Global and Regional Economic Developments and Prospects, and the Implications for Korea[*]

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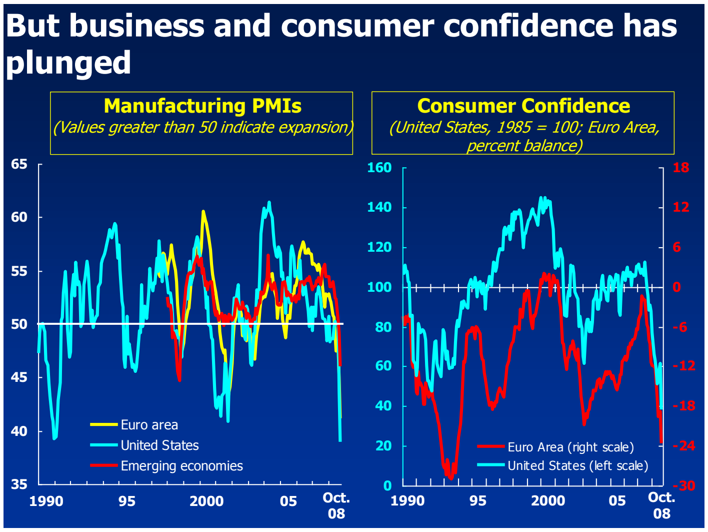
Thank you all very much for making it here so early this morning. Thank you, President Lee, for inviting us to this presentation, and for that nice introduction. What I'm going to talk about here is global developments and the regional economic outlook. And this is based on the last exercise we did on forecasting global, regional and country growth at the IMF in November. But I will also try to give you a little bit of a background on the overall picture of the story that is emerging, and there have been some more recent data released especially in the US and Europe for example and trade data as well. So, I would like to give you an idea of what we see as the main patterns and the main risk factors for the outlook going forward and then I will conclude by talking a little bit about the prospects for Korea and what the implications of these global developments are for Korea.

<Figure 1> Global Financial Crisis Impact

[*] Transcription of a speech given at the Distinguished Lecture Forum on Tuesday, December 9, 2008

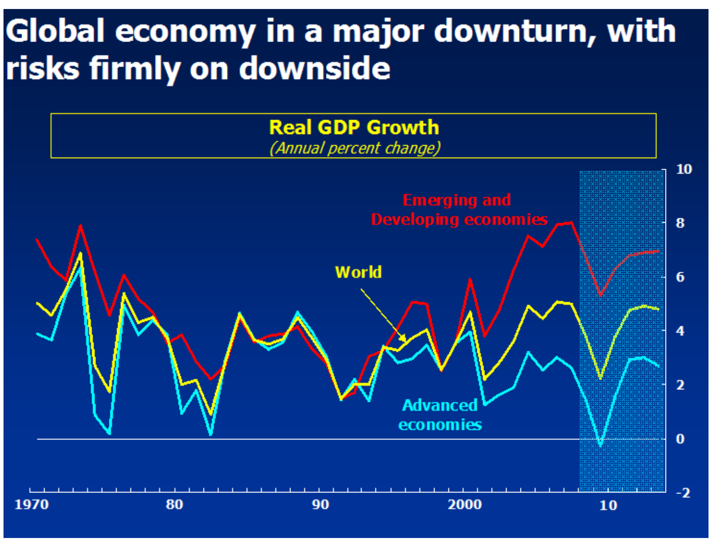
So, the first thing is Figure 1 where you can see that the global financial crisis really started last year in July, mid summer 2007. And it has gone through several phases. The first phase was somewhat localized. If you recall, equity markets were not affected and, in fact, many reached their peaks in October 2007, several months after the crisis began. But then, things began to take a turn for the worse early this year and culminating at the time with the collapse of Bear Sterns. Then things were somewhat quieter in the summer and then you can see these big spikes which are associated with the collapse of Lehman Brothers back in September. So since then, and this was exemplified by stresses in inter-bank funding markets, which you can see in the first chart there, bank, CDS spreads which is the measure of credit risks of banks. But also, high-grade spreads, and so even if you look at the emerging markets, the sovereign EMBI, you can see the spikes in those spreads, it's been quite unusual, certainly a very big financial shock. Its very global and some of them have characterized it as for the US, the biggest financial shock since the "Great Depression." But since September, by and large, and there have been forceful policy actions across a number of countries, both in terms of liquidity injection, monetary policy and also talk of fiscal policy that has improved sentiments. And you can see that in these charts, slightly improving conditions, which we would characterize as back from the brink but clearly nowhere near being normal yet.

