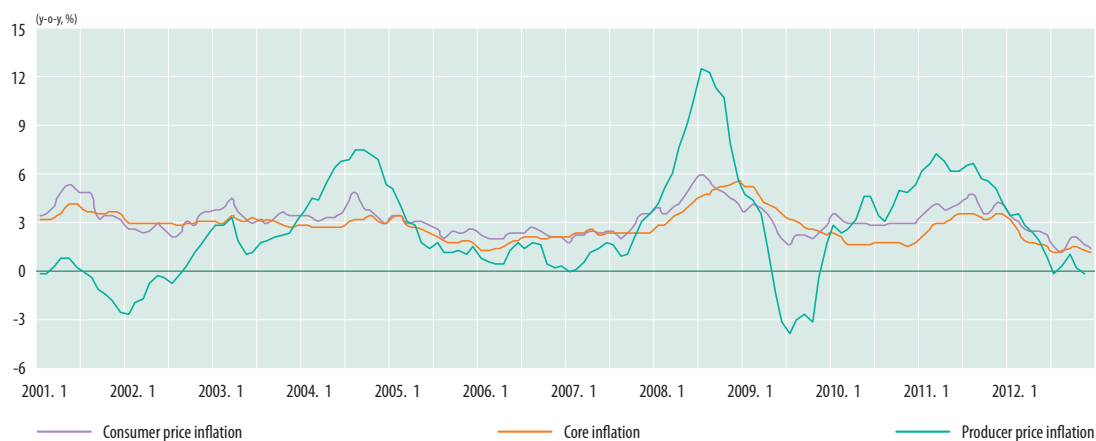
(%)

	2011	2012											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Month-on-Month	0.4	0.5	0.4	-0.1	0.0	0.2	-0.1	-0.2	0.4	0.7	-0.1	-0.4	0.2
Year-on-Year	4.2	3.4	3.1	2.6	2.5	2.5	2.2	1.5	1.2	2.0	2.1	1.6	1.4
Consumer prices excluding oil and agricultural products (y-o-y)	3.6	3.2	2.5	1.9	1.8	1.6	1.5	1.2	1.3	1.4	1.5	1.3	1.2
Consumer prices excluding food and energy (y-o-y)	2.7	2.5	2.6	1.7	1.6	1.5	1.4	1.2	1.2	1.4	1.4	1.4	1.4
Consumer prices for basic necessities (y-o-y)	4.4	3.3	2.8	2.0	2.0	2.2	1.8	0.8	0.6	1.7	1.6	1.0	0.7

Source: Statistics Korea

11-1 Prices

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



The prices of agricultural products rose due to the cold weather, but those of manufactured products declined, allowing overall consumer prices to stabilize.

Agricultural, livestock & fishery product prices increased 1.0 percent month-on-month. Agricultural (*up 1.5%, m-o-m*) and fishery product prices (*up 0.7%, m-o-m*) rose, with vegetable prices surging 6.1 percent. Livestock product prices remained unchanged.

Manufactured product prices fell 0.1 percent month-on-month. The prices of processed food (*up 0.2% m-o-m*) climbed slightly, but oil product prices decreased 0.7 percent month-on-month.

Public service prices, which include public utilities and transportation, remained unchanged from the previous month. Personal service prices rose 0.3 percent month-on-month as dining out expenses (*up 0.1%, m-o-m*) stabilized while personal service prices excluding dining out costs (*up 0.4%, m-o-m*) rose, with overseas travel expenses surging 4.0 percent during the winter peak season.

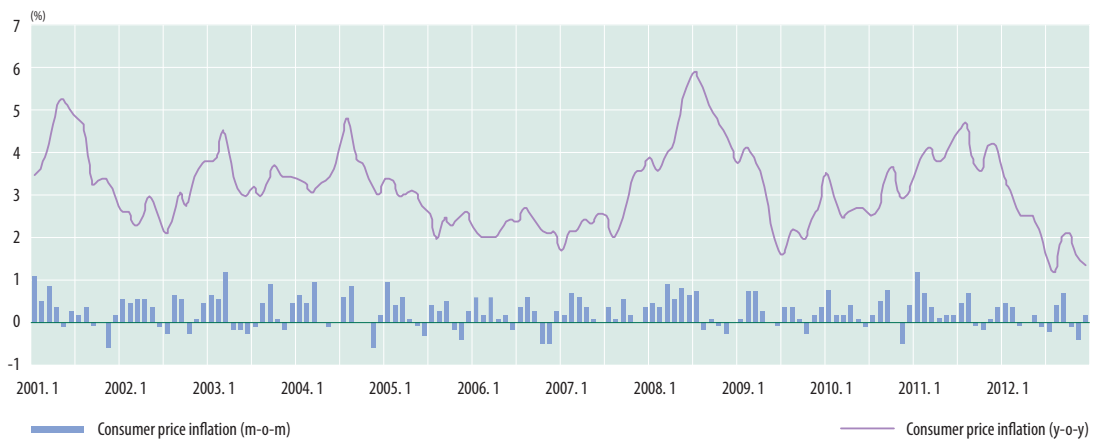
<Consumer price inflation in major sectors>

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public services	Personal services
Month-on-Month (%)	0.2	1.0	-0.1	-0.7	0.0	0.3	0.0	0.3
Contribution (%p)	0.19	0.08	-0.03	-0.04	0.00	0.03	0.00	0.09
Year-on-Year (%)	1.4	1.6	1.3	0.3	3.5	3.3	1.0	0.8
Contribution (%p)	1.43	0.13	0.42	0.02	0.17	0.31	0.14	0.24

Source: Statistics Korea

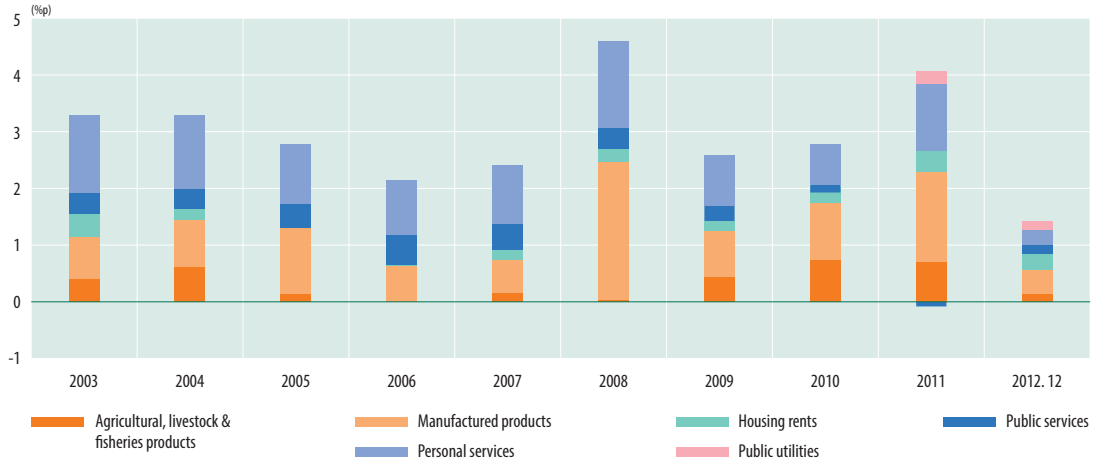
11-2 Consumer price inflation

Source: Statistics Korea (consumer price trend)



11-3 Contribution to consumer price inflation

Source: Statistics Korea (consumer price trend)



11.2 International oil and commodity prices

International oil prices fell slightly compared to the previous month, while domestic oil product prices continued to fall.

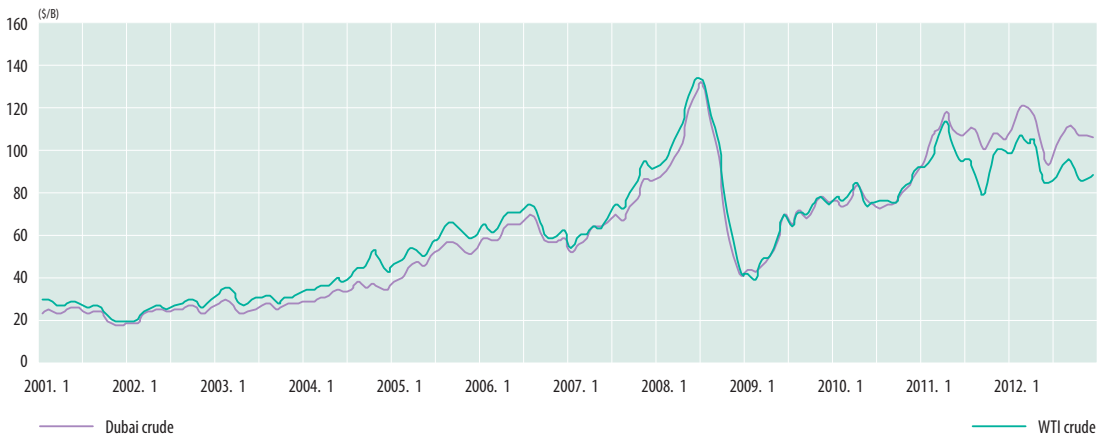
Despite political unrest in Iraq and concerns over fiscal cliff negotiations in the US, Dubai crude prices stabilized due to an increase in non-OPEC production.

Dubai crude (\$/barrel)

108.4 (Dec 3) ⇒ 104.2 (Dec 11) ⇒ 108.1 (Dec 27) ⇒ 107.8 (Dec 31, down 1.1% since end of November)

11-4 International oil prices

Source: Korea National Oil Corporation



(US\$/barrel, period average)

	2009	2010	2011	2012						
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Dubai crude	78.1	105.9	109.0	94.4	99.1	108.6	111.2	109.0	107.3	106.4
Brent crude	79.7	111.0	111.7	95.2	102.7	113.0	113.0	111.6	109.3	109.2
WTI crude	79.5	95.1	93.8	82.4	87.9	94.1	94.5	89.5	86.6	88.2

Source: Korea National Oil Corporation

Domestic oil product prices continued a downward trend due to falling international oil product prices. As of the fourth week of December 2012, domestic oil product prices had been falling for 15 consecutive weeks.

