



NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

August 2006

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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
Fed	Federal Reserve System
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
SO SR	Statistical Office of the SR
BRIBOR	Bratislava Interbank Offered Rate
CPI	Consumer Price Index
FDI	Foreign Direct Investment
FRA	Forward Rate Agreement
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
GNI	Gross National Income
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 July 2006, approved by the NBS Bank Board on 25 August 2006.*



## 1 Introduction

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), decreased in comparison with the previous month by 0.1% in August. The 12-month rate of headline inflation reached 5.0%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 2.6%.

Expressed in terms of the Harmonised Index of Consumer Prices (HICP), consumer prices were stagnant in August in comparison with the previous month. The 12-month headline and core inflation rates reached 5.1% and 2.8% respectively.

Real gross domestic product grew over the second quarter of 2006 by 6.7% and over the first half of the year by 6.5%.

The M3 monetary aggregate (according to ECB methodology) increased month-on-month by Sk 10.6 billion in July, and its year-on-year dynamics strengthened in comparison with June, to 11.8%.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) decreased month-on-month by Sk 3.9 billion in July, while the year-on-year growth rate slowed by 1.3 percentage points, to 13.6%.

The average interest rate on new loans to non-financial corporations rose in July by 0.31 of a percentage point, to 6.24%, and that on new loans to households increased by 0.74 of a percentage point, to 12.16%. Over the same period, the average rate for new deposits from non-financial corporations dropped by 0.40 of a percentage point, to 2.11%, and that for new household deposits rose by 0.03 of a percentage point, to 0.99%.

At the end of August, the State budget of the SR recorded a deficit of Sk 5.7 billion.

The foreign exchange reserves of the NBS (at current exchange rates) stood at USD 13.2 billion in August. At the end of the month, the volume of foreign exchange reserves was 3.6 times greater than the volume of average monthly imports of goods and services to Slovakia during the first seven months of 2006. At the end of August, the coverage of average monthly imports (imports of goods and services according to data from banking statistics) by the official foreign exchange reserves corresponded to 4.4 times the average monthly imports of goods and services to the SR over the first seven months of 2006.

In August, the National Bank of Slovakia did not intervene in the foreign exchange market.

According to preliminary data, the balance of payments on current account for January to June 2006 resulted in a deficit of Sk 61.9 billion. Over the same period, the capital and financial account generated a surplus of Sk 63.9 billion. From January to July, the b.o.p. current account produced a deficit of Sk 68.6 billion, while trade resulted in a shortfall of Sk 52.8 billion.

In August, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 288.2 billion, representing a decrease of Sk 32.3 billion compared with the figure for July.



## 2 Inflation

### 2.1 Consumer Price Index

#### HICP Inflation

#### Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the HICP, dropped by 0.1% in August, with goods prices falling by 0.3% and services prices rising by 0.2%. On a year-on-year basis, consumer prices increased, as in July, by 5.0%. Overall inflation excluding energy and unprocessed food prices (core inflation) stood at 2.6% (compared with 2.5% in July). The average inflation rate for the current year to date reached 4.5%. The average 12-month inflation rate for the period from September 2005 to August 2006 was 4.1%. In August, HICP inflation was somewhat lower than expected by the NBS.

	2006					
	Mar.	Apr.	May	June	July	Aug.
<b>Total</b>	4.3	4.4	4.8	4.5	5.0	5.0
<b>Goods</b>	4.7	4.9	5.4	5.1	5.4	5.4
Industrial goods	6.8	6.8	7.2	7.0	7.3	7.1
Non-energy industrial goods	-0.3	0.2	0.5	0.4	1.1	1.1
Energy	16.3	15.4	16.1	15.6	15.6	14.8
Foodstuffs	1.3	1.7	2.6	2.1	2.3	2.5
Processed food (including alcohol and tobacco)	0.4	0.3	0.8	0.9	1.1	1.8
Unprocessed food	2.9	4.3	5.8	3.9	4.2	4.0
<b>Services</b>	3.5	3.5	3.5	3.5	4.1	4.1
<b>Total, excl. energy and unprocessed food (core inflation)</b>	1.6	1.7	1.9	1.9	2.5	2.6
<b>Total, excluding energy</b>	1.7	2.0	2.3	2.1	2.6	2.8

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

#### Stagnation in the year-on-year dynamics of goods prices

Compared with the previous month, the year-on-year dynamics of goods prices remained unchanged in August, when the prices of industrial goods recorded a slowdown in year-on-year dynamics and the rate of increase in food prices accelerated. Industrial goods prices were influenced by a year-on-year slowdown in the rate of increase in energy prices, caused primarily by developments in fuel prices. Food prices increased at a faster rate as a result of a rise in processed food prices, caused mainly by increases in cigarette prices.

#### Rise in prices for financial services and services related to dwelling

The 12-month dynamics of services prices were also stagnant, when the year-on-year rate of price increase slowed in most sectors, which was, however, offset by steeper increases in the prices of services related to dwelling and financial services.

#### Factors affecting the course of inflation in the coming period

Within the 'processed food' category, cigarette prices are expected to rise further in September. Price levels should also increase for services. At the same time, fuel prices are expected to drop. Energy prices will probably be influenced by the base effect of a marked increase in regulated heat prices from last September, which may cause a slowdown in their year-on-year dynamics this year.

**Chart 1 HICP Inflation and Its Main Components (%)**



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



**Chart 2 HICP Compared with the Views of Respondents on Price Inflation**



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.

August saw an upward shift in the assessment by consumers of the previous course of price inflation. In answer to questions about the actual level of inflation, the respondents gave an average value of 11.40% (10.18% in the previous month). When asked about the expected inflation rate in the next 12 months, the respondents gave an average value of 10.34%, representing a drop in comparison with the previous month (8.14%).

## Consumer expectations regarding inflation

## CPI Inflation

Consumer prices were at a standstill in August, at the level of the previous month. Within the basic structure of inflation, regulated prices remained unchanged and core inflation recorded a slight fall. August saw the impact of changes in indirect taxes on cigarette prices, with a contribution of 0.04 of a percentage point to the month-on-month headline inflation rate. The 12-month rate of headline inflation reached 5.1% (compared with 5.0% in July) and that of core inflation 2.8% (as in the previous month). The average year-on-year inflation rate for the period from the beginning of this year was 4.6% and that for the past 12 months (from September 2005 to August 2006) reached 4.1%.

## Consumer Price Index

## 2.2 Producer Prices in July 2006

Industrial producer prices for the domestic market rose month-on-month more significantly than in the previous month, due to steeper increases in the prices of manufacturing products, as well as mining and quarrying products. Energy prices increased at the same rate as in the previous month.

## Accelerated month-on-month increase in industrial producer prices for the domestic market ...

**Table 2 Consumer Prices in August 2006**

	Comparative change	
	July 2006	August 2005
<b>Total in %</b>	0.0	5.1
<b>Regulated prices in %</b>	0.0	12.4
- Share of total, in percentage points <sup>1)</sup>	0.01	-
<b>Impact of changes in indirect taxes on non-regulated prices</b>		
- Share of total, in percentage points <sup>1)</sup>	0.04	-
<b>Core inflation in %</b>	-0.1	2.8
- Share of total, in percentage points <sup>1)</sup>	-0.05	-
of which: Food prices in %	-1.1	1.9
- Share of total, in percentage points <sup>1)</sup>	-0.17	-
Tradable goods in % <sup>1)</sup>	0.1	0.4
- Share of total, in percentage points <sup>1)</sup>	0.02	-
Tradable goods, excluding fuels, in % <sup>1)</sup>	0.0	-0.7
- Share of total, in percentage points <sup>1)</sup>	0.00	-
Fuels in % <sup>1)</sup>	0.4	9.6
- Share of total, in percentage points <sup>1)</sup>	0.01	-
Market services in % <sup>1)</sup>	0.4	6.5
- Share of total, in percentage points <sup>1)</sup>	0.11	-
<b>Net inflation (excluding the impact of changes in indirect taxes) in %</b>	0.2	3.1
- Share of total, in percentage points <sup>1)</sup>	0.13	-
<b>Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in %<sup>1)</sup></b>	0.2	2.7
- Share of total, in percentage points <sup>1)</sup>	0.11	-

Source: Statistical Office of the SR, and NBS.

Notes: Net inflation - includes price increases in the '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 the values of their contributions to the overall inflation rate to two decimal places may lead to a situation where, in the event of price stagnation, the contributions of prices are not equal to zero. In reality, the prices do change, but the changes are so small that they cannot be noticed if the figures are rounded to one decimal place; if, however, the price contributions are rounded to two decimal places, even a small change is apparent.

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



Table 3 Producer Price Developments in July 2006

(%)

	Month-on-month change		Year-on-year change			
	June 2006	July 2006	June 2006	July 2006	Average since the beginning of 2006	July 2005
Industrial producer prices (for the domestic market)	0.2	0.6	9.1	9.0	9.5	5.3
– Prices of manufacturing products	0.2	0.8	3.1	3.5	2.5	1.7
– Prices of mining and quarrying products	-0.6	2.4	46.4	48.0	45.5	1.9
– Prices of electricity, gas, steam, and hot water	0.3	0.3	14.5	13.8	16.3	10.5
Industrial producer prices (for export)	0.7	2.1	4.9	6.4	3.9	6.4
Construction prices	0.2	0.3	3.8	3.8	3.8	3.6
Building materials prices	0.5	0.6	2.4	3.4	1.6	3.3
Agricultural prices	-	-	-1.1	1.0	-0.9	-6.9
– Prices of plant products	-	-	-5.6	7.0	-2.8	-19.2
– Prices of animal products	-	-	-0.6	-2.0	-0.5	0.8

Source: Statistical Office of the SR.

**... accompanied by a slight fall in their year-on-year dynamics**

The year-on-year dynamics of domestic industrial producer prices slowed in comparison with the previous month by 0.1 of a percentage point, to 9% in July. This was caused by smaller year-on-year increases in electricity, gas, steam, and hot water prices.

The slower year-on-year increase in energy prices in July was caused by a slowdown in prices for gas production and the distribution of gaseous fuels by pipeline, which rose year-on-year by 19.2% (a slowdown of 2.4 percentage points compared with June). Prices for steam and hot water supply and the price of electricity increased at the same rate as in the previous month (by 16.1% and 10% respectively). Prices for water treatment and supply also rose slightly in comparison with June (by 0.1 of a percentage point, to 9.9%).

Developments in manufacturing products prices were again determined by the prices of refined oil products (rising by 21%) in July. The year-on-year rate of increase in manufacturing products prices was accelerated by steeper increases in the prices of base metals and finished metal products (by 2.6 percentage points, to 5%); chemical products (by 1.4 percentage points, to 3.9%); paper and paper goods (by 0.4 of a percentage point, to 3%); electrical and optical equipment (by 0.7 of a percentage point, to 2.5%); and other non-metal mineral products (by 2.1% as in June). On the other hand, the prices of food products continued to act as an anti-inflationary factor in July (a fall of 0.6%).

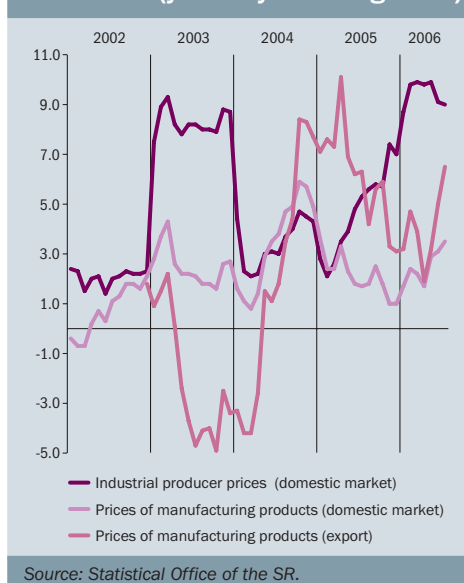
**Industrial producer prices for export**

Industrial producer prices for export recorded a month-on-month increase of 2.1% in July. Their year-on-year increase accelerated in comparison with the previous month by 1.5 percentage points, to 6.4%.

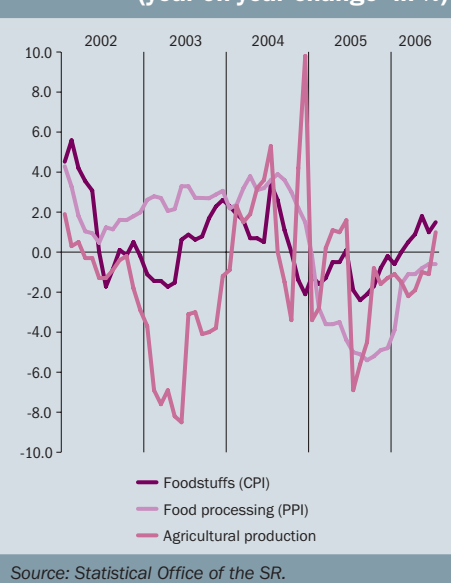
The year-on-year increase in the export prices of manufacturing products, which have a decisive weight among industrial producer prices for export, was mainly caused by a rise in refined oil products prices in July (33%). The export prices of electrical and optical equipment also rose significantly on a year-on-year basis (by 21%). Faster increases than in the previous month occurred in the export prices of chemical products (2.6 percentage points, to 8.5%); paper and paper goods (1.2 percentage points, to 7.6%); machinery and equipment (0.9 of a percentage point, to 3.3%); wood and wood products (1.2 percentage points, to 6.2%); and rubber and plastic products (0.1 of a percentage point, to 1.6%). At the same time, continuing year-on-year fall was recorded in the export prices of transport vehicles (4%) and base metals and finished metal products (0.2%), which have a considerable weight among manufacturing products intended for export. A slight anti-inflationary effect was also exerted by the export prices of other non-metal mineral products and leather goods.

Refined oil products prices have been, for the past 12 months, a determining factor in price developments in the 'manufacturing products' category (this role was previously played by the prices of base metals and finished metal products). In the last few months, developments in the export and domestic base prices of refined oil products (the base year is 2000) have correlated with the trend in the world-market price of oil more strongly than in 2005.

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



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



For the first time since June 2005, the level of agricultural prices rose on a year-on-year basis by 1% in July, when the prices of plant products increased by 7%. Animal products prices dropped by 2%.

#### Agricultural prices

The increase in plant products prices (for the last time in December 2004) was mainly caused by a marked year-on-year rise in the price of oilseeds (19% on average, 19.1% in the price of rape). The price of oilseed rape increased despite its extended production this year, due to strong demand for this commodity among domestic and foreign merchants. Price levels increased for legumes (by 4.8%), potatoes (by 4.3%), and vegetables (by 0.8%). Cereal and fruit prices dropped by 6.1% and 5.1% respectively.

The fall in animal products prices was caused by drops in the prices of fish (15.7%), poultry (8.8% for live animals), unpasteurised cow milk (1.1%), pork (0.5% for live animals), and eggs (0.2%). An increase occurred in the price (for live animals) of beef, including veal (2.2%).

Industrial producer prices are expected to be influenced in August 2006 by the high price of oil on the world market. Their year-on-year dynamics should be dampened by an appreciation in the exchange rate of the koruna vis-à-vis the US dollar and an expected slowdown in the rate of increase in energy prices. The increase in industrial producer prices should also be dampened by the base effect of a steep rise in refined oil products prices in August 2005. Due to external and internal cost factors, the average year-on-year dynamics of industrial producer prices are expected to weaken in August compared with the previous month.

On the basis of agrarian market news, the price of oilseed rape is expected to rise further in August. Compared with last year, the purchase prices of cereals for food production and cereals for use as animal fodder are expected to increase slightly, due to an anticipated lower harvest this year (by 10-12%). Among animal products, the persistent fall in the price of poultry and virtually constant rise in beef prices (for live animals) are expected to be accompanied by a change in the price of pork (for live animals), from a fall to a modest rise, owing to its shortage on the market. In line with these assumptions, agricultural prices are expected to rise on a year-on-year basis in August.



### 3 Factors Affecting the Course of Inflation

In July, the year-on-year growth rate of the M3 monetary aggregate again reached a record level, the highest since May 2005. The year-on-year dynamics of bank lending weakened during the month. However, there is a persistent risk that the relatively strong growth in loans may have an unfavourable impact on price developments in the medium term.

#### 3.1 Monetary Aggregates

##### M3 Monetary Aggregate

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

The M3 monetary aggregate (according to ECB methodology) grew in volume by Sk 10.6 billion compared with the previous month, to Sk 871.8 billion at the end of July. The year-on-year rate of M3 growth<sup>1</sup> accelerated by 0.6 of a percentage point, to 11.8%.

**Table 4 Year-on-Year Growth Rates of M3 Monetary Aggregate (ECB methodology) (%)**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Year 2004	6.4	9.9	6.9	11.1	8.6	14.0	5.8	11.9	13.3	13.6	12.7	15.0
Year 2005	10.0	9.6	11.4	11.9	12.5	9.6	8.9	8.0	7.3	7.6	6.3	7.8
Year 2006	8.6 <sup>1)</sup>	9.1 <sup>1)</sup>	10.3 <sup>1)</sup>	9.4 <sup>1)</sup>	10.5	11.2	11.8	.	.	.	.	.

Source: NBS and NBS calculations based on data from the Slovak Association of Asset Management Companies (SASS).

1) Revised data.

The main factor influencing the rate of M3 growth in July was again the receivables of monetary financial institutions (MFIs) from the resident private sector. On the other hand, the growth in monetary aggregates was dampened by a marked improvement in the State budget.

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

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	July 2005	June 2006	July 2006	June 2006	July 2006
Currency in circulation	110.1	124.5	124.4	15.2	13.0
Deposits and loans taken, repayable on demand	311.7	397.2	403.7	24.0	29.5
<b>M1</b>	421.7	521.7	528.1	21.7	25.2
Deposits and loans taken, with an agreed maturity of up to 2 years	294.2	287.3	291.7	2.0	-0.9
Deposits redeemable at a period of notice of up to 3 months	15.5	13.2	13.0	-16.5	-16.4
<b>M2</b>	731.5	822.2	832.7	13.2	13.8
Money market fund shares/units	47.1	38.6	38.6	-16.8	-18.0
Repo operations	0.4	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	0.7	0.4	0.4	-	-
<b>M3</b>	779.7	861.2	871.8	11.2	11.8

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

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

#### Main M3 Components

##### Growth in M1; growth in deposits and received loans repayable on demand

The dynamics of currency in circulation again weakened in July and followed the downward trend that started at the beginning of the year. The dynamics of the M1 sub-aggregate continued to be determined by the growing volume of deposits and received loans repayable on demand, which achieved the strongest year-on-year growth among the main M3 components.

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

The acceleration in M2 growth was mostly stimulated by developments in short-term deposits, when the year-on-year dynamics of deposits and loans taken with an agreed maturity of up to 2 years weakened despite a month-on-month increase of Sk 4.4 billion. Deposits redeemable at a period of notice of up to 3 months continued to show negative dynamics on a year-on-year basis.

The less liquid M3 components (marketable instruments) represented a factor moderating the rate of M3 growth. Although money market fund shares/units ceased to decline in July, they showed deepening negative dynamics and were Sk 8.5 billion lower than a year earlier.

### Investment Through Open-End Investment Funds

The net value of Sk-denominated assets held by open-end investment funds (OIFs) dropped to Sk 112.4 billion at the end of August. The outflow of funds from OIFs continued in August, when negative net sales (repurchases of investment fund shares/units, exceeding their sales) were achieved by both koruna OIFs and OIFs denominated in foreign currency. The cumulative negative increase in net OIF sales in Sk again deepened, due to a persistent lack of interest in investment in OIFs.

### Outflow of funds from open-end investment funds in Sk

The August decline was caused first and foremost by the negative net sales of bond funds (Sk -1.8 billion) and equity funds (Sk -0.2 billion). On the other hand, other funds recorded very modest positive net sales (money market funds, mixed, umbrella, and other special funds achieved a total of Sk 0.1 billion). Thus, the monthly net sales of OIFs of all categories were negative (Sk -1.9 billion).

**Table 6 Overview of Net Sales of Open-End Investment Funds**  
(month-on-month change in billions of Sk)

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	CUM.
OIF sales 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	1.5	3.7	1.0	1.3	35.3
	2006	1.3	-0.4	0.7	-1.8	-0.1	-0.3	-0.6	-1.7	.	.	.	.	-2.7
OIF sales 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	0.39	0.43	0.12	0.28	2.56
	2006	0.43	0.85	0.44	0.16	-0.02	-0.10	0.61	-0.18	.	.	.	.	2.20

Source: NBS calculations based on data from the Slovak Association of Asset Management Companies (SASS).

**Chart 5 Monthly Net Sales of OIFs in Slovakia**  
(Sk billions)



Source: NBS calculations based on data from SASS.

### Main M3 Counterparts

The year-on-year growth rate of MFI receivables from residents (including securities issued by clients and held by MFIs) again slowed in July, by 1.3 percentage points compared with June, to 13.6%. This was mainly due to a fall in the year-on-year dynamics of bank lending to the private sector (by 3.6 percentage points). The decline in MFI receivables from the public sector and receivables in the form of securities continued on a year-on-year basis.

Long-term financial liabilities (excluding capital, reserves, and provisions) followed a long-term increasing trend in year-on-year dynamics in July, the sources of which are debt securities issued with a maturity of over 2 years and deposits and loans taken with an agreed maturity of over 2 years.

Since the end of last year, the growth rate of MFI receivables from the private sector (including securities) has been moderated by an accelerating year-on-year decline in securities issued by the private sector. A slowdown was also recorded in the growth rate of MFI receivables from the private sector excluding securities.

### Decelerating growth in MFI receivables (including securities) from residents

### Accelerated growth in MFI receivables from the private sector


**Table 7 Main Counterparts of M3 (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	July 2005	June 2006	July 2006	June 2006	July 2006
Net foreign assets	304.3	302.6	311.7	2.8	2.4
Foreign assets	602.2	607.8	524.1	2.9	-13.0
Foreign liabilities	298.0	305.2	212.4	3.0	-28.7
Receivables of MFIs from residents (incl. securities)	729.7	833.1	829.2	14.9	13.6
Receivables from the general government	255.4	248.9	248.5	-4.7	-2.7
Receivables from the private sector	474.3	584.2	580.7	26.0	22.4
Deposits and loans taken from central government	84.6	106.0	99.6	26.0	17.7
Long-term financial liabilities (excl. capital and reserves)	95.2	112.0	112.8	17.9	18.4
Deposits and loans taken, with an agreed maturity of over 2 years	52.5	61.0	61.9	15.2	17.8
Deposits redeemable at over 3 months' notice	28.6	26.1	25.8	-9.2	-9.8
Debt securities issued with a maturity of over 2 years	14.1	24.9	25.1	87.6	78.0
Other items net	74.4	56.4	56.7	-13.8	-23.8
Capital, reserves, and provisions	104.3	80.9	81.4	-14.0	-22.0
Other liabilities	49.4	54.9	51.3	6.8	3.9
Surplus of liabilities among MFIs	0.2	-0.1	-0.1	-	-
Fixed assets	33.6	33.0	33.1	-4.2	-1.7
Other assets	45.9	46.3	43.0	1.1	-6.3
<b>M3</b>	<b>779.7</b>	<b>861.2</b>	<b>871.8</b>	<b>11.2</b>	<b>11.8</b>

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

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

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

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	July 2005	June 2006	July 2006	June 2006	July 2006
MFI receivables from the private sector (incl. securities)	474.3	584.2	580.7	26.0	22.4
of which: Securities issued by the private sector	18.7	14.8	14.8	-21.1	-22.1
MFI receivables (excluding securities)	455.6	569.4	565.9	28.0	24.2
Non-financial corporations	253.4	299.3	291.2	20.0	14.9
- up to 1 year	110.4	133.8	126.6	22.7	14.7
- 1 to 5 years	54.5	56.7	54.5	4.4	0.1
- over 5 years	88.5	108.8	110.1	26.3	24.3
Financial corporations	46.7	61.3	61.2	38.2	30.9
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving households	155.5	208.7	213.5	38.3	37.3
- consumer loans	23.4	32.6	33.0	44.0	40.9
- house purchase loans	102.6	136.2	139.4	36.7	35.8
- other loans	29.4	39.9	41.2	39.1	39.8

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

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

The year-on-year rate of growth in MFI receivables moderated in relation to both financial and non-financial corporations, as well as households.

### Structure of MFI Receivables from the Private Sector

**Loans to households** The total volume of loans to households is dominated by loans for housing purposes (accounting for roughly two thirds), though they have shown, together with consumer loans, gradually weakening year-on-year dynamics since April 2006.

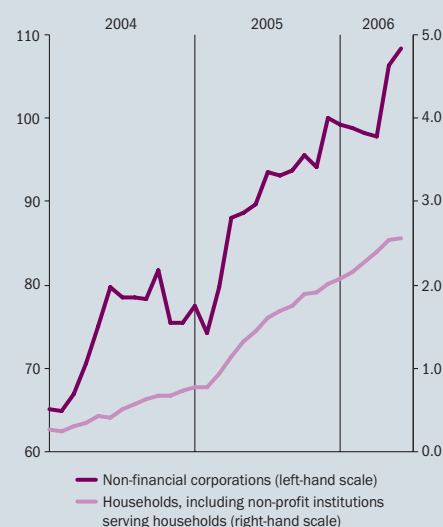


Consumer and other loans actually show stronger growth dynamics than loans for house purchases, but they constitute a much smaller part of the total volume of loans to households. The structure of household loans is relatively stable in the long term, with a decreasing share of house purchase loans.

**Table 9 Survey of MFI Receivables from the Resident Private Sector (excl. securities)**

	Volume (Sk billion)	Change since the beginning of the year (Sk billion)	
	July 2006	July 2005	July 2006
MFI receivables (excl. securities)	565.9	57.9	58.4
Non-financial corporations	291.2	28.1	19.8
– loans in Slovak koruna	193.5	9.9	22.1
– loans in foreign currency	97.6	18.2	-2.4
Financial corporations (other financial intermediaries and auxiliary financial institutions)	61.2	2.5	6.2
– loans in Slovak koruna	46.6	0.9	3.6
– loans in foreign currency	14.6	1.6	2.6
Insurance companies and pension funds	0.0	0.0	0.0
– loans in Slovak koruna	0.0	0.0	0.0
– loans in foreign currency	0.0	0.0	0.0
Households and non-profit institutions serving households	213.5	27.3	32.5
– loans in Slovak koruna	210.8	26.3	31.8
– loans in foreign currency	2.8	0.9	0.8
of which: Consumer loans	33.0	3.5	8.2
– loans in Slovak koruna	32.9	3.4	8.2
– loans in foreign currency	0.1	0.1	0.0
House purchase loans	139.4	14.7	20.5
– loans in Slovak koruna	137.8	13.9	19.9
– loans in foreign currency	1.6	0.7	0.6
Other loans	41.2	9.0	3.9
– loans in Slovak koruna	40.1	9.0	3.7
– loans in foreign currency	1.1	0.1	0.2

Source: NBS.

**Chart 6 Lending in Foreign Currency  
(Sk billions)**


Source: NBS.

Loans in EUR form a substantial part of the loans provided in foreign currency to non-financial corporations (93.2%) and households (89.3%).

### Current Budgetary Developments

August 2006 saw a deterioration in budgetary performance in comparison with the previous month (by Sk 0.5 billion), with the deficit reaching Sk 5.7 billion at the end of the month (compared with Sk 5.2 billion at the end of July). Budget revenue increased month-on-month by Sk 22.4 billion and expenditure grew by Sk 22.9 billion.

### 3.2 External Trade

#### Balance of Payments for June and the First Half of 2006

In June, the deficit in the balance of payments current account decreased markedly in comparison with the previous month (by more than Sk 10 billion). The most significant factor affecting the June developments was a reduction in dividends paid to foreign investors,

#### Current account

followed by a decrease in the income balance deficit. The trade deficit also decreased month-on-month in June, to Sk 6.2 billion. A more favourable balance than in the previous month was also recorded in



current transfers. The only item to show a deterioration in comparison with the previous month was the balance of services.

The deficit in the b.o.p. current account increased by Sk 11.4 billion over the first half of 2006. The increased deficit was mainly caused by a deterioration in the trade balance and, to a lesser extent, an increase in the income balance deficit. On the other hand,, the increase in the current account deficit was moderated by a year-on-year increase in the services balance surplus and a surplus in current transfers.

**Table 10 Balance of Payments Current Account****(Sk billions)**

	June 2006	June 2005	Jan. – June 2006	Jan. – June 2005
Balance of trade	-6.2	-3.6	-45.5	-31.5
Exports	106.8	86.5	567.9	461.3
Imports	113.0	90.1	613.4	492.8
Balance of services	0.4	-0.8	8.2	5.2
Balance of income	-6.9	-8.3	-28.6	-24.9
of which: Income from investment	-9.3	-10.6	-43.4	-39.8
of which: Reinvested earnings	-2.4	-2.4	-16.9	-14.4
Current transfers	5.2	-0.3	4.0	0.7
Current account in total	-7.5	-13.0	-61.9	-50.5
Current account as a share of GDP in %	-	-	-8.0	-7.2
Current account (excluding dividends and reinvested earnings) as a share of GDP in %	-	-	-3.0	-2.1

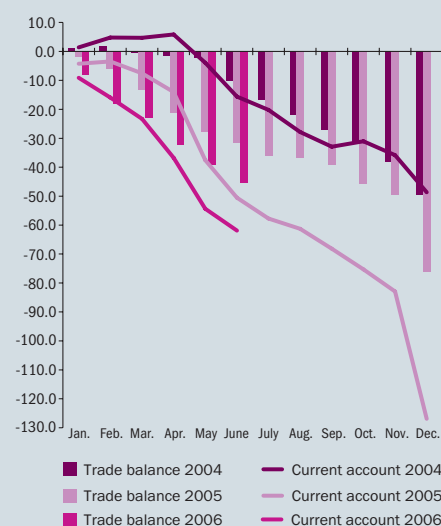
Source: NBS and the Statistical Office of the SR.

In comparison with the same period in 2005, exports grew over the first half of 2006 by 23.1% (20.9% in USD and 26.5% in EUR) and imports by 24.5% (22.2% in USD and 27.9% in EUR).

In foreign trade, June saw a slowdown in the growth dynamics of exports as well as imports (though they both remained below the 20% level). The slower month-on-month growth in exports was caused by increased goods exports in the following categories: machinery (motor vehicles), chemical products and semi-finished goods (aluminium and iron/steel products). The modest month-on-month growth in imports was stimulated by increased machine imports (engines and automatic data-processing machines). The only category where both exports and imports declined was 'raw materials', mainly as a result of lower imports and exports of oil and oil products.

