



NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

February 2007

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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
NARKS	National Association of Slovak Real Estate Agencies
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

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*Symbols used in the tables*

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



## 1 Introduction

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased in comparison with the previous month by 0.1% in February. The year-on-year rate of headline inflation reached 2.0%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 1.8%.

Expressed in terms of the Consumer Price Index (CPI), consumer prices increased on a month-on-month basis by 0.2% in February. The 12-month headline and core inflation rates reached 2.7% and 2.5% respectively.

Real gross domestic product increased by 8.3% during 2006.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by Sk 2.6 billion in January, and its year-on-year growth dynamics increased in comparison with December, to 16.5%.

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 8.2 billion in January, but the year-on-year growth rate accelerated by 2.8 percentage points to 15.4%.

The average interest rate on new loans to non-financial corporations dropped in January by 0.14 of a percentage point, to 6.21%, and that on new loans to households increased by 0.27 of a percentage point, to 12.85%. Over the same period, the average rate for new deposits from non-financial corporations dropped by 0.12 of a percentage point, to 2.58%, and that for new household deposits fell by 0.02 of a percentage point, to 1.16%.

At the end of February, the State budget of the SR recorded a deficit of Sk 8.5 billion.

The foreign exchange reserves of the NBS (at current exchange rates) stood at USD 14.1 billion in February. At the end of the month, the volume of foreign exchange reserves was 3.3 times greater than the volume of average monthly imports of goods and services to Slovakia over the twelve months under review (February 2006 to January 2007). At the end of February, 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 4.6 times the volume of average monthly imports of goods and services to the SR over the twelve months under review (February 2006 to January 2007).

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

According to preliminary data, the balance of payments on current account for January to December 2006 resulted in a deficit of Sk 135.6 billion. Over the same period, the capital and financial account witnessed a surplus of Sk 32.4 billion. In January, the current account recorded a surplus of Sk 7.7 billion, and trade resulted in a positive balance of Sk 4.0 billion.

With effect from 19 March 2007, the central parity of the Slovak koruna vis-à-vis the euro has been revalued. Its value has been fixed at Sk 35.4424/euro. The compulsory intervention rates are SKK/EUR 30.1260 (lower limit) and SKK/EUR 40.7588 (upper limit).



## 2 Inflation

### 2.1 Consumer Price Index

#### HICP Inflation

#### Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased month-on-month by 0.1% in February, with the prices of goods stagnating and services prices rising by 0.3%. On a year-on-year basis, consumer prices rose by 2.0% (in January by 2.2%). Overall inflation excluding energy and unprocessed food prices (core inflation) reached 1.8% (the same figure as in January). The average inflation rate for the period since the beginning of the year reached 2.1%. The average year-on-year inflation rate for the 12 months under review, from March 2006 to February 2007, was 3.9%. In February, HICP inflation was somewhat lower than expected by the NBS.

	2006				2007	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Total</b>	4.5	3.1	3.7	3.7	2.2	2.0
<b>Goods</b>	4.9	3.1	3.9	4.0	2.0	1.6
Industrial goods	5.8	2.9	3.9	3.9	0.7	0.2
Non-energy industrial goods	1.1	1.1	1.0	1.1	-0.5	-0.5
Energy	11.9	5.3	7.5	7.4	2.0	1.0
Foodstuffs	3.4	3.4	4.0	4.1	4.6	4.4
Processed food (including alcohol and tobacco)	2.8	2.7	3.4	3.5	3.6	3.6
Unprocessed food	4.7	4.9	5.2	5.3	6.6	6.0
<b>Services</b>	3.5	3.1	3.1	3.1	2.7	2.7
<b>Total, excluding unprocessed food and energy (core inflation)</b>	2.6	2.3	2.5	2.5	1.8	1.8
<b>Total, excluding energy</b>	2.8	2.6	2.7	2.8	2.2	2.2

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

#### HICP in the structural breakdown of CPI inflation

A comparison of the rates of HICP inflation and CPI inflation in the structural breakdown of the national index explains the persistent difference in year-on-year dynamics between the HICP and the CPI. This difference (a slower rise in the HICP than in the CPI, by 0.7 of a percentage point) was mainly caused by price developments in market services, where the CPI also includes imputed rents and repair funds,

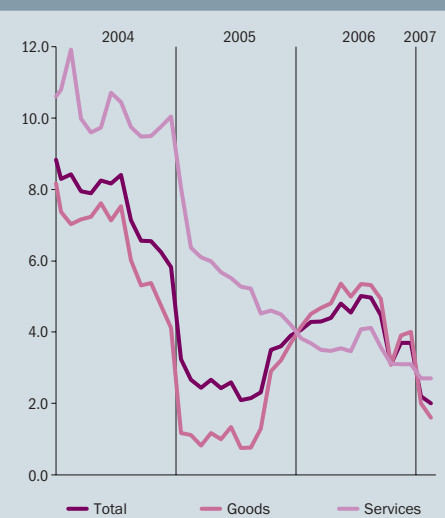
	2006				2007	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Total</b>	4.5	3.1	3.7	3.7	2.2	2.0
<b>Regulated prices</b>	11.4	6.9	8.0	7.8	2.9	2.6
<b>Core inflation</b>	1.4	1.1	1.3	1.4	1.5	1.3
Foodstuffs	2.9	2.9	3.5	3.6	4.4	4.2
Processed food	1.2	1.0	1.9	1.9	2.2	2.5
Unprocessed food	4.7	4.9	5.2	5.3	6.6	6.0
Tradable goods	-0.9	-1.4	-1.1	-0.9	-0.9	-1.2
Tradable goods, excluding fuel	-0.5	-0.6	-0.6	-0.5	-0.2	-0.3
Fuel	-3.5	-7.8	-5.8	-5.1	-7.2	-9.7
Market services	3.6	3.6	3.5	3.5	3.0	3.1
<b>Net inflation (excluding changes in indirect taxes)</b>	0.9	0.5	0.7	0.8	0.7	0.5
<b>Net inflation, excluding fuel (excl. changes in indirect taxes)</b>	1.2	1.1	1.2	1.2	1.2	1.1

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





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



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

i.e. items dynamically growing since the end of 2005 but not included in the HICP. The difference, however, diminished somewhat in comparison with the previous month.

The year-on-year rate of increase in goods prices slowed, when the dynamics of industrial goods prices weakened, as well as the dynamics of food prices. The slowdown in the year-on-year increase in industrial good prices was affected by the weakening dynamics of energy prices, when fuel prices continued to fall and other energy prices recorded a slower growth on a year-on-year basis. Industrial goods prices (excluding energy prices) dropped year-on-year to the same extent as in the previous month. The dynamics of food prices weakened on a year-on-year basis, due to a slowdown in unprocessed food prices, while processed food prices increased year-on-year at the same rate as in the previous month.

The year-on-year rate of increase in services prices was stagnant: all service categories recorded unchanged price dynamics in comparison with the previous month. The only category to record a marked acceleration was 'miscellaneous services', in which increased dynamics

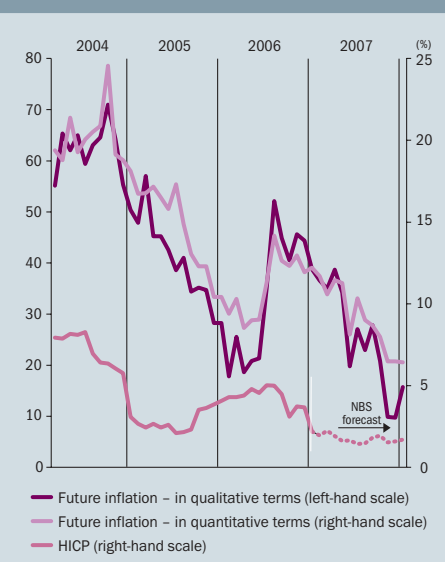
**Slowdown in the year-on-year dynamics of goods prices, and stagnation in services prices**

were shown by prices for dental care and social services.

The year-on-year rate of headline inflation is expected to accelerate somewhat in March (compared with February), due to the predicted developments in fuel prices. Prices for services are also expected to accelerate slightly on a year-on-year basis.

**Expectations for the coming month**

**Chart 2 HICP Compared with the Views of Respondents on 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.

February saw a further reduction in the assessment by consumers of the actual level of price inflation. In answer to questions about the course of inflation to date, the respondents gave an average value of 6.85% (7.17% in the previous month). When asked about the expected inflation rate in the next 12 months, the respondents gave an average value of 6.43%, representing a slight improvement in comparison with the previous month (6.49%).

**CPI Inflation**

Consumer prices increased month-on-month by an average of 0.2% in February 2007. Within the basic structure of CPI inflation, regulated prices slightly increased, with core inflation rising month-on-month by 0.3%. Within the scope of regulated prices, price levels rose in health care and housing. The rise in core inflation was mainly a result of an increase in prices for housing-related services and a modest rise in food prices. On the other hand, tradable goods prices had a disinflationary effect. The 12-month rate of headline inflation reached 2.7% (compared with 3.0% in January) and that of core inflation 2.5% (2.9% in the previous month). The average year-on-year inflation rate for the period from March 2006 to February 2007 was 4.2%. The year-on-year inflation rate for the period since the beginning of the year reached an average of 2.9%.

**Consumer expectations regarding inflation**

**Consumer Price Index (CPI)**



**Table 3 Consumer Price Developments in February 2007**

	Change versus	
	January 2007	February 2006
<b>Total in %</b>	0.2	2.7
<b>Regulated prices in %</b>	0.1	2.3
– Share of total, in percentage points <sup>1)</sup>	0.02	-
<b>Impact of changes in indirect taxes on non-regulated prices</b>		
– Share of total, in percentage points <sup>1)</sup>	0.00	-
<b>Core inflation in %</b>	0.3	2.5
– Share of total, in percentage points <sup>1)</sup>	0.20	-
of which: Food prices in %	0.2	3.3
– Share of total, in percentage points <sup>1)</sup>	0.03	-
Tradable goods in % <sup>1)</sup>	-0.3	-1.2
– Share of total, in percentage points <sup>1)</sup>	-0.10	-
Tradable goods excluding fuels, in % <sup>1)</sup>	-0.1	-0.3
– Share of total, in percentage points <sup>1)</sup>	-0.04	-
Fuels in % <sup>1)</sup>	-1.5	-9.7
– Share of total, in percentage points <sup>1)</sup>	-0.05	-
Market services in % <sup>1)</sup>	0.9	6.7
– Share of total, in percentage points <sup>1)</sup>	0.26	-
<b>Net inflation</b>		
<b>(excluding the impact of changes in indirect taxes) in %</b>	0.3	2.3
– Share of total, in percentage points <sup>1)</sup>	0.16	-
<b>Net inflation excluding fuel prices</b>		
<b>(excluding the impact of changes in indirect taxes) in %<sup>1)</sup></b>	0.4	3.0
– Share of total, in percentage points <sup>1)</sup>	0.22	-

Source: Statistical Office of the SR, and NBS.  
Notes: Net inflation – includes price increases in the ‘tradable goods’ sector, 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.

## 2.2 Producer Prices in January 2007

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

Industrial producer prices for the domestic market fell month-on-month by 0.5% in January, due to price drops in all three basic sub-categories. Manufacturing products prices dropped by 0.6%, energy prices by 0.3%, and mining and quarrying products prices by 2.2%.

**Table 4 Producer Price Developments**

(in %)

	Month-on-month change		Year-on-year change			
	Dec. 2006	Jan. 2007	Jan. 2006	Dec. 2006	Jan. 2007	Average since the beginning of 2007
	Industrial producer prices (for the domestic market)	-0.8	-0.5	8.7	5.4	3.4
– Prices of manufacturing products	-0.3	-0.6	1.7	1.5	1.1	1.1
– Prices of mining and quarrying products	-3.2	-2.2	41.4	8.3	0.4	0.4
– Prices of electricity, gas, steam, and hot water	-1.2	-0.3	15.9	10.1	6.4	6.4
Industrial producer prices (for export)	-1.3	-1.7	3.2	-0.8	-1.5	-1.5
– Prices of manufacturing products	-1.4	-1.8	3.2	-0.8	-1.6	-1.6
Construction prices	0.1	0.5	3.6	4.0	4.1	4.1
Building materials prices	-0.3	0.3	0.8	5.2	5.6	5.6
Agricultural prices	-	-	-1.1	-2.6	2.2	2.2
– Prices of plant products	-	-	-11.5	-5.4	20.3	20.3
– Prices of animal products	-	-	1.0	-0.9	-0.9	-0.9

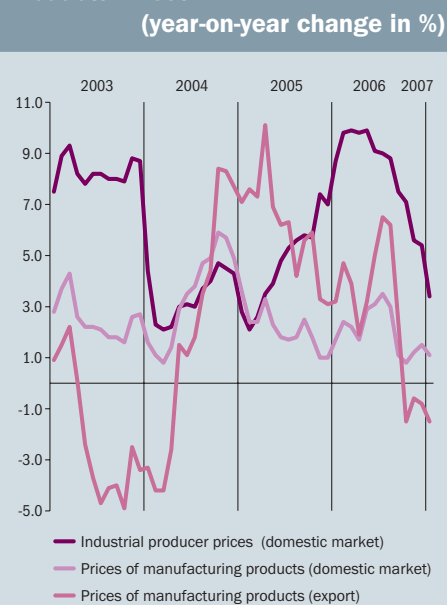
Source: Statistical Office of the SR.

In January, the year-on-year dynamics of domestic industrial producer prices considerably weakened in comparison with the previous month (by 2 percentage points to 3.4%), due to a slowdown in the rate of increase in energy prices (by 3.7 percentage points to 6.4%). Smaller year-on-year increases than a month earlier were recorded in the prices of manufacturing products (by 0.4 of a percentage point, to 1.1%) and mining and quarrying products (by 7.9 percentage points to 0.4%).

**...accompanied by a slowdown in their year-on-year dynamics**

The increase in energy prices slowed in January, mainly as a result of smaller increases in prices for gas production and the transport of gaseous fuels via pipelines, and prices for electricity generation and supply. The slower year-on-year rise in energy prices in January (compared with the previous month) was partly due to the base effect of a marked energy price increase from January 2006 (3.7 percentage points month-on-month, to 3.2%).

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



Source: Statistical Office of the SR.

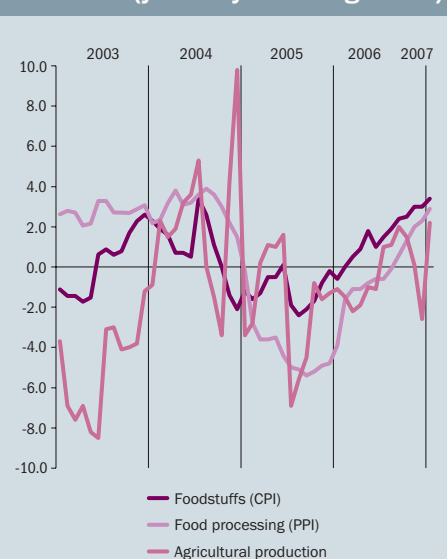
The slower year-on-year rise in manufacturing products prices in January (compared with the previous month) was mainly due to the marked anti-inflationary effect of refined oil products prices (a fall of 9.9%). On the other hand, the rise in food prices, which have a large weight among manufacturing products, accelerated by 0.6 of a percentage point to 2.9%. Inflationary pressures were exerted in January by the prices of base metals and finished metal products (a rise of 5%), chemical products (4%), other non-metal mineral products (3.3%), and leather and leather products (7%).

Industrial producer prices for export, which are mostly determined by the export prices of manufacturing products, dropped month-on-month by 1.8% in January, representing a year-on-year fall of 1.6%.

**Industrial producer prices for export**

The year-on-year fall in industrial producer prices for export in January was primarily caused by drops in the export prices of refined oil products (16.2%) and transport vehicles (6.9%). On the other hand, inflationary pressures were caused on a year-on-year basis by the export prices of electrical and optical equipment (a rise of 7.8%), base metals and finished metal products (3.3%), chemical products (1.5%), and rubber and plastic goods (2.1%).

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



Source: Statistical Office of the SR.

In January, agricultural prices increased year-on-year by an average of 2.2%, due to a rise in the price of plant products (20.3%) and a fall in animal products prices (0.9%).

**Agricultural prices**

The steep rise in plant products prices was mainly caused by persistent increases in the prices of potatoes (55.2%), cereals (22.5%), and vegetables (15.2%). Price levels also increased for legumes (by 4.2%) and oilseeds (by 2.7%). Tobacco prices remained at the level of last year, while the price of sugar beet dropped by 19.5%.

The fall in animal products prices was caused by drops in the prices of most products under review. Prices dropped for fish (by 12.9%), pork (by 2.8% for live animals), poultry (by 2%; 4.9% for chickens), and unpasteurised milk (by 0.4%). Increases were recorded in the prices of eggs (1.5%) and beef, including veal (1.2% for live animals).

Industrial producer prices are expected to be influenced in February 2007 by the lower price of oil on the world market (by roughly 7% compared with the previous year), the appreciation of the Slovak koruna vis-à-vis the US dollar, and the base effect of the rapid increase in energy



prices in February 2006. On the other hand, the inflationary effect of food prices is expected to persist. Owing to these external and internal cost factors, the average year-on-year dynamics of industrial producer prices are expected to weaken still further in February.

On the basis of agrarian market news, purchase prices are expected to increase further on a year-on-year basis in February, mainly for food cereals and late potatoes. Among animal products, the continuing fall in the price of poultry (live animals) is expected to be accompanied by slight drops in the prices of pork and beef (live animals). In line with these assumptions, agricultural prices are again expected to increase somewhat in February.



### 3 Factors Affecting the Course of Inflation

#### 3.1 Monetary Aggregates

The year-on-year growth rate of the M3 monetary aggregate reached a historical high in January. The main factor influencing the trends in monetary aggregates was the continuing growth in the receivables of monetary financial institutions (MFIs) from the resident private sector.

#### M3 Monetary Aggregate

The M3 monetary aggregate (according to ECB methodology) grew in volume by Sk 2.6 billion compared with December 2006, to Sk 961.1 billion at the end of January. The year-on-year rate of M3 growth<sup>1</sup> accelerated by 1.2 percentage points to 16.5%.

**Further acceleration in the rate of M3 growth**

**Table 5 Year-on-year growth in the M3 monetary aggregate (ECB methodology) (in %)**

	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	13.6	12.9	13.9	16.1 <sup>1)</sup>	15.3
Year 2007	16.5	.	.	.	.	.	.	.	.	.	.	.

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

1) Revised data.

The development of the M3 aggregate was mainly influenced by an increase in deposits and received loans with an agreed maturity of up to 2 years (Sk 10.4 billion) and a decrease in deposits and loans repayable on demand (Sk 7.5 billion). Concerning other counterparts, a marked decrease was recorded in deposits and loans received from the central government (by Sk 23.0 billion, including deposits at the SR Treasury). The volume of MFI receivables from residents (including securities) fell month-on-month by Sk 8.2 billion, mainly as a result of a decrease in receivables from the general government (Sk-15.5 billion), which was partly offset by an increase in receivables from the private sector (Sk+7.3 billion). Despite the actual fall in January, the receivables of MFIs from residents have been the main source of growth in monetary aggregates in the long term.

**Table 6 Comparison of month-on-month developments in monetary aggregates (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Jan. 2006	Dec. 2006	Jan. 2007	Dec. 2006	Jan. 2007
Currency in circulation	118.8	131.2	129.4	9.5	8.9
Deposits and received loans repayable on demand	358.9	414.9	407.4	13.4	13.5
<b>M1</b>	477.7	546.1	536.8	12.4	12.4
Deposits and loans received with an agreed maturity of up to 2 years	287.2	350.5	360.9	23.2	25.7
Deposits redeemable at a period of notice of up to 3 months	14.4	11.6	11.3	-21.4	-21.9
<b>M2</b>	779.4	908.1	909.0	15.7	16.6
Money market fund shares/units	44.5	45.0	45.6	-2.0	2.5
Repo operations	0.5	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	0.6	5.4	6.5	-	-
<b>M3</b>	824.9	958.5	961.1	15.3	16.5

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.

1 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.



### Main M3 Components

#### Growth in deposits and loans received with an agreed maturity of up to 2 years; increase in M2 dynamics

In January, the M1 monetary aggregate did not deviate from the long-term weakening trend in its year-on-year growth dynamics, which stagnated at the December level. The same trends also continued in the two M1 components: the dynamics of deposits and received loans repayable on demand increased somewhat, while the growth rate of currency in circulation fell to the lowest level observed in more than two years.

In other short-term deposits, the negative dynamics of deposits redeemable at a period of notice of up to 3 months continued to deepen. The monthly increase in deposits and received loans with an agreed maturity of up to 2 years (Sk 10.4 billion), which offset the fall in the M1 aggregate, led to an acceleration in the growth rate of deposits and received loans with an agreed maturity of up to 2 years, which was also reflected in the increased growth dynamics of the M2 aggregate.

The rate of M3 growth was to a moderate extent supported by the less liquid components (marketable instruments), coupled with an increase in the volume of debt securities issued with a maturity of up to 2 years (Sk 1.1 billion) and the continuing inflow of funds into money market fund shares/units.

### Investment Through Open-End Investment Funds

#### Inflow of funds into open-end investment funds in Slovak koruna

The inflow of funds into open-end investment funds (OIFs) significantly moderated in February, due to a fall in demand among investors in the second half of the month. This was probably connected with the termination of subscription by some guaranteed funds and the actual fall in share prices on the

**Table 7 Net sales of open-end investment funds (OIFs)**  
(month-on-month change in billions of Sk)

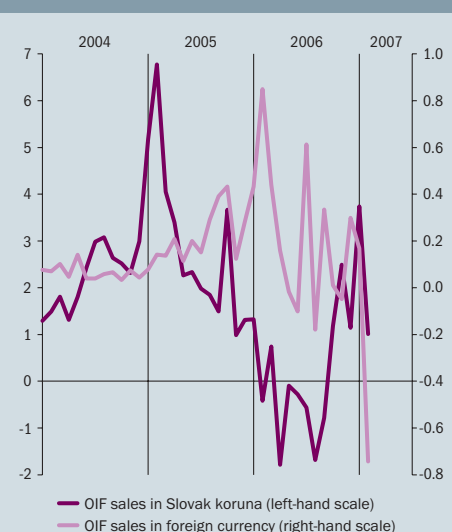
	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	CUM.
OIF sales denominated in Slovak koruna	2004	1.3	1.5	1.8	1.3	1.8	2.4	3.0	3.1	2.6	2.5	2.3	3.0	26.7
	2005	5.2	6.8	4.1	3.4	2.3	2.3	2.0	1.8	1.5	3.7	1.0	1.3	35.3
	2006	1.3	-0.4	0.7	-1.8	-0.1	-0.3	-0.6	-1.7	-0.8	1.2	2.5	1.1	1.3
	2007	3.7	1.0	.	.	.	.	.	.	.	.	.	.	.
OIF sales denominated in foreign currency	2004	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.8
	2005	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.4	0.4	0.1	0.3	2.6
	2006	0.4	0.8	0.4	0.2	0.0	-0.1	0.6	-0.2	0.3	0.0	0.0	0.3	2.8
	2007	0.2	-0.7	.	.	.	.	.	.	.	.	.	.	.

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

world markets. The net value of OIF assets denominated in Slovak koruna increased to Sk 123.2 billion, and the monthly net sales of OIFs reached a positive figure (Sk 1.0 billion). Since OIF assets denominated in foreign currency decreased in net value, their net sales were negative.

The largest positive increase in monthly net sales was recorded by money market funds (Sk 0.8 billion). Positive net sales were also achieved by other funds, special funds, funds of funds, and equity funds (a total of Sk 0.5 billion), while equity funds recorded a decline in the last week of February, due to a downturn on the Chinese equity market. On the other hand, negative net sales were recorded throughout the month by bond funds (Sk-0.8 billion) and mixed funds (Sk-0.2 billion), and thus the net sales of OIFs of all types in Sk and foreign currency totalled Sk 0.3 billion.

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



Source: NBS calculations based on data from SASS.



**Main M3 Counterparts**

The gradually weakening trend in the year-on-year growth dynamics of MFI receivables from residents (including securities issued by clients and held by MFIs), which had lasted for several months, discontinued in January and the rate of growth accelerated by 2.8 percentage points. This was mainly due to the base effect of a smaller monthly decrease in receivables from the general government sector (by roughly 50% of the figure for January 2006), which led to a marked reduction in their negative dynamics. At the same time, the growth dynamics of receivables from the private sector recorded a modest increase.

**Accelerating growth in MFI receivables from residents (including securities)**

	Table 8 Main M3 counterparts (ECB methodology)				
	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Jan. 2006	Dec. 2006	Jan. 2007	Dec. 2006	Jan. 2007
Net foreign assets	259.8	256.0	252.9	-2.1	-2.6
Foreign assets	578.3	452.3	478.4	-39.4	-17.3
Foreign liabilities	318.5	196.3	225.5	-59.5	-29.2
Receivables of MFIs from residents (incl. securities)	769.2	895.7	887.5	12.6	15.4
Receivables from general government	241.8	254.8	239.2	-6.8	-1.1
Receivables from the private sector	527.4	640.9	648.3	22.8	22.9
Deposits and loans received from central government	39.9	45.0	20.8	-26.5	-47.9
Long-term financial liabilities (excl. capital and reserves)	103.8	122.6	123.0	19.1	18.5
Deposits and loans taken with an agreed maturity of over 2 years	57.5	66.7	67.4	18.0	17.1
Deposits redeemable at notice of over 3 months	27.5	24.3	24.0	-12.4	-12.9
Debt securities issued with a maturity of over 2 years	18.7	31.6	31.7	69.8	68.9
Other items net	60.3	25.6	35.5	-58.0	-41.1
Capital, reserves, and provisions	78.9	47.0	51.1	-46.7	-35.2
Other liabilities	54.2	70.9	68.3	50.8	26.1
Surplus of liabilities among MFIs	-1.8	-0.1	-0.1	-	-
Fixed assets	33.6	34.5	33.3	0.3	-0.8
Other assets	37.3	57.7	50.5	45.5	35.4
<b>M3</b>	<b>824.9</b>	<b>958.5</b>	<b>961.1</b>	<b>15.3</b>	<b>16.5</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.

Due to a reduction in the domestic debt of the SR in January (government bonds were repaid in the amount of Sk 47.0 billion), deposits and loans received from the central government decreased by Sk 23.0 billion and their negative year-on-year dynamics increased still further.

The long-term increasing trend in the year-on-year growth dynamics of long-term financial liabilities (excluding capital, reserves, and provisions) has come to a halt in recent months, due to slower growth in debt securities issued with a maturity of over 2 years, deposits and received loans with an agreed maturity of over 2 years, coupled with the increased negative dynamics of deposits redeemable at a period of notice of over 3 months.

The year-on-year growth rate of MFI receivables from the private sector (including securities) slightly accelerated in January, to 22.9%. This acceleration was caused by an increase in the dynamics of receivables from the private sector (excluding securities, by 0.2 of a percentage point, resulting in a monthly increase of Sk 7.3 billion). On the other hand, the rate of decline in securities issued by the private sector increased still further in January.

**Slightly accelerated growth in MFI receivables from the resident private sector**

The January developments in receivables were mainly influenced by an increase in MFI receivables from non-financial corporations (Sk 4.6 billion, mostly long-term loans with a maturity of over 5 years), while their growth rate continued to moderate. The dynamics of receivables from households also continued to weaken, in line with the trend from the previous year. Bank lending to financial corporations recorded an increase in dynamics, despite a slight month-on-month decrease in volume.



**Table 9 Receivables of Monetary Financial Institutions from the Resident Private Sector**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Jan. 2006	Dec. 2006	Jan. 2007	Dec. 2006	Jan. 2007
MFI receivables from the private sector (incl. securities)	527.4	640.9	648.3	22.8	22.9
of which: Securities issued by the private sector	14.7	13.5	13.6	-6.9	-7.8
MFI receivables (excluding securities)	512.6	627.4	634.7	23.6	23.8
Non-financial corporations	275.9	326.5	331.1	20.3	20.0
– up to 1 year	120.1	135.0	136.2	15.1	13.4
– 1 to 5 years	52.3	64.0	65.0	23.2	24.3
– over 5 years	103.5	127.4	129.9	24.8	25.5
Financial corporations	53.0	63.0	62.9	14.5	18.6
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions					
serving households	183.6	237.9	240.7	31.4	31.1
– consumer loans	29.6	36.0	36.3	45.0	22.6
– house purchase loans	120.1	156.7	159.6	31.8	32.9
– other loans	34.0	45.2	44.8	21.2	31.8

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.

2) Securities issued by the private sector including NBS receivables

### Structure of MFI Receivables from the Private Sector

#### Moderating growth in loans to non-financial corporations as well as households

The dynamics of bank lending to the private sector increased somewhat in January, due to accelerated growth in loans to financial corporations as a result of the base effect. The year-on-year growth in loans continued to slow during the month, for both non-financial corporations (to 20.0%) and households (to 31.1%).

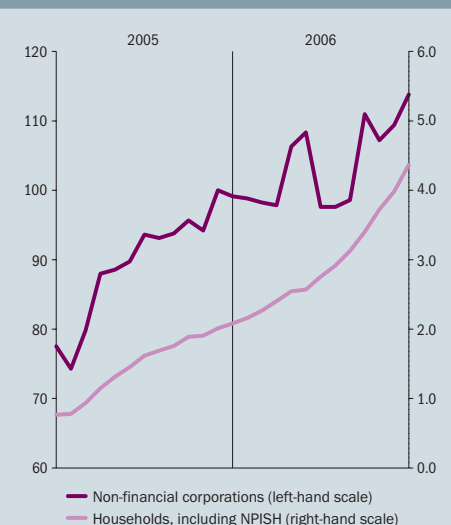
The modest slowdown in the growth rate of MFI receivables from non-financial corporations reflected the weakening dynamics of short-term loans (up to 1 year), representing the largest share of loans to enterprises. On the other hand, demand for medium- and long-term loans increased, which led to an acceleration in their dynamics compared with the previous month.

The year-on-year dynamics of loans to households continued to weaken, mainly as a result of a slowdown in the year-on-year growth of consumer loans and other loans (a decrease of Sk 1.6 billion compared with December 2006). These recorded, for the first time, a slight month-on-month fall in volume. Loans for house purchases, which has had a dominant share in loans to households in the long term, recorded a steeper increase than last month, by Sk 39.6 billion year-on-year (compared with Sk 37.8 billion in December 2006). This increase caused another acceleration in their growth, which had followed a weakening trend since last April.

The volume of loans in foreign currency increased month-on-month by Sk 5.2 billion in January, mainly as a result of an increase in euro loans to non-financial corporations (Sk 4.7 billion). The growth rate of foreign-currency loans to non-financial corporations accelerated to 14.8% in January. Foreign-currency loans to households also grew at an accelerated rate (as in the previous period), but had a negligible share in total loans to households (only 1.8%).

In the long term, the share of euro loans in the total volume of foreign-currency loans has been much higher than the share of loans denominated in other foreign

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



Source: NBS.





**Table 10 Receivables of MFIs from the Resident Private Sector (excluding securities)**

	Volume (Sk bn)	Year-on-year change (in %)					Cumulative change since beginning of year (Sk billion)	
		Jan. 2007	2006 Q1	2006 Q2	2006 Q3	2006 Q4	Jan. 2007	Jan. 2007
MFI receivables (excluding securities)	634.7	27.0	27.9	23.3	23.6	23.8	5.2	7.3
Non-financial corporations	331.1	18.9	19.9	15.4	20.3	20.0	4.5	4.6
– loans in Slovak koruna	217.3	16.8	19.5	21.2	26.7	22.9	5.4	0.2
– loans in foreign currency	113.8	23.1	20.8	5.1	9.4	14.8	-0.9	4.4
Financial corporations (other financial inter- mediaries and auxiliary financial institutions)	62.9	28.2	38.2	26.0	14.5	18.6	-2.0	-0.1
– loans in Slovak koruna	50.5	20.4	29.6	22.1	18.3	22.3	-1.8	-0.4
– loans in foreign currency	12.4	-	-	-	-	-	-0.2	0.3
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	-	-	-	-	-	0.1	0.0
Households and non-profit institutions								
serving households	240.7	40.7	38.1	34.8	31.4	31.1	2.6	2.8
– loans in Slovak koruna	236.3	40.0	37.8	34.4	30.7	30.2	2.5	2.4
– loans in foreign currency	4.4	-	-	-	-	-	0.1	0.4
z toho: consumer loans	36.3	57.8	43.8	38.3	45.0	22.6	4.8	0.3
– loans in Slovak koruna	36.2	57.8	44.0	38.5	45.2	22.7	4.8	0.3
– loans in foreign currency	0.1	-	-	-	-	-	0.0	0.0
house purchase loans	159.6	37.9	36.6	33.3	31.8	32.9	1.2	2.9
– loans in Slovak koruna	156.6	36.9	36.0	32.6	30.6	31.5	1.2	2.5
– loans in foreign currency	3.1	-	-	-	-	-	0.0	0.4
other loans	44.8	37.4	39.1	37.7	21.2	31.8	-3.3	-0.4
– loans in Slovak koruna	43.6	37.0	38.9	37.3	21.0	32.1	-3.4	-0.4
– loans in foreign currency	1.2	-	-	-	-	-	0.0	0.0

Source: NBS.

Note: The missing figures have been excluded because of the high values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

currencies. Compared with the previous month, the share of euro loans increased somewhat, for both non-financial corporations and household (to 93.9% and 91.7% respectively).

### Current Budgetary Developments

Budgetary performance underwent a significant change in February, from a surplus to a deficit. With budget revenues and expenditures totalling Sk 46.0 billion and Sk 54.5 billion respectively, the state budget closed the month with a shortfall of Sk 8.5 billion.

