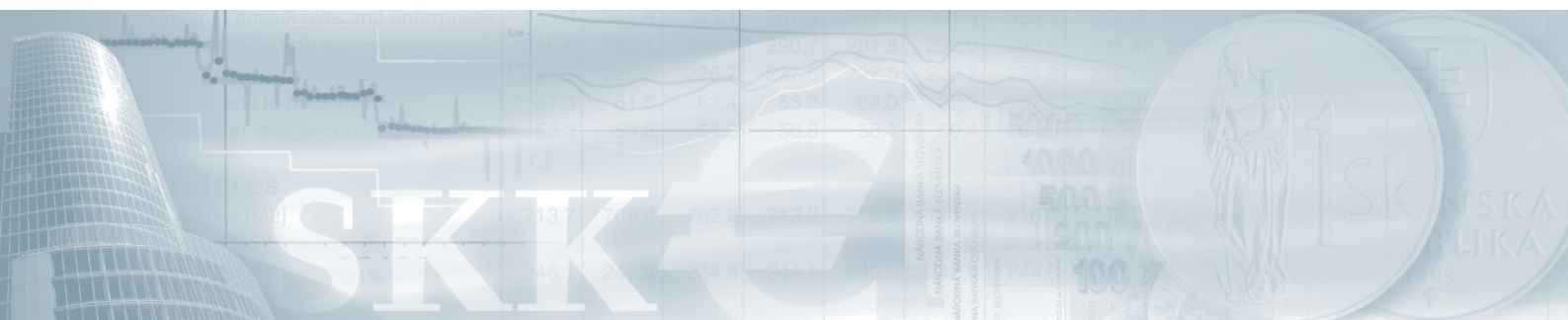




NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

February 2005





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Imricha Karvaša 1  
813 25 Bratislava  
Slovakia

Contact:  
Public Relations Department  
Phone No.: +421 2 5787 2141, 5787 2149  
Fax No.: +421 2 5787 1128

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**Abbreviations**

ARDAL	Agentúra pre riadenie dlhu a likvidity – Agency for Debt and Liquidity Management
BCPB	Burza cenných papierov v Bratislave – Bratislava Stock Exchange
CDCP	Centrálny depozitár cenných papierov SR – Central Securities Depository of the Slovak Republic
ECB	European Central Bank
EMU	Economic and Monetary Union
EU	European Union
Eurostat	Statistical Office of the European Communities
FNM	Fond národného majetku – National Property Fund
IMF	International Monetary Fund
NBS	Národná banka Slovenska – National Bank of Slovakia
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
BRIBOR	Bratislava Interbank Offered Rate
CPI	Consumer Price Index
EFSAL	Enterprise and Financial Sector Adjustment Loan
FDI	Foreign Direct Investment
FRA	Forward Rate Agreement
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
HZL	hypotekárne záložné listy – mortgage bonds
IIP	Index of Industrial Production
IRF	Initial Rate Fixation
IRS	Interest Rate Swap
MFI	Monetary Financial Institutions
MMIF	Money Market Investment Funds
NEER	Nominal Effective Exchange Rate
NPF	National Property Fund
OIF	Open-end Investment Funds
p.a.	per annum
p.p.	percentage points
PPI	Producer Price Index
REER	Real Effective Exchange Rate
repo	repurchase operation
RMP	Revised Monetary Programme of the NBS
SAX	slovenský akciový index – Slovak Share Index
SDX	slovenský dlhopisový index – Slovak Bond Index
SDXG	SDXGroup
Sk, SKK	Slovak koruna
SKONIA	Slovak OverNight Index Average
SR	Slovenská republika – Slovak Republic
SRT	Sterilisation Repo Tender
ULC	Unit Labour Costs
RULC	Real Unit Labour Costs
VAT	Value Added Tax

*Prepared on the basis of the Situation Report on the Monetary Development in February 2005, approved by the NBS Bank Board on 24 March 2005*



## 1. Introduction

The level of consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), rose by 1.7% in January. The 12-month HICP-based overall and core inflation rates (excluding energy and unprocessed food prices) reached 3.1% equally (overall inflation in December stood at 5.8% and core inflation at 4.8%).

Consumer price levels, expressed in terms of the HICP, rose by 0.1% in February. The 12-month rate of HICP-based overall inflation reached 2.6% and that of core inflation 2.2%.

Consumer prices, expressed in terms of the CPI, increased by 0.3% in February, while the prices of core inflation components rose month-on-month by 0.3%. The 12-month overall and core inflation rates reached 2.7% and 1.1% respectively.

Real gross domestic product grew by 5.5% in 2004, with the 12-month dynamics reaching 5.8% in the 4th quarter.

The M3 monetary aggregate (according to the ECB methodology) decreased in January by Sk 8.2 billion, representing a slowdown in year-on-year dynamics compared with last December, to 10.4%. At current exchange rates, the M2 money supply (according to the NBS methodology) dropped in January by Sk 12.4 billion, while its year-on-year dynamics weakened to 4.7%.

The receivables of monetary financial institutions (according to the methodology of the ECB) decreased month-on-month by Sk 7.3 billion in January, representing a slowdown in year-on-year dynamics, to 4.4%. At current exchange rates, the volume of loans to enterprises and households (according to the methodology of the NBS) has grown since the beginning of the year by Sk 7.2 billion, representing an acceleration in year-on-year dynamics, to 10.3%.

The average interest rate on new loans to non-financial corporations rose in January by 0.54 of a percentage point, to 5.92%, and that on new loans to households by 0.46 of a percentage point, to 10.67%. Over the same period, the average interest rate on new deposits from non-financial corporations rose by 0.53 of a percentage point, to 2.41%, and that on new household deposits by 0.01 of a percentage point, to 0.95%.

On 28 February 2005, the State Budget of the SR recorded a deficit of Sk 1.1 billion.

The foreign exchange reserves of the NBS (at current exchange rates) increased by USD 2,407.3 million in February, to USD 17,218.5 million. At the end of the month, the volume of foreign exchange reserves was 6.5 times greater than the volume of average monthly imports of goods and services to Slovakia in January 2005.

During February, the National Bank of Slovakia purchased a total of EUR 1,890 million in direct foreign exchange interventions and transactions.

According to preliminary data, the balance of payments on current account during 2004 produced a deficit of Sk 46.7 billion. Over the same period, the capital and financial account generated a surplus of Sk 95.7 billion. In January 2005, the current account produced a deficit of Sk 3.0 billion, while trade resulted in a shortfall of Sk 0.6 billion.

In February, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 342.8 billion, representing an increase of Sk 44.2 billion compared with the figure for January.

On 28 February 2005, the Bank Board of the NBS decided to lower the key interest rates of the National Bank of Slovakia, to 3.0% for two-week repo tenders, 2.0% for overnight sterilisation operations, and 4.0% for overnight refinancing transactions (with effect from 1 March 2005).

## 2. Inflation

### 2.1. Consumer Price Index

The Monetary Survey for February 2005 contains an analysis of HICP inflation in January and February, since the January figures were published by the Statistical Office of the SR as late as 1 March 2005 and thus their analysis was not included in the Monetary Survey for January.



### Box 1 Harmonised Index of Consumer Prices

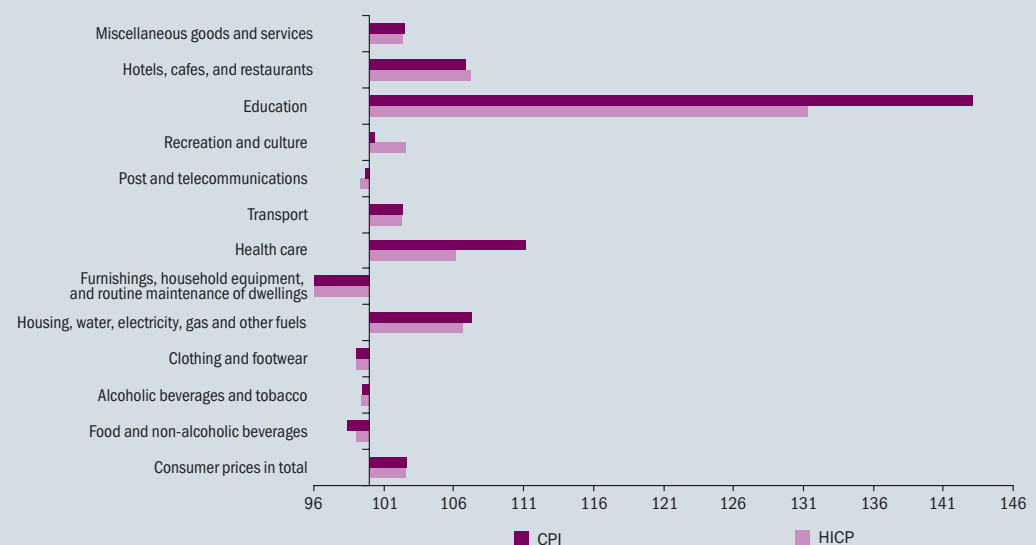
Part of the Treaty on the European Union is Protocol 6 on the criteria of convergence (Article 1), which stipulates that 'inflation is to be measured in terms of a consumer price index on a comparable basis, with respect to the differences between the national definitions.' For that reason, work on a legal framework began in 1995 for a harmonised methodology for the compilation of consumer price indices in EU member states, since the national price indices failed to meet the above criterion. The aim was to create a common and unified system, based on the same principles and respecting the differences in national consumer preferences, rather than a common consumer basket. The guarantor of this methodology was Eurostat. The new methodology provided a basis for the introduction of the Harmonised Index of Consumer Prices (HICP).

Like other new EU member states, Slovakia has also adopted the HICP. There are no significant differences between the HICP and CPI in Slovakia. The main differences are in the contents of the index: the HICP only covers standard consumer expenses, in comparison with the CPI, goods and services of investment nature (e.g. goods and services related to large repairs and the maintenance of flats and houses) are excluded from the HICP. Another significant difference between the HICP and CPI is the fact that the HICP does not cover expenses related to living in family houses (so-called imputed rents), whereas they are included in the CPI. The HICP is therefore calculated from a somewhat narrower consumer basket than the CPI, which means that it contains fewer goods and services items (the CPI contains 712 items, the HICP 706 items).

Apart from differences in content, there are also differences between the HICP and CPI in the calculation of weight used in these indices. While the CPI is calculated on the basis of the expenses of Slovak households, the HICP is based on the so-called 'domestic concept', which covers the expenses of both Slovak households and foreign residents living in Slovakia; however the expenses of Slovak households outside the territory of the SR are excluded. For the HICP, the weight of expenses on insurance is calculated on the basis of the so-called 'net concept', which means that not only the amount of insurance premium paid by households is taken into account but also the income from insurance companies in the case of an insurance event (insurance benefits), whereas the CPI only includes the household insurance expenses. There are other differences in the calculation of weight, but their effects on the indices are negligible.

In numerical terms, the differences between annual inflation rates, expressed in terms of harmonised and national consumer price indices, fluctuated within the range of  $\pm 0,3$  of a percentage point from 1996 to 2005.

**Chart A Comparison of the HICP and CPI According to the COICOP Classification in February 2005**  
(same period a year earlier = 100)



Source: NBS calculations based on data from the Statistical Office of the SR.



The difference in the 'miscellaneous goods and services' category is primarily attributable to the so-called 'net concept' applied in the calculation of weights for insurance. The different year-on-year dynamics of the HICP in 'housing, water, electricity, gas and other fuels' can be explained by the exclusion of the so-called 'imputed rent' and goods and services related to large repairs and maintenance from the HICP. The differences in education, recreation and culture, transport, and health care are caused partly by differences in weight and partly by the inclusion of individual items in the consumer basket (e.g. the item 'elementary arts school' is included in 'education' in the CPI, but in the HICP it belongs to 'recreation and culture').

In addition to differences in the basic COICOP classification, there are also differences in the structure that is monitored by the NBS. In the basic structure of the CPI, the consumer basket is divided into regulated prices and core inflation, excluding the impact of changes in indirect taxes on overall inflation. The structure of core inflation (CPI) is composed of foodstuffs (processed and unprocessed), tradable goods (including fuels), and market services.

Table A Structure of CPI Inflation

	Weight in December 2004 in %	12-month inflation rate in February in %
<b>Total</b>	100.00	2.7
<b>Regulated prices</b>	21.91	7.6
<b>Impact of changes in indirect taxes</b>	-	0.09
<b>Core inflation</b>	78.09	1.1
Foodstuffs	16.62	-1.6
Processed food	9.64	-1.3
Unprocessed food	6.98	-2.4
Tradable goods	34.72	-1.0
Tradable goods, excluding fuels	31.11	-1.2
Fuels	3.58	1.2
Lubricants	0.04	7.4
Market services	26.75	6.9
<b>Net inflation (excluding the impact of changes in indirect taxes)</b>	61.47	2.1
<b>Net inflation, excluding fuel prices (excl. the impact of changes in indirect taxes)</b>	57.85	2.2

Source: NBS estimates based on data from the Statistical Office of the SR.

Table B Structure of HICP Inflation

	Weight in December 2004 in %	12-month inflation rate in February in %
<b>Total</b>	100.00	2.5
<b>Goods</b>	66.92	0.9
Industrial goods	41.58	2.0
Industrial goods (excluding energy)	24.02	-0.3
Energy	17.55	5.2
Electricity, gas, and other energy	14.09	5.9
Fuels	3.46	2.3
Foodstuffs	25.34	-0.9
Processed food (including alcohol and tobacco)	17.53	-1.3
Unprocessed food	7.81	-0.5
<b>Services</b>	33.07	6.4
<b>Total, excluding energy and unprocessed food (core inflation)</b>	74.63	2.2
<b>Total, excluding energy</b>	82.45	2.0

Source: NBS calculations based on data from the Statistical Office of the SR.



Within the structure of the HICP, there is no separate category for regulated prices (they are included in the individual sub-categories) and the individual components are not adjusted for changes in indirect taxes and are divided into two large categories: goods and services. Goods are divided into industrial goods (excluding energy) and energy, which includes fuel, electricity, gas, and other fuels. Foodstuffs are divided into processed and unprocessed foodstuffs, as in the case of the CPI. In contrast with the CPI, foodstuffs (processed food) also include alcoholic beverages, tobacco and tobacco products, while these items in the CPI are included in tradable goods.

The European Central Bank defines core inflation as a sub-aggregate in which energy and unprocessed food prices are excluded from the overall index, so HICP-based core inflation is not comparable with core inflation used in assessing the course of inflation expressed in terms of the consumer price index (CPI).

More detailed information on the HICP is available in Annex 1.

### HICP Inflation in January 2005

The level of consumer prices, expressed in terms of the HICP, rose by 1.7% in January, with the prices of goods and services increasing by 1.6% and 1.8% respectively. Compared with the same period a year earlier, both overall and core HICP inflation reached 3.1% (in December, overall inflation stood at 5.8% and core inflation at 4.8%).

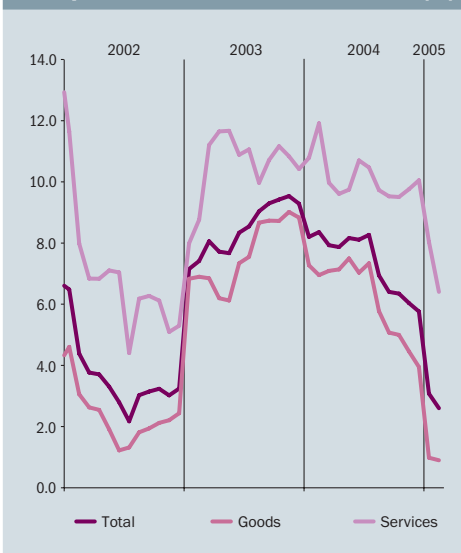
### HICP Inflation in February 2005

Consumer prices, expressed in terms of the HICP, increased by 0.1% in February, while commodity prices were stagnant and prices for services rose by 0.4%. Compared with the same period a year earlier, headline inflation reached 2.6% and core inflation 2.2%. The average 12-month inflation rate for the first two months of the year was 2.8%. The average 12-month inflation rate for the past twelve months was 6.4%.

#### Continuing trend of disinflation

The continuing trend of slowdown in the 12-month rate of overall inflation was primarily supported by a slower increase in prices for services and to a lesser extent by

Chart 1 HICP Inflation and Its Main Components (%)



Source: Statistical Office of the SR.

Table 1 Harmonised Index of Consumer Prices

(year-on-year changes in %)

	2004				2005	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Total</b>	6.4	6.3	6.0	5.8	3.1	2.6
<b>Goods</b>	5.1	5.0	4.5	3.9	1.0	0.9
Industrial goods	5.7	6.1	6.0	5.4	1.9	2.1
Industrial goods (excluding energy)	0.6	0.6	0.5	0.2	-0.3	-0.3
Energy	13.0	14.1	14.0	13.0	4.9	5.2
Foodstuffs	4.1	3.3	2.2	1.8	-0.4	-0.9
Processed food (including alcohol and tobacco)	5.3	4.7	3.4	2.7	-0.1	-1.3
Unprocessed food	1.2	-0.2	-1.0	-0.7	-1.8	-0.5
<b>Services</b>	9.5	9.5	9.8	10.0	8.0	6.4
<b>Core inflation (excl. energy and unprocessed food prices)</b>	5.4	5.3	4.9	4.8	3.1	2.2
<b>Total, excluding energy</b>	5.6	5.0	4.7	4.3	2.7	2.0

Source: NBS calculations based on data from the Statistical Office of the SR.

**Table 2 Consumer Prices in February 2005**

Structure of the consumer basket	Weight as at February 2005 <sup>2)</sup>	Comparative change <sup>3)</sup>	
		January 2005	February 2004
<b>Total in %</b>	100.0	0.3	2.7
<b>Regulated prices in %</b>	22.5	0.4	7.6
Share of total, in percentage points	-	0.10	1.75
<b>Impact of changes in indirect taxes on non-regulated prices – Share of total, in percentage points</b>	-	0.00	0.09
<b>Core inflation in %</b>	77.5	0.3	1.1
Share of total, in percentage points	-	0.22	0.89
of which: Food prices in %	16.5	-0.2	-1.6
Share of total, in percentage points	-	-0.03	-0.31
Tradable goods in % <sup>1)</sup>	33.9	-0.1	-1.0
Share of total, in percentage points <sup>1)</sup>	-	-0.03	-0.34
Market services in % <sup>1)</sup>	27.1	1.1	6.9
Share of total, in percentage points <sup>1)</sup>	-	0.28	1.54
<b>Net inflation (excluding the impact of changes in indirect taxes) in %</b>	61.0	0.4	2.1
Share of total, in percentage points	-	0.25	1.10
<b>Net inflation, excluding fuel prices (excl. the impact of changes in indirect taxes) in %<sup>1)</sup></b>	57.5	0.4	2.2
Share of total, in percentage points <sup>1)</sup>	-	0.21	1.06
<b>Core inflation in % – methodology of Eurostat<sup>1)</sup></b>	66.9	0.2	1.6
Share of total, in percentage points <sup>1)</sup>	-	0.16	0.95

Source: Statistical Office of the SR and NBS.

Note: Net inflation – comprises price increases in the sectors of tradable goods, excluding foodstuffs and market services.

1) NBS estimates based on data from the Statistical Office of the SR.

2) The sum of weights does not equal 100, owing to the methodology of adjustment for changes in indirect taxes.

3) Contributions to the overall inflation rate in the same period a year earlier, NBS calculations.

**Chart 2 HICP Compared with the Views of Respondents on Price Developments in the Past 12 Months<sup>1)</sup> (%)**


Source: Statistical Office of the SR and NBS.

a more moderate rise in commodity prices. The prices of goods recorded conflicting trends in the basic components. Food prices fell year-on-year by 0.9%, when processed food prices dropped by 1.3% (mainly the prices of milk, cheese, eggs, and beer) and unprocessed food prices fell by 0.5%. On the other hand, the steep increase in fuel prices caused the dynamics of industrial goods prices to accelerate.

The 12-month rate of increase in prices for services slowed, as a result of price developments in housing-related services (a slower increase in actual rents and the prices of services related to the maintenance and repairs of flats) and in recreation and personal services (a slower increase in prices for restaurant services and canteen meals). The opposite trend, i.e. an acceleration in the rate of increase, was recorded in the prices of transport services.

The expectations of consumers in respect of price inflation continued to show a tendency to decline. In answer to questions about the previous course of inflation, the respondents gave an average value of 11.02% (12.21% in the previous month). When asked about the expected rate of inflation in the next 12

**Slowdown in the year-on-year dynamics of services prices**

**Expectations of consumers in respect of inflation**

months, the respondents gave an average value of 10.42% (12.29% in the previous month).

<sup>1)</sup> The qualitative assessment of the future course of inflation is based on answers to the query whether consumer prices will increase in the next 12 months at a faster, slower, or unchanged rate, or will remain at the current level. Quantitative assessment means that those who say that consumer prices will increase in the next 12 months at a faster, unchanged, or slower rate than today, are asked in the next part of the question to specify the rate of acceleration or slowdown.

**CPI Inflation in February 2005**

**Consumer Price Index** Consumer prices increased in February by 0.3%, with regulated prices rising by 0.4% and the prices of core inflation components by 0.3%. The 12-month rate of overall inflation reached 2.7% (in January 3.2%) and that of core inflation 1.1% (in January 1.4%). The average 12-month inflation rate for the first two months of the year was 3.0%.

**2.2. Producer Prices in January 2005**

**Month-on-month drop in industrial producer prices for the domestic market ...** Industrial producer prices for the domestic market fell month-on-month by an average of 0.2% in January, due to a drop in the prices of industrial products (0.9%). The prices of electricity, gas, steam, and hot water increased by 0.9% and those of mineral raw materials rose by 1%.

	Previous period = 100		Same period a year earlier = 100			
	Dec. 2004	Jan. 2005	Dec. 2004	Jan. 2005	Average since the beginning of 2005	Jan. 2004
	<b>Table 3 Producer Price Developments</b>					
Industrial producer prices (for the domestic market)	-0.2	-0.2	4.3	2.8	2.8	4.4
– Prices of industrial products	-0.5	-0.9	4.9	3.6	3.6	1.6
– Prices of mineral raw materials	0.7	1.0	1.3	2.4	2.4	5.5
– Prices of electricity, gas, steam, and hot water	0.5	0.9	3.6	2.0	2.0	8.5
Industrial producer prices (for export)	-1.1	-0.9	7.6	7.1	7.1	-3.3
– Prices of industrial products	-1.1	-1.0	7.7	7.1	7.1	-3.3
Construction prices	0.1	0.4	6.2	5.8	5.8	5.4
Building materials prices	0.1	0.3	7.5	7.3	7.3	4.3
Agricultural prices	-	-	9.8	-3.4	-3.4	-0.9
– Prices of plant products	-	-	31.1	-11.6	-11.6	8.5
– Prices of animal products	-	-	-1.2	-1.7	-1.7	-2.8

Source: Statistical Office of the SR.

The prices of industrial products continued to fall on a month-on-month basis in January, with the sharpest drop being recorded in the price of refined oil products (9.1%). This trend can be attributed in part to a fall in the prices of other industrial products (1.3%) and foodstuffs (0.7%), mainly in the price of fodder cereals.

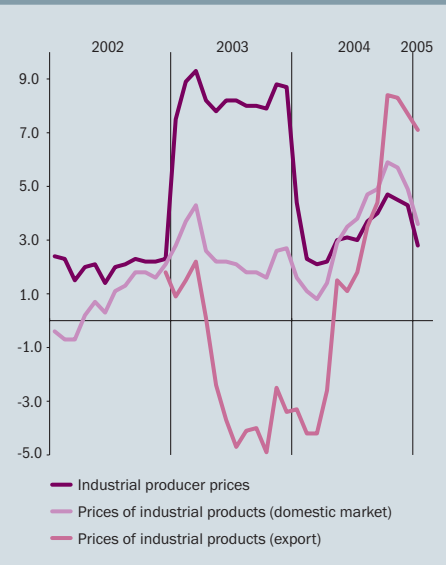
**... accompanied by a fall in year-on-year dynamics** The year-on-year rate of increase in industrial producer prices for the domestic market slowed from 4.3% in December to 2.8% in January. This was primarily due to a slower increase in the prices of industrial products (3.6% in January, compared with 4.9% in December). Electricity, gas, steam, and hot water prices showed weaker year-on-year dynamics (2% in January, compared with 3.6% in December). In January 2005, the prices of mineral raw materials recorded a year-on-year increase of 2.4%, compared with 1.3% in December 2004.

Within the structure of industrial products, prices showed different year-on-year tendencies in January. The steepest year-on-year increases were recorded in the prices of base metals and finished metal products (14.6%) and refined oil products (11.8%, compared with 22.1% in December). The sharpest year-on-year price drop occurred in January in the 'other industrial products' category (3.3%).

**Prices of industrial products for export** Compared with December, the prices of industrial products for export fell by an average of 0.9% in January, mainly due to a drop in the price of refined oil products (14.5%). Moderate drops were recorded in the prices of paper goods (1.9%), leather and leather products (1.3%), foodstuffs (0.8%), rubber and plastic goods (0.6%), and in the price of textile and textile products (0.5%). The prices of other non-metal mineral goods and machines/equipment not included in other categories also dropped, by 0.3% and 0.2% respectively. Month-on-month increases were mainly recorded in the prices of chemicals and chemical products, base metals and metal products.

On a year-on-year basis, the prices of industrial products for export rose in January 2005 by an average of 7.1% (in December by 7.7%). This was due, for the most part, to year-on-year increases in the prices of base metals and finished metal products (28.1%), refined oil products (16.4%), chemicals and chemical

**Chart 3 Developments in Industrial Producer Prices and Industrial Products Prices**  
(year-on-year change in %)



Source: Statistical Office of the SR.

goods (11.3%), electrical and optical equipment (6.9%), and leather and leather goods (4.8%). On the other hand, the sharpest year-on-year fall took place in the prices of transport vehicles (4.2%).

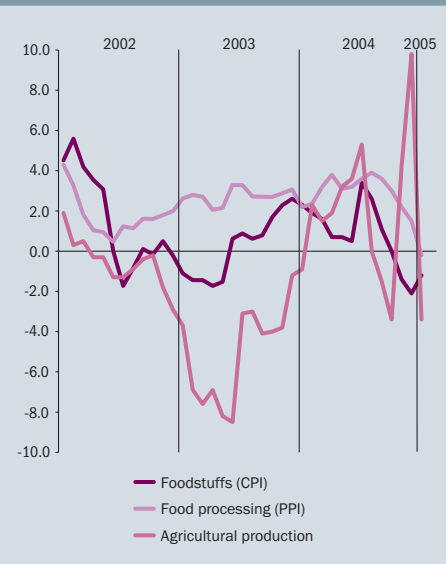
After rising markedly in December (by 9.8%), price levels in agriculture fell year-on-year by 3.4% in January, due to drops in the prices of both plant and animal products (11.6% and 1.7% respectively).

**Prices in agriculture**

The prices of plant products were affected by year-on-year drops in the prices of most products under review, especially a fall in cereal prices (14.7%). Vegetable prices dropped by 14%, the price of oil-seed and oil plants by 13.2%, fruit prices by 9.5%, unprocessed tobacco prices by 1.4%, and potato prices by 0.5%. Owing to an increase in sugar content in comparison with the same period a year earlier, the price of sugar beets rose by 71.4%.

The fall in animal products prices was connected with a drop in the price of eggs (24.4% on average). The price of poultry (live animals) also fell, by 3.9%. The prices of other animal products increased slightly. The price of pigs for slaughter rose by 2.7%, that of beef cattle by an average of 2%, and the price of non-pasteurised cow milk by 2.8%.

**Chart 4 Developments in Food Prices in Primary Production, Processing, and Consumption**  
(year-on-year change in %)



Source: Statistical Office of the SR.

The main factor behind the marked year-on-year drop in the prices of agricultural products is the persistent fall in cereal prices (14.7%), while price levels a year earlier rose year-on-year by 9.5%. A similar trend was recorded in vegetable prices (a 14% drop in January 2005, compared with a 3.3% rise in January 2004) and the price of eggs (a 24.4% drop in January 2005, compared with a 19.7% increase in January 2004).

In the long term, price inflation is apparently dampened by the effect of developments in the agricultural and food industries.

Industrial producer prices will be affected in the coming month by both domestic and external cost factors. The main external factor will be the rising price of oil, whose dynamics are expected to be stronger than the dampening effect of appreciation in the Slovak koruna vis-à-vis the USD. As an important internal cost factor, industrial producer prices will be influenced by the effect of the increase in energy prices for producers from the beginning of the year, while the prices of foodstuffs, beverages, and tobacco are expected to remain roughly at the level of the previous month in February. Therefore, a slight month-on-month increase is expected in industrial producer prices in February, which will be accompanied by a slowdown in year-on-year dynamics.

The year-on-year fall in agricultural prices is expected to continue in February, mainly due to the excess of supply over demand on the grain market (last year's cereal crop in the EU was the best in the past ten years and Slovakia also recorded a marked increase in cereal production).

**3. Factors Affecting the Course of Inflation**

The January developments in monetary aggregates deviated from the seasonal trend from the previous year, when the level of the M3 aggregate fell in the first month of the year. This was connected in particular with a marked drop in the receivables of monetary financial institutions (MFI) from the general



government (while net foreign assets were stagnant and the receivables of MFIs from other residents increased).

### 3.1. Monetary Aggregates

#### M3 Monetary Aggregate

#### Slowdown in the 12-month growth dynamics of M3

The M3 monetary aggregate (according to the methodology of the ECB) decreased in January by Sk 8.2 billion, to Sk 762.7 billion. The year-on-year rate of growth<sup>1</sup> slowed in comparison with last December by 4.6 percentage points, to 10.4%.

**Table 4 12-Month Growth Dynamics of Monetary Aggregates**

(%)

	12-month growth dynamics (Year 2004)											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec. <sup>1)</sup>
M3 monetary aggregate (ECB methodology)	6.4	9.9	6.9	11.1	8.6	14.0	5.8	11.9	13.3	13.6	12.7	15.0
- excluding the effect of repo operations <sup>2)</sup>	10.5	10.0	9.1	11.3	8.7	14.1	12.4	11.7	14.1	13.2	12.4	14.6
M3 monetary aggregate including the estimates of MMIFs in 2003 <sup>3)</sup>	6.2	9.6	6.5	10.5	7.8	13.0	4.8	10.5	11.9	12.0	11.0	13.0
- excluding the effect of repo operations <sup>2)</sup>	10.4	9.7	8.6	10.7	7.8	13.1	11.2	10.4	12.6	11.6	10.7	12.6
	12-month growth dynamics (Year 2005)											
M3 monetary aggregates (ECB methodology)	10.4											

Source: NBS and calculations based on data from the SASS.

1) Preliminary data. Definitive data compiled from annual financial statements will be available after the completion of audits at commercial banks by the end of the 2nd quarter of 2004.

2) The level of the M3 monetary aggregate in 2003 was affected by the active conduct of repo operations by commercial banks in connection with the payment of coupons on government bonds (mainly in January 2003: in the amount of Sk 24.2 billion; in March 2003: in the amount of Sk 12.9 billion; and in July 2003: in the amount of Sk 40.2 billion), as a result of which the base of the overall aggregate became volatile (since banks conducted no repo operations from October 2003 to the end of the month). For that reason, the 12-month growth rate of M3 was also monitored for analytical purposes in 2004, without the volume of repo operations being taken into account.

3) Since data on participation certificates issued by money market investment funds were not available in the reports of monetary and financial statistics in 2003, their volume was estimated on the basis of data provided by the Slovak Association of Asset Management Companies (SASS).

**Table 5 Comparison of Month-on-month Developments in Monetary Aggregates (ECB methodology)<sup>1)</sup>**

	Volume in billions of Sk <sup>2)</sup>			Year-on-year change in %	
	Jan. 2004	Dec. 2004 <sup>3)</sup>	Jan. 2005	Dec. 2004 <sup>3)</sup>	Jan. 2005
	Currency	91.7	100.5	100.5	9.4
Deposits and loans received, payable on demand	248.1	303.9	304.0	15.8	22.5
<b>M1</b>	339.7	404.4	404.5	14.2	19.1
Deposits and loans received, with an agreed maturity of up to 2 years	320.3	305.6	300.5	2.2	-6.2
Deposits redeemable at a notice period of up to 3 months	15.5	16.2	17.0	7.8	9.8
<b>M2</b>	675.5	726.2	722.0	8.7	6.9
Participation certificates of MMIFs	12.9	32.7	36.0	-	-
Repo operations	0.0	2.7	3.5	-	-
Debt securities issued for a period of up to 2 years	2.3	9.3	1.3	-	-
<b>M3</b>	690.7	770.9	762.7	15.0	10.4

Source: NBS.

1) Differences in the sums are due to rounding.

2) Volume as at the last day of the given period.

3) Preliminary data. Definitive data compiled from annual financial statements will be available after the completion of audits at commercial banks, by the end of the 2nd quarter of 2005.

<sup>1</sup> The year-on-year growth dynamics of monetary aggregates and their counterparts are calculated from end-of-month data, including non-transaction operations, which comprise all movements in balance-sheet items, resulting from changes in the valuation of tradable instruments, the depreciation/write-off of loans, exchange rate differentials, reclassification, and other changes.





The marked January fall in the 12-month dynamics of M3 is connected with the methodology that was used for compiling the monetary aggregates in 2003, when (unlike in 2004 and 2005) the participation certificates of money market investment funds (MMIF) were not yet included in the overall base of the aggregate. Thus, as a result of the lower initial base, the year-on-year growth rate of M3 was distorted in 2004. With the volume of MMIF participation certificates included in the initial base of the aggregate in 2003, the 12-month growth rate of M3 reached 13.0% in December 2004, and the January 2005 month-on-month fall was more moderate.

### Main Components of M3

M1, the most liquid monetary aggregate was stagnant in January, at the level of Sk 404.5 billion, which represented a deviation from the course of development in the previous two months, when M1 contributed most significantly to the overall growth in M3. Thus, the acceleration in the year-on-year M1 growth rate (by 4.9 percentage points) was exclusively affected by the January 2004 decrease in the aggregate (by Sk 14.5 billion).

**Acceleration in the 12-month dynamics of M1 as a result of the base effect, unchanged volume in January**

The January decrease in M3 was caused by a fall in the M2 sub-aggregate and the volume of less liquid M3 components (while M1 remained unchanged). Within the structure of M2, deposits and loans received with an agreed maturity of up to 2 years declined by Sk 5.1 billion, while the volume of deposits redeemable at a period of notice of up to 3 months increased slightly, by Sk 0.8 billion.

**Developments in M2 and the less liquid components of the M3 monetary aggregate**

The less liquid components of the M3 monetary aggregate decreased in volume by a total of Sk 4.0 billion, to Sk 40.7 billion at the end of January. This development was caused by a marked decline in the volume of securities issued with a maturity of up to 2 years (by Sk 8.0 billion), which exceeded the growth in the volume of MMIF participation certificates and repo operations.

### Main Counterparts of M3

The total volume of MFI receivables (including securities issued) from residents decreased month-on-month by Sk 7.3 billion in January, when the decrease in the volume of MFI receivables from the general government (Sk 13.8 billion) surpassed in size of the increase in MFI receivables from the 'other residents' sector (Sk 6.5 billion). Thus, the year-on-year growth dynamics of total MFI receivables from residents continued to diminish in January, a trend persisting since the 2nd half of 2004, and fell in comparison with the previous month by 2.5 percentage points, to 4.4%.

**Continued slowdown in the 12-month growth dynamics of total MFI claims (incl. securities) on residents**

**Table 6 Main Counterparts of M3 (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Jan. 2004	Dec. 2004 <sup>2)</sup>	Jan. 2005	Dec. 2004 <sup>2)</sup>	Jan. 2005
	<b>M3</b>	690.7	770.9	762.7	15.0
Receivables of MFIs from residents (incl. securities)	672.0	708.7	701.4	6.9	4.4
Receivables from the general government	291.9	295.2	281.4	8.0	-3.6
Receivables from other residents	380.1	413.5	420.0	6.1	10.5
Long-term financial liabilities (excl. capital and reserves)	105.2	98.5	98.4	-10.5	-6.5
Net foreign assets	341.5	338.1	338.7	0.6	-0.8
Other main counterparts (incl. capital and reserves)	150.9	119.4	120.6	-23.9	-20.0

Source: NBS.

1) Volume as at the last day of the given period.

2) Preliminary data. Definitive data from annual financial statements will be available after the completion of audits at commercial banks, by the end of the 2nd quarter of 2005.

The January increase in the volume of MFI receivables from other residents was mainly due to an increase in receivables from non-financial corporations (by Sk 6.0 billion, especially in short-term receivables, up to 1 year), while the volume of securities issued, other than shares and participation certificates, followed a stable course. The receivables of MFIs from households recorded a modest increase in January (Sk 1.9 billion), which took place mostly in consumer loans (an increase of Sk 1.5 billion), while housing loans and other loans grew only slightly, by Sk 0.2 billion both.

**Increase in MFI receivables from the private sector**

In January, the long-term financial liabilities of MFIs (except capital and reserves) remained roughly at the December level, thus their development deviated (after a month-on-month increase of Sk 3.8 billion in December) from the long-term trend of steady decline, persisting since the second half of 2003.

**Stagnation in long-term financial liabilities**

**Table 7 Receivables of Monetary Financial Institutions from Other Residents<sup>1)</sup>**

	Volume in billions of Sk <sup>2)</sup>			Year-on-year change in %	
	Jan. 2004	Dec. 2004 <sup>3)</sup>	Jan. 2005	Dec. 2004 <sup>3)</sup>	Jan. 2005
Receivables of MFIs (including securities)	380.1	413.5	420.0	6.1	10.5
of which: Securities other than shares and participation certificates	15.7	17.3	16.8	27.8	6.9
Receivables of MFIs (excluding securities)	364.4	396.2	403.2	5.3	10.6
Non-financial corporations	235.5	224.1	230.1	-8.5	-2.3
- up to 1 year	99.8	91.5	96.2	-5.8	-3.6
- 1 to 5 years	64.3	57.4	57.6	-13.2	-10.4
- over 5 years	71.4	75.2	76.3	-7.8	6.8
Financial corporations	35.0	44.1	43.2	16.4	23.4
Insurance companies and pension funds	0.0	0.0	0.0	597.9	28.8
Households and non-profit institutions					
serving households	93.8	128.0	129.9	36.7	38.4
- consumer loans	17.3	17.5	19.0	-5.3	9.4
- housing loans	64.6	87.6	87.8	41.8	35.8
- other loans	11.8	22.9	23.1	71.5	95.3

Source: NBS.

