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Table of Contents

Current Economic and Financial Movements
/ 3

Monetary Policy Decision
/ 21

Flow of Funds in the First Half of 2002
/ 26

Financial Statement Analysis for the First Half of 2002
/ 37

Organization of the Bank of Korea / 51

The Bank of Korea's Internet Web Site / 52

List of Publications / 53

List of Bank of Korea Working Papers / 55

Titles of Articles Appearing in Monthly Bulletin / 56

Titles of Articles Appearing in Quarterly Bulletin / 57

Current Economic and Financial Movements

Summary

During the third quarter of 2002, the Korean economy maintained its recovery and price movements showed a stable pattern, but the current account surplus narrowed.

Real GDP grew 5.8 percent year-on-year thanks to the big increase in exports, whose effects offset the downturn in consumer spending and construction investment. Real gross national income(GNI), however, saw its year-on-year increase rate decline to 3.8 percent.

In the labour market, the unemployment rate fell by 0.2 of a percentage point from the preceding quarter to stand at 2.7 percent. The number unemployed also evolved favourably, falling by some 40,000 to register some 620,000 persons. In October, the rate of unemployment eased to 2.6 percent thanks to a constant increase in the number of persons active in the service sector.

The year-on-year increase rates of both exports and imports rose during the third quarter compared to the preceding quarter and the upward trend lasted during October.

The current account for the third quarter registered a reduced surplus of \$0.6 billion compared to the preceding period. It is the time reflected the narrowing of the goods account surplus from the preceding quarter and the enlarged deficit on the services account. Nevertheless, for October, the current account registered a surplus of \$1.4 billion.

The increase rate of Consumer Price Index became lower in the third quarter than in the preceding quarter because fuel prices and charges for public services stabilized, but that of Producer Price Index became higher. In October and November, the increase rates of both indexes rose.

In the financial markets, the overnight call rate continued to show mild fluctua-

tions during the third quarter around the Bank of Korea's policy rate target of 4.25 percent. Long-term market interest rates maintained their downward course, affected by the increased uncertainty surrounding the external environment. This tendency was carried on into October and November, and on November 13 they registered their lowest level for the year before turning upward.

The composite stock price index (KOSPI) held to a downward trend throughout the third quarter, responding to the influence of US stock prices. The KOSDAQ market index showed a similar pattern of movements. During October and November both KOSPI and the KOSDAQ index marked their lowest point for the year on the 10th of October, then shifted to an upward trend driven by the rise in US stock prices.

The Korean won depreciated sharply against the US dollar during September and up until mid-October, under pressure from the large net selling position of foreign shareholders. It subsequently maintained an appreciating trend up until the end of November, responding to the net share buying position of foreign investors and the FRB's reduction of interest rates. The Korean currency firmed against the Japanese yen from early October but in the latter part of a month and up until mid October, it continued to weaken. Subsequently it maintained a repeated pattern of fluctuations against the Japan-

ese currency, before appreciating strongly from mid November onwards.

The growth rates of M2 and MCT+ fell from the 14 percent level of the preceding quarter to the 12 percent level during the third quarter because of the outflow of foreign stock investment funds. The growth rate of M3 slowed from the preceding quarter owing to base effects from its sharp rise in the third quarter of the previous year. In October and November, the growth of both M2 and MCT+ accelerated and M3 growth is estimated to have exhibited a similar pattern of movements.

Economic Movements

Economic Growth

In the third quarter of 2002, real gross domestic product grew by 5.8 percent year-on-year thanks to the large scale of the expansion of exports, which more than offset the slowing of the growth of a domestic consumption and the contraction of construction investment. Meanwhile real gross national income registered a growth rate of 3.8 percent, lower than that of the second quarter.

Final consumption expenditure slowed to register a growth rate of 5.6 percent, owing to the moderation of both private and government spending.

Private consumption expenditure grew by 6.1 percent year-on-year: even though there was a slight acceleration of the growth of outlays on durables and semi durables, the growth of spending on services and non durables declined. Government expenditure eased by 2.4 percent compared to the same period of the previous year in response to the sharp slowdown in the growth rate of local government spending.

Gross fixed capital formation grew by just 0.9 percent, affected by the shift to a downturn in construction investment that more than offset the slight acceleration in the growth of facilities investment. The year-on-year growth rate of facilities investment rose to 7.7 percent, reflecting a pattern in which lacklustre investment in communication facilities and computers was made up for by the briskness of investment in general equip-

ment and precision instruments along with the continuing expansion of investment in transport equipment. Construction investment reduced by 3.8 percent year-on-year, reflecting the reduced growth rate of the housing construction investment and the deepening of the downward trend of infrastructure investment (social overhead construction investment).

Exports of goods and services saw their upward trend accelerated. This was attributable to the offsetting of an intensification of the slowdown in exports of services by an upturn in exports of communication devices, white goods and computers. Imports of goods and services continued to grow strongly, fuelled by large increases in imports of both consumer and capital goods.

By type of economic activity, the rate of decrease of the agricultural, forestry

[Table 1] Growth Rates by Component of Expenditure^{a)}

		Unit : percent								
		2000	2001 ^{b)}					2002 ^{b)}		
			I	II	III	IV	Year	I	II	III
G	D P	9.3	3.7	2.9	1.9	3.7	3.0	5.8	6.4	5.8
G	N I	3.6	0.5	1.3	-0.1	3.4	1.3	7.7	6.3	3.8
Final consumption expenditure		6.7	1.2	3.5	4.3	5.6	3.7	8.0	7.3	5.6
Private consumption		7.9	1.5	4.1	4.8	6.6	4.2	8.4	7.6	6.1
Government consumption		0.1	-0.7	-0.1	1.0	0.3	0.2	5.7	4.9	2.4
Gross fixed capital formation		11.4	-4.0	-4.8	-3.1	4.9	-1.7	6.5	5.5	0.9
Equipment		35.3	-8.4	-11.2	-15.7	-3.1	-9.8	3.2	7.4	7.7
Construction		-4.1	1.5	1.1	8.2	10.7	5.8	10.1	3.9	-3.8
Exports of goods and services		20.5	9.0	0.7	-4.1	-1.1	1.0	1.8	11.6	18.3
Imports of goods and services		20.0	0.2	-7.2	-5.5	1.1	-2.8	6.2	19.2	20.1

Notes : 1) Rates of change compared with the same period of the previous year.

2) p : preliminary.

and fishery industry accelerated and the construction industry shifted to a declining trend, but the growth rates of the manufacturing and service industries rose compared to the previous quarter.

The agricultural, forestry and fishery industry posted negative growth of 4.5 percent due to a sharp fall in activities of the fishery sector, affected by typhoons and the failure to secure a fishing quota in Russian waters along with the weakness of agricultural activities notably in cultivation and livestock sectors.

The growth rate of the construction industry shifted to a 2.9 percent decline in the third quarter owing to a sharp drop in activities in private civil engineering, affected by the Typhoon Rusa, coupled with sluggishness in the public con-

struction of roads and railways.

On the other hand, the growth rate of the service industry rose from 8.4 percent in the previous quarter to 9.0 percent in the third quarter. Despite a slowdown in the hotel sector resulting from the rainy spell during the vacation period and damage in eastern coastal regions from Typhoon Rusa, the wholesale & retail, restaurant, and hotel industry expanded by 8.3 percent, slightly more than in the previous quarter, thanks to the dynamism of the wholesale & retail trade prompted by a sharp rise in transactions of export and import goods.

In the meantime, the growth rate of the financing, insurance, real estate and business services industry climbed from 7.0 percent in the second quarter to 10.2

[Table 2] Growth Rates by Sector of Economic Activity¹⁾

	Unit : percent								
	2000	2001 ^p					2002 ^p		
		I	II	III	IV	Year	I	II	III
Agriculture, Forestry & Fishing	2.0	-4.1	3.5	1.3	1.5	1.4	7.2	-0.7	-4.5
Manufacturing	15.9	4.5	2.2	-1.7	2.1	1.7	3.5	6.4	6.7
Electricity, Gas & Water	14.0	7.5	4.7	4.3	6.0	5.7	7.9	11.1	7.3
Construction	-3.1	2.4	1.5	7.6	9.5	5.6	8.8	3.5	-2.9
Services	9.5	3.9	4.0	3.8	4.7	4.1	7.8	8.4	9.0
(Wholesale and retail trade, restaurants and hotels)	9.8	3.4	3.8	3.8	5.1	4.0	6.0	7.7	8.3
(Transport, storage and communication)	17.9	8.2	6.8	7.7	6.8	7.3	9.2	7.5	6.7
(Finance, insurance, real estate and business services)	4.9	4.4	4.2	4.2	5.5	4.6	9.2	7.0	10.2
(Community, social and personal services)	5.1	3.9	5.8	10.0	9.8	7.3	11.7	13.7	11.3
Government & Private Non-Profit Services	0.3	1.2	1.0	0.8	0.6	0.9	1.0	1.0	1.9

Notes : 1) Rates of change compared with the same period of the previous year.

2) p : preliminary.

percent in the third quarter owing to the favorable turn in financing business thanks to a sharp rise in earnings from interest and commissions. Social and personal services maintained a relatively high growth rate of 11.3 percent due to brisk advertising bookings in the broadcasting sector. Helped by a hike in freight transportation in line with the increased quantities of goods being transported and enlarged revenue from expressway tolls, the transportation, storage, and communication industry expanded by 6.7 percent.

The growth rate of manufacturing sped up from the previous quarter to reach 6.7 percent owing to a substantial rise in the production of electric & electronics products, including semiconduc-

tors and communication equipment, along with brisk exports which acted to more than offset the sluggishness of shipbuilding and cement production.

In the meantime, the electricity, gas, and piped water sector grew by 7.3 percent, boosted by a steady rise in the consumption of electricity and gas.

Employment and Wages

In the third quarter, the unemployment rate fell to 2.7 percent and the number of persons unemployed decreased by about 40,000 from the previous quarter to 620,000. This was attributable mainly to the sharp drop in the number of persons participating in economic activities, due to seasonal factors

[Table 3] Employment¹⁾ Trends

	Unit : million persons, percent									
	2001					2002				
	I	II	III	IV	Year	I	II	III	Oct.	
Economically active population ²⁾	21.4 (0.1)	22.5 (1.6)	22.4 (1.0)	22.4 (1.4)	22.1 (1.1)	22.0 (2.7)	22.8 (1.7)	22.8 (1.5)	22.8 (1.3)	
Total number of persons in employment ²⁾	20.4 (0.4)	21.7 (1.9)	21.7 (1.4)	21.7 (1.9)	21.4 (1.4)	21.2 (4.0)	22.2 (2.3)	22.1 (2.0)	22.2 (1.7)	
(Agriculture, forestry, and fishing)	1.7	2.4	2.4	2.2	2.2	1.8	2.3	2.3	2.3	
(Manufacturing)	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.1	4.2	
(Construction)	1.4	1.6	1.6	1.7	1.6	1.6	1.8	1.8	1.8	
(Wholesale, retail, restaurants, and hotels)	5.7	5.8	5.9	5.9	5.8	5.9	5.9	5.9	5.9	
(Business, personal, and community services)	5.2	5.5	5.5	5.5	5.4	5.7	5.8	5.8	5.9	
Unemployed persons	1.0	0.8	0.7	0.7	0.8	0.8	0.7	0.6	0.6	
Unemployment rate	4.8	3.5	3.3	3.2	3.7	3.6	2.9	2.7	2.6	
(Seasonally adjusted)	(4.1)	(3.7)	(3.6)	(3.4)	-	(3.0)	(3.1)	(3.0)	(3.0)	

Notes : 1) Actual figures.

2) Figures in parentheses refer to rates of change on a year-on-year basis.

[Table 4]

Rates of Increase¹⁾ of Nominal Wages

Unit : percent

	2000	2001					2002		
		I	II	III	IV	Year	I	II	III
Nominal wages per worker	8.0	7.8	4.1	4.2	4.6	5.1	8.4	11.0	11.2
(Regular Payment)	7.3	7.5	6.5	5.7	5.9	6.3	11.9	12.0	11.6
(Overtime Payment)	13.7	5.4	-3.8	-4.9	-2.0	-1.6	-8.2	-2.8	-3.3
(Special Cash Payment)	8.1	9.8	-1.7	2.7	3.1	3.4	2.3	12.9	14.7
(Manufacturing)	8.5	11.2	5.5	4.3	4.7	6.3	7.3	10.7	11.9
(Construction)	8.8	-2.1	4.6	-1.1	-2.3	-0.3	9.9	8.6	9.0
(Transport, storage, communications)	12.4	2.9	-0.2	2.0	2.9	1.8	4.7	8.3	9.2
(Electricity, gas & water)	7.0	19.9	13.0	5.0	23.8	15.5	7.1	6.9	25.5
(Finance, insurance and real estate)	6.5	7.2	3.9	5.0	6.1	5.7	8.1	13.3	8.9

Note : 1) Compared with the same period of the previous year.

such as the vacation season, which counteracted the effect of the reduction in the number of persons in employment resulting from decreased job opportunities amid bad weather conditions. In October, the unemployment rate eased to 2.6 percent as the number of persons employed in the service industry increased steadily.

The year-on-year growth rate of per capita nominal wages rose from the previous quarter to 11.2 percent in the third quarter. By type of remuneration, the rate of increase of special cash payments accelerated, matching the constant rapid rise in regular payments.

By industry, wages in most industries, including manufacturing, construction, electricity, gas, and piped water, showed high rates of increase.

External Transactions

During the third quarter of 2002, exports increased by 16.4 percent over the same period of the previous year to 41.4 billion dollars, speeding up their pace of growth.

Broken down by commodity group, the growth rate of exports of IT related products rose sharply from the previous quarter boosted by acceleration of the growth of semiconductor exports and the continued rise of those of computers and wireless communication equipment.

Meanwhile, exports of goods other than IT related products shifted to positive growth as the pace of increase of those of shipbuilding, machinery and chemical goods accelerated and the growth of those of automobiles turned positive.