#### Exports

In the first half of 2006, the most significant increase in comparison with the same period a year earlier took place in machine exports, which accounted for more than half of the total increase. In the 'machinery and transport equipment' category, more than two-thirds of the year-on-year increase in exports took place in 'machinery' (mainly in the exports of television sets and, in smaller measure, the exports of radiotelephone transmitters, boilers, electric motors, videophones, etc.). The growth in machine exports within this category was promoted by increased exports of transport vehicles, caused by the expanding exports of motor vehicles and components. Year-on-year growth was also recorded in the exports of chemical products and semi-finished goods, which grew at a stable rate as last year, due to strong demand on the world market for semi-finished goods, such as aluminium, copper, paper, and iron and steel products. Export growth in the 'chemical products' sub-category accelerated on a year-on-year basis, due to strong growth in the exports of plastics and rubber goods, which was mainly connected with the rise in oil prices. Much faster growth than last year was recorded in raw materials exports, due mainly to growth in the exports of processed petroleum oils and natural gas (the growing exports of

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

Source: NBS and the Statistical Office of the SR.



these commodities were in large part caused by price developments). The weakest year-on-year growth was recorded in the exports of finished products, mainly furniture and agricultural products (sugar).

**Table 11 Exports from January to June, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – June		January – June	
	2006	2005	2006	2005
Raw materials	16.2	1.5	3.5	0.4
Chemicals and semi-finished goods	25.9	25.6	5.6	6.8
Machinery and transport equipment	58.7	-7.7	12.7	-2.0
Finished products	5.7	1.5	1.2	0.4
Exports in total	106.5	20.9	23.1	5.5

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

Year-on-year growth in imports in the first half of 2006 occurred mainly in the 'machinery and transport equipment' category, as a result of increased imports of machines for construction and industry (lifting and handling equipment, automatic data-processing machines, forming machines, etc.) and imports in the 'transport vehicles' category, mainly the imports of motor vehicle parts and accessories, including engines. Strong growth was recorded in raw materials imports, whose year-on-year increase well exceeded the figure for the same period in 2005 (the growth in raw materials imports was mainly caused by the high price of oil on the world market). In the 'finished products' category, significant increases were mainly recorded in the imports of electrical consumer goods (television sets) and industrial products (pharmaceuticals, clothes, and footwear). Faster growth than last year was also recorded in passenger car imports. A year-on-year increase also occurred in the imports of chemical products and semi-finished goods. In semi-finished goods, import growth was concentrated in the imports of iron and steel, iron and steel products, copper, wood, and wood products. In the 'chemical products' category, the increase in imports took place mostly in plastics and organic chemical products.

## Imports

**Table 12 Imports from January to June, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – June		January – June	
	2006	2005	2006	2005
Raw materials	32.4	18.6	6.6	4.6
Chemicals and semi-finished goods	19.9	8.4	4.0	2.1
Machinery and transport equipment	45.2	0.1	9.2	0.0
Finished products	23.3	14.1	4.7	3.5
of which: Agricultural and industrial goods	10.5	9.0	2.1	2.2
Passenger cars	2.6	0.7	0.5	0.2
Machines and electrical consumer goods	10.2	4.4	2.1	1.1
Imports in total	120.8	41.2	24.5	10.1

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

In the first half of 2006, the services balance generated a surplus of Sk 8.2 billion, representing an improvement of Sk 3.0 billion compared with the same period in 2005. The increase in the positive balance of services took place in transport and tourism services, while 'other services in total' remained unchanged on a year-on-year basis. The increased surplus in transport services was mainly caused by a year-on-year improvement in air passenger transport and increased receipts from the transit of gas and road freight transport. In transport services, the increase in the surplus was moderated by lower receipts from rail freight transport. The year-on-year improvement in the balance of tourism services was caused by increased receipts from tourism services, which were accompanied by slower growth in the expenses of Slovak residents on services related to tourism. The unchanged deficit in 'other services in total' compared with last year was caused by conflicting developments, when shrinking deficits in computer, legal, accounting, and consulting services were offset by growing deficits in financial and construction services.

## Services balance

Over the first half of 2006, the income balance deteriorated on a year-on-year basis by Sk 3.7 billion, due mainly to an increase in the shortfall of proceeds from investment. The increased deficit in proceeds

## Income and current transfers balances



from investment was caused by growth in the payments of reinvested earnings and increased interest payments on loans. The estimated payments of reinvested earnings grew by Sk 2.5 billion and interest payments increased by Sk 1.4 billion, and were accompanied by a decrease in interest received from loans granted to non-residents. The increase in last year's modest surplus in current transfers was caused by an increase in net income from EU funds (by Sk 3.8 billion). On the other hand, the deficit in the balance of private transfers from last year increased by Sk 0.5 billion.

#### Capital and financial account

In June 2006, the balance of payments on capital and financial account resulted in a surplus of Sk 12.6 billion. The most significant inflow took place in portfolio investment, due to an inflow of funds from long-term securities denominated in Sk. In foreign direct investment (FDI), an inflow was achieved as a result of two conflicting effects. The growth in liabilities to direct investors exceeded the outflow of funds resulting from an increase in the ownership interests of domestic investors abroad. The inflow of funds in FDI on the short-term assets side in other investment was eliminated by an increase in bank deposits on accounts abroad, and an increase in export receivables from trade credits.

Over the first half of 2006, the capital and financial account generated a surplus of Sk 63.9 billion (compared with Sk 110.1 billion in the same period a year earlier). The year-on-year decrease in the financial account surplus was mainly caused by a different trend in short-term funds in the banking sector, where the volume of short-term non-resident deposits at Slovak banks recorded a marked increase last year and the exchange rate of the Slovak koruna appreciated (the increase in non-resident deposits at commercial banks in Slovakia in the first half of 2005 was caused by expectations regarding the appreciation of the koruna).

**Table 13 Balance of Payments Capital and Financial Account**

(Sk billions)

	June 2006	June 2005	Jan. – June 2006	Jan. – June 2005
Capital account	0.2	0.1	-0.2	0.0
Direct investment	4.9	19.6	59.0	32.2
SR abroad	-3.2	-0.6	-5.7	-1.2
of which: Equity capital abroad	-4.3	0.0	-5.2	0.2
Reinvested earnings	-0.1	-0.1	-0.6	-0.6
In the SR	8.1	20.2	64.7	33.4
of which: Equity capital in the SR	0.2	2.7	38.0	6.5
of which: Other than privatisation	0.2	2.7	7.0	6.5
Reinvested earnings	2.5	2.5	17.5	15.0
Portfolio investment and financial derivatives	25.8	5.0	48.2	-14.4
SR abroad	-1.8	-1.7	-5.8	-20.9
In the SR	27.6	6.7	54.0	6.5
Other long-term investment	3.7	1.1	18.0	-9.7
Assets	1.6	-0.1	-0.4	-0.6
Liabilities	2.1	1.2	18.4	-9.1
Other short-term investment	-22.0	-9.1	-61.1	102.0
Assets	-20.4	-5.8	-51.1	-17.2
Liabilities	-1.6	-3.3	-10.0	119.2
Capital and financial account	12.6	16.7	63.9	110.1

Source: NBS.

#### Foreign direct investment

From January to June 2006, foreign direct investment (FDI) resulted in a surplus of Sk 59.0 billion, representing a year-on-year increase of Sk 26.8 billion. The increase in the surplus was generated by an increased inflow in foreign direct investment into the SR (by Sk 31.3 billion). Growth in foreign direct investment was mostly stimulated by an inflow of property capital, which was caused virtually in full amount (Sk 31 billion) by an inflow of funds from the privatisation by Enel of the Slovak Power Company in April. On the other hand, estimated reinvested earnings increased only slightly, to Sk 17.5 billion at the end of June. The largest inflow in foreign direct investment (except privatisation) was allocated to industry and financial intermediation.

#### Portfolio investment

Portfolio investment resulted in a net inflow of Sk 48.2 billion, compared with a net outflow of Sk 14.4 billion last year. The year-on-year increase (Sk 62.6 billion) was mainly caused by a new eurobond issue in March 2006 (amounting to Sk 37.6 billion), and was partly offset by a decrease in funds from long-



term securities denominated in Slovak koruna. The lower outflow of funds on the assets side compared with last year (by Sk 15.1 billion) was a result of a fall in interest in foreign debt securities (on the part of enterprises as well as banks), which was only partly offset by growing interest in the purchase of equity securities.

In other investment, the first half of 2006 saw an outflow of funds in the amount of Sk 43.1 billion, compared with an inflow of Sk 92.3 billion in the same period a year earlier. The year-on-year change was connected with the inflow of short-term capital into the banking sector last year (deposits at banks) in both foreign and domestic currency, whereas the first half of 2006 saw an outflow of funds from accounts held at Slovak banks, which led to depreciation (1.2%) in the average monthly SKK/EUR rate in June.

#### Other investment

The outflow of short-term non-resident deposits from Slovak banks reached Sk 42.9 billion in the first half of the year, compared with an inflow of Sk 80.5 billion in the same period in 2005. The year-on-year change from an inflow of short-term deposits to an outflow was the main factor behind the capital outflow in the banking sector and contributed, along with the excess of repayment over drawing of financial credits (in the banking sector), to the year-on-year decline in other investment (by Sk 174.6 billion).

Activities in the corporate sector were mainly connected with the financing of trade activities. In the first half of 2006, the volume of export credits provided was exceeded by that of import credits received, which led to an inflow of funds from trade credits in the amount of Sk 3.6 billion (the same period a year earlier saw an inflow of Sk 8.3 billion in trade activities). An inflow of funds (Sk 10.0 billion) was also achieved in financial credits to entrepreneurial entities. Last year, financial credits to entrepreneurial entities followed a similar course of development as this year: an inflow of Sk 9.0 billion was achieved during the first half of 2005. The net inflow in other investment in the corporate sector increased year-on-year by Sk 23.9 billion.

Other investment in the government sector (including the NBS) recorded an outflow of Sk 3.2 billion. The outflow decreased year-on-year by Sk 15.3 billion, in connection with the first liability instalment to ČSOB Praha in February 2005 (Sk 16.0 billion).

**Table 14 Capital Inflow in Other Investment by Sector** (Sk billions)

	Jan. – June 2006	Jan. – June 2005	Year-on-year change
Banks	-53.3	121.3	-174.6
Enterprises	13.4	-10.5	23.9
Government and NBS	-3.2	-18.5	15.3
Total	-43.1	92.3	-135.4

Source: NBS.

The foreign exchange reserves of the NBS increased by Sk 7.7 billion, i.e. USD 0.2 billion (excluding exchange rate differentials). The increase in reserves was caused by an issue of eurobonds (Sk 37.6 billion), and was partly offset by a decrease ensuing from interventions (Sk 23.1 billion).

#### Foreign exchange reserves of the NBS

**Table 15 Balance of Payments Adjusted for Government and NBS Activities** (Sk billions)

	January – June 2006	
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>
Current account	-61.9	-81.3
Capital and financial account	63.8	72.2
of which: FDI in Slovakia – equity capital	38.0	38.2
Items not elsewhere included	5.7	5.7
Interventions by the NBS <sup>3)</sup>	23.1	23.1
Change in the net foreign assets of commercial banks (- increase)	-	-19.8
Change in NBS reserves (- increase)	-7.7	-

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 balance of payment structure, interventions are part of the foreign exchange reserves of the NBS.



The inflow of funds into the corporate sector increased as a result of NBS interventions, and brought about an increase in the net foreign assets of the banking sector.

### External Debt of Slovakia as at 30 June 2006

**Gross external debt** At the end of June 2006, Slovakia's total gross external debt stood at USD 31.5 billion (EUR 25.1 billion), representing a month-on-month increase of USD 0.5 billion (EUR 1.0 billion). Total long-term foreign debt increased over the period under review by USD 0.8 billion, while total short-term foreign debt dropped by USD 0.3 billion.

Within the scope of long-term external debt, the period under review saw an increase in the foreign liabilities of the Government and NBS (USD 0.6 billion), mainly as a result of increased interest in Sk-denominated government bond purchases. The commercial sector recorded an increase in the foreign liabilities of entrepreneurial entities (USD 0.2 billion), accompanied by a modest increase in the liabilities of commercial banks.

Within the scope of short-term foreign debt (in the commercial sector), the period under review saw a decrease in the foreign liabilities of commercial banks (USD 0.4 billion) and an increase in the foreign liabilities of entrepreneurial entities (USD 0.1 billion).

From the beginning of the year to the end of June 2006, Slovakia's total gross external debt increased by USD 4.6 billion (EUR 2.4 billion). Total long-term foreign debt grew during that period by USD 3.5 billion, while total short-term foreign debt increased by USD 1.1 billion.

At the end of June, Slovakia's per-capita gross foreign debt stood at USD 5,856. The share of short-term foreign debt in the country's total gross external debt decreased month-on-month by 1.8 percentage points, to 51.7% at the end of June 2006.

**Table 16 External Debt of the SR**

	In millions of USD			In millions of EUR		
	1.1.2006	31.5.2006	30.6.2006	1.1.2006	31.5.2006	30.6.2006
Total external debt of the SR	26,897.6	31,030.5	31,501.2	22,704.5	24,165.5	25,140.4
Long-term external debt	11,759.5	14,426.0	15,229.2	9,926.3	11,234.5	12,154.1
Government and NBS <sup>1)</sup>	5,578.3	6,850.0	7,445.6	4,708.7	5,334.6	5,942.1
Commercial banks	866.7	1,184.2	1,238.3	731.6	922.2	988.3
Entrepreneurial entities	5,314.5	6,391.8	6,545.4	4,486.0	4,977.7	5,223.7
Short-term external debt	15,138.1	16,604.5	16,172.0	12,778.2	12,931.0	12,986.3
Government and NBS	4.4	8.1	0.0	3.7	6.3	0.0
Commercial banks	9,360.4	9,212.1	8,822.0	7,901.2	7,174.1	7,040.6
Entrepreneurial entities	5,773.3	7,384.3	7,450.0	4,873.3	5,750.6	5,945.7
Foreign assets	25,455.3	29,709.4	28,653.4	21,487.2	23,136.7	22,867.7
Net external debt	1,442.3	1,321.1	2,847.8	1,217.3	1,028.8	2,272.7
SKK/USD and SKK/EUR rates	31.948	29.358	30.584	37.848	37.698	38.322
EUR/USD cross exchange rate	–	–	–	1.185	1.284	1.253

Source: NBS.

1) Including government agencies and municipalities.

**Net external debt** The net external debt of Slovakia - expressed as the difference between gross foreign debt, i.e. USD 31.5 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 28.7 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 2.8 billion (debtor position) at the end of June 2006.

### Current Developments

The trade deficit increased in July on a month-on-month basis, to Sk 7.3 billion. Despite this, the current account deficit recorded a slight decrease in comparison with the previous month, due mainly to an improvement in the income balance (lower dividend payments to foreign investors).

The strong growth in exports achieved in previous months recorded a certain slowdown in July, which was accompanied by a fall in import dynamics. Nonetheless, the year-on-year rates of growth remained above the twenty-percent level (exports grew at a rate of 22.4%, imports at 24.1%).

Table 17 Balance of Payments on Current Account

(Šk billions)

	July 2006	July 2005	Jan. – July 2006	Jan. – July 2005
Balance of trade	-7.3	-4.7	-52.8	-36.2
Exports	95.8	78.2	663.7	539.5
Imports	103.1	82.9	716.5	575.7
Balance of services	0.9	1.2	9.1	6.4
Balance of income	0.8	-2.7	-27.8	-27.6
of which: Income from investments	-1.8	-4.4	-45.2	-44.2
of which: Reinvested earnings	-3.4	-2.9	-20.3	-17.3
Current transfers	-1.1	-1.1	2.9	-0.4
Current account in total	-6.7	-7.3	-68.6	-57.8

Source: NBS and the Statistical Office of the SR.

Compared with the NBS forecast, the trade deficit reached a higher level in July. The increased deficit was caused by a sharper than expected slowdown in export growth.

Export dynamics are expected to remain strong in August, but should not markedly exceed the level of July owing to the holiday season. Imports should decline somewhat in August compared with the previous month, mainly as a result of lower imports of machines and goods for final consumption (a seasonal effect).

The year-on-year dynamics of exports should remain strong in September and October, after the seasonal effect of the summer holiday disappears. Compared with the level of imports reached before the summer

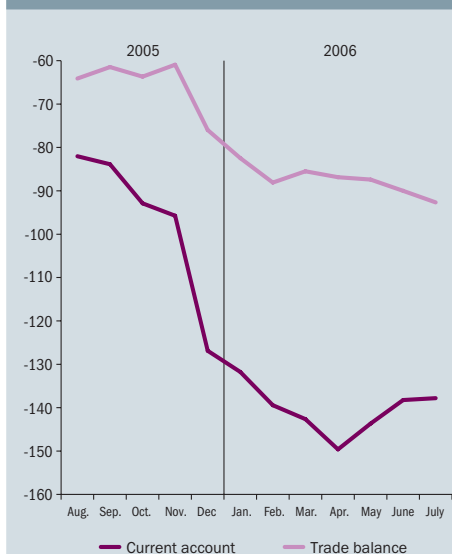
Table 18 Developments in Current Account Components in 2006

(Šk billions)

	January	February	March	2006 April	May	June	July
Balance of trade	-8.3	-10.0	-4.6	-9.3	-7.1	-6.2	-7.3
Balance of services	0.7	1.9	1.9	2.2	1.1	0.4	0.9
Balance of income	-0.6	-0.6	-3.2	-4.1	-13.2	-6.9	0.8
Current transfers	-0.9	1.8	-1.4	-2.2	1.5	5.2	-1.1
Current account	-9.1	-6.9	-7.3	-13.4	-17.7	-7.5	-6.7

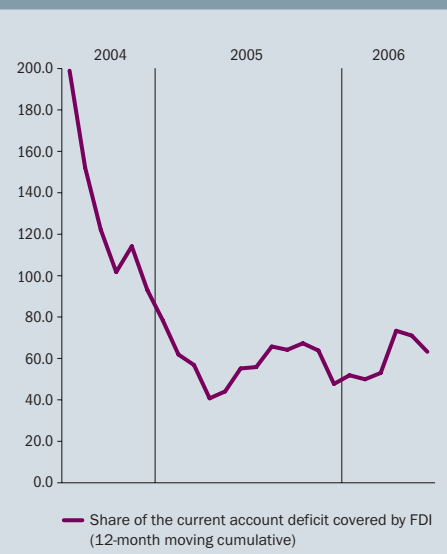
Source: NBS and the Statistical Office of the SR.

Chart 8 Balance of Trade and Current Account Developments (12-month cumulative figures) (Šk billions)



Source: NBS and Statistical Office of the SR.

Chart 9 Coverage of the Current Account Deficit by Foreign Direct Investment (%)



Source: NBS.



months, exports are expected to achieve a higher level, owing to the PSA automobile assembly plant. Imports are also expected to grow in volume, mainly as a result of increased imports of semi-finished goods, machines, and goods for final consumption.

On the whole, exports are expected to grow (mainly from September, as a result of growing exports from the new automobile plant), which should lead to a gradual improvement in foreign trade in the coming months).

**Total foreign exchange reserves of the NBS**

At the end of August, the total foreign exchange reserves of the NBS stood at USD 13,243.1 million, representing a month-on-month increase of USD 103.1 million. The modest increase in foreign exchange reserves in comparison with the end of July 2006 resulted from a surplus in the balance of receipts and expenses, produced largely by an inflow of funds through NBS repo operations. At the end of August, the volume of foreign exchange reserves was 3.6 times greater than the volume of average monthly imports of goods and services to Slovakia, over the first seven months of 2006.

According to data from banking statistics<sup>2</sup>, foreign exchange reserves at the end of August corresponded to 4.4 times the volume of the average monthly imports of goods and services (expressed as the volume of payments) to Slovakia over the first seven months of 2006.

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

The average exchange rate of the Slovak koruna took a turn in August and appreciated against the US dollar by 2.8%, against the euro by 1.8%, and in relation to the Czech koruna by 1.0%.

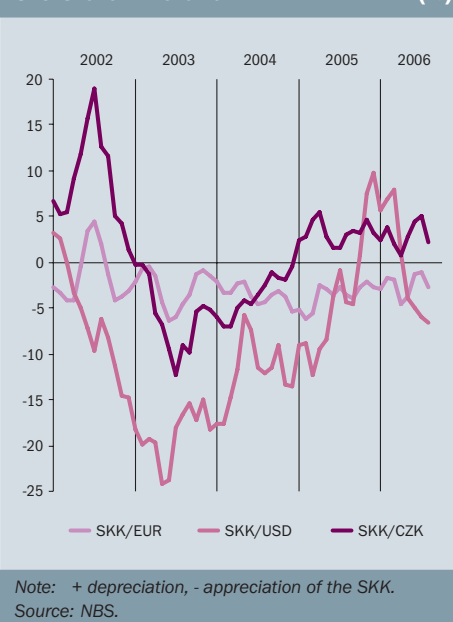
The appreciation of the Slovak koruna was also reflected in its year-on-year course, in the form of a marked appreciation vis-à-vis the US dollar (6.6%), the Swiss franc (4.0%), and in smaller measure against the euro (2.6%). The year-on-year depreciation of the Slovak koruna against the Czech koruna slowed in comparison with the previous month, to 2.3% in August (from 5% in July).

The value of the nominal effective exchange rate<sup>3</sup> (NEER) began to rise in August, and closed the month with a year-on-year change of 1.6%

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

On a year-on-year basis, the real effective exchange rate (REER) in July was still influenced by the depreciation of the Slovak koruna and its value based on various price deflators remained virtually unchanged in comparison with the previous month. The REER based on the consumer price index (CPI) followed the same course as in the previous month, and appreciated by 2.4%. Based on the index of industrial producer prices (PPI), the rate of appreciation slowed somewhat in comparison with June (by 0.4 of a percentage point), to 4.3%. On the other hand, the real effective exchange rate based on the manufacturing products price index

**Chart 10 Year-on-year Changes in the Average Monthly Exchange Rates of the Slovak Koruna (%)**



<sup>2</sup> The coverage of average monthly imports by the official foreign exchange reserves is one of the key indicators of currency stability and is monitored as a rule, despite the fact that foreign exchange reserves are no longer required to fulfil this role (coverage of imports by forex reserves) in the conditions of liberalised b.o.p. current and financial accounts. With regard to the essence and purpose of this indicator, it appears to be more reasonable to include in the ratio to forex reserves only that part of imports which is not financed from loans or foreign sources. Hence, starting from July 2006, the situation report on monetary developments will also mention the ratio of foreign exchange reserves to the volume of payments for goods and services, according to banking statistics. Unlike the volume obtained from usual data sources, this volume provides an alternative (more realistic) picture of the coverage of goods and services imports by reserves, since it only includes imports that are to be paid for.

<sup>3</sup> The methodology applied for calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER) is the same one used by the IMF. The REER is calculated on the basis of the consumer price index (CPI), the industrial producer price index (PPI), and/or the 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 19 Year-on-Year Dynamics of the NEER and REER Indices**
**(change in %)**

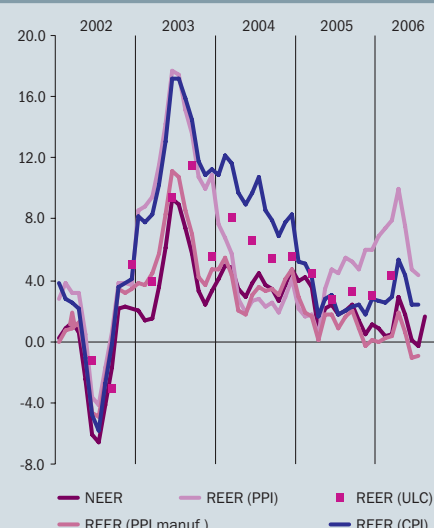
For 9 partners, based on the deflator:	NEER	REER (CPI)	REER (PPI)	REER (PPI manuf.)	REER (ULC) <sup>2)</sup>
December 2002	2.1	4.1	3.6	3.4	3.3
December 2003	3.2	11.3	10.8	4.7	6.5
December 2004	4.7	8.3	4.1	4.7	8.7
December 2005	1.1	2.7	6.0	0.0	3.0
March 2006 <sup>1)</sup>	0.4 / 0.8	2.9 / 2.8	7.9 / 3.9	0.4 / -0.7	4.3 <sup>(p)</sup>
June 2006 <sup>1)</sup>	0.0 / -0.7	2.4 / 1.5	4.7 / 2.9	-1.1 / -1.3	.
July 2006 <sup>1)</sup>	-0.3 / -1.6	2.4 / 0.2	4.3 / 1.1	-1.0 / -1.4	-
August 2006 <sup>1)</sup>	1.6 / 0.0	.	.	.	-

Source: NBS.

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

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

Note: + appreciation, - depreciation of the NEER and REER indices.

**Chart 11 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.

Note: + appreciation, - depreciation of the NEER and REER indices.

(PPI manufacturing) depreciated by 1.0%, but the rate of depreciation moderated in comparison with the previous month by 0.1 of a percentage point.

### 3.3 Real Economy

#### Development of the Real Economy in the First Half of 2006

##### Gross Domestic Product

Over the first half of 2006, gross domestic product (GDP) increased year-on-year by 6.5% at constant 2000 prices (according to revised data from the Statistical Office of the SR). Compared with the figure for the first half of 2005, the rate of economic growth accelerated by 1.1 percentage points. Economic growth was stimulated by an increase in both domestic and foreign demand. In terms of production, the growth was connected with an increase in value added creation, mainly in business, financial, and public services. The nominal volume of GDP generated in the period under review amounted to Sk 772.6 billion, which was 9.6% more than a year earlier.

**Real economic growth in the first half of 2006 was 6.5%**

Real economic growth (broken down by quarter) gradually accelerated, from 6.3% in the first quarter to 6.7% in the second quarter. Real GDP growth accelerated in the second quarter of 2006 by 1.3 percentage points in year-

on-year terms, as a result of net exports and domestic demand. Within the scope of domestic demand, final consumption accelerated on a year-on-year basis, mainly as a result of developments in the general government sector. Investment activity in the individual economic sectors contributed 1.9 percentage points to real economic growth in the second quarter of 2006, but remained below the level of last year.

#### Demand

In terms of use, the structure of economic growth was influenced in the first half of 2006 by both domestic and foreign demand. The growth in foreign demand (18.2% at constant prices) was almost three times stronger than the dynamics of domestic demand (6.7%) and had a stimulating effect on the overall output of the domestic economy. Economic growth was also promoted by the individual components of domestic demand.

**Rapid growth in foreign demand**

The dynamics of domestic demand in the first half of 2006 remained below the level of last year (7.8%), mainly as a result of a smaller increase in inventories. The consumption component of domestic demand grew year-on-year by 6.1%, which represented a slight increase in dynamics compared with the first half of 2005 (0.7 of a percentage point). This development was mainly influenced by general government consumption expenditure, which increased year-on-year by 6.0% (in the first half of 2005 by 0.2%),

**The most dynamically growing component of domestic demand was final consumption in general government**

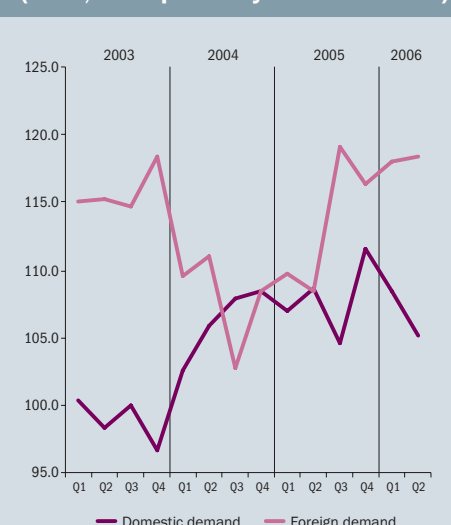


**Chart 12 Development of Real GDP by Quarter**  
(year-on-year growth in %)



Source: Statistical Office of the SR.

**Chart 13 Development of Domestic and Foreign Demand**  
(index, same period a year earlier = 100)



Source: Statistical Office of the SR.

while consumption by non-profit institutions serving households fell in real terms and household consumption grew at a slower rate than in the first half of 2005.

**Table 20 Development of GDP by Use**  
(index, same period a year earlier = 100, const. 2000 prices)

	2005		2006		
	H1	Year	Q1	Q2	H1
Gross domestic product	105.4	106.1	106.3	106.7	106.5
Domestic demand	107.8	108.0	108.4	105.2	106.7
Final consumption	105.4	105.3	106.6	105.7	106.1
Households	107.3	107.2	106.6	105.9	106.3
General government	100.2	100.5	106.7	105.5	106.0
Non-profit institutions serving households	98.8	97.0	100.5	95.6	98.0
Gross capital formation	114.1	115.3	113.4	104.1	108.0
Gross fixed capital formation	108.8	113.8	116.1	106.9	110.8
Exports of goods and services	109.1	113.5	118.0	118.4	118.2
Imports of goods and services	112.0	115.5	120.8	115.1	117.8

Source: Statistical Office of the SR.

**Increased gross capital formation, stimulated by fixed investment growth**

Gross capital formation increased (by 8% at constant prices), as a result of growth in fixed investment (10.8% year-on-year). In the first half of 2006, the volume of inventories increased in absolute terms by Sk 21.1 billion at constant prices, but lagged behind the figure for the same period a year earlier. This development was mirrored in the weaker dynamics of gross capital formation in comparison with the same period a year earlier. The structure of gross fixed capital formation provides a basis for an increase in the productivity of investment and consequently in economic output, since entrepreneurial entities used their investment means to purchase new fixed assets (an increase of 11.9% at constant prices), while the volume of acquired used long-term assets decreased (by 5.5%).

**Real growth in investment was achieved in almost all sectors**

Looking at the breakdown of national accounts by sector, the increase in fixed assets was significantly affected by the investment activities of non-financial corporations, which were connected with both foreign and domestic investments. They were probably also supported by the financial results of non-financial corporations, whose profits increased during the first half of 2006 by more than 17% year-on-year (compared with 13% a year earlier). The largest amounts of funds (71% of the total volume) were invested by non-financial corporations through the acquisition of new fixed assets. The investment activities of individual entities were relatively evenly distributed over the sectors, when investment increased in real terms in



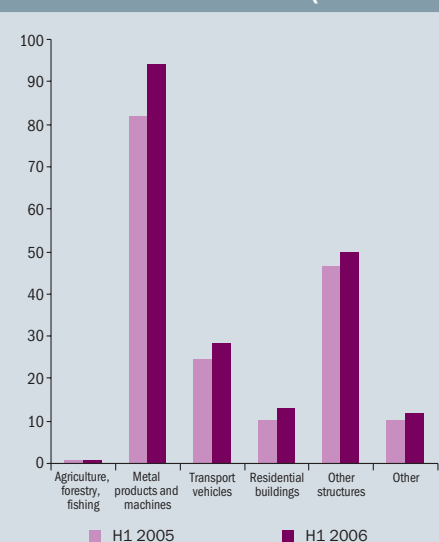
almost all sectors, except for mining and quarrying and the production of coke and petroleum products. Most investments were made by entrepreneurial entities in construction, the manufacture of metal products, and trade. The growth in gross fixed capital formation in real terms was also supported by investment activity in the household and general government sectors, which was mainly connected with an increase in capital expenditure within the State budget in the second quarter of 2006.