1) Differences in the sums are due to rounding.

2) Volume as at the last day of the given period.

3) Preliminary data. Definitive data from annual financial statements will be available after the completion of audits at commercial banks, by the end of the 2nd quarter of 2005.

Within the structure of long-term financial liabilities however, there are two persistent long-term trends: a modest increase in the volume of securities issued with a maturity of over 2 years and a decline in deposits redeemable at a period of notice of over 3 months. Thus, the deviation from the downward trend in the total long-term financial liabilities of MFIs in the last two months was determined by increases in deposits and loans received with a maturity of over 2 years in December and January, whose previous development was more or less stable.

**Developments in other counterparts of M3** Among the other counterparts of the M3 monetary aggregate, January saw a slight increase in net foreign assets (Sk 0.6 billion), which resulted from a sharper month-on-month decline in foreign liabilities (Sk 69.8 billion) than in foreign assets (Sk 69.2 billion).

### **Developments in Monetary Aggregates According to the NBS Methodology<sup>2</sup>**

**Fall in the M2 money supply (NBS methodology)** At current exchange rates, the M2 money supply (according to the methodology of the NBS) totalled Sk 773.0 billion at the end of January, representing a month-on-month fall of Sk 12.4 billion and a slowdown in year-on-year dynamics of 1.6 percentage points compared with the year-end level, to 4.7%. Within the structure of individual money supply components, the most significant drop occurred in demand deposits (mainly corporate deposits), and was accompanied by a slight decline in time deposits, while foreign-currency deposits recorded a modest increase.

### **Loans to Enterprises and Households**

**Growth in loans to enterprises and households (according to the NBS methodology)** At current exchange rates, the volume of loans to enterprises and households (according to the methodology of the NBS) increased in comparison with the beginning of the year by Sk 7.2 billion, to Sk 407.7 billion at the end of January. The year-on-year dynamics of bank lending accelerated in comparison with the year-end figure by 4 percentage points, to 10.3%.<sup>3</sup>

<sup>2</sup> In the interest of continuity with the previous publications, the National Bank of Slovakia will continue publishing in 2005 a brief analysis of developments in monetary aggregates according to the national methodology.

<sup>3</sup> The initial volume of loans to enterprises and households in 2005 was affected by a methodological change, which resulted from the ruling of the international arbitrage in Washington in the dispute between ČSOB and the Slovak Republic (since the original claim of ČSOB on Slovenská inkasná, s.r.o., had been previously registered in the table 'Monetary Survey' as a loan to enterprises). Since Slovenská inkasná was placed under bankruptcy proceedings on 6 May 1998 and its commitments were removed from the statistical records of the NBS with effect from April 1998, the statistically recorded volume of loans to enterprises in the table 'Monetary Survey' was increased by the last known





The January increase in loans to enterprises and households took place partly in koruna loans (Sk 4.1 billion) and partly in foreign-currency loans (Sk 3.1 billion). Koruna loans to households increased in volume by Sk 2.2 billion in January, in line with their long-term growing tendency.

### Fiscal Developments

At the end of January, the volume of net credit calculated from the Monetary Survey according to the national methodology (including the FNM) stood at Sk 355.2 billion (at current exchange rates), representing a decline of Sk 13.4 billion compared with the beginning of the year. This development was not affected by a change in the creditor position of the National Property Fund (FNM) vis-à-vis the banking sector, which remained at the level of Sk 3.2 billion.

**Net credit to the general government**

A downward effect on net credit to the general government was mainly exerted by a decrease in the central government's credit exposure to the banking sector (by Sk 11.2 billion) and by the current budgetary performance, which resulted in a surplus of Sk 4.3 billion at the end of January, with budget revenues totalling Sk 24.6 billion and expenditures Sk 20.3 billion. The favourable trend in public finances was also supported by an improvement in the foreign position of the government (by Sk 1.4 billion), mainly as a result of exchange rate developments.

### Current Budgetary Developments in February

On 28 February 2005, the State Budget of the SR recorded a deficit of Sk 1.1 billion. This represents an improvement in budgetary performance of almost Sk 3.3 billion compared with last February, when the budget deficit stood at Sk 4.4 billion.

**Current budgetary performance**

No Treasury-bill issue via auction or any other way was placed on the market in February.

**Primary market for SR Treasury bills**

### Investment Through Open-End Investment Funds

The net value of Sk-denominated assets held by open-end investment funds (OIFs) reached Sk 90.8 billion at the end of February. In 2005, investment in the products of non-financial corporations continued at an accelerated rate, which was also reflected in the level of the money supply. The net sales of Sk-denominated OIF assets reached Sk 6.77 billion in February and the net sales in the SR of OIF assets denominated in foreign currency amounted to Sk 142.38 million.

**Net value of assets held by open-end investment funds**

Table 8 Net Sales of Open-End Investment Funds														
(month-on-month changes in billions of Sk)														
	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	CUM.
OIF assets denominated in Slovak koruna	2004	1.3	1.5	1.8	1.3	1.8	2.4	3.0	3.1	2.6	2.5	2.3	3.0	26.7
	2005	5.2	6.8											11.9
OIF assets denominated in foreign currency	2004	0.08	0.07	0.10	0.05	0.14	0.04	0.04	0.06	0.07	0.03	0.07	0.04	0.81
	2005	0.08	0.14											0.22

Source: NBS calculations based on data from the SASS.

## 3.2. Foreign Trade

### Balance of Payments for 2004

The current account deficit has shown a growing tendency since May 2004. This was due to increases in the trade and income balance deficits, accompanied by a decrease in the surplus in current transfers. The only item to record a modest year-on-year improvement since the beginning of the year, was the services balance. The current account deficit as a share of GDP increased year-on-year, from 0.8% to 3.5%.

**Current account**

*amount of ČSOB's claim on Slovenská inkasná, in order to maintain the continuity of the time series concerned. As this claim (including interest) has become a liability for the Slovak Government under the ruling of the court, it is now monitored separately, as part of net credit to the general government, without any need for further methodological adjustments to the statistically recorded volume of loans to enterprises and households (with effect from 1 January 2005). In order to maintain the consistency of time series, loans to enterprises recorded in the table 'Monetary Survey' were revised in 2004 so that only statistically recorded loans are included, as in 2005 (excluding the claim of ČSOB on Slovenská inkasná).*



Table 9 Balance of Payments on Current Account		(Sk billions)
	January – December 2004	January – December 2003
Balance of trade	-47.0	-24.4
Exports	895.2	803.2
Imports	942.2	827.6
Services balance	9.2	8.7
Income balance	-13.2	-4.4
of which: income from investment	-29.5	-19.5
Current transfers	4.3	9.0
Current account in total	-46.7	-11.1
Current account as a share of GDP in %	-3.5	-0.8

Source: NBS and Statistical Office of the SR.

**Balance of trade** Before publishing the results of foreign trade for January 2005, the Statistical Office of the SR had repeatedly revised the export and import figures for the period from May to December. In this connection, exports were reduced by Sk 0.3 billion and imports increased by Sk 1.1 billion, which caused the trade deficit to increase by Sk 1.4 billion.

According to the January results, the year-on-year growth in imports over the 12 months under review (13.8%; corresponding to 29.8% in USD and 17.9% in EUR) exceeded the growth in exports (11.5%; 27.1% in USD and 15.5% in EUR).

**Exports** In a breakdown by commodity, stronger growth was recorded in the exports of semi-finished goods (iron, copper, aluminium, plastic, and rubber products) and raw materials (crude oil and oil from bituminous minerals) than last year. The year-on-year growth in exports in the 'machines and equipment' sub-category took place mostly in machines (automatic data processing machines, machines for individual industries, large household appliances, television sets, electrical lighting equipment, etc.), while the exports of transport vehicles declined (motor vehicles and vehicle accessories). The exports of finished products grew at a slower rate than last year. Their structure showed conflicting tendencies in agricultural and industrial products. Exports of agricultural products increased (meat, milk, sugar), whereas the exports of industrial products recorded a year-on-year decline (in furniture exports, especially the exports of seats).

**Imports** The results of foreign trade for 2004 confirm the persistent excess of import dynamics over export dynamics. Total year-on-year increases in imports took place in all four basic categories. Among raw

Chart 5 Balance of Trade and Current Account Developments, Cumulative Figures (Sk billions)

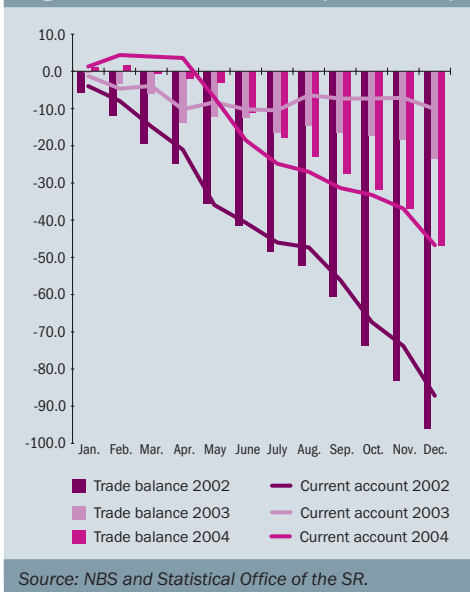


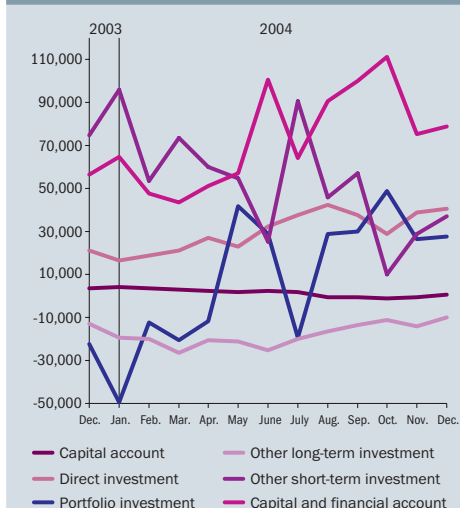
Table 10 Exports from January to December 2004, Year-on-year Change				
	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December 2004	2003	January – December 2004	2003
Raw materials	18.9	2.5	2.4	0.4
Chemicals and semi-finished goods	39.8	14.8	5.1	2.3
Machines and transport equipment	30.7	124.1	3.8	19.0
Finished products	1.9	9.8	0.2	1.5
Exports in total	91.3	151.2	11.5	23.2

Source: NBS calculations based on data from the Statistical Office of the SR.

**Table 11 Imports from January to December 2004, Year-on-year Change**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December		January – December	
	2004	2003	2004	2003
Raw materials	23.4	-0.5	2.8	-0.1
Chemicals and semi-finished goods	29.2	20.2	3.5	2.7
Machines and transport equipment	34.7	48.0	4.3	6.4
Finished products	26.3	12.0	3.2	1.6
of which: agricultural and industrial goods	17.8	2.4	2.2	0.3
automobiles	5.0	1.4	0.6	0.2
machines and electrical consumer goods	3.5	8.2	0.4	1.1
Imports in total	113.6	79.7	13.8	10.6

Source: NBS calculations based on data from the Statistical Office of the SR.

**Chart 6 Development of the Capital and Financial Account and its Components (moving cumulative figures) (Sk millions)**


Source: NBS.

materials, marked increases were recorded in oil, black coal, and iron ore imports. The year-on-year growth in the imports of chemical products and semi-finished goods was stimulated by economic growth and developments in oil prices. The year-on-year increase in finished products took place in foodstuffs (meat, milk, fruit, cooking oil) and industrial products (pharmaceuticals, footwear, furniture, toys, automobiles).

Trade in services during 2004 resulted in a surplus of Sk 9.2 billion (a year-on-year increase of Sk 0.5 billion). Receipts from the exports of services dropped by 0.5%, and payments decreased by 1.0%. The modest increase in the positive balance of services was due to growth in exports, accompanied by a decline in imports in the 'other services in total' category. Within the structure of these services, smaller shortfalls were recorded in financial, legal, accounting, consulting, and other services. The balance of transport recorded a surplus of Sk 16.0 billion (a year-on-year drop of Sk 2.8 billion). In international transport, receipts for the transit of gas decreased (owing to the appreciation of the Sk against the US dollar) and payments for air passenger service increased. Net receipts from foreign tourism reached

#### Balance of services

**Table 12 Capital and Financial Account**

(Sk billions)

	January – December 2004	January – December 2003
Capital account	0.6	3.7
Direct investment	40.6	25.6
of which: investment in the SR	26.3	37.6
of which: other than privatisation	23.4	28.0
Portfolio investment and financial derivatives	27.8	-20.0
SR abroad	-30.8	-28.2
In the SR	58.6	8.2
Other long-term investment	-10.0	-12.7
Assets	-3.0	7.1
Liabilities	-7.0	-19.8
Other short-term investment	36.7	70.7
Assets	-8.1	-9.0
Liabilities	44.8	79.7
Capital and financial account	95.7	67.3

Source: NBS.



Sk 5.0 billion, representing a year-on-year decline of Sk 5.6 billion. This was due, in equal measure, to a fall in receipts from foreign tourists and an increase in the expenses of Slovak citizens abroad.

**Income and current transfers balances** In the income balance, the expenditure side increased on a year-on-year basis as a result of dividend payments to direct investors abroad. Dividends to companies with foreign capital participation were paid in the amount of Sk 21.1 billion, representing a year-on-year increase of almost Sk 15.0 billion. The positive balance of current transfers recorded a year-on-year decline, mainly as a result of smaller income from transfers among legal entities and the excess of contributions paid to the EU budget over contributions received from EU funds.

**Capital and financial account** The inflow of funds in the capital and financial account reached Sk 95.7 billion. The year-on-year increase (42.2%) took place mostly in income from direct and portfolio investments.

**Foreign direct investment** The inflow of foreign capital into the SR (in net terms) totalled Sk 26.3 billion, which was 30.1% less than the figure for the same period a year earlier. Apart from lower income from privatisation, the decline in capital inflow can be attributed to the purchase of shares issued by domestic entities from foreign investors. Foreign direct investment took place largely in the form of increases in the ownership interests of foreign investors in industrial production (the production of coke, refined oil products, motor vehicles, machines, rubber and plastic goods) and in trade and business services.

**Portfolio investment** The inflow of funds in the area of portfolio investment was stimulated by the activities of the government. Bond issues on foreign markets and purchases of Sk-denominated government bonds by non-residents generated a capital inflow of over Sk 50.0 billion. On the assets side, the corporate sector invested more and more of its free funds in the purchase of foreign bonds.

**Other investments** The outflow of funds within the scope of other investments took place mostly in the long-term liabilities of the corporate sector (excess of repayments over drawings of financial credits). The increased outflow of long-term capital from the corporate sector was partly offset by an inflow of funds into the banking sector via the drawing of long-term loans.

The inflow of short-term capital was a result of increased inflows of short-term funds into the banking sector. Commercial banks increased the volume of short-term deposits and loans from non-residents. The net inflow of capital via the banking sector (including the koruna positions of non-residents) totalled Sk 74.2 billion. The corporate sector used mostly commercial loans, while the volume of export credits provided exceeded the inflow of funds through import credits received. The corporate sector recorded a capital outflow of Sk 8.5 billion. The outflow of funds from the government sector, including the NBS (totalling Sk 28.9 billion in 2004), was a result of repo operations conducted within the scope of foreign exchange reserve management by the NBS.

**Foreign exchange reserves of the NBS** The foreign exchange reserves of the NBS increased by Sk 55.2 billion, i.e. USD 1.7 billion (excluding exchange rate differentials).

The decrease in the net foreign assets of the banking sector was mainly caused by the sale of foreign currency to the Central Bank.

**Table 13 Balance of Payments Adjusted for the Activities of the Government and the NBS**  
(Sk billions)

	January – December 2004	
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>
Current account	-46.7	-42.9
Capital and financial account	95.7	39.4
of which: FDI in Slovakia – capital participation	26.3	23.4
Items not included elsewhere	6.2	6.2
Interventions by the NBS <sup>3)</sup>	-	-68.6
Change in the net foreign assets of commercial banks (- increase)	-	65.9
Change in NBS reserves (- increase)	-55.2	-

Source: NBS.

1) Original balance of payments structure, i.e. effect of receipts and payments on NBS reserves.

2) Adjusted for the effects of activities of the Government and the NBS, which do not affect the positions of commercial banks vis-à-vis non-residents and do not qualify as a source of finance for the current account.

3) In the original structure of the balance of payments, interventions were included in the foreign exchange reserves of the NBS.



	2004	2003
Corporate sector	6.9	-1.0
Banking sector	63.0	39.0
of which: short-term liabilities	66.7	43.0
Government sector, including the NBS	25.8	29.3
of which: government bonds in SKK	32.6	3.4
Total	95.7	67.3

Source: NBS.

### Breakdown of the Capital and Financial Account by Sector

In a breakdown by sector, most funds were found in the banking sector, which was connected with the inflow of short-term capital aimed at profiting from the expected appreciation of the exchange rate. In commercial banks, the volume of short-term deposits and loans received from non-residents (in Sk and foreign currency) increased by Sk 23.7 billion on a year-on-year basis. The government sector (including the NBS) saw increased purchases of bonds issued on foreign markets and Sk-denominated government bonds on the part of non-residents. The net inflow of funds via investment in this form reached Sk 32.6 billion and increased year-on-year by Sk 29.2 billion.

### External Debt of Slovakia at 31 December 2004

On 31 December 2004, the total gross external debt of the SR stood at USD 23.695 billion (EUR 17.404 billion), representing an increase of USD 5,604.5 million (EUR 2,935.7 million) compared with the beginning of the year.

### Gross external debt

Total long-term and short-term foreign debt increased by USD 3,008.7 million and USD 2,595.8 million respectively. The year-on-year increase in Slovakia's external debt (USD 5,604.5 million) was substantially affected by the EUR/USD cross-rate, which appreciated from 1.250 (1 January 2004) to 1.361 (31 December 2004).

Within the scope of long-term liabilities, the period under review saw an increase in the long-term liabilities of the Government and the NBS (by USD 2,298.2 million), caused mainly by a bond issue abroad by the Ministry of Finance in the amount of EUR 1 billion in May 2004 (USD 1,361 million) and a year-on-year increase in the volume of Sk-denominated government bonds (by USD 1,108.3 million). Entrepreneurial entities recorded an increase in long-term foreign liabilities (USD 537.5 million) as a result of borrowings. In the same period, the long-term foreign liabilities of commercial banks recorded only a modest increase.

	In millions of USD		In millions of EUR	
	1.1.2004	31.12.2004 <sup>(p)</sup>	1.1.2004	31.12.2004 <sup>(p)</sup>
Total external debt of the SR	18,090.2	23,694.8	14,468.3	17,404.0
Long-term external debt	10,308.2	13,317.0	8,244.4	9,781.4
Government and NBS <sup>1)</sup>	4,347.7	6,645.9	3,477.2	4,881.5
Commercial banks	323.1	496.3	258.4	364.5
Entrepreneurial entities	5,637.4	6,174.8	4,508.7	4,535.4
Short-term external debt	7,782.0	10,377.8	6,223.9	7,622.6
Government and the NBS	915.5	209.3	732.2	153.8
Commercial banks	2,738.6	5,378.6	2,190.3	3,950.6
Entrepreneurial entities	4,127.9	4,789.9	3,301.4	3,518.2
Foreign assets	18,907.5	23,349.5	15,122.0	17,150.4
Net external debt	-817.3	345.3	-653.7	253.6
SKK/USD and SKK/EUR rates:	32.920	28.496	41.161	38.796
EUR/USD cross exchange rate:	1.250	1.361	-	-

Source: NBS.  
1) Including government agencies and municipalities.



In the banking sector, the steepest year-on-year increase in short-term foreign liabilities was reported by commercial banks (USD 2,640 million), and took place mostly in the 'cash and deposits' category. The other short-term liabilities of commercial banks decreased over the period under review by USD 435.1 million. The short-term liabilities of entrepreneurial entities increased year-on-year by USD 662 million, mainly as a result of trade credits and borrowings.

**Per-capita gross foreign debt** At the end of December 2004, Slovakia's per-capita gross foreign debt stood at USD 4,405, compared with USD 3,363 on 1 January 2004. The share of short-term debt in the country's total gross external debt increased slightly over the past twelve months, to 43.80%, from 43.02% on 1 January 2004.

**Net external debt** The net external debt of Slovakia – expressed as the difference between gross foreign debt, i.e. USD 23.695 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 22.350 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 345.3 million (debtor position) at the end of December 2004. On 1 January 2004, the Slovak Republic was in a creditor position, with net foreign debt amounting to USD -817.3 million.

### Current Developments

In January, Slovakia's foreign trade produced a deficit of Sk 0.6 billion, representing a year-on-year increase of Sk 1.7 billion. The January current account resulted in a deficit of Sk 3.0 billion, corresponding to an increase of Sk 4.4 billion on a year-on-year basis. The year-on-year increase in the deficit was caused by a deterioration in the trade and current transfers balances.

#### Box 2 Methodological Note to the Compilation of the Balance of Payments

Two changes have been made in the methodology for compiling the balance of payments on current account with effect from 2005. The change in the methodology for calculating the compensation of employees will affect the balance of income (income from employee compensation will be increased by social contributions paid in the host country) and current transfers (social contributions will be included in the payments of current transfers). This change will have no effect on the overall level of the current account. The second change in comparison with the previous year will be the reporting of reinvested earnings in the balance of income. Although the inclusion of reinvested earnings in the balance of income will mean an increase in the current account deficit, it will exert no pressure for an external imbalance since it will have a counterpart in foreign direct investment.

**Table 16 Balance of Payments on Current Account**

(Sk billions)

	January 2005	January 2004
Balance of trade	-0.6	1.1
Exports	67.6	60.6
Imports	68.2	59.5
Balance of services	1.0	0.1
Balance of transfers	0.1	-0.3
of which: income from investment	-2.5	-1.3
of which: reinvested earnings	-2.4	0.0
Current transfers	-3.5	0.5
Current transfers in total	-3.0	1.4

Source: NBS and Statistical Office of the SR.

**Balance of trade** In comparison with the same period a year earlier, exports grew in January by 10.6% (21.6% in USD and 16.7% in EUR) and imports by 13.4% (24.7% in USD and 19.6% in EUR).

The trade balance is expected to deteriorate further on a year-on-year basis in February, with increases in both exports and imports. The increases in exports and imports in comparison with January are expected to be stimulated by accelerated growth in the automobile industry. In imports, increases are expected in the imports of automobile components, goods for final consumption, and machines.

The expected faster month-on-month growth in imports than in exports in the coming months, which may be supported by the appreciation of the Slovak koruna, will lead to a further deterioration in the 12-month moving cumulative balance of trade.



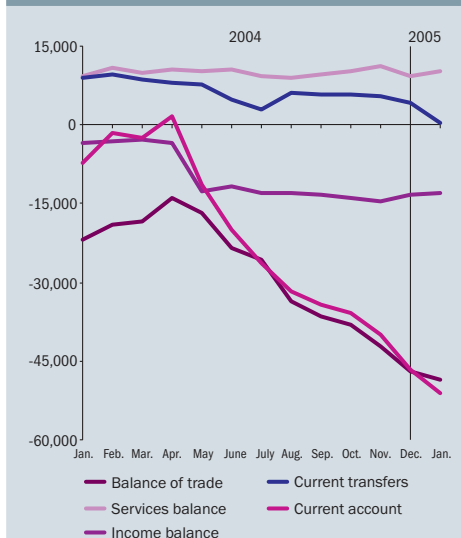


**Table 17 Monthly Data on the Current Account by Component (Sk billions)**

	2004												2005
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	
Balance of trade	1.0	0.6	-2.3	-1.4	-0.9	-8.1	-6.7	-5.3	-4.6	-4.0	-5.5	-9.8	-0.6
Services balance	0.1	0.8	1.2	1.7	-0.3	0.9	1.4	-1.1	1.5	1.2	1.3	0.6	1.0
Income balance	-0.3	0.7	0.1	-1.2	-10.0	-2.1	-0.6	0.9	-1.4	0.3	0.2	0.0	0.1
Current transfers	0.5	1.0	0.7	0.4	0.5	-2.1	-0.6	3.4	0.1	0.7	0.2	-0.6	-3.5
Current account	1.3	3.1	-0.3	-0.5	-10.7	-11.4	-6.5	-2.1	-4.4	-1.8	-3.8	-9.8	-3.0

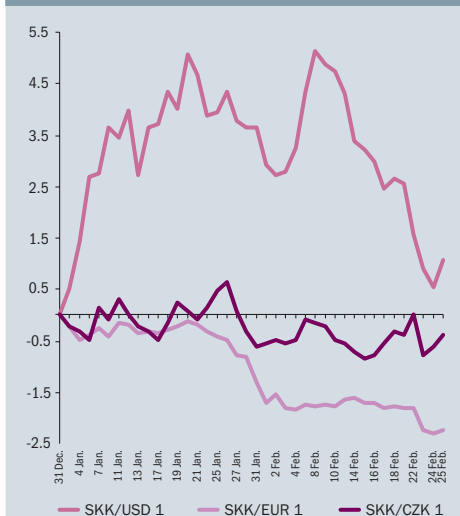
Source: NBS and Statistical Office of the SR.

**Chart 7 Balance of Trade and Current Account Developments (cumulative figures) (mil. Sk)**



Source: NBS and Statistical Office of the SR.

**Chart 8 Changes in the Exchange Rate of the Slovak Koruna (compared with 31.12.2004, in %)**



Source: NBS.

Note: + depreciation, - appreciation.

**Chart 9 Year-on-year Dynamics of the NEER and REER Indices (based on CPI, PPI, and PPI manufacturing, for 9 trading partners, in %)**



Source: NBS.

At the end of February, the total foreign exchange reserves of the NBS stood at USD 17,218.5 million, representing a month-on-month increase of USD 2,407.3 million. The increase in reserves in comparison with the end-of-January level was due to a surplus in the balance of receipts and expenses (USD 2,274.8 million), generated mostly by an inflow of funds from NBS interventions in the foreign exchange market. The level of reserves was also raised somewhat by positive exchange rate differentials (USD 132.5 million), resulting from changes in the USD/EUR cross-rate in the period under review. At the end of the month, the volume of foreign exchange reserves was 6.5 times greater than the volume of monthly imports of goods and services to Slovakia in January 2005.

**Total foreign exchange reserves of the NBS**

February saw an increase in the rate of appreciation of the Slovak koruna against the reference currency (euro). The exchange rate of the koruna also strengthened in relation to the currencies of Slovakia's main trading partners. The average monthly exchange rate of the koruna against the euro appreciated in comparison with January (by 1.5%), as well as in relation to the US dollar and the Czech koruna (by 0.3% and 0.5% respectively).

**Nominal effective exchange rate of the Slovak koruna (NEER)**



In February, the 12-month appreciation of the SKK/EUR rate accelerated to 6.2% (from 5.2% in January), while the appreciation of the SKK/USD rate slowed slightly, to 8.8% (from 9.1%) and the depreciation of the SKK/CZK rate increased to 2.8% (from 2.3%). After diminishing in January, the 12-month dynamics of the nominal effective exchange rate (NEER)<sup>4</sup> again increased in February, to 4.2% (from 3.9% in January).

**Real effective exchange rate of the Slovak koruna (REER)**

The year-on-year dynamics of the real effective exchange rate (REER) diminished in January in all variants of calculation under consideration, to the lowest level since 2003. With the impact of regulated price adjustments having faded away, this development is most apparent in the case of the variant based on the CPI, where the 12-month rate of appreciation in the REER fell to 5.3% (from 8.3% in December), the same rate based on the PPI to 2.1% (from 4.1%), and that based on PPI manufacturing dropped to 2.9% (from 4.7%).

**Table 18 Year-on-Year Dynamics of the NEER and REER Indices (12-month changes, in %)**

For 9 partners, based on the deflator:	NEER	REER CPI	REER PPI	REER PPI manuf.	REER ULC
2002	2.1	4.1	3.6	3.4	3.4
2003	3.2	11.3	10.8	4.7	7.3
2004	4.7	8.3	4.1	4.7	7.7 <sup>3)</sup>
January 2005 <sup>1) / 2)</sup>	0.9 / 3.9	2.4 / 5.3	1.9 / 2.1	-0.6 / 2.9	.
February 2005 <sup>1) / 2)</sup>	1.7 / 4.2	.	.	.	.

Source: NBS.  
 1) Cumulative change since the beginning of 2005.  
 2) On a year-on-year basis.  
 3) Year-on-year change (Q3, 2004 / Q3, 2003) based on quarterly data.

### 3.3. Real Economy

#### Development of the Real Economy in 2004

##### Gross Domestic Product

**Real economic growth by 5.5%**

In 2004, gross domestic product increased year-on-year by 5.5% in real terms (according to preliminary data from the Statistical Office of the SR), representing the fastest rate of growth in the past eight years. In comparison with 2003, the rate of economic growth accelerated by 1 percentage point. In terms of use, the growth in GDP was connected with an increase in both domestic and foreign demand, and was generated mostly in financial mediating, construction, industry, and trade. The nominal volume of GDP created over the period under review amounted to Sk 1,325.5 billion, which was 10.3% more than a year earlier.

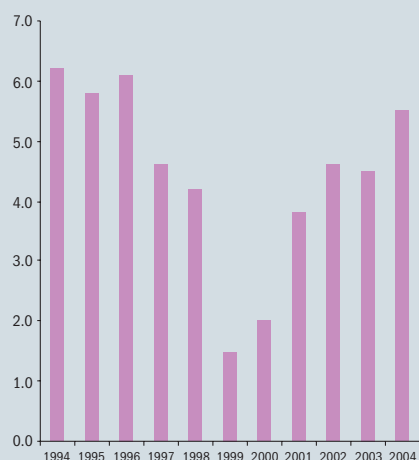
Although the rate of GDP growth had been maintained at a relatively high level (5.4%) over the previous four quarters, the rate of economic growth accelerated still further in the fourth quarter of 2004. It reached 5.8%, and represented the fastest growth since the second quarter of 1998. The strengthening of the position of the last quarter in the current year has become a long-term trend. This is a result of restructuring and privatisation, including the effect of foreign direct investment in certain industrial sectors (especially in the production of machines, electrical equipment, and transport vehicles) and in certain services (mainly in trade, transport, and telecommunications). In these sectors, the growth in added value accelerated first and foremost in the last quarter.

##### Demand

In terms of demand, the structure of GDP growth has undergone a gradual change. In 2004, the Slovak economy maintained its growing tendency owing to a revival in domestic demand, which grew by 5.5% after being stagnant for a year. Although foreign demand increased by as much as 11.4%, its dynamics

<sup>4</sup> The methodology applied for calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER) is the same one used by the IMF. The REER is calculated on the basis of the consumer price index (CPI), the industrial producer price index (PPI), and/or the industrial products price index, excluding the prices of mineral raw materials, electricity, gas, steam, and hot water (PPI manufacturing). The initial year for the calculation is 1999, and the weights selected correspond to the structure of foreign trade in 1999, for the nine most important trading partners of Slovakia, representing roughly 70% of the total turnover of foreign trade. These countries are Germany, the Czech Republic, Italy, Austria, France, the Netherlands, the USA, Great Britain, and Switzerland.

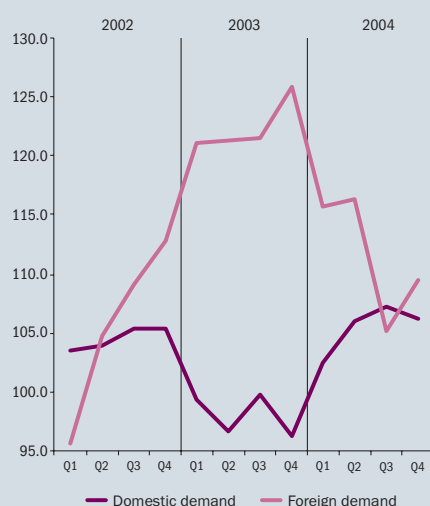


**Chart 10 Development of Real GDP  
(year-on-year growth in %)**


Source: Statistical Office of the SR.

**Chart 11 Development of Real GDP  
by Quarter (year-on-year growth in %)**


Source: Statistical Office of the SR.

**Chart 12 Development of Domestic  
and Foreign Demand  
(year-on-year change in %)**


Source: Statistical Office of the SR.

weakened by almost 50% in comparison with 2003, when economic growth was driven exclusively by foreign demand. The effect of domestic demand on GDP increased, from the first quarter of 2004, in parallel with the weakening growth in the exports of goods and services, which led to growth in domestic and foreign demand at virtually balanced rates at the end of the year.

Domestic demand showed accelerated growth as a result of investment demand. After declining considerably in the previous year, gross capital formation increased by 13.1% at constant prices. Domestic demand followed a growing trend during the year, from 4.4% in the first quarter to 18.4% in the fourth quarter. After a period a stagnation in the previous year, the consumption component of domestic demand recorded a moderate acceleration. The renewed growth in consumer demand (1.7% in the first quarter) accelerated to 3.4% over the next two quarters. In the last quarter, the rate of growth slowed to 3.0%, in line with the usual trend of development. The growth in final consumption at constant prices (2.9%) remained below the overall rate of GDP growth during the year.

**Accelerated growth  
in domestic demand**

**Table 19 Development of GDP by Use**

(index, same period a year earlier = 100, const. 1995 prices)

	2003	Q1 04	Q2 04	Q3 04	Q4 04	2004
	2002	Q1 03	Q2 03	Q3 03	Q4 03	2003
Gross domestic product	104.5	105.4	105.5	105.3	105.8	105.5
Domestic demand	98.0	102.4	105.9	107.3	106.1	105.5
Final consumption	100.3	101.7	103.4	103.4	103.0	102.9
Households	99.2	103.0	102.8	103.7	104.3	103.5
General government <sup>1)</sup>	102.7	97.4	104.7	102.6	100.2	101.2
Non-profit institutions serving households	110.9	104.2	105.8	105.9	107.2	105.8
Gross capital formation	91.8	104.4	112.5	116.9	118.4	113.1
Gross fixed capital formation	98.5	100.9	103.5	105.5	100.1	102.5
Exports of goods and services	122.5	115.8	116.4	105.1	109.5	111.4
Imports of goods and services	113.6	112.0	117.0	109.6	112.3	112.7

Source: Statistical Office of the SR.

1) Data on final consumption in general government (3rd and 4th quarters of 2004) are based on the estimates of the Statistical Office of the SR.



**Dynamic investment demand** The dynamic growth in gross capital was primarily due to a record increase in the volume of inventories (Sk 18.6 billion at constant prices) and a steadily accelerating growth in fixed investments. In terms of volume, the positive increase in inventories was comparable only with the figure from 1996 (Sk 15.2 billion), when the rapid economic growth was connected with macroeconomic imbalances. The growth in inventories in 2004 was concentrated mostly in materials and goods inventories, which was connected with the growing trend in the economy and the consequent upturn in investment in machinery and construction. The volume of work-in-progress was stagnant, which indicates that domestic production was satisfactorily realised on both domestic and foreign markets. Inventories were also affected by the volume of imports for investment, a substantial part of which can be registered as goods; they will become fixed capital only after the investment process is completed.

Fixed investments increased by 2.5% at constant prices, mainly due to the investment activity of non-financial corporations. For the acquisition of gross fixed capital, the non-financial corporations sector spent 5.5% more than a year earlier, owing to its positive financial results. The investment activity of financial corporations was at a standstill. Investment in public administration remained below the level of the previous year, even though developments during the first half of the year indicated an upturn in investment activity in the public sector. At constant prices, fewer fixed investments (including residential buildings) were also recorded in the household sector, in an environment of increased bank lending for housing purposes. The investment activities of non-profit organisations increased substantially, but the creation of fixed investments remained virtually unaffected as a whole (due to the small proportion of investments).

Gross fixed capital formation was mainly affected by an increase in the creation of new fixed assets (0.8%). At the same time, the year-on-year dynamics of the acquisition of used long-term property accelerated substantially (by 53.5%). The contribution of used long-term property acquired to the growth in assets increased from approximately 7% in 2003 to 10% in 2004. Such a change in preferences was recorded in all sectors of the domestic economy. Part of the increase in used long-term assets was probably generated by imports.

Investment in machines, mainly in metal products and machines, significantly contributed to the total increase in gross fixed capital formation. Investment in buildings declined, mainly as a result of reduced investment allocation for the construction of other structures, including public utilities.

**Modest growth in final consumption** Growth in final consumption was mainly stimulated by private consumption, but a significant increase was also generated by non-profit institutions serving households. Final consumption in public administration only slightly exceeded the level of the previous year, which was due to fiscal discipline in institutions financed through the State Budget and the relatively slow rate of average wage growth in the public sector. The increase in consumption in non-profit institutions and the slower rate of growth in public consumption are connected with the transformation of selected public sector entities into non-profit organisations, which render services for households.

**Table 20 Structure of Gross Fixed Capital Formation in 2004<sup>1)</sup>**

	Gross fixed capital formation (Sk millions)	Share (%)	Index 2004 2003
Economy of the SR in total	327,226	100.0	102.5
<b>of which (by production):</b>			
Buildings	105,643	32.3	90.9
of which: residential buildings	20,123	6.1	93.4
other buildings	85,520	26.1	90.3
Machines	200,119	61.2	109.7
of which: metal goods and machines	148,728	45.5	110.6
transport equipment	51,391	15.7	107.2
<b>of which (by sector):</b>			
Non-financial corporations	198,944	60.8	105.5
Financial corporations	44,888	13.7	100.6
General government	30,572	9.3	96.5
Households	52,011	15.9	96.9
Non-profit institutions	811	0.2	128.9

Source: Statistical Office of the SR.

1) Volumes and proportions are at current prices. indices at constant prices.

