



NÁRODNÁ BANKA SLOVENSKA



Monetary Survey

August 2005



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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 SR	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
NPF	National Property Fund
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
BRIBOR	Bratislava Interbank Offered Rate
CPI	Consumer Price Index
FDI	Foreign Direct Investment
FRA	Forward Rate Agreement
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
HZL	hypotekárne záložné listy – mortgage bonds
IPI	Industrial Production Index
IRF	Initial Rate Fixation
IRS	Interest Rate Swap
MFI	Monetary Financial Institutions
MMIF	Money Market Investment Funds
NEER	Nominal Effective Exchange Rate
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
RULC	Real Unit Labour Costs
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
VAT	Value Added Tax

Prepared on the basis of the Situation Report on the Monetary Development in August 2005, approved by the NBS Bank Board on 30 September 2005.



1. Introduction

The level of consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), fell month-on-month by 0.1% in August. The 12-month headline and core inflation rates reached 2.1% and 1.2% (excluding energy and non-processed food prices) respectively.

Consumer prices, expressed in terms of the Consumer Price Index (CPI), dropped in comparison with the previous month by 0.1% in August, with the prices of core inflation components falling by 0.1%. The 12-month headline and core inflation rates reached 2.0% and 0.7% respectively.

Real gross domestic product increased by 5.1% over the first half of 2005.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by Sk 6.3 billion in July, while its year-on-year growth rate slowed in comparison with June, to 8.9%. At current rates, the M2 money supply (according to NBS methodology) increased in July by Sk 8.3 billion, while its year-on-year dynamics strengthened to 5.1%.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) increased month-on-month by Sk 5.0 billion in July, while the year-on-year growth rate accelerated to 7.7%. At current rates, the volume of loans to enterprises and households (according to NBS methodology) grew month-on-month by Sk 11.0 billion, representing an increase in year-on-year dynamics, to 18.9%.

The average interest rate on new loans to non-financial corporations fell in July by 0.12 of a percentage point, to 4.88%, and that on new loans to households rose by 0.23 of a percentage point, to 9.48%. Over the same period, the average interest rate on new deposits from non-financial corporations dropped by 0.10 of a percentage point, to 1.42%, and that on new household deposits by 0.01 of a percentage point, to 0.65%.

On 31 August 2005, the State Budget of the SR recorded a deficit of Sk 5.1 billion.

The foreign exchange reserves of the NBS (at current exchange rates) increased by USD 228.6 million in August, to USD 15,915.6 million. At the end of the month, the volume of foreign exchange reserves was 5.3 times greater than the volume of average monthly imports of goods and services to Slovakia, during the first seven months of 2005.

The National Bank of Slovakia conducted no foreign exchange intervention in August.

According to preliminary data, the balance of payments on current account for January to June 2005 resulted in a deficit of Sk 47.7 billion. Over the same period, the capital and financial account generated a surplus of Sk 110.1 billion. From January to July, the current account produced a deficit of Sk 53.8 billion, while trade resulted in a shortfall of Sk 33.0 billion.

In August, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 412.7 billion, representing a decrease of Sk 0.8 billion compared with the figure for July.

On 26 August 2005, the Bank Board of the NBS unanimously voted (5:0) to leave the key rates of the National Bank of Slovakia unchanged, i.e. 3.0% for two-week repo tenders, 2.0% for overnight sterilisation operations, and 4.0% for overnight refinancing transactions.



2. Inflation

2.1. Consumer Price Index

HICP Inflation in August 2005

Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the HICP, dropped month-on-month by 0.1% in August, with the prices of goods falling by 0.2% and services prices rising by 0.2%. Compared with the same period a year earlier, consumer prices increased by 2.1% (in July by 2.0%) and core inflation reached 1.2% (as in July). The average 12-month inflation rate for the first eight months of the year was 2.4%. The average 12-month inflation rate for the period from September 2004 to August 2005 was 3.6%.

Table 1 Harmonised Index of Consumer Prices

	(year-on-year changes in %)					
	2005					
	Mar.	Apr.	May	June	July	Aug.
Total	2.3	2.5	2.3	2.5	2.0	2.1
Goods	0.6	1.0	0.8	1.1	0.6	0.7
Industrial goods	1.5	1.7	1.4	1.5	1.7	2.1
Industrial goods (excluding energy)	-1.1	-1.4	-1.4	-1.4	-1.4	-1.2
Energy	5.0	6.0	5.4	5.6	6.1	6.6
Foodstuffs	-0.9	-0.3	-0.3	0.5	-1.1	-1.5
Processed food (including alcohol and tobacco)	-1.6	-1.1	-1.7	-1.7	-2.4	-2.4
Non-processed food	0.4	1.2	2.6	4.6	1.1	0.1
Services	6.1	6.0	5.7	5.5	5.3	5.3
Core inflation (total excl. energy and unprocessed food prices)	1.8	1.8	1.5	1.5	1.2	1.2
Total, excluding energy	1.7	1.7	1.6	1.8	1.2	1.1

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

The steeper increase in goods prices was mainly due to fuel prices

The steeper year-on-year increase in goods prices can be attributed mostly to food prices (owing to the rise in oil prices and the depreciation of the Slovak koruna against the US dollar). The prices of industrial goods (excluding energy) also contributed to this trend, since the rate of their decline slowed slightly as a result of developments in the prices of all basic components. A different trend was recorded in food prices, where non-processed food prices recorded a slowdown in dynamics (mainly seasonal foodstuffs and meat prices). The deflationary trend in processed food prices continued in August.

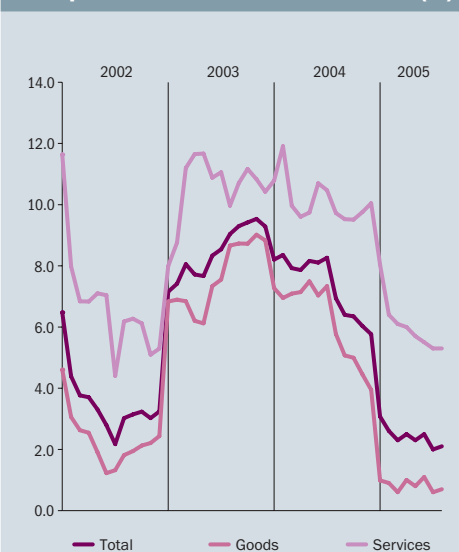
Services prices continued to rise at an unchanged rate

Services prices increased at the same rate as in the previous month. They were determined by conflicting trends in the prices of individual components, when prices for recreation in Slovakia and abroad increased at an accelerated rate, while prices for road passenger transport and motor vehicle maintenance services showed weaker dynamics.

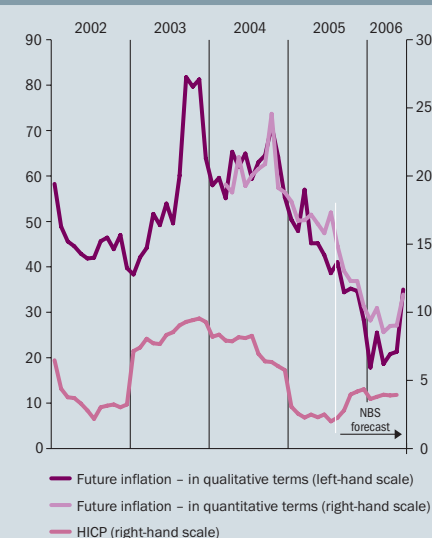
Consumer expectations in respect of inflation

The expectations of consumers in respect of price inflation increased in August. In answer to questions about the previous course of inflation, the respondents gave an average value of 10.22% (10.20% in the

Chart 1 HICP Inflation and Its Main Components (%)



Source: Statistical Office of the SR.

Chart 2 HICP Compared with the Views of Respondents on Price Developments in the Past 12 Months (%)


Source: Statistical Office of the SR, Consumer barometer, and NBS.

Note: The qualitative assessment of the future course of inflation is based on answers to the query whether consumer prices in the next 12 months will increase 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.

previous month). When asked about the expected rate of inflation in the next 12 months, the respondents gave an average value of 11.30%, representing a marked increase in comparison with the figure for the previous month (9.03%), due to the announced increase in the price of natural gas and heat.

CPI Inflation in August 2005

Consumer prices dropped month-on-month by 0.1% in August, with regulated prices stagnating and the prices of core inflation components falling by 0.1%. The 12-month rate of headline inflation reached 2.0% (as in July) and that of core inflation 0.7% (in July 0.5%). The average 12-month inflation rate for the first eight months of the year was 2.5%.

Consumer Price Index

2.2. Producer Prices in July 2005

Industrial producer prices for the domestic market rose month-on-month by an average of 0.6% in July, due to increases in the prices of industrial products (0.4%); electricity, gas, steam, and hot water (0.9%); and mineral raw materials (1.3%).

Month-on-month rise in industrial producer prices for the domestic market ...

The year-on-year dynamics of industrial producer prices for the domestic market increased (from 4.8% in June to 5.3% in July), due to steeper increases in electricity, gas, steam, hot water, and raw materials prices. The dynamics of manufacturing products prices weakened somewhat in comparison with June.

... accompanied by an increase in their year-on-year dynamics

Table 2 Consumer Prices in August 2005

	Comparative change	
	July 2005	August 2004
Total in %	-0.1	2.0
Regulated prices in %	0.0	6.4
- Share of total, in percentage points ¹⁾	0,01	-
Impact of changes in indirect taxes on non-regulated prices		
- Share of total, in percentage points ¹⁾	0.00	-
Core inflation in %	-0.1	0.7
- Share of total, in percentage points ¹⁾	-0.07	-
of which: Food prices in %	-1.5	-2.4
- Share of total, in percentage points ¹⁾	-0.25	-
Tradable goods in % ¹⁾	0.5	-1.0
- Share of total, in percentage points ¹⁾	0.17	-
Tradable goods excluding fuels in % ¹⁾	0.1	-2.0
- Share of total, in percentage points ¹⁾	0.04	-
Fuels in % ¹⁾	3.3	6.5
- Share of total, in percentage points ¹⁾	0.13	-
Market services in % ¹⁾	0.0	5.3
- Share of total, in percentage points ¹⁾	0.00	-
Net inflation (excluding the impact of changes in indirect taxes) in %	0.3	1.6
- Share of total, in percentage points ¹⁾	0.17	-
Net inflation, excluding fuel prices (excl. the impact of changes in indirect taxes) in %¹⁾	0.1	1.3
- Share of total, in percentage points ¹⁾	0.05	-

Source: Statistical Office of the SR.

Notes: Net inflation – includes the price increases in tradable goods, excluding foodstuffs and market services.

The rounding of the values of year-on-year and month-on-month price dynamics to one decimal place and their contributions to the headline inflation rate to two decimal places may lead to a situation where, in the case of price stagnation, the contributions of prices are not equal to zero. In reality, the prices change, but the changes are so small that they cannot be noticed if the figures are rounded to one decimal place; but in the case of price contributions rounded to two decimal places, even a small change is apparent.

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



Table 3 Producer Price Developments

(%)

	Month-on-month change		Year-on-year change			
	June	July	June	July	Average since the	July
	2005	2005	2005	2005	beginning of 2005	2004
Industrial producer prices (for the domestic market)	0.9	0.6	4.8	5.3	3.6	3.0
– Prices of manufacturing products	0.0	0.4	1.8	1.7	2.5	3.8
– Prices of mining and quarrying products	0.8	1.3	1.5	1.9	-0.7	5.9
– Prices of electricity, gas, steam, and hot water	2.3	0.9	9.1	10.5	5.4	2.0
Industrial producer prices (for export)	-1.0	0.7	6.3	6.4	7.4	1.8
Construction prices	0.2	0.2	3.7	3.5	4.7	6.6
Building materials prices	-0.2	-0.3	5.1	3.3	6.5	6.5
Agricultural prices	–	–	1.6	-6.9	-1.8	5.3
– Prices of plant products	–	–	-14.2	-19.2	-17.2	8.6
– Prices of animal products	–	–	3.5	0.8	2.1	3.3

Source: Statistical Office of the SR.

Developments in manufacturing products prices were mainly affected in July by the prices of refined oil products, food products, and base metals and finished metal products. The prices of refined oil products had a strong upward effect on price levels, when they rose month-on-month by 6% and year-on-year by 27.5%. At the same time, the prices of food products dropped month-on-month by 0.1% and year-on-year by 5% (after increasing a year earlier by 0.5% and 3.6% respectively). The prices of base metals and finished metal products fell month-on-month by 1%, while rising year-on-year by 5.2% (a rate 2.6 percentage points slower than in June). The 12-month rate of increase in the prices of base metals and finished metal products has been on the decline since the beginning of the year (from 14.6% in January).

Energy prices have for months been determined by the costs of gas production and the distribution of gaseous fuels by pipeline. Their price rose month-on-month by 2% in July, which was almost 3 percentage points less than in the previous month. On a year-on-year basis, prices for gas production and the distribution of gaseous fuels by pipeline increased by 27.7%.

Prices of manufacturing products for export

After falling in May and June, the prices of manufacturing products for export increased month-on-month by an average of 0.7% in July, due to a rise in the price of refined oil products (11.8%). Modest increases were recorded in the prices of electrical and optical equipment (1.2%), leather and leather goods (2.9%). The most significant fall occurred in the export prices of base metals and finished metal products (2.3%).

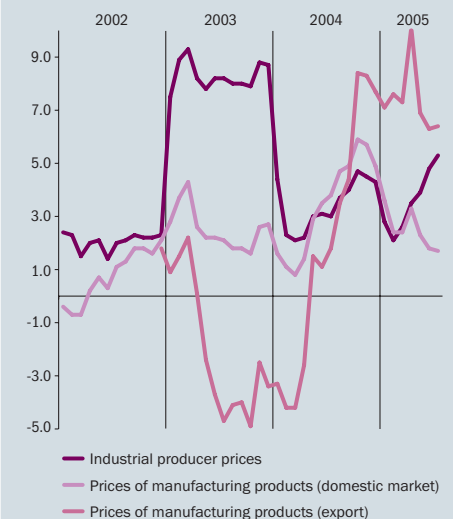
After diminishing for two months, the year-on-year dynamics of manufacturing products prices for export increased slightly in July. This was largely due to a marked increase in the prices of refined oil products (39.1%). Year-on-year increases were also recorded in the prices of base metals and finished metal products (8.7%); chemical products (7.8%); electrical and optical equipment (7.1%); and food products (2.8%). The export prices of transport vehicles maintained a long-term falling tendency on a year-on-year basis.

Prices in agriculture

After rising year-on-year for four months, agricultural prices dropped in July by 6.9%, due to a fall in the prices of plant products (19.2%) and a rise in animal products prices (0.8%).

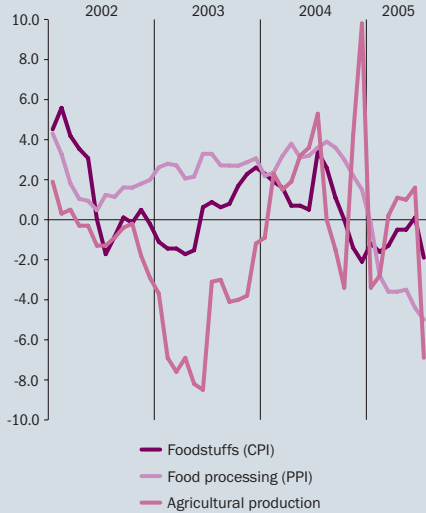
Among plant products, the sharpest drops were recorded in cereal prices, for several consecutive months. On average, they were 21.3% lower in July (the

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



Source: Statistical Office of the SR.

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



Source: Statistical Office of the SR.

price of seed-corn by 26.2%). The price of oil-seed dropped by 19.2%, that of potato by 17.6%, and fruit prices by 2.5%. Vegetable prices increased by 6%, while the average price of legumes remained at the level of last year.

Among animal products, the average price of beef and veal (live animals) was 3.9% higher in July and that of cow milk increased by 3.6%. Prices dropped for lamb and mutton (by 8.4%, for live animals), eggs (by 6%), poultry and pork (by 2.7% and 1.1% respectively, for live animals).

In August, price developments in industry are expected to be mostly influenced by the rising price of oil on the world market and the moderate appreciation of the US dollar against the Slovak koruna. At the same time, the persistent fall in the prices of primary plant products and foodstuffs are expected to have an anti-inflationary effect. Due to external and internal cost factors, industrial producer prices are expected to increase somewhat on a month-on-month basis, due probably to their unchanged or accelerated year-on-year dynamics in comparison with the previous month.

The prices of agricultural products are expected to be substantially affected by a persistent fall in the prices

of plant products (mainly cereals for food production and cereals for use as animal fodder). The prices of animal products are expected to rise only slightly, mainly as a result of an increase in the price of beef (live animals), since the price of pork (live animals) is likely to fall owing to the persistent excess of supply over demand. This indicates that agricultural prices will probably stagnate or fall slightly in August.



3. Factors Affecting the Course of Inflation

The M3 monetary aggregate followed a standard seasonal course in July, when the level of M3 rose on a month-on-month basis. As in previous months, the primary source of growth in M3 was mostly the rising trend in the volume of receivables of monetary financial institutions (MFIs) from the private sector, which recorded another relatively steep increase in July.

3.1. Monetary Aggregates

M3 Monetary Aggregate

Slowdown in the 12-month growth dynamics of M3

The M3 monetary aggregate (according to ECB methodology) increased month-on-month by Sk 6.3 billion in July, to Sk 779.7 billion at the end of the month. The year-on-year rate of M3 growth¹ slowed in comparison with the previous month by 0.5 of a percentage point, to 8.9%.

Table 4 12-month Growth Dynamics of Monetary Aggregates

(%)

	2004											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
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 ²⁾	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 money market funds for 2003 ³⁾	6.2	9.6	6.5	10.5	7.8	13.0	4.8	10.5	11.9	12.0	11.0	13.1
- excluding the effect of repo operations ²⁾	10.4	9.7	8.6	10.7	7.8	13.1	11.2	10.4	12.6	11.6	10.7	12.7
2005												
M3 monetary aggregate (ECB methodology)	10.4	10.2	12.3	12.6	12.9 ¹⁾	9.4 ¹⁾	8.9	.	.	.	.	.

Source: NBS and NBS estimates based on data from the Slovak Association of Administrator Companies (SASS).
 1) Revised data.
 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 issued money market fund shares/units were not available for the monetary and financial statistics reports in 2003, their volume was estimated on the basis of data provided by the Slovak Association of Administrator Companies (SASS).

Main Components of M3

Growth in M2; allocation of the most liquid deposits to longer-term time deposits

The most liquid monetary aggregate (M1) recorded a month-on-month decrease in July (Sk 6.8 billion), with its volume reaching Sk 421.7 billion at the end of the month. Thus, after growing in the previous two months, the M1 monetary aggregate continued to follow the volatile course of development, characteristic of 2005. Within the structure of M1, the volume of deposits and received loans repayable on demand recorded a decrease (Sk 8.8 billion), which took place mostly in the overnight koruna deposits of non-financial corporations. Currency in circulation continued to grow in volume, by Sk 2.0 billion compared with the previous month.

Within the structure of the M2 aggregate, short-term financial resources in the form of deposits and received loans repayable on demand (an M1 component) were in part reallocated to deposits and received loans with an agreed maturity of up to 2 years (an M2 component), which increased month-on-month by Sk 13.4 billion. Since the increase in longer-term financial resources exceeded the decrease in short-term funds, the overall level of the M2 aggregate rose in July (by Sk 6.3 billion).

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



Table 5 Comparison of Month-on-month Developments in Monetary Aggregates (ECB methodology)

	Volume in billions of Sk ²⁾			Year-on-year change in %	
	July 2004	June 2005	July 2005	June 2005	July 2005
	Currency in circulation	93.8	108.1	110.1	16.0	17.3
Deposits and received loans, repayable on demand	260.4	320.5	311.7	13.8	19.7
M1	354.2	428.5	421.7	14.3	19.1
Deposits and received loans, with an agreed maturity of up to 2 years	319.5	280.8	294.2	-3.2	-7.9
Deposits redeemable at a period of notice of up to 3 months	16.7	15.8	15.5	-5.3	-7.4
M2	690.5	725.2	731.5	6.4	5.9
Money market fund shares/units	22.3	46.4	47.1	-	-
Repo operations	0.6	0.4	0.4	-	-
Debt securities issued for up to 2 years	2.9	1.4 ¹⁾	0.7	-	-
M3	716.2	773.4 ¹⁾	779.7	9.4 ¹⁾	8.9

Source: NBS.
 Note: Differences in the sums are due to rounding.
 1) Revised data.
 2) Volume as at the last day of the given period.

The total volume of less liquid M3 components remained at the level of the previous month (Sk 48.2 billion²⁾ in July, when the volume of issued money market fund shares/units recorded a slight increase (Sk 0.7 billion), which was offset by a decrease in the volume of debt securities issued for up to 2 years, while the volume of repo operations remained unchanged.

The less liquid M3 components remained unchanged

Investment Through Open-End Investment Funds

The net value of Sk-denominated assets held by open-end investment funds (OIFs) reached Sk 118.0 billion at the end of August. The net sales of Sk-denominated OIF assets reached Sk 1.8 billion in August and the net sales in the SR of OIF assets denominated in foreign currency amounted to Sk 0.29 billion.

Net value of assets and net sales of open-end investment funds

Table 6 Overview of 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	4.1	3.4	2.3	2.3	2.0	1.8	.	.	.	.	27.8
OIF assets denominated in foreign currency	2004	0.08	0.07	0.1	0.05	0.14	0.04	0.04	0.06	0.07	0.03	0.07	0.04	0.80
	2005	0.08	0.14	0.14	0.21	0.12	0.20	0.15	0.29	.	.	.	.	1.33

Source: NBS estimates based on data from the Slovak Association of Administrator Companies (SASS).

Main Counterparts of M3

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs) increased month-on-month by Sk 5.0 billion in July, and thus confirmed the upward trend from June. As in previous months, the conflicting developments in components continued, with the decrease in MFI receivables from the public sector (Sk 5.7 billion) being exceeded by an increase in MFI receivables from the private sector (Sk 10.7 billion). The year-on-year rate of growth in total MFI receivables from residents accelerated in comparison with the previous month by 1.1 percentage points, due to the base effect, since the total volume of MFI receivables from residents decreased in July 2004 as a result of increased loan repayments in the corporate sector.

Continued growth in the volume of MFI receivables (incl. securities) from residents, with conflicting developments in their components

² Revised data.



Table 7 Main Counterparts of M3 (ECB methodology)

	Volume in billions of Sk ⁽²⁾			Year-on-year change in %	
	July	June	July	June	July
	2004	2005	2005	2005	2005
Net foreign assets	373.3	294.2	304.3	-20.9	-18.5
Foreign assets	505.3	590.5	602.2	23.3	19.2
Foreign liabilities	132.0	296.3	298.0	176.3	125.8
Receivables of MFIs from residents (incl. securities)	677.7	724.7	729.7	6.6	7.7
Receivables from the general government	279.0	261.1	255.4	-6.1	-8.5
Receivables from the private sector	398.7	463.6	474.3	15.4	19.0
Deposits and loans received from the central government	157.5	84.1	84.6	-49.5	-46.3
Long-term financial liabilities (excl. capital and reserves)	97.6	95.0	95.2	-3.7	-2.4
Deposits and loans received with an agreed maturity of over 2 years	48.7	52.9	52.5	9.2	7.8
Deposits redeemable at a notice period of over 3 months	38.9	28.8	28.6	-28.6	-26.4
Debt securities issued with a maturity of over 2 years	10.0	13.3	14.1	34.0	41.2
Other items net	79.7	66.4	74.4	-16.5	-6.7
Capital, reserves and provisions	108.5	94.1	104.3	-9.8	-3.9
Other liabilities	37.9	51.4	49.4	19.5	30.5
Surplus of liabilities among MFIs	-0.1	1.1 ⁽¹⁾	0.2	-	-
Fixed assets	35.5	34.5	33.6	-3.0	-5.1
Other assets	31.1	45.8	45.9	43.2	47.7
M3	716.2	773.4⁽¹⁾	779.7	9.4⁽¹⁾	8.9

Source: NBS.
 Note: Differences in the sums are due to rounding.
 1) Revised data.
 2) Volume as at the last day of the given period.

Continuing growth in MFI receivables from the private sector

The volume of MFI receivables from the private sector (including securities) continued to grow in July, by Sk 10.7 billion month-on-month, in line with the relatively strong growing trend characteristic of the first half of 2005. The July increase was mainly generated by growth in MFI receivables from households (Sk 4.5 billion) and non-financial corporations (Sk 3.9 billion, especially in long-term receivables maturing in over 5 years), while the volume of securities issued by the private sector remained unchanged.

The increase in MFI receivables from households was again dominated by loans for housing purposes (Sk 2.9 billion). The remainder of the total increase in MFI receivables from households

Table 8 Receivables of Monetary Financial Institutions from the Resident Private Sector

	Volume in billions of Sk ⁽¹⁾			Year-on-year change in %	
	July	June	July	June	July
	2004	2005	2005	2005	2005
MFI receivables from the private sector (incl. securities)	398.7	463.6	474.3	15.4	19.0
of which: Securities issued by the private sector	17.4	18.7	18.7	7.5	7.6
MFI receivables (excluding securities)	381.3	444.9	455.6	15.8	19.5
Non-financial corporations	232.3	249.5	253.4	4.2	9.1
- Up to 1 year	101.2	109.1	110.4	6.3	9.0
- 1 to 5 years	57.9	54.3	54.5	-10.6	-5.9
- Over 5 years	73.2	86.1	88.5	13.4	21.0
Financial corporations	39.0	44.3	46.7	16.6	19.8
Insurance companies and pension funds	0.0	0.1	0.0	-	-
Households and non-profit institutions serving households	110.0	151.0	155.5	41.4	41.4
- Consumer loans	15.1	22.7	23.4	51.5	55.4
- Housing loans	77.5	99.7	102.6	31.7	32.4
- Other loans	17.4	28.6	29.4	77.2	69.1

Source: NBS.
 Note: Differences in the sums are due to rounding.
 1) Volume as at the last day of the given period.



took place, in roughly equal measure, in consumer loans (Sk 0.7 billion) and other loans (Sk 0.8 billion).

The total volume of long-term financial liabilities of MFIs (excluding capital and reserves) recorded a modest month-on-month increase in July (Sk 0.2 billion), when the growth in the volume of issued debt securities maturing in over 2 years (Sk 0.8 billion) exceeded the modest decline in deposits and received loans with an agreed maturity of over 2 years (Sk 0.4 billion) and deposits redeemable at a period of notice of over 3 months (Sk 0.2 billion).

Modest growth in the total volume of long-term financial liabilities

Net foreign assets increased in comparison with the previous month by Sk 10.1 billion in July, when the increase in foreign assets (Sk 11.7 billion) well exceeded the increase in foreign liabilities (Sk 1.6 billion).

Increase in net foreign assets

Among the other main counterparts of the M3 monetary aggregate, an increase was recorded in capital, reserves and provisions (Sk 10.2 billion), while the volume of fixed assets recorded a decline (Sk 0.9 billion).

Developments in the other main counterparts of M3

Developments in Monetary Aggregates According to NBS Methodology

The M2 money supply (according to NBS methodology, at current rates) increased month-on-month by Sk 8.3 billion in July, and closed the month at Sk 787.1 billion. The year-on-year growth rate accelerated somewhat in comparison with the previous month, by 0.2 of a percentage point (to 5.1%), since M2 recorded a smaller month-on-month increase in July 2004 (Sk 5.9 billion). The July increase in the money supply took place mostly in demand deposits (Sk 8.1 billion), foreign-currency deposits and currency in circulation (Sk 2.0 billion equally), while time deposits decreased by Sk 3.8 billion.

Modest increase in the 12-month growth rate of the M2 money supply (according to NBS methodology)

Loans to Enterprises and Households

The volume of loans to enterprises and households (according to NBS methodology, at current rates) grew month-on-month by Sk 461.0 billion, to Sk 11.0 billion at the end of July. The year-on-year dynamics of bank lending accelerated in comparison with June by 3.6 percentage points, to 18.9%.

Continued increase in the 12-month dynamics of loans to enterprises and households (NBS methodology)

The July increase in loans to enterprises and households took place in koruna loans (Sk 6.1 billion, of which Sk 4.1 billion was provided to households) and loans in foreign currency (Sk 4.9 billion).

Fiscal Developments

After falling in the previous month, net credit to the general government (including the National Property Fund [FNM], at current rates) increased month-on-month by Sk 2.4 billion in July, to Sk 340.8 billion at the end of the month.

Net credit to the general government

With domestic debt being relatively balanced, the July increase in net credit to the general government was mainly caused by an increase in the public sector's indebtedness vis-à-vis abroad (Sk 1.6 billion), due to depreciation in the exchange rate of the Slovak koruna, as a result of which the koruna equivalent of the public sector's external debt increased at current rates. Growth in net credit to the general government was also stimulated by a fall in FNM deposits held at commercial banks (Sk 1.1 billion).

Within the domestic circle of the general government, the deposits of funds from the European Community on accounts at the SR Treasury decreased, the net position of regional self-governments vis-à-vis commercial banks deteriorated, and the credit exposure of state authorities to commercial banks slightly increased. The negative impact of these factors on net credit to the general government was lessened to some extent by positive developments in current budgetary performance, which resulted in a surplus of Sk 1.9 billion at the end of July, with budget revenues totalling Sk 154.2 billion and expenditures Sk 152.3 billion.

Current Budgetary Developments in August

At the end of August, the State Budget resulted in a deficit of Sk 5.1 billion, with budget revenues totalling Sk 170.5 billion and expenditures Sk 175.6 billion.

No Treasury-bill issues were placed on the market in August.

Primary market for SR Treasury bills



3.2 Foreign Trade

Balance of Payment for January to June 2005

Current account The deficit in the balance of payments on current account continued to grow on a year-on-year basis, mainly 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 an improvement in comparison with the same period a year earlier was the balance of services.

	Jan. – June 2005	Jan. – June 2004
Balance of trade	-29.1	-10.1
Exports	461.3	436.6
Imports	490.4	446.7
Balance of services	5.2	4.3
Balance of income	-24.5	-12.7
of which: income from investment	-39.4	-19.8
of which: reinvested earnings	-14.4	0.0
Current transfers	0.7	3.1
Current account in total	-47.7	-15.4
Current account as a share of GDP in %	-6.9	-3.0

*Source: NBS and Statistical Office of the SR.
Note: Foreign trade in 2004, according to the methodology for 2005.*

In comparison with the same period a year earlier, exports increased by 5.6% (15.6% in USD and 10.4% in EUR) and imports by 9.8% (20.1% in USD and 14.7% in EUR).

Exports The year-on-year growth in exports took place largely in chemical products and semi-finished goods, whose year-on-year increase was markedly larger than the figure for the previous year. In a breakdown by commodity, the most significant increases in this category took place in the exports of iron and steel, iron and steel products, and plastics and plastic goods. In the 'machines and transport vehicles' category, there was a larger year-on-year increase in machines, exceeded by a marked year-on-year decline in transport vehicle exports (the year-on-year decline replaced last year's increase), caused by reduced exports of motor vehicles. Finished products increased somewhat on a year-on-year basis, though the increase was smaller than a year earlier, mainly due to decline in the exports of furniture (seats), clothes, and shoes. Similar developments as in finished products were recorded in raw materials, whose exports increased to a lesser extent than last year.