By export destination, exports to

[Table 5]

Exports by Sector and Destination¹⁾

(Customs-clearance Basis)

Unit : billion US dollars

	Share ²⁾	2001				2002				
		Year	Ⅲ	Jan.-Oct.	Ⅳ	I	Ⅱ	Ⅲ	Oct.	Jan.-Oct.
Exports	<100.0>	150.4	35.6	126.2	36.3	35.7	40.3	41.4	15.1	132.5
		(-12.7)	(-19.8)	(-11.3)	(-19.6)	(-11.1)	(5.0)	(16.4)	(25.0)	(5.0)
IT products	<27.0>	40.6	9.2	33.6	10.5	10.8	11.8	12.3	4.7	39.6
		(-26.3)	(-39.3)	(-26.4)	(-27.7)	(-4.8)	(22.7)	(34.5)	(34.0)	(17.8)
Semiconductors	<9.5>	(-45.2)	(-63.9)	(-43.9)	(-54.5)	(-23.6)	(9.6)	(53.6)	(62.5)	(10.4)
Computer	<7.3>	(-24.0)	(-33.2)	(-24.7)	(-22.8)	(0.7)	(31.5)	(28.0)	(8.2)	(17.7)
Wireless communication apparatus	<5.3>	(23.0)	(35.9)	(23.3)	(24.9)	(27.1)	(39.8)	(31.8)	(41.0)	(34.0)
Non-IT products	<73.0>	109.8	26.4	92.6	25.8	24.9	28.5	29.1	10.4	92.9
		(-6.3)	(-9.7)	(-4.2)	(-15.8)	(-13.6)	(-1.0)	(10.1)	(21.4)	(0.3)
Automobile	<10.2>	(1.4)	(-0.2)	(3.0)	(-8.0)	(10.0)	(-2.2)	(7.4)	(32.8)	(7.8)
Shipbuilding	<6.4>	(17.9)	(3.9)	(32.0)	(-12.7)	(-27.7)	(8.3)	(45.1)	(-28.6)	(-1.6)
Machinery	<6.5>	(-2.9)	(-10.4)	(-1.1)	(-11.3)	(-12.2)	(4.9)	(24.2)	(45.2)	(8.4)
Iron & steel products	<6.7>	(-11.7)	(-13.1)	(-11.1)	(-16.0)	(-17.5)	(0.3)	(9.7)	(32.0)	(0.1)
Chemical products	<7.2>	(-10.9)	(-12.2)	(-9.0)	(-19.4)	(-8.0)	(6.2)	(12.8)	(32.7)	(6.0)
Textile & Apparel	<10.1>	(-14.0)	(-12.8)	(-13.3)	(-21.0)	(-14.1)	(-4.7)	(-1.1)	(25.0)	(-3.7)
US	<20.7>	(-17.0)	(-21.7)	(-14.9)	(-26.0)	(-6.8)	(4.8)	(4.5)	(20.4)	(2.7)
Japan	<11.0>	(-19.4)	(-28.9)	(-16.5)	(-31.8)	(-30.8)	(-13.5)	(7.2)	(14.4)	(-11.5)
EU	<13.0>	(-16.2)	(-18.2)	(-12.5)	(-29.9)	(-10.6)	(1.9)	(15.8)	(20.4)	(3.5)
China	<12.1>	(-1.4)	(-7.1)	(0.3)	(-9.1)	(4.6)	(17.8)	(35.8)	(66.9)	(24.2)
Southeast Asia	<21.1>	(-18.3)	(-26.2)	(-18.5)	(-19.3)	(-3.4)	(13.1)	(19.6)	(20.8)	(10.5)
Central & South America	<6.5>	(3.8)	(-16.0)	(6.3)	(-6.3)	(-30.8)	(-7.8)	(14.6)	(-1.2)	(-9.8)

Notes : 1) Figures in parentheses refer to rates of increase compared with the same period of the previous year(%).

2) Based on the year 2001.

China, Southeast Asia and the EU rose sharply and those to Japan and Central & South America shifted to an increase. But, those to the United States registered only a slight rise.

In October, exports soared by 25.0 percent over the same month of the previous year to stand at 15.1 billion dollars, posting their highest monthly figure since October 2000 when the figure stood at 15.2 billion dollars. By item, exports of IT related products, including semiconductors and wireless communi-

cation equipment, continued to rise, while the growth rate of exports of goods other than IT products, apart from shipbuilding exports, accelerated sharply.

During the third quarter, imports rose by 13.5 percent year-on-year to 38.8 billion dollars, accelerating their pace of growth. By item, imports of raw materials rose due to increased imports of steel products and chemical goods coupled with the more sluggish rate of decrease in those of crude oil. In the meantime, imports of capital goods showed a sharp

[Table 6]

Imports by Sector and Use¹⁾

(Customs-clearance Basis)

Unit : billion US dollars

	Share ²⁾	2001				2002				
		Year	III	Jan.-Oct.	IV	I	II	III	Oct.	Jan.-Oct.
Imports	<100.0>	141.1 (-12.1)	34.2 (-15.5)	118.3 (-11.2)	34.3 (-17.1)	33.7 (-11.5)	37.2 (7.8)	38.8 (13.5)	13.8 (20.1)	123.5 (4.4)
Raw materials & Fuels	<51.0>	71.9 (-8.9)	17.4 (-10.3)	60.7 (-6.4)	16.8 (-20.3)	17.0 (-14.0)	18.1 (0.5)	18.6 (6.6)	6.5 (17.8)	60.2 (-0.9)
Crude oil	<15.1>	(-15.3)	(-18.1)	(-9.2)	(-39.1)	(-32.1)	(-14.9)	(-3.4)	(11.5)	(-15.4)
Iron & steel products	<3.6>	(-16.3)	(-16.0)	(-19.3)	(-3.6)	(13.0)	(24.5)	(33.2)	(24.2)	(23.9)
Chemical products	<8.0>	(-4.8)	(-6.5)	(-3.8)	(-9.8)	(-5.3)	(7.3)	(12.9)	(17.8)	(6.1)
Capital goods	<37.2>	52.5 (-19.7)	12.5 (-25.7)	44.0 (-19.9)	13.0 (-19.8)	12.3 (-15.6)	14.2 (13.6)	15.0 (19.5)	5.3 (20.8)	46.8 (6.3)
Electric & electronic products	<24.0>	(-21.8)	(-29.4)	(-21.7)	(-23.6)	(-15.2)	(5.8)	(16.5)	(16.9)	(3.0)
Machinery	<7.6>	(-18.2)	(-26.1)	(-18.7)	(-14.3)	(-23.9)	(28.9)	(26.6)	(26.5)	(9.4)
Consumer goods	<11.8>	16.6 (3.5)	4.2 (1.7)	13.5 (1.7)	4.6 (9.0)	4.4 (17.6)	4.9 (22.2)	5.2 (24.5)	1.9 (26.0)	16.5 (22.1)
For domestic use	<57.0>	(-8.9)	(-11.0)	(-8.7)	(-10.3)	(-5.7)	(12.9)	(16.7)	(21.4)	(8.9)
For export use	<43.0>	(-16.0)	(-20.8)	(-14.2)	(-25.0)	(-19.0)	(1.1)	(9.3)	(18.3)	(-1.4)

Notes : 1) Figures in parentheses refer to rates of increase compared with the same period of the previous year(%).

2) Based on the year 2001.

rise led by machinery and electric and electronic products. Those of consumer goods, headed by clothing and passenger cars, also sustained their high growth rate.

In October, imports climbed by 20.1 percent to register 13.8 billion dollars. By item, imports of raw materials, capital goods, and consumer products all saw their increasing pace speed up sharply. The growth of raw material imports accelerated owing both to a rise in imports of crude oil resulting from the hike in international oil prices and to brisk imports of other raw materials. Imports of capital goods, headed by semi-conductors and machinery, and those of

consumer goods, led by clothing and passenger cars, also registered a sharp rise.

During the third quarter, the income account shifted into a surplus, but the goods account saw the scale of its surplus volume narrow to 3.0 billion dollars from 4.4 billion dollars in the previous quarter. As a result, the current account surplus contracted from the previous quarter to 0.6 billion dollars.

In October, the monthly current account surplus widened sharply to 1.4 billion dollars from 0.4 billion dollars in the previous month due to a sharp rise in the surplus on the goods account and a reduced deficit on the services account.

[Table 7]

Balance of Payments: Current Account

Unit : billion US dollars

	2001				2002				
	Year	Ⅲ	Jan.–Oct.	Ⅳ	I	Ⅱ	Ⅲ	Oct.	Jan.–Oct.
Current account	8.6	1.0	7.9	1.1	1.7	1.8	0.6	1.4	5.5
Goods	13.4	2.9	11.9	2.2	3.3	4.4	3.0	2.1	12.7
Services	-3.5	-1.4	-2.5	-1.2	-1.4	-1.5	-2.5	-0.6	-6.1
Income	-0.9	-0.1	-1.2	0.2	0.0	-0.8	0.7	-0.1	-0.2
Current transfers	-0.4	-0.3	-0.4	0.0	-0.1	-0.3	-0.5	0.0	-1.0

Prices

The rate of increase of consumer prices year-on-year maintained a level of around 2.5 percent until August due to a drop in prices of petroleum products and the lowering of some public utility charges. However, it began to rise steadily from September owing to a hike in prices of agricultural and petroleum products, and it accelerated further to around the 3.5 percent level in November. Its high year-on-year growth rate in November this year was largely ascribable to base effects stemming from a steep fall in consumer prices, led by agricultural and petroleum products, in the same month of the previous year.

Viewing the trend of consumer prices by item from the beginning of the third quarter of the year based on the rate of increase over the last month of the preceding period, prices of agricultural, livestock and marine products showed a downward trend during July that followed from the previous month, as shipments of vegetables and fruit increased

due to favorable weather conditions, such an unusually short rainy season. During August and September, however, they rose sharply owing to a surge in prices of agricultural products that centered on vegetables, as a result of torrential rains and a severe typhoon. After October, prices of agricultural, livestock and marine products turned to a downward trend again due to brisk shipments of most agricultural products. Despite a rise in prices of passenger cars following the government's step to restore special excise taxes on the vehicles, prices of industrial products maintained a relatively stable trend during the whole of the third quarter owing to the lower prices of petroleum products. After October, however, they rose comparatively sharply as prices of petroleum products climbed in response to the run-up in international oil prices and the depreciation of the Korean won, and those of textile goods showed an upward trend. Despite the continued upward movement of housing rents, the rate of increase of service prices slowed during the third quarter, affected

[Table 8]

Rates of Increase of Consumer Prices¹⁾

Unit : percent

	2000	2001					2002				
	Year	I	II	III	IV	Year	I	II	III	Oct.	Nov.
Consumer Prices	2.8 (2.3)	2.5 (3.6)	0.6 (5.0)	0.5 (4.2)	-0.4 (3.4)	3.2 (4.1)	1.6 (2.5)	0.8 (2.7)	0.9 (2.6)	-0.3 (2.8)	0.1 (3.5)
Agricultural, livestock and marine products	-2.3	9.4	0.2	3.6	-3.5	9.5	5.7	0.5	6.0	-6.1	-1.3
Industrial products	2.4	0.6	0.6	-0.3	-0.9	0.0	1.1	1.6	0.2	1.0	0.3
Services	4.3	2.3	0.8	0.3	0.7	4.0	1.0	0.6	0.4	0.2	0.2
Core Inflation ²⁾	2.9 (1.9)	1.8 (3.3)	0.7 (3.9)	0.5 (3.7)	0.6 (3.6)	3.6 (3.6)	1.2 (2.9)	0.6 (3.0)	0.5 (2.9)	0.2 (3.0)	0.2 (3.1)

Notes : 1) Comparison is with the last month of the preceding period. Figures in parentheses refer to rates of increase over the corresponding period of the previous year.

2) The CPI after stripping out prices of petroleum fractions and agricultural products except cereals.

by the stabilization of public utility charges, including the lowering of electricity rates. During October and November, some public utility charges, including water charge, rose, but service prices in general showed a slowing of their upward trend as the rate of increase in housing rents and charges for personal services remained modest.

In the meantime, core inflation, which strips out non-cereal agricultural products and petroleum fractions from the CPI, held to a year-on-year rate of increase around the 3 percent level, the mid-point of the target range for this year, from the third quarter.

Producer prices, which had shown a high rate of increase until the second quarter after having shifted to an upward path early in the year, saw their growth rate slow down temporarily during the third quarter owing to brisk shipments of agricultural products during June and

July, and stable prices for industrial products thanks to the won's appreciation. But, the growth rate of producer prices accelerated again after August due to a hike in prices of international raw materials including crude oil.

Viewing the trend of producer prices by item from the third quarter of the year based on the rate of increase over the last month of the preceding period, prices of agricultural, forest and marine products showed a downward trend during July due to a fall in prices of agricultural products that resulted from expanded shipments of summer fruit. During August and September, however, prices rose again owing to a surge in vegetable prices in the wake of torrential downpours and a severe typhoon. The prices of agricultural, forest and marine products dropped during October due to seasonally increased shipments of agricultural goods, but climbed again during Novem-

ber owing to a reduction in shipments of vegetables following a cold wave and a rise in prices of livestock products and beef in particular. Manufacturing industry product prices remained unchanged during July at the level of the previous month, but rose slightly during August as prices of metal and chemical products went up slightly owing to a rise in prices of raw materials and supply shortfalls following production cuts by steel-makers. During September and October, their upward pace accelerated further as prices of petroleum products soared due to the run-up in international oil prices. During November, however, their pace subsided somewhat owing to a fall in prices of electronic parts, such as cathode ray tubes for TVs and transistors, in the wake of the won's appreciation and fierce competition between industries. Service prices, which had shown a downward trend during July owing to a decline in

machinery leasing charges and automobile insurance premiums, climbed, headed by cargo freight charges and charge for shop leases during the August-October period. However, service prices showed a slight drop during November as machinery leasing charges and rental charges for transportation equipment showed a downward trend, affected by the won's appreciation.

Export prices, which had shown a shortlived downward trend during the second quarter, shifted to a slight rise during the third quarter due to an upturn in prices of petrochemical and textile products, affected by higher international prices for oil and such other raw materials as raw cotton, as well as the won's weakness against the dollar. Despite a fall in prices of monitors and mobile handsets in the wake of the intensified competition among companies, their upward trend accelerated during October owing

[Table 9] Rates of Increase of Producer Prices¹⁾

	Unit : percent										
	2000	2001					2002				
	Year	I	II	III	IV	Year	I	II	III	Oct.	Nov.
Producer Prices	1.7 (2.0)	1.1 (2.5)	0.2 (3.1)	-0.5 (2.0)	-1.4 (0.0)	-0.7 (1.9)	1.7 (-0.2)	1.4 (1.2)	0.5 (1.5)	0.5 (3.1)	0.4 (4.0)
Agricultural, forest and marine products	-7.9	9.7	0.4	-3.1	-0.7	6.1	5.9	-0.2	0.0	-3.4	4.1
Manufacturing industry products	2.2	0.2	0.2	-0.7	-2.1	-2.3	1.7	1.7	0.6	0.8	0.2
Electric power, water, and gas supply	7.9	2.6	1.1	0.0	-0.3	3.5	-2.7	-0.2	0.5	0.5	0.9
Services	2.0	1.0	-0.2	0.6	0.2	1.6	1.4	1.0	0.4	0.5	-0.1

Note : 1) Comparison is with the last month of the preceding period. Figures in parentheses refer to rates of increase over the corresponding period of the previous year.

[Table 10]

Rates of Increase of Export and Import Prices¹⁾

Unit : percent

	2000	2001					2002				
	Year	I	II	III	IV	Year	I	II	III	Sep.	Oct.
Export prices	4.2	4.2	-1.5	-1.4	-4.2	-3.1	4.1	-6.2	0.9	1.5	2.2
Import prices	5.3	4.4	0.4	-3.0	-7.6	-6.2	7.3	-3.6	2.4	2.7	2.3

Note : 1) Comparison is with the last month of the preceding period.

to the rising prices of steel and chemical products in response to the won's depreciation against the dollar and supply shortfalls.