**Chart 13 Developments in Final Household Consumption, Inflation, and Real Wages (year-on-year development in %)**



Source: Statistical Office of the SR.

After falling in 2003 (by 0.8%), final consumption in the household sector increased by 3.5% at constant prices. The renewed and relatively balanced growth in private consumption in the first two quarters (up to 3%) increased to 4% in the second half of the year. The growth in private consumption, however, still lagged behind the rate of growth achieved before the imposition of administrative restrictions on demand in 2003.

**Renewed growth in private consumption**

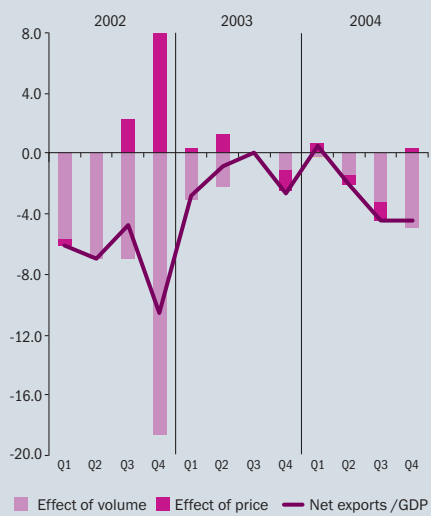
Conditions for the revival of real growth in private consumption were created mainly by the growth in real wages, stimulated by an increase in nominal wages and a fall in inflation. Another factor in the growth in private consumption was a reduction in the tax burden on current household incomes, coupled with the effect of continuing growth in the propensity of households to consume. As a result of reduced tax rates for income from employment, small business activity, and property, the disposable income of households achieved the fastest rate of growth in the last five years. The dynamic growth in disposable income created adequate conditions for a revival of growth in both consumption and saving.

However, the division of disposable income into consumption and gross savings indicates that the propensity of households to consume increased. The increase in the tendency to consume in 2004 was no longer forced by a shortage of disposable income in the sector as in the previous year, but by certain inert factors. These factors include an upturn in consumption after forced restrictions in 2003, the restitution of property from other sectors to the household sector, and the sale of property to other sectors (the sale of land to the non-financial corporations sector or the general government for capital construction). Within the structure of private consumption, the steepest increases were recorded in expenses on health services (29.1%) and furniture, household appliances, and standard household maintenance services (19.5%).

The exports and imports of goods and services achieved two-digit growth. Imports showed somewhat stronger dynamics than exports, which led to a deterioration in the balance of trade on a year-on-year basis. In nominal terms, net exports resulted in a deficit of Sk 35.6 billion (Sk 17.9 billion in 2003). With price developments on foreign markets taken into account, net exports at constant prices generated a surplus of Sk 14.3 billion (Sk 20.7 billion in 2003).

**Negative contribution of net exports**

**Chart 14 Contribution of Net Exports to GDP (at current prices) (%)**



Source: Statistical Office of the SR.

**Chart 15 Export Performance and Import Intensity (%)**



Source: Statistical Office of the SR.



**Table 21 Impact of Price and Volume on Exports and Imports<sup>1)</sup>**

	2003 Year	Q1	Q2	2004		Year
				Q3	Q4	
Exports of goods and services (year-on-year growth in %, at current prices)	18.4	12.4	15.2	2.0	7.6	9.1
Impact of volume (in % points)	22.5	15.8	16.4	5.1	9.5	11.4
Impact of price (in % points)	-4.1	-3.4	-1.2	-3.0	-1.9	-2.4
Imports of goods and services (year-on-year growth in %, at current prices)	9.8	7.8	16.9	8.2	10.1	10.8
Impact of volume (in % points)	13.6	12.0	17.0	9.6	12.3	12.7
Impact of price (in % points)	-3.8	-4.2	0.0	-1.4	-2.1	-1.9
Net exports as a share of GDP (share in %, at current prices)	-1.5	0.5	-2.1	-4.4	-4.4	-2.7
Impact of volume (in % points)	-1.6	-0.2	-1.4	-3.3	-4.8	-2.5
Impact of price (in % points)	0.1	0.7	-0.7	-1.1	0.4	-0.2

Source: NBS calculations based on data from the Statistical Office of the SR.  
1) The differences in the subtotals are due to rounding.

The deficit increased in nominal terms and the surplus decreased in real terms as a result of a marked slowdown in the dynamics of exports (from 22.5% in 2003 to 11.4% in 2004) and a minor slowdown in the growth rate of imports (from 13.6% to 12.7%). The reduction in export dynamics was the probable cause for the slowdown in the rate of growth in imports for export-oriented production. However, the dynamics of imports of goods and services for the coverage of domestic consumer and investment demand remained unchanged and led, inter alia, to a marked growth in supplies in the economy. In the period under review, there was an identifiable relationship between the imports of transport vehicles and machines for the metallurgical, engineering, chemical, glass, and building materials industries on the one hand and increased investment in machines in the Slovak economy on the other. Hence the maintenance of a relatively high rate of growth in imports was closely connected with the accelerated growth in domestic demand.

Exchange rate developments and other price factors on foreign markets led to a year-on-year decrease in the export and import deflators. The prices of exported goods and services, denominated in domestic currency, fell more significantly (-2.1%) than the prices of goods and services imported from abroad (-1.7%). The realisation prices of exporters on foreign markets dropped to a greater extent than the prices of imported products, which probably affected the extent of reduction in the costs of producers and exporters. The deflator of imported foreign supply also had a favourable effect on price levels on the domestic consumer market.

**Table 22 Contributions to GDP Creation<sup>1)</sup>** (percentage points, constant 1995 prices)

	2003 2002	Q1 04 Q1 03	Q2 04 Q2 03	Q3 04 Q3 03	Q4 04 Q4 03	2004 2003
Gross domestic product	4.5	5.4	5.5	5.3	5.8	5.5
Domestic demand	-2.1	2.3	5.6	7.0	6.1	5.4
Final consumption	0.2	1.2	2.3	2.4	2.3	2.1
Households	-0.4	1.6	1.4	1.8	2.2	1.8
General government	0.6	-0.5	0.8	0.5	0.0	0.2
Non-profit institutions serving households	0.1	0.0	0.1	0.1	0.1	0.1
Gross capital formation	-2.3	1.1	3.3	4.7	3.8	3.3
Gross fixed capital formation	-0.4	0.2	0.9	1.3	0.0	0.6
Change in inventories	-1.9	0.9	2.4	3.3	3.7	2.6
Net exports	6.5	3.5	0.0	-3.7	-2.6	-0.8
Exports of goods and services	17.7	13.8	14.8	4.7	9.4	10.6
Imports of goods and services	11.2	10.3	14.9	8.4	12.0	11.4
Statistical discrepancy	0.0	-0.5	-0.1	2.0	2.3	1.0

Source: NBS calculations based on data from the Statistical Office of the SR.  
1) Calculated from GDP figures (in millions of Sk), the values of net exports and GDP are reduced by the imports of goods and services; the differences in the subtotals are due to rounding.



The Slovak economy maintained a relatively high export performance (76.8% at current prices), though it was 0.9 of a percentage point lower than in 2003. Import intensity reached 79.5% and was 0.3 of a percentage point higher than a year earlier. The openness of the Slovak economy, expressed in terms of the ratio of exports and imports of goods and services to nominal GDP, stood at 156.9%.

Foreign trading over the course of 2004 resulted in a negative contribution of 0.8 of a percentage point to GDP by net exports. Domestic demand contributed 5.4 percentage points to the rate of GDP growth. The difference between this figure and the final rate (5.5%) represented a statistical discrepancy.

### Supply

The real GDP growth was connected with an increase in added value in financial mediation (30.1%), construction (11.8%), industry (11.5%), trade (11.3%), as well as in agriculture, including forestry and fishing, real estate, and other business activities. The creation of added value declined most significantly in non-market services, which are in the process of restructuring (health care, education, public administration, and defence). Declines were also recorded in hotels and restaurants.

### GDP creation

The growth in added value in financial mediation was a consequence of improvement in the banking sector's effectiveness subsequent to restructuring and privatisation. Within the scope of services, added value also increased in wholesale trade, retail trade, and the repair of vehicles and consumer goods. The renewed growth in added value in this sector was a reaction to the revival in consumer demand in the household sector.

The dynamic growth in added value in industry was a result of an upturn in manufacturing production and was also supported by electricity, gas, and water supply. In manufacturing, the growth in added value accelerated in the production of chemicals, oil and rubber products, machines, electrical equipment, transport vehicles, metals and metal goods. Developments in electricity, gas, and water supply were mainly connected with the supply of energy for the accelerating growth in production, including export-oriented production, and with the extended offer of services by economic entities in the post-privatisation period.

### Wages

In 2004, the average monthly nominal wage in the Slovak economy increased year-on-year by 10.2%, to Sk 15,825, representing an acceleration of 3.9 percentage points compared with the previous year. The dynamics of wage growth in the individual quarters differed. After accelerating significantly in the first quarter (11.2%), wage growth slowed in the second and third quarters, before accelerating again in the fourth quarter (to 11.0%). In the non-financial sector, nominal wage growth culminated in the

### Accelerated growth in nominal wages

Table 23 GDP Development by Sector<sup>1)</sup>

(index, same period a year earlier = 100, const. 1995 prices)

	2003	Q1 04	Q2 04	Q3 04	Q4 04	2004
	2002	Q1 03	Q2 03	Q3 03	Q4 03	2003
Gross domestic product	104.5	105.4	105.5	105.3	105.8	105.5
of which:						
Agriculture, forestry, and fishing	104.7	100.3	112.5	113.6	110.1	109.6
Industry in total	109.1	107.3	109.1	117.0	112.7	111.5
of which:						
Manufacturing	106.1	103.1	110.0	119.3	114.8	111.9
Electricity, gas, and water supply	150.7	135.0	102.4	101.3	95.3	111.3
Construction	106.8	109.4	104.9	122.5	110.4	111.8
Services in total	103.6	98.8	103.0	104.0	105.6	103.0
of which:						
Wholesale and retail trade, repairs	104.3	114.0	108.3	108.1	117.1	111.3
Financial mediation	112.7	138.2	133.4	163.1	95.2	130.1
Real estate, leasing, and business activities	97.1	104.8	114.4	109.8	104.9	108.3
Public administration, defence, social security	104.7	94.6	93.1	84.7	102.4	93.8
Other <sup>2)</sup>	95.9	156.5	107.5	66.6	81.9	98.5

Source: Statistical Office of the SR.

1) Revised data, based on the 2002 national account, and updated data from quarterly accounts since Q1, 2002.

2) Value added tax, excise duty, import tax, minus subsidies, and imputed production of banking services.



Table 24 GDP Development by Sector		(contributions to growth, in percentage points)				
	2003	Q1 04	Q2 04	Q3 04	Q4 04	2004
	2002	Q1 03	Q2 03	Q3 03	Q4 03	2003
Gross domestic product (in %)	4.5	5.4	5.5	5.3	5.8	5.5
of which:						
Agriculture, forestry, and fishing	0.2	0.0	0.6	0.8	0.4	0.5
Industry in total	2.3	2.1	2.4	4.2	3.3	3.0
of which:						
Manufacturing	1.4	0.7	2.3	4.2	3.4	2.7
Electricity, gas, and water supply	1.0	1.4	0.1	0.0	-0.1	0.3
Construction	0.2	0.3	0.2	0.8	0.4	0.4
Services in total	2.1	-0.7	1.7	2.3	3.2	1.7
of which:						
Wholesale and retail trade, repairs	0.6	1.5	1.2	1.2	2.0	1.5
Financial mediation	0.6	2.0	1.5	2.5	-0.3	1.4
Real estate, leasing, and business activities	-0.3	0.5	1.3	1.1	0.6	0.9
Public administration, defence, social security	0.4	-0.4	-0.5	-1.3	0.2	-0.5
Other	-0.4	3.6	0.7	-2.8	-1.6	-0.1

Source: NBS calculations based on data from the Statistical Office of the SR.

fourth quarter in electricity, gas, and water supply, construction, and trade, which was connected with the low basis of comparison in the same period a year earlier and with the favourable financial situation of entrepreneurial entities doing business in these areas. In the public sector, nominal wage growth accelerated towards the end of the year in education and health care, which was probably connected with a further decrease in the number of employees.

**Accelerated wage growth in most sectors**

In 2004, average monthly nominal wages increased in all sectors of the national economy in comparison with 2003 and their year-on-year dynamics accelerated in most sectors. Compared with 2003, accelerated wage growth was recorded in financial mediation (13.7%); electricity, gas, and water supply (13.5%); trade and repairs (11.9%), and in agriculture, hunting, and forestry (11.6%), which still recorded the lowest average nominal wage among the sectors. The slowest wage growth was recorded in health and social services (3.5%), hotels and restaurants (4.5%), and in education (7.6%). In other sectors, wages grew at a rate of approximately 9 to 10%.

In a breakdown by sector, the strongest growth in average nominal wages was recorded in the corporate sector, in companies with 20 or more employees (12.5%, to Sk 18,296), budgetary organisations (9.2%, to Sk 14,271), and in subsidised organisations (5.4%, to Sk 13,743).

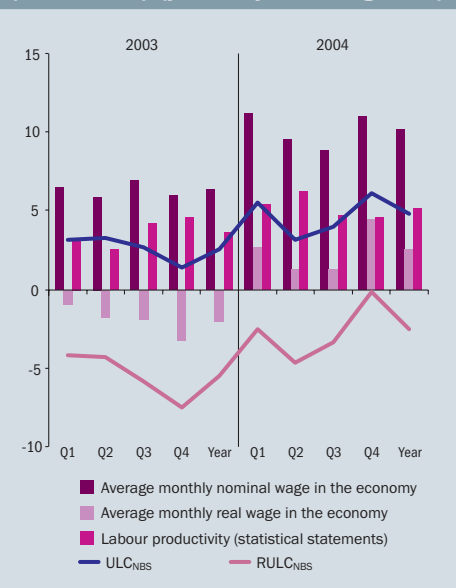
**Growth in real wages**

Real wages grew year-on-year by 2.5%, after falling in the same period a year earlier by 2%. Apart from the dynamic growth in nominal wages, real wages were affected by the course of price inflation, the average level of which in 2004 (7.5%) was one percentage point lower than in 2003.

Table 25 Average Monthly Wages and Labour Productivity in the Slovak Economy						
	2003	2004				
	Year	Q1	Q2	Q3	Q4	Year
Nominal wage (Sk)	14,365	14,541	15,472	15,299	17,955	15,825
Nominal wage (index, same period a year earlier =100)	106.3	111.2	109.6	108.8	111.0	110.2
Real wage (index, same period a year earlier =100)	98.0	102.7	101.3	101.2	104.4	102.5
Labour productivity (constant prices)						
(index, same period a year earlier = 100)	103.6	105.4	106.2	104.7	104.5	105.2
Consumer prices (index, same period a year earlier =100)	108.5	108.3	108.2	107.5	106.4	107.5
ULC <sub>NBS</sub> (year-on-year change in %)	2.5	5.5	3.2	3.9	6.2	4.8
RULC <sub>NBS</sub> (year-on-year change in %)	-5.5	-2.6	-4.7	-3.3	-0.1	-2.5
ULC <sub>ECB</sub> (year-on-year change in %)	3.2	5.0	5.0	3.5	5.1	4.7
RULC <sub>ECB</sub> (year-on-year change in %)	-4.9	-3.0	-2.7	-3.4	-0.9	-2.5

Source: Statistical Office of the SR and NBS.  
Note: Labour productivity (GDP per employee) – NBS calculations based on data from the Statistical Office of the SR.



**Chart 16 ULC<sub>NBS</sub> in 2003 and 2004  
(breakdown) (year-on-year change in %)**


Source: Statistical Office of the SR and NBS.

Real growth in average wages was achieved in the vast majority of sectors, with declines being recorded only in health and social services (3.7%) and in hotels and restaurants (2.8%). Wages in education remained virtually at the 2003 level (an increase of 0.1%).

Labour productivity (GDP per employee) showed dynamic growth in 2004: it increased in nominal terms by 10% and in real terms by 5.2%. Its development was supported by rapid GDP growth. The average annual rate of growth in nominal labour productivity remained somewhat behind the dynamics of nominal wages (by 0.2 of a percentage point), while the growth in productivity at constant prices exceeded growth in real wages by 2.7 percentage points. The dynamic growth in nominal wages was also reflected in unit labour costs (ULC) according to the methodology of the NBS (the ratio of nominal wage growth to growth in real labour productivity), which increased by 4.8%, compared with 2.5% in 2003. This means that the growth in costs per employee accelerated in nominal terms, but, owing to the high level of inflation, the declining trend in real unit labour costs (RULC, a fall of 2.5%) persisted in 2004. This indicates that, in the Slovak economy, wages were not a source of demand-based inflationary pressure in the past year.

#### Labour productivity and unit labour costs

#### Income and Expenditure of Households

According to preliminary data from the Statistical Office of the SR, the current income of households in 2004 reached Sk 1,039.5 billion, representing a year-on-year increase of 8% in nominal terms, which was 1.9 percentage points more than in 2003. In real terms, the current income increased by 0.5%. Current households expenditure (paid to other sectors and not used for direct consumption) totalled Sk 255.5 billion, representing an increase of 1.7% compared with the figure for 2003. Its year-on-year dynamics weakened in comparison with last year by 3.8 percentage points. In real terms, current expenditure dropped by 5.4%.

The growth in current income was mainly affected by increases in gross mixed income (9.1%) and employee compensation (7.7%), as well as growth in income from property, while the growth in social income slowed and that in current received transfers remained, as in 2003, at a low level.

#### Slightly accelerated growth in current household income, ...

The year-on-year slowdown in the growth of current expenditure mainly resulted from a drop in current taxes on income and property (9.3%, compared with an increase of 5.2% a year earlier) and a slowdown in the growth of social contributions (by 3.3%, compared with 5.6% a year earlier). The development of these items was probably affected by the new tax and social security laws. They were not affected markedly by the continuing dynamic growth in expenditure related to income from property (since the middle of 2001), due to its low weight in total current expenditure.

#### ... accompanied by a marked slowdown in current expenditure

With current expenditures being deducted from current income, the gross disposable income of households amounted to Sk 783.9 billion, representing a year-on-year increase of 10.2% (compared with 6.4% a year earlier). Its dynamic growth was due in part to accelerated growth in current income, but in particular to a relatively marked slowdown in the growth of current household expenditure. Of the

#### The tendency to save weakened

**Table 26 Allocation of Gross Disposable Income  
(index, same period a year earlier = 100, current prices)**

	2003	Q1 04	Q2 04	Q3 04	Q4 04	2004
	2002	Q1 03	Q2 03	Q3 03	Q4 03	2003
Gross disposable income	106.4	109.1	109.9	110.9	110.7	110.2
Final household consumption	106.9	110.5	110.1	111.2	110.9	110.7
Gross savings of households	101.3	80.2	101.2	98.2	109.6	101.7
Share of gross savings in gross disposable income (in %)	6.7	3.7	4.0	3.0	12.8	6.2

Source: Statistical Office of the SR.



disposable income, more than 94% was used for final consumption, the remainder went to gross savings. The rate of growth in gross household savings accelerated slightly in comparison with 2003 (by 0.4 of a percentage point), but as a result of rapid growth in final household consumption in 2004, the ratio of gross savings again decreased (from 6.7% in 2003 to 6.2% in 2004).

**Employment and Unemployment**

**Modest increase in employment**

In 2004, employment grew at a slower rate than in 2003, when the number of workers in the Slovak economy determined on the basis of a labour force sample survey (including employees, entrepreneurs, and the participating members of their households) increased month-on-month by 0.3% (in 2003 by 1.8%). The growth in employment was stimulated for the most part by entrepreneurs, both with and without employees, whose number increased by 23.5% (in 2003 by 14.8%). On the other hand, job opportunities for employees diminished and the number of employees dropped year-on-year by 1.2% (after increasing by 0.3% a year earlier).

**Chart 17 Consumption and Saving Tendencies (share in %)**



Source: Statistical Office of the SR.

**Table 27 Employment and Unemployment in 2004 (average for the period)**

	2003 Year	Q1	Q2	2004 Q3	Q4	Year
Employees in the Slovak economy (according to statistical statements)						
in thousands	2,025.0	1,996.6	2,022.1	2,043.0	2,059.7	2,030.3
index (same period a year earlier = 100)	100.8	100.0	99.3	100.6	101.2	100.3
Workers <sup>1)</sup>						
in thousands	2,164.6	2,128.8	2,151.9	2,200.9	2,199.8	2,170.4
index (same period a year earlier = 100)	101.8	99.9	99.2	100.6	101.3	100.3
Unemployment <sup>1)</sup>						
in thousands	459.2	511.5	489.4	466.9	455.1	480.7
index (same period a year earlier = 100)	94.3	106.0	109.5	104.0	99.3	104.7
Unemployment rate <sup>1)</sup> in %	17.4	19.3	18.5	17.5	17.1	18.1

Source: Statistical Office of the SR.  
1) According to a labour force sample survey.

A positive factor was the transition in employment during the year from stagnation in the first two quarters to a gradual growth in the second half of the year.

In a breakdown by sector, the most dynamic growth in employment in 2004 (according to statistical statements) was recorded in other community, social, and personal services; real estate, leasing and business activities; construction; hotels and restaurants; and in financial mediation. The level of employment continued to fall in agriculture, transport, education, post and telecommunications, and, in contrast with 2003, in health services.

**Unemployment**

The number of unemployed determined on the basis of a labour force sample survey in 2004 increased year-on-year by 4.7%, compared with a decrease of 5.7% in 2003. The rate of unemployment rose year-on-year by 0.7 of a percentage point, to 18.1%.

According to labour office registers, the average unemployment rate in 2004 was 14.3% (compared with 15.2% a year earlier). This figure was below the level

**Chart 18 Unemployment Rate (%)**



Source: Statistical Office of the SR and Labour Offices.  
Note: LFSS - labour force sample survey.



**Table 28 Developments in Employment by Sector<sup>1)</sup> (index, same period a year earlier = 100)**

	2003	2004				Year
	Year	Q1	Q2	Q3	Q4	
Total	100.8	100.0	99.3	100.6	101.2	100.3
Agriculture, hunting, and forestry	96.2	91.5	86.6	91.7	94.5	91.0
Industry	100.5	99.1	99.8	100.5	102.3	100.4
Raw materials extraction	90.8	90.4	89.8	90.2	94.5	91.2
Manufacturing	101.2	99.7	100.5	101.1	103.0	101.1
Electricity, gas, and water supply	96.3	94.5	94.1	95.9	95.6	95.0
Construction	104.0	103.8	102.5	102.2	102.4	102.7
Wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods	99.9	99.8	99.2	101.9	103.3	101.0
Hotels and restaurants	102.6	102.3	101.6	101.7	101.8	101.9
Transport, storage, post and telecom.	98.6	97.3	98.2	99.4	100.2	98.8
Financial mediation	105.5	103.4	101.1	101.0	100.8	101.6
Real estate, leasing, and business activities	103.2	102.4	103.3	106.3	101.6	103.4
Public administration and defence, compulsory social insurance	103.9	102.1	100.5	101.0	101.6	101.3
Education	99.7	99.7	98.9	96.4	96.4	97.8
Health and social services	102.7	99.3	98.2	98.6	99.4	98.8
Other community, social and personal services	99.5	105.7	101.5	104.8	102.5	103.6

Source: Statistical Office of the SR.

1) According to statistical statements.

determined by the sample survey, which can be explained by the differences between the applied methodologies and by differing definitions of unemployment. However, the trends of development in unemployment according to the two sources of data were practically identical over the course of the year.

Labour market developments in 2004 were characterised by increased labour supply, i.e. an increase in the number of economically active persons on the labour market (by almost 25 thousand in comparison with the previous year). The year-on-year increase took place in the following age categories: 25-34 years, 50-54 years, and over 55 years. These age categories accounted for 45.8% of the total number of the country's economically active population (compared with 42.6% a year earlier).

**Chart 19 Development of Industrial and Manufacturing Production (3-month moving averages) (index, same period a year earlier = 100)**


Source: Statistical Office of the SR.

Note: IIP – Index of Industrial Production

### Current Developments

#### Production and Receipts

The year-on-year growth in industrial production accelerated on a month-on-month basis in January, as a result of a marked increase in manufacturing production, accompanied by declines in raw materials extraction and in electricity, gas, and water supply.

The faster growth in manufacturing production was mainly due to accelerated growth in the production of metals and metal goods, electrical and optical equipment, machines and equipment, other non-metal mineral goods, and rubber and plastic products. After four months, output again fell in the production of foodstuffs, beverages, and tobacco products; coke, refined oil products, and nuclear fuel, while the decline in the production of transport vehicles moderated.

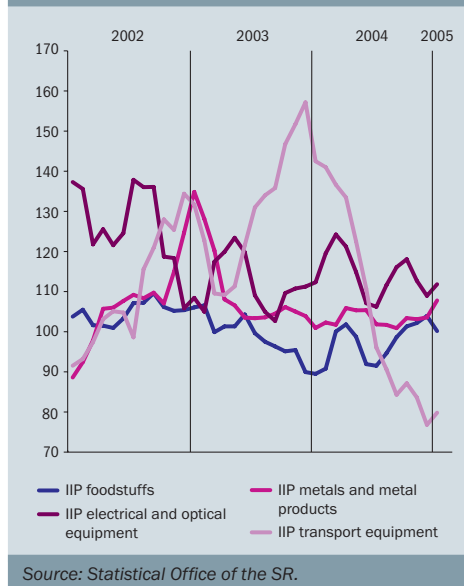
The dynamic growth in construction continued in January, and was primarily due to accelerated growth in new domestic construction, reconstruction, and modernisation projects.

**Accelerated growth in industrial production**

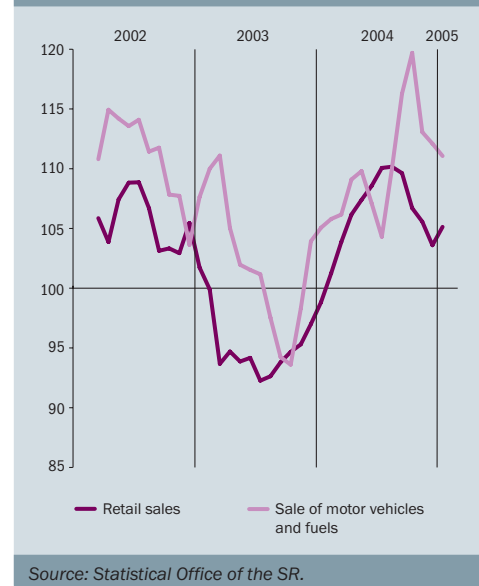
**Continued growth in construction**



**Chart 20 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)**



**Chart 21 Receipts from Retail Sales and the Sale of Motor Vehicles and Fuel (3-month moving averages) (index, same period a year earlier = 100)**



**Receipts from selected services**

Except for real estate, leasing, and other business services, receipts continued to grow in all service sectors in January. Retail sales receipts grew at a faster rate than in December, mainly as a result of growth in receipts in other specialised retail sectors and in retail trade outside shops. Receipts from the sale and maintenance of motor vehicles and the retail sale of fuel continued to grow at a somewhat slower rate.

After growing temporarily in December, the receipts of entities involved in real estate, leasing, and other business services again remained below last year's level. This was connected with a decline in receipts from real estate activity and the leasing of machines and equipment.

**Table 29 Production and Receipts**

	Sk millions, curr. prices Jan. 2004	Indices		
		Dec. 2004 Dec. 2003	Jan. 2005 Jan. 2004	Jan. 2004 Jan. 2003
<b>Production</b>				
Index of industrial production <sup>1)</sup>	-	100.3	105.5	100.9
of which:				
Raw materials extraction	-	85.4	99.5	87.4
Manufacturing	-	100.1	107.8	102.2
Electricity, gas, and water supply	-	103.6	96.5	97.9
Construction <sup>2)</sup>	6,345	119.4	123.7	100.5
of which:				
Construction in Slovakia	5,959	118.9	121.7	99.8
Construction abroad	386	133.4	165.9	118.6
<b>Receipts from own-output and goods</b>				
Industry in total <sup>3)</sup>	119,384	98.5	106.1	108.7
Construction <sup>2)</sup>	8,778	117.5	111.6	107.4
Retail trade <sup>3)</sup>	28,178	103.0	107.7	100.5
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	9,973	118.4	108.1	100.7
Transport, storage <sup>3)</sup>	6,940	102.7	111.0	98.4
Real estate, leasing, and business services <sup>3)</sup>	13,570	101.1	98.7	98.3

Source: Statistical Office of the SR.

1) Adjusted for the effect of the number of working days (the data in the time series are revised on a continuous basis).  
 2) Index, same period of the previous year = 100 (constant prices, average for 2000 = 100).  
 3) Index, same period of the previous year = 100 (constant prices, December 2000 = 100, transport and storage – current prices).



**Consumer Confidence Indicator**

The value of the consumer confidence indicator deteriorated slightly in February (by 1.1 points compared with the previous month), to -15.3 points. The only component to record an improvement in comparison with the previous month was the expected financial situation of households. The other components of the indicator (household savings, expected economic development, and expected unemployment) recorded a certain deterioration. Compared with the same period last year, the consumer confidence indicator has improved by 20.6 points.

**Further improvement in consumer confidence**

**Wages and Unemployment**

In January, the year-on-year growth in nominal wages showed weaker dynamics than a year earlier in most sectors. Nominal wages grew at a faster rate in wholesale trade, real estate, leasing, and other business services, and in industry (mainly as a result of wage growth in manufacturing, which substantially affects developments in industry owing to its weight). The only decline in nominal wages resulting from the high basis

**Nominal wages**

of comparison last year was recorded in post and telecommunications.

On the other hand, the low basis of comparison from last year was probably responsible for the marked wage increase in wholesale trade. In real estate, leasing, other business services, and in manufacturing, the growth in average wages was probably affected by the postponement of remuneration payments from last year, which is indicated by weaker growth in nominal wages in December 2004.

The average real monthly wage in January 2005 exceeded the level of the previous year in most sectors under review, except in telecommunications (as a result of strong growth in real wages in January 2004). Developments in real wages were not only affected by the nominal wage growth, but also by the markedly lower inflation rate.

**Real wages**

**Table 30 Wage Development by Sector (index, same period of the previous year = 100)**

	Average monthly nominal wage			Average monthly real wage		
	Year	January		Year	January	
	2004	2004	2005	2004	2004	2005
Industry	110.2	109.6	109.9	102.5	101.2	106.5
Construction	109.0	108.3	103.9	101.4	100.0	100.7
Retail trade	111.6	117.0	107.3	103.8	108.0	104.0
Wholesale trade	113.3	108.1	114.6	105.4	99.8	111.1
Real estate, leasing, and other business services	107.5	108.0	111.1	100.0	99.7	107.7
Transport	107.9	113.8	106.1	100.4	105.1	102.8
Post and telecommunications	117.0	129.8	97.5	108.8	119.9	94.5
Consumer prices	107.5	108.3	103.2	-	-	-

Source: Statistical Office of the SR.  
 Note: The above sectors accounted for 65% of total employment in 2004 (on average).  
 Real wage index = nominal wage index / consumer price index.

In January, the relationship between wages and labour productivity (based on receipts from own-output and goods) followed a different course of development in the individual sectors. In sectors, where labour productivity is monitored at current prices, positive developments were recorded in transport and post & telecommunications, where the growth in productivity greatly exceeded the dynamics of nominal wages, while in wholesale trade it lagged well behind the rate of wage growth. Among sectors where productivity is monitored in real terms, the growth in labour productivity only exceeded the rate

**Labour productivity and wages**



of real wage growth in construction. In industry and retail trade, the growth in productivity lagged behind the growth in real wages, while in real estate, leasing, and other business services, labour productivity declined with real wages growing to a relatively significant extent.

**Table 31 Wages, Labour Productivity, and Employment in January 2005**  
(index, same period a year earlier = 100)

	Industry	Construction	Wholesale trade	Retail trade	Real estate and leasing	Transport	Post and telecom.
<b>Wages</b>							
- nominal	109.9	103.9	114.6	107.3	111.1	106.1	97.5
- real	106.5	100.7	111.1	104.0	107.7	102.8	94.5
<b>Labour productivity</b>							
- nominal	-	-	107.1	-	-	114.5	112.8
- real	103.4	115.2	-	100.7	94.7	-	-
<b>Productivity minus wages (% points)</b>							
- nominal	-	-	-7.5	-	-	8.4	15.3
- real	-3.1	14.5	-	-3.3	-13.0	-	-
<b>Number of employees</b>	102.6	107.5	109.3	106.8	104.2	96.9	93.7

Source: Statistical Office of the SR.  
Note: Labour productivity is based on receipts from own-output and goods (in the construction sector, on the volume of production).

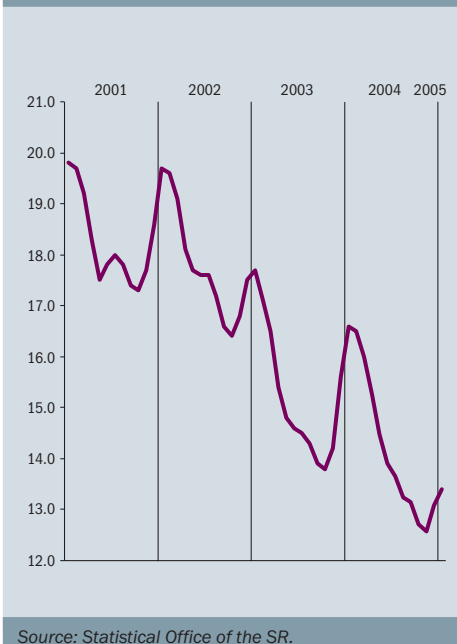
**Employment** In January 2005, the level of employment increased in most sectors under review. In comparison with the previous month, the growth in employment accelerated markedly in retail trade and construction, and a positive change occurred in hotels and restaurants, where employment had previously been on the decline. Employment continued to fall in transport, post and telecommunications.

**Unemployment** The number of people out of work continued to grow for the third successive month, when the total number of registered unemployed increased month-on-month by 5,700, to 388,900. Of this figure, the number of disposable unemployed, who may start working immediately, accounted for 346,300, which was 4,000 more than in December. The rate of unemployment, based on the number of registered unemployed, rose by 0.32 of a percentage point in comparison with December 2004, to 13.4% in January. This was 3.2 percentage points less than in January 2004.

In January, 38,200 new job applicants signed on at offices for labour, social, and family matters (4,700 more than in December). At the same time, more than 32,000 persons were removed from the registers (in December over 21,000). Approximately 16% of these persons were removed from the registers for unwillingness to co-operate, and more than 53% found employment.

In January, the average length of registration decreased month-on-month by 0.2 of a month (to 12.15 months) and year-on-year by 0.36 of a month. The share of long-term unemployed (out of work for more than 12 months) reached 49.4% in January.

**Chart 23 Registered Unemployment Rate (%)**





## 4. Monetary Developments

### 4.1. Foreign Exchange Market

By the end of February, the exchange rate of the Slovak koruna against the euro had strengthened by 1.4% (from SKK 38.426/EUR to SKK 37.88/EUR), while the average rate had appreciated by 1.5%. In relation to the US dollar, the koruna strengthened by 2.5% (from SKK 29.447/USD to SKK 28.710/USD), while appreciating in average terms by 0.3%.

#### Operations on the foreign exchange market

Spot transactions between foreign and domestic banks resulted in a negative balance (USD -1,656.95 million), i.e. foreign banks sold mostly foreign currency and purchased Slovak koruna.

In February, the National Bank of Slovakia purchased a total of EUR 1,810 million (EUR 1,640 according to the date of settlement) in direct foreign exchange interventions. The NBS also conducted two direct foreign exchange transactions and purchased EUR 80 million.

	Month-on-month change	Ø Feb. 2005 Ø Feb. 2004	Ø Jan. - Feb. 2005 Ø Jan. - Feb. 2004
SKK/EUR	-1.4	-6.2	-5.7
SKK/USD	-2.5	-8.8	-9.0

Source: NBS.  
Note: - appreciation of the SKK, + depreciation of the SKK, Ø average.

The total volume traded on the interbank foreign exchange market (including the NBS) reached USD 43,933.2 million, representing a growth of 18.0% compared with the January figure (USD 37,230.7 million). Of the total volume of trading, 81.6% took place in swap transactions, which were conducted mostly in USD (94.5%). Spot transactions accounted for 16.9% of the total turnover (97.8% of the deals were in EUR). The average daily turnover on the spot market reached USD 351.33 million (excluding deals conducted by the NBS within the scope of foreign exchange interventions) and the average volume per transaction amounted to USD 2.1 million.

#### Interbank foreign exchange market

The volume of transactions between domestic commercial banks dropped, from USD 5,885.5 million in January to USD 3,664.9 million in February. Most trading took place in USD (69.0%, compared with 61.2% in January), followed by EUR (19.7%, compared with 34.6% in January) and other currencies (11.3% of the total turnover among domestic commercial banks).

Transactions between domestic banks accounted for 8.8% of the total volume traded on the interbank foreign exchange market (compared with 16.8% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 86.6% (85.5% in January) and spot transactions 13.1% (13.9% in January).

The volume of trading between domestic and foreign banks increased by 22.8%, from USD 30,963.2 million to USD 38,029.8 million. Most trading was again conducted in USD (77.6%, compared with 84.8% in January), followed by EUR (21.4%, compared with 13.7% in January), and other currencies (1.0%). Trading between domestic and foreign banks still accounted for 91.2% of the country's foreign exchange market.

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (81.1%, compared with 88.2% in January), while spot transactions accounted for 17.3% (9.9% in January). The share of forward dealings on the foreign exchange market was negligible. Option contracts accounted for 1.4% of the volume traded with foreign banks.

In January, the koruna deposits of non-resident banks increased in comparison with December 2004 by Sk 8.7 billion and year-on-year by Sk 32.4 billion.

