



NÁRODNÁ BANKA SLOVENSKA



Monetary Survey

August 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
BRIBOR	Bratislava Interbank Offered Rate
CDCP SR	Centrálny depozitár cenných papierov SR – Central Securities Depository of the Slovak Republic
CPI	Consumer Price Index
ECB	European Central Bank
EMU	Economic and Monetary Union
EU	European Union
Eurostat	Statistical Office of the European Communities
FDI	Foreign Direct Investment
Fed	Federal Reserve System
FNM	Fond národného majetku – National Property Fund
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
IMF	International Monetary Fund
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
NBS	Národná banka Slovenska – National Bank of Slovakia
NEER	Nominal Effective Exchange Rate
NPF	National Property Fund
OIF	Open-end Investment Funds
p.a.	per annum
p.p.	percentage points
PPI	Producer Price Index
REER	Real Effective Exchange Rate
repo	repurchase operation
RULC	Real Unit Labour Costs
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
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
SO SR	Statistical Office of the SR
SR	Slovenská republika – Slovak Republic
SRT	Sterilisation Repo Tender
ULC	Unit Labour Costs
VAT	Value Added Tax

Symbols used in the tables

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



1 Summary

Consumer prices, expressed in terms of the Harmonized Index of Consumer Prices (HICP), dropped by 0.1% in August in comparison with the previous month. The year-on-year rate of headline inflation reached 1.2%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 1.4%.

Measured in terms of the Consumer Price Index (CPI), consumer prices increased by 0.1% in August. The 12-month headline and core inflation rates reached 2.3% and 2.4%, respectively.

The M3 monetary aggregate (according to ECB methodology) decreased month-on-month by SKK 18.1 billion in June, and its year-on-year dynamics fell to 15.7% in comparison with June.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) increased month-on-month by SKK 13.0 billion in July, and the year-on-year growth rate accelerated by 2.1 percentage points to 16.7%.

The average interest rate on new loans to non-financial corporations decreased in June by 0.29 percentage points to 5.76%, while that on new loans to households increased by 0.09 percentage points, to 12.25%. Over the same period, the average interest rate on new deposits from non-financial corporations decreased by 0.78 percentage points, to 2.31%, and that on new household deposits fell by 0.01 of a percentage point, to 0.99%.

At the end of August, the State budget of the Slovak Republic resulted in a surplus of SKK 0.4 billion.

The foreign reserves of the NBS (at current exchange rates) stood at USD 17.8 billion in July. At the end of the month, the volume of reserves was 3.5 times greater than the volume of average monthly imports of goods and services to Slovakia during the first seven months of 2007. At the end of July, the coverage of average monthly imports (imports of goods and services according to data from banking statistics) by the official foreign reserves corresponded to 4.9 times the volume of average monthly imports of goods and services to Slovakia over the first seven months of 2007.

Národná banka Slovenska (NBS) conducted no foreign exchange intervention in August.

According to preliminary data, the balance of payments on current account for January to June 2007 resulted in a deficit of SKK 40.4 billion. Over the same period, the capital and financial account generated a surplus of SKK 106.4 billion. From January to July, the b.o.p. current account produced a deficit of SKK 40.5 billion, while trade resulted in a shortfall of SKK 15.9 billion.

The average daily sterilization position of the NBS grew in comparison with July by SKK 46 billion, to SKK 380.1 billion in August.



2 The External Economic Environment

The world economy continued to grow at a relatively robust pace in the second quarter of 2007, which was mainly due to Asian emerging economies. In the second quarter, the OECD countries recorded the same GDP growth as in the first quarter, namely 0.6% (the year-on-year growth decreased to 2.5% from the level of 2.6% in the first quarter). Similarly as in the previous quarter, the price development was affected by the development of energy prices. Inflation in OECD countries was relatively stable in the second quarter of 2007, reaching 2.2% in June as compared to 2.4% in March. Price growth accelerated especially in Asian emerging economies, particularly in China, which is probably facing an overheating of its economy. An unexpected sudden oil price rise, continuing global imbalances and an increase in protectionism in world trade continue to pose risks to the global economy. Inflationary pressures build up due to the rise in energy prices.

Commodities

Oil prices continued to be volatile in the second quarter of 2007 and they remained at high levels. After reaching new annual peaks at the beginning of April, the oil prices fell slightly. They increased by 17% in June in comparison with the beginning of the year and its growth accelerated to 19.2% in August (the average oil price in August stood at 72 USD/barrel). However, the average oil prices in August continued to remain below the level of the previous year. Continuing geopolitical tensions, limited oil production and limited processing capacity of refineries, high demand for oil and the summer season in the United States have contributed to high oil prices.