**Table 21 Structure of Gross Fixed Capital Formation in the First Half of 2006**

	Gross fixed capital formation (Sk millions)	Proportion (%)	Index H1 2006 H1 2005
Economy of the SR in total:	197,823	100.0	110.8
<b>of which (by sector):</b>			
Non-financial corporations	138,294	69.9	115.2
Financial corporations	3,430	1.7	101.2
General government	12,381	6.3	103.5
Households	43,221	21.8	101.6
Non-profit institutions	497	0.3	90.6
<b>of which (by production):</b>			
Machinery	122,478	61.9	113.1
of which: Metal goods and machines	94,216	47.6	113.4
Transport equipment	28,262	14.3	112.4
Buildings and structures	62,616	31.7	106.0
of which: Residential buildings	13,005	6.6	115.5
Other structures	49,611	25.1	103.9

Source: Statistical Office of the SR.

Note: Volumes and proportions are at current prices, indices at constant 2000 prices.

**Chart 14 Breakdown of Gross Fixed Capital Formation by Production (Sk billions)**


Source: Statistical Office of the SR.

In the first half of 2006, investment increased in real terms in all categories of production. Investment grew most rapidly in machines, which was connected with the intense value added creation and investment activity in manufacturing (13.6% at constant prices). Investment in construction grew at a slower rate than investment in machines, and thus its share in gross fixed capital formation decreased year-on-year by almost 1 percentage point, to 31.7%. In construction, investment grew most dynamically in residential buildings, which was probably connected with the growing investment activities of households and general government bodies.

The growth in financial consumption took place largely in the household and general government sectors. The consumption expenditure of non-profit institutions decreased. An accelerating element in overall consumption was final consumption expenditure in the general government sector, the dynamics of which increased year-on-year by 5.8 percentage points, to 6.0%. The increase in general government final consumption was mainly connected with wage and employment growth in the general government sector, the large-scale purchases of goods and services from business entities, and the growing volume of natural

**Accelerated growth in investment in machines**

**Increased final consumption in the general government sector**

social transfers by the State. The dynamics and sources of growth in public consumption did not differ significantly in the individual quarters: they increased in the first quarter of 2006 by 6.7% and in the second quarter by 5.5% at constant prices.

Final household consumption increased in year-on-year terms by 6.3% over the first half of 2006 (6.6% in the first quarter and 5.9% in the second quarter), and its share of total GDP reached 55%. The development of final household consumption was affected by the growth of wages, employment, and the continuing drawing of credit facilities. The share of total loans granted by monetary financial institutions to households in final household consumption reached 23.5% at the end of the first half of 2006 (19% at the end of the first half of 2005).

**Structure of spending on consumption**

In terms of structure, the year-on-year increase in consumption during the first half of 2006 was dominated by household expenses on hotels and restaurants; furnishings, household equipment, and routine maintenance of dwellings; post and telecommunications; and clothing and footwear. An analysis of the consumer behaviour of households revealed a certain qualitative shift in the preferences and possibilities of households to spend more on services and household equipment. The largest consumption components were expenses on foodstuffs and non-alcoholic beverages (22%) and expenses related to housing (21%).

In terms of relative contributions, the growth in final household consumption was based primarily on increased consumer spending on foodstuffs and non-alcoholic beverages; hotels and restaurants; furnishings, household equipment, and routine maintenance of dwellings.

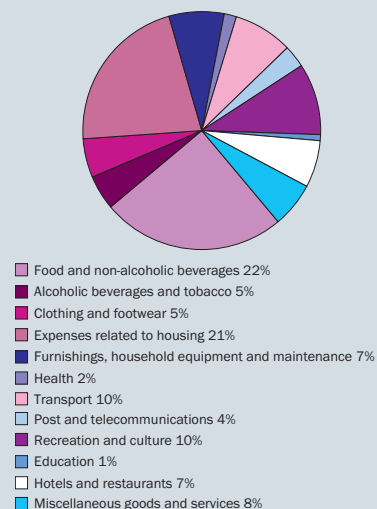
**GDP growth was slightly dampened by net exports**

In the first half of 2006, exports and imports of goods and services achieved two-digit growth rates. Imports showed stronger dynamics (at current prices) than exports, which led to a deterioration in the trade balance on a year-on-year basis. In nominal terms, net exports resulted in a deficit of Sk 36.1 billion (Sk 22.7 billion in the first half of 2005). The increase in the deficit in nominal terms was caused by growing imports of goods and services, mainly in connection with the import of technologies for the investment needs of individual sectors.

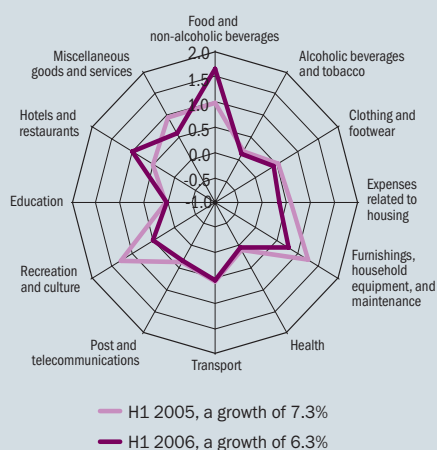
Developments in import prices in foreign trade, as measured by the deflators of imports of goods and services, were mainly connected with the rising prices of energy-producing raw materials. The prices of exported goods and services also increased, but to a lesser extent than import prices, since they were dampened by a reduction in the export prices of transport vehicles. Data from preliminary quarterly national accounts indicate that approximately one-third of the trade deficit (at current prices) is attributable to unfavourable developments in trade relations.

**The openness of the Slovak economy is widening**

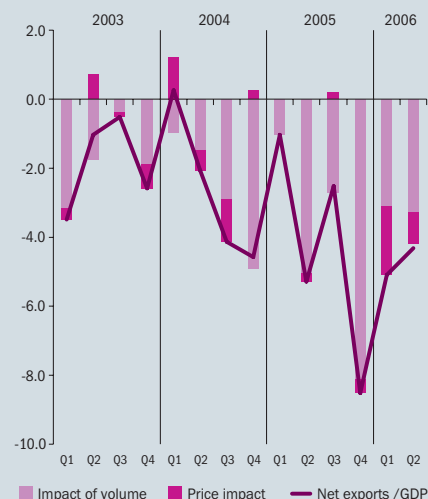
The export performance of the Slovak economy improved year-on-year in the first half of 2006, when the exports of goods and services as a share of GDP at current prices reached 83.5% (74.7% in the first half of 2005). The growing export performance was also accompanied by an increase in import intensity,

**Chart 15 Structure of Final Household Consumption in the First Half of 2006 (share in %)**

Source: Statistical Office of the SR.

**Chart 16 Contributions of Consumer Expenditures to Growth in Household Final Consumption by Category (p. p.)**

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

**Chart 17 Contribution of Net Exports to GDP at Current Prices (%)**

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

Table 22 Impact of Price and Volume on Exports and Imports

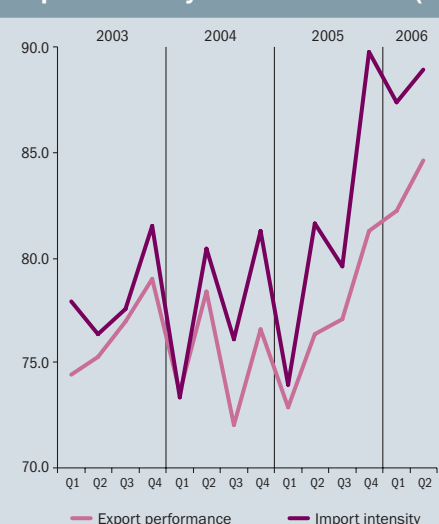
(percentage points)

	2005		2006		
	H1	Year	Q1	Q2	H1
Exports of goods and services (year-on-year growth in %, at current prices)	6.2	11.3	22.5	22.3	22.4
Impact of volume	9.1	13.5	18.0	18.4	18.2
Impact of price	-2.9	-2.2	4.5	3.9	4.2
Imports of goods and services (year-on-year growth in %, at current prices)	9.4	13.6	28.4	20.2	23.9
Impact of volume	12.0	15.5	20.8	15.1	17.8
Impact of price	-2.6	-1.8	7.6	5.1	6.2
Net exports as a share of GDP (share in %, at current prices)	-3.2	-4.5	-5.1	-4.3	-4.7
Impact of volume	-3.1	-4.4	-3.1	-3.3	-3.3
Impact of price	-0.1	-0.1	-2.0	-0.9	-1.4
Terms of trade (index)	99.6	99.7	97.7	98.9	98.5

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

Note: Calculated from GDP figures in millions of Sk, the contribution of imports of goods and services reduces the values of net exports and GDP; the differences in the subtotals are due to rounding. The terms of trade are calculated from year-on-year changes in the export and import deflators of goods and services.

Chart 18 Export Performance and Import Intensity (%)



Source: Statistical Office of the SR.

which grew on a year-on-year basis at an even faster rate, reaching 88.1% (compared with 77.9% a year earlier). The openness of the Slovak economy (expressed in terms of the ratio of exports / imports of goods and services to nominal GDP) increased during the first half of 2006 by 19 percentage points year-on-year, to 171.6%.

The supply side of the economy reacted to the strong foreign demand with accelerated value added creation and increased import. With price developments on foreign markets taken into account, net exports at constant prices resulted in a deficit of Sk 14.9 billion in the first half of 2006 (Sk 14.6 billion in the first half of 2005). Foreign trading resulted in a minor negative contribution by net exports to GDP (0.1 of a percentage point), with different trends in the individual quarters (the first quarter saw a dampening effect on GDP, followed by a pro-growth effect in the second quarter). Domestic effective demand contributed 7.2 percentage points to GDP growth, while the change in the volume of inventories (including statistical discrepancies) dampened the rate of GDP growth by 0.6 of a percentage point.

Table 23 Contributions to GDP Growth

(percentage points, constant 2000 prices)

	2005		2006		
	H1	Year	Q1	Q2	H1
Gross domestic product	5.4	6.1	6.3	6.7	6.5
Domestic demand	7.8	8.2	8.4	5.4	6.8
Final consumption	4.0	4.0	4.9	4.1	4.4
Households	3.9	3.9	3.8	3.2	3.5
General government	0.0	0.1	1.1	0.9	1.0
Non-profit institutions serving households	0.0	0.0	0.0	0.0	0.0
Gross capital formation	3.9	4.2	3.5	1.3	2.4
Gross fixed capital formation	2.2	3.5	3.7	1.9	2.8
Change in inventories	1.7	0.7	-0.2	-0.6	-0.4
Net exports	-2.5	-2.0	-2.5	2.2	-0.1
Exports of goods and services	7.6	11.2	15.5	16.1	15.8
Imports of goods and services	10.1	13.3	18.0	13.9	15.9
Statistical discrepancy	0.0	0.0	0.4	-0.9	-0.3

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

Note: The differences in the subtotals are due to rounding.



## Supply

**GDP growth** GDP growth in the first half of 2006 was influenced by value added creation, which grew year-on-year by 8.7% at constant 2000 prices (compared with 4.7% in the same period last year). Net taxes, including value added tax, excise duty, import tax (minus subsidies), decreased by 8.4%, after increasing a year earlier by 10.3%.

Value added creation was influenced by increased gross production, coupled with growth in intermediate consumption. As a result of virtually equal growth in gross production and intermediate consumption, the proportion of value added in the Slovak economy was at approximately the same level as a year earlier, i.e. 40.4% at constant prices (40.3% in the first half of 2005).

**Table 24 GDP Growth by Component**  
(index, same period a year earlier = 100, constant 2000 prices)

	2005		Q1	2006	
	H1	Year		Q2	H1
Gross production	102.8	103.6	108.3	108.8	108.6
Intermediate consumption	101.6	102.8	108.0	108.9	108.5
Value added	104.7	104.8	108.6	108.8	108.7
Other <sup>1)</sup>	110.3	116.3	90.4	92.7	91.6

Source: Statistical Office of the SR.

Note: Value added tax, excise duty, tax on imports minus subsidies.

Value added increased in all sectors, except for industry, construction, health and social care. Strong value added growth was recorded in trade (35.2%), transport, post and telecommunications (24.3%), and hotels and restaurants (21.7%), which led to marked value added growth in business services. Dynamic value added growth was also recorded in real estate, renting, and business services (12.6%); other community, social, and personal services (33.8%), and public administration, defence, and compulsory social security (13.1%).

**Table 25 GDP Development by Sector**  
(index, same period a year earlier = 100, constant 2000 prices)

	2005		Q1	2006	
	H1	Year		Q2	H1
Gross domestic product (GDP)	105.4	106.1	106.3	106.7	106.5
of which:					
Agriculture, hunting, forestry, and fishing	107.9	110.5	103.2	104.5	103.9
Industry in total	111.0	108.6	97.4	98.1	97.7
Mining and quarrying	124.8	108.8	51.2	73.2	62.3
Manufacturing	112.6	109.6	104.0	101.9	102.9
Electricity, gas, and water supply	102.7	102.6	75.2	75.5	75.3
Construction	120.5	118.1	80.0	115.2	98.6
Services in total	98.4	100.1	122.7	115.5	118.8
Business services <sup>1)</sup>	100.8	105.9	142.5	121.3	130.3
Financial services <sup>2)</sup>	94.4	94.4	106.4	115.0	110.7
Public services <sup>3)</sup>	99.9	98.0	114.4	105.3	109.4
Other <sup>4)</sup>	110.3	116.3	90.4	92.7	91.6

Source: Statistical Office of the SR, data revised in September 2006.

1) Business services: trade; hotels and restaurants; transport, storage, post and telecommunications.

2) Financial services: financial intermediation; real estate, renting, and business activities.

3) Public services: public administration and defence, compulsory social security; education; health and social services; other community, social, and personal services.

4) Value added tax, excise duty, tax on imports less subsidies.

A fall in value added occurred in industry (2.3%), mainly as a result of a marked drop in value added in electricity, gas, and water supply (24.7%). At the same time, value added creation in manufacturing increased (by 2.9%), mainly in the production of food, beverages, and tobacco products, the manufacture of metals and metal products, and the manufacture of machines, electrical equipment, and transport vehicles.

Table 26 GDP Development by Sector

(contributions to growth, percentage points)

	2005		Q1	2006	
	H1	Year		Q2	H1
Gross domestic product (GDP)	100.0	100.0	100.0	100.0	100.0
of which:					
Agriculture, hunting, forestry, and fishing	0.4	0.5	0.1	0.2	0.2
Industry in total	3.4	2.6	-0.9	-0.6	-0.7
Construction	1.1	1.1	-1.2	1.0	-0.1
Services in total	-0.8	0.1	9.5	7.1	8.2
Business services <sup>1)</sup>	0.2	1.2	7.1	4.4	5.7
Financial services <sup>2)</sup>	-0.9	-0.9	1.0	2.1	1.5
Public services <sup>3)</sup>	0.0	-0.2	1.4	0.6	1.0
Other <sup>4)</sup>	1.3	1.8	-1.2	-0.9	-1.1

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

1) Business services: trade; hotels and restaurants; transport, storage, post and telecommunications.

2) Financial services: financial intermediation; real estate, renting, and business activities.

3) Public services: public administration and defence, compulsory social security; education; health and social services; other community, social, and personal services.

4) Value added tax, excise duty, tax on imports less subsidies.

## Gross National Income

The evaluation of economic development on the basis of alternative indicators (GNI, GNDI) mainly takes into account the income of non-residents from the domestic economy (profit transfers by foreign investors) and household income from work abroad, which may affect the level of final consumption or savings in the domestic economy. In the first half of 2006, gross national income<sup>4</sup> (GNI) increased year-on-year by 8.7% at current prices (according to revised data from the Statistical Office of the SR). Its dynamics weakened somewhat in comparison with the first half of 2005 (by 0.1 of a percentage point), and lagged behind the rate of GDP growth at current prices (9.6%) by 0.9 of a percentage point. Gross national disposable income (GNDI) increased year-on-year by 10.1% at current prices, due to a surplus in the balance of transfers.

**Gross national income was lower than GDP**

Table 27 Comparison of GDP, GNI, and GNDI

(€ billions, current prices)

	2005		Q1	2006	
	H1	Year		Q2	H1
Gross domestic product (GDP)	705.2	1,472.1	368.8	403.8	772.6
Gross national income (GNI)	683.7	1,418.7	363.0	380.3	743.3
Gross national disposable income (GNDI)	681.6	1,414.6	362.7	387.6	750.3
GDP – growth indices	108.2	108.6	108.6	110.4	109.6
GNI – growth indices	108.8	107.3	106.8	110.6	108.7
GNDI – growth indices	108.7	107.1	107.1	113.0	110.1
GNI / GDP ratio in %	97.0	96.4	98.4	94.2	96.2
GNDI / GDP ratio in %	96.7	96.1	98.3	96.0	97.1

Source: Statistical office of the SR.

The slightly smaller volume of GNI compared with GDP indicates that, in the first half of 2006, income from economic activity in Slovakia transferred abroad (income from property, reinvested earnings and

<sup>4</sup> Gross national income (GNI) is one of the macroeconomic indicators used for measuring the output of an economy according to the national concept, while GDP is based on the domestic concept, which represents the final results of resident units achieved in the period under review. GNI is calculated as follows: GDP at market prices minus primary income paid by residents to non-residents, plus primary income received by residents from non-residents (income balance). Gross national disposable income (GNDI) is a balance item in non-financial national accounts, and is calculated from GNI reduced by current transfers paid to non-resident units and increased by current transfers received from non-resident units (balance of transfers).



interest) exceeded the inflow of income earned by persons working abroad (employee compensation) into the domestic economy. The improving GNDI / GDP relation is primarily attributable to government transfers from EU institutions.

### Wages and Labour Productivity

#### Slowdown in average monthly wage growth in nominal terms ...

In the first half of 2006<sup>5</sup>, the average monthly nominal wage of an employee in the Slovak economy increased year-on-year by 8.0%, to Sk 17,822. Compared with the first half of 2005, the rate of wage growth slowed by 1.1 percentage points. During the period under review, nominal wage growth accelerated from 7.1% in the first quarter to 8.8% in the second quarter.

The strongest growth in nominal wages in the first half of 2006 was recorded in financial intermediation (11.3%); education (10.3%); agriculture, forestry, and fishing (9.3%); public administration, defence, and compulsory social security (9.1%); real estate, renting, and business activities (8.9%); and trade and repair activities (8.7%).

Nominal wages in the entrepreneurial sector (broken down by form of ownership) increased as follows: in enterprises with 20 and more employees by 7.9%, in small enterprises with up to 19 employees by 10.4%, in budgetary organisations by 10.1%, and in subsidised organisations by 8.4%.

#### ... as well as in real terms

Real wage dynamics weakened considerably in comparison with the first half of 2005 (from 6.3% to 3.3%), due to a slowdown in nominal wage growth and higher average inflation in comparison with last year. During the period under review, real wage growth accelerated from 2.7% in the first quarter to 4.0% in the second quarter.

**Table 28 Average Monthly Wages and Labour Productivity in the Slovak Economy**  
(index, same period a year earlier = 100)

	2005		2006		
	H1	Year	Q1	Q2	H1
Nominal wage (index)	109.1	109.2	107.1	108.8	108.0
Real wage (index)	106.3	106.3	102.7	104.0	103.3
Labour productivity, current prices	105.4	106.3	106.2	107.9	107.2
Labour productivity, constant prices	102.6	103.8	103.9	104.3	104.2
Real labour productivity minus real wage (p.p.)	-3.7	-2.5	1.2	0.3	0.9
Consumer prices (average for the period)	102.7	102.7	104.3	104.6	104.5

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

Note: Labour productivity calculated from revised GDP and employment figures from quarterly statistical reports.

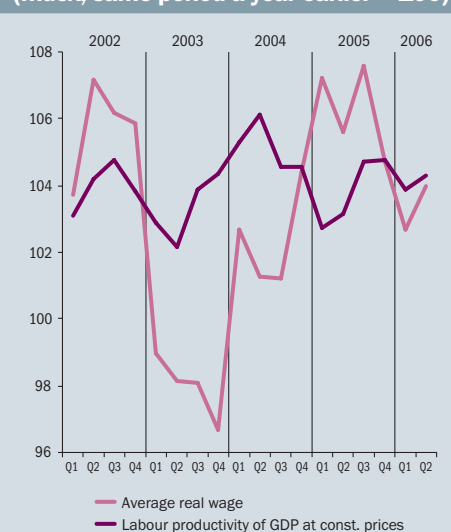
Real wages increased in all sectors of the economy in the first half of 2006. The steepest increases took place in financial intermediation (6.5%); education (5.6%); agriculture, forestry, and fishing (4.6%); public administration, defence, and compulsory social security (4.4%); real estate, renting, and business activities (4.2%), and trade and repair activities (4.0%).

#### Development of labour productivity

In the first half of 2006, labour productivity (GDP per person employed) increased in nominal terms by 7.2% and in real terms by 4.2%. Compared with the first half of 2005, the rate of productivity growth accelerated in nominal terms by 1.8 percentage points and in real terms by 1.6 percentage points. The growth rate of real labour productivity exceeded the dynamics of real wages in the first half of 2006, by 0.9 of a percentage point.

<sup>5</sup> With effect from 2006, the average monthly wage is calculated according to a modified methodology, in which the wages of the armed forces are also taken into account. This methodological change is reflected in average monthly nominal wages in the Slovak economy as well as in public administration, defence, and compulsory social security. The indices of average monthly wage dynamics for 2006 are calculated from comparable data.

**Chart 19 Real Wages and Real Labour Productivity**  
(index, same period a year earlier = 100)



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



**Table 29 Average Compensation Per Employee and Labour Productivity in the Slovak Economy (ESA 95)**  
(index, same period a year earlier = 100)

	2005		2006		
	H1	Year	Q1	Q2	H1
Compensation per employee, nominal	105.1	106.0	107.9	106.2	107.1
Compensation per employee, real	102.3	103.1	103.6	101.6	102.6
Labour productivity, current prices	106.7	107.1	106.3	107.9	107.2
Labour productivity, constant prices	104.0	104.7	104.1	104.3	104.2
Real labour productivity minus real compensation per employee (percentage points)	1.7	1.6	0.5	2.7	1.6
HICP (average for the period)	102.7	102.8	104.2	104.6	104.4

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

Note: Labour productivity is calculated from revised GDP and employment figures according to the ESA 95 methodology.

During that period, the excess of productivity over real wages decreased from 1.2 percentage points in the first quarter to 0.3 of a percentage point in the second quarter.

A sectoral breakdown of real labour productivity (calculated from ESA 95 data) indicates that productivity increased in most sectors. Among service sectors, the strongest growth was achieved in other community, social, and personal services (30.5%); trade and repair activities (27.2%); transport, post, and telecommunications (24.2%); and hotels and restaurants (11.7%). Among production sectors, real labour productivity grew most dynamically in manufacturing (4.6%) and agriculture, forestry, and fishing (4.8%). On the other hand, a marked fall in productivity was recorded in mining and quarrying (35.0%); electricity, gas, and water supply (23.6%); and construction (10.3%). A comparison of real labour productivity and real compensation per employee indicates that productivity growth in the first half of 2006 was exceeded by the growth of employee compensation in electricity, gas, and water supply, financial intermediation, and public services, while the other sectors recorded the opposite trend in this relationship.

**Table 30 Real Labour Productivity and Compensation per Employee in H1 2006**  
(index, same period a year earlier = 100)

	Labour productivity (ESA 95)	Compensation per employee
National economy in total	104.2	102.6
of which:		
Agriculture, forestry, and fishing	104.8	99.3
Industry	99.4	100.7
Mining and quarrying	65.0	101.1
Manufacturing	104.6	100.0
Electricity, gas, and water supply	76.4	107.3
Construction	89.7	96.9
Wholesale and retail trade, repair activity	127.2	109.1
Hotels and restaurants	111.7	100.7
Transport, storage, post and telecommunications	124.2	102.0
Financial intermediation	106.5	108.0
Real estate, renting, business activities	106.7	94.9
Public administration, defence, and compulsory social security	107.9	110.0
Education	99.8	102.8
Health and social services	101.6	107.8
Other community, social, and personal services	130.5	89.2
HICP (H1 2006)	-	104.4

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

Units labour costs according to ECB methodology ( $ULC_{ECB}$ ), defined as the ratio of growth in nominal compensation per employee to growth in real labour productivity (GDP per total employment) based on ESA 95 data, increased year-on-year by 2.8%, while falling in real terms by 1.5% (after the revision of national accounts). The growth in nominal ULCs accelerated in comparison with the first half of 2005 (by 1.7 percentage points), while real ULCs remained virtually unchanged in comparison with the same period. The acceleration of nominal ULCs was caused by faster growth in employee compensation, while ULC growth was dampened by a slight increase in the dynamics of labour productivity. The faster growth in employee compensation in the first half of 2006 was also affected by the basis of comparison

#### Growth in unit labour costs



from last year, when compensation per employee recorded the slowest rate of growth since 2000. The development of ULCs in the first half of 2006 interrupted the downward trend persisting since 2003. Continued growth in ULCs may lead to deterioration in the competitiveness of the Slovak economy in the future.

### Income and Expenditure of Households

According to preliminary data from the Statistical Office of the SR, the current income of households increased over the first half of 2006 by 11.0% (in real terms by 6.5%) on a year-on-year basis, to Sk 602.3 billion. In nominal terms, the growth in current income was 3.2 percentage points faster than in the same period a year earlier. The current expenditure of households (paid to other sectors and not used for direct consumption) increased year-on-year by 5.5% (in real terms by 1.0%), to Sk 127.9 billion. In the same period a year earlier, current household spending increased by 1.8%.

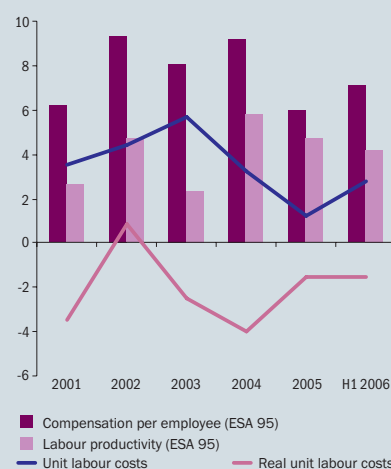
#### Accelerated growth in current income, ...

The accelerated growth in current income was mainly caused by a marked increase in the volume of gross mixed income<sup>6</sup> (by 16.4%), faster growth in employee compensation, and growth in income from property. The rate of growth slowed only in the case of social security benefits.

#### ...accompanied by an increase in current expenditure

Apart from other current transfers (which recorded a fall in dynamics), the accelerated growth in current expenditure was also supported by other expenditure items, with the most significant increases recorded in expenses related to income from property and current taxes on income and property.

**Chart 20 Unit Labour Costs by Component (ECB methodology)**  
(year-on-year change in %)



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

**Table 31 Generation and Use of Incomes in the Household Sector**

(current prices)

	Sk billions		Indices <sup>1)</sup>		Share in %	
	H1 2005	H1 2006	H1 2005 H1 2004	H1 2006 H1 2005	H1 2005	H1 2006
Compensation of employees (all sectors)	270.9	294.9	106.5	108.9	49.9	49.0
of which: Gross wages and salaries	213.0	235.8	109.3	110.7	39.2	39.2
Gross mixed income	158.1	184.0	111.6	116.4	29.1	30.6
Income from property - received	14.2	15.7	85.5	110.3	2.6	2.6
Social security benefits	81.3	88.2	112.9	108.5	15.0	14.6
Other current transfers - received	18.2	19.6	98.0	107.2	3.4	3.2
Current income in total	542.7	602.3	107.8	111.0	100.0	100.0
Income from property - paid	3.9	4.5	101.6	117.1	3.2	3.5
Current tax on income, property, etc.	16.7	17.6	94.2	105.5	13.8	13.8
Social security contributions	82.4	86.5	102.3	105.1	68.0	67.7
Other current transfers - paid	18.2	19.2	107.1	105.2	15.1	15.0
Current expenditure in total	121.2	127.9	101.8	105.5	100.0	100.0
Gross disposable income	421.6	474.5	109.7	112.5	-	-
Adjustment for changes in the net equity of households in the reserves of pension funds	1.6	1.4	121.6	89.3	-	-
Final household consumption	399.0	446.2	109.8	111.8	-	-
Gross savings of households	24.2	29.7	108.9	122.7	-	-

Source: Statistical Office of the SR.

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

<sup>6</sup> Gross mixed household income includes the earnings and incomes of small entrepreneurs, including the value of agricultural products grown by households for own consumption, imputed rents and the contribution of households to individual housing construction.



**Table 32 Gross Disposable Income of Households (ESA 95 methodology)**  
(index, same period a year earlier = 100, current prices)

	2005		2006		
	H1	Year	Q1	Q2	H1
Gross disposable income	109.7	110.6	112.8	112.3	112.5
Final household consumption	109.8	110.0	112.2	111.5	111.8
Gross household savings	108.9	118.4	123.6	121.9	122.7
Gross savings as a share of gross disposable income in %	5.7	7.8	5.7	6.8	6.3

Source: Statistical Office of the SR.

**Chart 21 Propensity of Households to Save and Consume**



Source: Statistical Office of the SR, NBS calculations.

With current expenditure being deducted from current income, the gross disposable income of households amounted to Sk 474.5 billion, representing a year-on-year increase of 12.5% (compared with 9.7% a year earlier). Of the disposable income, 93.7% was used for final household consumption, the remainder went to gross savings. The dynamic growth in gross household savings (22.7%) was apparently affected by the low basis of comparison from the same period last year, and probably by the growth in household income, especially gross mixed income. The effect of saving for retirement (within the second and third pillars of the pension scheme) on gross household savings weakened in comparison with the first half of 2005 (Sk 1.4 billion, compared with Sk 1.6 billion). The accelerated growth in gross savings, which exceeded the dynamics of gross disposable income, was reflected in the ratio of gross household savings (6.3%), which was somewhat higher than a year earlier (5.7%).

### Employment and Unemployment

Employment showed dynamic growth in the first half of 2006, at a rate reaching 2.2% (compared with 2.1% in the first quarter and 2.3% in the second quarter) according to statistical surveys as well as the

methodology of national accounts (ESA 95). The year-on-year growth in employment according to a labour force sample survey (LFSS) reached 4.1%, which was almost twice the figure for the same

**Table 33 Employment and Unemployment**

(average for the period)

	2005		2006		
	H1	Year	Q1	Q2	H1
Employment according to statistical reports <sup>1)</sup>					
in thousands	2,057.9	2,075.0	2,097.1	2,140.1	2,130.9
index (same period a year earlier = 100)	102.4	102.2	102.3	102.3	102.2
Employment according to a labour force sample survey					
in thousands	2,187.1	2,216.2	2,257.5	2,294.6	2,276.1
index (same period a year earlier = 100)	102.2	102.1	103.7	104.5	104.1
Employment according to ESA 95					
in thousands	2,066.0	2,084.0	2,101.5	2,121.8	2,111.7
index (same period a year earlier = 100)	101.4	101.4	102.1	102.3	102.2
Unemployment rate according to a labour force sample survey					
in thousands	443.6	427.5	395.8	357.1	376.5
index (same period a year earlier = 100)	88.6	88.9	85.7	84.0	84.9
Unemployment rate according to a labour force sample survey					
in %	16.9	16.2	14.9	13.5	14.2
Registered unemployment rate <sup>2)</sup>					
in %	12.2	11.6	11.6	10.7	11.1

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

1) As from 2006 including the armed forces; the indices are calculated from revised data.