<Figure 2> Business and Consumer Confidence



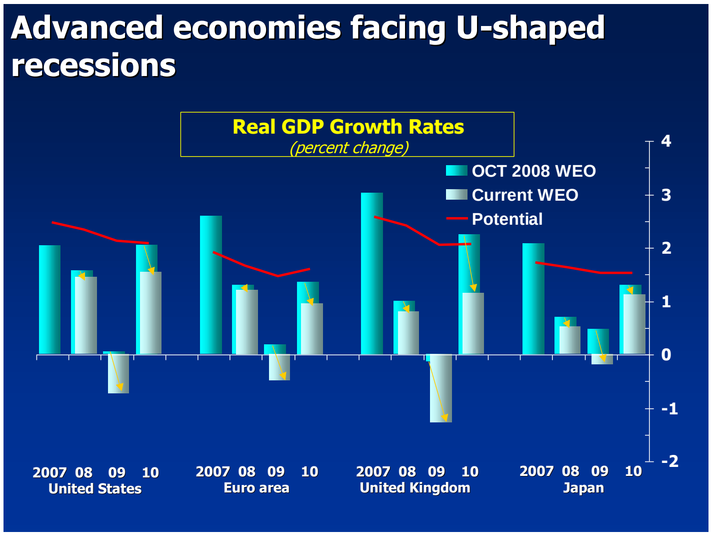
However, at the same time the focus in some sense has shifted from the financial markets to the real economy in many countries. And so, you can see that in Figure 2, business and consumer confidence, which are in multi-year lows, in fact, in some cases 20-year lows and so you can see that here for the Euro area, the United States, emerging economies. The Manufacturing Purchasing Managers Index, which is a good indicator of where the manufacturing sector would likely to be, they show a contraction and then you see consumer confidence in the right chart which is also low and, in fact, the lowest it's been for the United States in the whole period that we are looking at the chart. So based on these developments, the IMF's *World Economic Forecast* predicts a major downturn in the global economy. You can see that in our projections for 2009 (Figure 3), where global growth is predicted to be 3.7% in 2008 but only 2.2% in 2009. And then, a recovery is expected after that. And you can see that advanced economies are having a much sharper downturn than emerging economies, and we will come to that in a few minutes. But, in fact, in advanced economies, as you can see, there is expected to be overall negative growth in 2009. In addition to that, the risk, and I will discuss some of the risk factors in a few minutes, are firmly on the downside, which means that this is a very difficult time for the global economy. The focus has shifted now from the financial sector to its impact on the real economy and then feeding back to the financial sector.

<Figure 3> Risks in the Global Economy



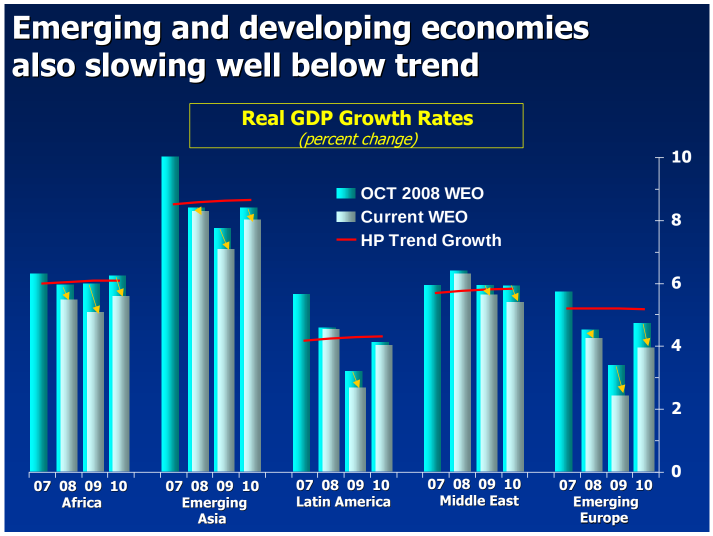
So, what we have for the advanced economies is something like a U-shaped recession (figure 4). So as you can see, negative growth in the US and the Euro area, in the UK and even Japan in 2009, before recovery takes over in 2010 and certainly growth is expected to be a lot lower than potential in each of these regions, very much synchronized downturn.

<Figure 4> Advanced Economies Facing U-Shaped Recession



Emerging economies are also expected to slow below trend and especially the very strong growth in emerging economies between 2002 and 2007, which was one of the best continuous growth rates since the early 70s from many countries in the world. This is quite a striking turn around in performance. Although if you look at growth rates, they are still high on average, much higher than in advanced economies (Figure 5). Some regions are affected more than others, and you can see that in the chart, the right most in Emerging Europe, for instance, appears to be facing the biggest impact of this downturn and certainly Emerging Asia is still expected to maintain the highest growth among all the other emerging and developing countries and regions of the world.