### 3.2 The External Environment

#### Balance of Payments for December and the Year 2006

In December, the deficit in the balance of payments current account increased in comparison with the previous month. The increase in the deficit was mostly a result of increased dividend payments to foreign investors, which, coupled with a higher estimate of reinvested earnings, caused a marked deterioration in the income balance. The increased deficit, compared with November, was also supported by a larger trade deficit and to a lesser extent by deterioration in the balance of current transfers. The only item to show an improvement in comparison with the previous month was the balance of services.

#### Current account

From January to December 2006, the deficit in the balance of payments current account increased year-on-year by Sk 8.4 billion. This increase in the deficit was mainly caused by deterioration in the trade balance, whose shortfall deepened by Sk 15.3 billion in 2006. A slight deterioration was also recorded in the current transfers and income balances. On the other hand, the increase in the current account deficit was considerably moderated by a year-on-year increase in the services balance surplus.



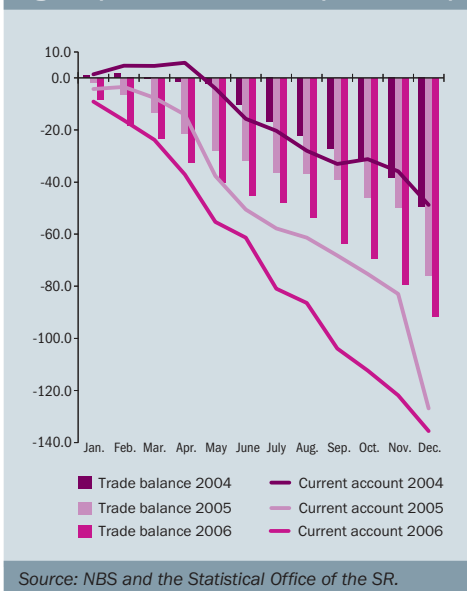
	Dec. 2006	Dec. 2005	Jan. – Dec. 2006	Jan. – Dec. 2005
Balance of trade	-12.3	-26.6	-91.6	-76.3
Exports	99.0	83.3	1,239.4	994.6
Imports	111.3	109.9	1,331.0	1,070.9
Balance of services	5.2	0.2	19.7	9.9
Balance of income	-6.3	-17.7	-62.1	-61.3
of which: Income from investment	-9.3	-19.9	-92.9	-89.3
of which: Reinvested earnings	-1.4	-4.9	-23.8	-37.8
Current transfers	-0.4	-0.1	-1.6	0.5
Current account in total	-13.8	-44.2	-135.6	-127.2
Current account as a % of GDP	-	-	8.3	8.6
Current account (excl. dividends and reinvested earnings) as a % of GDP	-	-	3.0	3.0

*Source: NBS and the Statistical Office of the SR.*

In comparison with the same period in 2005, exports increased in 2006 by 24.6% (28.5% in USD and 28.7% in EUR) and imports grew by 24.3% (28.2% in USD and 28.4% in EUR).

In foreign trade, the rate of export growth slowed somewhat in December, below the 20% level. A sharper decline in exports occurred on a month-on-month basis, due to seasonal factors. The decline was mainly a result of lower exports of goods in the following categories: machines (television sets, motor vehicles including components, and automatic data processing machines) and semi-finished goods (iron and steel products, rubber, wood, aluminium, etc.). The decline in exports was also fuelled by lower exports of finished products (furniture and clothes) and raw materials (natural gas). The pace of import growth slowed to 1.9% in December; imports also dropped considerably in comparison with the previous month. The month-on-month decline in imports was, as in the case of exports, caused by lower imports in all categories of goods. The sharpest declines took place in the imports of finished products (electrical products and furniture) and machines (passenger cars including parts, components, and accessories, liquid crystal products, engines, etc.). The decline in imports was also fuelled by semi-finished goods (plastics, iron and steel products) and, in a smaller degree, by raw materials (crude oil).

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



**Exports** In 2006, the steepest increase in comparison with the same period in 2005 took place in machine exports, which accounted for more than two-thirds of the total year-on-year change. In the 'machinery

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December		January – December	
	2006	2005	2006	2005
Raw materials	12.3	14.8	1.2	1.7
Chemicals and semi-finished goods	59.0	38.5	5.9	4.5
Machinery and transport equipment	166.6	36.0	16.8	4.2
Finished products	6.9	10.1	0.7	1.2
Exports in total	244.8	99.4	24.6	11.6

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



and transport equipment' category, almost 60% of the year-on-year increase in exports took place in machines (mainly in the exports of television sets and, in a smaller degree, the exports of radiotelephone transmitters, boilers, electric motors, etc.). The growth in machine exports within this category was promoted by increased exports of transport vehicles, caused by the expanding exports of passenger cars and components. Exports also grew at a faster rate than last year in the 'chemical products and semi-finished goods' category, since semi-finished goods, such as iron, steel, copper, zinc, aluminium, and chemical products were still much in demand on the world markets. The strongest growth occurred in the exports of plastics and rubber products, due mainly to the high price of oil. The year-on-year growth in raw materials exports was mainly caused by the exports of processed petroleum oils and electricity. The smaller increase in exports compared with last year was due to drops in the prices of oil and refined oil products, and to the appreciation of the koruna vis-à-vis the euro in the last quarter of 2006. The weakest year-on-year growth was recorded in the exports of finished products, which took place mostly in furniture and sugar exports.

Year-on-year growth in imports was mainly recorded in the 'machinery and transport equipment' category, as a result of increased imports of machines for industry (liquid crystal products, engines, pumps, automatic data-processing machines, etc.) and imports in the 'transport vehicles' category, mainly the imports of motor vehicle parts, components, and accessories, including motor vehicles for freight transport. A marked year-on-year increase (more than twice the figure for 2005) was also recorded in the imports of chemical products and semi-finished goods. In semi-finished goods, the growth in imports was concentrated mainly in iron and steel, iron and steel products, zinc, copper, wood, and aluminium, including products. In the 'chemical products' category, the increase in imports took place mostly in plastics, rubber, and organic chemicals. In the 'finished products' category, significant increases were 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 automobile imports. Strong growth was also 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 partly due to the high price of oil on the world markets), with the most significant increases recorded in oil, gas, and electricity imports.

**Imports****Table 13 Imports from January to December, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December		January – December	
	2006	2005	2006	2005
Raw materials	44.0	32.8	4.1	3.5
Chemicals and semi-finished goods	54.8	21.7	5.1	2.3
Machinery and transport equipment	106.8	33.2	10.0	3.6
Finished products	54.5	41.0	5.1	4.4
of which: Agricultural and industrial goods	19.9	22.1	1.9	2.4
Passenger cars	5.6	1.7	0.5	0.2
Machines and electrical consumer goods	29.0	17.2	2.7	1.9
Imports in total	260.1	128.7	24.3	13.9

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

In terms of territorial structure, foreign trade recorded no substantial changes in 2006 compared with 2005. In 2006, the largest share of Slovakia's foreign trade was with the EU (exports to the EU in 2006 accounted for 85.1% and imports 68.1%), despite a slight decline, in terms of exports to as well as imports from the EU in comparison with 2005. Slovakia's most significant EU trading partners were Germany and the Czech Republic (Germany remained our main trading partner, but its share of exports and imports decreased somewhat in 2006). Russia's share of total imports increased, owing to the rise in oil prices.

**Table 14 Territorial Structure of Foreign Trade in the SR(%)**

	Exports		Imports	
	2006	2005	2006	2005
European Union	85.1	85.4	68.1	71.1
of which: Germany	23.6	26.1	20.5	21.0
Czech Republic	14.0	14.1	12.3	12.7
Russia	1.6	1.6	11.3	10.7

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



**Services balance** The balance of services for January to December 2006 resulted in a surplus of Sk 19.7 billion, which represented an improvement of Sk 9.8 billion compared with the same period in 2005. The increase in surplus took place in all main service categories, i.e. transport services, tourism services, and 'other services in total'. The increased surplus in transport services was mainly caused by a year-on-year improvement in the balance of passenger air transport and the transit of gas (the increase in receipts from gas transit was strongly supported by a non-standard transfer of retained payments from Germany for 2004-2006) and by increased receipts from freight road transport. The increased surplus in transport services 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 expenditures of Slovak residents on services related to tourism. In 'other services in total', the deficit diminished on a year-on-year basis as a result of conflicting developments in which improvements in telecommunications, computer-related services, and legal, accounting, and consulting services exceeded the increasing deficit in financial and construction services. The year-on-year improvement in 'other services in total' was mostly produced by developments in December, when above-standard receipts from telecommunications services markedly increased the surplus achieved in telecommunications services.

**Income and current transfers balances** A slight year-on-year deterioration in the income balance in 2006 (by Sk 0.8 billion) was caused by the fact that the increase in the deficit in investment proceeds exceeded the positive effect of increased incomes earned by Slovak residents abroad, which led to growth in surplus in the compensation of employees. The increased deficit in investment proceeds was caused by increased dividend payments to foreign investors. On the other hand, the estimated payments of reinvested earnings dropped by Sk 14.0 billion and interest payments in net terms decreased by Sk 1.6 billion, though they were accompanied by an increase in interest on loans. More favourable developments than last year were also recorded in employee compensations, mainly due to the incomes of employees working abroad. The change in the balance of current transfers from a surplus to a deficit was caused by the fact that the growth in net revenue from EU funds (by Sk 1.8 billion) was exceeded by an increase in the negative balance of private transfers.

**Capital and financial account** In December 2006, the balance of payments on capital and financial account resulted in a surplus of Sk 24.7 billion. The most significant inflow took place in other short-term investment, as a result of a decrease in export receivables from trade credits and an increase in non-resident deposits on accounts at Slovak banks. The inflow in foreign direct investment resulted from a decrease in export receivables from direct investors and an increase in the ownership interests of foreign investors in the SR. The overall increase in funds on the capital and financial account was reduced by an outflow of funds in portfolio investment (increased demand for foreign debt securities in the corporate sector) and partly in long-term liabilities in other investment (increased financial credit repayment in the corporate sector).

**Table 15 Balance of Payments on Capital and Financial Account (Sk billions)**

	Dec. 2006	Dec. 2005	Jan. - Dec. 2006	Jan. - Dec. 2005
Capital account	-0.3	-0.2	-1.2	-0.6
Direct investment	8.9	9.6	112.9	60.5
SR abroad	-2.5	-0.7	-10.9	-4.9
of which: Equity capital abroad	-2.4	-0.5	-9.5	-2.6
Reinvested earnings	-0.1	-0.1	-1.2	-1.2
In the SR	11.4	10.3	123.8	65.4
of which: Equity capital in the SR	5.1	5.9	56.0	23.2
of which: Other than privatisation	5.1	5.9	25.0	23.2
Reinvested earnings	1.5	5.0	25.0	39.0
Portfolio investment and financial derivatives	-9.0	-6.5	43.4	-31.3
SR abroad	-10.0	2.0	-18.1	-23.1
In the SR	1.0	-8.5	61.5	-8.2
Other long-term investment	-4.6	-7.8	18.6	-15.0
Assets	0.4	-2.4	5.3	-9.8
Liabilities	-5.0	-5.4	13.3	-5.2
Other short-term investment	29.7	43.1	-141.3	163.1
Assets	11.7	9.7	-38.4	-4.6
Liabilities	18.0	33.4	-102.9	167.7
Capital and financial account	24.7	38.2	32.4	176.7

Source: NBS.



During 2006, the capital and financial account generated a surplus of Sk 32.4 billion (compared with Sk 176.7 billion in the same period a year earlier). The main factor affecting the capital and financial account was the different trend in short-term funds in the banking sector, where there was a marked increase in the volume of short-term non-resident deposits at Slovak banks in 2005, followed by an outflow of such funds in 2006. The outflow in 2006 was significantly influenced by developments in July, when the Slovak koruna weakened. After NBS interventions and the approval of the strategy for Slovakia's entry into the euro area, the koruna began to appreciate again, which led to an inflow of short-term funds at the end of 2006. The change in the balance of short-term investments exceeded the increased net inflow in other financial account components on a year-on-year basis and was the main reason behind the year-on-year decrease in the inflow of funds in 2006 (by Sk 144.3 billion).

From January to December 2006, foreign direct investment (FDI) resulted in a surplus of Sk 112.9 billion, representing a year-on-year increase of Sk 52.4 billion. The increase in the surplus was a result of increased inflows in foreign direct investment into the SR (by Sk 58.4 billion). The growth in FDI was mostly stimulated by an inflow in property capital, with a significant amount (Sk 31 billion) coming from an inflow of funds from the privatisation by Enel of the Slovak Power Works. The business activities of FDI companies resulted in an inflow of funds in the amount of Sk 42.8 billion, representing a year-on-year increase of Sk 39.6 billion. The strong year-on-year growth in net inflows in FDI in the form of other capital was stimulated by an increase in import liabilities and a decrease in export receivables vis-à-vis parent companies. On the other hand, the estimated flows of reinvested earnings decreased on a year-on-year basis, to Sk 25.0 billion at the end of December. The largest inflows in FDI (except privatisation) were allocated to the manufacturing industry and, in a smaller degree, to financial intermediation and retail trade.

**Foreign direct investment**

Portfolio investment resulted in a net inflow of Sk 43.4 billion, compared with a net outflow of Sk 31.3 billion last year. The year-on-year increase (Sk 74.7 billion) was mainly caused by a new issue of eurobonds in March 2006 (in an amount of Sk 37.6 billion). On the liabilities side, the total inflow was also supported by an increase in demand for Sk-denominated debt securities issued by the government and banks and the financial derivatives of the banking sector. The lower outflow of funds on the assets side compared with the previous year (by Sk 5.0 billion) was a result of a fall in demand for 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 and financial derivatives.

**Portfolio investment**

In 'other investment', the year 2006 saw an outflow of funds in the amount of Sk 122.7 billion, compared with an inflow of Sk 148.1 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 in 2005 (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.

**Other investment**

The total year-on-year decline in other investment in the banking sector (by Sk 298.9 billion) was influenced by the June and July developments on interbank foreign exchange market. A temporary depreciation of the Slovak koruna in these months led to intense NBS interventions. The main factor in the year-on-year change was an outflow of short-term non-resident deposits from Slovak banks, which reached Sk 147.3 billion during January to December, compared with an inflow of Sk 124.9 billion in the same period in 2005.

Activities in the corporate sector were mainly connected with the financing of trading activities. Over the twelve months 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 22.7 billion (the same period a year earlier saw an inflow of Sk 10.3 billion from trade activities). Similarly, in financial credits to entrepreneurial entities, there was an inflow of Sk 6.1 billion, which was, however, somewhat less than a year earlier (Sk 9.4 billion). Other investment in the corporate sector followed a similar trend as in 2005, with a year-on-year change amounting to Sk 0.2 billion.

**Table 16 Capital Inflow in Other Investment by Sector (Sk billions)**

	Jan. – Dec. 2006	Jan. – Dec. 2005	Year-on-year change
Banks	-150.6	148.3	-298.9
Enterprises	26.5	26.7	-0.2
Government + NBS	1.4	-26.9	28.3
Total	-122.7	148.1	-270.8

Source: NBS.



Other investment in the government sector (including the NBS) resulted in an inflow of Sk 1.4 billion. The year-on-year change from an outflow to an inflow was connected with the liability instalments paid to ČSOB Praha in February and December 2005 (in the total amount of Sk 25.0 billion), and contributed to the change in 'other investment' in the government sector, including the NBS (by Sk 28.3 billion).

#### Foreign exchange reserves of the NBS

The foreign exchange reserves of the NBS fell during 2006 by Sk 78.1 billion, i.e. USD 2.6 billion (excluding exchange rate differentials). The decrease in reserves was caused by interventions (Sk 118.4 billion), and significantly exceeded the increase in reserves resulting from an issue of eurobonds (Sk 37.6 billion).

**Table 17 Balance of Payments Adjusted for Government and NBS Activities (Sk billions)**

	January – December 2006	
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>
Current account	-135.6	-160.4
Capital and financial account	32.4	124.4
of which: FDI in Slovakia - equity capital	56.0	56.0
Items not elsewhere included	25.1	25.1
Interventions by the NBS <sup>3)</sup>	118.4	118.4
Change in the net foreign assets of commercial banks (- increase)	-	-107.5
Change in NBS reserves (- increase)	78.1	-

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

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

#### External Debt of Slovakia as at 31 December 2006

#### Gross external debt

At the end of December 2006, Slovakia's total gross external debt stood at USD 32.2 billion (EUR 24.4 billion), representing a month-on-month increase of USD 0.7 billion (EUR 0.5 billion). Total long-term foreign debt decreased in December by USD 0.1 billion, while total short-term foreign debt increased by USD 0.8 billion.

Within the scope of short-term external debt, the foreign liabilities of commercial banks increased (in the 'cash and deposits' item) by Sk 0.7 billion in December. In the same period, the foreign liabilities of entrepreneurial entities recorded only a slight increase.

**Table 18 External Debt of the SR**

	In millions of USD			In millions of EUR		
	1.1.2006	30.11.2006	31.12.2006	1.1.2006	30.11.2006	31.12.2006
Total external debt of the SR	27,052.5	31,521.1	32,205.9	22,835.3	23,958.4	24,448.9
Long-term external debt	11,850.7	16,744.0	16,649.7	10,003.3	12,726.7	12,639.5
Government and NBS <sup>1)</sup>	5,578.3	7,696.4	7,702.1	4,708.7	5,849.9	5,847.0
Commercial banks	866.7	1,494.0	1,559.2	731.6	1,135.5	1,183.6
Entrepreneurial entities	5,405.7	7,553.6	7,338.4	4,563.0	5,741.3	5,608.9
Short-term external debt	15,201.8	14,771.1	15,556.2	12,832.0	11,231.7	11,809.4
Government and NBS	4.4	0.0	0.0	3.7	0.0	0.0
Commercial banks	9,360.4	5,415.1	6,148.8	7,901.2	4,115.9	4,667.8
Entrepreneurial entities	5,837.0	9,362.0	9,407.4	4,927.1	7,115.8	7,141.6
Foreign assets	25,455.3	26,868.6	26,718.4	21,487.2	20,422.1	20,283.2
Net external debt	1,597.2	4,652.5	5,487.5	1,348.1	3,536.3	4,165.7
SKK/USD and SKK/EUR rates	31.948	26.972	26.246	37.848	35.486	34.573
EUR/USD cross exchange rate	-	-	-	1.185	1.316	1.317

Source: NBS.

1) Including government agencies and municipalities.





Long-term external debt recorded conflicting developments: the foreign liabilities of entrepreneurial entities decreased by USD 0.2 billion, while the foreign liabilities of commercial banks increased by USD 0.1 billion.

At the end of December, Slovakia's total per-capita gross foreign debt stood at USD 5,987. The share of short-term foreign debt in the country's total gross external debt increased month-on-month by 1.4 percentage points to 48.3% at the end of December 2006.

The net external debt of Slovakia, expressed as the difference between gross foreign debt, i.e. USD 32.2 billion (liabilities of the NBS and the Government, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 26.7 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 5.5 billion (debtor position) at the end of December 2006.

**Net external debt****Current Developments**

The trade balance surplus achieved in January was a major factor that significantly contributed to the month-on-month change in the current account, from a deficit to a surplus. Month-on-month improvements were also recorded in current transfers and income balances, where, as in the trade balance, the modest deficit from last month changed into a surplus. The only item to show a deterioration in January compared with the previous month was the balance of services.

In January, the rate of growth accelerated in both exports and imports; exports again showed much stronger year-on-year dynamics (36.5%) than imports (19.6%).

	January 2007	January 2006
Balance of trade	4.0	-8.2
Exports	111.0	81.3
Imports	107.0	89.5
Balance of services	-0.3	0.7
Balance of income	1.7	-0.6
of which: Income from investments	-1.1	-3.1
of which: Reinvested earnings	-1.9	-3.4
Current transfers	2.3	-0.9
Current account in total	7.7	-9.0

Source: NBS and the Statistical Office of the SR.

The better than expected foreign trade result in January was primarily a consequence of increased exports.

The strong export growth should continue in February, and exports are also expected to grow in absolute terms. In February, imports should also reach a higher level than in the previous month.

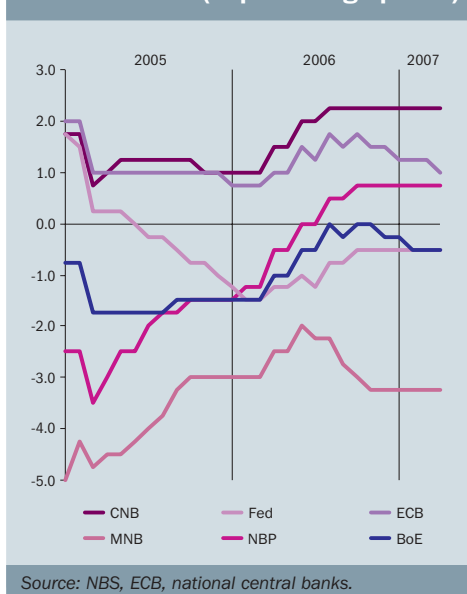
Exports are also expected to grow in the upcoming months, due to seasonal factors. In March and April, exports are expected to show strong year-on-year growth dynamics, which should be supported by the launch of production for export at a new automobile assembly plant and in the electrical industry.

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Balance of trade	-8.2	-10.3	-4.8	-9.2	-7.7	-4.8	-2.7	-5.8	-10.1	-5.8	-9.9	-12.3
Balance of services	0.7	1.9	1.9	2.2	1.1	0.4	0.9	2.1	2.7	0.9	-0.3	5.2
Balance of income	-0.6	-0.6	-3.2	-4.1	-13.2	-6.9	0.8	-17.9	-7.9	0.7	-2.9	-6.3
Current transfers	-0.9	1.8	-1.4	-2.2	1.5	5.2	-1.1	-1.3	-2.1	-0.9	0.2	0.7
Current account	-9.0	-7.2	-7.5	-13.3	-18.3	-6.1	-2.1	-22.9	-17.4	-5.1	-12.9	-12.7

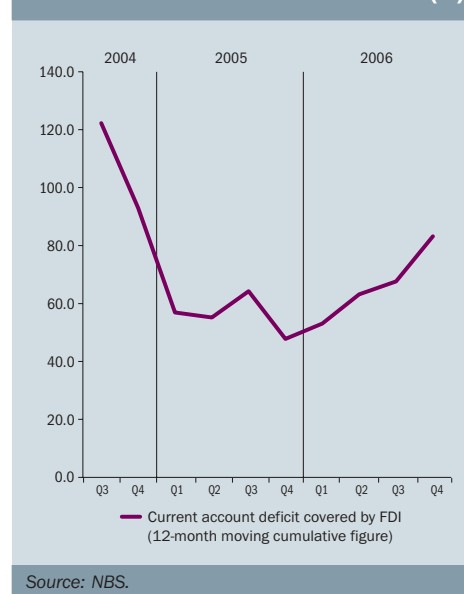
Source: NBS and the Statistical Office of the SR.



**Chart 8 Differentials between the Key Rates of Selected European Central Banks, the ECB, and the Fed (in percentage points)**



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



Growth is also expected in goods imports, 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 dynamically (mainly the exports of automobiles and electrical products), which should lead to a gradual improvement in the trade balance in the coming months.

**Total foreign exchange reserves of the NBS**

At the end of February, the total foreign exchange reserves of the NBS stood at USD 14,080.5 million, representing a modest month-on-month increase (USD 75.8 million). The increase in foreign exchange reserves in comparison with the end-January figure was caused by a shortfall in the balance of receipts and expenses (USD-140.9 million, resulting mainly from an outflow of funds in cross-border payments effected for NBS clients), offset by positive exchange rate differences (USD 216.7 million), which resulted from a change in the USD/EUR cross-rate in the period under review. At the end of February, the volume of foreign exchange reserves was 3.3 times greater than the volume of monthly imports of goods and services to Slovakia over the twelve months under review (February 2006 to January 2007).

The ratio of foreign exchange reserves to the amount of payments for goods and services recorded in banking statistics, reached 4.6 times the volume of average monthly imports of goods and services to the SR over the twelve months under review (February 2006 to January 2007).

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

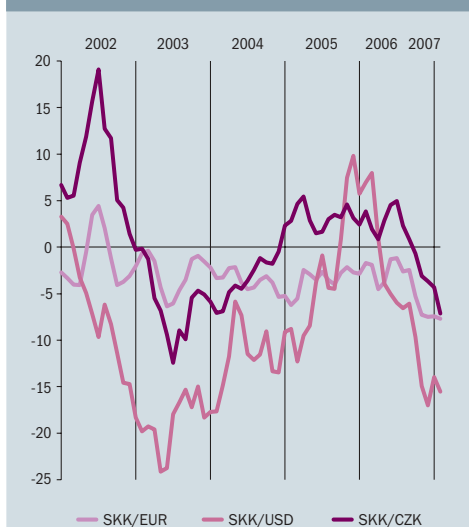
In February, the month-on-month appreciation of the nominal effective exchange rate<sup>2</sup> (NEER) of the Slovak koruna slowed somewhat in comparison with the previous month, from 0.9% to 0.8%. The most significant contribution to the appreciation of the NEER was made by the strengthening of the domestic currency vis-à-vis the Czech koruna (by 0.4 of a percentage point).

On a year-on-year basis, the appreciation of the NEER accelerated from 7.6% to 8.2%, confirming the gradually accelerating trend in the rate of appreciation persisting since the middle of last year. The most significant contribution to the appreciation of the NEER index was made by the strengthening of the koruna against the euro (by 5.5 percentage points).

<sup>2</sup> For calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER), the IMF methodology has been applied. 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.



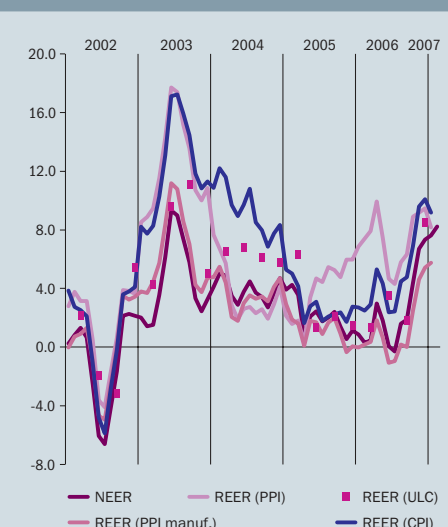
**Chart 10 Year-on-year Changes in the Average Monthly Exchange Rates of the Slovak Koruna**  
(year-on-year change in %)



Source: NBS.

Note: + depreciation, - appreciation of the SKK.

**Chart 11 Year-on-Year Dynamics of the NEER and REER Indices (9 trading partners)**  
(year-on-year change in %)



Source: NBS.

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

The strengthening of the Slovak koruna also contributed to the appreciation of the real effective exchange rate (REER). In January, the REER based on the consumer price index (CPI) appreciated by 9.2%, that based on the industrial producer price index (PPI) by 8.2%, and the rate based on the manufacturing products price index (PPI manuf.) by 5.8%.

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

**Table 21 Year-on-Year Dynamics of the NEER and REER Indices** (year-on-year 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	5.5
December 2003	3.2	11.3	10.8	4.7	5.1
December 2004	4.7	8.3	4.1	4.7	5.8
December 2005	1.1	2.7	6.0	0.0	1.5
December 2006	7.4	10.1	9.5	5.4	8.5 <sup>(b)</sup>
January 2007 <sup>1)</sup>	7.6 / 0.9	9.2 / 1.5	8.2 / 1.5	5.8 / -0.3	-
February 2007 <sup>1)</sup>	8.2 / 1.7	.	.	.	-

Source: NBS.

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

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

### 3.3 Real Economy

#### Development of the Real Economy in 2006

##### Gross Domestic Product

In 2006, gross domestic product (GDP) increased year-on-year by 8.3% at constant prices (according to a revised estimate of the Statistical Office of the SR). Compared with 2005, the rate of economic growth accelerated by 2.3 percentage points. Broken down by quarter, real economic growth accelerated from 6.7% in the first and second quarters to 9.8% in the third quarter, and to 9.6% in the fourth quarter.

**Real economic growth in 2006 was 8.3%**

In the fourth quarter, economic growth was to a similar extent affected by both, domestic and foreign demand. Inventories had a dampening effect on GDP, due to their fall in comparison with the third



quarter. In terms of supply, value added creation accelerated in the fourth quarter (compared with the previous quarter) in all sectors, except in hotels and restaurants, financial intermediation, and education. In the fourth quarter, GDP growth was in line with the medium-term forecast of the NBS.

In terms of production, real economic development in 2006 was mostly influenced by economic activity in manufacturing, where the strong growth continued in the manufacture of machines, electrical equipment, and transport vehicles, as well as in trade, real estate, renting, and business activities. The nominal volume of GDP created in the period under review amounted to Sk 1,636.3 billion, which was 11.2% more than a year earlier.

### Demand

#### Rapid growth in foreign demand

In terms of use, the structure of economic growth in 2006 was influenced by both domestic and foreign demand. Foreign demand grew in real terms by 20.7%, and thus increased the export performance of the economy. The growth in foreign demand in 2006 was one and a half times faster than in 2005. Economic growth was also stimulated by domestic demand, but its dynamics lagged behind the figure for the previous year.

In terms of aggregate demand, the economic growth in 2006 was promoted by domestic demand as well as net exports. In the individual quarters (except in the first quarter, when net exports had a dampening effect), real GDP was based on contributions from the two aggregate demand components. In the fourth quarter of 2006, economic growth was affected by domestic and foreign demand almost to the same extent. In 2006, GDP growth was supported by all of its components. Despite falling in the fourth quarter of 2006, inventories related to production had a generally stimulating effect on real GDP growth in 2006 (mainly due to their steep increase in the third quarter of 2006).

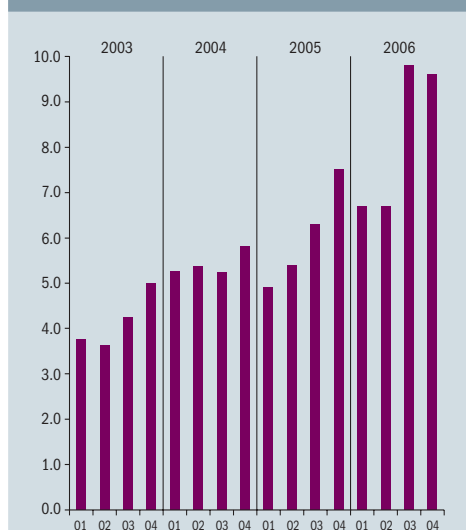
#### Domestic demand showed weaker year-on-year dynamics

Within the scope of domestic demand, the year 2006 saw the most rapid growth in investment demand (8.2% in real terms), which was, however, more than 50% slower than in the previous year. This was mainly due to a slowdown in the year-on-year rate of gross fixed capital formation over the last three quarters of 2006. The growth in the 'consumption' component of demand was 0.6 of a percentage point faster than a year earlier, which was mainly a result of growth in general government final consumption (4.1% in real terms). The dynamics of household final consumption weakened year-on-year by 0.9 of a percentage point.

#### Increased gross capital formation, stimulated by fixed investments as well as inventories

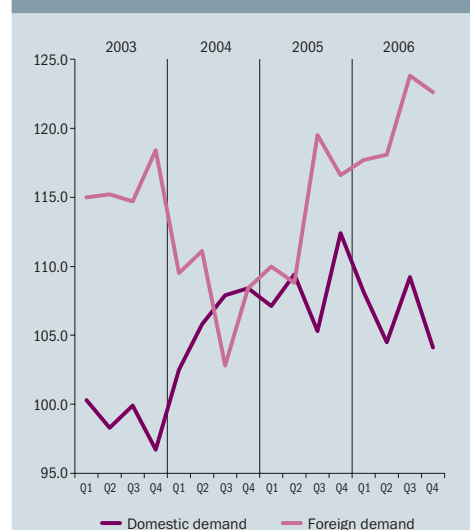
Gross capital formation increased by 8.2% at constant prices, due to growth in fixed investments (7.3% year-on-year) and inventories, whose annual increase (Sk 33.1 billion at constant prices) exceeded the figure for 2005 by approximately Sk 5.2 billion. Within the structure of inventories, all components increased in 2006, with the most rapid increases recorded in work in progress and materials inventory.

**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.



**Table 22 Development of GDP by Use**  
(index, same period a year earlier = 100, const. 2000 prices)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Gross domestic product	106.0	106.7	106.7	109.8	109.6	108.3
Domestic demand	108.6	108.1	104.5	109.2	104.1	106.4
Final consumption	105.0	106.8	105.9	105.0	104.9	105.6
Households	107.2	106.6	105.9	106.5	106.1	106.3
General government	99.4	107.8	106.6	101.2	102.3	104.1
Non-profit institutions serving households	96.9	100.5	95.6	96.3	95.0	96.8
Gross capital formation	118.6	111.7	101.4	119.3	101.9	108.2
Gross fixed capital formation	117.5	113.8	103.6	106.7	107.0	107.3
Exports of goods and services	113.8	117.7	118.1	123.8	122.6	120.7
Imports of goods and services	116.6	119.6	114.0	122.9	115.3	117.8

Source: Statistical Office of the SR.

Gross fixed capital formation was mostly affected by the purchase of new fixed assets (a growth of 9.9% at constant prices), while the total volume of fixed investments in 2006 increased by 7.3%. The volume of acquired used long-term property increased year-on-year more than threefold, while the decrease in used fixed assets deepened (by approximately 2.7 times).

Looking at the breakdown of fixed assets by the sector of national accounts, their increases were most significantly influenced by the investment activities of non-financial corporations, which comprised both foreign and domestic investments. They were also supported by the financial results of non-financial corporations, whose profits increased year-on-year by 25.8% in 2006 (compared with 16.4% in 2005). The largest amount of funds (75.5% of the total volume) was invested by non-financial corporations through the acquisition of new fixed assets. Most investments were made by entrepreneurial entities in manufacturing, the power industry, real estate and business activities, hotels and restaurants, and in transport, post and telecommunications. The growth in gross fixed capital formation in real terms was also supported by investment activities of households (a growth of 7.8% at constant prices) and the general government sector (a growth of 1.1% at constant prices).