Gasoline prices (won/liter)

1,939.3 (1st week Dec) ⇒ 1,938.3 (2nd week) ⇒ 1,935.0 (3rd week) ⇒ 1,931.9 (4th week)

International oil product prices (monthly average, US\$/barrel, Singapore spot market)

Gasoline (115.9, down 0.5% since end of November)

Diesel (125.1, down 0.4% since end of November)

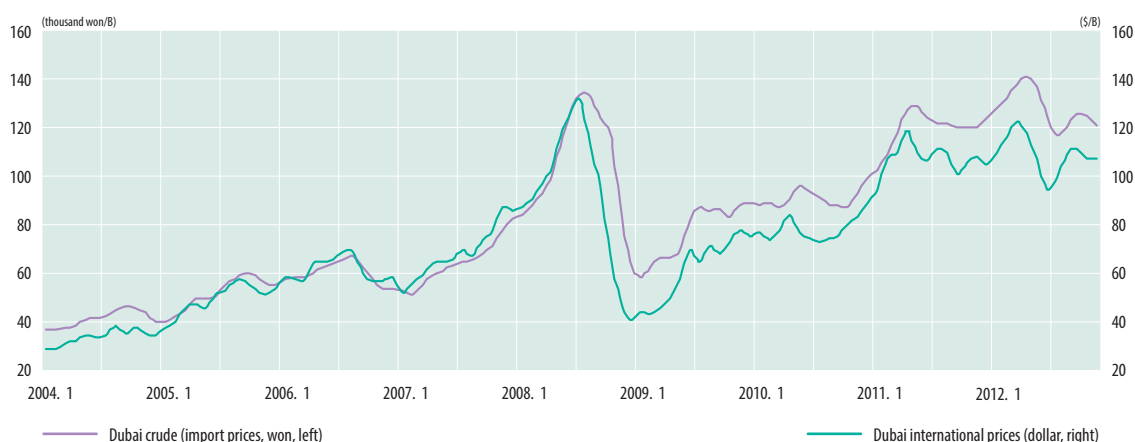
(US\$/barrel, period average)

	2009	2010	2011	2012						
	Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gasoline prices	1,710.4	1,929.3	1,985.8	1,968.8	1,901.4	1,971.3	2,024.5	2,005.7	1,956.0	1,935.6
Diesel prices	1,502.8	1,745.7	1,806.3	1,777.7	1,726.6	1,784.8	1,836.6	1,820.8	1,777.7	1,760.0

Source: Korea National Oil Corporation

11-5 Dubai crude prices and import prices

Source: Korea National Oil Corporation



International grain prices mostly fell in December due to expectations of sluggish demand, while nonferrous metal prices rose as a result of improving economic indicators in major countries including China.

The prices of major grains had fallen to its lowest level since early July, while soybean prices, which had been rising until mid-December, fell after China cancelled imports.

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

Wheat (-5.7), corn (-2.7), soybeans (0.5), coffee (-3.6), raw sugar (-0.6)

Nonferrous metal prices climbed early in December due to improved economic data, but the increase decelerated due to continuing uncertainties such as concerns over fiscal cliff negotiations in the US and circulation of arbitrage goods.

Prices of nonferrous metals in December (m-o-m, %)

Tin (10.4), aluminum (7.0), zinc (6.8), nickel (6.8), lead (5.4), copper (3.7)

<Reuters index*>

(Period average)

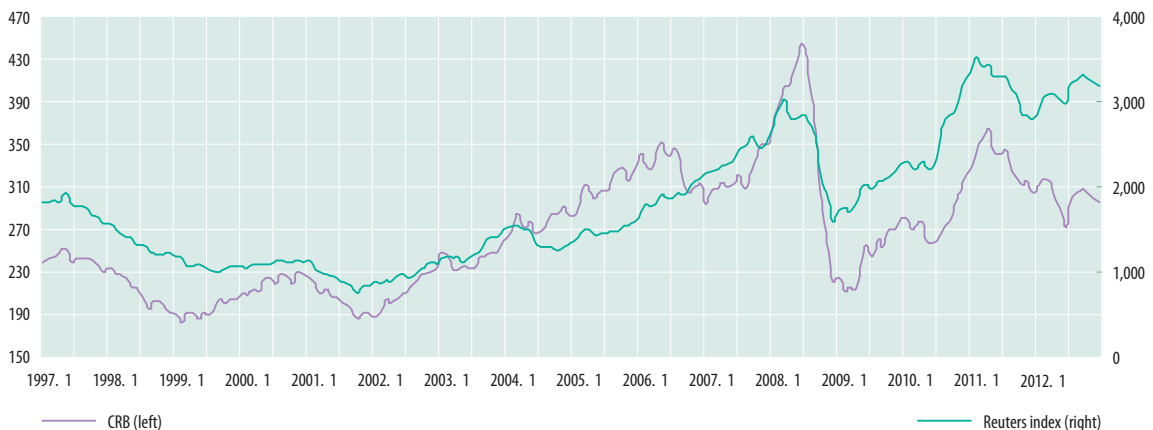
2009	2010	2011	2012						
Annual	Annual	Annual	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2,553	3,062	3,006	2,876	3,065	3,108	3,172	3,110	3,067	3,037

* A weighted average index of 17 major commodities
Source: KOREA PDS

11-6 International commodity prices

Source: Bloomberg (CRB), The Bank of Korea (Reuters index)

* CRB demonstrates a 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 continued a downward trend in December, falling 0.1 percent from the previous month.

Apartment sales prices in the Seoul metropolitan area (*down 0.3%, m-o-m*) declined by a smaller margin than the previous month (*down 0.4%, m-o-m*).

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

<Nationwide apartment sales prices>

(Percentage change from previous period)

	2009	2010	2011	2012												
	Annual	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Sep	Oct	Nov	Dec	Dec 3 ¹	Dec 10 ¹	Dec 17 ¹	Dec 24 ¹
Nationwide	1.6	2.5	9.6	-0.2	0.6	0.1	-0.5	-0.4	-0.2	-0.2	-0.1	-0.1	-0.02	-0.01	-0.01	-0.02
Seoul	2.6	-2.2	-0.4	-4.5	-0.5	-0.1	-1.6	-1.4	-0.6	-0.6	-0.4	-0.4	-0.10	-0.07	-0.07	-0.08
Gangnam ²	3.9	-1.8	-0.6	-5.1	-0.7	-1.2	-1.9	-1.4	-0.8	-0.6	-0.4	-0.5	-0.14	-0.09	-0.08	-0.08
Gangbuk ³	0.9	-2.7	-0.2	-3.7	-0.4	-0.7	-1.3	-1.3	-0.5	-0.7	-0.4	-0.3	-0.07	-0.05	-0.05	-0.07
Seoul metropolitan area	0.7	-2.9	0.4	-3.9	-0.5	-0.9	-1.3	-1.2	-0.6	-0.5	-0.4	-0.3	-0.07	-0.05	-0.05	-0.05
5 metropolitan cities	2.8	8.7	20.3	3.3	1.6	1.0	0.2	0.4	0.0	0.2	0.2	0.1	0.02	0.02	0.01	0.00

1. Weekly trends

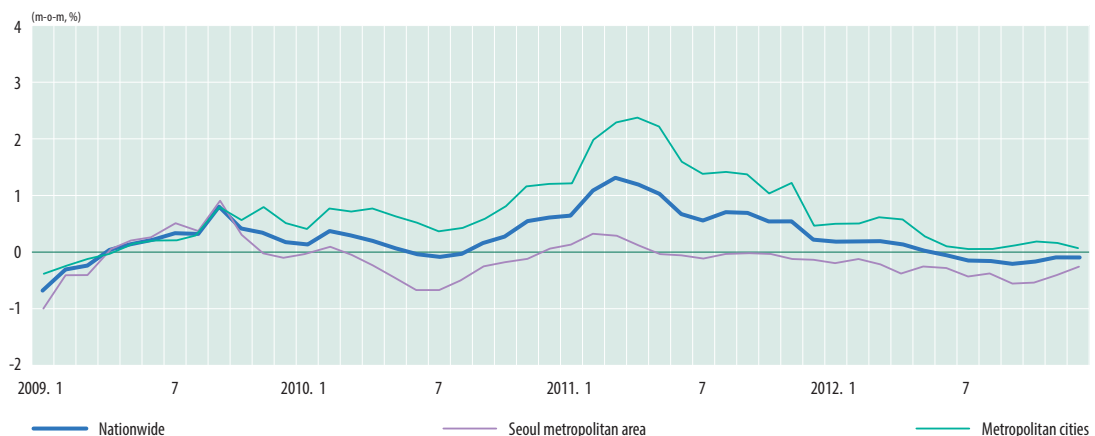
2. Upscale area of Southern Seoul

3. Northern Seoul

Source: Kookmin Bank

12-1 Apartment sales prices by region

Source: Kookmin Bank



Nationwide apartment rental prices climbed at a slower pace in December (*up 0.3%, m-o-m*). Rental prices in the Seoul metropolitan area and the five metropolitan cities rose 0.2 percent and 0.4 percent each.

Apartment rental price increase in major districts in Seoul (m-o-m, %)
 Gangnam (1.1), Seocho (1.2), Songpa (0.6), Gwangjin (1.0), Yongsan (0.5)

<Nationwide apartment rental prices>

(Percentage change from previous period)

	2009	2010	2011	2012												
	Annual	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Sep	Oct	Nov	Dec	Dec 3 ¹	Dec 10 ¹	Dec 17 ¹	Dec 24 ¹
Nationwide	4.5	8.8	16.2	4.3	1.3	0.9	0.7	1.4	0.4	0.6	0.5	0.3	0.06	0.06	0.04	0.04
Seoul	8.1	7.4	13.4	2.2	0.4	-0.1	0.5	1.4	0.5	0.7	0.5	0.2	0.04	0.06	0.06	0.06
Gangnam ²	10.4	8.8	12.5	2.7	0.3	-0.2	0.5	2.0	0.6	0.9	0.8	0.4	0.07	0.09	0.11	0.10
Gangbuk ³	5.4	5.6	14.6	1.6	0.5	0.1	0.4	0.7	0.5	0.4	0.2	0.0	0.02	0.02	0.00	-0.01
Seoul metropolitan area	5.6	7.2	13.9	2.5	0.5	0.1	0.6	1.3	0.5	0.6	0.5	0.2	0.04	0.03	0.03	0.03
5 metropolitan cities	3.9	12.0	18.9	5.5	2.0	1.4	0.5	1.5	0.3	0.7	0.5	0.4	0.09	0.08	0.04	0.04

1. Weekly trends

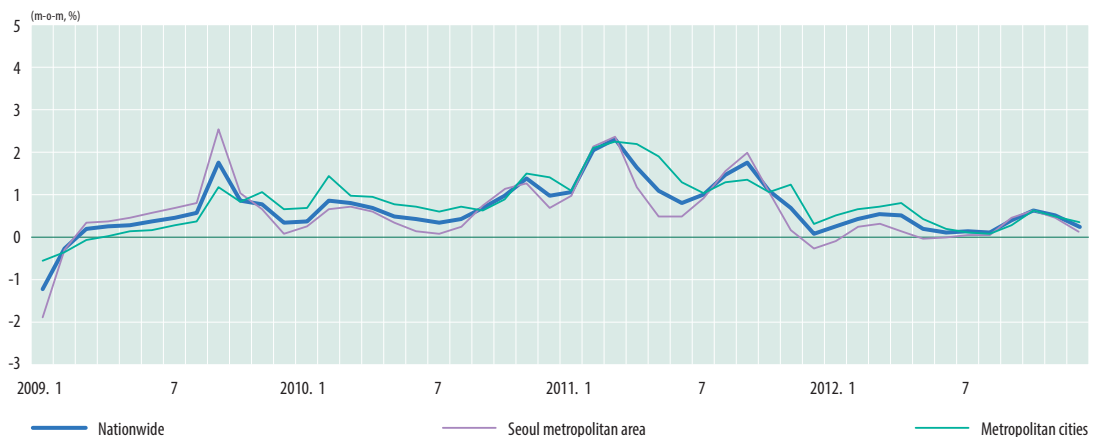
2. Upscale area of Southern Seoul

3. Northern Seoul

Source: Kookmin Bank

12-2 Apartment rental prices by region

Source: Kookmin Bank



Apartment sales transactions in November increased 11.0 percent from the previous month's 45,349 to 50,353, but were down 7.9 percent from 54,679 a year earlier.