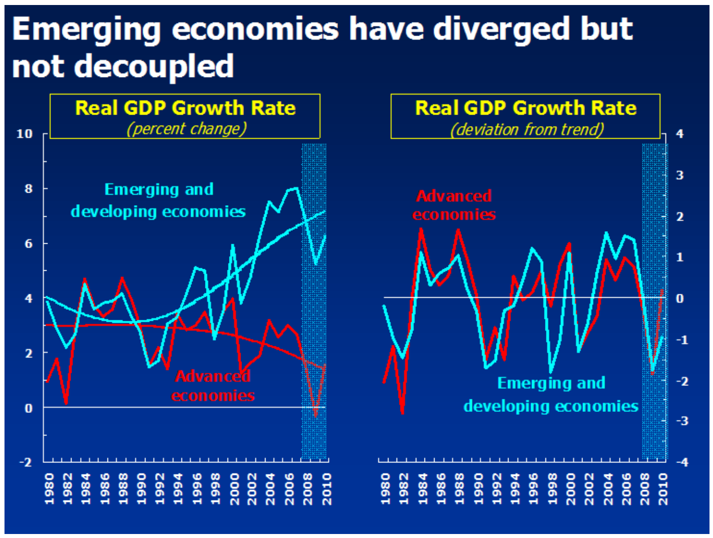
<Figure 5> Growth Rates of Emerging and Developing Economies



Now, the argument has been made before that emerging economies has de-coupled and somehow the economic prospect are not linked to that of the advanced economies. We looked at that question in some detail (figure 6) and based on our own projections, and if you look at the left-hand side chart, it is true that growth seems to be diverging not decoupling completely, but the fact is the underlying growth rate trend is actually higher for emerging economies than for the advanced economies, so on the right-hand side chart you can see, looking at deviations from trend of both emerging and advanced economies, their prospect move, in fact, very closely together. So the overall divergence that you see does not mean that emerging economies are not affected by what's going on in the G3. It is very much affected and, in fact, it is quite closely synchronized, if you take away the underlying differences in trend growth rates.

So, in summary, what we see is going forward given that the financial sector issues have still not been resolved, credit conditions have continued to remain tight and the deleveraging process which is expected to continue for a while. There's going to be a slow recovery, as I mentioned, a U-shaped recovery in advanced economies and the emerging market as well, not a V-shaped recovery as been seen in previous recessions. We anticipate that the financial conditions will stabilize, but there will still be significant uncertainty around that, and as you know every few weeks there's new news and under these uncertain conditions it's very hard to project how soon financial conditions will stabilize in spite of the forceful policy actions taken across a number of countries. There's certainly greater resilience in emerging market economies as I showed you with the growth projection trends, the underlying trend growth, but there are vulnerabilities in some, particularly those countries heavily reliant on external financing and foreign aid and those with larger current account deficits. They are vulnerable to turn around and counterflows.

<Figure 6> Decoupling



Inflation has been subsiding quite rapidly and you’ve seen central banks in many countries and regions cutting rates quite aggressively and, in fact, oil prices have now fallen from above 140 dollars a barrel back in July of this year to somewhere around 40 dollars. So that is bound to reduce the pressure or inflation coming from oil prices particularly in oil-importing countries. And now the question is, given the weak prospects for growth and contractions in many sectors, are there deflationary risks?

More recently since our baseline forecast which is what I am talking about today, and which is less than a month old I think, there has been recent data that has been extremely weak. Now according to National Bureau of Economic Research, the US has officially been in recession since December 2007. Business surveys in the G3 economies have been extremely weak in November 2008, and activities in weakening in emerging markets and especially weaker trade, and that’s true across the region. We have seen export numbers in Korea from November, data from other regions and indicators from China suggesting weakness in the region, and in the emerging markets more broadly.

But there have been some offsetting factors, so the news is not all bad. The monetary policy has been eased aggressively and you saw the concerted actions taken just last week by a number of central banks across the world. Central banks have also injected liquidity to its credit conditions and financial markets and used sometimes unprecedented scales of interventions and very unorthodox tools to try to improve the liquidity conditions in the market and try to offset credit crunch. Fiscal policy is also being contemplated in a number of countries and, in fact, across the globe, and certainly the IMF has been advocating that especially for countries that have the room for fiscal expansion to limit the downturn and limit the scope of the downturn that we see in the economy.

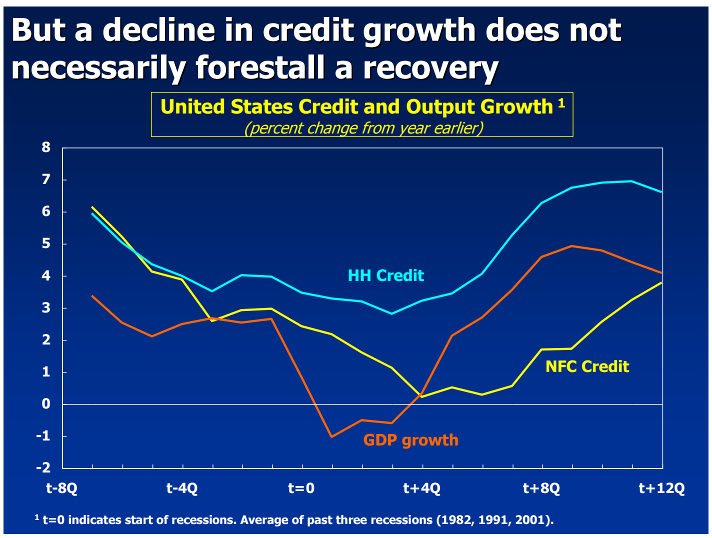
On the plus side, oil prices have fallen sharply from the peaks in the summer putting more money in the pockets of consumers and reducing the cost for many businesses and that's something that is on the plus side.