The world prices of other commodities recorded a slight drop in June after a robust growth in the first and at the beginning of the second quarter. Nevertheless, they remained at high levels. In particular, the prices of agricultural commodities went up. The prices of other industrial raw materials slightly decreased in the second quarter.

The United States of America

The economic development in the United States in the second quarter of 2007 registered an accelerated growth of 4.0%, in comparison with 0.6% in the previous quarter. The year-on-year growth of US economy reached 1.9% as compared to the same period of the previous year. The acceleration in economic growth was facilitated by a recovery in exports and investment, as well as by growth in federal and government spending. The imports of goods and services registered a considerable decline. A negative factor is the substantial decrease in the consumption growth of households, which went down from 3.7% to 1.4% against the previous quarter. In the construction sector, the deceleration of the rate of decline in investments slowed, which can be considered a positive factor.

Inflation pressures abated in the second quarter. Annual inflation was relatively stable over the quarter and it reached 2.7 % in June (2.8% in March). Core inflation recorded a decrease to 2.2% in June in comparison with 2.5% in March. The headline inflation declined to 2.4% in July, and the core inflation remained unchanged.

A gradual increase in interest rates was reflected – primarily in the segment of sub prime mortgages – in a rise of the number of debtors unable to repay these mortgages. Due to securitization of these loans and a relatively high exposure of financial institutions in this area, this problem passed through to the financial markets. Investors tended to move away from risky assets, which was reflected in a considerable decline in liquidity and led to an intervention by the FED.

The Federal Openmarket Committee (FOMC) did not change the target rate for federal funds at any of its meetings in the second quarter, and the rate has remained unchanged at 5.25% since June 2006. The FOMC did not change the rate at its August meeting either. As a result of the crisis on mortgage

Box 1

Headline versus core inflation in the decision-making of the FOMC

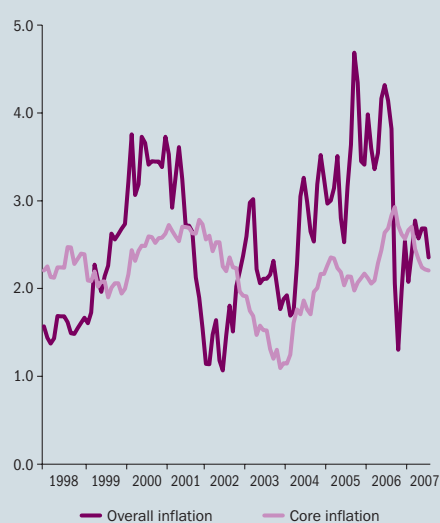
Monetary policy of the Federal Reserve System focuses on three basic objectives (price stability, economic growth and employment). As for price stability, the issue of selecting the price index to be used in monetary decisions of FOMC members is currently coming to the fore.

The most important factor in the growth of the US economy is household consumption. A change in the level of the cost of living influences the level of the standard of living and of household consumer spending. Viewed from this standpoint, the headline inflation expresses the change in the price level for households most precisely, because it includes the energy and food prices.

The FOMC bases its monetary decisions primarily on core inflation. The main reason for monitoring core inflation is to eliminate highly volatile contributions of energy and food prices to headline inflation. As a result of the current economic development in the United States (high energy prices, real estate market crisis) there has been a discussion in the professional public whether preferring core inflation, as the main indicator of monetary development for monetary decisions of FOMC members, is justified given that it does not reflect the level of the cost of living in a precise way.

Chart A Overall and Core Inflation

(%)



Source: NBS.

Statements of FOMC¹ members imply that preference for core inflation continues to prevail. In order to prevent incorrect decisions on monetary matters, FOMC members take into account indicators that are not very volatile and indicate long-term trends. As a result of the current economic development in the United States, the FED points out that the price development has to be in line with other monetary policy objectives, namely economic growth and employment. The long-term inflation target is publicly announced. In a short time horizon, deviations from the long-term target may occur as a result of economic developments. Under this situation, differences between the expectations of the public regarding future monetary policy decisions and the real decisions of monetary policy makers occur, since the latter focus on achieving the long-term objective.

For this reason, the FED cannot be currently expected to change the way of inflation monitoring for the needs of determining

monetary policy in the United States, not even under the influence of high energy prices and of the real estate market crisis.