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

**Table 23 Structure of Gross Fixed Capital Formation in 2006**

	Gross fixed capital formation (Sk millions)	Proportion (%)	Index <u>2006</u> / <u>2005</u>
Economy of the SR in total:	432,084	100.0	107.3
<b>of which (by sector):</b>			
Non-financial corporations	302,598	70.0	108.1
Financial corporations	7,524	1.7	104.1
General government	32,054	7.4	101.1
Households	88,837	20.6	107.8
Non-profit institutions	1,071	0.2	88.6
<b>of which (by production):</b>			
Machinery	230,277	53.3	115.2
of which: Metal goods and machines	180,592	41.8	110.9
Transport equipment	49,685	11.5	133.9
Buildings and structures	172,606	39.9	98.3
of which: Residential buildings	43,277	10.0	96.5
Other structures	129,329	29.9	98.9

Source: Statistical Office of the SR.

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

According to revised data from the Statistical Office of the SR, investment in machines grew in real terms by 15.2%, while investment in construction declined in real terms by 1.7%. Investment in transport equipment grew more than threefold faster than investment in metal products and machines. Investment in construction was mainly affected by a decline in investment in residential buildings (by 3.5% in real terms), and its share in fixed investments decreased by 3.8 percentage points to 39.9%.

**Growth in investment in machines**

**Increased final consumption by general government**

Final consumption expenditure in 2006 increased year-on-year by 5.6%, mainly in the household and general government sectors, while its growth was dampened by the consumption expenditure of non-profit institutions. In the first half of 2006, public spending grew at a faster rate than private consumption; this trend changed in the third quarter of 2006 (mainly due to the election cycle) causing the growth in private consumption to surpass the growth in public spending. The growth in general government final consumption was connected with the growth in wages, employment, and government purchases of goods and services in the public sector (mainly in the first half of 2006) and welfare benefits in kind. Within the structure of final consumption, the dynamics of general government final consumption increased in 2006 (compared with the previous year) and the dynamics of household final consumption diminished.

Final consumption of households increased year-on-year by 6.3% in 2006, and its share of total GDP reached 54.0% (compared with 55% in 2005). Private household consumption followed a relatively smooth course in the individual quarters, which was connected with the growth in wages, employment, gross mixed income (remuneration for work and profits earned by small entrepreneurs), and the utilisation of credit facilities. The share of total MFI receivables from households in their final consumption followed an increasing trend in 2006 and reached 25.3% (compared with 21.4% at the end of 2005).

**Structure of consumption expenditures**

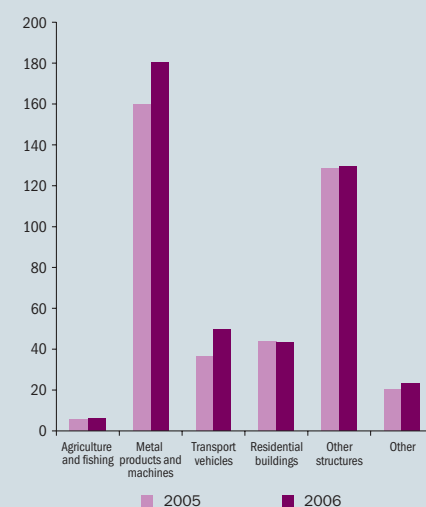
An analysis of household final consumption in 2006 shows that the most significant year-on-year increases occurred in the expenditures of households on hotels and restaurants and on furnishings, household equipment, and the routine maintenance of dwellings. The largest consumption component (22%) was spending on food and non-alcoholic beverages. The second largest component was expenditure related to housing (20%), whose share in household consumption decreased by 1 percentage point in comparison with 2005.

In terms of relative contributions, the growth in household final consumption in 2006 was based primarily on consumer expenditures on foodstuffs and non-alcoholic beverages; hotels and restaurants; furnishings, household equipment, and the routine maintenance of dwellings; and recreation and culture. These four categories of consumption stimulated two-thirds of the growth in consumer demand in 2006 and recorded a slight rise in prices (up to 1%), which indicates that the current trend in household final consumption should not induce an acceleration of consumer price growth in the coming period.

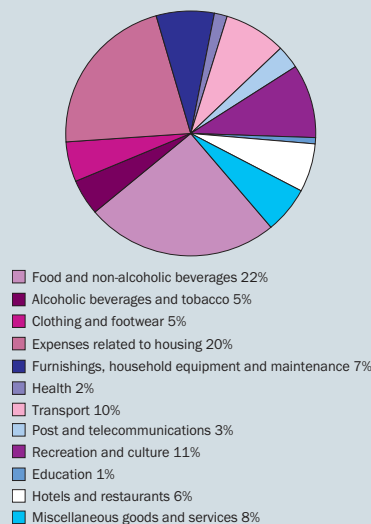
**GDP growth stimulated by net exports**

Exports and imports of goods and services achieved two-digit growth rates in 2006 (exports 23.3%, imports 22.0% at current prices). The somewhat stronger export dynamics led to a slight deterioration in the trade balance on a year-on-year basis. In nominal terms, net exports resulted in a deficit of Sk 76 billion (Sk 74.8 billion in 2005). The trade balance improved year-on-year in the fourth quarter of 2006, when the rate of export growth greatly exceeded the dynamics of imports (exports: 22.3%, imports: 16.7% at current prices).

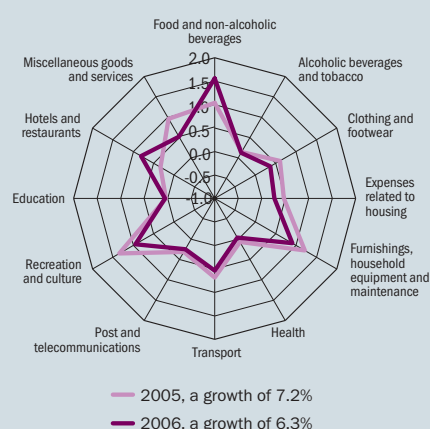
Developments in import prices in foreign trade, as measured by the deflator of imports of goods and services, were mainly connected with the rising prices of energy-producing raw materials in the first three quarters of 2006. The prices of exported goods and services also increased, but to a lesser extent than

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

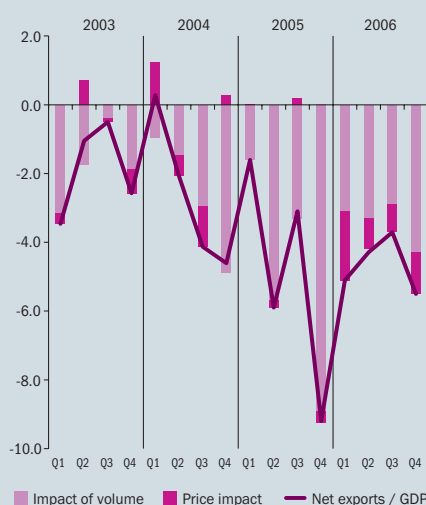
Source: Statistical Office of the SR.

**Chart 15 Structure of Final Household Consumption in the First Three Quarters of 2006 (%)**

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.

import prices, since they were dampened by a fall in the export prices of transport vehicles. The dynamics of import and export prices gradually weakened during the year, while export prices recorded a slight drop in the fourth quarter. Data from preliminary quarterly national accounts indicate that nearly one quarter of the trade deficit (at current prices) was caused by unfavourable developments in the terms of trade.

**Table 24 Impact of Price and Volume on Exports and Imports**

(percentage points)

	2005 Year	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Year
Exports of goods and services (year-on-year growth in %, at current prices)	11.6	22.2	22.0	26.7	22.3	23.3
Impact of volume	13.8	17.7	18.1	23.8	22.6	20.7
Impact of price	-2.2	4.5	3.9	2.9	-0.3	2.6
Imports of goods and services (year-on-year growth in %, at current prices)	14.8	27.1	19.0	27.0	16.7	22.0
Impact of volume	16.6	19.6	14.0	22.9	15.3	17.8
Impact of price	-1.9	7.5	5.0	4.1	1.4	4.2
Net exports as a share of GDP (share in %, at current prices)	-5.1	-5.1	-4.3	-3.7	-5.5	-4.6
Impact of volume	-5.0	-3.1	-3.3	-2.9	-4.3	-3.4
Impact of price	-0.1	-2.0	-0.9	-0.8	-1.2	-1.2
Terms of trade (index)	99.7	97.7	98.9	99.0	98.6	98.6

Zdroj: Výpočty NBS z údajov ŠÚ SR.

Poznámka: Prepočítané z hodnôt HDP v mil. Sk. príspevok dovozu výrobkov a služieb znižuje čistý export a HDP. odchýlky v medzisúčtoch sú v dôsledku zaokrúhľovania. Terms of trade sú počítané z medziročných zmien deflátorov vývozu a dovozu výrobkov a služieb.

The export performance of the Slovak economy improved year-on-year in 2006, when the exports of goods and services as a share of GDP at current prices reached 85.7% (8.4 percentage points more than in 2005). Import intensity increased in comparison with export performance at a slightly slower rate, reaching 90.3% (82.4% 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, reached 176% last year, representing a year-on-year increase of 16.4 percentage points.

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

The supply side of the economy reacted to the strong foreign demand with accelerated value added creation and increased imports. The deficit in the balance of goods and services deteriorated in 2006 by approximately Sk 1.3 billion at current prices. The trade deficit recorded a year-on-year improvement in the fourth quarter of 2006, due to an acceleration in export growth and a slowdown in import growth.

**Rapid growth in exports compared with the rate of import growth**



**Table 25 Contributions to GDP Growth**

(percentage points, constant 2000 prices)

	2005	2006				
	Year	Q1	Q2	Q3	Q4	Year
Gross domestic product	6.0	6.7	6.7	9.8	9.6	8.3
Domestic demand	8.2	8.3	5.3	5.6	6.0	6.2
Final consumption	3.8	5.0	4.2	3.6	3.9	4.2
Households	3.9	3.8	3.2	3.5	3.4	3.5
General government	-0.1	1.2	1.1	0.2	0.5	0.8
Non-profit institutions serving households	0.0	0.0	0.0	0.0	0.0	0.0
Gross capital formation	5.1	3.2	0.5	5.8	0.6	2.5
Gross fixed capital formation	4.4	3.3	1.0	1.9	2.1	2.1
Change in inventories	0.6	-0.1	-0.6	3.9	-1.5	0.4
Net exports	-2.8	-1.9	2.9	0.3	5.2	1.7
Exports of goods and services	11.5	15.3	15.9	21.0	21.4	18.5
Imports of goods and services	14.2	17.2	13.0	20.7	16.2	16.8
Statistical discrepancy	0.0	0.4	-0.9	0.0	-0.2	-0.2

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

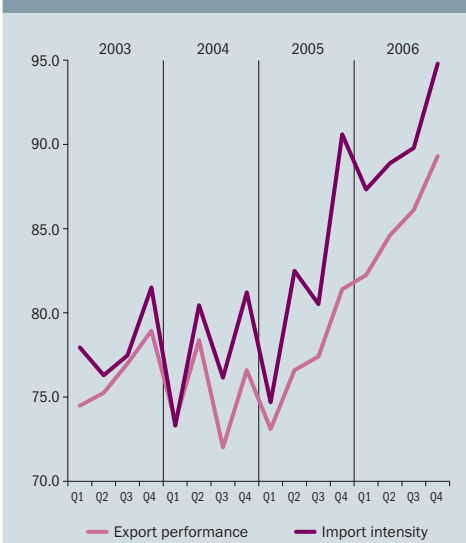
Net exports at constant prices, with price developments on foreign markets taken into account, contributed 1.7 percentage points to the rate of GDP growth in 2006. Broken down by quarter, net exports had a dampening effect on GDP growth only in the first quarter of 2006; the following quarters saw a pro-growth effect. The strongest effect on GDP was recorded in the fourth quarter, when net exports contributed 5.2 percentage points to the rate of GDP growth. Domestic effective demand contributed 6.2 percentage points to GDP growth in 2006, with the change in the volume of inventories (including statistical discrepancies) contributing 0.3 of a percentage point.

**Supply**

**GDP generation**

GDP generation in 2006 was mostly influenced by value added creation, which grew year-on-year by 10.6% at constant prices (compared with 4.9% in the same period a year earlier). Its growth in the fourth quarter almost twofold exceeded the rates of growth in the first three quarters of 2006. Net taxes, including value added tax, excise duty, import tax, minus subsidies, decreased by a total of 8.6% (after increasing in the same period a year earlier by 15.2%). GDP growth was thus connected with the increased gross output, coupled with growth in intermediate consumption.

**Chart 18 Export Performance and Import Intensity (%)**



Source: Statistical Office of the SR.

**Table 26 GDP Growth by Component**

(index. same period a year earlier = 100. constant 2000 prices)

	2005	2006				
	Year	Q1	Q2	Q3	Q4	Year
Gross production	101.9	110.1	110.7	114.0	119.4	113.7
Intermediate consumption	99.8	110.9	112.2	118.3	121.6	115.8
Value added	104.9	109.0	108.6	108.6	116.3	110.6
Other <sup>1)</sup>	115.2	91.2	93.6	121.0	69.2	91.4
Gross domestic product	106.0	106.7	106.7	109.8	109.6	108.3

Source: Statistical Office of the SR.  
Note: Value added tax, excise duty, tax on imports, less subsidies.





**Table 27 GDP Development by Sector**  
(index, same period a year earlier = 100, const. 2000 prices)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Gross domestic product (GDP)	106.0	106.7	106.7	109.8	109.6	108.3
of which:						
Agriculture, hunting, forestry, and fishing	115.7	98.7	99.6	103.4	107.4	102.6
Industry in total	116.0	104.0	108.4	114.6	115.2	110.6
Mining and quarrying	110.0	71.8	76.1	72.7	81.0	75.4
Manufacturing	122.3	104.7	107.7	113.4	116.6	110.7
Electricity, gas, and water supply	81.8	103.5	121.1	135.8	108.0	114.7
Construction	104.4	103.5	105.5	106.5	122.1	109.8
Services in total	96.6	115.4	110.2	105.4	117.3	111.8
Trade	103.5	134.0	124.5	106.8	136.1	122.8
Hotels and restaurants	118.1	112.9	105.8	112.9	111.0	110.5
Transport, storage, post and telecom.	99.4	107.8	102.4	109.3	115.7	109.2
Financial intermediation	81.9	103.4	103.9	123.0	114.2	110.3
Real estate, renting, and business activities	88.2	114.7	110.6	96.0	114.3	108.8
Public administration, defence, and compulsory social security	102.4	108.9	96.9	106.3	106.8	104.7
Education	96.3	106.5	101.5	105.8	103.7	104.2
Health and social services	98.5	107.0	101.0	95.2	121.1	105.2
Other community, social, and personal services	98.8	123.2	118.3	109.1	124.6	118.9
Other <sup>1)</sup>	115.2	91.2	93.6	121.0	69.2	91.4

Source: Statistical Office of the SR.

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

**Table 28 GDP Development by Sector**  
(contributions to growth, % points)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Gross domestic product (GDP)	6.0	6.7	6.7	9.8	9.6	8.3
of which:						
Agriculture, hunting, forestry, and fishing	0.8	-0.1	0.0	0.2	0.4	0.1
Industry in total	4.9	1.5	2.7	4.7	5.0	3.5
Construction	0.3	0.2	0.3	0.4	1.3	0.6
Services in total	-1.6	6.3	4.5	2.5	7.2	5.1
Trade	0.4	2.9	2.8	0.9	2.6	2.3
Hotels and restaurants	0.2	0.1	0.1	0.2	0.1	0.1
Transport, storage, post and telecom.	-0.1	0.5	0.2	0.8	1.3	0.7
Financial intermediation	-0.7	0.1	0.1	0.6	0.3	0.3
Real estate, renting, and business activities	-1.4	1.5	1.0	-0.4	1.3	0.9
Public administration, defence, compulsory social security	0.1	0.3	-0.1	0.3	0.4	0.2
Education	-0.1	0.2	0.0	0.1	0.1	0.1
Health and social services	0.0	0.2	0.0	-0.1	0.4	0.1
Other community, social, and personal services	0.0	0.4	0.3	0.2	0.5	0.4
Other <sup>1)</sup>	1.7	-1.1	-0.8	2.0	-4.4	-1.1

Source: Statistical Office of the SR.

Notes: Contributions are rounded to one decimal place; hence, the sum totals do not correspond to the sum of contributions.

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



Value added growth in 2006 was achieved in all sectors, while the fourth quarter saw an acceleration in value added growth compared with the previous quarter in all sectors, except for hotels and restaurants, financial intermediation, and education. In 2006, two-digit rates of real value added growth were recorded in trade (22.8%); other community, social, and personal services (18.9%); industry (10.6%); hotels and restaurants (10.5%); and financial intermediation (10.3%).

The growth in value added in industry was a result of year-on-year increases in value added in electricity, gas, and water supply (14.7%), and manufacturing production (10.7%). Value added growth in manufacturing was mainly stimulated by the production of machines, electrical equipment, and transport vehicles, which grew year-on-year by almost 29% (which was, however, less than the figure recorded a year earlier).

### Gross National Income

#### Gross national income was lower than GDP

According to revised data from the Statistical Office of the SR, gross national income<sup>3</sup> (GNI) increased year-on-year by 10.7% at current prices in 2006. Compared with the previous year, the rate of GNI growth accelerated by 5.3 percentage points, which was 0.5 of a percentage point less than GDP dynamics at current prices (11.2%). Gross national disposable income (GNDI) increased year-on-year by 10.9% at current prices.

Table 29 Comparison of GDP, GNI, and GNDI

(Sk billions, c.p.)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Gross domestic product (GDP)	1,471.1	368.8	403.8	424.9	438.8	1,636.3
Gross national income (GNI)	1,433.6	364.9	382.6	408.8	430.3	1,586.6
Gross national disposable income (GNDI)	1,429.7	364.6	389.9	405.8	426.0	1,586.3
GDP – growth index	108.5	108.7	110.6	113.9	111.5	111.2
GNI – growth index	105.4	108.5	110.3	112.4	111.3	110.7
GNDI – growth index	105.2	108.8	112.7	111.9	110.3	110.9
GNI / GDP ratio in %	97.5	98.9	94.7	96.2	98.1	97.0
GNDI / GDP ratio in %	97.2	98.8	96.6	95.5	97.1	96.9

Source: Statistical Office of the SR.

The smaller volume of GNI compared with GDP indicates that in 2006, the transfer abroad of income from economic activity in the territory of the domestic economy (property income, reinvested earnings, and interest) exceeded the inflow of income earned by persons working abroad (employee compensation) into the domestic economy. The improving GNDI – GDP relationship is primarily a result of transfers from EU institutions to the SR government.

### Terms of Trade and Their Impact on Economic Output

Economic output can also be assessed in terms of real gross domestic income (RGDI), which reflects the gains or losses resulting from the terms of trade in goods and services. Real gross domestic income can be calculated as the sum of real GDP and gains/losses from foreign trade (trading gains/losses).

3) Gross national income (GNI) is one of the macroeconomic indicators used for measuring the output of the economy according to the national concept, while GDP is based on the domestic concept, which represents the final result of resident producer 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. Gross national disposable income (GNDI) is a balance-sheet item in the 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.

Chart 19 Impact of the Terms of Trade on Real GDI (index, same period a year earlier = 100)



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



In 2006, export prices increased at a slower rate than import prices. Hence negative trade results were recorded in all four quarters, especially in the first quarter of 2006. In 2006, RGDI achieved an average growth of 6.5% (5.7% in 2005), which was 1.8 percentage points less than the rate of real GDP growth (owing to the unfavourable terms of trade). After dampening the rate of GDP growth only slightly in the previous period, the terms of trade influenced GDP more profoundly in 2006.

### Wages and Labour Productivity

In 2006, the average monthly nominal wage increased year-on-year by 8.0%, to Sk 18,761. Compared with the same period a year earlier, the rate of wage growth slowed by 1.2 percentage points. In the fourth quarter of 2006, nominal wage dynamics strengthened somewhat in comparison with the previous quarter, to 8.2%. Nominal wages increased most significantly in the second and fourth quarters. Nominal wage growth in 2006 was in line with the medium-term forecast of the NBS.

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

The strongest nominal wage growth in 2006 was recorded in real estate, renting, and business activities (10.3%); public administration, defence, and compulsory social security (10.3%); financial intermediation (9.6%); agriculture and fishing (8.6%); education and health care (8.5% equally).

Nominal wages in the entrepreneurial sector (broken down by form of ownership) increased as follows: in enterprises with 20 and more employees by 8.8%, in small enterprises with up to 19 employees by 6.5%, in budgetary organisations by 14.8%, and in subsidised organisations by 7.7%.

**Table 30 Average Monthly Wages and Labour Productivity in the Slovak Economy**  
(index, same period a year earlier = 100)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Nominal wage (Sk)	109.2	107.1	108.8	107.7	108.2	108.0
Real wage (index)	106.3	102.7	104.0	102.7	103.9	103.3
Labour productivity, current prices	106.2	106.6	108.1	111.2	109.1	108.8
Labour productivity, constant prices	103.8	104.6	104.3	107.2	107.2	106.0
Real labour productivity minus real wage (p.p.)	-2.5	1.9	0.3	4.5	3.3	2.7
Consumer prices (average for the period)	102.7	104.3	104.6	104.9	104.1	104.5

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 from quarterly statistical reports.

**Chart 20 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.

In 2006, the average real wage increased year-on-year by 3.3%. Compared with the previous year, real wage dynamics weakened by 3.0 percentage points, which was due to a slowdown in nominal wage growth and higher average inflation than a year earlier.

**... as well as in real terms**

Real wages increased in all sectors of the economy in 2006. The steepest increases took place in real estate, renting, and business activities (5.6%); public administration, defence, and compulsory social security (5.6%); financial intermediation (4.9%); agriculture and fishing (3.9%); education and health care (3.8% equally).

Labour productivity (GDP per employee, according to statistical reports) increased in nominal terms by 8.8% and in real terms by 6.0% in 2006. The strongest year-on-year growth was recorded in the third and fourth quarters of 2006 (7.2% in real terms in both quarters). The strong growth in labour productivity was connected with the rapid GDP growth, which accelerated in nominal terms by 11.2% and in real terms by 8.3% on a year-on-year basis. Labour productivity also followed a positive trend in relation to wages, when the dynamics of real labour productivity exceeded the rate of real wage growth by 2.7 percentage points in 2006.

**Development of labour productivity**



**Unit labour costs according to NBS methodology**

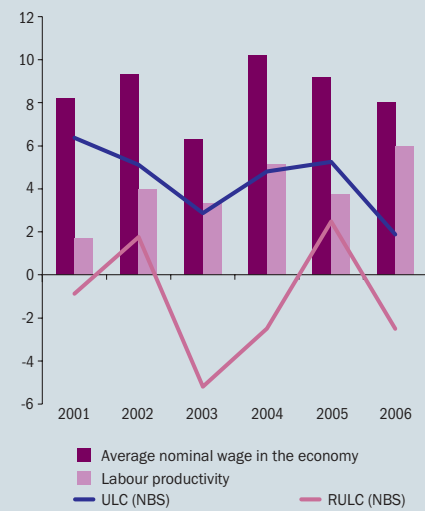
Unit labour costs according to NBS methodology (ULC<sub>NBS</sub>), defined as the ratio of nominal wages to real labour productivity (GDP at constant prices per employee according statistical reports), increased year-on-year in nominal terms by 1.9%, while decreasing in real terms by 2.5% in 2006. In 2006, wage growth was exceeded by the growth of labour productivity, which was reflected in the growth of unit labour costs that remained below the price growth in nominal terms, while showing a falling tendency in real terms.

**Labour market indicators based on ESA 95 for the economy in total ...**

In 2006, nominal compensation per employee (ESA 95) grew year-on-year by 7.6%, representing an acceleration of 2.5 percentage points in comparison with the same period a year earlier. The dynamics of growth increased during the year, from 6.5% in the first quarter to 8.3% in the fourth quarter of 2006. The growth of real compensation per employee accelerated in comparison with the same period a year earlier by 0.9 of a percentage point. Labour productivity, calculated according to ESA 95, increased in nominal terms by 8.7% and in real terms by 5.9% on a year-on-year basis. The growth rate of real labour productivity exceeded the dynamics of real compensation per employee by 2.7 percentage points in 2006.

**Chart 21 Unit Labour Costs by Component**

(NBS methodology)



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

**Table 31 Average Compensation Per Employee and Labour Productivity in the SR Economy (ESA 95)**

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Compensation per employee - nominal	105.1	106.5	108.2	107.6	108.3	107.6
Compensation per employee - real	102.3	102.2	103.5	102.7	104.6	103.2
Labour productivity, at current prices	107.0	106.5	108.1	111.1	109.1	108.7
Labour productivity, at constant prices	104.5	104.5	104.3	107.1	107.2	105.9
Real labour productivity - real compensation per employee (percentage points)	2.3	2.3	0.8	4.4	2.6	2.7
HICP (average for the period)	102.8	104.2	104.6	104.8	103.5	104.3

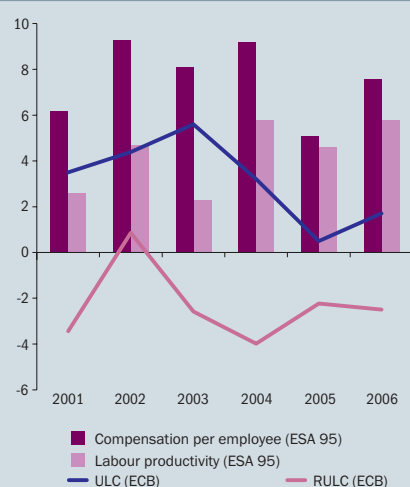
Source: NBS calculations based on data from the Statistical Office of the SR.

Note: Labour productivity is calculated from revised GDP and employment figures based on ESA 95.

**Table 32 Real Labour Productivity and Compensation per Employee in 2006 (index, same period a year earlier = 100)**

	Real labour productivity (ESA)	Real compensation per employee
National economy in total	105.9	103.2
Agriculture and fishing	103.4	98.2
Industry in total	109.8	102.1
Mining and quarrying	77.3	112.2
Manufacturing	109.7	101.5
Electricity, gas, and water supply	115.7	106.8
Construction	100.5	97.5
Wholesale and retail trade, repair activity	117.5	109.0
Hotels and restaurants	100.6	83.0
Transport, storage, post and telecommunications	108.7	101.6
Financial intermediation	110.7	106.5
Real estate, renting, business activities	103.8	98.9
Public administration, defence, and compulsory social security	103.1	110.3
Education	103.5	103.0
Health and social services	106.0	107.2
Other community, social, and personal services	123.6	98.8
HICP (average for the period)	-	104.3

Source: Statistical Office of the SR and NBS calculations.

**Chart 22 Unit Labour Costs by Component (ECB methodology, year-on-year change in %)**


Source: Statistical Office of the SR and NBS calculations.

Real labour productivity broken down by sector (calculated as the ratio of GDP to total employment according to ESA 95) increased in most sectors in 2006. The steepest increases were achieved in other community, social, and personal services (23.6%); electricity and gas supply (17.8%); trade and repair activities (17.5%); and financial intermediation (10.7%). A decline in labour productivity was recorded in mining and quarrying (22.7%). A comparison of real labour productivity and real compensation per employee indicates that labour productivity grew at a faster rate than compensation in most sectors, except in mining and quarrying; public administration, defence and social security; and health care, where it was the other way around.

... and in a sectoral breakdown

Unit 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 1.7% in 2006. Real ULC decreased by 2.5% on a year-on-year basis. Compared with the same period a year earlier, the growth in nominal compensation per employee accelerated by 1.1 per-

Unit labour costs as defined in the ESA 95

**Table 33 Generation and Use of Incomes in the Household Sector**

(current prices)

	Sk billions		Indices <sup>1)</sup>		Share in %	
	2005	2006	2005 2004	2006 2005	2005	2006
Compensation of employees (all sectors)	590.5	644.9	108.1	109.2	50.6	50.0
of which: gross wages and salaries	460.3	510.0	110.2	110.8	39.4	39.5
Gross mixed income	345.4	391.9	113.4	113.4	29.6	30.4
Income from property - received	29.7	32.7	77.9	109.9	2.5	2.5
Social security benefits	165.2	180.2	114.1	109.1	14.2	14.0
Other current transfers - received	36.0	40.1	97.1	111.4	3.1	3.1
Current income in total	1 166.9	1 289.8	109.0	110.5	100.0	100.0
Income from property - paid	8.4	9.8	105.0	117.0	3.1	3.4
Current tax on income, property, etc.	46.9	48.8	112.6	104.1	17.1	16.8
Social security contributions	189.4	197.0	105.9	104.0	69.0	68.0
Other current transfers - paid	29.8	34.4	93.3	115.2	10.9	11.9
Current expenditure in total	274.5	289.9	105.4	105.6	100.0	100.0
Gross disposable income	892.4	999.9	110.1	112.0	-	-
Adjustment for changes in the net equity of households in the reserves of pension funds	12.1	29.9	406.7	246.7	-	-
Final household consumption	829.8	927.2	110.0	111.7	-	-
Gross savings of households	74.7	102.7	126.7	137.4	-	-
Ratio of gross household savings	8.4	10.3	-	-	-	-

Source: Statistical Office of the SR.

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

**Table 34 Gross Disposable Income of Households**

(Sk billions, current prices)

	2005	2006				Year
	Year	Q1	Q2	Q3	Q4	
Gross disposable income	892.4	234.1	240.4	243.0	282.4	999.9
Final household consumption	829.8	221.5	224.8	235.3	245.7	927.2
Gross household savings	74.7	18.9	22.6	15.7	45.4	102.7
Gross savings as a share of gross disposable income in %	8.4	8.1	9.4	6.4	16.1	10.3

Source: Statistical Office of the SR.



tage points, while real ULC remained virtually unchanged in comparison with 2005. The acceleration of nominal ULC was caused by faster growth in the compensation of employees, while ULC growth was dampened by a slight increase in the dynamics of labour productivity.

**Income and Expenditure of Households**

**Accelerated growth in current income ...**

In 2006, the year-on-year growth in household income accelerated in nominal terms by 10.5% and in real terms by 5.7%. The growth in nominal current income was 1.5 percentage points faster than in the same period a year earlier. The faster growth in income was mainly a result of growth in gross mixed income, other current transfers, and income from property.

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

In 2006, current expenditure increased year-on-year by 5.6%, and in real terms by 1.1%. The acceleration in current expenditure growth took place in all expenditure components, with the most significant increases recorded in expenditures incurred in connection with property income (17.0% year-on-year) and other current transfers (15.2%).

With current expenditure being deducted from current income, the gross disposable income of households amounted to Sk 999.9 billion, representing a year-on-year increase of 12.0% (compared with 10.1% a year earlier). Of the disposable income, 92.7% was used for final consumption, the remainder went to gross savings, which increased year-on-year by 37.4%. The total increase in the dynamics of gross savings, which exceeded the dynamics of gross disposable income, was reflected in the ratio of gross household savings (10.3%), which was 1.9 percentage points higher than a year earlier (8.4%).

**Employment and Unemployment**

**The dynamic growth in employment continued**

The rate of employment growth (according to statistical reports, the ESA 95 methodology of national accounts and labour force surveys) slowed somewhat in the fourth quarter in comparison with previous quarters. Employment based on statistical reports increased year-on-year by 2.2%, while remaining unchanged in comparison with 2005. In 2006, average employment growth based on ESA 95 reached 2.3%, which was 0.9 of a percentage point more than in the previous year. According to a labour force survey (LFS), employment recorded a year-on-year growth of 3.8% in 2006 (compared with 2.1% in

**Chart 23 Propensity of Households to Save and Consume**



**Table 35 Employment and Unemployment**

		(average for the period)					
		2005	2006				
		Year	Q1	Q2	Q3	Q4	Year
Employment according to statistical reports <sup>1)</sup>							
	in thousands	2,075.0	2,121.8	2,140.1	2,147.5	2,183.4	2,148.2
	index (same period a year earlier = 100)	102.2	102.0	102.3	102.4	102.2	102.2
Employment according to a labour force sample survey							
	in thousands	2,216.2	2,257.5	2,294.6	2,320.8	2,332.7	2,301.4
	index (same period a year earlier = 100)	102.1	103.7	104.5	103.8	103.5	103.8
Employment according to ESA 95							
	in thousands	2,084.0	2,101.5	2,121.8	2,148.6	2,155.2	2,131.8
	index (same period a year earlier = 100)	101.4	102.1	102.3	102.5	102.2	102.3
Unemployment rate according to a labour force sample survey							
	in thousands	427.5	395.8	357.1	341.6	319.0	353.4
	index (same period a year earlier = 100)	88.9	85.7	84.0	82.3	78.3	82.7
Unemployment rate according to a labour force sample survey	in %	16.2	14.9	13.5	12.8	12.0	13.3
Registered unemployment rate <sup>2)</sup>	in %	11.6	11.6	10.7	9.9	9.3	10.4

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

1) Including the armed forces (with effect from 2006); the indices are calculated from revised data.

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

2005). According to the same survey, it was influenced by labour demand in the domestic part of the economy, where the number of persons working in the Slovak economy increased by 2.5%, as well as by the growing number of persons working abroad (by 26.1%). Employment growth in 2006 was in line with the medium-term forecast of the NBS.

Looking at the breakdown of employment by sector, the year 2006 saw growing demand for labour in services, which led to dynamic employment growth in hotels and restaurants; real estate, renting, and business activities; and trade (according to ESA 95). On the other hand, employment remained below the level of the previous year in financial intermediation and health care. In production sectors, employment grew rapidly in average terms in construction, while employment in agriculture dropped.

