

EB

The Green Book: Current Economic Trends

Policy Issue

2018 Tax Revision Bill


Economic News Briefing

Korea to Spend 5 Trillion Won on
'Growth through Innovation' in 2019

External Debt Rises to US\$440.5 Billion

Korea Grows 0.7% in Q2 2018

Statistical Appendices

 Ministry of Economy
and Finance

 **KDI**⁷ Economic Information and
Education Center

Republic of Korea VOL. 40 NO. 8 AUGUST 2018 eb.kdi.re.kr ISSN 2287-7266

Economic Bulletin





Jagyeokru

The *Jagyeokru* is a water clock invented in 1434 during the Joseon Dynasty. King Sejong of the Joseon Dynasty ordered Jang Yeong-Sil, the brightest engineer at the time, to make a device that can show the time. The *Jagyeokru* has three water vessels, from which the water flows into the two cylindrical containers until it activates a lever, which then releases iron balls. The balls hit the bell, drum or gong to make sounds and show the time. The water clock was designed to make sounds every two hours.

02 The Green Book: Current Economic Trends

Overview	03
01. External economic situation	04
02. Private consumption	09
03. Facility investment	11
04. Construction investment	13
05. Exports and imports	15
06. Mining and manufacturing production	17
07. Service sector activity	19
08. Employment	21
09. Financial markets	25
9.1 Stock market	25
9.2 Exchange rate	25
9.3 Bond market	26
9.4 Money supply and money market	27
10. Balance of payments	28
11. Prices	30
11.1 Consumer prices	30
11.2 International oil and commodity prices	32
12. Real estate market	34
12.1 Housing market	34
12.2 Land market	36
13. Composite indices of business cycle indicators	38

40 Policy issue

2018 tax revision bill: 2018 revision focuses on redistribution and sustainable growth

46 Economic News Briefing

Korea to spend 5 trillion won on 'growth through innovation' in 2019

External debt rises to US\$440.5 billion, soundness indicators stable

Korea grows 0.7% in Q2 2018

49 Statistical Appendices

08

Contents

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The Green Book:

Current Economic Trends

Overview

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02. Private consumption
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06. Mining and manufacturing production
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10. Balance of payments
11. Prices
12. Real estate market
13. Composite indices of business cycle indicators

OVERVIEW

The Korean economy has stayed on its recovery path backed by strong exports, but production and investment are slowing down, and uncertainties are increasing amid trade conflicts between the US and China.

The economy added 106,000 jobs year-on-year in June led by the service sector. Job markets remained weak due to the struggling manufacturing sector. However, young adult unemployment fell (10.4% → 9.0%, down 1.4%p, y-o-y).

Consumer prices rose 1.5 percent year-on-year in July. Consumer prices have been stable (up 1.5% → up 1.5%, y-o-y, compared with a month ago) due to low service prices although meat prices and natural gas prices rose.

All industry production declined in June (up 0.2% → down 0.7%, m-o-m) as mining and manufacturing production fell (up 1.2% → down 0.6, m-o-m) due to weak automobiles and chemical products. However, service output improved (down 0.2% → up 0.2%, m-o-m) backed by strong wholesale & retail and healthcare & social welfare services.

Retail sales rose in June (down 1.1% → up 0.6%, m-o-m) as the sales of semi-durable goods and nondurable goods improved. Durable goods sales declined.

Facility investment continued to fall in June (down 3.0% → down 5.9%, m-o-m) as machinery investment declined. Construction completed went down (down 2.7% → down 4.8%, m-o-m), both building construction and civil engineering works being weak.

In June, the cyclical indicator of the coincident composite index declined 0.2 points to 99.4, and the cyclical indicator of the leading composite index fell 0.1 points to 100.0.

Exports rose 6.2 percent year-on-year in July, exceeding US \$50 billion for the fifth month in a row, backed by strong petroleum products, steel and semiconductors.

In July KOSPI fell amid increasing worries over trade conflicts between the US and China, despite BOK's decision to hold interest rates steady and expectations for strong US corporate earnings. The dollar-won exchange rate rose due to a strong dollar, and government bond yields on short- and mid-term debts went up.

Housing prices continued to fall in July (down 0.02% → down 0.02%, m-o-m) due to the houses outside the Seoul metropolitan area, and Jeonse (lump-sum deposits with no monthly payments) prices continued to fall across the country (down 0.25% → down 0.21%, m-o-m).



The economy is expected to continue to recover given improving global economies, strong exports and the government's supplementary budget spending, but job markets are weak and external risks linger, such as US-China trade conflicts, Fed's rate hikes and high oil prices.

The government will strengthen its risk management, and will work to help boost the economy through increased fiscal spending and individual consumption tax cuts, as well as help create jobs by promoting 'growth through innovation'.

1. External economic situation

The global economy has stayed on a recovery path. However, risks linger, which may arise from trade conflicts between major countries, monetary policy normalization in advanced economies and financial market volatility in emerging economies.

US

The US economy grew 4.1 percent (*annualized q-o-q, advanced estimates*) in the second quarter of 2018 backed by strong domestic demand and tax cuts.

Industrial production increased 0.6 percent month-on-month in June as automobile and other manufacturing production improved, as well as mining output. The ISM Manufacturing Index fell in July.

ISM Manufacturing Index (base=50)

60.8 (Feb 2018) → 59.3 (Mar) → 57.3 (Apr) → 58.7 (May) → 60.2 (Jun) → 58.1 (Jul)

Retail sales in June rose 0.5 percent month-on-month led by strong automobiles, building materials and foodservice. Consumer confidence rose somewhat in July.

Conference Board Consumer Confidence Index (1985=100)

130.0 (Feb 2018) → 127.0 (Mar) → 125.6 (Apr) → 128.8 (May) → 127.1 (Jun) → 127.4 (Jul)

Existing home sales dropped 0.6 percent month-on-month in June to an annual rate of 5,380,000 homes (*down 2.2%, y-o-y*). New home sales fell 5.3 percent to an annual rate of 630,000 units (*up 2.4%, y-o-y*).

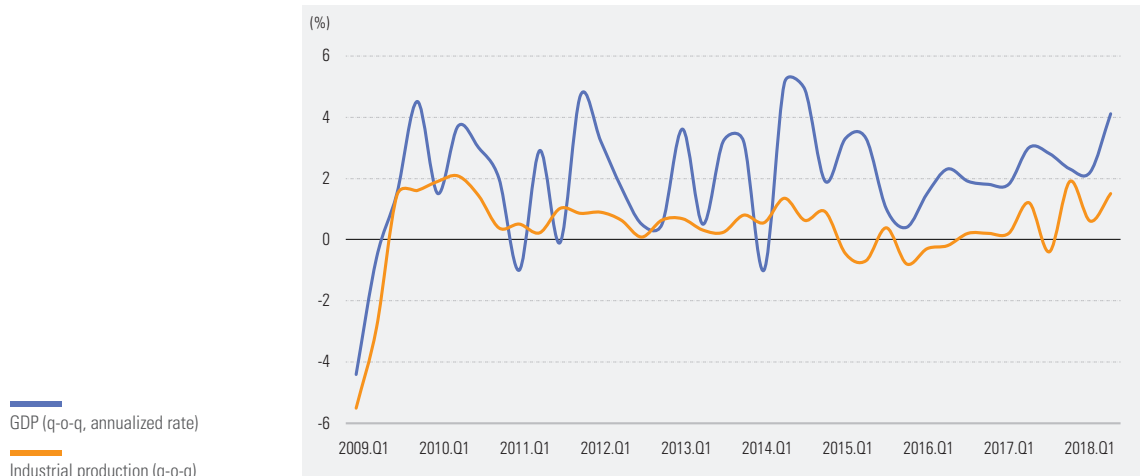
Case-Shiller Home Price Index (y-o-y, %)

6.3 (Dec 2017) → 6.4 (Jan 2018) → 6.7 (Feb) → 6.8 (Mar) → 6.7 (Apr) → 6.5 (May)

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

-0.5 (Jan 2018) → 4.7 (Feb) → 1.4 (Mar) → -4.6 (Apr) → 3.9 (May) → -5.3 (Jun)

US GDP growth and industrial production



Sources: US Department of Commerce, Federal Reserve Board

In July, nonfarm payrolls added 157,000 new jobs, and the employment rate rose to 60.5 percent, the highest level since January 2009. The unemployment rate fell to 3.9 percent.

Labor force participation rate (%)

63.0 (Feb 2018) → 62.9 (Mar) → 62.8 (Apr) → 62.7 (May) → 62.9 (Jun) → 62.9 (Jul)

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

324 (Feb 2018) → 155 (Mar) → 175 (Apr) → 244 (May) → 213 (Jun) → 157 (Jul)

Unemployment rate (%)

4.1 (Feb 2018) → 4.1 (Mar) → 3.9 (Apr) → 3.8 (May) → 4.0 (Jun) → 3.9 (Jul)

(Percentage change from previous period)

	2016	2017	2018				2018					
	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun	Jul
Real GDP ¹	1.6	2.2	1.8	3.0	2.8	2.3	2.2	4.1	-	-	-	-
- Personal consumption expenditures	2.7	2.5	1.8	2.9	2.2	3.9	0.5	4.0	-	-	-	-
- Nonresidential fixed investment	0.5	5.3	9.6	7.3	3.4	4.8	11.5	7.3	-	-	-	-
- Residential fixed investment	6.5	3.3	11.1	-5.5	-0.5	11.1	-3.4	-1.1	-	-	-	-
Industrial production	-1.9	1.6	0.2	1.2	-0.4	1.9	0.6	1.5	1.1	-0.5	0.6	-
Retail sales	2.9	4.7	1.5	0.6	1.0	2.3	0.4	1.9	0.3	1.3	0.5	-
Existing home sales	4.1	1.7	1.0	-1.0	-2.6	3.5	-1.5	-1.7	-2.7	-0.7	-0.6	-
Unemployment rate ²	4.9	4.4	4.7	4.3	4.3	4.1	4.1	3.9	3.9	3.8	4.0	3.9
Consumer prices (y-o-y)	1.3	2.1	2.6	1.9	2.0	2.1	2.3	2.6	2.5	2.8	2.9	-

1. Annualized rate (%)

2. Seasonally adjusted

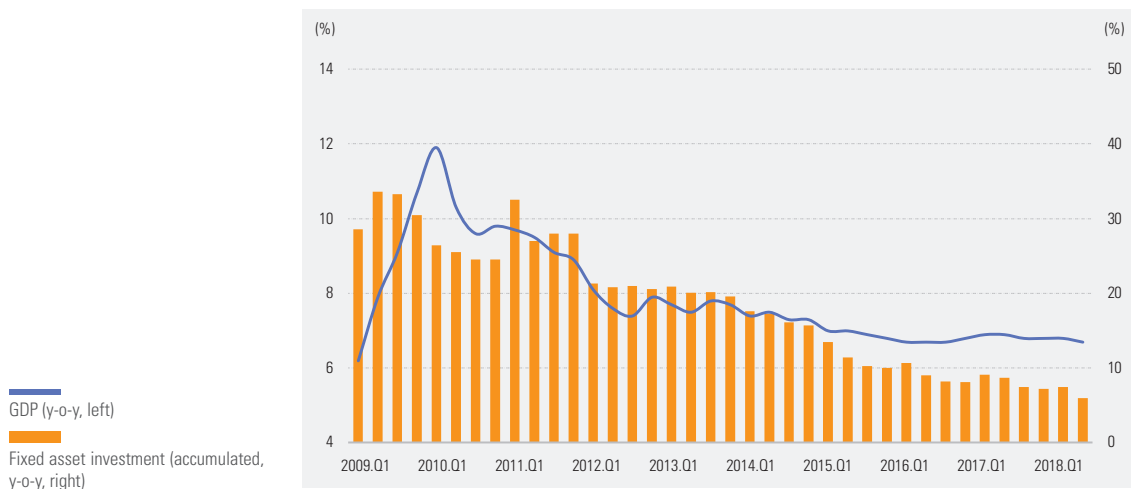
Sources: US Department of Commerce, Bloomberg



China

China's economy grew 6.7 percent year-on-year in the second quarter of 2018, exceeding the government's annual growth target of 6.5 percent, due to strong retail sales.

China's GDP growth and fixed asset investment



Source: China National Bureau of Statistics

(Percentage change from same period in previous year)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Real GDP	6.9	6.7	6.9	6.9	6.9	6.8	6.8	6.8	6.7	-	-	-
Industrial production	6.0	6.2	6.6	6.8	6.9	6.3	6.2	6.1	6.6	7.0	6.8	6.0
Fixed asset investment (accumulated, nominal)	10.0	8.1	7.2	9.2	8.6	7.5	7.2	7.5	6.0	7.0	6.1	6.0
Retail sales (nominal)	10.6	10.4	10.2	10.2	10.8	10.3	9.9	9.7	9.0	9.4	8.5	9.0
Exports	-3.0	-7.7	7.9	7.2	8.2	6.4	9.6	12.7	11.0	12.1	12.1	11.2
Consumer prices¹	1.4	2.0	1.6	1.4	1.4	1.6	1.8	2.2	1.8	1.8	1.8	1.9
Producer prices¹	-5.2	-1.3	6.3	7.4	5.8	6.2	5.9	3.7	4.1	3.4	4.1	4.7

1. The quarterly increase shows an average of monthly increases

Source: China National Bureau of Statistics

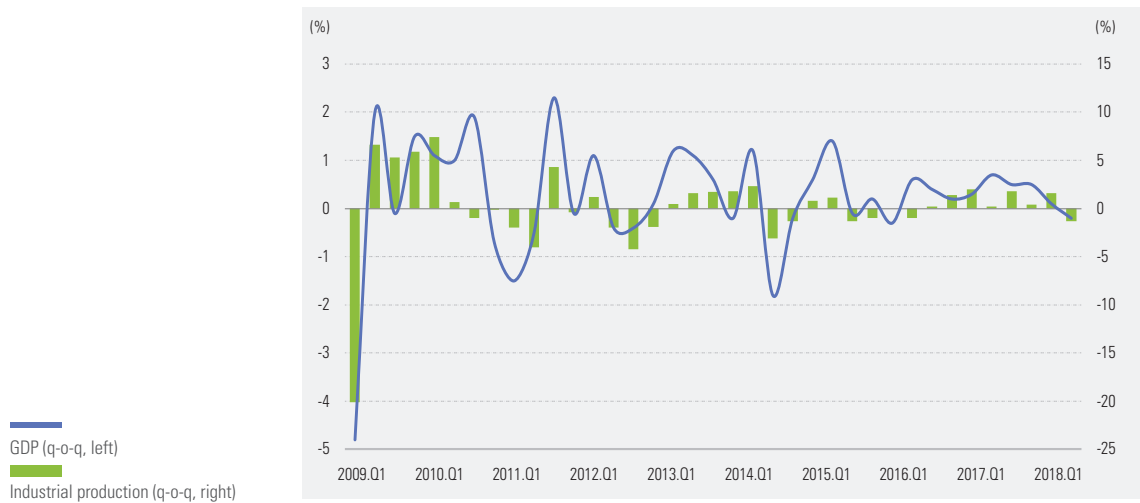
Japan

Japan's industrial production fell in June due to temporary factors, such as the Osaka earthquake and a slowdown in the production of electronic appliances amid rising inventories. However, retail sales rose, and the economy is expected to return to growth.

Unemployment rate (%)

2.8 (Jun 2017) → 2.8 (Jul) → 2.8 (Aug) → 2.8 (Sep) → 2.8 (Oct) → 2.7 (Nov) → 2.7 (Dec)
→ 2.4 (Jan 2018) → 2.5 (Feb) → 2.5 (Mar) → 2.5 (Apr) → 2.2 (May) → 2.4 (Jun)

Japan's GDP growth and industrial production



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

(Percentage change from previous period)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Real GDP	1.4	0.9	1.7	0.7	0.5	0.5	0.1	-0.2	-	-	-	-
Industrial production	-1.2	-0.2	4.5	0.2	1.8	0.4	1.6	-1.3	1.2	0.5	-0.2	-2.1
Retail sales (nominal)	-0.3	-0.6	1.9	-0.2	0.6	0.1	1.3	-0.6	0.4	1.3	-1.7	1.5
Exports (y-o-y)	3.8	-7.4	11.8	8.5	10.5	15.1	13.0	4.9	7.5	7.8	8.1	6.7
Consumer prices (y-o-y)	0.8	-0.1	0.5	0.3	0.4	0.6	0.6	1.3	0.7	0.6	0.7	0.7

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



Eurozone

The eurozone economy grew 0.3 percent quarter-on-quarter in the second quarter, a slowdown from 0.4 percent of the first quarter, due to weak production. However, the economy is expected to continue the modest growth in the second half given improving employment and stable economic confidence.

Unemployment rate (%)

8.8 (Oct 2017) → 8.7 (Nov) → 8.7 (Dec) → 8.6 (Jan 2018) → 8.6 (Feb) → 8.5 (Mar) → 8.4 (Apr) → 8.4 (May) → 8.3 (Jun)

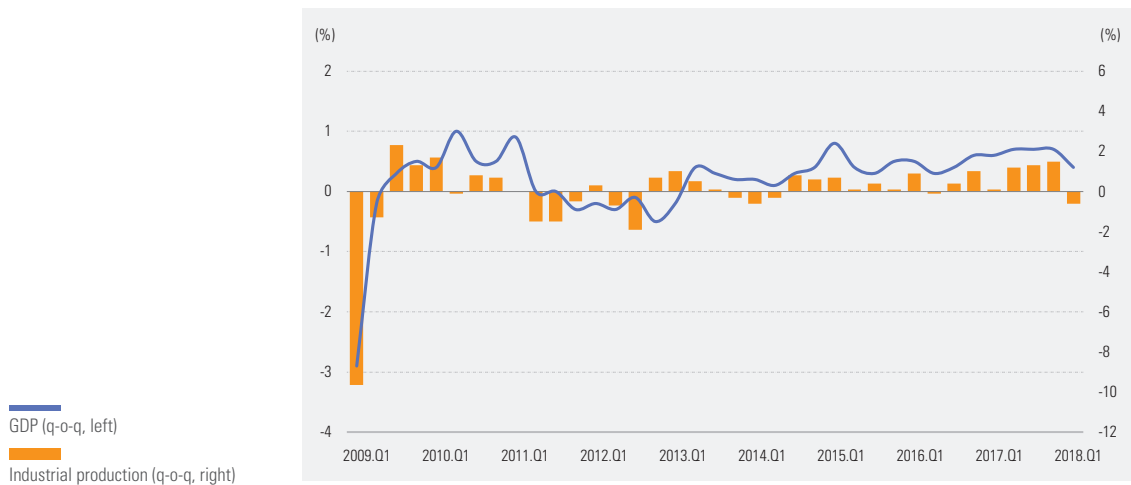
Manufacturing PMI

58.5 (Oct 2017) → 60.1 (Nov) → 60.6 (Dec) → 59.6 (Jan 2018) → 58.6 (Feb) → 56.6 (Mar) → 56.2 (Apr) → 55.5 (May) → 54.9 (Jun) → 54.3 (Jul)

Eurozone Economic Sentiment Indicator (base 2010=100)

113.5 (Oct 2017) → 114.0 (Nov) → 115.3 (Dec) → 114.9 (Jan 2018) → 114.1 (Feb) → 112.7 (Mar) → 112.7 (Apr) → 112.5 (May) → 112.3 (Jun) → 112.1 (Jul)

Eurozone's GDP growth and industrial production



Source: Eurostat

(Percentage change from previous period)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun
Real GDP	2.1	1.9	2.4	0.6	0.7	0.7	0.7	0.4	0.3	-	-	-
Industrial production	2.1	1.6	2.9	0.1	1.2	1.3	1.5	-0.6	-	-0.8	1.3	-
Retail sales	2.9	1.6	2.2	0.3	0.8	0.4	0.4	0.0	-	-0.1	0.0	-
Exports (y-o-y)	5.3	0.3	7.1	1.2	1.3	-2.2	6.0	2.3	-	8.2	-0.9	-
Consumer prices (y-o-y)	0.0	0.2	1.5	1.8	1.5	1.4	1.4	1.3	1.7	1.3	1.9	2.0

Sources: Eurostat, Bloomberg

2. Private consumption

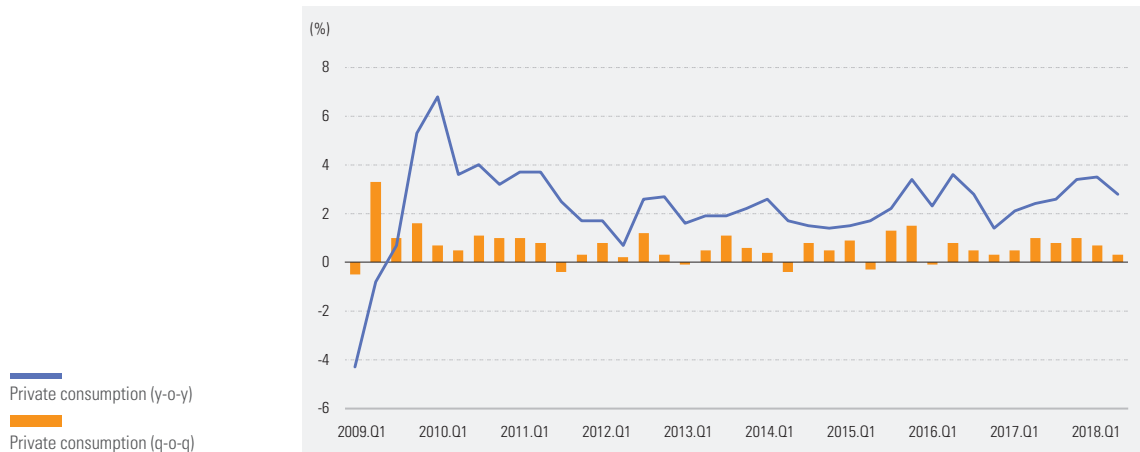
Private consumption (*advanced estimates of GDP*) in the second quarter of 2018 rose 0.3 percent quarter-on-quarter and 2.8 percent year-on-year.

(Percentage change from previous period)

	2015	2016					2017					2018	
	Annual	Annual	Q1	Q2	Q3	Q4	Annual ¹	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹
Private consumption ²	2.2	2.5	-0.2	0.8	0.5	0.3	2.6	0.5	1.0	0.8	1.0	0.7	0.3
(y-o-y)	-	-	2.4	3.6	2.8	1.4	-	2.1	2.4	2.6	3.4	3.5	2.8

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

Private consumption



Source: Bank of Korea (national accounts)

Retail sales in June rose 0.6 percent month-on-month: Sales of durable goods (*down 2.8%*) fell, but sales of nondurable goods (*up 2.0%*) and semi-durable goods (*up 1.4%*) increased. Year-on-year, the index rose 4.0 percent.

(Percentage change from previous period)

	2015	2016			2017					2018			
	Annual	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	May ¹	Jun ¹	
Retail sales	4.1	3.9	1.4	1.9	0.4	1.0	0.2	0.9	3.0	0.7	-1.1	0.6	
(y-o-y)	-	-	2.2	-	1.6	1.0	3.2	2.1	5.0	4.7	4.5	4.0	
- Durable goods ²	10.1	4.6	6.5	5.4	1.0	5.2	-3.0	1.4	5.4	2.3	-3.4	-2.8	
- Automobiles	21.1	2.8	16.5	0.9	-0.5	3.5	-6.9	1.4	11.0	3.8	-3.7	-4.5	
- Semi-durable goods ³	-1.2	2.3	-0.1	-1.1	-1.3	-0.5	1.1	1.4	2.8	1.1	2.3	1.4	
- Nondurable goods ⁴	3.2	4.2	-0.3	1.7	0.8	-0.5	1.4	0.5	2.1	-0.2	-1.2	2.0	

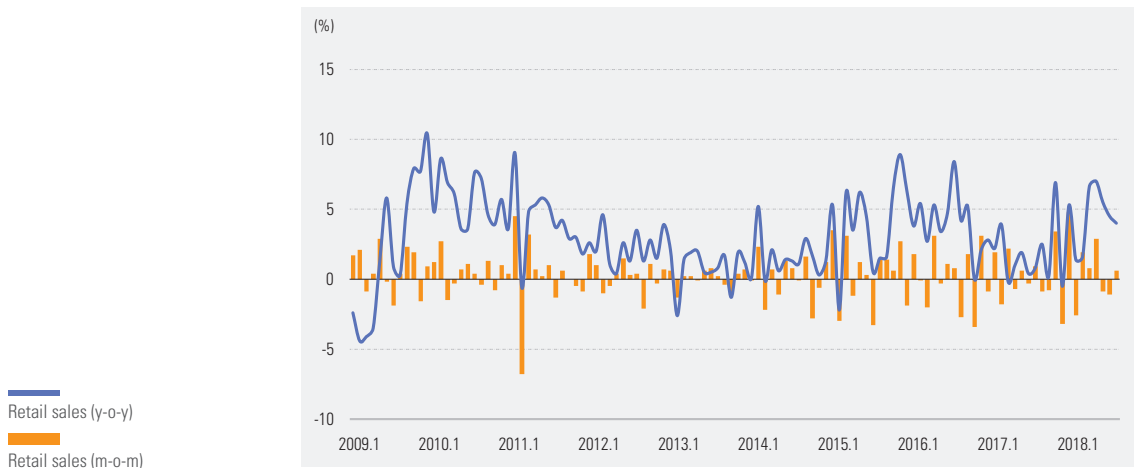
1. Preliminary 2. Durable goods: Automobiles, electronic appliances, furniture, telecommunications devices and etc.

3. Semi-durable goods: Clothing, footwear and etc. 4. Nondurable goods: Food, medicine, cosmetics, fuel, tobacco and etc.