Import prices also turned to an upward trend, led by petrochemical products, during the third quarter as the won softened against the dollar and international oil prices rose on the heightened possibility of a war between the U.S. and Iraq. The upward trend continued during October owing to the weakening of the won against the dollar and a reduction in supplies of steel, non-metal materials, and petrochemical products.

Housing prices, whose upward movement slowed down temporarily during the second quarter, climbed sharply dur-

ing the third quarter, led by those for apartments in Southern Seoul, due to the rising demand for moving house and expectations of reconstruction. But their upward trend waned significantly during October, reflecting the slackness of demand in a season not favored for moving house and a series of government measures to stabilize real estate prices. Housing rents also climbed sharply during the third quarter, but shifted to a declining trend after October owing to the stabilization of housing prices and reduced seasonal demand.

In the meantime, the upward trend of land prices accelerated during the third quarter, chiefly led by Seoul and Seoul metropolitan areas, affected by a hike in

[Table 11]

Rates of Increase of Real Estate Prices¹⁾

Unit : percent

	2000	2001					2002				
	Year	I	II	III	IV	Year	I	II	III	Sep.	Oct.
Housing prices	0.4	0.8	2.2	4.8	1.7	9.9	7.6	2.1	5.2	2.4	0.5
(Apartments in Seoul)	4.2	2.2	4.8	8.6	2.6	19.3	15.0	2.3	11.7	4.9	0.1
Housing rents	11.1	4.9	3.2	6.4	1.1	16.4	7.3	1.6	2.6	1.2	-0.1
(Apartments in Seoul)	12.1	6.8	5.2	9.7	0.1	23.4	11.2	1.8	3.9	0.8	-1.4
Land prices	0.7	0.1	0.4	0.3	0.5	1.3	1.8	1.3	3.3	-	-

Note : 1) Comparison is with the end of the preceding period.

housing prices, the pursuit of the development of housing lots, and the lifting of restrictions on development in green belt areas.

Financial Developments

Throughout the third quarter, call market rates continued to show mild fluctuations around the Bank of Korea's policy target rate of 4.25 percent. Market yields on government and corporate bonds turned upward at one point on the perceptions that interest rates had reached their trough, but they subsequently lowered continually, influenced by the increased uncertainty of the external environment including worries over the delay in the US recovery and possibilities of a war against Iraq. In conse-

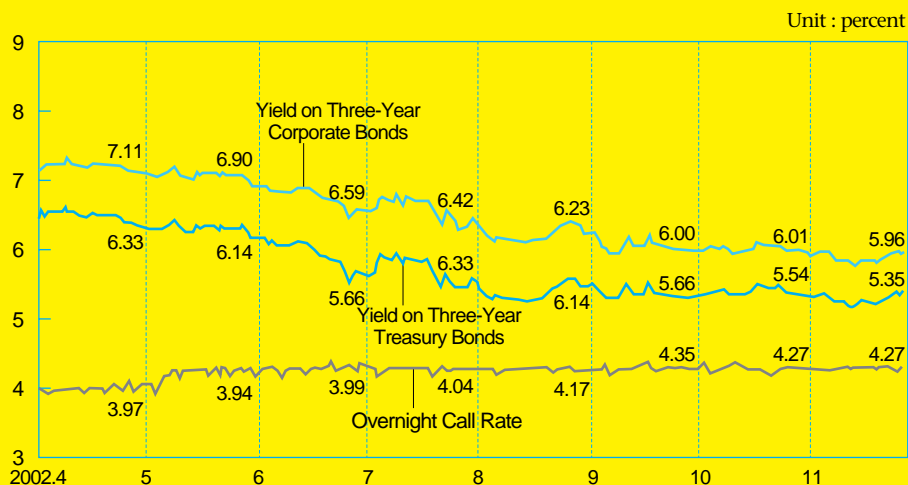
quence, the three-year Treasury bond slipped from 5.93 percent in early July (July 9) to 5.66 percent as of the end of September and three-year AA rated corporate bonds from 6.77 percent to 6 percent over the same period.

In October and November, the downward trend of market yields on Treasury bonds and corporate bonds continued and on November 13, they marked their respective lows for the year so far of 5.17 percent and 5.78 percent. With the improved showings of several domestic and international economic indicators, they subsequently turned upward to finish November at 5.35 percent and 5.96 percent respectively.

The composite stock index (KOSPI) maintained its overall downward trajectory, heavily influenced by US share prices. In the first half of July, it staged a short lived rally on bargain basement buying

[Chart 1]

Market Interest Rate Movements



following its steep fall within a short period and on anticipations of an upswing in economic activity during the latter part of the year. From the middle of that month onward, though, it turned downward again in line with the steep fall in US equity prices. From the beginning of August, Korean stock prices turned upward with US stock prices upswing in line with the progressive waning of concerns over US financial market instability. Early September saw Korean stock prices falling sharply, affected by mounting uncertainties over economic conditions at home and abroad and a renewed plunge in US stock prices. In consequence, KOSPI closed the third quarter at 646.42, well down on the second quarter's closing figure of 742.72 points. The KOSDAQ index exhibited a similar pattern of movements,

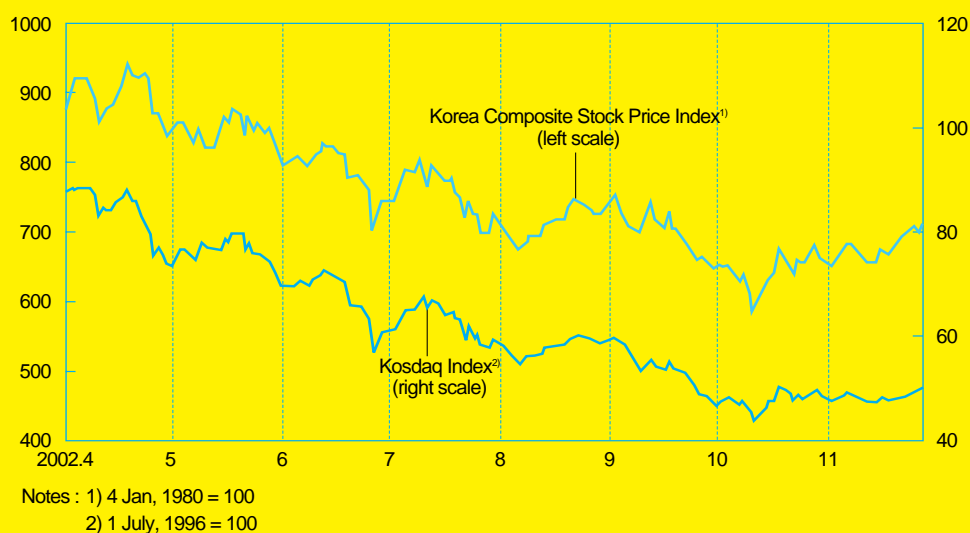
closing the third quarter at 46.71 points as against 60.85 points as of the end of June.

Both KOSPI and KOSDAQ index registered their lowest for the year so far on October 10 (584.04 points and 43.74 points). Subsequently they turned upward, inspired by the rise in US stock prices and net buying by foreign investors. This led KOSPI to register 724.8 points as of the end of November and KOSDAQ index 51.9 points.

Bank deposits during the third quarter, meanwhile, saw the scale of their increase narrow somewhat from the previous quarter to stand at 10.4 trillion won as against 11.6 trillion won due to the deferred payment of tax from the previous quarter. The contractionary trend of banks' trust accounts continued during the third quarter amid the enlarged

[Chart 2]

Stock Price Movements



[Table 12]

Growth of Deposits at Financial Institutions

(Change during the period)

Unit : billion won

	2001		2002							
	III	IV	I	II	III	Jul.	Aug.	Sep.	Oct.	Nov.
Deposit money banks ¹⁾	25,725	4,611	29,005	11,618	10,388	-3,402	9,529	4,261	7,729	8,329
Money-in-trust	-424	2,465	-5,299	-683	-1,882	-622	-353	-907	401	-219
Investment trust companies	26,029	-21,187	15,046	-3,454	4,967	2,242	4,715	-1,990	1,515	2,570
Merchant banking corporations	43	-1,091	1,956	-1,095	174	436	-156	-106	534	127

Note : 1) Bank deposits + CDs + RPs + Cover bills.

retirement of funds from New Reserving Trust upon maturity. However, investment trust companies' deposit taking increased, centering on the increase of bonds beneficiary certificates and money market funds (MMF).

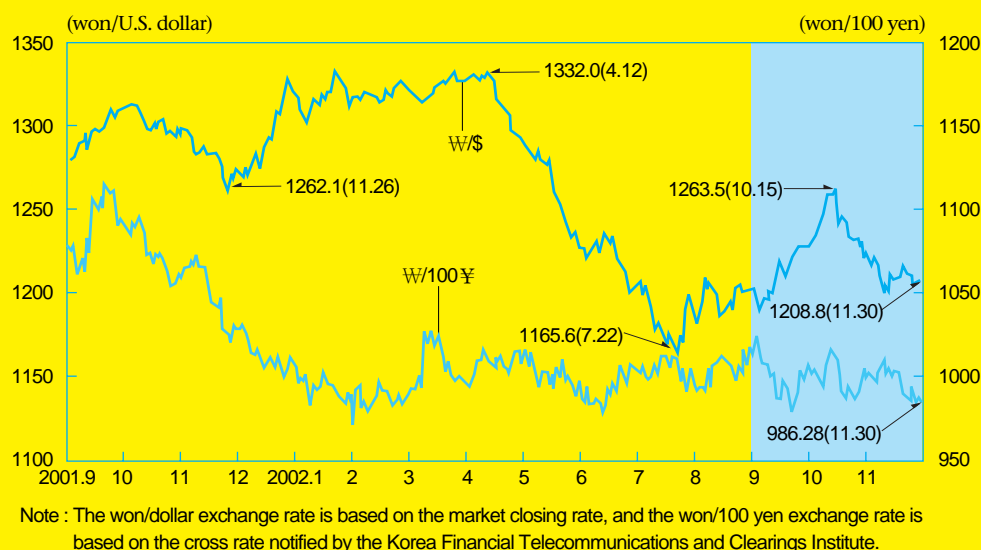
During October and November, the upward trend of banks' deposits taking accelerated thanks to the increased supply of liquidity by the private sector. Investment trust companies' deposit taking increased thanks to the buoyancy of their short term bonds beneficiary certificates and MMF following a rise in short-term market interest rates and a lowering of trust fees by some of them.

From early September the Korean won fell sharply against the US dollar to register its lowest exchange value of 1263.5 won per dollar on October 15. This bearish trend reflected the recovery of a mood of stability in US financial asset markets, which occurred despite anxieties over a looming war with Iraq, in tandem with the massive weakening of the Japanese yen against the US dollar prompted by concerns that Japanese financial mar-

ket instability would persist for a long period. But from mid-October onwards, the Japanese yen shifted to a firmer tone against the US dollar while at the same time the net foreign purchases of shares meant that the local foreign exchange market experienced a continuing sizable supply position. Consequently, the Korean won appreciated sharply against the US dollar. As of the end of November, the Korean won traded at 1208.8 to the dollar, having strengthened further with the US dollar maintaining weak following the US Federal Open Market Committee's large 50 basis point reduction of its Federal funds rate.

Meanwhile against the Japanese yen the Korean won rose strongly from early September as the scale of the Japanese yen's depreciation against the US dollar exceeded that of the Korean won. But from the end of September, the Korean won shifted to a weakening trend against the Japanese yen amid a large increase in foreigners' net selling of shares and this pattern persisted till the middle of October. Subsequently the exchange rate of

[Chart 3] Exchange Rate Trends of the Korean Won



the Korean won against the Japanese yen showed repeated fluctuations. From the middle of November the yen shifted back to a bearish trend against the US dollar while the phenomenon whereby the won and the yen had moved in lockstep against the dollar became less strongly marked so that by the end of November the Korean won appreciated against the Japanese yen to register 986.28 won per 100 yen.

Monetary Aggregates

The growth of M2 and of MCT+ fell back to 12 percent level from the 14 percent level of the previous quarter owing to the outflow of foreign stock investment funds. But from early September the growth rates rose slightly, in view of the expansion of bank credit to the private sector including the expansion of household credit and an increase in lend-

[Table 13]

Monetary Aggregate Trends

(On the basis of average figures)

Unit : percent

	2001		2002							
	III	IV	I	II	III	Jul.	Aug.	Sep.	Oct.	Nov.
M3	10.3	11.5	12.1	13.6	12.6	13.0	12.4	12.4	12.5	-
M2	12.9	13.7	14.6	14.7	12.1	12.3	11.8	12.1	12.1	12.6
MCT+	12.3	13.6	13.7	14.3	12.5	12.7	12.2	12.7	12.8	13.8
Reserve money ¹⁾	8.87	14.6	15.0	17.0	15.1	14.9	15.1	15.3	9.7	13.1

Note : 1) Figures in parentheses indicate daily averages during the period(billion won).

ing to small and medium enterprises in connection with the Chuseok holiday period. During the third quarter the growth rate of M3 eased back from the 13.6 percent of the preceding quarter to 12.6 percent, largely because of base effects resulting from the large scale of the increase in M3 during the same period of the preceding year.

From early October, there was an acceleration of the growth of M2 and of MCT+ because of a mild expansion of the supply of credit to the private sector in forms such as bank lending. This upward trend continued during November, aided by the increase in government fiscal spending and an inflow of foreign funds for share investment, which together more than offset the effect of reduction of the increase of household credits. M3 growth is estimated to have maintained a similar pattern of movements to these narrower aggregates.

Bank lending and corporate funding

During the third quarter, banks' lending to large firms contracted from the previous quarter because demand for loans was not heavy given their ample liquidity conditions. In contrast, bank lending to small and medium enterprises (SMEs) maintained a mild expansionary trend thanks to efforts of banks to expand lending to SMEs and to the sea-

sonal demand for funds associated with Chuseok. In addition, the expansion of banks' household lending was maintained, centering on mortgage lending. With the narrowing of the scale of corporate bonds reaching maturity, net redemption of corporate bonds was reduced, as several large companies stepped up their issue of corporate bonds in order to secure funds pre-emptively and pay off debts at less favourable rates of interest. Net issuance of commercial paper saw an easing of its upward trend from the preceding quarter.

During October and November, the growth in banks' corporate lending continued, driven by seasonal fund demand such as that for payments of value added tax and by efforts of banks to expand lending to SMEs. In contrast, lending to large firms posted only a small increase because of the lack of their demand for funds. In October, the expansion of banks' household lending was maintained, centering on housing mortgage loans, but the growth of their household lending slowed sharply in November in response to government measures to rein in household credits and to make housing prices stable. Corporate bonds shifted to a net issuance position because of the increased emission as firms sought to improve the maturity structure of their lending, taking advantage of low market interest rates.