1 E. g. Ben Bernanke: *Monetary Economics Workshop of the National Bureau of Economic Research, Cambridge, Massachusetts, July 2007.*

financial markets, the FOMC lowered the discount rate by 50 basis points to 5.75% in August and eased collateral eligibility conditions. It also carried out interventions to ensure money market liquidity.

Euro area countries

The modest slowdown of economic activity in the euro area in the first quarter of 2007 deepened in the second quarter. Real GDP grew by 0.3% in comparison with the previous quarter, the real GDP growth slowing down to 0.7% in the first quarter. On a year-on-year basis, the economic growth also dropped – to 2.5% (it stood at 3.2% in the first quarter); but this indicator still reaches relatively high levels.

The development of investment demand contributed considerably to the slowdown of economic activity. While investment recorded an extraordinary growth in the first quarter (a quarterly growth of 2.7%) – especially in the construction sector, supported also by unusually mild winter conditions – investment demand decreased in the second quarter (a quarterly 0.7% decline). The negative impact of the VAT increase in Germany on private consumption at the beginning of the year (consumption in Germany went down by 0.7% on a quarterly basis; it stagnated in the euro area) was probably temporary, as indicated by a revival in consumption that occurred in the second quarter (in Germany an increase of 0.3%, in the euro area a 0.5% increase). Thus, private consumption was the most important factor



stimulating economic growth in the second quarter. Net exports also had a positive contribution to economic activity. The improvement in the external sector has been brought about both by acceleration in the growth of exports and by a slowdown in the growth of imports.

The acceleration of household consumer spending was accompanied by a rise in consumer confidence and retail-sector confidence, reaching historical peaks that occurred during the 1999-2000 boom. The consumer confidence indicator, however, slightly decreased in June and August, which could be an indication of downside risks to private consumption. In particular, the August decline of this indicator can be an indication of fears of a negative impact of the current crisis on financial markets on the economic situation of households.

The labour market development can, in turn, contribute to a positive development of consumer demand. The relatively high growth in the employment rate in 2006 continued in the 1st quarter of 2007. The declining trend in the unemployment rate, which fell to 6.9% at

Chart 1 Euro Area Economic Growth
(constant 2000 prices, in %)

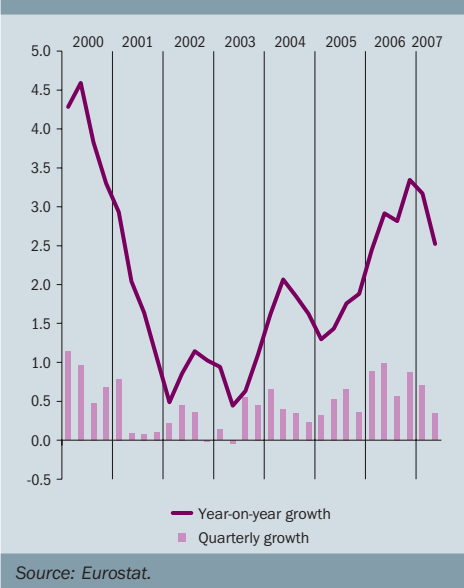


Chart 2 Contributions of Individual Components to Quarterly GDP Growth in the Euro Area
(p. p.)

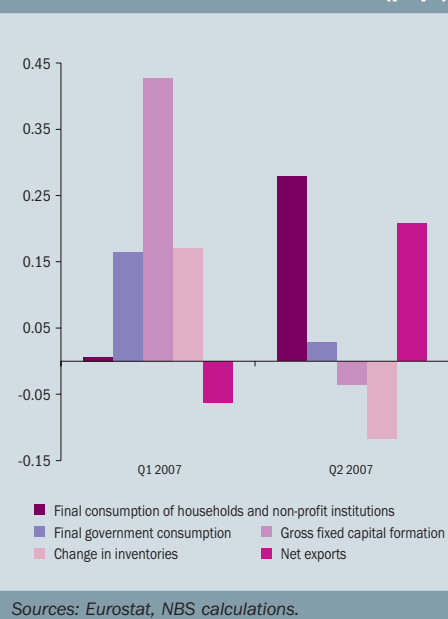


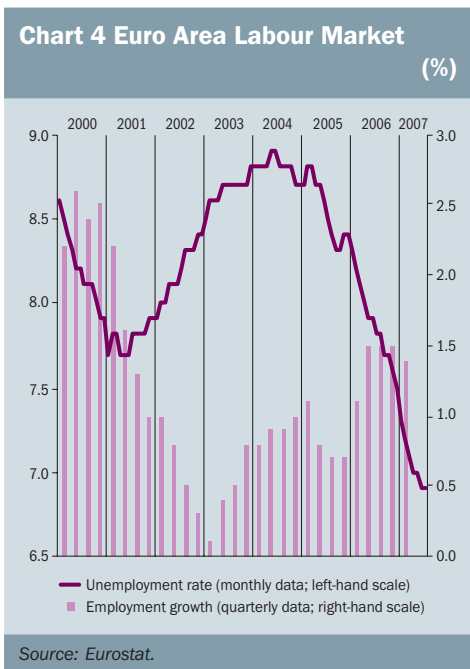
Chart 3 Euro Area Confidence Indicators
(p. p.)