Source: Statistics Korea

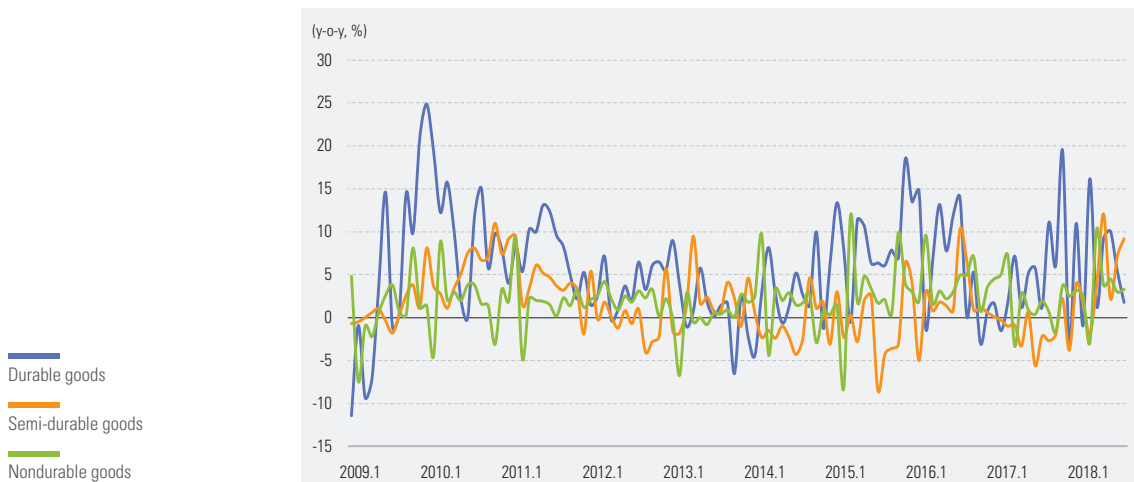


Retail sales



Source: Statistics Korea (industrial activity trends)

Retail sales by type



Source: Statistics Korea (industrial activity trends)

In July, sales at large discount stores fell, but domestic sales of cars and department store sales increased along with credit card use.

	2017	2018						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul ¹
Credit card use (y-o-y, %)	4.1	0.2	4.2	1.2	14.1	5.2	7.7	9.7
Department store sales (y-o-y, %)	5.9	-7.9	8.5	5.5	0.5	2.0	5.0	3.2
Large discount store sales (y-o-y, %)	1.0	-8.7	24.7	3.1	-2.0	-3.0	0.9	-2.5
Domestic sales of cars (y-o-y, %)	-19.4	8.6	-11.2	-3.5	1.3	-0.3	-5.9	2.8
Consumer sentiment index	110.6	109.9	108.2	108.1	107.1	107.9	105.5	101.0
Number of Chinese tourists (y-o-y, %)	-37.9	-46.0	-41.5	11.8	60.9	46.1	49.0	42.4 ²

1. Preliminary

2. Advanced estimates based on all Chinese entries, which can be different from the statistic released by the Ministry of Culture, Sports and Tourism as it excludes diplomatic and military personnel

Sources: Bank of Korea, Credit Finance Association of Korea, Korea National Oil Corporation, Korea Automobile Manufacturers Association, data provided by retail industries

3. Facility investment

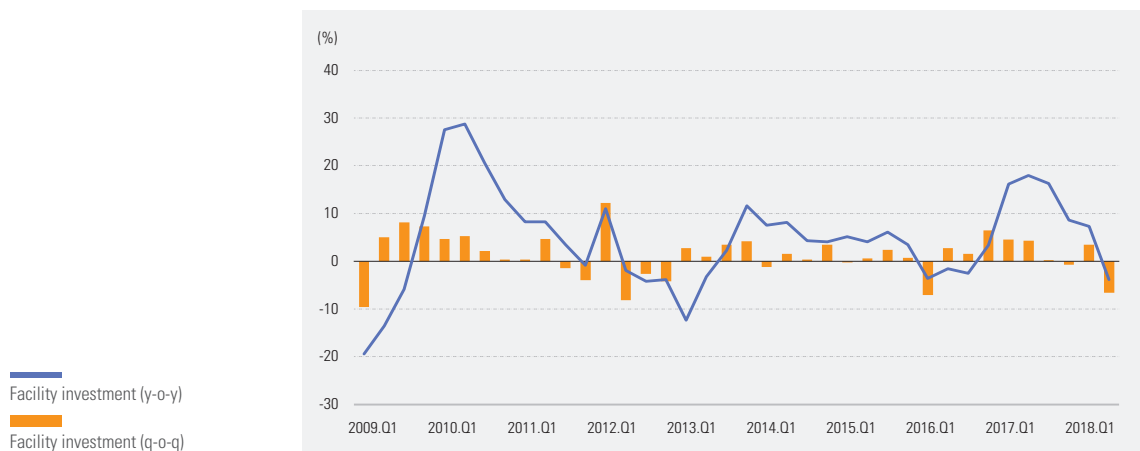
Facility investment (*advanced estimates of GDP*) in the second quarter of 2018 fell 6.6 percent quarter-on-quarter and 3.9 percent year-on-year.

(Percentage change from previous period)

	2015	2016				2017					2018	
	Annual	Annual	Q2	Q3	Q4	Annual ¹	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹
Facility investment ²	4.7	-1.0	2.7	1.6	6.5	14.6	4.5	4.3	0.2	-0.7	3.4	-6.6
(y-o-y)	-	-	-1.6	-2.5	3.3	-	16.1	17.9	16.3	8.6	7.3	-3.9
- Machinery	2.9	-0.8	4.1	6.5	8.6	23.0	7.1	3.9	2.4	-1.2	4.0	-
- Transportation equipment	8.7	-1.5	0.2	-7.9	1.8	-3.2	-1.7	5.3	-5.5	0.8	1.9	-

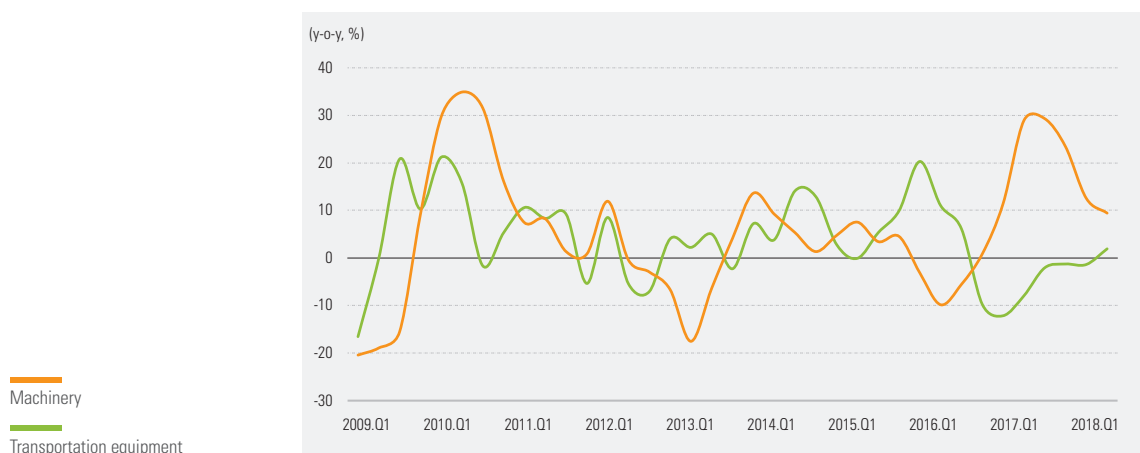
1. Preliminary 2. National accounts Source: Bank of Korea

Facility investment



Source: Bank of Korea (national accounts)

Facility investment by type



Source: Bank of Korea (national accounts)



The facility investment index in June fell 5.9 percent month-on-month and 13.8 percent year-on-year as machinery investment decreased. In the second quarter, the index decreased 10.8 percent quarter-on-quarter and 5.7 percent year-on-year.

(Percentage change from previous period)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Facility investment index	6.9	-1.3	14.1	6.0	3.1	0.2	-1.7	8.4	-10.8	-2.5	-3.0	-5.9
(y-o-y)	-	-	-	18.2	17.8	20.6	2.0	9.4	-5.7	1.6	-3.7	-13.8
- Machinery	3.6	-2.2	22.4	6.6	7.9	-0.1	-2.0	5.3	-9.2	3.3	0.4	-9.9
- Transportation equipment	15.0	0.9	-4.4	5.1	-8.7	0.4	-0.8	17.8	-15.5	-17.3	-10.8	4.9

1. Preliminary Source: Statistics Korea

The facility investment outlook is uncertain, although the capacity utilization rate stayed stable in June, as domestic machinery orders received and machinery imports fell.

BSI in the manufacturing sector (base=100, Bank of Korea)

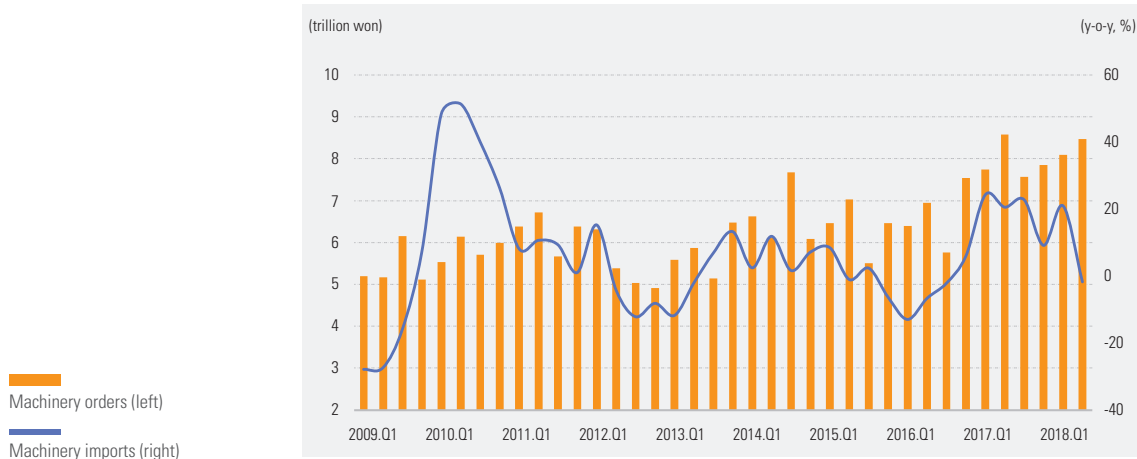
77 (Feb 2018) → 82 (Mar) → 78 (Apr) → 81 (May) → 79 (Jun) → 80 (Jul) → 73 (Aug)

(Percentage change from same period in previous year)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Domestic machinery orders received	-3.9	4.7	19.2	21.1	23.7	31.3	4.2	4.4	-1.4	6.3	7.5	-15.2
(q-o-q, m-o-m)	-	-	-	-8.6	11.4	1.4	0.3	-8.9	6.2	11.3	-7.1	-9.7
- Public	-61.7	49.0	-21.8	8.4	-5.8	-0.9	-54.0	-12.7	17.8	25.2	1.4	18.6
- Private	9.6	1.1	24.1	22.5	26.3	34.1	15.0	6.1	-2.7	4.5	7.8	-17.2
Machinery imports	0.4	-2.5	18.8	24.2	20.5	22.7	9.1	20.9	-1.8	-12.7	8.6	-46.1
Capacity utilization rate	74.4	72.9	72.6	73.5	72.0	73.0	71.8	71.0	73.3	72.5	74.0	73.5
Facility investment pressure ²	-1.2	-0.4	0.5	2.6	0.2	3.9	-4.7	-2.5	1.5	1.8	2.1	0.5

1. Preliminary 2. Production growth rate minus production capacity growth rate in the manufacturing sector (%p)
Sources: Statistics Korea, Korea International Trade Association

Leading indicators of facility investment



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

4. Construction investment

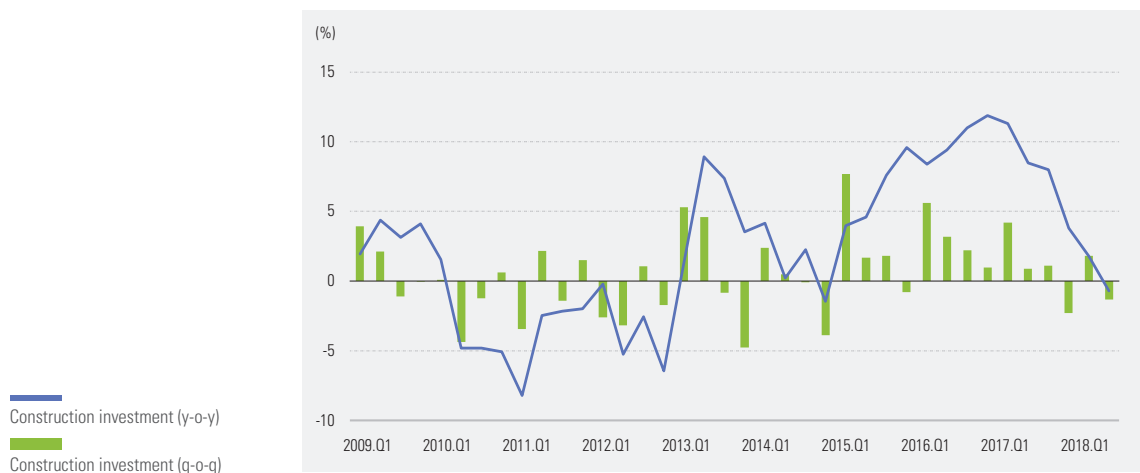
Construction investment (*advanced estimates of GDP*) in the second quarter of 2018 fell 1.3 percent quarter-on-quarter and 0.7 percent year-on-year.

(Percentage change from previous period)

	2015	2016				2017					2018	
	Annual	Annual	Q2	Q3	Q4	Annual ¹	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Q1 ¹	Q2 ¹
Construction investment ²	6.6	10.3	3.2	2.2	1.0	7.6	4.2	0.9	1.1	-2.3	1.8	-1.3
(y-o-y)	-	-	9.4	11.0	11.9	-	11.3	8.5	8.0	3.8	1.8	-0.7
- Building construction	10.0	16.2	5.0	3.7	2.4	12.1	4.5	2.4	1.9	-1.6	0.7	-
- Civil engineering works	0.3	-1.8	-1.0	-1.4	-2.7	-3.5	3.5	-3.0	-1.2	-4.2	5.3	-

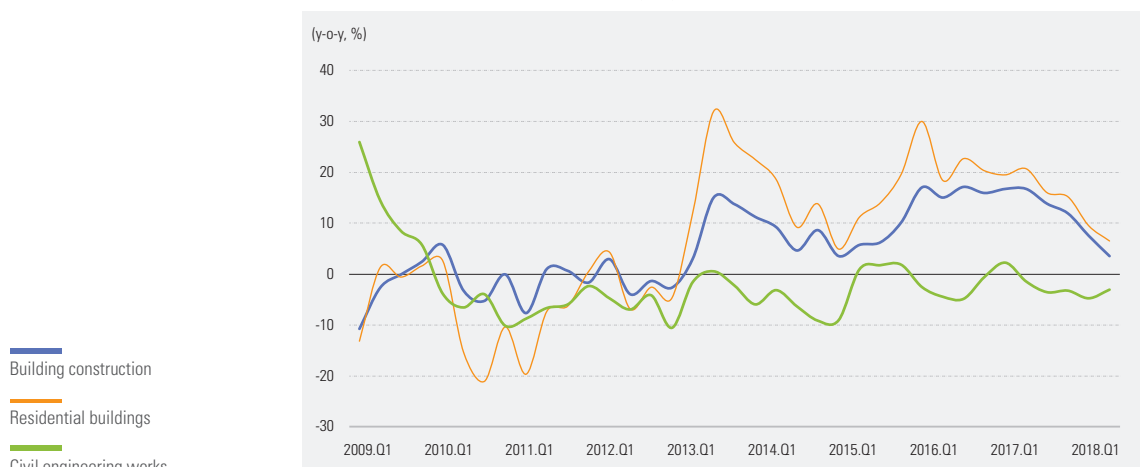
1. Preliminary 2. National accounts Source: Bank of Korea

Construction investment



Source: Bank of Korea (national accounts)

Construction investment by type



Source: Bank of Korea (national accounts)



Construction completed (*constant*) in June decreased 4.8 percent month-on-month and 7.7 percent year-on-year as both building construction and civil engineering works declined. In the second quarter, the index decreased 5.6 percent quarter-on-quarter and 4.2 percent year-on-year.

(Percentage change from previous period)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Construction completed (<i>constant</i>)	5.0	15.4	10.1	4.3	-0.2	-0.3	-0.1	2.5	-5.6	1.9	-2.7	-4.8
(y-o-y)	-	-	-	17.7	13.6	12.7	-0.5	1.5	-4.2	-1.2	-3.2	-7.7
- Building construction	7.3	25.7	18.2	5.8	2.2	1.8	-0.9	0.8	-3.0	7.4	-3.9	-3.8
- Civil engineering works	1.2	-2.6	-8.4	0.6	-6.5	-6.2	2.3	7.4	-13.1	-12.6	1.0	-7.6

1. Preliminary Source: Statistics Korea

Leading indicators show mixed signals: Apartment presales increased, but construction orders received and building permits declined.

Apartment presales (thousands, monthly average of the quarter, Real Estate 114)

27 (Q2 2017) → 30 (Q3) → 33 (Q4) → 17 (Q1 2018) → 37 (Q2) → 25 (Jun) → 38 (Jul)

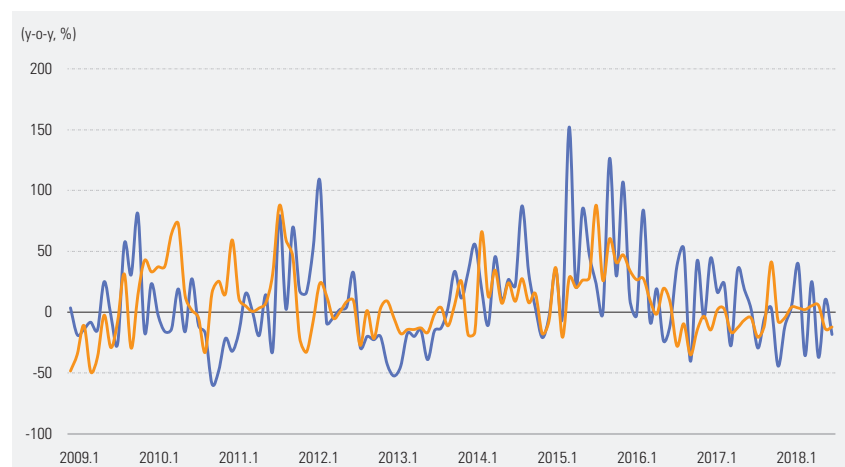
(Percentage change from same period in previous year)

	2015	2016	2017				2018					
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Construction orders received (current value)	48.4	8.1	-3.1	1.2	17.9	-10.2	-15.0	3.6	-16.9	-37.1	10.5	-18.3
(q-o-q, m-o-m)	-	-	-	-5.4	8.5	-10.6	-1.1	8.0	-12.2	-10.4	34.2	-32.4
- Building construction	50.5	14.4	-6.5	-7.7	8.4	-8.3	-15.5	-0.5	-16.0	-28.2	0.6	-16.9
- Civil engineering works	42.6	-10.5	9.7	29.7	63.3	-17.3	-13.0	13.0	19.9	-65.8	42.1	-22.6
Building permits ²	34.3	-5.7	-4.0	-5.0	-7.8	-0.3	-2.4	3.7	-7.2	5.7	-13.5	-12.1

1. Preliminary 2. Floor area

Sources: Statistics Korea, Ministry of Land, Infrastructure and Transport

Leading indicators of construction investment



Sources: Statistics Korea (construction orders), Ministry of Land, Infrastructure and Transport (building permit area)

Construction orders

Building permit area

5. Exports and imports

Exports (*preliminary*) increased 6.2 percent year-on-year to US \$51.88 billion in July. Exports rose to the second largest on record, exceeding US \$50 billion for the fifth month in a row amid improving global economies. Exports for the first seven months of 2018 posted the period's record-high of US \$349.1 billion.

By item, petroleum products, steel, semiconductors and machinery surged, while home appliances and vessels dropped. By region, shipments to China, Japan, the US, Vietnam and the EU increased, while exports to the ASEAN countries and India declined.

Export growth by item (y-o-y, %)

45.2 (petroleum products), 34.0 (steel), 31.6 (semiconductors), 18.5 (machinery), -15.9 (home appliances), -73.4 (vessels)

Export growth by region (y-o-y, %)

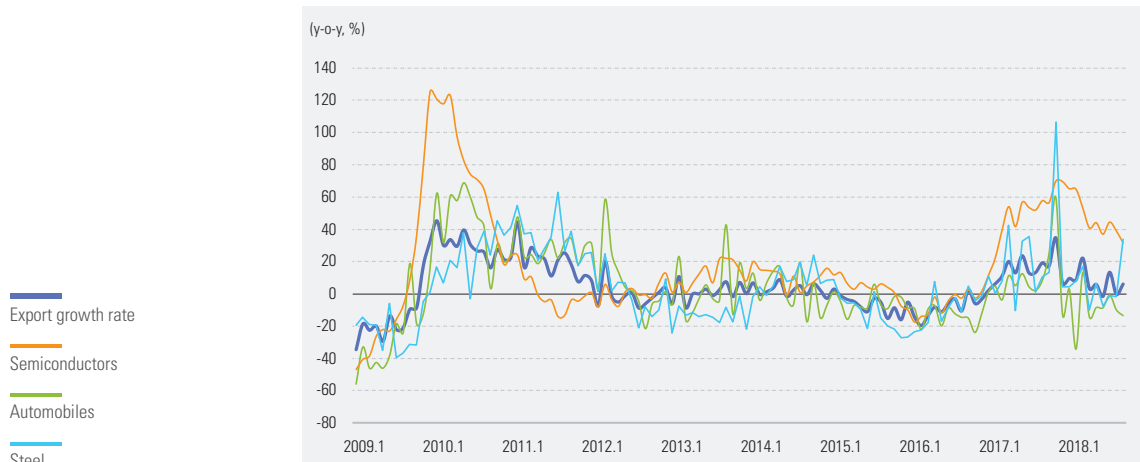
27.3 (China), 17.6 (Japan), 8.8 (US), 7.7 (Vietnam), 7.1 (EU), -1.6 (ASEAN countries), -5.4 (India)

Average daily exports, an indicator adjusted to days worked, posted US \$2.16 billion in July, rising year-on-year for a third month in a row.

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

9.5 (Jan 2018) → 16.4 (Feb) → 7.8 (Mar) → -3.7 (Apr) → 10.6 (May) → 6.8 (Jun) → 4.0 (Jul)

Exports by item



Sources: Korea Customs Service, Ministry of Trade, Industry and Energy (export and import trends)

(US \$ billion)

	2015	2016	2017					2018				
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2	Jun	Jul ¹
Exports	526.76	495.43	573.69	132.06	147.04	151.05	143.54	48.83	145.09	152.10	51.18	51.88
(y-o-y, %)	-8.0	-5.9	15.8	14.7	16.7	24.0	8.4	19.4	9.9	3.4	-0.2	6.2
Average daily exports	1.93	1.81	2.13	1.96	2.21	2.13	2.23	2.08	2.17	2.30	2.38	2.16

1. Preliminary Source: Korea Customs Service

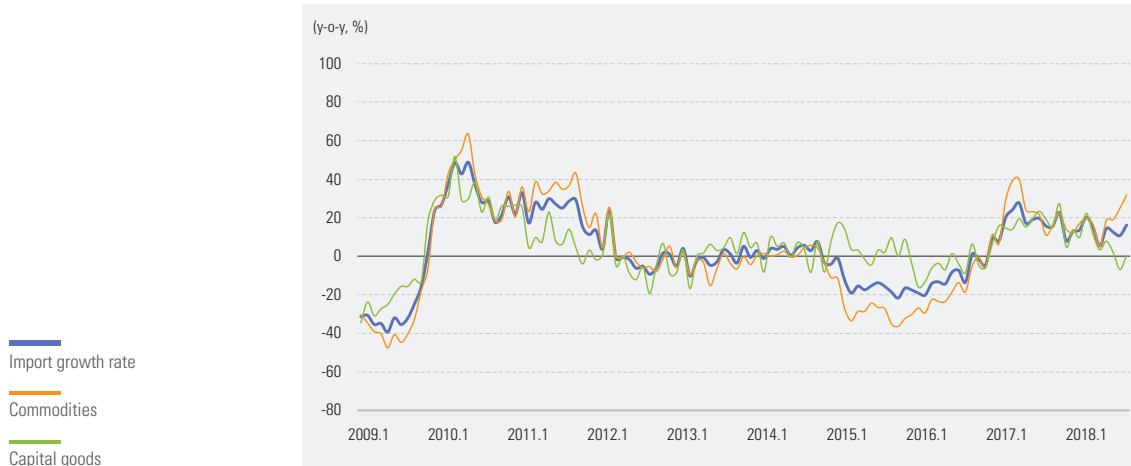


Imports (*preliminary*) in July rose 16.2 percent year-on-year to US \$44.88 billion. Imports of commodities, capital goods and consumer goods all increased, with commodities import growth accelerating.

Import growth by category (y-o-y, %, Jun → Jul)

24.9 → 31.8 (commodities), -6.7 → 0.5 (capital goods), 10.5 → 8.1 (consumer goods)

Imports by category



Sources: Korea Customs Service, Ministry of Trade, Industry and Energy (export and import trends)

(US \$ billion)

	2015	2016	2017						2018			
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2	Jun	Jul ¹
Imports	436.50	406.19	478.48	116.43	117.80	120.85	123.40	38.61	132.31	132.82	44.94	44.88
(y-o-y, %)	-16.9	-6.9	17.8	24.1	18.6	17.9	11.6	15.7	13.6	12.8	10.8	16.2
Average daily imports	1.60	1.49	1.78	1.72	1.77	1.70	1.91	1.64	1.97	2.01	2.09	1.87

1. Preliminary

Source: Korea Customs Service

The trade balance (*preliminary*) posted a surplus of US \$7.01 billion in July, staying in the black for the 78th consecutive month. Surpluses increased compared with the previous month.

(US \$ billion)

	2015	2016	2017						2018			
	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Jul	Q1	Q2	Jun	Jul ¹
Trade balance	90.26	89.23	95.22	15.63	29.25	30.20	20.14	10.22	12.78	19.28	6.24	7.01

1. Preliminary

Source: Korea Customs Service

6. Mining and manufacturing production

Mining and manufacturing production declined 0.6 percent month-on-month in June: Mining and manufacturing fell, while gas and electricity increased. The index fell 0.4 percent year-on-year.

Compared to the previous month, production of semiconductors (*up 11.2%*), electronic parts (*up 3.1%*) and nonferrous metals (*up 6.1%*) rose, while automobiles (*down 7.3%*), chemical products (*down 3.6%*) and pharmaceuticals (*down 10.5%*) fell.

