

# MONTHLY REPORT

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December 2001

Compiled by Alaska State Trade Representative, Korea

## ECONOMY

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### **Economic recovery is in progress, no longer a forecast**

All current economic activity data suggests that recovery of the Korean economy is in progress and no longer a "forecast" for this year. Stronger than expected industrial production in November hints that the fourth quarter of last year will restore the growth trend, perhaps exceeding 6 percent in terms of the seasonally adjusted annualized rate.

The remaining condition for a "full-fledged" recovery for Korea, however, is a rebound in U.S. dollar-valued export growth, which will likely come with the recovery of the global economy. Chances are that Korea's gross domestic product will be far above the growth trend, if a recovery finally materializes.

Meanwhile, the Korean currency market will continue to be driven by the Japanese yen's movement, and the yen to won cross rate of 10.0 will likely be maintained, if the dollar to yen rate rises further to 135. If the dollar to yen does not return to the range of 125 -130 in the near future, the dollar to won should also return to the range of 1,260-1,310, or fall even lower on economic fundamentals and stock market movements.

(Source: January 3<sup>rd</sup> edition of Citi-SSB Weekly Report)