Based on a study that I did with a couple of colleagues in the summer in the *World Economic Outlook*, we found that when there's a financial crisis that affects the banking sector, the economic downturn that follows tends to be larger and deeper. So, in some sense, now that the global economy and banking systems in many countries has been hit by the shock, it is unavoidable that there will be a downturn and thus, this is consistent with the forecast that I wanted to show you that based on the empirical evidence we've looked at, 117 episodes of financial stress in the last 30 years across all advanced economies. We find that financial stress, when it hits the banking system produces deeper downturns and longer downturns, so our forecast which shows a kind of U-shaped recovery is consistent with past episodes of financial stress especially those where banking systems have been affected.

Why do we care about deleveraging? Because it reduces credit to the economy and the use of credit available for investment and for the use of households and the housing sector. And so the deleveraging process, when bank institutions shrink their assets while maintaining or trying to shore up the capital, is likely to reduce lending to the rest of the economy and so the projections are for quite a sharp reduction in the availability of private sector credit growth in the US and the Euro area.

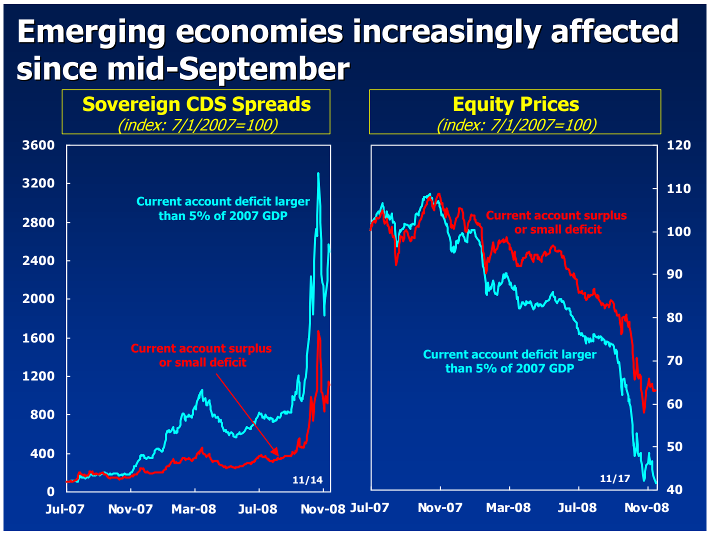
However, credit is not a precondition for a recovery. And if you look at Figure 7, this is based on past trigger sessions. In fact, GDP growth can recover before households credit and corporate credit resume but only for about a year or so but eventually the credit process needs to start recovering again, but getting credit flowing again is not a precondition to having a recovery.

<Figure 7> Credit and Growth



Finally, just a couple of more things on the global picture. Inflation pressures as I've mentioned, are receding fast and that is partly because of slowdown and certainly because of easing pressure from the oil and commodity markets. But emerging markets have been, as you well know, increasingly affected since mid-September because of this financial crisis. They were relatively well shielded in the first half of 2008 (Figure 8). And in the left side you can see that there have been some differentiation in terms of impact, countries which have bigger than 5% of GDP current account deficits have seen the spread wide and much more sharply than countries with smaller current account deficits or even surpluses which means there are some differentiation in terms of the need for external financing. And again, equity prices have fallen across all emerging market economies and this has certainly been quite the remarkable sell-off in emerging market equities in the order of 40 to 60 percent.