Chart 5 Balance of Trade and Current Account Developments (cumulative figures) (Sk billions)

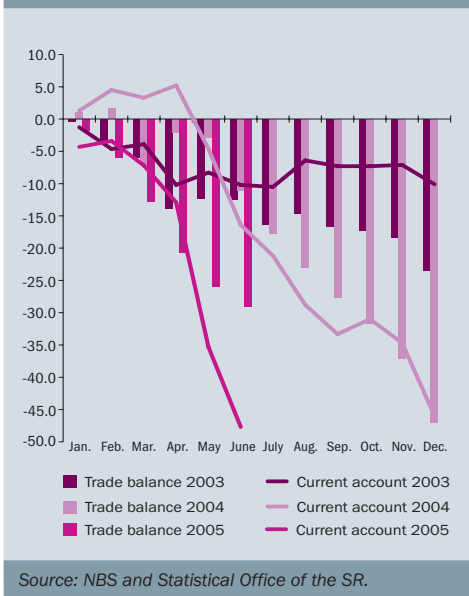


Table 10 Exports in January – June, Year-on-year Change

	Year-on-year change in billions of Sk January – June		Proportion of the year-on-year change in % points January – June	
	2005	2004	2005	2004
Raw materials	1.8	5.4	0.4	1.4
Chemicals and semi-finished goods	26.0	10.6	5.9	2.8
Machines and transport equipment	-5.0	42.2	-1.1	11.2
Finished products	1.9	3.1	0.4	0.9
Exports in total	24.7	61.3	5.6	16.3

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

The strongest year-on-year growth in imports was recorded in 'raw materials', whose year-on-year increase well exceeded the figure for the same period a year earlier (the growth in raw materials imports was mainly caused by the high price of oil on the world market). A modest year-on-year increase was also recorded in the 'finished products' category. The increase took place in the imports of agricultural products (meat, dairy products, fruit, vegetables, beverages, etc.), machines and electrical consumer goods (consumer electronics). On the other hand, the imports of industrial products (furniture) and passenger cars grew at a slower rate than last year. The year-on-year growth slowed considerably in 'machines and transport vehicles'. Apart from a decline in the imports of motor vehicle parts, components, and accessories (including engines), lower imports were also recorded in the 'nuclear reactors and boilers' category. There was a smaller year-on-year increase in the imports of chemical products and semi-finished goods, mainly as a result of lower imports of plastics, rubber, iron products, cotton, etc.

Imports

Table 11 Imports in January – June, Year-on-year Change

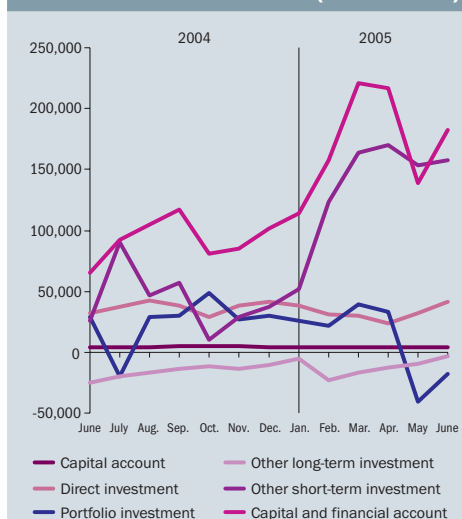
	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – June		January – June	
	2005	2004	2005	2004
Raw materials	19.4	3.5	4.3	0.9
Chemicals and semi-finished goods	9.0	16.9	2.0	4.4
Machines and transport vehicles	1.1	27.4	0.2	7.1
Finished products	14.2	11.0	3.2	2.8
of which: agricultural and industrial goods	9.3	6.0	2.1	1.6
passenger cars	0.9	1.8	0.2	0.4
machines and electrical consumer goods	4.0	3.2	0.9	0.8
Imports in total	43.7	58.8	9.8	15.2

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

The balance of services resulted in a surplus of Sk 5.2 billion, which represented an improvement of Sk 0.9 billion in comparison with the same period in 2004. The increase in the positive balance of services was caused by developments in tourism services and 'other services in total'. In tourism, the balance surplus increased as a result of steady growth in receipts. The deficit in 'other services in total' diminished, mainly as a result of improvement in telecommunications, insurance, business services, and other activities. The improvement in these two services-balance items was partly offset by a decrease in net income from transport, caused by lower receipts from the transit of gas and increased payments for air passenger service.

Balance of services

Chart 6 Capital and Financial Account Developments by Components (moving cumulative figures) (Sk millions)



Source: NBS.

The year-on-year deterioration in the balance of income resulted from two conflicting tendencies. The most significant increases within the income balance took place in the payments of reinvested earnings and dividends. Dividends paid to direct foreign investors increased year-on-year by Sk 7.2 billion and reinvested earnings (which started to be monitored in 2005, owing to a change in methodology) recorded an increase of Sk 15.0 billion. Within the balance of income, the steep increase in the deficit in receipts from investments was reduced by the increased incomes of Slovak citizens working abroad (caused by a methodological change concerning the incomes of persons working abroad, from net income to gross income). Taxes and social contributions paid abroad, which are responsible for the gap between gross and net wages, were included in current transfers and, together with an increase in transfers abroad by legal entities, caused the positive balance of current transfer to diminish on a year-on-year basis.

Income and current transfers balances

The inflow of funds in the capital and financial account reached Sk 110.1 billion and took place mostly in short-term capital, while the short-term liabilities of commercial banks increased to a significant extent.

Capital and financial account



Table 12 Capital and Financial Account		(Sk billions)
	Jan. – June 2005	Jan. – June 2004
Capital account	0.0	0.7
Direct investment	31.8	31.3
Abroad	-1.2	7.7
of which: capital participation abroad	0.2	0.3
reinvested earnings	-0.6	0.0
In the SR	33.0	23.6
of which: capital participation in the SR	6.5	19.9
of which: other than privatisation	6.5	17.0
reinvested earnings	15.0	0.0
Portfolio investment and financial derivatives	-14.4	32.7
SR abroad	-20.9	-12.2
In the SR	6.5	44.9
Other long-term investment	-9.7	-16.7
Assets	-0.6	-3.5
Liabilities	-9.1	-13.2
Other short-term investment	102.3	-18.5
Assets	-17.2	0.2
Liabilities	119.5	-18.7
Capital and financial account	110.1	29.5

Source: NBS.

Foreign direct investment Foreign direct investment in the SR totalled Sk 33.0 billion. Of this amount, Sk 6.5 billion was allocated for increases in the ownership interests of foreign investors in the SR; Sk 15.0 billion for the creation of reinvested earnings that belong to foreign investors; and Sk 11.5 billion for the drawing of foreign loans from parent companies.

Portfolio investment The outflow of funds in the area of portfolio investment was mainly caused by continued purchases of foreign bonds in the corporate sector. Although demand among foreign investors for Sk-denominated government securities increased somewhat, the repayment of government eurobonds (which was not accompanied by new issues as last year) caused the inflow of portfolio investments to decline, from Sk 44.9 billion to Sk 6.5 billion.

Other investments The inflow of foreign capital within the scope of other investments reached Sk 92.6 billion, mainly as a result of an increase in the short-term liabilities of commercial banks, in both foreign and domestic currency.

At commercial banks, the volume of short-term deposits from non-residents increased and a net inflow of Sk 120.9 billion (including the amount paid to ČSOB) was recorded. The corporate sector financed predominantly trade-related activities. The provision of export credits, coupled with the repayment of

Table 13 Balance of Payments Adjusted for the Activities of the Government and the NBS		
(Sk billions)		
	January – June 2005	
	Actual ¹⁾	Adjusted ²⁾
Current account	-47.7	-57.3
Capital and financial account	110.1	34.4
of which: FDI in Slovakia – capital participation	6.5	6.4
Items not elsewhere included	6.2	6.2
Interventions by the NBS ³⁾	-	-102.3
Change in the net foreign assets of commercial banks (- increase)	-	119.0
Change in NBS reserves (- increase)	-68.6	-

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 real source of finance for the current account.

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



import liabilities, caused an outflow of Sk 10.0 billion. The outflow of funds from the government sector (including the NBS) in the amount of Sk 18.3 billion was connected with the first instalment of the liability to ČSOB Praha.

The foreign exchange reserves of the NBS increased by Sk 68.6 billion, i.e. USD 2.5 billion (excluding exchange rate differentials).

Foreign exchange reserves of the NBS

The growing current account deficit, exceeding the inflow of funds into the corporate sector, coupled with the sale of foreign currency to the Central Bank, caused a marked decrease in the net foreign assets of the banking sector.

External Debt of Slovakia at 30 June 2005

At the end of June 2005, the total gross external debt of Slovakia stood at USD 26.2 billion (EUR 21.8 billion), representing a month-on-month decrease of USD 231.9 million. Total long-term and short-term foreign debt dropped by USD 79.8 million and USD 152.1 million respectively.

Gross external debt

Within the scope of short-term external debt, the period under review saw decreases in the short-term foreign liabilities of the SR Government and the NBS (USD 79.7 million) and commercial banks (USD 83.0 million). The short-term foreign liabilities of entrepreneurial entities remained virtually unchanged, at the level of the previous month.

Within the scope of long-term external debt, a month-on-month increase was recorded in the foreign liabilities of the Government and the NBS (USD 100.1 million), mainly as a result of increased interest in Sk-denominated government bonds. In the commercial sector, a month-on-month decrease was recorded in the long-term foreign liabilities of commercial banks (USD 35.9 million) and a decrease in the foreign liabilities of entrepreneurial entities (USD 144.0 million), which took place mostly in loans (USD 128.6 million).

Table 14 External Debt of the SR

	In millions of USD			In millions of EUR		
	31.12.2004	31.5.2005	30.6.2005	31.12.2004	31.5.2005	30.6.2005
Total external debt of the SR	23,763.6	26,460.9	26,229.0	17,454.6	21,140.6	21,755.0
Long-term external debt	13,315.8	12,648.1	12,568.3	9,780.6	10,105.0	10,424.5
Government and NBS ¹⁾	6,691.4	6,113.4	6,213.5	4,914.9	4,884.2	5,153.6
Commercial banks	496.3	827.0	791.1	364.6	660.7	656.2
Entrepreneurial entities	6,128.1	5,707.7	5,563.7	4,501.1	4,560.1	4,614.7
Short-term external debt	10,447.8	13,812.8	13,660.7	7,674.0	11,035.6	11,330.5
Government and the NBS	209.3	141.8	62.1	153.8	113.3	51.5
Commercial banks	5,380.2	8,614.9	8,531.9	3,951.8	6,882.8	7,076.6
Entrepreneurial entities	4,858.3	5,056.1	5,066.7	3,568.4	4,039.5	4,202.4
Foreign assets	23,367.0	23,701.4	24,757.6	17,163.3	20,533.9	20,534.5
Net external debt	396.6	759.5	1,471.4	257.9	606.7	1,220.5
<i>SKK/USD and SKK/EUR rates</i>	28.496	31.213	31.825	38.796	39.068	38.370
<i>EUR/USD cross exchange rate</i>	-	-	-	1.361	1.252	1.206

Source: NBS.

1) Including government agencies and municipalities.

At the end of June, Slovakia's per-capita gross foreign debt stood at USD 4,876, compared with USD 4,919 on 31 May 2005. The share of short-term debt in the country's total gross external debt decreased slightly, by 0.12% month-on-month. At the end of June 2005, the volume of total short-term foreign liabilities exceeded the volume of total long-term foreign liabilities, while reaching 52.08%.

The net external debt of Slovakia - expressed as the difference between gross foreign debt, i.e. USD 26.2 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector - except for capital participation), and foreign assets, i.e. USD 24.8 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector - except for capital participation), reached USD 1.5 billion (debtor position) at the end of June 2005.

Net external debt



Table 15 Balance of Payments on Current Account

(Sk billions)

	January – July 2005	January – July 2004
Balance of trade	-33.0	-15.7
Exports	537.7	506.8
Imports	570.7	522.5
Balance of services	6.8	5.7
Balance of income	-27.2	-13.3
of which: income from investment	-43.8	-21.5
of which: reinvested earnings	-17.3	0.0
Current transfers	-0.4	4.2
Current account in total	-53.8	-19.1

Source: NBS and Statistical Office of the SR.

Note: Foreign trade in 2004, according to the methodology for 2005.

Current Developments

July 2005 saw shortfalls in all current account components (except for the services balance), causing the cumulative current account deficit to increase, from Sk 47.7 billion in June to Sk 53.8 billion in July. Foreign trade resulted in a negative balance in July (Sk 3.9 billion), representing an improvement of Sk 1.8 billion compared with July 2004.

Table 16 Monthly Data on the Current Account by Component

(Sk billions)

	2005						
	January	February	March	April	May	June	July
Balance of trade	-1.8	-4.1	-6.8	-8.0	-5.4	-3.0	-3.9
Balance of services	1.0	0.9	3.4	0.9	-0.2	-0.8	1.6
Balance of income	0.1	0.6	-1.1	-0.4	-15.4	-8.3	-2.7
Current transfers	-3.5	3.4	0.8	1.7	-1.4	-0.3	-1.1
Current account	-4.2	0.8	-3.7	-5.8	-22.4	-12.4	-6.1

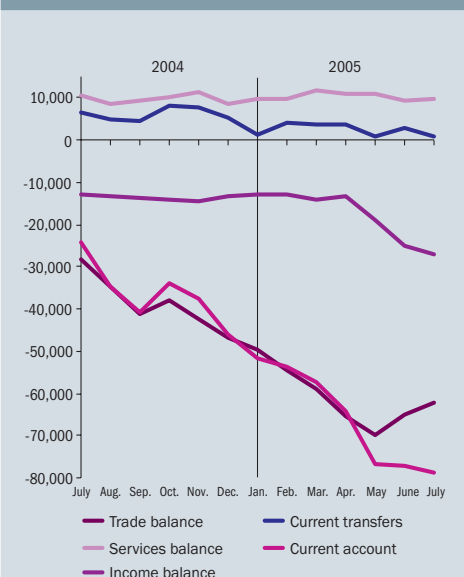
Source: NBS and Statistical Office of the SR.

Balance of trade In comparison with the same period in 2004, exports grew by 6.1% (14.7% in USD and 10.6% in EUR) and imports by 9.2% (18.1% in USD and 13.8% in EUR).

The balance of foreign trade is expected to deteriorate on a year-on-year basis in August. Owing to a steep decline in July, commodity exports in August are expected to remain at the level of the previous month (the stagnation in exports is ascribable to the fact that August is the centre of the summer holiday season), while imports are expected to grow slightly on a month-on-month basis as a result of an increase in raw materials imports.

In September, the exports of goods are expected to increase again, to the level of the pre-holiday period. In October, exports are expected to grow further, since the highest annual level of exports is regularly achieved in October (due to seasonal factors). Commodity imports are expected to follow a similar course of development as exports in both months, when imports will probably be driven by growth in all categories. Developments in exports and imports will lead to a further deterioration in the balance of trade in these months.

Chart 7 Current Account Developments by Component (moving cumulatives) (Sk millions)



Source: NBS and Statistical Office of the SR.

Total foreign exchange reserves of the NBS At the end of August, the total foreign exchange reserves of the NBS stood at USD 15,915.6 million, representing



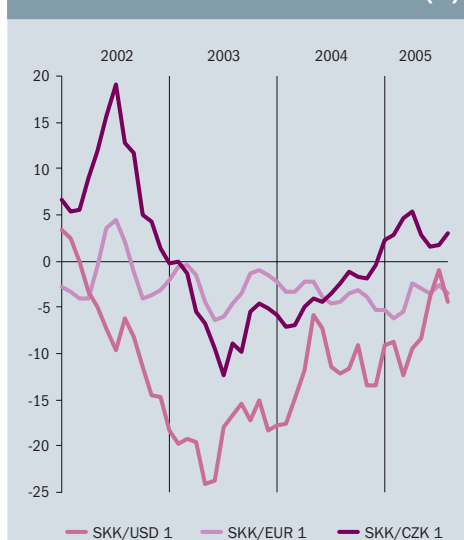
a month-on-month increase of USD 228.6 million. The increase in reserves was caused by a modest surplus in the balance of receipts and expenses (USD 84.9 million), accompanied by positive exchange rate differentials (USD 143.7 million) resulting from a change in the USD/EUR cross-rate in the period under review. At the end of the month, the volume of foreign exchange reserves was 5.3 times greater than the volume of average monthly imports of goods and services to Slovakia, over the first seven months of 2005.

The exchange rate of the Slovak koruna strengthened somewhat against the reference currency, by an average of 0.4% month-on-month. The cross-rate of the US dollar against the euro ceased to appreciate in August, which led to an appreciation of 2.3% in the average rate of the koruna against the dollar. In relation to the Czech koruna, the Slovak koruna depreciated by 1.5%, which represented the highest monthly depreciation since May 2004.

Nominal effective exchange rate of the Slovak koruna (NEER)

The year-on-year appreciation in the average monthly SKK/EUR rate increased to 3.5% in August (from 2.7% in July) and the figure for the SKK/USD rate to 4.4% (from 0.9%). On the other hand, the year-on-year depreciation in relation to the Czech koruna deepened to 3.0% (from 1.7% in July). The 12-month dynamics of the nominal effective exchange rate (NEER)³ strengthened to 2.0% in August, from 1.8% in July.

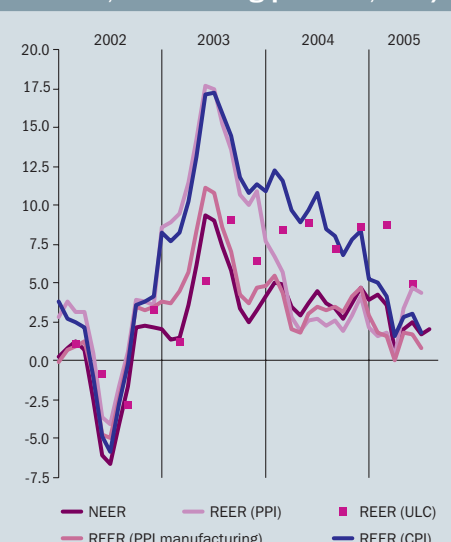
Chart 8 Year-on-year Changes in the Average Monthly Exchange Rates of the Slovak Koruna (%)



Source: NBS.

Note: + depreciation, - appreciation.

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



Source: NBS.

The 12-month dynamics of the real effective exchange rate based on consumer prices and manufacturing products prices (excluding raw materials and energy) continued to show a diminishing tendency in July. The 12-month rate of appreciation in the REER based on the CPI fell to 1.8% in July (from 3.1% in June), that based on the PPI to 4.4% (from 4.7%), and that based on PPI manufacturing to 0.8% (from 1.7%).

Real effective exchange rate of the Slovak koruna (REER)

The somewhat faster appreciation in the REER based on industrial producer prices can be attributed to the weaker year-on-year dynamics of the PPI in the countries of our trading partners (except for Great Britain and the Netherlands) in comparison with Slovakia.

³ 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 manufacturing products price index, excluding the prices of mineral raw materials, electricity, gas, steam, and hot water (PPI manufacturing) and the index of unit labour costs (ULC). 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.



Table 17 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 ²⁾
2002	2.1	4.1	3.6	3.4	3.4
2003	3.2	11.3	10.8	4.7	6.5
2004	4.7	8.3	4.1	4.7	8.6
March 2005 ¹⁾	3.5 / 1.5	4.1 / 2.6	1.8 / 2.0	1.6 / -1.0	8.8
June 2005 ¹⁾	2.4 / 0.4	3.1 / 1.8	4.7 / 4.2	1.7 / -0.2	5.1 ³⁾
July 2005 ¹⁾	1.8 / -0.2	1.8 / 0.5	4.4 / 2.7	0.8 / -0.4	-
August 2005 ¹⁾	2.0 / -0.5	.	.	.	-

Source: NBS.

1) Year-on-year change / cumulative change since the beginning of 2005.

2) Year-on-year change based on quarterly data.

3) Preliminary data.

3.3 Real Economy

Development of the Real Economy in the First Half of 2005

Gross Domestic Product

Real economic growth by 5.1%

In the first half of 2005, gross domestic product (GDP) increased year-on-year by 5.1% in real terms (according to the revised estimate of the Statistical Office of the SR), representing a slowdown of 0.3 of a percentage point when compared with the figure for the first half of 2004 (5.4%). The dynamic and balanced growth in the economy over the first six months (at a rate of 5.1% in the first two quarters) was supported by both domestic and foreign demand. Domestic supply reacted to the growth in aggregate demand with increased added-value creation, mainly in construction, agriculture, forestry and fishing, trade, transport, and manufacturing. The volume of GDP created over the period under review amounted to Sk 690.2 billion (at current prices), which was 8% more than a year earlier.

Demand

In a breakdown by demand, the structure of economic growth was relatively balanced in the first half of 2005, when domestic demand grew by 7% (in the same period a year earlier by 4.2%) and foreign demand by 6% (a year earlier by 16.1%). After persistent decline in the exports of goods and services, both components of aggregate demand showed balanced dynamics. The decelerating growth in foreign demand in the second quarter of 2005 was accompanied by accelerating growth in domestic demand, which reached the highest rate (8.4%) in the past three and a half years.

Accelerated growth in domestic demand

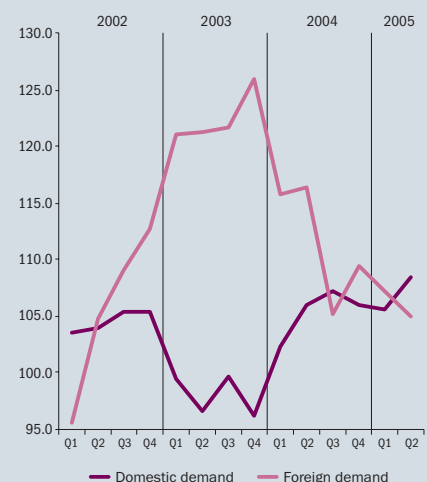
The increase in domestic demand was primarily caused by an acceleration in the rate of growth in gross capital formation, from 8% in the first quarter to 18% in the second quarter of 2005. During the first half of 2005, gross capital formation in the economy increased by 13.5% (compared with 8.7% in the first half of 2004). The consumption component of domestic demand recorded an increase of 4.5% (2.5% in the first half of 2004), due to accelerated growth in private consumption and stabilised growth in public consumption in comparison with last year.

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



Source: Statistical Office of the SR.

Chart 11 Development of Domestic and Foreign Demand (year-on-year change in %)



Source: Statistical Office of the SR.


Table 18 Development of GDP by Use
 (index, same period a year earlier = 100, const. 1995 prices)

	Q1-Q2 04 Q1-Q2 03	Q2 04 Q2 03	Q1 05 Q1 04	Q2 05 Q2 04	Q1-Q2 05 Q1-Q2 04
Gross domestic product	105.4	105.5	105.1	105.1	105.1
Domestic demand	104.2	105.5	105.5	108.4	107.0
Final consumption	102.5	102.8	104.6	104.3	104.5
Households	102.9	103.5	105.5	105.6	105.6
General government ¹⁾	101.2	101.1	101.8	100.7	101.2
Non-profit institutions serving households	105.0	105.8	105.1	103.2	104.1
Gross capital formation	108.7	113.1	108.0	118.0	113.5
Gross fixed capital formation	102.4	102.5	105.8	110.7	108.6
Exports of goods and services	116.1	111.4	107.2	105.0	106.0
Imports of goods and services	114.6	112.7	107.9	106.9	107.3

Source: Statistical Office of the SR.

1) Data on final consumption in the general government (2nd quarter 2005) as estimated by the Statistical Office of the SR.

The dynamic growth in investment demand was promoted by a steeper increase in fixed investments and a continuing positive increase in inventories. The increase in inventories was caused first and foremost by an increase in work-in-progress. Fixed investments grew by 8.6% at constant prices (during the first half of 2004 by 2.4%). Fixed capital formation was mainly affected by investment in new fixed assets, while the volume of acquired used long-term property decreased. For the acquisition of gross fixed capital, the non-financial corporations sector spent 12.9% more than a year earlier, owing to its positive financial results. Investment activity in the public sector, which invested 4.2% more than in the same period a year earlier, also increased. Investment activity in the household sector increased only slightly, by 0.7%. Investment by financial corporations and non-profit institutions serving households remained below the level of the previous year.

Dynamic investment demand

The year-on-year rate of growth in fixed investments in buildings (11% at constant prices) exceeded the dynamics of investments in machines (7.5%). Investments in buildings also grew as a result of increased allocation of investment funds for residential buildings, which achieved the fastest rate of year-on-year growth (12.7% at constant prices) within the classification of production. The dominant part of investments in buildings took place in 'other buildings' with a relatively dynamic growth rate (10.7%). In machines, investment continued to grow in metal products and machines (8.3%) and transport equipment (5.2%).

Table 19 Structure of Gross Fixed Capital Formation in the First Half of 2005

	Gross fixed capital formation (Sk millions)	Share (%)	Index Q1-Q2 2005 Q1-Q2 2004
Economy of the SR in total	172,375	100.0	108.6
of which (by production):			
Buildings	56,138	32.6	111.0
of which: residential buildings	10,319	6.0	112.7
other structures	45,819	26.6	110.7
Machines	105,067	61.0	107.5
of which: metal goods and machines	80,513	46.7	108.3
transport equipment	24,554	14.2	105.2
of which (by sector):			
Non-financial corporations	114,769	66.6	112.9
Financial corporations	21,298	12.4	99.3
General government	12,265	7.1	104.2
Households	23,848	13.8	100.7
Non-profit institutions	195	0.1	85.4

Source: Statistical Office of the SR.

Note: Volumes and proportions are at current prices, indices at constant prices.



Accelerated consumer demand

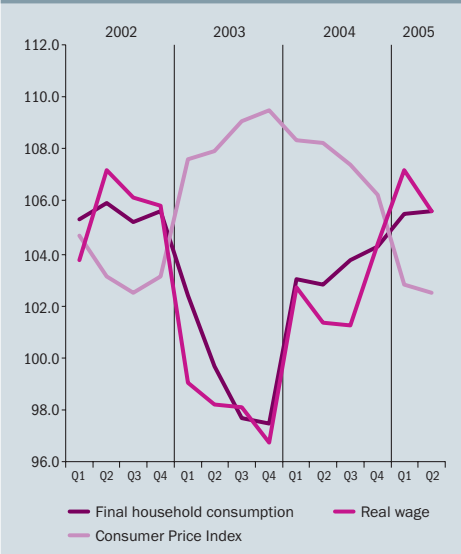
The accelerated growth in final consumption took place mostly in the household sector, while contributions from the public sector and non-profit institutions were minimal. In the first half of 2005, the rate of growth in private consumption almost doubled in comparison with the figure for the same period in 2004 (2.9%) and reached 5.6% at constant prices (5.5% in the 1st quarter and 5.6% in the 2nd quarter). After weakening for two years, growth in private consumption reached its usual level, recorded before the imposition of administrative restrictions on demand in 2003. The accelerated growth in private consumption was mainly stimulated by wage growth. The dynamic wage growth created adequate conditions not only for the maintenance of growth in consumption at the usual level but also for the revival of growth in gross savings in the household sector. Within the structure of private consumption, the strongest growth (22.6% at constant prices) was recorded in spending on furniture, household appliances, and standard household maintenance services, accounting for approximately 7% of the total consumer expenditure in the household sector.

The consumer and investment needs of the household sector were also financed from credit resources, provided by monetary financial institutions and other corporations (including companies specialising in financial leasing, hire-purchase business, and personal financing). The share of total loans, provided to households by monetary financial institutions and non-profit institutions serving households (according to ECB methodology) in annualised final household consumption⁴ reached 19.6% at the end of the first half of 2005 (15.2% at the end of the first half of 2004). Part of the loans of monetary financial institutions, together with credit resources from other sectors, encouraged both final consumption and investment in the household sector.

Negative contribution from net exports

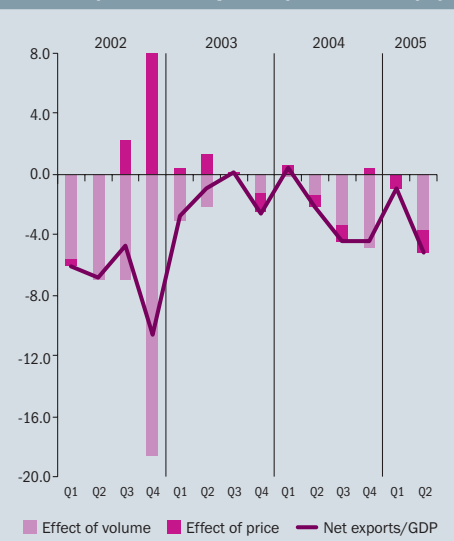
The imports of goods and services reacted to the growth in demand with a nominal increase of 9.2% year-on-year, exceeding the exports dynamics by 3.2 percentage points (6% at current prices). The growth in imports in nominal terms reflected the increase in the volume of imported goods and services, which accounted for 80% of the recorded nominal growth in imports, the remaining 20% was caused by a rise in import prices (mainly energy-producing raw materials). Compared with the first half of

Chart 12 Developments in Final Household Consumption, Inflation, and Real Wages (year-on-year development in %)



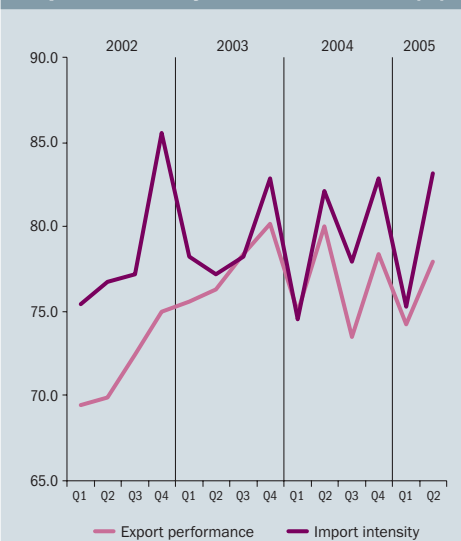
Source: Statistical Office of the SR.

Chart 13 Contribution of Net Exports to GDP (at current prices) (%)



Source: Statistical Office of the SR.

Chart 14 Export Performance and Import Intensity (%)



Source: Statistical Office of the SR.

4) Cumulative figures for the other 4 quarters.



2004, when imports and exports reached two-digit rates of growth, the first half of 2005 saw a decrease in the intensity of trading abroad. Exports recorded a more significant slowdown than imports. As a result of this development, the nominal deficit in foreign trade in goods and services deteriorated, from Sk 5.5 billion in the 1st half of 2004 to Sk 21.8 billion this year.

Without price developments being taken into account, imports increased by 7.3%. Since the prices of exported goods and services remained unchanged on average, the rate of export growth in real terms corresponded to the figure in nominal terms and reached 6%. The excess of imports over exports at constant prices amounted to 1.3 percentage points. With price developments on foreign markets taken into account, the real balance of trade resulted in a surplus of Sk 11.8 billion, which was Sk 4 billion less than in the same period in 2004. The deterioration in the semi-annual results was mainly due to the less favourable balance of trade in the second quarter of the year.