Compared to a year ago, production of semiconductors (*up 24.9%*), electronic parts (*up 8.4%*) and broadcasting & communications equipment (*up 27.4%*) rose, while automobiles (*down 8.2%*), other transportation equipment (*down 24.3%*) and mechanical equipment (*down 7.8%*) declined.

The manufacturing inventory-shipment ratio rose 2.9 percentage points month-on-month to 111.5 percent as inventories increased 1.1 percent and shipments fell 1.5 percent.

Inventories of refined petroleum (*up 6.9%*), chemical products (*up 3.0%*) and broadcasting & communications equipment (*up 12.9%*) rose, while semiconductors (*down 4.6%*), cigarettes (*down 12.6%*) and audiovisual equipment (*down 11.9%*) declined.

Shipments of semiconductors (*up 16.7%*), electronic parts (*up 2.1%*) and nonferrous metals (*up 3.9%*) rose, while automobiles (*down 5.0%*), chemical products (*down 5.1%*) and mechanical equipment (*down 3.5%*) fell.

The capacity utilization rate of the manufacturing sector fell 0.5 percentage points month-on-month to 73.5 percent.

Mining and manufacturing is expected to increase given strong exports amid improving global economies and the government's supplementary budget spending plan. However, there are uncertainties about the US-China trade conflicts and Fed's additional rate hikes.

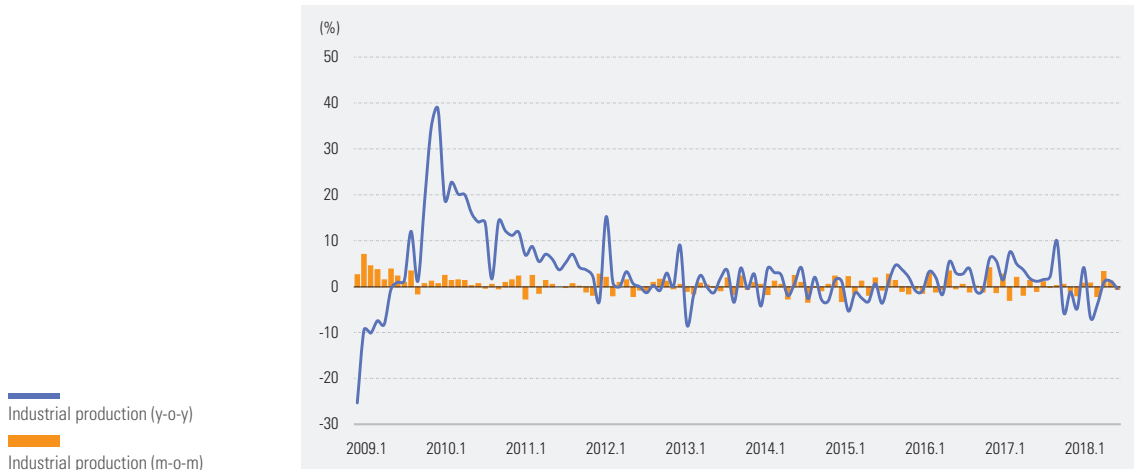
(Percentage change from same period in previous year)

		2017			2018				
		Annual	Q2	Jun	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Mining and manufacturing ²	(q-o-q, m-o-m)	-	-1.0	-1.0	-1.2	2.7	3.3	1.2	-0.6
	(y-o-y)	1.9	2.2	1.2	-2.2	0.6	1.0	1.2	-0.4
Production	(q-o-q, m-o-m)	-	-1.2	-1.2	-1.3	2.9	3.4	1.3	-0.8
	(y-o-y)	1.6	1.9	0.8	-2.8	0.4	0.8	1.0	-0.7
Shipment		0.7	0.7	0.8	-3.8	-0.8	-1.6	1.2	-2.1
-Domestic consumption		1.4	1.8	1.7	-3.0	-1.3	-0.8	0.7	-3.7
-Exports		-0.3	-1.0	-0.8	-5.0	-0.2	-2.6	1.8	0.2
Inventory ³		8.8	0.1	0.1	10.5	8.4	9.5	5.5	8.4
Capacity utilization rate		72.6	72.0	71.8	71.0	73.3	72.5	74.0	73.5
Production capacity		1.1	1.7	1.4	-0.3	-1.1	-1.0	-1.1	-1.2

1. Preliminary 2. Including mining, manufacturing, electricity and gas industry 3. At the end of the period

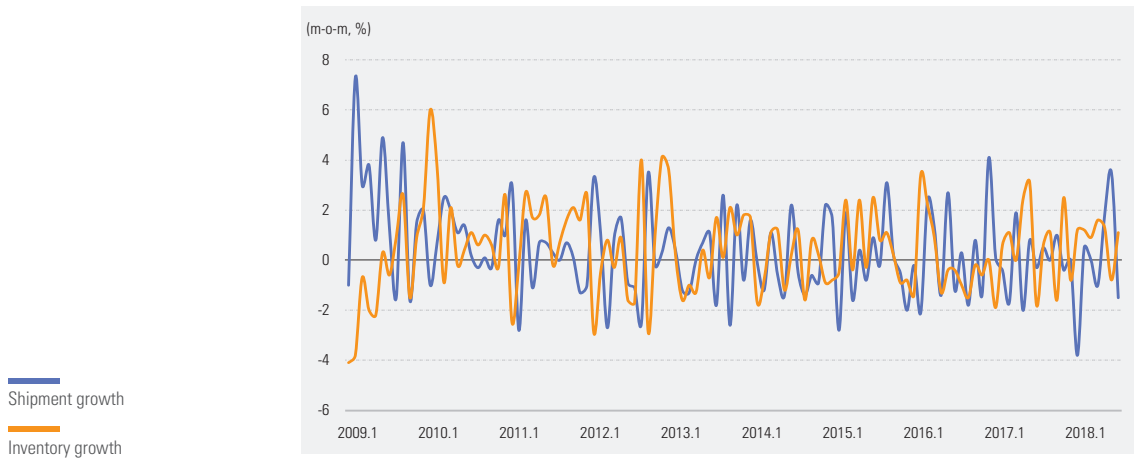


Industrial production



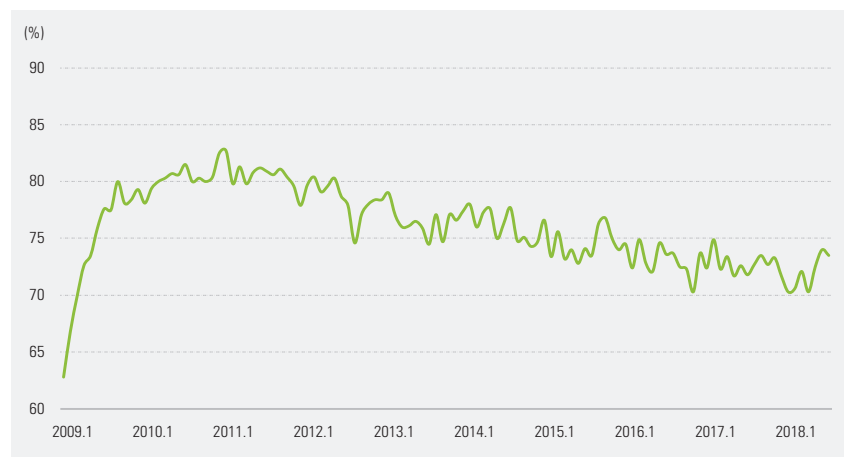
Source: Statistics Korea (industrial activity trends)

Shipment and inventory



Source: Statistics Korea (industrial activity trends)

Capacity utilization rate

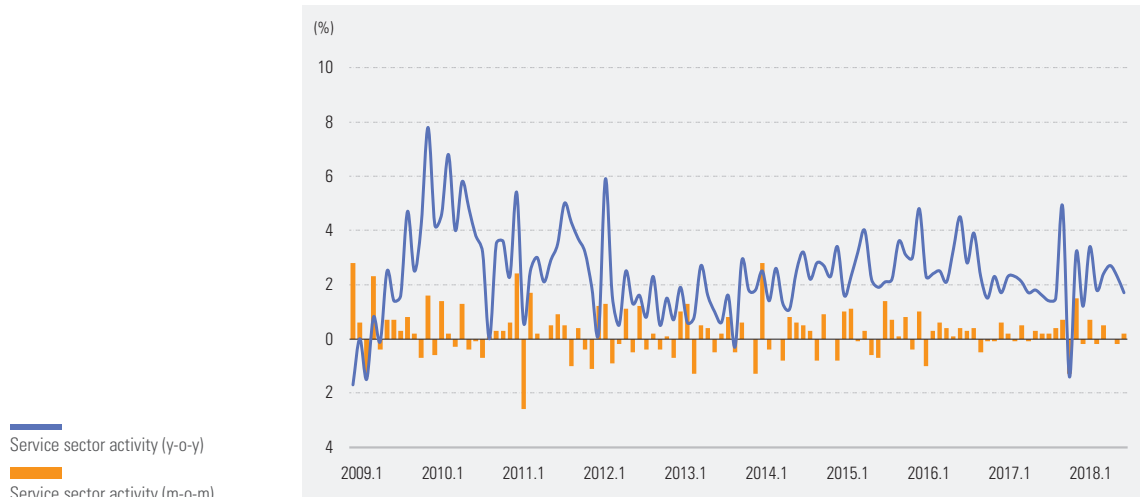


Source: Statistics Korea (industrial activity trends)

7. Service sector activity

Service output in June increased 0.2 percent from the previous month. Healthcare & social welfare services and wholesale & retail rose, while professional, scientific & technical services fell. Compared to a year ago, service output rose 1.7 percent.

Service sector activity



Source: Statistics Korea (industrial activity trends)

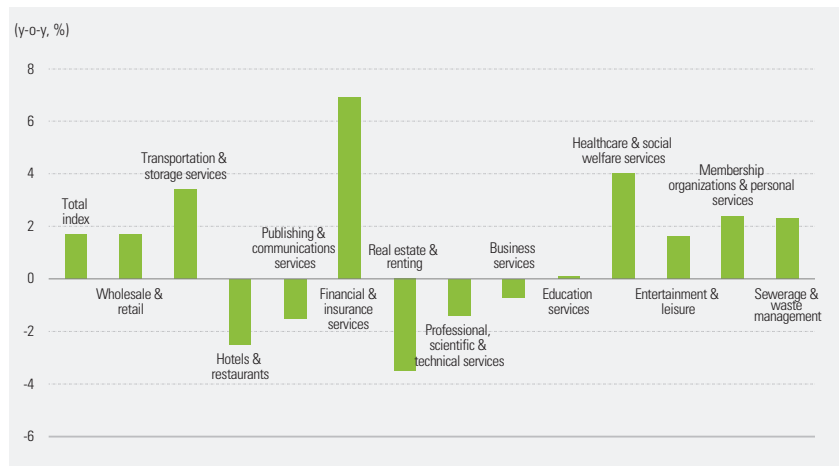
(Percentage change from previous period)

	Weight	2016	2017	2018				
		Annual	Annual	Q1	Q2 ¹	Apr	May ¹	Jun ¹
Service activity index	100.0	2.6	1.9	1.0	0.2	0.0	-0.2	0.2
- Wholesale & retail	21.1	2.6	0.7	1.0	-0.5	-2.1	0.3	0.5
- Transportation & storage services	9.0	2.2	1.6	-0.6	3.6	3.0	0.2	0.7
- Hotels & restaurants	6.2	2.3	-1.9	-2.0	1.6	-0.9	-0.4	-1.0
- Publishing & communications services	8.0	2.5	1.5	1.5	-1.9	-0.5	-2.0	-1.0
- Financial & insurance services	14.1	4.1	5.1	1.4	1.0	2.7	0.0	0.9
- Real estate & renting	3.2	0.6	1.2	5.1	-0.7	-2.3	-0.1	-2.6
- Professional, scientific & technical services	7.1	-0.8	-1.6	3.2	-0.3	2.8	-0.7	-3.3
- Business services	4.8	1.5	4.3	0.2	-1.9	-1.6	-0.2	-0.2
- Education services	10.6	0.7	0.0	0.1	0.7	2.3	-0.3	-0.7
- Healthcare & social welfare services	9.4	8.1	7.0	1.5	-0.2	-3.0	1.1	2.4
- Entertainment & leisure	2.2	2.3	0.2	2.0	-1.7	-3.2	-0.5	2.4
- Membership organizations & personal services	3.2	0.3	0.0	1.4	0.1	-2.6	0.2	2.0
- Sewerage & waste management	1.1	3.1	-2.3	2.3	0.8	3.3	-3.6	-2.1

1. Preliminary

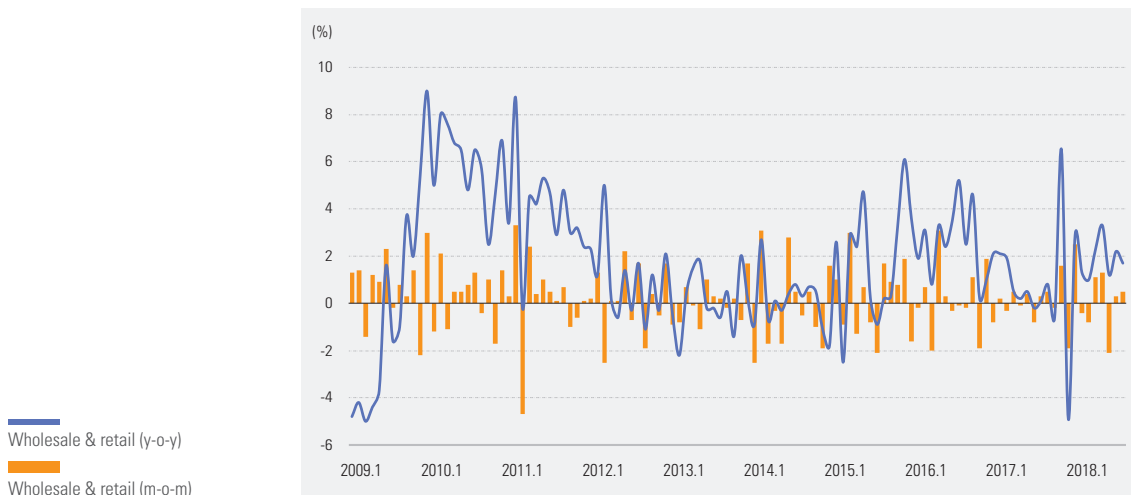
Source: Statistics Korea

June 2018 service output by business



Source: Statistics Korea (industrial activity trends)

Wholesale & retail



Source: Statistics Korea (industrial activity trends)

In July large discount store sales decreased, but department store sales and domestic sales of cars increased.

	2017	2018						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul ¹
Domestic sales of cars (y-o-y, %)	-19.4	8.6	-11.2	-3.5	1.3	-0.3	-5.9	2.8
Department store sales (y-o-y, %)	5.9	-7.9	8.5	5.5	0.5	2.0	5.0	3.2
Large discount store sales (y-o-y, %)	1.0	-8.7	24.7	3.1	-2.0	-3.0	0.9	-2.5
Average daily stock transactions (trillion won)	12.1	15.8	13.0	12.4	14.3	15.0	12.5	9.0
Number of Chinese tourists (y-o-y, %)	-37.9	-46.0	-41.5	11.8	60.9	46.1	49.0	42.4 ²

1. Preliminary

2. Advanced estimates based on all Chinese entries, which can be different from the statistic released by the Ministry of Culture, Sports and Tourism as it excludes diplomatic and military personnel

Sources: Korea Automobile Manufacturers Association, Korea Exchange, data provided by retail industries

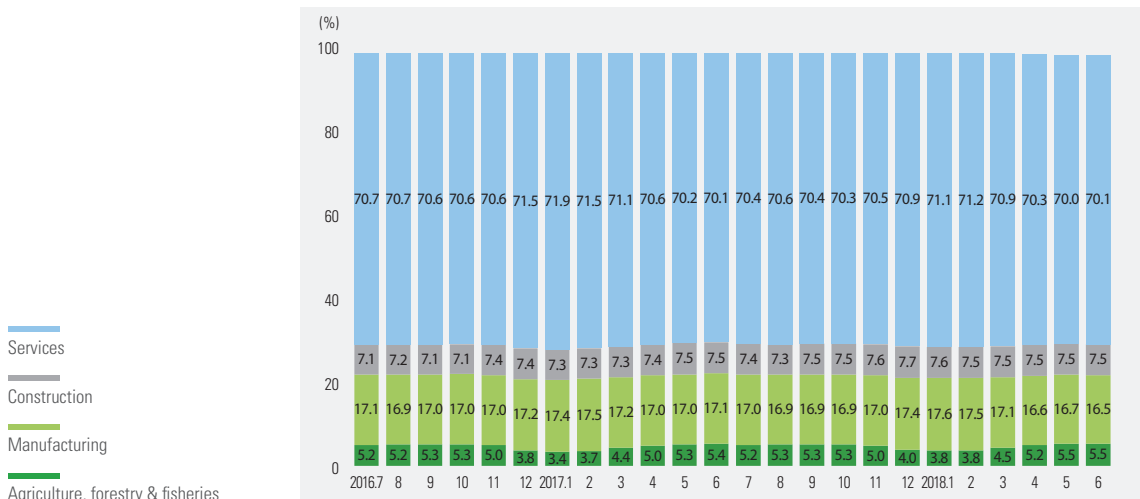
8. Employment

The number of workers on payroll in June increased by 106,000 from a year earlier to 27,126,000, and the employment rate (aged 15-64) fell 0.1 percentage points to 67.0 percent.

By industry, manufacturing jobs declined at a faster rate than the previous month, while jobs in services grew faster.

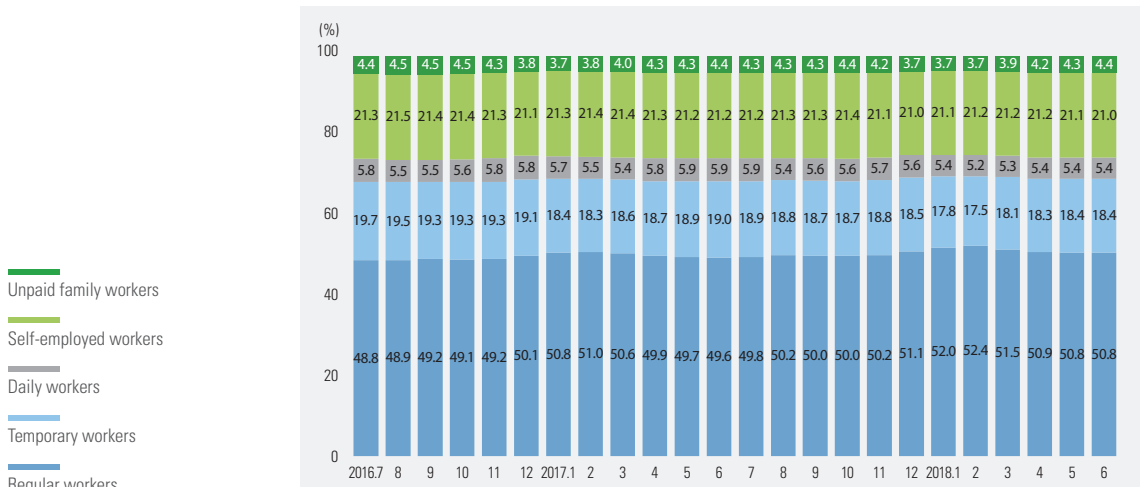
By employment status, permanent workers continued to lead employment growth, while self-employed, temporary and daily workers declined.

Employment by industry



Source: Statistics Korea (employment trends)

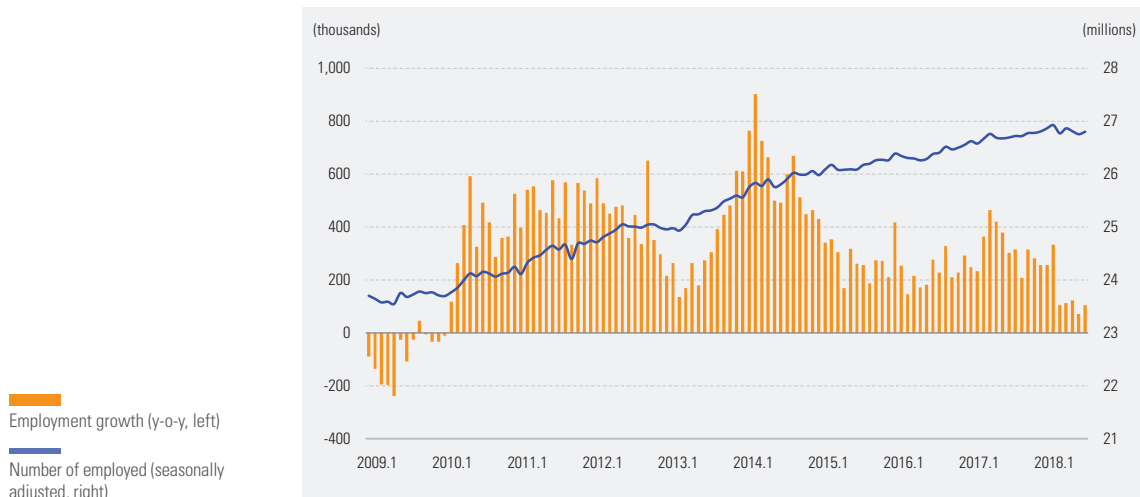
Employment by status of workers



Source: Statistics Korea (employment trends)



Number of persons employed and employment growth



Source: Statistics Korea (employment trends)

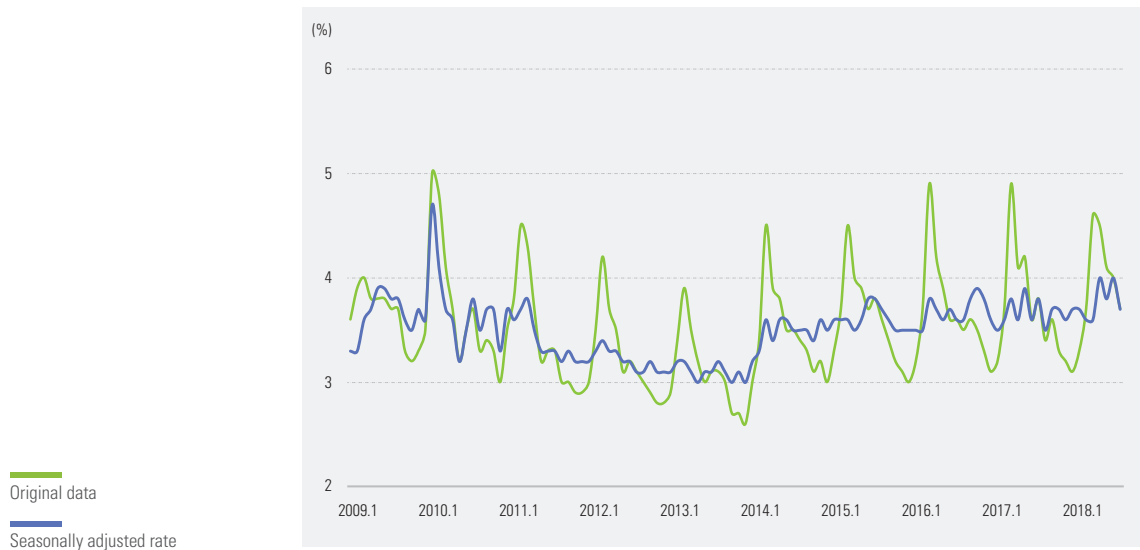
	2017						2018				
	Annual	Q1	Q2	Q3	Q4	Jun	Q1	Q2	May	Jun	
Number of employed (millions)	26.73	26.10	26.92	27.00	26.88	27.02	26.28	27.02	27.06	27.13	
Employment rate (%)	60.8	59.6	61.3	61.4	61.0	61.5	59.6	61.2	61.3	61.4	
(Seasonally adjusted)	60.8	60.9	60.8	60.8	60.9	60.8	60.9	60.7	60.6	60.7	
- 15 to 64	66.6	65.8	66.9	67.0	66.9	67.1	66.0	66.9	67.0	67.0	
Employment growth (y-o-y, thousands)	316	353	367	279	265	302	183	101	72	106	
- Manufacturing	-18	-120	-21	30	41	20	45	-91	-79	-126	
- Construction	119	136	163	84	92	154	69	16	4	10	
- Services	209	360	224	144	103	109	17	124	90	186	
· Wholesale & retail	41	71	46	20	28	9	-74	-50	-59	-31	
· Hotels & restaurants	-3	55	4	-31	-40	-44	-24	-24	-43	-1	
· Healthcare & social welfare services	61	78	57	53	54	50	51	148	138	162	
- Wage workers	265	191	312	291	265	269	228	113	82	118	
· Permanent workers	366	317	347	417	382	326	409	335	320	365	
· Temporary workers	-132	-152	-126	-145	-104	-116	-124	-109	-113	-130	
· Daily workers	31	27	92	19	-13	60	-57	-113	-126	-117	
- Nonwage workers	51	161	55	-12	0	33	-45	-13	-10	-12	
· Self-employed workers	68	168	59	23	20	36	-24	-3	7	-15	
- Male	127	171	174	92	72	141	75	-14	-37	-18	
- Female	189	182	192	187	193	161	109	115	108	125	
- 15 to 29	-1	16	31	-7	-42	-15	26	-69	-95	-42	
- 30 to 39	-29	-53	-27	-18	-17	-27	-29	-33	-31	-50	
- 40 to 49	-50	-41	-48	-55	-54	-34	-85	-101	-88	-128	
- 50 to 59	152	177	159	139	134	132	67	62	46	71	
- 60 and above	242	254	251	221	243	245	203	241	240	255	

Source: Statistics Korea

The number of unemployed persons in June was down by 26,000 from a year earlier to 1,034,000, and the unemployment rate fell 0.1 percentage points to 3.7 percent.

The unemployment rate fell among young adults (*aged 15-29*) and rose in the other age groups.