2) NBS calculations based on monthly data from Centre for Labour, Social Matters, and the Family.



period a year earlier. The accelerating growth in employment (according to an LFSS) was supported by increased labour demand in the domestic economy, with the number of workers in the Slovak economy growing by 2.7% (a year earlier by 1.1%), and an increase in the number of persons working abroad (by 28.9%, compared with 25.3% in the first half of 2005).

The strongest year-on-year growth in employment in the first half of 2006 (according to ESA 95) was recorded in construction, but labour demand also increased in services, which led to employment growth in hotels and restaurants, trade, and real estate, renting, and business activities. Rapid growth in employment was also recorded in public administration, defence, and compulsory social security. In education, last year's decline in employment changed into growth this year. On the other hand, lower employment than a year earlier was recorded in industry (mainly as a result of a fall in employment in manufacturing), financial intermediation, and health care, while the long-term decline in employment persisted in agriculture.

**Table 34 Developments in Employment by Sector (ESA 95 methodology)**  
(index, same period a year earlier = 100)

	2005		2006		
	H1	Year	Q1	Q2	H1
Total	101.4	101.4	102.1	102.3	102.2
Agriculture, hunting, and forestry	95.4	95.3	99.3	98.9	99.1
Industry	100.2	98.7	98.9	97.8	98.3
Mining and quarrying	93.8	93.9	94.1	97.7	95.9
Manufacturing	100.6	98.9	99.0	97.8	98.4
Electricity, gas, and water supply	96.3	97.0	98.9	97.8	98.5
Construction	105.5	104.0	112.2	107.9	109.9
Trade	104.3	107.8	103.4	109.2	106.3
Hotels and restaurants	103.9	102.3	105.0	113.2	109.0
Transport, storage, post and telecommunications	101.0	97.9	99.3	100.8	100.1
Financial intermediation	101.3	99.2	96.3	100.1	98.2
Real estate, renting, and business activities	104.2	106.9	106.2	104.8	105.5
Public administration, defence, compulsory social security	103.2	104.2	107.9	101.8	104.8
Education	95.0	96.3	100.9	101.8	101.3
Health and social services	98.1	96.7	96.0	94.5	95.2
Other community, services	105.6	102.2	104.4	100.7	102.5

Source: Statistical Office of the SR.

#### ...accompanied by a fall in unemployment

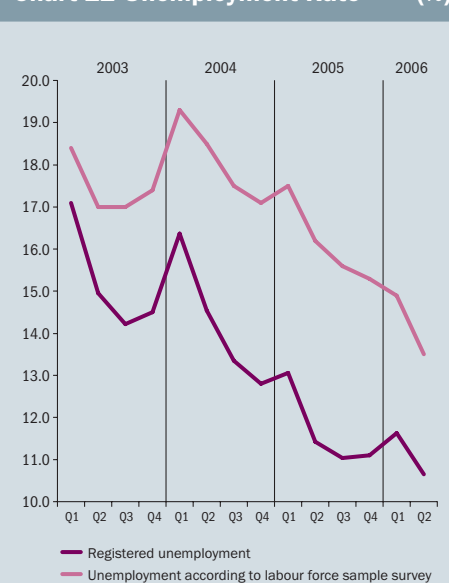
The persistent demand for labour was reflected in the rate of unemployment. The year-on-year decrease in the number of unemployed persons from the first quarter (according to a labour force sample survey) continued in the second quarter and reached an average of 15.1% in the first six months (compared with a fall of 11.4% a year earlier). The falling trend in unemployment resulted in its lowest rate since 1998 (13.5% in the second quarter) and reached an average of 14.2% in the first half of the year. Compared with the first half of 2005, the unemployment rate dropped by 2.7 percentage points.

The downward trend in unemployment was also confirmed by data based on the methodology of registered unemployment. According to the registers of offices for labour, social matters, and the family, the average unemployment rate in the second quarter of 2006 stood at 10.7%, and the figure for the first half of the year was 11.1%, representing a year-on-year fall of 1.1 percentage points.

#### Increased labour supply

The long-term year-on-year growth in labour supply (i.e. persons in productive and post-productive age) was

**Chart 22 Unemployment Rate (%)**



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

reflected mostly in the increased number of economically inactive persons (i.e. persons outside the labour market) in the first half of 2006. This fact was also mirrored in the rate of economic activity, which reached an average of 59.0% in the first half of the year (59.4% a year earlier). Among the economically active population, the increasing share of persons in employment led to a rise in the employment rate, to 59.1% (a year-on-year increase of 2 percentage points).

### Financial Results of Corporations

According to preliminary data from the Statistical Office of the SR, financial and non-financial corporations earned a total profit of Sk 142 billion in the first half of 2006 (compared with Sk 131.8 billion in the same period a year earlier), representing a year-on-year increase of 7.7%. This profit was generated largely by non-financial corporations (89.2%), whose earnings increased year-on-year by 17.4%. The profit earned by financial corporations dropped year-on-year by 35.8%

The earnings of financial corporations were affected by the negative financial result of the NBS (Sk -1.4 billion). Financial corporations (excluding the NBS) achieved a profit of Sk 16.7 billion, which was 16.7% more than a year earlier.

Table 35 Financial Results of Corporations		(Sk billions, current prices)	
	H1 2005	H1 2006	Index H1 2006 H1 2005
Financial result (before taxation)			
Non-financial and financial corporations in total	131.8	142.0	107.7
of which:			
Non-financial and financial corporations, excluding NBS	122.3	143.4	117.2
Non-financial corporations	107.9	126.7	117.4
Financial corporations	23.8	15.3	64.2
of which:			
NBS	9.5	-1.4	-
Financial corporations, excluding NBS	14.3	16.7	116.7

Source: Statistical Office of the SR and NBS calculations.

Positive financial results were achieved in all branches of the non-financial sector, except for agriculture. A substantial part of the profit (35.8%) was generated in manufacturing, electricity, gas, and water supply (23.1%) and trade (18.5%). Among the key manufacturing sectors, the steepest year-on-year increases in profits were achieved in the textile and clothing industry and the manufacture of electrical and optical equipment.

Table 36 Number of Profitable and Loss-Making Corporations			
	H1 2005	H1 2006	Change
Non-financial corporations in total	6,645	6,347	-298
Profitable corporations	4,016	3,980	-36
Loss-making corporations	2,629	2,367	-262

Source: Statistical Office of the SR.

Table 37 Financial Results of Financial Corporations		(Sk billions, current prices)	
	H1 2005	H1 2006	Index H1 2006 H1 2005
Financial result (before taxation)	14.3	16.7	116.7
Financial corporations, excluding the NBS	8.3	9.1	109.6
Other financial intermediaries	4.7	4.5	95.7
Insurance corporations and pension funds	1.4	3.1	221.4

Source: Statistical Office of the SR and NBS calculations.

Note: The differences in the sums are due to rounding.



Of the total number of non-financial corporations with 20 and more employees (6,347), 3,980 were profitable: they generated a total profit of Sk 124.3 billion, representing a year-on-year increase of 14.3%. The number of loss-making organisations reached 2,367, which recorded a total loss of Sk 22.7 billion, representing virtually the same level as in the first half of 2005.

Among financial corporations (excluding the NBS), the largest increases in profits in the first half of 2006 (compared with the first half of 2005) were achieved by insurance corporations and pension funds, while the profitability of financial institutions also improved. The earnings of other financial intermediaries recorded a slight decline.

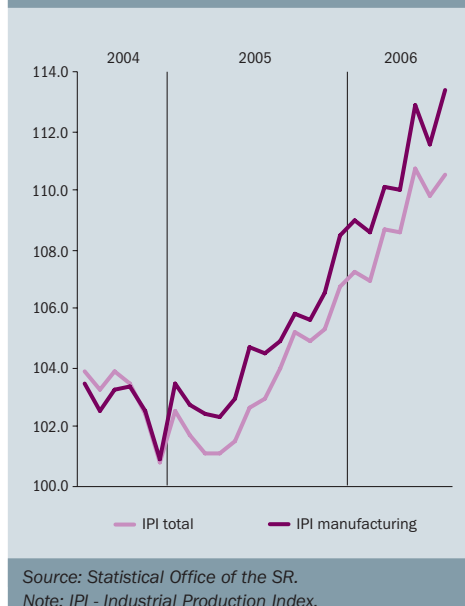
### Current Developments

#### Production and Receipts

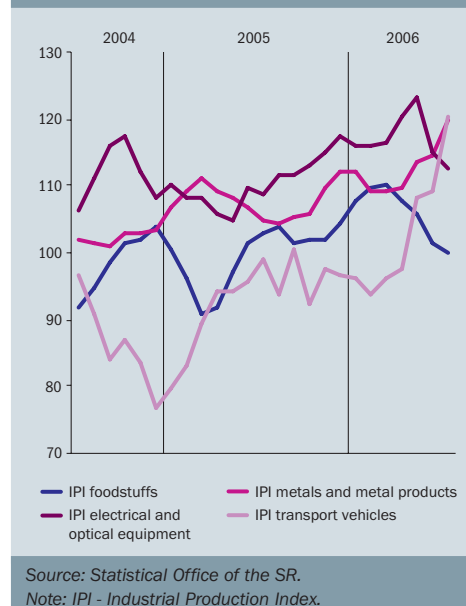
##### Slowdown in industrial production

In July, the year-on-year rate of growth in industrial production slowed in comparison with June. This was connected with a slowdown in the growth of manufacturing production and a year-on-year decline in electricity, gas, and water supply, and in mining and quarrying production.

**Chart 23 Development of Industrial and Manufacturing Production (3-month moving averages) (index, same period a year earlier = 100)**



**Chart 24 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)**



Production in the individual manufacturing industries differed considerably in July. Production grew at a slower rate than in June in the manufacture of textiles and clothes; pulp, paper, and paper products; chemicals, chemical products, and man-made fibres; and the manufacture of machinery and equipment. On the other hand, faster month-on-month growth in production was recorded in wood processing and the manufacture of wood products, rubber and plastic products, other non-metal mineral products, metals and metal products, electrical and optical equipment, and the manufacture of transport vehicles. The production of foodstuffs, beverages, and tobacco products was at the level of the same period last year. Output dropped on a year-on-year basis in the production of coke, refined oil products, and nuclear fuel, and in production not elsewhere classified.

##### Slightly accelerated growth in construction

Production in the construction sector accelerated in comparison with June, due to continuing growth in domestic production in new construction, reconstruction, and modernisation projects, and renewed growth in domestic production in construction repair and maintenance work.

##### Continuing growth in receipts from selected services

In July, receipts continued to grow in all sectors under review. Compared with June, the rate of growth moderated in retail sales receipts, as a result of slower growth in receipts from other retail sales in non-specialised shops, retail trade in pharmaceuticals and cosmetics, and other specialised retail trade. Slower growth than in June was also recorded in receipts from the retail sale and maintenance of motor

Table 38 Production and Receipts

	Sk millions, curr. prices		Indices			
	July 2006	Cumulative since beginning of year	June 2006 June 2005	July 2006 July 2005	July 2005 July 2004	Jan. - July 2006 Jan. - July 2005
<b>Production</b>						
Industrial production index <sup>1)</sup>	-	-	112.0	108.3	105.8	109.2
of which:						
Mining and quarrying	-	-	87.3	84.5	107.4	88.5
Manufacturing	-	-	113.0	112.7	106.2	111.2
Electricity, gas, and water supply	-	-	109.8	85.1	102.7	100.5
Construction <sup>2)</sup>	13,358	73,545	116.3	117.5	117.3	115.8
of which:						
Construction in Slovakia	12,960	71,112	118.1	119.5	117.6	118.2
Construction abroad	398	2,433	78.8	76.7	113.1	72.8
<b>Receipts from own-output and goods</b>						
Industry in total <sup>3)</sup>	146,578	997,010	113.3	114.3	107.1	111.6
Construction <sup>2)</sup>	20,888	111,727	113.4	116.7	123.5	117.8
Retail trade <sup>3)</sup>	35,873	231,829	110.7	108.5	108.0	108.6
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	16,150	105,190	116.4	112.2	106.8	112.9
Transport, storage <sup>3)</sup>	14,301	75,488	111.6	113.0	114.6	115.8
Real estate, renting, and business services <sup>3)</sup>	14,409	100,172	115.9	105.9	112.4	113.6

Source: Statistical Office of the SR.

1) Adjusted for the variations in the number of working days (the data in the time series are continuously revised with retrospective effect).

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).

Chart 25 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.

vehicles and the retail sale of fuels, due mainly to a year-on-year fall in receipts from the sale of fuels and slower growth in receipts from the sale of motor vehicles.

In July, the markedly weaker growth in receipts from services related to real estate, renting, and business activities in comparison with June was caused by slower growth in receipts from real estate activities, computer and related activities, and other business services, and a year-on-year decline in receipts from the leasing of machinery and equipment.

### Wages, Employment, and Unemployment

In July, the year-on-year rate of growth in nominal wages accelerated in comparison with June in most sectors. The most significant acceleration took place in industry (due mainly to wage growth in electricity, gas, and water supply), construction, and the sale and maintenance of vehicles. On the other hand, slower wage growth was recorded in real estate, renting, and other business activities, other services, and post and telecommunications.

During the first seven months of 2006, average nominal wages grew at a slower rate than in the same period a year earlier, in most sectors. The only sectors to record stronger wage dynamics than a year earlier were retail trade and the sale and maintenance of vehicles.

### Nominal wages

### Real wages

The year-on-year growth in real wages accelerated in comparison with the previous month in most sectors in July. Slower growth was recorded in real estate, renting, and business activities, other services, and in post and telecommunications (real wages in telecommunications dropped on a month-on-month

basis). The most rapid real wage growth took place in industry, construction, the sale and maintenance of vehicles, transport and storage.

Average real wage dynamics during the first seven months of the year remained below the level of the same period a year earlier in all sectors under review. The slowdown in the year-on-year rate of real wage growth was mainly connected with the higher inflation rate, coupled with weaker nominal wage dynamics in numerous sectors.

**Table 39 Wage Developments in Selected Sectors (index, same period a year earlier = 100)**

	Average monthly nominal wage			Average monthly real wage		
	Year 2005	Jan. – July 2005	2006	Year 2005	Jan. – July 2005	2006
Industry	107.2	108.3	105.8	104.4	105.6	101.1
of which: Manufacturing	107.5	108.6	105.5	104.7	105.9	100.9
Construction	106.0	106.0	105.9	103.2	103.4	101.2
Retail trade	107.8	107.8	109.1	105.0	105.1	104.3
Wholesale trade	111.4	111.5	107.5	108.5	108.7	102.8
Real estate, renting and other business services	112.0	112.2	108.8	109.1	109.4	104.0
Transport	107.3	107.0	106.9	104.5	104.3	102.2
Post and telecommunications	107.1	107.0	105.7	103.3	104.3	101.1
Consumer prices	102.7	102.7	104.6	-	-	-

Source: Statistical Office of the SR.

Notes: The above sectors accounted for 69.4% of total employment in the first half of 2006.

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

**Employment** In comparison with the previous month, the trends in employment in the sectors under review remained unchanged in July, when most sectors recorded a year-on-year increase in employment. Employment grew at a faster rate than last month in construction, wholesale trade, the sale and maintenance of vehicles, and retail trade. Slower growth than in June was recorded in employment in real estate, renting, and business activities, and other services. Employment in post and telecommunications was stagnant, after falling slightly in the previous month. Employment in industry, transport and storage continued to fall.

Compared with July 2005, employment grew at a faster rate in construction and retail trade, while the other sectors recorded a slowdown in employment growth (wholesale trade, sale and maintenance of vehicles, real estate, renting, business activities, and other services). The opposite trend – a change from growth (July 2005) to decline in employment (July 2006) – was recorded in industry (as a result of a fall in employment in manufacturing). Over the first seven months of the year, employment grew most dynamically in average terms in the sale and maintenance of vehicles, construction, wholesale and retail trade.

**Chart 26 Nominal Wages in Industry, Construction, and Selected Services (index, same period a year earlier = 100)**

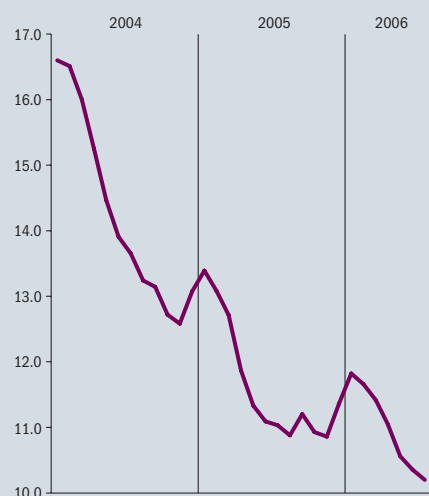


Source: Statistical Office of the SR.

**Unemployment** According to data from the Centre for Labour, Social Matters, and the Family, the total number of registered unemployed dropped month-on-month by 5,200 in July, to 291,300. The number of disposable unemployed, who may start working immediately, stood at 260,900, which was 4,300 less than in June. The rate of registered unemployment reached 10.2% in July, and was 0.16 of a percentage point lower than in the previous month. This was 0.83 of a percentage point less than in July 2005.

The average length of registration decreased in comparison with June by 0.2 of a month, to 11.21 months in July (compared with 11.94 months in July 2005). The share of long-term unemployed (out of

**Chart 27 Registered Unemployment Rate (%)**



Source: Centre for Labour, Social Matters, and the Family.

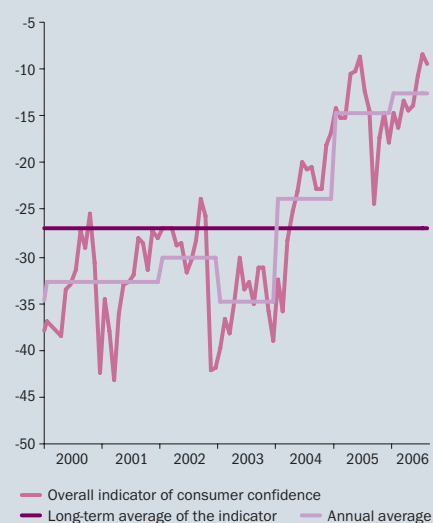
work for more than 12 months) also decreased month-on-month, by 0.3 of a percentage point, to 52.3%. This was 1.6 percentage points less than in July 2005.

### Consumer Confidence Indicator

The value of the consumer confidence indicator deteriorated in August (by 0.9 of a point compared with the previous month), to -9.4 points. Compared with July, deterioration was recorded in three indicators (the expected financial situation of households, expected economic development in the SR, and the expected rate of unemployment). At the same time, an improvement was recorded in the indicator of expected household savings. Compared with the same period last year, the consumer confidence indicator has improved by 5.1 points.

### Deterioration in consumer confidence

**Chart 28 Consumer Confidence Indicator**



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

Note: The 2006 figure is an average for the first eight months of the year.





## 4 Monetary Developments

### 4.1 Foreign Exchange Market

#### Operations on the foreign exchange market

Over the course of August, the exchange rate of the Slovak koruna against the euro strengthened by 0.8% (from SKK/EUR 38.072 to SKK/EUR 37.752), while the average rate appreciated by 1.8%. The Slovak koruna deviated from its central rate (SKK/EUR 38.4550) most significantly on 10 August 2006, when its exchange rate was fixed at SKK/EUR 37.356, representing an appreciation of 2.86% from central parity. In relation to the US dollar, the koruna strengthened by 2% (from SKK/USD 30.055 to SKK/USD 29.453), while appreciating in average terms by 2.8%.

Spot transactions between foreign and domestic banks resulted in a negative balance (USD -354.38 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.

In accordance with the Bank Board's decision of 25 April 2006 on the optimisation of the level of foreign exchange reserves, the National Bank of Slovakia sold EUR 9 million during August.

**Table 40 Changes in the SKK/EUR and SKK/USD Exchange Rates**

(%)

	Month-on-month change	Ø Aug. 2006 Ø Aug. 2005	Ø Jan. – Aug. 2006 Ø Jan. – Aug. 2005
SKK/EUR	-0.8	-2.6	-2.5
SKK/USD	-2.0	-6.6	-0.3

Source: NBS.

Note: + Depreciation of the SKK, - Appreciation of the SKK, Ø Means average.

#### Interbank foreign exchange market

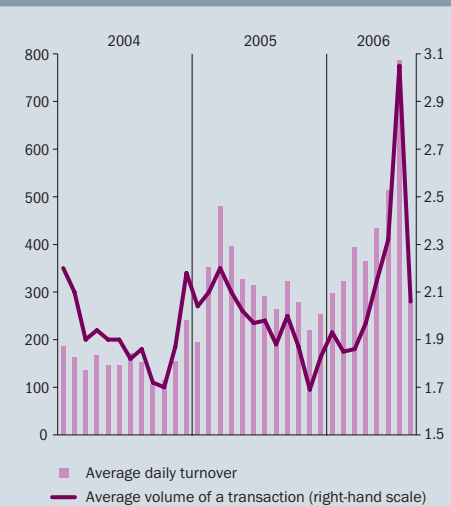
The total volume traded on the interbank foreign exchange market reached USD 98,484.4 million, representing a decline of 16.9% compared with the figure for July (USD 118,515.9 million). Of the total trading volume, 92.6% took place in swap transactions, which were conducted mostly in USD (94.6%). Spot transactions accounted for 6.3% of the total turnover (97.1% of the deals were in EUR). The average daily turnover on the spot market reached USD 283.19 million and the average volume per transaction amounted to USD 2.06 million.

The total volume of transactions between domestic commercial banks decreased, from USD 11,255.9 million in July to USD 10,623.8 million in August. Most trading took place in USD (75.3%, compared with 49.2% in July), followed by EUR (24.4%, compared with 50.6% in July) and other currencies (0.3% of the total turnover between domestic commercial banks).

Transactions between domestic banks accounted for 10.8% of the total volume traded on the interbank foreign exchange market (compared with 12.2% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 87.3% (88.1% in July) and spot transactions accounted for 12.6% (11.5% in July).

The volume of trading between domestic and foreign banks fell by 15.6%, from USD 104,065.7 million to USD 87,849.1 million. The largest amount was again traded in USD (89.2%, compared with 83.1% in July), followed by EUR (10.6%, compared with 16.8% in July), and other currencies (0.2%). Trading between domestic and foreign banks still dominated the country's foreign exchange market (with a share of 89.2%).

**Chart 29 Transactions on the Interbank Foreign Exchange Market (USD millions)**



Source: NBS.



Trading between domestic and foreign banks also took place predominantly in the form of swap operations (93.2%, compared with 87.9% in July), while spot transactions accounted for 5.6% (11.2% in July). The share of forward dealings on the forex market was negligible. Option contracts accounted for 0.2% of the volume traded with foreign banks.

The deposits of non-resident banks denominated in Slovak koruna decreased in comparison with June by Sk 45.1 billion, to Sk 52.6 billion in July. The decrease took place in the current accounts of other banks (Sk 17.9 billion), loans received from banks (Sk 13.6 billion), and time deposits (Sk 9.6 billion). The koruna assets of banks also decreased (by Sk 16.5 billion), of which Sk 14.9 billion took place in the current accounts of other banks and Sk 1.6 billion in time deposits.

#### Deposits of non-resident banks

Non-resident bank deposits recorded a year-on-year decline of Sk 27.2 billion, which took place in time deposits and the related financial liabilities (a fall of Sk 18.5 billion) and loans received (Sk 11.1 billion). The decline in non-resident bank deposits was partly offset by an increase in the current accounts of other banks.

Compared with July, the government securities holdings of non-residents increased by Sk 10.6 billion in August, due to growth in government bonds, while the volume of Treasury-bill holdings was still zero. The Agency for Debt and Liquidity Management (ARDAL) held no Treasury-bill auctions in August, as in the preceding months of the year. The growth in government-bond holdings took place mostly in 10-year government bonds (maturing in 2013 and 2011), which increased by a total of Sk 10.3 billion, of which Issue No. 188 accounted for Sk 5.8 billion and Issue No. 144 for Sk 4.5 billion. The share of non-residents in the total volume of issued government bonds fluctuated between 25.3% and 26.4% during the month.

**Table 41 Koruna Assets/Liabilities and Government Securities Held by Non-Residents**  
(daily figures in Sk billions)

	2005 31. 7.	28.2.	31.3.	28.4.	2006 31.5.	30.6.	31.7.	31.8.
Koruna assets, banks	8.6	7.1	9.9	6.0	18.1	29.3	12.8	.
Koruna liabilities	86.1	73.0	74.3	93.5	66.6	104.6	60.1	.
of which: Banks	79.8	65.8	66.6	86.3	58.6	97.6	52.6	.
Non-bank clients	6.3	7.2	7.7	7.2	8.0	6.9	7.5	.
Government securities	102.0	84.2	80.7	90.7	69.9	94.2	79.7	90.3
of which: Government bonds	100.5	84.0	80.5	90.4	69.6	94.2	79.7	90.3
SR Treasury bills	1.4	0.2	0.2	0.2	0.2	0.0	0.0	0.0
Total	188.1	157.2	155.0	184.2	136.4	198.8	139.8	.

Source: NBS and the Central Securities Depository of the SR, a.s.

Of the central banks under review, the ECB, BoE, and MNB decided to increase their key interest rates in August. While, however, the ECB and BoE raised them by only 0.25 of a percentage point, to 3.00% and 4.75% respectively (with effect from 9 August), the MNB increased its rates by 0.50 of a percentage point, to 7.25% (from 29 August). The other banks left their key rates unchanged in August: the NBP at the level of 4.00% (from 1 March), the Fed at 5.25% (from 29 June), the NBS at 4.50% (from 25 July), and the CNB at 2.25% (from 27 July).

The BoE decided to leave its key rates unchanged in September, at 4.75%. The current interest rate differentials between NBS rates and the key rates of the Fed, NBP, and CNB remained unchanged (-0.75 / +0.50 / +2.25 percentage points). The positive differential vis-à-vis the ECB decreased to +1.50 percentage points and the negative differential in relation to the BoE to -0.25 of a percentage point. On the other hand, the negative differential vis-à-vis the MNB increased to -2.75 percentage points.

**Chart 30 Differentials in the Key Rates of Selected European Central Banks, the ECB, and the Fed (p. p.)**



Source: NBS and the relevant central banks.



## 4.2 Money Market and Monetary Policy Implementation

At its meeting on 25 August 2006, the Bank Board of the NBS decided to leave its key interest rates unchanged.

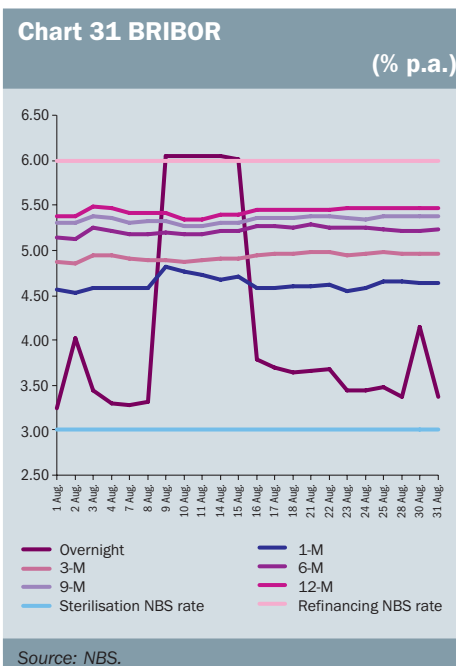
**Interbank market rates** Average monthly money market rates recorded a rise in August, for one-day to six-month maturities, and a fall for nine-month to one-year maturities.

At the beginning of the month, the overnight rate was at a lower level, due to a surplus of daily liquidity. After the result of the second tender had been announced (causing a severe shortage of interbank liquidity), the overnight rate exceeded the limit rate of the NBS for overnight refinancing repo operations. This was followed by a shift to liquidity surplus again, due to lower demand at a tender in the middle of August, which gave rise to a gradual fall in the overnight rate, below the level of 3.5%. At the end of the month, when preference was shown for the utilisation of liquidity at the last tender rather than investment in NBS bills, the overnight rate rose above the level of 4% for a short time and then, after the settlement of NBS bills, returned to its original level.

At the beginning of the month, medium- and longer-term rates increased as a result of technical corrections. The longer end of the interest rate curve was dominated by low trading activity and was not even affected by the approval of the government's programme declaration. The subsequent appreciation of the Slovak koruna caused by regional developments and the consequent placement of koruna funds led to a slight fall in longer-term interest rates. Before the end of first half of the month, foreign exchange market developments again contributed to the increase in trading activity at the longer end of the yield curve. Medium- and longer-term interest rates dropped somewhat, in response to the appreciation of the Slovak koruna.

The low trading activity in the second half of August caused minimal changes in interest rates. Changes occurred both directions and resulted from technical corrections corresponding to changes in the foreign exchange market, rather than from the actually concluded transactions.

The volume of trading on the interbank money market reached Sk 2,329 billion in August (compared with Sk 2,313 billion in July). Reference banks accounted for 91.9% of the total turnover (a drop of 2.2%). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 69.5% and 30.5% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (53.9%), while non-resident banks led the way in swaps (70.7%).



**Table 42 Interbank Transactions**

(Sk billions)

	Deposits	Repos	Swaps	FRAs	IRSs
July	583	59	1,645	14	12
August	783	123	1,406	8	9

Source: NBS.

**Liquidity** The average daily volume of sterilised excess liquidity decreased in August by Sk 32.3 billion, to Sk 288.2 billion. The decrease in the volume of sterilisation was caused by foreign exchange interventions conducted by the NBS in the previous period, the effect of which fully appeared in the period under review. Of the total volume of open market transactions, repo tenders accounted for 90.5%, NBS bills 7.6%, overnight repo operations 0.8%, and overnight deposits 1.1%.

The NBS announced five sterilisation repo tenders for August. At these tenders, the bids of banks were accepted in full. At the first two tenders, bank bids exceeded the due amount by Sk 92.0 billion. In view

**Table 43 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	12,087	-24,806	-22,720	-285,032
August	2,464	-3,167	-22,231	-265,259

Source: NBS.