<Apartment sales transactions>

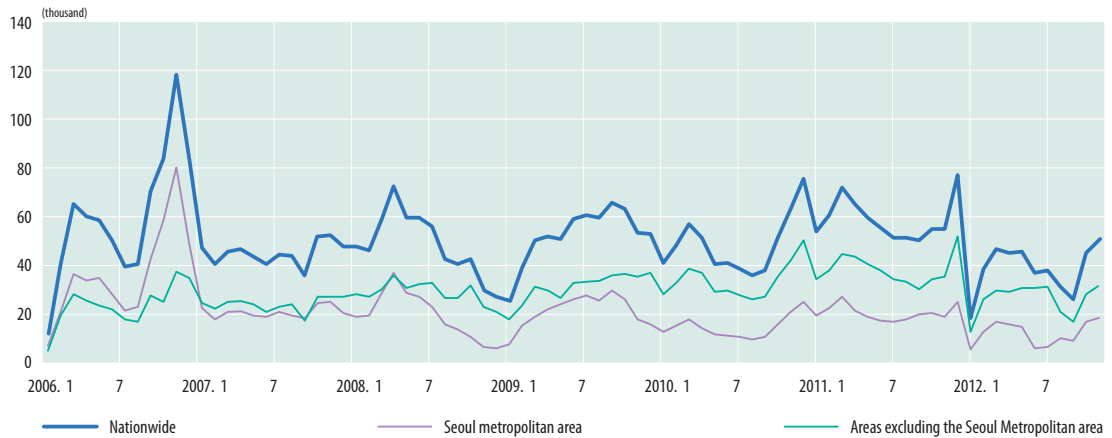
(Monthly average, thousand)

	2009	2010	2011					2012										
	Annual	Annual	Aug	Sep	Oct	Oct	Oct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Nationwide	53	48	51	50	55	55	55	18	39	47	45	46	37	38	31	26	45	50

Source: Ministry of Land, Transport and Maritime Affairs

12-3 Monthly transaction volume

Source: Ministry of Land, Transport and Maritime Affairs



12.2 Land market

Nationwide land prices rose in November (*up 0.07%, m-o-m*), but were still 0.19 percent lower than the pre-crisis peak reached in October 2008.

Land prices in Seoul (*up 0.03%, m-o-m*) and the Seoul metropolitan area (*up 0.04%, m-o-m*) continued to rise.

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

0.11 (Mar) ⇒ 0.11 (Apr) ⇒ 0.10 (May) ⇒ 0.10 (Jun) ⇒ 0.03 (Jul) ⇒ -0.01 (Aug) ⇒ -0.02 (Sep) ⇒ 0.03 (Oct) ⇒ 0.04 (Nov)

Land prices continued to rise in areas excluding the Seoul metropolitan area (*up 0.12%, m-o-m*), with Sejong City (*up 0.49%, m-o-m*) posting the highest growth rate in the nation for the ninth straight month in November.

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

0.14 (Mar) ⇒ 0.14 (Apr) ⇒ 0.14 (May) ⇒ 0.13 (Jun) ⇒ 0.13 (Jul) ⇒ 0.11 (Aug) ⇒ 0.10 (Sep) ⇒ 0.11 (Oct) ⇒ 0.12 (Nov)

<Land prices by region>

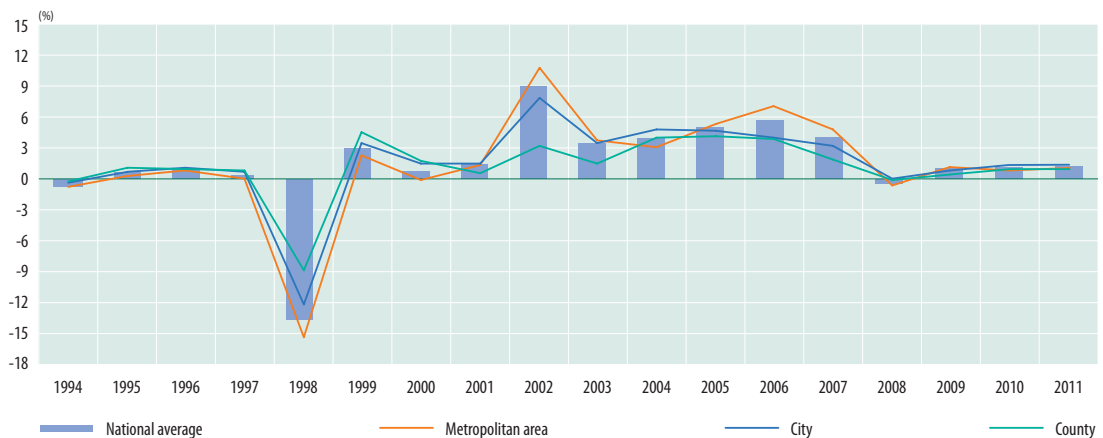
(Percentage change from previous period)

	2008	2009	2010	2011				2012								
	Annual	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jan-Nov	Q1	Q2	Q3	Aug	Sep	Oct	Nov
Nationwide	-0.31	0.96	1.05	1.17	0.29	0.30	0.29	0.29	0.87	0.30	0.33	0.12	0.03	0.02	0.06	0.07
Seoul	-1.00	1.40	0.53	0.97	0.40	0.28	0.17	0.12	0.33	0.17	0.26	-0.14	-0.06	-0.06	0.01	0.03
Gyeonggi	-0.26	1.22	1.49	1.47	0.26	0.38	0.43	0.39	0.97	0.34	0.34	0.17	0.05	0.03	0.06	0.06
Incheon	1.37	1.99	1.43	0.66	0.17	0.18	0.15	0.15	0.36	0.21	0.16	-0.03	-0.03	-0.02	0.03	0.00

Source: Korea Land & Housing Corporation

12-4 Land prices by region

Source: Korea Land Corporation (land price trend)



Nationwide land transactions in November were 185,000 land lots, up 7.6 percent from the previous month but down 4.8 percent from 195,000 a year earlier.

Monthly land transactions increased in Seoul (*up 11.9%, m-o-m*), Ulsan (*up 12.0%, m-o-m*), South Gyeongsang Province (*up 23.2%, m-o-m*), and South Jeolla Province (*up 15.2%, m-o-m*).

Transactions of vacant land increased 10.5 percent month-on-month to 75,000 lots, making up 40.2 percent of the total amount of transactions, but were down 10.2 percent from 83,000 a year earlier.

<Land sales transactions>

(Land lot, thousand)

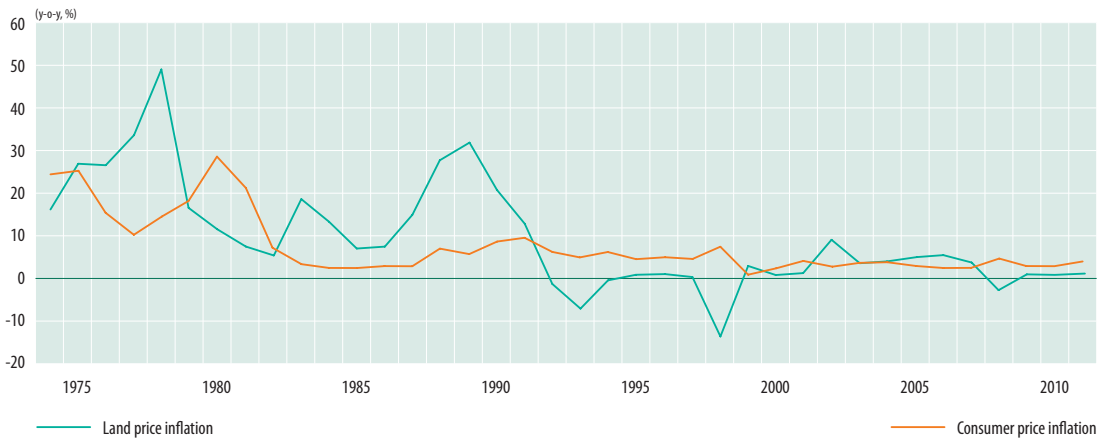
	2008	2009	2010	2011				2012											
	Annual ¹	Annual ¹	Annual ¹	Annual ¹	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Nationwide	208	203	187	208	171	184	195	240	129	165	187	182	186	163	167	150	133	172	185
Seoul	26	22	16	18	14	15	15	19	9	12	14	15	15	13	12	10	9	15	16
Gyeonggi	45	46	41	43	36	37	39	48	24	30	37	36	35	32	34	30	27	35	36
Incheon	13	10	8	10	8	8	8	10	5	6	7	7	8	7	7	8	8	10	9

1. Monthly average

Source: Korea Land & Housing Corporation

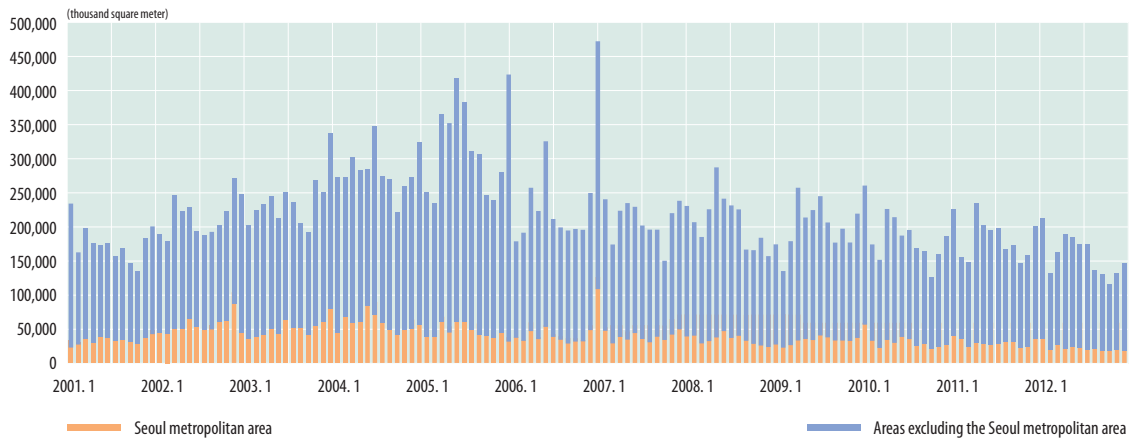
12-5 Land and consumer prices since 1970s

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



12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



Composite indices of business cycle indicators

Industrial output in November increased 1.1 percent month-on-month and 1.8 percent year-on-year. Output in mining & manufacturing (*up 2.3%, m-o-m*), services (*up 0.8%, m-o-m*) and construction (*up 1.9%, m-o-m*) rose, while output in public administration (*down 2.3%, m-o-m*) fell.