[Table 14]

Bank Lending¹⁾ and Corporate Funding

(Changes during the period)

Unit : billion won

	2001		2002							
	III	IV	I	II	III	Jul.	Aug.	Sep.	Oct.	Nov.
Bank lending ¹⁾	16,583	14,519	30,821	29,075	24,451	6,570	8,629	9,252	12,063	4,945
Enterprises	6,293	-267	12,717	11,649	8,614	2,521	3,088	3,005	5,764	3,099
(Large enterprises)	-431	-2,682	3,449	-1,057	-275	263	111	-649	886	225
(Small and medium enterprises)	6,724	2,415	9,268	13,465	8,889	2,258	2,977	3,655	4,877	2,873
Household	11,738	16,987	16,536	17,634	16,012	4,077	5,437	6,498	6,122	2,076
Public and Others	-2,670	-2,201	668	-208	-174	-27	104	-251	177	-230
Net bond issuance ²⁾	3,843	-6,389	-2,736	-3,298	-803	-437	11	-355	-153	1,463
Net CP issuance ³⁾	3,356	-2,400	4,901	3,435	2,499	1,872	1,173	-547	2,206	840

Notes : 1) Excluding changes to bank accounts in connection with the disposal of bad loans and debt-for-equity swaps, but including CLO.

2) Issuance by general companies, excluding those under court management, court receivership and workout programs.

3) Based on the amount of CP discounted by securities firms, banks' trust accounts, and merchant banking corporations.

Monetary Policy Decision

Adopted by the Monetary Policy Committee

October ~ December 2002

Monetary Policy in October 2002*

The economic upswing seems to be continuing as demonstrated by the steady growth of industrial production, private consumption and exports.

Consumer price inflation rose 3.1 percent on a year-on-year basis in September as against 2.4 percent in the previous month, due to steep price rises of agricultural products, following crop losses from typhoons, and increases in housing rents and industrial product prices. Core inflation also accelerated from 2.8 percent to 2.9 percent on a year-on-year basis.

While the pace of real estate price rises has eased since late September, credit to the household sector showed a larger expansion in September than in the previous month.

The uncertainties surrounding the external environment, however, remain high due to concerns over the delayed

* Unofficial English translation based on the Korean original that was decided upon by the Monetary Policy Committee on October 10, 2002

economic recovery in advanced countries including the U.S. and the mounting possibility of war breaking out between the U.S. and Iraq.

As a result, with sharp declines in stock markets of major countries, domestic stock prices have also fallen markedly, and business and consumer sentiment has shrunk again.

Taking the domestic and external environments into consideration, the Monetary Policy Committee of the Bank of Korea decided today to maintain the benchmark overnight call rate in October at around its current level.

Monetary Policy Decision*

The growth rate of monthly industrial production eased in September due to the damages from typhoons and the reduction in working days caused by Chuseok holidays. Domestic demand, notably in the form of private consumption and construction investment, also slowed down. Exports (on a customs-clearance basis), however, registered double-digit growth in October.

Consumer price inflation lowered to 2.8 percent on a year-on-year basis in October as against the 3.1 percent of the

* Unofficial English translation based on the Korean original that was decided upon by the Monetary Policy Committee on November 7, 2002

previous month as prices of agricultural products shifted to a sharp decline. Core inflation, for its part, rose from 2.9 percent to 3.0 percent largely owing to increases in housing rents and charges for public services.

Following the government's steps to curb speculation, housing prices showed a stable downward trend and the increase in household credits narrowed somewhat from that of the previous month.

In the external environment, uncertainties have deepened due mainly to the delayed recovery of the advanced economies, particularly in the U.S..

Taking the domestic and external environments into consideration, the Monetary Policy Committee of the Bank of Korea decided today to maintain the benchmark overnight call rate at around its current level for the inter-meeting period.

Monetary Policy Decision*

After a brief slowdown in September due to the one-off factors of the Chuseok holidays and typhoons, the economy has been maintaining a steady upward trend as evidenced by the significant expansion in industrial production in October and the rapid growth of exports in November.

Prices were broadly stable in November and real estate prices also showed signs of calming down, owing to the government's steps to stabilize real estate markets and the seasonal decline of demand.

In the financial markets, the scale of the expansion in household lending by banks narrowed markedly compared to that of the previous month. Given the ample market liquidity, however, corporate sector's fund-raising conditions remain favorable.

In the external environment, uncertainty still remains over the outbreak of a war between the U.S. and Iraq, but anticipations of a U.S. economic recovery are progressively strengthening thanks to the improved showing of several economic indicators.

Taking the domestic and external environments into consideration, the Monetary Policy Committee of the Bank of Korea decided today to maintain the

* Unofficial English translation based on the Korean original that was decided upon by the Monetary Policy Committee on December 12, 2002

benchmark overnight call rate at around its current level for the inter-meeting period.

Flow of Funds in the First Half of 2002

I. Overview

Looking at the flow of funds in the first half of 2002, the volume of the business sector's fund-raising increased sharply owing to a rise in its raising of fund through the issuance of stocks and improved conditions for bank borrowings by small and medium-sized companies. The volume of its fund utilization also rose sharply from the latter half of the previous year owing to a rise in funds on standby for investment in preparation for a coming economic upswing.

The volume of fund-raising by the individual sector expanded from the latter half of the previous year due both to an increase in demand for housing-related funds in the wake of a hike in housing prices and leasehold deposits and financial institutions' efforts to write more household loans. Despite an expansion in the operation of securities, including beneficiary certificates and stocks, the

volume of fund utilization by the individual sector decreased somewhat from the latter half of the previous year owing to the reduced pace of the increase in deposits at non-banking financial institutions, including money in trust.

In the financial sector, both banks and non-bank financial institutions expanded their lending sharply, even though they posted a net disposal of securities. As a result, the volume of funds supplied by the non-financial sectors expanded sharply from the latter half of the previous year.

In the government sector, the scale of fund-raising declined somewhat from the latter half of the previous year owing to its continued retirement of loans from financial institutions and reduced issuance of government and public bonds. On the other hand, the scale of its use of fund rose sharply from the latter half of the previous year as the government's deposit at BOK shifted to an

increase, affected by expanded tax revenues.

The overseas sector exhibited a financial deficit (net increase in Korea's external assets) as the domestic sector registered a financial surplus in response to the current account surplus.

Meanwhile, as of the end of June, 2002, the debt of non-financial sectors increased by 6.5 percent from the end of the previous year to 1,152.0 trillion won, growing more rapidly than in the latter half of the previous year. Reviewing the debt of each of the non-financial sectors, that of the individual sector posted the highest rate of increase 16.1 percent, while that of the business and government sectors recorded increases of 2.0 percent and 1.0 percent, respectively.

The volume of total financial transactions (increase in financial assets) stood at 227.9 trillion won during the first half of 2002, larger than in the latter half of the previous year. As of the end of June, the total financial assets outstanding amounted to 4,189.1 trillion won. Accordingly, the financial interrelation ratio (financial assets outstanding/nominal GNI), which measures the degree of financial asset accumulation in the economy as a whole, rose slightly from the end of the previous year to 7.46.

II. Financial Transaction Characteristics by Sector

1. Business Sector

A. Fund-Raising

The total amount of funds raised by the business sector expanded sharply from 21.2 trillion won in the second half of 2001 to 42.8 trillion won in the first half of 2002 due to a rise in the demand for funds riding on expectations of an economic upturn.

Looking at the pattern of funds raised, the amount of indirect financing, i.e., borrowings from financial institutions, rose sharply from 2.8 trillion won in the latter half of 2001 to 28.7 trillion won in the first half of 2002 due to a steep hike in borrowings from banks by enterprises, led by small and medium-sized firms, as well as a rise in their borrowings from non-bank financial institutions, including insurance firms and non-banking financing corporations. In spite of an expansion of the issuance of the stocks, the volume of direct financing, i.e., the issue of securities such as stocks, declined somewhat from 10.6 trillion won in the latter half of 2001 to 10.1 trillion won in the first half of 2002 owing to the net redemption of corporate bonds and commercial paper.

Meanwhile, borrowings from overseas increased remarkably from 1.5 trillion

[Table 1]

Fund-Raising by the Business Sector

Unit : billion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Fund Raising	46,254	19,505	30,758	21,181	42,781
Indirect finance	13,424	-1,655	-1,657	2,841	28,716
Borrowings from DMBs	16,275	7,004	1,580	1,801	27,139
Borrowings from non-banks	-2,851	-8,700	-3,467	1,090	1,576
Direct finance	12,213	4,991	26,213	10,625	10,087
(Commercial paper)	960	-5,724	3,984	226	-342
(Stocks)	10,375	10,376	8,402	8,102	16,331
(Corporate bonds)	-135	-1,928	11,445	317	-7,949
Borrowings from abroad	13,780	3,040	781	1,502	3,688
Others ¹⁾	6,837	13,130	5,421	6,213	289

Note : 1) Trade credits, borrowings from government, bills payable, etc.

won in the latter half of 2001 to 3.7 trillion won in the first half of 2002, affected by substantial rises in inward direct investment and import-related trade credits.

B. Fund Utilization

The volume of the business sector's

fund utilization expanded sharply from 14.9 trillion won in the latter half of 2001 to 28.5 trillion won in the first half of 2002 owing to a rise in funds on standby for investment in preparation for a coming economic upswing.

Viewing the pattern of fund utilization by type of asset, deposits at financial

[Table 2]

Funds Utilization by the Business Sector

Unit : billion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Fund Utilization	20,659	7,156	13,092	14,883	28,494
Deposits	6,073	2,518	6,889	11,353	7,583
Deposit money banks	9,495	9,411	6,911	8,327	6,605
Non-banks	-3,422	-6,894	-22	3,026	978
Securities	5,102	873	8,351	4,726	7,444
(Beneficiary certificates)	-4,592	-1,225	545	1,401	1,478
(Commercial paper)	3,814	-2,060	-165	4,014	-1,496
(Corporate bonds)	1,376	2,082	3,659	2,672	431
(Stocks)	1,604	1,534	4,558	-1,945	2,180
Foreign claims	4,417	3,275	3,829	1,750	4,402
Others ¹⁾	5,068	490	-5,977	-2,946	9,065

Note : 1) Currency, trade credits, bills receivable, etc.

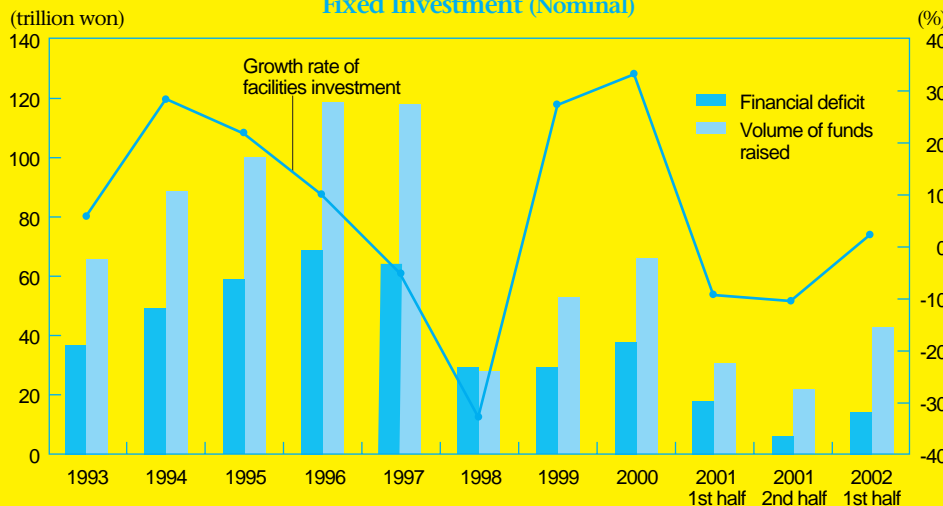
institutions dropped significantly from 11.4 trillion won in the latter half of 2001 to 7.6 trillion won in the first half of 2002 due to a decrease in deposits both at banks and non-bank financial institutions.

Despite a net disposal (1.5 trillion won) of commercial paper, holdings of securities rose remarkably from 4.7 trillion won in the latter half of 2001 to 7.4 trillion won in the first half of 2002.

C. Financial Deficit

In the first half of 2002, the financial deficit (fund raising - fund utilization = investment - savings) of the business sector amounted to 14.3 trillion won, a significant rise from the 6.3 trillion won in the latter half of 2001. Accordingly, the ratio of the business sector's financial deficit ratio (financial deficit/nominal GNI) soared from 2.2 percent in the latter half of 2001 to 5.1 percent in the first half of 2002.

[Chart 1] Business Sector's Financial Deficit and Growth Rate of Fixed Investment (Nominal)



[Table 3] Business Sector's Financial Deficit and Growth Rate of Facilities Investment (Nominal)

	Unit : trillion won, percent						
	1997	1998	1999	2000	2001p		2002p
					1st half	2nd half	
Financial deficit(A)	63.9	29.2	29.0	37.9	17.7	6.3	14.3
A / Nominal GNI	14.2	6.7	6.1	7.3	6.8	2.2	5.1
Volume of funds raised	118.0	28.0	53.0	65.8	30.8	21.2	42.8
Growth rate of facilities investment	-5.5	-32.3	27.3	33.5	-9.4	-10.5	2.4

Looking at the trend of the business sector's financial deficit, its scale had expanded continuously until the currency crisis due to the expansion of its fund raising to finance investment. But, in 1998, the year after the currency crisis, the scale of the sector's financial deficit shrank sharply, mainly affected by corporate restructuring and the downturn in facilities investment. During the 1999-2000 period, the scale of its financial deficit showed a sharp rise again owing to active facilities investment amid the economic recovery. Since early 2001, however, the financial deficit has held to a declining trend due to the sluggish commitment of facilities investment in line with the uncertainties surrounding future

economic prospects.

2. Individual Sector

A. Fund-raising and Utilization

In the first half of 2002, the amount of funds raised by the individual sector expanded from 48.0 trillion won in the latter half of 2001 to 49.3 trillion won. This was caused by an increase in the demand for housing-related funds following the hike in housing prices and leasehold deposits on houses coupled with financial institutions' continued efforts to bolster their retail banking business.