The deficit in foreign trade was in part caused by the unfavourable trend in the relationship between import and export prices. In comparison with the same period a year earlier, imports to Slovakia became more expensive quarter by quarter, while export prices remained unchanged on average. After falling steadily for almost three years, the prices of imported goods and services rose by 0.8% in the first quarter of 2005. The rate of increase in import prices accelerated in the second quarter to 2.5% year-on-year. This development in import prices was connected with the steady increase in producer prices on foreign markets, mainly in the prices of energy-producing raw materials (oil and natural gas).

Export prices also started to rise, but at a slower rate and with a certain time delay in comparison with import prices. In the first quarter, export prices recorded a fall of 0.4%, representing the smallest fall in the last two years. In the following quarter, however, the fall in export prices was replaced by a rise of 0.4%.

Table 20 Impact of Price and Volume on Exports and Imports

	<u>Q1-Q2 04</u> Q1-Q2 03	<u>2004</u> 2003	<u>Q1 05</u> Q1 04	<u>Q2 05</u> Q2 04	<u>Q1-Q2 05</u> Q1-Q2 04
Exports of goods and services (year-on-year growth in %, at current prices)	13.9	9.1	6.7	5.4	6.0
Impact of volume (in % points)	16.1	11.4	7.2	5.0	6.0
Impact of price (in % points)	-2.2	-2.4	-0.5	0.4	0.0
Imports of goods and services (year-on-year growth in %, at current prices)	12.6	10.8	8.8	9.6	9.2
Impact of volume (in % points)	14.6	12.7	7.9	6.9	7.3
Impact of price (in % points)	-2.1	-1.9	0.9	2.7	1.9
Net exports as a share of GDP (share in %, at current prices)	-0.9	-2.7	-0.9	-5.2	-3.2
Impact of volume (in % points)	-0.8	-2.5	0.0	-3.6	-1.8
Impact of price (in % points)	0.0	-0.2	-0.9	-1.6	-1.3

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

The Slovak economy maintained a relatively high export performance (the ratio of exports to GDP was 76.2% at current prices), though it was 1.4 percentage points lower than in the same period in 2004. Import intensity increased by 0.8 of a percentage point (the ratio of imports to GDP reached 79.3%). The openness of the Slovak economy, expressed in terms of the ratio of exports and imports to nominal GDP, fell to 155.5% (from 156.1% in the same period a year earlier).

Trading abroad resulted in a negative contribution of 1 percentage point, by net exports to the real GDP. Domestic demand contributed 6.7 percentage points to the rate of real GDP growth. The difference between this figure and final GDP dynamics (5.1%) represented a statistical discrepancy.

Supply

The real GDP growth was connected with an increase in added-value creation, mainly in construction (12.3%); agriculture, forestry, and fishing (10.8%); trade and transport (8.9%); post and telecommunications (8.9%); and industry (7.1%). The creation of added value declined most significantly in non-market services, which are currently in the process of restructuring (education, health services, and social care). Hotels and restaurants and financial intermediaries also remained below the level of last year.

GDP creation



Table 21 Contributions to GDP Creation		(percentage points, constant 1995 prices)			
	<u>1.-2.Q 04</u>	<u>2004</u>	<u>1.Q 05</u>	<u>2.Q 05</u>	<u>1.-2.Q 05</u>
	1.-2.Q 03	2003	1.Q 04	2.Q 04	1.-2.Q 04
Gross domestic product (in %)	5.4	5.5	5.1	5.1	5.1
Domestic demand	4.1	5.3	5.2	8.0	6.7
Final consumption	1.8	2.1	3.2	2.9	3.1
Households	1.5	1.8	2.9	2.8	2.8
General government	0.2	0.2	0.3	0.1	0.2
Non-profit institutions serving households	0.0	0.1	0.0	0.0	0.0
Gross capital formation	2.3	3.3	2.0	5.1	3.6
Gross fixed capital formation	0.6	0.6	1.3	2.7	2.0
Change in inventories	1.7	2.6	0.7	2.4	1.6
Net exports	1.7	-0.8	-0.3	-1.6	-1.0
Exports of goods and services	14.4	10.6	6.9	5.0	5.9
Imports of goods and services	12.7	11.4	7.2	6.7	6.9
Statistical discrepancy	-0.3	1.0	0.2	-1.3	-0.6

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

Table 22 GDP Development by Sector		(index, same period a year earlier = 100, const. 1995 prices)			
	<u>1.-2.Q 04</u>	<u>2004</u>	<u>1.Q 05</u>	<u>2.Q 05</u>	<u>1.-2.Q 05</u>
	1.-2.Q 03	2003	1.Q 04	2.Q 04	1.-2.Q 04
Gross domestic product	105.4	105.5	105.1	105.1	105.1
of which:					
Agriculture, forestry, and fishing	106.5	109.6	114.2	108.0	110.8
Industry in total	108.2	111.5	107.9	106.5	107.1
of which:					
Manufacturing	106.7	111.9	107.4	108.7	108.1
Electricity, gas, and water supply	121.1	111.3	110.5	85.3	101.4
Construction	107.0	111.8	110.8	113.7	112.3
Services in total	101.0	103.0	103.9	104.0	104.0
of which:					
Wholesale and retail trade, repairs	110.6	111.3	114.6	105.0	108.9
Hotels and restaurants	100.0	98.3	98.4	97.3	97.8
Transport, storage, post and telecom.	98.0	101.6	104.7	112.9	108.9
Financial mediation	135.9	130.1	100.6	97.5	99.1
Real estate, renting, and business activities	109.6	108.3	103.8	104.8	104.3
Public administration, defence, social security	93.8	93.8	102.8	105.4	104.2
Education	92.4	94.5	88.8	88.2	88.5
Health services	80.7	83.8	87.6	94.3	91.0
Other services	58.5	74.8	103.9	105.7	104.9
Other ¹⁾	127.0	98.5	96.8	102.5	99.7

Source: Statistical Office of the SR.
1) Value added tax, excise duty, import tax minus subsidies, and imputed production of banking services.

The strengthening position of the construction sector in the Slovak economy was confirmed by continued dynamic growth in added-value creation, which caused an increase in fixed capital on the demand side. Added value in agriculture, forestry, and fishing also continued to grow at a double-digit rate, owing to the participation of Slovakia in the re-allocation of funds within the European Union.

The continuing growth in added value in industry was a result of foreign direct investment in manufacturing production and was also supported by mining and quarrying, electricity generation and distribution, and gas and water supply. In manufacturing, the growth in added value accelerated in food production, the manufacture of machines, electrical equipment, and transport vehicles, and the manufacture of metals and metal products.



Within the scope of services, added value increased most significantly in wholesale trade, retail trade, and the repair of vehicles and consumer goods. The continuing growth in added value in this sector was a reaction to an increase in consumer demand in the household sector. After growing dynamically and having a high basis in the previous year, added-value creation in financial mediation recorded a decline.

The total contribution of services to GDP creation amounted to 2.2 percentage points. Industry in total contributed 2 percentage points, agriculture, including forestry and fishing 0.5 of a percentage point, and construction 0.4 of a percentage point.

Table 23 Contributions to GDP Growth by Sector					
(percentage points, const. 1995 prices)					
	<u>1.-2.Q 04</u>	<u>2004</u>	<u>1.Q 05</u>	<u>2.Q 05</u>	<u>1.-2.Q 05</u>
	<u>1.-2.Q 03</u>	<u>2003</u>	<u>1.Q 04</u>	<u>2.Q 04</u>	<u>1.-2.Q 04</u>
Gross domestic product	5.4	5.5	5.1	5.1	5.1
of which:					
Agriculture, forestry, and fishing	0.3	0.5	0.6	0.4	0.5
Industry in total	2.3	3.0	2.3	1.8	2.0
of which:					
Manufacturing	1.6	2.7	1.7	2.1	1.9
Electricity, gas, and water supply	0.7	0.3	0.5	-0.4	0.1
Construction	0.2	0.4	0.4	0.5	0.4
Services in total	0.6	1.7	2.1	2.2	2.2
of which:					
Wholesale and retail trade, repairs	1.4	1.5	1.7	0.8	1.2
Hotels and restaurants	0.0	0.0	0.0	0.0	0.0
Transport, storage, post and telecom.	-0.2	0.1	0.4	1.1	0.8
Financial mediation	1.7	1.4	0.0	-0.1	-0.1
Real estate, renting, and business activities	0.9	0.9	0.4	0.5	0.4
Public administration, defence, social security	-0.4	-0.5	0.2	0.3	0.3
Education	-0.3	-0.2	-0.4	-0.3	-0.3
Health services	-0.7	-0.6	-0.4	-0.2	-0.3
Other services	-1.8	-0.9	0.1	0.1	0.1
Other ¹⁾	2.1	-0.1	-0.3	0.2	0.0

Source: Statistical Office of the SR.
 Note: The contributions are rounded to 1 decimal place, as a result of which the sum total does not correspond to the actual sum of the contributions.
 1) Value added tax, excise duty, import tax minus subsidies, and imputed production of banking services.

Wages

In the first half of 2005, the average monthly nominal wage in the Slovak economy showed relatively dynamic growth (9.1%), and reached Sk 16,381. The wage growth was 1.2 percentage points slower than a year earlier. Over the six months under review, the rate of nominal wage growth slowed, from 10.2% in the 1st quarter to 8.2% in the 2nd quarter.

Dynamic growth in nominal wages

Nominal wages were higher than in the first half of 2004 in all sectors of the economy. The strongest year-on-year growth in nominal wages was recorded in electricity, gas, and water supply (10.4%), public administration and defence (10%), and education (10%). Growth at the level of the economy, i.e. 9.1% was achieved by wages in manufacturing; other sectors recorded wage growth at a slower rate. The slowest wage growth occurred in hotels and restaurants (4.4%); financial mediation (4.9%); real estate, leasing, and business services (5.0%); and in other community, social, and personal services (5.2%).

In a breakdown by form of ownership, dynamic year-on-year growth in nominal wages was recorded in the corporate sector, in small enterprises with up to 19 employees (13.8%), while wages in companies with 20 or more employees increased by 6.3%. Rapid wage growth was achieved in budgetary organisations (11%), while the weakest wage dynamics were reported by subsidised organisations (an average of 5.5% in six months).

Real wages grew year-on-year by 6.2%, a rate more than three times faster than the figure for the same period last year. Developments in real wages were affected first and foremost by a marked slowdown in average consumer price dynamics (from 8.2% in the 1st half of 2004 to 2.7% in the 1st half of 2005), since the rate of increase in nominal wages was slower than a year earlier. Similar to nominal wages,

Growth in real wages



real wages recorded a slowdown in the rate of growth over the first half of the year (from 7.2% in the 1st quarter to 5.6% in the 2nd quarter). Real wages increased in all sectors of the economy.

Table 24 Average Monthly Wages and Labour Productivity in the Slovak Economy

	2004		2005		
	1st Half	Year	Q1	Q2	1st Half
Nominal wage (Sk)	15,008	15,825	16,022	16,737	16,381
Nominal wage (index, same period a year earlier = 100)	110.3	110.2	110.2	108.2	109.1
Real wage (index)	101.9	102.5	107.2	105.6	106.2
Labour productivity (index, current prices)	111.8	110.1	104.9	105.9	105.4
Labour productivity (index, constant prices)	105.8	105.2	102.4	102.8	102.6
Real labour productivity minus real wage	3.9	2.7	-4.8	-2.8	-3.6
Consumer prices (average for the period)	108.2	107.5	102.8	102.5	102.7

Source: Statistical Office of the SR and NBS.

Growth in labour productivity lagged behind the growth in wages

Labour productivity (GDP per employee, according to statistical records) increased in nominal terms by 5.4% and in real terms by 2.6%. Compared with the first half of 2004, the rate of growth in productivity slowed in nominal terms by 6.4 percentage points and in real terms by 3.2 percentage points. This was due partly to the slower growth in GDP than a year earlier (in both nominal and real terms) and partly to the different trend in employment, which increased over the first half of 2005 by more than 2%, after decreasing to some extent a year earlier. After a longer period (for the last time in the 2nd quarter of 2002), the growth in labour productivity remained well behind the growth in wages, in both nominal and real terms (by 3.7 and 3.6 percentage points respectively).

Development of labour productivity by sector

Developments in real labour productivity in the individual sectors indicate that the year-on-year growth in productivity took place mostly in production sectors and selected services (trade, repair services, transport, storage, and post and telecommunications). In other sectors, labour productivity decreased. The decline in financial mediation was affected by the high basis of comparison from the previous year (an increase of almost 33%), and in real estate, leasing, and business services, the rate of GDP growth slowed, while employment showed relatively dynamic growth. As in the same period a year earlier, labour productivity fell in all branches of the public sector, even in branches with a persistent decline in employment (education, health care).

Real productivity grew at a faster rate than real wages in most production sectors and in selected market services (transport, storage, post and telecommunications). Labour productivity grew at the same rate as wages in trade and repair services, while other services recorded an increase in real wages, accompanied by a fall in productivity.

Unit labour costs

The relation between wage development and labour productivity was also reflected in unit labour costs as defined according to NBS methodology (ULC_{NBS} , ratio of nominal wage growth to growth in real productivity), which followed the growing trend persisting since 2003. According to ECB methodology (ULC_{ECB} , defined as the ratio of growth in nominal employee compensations to growth in real labour productivity according to data from ESA 95), unit labour costs maintained their dynamics from 2004. A positive signal is that, over the first six months, the growth in ULC slowed according to both methodologies, as the following table indicates.

Real unit labour costs (RULC, nominal ULC deflated by the average consumer price index), recorded an increase according to both methodologies, for the first time since 2002. Developments in real unit labour costs were affected by the excess of real wage growth over growth in labour productivity. This excess was determined mainly by the rate of real wage growth, which, however, slowed during the six months under

Chart 15 Developments in Real Wages and Real Labour Productivity (index, same period a year earlier = 100)

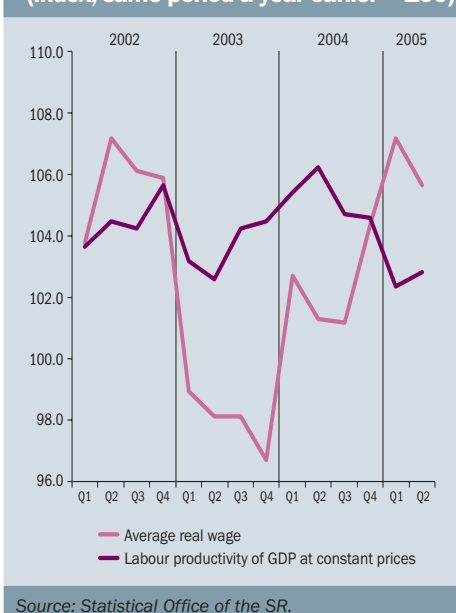


Table 25 Labour Productivity and Wages in Selected Sectors in the First Half of 2005
 (index, same period a year earlier = 100)

	Nominal		Real	
	Productivity	Wage	Productivity	Wage
Economy of the SR in total	105.5	109.1	102.6	106.2
of which				
Agriculture, forestry, and fishing	114.0	107.6	115.8	104.8
Industry	102.4	108.8	103.6	105.9
Mining and quarrying	108.4	108.5	112.4	105.6
Manufacturing	102.0	109.1	103.4	106.3
Electricity, gas, and water supply	111.5	110.4	109.0	107.5
Construction	105.3	106.7	105.3	103.9
Trade and repair activity	107.4	107.3	104.5	104.5
Transport, post and telecommunications	112.1	107.9	110.6	105.1
Financial mediation	102.4	104.9	98.3	102.1
Real estate, leasing, business activities	105.5	105.0	97.5	102.2
Public administration, defence, social security	100.9	110.0	98.2	107.1
Education	111.4	110.0	90.7	107.1
Health and social services	111.6	106.8	93.4	104.0
Other community, social, and personal services	102.9	105.2	99.8	102.4

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

Table 26 Developments in Unit Labour Costs (index, same period a year earlier = 100)

	2004		Q1	2005	
	1st Half	Year		Q2	1st Half
Methodology of the NBS					
ULC _{NBS} (year-on-year change in %)	4.3	4.8	7.6	5.3	6.3
RULC _{NBS} (year-on-year change in %)	-3.7	-2.6	4.7	2.7	3.5
Methodology of the ECB					
ULC _{ECB} (year-on-year change in %)	5.0	4.6	5.7	3.6	4.6
RULC _{ECB} (year-on-year change in %)	-3.0	-2.7	2.8	1.1	1.8

Source: Statistical Office of the SR and NBS.

review. Furthermore, this fact led to a marked slowdown in the dynamics of real unit labour costs in the second quarter of 2005, compared with the first quarter. The growth in real unit labour costs is expected to be a short-term phenomenon, associated with the marked year-on-year slowdown in consumer price dynamics in the current year. Growth in RULC may become a risk where it is a long-term trend with an unfavourable effect on the trade balance or where it results in inflationary pressure.

Income and Expenditure of Households

According to preliminary data from the Statistical Office of the SR, the current income of households reached Sk 525.7 billion in the first half of 2005, i.e. a year-on-year increase of 7.5% in nominal terms (a growth of 4.7% in real terms). The rate of growth remained virtually unchanged, at the level of H1, 2004 (7.4%). Current households expenditure (paid to other sectors and not used for direct consumption) totalled Sk 123.3 billion, representing a year-on-year increase of 3.3% (0.6% in real terms). The rate of growth accelerated in comparison with the first half of 2004 by 1.9 percentage points.

The growth in current income was favourably affected by increases in gross mixed income and employee compensation, while a dampening effect was exerted by the declining income from property. Income from property comes from the ownership of financial assets, i.e. deposits, bonds, etc. or the ownership of land, underground resources, etc., which are given by the owner at the disposal of another institutional unit.

The year-on-year growth in current expenditure was mainly connected with the growth in social contributions and other current transfers paid. On the other hand, current tax on income and property decreased. The growth in social contributions was probably affected by the new legal regulations adjusting the basis of assessment for compulsory contributions to social funds (depending on the level of the average or minimum wage) and by the growth in employment.

With current expenditure being deducted from current income, the gross disposable income of households amounted to Sk 402.4 billion, representing a year-on-year increase of 8.9% (compared with 9.5% a year



Chart 16 Developments in Unit Labour Costs According to NBS Methodology (year-on-year change in %)



Source: Statistical Office of the SR and NBS.

Chart 17 Developments in Unit Labour Costs According to ECB Methodology (year-on-year change in %)



Source: Statistical Office of the SR and NBS.

Table 27 Generation and Use of Incomes in the Household Sector

(current prices)

	Sk billions		Indices ¹⁾		Share in %	
	1st Half 2004	1st Half 2005	1st Half 04 / 1st Half 03	1st Half 05 / 1st Half 04	1st Half 2004	1st Half 2005
Compensation of employees (all sectors)	249.3	269.5	108.3	108.1	51.0	51.3
of which: Gross wages and salaries	186.5	205.3	108.4	110.1	38.1	39.1
Gross mixed income	134.4	153.0	108.8	113.8	27.5	29.1
Income from property – received	14.2	9.5	97.0	67.1	2.9	1.8
Social security benefits	74.0	77.0	105.2	104.1	15.1	14.7
Other current transfers – received	17.1	16.7	103.5	97.6	3.5	3.2
Current income in total	489.0	525.7	107.4	107.5	100.0	100.0
Income from property – paid	4.4	5.9	155.9	134.0	3.7	4.8
Current tax on income, property, etc.	21.6	17.7	92.8	81.9	18.1	14.3
Social security contributions	79.5	84.7	101.1	106.5	66.6	68.7
Other current transfers – paid	13.9	15.0	106.2	108.0	11.6	12.2
Current expenditure in total	119.4	123.3	101.4	103.3	100.0	100.0
Gross disposable income	369.7	402.4	109.5	108.9	100.0	100.0
Adjustment for changes in the net equity of households in the reserves of pension funds	1.3	3.3	78.3	249.5	–	–
Final household consumption	356.9	388.0	110.3	108.7	96.5	96.4
Gross savings of households	14.1	17.7	90.1	125.8	3.8	4.4

Source: Statistical Office of the SR.

1) Indices based on figures expressed in millions of Sk.

Table 28 Gross Disposable Income of Households

(index, same period a year earlier = 100, current prices)

	2004		2005		
	1st Half	Year	Q1	Q2	1st Half
Gross disposable income	109.5	110.2	109.3	108.5	108.9
Final household consumption	110.3	110.7	108.6	108.9	108.7
Gross savings of households	90.1	101.7	128.4	123.4	125.8
Share of gross savings in gross disposable income (%)	3.8	6.2	4.3	4.5	4.4

Source: Statistical Office of the SR.

Chart 18 Consumption and Saving Tendencies (share in %)


Source: Statistical Office of the SR.

earlier). Of this amount, 96.4% was used for final consumption (96.5% a year earlier), the remainder went to gross savings, which include the investment activities of citizens and small entrepreneurs (tangible and intangible investments, plus additional retirement insurance) in addition to bank deposits. The dynamic growth in gross household savings in the first half of the year (25.8%) was evidently affected by a marked increase in additional retirement insurance ongoing since the beginning of the year, growth in household incomes, and by the low basis of comparison last year. The accelerated growth in gross savings was reflected in the trend of development in gross household savings, which started to increase again, from the second half of 2004.

The dynamic economic growth in the first two quarters of 2005 was also reflected in the creation of new jobs. Employment grew at a rate of more than 2% in both quarters (with a moderate slowdown in the second quarter). In the first half of 2005, the number of people working in the Slovak economy, determined on the basis of a labour force sample survey, increased year-on-year by 2.2% (after decreasing a year earlier by 0.5%), due

Continuing growth in employment ...

mainly to an increase in the number of entrepreneurs (15.1%) as well as employees (0.5%).

Table 29 Employment and Unemployment

(average for the period)

	2004		2005		
	1st Half	Year	Q1	Q2	1st Half
Employees in the Slovak economy (according to statistical returns)					
in thousands	2,009.4	2,030.3	2,049.5	2,066.4	2,057.9
index (same period a year earlier = 100)	99.6	100.3	102.6	102.2	102.4
Workers according to LFSS ¹⁾					
in thousands	2,140.4	2,170.4	2,177.4	2,196.8	2,187.1
index (same period a year earlier = 100)	99.5	100.3	102.3	102.1	102.2
Registered unemployment rate in % ²⁾	15.5	14.3	13.1	11.4	12.2
Unemployment according to LFSS ¹⁾					
in thousands	500.5	480.7	461.9	425.3	443.6
index (same period a year earlier = 100)	107.7	104.7	90.3	86.9	88.6
Unemployment rate according to LFSS ¹⁾ in %	18.9	18.1	17.5	16.2	16.9

Source: Statistical Office of the SR and Offices for Labour, Social Matters, and Family.

1) LFSS – labour force sample survey.

2) NBS calculations.

The positive trend in employment in the first half of the year is also confirmed by data from statistical records. In a breakdown by sector, the most rapid growth in employment was achieved in real estate, leasing, and business services; construction; public administration, defence, and social security; other community, social, and personal services; trade; and industry. The level of employment continued to fall in agriculture, health services, education, transport, and post and telecommunications.

The increased creation of new jobs was also reflected in the rate of unemployment. The year-on-year drop in the number of unemployed determined on the basis of a labour force sample survey in the first quarter of 2005 (9.7%) decreased further in the second quarter (by 13.1%). The unemployment rate in the 1st quarter stood at 17.5%, then fell to 16.2% in the 2nd quarter, which represented a six-month average of 16.9% (compared with 18.9% in the same period a year earlier).

...accompanied by a further fall in unemployment

Data on registered unemployment also confirm the marked downward trend in unemployment persisting since the beginning of the year. According to labour office registers, the average unemployment rate in the first half of 2005 was 12.2% (13.1% in the first quarter and 11.4% in the second quarter). This figure is below the level determined by a sample survey, which can be explained by the differences between the applied methodologies and by differing definitions of unemployment.



Table 30 Developments in Employment by Sector¹⁾ (index, same period a year earlier = 100)

	2004		2005		
	1st Half	Year	Q1	Q2	1st Half
Total	99.6	100.3	102.6	102.2	102.4
Agriculture, hunting, and forestry	88.9	91.0	95.4	96.0	95.7
Industry	99.4	100.4	103.4	103.4	103.4
Mining and quarrying	90.1	91.2	94.8	93.4	94.1
Manufacturing	100.1	101.1	104.5	104.5	104.5
Electricity, gas, and water supply	94.3	95.0	92.8	93.3	93.0
Construction	103.1	102.7	106.4	106.7	106.6
Wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods	99.5	101.0	104.6	103.7	104.2
Hotels and restaurants	101.9	101.9	103.2	103.5	103.3
Transport, storage, post and telecom.	97.7	98.8	98.9	98.2	98.5
Financial mediation	102.3	101.6	101.3	100.3	100.8
Real estate, renting, and business activities	102.9	103.4	107.7	106.3	107.0
Public administration and defence, compulsory social insurance	101.3	101.3	103.2	108.9	106.1
Education	99.3	97.8	98.7	96.6	97.6
Health and social services	98.7	98.8	97.6	97.2	97.4
Other community, social and personal services	103.6	103.6	108.0	102.3	105.1

Source: Statistical Office of the SR.

1) According to statistical reports.

A factor affecting developments on the labour market was the reduced workforce supply. According to a labour force sample survey, the number of economically active persons decreased in the first half of 2005 by almost 16,000 on a year-on-year basis. The decrease took place in younger age groups, i.e. persons aged 15 to 29 years, and 35 to 39 years. The number of economically active persons in the above age groups dropped year-on-year by almost 56,000 and their share in the country's total economically active population decreased to 39.6% (from 41.5% in the same period a year earlier). At the same time, a steep year-on-year increase in the number of economically active persons was recorded among persons aged 50-64 years (35,000), whose share of the total number increased in comparison with the same period a year earlier by 1.5 percentage points, to 19.1%.

Current Developments

Production and Receipts

Accelerated growth in industrial production

In July, industrial production recorded the fastest rate of year-on-year growth this year. This development was affected by a rapid growth in manufacturing production and renewed growth in mining and quarrying production, electricity generation and distribution, and in gas and water supply.

The July output of manufacturing production was positively affected by an accelerated growth in the production of chemicals, chemical products, including fibres, and metals and metal products, and by a renewed growth in the manufacture of transport vehicles, and the production of coke, refined oil products, and nuclear fuels. On the other hand, the rate of growth slowed in timber processing and the manufacture of wood products; the production of pulp, paper, and paper goods; rubber and plastics; and electrical and optical equipment. Year-on-year declines in production were recorded in the production of foodstuffs, beverages, and tobacco products, and the manufacture of textiles and clothes.

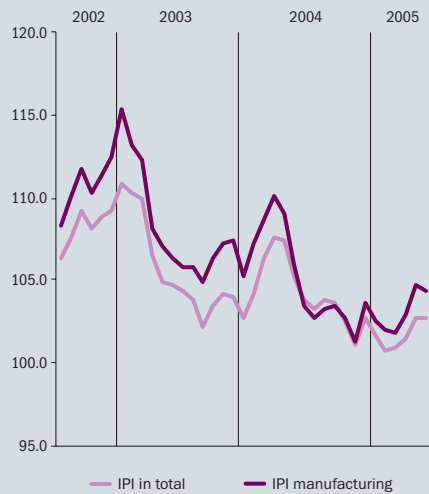
Chart 19 Unemployment Rate (%)



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



Chart 20 Development of Industrial and Manufacturing Production (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.
Note: IPI – Industrial Production Index

Production in the construction sector continued to grow dynamically in July, due to growth in new domestic construction, reconstruction, and modernisation projects, as well as in construction repair and maintenance work.

Continued dynamic growth in construction

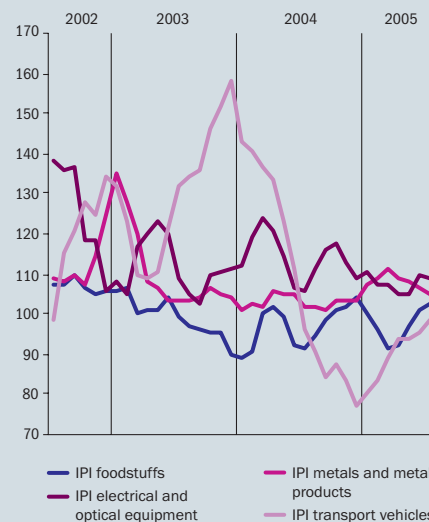
In July, receipts continued to increase year-on-year in all sectors under review. Retail sales receipts maintained a relatively dynamic growth, mainly as a result of growth in receipts in specialised retail shops and retail trade outside shops.

Receipts from selected services

The rate of growth in receipts from the sale and maintenance of motor vehicles and the retail sale of fuels slowed in comparison with June, mainly as a result of slower growth in proceeds from the sale of motor vehicles.

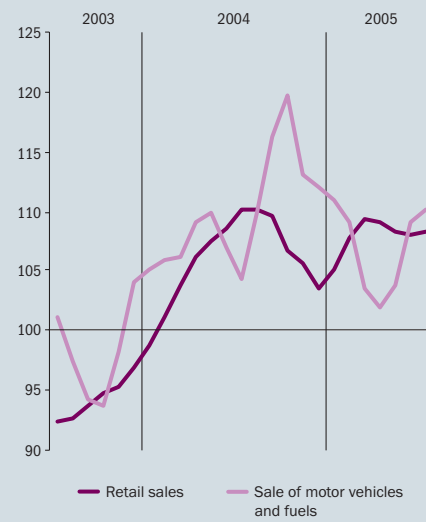
Receipts from real estate, leasing, and other business services grew at a slower rate than in the previous month. The slowdown was caused by a slower growth in receipts for the leasing of machines and equipment and other business services, and by a year-on-year decline in receipts from real estate, computer engineering, and related services.

Chart 21 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.

Chart 22 Receipts from Retail Sales and the Sale of Motor Vehicles and Fuels (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.

In July, the year-on-year rate of growth in nominal wages slowed in comparison with June in most sectors. Accelerated wage growth was recorded in real estate, leasing, and business services, and in post and telecommunications, where wage dynamics were affected by the low basis of comparison last year. Slower wage growth was recorded in industry and construction.

Nominal wages

During the first seven months of 2005, average nominal wages grew at a slower rate than in the same period a year earlier in most sectors. Stronger growth than a year earlier was only recorded in real estate, leasing, and other business services, while wage dynamics in the wholesale trade remained virtually unchanged.

The average real monthly wage in the first seven months of 2005 exceeded the level of the same period a year earlier in all sectors under review, and the dynamics of real wages increased in most

Real wages



Table 31 Production and Receipts

	Sk millions, curr. prices		Indices			
	July 2005	Cumul. since beginning of year	June 2005 June 2004	July 2005 July 2004	July 2004 July 2003	Jan. - July 2005 Jan. - July 2004
Production						
Industrial production index ¹⁾	-	-	101.7	105.2	100.6	102.1
of which:						
Mining and quarrying	-	-	99.7	106.7	85.8	96.3
Manufacturing	-	-	103.9	105.9	98.9	103.6
Electricity, gas, and water supply	-	-	87.9	100.6	116.9	94.9
Construction ²⁾	10,949	61,170	125.2	117.4	100.5	117.4
of which:						
Construction in Slovakia	10,449	57,954	125.2	117.6	101.3	116.8
Construction abroad	500	3,216	125.9	113.1	86.3	128.9
Receipts from own-output and goods						
Industry in total ³⁾	122,890	879,579	101.7	104.9	98.5	102.7
Construction ²⁾	17,236	91,376	129.6	123.5	100.6	115.6
Retail trade ³⁾	32,609	212,017	108.0	107.5	111.9	108.5
Sale and maintenance of vehicles, retail sale of fuels ³⁾	14,009	90,283	117.3	106.8	101.0	106.3
Transport, storage ³⁾	10,433	63,406	116.3	114.6	98.5	110.7
Real estate, leasing, and business services ³⁾	11,726	83,892	105.1	100.5	94.1	105.2

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).