Unemployment rate



Source: Statistics Korea (employment trends)

	2017						2018			
	Annual	Q1	Q2	Q3	Q4	Jun	Q1	Q2	May	Jun
Number of unemployed (thousands)	1,023	1,162	1,074	963	892	1,061	1,181	1,105	1,121	1,034
Unemployment growth (y-o-y, thousands)	14	13	48	-20	14	58	19	31	126	-26
- Male	12	-15	31	-8	42	29	13	15	78	-27
- Female	1	28	17	-12	-28	29	6	17	48	1
Unemployment rate (%)	3.7	4.3	3.8	3.4	3.2	3.8	4.3	3.9	4.0	3.7
(Seasonally adjusted)	3.7	3.7	3.7	3.7	3.7	3.8	3.7	3.8	4.0	3.7
- 15 to 29	9.8	10.7	10.3	9.3	9.0	10.4	10.0	10.1	10.5	9.0
- 30 to 39	3.3	3.6	3.4	3.0	3.0	3.2	3.3	3.6	3.7	3.5
- 40 to 49	2.1	2.4	2.4	2.0	1.8	2.1	2.5	2.5	2.5	2.3
- 50 to 59	2.2	2.2	2.4	2.3	1.8	2.5	2.5	2.6	2.6	2.6
- 60 and above	2.9	4.8	2.3	2.2	2.2	2.3	5.4	2.5	2.4	2.4

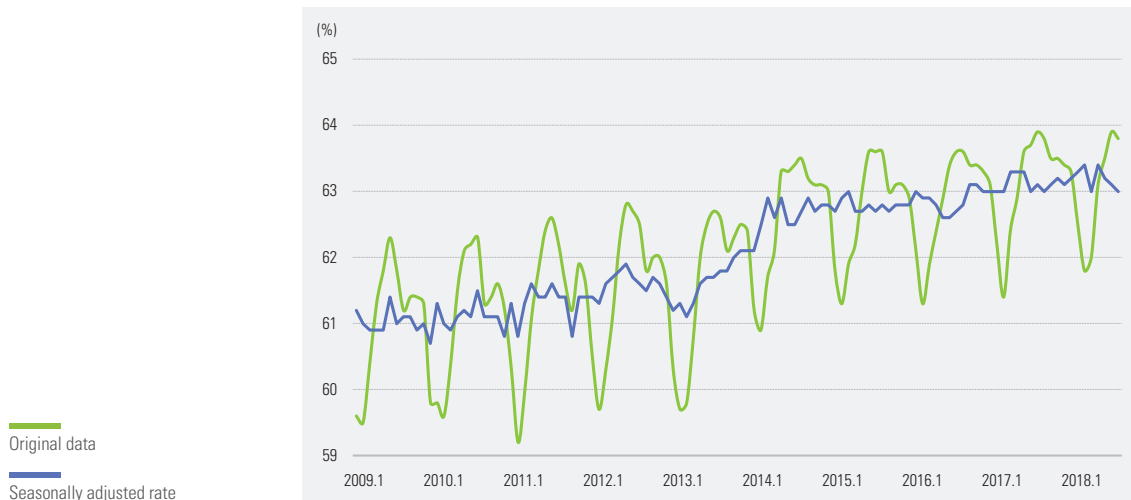
Source: Statistics Korea



The economically inactive population in June increased 156,000 from a year earlier to 16,000,000, and the labor force participation rate fell 0.1 percentage points year-on-year to 63.8 percent.

The number of persons economically inactive due to rest (*up 129,000*) and housework (*up 92,000*) increased, and those due to education (*down 74,000*) and childcare (*down 75,000*) decreased. Job seekers were up by 53,000.

Labor force participation rate



Source: Statistics Korea (employment trends)

	2017						2018			
	Annual	Q1	Q2	Q3	Q4	Jun	Q1	Q2	May	Jun
Economically inactive population (millions)	16.18	16.56	15.91	16.01	16.26	15.84	16.62	16.02	15.96	16.00
Labor force participation rate (%)	63.2	62.2	63.8	63.6	63.1	63.9	62.3	63.7	63.9	63.8
(Seasonally adjusted)	63.2	63.2	63.1	63.1	63.2	63.1	63.3	63.1	63.1	63.0
Growth in economically inactive population (y-o-y, thousands)	-5	-20	-85	56	30	-36	68	110	41	156
- Childcare	-96	-86	-88	-105	-107	-108	-80	-87	-90	-75
- Housework	8	31	24	8	-33	26	52	85	86	92
- Education	-91	-63	-131	-88	-81	-102	-58	-62	-77	-74
- Old age	81	60	98	98	69	101	35	6	4	-2
- Rest	108	32	16	166	220	25	107	127	130	129
- Job seeking	45	44	67	79	-10	108	15	17	-45	53

Source: Statistics Korea

9. Financial markets

9.1 Stock market

KOSPI declined 1.3 percent in July from 2,326.1 points to 2,295.3 points on concerns over the US-China trade conflict. KOSDAQ fell 5.2 percent from 818.2 points to 775.5 points.

(Closing rate)

	KOSPI			KOSDAQ		
	Jun 2018	Jul 2018	Change ¹	Jun 2018	Jul 2018	Change ¹
Stock price index (points)	2,326.1	2,295.3	-30.8 (-1.3%)	818.2	775.5	-42.7 (-5.2%)
Market capitalization (trillion won)	1,554.7	1,536.0	-18.7 (-1.2%)	267.7	256.8	-10.9 (-4.1%)
Daily trade (trillion won)	7.5	5.5	-2.0 (-26.7%)	4.9	3.4	-1.5 (-30.6%)
Foreign stock ownership (% , %p)	36.3	36.6	0.3 (0.8%)	11.8	11.6	-0.2 (-1.7%)

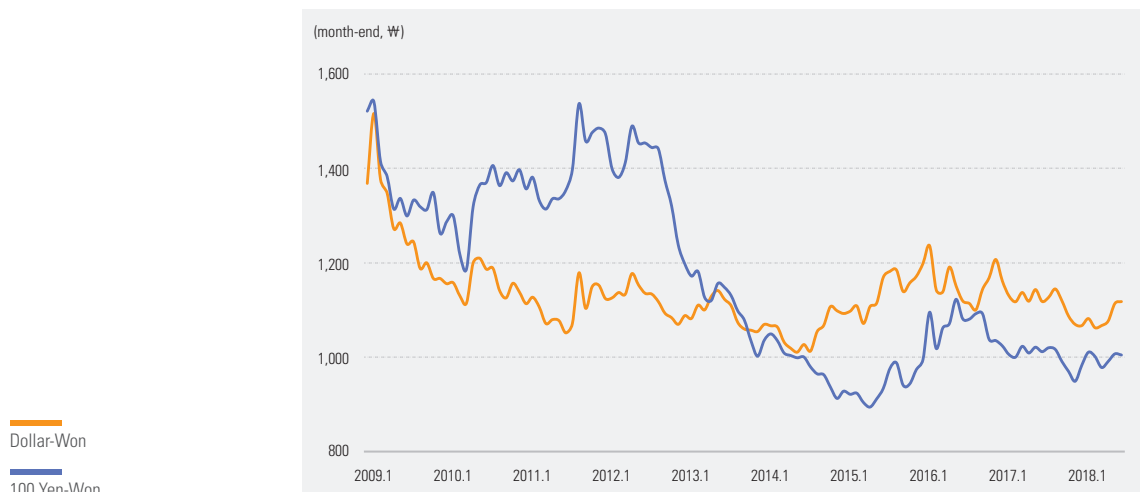
1. Change from the end of the previous month as of end-July 2018
Source: Korea Exchange

9.2 Exchange rate

The dollar-won exchange rate rose 0.4 percent in July from 1,114.5 won to 1,118.7 won as the dollar strengthened amid rising trade concerns.

The 100 yen-won exchange rate fell 0.2 percent from 1,007.2 won to 1,004.9 won as the dollar-yen rate rose faster than the dollar-won rate.

Foreign exchange rates



Source: Bank of Korea

(Closing rate¹)

	2012	2013	2014	2015	2016	2017	2018		
	Dec	Dec	Dec	Dec	Dec	Dec	Jun	Jul	Change ²
Dollar-Won	1,070.6	1,055.4	1,099.3	1,172.5	1,207.7	1,070.5	1,114.5	1,118.7	-0.4
100 Yen-Won	1,238.3	1,002.3	913.0	974.1	1,035.4	949.3	1,007.2	1,004.9	0.2

1. The exchange rate is based on the closing price at 3:30 p.m., local time.

2. Appreciation from the end of the previous month as of end-July 2018 (%)

Source: Bank of Korea

9.3 Bond market

Short-term and mid-term Korea treasury yields rose in July on concerns over economic slowdown amid escalating US-China trade tensions, as well as on expectations for BOK's rate hikes in the second half and major economies' monetary policy normalization.

Yield to maturity (m-o-m, basis points)

0.1 (3yrs), 0.8 (5 yrs), 1.1 (10 yrs), -1.6 (20 yrs), -2.0 (30 yrs)

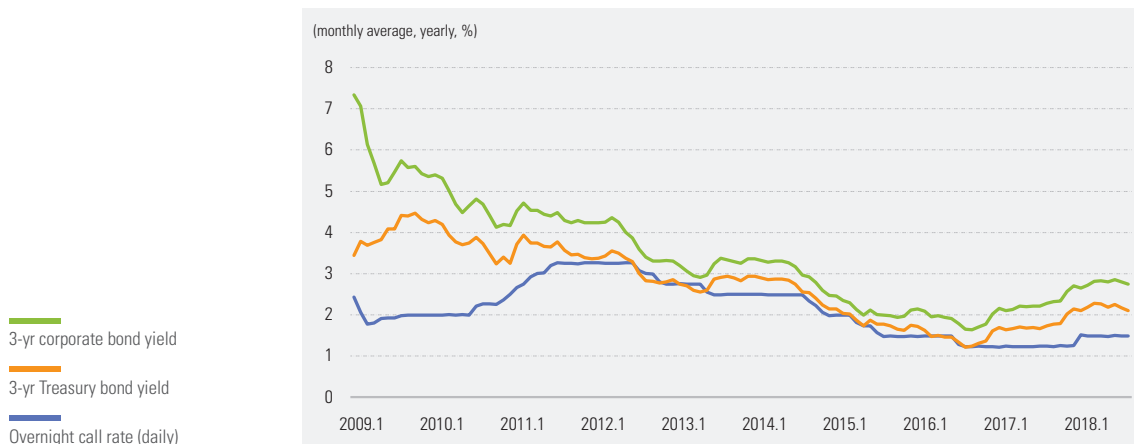
(Closing rate, %)

	2012	2013	2014	2015	2016	2017	2018			
	Dec	Dec	Dec	Dec	Dec	Dec	May	Jun	Jul	Change ¹
Call rate (1 day)	2.77	2.52	2.03	1.52	1.27	1.58	1.55	1.57	1.52	-5.0
CD (91 days)	2.89	2.66	2.13	1.67	1.52	1.66	1.65	1.65	1.65	0.0
Treasury bonds (3 yrs)	2.82	2.86	2.10	1.66	1.64	2.14	2.20	2.12	2.12	0.1
Corporate bonds (3 yrs)	3.29	3.29	2.43	2.11	2.13	2.68	2.82	2.77	2.78	1.5
Treasury bonds (5 yrs)	2.97	3.23	2.28	1.81	1.80	2.34	2.48	2.35	2.36	0.8

1. Basis points, %p, change from the previous month as of end-July 2018

Source: Bank of Korea

Interest rates



Source: Bank of Korea

9.4 Money supply and money market

M2 (*monthly average*) in May rose 5.9 percent from a year ago as private sector credit has been increasing since the second half of 2017, led by businesses.

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

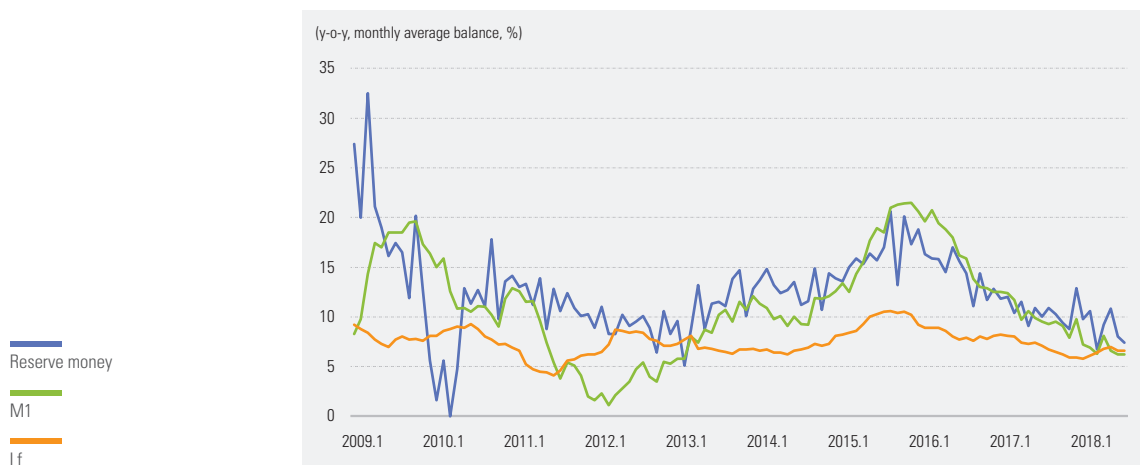
	2011	2012	2013	2014	2015	2016	2017	2018		
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Apr	May	May ¹
M1 ²	6.6	3.8	9.5	10.9	18.6	15.4	9.2	6.2	6.2	839.9
M2	4.2	5.2	4.8	6.6	8.6	7.3	5.5	5.7	5.9	2,600.3
Lf ³	5.3	7.8	6.9	7.0	9.7	8.1	6.7	6.6	6.6	3,643.3

1. Balance at end-May 2018, trillion won 2. M1 excludes corporate MMFs and individual MMFs, and includes CMA

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

Source: Bank of Korea

Total money supply



Source: Bank of Korea

Bank deposits increased 27.5 trillion won in June as government funds and corporate money flowed into instant access deposits (13.9 trillion won) at the end of the second quarter.

Asset management company (AMC) deposits decreased 5.1 trillion won due to the 12.0 trillion won flowing out of money market funds (MMF). Banks withdrew funds from MMFs to meet their BIS ratio requirements at the end of the first half and the government took out surplus funds for its next half expenditure.

(Change from the end of the previous period, trillion won)

	2011	2012	2013	2014	2015	2016	2017	2018			
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Apr	May	Jun	Jun ¹
Bank deposits	58.9	37.0	41.0	115.4	100.3	80.8	79.5	-4.5	14.5	27.5	1,603.4
AMC deposits	-16.6	18.8	17.7	42.4	44.4	47.6	27.9	22.4	1.6	-5.1	541.0

1. Balance at end-June 2018

Source: Bank of Korea



10. Balance of payments

Korea's current account (*preliminary*) in June posted a surplus of US \$7.38 billion, staying in the black for 76 consecutive months.

Goods account surpluses decreased month-on-month from US \$11.39 billion to US \$10.04 billion.

Growth in goods exports (y-o-y, %)

14.5 (May 2018) → 8.8 (Jun)

Growth in goods imports (y-o-y, %)

10.5 (May 2018) → 9.4 (Jun)

Export growth by item in June (y-o-y, %, customs clearance basis)

-0.2 (total), 71.5 (petroleum products), 48.5 (computers), 39.0 (semiconductors), -21.6 (home appliances), -82.7 (vessels)

Import growth by category in June (y-o-y, %, customs clearance basis)

10.8 (total), 24.9 (commodities), -6.7 (capital goods), 10.5 (consumer goods)

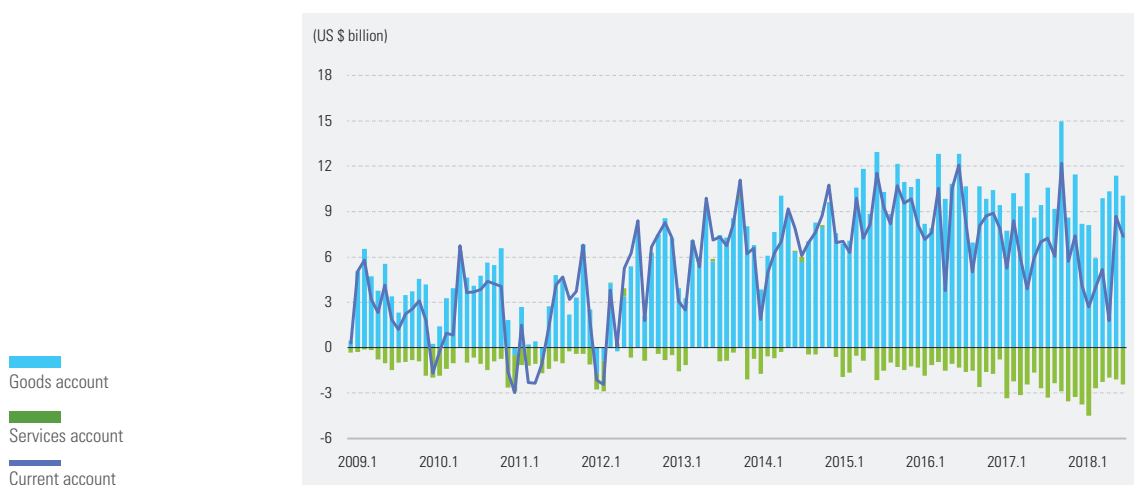
Services account deficits increased month-on-month from US \$2.09 billion to US \$2.45 billion as travel, transportation and manufacturing continued to be weak.

Services balance (US \$ billion, May → Jun)

0.73 → 0.68 (construction), 0.14 → -0.38 (intellectual property rights), -0.60 → -0.62 (manufacturing), -0.54 → -0.46 (transportation), -1.34 → -1.20 (travel), -0.80 → -0.61 (others)

Primary income account surpluses increased from US \$0.23 billion to US \$0.46 billion, and secondary income account deficits decreased from US \$0.84 billion to US \$0.67 billion.

Current account balance



Source: Bank of Korea (balance of payments trends)

(US \$ billion)

	2016	2017						2018			
	Annual	Annual ¹	Q1 ¹	Q2 ¹	Q3 ¹	Q4 ¹	Jun ¹	Q1 ¹	Q2 ¹	May ¹	Jun ¹
Current account	99.24	78.46	19.20	16.45	25.57	17.24	6.94	11.83	17.83	8.68	7.38
- Goods balance	118.90	119.89	27.31	29.56	34.75	28.27	9.42	23.91	31.78	11.39	10.04
- Services balance	-17.74	-34.47	-8.66	-6.75	-8.50	-10.56	-2.69	-9.41	-6.53	-2.09	-2.45
- Primary income balance	3.85	0.12	1.37	-4.88	1.95	1.68	0.64	0.39	-5.17	0.23	0.46
- Secondary income balance	-5.77	-7.08	-0.82	-1.48	-2.63	-2.15	-0.43	-3.06	-2.26	-0.84	-0.67

1. Preliminary Source: Bank of Korea

The capital and financial account (preliminary) in June posted an outflow of US \$4.73 billion.

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

8.99 (Aug 2017) → 12.41 (Sep) → 6.69 (Oct) → 10.44 (Nov) → 6.35 (Dec) → 4.11 (Jan 2018) → 4.21 (Feb) → 4.22 (Mar) → 0.01 (Apr) → 6.86 (May) → 4.73 (Jun)

* Positive figures represent net outflows, and negative figures represent net inflows.

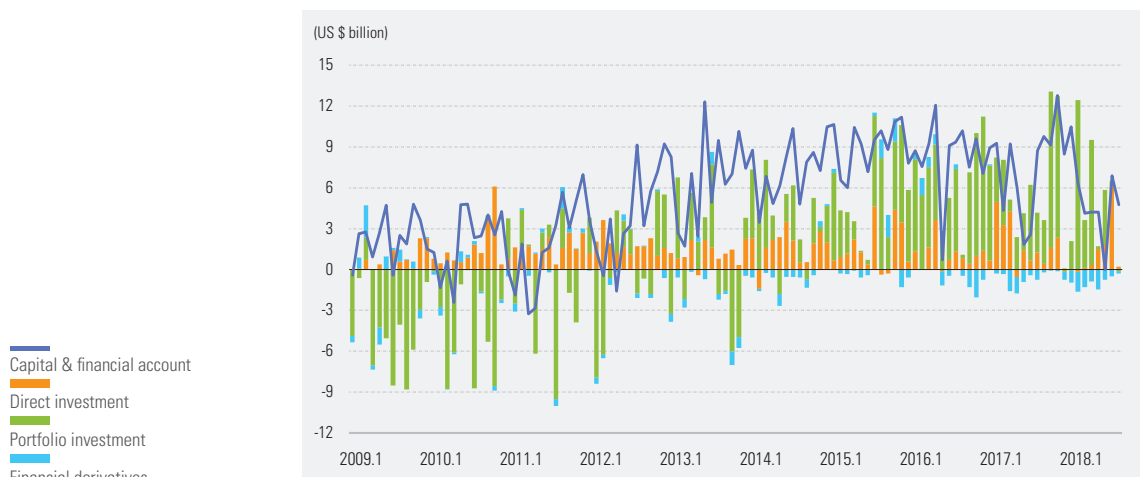
Net outflows decreased in foreign direct investment (FDI) (US \$6.06 billion in May → US \$0.21 billion in June) as Korean FDI (US \$6.29 billion → US \$3.35 billion) declined while inbound FDI (US \$0.24 billion → US \$3.34 billion) rose.

Portfolio investment posted a net inflow (US \$0.41 billion net outflow → US \$0.13 billion net inflow) as foreign investment in Korean shares (US \$3.01 billion → US \$4.08 billion) rose at a faster pace than Korean investment in foreign shares (US \$3.42 billion → US \$3.95 billion).

Net inflows decreased in financial derivatives investment (US \$0.48 billion → US \$0.17 billion) and other investment posted a net outflow (US \$2.83 billion net inflow → US \$1.84 billion net outflow).

Current account surpluses are likely to increase in July given trade surpluses (US \$6.20 billion in June → US \$7.00 billion in July).

Capital & financial account balance



Source: Bank of Korea (balance of payments trends)

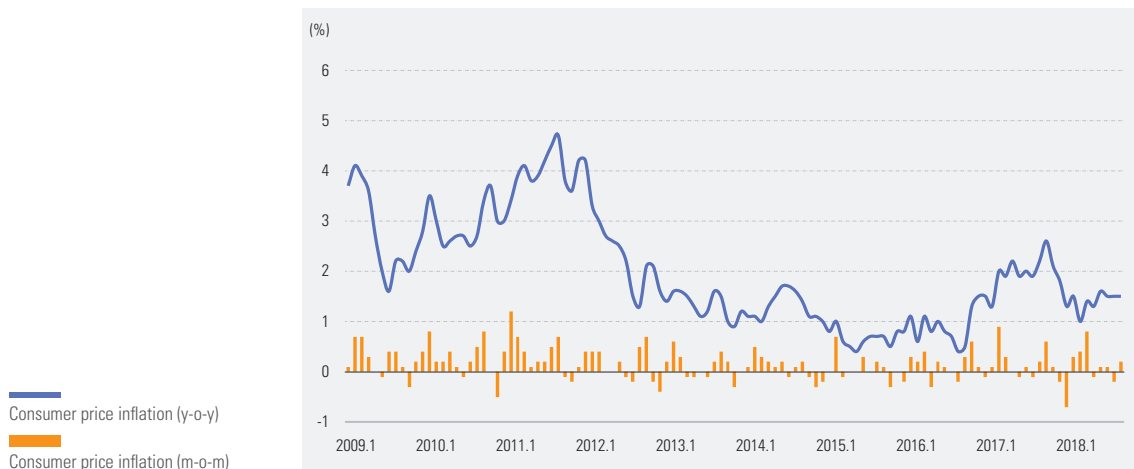


11. Prices

11.1 Consumer prices

Consumer prices in July rose 0.2 percent from the previous month and 1.5 percent from the same period of the previous year.

Consumer price inflation



Source: Statistics Korea (consumer price trends)

(Percentage change)

	2017			2018						
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Consumer price inflation (m-o-m)	-0.2	-0.7	0.3	0.4	0.8	-0.1	0.1	0.1	-0.2	0.2
(y-o-y)	1.8	1.3	1.5	1.0	1.4	1.3	1.6	1.5	1.5	1.5

Source: Statistics Korea

Fresh food prices rose at a slower rate (*up 1.8% → up 1.5%, y-o-y*) due to a high base effect from a year ago when vegetable prices went up as a result of heavy rains and hot weather. Livestock product prices rose on seasonal demand.

Domestic oil prices continued to rise (*up 10.0% → up 12.5%, y-o-y*) in July due to a low base effect from a year ago.

Public service prices rose at a slower rate (*up 0.2% → up 0.0%, y-o-y*) due to low medical costs, which reflect the expanded coverage of national health insurance.

Personal service price growth also slowed (*up 2.6% → up 2.2%, y-o-y*). Eating out costs rose 2.7 percent, staying on the same path as the previous month, but personal service prices excluding eating out costs rose at a slower pace (*up 2.4% → up 1.9%, y-o-y*) due to falling apartment maintenance charges.

Consumer price inflation in major sectors

	Total	Agricultural, livestock & fishery products	Manufactured products	Oil products	Public utilities	Housing rents	Public services	Personal services
Jun (y-o-y, %)	1.5	1.8	1.8	10.0	-3.3	0.6	0.2	2.6
Jul (y-o-y, %)	1.5	1.5	2.0	12.5	-1.8	0.6	0.0	2.2
- Contribution (%p)	-	0.12	0.64	0.54	-0.07	0.05	-0.01	0.7

Source: Statistics Korea

Core inflation, which excludes oil and agricultural products, slowed in July.