The cyclical indicator of the coincident composite index rose 0.1 point in November.

Six components, such as mining & manufacturing production and value of construction completed increased while nonfarm payroll employment stayed unchanged.

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

value of construction completed (1.8%), mining & manufacturing production (1.2%), wholesale & retail sales (0.9%), imports (0.4%), domestic shipment (0.3%), service activity (0.1%), nonfarm payroll employment (0.0%)

The cyclical indicator of the leading composite index rose 0.3 points from the previous month.

Four components, such as domestic shipment of machinery and KOSPI, decreased compared to the previous month while five components, including indicator of inventory cycle and consumer expectations index, rose.

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

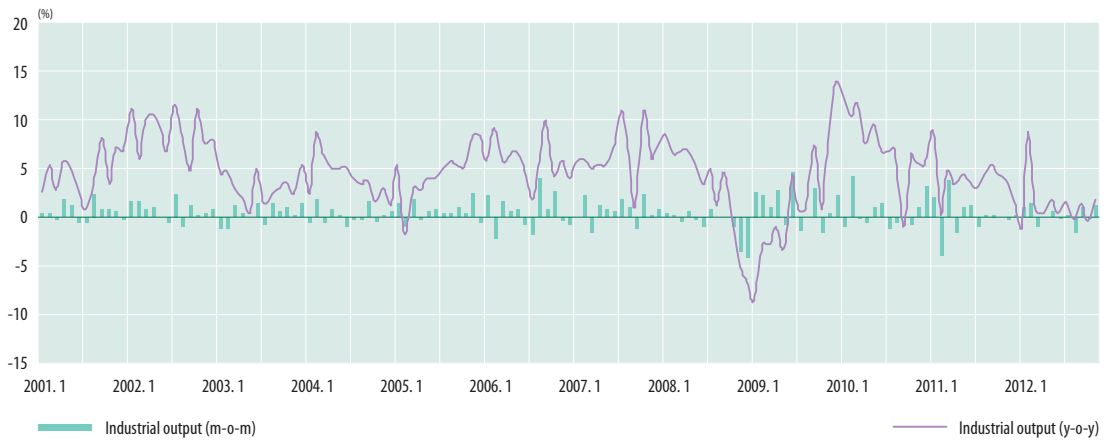
indicator of inventory cycle (2.8%p), ratio of job openings to job seekers (1.4%p), ratio of export to import prices (0.4%), consumer expectations index (0.2p), spreads between long & short term interest rates (0.1%p), international commodity prices (-2.2%), value of construction orders received (-2.0%), domestic shipment of machinery (-1.5%), KOSPI (-0.2%)

	2012										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug ¹	Sep ¹	Oct ¹	Nov ¹
Industrial output (m-o-m, %)	1.0	1.3	-1.1	-0.2	0.6	-0.2	0.2	-1.7	1.0	-0.3	1.1
(y-o-y, %)	-1.0	8.7	0.5	0.4	1.8	0.3	1.5	-0.2	1.3	-0.5	1.8
Coincident composite index (m-o-m, %)	0.1	0.8	0.1	0.2	-0.1	0.4	0.6	-0.1	0.4	-0.1	0.6
Cyclical indicator of coincident composite index (m-o-m, p)	99.6	100.0	99.6	99.4	98.9	98.9	99.1	98.6	98.6	98.1	98.2
Leading composite index (m-o-m, %)	0.7	1.0	0.4	0.4	0.1	1.1	0.6	0.2	-0.2	0.1	0.7
Cyclical indicator of leading composite index (m-o-m, p)	99.2	99.9	99.8	99.8	99.4	100.1	100.3	100.1	99.4	99.1	99.4

1. Preliminary

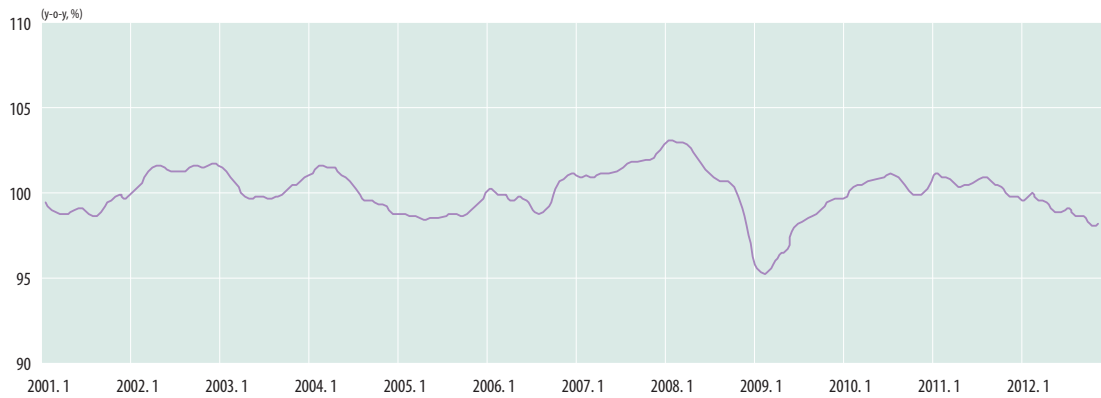
13-1 Industrial output

Source: Statistics Korea (industrial activity trend)



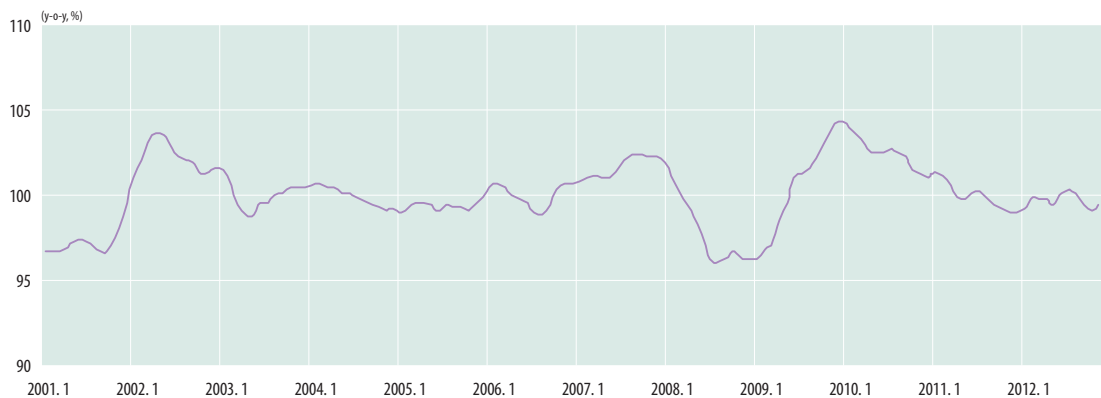
13-2 Cyclical indicator of coincident composite index

Source: Statistics Korea (industrial activity trend)



13-3 Cyclical indicator of leading composite index

Source: Statistics Korea (industrial activity trend)



Policy Issues

2013 Key Economic Policies

Background

Advanced economies have been slumping and there is little chance that emerging economies will improve dramatically in the near future.

In the US, jobs and housing markets have somewhat improved but uncertainties linger regarding the fiscal cliff-related issues. The eurozone continues to face a stagnant economy due to financial unrest and fiscal austerity. Japan will pursue economic stimulus to stop deflation, but the efficiency of implementation remains uncertain. The Chinese economy is looking to improve on the back of consumption growth, but growth will be slower than it has been in the past. Forecasts show the global economy improving overall in 2013, but the pace is expected to be modest.

The Federal Reserve's quantitative easing program coupled with the European Central Bank's outright monetary transaction program somewhat alleviated global unrest. However, quantitative easing programs, which boost liquidity, are likely to induce capital flow volatility.

Crude oil prices may decline if supply and demand conditions improve, such as through a weak global economy or a rise in nonconventional oil production. However, any fall in prices will be limited by geopolitical risks in the Middle East. Speculative bubbles could increase prices as well. Due to poor weather conditions, international crop prices are expected to stay high until the first quarter of 2013. Non-ferrous metal prices are expected to rise thanks to renewed demand.

Korea is expected to experience modest growth in the first half of 2013 due to the weak global economy. Growth should then proceed to pick up and stabilize at 3.0 percent on an annual basis. Private consumption should improve thanks to improving employment and wage gains bolstering purchasing power. However, a sluggish housing market and the burden of household debt will limit private spending growth to 2.7 percent. Facility will grow by 3.5 percent due to a gradual improvement in exports and domestic economic conditions.

2013 key economic policies

The government will make the effective management of the macroeconomy its first priority in order to successfully deal with internal and external risks, continue to help boost the economy, and pursue inclusive growth.

○ 1. Improving macroeconomy

The government will thoroughly monitor internal and external uncertainties by upgrading its early warning systems, and will regularly examine macroeconomic soundness through the Macroeconomic Financial Meetings. Easing capital flow volatility and soft-landing for household debt will be major issues in 2013.

○ 2. Boosting economy

The government will front-load budget spending and flexibly manage fiscal resources to help the economic recovery, along with deregulation to boost private investment. The housing market recovery will continue to be a main concern.

○ 3. Promoting inclusive growth

The government will stabilize basic necessities prices, promote job creation for youths, women and baby boomers, help small- and medium-sized enterprises (SMEs) and the self-employed to enhance their capabilities, and work for shared growth between large enterprises and SMEs. The current welfare programs will be improved to provide the most adequate services.