the end of the second quarter (from 7.1% at the end of the first quarter), continued and the unemployment rate remained at the same level in July. Thus, the unemployment rate dropped by 0.6 percentage points over seven months of 2007 and it stood almost one percentage point below the level of the same period of the previous year.

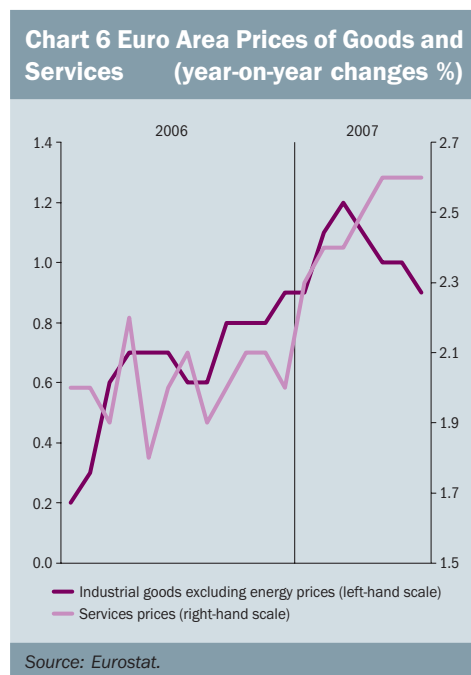
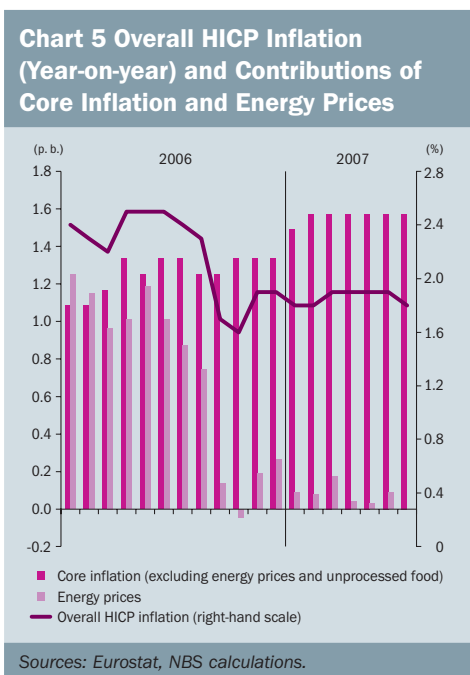
Year-on-year HICP inflation has been below the level of 2% for as much as twelve subsequent months. The development of the inflation was stabilized in the second quarter, with its dynamics stagnating at the March level of 1.9%. It recorded a modest decline by 0.1 percentage points to 1.8% in July and, according to the Eurostat flash estimate, it remained at that level in August.

The stabilized development of inflation in the second quarter and the modest decline of inflation in July was partially influenced by the base effect of the development of energy prices, which recorded a relatively dynamic growth in the same period of the previous year. Core inflation, i.e. price growth



excluding energy and unprocessed food, did not change against the end of the first quarter and it stagnated at the level of 1.9% until July. The dynamics of core inflation, however, increased by 0.3 percentage points in comparison with the end of the previous year. Looking at the components of core inflation, the price growth of industrial goods excluding energies dropped in the second quarter and above all in July. However, the dynamics of the price growth in services went up slightly. The continuing acceleration of inflation in the services sector can, despite a slowdown in economic growth, reflect an environment of a closing production gap, a revival in consumer demand, as well as a better ability of the firms to pass on the growing input costs to the consumer (which is also suggested by a survey of services sector expectations regarding its future prices).