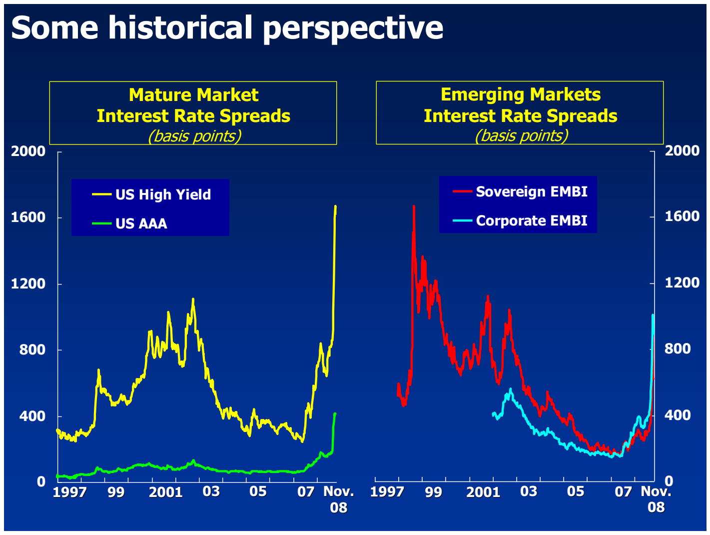
<Figure 8> Impact on Emerging Economies



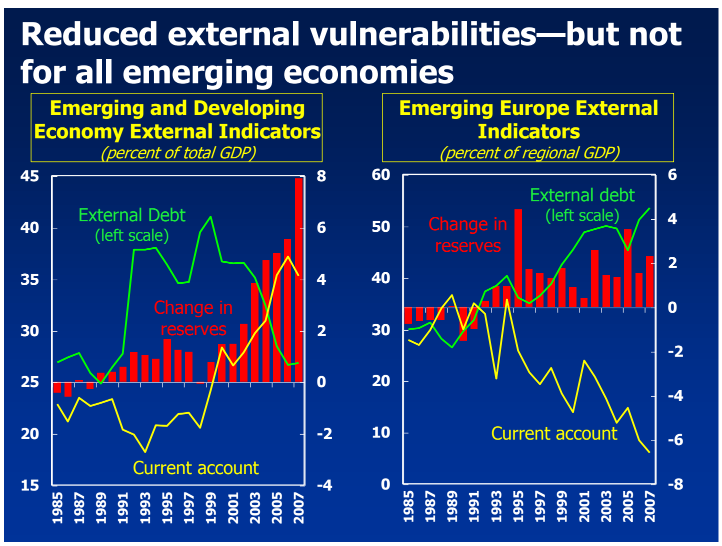
To give you a historical perspective (figure 9), on this financial crisis, if you look at the US on the left side, interest rates spreads are much higher than they have been at least in the last 10 or 12 years including for triple A borrowing and, of course, for US high-yield credit. In emerging markets, what you can see, which is on the right-hand side, the sovereign spreads are not as high as during the time of the 1997/1998 emerging market crisis. But corporate spreads and corporate market are relatively new phenomena in an emerging market in terms of large-scale access to international bond issuance by emerging market corporates, that has risen very sharply from when the market really took off in the early 2000s.

As I mentioned, in general, there are reduced vulnerabilities for emerging markets (figure 10) but not for all of them, on the left-hand side, you see in general, that external debt has declined, and reserves have increased, and current account deficits are generally in much better shape. But if you look at one example, which is emerging Europe, the picture is slightly different, certainly that might explain to some extent why financial market pressure is somewhat higher in emerging European countries and the growth prospects are lower.

<Figure 9> Historical Perspective



<Figure 10> External Vulnerabilities



What does all this mean for Asia? Asia is a very open part of the global economy. It has strong trade linkages with the rest of world. Clearly what happens in the advanced economies is going to have an impact on Asian countries, because the linkages, if anything have grown. Although, intra-Asian and intra-emerging market trade links have been growing over the past decades, especially in the past five or six years, it is not realistic to think that what happens to the US or Europe will not affect Asia. This is also true for financial markets including equity markets when there is large foreign investor participation in these markets it is bound to affect all the markets in the region just because of the greater integration of the capital flows. So we project growth to slow quite sharply in Asia next year, but then if you look for instance, growth in emerging Asia is expected to slow from 7.7% to 6.5% and in Korea we have been projecting for growth to slow from 4.1% this year to 2% next year. Because of the decline in trade, most of the growth next year, we anticipate, in Asia is expected to come from domestic demand including consumption.

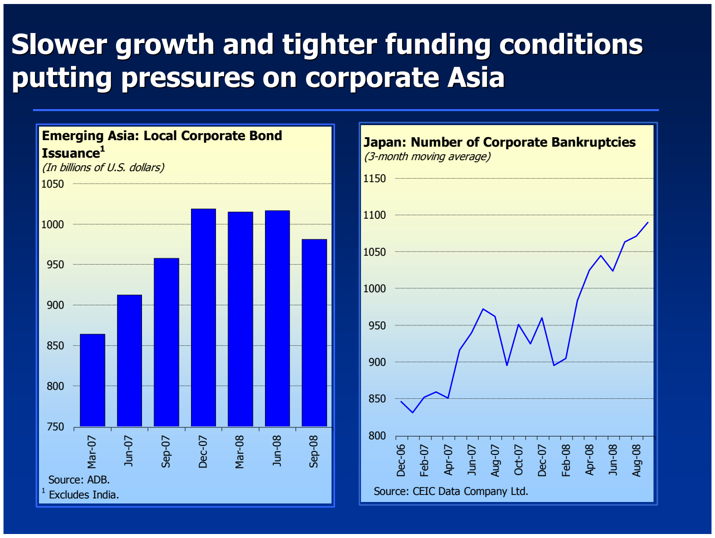
However, this is our baseline forecast and this is about a few weeks old and in the current environment, things change very quickly, so our risk to the forecast is certainly to the downside because there are a number of things that remain matters of concern and of course, in addition to growth prospects, I mentioned a few of them, trade seems to be declining quite sharply across many countries and regions that affects Asia. The prospects for growth in US and Euro areas will need to be revised depending on the incoming data over the next few months. And, of course, there is also some uncertainty about policies and on the upside, some kind of policies to help improve or limit the downside. But overall, financial market uncertainties remain, and that, in some sense, is tied to the prospects of the US housing sector. You could say that a lot of the crisis relates to the US Subprime market and until the US housing market bottoms out, it will be difficult to say that the financial crisis will be behind us, because the market needs to find the floor asset price, to find the bottom so that we can recover. So that’s one of the main risks on the downside.