#### Deposits of non-resident banks

In February 2005, the purchases of Slovak koruna by foreign banks and investors on the domestic money market focussed mostly on koruna deposits. The volume of government securities in the holdings of non-residents was below the January level and hovered around the figure for the end of 2004. By the end of February, the volume of government bonds had fallen by Sk 5.1 billion and that of Treasury bills by Sk 1.0 billion in comparison with the previous month. The share of non-residents in the total volume

#### Government securities held by non-residents



Table 33 Slovak Koruna in the Holdings of Non-residents		(Sk billions)						
	2003	2004						2005
	31.12.	31.1.	29.2.	30.6.	30.9.	30.11.	31.12.	31.1.
Koruna liabilities	18,2	22,6	24,9	38,1	35,8	39,7	46,4	55,2
of which: banks	14,0	18,4	21,3	33,7	31,6	34,8	42,1	50,8
non-bank clients	4,2	4,2	3,6	4,4	4,2	4,8	4,3	4,4
Government securities	34,3	36,9	44,8	61,7	62,8	63,9	66,8	71,2
of which: Government bonds	33,8	36,4	43,3	58,1	58,9	60,4	60,9	65,2
SR Treasury bills	0,5	0,5	1,5	3,6	3,9	3,5	6,0	5,9
Total	52,5	59,5	69,7	99,8	98,6	103,6	113,2	126,3

Source: NBS and CDCP SR.

of government bonds decreased in February (it fluctuated during the month between 19.2% and 19.6%), while their share in Treasury-bill holdings increased slightly (16.3% – 17.7%).

#### 4.2. Money Market and Monetary Policy Implementation

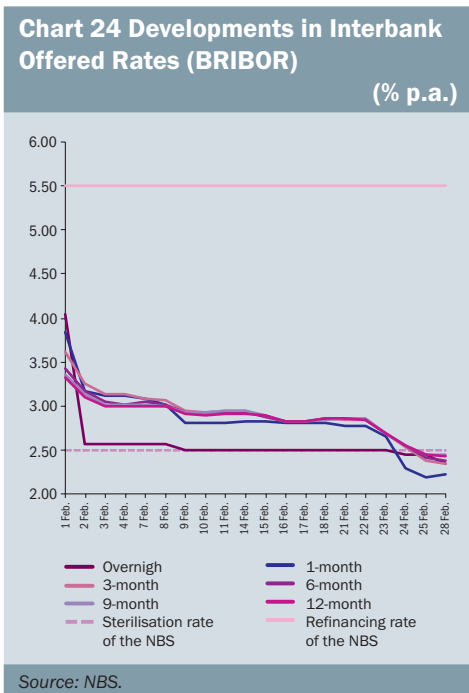
At its meeting on 28 February, the Bank Board of the NBS decided to lower the key interest of the NBS to 2.00% for overnight sterilisation operations, 4.00% for overnight refinancing transactions, and 3.00% for two-week repo tenders (with effect from 1 March 2005).

**Interbank market rates** Average interbank money market rates dropped significantly in February. Their course was substantially affected by the decision of the Bank Board in respect of two-week repo tenders.

Interest rates for the longest maturities dropped by more than 30 basis points, after the first bids had been rejected in repo tenders. The sharpest drops were recorded at the short end of the yield curve and the curve maintained its inverse shape (starting from the two-month maturity). The banking sector reacted to the rejection of bids in the second tender by further reducing the interest rates and thus the entire deposit market curve fell below the level of 3% and began losing its explicitly inverse nature. Interest levels were not seriously affected by the absence of auctions in NBS treasury bills (NBS bills). The rejection of bids in the third tender led to a fall in money market rates for the longest maturities (by more than 10 basis points), while the rates of interest for one-month to one-year maturities showed minimum differences. For certain maturities, the swap curve (up to one year) sank below the level of 2%, and thus the differences between the two curves (deposit and swap curves) became even more pronounced. When the result of the last tender in the month was announced, banks reacted more moderately than in the case of the previous tenders and hence money market rates fell by only 1 to 4 basis points. The strengthening of the Slovak koruna at the end of the month, caused by the sale of euros and the resulting placement of koruna deposits on the deposit market directly through FX swaps, led to a marked fall in the money market yield curve (6 to 58 basis points), as a result of which all maturities dropped below the level of 2.5%.

The reduction in key NBS interest rates satisfied the expectations of the banking sector, which had expected a interest rate cut of at least 1 percentage point. However, the primary reaction of the money market was a moderate upward correction in money market rates, since the reduction in the key rates was minimal in regard to the expectations of banks.

**Transactions on the interbank market** The volume of trading on the interbank money market reached Sk 1,335 billion in February (compared with Sk 1,192 billion in January). Reference banks accounted for 87.6% of the total turnover (an increase of 7.9 percentage points). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 74.3% and 25.7% respectively. Within the structure of interbank transactions by type, domestic banks





achieved the largest share in forward rate agreements (92.2%), while foreign banks led the way in swap transactions (80.6%).

As a result of uncertainty among banks in respect of the further plans of the NBS, the volume of interbank transactions between domestic banks was on the decline from the beginning of February. Trading in deposits was restricted to deposits with a maturity of up to one week, while the market for overnight deposits was replaced by deposits with the NBS. This tendency was also reflected in the diminishing volume or absence of transactions in SKONIA. Trading between domestic banks continued to stagnate throughout the month. At the end of February, trading on the deposit market underwent a revival, as a result of which longer-term deposits were also traded.

	Deposits	Repos	Swaps	FRAs	IRSs
January 2005	596	0	567	21	8
February 2005	723	0	572	34	6

Source: NBS.  
Note: FRA – forward rate agreement, IRS – interest rate swap.

The average daily volume of sterilised liquidity increased in February by Sk 44.2 billion, to Sk 342.8 billion (from Sk 298.6 billion in January). The greatest contribution to the increased need for sterilisation came from foreign exchange interventions and the transfer of Treasury resources from accounts at the NBS. Of the total volume of sterilisation, repo tenders accounted for 12.3%, NBS bills 15.2%, and overnight transactions 72.5%.

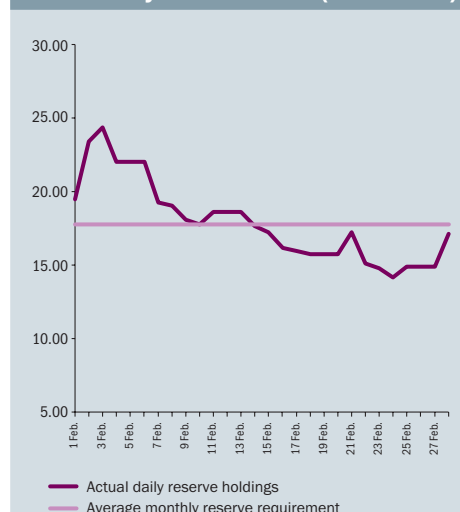
#### Liquidity

In February, as in January, the main source of liquidity inflow into the banking sector were NBS interventions on the foreign exchange market, which reached Sk 65.5 billion in cumulative terms. The pro-liquidity effect of foreign exchange interventions was partly offset by the transfer of funds from the SR Treasury to the NBS.

	O/N repos	O/N deposits	NBS bills	REPO tenders
January 2005	1,177	-784	-61,774	-237,242
February 2005	0	-248,602	-52,143	-42,100

Source: NBS.  
Note: + inflow of liquidity, - outflow of liquidity.

**Chart 25 Fulfilment of Reserve Requirements by Banking Sector in February 2005** (Sk billions)



Source: NBS.

At the end of February, the sterilisation position of the NBS vis-à-vis the banking sector reached Sk 341.6 billion. The overall sterilisation position of the NBS (including the deposits of the Treasury and the FNM at the NBS) amounted to Sk 442.1 billion at the end of February.

#### Sterilisation position of the NBS vis-à-vis the banking sector

The NBS announced four repo tenders for February. With a view to using repo tenders as a supportive instrument against the excessive appreciation of the Slovak koruna, the NBS repeatedly rejected the bank bids at the tenders. As a result, the share of repo tenders in the total volume of sterilisation decreased by 67.2%.

#### Repo tenders

The NBS did not renew a due NBS-bill issue in February. This step had been expected by banks with regard to the actual situation and the practices of the NBS. For that reason, the share of NBS bills in the total volume of sterilisation decreased by 5.5%.

#### NBS bills

The rejection of bids at repo tenders from the very beginning of the month and the absence of NBS-bill auctions immediately led to an increase in the volume of daily liquidity, which banks had to regularly deposit

#### Overnight transactions



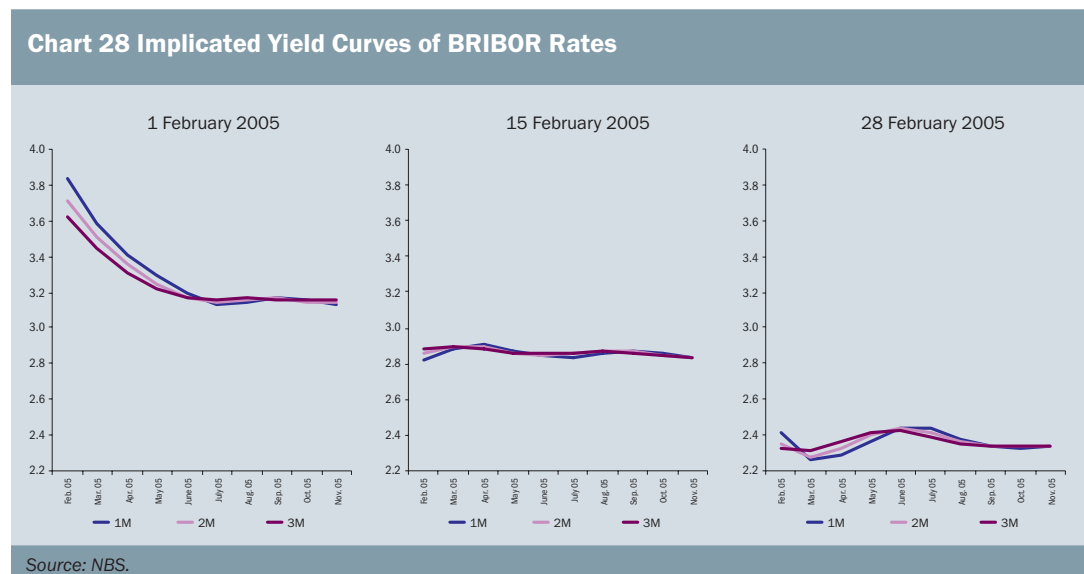
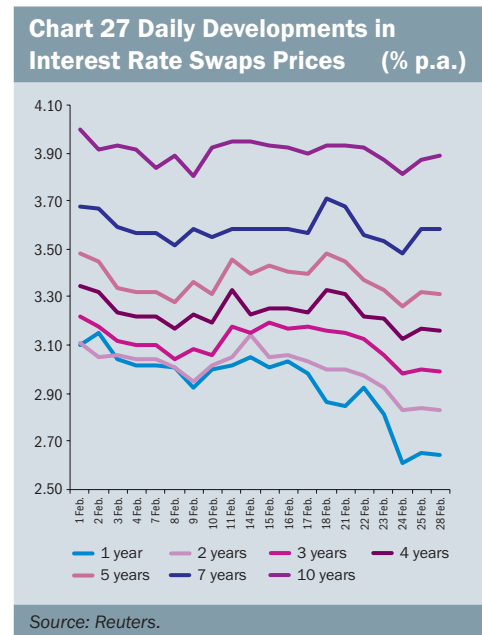
with the NBS in the form of overnight deposits. The volume of excess liquidity was also increased markedly by repeated foreign exchange interventions. The largest volume of daily liquidity was deposited towards the end of February (February 25), in the amount of Sk 342.5 billion.

**Reserve requirements** For February 2005, the amount of minimum required reserves in the banking sector was set at Sk 17.75 billion. By the end of the month, the reserve requirement had been fulfilled to 100.73%.

**Developments in Money Market Interest Rate Derivatives**

Daily developments in FRA (Forward Rate Agreement) prices were affected by changes in money market rates and recorded a marked fall during the month. At the beginning of the month, transactions were concluded every day and the vast majority of the deals took place between domestic banks. The rejection of bids in the second repo tender led to a fall in FRA prices (13 to 60 basis points), mostly in contracts maturing in one month. Owing to a drop in money market rates subsequent to the rejection of bids in the third repo tender, the prices of FRA contracts recorded another fall. The falling trend in FRA prices continued until the end of the month, with total drops since the beginning of the year ranging from 38 to 100 basis points. Mostly three-month FRA contracts were traded during the month.

Changes in IRS (Interest Rate Swaps) prices were mainly affected by auctions in government bonds, which profited from the low level of prices on the money market. Trading in IRSs took place in almost all







maturities, while foreign banks predominantly sold IRS contracts. Compared with the beginning of the month, IRS prices dropped by 10 to 46 basis points, with the sharpest drop being recorded in 12-month maturities.

The initial implicated expectations of the banking sector in respect of a reduction in NBS rates derived from BRIBOR rates, were expressed in terms of an expected cut of over 50 basis points in NBS rates within three months. Owing to the activity of the NBS on the money market, these rates lost their reporting ability and thus the expectations could only be derived through estimates from the money market yield curve, actual FRA prices, or from the swap curve. FRA rates reacted to the rejection of bids in the second tender with a fall below 3% and koruna rates derived from FX swaps (above three-month maturities) fell below the level of the USD deposit curve. The shift of the top of the BRIBOR curve from the two-month maturity to six- to nine-month maturities indicated that banks had already incorporated the impact of the cut in NBS rates in the prices of deposits. Changes in the money market deposit curve, swap curve and FRA prices after the third tender indicated a possible reduction in key NBS interest rates, ranging from 75 to 100 basis points. Before the meeting of the Bank Board, the extent of the expected reduction had increased by 100 to 150 basis points.

### 4.3. Customer Interest Rates in January 2005

#### Box 3 Methodological Note to the Reporting of Customer Interest Rates on New Contracts (ECB methodology)

With effect from 2005, customer interest rates on loans and deposits will be analysed in the situation reports (Monetary Surveys) according to the ECB methodology (statistics from 2004). In contrast with the previously applied national methodology, a characteristic feature of the ECB methodology is the evaluation of interest rates on loans provided<sup>1</sup> and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new contracts (new business). New loans and new deposits are understood to be contracts signed for the first time, fixing the rate of interest agreed between the bank and the client, and contracts re-negotiated with the active participation of the client.

In a breakdown by sector, lending and deposit rates for households and non-financial corporations will be analysed separately in the way these sectors are defined in Directive No. 63/2002<sup>2</sup> of the European Central Bank, concerning interest rate statistics.

An analysis of interest rates on loans to and deposits from households and non-financial corporations is expected to provide more detailed information on the functioning of the transmission mechanism, since interest rates are analysed irrespective of the sectors that have a special position vis-à-vis the banking sector, i.e. insurance companies, pension funds, and the public sector.

The methodology of the ECB makes it possible to monitor interest rates according to the period of initial rate fixation and, in the case of non-financial corporations, according to the volume of loans as well. Initial rate fixation is the period for which an agreed interest rate is fixed. On the basis of initial rate fixation, loans are divided into loans with floating rates and initial rate fixation for up to 1 year inclusive, loans with initial rate fixation for over 1 year and up to 5 years inclusive, and loans with initial rate fixation for over 5 years and up to 10 years inclusive, and loans with initial rate fixation for over 10 years. According to volume, loans to non-financial corporations are divided into loans up to the amount of EUR 1 million and loans amounting to over EUR 1 million.

Classification of loans to households by purpose:

- current account overdrafts
- operation loans (for sole traders)
- investment loans
- consumer loans

<sup>1</sup> The term 'loan provided' is an equivalent of the term 'new loan'.

<sup>2</sup> According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' as defined in Annex A in Directive No. 2223/96 of the European Communities of 25 June 1996 on the European System of National and Regional Accounts (ESA95) covers the household sector – S. 14 (i.e. the population and sole traders) and non-profit institutions serving households – S. 15, and the term 'non-financial corporations' refers to sector S. 11.



- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans

Classification of loans to non-financial corporations by purpose:

- current account overdrafts
- investment loans
- operation loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans

Classification of deposits (for both households and non-financial corporations):

- deposits payable on demand
  - demand deposits
  - one-day deposits
- deposits with an agreed maturity
  - of up to 1 year
    - of up to 7 days
    - of up to 1 month
    - of up to 3 months
    - of up to 6 months
    - of up to 1 year
  - of over 1 year
    - of up to 2 years
    - of over 2 years
- savings deposits
  - redeemable at a period of notice of up to 3 months
  - redeemable at a period of notice of over 3 months

Interest rates on loans and deposits are calculated as a weighted arithmetical average of all interest rates on loans/deposits for each category separately. The weight of a new loan represents the total amount laid down in the loan agreement, regardless of whether the given amount is drawn within the month under review or not.

Subsidies granted to clients by third parties are not taken into account in setting the rate of interest, since subsidies are neither paid nor received by banks. For example, interest rates on mortgage loans with a government bonus were recorded last year without the government bonus.

With effect from this year, the NBS will also monitor interest rates on new loans and new deposits in euros; they will begin to be analysed when a sufficiently long time series is available for the NBS (at least 12 months).

**Customer interest rates** Since January 2004, interest rates on new loans to non-financial corporations have shown a tendency to fall, while lending rates for households have remained virtually unchanged. Interest rates fell slightly on all types of loans to households, except other loans, which offset the fall in interest levels.

Since the beginning of last year, interest rates on new loans to non-financial corporations have followed a downward trend, primarily as a result of reductions in the key interest rates of the NBS. Interest rates on new household deposits recorded a noticeable fall in the first half of last year, but they have been more or less stagnant since July.

**Average interest rates on new loans** The average interest rate on loans to non-financial corporations increased during January (by 0.54 of a percentage point), due to a rise in the price of loans with flexible rates and initial rates fixed for a period of up to 1 year (an increase of 0.55 of a point). Interest rates on loans of more than EUR 1 million to non-financial corporations showed a tendency to rise, while interest rates on loans amounting to up to EUR 1 million recorded a slight fall.

**Table 36 Average Interest Rates on New Loans to Non-Financial Corporations**

	Interest rate in %			Change in % points	
	Jan. 2004	Dec. 2004	Jan. 2005	Year-on-year	Month-on-month
Floating rate + IRF <sup>1)</sup> for up to 1 year inclusive	8.01	5.38	5.93	-2.08	0.55
IRF for over 1 year and up to 5 years inclusive	7.33	5.74	5.54	-1.79	-0.20
IRF for over 5 years and up to 10 years inclusive	7.95	5.20	5.96	-1.98	0.76
IRF for over 10 years	7.17	6.07	5.76	-1.41	-0.31
Total	7.95	5.38	5.92	-2.02	0.54
Total, excluding C/A overdrafts	7.18	4.52	4.96	-2.22	0.44

Source: NBS.

1) Initial rate fixation.

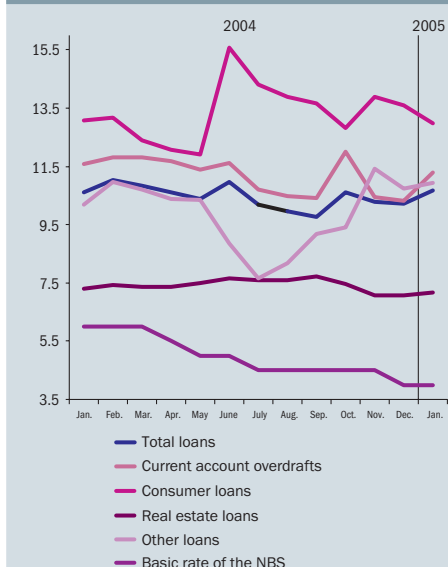
**Table 37 Average Interest Rates on New Loans to Households**

	Interest rate in %			Change in % points	
	Jan. 2004	Dec. 2004	Jan. 2005	Year-on-year	Month-on-month
Current account overdrafts	11.57	10.32	11.31	-0.27	0.99
Consumer loans	13.07	13.60	12.97	-0.10	-0.63
Real estate loans	7.31	7.06	7.15	-0.16	0.09
of which: mortgage loans	7.43	6.76	7.12	-0.31	0.34
Other loans	10.20	10.73	10.94	0.74	0.21
Total	10.62	10.21	10.67	0.05	0.46
Total, excl. C/A overdrafts	9.59	10.04	9.23	-0.36	-0.81

Source: NBS.

On a year-on-year basis, interest rates on loans to non-financial corporations dropped by 2.02 percentage points.

In January, the average interest rate on loans to households increased in comparison with December 2004 (by 0.46 of a percentage point), due to a rise in the price of loans with flexible rates and initial rate fixation for a period of up to 1 year (an increase of 0.60 of a point). The steepest increase occurred in interest rates on current account overdrafts (0.99 of a points), but the rates for other loans and real estate loans also rose slightly (by 0.21 and 0.09 of a point respectively). On the other hand, interest rates on consumer loans fell (by 0.63 of a point), but their tendency is difficult to evaluate in the long run with regard to the initial discrepancies in the statistics of interest rates on consumer loans.

**Chart 29 Interest Rates on Loans to Households by Type (%)**


Source: NBS.

On a year-on-year basis, interest rates on loans to households remained virtually unchanged (they rose by 0.05 of a point).

The average interest rate on deposits from non-financial corporations did not follow the downward trend from last year and increased in January (by 0.53 of a percentage point). This development was affected by a rise in interest rates, in particular on deposits payable on demand and on deposits with a agreed maturity of up to 1 year.

On a year-on-year basis, interest rates on deposits from non-financial corporations dropped by 1.77 percentage points, with interest rates falling on all types of deposits, in particular on savings deposits and deposits with an agreed maturity of up to 1 year.

**Average interest rates on new deposits**



The stagnation in the average interest rate on household deposits, persisting since last August, continued in January. Interest rates on deposits with an agreed maturity of over 2 years dropped on a month-on-month basis, in line with the trend persisting since January 2004. Interest rates on savings deposits also recorded a slight fall. On a year-on-year basis, interest rates on household deposits dropped, for all types of deposits. This drop was, however, smaller than the fall in deposit rates for non-financial corporations.

**Table 38 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %			Change in % points	
	Jan. 2004	Dec. 2004	Jan. 2005	Year-on-year	Month-on-month
Deposits redeemable on demand	2.22	0.89	1.61	-0.61	0.72
Deposits with a agreed maturity					
of up to 1 year	5.81	3.29	3.68	-2.13	0.39
of over 2 years	4.15	2.92	3.00	-1.15	0.08
Savings deposits redeemable at a period of notice					
of up to 3 months	4.03	2.20	2.26	-1.77	0.06
of over 3 months	4.41	2.38	2.36	-2.05	-0.02
Total	4.18	1.88	2.41	-1.77	0.53

Source: NBS.

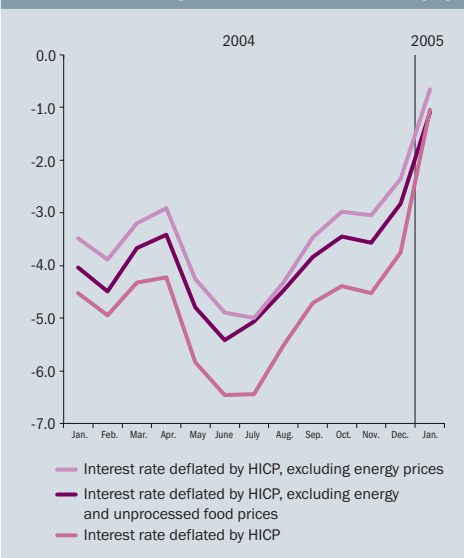
**Table 39 Average Interest Rates on New Household Deposits**

	Interest rate in %			Change in % points	
	Jan. 2004	Dec. 2004	Jan. 2005	Year-on-year	Month-on-month
Deposits redeemable on demand	1.45	0.58	0.61	-0.84	0.03
Deposits with a agreed maturity					
of up to 1 year	3.40	2.32	2.39	-1.01	0.07
of over 2 years	3.74	2.66	1.91	-1.82	-0.75
Savings deposits redeemable at a period of notice					
of up to 3 months	3.35	1.79	1.75	-1.60	-0.04
of over 3 months	2.62	1.16	1.13	-1.49	-0.03
Total	2.26	0.94	0.95	-1.31	0.01

Source: NBS.

**Real interest rates** The real interest rate on household deposits, expressed as the rate of interest on the volume of one-year household deposits deflated by HICP inflation, reached a negative figure (-1.05%), which represented a rise of 2.71 percentage points in comparison with the previous month. On a year-on-year basis, the real interest rate increased by 3.48 points. The real interest rate rose despite a year-on-year fall in interest rates on household deposits, caused by a cut in the key interest rates of the NBS. This was a result of disinflation, which created conditions for a fall in nominal interest rates without a downward effect on real interest rates.

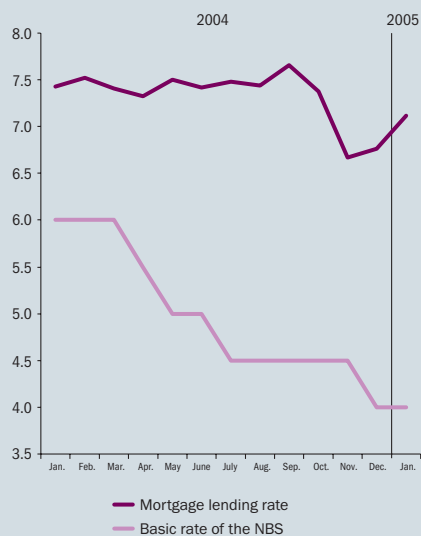
**Chart 30 Real Interest Rates on Household Deposits (%)**



**Box 4 Developments in Mortgage Lending and Interest Rates on Mortgage Loans Provided to Households**

From January 2004 to the end of January 2005, the banking sector provided mortgage loans in the amount of Sk 19.6 billion, representing approximately 12% of the total volume loans provided to households. Of this amount, mortgage loans with initial rate fixation for a period of 1 to 5 years accounted for 41.6% and mortgage loans with floating rates and initial rate fixation for a period of up to 1 year 39.9%. Mortgage loans with initial rate fixation for 5 to 10 years and mortgage loans with initial rate fixation for over 10 years achieved a relatively small share (5.3% equally).

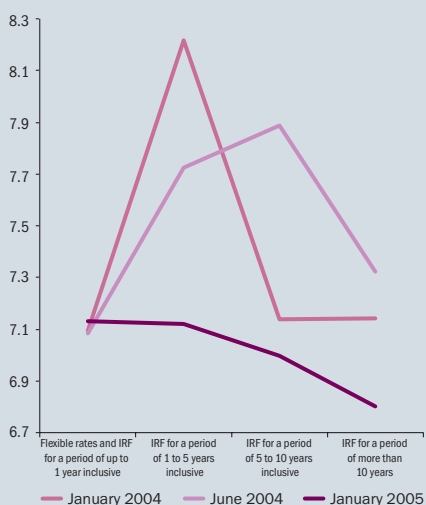
**Chart A Developments in Mortgage Lending Rates and Basic NBS Rates (%)**



**Chart B Developments in Mortgage Lending Rates by the Period of Initial Rate Fixation (%)**



**Chart C Yield Curves of Mortgage Loans (%)**



In January 2005, mortgage lending rates dropped by 0.31 of a percentage point on a year-on-year basis. From January 2004 to September 2004, interest rates on mortgage loans were more or less stagnant. In the next two months, interest levels recorded a fall, which was probably connected with the reductions in key NBS rates (by 50 basis points in March, April, June, and in November). In the last two months (December 2004, January 2005), however, mortgage lending rates recorded a modest increase.

Chart A shows that interest rates on mortgage loans were not significantly affected by the reductions in the key NBS rates in 2004. Since government bonuses to mortgage loans are not included in the interest rate statistics (according to the ECB methodology), this fact had no impact on the level of interest rates on mortgage loans.

On a year-on-year basis, the most significant drops occurred in interest rates on mortgage loans with initial rate fixation (IRF) for a period



of 1 to 5 years and mortgage loans with IRF for a period of over 10 years. At the same time, interest rates on mortgage loans without IRF, and/or with IRF for a period of up to 1 year, remained virtually unchanged (Chart B).

Yield curves according to the length of initial rate fixation in the case of mortgage loans (Chart C) provide an overview of interest rate developments at various moments of the period under review. While interest rates on mortgage loans with flexible rates and rates fixed for a period of up to 1 year were virtually on the same level in January 2004, June 2004, and January 2005, interest rates on mortgage loans with interest rates fixed for a longer period dropped in comparison with January 2004. In January 2005, the yield curve had a relatively flat inverse shape, which indicates that interest rates fixed for shorter periods are expected to fall.



## ANNEXES

### 1. Harmonised Index of Consumer Prices

#### 1.1. History of the Harmonised Index of Consumer Prices

The Maastricht Treaty, signed in February 1992 and officially known as the Treaty on the European Union, established a legal framework for the creation of Economic and Monetary Union (i.e. the adoption of the euro, the European single currency). For a Member State to adopt the euro, several criteria must be met. One of the criteria according to Protocol 6 on the convergence criteria (which is part of the EU Treaty) is to achieve an average annual inflation rate not exceeding by more than 1.5 percentage points that of the three best performing member states (in terms of price stability). The Protocol also prescribes that 'inflation is to be measured in terms of a consumer price index on a comparable basis, which takes the differences between the national definitions into account.' At the time of preparations for the third stage of Economic and Monetary Union (EMU), the national price indices differed markedly in structure, methodology, and procedure, and failed to meet the basic requirement of the Treaty. For this reason, work on a new legal framework for the development of a harmonised methodology for compiling consumer price indices in EU Member States began in 1995. The aim was to create a common and unified system, based on the same principles and respecting the differences in national consumer preferences, rather than a common consumer basket. The guarantor of this methodology was Eurostat. The basic legal framework was a Council regulation issued in 1995 (Council Regulation No. 2494/95). Apart from this first (basic) Council regulation on the calculation of harmonised consumer price indices (HICP), a further 13 regulations were adopted in the Member States in 1996 – 2001, i.e. 3 Council regulations and 10 Commission regulations. These regulations further developed and amended the methodology for calculating the HICP.

An important piece of legislation is the Commission regulation of 1996, which introduced measures for the adoption of the HICP (Commission Regulation No. 1749/96/EC), and which pertains to six 'technical areas' of HICP calculation. These areas are the initial coverage of the index, goods and services of 'renewed significance,' price indices of the basic aggregates, the setting of minimum criteria for the quality of goods, the minimum criteria for the selection of samples, and the minimum criteria for the determination of prices. The legislative process in the area of harmonised indices is still underway.

The year 1997 saw the issue of Commission Regulation No. 2454/97/EC, concerning the setting of minimum criteria for the quality of weights used in the calculation of the HICP.

Another regulation (Commission Regulation No. 2646/98/EC) was issued in 1998, in respect of the minimum criteria for the setting of tariff prices for the HICP.

The regulations concerning the coverage of the HICP indicate that the calculation of harmonised consumer price indices is not based on a uniform consumer basket for all the countries involved (valuation of goods and services specified in detail). Despite this, a 'uniform' coverage of the indices is ensured through the categories of the COICOP/HICP<sup>1</sup> classification, which are to be included in the indices. The member states deliver their national HICPs to Eurostat in a breakdown by sector, category, and class. In a harmonised index of a specific country, the classes of the COICOP/HICP classification (there are approximately 100), whose share in total household expenditure on consumption (covered by the HICP) exceeds 0.1%, i.e. their weight is higher than 0.1%, must be covered by appraised goods and services. In Slovakia's harmonised consumer price index, for example, it would be useless to cover class '07.3.4. – sea and inland waterborne passenger traffic' in sector '07 – transport,' category '07.3 – transport services' and to monitor the price component 'ticket for Bratislava – Devín by ship' within this class, since expenditures on 'transport' of this type represent a negligible amount in Slovakia and the price of this component would not affect the overall price index.

An important point in the coverage of harmonised indices is that we distinguish between 'initial coverage' and 'extended coverage'. Goods and services whose inclusion in the index would cause incomparability have been excluded from the initial coverage of the HICP, according to which the HICPs of Member States had been calculated by the end of 1999 (for example, the Member States have different health care systems, hence hospital services are one of the areas that have been excluded from the coverage of harmonised indices). The initial coverage of the HICP was defined according to the aforementioned regulation of 1996.

<sup>1</sup> COICOP (Classification Of Individual Consumption by Purpose) is an international classification applied in various areas (national accounts, family accounts, purchasing power parity). Its modified version – COICOP/HICP has also been adopted for the classification of the HICP.





Council Regulation No. 1687/98EC mainly pertains to the extended coverage of the HICP by goods and services in the area of health care, social services, education, and insurance. This regulation was followed by regulations in 1999, which specified further requirements for the HICP in connection with the extended coverage of the above-mentioned areas. Preparations for the extended coverage of the HICP had lasted until the end of 1999, the Member States began using the new indices with effect from January 2000. Starting from January 2001, the coverage of the indices was further extended, to include hospital services, social care at home (e.g. transport of physically disabled persons), and homes for the handicapped.

The coverage of the HICP by goods and services is not yet fully harmonised (though there are regulations stipulating the contents and time schedule of HICP coverage). The inclusion of the housing expenses of those living in their own dwellings (houses, flats) in the HICP (including the purchase price of the dwelling) remains, in part, an open question. One of the problems is that the purchase of a house (flat) is connected with investments and savings, which are usually not covered by consumer price indices. However, the 'permanent' exclusion of expenses on the purchase of dwellings (houses, flats) and/or expenses on large-scale repairs from the coverage of the HICP, is not a good solution, since the main feature of a harmonised consumer price index is its comparability. The exclusion of such expenses from the HICP would lead to differences in the coverage of housing-related expenses, since the share of people living in their own dwellings ranges from 40% to 80% in the individual Member States. For that reason, a temporary solution approved by the Statistical Programme Committee<sup>2</sup> is currently in force. After its evaluation, it will be decided whether the indices of prices for the purchase of a house or flat will be included in the HICP or not.

The regulations concerning the coverage of the HICP by goods and services are amended by Council Regulation No. 1688/98/EC. This regulation is based on the European System of Accounts (ESA) 1995 and extends the coverage of the HICP in geographical and population terms, within the scope of updating the definition of spending on final household consumption. According to this regulation, the household sector includes all individuals and groups irrespective of their national or residence status, i.e. 'domestic concept'. It also includes people living in institutional households. In simplified terms, the HICP indices will cover the consumer expenses of residents for goods and services that directly satisfy their individual needs and the expenses of tourists in the territory of the given country, while the expenses of residents outside the country are to be excluded. Also, HICP indices are to cover the individual consumer expenses of people living in institutional households (prisons, retirement homes, etc.), but these are to be separated from the own consumer expenditures of institutions, which are to be excluded.

In 2000, the Commission issued regulations for setting a deadline for the inclusion of prices for goods and services in the HICP (Commission Regulation No. 2601/2000/EC) and the minimum criteria for price allowances (Commission Regulation No. 2602/2000/EC). These were followed by further regulations in 2001. At present, regulations are being prepared in respect of seasonal goods and requirements for the determination of prices.

On the basis of these regulations, the first harmonised indices were published in March 1997. Although the methodology of harmonised indices is still being updated and enhanced, it currently represents the best statistical basis for the comparison of inflation on an international basis.

## 1.2. Differences Between the HICP and CPI in Slovakia

In Slovakia, there are no significant differences between the HICP and CPI. The main differences are in the coverage of the index. The HICP only covers standard consumer expenses; as opposed to the CPI, goods and services of an investment nature (e.g. goods and services related to large repairs and maintenance of flats and houses) are excluded from the HICP. Furthermore, the HICP does not cover expenses related to living in family houses (so-called imputed rents). The HICP is therefore calculated from a somewhat narrower consumer basket than the CPI, which means that it comprises fewer items of goods and services.

Apart from the above differences, there are also differences between the HICP and CPI in the calculation of weights used in these indices. While weights for the CPI are calculated on the basis of the expenses of Slovak households, the HICP is based on the so-called 'domestic concept', which covers the expenses of both Slovak households and foreigners residing in the SR, while the expenses

<sup>2</sup> The Statistical Programme Committee meets 4 times a year on a regular basis (in March, May, September, and November) and comprises the chairmen of the statistical offices of Member States, and/or their deputies, and the chairman of the committee representing Eurostat.

**Chart 31 Comparison of the 12-Month CPI and HICP Inflation Rates**



Source: NBS calculations based on data from the Statistical Office of the SR.

of Slovak households outside the territory of Slovakia are excluded. For the HICP, the weights of insurance expenses are calculated on the basis of the so-called 'net concept', which means that not only the insurance premium paid by households is taken into account but also any income from insurance companies in the case of an insurance event (insurance benefits), whereas the CPI only includes the insurance expenses of households. There are also some other differences in the calculation of weights, but their overall effect on the index is negligible.

Another difference is, or was, that the harmonised index is calculated as an annual chain index, which makes it possible to change the weights of individual components every year, whereas the national index had been calculated as a base index up to December 2004 (its weights were fixed to a base period, i.e. December 2000).

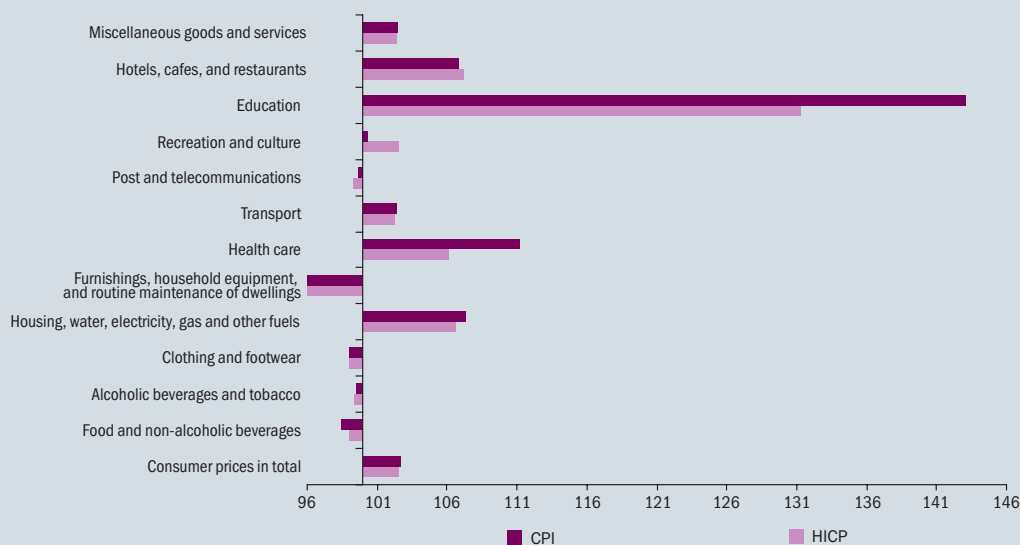
The Harmonised Index of Consumer Prices is published by the Statistical Office of the SR on a monthly basis (as of May 2004) and is available on the web site of the Office. In numerical terms, the differences between 12-month inflation rates, expressed in terms of harmonised and national consumer price indices, fluctuated within the range of  $\pm 0.3$  of a percentage point from 1996 to 2005.

fluctuated within the range of  $\pm 0.3$  of a percentage point from 1996 to 2005.