#### Development of employment by sector

**Table 36 Developments in Employment by Sector**  
(index, same period a year earlier = 100)

	2005	2006				
	Year	Q1	Q2	Q3	Q4	Year
Total	101.4	102.1	102.3	102.5	102.2	102.3
Agriculture, hunting, and forestry	85.0	95.5	99.1	101.8	100.5	99.2
Industry	98.9	99.3	98.0	102.4	103.2	100.7
Mining and quarrying	94.5	94.6	98.1	99.1	98.8	97.6
Manufacturing	99.7	99.4	97.9	102.6	103.6	100.9
Electricity, gas, and water supply	95.8	99.2	98.3	100.7	98.9	99.1
Construction	96.0	109.4	108.1	106.3	113.8	109.3
Wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods	117.4	105.7	108.8	104.0	100.0	104.5
Hotels and restaurants	102.0	106.0	112.9	113.5	106.9	109.8
Transport, storage, post and telecommunications	102.0	100.7	100.7	100.4	100.3	100.5
Financial intermediation	96.8	95.1	100.1	102.4	100.8	99.6
Real estate, renting, and business activities	99.2	103.5	104.1	104.1	107.7	104.8
Public administration and defence, compulsory social insurance	100.6	105.7	101.9	100.5	98.5	101.6
Education	95.2	100.5	101.8	100.2	100.1	100.7
Health and social services	95.4	95.9	95.0	103.4	102.7	99.2
Other community, social, and personal services	107.0	106.2	100.9	89.2	89.2	96.2

Source: Statistical Office of the SR.



The strong demand for labour was reflected in the falling unemployment rate. The year-on-year decrease in the number of unemployed persons (according to a labour force survey) continued in the fourth quarter, and reached an average of 17.3% during the year. The falling trend in unemployment resulted in the lowest unemployment rate since 1998 (12.0% in the fourth quarter) and reached an average of 13.3% in 2006. Compared with 2005, the unemployment rate dropped by 2.9 percentage points.

#### Unemployment continued to fall

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 fourth quarter of 2006 stood at 9.3%. The figure for the period since the beginning of the year was 10.4%, representing a year-on-year fall of 1.2 percentage points.

#### Increased labour supply

The continuing year-on-year growth in labour supply (i.e. persons in productive and post-productive age) was mostly reflected in the increased number of economically inactive persons (i.e. persons outside the labour market) in 2006. As a result of this development, the rate of economic activity reached 59.1%, representing a year-on-year fall of 0.4 of a percentage point. Among the economically active population, the increasing share of persons in employment led to a rise in the employment rate, by 1.7 percentage points year-on-year in 2006, to 59.4%.





### Financial Results of Corporations

From the beginning of 2006, financial and non-financial corporations earned a cumulative profit of Sk 268.4 billion, representing a year-on-year increase of 6.7%. The profit earned by non-financial corporations increased year-on-year by 25.8%, to Sk 280.4 billion (according to preliminary data). Financial corporations recorded a loss of Sk 12.0 billion.

Among non-financial corporations, most profits were generated in 2006 by entrepreneurial entities in manufacturing (Sk 91.4 billion), trade (Sk 55.2 billion), and electricity, gas, and water supply (Sk 52.5 billion). Profits in transport, post and telecommunications reached Sk 31.8 billion, in real estate and renting activities Sk 21.8 billion, in construction Sk 14.4 billion, in mining and quarrying Sk 3.7 billion, in other community services Sk 3.3 billion, in health and social services Sk 2.8 billion, in agriculture and fishing Sk 2.2 billion, in hotels and restaurants Sk 1 billion, and in education Sk 0.1 billion. The profits earned by non-financial corporations increased year-on-year by Sk 57.5 billion. This increase was mostly generated in manufacturing (Sk 16.3 billion); transport, post and telecommunications (Sk 14.5 billion); trade (Sk 13 billion); electricity, gas, and water supply (Sk 5.8 billion). Agriculture, fishing, and education recorded a year-on-year change, from a loss to a profit.

	Year 2005	Year 2006	Index 2006 2005
Financial result (before taxation)			
Non-financial and financial corporations in total	251.5	268.4	106.7
Non-financial corporations	222.9	280.4	125.8
Financial corporations	28.6	-12.0	-
of which:			
NBS	-0.7	-45.1	-
Financial corporations excl. the NBS	29.3	33.1	113.0

Source: Statistical Office of the SR and NBS calculations.

The losses of monetary financial institutions in 2006 totalling Sk 25.4 billion (in 2005 they achieved a profit of Sk 16.2 billion) were responsible for the negative economic result of financial corporations. The total final loss can be ascribed to the results of financial corporations from the fourth quarter of 2006 (Sk-33.9 billion). This loss was mainly caused by developments at the NBS. Commercial financial institutions generated a profit of Sk 19.7 billion. The profits of insurance corporations and pension funds increased year-on-year by Sk 1 billion, to Sk 4.4 billion. Other financial intermediaries generated a profit of Sk 9 billion and thus achieved virtually the same financial result as in the previous year.

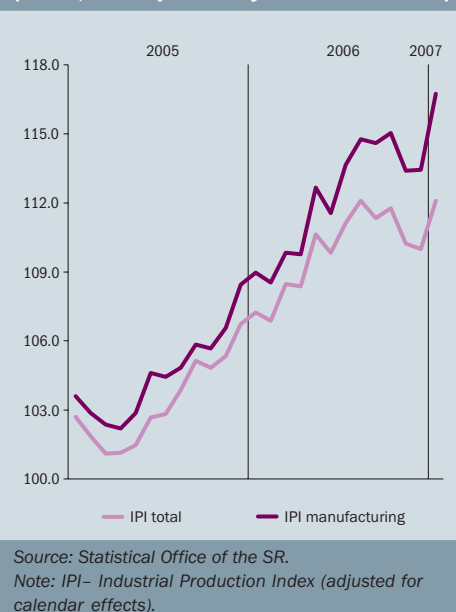
### Current Developments

#### Production and Receipts

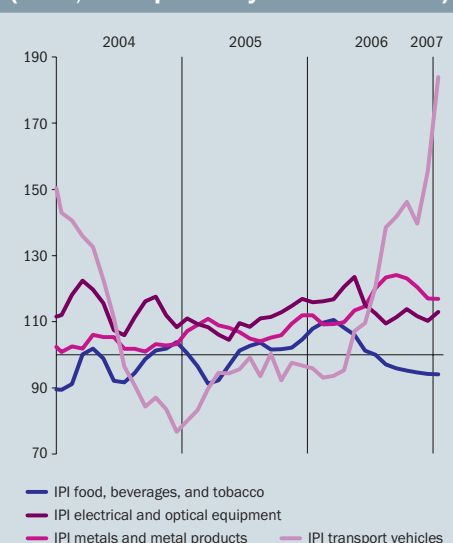
In January 2007, the year-on-year growth rate of industrial production markedly accelerated in comparison with December 2006, mainly as a result of rapid growth in manufacturing production. The year-on-year decline in production accelerated in electricity, gas, and water supply, and the production of coke, refined oil products, and nuclear fuels.

Much faster growth in production than in December 2006 was recorded in the key manufacturing industries (the production of metals and metal products, transport vehicles, machinery and equipment, electrical and optical equipment). These sectors achieved two-digit rates of year-on-year growth.

**Chart 25 Development of Industrial and Manufacturing Production**  
(3-month moving averages)  
(index, same period a year earlier = 100)



**Chart 26 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)**



Source: Statistical Office of the SR.

Note: IPI – Industrial Production Index (adjusted for calendar effects).

**Chart 27 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.

Note: In constant prices, December 2000 = 100.

Production mostly accelerated in the manufacture of transport vehicles, where the volume of production increased 2.3 times on a year-on-year basis.

The accelerated growth in construction was a result of faster growth in domestic production in new construction, reconstruction, and modernisation projects. The dynamic growth was attributable to the climatic conditions and the lower basis of comparison in construction from January 2006.

**Table 38 Production and Receipts**

	Sk millions, curr. prices		Indices			
	Jan. 2007	Cumul. since begin. of year	Jan. 2006	Dec. 2006	Jan. - Dec. 2006	Jan. 2007
<b>Production</b>						
Industrial production index <sup>1)</sup>	-	-	106.3	109.0	109.9	117.5
of which:						
Mining and quarrying	-	-	85.9	90.3	90.4	96.9
Manufacturing	-	-	107.3	112.6	112.5	124.6
Electricity, gas, and water supply	-	-	104.7	92.8	97.6	84.8
Construction <sup>2)</sup>	8 874	8 874	104.6	117.6	114.9	124.1
of which:						
Construction in Slovakia	8 606	8 606	107.5	118.1	116.1	124.7
Construction abroad	268	268	60.5	99.9	87.9	106.5
<b>Receipts from own-output and goods</b>						
Industry in total <sup>3)</sup>	166 546	166 546	108.9	110.7	114.5	134.3
Construction <sup>2)</sup>	13 689	13 689	113.5	106.6	113.3	127.6
Retail trade <sup>3)</sup>	30 804	30 804	106.6	107.4	108.8	100.9
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	14 416	14 416	107.3	114.3	113.6	138.6
Transport, storage <sup>3)</sup>	12 092	12 092	127.0	99.3	111.6	106.6
Real estate, renting, and business services <sup>3)</sup>	13 278	13 278	114.0	105.3	110.9	106.2

Source: Statistical Office of the SR.

1) Adjusted for calendar effects (the data in the time series are continually 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).



The slower growth in retail sales was mainly due to a year-on-year fall in the retail sales of food, beverages, and tobacco in specialised and non-specialised shops, retail trade outside shops, and to a slowdown in the year-on-year growth of retail sales receipts in non-specialised shops and other specialised retail trade. Faster growth than in December occurred in retail sales of pharmaceuticals and cosmetics.

The marked acceleration in the year-on-year growth of receipts from the sale and maintenance of motor vehicles and the retail sale of fuels in comparison with December 2006 was mainly a result of rapid growth in receipts from the sale of motor vehicles and receipts from the sale of fuels.

The slight acceleration in the year-on-year growth of receipts from services related to real estate, renting, and business activities in January 2007 (compared with December) was connected with a year-on-year growth in receipts from other business services.

### Wages, Employment, and Unemployment

**Nominal wages** In January 2007, the year-on-year rate of nominal wage growth accelerated in comparison with the previous month, in most sectors under review. Wages accelerated most significantly in industry, construction, real estate activities, and the sale and maintenance of vehicles. On the other hand, slower wage growth was recorded in post and telecommunications, and wholesale trade.

**Real wages** January 2007 also saw accelerated growth in average monthly real wages (compared with January 2006), in most sectors. The acceleration in the year-on-year rate of real wage growth was a result of lower year-on-year inflation, coupled with stronger nominal wage dynamics than a year earlier in most sectors. The year-on-year wage growth slowed in post and telecommunications, and wholesale trade.

	Average monthly nominal wage			Average monthly real wage		
	Year	January		Year	January	
	2006	2006	2007	2006	2006	2007
Industry	106.8	104.7	111.9	102.2	100.6	108.6
of which: manufacturing	106.9	104.6	112.9	102.3	100.5	109.6
Construction	105.0	105.0	109.4	100.5	100.9	106.2
Retail trade	110.7	104.8	105.7	105.9	100.7	102.6
Wholesale trade	107.4	108.4	104.2	102.8	104.1	101.2
Sale and maintenance of vehicles	109.9	102.4	108.4	105.2	98.4	105.2
Real estate, renting, and other business services	109.5	107.4	109.3	104.8	103.2	106.1
Transport	107.1	106.4	106.8	102.5	102.2	103.7
Post and telecommunications	106.1	109.5	104.5	101.5	105.2	101.5
Consumer prices	104.5	104.1	103.0	-	-	-

Source: Statistical Office of the SR.  
Notes: The above sectors accounted for 65.9% of total employment in the year 2005.  
Real wage index = nominal wage index / consumer price index.

**Employment** In January 2007, the year-on-year growth in employment accelerated in comparison with the same period a year earlier in the sale and maintenance of vehicles, wholesale trade, and transport. After falling in January 2006, employment in industry recorded an increase (due to employment growth in manufacturing).

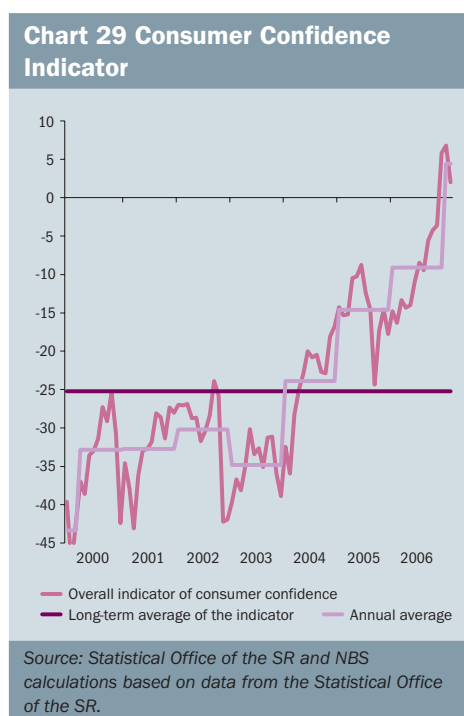
**Unemployment** According to data from the Centre for Labour, Social, and Family Matters, the total number of unemployed increased month-on-month by 5,500, to 278,900 in January 2007. The number of disposable unemployed, who may start working immediately, accounted for 245,600, which was almost 5,100 more than in December. The rate of registered unemployment stood at 9.5% in January. This was 2.4 percentage points less than in January 2006.

The average length of registration was 10.7 months (representing a decrease of 1 month compared with January 2006). A positive development was a decrease in the share of long-term unemployed (out of work for more than 12 months), to 51.5%, which was 1.5 percentage points less than in December.



	Employment		
	Year	January	
	2006	2006	2007
Industry	98.7	98.9	104.9
of which: manufacturing	98.9	99.2	105.6
Construction	109.3	111.6	105.6
Retail trade	107.4	109.0	107.4
Wholesale trade	109.2	105.8	106.2
Sale and maintenance of vehicles	108.4	111.8	117.6
Real estate, renting, and business activities, and other services	104.2	109.6	102.2
Transport	99.8	101.8	102.0
Post and telecommunications	98.8	98.5	96.9

*Source: Statistical Office of the SR.*



**Consumer Confidence Indicator**

After improving for five months, the consumer confidence indicator dropped in February, to 2.0 points (4.8 points less than in January). Compared with January, deteriorations were recorded in the indicators of Slovakia’s expected economic development, the expected financial situation of households, and expected household savings. An improvement was recorded in the expected rate of unemployment. Compared with the same period last year, the consumer confidence indicator has improved by 18.3 points.

**Fall in the consumer confidence indicator**



Box 1

International comparison of the consumer confidence indicator in 2006

In 2006, the consumer confidence indicator recorded a significant improvement. However, the evaluation of this development requires an international comparison. Since the consumer confidence indicator is measured in the same way in all EU countries, its value and dynamics can be compared with other EU countries and with the EU as a whole.

In December 2005, the consumer confidence indicator of the Slovak Republic reached a seasonally adjusted value of -14 points, ranking Slovakia as 16th among the 25 EU countries and below the level of this indicator for the EU as a whole. At the end of 2006, however, the seasonally adjusted value of the consumer confidence indicator reached +7 points, which was the seventh best value among the 25 EU countries and above the level of this indicator for the EU as a whole.

The comparison of year-on-year changes in the consumer confidence indicator with other EU countries is also favourable for Slovakia. The Slovak Republic recorded the second most significant improvement in this indicator (by 21 points), immediately after Ireland (34 points), and this improvement was greater than the figure for the EU as a whole.

Chart A Comparison of Consumer Confidence Indicators (December 2006)



Source: Statistical Office of the SR.

Chart B Comparison of Year-on-Year Changes in Consumer Confidence (December 2006 versus December 2005)



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

## 4 Monetary Developments

### 4.1 Foreign Exchange Market

Over the course of February, the exchange rate of the Slovak koruna against the euro appreciated by 2.4% (from SKK/EUR 35.279 to SKK/EUR 34.464), while the average rate strengthened by 0.5%. The Slovak koruna deviated from its central rate (SKK/EUR 38.4550) most significantly on 23 February 2007, when its exchange rate was fixed at SKK/EUR 34.283, representing an appreciation of 10.85% from central parity. In relation to the US dollar, the koruna strengthened by 4.2% (from SKK/USD 26.195 to SKK/USD 26.046), while appreciating in average terms by 1%.

#### Operations on the foreign exchange market

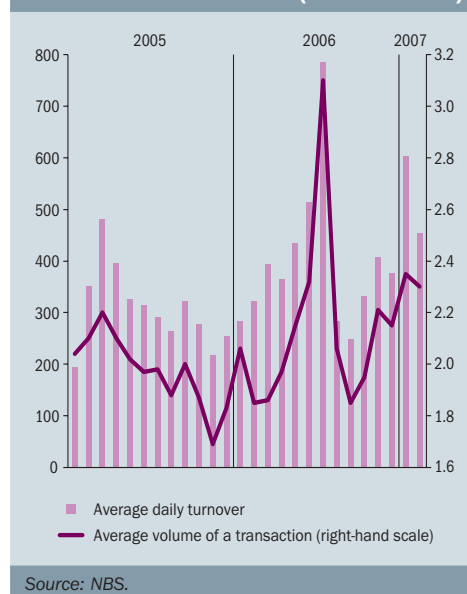
Spot transactions between foreign and domestic banks resulted in a positive balance (USD 254.89 million), i.e. foreign banks purchased mostly foreign currency and sold Slovak koruna.

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

	Month-on-month change	Ø Feb. 2007 Ø Feb. 2006	Ø Jan. – Feb. 2007 Ø Jan. – Feb. 2006
SKK/EUR	-2.4	-7.7	-7.6
SKK/USD	-4.2	-15.5	-14.7

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

Chart 30 Interbank Foreign Exchange Market Transactions (USD millions)



The total volume traded on the interbank foreign exchange market reached USD 88,589.9 million, representing an increase of 9.8% compared with the January figure (USD 80,709.1 million). Of the total trading volume, 89.2% took place in swap transactions, which were conducted mostly in USD (97.7%). Spot transactions accounted for 10.2% of the total turnover (97.2% of the deals were in EUR). The average daily turnover on the spot market reached USD 454.4 million and the average volume per transaction amounted to USD 2.3 million.

#### Interbank foreign exchange market

The volume of transactions between domestic commercial banks decreased, from USD 8,907.7 million in January to USD 7,049.9 million in February. Most trading took place in USD (77.8%, compared with 68.5% in January), followed by EUR (21.7%, compared with 31.1% in January) and other currencies (0.5% of the total turnover between domestic commercial banks).

Transactions between domestic banks accounted for 10.2% of the total volume traded on the interbank foreign exchange market (compared with 11.8% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for

73.8% (84.2% in January) and spot transactions 26.2% (15.8% in January).

The volume of trading between domestic and foreign banks increased by 11.8%, from USD 71,156.8 million to USD 79,531.7 million. The largest amount was again traded in USD (88.2%, compared with 82.8% in January), followed by EUR (11%, compared with 17% in January), and other currencies (0.3%). Trading between domestic and foreign banks still dominated the country's foreign exchange market (with a share of 89.8%).

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (90.1%, compared with 84.9% in January), while spot transactions accounted for 9.3% (14.5% in January). The share of forward dealings on the foreign exchange market was negligible. Option contracts accounted for 0.4% of the volume traded with foreign banks.



In January, the Slovak-koruna deposits of non-resident banks decreased to Sk 51.9 billion, representing a decline of Sk 1.8 billion month-on-month and Sk 30.7 billion year-on-year.

Compared with January, the government securities holdings of non-residents decreased by Sk 0.3 billion in February. Intense investment by non-residents in government bonds issued in February (3-year and 20-year bonds, Nos. 207/A and 206/E respectively, in a total amount of Sk 11.7 billion), reduced by the repayment of a 5-year government-bond issue (No. 170) and decreases in seven other issues (Sk 2.1 billion in total), could only partly offset the end-of-month outflow in 7-year restructuring government bonds (Issue No. 143) due in January 2008 (Sk 10.0 billion).

The share of non-residents in the total amount of issued government bonds decreased somewhat in February (to 19.1%, from 19.8% in January), after reaching 25.4% at the beginning of the month (due to a successful new government-bond issue, No. 207), which almost corresponded to the figure recorded a year earlier (26.2% in the first third of February 2006). The Agency for Debt and Liquidity Management (ARDAL) held no Treasury-bill auctions in February (in line with the issuing schedule), and thus no Treasury bills were acquired by non-residents.

**Table 42 Koruna Assets / Liabilities and Government Securities Held by Non-Residents (Sk billions)**

	2006						2007		
	31.1.	31.8.	30.9.	31.10.	30.11.	31.12.	31.1.	28.8. <sup>(p)</sup>	8.3. <sup>(p)</sup>
Koruna assets, banks	14,4	14,0	12,7	14,9	10,6	13,5	13,6	18,8	23,0
Koruna liabilities	90,2	87,8	84,1	76,2	78,7	61,7	60,2	.	.
of which: banks	82,6	80,3	75,7	68,3	71,2	53,7	51,9	30,5	41,4
non-bank clients	7,6	7,4	8,5	7,9	7,5	8,0	8,3	.	.
Government securities	98,3	90,3	91,0	86,5	89,1	86,4	63,4	63,1	.
of which: government bonds	98,0	90,3	91,0	86,5	89,1	86,4	63,4	63,1	.
SR Treasury bills	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	.
Total	188,5	178,1	175,1	162,8	167,8	148,1	123,6	.	.

Source: NBS and the Central Securities Depository of the SR, a.s.  
 (p) Preliminary data from the Dev(NBS) 20-98 'Daily Report on Foreign Exchange Positions'.

In February, none of the central banks under review decided to change its key interest rates. They all (including the NBS) left their rates unchanged: the CNB at 2.50%, the ECB at 3.50%, the NBP at 4.00%, the Fed and the BoE at 5.25%, the MNB at 8.00%, and the NBS at 4.75%.

On 8 March 2007, the BoE decided to leave its key interest rates unchanged, but the ECB increased them by 0.25 of a percentage point, to 3.75% (in line with expectations). The current interest rate differentials between the NBS and selected central banks (except the CNB) have remained unchanged in comparison with the previous month: positive vis-à-vis the key rates of the NBP and the CNB (+0.75 / +2.25 percentage points) and negative in relation to the BoE, the Fed, and the MNB (-0.50 / -0.50 / -3.25 percentage points). The positive differential vis-à-vis the ECB decreased to 1 percentage point.

**4.2 Money Market and Monetary Policy Implementation**

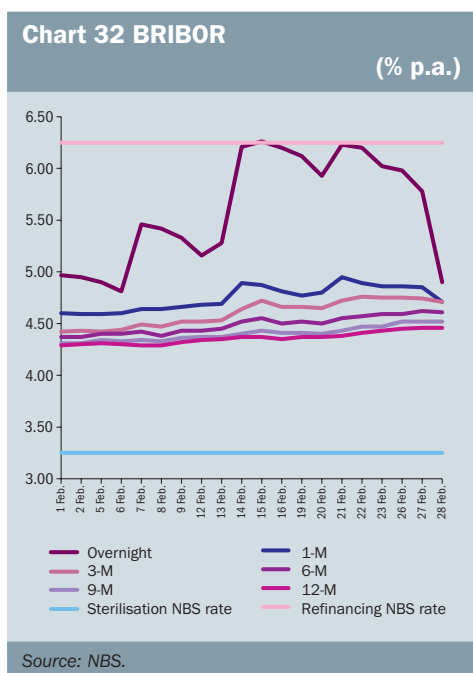
At its 10th meeting on 27 February 2007, the Bank Board of the NBS decided to leave its key interest rates unchanged.

**Chart 31 Differentials in the Key Rates of European Central Banks, the ECB, and Fed (percentage points)**



Source: NBS, ECB, national central banks.

**Interbank market rates** Average monthly money market rates recorded increases in February, for maturities ranging from one day to six months. Nine-month and twelve-month rates dropped slightly.



The overnight rate was influenced by the current level of liquidity in the sector. Its shortage was responsible for the fact that the overnight rate fluctuated at or above the level of 5 percent virtually throughout the month. The increase in average rates with other maturities was connected with the renewed acceptance in full of bids at standard tenders. Except for the first tender, the Bank Board of the NBS continued to use this tried and tested procedure. This development led to a change in one-week and two-week rates, back to the level of the limit rate for tender contracts. A similar reaction was shown by rates with other maturities where increases partly offset decreases from the previous month. Despite this correction, the money market yield curve remained below the December level, i.e. from before the period when the NBS Board began supporting its foreign exchange interventions against the strengthening of the Slovak koruna by curtailing demand at tenders. The money market yield curve maintained its inverse shape expressing an anticipated interest rate reduction.

The volume of trading on the interbank money market reached Sk 1,905 billion in February (compared with Sk 1,785 billion in January). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 67.7% and 32.3% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (62.2%), while non-resident banks led the way in swaps (73.4%).

Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 67.7% and 32.3% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (62.2%), while non-resident banks led the way in swaps (73.4%).

**Table 43 Interbank Transactions** (Sk billions)

	Deposits	Repos	Swaps	FRA's	IRS's
January	672,019	19,799	1,017,281	42,000	34,139
February	692,234	34,815	1,149,085	19,750	9,439

Source: NBS.

Over the first twenty days of the month, there was a permanent shortage of liquidity in the banking sector, on a daily basis as well as in cumulative terms. This situation resulted from the fact that the demand at conducted tenders was not in line with the current liquidity conditions. The excessive demand was mainly a result of client orders, which were carried out by banks irrespective of their actual situation. To ease this shortage, the sector used central bank refinancing (provided by the NBS). From the middle of the month in particular, banks utilised the refinancing facility on a regular basis. The largest daily amount of refinancing exceeded Sk 10 billion. By reducing their demand and adopting the same to the current liquidity conditions at the last two tenders, banks eliminated their dependence on refinancing.

#### Liquidity

Central bank bills (NBS bills) were also put up for auction during the month. Demand for NBS bills reached a historical high in the banking sector (Sk 61 billion). The strong demand (despite a shortage of funds in the sector) confirmed the attractiveness of investment in NBS bills. With the exception of one bid, all interest rates were sent for auction, up to the limit rate for sterilisation repo tenders (SRT). The bids at the auction were rejected by the NBS in full and, owing to the relatively small volume of due bills, the liquidity situation in the sector remained virtually unchanged.

**Table 44 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
January	-234,583	0	-25,648	-37,440
February	-262,944	1,638	-119	-36,729

Source: NBS.

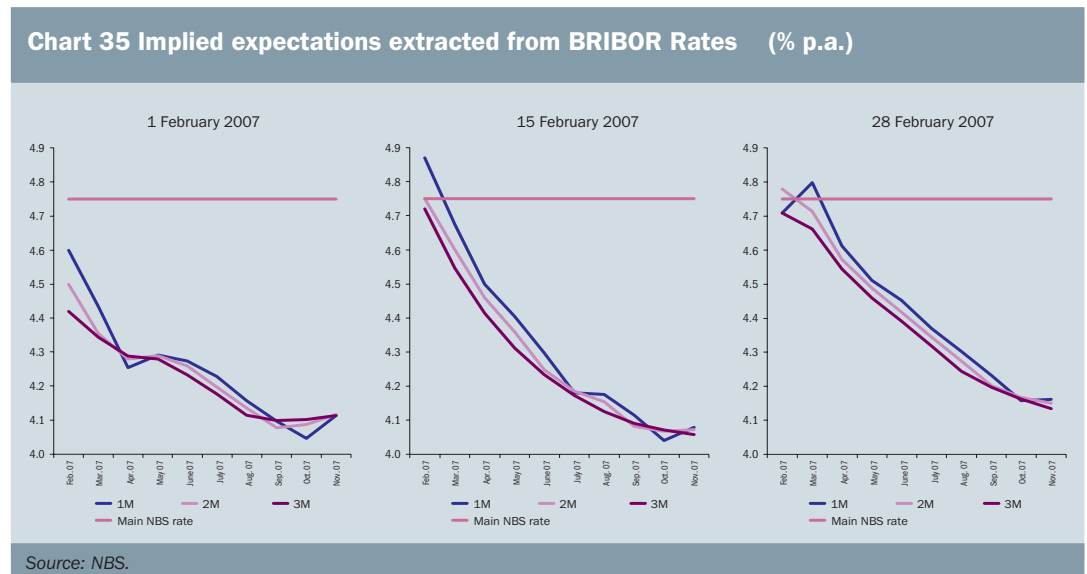
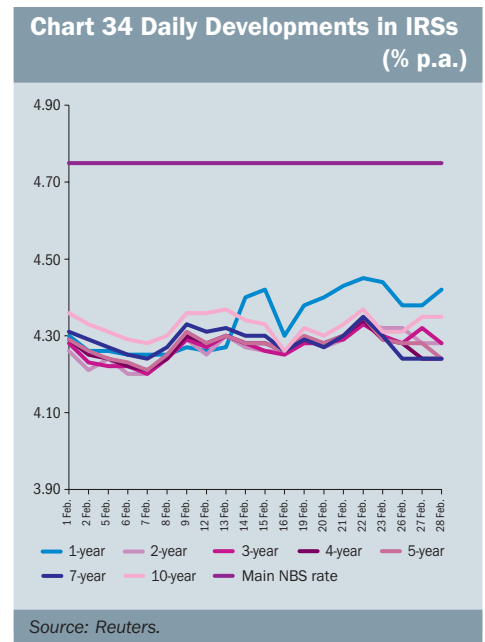
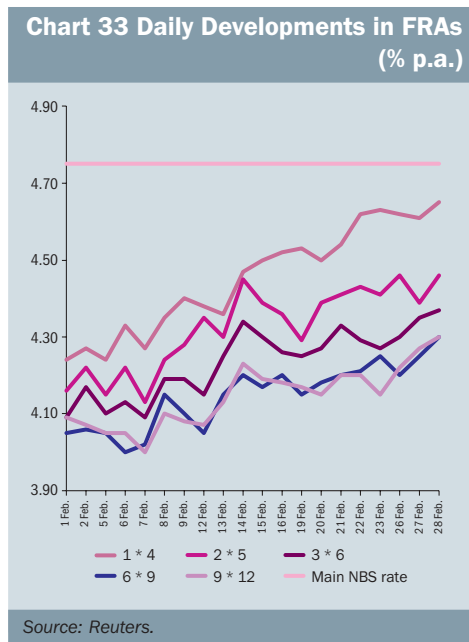


The non-renewal of bills and the conduct of refinancing transactions also led to a change in the structure of monetary-policy operations. Thus, the share of standard sterilisation tenders increased to 88.19% (from 78.81% in January).

**Reserve requirements** For February 2007, the amount of minimum required reserves in the banking sector was set at Sk 21.62 billion. By the end of the month, the reserve requirement had actually been fulfilled to 100.2%.

**Developments in Money Market Interest Rate Derivatives**

Trading in forward rate agreements (FRAs) recorded a decline in February. Most FRA contracts were concluded with foreign banks (74.7%). Transactions were concluded with a maturity of one month and an implementation period of one month, and with a maturity of three months and an implementation period of one, three, six, and nine months. Most transactions took place in three-month FRAs with an implementation period of three months (43.04%).



A decline in trading volume was also recorded in interest rate swaps (IRSs). Most IRS contracts were concluded with foreign banks (82.5%). Transactions were concluded with one- to ten-year maturities. They were dominated by contracts with one-year maturity, which accounted for 66.7% of the total volume of IRS contracts. They were followed by transactions with five- to ten-year maturities (23.6%).





In February, the money market yield curve had an inverse shape throughout the month. The implied expectations assumed a fall in interest rates in the coming months. At the beginning of the month, an interest rate reduction of 18 to 35 points was expected within a period of up to 2.5 months, when a modest increase was expected (5 to 7 points), followed by a further drop. Within a period of 7 to 8 months, the rates were expected to fall still further, by 25 points, to be followed by a rise of 5 to 7 points in 9 months. Implied expectations in the middle and at the end of the month assumed higher interbank market rates and a continuous fall in rates within a period of 9 months, with a drop of 65 to 85 basis points expected in the middle of the month and a further drop of 55 to 65 points at the end of the month.

### 4.3 Customer Interest Rates in January 2007

Average interest rates on new loans to non-financial corporations and households dropped slightly in January. Interest rates on new household deposits also dropped. Rates for new deposits from non-financial corporations varied, depending on the type of deposit.

#### Customer interest rates

Customer interest rates on loans to non-financial corporations recorded a slight fall, which was a reflection of developments in interbank market rates. Marked month-on-month drops were recorded in rates for loans with a short period of fixation, mainly for loans of over EUR 1 million. Interest rates on loans with a long fixation period remained virtually unchanged in January. From a longer-term perspective, the rise in lending rates came to a halt in August 2006; since that time, the prices of loans with a floating rate and an initial rate fixation (IRF) of up to 1 year have been more or less stable. Similarly, the rising trend in interest rates on loans with a long period of fixation came to a halt at the end of 2006, and the rates have dropped slightly in recent months.

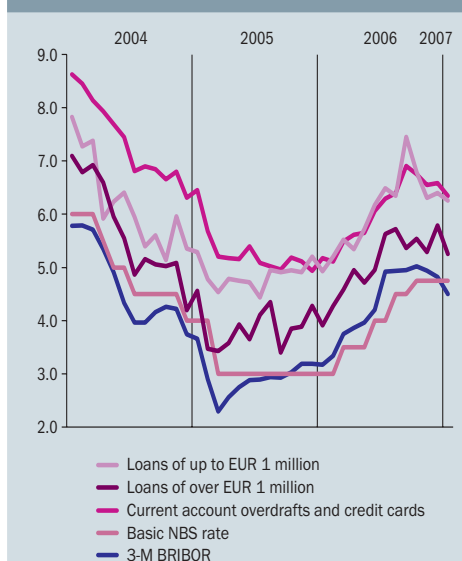
#### Average interest rates on new loans

Regarding the structure of loans by purpose, lending rates continued to fall for investment loans, other loans, and current account overdrafts (in the last three months). On the other hand, a modest increase was recorded in rates for operating loans, but these rates were below the level of the highest rates from the previous year (September – October 2006).