(Percentage change from same period in previous year)

	2017	2018						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Consumer prices excluding oil and agricultural products	1.5	1.1	1.2	1.3	1.4	1.3	1.2	1.1
Consumer prices excluding food and energy	1.5	1.2	1.3	1.4	1.4	1.4	1.2	1.0

Source: Statistics Korea

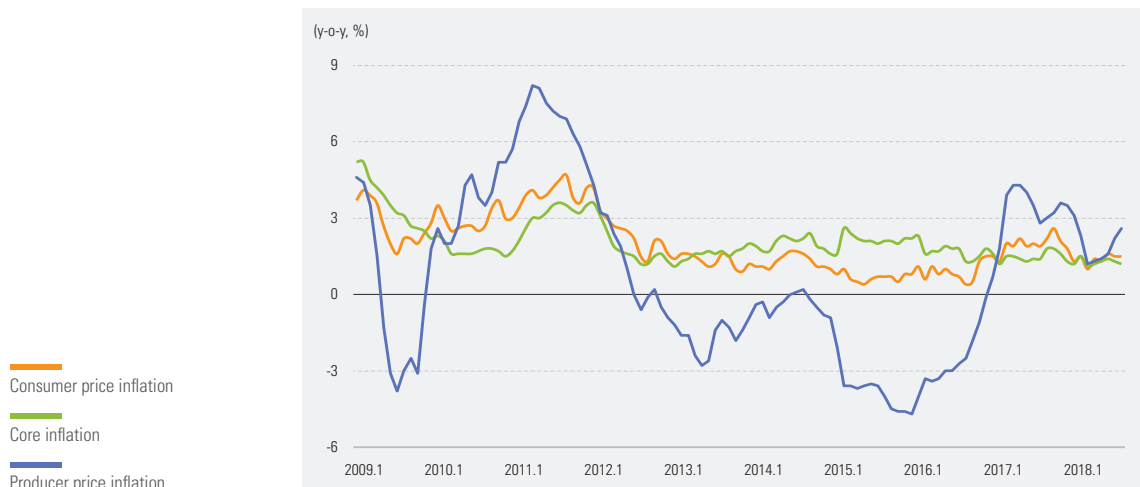
The basic necessities price index rose faster (*up 1.4% → up 1.5%, y-o-y*), while the fresh food price index remained stable (*up 2.0% → up 0.1%, y-o-y*) due to a high base effect from a year ago when vegetable prices went up due to bad weather.

(Percentage change from same period in previous year)

	2017	2018						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Consumer prices for basic necessities	1.6	0.8	1.4	1.1	1.4	1.4	1.4	1.5
Fresh food prices	-3.9	-2.6	4.3	1.0	4.7	4.5	2.0	0.1

Source: Statistics Korea

Prices



Sources: Statistics Korea (consumer price trends), Bank of Korea (producer prices)



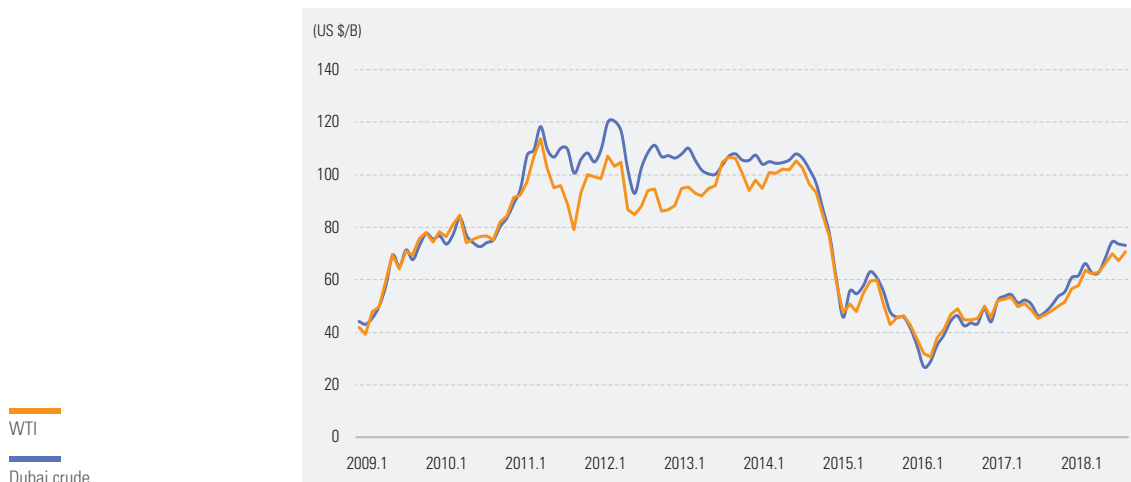
11.2 International oil and commodity prices

International oil prices were mixed in July as there were both upward pressure and downward pressure, the former from rising US demand and the latter from the intensifying trade conflict between the US and China.

Dubai crude (US \$/barrel)

74.9 (1st week Jul 2018) → 73.9 (2nd week) → 71.0 (3rd week) → 72.5 (4th week)

International oil prices



Source: Korea National Oil Corporation

(US \$/barrel, period average)

	2017	2018					
	Annual	Q1	Q2	Apr	May	Jun	Jul
Dubai crude	53.2	64.0	72.1	68.3	74.4	73.6	73.1
WTI crude	50.9	62.9	67.9	66.3	70.0	67.3	70.6
Brent crude	54.7	67.2	75.0	71.8	77.0	75.9	75.0

Source: Korea National Oil Corporation

Domestic gasoline prices continued to rise in July as demand increased during the summer vacation season.

Domestic gasoline prices (won/liter)

1,608.2 (1st week Jul 2018) → 1,609.9 (2nd week) → 1,611.6 (3rd week) → 1,612.2 (4th week)

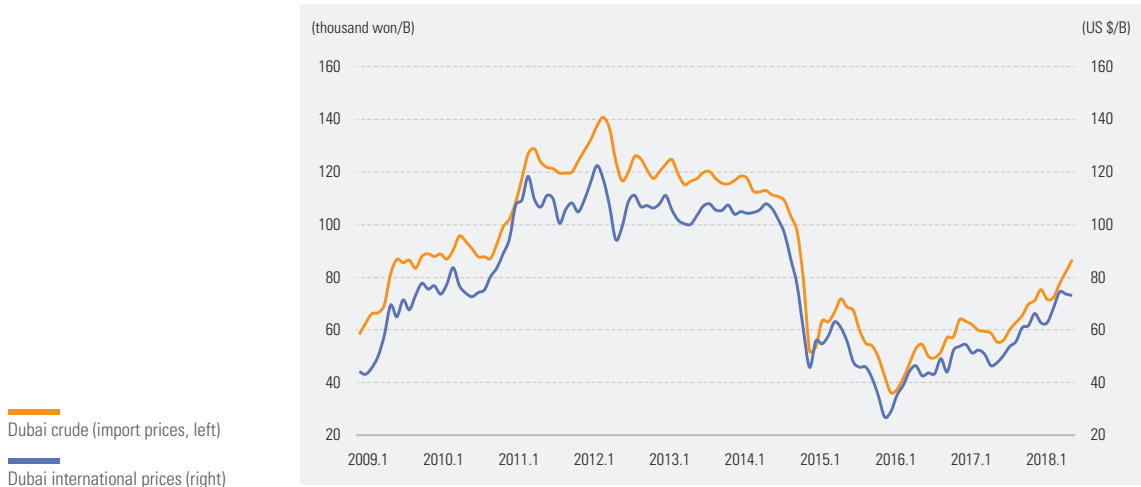
International gasoline prices (US \$/barrel)

78.9 (3rd week Jun 2018) → 80.7 (4th week) → 81.7 (1st week Jul) → 81.7 (2nd week) → 78.8 (3rd week)

Dollar-won exchange rate (won)

1,071 (3rd week Jun 2018) → 1,073 (4th week) → 1,103 (1st week Jul) → 1,115 (2nd week) → 1,117 (3rd week)

Dubai crude prices and import prices



Source: Korea National Oil Corporation

(Won/liter, period average)

	2017	2018					
	Annual	Q1	Q2	Apr	May	Jun	Jul
Gasoline prices	1,491	1,558	1,580	1,551	1,580	1,609	1,611
Diesel prices	1,283	1,353	1,380	1,349	1,380	1,410	1,412

Source: Korea National Oil Corporation

International soybean prices fell in July amid expectations that China will cut soybean imports from the US. Wheat prices rose on dry weather concerns.

International grain prices in July (monthly average prices, m-o-m, %)
-0.4 (corn), 0.9 (wheat), -6.8 (soybeans)

Nonferrous metal prices declined due to escalating US-China trade tensions as well as rising output.

Nonferrous metal prices in July (monthly average prices, m-o-m, %)
-10.2 (copper), -6.3 (aluminum), -8.9 (nickel)

(Period average)

	2017	2018					
	Annual	Q1	Q2	Apr	May	Jun	Jul
Reuters Index¹ (Sep 18, 1931=100)	2,472	2,342	2,317	2,284	2,308	2,357	2,298

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



12. Real estate market

12.1 Housing market

Housing prices nationwide fell 0.02 percent month-on-month in July.

Housing prices rose 0.11 percent in the Seoul metropolitan area which includes Seoul (up 0.32%), Gyeonggi Province (up 0.00%) and Incheon (down 0.08%).

Housing prices declined 0.06 percent in the five metropolitan cities and 0.19 percent in the eight provinces.

Housing prices in five metropolitan cities (m-o-m, %)

Busan (-0.14), Daegu (0.14), Gwangju (0.27), Daejeon (0.02), Ulsan (-0.70)

Housing sales prices

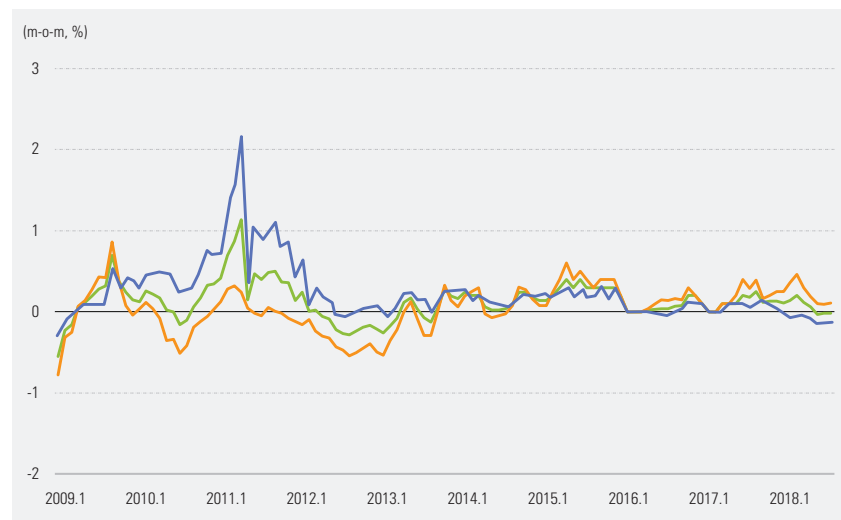
(Percentage change from previous period)

	2013	2014	2015	2016	2017		2018				
	Annual	Annual	Annual	Annual	Annual	Jul	Annual	Apr	May	Jun	Jul
Nationwide	0.3	1.7	3.5	0.7	1.5	0.18	0.5	0.06	-0.03	-0.02	-0.02
Seoul metropolitan area	-1.1	1.5	4.4	1.3	2.4	0.29	1.6	0.19	0.10	0.09	0.11
- Seoul	-1.4	1.1	4.6	2.1	3.6	0.41	3.5	0.31	0.21	0.23	0.32
· Gangnam ¹	-1.1	1.2	5.2	2.5	4.4	0.37	3.9	0.32	0.15	0.12	0.26
· Gangbuk ²	-1.7	1.1	3.9	1.8	2.9	0.45	3.0	0.31	0.29	0.35	0.38
Areas excluding the Seoul metropolitan area	1.7	1.9	2.7	0.2	0.7	0.08	-0.6	-0.06	-0.13	-0.12	-0.13

1. Upscale area of Southern Seoul 2. Northern Seoul

Source: Korea Appraisal Board

Housing sales prices



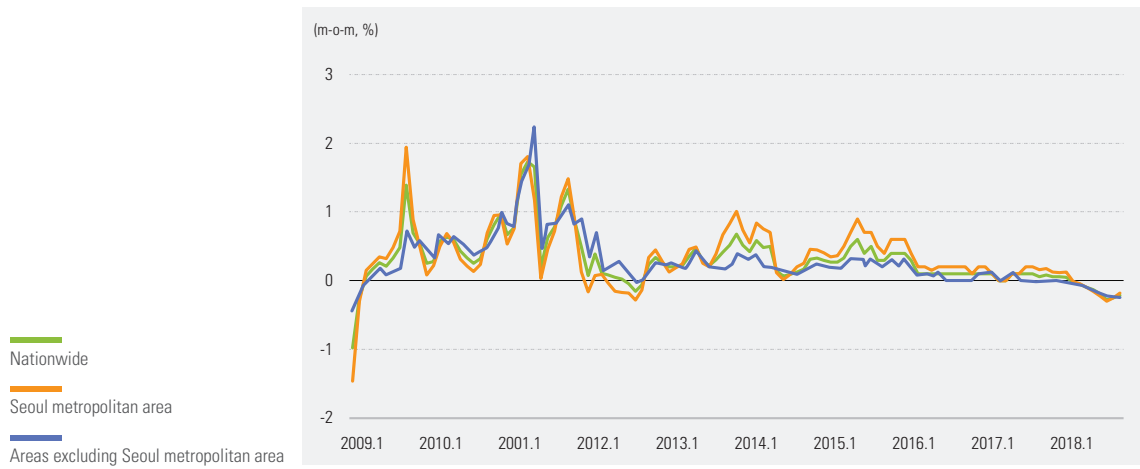
Source: Korea Appraisal Board

Housing rental prices nationwide declined 0.21 percent month-on-month in July.

Housing rental prices fell 0.18 percent in the Seoul metropolitan area and 0.24 percent in areas excluding the Seoul metropolitan area.

Housing rental prices in major districts in the Seoul metropolitan area (m-o-m, %)
Gangnam (-0.28), Seocho (0.14), Songpa (-0.31), Gwacheon (-0.68), Bundang (-0.59)

Housing rental prices



Source: Korea Appraisal Board

Housing rental prices

(Percentage change from previous period)

	2013	2014	2015	2016	2017		2018				
	Annual	Annual	Annual	Annual	Annual	Jul	Annual	Apr	May	Jun	Jul
Nationwide	4.7	3.4	4.8	1.3	0.6	0.06	-1.2	-0.19	-0.28	-0.25	-0.21
Seoul metropolitan area	6.2	4.7	7.1	2.0	1.4	0.16	-1.2	-0.22	-0.30	-0.25	-0.18
- Seoul	6.6	3.6	7.2	2.0	2.0	0.22	-0.2	-0.20	-0.24	-0.14	0.06
· Gangnam ¹	6.7	3.3	7.9	1.8	2.6	0.32	-0.9	-0.40	-0.45	-0.27	0.07
· Gangbuk ²	6.4	3.8	6.5	2.1	1.5	0.11	0.4	0.00	-0.02	0.00	0.04
Areas excluding the Seoul metropolitan area	3.3	2.2	2.8	0.7	-0.1	-0.03	-1.2	-0.17	-0.25	-0.25	-0.24

1. Upscale area of Southern Seoul 2. Northern Seoul

Source: Korea Appraisal Board

There were 65,027 housing transactions in June, down 4.1 percent from a month earlier (67,789) and down 33.6 percent from a year ago (97,998).

Housing transactions

(Thousands)

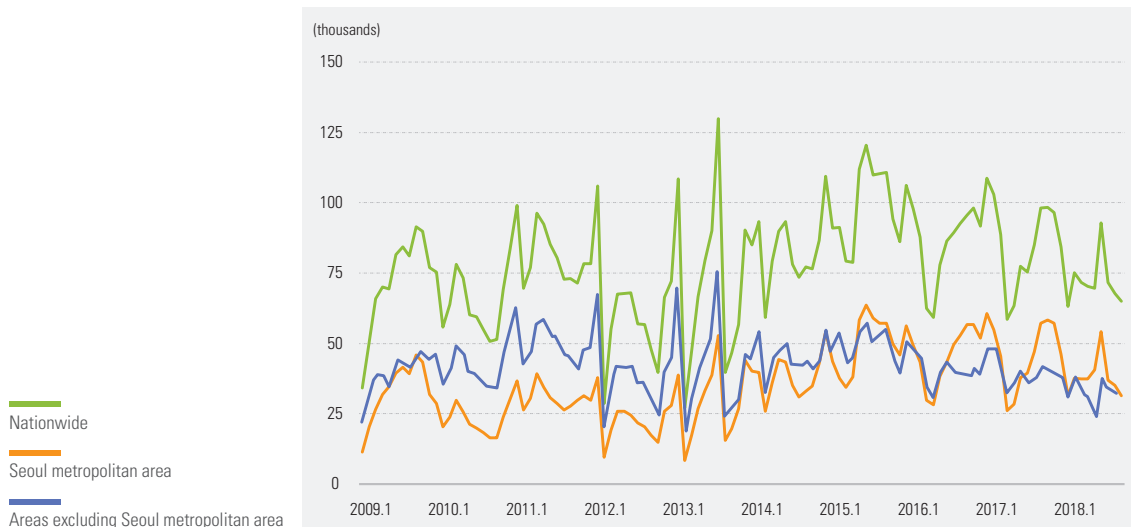
	2015	2016	2017								2018					
	Annual ¹	Annual ¹	Annual ¹	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Nationwide	99	88	79	98	97	84	63	75	72	70	70	93	72	68	65	

1. Monthly average

Source: Ministry of Land, Infrastructure and Transport



Housing transactions



Source: Ministry of Land, Infrastructure and Transport

12.2 Land market

Land prices nationwide rose 0.37 percent month-on-month in June. Land prices rose 0.40 percent in the Seoul metropolitan area as both Seoul (up 0.42%) and Gyeonggi Province (up 0.40%) posted increases.

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

0.31 (Nov 2017) → 0.31 (Dec) → 0.33 (Jan 2018) → 0.33 (Feb) → 0.36 (Mar) → 0.34 (Apr) → 0.36 (May) → 0.40 (Jun)

Land prices rose 0.31 percent in areas excluding the Seoul metropolitan area, led by Gwangju (up 0.37%), Ulsan (up 0.24%) and South Chungcheong Province (up 0.21%).

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

0.34 (Nov 2017) → 0.33 (Dec) → 0.32 (Jan 2018) → 0.28 (Feb) → 0.33 (Mar) → 0.32 (Apr) → 0.32 (May) → 0.31 (Jun)

Land prices

(Percentage change from previous period)

	2013	2014	2015	2016	2017	2018					
	Annual	Annual	Annual	Annual	Annual	Annual	Q1	Q2	Apr	May	Jun
Nationwide	1.14	1.96	2.40	2.70	3.88	2.05	0.99	1.05	0.33	0.35	0.37
Seoul	1.21	2.66	2.69	2.97	4.32	2.38	1.28	1.09	0.30	0.36	0.42
Gyeonggi	0.91	1.24	1.73	2.23	3.45	2.01	0.83	1.17	0.39	0.38	0.40
Incheon	0.87	1.35	1.95	1.74	3.10	1.47	0.65	0.82	0.24	0.28	0.30

Source: Korea Appraisal Board

There were 255,000 land transactions in June, down 5.9 percent from the previous month (276,000) and down 15.4 percent from a year ago (301,000).

Land transactions (m-o-m, %)

Seoul (-15.9), Incheon (-19.6), Daegu (-4.1), Daejeon (-12.0)

Vacant land transactions decreased 14.6 percent from the previous month (101,000 → 86,000), accounting for 33.8 percent of the total land transactions. The index fell 14.4 percent compared with a year ago (101,000).

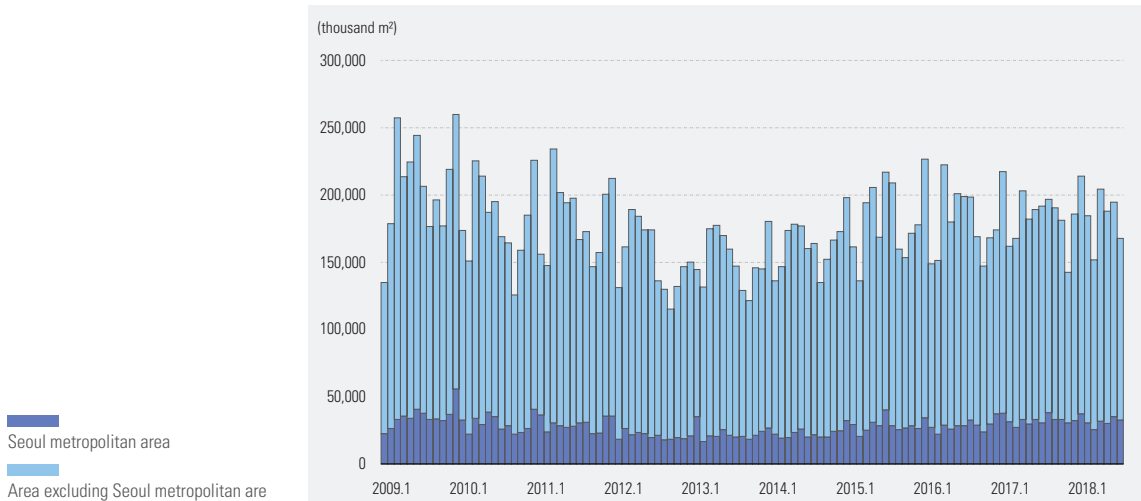
Land transactions

(Land lots, thousands)

	2015	2016	2017							2018					
	Annual ¹	Annual ¹	Annual ¹	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Nationwide	257	250	276	312	327	293	238	294	296	298	252	320	265	271	255
Seoul	30	31	32	40	45	31	23	29	35	35	31	43	26	29	24
Gyeonggi	58	63	75	91	93	86	74	85	84	81	75	91	76	76	75
Incheon	12	13	16	18	21	20	16	17	16	16	15	15	16	18	15

1. Monthly average
Source: Korea Land & Housing Corporation

Land transactions



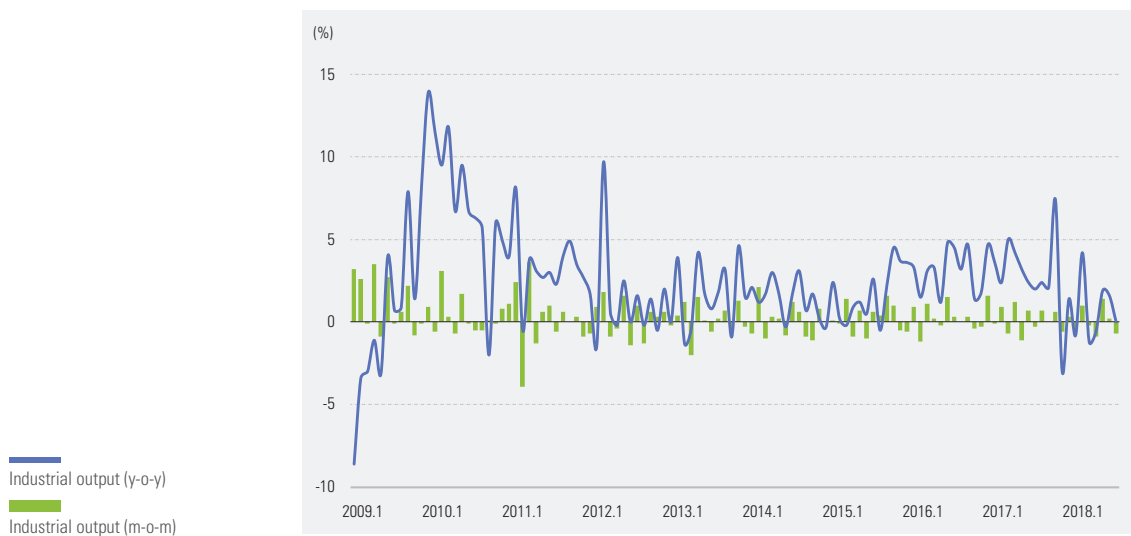
Source: Korea Appraisal Board



13. Composite indices of business cycle indicators

Industrial output fell 0.7 percent month-on-month in June. Services (*up 0.2%*) rose, while mining & manufacturing (*down 0.6%*), construction (*down 4.8%*) and public administration (*down 3.7%*) declined. Compared to a year ago, industrial output was unchanged.

Index of all industry production



Source: Statistics Korea (industrial activity trends)

The cyclical indicator of the coincident composite index declined 0.2 points month-on-month to 99.4. Among the seven components of the coincident composite index, three rose, while the other four declined.

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

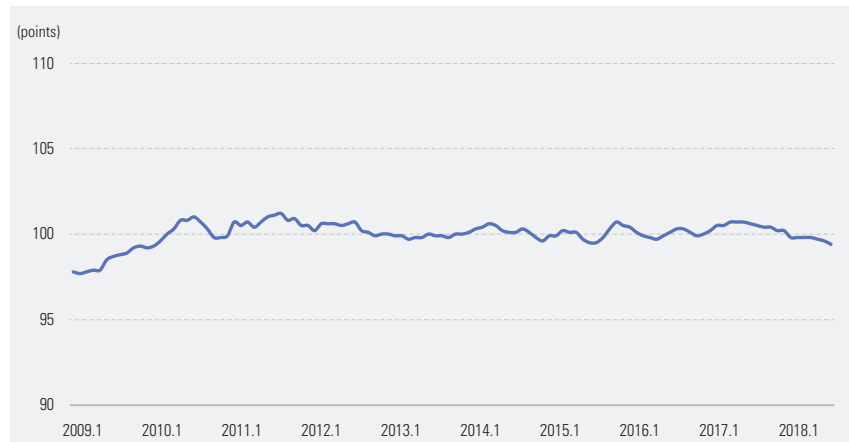
mining & manufacturing production (1.3%), service output (0.1%), domestic shipments (0.6%), value of construction completed (-1.9%), retail sales (-0.4%), imports (-1.1%), nonfarm payroll employment (-0.1%)

The cyclical indicator of the leading composite index fell 0.1 points from the previous month to 100.0. Two components of the leading composite index rose, while the other six either fell or stayed flat.