Policy directions		Major tasks
Improving macroeconomy	→	- More thoroughly examining macroeconomic soundness - Soft-landing for household debt
Boosting economy	→	- Front-loading budget spending - Boosting private investment
Promoting inclusive growth	→	- Stabilizing consumer prices and creating jobs - Shared growth between large enterprises and SMEs

2013 major tasks

○ 1. Improving macroeconomic soundness and efficiently managing risks

The government will continue to hold the Macroeconomic Financial Meetings to regularly examine macroeconomic, financial and foreign exchange conditions, and will issue the Macroeconomic and Financial Stability Report in February. Early warning systems and contingency plans will be reviewed and revised, and efficiently implemented together.

The government will increase its monitoring of capital movement, while flexibly implementing capital movement easing measures* and improving foreign exchange soundness**.

* Financial institutions are required to lower their FX forward positions, from 40 percent of capital to 30 percent for local banks and from 200 percent to 150 percent for local branches of foreign banks as of January 2013.

** An increase in foreign currency liquidity capabilities of financial institutions backed by expanded foreign currency deposits and improved borrowing conditions

Regarding household debt, the government will invest in the Korea Housing Finance Corporation (KHFC) to expand the KHFC's mortgage-backed security (MBS) issuing capacity, while examining banks' plans to transform up to 30 percent of all mortgages into fixed-rate mortgages by 2016, where the principal is paid in installment. The government will encourage the use of debit cards by reducing the income tax deduction for credit card use from 20 percent to 15 percent, and continue to monitor household debt held by non-banking institutions. Household debt situations, such as solvency and financial vulnerability, will regularly and thoroughly be analyzed and dealt with in advance.

○ 2. Boosting the economy by front-loading budget spending and promoting private investment

Both central and local governments will spend around 60 percent of their budgets in the first half of 2013. Fiscal resources will be flexibly managed according to the economic situation. Government fund management, investment by public institutions, private investment in public projects and venture investment will be adjusted in terms of timing and size, taking into consideration the pace of economic recovery.

Housing market-related regulations will be revised to encourage home sales, and the government will adjust its home supply plans according to the market situation. The ceiling of new apartment prices and the sub-sale ban will be implemented flexibly, along with a one year extension of the reduction of the heavy home sales tax on multiple-home owners. The government will increase support for housing purchases by end users, and first time home buyers will receive an increase in

support from 1.5 trillion won to 2.5 trillion won. The Affordable Houses, publicly offered new homes for sale, will also be available for rent.

The government will increase financial support to stimulate private investment, and 186 trillion won will be made available to SMEs, an increase of 16 trillion won compared with last year. Businesses will be exempt from the real estate development levy for a limited period of time, and airliners will be made exempt from fuel import duties for unused fuel, which results from a change in destination. Companies will be subject to less tight location-related regulations, and encouraged to use third party logistics and joint logistics, which are expected to help reduce their logistics costs. The government will increase start-up support: 50 billion won each for venture capital and government start-up support programs, an increase of 40 billion won and 20 billion won, respectively, compared with last year.

○ 3. Supporting the working class and promoting inclusive growth

The government will curb consumer price inflation and create jobs for youths, baby boomers and women. Processed food and personal service price increases will be minimized according to cost analyses, and any unreasonable increases will be firmly dealt with. The government will stabilize agricultural product prices through contract farming and by expanding its reserves. Public service prices will be stabilized through enhanced management efficiency and increased transparency. The government will adjust the timing of a public service price increase in the case that an increase is inevitable. Fuel prices will be stabilized through an expansion of thrifty gas stations, the streamlining of distribution systems, and the outside posting of price information.

The government will improve youth employment by increasing internship opportunities in SMEs. The number of vocational high schools will be increased from 28 to 35. Baby boomers will have expanded employment support: when they want to work part time instead of retiring, they will receive only a 30 percent cut in salary this year, down from a 50 percent salary cut a year ago. 8,000 new jobs will be created for baby boomers. The government will help stabilize female employment by increasing maternity entitlements and employment retention subsidies from 658.5 billion won to 709.3 billion won, and increasing the number of government reemployment support centers for women from 100 to 120.

The government will ease the burden of childcare, housing and healthcare expenses, and will promote work through increased incentives. Children aged between three and five will be covered by the public daycare program. A total of 7.65 trillion won, up from 6.15 trillion won, will be made available for purchasing houses or rent support. Medical support for ultrasonography will be increased for those with serious illnesses. 10,000 households will have medical and education entitlements, up from 6,000 households last year, and low-wage workers will have increased social security insurance support. In addition, the government's special savings program, which offers financial support of as much as seven folds of the deposit, will ease requirement and be made available to 32,000 households, an increase from last year's 18,000 households.

The government will provide tailored and integrated support to SMEs according to diagnostic results. The SME integrated support system, which will be completed in 2015, is designed to provide different kinds of support to different companies, ranging from R&D human resources, financing and tax incentives to marketing. Leading companies with less than 300 billion won in three-year average sales

revenue will have an 8 percent tax deduction for their investment in R&D human resources from January 2013. Angel Investors will be given an increased income tax deduction, from 20 percent to 30 percent, and startups whose business locations are outside the Seoul metropolitan area will have their 50 percent tax reduction extended from four years to five years. The government will also help SMEs utilize FTAs.

Small businesses will receive increased support worth 750 billion won, up from 425 billion, along with increased government guarantees from 12 trillion won to 15 trillion through the Korean Federation of Credit Guarantee Foundations. The government will provide 30.7 billion won of technology development and marketing support for newly formed cooperatives by small businesses.

The government will closely monitor unfair subcontract practices between large enterprises and SMEs, and promote the expansion of benefit sharing agreements. The inclusive growth-related policies will be extended to nonmanufacturing industries and minor partner companies, in addition to manufacturers, large enterprises and their major partner companies.

Policy Issues

Korea Releases Middle to Long-Term Policy Tasks

The importance of planning for the future

The global economy is entering a new era that must grapple with changing structural and long-term factors, such as low growth, an aging population, climate change, and uncertainties in energy supply and demand. In order to face these challenges, the government has prepared a fundamental and long-term strategy for the next 30 years.

According to 'selection and concentration' principles, a guideline for middle to long-term policies was suggested rather than concrete policies and implementation methods. The government proposed following a policy of inclusive growth that can boost both growth potential and social integration at the same time. The government supplied a set of core guidelines to each ministry.

Core factors that will influence Korea's future

○ 1. Potential growth

The Korea Development Institute (KDI) predicts that Korea's potential growth rate will fall from an average of 3.8 percent during 2011-2020, to 2.9 percent during 2021-2030, and finally to 1.9 percent in 2031-2040 due to the low birth rate and the aging population. The accumulation of capital will decline due to a slowdown in investment, and in the case that Korea cannot improve productivity, there is a possibility that this decline in potential growth will become permanent. However,

new growth momentum can be expected from the unification of the Korean peninsula (an estimated increase of 0.86-1.34 percentage points in the potential growth rate) by utilizing North Korea's human capital, investing in SOC projects, and increasing the efficiency of production.

○ 2. Demographics

After reunification and in the case that North Korea's current birthrate is maintained, the percentage of the economically active population will increase from 52.7 percent to 57.1 percent and the elderly population will decrease from 37.4 percent to 30.2 percent. However, the poverty rate among seniors is high and retirement planning is low, therefore the demand for entitlements, such as healthcare and retirement pensions is forecast to greatly increase*. The demand for risk-free assets will increase due to the aging population, therefore the decline in the economy is forecast to accelerate as investment shrinks. In the middle to long-term, if optimal welfare systems are not implemented, there are concerns of a vicious cycle forming where fiscal soundness is threatened and economic growth falls.

* The poverty rate for the 65+ population (2011): Korea 45.1%, America 22.4%, OECD average 13.5%

○ 3. Climate change and energy

Temperatures are rising faster than initial forecasts, and as extreme weather conditions are growing larger and becoming more regular, disasters are forecast to increase and the supply of and demand for food is projected to worsen. The supply and demand conditions for energy are expected to worsen, which is a threat to Korea's economic growth stability. Energy consumption is quickly increasing and supply conditions have become more difficult, leading to the possibility of energy supply and demand uncertainty. The energy paradigm must be shifted to emphasizing supply management and preemptively responding to supply uncertainties while strengthening the response capability of domestic industries.

○ 4. The economic / social gap

Due to gaps in each sector becoming more permanent, conflict and opposition have entered the national discourse while national development has become a controversial issue. Class mobility is slowing down due to social and economic gaps. The welfare burden on young people is increasing due to the aging population and job competition. Many people fall through the cracks in the social safety net and support for pensioners is at a low level. Minorities and other vulnerable social groups, such as the disabled, women and impoverished children receive both insufficient inclusive care and insufficient opportunities.

○ 5. Reunification

Korean reunification will increase both the economically active population and capital investment, improve productivity, and invigorate foreign economic cooperation, all of which will contribute to increasing the potential growth of the Korean economy. Corporate facilities investment and infrastructure investment,

including transportation and communications, are expected to increase. There will be long-term synergy effects, such as a reduction in costs arising from separation (national defense, diplomacy, etc) and a boost to economic cooperation. Energy development projects are expected to become more efficient as underground resources in North Korea are developed. The diffusion of risk on the Korean peninsula will enhance economic cooperation with regional neighbors. There are fiscal burdens associated with unification, such as spending on social security and social overhead capital facilities. In the case that Korea reunifies by 2020, the cost of reunification will amount to 1-7 percent of GDP annually for 10 years. Even though tax revenues will increase due to economic growth, the fiscal burden of unification will be considerable and it may be possible for sovereign debt to increase.

Middle and long-term policies

These policies are directed towards promoting high-tech and high-quality human resources, inclusive development and a sustainable future.

○ 1. Promoting high-tech and high-quality human resources

The education system will be changed to produce more creative, innovation-directed human resources and to provide life-long education, which will help aging workers acquire up-to-date skills. To this end, the government will increase support for graduate schools and encourage colleges to offer job-related, life-long education. The government will also increase its investment in public education, which will reduce the number of students per teacher, while strengthening the high quality human resources-raising system by encouraging double diplomas and multiple majors. Students studying in high-tech fields will have their support increased to levels offered in advanced countries.

Corporate R&D investment will receive different kinds of support depending on its purpose: large corporations will get incentives when they invest in R&D to develop their own technologies, and SMEs will be supported when they invest in improving their capabilities. To help develop core technologies, the government will revise the budget system and provide long-term support, while revising the evaluation system to allow for sincere mistakes. In addition, the government will introduce measures to encourage private investment in SMEs and service industries.

The government will increase support for future growth engines, which are highly risky and require long-term investment. With Korea's industrial landscape expected to change, for example, the moving of manufacturing facilities to China, future growth engines will be adjusted on a regular basis and new future growth engines will be continuously sought. Korea's strong manufacturing-related service industries, such as maintenance and installation, software, design, legal and accounting and other knowledge-based services will be consistently nurtured, while unproductive areas such as wholesale and retail sales will be restructured.