A comparison of 12-month inflation rates, calculated on the basis of the HICP and CPI, and the differences between the two rates, are illustrated in the following chart.

The differences between HICP and CPI inflation rates in the individual groups of COICOP/HICP classification are shown in the tables below. Apart from differences in weights, there are specific differences arising from the different methodology applied for the HICP and from the different categorisation of components. The biggest differences between the HICP and CPI are in the following categories: education; miscellaneous good and services; recreation and culture; housing, electricity, gas, and other fuels; health care; transport; and in hotels, cafes, and restaurants.

**Chart 32 Comparison of the HICP and CPI According to the COICOP Classification in February 2005 (same period a year earlier = 100)**



Source: NBS calculations based on data from the Statistical Office of the SR.

**Table 40 Differences Between the HICP and CPI**

		Number of components	Weight in December 2004 in %
Consumer prices in total	HICP	706	100
	CPI	712	100
	difference	-6	0
of which:			
Food and non-alcoholic beverages	HICP	138	19.1
	CPI	138	18.5
	difference	0	+0.6
Alcoholic beverages and tobacco	HICP	11	6.2
	CPI	11	5.1
	difference	0	+1.1
Clothing and footwear	HICP	101	4.3
	CPI	101	4.8
	difference	0	-0.5
Housing, water, electricity, gas and other fuels	HICP	42	20.6
	CPI	45	28.2
	difference	-3	-7.6
Furnishings, household equipment, and routine maintenance of dwellings	HICP	90	5.0
	CPI	91	4.9
	difference	-1	+0.1
Health care	HICP	37	3.0
	CPI	38	1.6
	difference	-1	+1.4
Transport	HICP	75	11.3
	CPI	75	9.8
	difference	0	+1.5
Post and telecommunications	HICP	20	4.3
	CPI	20	3.9
	difference	0	+0.4
Recreation and culture	HICP	78	8.4
	CPI	77	9.0
	difference	1	-0.6
Education	HICP	5	1.3
	CPI	6	0.9
	difference	-1	+0.4
Hotels, cafes, and restaurants	HICP	39	9.9
	CPI	39	7.3
	difference	0	+2.6
Miscellaneous goods and services	HICP	70	6.7
	CPI	71	6.0
	difference	-1	+0.7

Source: NBS calculations based on data from the Statistical Office of the SR.

The difference in the 'miscellaneous goods and services' group can mainly be explained by the use of the so-called 'net concept' in the calculation of weights for insurance. The different year-on-year dynamics of the HICP in 'housing, water, electricity, gas and other fuels' can be explained by the exclusion of the so-called 'imputed rent' and goods and services related to large repairs and maintenance from the HICP. The differences in education, recreation and culture, transport, and health care are partly caused by differences in weights and partly by the categorisation of individual items in the consumer basket (e.g. the item 'elementary arts school' is included in 'education' for the CPI, but within the HICP it belongs to 'recreation and culture').



**Table 41 Comparison of Year-on-Year Developments in HICP and CPI**

		2004				2005	
		9	10	11	12	1	2
Consumer prices in total	HICP	106.4	106.3	106.0	105.8	103.1	102.5
	CPI	106.7	106.6	106.3	105.9	103.2	102.7
	difference	-0.3	-0.3	-0.3	-0.1	-0.1	-0.2
of which:							
Food and non-alcoholic beverages	HICP	106.4	105.0	104.0	102.8	102.2	99.4
	CPI	106.3	104.9	103.9	102.6	102.0	98.9
	difference	0.1	0.1	0.1	0.2	0.2	0.5
Alcoholic beverages and tobacco	HICP	103.9	101.8	101.4	100.3	100.6	100.1
	CPI	103.9	101.8	101.3	100.3	100.6	100.1
	difference	0.0	0.0	0.1	0.0	0.0	0.0
Clothing and footwear	HICP	100.4	100.1	100.0	99.6	99.4	99.3
	CPI	100.4	100.1	100.0	99.6	99.4	99.2
	difference	0.0	0.0	0.0	0.0	0.0	0.1
Housing, water, electricity, gas and other fuels	HICP	115.8	115.8	115.8	115.9	115.9	108.2
	CPI	113.3	113.3	113.3	113.7	113.7	108.4
	difference	2.5	2.5	2.5	2.2	2.2	-0.2
Furnishings, household equipment, and routine maintenance of dwellings	HICP	97.1	96.7	96.6	96.6	96.3	96.1
	CPI	97.2	96.8	96.6	96.6	96.4	96.2
	difference	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Health care	HICP	108.8	109.1	109.8	109.9	109.6	107.2
	CPI	116.1	116.6	118.2	116.9	112.9	112.2
	difference	-7.3	-7.5	-8.4	-7.0	-3.3	-5.0
Transport	HICP	105.8	105.2	106.8	106.7	104.5	101.6
	CPI	106.9	106.4	108.2	108.0	105.7	101.6
	difference	-1.1	-1.2	-1.4	-1.3	-1.2	0.0
Post and telecommunications	HICP	104.6	98.9	98.9	98.9	98.7	99.4
	CPI	104.8	99.1	99.1	99.1	99.1	99.8
	difference	-0.2	-0.2	-0.2	-0.2	-0.4	-0.4
Recreation and culture	HICP	103.3	104.8	104.8	104.6	104.5	103.7
	CPI	100.7	101.3	101.3	101.1	101.0	100.6
	difference	2.6	3.5	3.5	3.5	3.5	3.1
Education	HICP	109.4	111.1	110.5	111.0	123.0	130.5
	CPI	131.4	140.9	140.7	141.2	152.0	156.6
	difference	-22.0	-29.8	-30.2	-30.2	-29.0	-26.1
Hotels, cafes, and restaurants	HICP	109.8	110.9	111.2	111.4	111.5	108.5
	CPI	109.4	110.3	110.5	110.7	110.8	108.0
	difference	0.4	0.6	0.7	0.7	0.7	0.5
Miscellaneous goods and services	HICP	103.4	103.4	103.3	103.8	103.7	102.2
	CPI	106.9	107.0	106.9	106.8	106.7	102.4
	difference	-3.5	-3.6	-3.6	-3.0	-3.0	-0.2

Source: NBS calculations based on data from the Statistical Office of the SR.

In addition to differences in the basic COICOP classification, there are also differences in the structure monitored by the NBS. In the basic structure of the CPI, the consumer basket is divided into regulated prices and core inflation, excluding the impact of changes in indirect taxes on overall inflation. The structure of core inflation is composed of foodstuffs (processed and unprocessed), tradable goods (including fuels), and market services. In the structure of the HICP, however, regulated prices are not split-off and the individual items are not adjusted for indirect taxes and are divided into two large categories: goods and services. Goods are divided into industrial goods (excluding energy) and energy, which includes fuels, electricity, gas, and other fuels. Foodstuffs are divided, as in the case of the CPI, into processed and unprocessed foodstuffs. In contrast to the CPI, foodstuffs (processed food) also include alcoholic beverages, tobacco, and tobacco products, while these items in the CPI are included in tradable goods.



Table 42 Structure of CPI Inflation (%)		
	Weight in December 2004	12-month inflation rate in February
Total	100.00	2.7
Regulated prices	21.91	7.6
Impact of changes in indirect taxes		0.09
Core inflation	78.09	1.1
Foodstuffs	16.62	-1.6
Processed food	9.64	-1.3
Unprocessed food	6.98	-2.4
Tradable goods	34.72	-1.0
Tradable goods, excluding fuels	31.11	-1.2
Fuels	3.58	1.2
Lubricants	0.04	7.4
Market services	26.75	6.9
Net inflation (excluding the impact of changes in indirect taxes)	61.47	2.1
Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes)	57.85	2.2

Source: NBS calculations based on data from the Statistical Office of the SR.

Table 43 Structure of HICP Inflation (in %)		
	Weight in December 2004	12-month inflation rate in February
Total	100.00	2.5
Goods	66.92	0.9
Industrial goods	41.58	2.0
Industrial goods (excluding energy)	24.02	-0.3
Energy	17.55	5.2
Electricity, gas, and other energy	14.09	5.9
Fuels	3.46	2.3
Foodstuffs	25.34	-0.9
Processed food (including alcohol and tobacco)	17.53	-1.3
Unprocessed food	7.81	-0.5
Services	33.07	6.4
Total, excluding energy and unprocessed food	74.63	2.2
Total, excluding energy	82.45	2.0

Source: NBS calculations based on data from the Statistical Office of the SR.

## 2. Methodology for Monitoring the Monetary Aggregates and the Harmonisation Process

In its monetary programme for the period until 2008, the National Bank of Slovakia has undertaken to place greater emphasis on monitoring the M3 monetary aggregate and its counterparts in 2005 according to the methodology of the European Central Bank, in line with the deepening process of harmonisation. The adoption of ECB standards for the NBS is connected with the requirement to supply the ECB and Eurostat with data on monetary aggregates on a monthly basis.

Since 1993, the NBS has also been monitoring the monetary aggregates according to the national methodology within the scope of the Special Data Dissemination Standards (SDDS) of the International Monetary Fund, which the Slovak Republic adopted in 1996. Since the national methodology and the ECB methodology differ, the monetary aggregates are currently monitored according to both methodologies.

## 2.1. Basic Differences Between the ECB and NBS Methodologies

The basic patterns for the calculation of monetary aggregates according to the individual methodologies are illustrated in the following overview:

Methodology of the NBS	Methodology of the ECB
	<i>(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)</i>
Currency outside banks (M0)	Currency outside banks (M0)
+	+
Demand deposits (in SKK)	Daily (overnight) deposits and loans received
= <b>Money (M1 – 'narrow money')</b>	= <b>M1 ('narrow money')</b>
Time deposits (all maturities, in SKK)	+ Deposits and loans received, with an agreed maturity of up to 2 years
+	+ Deposits and loans received, at a period of notice of up to 3 months
Deposits in foreign currency	
= <b>Quasi-money (QM)</b>	= <b>M2 ('intermediate money')</b>
	+ repo operations
	+ shares and participation certificates of money market investment funds
	+ debt securities issued, with a maturity of up to 2 years, and other money market products
<b>M2 money market (M1 + QM)</b>	<b>M3 monetary aggregate ('broad money')</b>

The main differences between the individual methodologies are as follows:

- **definitions of monetary financial institutions:**
  - the ECB methodology uses an extended file of monetary financial institutions (MFI), which includes the NBS, commercial banks, and money market investment funds – the deposits of money market investment funds (MMIF) in commercial banks are treated in this sense as interbank operations and are not directly included in the monetary aggregates;
  - the NBS methodology includes only NBS and commercial bank liabilities in the monetary aggregates – hence the deposits of money market investment funds in commercial banks appear in the balance sheets of commercial banks as customer deposits in financial institutions and are directly included in the M2 money supply;
- **the nature and liquidity of resources:**
  - the NBS methodology monitors the money supply measured in terms of the M2 aggregate, which is composed of currency in circulation and bank deposits irrespective of the time of maturity;
  - the ECB methodology monitors liquidity through the broader M3 aggregate, which also includes repo operations, the participation certificates of open-end money market investment funds, and debt securities, which represent, in terms of liquidity and profitability, a substitute for bank deposits. As for maturity, ECB liabilities with a maturity of over 2 years are not included in the monetary aggregates;
- **definitions of deposits and loans:**
  - the NBS methodology uses a so-called narrow definition for both loans and deposits, i.e. it only covers the amount of funds recorded by MFIs as loans (including classified loans) and deposits;
  - the ECB methodology extends the definition of deposits to include subordinated debt in the form of deposits, liabilities arising from repo operations, and non-negotiable securities issued by banks and held by clients (loans as defined by the ECB include non-negotiable securities issued by clients and held by banks, subordinated debt in the form of loans, claims related to repo operations, and tradable loans);
- **in the composition of monetary aggregates:**
  - the NBS methodology includes deposits in the M2 money supply from the following economic sectors:
    - non-financial corporations (S.11);
    - financial corporations (S.123 and S.124) – including MMIF deposits;
    - insurance companies and pension funds (S.125);
    - non-profit institutions mainly serving households (S.15);



- households (S.14 – sole traders);
- households (S.14 – accounts of citizens);
- the ECB methodology (with the deposits of MMIFs being deduced from customer deposits) covers the above-mentioned sectors and the deposits of local governments (S.1313) and social insurance funds (S.1314)<sup>3</sup>;
- **in respect of the residence of economic entities:**
  - the NBS methodology also monitors the koruna deposits of non-residents in the monetary aggregates;
  - the ECB methodology exclusively takes into account the funds of residents (in Slovak koruna as well as foreign currency);
- **in respect of accrued assets and liabilities:**
  - in the NBS methodology, accruals and deferrals are included in the deposit and loan accounts of clients;
  - in the ECB methodology, accruals and deferrals are excluded from the monetary aggregates;
- **in respect of the seasonal adjustment of time series:**
  - unlike the ECB methodology, the NBS methodology uses seasonally unadjusted data.<sup>4</sup>

## 2.2. Compilation of Monetary Aggregates According to the ECB Methodology

The sources of data for the application of the ECB methodology were harmonised records of monetary and financial statistics, which were introduced by the NBS in 2003. According to the ECB methodology, monetary aggregates were calculated in 2003 and 2004 on the basis of a harmonised balance from the 'M (NBS) 1-12 – Statistical Balance,' monthly statement from which the NBS compiles a consolidated balance for the 'monetary financial institutions' (MFI) sector. In 2003, as in the national methodology, the MFI sector was composed of the National Bank of Slovakia, commercial banks with a registered office in the SR, building societies, and the branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector was extended to include money market investment funds, which are now required to report to the NBS on a monthly basis (the list of all MFIs monitored by the NBS is regularly updated on the web site of the National Bank of Slovakia).<sup>5</sup>

From the monthly statistical balances of resident MFIs, an aggregate balance is compiled, as a summary of statistical balances of MFIs for assets and liabilities in all currencies. Then, a consolidated balance is compiled from the aggregate balance of MFIs, through the compensation (netting) of positions between the MFIs, as a basis for the calculation of monetary aggregates and the M3 counterparts. During consolidation, the mutual relations of MFIs are excluded from the aggregate balance as follows:

- liabilities arising from issued debt securities are reduced by debt securities issued by MFIs in the holdings of MFIs;
- deposits and loans received from MFIs are reduced by the claims on MFIs;
- liabilities arising from equity securities issued are reduced by MFI shares and other equities in MFI holdings.

## 2.3. Developments in Monetary Aggregates According to the ECB and NBS Methodologies

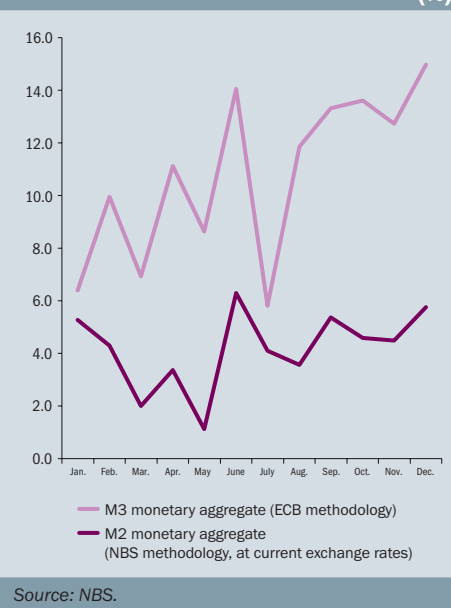
The following chart illustrates the differences in the year-on-year dynamics of monetary aggregates according to the national methodology and that of the ECB. In 2004, the dynamics of the M3 monetary aggregate, as defined in the methodology of the ECB, followed a more volatile

<sup>3</sup> In the methodology of the NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

<sup>4</sup> Pursuant to the conditions of the NBS, the recording of seasonally adjusted data according to the methodology of the ECB is currently in the stage of preparation.

<sup>5</sup> The actual list of monetary financial institutions (MFIs) and detailed methodological information on harmonised monetary and banking statistics are available on the web site of the National Bank of Slovakia (<http://www.nbs.sk>) in the 'Harmonised Monetary and Banking Statistics' section under the 'Banking Sector in the SR' menu.

**Chart 33 Comparison of the 12-Month Dynamics of M3 (ECB methodology) and M2 (NBS methodology) in 2004 (%)**







course. This was due to the large volume of repo operations conducted by commercial banks in 2003 in connection with the payment of coupons on government bonds (mainly in January 2003: in the amount of Sk 24.2 billion; in March 2003: in the amount of Sk 12.9 billion; and in July 2003: in the amount of Sk 40.2 billion), as a result of which the base of the overall aggregate became volatile, since banks did not conduct repo operations in such amounts in the following period.

The faster rate of year-on-year growth in the M3 monetary aggregate according to the ECB methodology results from the lower base of the aggregate in 2003, when data on participation certificates issued by MMIFs were not yet available in the monetary and banking statistical statements. According to the NBS methodology, the actual tendency to invest in the purchase of MMIF participation certificates directly contributes to the acceleration of the growth in M3 and leads (owing to the gradual outflow of bank deposits in favour of participation certificates) to a slowdown in the rate of growth in the M2 money supply in the medium term.

### 3. Capital Market

#### 3.1. Primary Market

In February, the Agency for Debt and Liquidity Management re-opened two government-bond issues with a maturity of five and ten years, in line with the Issuing Schedule. Both issues were opened for the first time in 2004. Total demand amounted to Sk 31.9 billion, of which 23.6% was accepted.

#### Government bonds

The first re-opening in February was Issue No. 203, a five-year issue re-opened for the sixth time, with a fixed coupon of 4.80% p.a., unlimited amount and price. Demand for this issue reached Sk 19.9 billion, of which Sk 4.7 billion was accepted, i.e. 57.23% of the total issue-amount set in the issuing conditions (Sk 40.0 billion). This resulted in a fulfilment rate of 23.69% of the total demand. The yields achieved at the auction ranged from 2.99% to 3.10%. Yields on ten-year benchmark government bonds fluctuated between 3.35% and 3.06%, and showed a tendency to fall.

The second government-bond issue was Issue No. 202, which was also opened for the sixth time. The maturity of the issue was 10 years, with a fixed coupon of 4.90% p.a. Demand reached Sk 12.0 billion, with Sk 2.8 billion being accepted (23.45% of the total). To achieve the announced issue-amount (Sk 40 billion), government bonds will have to be issued in the amount of Sk 21.67 billion. Yields ranged at the auction from 3.39% to 3.60%. Yields on ten-year benchmark government bonds fluctuated during February between 3.99% and 3.66%.

In February, yields were paid in the total amount of Sk 2.2 billion. One issue was redeemed in the amount of Sk 7.07 billion. Foreign investors received Sk 0.4 billion in yields (19.75% of the total amount). This was 12% less than in the same period a year earlier (Sk 0.5 billion in February 2004). Domestic investors received Sk 1.8 billion (80.25% of the total amount), which was 5.88% more than in 2004 (Sk 1.7 billion in January 2004). Bonds creditors received 5.9% of the total amount of yields.

#### Yield payment and bond redemption

Publicly negotiable non-government bonds were not issued during the month of February.

#### Non-government bonds

#### 3.2. Secondary Market

The Bratislava Stock Exchange (BCPB) was open for 20 days in February. During that period, a total of Sk 41.4 billion was traded in 1,174 transactions. Compared with the previous month, the volume of trading increased by 14.7% (the number of transactions decreased by 6.2%). The volume of price-setting transactions reached Sk 452.9 billion (1.1% of the total volume).

Non-resident investors accounted for 68.1% of the total volume of transactions, of which 64.2% were composed of purchases and 72.1% of sales.

There were 369 bond transactions totalling Sk 41.0 billion in February. Most investments were made in government bonds: their volume reached Sk 40.9 billion (in 352 transactions), representing 99.8% of the total volume of bond transactions. The volume of trading increased by 14.7% compared with the previous month.

#### Bonds

In terms of volume, the market for quoted bonds was dominated by trading in government bonds, Issue No. 203 (Sk 10.6 billion in 94 transactions), Issue No. 202 (Sk 5.9 million in 61 transactions), and Issue No. 131 (Sk 4.3 billion in 6 transactions). In the non-government sector, the best performers were the newly quoted B.O.F. 06 issue (Sk 23.7 million, 4 transactions) and Issue No. 05 (Sk 9.2 million, 4 transactions).



The price of three-year bonds was quoted at 2.83% to 3.12%; five-year bonds at 3.08% to 3.52%; seven-year bonds at 3.43% to 3.76%; and nine-year bonds at 3.54% to 3.94%.

The market capitalisation of bonds amounted to Sk 368.4 billion (a month-on-month increase of 0.8%) on the last trading day of the month. The capitalisation of quoted bonds increased month-on-month by 1.1%, to Sk 347.1 billion.

**SDX index** The SDX (Slovak Bond Index) component for corporate and bank bonds closed the month at 262.78% of the nominal value (a monthly increase of 0.7%), with an average yield of 4.052% to maturity and a duration of 1.66 years. The component for government bonds rose by 2.3%, to 248.65% of the nominal value, corresponding to a yield of 2.998% and a duration of 4.23 years.

**SDXGroup indices** The SDXG for the private sector, represented by government bonds, closed the month at the level of 109.87 (price component) and 115.46 (development component), with a yield of 3.29% to maturity and a duration of 4.78 years. The value of the short-term SDXG( $\leq 5$ ) sub-index reached 106.86 (for price) and 111.47 (for development), with a yield of 2.91% to maturity and a duration of 2.8 years. The long-term SDXG( $> 5$ ) sub-index closed the month at 112.98 (for price) and 119.54 (for development), with a yield of 3.48% to maturity and a duration of 7.3 years.

The SDXG for the private sector, represented by corporate and mortgage bonds, closed the month at 103.29 (price component) and 110.91 (development component), with a yield of 3.81% and a duration of 3.15 years. The value of the short-term SDXG( $\leq 5$ ) sub-index reached 102.09 (for price) and 109.99 (for development), with a yield of 3.67% and a duration of 2.18 years. The long-term SDXG( $> 5$ ) sub-index closed the month at 108.20 (for price) and 113.09 (for development), with a yield of 3.979% to maturity and a duration of 6.62 years.

In line with the 27 January 2005 decision of the commission for the revision of SDXG indices, on 21 February 2005, the Bratislava Stock Exchange decided to include the B.O.F. 06 corporate issue in the SDXG base for the private sector (corporate sub-sector), since it had been included in the Market Maker System on 11 February 2005.

**Shares** In February, equity securities were traded in the amount of Sk 363.4 million. The volume traded within the scope of compulsory bids accounted for 4.7%, which represented Sk 17.0 million in 59 transactions. The volume of transactions increased fivefold on a month-on-month basis (compared with January).

The best performers in February were the shares of SES Tlmače (Sk 177.5 million, 79 transactions), VÚB (Sk 34.8 million, 91 transactions), and Slovnaft (Sk 31.3 million, 125 transactions). On the regulated open market of the BCPB, the largest financial volume was traded in the shares of PROMINENT HOLDING (Sk 47.7 million in 1 transaction).

By the last trading day of February, the market capitalisation of equity securities had increased by 18.3% month-on-month, to Sk 162.8 billion. The actual amount of issues was Sk 148.8 billion (a month-on-month increase of 20.5%) and accounted for 91.4% of the total capitalisation of the share market. New issues of equity securities were not floated during the month.

**SAX index** During February, the Slovak Share Index (SAX) followed an upward trend, with a fall being recorded only once (on 7 February 2005, owing to a slight depreciation in Nafta and Slovnaft shares). The index opened the month at 333.87 points, representing an appreciation of 1.03% against the figure for the end of the previous month. The most active components of the index were companies with the highest capitalisation, with the largest weight in the index (Slovnaft and VÚB), whose marked appreciation, mainly in the last half of the year (starting from 1 August 2004), is connected with the favourable economic results of these companies. Slovnaft shares appreciated during the month by 38.9% (to Sk 980/share) and VÚB shares by 35.3% (to Sk 1,095/share). The highest month-on-month appreciation was recorded in the shares of OTP Banka Slovensko (81.1%, to Sk 262/share). The SAX index closed the month at 442.01 points (a monthly and all-time high), with a month-on-month increase of 33.8%. During the month, each issue was traded within the scope of price-setting transactions at least once, and thus contributed to the final value of the index.

#### 4. Monetary Developments in the Euro Area

At its February 3rd meeting the Governing Council of the European Central Bank (ECB) decided to leave its key interest rates unchanged. The rate for refinancing operations remained at 2.00%, the rate for one-day loans at 3.00%, and that for overnight deposits at 1.00%.

**Chart 34 Key ECB Interest Rates and the EONIA (%)**


Source: ECB

1) Euro OverNight Index Average (EONIA) – overnight reference rate of commercial banks operating in the euro area.  
2) Minimum bid rate – the lowest rate accepted at a variable rate tender (the average value of minimum bid rates during the reserve maintenance period is used as the rate of interest on reserves).

#### 4.1. Exchange Rate Developments

At the beginning of February, the exchange rate of the euro against the US dollar hovered around the level of USD 1.30/EUR.

During the first half of the month, the exchange rate of the dollar against the euro followed a slightly appreciating trend, primarily due to positive news about macroeconomic developments in the USA, which indicated a certain revival in the American economy and an improvement in the performance of the federal budget. In the second half of the month, however, the dollar began to weaken slowly in relation to the euro, primarily as a result of news about the possible diversification of the dollar reserves of Asian central banks (the Central Bank of Korea) into assets denominated in other currencies. The exchange rate of the USD was negatively affected by the more prudent perception of problems with two-digit deficits among some of the participants in the market. At the end of the month, the exchange rate hovered around the level of USD 1.32/EUR.

During February, the euro appreciated in relation to the US dollar by 1.76% on a month-on-month basis. Since the first trading day of the year, the euro has depreciated vis-à-vis the dollar by 1.85%.

**Chart 35 Exchange Rates: SKK/EUR and USD/EUR**


Source: NBS and ECB.

#### 4.2. Real Economy

According to the first Eurostat estimate, the euro area economy grew in the fourth quarter of 2004 by 0.2% compared with the previous quarter, while increasing in comparison with the same quarter of 2003 by 1.6%. Final household consumption increased over the fourth quarter of 2004 by 0.5% (in the third quarter by 0.1%), while investment grew by 0.6% (in the previous quarter by 0.6%). Exports grew by 0.5% (compared with 1.3% in the previous quarter) and imports increased by 1.0% (in the previous quarter by 3.1%). In the third quarter of 2004, euro area GDP grew by 0.2%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), fell to 1.9% in January, from 2.4% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Greece (4.2%), Spain (3.1%), and Luxembourg (2.8%). In January, the only euro area country to record deflation (0.2%) was Finland. The steepest year-on-year increases took place in alcohol and tobacco prices (7.5%). Price levels fell in telecommunications (by 2.4%) and food processing (by 0.1%). In the same period a year earlier, consumer

prices in the euro area rose by 1.9%. Eurostat foresees a year-on-year inflation rate of 2.0% in February.

During January, industrial producer prices increased year-on-year by 3.9% and month-on-month by 0.6%.

Retail sales declined on a year-on-year basis by 0.6% in January, while growing in comparison with the previous month by 0.3%.

The rate of unemployment (seasonally adjusted) remained unchanged in January, at the level of the previous month (8.8%). The lowest unemployment rates were achieved in Ireland (4.3%), Luxembourg (4.4%), and Austria (4.5%). The highest unemployment rates within the euro area were recorded in



Greece (10.5% in June), Spain (10.3%), and France (9.7%). In relative terms, the most significant increases in the year-on-year unemployment rates have occurred in the Netherlands (from 4.3% to 4.7% in December), Luxembourg (from 4.0% to 4.4%), and Portugal (from 6.3% to 6.9%). In the same period a year earlier, the unemployment rate in the euro area stood at 8.9%.

According to the first Eurostat estimate, foreign trade in the euro area resulted in a surplus of EUR 5.7 billion in December 2004, compared with EUR 6.4 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) declined by 0.6% and imports by 1.4% in December.



## 5. Tables

## Selected Indicators of Economic and Monetary Development in the SR

	Unit	2004										2005		
		2	3	4	5	6	7	8	9	10	11	12 <sup>(p)</sup>	1	2
<b>REAL ECONOMY</b>														
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	190.9 <sup>(p)</sup>	-	-	400.9 <sup>(p)</sup>	-	-	615.2 <sup>(p)</sup>	-	-	826.5 <sup>(p)</sup>	-	-
Year-on-year change in GDP <sup>3)</sup>	%	-	5.4 <sup>(p)</sup>	-	-	5.5 <sup>(p)</sup>	-	-	5.4 <sup>(p)</sup>	-	-	5.5 <sup>(p)</sup>	-	-
Unemployment rate <sup>4)</sup>	%	16.5	16.0	15.3	14.5	13.9	13.7	13.2	13.1	12.7	12.6	13.1	13.4	.
Consumer prices (CPI) <sup>3)</sup>	%	8.5	8.2	8.0	8.3	8.1	8.5	7.2	6.7	6.6	6.3	5.9	3.2	2.7
Consumer prices (HICP) <sup>3) 15)</sup>	%	-	-	-	-	-	-	-	-	-	-	-	3.1	2.6
<b>BALANCE OF TRADE<sup>2) 11) (p)</sup></b>														
Exports (fob)	SKK millions	127,829	203,115	284,094	364,202	440,460	510,149	580,122	659,719	744,196	826,578	895,205	67,582	.
Imports (fob)	SKK millions	126,199	203,816	286,179	367,130	451,527	527,918	603,164	687,351	775,853	863,705	942,160	68,161	.
Balance	SKK millions	1,630	-701	-2,085	-2,928	-11,067	-17,769	-23,042	-27,632	-31,657	-37,127	-46,955	-579	.
<b>BALANCE OF PAYMENTS<sup>2)</sup></b>														
Current account <sup>11)</sup>	SKK millions	4,189.9	5,330.9	3,980.5	-7,034.7	-18,457.6	-24,943.7	-26,985.7	-31,297.5	-33,173.1	-36,893.4	-46,685.4	.	.
Capital and financial account	SKK millions	14,449.2	-1,030.9	86.6	54,604.9	28,293.2	60,391.2	57,763.6	55,078.2	58,176.1	54,848.7	95,646.4	.	.
Overall balance	SKK millions	22,742.0	8,501.6	7,682.1	50,445.4	13,358.1	44,184.7	39,298.8	32,987.4	33,599.4	31,116.7	55,205.1	.	.
<b>FOREIGN EXCHANGE RESERVES<sup>4) 7)</sup></b>														
Total foreign exchange reserves	SKK millions	13,939.2	13,275.2	13,016.5	14,597.0	13,750.6	14,302.7	14,344.0	14,410.9	14,822.6	15,466.1	16,778.7	14,811.2	17,218.5
NBS foreign exchange reserves	SKK millions	12,755.6	12,214.2	11,920.8	13,556.8	12,362.4	13,220.3	13,128.3	13,218.7	13,517.1	13,912.9	14,913.1	14,331.6	16,724.5
<b>GROSS EXTERNAL DEBT<sup>4) 9)</sup></b>														
Total gross external debt	SKK billions	18.2	17.5	17.0	19.4	18.7	19.0	18.9	19.5	20.7	21.8	23.7	.	.
External debt per capita	USD	3,389	3,245	3,156	3,606	3,478	3,534	3,520	3,632	3,842	4,059	4,405	.	.
<b>MONETARY INDICATORS</b>														
Exchange rate <sup>5)</sup>	SKK/USD	32.083	32.927	33.433	33.498	32.888	32.512	32.939	32.825	32.081	30.532	29.074	29.348	29.259
Money supply (M2) <sup>4) 6) 12) 14)</sup>	SKK billions	730.7	711.6	719.8	710.9	731	736.8	742.3	748.4	749.3	758.4	779.9	-	-
Year-on-year change in M2 <sup>3)</sup>	%	5.5	3.2	4.3	1.8	7.1	5.0	4.7	6.2	5.4	5.5	7.5	-	-
M3 monetary aggregate <sup>4) 15)</sup>	SKK billions	-	-	-	-	-	-	-	-	-	-	-	762.7	.
Year-on-year change in M3 <sup>3)</sup>	%	-	-	-	-	-	-	-	-	-	-	-	10.4	.
Loans to enterprises and households <sup>4) 6) 13) 14)</sup>	SKK billions	378.8	384.2	383.9	388.2	394.5	391.2	395.4	402.1	408.3	409.3	409.2	-	-
Claims of monetary financial institutions <sup>15)</sup>	SKK billions	-	-	-	-	-	-	-	-	-	-	-	701.4	.
<b>STATE BUDGET<sup>2) 4)</sup></b>														
Revenue	SKK billions	36.4	67.0	98.1	109.2	120.7	139.1	153.7	172.8	195.9	213.7	242.4	24.6	39.8
Expenditure	SKK billions	40.8	65.8	92.4	111.5	133.2	157.7	178.5	202.3	226.4	247.8	312.7	20.3	40.9
Balance	SKK billions	-4.4	1.2	5.7	-2.3	-12.5	-18.6	-24.8	-29.4	-30.5	-34.1	-70.3	4.3	-1.1
<b>CUSTOMER RATES</b>														
Average interest rate on:														
- one-year deposits	%	3.66	3.88	3.81	3.81	3.62	3.46	3.38	2.95	2.91	2.83	2.71	2.49	.
- short-term loans <sup>8)</sup>	%	7.72	7.57	7.49	7.31	7.08	6.51	6.49	6.47	6.57	6.46	5.87	6.15	.
- new short-term loans	%	7.62	7.52	7.45	8.93	8.71	8.26	8.21	8.11	8.10	8.16	7.45	7.65	.
<b>MONEY MARKET</b>														
Interest rates set by the NBS Bank Board														
Date of maturity <sup>10)</sup>														
Overnight operations		22.12.2003	29.3.2004	29.4.2004	29.4.2004	29.4.2004	1.7.2004	1.7.2004	1.7.2004	1.7.2004	29.11.2004	29.11.2004	29.11.2004	1.3.2005
- sterilisation	%	4.50	4.00	3.50	3.50	3.50	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.00
- refinancing	%	7.50	7.00	6.50	6.50	6.50	6.00	6.00	6.00	6.00	5.50	5.50	5.50	4.00
Limit rate for 2-week repo tenders	%	6.00	5.50	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.00	4.00	4.00	3.00
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	6.00	5.50	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.00	4.00	4.00	3.00
Average interbank deposit rate (BRIBOR)														
overnight	%	5.93	5.67	4.95	4.22	3.98	3.92	4.06	3.98	3.94	4.35	3.22	4.25	2.58
7-day	%	6.02	5.82	5.31	4.82	4.29	4.20	4.25	4.30	4.33	4.44	3.78	4.03	2.63
14-day	%	6.01	5.86	5.36	4.89	4.36	4.26	4.25	4.33	4.38	4.42	3.85	3.98	2.69
1-month	%	5.96	5.85	5.37	4.94	4.37	4.15	4.14	4.25	4.37	4.36	3.82	3.87	2.84
2-month	%	5.87	5.78	5.36	4.93	4.35	4.05	4.05	4.19	4.34	4.31	3.81	3.75	2.89
3-month	%	5.79	5.71	5.35	4.91	4.33	3.96	3.96	4.16	4.26	4.22	3.74	3.66	2.90
6-month	%	5.58	5.53	5.29	4.85	4.27	3.85	3.86	4.05	4.12	4.07	3.66	3.46	2.88
9-month	%	5.43	5.39	5.17	4.79	4.22	3.77	3.79	3.95	4.05	4.00	3.64	3.38	2.87
12-month	%	5.34	5.31	5.13	4.73	4.18	3.71	3.75	3.93	4.03	3.97	3.62	3.34	2.86

1) Constant prices, average for 1995.

2) Cumulative since the beginning of the year.

3) Change compared with the same period a year earlier.

4) End-of-period figures.

5) Exchange rate (mid), average for the period.

6) At fixed initial exchange rates from 1 January 1993.

7) Methodological change with effect from 1 January 2002.

8) Excluding loans at zero interest rate.

9) Methodological change with effect from 1 January 1999.

10) The date from which the given interest rate is effective pursuant to the Bank Board's decision.

11) As from May 2004, foreign trade and current account figures are revised on a monthly basis.

12) As from January 2005, the NBS focuses on the analysis of M3 monetary aggregate.

13) As from January 2005, 'loans to enterprises and households' are replaced by the 'claims

of monetary financial institutions' aggregate.

14) Since the Monetary Survey is at current exchange rates (as from January 2005), data on the 'M2

money supply' and 'loans to enterprises and households' must also be obtained at current rates.

The data are available on the web site of the NBS.

15) According to the methodology of the ECB.