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

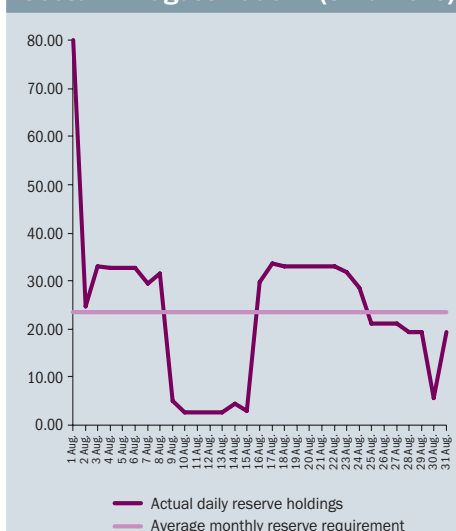
of the resulting marked liquidity surplus, banks made lower bids at the third tender, by Sk 41.7 billion. After balanced demand at the fourth tender, banks again made increased bids at the last tender (by Sk 30.9 billion) in expectation of lower demand at an NBS-bill auction scheduled for the end of the month. The share of repo tenders of the total volume of transactions increased by 7.8 percentage points.

**Table 44 Tenders in August 2006**

Date	Type of tender <sup>1)</sup>	Maturity (days)	Volume accepted (Sk millions)	minimum	Rates (%) average	maximum
2.8.2006	SRT	14	130,717	4.50	4.50	4.50
9.8.2006	SRT	14	165,401	4.50	4.50	4.50
16.8.2006	SRT	14	89,039	4.50	4.50	4.50
23.8.2006	SRT	14	165,698	4.50	4.50	4.50
30.8.2006	SRT	14	119,936	4.50	4.50	4.50

Source: NBS.

1) SRT – sterilisation repo tender.

**Chart 32 Survey of Reserve Requirement Fulfilment in the Banking Sector in August 2006** (Sk billions)


Source: NBS.

The NBS announced one NBS-bill auction for August. Demand reached Sk 2.9 billion, of which Sk 1.6 billion was accepted by the NBS. The acceptance of such a small amount can be explained by the excessive demands of banks for higher yields. The share of NBS bills of the total trading volume increased by 1.0 percentage point.

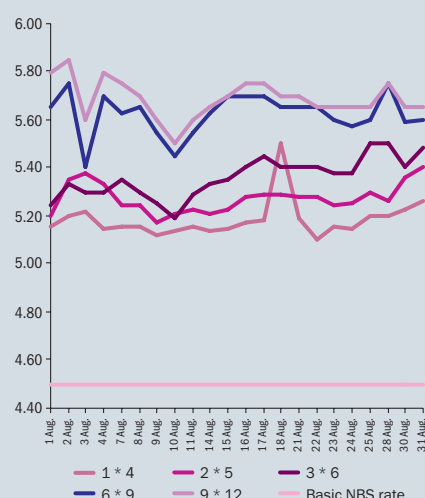
The surplus of daily liquidity at the beginning of the month gave banks room to make overnight deposits with the NBS, though in smaller amounts compared with the amount of surplus liquidity. The subsequent shift to a shortage of liquidity (after the second repo tender had been settled) created a need for banks to obtain funds from the NBS. This led to increased refinancing in that period (Sk 12.2 billion). The shift to a surplus of daily and cumulative liquidity in the second half of the month led to the renewal of overnight deposits with the NBS. The largest volume was deposited by banks in the last week of the month (Sk 14.0 billion).

For August 2006, the amount of required minimum reserves in the banking sector was set at Sk 23.6 billion. By the end of the month, the reserve requirement had been fulfilled to 100.7%.

#### Reserve requirements

#### Developments in Money Market Interest Rate Derivatives

The volume traded in forward rate agreements (FRAs) recorded a decrease in August. Transactions were mostly conducted at the beginning and end of the month. Most FRA contracts were concluded with domestic banks (53.3%). The contracts had a maturity of three months and an implementation period of one, two, and six months (86.7%), or a maturity of six months and an implementation period of three months (13.3%).

**Chart 33 Daily Developments in FRAs (% p.a.)**

Source: Reuters.

**Chart 34 Daily Developments in IRSs (% p.a.)**

Source: Reuters.

**Chart 35 Implied Expectations Derived from BRIBOR Rates (% p.a.)**

Source: NBS.

Compared with the previous month, interest rate swaps (IRSs) recorded a fall in the trading volume. Most transactions were conducted in the first half of the month, predominantly with foreign banks (64.7%). The contracts were concluded with a maturity of one to ten years. They were dominated by one- to two-year maturities, which accounted for 72.9% of the total volume of IRS contracts.

The minimal volatility in money market interest rates caused only minor changes in the implied expectations in August. At the beginning of the month, the BRIBOR rates included an expected rise in interest rates of up to 61-96 basis points within six to eight months. In the middle of August, a minor correction was made, to 58-90 basis points in four to five months. The slight upward shift of the long end of the yield curve at the end of the month changed the implied values of expected interest rate increases to 57-94 basis points, for a period of four to nine months.

#### 4.3 Customer Interest Rates in July 2006

**Customer interest rates** Interest rates on new loans to non-financial corporations and households continued to rise in July. Interest rates on new deposits from non-financial corporations dropped slightly, while rates for new household deposits were stagnant.

**Average interest rates on new loans** Average interest rates on new loans to non-financial corporations increased in July, in line with the upward trend continuing since the beginning of the year. Lending rates reflected the increases in the

basic interest rate of the NBS from the previous months and the developments in interbank market rates. Interest levels rose for all loans with a floating rate and an initial rate fixation (IRF) of up to 10 years. The opposite trend was recorded in loans with an IRF of over 10 years, the price of which dropped slightly. This was probably due to the fact that investment loans were granted to more solvent customers.

Looking at the breakdown loans by purpose, lending rates increased for operating loans (by 0.72 of percentage point), investment loans (by 0.37 of a point), and current account overdrafts and credit cards (by 0.23 of a point). On the other hand, the rate for house purchase loans dropped by 0.39 of a percentage point and that for other loans by 0.20 of a point.

**Table 45 Average Interest Rates on New Loans to Non-Financial Corporations**

	Interest rate in %				Change in July in % points		
	VII. 2005	XII. 2005	VI. 2006	VII. 2006	year-on- year	against Dec. 2005	month-on- month
Floating rate + IRF <sup>1)</sup>							
of up to and including 1 year	4.82	4.79	5.93	6.23	1.41	1.44	0.30
IRF of over 1							
and up to 5 years inclusive	6.44	4.46	6.13	6.56	0.12	2.10	0.43
IRF of over 5							
and up to 10 years inclusive	5.35	6.12	5.53	6.46	1.11	0.34	0.93
IRF of over 10 years	4.78	4.20	6.43	6.31	1.53	2.11	-0.12
Loans of up to EUR 1 million	4.43	5.20	6.17	6.49	2.06	1.29	0.32
Loans of over EUR 1 million	4.11	4.28	4.96	5.63	1.52	1.35	0.67
Total	4.88	4.81	5.93	6.24	1.35	1.42	0.31
Total, excluding current account overdrafts and credit cards	4.22	4.53	5.38	5.96	1.75	1.44	0.58

Source: NBS.

1) Initial rate fixation.

In July, interest rates on loans to households were characterised by an upward trend persisting since the beginning of the year. Marked increases occurred in rates for current account overdrafts and credit cards in particular (the rate for credit cards rose by 2.24 percentage points, to 18.04%). Interest rates on house purchase loans continued to rise in July (by 0.17 of a percentage point), with the most significant increase taking place in the price of mortgage loans. Interest rates on building loans and other house purchase loans also increased. The rate for intermediate loans dropped slightly. Interest rates on consumer loans recorded conflicting developments. Rates for specific and non-specific consumer loans dropped, while the price of American mortgages increased for the third consecutive month.

Looking at the breakdown of loans by interest rate fixation, significant increases occurred in rates for loans with an IRF of over 10 years (0.90 of a percentage point) and loans with a floating rate and an IRF of up to 1 year (0.70 of a point). On the other hand, a slight drop was recorded in rates for loans with an IRF of over 1 and up to 5 years and loans with an IRF of over 5 and up to 10 years (equally by 0.16 of a percentage point).

**Table 46 Average Interest Rates on New Loans to Households**

	Interest rate in %				Change in July in % points		
	VII. 2005	XII. 2005	VI. 2006	VII. 2006	year-on- year	against Dec. 2005	month-on- month
Current account overdrafts (including credit cards)	10.92	10.93	13.48	13.93	3.01	3.00	0.45
Consumer loans	10.81	11.89	13.66	13.13	2.32	1.23	-0.53
House purchase loans	5.89	5.32	5.92	6.09	0.20	0.77	0.17
of which: Mortgage loans	4.88	4.91	5.39	5.68	0.80	0.77	0.29
Other loans	9.70	10.38	6.49	6.60	-3.10	-3.78	0.11
Total	9.58	9.73	11.42	12.16	2.58	2.43	0.74
Total, excl. current account overdrafts and credit cards	7.29	7.38	7.71	7.73	0.44	0.35	0.02

Source: NBS.

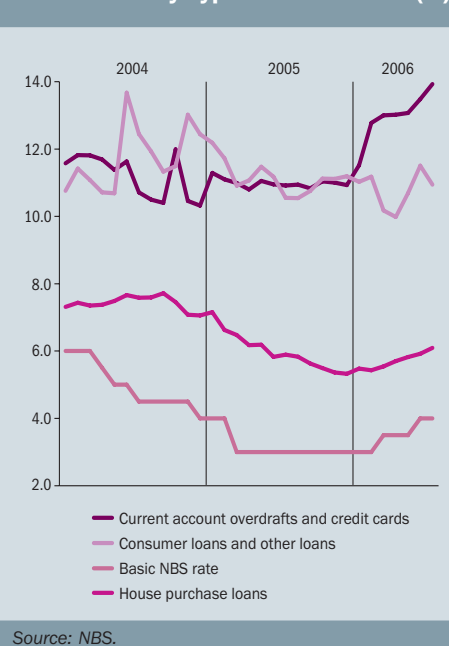


### Average interest rates on new deposits

The average interest rate on new deposits from non-financial corporations fell in July (by 0.40 of a percentage point). This was primarily due to a drop in the price of deposits repayable on demand, which represent two-thirds of the deposits from non-financial corporations. The liquidity surplus in the banking sector after NBS interventions at the beginning of July led to a marked fall in market interest rates, which was also reflected in the prices of deposits from non-financial corporations. This fact was mainly reflected in interest rates on demand deposits, which dropped by 0.52 of a percentage point. Within the scope of deposits repayable on demand, interest levels fell for overnight deposits (by 0.72 of a percentage point) and demand deposits (by 0.29 of a point). A slight drop was also recorded in rates for deposits with an agreed maturity of up to 1 year, mainly deposits fixed for a short period (up to 7 days). On the other hand, interest rates on longer-term deposits (with an agreed maturity of over 1 year) rose significantly in July.

Average interest rates on household deposits were stagnant in July, in contrast with their slowly increasing tendency that began in February 2006. Steeper increases occurred in rates for deposits redeemable at

**Chart 36 Interest Rates on Loans to Households by Type (%)**



Source: NBS.

**Table 47 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %				Change in July in % points		
	VII. 2005	XII. 2005	VI. 2006	VII. 2006	year-on- year	against Dec. 2005	month-on- month
Deposits repayable on demand	0.69	0.64	1.62	1.10	0.40	0.45	-0.52
Deposits with an agreed maturity							
– of up to 1 year	2.43	2.55	3.95	3.66	1.23	1.10	-0.29
– of over 1 and up to 2 years	-	-	4.05	4.91	-	-	0.86
– of over 2 years	1.82	0.66	1.54	3.52	1.70	2.86	1.98
Deposits redeemable at notice							
– up to 3 months	1.27	1.44	2.01	2.00	0.73	0.56	-0.01
– over 3 months	1.12	1.12	1.21	1.21	0.09	0.08	0.00
Total	1.45	1.40	2.51	2.11	0.67	0.71	-0.40

Source: NBS.

Note: Total deposits also include repo operations and other non-marketable securities.

**Table 48 Average Interest Rates on New Deposits from Households**

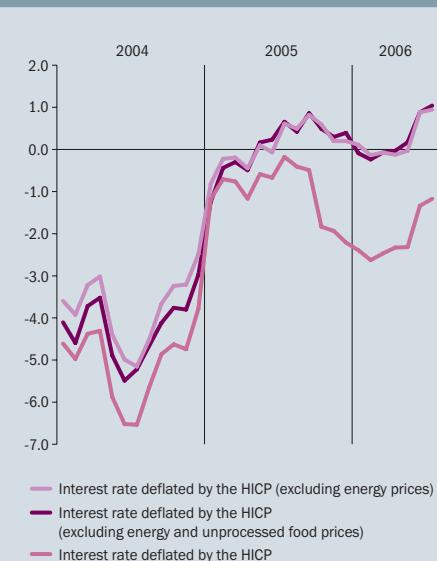
	Interest rate in %				Change in July in % points		
	VII. 2005	XII. 2005	VI. 2006	VII. 2006	year-on- year	against Dec. 2005	month-on- month
Deposits repayable on demand	0.42	0.41	0.51	0.50	0.08	0.09	-0.01
Deposits with an agreed maturity							
– of up to 1 year	1.95	1.90	3.23	3.20	1.25	1.29	-0.03
– of over 1 and up to 2 years	1.53	-	3.06	3.43	1.90	-	0.37
– of over 2 years	2.14	1.79	2.35	2.14	0.00	0.35	-0.21
Deposits redeemable at notice							
– up to 3 months	0.92	0.96	1.07	1.43	0.51	0.48	0.36
– over 3 months	0.96	1.10	1.30	1.59	0.63	0.49	0.29
Total	0.66	0.71	0.96	0.99	0.33	0.28	0.03

Source: NBS.

Note: Total deposits also include repo operations and other non-marketable securities.



**Chart 37 Real Interest Rates on Household Deposits (%)**



Source: NBS and Statistical Office of the SR.

notice and deposits with an agreed maturity of over 1 and up to 2 years. The opposite trend was recorded in interest rates on deposits with an agreed maturity of over 2 years, which fell by 0.21 of a percentage point. Interest rates on other types of deposits remained unchanged in July.

The real interest rate on household deposits, calculated by deflating the rate of interest on the volume of one-year household deposits by HICP inflation, reached a negative figure (-1.17%), which represented an increase of 0.17 of a percentage point in comparison with the previous month. Despite a marked rise in inflation, real interest rates increased, due primarily to a rise in the price of one-year household deposits (by 0.67 of a percentage point).

#### Real interest rates



## ANNEXES

### 1 Capital Market

#### 1.1 Primary Market

**Government bonds** In the period under review, the Agency for Debt and Liquidity Management (ARDAL) held an auction for the sixth tranche of 6-year zero-coupon government bonds. Demand at the auction totalled Sk 9.5 billion, of which the issuer accepted Sk 2.5 billion. The average yield reached 5.17%, the minimum 4.83%, and the maximum 5.18%. The fact that only less than a third of the bids was accepted can be explained by the good position of public finances and the possibility of using the refinancing system between ARDAL and the SR Treasury.

**Yield payment and bond repayment** In August 2006, yields were paid on one government-bond issue, in the amount of Sk 0.6 billion. Foreign investors received yields in the amount of Sk 0.08 billion, which was ca. 3.0% less than in the same period last year. Domestic investors received Sk 0.5 billion in yields. Bond creditors accounted for almost Sk 0.01 billion of the yields paid that month.

**Non-government bonds** During August, non-government bond issues were reported to the NBS by two issuers – Tatrabanka a.s. (two issues of mortgage bonds amounting to Sk 0.8 billion and EUR 0.1 billion) and B.O.F (two issues, in the total amount of Sk 1.0 billion).

**Chart 38 Government Bond No. 205 Auction Results Compared with the Values of Quoted 6-year Benchmark Government Bond Yields (%)**



Source: ARDAL, NBS.

Note: Original maturity 7 years, residual maturity 5.7 years.

**Table 49 Payments of Government Bond Yields**

	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 2005	0.10	16.39	0.51	83.61
August 2006	0.08	13.44	0.52	86.45

Source: ARDAL.

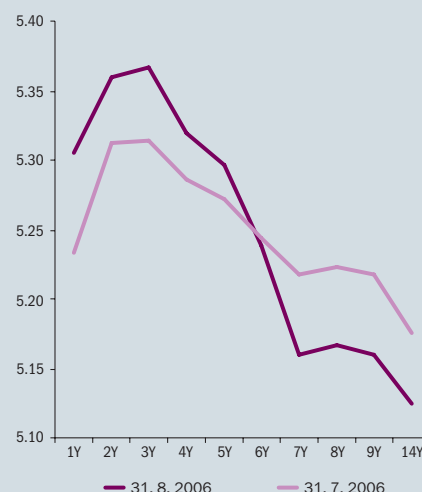
#### 1.2 Secondary Market

In August, the Bratislava Stock Exchange recorded the largest monthly trading volume in the period since the beginning of the calendar year (Sk 136.9 billion). On a month-on-month basis, the financial volume increased by 23.6%. There were 6,922 transactions during the month (22 trading days), and almost 2.3 million securities changed hands. The large trading volume can mainly be ascribed to compulsory takeover bids, totalling Sk 467.6 million (in 6,368 transactions).

Non-resident investors accounted for 48.23% of the total volume traded in August, of which 52.07% were composed of purchases and 48.23% of sales.

**Bonds** The bond market was stable throughout the month under review. The benchmark government bond yield curve recorded only minimal changes.

**Chart 39 Shift in the Benchmark Government Bond Yield Curve (%)**



Source: Reuters, NBS.

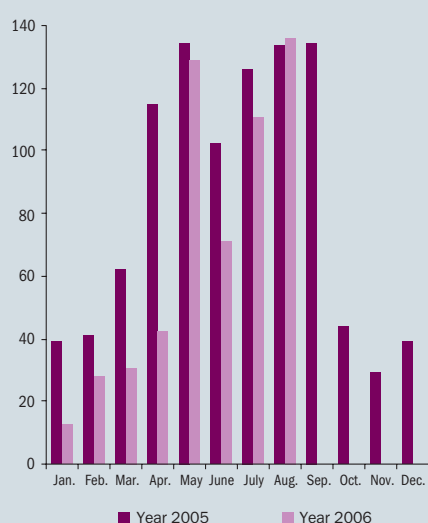
Table 50 The SDXGroup Indices at the End of August

Sector	SDXGroup indices		Yield to maturity (in %)	Duration (in years)
	Price	Performance		
Public	99.8	112.1	5.062	5.081
SDXG sub-index ( $\leq 5$ )	99.9	111.1	5.151	2.459
SDXG sub-index ( $> 5$ )	100.3	113.9	5.038	7.091
Private (corporate + mortgage bonds)	98.5	115.0	4.990	3.722
SDXG sub-index ( $\leq 5$ )	97.1	114.3	5.853	1.856
SDXG sub-index ( $> 5$ )	103.1	115.6	4.694	5.673

Source: BCBP.

## SDXGroup indices

Chart 40 Trading in Bonds on the BCPB (Sk billions)



Source: Bratislava Stock Exchange (BCPB).

There were 190 stock exchange transactions in bonds totalling Sk 136.3 billion during the month (i.e. 99.6% of the total volume traded on the BCPB floor in August). Of this amount, Sk 1.1 billion took place in price-setting contracts and Sk 135.2 billion in direct transactions.

The market capitalisation of bonds as at the last trading day of August amounted to Sk 413.1 billion, representing a month-on-month increase of 1.0%. The capitalisation of quoted bonds increased from the end of July by 1.1%, to Sk 391.4 billion at the end of August.

Equity securities were traded in August in 6,732 Shares transactions, totalling Sk 591.0 million.

By the last trading day of August, the market capitalisation of equity securities had increased month-on-month by 1.7%, to Sk 157.0 billion. The actual amount of issues that had a market price at least once in the past, except for investment fund shares and units, was Sk 146.5 billion (a month-on-month increase of 1.8%) and accounted for 93.3% of the total share market capitalisation. The market capitalisation of quoted issues increased by 3.3% from the end of July, to Sk 82.6 billion.

Chart 41 Developments in the SAX Index in 2006 (points)



Source: BCBP.

The BCPB accepted no new issues for trading during the month of August. Trading was ended in five issues (with a nominal value of Sk 684.9 million).

The Slovak Share Index (SAX) closed the month at 404.45 points, representing a rise of 4.9% month-on-month and a fall of 14.5% year-on-year. The index reached a monthly maximum on 25 August (407.69 points) and a minimum on 1 August (385.63 points).

## SAX index



Table 51 Weights of Basic SAX Index Components

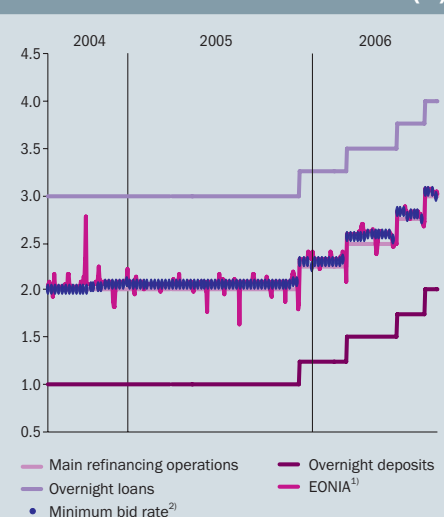
(end-of month data, in %)

Company	2006							
	January	February	March	April	May	June	July	August
Biotika, a. s.	2.59	2.64	2.77	2.83	3.24	3.10	2.80	2.67
OTP Banka Slovensko, a. s.	27.04	29.70	27.89	26.40	28.22	26.23	26.87	26.90
SES Tlmače, a. s.	7.74	8.50	7.93	8.11	7.09	6.70	7.32	7.92
Slovnaft, a. s.	29.52	28.27	31.16	31.21	31.81	32.49	32.25	32.11
Všeobecná úverová banka, a. s.	33.10	30.89	30.25	31.45	29.64	31.49	30.76	30.40
Source: BCPB.								

## 2 Monetary Developments in the Euro Area

At its August meeting (3/8/2006), the Governing Council of the ECB decided to raise its key interest rates by 0.25 of a percentage point. With effect from 9 August 2006, the rate for main refinancing operations was increased to 3.00%, that for overnight refinancing transactions to 4.00%, and the rate for overnight sterilisation operations to 2.00%.

**Chart 42 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).

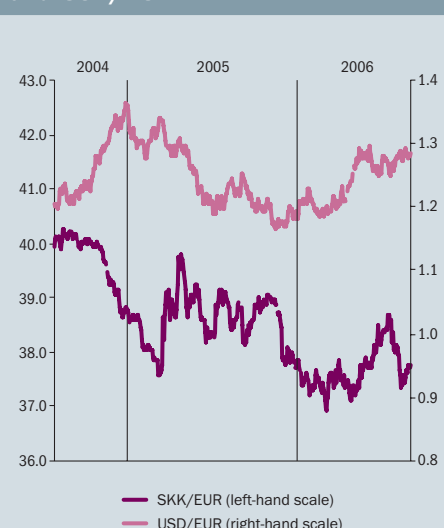
### 2.1 Exchange Rate Developments

At the beginning of August, the exchange rate of the single European currency against the US dollar hovered around the level of USD/EUR 1.28.

In the course of the month, the exchange rate of the dollar vis-à-vis the euro fluctuated within a relatively narrow band, around the level of USD/EUR 1.28. The USD/EUR exchange rate followed a trend that corresponded to the changes in interest rate differentials between the euro area and the USA. At present, the exchange rate is expected to be increasingly influenced by a slowdown in the rate of economic growth in the USA and an economic revival in the euro area, which will probably lead to a gradual appreciation in the euro vis-à-vis the dollar. The expected downturn in the US economy is mainly indicated by an analysis of real estate market developments, a lower GDP growth estimate, and a slowdown in price dynamics. Thus, towards the end of the month, the exchange rate of the euro against the dollar was roughly at the same level as at the beginning of the month.

During August, the euro strengthened in relation to the US dollar by 0.72% on a month-on-month basis. From the first trading day of 2006, the single European currency appreciated vis-à-vis the dollar by 8.67%.

**Chart 43 Exchange Rates: SKK/EUR and USD/EUR**



Source: NBS and ECB.

### 2.2 Real Economy

According to the first Eurostat estimate, the euro area economy grew over the second quarter of 2006 by 0.9% compared with the previous quarter, while increasing in comparison with the same quarter of 2005 by 2.6%. Final household consumption increased in the second quarter of 2006 by 0.3% (in the first quarter by 0.7%) and investment grew by 2.1% (in the previous quarter by 0.9%). Exports increased by 1.3% (compared with 3.9% in the first quarter of 2006) and imports grew by 1.2% (in the previous quarter by 2.9%). In the first quarter of 2006, euro area GDP grew by 0.8%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), dropped to 2.4% in July, from 2.5% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Spain (4.0%), Greece (3.9%), and Luxembourg (3.4%). The steepest year-on-year increases took place in prices for dwelling (5.0%) and transport (4.1%). Price levels fell in telecommunications (by 3.4%) and clothing (by 0.2%).

In the same period a year earlier, consumer prices in

the euro area increased by 2.2%. Eurostat foresees a year-on-year inflation rate of 2.3% in August.

Industrial producer prices increased year-on-year by 5.9% and month-on-month by 0.6% in July.



On a year-on-year basis, retail sales grew by 2.5% in July, while increasing in comparison with the previous month by 0.6%.

The unemployment rate (seasonally adjusted) remained unchanged in July, at the level of the previous month (7.8%). The lowest unemployment rates were achieved in the Netherlands (3.9%), Ireland (4.4%), and Luxembourg (4.8%). The highest unemployment rates within the euro area were recorded in Greece (9.2% in the first quarter of 2006) and France (8.9%). In the same period a year earlier, the unemployment rate in the euro area stood at 8.6%.

According to the first Eurostat estimate, foreign trade in the euro area resulted in a surplus of EUR 2.0 billion in June, compared with EUR 6.8 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) increased in June by 0.3%, as well as imports (by 0.3%).



### 3 Methodological Notes to Selected Indicators

#### 3.1 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 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 aggregated and consolidated balances 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, and the local branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector was extended to include money market investment funds, which are now required to report to the NBS on a monthly basis (the list of all MFIs monitored by the NBS is regularly updated on the website of the National Bank of Slovakia)<sup>7</sup>.

From the monthly statistical balances of resident MFIs, an aggregated balance sheet is compiled, as a summary of statistical balances of MFIs for assets and liabilities in all currencies. Then, a consolidated balance sheet is compiled from the aggregated balance sheet of MFIs, through the compensation (netting) of positions between the MFIs, as a basis for the calculation of monetary aggregates and the main counterparts of the M3 aggregate. During consolidation, the mutual relations of MFIs are excluded from the aggregated balance sheet 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 issued equity securities are reduced by MFI shares and other equities held by MFIs.

**Table 52 Calculation of Monetary Aggregates According to NBS and ECB Methodologies**

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 in circulation [M0]
+	+
DEMAND DEPOSITS (in SKK)	overnight deposits and received loans
= <b>Money (M1 – 'narrow money')</b>	= <b>M1 ('narrow money')</b>
TIME DEPOSITS (all maturities, in SKK)	+ deposits and received loans with an agreed maturity of up to 2 years
+	+ deposits and received loans redeemable at a period of notice of up to 3 months
FOREIGN CURRENCY DEPOSITS	= <b>M2 ('intermediate money')</b>
= QUASI-MONEY [QM - 'quasi money']	+ repurchase operations
	+ money market fund shares/units
	+ debt securities with a maturity of up to 2 years, and other money market products
<b>M2 MONEY MARKET (=M1+QM)</b>	<b>M3 MONETARY AGGREGATE ('broad money')</b>

**The main differences between the individual methodologies are as follows:**

- **in the definition 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 funds - the deposits of money market

<sup>7</sup> The actual list of monetary financial institutions (MFIs) and detailed methodological information on harmonised monetary and banking statistics are available on the website of the National Bank of Slovakia (<http://www.nbs.sk>), in the 'Harmonised Monetary and Banking Statistics' section, within the 'Banking Sector in the SR' menu.



funds (MMFs) 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 funds (MMFs) in commercial banks appear in the balance sheets of commercial banks as customer deposits of financial institutions and are directly included in the M2 money supply;
- **in 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 (with regard to maturity, ECB liabilities with a maturity of over 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;
- **in the definitions of deposits and loans:**
  - the ECB methodology extends the definition of deposits to include also 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 also include non-marketable securities issued by clients and held by banks, subordinated debt in the form of loans, receivables in respect of repo operations, and tradable loans);
  - the NBS methodology uses a so-called 'narrow definition' for both 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 structure of monetary aggregates by sector:**
  - the ECB methodology (with the deposits of MMFs being deducted from customer deposits) covers the above sectors, as well as the deposits of local government (S.1313) and social insurance funds (S.1314)<sup>8</sup>;
  - 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 MMF 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 as part of 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 data<sup>9</sup>.

### 3.2 Statistics of Monetary Aggregates (NBS methodology - Monetary Survey)

In 2005, the National Bank of Slovakia completed the harmonisation process in developing a methodology for monitoring and recording monetary aggregates according to the methodology of the European Central Bank (ECB). Over a temporary period in 2005, the NBS used both the national

<sup>8</sup> In the methodology of the NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

<sup>9</sup> In the conditions of the NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.

methodology and that of the ECB in evaluating the development of monetary aggregates, while placing greater emphasis on ECB methodology in relation to the M3 aggregate and its counterparts.

As from February, i.e. the expiration of the one-year temporary period, the NBS publishes reports on monetary aggregates exclusively according to the ECB methodology.

### 3.3 Statistics of Customer Interest Rates on New Contracts (ECB Methodology)

As of the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans granted<sup>10</sup> and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new business volumes. 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 are assessed in the way these sectors are defined in Directive No. 63/2002<sup>11</sup> of the European Central Bank, concerning interest rate statistics.

The monitoring 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 sector.

The methodology of the ECB makes it possible to monitor interest rates according to the period of initial rate fixation (IRF) and, in the case of non-financial corporations, according to the volume of loans as well. The initial rate fixation is the period for which an agreed interest rate is fixed. According to IRF, loans are divided into loans with a floating rate and an IRF of up to 1 year (inclusive), loans with an IRF of over 1 and up to 5 years (inclusive), loans with an IRF of over 5 and up to 10 years (inclusive), and loans with an IRF of more than 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 (for sole traders only)
- investment loans
- consumer loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans.

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

- current account overdrafts
- investment loans
- operating loans
- loans for house purchase
  - mortgage loans
  - building loans
  - intermediate loans
  - other loans for house purchase
- other loans.

<sup>10</sup> The term 'granted loans' is an equivalent of the term 'new loan'.

<sup>11</sup> According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' as defined in Annex A 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. households and sole traders) and non-profit institutions serving households S.15, and the term 'non-financial corporations' means sector S.11.



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

- deposits repayable 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
- 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 level of interest rates, because banks neither pay nor receive subsidies. For example, interest rates on mortgage loans with government bonuses are recorded without the state subsidies.