Looking at the breakdown of loans by interest rate fixation, lending rates dropped for all types of loans, except for loans with an initial rate fixation (IRF) of over 10 years.

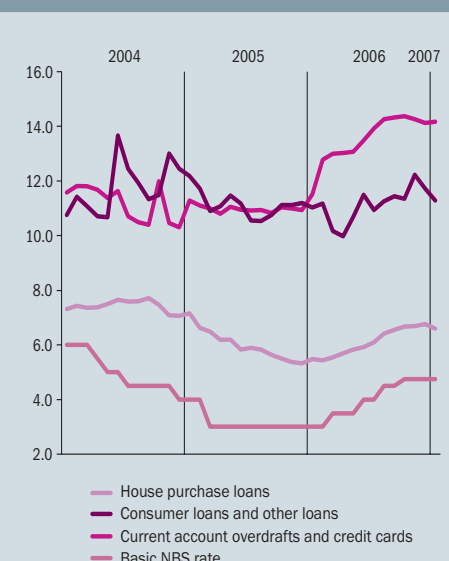
Interest rates on household loans dropped in January, except for current account overdrafts and credit cards. The most significant drops occurred in rates for consumer loans and house purchase loans. After rising steadily in 2006, interest rates on house purchase loans fell somewhat in January, for the first time. Within the scope of house purchase loans, lending rates dropped for mortgage loans and intermediate loans.

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



Source: NBS.

**Chart 37 Interest Rates on Loans to Households by Type (%)**



Source: NBS.



Broken down by interest rate fixation, interest rates increased on loans with a floating rate and an IRF of up to 1 year, loans with an IRF of over 5 and up to 10 years, and loans with an IRF of over 10 years. The opposite trend was recorded in the price of loans with an IRF of over 1 and up to 5 years.

Table 45 Average Interest Rates on New Loans								
	Interest rate in %						Change in January in % points	
	Dec. 2005	Mar. 2006	June 2006	Sep. 2006	Dec. 2006	Jan. 2007	year-on- year	month-on- month
Loans to non-financial corporations								
Current account overdrafts and credit cards								
	4.93	5.49	6.06	6.90	6.59	6.35	1.42	-0.24
Loans of up to EUR 1 million								
– with a floating rate	5.20	5.52	6.17	7.45	6.40	6.26	1.06	-0.14
and an IRF of up to 1 year	5.05	5.47	6.25	7.58	6.33	6.22	1.17	-0.11
– with an IRF of over 5 years	5.29	5.53	5.75	6.47	6.52	6.48	1.19	-0.04
Loans of over EUR 1 million								
– with a floating rate	4.28	4.58	4.96	5.36	5.79	5.25	0.98	-0.54
and an IRF of up to 1 year	4.05	4.38	4.87	5.17	5.60	5.21	1.16	-0.39
– with an IRF of over 5 years	5.34	5.62	5.62	7.03	5.73	-	-	-
Loans to households								
Current account overdrafts and credit cards								
	10.93	13.00	13.48	14.32	14.12	14.18	3.25	0.06
Consumer loans								
	11.89	11.91	13.66	13.09	13.65	12.76	0.87	-0.89
House purchase loans								
of which : mortgage loans	5.32	5.54	5.92	6.54	6.76	6.59	1.26	-0.17
	4.91	4.91	5.39	6.17	6.43	6.32	1.41	-0.11
Other loans								
	10.38	6.18	6.49	7.34	7.46	7.41	-2.98	-0.05
Basic NBS rate								
	3.00	3.50	4.00	4.50	4.75	4.75	1.75	0.00
3-M BRIBOR								
	3.19	3.75	4.20	4.95	4.82	4.50	1.31	-0.32

Source: NBS.

**Average interest rates on new deposits**

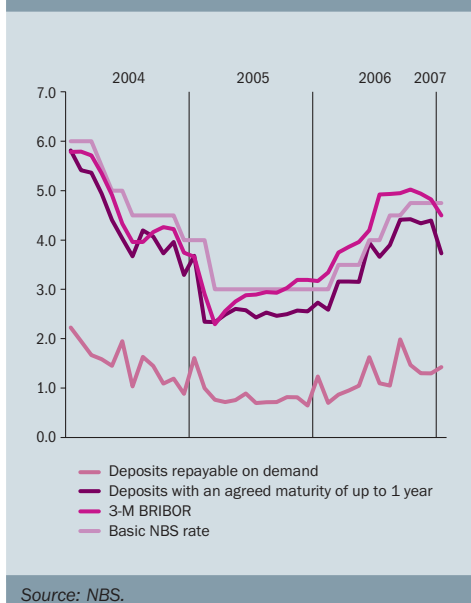
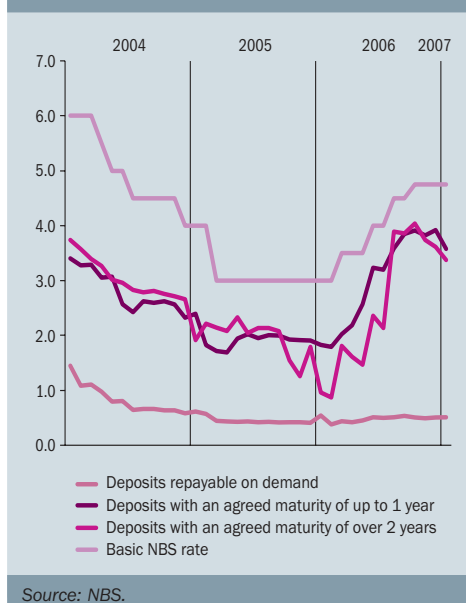
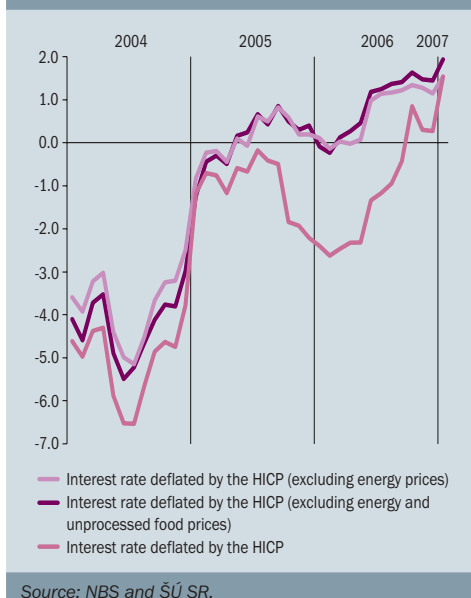
Interest rates on deposits from non-financial corporations repayable on demand increased somewhat in January, as a result of a rise in market rates in the last days of the month. On the other hand, a marked drop was recorded in rates for deposits from non-financial corporations with an agreed maturity of up to 1 year. Since most deposits with an agreed maturity of up to 1 year are time deposits maturing in up to 1 month and up to 7 days, the fall in interest rates reflected the low market rates during the month as a result of a liquidity surplus on the interbank market.

Table 46 Average Interest Rates on New Deposits								
	Interest rate in %						Change in January in % points	
	Dec. 2005	Mar. 2006	June 2006	Sep. 2006	Dec. 2006	Jan. 2007	year-on- year	month-on- month
New deposits from non-financial corporations								
Deposits repayable on demand								
	0.64	0.87	1.62	1.98	1.30	1.42	0.78	0.12
Deposits with an agreed maturity of up to 1 year								
	2.55	3.16	3.95	4.41	4.39	3.73	1.18	-0.66
New deposits from households								
Deposits repayable on demand								
	0.41	0.44	0.51	0.54	0.50	0.51	0.10	0.01
Deposits with agreed maturity								
– up to 1 year	1.90	2.02	3.23	3.85	3.92	3.58	1.68	-0.34
– over 1 and up to 2 years	-	2.29	3.06	3.94	3.98	3.67	-	-0.31
– over 2 years	1.79	1.81	2.35	3.86	3.61	3.37	1.58	-0.24
Deposits redeemable at notice								
– up to 3 months	0.96	1.04	1.07	1.46	1.54	1.46	0.50	-0.08
– over 3 months	1.10	1.22	1.30	1.89	1.97	1.93	0.83	-0.04
Basic NBS rate								
	3.00	3.50	4.00	4.50	4.75	4.75	1.75	0.00
3-M BRIBOR								
	3.19	3.75	4.20	4.95	4.82	4.50	1.31	-0.32

Source: NBS.

Interest rates on household deposits dropped, especially on deposits with agreed maturity. Interest rates on deposits with agreed maturity also reflected the decline in interbank market rates during the month (as a result of a liquidity surplus on the interbank market). The sharpest drops occurred in the prices of time deposits maturing in up to 1 month and up to 6 months. The other types of household deposits (repayable on demand, redeemable at notice) remained virtually unchanged.

From a longer-term perspective, interest rates on household deposits have shown a slightly falling tendency in the last three months. A slightly falling tendency is also shown by deposit rates for non-financial corporations. This trend is mostly influenced by interbank market developments.

**Chart 38 Interest Rates on Deposits from Non-Financial Corporations (%)**

**Chart 39 Interest Rates on Household Deposits (%)**

**Chart 40 Real Interest Rates on Household Deposits (%)**


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 positive figure in January (1.54%), which represented an increase of 1.27 percentage points in comparison with the previous month. Despite a modest reduction in one-year deposit rates for households (by 0.2 of a percentage point), a marked increase was recorded in the real interest rate as a result of a fall in inflation.

**Real interest rates**

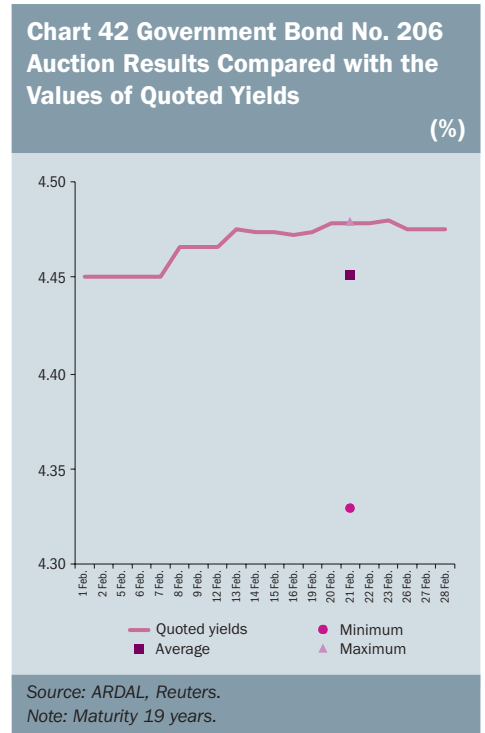


### Annexes

## 1 Capital Market

### 1.1 Primary Market

In February, the Agency for Debt and Liquidity Management (ARDAL) held two auctions in government securities (with residual maturities of 3.0 and 19.2 years). At these auctions, government bonds were placed on the primary market in the amount of Sk 14.7 billion, representing 39.3% of the total demand (Sk 37.4 billion). Investors showed increased interest in a bond issue with a shorter maturity, with demand reaching Sk 34.3 billion, of which Sk 13.8 billion was accepted by the issuer. Demand for this zero-coupon issue was also stimulated by the fact that it was floated on the market for the first time.



### 1.2 Secondary Market

The total volume traded on the Bratislava Stock Exchange (BCPB) reached Sk 30.2 billion in February (in 765 transactions), representing a month-on-month decline of 61.4%. Price-setting transactions accounted for Sk 0.3 billion and direct transactions Sk 29.9 billion.

Non-resident investors accounted for 57.29% of the total volume traded in February, of which 55.52% were purchases and 59.05% sales.

**Bonds** Government bond yields recorded no marked fluctuations on a month-on-month basis. Only their spread widened in relation to German bonds, as a result a drop in the German yield curve (by an average of 16 basis points).

There were 186 bond transactions totalling Sk 30.1 billion during the month (i.e. 99.8% of the total volume traded on the BCPB floor in February).





**Table 47 Values of SDXGroup Indices at the End of February 2007**

**SDXGroup indices**

Sector	SDXGroup indices		Yield to maturity (in %)	Duration (in years)
	Price	Performance		
Public	104.1	119.5	4.212	5.425
SDXG sub-index (<=5)	101.9	116.1	4.151	2.358
SDXG sub-index (>5)	106.3	123.1	4.223	6.986
Private (corporate + mortgage bonds)	99.2	118.8	4.757	3.288
SDXG sub-index (<=5)	98.5	119.1	4.976	1.436
SDXG sub-index (>5)	103.1	118.4	4.695	5.176

Source: BCPB.

**Chart 44 Bond Transactions on the BCPB (Sk billions)**



Source: Bratislava Stock Exchange (BCPB).

**Chart 45 Developments in the SAX Index, February 2007 (points)**



Source: BCPB.

The market capitalisation of bonds as at the last trading day of February reached Sk 408.2 billion, representing a month-on-month increase of 2.5%. The capitalisation of quoted bonds had increased since the end of January by 2.7%, to Sk 388.4 billion.

Equity securities were traded in February in 579 transactions, totalling Sk 64.15 million. Price-setting transactions accounted for Sk 30.97 million (in 545 contracts) and direct transactions Sk 33.18 million (in 34 contracts).

By the last trading day of February, the market capitalisation of equity securities had increased by 1.65% month-on-month, to Sk 155.3 billion. The actual amount of issues that had a market price at least once in the past, except for investment fund shares and participation certificates, was Sk 148.4 billion (an increase of 1.86%) and accounted for 95.6% of the total equity market capitalisation. The market capitalisation of quoted issues had decreased since the end of January by 0.45%, to Sk 84.0 billion.

**Shares**

The BCPB accepted no new share issues for trading on the quoted and/or regulated open markets during February. Trading was ended in nine share issues, having a total nominal value of Sk 628.01 million.



**SAX index** The SAX index closed the month at 417.56 points, representing a rise of 0.92% month-on-month and 5.43% year-on-year. The index reached a monthly maximum on 14 February (423.73 points) and a monthly minimum on 20 February (409.96 points).

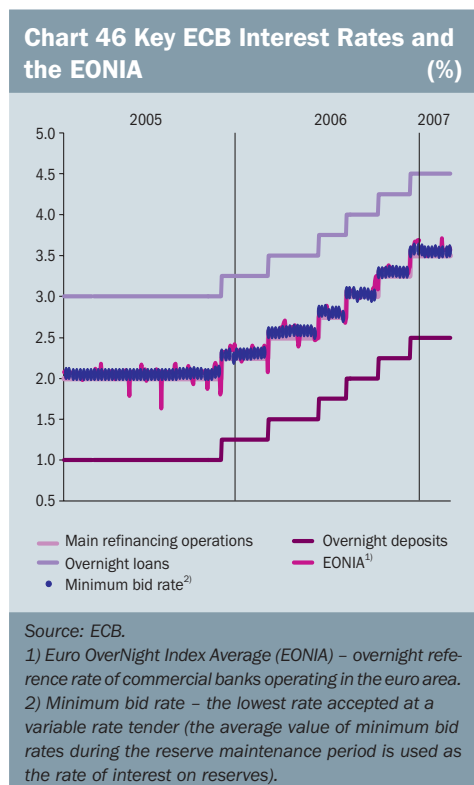
Table 48 Weights of Basic SAX Index Components							(end-of-month figures)
Company	Weights in %				2007		Change in February 2007 p. b.
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
Biotika. a. s.	3.04	3.22	3.62	4.18	4.18	4.47	0.29
OTP Banka Slovensko. a. s.	26.76	25.50	25.16	24.93	25.04	23.69	-1.35
SES Tlmače. a. s.	8.04	7.85	7.79	8.14	8.80	12.51	3.71
Slovnaft. a. s.	31.50	31.82	32.38	32.00	31.40	29.30	-2.10
Všeobecná úverová banka. a. s.	30.65	31.61	31.05	30.76	30.58	30.03	-0.55

Source: BCPB.



## 2 Monetary Developments in the Euro Area

At its meeting on 8 February 2007, the Governing Council of the European Central Bank (ECB) decided to leave its key interest rates unchanged. The rate for refinancing operations remained at 3.50%, that for overnight loans at 4.50%, and the rate for overnight deposits at 2.50%.

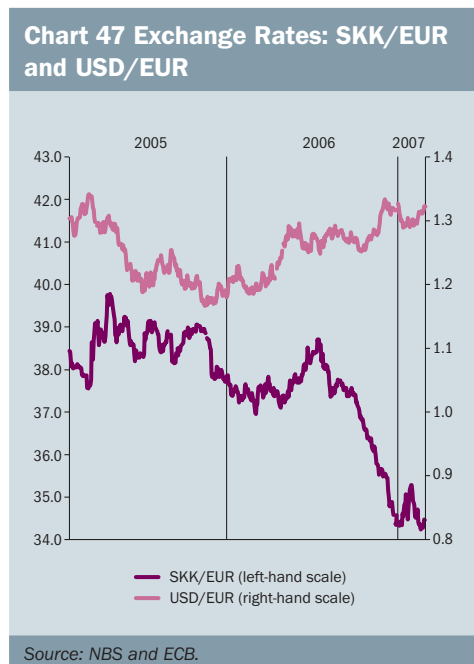


### 2.1 Exchange Rate Developments

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

Over the first ten days, the exchange rate of the dollar against the euro fluctuated around the level of USD/EUR 1.31, partly because of macroeconomic data releases not confirming the expected stabilisation of the economic slowdown in the USA. The euro started to appreciate in relation to the dollar shortly after the ECB had announced its decision concerning the level of interest rates, which remained unchanged, with an indication of a possible monetary-policy tightening by the ECB in the near future. A more rapid appreciation of the euro against the US dollar was hampered by expectations of less favourable economic development in the euro area compared with the original assumptions (mainly due to an increase in Germany's VAT rates). The exchange rate of the euro against the dollar reached USD/EUR 1.32 at the end of the month.

During February, the euro appreciated in relation to the US dollar by 1.47% on a month-on-month basis. Compared with the first trading day of 2007, the single European currency depreciated vis-à-vis the dollar by 0.44%.



### 2.2 Real Economy

According to Eurostat's flash estimate, the euro area economy grew over the fourth quarter of 2006 by 0.9% compared with the previous quarter, while increasing in comparison with the same quarter of 2005 by 3.3%. Household final consumption increased in the fourth quarter of 2006 by 0.6% (in the third quarter by 0.7%) and investment grew by 1.2% (in the previous quarter by 0.6%). Exports increased by 3.7% (compared with 1.8% in the third quarter of 2006) and imports grew by 1.9% (in the previous quarter by 2.2%). In the third quarter of 2006, euro area GDP grew by 0.6%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), dropped to 1.8% in January 2007, from 1.9% in the previous month. The strongest year-on-year consumer price dynamics were recorded in Greece (3.0%), Ireland (2.9%), and Slovenia<sup>1</sup> (2.8%). The steepest year-on-year increases took place in prices for alcoholic beverages and tobacco products (3.7%) and education (3.3%). Price levels in telecommunications

dropped by 1.7%. In the same period a year earlier, consumer prices in the euro area increased by 2.4%. Eurostat foresees a year-on-year inflation rate of 1.8% in February 2007.

1 Slovenia is included in the calculation of the euro-area inflation rate with effect from January 2007.



In January 2007, industrial producer prices increased year-on-year by 2.9% and month-on-month by 0.1%.

On a year-on-year basis, retail sales declined by 0.1% in January and in comparison with the previous month by 1.0%.

The unemployment rate (seasonally adjusted) dropped to 7.4% in January 2007, from 7.5% in the previous month. The lowest unemployment rates were recorded in the Netherlands (3.6%), Ireland (4.4%), and Austria (4.5%). The highest unemployment rates within the euro area were recorded in Greece (8.7% in the third quarter of 2006), Spain (8.6%), and France (8.4%). In the same period a year earlier, the unemployment rate in the euro area stood at 8.3%.

According to Eurostat's flash estimate, foreign trade in the euro area (EA12)<sup>2</sup> resulted in a surplus of EUR 2.5 billion in December, compared with a deficit of EUR 1.1 billion in the same period a year earlier. Compared with the previous month, euro-area exports (seasonally adjusted) grew by 3.3% and imports by 6.7% in December. During 2006, euro-area foreign trade produced a deficit of EUR 8.2 billion, compared with a surplus of EUR 16.2 billion in 2005.

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<sup>2</sup> According to the Eurostat guidelines on the release of data after EU and/or euro-area enlargement, the time series of overall data that are commented on in Eurostat press releases refer to the official composition of these groupings at the time when the given data are available.

### 3 Methodological Notes to Selected Indicators

#### 3.1 Monetary Statistics

##### 3.1.1 Statistics of Monetary Aggregates (ECB Methodology)

The methodology of the ECB is implemented on the basis of data from harmonised statements of monetary and banking statistics, which were introduced by the NBS in 2003. According to 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>3</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 49 Calculation of Monetary Aggregates**

Methodology of the NBS	Methodology of the ECB
	<i>(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)</i>
CURRENCY OUTSIDE BANKS [M0]	currency 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 (=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>3</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>4</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>5</sup>.

### 3.1.2 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>4</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>5</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.

### 3.1.3 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>6</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>7</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>6</sup> The term 'granted loans' is an equivalent of the term 'new loan'.

<sup>7</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.

### 3.1.4 Classification of Loans According to Quality

#### Year 2005<sup>8</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>8</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.

## 3.2 Basic Macroeconomic Indicators

### 3.2.1 Gross Domestic Product (GDP)

**Gross production** (gross output) – expresses the value of the goods and services resulting from the production activity of resident producer units in the territory of the Slovak Republic during an accounting period. According to the methodology of the European System of Accounts (ESA 95), production can be divided into market production, production for own final consumption, and other non-market production.

**Intermediate consumption** – consists of the value of the goods and services consumed as inputs or transformed by a production process during a given accounting period.

**Value added** – is the value of gross production, less the value of intermediate consumption. The sum of value added in the individual economic sectors (produced by a market activity, an activity for own consumption, a non-market activity) and indirect taxes, less subsidies on products, represents **gross domestic product**.

**Gross domestic product (GDP) at market prices** – is the final result of the production activity of resident producer units in the period under review. In geographical terms, GDP data cover the entire territory of the Slovak Republic. Statistical methods used for GDP calculation are in principle based on the respondent's accounting records, from the period in which the activity took place (accrual principle). The hidden (illegal) economy is assessed on the basis of estimates. Gross domestic product at market prices can be defined in three ways – on the basis of production (output), consumption (expenditure), and income.

**Production (output) approach** – Output-based GDP (referred to as produced GDP) is the sum of value added produced in agriculture, industry, construction, services, and taxes (excised duties, VAT, net taxes on imports), less subsidies on products.

**Consumption (expenditure) approach** – Expenditure-based GDP (referred to as used GDP) is the sum of the final consumption of households, final consumption of non-profit institutions serving households, final consumption of general government, gross fixed capital formation, changes in inventories, and the balance of exports and imports of goods and services. The differences arising during the calculation of GDP according to the output- and expenditure-based methods, are recorded under the item 'statistical discrepancy'.

**Income approach** – an experimental method used by the Statistical Office of the SR for the calculation of GDP according to the income-based method, which takes into account the flows of individual incomes in the economy, i.e. the compensation of employees, gross operating surplus, mixed income, net taxes on production and imports. On the basis of this method, GDP is calculated only once a year, at current prices.

**Final consumption of households** – consists of expenditure incurred by households on food, beverages, tobacco, clothing, footwear, services related to housing, furnishings, household equipment, maintenance of dwellings, health services, transport, post and telecommunications, recreation, education, hotels and restaurants, and other goods. Household final consumption also includes housing services for the owners of dwellings, including lost profits (imputed rent), long-term consumables which are not classified as gross fixed capital formation, and agricultural production for own final consumption, and income in kind.

**Final consumption of non-profit institutions** – includes the value of goods and services produced by non-profit institutions and the expenditure of non-profit institutions for purchases of goods and services from market producers, which are supplied directly to households for consumption as social transfers in kind.



**Final consumption of general government** – includes the value of goods and services produced by general government (except for own-account capital formation) and purchases by general government of goods and services produced by market producers, which are consumed by households (social transfers in kind).

**Gross fixed capital formation** – consists of resident producers' acquisitions, less disposals, of fixed assets during a given period. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than a year, and whose acquisition value was Sk 30,000.- or more for long-term tangible assets and Sk 50,000.- or more for intangible assets. Additions to the value of certain non-produced assets (e.g. land reclamation), and expenses incurred in connection with the transfer of property, are also taken into account.

**Changes in inventories** – are measured by the value of the entries into inventories, less the value of withdrawals and the value of any recurrent losses of goods held in inventories. Inventories include the stocks of materials, work-in-progress, finished products, and stocks of articles of commerce.

**Exports of goods and services** – include all transactions in goods and services (sale, barter, trade gifts, or grants) directed to non-residents. **Imports of goods and services** – include transactions in goods and services (purchase, barter, trade, gifts, and grants) directed from non-residents.

**Flash estimate of GDP and employment** – the Statistical Office of the SR publishes a flash (first) estimate of selected economic indicators within 45 days of the end of a given quarter. The publication contains the estimated rate of economic growth and the estimated level of overall employment according to the ESA 95 methodology. The released estimate represents a compromise between the economic projections of the Statistical Office of the SR (based on preliminary, partial information from statistical reports and own estimates) and the macroeconomic forecasts of other participating institutions, including the NBS.

### 3.2.2 Wage Statistics

**Average nominal wage** – gross wage, not reduced by any wage deductions prescribed by law or agreed with the employer, including an estimate for the employees of sole traders (without entrepreneurial incomes). Dividends from profits and remuneration for stand-by duty are not taken into account.

**Average real wage index** – the ratio of the nominal wage index to the consumer price index.

**Compensation of employees (remuneration)** – is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period, including social contributions payable by employers. The compensation of employees is composed of wages and salaries, and employers' social contributions.

**Unit labour costs (according to ECB methodology) – ULC indicator:** is a composite expression of the cost pressures in a given economy stemming from the labour force and is regarded as one of the main indicators of economic competitiveness. This indicator provides information about the amount of 'obligatory' expenses on an employee per unit of output. It shows the relationship between the amount of funds spent on an employee and the output of his work.

- **in nominal terms** – the ratio of total expenditure on an employee in nominal terms to real labour productivity (this method of ULC calculation is used by most foreign institutions – ECB, EC, OECD). Unit labour costs calculated according to this methodology demonstrate price developments in the area of wages. Since nominal labour costs are compared with real GDP, it is possible in the long term to compare the developments in current labour costs in the individual years in relation to the unit of real output.

- **in real terms** – the ratio of total expenditure on an employee in real terms to real labour productivity. Real ULC indicate whether price pressures has a tendency to strengthen or weaken. Growth in real ULC, with employee compensation growing more rapidly than labour productivity, may be an indication of rising inflation as a result of demand pressures.

**ULC expressed according to NBS methodology** – the ratio of the average nominal wage to labour productivity, calculated from employment according to statistical reports.



### 3.2.3 Employment and Unemployment Statistics

#### *Employment*

– **according to statistical reports, i.e. statements submitted by employers** (monthly, quarterly) – containing the average number of registered employees, both permanent and temporary employees, who have an employment, service, or membership relationship with the organisation, regardless of whether they are or not present at work (e.g. due to illness, annual leave, military exercise, etc.), as well as not working employees (e.g. due to strike, exclusion, protest). Persons working part-time are also included in this statement. Persons on maternity leave, persons doing military or community service, apprentices, and students in vocational practice are not included.

– **according to a labour force survey (LFS), i.e. an inquiry directed to a sample of households (quarterly) according to the methodology of the International Labour Office (ILO)** – a statement of the number of workers, including all persons doing at least one hour of any paid work or work aimed at making a profit in the week under review. The workers include employees, entrepreneurs (with and without employees), unpaid family workers helping in family enterprises, as well as persons absent from work in the week under review due to illness, leave, maternity leave, military service, strike, exclusion, bad weather conditions, etc. The ‘entrepreneurs’ category includes, according to the LFS methodology, the owners of enterprises, sole traders, independent farmers, and persons in freelance professions (as main employment).

– **according to the ESA 95 methodology** – employment is expressed in terms of the number of persons (employed and self-employed) engaged in a production activity defined as production under the national system of accounts. In compiling the indicators of labour accounts, the method of balancing is applied, i.e. the supply of labour is balanced against demand. The harmonised data obtained from corporate sources are compared with data obtained from a labour force survey of households, according to the definitions laid down by the ILO and ESNA 95.

**Employment rate** – persons in employment as a percentage of the population aged 15 years and over.

**Rate of economic activity** – the economically active population (working and unemployed persons) as a percentage of the population aged 15 years and over.

#### *Unemployment*

**Unemployed persons** -- **according to a labour force survey (LFS)** – all persons who are without employment in the reference week, who have actively sought employment over the previous four weeks, and who are available for work within two weeks. Such persons may be, but are not necessarily, registered with an office for work, social matters, and the family. With effect from 2002, the duration of unemployment is defined by Eurostat as the duration of search for a job, or the length of the period since the last job was held (if this period is shorter than the duration of search for a job).

**Unemployment rate according to a labour force survey (LFS)** – the number of unemployed persons as a percentage of the economically active population.

**Registered unemployment rate** -- in agreement with the International Labour Organisation, registered unemployment rate is calculated from the number of disposable job applicants who can start working immediately after receiving an adequate job offer and from the number of economically active persons in the previous year according to a labour force survey.

### 3.2.4 Household Income and Expenditure Statistics

#### *Current household income*

**Compensation of employees** – gross wages and salaries, plus employers’ compulsory social contributions.

**Gross mixed income** – profit and income from business activity, supply of agricultural products from own production, and imputed rent.

**Property income** – interest, dividends, income from land lease, and other.



**Social benefits** – retirement benefits, sickness benefits, state social benefits, unemployment benefits (to the registered unemployed)

**Other current transfers** – insurance payments from various types of insurance, private transfers from abroad, lottery winnings, court and out-of-court rehabilitation, scholarships, and contributions to school meals.

#### *Current household expenditure*

**Property income** – interest paid on loans provided and other payments of this type. Current tax on income, property, etc.

**Social contributions** – direct taxes and fees paid to the state budget and the budgets of municipalities; social contributions paid to health insurance companies, social insurance schemes, and to the employment fund; private transfers abroad; various contributions to non-profit organisations; lotteries, penalties, and charges.

**Other current transfers** – payments for non-life, life, and health insurance outside the social protection systems, contributions to funds, etc.

**Gross disposable household income** – difference between the current income and current expenditure of households.

**Adjustment for changes in the net assets of households in the reserves of pension funds** – changes in the net assets of households in pension funds (differences between increases and decreases in pension funds).

**Gross household savings** (difference between the gross disposable income and final consumption of households) – include the koruna deposits of citizens and small entrepreneurs, and their activities related to the purchase of tangible and intangible investments.

**Ratio of gross household savings** – expresses the ratio of gross household savings to the gross disposable income of households.

### **3.2.5 Financial Statistics**

**Corporation** – a uniform term covering the various organisational forms of financial and non-financial entities (joint stock companies, limited liability companies, cooperatives, state enterprises, natural persons, etc.).

**Non-financial corporations** – entrepreneurial entities registered in the commercial register and engaged in activities aimed at earning a profit in any branch of activity, except banking and insurance. The category also includes subsidised organisations, which finance more than 50% of their expenses from receipts. Households, sole traders, freelance professionals, and farmers are not included.

**Financial corporations** – entities principally engaged in financial intermediation or in auxiliary financial activities. The financial corporations sector includes the National Bank of Slovakia, commercial banks, entities engaged in financial leasing, exchange offices, asset management companies, commercial insurance companies, and investment funds.

**National Bank of Slovakia** – in accordance with the 'Statistical Classification of Economic Activities', the NBS is included in sector 65 'Financial Intermediation, Except Insurance and Pension Funding'.