Despite the expanded fund-raising volume, the scale of the individual sector's

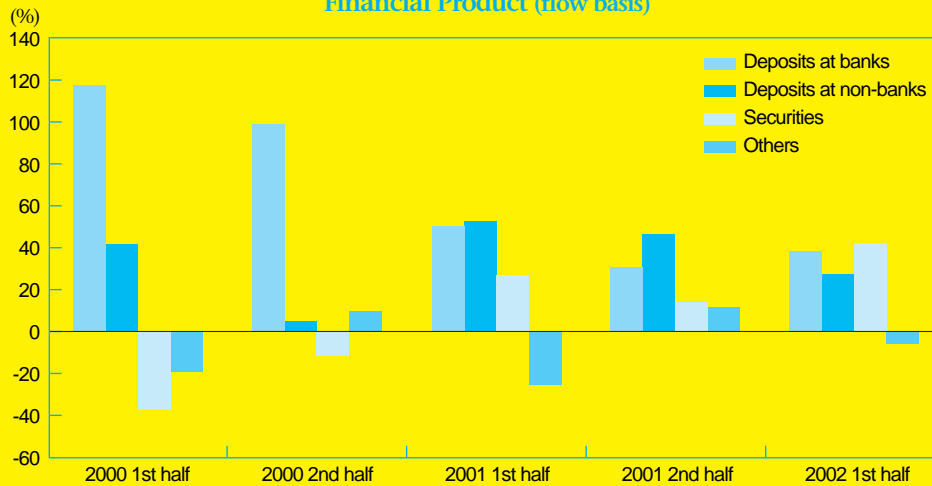
[Table 4] Fund-Raising and Utilization by the Individual Sector

Unit : billion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Fund Raising(A)	18,445	17,862	22,523	47,996	49,320
(Borrowings from DMBs)	12,425	10,014	16,686	29,520	36,798
(Borrowings from non-banks)	2,055	2,720	8,017	5,525	19,554
Fund Utilization(B)	37,324	31,446	34,270	50,955	48,999
Deposits	58,755	32,343	34,690	38,363	31,472
Deposit money banks	43,491	30,736	16,872	15,345	18,593
(Demand deposits)	474	2,449	-859	3,774	2,285
(Time & savings deposits)	40,001	21,889	15,249	18,812	16,638
Non-banks	15,265	1,607	17,818	23,019	12,879
(Life insurance & pension funds)	7,525	9,360	4,341	13,522	10,578
(Money in Trust)	-5,748	-6,139	476	1,299	-6,632
(Others)	14,678	-3,163	11,393	9,426	8,899
Securities	-14,073	-3,796	8,765	6,920	20,580
(Beneficiary Certificates)	-21,150	-2,704	3,010	-128	6,246
(Stocks)	1,040	1,347	2,814	3,183	5,789
Others ¹⁾	-7,359	2,900	-9,185	5,672	-3,054
Financial Surplus(B-A)	18,879	13,584	11,747	2,958	-322

Note : 1) Currency, bills receivable, etc.

[Chart 2] Composition of Individual Sector's Fund Utilization by Financial Product (flow basis)



fund utilization declined somewhat from 51.0 trillion won in the latter half of 2001 to 49.0 trillion won in the first half of 2002 due to a weakened capacity for the utilization of funds as a result of increased spending for housing purchase and consumption.

Looking at the pattern of funds utilized, deposits at financial institutions dropped sharply from 38.4 trillion won in the latter half of 2001 to 31.5 trillion won in the first half of 2002 as the pace of growth of savings deposits at deposit money banks and deposits at non-bank

financial institutions slowed down due to a drop in money in trust. In the meantime, the acquisition of securities expanded dramatically from 6.9 trillion won in the latter half of 2001 to 20.6 trillion won in the first half of 2002, boosted by the shift of beneficiary certificates from a net disposal position to active acquisition amid the speedier growth in stock investment.

B. Financial Deficit

The individual sector shifted from a financial surplus of 3.0 trillion won in the

[Table 5] Indicators Related with the Individual Sector's Financial Surplus

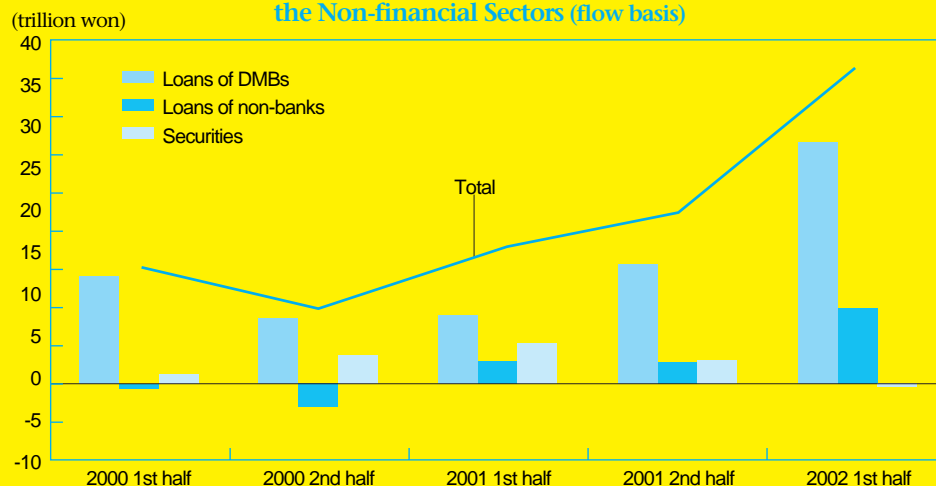
	Unit : percent				
	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Growth rate of GNI(Nominal)	12.2	6.2	5.7	3.9	6.8
Growth rate of private consumption (Nominal)	13.1	7.7	7.7	9.1	10.4

latter half of 2001 to a financial deficit of 0.3 trillion won in the first half of 2002. This was largely attributable to an increase in spending for housing investment and the continuation of the high growth rate of consumption expenditure, which outstripped the growth rate of incomes.

3. Financial Sector

In the first half of 2002, the amount of funds supplied to the non-financial sectors (business, individual and government sectors) by the financial sector expanded sharply from 44.5 trillion won in the latter half of 2001 to 83.2 trillion won. This was mainly attributable to a sharp rise in household loans for housing purchase and housing leasehold deposits, which

[Chart 3] Trends in the Volume of Funds Supplied to the Non-financial Sectors (flow basis)



[Table 6] Trends in the Volume of Funds Supplied to the Non-financial Sectors

Unit : trillion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Total ¹⁾	30.6	19.5	35.1	44.5	83.2
Loans	27.6	11.6	24.5	37.7	83.8
DMBs	28.7	17.2	18.2	31.6	63.9
Non-banks	-1.1	-5.7	6.3	6.1	19.9
Securities	3.0	8.0	10.7	6.8	-0.6

Note : 1) The volume of funds supplied to the non-financial sectors(the business, individual and government sectors) by the financial sector.

were extended by banks and non-bank financial institutions, coupled with the brisk writing of loans to small and medium-sized companies by deposit money banks. On the other hand, the money supply through purchases of corporate securities shifted from a supply of 6.8 trillion won in the latter half of 2001 to a withdrawal of 0.6 trillion won as a growing number of companies with strong profitability retired maturing corporate bonds to show a net redemption position.

4. Government Sector

In the first half of 2002, the scale of funds raised by the government sector shrank from 8.2 trillion won in the latter half of 2001 to 7.2 trillion won. This was chiefly attributable both to the contin-

ued fall in the issuance of government and public bonds and the expanded scale of its net repayment of borrowings from financial institutions.

In contrast, the amount of funds utilized by the government rose significantly from 16.4 trillion won in the latter half of 2001 to 28.0 trillion won due to a shift of its deposits at financial institutions to an increase amid enlarged tax revenues.

As a result, the size of the government sector's financial surplus registered 20.9 trillion won, a sharp rise from the 8.2 trillion won in the latter half of 2001.

5. Overseas Sector

In the first half of 2002, the overseas sector posted a financial deficit (increase in Korea's net external assets) of 5.6 tril-

[Table 7] Fund-Raising and Utilization by the Government Sector

	Unit : billion won				
	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Fund Raising(A)	6,985	3,520	5,050	8,223	7,165
(Public bond issue)	7,017	1,448	3,439	5,419	3,595
(Borrowings from financial institutions)	-343	424	1,427	-202	-1,294
(Borrowings from abroad)	-84	-266	-142	-453	-191
Fund Utilization(B)	22,944	17,264	20,656	16,408	28,020
Deposits	10,213	-4,134	9,714	-6,959	10,150
(Government deposits at BOK)	10,406	-8,104	2,949	-5,724	4,006
Government loans	4,703	7,566	3,493	3,963	3,788
Securities	6,737	9,340	12,593	17,654	13,481
(Stocks)	1,391	686	293	692	2,246
(Equities other than stocks)	1,489	1	3,984	741	1,069
(Bonds)	3,857	8,653	8,316	16,221	10,166
Others	1,292	4,493	-5,145	1,750	601
Financial surplus(B-A)	15,960	13,745	15,606	8,185	20,855

[Table 8] Flow of Funds between the Domestic and Overseas Sector

Unit : billion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
A. Fund Raising(Foreign claims)	25,763	9,261	4,044	6,407	10,110
(Foreign exchange holdings)	18,040	6,457	-3,255	10,060	11,565
(Foreign trade credits)	967	-245	1,519	-455	2,213
(Foreign currency denominated bonds)	2,001	-1,407	2,324	4,768	3,094
B. Fund Utilization(Foreign debt)	22,169	327	-5,356	1,821	4,504
(Foreign direct investment)	4,981	5,528	3,088	1,048	1,103
(Foreign trade credits)	5,698	-969	-2,152	-1,337	859
(Foreign currency denominated bonds)	381	-643	434	1,340	-421
(Public and bank loans)	-2,844	-954	-1,177	83	-19
(Foreign stock investment)	11,851	3,621	6,262	6,871	-3,684
(Short-term borrowings by DMBs)	-910	-255	-384	-308	6,599
C. Financial deficit(A-B)	3,594	8,934	9,401	4,585	5,605

lion won as the domestic sector showed a fund surplus due to the continuation of the current account surplus.

The volume of the overseas sector's fund-raising (increase in Korea's external assets) expanded sharply from 6.4 trillion won in the latter half of 2001 to 10.1 trillion won as Korea's supply of trade credits registered buoyant expansion while the foreign exchange holdings maintained their robust growth.

The scale of the overseas sector's fund utilization (increase in Korea's external debt) also rose significantly from 1.8 trillion won in the latter half of 2001 to 4.5 trillion won. This was attributable to a steep rise in the inducement of trade credits and short-term borrowings by deposit money banks which acted to offset the effect of the net disposal of holding stocks.

III . Accumulation of Financial Assets and Debt of Non-Financial Sectors

1. Accumulation of Financial Assets

In the first half of 2002, the volume of the increase in financial assets expanded by 22.2 trillion won from the 205.7 trillion won of the latter half of 2001 to 227.9 trillion won. As of the end of June 2002, total financial assets outstanding registered 4,189.1 trillion won. And the financial interrelation ratio (financial assets outstanding / nominal GNI) moved up slightly from 7.36 at the end of the previous year to 7.46.

Compared with the ratios in other countries, Korea's financial interrelation

[Table 9] Trends in Financial Asset Accumulation

Unit : trillion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Amount of increase in financial assets	152.9	112.4	143.0	205.7	227.9
Financial assets outstanding	3,426.1	3,592.5	3,774.5	4,000.6	4,189.1
Financial interrelation ratio(times)	6.81	6.92	7.08	7.36	7.46

[Table 10] Financial Interrelation Ratios of Selected Countries

Unit : times

	Korea			U.S.A	Japan
	2001.6p	12p	2002.6p	(2001.12)	(2001.12)
Financial interrelation ratio	7.08	7.36	7.46	8.88	11.44
(Non-financial sectors)	(2.97)	(3.07)	(3.13)	(4.31)	(5.05)
Cash, deposits and insurance	1.81	1.87	1.90	1.66	3.18
Securities	2.23	2.35	2.40	3.79	2.78

Note : 1) The amount of total financial assets / nominal GNI.

ratio remains somewhat low, trailing those of Japan (11.44 in 2001) and of the United States (8.88 in 2001). Looking at the financial interrelation ratio by type of financial asset, that of Korea for securities was much lower than those of the United States and Japan, while Korea's interrelation ratio for currency, deposits, and insurance was much lower than that of

Japan, but higher than the level of the United States.

2. Debt of Non-financial Sectors

As of the end of June 2002, the debt of the non-financial sectors (outstanding basis) stood at 1,152 trillion won, representing a 6.5 percent rise over the end of

[Table 11] Trends in the Debt of the Non-financial Sectors

Unit : trillion won, percent

	2000. 12		2001. 6p		2001. 12p		2002. 6p	
	amount	proportion	amount	proportion	amount	proportion	amount	proportion
Total(A)	991.0	100.0	1,035.9	100.0	1,081.2	100.0	1,152.0(6.5)	100.0
Business	618.9	62.5	634.1	61.2	639.3	59.1	652.1(2.0)	56.6
Individual	293.5	29.6	318.2	30.7	353.2	32.7	410.2(16.1)	35.6
Government	78.6	7.9	83.7	8.1	88.7	8.2	89.6(1.0)	7.8
A/Nominal GNI (times)	1.91		1.94		1.99		2.05	

Note : Figures in parentheses indicate changes compared with the end of the previous year.

the previous year. The ratio of the debt of the non-financial sectors to nominal GNI also rose slightly from 1.99 at the end of the previous year to 2.05. Reviewing the debt of the various non-financial sectors,

the debt of the individual sector showed the highest growth rate at 16.1 percent, whereas that of the business and government sectors posted growth rates of 2.0 percent and 1.0 percent, respectively.

[Table 12] Movements of Financial Transactions in the 1st half of 2002

Unit : trillion won

	2000		2001p		2002p
	1st half	2nd half	1st half	2nd half	1st half
Amount of increase in financial assets	152.9	112.4	143.0	205.7	227.9
Financial assets outstanding	3,426.1	3,592.5	3,774.5	4,000.6	4,189.1
Financial interrelation ratio(times)	6.81	6.92	7.08	7.36	7.46
Debt of non-financial sectors(A)	969.7	991.0	1,035.9	1,081.2	1,152.0
Business Sector	613.5	618.9	634.1	639.3	652.1
Individual Sector	280.8	293.5	318.2	353.2	410.2
Government Sector	75.5	78.6	83.7	88.7	89.6
A/Nominal GNI(times)	1.93	1.91	1.94	1.99	2.05
Assets of non-financial sectors(B)	1,214.4	1,276.4	1,383.5	1,466.8	1,548.2
B/A(times)	1.25	1.29	1.34	1.36	1.34
Business sector deficit	25.6	12.3	17.7	6.3	14.3
Fund raising	46.3	19.5	30.7	21.2	42.8
Indirect finance	13.4	-1.7	-1.7	2.8	28.7
Direct finance	12.2	5.0	26.2	10.7	10.1
Borrowings from abroad	13.8	3.0	0.8	1.5	3.7
Fund Utilization	20.7	7.2	13.1	14.9	28.5
Individual sector surplus	18.9	13.6	11.7	3.0	-0.3
Fund raising	18.4	17.9	22.5	48.0	49.3
Fund utilization	37.3	31.4	34.3	51.0	49.0
Government sector surplus	16.0	13.7	15.6	8.2	20.9
Fund raising	7.0	3.5	5.1	8.2	7.2
Fund utilization	22.9	17.3	20.7	16.4	28.0
Overseas sector surplus or deficit	3.6	8.9	9.4	4.6	5.6
Fund raising	25.8	9.3	4.0	6.4	10.1
Fund utilization	22.2	0.3	-5.4	1.8	4.5
Financial sector fund raising	55.5	62.3	80.7	121.9	118.5
Financial sector fund utilizaion	49.8	56.2	80.4	121.7	117.9

Financial Statement Analysis for the First Half of 2002

I. Overview

During the first half of 2002, the manufacturing industry saw its financial structure improve remarkably owing to the progress of corporate restructuring. Its profitability also improved thanks to a reduction in financial costs and net foreign currency gains. However, it showed sluggishness in terms of growth as sales posted a slow rate of increase owing to subdued exports and tangible fixed assets continued their downward trend following on from the previous year.