### 3.4 Classification of Loans According to Quality

#### Year 2005<sup>12</sup>

For statistical purposes, loans were classified into the following categories:

- a) standard loans;
- b) standard loans with qualification;
- c) non-standard loans;
- d) doubtful loans;
- e) loss-making loans;
- f) unclassified loans
  1. up to 30 days overdue,
  2. 31 to 90 days overdue,
  3. 91 to 180 days overdue,
  4. 181 to 360 days overdue,
  5. more than 360 days overdue.

According to NBS Decree No. 13/2004 of 26 November 2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting (hereinafter referred to as 'NBS Decree'), claims were classified as follows:

Standard claims – defined as claims where:

- repayment is up to 30 days overdue, the debtor meets his other commitments pursuant to the contract, and an analysis of the debtor's economic situation indicates that the claim will be repaid in full and on time;

Standard claims with qualification – defined as claims where:

- repayment is more than 30, but not more than 90 days overdue;
- the debtor fails to meet another commitment arising from the contract, for example he fails to provide information as required under the contract, or based on an analysis of the debtor's economic situation a loss is expected for the bank as a result of overdue repayment;
- provisions are created in the amount of at least 1%, but less than 20%, of the unsecured value of a standard claim with qualification.

<sup>12</sup>Until 2004, claims had been classified as standard loans, standard loans with qualification, non-standard loans, doubtful loans, and loss-making loans.

Non-standard claims – defined as claims where:

- repayment is more than 90, but not more than 180 days overdue;
- the debtor is in liquidation;
- the claim arises from the realisation of a guarantee provided for the debtor, or based on an analysis of the debtor's economic situation it is assumed that the claim will in large part be repaid;
- provisions are created in the amount of at least 20%, but less than 50%, of the unsecured value of the non-standard claim concerned.

Doubtful claims – defined as claims where:

- repayment is more than 180, but not more than 360 days overdue;
- the debtor is undergoing composition proceedings;
- a bankruptcy petition is filed and a temporary conservator is appointed for the debtor's property, or based on an analysis of the debtor's economic situation it is assumed that only a smaller part of the claim will be repaid;
- provisions are created in the amount of at least 50%, but less than 95%, of the unsecured value of the doubtful claim.

Loss-making claims – defined as claims where:

- repayment is more than 360 days overdue;
- a bankruptcy petition for the debtor's property is rejected for lack of assets;
- bankruptcy is declared for the debtor's property;
- bankruptcy proceedings for the debtor's property are terminated, since there are not enough assets to cover the costs of bankruptcy proceedings;
- this is a claim against a person with a special relationship to the bank, or a person having control over the bank, and repayment of the claim is more than 90 days overdue, or an analysis of the debtor's economic situation indicates that the claim will not be repaid, even in part;
- provisions are created for 100% of the unsecured value of the loss-making claim concerned.

Unclassified loans were defined as loans in the portfolio of claims created according to Article 8 of the NBS Decree.

## Year 2006

With effect from January 2006, a new NBS decree is in force: Decree No. 7/2005 of 6 December 2005, amending NBS Decree No. 13/2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting. The new decree has substantially modified the classification of loans according to quality.

On the basis of changes in accounting practices for banks according to international accounting standards, the method of valuation of financial assets has been modified, while the amendment to NBS Decree No. 13/2004 has changed the regulation function to verification function (for the valuation of selected types of assets) with effect from 1 January 2006.

### Selected financial assets are classified for the purposes of banking supervision as follows:

Claims valued **on an individual basis** vis-à-vis corporate entities:

- claims with no identifiable depreciation;
- claims with reduced value:
  - depreciated by not more than 20%;
  - depreciated by more than 20%, but no more than 50%;
  - depreciated by more than 50%, but no more than 95%;
  - depreciated by more than 95%;
- failed claims.

Claims valued **on a portfolio basis** vis-à-vis corporate entities:

- significant and
- insignificant.



**For statistical purposes, the individual claims are categorised as follows:**

Category I covers property valued *on an individual basis with no identifiable depreciation*.

Category II covers property valued *on a portfolio basis (with no identifiable depreciation on an individual basis)*.

Category III covers property valued *on an individual basis with identifiable depreciation*.

**Failed claims** are defined as assets where a more than 50% drop in value is identified by the bank or where repayment by the debtor is more than 90 days overdue.

For interest rate statistics according to the harmonised methodology, loans are reported to the ECB without the 'failed claims' category, where the so-called 'bad loans' are included.





## 4. Tables

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

	Unit	2005					2006							
		8	9	10	11	12	1	2	3	4	5	6	7	8
REAL ECONOMY														
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	873.574 <sup>(p)</sup>	-	-	1,178.802 <sup>(p)</sup>	-	-	288.649 <sup>(p)</sup>	-	-	316.739 <sup>(p)</sup>	.	.
Year-on-year change in GDP <sup>3)</sup>	%	-	6.3 <sup>(p)</sup>	-	-	7.4 <sup>(p)</sup>	-	-	6.3 <sup>(p)</sup>	-	-	6.7	.	.
Unemployment rate <sup>4) 11)</sup>	%	10.9	11.2	10.93	10.86	11.36	11.82	11.66	11.42	11.04	10.56	10.36	10.2	.
Consumer prices (CPI) <sup>3) 10)</sup>	%	2.1	2.3	3.5	3.6	3.9	4.1	4.3	4.3	4.4	4.8	4.5	5.0	5.0
Consumer prices (HICP) <sup>3)</sup>	%	2.0	2.2	3.3	3.4	3.7	4.1	4.4	4.5	4.5	4.8	4.6	5.0	5.1
BALANCE OF TRADE <sup>2) 9) (p)</sup>														
Exports (fob)	SKK millions	620,666	713,795	810,522	911,278	993,516	81,349	166,375	267,893	356,975	461,101	567,941	663,685	.
Imports (fob)	SKK millions	657,294	752,978	856,352	960,948	1,069,517	89,633	184,645	290,755	389,175	500,362	613,448	716,510	.
Balance	SKK millions	-36,628	-39,183	-45,830	-49,670	-76,001	-8,284	-18,270	-22,862	-32,200	-39,261	-45,507	-52,825	.
BALANCE OF PAYMENTS <sup>2)</sup>														
Current account <sup>9)</sup>	SKK millions	-61,288.0	-68,149.7	-75,307.3	-82,956.3	-126,131.6	-11,059.40	-18,719.80	-27,900.60	-38,173.90	-55,275.30	-61,873.40	.	.
Capital and financial account	SKK millions	136,623.9	137,017.2	128,023.0	138,502.2	176,681.1	3,090.9	-622.7	39,672.9	44,616.60	51,286.10	63,846.20	.	.
Overall balance	SKK millions	72,413.9	73,364.9	65,142.8	69,368.0	71,442.4	-143.40	795.9	25,114.20	26,100.50	24,882.50	7,670.50	.	.
FOREIGN EXCHANGE RESERVES <sup>4) 6)</sup>														
Total foreign exchange reserves	USD millions	17,434.8	17,349.5	16,998.0	16,876.3	17,010.6	17,063.7	16,767.9	17,798.4	18,509.9	18,938.20	17,904.70	16,499.70	16,306.10
NBS foreign exchange reserves	USD millions	15,915.6	15,835.6	15,647.8	15,438.4	15,479.5	15,754.6	15,454.6	16,521.3	16,924.60	17,334.60	16,128.90	13,140.00	13,243.10
GROSS EXTERNAL DEBT <sup>7) 7)</sup>														
Total gross external debt	USD billions	26.6	26.5	26.1	26.2	26.9	27.9	26.9	28.5	28.9	31.0	31.5	.	.
External debt per capita	USD	4,937	4,933	4,852	4,879	5,000	5191	5002	5303	5371	5,768	5,856	.	.
MONETARY INDICATORS														
Exchange rate <sup>5)</sup>	SKK/USD	31.494	31.354	32.357	32.808	31.932	31.029	31.298	31.186	30.535	29.461	30.054	30.286	29.426
M3 monetary aggregate <sup>4) 10)</sup>	SKK billions	785.8	792.0	800.4	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8	.
Year-on-year change in M3 <sup>3)</sup>	%	8.0	7.3	7.6	6.3	7.8	8.6	9.1	10.3	9.4	10.5	11.2	11.8	.
Claims of monetary financial institutions <sup>10)</sup>	SKK billions	736.9	753.5	769.0	778.3	795.4	769.2	780.8	794.5	800	822.2	833.1	829.2	.
STATE BUDGET <sup>2) 4)</sup>														
Revenue	SKK billions	170.5	188.6	214.4	233.7	258.7	32.8	50.4	71.8	95.8	112.1	138.0	166.5	188.9
Expenditure	SKK billions	175.6	196.7	219.5	241.3	292.6	20.7	44.1	71.7	95.6	123.8	148.3	171.7	194.6
Balance	SKK billions	-5.1	-8.1	-5.1	-7.6	-33.9	12.1	6.3	0.1	0.2	-11.7	-10.3	-5.2	-5.7
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of maturity <sup>8)</sup>		1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2006	1.3.2006	31.5.2006	31.5.2006	26.7.2006	26.7.2006
Overnight operations														
- sterilisation	%	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50	3.00	3.00	3.00	3.00
- refinancing	%	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50	4.50	5.00	5.00	6.00	6.00
Limit rate for 2-week repo tenders	%	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.5	4.5
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.5	4.5
Average interbank deposit rate (BRIBOR)														
overnight	%	2.99	2.71	2.55	2.37	2.80	2.75	2.74	3.1	3.34	3.00	4.51	3.83	4.11
7-day	%	2.99	2.91	2.93	2.89	2.94	2.98	2.95	3.44	3.47	3.39	4.17	4.11	4.49
14-day	%	3.01	2.96	2.98	2.98	2.98	3.02	3.02	3.49	3.51	3.49	4.11	4.22	4.54
1-month	%	3.00	2.99	3.01	3.05	3.02	3.03	3.16	3.57	3.59	3.69	4.11	4.50	4.63
2-month	%	2.99	2.98	3.01	3.11	3.06	3.10	3.27	3.66	3.72	3.85	4.14	4.75	4.77
3-month	%	2.94	2.93	3.03	3.19	3.12	3.17	3.34	3.75	3.86	3.96	4.2	4.92	4.93
6-month	%	2.91	2.90	3.04	3.35	3.24	3.26	3.45	3.88	4.06	4.19	4.45	5.18	5.22
9-month	%	2.87	2.86	3.05	3.44	3.29	3.34	3.52	3.98	4.21	4.38	4.62	5.35	5.34
12-month	%	2.85	2.85	3.07	3.52	3.34	3.39	3.58	4.06	4.28	4.49	4.71	5.47	5.43

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) Methodological change with effect from 1 January 2002.

7) Methodological change with effect from 1 January 1999.

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

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

10) According to the methodology of the ECB.

11) 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 %) <sup>1)</sup>	Volume (SKK billions)												
		2005						2006						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Claims of MFIs on residents	41.2	478.9	486.9	500.4	511.1	519.2	534.7	540.7	545.5	556.1	561.7	578.1	592.4	589.1
General government	1.6	23.3	23.7	25.7	26.2	26.5	27.9	27.8	27.3	26.2	23.8	23.7	23.0	23.0
Private sector	39.6	455.6	463.3	474.7	484.9	492.7	506.8	512.9	518.2	529.8	538.0	554.4	569.4	566.1
Non-financial corporations	20.4	253.4	255.5	260.7	263.5	266.5	271.4	276.0	277.6	281.9	284.2	292.2	299.3	291.2
– up to 1 year	8.9	110.4	112.3	113.3	111.9	115.3	117.3	120.2	119.5	118.8	119.0	127.6	133.8	126.6
– 1 to 5 years	3.8	54.5	53.5	53.7	54.1	52.9	52.0	52.3	52.2	55.2	55.1	58.6	56.7	54.5
– over 5 years	7.7	88.5	89.6	93.7	97.6	98.3	102.1	103.5	105.9	108.0	110.1	106.0	108.8	110.1
Financial corporations	4.3	46.7	47.0	48.1	50.5	51.1	55.0	53.0	54.2	56.3	57.3	59.7	61.3	61.2
Insurance corporations and pension funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and non-profit institutions serving households	14.9	155.5	160.7	165.8	170.8	175.1	181.0	183.8	186.3	191.6	196.5	202.5	208.7	213.5
– consumer loans	2.3	23.4	24.4	24.8	24.7	25.0	24.8	29.7	29.8	31.0	31.4	32.0	32.6	33.0
– housing loans	9.7	102.6	106.4	109.5	112.4	115.0	118.9	120.2	122.4	125.6	128.5	132.1	136.2	139.4
– other loans	2.9	29.4	29.9	31.5	33.7	35.2	37.3	34.0	34.0	35.0	36.5	38.4	39.9	41.2
Securities other than shares and participation certificates issued by residents	16.4	244.5	243.7	246.8	251.5	253.0	254.6	222.6	229.5	232.6	232.5	238.3	234.9	234.4
General government	15.8	232.1	231.4	234.4	239.1	243.6	245.6	214.0	221.0	223.8	223.8	229.6	225.9	225.5
Private sector	0.6	12.3	12.3	12.5	12.4	9.4	9.0	8.7	8.5	8.9	8.7	8.8	9.0	8.9
Shares and other equities issued by private sector	0.4	6.3	6.3	6.3	6.3	6.2	6.1	5.8	5.8	5.8	5.8	5.7	5.7	5.6
Foreign assets	36.7	602.2	602.4	605.0	596.0	585.4	589.7	578.3	573.0	598.7	597.7	608.6	607.8	524.1
Fixed assets	2.3	33.6	33.8	33.9	33.6	33.6	34.4	33.6	33.4	33.4	33.2	33.1	33.0	33.1
Other assets	3.0	45.9	42.3	44.1	45.5	46.3	41.4	37.3	36.6	36.0	38.9	40.7	46.3	43.0
Deposits and loans received from the central government	7.0	84.6	78.5	77.3	85.1	92.9	61.3	39.9	47.3	79.5	104.5	107.6	106.0	99.6
Long-term financial liabilities	13.6	199.6	195.7	200.0	199.7	192.5	193.3	182.7	186.1	192.0	182.1	183.0	192.9	194.2
Deposits and loans received with an agreed maturity of over 2 years	4.3	52.5	53.3	53.3	53.1	53.8	57.5	57.5	59.5	59.8	60.4	60.5	61.0	61.9
Deposits redeemable at a period of notice of over 3 months	1.8	28.6	28.2	28.0	27.8	27.7	27.8	27.5	27.2	26.9	26.6	26.4	26.1	25.8
Debt securities issued with a maturity of over 2 years	1.8	14.1	14.4	15.1	13.2	18.3	17.6	18.7	18.8	21.2	21.7	21.9	24.9	25.1
Capital, reserves, and provisions	5.7	104.3	99.8	103.6	105.6	92.8	90.4	78.9	80.6	84.0	73.4	74.3	80.9	81.4
Foreign liabilities	14.9	298.0	308.0	319.4	310.9	308.2	328.0	318.5	307.2	301.5	279.3	306.3	305.2	212.4
Other liabilities	3.6	49.4	47.6	48.0	48.3	56.6	46.8	54.2	49.7	48.4	53.8	56.6	54.9	51.3
Surplus of liabilities among MFIs	0.0	0.2	-0.1	-0.1	-0.3	-5.1	0.0	-1.8	-0.2	0.5	-0.2	-0.1	-0.1	0.0
M3	61.0	779.7	785.8	792.0	800.4	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8
<b>Total</b>	100.0	1,411.4	1,415.4	1,436.5	1,444.1	1,443.6	1,460.8	1,418.3	1,423.9	1,462.5	1,469.8	1,504.6	1,520.2	1,429.3

1) In the current month.



## Average Interest Rates on New Loans

(ECB methodology)

(%)

	2005						2006						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>Loans in total<sup>1)</sup></b>	6.22	6.19	5.93	6.35	6.14	5.78	6.32	6.50	6.87	7.11	6.99	7.40	7.71
Current account overdrafts	6.52	6.46	6.37	6.58	6.45	6.17	6.25	6.50	6.96	7.12	7.12	7.63	7.81
Operation loans	3.67	3.77	3.55	3.94	3.77	3.82	3.99	4.47	4.28	4.61	4.32	4.74	5.35
Investment loans	4.92	5.29	4.22	4.80	5.61	4.64	5.07	5.21	5.78	5.54	5.75	6.18	6.45
Consumer loans	10.56	10.25	11.30	12.47	12.03	11.89	12.72	13.54	11.91	11.64	12.82	13.66	13.13
Real estate loans	5.88	5.81	5.61	5.49	5.36	5.32	5.47	5.43	5.54	5.70	5.83	5.92	6.09
of which:													
Mortgage loans	4.88	4.82	4.82	4.84	4.87	4.92	4.99	4.91	4.92	5.01	5.20	5.39	5.68
Construction loans	5.18	5.15	5.07	5.26	5.01	5.05	5.07	5.07	5.05	5.21	5.09	5.01	5.19
Intermediate loans	6.54	6.47	6.37	6.24	6.16	6.31	6.26	6.49	6.63	6.71	6.66	6.59	6.54
Other real estate loans	6.50	6.37	6.03	5.63	5.45	5.29	5.47	5.34	5.35	5.54	5.83	6.07	6.20
Other loans	6.68	6.24	5.10	5.56	4.75	5.92	4.20	5.22	5.40	5.65	5.55	6.36	6.51
Floating rate + IRF for up to 1 year incl.	6.16	6.18	6.01	6.34	6.18	5.77	6.28	6.46	6.84	7.14	6.97	7.40	7.71
IRF for over 1 year and up to 5 years incl.	7.81	6.76	5.82	7.04	5.54	6.38	7.36	7.80	7.32	6.61	7.38	7.95	7.82
IRF for over 5 years and up to 10 years incl.	6.25	6.48	6.12	6.22	6.27	6.41	6.59	7.30	7.51	7.24	7.34	7.03	7.26
IRF for over 10 years	4.92	5.50	3.98	5.06	4.98	4.24	6.04	6.09	6.23	6.35	6.63	6.01	6.72
<b>Households</b>													
Loans in total	9.58	9.58	9.62	9.77	9.80	9.73	10.49	11.42	11.24	11.27	11.18	11.42	12.16
Current account overdrafts	10.92	10.94	10.83	11.04	11.00	10.93	10.64	12.15	12.40	12.37	12.55	13.05	13.15
Operation loans	7.70	5.80	7.26	6.54	6.18	5.99	5.84	6.35	6.63	6.51	6.50	6.47	7.38
Investment loans	6.59	6.08	6.00	5.83	5.91	5.87	5.65	6.31	6.25	6.27	6.44	6.91	7.55
Consumer loans	10.81	10.31	11.30	12.47	12.03	11.89	12.72	13.55	11.91	11.64	12.82	13.66	13.13
Real estate loans	5.89	5.83	5.63	5.49	5.36	5.32	5.47	5.43	5.54	5.70	5.82	5.92	6.09
of which:													
Mortgage loans	4.88	4.83	4.83	4.83	4.87	4.91	4.98	4.90	4.91	5.00	5.20	5.39	5.68
Construction loans	5.18	5.15	5.07	5.26	5.01	5.05	5.07	5.07	5.05	5.21	5.09	5.01	5.19
Intermediate loans	6.56	6.50	6.41	6.25	6.18	6.31	6.27	6.50	6.64	6.73	6.69	6.62	6.54
Other real estate loans	6.58	6.38	6.05	5.67	5.45	5.29	5.47	5.33	5.34	5.53	5.82	6.06	6.20
Other loans	9.70	11.38	9.53	8.88	9.60	10.38	6.45	6.07	6.18	6.32	6.35	6.49	6.60
Credit cards	-	-	-	-	-	-	16.10	16.09	16.22	16.58	15.88	15.81	18.04
Floating rate + IRF for up to 1 year incl.	9.95	10.00	10.04	10.09	10.05	9.90	10.70	11.71	11.71	11.92	11.84	12.15	12.85
IRF for over 1 year and up to 5 years incl.	10.29	9.48	9.14	8.35	8.86	9.09	9.25	9.19	8.14	7.70	7.82	8.46	8.30
IRF for over 5 years and up to 10 years incl.	6.56	6.67	6.60	6.87	7.00	7.08	7.12	7.91	8.49	7.67	7.65	7.74	7.58
IRF for over 10 years	4.69	5.06	4.92	5.81	5.73	6.26	6.26	7.20	6.91	6.73	6.69	5.99	6.89
<b>Non-financial corporations</b>													
Loans in total	4.88	4.94	4.68	5.02	4.93	4.81	5.00	5.03	5.40	5.52	5.54	5.93	6.24
Current account overdrafts	5.09	5.02	4.96	5.18	5.12	4.93	5.17	5.09	5.47	5.60	5.64	6.04	6.28
Operation loans	3.47	3.85	3.22	3.91	3.69	3.67	3.98	4.49	4.64	4.51	4.67	4.87	5.59
Investment loans	4.71	5.36	4.12	4.69	5.73	4.90	4.95	5.02	5.71	5.70	5.67	6.00	6.37
Real estate loans	6.19	5.13	5.43	5.49	5.55	5.48	5.56	5.56	5.67	5.99	5.93	6.24	5.85
Other loans	6.21	4.95	4.25	4.10	3.48	5.48	3.87	5.11	5.16	5.63	5.30	6.32	6.12
Credit cards	-	-	-	-	-	-	12.36	13.26	13.83	14.29	13.92	14.22	17.24
Loans up 1 million EUR	4.43	4.96	4.91	4.94	4.91	5.20	4.93	5.21	5.52	5.34	5.72	6.17	6.49
Loans over 1 million EUR	4.11	4.35	3.40	3.85	3.88	4.28	3.91	4.27	4.58	4.95	4.71	4.96	5.63
Floating rate + IRF for up to 1 year incl.	4.82	4.91	4.72	5.01	4.99	4.79	5.00	5.03	5.39	5.51	5.54	5.93	6.23
IRF for over 1 year and up to 5 years incl.	6.44	5.15	5.18	5.04	3.15	4.46	4.87	4.69	5.74	5.67	5.71	6.13	6.56
IRF for over 5 years and up to 10 years incl.	5.35	5.39	5.01	5.22	5.24	6.12	5.55	4.78	5.56	5.67	5.80	5.53	6.46
IRF for over 10 years	4.78	5.76	3.57	4.83	4.14	4.20	5.09	5.56	5.52	6.07	6.34	6.43	6.31

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

Note: IRF – initial rate fixation.



## Average Interest Rates on New Deposits

(ECB methodology)

(%)

	2005						2006						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>Deposits in total <sup>1)</sup></b>	1.38	1.40	1.36	1.41	1.42	1.29	1.52	1.24	1.59	1.67	1.66	2.01	1.91
Deposits payable on demand	0.60	0.58	0.57	0.65	0.64	0.57	0.95	0.58	0.66	0.74	0.82	1.12	0.93
of which: demand deposits	0.47	0.48	0.49	0.51	0.51	0.46	0.65	0.45	0.52	0.60	0.63	0.78	0.73
overnight deposits	1.79	1.66	1.71	2.09	1.77	1.70	3.19	1.46	2.23	2.64	2.55	4.39	2.69
Deposits with agreed maturity <sup>2)</sup>	2.58	2.60	2.56	2.56	2.55	2.55	2.40	2.51	3.02	3.05	3.12	3.81	3.65
- up to 1 year in total	2.58	2.59	2.56	2.56	2.55	2.55	2.41	2.52	3.02	3.06	3.13	3.82	3.66
- up to 7 days	2.01	2.10	2.09	2.07	2.03	2.17	2.54	2.12	2.78	2.73	2.64	4.10	3.24
- up to 1 month	2.76	2.75	2.73	2.70	2.68	2.73	2.64	2.66	3.17	3.21	3.27	3.80	3.80
- up to 3 months	1.94	1.91	1.89	1.77	1.81	1.80	1.97	1.97	2.15	2.14	2.56	3.01	3.49
- up to 6 months	1.77	1.90	1.86	1.75	1.78	1.69	1.86	1.83	2.10	2.13	2.64	2.90	3.74
- up to 1 year	2.20	2.27	1.89	1.80	1.84	1.93	-	1.71	1.88	2.12	2.53	3.27	3.43
- over 1 year in total	2.71	2.72	2.06	1.54	1.29	1.68	0.99	0.88	1.87	0.83	1.51	2.37	2.48
- up to 2 years	1.87	1.52	1.52	1.74	1.69	0.97	2.07	2.33	3.58	2.25	2.04	2.60	3.50
- over 2 years	2.76	2.72	2.08	1.54	1.28	1.74	0.94	0.86	1.68	0.80	1.45	2.37	2.45
Savings deposits	0.95	0.97	0.99	1.00	1.02	1.05	1.07	1.10	1.16	1.19	1.21	1.23	1.54
- redeemable at a period of notice of up to 3 months	0.93	0.93	0.93	0.94	0.94	0.96	0.97	0.97	1.05	1.06	1.07	1.09	1.45
- redeemable at a period of notice of over 3 months	0.97	0.99	1.01	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59
<b>Households</b>													
Deposits in total	0.66	0.68	0.70	0.71	0.71	0.71	0.80	0.69	0.79	0.81	0.86	0.96	0.99
Deposits payable on demand	0.42	0.43	0.42	0.42	0.42	0.41	0.54	0.38	0.44	0.42	0.45	0.51	0.50
of which: demand deposits	0.41	0.42	0.41	0.41	0.41	0.40	0.51	0.37	0.42	0.41	0.43	0.45	0.47
overnight deposits	1.21	1.15	1.13	1.50	1.19	1.16	2.90	1.42	1.89	2.14	2.35	3.97	2.41
Deposits with agreed maturity	1.95	2.01	2.00	1.92	1.90	1.90	1.80	1.76	2.02	2.13	2.55	3.21	3.16
- up to 1 year in total	1.95	2.00	2.00	1.93	1.91	1.90	1.83	1.79	2.02	2.17	2.57	3.23	3.20
- up to 7 days	1.59	1.69	1.69	1.74	1.68	1.69	2.16	1.84	2.24	2.33	2.38	3.69	2.79
- up to 1 month	2.14	2.14	2.13	1.99	1.99	2.00	1.78	1.77	1.99	2.14	2.62	3.13	3.17
- up to 3 months	1.73	1.72	1.71	1.60	1.60	1.57	1.44	1.59	1.73	1.85	2.33	2.82	3.15
- up to 6 months	1.67	1.69	1.71	1.60	1.70	1.39	1.69	1.59	1.90	1.99	2.43	2.76	3.29
- up to 1 year	1.91	1.73	1.81	1.60	1.60	1.60	1.61	1.56	1.73	1.97	2.37	3.10	3.77
- long-term over 1 year	2.12	2.13	2.06	1.55	1.26	1.75	0.98	0.88	1.70	0.83	1.50	2.38	2.19
- up to 2 years	1.53	1.52	1.54	1.74	1.70	0.97	2.08	2.33	2.34	2.35	2.00	3.00	3.44
- over 2 years	2.14	2.14	2.08	1.55	1.26	1.79	0.96	0.87	1.69	0.82	1.47	2.35	2.14
Savings deposits	0.95	0.97	0.98	1.00	1.02	1.05	1.07	1.10	1.16	1.18	1.21	1.22	1.54
- redeemable at a period of notice of up to 3 months	0.92	0.93	0.93	0.93	0.93	0.96	0.96	0.96	1.04	1.05	1.06	1.07	1.43
- redeemable at a period of notice of over 3 months	0.96	0.99	1.01	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59
<b>Non-financial corporations</b>													
Deposits in total	1.45	1.52	1.48	1.56	1.59	1.40	1.85	1.47	1.87	2.03	1.95	2.51	2.11
Deposits payable on demand	0.69	0.71	0.72	0.81	0.81	0.64	1.23	0.70	0.87	0.95	1.05	1.62	1.10
of which: demand deposits	0.52	0.52	0.55	0.62	0.62	0.47	0.79	0.49	0.58	0.71	0.73	1.01	0.72
overnight deposits	1.76	1.69	1.72	2.05	1.80	1.67	3.29	1.69	2.23	2.62	2.64	4.44	2.71
Deposits with agreed maturity	2.43	2.53	2.46	2.50	2.57	2.55	2.73	2.58	3.16	3.16	3.15	3.95	3.66
- up to 1 year in total	2.31	2.37	2.33	2.42	2.42	2.38	2.73	2.58	3.16	3.16	3.15	3.95	3.66
- up to 7 days	2.04	2.18	2.14	2.09	2.12	2.02	2.54	2.15	2.56	2.80	2.63	4.17	3.31
- up to 1 month	2.72	2.73	2.69	2.68	2.68	2.76	2.81	2.72	3.31	3.30	3.32	3.83	3.82
- up to 3 months	2.27	2.25	2.21	2.18	2.30	2.34	2.62	2.67	2.89	3.06	3.16	3.57	3.89
- up to 6 months	1.63	2.23	2.04	2.28	2.39	2.44	2.49	2.73	2.63	2.90	3.51	3.70	4.21
- up to 1 year	2.49	2.58	2.26	2.03	2.15	2.40	2.31	2.07	2.67	2.93	3.59	3.78	2.59
- long-term over 1 year	1.82	1.71	1.46	1.35	1.57	0.82	2.06	1.38	3.87	1.32	1.92	2.63	3.53
- up to 2 years	-	-	1.40	-	-	0.98	2.05	-	-	-	-	4.05	4.91
- over 2 years	1.82	1.71	2.00	1.35	1.57	0.66	2.06	1.38	-	0.94	1.42	1.54	3.52
Savings deposits	1.26	1.25	1.28	1.27	1.33	1.42	1.51	1.49	1.74	1.86	1.83	1.96	1.95
- redeemable at a period of notice of up to 3 months	1.27	1.26	1.30	1.28	1.35	1.44	1.53	1.51	1.78	1.91	1.88	2.01	2.00
- redeemable at a period of notice of over 3 months	1.12	1.12	1.12	1.12	1.12	1.12	1.15	1.17	1.17	1.17	1.16	1.21	1.21

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).