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

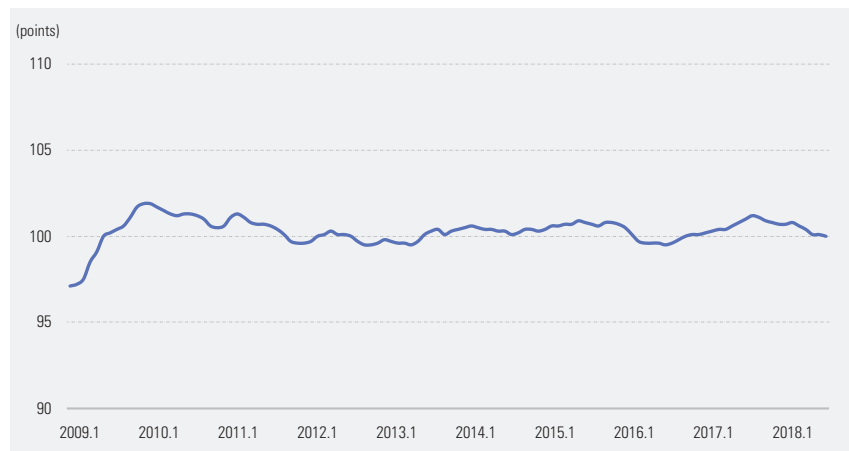
inventory circulation indicator (2.2%p), ratio of job openings to job seekers (1.2%p), consumer expectations index (-0.5p), value of construction orders received (-6.1%), ratio of export to import prices (-0.9%), KOSPI (-0.8%), spreads between long & short term interest rates (-0.02%p), domestic shipments of machinery (0.0%)

Cyclical indicator of coincident composite index



Source: Statistics Korea (industrial activity trends)

Cyclical indicator of leading composite index



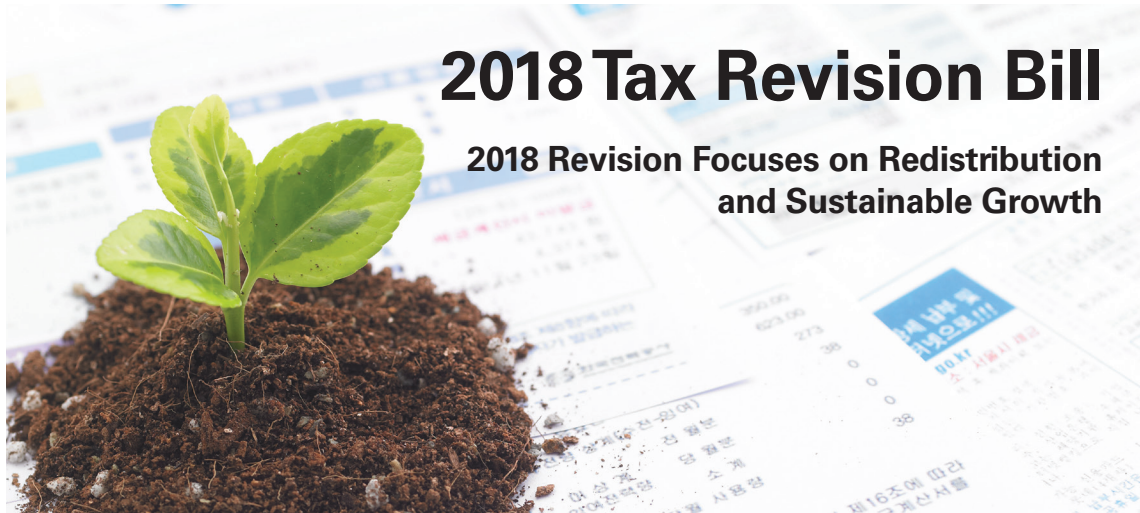
Source: Statistics Korea (industrial activity trends)

	2017		2018					
	Nov	Dec	Jan	Feb	Mar	Apr ¹	May ¹	Jun ¹
Index of all industry production (m-o-m, %)	0.3	-0.6	1.0	-0.2	-0.9	1.4	0.2	-0.7
(y-o-y, %)	1.4	-0.8	4.2	-1.2	-0.6	1.9	1.6	0.0
Coincident composite index (2015=100)	108.0	107.9	108.2	108.5	108.8	108.9	109.1	109.1
(m-o-m, %)	0.3	-0.1	0.3	0.3	0.3	0.1	0.2	0.0
Cyclical indicator of coincident composite index	100.2	99.8	99.8	99.8	99.8	99.7	99.6	99.4
(m-o-m, p)	0.0	-0.4	0.0	0.0	0.0	-0.1	-0.1	-0.2
Leading composite index (2015=100)	111.1	111.4	112.0	112.2	112.3	112.3	112.7	113.0
(m-o-m, %)	0.3	0.3	0.5	0.2	0.1	0.0	0.4	0.3
Cyclical indicator of leading composite index	100.7	100.7	100.8	100.6	100.4	100.1	100.1	100.0
(m-o-m, p)	-0.1	0.0	0.1	-0.2	-0.2	-0.3	0.0	-0.1

1. Preliminary

Policy Issue

2018 tax revision bill



2018 Tax Revision Bill

2018 Revision Focuses on Redistribution and Sustainable Growth

The 2018 tax revision focuses on the following.

- Strengthening social welfare and bringing about redistribution of income
- Promoting job creation and ‘growth through innovation’
- Pursuing fair taxation

1. Strengthening social welfare and bringing about redistribution of income

Strengthen social welfare

- Expand the EITC to the bottom 60 to 70 percent of earners: A total of 3.8 trillion won will be made available to 3.34 million households, an increase from 1.2 trillion won to 1.66 million households
- Expand the eligibility of child benefits to those receiving survivor benefits and increase the payment from 300,000-500,000 won a month to 500,000-700,000 won
- Raise the income tax exemption ceiling for daily workers from 100,000 won to 150,000 won
- Give young adults¹⁾ a tax exemption for interest earned from their new home purchase savings accounts: Eligible to those earning less than 30 million won annually and not owning a house for up to 5 million won of interest earned from the savings account for new home purchases
- Give young adults in their mandatory military service a tax exemption for interest earned from their military savings accounts
- Expand the tax reduction for 15 percent medical expenses to postpartum care for the expenses exceeding 3 percent of annual salaries with the maximum of up to 2 million won: Employees earning less than 70 million won a year and business owners earning less than 60 million won a year will be eligible for the new medical expense deduction.

1) Aged 15-34



- Increase tax incentives for charitable donations: Give a tax reduction for 15 percent of charitable donations if they are worth 10 million won or less and 30 percent if they are worth more than 10 million won, and allow social enterprises to include in their business expenses up to 30 percent of their mandatory donations
- Give a 50 percent income tax reduction to SME employees for the incentives given as profit sharing, and provide those SMEs with 10 percent tax reduction for the profit sharing

Revise property taxes

- Raise property tax revenues to around 1 percent to GDP by 2022, near the OECD average of 1.1 percent to GDP
- Separately tax housing rental income from other incomes if it does not exceed 20 million won a year starting in 2019
- Increase expense deductions for small-scale housing rental income (20 million won or less annually)

Regulate overseas tax evasion

- Expand the duty of reporting overseas financial accounts held by overseas companies to individual owners of the company with 100 percent ownership, including beneficial owners, an expansion from corporate owners of the company
- Require corporations, in addition to individual citizens, to explain unreported offshore accounts
- Increase penalties for not reporting overseas property transactions, and require explanation for unreported investment overseas, including property investment
- Extend the statute of limitations for offshore transactions to 10 years
- Raise exit taxes: Impose up to 25 percent taxes on the sales of corporate shares and introduce a tax on the sales of property shares

Reform tax support

- Impose a VAT on overseas cloud services
- Put an end to tax free interest and dividend income earned from financial cooperative accounts: applied to nonmembers from 2019 and members from 2022
- Make virtual currency dealers no more eligible for SME tax reduction
- Place stamp duties on mobile gift certificates as placed on paper gift certificates
- Make landlords no more eligible for small business expense deduction for pension contributions
- End the derivatives sales tax exemptions

2. Promoting job creation and 'growth through innovation'

Promote job creation

- Give increased tax support to businesses investing in areas affected by

restructuring²⁾: A five-year corporate and income tax exemption for startups, increased tax reduction for business asset investments, expanded SME tax support to medium-sized enterprises, which includes support for employee retention and reduced work hours

- Give SMEs and medium-sized enterprises a one-year labor cost deduction for returnees from childcare leave (more than six months), applicable to both mothers and fathers
- Revise the zone-specific tax support program with its focus on job creation: Set stricter requirements as to job creation and employee retention while relaxing requirements as to investment, and increase tax reduction for creating jobs
- Revise the tax reduction for jobs created to cover more young adults and longer periods (up to three years for SMEs and medium-sized enterprises, and up to two years for large enterprises)

Annual tax reduction for jobs created, revised

(thousand won, per employee)

		SMEs		Medium-sized enterprises	Large enterprises
		Seoul metropolitan area	Outside the Seoul metropolitan area		
All jobs created		7,000	7,700	4,500	-
Young adult permanent jobs	Ordinary enterprises	10,000	11,000	7,000	3,000
	Enterprises employing more young adults	15,000	16,000	12,000	8,000

- Expand the reshoring tax reduction to large enterprises moving only part of their operations back into the country
- Extend the SME tax reduction for social insurance contributions paid for new employees by three years, and also extend by three years the tax reduction for creating permanent positions for temporary employees to fill, applied to both SMEs and medium-sized enterprises

Support 'growth through innovation'

- Allow accelerated depreciation for facilities invested between July 1, 2018 and December 31, 2019, if they are to boost 'growth through innovation'
- Increase tax support for R&D investment: Expand the R&D tax reduction of up to 40 percent of the investment to blockchain technologies and quantum computing
- Increase tax support for facility investment made to commercialize R&D outcomes: Ease requirements for the facility investment tax reduction of up to 10 percent of the investment from investing in R&Ds more than 5 percent to total sales to more than 2 percent
- Increase tax exemptions for employee inventor rewards from up to 3 million won to up to 5 million won annually
- Extend the period of the 50 percent income tax reduction given to foreign engineers from two years to five years

²⁾ Nine areas designated as restructuring-affected, such as Gunsan, Geoje, Tongyeong, Goseong, Changwon, Jinhae, Ulsan, Mokpo, Yeongam, and Haenam



- Allow medium-sized enterprises' contributions to employee reward programs to be tax-deductible, in addition to the contributions made by SMEs
- Give startup accelerators an expanded capital gains tax exemption: Stocks purchased through private equity funds to be capital gains tax-exempt in addition to stocks purchased directly or stocks purchased through public equity funds
- Give startup accelerators a VAT exemption for their services
- Make pension funds' arbitrage dealing in the KOSDAQ free of stock transaction taxes
- Lower the withholding tax rate on interest earned from P2P lending³⁾ from 25 percent to 14 percent to promote the sharing economy in the financial services industry
- Expand a 30 percent tax reduction for electric vehicle rentals to hydrogen fuel cell vehicle rentals: Vehicle rental businesses more than 50 percent of which services involve the renting of electric cars and hydrogen cars will receive the tax reduction, an expansion from electric cars making up more than 50 percent of their services to boost the hydrogen fuel cell vehicle market

3. Pursuing fair taxation

Reform environmental taxes

- Revise environmental taxes to reflect the amount of pollutants emitted: Raise the soft coal tax rate and lower the LNG tax rate, so that the soft coal contributions will be twice the LNG contributions
- Temporarily provide in 2019 a 70 percent individual consumption tax reduction for new vehicle purchases if they follow the scrapping of old diesel vehicles
- Continue to impose transportation, energy and environmental taxes until the end of 2021
- Keep the individual consumption tax reduction for hybrid vehicles until the end of 2021

Other revisions

- Allow the renewal of the five year license for duty free shops: Up to 10 years for large retailers and up to 15 years for small- or medium-sized retailers
- Cut the duty free shop license fee to 0.01 percent of the sales for SME products sold at large retailers
- Increase tax exemption for dividend income earned from subsidiary shares in order to encourage holding companies to raise shares in their subsidiary companies

Shareholding in subsidiary companies		Tax free dividend income	
Listed	Unlisted	Current	Revision
Over 40%	Over 80%	100%	100%
30% - 40%	50% - 80%	80%	90%
23% - 30%	40% - 50%		80%

3) P2P financial service providers need to be approved to provide services

- Suspend the sunset of the income tax reduction for credit card payments by one year
- Revise the tax reduction for facility investment according to two categories: Up to 10 percent reduction for investments to improve safety or welfare, and up to 7 percent reduction for R&D investment or other investments to improve productivity
- Ease regulations on death tax fraud: Death tax reduction for up to 50 billion won, which is given when family businesses are inherited, has been collected 100 percent when more than 20 percent of the inherited assets are sold within 10 years, but according to the revision, the amount to be collected will depend on how much of the assets are sold.

Increase taxpayer convenience

- Lower late payment charges, as well as penalties for VAT filing mistakes
- Look into all factors that could have affected the tariff if there is a request before the reporting of the price
- Lift the security deposit requirement for the late payment of tariffs, applied to products imported by exporters for their production of goods to be exported

4. Expected revenues and tax burden

Revenues are expected to have fallen 2.5 trillion won for the next five years due to the revision.

Tax revenue increase

(y-o-y, billion won)

	Total	2019	2020	2021	2022	2023 and beyond
Total	-2,534.3	-3,281.0	562.1	-400.0	466.4	118.2
Income tax	-3,007.3	-3,899.6	802.4	-84.6	101.1	73.4
Corporate tax	-458.1	-189.2	-366.0	-314.6	366.1	45.6
VAT	-93.9	-130.8	39.3	-0.8	-0.8	-0.8
Others	1,025.0	938.6	86.4	-	-	-

Tax payer burden increase

(billion won)

Working class ¹ /SMEs	High income earners/Large conglomerates	Others	Total
-3,204.0	788.2	-118.5	-2,534.3

1.Those earning 65 million won or less a year, 150 percent of the median income

Economic News Briefing

Korea to spend 5 trillion won on 'growth through innovation' in 2019

External debt rises to US\$440.5 billion, soundness indicators stable

Korea grows 0.7% in Q2 2018 (advanced)

Korea to spend 5 trillion won on 'growth through innovation' in 2019

Korea will invest a total of about 5 trillion won, an increase of 2 trillion won compared with 2018, to promote new industries according to the 2019 'growth through innovation' investment plan announced on August 13. The government will invest in building a platform economy in addition to the eight projects* it has been promoting since the start of this year.

* Future cars, drone services, new energies, healthcare biotechnology, smart factories, smart cities, smart farms and fintech

A total of 9-10 trillion won will be invested in building a platform economy over the next five years through the four projects, such as building a digital platform for big data analysis and transactions, and setting up a hydrogen fuel cell supply chain.

- Build a big data platform: The government will focus on promoting big data and AI, developing blockchain technology to ensure data management security and boosting the sharing economy
- Ease data divide: The government will provide fiscal support to encourage small businesses to use big data, and promote the development of digital trade platforms for exporters
- Build a hydrogen fuel cell supply chain which covers from production to storage, transportation and utilization
- Develop an education program to provide as many as 10,000 qualified workforce over the next five years

External debt rises to US\$440.5 billion, soundness indicators stable

Korea's external debt amounted to US \$440.5 billion as of the end of June 2018, an increase of US \$6.7 billion from the previous quarter. Short-term debt rose US \$4.6 billion quarter-on-quarter to US \$125.1 billion, and long-term debt rose US \$2.0 billion to US \$315.4 billion. External debt increased as borrowings by banks rose, as well as bond issuance by the government and the private sector.

External debt soundness indicators remained stable, as the ratio of short-term external debt to total external debt stayed low at 28.4 percent and the ratio of short-term external debt to foreign exchange reserves at 31.3 percent. Net foreign assets in debt instruments (total external assets in debt instruments–total external debt) stood at US \$454.9 billion.



Korea grows 0.7% in Q2 2018 (*advanced*)

Korea's real gross domestic product (GDP) expanded 0.7 percent quarter-on-quarter in the second quarter of 2018, according to the advanced data released by the Bank of Korea (BOK) on July 26. Compared to a year ago, the Korean economy grew 2.9 percent.

On the production side, agriculture, forestry & fisheries contracted 2.5 percent compared to the previous quarter. Manufacturing grew 0.7 percent backed by strong coal and petroleum products, as well as increasing precision instruments. Construction decreased 2.3 percent due to weak residential building construction and civil engineering works. Services grew 0.6 percent backed by strong wholesale & retail, hotels & restaurants and healthcare & social welfare services.

On the expenditure side, private consumption increased 0.3 percent backed by nondurable goods and services, while government consumption rose 0.3 percent. Facility investment declined 6.6 percent as investment decreased in both machinery and transportation equipment, and construction investment contracted 1.3 percent due to a fall in residential building construction and civil engineering works. Intellectual property investment was down 0.7 percent.

Exports increased 0.8 percent as semiconductors continued to be strong, as well as coal and petroleum products. Imports decreased 2.6 percent due to a fall in machinery and transportation equipment.

GDP by production and expenditure*

(Percentage change from previous period)

	2016				2017 ¹				2018 ¹	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP	0.6 (3.0) ²	0.8 (3.5) ²	0.4 (2.7) ²	0.7 (2.6) ²	1.0 (2.9) ²	0.6 (2.8) ²	1.4 (3.8) ²	-0.2 (2.8) ²	1.0 (2.8) ²	0.7 (2.9) ²
Agriculture, forestry & fisheries	1.5	-3.2	-1.4	-1.1	3.9	-0.3	-1.8	0.2	6.0	-2.5
Manufacturing	0.0	1.3	-0.1	1.8	1.7	0.1	2.7	-1.7	1.6	0.7
Construction	3.7	2.0	2.3	2.2	4.8	-1.6	1.0	-1.6	2.1	-2.3
Services ³	0.6	0.6	0.4	0.4	0.4	0.7	1.0	0.3	1.1	0.6
Private consumption	-0.2	0.8	0.5	0.3	0.5	1.0	0.8	1.0	0.7	0.3
Government consumption	1.7	0.6	0.7	0.5	0.6	1.2	1.9	0.5	2.2	0.3
Construction investment	5.6	3.2	2.2	1.0	4.2	0.9	1.1	-2.3	1.8	-1.3
Facility investment	-7.1	2.7	1.6	6.5	4.5	4.3	0.2	-0.7	3.4	-6.6
Intellectual property investment	0.9	1.5	0.7	0.7	0.3	0.5	1.5	1.1	0.3	-0.7
Exports	-0.2	0.8	1.4	-0.6	2.1	-2.7	5.6	-5.3	4.4	0.8
Imports	-1.3	2.3	2.4	0.1	4.9	-1.0	3.2	-2.9	4.9	-2.6

*Based on 2010 chained prices in seasonally adjusted terms

1. Preliminary

2. Percentage change from the same period of the previous year (original data)

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

Statistical Appendices

01. National accounts
02. Production, shipment and inventory
03. Production capacity and operation ratio
04. Consumer goods sales index
05. Machinery orders received and facility investment index
06. Value of construction completed and domestic construction orders received
07. Composite indices of business cycle indicators, CSI and BSI
08. Prices
09. Employment (I)
10. Employment (II)
11. Balance of payments (I)
12. Balance of payments (II)
13. Financial indicators
14. Monetary indicators
15. Exchange rates



1. National accounts

(year-on-year change, %, chained 2010 year prices)

Period	Real GDP			Final consumption expenditure		Gross fixed capital formation		
		Agri., fores. & fisheries	Manufacturing		Private consumption		Construction	Facilities
2010	6.5	-4.3	13.7	4.3	4.4	5.5	-3.7	22.0
2011	3.7	-2.0	6.5	2.7	2.9	0.8	-3.4	4.7
2012	2.3	-0.9	2.4	2.2	1.9	-0.5	-3.9	0.1
2013	2.9	3.1	3.6	2.2	1.9	3.3	5.5	-0.8
2014	3.3	3.6	3.5	2.0	1.7	3.4	1.1	6.0
2015	2.8	-0.4	1.8	2.4	2.2	5.1	6.6	4.7
2016	2.9	-2.8	2.4	3.0	2.5	5.6	10.3	-1.0
2017 ^p	3.1	0.3	4.4	2.8	2.6	8.6	7.6	14.6
2010 I	7.3	0.0	16.1	6.2	6.8	12.0	1.6	27.6
II	7.4	-2.2	17.2	3.6	3.6	6.8	-4.8	28.8
III	5.4	-7.8	10.1	3.9	4.0	3.8	-4.8	20.6
IV	6.0	-5.7	11.9	3.4	3.2	1.3	-5.1	12.9
2011 I	4.9	-9.3	11.4	3.3	3.7	-0.7	-8.2	8.3
II	3.6	-2.5	6.5	3.3	3.7	2.5	-2.5	8.3
III	3.3	-5.8	5.6	2.8	2.5	1.7	-2.2	3.4
IV	3.0	7.1	3.4	1.7	1.7	-0.3	-2.0	-0.9
2012 I	2.5	0.1	2.7	2.2	1.6	6.2	-0.2	11.0
II	2.4	-1.8	2.8	1.3	0.7	-2.3	-5.3	-1.9
III	2.1	0.0	2.0	2.7	2.6	-0.9	-2.6	-4.2
IV	2.2	-1.3	2.0	2.7	2.7	-3.6	-6.4	-3.8
2013 I	2.1	-1.2	2.7	1.5	1.5	-3.2	1.2	-12.3
II	2.7	0.1	3.6	2.2	1.9	4.2	8.9	-3.2
III	3.2	4.3	3.8	2.4	1.9	4.9	7.5	2.3
IV	3.5	7.0	4.2	2.6	2.2	6.5	3.5	11.7
2014 I	3.9	5.9	4.7	2.9	2.8	6.2	4.5	7.5
II	3.5	4.5	4.7	1.8	1.7	3.7	0.3	8.1
III	3.3	2.7	3.1	2.0	1.4	3.6	2.3	4.3
IV	2.7	2.4	1.8	1.6	1.1	0.7	-1.7	4.1
2015 I	2.6	8.5	1.1	1.8	1.4	3.8	4.0	5.1
II	2.4	-3.0	0.9	2.0	1.7	3.8	4.6	4.1
III	3.0	0.3	2.2	2.3	2.2	6.0	7.6	6.1
IV	3.2	-4.0	2.7	3.5	3.5	6.5	9.6	3.5
2016 I	3.0	-2.4	2.1	3.0	2.4	3.2	8.4	-3.6
II	3.5	1.1	2.7	3.8	3.6	5.2	9.4	-1.6
III	2.7	-4.5	1.7	3.3	2.8	5.8	11.0	-2.5
IV	2.6	-4.6	2.9	1.9	1.4	7.8	11.9	3.3
2017 ^p I	2.9	-1.9	4.8	2.2	2.1	11.0	11.3	16.1
II	2.8	0.5	3.6	2.5	2.4	10.0	8.5	17.9
III	3.8	0.4	6.4	3.0	2.6	9.2	8.0	16.3
IV	2.8	1.5	2.7	3.5	3.4	5.0	3.8	8.6
2018 ^p I	2.8	4.1	2.7	4.0	3.5	3.7	1.8	7.3
II	2.9	1.5	3.3	3.3	2.8	-1.1	-0.7	-3.9

p: Preliminary
Source: Bank of Korea

2. Production, shipment and inventory

(constant prices, 2015=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 (%)
2016	102.3	2.3	101.2	1.2	97.8	-1.6	102.6	2.6
2017 ^p	104.2	1.9	102.1	0.9	106.4	8.8	104.5	1.9
2016 I	98.6	1.4	98.4	0.4	107.1	10.5	98.7	2.4
II	102.1	2.2	101.6	1.3	103.5	3.4	102.8	3.3
III	100.2	1.9	98.0	0.1	101.0	-1.2	102.4	3.0
IV	108.4	3.7	106.7	2.7	97.8	-1.6	106.6	1.8
2017 I	103.2	4.7	101.1	2.7	101.2	-5.5	100.9	2.2
II	104.3	2.2	102.7	1.1	103.6	0.1	104.5	1.7
III	104.8	4.6	102.6	4.7	103.5	2.5	105.0	2.5
IV	104.3	-3.8	102.2	-4.2	106.4	8.8	107.6	0.9
2018 I	100.9	-2.2	97.9	-3.2	111.8	10.5	103.5	2.6
II ^p	104.9	0.6	102.0	-0.7	112.3	8.4	106.9	2.3
2016 1	98.8	-0.9	97.2	-2.7	105.4	9.4	97.4	2.3
2	91.6	3.3	91.2	1.6	106.2	9.1	95.3	2.4
3	105.3	2.0	106.8	2.4	107.1	10.5	103.4	2.5
4	99.6	-1.7	100.0	-1.5	105.7	6.7	101.4	2.1
5	102.5	5.5	101.7	3.8	105.6	6.9	102.7	3.3
6	104.2	3.0	103.1	1.8	103.5	3.4	104.4	4.5
7	103.1	2.8	100.3	0.7	105.2	1.8	102.1	2.8
8	98.5	4.0	96.2	1.6	102.6	-1.0	102.4	3.9
9	99.0	-1.0	97.6	-1.7	101.0	-1.2	102.6	2.3
10	104.9	-0.7	102.5	-2.5	100.8	-0.9	103.5	1.5
11	109.0	6.2	106.7	5.1	101.3	-0.2	103.3	2.3
12	111.3	5.6	110.8	5.4	97.8	-1.6	112.9	1.7
2017 1	100.3	1.5	97.2	0.0	101.6	-3.6	99.6	2.3
2	98.6	7.6	97.0	6.4	101.7	-4.2	97.5	2.3
3	110.6	5.0	109.2	2.2	101.2	-5.5	105.6	2.1
4	103.3	3.7	101.8	1.8	103.7	-1.9	103.1	1.7
5	104.3	1.8	101.9	0.2	107.1	1.4	104.5	1.8
6	105.4	1.2	104.3	1.2	103.6	0.1	106.0	1.5
7	104.8	1.6	101.6	1.3	106.9	1.6	103.5	1.4
8	100.8	2.3	98.6	2.5	107.0	4.3	103.9	1.5
9	108.9	10.0	107.5	10.1	103.5	2.5	107.5	4.8
10	99.0	-5.6	96.3	-6.0	107.3	6.4	102.1	-1.4
11	107.8	-1.1	106.9	0.2	106.3	4.9	106.5	3.1
12	106.0	-4.8	103.3	-6.8	106.4	8.8	114.1	1.1
2018 1	104.5	4.2	100.5	3.4	110.9	9.2	103.0	3.4
2	91.9	-6.8	89.2	-8.0	110.7	8.7	99.3	1.8
3	106.3	-3.9	103.9	-4.9	111.8	10.5	108.1	2.4
4	104.3	1.0	100.5	-1.3	113.5	9.5	105.9	2.7
5 ^p	105.5	1.2	103.2	1.3	113.0	5.5	106.9	2.3
6 ^p	105.0	-0.4	102.3	-1.9	112.3	8.4	107.8	1.7

* Including mining, manufacturing, electricity & gas and water industry
p: Preliminary Source: Statistics Korea



3. Production capacity and operation ratio

(constant prices, 2015=100)