The appreciation trend of the US dollar in May, supported by favourable performance of confidence indicators in the industry, but also of consumer confidence, continued almost until mid-June. Despite the increase in the ECB key rates at the beginning of June, yields to maturity of ten-year bonds grew faster in



the United States than in the euro area. However, the US dollar gradually depreciated in the second half of the month. In July, the euro continued in its appreciation trend with respect to the US dollar, despite favourable results of confidence indicators in the industry, but also of consumer confidence in the US economy. Factors that were positively affecting the development of the euro against the dollar were first press releases on a continuing boom in the British economy and, later on, the continuing weakening on the US real estate market with a subsequent impact on the financial market segment involved in the financing of sub prime mortgages. In August, the euro recorded a sharp depreciation as a result of information about the freezing of funds invested on the US real estate market by one of the big European banks. A re-appreciation of the euro against the US dollar in the course of the remaining August period was the result of a decrease in the FED discount rate and the associated expectations of a potential change in the base rate at its September meeting.

During the hitherto part of 2007, the European Central Bank increased its key interest rates in two steps, at the beginning of March and June, by 0.25 percentage points in both cases, the level of the rate for main refinancing operations having reached 4% thereby. This was due to upside risks to price

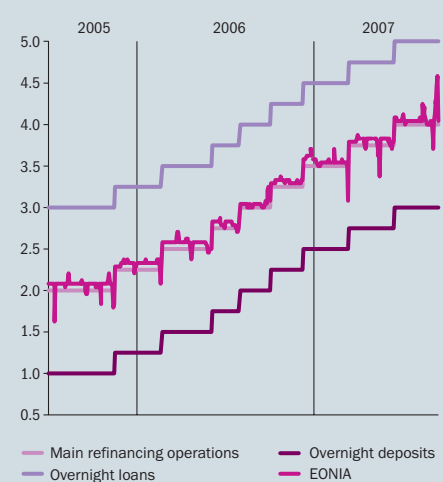


Chart 7 Exchange rate USD/EUR



Source: ECB.

Chart 8 ECB Interest Rates and EONIA (%)



Source: ECB.

stability associated with the development of energy prices, a faster growth of wages in an environment of a relatively rapid economic growth, with a growing ability of the supply side to determine the prices in some market segments, as well as a continuing monetary expansion. During the following months up to September, the ECB did not change the interest rates, stating that these upside risks to price stability continue to prevail and monetary policy remains accommodative, even following the increase of rates in the first half of the year. Between the end of July and the beginning of August, impacts of the financial crisis on the mortgage market in the United States appeared also on the financial markets in the euro area. Reassessment of risks brought about volatility and created a tense situation in money market liquidity. The ECB paid increased attention to this development and provided a sufficient amount of liquidity to restore the normal functioning of the money market. In its September decision, the ECB stated that the current situation on financial markets and the increase in volatility and financial market risks increase the uncertainty for future development. Before drawing conclusions for a monetary policy focused on price stability in a medium-term horizon, it will be necessary, due to the high level of uncertainty, to obtain further information and analyse new data.

Box 2

Euro area enlargement as of January 1, 2008 – Cyprus and Malta

On July 10, 2007, the Council of the European Union (ECOFIN) adopted the final formal decision that further two countries, namely Cyprus and Malta, will accede the euro area, which will increase the number of EMU Member States to 15 as from January 1, 2008. In connection with this decision, the Council of the European Union (ECOFIN) also decided on the conversion rates for the Cypriot pound and Maltese lira (1 euro = 0.585274 Cypriot pound and 1 euro = 0.429300 Maltese lira).

This decision was preceded by a request for examination of the fulfilment of the Maastricht Criteria addressed to the European Commission, dated February 13, 2007 in the case of Cyprus and February 27, 2007 in the case of Malta. The European Commission along with the ECB has published its convergence reports for both countries on May 16, 2007. Based on the assessment contained in the Convergence Report, the EC came to the conclusion that both Cyprus and Malta fulfil the obligatory conditions for the adoption of the euro and recommended to the Council of the European Union (ECOFIN) to adopt a positive decision on the accession of both countries to the euro area. The ECB came to the same conclusions in its Report.

The European Commission has stated in its Convergence Report on Cyprus that:

- 1) The average inflation rate during the 12 months to March 2007 was 2.0%, below the reference value of 3.0% in the given period. Cyprus has fulfilled the criterion since 2005 and, on the



basis of a forecast, is likely to fulfil the criterion also in months ahead. Moreover, the EC states that the moderate core inflation development suggests that inflationary pressures have remained limited. The progress in the field of price stability was supported by wage discipline and increasing competition on the goods markets. The development in the field of price stability is based on solid grounds, which suggests that inflation will remain low even after the introduction of the euro. Nevertheless, caution is warranted regarding potential inflationary pressures resulting from further convergence of the interest rates, mitigation of the loan growth and regarding possible second-round inflationary effects as a result of an increase in indirect taxes. In addition, it is required that fiscal policy be set so as to prevent excessive demand side pressures and to achieve that the wage development will be in line with labour productivity.