Looking first at financial stability, as of the end of June 2002, the average debt ratio of manufacturing industry dropped by 46.6 percentage points from 182.2 percent at the end of 2001 to 135.6 percent, boosted by the active repayment of borrowings which was led by financially healthy large enterprises, progress in corporate restructuring and improved profitability. This brought to a level below

that of advanced countries, including the U.S. and Japan. The ratio of total borrowings and bonds payable to total assets also decreased to 33.1 percent from 39.8 percent at the end of 2001. By manufacturing sector, the debt ratios of all sectors apart from shipbuilding & other transportation (225.0 percent) stood at less than 200 percent. In particular the debt ratio of the radio · TV & communication equipment sector eased below 100 percent to 93.4 percent.

In terms of profitability, the ratio of operating income to sales rose by 0.9 of a percentage point from 6.9 percent in the first half of 2001 to 7.8 percent in the first half of 2002, owing to enterprises' efforts to improve management and reduce the burden of raw material costs. The ratio of ordinary income to sales also rose by 3.6 percentage points from its 3.7 percent in the first half of 2001 because of reduced financial expenses as a result of the lowering of interest rates and net foreign cur-

rency gains from the Korean won's appreciation, posting the highest level since the compilation of these statistics began in the first half of 1989.

The interest coverage ratio (operating income/financial expenses), which represents enterprises' interest payment capacity, registered 257.0 percent in the first half of 2002, also the highest ratio since compilation began in the first half of 1989. The share of enterprises which failed to meet financial expenses from operating income due to weak interest coverage ratios of less than 100 percent also dropped by 3.2 percentage points from 30.0 percent in the first half of 2001 to 26.8 percent in the same period of the year under review.

In terms of growth, the sales of manufacturing industry in the first half of 2002 marked a modest pace of 3.9 percent owing to sluggish exports whose effects counteracted the business of domestic consumption. The growth rate of tangible assets deepened its negative trend from -0.1 percent in the first half of 2001 to -1.3 percent in the same period of 2002 owing to growing uncertainties over economic prospects.

Meanwhile, the construction industry shifted from its deficit maintained since 1998 into surplus in terms of ordinary income and enjoyed an improvement in its financial stability, encouraged by a recovery of the overall construction business. Wholesale & retail trade also wit-

nessed an improvement in both profitability and financial stability owing to corporate restructuring and the brisk retail business including department stores, discount stores and retail sales via mail order houses.

II . Financial Stability

1. Manufacturing

The debt ratio (debt/stockholders' equity) of the manufacturing industry dropped by 46.6 percentage points from 182.2 percent at the end of 2001 to 135.6 percent at the end of June 2002, posting its lowest level since the 117.7 percent registered in 1966. The debt ratio was lower than those of advanced countries, including the U.S. (162.1 percent) and Japan (162.4 percent).

The reduced debt ratio was largely ascribable to progress in the restructuring of financially distressed companies, improved profitability, and the active repayment of borrowings by financially healthy large companies. The ratio of stockholders' equity to total assets rose by 7.0 percentage points from 35.4 percent at the end of 2001 to 42.4 percent at the end of June 2002.

The ratio of total borrowings and bonds payable to total assets fell by 6.7 percentage points from 39.8 percent at

[Table 1] Indicators of Financial Stability in Manufacturing

	Unit : percent								
	1990-99	1997	1998	1999	2000	2001	2002.6	U.S.(2002.6)	Japan(2001)
Debt ratio ¹⁾	302.4	396.3	303.0	214.7	210.6	182.2	135.6	162.1	162.4
Stockholders' equity to total assets	25.1	20.2	24.8	31.8	32.2	35.4	42.4	38.1	38.1
Total borrowings and bonds payable to total assets	46.6	54.2	50.8	42.8	41.2	39.8	33.1	27.7	31.3

Note : 1) (liabilities to stockholders' equity) $\times 100$.

Sources : The Bank of Korea, Financial Statement Analysis.

U.S. Department of Commerce, Quarterly Financial Report, Second Quarter 2002.

Japanese Ministry of Finance, Ministry of Finance Statistics Monthly, Aug. 2002.

the end of 2001 to 33.1 percent at the end of June 2002.

Viewing the asset operation structure of manufacturing industry at the end of June 2002, the ratio of cash and bank deposits to total assets stood at 6.9 percent, higher than 6.4 percent at the end of 1997, just after the outbreak of the currency crisis, 6.5 percent at the end of 1998, as well as the average 6.2 percent

during the 1990s. This rise was ascribable to the sluggishness of investment amid uncertainties about economic prospects, which offset the effects of the remarkable improvement in the profitability of enterprises. The current ratio(ratio of current assets to current liabilities) stood at 107.9 percent, an increase of 10.0 percentage points from the previous year end's 97.9 percent. The ratio of tangible assets to

[Table 2] Indicators Related to the Utilization of Assets in Manufacturing

	Unit : percent									
	1980-89	1990-99	1997	1998	1999	2000	2001	2002.6	U.S. (2002.6)	Japan (2001)
Current ratio ¹⁾	99.8	93.8	91.8	89.8	92.0	83.2	97.9	107.9	123.5	128.5
Fixed ratio ²⁾	228.5	224.5	261.1	242.5	202.3	198.5	181.6	146.7	179.9	136.7
Cash ratio ³⁾	11.8	13.8	13.6	15.4	13.7	13.5	16.4	19.7	12.1	27.7
Cash & Bank deposits /Total Assets	5.7	6.2	6.4	6.5	5.3	5.9	6.0	6.9	3.1	10.3
Trade receivables /Total assets	16.4	16.9	18.6	14.5	14.1	14.0	13.7	14.3	10.1	19.9
Inventories/Total assets	17.4	12.1	11.4	9.4	9.1	10.0	9.6	9.5	9.8	9.6
Tangible Assets /Total assets	40.6	41.5	39.2	43.6	43.8	45.2	45.2	42.9	24.8	30.7
Investments ⁴⁾ /Total assets	4.2	9.4	14.5	17.3	20.6	18.6	19.1	19.3	43.8	21.4
(Investment Securities /Total assets)	-	5.0	6.1	9.2	12.0	11.3	10.6	12.5	-	13.8

Notes : 1) (current assets/current liabilities) $\times 100$.

2) (fixed assets/stockholders' equity) $\times 100$.

3) (cash & bank deposits/current liabilities) $\times 100$.

4) Includes intangible assets.

Source : As for Table1.

[Table 3]

Distribution of Debt Ratio in Manufacturing

		Unit : percent						
		Under 100%	100~200%	200~300%	300~400%	400~500%	Over 500%	Negative equity
Proportion of enterprises	2001	37.2	27.1	13.6	6.1	4.0	6.9	5.1
	2002.6	40.4	27.3	11.0	5.4	3.1	7.4	5.5

total assets marked 42.9 percent, representing a decline from the previous year end. Even so, it maintained a higher level than that of the U.S.(24.8 percent at the end of June 2002) or Japan(30.7 percent at the end of 2001).

Viewing the distribution range of the debt ratio of manufacturing companies (1,827) surveyed at the end of June 2002, the share of companies whose debt ratio was lower than 200 percent increased by 3.4 percentage points from 64.3 percent at the end of 2001 to 67.7 percent. On the other hand, the share of those with a debt ratio exceeding 500 percent or with negative stockholders' equity went up by 0.9 of a percentage point from 12.0 percent at the end of 2001 to 12.9 percent. This indicates that enterprises' efforts to improve financial stability have continued, but the restructuring of some ailing companies is still necessary.

Looking at the distribution range of the ratio of total borrowings and bonds payable to total assets of manufacturing companies surveyed at the end of June 2002, the share of those with a ratio of less than 30 percent rose by 2.8 percentage points from 48.0 percent at the end of 2001 to 50.8 percent, and that of those with the ratio exceeding 60 percent dropped by 1.0 percentage points from 11.7 percent at the end of 2001 to 10.7 percent. This shows that enterprises have actively repaid their borrowings to improve the soundness of their financial structure since the currency crisis.

Classified by manufacturing group, the debt ratio and the ratio of total borrowings and bonds payable to total assets eased in general, and the current ratio rose during the first half of 2002. The average range of reduction of the debt ratio for large enterprises(63.2 percentage

[Table 4] Distribution of Ratio of Total Borrowings & Bonds Payable to Total Assets in Manufacturing

		Unit : percent						
		Under 20%	20~30%	30~40%	40~50%	50~60%	60~100%	Over 100%
Proportion of enterprises	2001	33.7	14.3	15.6	14.8	9.9	9.2	2.5
	2002.6	35.6	15.2	16.1	13.4	9.0	8.5	2.2

[Table 5] Financial Stability in Manufacturing

Unit : percent

	Debt ratio		Total borrowings & bonds payable to total assets		Current ratio	
	2001	2002.6	2001	2002.6	2001	2002.6
Manufacturing	182.2	135.6	39.8	33.1	97.9	107.9
└ Large enterprises	201.6	138.4	42.0	33.8	84.9	95.5
└ Small & medium-sized enterprises	144.7	129.9	34.6	31.4	124.0	130.1
└ Export enterprises ¹⁾	254.2	131.7	46.1	33.2	90.7	105.6
└ Domestic enterprises ²⁾	152.1	137.6	36.1	33.0	102.2	108.9
└ IT manufacturing ³⁾	115.6	100.4	30.4	28.1	104.0	123.1
└ Non-IT manufacturing	205.9	147.1	42.1	34.4	96.6	104.5

Notes : 1) Enterprises with exports exceeding 50% of sales.

2) Enterprises with exports less than 50% of sales.

3) Among the manufacturing industry, those engaging in computers & office machinery, insulated wires & cables, radio · TV & communication equipment, medical & precision instruments sectors.

[Table 6] Financial Stability by Manufacturing Sector

Unit : percent

	Debt ratio		Total borrowings and bonds payable to total assets	
	2001	2002.6	2001	2002.6
Manufacturing	182.2	135.6	39.8	33.1
Food products & beverages	179.7	172.1	40.4	37.6
Textiles	189.8	176.9	46.4	43.9
Wearing apparel & fur articles	142.0	126.1	33.2	27.3
Leather & footwear	212.1	179.5	36.6	29.7
Wood & wood products	164.2	134.9	40.5	39.5
Pulp & paper	200.3	146.5	46.8	40.4
Publishing & printing	171.4	145.2	30.7	28.6
Refined petroleum products	180.8	172.3	44.1	41.2
Chemicals & chemical products	135.5	126.9	38.3	36.0
Rubber & plastic products	146.8	146.5	35.1	33.7
Non-metallic mineral products	149.7	146.5	37.6	34.5
Basic metals	142.1	129.8	36.6	35.4
Fabricated metal products	144.2	120.3	30.6	29.4
Machinery & equipment	144.5	119.7	33.5	26.9
Computers & office machinery	153.4	124.8	34.1	31.8
Electrical machinery	107.4	107.5	30.4	33.4
Radio · TV & communication equipment	107.9	93.4	29.1	26.4
Medical & precision instruments	196.9	185.3	41.4	42.1
Motor vehicles & trailers	1,737.2	153.4	60.6	27.8
Shipbuilding & other transport equipment	668.3	225.0	46.4	34.4
Furniture & other manufacturing n.e.c.	138.8	127.8	28.9	28.7

points) greatly exceeded that for small and medium-sized enterprises(14.8 percentage points). The average range of fall of the debt ratio for non-IT manufacturing enterprises(58.8 percent) was higher than that for information technology(IT) manufacturing enterprises. In absolute terms, however, the debt ratio for IT manufacturing enterprises dropped to 100.4 percent, showing a very low level.

By manufacturing sector, the debt ratio and the ratio of total borrowings and bonds payable to total assets dropped in most of them. All manufacturing sectors except shipbuilding & other transport equipment(225.0 percent) posted a debt ratio of less than 200 percent. In particular, the debt ratio of the radio . TV & communication equipment sector(93.4 percent) registered the lowest level of any of them, dipping below 100 percent.

2. Non-manufacturing

As of the end of June 2002, the debt ratio of the construction industry stood at 280.2 percent, a decline of 72.3 per-

centage points from the 352.5 percent at the end of 2001, owing to an increase in its surplus in the wake of improved profitability. The ratio of total borrowings and bonds payable to total assets also fell by 2.7 percentage points from 34.7 percent at the end of 2001 to 32.0 percent at the end of June 2002.

The debt ratio and the ratio of total borrowings and bonds payable to total assets of the wholesale and retail trade dropped sharply from a year earlier to 200.9 percent and 28.8 percent, respectively owing to restructuring.

III . Profitability

During the first half of 2002, the ratio of ordinary income to sales in the manufacturing industry rose by 3.6 percentage points from 3.7 percent in the same period of 2001 to 7.3 percent, marking the highest level since the compilation of these statistics began in the first half of 1989. The reasons for this rise were a rise of 0.9 of a percentage point in the ratio

[Table 7]

Indicators of Financial Stability by Industry

	Unit : percent					
	Debt ratio		Total borrowings & bonds payable to total assets		Current ratio	
	2001	2002.6	2001	2002.6	2001	2002.6
Construction	352.5	280.2	34.7	32.0	136.5	134.3
Wholesale & retail trade	448.7	200.9	41.2	28.8	94.8	101.1

of operating income to sales from 6.9 percent in the first half of 2001 to 7.8 percent and an improvement of 2.7 percentage points in the ratio of non-operating income to sales from -3.2 percent in the first half of 2001 to -0.5 percent, affected by net foreign currency gains and a reduction in financial expenses.

In the meantime, the ratio of financial expenses to sales was 3.0 percent, the lowest level since the compilation of these statistics began in the first half of 1989.

The rise in the ratio of operating income to sales from 6.9 percent in the first half of 2001 to 7.8 percent in the same period of 2002 was largely ascribable to enterprises' efforts to improve management and to the sustained low-levels of raw materials and intermediate

input prices both at home and abroad.

Viewing the trends of the component costs of sales, the share of labor costs increased by half a percentage point from 9.5 percent in the first half of 2001 to 10.0 percent owing to wage hikes and that of advertising expenses rose from 0.76 percent in the first half of 2001 to 0.93 percent.