Source: Statistical Office of the SR, Ministry of Finance, NBS



**Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs**

	Share of the total (in %) <sup>1)</sup>	Volume (Sk billions)												
		2004												2005
		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Claims of MFIs on residents	33.0	393.8	397.9	401.5	401.7	405.3	411.9	409.1	414.0	419.2	425.1	423.7	432.6	428.4
General government	1.9	29.4	29.8	28.4	28.5	28.2	27.7	27.8	28.3	27.5	27.9	27.8	36.4	25.2
Other residents	31.1	364.4	368.1	373.1	373.2	377.0	384.2	381.3	385.6	391.7	397.2	395.9	396.2	403.2
Non-financial corporations	17.7	235.5	237.1	238.8	235.9	236.7	239.4	232.3	233.8	234.8	237.9	233.9	224.1	230.1
- up to 1 year	7.4	99.8	100.9	103.6	102.2	100.3	102.7	101.2	101.9	101.4	102.9	101.1	91.5	96.2
- 1 to 5 years	4.4	64.3	62.7	61.6	61.5	61.8	60.7	57.9	57.0	57.6	56.8	57.3	57.4	57.6
- over 5 years	5.9	71.4	73.6	73.6	72.2	74.6	76.0	73.2	74.9	75.8	78.2	75.5	75.2	76.3
Financial corporations	3.3	35.0	35.4	36.0	36.6	36.6	38.0	39.0	38.8	40.7	40.0	39.3	44.1	43.2
Insurance corporations and pension funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Households and non-profit institutions serving households	10.0	93.8	95.6	98.3	100.7	103.7	106.8	110.0	113.1	116.2	119.2	122.7	128.0	129.9
- consumer loans	1.5	17.3	17.4	17.8	14.3	14.9	15.0	15.1	15.2	15.5	16.0	16.8	17.5	19.0
- housing loans	6.8	64.6	65.4	66.9	72.0	73.8	75.7	77.5	79.5	81.6	83.2	85.1	87.6	87.8
- other loans	1.8	11.8	12.8	13.6	14.4	15.0	16.2	17.4	18.4	19.1	20.0	20.8	22.9	23.1
Securities other than shares and participation certificates issued by residents	20.7	274.8	266.1	268.4	269.0	261.0	263.9	264.7	269.7	277.3	276.5	281.4	272.0	268.6
General government	19.8	262.5	253.5	256.6	257.3	249.9	250.4	251.2	256.2	264.0	263.0	268.1	258.8	256.2
Other residents	1.0	12.3	12.6	11.8	11.7	11.1	13.5	13.5	13.6	13.3	13.5	13.3	13.2	12.4
Shares and other equities issued by other residents	0.3	3.4	3.1	3.4	3.5	3.4	3.9	3.9	3.9	3.9	4.0	4.0	4.1	4.4
Foreign assets	40.3	479.2	484.8	464.6	479.4	513.4	479.1	505.3	506.0	497.6	492.8	490.9	591.5	522.3
Fixed assets	2.7	35.8	35.9	35.7	35.7	35.7	35.6	35.5	35.6	35.6	35.6	35.6	36.6	34.8
Other assets	3.0	41.0	36.2	33.7	34.6	34.4	32.0	31.1	31.4	31.7	34.5	36.6	36.4	38.3
Deposits and loans received from the central government	11.3	135.0	129.0	137.0	151.4	189.2	166.5	157.5	160.0	159.7	154.4	156.4	125.4	146.7
Long-term financial liabilities	14.2	220.3	218.6	219.4	218.5	210.7	203.0	206.1	206.1	200.9	196.5	185.7	181.4	184.2
Deposits and loans received with an agreed maturity of over 2 years	4.1	49.7	50.5	50.1	48.8	48.4	48.5	48.7	48.5	48.2	48.0	48.2	51.8	52.9
Deposits redeemable at a period of notice of over 3 months	2.5	46.3	44.7	43.4	42.3	41.4	40.3	38.9	37.5	36.7	35.9	34.9	34.4	31.9
Debt securities issued with a maturity of over 2 years	1.0	9.2	9.2	9.6	9.5	9.8	9.9	10.0	10.0	10.5	11.2	11.6	12.3	13.6
Capital, reserves, and provisions	6.6	115.1	114.1	116.3	117.8	111.1	104.3	108.5	110.2	105.5	101.5	91.0	82.8	85.8
Foreign liabilities	14.2	137.7	138.3	119.6	116.2	125.2	107.2	132.0	132.1	129.2	136.2	134.5	253.4	183.6
Other liabilities	3.5	45.3	40.9	47.7	44.5	42.6	43.1	37.9	35.2	37.6	38.9	45.1	41.6	45.6
Surplus of liabilities among MFIs	-0.4	-1.2	-0.2	-0.2	-1.4	0.8	-0.3	-0.1	-0.2	-0.1	-1.1	-0.7	0.4	-4.8
M3	58.8	690.7	697.5	683.9	694.7	684.8	706.8	716.2	727.3	738.1	743.6	751.2	770.9	762.7
<b>Total</b>	100.0	1,227.9	1,224.0	1,207.4	1,223.8	1,253.2	1,226.3	1,249.5	1,260.5	1,265.3	1,268.5	1,272.2	1,373.1	1,296.8

1) In the current month.





## Monetary Survey

(At current exchange rates)

(SKK billions)

	2004												2005		
	1.1.	31.1.	29.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12. <sup>1)</sup>	1.1. <sup>1)</sup>	31.1.
Current SKK/USD exchange rate	32.920	32.637	32.621	32.982	34.126	32.695	32.844	33.370	33.408	32.492	31.386	29.627	28.496	28.496	29.447
Current SKK/EUR exchange rate	41.161	40.822	40.528	40.207	40.359	40.069	39.946	40.138	40.218	40.048	39.940	39.288	38.796	38.796	38.426
<b>ASSETS</b>															
Net foreign assets	194.1	190.9	200.2	202.1	215.1	196.1	195.2	205.0	211.8	189.4	179.2	177.9	169.5	169.7	173.4
Foreign assets	445.5	444.4	458.6	441.9	450.2	482.2	456.6	481.9	483.8	473.0	470.0	463.1	484.0	484.0	494.9
Foreign liabilities	251.4	253.5	258.4	239.8	235.1	286.1	261.4	276.9	272.0	283.6	290.8	285.2	314.5	314.3	321.5
Net domestic assets	544.5	547.2	542.6	520.6	516.6	525.4	547.5	543.6	542.6	570.4	581.0	588.6	615.9	617.7	599.6
Domestic credits	689.4	688.0	695.1	686.9	680.2	680.2	701.6	701.8	714.4	724.8	734.1	735.2	755.0	769.1	762.9
Net credit to general government	312.6	318.3	321.8	308.2	300.7	296.7	311.3	314.2	322.6	326.9	330.3	333.0	354.4	368.6	355.2
- Net credit to government (excluding the NPF)	315.7	321.4	324.7	311.9	307.5	311.0	325.3	320.5	329.3	333.6	337.0	336.7	357.6	371.8	358.4
- Net credit to the National Property Fund	-3.1	-3.1	-2.9	-3.7	-6.8	-14.3	-14.0	-6.3	-6.7	-6.7	-6.7	-3.7	-3.2	-3.2	-3.2
Credits to enterprises and households	376.8	369.7	373.3	378.7	379.5	383.5	390.3	387.6	391.8	397.9	403.8	402.2	400.6	400.5	407.7
Credits in Slovak koruna	308.2	299.6	302.8	306.0	303.1	302.5	304.2	301.6	306.2	311.7	314.3	319.1	318.3	318.2	322.3
- Credits to enterprises <sup>2)</sup>	223.1	213.7	214.6	215.3	210.0	206.9	205.2	199.9	201.1	204.0	203.8	205.7	201.2	201.6	203.5
- Credits to households	85.1	85.9	88.2	90.7	93.1	95.6	99.0	101.7	105.1	107.7	110.5	113.4	117.1	116.6	118.8
Credits in foreign currency	68.6	70.1	70.5	72.7	76.4	81.0	86.1	86.0	85.6	86.2	89.5	83.1	82.3	82.3	85.4
<b>LIABILITIES</b>															
Money Supply (M2)	738.6	738.1	742.8	722.7	731.7	721.5	742.7	748.6	754.4	759.8	760.2	766.5	785.4	787.4	773.0
Money (M1)	275.4	261.2	265.5	258.9	260.8	268.0	279.2	279.7	282.8	288.7	284.8	293.4	311.3	312.0	299.4
Currency outside banks (M0)	91.8	91.7	91.7	90.8	90.9	91.9	93.2	93.8	95.4	96.3	97.6	97.8	100.5	100.5	100.5
Demand deposits	183.6	169.5	173.8	168.1	169.9	176.1	186.0	185.9	187.4	192.4	187.2	195.6	210.8	211.5	198.9
- Households	81.3	83.0	85.0	83.4	83.8	85.6	87.8	89.2	89.6	90.5	91.1	92.4	96.2	97.0	97.8
- Enterprises	98.9	82.7	85.3	81.1	84.0	89.0	96.3	94.2	95.7	99.6	94.3	100.7	113.2	113.1	98.1
- Insurance companies	3.4	3.8	3.5	3.6	2.1	1.5	1.9	2.5	2.1	2.3	1.8	2.5	1.4	1.4	3.0
Quasi-money (QM)	463.2	476.9	477.3	463.8	470.9	453.5	463.5	468.9	471.6	471.1	475.4	473.1	474.1	475.4	473.6
Time and savings deposits	371.4	380.9	383.7	377.9	385.6	368.7	368.8	379.5	381.1	378.3	377.0	374.1	386.2	387.2	385.1
- Households	237.4	236.0	237.5	236.5	234.9	232.9	230.3	228.1	225.2	224.0	222.8	221.1	222.8	223.6	222.9
- Enterprises	117.7	127.4	128.9	125.0	134.2	119.1	122.2	129.3	133.9	131.2	133.2	131.5	136.5	137.0	137.3
- Insurance companies	16.3	17.5	17.3	16.4	16.5	16.7	16.3	22.1	22.0	23.1	21.0	21.5	26.9	26.6	24.9
Foreign-currency deposits	91.8	96.0	93.6	85.9	85.3	84.8	94.7	89.4	90.5	92.8	98.4	99.0	87.9	88.2	88.5
- Households	53.9	52.9	52.5	51.3	50.7	49.7	49.4	49.3	48.7	48.3	47.8	46.1	44.4	44.8	41.4
- Enterprises	37.9	43.1	41.1	34.6	34.6	35.1	45.3	40.1	41.8	44.5	50.6	52.9	43.5	43.4	47.1
<b>Other items net</b>	144.9	140.8	152.5	166.3	163.6	154.8	154.1	158.2	171.8	154.4	153.1	146.6	139.1	151.4	163.3

## Memorandum Items

Net foreign assets of the banking sector (excluding foreign liabilities of government)	328.7	328.3	344.3	344.7	364.5	390.2	385.8	390.9	396.6	380.8	373.1	367.5	360.0	360.0	366.7
- of which: foreign assets	445.5	444.4	458.6	441.9	450.2	482.2	456.6	481.9	483.8	473.0	470.0	463.1	484.0	484.0	494.9
- of which: foreign liabilities	116.8	116.1	114.3	97.2	85.7	92.0	70.8	91.0	87.2	92.2	96.9	95.6	124.0	124.0	128.2
Net credit to the central government	405.5	410.2	411.7	405.7	403.0	408.7	427.8	426.8	432.7	439.3	440.5	440.6	446.7	-	-
Net credit to the general government (excluding foreign liabilities of government)	211.3	217.7	222.6	210.7	199.0	156.1	182.4	185.2	191.7	198.4	202.4	207.2	233.9	244.8	232.9
- of which: liabilities of government and NPF	405.2	422.2	423.1	420.9	416.1	418.5	417.8	417.0	395.4	409.0	409.4	422.0	460.0	412.4	398.9
- of which: claims of government and NPF	193.9	204.5	200.5	210.2	217.1	262.4	235.4	231.8	203.7	210.6	207.0	214.8	226.1	167.6	166.0
Foreign liabilities of government	101.3	100.6	99.2	97.5	101.7	140.6	128.9	129.0	130.9	128.5	127.9	125.8	120.5	123.8	122.3
Deposits of higher territorial units, deposits of government in foreign currency (from EU funds) and non-budgetary deposits of government agencies in NBS	-	16.8	15.5	11.7	14.4	13.6	9.5	12.0	14.6	14.6	18.3	16.6	11.6	-	8.6
Money market fund shares/units	-	12.9	14.2	15.7	17.0	18.3	20.2	22.3	24.7	26.7	28.4	30.7	32.7	-	36.0

1) Preliminary data, which will be replaced by definitive data from the annual financial statements of banks, by the end of the second quarter of 2005.

2) Revision of data for 2004.





### Average Interest Rates on New Loans

(ECB methodology)

(%)

	2004												2005
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Loans in total<sup>1)</sup></b>	8.32	8.34	8.33	8.00	7.66	7.64	7.21	7.17	7.17	7.29	7.32	5.60	6.94
Current account overdrafts	9.04	9.15	8.89	8.75	8.56	8.38	7.86	7.90	7.74	8.08	7.75	7.48	7.72
Operation loans	-	-	-	-	-	-	-	-	-	-	-	-	4.74
Investment loans	-	-	-	-	-	-	-	-	-	-	-	-	5.41
Consumer loans	13.07	13.16	12.41	12.06	11.91	15.57	14.30	13.89	13.66	12.83	13.89	13.60	12.97
Real estate loans	7.31	7.43	7.35	7.38	7.49	7.66	7.58	7.58	7.72	7.45	7.05	7.05	7.15
of which:													
Mortgage loans	7.43	7.53	7.41	7.32	7.50	7.42	7.48	7.44	7.66	7.38	6.67	6.76	7.12
Construction loans	5.33	5.24	5.17	5.30	5.16	5.13	5.33	5.13	5.08	5.24	5.10	5.06	5.13
Intermediate loans	7.44	7.50	7.53	7.61	7.64	7.64	7.54	7.60	7.60	7.58	7.58	7.45	7.46
Other real estate loans	-	-	-	-	-	-	-	-	-	-	-	-	8.23
Other loans	7.46	7.37	7.53	6.86	6.67	5.95	5.35	5.35	5.54	5.30	5.81	4.02	6.45
Floating rate + IRF for up to 1 year incl.	8.44	8.43	8.43	8.04	7.77	7.49	7.04	7.07	7.06	7.20	7.23	5.42	6.90
IRF for over 1 year and up to 5 years incl.	7.76	7.69	7.59	7.58	6.65	9.63	9.73	8.61	8.68	8.48	8.56	8.82	8.03
IRF for over 5 years and up to 10 years incl.	7.30	7.58	7.47	7.55	7.42	7.44	7.40	7.02	7.39	7.18	7.06	6.55	6.87
IRF for over 10 years	7.18	7.09	7.47	7.08	6.72	7.57	6.30	7.06	8.78	8.75	6.26	6.83	6.82
<b>Households</b>													
Loans in total	10.62	11.04	10.84	10.61	10.37	10.95	10.17	9.95	9.76	10.60	10.28	10.21	10.67
Current account overdrafts	11.57	11.82	11.81	11.69	11.38	11.63	10.71	10.50	10.40	11.99	10.46	10.32	11.31
Consumer loans	13.07	13.16	12.41	12.06	11.91	15.57	14.30	13.89	13.66	12.83	13.89	13.60	12.97
Real estate loans	7.31	7.43	7.35	7.38	7.49	7.66	7.58	7.59	7.72	7.46	7.08	7.06	7.15
of which:													
Mortgage loans	7.43	7.53	7.41	7.32	7.50	7.42	7.48	7.44	7.66	7.38	6.67	6.76	7.12
Construction loans	5.33	5.24	5.17	5.30	5.16	5.13	5.33	5.13	5.08	5.24	5.10	5.06	5.13
Intermediate loans	7.44	7.50	7.53	7.61	7.64	7.66	7.55	7.63	7.60	7.60	7.69	7.47	7.47
Other real estate loans	-	-	-	-	-	-	-	-	-	-	-	-	8.23
Other loans	10.20	10.96	10.71	10.37	10.34	8.85	7.66	8.16	9.18	9.41	11.42	10.73	10.94
Floating rate + IRF for up to 1 year incl.	11.03	11.37	11.27	11.12	10.84	11.14	10.31	10.16	10.00	11.23	10.43	10.12	10.72
IRF for over 1 year and up to 5 years incl.	10.99	11.90	11.11	10.30	10.33	12.86	11.30	10.44	10.00	9.51	10.91	12.31	12.41
IRF for over 5 years and up to 10 years incl.	7.34	7.56	7.50	7.57	7.69	7.61	7.52	7.56	7.58	7.55	7.52	7.76	7.28
IRF for over 10 years	7.19	7.54	7.54	7.12	7.34	8.15	8.48	7.65	8.97	8.88	8.00	6.95	7.72
<b>Non-financial corporations</b>													
Loans in total	7.95	7.67	7.67	7.20	6.85	6.75	6.20	6.25	6.20	6.07	6.32	5.38	5.92
Current account overdrafts	8.62	8.45	8.13	7.93	7.69	7.45	6.81	6.90	6.85	6.66	6.80	6.31	6.46
Operation loans	-	-	-	-	-	-	-	-	-	-	-	-	4.61
Investment loans	-	-	-	-	-	-	-	-	-	-	-	-	5.66
Other loans	7.18	6.88	7.06	6.21	6.09	5.88	5.24	5.24	5.22	5.08	5.40	4.52	6.10
Loans up 1 million EUR	7.83	7.27	7.38	5.92	6.23	6.40	5.95	5.40	5.60	5.14	5.96	5.35	5.29
Loans over 1 million EUR	7.10	6.79	6.92	6.60	5.95	5.55	4.86	5.16	5.06	5.03	5.08	4.19	4.56
Floating rate + IRF for up to 1 year incl.	8.01	7.76	7.72	7.22	6.92	6.78	6.19	6.27	6.21	6.07	6.35	5.38	5.93
IRF for over 1 year and up to 5 years incl.	7.33	6.75	7.14	6.75	5.92	6.22	6.56	5.90	5.00	5.79	5.62	5.74	5.54
IRF for over 5 years and up to 10 years incl.	7.95	7.40	7.39	7.24	6.40	6.48	6.84	4.90	6.68	6.70	6.28	5.20	5.96
IRF for over 10 years	7.17	6.42	7.06	8.28	6.09	6.88	5.59	6.21	7.93	6.05	5.63	6.07	5.76

Note: IRF – initial rate fixation.

1) Interest rates on total loans include insurance companies, pension funds, and the general government.



## Average Interest Rates on New Deposits

(ECB methodology)

(%)

	2004												2005
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Deposits in total<sup>1)</sup></b>	3.30	2.79	2.76	2.68	2.26	2.22	1.87	2.30	2.09	1.95	1.95	1.67	1.96
Deposits payable on demand	1.93	1.53	1.46	1.47	1.17	1.62	0.92	1.29	1.12	0.94	0.96	0.90	1.17
of which: demand deposits	1.73	1.35	1.28	1.19	0.95	1.15	0.78	0.96	0.86	0.76	0.76	0.83	0.81
overnight deposits	6.32	4.19	3.40	4.09	2.42	4.92	2.56	4.90	3.63	2.76	2.54	2.45	3.37
Deposits with agreed maturity <sup>2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	3.58
- up to 1 year in total	5.06	4.75	4.72	4.44	4.30	3.84	3.63	4.07	3.97	3.79	3.95	3.30	3.59
- up to 7 days	5.78	4.63	4.55	4.34	3.97	3.52	3.34	4.33	3.76	3.18	3.52	2.75	3.57
- up to 1 month	5.06	4.98	4.90	4.68	4.55	4.05	3.88	4.10	4.12	4.08	4.10	3.59	3.66
- up to 3 months	4.08	3.46	3.88	3.28	3.76	3.05	3.12	3.40	2.90	2.95	2.97	2.76	2.61
- up to 6 months	3.43	4.03	4.28	2.93	3.35	2.89	2.58	2.27	2.19	2.57	2.29	2.27	2.09
- up to 1 year	3.67	3.29	3.53	3.67	3.41	1.31	1.50	1.55	1.81	2.08	2.03	2.85	2.24
- over 1 year in total	6.41	2.84	3.60	3.28	2.88	2.95	2.85	2.68	2.75	2.76	2.70	2.59	3.42
- up to 2 years	6.46	1.97	3.47	3.33	2.64	2.95	2.88	2.32	2.74	2.76	2.69	2.18	2.44
- over 2 years	3.74	3.58	3.62	3.26	3.06	2.96	2.81	2.74	2.80	2.76	2.71	2.67	3.76
Savings deposits	2.80	2.78	2.78	2.40	2.26	1.47	1.28	1.32	1.34	1.35	1.35	1.35	1.35
- redeemable at a period of notice of up to 3 months	3.35	3.32	3.30	2.97	2.67	2.41	1.99	1.97	1.98	1.98	1.97	1.80	1.75
- redeemable at a period of notice of over 3 months	2.62	2.60	2.61	2.19	2.12	1.12	1.00	1.06	1.08	1.09	1.10	1.16	1.14
<b>Households</b>													
Deposits in total	2.26	2.01	2.03	1.79	1.44	1.16	0.99	1.02	1.01	1.00	0.98	0.94	0.95
Deposits payable on demand	1.45	1.08	1.11	0.97	0.79	0.81	0.65	0.66	0.66	0.64	0.64	0.58	0.61
of which: demand deposits	1.43	1.07	1.09	0.96	0.77	0.77	0.64	0.63	0.63	0.62	0.62	0.57	0.57
overnight deposits	5.73	3.69	3.06	3.76	2.89	4.49	2.24	3.96	3.24	2.11	1.98	1.73	3.07
Deposits with agreed maturity	-	-	-	-	-	-	-	-	-	-	-	-	2.39
- up to 1 year in total	3.40	3.28	3.29	3.05	3.07	2.57	2.42	2.62	2.59	2.62	2.56	2.32	2.39
- up to 7 days	4.73	3.85	3.60	3.50	2.90	2.57	2.20	3.25	2.80	2.58	2.60	2.13	2.68
- up to 1 month	3.26	3.26	3.20	3.13	3.12	2.65	2.67	2.68	2.70	2.74	2.58	2.35	2.45
- up to 3 months	3.40	3.21	3.43	2.79	3.23	2.78	2.39	2.58	2.61	2.59	2.75	2.41	2.18
- up to 6 months	3.28	3.12	3.26	2.81	3.09	2.74	1.99	1.97	2.14	2.49	2.29	2.27	1.89
- up to 1 year	3.30	3.03	3.23	3.24	1.89	1.11	1.32	1.09	1.39	1.62	1.21	1.83	2.02
- long-term over 1 year	3.66	2.80	3.40	3.25	2.83	2.86	2.70	2.71	2.71	2.70	2.66	2.62	2.42
- up to 2 years	3.48	1.88	3.42	3.16	2.64	2.53	2.50	2.28	2.28	2.39	2.28	2.25	2.64
- over 2 years	3.74	3.57	3.39	3.26	3.02	2.96	2.82	2.79	2.81	2.76	2.71	2.66	1.91
Savings deposits	2.80	2.78	2.78	2.39	2.26	1.46	1.27	1.31	1.33	1.34	1.35	1.35	1.34
- redeemable at a period of notice of up to 3 months	3.35	3.31	3.29	2.96	2.66	2.40	1.97	1.95	1.96	1.96	1.96	1.79	1.75
- redeemable at a period of notice of over 3 months	2.62	2.60	2.60	2.19	2.12	1.11	1.00	1.06	1.08	1.08	1.10	1.16	1.13
<b>Non-financial corporations</b>													
Deposits in total	4.18	3.59	3.50	3.34	2.71	2.78	2.24	2.85	2.57	2.26	2.19	1.88	2.41
Deposits payable on demand	2.22	1.95	1.67	1.58	1.45	1.95	1.04	1.63	1.45	1.09	1.19	0.89	1.61
of which: demand deposits	1.92	1.59	1.32	1.26	0.99	1.26	0.80	1.16	0.97	0.80	0.81	0.70	1.02
overnight deposits	6.44	4.26	3.70	4.01	3.31	5.35	2.72	4.97	3.84	2.74	2.56	2.49	3.76
Deposits with agreed maturity	-	-	-	-	-	-	-	-	-	-	-	-	3.68
- up to 1 year in total	5.84	5.26	5.14	4.85	4.17	4.30	3.55	4.28	4.03	3.57	3.57	3.19	3.70
- up to 7 days	5.97	4.67	4.62	4.37	4.02	3.64	3.14	4.38	3.78	3.14	3.61	2.67	3.62
- up to 1 month	5.78	5.72	5.56	5.20	4.66	4.20	3.99	4.18	4.19	4.10	4.08	3.67	3.73
- up to 3 months	5.50	5.06	5.15	4.96	4.28	3.46	3.60	3.39	3.35	3.02	3.42	3.14	3.16
- up to 6 months	4.79	5.17	5.15	4.62	4.05	3.47	2.28	3.40	2.25	1.52	2.20	1.39	2.86
- up to 1 year	4.81	4.82	4.28	4.15	4.17	1.28	1.34	1.16	1.15	2.24	3.13	3.25	2.85
- long-term over 1 year	3.86	3.60	4.69	3.48	3.19	2.57	1.91	2.40	3.35	3.46	3.57	2.20	2.24
- up to 2 years	3.66	4.14	4.06	4.10	2.44	2.82	2.59	3.24	3.35	4.25	3.84	2.11	2.11
- over 2 years	4.15	3.12	4.71	2.73	3.20	2.53	1.54	2.35	0.00	2.99	3.21	2.92	3.00
Savings deposits	4.07	3.57	3.33	3.28	3.01	2.73	2.58	2.58	2.45	2.44	2.44	2.21	2.27
- redeemable at a period of notice of up to 3 months	4.03	3.57	3.31	3.27	3.03	2.73	2.60	2.60	2.46	2.44	2.45	2.20	2.26
- redeemable at a period of notice of over 3 months	4.41	3.59	3.49	3.32	2.85	2.77	2.34	2.34	2.41	2.40	2.40	2.38	2.36

1) Total deposits include the deposits of insurance corporations, pension funds and the general government.

2) Interest rates on deposits with agreed maturity include other short-term non-negotiable securities (according to the ECB methodology).



## Volumes of New Loans and Average Lending Rates of Commercial Banks

(National methodology)

		2004												2005
		1	2	3	4	5	6	7	8	9	10	11	12	1
Loans in total <sup>1)</sup>	a	89.49	92.17	101.80	94.69	93.50	103.07	91.11	98.22	99.55	100.50	105.84	141.04	98.41
	b	7.49	7.60	7.55	7.51	8.77	8.53	8.15	8.08	7.91	8.05	8.08	7.40	7.64
of which:														
Current account overdrafts	a	25.08	20.44	33.44	39.18	40.51	40.13	38.38	39.29	40.66	43.67	42.95	53.09	45.88
	b	8.73	8.66	8.48	8.52	11.96	12.68	11.47	11.70	11.05	10.99	11.14	11.65	9.84
Investment loans	a	5.15	4.48	5.19	4.02	3.93	5.97	4.42	5.21	6.44	4.10	4.78	7.25	3.14
	b	7.25	6.71	6.82	6.91	6.52	6.07	5.85	5.56	5.46	5.73	5.65	5.02	4.94
Operation loans	a	-	-	-	-	-	-	-	-	-	-	-	-	31.45
	b	-	-	-	-	-	-	-	-	-	-	-	-	4.77
Consumer loans	a	0.85	0.77	1.06	1.35	2.36	2.30	2.20	2.14	2.16	2.69	3.44	4.15	3.09
	b	14.32	14.44	14.71	13.27	13.88	13.97	13.39	12.90	12.52	12.24	12.71	12.48	11.43
Housing loans	a	2.07	4.08	3.39	3.39	4.09	4.37	4.65	4.69	4.89	5.05	4.88	5.07	2.90
	b	6.24	7.25	7.17	7.17	7.37	7.16	7.30	7.54	7.59	7.52	7.46	6.93	6.27
of which: mortgage loans														
without state bonus														
	a	0.21	0.12	0.11	0.13	0.18	0.18	0.36	0.53	0.56	0.70	0.76	0.84	0.75
	b	8.03	8.38	8.13	7.86	7.96	7.54	7.82	7.63	7.52	6.95	6.85	6.88	6.73
mortgage loans with state bonus – client														
	a	1.01	1.46	1.60	1.58	1.64	1.77	1.82	1.54	1.46	1.45	1.41	1.39	0.88
	b	5.28	5.31	5.84	5.70	5.80	6.03	5.98	6.22	6.27	6.21	6.15	6.03	6.48
mortgage loans with state bonus – bank														
	a	1.01	1.46	1.60	1.58	1.64	1.77	1.82	1.54	1.46	1.45	1.41	1.39	0.88
	b	7.29	7.24	7.33	7.24	7.25	7.06	6.93	6.99	6.93	6.90	6.79	6.77	6.82
construction loans														
	a	0.12	0.11	0.21	0.12	0.14	0.14	0.15	0.11	0.10	0.12	0.09	0.10	0.08
	b	5.10	5.15	6.61	4.94	5.17	5.06	5.25	5.33	5.31	5.39	5.32	5.24	5.26
intermediate loans														
	a	0.75	0.71	0.69	0.81	1.00	1.14	1.03	1.03	1.04	1.03	0.96	0.99	0.51
	b	7.27	7.46	7.13	7.39	7.44	7.41	7.41	7.48	7.35	7.39	7.32	7.33	7.28
other real estate loans														
	a	-	-	-	-	-	-	-	-	-	-	-	-	0.67
	b	-	-	-	-	-	-	-	-	-	-	-	-	4.83
Other loans	a	53.65	60.22	54.03	38.30	37.37	45.50	35.92	41.88	39.23	39.98	44.13	64.86	5.32
	b	6.88	7.21	6.81	6.03	5.67	5.25	4.91	4.99	5.06	4.94	5.17	3.91	5.77
Short-term loans														
	a	78.48	75.91	86.37	81.99	79.48	86.62	77.63	83.82	82.16	86.86	88.54	120.67	87.09
	b	7.46	7.62	7.52	7.45	8.93	8.71	8.26	8.21	8.11	8.10	8.16	7.45	7.68
- with a maturity of up to 7 days														
	a	46.91	45.87	50.06	47.17	50.68	56.54	30.29	38.68	33.85	36.71	40.16	52.36	35.77
	b	7.38	7.70	7.52	7.32	9.32	9.21	6.58	6.87	6.16	6.04	5.84	5.69	5.99
- up to 1 month														
	a	9.71	7.91	7.18	6.21	5.05	7.34	6.19	6.19	8.27	5.09	6.52	17.97	7.62
	b	6.73	6.84	6.74	6.51	7.07	5.57	5.37	5.31	5.86	5.52	5.69	3.77	5.51
- up to 3 months														
	a	3.29	4.22	5.13	2.63	3.54	2.85	5.93	4.19	3.05	5.90	3.14	5.24	5.59
	b	7.46	6.89	6.69	6.36	6.30	6.09	5.37	5.41	6.26	5.49	5.53	5.36	4.91
- up to 6 months														
	a	1.33	1.99	1.16	1.10	0.53	0.96	0.61	1.54	0.82	0.99	0.66	1.38	1.03
	b	6.78	6.53	7.00	6.61	6.67	6.45	5.27	4.54	5.30	5.32	5.70	5.04	4.66
- up to 12 months														
	a	17.24	15.92	22.84	24.87	19.67	18.93	34.60	33.22	36.17	38.17	38.05	43.73	37.08
	b	8.14	8.11	7.94	8.07	8.92	8.96	10.79	10.83	10.67	10.90	11.30	11.38	10.24
Long-term loans with a maturity of 1 to 5 years														
	a	7.90	11.15	10.39	7.95	9.09	8.69	8.12	8.56	9.67	7.40	9.92	10.64	6.83
	b	8.07	7.65	8.06	8.25	8.17	8.18	7.86	7.58	7.17	8.11	7.98	7.80	7.31
Long-term loans with a maturity of over 5 years														
	a	3.12	5.10	5.04	4.75	4.93	7.77	5.36	5.84	7.72	6.23	7.38	9.72	4.50
	b	6.78	7.30	7.13	7.34	7.28	6.89	7.07	7.01	6.73	7.27	7.21	6.39	7.42

a – Volume (SKK billions).

b – Average interest rate (%).

1) Excluding loans at zero interest rate.

## Koruna Deposits and Average Deposit Rates

(National methodology)

		2004												2005
		1	2	3	4	5	6	7	8	9	10	11	12	1
Deposits in total	a	601.61	606.77	601.39	632.70	625.53	625.03	637.29	666.03	663.68	656.28	662.96	669.70	659.78
	b	3.36	3.15	3.06	2.98	2.60	2.49	2.24	2.51	2.37	2.30	2.28	2.01	2.19
of which:														
Demand deposits	a	189.82	191.73	190.49	193.26	199.02	213.25	206.66	209.81	214.26	207.98	216.82	247.20	215.47
	b	1.74	1.34	1.28	1.19	0.95	1.10	0.78	0.96	0.86	0.76	0.76	0.83	0.81
Time deposits	a	311.30	315.08	312.85	343.00	331.33	317.69	337.71	364.97	359.66	359.65	358.21	331.22	397.33
	b	4.53	4.37	4.22	4.11	3.62	3.55	3.21	3.53	3.37	3.27	3.27	2.88	3.03
- short-term	a	290.39	294.06	291.85	323.17	310.95	296.96	316.90	344.44	338.94	339.18	337.59	311.01	332.65
	b	4.43	4.26	4.11	4.00	3.48	3.46	3.10	3.47	3.29	3.18	3.19	2.78	2.97
- overnight	a	8.52	13.15	17.23	20.89	35.06	30.83	17.59	19.24	21.78	20.77	27.20	12.09	35.42
	b	6.32	4.20	3.40	4.09	2.42	4.92	2.56	4.90	3.62	2.76	2.54	2.44	3.37
- up to 7 days	a	36.02	31.62	19.96	43.88	28.17	20.96	37.91	35.36	32.98	33.68	27.47	53.16	27.31
	b	5.61	4.24	3.83	4.19	3.51	3.27	2.75	4.24	3.55	3.00	3.24	2.79	3.14
- up to 1 month	a	153.58	159.76	151.13	163.93	146.79	143.92	159.15	180.56	186.29	186.73	193.42	156.29	183.77
	b	4.50	4.63	4.46	4.24	3.78	3.37	3.33	3.50	3.53	3.54	3.57	3.01	3.17
- up to 3 months	a	56.94	53.95	63.65	55.65	62.52	60.91	62.39	70.76	63.25	63.48	55.24	55.33	52.14
	b	3.69	3.57	3.70	3.28	3.27	2.99	2.80	2.83	2.67	2.66	2.51	2.37	2.27
- up to 6 months	a	20.01	20.61	21.45	20.03	18.99	20.01	20.30	19.59	18.77	18.52	18.41	18.29	18.62
	b	3.69	3.77	3.85	3.67	3.40	3.26	3.06	2.75	2.42	2.40	2.33	2.34	2.32
- up to 12 months	a	15.32	14.97	18.42	18.78	19.41	20.33	19.55	18.94	15.86	15.99	15.86	15.85	15.40
	b	3.56	3.66	3.88	3.81	3.81	3.62	3.46	3.38	2.95	2.91	2.83	2.71	2.49
- medium-term	a	19.74	19.82	19.81	18.99	19.24	19.45	19.57	19.70	19.98	19.73	19.87	19.46	26.17
	b	5.74	5.69	5.67	5.89	5.72	4.72	4.67	4.65	4.64	4.65	4.58	4.33	3.75
- up to 2 years	a	13.15	13.30	13.15	12.78	13.41	13.58	13.66	13.52	13.65	13.29	13.38	12.99	12.87
	b	6.09	6.03	6.03	6.12	5.98	4.64	4.60	4.56	4.51	4.54	4.50	4.15	4.12
- up to 5 years	a	6.58	6.53	6.66	6.20	5.83	5.87	5.91	6.18	6.33	6.43	6.48	6.47	13.30
	b	5.05	5.01	4.96	5.42	5.14	4.91	4.83	4.85	4.93	4.88	4.75	4.70	3.40
- long-term over 5 years	a	1.17	1.19	1.20	0.84	1.14	1.27	1.24	0.82	0.75	0.75	0.76	0.76	38.51
	b	8.61	8.32	8.16	8.95	7.29	7.99	8.11	5.06	5.03	5.06	5.10	5.11	3.01
Savings deposits	a	100.50	99.97	98.05	96.44	95.18	94.09	92.92	91.25	89.76	88.64	87.93	91.27	46.98
	b	2.81	2.78	2.79	2.57	2.50	2.04	1.95	1.98	2.00	2.01	2.03	2.06	1.35
- short-term	a	42.85	42.18	41.41	40.61	39.90	39.21	38.23	37.03	36.16	35.44	34.79	34.59	34.86
	b	2.99	2.96	2.95	2.59	2.42	1.72	1.46	1.48	1.50	1.52	1.54	1.46	1.48
- medium-term	a	16.30	15.68	15.10	14.72	14.45	14.18	13.76	13.40	13.14	12.95	12.77	12.64	12.09
	b	2.29	2.30	2.31	1.85	1.83	0.79	0.78	0.89	0.89	1.01	1.01	0.69	0.70
- long-term	a	41.34	42.10	41.54	41.11	40.83	40.69	40.93	40.82	40.46	40.25	40.37	44.04	0.04
	b	2.84	2.79	2.80	2.80	2.80	2.80	2.80	2.81	2.81	2.82	2.82	2.83	0.88
Time and savings deposits	a	411.79	415.05	410.90	439.44	426.51	411.78	430.63	456.22	449.42	448.30	446.14	422.50	444.31
	b	4.11	3.99	3.88	3.77	3.37	3.21	2.94	3.22	3.09	3.01	3.02	2.70	2.85
- short-term	a	333.24	336.25	333.26	363.78	350.85	336.18	355.13	381.47	375.09	374.62	372.38	345.60	367.51
	b	4.24	4.10	3.96	3.84	3.36	3.25	2.93	3.27	3.11	3.02	3.03	2.65	2.83
- medium-term	a	36.03	35.50	34.91	33.70	33.69	33.63	33.33	33.10	33.12	32.68	32.64	32.10	38.26
	b	4.19	4.20	4.21	4.12	4.05	3.06	3.06	3.13	3.15	3.20	3.18	2.90	2.78
- long-term	a	42.52	43.30	42.73	41.95	41.97	41.97	42.17	41.65	41.21	41.00	41.13	44.79	38.55
	b	3.00	2.94	2.95	2.92	2.92	2.96	2.96	2.85	2.85	2.86	2.86	2.87	3.01

a - Volume (SKK billions).

b - Average interest rate (%).