Table 32 Wage Development by Sector (index, same period of the year earlier = 100)

	Average monthly nominal wage				Average monthly real wage			
	July		January - July		July		January - July	
	2004	2005	2004	2005	2004	2005	2004	2005
Industry	111.3	102.1	109.8	107.8	102.6	100.1	101.4	105.1
Construction	107.2	103.4	108.3	105.9	98.8	101.4	100.0	103.2
Retail trade	112.9	107.9	112.1	107.8	104.1	105.8	103.5	105.1
Wholesale trade	111.9	111.9	111.3	111.6	103.1	109.7	102.8	108.8
Real estate, leasing, and other business services	103.0	115.8	107.9	112.1	94.9	113.5	99.6	109.4
Transport	106.6	104.9	109.2	107.0	98.2	102.8	100.8	104.3
Post and telecommunications	99.7	110.2	120.1	106.8	91.9	108.0	110.9	104.1
Consumer prices	108.5	102.0	108.3	102.6	-	-	-	-

Source: Statistical Office of the SR.

Notes: The above sectors accounted for 65% of total employment in 2004 (on average).

Real wage index = nominal wage index / consumer price index.

Data for April to June are updated by the Statistical Office in September 2005.

sectors. Marked year-on-year growth in real wages was recorded in wholesale trade, real estate, leasing, and other business services. The slowest wage growth was reported from construction, post and telecommunications, transport, and storage. The acceleration in the 12-month growth rate of real wages was primarily caused by a substantial fall in inflation, since nominal wages showed weaker dynamics than a year earlier in most sectors.

Labour productivity and wages

In the first seven months of the year, 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 productivity is monitored at current prices, labour productivity grew at a faster rate than nominal wages in post & telecommunications and transport, while nominal wages in wholesale trade grew almost twice as fast as labour productivity. We assume that the slower growth in labour

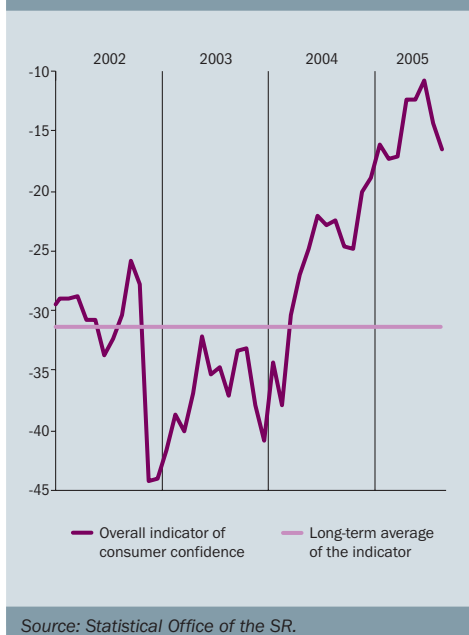
Table 33 Wages, Labour Productivity, and Employment in January to July 2005
(index, same period a year earlier = 100)

	Industry	Construction	Wholesale trade	Retail trade	Real estate and leasing	Transport	Post and telecom.
Wages							
- nominal	107.8	105.9	111.6	107.8	112.2	107.0	106.8
- real	105.1	103.2	108.8	105.1	109.4	104.3	104.1
Labour productivity							
- nominal	-	-	104.3	-	-	113.5	114.2
- real	99.4	110.1	-	101.4	99.1	-	-
Productivity minus wages (% points)							
- nominal	-	-	-7.3	-	-	6.5	7.4
- real	-5.7	6.9	-	-3.7	-10.3	-	-
Number of employees							
- persons	572,241	139,256	120,205	135,163	135,195	86,575	27,850
- year-on-year index	103.3	106.7	114.4	107.0	107.1	97.6	94.5

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).

Chart 23 Consumer Confidence Indicator



Source: Statistical Office of the SR.

productivity in wholesale trade was affected by the steep increase in employment, accompanied by dynamic growth in receipts (over 19%).

In real terms, the only sector where labour productivity grew at a faster rate than real wages was construction. Real wages grew at a much faster rate than productivity in retail trade, and despite a fall in productivity, real wages in industry, real estate, leasing, and other business services showed relatively strong dynamics. The fall in productivity in these sectors was probably a consequence of slower growth in receipts than in employment.

Consumer Confidence Indicator

In August 2005, the consumer confidence indicator continued to fall for the second month, to -4.5 points. This represented a month-on-month deterioration of 2.1 points. Compared with July, deterioration was recorded in the indicators of Slovakia's expected unemployment rate, economic development, and the expected financial situation of households. The indicator of expected household savings showed a certain improvement. Compared with the same period last year, the consumer confidence indicator has improved by 6.0 points.

Fall in the consumer confidence indicator

Employment and Unemployment

Most sectors under review, i.e. industry, wholesale trade, sale and maintenance of vehicles, retail trade, hotels and restaurants, recorded a slowdown in the year-on-year growth of employment in July. Faster growth than in June was only recorded in employment in construction, real estate, leasing, and other business services. Employment continued to fall in transport, post and telecommunications. During the first seven months of 2005, employment grew most dynamically in average terms in wholesale trade; the sale and maintenance of vehicles; real estate, leasing, and other business services; and in retail trade.

Employment

The positive trend in unemployment continued in July, when the number of unemployed dropped in comparison with June by more than 3,000, to 322,400 (according to data from the Office for Labour, Social and Family Matters). The number of disposable unemployed, who may start working immediately, was below the level of 300,000 for the third successive month, at 285,300, representing a month-on-month decrease of 1,500. The rate of registered unemployment fell in comparison with the previous

Unemployment



month by 0.06 of a percentage point, to 11.03% in July. This was 2.62 percentage points less than in July 2004.

In July, 24,400 new unemployed signed on at offices for labour, social, and family matters, and more than 27,000 persons were removed from the registers. Approximately 20% of these persons were removed from the registers for unwillingness to co-operate, and more than 57% found employment.

In July, the average length of registration remained unchanged on a month-on-month basis (11.94 months), while decreasing in comparison with last July by 0.6 of a month. The share of long-term unemployed (out of work for more than 12 months) reached 53.9% in July, representing a month-on-month decrease of 0.2 of a percentage point.

Chart 24 Registered Unemployment Rate (%)



Source: Statistical Office of the SR.



4. Monetary Developments

4.1. Foreign Exchange Market

Over the course of August, the exchange rate of the Slovak koruna against the euro strengthened by 0.9% (from SKK 39.118/EUR to SKK 38.773/EUR), while the average rate appreciated by 0.4%. In relation to the US dollar, the koruna strengthened by 2.1% (from SKK 32.423/USD to SKK 31.740/USD), while appreciating in average terms by 2.3%.

Operations on the foreign exchange market

Spot transactions between foreign and domestic banks resulted in a negative balance (USD -8.76 million), i.e. foreign banks sold mostly foreign currency and purchased Slovak koruna.

The National Bank of Slovakia conducted no foreign exchange interventions in August.

	Month-on-month change	Ø Aug. 2005 Ø Aug. 2004	Ø Jan. - Aug. 2005 Ø Jan. - Aug. 2004
SKK/EUR	-0.9	-3.5	-4.0
SKK/USD	-2.1	-4.4	-7.1

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

The total volume traded on the interbank foreign exchange market reached USD 57,759.3 million, representing an increase of 13.3% compared with the figure for July (USD 50,984.3 million). Of the total volume of trading, 89.6% took place in swap transactions, which were conducted mostly in USD (95.1%). Spot transactions accounted for 10% of the total turnover (96.8% of the deals were in EUR). The average daily turnover on the spot market reached USD 263.79 million and the average volume per transaction amounted to USD 1.88 million.

Interbank foreign exchange market

The volume of transactions between domestic commercial banks increased, from USD 7,655.9 million in July to USD 7,944.4 million in August. Most trading took place in USD (64.4%, compared with 65.3% in July), followed by EUR (35.2%, compared with 32.6% in July) and other currencies (0.4% of the total turnover between domestic banks).

Transactions between domestic banks accounted for 13.8% of the total volume traded on the interbank foreign exchange market (compared with 15.0% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 82.6% (82.9% in July) and spot transactions accounted for 17.4% (17.0% in July).

The volume of trading between domestic and foreign banks increased by 15%, from USD 43,328.4 million to USD 49,815.0 million. Most trading was again conducted in USD (88.7%, compared with 86.0% in July), followed by EUR (10.7%, compared with 13.3% in July), and other currencies (0.6%). Trading between domestic and foreign banks continued to dominate the country's foreign exchange market (with a share of 86.2%).

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (90.7%, compared with 89.1% in July), while spot transactions accounted for 8.9% (10.5% in July). The share of forward dealings on the forex market was negligible. Option contracts accounted for 0.4% of the volume traded with foreign banks.

The decline in the Slovak-koruna deposits of non-resident banks persisting since April came to a halt in July. Non-resident koruna deposits increased month-on-month by Sk 3.1 billion and year-on-year by Sk 44.2 billion.

Deposits of non-resident banks

The volume of government securities held by non-residents grew in comparison with July by Sk 7.3 billion in August, when government bonds increased by Sk 7.6 billion and SR Treasury bills decreased by Sk 0.3 billion. Among government bonds, the most significant increases occurred in bonds issued in January 2001 for the restructuring of selected banks: mainly in 5-year government bonds, Issue No. 142, and 10-year government bonds, Issue No. 144 (Sk 9.7 billion and Sk 3.5 billion respectively). The share of non-residents in the total holdings of government bonds reached the highest level in 2005 (30.5 – 32.6% in August). With regard to the current trend in the budget deficit, the Agency for Debt



and Liquidity Management (ARDAL) decided to cancel the planned auctions in Treasury bills⁵, so the share of non-residents in Treasury-bill holdings reached the lowest level in 2005 (1.8 - 1.0%).

	2004		2005						
	31.7.	31.12.	31.1.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.
Koruna liabilities	39.8	46.4	55.2	106.7	104.8	99.0	82.3	86.1	.
of which: banks	35.6	42.1	50.8	102.1	100.0	93.6	76.7	79.8	.
non-bank clients	4.2	4.3	4.4	4.5	4.9	5.4	5.6	6.3	.
Government securities	56.8	66.8	71.2	86.4	90.9	86.3	93.0	102.0	109.3
of which: Government bonds	53.5	60.9	65.2	84.0	88.0	84.1	91.0	100.5	108.2
SR Treasury bills	3.4	6.0	5.9	2.4	2.9	2.2	2.0	1.4	1.1
Total	96.7	113.2	126.3	193.0	195.7	185.2	175.3	188.1	.

Source: NBS and CDCCP SR.

4.2. Money Market and Monetary Policy Implementation

At its meeting on 26 August 2005, the Bank Board of the NBS decided to leave its key interest rates unchanged.

Interbank market rates Average money market interest rates increased month-on-month in August, for all maturities.

The price of overnight money followed the fluctuation in the level of interbank liquidity. The fall in daily liquidity below the prescribed level of required reserves after the settlement of the first repo tender, caused its price to rise above the level of 3%. By reducing their bids at the second tender, banks acquired a moderate surplus, to which overnight rates reacted with a fall, to the level of 2.5%. The unreasonably high demand at the next tender raised their price to the level set for overnight refinancing transactions (4%). In an effort to change the daily liquidity situation at the end of the month, banks reduced their bids at the last tenders and thus the overnight rate dropped to the level of 2.2%.

Medium and long-term rates recorded only slight changes in August. Owing to a downturn in money market activities, the appreciation of the Slovak koruna at the beginning of the month left the price of deposits unaffected. Despite the smaller volume traded between banks, the subsequent developments in interest rates followed an upward trend, which was supported by purchases of longer-term funds, mainly through FX swaps. The moderate volatility in longer-term money market rates in the middle of August was affected by changes in the foreign exchange market. A marked rise in 1-month rates at the beginning of the second half of the month was caused by a shortage of liquidity after the settlement of repo tenders. The fall in 1-month to 3-month rates at the end of the month occurred after an excessive increase in interbank liquidity, caused by a low demand at tenders at the end of the month.

The volume of trading on the interbank money market reached Sk 1,523 billion in August (compared with Sk 1,437 billion in July). Reference banks accounted for 91.7% of the total turnover (an increase of 1.0%). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 65.7% and 34.3% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (58.2%), while non-resident banks led the way in swaps (70.0%).



⁵ The ARDAL has cancelled all Treasury-bill auctions planned for the months June to September 2005.



Table 36 Interbank Transactions		(Sk billions)			
	Deposits	Repos	Swaps	FRAs	IRSs
July 2005	624	0	799	11	3
August 2005	595	0	910	9	9

Source: NBS.

The average daily volume of sterilised excess liquidity decreased in August by Sk 0.8 billion, to Sk 412.7 billion. The volume of interbank liquidity decreased, mainly as a result of an increase in the volume of currency in circulation. Of the total volume of open-market operations, repo tenders accounted for 74.5%, NBS bills 25.4%, and overnight transactions 0.1%.

Liquidity

At the end of August, the sterilisation position of the NBS vis-à-vis the banking sector reached Sk 407.1 billion. The overall sterilisation position of the NBS (including the deposits of the SR Treasury and the FNM at the NBS) amounted to Sk 408.0 billion at the end of the month.

Table 37 Average Daily Impact of NBS Transactions on the Level of Banking Sector Liquidity		(Sk millions)		
	O/N repos	O/N deposits	NBS bills	Repo tenders
July 2005	242	-2,794	-105,000	-305,958
August 2005	470	-805	-105,000	-307,404

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

The NBS announced five sterilisation repo tenders for August. At the tenders, the bids of banks were accepted in full. At the first tender, banks increased their bids by Sk 6.9 billion, and tackled the subsequent shortage by lowering their bids at the second tender by Sk 8.6 billion. At the third tender, demand was unreasonably high again and the resulting marked shortage of daily liquidity had to be tackled by banks by reducing their bids at the last tenders. Thus, the banking sector went into a surplus of daily liquidity twice exceeding the prescribed level of required reserves. The share of repo tenders of the total volume of transactions increased by 0.5%.

Repo tenders

Table 38 Tenders in August 2005						
Date	Type of tender ¹⁾	Maturity (days)	Volume accepted (Sk millions)	Rates (%)		
				minimum	average	maximum
3.8.2005	SRT	14	121,566	2.98	3.00	3.00
10.8.2005	SRT	14	183,822	2.98	3.00	3.00
17.8.2005	SRT	14	133,184	2.98	3.00	3.00
24.8.2005	SRT	14	163,962	2.98	3.00	3.00
31.8.2005	SRT	14	116,752	2.98	3.00	3.00

Source: NBS.
1) SRT – Sterilisation repo tender.

The NBS announced one NBS-bill auction for August. Demand stood at Sk 36.9 billion. The difference between the minimum and maximum yields amounted to 3 basis points. The average yield accepted at the auction was 2.98%, which was 3 basis points above the level of the three-month rate fixed on auction day. The share of NBS bills of the total volume of sterilisation increased by 0.05%.

NBS treasury bills

Banks made use of the possibility of conducting overnight transactions with the NBS as early as the second half of August. After the excessively high demand in the middle of the month, banks used refinancing for four days, in the total amount of Sk 3.2 billion. Overnight deposits were made by banks on the last two working days only. The largest deposit was made on the last day of the month, in the amount of Sk 21.4 billion.

Overnight transactions

For August 2005, the amount of required minimum reserves in the banking sector was set at Sk 21.26 billion. By the end of the month, the reserve requirement had been fulfilled to 100.19%.

Reserve requirements



Developments in Money Market Interest Rate Derivatives

Trading in FRAs Trading in FRAs (Forward Rate Agreements) showed a declining tendency in August. Most transactions were conducted between domestic banks (77.8%). Trading took place in the middle and at the end of the month, mostly in three-month contracts and later in six-month contracts as well.

Trading in IRSs Trading in IRSs (Interest Rate Swaps) grew in volume in comparison with the previous month. The falling trend in IRS prices led to a decline in the level of yields accepted at an auction in re-opened government bonds with a maturity of seven years. Trading became more frequent, with transactions being concluded with two- to ten-year maturities. Most contracts were again concluded by foreign banks (84.4%).

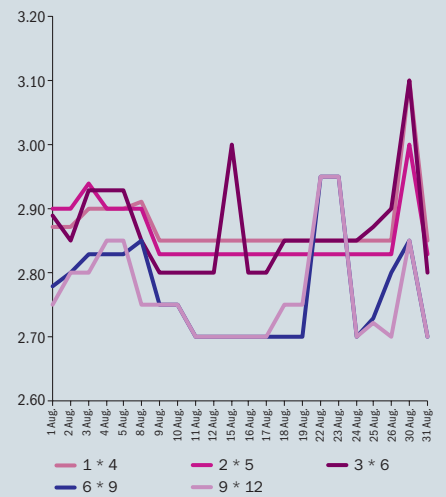
Implied yield curves of BRIBOR rates As a result of low money market rate volatility, the implied expectations of future developments changed to only a minimum extent during the month. The maximum values of expectations of a possible fall in interest rates fluctuated between 21 and 31 basis points, on the horizon of six to eight months. Since NBS rates were expected by banks to remain unchanged at the end of August, the yield curve remained unaffected, as well as the implied expectations.

Chart 26 Fulfilment of Reserve Requirements by Banking Sector in August 2005 (Sk billions)



Source: NBS.

Chart 27 Daily Developments in FRA Prices (% p.a.)



Source: Reuters.

Chart 28 Daily Developments in IRS Prices (% p.a.)



Source: Reuters.

Chart 29 Implicated Yield Curves of BRIBOR Rates


Source: NBS.

4.3. Customer Interest Rates in July 2005

Average interest rates on new loans to households rose slightly in July. After being stable in the last few months (around 5%), the price of new loans to non-financial corporations recorded a moderate fall in July. Average interest rates on new deposits from households continued to stagnate, while rates for new deposits from non-financial corporations fell somewhat.

Customer interest rates

The average interest rate on new loans to non-financial corporations fell in July by 0.12 of a percentage point, mainly as a result of developments in interest rates on loans with a floating rate and an initial rate fixation of up to 1 year (a fall of 0.21 of a point). This fall was partly offset by a rise in interest rates on loans with a fixation period of over 1 year (mainly investment loans and other loans).

Average interest rates on new loans

In a breakdown by purpose, interest rates on current account overdrafts and operating loans fell by 0.31 and 0.34 of a percentage point respectively. On the other hand, the price of investment loans rose by 0.57 of a percentage point and that of other loans by 1.86 points.

On a year-on-year basis, interest rates on loans to non-financial corporations dropped by 1.32 percentage points, with drops being recorded in rates for all fixation periods, especially for loans with a floating rate and an initial rate fixation (IRF) of up to 1 year and loans with an IRF of over 5 and up to 10 years.

Table 39 Average Interest Rates on New Loans to Non-Financial Corporations

	Interest rate in %				Change in % points		
	July 2004	Dec. 2004	June 2005	July 2005	Year-on-year	against Dec. 2004	Month-on-month
Floating rate + IRF ¹⁾							
of up to 1 year inclusive	6.19	5.38	5.03	4.82	-1.37	-0.56	-0.21
IRF of over 1							
and up to 5 years inclusive	6.56	5.74	4.78	6.44	-0.12	0.70	1.66
IRF of over 5							
and up to 10 years inclusive	6.84	5.20	4.91	5.35	-1.49	0.15	0.44
IRF of over 10 years	5.59	6.07	3.80	4.78	-0.82	-1.30	0.97
Loans of up to EUR 1 million	5.95	5.35	4.72	4.43	-1.51	-0.92	-0.28
Loans of over EUR 1 million	4.86	4.19	3.65	4.11	-0.75	-0.09	0.46
Total	6.20	5.38	5.00	4.88	-1.32	-0.50	-0.12
Total, excluding current account overdrafts	5.24	4.52	4.04	4.22	-1.02	-0.30	0.18

Source: NBS.

1) Initial rate fixation.



The average interest rate on new loans to households rose slightly in July (by 0.23 of a percentage point), due primarily to an increase in rates for real estate loans. Within the scope of real estate loans, however, the price of mortgage loans continued to fall, by 0.18 of a point (to 4.88%).

The long-term downward trend in interest rates on consumer loans continued in July, when the price of these loans dropped by 1 percentage point, to 10.56%.

In a breakdown by fixation, the steepest increases occurred in rates for loans with a floating rate and an IRF of up to 1 year (a rise of 0.44 of a percentage point) and loans with an IRF of over 5 and up to 10 years. The opposite trend was recorded in loans with an IRF of over 1 and up to 5 years (a fall of 1.44 percentage points), mainly as a result of a drop in the price of consumer loans (by 1.35 points, to 14.68%).

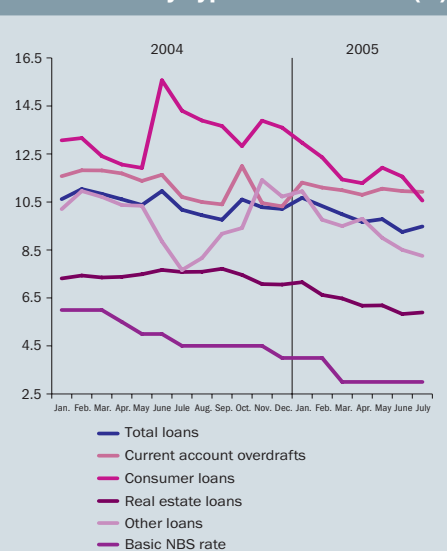
On a year-on-year basis, interest rates on loans to households dropped by 0.70 of a percentage point, mainly as a result of a fall in the price of real estate loans. Within the scope of real estate loans, the sharpest drop occurred in rates for mortgage loans (2.59 points).

Table 40 Average Interest Rates on New Loans to Households

	Interest rate in %				Change in % points		
	July 2004	Dec. 2004	June 2005	July 2005	Year-on-year	Against Dec. 2004	Month-on-month
Current account overdrafts	10.71	10.32	10.95	10.92	0.21	0.60	-0.03
Consumer loans	14.30	13.60	11.56	10.56	-3.74	-3.04	-1.00
Real estate loans	7.58	7.06	5.83	5.89	-1.69	-1.16	0.06
of which: mortgage loans	7.48	6.76	5.06	4.88	-2.59	-1.88	-0.18
Other loans	7.66	10.73	8.51	8.25	0.59	-2.48	-0.26
Total	10.17	10.21	9.25	9.48	-0.70	-0.73	0.23
Total, excl. current account overdrafts	9.38	10.04	7.26	7.27	-2.11	-2.77	0.01

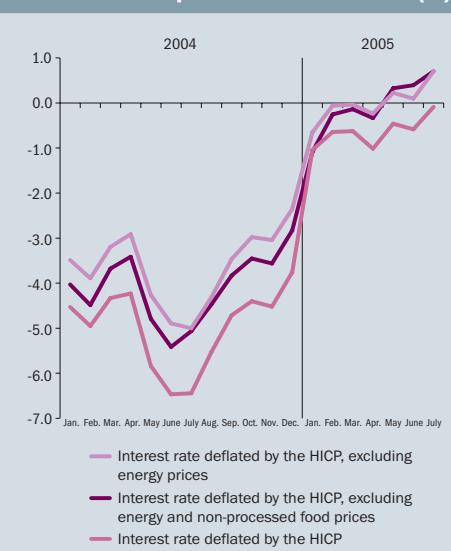
Source: NBS.

Chart 30 Interest Rates on Loans to Households by Type (%)



Source: NBS.

Chart 31 Real Interest Rates on Household Deposits (%)



Source: NBS and the Statistical Office of the SR.

Average interest rates on new deposits

The average interest rate on deposits from non-financial corporations fell slightly in July, mainly as a result of drops in the prices of deposits redeemable on demand and deposits with an agreed maturity of up to 1 year. This fall was partly offset by a rise in the rate of interest on deposits with an agreed maturity of over 2 years.

**Table 41 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %				Change in % points		
	July 2004	Dec. 2004	June 2005	July 2005	Year-on- year	Against Dec. 2004	Month-on- month
Deposits redeemable on demand	1.04	0.89	0.89	0.69	-0.34	-0.19	-0.20
Deposits with an agreed maturity							
of up to 1 year	3.67	3.29	2.57	2.43	-1.24	-0.86	-0.14
of over 2 years	1.54	2.92	1.41	1.82	0.28	-1.10	0.41
Savings deposits redeemable at a period of notice							
of up to 3 months	2.60	2.20	1.26	1.27	-1.33	-0.93	0.01
of over 3 months	2.34	2.38	1.12	1.12	-1.22	-1.26	0.00
Total	2.24	1.88	1.53	1.42	-0.81	-0.46	-0.10

Source: NBS.

Table 42 Average Interest Rates on New Deposits from Households

	Interest rate in %				Change in % points		
	July 2004	Dec. 2004	June 2005	July 2005	Year-on- year	Against Dec. 2004	Month-on- month
Deposits redeemable on demand	0.65	0.58	0.43	0.42	-0.22	-0.16	-0.01
Deposits with an agreed maturity							
of up to 1 year	2.42	2.32	2.02	1.95	-0.48	-0.37	-0.07
of over 2 years	2.82	2.66	2.05	2.14	-0.69	-0.52	0.09
Savings deposits redeemable at a period of notice							
of up to 3 months	1.97	1.79	0.95	0.92	-1.05	-0.87	-0.03
of over 3 months	1.00	1.16	0.94	0.96	-0.04	-0.20	0.03
Total	0.99	0.94	0.66	0.65	-0.34	-0.28	-0.01

Source: NBS.

Average interest rates on household deposits remained stagnant in July. Interest rates on short-term deposits (with an agreed maturity of up to 1 year) fell slightly, while rates for long-term deposits (with an agreed maturity of over 2 years) increased somewhat.

The real interest rate on household deposits, calculated by deflating the rate of interest on the volume of one-day household deposits by HICP inflation, reached a negative figure (-0.09%), which represented an increase of 0.50 of a percentage point in comparison with the previous month. This development was affected first and foremost by a further fall in inflation.

Real interest rates

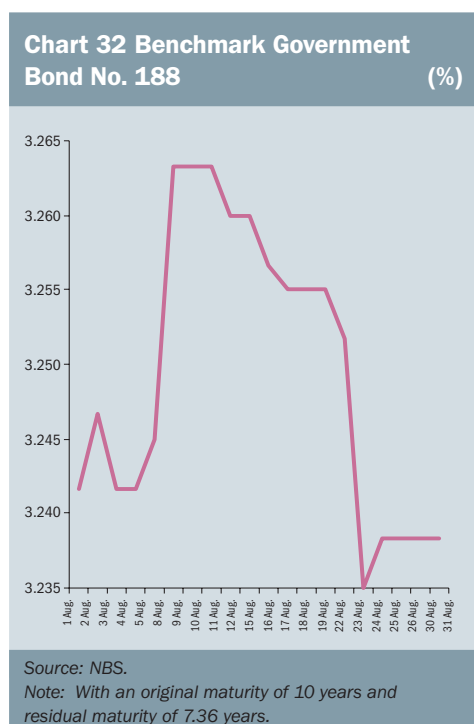
ANNEXES

1. Capital Market

1.1. Primary Market

Two government-bond auctions were held in August, with 15 and 7-year maturities. Total demand for bonds amounted to Sk 7.3 billion, 40.16% of which was accepted.

Government bonds



At the first auction, an open government-bond issue (No. 204) was to be re-opened for the eighth time, with a fixed coupon of 5.30% p.a. Due to reduced demand, however, the issue was cancelled by ARDAL.

At the second auction, Issue No. 205 was re-opened for the second time (7-year government bonds with a zero coupon). Of the planned issue-amount (Sk 40.1 billion), bonds were sold in the amount of Sk 2.93 billion, representing 44.09% of the total demand (Sk 6.65 billion). The total amount issued so far was Sk 5.13 billion, i.e. 12.83% of the planned issue-amount. The share of non-residents in the primary market for government bonds reached 1.7%. The average yield was 3.11%, the minimum stood at 3.01% and the maximum at 3.15% p.a.

In August, yields were paid in virtually the same amount as in the corresponding period a year earlier, i.e. Sk 0.61 billion (Sk 0.60 billion in 2004). No issue was repaid during that period. Compared with last year, there was no change in the payment of yields to foreign and domestic investors (i.e. more than 75% of the yields went to domestic investors). In August, bond creditors received only 0.08% of the total amount paid in yields.

Yield payment and bond repayment

Table 43 Yield Payments on Government Bonds

	Foreign investors		Domestic investors	
	Yields paid (in billions of Sk)	Share of the paid yields (in %)	Yields paid (in billions of Sk)	Share of the paid yields (in %)
August 2004	0.10	16.67	0.50	83.33
August 2005	0.10	16.39	0.51	83.60

Source: NBS.
Note: with an original maturity of 10 years and residual maturity of 7.36 ...???

In August, one issue of publicly negotiable non-government bonds was reported to the NBS, in the amount of Sk 0.5 billion. They were mortgage bonds issued by Všeobecná úverová banka (VÚB).

Non-government bonds

1.2. Secondary Market

The Bratislava Stock Exchange (BCPB) was open for 22 days in August. During that period, Sk 133.5 billion was traded in 959 transactions, in which 0.9 million securities changed hands. On a month-on-month basis, the trading volume increased by 45.1%. Of this volume, Sk 33.3 billion took place in direct transactions (351 contracts) and Sk 0.2 billion in price-setting transactions (608 contracts).

Bonds were traded in August in the amount of Sk 133.4 billion (in 173 transactions), accounting for 99.93% of the total volume of bond transactions. There were 10 price-setting transactions totalling Sk 0.14 billion and 163 direct transactions in the amount of Sk 133.3 billion.

Bonds

Non-resident investors accounted for 51.57% of the total volume traded in August, of which 54.07% were composed of purchases and 49.07% of sales.



The market capitalisation of bonds amounted to Sk 400.9 billion (a month-on-month increase of 0.4%) on the last trading day of the month. The capitalisation of quoted bonds has grown by 0.5% since the end of July, to Sk 379.0 billion.

SDX index The SDX (Slovak Bond Index) component for corporate and bank bonds closed the month at 269.16% of the nominal value (a monthly increase of 0.36%), with an average yield of 3.26% to maturity and a duration of 1.6 years. The component of SDX for government bonds increased by 0.14%, to 255.46% of the nominal value, corresponding to a yield of 2.87% and a duration of 4.4 years.

SDXGroup indices The SDXG for the public sector, represented by government bonds, closed the month at 110.52 (price component) and 118.51 (development component), with a yield of 3.09% to maturity and a duration of 4.54 years. The value of the short-term SDXG (≤ 5) sub-index reached 107.20 (for price) and 113.76 (for development) at the end of the month, with a yield of 2.69% to maturity and a duration of 2.58 years. The long-term SDXG (> 5) sub-index closed the month at 114.05 (for price) and 123.57 (for development), with a yield of 3.30% and a duration of 7.46 years.