Period	Production capacity index* (2010=100)		Operation ratio index* (2010=100)		Capacity utilization rate* (%)
		y-o-y change (%)		y-o-y change (%)	
2016	102.8	2.8	98.2	-1.8	72.9
2017	103.9	1.1	97.1	-1.1	72.6
2016 I	101.2	1.9	95.8	-1.0	73.4
II	102.0	2.4	100.3	-1.0	72.8
III	103.4	3.3	95.5	-2.9	72.1
IV	104.4	3.4	101.4	-2.0	73.5
2017 I	103.4	2.2	95.9	0.1	73.5
II	103.7	1.7	98.3	-2.0	72.0
III	104.1	0.7	98.1	2.7	73.0
IV	104.3	-0.1	96.0	-5.3	71.8
2018 I	103.1	-0.3	92.7	-3.3	71.0
II ^p	102.6	-1.1	99.3	1.0	73.3
2016 1	101.0	1.9	95.8	-3.3	72.4
2	101.0	1.7	88.9	0.9	74.9
3	101.7	2.2	102.6	-0.5	72.8
4	101.7	2.2	97.7	-4.5	72.1
5	101.9	2.3	101.1	2.5	74.6
6	102.3	2.5	102.0	-0.9	73.6
7	103.0	3.0	99.6	-1.5	73.7
8	103.3	3.3	93.2	-1.2	72.5
9	103.9	3.6	93.6	-6.3	72.3
10	104.3	3.6	99.0	-6.2	70.3
11	104.4	3.3	103.0	1.2	73.7
12	104.6	3.5	102.3	-1.0	72.4
2017 1	103.4	2.4	92.7	-3.2	74.9
2	103.2	2.2	91.7	3.1	72.3
3	103.5	1.8	103.3	0.7	73.4
4	103.6	1.9	97.0	-0.7	71.7
5	103.8	1.9	98.4	-2.7	72.6
6	103.7	1.4	99.6	-2.4	71.8
7	103.9	0.9	98.3	-1.3	72.7
8	104.0	0.7	94.1	1.0	73.5
9	104.5	0.6	101.9	8.9	72.7
10	104.5	0.2	92.0	-7.1	73.3
11	104.4	0.0	100.2	-2.7	71.7
12	104.1	-0.5	95.8	-6.4	70.3
2018 1	103.2	-0.2	95.0	2.5	70.6
2	103.3	0.1	84.1	-8.3	72.1
3	102.9	-0.6	98.9	-4.3	70.3
4	102.6	-1.0	97.9	0.9	72.5
5 ^p	102.7	-1.1	100.2	1.8	74.0
6 ^p	102.5	-1.2	99.8	0.2	73.5

* Manufacturing industry

p: Preliminary Source: Statistics Korea

4. Consumer goods sales index

(constant prices, 2015=100)

Period	Consumer goods sales index							
	Total		Durable goods		Semi-durable goods		Nondurable goods	
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)
2016	103.9	3.9	104.6	4.6	102.3	2.3	104.2	4.2
2017	105.9	1.9	110.2	5.4	101.2	-1.1	106.0	1.7
2016 I	99.9	4.7	99.4	6.7	96.4	2.0	101.7	5.0
II	104.3	5.6	108.8	11.5	103.4	4.2	102.5	3.3
III	101.7	3.1	99.2	0.8	91.5	3.3	107.4	4.2
IV	109.6	2.2	111.2	0.3	117.7	0.1	105.2	4.3
2017 I	101.5	1.6	102.8	3.4	94.7	-1.8	103.9	2.2
II	105.3	1.0	112.9	3.8	101.0	-2.3	103.6	1.1
III	105.0	3.2	111.1	12.0	90.8	-0.8	108.4	0.9
IV	111.9	2.1	113.8	2.3	118.4	0.6	108.1	2.8
2018 I	106.6	5.0	111.8	8.8	99.2	4.8	107.4	3.4
II ^p	110.2	4.7	119.3	5.7	107.1	6.0	107.3	3.6
2016 1	99.6	5.7	92.9	-1.4	97.3	3.2	103.7	10.2
2	95.6	2.9	92.8	7.7	89.3	0.9	99.7	1.7
3	104.5	5.3	112.5	13.3	102.6	1.8	101.6	3.1
4	102.1	3.4	103.3	8.2	104.9	1.4	100.3	2.2
5	107.3	4.6	108.4	12.3	110.5	0.7	105.4	2.9
6	103.4	8.8	114.7	13.9	94.8	12.2	101.9	5.1
7	102.1	4.3	103.5	0.2	94.1	7.5	105.0	5.0
8	100.8	5.4	100.9	5.5	85.1	1.1	107.7	7.1
9	102.2	0.0	93.2	-3.1	95.4	1.3	109.4	0.7
10	108.4	2.0	107.3	0.7	118.2	0.5	104.6	3.5
11	109.1	2.6	110.6	1.6	119.9	0.1	103.7	4.5
12	111.2	2.0	115.6	-1.3	115.0	-0.3	107.4	4.9
2017 1	103.5	3.9	94.7	1.9	96.3	-1.0	110.9	6.9
2	95.4	-0.2	100.0	7.8	88.4	-1.0	96.4	-3.3
3	105.5	1.0	113.7	1.1	99.3	-3.2	104.4	2.8
4	104.0	1.9	108.5	5.0	105.5	0.6	101.2	0.9
5	107.7	0.4	114.2	5.4	104.9	-5.1	105.8	0.4
6	104.2	0.8	115.9	1.0	92.6	-2.3	103.8	1.9
7	104.7	2.5	115.0	11.1	91.6	-2.7	105.7	0.7
8	101.0	0.2	107.0	6.0	83.4	-2.0	106.0	-1.6
9	109.3	6.9	111.4	19.5	97.5	2.2	113.5	3.7
10	107.9	-0.5	104.0	-3.1	113.7	-3.8	107.2	2.5
11	114.9	5.3	122.8	11.0	124.6	3.9	107.0	3.2
12	112.8	1.4	114.6	-0.9	117.0	1.7	110.1	2.5
2018 1	105.2	1.6	110.0	16.2	94.5	-1.9	107.7	-2.9
2	101.6	6.5	101.3	1.3	91.8	3.8	106.1	10.1
3	112.9	7.0	124.2	9.2	111.3	12.1	108.4	3.8
4	109.6	5.4	119.5	10.1	107.8	2.2	105.8	4.5
5 ^p	112.6	4.5	120.5	5.5	112.3	7.1	109.0	3.0
6 ^p	108.4	4.0	118.0	1.8	101.1	9.2	107.2	3.3

p: Preliminary
Source: Statistics Korea



5. Machinery orders received and facility investment index

Period	Domestic machinery orders received excluding ship (billion won, constant value)						Facility investment index (2010=100)	
	Total		Public		Private		y-o-y change (%)	
		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)		
2016	26,643	4.7	2,862	49.0	23,781	1.1	110.7	-1.3
2017	31,753	19.2	2,239	-21.8	29,514	24.1	126.3	14.1
2016 I	6,398	-0.9	637	57.4	5,761	-4.8	100.1	-7.6
II	6,942	-1.3	575	16.8	6,367	-2.6	114.2	0.6
III	5,765	4.8	465	16.6	5,300	3.9	106.3	-4.7
IV	7,538	16.7	1,184	89.9	6,353	8.8	122.0	5.9
2017 I	7,749	21.1	691	8.4	7,058	22.5	118.3	18.2
II	8,584	23.7	542	-5.8	8,042	26.3	134.5	17.8
III	7,568	31.3	461	-0.9	7,107	34.1	128.2	20.6
IV	7,852	4.2	545	-54.0	7,307	15.0	124.4	2.0
2018 I	8,094	4.4	603	-12.7	7,491	6.1	129.4	9.4
II ^p	8,464	-1.4	639	17.8	7,825	-2.7	126.9	-5.7
2016 1	1,662	-28.8	71	-39.0	1,591	-28.3	97.0	-6.6
2	2,282	22.9	255	80.7	2,027	18.1	90.7	-8.4
3	2,454	8.2	312	110.8	2,142	1.0	112.7	-7.7
4	2,006	-27.6	188	48.7	1,817	-31.3	111.0	-2.5
5	2,210	5.2	175	-11.3	2,035	6.9	110.6	2.5
6	2,727	26.3	213	25.6	2,514	26.3	121.1	2.1
7	2,030	1.0	47	-64.6	1,983	5.7	105.0	-12.6
8	1,672	2.5	84	-47.3	1,588	7.9	109.8	3.3
9	2,063	11.0	334	214.8	1,729	-1.4	104.0	-4.0
10	1,825	-8.7	63	-35.2	1,761	-7.4	109.3	-3.3
11	2,339	18.8	154	-32.6	2,186	25.5	118.8	10.2
12	3,374	35.4	967	224.7	2,406	9.6	138.0	10.5
2017 1	2,144	29.0	122	72.5	2,021	27.0	107.0	10.3
2	2,464	8.0	226	-11.1	2,237	10.4	108.5	19.6
3	3,142	28.0	342	9.8	2,800	30.7	139.3	23.4
4	2,777	38.5	241	28.1	2,536	39.5	127.0	14.4
5	2,588	17.1	117	-33.1	2,471	21.4	132.8	20.1
6	3,219	18.1	184	-13.5	3,035	20.7	143.7	18.7
7	2,799	37.9	296	526.3	2,504	26.3	131.1	24.9
8	2,357	41.0	82	-3.2	2,276	43.3	123.5	12.5
9	2,412	16.9	84	-74.8	2,327	34.6	130.0	25.0
10	2,351	28.9	167	162.8	2,185	24.0	105.0	-3.9
11	2,936	25.5	137	-11.0	2,799	28.1	126.8	6.7
12	2,564	-24.0	242	-75.0	2,323	-3.5	141.4	2.5
2018 1	2,621	22.3	269	120.7	2,352	16.3	130.0	21.5
2	2,271	-7.8	141	-37.9	2,131	-4.8	118.8	10.3
3	3,201	1.9	193	-43.6	3,008	7.4	139.4	0.1
4	2,951	6.3	302	25.2	2,650	4.5	129.0	1.6
5 ^p	2,781	7.5	118	1.4	2,663	7.8	127.9	-3.7
6 ^p	2,731	-15.2	218	18.6	2,513	-17.2	123.9	-13.8

6. Value of construction completed and domestic construction orders received

(current value, billion won)

Period	Value of construction completed						Domestic construction orders received					
	Total		Public		Private		Total		Public		Private	
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)
2016	119,971	16.9	30,916	-0.4	83,680	24.2	145,386	8.1	33,832	18.5	107,748	4.4
2017	138,484	15.4	30,143	-2.5	104,666	25.1	140,844	-3.1	33,468	-1.1	102,327	-5.0
2016 I	24,533	11.9	6,710	0.4	16,512	14.0	28,922	13.6	7,753	68.6	20,458	-0.6
II	29,977	16.5	8,099	-2.3	20,494	24.6	32,790	-7.3	5,565	-37.9	26,702	3.1
III	29,573	16.3	7,061	-2.6	21,226	23.7	36,709	0.6	7,914	61.5	26,985	-12.6
IV	35,889	21.5	9,046	2.6	25,778	32.2	46,966	26.4	12,600	24.9	33,603	30.1
2017 I	30,579	24.6	6,937	3.4	22,598	36.9	29,273	1.2	7,290	-6.0	17,914	-12.4
II	35,562	18.6	8,075	-0.3	26,575	29.7	38,675	17.9	7,542	35.5	30,375	13.8
III	34,841	17.8	6,880	-2.6	27,103	27.7	32,958	-10.2	6,986	-11.7	25,830	-4.3
IV	37,502	4.5	8,250	-8.8	28,390	11.6	39,938	-15.0	11,650	-7.5	28,209	-16.1
2018 I	32,259	5.5	6,491	-6.4	24,945	10.4	29,950	2.3	4,818	-33.9	20,794	16.1
II ^p	35,469	-0.3	7,627	-5.5	27,076	1.9	32,130	-16.9	6,292	-16.6	25,061	-17.5
2016 1	7,509	6.4	2,045	-1.1	5,144	7.9	7,335	-2.5	2,687	102.9	4,371	-28.1
2	7,424	8.1	1,976	-6.8	5,086	12.3	9,994	84.0	2,354	106.4	7,559	79.5
3	9,600	20.0	2,689	7.8	6,282	21.1	11,593	-7.4	2,712	27.1	8,528	-17.2
4	9,027	14.0	2,317	-7.1	6,299	23.2	10,848	19.2	1,185	-53.9	9,295	43.6
5	9,347	16.9	2,326	-1.4	6,611	24.3	9,658	-23.6	2,127	-10.2	7,412	-27.1
6	11,603	18.1	3,456	0.6	7,585	26.0	12,284	-9.9	2,254	-44.0	9,995	8.0
7	9,545	17.8	2,256	-2.4	6,914	25.2	12,006	38.3	2,626	46.6	8,513	25.0
8	9,832	21.0	2,344	5.4	7,109	27.0	13,329	52.0	3,362	75.1	9,464	44.7
9	10,195	10.9	2,460	-9.2	7,203	19.2	11,374	-40.3	1,925	62.2	9,008	-48.6
10	10,473	20.2	2,348	2.4	7,692	27.3	14,793	42.4	3,209	78.0	11,509	34.1
11	11,458	28.9	2,779	12.7	8,224	36.5	12,624	-4.7	2,792	-14.5	9,729	3.3
12	13,959	17.0	3,920	-3.5	9,532	32.7	19,548	44.6	6,600	31.5	12,365	58.0
2017 1	8,986	19.7	1,970	-3.6	6,682	29.9	8,527	16.3	2,246	-16.4	6,277	43.6
2	9,593	29.2	2,129	7.7	7,186	41.3	12,350	23.6	3,091	31.3	5,912	-21.8
3	12,000	25.0	2,838	5.5	8,730	39.0	8,397	-27.6	1,953	-28.0	5,725	-32.9
4	11,229	24.4	2,302	-0.7	8,639	37.2	14,647	35.0	2,122	79.1	11,915	28.2
5	11,253	20.4	2,429	4.4	8,542	29.2	11,450	18.6	1,486	-30.1	9,906	33.6
6	13,080	12.7	3,344	-3.2	9,394	23.9	12,578	2.4	3,934	74.6	8,554	-14.4
7	11,204	17.4	2,233	-1.0	8,709	26.0	8,470	-29.4	1,811	-31.0	6,638	-22.0
8	11,104	12.9	2,075	-11.5	8,780	23.5	12,745	-4.4	3,031	-9.8	9,701	2.5
9	12,534	22.9	2,572	4.6	9,614	33.5	11,743	3.2	2,144	11.4	9,491	5.4
10	10,829	3.4	2,175	-7.3	8,409	9.3	8,258	-44.2	905	-71.8	7,330	-36.3
11	12,137	5.9	2,456	-11.6	9,393	14.2	11,129	-11.8	2,306	-17.4	8,805	-9.5
12	14,536	4.1	3,619	-7.7	10,587	11.1	20,551	5.1	8,438	27.9	12,075	-2.4
2018 1	10,693	19.0	1,929	-2.1	8,517	27.5	11,885	39.4	1,325	-41.0	6,339	1.0
2	9,827	2.4	1,910	-10.3	7,715	7.4	7,946	-35.7	2,271	-26.5	5,660	-4.3
3	11,739	-2.2	2,652	-6.6	8,713	-0.2	10,509	25.2	1,225	-37.3	9,183	60.4
4	11,525	2.6	2,260	-1.8	9,029	4.5	9,209	-37.1	1,449	-31.7	7,491	-37.1
5 ^p	11,335	0.7	2,357	-3.0	8,738	2.3	12,649	10.5	2,739	84.3	9,750	-1.6
6 ^p	12,610	-3.6	3,010	-10.0	9,308	-0.9	10,272	-18.3	7,491	-46.5	7,819	-8.6

p: Preliminary
Source: Statistics Korea



7. Composite indices of business cycle indicators, CSI and BSI

Period	Leading index (2015=100)	Cyclical indicator of leading index (2015=100)	Coincident index (2015=100)	Cyclical indicator of coincident index (2015=100)	CSI ¹	BOK BSI ²	
						Results	Prospects
2015 1	97.8	100.6	98.4	99.9	102.1	75	79
2	98.2	100.6	99.0	100.2	102.8	75	75
3	98.6	100.7	99.1	100.1	101.0	75	79
4	99.0	100.7	99.4	100.1	103.6	75	77
5	99.6	100.9	99.2	99.7	104.9	69	77
6	99.9	100.8	99.3	99.5	98.0	65	74
7	100.2	100.7	99.6	99.5	99.9	71	68
8	100.5	100.6	100.1	99.8	101.2	70	72
9	101.0	100.8	100.9	100.3	102.3	69	71
10	101.5	100.8	101.6	100.7	104.7	73	70
11	101.8	100.7	101.6	100.5	105.4	69	72
12	101.9	100.5	101.9	100.4	102.2	69	72
2016 1	102.0	100.1	101.8	100.1	99.7	67	70
2	102.0	99.7	101.9	99.9	97.5	64	68
3	102.2	99.6	102.0	99.8	99.6	66	64
4	102.6	99.6	102.3	99.7	101.2	66	68
5	103.0	99.6	102.7	99.9	98.8	68	69
6	103.3	99.5	103.2	100.1	98.4	70	72
7	103.7	99.6	103.7	100.3	100.6	73	72
8	104.3	99.8	104.0	100.3	101.5	73	73
9	104.9	100.0	104.0	100.1	101.4	72	74
10	105.4	100.1	104.1	99.9	101.7	73	75
11	105.7	100.1	104.5	100.0	95.3	73	74
12	106.3	100.2	105.0	100.2	93.6	75	75
2017 1	106.8	100.3	105.6	100.5	92.8	77	73
2	107.3	100.4	105.8	100.5	93.9	77	79
3	107.7	100.4	106.3	100.7	96.3	77	79
4	108.2	100.6	106.6	100.7	100.8	77	80
5	108.8	100.8	106.9	100.7	107.7	78	80
6	109.5	101.0	107.0	100.6	110.8	77	81
7	110.0	101.2	107.2	100.5	110.9	78	81
8	110.4	101.1	107.4	100.4	109.6	81	80
9	110.5	100.9	107.7	100.4	107.4	84	82
10	110.8	100.8	107.7	100.2	108.9	83	79
11	111.1	100.7	108.0	100.2	112.0	84	87
12	111.4	100.7	107.9	99.8	110.6	83	85
2018 1	112.0	100.8	108.2	99.8	109.9	78	83
2	112.2	100.6	108.5	99.8	108.2	77	80
3	112.3	100.4	108.8	99.8	108.1	72	79
4 ^p	112.3	100.1	108.9	99.7	107.1	72	76
5 ^p	112.7	100.1	109.1	99.6	107.9	74	77
6 ^p	113.0	100.0	109.1	99.4	105.5	79	76
7	-	-	-	-	101.0	75	81
8	-	-	-	-	-	-	74

1. Consumer Sentiment Index 2. Business Survey Index (manufacturing, seasonally adjusted)
p: Preliminary Sources: Statistics Korea, Bank of Korea

8. Prices

Period	Consumer prices (2015=100)								Producer prices (2010=100)			
	All items		Commodities		Services		Core		All items		Commodities	
		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)
2015	100.0	0.7	100.0	-0.7	100.0	1.8	100.0	2.2	101.0	-4.0	98.0	-6.4
2016	101.0	1.0	99.4	-0.6	102.3	2.3	101.6	1.6	99.1	-1.8	94.6	-3.4
2017	102.9	1.9	101.3	1.9	104.3	2.0	103.1	1.5	102.5	3.5	99.0	4.6
2015 1	99.8	1.0	100.6	0.1	99.1	1.7	99.4	2.6	101.9	-3.6	99.7	-5.8
2	99.7	0.6	100.4	-0.6	99.2	1.7	99.5	2.4	101.9	-3.6	99.7	-5.8
3	99.7	0.5	100.1	-1.0	99.4	1.7	99.6	2.2	101.8	-3.7	99.5	-5.9
4	99.8	0.4	99.8	-1.1	99.7	1.6	99.6	2.1	101.8	-3.6	99.3	-5.8
5	100.0	0.6	100.3	-0.8	99.8	1.6	99.9	2.1	101.8	-3.5	99.3	-5.7
6	100.1	0.7	100.4	-0.4	99.8	1.6	99.9	2.0	101.8	-3.6	99.3	-5.8
7	100.2	0.7	100.0	-0.8	100.4	2.0	100.2	2.1	101.4	-4.0	98.6	-6.4
8	100.4	0.7	100.1	-0.9	100.6	2.0	100.3	2.1	100.8	-4.5	97.7	-7.1
9	100.1	0.5	99.8	-1.3	100.4	1.9	100.2	2.0	100.3	-4.6	97.0	-7.3
10	100.1	0.8	99.6	-0.7	100.6	2.1	100.4	2.2	99.7	-4.6	96.0	-7.4
11	99.9	0.8	99.3	-0.7	100.5	2.0	100.4	2.2	99.3	-4.7	95.3	-7.6
12	100.2	1.1	99.7	-0.2	100.7	2.2	100.6	2.3	99.0	-4.0	95.0	-6.6
2016 1	100.4	0.6	99.2	-1.4	101.3	2.3	101.0	1.6	98.5	-3.3	94.0	-5.7
2	100.8	1.1	99.9	-0.5	101.6	2.5	101.2	1.7	98.5	-3.4	93.9	-5.9
3	100.6	0.8	99.1	-1.0	101.8	2.4	101.3	1.7	98.4	-3.3	93.8	-5.7
4	100.8	1.0	99.3	-0.5	101.9	2.3	101.5	1.9	98.7	-3.0	94.1	-5.2
5	100.8	0.8	99.1	-1.2	102.2	2.4	101.7	1.8	98.8	-3.0	94.3	-5.1
6	100.8	0.7	99.1	-1.3	102.2	2.4	101.8	1.8	99.0	-2.7	94.6	-4.7
7	100.6	0.4	98.2	-1.8	102.6	2.1	101.5	1.3	98.9	-2.5	94.4	-4.3
8	100.9	0.5	98.5	-1.6	102.8	2.2	101.6	1.3	99.0	-1.8	94.4	-3.4
9	101.5	1.3	100.0	0.3	102.6	2.2	101.7	1.5	99.2	-1.1	94.7	-2.4
10	101.6	1.5	100.3	0.8	102.7	2.1	102.1	1.8	99.5	-0.1	95.0	-1.0
11	101.5	1.5	100.1	0.8	102.6	2.1	102.0	1.6	100.0	0.7	95.7	0.4
12	101.6	1.3	100.1	0.4	102.8	2.0	101.9	1.2	100.9	1.8	97.0	2.2
2017 1	102.4	2.0	101.1	1.9	103.5	2.2	102.5	1.5	102.3	3.9	99.0	5.3
2	102.8	1.9	101.6	1.7	103.7	2.1	102.7	1.5	102.7	4.3	99.5	6.0
3	102.8	2.2	101.5	2.4	103.9	2.1	102.8	1.4	102.7	4.3	99.3	5.9
4	102.7	1.9	100.8	1.6	104.1	2.2	102.8	1.3	102.4	3.8	99.0	5.1
5	102.8	2.0	101.0	2.0	104.2	2.0	103.1	1.4	102.2	3.4	98.5	4.4
6	102.7	1.9	100.9	1.8	104.1	1.9	103.2	1.4	101.8	2.8	97.8	3.4
7	102.9	2.2	100.8	2.7	104.5	1.9	103.3	1.8	101.9	3.0	97.9	3.7
8	103.5	2.6	102.0	3.6	104.7	1.8	103.4	1.8	102.3	3.3	98.5	4.4
9	103.6	2.1	102.5	2.4	104.5	1.8	103.3	1.6	103.0	3.8	99.5	5.1
10	103.4	1.8	101.8	1.5	104.7	2.0	103.5	1.3	103.1	3.6	99.6	4.8
11	102.7	1.3	100.6	0.5	104.4	1.8	103.2	1.2	103.0	3.1	99.4	3.9
12	103.0	1.5	101.1	1.0	104.6	1.8	103.4	1.5	103.1	2.2	99.5	2.5
2018 1	103.5	1.0	101.5	0.5	105.0	1.4	103.6	1.1	103.6	1.2	99.9	0.9
2	104.3	1.4	102.7	1.1	105.5	1.7	104.0	1.2	104.0	1.3	100.5	1.0
3	104.2	1.3	102.3	0.9	105.6	1.7	104.1	1.3	104.0	1.3	100.5	1.1
4	104.3	1.6	102.4	1.6	105.8	1.6	104.3	1.4	104.2	1.7	100.6	1.6
5	104.4	1.5	102.5	1.4	106.0	1.7	104.5	1.3	100.4	2.2	100.9	2.5
6	104.2	1.5	102.3	1.3	105.8	1.6	104.4	1.2	104.5	2.6	101.1	3.2
7	104.4	1.5	102.4	1.6	106.0	1.4	104.5	1.1	104.8	2.9	101.5	3.7

Source: Bank of Korea



9. Employment (I)

Period	Economically active persons (thousands)	y-o-y change	Economically inactive persons (thousands)	y-o-y change	Labor force participation rate (%)	Employment rate (%)	Unemployment rate (%)
2016	27,418	265	16,187	102	62.9	60.6	3.7
2017	27,748	329	16,183	-5	63.2	60.8	3.7
2016 I	26,896	266	16,576	127	61.9	59.2	4.3
II	27,578	197	15,991	178	63.3	60.9	3.7
III	27,702	308	15,950	48	63.5	61.2	3.5
IV	27,497	289	16,233	53	62.9	60.9	3.2
2017 I	27,262	366	16,556	-20	62.2	59.6	4.3
II	27,993	414	15,906	-85	63.8	61.3	3.8
III	27,961	259	16,006	56	63.6	61.4	3.4
IV	27,775	278	16,263	30	63.1	61.0	3.2
2018 I	27,464	202	16,624	68	62.3	59.6	4.3
II	28,125	132	16,017	110	63.7	61.2	3.9
2016 1	26,631	251	16,808	148	61.3	59.0	3.7
2	26,925	254	16,546	136	61.9	58.9	4.9
3	27,133	293	16,373	96	62.4	59.7	4.2
4	27,398	195	16,138	186	62.9	60.5	3.9
5	27,617	164	15,955	213	63.4	61.1	3.6
6	27,720	233	15,880	136	63.6	61.3	3.6
7	27,737	202	15,889	159	63.6	61.3	3.5
8	27,690	396	15,962	-40	63.4	61.2	3.6
9	27,679	325	15,998	25	63.4	61.1	3.5
10	27,666	307	16,038	40	63.3	61.2	3.3
11	27,613	315	16,117	29	63.1	61.2	3.1
12	27,211	246	16,544	91	62.2	60.2	3.2
2017 1	26,886	255	16,904	96	61.4	59.1	3.7
2	27,321	396	16,497	-49	62.4	59.3	4.9
3	27,579	446	16,267	-107	62.9	60.3	4.1
4	27,911	513	15,960	-179	63.6	61.0	4.2
5	27,987	370	15,916	-39	63.7	61.5	3.6
6	28,081	360	15,844	-36	63.9	61.5	3.8
7	28,037	299	15,909	20	63.8	61.6	3.4
8	27,903	214	16,064	102	63.5	61.2	3.6
9	27,943	263	16,044	45	63.5	61.4	3.3
10	27,920	254	16,095	57	63.4	61.4	3.2
11	27,889	276	16,151	34	63.3	61.4	3.1
12	27,516	305	16,543	-1	62.5	60.4	3.3
2018 1	27,232	346	16,840	-64	61.8	59.5	3.7
2	27,348	27	16,744	247	62.0	59.2	4.6
3	27,811	232	16,289	22	63.1	60.2	4.5
4	28,029	117	16,093	134	63.5	60.9	4.1
5	28,184	198	15,956	41	63.9	61.3	4.0
6	28,161	80	16,000	156	63.8	61.4	3.7
7	28,123	86	10,064	155	63.6	61.3	3.7