- 2) The fiscal deficit was reduced in 2006 compared to the previous year from 2.3% to 1.5% of GDP, which enabled to terminate the excessive deficit procedure (decision of the ECOFIN of June 11, 2006) initiated against Cyprus in 2004 upon its EU accession. The Spring Forecast of the Commission expects a deficit of 1.4% of GDP in 2007. Although the government debt followed an upward trend between 2000 and 2004, it has been on a declining path since 2005 and reached 65.3% of GDP in 2006. It is expected that the debt declining trend will continue in 2007 to reach 61.5% of GDP. The ECOFIN Council stated that the strategy contained in the last update of the Convergence Program is sufficient for achieving the medium-term target for the government finance deficit set at 0.5% of GDP for 2008. Nevertheless, it is necessary to pay attention to a control of public pension expenditure to improve the long-term sustainability of public finances and to continue its fiscal consolidation path.
- 3) The Cyprus pound has participated in ERM II since May 2, 2005, i.e. for 24 months at the time of adoption of the Convergence Report. During these two years, the pound was consistently traded in the appreciation half of the fluctuation band, close to the central parity rate, and it has not experienced severe tensions.
- 4) The average long-term interest rate in Cyprus in the year to March 2007 was 4.2%, below the reference value of 6.4%. Cyprus has been fulfilling this criterion since November 2005.
- 5) Concerning legislation, outstanding incompatibilities have been eliminated in a law amending the Central Bank of Cyprus Laws adopted in 2007, and, at present, Cyprus legislation in this sphere is compatible with the requirements of the EC Treaty and the ESCB Statute.

Furthermore, the European Commission has stated in its Convergence Report on Malta that:

- 1) The average inflation rate in Malta during the 12 months to March 2007 was 2.2%, below the reference value of 3.0% in the given period, and is likely to remain below the reference value in the months ahead. Moreover, the EC states that the moderate core inflation suggests that inflationary pressures have remained limited. Like with Cyprus, the progress in the field of price stability has been supported by wage discipline and increasing competition on the goods markets. The development in the field of price stability is based on solid grounds, which suggests that the inflation will remain low even after the introduction of the euro. However, inflationary risks have to be prevented as the economy's cyclical position is improving. It is also recommended that fiscal policy be set so as to prevent excessive demand side pressures and to achieve that the wage development is in line with the rise in labour productivity. It is also recommended to go on with structural reforms to improve the functioning of goods markets, especially in the field of utilities.
- 2) Malta has corrected its fiscal deficit, so that the Council of the European Union (ECOFIN) has terminated the excessive deficit procedure in the case of Malta (June 5, 2007) initiated upon its EU accession in 2004. The deficit-to-GDP ratio decreased from 10% in 2003 to 2.6% in 2006 and it should reach 2.1% in 2007 according to the Spring Forecast of the EC. The government debt increased significantly in the first half of the decade, but it has followed a downward path since 2004 and reached around 66.5% of GDP in 2006. Based on this, the EC states that Malta has decreased its fiscal deficit in a reliable and sustainable manner and the debt is sufficiently diminishing towards the 60% of GDP reference value. Malta has thus fulfilled the government finance deficit criterion. However, Malta should continue in its effort to decrease its debt and make further progress in the design and implementation of the healthcare reform in order to improve the long-term sustainability of public finances.
- 3) The Maltese lira has participated in ERM II since 2 May 2005, i.e. for 24 months at the time of adoption of the Convergence Report. During these two years, the lira has remained stable vis-à-vis the central rate and has not experienced severe tensions.
- 4) The average long-term interest rate in Malta in the year to March 2007 was 4.3%, below the reference value of 6.4%. Malta has been fulfilling this criterion since its EU accession.



5) All outstanding legislative incompatibilities have been eliminated in an act amending the Central Bank of Malta Act that was adopted by Parliament on 28 February 2007. Legislation in this field is currently compatible with the requirements of the EC Treaty and the ESCB Statute.

Should Cyprus be reunited after the adoption of the euro, areas not being under direct control of the government will automatically switch to the euro as part of the united common state of Cyprus. Cyprus would simply extend its jurisdiction along with the legal system and obligations to these areas. The process of switching to the euro should be part of the reunification process.

Dual circulation is expected to last from January 1, 2008 to January 31, 2008 for Cyprus and Malta according to the national euro introduction plans.