The SDXG for the private sector, represented by corporate and mortgage bonds, closed the month at 103.35 (price component) and 114.18 (development component), with a yield of 3.53% to maturity and a duration of 2.92 years. The value of the short-term SDXG (≤ 5) sub-index reached 101.92 (for price) and 113.13 (for development), with a yield of 3.21% to maturity and a duration of 1.86 years. The long-term SDXG (> 5) sub-index closed the month at 109.12 (for price) and 116.77 (for development), with a yield of 3.83% to maturity and a duration of 6.42 years.

Shares Over the period under review, the number of transactions in equity securities increased to 786 (Sk 121.53 million). Of this amount, Sk 47.92 million took place in price-setting transactions (589 contracts) and Sk 73.61 million in direct transactions (188 contracts).

By the last trading day of the month, the market capitalisation of equity securities had increased by 0.5% month-on-month, to Sk 165.3 billion. The actual amount of issues that had a market price at least once in the past, except for investment fund shares and unit certificates, was Sk 151.9 billion and accounted for 91.9% of the total capitalisation of the stock market. This represented a month-on-month increase of 0.7%. The market capitalisation of quoted issues decreased from the end of July by 1.3%, to Sk 88.2 billion.

SAX index The SAX index closed the month at 473.14 points, representing a month-on-month decrease of 0.4% and a year-on-year increase of 132.4%. The index reached a monthly maximum on 17 August (494.63 points) and a minimum on 9 August (463.52 points).

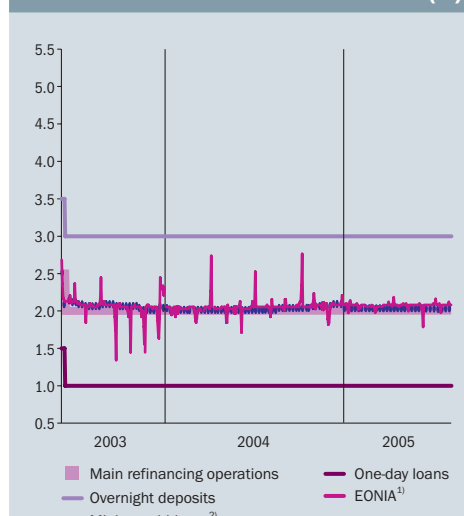
2. Monetary Developments in the Euro Area

At its August meeting (04/08/05), 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%.

2.1. Exchange Rate Developments

At the beginning of August, the exchange rate of the single European currency against the US dollar hovered around the level of USD 1.22/EUR.

Chart 33 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).

In the first half of the month, the exchange rate of the euro continued to appreciate in relation to the US dollar – a trend which began at the end of the previous month. This trend went into reverse in the second half of the month, when the dollar strengthened somewhat vis-à-vis the euro, mainly due to positive news about an inflow of foreign capital into America's financial market, which moderated the concern of investors over the persistence of external imbalances in the US economy. Another factor that favourably affected the American currency was an increase in the interest-rate differential between the USA and the euro area. At the end of the month, the exchange rate fluctuated at approximately the same level as at the beginning of the month.

During August, the euro weakened in relation to the US dollar by 0.17% on a month-on-month basis. Since the first trading day of the year, the European currency has depreciated vis-à-vis the dollar by 9.69%.

2.2. Real Economy

According to the first Eurostat estimate, the euro area economy grew in the second quarter of 2005 by 0.3% compared with the previous quarter, while increasing in comparison with the same quarter of 2004 by 1.1%. Final household consumption fell in the second quarter of 2005 by 0.1% (after growing in the first quarter by 0.2%), while investment grew by 0.2% (after declining in the previous quarter by 0.2%). Exports grew by 2.1% (after falling by 0.7% in the first quarter of 2005) and imports increased by 2.1% (after decreasing in the previous quarter by 1.4%). In the first quarter of 2005, euro area GDP grew by 0.4%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased to 2.2% in July, from 2.1% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Luxembourg (4.0%), Greece (3.9%), and Spain (3.3%). The steepest year-on-year increases took place in prices for dwelling (5.1%), transport (4.9%), and alcohol and tobacco products (4.3%). Price levels fell in telecommunications services (by 2.2%), the clothing industry (by 0.5%), and recreation and culture (by 0.2%). In the same period a year earlier, consumer prices in the euro area rose by 2.3%. Eurostat foresees a year-on-year inflation rate of 2.1% in August.

In July, industrial producer prices increased year-on-year by 4.0% and month-on-month by 0.5%.

Chart 34 Exchange Rates: SKK/EUR and USD/EUR



Source: NBS and ECB.



On a year-on-year basis, retail sales remained unchanged in July, while declining month-on-month by 0.5%.

The rate of unemployment (seasonally adjusted) fell in comparison with the previous month, to 8.6% in July. The lowest unemployment rates were achieved in Ireland (4.3%), the Netherlands (4.8%), and Austria (5.1%). The highest unemployment rates within the euro area were recorded in Greece (9.9%, in March 2005), France (9.7%), and Spain (9.4%). In relative terms, the most significant increases in the year-on-year unemployment rates occurred in Luxembourg (from 4.8% to 5.4%) and the Netherlands (from 4.5% to 4.8%). In the same period a year earlier, the unemployment rate in the euro area stood at 9.0%.

According to the first Eurostat estimate, foreign trade in the euro area resulted in a surplus of EUR 6.5 billion in June 2005, compared with EUR 8.3 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) declined in June by 0.5%, while imports grew by 0.3%.



3. Methodological Notes to Selected Indicators

3.1. Monetary Statistics

3.1.1. Statistics of Monetary Aggregates (ECB Methodology)

The methodology of the ECB is implemented on the basis of data from harmonised statements of monetary and banking 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, home savings banks (building societies), and the local branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector has been 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)⁶.

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 receivables from MFIs;
- liabilities arising from equity securities issued are reduced by MFI shares and other equities in MFI holdings.

Table 44 Calculation of Monetary Aggregates

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
= Money (M1 – 'narrow money')	= M1 ('narrow money')
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	= M2 ('intermediate money')
= Quasi-money (QM)	+ 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
M2 money supply (M1 + QM)	M3 monetary aggregate ('broad money')

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 (MFIs), which includes the NBS, commercial banks, and money market investment funds – the deposits of

⁶ 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 section 'Harmonised Monetary and Banking Statistics' in the menu 'Banking Sector in the SR'.



- money market investment funds (MMIFs) 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 (MMIFs) in commercial banks appear in the balances of commercial banks as customer deposits in financial institutions and are directly included in the M2 money supply;
- **the nature and liquidity of the resources:**
 - the ECB methodology monitors liquidity through the broader M3 aggregate, which also includes repo operations, the unit 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, the liabilities of the ECB with a maturity of more than 2 years are not included in the monetary aggregates;
 - 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;
 - **definitions of deposits and loans:**
 - 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 (in the case of loans, they 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);
 - the NBS methodology uses a so-called narrow definition for loans and deposits, i.e. they only correspond to the amount of funds recorded by MFIs as loans (including classified loans) and deposits;
 - **in the composition of monetary aggregates:**
 - the ECB methodology (with the deposits of MMIFs being deducted from customer deposits) covers the above-mentioned sectors and the deposits of local governments (S.1313) and social insurance funds (S.1314)⁷;
 - 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).*
 - **in respect of the residence of economic entities:**
 - the ECB methodology exclusively takes into account the funds of residents (in Slovak koruna as well as foreign currency);
 - the NBS methodology also monitors the koruna deposits of non-residents in the monetary aggregates;
 - **in respect of accrued assets and liabilities:**
 - in the ECB methodology, accrued assets and liabilities are excluded from the monetary aggregates;
 - in the NBS methodology, accrued assets and liabilities are included in the deposit and loan accounts of clients;
 - **in respect of the seasonal adjustment of time series:**
 - unlike the ECB methodology, the NBS methodology uses seasonally unadjusted data⁸.

3.1.2. Statistics of Monetary Aggregates (NBS methodology – Monetary Survey)

In 2005, the reporting of loans to enterprises and households was affected by a methodological change, which resulted from the decision of the International Center for the Settlement of Investment Disputes (ICSID) in Washington, settling the long-lasting trade dispute between ČSOB and the Slovak Republic

⁷ 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.

⁸ In 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.



(with regard to the fact that the claim of ČSOB on Slovenská inkasná, s.r.o., was originally classified in the Monetary Survey as a loan to enterprises). Since Slovenská inkasná, s.r.o. was placed under bankruptcy proceedings on 6 May 1998 and its liabilities were removed from the statistical records of the NBS with effect from April 1998, the statistically recorded volume of loans to enterprises in the Monetary Survey was increased by the last known amount of ČSOB's receivable from Slovenská inkasná, s.r.o. in order to maintain the continuity of the time series concerned. As this receivable (including interest) has become a liability for the SR Government under the ruling of the international tribunal, it is presently monitored in the Monetary Survey separately, as part of net credit to the general government, without a 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 Monetary Survey were revised in 2004 so that only the statistically registered volume of loans is recorded, as in 2005 (excluding the receivable of ČSOB from Slovenská inkasná).

3.1.3. Statistics of Customer Interest Rates on New Contracts (ECB Methodology)

From the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans provided⁹ and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new deals (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 customer, and new contracts negotiated with the active participation of the customer.

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. 63/2002¹⁰ of the European Central Bank, concerning interest rate statistics.

The 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 general government.

The methodology of the ECB makes it possible to monitor interest rates in a breakdown by initial rate fixation (IRF) 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 IRF, loans are divided into loans with a floating rate and IRF for a period of up to 1 year inclusive, loans with IRF for a period of over 1 year and up to 5 years inclusive, and loans with IRF for a period of over 5 years and up to 10 years inclusive, and loans with IRF for a period of over 10 years. According to volume, loans to non-financial corporations are divided into loans amounting to up to EUR 1 million and loans amounting to over EUR 1 million.

Loans to households are classified by purpose as follows:

- current account overdrafts
- operation loans (only for sole traders)
- investment loans
- consumer loans
- real estate loans
 - mortgage loans
 - building loans
 - intermediate loans
 - other real estate loans
- other loans.

⁹ The term 'loan provided' is an equivalent of the term 'new loan'.

¹⁰ 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' in the definitions in Annex A to Directive No. 2223/96 of the European Communities of 25 June 1996 on the European System of National and Regional Accounts (ESA95) means 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' means sector S.11.



Loans to non-financial corporations are classified by purpose as follows:

- 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
 - overnight deposits
- deposits with agreed maturity
 - up to 1 year
 - up to 7 days
 - up to 1 month
 - up to 3 months
 - up to 6 months
 - up to 1 year
 - more than 1 year
 - up to 2 years
 - 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 new loans represents the total amount laid down in contracts, 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 determining the rate of interest, because 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 span is available for the NBS (at least 12 months).

3.2. Balance of Payments

Two methodological changes were introduced in 2005 in respect of the balance of payments.

One of them is a change in the methodology of calculating the compensation of employees, consisting in a shift from data on the net incomes of people working abroad to their gross incomes (employee compensation comprises, unlike in previous years, the incomes of persons working abroad, including taxes and social contributions paid in the host country). Since taxes and social contributions paid in the host country, by which the received compensation of employees is increased, are included in paid current transfers in the same amount as a counterpart, the said change will have no impact on the overall balance of the current account.

The second change against the methodology of previous years is the reporting of reinvested earnings as part of in the income balance. The Balance of Payments Department decided to extend the balance of payments to include reinvested earnings from foreign direct investment with effect from 2005, in accordance with the international standards. Before 2005, reinvested earnings were not included in the balance of payments on current account. Reinvested earnings were only recorded in the financial account as part of foreign direct investment, on the basis of data reported from the corporate sector in the DEV 1-12 monthly report (annual data from this report contained figures at the level of several millions and/or tens of millions of Slovak koruna). The 2005 estimate of reinvested earnings (ca Sk 30.0 billion) is based on data processed from the new annual report on foreign direct investments in



2003, in which reinvested earnings are recorded according to the international accounting standards. With regard to the fact that the inflow of foreign capital into Slovakia via direct investment exceeds its outflow several times, the use of data from this report will mean an increase in the current account deficit. Reinvested earnings will enter the balance via the capital and financial account, as part of 'foreign direct investment', and will cause no increase in the external imbalance of the SR.

4. Tables

Selected Indicators of Economic and Monetary Development in the SR

	Unit	2004					2005							
		8	9	10	11	12 ^(p)	1	2	3	4	5	6	7	8
REAL ECONOMY														
Gross domestic product ^{1) 2)}	SKK billions	-	615.2 ^(p)	-	-	826.5 ^(p)	-	-	200.65 ^(p)	-	-	421.4	-	-
Year-on-year change in GDP ³⁾	%	-	5.3 ^(p)	-	-	5.5 ^(p)	-	-	5.1 ^(p)	-	-	5.1 ^(p)	-	-
Unemployment rate ^{4) 16)}	%	13.2	13.14	12.7	12.6	13.1	13.4	13.1	12.7	11.9	11.3	11.1	11.0	-
Consumer prices (CPI) ^{3) 15)}	%	-	-	-	-	-	3.1	2.6	2.3	2.5	2.3	2.5	2.0	2.1
Consumer prices (HICP) ³⁾	%	7.2	6.7	6.6	6.3	5.9	3.2	2.7	2.5	2.7	2.4	2.5	2.0	2.0
BALANCE OF TRADE^{2) 11) (p)}														
Exports (fob)	SKK millions	580,122	659,719	744,196	826,578	895,205	67,034	137,552	214,678	294,140	375,567	461,273	537,694	-
Imports (fob)	SKK millions	603,164	687,351	775,853	863,705	942,160	68,881	143,468	227,375	314,805	401,605	490,366	570,668	-
Balance	SKK millions	-23,042	-27,632	-31,657	-37,127	-46,955	-1,847	-5,916	-12,697	-20,665	-26,038	-29,093	-32,974	-
BALANCE OF PAYMENTS²⁾														
Current account ¹¹⁾	SKK millions	-28,844.5	-33,315.3	-30,996.2	-34,698.3	-46,026.2	-4,287.9	-3,377.0	-7,173.0	-12,942.6	-35,321.4	-47,720.1	-	-
Capital and financial account	SKK millions	57,763.6	55,078.2	58,176.1	54,848.7	95,646.4	10,754.1	69,758.2	118,449.3	116,127.4	93,185.3	110,055.7	-	-
Overall balance	SKK millions	39,298.8	32,987.4	33,599.4	31,116.7	55,205.1	10,715.8	79,042.4	110,225.2	101,864.8	70,082.2	68,604.4	-	-
FOREIGN EXCHANGE RESERVES^{1) 7)}														
Total foreign exchange reserves	USD millions	14,344.0	14,410.9	14,822.6	15,466.1	16,778.7	16,602.6	18,854.6	19,940.1	19,694.4	17,751.8	17,165.7	17,314.7	-
NBS foreign exchange reserves	USD millions	13,128.3	13,218.7	13,517.1	13,912.9	14,913.1	14,811.2	17,218.5	18,062.1	18,061.3	16,211.5	15,590.0	15,687.0	-
GROSS EXTERNAL DEBT^{4) 9)}														
Total gross external debt	USD billions	18.9	19.5	20.7	21.8	23.7	24.0	26.6	28.2	27.9	26.5	26.2	-	-
External debt per capita	USD	3,520	3,632	3,842	4,059	4,405	4,456	4,942	5,237	5,190	4,919	4,876	-	-
MONETARY INDICATORS														
Exchange rate ⁵⁾	SKK/USD	32,939	32,825	32,081	30,532	29,074	29,348	29,259	28,885	30,249	30,672	31,641	32,22	31,494
Money supply (M2) ^{4) 6) 12) 14)}	SKK billions	742.3	748.4	749.3	758.4	779.9	-	-	-	-	-	-	-	-
Year-on-year change in M2 ³⁾	%	4.7	6.2	5.4	5.5	7.5	-	-	-	-	-	-	-	-
M3 monetary aggregate ^{4) 15)}	SKK billions	-	-	-	-	-	762.7	768.4	767.9	782.0	772.3	772.3	779.7	-
Year-on-year change in M3 ³⁾	%	-	-	-	-	-	10.4	10.2	12.3	12.6	12.8	9.3	8.9	-
Loans to enterprises and households ^{4) 6) 13) 14)}	SKK billions	395.4	402.1	408.3	409.3	409.2	-	-	-	-	-	-	-	-
Claims of monetary financial institutions ¹⁵⁾	SKK billions	-	-	-	-	-	701.4	696.8	707.6	707.0	714.5	724.7	729.7	-
STATE BUDGET^{2) 4)}														
Revenue	SKK billions	153.7	172.8	195.9	213.7	242.4	24.6	39.8	65.0	90.6	105.4	126.4	154.2	170.5
Expenditure	SKK billions	178.5	202.3	226.4	247.8	312.7	20.3	40.9	62.2	84.3	109.3	127.6	152.3	15.6
Balance	SKK billions	-24.8	-29.4	-30.5	-34.1	-70.3	4.3	-1.1	2.8	6.3	-3.9	-1.1	1.9	-5.1
CUSTOMER RATES														
Average interest rate on:														
- one-year deposits	%	3.38	2.95	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98	-
- short-term loans ⁸⁾	%	6.49	6.47	6.57	6.46	5.87	6.15	5.80	5.51	5.53	5.54	5.75	5.61	-
- new short-term loans	%	8.21	8.11	8.10	8.16	7.45	7.65	6.70	6.79	7.12	7.31	7.34	6.77	-
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of maturity ¹⁰⁾		1.7.2004	1.7.2004	1.7.2004	29.11.2004	29.11.2004	29.11.2004	29.11.2004	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005
Overnight operations														
- sterilisation	%	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00
- refinancing	%	6.00	6.00	6.00	5.50	5.50	5.50	5.50	4.00	4.00	4.00	4.00	4.00	4.00
Limit rate for 2-week repo tenders	%	4.50	4.50	4.50	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	4.50	4.50	4.50	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Average interbank deposit rate (BRIBOR)														
overnight	%	4.06	3.98	3.94	4.35	3.22	4.25	2.58	2.09	2.27	2.90	2.77	2.53	2.99
7-day	%	4.25	4.30	4.33	4.44	3.78	4.03	2.63	2.37	2.70	2.92	2.93	2.88	2.99
14-day	%	4.25	4.33	4.38	4.42	3.85	3.98	2.69	2.41	2.75	2.92	2.96	2.94	3.01
1-month	%	4.14	4.25	4.37	4.36	3.82	3.87	2.84	2.37	2.72	2.88	2.93	2.95	3.00
2-month	%	4.05	4.19	4.34	4.31	3.81	3.75	2.89	2.33	2.63	2.82	2.90	2.92	2.99
3-month	%	3.96	4.16	4.26	4.22	3.74	3.66	2.90	2.29	2.56	2.75	2.88	2.89	2.94
6-month	%	3.86	4.05	4.12	4.07	3.66	3.46	2.88	2.31	2.50	2.67	2.79	2.83	2.91
9-month	%	3.79	3.95	4.05	4.00	3.64	3.38	2.87	2.32	2.47	2.64	2.74	2.79	2.87
12-month	%	3.75	3.93	4.03	3.97	3.62	3.34	2.86	2.33	2.46	2.64	2.71	2.77	2.85

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.
 16) Registered unemployment.

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 %) ¹⁾	Volume (Sk billions)												
		2004						2005						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Claims of MFIs on residents	33.9	409.1	414.0	419.2	425.1	423.7	439.0	428.4	429.0	441.1	449.4	457.2	467.7	478.9
General government	1.6	27.8	28.3	27.5	27.9	27.8	41.3	25.2	24.9	24.1	24.0	23.8	22.8	23.3
Private sector	32.3	381.3	385.6	391.7	397.2	395.9	397.7	403.2	404.1	417.0	425.4	433.4	444.9	455.6
Non-financial corporations	18.0	232.3	233.8	234.8	237.9	233.9	225.3	230.1	228.9	236.9	241.6	244.6	249.5	253.4
– up to 1 year	7.8	101.2	101.9	101.4	102.9	101.1	91.6	96.2	94.6	99.9	104.1	107.6	109.1	110.4
– 1 to 5 years	3.9	57.9	57.0	57.6	56.8	57.3	57.9	57.6	57.5	56.9	54.1	53.8	54.3	54.5
– over 5 years	6.3	73.2	74.9	75.8	78.2	75.5	75.7	76.3	76.8	80.1	83.3	83.2	86.1	88.5
Financial corporations	3.3	39.0	38.8	40.7	40.0	39.3	44.2	43.2	43.0	43.9	43.7	43.6	44.3	46.7
Insurance corporations and pension funds	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0
Households and non-profit institutions serving households	11.0	110.0	113.1	116.2	119.2	122.7	128.2	129.9	132.2	136.1	140.2	145.2	151.0	155.5
– consumer loans	1.7	15.1	15.2	15.5	16.0	16.8	19.9	19.0	18.9	19.6	20.5	21.8	22.7	23.4
– housing loans	7.3	77.5	79.5	81.6	83.2	85.1	87.9	87.8	89.5	91.0	93.1	96.0	99.7	102.6
– other loans	2.1	17.4	18.4	19.1	20.0	20.8	20.4	23.1	23.9	25.5	26.6	27.5	28.6	29.4
Securities other than shares and participation certificates issued by residents	17.3	264.7	269.7	277.3	276.5	281.4	266.0	268.6	263.4	261.9	253.1	251.9	250.8	244.5
General government	16.4	251.2	256.2	264.0	263.0	268.1	253.9	256.2	251.1	249.6	240.7	239.4	238.3	232.1
Private sector	0.9	13.5	13.6	13.3	13.5	13.3	12.2	12.4	12.3	12.4	12.4	12.5	12.5	12.3
Shares and other equities issued by private sector	0.4	3.9	3.9	3.9	4.0	4.0	4.1	4.4	4.4	4.5	4.5	5.4	6.2	6.3
Foreign assets	42.7	505.3	506.0	497.6	492.8	490.9	591.6	522.3	574.7	628.9	636.6	592.8	590.5	602.2
Fixed assets	2.4	35.5	35.6	35.6	35.6	35.6	36.6	34.8	34.6	34.5	34.5	34.5	34.5	33.6
Other assets	3.2	31.1	31.4	31.7	34.5	36.6	36.5	38.3	39.0	41.0	44.9	45.3	45.8	45.9
Deposits and loans received from the central government	6.0	157.5	160.0	159.7	154.4	156.4	125.4	125.5	97.3	99.9	98.7	73.4	84.1	84.6
Long-term financial liabilities	14.1	206.1	206.1	200.9	196.5	185.7	180.9	184.2	177.7	191.9	197.9	191.7	189.1	199.6
Deposits and loans received with an agreed maturity of over 2 years	3.7	48.7	48.5	48.2	48.0	48.2	51.8	52.9	53.5	52.7	52.7	52.2	52.9	52.5
Deposits redeemable at a period of notice of over 3 months	2.0	38.9	37.5	36.7	35.9	34.9	34.4	31.9	30.8	30.0	29.5	29.1	28.8	28.6
Debt securities issued with a maturity of over 2 years	1.0	10.0	10.0	10.5	11.2	11.6	12.2	13.6	13.9	14.2	12.5	13.3	13.3	14.1
Capital, reserves, and provisions	7.4	108.5	110.2	105.5	101.5	91.0	82.5	85.8	79.5	95.0	103.2	97.1	94.1	104.3
Foreign liabilities	21.1	132.0	132.1	129.2	136.2	134.5	254.4	183.6	257.5	307.3	298.5	297.4	296.3	298.0
Other liabilities	3.5	37.9	35.2	37.6	38.9	45.1	42.0	45.6	50.1	51.8	50.1	52.8	51.4	49.4
Surplus of liabilities among MFIs	0.0	-0.1	-0.2	-0.1	-1.1	-0.7	0.0	-4.8	-5.9	-6.9	-4.1	-1.7 ²⁾	1.1 ²⁾	0.2
M3	55.2	716.2	727.3	738.1	743.6	751.2	771.2	762.7	768.4	767.9	782.0	773.4 ²⁾	773.4 ²⁾	779.7
Total	100.0	1249.5	1260.5	1265.3	1268.5	1272.2	1373.9	1296.8	1345.1	1411.9	1423.1	1387.0	1395.5	1411.4

1) In the current month.

2) Revised data.



Monetary Survey

(At current exchange rates)

(SKK billions)

	2004						2005							
	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.	1.1.	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.
Current SKK/USD exchange rate	33.370	33.408	32.492	31.386	29.627	28.496	28.496	29.447	28.710	29.943	30.667	31.213	31.825	32.423
Current SKK/EUR exchange rate	40.138	40.218	40.048	39.940	39.288	38.796	38.796	38.426	37.880	38.832	39.636	39.068	38.370	39.118
ASSETS														
Net foreign assets	205.0	211.8	189.4	179.2	177.9	169.5	168.9	173.4	178.4	199.1	209.1	182.6	153.4	163.2
Foreign assets	481.9	483.8	473.0	470.0	463.1	484.0	483.3	494.9	547.5	602.7	610.2	560.9	554.1	569.3
Foreign liabilities	276.9	272.0	283.6	290.8	285.2	314.5	314.4	321.5	369.1	403.6	401.1	378.3	400.7	406.1
Net domestic assets	543.6	542.6	570.4	581.0	588.6	615.9	615.6	599.6	599.6	574.1	576.2	588.7	625.4	623.9
Domestic credits	701.8	714.4	724.8	734.1	735.2	755.7	770.0	762.9	766.6	776.3	777.3	783.2	788.4	801.8
Net credit to general government	314.2	322.6	326.9	330.3	333.0	354.4	368.6	355.2	357.6	354.5	346.5	344.4	338.4	340.8
- Net credit to government (excluding the NPF)	320.5	329.3	333.6	337.0	336.7	357.6	371.8	358.4	360.5	357.4	349.4	346.6	342.4	343.7
- Net credit to the National Property Fund	-6.3	-6.7	-6.7	-6.7	-3.7	-3.2	-3.2	-3.2	-2.9	-2.9	-2.9	-2.2	-4.0	-2.9
Credits to enterprises and households	387.6	391.8	397.9	403.8	402.2	401.3	401.4	407.7	409.0	421.8	430.8	438.8	450.0	461.0
Credits in Slovak koruna	301.6	306.2	311.7	314.3	319.1	318.2	318.3	322.3	326.8	333.1	332.8	339.8	350.0	356.1
- Credits to enterprises ¹⁾	199.9	201.1	204.0	203.8	205.7	201.5	201.6	203.5	205.6	208.5	204.7	206.5	211.7	213.7
- Credits to households	101.7	105.1	107.7	110.5	113.4	116.7	116.7	118.8	121.2	124.6	128.1	133.3	138.3	142.4
Credits in foreign currency	86.0	85.6	86.2	89.5	83.1	83.1	83.1	85.4	82.2	88.7	98.0	99.0	100.0	104.9
LIABILITIES														
Money Supply (M2)	748.6	754.4	759.8	760.2	766.5	785.4	784.5	773.0	778.0	773.2	785.3	771.3	778.8	787.1
Money (M1)	279.7	282.8	288.7	284.8	293.4	311.3	309.6	299.4	315.7	313.1	318.6	326.8	331.0	341.1
Currency outside banks (M0)	93.8	95.4	96.3	97.6	97.8	100.5	100.4	100.5	101.5	102.8	105.2	106.3	108.1	110.1
Demand deposits	185.9	187.4	192.4	187.2	195.6	210.8	209.2	198.9	214.2	210.3	213.4	220.5	222.9	231.0
- Households	89.2	89.6	90.5	91.1	92.4	96.2	94.7	97.8	102.6	104.3	106.9	109.5	110.6	113.6
- Enterprises	94.2	95.7	99.6	94.3	100.7	113.2	113.1	98.1	107.8	103.7	103.9	108.1	109.8	114.2
- Insurance companies	2.5	2.1	2.3	1.8	2.5	1.4	1.4	3.0	3.8	2.3	2.6	2.9	2.5	3.2
Quasi-money (QM)	468.9	471.6	471.1	475.4	473.1	474.1	474.9	473.6	462.3	460.1	466.7	444.5	447.8	446.0
Time and savings deposits	379.5	381.1	378.3	377.0	374.1	386.2	386.9	385.1	381.1	381.6	388.7	368.9	368.7	364.9
- Households	228.1	225.2	224.0	222.8	221.1	222.8	223.9	222.9	218.1	213.5	210.5	206.1	203.7	201.6
- Enterprises	129.3	133.9	131.2	133.2	131.5	136.5	136.4	137.3	138.9	144.5	153.7	139.5	137.5	136.2
- Insurance companies	22.1	22.0	23.1	21.0	21.5	26.9	26.6	24.9	24.1	23.6	24.5	23.3	27.5	27.1
Foreign-currency deposits	89.4	90.5	92.8	98.4	99.0	87.9	88.0	88.5	81.2	78.5	78.0	75.6	79.1	81.1
- Households	49.3	48.7	48.3	47.8	46.1	44.4	42.5	41.4	39.8	39.4	39.5	39.2	38.9	39.4
- Enterprises	40.1	41.8	44.5	50.6	52.9	43.5	45.5	47.1	41.4	39.1	38.5	36.4	40.2	41.7
Other items net	158.2	171.8	154.4	153.1	146.6	139.8	154.4	163.3	167.0	202.2	201.1	194.5	163.0	177.9

Memorandum Items

Net foreign assets of the banking sector (excluding foreign liabilities of government)	390.9	396.6	380.8	373.1	367.5	360.0	359.3	366.7	363.7	406.9	423.8	361.5	337.5	357.9
- of which: foreign assets	481.9	483.8	473.0	470.0	463.1	484.0	483.3	494.9	547.5	602.7	610.2	560.9	554.1	569.3
- of which: foreign liabilities	91.0	87.2	92.2	96.9	95.6	124.0	124.0	128.2	183.8	195.8	186.4	199.4	216.6	211.4
Net credit to the central government	426.8	432.7	439.3	440.5	440.6	446.7	-	-	-	-	-	-	-	-
Net credit to the general government (excluding foreign liabilities of government)	185.2	191.7	198.4	202.4	207.2	230.6	244.8	232.9	237.2	233.1	222.7	251.6	247.3	248.0
- of which: liabilities of government and NPF	417.0	395.4	409.0	409.4	422.0	456.7	412.4	398.9	376.0	373.7	365.3	369.8	373.0	371.1
- of which: claims of government and NPF	231.8	203.7	210.6	207.0	214.8	226.1	167.6	166.0	138.8	140.6	142.6	118.2	125.7	123.1
Foreign liabilities of government	129.0	130.9	128.5	127.9	125.8	123.8	123.8	122.3	120.4	121.4	123.8	92.8	91.1	92.8
Other public sector deposits in NBS ²⁾	12.0	14.6	14.6	18.3	16.6	11.6	-	8.6	9.4	3.0	3.7	3.2	0.6	1.9
Money market fund shares/units	22.3	24.7	26.7	28.4	30.7	32.7	-	36.0	39.7	42.4	44.0	45.9	46.4	47.1

1) Revision of data for 2004 (see section 3. Methodological Notes to Selected Indicators in annexes).

2) Deposits of higher territorial units, deposits of government in foreign currency (EU funds) and non-budgetary deposits of government agencies in NBS are included in Net credit to government, since 1 January 2005.