## Interest Rates on Outstanding Loans

	2005						2006						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>Loans in total <sup>1)</sup></b>	5.92	5.90	5.86	5.89	5.86	5.80	5.89	5.93	6.06	6.15	6.19	6.40	6.55
Current account overdrafts	6.47	6.40	6.37	6.54	6.44	6.14	6.19	6.55	6.97	7.12	7.10	7.58	7.79
Consumer loans	11.98	11.81	11.67	11.88	11.85	11.82	12.26	12.23	12.28	12.21	12.28	12.63	12.68
Operation loans	4.06	4.11	3.94	4.11	4.05	4.00	3.97	4.10	4.32	4.47	4.42	4.81	4.98
Investment loans	4.40	4.44	4.41	4.39	4.52	4.42	4.47	4.50	4.72	4.85	4.94	5.18	5.41
Real estate purchase loans	6.08	6.05	6.00	5.96	5.94	5.91	6.34	6.25	6.20	6.19	6.17	6.20	6.22
Other loans	5.54	5.60	5.68	5.78	5.54	5.79	4.81	4.82	4.95	5.12	5.24	5.40	5.59
Credit cards	19.14	19.15	19.26	19.29	19.15	19.80	16.04	15.99	16.15	16.51	16.14	16.08	18.05
Short-term loans	5.50	5.48	5.42	5.59	5.53	5.42	5.42	5.66	5.91	6.09	6.07	6.42	6.69
Long-term loans over 1 year and up to 5 years	7.32	7.28	7.27	7.25	7.19	7.21	7.15	7.11	7.22	7.24	7.27	7.47	7.56
Long-term loans over 5 years	5.43	5.43	5.40	5.39	5.42	5.36	5.59	5.57	5.63	5.71	5.78	5.92	6.03
<b>Households</b>													
Loans in total	8.10	8.04	7.98	7.96	7.89	7.83	7.81	7.86	7.84	7.81	7.82	7.91	7.95
Current account overdrafts	10.83	10.87	10.92	11.06	11.00	10.83	10.59	12.20	12.32	12.37	12.47	12.91	13.10
Consumer loans	11.98	11.81	11.67	11.88	11.85	11.82	12.26	12.23	12.28	12.21	12.28	12.63	12.68
Real estate purchase loans	6.74	6.69	6.64	6.59	6.52	6.47	6.41	6.33	6.26	6.24	6.23	6.26	6.26
Other loans	10.58	10.81	10.61	10.13	9.92	9.76	7.36	7.20	7.04	6.95	6.95	6.93	6.94
Credit cards	19.17	19.18	19.28	19.32	19.18	19.90	16.14	16.08	16.23	16.57	16.20	16.14	18.07
Short-term loans	10.84	10.91	10.96	11.03	10.96	10.89	10.96	12.09	12.27	12.31	12.37	12.69	13.14
Long-term loans over 1 year and up to 5 years	11.05	10.99	10.96	11.01	10.96	10.91	10.84	10.78	10.87	10.80	10.83	10.99	10.99
Long-term loans over 5 years	6.13	6.10	6.08	6.06	6.03	6.01	6.46	6.38	6.34	6.34	6.34	6.41	6.44
<b>Non-financial institutions</b>													
Loans in total	4.48	4.49	4.45	4.52	4.58	4.52	4.55	4.60	4.88	5.01	5.09	5.41	5.65
Current account overdrafts	5.13	5.05	4.98	5.20	5.11	4.91	5.09	5.05	5.47	5.57	5.59	6.00	6.25
Operation loans	3.95	3.94	3.88	3.95	3.93	3.86	3.81	3.97	4.34	4.46	4.39	4.92	5.11
Investment loans	4.29	4.33	4.31	4.31	4.48	4.44	4.52	4.59	4.80	4.94	5.05	5.31	5.56
Real estate purchase loans	4.81	4.74	4.39	4.95	4.70	4.47	4.71	4.63	4.68	5.14	5.08	5.30	5.56
Other loans	4.67	4.69	4.75	4.63	4.67	4.94	4.49	4.61	4.80	4.92	5.18	5.31	5.53
Credit cards	18.02	17.55	18.11	17.98	18.00	18.27	12.36	13.26	13.83	14.29	14.31	14.49	17.24
Short-term loans	4.54	4.52	4.50	4.64	4.61	4.48	4.53	4.56	4.92	5.05	5.04	5.45	5.70
Long-term loans over 1 year and up to 5 years	4.92	4.93	4.92	4.90	4.92	4.97	4.96	4.96	5.20	5.32	5.43	5.69	5.91
Long-term loans over 5 years	4.13	4.17	4.13	4.15	4.35	4.34	4.40	4.50	4.69	4.83	4.96	5.20	5.45

1) Interest rates on loans include all sectors (i. e. non-financial institutions, households, insurance corporations, pension funds and general government).

Note: Data in this table include only performing loans according to Decree of the NBS No. 7/2005 on the classification of assets and liabilities of banks and branches of foreign banks.



# Interest Rates on Outstanding Deposits

	2005						2006						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>Deposits in total <sup>1)</sup></b>	1.55	1.54	1.54	1.57	1.57	1.46	1.52	1.37	1.68	1.74	1.72	2.02	1.94
Deposits payable on demand	0.60	0.58	0.57	0.65	0.64	0.57	0.92	0.59	0.66	0.74	0.80	1.12	0.86
of which: demand deposits	0.48	0.48	0.49	0.51	0.52	0.47	0.61	0.47	0.52	0.60	0.61	0.77	0.66
overnight deposits	1.79	1.66	1.71	2.09	1.77	1.70	3.20	1.46	2.22	2.64	2.55	4.39	2.68
Deposits with agreed maturity <sup>2)</sup>	2.25	2.24	2.24	2.25	2.26	2.19	2.15	2.15	2.52	2.56	2.56	2.91	2.92
– up to 1 year in total	2.13	2.15	2.15	2.19	2.21	2.16	2.02	2.03	2.49	2.55	2.55	2.98	2.99
– up to 7 days	1.86	1.76	1.83	1.89	1.94	2.03	2.53	1.78	2.80	2.49	2.49	3.83	2.85
– up to 1 month	2.39	2.42	2.41	2.45	2.48	2.45	2.37	2.41	2.89	2.96	2.95	3.39	3.44
– up to 3 months	1.61	1.60	1.56	1.54	1.47	1.44	1.42	1.55	1.71	1.82	1.98	2.15	2.45
– up to 6 months	1.29	1.22	1.21	1.20	1.18	1.30	1.39	1.49	1.61	1.76	1.93	2.12	2.41
– up to 1 year	1.98	1.90	1.86	1.83	1.71	1.68	0.80	0.79	0.79	0.87	0.97	1.12	1.29
– over 1 year in total	3.14	3.04	3.02	2.96	2.93	2.77	2.73	2.70	2.66	2.62	2.59	2.56	2.55
– up to 2 years	3.57	3.57	3.56	3.57	3.57	2.18	2.14	2.13	2.16	1.90	1.94	2.30	2.36
– over 2 years	3.04	2.91	2.90	2.82	2.78	2.78	2.00	1.96	1.74	1.71	1.64	1.67	1.73
Savings deposits	0.95	0.97	0.99	1.00	1.02	1.06	1.07	1.10	1.16	1.19	1.21	1.23	1.54
– redeemable at a period of notice of up to 3 months	0.93	0.93	0.93	0.94	0.94	0.96	0.97	0.97	1.05	1.06	1.07	1.09	1.45
– redeemable at a period of notice of over 3 months	0.97	0.99	1.01	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59
<b>Households</b>													
Deposits in total	1.18	1.17	1.16	1.16	1.15	1.13	1.20	1.19	1.26	1.29	1.31	1.43	1.51
Deposits payable on demand	0.42	0.42	0.42	0.42	0.42	0.41	0.49	0.41	0.44	0.42	0.45	0.51	0.50
of which: demand deposits	0.42	0.42	0.41	0.41	0.41	0.40	0.45	0.40	0.42	0.41	0.43	0.45	0.47
overnight deposits	1.21	1.15	1.13	1.50	1.20	1.16	2.90	1.42	1.89	2.14	2.35	3.97	2.41
Deposits with agreed maturity	1.80	1.77	1.75	1.74	1.73	1.76	1.88	1.92	2.01	2.09	2.13	2.33	2.42
– up to 1 year in total	1.35	1.34	1.31	1.31	1.31	1.33	1.44	1.51	1.68	1.82	1.89	2.21	2.36
– up to 7 days	1.07	0.98	1.01	1.11	1.08	1.00	1.52	1.17	1.59	1.75	1.70	2.80	2.19
– up to 1 month	1.15	1.19	1.18	1.20	1.25	1.34	1.46	1.51	1.68	1.84	1.85	2.20	2.33
– up to 3 months	1.55	1.56	1.52	1.48	1.41	1.36	1.28	1.42	1.53	1.68	1.83	2.03	2.25
– up to 6 months	1.23	1.11	1.10	1.10	1.14	1.22	1.32	1.43	1.53	1.66	1.82	2.01	2.24
– up to 1 year	1.81	1.73	1.68	1.62	1.55	1.50	1.46	1.46	1.56	1.72	1.83	2.09	2.45
– long-term over 1 year	3.01	2.91	2.89	2.82	2.78	2.78	2.73	2.71	2.66	2.62	2.59	2.57	2.54
– up to 2 years	2.59	2.59	2.49	2.42	2.36	2.25	2.19	2.16	2.13	1.81	1.84	2.24	2.32
– over 2 years	3.02	2.91	2.90	2.83	2.78	2.78	2.21	2.16	2.15	1.86	1.89	2.28	2.36
Savings deposits	0.95	0.97	0.98	1.00	1.02	1.05	1.07	1.10	1.16	1.18	1.21	1.22	1.54
– redeemable at a period of notice of up to 3 months	0.92	0.93	0.93	0.93	0.94	0.96	0.96	0.96	1.04	1.05	1.06	1.07	1.43
– redeemable at a period of notice of over 3 months	0.97	0.99	1.01	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59
<b>Non-financial corporations</b>													
Deposits in total	1.48	1.48	1.48	1.58	1.56	1.38	1.82	1.49	1.85	1.99	1.89	2.43	2.09
Deposits payable on demand	0.69	0.71	0.72	0.81	0.81	0.64	1.23	0.70	0.87	0.95	1.05	1.62	1.10
of which: demand deposits	0.52	0.52	0.55	0.62	0.62	0.47	0.79	0.49	0.58	0.71	0.73	1.01	0.72
overnight deposits	1.76	1.69	1.72	2.05	1.80	1.67	3.29	1.69	2.23	2.62	2.64	4.44	2.71
Deposits with agreed maturity	2.28	2.28	2.29	2.35	2.37	2.30	2.68	2.58	3.05	3.07	3.07	3.72	3.58
– up to 1 year in total	2.30	2.29	2.30	2.43	2.40	2.31	2.68	2.58	3.05	3.07	3.08	3.73	3.58
– up to 7 days	1.98	1.92	1.99	2.05	2.15	1.79	2.70	1.94	2.40	2.62	2.66	4.02	3.00
– up to 1 month	2.61	2.62	2.63	2.67	2.69	2.65	2.72	2.71	3.22	3.20	3.16	3.70	3.72
– up to 3 months	2.05	2.07	2.03	2.05	2.05	2.15	2.37	2.46	2.74	2.70	2.97	3.09	3.56
– up to 6 months	1.82	2.16	2.15	2.08	1.37	2.25	2.41	2.24	2.45	2.65	2.89	3.08	3.22
– up to 1 year	2.27	2.22	2.10	2.08	1.89	1.90	1.89	1.97	2.29	2.47	2.73	2.96	2.92
– long-term over 1 year	2.47	2.45	2.44	2.35	2.32	2.17	2.17	2.21	2.41	2.41	2.41	2.47	2.86
– up to 2 years	2.27	2.26	2.27	2.26	2.30	2.10	2.23	2.23	2.50	2.50	2.51	2.69	2.77
– over 2 years	2.59	2.57	2.55	2.41	2.33	2.21	2.23	2.21	2.48	2.48	2.51	2.69	2.77
Savings deposits	1.25	1.25	1.28	1.27	1.33	1.41	1.51	1.49	1.74	1.86	1.83	1.96	1.95
– redeemable at a period of notice of up to 3 months	1.27	1.26	1.30	1.28	1.35	1.43	1.53	1.51	1.78	1.91	1.88	2.01	2.00
– redeemable at a period of notice of over 3 months	1.12	1.12	1.12	1.12	1.12	1.12	1.15	1.18	1.17	1.17	1.16	1.21	1.21

1) Interest rates on deposits in total include also sectors of insurance corporations, pension funds and general government.

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





## Shortened Balance Sheet of Commercial Banks as at 31 July 2006

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

(SKK thousands)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
<b>Total assets</b>	61,030,109	1,148,110,793	41,293,195	142,482,490	90,426,837	1,361,283,206
Cash items	0	11,164,763	0	0	3,792,127	14,956,890
Cash in hand	0	11,164,763	0	0	3,792,127	14,956,890
of which: EUR	0	0	0	0	1,753,712	1,753,712
Gold	0	0	0	0	0	0
Credits and other receivables	23,924,398	790,466,268	16,093,732	128,647,297	58,200,388	969,483,287
Deposits with and credits to NBS, foreign central banks and post office banks	694	291,187,568	0	0	77,971	291,264,845
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	694	261,614,432	0	0	77,971	261,691,709
Valued on a portfolio basis (category II)	0	29,573,136	0	0	0	29,573,136
Valued on an individual basis						
with identifiable depreciation (category III)	0	0	0	0	0	0
of which: Failed	0	0	0	0	0	0
of which: Current accounts	694	1,799,335	0	0	77,491	1,876,132
Time deposits	0	69,711,264	0	0	0	69,711,264
Credits provided	0	202,896,110	0	0	0	202,896,110
Money reserve accounts	0	16,780,859	0	0	0	16,780,859
of which: Minimum reserve requirements	0	16,722,393	0	0	0	16,722,393
Postal cheque accounts	0	0	0	0	480	480
Deposits with and credits to banks	48,586	28,977,748	12,820,787	7,221,606	46,890,069	95,861,624
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	1,559	26,834,258	12,183,869	7,187,766	37,860,899	84,065,233
Valued on a portfolio basis (category II)	2,321	1,944,310	636,918	33,840	9,027,334	11,640,081
Valued on an individual basis						
with identifiable depreciation (category III)	44,706	199,180	0	0	1,836	156,310
of which: Failed	42,327	59,763	0	0	0	17,436
of which: Deposits with and credits to own financial group	1,879	1,291,589	2,622,153	0	15,691,171	19,603,034
of which: Current accounts in banks	1,908	530,348	99,261	70,878	7,915,913	8,614,492
Current accounts of other banks	15	54	2,984,775	2	621,985	3,606,801
Time deposits	1,495	26,987,189	9,736,751	7,150,726	34,457,050	78,330,221
Credits provided	42,898	1,460,157	0	0	3,895,121	5,312,380
Receivables from clients	23,832,077	454,025,590	3,272,945	115,416,393	11,151,999	560,034,850
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	118,964	139,162,299	1,928,921	61,027,720	7,967,645	209,967,621
Valued on a portfolio basis (category II)	6,965,047	273,210,459	1,026,560	44,304,228	2,012,818	313,589,018
Valued on an individual basis						
with identifiable depreciation (category III)	16,748,066	41,652,832	317,464	10,084,445	1,171,536	36,478,211
of which: Failed	15,872,208	19,579,163	18,635	2,781,439	335,786	6,842,815
of which: PFPT credits	0	62	0	0	0	62
Credits to general government and international organizations (S.13)	43,041	16,275,362	0	6,009,298	80,349	22,321,968
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	0	10,267,489	0	5,399,590	80,349	15,747,428
Valued on a portfolio basis (category II)	4,084	5,898,667	0	251,000	0	6,145,583
Valued on an individual basis						
with identifiable depreciation (category III)	38,957	109,206	0	358,708	0	428,957
of which: Failed	7	12	0	0	0	5
of which: Deposits with central government (S.1311)	0	0	0	0	0	0
Credits to central government (S.1311)	0	7,828,866	0	106,720	80,349	8,015,935
of which: SR Treasury	0	0	0	0	0	0
Other funds	0	469	0	0	0	469
Credits to local governments (S.1313)	13,473	8,232,292	0	5,902,578	0	14,121,397
Credits to social security funds (S.1314)	0	214,204	0	0	0	214,204
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	214,204	0	0	0	214,204
Debt securities	0	0	0	0	0	0
Financial instruments for sale	326,397	39,435,628	2,651,204	4,709,333	5,218,310	51,688,078
Financial instruments in real value towards profit/loss	0	42,872,059	4,309,103	3,918,230	16,235,667	67,335,059
Tangible assets investments (IAS 40)	81,863	247,650	0	0	0	165,787
Positive real value of fixed forward transactions	0	4,335,073	8,359,548	713,757	1,070,667	14,479,045
Positive real value of options	0	1,545,131	1,265,185	553,803	329,910	3,694,029
Financial instruments held to maturity	62,199	183,562,648	8,199,819	3,408,103	4,089,895	199,198,266
Subsidiary and affiliated companies, joint ventures	1,205,268	4,861,043	302,259	0	0	3,958,034
Long-term funds provided to branches abroad	0	0	0	0	543,267	543,267
Tangible assets	24,619,989	46,946,797	0	3,274	54,444	22,384,526
Intangible assets	9,807,203	14,154,442	0	0	0	4,347,239
Other assets	1,002,792	8,456,769	112,345	528,693	892,162	8,987,177
Subordinated financial assets	0	62,522	0	0	0	62,522
Adjustments	33,468,731	33,468,731	0	0	0	0
Portfolio adjustments not recorded above	0	0	0	0	0	0

**Shortened Balance Sheet of Commercial Banks as at 31 July 2006**

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

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
<b>Total liabilities</b>	944,626,951	112,066,559	152,535,311	152,054,385	1,361,283,206
<b>PAYABLES</b>	887,415,357	71,885,085	152,338,940	151,935,219	1,263,574,601
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	3,308,787	0	46,948	0	3,355,735
of which: Current accounts	106	0	0	0	106
Time deposits	0	0	0	0	0
Credits received	3,308,681	0	46,948	0	3,355,629
Postal cheque accounts	0	0	0	0	0
Deposits, credits and other liabilities received from banks	24,324,325	41,416,914	5,429,314	93,042,332	164,212,885
of which: Deposits with and credits received from own financial group	4,631	9,335,464	0	49,671,690	59,011,785
of which: Current accounts in banks	0	27,375	0	2,043,669	2,071,044
Current accounts of other banks	531,690	6,894,089	71,033	1,088,611	8,585,423
Time deposits	22,362,809	20,874,262	5,358,281	80,476,794	129,072,146
Credits received	1,429,826	13,621,188	0	9,433,258	24,484,272
Deposits and credits received from clients	653,339,459	7,532,582	94,149,159	10,438,960	765,460,160
of which: PFPT deposits	9,945,660	0	2,426	0	9,948,086
of which: Current accounts and other financial undated liabilities	280,531,438	4,321,554	51,062,218	4,084,890	340,000,100
Time deposits	329,438,427	3,139,396	41,631,115	6,340,192	380,549,130
Deposits at notice	37,441,013	71,572	1,455,826	13,878	38,982,289
Certificates of deposit	380,082	60	0	0	380,142
Credits received and financial leasing	5,548,499	0	0	0	5,548,499
Deposits of general government and international organizations	92,957,354	12,670	40,336,271	3,552,237	136,858,532
of which: Deposits of central government (S.1311)	69,547,091	12,670	40,148,440	3,552,237	113,260,438
of which: Treasury	1,058,150	0	13,475,862	0	14,534,012
Other funds	6,886,613	0	94,130	0	6,980,743
of which: National Property Fund	6,867,807	0	88,004	0	6,955,811
Deposits of local governments (S.1313)	23,407,137	0	187,831	0	23,594,968
Deposits of social security funds (S.1314)	3,126	0	0	0	3,126
of which: Health insurance companies	3,126	0	0	0	3,126
Social Insurance Corporation	0	0	0	0	0
Securities issued by the accounting unit	67,106,737	1,712,778	1,378,939	2,336,458	72,534,912
Financial liabilities in real value towards profit/loss (IAS 39)	14,729,844	11,171,310	5,306,932	36,324,846	67,532,932
of which: Current accounts	0	0	0	0	0
Time deposits	14,729,844	11,171,310	5,306,932	36,324,846	67,532,932
Deposits at notice	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Credits received	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0
of which: Loans	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Other liabilities	0	0	0	0	0
Negative real value of fixed forward transactions	3,851,104	7,372,664	410,662	1,176,125	12,810,555
Negative real value of options	1,109,102	1,513,155	372,190	528,349	3,522,796
Liabilities from securities sold for a short term	0	0	0	0	0
Subsidies and similar funds	3,325,880	0	0	0	3,325,880
Reserves	5,183,080	185	442,599	79,475	5,705,339
Other liabilities	18,117,163	84,423	4,465,926	3,015,726	25,683,238
Subordinated financial liabilities	62,522	1,068,404	0	1,440,711	2,571,637
<b>EQUITY CAPITAL</b>	57,211,594	40,181,474	196,371	119,166	97,708,605
Registered capital	4,603,664	36,591,658	0	0	41,195,322
of which: Subscribed registered capital	4,607,288	36,591,658	0	0	41,198,946
Receivables from shareholders	0	0	0	0	0
Own shares	-3,624	0	0	0	-3,624
Long-term funds provided to branches of foreign banks	32,000	3,124,579	0	95,180	3,251,759
Share premium	2,269,068	475,000	0	0	2,744,068
Reserve funds and other funds allocated from profits	12,475,577	119,500	0	0	12,595,077
Capital funds	204,380	5,490	0	1,612	211,482
Gains/losses from revaluation	-302,352	-134,753	196,371	22,374	-218,360
Profit/loss from previous years	28,103,616	0	0	0	28,103,616
of which: Retained earnings	28,791,803	0	0	0	28,791,803
Accumulated loss	-688,187	0	0	0	-688,187
Profit and loss account	9,843,908	0	0	0	9,843,908
Profit/loss in process of approval /+,-/	-18,267	0	0	0	-18,267



## Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2005						2006						
	7	8	9	10	11	12	1	2	3	4	5	6	7
NET INCOME FROM INTEREST	17,416	19,807	22,238	24,750	27,232	29,694	2,568	4,889	7,514	10,099	12,769	15,601	18,717
Income from interest on securities	9,837	11,158	12,483	13,810	15,024	16,255	1,143	2,065	3,068	4,046	5,032	5,966	7,085
Income from other interest	21,909	25,129	28,264	31,409	34,760	38,262	3,842	7,308	11,608	15,809	20,368	25,451	30,078
Expenses on interest on securities	1,581	1,814	2,041	2,271	2,472	2,746	221	444	671	904	1,149	1,391	1,655
Expenses on other interest	12,749	14,666	16,468	18,198	20,079	22,077	2,195	4,040	6,492	8,852	11,483	14,426	16,791
NET NON-INTEREST INCOME	10,912	12,483	14,051	15,868	17,499	19,534	1,871	3,497	5,270	6,981	8,346	10,217	11,942
Income from fees and provisions	7,283	8,442	9,537	10,832	11,961	13,318	1,075	2,169	3,471	4,634	5,905	6,957	8,117
Expenses on fees and provisions	1,108	1,280	1,454	1,619	1,814	2,075	198	389	643	859	1,128	1,377	1,635
Dividends received	86	97	98	100	119	98	3	8	8	211	221	333	389
Income from operations in securities	2,745	2,676	2,922	3,369	3,628	4,019	412	656	942	1,189	1,325	1,489	1,788
Expenses on operations in securities	1,118	1,251	1,408	2,284	2,521	2,624	138	398	1,034	1,328	1,815	2,435	2,481
Profit/loss of foreign exchange operations	-63	807	1,206	823	3,286	4,477	1,296	1,759	1,732	3,264	3,768	2,021	3,196
Profit/loss of fixed forward transactions and options	3,033	2,922	3,068	4,542	2,736	2,188	-611	-355	798	-127	87	3,294	2,615
Income from other operations	708	805	908	1,026	1,122	1,301	73	133	96	126	152	159	192
Expenses on other operations	655	736	827	920	1,018	1,168	39	86	101	130	169	224	240
NET OPERATIONAL PROFIT/LOSS	-3,116	-3,445	-3,795	-4,117	-4,245	-6,583	-142	-288	-540	-749	-990	-1,103	-1,254
GENERAL OPERATIONAL EXPENSES	15,921	18,088	20,280	22,631	24,949	28,010	2,286	4,656	7,098	9,474	11,917	14,255	16,739
NET ADDITIONS TO RESERVES AND PROVISIONS	643	517	916	484	-45	1,579	-252	-216	-273	-522	-337	-982	-1,217
INCOME TAX	780	909	1,652	1,840	2,075	2,321	215	391	720	962	1,225	1,361	1,606
CURRENT PERIOD PROFIT/LOSS	9,153	10,364	11,478	12,514	13,419	13,892	1,545	2,835	4,153	5,371	6,646	8,117	9,844



# Balance of Payments of the SR for January – June 2006

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
<b>Goods</b>	567,941.0	18,563.2	613,448.0	20,050.6	-45,507.0	-1,487.4
<b>Services</b>	73,965.5	2,417.6	65,774.2	2,149.8	8,191.3	267.7
Transport	26,559.3	868.1	18,491.0	604.4	8,068.3	263.7
Tourism	20,313.8	664.0	14,225.6	465.0	6,088.2	199.0
Other services	27,092.4	885.5	33,057.6	1,080.5	-5,965.2	-195.0
<b>Income</b>	28,158.5	920.4	56,714.8	1,853.7	-28,556.3	-933.4
Compensation of employees	15,600.0	509.9	718.3	23.5	14,881.7	486.4
Investment income	12,558.5	410.5	55,996.5	1,830.2	-43,438.0	-1,419.8
<b>Current transfers</b>	28,317.2	925.6	24,318.7	794.9	3,998.5	130.7
<b>CURRENT ACCOUNT</b>	698,382.3	22,826.7	760,255.7	24,849.0	-61,873.4	-2,022.3
<b>Capital account</b>	779.0	25.5	1,014.1	33.1	-235.0	-7.7
<b>Financial account</b>	2,950,616.9	96,405.9	-2,886,535.7	-94,332.7	64,081.2	2,073.2
Direct investment	463,006.3	15,133.4	-403,983.0	-13,204.2	59,023.4	1,929.2
<i>Abroad (direct investor = resident)</i>	24,382.8	797.0	-30,119.0	-984.4	-5,736.2	-187.5
Equity capital and reinvested earnings	235.8	7.7	-6,002.0	-196.2	-5,766.2	-188.5
Other capital	24,147.0	789.2	-24,117.0	-788.3	30.0	1.0
<i>In the SR (recipient of dir. investment = resident)</i>	438,623.5	14,336.4	-373,864.0	-12,219.8	64,759.5	2,116.7
Equity capital and reinvested earnings	59,441.5	1,942.9	-3,991.0	-130.4	55,450.5	1,812.4
Other capital	379,182.0	12,393.6	-369,873.0	-12,089.3	9,309.0	304.3
Portfolio investment	309,058.1	10,076.2	-259,329.6	-8,476.2	49,728.5	1,600.0
Assets	38,948.3	1,273.0	-40,959.5	-1,338.8	-2,011.2	-65.7
Liabilities	270,109.8	8,803.2	-218,370.1	-7,137.4	51,739.7	1,665.8
Financial derivatives	831,908.3	27,191.0	-833,437.3	-27,241.0	-1,529.0	-50.0
Assets	365,258.8	11,938.5	-369,037.5	-12,062.0	-3,778.6	-123.5
Liabilities	466,649.4	15,252.5	-464,399.8	-15,178.9	2,249.6	73.5
Other investment	1,346,644.2	44,005.3	-1,389,785.9	-45,411.3	-43,141.6	-1,406.0
<i>Long-term</i>	189,294.3	6,186.4	-171,323.8	-5,599.9	17,970.5	586.5
Assets	41,606.6	1,359.3	-42,034.8	-1,374.0	-428.3	-14.7
Liabilities	147,687.8	4,827.2	-129,289.0	-4,226.0	18,398.8	601.2
<i>Short-term</i>	1,157,349.9	37,818.9	-1,218,462.1	-39,811.4	-61,112.2	-1,992.5
Assets	705,821.0	23,069.8	-756,909.7	-24,739.7	-51,088.7	-1,669.8
Liabilities	451,528.9	14,749.0	-461,552.4	-15,071.7	-10,023.4	-322.7
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	2,951,395.9	96,431.4	-2,887,549.8	-94,365.9	63,846.2	2,065.5
<b>ERRORS AND OMISSIONS</b>					5,697.7	192.4
<b>TOTAL BALANCE</b>	-69,476.6	-2,225.7	77,147.1	2,461.3	7,670.5	235.6
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange	69,476.6	2,225.7	-77,147.1	-2,461.3	-7,670.5	-235.6
<i>Currency and deposits</i>	1,235.3	40.1	0.0	0.0	1,235.3	40.1
<i>Securities</i>	68,241.3	2,185.6	-77,147.1	-2,461.3	-8,905.8	-275.7
Bonds and notes	0.0	0.0	-77,147.1	-2,461.3	-77,147.1	-2,461.3
Money market instruments and financial derivatives	68,241.3	2,185.6	0.0	0.0	68,241.3	2,185.6
<b>RESERVE ASSETS</b>	69,476.6	2,225.7	-77,147.1	-2,461.3	-7,670.5	-235.6

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 30.595.