And for Asia, what is the slower growth and slightly tighter funding conditions doing? They are putting pressures on the non-financial corporate sector (figure 11). What you see on the left, here, is local corporate bond issuance. But in fact, if you look at overall borrowing the picture is more striking. Banks and financial institutions are becoming more cautious, as they are everywhere else in the world in this uncertain environment.

So funding conditions appear to be tightening for corporations and so this is likely to have an impact on slower investment next year. But the vulnerabilities differ across countries in the region and more generally, they depend on whether countries have current account deficits, how much the domestic financial sector relies on wholesale funding including by banks and how much foreign participation there is in domestic equity and bond market. In other words, how quickly the money can leave if investors panic or if there’s some development in their advanced economies that is affecting risk perceptions in their home market and so they need to pull out from other markets.

And then corporate balance sheets are, of course, important because if funding conditions tighten abruptly, how long can corporations manage by just relying purely on internal financing and weakened earnings. Countries with greater domestic macro-imbalances including, for instance, very large debt burden or inflation will be more vulnerable in this environment of extreme financial distress and some countries have property sector booms and, of course, in the US there has been a downturn in the property sector. And in Europe many housing markets have also risen and some of them are actually at a greater pace than in the US, but they seem to follow down to the lags. So one could expect that to be the case even in emerging markets where there has been a very large property boom. And, of course, lower commodity prices matter for commodity exporters as their export earnings would suffer and make them more vulnerable, on the other hand, it does benefit for commodity importers.

<Figure 11> Pressures on Non-Financial Corporate Sector



All these developments have painted the picture of global economy as a little grim both in terms of growth prospects and the financial market backgrounds, so how is this affecting Korea?

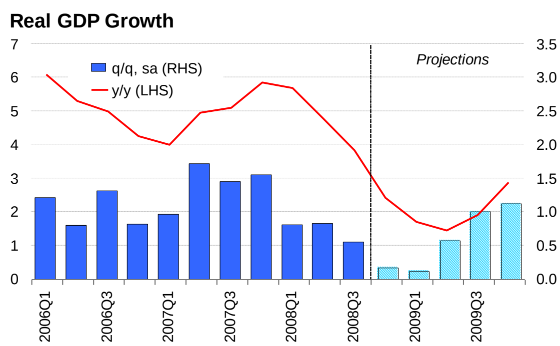
In Korea, consumption has suddenly been trending down for a while now. And the most recent data continues to show that pattern. You can also see that equity prices have been falling and these are indicators for consumer spending which are trending down. And investment activities have also been slowing for some time, construction orders have certainly been shrinking and machinery orders with SMEs are also slowing.

More recently, the export market has been strong in the first half of the year, but recently it has been showing some signs of weakness. As of November, the export and import numbers were very weak and this is, in some sense, symptomatic of a mode of general weakness in global trade across the world, and you can look at the other indices in global trade and shipping which consistently show that global trades are dropping. And in the case for Korea, this is also true for China and other non-traditional markets whose shares have grown quite rapidly in recent years. And trades to those destinations have also been falling. So, in general, measures of economic activities are decelerating rapidly and industrial production have been shrinking and, at the same time, inventories to shipment are rising which means perhaps, not all the goods are moving. Business confidence, which is another good indicator of growth, is at a ten-year low now. So, all the indicators are pointing to a slowing of the domestic economy and a slowing of global trade, which, of course, affects Korea.

As a result of that, our baseline projections, what we have here is (Figure 12) the headline number of 2% growth in 2009 and this means growth basically bottoms out in the first quarter of 2009 and there's gradual recovery in line with the projected recovery in the global economy and in improvements in global financial conditions. At the same time, because of the slowing of the economy and reduced pressures from commodity prices, we expect inflation to return to the target band of the Bank of Korea in early 2009. Headline inflation is already easing and foreign exchange although trending slightly higher is expected to follow soon. The current account should swing back into surplus in 2009, again helped by the easing of oil prices and softening of imports and the depreciation of the exchange rate this year.

The key messages overall is certainly the global downturn is deep, and we expect recovery to be very gradual. The financial crisis itself will have a protracted impact on the advanced economies, and our own empirical studies have shown that it takes time. The downturns related to the financial stress are much deeper and tend to last longer and this is certainly one of the biggest episodes of financial stress in the last 70 years. Emerging economies have not decoupled and they cannot decouple in an increasingly integrated world. But the underline trend growth rate still continues to be higher so the slowdown activity in overall emerging markets will not be as big as in advanced economies.