Average Interest Rates on New Loans

(ECB methodology)

(%)

	2004						2005						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Loans in total¹⁾	7.21	7.17	7.17	7.29	7.32	5.60	6.94	6.22	6.15	6.17	6.39	6.23	6.22
Current account overdrafts	7.86	7.90	7.74	8.08	7.75	7.48	7.72	7.08	6.62	6.60	6.80	6.72	6.52
Operation loans	-	-	-	-	-	-	4.74	3.32	3.49	3.78	3.92	3.99	3.67
Investment loans	-	-	-	-	-	-	5.41	4.67	5.05	5.16	5.24	4.27	4.92
Consumer loans	14.30	13.89	13.66	12.83	13.89	13.60	12.97	12.36	11.43	11.28	11.85	11.56	10.56
Real estate loans	7.58	7.58	7.72	7.45	7.05	7.05	7.15	6.63	6.46	6.05	6.10	5.81	5.88
of which:													
Mortgage loans	7.48	7.44	7.66	7.38	6.67	6.76	7.12	6.34	5.96	5.37	5.34	5.07	4.88
Construction loans	5.33	5.13	5.08	5.24	5.10	5.06	5.13	5.06	5.16	5.19	5.27	5.12	5.18
Intermediate loans	7.54	7.60	7.60	7.58	7.58	7.45	7.46	7.27	7.22	7.21	6.62	6.50	6.54
Other real estate loans	-	-	-	-	-	-	8.23	6.86	6.71	6.25	6.64	6.66	6.50
Other loans	5.35	5.35	5.54	5.30	5.81	4.02	6.45	5.88	5.68	5.21	5.52	5.93	6.68
Floating rate + IRF for up to 1 year incl.	7.04	7.07	7.06	7.20	7.23	5.42	6.90	6.13	6.05	6.08	6.25	6.23	6.16
IRF for over 1 year and up to 5 years incl.	9.73	8.61	8.68	8.48	8.56	8.82	8.03	7.76	8.03	7.80	9.87	7.62	7.81
IRF for over 5 years and up to 10 years incl.	7.40	7.02	7.39	7.18	7.06	6.55	6.87	6.44	6.35	6.45	6.33	5.79	6.25
IRF for over 10 years	6.30	7.06	8.78	8.75	6.26	6.83	6.82	6.06	6.01	6.30	5.61	4.32	4.92
Households													
Loans in total	10.17	9.95	9.76	10.60	10.28	10.21	10.67	10.33	9.99	9.67	9.78	9.25	9.48
Current account overdrafts	10.71	10.50	10.40	11.99	10.46	10.32	11.31	11.10	10.99	10.80	11.05	10.95	10.92
Consumer loans	14.30	13.89	13.66	12.83	13.89	13.60	12.97	12.36	11.44	11.28	11.93	11.56	10.56
Real estate loans	7.58	7.59	7.72	7.46	7.08	7.06	7.15	6.63	6.48	6.17	6.19	5.83	5.89
of which:													
Mortgage loans	7.48	7.44	7.66	7.38	6.67	6.76	7.12	6.34	5.95	5.37	5.34	5.06	4.88
Construction loans	5.33	5.13	5.08	5.24	5.10	5.06	5.13	5.06	5.16	5.19	5.27	5.12	5.18
Intermediate loans	7.55	7.63	7.60	7.60	7.69	7.47	7.47	7.29	7.23	7.21	6.62	6.51	6.56
Other real estate loans	-	-	-	-	-	-	8.23	6.86	6.79	6.63	6.93	6.80	6.58
Other loans	7.66	8.16	9.18	9.41	11.42	10.73	10.94	9.76	9.50	9.80	9.01	8.51	8.25
Floating rate + IRF for up to 1 year incl.	10.31	10.16	10.00	11.23	10.43	10.12	10.72	10.35	10.07	9.70	9.81	9.44	9.88
IRF for over 1 year and up to 5 years incl.	11.30	10.44	10.00	9.51	10.91	12.31	12.41	12.24	11.89	11.66	12.46	11.72	10.28
IRF for over 5 years and up to 10 years incl.	7.52	7.56	7.58	7.55	7.52	7.76	7.28	7.24	7.05	6.92	6.55	6.39	6.55
IRF for over 10 years	8.48	7.65	8.97	8.88	8.00	6.95	7.72	7.19	6.54	6.50	5.93	5.21	4.93
Non-financial corporations													
Loans in total	6.20	6.25	6.20	6.07	6.32	5.38	5.92	5.13	4.83	4.89	4.92	5.00	4.88
Current account overdrafts	6.81	6.90	6.85	6.66	6.80	6.31	6.46	5.68	5.20	5.18	5.16	5.39	5.09
Operation loans	-	-	-	-	-	-	4.61	3.31	3.38	3.62	3.87	3.82	3.47
Investment loans	-	-	-	-	-	-	5.66	4.64	4.89	4.94	5.03	4.14	4.71
Other loans	5.24	5.24	5.22	5.08	5.40	4.52	6.10	4.71	4.22	4.23	4.21	4.35	6.21
Loans up 1 million EUR	5.95	5.40	5.60	5.14	5.96	5.35	5.29	4.78	4.53	4.79	4.75	4.72	4.43
Loans over 1 million EUR	4.86	5.16	5.06	5.03	5.08	4.19	4.56	3.47	3.43	3.58	3.93	3.65	4.11
Floating rate + IRF for up to 1 year incl.	6.19	6.27	6.21	6.07	6.35	5.38	5.93	5.12	4.82	4.86	4.91	5.03	4.82
IRF for over 1 year and up to 5 years incl.	6.56	5.90	5.00	5.79	5.62	5.74	5.54	5.56	5.05	5.78	5.59	4.78	6.44
IRF for over 5 years and up to 10 years incl.	6.84	4.90	6.68	6.70	6.28	5.20	5.96	4.92	4.97	5.46	5.54	4.91	5.35
IRF for over 10 years	5.59	6.21	7.93	6.05	5.63	6.07	5.76	4.95	4.87	4.62	4.34	3.80	4.78

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						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Deposits in total ¹⁾	1.87	2.30	2.09	1.95	1.95	1.67	1.96	1.23	1.29	1.36	1.33	1.40	1.37
Deposits payable on demand	0.92	1.29	1.12	0.94	0.96	0.90	1.17	0.84	0.62	0.59	0.62	0.69	0.60
of which: demand deposits	0.78	0.96	0.86	0.76	0.76	0.83	0.81	0.58	0.48	0.49	0.48	0.49	0.47
overnight deposits	2.56	4.90	3.63	2.76	2.54	2.45	3.37	2.07	1.49	1.69	1.48	2.01	1.79
Deposits with agreed maturity ²⁾	-	-	-	-	-	-	3.58	2.29	2.43	2.54	2.62	2.66	2.58
- up to 1 year in total	3.63	4.07	3.97	3.79	3.95	3.30	3.59	2.29	2.43	2.54	2.62	2.65	2.58
- up to 7 days	3.34	4.33	3.76	3.18	3.52	2.75	3.57	2.20	1.83	1.88	2.48	2.26	2.01
- up to 1 month	3.88	4.10	4.12	4.08	4.10	3.59	3.66	2.56	2.65	2.74	2.74	2.77	2.76
- up to 3 months	3.12	3.40	2.90	2.95	2.97	2.76	2.61	2.02	1.73	1.77	1.97	1.91	1.94
- up to 6 months	2.58	2.27	2.19	2.57	2.29	2.27	2.09	2.02	1.77	1.72	2.03	2.01	1.77
- up to 1 year	1.50	1.55	1.81	2.08	2.03	2.85	2.24	2.01	1.76	1.85	1.98	2.14	2.20
- over 1 year in total	2.85	2.68	2.75	2.76	2.70	2.59	3.42	2.30	2.47	2.58	2.65	4.62	2.71
- up to 2 years	2.88	2.32	2.74	2.76	2.69	2.18	2.44	1.92	2.03	1.61	1.92	1.54	1.87
- over 2 years	2.81	2.74	2.80	2.76	2.71	2.67	3.76	2.35	2.71	2.72	2.77	4.64	2.76
Savings deposits	1.28	1.32	1.34	1.35	1.35	1.35	1.35	1.18	0.98	0.99	0.93	0.94	0.95
- redeemable at a period of notice of up to 3 months	1.99	1.97	1.98	1.98	1.97	1.80	1.75	1.46	1.11	1.07	0.97	0.95	0.93
- redeemable at a period of notice of over 3 months	1.00	1.06	1.08	1.09	1.10	1.16	1.14	1.03	0.91	0.94	0.90	0.94	0.97
Households													
Deposits in total	0.99	1.02	1.01	1.00	0.98	0.94	0.95	0.81	0.68	0.66	0.65	0.66	0.65
Deposits payable on demand	0.65	0.66	0.66	0.64	0.64	0.58	0.61	0.57	0.44	0.43	0.43	0.43	0.42
of which: demand deposits	0.64	0.63	0.63	0.62	0.62	0.57	0.57	0.56	0.43	0.43	0.42	0.42	0.41
overnight deposits	2.24	3.96	3.24	2.11	1.98	1.73	3.07	1.40	1.18	1.17	1.10	1.45	1.21
Deposits with agreed maturity	-	-	-	-	-	-	2.39	1.82	1.71	1.69	1.95	2.02	1.95
- up to 1 year in total	2.42	2.62	2.59	2.62	2.56	2.32	2.39	1.82	1.71	1.69	1.94	2.02	1.95
- up to 7 days	2.20	3.25	2.80	2.58	2.60	2.13	2.68	1.45	1.55	1.47	1.56	1.83	1.59
- up to 1 month	2.67	2.68	2.70	2.74	2.58	2.35	2.45	1.95	1.83	1.80	2.06	2.16	2.14
- up to 3 months	2.39	2.58	2.61	2.59	2.75	2.41	2.18	1.83	1.57	1.56	1.78	1.76	1.73
- up to 6 months	1.99	1.97	2.14	2.49	2.29	2.27	1.89	1.79	1.70	1.46	1.62	1.73	1.67
- up to 1 year	1.32	1.09	1.39	1.62	1.21	1.83	2.02	1.94	1.66	1.46	1.83	1.90	1.91
- long-term over 1 year	2.70	2.71	2.71	2.70	2.66	2.62	2.42	2.20	1.99	1.99	2.29	2.03	2.12
- up to 2 years	2.50	2.28	2.28	2.39	2.28	2.25	2.64	2.17	1.16	1.03	1.59	1.54	1.53
- over 2 years	2.82	2.79	2.81	2.76	2.71	2.66	1.91	2.21	2.14	2.08	2.33	2.05	2.14
Savings deposits	1.27	1.31	1.33	1.34	1.35	1.35	1.34	1.18	0.98	0.99	0.93	0.94	0.95
- redeemable at a period of notice of up to 3 months	1.97	1.95	1.96	1.96	1.96	1.79	1.75	1.45	1.10	1.07	0.97	0.95	0.92
- redeemable at a period of notice of over 3 months	1.00	1.06	1.08	1.08	1.10	1.16	1.13	1.03	0.91	0.94	0.90	0.94	0.96
Non-financial corporations													
Deposits in total	2.24	2.85	2.57	2.26	2.19	1.88	2.41	1.43	1.37	1.50	1.56	1.53	1.42
Deposits payable on demand	1.04	1.63	1.45	1.09	1.19	0.89	1.61	1.00	0.76	0.72	0.76	0.89	0.69
of which: demand deposits	0.80	1.16	0.97	0.80	0.81	0.70	1.02	0.58	0.49	0.54	0.50	0.55	0.52
overnight deposits	2.72	4.97	3.84	2.74	2.56	2.49	3.76	2.08	1.66	1.70	1.68	2.07	1.76
Deposits with agreed maturity	-	-	-	-	-	-	3.68	2.34	2.34	2.48	2.60	2.57	2.43
- up to 1 year in total	3.55	4.28	4.03	3.57	3.57	3.19	3.70	2.25	2.16	2.35	2.39	2.44	2.31
- up to 7 days	3.14	4.38	3.78	3.14	3.61	2.67	3.62	2.22	1.86	1.93	2.45	2.29	2.04
- up to 1 month	3.99	4.18	4.19	4.10	4.08	3.67	3.73	2.82	2.57	2.75	2.75	2.74	2.72
- up to 3 months	3.60	3.39	3.35	3.02	3.42	3.14	3.16	2.24	2.00	2.16	2.24	2.24	2.27
- up to 6 months	2.28	3.40	2.25	1.52	2.20	1.39	2.86	2.30	2.11	2.06	2.19	2.13	1.63
- up to 1 year	1.34	1.16	1.15	2.24	3.13	3.25	2.85	2.01	1.64	2.21	2.19	1.95	2.49
- long-term over 1 year	1.91	2.40	3.35	3.46	3.57	2.20	2.24	1.64	1.24	1.59	2.02	1.41	1.82
- up to 2 years	2.59	3.24	3.35	4.25	3.84	2.11	2.11	1.65	1.24	1.62	1.94	0.00	0.00
- over 2 years	1.54	2.35	0.00	2.99	3.21	2.92	3.00	1.41	0.00	0.70	2.38	1.41	1.82
Savings deposits	2.58	2.58	2.45	2.44	2.44	2.21	2.27	1.69	1.22	1.23	1.16	1.25	1.26
- redeemable at a period of notice of up to 3 months	2.60	2.60	2.46	2.44	2.45	2.20	2.26	1.72	1.20	1.22	1.16	1.26	1.27
- redeemable at a period of notice of over 3 months	2.34	2.34	2.41	2.40	2.40	2.38	2.36	1.37	1.44	1.37	1.12	1.12	1.12

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						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Loans in total ¹⁾	a	91.11	98.22	99.55	100.50	105.84	141.04	98.41	98.25	99.27	92.82	95.38	107.27	97.79
	b	8.15	8.08	7.91	8.05	8.08	7.40	7.64	6.57	6.63	7.01	7.17	6.96	6.62
of which:														
Current account overdrafts	a	38.38	39.29	40.66	43.67	42.95	53.09	45.88	48.91	47.17	47.26	48.97	57.67	55.01
	b	11.47	11.70	11.05	10.99	11.14	11.65	9.84	8.62	9.16	9.17	9.24	8.77	8.00
Investment loans	a	4.42	5.21	6.44	4.10	4.78	7.25	3.14	4.65	6.43	3.64	3.40	7.93	4.03
	b	5.85	5.56	5.46	5.73	5.65	5.02	4.94	4.38	3.85	4.53	4.70	3.85	4.49
Operation loans	a	-	-	-	-	-	-	31.45	26.34	27.99	22.30	23.32	20.26	19.80
	b	-	-	-	-	-	-	4.77	3.48	3.12	3.44	3.83	3.93	3.75
Consumer loans	a	2.20	2.14	2.16	2.69	3.44	4.15	3.09	1.20	1.54	1.64	1.92	1.75	1.49
	b	13.39	12.90	12.52	12.24	12.71	12.48	11.43	12.35	11.30	11.55	12.17	11.87	10.60
Housing loans	a	4.65	4.69	4.89	5.05	4.88	5.07	2.90	3.14	3.58	3.99	4.50	5.35	5.26
	b	7.30	7.54	7.59	7.52	7.46	6.93	6.27	5.76	5.90	5.92	5.70	5.44	5.27
of which: mortgage loans without state bonus	a	0.36	0.53	0.56	0.70	0.76	0.84	0.75	0.66	0.77	0.78	0.98	1.49	1.29
	b	7.82	7.63	7.52	6.95	6.85	6.88	6.73	6.54	6.36	5.71	5.31	5.19	5.01
mortgage loans with state bonus – client	a	1.82	1.54	1.46	1.45	1.41	1.39	0.88	0.54	0.57	0.55	0.52	0.57	0.55
	b	5.98	6.22	6.27	6.21	6.15	6.03	6.48	6.01	6.25	6.08	5.83	5.19	5.21
mortgage loans with state bonus – bank	a	1.82	1.54	1.46	1.45	1.41	1.39	0.88	0.54	0.57	0.55	0.52	0.57	0.55
	b	6.93	6.99	6.93	6.90	6.79	6.77	6.82	6.69	6.34	6.14	5.79	5.29	5.28
construction loans	a	0.15	0.11	0.10	0.12	0.09	0.10	0.08	0.09	0.09	0.11	0.11	0.11	0.12
	b	5.25	5.33	5.31	5.39	5.32	5.24	5.26	5.26	5.26	5.33	5.29	5.26	5.44
intermediate loans	a	1.03	1.03	1.04	1.03	0.96	0.99	0.51	0.51	0.61	0.69	0.74	1.14	1.10
	b	7.41	7.48	7.35	7.39	7.32	7.33	7.28	7.22	7.16	7.16	7.04	6.56	6.57
other real estate loans	a	-	-	-	-	-	-	0.67	1.34	1.53	1.87	2.14	2.04	2.21
	b	-	-	-	-	-	-	4.83	4.76	5.06	5.55	5.39	5.09	4.80
Other loans	a	35.92	41.88	39.23	39.98	44.13	64.86	5.32	8.16	5.79	7.02	6.32	4.83	5.14
	b	4.91	4.99	5.06	4.94	5.17	3.91	5.77	4.12	4.48	4.46	4.47	4.51	4.52
Short-term loans	a	77.63	83.82	82.16	86.86	88.54	120.67	87.09	84.41	85.33	80.16	81.81	87.96	84.47
	b	8.26	8.21	8.11	8.10	8.16	7.45	7.68	6.78	6.81	7.15	7.35	7.36	6.79
- with a maturity of up to 7 days	a	30.29	38.68	33.85	36.71	40.16	52.36	35.77	40.21	31.91	29.28	30.50	29.13	31.83
	b	6.58	6.87	6.16	6.04	5.84	5.69	5.99	5.57	4.96	5.11	5.40	5.52	5.22
- up to 1 month	a	6.19	6.19	8.27	5.09	6.52	17.97	7.62	6.94	8.66	6.30	7.65	7.50	4.51
	b	5.37	5.31	5.86	5.52	5.69	3.77	5.51	4.23	3.99	4.01	4.44	4.65	4.41
- up to 3 months	a	5.93	4.19	3.05	5.90	3.14	5.24	5.59	3.67	4.36	4.20	2.87	2.53	4.24
	b	5.37	5.41	6.26	5.49	5.53	5.36	4.91	3.58	3.48	4.44	3.88	4.21	4.52
- up to 6 months	a	0.61	1.54	0.82	0.99	0.66	1.38	1.03	0.75	1.66	1.15	0.56	1.82	1.89
	b	5.27	4.54	5.30	5.32	5.70	5.04	4.66	4.28	3.10	3.43	4.07	3.82	3.49
- up to 12 months	a	34.60	33.22	36.17	38.17	38.05	43.73	37.08	32.85	38.75	39.24	40.24	46.98	42.00
	b	10.79	10.83	10.67	10.90	11.30	11.38	10.24	9.21	9.50	9.58	9.67	9.24	8.62
Long-term loans with a maturity of 1 to 5 years	a	8.12	8.56	9.67	7.40	9.92	10.64	6.83	9.76	7.08	6.92	7.57	8.05	6.22
	b	7.86	7.58	7.17	8.11	7.98	7.80	7.31	4.83	5.70	6.10	6.31	5.76	5.68
Long-term loans with a maturity of over 5 years	a	5.36	5.84	7.72	6.23	7.38	9.72	4.50	4.08	6.85	5.74	6.00	11.27	7.10
	b	7.07	7.01	6.73	7.27	7.21	6.39	7.42	6.28	5.25	6.10	5.87	4.70	5.42

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						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Deposits in total	a	637.29	666.03	663.68	656.28	662.96	669.70	659.78	614.32	668.07	686.16	671.62	679.20	685.33
	b	2.24	2.51	2.37	2.30	2.28	2.01	2.19	1.56	1.59	1.63	1.53	1.59	1.54
of which:														
Demand deposits	a	206.66	209.81	214.26	207.98	216.82	247.20	215.47	229.87	226.16	231.03	239.71	242.19	248.72
	b	0.78	0.96	0.86	0.76	0.76	0.83	0.81	0.56	0.48	0.48	0.48	0.49	0.48
Time deposits	a	337.71	364.97	359.66	359.65	358.21	331.22	397.33	338.66	397.12	411.05	388.58	394.11	394.26
	b	3.21	3.53	3.37	3.27	3.27	2.88	3.03	2.29	2.29	2.34	2.25	2.32	2.28
- short-term	a	316.90	344.44	338.94	339.18	337.59	311.01	332.65	273.28	332.36	347.34	325.38	330.17	330.61
	b	3.10	3.47	3.29	3.18	3.19	2.78	2.97	2.05	2.10	2.17	2.06	2.16	2.11
- overnight	a	17.59	19.24	21.78	20.77	27.20	12.09	35.42	47.87	36.09	21.22	38.81	35.89	27.31
	b	2.56	4.90	3.62	2.76	2.54	2.44	3.37	2.06	1.49	1.69	1.48	2.01	1.79
- up to 7 days	a	37.91	35.36	32.98	33.68	27.47	53.16	27.31	50.55	29.47	34.48	37.43	19.39	32.14
	b	2.75	4.24	3.55	3.00	3.24	2.79	3.14	2.02	2.01	1.91	2.25	2.06	1.86
- up to 1 month	a	159.15	180.56	186.29	186.73	193.42	156.29	183.77	86.63	183.72	209.57	170.82	199.29	195.10
	b	3.33	3.50	3.53	3.54	3.57	3.01	3.17	1.88	2.27	2.37	2.30	2.39	2.39
- up to 3 months	a	62.39	70.76	63.25	63.48	55.24	55.33	52.14	53.49	49.81	47.92	46.07	43.96	45.94
	b	2.80	2.83	2.67	2.66	2.51	2.37	2.27	2.15	1.90	1.80	1.62	1.60	1.61
- up to 6 months	a	20.30	19.59	18.77	18.52	18.41	18.29	18.62	18.36	17.00	18.18	16.64	15.97	16.10
	b	3.06	2.75	2.42	2.40	2.33	2.34	2.32	2.22	1.97	1.89	1.61	1.44	1.29
- up to 12 months	a	19.55	18.94	15.86	15.99	15.86	15.85	15.40	16.38	16.27	15.97	15.61	15.67	14.02
	b	3.46	3.38	2.95	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98
- medium-term	a	19.57	19.70	19.98	19.73	19.87	19.46	26.17	26.29	26.01	25.00	24.78	25.06	24.72
	b	4.67	4.65	4.64	4.65	4.58	4.33	3.75	3.71	3.65	3.69	3.69	3.35	3.33
- up to 2 years	a	13.66	13.52	13.65	13.29	13.38	12.99	12.87	12.88	13.14	12.18	12.09	12.09	12.17
	b	4.60	4.56	4.51	4.54	4.50	4.15	4.12	4.09	4.05	4.19	4.21	3.60	3.57
- up to 5 years	a	5.91	6.18	6.33	6.43	6.48	6.47	13.30	13.41	12.87	12.82	12.69	12.97	12.56
	b	4.83	4.85	4.93	4.88	4.75	4.70	3.40	3.34	3.25	3.21	3.21	3.11	3.09
- long-term over 5 years	a	1.24	0.82	0.75	0.75	0.76	0.76	38.51	39.09	38.74	38.71	38.42	38.88	38.94
	b	8.11	5.06	5.03	5.06	5.10	5.11	3.01	3.00	2.99	2.99	3.00	3.04	3.03
Savings deposits	a	92.92	91.25	89.76	88.64	87.93	91.27	46.98	45.79	44.80	44.07	43.34	42.90	42.35
	b	1.95	1.98	2.00	2.01	2.03	2.06	1.35	1.18	0.98	0.99	0.93	0.94	0.95
- short-term	a	38.23	37.03	36.16	35.44	34.79	34.59	34.86	33.84	32.86	32.08	31.27	30.74	30.11
	b	1.46	1.48	1.50	1.52	1.54	1.46	1.48	1.26	0.98	0.96	0.87	0.86	0.85
- medium-term	a	13.76	13.40	13.14	12.95	12.77	12.64	12.09	11.92	11.90	11.96	12.03	12.15	12.21
	b	0.78	0.89	0.89	1.01	1.01	0.69	0.70	0.98	1.01	1.09	1.12	1.17	1.22
- long-term	a	40.93	40.82	40.46	40.25	40.37	44.04	0.04	0.04	0.03	0.03	0.03	0.00	0.03
	b	2.80	2.81	2.81	2.82	2.82	2.83	0.88	0.78	0.57	0.57	0.57	1.40	1.34
Time and savings deposits	a	430.63	456.22	449.42	448.30	446.14	422.50	444.31	384.45	441.91	455.13	431.92	437.01	436.61
	b	2.94	3.22	3.09	3.01	3.02	2.70	2.85	2.16	2.15	2.20	2.12	2.19	2.15
- short-term	a	355.13	381.47	375.09	374.62	372.38	345.60	367.51	307.12	365.23	379.42	356.65	360.92	360.71
	b	2.93	3.27	3.11	3.02	3.03	2.65	2.83	1.96	2.00	2.07	1.95	2.05	2.00
- medium-term	a	33.33	33.10	33.12	32.68	32.64	32.10	38.26	38.20	37.91	36.96	36.81	37.22	36.93
	b	3.06	3.13	3.15	3.20	3.18	2.90	2.78	2.86	2.82	2.85	2.85	2.63	2.63
- long-term	a	42.17	41.65	41.21	41.00	41.13	44.79	38.55	39.13	38.78	38.75	38.46	38.88	38.97
	b	2.96	2.85	2.85	2.86	2.86	2.87	3.01	3.00	2.99	2.98	3.00	3.04	3.03

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						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Average interest rate on total credit ¹⁾	1	6.81	6.81	6.74	6.73	6.69	6.43	6.49	6.26	6.06	5.96	5.93	6.01	5.97
Average interest rate on deposits	2	2.24	2.51	2.37	2.30	2.28	2.01	2.18	1.56	1.59	1.63	1.53	1.59	1.54
Average interest rate on new loans ¹⁾	3	8.15	8.08	7.92	8.05	8.10	7.35	7.64	6.57	6.63	7.01	7.17	6.96	6.62
Average interbank money market rate (1D to 12M – mid rates)	4	3.80	3.86	3.98	4.06	4.10	3.54	3.60	2.64	2.16	2.42	2.65	2.70	2.69
Average interest rate on new short-term loans ¹⁾	5	8.26	8.21	8.12	8.10	8.18	7.44	7.68	6.78	6.81	7.14	7.35	7.36	6.79
Average interest rate on short-term deposits	6	2.93	3.27	3.11	3.02	3.03	2.65	2.83	1.96	2.00	2.07	1.95	2.05	2.00
Difference between the average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	5.33	4.94	5.01	5.08	5.15	4.79	4.85	4.82	4.81	5.07	5.40	5.31	4.79
Basic interest rate of the NBS (until 31 Dec. 2002 discount rate)	8	4.50	4.50	4.50	4.50	4.50	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
12-month rate of inflation	9	8.50	7.20	6.70	6.60	6.30	5.90	3.20	2.70	2.50	2.70	2.40	2.50	2.00
Year-on-year increase in industrial producer prices	10	3.00	3.70	4.00	4.70	4.50	4.30	2.80	2.10	2.60	3.50	3.90	4.80	5.30
Real interest rate on new short-term loans (line 5 – line 10)	11	5.26	4.51	4.12	3.40	3.68	3.14	4.88	4.68	4.21	3.64	3.45	2.56	1.49
Difference between the average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	-0.24	1.01	1.42	1.50	1.88	1.54	4.48	4.08	4.31	4.44	4.95	4.86	4.79
Average interest rate on one-year deposits	13	3.46	3.38	2.95	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98
Real interest rate on one-year deposits (line 13 – line 9)	14	-5.04	-3.82	-3.75	-3.69	-3.47	-3.19	-0.71	-0.24	-0.13	-0.52	-0.27	-0.43	-0.02
Nominal interest margin (line 1 – line 2)	15	4.57	4.30	4.37	4.43	4.41	4.42	4.31	4.70	4.47	4.33	4.40	4.42	4.43
Difference between the average interest rates on new loans and total deposits (line 3 – line 2)	16	5.91	5.57	5.55	5.75	5.82	5.34	5.46	5.01	5.04	5.38	5.64	5.37	5.08
Difference between the average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	4.46	4.35	4.14	4.04	4.08	3.90	4.08	4.14	4.65	4.72	4.70	4.66	4.10
Difference between the average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	4.35	4.22	3.94	3.99	4.00	3.81	4.04	3.93	4.47	4.59	4.52	4.26	3.93
Average interest rate on loans ²⁾	19	6.55	6.56	6.51	6.51	6.47	6.23	6.28	6.05	5.86	5.78	5.75	5.83	5.81
Nominal interest margin (line 19 – line 2)	20	4.31	4.05	4.14	4.21	4.19	4.22	4.10	4.49	4.27	4.15	4.22	4.24	4.27

1) Excluding loans at zero interest rate.

2) Including loans at zero interest rate.