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in SKK millions		Type of auction auction auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	akcept.		issue	maturity	max.
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
952312013	29.9.2005	30.9.2005	23.12.2005	84	36,288	35,000	American	2.95	2.99	3.00
951301014	20.10.2005	21.10.2005	13.1.2006	84	30,353	14,253	American	2.99	3.00	3.00
951002015	16.11.2005	18.11.2005	10.2.2006	84	23,800	0	American	-	-	-
951703017	22.12.2005	23.12.2005	17.3.2006	84	26,711	5,801	American	2.99	3.00	3.00
960704001	12.1.2006	13.1.2006	7.4.2006	84	28,575	5,553	American	3.00	3.00	3.00
960505003	9.2.2006	10.2.2006	5.5.2006	84	13,000	0	American	-	-	-
960906004	16.3.2006	17.3.2006	9.6.2006	84	6,310	210	American	3.50	3.50	3.50
963006005	6.4.2006	7.4.2006	30.6.2006	84	9,053	300	American	3.50	3.50	3.50
962807007	4.5.2006	5.5.2006	28.7.2006	84	1,515	0	American	-	-	-
963108008	8.6.2006	9.6.2006	31.8.2006	84	23,445	22,691	American	3.98	4.00	4.00
962209010	29.6.2006	30.6.2006	22.9.2006	84	400	0	American	-	-	-
962010011	27.7.2006	28.7.2006	20.10.2006	84	1,364	222	American	4.50	4.50	4.50
962411013	30.8.2006	31.8.2006	24.11.2006	85	2,883	1,550	American	4.50	4.50	4.50



## Basic Characteristics of Slovakia's Foreign Exchange Market in August 2006

	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	11.5	100.0	3	0	0	0	11.5	3
Transactions between domestic banks without foreign participation	8,000.6	75.3	258	2,588.9	24.4	712	34.3	0.3	26	10,623.8	996
Interbank forex market: NBS + transactions between domestic banks	8,000.6	75.2	258	2,600.5	24.5	715	34.3	0.3	26	10,635.3	999
Transactions between domestic and foreign banks	78,351.3	89.2	2,121	9,328.3	10.6	2,591	169.4	0.2	124	87,849.1	4,836
Foreign exchange market in the SR – total	86,351.9	87.7	2,379	11,928.8	12.1	3,306	203.7	0.2	150	98,484.4	5,835

	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	1,338.8	12.6	703	10.3	0.1	6	9,273.2	87.3	287	0.0	0.0	0	10,622.3	996
Transactions between domestic and foreign banks	4,879.9	5.6	2,324	898.3	1.0	54	81,859.1	93.2	2,185	189.1	0.2	273	87,826.4	4,836
Foreign exchange market in the SR - excl. the NBS	6,218.7	6.3	3,027	908.6	0.9	60	91,132.3	92.6	2,472	189.1	0.2	273	98,448.7	5,832



## Average Monthly Exchange Rates of the SKK

Midpoint rate	2005					2006							
	8	9	10	11	12	1	2	3	4	5	6	7	8
1 AUD	24.016	23.996	24.431	24.153	23.715	23.220	23.228	22.712	22.411	22.490	22.247	22.748	22.455
1 CYP	67.515	67.132	67.923	67.571	66.059	65.391	65.147	65.132	64.901	65.331	66.157	66.770	65.472
1 CZK	1.306	1.311	1.311	1.322	1.308	1.305	1.317	1.308	1.312	1.328	1.340	1.350	1.336
1 DKK	5.187	5.156	5.215	5.193	5.081	5.027	5.011	5.020	5.011	5.039	5.101	5.146	5.051
1 EUR	38.695	38.450	38.909	38.730	37.871	37.510	37.404	37.455	37.392	37.575	38.036	38.388	37.688
1 EEK	2.473	2.458	2.487	2.476	2.420	2.397	2.391	2.394	2.390	2.401	2.431	2.453	2.409
100 JPY	28.454	28.243	28.227	27.747	26.914	26.862	26.536	26.606	26.048	26.331	26.220	26.170	25.421
1 CAD	26.067	26.583	27.517	27.743	27.487	26.768	27.224	26.958	26.610	26.508	26.997	26.845	26.266
1 LTL	11.207	11.136	11.270	11.220	10.968	10.863	10.833	10.847	10.828	10.881	11.014	11.117	10.914
1 LVL	55.599	55.240	55.869	55.637	54.361	53.886	53.739	53.810	53.721	53.981	54.642	55.156	54.151
100 HUF	15.828	15.646	15.460	15.443	14.987	14.960	14.871	14.392	14.080	14.308	14.022	13.814	13.743
1 MTL	90.140	89.568	90.643	90.247	88.196	87.371	87.147	87.229	87.130	87.563	88.593	89.435	87.798
1 NOK	4.886	4.925	4.964	4.956	4.747	4.667	4.639	4.694	4.761	4.819	4.845	4.834	4.724
1 PLN	9.560	9.798	9.933	9.748	9.822	9.814	9.853	9.662	9.535	9.646	9.460	9.596	9.658
100 SIT	16.156	16.058	16.247	16.176	15.812	15.661	15.619	15.635	15.605	15.678	15.871	16.020	15.728
1 CHF	24.904	24.817	25.111	25.078	24.472	24.201	24.016	23.880	23.734	24.133	24.382	24.474	23.893
1 SEK	4.141	4.118	4.135	4.051	4.013	4.025	4.009	3.984	4.002	4.025	4.117	4.164	4.094
1 USD	31.494	31.354	32.357	32.808	31.932	31.029	31.298	31.186	30.535	29.461	30.054	30.286	29.426
1 GBP	56.421	56.731	57.062	57.036	55.750	54.679	54.748	54.392	53.819	54.961	55.412	55.805	55.649
1 XDR	46.184	45.986	46.795	46.880	45.695	44.866	44.944	44.874	44.280	43.828	44.414	44.734	43.753

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	2005					2006	
	Q1	Q2	Q3	Q4	Year	Q1	Q2
1 AUD	22.667	23.726	24.089	24.099	23.650	23.040	22.379
1 CYP	65.726	67.266	67.458	67.178	66.916	65.222	65.502
1 CZK	1.275	1.291	1.301	1.314	1.295	1.310	1.328
1 DKK	5.143	5.225	5.184	5.162	5.179	5.020	5.053
1 EUR	38.282	38.907	38.662	38.500	38.593	37.457	37.687
1 EEK	2.447	2.487	2.471	2.461	2.467	2.394	2.408
100 JPY	27.935	28.721	28.497	27.627	28.202	26.668	26.208
1 CAD	23.788	24.804	26.325	27.580	25.622	26.979	26.714
1 LTL	11.087	11.270	11.197	11.152	11.178	10.848	10.914
1 LVL	54.987	55.899	55.548	55.283	55.437	53.813	54.143
100 HUF	15.624	15.578	15.746	15.294	15.561	14.728	14.137
1 MTL	88.675	90.578	90.057	89.687	89.764	87.250	87.807
1 NOK	4.647	4.831	4.904	4.888	4.818	4.668	4.811
1 PLN	9.511	9.417	9.609	9.836	9.591	9.772	9.546
100 SIT	15.969	16.242	16.143	16.077	16.110	15.639	15.726
1 CHF	24.724	25.206	24.884	24.884	24.929	24.028	24.105
1 SEK	4.219	4.228	4.127	4.067	4.161	4.005	4.052
1 USD	29.160	30.863	31.683	32.359	31.022	31.169	29.991
1 GBP	55.172	57.311	56.540	56.609	56.424	54.597	54.787
1 XDR	44.429	46.053	46.299	46.450	45.816	44.893	44.173

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 Investment<sup>1)</sup> 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 <sup>3)</sup>	298,140	27,907	5,813	331,860	9,056.50	865.20	1,724.15	11,645.85
2005 <sup>4)</sup>	331,044	20,125	-790	350,379	11,617.21	648.73	-1,298.78	10,967.16

**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 <sup>2)</sup>	59,980	1,813	3,629	65,422	1,498.15	49.30	439.85	1,987.30
2004	65,422	5,115	-3,893	66,644	1,987.30	158.58	192.83	2,338.71
2005	66,644	-2	-1	66,641	2,338.71	-0.06	-252.73	2,085.92

**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 <sup>2)</sup>	319,497	38,970	-9,967	348,500	7,980.23	1,059.74	1,546.28	10,586.25
2004 <sup>3)</sup>	363,562	33,022	1,920	398,504	11,043.80	1,023.78	1,916.98	13,984.56
2005 <sup>4)</sup>	397,688	20,123	-791	417,020	13,955.92	648.67	-1,551.51	13,053.08

Note: The data for 2004 – 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).

Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	20,125	648.7	100.0	-2	-0.1	100.0	20,123	648.7	100.0
<b>Structure of capital by investor</b>									
South Korea	6,278	202.4	31.2	0	0.0	0.0	6,278	202.4	31.2
Germany	6,313	203.5	31.4	-250	-8.1	12,500.0	6,063	195.4	30.1
Czech Republic	1,587	51.2	7.9	-2	-0.1	100.0	1,585	51.1	7.9
Switzerland	1,524	49.1	7.6	0	0.0	0.0	1,524	49.1	7.6
Austria	1,549	49.9	7.7	-45	-1.5	2,250.0	1,504	48.5	7.5
The Netherlands	1,449	46.7	7.2	3	0.1	-150.0	1,452	46.8	7.2
United Kingdom	451	14.5	2.2	125	4.0	-6,250.0	576	18.6	2.9
Lithuania	417	13.4	2.1	0	0.0	0.0	417	13.4	2.1
USA	376	12.1	1.9	0	0.0	0.0	376	12.1	1.9
Belgium	285	9.2	1.4	0	0.0	0.0	285	9.2	1.4
Other countries	-104	-3.4	-0.5	167	5.4	-8,350.0	63	2.0	0.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-34	-1.1	-0.2	0	0.0	0.0	-34	-1.1	-0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Manufacturing	10,096	325.4	50.2	0	0.0	0.0	10,096	325.4	50.2
Electricity, gas, and water supply	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Construction	-93	-3.0	-0.5	0	0.0	0.0	-93	-3.0	-0.5
Wholesale and retail trade, repairs of motor vehicles	3,948	127.3	19.6	0	0.0	0.0	3,948	127.3	19.6
Hotels and restaurants	29	0.9	0.1	0	0.0	0.0	29	0.9	0.1
Transport, storage, post and telecommunications	-14	-0.5	-0.1	0	0.0	0.0	-14	-0.5	-0.1
Financial intermediation	3,550	114.4	17.6	-2	-0.1	100.0	3,548	114.4	17.6
Real estate, renting and business activities	2,363	76.2	11.7	0	0.0	0.0	2,363	76.2	11.7
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	53	1.7	0.3	0	0.0	0.0	53	1.7	0.3
Other community, social, and personal services	201	6.5	1.0	0	0.0	0.0	201	6.5	1.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by region</b>									
Bratislava region	7,803	251.5	38.8	-2	-0.1	100.0	7,801	251.5	38.8
Trnava region	276	8.9	1.4	0	0.0	0.0	276	8.9	1.4
Trenčín region	2,858	92.1	14.2	0	0.0	0.0	2,858	92.1	14.2
Nitra region	428	13.8	2.1	0	0.0	0.0	428	13.8	2.1
Žilina region	6,974	224.8	34.7	0	0.0	0.0	6,974	224.8	34.7
Banská Bystrica region	845	27.2	4.2	0	0.0	0.0	845	27.2	4.2
Prešov region	123	4.0	0.6	0	0.0	0.0	123	4.0	0.6
Košice region	818	26.4	4.1	0	0.0	0.0	818	26.4	4.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Inflow of Foreign Direct Investment<sup>1)</sup> 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									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	27,907	865.2	100.0	5,115	158.6	100.0	33,022	1,023.8	100.0
<b>Structure of capital by investor</b>									
Hungary	6,863	212.8	24.6	-30	-0.9	-0.6	6,833	211.8	20.7
Austria	2,027	62.8	7.3	4,776	148.1	93.4	6,803	210.9	20.6
United Kingdom	6,050	187.6	21.7	-1,396	-43.3	-27.3	4,654	144.3	14.1
Czech Republic	4,634	143.7	16.6	-11	-0.3	-0.2	4,623	143.3	14.0
France	3,737	115.9	13.4	-136	-4.2	-2.7	3,601	111.6	10.9
Germany	3,267	101.3	11.7	253	7.8	4.9	3,520	109.1	10.7
Luxembourg	3,184	98.7	11.4	0	0.0	0.0	3,184	98.7	9.6
South Korea	2,130	66.0	7.6	0	0.0	0.0	2,130	66.0	6.5
Switzerland	927	28.7	3.3	0	0.0	0.0	927	28.7	2.8
Italy	734	22.8	2.6	-13	-0.4	-0.3	721	22.4	2.2
Other countries	-5,646	-175.0	-20.2	1,672	51.8	32.7	-3,974	-123.2	-12.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	348	10.8	1.2	0	0.0	0.0	348	10.8	1.1
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	25,092	777.9	89.9	0	0.0	0.0	25,092	777.9	76.0
Electricity, gas, and water supply	-357	-11.1	-1.3	0	0.0	0.0	-357	-11.1	-1.1
Construction	487	15.1	1.7	0	0.0	0.0	487	15.1	1.5
Wholesale and retail trade, repairs of motor vehicles	7,858	243.6	28.2	0	0.0	0.0	7,858	243.6	23.8
Hotels and restaurants	-17	-0.5	-0.1	0	0.0	0.0	-17	-0.5	-0.1
Transport, storage, post and telecommunications	-7,596	-235.5	-27.2	0	0.0	0.0	-7,596	-235.5	-23.0
Financial intermediation	1,248	38.7	4.5	5,115	158.6	100.0	6,363	197.3	19.3
Real estate, renting and business activities	698	21.6	2.5	0	0.0	0.0	698	21.6	2.1
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	18	0.6	0.1	0	0.0	0.0	18	0.6	0.1
Other community, social, and personal services	152	4.7	0.5	0	0.0	0.0	152	4.7	0.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	16,342	506.7	58.6	5,004	155.1	97.8	21,346	661.8	64.6
Trnava region	4,124	127.9	14.8	0	0.0	0.0	4,124	127.9	12.5
Trenčín region	2,292	71.1	8.2	0	0.0	0.0	2,292	71.1	6.9
Nitra region	-33	-1.0	-0.1	0	0.0	0.0	-33	-1.0	-0.1
Žilina region	2,315	71.8	8.3	73	2.3	1.4	2,388	74.0	7.2
Banská Bystrica region	850	26.4	3.0	38	1.2	0.7	888	27.5	2.7
Prešov region	996	30.9	3.6	0	0.0	0.0	996	30.9	3.0
Košice region	1,021	31.7	3.7	0	0.0	0.0	1,021	31.7	3.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.

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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	37,157	1,010.4	100.0	1,813	49.3	100.0	38,970	1,059.7	100.0
<b>Structure of capital by investor</b>									
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
<b>Structure of capital by sector</b>									
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
<b>Structure of capital by regions</b>									
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

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	350,379	10,967.2	100.0	66,641	2,085.9	100.0	417,020	13,053.1	100.0
<b>Structure of capital by investor</b>									
The Netherlands	90,683	2,838.5	25.9	616	19.3	0.9	91,299	2,857.7	21.9
Germany	81,027	2,536.2	23.1	860	26.9	1.3	81,887	2,563.1	19.6
Austria	28,482	891.5	8.1	32,868	1,028.8	49.3	61,350	1,920.3	14.7
Hungary	27,327	855.4	7.8	2,007	62.8	3.0	29,334	918.2	7.0
Italy	4,903	153.5	1.4	24,144	755.7	36.2	29,047	909.2	7.0
United Kingdom	27,159	850.1	7.8	473	14.8	0.7	27,632	864.9	6.6
Czech Republic	17,595	550.7	5.0	3,485	109.1	5.2	21,080	659.8	5.1
USA	14,663	459.0	4.2	1,650	51.6	2.5	16,313	510.6	3.9
France	10,667	333.9	3.0	500	15.7	0.8	11,167	349.5	2.7
Cyprus	9,388	293.9	2.7	0	0.0	0.0	9,388	293.9	2.3
Other countries	38,485	1,204.6	11.0	38	1.2	0.1	38,523	1,205.8	9.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,767	55.3	0.5	0	0.0	0.0	1,767	55.3	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,648	82.9	0.8	0	0.0	0.0	2,648	82.9	0.6
Manufacturing	167,248	5,235.0	47.7	0	0.0	0.0	167,248	5,235.0	40.1
Electricity, gas, and water supply	39,652	1,241.1	11.3	0	0.0	0.0	39,652	1,241.1	9.5
Construction	2,832	88.6	0.8	0	0.0	0.0	2,832	88.6	0.7
Wholesale and retail trade, repairs of motor vehicles	54,298	1,699.6	15.5	0	0.0	0.0	54,298	1,699.6	13.0
Hotels and restaurants	2,083	65.2	0.6	0	0.0	0.0	2,083	65.2	0.5
Transport, storage, post and telecommunications	36,374	1,138.5	10.4	0	0.0	0.0	36,374	1,138.5	8.7
Financial intermediation	24,142	755.7	6.9	66,641	2,085.9	100.0	90,783	2,841.6	21.8
Real estate, renting and business activities	15,944	499.1	4.6	0	0.0	0.0	15,944	499.1	3.8
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	1,623	50.8	0.5	0	0.0	0.0	1,623	50.8	0.4
Other community, social, and personal services	1,768	55.3	0.5	0	0.0	0.0	1,768	55.3	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
<b>Structure of capital by regions</b>									
Bratislava region	214,111	6,701.9	61.1	65,691	2,056.2	98.6	279,802	8,758.0	67.1
Trnava region	24,461	765.7	7.0	0	0.0	0.0	24,461	765.7	5.9
Trenčín region	20,294	635.2	5.8	0	0.0	0.0	20,294	635.2	4.9
Nitra region	13,255	414.9	3.8	0	0.0	0.0	13,255	414.9	3.2
Žilina region	24,912	779.8	7.1	950	29.7	1.4	25,862	809.5	6.2
Banská Bystrica region	10,754	336.6	3.1	0	0.0	0.0	10,754	336.6	2.6
Prešov region	7,086	221.8	2.0	0	0.0	0.0	7,086	221.8	1.7
Košice region	35,506	1,111.4	10.1	0	0.0	0.0	35,506	1,111.4	8.5

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> 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									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	331,860	11,645.8	100.0	66,644	2,338.7	100.0	398,504	13,984.6	100.0
<b>Structure of capital by investor</b>									
The Netherlands	93,764	3,290.4	28.3	613	21.5	0.9	94,377	3,311.9	23.7
Germany	75,033	2,633.1	22.6	1,110	39.0	1.7	76,143	2,672.1	19.1
Austria	22,840	801.5	6.9	32,926	1,155.5	49.4	55,766	1,957.0	14.0
Hungary	27,353	959.9	8.2	1,952	68.5	2.9	29,305	1,028.4	7.4
Italy	5,023	176.3	1.5	24,143	847.2	36.2	29,166	1,023.5	7.3
United Kingdom	26,980	946.8	8.1	349	12.2	0.5	27,329	959.0	6.9
Czech Republic	17,009	596.9	5.1	3,486	122.3	5.2	20,495	719.2	5.1
USA	13,191	462.9	4.0	1,650	57.9	2.5	14,841	520.8	3.7
France	11,832	415.2	3.6	415	14.6	0.6	12,247	429.8	3.1
Cyprus	9,125	320.2	2.7	0	0.0	0.0	9,125	320.2	2.3
Other countries	29,710	1,042.6	9.0	0	0.0	0.0	29,710	1,042.6	7.5
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,718	60.3	0.5	0	0.0	0.0	1,718	60.3	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	159,175	5,585.9	48.0	0	0.0	0.0	159,175	5,585.9	39.9
Electricity, gas, and water supply	40,982	1,438.2	12.3	0	0.0	0.0	40,982	1,438.2	10.3
Construction	2,859	100.3	0.9	0	0.0	0.0	2,859	100.3	0.7
Wholesale and retail trade, repairs of motor vehicles	50,660	1,777.8	15.3	0	0.0	0.0	50,660	1,777.8	12.7
Hotels and restaurants	2,058	72.2	0.6	0	0.0	0.0	2,058	72.2	0.5
Transport, storage, post and telecommunications	36,324	1,274.7	10.9	0	0.0	0.0	36,324	1,274.7	9.1
Financial intermediation	18,274	641.3	5.5	66,644	2,338.7	100.0	84,918	2,980.0	21.3
Real estate, renting and business activities	14,140	496.2	4.3	0	0.0	0.0	14,140	496.2	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	1,570	55.1	0.5	0	0.0	0.0	1,570	55.1	0.4
Other community, social, and personal services	1,551	54.4	0.5	0	0.0	0.0	1,551	54.4	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
<b>Structure of capital by regions</b>									
Bratislava region	207,049	7,265.9	62.4	65,202	2,288.1	97.8	272,251	9,554.0	68.3
Trnava region	23,942	840.2	7.2	0	0.0	0.0	23,942	840.2	6.0
Trenčín region	17,408	610.9	5.2	0	0.0	0.0	17,408	610.9	4.4
Nitra region	12,816	449.7	3.9	0	0.0	0.0	12,816	449.7	3.2
Žilina region	19,180	673.1	5.8	950	33.3	1.4	20,130	706.4	5.1
Banská Bystrica region	10,026	351.8	3.0	492	17.3	0.7	10,518	369.1	2.6
Prešov region	7,029	246.7	2.1	0	0.0	0.0	7,029	246.7	1.8
Košice region	34,410	1,207.5	10.4	0	0.0	0.0	34,410	1,207.5	8.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.



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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	283,078	8,599.0	100.0	65,422	1,987.3	100.0	348,500	10,586.3	100.0
<b>Structure of capital by investor</b>									
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
<b>Structure of capital by sector</b>									
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
<b>Structure of capital by regions</b>									
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

1) Equity capital + reinvested earnings.



## Outflow of Foreign Direct Investment<sup>1)</sup> 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	1,693	-165	19,478	545.26	52.49	85.79	683.54
2005 <sup>3)</sup>	19,326	2,249	809	22,384	678.20	72.50	-50.06	700.64

### 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 <sup>2)</sup>	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	302	10	839	18.50	9.74	-1.97	26.27

### 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 <sup>2)</sup>	19,283	707	-1,844	18,146	481.64	19.23	50.35	551.22
2004	18,146	1,580	82	20,005	551.22	51.59	99.23	702.04
2005 <sup>3)</sup>	19,853	2,551	819	23,223	696.70	82.24	-52.03	726.91

Note: The data for 2004 – 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).



# **Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2005**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	2,249	72.5	100.0	302	9.7	100.0	2,551	82.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,091	35.2	48.5	8	0.3	2.6	1,099	35.4	43.1
Switzerland	661	21.3	29.4	0	0.0	0.0	661	21.3	25.9
The Netherlands	0	0.0	0.0	291	9.4	96.4	291	9.4	11.4
Cyprus	266	8.6	11.8	0	0.0	0.0	266	8.6	10.4
Russia	198	6.4	8.8	3	0.1	1.0	201	6.5	7.9
Croatia	109	3.5	4.8	0	0.0	0.0	109	3.5	4.3
Ukraine	69	2.2	3.1	0	0.0	0.0	69	2.2	2.7
Poland	48	1.5	2.1	0	0.0	0.0	48	1.5	1.9
Ethiopia	29	0.9	1.3	0	0.0	0.0	29	0.9	1.1
Serbia and Montenegro	10	0.3	0.4	0	0.0	0.0	10	0.3	0.4
Other countries	-232	-7.5	-10.3	0	0.0	0.0	-232	-7.5	-9.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	58	1.9	2.6	0	0.0	0.0	58	1.9	2.3
Manufacturing	383	12.3	17.0	0	0.0	0.0	383	12.3	15.0
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-349	-11.3	-15.5	0	0.0	0.0	-349	-11.3	-13.7
Wholesale and retail trade, repairs of motor vehicles	-23	-0.7	-1.0	0	0.0	0.0	-23	-0.7	-0.9
Hotels and restaurants	94	3.0	4.2	0	0.0	0.0	94	3.0	3.7
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	1,889	60.9	84.0	302	9.7	100.0	2,191	70.6	85.9
Real estate, renting and business activities	194	6.3	8.6	0	0.0	0.0	194	6.3	7.6
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	3	0.1	0.1	0	0.0	0.0	3	0.1	0.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	2,186	70.5	97.2	302	9.7	100.0	2,488	80.2	97.5
Trnava region	111	3.6	4.9	0	0.0	0.0	111	3.6	4.4
Trenčín region	76	2.4	3.4	0	0.0	0.0	76	2.4	3.0
Nitra region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Žilina region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Banská Bystrica region	-212	-6.8	-9.4	0	0.0	0.0	-212	-6.8	-8.3
Prešov region	73	2.4	3.2	0	0.0	0.0	73	2.4	2.9
Košice region	3	0.1	0.1	0	0.0	0.0	3	0.1	0.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Outflow of Foreign Direct Investment<sup>1)</sup> 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									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	1,693	52.5	100.0	-29	-0.9	100.0	1,664	51.6	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,361	42.2	80.4	-29	-0.9	100.0	1,332	41.3	80.0
Ethiopia	229	7.1	13.5	0	0.0	0.0	229	7.1	13.8
The Netherlands	196	6.1	11.6	0	0.0	0.0	196	6.1	11.8
Russia	112	3.5	6.6	0	0.0	0.0	112	3.5	6.7
India	58	1.8	3.4	0	0.0	0.0	58	1.8	3.5
Cyprus	49	1.5	2.9	0	0.0	0.0	49	1.5	2.9
Brazil	26	0.8	1.5	0	0.0	0.0	26	0.8	1.6
Serbia and Montenegro	11	0.3	0.6	0	0.0	0.0	11	0.3	0.7
Switzerland	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
Romania	4	0.1	0.2	0	0.0	0.0	4	0.1	0.2
Other countries	-360	-11.2	-21.3	0	0.0	0.0	-360	-11.2	-21.6
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
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	955	29.6	56.4	0	0.0	0.0	955	29.6	57.4
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-86	-2.7	-5.1	0	0.0	0.0	-86	-2.7	-5.2
Wholesale and retail trade, repairs of motor vehicles	791	24.5	46.7	0	0.0	0.0	791	24.5	47.5
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	-14.2	-29	-0.9	100.0	-269	-8.3	-16.2
Real estate, renting and business activities	269	8.3	15.9	0	0.0	0.0	269	8.3	16.2
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	-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
<b>Structure of capital by regions</b>									
Bratislava region	1,079	33.5	63.7	-29	-0.9	100.0	1,050	32.6	63.1
Trnava region	-46	-1.4	-2.7	0	0.0	0.0	-46	-1.4	-2.8
Trenčín region	893	27.7	52.7	0	0.0	0.0	893	27.7	53.7
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-66	-2.0	-3.9	0	0.0	0.0	-66	-2.0	-4.0
Banská Bystrica region	12	0.4	0.7	0	0.0	0.0	12	0.4	0.7
Prešov region	95	2.9	5.6	0	0.0	0.0	95	2.9	5.7
Košice region	-272	-8.4	-16.1	0	0.0	0.0	-272	-8.4	-16.3

Note: Preliminary data.

1) Equity capital + reinvested earnings.



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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	664	18.1	100.0	43	1.2	100.0	707	19.2	100.0
<b>Structure of capital by country of investment</b>									
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
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-230	-6.3	-34.6	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
<b>Structure of capital by regions</b>									
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

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	22,384	700.6	100.0	839	26.3	100.0	23,223	726.9	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	10,644	333.2	47.6	499	15.6	59.5	11,143	348.8	48.0
United Kingdom	2,283	71.5	10.2	0	0.0	0.0	2,283	71.5	9.8
Ukraine	1,352	42.3	6.0	0	0.0	0.0	1,352	42.3	5.8
Ireland	1,140	35.7	5.1	0	0.0	0.0	1,140	35.7	4.9
Hungary	1,093	34.2	4.9	0	0.0	0.0	1,093	34.2	4.7
Poland	915	28.6	4.1	0	0.0	0.0	915	28.6	3.9
Switzerland	834	26.1	3.7	0	0.0	0.0	834	26.1	3.6
Luxembourg	808	25.3	3.6	0	0.0	0.0	808	25.3	3.5
Russia	702	22.0	3.1	0	0.0	0.0	702	22.0	3.0
Austria	608	19.0	2.7	0	0.0	0.0	608	19.0	2.6
Other countries	2,005	62.8	9.0	340	10.6	40.5	2,345	73.4	10.1
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	20	0.6	0.1	0	0.0	0.0	20	0.6	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,789	56.0	8.0	0	0.0	0.0	1,789	56.0	7.7
Manufacturing	8,489	265.7	37.9	0	0.0	0.0	8,489	265.7	36.6
Electricity, gas and water supply	1,450	45.4	6.5	0	0.0	0.0	1,450	45.4	6.2
Construction	58	1.8	0.3	0	0.0	0.0	58	1.8	0.2
Wholesale and retail trade, repairs of motor vehicles	1,887	59.1	8.4	0	0.0	0.0	1,887	59.1	8.1
Hotels and restaurants	91	2.8	0.4	0	0.0	0.0	91	2.8	0.4
Transport, storage and communication	43	1.3	0.2	0	0.0	0.0	43	1.3	0.2
Financial intermediation	4,810	150.6	21.5	839	26.3	100.0	5,649	176.8	24.3
Real estate, renting and business activities	3,213	100.6	14.4	0	0.0	0.0	3,213	100.6	13.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	534	16.7	2.4	0	0.0	0.0	534	16.7	2.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	15,043	470.9	67.2	839	26.3	100.0	15,882	497.1	68.4
Trnava region	1,933	60.5	8.6	0	0.0	0.0	1,933	60.5	8.3
Trenčín region	1,629	51.0	7.3	0	0.0	0.0	1,629	51.0	7.0
Nitra region	42	1.3	0.2	0	0.0	0.0	42	1.3	0.2
Žilina region	542	17.0	2.4	0	0.0	0.0	542	17.0	2.3
Banská Bystrica region	1,315	41.2	5.9	0	0.0	0.0	1,315	41.2	5.7
Prešov region	722	22.6	3.2	0	0.0	0.0	722	22.6	3.1
Košice region	1,158	36.2	5.2	0	0.0	0.0	1,158	36.2	5.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> 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									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,478	683.5	100.0	527	18.5	100.0	20,005	702.0	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,864	311.1	45.5	481	16.9	91.3	9,345	327.9	46.7
United Kingdom	2,282	80.1	11.7	0	0.0	0.0	2,282	80.1	11.4
Ukraine	1,186	41.6	6.1	0	0.0	0.0	1,186	41.6	5.9
Ireland	1,136	39.9	5.8	0	0.0	0.0	1,136	39.9	5.7
Hungary	1,130	39.7	5.8	0	0.0	0.0	1,130	39.7	5.6
Luxembourg	1,111	39.0	5.7	0	0.0	0.0	1,111	39.0	5.6
Poland	844	29.6	4.3	0	0.0	0.0	844	29.6	4.2
Austria	646	22.7	3.3	0	0.0	0.0	646	22.7	3.2
Russia	474	16.6	2.4	0	0.0	0.0	474	16.6	2.4
Bosnia and Herzegovina	363	12.7	1.9	0	0.0	0.0	363	12.7	1.8
Other countries	1,442	50.6	7.4	46	1.6	8.7	1,488	52.2	7.4
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	30	1.1	0.2	0	0.0	0.0	30	1.1	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	8.6	0	0.0	0.0	1,666	58.5	8.3
Manufacturing	8,014	281.2	41.1	0	0.0	0.0	8,014	281.2	40.1
Electricity, gas, and water supply	1,415	49.7	7.3	0	0.0	0.0	1,415	49.7	7.1
Construction	413	14.5	2.1	0	0.0	0.0	413	14.5	2.1
Wholesale and retail trade, repairs of motor vehicles	1,868	65.6	9.6	0	0.0	0.0	1,868	65.6	9.3
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	42	1.5	0.2	0	0.0	0.0	42	1.5	0.2
Financial intermediation	2,942	103.2	15.1	527	18.5	100.0	3,469	121.7	17.3
Real estate, renting and business activities	2,821	99.0	14.5	0	0.0	0.0	2,821	99.0	14.1
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	267	9.4	1.4	0	0.0	0.0	267	9.4	1.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	12,219	428.8	62.7	527	18.5	100.0	12,746	447.3	63.7
Trnava region	1,779	62.4	9.1	0	0.0	0.0	1,779	62.4	8.9
Trenčín region	1,460	51.2	7.5	0	0.0	0.0	1,460	51.2	7.3
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	564	19.8	2.9	0	0.0	0.0	564	19.8	2.8
Banská Bystrica region	1,654	58.0	8.5	0	0.0	0.0	1,654	58.0	8.3
Prešov region	618	21.7	3.2	0	0.0	0.0	618	21.7	3.1
Košice region	1,145	40.2	5.9	0	0.0	0.0	1,145	40.2	5.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.

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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	17,950	545.3	100.0	196	6.0	100.0	18,146	551.2	100.0
<b>Structure of capital by country of investment</b>									
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
<b>Structure of capital by sector</b>									
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
<b>Structure of capital by regions</b>									
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

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