## 4 Tables

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

	Unit	2006										2007		
		2	3	4	5	6	7	8	9	10	11	12	1	2
<b>REAL ECONOMY</b>														
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	288.649 <sup>(p)</sup>	-	-	605.388 <sup>(p)</sup>	-	-	940.440 <sup>(p)</sup>	-	-	1,275.254 <sup>(p)</sup>	-	-
Year-on-year change in GDP <sup>3)</sup>	%	-	6.7 <sup>(p)</sup>	-	-	6.7 <sup>(p)</sup>	-	-	7.8 <sup>(p)</sup>	-	-	8.3 <sup>(p)</sup>	-	-
Unemployment rate <sup>4) 11)</sup>	%	11.7	11.4	11.0	10.6	10.4	10.2	9.9	9.8	9.3	9.1	9.4	9.5	.
Consumer prices (HICP) <sup>3) 10)</sup>	%	4.3	4.3	4.4	4.8	4.5	5.0	5.0	4.5	3.1	3.7	3.7	2.2	2.0
Consumer prices (CPI) <sup>3)</sup>	%	4.4	4.5	4.5	4.8	4.6	5.0	5.1	4.6	3.7	4.3	4.2	3.0	2.7
<b>BALANCE OF TRADE</b> <sup>2) 9) (p)</sup>														
Exports (fob)	SKK millions	166,220	267,768	356,879	460,795	569,719	670,878	776,894	892,061	1,019,193	1,140,390	1,239,359	110,959	.
Imports (fob)	SKK millions	184,684	291,049	389,333	500,976	614,718	718,573	830,426	955,690	1,088,580	1,219,711	1,330,986	106,977	.
Balance	SKK millions	-18,464	-23,281	-32,454	-40,181	-44,999	-47,695	-53,532	-63,630	-69,387	-79,320	-91,627	3,982	.
<b>BALANCE OF PAYMENTS</b> <sup>2)</sup>														
Current account <sup>9)</sup>	SKK millions	-15,844.4	-23,181.0	-36,714.9	-54,664.3	-63,202.5	-85,828.1	-88,365.9	-105,618.4	-113,868.7	-122,166.6	-135,597.0	.	.
Capital and financial account	SKK millions	-622.7	39,672.9	44,616.6	51,286.1	63,846.2	-29,921.4	-13,778.1	-10,303.7	-1,263.2	7,660.7	32,400.7	.	.
Overall balance	SKK millions	795.9	25,114.2	26,100.5	24,882.5	7,670.5	-84,844.0	-82,462.8	-80,296.1	-81,998.3	-80,591.6	-78,095.9	.	.
<b>FOREIGN EXCHANGE RESERVES</b> <sup>4) 6)</sup>														
Total foreign exchange reserves	SKK millions	16,767.9	17,798.4	18,509.9	18,938.2	17,904.7	16,499.7	16,349.2	15,876.2	15,567.4	15,479.5	15,512.9	15,788.7	16,263.1
NBS foreign exchange reserves	SKK millions	15,454.6	16,521.3	16,924.6	17,334.6	16,128.9	13,140.0	13,243.1	13,234.2	13,145.5	13,371.1	13,363.8	13,363.9	14,080.6
<b>GROSS EXTERNAL DEBT</b> <sup>4) 7)</sup>														
Total gross external debt	USD billions	26.9	28.5	28.9	31.0	31.5	28.3	29.8	29.3	30.5	31.5	32.2	.	.
External debt per capita	USD	5002	5303	5371	5,768	5,856	5,255	5,536	5,453	5,662	5,860	5,987	.	.
<b>MONETARY INDICATORS</b>														
Exchange rate <sup>5)</sup>	SKK/USD	31.298	31.186	30.535	29.461	30.054	30.286	29.426	29.448	29.225	27.915	26.504	26.694	26.434
M3 monetary aggregate <sup>4) 10)</sup>	SKK billions	833.9	840.7	850.2	851.2	861.2	871.8	892.4	894.3	911.7	926.7	958.5	961.1	.
Year-on-year change in M3 <sup>3)</sup>	%	9.1	10.3	9.4	10.5	11.2	11.8	13.6	12.9	13.9	16.1	15.3	16.5	.
Claims of monetary financial institutions <sup>10)</sup>	SKK billions	780.8	794.5	800.0	822.2	833.1	829.2	843.2	850.3	878.9	885.6	895.7	887.5	.
<b>STATE BUDGET</b> <sup>2) 4)</sup>														
Revenue	SKK billions	50.4	71.8	95.8	112.1	138.0	166.5	188.9	212.2	240.6	262.1	291.9	27.1	46.0
Expenditure	SKK billions	44.1	71.7	95.6	123.8	148.3	171.7	194.6	217.3	241.7	269.1	323.6	24.2	54.5
Balance	SKK billions	6.3	0.1	0.2	-11.7	-10.3	-5.2	-5.7	-5.1	-1.1	-7.0	-31.7	2.9	-8.5
<b>MONEY MARKET</b>														
Interest rates set by the NBS Bank Board														
Date of validity <sup>6)</sup>														
Overnight operations		01/03/2005	01/03/2006	01/03/2006	31/05/2006	31/05/2006	26/07/2006	26/07/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006
- sterilisation	%	2.00	2.50	2.50	3.00	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25
- refinancing	%	4.00	4.50	4.50	5.00	5.00	6.00	6.00	6.25	6.25	6.25	6.25	6.25	6.25
Limit rate for 2-week repo tenders	%	3.00	3.50	3.50	4.00	4.00	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.75
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	3.00	3.50	3.50	4.00	4.00	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.75
Average interbank deposit rate (BRIBOR)														
overnight	%	2.74	3.10	3.34	3.00	4.51	3.83	4.11	4.85	4.59	4.02	5.03	3.63	5.61
7-day	%	2.95	3.44	3.47	3.39	4.17	4.11	4.49	4.68	4.79	4.67	4.82	4.11	4.93
14-day	%	3.02	3.49	3.51	3.49	4.11	4.22	4.54	4.66	4.84	4.77	4.81	4.24	4.82
1-month	%	3.16	3.57	3.59	3.69	4.11	4.50	4.63	4.72	4.93	4.86	4.83	4.44	4.75
2-month	%	3.27	3.66	3.72	3.85	4.14	4.75	4.77	4.88	4.99	4.92	4.84	4.50	4.67
3-month	%	3.34	3.75	3.86	3.96	4.20	4.92	4.93	4.95	5.02	4.94	4.82	4.50	4.60
6-month	%	3.45	3.88	4.06	4.19	4.45	5.18	5.22	5.19	5.06	4.96	4.80	4.47	4.49
9-month	%	3.52	3.98	4.21	4.38	4.62	5.35	5.34	5.28	5.09	4.96	4.78	4.42	4.40
12-month	%	3.58	4.06	4.28	4.49	4.71	5.47	5.43	5.36	5.11	4.94	4.76	4.41	4.36

(p) Preliminary data.

1) Constant 2000 prices.

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

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

8) According to the methodology of the ECB.

9) 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)												
		2006											2007	
		1	2	3	4	5	6	7	8	9	10	11	12	1
Claims of MFIs on residents	45.1	540.7	545.5	556.1	561.7	578.1	592.4	589.1	598.3	602.6	631.1	636.7	646.5	653.5
General government	1.3	27.8	27.3	26.2	23.8	23.7	23.0	23.0	23.0	17.2	17.8	17.7	18.8	18.6
Private sector	43.8	512.9	518.2	529.8	538.0	554.4	569.4	566.1	575.3	585.3	613.3	618.9	627.7	635.0
Non-financial corporations	22.8	276.0	277.6	281.9	284.2	292.2	299.3	291.2	295.7	300.9	323.5	324.0	326.5	331.1
- up to 1 year	9.4	120.2	119.5	118.8	119.0	127.6	133.8	126.6	127.0	130.2	137.1	136.3	135.0	136.2
- 1 to 5 years	4.5	52.3	52.2	55.2	55.1	58.6	56.7	54.5	56.2	56.0	64.0	65.0	64.0	65.0
- over 5 years	9.0	103.5	105.9	108.0	110.1	106.0	108.8	110.1	112.5	114.7	122.5	122.7	127.4	129.9
Financial corporations	4.3	53.0	54.2	56.3	57.3	59.7	61.3	61.2	60.8	60.5	60.6	61.4	63.0	62.9
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	16.6	183.8	186.3	191.6	196.5	202.5	208.7	213.5	218.6	223.6	228.8	233.3	237.9	240.7
- consumer loans	2.5	29.7	29.8	31.0	31.4	32.0	32.6	33.0	33.5	34.3	35.1	35.7	36.0	36.3
- housing loans	11.0	120.2	122.4	125.6	128.5	132.1	136.2	139.4	142.9	145.9	149.2	152.2	156.7	159.6
- other loans	3.1	34.0	34.0	35.0	36.5	38.4	39.9	41.2	42.2	43.4	44.5	45.4	45.2	44.8
Securities other than shares and participation certificates issued by residents	15.7	222.6	229.5	232.6	232.5	238.3	234.9	234.4	239.4	242.1	242.3	243.3	243.8	228.1
General government	15.2	214.0	221.0	223.8	223.8	229.6	225.9	225.5	230.5	233.6	233.8	234.9	236.0	220.7
Private sector	0.5	8.7	8.5	8.9	8.7	8.8	9.0	8.9	8.8	8.5	8.4	8.4	7.8	7.5
Shares and other equities issued by private sector	0.4	5.8	5.8	5.8	5.8	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.5	5.9
Foreign assets	33.0	578.3	573.0	598.7	597.7	608.6	607.8	524.1	529.9	512.9	492.4	460.4	452.3	478.4
Fixed assets	2.3	33.6	33.4	33.4	33.2	33.1	33.0	33.1	32.9	32.7	32.7	32.6	34.5	33.3
Other assets	3.5	37.3	36.6	36.0	38.9	40.7	46.3	43.0	44.3	42.7	48.7	55.7	57.7	50.5
Deposits and loans received from the central government	1.4	39.9	47.3	79.5	104.5	107.6	106.0	99.6	95.5	84.8	85.8	83.7	45.0	20.8
Long-term financial liabilities	12.0	182.7	186.1	192.0	182.1	183.0	192.9	194.2	191.2	190.3	182.3	172.5	169.6	174.2
Deposits and loans received with an agreed maturity of over 2 years	4.6	57.5	59.5	59.8	60.4	60.5	61.0	61.9	62.1	62.4	62.6	62.9	66.7	67.4
Deposits redeemable at a period of notice of over 3 months	1.7	27.5	27.2	26.9	26.6	26.4	26.1	25.8	25.3	25.0	24.7	24.4	24.3	24.0
Debt securities issued with a maturity of over 2 years	2.2	18.7	18.8	21.2	21.7	21.9	24.9	25.1	25.5	25.9	27.6	28.8	31.6	31.7
Capital, reserves, and provisions	3.5	78.9	80.6	84.0	73.4	74.3	80.9	81.4	78.3	77.0	67.3	56.3	47.0	51.1
Foreign liabilities	15.6	318.5	307.2	301.5	279.3	306.3	305.2	212.4	219.5	216.5	208.3	182.0	196.3	225.5
Other liabilities	4.7	54.2	49.7	48.4	53.8	56.6	54.9	51.3	52.0	52.8	64.7	69.5	70.9	68.3
Surplus of liabilities among MFIs	0.0	-1.8	-0.2	0.5	-0.2	-0.1	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
M3	66.3	824.9	833.9	840.7	850.2	851.2	861.2	871.8	892.4	894.3	911.7	926.7	958.5	961.1
<b>Total</b>	<b>100.0</b>	<b>1,418.3</b>	<b>1,423.9</b>	<b>1,462.5</b>	<b>1,469.8</b>	<b>1,504.6</b>	<b>1,520.2</b>	<b>1,429.3</b>	<b>1,450.4</b>	<b>1,438.6</b>	<b>1,452.7</b>	<b>1,434.2</b>	<b>1,440.2</b>	<b>1,449.7</b>

1) In the current month.



## Average Interest Rates on New Loans

(ECB methodology)

(%)

	2006												2007
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Loans in total<sup>1)</sup></b>	6.32	6.50	6.87	7.11	6.99	7.40	7.71	8.05	8.21	8.16	7.85	7.72	7.94
Current account overdrafts	6.25	6.50	6.96	7.12	7.12	7.63	7.81	7.96	8.35	8.25	8.08	8.20	7.99
Operation loans	3.99	4.47	4.28	4.61	4.32	4.74	5.35	5.42	5.53	5.66	5.15	5.32	5.32
Investment loans	5.07	5.21	5.78	5.54	5.75	6.18	6.45	6.60	6.69	6.41	6.44	6.17	6.10
Consumer loans	12.72	13.54	11.91	11.64	12.82	13.66	13.13	13.62	13.09	12.77	13.94	13.65	12.76
Real estate loans	5.47	5.43	5.54	5.70	5.83	5.92	6.09	6.39	6.53	6.62	6.58	6.52	6.49
of which:													
Mortgage loans	4.99	4.91	4.92	5.01	5.20	5.39	5.68	6.11	6.18	6.33	6.35	6.45	6.36
Construction loans	5.07	5.07	5.05	5.21	5.09	5.01	5.19	5.00	5.03	5.12	4.91	4.80	5.02
Intermediate loans	6.26	6.49	6.63	6.71	6.66	6.59	6.54	6.35	6.41	6.78	6.90	6.87	6.64
Other real estate loans	5.47	5.34	5.35	5.54	5.83	6.07	6.20	6.75	6.97	6.86	6.61	6.49	6.55
Other loans	4.20	5.22	5.40	5.65	5.55	6.36	6.51	7.13	6.89	6.26	7.08	6.64	6.13
Floating rate + IRF for up to 1 year incl.	6.28	6.46	6.84	7.14	6.97	7.40	7.71	8.10	8.25	8.21	7.84	7.79	7.95
IRF for over 1 year and up to 5 years incl.	7.36	7.80	7.32	6.61	7.38	7.95	7.82	7.63	7.75	7.56	8.34	7.05	7.61
IRF for over 5 years and up to 10 years incl.	6.59	7.30	7.51	7.24	7.34	7.03	7.26	7.32	7.50	7.70	7.65	8.08	7.99
IRF for over 10 years	6.04	6.09	6.23	6.35	6.63	6.01	6.72	6.63	6.94	6.99	6.94	6.02	6.77
<b>Households</b>													
Loans in total	10.49	11.42	11.24	11.27	11.18	11.42	12.16	12.32	12.56	12.57	12.82	12.58	12.85
Current account overdrafts	10.64	12.15	12.40	12.37	12.55	13.05	13.15	13.51	13.57	13.65	13.54	13.43	13.54
Operation loans	5.84	6.35	6.63	6.51	6.50	6.47	7.38	7.30	6.09	6.78	6.98	6.83	6.65
Investment loans	5.65	6.31	6.25	6.27	6.44	6.91	7.55	7.60	7.25	7.51	7.13	7.02	7.02
Consumer loans	12.72	13.55	11.91	11.64	12.82	13.66	13.13	13.62	13.09	12.77	13.95	13.65	12.76
Real estate loans	5.47	5.43	5.54	5.70	5.82	5.92	6.09	6.41	6.54	6.67	6.69	6.76	6.59
of which:													
Mortgage loans	4.98	4.90	4.91	5.00	5.20	5.39	5.68	6.11	6.17	6.33	6.34	6.43	6.32
Construction loans	5.07	5.07	5.05	5.21	5.09	5.01	5.19	5.00	5.03	5.12	4.91	4.80	5.02
Intermediate loans	6.27	6.50	6.64	6.73	6.69	6.62	6.54	6.41	6.44	6.84	7.03	6.90	6.73
Other real estate loans	5.47	5.33	5.34	5.53	5.82	6.06	6.20	6.76	7.01	7.00	6.86	7.02	6.96
Other loans	6.45	6.07	6.18	6.32	6.35	6.49	6.60	7.08	7.34	7.84	7.38	7.46	7.41
Credit cards	16.10	16.09	16.22	16.58	15.88	15.81	18.04	18.09	18.17	18.03	17.80	17.44	17.28
Floating rate + IRF for up to 1 year incl.	10.70	11.71	11.71	11.92	11.84	12.15	12.85	13.27	13.37	13.33	13.47	13.23	13.48
IRF for over 1 year and up to 5 years incl.	9.25	9.19	8.14	7.70	7.82	8.46	8.30	8.24	8.38	8.83	9.38	8.86	8.27
IRF for over 5 years and up to 10 years incl.	7.12	7.91	8.49	7.67	7.65	7.74	7.58	7.64	7.71	8.20	8.56	8.49	8.66
IRF for over 10 years	6.26	7.20	6.91	6.73	6.69	5.99	6.89	6.63	6.95	7.18	6.90	7.02	7.15
<b>Non-financial corporations</b>													
Loans in total	5.00	5.03	5.40	5.52	5.54	5.93	6.24	6.33	6.76	6.62	6.26	6.35	6.21
Current account overdrafts	5.17	5.09	5.47	5.60	5.64	6.04	6.28	6.38	6.89	6.73	6.53	6.57	6.33
Operation loans	3.98	4.49	4.64	4.51	4.67	4.87	5.59	5.41	5.66	5.71	5.08	5.32	5.40
Investment loans	4.95	5.02	5.71	5.70	5.67	6.00	6.37	6.53	6.70	6.64	6.71	6.31	5.79
Real estate loans	5.56	5.56	5.67	5.99	5.93	6.24	5.85	5.99	6.07	6.80	6.12	6.30	6.17
Other loans	3.87	5.11	5.16	5.63	5.30	6.32	6.12	7.05	6.59	5.98	6.75	6.50	5.74
Credit cards	12.36	13.26	13.83	14.29	13.92	14.22	17.24	17.12	16.49	17.47	16.68	17.34	17.22
Loans up 1 million EUR	4.93	5.21	5.52	5.34	5.72	6.17	6.49	6.35	7.45	6.80	6.31	6.40	6.26
Loans over 1 million EUR	3.91	4.27	4.58	4.95	4.71	4.96	5.63	5.72	5.36	5.54	5.29	5.79	5.25
Floating rate + IRF for up to 1 year incl.	5.00	5.03	5.39	5.51	5.54	5.93	6.23	6.33	6.77	6.63	6.25	6.35	6.21
IRF for over 1 year and up to 5 years incl.	4.87	4.69	5.74	5.67	5.71	6.13	6.56	6.48	6.74	6.57	6.73	6.46	6.24
IRF for over 5 years and up to 10 years incl.	5.55	4.78	5.56	5.67	5.80	5.53	6.46	6.25	6.74	6.52	6.51	6.66	6.48
IRF for over 10 years	5.09	5.56	5.52	6.07	6.34	6.43	6.31	6.56	6.81	6.64	7.94	5.83	6.24

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)

(%)

	2006												2007
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Deposits in total <sup>1)</sup></b>	1.52	1.24	1.59	1.67	1.66	2.01	1.91	2.09	2.37	2.46	2.35	2.32	2.12
Deposits payable on demand	0.95	0.58	0.66	0.74	0.82	1.12	0.93	0.83	1.27	1.02	0.95	1.00	1.02
of which: demand deposits	0.65	0.45	0.52	0.60	0.63	0.78	0.73	0.69	0.92	0.82	0.76	0.79	0.83
overnight deposits	3.19	1.46	2.23	2.64	2.55	4.39	2.69	3.18	5.53	3.92	3.17	3.70	3.12
Deposits with agreed maturity <sup>2)</sup>	2.40	2.51	3.02	3.05	3.12	3.81	3.65	3.99	4.29	4.43	4.36	4.40	3.74
- up to 1 year in total	2.41	2.52	3.02	3.06	3.13	3.82	3.66	3.99	4.29	4.43	4.36	4.40	3.74
- up to 7 days	2.54	2.12	2.78	2.73	2.64	4.10	3.24	3.27	4.57	3.98	3.68	4.00	3.47
- up to 1 month	2.64	2.66	3.17	3.21	3.27	3.80	3.80	4.24	4.27	4.57	4.52	4.55	3.83
- up to 3 months	1.97	1.97	2.12	2.16	2.56	3.01	3.49	3.67	3.58	3.88	3.98	3.92	3.78
- up to 6 months	1.86	1.83	2.09	2.17	2.64	2.90	3.74	3.75	3.81	3.98	3.66	3.87	3.90
- up to 1 year	-	1.71	1.87	2.12	2.53	3.27	3.43	3.92	3.73	3.90	3.64	3.90	3.65
- over 1 year in total	0.99	0.88	2.45	1.64	1.51	2.37	2.48	3.88	3.84	3.86	3.94	3.72	3.39
- up to 2 years	2.07	2.33	2.95	2.08	2.04	2.60	3.50	3.89	3.75	3.93	4.06	4.06	3.62
- over 2 years	0.94	0.86	2.42	1.60	1.45	2.37	2.45	3.97	4.04	3.99	3.99	4.00	3.41
Deposits redeemable at notice	1.07	1.10	1.16	1.19	1.21	1.23	1.54	1.65	1.75	1.79	1.81	1.83	1.79
- up to 3 months	0.97	0.97	1.05	1.06	1.07	1.09	1.45	1.47	1.47	1.54	1.55	1.55	1.48
- over 3 months	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91	1.93	1.97	1.93
<b>Households</b>													
Deposits in total	0.80	0.69	0.79	0.81	0.86	0.96	0.99	1.10	1.16	1.21	1.13	1.18	1.16
Deposits payable on demand	0.54	0.38	0.44	0.42	0.45	0.51	0.50	0.51	0.54	0.51	0.50	0.50	0.51
of which: demand deposits	0.51	0.37	0.42	0.41	0.43	0.45	0.47	0.49	0.49	0.48	0.47	0.48	0.49
overnight deposits	2.90	1.42	1.90	2.14	2.35	3.97	2.41	2.83	5.02	3.73	3.09	3.11	2.86
Deposits with agreed maturity	1.80	1.76	2.01	2.17	2.55	3.21	3.16	3.59	3.85	3.92	3.83	3.91	3.57
- up to 1 year in total	1.83	1.79	2.02	2.18	2.57	3.23	3.20	3.58	3.85	3.92	3.83	3.92	3.58
- up to 7 days	2.16	1.84	2.24	2.33	2.38	3.69	2.79	3.11	4.29	3.69	3.34	3.83	3.62
- up to 1 month	1.78	1.77	2.00	2.16	2.62	3.13	3.17	3.49	3.65	3.90	3.90	3.90	3.39
- up to 3 months	1.44	1.59	1.70	1.86	2.33	2.82	3.15	3.29	3.33	3.65	3.58	3.66	3.73
- up to 6 months	1.69	1.59	1.89	1.99	2.43	2.76	3.29	3.54	3.70	3.59	3.52	3.54	3.14
- up to 1 year	1.61	1.56	1.72	1.98	2.37	3.10	3.77	4.00	4.05	3.97	4.01	3.98	3.77
- long-term over 1 year	0.98	0.88	1.82	1.64	1.50	2.38	2.19	3.89	3.90	3.86	3.90	3.67	3.39
- up to 2 years	2.08	2.33	2.06	2.24	2.00	3.00	3.44	3.89	3.95	3.93	3.99	3.95	3.65
- over 2 years	0.96	0.87	1.81	1.61	1.47	2.35	2.14	3.89	3.86	4.04	3.74	3.61	3.37
Deposits redeemable at notice	1.07	1.10	1.16	1.18	1.21	1.22	1.54	1.65	1.75	1.78	1.81	1.83	1.79
- up to 3 months	0.96	0.96	1.04	1.05	1.06	1.07	1.43	1.45	1.46	1.52	1.54	1.54	1.46
- over 3 months	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91	1.93	1.97	1.93
<b>Non-financial corporations</b>													
Deposits in total	1.85	1.47	1.86	2.03	1.95	2.51	2.11	2.34	3.00	2.87	2.69	2.70	2.58
Deposits payable on demand	1.23	0.70	0.87	0.95	1.05	1.62	1.10	1.05	1.98	1.47	1.30	1.30	1.42
of which: demand deposits	0.79	0.49	0.58	0.71	0.73	1.01	0.72	0.78	1.35	1.12	0.98	1.02	1.10
overnight deposits	3.29	1.69	2.23	2.62	2.64	4.44	2.71	3.18	5.58	3.98	3.14	3.81	3.18
Deposits with agreed maturity	2.73	2.58	3.16	3.16	3.15	3.95	3.66	3.90	4.41	4.42	4.34	4.39	3.73
- up to 1 year in total	2.73	2.58	3.16	3.16	3.15	3.95	3.66	3.90	4.41	4.42	4.34	4.39	3.73
- up to 7 days	2.54	2.15	2.56	2.80	2.63	4.17	3.31	3.28	4.58	4.00	3.68	3.99	3.44
- up to 1 month	2.81	2.72	3.31	3.30	3.32	3.83	3.82	4.21	4.34	4.59	4.54	4.58	3.82
- up to 3 months	2.62	2.67	2.87	3.07	3.16	3.57	3.89	4.08	4.11	4.26	4.43	4.37	3.89
- up to 6 months	2.49	2.73	2.61	2.90	3.51	3.70	4.21	4.54	4.20	4.72	4.19	4.39	4.02
- up to 1 year	2.31	2.07	2.67	2.93	3.59	3.78	2.59	4.29	3.87	4.51	4.21	4.05	3.55
- long-term over 1 year	2.06	1.38	3.84	1.32	1.92	2.63	3.53	1.99	5.29	2.02	4.25	2.99	2.80
- up to 2 years	2.05	-	3.87	1.63	2.45	4.05	4.91	-	2.56	2.39	4.38	3.06	3.23
- over 2 years	2.06	1.38	-	0.94	1.42	1.54	3.52	1.99	8.40	1.98	2.42	2.62	1.98
Deposits redeemable at notice	1.51	1.49	1.74	1.86	1.83	1.96	1.95	1.92	1.91	2.13	2.27	2.08	2.30
- up to 3 months	1.53	1.51	1.78	1.91	1.88	2.01	2.00	1.96	1.96	2.19	2.23	2.14	2.38
- over 3 months	1.15	1.17	1.17	1.17	1.16	1.21	1.21	1.21	1.21	1.20	2.83	1.20	1.19

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 non-negotiable securities (according to the ECB methodology).

Note: Deposits in total include also repo operations and other non-negotiable securities.

## Average Interest Rates on Outstanding Loans

	2006												2007
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Loans in total<sup>1)</sup></b>	5.89	5.93	6.06	6.15	6.19	6.40	6.55	6.66	6.87	6.90	6.90	6.90	6.83
Current account overdrafts	6.19	6.55	6.97	7.12	7.10	7.58	7.79	7.93	8.34	8.28	8.07	8.21	8.03
Consumer loans	12.26	12.23	12.28	12.21	12.31	12.63	12.68	12.74	12.86	12.85	12.89	12.93	12.96
Operation loans	3.97	4.10	4.32	4.47	4.42	4.81	4.98	5.19	5.30	5.38	5.35	5.29	5.10
Investment loans	4.47	4.50	4.72	4.85	4.94	5.18	5.41	5.57	5.83	5.92	5.94	5.86	5.70
Real estate purchase loans	6.34	6.25	6.20	6.19	6.17	6.20	6.22	6.25	6.28	6.35	6.39	6.42	6.44
Other loans	4.81	4.82	4.95	5.12	5.24	5.40	5.59	5.76	6.08	6.06	6.20	6.22	6.13
Credit cards	16.04	15.99	16.15	16.51	16.14	16.08	18.05	18.06	18.13	18.07	17.82	17.43	17.32
Short-term loans	5.42	5.66	5.91	6.09	6.07	6.42	6.69	6.88	7.13	7.17	7.01	7.00	6.87
Long-term loans over 1 year and up to 5 years	7.15	7.11	7.22	7.24	7.27	7.47	7.56	7.67	7.99	7.99	7.97	7.99	7.86
Long-term loans over 5 years	5.59	5.57	5.63	5.71	5.78	5.92	6.03	6.12	6.27	6.32	6.40	6.42	6.40
<b>Households</b>													
Loans in total	7.81	7.86	7.84	7.81	7.82	7.91	7.95	8.00	8.05	8.09	8.11	8.12	8.13
Current account overdrafts	10.59	12.20	12.32	12.37	12.47	12.91	13.10	13.43	13.45	13.64	13.43	13.43	13.54
Consumer loans	12.26	12.23	12.28	12.21	12.31	12.63	12.68	12.74	12.86	12.85	12.89	12.93	12.96
Real estate purchase loans	6.41	6.33	6.26	6.24	6.23	6.26	6.26	6.29	6.31	6.34	6.39	6.42	6.44
Other loans	7.36	7.20	7.04	6.95	6.92	6.93	6.94	7.02	7.08	7.21	7.24	7.28	7.34
Credit cards	16.14	16.08	16.23	16.57	16.20	16.14	18.07	18.09	18.17	18.08	17.85	17.43	17.32
Short-term loans	10.96	12.09	12.27	12.31	12.37	12.69	13.14	13.49	13.57	13.72	13.53	13.57	13.68
Long-term loans over 1 year and up to 5 years	10.84	10.78	10.87	10.80	10.83	10.99	10.99	11.05	11.13	11.11	11.15	11.14	11.15
Long-term loans over 5 years	6.46	6.38	6.34	6.34	6.34	6.41	6.44	6.48	6.53	6.59	6.65	6.68	6.72
<b>Non-financial institutions</b>													
Loans in total	4.55	4.60	4.88	5.01	5.09	5.41	5.65	5.82	6.14	6.16	6.13	6.11	5.95
Current account overdrafts	5.09	5.05	5.47	5.57	5.59	6.00	6.25	6.36	6.91	6.78	6.56	6.60	6.38
Operation loans	3.81	3.97	4.34	4.46	4.39	4.92	5.11	5.33	5.45	5.52	5.47	5.38	5.11
Investment loans	4.52	4.59	4.80	4.94	5.05	5.31	5.56	5.74	5.97	6.07	6.09	6.00	5.84
Real estate purchase loans	4.71	4.63	4.68	5.14	5.08	5.30	5.56	5.55	5.83	6.53	6.53	6.49	6.42
Other loans	4.49	4.61	4.80	4.92	5.18	5.31	5.53	5.77	6.06	5.89	6.13	6.15	5.97
Credit cards	12.36	13.26	13.83	14.29	14.31	14.49	17.24	17.12	16.49	17.47	16.68	17.34	17.23
Short-term loans	4.53	4.56	4.92	5.05	5.04	5.45	5.70	5.85	6.26	6.24	6.10	6.08	5.88
Long-term loans over 1 year and up to 5 years	4.96	4.96	5.20	5.32	5.43	5.69	5.91	6.14	6.31	6.41	6.35	6.38	6.19
Long-term loans over 5 years	4.40	4.50	4.69	4.83	4.96	5.20	5.45	5.61	5.88	5.94	6.04	6.02	5.92

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.



### Average Interest Rates on Outstanding Deposits

	2006												2007
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Deposits in total<sup>1)</sup></b>	1.52	1.37	1.68	1.74	1.72	2.02	1.94	2.11	2.39	2.38	2.32	2.35	2.18
Deposits payable on demand	0.92	0.59	0.66	0.74	0.80	1.12	0.86	0.82	1.26	1.01	0.95	1.00	1.00
of which: demand deposits	0.61	0.47	0.52	0.60	0.61	0.77	0.66	0.69	0.90	0.81	0.75	0.78	0.81
overnight deposits	3.20	1.46	2.22	2.64	2.55	4.39	2.68	3.19	5.54	3.93	3.17	3.72	3.11
Deposits with agreed maturity <sup>2)</sup>	2.15	2.15	2.52	2.56	2.56	2.91	2.92	3.16	3.36	3.46	3.45	3.54	3.22
- up to 1 year in total	2.02	2.03	2.49	2.55	2.55	2.98	2.99	3.28	3.51	3.62	3.61	3.73	3.36
- up to 7 days	2.53	1.78	2.80	2.49	2.49	3.83	2.85	3.16	4.82	3.88	3.52	3.52	3.22
- up to 1 month	2.37	2.41	2.89	2.96	2.95	3.39	3.44	3.76	3.83	4.09	4.07	4.05	3.43
- up to 3 months	1.42	1.55	1.71	1.82	1.98	2.15	2.45	2.72	2.78	2.85	2.92	2.92	3.02
- up to 6 months	1.39	1.49	1.61	1.76	1.93	2.12	2.41	2.69	2.94	3.07	3.19	3.28	3.41
- up to 1 year	0.80	0.79	0.79	0.87	0.97	1.12	1.29	1.68	1.90	2.08	2.20	3.34	3.42
- over 1 year in total	2.73	2.70	2.66	2.62	2.59	2.56	2.55	2.55	2.55	2.56	2.57	2.57	2.55
- up to 2 years	2.14	2.13	2.16	1.90	1.94	2.30	2.36	2.52	2.83	3.07	3.26	3.28	3.32
- over 2 years	2.74	2.71	2.67	2.64	2.60	2.57	2.55	2.55	2.55	2.55	2.55	2.55	2.53
Deposits redeemable at notice	1.07	1.10	1.16	1.19	1.21	1.23	1.54	1.65	1.75	1.79	1.81	1.83	1.78
- up to 3 months	0.97	0.97	1.05	1.06	1.07	1.09	1.45	1.47	1.47	1.54	1.55	1.55	1.46
- over 3 months	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91	1.93	1.97	1.93
<b>Households</b>													
Deposits in total	1.20	1.19	1.26	1.29	1.31	1.43	1.51	1.64	1.74	1.79	1.81	1.87	1.84
Deposits payable on demand	0.49	0.41	0.44	0.42	0.45	0.51	0.50	0.51	0.54	0.51	0.50	0.50	0.51
of which: demand deposits	0.45	0.40	0.42	0.41	0.43	0.45	0.47	0.49	0.49	0.48	0.47	0.48	0.49
overnight deposits	2.90	1.42	1.89	2.14	2.35	3.97	2.41	2.83	5.02	3.73	3.09	3.11	2.86
Deposits with agreed maturity	1.88	1.92	2.01	2.09	2.13	2.33	2.42	2.61	2.74	2.83	2.87	2.92	2.87
- up to 1 year in total	1.44	1.51	1.68	1.82	1.89	2.21	2.36	2.65	2.83	2.94	3.00	3.07	3.01
- up to 7 days	1.52	1.17	1.59	1.75	1.70	2.80	2.19	2.22	3.62	3.01	2.54	2.84	2.58
- up to 1 month	1.46	1.51	1.68	1.84	1.85	2.20	2.33	2.51	2.56	2.71	2.72	2.76	2.58
- up to 3 months	1.28	1.42	1.53	1.68	1.83	2.03	2.25	2.50	2.59	2.69	2.72	2.75	2.85
- up to 6 months	1.32	1.43	1.53	1.66	1.82	2.01	2.24	2.53	2.76	2.90	3.03	3.10	3.12
- up to 1 year	1.46	1.46	1.56	1.72	1.83	2.09	2.45	3.01	3.26	3.40	3.53	3.62	3.69
- long-term over 1 year	2.73	2.71	2.66	2.62	2.59	2.57	2.54	2.54	2.55	2.56	2.57	2.57	2.55
- up to 2 years	2.19	2.16	2.13	1.81	1.84	2.24	2.32	2.53	2.92	3.17	3.38	3.44	3.49
- over 2 years	2.74	2.71	2.67	2.63	2.60	2.57	2.55	2.54	2.54	2.55	2.55	2.55	2.52
Deposits redeemable at notice	1.07	1.10	1.16	1.18	1.21	1.22	1.54	1.65	1.75	1.78	1.81	1.83	1.78
- up to 3 months	0.96	0.96	1.04	1.05	1.06	1.07	1.43	1.45	1.46	1.52	1.54	1.54	1.45
- over 3 months	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91	1.93	1.97	1.93
<b>Non-financial corporations</b>													
Deposits in total	1.82	1.49	1.85	1.99	1.89	2.43	2.09	2.34	3.03	2.80	2.60	2.56	2.48
Deposits payable on demand	1.23	0.70	0.87	0.95	1.05	1.62	1.10	1.05	1.98	1.47	1.30	1.30	1.41
of which: demand deposits	0.79	0.49	0.58	0.71	0.73	1.01	0.72	0.78	1.35	1.12	0.98	1.02	1.09
overnight deposits	3.29	1.69	2.23	2.62	2.64	4.44	2.71	3.18	5.58	3.98	3.15	3.81	3.18
Deposits with agreed maturity	2.68	2.58	3.05	3.07	3.07	3.72	3.58	3.86	4.35	4.34	4.28	4.21	3.72
- up to 1 year in total	2.68	2.58	3.05	3.07	3.08	3.73	3.58	3.87	4.36	4.35	4.29	4.22	3.73
- up to 7 days	2.70	1.94	2.40	2.62	2.66	4.02	3.00	3.35	5.13	4.07	3.68	3.53	3.33
- up to 1 month	2.72	2.71	3.22	3.20	3.16	3.70	3.72	4.07	4.20	4.45	4.40	4.45	3.76
- up to 3 months	2.37	2.46	2.74	2.70	2.97	3.09	3.56	3.78	3.90	3.97	4.16	4.12	3.83
- up to 6 months	2.41	2.24	2.45	2.65	2.89	3.08	3.22	3.34	3.91	4.11	4.24	4.41	3.98
- up to 1 year	1.89	1.97	2.29	2.47	2.73	2.96	2.92	3.10	3.34	3.66	3.65	3.85	3.63
- long-term over 1 year	2.17	2.21	2.41	2.41	2.41	2.47	2.86	2.80	2.82	2.85	3.01	2.93	2.83
- up to 2 years	2.23	2.23	2.50	2.50	2.51	2.69	2.77	2.69	2.69	2.74	3.39	3.16	3.16
- over 2 years	2.15	2.19	2.37	2.37	2.36	2.36	2.88	2.82	2.85	2.87	2.86	2.85	2.71
Deposits redeemable at notice	1.51	1.49	1.74	1.86	1.83	1.96	1.95	1.92	1.91	2.13	2.27	2.08	1.96
- up to 3 months	1.53	1.51	1.78	1.91	1.88	2.01	2.00	1.96	1.96	2.19	2.23	2.14	2.01
- over 3 months	1.15	1.18	1.17	1.17	1.16	1.21	1.21	1.21	1.21	1.20	2.83	1.20	1.19

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 non-negotiable securities (according to the ECB methodology).