The IT sector will be converged with the service sector to help increase productivity and added value. The government will promote high value-added service exports, particularly medical service and contents exports, while boosting international finance and seeking the won's increased global use.

○ 2. Promoting inclusive development

The government will help SMEs increase their global competitiveness by providing support for leading technology development, securing their global sales and restructuring less profitable industries. SMEs will have chances to work with research centers, commercialize government R&D outcomes and work with multinational corporations for sales and joint R&D. Startups will have more chances to receive investment rather than take out loans, and have increased access to consultation programs. Any unfair practices related to contracts between large corporations and SMEs will be treated firmly according to law. SMEs will be able to access large corporations' unused overseas capital when they go into overseas markets.

Job markets will be restructured to reduce permanent worker overprotection and improve the conditions of temporary workers. The public sector will gradually reduce temporary workers. The legal working hours of 40 hours per week will be required for all businesses, while flexible working hours will be promoted through an increase of part time work.

Basic Livelihood Security Benefits will be restructured in order to encourage work: job training programs will be factored in when the benefits are offered to those with work capabilities, and the Earned Income Tax Credit (EITC) will be increased and expanded to more workers. However, those who refuse to work or frequently quit their jobs will be at a disadvantage.

Those in need of social security benefits, such as small self-employed business owners and temporary workers, will be covered: the government will support 20 percent of the national pension, unemployment benefits and retirement pension plan payments. The government will establish a system to provide the best welfare and employment services to each individual by combining separately operated welfare and employment services.

Anticorruption regulations will be streamlined to be more effectively enforced. More people as well as corporations will be engaged in sharing and contribution, as they are encouraged by government credit systems. A system to prevent and solve social conflicts will be set up, and there will be programs to increase multicultural understanding and help immigrants settle in Korea.

○ 3. Promoting a sustainable future

Korea will be faced with the challenges of a low birth rate and an aging population, climate change and reunification.

If the current trend continues, Korea will become the oldest country in 2040 among major countries. A lot of efforts are being called for to raise the birth rate to a sustainable level, while introducing measures to utilize the female and senior workforce: The official senior citizen age of 65 will be raised, fathers will be allowed to take paternity leave, and above all, a family-friendly corporate culture will be

promoted. The government will provide public daycare support to cover up to 50 percent of children, and will offer differentiated services, such as full time care, part time care and visiting nurses. Temporary employees will also be covered by maternity leave.

Senior citizens who want to work will be able to work through programs designed for them to contribute their life-long expertise and via internet programs located close to home. Women who had to quit work due to childbirth will have a chance to restart their careers through job training and startup support.

Climate change is a threat, particularly to food and energy. The food supply will be secured through improved weather forecasts and increased productivity backed by new cultivation technology and improved plant breeds. Energy management has been focused on the supply side rather than the demand side so far. However, energy management will be centered on the demand side by adjusting the electricity rate system, improving efficiency using smart grids and introducing regulations to boost efficient energy use. The government will also grow high value-added low energy consuming industries.

The government will increase inter-Korean economic cooperation gradually and successively to prepare for reunification. Despite its quantitative increase of more than 90 folds from US\$20 million in 1989 to US\$1.7 billion in 2011, private investment is still in its infancy and new business models have been scant due to weak infrastructure and lagging regulations.

Economic News Briefing

Bank of Korea sets inflation target at 2.5-3.5%

The Bank of Korea (BOK) set the inflation target for the 2013-2015 period at 2.5-3.5 percent, marking a change from the previous target of 3.0±1 percent to reflect the recent trend of price stabilization, the mid-term inflation forecast, and the central bank's increased responsibility on price stabilization. In implementing monetary policy for 2013, the BOK will closely monitor risk factors and changes in the financial and economic situation while keeping inflation within the target range. In addition, the central bank will focus on promoting Korea's economic recovery, while preparing for the possibility of fluctuations in the financial and foreign exchange markets due to sudden capital flows.

Meanwhile, the Monetary Policy Committee of the central bank decided on January 11 to hold its benchmark interest rate at 2.75 percent. The BOK has kept borrowing costs unchanged for three straight months, after a 25 basis-point cut in October 2012.

National Assembly passes 2013 budget bill

The National Assembly approved a 342 trillion won budget for 2013 on January 1, failing for the first time in history to pass a budget plan by the end of the year. The finalized amount was 500 billion won less than the amount proposed by the government. The total revenue was finalized at 372.6 trillion won, also 500 billion won less than the government's initial budget plan. As a result, the consolidated fiscal balance remained unchanged at 30.6 trillion won.

In order to boost economic vitality and stabilize the livelihood of the low- and middle-income classes, the National Assembly expanded the budget on areas such as welfare, job creation and local economies. According to the approved budget plan, all households with children aged five or under will receive childcare subsidies, and more college students will be eligible for the national scholarship.

Also, more low-income workers will be able to receive subsidies for national pension and employment insurance payments. Meanwhile, in order to revitalize the local economies and expand national infrastructure, the social overhead capital (SOC) budget has been increased to 24.3 trillion won from 23.9 trillion won.

(trillion won)

	2012 budget (a)	2013 budget		Change	
		Proposal (b)	Final (c)	(c-b)	(c-a)
Total revenue	343.5	373.1	372.6	-0.5	29.0
Total spending	325.4	342.5	342.0	-0.5	16.6
Consolidated fiscal balance	18.1	30.6	30.6	0.1	12.5
Consolidated fiscal balance excluding social security funds	-14.3	-4.8	-4.7	0.1	9.6
(% of GDP)	-1.1	-0.3	-0.3	-	0.8
Sovereign debt	445.2	464.8	464.6	-0.2	19.4
(% of GDP)	34.8	34.3	34.3	-	-0.5

2012 tax revision to generate 1.95 trillion won in tax revenues

The 2012 tax revision bill, which was approved by the National Assembly on December 28, 2012, is expected to generate tax revenues of 1.95 trillion won, up from the 1.66 trillion won initially proposed by the government. The approved bill placed an emphasis on raising taxes on big businesses. The minimum corporate tax rate will be raised from 14 percent to 16 percent for large corporations whose tax base is more than 100 billion won, and the rate for companies with a tax base falling in the 10 billion won to 100 billion won range will be raised from 11 percent to 12 percent. The minimum tax rate for high-earning individuals will also be raised, from 35 percent to 45 percent. In order to prevent high-earning business owners from receiving a large amount of tax deduction, a ceiling for tax credits has been set at 25 million won.

72% of budget to be spent in first half of 2013

The government announced on January 3 that it will spend 72 percent of the 2013 budget in the first half of the year, in response to the continuing economic slowdown stemming from global uncertainties. 72 percent of the total budget has been allotted to the first half of the year in order to reach a 60 percent target for public expenditures in this period. The front-loaded budget will be concentrated in

areas that have a direct effect on the public, such as job creation, low- and middle-income class support and SOC projects.

		2013	Q1	Q2	Q3	Q4
Budget allotment	Amount (billion won)	298,405.7	134,623.7	79,010.0	54,030.3	30,741.7
	Proportion (%)	100.0	45.1	26.5	18.1	10.3

Korea's trade minister nominated for next WTO Director-General

The Ministry of Foreign Affairs and Trade (MOFAT) announced on December 28, 2012, that it has nominated Trade Minister Bark Taeho as a candidate for the next World Trade Organization (WTO) Director-General. Nine countries have presented candidates to replace current WTO Director-General Pascal Lamy, who has held the post for two successive terms since 2005 and will leave on August 31. Minister Bark is an expert in international trade, and has headed the nation's trade negotiations since December 2011. The candidates will present themselves at a formal General Council meeting on January 29, and a final decision is expected to be reached by the end of May.

FDI hits record high in 2012

Foreign direct investment (FDI) in Korea reached a record high level in 2012, as confidence in the Korean economy improved due to free trade agreements with the US and EU, and also as a result of the upgrading of the nation's sovereign credit rating. FDI inflows (*notification basis*) last year amounted to US\$16.26 billion, up 18.9 percent from the previous year.

Investment from the Greater China region (China, Taiwan, Hong Kong, Singapore, Malaysia) surged 107 percent, while FDI inflows from the US and Japan rose 55 percent and 98 percent, respectively. However, investment from the EU decreased 47 percent from the previous year.

The rise in FDI inflows is expected to help create 100 thousand jobs in the next three years and revitalize the economy at a time when domestic investment has been faltering. It will also boost the competitiveness of domestic industries by offsetting the weaknesses in the economy's value chain. FDI in 2013 is expected to be slightly lower than in 2012, but the government will make efforts to attract investment in major job-creating projects such as resorts and global research and development (R&D) centers.



Statistical Appendices

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

National accounts

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

Period	Real GDP			Final consumption expenditure	Gross fixed capital formation			
		Agri., fores. & fisheries	Manufacturing			Construction	Facilities	
2004		4.6	9.1	10.0	1.0	2.1	1.3	3.8
2005		4.0	1.3	6.2	4.6	1.9	-0.4	5.3
2006		5.2	1.5	8.1	5.1	3.4	0.5	8.2
2007		5.1	4.0	7.2	5.1	4.2	1.4	9.3
2008		2.3	5.6	2.8	2.0	-1.9	-2.8	-1.0
2009		0.3	3.2	-1.5	1.2	-1.0	3.4	-9.8
2010		6.3	-4.4	14.7	4.1	5.8	-3.7	25.7
2011 ^P		3.6	-2.0	7.2	2.2	-1.1	-5.0	3.7
2004	I	5.2	8.2	10.9	-0.1	2.3	5.3	-0.6
	II	5.9	7.6	12.9	1.3	4.9	4.2	6.4
	III	4.8	8.3	10.4	1.0	3.1	1.2	7.7
	IV	2.7	11.6	6.2	1.8	-1.4	-3.5	1.8
2005	I	2.7	0.4	4.8	2.7	-0.3	-3.1	3.4
	II	3.4	4.8	3.9	4.7	1.8	0.9	2.8
	III	4.5	3.8	6.7	5.9	1.5	-0.3	4.1
	IV	5.1	-3.1	9.3	4.9	3.9	0.3	10.8
2006	I	6.1	3.9	9.4	5.8	3.8	1.9	7.2
	II	5.1	-0.3	9.1	4.9	0.1	-4.2	8.0
	III	5.0	-1.4	8.7	4.6	4.0	-0.5	12.0
	IV	4.6	4.2	5.4	5.1	5.7	5.1	5.7
2007	I	4.5	1.6	4.5	5.1	7.3	4.4	12.6
	II	5.3	7.0	7.2	5.4	5.7	2.0	13.0
	III	4.9	8.2	6.3	5.3	1.5	-0.2	4.0
	IV	5.7	-0.7	10.2	4.7	3.1	0.4	8.0
2008	I	5.5	7.8	8.9	4.3	-0.6	-2.5	2.8
	II	4.4	4.6	8.3	3.0	0.6	-0.5	2.0
	III	3.3	4.3	5.3	2.4	2.1	0.4	5.3
	IV	-3.3	6.5	-9.4	-1.7	-8.7	-7.7	-13.3
2009	I	-4.2	2.5	-13.6	-2.2	-7.5	1.6	-21.9
	II	-2.1	0.0	-7.1	0.7	-3.0	4.3	-18.1
	III	1.0	5.0	1.8	1.5	-1.0	3.2	-9.4
	IV	6.3	5.0	13.1	4.8	6.2	4.0	12.2
2010	I	8.7	-0.1	22.4	6.1	11.2	1.8	29.6
	II	7.6	-2.2	17.6	3.6	5.8	-4.7	32.0
	III	4.5	-7.8	9.5	3.5	5.6	-4.9	26.3
	IV	4.9	-5.9	11.0	3.0	2.3	-5.2	16.9
2011 ^P	I	4.2	-7.9	10	2.6	-2.1	-11.0	10.3
	II	3.5	-1.9	7.5	2.7	0.7	-4.2	7.7
	III	3.6	-4.1	6.3	2.3	-1.5	-4.0	1.2
	IV	3.3	3.7	5.4	1.3	-1.8	-2.1	-3.3
2012 ^P	I	2.8	0.7	4.1	2.2	4.6	1.5	8.6
	II	2.3	-1.6	2.6	1.7	-2.1	-2.1	-3.5
	III	1.5	-0.2	1.1	2.0	-2.3	-0.2	-6.5