Shortened Balance Sheet of Commercial Banks as at 31 July 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	
Total assets	63,196,043	1,167,574,387	31,659,212	127,007,558	60,713,132	1,323,758,246
Cash items	0	10,505,101	0	33,348	3,677,841	14,216,290
Cash in hand	0	9,631,660	0	0	3,395,367	13,027,027
Gold	0	1	0	0	0	1
Other cash items	0	873,440	0	33,348	282,474	1,189,262
Deposits with and credits to NBS, foreign issuing banks, and post office banks	242	314,448,908	0	0	3,341	314,452,007
Money reserve accounts with the NBS	0	13,410,388	0	0	0	13,410,388
Deposits, credits, and other receivables	50,836	29,408,930	8,641,951	2,382,593	13,657,078	54,039,716
Current accounts with banks	6	439,003	17,357	85,061	6,647,048	7,188,463
Credits provided	0	3,864,147	454,725	0	2,218,483	6,537,355
Time deposits with banks	850	24,765,731	5,017,962	2,294,081	4,531,250	36,608,174
Current accounts of other banks	0	0	2,611,759	3,441	227,231	2,842,431
Other receivables	0	262,128	540,148	10	28,314	830,600
Standard credits, qualified deposits, classified credits, deposits, and other receivables	49,980	77,921	0	0	4,752	32,693
of which: Short-term receivables	44	0	0	0	44	0
Interest on non-performing credits	458	740	0	0	0	282
Standard credits to customers	1,038,539	253,369,131	520,417	69,782,503	9,355,698	331,989,210
Short-term credits	463,913	38,169,580	225,054	16,429,977	2,442,517	56,803,215
Long-term credits	574,626	215,199,551	295,363	53,352,526	6,913,181	275,185,995
of which: Credits repayable in 1 to and including 5 years	449,425	76,568,028	65,361	22,591,283	3,572,805	102,348,052
Receivables from financial leasing	0	7,811	0	46,123	3,243	57,177
Other receivables from customers	3,417	2,546,371	34,400	1,269,176	1,067,000	4,913,530
of which: Credits for commercial claims	3,417	602,405	0	1,205,061	199,127	2,003,176
Current accounts of customers - debit balances, overdrafts	245,976	43,507,441	166,394	13,659,609	133,968	57,221,436
Standard receivables with conditions, classified credits, and other receivables from customers	23,929,880	51,260,786	383,750	20,149,589	1,597,274	49,461,519
of which: Interest due, but unpaid	2,492,229	2,538,529	1,939	28,535	2,053	78,827
Standard credits with conditions	2,435,496	25,155,585	161,686	14,610,263	1,236,712	38,728,750
Sub-standard receivables	1,916,013	6,856,827	204,719	2,614,653	337,856	8,098,042
Doubtful and controversial claims	2,233,895	3,031,510	95	1,024,012	82	1,821,804
Loss-making receivables	17,344,476	16,216,864	17,250	1,900,661	22,624	812,923
Receivables with reduced value	281,732	385,740	0	15,355	45,024	164,387
Unclassified receivables from customers	0	0	0	0	0	0
Other specific receivables	0	0	0	0	0	0
Accounts of state authorities, local governments, and funds	82,791	16,570,445	0	6,846,570	0	23,334,224
Standard credits with conditions, classified loans, and other receivables	79,147	97,859	0	457,678	0	476,390
Credits to state authorities	0	10,141,652	0	794,449	0	10,936,101
Credits to social security funds	0	261,312	0	0	0	261,312
Credits to local governments	3,644	6,069,622	0	5,594,443	0	11,660,421
Credits to funds	0	0	0	0	0	0
Fixed forward transactions	0	4,522,451	7,932,825	757,915	2,745,727	15,958,918
Claims in respect of money collection	0	110,002	2,428	630,971	105,141	848,542
Branches and representative offices	0	1,095	260,262	0	44,684	306,041
Receivables and other suspense accounts	1,222,506	5,755,172	17,536	221,178	15,050	4,786,430
Securities for sale and other shareholdings	190,654	39,772,227	866,925	3,335,346	5,119,138	48,902,982
Receivables from trade in securities and from securities issued by the accounting unit	0	900,600	1	8,616	5	909,222
Securities intended for trading	0	121,063,818	3,495,200	3,425,785	17,636,413	145,621,216
Options - purchase	0	1,486,518	674,886	250,482	55,155	2,467,041
Financial investment	1,547,364	196,506,669	8,662,237	4,192,232	4,906,162	212,719,936
Long-term funds provided to branches abroad	0	0	0	0	525,808	525,808
Tangible assets	25,555,805	47,774,504	0	164	0	22,218,863
Acquisition of tangible and intangible assets	3,200	2,428,134	0	0	19,382	2,444,316
Subordinated financial assets	0	62,511	0	0	0	62,511
Intangible assets	9,043,101	11,646,322	0	0	0	2,603,221
Inventories	0	123,312	0	3	0	123,315
Adjustments and accumulated depreciation	63,192,157	58,866,427	29,210	3,892,832	403,688	0



Shortened Balance Sheet of Commercial Banks as at 31 July 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	
Total liabilities	873,194,962	141,504,387	101,460,921	207,597,976	1,323,758,246
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	5,238,233	0	78,946	0	5,317,179
Current accounts with NBS and foreign issuing banks	1,351,677	0	0	0	1,351,677
Time deposits of NBS and foreign issuing banks	0	0	0	0	0
Credits received from NBS and foreign issuing banks	3,886,556	0	78,946	0	3,965,502
of which: Redistribution credit	3,279,791	0	0	0	3,279,791
Refinancing repo credit	0	0	0	0	0
Deposits, credits, and other liabilities	29,157,267	79,836,634	2,416,554	159,327,225	270,737,680
Current accounts with banks	0	5,337	3,440	2,262,262	2,271,039
Current accounts of other banks	443,671	4,575,170	85,752	289,903	5,394,496
Other payables	35,234	4,064	33,283	432,932	505,513
Credits received	3,912,661	24,710,505	0	25,843,874	54,467,040
Time deposits of other banks	24,765,701	50,541,558	2,294,079	130,498,254	208,099,592
Payables in respect of other items	0	0	0	0	0
Liabilities in respect of short selling securities	0	0	0	0	0
Deposits of customers	583,536,030	6,275,770	81,108,175	3,746,110	674,666,085
Current accounts of customers	226,633,605	4,313,973	42,176,040	2,695,967	275,819,585
Time deposits of customers	275,750,179	1,874,849	37,082,185	1,024,457	315,731,670
Savings deposits of customers	80,364,968	86,828	1,849,950	25,686	82,327,432
Certificates of deposit	787,278	120	0	0	787,398
Other liabilities to customers	11,281,354	12,651	4,536,567	1,498,156	17,328,728
Loans received from customers	6,298,495	0	1,198	0	6,299,693
Liabilities from financial leasing	10,781	0	0	0	10,781
Short-term securities issued by the accounting unit	9,354,921	13,713	1,930,868	17,470	11,316,972
Earmarked deposits	262	0	0	6,629,552	6,629,814
Other specific payables	16,149	0	5	0	16,154
Accounts of state authorities, local governments, and funds	111,598,654	4,376	9,437,410	11,393	121,051,833
Non-budgetary money deposits of state authorities	90,287,578	4,376	9,348,058	11,393	99,651,405
Deposits of social security funds	232,356	0	0	0	232,356
Deposits of local governments	18,111,255	0	63,770	0	18,175,025
Deposits of funds	2,967,465	0	25,582	0	2,993,047
Fixed forward transactions	3,429,586	7,300,020	444,882	3,684,170	14,858,658
Payables in respect of money collection	466,362	546	661,426	75,019	1,203,353
Branches and representative offices	260,890	4,913,384	0	32,157,555	37,331,829
Various payables, adjustment and other suspense accounts	4,546,738	17,027	245,702	29,620	4,839,087
Liabilities from trading in securities and securities issued by the accounting unit	273,174	4,866	78,150	25	356,215
Options – sale	769,285	1,383,275	67,969	248,064	2,468,593
Subsidies and similar funds	3,326,965	0	0	0	3,326,965
Long-term securities issued by the accounting unit	39,888,493	1,133,093	1,974	0	41,023,560
Subordinated financial liabilities	0	513,251	0	0	513,251
Reserves	6,469,219	0	67,658	100,770	6,637,647
Reserve funds and other funds allocated from profits	12,443,614	146,500	0	0	12,590,114
Registered capital	4,642,073	36,808,128	0	0	41,450,201
Long-term funds provided to branches of foreign banks	0	2,844,579	0	0	2,844,579
Share premium	1,950,191	250,000	0	0	2,200,191
Own shares	-26,909	0	0	0	-26,909
Capital fund	205,409	5,490	0	0	210,899
Gains or losses from revaluation of net investments connected with shares and deposits	10,018	0	1,523	309	11,850
Gains or losses from revaluation of security derivatives	1,798,324	41,084	381,914	72,538	2,293,860
Retained earnings from previous years +/-	27,569,795	0	0	0	27,569,795
Accumulated losses from previous years -/-	-982,986	0	0	0	-982,986
Profit and loss account +/-, -/-	9,153,123	0	0	0	9,153,123
Profit or loss in process of approval +/-, -/-	509,452	0	0	0	509,452



Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2004						2005						
	7	8	9	10	11	12	1	2	3	4	5	6	7
EXPENSES													
Expenses on financial operations:	149,803	164,229	177,710	192,022	210,392	234,692	19,396	35,034	58,931	79,761	97,229	120,455	138,133
Other interest	14,788	16,664	18,661	20,544	22,497	24,202	2,023	3,750	5,427	7,222	9,186	10,998	12,749
of which: Financial renting expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and commissions	870	1,004	1,139	1,281	1,470	1,592	135	270	390	625	771	947	1,108
Operations in securities	1,450	1,677	1,873	2,068	2,202	2,464	74	179	492	641	799	981	1,118
Interest on securities	1,284	1,484	1,687	1,903	2,119	2,383	230	432	673	891	1,118	1,345	1,581
Foreign exchange operations	64,710	71,850	77,730	83,985	92,354	106,069	8,728	15,593	31,356	43,886	54,988	67,918	79,570
Operations in derivatives	66,052	70,844	75,822	81,342	88,762	96,882	8,113	14,642	20,346	26,161	29,941	37,728	41,351
Other operations	649	706	797	899	987	1,100	94	166	248	336	426	539	655
General operating expenses	15,112	17,300	19,499	21,722	24,068	26,341	2,136	4,407	6,640	8,849	11,244	13,657	15,921
Additions to reserves and provisions	14,740	16,521	19,932	21,645	23,817	30,941	2,727	4,968	7,709	9,344	10,979	14,256	16,258
Other operating expenses	7,928	8,399	9,934	10,992	11,699	13,700	595	1,138	1,863	2,422	3,123	4,048	6,473
Extraordinary expenses	0	0	0	0	0	200	0	0	0	0	0	0	0
Income tax	749	857	857	1,019	1,048	1,788	96	191	367	587	921	977	780
Current period profit	8,262	9,518	10,167	11,061	12,347	12,287	1,446	2,702	3,748	5,073	6,152	7,581	9,159
TOTAL EXPENSES, PLUS PROFIT	196,595	216,825	238,099	258,461	283,371	319,950	26,396	48,440	79,258	106,035	129,649	160,974	186,724
INCOME													
Income from financial operations:	176,806	195,014	212,238	230,318	252,735	281,542	23,648	43,303	71,135	95,670	117,223	144,732	166,461
Income from other interest	22,085	25,179	28,342	31,409	34,570	37,660	3,306	6,231	9,284	12,489	15,791	18,863	21,909
of which: Income from financial renting	0	0	0	0	0	1	0	0	0	0	0	1	1
Income from shares and stakes	140	224	248	275	276	280	32	107	155	167	209	81	86
Income from fees and provisions	6,037	6,928	7,874	8,807	9,743	10,962	917	1,840	2,937	3,974	5,037	6,179	7,283
Income from operations in securities	2,796	3,067	3,276	3,577	4,130	5,261	661	1,229	1,397	1,601	1,908	2,481	2,745
Income from interest on securities	12,111	13,645	15,205	16,777	18,366	20,452	1,599	2,947	4,370	5,626	7,020	8,407	9,837
Income from foreign exchange operations	67,543	74,996	81,292	87,911	96,709	109,859	8,717	16,511	32,214	44,944	55,705	68,728	79,508
Income from operations in derivatives	65,670	70,480	75,425	80,919	88,217	96,246	8,330	14,258	20,523	26,509	31,087	39,392	44,385
Income from other operations	424	495	575	643	723	822	85	179	255	359	466	601	708
Use of reserves and provisions	18,163	20,051	23,801	25,795	28,068	35,248	2,663	4,919	7,751	9,679	11,629	15,057	17,656
Other operating income	1,625	1,758	2,058	2,344	2,566	3,153	82	216	372	687	797	1,183	2,601
Extraordinary income	0	0	0	0	0	0	2	3	0	0	0	0	0
Current period loss	0	1	2	4	3	7	1	0	0	0	0	3	6
TOTAL INCOME, PLUS LOSS	196,595	216,825	238,099	258,461	283,371	319,950	26,396	48,440	79,258	106,035	129,649	160,974	186,724



Balance of Payments of the SR for January – June 2005

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
Goods	461,272.0	15,356.3	490,366.0	16,324.9	-29,094.0	-968.6
Services	64,013.8	2,131.1	58,852.1	1,959.3	5,161.7	171.8
Transport	23,634.3	786.8	17,229.0	573.6	6,405.3	213.2
Tourism	17,024.6	566.8	12,246.3	407.7	4,778.2	159.1
Other services	23,354.9	777.5	29,376.7	978.0	-6,021.9	-200.5
Income	25,131.2	836.6	49,605.5	1,651.4	-24,474.3	-814.8
Compensation of employees	15,477.4	515.3	554.6	18.5	14,922.7	496.8
Investment income	9,653.8	321.4	49,050.9	1,633.0	-39,397.1	-1,311.6
Current transfers	22,978.6	765.0	22,292.1	742.1	686.5	22.9
CURRENT ACCOUNT	573,395.6	19,089.0	621,115.7	20,677.7	-47,720.2	-1,588.7
Capital account	375.6	12.5	350.2	11.7	25.4	0.8
Financial account	1,930,719.1	64,272.7	-1,820,688.9	-60,600.7	110,030.2	3,672.1
Direct investment	330,694.4	11,009.2	-298,854.7	-9,949.2	31,839.7	1,060.0
<i>Abroad (direct investor = resident)</i>	19,082.7	635.3	-20,273.5	-674.9	-1,190.8	-39.6
Equity capital and reinvested earnings	319.7	10.6	-674.5	-22.5	-354.8	-11.8
Other capital	18,763.0	624.6	-19,599.0	-652.5	-836.0	-27.8
<i>In the SR (recipient of dir. investment = resident)</i>	311,611.7	10,373.9	-278,581.2	-9,274.3	33,030.5	1,099.6
Equity capital and reinvested earnings	24,479.7	815.0	-2,934.2	-97.7	21,545.5	717.3
Other capital	287,132.0	9,559.0	-275,647.0	-9,176.6	11,485.0	382.3
Portfolio investment	401,072.2	13,352.2	-414,193.4	-13,766.2	-13,121.3	-414.0
Assets	30,044.5	1,000.2	-45,571.3	-1,517.1	-15,526.8	-516.9
Liabilities	371,027.7	12,351.9	-368,622.2	-12,249.1	2,405.5	102.9
Financial derivatives	490,770.1	16,338.3	-492,048.9	-16,380.9	-1,278.8	-42.6
Assets	205,312.6	6,835.1	-210,653.6	-7,012.9	-5,341.1	-177.8
Liabilities	285,457.5	9,503.2	-281,395.2	-9,368.0	4,062.3	135.2
Other investment	708,182.5	23,573.0	-615,591.9	-20,504.4	92,590.6	3,068.7
<i>Long-term</i>	49,560.6	1,649.1	-59,226.1	-1,990.1	-9,665.6	-341.0
Assets	15,541.2	516.6	-16,166.7	-538.3	-625.5	-21.7
Liabilities	34,019.4	1,132.5	-43,059.4	-1,451.8	-9,040.0	-319.3
<i>Short-term</i>	658,621.9	21,923.9	-556,365.8	-18,514.3	102,256.1	3,409.7
Assets	217,862.0	7,252.9	-235,052.7	-7,825.2	-17,190.7	-572.3
Liabilities	440,760.0	14,671.1	-321,313.1	-10,689.1	119,446.9	3,982.0
CAPITAL AND FINANCIAL ACCOUNT	1,931,094.8	64,285.2	-1,821,039.1	-60,612.3	110,055.7	3,672.9
ERRORS AND OMISSIONS	-	-	-	-	6,268.9	383.5
TOTAL BALANCE	-26,601.4	-860.4	95,205.8	3,328.1	68,604.4	2,467.7
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-0.2	0.0	-0.2	0.0
Foreign exchange	26,601.4	860.4	-95,205.6	-3,328.1	-68,604.2	-2,467.7
<i>Currency and deposits</i>	26,601.4	860.4	0.0	0.0	26,601.4	860.4
<i>Securities</i>	0.0	0.0	-95,205.6	-3,328.1	-95,205.6	-3,328.1
Bonds and notes	0.0	0.0	-59,188.1	-2,067.1	-59,188.1	-2,067.1
Money market instruments and financial derivatives	0.0	0.0	-36,017.5	-1,261.0	-36,017.5	-1,261.0
RESERVE ASSETS	26,601.4	860.4	-95,205.8	-3,328.1	-68,604.4	-2,467.7

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 29.699



Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in Sk millions		Type of auction auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	akcept.		issue	maturity	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
951504001	20.1.2005	21.1.2005	15.4.2005	84	47,662	25,000	American	3.41	3.59	3.68
950807004	14.4.2005	15.4.2005	8.7.2005	84	47,657	35,000	American	2.42	2.64	2.74
952907005	5.5.2005	6.5.2005	29.7.2005	84	37,470	35,000	American	2.70	2.91	3.00
952608007	2.6.2005	3.6.2005	26.8.2005	84	47,539	35,000	American	2.95	2.99	2.99
953009008	7.7.2005	8.7.2005	30.9.2005	84	53,872	35,000	American	2.88	2.95	2.98
952110010	28.7.2005	29.7.2005	21.10.2005	84	43,900	35,000	American	2.93	2.97	2.98
951811011	25.8.2005	26.8.2005	18.11.2005	84	36,898	35,000	American	2.96	2.98	2.99

**Monetary Base of the NBS**

(SKK billions)

	2005		
	10.8.	20.8.	31.8.
SOURCES OF THE MONETARY BASE	144.53	136.44	147.28
Autonomous factors	554.92	555.44	554.37
Net foreign assets	492.06	496.30	498.59
Reserves	495.75	502.83	505.16
Foreign liabilities	3.68	6.53	6.58
Net credit to the government ¹⁾	-0.66	-1.26	-0.86
Other assets net	63.51	60.40	56.65
Monetary policy factors ²⁾	-410.39	-419.01	-407.09
Holdings of securities	0.00	3.00	0.00
SR Treasury bills	0.00	3.00	0.00
Other government securities	0.00	0.00	0.00
NBS treasury bills	605.00	605.00	605.00
of which: in NBS portfolio	194.61	182.99	219.29
Overnight deposits of commercial banks with the NBS	0.00	0.00	21.38
USE OF THE MONETARY BASE³⁾	144.53	136.44	147.28
Currency in circulation	119.60	122.86	121.31
Reserves of commercial banks	24.92	13.58	25.96
Required reserves	21.26	21.26	21.26
Excess reserves	3.67	-7.68	4.71

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

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

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



Basic Characteristics of Slovakia's Foreign Exchange Market in August 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	0.0	0.0	0	0.0	0.0	0	0	0	0	0.0	0
Transactions between domestic banks without foreign participation	5,119.5	64.4	245	2,793.9	35.2	886	31.0	0.4	32	7,944.4	1,163
Interbank forex market: NBS + transactions between domestic banks	5,119.5	64.4	245	2,793.9	35.2	886	31.0	0.4	32	7,944.4	1,163
Transactions between domestic and foreign banks	44,174.4	88.7	1,973	5,340.2	10.7	2,362	300.3	0.6	130	49,815.0	4,465
Foreign exchange market in the SR – total	49,294.0	85.3	2,218	8,134.0	14.1	3,248	331.3	0.6	162	57,759.3	5,628

	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	1,378.9	17.4	808	0.5	0.0	3	6,564.4	82.6	352	0.00	0.0	0	7,943.8	1,163
Transactions between domestic and foreign banks	4,424.5	8.9	2,283	32.7	0.1	20	45,156.3	90.7	1,986	197.2	0.4	176	49,810.7	4,465
Foreign exchange market in the SR - excl. the NBS	5,803.5	10.0	3,091	33.2	0.1	23	51,720.7	89.6	2,338	197.2	0.3	176	57,754.5	5,628

**Average Monthly Exchange Rates of the SKK**

Midpoint rate	2004					2005							
	8	9	10	11	12	1	2	3	4	5	6	7	8
1 AUD	23.394	23.020	23.448	23.472	22.322	22.483	22.813	22.705	23.372	23.548	24.242	24.264	24.016
1 CYP	-	-	-	-	-	66.426	65.282	65.483	67.153	67.502	67.136	67.720	67.515
1 CZK	1.268	1.267	1.270	1.264	1.268	1.274	1.268	1.283	1.301	1.291	1.282	1.286	1.306
1 DKK	5.395	5.386	5.378	5.326	5.237	5.190	5.112	5.128	5.256	5.244	5.177	5.207	5.187
1 EUR	40.115	40.056	40.004	39.578	38.925	38.614	38.051	38.185	39.157	39.039	38.537	38.837	38.695
1 EEK	-	-	-	-	-	2.468	2.432	2.441	2.503	2.495	2.463	2.482	2.473
100 JPY	29.809	29.813	29.385	29.093	28.006	28.421	27.914	27.493	28.186	28.808	29.145	28.798	28.454
1 CAD	25.066	25.420	25.622	25.487	23.926	24.033	23.610	23.722	24.538	24.435	25.427	26.351	26.067
1 LTL	-	-	-	-	-	11.183	11.020	11.059	11.342	11.308	11.162	11.246	11.207
1 LVL	-	-	-	-	-	55.447	54.669	54.853	56.256	56.085	55.371	55.799	55.599
100 HUF	16.111	16.172	16.211	16.130	15.828	15.665	15.596	15.612	15.797	15.493	15.455	15.755	15.828
1 MTL	-	-	-	-	-	89.297	88.303	88.438	91.078	90.933	89.747	90.456	90.140
1 NOK	4.813	4.790	4.852	4.860	4.740	4.700	4.575	4.664	4.787	4.823	4.881	4.902	4.886
1 PLN	9.057	9.151	9.256	9.282	9.387	9.466	9.528	9.537	9.451	9.319	9.482	9.474	9.560
100 SIT	16.715	16.692	16.673	16.505	16.233	16.105	15.872	15.931	16.338	16.299	16.094	16.216	16.156
1 CHF	26.079	25.963	25.913	25.994	25.374	24.974	24.541	24.660	25.295	25.275	25.053	24.929	24.904
1 SEK	4.363	4.406	4.416	4.394	4.338	4.267	4.187	4.204	4.273	4.246	4.166	4.121	4.141
1 USD	32.939	32.825	32.081	30.532	29.074	29.348	29.259	28.885	30.249	30.672	31.641	32.220	31.494
1 GBP	59.981	58.856	57.882	56.675	56.066	55.217	55.168	55.134	57.270	57.073	57.589	56.479	56.421
1 XDR	48.257	48.056	47.419	46.163	44.756	44.785	44.383	44.132	45.689	45.994	46.461	46.740	46.184

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	2004					2005	
	Q1	Q2	Q3	Q4	Year	Q1	Q2
1 AUD	24.820	23.774	23.232	23.062	23.722	22.667	23.726
1 CYP	-	-	-	-	-	65.726	67.266
1 CZK	1.235	1.251	1.267	1.268	1.255	1.275	1.291
1 DKK	5.446	5.389	5.382	5.312	5.382	5.143	5.225
1 EUR	40.574	40.089	40.025	39.492	40.045	38.282	38.907
1 EEK	-	-	-	-	-	2.447	2.487
100 JPY	30.257	30.352	29.794	28.811	29.804	27.935	28.721
1 CAD	24.618	24.480	25.010	24.987	24.774	23.788	24.804
1 LTL	-	-	-	-	-	11.087	11.270
1 LVL	-	-	-	-	-	54.987	55.899
100 HUF	15.597	15.902	16.079	16.051	15.907	15.624	15.578
1 MTL	-	-	-	-	-	88.675	90.578
1 NOK	4.700	4.850	4.772	4.815	4.784	4.647	4.831
1 PLN	8.493	8.545	9.042	9.310	8.847	9.511	9.417
100 SIT	17.075	16.787	16.680	16.466	16.752	15.969	16.242
1 CHF	25.865	26.067	26.061	25.750	25.936	24.724	25.206
1 SEK	4.419	4.382	4.369	4.382	4.388	4.219	4.228
1 USD	32.457	33.264	32.761	30.539	32.255	29.160	30.863
1 GBP	59.630	60.107	59.595	56.865	59.049	55.172	57.311
1 XDR	48.234	48.560	48.074	46.090	47.740	44.429	46.053

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.



Inflow of Foreign Direct Investment¹⁾ into Slovakia in 1999 – 2005

(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
1999	65,637	16,729	695	83,061	1,778.15	403.92	-216.87	1,965.20
2000	83,061	97,454	-18,527	161,988	1,965.20	2,109.39	-656.33	3,418.26
2001	161,988	24,353	-4,190	182,151	3,418.26	503.71	-163.73	3,758.24
2002	182,151	174,180	-96,814	259,517	3,758.24	3,842.06	-1,118.22	6,482.08
2003	259,517	37,157	-13,596	283,078	6,482.08	1,010.44	1,106.43	8,598.95
2004 ³⁾	298,431	26,368	5,798	330,597	9,065.34	817.49	1,718.70	11,601.53
2005 ⁴⁾	329,691	6,423	-105	336,009 ⁵⁾	11,569.73	213.83	-1,225.54	10,558.02 ⁵⁾

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
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 ²⁾	59,980	1,813	3,629	65,422	1,498.15	49.30	439.85	1,987.30
2004 ³⁾	65,422	5,115	-3,893	66,644	1,987.30	158.58	192.83	2,338.71
2005	66,644	123	0	66,767 ⁵⁾	2,338.71	4.09	-244.87	2,097.93 ⁵⁾

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
1999	78,568	16,689	781	96,038	2,128.46	402.95	-259.18	2,272.23
2000	96,038	99,561	-18,458	177,141	2,272.23	2,155.00	-689.21	3,738.02
2001	177,141	61,448	-4,193	234,396	3,738.02	1,270.98	-172.80	4,836.20
2002	234,396	185,594	-100,744	319,246	4,836.20	4,093.83	-956.06	7,973.97
2003 ²⁾	319,497	38,970	-9,967	348,500	7,980.23	1,059.74	1,546.28	10,586.25
2004 ³⁾	363,853	31,483	1,905	397,241	11,052.64	976.07	1,911.53	13,940.24
2005 ⁴⁾	396,335	6,546	-105	402,776 ⁵⁾	13,908.44	217.92	-1,470.41	12,655.95 ⁵⁾

Note: The data for 2003 – 2005 are preliminary.

- 1) Equity capital + reinvested earnings.
- 2) Change in methodology – new accounting standards for banks.
- 3) Other capital funds included in the equity capital.
- 4) Change in methodology (higher limit for foreign exchange reporting obligation).
- 5) Data at 30 June.



Inflow of Foreign Direct Investment¹⁾ During January to June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 30.038									
Inflow of FDI (equity capital + reinvested earnings) in total	6,423	213.8	100.0	123	4.1	100.0	6,546	217.9	100.0
Structure of capital by investor									
Czech Republic	1,648	54.9	25.7	-1	0.0	-0.8	1,647	54.8	25.2
South Korea	1,209	40.2	18.8	0	0.0	0.0	1,209	40.2	18.5
Austria	995	33.1	15.5	172	5.7	139.8	1,167	38.9	17.8
Germany	1,217	40.5	18.9	-251	-8.4	-204.1	966	32.2	14.8
Switzerland	646	21.5	10.1	0	0.0	0.0	646	21.5	9.9
United Kingdom	511	17.0	8.0	125	4.2	101.6	636	21.2	9.7
The Netherlands	511	17.0	8.0	3	0.1	2.4	514	17.1	7.9
Belgium	294	9.8	4.6	0	0.0	0.0	294	9.8	4.5
USA	183	6.1	2.8	0	0.0	0.0	183	6.1	2.8
Luxembourg	35	1.2	0.5	0	0.0	0.0	35	1.2	0.5
Other countries	-826	-27.5	-12.9	75	2.5	61.0	-751	-25.0	-11.5
Structure of capital by sector									
Agriculture, hunting, and forestry	-2	-0.1	0.0	0	0.0	0.0	-2	-0.1	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	8	0.3	0.1	0	0.0	0.0	8	0.3	0.1
Manufacturing	2,463	82.0	38.3	0	0.0	0.0	2,463	82.0	37.6
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-112	-3.7	-1.7	0	0.0	0.0	-112	-3.7	-1.7
Wholesale and retail trade, repairs of motor vehicles	1,585	52.8	24.7	0	0.0	0.0	1,585	52.8	24.2
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	8	0.3	0.1	0	0.0	0.0	8	0.3	0.1
Financial intermediation	1,914	63.7	29.8	123	4.1	100.0	2,037	67.8	31.1
Real estate, renting and business activities	549	18.3	8.5	0	0.0	0.0	549	18.3	8.4
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	10	0.3	0.2	0	0.0	0.0	10	0.3	0.2
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
Structure of capital by region									
Bratislava region	3,453	115.0	53.8	88	2.9	71.5	3,541	117.9	54.1
Trnava region	72	2.4	1.1	0	0.0	0.0	72	2.4	1.1
Trenčín region	1,004	33.4	15.6	0	0.0	0.0	1,004	33.4	15.3
Nitra region	11	0.4	0.2	0	0.0	0.0	11	0.4	0.2
Žilina region	1,711	57.0	26.6	-1	0.0	-0.8	1,710	56.9	26.1
Banská Bystrica region	59	2.0	0.9	36	1.2	29.3	95	3.2	1.5
Prešov region	73	2.4	1.1	0	0.0	0.0	73	2.4	1.1
Košice region	40	1.3	0.6	0	0.0	0.0	40	1.3	0.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Inflow of Foreign Direct Investment¹⁾ During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Inflow of FDI (equity capital + reinvested earnings) in total	26,368	817.5	100.0	5,115	158.6	100.0	31,483	976.1	100.0
Structure of capital by investor									
Hungary	6,881	213.3	26.1	-30	-0.9	-0.6	6,851	212.4	21.8
Austria	1,697	52.6	6.4	4,776	148.1	93.4	6,473	200.7	20.6
Czech Republic	4,606	142.8	17.5	-11	-0.3	-0.2	4,595	142.5	14.6
United Kingdom	5,982	185.5	22.7	-1,396	-43.3	-27.3	4,586	142.2	14.6
France	3,672	113.8	13.9	-136	-4.2	-2.7	3,536	109.6	11.2
Germany	3,117	96.6	11.8	253	7.8	4.9	3,370	104.5	10.7
Luxembourg	3,184	98.7	12.1	0	0.0	0.0	3,184	98.7	10.1
South Korea	2,148	66.6	8.1	0	0.0	0.0	2,148	66.6	6.8
Switzerland	756	23.4	2.9	0	0.0	0.0	756	23.4	2.4
Italy	693	21.5	2.6	-13	-0.4	-0.3	680	21.1	2.2
Other countries	-6,368	-197.4	-24.2	1,672	51.8	32.7	-4,696	-145.6	-14.9
Structure of capital by sector									
Agriculture, hunting, and forestry	319	9.9	1.2	0	0.0	0.0	319	9.9	1.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-24	-0.7	-0.1	0	0.0	0.0	-24	-0.7	-0.1
Manufacturing	24,140	748.4	91.6	0	0.0	0.0	24,140	748.4	76.7
Electricity, gas, and water supply	-301	-9.3	-1.1	0	0.0	0.0	-301	-9.3	-1.0
Construction	567	17.6	2.2	0	0.0	0.0	567	17.6	1.8
Wholesale and retail trade, repairs of motor vehicles	7,896	244.8	29.9	0	0.0	0.0	7,896	244.8	25.1
Hotels and restaurants	-54	-1.7	-0.2	0	0.0	0.0	-54	-1.7	-0.2
Transport, storage, post and telecommunications	-8,004	-248.1	-30.4	0	0.0	0.0	-8,004	-248.1	-25.4
Financial intermediation	1,275	39.5	4.8	5,115	158.6	100.0	6,390	198.1	20.3
Real estate, renting and business activities	394	12.2	1.5	0	0.0	0.0	394	12.2	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	19	0.6	0.1	0	0.0	0.0	19	0.6	0.1
Other community, social, and personal services	141	4.4	0.5	0	0.0	0.0	141	4.4	0.4
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
Structure of capital by regions									
Bratislava region	15,537	481.7	58.9	5,004	155.1	97.8	20,541	636.8	65.2
Trnava region	4,062	125.9	15.4	0	0.0	0.0	4,062	125.9	12.9
Trenčín region	2,199	68.2	8.3	0	0.0	0.0	2,199	68.2	7.0
Nitra region	-167	-5.2	-0.6	0	0.0	0.0	-167	-5.2	-0.5
Žilina region	2,279	70.7	8.6	73	2.3	1.4	2,352	72.9	7.5
Banská Bystrica region	451	14.0	1.7	38	1.2	0.7	489	15.2	1.6
Prešov region	996	30.9	3.8	0	0.0	0.0	996	30.9	3.2
Košice region	1,011	31.3	3.8	0	0.0	0.0	1,011	31.3	3.2

Note: Preliminary data.