Note: Deposits in total include also repo operations and other non-negotiable securities.



## Shortened Balance Sheet of Commercial Banks as at 31 January 2007

(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	nerezidenti	
<b>Total assets</b>	58,723,560	1,204,897,875	46,870,098	155,153,681	58,935,131	1,407,133,225
Cash items	0	12,147,071	0	41,569	3,675,148	15,863,788
Cash in hand	0	11,432,754	0	0	3,287,651	14,720,405
of which: EUR	0	0	0	0	1,672,759	1,672,759
Gold	0	0	0	0	0	0
Amounts in transit	0	714,317	0	41,569	387,497	1,143,383
Loans and other receivables	22,551,197	779,929,859	17,849,641	142,561,165	38,339,808	956,129,276
Deposits with and loans to NBS, foreign central banks and post office banks	791	227,335,085	0	0	66,862	227,401,156
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	791	197,402,074	0	0	66,862	197,468,145
Valued on a portfolio basis (category II)	0	29,933,011	0	0	0	29,933,011
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	0	988,772	0	0	66,164	1,054,936
Time deposits	0	3,004,855	0	0	0	3,004,855
Loans provided	791	211,104,564	0	0	0	211,103,773
Money reserve accounts	0	12,236,894	0	0	0	12,236,894
of which: Minimum reserve requirements	0	12,103,746	0	0	0	12,103,746
Postal cheque accounts	0	0	0	0	698	698
Deposits with and credits to banks	76,878	32,528,483	13,596,899	4,902,196	23,531,207	74,481,907
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	1,568	26,172,924	11,226,303	4,488,848	20,294,399	62,180,906
Valued on a portfolio basis (category II)	1,975	6,313,677	2,370,596	413,348	2,463,689	11,559,335
Valued on an individual basis						
with identifiable depreciation (category III)	73,335	41,882	0	0	773,119	741,666
of which: Failed	40,279	40,279	0	0	0	0
of which: Deposits with and loans to own financial group	48	1,586,684	635,262	0	3,184,680	5,406,578
of which: Current accounts in banks	69	654,590	219,323	81,122	3,387,636	4,342,602
Current accounts of other banks	774	23,964	3,685,373	0	880,395	4,588,958
Time deposits	1,525	29,762,923	9,678,944	4,752,467	15,191,285	59,384,094
Loans provided	74,510	1,668,646	0	0	4,055,284	5,649,420
Other receivables from banks	0	418,360	13,259	68,607	16,607	516,833
Receivables from clients	22,466,029	508,043,646	4,252,726	131,219,702	14,571,583	635,621,628
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	235,679	165,498,482	3,029,143	80,454,087	10,768,942	259,514,975
Valued on a portfolio basis (category II)	12,635,861	322,101,021	904,148	43,867,931	2,826,872	357,064,111
Valued on an individual basis						
with identifiable depreciation (category III)	9,594,489	20,444,143	319,435	6,897,684	975,769	19,042,542
of which: Failed	14,444,422	19,401,401	177,459	1,708,916	261,852	7,105,206
of which: MMIF loans	0	0	0	0	0	0
Loans to general government and international organizations (S.13)	7,499	12,022,645	16	6,439,267	170,156	18,624,585
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	4,944	10,171,797	16	6,053,730	170,156	16,390,755
Valued on a portfolio basis (category II)	2,454	1,827,330	0	385,537	0	2,210,413
Valued on an individual basis						
with identifiable depreciation (category III)	101	23,518	0	0	0	23,417
of which: Failed	7	8	0	0	0	1
of which: Deposits with central government (S.1311)	0	0	0	0	0	0
Loans to central government (S.1311)	0	1,744,275	16	79,110	170,156	1,993,557
of which: SR Treasury	0	0	0	0	0	0
Other funds	0	2	0	0	0	2
Loans to local governments (S.1313)	7,499	10,075,648	0	6,360,157	0	16,428,306
Loans to social security funds (S.1314)	0	202,722	0	0	0	202,722
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	202,722	0	0	0	202,722
Debt securities	0	0	0	0	0	0
Financial instruments for sale	340,952	36,327,642	4,104,296	4,276,547	5,069,231	49,436,764
Financial instruments in fair value towards profit/loss						
Held for trading (excluding derivatives)	0	101,444,686	591,196	1,191,491	2,027,643	105,255,016
Other (from the point of settlement)	0	5,949,781	1,633,363	4,379,668	5,163,218	17,126,030
Tangible assets investments (IAS 40)	70,365	284,523	0	0	0	214,158
Positive fair value of fixed forward transactions	0	8,105,427	16,321,376	0	0	24,426,803
Financial instruments held to maturity	55,640	187,608,819	5,663,515	2,372,179	3,790,727	199,379,600
Positive fair value of derivate hedge transactions	0	173,134	45,025	0	965	219,124
Change in fair value of hedged items in the portfolio of interest rate risk hedges	0	0	0	0	0	0
Subsidiary and affiliated companies, joint ventures	703,952	5,071,218	610,828	0	0	4,978,094
Long-term funds provided to branches abroad	0	0	0	0	505,912	505,912
Tangible assets	23,075,093	45,230,718	0	642	71,715	22,227,982
Intangible assets	10,250,949	15,181,076	0	3,789	0	4,933,916
Other assets	958,828	4,979,176	50,858	326,631	290,764	4,688,601
Subordinated financial assets						
Tax receivables	0	1,262,152	0	0	0	1,262,152
Depreciation	33,617,428	33,617,428	0	0	0	0
Non-current assets held for sale (IFRS 5)	786,949	1,487,116	0	0	0	700,167



## Shortened Balance Sheet of Commercial Banks as at 31 January 2007

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

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total Residents
	Residents	Non-residents	Residents	nerezidenti	
<b>Total liabilities</b>	985,513,197	117,498,568	135,453,793	168,667,667	1,407,133,225
<b>PAYABLES</b>	917,206,542	77,197,240	135,302,906	168,615,776	1,298,322,464
Deposits with and loans to NBS and foreign issuing banks	3,056,098	0	33,567	0	3,089,665
of which: Current accounts	22	0	0	0	22
Time deposits	0	0	0	0	0
Loans received	3,056,076	0	33,567	0	3,089,643
Postal cheque accounts	0	0	0	0	0
Financial liabilities valued at amortized costs	877,811,554	60,543,644	130,906,612	120,699,063	1,189,960,873
Deposits, loans and other liabilities received from banks	28,194,463	49,118,258	4,842,030	100,783,505	182,938,256
of which: Deposits with and loans received from own financial group	914,356	13,956,621	0	65,111,880	79,982,857
of which: Current accounts in banks	23,964	282,901	0	4,502,685	4,809,550
Current accounts of other banks	654,852	13,354,140	81,171	372,709	14,462,872
Time deposits	24,935,421	23,797,805	4,714,294	85,174,965	138,622,485
Subordinate debts	211,536	1,058,069	0	1,336,218	2,605,823
Loans received	1,429,645	10,604,861	0	8,904,131	20,938,637
Other liabilities received from banks	939,045	20,482	46,565	492,797	1,498,889
Deposits and loans received from clients	733,698,704	8,293,194	101,297,670	6,857,766	850,147,334
of which: MMIF deposits	18,587,864	0	7,460	0	18,595,324
of which: Current accounts and other financial undated liabilities	289,692,095	5,493,810	51,583,573	3,240,333	350,009,811
Time deposits	396,827,540	2,543,416	46,452,561	1,816,535	447,640,052
Deposits at notice	34,167,232	64,561	1,188,430	8,724	35,428,947
Certificates of deposit	80,413	60	0	0	80,473
Loans received and financial leasing	5,870,774	0	0	0	5,870,774
Other liabilities received from customers	7,060,650	191,347	2,073,106	1,792,174	11,117,277
Deposits of general government and international organizations	37,391,196	15,761	22,833,473	3,097,949	63,338,379
of which: Deposits of central government (S.1311)	18,745,610	15,761	22,807,554	3,097,919	44,666,844
of which: Treasury	828,308	0	7,937,573	0	8,765,881
Other funds	6,822,964	0	143,055	0	6,966,019
of which: National Property Fund	6,809,311	0	137,324	0	6,946,635
Deposits of local governments (S.1313)	18,642,336	0	25,917	30	18,668,283
Deposits of social security funds (S.1314)	3,250	0	2	0	3,252
of which: Health insurance companies	1,495	0	0	0	1,495
Social Insurance Corporation	1,755	0	2	0	1,757
Securities issued by the accounting unit	78,527,191	3,116,431	1,933,439	9,959,843	93,536,904
Financial liabilities held for trading (excluding derivatives)	0	0	0	0	0
Financial liabilities in fair value towards profit/loss (IAS 39)	7,471,017	2,794,867	1,870,509	47,752,191	59,888,584
of which: Current accounts	0	0	0	0	0
Time deposits	7,471,017	2,794,867	1,870,509	47,752,191	59,888,584
Deposits at notice	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Loans 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 fair value of fixed forward transactions	11,258,804	13,686,167	182,299	0	25,127,270
Negative fair value of derivate hedge transactions	48,678	152,848	0	0	201,526
Change in fair value of hedged items in the portfolio of interest rate risk hedges	0	0	0	0	0
Financial liabilities arising from the transfer of financial assets	0	0	0	0	0
Liabilities from securities sold for a short term	0	0	0	0	0
Subsidies and similar funds	80,000	0	0	0	80,000
Reserves	5,258,436	81	397,309	330	5,656,156
Other liabilities	10,170,162	19,633	1,911,705	164,192	12,265,692
Tax liabilities	2,051,793	0	905	0	2,052,698
<b>EQUITY CAPITAL</b>	68,306,655	40,301,328	150,887	51,891	108,810,761
Registered capital	4,627,366	36,594,862	0	0	41,222,228
of which: Subscribed registered capital	4,630,359	36,594,862	0	0	41,225,221
Receivables from shareholders	0	0	0	0	0
Own shares	-2,993	0	0	0	-2,993
Long-term funds provided to branches of foreign banks	32,000	3,124,579	0	35,279	3,191,858
Share premium	2,472,564	475,000	0	0	2,947,564
Reserve funds and other funds allocated from profits	12,475,577	119,500	0	0	12,595,077
Other funds	203,716	5,490	0	1,459	210,665
Valuation changes	454,618	-18,103	150,887	15,153	602,555
Profit/loss from previous years	28,525,590	0	0	0	28,525,590
of which: Retained earnings	29,277,691	0	0	0	29,277,691
Accumulated loss	-752,101	0	0	0	-752,101
Profit and loss account	1,649,561	0	0	0	1,649,561
Profit/loss in process of approval	17,865,663	0	0	0	17,865,663



## Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2006												2007
	1	2	3	4	5	6	7	8	9	10	11	12	1
NET INCOME FROM INTEREST	2,568	4,889	7,514	10,099	12,769	15,601	18,717	21,689	24,727	27,855	30,980	34,584	3,298
Income from interest on securities	1,143	2,065	3,068	4,046	5,032	5,966	7,085	8,227	9,298	10,406	11,492	12,663	1,202
Income from other interest	3,842	7,308	11,608	15,809	20,368	25,451	30,078	34,711	39,421	44,561	49,834	55,391	5,479
Expenses on interest on securities	221	444	671	904	1,149	1,391	1,655	1,948	2,234	2,535	2,857	3,193	316
Expenses on other interest	2,195	4,040	6,492	8,852	11,483	14,426	16,791	19,300	21,758	24,577	27,489	30,277	3,067
NET NON-INTEREST INCOME	1,871	3,497	5,270	6,981	8,346	10,217	11,942	13,424	14,706	16,314	17,786	19,112	1,719
Income from fees and provisions	1,075	2,169	3,471	4,634	5,905	6,957	8,117	9,303	10,454	11,626	12,844	14,134	1,206
Expenses on fees and provisions	198	389	643	859	1,128	1,377	1,635	1,908	2,197	2,439	2,720	3,021	225
Dividends received	3	8	8	211	221	333	389	399	399	440	443	456	5
Income from operations in securities	412	656	942	1,189	1,325	1,489	1,788	2,039	2,442	2,622	2,869	3,124	274
Expenses on operations in securities	138	398	1,034	1,328	1,815	2,435	2,481	2,601	2,517	2,614	2,649	2,993	226
Profit/loss of foreign exchange operations	1,296	1,759	1,732	3,264	3,768	2,021	3,196	4,113	5,012	6,880	8,703	10,205	-1,978
Profit/loss of fixed forward transactions and options	-611	-355	798	-127	87	3,294	2,615	2,155	1,142	-160	-1,674	-2,688	2,691
Income from other operations	73	133	96	126	152	159	192	250	286	317	422	467	4
Expenses on other operations	39	86	101	130	169	224	240	327	315	358	452	573	34
NET OPERATIONAL PROFIT/LOSS	-142	-288	-540	-749	-990	-1,103	-1,254	-1,263	-1,636	-1,594	-1,433	-1,906	-90
GENERAL OPERATIONAL EXPENSES	2,286	4,656	7,098	9,474	11,917	14,255	16,739	19,367	21,682	24,188	26,840	29,856	2,555
NET ADDITIONS TO RESERVES AND PROVISIONS	-252	-216	-273	-522	-337	-982	-1,217	-1,526	-1,806	-2,301	-2,513	-2,453	-375
INCOME TAX	215	391	720	962	1,225	1,361	1,606	1,846	2,337	2,682	2,992	3,624	347
CURRENT PERIOD PROFIT/LOSS	1,545	2,835	4,153	5,371	6,646	8,117	9,844	11,112	11,972	13,403	14,989	15,856	1,650





**Balance of Payments of the SR for January – December 2006**

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
<b>Goods</b>	1,239,359.0	41,695.6	1,330,986.0	44,778.2	-91,627.0	-3,082.6
<b>Services</b>	160,636.5	5,404.3	140,897.0	4,740.2	19,739.5	664.1
Transport	56,524.9	1,901.7	38,000.2	1,278.4	18,524.7	623.2
Tourism	44,985.2	1,513.4	31,349.4	1,054.7	13,635.8	458.7
Other services	59,126.4	1,989.2	71,547.4	2,407.1	-12,421.0	-417.9
<b>Income</b>	58,101.3	1,954.7	120,175.2	4,043.0	-62,074.0	-2,088.3
Compensation of employees	32,200.0	1,083.3	1,412.9	47.5	30,787.1	1,035.8
Investment income	25,901.3	871.4	118,762.4	3,995.5	-92,861.1	-3,124.1
<b>Current transfers</b>	48,169.2	1,620.5	49,804.7	1,675.6	-1,635.5	-55.0
<b>CURRENT ACCOUNT</b>	1,506,265.9	50,675.1	1,641,863.0	55,236.9	-135,597.0	-4,561.9
<b>Capital account</b>	1,117.5	37.6	2,333.6	78.5	-1,216.1	-40.9
<b>Financial account</b>	6,586,158.1	221,492.0	-6,552,541.3	-220,415.3	33,616.8	1,076.7
Direct investment	1,050,374.9	35,337.6	-937,510.2	-31,540.5	112,864.7	3,797.1
<i>Abroad (direct investor = resident)</i>	53,680.8	1,806.0	-64,624.2	-2,174.1	-10,943.4	-368.2
Equity capital and reinvested earnings	5,449.8	183.3	-16,169.2	-544.0	-10,719.4	-360.6
Other capital	48,231.0	1,622.6	-48,455.0	-1,630.2	-224.0	-7.5
<i>In the SR (recipient of dir. investment = resident)</i>	996,694.1	33,531.6	-872,886.0	-29,366.4	123,808.1	4,165.3
Equity capital and reinvested earnings	86,559.1	2,912.1	-5,541.0	-186.4	81,018.1	2,725.7
Other capital	910,135.0	30,619.5	-867,345.0	-29,180.0	42,790.0	1,439.6
Portfolio investment	685,298.5	22,994.1	-637,072.1	-21,432.9	48,226.4	1,561.1
Assets	73,482.7	2,472.2	-79,135.0	-2,662.3	-5,652.3	-190.2
Liabilities	611,815.8	20,521.9	-557,937.1	-18,770.6	53,878.7	1,751.3
Financial derivatives	2,020,778.1	67,984.7	-2,025,597.2	-68,146.9	-4,819.1	-162.1
Assets	990,413.1	33,320.3	-1,002,813.2	-33,737.5	-12,400.1	-417.2
Liabilities	1,030,365.0	34,664.4	-1,022,784.0	-34,409.4	7,581.0	255.0
Other investment	2,829,706.6	95,175.6	-2,952,361.8	-99,295.0	-122,655.1	-4,119.4
<i>Long-term</i>	517,311.9	17,403.3	-498,706.7	-16,775.8	18,605.3	627.6
Assets	100,229.6	3,370.6	-94,953.1	-3,194.5	5,276.5	176.1
Liabilities	417,082.3	14,032.7	-403,753.6	-13,581.2	13,328.7	451.5
<i>Short-term</i>	2,312,394.7	77,772.3	-2,453,655.1	-82,519.3	-141,260.4	-4,747.0
Assets	1,385,332.0	46,606.5	-1,423,666.0	-47,896.2	-38,334.0	-1,289.7
Liabilities	927,062.7	31,165.8	-1,029,989.1	-34,623.1	-102,926.3	-3,457.3
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	6,587,275.6	221,529.6	-6,554,874.8	-220,493.8	32,400.7	1,035.8
<b>ERRORS AND OMISSIONS</b>	-	-	-	-	25,100.4	959.0
<b>TOTAL BALANCE</b>	-78,095.9	-2,567.1	0.0	0.0	-78,095.9	-2,567.1
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 assets	78,095.9	2,567.1	0.0	0.0	78,095.9	2,567.1
<i>Currency and deposits</i>	4,674.9	152.9	0.0	0.0	4,674.9	152.9
<i>Securities</i>	73,421.0	2,414.2	0.0	0.0	73,421.0	2,414.2
Bonds and notes	68,333.0	2,286.4	0.0	0.0	68,333.0	2,286.4
Money market instruments and financial derivatives	5,088.0	127.8	0.0	0.0	5,088.0	127.8
<b>RESERVE ASSETS</b>	78,095.9	2,567.1	0.0	0.0	78,095.9	2,567.1

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 29.724.



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in SKK millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accept.		issue	maturity	max.
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	83	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
961512014	21.9.2006	22.9.2006	15.12.2006	84	9,550	0	American	-	-	-
961201015	19.10.2006	20.10.2006	12.1.2007	84	7,100	500	American	4.75	4.75	4.75
961602017	23.11.2006	24.11.2006	16.2.2007	84	1,950	1,150	American	4.75	4.75	4.75
960903018	14.12.2006	15.12.2006	9.3.2007	84	36,613	36,113	American	4.74	4.75	4.75
971105002	15.02.2007	16.02.2007	11.05.2007	84	60,980	0	American	-	-	-



**Basic Characteristics of Slovakia's Foreign Exchange Market in February 2007**

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD millions	Number of transactions
	USD millions	%		USD millions	%		USD millions	%			
NBS	-	-	-	0.0	0.0	0	-	-	-	0.0	0
Transactions between domestic banks without foreign participation	7,049.9	77.8	221	1,962.7	21.7	812	45.6	0.5	35	9,058.2	1,068
Interbank forex market: NBS + transactions between domestic banks	7,049.9	77.8	221	1,962.7	21.7	812	45.6	0.5	35	9,058.2	1,068
Transactions between domestic and foreign banks	70,607.4	88.8	2,079	8,710.7	11.0	3,080	213.6	0.3	119	79,531.7	5,278
Foreign exchange market in the SR – total	77,657.3	87.7	2,300	10,673.4	12.0	3,892	259.2	0.3	154	88,589.9	6,346

	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	1,645.5	18.1	838	16.5	0.2	5	7,401.2	81.6	225.0	7.6	0.1	5	9,070.8	1,073
Transactions between domestic and foreign banks	7,442.4	9.3	3,109	127.3	0.2	48	71,987.7	90.1	2,121.0	366.0	0.5	275	79,923.4	5,553
Foreign exchange market in the SR - excl. the NBS	9,087.9	10.2	3,947	143.8	0.2	53	79,388.9	89.2	2,346.0	373.6	0.4	280	88,994.2	6,626

## Average Monthly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2006											2007	
	2	3	4	5	6	7	8	9	10	11	12	1	2
1 AUD	23.228	22.712	22.411	22.490	22.247	22.748	22.455	22.286	21.992	21.537	20.828	20.921	20.664
1 BGN	-	-	-	-	-	-	-	-	-	-	-	17.754	17.656
1 CYP	65.147	65.132	64.901	65.331	66.157	66.770	65.472	65.088	63.909	62.197	60.595	60.044	59.625
1 CZK	1.317	1.308	1.312	1.328	1.340	1.350	1.336	1.322	1.302	1.281	1.260	1.249	1.223
1 DKK	5.011	5.020	5.011	5.039	5.101	5.146	5.051	5.029	4.942	4.818	4.698	4.658	4.632
1 EUR	37.404	37.455	37.392	37.575	38.036	38.388	37.688	37.505	36.852	35.914	35.025	34.721	34.524
1 EEK	2.391	2.394	2.390	2.401	2.431	2.453	2.409	2.398	2.355	2.296	2.239	2.219	2.207
100 JPY	26.536	26.606	26.048	26.331	26.220	26.170	25.421	25.181	24.624	23.790	22.654	22.183	21.903
1 CAD	27.224	26.958	26.610	26.508	26.997	26.845	26.266	26.398	25.902	24.599	23.043	22.723	22.561
1 LTL	10.833	10.847	10.828	10.881	11.014	11.117	10.914	10.863	10.671	10.403	10.143	10.055	9.999
1 LVL	53.739	53.810	53.721	53.981	54.642	55.156	54.151	53.899	52.937	51.550	50.207	49.779	49.345
100 HUF	14.871	14.392	14.080	14.308	14.022	13.814	13.743	13.672	13.769	13.866	13.779	13.690	13.624
1 MTL	87.147	87.229	87.130	87.563	88.593	89.435	87.798	87.390	85.836	83.694	81.595	80.887	80.445
1 NOK	4.639	4.694	4.761	4.819	4.845	4.834	4.724	4.545	4.392	4.355	4.296	4.193	4.269
1 PLN	9.853	9.662	9.535	9.646	9.460	9.596	9.658	9.465	9.434	9.386	9.189	8.961	8.865
1 RON	-	-	-	-	-	-	-	-	-	-	-	10.239	10.207
100 SIT	15.619	15.635	15.605	15.678	15.871	16.020	15.728	15.658	15.377	14.990	14.615	-	-
1 CHF	24.016	23.880	23.734	24.133	24.382	24.474	23.893	23.699	23.177	22.567	21.945	21.503	21.293
1 SEK	4.009	3.984	4.002	4.025	4.117	4.164	4.094	4.049	3.981	3.945	3.875	3.825	3.763
1 USD	31.298	31.186	30.535	29.461	30.054	30.286	29.426	29.448	29.225	27.915	26.504	26.694	26.434
1 GBP	54.748	54.392	53.819	54.961	55.412	55.805	55.649	55.570	54.751	53.320	52.044	52.321	51.737
1 XDR	44.944	44.874	44.280	43.828	44.414	44.734	43.753	43.649	43.051	41.567	39.980	39.916	39.569

Note: With effect from 1 January 2007, the Slovenian tolar (SIT) has been excluded and the Bulgarian lev (BGN) and the Romanian leu (RON) included in the exchange rate table of the NBS. On 1 January 2007, Slovenia introduced the euro and Bulgaria and Romania joined the EU.

## Average Quarterly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2005					2006				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
1 AUD	22.667	23.726	24.089	24.099	23.650	23.040	22.379	22.499	21.480	22.358
1 CYP	65.726	67.266	67.458	67.178	66.916	65.222	65.502	65.778	62.316	64.711
1 CZK	1.275	1.291	1.301	1.314	1.295	1.31	1.328	1.336	1.282	1.314
1 DKK	5.143	5.225	5.184	5.162	5.179	5.02	5.053	5.075	4.825	4.994
1 EUR	38.282	38.907	38.662	38.500	38.593	37.457	37.687	37.861	35.975	37.248
1 EEK	2.447	2.487	2.471	2.461	2.467	2.394	2.408	2.420	2.299	2.381
100 JPY	27.935	28.721	28.497	27.627	28.202	26.668	26.208	25.592	23.737	25.565
1 CAD	23.788	24.804	26.325	27.580	25.622	26.979	26.714	26.497	24.584	26.203
1 LTL	11.087	11.270	11.197	11.152	11.178	10.848	10.914	10.965	10.419	10.787
1 LVL	54.987	55.899	55.548	55.283	55.437	53.813	54.143	54.402	51.632	53.501
100 HUF	15.624	15.578	15.746	15.294	15.561	14.728	14.137	13.744	13.804	14.111
1 MTL	88.675	90.578	90.057	89.687	89.764	87.25	87.807	88.208	83.813	86.775
1 NOK	4.647	4.831	4.904	4.888	4.818	4.668	4.811	4.704	4.350	4.634
1 PLN	9.511	9.417	9.609	9.836	9.591	9.772	9.546	9.577	9.342	9.562
100 SIT	15.969	16.242	16.143	16.077	16.110	15.639	15.726	15.802	15.013	15.546
1 CHF	24.724	25.206	24.884	24.884	24.929	24.028	24.105	24.023	22.593	23.692
1 SEK	4.219	4.228	4.127	4.067	4.161	4.005	4.052	4.103	3.936	4.024
1 USD	29.160	30.863	31.683	32.359	31.022	31.169	29.991	29.715	27.948	29.724
1 GBP	55.172	57.311	56.540	56.609	56.424	54.597	54.787	55.676	53.438	54.624
1 XDR	44.429	46.053	46.299	46.450	45.816	44.893	44.173	44.042	41.608	43.694

**Inflow of Foreign Direct Investment into Slovakia in 1999 – 2006***(Flows and stocks)***Corporate sector**

	SKK millions		USD millions	
	Inflows from January to December	Volume as at 31 December	Inflows from January to December	Volume as at 31 December
1999	16,729	83,061	403.92	1,965.20
2000	97,454	161,988	2,109.39	3,418.26
2001	24,353	182,151	503.71	3,758.25
2002	174,180	259,517	3,842.06	6,482.09
2003	37,157	283,078	1,010.44	8,598.97
2004 <sup>2)</sup>	29,008	329,948	899.33	11,578.75
2005 <sup>3)</sup>	21,885	353,255	705.47	11,057.19
2006	58,159	409,752	1,956.63	15,611.98

**Banking sector**

	SKK millions		USD millions	
	Inflows from January to December	Volume as at 31 December	Inflows from January to December	Volume as at 31 December
1999	-40	12,977	-0.97	307.03
2000	2,107	15,153	45.61	319.76
2001	37,095	52,245	767.27	1,077.95
2002	11,414	59,729	251.77	1,491.88
2003 <sup>1)</sup>	1,813	65,422	49.30	1,987.30
2004	5,115	66,644	158.58	2,338.71
2005	-2	66,641	-0.06	2,085.92
2006	-456	66,182	-15.34	2,521.60

**Total**

	SKK millions		USD millions	
	Inflows from January to December	Volume as at 31 December	Inflows from January to December	Volume as at 31 December
1999	16,689	96,038	402.95	2,272.23
2000	99,561	177,141	2,155.00	3,738.02
2001	61,448	234,396	1,270.98	4,836.20
2002	185,594	319,246	4,093.83	7,973.97
2003 <sup>1)</sup>	38,970	348,500	1,059.74	10,586.27
2004 <sup>2)</sup>	34,123	396,592	1,057.91	13,917.46
2005 <sup>3)</sup>	21,883	419,896	705.40	13,143.11
2006	57,703	475,934	1,941.29	18,133.58

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

2) Other capital funds included in the equity capital.

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

Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2006

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 29.724									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	58,159	1,956.6	100.0	-456	-15.3	100.0	57,703	1,941.3	100.0
<b>Structure of capital by investor</b>									
Italy	31,679	1,065.8	54.5	45	1.5	-9.9	31,724	1,067.3	55.0
Austria	7,777	261.6	13.4	196	6.6	-43.0	7,973	268.2	13.8
Korea	7,884	265.2	13.6	0	0.0	0.0	7,884	265.2	13.7
Germany	4,504	151.5	7.7	0	0.0	0.0	4,504	151.5	7.8
Cyprus	3,213	108.1	5.5	0	0.0	0.0	3,213	108.1	5.6
Czech Republic	1,056	35.5	1.8	1	0.0	-0.2	1,057	35.6	1.8
Sweden	483	16.2	0.8	0	0.0	0.0	483	16.2	0.8
Switzerland	479	16.1	0.8	0	0.0	0.0	479	16.1	0.8
USA	472	15.9	0.8	0	0.0	0.0	472	15.9	0.8
Hungary	438	14.7	0.8	0	0.0	0.0	438	14.7	0.8
Other countries	174	5.9	0.3	-698	-23.5	153.1	-524	-17.6	-0.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	45	1.5	0.1	0	0.0	0.0	45	1.5	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	267	9.0	0.5	0	0.0	0.0	267	9.0	0.5
Manufacturing	14,789	497.5	25.4	0	0.0	0.0	14,789	497.5	25.6
Electricity, gas, and water supply	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Construction	173	5.8	0.3	0	0.0	0.0	173	5.8	0.3
Wholesale and retail trade, repairs of motor vehicles	2,938	98.8	5.1	0	0.0	0.0	2,938	98.8	5.1
Hotels and restaurants	32	1.1	0.1	0	0.0	0.0	32	1.1	0.1
Transport, storage, post and telecommunications	1,758	59.1	3.0	0	0.0	0.0	1,758	59.1	3.0
Financial intermediation	3,891	130.9	6.7	-456	-15.3	100.0	3,435	115.6	6.0
Real estate, renting and business activities	2,843	95.6	4.9	0	0.0	0.0	2,843	95.6	4.9
Public administration and defence, compulsory social security	31,355	1,054.9	53.9	0	0.0	0.0	31,355	1,054.9	54.3
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	67	2.3	0.1	0	0.0	0.0	67	2.3	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 region</b>									
Bratislava region	42,971	1,445.7	73.9	-456	-15.3	100.0	42,515	1,430.3	73.7
Trnava region	1,553	52.2	2.7	0	0.0	0.0	1,553	52.2	2.7
Trenčín region	2,493	83.9	4.3	0	0.0	0.0	2,493	83.9	4.3
Nitra region	987	33.2	1.7	0	0.0	0.0	987	33.2	1.7
Žilina region	7,711	259.4	13.3	0	0.0	0.0	7,711	259.4	13.4
Banská Bystrica region	845	28.4	1.5	0	0.0	0.0	845	28.4	1.5
Prešov region	435	14.6	0.7	0	0.0	0.0	435	14.6	0.8
Košice region	1,164	39.2	2.0	0	0.0	0.0	1,164	39.2	2.0

Note: Preliminary data.

1) Equity capital.