Development in V4-countries

In the second quarter, the economic growth in the neighbouring countries was characterized by a similar level and structure as in the previous quarter. The Czech and Polish economies recorded an almost unchanged growth, while Hungary's economy continued to slow down. The year-on-year 6.0% growth of the Czech economy (6.2% in the first quarter) was again mainly due to household consumption. As compared to the first quarter, the net exports had a positive contribution of 0.3 percentage points to the GDP growth. The primary source of the 6.9% growth in Poland in the second quarter (6.8% in the first quarter) were net investments, the contribution of which reached 4.7 percentage points. The contribution of household spending has not changed since several quarters, however, it represented the second most important growth factor. In comparison with the first quarter, the negative contribution of net exports widened. The growth of Hungary's economy continued to slow down in the second quarter. The year-on-year dynamics of the economy declined by 0.8 percentage points to 1.8%, the reason being a stagnating household consumption and a decrease in general government spending. Positive contributions were again provided by net exports and an increase in inventories.

In comparison with other neighbouring countries, Hungarian inflation in the second quarter developed in a different way. While the relatively low price growth accelerated slightly against the first quarter of 2007 in the Czech Republic and Poland, the high dynamics of Hungarian inflation diminished a bit. Inflation in the Czech Republic went up to 2.6% (0.5 percentage points more than at the end of the first quarter) mainly due to a higher contribution of energy prices and processed food prices. Processed food also contributed to an increase in Polish inflation to 2.6% (against 2.4% at the end of the first quarter), the contribution of services having also gone up in this case. Like in the previous quarter, the mitigating impact of the contribution of prices of industrial goods excluding energy prices continued to drop in both countries. Both Czech and Polish inflation stood at 2.5% in July. Hungarian inflation fell by

Chart 9 Contributions to GDP Growth (p. p.)

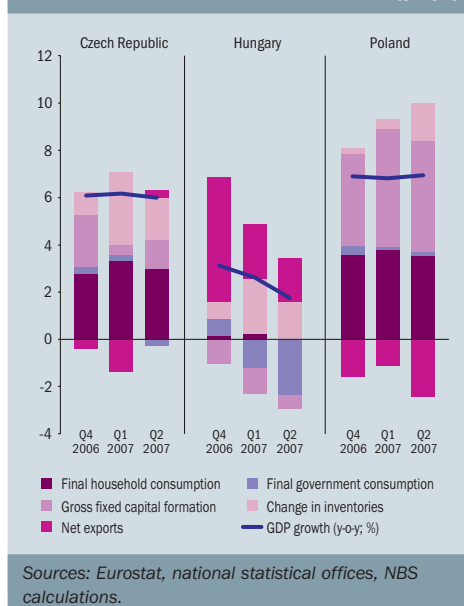


Chart 10 Contributions to HICP Inflation (p. p.)

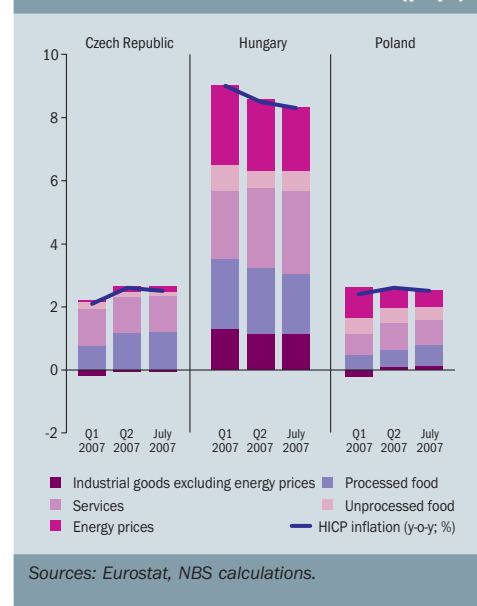
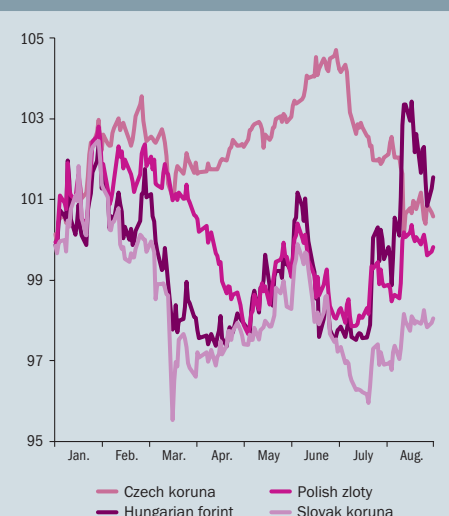


Chart 11 Exchange Rates of V4 Currencies Against the Euro (year-on-year change in %)


Source: Eurostat, NBS calculations.
Note: Negative values denote appreciation.