<Figure 12> Growth projection



Sources: CEIC Data Company Ltd; and IMF staff projections.

Growth in Korea is definitely slowing, but is expected to recover in mid-2009 with the current account returning to surplus and inflation receding. I should also mention that questions are asked about the financial sector in all the countries and how the financial crisis is affecting them. Banking system fundamentals appear to be sound here, but as in other countries, looking forward is what everybody is focusing on. Policy makers are focusing on and, of course, markets are focusing in on the feedback loop between the real and the financial sector which is once the real economy slows and if that affects asset quality and the feedback to the financial sector which leads to reduced credit and then slowing the economy, that's one of the main questions in many countries.

This is our baseline forecast but as with the global economy, the risk is tilted to the downside given the range of uncertainties in the outlook including growth in partner countries. How soon can the financial market conditions normalize or more or less normalize? When will the deleveraging process stop? How soon will the US housing market bottom out and start growing, which is at the core of the stabilization of the global financial market? And when will the global trade recover? So there are a lot of uncertainties. Policy actions are being undertaken but a slowdown in the global economy is unavoidable given the size of the shock that's hit the global economy, so as I said, risks are very much tilted to the downside.

Questions & Answers

Q I already experienced that forecasts done by local economist is better than international economists from other countries. So I believe that the Korean economy could be better than the US. I think that you are too optimistic on the growth prospect and the bounce back prospect. The Korean economy has just plunged into a very low level and next year I feel that the recovery will come faster, probably the end of next year. So, I think talk of surplus seems to be too optimistic because the US, Japan and EU seems to be worse. So, I think Korea will try to produce as much as it can to maintain the employment though they can't export much, so I think surplus is a bit different.

A You make a lot of valid points and certainly I agree that prospects for the Korean economy are closely tied to that of the rest of the world. I should mention that the baseline forecast and the whole exercise we did was actually about a month ago now and developments are changing by the week and part of the reason we are here is to get a better understanding and a feel on the ground of what the prospects are. And as I mentioned though, I think the way to put your remarks in context, I did mention that the risks are firmly to the downside in our projections so far, and of course we will be updating as developments and data comes in, but at the moment that's our baseline.

Certainly, we are aware of the many risks including from a sharper slowdown in the US and Europe, so our next line of forecasts will reflect all that is happening now and what will happen in the next couple of months. And, also it is a very difficult time to make forecasts because of the great uncertainty and the linkages between the financial and the real sector. Also, the financial sector changes on a daily basis. So as a forecaster it is a very difficult time to come up with something stable for a long enough period of time but thank you for your remarks.

Q There is a really serious and bigger crisis in the US housing market, and far bigger and serious than the Subprime mortgage. If housing prices keep falling down, this is a really worrisome prospect and we should address this issue right away. So what do you think the US will do if the housing market continues to drop?

A Certainly, the US housing sector is a very important sector, and it is a concern when it will find bottom. Recent indicators suggest that there are some positive signs like refinancings are rising. Of course, new home sales are still weak but part of the reason again is because of the financial crisis, even though policy rates are low, the spreads on mortgages hasn't fallen as much because of the risk aversion of the financial institutions. And we'll have to see. Policy measures are being contemplated to reduce the spread again on housing and mortgages. But it will take time, once those measures are implemented. There has been a discussion in the press, for instance, to boost lending by Fanny Mae and Freddie Mac and if those are reduced, the spreads on mortgages is very likely. The market is very flexible, so it's likely to boost buying and purchases of homes, and bring a floor to the housing market. Of course, there's greater uncertainty about when that will happen and financial conditions, financial market conditions need to be stabilized for the housing market to recover.

Q One magazine published an article about the Citibank incident as the latest unthinkable rescue of a very large institution, so this made me think about when will the financial crisis finally be over. My second question is when will the dollar start to depreciate?

A When will the financial crisis be over? I don't know. I don't think anybody knows, because there is uncertainty and a lot of it is linked to sentiments in the market and when will investors decide that valuations have reached a level that they feel safe coming in. Our projections are conditions that will continue to stabilize and improve, but the process itself is drawn out because the deleveraging process itself can take one to two years. It's not one to two months. So it's hard to define when the crisis will be over. In many ways I guess one definition would be when does normal credit resume and certainly our projections are the markets will turn around by the end of next year. The normal credit will resume and gather full steam by 2010, but as I said there's always new news, but it is very difficult when you are in the middle of a crisis to call an end to the crisis and certainly anybody who can successfully do that will be very rich, but I think everybody is groping in the dark.

And now on the exchange rates, as economists, we really have a very hard time predicting exchange rates and it effects on major exchange rates for instance. The only thing I would point out is that you know, the US is pumping in a lot of liquidity but the other central banks around the world are doing the best to pump in liquidity and shore up markets and make sure that transmission mechanism does not break down. It is very hard to look into that factor alone and make any conclusions about the exchange rate but beyond that I don't think it's appropriate for me to comment on a major exchange rate.