In the meantime, the interest coverage ratio (operating income/financial expenses) in manufacturing industry during the first half of 2002 was 257.0 percent, up 86.5 percentage points from its 170.5 percent in the same period of 2001. This improvement reflected the increased ratio of operating income to sales and drop in the ratio of financial expenses to sales. The interest coverage ratio stood at its highest level since the compilation of

[Table 8] Trend of Profitability in Manufacturing¹⁾

	Unit : percent								
	1st half of 1990-1st half of 1996 (average)	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002	U.S. (1st half of 2002)	Japan (2001)
Operating income to sales	7.6	7.5	8.8	7.8	8.6	6.9	7.8	5.7	2.7
Non-operating income to sales	-5.0	-6.1	-9.2	-3.6	-3.5	-3.2	-0.5	-0.7	0.1
(Net financial expenses to sales)	-4.4 ³⁾	-4.8	-7.0	-5.8	-4.2	-3.2	-2.4		
<Financial expenses to sales>	-5.8	-6.2	-9.3	-7.4	-5.1	-4.0	-3.0	-2.0	-0.7
(Net gains on foreign currency to sales) ²⁾	-0.1 ³⁾	-0.6	-1.4	0.9	0.5	-0.3	0.7		
(Net gains on disposal of investments and tangible assets)	-	-	0.2	0.9	0.2	0.1	0.3		
(Net gains on valuation and disposal of marketable securities)	-	-	-0.1	0.4	-0.1	0.1	0.1		
Ordinary income to sales	2.6	1.4	-0.4	4.2	5.1	3.7	7.3	5.0	2.8
Net income to sales	1.9 ³⁾	0.9	-3.4	2.8	4.8	2.6	12.2	3.6	0.1

Notes : 1) (+) means profit, (-) means loss.

2) Including net gains on foreign currency transactions and translation.

3) An average ratio during the first halves of the years from 1992 through 1996.

[Table 9]

Trend of Cost of Sales in Manufacturing

Unit : as percent of sales

	1st half of 1992-1st half of 1996 (average)	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
Cost of sales plus selling & administrative expenses	92.1	92.5	91.2	92.2	91.4	93.1	92.2
(Material costs)	(49.0)	(49.3)	(50.4)	(49.1)	(49.4)	(51.1)	(48.2)
(Labor costs)	(13.2)	(12.0)	(9.4)	(9.6)	(9.5)	(9.5)	(10.0)
(Depreciation)	(4.7)	(4.6)	(4.5)	(5.6)	(4.8)	(4.4)	(4.3)
(Bad debt expenses)	(0.1)	(0.1)	(0.7)	(0.5)	(0.3)	(0.3)	(0.3)
(Advertising)	(1.0)	(0.97)	(0.71)	(0.72)	(0.74)	(0.76)	(0.93)
(Entertainment)	(0.3)	(0.24)	(0.16)	(0.19)	(0.17)	(0.17)	(0.18)
(Transport - cargo handling)	(1.8)	(2.08)	(2.15)	(2.08)	(1.79)	(1.89)	(1.87)
(Research & development)	(0.4)	(0.43)	(0.39)	(1.12)	(1.24)	(1.29)	(1.32)
Operating income	7.9	7.5	8.8	7.8	8.6	6.9	7.8

these statistics began in the first half of 1989.

Looking at the distribution of the ratio of ordinary income to sales in the manufacturing companies surveyed, the proportion of companies that recorded deficits dropped by 2.3 percentage points from 25.1 percent in the first half of 2001 to 22.8 percent in the same period of 2002, whereas that of companies marking a surplus rose, showing a general improvement in the profitability of individual companies.

Meanwhile, the proportion of companies whose ratios of ordinary income to sales stood at over 10 percent went up

from 20.9 percent to 24.9 percent and that of companies whose ratios were less than -20 percent rose from 4.8 percent to 6.2 percent.

Viewing the quartiles of the ratio of ordinary income to sales for the manufacturing companies surveyed during the first half of 2002, all quartiles rose from the same period of the previous year, reflecting an improvement in profitability. However, the gap between the first quartile and the third quartile widened from 8.5 percentage points to 9.4 percentage points, showing an expanded divergence across the range of corporate profitability performance.

[Table 10]

Trend of Interest Coverage Ratio in Manufacturing

Unit : percent

1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
122.0	94.9	105.3	169.5	170.5	257.0

[Table 11] Distribution of the Ratio of Ordinary Income to Sales in Manufacturing

		Unit : percent					
		Under -20%	-20~-10%	-10~0%	0~10%	10~20%	Over 20%
Proportion of enterprises	1st half of 2001	4.8	4.5	15.8	54.0	14.9	6.0
	1st half of 2002	6.2	4.3	12.3	52.3	17.8	7.1

As for the distribution of interest coverage ratio among the manufacturing companies surveyed during the first half of 2002, the proportion of companies with a ratio of below 100 percent, indicating that their operating income failed to meet financial expenses, dropped by 3.2 percentage points from 30.0 percent in the first half of 2001 to 26.8 percent. Meanwhile, the proportion of companies with a net interest coverage ratio of less than 100 percent after taking interest income into consideration, fell by 1.1 percentage points from 26.6 percent in the first half of 2001 to 25.5 percent.

Viewing the trend of the quartiles of the interest coverage ratio of the manufacturing companies surveyed, the first quartile rose sharply from the same period of the previous year(549.2 percent → 809.6 percent) but the second quartile(203.3 percent → 265.7 percent) and the third quartile(70.3 percent → 73.4 percent) increased only slightly, showing an amplified pattern of divergence in corporate performance.

Viewing the profitability of the manufacturing industry by group during the first half of 2002, the ratio of operating income to sales of export enterprises,

[Table 12] Quartiles of the Ratio of Ordinary Income to Sales in Manufacturing

		Unit : percent		
		1st Quartile	2nd Quartile(Median)	3rd Quartile
1st half of 2001		8.5	3.6	0.0
1st half of 2002		9.9	4.4	0.5

[Table 13] Distribution of Interest Coverage Ratio in Manufacturing¹⁾

		Unit : percent					
		Under 0%	0~50%	50~100%	100~150%	150~200%	Over 200%
Proportion of enterprises	1st half of 2001	14.0	7.1	8.9	10.3	7.7	49.1
		(14.5)	(6.1)	(6.0)	(8.2)	(7.6)	(56.6)
	1st half of 2002	16.0	5.4	5.4	7.0	7.0	53.4
		(16.9)	(4.5)	(4.1)	(5.5)	(5.5)	(62.0)

Notes : 1) Excluding enterprises whose financial expenses are zero.

2) Figures in parentheses are net interest(interest expense-interest income) coverage ratios.

[Table 14] **Quartiles of Interest Coverage Ratio in Manufacturing**

	Unit : percent		
	1st Quartile	2nd Quartile(Median)	3rd Quartile
1st half of 2001	549.2	203.3	70.3
1st half of 2002	809.6	265.7	73.4

those whose exports make up more than half of their total sales rose more than did that of domestic enterprises, showing a reversal of their positions in absolute terms, and that of IT enterprises outpaced that of non-IT enterprises.

By size, the ratio of operating income to sales of large enterprises rose by a bigger margin than that of small and medium-sized enterprises. Meanwhile, the reduction of the ratio of financial expenses to sales was greater for large enterprises than small and medium-sized enterprises, and for export enterprises rather than for domestic enterprises. The net foreign currency gains chiefly benefited large enterprises and domestic enterprises as well as

non-IT enterprises.

By manufacturing sector, most sectors posted a rise in the ratio of ordinary income to sales and the interest coverage ratio, helped by a fall in financial expenses. The profitability of publishing & printing; non-metallic mineral products; and the radio · TV & communication equipment sectors improved sharply due to brisk sales. That of the pulp & paper sector also improved remarkably owing to a fall in price of raw materials and net foreign currency gains. The computer & office machinery sector, which recovered from a big fall in sales previous year, saw its profitability improve handsomely. On the other hand, the profitability of the

[Table 15] **Indicators of Profitability in Manufacturing**

	Unit : as percent of sales									
	Operating income		Net-financial expenses		Net foreign currency gains		Net gains on valuation and disposal of marketable securities		Ordinary income	
	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002
Manufacturing	6.9	7.8	3.2	2.4	-0.3	0.7	0.1	0.1	3.7	7.3
Large enterprises	7.5	8.9	3.8	2.8	-0.5	1.1	0.1	0.1	3.5	8.9
Small & medium-sized enterprises	5.7	5.8	2.0	1.6	0.0	0.0	0.1	0.0	3.9	4.2
Export enterprises	6.8	9.1	3.4	2.0	-0.1	0.4	0.1	0.0	3.4	8.4
Domestic enterprises	7.0	7.2	3.1	2.6	-0.5	0.9	0.0	0.1	3.8	6.7
IT manufacturing	6.3	9.5	2.5	1.6	0.0	0.5	0.1	0.1	4.7	9.6
Non-IT manufacturing	7.1	7.3	3.4	2.6	-0.4	0.8	0.1	0.1	3.3	6.6

[Table 16]

Profitability by Manufacturing Sector

Unit : percent

	Ordinary income to sales		Interest coverage ratio	
	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002
Manufacturing	3.7	7.3	170.5	257.0
Food products & beverages	5.9	5.2	151.5	236.0
Textiles	0.3	2.6	97.6	156.7
Wearing apparel & fur articles	2.9	4.4	206.7	396.3
Leather & footwear	3.1	3.4	164.6	236.8
Wood & wood products	3.3	3.7	256.1	209.7
Pulp & paper	-1.6	6.7	123.3	201.3
Publishing & printing	4.6	10.1	236.2	545.2
Refined petroleum products	1.9	6.2	191.2	147.6
Chemicals & chemical products	5.6	9.8	187.7	311.2
Rubber & plastic products	4.5	5.1	224.0	258.5
Non-metallic mineral products	3.9	8.5	140.8	235.0
Basic metals	4.1	6.6	181.0	235.6
Fabricated metal products	4.4	2.7	224.0	187.8
Machinery & equipment	3.8	4.6	162.4	245.4
Computers & office machinery	-5.3	5.4	-47.2	268.8
Electrical machinery	6.3	5.0	232.5	229.2
Radio · TV & communication equipment	5.8	10.9	213.6	512.2
Medical & precision instruments	4.2	-3.6	175.0	94.3
Motor vehicles & trailers	2.7	9.5	174.4	167.7
Shipbuilding & other transport equipment	1.2	4.1	135.0	203.6
Furniture & other manufacturing n.e.c.	4.5	3.5	220.9	278.9

fabricated metal products and the electrical machinery sectors worsened due to a hike in manufacturing costs, and that of the medical & precision instruments sector deteriorated owing to huge non-operating losses at some companies. In the meantime, the refined petroleum products sector showed a poor performance in terms of operating income, affected by intensified domestic sales competition and sluggish exports, but it recorded a hike in its ratio of ordinary income to sales, boosted by the large net foreign currency gains. The motor vehicles &

trailers sector saw its interest coverage ratio drop slightly owing to an increase in its financial expenses.

2. Non-manufacturing

In the construction industry, the ratio of ordinary income to sales shifted from its deficit position that had persisted since 1998 to a 3.0 percent surplus in the first half of 2002, and the ratio of its operating income to sales rose sharply from 2.4 percent in the first half of 2001 to 5.0 percent in the same period of 2002. This

was mainly attributable to an increase in sales in the wake of brisk construction activity, reduced cost through restructuring, and a drop in financial expenses resulting from the sustained low level of interest rates.

For the wholesale & retail trade, both the ratio of operating income to sales and the ratio of ordinary income to sales climbed from a year earlier to 2.5 percent and 2.2 percent, respectively, in the first half of 2002 as the sales of retail businesses, whose ratio of ordinary income to sales is relatively high, increased sharply and its ratio of financial expenses to sales dropped significantly owing to low interest rates and restructuring.

IV. Growth

1. Manufacturing

In the first half of 2002, the sales of manufacturing industry increased by 3.9 percent on a year-on-year basis, showing modest growth following as in the same period of the previous year. This was largely attributable to a combination of a 7.7 percent rise in domestic sales and a 1.7 percent reduction in exports.

The growth rate of the total assets of manufacturing industry accelerated from 1.7 percent in the first half of 2001 to 3.5 percent in the same period of 2002. However, the tangible assets of manufacturing industry decreased by 1.3 percent from the end of 2001 owing to corporate restructuring, including the disposal of

[Table 17]

Trends of Profitability in Construction

	Unit : percent					
	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
Operating income to sales	4.2	3.3	3.7	3.0	2.4	5.0
(cost of sales/sales)	89.4	89.8	89.1	89.0	90.1	88.1
Ordinary income to sales	0.2	-3.9	-1.5	-1.9	-4.1	3.0
(financial expenses/sales)	5.9	9.2	7.6	5.9	4.9	2.7

[Table 18]

Trends of Profitability in Wholesale & Retail Trade

	Unit : percent					
	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
Operating income to sales	1.8	1.7	2.2	2.2	2.3	2.5
(cost of sales/sales)	90.8	91.8	90.7	89.5	88.5	87.5
Ordinary income to sales	0.3	-0.2	0.8	1.1	1.0	2.2
(financial expenses/sales)	2.4	2.9	2.5	1.9	1.6	0.9

[Table 19] Manufacturing Growth Trends

	Unit : percent					
	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
Growth rate of sales	9.1	5.0	-3.4	17.9	3.3	3.9
(Exports)	(8.9)	(44.7)	(-18.7)	(19.6)	(3.7)	(-1.7)
(Domestic)	(9.2)	(-14.8)	(9.3)	(16.7)	(3.0)	(7.7)
Growth rate of total assets	8.0	2.5	4.3	2.8	1.7	3.5
Growth rate of tangible assets	6.3	4.7	2.7	1.4	-0.1	-1.3

non-employed assets, and weak facilities investment amid uncertainties over economic prospects.

By group, the sales of export enterprises and IT manufacturing enterprises, which had marked a decline in the first half of 2001, shifted to an increase. On the other hand, the sales growth of domestic enterprises and non-IT manufacturing enterprises decelerated. Meanwhile, tangible assets decreased chiefly in large enterprises, export enterprises, and IT manufacturing enterprises.

By manufacturing sector, publishing & printing, computer & office machinery, radio · TV & communication equipment, and wood & wood products recorded a

high rate of sales growth, but the refined petroleum products, leather & footwear, and textiles sectors all saw their sales decline.

2. Non-manufacturing

The rate of sales growth of the construction industry accelerated to 2.1 percent in the first half of 2002 from the same period of 2001. This was mainly attributable to a construction boom involving apartment block and commercial structures as well as the management turnaround of a few companies which had undergone a difficult process of restructuring.

[Table 20] Growth in Manufacturing

	Unit : percent			
	Growth rate of sales		Growth rate of tangible assets ¹⁾	
	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002
Manufacturing	3.3	3.9	-0.1	-1.3
┌ Large enterprises	4.6	2.6	-0.8	-2.5
└ Small & medium-sized enterprises	0.7	6.5	2.3	2.1
┌ Export enterprises	-2.3	3.9	-0.5	-2.4
└ Domestic enterprises	6.6	3.9	0.2	-0.8
┌ IT manufacturing	-4.9	9.2	0.4	-2.7
└ Non-IT manufacturing	6.0	2.5	-0.2	-1.0

Note: 1) Compared with the end of the previous year.

