US sees importance of North Korea talks despite tension, officials say
(9, July 2020)

South Korea unveils plan to upgrade materials, parts, equipment industry to lead post-COVID global value chain
(9 July 2020)

South Korean government to give out discount coupons to boost spending
(8 July 2020)

Pyongyang says another summit with US unnecessary, useless
(10 July 2020)
https://www.koreatimes.co.kr/www/nation/2020/07/103_292603.html

Cars, a cocktail and a celebrity: South Koreans succumb to Tesla fever
(8 July 2020)

Korea seeks new growth engine in hydrogen economy
(10 July 2020)
https://www.koreatimes.co.kr/www/tech/2020/07/419_292495.html
Korea’s energy demand predicted to dip 1.4% this year (8 July 2020)

https://www.koreatimes.co.kr/www/tech/2020/07/515_292464.html

Google Korea pays U$ 500 million in penalty tax, but appeals case to Tax Tribunal (10 July 2020)

https://pulsenews.co.kr/view.php?sc=30800028&year=2020&no=707958

KOSPI & KOSDAQ Indexes

29 May 2020: KOSPI 2,029.60p, KOSDAQ 713.68p

30 June 2020: KOSPI 2,108.33p, KOSDAQ 737.97p

FX Rates

(Source: Naver)  
- As of 29 May 2020  
  KRW/USD 1,238.00  
  KRW/100JPY 1,154.47  
  KRW/EUR 1,377.89  
  KRW/GBP 1,525.22  
- As of 30 June 2020  
  KRW/USD 1,203.00  
  KRW/100JPY 1,116.73  
  KRW/EUR 1,348.38  
  KRW/GBP 1,477.64

Interest Rates

Certificate of Deposit (CD) yield (91d)  
  0.81% p.a. (29 May 20)  
  0.79% p.a. (30 June 20)

Treasury Bond yield (5y)  
  1.10% p.a. (29 May 20)  
  1.11% p.a. (30 June 20)

Corp Bond yield (“AA-“ rated, 3y)  
  2.16% p.a. (29 May 20)  
  2.25% p.a. (30 June 20)

The House View: 7 July 2020

Global Evolution: Flattening the Virus Curve
Looking at the global picture, we have now passed 11 million reported cases and 530k fatalities.

The extent of the virus’ impact with regard to the current infection process is different across countries:

1. Countries that so far have managed to bring down the infection rate sustainably and contain the first wave (e.g. Western Europe, China, South Korea, Japan, Australia, Canada);
2. Countries that continue to register a high growth rate of new daily infections and are still going through the first wave (e.g. US, Latin America, India, Russia, Africa);
3. Countries that are experiencing a second wave with a rise of new infections after they had brought down daily infection rates for a longer time (e.g. Iran, Israel, Bulgaria).

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

<table>
<thead>
<tr>
<th>Economic &amp; Financial Indicators</th>
<th>2018</th>
<th>2019</th>
<th>2020F</th>
<th>2021F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP USD bn</td>
<td>1,726</td>
<td>1,647</td>
<td>1,573</td>
<td>1,714</td>
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<tr>
<td>GDP per Capita USD</td>
<td>33,350</td>
<td>31,709</td>
<td>30,265</td>
<td>32,877</td>
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<tr>
<td>Real GDP Growth % yoy</td>
<td>2.7</td>
<td>2.0</td>
<td>-1.0</td>
<td>3.1</td>
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<tr>
<td>Inflation % yoy ann avg</td>
<td>1.5</td>
<td>0.4</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Current Account % of GDP</td>
<td>4.4</td>
<td>3.7</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Government Debt % of GDP</td>
<td>35.3</td>
<td>37.4</td>
<td>44.8</td>
<td>47.6</td>
</tr>
<tr>
<td>Unemployment (%)</td>
<td>3.8</td>
<td>3.8</td>
<td>4.3</td>
<td>4.1</td>
</tr>
<tr>
<td>FX Reserves</td>
<td>403.7</td>
<td>408.8</td>
<td>390.8</td>
<td>403.9</td>
</tr>
<tr>
<td>USD/KRW (eop)</td>
<td>1,118</td>
<td>1,158</td>
<td>1,190</td>
<td>1,140</td>
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<tr>
<td>Merchandise Export</td>
<td>626.3</td>
<td>562.0</td>
<td>498.5</td>
<td>547.0</td>
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<tr>
<td>Merchandise Import</td>
<td>516.2</td>
<td>485.1</td>
<td>446.8</td>
<td>491.6</td>
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<tr>
<td>Trade Balance (U$ bn)</td>
<td>110.1</td>
<td>76.9</td>
<td>51.7</td>
<td>55.4</td>
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</tbody>
</table>

Financial market

<table>
<thead>
<tr>
<th>Current</th>
<th>20Q3F</th>
<th>20Q4F</th>
<th>21Q1F</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoK base rate</td>
<td>0.50</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>91-day CD</td>
<td>0.79</td>
<td>0.85</td>
<td>0.85</td>
</tr>
<tr>
<td>10-year yield (%)</td>
<td>1.39</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>KRW/USD</td>
<td>1,197</td>
<td>1,200</td>
<td>1,190</td>
</tr>
</tbody>
</table>

Moody’s: Aa2  
S&P: AA  
Fitch: AA-