## Basic Characteristics of Interest Rates on Loans and Deposits

(National methodology)

(%, percentage points)

	li- ne	2004												2005
		1	2	3	4	5	6	7	8	9	10	11	12	1
Average interest rate on total credit <sup>1)</sup>	1	7.65	7.60	7.57	7.48	7.35	7.18	6.81	6.81	6.79	6.73	6.69	6.44	6.39
Average interest rate on deposits	2	3.36	3.15	3.06	2.98	2.60	2.49	2.24	2.51	2.37	2.30	2.28	2.01	2.18
Average interest rate on new loans <sup>1)</sup>	3	7.58	7.61	7.55	7.51	8.77	8.53	8.15	8.08	7.92	8.05	8.10	7.41	7.67
Average interbank money market rate (1D to 12M – mid rates)	4	5.60	5.62	5.51	5.11	4.64	4.10	3.80	3.86	3.98	4.06	4.10	3.54	3.60
Average interest rate on new short-term loans <sup>1)</sup>	5	7.50	7.62	7.52	7.45	8.93	8.72	8.26	8.21	8.12	8.10	8.18	7.46	7.71
Average interest rate on short-term deposits	6	4.24	4.10	3.96	3.84	3.36	3.25	2.93	3.27	3.11	3.02	3.03	2.65	2.83
Difference between the average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	3.26	3.52	3.55	3.61	5.57	5.46	5.33	4.94	5.01	5.08	5.15	4.81	4.88
Basic interest rate of the NBS (until 31 Dec. 2002 discount rate)	8	6.00	6.00	6.00	5.50	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.00	4.00
12-month rate of inflation	9	8.30	8.50	8.20	8.00	8.30	8.10	8.50	7.20	6.70	6.60	6.30	5.90	3.20
Year-on-year increase in industrial producer prices	10	4.40	2.30	2.10	2.20	3.00	3.10	3.00	3.70	4.00	4.70	4.50	4.30	2.80
Real interest rate on new short-term loans (line 5 – line 10)	11	3.10	5.32	5.42	5.25	5.93	5.62	5.26	4.51	4.12	3.40	3.68	3.16	4.91
Difference between the average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	-0.80	-0.88	-0.68	-0.55	0.63	0.62	-0.24	1.01	1.42	1.50	1.88	1.56	4.51
Average interest rate on one-year deposits	13	3.56	3.66	3.88	3.81	3.81	3.62	3.46	3.38	2.95	2.91	2.83	2.71	2.49
Real interest rate on one-year deposits (line 13 – line 9)	14	-4.74	-4.84	-4.32	-4.19	-4.49	-4.48	-5.04	-3.82	-3.75	-3.69	-3.47	-3.19	-0.71
Nominal interest margin (line 1 – line 2)	15	4.28	4.44	4.52	4.49	4.75	4.69	4.57	4.30	4.37	4.43	4.41	4.43	4.21
Difference between the average interest rates on new loans and total deposits (line 3 – line 2)	16	4.22	4.45	4.50	4.53	6.17	6.05	5.91	5.57	5.55	5.75	5.82	5.40	5.49
Difference between the average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	1.90	2.00	2.01	2.34	4.29	4.62	4.46	4.35	4.14	4.04	4.08	3.92	4.11
Difference between the average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	1.98	1.99	2.04	2.40	4.13	4.44	4.35	4.22	3.94	3.99	4.00	3.87	4.07
Average interest rate on loans <sup>2)</sup>	19	7.33	7.31	7.30	7.20	7.07	6.91	6.55	6.56	6.51	6.51	6.47	6.24	7.62
Nominal interest margin (line 19 – line 2)	20	3.97	4.16	4.24	4.22	4.47	4.43	4.31	4.05	4.14	4.21	4.19	4.23	5.44

1) Excluding loans at zero interest rate.

2) Including loans at zero interest rate.



## Shortened Balance Sheet of Commercial Banks as at 31 January 2005

(Banks and branches of foreign banks operating in the SR in total)

(SKK thousands)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
<b>Total assets</b>	63,952,984	1,063,751,917	30,862,414	119,859,646	58,717,770	1,209,238,763
Cash items	0	10,626,708	0	27,858	3,356,537	14,011,103
Cash in hand	0	9,964,473	0	0	2,948,977	12,913,450
Gold	0	0	0	0	0	0
Other cash items	0	662,235	0	27,858	407,560	1,097,653
Deposits with and credits to NBS, foreign issuing banks, and post office banks	0	247,832,247	0	0	2,828	247,835,075
Money reserve accounts with the NBS	0	18,066,439	0	0	0	18,066,439
Deposits, credits, and other receivables	83,011	45,396,660	12,796,370	14,163,655	15,048,089	87,321,763
Current accounts with banks	0	403,629	568,955	115,978	3,503,459	4,592,021
Credits provided	0	1,603,578	379,715	0	1,812,651	3,795,944
Time deposits with banks	0	43,267,350	8,017,595	14,044,850	9,484,519	74,814,314
Current accounts of other banks	0	0	2,210,542	2,533	141,597	2,354,672
Other receivables	0	35,947	1,619,563	294	105,821	1,761,625
Standard credits, qualified deposits, classified credits, deposits, and other receivables	83,011	86,156	0	0	42	3,187
of which: Short-term receivables	42	0	0	0	42	0
Interest on non-performing credits	738	757	0	0	0	19
Standard credits to customers	337,312	206,598,682	379,394	57,379,210	9,143,644	273,163,618
Short-term credits	337,312	43,632,367	68,555	14,204,170	3,755,608	61,323,388
Long-term credits	0	162,966,315	310,839	43,175,040	5,388,036	211,840,230
of which: Credits repayable in 1 to and including 5 years	0	59,890,661	123,681	19,733,682	2,058,963	81,806,987
Receivables from financial leasing	0	0	0	0	0	0
Other receivables from customers	0	2,176,792	9,538	1,190,209	383,593	3,760,132
of which: Credits for commercial claims	0	932,636	4,090	1,093,963	330,130	2,360,819
Current accounts of customers - debit balances, overdrafts	0	27,953,897	241,772	8,295,838	271,395	36,762,902
Standard receivables with conditions, classified credits, and other receivables from customers	24,134,897	47,353,265	417,720	17,672,712	1,203,237	42,512,037
of which: Interest due, but unpaid	2,655,308	2,675,103	2,137	29,311	2,272	53,515
Standard credits with conditions	2,122,544	23,004,368	166,947	12,400,084	827,267	34,276,122
Sub-standard receivables	1,847,218	4,816,702	232,750	2,312,198	354,557	5,868,989
Doubtful and controversial claims	2,453,416	3,296,840	108	1,035,571	18,374	1,897,477
Loss-making receivables	17,711,719	16,235,355	17,915	1,924,859	3,039	469,449
Receivables with reduced value	392,900	332,801	379,209	5,324	59,193	383,627
Unclassified receivables from customers	567,107	30,150,635	24,964	986,013	3,864	30,598,369
Other specific receivables	0	0	0	0	0	0
Accounts of state authorities, local governments, and funds	74,008	19,305,533	0	6,033,761	0	25,265,286
Standard credits with conditions, classified loans, and other receivables	74,008	177,419	0	287,541	0	390,952
Credits to state authorities	0	12,528,972	0	543,550	0	13,072,522
Credits to social security funds	0	193,359	0	0	0	193,359
Credits to local governments	0	6,122,075	0	5,202,670	0	11,324,745
Credits to funds	0	283,708	0	0	0	283,708
Fixed forward transactions	0	4,726,443	4,856,056	256,750	1,692,656	11,531,905
Claims in respect of money collection	0	89,321	3,168	789,025	161,013	1,042,527
Branches and representative offices	0	299	649,057	0	300,578	949,934
Receivables and other suspense accounts	785,454	4,756,962	27,814	203,418	9,680	4,212,420
Securities for sale and other shareholdings	205,905	47,124,357	851,311	3,329,825	4,157,590	55,257,178
Receivables from trade in securities and from securities issued by the accounting unit	0	273,739	55	243,132	6	516,932
Securities intended for trading	0	89,086,406	3,439,274	3,564,996	17,198,651	113,289,327
Options - purchase	0	379,557	542,538	97,963	26,331	1,046,389
Financial investment	2,154,8600	197,870,811	6,244,174	5,612,585	5,183,228	212,755,938
Long-term funds provided to branches abroad	0	0	0	0	515,657	515,657
Tangible assets	26,583,849	50,135,083	0	0	0	23,551,234
Acquisition of tangible and intangible assets	47,454	2,089,045	0	7,372	0	2,048,963
Subordinated financial assets	0	60,656	0	0	0	60,656
Intangible assets	8,586,227	11,235,022	0	0	0	2,648,795
Inventories	0	130,557	0	0	0	130,557
Adjustments and accumulated depreciation	63,952,984	59,223,446	94,825	4,102,407	532,306	0



## Shortened Balance Sheet of Commercial Banks as at 31 January 2005

(Banks and branches of foreign banks operating in the SR in total)

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
<b>Total liabilities</b>	867,048,650	106,675,893	110,850,792	124,663,428	1,209,238,763
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	6,289,747	0	105,003	0	6,394,750
Current accounts with NBS and foreign issuing banks	1,963,204	0	0	0	1,963,204
Time deposits of NBS and foreign issuing banks	0	0	0	0	0
Credits received from NBS and foreign issuing banks	4,326,543	0	105,003	0	4,431,546
of which: Redistribution credit	3,623,241	0	0	0	3,623,241
Refinancing repo credit	0	0	0	0	0
Deposits, credits, and other liabilities	45,667,201	50,806,508	14,191,874	92,310,846	202,976,429
Current accounts with banks	0	0	217	1,117,619	1,117,836
Current accounts of other banks	406,168	3,306,904	114,108	341,769	4,168,949
Other payables	99,436	22,221	32,700	329,302	483,659
Credits received	1,660,093	8,108,026	0	17,777,057	27,545,176
Time deposits of other banks	43,501,504	39,369,357	14,044,849	72,745,099	169,660,809
Payables in respect of other items	0	0	0	0	0
Liabilities in respect of short selling securities	293,746	0	0	0	293,746
Deposits of customers	573,863,891	4,384,196	88,487,080	3,190,207	669,925,374
Current accounts of customers	195,904,693	2,174,409	42,977,399	2,285,175	243,341,676
Time deposits of customers	293,273,349	2,108,958	43,459,767	876,242	339,718,316
Savings deposits of customers	83,749,022	100,619	2,049,914	28,790	85,928,345
Certificates of deposit	936,827	210	0	0	937,037
Other liabilities to customers	10,426,158	11,353	2,780,996	1,271,257	14,489,764
Loans received from customers	8,920,824	0	0	0	8,920,824
Liabilities from financial leasing	4,080	0	0	0	4,080
Short-term securities issued by the accounting unit	7,190,149	27,077	1,489,155	1,803	8,708,184
Earmarked deposits	21,602	0	100	0	21,702
Other specific payables	21,421	0	3	0	21,424
Accounts of state authorities, local governments, and funds	99,819,831	3,387	2,061,098	16,187	101,900,503
Non-budgetary money deposits of state authorities	79,344,859	3,386	121,092	16,186	79,485,523
Deposits of social security funds	4,068,227	0	0	0	4,068,227
Deposits of local governments	13,227,839	1	1,880,537	1	15,108,378
Deposits of funds	3,178,906	0	59,469	0	3,238,375
Fixed forward transactions	5,750,031	6,632,219	493,442	2,284,283	15,159,975
Payables in respect of money collection	358,875	15	807,122	124,950	1,290,962
Branches and representative offices	361,334	2,777,508	0	25,195,880	28,334,722
Various payables, adjustment and other suspense accounts	6,249,063	34,502	252,734	24,471	6,560,770
Liabilities from trading in securities and securities issued by the accounting unit	1,461,778	783	56,624	17	1,519,202
Options – sale	660,288	277,277	28,698	94,663	1,060,926
Subsidies and similar funds	3,349,197	0	0	0	3,349,197
Long-term securities issued by the accounting unit	30,052,900	1,109,732	2,214	0	31,164,846
Subordinated financial liabilities	0	511,448	0	0	511,448
Reserves	6,952,823	0	89,991	98,987	7,141,801
Reserve funds and other funds allocated from profits	11,629,615	146,500	0	0	11,776,115
Registered capital	4,604,848	36,828,627	0	0	41,433,475
Long-term funds provided to branches of foreign banks	0	2,844,579	0	0	2,844,579
Share premium	1,836,136	250,000	0	0	2,086,136
Own shares	-8,910	0	0	0	-8,910
Capital fund	205,409	5,490	0	0	210,899
Gains or losses from revaluation of net investments connected with shares and deposits	0	0	0	127	127
Gains or losses from revaluation of security derivatives	1,960,098	24,692	4,658	49,750	2,039,198
Retained earnings from previous years +/-	26,211,567	0	0	0	26,211,567
Accumulated losses from previous years +/-	-779,888	0	0	0	-779,888
Profit and loss account +/-, -/	1,444,984	0	0	0	1,444,984
Profit or loss in process of approval +/-, -/	12,229,852	0	0	0	12,229,852



## Monthly Profit and Loss Account of Commercial Banks

(Banks and branches of foreign banks operating in the SR in total)

(SKK millions)

	2004												2005
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>EXPENSES</b>													
Expenses on financial operations:	28,513	49,577	71,903	94,242	119,559	134,320	149,803	164,229	177,710	192,022	210,392	236,320	19,396
Other interest	2,143	4,210	6,786	8,979	11,067	12,993	14,788	16,664	18,661	20,544	22,497	24,203	2,023
Fees and commissions	94	201	341	462	588	733	870	1,004	1,139	1,281	1,470	1,586	135
Renting expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations in securities	281	486	726	939	1,144	1,315	1,450	1,677	1,873	2,068	2,202	2,750	74
Interest on securities	170	322	499	678	852	1,033	1,284	1,484	1,687	1,903	2,119	2,380	230
Foreign exchange operations	11,491	20,899	30,386	39,748	51,416	57,605	64,710	71,850	77,730	83,985	92,354	106,068	8,728
Operations in derivatives	14,277	23,312	32,919	43,109	54,062	60,071	66,052	70,844	75,822	81,342	88,762	98,184	8,113
Other operations	58	147	245	328	430	569	649	706	797	899	987	1,150	94
General operating expenses	1,928	3,958	6,182	8,383	10,700	13,014	15,112	17,300	19,499	21,722	24,068	26,320	2,136
Additions to reserves and provisions	1,159	2,486	5,806	7,293	8,625	12,831	14,740	16,521	19,932	21,645	23,817	30,302	2,727
Other operating expenses	3,761	4,299	5,136	5,712	6,341	7,111	7,928	8,399	9,934	10,992	11,699	13,587	595
Extraordinary expenses	5	5	5	5	5	5	0	0	0	0	0	200	0
Income tax	41	115	368	422	551	611	749	857	857	1,019	1,048	1,607	96
Current period profit	1,273	2,513	3,015	4,490	5,511	6,942	8,262	9,518	10,167	11,061	12,347	12,939	1,446
<b>TOTAL EXPENSES, PLUS PROFIT</b>	<b>36,679</b>	<b>62,951</b>	<b>92,415</b>	<b>120,547</b>	<b>151,292</b>	<b>174,833</b>	<b>196,595</b>	<b>216,825</b>	<b>238,099</b>	<b>258,461</b>	<b>283,371</b>	<b>321,277</b>	<b>26,396</b>
<b>INCOME</b>													
Income from financial operations:	32,234	57,005	83,139	109,324	138,363	157,307	176,806	195,014	212,238	230,318	252,735	283,031	23,648
Income from other interest	3,161	6,128	9,423	12,511	15,894	18,982	22,085	25,179	28,342	31,409	34,570	37,643	3,306
Income from fees and provisions	709	1,464	2,359	3,277	4,144	5,121	6,037	6,928	7,874	8,807	9,743	10,964	917
Income from shares and stakes	12	22	24	46	84	89	140	224	248	275	276	282	32
Income from renting	0	0	0	0	0	0	0	0	0	0	0	1	0
Income from operations in securities	519	1,031	1,445	1,719	1,914	2,512	2,796	3,067	3,276	3,577	4,130	5,624	661
Income from interest on securities	1,822	3,625	5,484	7,252	8,976	10,554	12,111	13,645	15,205	16,777	18,366	20,368	1,599
Income from foreign exchange operations	11,788	21,668	31,282	41,919	53,477	59,826	67,543	74,996	81,292	87,911	96,709	110,784	8,717
Income from operations in derivatives	14,165	22,947	32,948	42,374	53,587	59,864	65,670	70,480	75,425	80,919	88,217	96,545	8,330
Income from other operations	57	120	172	226	285	358	424	495	575	643	723	822	85
Use of reserves and provisions	3,831	5,214	8,385	10,160	11,715	16,098	18,163	20,051	23,801	25,795	28,068	35,146	2,663
Other operating income	613	731	888	1,062	1,212	1,428	1,625	1,758	2,058	2,344	2,566	3,093	82
Extraordinary income	0	0	0	0	0	0	0	0	0	0	0	0	2
Current period loss	0	2	3	0	1	0	0	1	2	4	3	7	1
<b>TOTAL INCOME, PLUS LOSS</b>	<b>36,679</b>	<b>62,951</b>	<b>92,415</b>	<b>120,547</b>	<b>151,292</b>	<b>174,833</b>	<b>196,595</b>	<b>216,825</b>	<b>238,099</b>	<b>258,461</b>	<b>283,371</b>	<b>321,277</b>	<b>26,396</b>



**Balance of Payments of the SR for January to December 2004**

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	SKK millions	SKK millions	USD millions
<b>Goods</b>	895,205.0	27,754.0	942,160.0	29,209.7	-46,955.0	-1,455.7
<b>Services</b>	120,182.2	3,726.0	110,987.7	3,440.9	9,194.5	285.1
Transport	48,099.1	1,491.2	32,089.4	994.9	16,009.7	496.3
Tourism	29,069.7	901.2	24,038.7	745.3	5,031.0	156.0
Other services	43,013.4	1,333.5	54,859.6	1,700.8	-11,846.2	-367.3
<b>Income</b>	29,903.0	927.1	43,084.7	1,335.7	-13,181.7	-408.7
Compensation of employees	16,987.4	526.7	706.0	21.9	16,281.4	504.8
Investment income	12,915.6	400.4	42,378.7	1,313.9	-29,463.1	-913.4
<b>Current transfers</b>	27,118.2	840.7	22,861.4	708.8	4,256.8	132.0
<b>CURRENT ACCOUNT</b>	1,072,408.4	33,247.8	1,119,093.8	34,695.2	-46,685.4	-1,447.4
<b>Capital account</b>	5,107.9	158.4	4,552.9	141.2	555.0	17.2
<b>Financial account</b>	3,219,846.7	99,736.3	-3,124,755.3	-96,795.8	95,091.4	2,940.4
Direct investment	636,299.1	19,727.1	-595,697.9	-18,468.4	40,601.2	1,258.8
<i>Abroad (direct investor = resident)</i>	32,490.2	1,007.3	-27,587.9	-855.3	4,902.3	152.0
Equity capital and reinvested earnings	1,368.2	42.4	-2,584.9	-80.1	-1,216.7	-37.7
Other capital	31,122.0	964.9	-25,003.0	-775.2	6,119.0	189.7
<i>In the SR (recipient of dir. investment = resident)</i>	603,808.9	18,719.9	-568,110.0	-17,613.1	35,698.9	1,106.8
Equity capital and reinvested earnings	39,621.9	1,228.4	-13,351.0	-413.9	26,270.9	814.5
Other capital	564,187.0	17,491.5	-554,759.0	-17,199.2	9,428.0	292.3
Portfolio investment	392,336.3	12,119.7	-363,996.3	-11,270.2	28,340.0	849.5
Assets	72,340.7	2,242.8	-98,350.2	-3,049.1	-26,009.5	-806.4
Liabilities	319,995.6	9,877.0	-265,646.1	-8,221.1	54,349.5	1,655.9
Financial derivatives	759,847.3	23,557.5	-760,429.4	-23,575.6	-582.1	-18.0
Assets	305,608.4	9,474.8	-310,412.9	-9,623.7	-4,804.5	-149.0
Liabilities	454,238.9	14,082.7	-450,016.5	-13,951.8	4,222.4	130.9
Other investment	1,431,364.0	44,331.9	-1,404,631.7	-43,481.6	26,732.3	850.3
<i>Long-term</i>	133,123.9	4,118.8	-143,159.2	-4,435.2	-10,035.3	-316.4
Assets	27,453.8	851.1	-30,474.4	-944.8	-3,020.6	-93.6
Liabilities	105,670.1	3,267.6	-112,684.8	-3,490.4	-7,014.7	-222.8
<i>Short-term</i>	1,298,240.1	40,213.1	-1,261,472.5	-39,046.4	36,767.6	1,166.7
Assets	467,781.6	14,502.6	-475,858.5	-14,753.0	-8,076.9	-250.4
Liabilities	830,458.5	25,710.5	-785,614.0	-24,293.4	44,844.5	1,417.1
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	3,224,954.6	99,894.6	-3,129,308.2	-96,937.0	95,646.4	2,957.7
<b>ERRORS AND OMISSIONS</b>	-	-	-	-	6,244.1	166.8
<b>TOTAL BALANCE</b>	0.0	0.0	55,205.1	1,677.1	55,205.1	1,677.1
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-1.1	0.0	-1.1	0.0
Foreign exchange	0.0	0.0	-55,204.0	-1,677.1	-55,204.0	-1,677.1
<i>Currency and deposits</i>	0.0	0.0	-16,500.9	-521.0	-16,500.9	-521.0
<i>Securities</i>	0.0	0.0	-38,703.1	-1,156.1	-38,703.1	-1,156.1
Bonds and notes	0.0	0.0	-18,924.5	-551.7	-18,924.5	-551.7
Money market instruments and financial derivatives	0.0	0.0	-19,778.6	-604.4	-19,778.6	-604.4
<b>RESERVE ASSETS</b>	0.0	0.0	-55,205.1	-1,677.1	-55,205.1	-1,677.1

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 32.255



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in Sk millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accepted		min.	average	max.
940804001	15.1.2004	16.1.2004	8.4.2004	83	35,502	20,202	American	5.79	5.91	5.95
941405003	19.2.2004	20.2.2004	14.5.2004	84	37,360	20,000	American	5.80	5.88	5.90
940406004	11.3.2004	12.3.2004	4.6.2004	84	46,245	30,000	American	5.69	5.80	5.85
940207006	7.4.2004	8.4.2004	2.7.2004	85	31,698	20,000	American	5.29	5.34	5.42
940608007	13.5.2004	14.5.2004	6.8.2004	84	37,762	20,000	American	4.74	4.84	4.88
942708008	3.6.2004	4.6.2004	27.8.2004	84	49,193	0	American	-	-	-
942409011	1.7.2004	2.7.2004	24.9.2004	84	43,410	20,000	American	3.79	4.13	4.27
942910012	5.8.2004	6.8.2004	29.10.2004	84	50,529	20,000	American	3.74	4.07	4.10
941911014	26.8.2004	27.8.2004	19.11.2004	84	26,011	20,000	American	4.16	4.30	4.47
941712015	23.9.2004	24.9.2004	17.12.2004	84	31,115	20,000	American	3.97	4.31	4.39
942101017	28.10.2004	29.10.2004	21.1.2005	84	37,730	20,000	American	4.28	4.32	4.34
942101018	18.11.2004	19.11.2004	11.2.2005	84	41,001	20,000	American	4.05	4.14	4.18
941103019	16.12.2004	17.12.2004	11.3.2005	84	46,747	20,000	American	3.40	3.54	3.60
951504001	20.1.2005	21.1.2005	15.4.2005	84	47,662	25,000	American	3.41	3.59	3.68



**Monetary Base of the NBS<sup>1)</sup>**

(SKK billions)

	2004						2005					
	31.1.	29.2.	31.3.	30.6.	30.9.	31.12.	10.1. <sup>(p)</sup>	20.1. <sup>(p)</sup>	31.1. <sup>(p)</sup>	10.2. <sup>(p)</sup>	20.2. <sup>(p)</sup>	28.2. <sup>(p)</sup>
<b>SOURCES OF THE MONETARY BASE</b>	116.96	112.42	109.67	107.35	117.39	120.83	129.77	131.67	128.54	128.08	128.46	128.20
Autonomous factors	300.72	310.86	306.01	322.96	382.36	410.26	414.09	442.02	441.44	457.02	484.19	469.83
Net foreign assets	363.35	366.69	369.65	391.73	425.32	421.49	421.92	434.88	432.58	451.54	461.98	490.89
Reserves	399.54	416.04	402.84	406.03	429.50	424.92	425.43	438.43	436.12	455.12	465.49	494.34
Foreign liabilities	36.18	49.35	33.19	14.30	4.18	3.44	3.52	3.56	3.55	3.58	3.50	3.46
Net credit to the government <sup>2)</sup>	-27.24	-23.30	-31.59	-23.42	-2.73	-2.53	-80.36	-63.73	-63.91	-68.61	-54.50	-100.50
Other assets net	-35.39	-32.53	-32.05	-45.35	-40.22	-8.70	72.53	70.87	72.77	74.08	76.70	79.44
Monetary policy factors <sup>3)</sup>	-183.76	-198.44	-196.34	-215.61	-264.97	-289.44	-284.32	-310.35	-312.90	-328.94	-355.73	-341.63
Holdings of securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SR Treasury bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBS treasury bills	376.61	239.81	370.20	420.00	357.00	660.00	360.00	360.00	365.00	365.00	345.00	745.00
of which: in NBS portfolio	193.03	48.59	179.15	206.87	92.03	379.34	75.68	49.65	58.86	300.00	300.00	700.00
Overnight deposits of commercial banks with the NBS	0.18	7.21	5.29	2.49	0.00	8.78	0.00	0.00	6.76	263.94	310.73	296.63
<b>USE OF THE MONETARY BASE<sup>4)</sup></b>	116.96	112.42	109.67	107.35	117.39	120.83	129.77	131.67	128.54	128.08	128.46	128.20
Currency in circulation	101.56	100.85	99.71	102.44	105.58	109.90	110.57	112.82	110.48	110.26	112.71	111.10
Reserves of commercial banks	15.40	11.57	9.97	4.91	11.81	10.93	19.20	18.84	18.06	17.82	15.75	17.10
Required reserves	15.59	15.61	16.01	16.16	16.84	17.59	17.75	17.75	17.75	17.75	17.75	17.75
Excess reserves	-0.19	-4.04	-6.04	-11.25	-5.04	-6.66	1.45	1.10	0.31	0.07	-2.00	-0.65

1) Since 1 January 2004, the Monetary Base of the NBS has been compiled at 10-day intervals.

2) Including the deposits of the SR Treasury at the NBS.

3) Including NBS treasury bills in the portfolios of commercial banks and the one-day deposits of commercial banks at the NBS.

4) Use of the Monetary Base = Reserve money = Currency in circulation + Reserves of commercial banks.



### Basic Characteristics of Slovakia's Foreign Exchange Market in February 2005

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD millions	Number of transactions
	USD millions	%		USD millions	%		USD millions	%			
NBS	-	-	-	2,238.5	-	311	-	-	-	2,238.5	311
Transactions between domestic banks without foreign participation	2,528.5	69.0	129	722.2	19.7	816	414.3	11.3	28	3,664.9	973
Interbank forex market: NBS + transactions between domestic banks	2,528.5	42.8	129	2,960.6	50.2	1,127	414.3	7.0	28	5,903.4	1,284
Transactions between domestic and foreign banks	29,502.1	77.6	1,624	8,128.5	21.4	2,784	399.2	1.0	97	38,029.8	4,505
Foreign exchange market in the SR – total	32,030.6	72.9	1,753	11,089.1	25.2	3,911	813.5	1.9	125	43,933.2	5,789

	SPOT			FORWARD			SWAP			OPTIONS			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume USD millions	No. of transactions
	USD millions	%		USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks without foreign participation	477.3	13.1	820	6.5	0.2	4	3,163.6	86.6	146	7.9	0.2	3	3,655.2	973
Transactions between domestic and foreign banks	6,549.3	17.3	2,519	76.8	0.2	27	30,724.6	81.1	1,706	538.5	1.4	253	37,889.2	4,505
Foreign exchange market in the SR - excl. the NBS	7,026.5	16.9	3,339	83.3	0.2	31	33,888.2	81.6	1,852	546.4	1.3	256	41,544.4	5,478

**Average Monthly Exchange Rates of the SKK**

Midpoint rate	2004											2005	
	2	3	4	5	6	7	8	9	10	11	12	1	2
1 AUD	24.936	24.676	24.919	23.642	22.861	23.265	23.394	23.020	23.448	23.472	22.322	22.483	22.813
1 CYP	-	-	-	-	-	-	-	-	-	-	-	66.426	65.282
1 CZK	1.233	1.226	1.234	1.255	1.263	1.265	1.268	1.267	1.270	1.264	1.268	1.274	1.268
1 DKK	5.446	5.426	5.392	5.404	5.371	5.366	5.395	5.386	5.378	5.326	5.237	5.190	5.112
1 EUR	40.577	40.421	40.139	40.209	39.931	39.901	40.115	40.056	40.004	39.578	38.925	38.614	38.051
1 EEK	-	-	-	-	-	-	-	-	-	-	-	2.468	2.432
100 JPY	30.158	30.271	31.163	29.904	30.041	29.761	29.809	29.813	29.385	29.093	28.006	28.421	27.914
1 CAD	24.166	24.727	25.006	24.299	24.176	24.561	25.066	25.420	25.622	25.487	23.926	24.033	23.61
1 LTL	-	-	-	-	-	-	-	-	-	-	-	11.183	11.02
1 LVL	-	-	-	-	-	-	-	-	-	-	-	55.447	54.669
100 HUF	15.407	15.931	16.038	15.902	15.779	15.956	16.111	16.172	16.211	16.130	15.828	15.665	15.596
1 MTL	-	-	-	-	-	-	-	-	-	-	-	89.297	88.303
1 NOK	4.625	4.724	4.830	4.898	4.822	4.712	4.813	4.790	4.852	4.860	4.740	4.700	4.575
1 PLN	8.368	8.468	8.437	8.497	8.687	8.922	9.057	9.151	9.256	9.282	9.387	9.466	9.528
100 SIT	17.090	16.978	16.837	16.846	16.686	16.631	16.715	16.692	16.673	16.505	16.233	16.105	15.872
1 CHF	25.804	25.781	25.808	26.087	26.283	26.135	26.079	25.963	25.913	25.994	25.374	24.974	24.541
1 SEK	4.422	4.379	4.375	4.403	4.368	4.341	4.363	4.406	4.416	4.394	4.338	4.267	4.187
1 USD	32.083	32.927	33.433	33.498	32.888	32.512	32.939	32.825	32.081	30.532	29.074	29.348	29.259
1 GBP	59.845	60.196	60.380	59.809	60.145	59.895	59.981	58.856	57.882	56.675	56.066	55.217	55.168
1 XDR	48.020	48.498	48.875	48.622	48.214	47.901	48.257	48.056	47.419	46.163	44.756	44.785	44.383

Note: With effect from 1 January 2005 the National Bank of Slovakia has expanded its exchange list by currencies of Cyprus, Estonia, Lithuania, Latvia and Malta.

**Average Quarterly Exchange Rates of the SKK**

Midpoint rate	2003					2004				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
1 AUD	23.099	23.205	24.420	24.779	23.881	24.820	23.774	23.232	23.062	23.722
1 CZK	1.322	1.309	1.299	1.284	1.304	1.235	1.251	1.267	1.268	1.255
1 DKK	5.625	5.551	5.618	5.539	5.584	5.446	5.389	5.382	5.312	5.382
1 EUR	41.799	41.221	41.747	41.190	41.491	40.574	40.089	40.025	39.492	40.045
100 JPY	32.769	30.639	31.535	31.860	31.704	30.257	30.352	29.794	28.811	29.804
1 CAD	25.786	25.943	26.869	26.333	26.237	24.618	24.480	25.010	24.987	24.774
100 HUF	17.165	16.452	16.053	15.870	16.383	15.597	15.902	16.079	16.051	15.907
1 NOK	5.528	5.184	5.057	5.014	5.195	4.700	4.850	4.772	4.815	4.784
1 PLN	9.994	9.463	9.439	8.915	9.453	8.493	8.545	9.042	9.310	8.847
100 SIT	18.075	17.690	17.776	17.445	17.747	17.075	16.787	16.680	16.466	16.752
1 CHF	28.516	27.184	27.015	26.519	27.308	25.865	26.067	26.061	25.750	25.936
1 SEK	4.552	4.509	4.554	4.575	4.548	4.419	4.382	4.369	4.382	4.388
1 USD	38.956	36.307	37.093	34.723	36.773	32.457	33.264	32.761	30.539	32.255
1 GBP	62.470	58.757	59.750	59.055	60.012	59.630	60.107	59.595	56.865	59.049


**Monetary Policy Instruments**

	As at 1 January 2004	Change over the year 2004	As at 1 January 2005	Change over the year 2005
1. Interest rates set by the Bank Board of the NBS:				
Basic interest rate of the NBS <sup>1)</sup>	6.00%	29 Mar. 5,50% 29 Apr. 5,00% 1 July 4,50% 29 Nov. 4,00%	4.00%	1 Mar. 3.00%
Interest rate for overnight transactions				
- for sterilisation purpose	4.50%	29 Mar. 4.00% 29 Apr. 3.50% 1 July 3.00% 29 Nov. 2.50%	2.50%	1 Mar. 2.00%
- for refinancing purpose	7.50%	29 Mar. 7.00% 29 Apr. 6.50% 1 July 6.00% 29 Nov. 5.50%	5.50%	1 Mar. 4.00%
Limit rate of the NBS for 2-week repo tenders	6.00%	29 Mar. 5.50% 29 Apr. 5.00% 1 July 4.50% 29 Nov. 4.00%	4.00%	1 Mar. 3.00%
2. Reserve requirement	2%		2%	
3. Exchange rate regime	Floating rate  Reference currency: EUR		Floating rate  Reference currency: EUR	

1) Until 31 December 2002, the discount rate had been applied.



**Inflow of Foreign Direct Investment <sup>1)</sup> into Slovakia in 1998 – 2004**

(Flows and stocks)

**Corporate sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	46,499	17,248	1,890	65,637	1,336.87	489.42	-48.13	1,778.16
1999	65,637	16,729	695	83,061	1,778.16	403.92	-216.87	1,965.21
2000	83,061	97,454	-18,527	161,988	1,965.21	2,109.39	-656.33	3,418.27
2001	161,988	24,353	-4,190	182,151	3,418.27	503.71	-163.73	3,758.25
2002	182,151	174,180	-100,897	255,434	3,758.25	3,842.06	-1,220.20	6,380.11
2003	255,434	35,753	-8,303	282,884	6,380.11	972.26	1,240.70	8,593.07
2004 <sup>3)</sup>	295,961	18,343	-8,362	305,942 <sup>4)</sup>	8,990.31	558.78	-133.17	9,415.92 <sup>4)</sup>

**Banking sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	11,608	1,334	-11	12,931	333.74	37.85	-21.28	350.31
1999	12,931	-40	86	12,977	350.31	-0.97	-42.31	307.03
2000	12,977	2,107	69	15,153	307.03	45.61	-32.88	319.76
2001	15,153	37,095	-3	52,245	319.76	767.27	-9.07	1,077.96
2002	52,245	11,414	-3,930	59,729	1,077.96	251.77	162.16	1,491.89
2003 <sup>2)</sup>	59,980	1,813	3,629	65,422	1,498.15	49.30	439.85	1,987.30
2004	65,422	5,033	-3,893	66,562 <sup>4)</sup>	1,987.30	153.32	-92.06	2,048.56 <sup>4)</sup>

**Total**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	58,107	18,582	1,879	78,568	1,670.61	527.27	-69.41	2,128.47
1999	78,568	16,689	781	96,038	2,128.47	402.95	-259.18	2,272.24
2000	96,038	99,561	-18,458	177,141	2,272.24	2,155.00	-689.21	3,738.03
2001	177,141	61,448	-4,193	234,396	3,738.03	1,270.98	-172.80	4,836.21
2002	234,396	185,594	-104,827	315,163	4,836.21	4,093.83	-1,058.04	7,872.00
2003 <sup>2)</sup>	315,414	37,566	-4,674	348,306	7,878.26	1,021.56	1,680.55	10,580.37
2004 <sup>3)</sup>	361,383	23,376	-12,255	372,504 <sup>4)</sup>	10,977.61	712.10	-225.23	11,464.48 <sup>4)</sup>

Note: The data for 2002 – 2004 are preliminary.

1) Equity capital + reinvested earnings.

2) Change in methodology – new accounting standards for banks.

3) Zaradenie ostatných kapitálových fondov do majetkového kapitálu.

4) Data at 30 September.