[Table 21]

Growth by Manufacturing Sector

Unit : percent

	Growth rate of sales		Growth rate of tangible assets ¹⁾	
	1st half of 2001	1st half of 2002	1st half of 2001	1st half of 2002
Manufacturing	3.3	3.9	-0.1	-1.3
Food products & beverages	1.4	4.4	0.8	-0.7
Textiles	-0.5	-3.3	-1.3	-3.6
Wearing apparel & fur articles	-9.4	8.9	3.1	8.0
Leather & footwear	9.6	-5.3	1.9	-0.2
Wood & wood products	7.9	9.7	6.1	1.4
Pulp & paper	-2.9	0.4	0.4	-0.2
Publishing & printing	4.4	15.6	3.1	2.2
Refined petroleum products	15.4	-18.9	-1.9	-1.4
Chemicals & chemical products	9.6	2.5	0.3	-1.9
Rubber & plastic products	3.8	6.8	0.3	-4.3
Non-metallic mineral products	-0.8	7.3	-2.4	3.3
Basic metals	-1.8	6.1	0.8	-1.1
Fabricated metal products	5.1	7.9	1.2	3.9
Machinery & equipment	-0.8	6.5	0.7	-1.1
Computers & office machinery	-15.1	13.6	2.2	-4.9
Electrical machinery	1.2	5.7	1.9	0.5
Radio . TV & communication equipment	-5.4	9.7	-0.4	-2.5
Medical & precision instruments	5.1	2.3	5.7	-4.5
Motor vehicles & trailers	18.0	8.0	-1.0	-2.5
Shipbuilding & other transport equipment	11.1	5.0	0.4	0.2
Furniture & other manufacturing n.e.c.	7.0	2.6	-0.9	-3.9

Note : 1) Compared with the end of the previous year.

The sales of the wholesale and retail trade continued their declining trend evident since 2001, with a year-on-year drop of 0.8 percent in the first half of 2002, but the scale of reduction narrowed sharply. This was largely ascribable to the sharp rise in the sales of the retail sector,

including department stores, discount stores, and retail sales via mail order houses, that occurred despite a drop in the sales of wholesale and commodity broker companies, mainly affected by the poor results of the agency business of general trading companies.

[Table 22]

Sales Growth by Industry

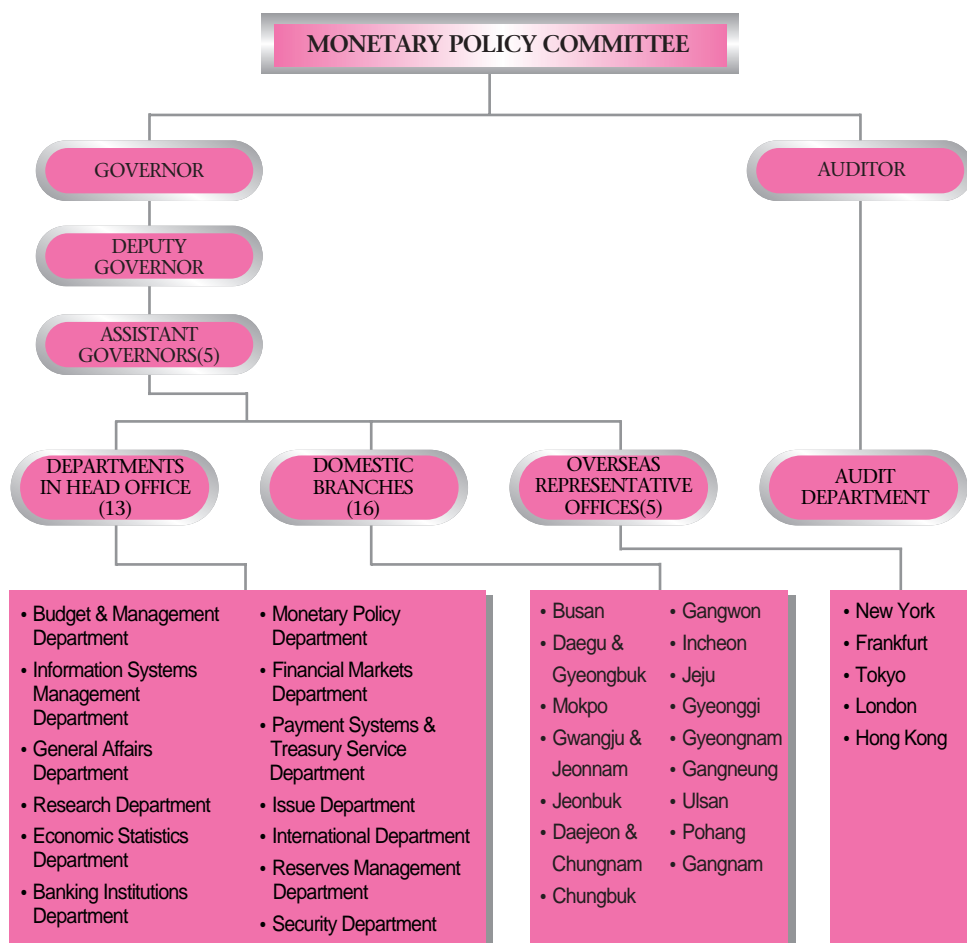
Unit : percent

	1st half of 1997	1st half of 1998	1st half of 1999	1st half of 2000	1st half of 2001	1st half of 2002
Construction	15.3	-8.8	-8.4	-8.1	0.9	2.1
Wholesale & retail trade	13.9	15.8	-3.9	4.0	-5.3	-0.8

Organization of the Bank of Korea

(As of December 2002)

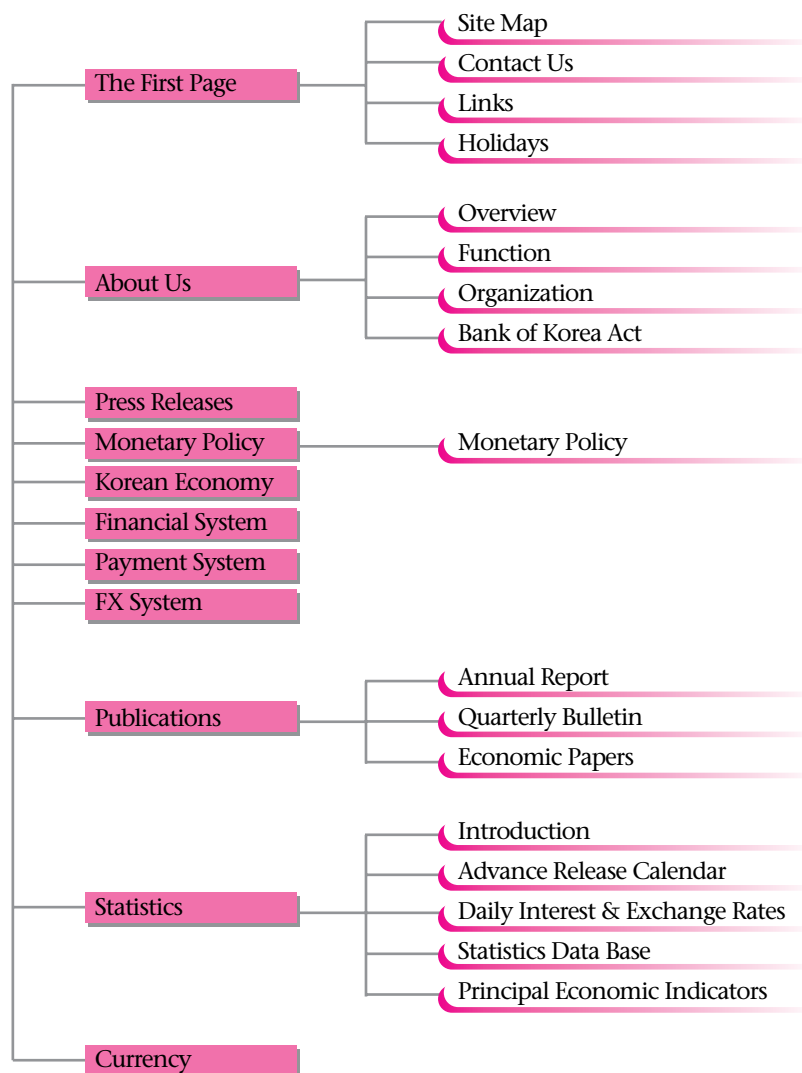
Monetary Policy Committee Seung Park, Chairman Won-Tai Kim Hoon Namkoong Byung-Il Kim Tae-Dong Kim Woon-Youl Choi Kun-Kyong Lee	Governor Seung Park Deputy Governor Cheul Park Assistant Governor Seong-Tae Lee Hyung-Moon Kang Sung-Il Lee Chang-Ho Choi Jae-Ouk Lee	Auditor Woo-Suk Kim
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List of Publications

● Periodical

Title	Frequency	Language	Dissemination Type*
Annual Report	Annually	English	P, O
Quarterly Bulletin	Quarterly	English	P, O
Monthly Bulletin	Monthly	Korean	P, O
Working Paper	Occasionally	Korean	P
Economic Analysis	Quarterly	Korean	P, O
Economic Papers	Semiannually	English	P, O
Finance and Economics Working Paper	Occasionally	Korean	P
Financial System Review	Semiannually	Korean	P, O

* Notes : P : printed publication, O : available on-line at the Bank of Korea's web site

● Statistics

Title	Contents	Frequency	Dissemination Type*
Monthly Statistical Bulletin	Major national economic statistics covering money and banking, prices, balance of payments, foreign trade, industry, employment, national accounts, etc.	Monthly	P, B
Economic Statistics Yearbook	Statistics included in the Monthly Statistical Bulletin and others	Annually	P, B
Principal Economic Indicators	Principal indicators and the statistics included in the Monthly Statistical Bulletin	Semimonthly	B
Money & Banking Statistics	Statistics on monetary aggregates(M1, M2, M3, MCT, etc.), the principal accounts of DMBs and other financial institutions, capital market trends, principal interest rates, etc.	Monthly	P, B

Title	Contents	Frequency	Dissemination Type*
Regional Financial Statistics	Statistics on the issuance and withdrawal of banknotes and coin by BOK's branches, the deposits and loans of BOK, DBMs, other financial institutions by province, etc.	Monthly	P
Balance of Payments	Current account, capital account, financial accounts, exports & imports by type of goods, indexes of foreign trade and terms of trade, etc.	Monthly	P, B
Price Statistics Summary	Brief review of price movements, statistical compilation procedures and statistics on the producer price index for 949 commodities, and export and import price indexes for 220 and 223 goods.	Every 5 years	P
Monthly Prices	Brief analysis of price movements and statistics on producer price index, export price index, import price index and prices of major world trade commodities, etc.	Monthly	P, B
Input-Output Tables	Outline of compilation method, inter-industrial structure of the Korean economy, transactions tables, input coefficients matrices, production inducements coefficients matrices, supporting tables	Every 5 years	C
National Accounts	Principal indicators of national accounts, consolidated accounts for the nation, income accounts by institutional sector, capital finance account by institutional sector, supporting tables	Annually	P, B, C
Gross Domestic Product	Gross domestic product by kind of economic activity, expenditure on gross domestic product	Quarterly	P, B

Title	Contents	Frequency	Dissemination Type*
Financial Statement Analysis	Summary of survey results, description of survey methods, explanation of company accounts and financial analysis ratios, statistics of estimated balance sheets, income statements, statistics of cost of goods manufactured, funds flow statements and financial ratios, series of major countries' financial analysis ratios, etc.	Annually	P, B
Flow of Funds	Financial surpluses and deficits by economic sector, fund raising and investment by non-financial sectors, the financial sector's sources and uses of funds, accumulation of financial assets	Quarterly	P, B

* Notes : P : printed publication,
B : on-line database system (BOKIS, accessible via the Bank of Korea's Web Site),
C : CD-ROM

List of Bank of Korea Working Papers*

Serial No.	Title
2002-1	Why have Economic Indicators Moved in Mutually Contradictory Directions?
2002-2	Currents of Industrial Development in the 21st Century with Special Reference to Korea
2002-3	Studies of Private Sector Economy in North Korea
2002-4	Evaluation of Post Crisis Financial and Corporate Restructuring in Korea and the Tasks Still Ahead
2002-5	Status of Venture Business in the Regions and Associated Policy Options
2002-6	The Current Status of North-South Economic Cooperation and its Future Tasks
2002-7	The Present Trading Position of the Domestic Parts and Materials Industry and Paths Towards Its Future Development
2002-8	The Economic Consequences of a Free Trade Agreement with Major Countries

* Published in Korean only.

Titles of Articles Appearing in Monthly Bulletin*

October ~ December 2002

● October 2002

- ☒ Economic Effect of Overseas Direct Investment
- ☒ Flow of Funds in the First Half of 2002

● November 2002

- ☒ The Impact of the Spread of Information Technology on the Financial Sector and the Consequent Policy Options
- ☒ Financial Statement Analysis for the First Half of 2002

● December 2002

- ☒ An Analysis of Korea's Fiscal Sustainability and an Estimation of its Target Fiscal Balance
- ☒ World Economic Trends in 2002 and the Outlook for 2003
- ☒ Survey of Pollution Abatement and Control Expenditure in 2001 and its Implications

* Published in Korean only.

Titles of Articles Appearing in Quarterly Bulletin*

March 2000 ~ September 2002

● March 2000

- ☒ Current Economic and Financial Movements
- ☒ The Inflation Target for 2000
- ☒ Financial Sector Restructuring in 1999
- ☒ Payment and Settlement Trends in 1999

● June 2000

- ☒ Governor's Speech on the 50th Anniversary of the Bank of Korea's Foundation
- ☒ Current Economic and Financial Movements
- ☒ Flow of Funds in 1999
- ☒ Financial Statement Analysis for 1999

● September 2000

- ☒ Current Economic and Financial Movements
- ☒ The Relationship between Business Survey Results and the Growth Rate of GDP

● December 2000

- ☒ Current Economic and Financial Movements
- ☒ Monetary Policy in a World of Increased Capital Flows
- ☒ Flow of Funds in the First Half of 2000

* Entitled 「Quarterly Economic Review」 until March 2000.

● March 2001

- ☒ Current Economic and Financial Movements
- ☒ The Inflation Target and Monetary Policy for 2001
- ☒ Financial Sector Restructuring in 2000
- ☒ Payment and Settlement Trends in 2000

● June 2001

- ☒ Governor's Speech on the 51st Anniversary of the Bank of Korea's Foundation
- ☒ Current Economic and Financial Movements
- ☒ Flow of Funds in 2000
- ☒ Financial Statement Analysis for 2000

● September 2001

- ☒ Current Economic and Financial Movements
- ☒ The Structure and the Interindustry Effects of the Korean Economy Based on the Input-Output tables of 1998
- ☒ Payment and Settlement Trends in the First Half of 2001

● December 2001

- ☒ Current Economic and Financial Movements
- ☒ Flow of Funds in the First Half of 2001
- ☒ Financial Statement Analysis for the First Half of 2001

● March 2002

- ☒ Current Economic and Financial Movements
- ☒ The Inflation Target and Monetary Policy for 2002
- ☒ Financial Sector Restructuring in 2001
- ☒ Payment and Settlement Trends in 2001

● June 2002

- ☒ Governor's Speech on the 52nd Anniversary of the BOK's Foundation
- ☒ Current Economic and Financial Movements
- ☒ The Redefined Monetary Aggregates
- ☒ Flow of Funds in 2001
- ☒ Financial Statement Analysis for 2001

● September 2002

- ☒ Current Economic and Financial Movements
- ☒ Payment and Settlement Trends in the First Half of 2002