**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>	21,885	705.5	100.0	-2	-0.1	100.0	21,883	705.4	100.0
<b>Structure of capital by investor</b>									
Korea	6,543	210.9	29.9	0	0.0	0.0	6,543	210.9	29.9
Germany	6,431	207.3	29.4	-250	-8.1	12,500.0	6,181	199.2	28.2
Austria	3,107	100.2	14.2	-45	-1.5	2,250.0	3,062	98.7	14.0
Holand	1,378	44.4	6.3	3	0.1	-150.0	1,381	44.5	6.3
Switzerland	1,191	38.4	5.4	0	0.0	0.0	1,191	38.4	5.4
USA	1,031	33.2	4.7	0	0.0	0.0	1,031	33.2	4.7
Spain	784	25.3	3.6	0	0.0	0.0	784	25.3	3.6
United Kingdom	506	16.3	2.3	125	4.0	-6,250.0	631	20.3	2.9
Litva	417	13.4	1.9	0	0.0	0.0	417	13.4	1.9
Cyprus	321	10.3	1.5	0	0.0	0.0	321	10.3	1.5
Other countries	176	5.7	0.8	165	5.3	-8,250.0	341	11.0	1.6
<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	8	0.3	0.0	0	0.0	0.0	8	0.3	0.0
Manufacturing	10,642	343.0	48.6	0	0.0	0.0	10,642	343.0	48.6
Electricity, gas, and water supply	323	10.4	1.5	0	0.0	0.0	323	10.4	1.5
Construction	190	6.1	0.9	0	0.0	0.0	190	6.1	0.9
Wholesale and retail trade, repairs of motor vehicles	3,183	102.6	14.5	0	0.0	0.0	3,183	102.6	14.5
Hotels and restaurants	29	0.9	0.1	0	0.0	0.0	29	0.9	0.1
Transport, storage, post and telecommunications	1,280	41.3	5.8	0	0.0	0.0	1,280	41.3	5.8
Financial intermediation	4,263	137.4	19.5	-2	-0.1	100.0	4,261	137.4	19.5
Real estate, renting and business activities	1,882	60.7	8.6	0	0.0	0.0	1,882	60.7	8.6
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	53	1.7	0.2	0	0.0	0.0	53	1.7	0.2
Other community, social, and personal services	66	2.1	0.3	0	0.0	0.0	66	2.1	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	7,136	230.0	32.6	-2	-0.1	100.0	7,134	230.0	32.6
Trnava region	682	22.0	3.1	0	0.0	0.0	682	22.0	3.1
Trenčín region	3,213	103.6	14.7	0	0.0	0.0	3,213	103.6	14.7
Nitra region	641	20.7	2.9	0	0.0	0.0	641	20.7	2.9
Žilina region	7,122	229.6	32.5	0	0.0	0.0	7,122	229.6	32.5
Banská Bystrica region	1,253	40.4	5.7	0	0.0	0.0	1,253	40.4	5.7
Prešov region	158	5.1	0.7	0	0.0	0.0	158	5.1	0.7
Košice region	1,680	54.2	7.7	0	0.0	0.0	1,680	54.2	7.7

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>	29,008	899.3	100.0	5,115	158.6	100.0	34,123	1,057.9	100.0
<b>Structure of capital by investor</b>									
Austria	2,974	92.2	10.3	4,776	148.1	93.4	7,750	240.3	22.7
Hungary	6,863	212.8	23.7	-30	-0.9	-0.6	6,833	211.8	20.0
United Kingdom	6,050	187.6	20.9	-1,396	-43.3	-27.3	4,654	144.3	13.6
Czech Republic	4,605	142.8	15.9	-11	-0.3	-0.2	4,594	142.4	13.5
France	3,749	116.2	12.9	-136	-4.2	-2.7	3,613	112.0	10.6
Germany	3,340	103.5	11.5	253	7.8	4.9	3,593	111.4	10.5
Louxeembourg	3,185	98.7	11.0	0	0.0	0.0	3,185	98.7	9.3
Korea	2,208	68.5	7.6	0	0.0	0.0	2,208	68.5	6.5
Switzerland	950	29.5	3.3	0	0.0	0.0	950	29.5	2.8
Italy	734	22.8	2.5	-13	-0.4	-0.3	721	22.4	2.1
Other countries	-5,650	-175.2	-19.5	1,672	51.8	32.7	-3,978	-123.3	-11.7
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	348	10.8	1.2	0	0.0	0.0	348	10.8	1.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-8	-0.2	0.0	0	0.0	0.0	-8	-0.2	0.0
Manufacturing	25,670	795.8	88.5	0	0.0	0.0	25,670	795.8	75.2
Electricity, gas, and water supply	-253	-7.8	-0.9	0	0.0	0.0	-253	-7.8	-0.7
Construction	487	15.1	1.7	0	0.0	0.0	487	15.1	1.4
Wholesale and retail trade, repairs of motor vehicles	8,673	268.9	29.9	0	0.0	0.0	8,673	268.9	25.4
Hotels and restaurants	-17	-0.5	-0.1	0	0.0	0.0	-17	-0.5	0.0
Transport, storage, post and telecommunications	-8,436	-261.5	-29.1	0	0.0	0.0	-8,436	-261.5	-24.7
Financial intermediation	1,155	35.8	4.0	5,115	158.6	100.0	6,270	194.4	18.4
Real estate, renting and business activities	1,239	38.4	4.3	0	0.0	0.0	1,239	38.4	3.6
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	18	0.6	0.1	0	0.0	0.0	18	0.6	0.1
Other community, social, and personal services	132	4.1	0.5	0	0.0	0.0	132	4.1	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	17,205	533.4	59.3	5,004	155.1	97.8	22,209	688.5	65.1
Trnava region	4,124	127.9	14.2	0	0.0	0.0	4,124	127.9	12.1
Trenčín region	2,292	71.1	7.9	0	0.0	0.0	2,292	71.1	6.7
Nitra region	120	3.7	0.4	0	0.0	0.0	120	3.7	0.4
Žilina region	2,315	71.8	8.0	73	2.3	1.4	2,388	74.0	7.0
Banská Bystrica region	850	26.4	2.9	38	1.2	0.7	888	27.5	2.6
Prešov region	1,081	33.5	3.7	0	0.0	0.0	1,081	33.5	3.2
Košice region	1,021	31.7	3.5	0	0.0	0.0	1,021	31.7	3.0

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2006**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 26.246									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	409,752	15,612.0	100.0	66,182	2,521.6	100.0	475,934	18,133.6	100.0
<b>Structure of capital by investor</b>									
The Netherlands	92,066	3,507.8	22.5	612	23.3	0.9	92,678	3,531.1	19.5
Germany	85,993	3,276.4	21.0	861	32.8	1.3	86,854	3,309.2	18.2
Austria	37,574	1,431.6	9.2	33,067	1,259.9	50.0	70,641	2,691.5	14.8
Italy	34,761	1,324.4	8.5	24,185	921.5	36.5	58,946	2,245.9	12.4
Hungary	27,181	1,035.6	6.6	2,007	76.5	3.0	29,188	1,112.1	6.1
United Kingdom	25,136	957.7	6.1	0	0.0	0.0	25,136	957.7	5.3
Czech Republic	16,136	614.8	3.9	3,486	132.8	5.3	19,622	747.6	4.1
Korea	17,063	650.1	4.2	0	0.0	0.0	17,063	650.1	3.6
USA	14,195	540.8	3.5	1,650	62.9	2.5	15,845	603.7	3.3
Cyprus	12,892	491.2	3.1	0	0.0	0.0	12,892	491.2	2.7
Other countries	46,755	1,781.4	11.4	314	12.0	0.5	47,069	1,793.4	9.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,828	69.6	0.4	0	0.0	0.0	1,828	69.6	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,736	104.2	0.7	0	0.0	0.0	2,736	104.2	0.6
Manufacturing	186,017	7,087.4	45.4	0	0.0	0.0	186,017	7,087.4	39.1
Electricity, gas, and water supply	66,001	2,514.7	16.1	0	0.0	0.0	66,001	2,514.7	13.9
Construction	3,330	126.9	0.8	0	0.0	0.0	3,330	126.9	0.7
Wholesale and retail trade, repairs of motor vehicles	54,796	2,087.8	13.4	0	0.0	0.0	54,796	2,087.8	11.5
Hotels and restaurants	2,370	90.3	0.6	0	0.0	0.0	2,370	90.3	0.5
Transport, storage, post and telecommunications	40,161	1,530.2	9.8	0	0.0	0.0	40,161	1,530.2	8.4
Financial intermediation	25,416	968.4	6.2	66,182	2,521.6	100.0	91,598	3,490.0	19.2
Real estate, renting and business activities	23,907	910.9	5.8	0	0.0	0.0	23,907	910.9	5.0
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,623	61.8	0.4	0	0.0	0.0	1,623	61.8	0.3
Other community, social, and personal services	1,567	59.7	0.4	0	0.0	0.0	1,567	59.7	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	253,699	9,666.2	61.9	65,232	2,485.4	98.6	318,931	12,151.6	67.0
Trnava region	26,265	1,000.7	6.4	0	0.0	0.0	26,265	1,000.7	5.5
Trenčín region	23,164	882.6	5.7	0	0.0	0.0	23,164	882.6	4.9
Nitra region	14,484	551.9	3.5	0	0.0	0.0	14,484	551.9	3.0
Žilina region	34,138	1,300.7	8.3	950	36.2	1.4	35,088	1,336.9	7.4
Banská Bystrica region	12,414	473.0	3.0	0	0.0	0.0	12,414	473.0	2.6
Prešov region	7,858	299.4	1.9	0	0.0	0.0	7,858	299.4	1.7
Košice region	37,730	1,437.6	9.2	0	0.0	0.0	37,730	1,437.6	7.9

Note: Preliminary data.

1) Equity capital.

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>	353,255	11,057.2	100.0	66,641	2,085.9	100.0	419,896	13,143.1	100.0
<b>Structure of capital by investor</b>									
The Netherlands	88,893	2,782.4	25.2	616	19.3	0.9	89,509	2,801.7	21.3
Germany	82,047	2,568.1	23.2	860	26.9	1.3	82,907	2,595.1	19.7
Austria	31,571	988.2	8.9	32,868	1,028.8	49.3	64,439	2,017.0	15.3
Hungary	27,311	854.9	7.7	2,007	62.8	3.0	29,318	917.7	7.0
Italy	5,118	160.2	1.4	24,144	755.7	36.2	29,262	915.9	7.0
United Kingdom	27,263	853.4	7.7	473	14.8	0.7	27,736	868.2	6.6
Czech Republic	15,641	489.6	4.4	3,485	109.1	5.2	19,126	598.7	4.6
USA	13,945	436.5	3.9	1,650	51.6	2.5	15,595	488.1	3.7
France	10,848	339.6	3.1	500	15.7	0.8	11,348	355.2	2.7
Cyprus	9,406	294.4	2.7	0	0.0	0.0	9,406	294.4	2.2
Other countries	41,212	1,290.0	11.7	38	1.2	0.1	41,250	1,291.2	9.8
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,783	55.8	0.5	0	0.0	0.0	1,783	55.8	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,640	82.6	0.7	0	0.0	0.0	2,640	82.6	0.6
Manufacturing	169,956	5,319.8	48.1	0	0.0	0.0	169,956	5,319.8	40.5
Electricity, gas, and water supply	38,271	1,197.9	10.8	0	0.0	0.0	38,271	1,197.9	9.1
Construction	3,159	98.9	0.9	0	0.0	0.0	3,159	98.9	0.8
Wholesale and retail trade, repairs of motor vehicles	51,433	1,609.9	14.6	0	0.0	0.0	51,433	1,609.9	12.2
Hotels and restaurants	2,348	73.5	0.7	0	0.0	0.0	2,348	73.5	0.6
Transport, storage, post and telecommunications	38,185	1,195.2	10.8	0	0.0	0.0	38,185	1,195.2	9.1
Financial intermediation	24,955	781.1	7.1	66,641	2,085.9	100.0	91,596	2,867.0	21.8
Real estate, renting and business activities	17,422	545.3	4.9	0	0.0	0.0	17,422	545.3	4.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,622	50.8	0.5	0	0.0	0.0	1,622	50.8	0.4
Other community, social, and personal services	1,481	46.4	0.4	0	0.0	0.0	1,481	46.4	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	213,503	6,682.8	60.4	65,691	2,056.2	98.6	279,194	8,739.0	66.5
Trnava region	24,807	776.5	7.0	0	0.0	0.0	24,807	776.5	5.9
Trenčín region	20,990	657.0	5.9	0	0.0	0.0	20,990	657.0	5.0
Nitra region	13,735	429.9	3.9	0	0.0	0.0	13,735	429.9	3.3
Žilina region	25,272	791.0	7.2	950	29.7	1.4	26,222	820.8	6.2
Banská Bystrica region	11,467	358.9	3.2	0	0.0	0.0	11,467	358.9	2.7
Prešov region	7,394	231.4	2.1	0	0.0	0.0	7,394	231.4	1.8
Košice region	36,087	1,129.6	10.2	0	0.0	0.0	36,087	1,129.6	8.6

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>	329,948	11,578.7	100.0	66,644	2,338.7	100.0	396,592	13,917.5	100.0
<b>Structure of capital by investor</b>									
The Netherlands	90,510	3,176.2	27.4	613	21.5	0.9	91,123	3,197.7	23.0
Germany	75,333	2,643.6	22.8	1,110	39.0	1.7	76,443	2,682.6	19.3
Austria	23,895	838.5	7.2	32,926	1,155.5	49.4	56,821	1,994.0	14.3
Hungary	27,353	959.9	8.3	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	7.4
United Kingdom	26,980	946.8	8.2	349	12.2	0.5	27,329	959.0	6.9
Czech Republic	17,033	597.7	5.2	3,486	122.3	5.2	20,519	720.1	5.2
USA	12,374	434.2	3.8	1,650	57.9	2.5	14,024	492.1	3.5
France	11,888	417.2	3.6	415	14.6	0.6	12,303	431.7	3.1
Cyprus	9,128	320.3	2.8	0	0.0	0.0	9,128	320.3	2.3
Other countries	30,431	1,067.9	9.2	0	0.0	0.0	30,431	1,067.9	7.7
<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	2,556	89.7	0.8	0	0.0	0.0	2,556	89.7	0.6
Manufacturing	160,407	5,629.1	48.6	0	0.0	0.0	160,407	5,629.1	40.4
Electricity, gas, and water supply	38,056	1,335.5	11.5	0	0.0	0.0	38,056	1,335.5	9.6
Construction	2,876	100.9	0.9	0	0.0	0.0	2,876	100.9	0.7
Wholesale and retail trade, repairs of motor vehicles	51,159	1,795.3	15.5	0	0.0	0.0	51,159	1,795.3	12.9
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	36,322	1,274.6	11.0	0	0.0	0.0	36,322	1,274.6	9.2
Financial intermediation	17,158	602.1	5.2	66,644	2,338.7	100.0	83,802	2,940.8	21.1
Real estate, renting and business activities	14,546	510.5	4.4	0	0.0	0.0	14,546	510.5	3.7
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	1,570	55.1	0.5	0	0.0	0.0	1,570	55.1	0.4
Other community, social, and personal services	1,522	53.4	0.5	0	0.0	0.0	1,522	53.4	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	204,560	7,178.6	62.0	65,202	2,288.1	97.8	269,762	9,466.7	68.0
Trnava region	23,939	840.1	7.3	0	0.0	0.0	23,939	840.1	6.0
Trenčín region	17,533	615.3	5.3	0	0.0	0.0	17,533	615.3	4.4
Nitra region	12,999	456.2	3.9	0	0.0	0.0	12,999	456.2	3.3
Žilina region	19,184	673.2	5.8	950	33.3	1.4	20,134	706.6	5.1
Banská Bystrica region	10,185	357.4	3.1	492	17.3	0.7	10,677	374.7	2.7
Prešov region	7,114	249.6	2.2	0	0.0	0.0	7,114	249.6	1.8
Košice region	34,434	1,208.4	10.4	0	0.0	0.0	34,434	1,208.4	8.7

1) Equity capital + reinvested earnings.

## Outflow of Foreign Direct Investment from Slovakia in 1999 – 2006

(Flows and stocks)

### Corporate sector

	SKK millions		USD millions	
	Net change	Volume as at 31 December	Net change	Volume as at 31 December
1999	739	12,732	17.84	301.24
2000	975	15,222	21.10	321.21
2001	3,441	21,403	71.17	441.60
2002	364	19,121	8.03	477.60
2003	664	17,950	18.06	545.26
2004 <sup>2)</sup>	2,536	20,321	78.62	713.12
2005 <sup>3)</sup>	3,139	23,744	101.19	743.21
2006	9,463	32,275	318.36	1,229.71

### Banking sector

	SKK millions		USD millions	
	Net change	Volume as at 31 December	Net change	Volume as at 31 December
1999	-17,110	69	-413.12	1.63
2000	99	189	2.14	3.99
2001	8	198	0.17	4.09
2002	0	164	0.00	4.10
2003 <sup>1)</sup>	43	196	1.17	5.95
2004	-29	527	-0.90	18.49
2005	302	839	9.74	26.26
2006	58	861	1.95	32.80

### Total

	SKK millions		USD millions	
	Net change	Volume as at 31 December	Net change	Volume as at 31 December
1999	-16,371	12,801	-395.27	302.87
2000	1,074	15,411	23.25	325.20
2001	3,449	21,601	71.34	445.68
2002	364	19,285	8.03	481.69
2003 <sup>1)</sup>	707	18,146	19.23	551.22
2004 <sup>2)</sup>	2,507	20,848	77.72	731.61
2005 <sup>3)</sup>	3,441	24,583	110.92	769.47
2006	9,521	33,136	320.31	1,262.52

Note: The data for 2004 – 2006 are preliminary.

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

2) Change in methodology – other capital funds included.

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



### Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2006

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 29.724									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	9,463	318.4	100.0	58	2.0	100.0	9,521	320.3	100.0
<b>Structure of capital by country of investment</b>									
Luxembourg	7,139	240.2	75.4	0	0.0	0.0	7,139	240.2	75.0
Czech Republic	3,058	102.9	32.3	10	0.3	17.2	3,068	103.2	32.2
Russia	568	19.1	6.0	0	0.0	0.0	568	19.1	6.0
Cyprus	422	14.2	4.5	0	0.0	0.0	422	14.2	4.4
United Kingdom	308	10.4	3.3	0	0.0	0.0	308	10.4	3.2
Ukraine	308	10.4	3.3	0	0.0	0.0	308	10.4	3.2
Poland	192	6.5	2.0	0	0.0	0.0	192	6.5	2.0
Austria	140	4.7	1.5	0	0.0	0.0	140	4.7	1.5
Croatia	40	1.3	0.4	0	0.0	0.0	40	1.3	0.4
Bosna and Hercegovina	27	0.9	0.3	0	0.0	0.0	27	0.9	0.3
Other countries	-2,739	-92.1	-28.9	48	1.6	82.8	-2,691	-90.5	-28.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-1	0.0	0.0	0	0.0	0.0	-1	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	424	14.3	4.5	0	0.0	0.0	424	14.3	4.5
Manufacturing	-1,438	-48.4	-15.2	0	0.0	0.0	-1,438	-48.4	-15.1
Electricity, gas, and water supply	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Construction	204	6.9	2.2	0	0.0	0.0	204	6.9	2.1
Wholesale and retail trade, repairs of motor vehicles	541	18.2	5.7	0	0.0	0.0	541	18.2	5.7
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	263	8.8	2.8	0	0.0	0.0	263	8.8	2.8
Financial intermediation	4,562	153.5	48.2	58	2.0	100.0	4,620	155.4	48.5
Real estate, renting and business activities	4,921	165.6	52.0	0	0.0	0.0	4,921	165.6	51.7
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	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-26	-0.9	-0.3	0	0.0	0.0	-26	-0.9	-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	7,782	261.8	82.2	58	2.0	100.0	7,840	263.8	82.3
Trnava region	433	14.6	4.6	0	0.0	0.0	433	14.6	4.5
Trenčín region	496	16.7	5.2	0	0.0	0.0	496	16.7	5.2
Nitra region	143	4.8	1.5	0	0.0	0.0	143	4.8	1.5
Žilina region	39	1.3	0.4	0	0.0	0.0	39	1.3	0.4
Banská Bystrica region	526	17.7	5.6	0	0.0	0.0	526	17.7	5.5
Prešov region	36	1.2	0.4	0	0.0	0.0	36	1.2	0.4
Košice region	8	0.3	0.1	0	0.0	0.0	8	0.3	0.1

Note: Preliminary data.

1) Equity capital.

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>	3,139	101.2	100.0	302	9.7	100.0	3,441	110.9	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	2,135	68.8	68.0	8	0.3	2.6	2,143	69.1	62.3
Switzerland	661	21.3	21.1	0	0.0	0.0	661	21.3	19.2
The Netherlands	0	0.0	0.0	291	9.4	96.4	291	9.4	8.5
Cyprus	266	8.6	8.5	0	0.0	0.0	266	8.6	7.7
Russia	106	3.4	3.4	3	0.1	1.0	109	3.5	3.2
Croatia	97	3.1	3.1	0	0.0	0.0	97	3.1	2.8
Poland	48	1.5	1.5	0	0.0	0.0	48	1.5	1.4
Ethiopia	29	0.9	0.9	0	0.0	0.0	29	0.9	0.8
Bosna and Hercegovina	29	0.9	0.9	0	0.0	0.0	29	0.9	0.8
Serbia and Montenegro	8	0.3	0.3	0	0.0	0.0	8	0.3	0.2
Other countries	-240	-7.7	-7.6	0	0.0	0.0	-240	-7.7	-7.0
<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	58	1.9	1.8	0	0.0	0.0	58	1.9	1.7
Manufacturing	466	15.0	14.8	0	0.0	0.0	466	15.0	13.5
Electricity, gas, and water supply	40	1.3	1.3	0	0.0	0.0	40	1.3	1.2
Construction	-349	-11.3	-11.1	0	0.0	0.0	-349	-11.3	-10.1
Wholesale and retail trade, repairs of motor vehicles	252	8.1	8.0	0	0.0	0.0	252	8.1	7.3
Hotels and restaurants	94	3.0	3.0	0	0.0	0.0	94	3.0	2.7
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	1,909	61.5	60.8	302	9.7	100.0	2,211	71.3	64.3
Real estate, renting and business activities	666	21.5	21.2	0	0.0	0.0	666	21.5	19.4
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	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	2,924	94.3	93.2	302	9.7	100.0	3,226	104.0	93.8
Trnava region	111	3.6	3.5	0	0.0	0.0	111	3.6	3.2
Trenčín region	-14	-0.5	-0.4	0	0.0	0.0	-14	-0.5	-0.4
Nitra region	27	0.9	0.9	0	0.0	0.0	27	0.9	0.8
Žilina region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Banská Bystrica region	100	3.2	3.2	0	0.0	0.0	100	3.2	2.9
Prešov region	-22	-0.7	-0.7	0	0.0	0.0	-22	-0.7	-0.6
Košice region	15	0.5	0.5	0	0.0	0.0	15	0.5	0.4

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>	2,536	78.6	100.0	-29	-0.9	100.0	2,507	77.7	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,620	50.2	63.9	-29	-0.9	100.0	1,591	49.3	63.5
Slovenia	468	14.5	18.5	0	0.0	0.0	468	14.5	18.7
Ethiopia	229	7.1	9.0	0	0.0	0.0	229	7.1	9.1
The Netherlands	196	6.1	7.7	0	0.0	0.0	196	6.1	7.8
Russia	112	3.5	4.4	0	0.0	0.0	112	3.5	4.5
India	58	1.8	2.3	0	0.0	0.0	58	1.8	2.3
Cyprus	49	1.5	1.9	0	0.0	0.0	49	1.5	2.0
Bosnia and Herzegovina	28	0.9	1.1	0	0.0	0.0	28	0.9	1.1
Brazil	26	0.8	1.0	0	0.0	0.0	26	0.8	1.0
Poland	22	0.7	0.9	0	0.0	0.0	22	0.7	0.9
Other countries	-272	-8.4	-10.7	0	0.0	0.0	-272	-8.4	-10.8
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	7	0.2	0.3	0	0.0	0.0	7	0.2	0.3
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	993	30.8	39.2	0	0.0	0.0	993	30.8	39.6
Electricity, gas, and water supply	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Construction	-86	-2.7	-3.4	0	0.0	0.0	-86	-2.7	-3.4
Wholesale and retail trade, repairs of motor vehicles	1,596	49.5	62.9	0	0.0	0.0	1,596	49.5	63.7
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	0.0	0	0.0	0.0	1	0.0	0.0
Financial intermediation	-240	-7.4	-9.5	-29	-0.9	100.0	-269	-8.3	-10.7
Real estate, renting and business activities	269	8.3	10.6	0	0.0	0.0	269	8.3	10.7
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	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-5	-0.2	-0.2	0	0.0	0.0	-5	-0.2	-0.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	1,921	59.6	75.7	-29	-0.9	100.0	1,892	58.7	75.5
Trnava region	-46	-1.4	-1.8	0	0.0	0.0	-46	-1.4	-1.8
Trenčín region	893	27.7	35.2	0	0.0	0.0	893	27.7	35.6
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-66	-2.0	-2.6	0	0.0	0.0	-66	-2.0	-2.6
Banská Bystrica region	12	0.4	0.5	0	0.0	0.0	12	0.4	0.5
Prešov region	96	3.0	3.8	0	0.0	0.0	96	3.0	3.8
Košice region	-272	-8.4	-10.7	0	0.0	0.0	-272	-8.4	-10.8

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2006

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 26.246									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	32,275	1,229.7	100.0	861	32.8	100.0	33,136	1,262.5	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	12,527	477.3	38.8	546	20.8	63.4	13,073	498.1	39.5
Luxembourg	7,889	300.6	24.4	0	0.0	0.0	7,889	300.6	23.8
United Kingdom	2,578	98.2	8.0	0	0.0	0.0	2,578	98.2	7.8
Ukraine	2,057	78.4	6.4	0	0.0	0.0	2,057	78.4	6.2
Poland	1,209	46.1	3.7	0	0.0	0.0	1,209	46.1	3.6
Ireland	1,069	40.7	3.3	0	0.0	0.0	1,069	40.7	3.2
Russia	1,049	40.0	3.3	0	0.0	0.0	1,049	40.0	3.2
Cyprus	957	36.5	3.0	0	0.0	0.0	957	36.5	2.9
Austria	610	23.2	1.9	0	0.0	0.0	610	23.2	1.8
Slovenia	468	17.8	1.5	0	0.0	0.0	468	17.8	1.4
Other countries	1,862	70.9	5.8	315	12.0	36.6	2,177	82.9	6.6
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	18	0.7	0.1	0	0.0	0.0	18	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,560	59.4	4.8	0	0.0	0.0	1,560	59.4	4.7
Manufacturing	6,177	235.4	19.1	0	0.0	0.0	6,177	235.4	18.6
Electricity, gas and water supply	1,456	55.5	4.5	0	0.0	0.0	1,456	55.5	4.4
Construction	255	9.7	0.8	0	0.0	0.0	255	9.7	0.8
Wholesale and retail trade, repairs of motor vehicles	3,156	120.2	9.8	0	0.0	0.0	3,156	120.2	9.5
Hotels and restaurants	84	3.2	0.3	0	0.0	0.0	84	3.2	0.3
Transport, storage and communication	298	11.4	0.9	0	0.0	0.0	298	11.4	0.9
Financial intermediation	9,366	356.9	29.0	861	32.8	100.0	10,227	389.7	30.9
Real estate, renting and business activities	8,439	321.5	26.1	0	0.0	0.0	8,439	321.5	25.5
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	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	1,466	55.9	4.5	0	0.0	0.0	1,466	55.9	4.4
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	23,362	890.1	72.4	861	32.8	100.0	24,223	922.9	73.1
Trnava region	2,252	85.8	7.0	0	0.0	0.0	2,252	85.8	6.8
Trenčín region	1,763	67.2	5.5	0	0.0	0.0	1,763	67.2	5.3
Nitra region	213	8.1	0.7	0	0.0	0.0	213	8.1	0.6
Žilina region	209	8.0	0.6	0	0.0	0.0	209	8.0	0.6
Banská Bystrica region	2,065	78.7	6.4	0	0.0	0.0	2,065	78.7	6.2
Prešov region	567	21.6	1.8	0	0.0	0.0	567	21.6	1.7
Košice region	1,844	70.3	5.7	0	0.0	0.0	1,844	70.3	5.6

Note: Preliminary data.

1) Equity capital.



### 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>	23,744	743.2	100.0	839	26.3	100.0	24,583	769.5	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	12,225	382.7	51.5	499	15.6	59.5	12,724	398.3	51.8
United Kingdom	2,283	71.5	9.6	0	0.0	0.0	2,283	71.5	9.3
Ukraine	1,812	56.7	7.6	0	0.0	0.0	1,812	56.7	7.4
Ireland	1,140	35.7	4.8	0	0.0	0.0	1,140	35.7	4.6
Poland	930	29.1	3.9	0	0.0	0.0	930	29.1	3.8
Switzerland	854	26.7	3.6	0	0.0	0.0	854	26.7	3.5
Luxembourg	808	25.3	3.4	0	0.0	0.0	808	25.3	3.3
Russia	623	19.5	2.6	0	0.0	0.0	623	19.5	2.5
Cyprus	512	16.0	2.2	0	0.0	0.0	512	16.0	2.1
Slovenia	469	14.7	2.0	0	0.0	0.0	469	14.7	1.9
Other countries	2,088	65.4	8.8	340	10.6	40.5	2,428	76.0	9.9
<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
Mineral raw materials extraction	1,149	36.0	4.8	0	0.0	0.0	1,149	36.0	4.7
Manufacturing	5,152	161.3	21.7	0	0.0	0.0	5,152	161.3	21.0
Electricity, gas, and water supply	1,495	46.8	6.3	0	0.0	0.0	1,495	46.8	6.1
Construction	53	1.7	0.2	0	0.0	0.0	53	1.7	0.2
Wholesale and retail trade, repairs of motor vehicles	5,751	180.0	24.2	0	0.0	0.0	5,751	180.0	23.4
Hotels and restaurants	91	2.8	0.4	0	0.0	0.0	91	2.8	0.4
Transport, storage, post and telecommunications	43	1.3	0.2	0	0.0	0.0	43	1.3	0.2
Financial intermediation	4,943	154.7	20.8	839	26.3	100.0	5,782	181.0	23.5
Real estate, renting and business activities	3,487	109.1	14.7	0	0.0	0.0	3,487	109.1	14.2
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	1,560	48.8	6.6	0	0.0	0.0	1,560	48.8	6.3
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	15,459	483.9	65.1	839	26.3	100.0	16,298	510.1	66.3
Trnava region	1,935	60.6	8.1	0	0.0	0.0	1,935	60.6	7.9
Trenčín region	1,518	47.5	6.4	0	0.0	0.0	1,518	47.5	6.2
Nitra region	74	2.3	0.3	0	0.0	0.0	74	2.3	0.3
Žilina region	545	17.1	2.3	0	0.0	0.0	545	17.1	2.2
Banská Bystrica region	1,617	50.6	6.8	0	0.0	0.0	1,617	50.6	6.6
Prešov region	744	23.3	3.1	0	0.0	0.0	744	23.3	3.0
Košice region	1,852	58.0	7.8	0	0.0	0.0	1,852	58.0	7.5

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>	20,321	713.1	100.0	527	18.5	100.0	20,848	731.6	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	9,123	320.2	44.9	481	16.9	91.3	9,604	337.0	46.1
United Kingdom	2,282	80.1	11.2	0	0.0	0.0	2,282	80.1	10.9
Ukraine	1,238	43.4	6.1	0	0.0	0.0	1,238	43.4	5.9
Ireland	1,136	39.9	5.6	0	0.0	0.0	1,136	39.9	5.4
Hungary	1,130	39.7	5.6	0	0.0	0.0	1,130	39.7	5.4
Luxembourg	1,111	39.0	5.5	0	0.0	0.0	1,111	39.0	5.3
Poland	867	30.4	4.3	0	0.0	0.0	867	30.4	4.2
Austria	646	22.7	3.2	0	0.0	0.0	646	22.7	3.1
Russia	474	16.6	2.3	0	0.0	0.0	474	16.6	2.3
Slovenia	468	16.4	2.3	0	0.0	0.0	468	16.4	2.2
Other countries	1,846	64.8	9.1	46	1.6	8.7	1,892	66.4	9.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	30	1.1	0.1	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	521	18.3	2.6	0	0.0	0.0	521	18.3	2.5
Manufacturing	4,680	164.2	23.0	0	0.0	0.0	4,680	164.2	22.4
Electricity, gas, and water supply	1,414	49.6	7.0	0	0.0	0.0	1,414	49.6	6.8
Construction	413	14.5	2.0	0	0.0	0.0	413	14.5	2.0
Wholesale and retail trade, repairs of motor vehicles	5,808	203.8	28.6	0	0.0	0.0	5,808	203.8	27.9
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	3,079	108.1	15.2	527	18.5	100.0	3,606	126.5	17.3
Real estate, renting and business activities	2,836	99.5	14.0	0	0.0	0.0	2,836	99.5	13.6
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	1,498	52.6	7.4	0	0.0	0.0	1,498	52.6	7.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	13,061	458.3	64.3	527	18.5	100.0	13,588	476.8	65.2
Trnava region	1,779	62.4	8.8	0	0.0	0.0	1,779	62.4	8.5
Trenčín region	1,460	51.2	7.2	0	0.0	0.0	1,460	51.2	7.0
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	564	19.8	2.8	0	0.0	0.0	564	19.8	2.7
Banská Bystrica region	1,654	58.0	8.1	0	0.0	0.0	1,654	58.0	7.9
Prešov region	619	21.7	3.0	0	0.0	0.0	619	21.7	3.0
Košice region	1,145	40.2	5.6	0	0.0	0.0	1,145	40.2	5.5

1) Equity capital + reinvested earnings.