1) Equity capital + reinvested earnings.



Inflow of Foreign Direct Investment¹⁾ 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									
Inflow of FDI (equity capital + reinvested earnings) in total	37,157	1,010.4	100.0	1,813	49.3	100.0	38,970	1,059.7	100.0
Structure of capital by investor									
Germany	12,543	341.1	33.8	21	0.6	1.2	12,564	341.7	32.2
Hungary	7,480	203.4	20.1	984	26.8	54.3	8,464	230.2	21.7
United Kingdom	5,945	161.7	16.0	104	2.8	5.7	6,049	164.5	15.5
The Netherlands	2,816	76.6	7.6	7	0.2	0.4	2,823	76.8	7.2
Czech Republic	2,117	57.6	5.7	-7	-0.2	-0.4	2,110	57.4	5.4
USA	1,986	54.0	5.3	-27	-0.7	-1.5	1,959	53.3	5.0
Austria	695	18.9	1.9	603	16.4	33.3	1,298	35.3	3.3
Denmark	1,132	30.8	3.0	0	0.0	0.0	1,132	30.8	2.9
Switzerland	998	27.1	2.7	0	0.0	0.0	998	27.1	2.6
Italy	566	15.4	1.5	142	3.9	7.8	708	19.3	1.8
Other countries	879	23.9	2.4	-14	-0.4	-0.8	865	23.5	2.2
Structure of capital by sector									
Agriculture, hunting, and forestry	296	8.0	0.8	0	0.0	0.0	296	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	13,941	379.1	37.5	0	0.0	0.0	13,941	379.1	35.8
Electricity, gas, and water supply	-546	-14.8	-1.5	0	0.0	0.0	-546	-14.8	-1.4
Construction	737	20.0	2.0	0	0.0	0.0	737	20.0	1.9
Wholesale and retail trade, repairs of motor vehicles	9,042	245.9	24.3	0	0.0	0.0	9,042	245.9	23.2
Hotels and restaurants	63	1.7	0.2	0	0.0	0.0	63	1.7	0.2
Transport, storage, post and telecommunications	332	9.0	0.9	0	0.0	0.0	332	9.0	0.9
Financial intermediation	896	24.4	2.4	1,813	49.3	100.0	2,709	73.7	7.0
Real estate, renting and business activities	1,724	46.9	4.6	0	0.0	0.0	1,724	46.9	4.4
Public administration and defence, compulsory social security	10,463	284.5	28.2	0	0.0	0.0	10,463	284.5	26.8
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	3	0.1	0.0	0	0.0	0.0	3	0.1	0.0
Other community, social, and personal services	129	3.5	0.3	0	0.0	0.0	129	3.5	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
Structure of capital by regions									
Bratislava region	29,363	798.5	79.0	1,773	48.2	97.8	31,136	846.7	79.9
Trnava region	1,374	37.4	3.7	0	0.0	0.0	1,374	37.4	3.5
Trenčín region	3,378	91.9	9.1	0	0.0	0.0	3,378	91.9	8.7
Nitra region	1,510	41.1	4.1	0	0.0	0.0	1,510	41.1	3.9
Žilina region	740	20.1	2.0	26	0.7	1.4	766	20.8	2.0
Banská Bystrica region	121	3.3	0.3	14	0.4	0.8	135	3.7	0.3
Prešov region	54	1.5	0.1	0	0.0	0.0	54	1.5	0.1
Košice region	617	16.8	1.7	0	0.0	0.0	617	16.8	1.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment¹⁾ as at 30 June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.825									
Total volume of FDI (equity capital + reinvested earnings)	336,009	10,558.0	100.0	66,767	2,097.9	100.0	402,776	12,656.0	100.0
Structure of capital by investor									
The Netherlands	89,181	2,802.2	26.5	616	19.4	0.9	89,797	2,821.6	22.3
Germany	75,776	2,381.0	22.6	860	27.0	1.3	76,636	2,408.0	19.0
Austria	27,727	871.2	8.3	33,081	1,039.5	49.5	60,808	1,910.7	15.1
Hungary	27,312	858.2	8.1	2,007	63.1	3.0	29,319	921.3	7.3
Italy	4,822	151.5	1.4	24,144	758.6	36.2	28,966	910.2	7.2
United Kingdom	26,738	840.2	8.0	473	14.9	0.7	27,211	855.0	6.8
Czech Republic	18,431	579.1	5.5	3,486	109.5	5.2	21,917	688.7	5.4
USA	14,250	447.8	4.2	1,650	51.8	2.5	15,900	499.6	3.9
France	11,493	361.1	3.4	450	14.1	0.7	11,943	375.3	3.0
Cyprus	8,449	265.5	2.5	0	0.0	0.0	8,449	265.5	2.1
Other countries	31,830	1,000.2	9.5	0	0.0	0.0	31,830	1,000.2	7.9
Structure of capital by sector									
Agriculture, hunting, and forestry	1,668	52.4	0.5	0	0.0	0.0	1,668	52.4	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,623	82.4	0.8	0	0.0	0.0	2,623	82.4	0.7
Manufacturing	159,097	4,999.1	47.3	0	0.0	0.0	159,097	4,999.1	39.5
Electricity, gas, and water supply	40,645	1,277.1	12.1	0	0.0	0.0	40,645	1,277.1	10.1
Construction	2,651	83.3	0.8	0	0.0	0.0	2,651	83.3	0.7
Wholesale and retail trade, repairs of motor vehicles	52,342	1,644.7	15.6	0	0.0	0.0	52,342	1,644.7	13.0
Hotels and restaurants	1,912	60.1	0.6	0	0.0	0.0	1,912	60.1	0.5
Transport, storage, post and telecommunications	35,784	1,124.4	10.6	0	0.0	0.0	35,784	1,124.4	8.9
Financial intermediation	22,473	706.1	6.7	66,767	2,097.9	100.0	89,240	2,804.1	22.2
Real estate, renting and business activities	13,751	432.1	4.1	0	0.0	0.0	13,751	432.1	3.4
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	1,490	46.8	0.4	0	0.0	0.0	1,490	46.8	0.4
Other community, social, and personal services	1,573	49.4	0.5	0	0.0	0.0	1,573	49.4	0.4
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
Structure of capital by regions									
Bratislava region	209,143	6,571.7	62.2	65,458	2,056.8	98.0	274,601	8,628.5	68.2
Trnava region	23,889	750.6	7.1	0	0.0	0.0	23,889	750.6	5.9
Trenčín region	18,160	570.6	5.4	0	0.0	0.0	18,160	570.6	4.5
Nitra region	12,693	398.8	3.8	0	0.0	0.0	12,693	398.8	3.2
Žilina region	20,608	647.5	6.1	950	29.9	1.4	21,558	677.4	5.4
Banská Bystrica region	9,472	297.6	2.8	359	11.3	0.5	9,831	308.9	2.4
Prešov region	7,081	222.5	2.1	0	0.0	0.0	7,081	222.5	1.8
Košice region	34,963	1,098.6	10.4	0	0.0	0.0	34,963	1,098.6	8.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.



Volume of Foreign Direct Investment¹⁾ as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI (equity capital + reinvested earnings)	330,597	11,601.5	100.0	66,644	2,338.7	100.0	397,241	13,940.2	100.0
Structure of capital by investor									
The Netherlands	94,042	3,300.2	28.4	613	21.5	0.9	94,655	3,321.7	23.8
Germany	74,723	2,622.2	22.6	1,110	39.0	1.7	75,833	2,661.2	19.1
Austria	21,244	745.5	6.4	32,926	1,155.5	49.4	54,170	1,901.0	13.6
Hungary	5,276	185.1	1.6	24,143	847.2	36.2	29,419	1,032.4	7.4
United Kingdom	27,303	958.1	8.3	1,952	68.5	2.9	29,255	1,026.6	7.4
Italy	26,255	921.4	7.9	349	12.2	0.5	26,604	933.6	6.7
Czech Republic	16,983	596.0	5.1	3,486	122.3	5.2	20,469	718.3	5.2
USA	13,966	490.1	4.2	1,650	57.9	2.5	15,616	548.0	3.9
France	11,766	412.9	3.6	415	14.6	0.6	12,181	427.5	3.1
Cyprus	8,885	311.8	2.7	0	0.0	0.0	8,885	311.8	2.2
Other countries	30,154	1,058.2	9.1	0	0.0	0.0	30,154	1,058.2	7.6
Structure of capital by sector									
Agriculture, hunting, and forestry	1,674	58.7	0.5	0	0.0	0.0	1,674	58.7	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,549	89.5	0.8	0	0.0	0.0	2,549	89.5	0.6
Manufacturing	158,956	5,578.2	48.1	0	0.0	0.0	158,956	5,578.2	40.0
Electricity, gas, and water supply	40,952	1,437.1	12.4	0	0.0	0.0	40,952	1,437.1	10.3
Construction	2,801	98.3	0.8	0	0.0	0.0	2,801	98.3	0.7
Wholesale and retail trade, repairs of motor vehicles	50,799	1,782.7	15.4	0	0.0	0.0	50,799	1,782.7	12.8
Hotels and restaurants	1,917	67.3	0.6	0	0.0	0.0	1,917	67.3	0.5
Transport, storage, post and telecommunications	35,872	1,258.8	10.9	0	0.0	0.0	35,872	1,258.8	9.0
Financial intermediation	18,224	639.5	5.5	66,644	2,338.7	100.0	84,868	2,978.2	21.4
Real estate, renting and business activities	13,887	487.3	4.2	0	0.0	0.0	13,887	487.3	3.5
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	1,491	52.3	0.5	0	0.0	0.0	1,491	52.3	0.4
Other community, social, and personal services	1,475	51.8	0.4	0	0.0	0.0	1,475	51.8	0.4
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
Structure of capital by regions									
Bratislava region	206,296	7,239.5	62.4	65,202	2,288.1	97.8	271,498	9,527.6	68.3
Trnava region	23,867	837.6	7.2	0	0.0	0.0	23,867	837.6	6.0
Trenčín region	17,269	606.0	5.2	0	0.0	0.0	17,269	606.0	4.3
Nitra region	12,677	444.9	3.8	0	0.0	0.0	12,677	444.9	3.2
Žilina region	19,139	671.6	5.8	950	33.3	1.4	20,089	705.0	5.1
Banská Bystrica region	9,484	332.8	2.9	492	17.3	0.7	9,976	350.1	2.5
Prešov region	7,041	247.1	2.1	0	0.0	0.0	7,041	247.1	1.8
Košice region	34,824	1,222.1	10.5	0	0.0	0.0	34,824	1,222.1	8.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI (equity capital + reinvested earnings)	283,078	8,599.0	100.0	65,422	1,987.3	100.0	348,500	10,586.3	100.0
Structure of capital by investor									
The Netherlands	91,208	2,770.6	32.2	595	18.1	0.9	91,803	2,788.7	26.3
Germany	67,421	2,048.0	23.8	852	25.9	1.3	68,273	2,073.9	19.6
Austria	17,941	545.0	6.3	30,383	922.9	46.4	48,324	1,467.9	13.9
Italy	4,319	131.2	1.5	24,143	733.4	36.9	28,462	864.6	8.2
United Kingdom	25,332	769.5	8.9	1,749	53.1	2.7	27,081	822.6	7.8
Hungary	16,062	487.9	5.7	2,005	60.9	3.1	18,067	548.8	5.2
Czech Republic	14,283	433.9	5.0	3,495	106.2	5.3	17,778	540.0	5.1
USA	12,540	380.9	4.4	1,650	50.1	2.5	14,190	431.0	4.1
France	7,828	237.8	2.8	550	16.7	0.8	8,378	254.5	2.4
Cyprus	4,693	142.6	1.7	0	0.0	0.0	4,693	142.6	1.3
Other countries	21,451	651.6	7.6	0	0.0	0.0	21,451	651.6	6.2
Structure of capital by sector									
Agriculture, hunting, and forestry	1,349	41.0	0.5	0	0.0	0.0	1,349	41.0	0.4
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	124,677	3,787.3	44.0	0	0.0	0.0	124,677	3,787.3	35.8
Electricity, gas, and water supply	40,379	1,226.6	14.3	0	0.0	0.0	40,379	1,226.6	11.6
Construction	2,842	86.3	1.0	0	0.0	0.0	2,842	86.3	0.8
Wholesale and retail trade, repairs of motor vehicles	44,055	1,338.2	15.6	0	0.0	0.0	44,055	1,338.2	12.6
Hotels and restaurants	1,932	58.7	0.7	0	0.0	0.0	1,932	58.7	0.6
Transport, storage, post and telecommunications	35,713	1,084.8	12.6	0	0.0	0.0	35,713	1,084.8	10.2
Financial intermediation	15,558	472.6	5.5	65,422	1,987.3	100.0	80,980	2,459.9	23.2
Real estate, renting and business activities	11,277	342.6	4.0	0	0.0	0.0	11,277	342.6	3.2
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	1,445	43.9	0.5	0	0.0	0.0	1,445	43.9	0.4
Other community, social, and personal services	1,142	34.7	0.4	0	0.0	0.0	1,142	34.7	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
Structure of capital by regions									
Bratislava region	175,496	5,331.0	62.0	63,980	1,943.5	97.8	239,476	7,274.5	68.7
Trnava region	17,877	543.0	6.3	0	0.0	0.0	17,877	543.0	5.1
Trenčín region	14,272	433.5	5.0	0	0.0	0.0	14,272	433.5	4.1
Nitra region	11,627	353.2	4.1	0	0.0	0.0	11,627	353.2	3.3
Žilina region	14,471	439.6	5.1	950	28.9	1.5	15,421	468.4	4.4
Banská Bystrica region	9,065	275.4	3.2	492	14.9	0.8	9,557	290.3	2.7
Prešov region	6,020	182.9	2.1	0	0.0	0.0	6,020	182.9	1.7
Košice region	34,250	1,040.4	12.1	0	0.0	0.0	34,250	1,040.4	9.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.

**Outflow of Foreign Direct Investment¹⁾ from Slovakia in 1999 – 2005**

(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
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	664	-1,835	17,950	477.59	18.06	49.61	545.26
2004	17,950	1,536	-254	19,232	545.26	47.62	82.02	674.90
2005 ³⁾	19,136	-244	257	19,149 ⁴⁾	671.53	-8.12	-61.71	601.70 ⁴⁾

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
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 ²⁾	162	43	-9	196	4.05	1.17	0.74	5.96
2004	196	-29	360	527	5.96	-0.90	13.44	18.50
2005	527	-1	4	530 ⁴⁾	18.50	-0.04	-1.81	16.65 ⁴⁾

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
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 ²⁾	19,283	707	-1,844	18,146	481.64	19.23	50.35	551.22
2004	18,146	1,472	98	19,759	551.22	46.72	95.46	693.40
2005 ³⁾	19,663	-245	261	19,679 ⁴⁾	690.03	-8.16	-63.52	618.35 ⁴⁾

Note: The data for 2003 – 2005 are preliminary.

1) Equity capital + reinvested earnings.

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

3) Change in methodology (higher limit for foreign exchange reporting obligation).

4) Data at 30 June.


Outflow of Foreign Direct Investment¹⁾ During January to June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 30.038									
Outflow of FDI (equity capital + reinvested earnings) in total	-244	-8.1	100.0	-1	0.0	100.0	-245	-8.2	100.0
Structure of capital by country of investment									
Belgium	22	0.7	-9.0	0	0.0	0.0	22	0.7	-9.0
Serbia and Montenegro	10	0.3	-4.1	0	0.0	0.0	10	0.3	-4.1
Russia	2	0.1	-0.8	0	0.0	0.0	2	0.1	-0.8
Luxembourg	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Bulgaria	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Ukraine	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4
Romania	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4
Hungary	-5	-0.2	2.0	0	0.0	0.0	-5	-0.2	2.0
Austria	-24	-0.8	9.8	0	0.0	0.0	-24	-0.8	9.8
Czech Republic	-249	-8.3	102.0	-1	0.0	100.0	-250	-8.3	102.0
Other countries	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by sector									
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	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Manufacturing	3	0.1	-1.2	0	0.0	0.0	3	0.1	-1.2
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-255	-8.5	104.5	0	0.0	0.0	-255	-8.5	104.1
Wholesale and retail trade, repairs of motor vehicles	-2	-0.1	0.8	0	0.0	0.0	-2	-0.1	0.8
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	0	0.0	0.0	-1	0.0	100.0	-1	0.0	0.4
Real estate, renting and business activities	10	0.3	-4.1	0	0.0	0.0	10	0.3	-4.1
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	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
Structure of capital by regions									
Bratislava region	-246	-8.2	100.8	-1	0.0	100.0	-247	-8.2	100.8
Trnava region	-3	-0.1	1.2	0	0.0	0.0	-3	-0.1	1.2
Trenčín region	2	0.1	-0.8	0	0.0	0.0	2	0.1	-0.8
Nitra region	-3	-0.1	1.2	0	0.0	0.0	-3	-0.1	1.2
Žilina region	6	0.2	-2.5	0	0.0	0.0	6	0.2	-2.4
Banská Bystrica region	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Prešov region	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Košice region	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4

Note: Preliminary data.

1) Equity capital + reinvested earnings.



Outflow of Foreign Direct Investment¹⁾ During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Outflow of FDI (equity capital + reinvested earnings) in total	1,536	47.6	100.0	-29	-0.9	100.0	1,507	46.7	100.0
Structure of capital by country of investment									
Czech Republic	1,294	40.1	84.2	-29	-0.9	100.0	1,265	39.2	83.9
Ethiopia	276	8.6	18.0	0	0.0	0.0	276	8.6	18.3
Ukraine	151	4.7	9.8	0	0.0	0.0	151	4.7	10.0
Russia	110	3.4	7.2	0	0.0	0.0	110	3.4	7.3
The Netherlands	73	2.3	4.8	0	0.0	0.0	73	2.3	4.8
India	58	1.8	3.8	0	0.0	0.0	58	1.8	3.8
Cyprus	49	1.5	3.2	0	0.0	0.0	49	1.5	3.3
Brazil	26	0.8	1.7	0	0.0	0.0	26	0.8	1.7
Bulgaria	18	0.6	1.2	0	0.0	0.0	18	0.6	1.2
Switzerland	8	0.2	0.5	0	0.0	0.0	8	0.2	0.5
Other countries	-527	-16.3	-34.3	0	0.0	0.0	-527	-16.3	-35.0
Structure of capital by sector									
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	-51	-1.6	-3.3	0	0.0	0.0	-51	-1.6	-3.4
Manufacturing	1,027	31.8	66.9	0	0.0	0.0	1,027	31.8	68.1
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-86	-2.7	-5.6	0	0.0	0.0	-86	-2.7	-5.7
Wholesale and retail trade, repairs of motor vehicles	621	19.3	40.4	0	0.0	0.0	621	19.3	41.2
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	0.1	0	0.0	0.0	1	0.0	0.1
Financial intermediation	-240	-7.4	-15.6	-29	-0.9	100.0	-269	-8.3	-17.9
Real estate, renting and business activities	271	8.4	17.6	0	0.0	0.0	271	8.4	18.0
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	-5	-0.2	-0.3	0	0.0	0.0	-5	-0.2	-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
Structure of capital by regions									
Bratislava region	1,033	32.0	67.3	-29	-0.9	100.0	1,004	31.1	66.6
Trnava region	-46	-1.4	-3.0	0	0.0	0.0	-46	-1.4	-3.1
Trenčín region	744	23.1	48.4	0	0.0	0.0	744	23.1	49.4
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-77	-2.4	-5.0	0	0.0	0.0	-77	-2.4	-5.1
Banská Bystrica region	12	0.4	0.8	0	0.0	0.0	12	0.4	0.8
Prešov region	95	2.9	6.2	0	0.0	0.0	95	2.9	6.3
Košice region	-223	-6.9	-14.5	0	0.0	0.0	-223	-6.9	-14.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.


Outflow of Foreign Direct Investment¹⁾ 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									
Outflow of FDI (equity capital + reinvested earnings) in total	664	18.1	100.0	43	1.2	100.0	707	19.2	100.0
Structure of capital by country of investment									
Czech Republic	800	21.8	120.5	30	0.8	69.8	830	22.6	117.4
Austria	308	8.4	46.4	0	0.0	0.0	308	8.4	43.6
United Kingdom	82	2.2	12.3	0	0.0	0.0	82	2.2	11.6
Bosnia and Herzegovina	78	2.1	11.7	0	0.0	0.0	78	2.1	11.0
USA	39	1.1	5.9	0	0.0	0.0	39	1.1	5.5
The Netherlands	21	0.6	3.2	0	0.0	0.0	21	0.6	3.0
Croatia	4	0.1	0.6	13	0.4	30.2	17	0.5	2.4
Bulgaria	11	0.3	1.7	0	0.0	0.0	11	0.3	1.6
Poland	8	0.2	1.2	0	0.0	0.0	8	0.2	1.1
Switzerland	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Other countries	-693	-18.8	-104.4	0	0.0	0.0	-693	-18.8	-98.0
Structure of capital by sector									
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	-34.6	0	0.0	0.0	-230	-6.3	-32.5
Manufacturing	1,193	32.4	179.7	0	0.0	0.0	1,193	32.4	168.7
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-14	-0.4	-2.1	0	0.0	0.0	-14	-0.4	-2.0
Wholesale and retail trade, repairs of motor vehicles	19	0.5	2.9	0	0.0	0.0	19	0.5	2.7
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	-108	-2.9	-16.3	0	0.0	0.0	-108	-2.9	-15.3
Financial intermediation	-14	-0.4	-2.1	43	1.2	100.0	29	0.8	4.1
Real estate, renting and business activities	-222	-6.0	-33.4	0	0.0	0.0	-222	-6.0	-31.4
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	0.0	-0.2	0	0.0	0.0	-1	0.0	-0.1
Other community, social, and personal services	41	1.1	6.2	0	0.0	0.0	41	1.1	5.8
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
Structure of capital by regions									
Bratislava region	750	20.4	113.0	43	1.2	100.0	793	21.6	112.2
Trnava region	60	1.6	9.0	0	0.0	0.0	60	1.6	8.5
Trenčín region	-20	-0.5	-3.0	0	0.0	0.0	-20	-0.5	-2.8
Nitra region	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Žilina region	184	5.0	27.7	0	0.0	0.0	184	5.0	26.0
Banská Bystrica region	-343	-9.3	-51.7	0	0.0	0.0	-343	-9.3	-48.5
Prešov region	110	3.0	16.6	0	0.0	0.0	110	3.0	15.6
Košice region	-83	-2.3	-12.5	0	0.0	0.0	-83	-2.3	-11.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.



Volume of Foreign Direct Investment¹⁾ Outward as at 30 June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.825									
Total volume of FDI outward (equity capital + reinvested earnings)	19,149	601.7	100.0	530	16.7	100.0	19,679	618.4	100.0
Structure of capital by country of investment									
Czech Republic	8,393	263.7	43.8	484	15.2	91.3	8,877	278.9	45.1
United Kingdom	2,283	71.7	11.9	0	0.0	0.0	2,283	71.7	11.6
Ukraine	1,312	41.2	6.9	0	0.0	0.0	1,312	41.2	6.7
Ireland	1,198	37.6	6.3	0	0.0	0.0	1,198	37.6	6.1
Luxembourg	1,111	34.9	5.8	0	0.0	0.0	1,111	34.9	5.6
Hungary	1,091	34.3	5.7	0	0.0	0.0	1,091	34.3	5.5
Poland	838	26.3	4.4	0	0.0	0.0	838	26.3	4.3
Austria	622	19.5	3.2	0	0.0	0.0	622	19.5	3.2
Russia	506	15.9	2.6	0	0.0	0.0	506	15.9	2.6
Bosnia and Herzegovina	363	11.4	1.9	0	0.0	0.0	363	11.4	1.8
Other countries	1,432	45.0	7.5	46	1.4	8.7	1,478	46.4	7.5
Structure of capital by sector									
Agriculture, hunting and forestry	21	0.7	0.1	0	0.0	0.0	21	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,786	56.1	9.3	0	0.0	0.0	1,786	56.1	9.1
Manufacturing	8,087	254.1	42.2	0	0.0	0.0	8,087	254.1	41.1
Electricity, gas and water supply	1,237	38.9	6.5	0	0.0	0.0	1,237	38.9	6.3
Construction	144	4.5	0.8	0	0.0	0.0	144	4.5	0.7
Wholesale and retail trade, repairs of motor vehicles	1,865	58.6	9.7	0	0.0	0.0	1,865	58.6	9.5
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage and communication	42	1.3	0.2	0	0.0	0.0	42	1.3	0.2
Financial intermediation	2,930	92.1	15.3	530	16.7	100.0	3,460	108.7	17.6
Real estate, renting and business activities	2,750	86.4	14.4	0	0.0	0.0	2,750	86.4	14.0
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	287	9.0	1.5	0	0.0	0.0	287	9.0	1.5
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
Structure of capital by regions									
Bratislava region	11,773	369.9	61.5	530	16.7	100.0	12,303	386.6	62.5
Trnava region	1,847	58.0	9.6	0	0.0	0.0	1,847	58.0	9.4
Trenčín region	1,471	46.2	7.7	0	0.0	0.0	1,471	46.2	7.5
Nitra region	34	1.1	0.2	0	0.0	0.0	34	1.1	0.2
Žilina region	553	17.4	2.9	0	0.0	0.0	553	17.4	2.8
Banská Bystrica region	1,644	51.7	8.6	0	0.0	0.0	1,644	51.7	8.4
Prešov region	647	20.3	3.4	0	0.0	0.0	647	20.3	3.3
Košice region	1,180	37.1	6.2	0	0.0	0.0	1,180	37.1	6.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment¹⁾ Outward as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI outward (equity capital + reinvested earnings)	19,232	674.9	100.0	527	18.5	100.0	19,759	693.4	100.0
Structure of capital by country of investment									
Czech Republic	8,630	302.8	44.9	481	16.9	91.3	9,111	319.7	46.1
United Kingdom	2,282	80.1	11.9	0	0.0	0.0	2,282	80.1	11.5
Ukraine	1,228	43.1	6.4	0	0.0	0.0	1,228	43.1	6.2
Ireland	1,136	39.9	5.9	0	0.0	0.0	1,136	39.9	5.7
Hungary	1,130	39.7	5.9	0	0.0	0.0	1,130	39.7	5.7
Luxembourg	1,111	39.0	5.8	0	0.0	0.0	1,111	39.0	5.6
Poland	850	29.8	4.4	0	0.0	0.0	850	29.8	4.3
Austria	647	22.7	3.4	0	0.0	0.0	647	22.7	3.3
Russia	465	16.3	2.4	0	0.0	0.0	465	16.3	2.4
Bosnia and Herzegovina	383	13.4	2.0	0	0.0	0.0	383	13.4	1.9
Other countries	1,370	48.1	7.1	46	1.6	8.7	1,416	49.7	7.2
Structure of capital by sector									
Agriculture, hunting, and forestry	20	0.7	0.1	0	0.0	0.0	20	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,666	58.5	8.7	0	0.0	0.0	1,666	58.5	8.4
Manufacturing	8,027	281.7	41.7	0	0.0	0.0	8,027	281.7	40.6
Electricity, gas, and water supply	1,230	43.2	6.4	0	0.0	0.0	1,230	43.2	6.2
Construction	407	14.3	2.1	0	0.0	0.0	407	14.3	2.1
Wholesale and retail trade, repairs of motor vehicles	1,861	65.3	9.7	0	0.0	0.0	1,861	65.3	9.4
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	43	1.5	0.2	0	0.0	0.0	43	1.5	0.2
Financial intermediation	2,967	104.1	15.4	527	18.5	100.0	3,494	122.6	17.7
Real estate, renting and business activities	2,998	105.2	15.6	0	0.0	0.0	2,998	105.2	15.2
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	13	0.5	0.1	0	0.0	0.0	13	0.5	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
Structure of capital by regions									
Bratislava region	11,975	420.2	62.3	527	18.5	100.0	12,502	438.7	63.3
Tmava region	1,781	62.5	9.3	0	0.0	0.0	1,781	62.5	9.0
Trenčín region	1,391	48.8	7.2	0	0.0	0.0	1,391	48.8	7.0
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	585	20.5	3.0	0	0.0	0.0	585	20.5	3.0
Banská Bystrica region	1,653	58.0	8.6	0	0.0	0.0	1,653	58.0	8.4
Prešov region	621	21.8	3.2	0	0.0	0.0	621	21.8	3.1
Košice region	1,187	41.7	6.2	0	0.0	0.0	1,187	41.7	6.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.



Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI outward (equity capital + reinvested earnings)	17,950	545.3	100.0	196	6.0	100.0	18,146	551.2	100.0
Structure of capital by country of investment									
Czech Republic	7,305	221.9	40.7	151	4.6	77.0	7,456	226.5	41.1
United Kingdom	2,293	69.7	12.8	0	0.0	0.0	2,293	69.7	12.6
Ukraine	1,365	41.5	7.6	0	0.0	0.0	1,365	41.5	7.5
Ireland	1,212	36.8	6.8	0	0.0	0.0	1,212	36.8	6.7
Hungary	1,128	34.3	6.3	0	0.0	0.0	1,128	34.3	6.2
Luxembourg	1,113	33.8	6.2	0	0.0	0.0	1,113	33.8	6.1
Poland	794	24.1	4.4	0	0.0	0.0	794	24.1	4.4
Austria	677	20.6	3.8	0	0.0	0.0	677	20.6	3.7
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	1,277	38.8	7.1	45	1.4	23.0	1,322	40.2	7.3
Structure of capital by sector									
Agriculture, hunting, and forestry	24	0.7	0.1	0	0.0	0.0	24	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	10.5	0	0.0	0.0	1,879	57.1	10.4
Manufacturing	8,353	253.7	46.5	0	0.0	0.0	8,353	253.7	46.0
Electricity, gas, and water supply	1,226	37.2	6.8	0	0.0	0.0	1,226	37.2	6.8
Construction	388	11.8	2.2	0	0.0	0.0	388	11.8	2.1
Wholesale and retail trade, repairs of motor vehicles	981	29.8	5.5	0	0.0	0.0	981	29.8	5.4
Hotels and restaurants	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Transport, storage, post and telecommunications	34	1.0	0.2	0	0.0	0.0	34	1.0	0.2
Financial intermediation	2,763	83.9	15.4	196	6.0	100.0	2,959	89.9	16.3
Real estate, renting and business activities	1,964	59.7	10.9	0	0.0	0.0	1,964	59.7	10.8
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	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
Structure of capital by regions									
Bratislava region	10,906	331.3	60.8	196	6.0	100.0	11,102	337.2	61.2
Trnava region	1,935	58.8	10.8	0	0.0	0.0	1,935	58.8	10.7
Trenčín region	751	22.8	4.2	0	0.0	0.0	751	22.8	4.1
Nitra region	49	1.5	0.3	0	0.0	0.0	49	1.5	0.3
Žilina region	676	20.5	3.8	0	0.0	0.0	676	20.5	3.7
Banská Bystrica region	1,647	50.0	9.2	0	0.0	0.0	1,647	50.0	9.1
Prešov region	565	17.2	3.1	0	0.0	0.0	565	17.2	3.1
Košice region	1,421	43.2	7.9	0	0.0	0.0	1,421	43.2	7.8

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