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한미경제연구소

FACT SHEET

Inter-Korean Tensions Affecting South Korea's Stock Market and Foreign Exchange Markets: A Brief Glimpse at 3 Major Events

The news of heightened military readiness in the North on May 25 reverberated through the Republic of Korea's stock market and foreign exchange markets, prompting South Korea to expend an estimated $2.5 billion from its foreign exchange reserves to defend the *won*. For your reference, KEI has compiled the following charts that detail the fluctuations in both the KOSPI and foreign exchange markets from North Korea's first nuclear test on October 9, 2006, second nuclear test on May 25, 2009, and the current crisis on the Korean peninsula:

KOSPI

	Open	Low	High	Close	% Change	Trade Volume
October 4, 2006[A]	1,366.16	1,345.83	1,371.72	1,352.00	-1.65%	223,000
October 9, 2006	1,356.59	1,303.62	1,365.01	1,319.40	-2.41%	400,200
October 10, 2006[B]	1,322.44	1,322.44	1,334.41	1,328.37	0.68%	251,600
May 22, 2009[A]	1,406.27	1,402.80	1,431.32	1,403.75	-1.28%	675,400
May 25, 2009	1,393.99	1,315.21	1,414.14	1,400.90	-0.20%	824,000
May 26, 2009[B]	1,407.58	1,361.58	1,409.29	1,372.04	-2.06%	655,600
May 24, 2010[A]	1,589.83	1,585.62	1,612.91	1,604.93	0.30%	270,000
May 25, 2010	1,585.17	1,532.68	1,585.60	1,560.83	-2.75%	474,400
May 26, 2010[B]	1,575.29	1,549.65	1,582.12	1,582.12	1.36%	357,684

[A] Last available date with data prior to North Korean action.

[B] Next available date with data after North Korean action.

South Korean *won*

	South Korean *won* per U.S. *dollar*
Previous 5 day avg.	948.61
October 6, 2006[A]	948.95
October 9, 2006	N/A*
October 10 2006[B]	960.05
Next 5 day avg.	957.29
Previous 5 day avg.	1,247.39
May 22, 2009[A]	1,245.35
May 25, 2009	1,246.73
May 26, 2009[B]	1,265.42
Next 5 day avg.	1,259.66
Previous 5 day avg.	1,170.50
May 21, 2010	1,194.30
May 24, 2010[A]	N/A*
May 25, 2010	1,251.80
May 26, 2010[B]	1,253.06

* Data not available.

[A] Last available date with data prior to North Korean action.

[B] Next available date with data after North Korean action.

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Primary Sources Used: Yahoo! Financial Historical Price Index and University of British Columbia: The Pacific Exchange Rate Service