Inflow of Foreign Direct Investment <sup>1)</sup> During January to September 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.827									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	18,343	558.8	100.0	5,033	153.3	100.0	23,376	712.1	100.0
<b>Structure of capital by investor</b>									
Hungary	6,151	187.4	33.5	-35	-1.1	-0.7	6,116	186.3	26.2
Austria	370	11.3	2.0	4,616	140.6	91.7	4,986	151.9	21.3
USA	1,689	51.5	9.2	1,653	50.4	32.8	3,342	101.8	14.3
France	3,122	95.1	17.0	-36	-1.1	-0.7	3,086	94.0	13.2
United Kingdom	4,304	131.1	23.5	-1,396	-42.5	-27.7	2,908	88.6	12.4
Luxemburg	2,097	63.9	11.4	0	0.0	0.0	2,097	63.9	9.0
Italy	321	9.8	1.7	-13	-0.4	-0.3	308	9.4	1.3
Switzerland	242	7.4	1.3	0	0.0	0.0	242	7.4	1.0
Czech Republic	177	5.4	1.0	-2	-0.1	0.0	175	5.3	0.7
Cyprus	144	4.4	0.8	0	0.0	0.0	144	4.4	0.6
Other countries	-274	-8.3	-1.5	246	7.5	4.9	-28	-0.9	-0.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-10	-0.3	-0.1	0	0.0	0.0	-10	-0.3	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Manufacturing	12,637	385.0	68.9	0	0.0	0.0	12,637	385.0	54.1
Electricity, gas, and water supply	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Construction	147	4.5	0.8	0	0.0	0.0	147	4.5	0.6
Wholesale and retail trade, repairs of motor vehicles	4,634	141.2	25.3	0	0.0	0.0	4,634	141.2	19.8
Hotels and restaurants	-55	-1.7	-0.3	0	0.0	0.0	-55	-1.7	-0.2
Transport, storage, post and telecommunications	463	14.1	2.5	0	0.0	0.0	463	14.1	2.0
Financial intermediation	571	17.4	3.1	5,033	153.3	100.0	5,604	170.7	24.0
Real estate, renting and business activities	-63	-1.9	-0.3	0	0.0	0.0	-63	-1.9	-0.3
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	10	0.3	0.1	0	0.0	0.0	10	0.3	0.0
Other community, social, and personal services	8	0.2	0.0	0	0.0	0.0	8	0.2	0.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by region</b>									
Bratislava region	14,366	437.6	78.3	5,033	153.3	100.0	19,399	590.9	83.0
Trnava region	3,488	106.3	19.0	0	0.0	0.0	3,488	106.3	14.9
Trenčín region	230	7.0	1.3	0	0.0	0.0	230	7.0	1.0
Nitra region	-5	-0.2	0.0	0	0.0	0.0	-5	-0.2	0.0
Žilina region	101	3.1	0.6	0	0.0	0.0	101	3.1	0.4
Banská Bystrica region	243	7.4	1.3	0	0.0	0.0	243	7.4	1.0
Prešov region	382	11.6	2.1	0	0.0	0.0	382	11.6	1.6
Košice region	-462	-14.1	-2.5	0	0.0	0.0	-462	-14.1	-2.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.



### Inflow of Foreign Direct Investment <sup>1)</sup> During January to December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	35,753	972.3	100.0	1,813	49.3	100.0	37,566	1,021.6	100.0
<b>Structure of capital by investor</b>									
Germany	10,965	298.2	30.7	21	0.6	1.2	10,986	298.8	29.2
Hungary	7,369	200.4	20.6	984	26.8	54.3	8,353	227.2	22.2
Czech Republic	5,540	150.7	15.5	-7	-0.2	-0.4	5,533	150.5	14.7
United Kingdom	2,722	74.0	7.6	104	2.8	5.7	2,826	76.8	7.5
The Netherlands	2,146	58.4	6.0	7	0.2	0.4	2,153	58.5	5.7
Austria	1,055	28.7	3.0	603	16.4	33.3	1,658	45.1	4.4
USA	1,429	38.9	4.0	-27	-0.7	-1.5	1,402	38.1	3.7
Denmark	1,108	30.1	3.1	0	0.0	0.0	1,108	30.1	2.9
Switzerland	997	27.1	2.8	0	0.0	0.0	997	27.1	2.7
Italy	510	13.9	1.4	142	3.9	7.8	652	17.7	1.7
Other countries	1,912	52.0	5.3	-14	-0.4	-0.8	1,898	51.6	5.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	293	8.0	0.8	0	0.0	0.0	293	8.0	0.8
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	77	2.1	0.2	0	0.0	0.0	77	2.1	0.2
Manufacturing	17,404	473.3	48.7	0	0.0	0.0	17,404	473.3	46.3
Electricity, gas, and water supply	-557	-15.1	-1.6	0	0.0	0.0	-557	-15.1	-1.5
Construction	845	23.0	2.4	0	0.0	0.0	845	23.0	2.2
Wholesale and retail trade, repairs of motor vehicles	5,091	138.4	14.2	0	0.0	0.0	5,091	138.4	13.6
Hotels and restaurants	63	1.7	0.2	0	0.0	0.0	63	1.7	0.2
Transport, storage, post and telecommunications	333	9.1	0.9	0	0.0	0.0	333	9.1	0.9
Financial intermediation	900	24.5	2.5	1,813	49.3	100.0	2,713	73.8	7.2
Real estate, renting and business activities	848	23.1	2.4	0	0.0	0.0	848	23.1	2.3
Public administration and defence, compulsory social security	10,463	284.5	29.3	0	0.0	0.0	10,463	284.5	27.9
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	9	0.2	0.0	0	0.0	0.0	9	0.2	0.0
Other community, social, and personal services	-17	-0.5	0.0	0	0.0	0.0	-17	-0.5	0.0
Activities of private households	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	29,744	808.9	83.2	1,813	49.3	100.0	31,557	858.2	84.0
Trnava region	1,301	35.4	3.6	0	0.0	0.0	1,301	35.4	3.5
Trenčín region	1,977	53.8	5.5	0	0.0	0.0	1,977	53.8	5.3
Nitra region	1,299	35.3	3.6	0	0.0	0.0	1,299	35.3	3.5
Žilina region	690	18.8	1.9	0	0.0	0.0	690	18.8	1.8
Banská Bystrica region	128	3.5	0.4	0	0.0	0.0	128	3.5	0.3
Prešov region	23	0.6	0.1	0	0.0	0.0	23	0.6	0.1
Košice region	591	16.1	1.7	0	0.0	0.0	591	16.1	1.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Inflow of Foreign Direct Investment <sup>1)</sup> During January to December 2002

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 45.335									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	174,180	3,842.1	100.0	11,414	251.8	100.0	185,594	4,093.8	100.0
<b>Structure of capital by investor</b>									
Germany	79,206	1,747.1	45.5	-36	-0.8	-0.3	79,170	1,746.3	42.7
France	66,664	1,470.5	38.3	33	0.7	0.3	66,697	1,471.2	35.9
United Kingdom	12,210	269.3	7.0	-236	-5.2	-2.1	11,974	264.1	6.5
Austria	59	1.3	0.0	7,265	160.3	63.6	7,324	161.6	3.9
Italy	342	7.5	0.2	5,332	117.6	46.7	5,674	125.2	3.1
Cyprus	5,574	123.0	3.2	0	0.0	0.0	5,574	123.0	3.0
Czech Republic	4,765	105.1	2.7	21	0.5	0.2	4,786	105.6	2.6
The Netherlands	6,350	140.1	3.6	-1,947	-42.9	-17.1	4,403	97.1	2.4
Panama	926	20.4	0.5	0	0.0	0.0	926	20.4	0.5
Luxemburg	716	15.8	0.4	0	0.0	0.0	716	15.8	0.4
Other countries	-2,632	-58.1	-1.5	982	21.7	8.6	-1,650	-36.4	-0.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	9	0.2	0.0	0	0.0	0.0	9	0.2	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	182	4.0	0.1	0	0.0	0.0	182	4.0	0.1
Manufacturing	12,642	278.9	7.3	0	0.0	0.0	12,642	278.9	6.8
Electricity, gas, and water supply	138,671	3,058.8	79.6	0	0.0	0.0	138,671	3,058.8	74.7
Construction	116	2.6	0.1	0	0.0	0.0	116	2.6	0.1
Wholesale and retail trade, repairs of motor vehicles	9,315	205.5	5.3	0	0.0	0.0	9,315	205.5	5.0
Hotels and restaurants	3	0.1	0.0	0	0.0	0.0	3	0.1	0.0
Transport, storage, post and telecommunications	-1,029	-22.7	-0.6	0	0.0	0.0	-1,029	-22.7	-0.6
Financial intermediation	8,779	193.6	5.0	11,414	251.8	100.0	20,193	445.4	10.9
Real estate, renting and business activities	2,389	52.7	1.4	0	0.0	0.0	2,389	52.7	1.3
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	2,628	58.0	1.5	0	0.0	0.0	2,628	58.0	1.4
Other community, social, and personal services	273	6.0	0.2	0	0.0	0.0	273	6.0	0.1
Activities of private households	178	3.9	0.1	0	0.0	0.0	178	3.9	0.1
Extra-territorial organizations and bodies	24	0.5	0.0	0	0.0	0.0	24	0.5	0.0
<b>Structure of capital by regions</b>									
Bratislava region	159,324	3,514.4	91.5	11,414	251.8	100.0	170,738	3,766.1	92.0
Trnava region	3,497	77.1	2.0	0	0.0	0.0	3,497	77.1	1.9
Trenčín region	2,185	48.2	1.3	0	0.0	0.0	2,185	48.2	1.2
Nitra region	1,148	25.3	0.7	0	0.0	0.0	1,148	25.3	0.6
Žilina region	6,468	142.7	3.7	0	0.0	0.0	6,468	142.7	3.5
Banská Bystrica region	407	9.0	0.2	0	0.0	0.0	407	9.0	0.2
Prešov region	189	4.2	0.1	0	0.0	0.0	189	4.2	0.1
Košice region	962	21.2	0.6	0	0.0	0.0	962	21.2	0.5

Note: Preliminary data.

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment <sup>1)</sup> as at 30 September 2004**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.492									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	305,942	9,415.9	100.0	66,562	2,048.6	100.0	372,504	11,464.5	100.0
<b>Structure of capital by investor</b>									
Germany	83,460	2,568.6	27.3	1,103	33.9	1.7	84,563	2,602.6	22.7
The Netherlands	60,750	1,869.7	19.9	595	18.3	0.9	61,345	1,888.0	16.5
Austria	20,483	630.4	6.7	32,766	1,008.4	49.2	53,249	1,638.8	14.3
Italy	5,052	155.5	1.7	24,143	743.0	36.3	29,195	898.5	7.8
France	26,497	815.5	8.7	515	15.9	0.8	27,012	831.3	7.3
United Kingdom	25,188	775.2	8.2	349	10.7	0.5	25,537	785.9	6.9
Hungary	22,624	696.3	7.4	1,946	59.9	2.9	24,570	756.2	6.6
Czech Republic	16,701	514.0	5.5	3,495	107.6	5.3	20,196	621.6	5.4
USA	15,001	461.7	4.9	1,650	50.8	2.5	16,651	512.5	4.5
Switzerland	4,379	134.8	1.4	0	0.0	0.0	4,379	134.8	1.2
Other countries	25,807	794.3	8.4	0	0.0	0.0	25,807	794.3	6.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,200	36.9	0.4	0	0.0	0.0	1,200	36.9	0.3
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,635	81.1	0.9	0	0.0	0.0	2,635	81.1	0.7
Manufacturing	142,200	4,376.5	46.5	0	0.0	0.0	142,200	4,376.5	38.2
Electricity, gas, and water supply	41,015	1,262.3	13.4	0	0.0	0.0	41,015	1,262.3	11.0
Construction	2,395	73.7	0.8	0	0.0	0.0	2,395	73.7	0.6
Wholesale and retail trade, repairs of motor vehicles	43,522	1,339.5	14.2	0	0.0	0.0	43,522	1,339.5	11.7
Hotels and restaurants	1,662	51.2	0.5	0	0.0	0.0	1,662	51.2	0.4
Transport, storage, post and telecommunications	37,611	1,157.5	12.3	0	0.0	0.0	37,611	1,157.5	10.1
Financial intermediation	17,851	549.4	5.8	66,562	2,048.6	100.0	84,413	2,598.0	22.7
Real estate, renting and business activities	12,423	382.3	4.1	0	0.0	0.0	12,423	382.3	3.3
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,437	44.2	0.5	0	0.0	0.0	1,437	44.2	0.4
Other community, social, and personal services	1,991	61.3	0.7	0	0.0	0.0	1,991	61.3	0.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	193,363	5,951.1	63.2	66,562	2,048.6	100.0	259,925	7,999.7	69.8
Trnava region	21,850	672.5	7.1	0	0.0	0.0	21,850	672.5	5.9
Trenčín region	12,999	400.1	4.2	0	0.0	0.0	12,999	400.1	3.5
Nitra region	11,413	351.3	3.7	0	0.0	0.0	11,413	351.3	3.1
Žilina region	16,458	506.5	5.4	0	0.0	0.0	16,458	506.5	4.4
Banská Bystrica region	9,051	278.6	3.0	0	0.0	0.0	9,051	278.6	2.4
Prešov region	6,385	196.5	2.1	0	0.0	0.0	6,385	196.5	1.7
Košice region	34,423	1,059.4	11.3	0	0.0	0.0	34,423	1,059.4	9.2

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment <sup>1)</sup> as at 31 December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	282,884	8,593.1	100.0	65,422	1,987.3	100.0	348,306	10,580.4	100.0
<b>Structure of capital by investor</b>									
Germany	80,254	2,437.8	28.4	852	25.9	1.3	81,106	2,463.7	23.3
The Netherlands	58,018	1,762.4	20.5	595	18.1	0.9	58,613	1,780.5	16.8
Austria	18,764	570.0	6.6	30,383	922.9	46.4	49,147	1,492.9	14.1
Italy	4,250	129.1	1.5	24,143	733.4	36.9	28,393	862.5	8.2
United Kingdom	23,799	722.9	8.4	1,749	53.1	2.7	25,548	776.1	7.3
France	23,678	719.3	8.4	550	16.7	0.8	24,228	736.0	7.0
Czech Republic	17,149	520.9	6.1	3,495	106.2	5.3	20,644	627.1	5.9
Hungary	15,748	478.4	5.6	2,005	60.9	3.1	17,753	539.3	5.1
USA	11,854	360.1	4.2	1,650	50.1	2.5	13,504	410.2	3.9
Cyprus	8,139	247.2	2.9	0	0.0	0.0	8,139	247.2	2.3
Other countries	21,231	644.9	7.5	0	0.0	0.0	21,231	644.9	6.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,185	36.0	0.4	0	0.0	0.0	1,185	36.0	0.3
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,709	82.3	1.0	0	0.0	0.0	2,709	82.3	0.8
Manufacturing	130,199	3,955.0	46.0	0	0.0	0.0	130,199	3,955.0	37.4
Electricity, gas, and water supply	40,378	1,226.5	14.3	0	0.0	0.0	40,378	1,226.5	11.6
Construction	2,607	79.2	0.9	0	0.0	0.0	2,607	79.2	0.7
Wholesale and retail trade, repairs of motor vehicles	39,027	1,185.5	13.8	0	0.0	0.0	39,027	1,185.5	11.2
Hotels and restaurants	1,676	50.9	0.6	0	0.0	0.0	1,676	50.9	0.5
Transport, storage, post and telecommunications	35,739	1,085.6	12.6	0	0.0	0.0	35,739	1,085.6	10.3
Financial intermediation	15,902	483.0	5.6	65,422	1,987.3	100.0	81,324	2,470.4	23.3
Real estate, renting and business activities	10,892	330.9	3.9	0	0.0	0.0	10,892	330.9	3.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,426	43.3	0.5	0	0.0	0.0	1,426	43.3	0.4
Other community, social, and personal services	1,144	34.8	0.4	0	0.0	0.0	1,144	34.8	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	179,618	5,456.2	63.5	65,422	1,987.3	100.0	245,040	7,443.5	70.4
Trnava region	17,564	533.5	6.2	0	0.0	0.0	17,564	533.5	5.0
Trenčín region	11,943	362.8	4.2	0	0.0	0.0	11,943	362.8	3.4
Nitra region	10,652	323.6	3.8	0	0.0	0.0	10,652	323.6	3.1
Žilina region	14,106	428.5	5.0	0	0.0	0.0	14,106	428.5	4.0
Banská Bystrica region	8,892	270.1	3.1	0	0.0	0.0	8,892	270.1	2.6
Prešov region	6,003	182.4	2.1	0	0.0	0.0	6,003	182.4	1.7
Košice region	34,106	1,036.0	12.1	0	0.0	0.0	34,106	1,036.0	9.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment <sup>1)</sup> as at 31 December 2002**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 40.036									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	255,434	6,380.1	100.0	59,729	1,491.9	100.0	315,163	7,872.0	100.0
<b>Structure of capital by investor</b>									
Germany	77,625	1,938.9	30.4	827	20.7	1.4	78,452	1,959.5	24.9
The Netherlands	50,548	1,262.6	19.8	587	14.7	1.0	51,135	1,277.2	16.2
Austria	19,147	478.2	7.5	26,487	661.6	44.3	45,634	1,139.8	14.5
Italy	3,720	92.9	1.5	23,541	588.0	39.4	27,261	680.9	8.6
France	22,338	557.9	8.7	550	13.7	0.9	22,888	571.7	7.3
United Kingdom	19,774	493.9	7.7	1,598	39.9	2.7	21,372	533.8	6.8
Czech Republic	13,596	339.6	5.3	3,485	87.0	5.8	17,081	426.6	5.4
USA	10,544	263.4	4.1	1,650	41.2	2.8	12,194	304.6	3.9
Hungary	8,294	207.2	3.2	1,000	25.0	1.7	9,294	232.1	2.9
Cyprus	7,869	196.5	3.1	0	0.0	0.0	7,869	196.5	2.5
Other countries	21,979	549.0	8.6	4	0.1	0.0	21,983	549.1	7.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	757	18.9	0.3	0	0.0	0.0	757	18.9	0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,804	70.0	1.1	0	0.0	0.0	2,804	70.0	0.9
Manufacturing	114,688	2,864.6	44.9	0	0.0	0.0	114,688	2,864.6	36.4
Electricity, gas, and water supply	38,847	970.3	15.2	0	0.0	0.0	38,847	970.3	12.3
Construction	2,058	51.4	0.8	0	0.0	0.0	2,058	51.4	0.7
Wholesale and retail trade, repairs of motor vehicles	33,406	834.4	13.1	0	0.0	0.0	33,406	834.4	10.6
Hotels and restaurants	1,613	40.3	0.6	0	0.0	0.0	1,613	40.3	0.5
Transport, storage, post and telecommunications	34,862	870.8	13.6	0	0.0	0.0	34,862	870.8	11.1
Financial intermediation	13,155	328.6	5.2	59,729	1,491.9	100.0	72,884	1,820.5	23.1
Real estate, renting and business activities	10,393	259.6	4.1	0	0.0	0.0	10,393	259.6	3.3
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,418	35.4	0.6	0	0.0	0.0	1,418	35.4	0.4
Other community, social, and personal services	1,433	35.8	0.6	0	0.0	0.0	1,433	35.8	0.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	164,934	4,119.6	64.6	59,729	1,491.9	100.0	224,663	5,611.5	71.3
Trnava region	13,512	337.5	5.3	0	0.0	0.0	13,512	337.5	4.3
Trenčín region	9,137	228.2	3.6	0	0.0	0.0	9,137	228.2	2.9
Nitra region	8,606	215.0	3.4	0	0.0	0.0	8,606	215.0	2.7
Žilina region	12,241	305.7	4.8	0	0.0	0.0	12,241	305.7	3.9
Banská Bystrica region	8,337	208.2	3.3	0	0.0	0.0	8,337	208.2	2.6
Prešov region	5,874	146.7	2.3	0	0.0	0.0	5,874	146.7	1.9
Košice region	32,793	819.1	12.8	0	0.0	0.0	32,793	819.1	10.4

Note: Preliminary data.

1) Equity capital + reinvested earnings.



## Outflow of Foreign Direct Investment <sup>1)</sup> from Slovakia in 1998 – 2004

(Flows and stocks)

### Corporate sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	6,169	4,883	1,345	12,397	177.36	138.56	19.93	335.85
1999	12,397	739	-404	12,732	335.85	17.84	-52.45	301.24
2000	12,732	975	1,515	15,222	301.24	21.10	-1.13	321.21
2001	15,222	3,441	2,740	21,403	321.21	71.17	49.21	441.59
2002	21,403	364	-2,646	19,121	441.59	8.03	27.97	477.59
2003	19,121	670	-1,504	18,287	477.59	18.22	59.68	555.49
2004	18,287	1,317	98	19,702 <sup>3/</sup>	555.49	40.12	10.75	606.36 <sup>3)</sup>

### Banking sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	1,300	-7	299	1,592	37.38	-0.20	5.95	43.13
1999	1,592	-17,110	15,587	69	43.13	-413.12	371.62	1.63
2000	69	99	21	189	1.63	2.14	0.21	3.98
2001	189	8	1	198	3.98	0.17	-0.07	4.08
2002	198	0	-34	164	4.08	0.00	0.01	4.09
2003 <sup>2)</sup>	162	43	-9	196	4.05	1.17	0.74	5.96
2004	196	-14	345	527 <sup>3/</sup>	5.96	-0.43	10.69	16.22 <sup>3)</sup>

### Total

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1998	7,469	4,876	1,644	13,989	214.74	138.36	25.88	378.98
1999	13,989	-16,371	15,183	12,801	378.98	-395.28	319.17	302.87
2000	12,801	1,074	1,536	15,411	302.87	23.24	-0.92	325.19
2001	15,411	3,449	2,741	21,601	325.19	71.34	49.14	445.67
2002	21,601	364	-2,680	19,285	445.67	8.03	27.98	481.68
2003 <sup>2)</sup>	19,283	713	-1,513	18,483	481.64	19.39	60.42	561.45
2004	18,483	1,303	443	20,229 <sup>3/</sup>	561.45	39.69	21.44	622.58 <sup>3)</sup>

Note: The data for 2002 – 2004 are preliminary.

1) Equity capital + reinvested earnings.

2) Change in methodology – new accounting standards for banks.

3) Data at 30 September.



### Outflow of Foreign Direct Investment <sup>1)</sup> During January to September 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.827									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	1,317	40.1	100.0	-14	-0.4	100.0	1,303	39.7	100.0
<b>Structure of capital by country of investment</b>									
Ethiopia	729	22.2	55.4	0	0.0	0.0	729	22.2	55.9
Czech Republic	651	19.8	49.4	-15	-0.5	107.1	636	19.4	48.8
Cyprus	148	4.5	11.2	0	0.0	0.0	148	4.5	11.4
The Netherlands	73	2.2	5.5	0	0.0	0.0	73	2.2	5.6
Ukraine	71	2.2	5.4	0	0.0	0.0	71	2.2	5.4
Brazil	26	0.8	2.0	0	0.0	0.0	26	0.8	2.0
Romania	4	0.1	0.3	0	0.0	0.0	4	0.1	0.3
Hungary	4	0.1	0.3	0	0.0	0.0	4	0.1	0.3
Switzerland	3	0.1	0.2	0	0.0	0.0	3	0.1	0.2
Belorussia	3	0.1	0.2	0	0.0	0.0	3	0.1	0.2
Other countries	-395	-12.0	-30.0	1	0.0	-7.1	-394	-12.0	-30.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-3	-0.1	-0.2	0	0.0	0.0	-3	-0.1	-0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Manufacturing	1,559	47.5	118.4	0	0.0	0.0	1,559	47.5	119.6
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-87	-2.7	-6.6	0	0.0	0.0	-87	-2.7	-6.7
Wholesale and retail trade, repairs of motor vehicles	107	3.3	8.1	0	0.0	0.0	107	3.3	8.2
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	-280	-8.5	-21.3	-14	-0.4	100.0	-294	-9.0	-22.6
Real estate, renting and business activities	36	1.1	2.7	0	0.0	0.0	36	1.1	2.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-16	-0.5	-1.2	0	0.0	0.0	-16	-0.5	-1.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	829	25.3	62.9	-14	-0.4	100.0	815	24.8	62.5
Trnava region	-84	-2.6	-6.4	0	0.0	0.0	-84	-2.6	-6.4
Trenčín region	882	26.9	67.0	0	0.0	0.0	882	26.9	67.7
Nitra region	-2	-0.1	-0.2	0	0.0	0.0	-2	-0.1	-0.2
Žilina region	-101	-3.1	-7.7	0	0.0	0.0	-101	-3.1	-7.8
Banská Bystrica region	7	0.2	0.5	0	0.0	0.0	7	0.2	0.5
Prešov region	16	0.5	1.2	0	0.0	0.0	16	0.5	1.2
Košice region	-230	-7.0	-17.5	0	0.0	0.0	-230	-7.0	-17.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.

**Outflow of Foreign Direct Investment <sup>1)</sup> During January to December 2003**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	670	18.2	100.0	43	1.2	100.0	713	19.4	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	799	21.7	119.3	30	0.8	69.8	829	22.5	116.3
Austria	296	8.0	44.2	0	0.0	0.0	296	8.0	41.5
United Kingdom	82	2.2	12.2	0	0.0	0.0	82	2.2	11.5
Bosnia and Herzegovina	78	2.1	11.6	0	0.0	0.0	78	2.1	10.9
USA	39	1.1	5.8	0	0.0	0.0	39	1.1	5.5
Germany	24	0.7	3.6	0	0.0	0.0	24	0.7	3.4
The Netherlands	21	0.6	3.1	0	0.0	0.0	21	0.6	2.9
Croatia	3	0.1	0.4	13	0.4	30.2	16	0.4	2.2
Poland	7	0.2	1.0	0	0.0	0.0	7	0.2	1.0
Switzerland	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Other countries	-685	-18.6	-102.2	0	0.0	0.0	-685	-18.6	-96.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-230	-6.3	-34.3	0	0.0	0.0	-230	-6.3	-32.3
Manufacturing	1,178	32.0	175.8	0	0.0	0.0	1,178	32.0	165.2
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-13	-0.4	-1.9	0	0.0	0.0	-13	-0.4	-1.8
Wholesale and retail trade, repairs of motor vehicles	7	0.2	1.0	0	0.0	0.0	7	0.2	1.0
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	-111	-3.0	-16.6	0	0.0	0.0	-111	-3.0	-15.6
Financial intermediation	-14	-0.4	-2.1	43	1.2	100.0	29	0.8	4.1
Real estate, renting and business activities	-187	-5.1	-27.9	0	0.0	0.0	-187	-5.1	-26.2
Public administration and defence, compulsory social security	-1	0.0	-0.1	0	0.0	0.0	-1	0.0	-0.1
Education	41	1.1	6.1	0	0.0	0.0	41	1.1	5.8
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	780	21.2	116.4	43	1.2	100.0	823	22.4	115.4
Trnava region	51	1.4	7.6	0	0.0	0.0	51	1.4	7.2
Trenčín region	-23	-0.6	-3.4	0	0.0	0.0	-23	-0.6	-3.2
Nitra region	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Žilina region	171	4.7	25.5	0	0.0	0.0	171	4.7	24.0
Banská Bystrica region	-343	-9.3	-51.2	0	0.0	0.0	-343	-9.3	-48.1
Prešov region	111	3.0	16.6	0	0.0	0.0	111	3.0	15.6
Košice region	-83	-2.3	-12.4	0	0.0	0.0	-83	-2.3	-11.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.



### Outflow of Foreign Direct Investment <sup>1)</sup> During January to December 2002

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 45.335									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	364	8.0	100.0	0	0.0	100.0	364	8.0	100.0
<b>Structure of capital by country of investment</b>									
Poland	549	12.1	150.8	0	0.0	0.0	549	12.1	150.9
Austria	302	6.7	83.0	0	0.0	0.0	302	6.7	83.0
Bosnia and Herzegovina	286	6.3	78.6	0	0.0	0.0	286	6.3	78.6
Yugoslavia	53	1.2	14.6	0	0.0	0.0	53	1.2	14.6
France	12	0.3	3.3	0	0.0	0.0	12	0.3	3.3
Sweden	12	0.3	3.3	0	0.0	0.0	12	0.3	3.3
Croatia	0	0.0	0.0	10	0.2	0.0	10	0.2	2.6
Hungary	9	0.2	2.5	0	0.0	0.0	9	0.2	2.5
Germany	6	0.1	1.6	0	0.0	0.0	6	0.1	1.6
Ireland	5	0.1	1.4	0	0.0	0.0	5	0.1	1.4
Other countries	-870	-19.2	-239.0	-10	-0.2	0.0	-880	-19.4	-241.7
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1	0.0	0.3	0	0.0	0.0	1	0.0	0.3
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	67	1.5	18.4	0	0.0	0.0	67	1.5	18.4
Manufacturing	828	18.3	227.5	0	0.0	0.0	828	18.3	227.5
Electricity, gas, and water supply	-404	-8.9	-111.0	0	0.0	0.0	-404	-8.9	-111.0
Construction	21	0.5	5.8	0	0.0	0.0	21	0.5	5.8
Wholesale and retail trade, repairs of motor vehicles	-51	-1.1	-14.0	0	0.0	0.0	-51	-1.1	-14.0
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	1	0.0	0.3	0	0.0	0.0	1	0.0	0.3
Financial intermediation	-303	-6.7	-83.2	0	0.0	0.0	-303	-6.7	-83.3
Real estate, renting and business activities	295	6.5	81.0	0	0.0	0.0	295	6.5	81.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-91	-2.0	-25.0	0	0.0	0.0	-91	-2.0	-25.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	-273	-6.0	-75.0	0	0.0	0.0	-273	-6.0	-75.0
Trnava region	48	1.1	13.2	0	0.0	0.0	48	1.1	13.2
Trenčín region	88	1.9	24.2	0	0.0	0.0	88	1.9	24.2
Nitra region	-35	-0.8	-9.6	0	0.0	0.0	-35	-0.8	-9.6
Žilina region	285	6.3	78.3	0	0.0	0.0	285	6.3	78.3
Banská Bystrica region	336	7.4	92.3	0	0.0	0.0	336	7.4	92.3
Prešov region	-6	-0.1	-1.6	0	0.0	0.0	-6	-0.1	-1.6
Košice region	-79	-1.7	-21.7	0	0.0	0.0	-79	-1.7	-21.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment <sup>1)</sup> Outward as at 30 September 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.492									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,702	606.4	100.0	527	16.2	100.0	20,229	622.6	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,413	258.9	42.7	481	14.8	91.3	8,894	273.7	44.0
United Kingdom	2,283	70.3	11.6	0	0.0	0.0	2,283	70.3	11.3
Ukraine	1,363	41.9	6.9	0	0.0	0.0	1,363	41.9	6.7
Ireland	1,220	37.5	6.2	0	0.0	0.0	1,220	37.5	6.0
Hungary	1,165	35.9	5.9	0	0.0	0.0	1,165	35.9	5.8
Luxemburg	1,111	34.2	5.6	0	0.0	0.0	1,111	34.2	5.5
Austria	948	29.2	4.8	0	0.0	0.0	948	29.2	4.7
Poland	821	25.3	4.2	0	0.0	0.0	821	25.3	4.1
Russia	403	12.4	2.0	0	0.0	0.0	403	12.4	2.0
Bosnia and Herzegovina	384	11.8	1.9	0	0.0	0.0	384	11.8	1.9
Other countries	1,591	49.0	8.1	46	1.4	8.7	1,637	50.4	8.1
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	21	0.6	0.1	0	0.0	0.0	21	0.6	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,879	57.8	9.5	0	0.0	0.0	1,879	57.8	9.3
Manufacturing	9,450	290.8	48.0	0	0.0	0.0	9,450	290.8	46.7
Electricity, gas and water supply	1,229	37.8	6.2	0	0.0	0.0	1,229	37.8	6.1
Construction	407	12.5	2.1	0	0.0	0.0	407	12.5	2.0
Wholesale and retail trade, repairs of motor vehicles	742	22.8	3.8	0	0.0	0.0	742	22.8	3.7
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage and communication	48	1.5	0.2	0	0.0	0.0	48	1.5	0.2
Financial intermediation	3,124	96.1	15.9	527	16.2	100.0	3,651	112.4	18.0
Real estate, renting and business activities	2,784	85.7	14.1	0	0.0	0.0	2,784	85.7	13.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	18	0.6	0.1	0	0.0	0.0	18	0.6	0.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	12,169	374.5	61.8	527	16.2	100.0	12,696	390.7	62.8
Trnava region	1,858	57.2	9.4	0	0.0	0.0	1,858	57.2	9.2
Trenčín region	1,618	49.8	8.2	0	0.0	0.0	1,618	49.8	8.0
Nitra region	46	1.4	0.2	0	0.0	0.0	46	1.4	0.2
Žilina region	590	18.2	3.0	0	0.0	0.0	590	18.2	2.9
Banská Bystrica region	1,653	50.9	8.4	0	0.0	0.0	1,653	50.9	8.2
Prešov region	576	17.7	2.9	0	0.0	0.0	576	17.7	2.8
Košice region	1,192	36.7	6.1	0	0.0	0.0	1,192	36.7	5.9

Note: Preliminary data.

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment <sup>1)</sup> Outward as at 31 December 2003**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	18,287	555.5	100.0	196	6.0	100.0	18,483	561.5	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	7,311	222.1	40.0	151	4.6	77.0	7,462	226.7	40.4
United Kingdom	2,293	69.7	12.5	0	0.0	0.0	2,293	69.7	12.4
Ukraine	1,368	41.6	7.5	0	0.0	0.0	1,368	41.6	7.4
Ireland	1,212	36.8	6.6	0	0.0	0.0	1,212	36.8	6.6
Hungary	1,131	34.4	6.2	0	0.0	0.0	1,131	34.4	6.1
Luxemburg	1,111	33.7	6.1	0	0.0	0.0	1,111	33.7	6.0
Austria	968	29.4	5.3	0	0.0	0.0	968	29.4	5.2
Poland	798	24.2	4.4	0	0.0	0.0	798	24.2	4.3
Russia	403	12.2	2.2	0	0.0	0.0	403	12.2	2.2
Bosnia and Herzegovina	383	11.6	2.1	0	0.0	0.0	383	11.6	2.1
Other countries	1,309	39.8	7.2	45	1.4	23.0	1,354	41.1	7.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	23	0.7	0.1	0	0.0	0.0	23	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,879	57.1	10.3	0	0.0	0.0	1,879	57.1	10.2
Manufacturing	8,564	260.1	46.8	0	0.0	0.0	8,564	260.1	46.3
Electricity, gas, and water supply	1,224	37.2	6.7	0	0.0	0.0	1,224	37.2	6.6
Construction	389	11.8	2.1	0	0.0	0.0	389	11.8	2.1
Wholesale and retail trade, repairs of motor vehicles	767	23.3	4.2	0	0.0	0.0	767	23.3	4.1
Hotels and restaurants	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Transport, storage, post and telecommunications	35	1.1	0.2	0	0.0	0.0	35	1.1	0.2
Financial intermediation	3,054	92.8	16.7	196	6.0	100.0	3,250	98.7	17.6
Real estate, renting and business activities	2,014	61.2	11.0	0	0.0	0.0	2,014	61.2	10.9
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	23	0.7	0.1	0	0.0	0.0	23	0.7	0.1
Other community, social, and personal services	314	9.5	1.7	0	0.0	0.0	314	9.5	1.7
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	11,225	341.0	61.4	196	6.0	100.0	11,421	346.9	61.8
Trnava region	1,936	58.8	10.6	0	0.0	0.0	1,936	58.8	10.5
Trenčín region	750	22.8	4.1	0	0.0	0.0	750	22.8	4.1
Nitra region	50	1.5	0.3	0	0.0	0.0	50	1.5	0.3
Žilina region	692	21.0	3.8	0	0.0	0.0	692	21.0	3.7
Banská Bystrica region	1,647	50.0	9.0	0	0.0	0.0	1,647	50.0	8.9
Prešov region	566	17.2	3.1	0	0.0	0.0	566	17.2	3.1
Košice region	1,421	43.2	7.8	0	0.0	0.0	1,421	43.2	7.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment <sup>1)</sup> Outward as at 31 December 2002

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 40.036									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,121	477.6	100.0	164	4.1	100.0	19,285	481.7	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	6,952	173.6	36.4	131	3.3	79.9	7,083	176.9	36.7
United Kingdom	2,642	66.0	13.8	0	0.0	0.0	2,642	66.0	13.7
Ukraine	1,703	42.5	8.9	0	0.0	0.0	1,703	42.5	8.8
Hungary	1,402	35.0	7.3	0	0.0	0.0	1,402	35.0	7.3
Ireland	1,331	33.2	7.0	0	0.0	0.0	1,331	33.2	6.9
Luxemburg	1,182	29.5	6.2	0	0.0	0.0	1,182	29.5	6.1
Poland	932	23.3	4.9	0	0.0	0.0	932	23.3	4.8
Austria	692	17.3	3.6	0	0.0	0.0	692	17.3	3.6
Russia	493	12.3	2.6	0	0.0	0.0	493	12.3	2.6
Croatia	324	8.1	1.7	0	0.0	0.0	324	8.1	1.7
Other countries	1,468	36.7	7.7	33	0.8	20.1	1,501	37.5	7.8
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	59	1.5	0.3	0	0.0	0.0	59	1.5	0.3
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,393	59.8	12.5	0	0.0	0.0	2,393	59.8	12.4
Manufacturing	7,835	195.7	41.0	0	0.0	0.0	7,835	195.7	40.6
Electricity, gas, and water supply	1,288	32.2	6.7	0	0.0	0.0	1,288	32.2	6.7
Construction	465	11.6	2.4	0	0.0	0.0	465	11.6	2.4
Wholesale and retail trade, repairs of motor vehicles	1,005	25.1	5.3	0	0.0	0.0	1,005	25.1	5.2
Hotels and restaurants	299	7.5	1.6	0	0.0	0.0	299	7.5	1.6
Transport, storage, post and telecommunications	164	4.1	0.9	0	0.0	0.0	164	4.1	0.9
Financial intermediation	3,243	81.0	17.0	164	4.1	100.0	3,407	85.1	17.7
Real estate, renting and business activities	1,939	48.4	10.1	0	0.0	0.0	1,939	48.4	10.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	25	0.6	0.1	0	0.0	0.0	25	0.6	0.1
Other community, social, and personal services	406	10.1	2.1	0	0.0	0.0	406	10.1	2.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	12,976	324.1	67.9	164	4.1	100.0	13,140	328.2	68.1
Trnava region	2,056	51.4	10.8	0	0.0	0.0	2,056	51.4	10.7
Trenčín region	909	22.7	4.8	0	0.0	0.0	909	22.7	4.7
Nitra region	51	1.3	0.3	0	0.0	0.0	51	1.3	0.3
Žilina region	959	24.0	5.0	0	0.0	0.0	959	24.0	5.0
Banská Bystrica region	574	14.3	3.0	0	0.0	0.0	574	14.3	3.0
Prešov region	507	12.7	2.7	0	0.0	0.0	507	12.7	2.6
Košice region	1,089	27.2	5.7	0	0.0	0.0	1,089	27.2	5.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

## Symbols used in the tables

- . - Data are not yet available.
- - Data do not exist / data are not applicable.
- (p) - Preliminary data