P: Preliminary

Source: The Bank of Korea

Production, shipment and inventory

See graphs 6-1, 6-3, 7-1, 7-2 & 7-3

(constant prices, 2005=100)

Period	Production index		Shipment index		Inventory index		Service production index		
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)	
2010	139.1	16.2	133.5	14.4	135.6	17.4	122.9	3.9	
2011	148.8	6.9	142.1	6.5	163.6	20.7	127.0	3.3	
2010	I	129.8	25.4	124.0	20.9	124.6	7.5	119.9	6.2
	II	141.0	18.8	135.1	15.9	127.7	17.5	122.9	4.2
	III	139.0	10.9	132.7	9.9	134.6	19.1	121.6	2.3
	IV	146.6	11.7	142.0	11.9	135.6	17.4	127.3	3.2
2011	I	143.6	10.6	138.7	11.9	137.4	10.3	123.1	2.8
	II	151.2	7.2	144.8	7.2	142.7	10.0	126.8	3.2
	III	146.1	5.1	139.3	5.0	149.0	10.7	127.1	4.5
	IV	154.0	5.0	146.4	3.3	163.6	20.7	130.8	2.7
2012	I	149.1	3.8	142.5	3.0	159.0	16.0	126.2	2.5
	II	153.4	1.5	146.6	1.5	155.7	9.8	128.9	1.7
	III	146.9	0.4	139.6	0.4	156.6	5.6	129.1	1.6
2010	1	149.1	3.8	142.5	3.0	159.0	16.0	126.2	2.5
	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	139.9	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	160.9	15.4	129.9	2.4
	6	154.6	1.6	148.0	2.1	155.7	9.8	130.0	1.4
	7	148.9	0.2	141.0	1.1	157.8	7.7	129.2	1.5
	8	143.4	0.3	135.0	-1.0	164.1	9.5	128.2	0.8
	9	148.3	0.7	142.8	1.0	156.6	5.6	130.0	2.6
	10 ^P	153.5	-0.8	144.5	-1.6	159.3	4.5	128.9	0.8
	11 ^P	158.1	2.9	147.7	1.6	162.4	3.6	130.1	2.0

P: Preliminary

Source: The Bank of Korea

Production capacity and operation ratio

See graphs 6-2

Period	Production capacity index (2005=100)		Operation ratio index (2005=100)		Average operation ratio (%)	
		Y-o-Y change (%)		Y-o-Y change (%)		
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	101.0	-2.6	78.9
	III	140.4	3.2	93.3	-4.8	75.3
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	140.3	3.6	101.9	-2.9	78.1
	7	140.4	3.5	97.5	-3.5	77.0
	8	140.4	3.4	88.7	-6.9	73.7
	9	140.4	2.8	93.7	-4.0	75.2
	10 ^P	140.7	2.1	98.1	-4.7	75.9
	11 ^P	140.8	1.9	100.5	-1.4	77.4

P: Preliminary

Source: The Bank of Korea

4.

Consumer goods sales index

See graphs 2-2, 2-3, 2-4 & 2-5

(constant prices, 2005=100)

Period	Consumer goods sales index								
		Y-o-Y change (%)	Durable goods		Semi-durable goods		Non-durable goods		
				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
	III	128.0	1.6	186.3	6.1	102.6	-1.8	120.6	0.4
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	126.4	0.6	187.9	1.6	113.4	-0.3	112.2	0.4
	7	131.0	2.7	199.1	7.3	108.8	1.2	118.3	0.5
	8	122.6	-0.4	179.2	3.4	89.3	-4.4	118.5	-0.8
	9	130.4	2.3	180.5	7.5	109.8	-2.5	125.1	1.6
	10 ^P	131.3	1.9	185.1	9.0	133.5	-0.9	114.5	-0.3
	11 ^P	134.4	3.9	194.0	6.0	139.7	7.3	114.2	1.8

P: Preliminary

Source: The Bank of Korea

Consumer goods shipment index and consumer sentiment index

Period	Domestic consumer goods shipment index (2005=100)						Consumer sentiment index	
		Y-o-Y change (%)	Durable goods		Non-durable goods			
				Y-o-Y change (%)		Y-o-Y change (%)		
2010	122.4	5.2	140.5	4.0	115.2	5.8	-	
2011	121.1	-1.1	135.4	-3.6	115.3	0.1	-	
2010	I	118.9	10.4	137.3	21.1	111.4	5.8	-
	II	120.2	4.7	140.2	0.2	112.2	7.2	-
	III	122.6	2.3	140.3	0.6	115.5	3.1	-
	IV	128.1	3.9	144.1	-2.5	121.7	7.3	-
2011	I	121.3	2.0	135.5	-1.3	115.6	3.8	-
	II	117.9	-1.9	135.2	-3.6	111.0	-1.1	-
	III	121.7	-0.7	137.1	-2.3	115.5	0.0	-
	IV	123.3	-3.7	133.9	-7.1	119.1	-2.1	-
2012	I	119.9	-1.2	135.5	0.0	113.6	-1.7	-
	II	120.7	2.4	136.9	1.3	114.3	3.0	-
	III	122.0	0.2	132.0	-3.7	117.9	2.1	-
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	119.4	0.2	142.3	1.7	110.2	-0.6	101
	7	122.1	1.6	141.8	-0.5	114.2	2.6	100
	8	119.0	-2.6	120.8	-9.1	118.2	0.3	99
	9	124.8	1.8	133.5	-1.8	121.4	3.5	99
	10 ^P	125.8	1.2	136.7	3.2	121.4	0.3	98
	11 ^P	125.3	3.1	139.9	6.5	119.5	1.7	99
	12	-	-	-	-	-	-	99

Source: Statistics Korea & The Bank of Korea

Machinery orders received, domestic machinery shipment and estimated facility investment index See graphs 3-3

Period	Domestic machinery orders received excluding ship (billion won, constant value)				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	143.9	137.2
2012 III	5,194	504	4,689	2,368	123.8	118.9
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	1,741	204	1,537	858	145.5	142.4
2012 7	1,855	263	1,593	802	135.4	129.0
2012 8	1,569	150	1,420	707	115.5	115.3
2012 9	1,769	92	1,677	858	120.6	112.4
2012 10 ^P	1,593	83	1,511	745	113.6	111.2
2012 11 ^P	1,681	106	1,575	824	117.3	115.6
Y-o-Y change (%)						
2011	11.0	11.2	11.0	12.8	0.7	1.4
2011 I	19.5	-10.5	22.7	26.8	5.4	9.2
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	-0.4	-6.9
2012 III	-8.9	25.0	-11.5	-23.9	-7.1	-7.4
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	-33.3	-58.1	-27.6	-35.8	-4.5	-8.1
2012 7	-6.8	72.7	-13.4	-21.9	1.3	-4.6
2012 8	-12.8	30.2	-15.8	-29.7	-14.4	-7.1
2012 9	-7.5	-32.6	-5.6	-20.3	-8.1	-10.7
2012 10 ^P	-19.4	-72.5	-9.9	-22.9	-1.0	-9.2
2012 11 ^P	-27.5	-77.7	-14.5	-26.7	-9.3	-9.2

P: Preliminary

Source: The Bank of Korea

Value of construction completed and domestic construction orders received

See graphs 4-2 & 4-3

(current prices, billion won)

