**Economic/Political Update**

South Korea asks China for help in resuming production at auto parts plants  
(Feb 7, 2020)


Kia in talks over moving U$ 1.1 billion plant to another Indian State  
(6 Feb 2020)


Coronavirus outbreak hurting South Korean automakers  
(7 Feb 2020)


Small and medium sized South Korean firms having difficulties due to the coronavirus outbreak  
(6 Feb 2020)


**Financial/Industrial Sector**

Danaher gets conditional South Korean regulatory nod for U$ 21 billion GE biopharma unit deal  
(4 Feb 2020)

Samsung Electronics, SK Telecom, Kakao to create dream team Korea on AI solutions (7 Feb 2020)

https://pulsenews.co.kr/view.php?sc=30800028&year=2020&no=128065

Hyundai E&C-led consortium wins U$ 2.8 billion metro line project in Panama (6 Feb 2020)


Hyundai E&C-led consortium wins U$ 2.8 billion metro line project in Panama


<table>
<thead>
<tr>
<th>KOSPI &amp; KOSDAQ Indexes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 Dec 2019:</strong> KOSPI 2,197.67p, KOSDAQ 669.83p</td>
</tr>
<tr>
<td><strong>31 Jan 2020:</strong> KOSPI 2,119.01p, KOSDAQ 642.48p</td>
</tr>
</tbody>
</table>

**FX Rates**

(Source: Naver)

<table>
<thead>
<tr>
<th></th>
<th>KRW/USD</th>
<th>KRW/100JPY</th>
<th>KRW/EUR</th>
<th>KRW/GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 31 Dec 2019</td>
<td>1,156.00</td>
<td>1,065.09</td>
<td>1,296.80</td>
<td>1,522.91</td>
</tr>
<tr>
<td>As of 31 Jan 2020</td>
<td>1,194.50</td>
<td>1,096.32</td>
<td>1,317.53</td>
<td>1,565.15</td>
</tr>
</tbody>
</table>

**Interest Rates**

| Certificate of Deposit (CD) yield (91d) | 1.53% p.a. (31 Dec 19) |
| Treasury Bond yield (5y)               | 1.48% p.a. (31 Dec 19)  |
| Corp Bond yield ("AA-" rated, 3y)      | 1.94% p.a. (31 Dec 19)  |

|                     | 1.42% p.a. (31 Jan 20) |
|                     | 1.39% p.a. (31 Jan 20)  |
|                     | 1.90% p.a. (31 Jan 20)  |
World

- We expect 2020 global growth to increase to 3.3%, up from 3.1% in 2019.
- Growth prospects have lifted over the last month due to progress on US-China trade, positive Brexit developments and easing financial conditions.
- Key themes as (i) important trade negotiations will continue to take center-stage in 2020; (ii) geopolitical tensions have risen, particularly surround the Middle East;(iii) US elections in Nov

US

We upgraded our growth forecast 1.9% in 2020 relative to our last house view publication in early December, driven primarily by stronger consumer spending in H1

Leading indicators for manufacturing sentiment have rebounded, and no longer point to steep further downside. However, capex to stay muted as uncertainties shift from trade to politics ahead of ’20 election

We expect Federal Reserve to maintain policy on hold this year, before further cuts in 2021

(Please feel free to contact your DB representatives for the full version of the “The House View” or other periodical reviews.)

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**Economic & Financial Indicators**

**Nominal GDP**
- **2018**: 1,722 USD bn
- **2019F**: 1,647 USD bn
- **2020F**: 1,711 USD bn
- **2021F**: 1,837 USD bn

**GDP per Capita**
- **2018**: 33,350 USD
- **2019F**: 31,779 USD
- **2020F**: 32,922 USD
- **2021F**: 35,237 USD

**Real GDP Growth**
- **% yoy**: 2.7%
- **% yoy ann avg**: 1.5%

**Inflation**
- **% of GDP**: 4.4%
- **% of GDP**: 3.5%

**Current Account**
- **% of GDP**: 4.4%
- **% of GDP**: 3.5%

**Government Debt**
- **% of GDP**: 35.3%
- **% of GDP**: 38.2%

**Unemployment (%)**
- **2018**: 3.8%
- **2019F**: 3.8%
- **2020F**: 4.1%
- **2021F**: 4.1%

**FX Reserves**
- **2018**: 403.7
- **2019F**: 408.8
- **2020F**: 399.0
- **2021F**: 393.5

**USD/KRW (eop)**
- **2018**: 1,118
- **2019F**: 1,158
- **2020F**: 1,130
- **2021F**: 1,090

**Merchandise Export**
- **2018**: 625.4
- **2019F**: 561.3
- **2020F**: 583.1
- **2021F**: 618.3

**Merchandise Import**
- **2018**: 513.6
- **2019F**: 484.0
- **2020F**: 503.7
- **2021F**: 535.9

**Trade Balance (U$ bn)**
- **2018**: 111.9
- **2019F**: 77.3
- **2020F**: 79.4
- **2021F**: 82.3

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*Sources: Asia Macro Insight

As of 5 Feb 2020

Please note that these figures may not match with those mentioned before due to different sources.*
<table>
<thead>
<tr>
<th>Financial market</th>
<th>Current</th>
<th>20Q1F</th>
<th>20Q2F</th>
<th>20Q4F</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoK base rate</td>
<td>1.25</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>91-day CD</td>
<td>1.68</td>
<td>1.40</td>
<td>1.15</td>
<td>1.15</td>
</tr>
<tr>
<td>10-year yield (%)</td>
<td>1.60</td>
<td>1.80</td>
<td>2.00</td>
<td>1.90</td>
</tr>
<tr>
<td>KRW/USD</td>
<td>1,186</td>
<td>1,175</td>
<td>1,160</td>
<td>1,130</td>
</tr>
</tbody>
</table>

Moody’s: Aa2  
S&P: AA  
Fitch: AA-

Editor: Sungbai Hwang / Deutsche Bank AG, Seoul Branch / E-Mail: sungbai.hwang@db.com

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