Q The Korean exchange rate's volatility and it's rampant rise has been the main cause of many Koreans worrisome prospect, so to resolve this first we utilized foreign exchange reserve, but now we're hitting the 200-billion-dollar-level in the last three month period. So Korea is proposing to expand the current swap arrangement out to 80 billion dollars. Do you think this should be enough to handle the exchange rate to return to a normal level or do we need to add some other defense?

A It is actually an interesting question because certainly all measures you mentioned. I mean there's a lot of firepower available and you know, even when you look at, I mean this is a very tricky question to answer but part of it, I mean, there's a global deleveraging process going on and this is happening worldwide, banks, financial institutions, their contracting, and lending then they are pulling out of the more liquid market where they can. But, certainly if you look at the numbers in terms of external debt, Korea's external position is very comfortable in that way, there is a lot of firepower. Deleveraging adjustment in the exchange rate is inevitable in this process because of what really is happening in the US and in Europe and that's natural. The financial system, if you like globally needs to shrink a little and so money needs to flow out a little bit so that the financial institutions in Europe and the US can get to deleverage ratios and hedge funds as well. But the underlying conditions and, in other currencies, are part of the deleveraging process and, in that sense, there's nothing completely alarming about it and we see that in every country where there has been these kinds of channels at work.

Q Recently, the Korean government proposed to invest in infrastructure to rescue the economy but there is controversy whether infrastructure investment is good for the Korean economy, what do you think of this plan of the government to revive the Korean economy?

A We are still very much in the middle of our visit here and we've only been here three working days so far, so I think it would be too premature for me to make observations on policy advice or as I've said earlier we are still doing our diagnoses and we are trying to get our feet on the ground and talk to our counterparts so, I'm afraid I don't really have anything to say at this early stage in our process, we are still in the process of informing ourselves, informing our views on policies and I don't really have anything to add to that right now.

Q In mid-November we had the G20 meeting in Washington DC and Korea now serves as co-chair with the UK and Brazil. The Korean camp played a significant role to provide foreign exchange facilities to emerging economies and do you think Korea can play a very effective role in the G20 meeting and design a new architecture in implementing monetary policies and prompt corrective actions in the G20 process?

A Certainly there's no question that Korea is one of the most important economies in terms of size and influence in the global economy and yes I mean, Korea is very welcome in playing an important role in the G20. Certainly, I think it is very constructive and a great opportunity to follow through on some of the main proposals that were discussed, it's a long process, of course. The summit last month is in a way the beginning of the process. Certainly the G20, and more generally the policy committees, are looking toward Korea playing an important role and providing guidance as the process moves forward although it's a long process.

Q Do you think one of the reasons we have this equity problem and excessive risk-taking is due to imbalances. We've seen the rise of these problems for 20 years without being able to resolve this sort of macro-economic issues and I wonder if in the future we would be able to see some improvements because I think if we can't convince our respective public that this won't happen again then we have therefore failed.

A There is a range of views on what led to this crisis, and certainly the imbalances of one kind or another. And many very influential people have been looking at this. Part of it is caused by excessive consumption in the United States while others have said it's because of a global savings glut. Another views is because regulation is lax and then a related view was well, interest rates were so low and you know, what could we do, we have to buy risky stuff to make more money and then, the development of derivatives market. So I think, it is in the early days and we are still in the middle of a crisis and I think it is probably important to put the fire out first and then think about how to revise the fire code. And I'm sure there will be a lot of debate, certainly it has served in many ways as a wake up call in terms of the financial architecture and certainly there are measures on the way. I do believe that there will be constructive suggestions coming out of this but at the moment, the priority is also, of course, to try to put this crisis behind us.

Will there be improvements? I'm actually confident there will be and I'm extremely confident that important lessons are being learned including by us and will be learned from this crisis. It is important to keep in mind that we take all the factors and all the arguments into account and come up with something reasonable and you certainly don't want to throw the baby out with the bath water. This is something that will be discussed. Expect many PhD dissertations to be written on this crisis and books to be written as well. So there is a lot to learn from this for everybody with an open mind.

Q In the last two or three months, sometimes international press painted the Korean economy outlook in a really miserable way pointing out that Korea might face another liquidity crisis. Sometimes those reports from the international press are based on distorted data and wrong information. Sine we've got the IMF expert relying on the most active database, can you correct that international press treatment of the Korean economy?

A Well, we try to because the forecast for the Korean economy comes out at the same time as the *World Economic Outloo*k. It used to be twice a year, then four times a year, now it seems we're doing it every month or so, so we do try to be as transparent and open as possible in our assessment and I agree with you implicitly in what you are saying because it is important to speak objectively about these things. And you know, I mean, of course, as in any country that there are things, it makes a good story sometimes to make it very dramatic or something but we do our best. We are always very open, I mean this presentation, what I talk to you about was from November, we'll have another one in January, then we'll have another one in April and so on, so every few months we are updating and we are trying to play as constructive of a role as we can.