Period	Value of construction completion (total)	Type of order		Domestic construction orders received (total)	Type of order		
		Public	Private		Public	Private	
2011	91,638	35,508	51,273	93,428	28,459	60,333	
2011	I	19,088	7,325	10,852	16,276	4,095	11,102
	II	23,904	9,324	13,182	25,101	6,307	17,509
	III	21,499	7,841	12,533	19,638	6,593	12,245
	IV	27,146	11,017	14,706	32,413	11,463	19,477
2012	I	19,195	7,496	10,778	22,232	5,640	15,959
	II	21,925	8,731	12,143	25,304	5,557	18,782
	III	20,872	7,439	12,386	17,595	5,463	11,550
2011	7	6,786	2,432	4,046	5,098	1,819	3,103
	8	6,901	2,513	4,056	7,300	1,504	5,509
	9	7,813	2,896	4,431	7,240	3,270	3,633
	10	8,022	2,963	4,678	7,111	2,295	4,630
	11	7,945	3,250	4,300	8,745	2,948	5,668
	12	11,179	4,804	5,729	16,556	6,220	9,179
2012	1	5,901	2,227	3,382	7,033	1,973	4,920
	2	5,978	2,364	3,363	8,193	2,175	5,912
	3	7,316	2,905	4,034	7,006	1,491	5,127
	4	6,714	2,608	3,818	6,374	1,438	4,483
	5	7,139	2,822	3,997	7,186	1,063	6,028
	6	8,071	3,301	4,328	11,744	3,056	8,271
	7	6,885	2,324	4,184	6,311	2,292	3,813
	8	6,435	2,278	3,849	5,117	1,329	3,747
	9	7,552	2,836	4,353	6,167	1,842	3,991
	10 ^P	7,186	2,496	4,402	5,494	1,956	3,507
	11 ^P	7,878	2,919	4,648	7,224	2,148	4,736
Y-o-Y change (%)							
2011	-0.7	1.0	-2.9	4.0	-2.5	9.5	
2011	I	-6.2	-2.1	-9.4	-11.8	-49.2	20.2
	II	-0.7	2.2	-5.4	-1.7	-8.4	3.8
	III	-2.4	0.5	-4.7	1.5	-3.1	6.7
	IV	5.1	2.5	6.9	22.4	54.2	11.3
2012	I	0.6	2.3	-0.7	36.6	37.7	43.7
	II	-8.3	-6.4	-7.9	0.8	-11.9	7.3
	III	-2.9	-5.1	-1.2	-10.4	-17.1	-5.7
2011	7	-8.9	-9.7	-8.3	-32.8	-53.1	-8.4
	8	-3.4	2.2	-7.1	72.8	12.5	101.8
	9	5.3	9.2	1.3	-3.9	105.4	-32.2
	10	8.8	3.9	12.4	61.4	94.1	52.0
	11	-0.9	-0.1	-2.3	14.1	44.7	7.1
	12	7.1	3.4	10.4	15.0	47.6	0.1
2012	1	-5.0	-10.2	-2.7	42.8	48.4	69.4
	2	13.9	17.3	12.4	100.4	55.7	132.2
	3	-4.1	2.6	-8.0	-3.5	9.0	-9.3
	4	-4.8	-4.2	-4.0	-4.4	0.4	-2.7
	5	-3.9	0.2	-5.3	2.9	-43.9	31.1
	6	-14.3	-12.7	-13.1	2.6	2.6	-0.4
	7	1.5	-4.5	3.4	23.8	26.0	22.9
	8	-6.8	-9.3	-5.1	-29.9	-11.7	-32.0
	9	-3.3	-2.1	-1.8	-14.8	-43.7	9.9
	10 ^P	-10.4	-15.8	-5.9	-22.7	-14.8	-24.2
	11 ^P	-0.8	-10.2	8.1	-17.4	-27.1	-16.4

P: Preliminary

Source: The Bank of Korea

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)
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	142.8	144.1	98.9	90.4	98.3
7	143.7	145.0	99.1	82.1	89.7
8	144.0	144.9	98.6	84.4	82.7
9	143.7	145.5	98.6	89.3	99.5
10	143.9	145.4	98.1	88.9	97.0
11	144.9	146.2	98.2	82.2	92.5
12	-	-	-	87.0	82.0
2013					
1	-	-	-	-	85.7

Source: Statistics Korea & The Bank of Korea

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	11,188.8	8,520.5	138,784.9	130,264.4	2,312.7	821.4	-465.8
	III	14,561.7	13,341.2	137,086.0	123,744.8	654.4	1,041.3	-475.2
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	1,715.9	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	6,144.3	5,340.6	46,620.5	41,279.9	593.3	401.9	-191.5
	8	2,504.3	2,514.0	42,895.6	40,381.6	-262.2	435.5	-183.0
	9	5,913.1	5,486.6	47,569.9	42,083.3	323.3	203.9	-100.7
	10	5,781.7	5,168.9	48,144.1	42,975.2	378.3	521.9	-287.4
	11	6,877.7	6,753.3	49,626.7	42,873.2	-51.6	374.3	-198.3

P: Preliminary

Source: The Bank of Korea

Balance of payments (II)

See graphs 10-3

(million US\$)

Period	Capital & financial account						Changes in reserve assets	Errors and omissions	
	Direct investment	Portfolio investment	Financial derivative	Other investment	Capital transfers & acquisition of non-financial assets				
2010	-27,478.5	-22,184.3	42,479.8	828.9	-21,414.4	-217.9	-26,970.6	-1,915.0	
2011	-31,964.6	-15,694.0	10,312.2	-1,735.3	-11,084.9	150.0	-13,912.6	5,459.3	
2010	I	743.2	-2,873.4	11,725.9	829.9	-191.2	-179.8	-8,568.2	-811.0
	II	-8,818.0	-2,898.6	7,207.0	-882.1	-6,727.8	20.3	-5,536.8	-1,916.7
	III	-9,103.9	-6,617.3	15,659.9	-241.4	-7,519.0	-8.2	-10,377.9	-1,017.8
	IV	-10,299.8	-9,795.0	7,887.0	1,122.5	-6,976.4	-50.2	-2,487.7	1,830.5
2011	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	-7,968.0	-3,015.2	-5,481.3	-65.3	-581.2	284.3	890.7	-3,220.8
	III	-13,342.8	-5,428.9	5,778.8	699.1	-10,350.6	76.7	-4,118.0	-1,218.9
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	1,773.30	-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	-738.8	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	10.1	0.0	-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	-7,840.1	-1,443.6	2,529.2	267.1	-7,625.3	36.3	-1,603.8	1,695.8
	8	-605.0	-1,607.1	580.9	68.3	1,464.0	8.0	-1,119.2	-1,899.3
	9	-4,897.7	-2,378.2	2,668.7	363.7	-4,189.3	32.4	-1,395.0	-1,015.4
	10	-7,259.3	-975.0	-4,657.2	-135.3	-15.5	-6.1	-1,470.2	1,477.6
	11	-9,844.5	-1,336.2	-3,875.8	612.6	-2,690.0	5.8	-2,560.9	2,966.8

P: Preliminary

Source: The Bank of Korea

Employment

See graphs 8-1, 8-2, 8-3 & 8-5

Period	Economically active persons (thous.)				Unemployment (%)	Wage workers				
		Employed persons (thous.)				Regular	Temporary	Daily		
		All industry	Manufacturing	S.O.C & service						
2011	25,099	24,244	4,091	18,595	3.4	17,397	10,661	4,990	1,746	
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
	8	25,623	24,859	4,111	19,040	3.0	17,734	11,203	4,935	1,595
	9	25,755	25,003	4,153	19,125	2.9	17,862	11,291	4,961	1,610
	10	25,787	25,069	4,188	19,128	2.8	17,958	11,302	4,964	1,692
	11	25,652	24,941	4,218	19,088	2.8	17,941	11,281	4,960	1,700
		Y-o-Y change (%)								
2011		1.4	1.7	1.6	2.1		2.5	5.7	-1.5	-3.9
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
	8	1.4	1.5	2.0	1.6		1.3	4.6	-1.9	-9.8
	9	2.7	2.8	3.5	2.8		2.8	4.9	-1.7	2.7
	10	1.5	1.6	3.6	1.4		2.0	4.7	-2.5	-1.5
	11	1.3	1.4	4.0	0.9		1.7	4.1	-1.7	-3.6

Source: Statistics Korea & The Bank of Korea

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	3.4	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	3.6	3.0	3.1	1,881.99
	8	3.0	3.2	3.4	2.8	2.9	1,905.12
	9	3.0	3.1	3.3	2.8	2.9	1,996.21
	10	2.8	2.9	3.3	2.8	2.9	1,912.06
	11	2.8	2.9	3.3	2.8	2.9	1,932.90
	12	2.8	2.9	3.3	2.9	3.0	1,997.05

Source: Statistics Korea & The Bank of Korea

Monetary indicators

See graphs 9-5

(billion won)

Period	Reserve money	M1	M2	Lf
2011	75,232.0	425,675.1	1,708,984.5	2,974,440.3
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	2,377,071.3
7	81,555.7	441,760.6	1,807,289.2	2,393,737.7
8	82,369.1	439,573.2	1,817,134.9	2,405,239.9
9	82,958.7	440,034.3	1,819,290.1	2,415,263.5
10	85,078.6	444,477.8	1,822,420.9	2,424,000.4
11	82,956.5	445,463.9	1,830,280.3	2,440,042.6
Y-o-Y change (%)				
2011	11.3	6.6	4.2	9.4
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
8	8.9	4.0	5.7	7.8
9	6.4	3.5	5.2	7.6
10	10.6	5.5	4.6	7.1
11	8.3	5.3	4.4	7.1

Source: Statistics Korea & The Bank of Korea

Exchange rates

See graphs 9-2 & 9-3

Period	₩/US\$		₩/100 ¥		₩/Euro	
	End-period	Average	End-period	Average	End-period	Average
2011	1,153.3	1,108.1	1,485.2	1,391.3	1,494.1	1,541.4
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
9	1,118.6	1,124.8	1,441.1	1,438.6	1,444.3	1,446.0
10	1,094.1	1,106.9	1,374.5	1,400.9	1,418.3	1,436.0
11	1,084.7	1,087.5	1,320.6	1,344.0	1,407.3	1,395.9
12	1,071.1	1,077.0	1,247.5	1,288.1	1,416.3	1,411.4
Y-o-Y change (%)						
2011	1.3	-4.2	6.3	5.4	-1.3	0.6
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
9	-5.2	0.6	-6.2	-1.2	-9.8	-6.3
10	-0.9	-4.2	-5.7	-7.1	-9.2	-9.3
11	-5.7	-4.0	-10.5	-7.9	-8.2	-9.2
12	-7.1	-6.1	-16.0	-12.6	-5.2	-6.6

Source: Statistics Korea & The Bank of Korea

- **Editor-in-Chief**
Park Chun-Sup (MOSF)

- **Editorial Board**
Lauren Kang (MOSF)
Lee Seong-Pyo (KDI)
Lee In-Sook (KDI)

- **Coordinators**
Kim Dae-Hyun (MOSF)
Lee Ji-Youn (KDI)

- **Editors**
David Friedman (MOSF)
Kim Jae-Yeon (MOSF)
Park Jin (KDI)

Useful Economy-related Websites

Ministry of Strategy and Finance

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

Ministry of Knowledge Economy

<http://www.mke.go.kr/language/eng>

Financial Services Commission

<http://www.fsc.go.kr/eng>

Financial Supervisory Service

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

Fair Trade Commission

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

Ministry of Employment and Labor

<http://www.moel.go.kr/english>

The Bank of Korea

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

Statistics Korea

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

For free subscriptions and enquiries, please contact:

Foreign Press Spokesperson's Office
Ministry of Strategy and Finance
Government Complex, 477 Galmae-ro
Sejong, 339-012
Republic of Korea
Tel. +82 2 6908 8701
Fax. +82 2 6908 8705
E-mail. fpfr@mosf.go.kr
Website. <http://english.mosf.go.kr>

Economic Information and Education Center
Korea Development Institute
47 Hoegiro, Dongdaemun-gu
Seoul, 130-740
Republic of Korea
Tel. +82 2 958 4645
Fax. +82 2 3295 0748
E-mail. jyounlee@kdi.re.kr
Website. <http://eiec.kdi.re.kr>