Source: Statistics Korea

10. Employment (II)

Period	Employed persons (thousands)					
	All industry	y-o-y change	Manufacturing	y-o-y change	SOC & services	y-o-y change
2016	26,409	231	4,584	-21	20,534	312
2017	26,725	316	4,566	-18	20,857	323
2016 I	25,747	204	4,650	113	20,051	144
II	26,552	211	4,599	15	20,530	283
III	26,719	255	4,540	-92	20,763	429
IV	26,618	256	4,545	-119	20,792	390
2017 I	26,100	353	4,530	-120	20,546	494
II	26,919	367	4,579	-21	20,913	383
III	26,998	279	4,570	30	20,986	223
IV	26,883	265	4,586	41	20,986	194
2018 I	26,283	183	4,575	45	20,630	85
II	27,019	101	4,487	-91	21,053	141
2016 1	25,646	254	4,673	127	20,056	199
2	25,615	145	4,648	99	19,984	104
3	25,980	214	4,630	111	20,113	129
4	26,325	172	4,601	23	20,350	210
5	26,613	182	4,608	28	20,566	255
6	26,718	278	4,588	-6	20,674	385
7	26,765	227	4,564	-85	20,797	425
8	26,696	327	4,519	-97	20,759	493
9	26,697	209	4,538	-94	20,733	370
10	26,746	227	4,547	-125	20,759	399
11	26,762	293	4,549	-112	20,841	377
12	26,347	249	4,541	-120	20,775	393
2017 1	25,878	232	4,503	-170	20,462	406
2	25,979	364	4,549	-99	20,453	469
3	26,443	463	4,539	-91	20,721	608
4	26,744	420	4,542	-60	20,842	492
5	26,992	379	4,586	-22	20,963	396
6	27,020	302	4,608	20	20,933	260
7	27,078	314	4,611	47	21,037	240
8	26,904	208	4,544	25	20,922	162
9	27,011	314	4,555	17	20,999	266
10	27,026	281	4,560	14	21,008	249
11	27,019	257	4,581	32	21,061	220
12	26,604	257	4,618	77	20,888	113
2018 1	26,213	334	4,609	106	20,596	134
2	26,083	104	4,562	14	20,503	49
3	26,555	112	4,554	15	20,792	71
4	26,868	123	4,473	-68	20,979	137
5	27,064	72	4,507	-79	21,054	92
6	27,126	106	4,482	-126	21,127	194
7	27,083	5	4,484	-127	21,114	77

Source: Statistics Korea



11. Balance of payments (I)

(US \$ million)

Period	Current account	Goods	Goods		Services	Primary income	Secondary income
			Exports	Imports			
2016	99,243.0	118,895.4	511,947.3	393,051.9	-17,737.4	3,851.7	-5,766.7
2017 ^p	78,460.2	119,888.7	577,381.4	457,492.7	-34,472.2	122.0	-7,078.3
2016 I	26,961.1	30,209.1	118,983.8	88,774.7	-3,658.5	1,381.7	-971.2
II	27,040.2	33,174.8	127,574.7	94,399.9	-4,204.5	-717.5	-1,212.6
III	22,563.8	28,184.0	128,614.1	100,430.1	-5,549.4	2,324.6	-2,395.4
IV	22,677.9	27,327.5	136,774.7	109,447.2	-4,325.0	862.9	-1,187.5
2017 ^p I	19,203.3	27,307.0	139,316.9	112,009.9	-8,662.7	1,374.8	-815.8
II	16,451.5	29,561.1	143,112.7	113,551.6	-6,748.6	-4,876.8	-1,484.2
III	25,570.0	34,750.3	148,862.8	114,112.5	-8,497.5	1,946.9	-2,629.7
IV	17,235.4	28,270.3	146,089.0	117,818.7	-10,563.4	1,677.1	-2,148.6
2018 ^p I	11,825.3	23,912.4	149,738.8	125,826.4	-9,409.9	385.4	-3,062.6
II	17,825.8	31,799.4	157,542.6	125,763.2	-6,525.7	-5,168.6	-2,259.3
2016 1	7,619.3	8,432.7	37,290.7	28,858.0	-1,619.8	1,264.2	-457.8
2	7,983.6	8,256.2	36,511.5	28,255.3	-1,164.6	871.4	20.6
3	11,358.2	13,520.2	45,181.6	31,661.4	-874.1	-753.9	-534.0
4	4,262.0	10,108.6	40,463.3	30,354.7	-1,730.5	-3,593.3	-522.8
5	10,516.0	10,466.1	42,129.5	31,663.4	-1,161.3	1,358.1	-146.9
6	12,262.2	12,600.1	44,981.9	32,381.8	-1,312.7	1,517.7	-542.9
7	8,829.3	10,650.0	42,583.8	31,933.8	-1,461.2	266.1	-625.6
8	5,666.0	7,058.6	41,815.7	34,757.1	-1,475.8	1,034.0	-950.8
9	8,068.5	10,475.4	44,214.6	33,739.2	-2,612.4	1,024.5	-819.0
10	7,694.9	9,164.6	43,086.8	33,922.2	-1,785.6	707.1	-391.2
11	8,028.0	9,690.2	46,258.7	36,568.5	-1,813.9	366.3	-214.6
12	6,955.0	8,472.7	47,429.2	38,956.5	-725.5	-210.5	-581.7
2017 ^p 1	5,299.8	7,731.1	44,531.6	36,800.5	-3,340.7	1,176.5	-267.1
2	8,181.8	10,220.2	44,626.2	34,406.0	-2,210.3	718.9	-547.0
3	5,721.7	9,355.7	50,159.1	40,803.4	-3,111.7	-520.6	-1.7
4	3,670.0	11,542.1	48,134.6	36,592.5	-2,417.2	-4,924.3	-530.6
5	5,841.7	8,595.9	46,956.0	38,360.1	-1,638.7	-595.7	-519.8
6	6,939.8	9,423.1	48,022.1	38,599.0	-2,692.7	643.2	-433.8
7	7,249.7	10,587.4	47,101.1	36,513.7	-3,285.3	676.0	-728.4
8	6,032.8	9,184.3	47,687.2	38,502.9	-2,334.6	22.6	-839.5
9	12,287.5	14,978.6	54,074.5	39,095.9	-2,877.6	1,248.3	-1,061.8
10	5,715.5	8,597.4	44,429.8	35,832.4	-3,531.3	1,168.1	-518.7
11	7,427.6	11,461.0	51,480.4	40,019.4	-3,266.1	-72.2	-695.1
12	4,092.3	8,211.9	50,178.8	41,966.9	-3,766.0	581.2	-934.8
2018 ^p 1	2,680.4	8,108.8	52,069.7	43,960.9	-4,494.1	678.5	-1,612.8
2	3,964.5	5,927.9	44,893.5	38,956.6	-2,663.9	1,281.9	-581.4
3	5,180.4	9,875.7	52,775.6	42,899.9	-2,251.9	-1,575.0	-868.4
4	1,768.2	10,357.5	51,507.9	41,150.4	-1,982.6	-5,857.9	-748.8
5	8,680.6	11,386.0	53,778.7	42,392.7	-2,093.9	228.8	-840.3
6	7,377.0	10,035.9	52,256.0	42,220.1	-2,449.2	460.5	-670.2

p: Preliminary
Source: Bank of Korea

12. Balance of payments (II)

(US \$ million)

Period	Financial account**						Capital account
		Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
2016	102,566.8	17,856.7	66,970.2	-3,440.1	13,564.8	7,615.2	-46.2
2017 ^p	87,100.4	14,623.0	57,847.4	-8,253.3	18,523.3	4,360.0	-31.3
2016 I	29,486.0	5,704.8	16,794.1	2,724.0	5,596.8	-1,333.7	-8.1
II	23,327.5	4,507.8	13,981.8	-1,185.3	5,103.8	919.4	-7.0
III	24,822.1	1,847.5	15,865.5	-3,799.5	3,949.4	6,959.2	13.9
IV	24,931.2	5,796.6	20,328.8	-1,179.3	-1,085.2	1,070.3	-45.0
2017 ^p I	19,741.1	6,881.2	8,011.4	-2,951.0	7,063.2	736.3	36.4
II	13,043.4	3,476.4	11,516.2	-2,066.8	-96.6	214.2	-60.3
III	30,844.5	4,428.9	23,972.0	-350.9	2,945.8	-151.3	-7.7
IV	23,471.4	-163.5	14,347.8	-2,884.6	8,610.9	3,560.8	0.3
2018 ^p I	12,545.0	1,984.8	12,858.3	-3,607.1	-1,478.8	2,787.8	-21.3
II	11,603.5	8,149.9	4,219.5	-1,406.2	-9,162.2	9,802.5	-70.7
2016 1	7,326.7	208.1	5,412.9	1,227.8	117.7	360.2	-2.6
2	9,715.9	2,187.2	5,749.6	756.6	2,613.5	-1,591.0	-2.3
3	12,443.4	3,309.5	5,631.6	739.6	2,865.6	-102.9	-3.2
4	1,814.8	814.0	3,277.6	-1,043.5	-2,549.9	1,316.6	-5.0
5	9,908.3	1,450.2	4,546.1	-463.7	3,974.0	401.7	1.0
6	11,604.4	2,243.6	6,158.1	321.9	3,679.7	-798.9	-3.0
7	8,811.4	719.7	145.0	-471.9	6,451.8	1,966.8	5.8
8	6,960.3	-291.7	7,111.8	-1,292.4	-1,656.4	3,089.0	17.2
9	9,050.4	1,419.5	8,608.7	-2,035.2	-846.0	1,903.4	-9.1
10	8,359.1	1,144.8	9,921.6	-739.5	-2,188.1	220.3	-6.3
11	8,505.8	62.6	7,011.4	83.0	1,865.9	-517.1	-35.0
12	8,066.3	4,589.2	3,395.8	-522.8	-763.0	1,367.1	-3.7
2017 ^p 1	5,067.0	3,270.3	4,917.9	-146.9	-3,232.5	258.2	40.1
2	8,880.5	4,344.1	809.9	-1,593.2	5,471.3	-151.6	-2.0
3	5,793.6	-733.2	2,283.6	-1,210.9	4,824.4	629.7	-1.7
4	1,471.6	1,500.3	2,810.3	-912.4	-1,755.7	-170.9	-26.2
5	2,642.6	685.3	5,660.3	-413.3	-3,368.2	78.5	-2.0
6	8,929.2	1,290.8	3,045.6	-741.1	5,027.3	306.6	-32.1
7	9,442.0	460.0	2,693.6	-79.2	6,238.7	128.9	15.3
8	8,990.9	1,622.4	11,330.5	-161.3	-4,147.6	346.9	-21.8
9	12,411.6	2,346.5	9,947.9	-110.4	854.7	-627.1	-1.2
10	8,436.4	72.6	-173.2	-555.6	7,665.6	1,427.0	-7.4
11	10,438.0	-70.6	2,101.7	-877.1	7,914.5	1,369.5	38.8
12	6,347.0	-165.5	12,419.3	-1,451.9	-5,219.2	764.3	-31.1
2018 ^p 1	4,112.7	138.6	3,490.7	-1,285.9	329.0	1,440.3	-6.5
2	4,213.1	325.3	9,168.4	-857.4	-4,582.9	159.7	-13.4
3	4,219.2	1,520.9	199.2	-1,463.8	2,775.1	1,187.8	-1.4
4	14.1	1,883.5	3,938.2	-748.1	-8,178.5	3,119.0	-64.9
5	6,859.7	6,056.9	407.4	-484.1	-2,828.4	3,707.9	2.6
6	4,729.7	209.5	-126.1	-174.0	1,844.7	2,975.6	-8.4

* Positive figures represent net outflows, and negative figures represent net inflows.

p: Preliminary Source: Bank of Korea



13. Financial indicators

(period average)

Period	Yields (%)					Stock
	Call rate (1 day)	CDs (91 days)	Treasury bonds (3 years)	Treasury bonds (5 years)	Corporate bonds (3 years, AA-)	KOSPI (end-period)
2015 1	2.0	2.1	2.0	2.2	2.4	1,949.26
2	2.0	2.1	2.0	2.1	2.3	1,985.80
3	1.8	2.0	1.9	2.0	2.1	2,041.03
4	1.7	1.8	1.7	1.9	2.0	2,127.17
5	1.7	1.8	1.9	2.1	2.1	2,114.80
6	1.6	1.7	1.8	2.0	2.0	2,074.20
7	1.5	1.7	1.8	2.1	2.0	2,030.16
8	1.5	1.6	1.7	2.0	2.0	1,941.49
9	1.5	1.6	1.7	1.8	2.0	1,962.81
10	1.5	1.6	1.6	1.8	2.0	2,029.47
11	1.5	1.6	1.8	1.9	2.1	1,991.97
12	1.5	1.7	1.7	1.9	2.1	1,961.31
2016 1	1.5	1.7	1.6	1.8	2.1	1,912.06
2	1.5	1.6	1.5	1.6	2.0	1,916.66
3	1.5	1.6	1.5	1.6	2.0	1,995.85
4	1.5	1.6	1.5	1.6	1.9	1,994.15
5	1.5	1.6	1.5	1.6	1.9	1,983.40
6	1.3	1.4	1.3	1.4	1.8	1,970.35
7	1.2	1.4	1.2	1.3	1.7	2,016.19
8	1.2	1.4	1.2	1.3	1.7	2,034.65
9	1.2	1.3	1.3	1.4	1.7	2,043.63
10	1.2	1.4	1.4	1.4	1.8	2,008.19
11	1.2	1.4	1.6	1.7	2.0	1,983.48
12	1.2	1.5	1.7	1.9	2.2	2,026.46
2017 1	1.2	1.5	1.6	1.8	2.1	2,067.57
2	1.2	1.5	1.7	1.9	2.1	2,091.64
3	1.2	1.5	1.7	1.9	2.2	2,160.23
4	1.2	1.4	1.7	1.9	2.2	2,205.44
5	1.2	1.4	1.7	1.9	2.2	2,347.38
6	1.2	1.4	1.7	1.9	2.2	2,391.79
7	1.2	1.4	1.7	1.9	2.3	2,402.71
8	1.2	1.4	1.8	2.0	2.3	2,363.19
9	1.3	1.4	1.8	2.0	2.3	2,394.47
10	1.2	1.4	2.0	2.2	2.6	2,523.43
11	1.3	1.5	2.2	2.4	2.7	2,476.37
12	1.5	1.7	2.1	2.3	2.6	2,467.49
2018 1	1.5	1.7	2.2	2.4	2.7	2,566.46
2	1.5	1.7	2.3	2.5	2.8	2,427.36
3	1.5	1.7	2.3	2.5	2.8	2,445.85
4	1.5	1.7	2.2	2.4	2.8	2,515.38
5	1.5	1.7	2.3	2.5	2.9	2,423.01
6	1.5	1.7	2.2	2.4	2.8	2,326.13
7	1.5	1.7	2.1	2.3	2.8	2,295.26

Source: Bank of Korea

14. Monetary indicators

(period average, billion won)

Period	Reserve money		M1		M2		Lf	
		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)		y-o-y change (%)
2015	120,691.4	16.8	636,639.0	18.6	2,182,911.9	8.6	2,986,699.4	9.7
2016	137,441.5	13.9	734,411.8	15.4	2,342,621.3	7.3	3,229,766.4	8.1
2017	151,858.1	10.5	802,016.5	9.2	2,471,225.6	5.5	3,445,645.8	6.7
2015 1	113,304.2	15.0	579,964.2	12.5	2,092,223.5	8.0	2,857,610.1	8.4
2	116,502.4	15.9	592,737.4	14.3	2,109,892.3	8.0	2,876,467.8	8.6
3	115,974.9	15.3	600,719.9	15.5	2,127,887.8	8.3	2,907,976.4	9.3
4	115,132.7	16.4	610,803.3	17.7	2,148,114.7	9.0	2,936,746.7	10.0
5	117,726.3	15.7	621,985.5	18.9	2,166,741.1	9.3	2,960,998.1	10.3
6	118,688.2	17.0	630,546.3	18.5	2,179,561.1	9.0	2,986,316.5	10.5
7	122,041.0	20.6	645,975.4	21.0	2,200,510.9	9.3	3,013,503.9	10.6
8	121,854.4	13.2	653,105.9	21.3	2,218,660.3	9.2	3,028,981.1	10.4
9	126,572.2	20.1	665,691.1	21.4	2,230,000.7	9.4	3,049,823.2	10.5
10	125,616.2	17.3	669,737.7	21.5	2,232,432.0	8.8	3,059,051.9	10.2
11	126,767.1	18.8	677,629.2	20.6	2,242,848.2	7.7	3,076,029.2	9.2
12	128,117.5	16.3	690,772.4	19.6	2,246,070.1	7.5	3,086,887.8	8.9
2016 1	131,279.3	15.9	699,767.3	20.7	2,261,356.4	8.1	3,110,535.8	8.9
2	134,913.0	15.8	708,014.0	19.4	2,285,313.5	8.3	3,133,492.2	8.9
3	132,957.9	14.6	713,861.2	18.8	2,294,544.7	7.8	3,158,687.8	8.6
4	135,038.9	17.3	720,818.5	18.0	2,299,081.3	7.0	3,170,277.9	8.0
5	135,971.3	15.5	722,544.4	16.2	2,312,801.2	6.7	3,189,899.3	7.7
6	135,758.4	14.4	730,637.8	15.9	2,334,256.2	7.1	3,223,154.5	7.9
7	135,906.7	11.4	735,172.2	13.8	2,352,245.1	6.9	3,242,338.3	7.6
8	139,073.9	14.1	738,120.9	13.0	2,377,323.1	7.2	3,270,365.6	8.0
9	142,079.6	12.3	751,408.5	12.9	2,383,040.5	6.9	3,288,026.0	7.8
10	141,103.5	12.3	753,367.3	12.5	2,391,059.2	7.1	3,305,950.4	8.1
11	141,757.2	11.8	762,639.7	12.5	2,406,393.5	7.3	3,328,489.7	8.2
12	143,458.7	12.0	776,589.6	12.4	2,414,040.9	7.5	3,337,069.4	8.1
2017 1	147,380.8	12.3	780,995.5	11.6	2,417,635.8	6.9	3,359,110.8	8.0
2	150,092.9	11.3	776,362.5	9.7	2,420,285.6	5.9	3,365,200.1	7.4
3	145,049.0	9.1	789,187.8	10.6	2,436,994.7	6.2	3,387,986.2	7.3
4	149,630.1	10.8	791,859.3	9.9	2,450,220.9	6.6	3,404,957.2	7.4
5	149,446.2	9.9	791,074.8	9.5	2,454,386.7	6.1	3,416,320.2	7.1
6	150,519.7	10.9	798,890.2	9.3	2,470,861.1	5.9	3,440,571.4	6.7
7	149,955.1	10.3	804,853.4	9.5	2,472,110.4	5.1	3,454,563.6	6.5
8	152,170.5	9.4	805,103.3	9.1	2,485,629.9	4.6	3,472,041.5	6.2
9	154,578.6	8.8	810,905.0	7.9	2,492,388.4	4.6	3,483,119.8	5.9
10	159,248.2	12.9	826,892.1	9.8	2,504,594.2	4.7	3,501,084.6	5.9
11	155,623.3	9.8	817,624.5	7.2	2,521,786.3	4.8	3,521,139.1	5.8
12	158,603.1	10.6	830,003.7	6.9	2,527,641.3	4.7	3,541,553.2	6.1
2018 1	157,220.1	6.7	830,732.8	6.3	2,551,196.0	5.5	3,573,130.0	6.4
2	163,852.7	9.2	839,555.2	8.1	2,570,764.6	6.2	3,596,261.3	6.8
3	160,760.7	10.8	840,991.0	6.6	2,578,361.8	5.8	3,614,934.9	6.7
4	161,527.1	8.0	841,002.2	6.2	2,590,840.7	5.7	3,628,930.4	6.6
5	160,475.5	7.4	839,880.5	6.2	2,600,274.3	5.9	3,643,255.3	6.6
6	164,397.3	9.2	846,240.2	5.9	2,622,268.3	6.1	3,671,929.8	6.7

Source: Bank of Korea



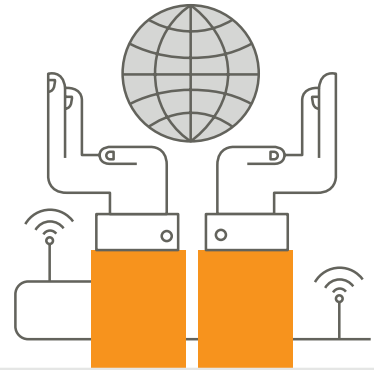
15. Exchange rates

(end-period)

Period	US\$/₩		100¥/₩		Euro/₩	
	Won	Y-o-y change (%)	Won	Y-o-y change (%)	Won	Y-o-y change (%)
2015	1,172.0	6.6	972.0	5.6	1,280.5	-4.2
2016	1,208.5	3.1	1,036.8	6.7	1,267.6	-1.0
2017	1,071.4	-11.3	949.1	-8.5	1,279.3	0.9
2015 1	1,190.8	1.1	921.4	-11.7	1,235.7	-16.1
2	1,099.2	3.0	920.7	-11.9	1,230.7	-15.9
3	1,105.0	3.4	920.3	-11.4	1,196.8	-18.6
4	1,068.1	3.5	897.2	-10.8	1,187.0	-16.7
5	1,108.0	8.5	894.6	-10.9	1,215.2	-12.6
6	1,124.1	10.8	917.2	-8.3	1,260.5	-8.9
7	1,166.3	13.9	939.3	-5.7	1,275.4	-7.0
8	1,176.3	16.1	970.1	-0.8	1,317.3	-1.4
9	1,194.5	13.7	996.8	3.8	1,343.9	0.8
10	1,142.3	8.4	994.1	-2.1	1,254.8	-5.6
11	1,150.4	4.5	936.7	0.3	1,218.3	-11.2
12	1,172.0	6.6	972.0	5.6	1,280.5	-4.2
2016 1	1,208.4	10.8	1,017.1	10.4	1,322.2	7.0
2	1,235.4	12.4	1,083.8	17.9	1,348.3	9.6
3	1,153.5	4.4	1,026.0	11.5	1,307.4	9.2
4	1,143.9	7.1	1,058.2	17.9	1,298.4	9.4
5	1,190.6	7.5	1,072.8	19.9	1,326.8	9.2
6	1,164.7	3.6	1,132.2	23.4	1,295.5	2.8
7	1,125.7	-3.5	1,073.7	14.3	1,246.7	-2.3
8	1,118.5	-4.9	1,086.3	12.0	1,246.9	-5.3
9	1,096.3	-8.2	1,083.7	8.7	1,230.3	-8.5
10	1,145.2	0.3	1,094.4	15.9	1,257.1	0.2
11	1,168.5	1.6	1,038.8	10.9	1,244.3	2.1
12	1,208.5	3.1	1,036.8	6.7	1,267.6	-1.0
2017 1	1,157.8	-4.2	1,017.9	0.1	1,239.5	-6.3
2	1,132.1	-8.4	1,004.0	-7.5	1,198.6	-11.1
3	1,116.1	-3.2	998.5	-2.7	1,192.6	-8.8
4	1,130.1	-1.2	1,016.0	-4.0	1,228.1	-5.4
5	1,123.9	-5.6	1,014.3	-5.4	1,255.6	-5.4
6	1,139.6	-2.2	1,017.6	-10.1	1,304.0	0.7
7	1,119.1	-0.6	1,012.3	-5.7	1,315.7	5.5
8	1,122.8	0.4	1,017.4	-6.3	1,335.6	7.1
9	1,146.7	4.6	1,020.4	-5.8	1,350.9	9.8
10	1,125.0	-1.8	994.2	-9.2	1,310.1	4.2
11	1,082.4	-7.4	966.5	-7.0	1,282.7	3.1
12	1,071.4	-11.3	949.1	-8.5	1,279.3	0.9
2018 1	1,071.5	-7.5	985.0	-3.2	1,329.1	7.2
2	1,071.0	-5.4	997.3	-0.7	1,310.4	9.3
3	1,066.5	-4.4	1,001.5	0.3	1,312.0	10.0
4	1,076.2	-4.8	985.9	-3.0	1,304.5	6.2
5	1,081.3	-3.8	994.0	-2.0	1,261.3	0.5
6	1,121.7	-1.6	1,014.8	-0.3	1,297.0	-0.5
7	1,116.7	-0.2	1,006.0	-0.6	1,307.4	-0.6

Source: Bank of Korea

Useful websites



Ministry of Economy and Finance
<http://english.moef.go.kr>

Korea Development Institute
http://www.kdi.re.kr/kdi_eng

Ministry of Trade, Industry and Energy
<http://english.motie.go.kr>

Financial Services Commission
<http://www.fsc.go.kr/eng>

Financial Supervisory Service
<http://english.fss.or.kr>

Fair Trade Commission
<http://www.ftc.go.kr/eng>

Ministry of Employment and Labor
<http://www.moel.go.kr/english>

Bank of Korea
<http://www.bok.or.kr/eng>

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