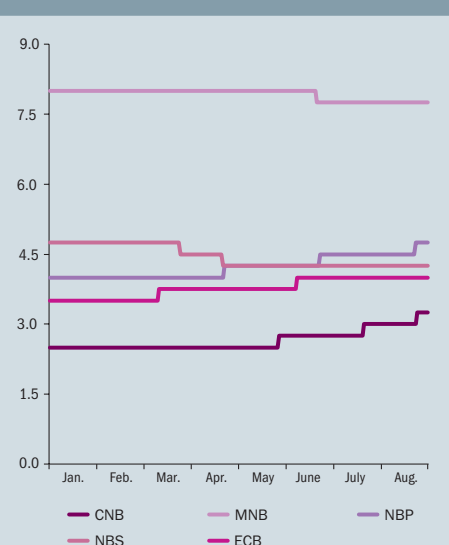
Chart 12 Exchange Rate Indices of V4 Currencies Against the Euro (29 December 2006 = 100)


Source: Eurostat, NBS calculations.
Note: Negative values denote appreciation.

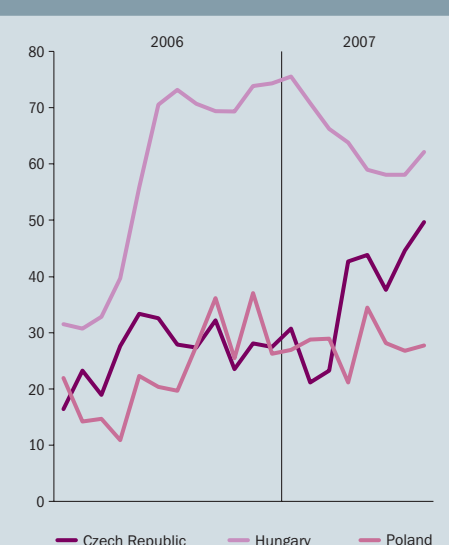
0.5 percentage points to 8.5% in the second quarter. It had been positively affected by disinflation in energy prices and unprocessed food prices, which compensated for the increased contribution of services. Energy and food prices contributed to a further decline of inflation to 8.3% in July.

The last month of the first quarter adumbrated trends in the year-on-year development of the currencies of neighbouring countries against the euro during the second quarter and further months. On the one hand, year-on-year appreciation of the Hungarian forint continued and the Polish zloty also confirmed the return to the appreciation path. On the other hand, year-on-year appreciation of the Czech koruna continued to slow down, virtually down to values close to zero.

The path of the Czech koruna's exchange rate in the second quarter differed from that of other currencies of the region, just like in the previous quarter. The Czech koruna continued to depreciate against its

Chart 13 Key NCB Interest Rates (%)


Source: National central banks, ECB.

Chart 14 Inflation Expectations for the Next 12 Months


Source: European Commission.
Note: Vertical-scale data refer to the net answers of respondents questioned about their qualitative assessment of future inflation.



value at the beginning of the year, while other currencies of the region were appreciating. However, the following months showed the opposite development. The zloty and forint were mostly depreciating as a result of an increase in risk aversion of the investors. At the same time, carry trades conducted using the Czech koruna as a financing currency were closed, due to which the currency of the Czech Republic started to appreciate.

From June to the first half of September, the central banks of the neighbouring countries made several changes to their key rates. After an increase of its base rate, which became effective as of June 1, the ČNB decided on two further increases (as at July 27 and August 31), in both cases by 25 basis point, to a resulting level of 3.25%. The reason for the decision of the ČNB was primarily the perceived existence of a positive output gap and the expectation of its moderate opening in the future. Further inflation risks stated by the ČNB were above all the impact of changes in excise duties and in the VAT, which are reflected in inflationary expectations of Czech consumers. A dynamic economic growth beyond the potential level, as well as a deterioration of the relation between the growth of productivity and the growth of wages induced the NBP to increase the base rate as from June 28 by a quarter of a point to 4.5%. The NBP further increased this rate to 4.75% on August 30. A lower, 7.75% rate has been valid in Hungary from June 26. The MNB decided to reduce the rate by a quarter of a point due to a decrease in core inflation, suggesting that inflationary pressures should further decline. At the same time, previously perceived risks on the part of the labour market eased.

Box 3

Update of the Czech Republic's euro adoption strategy

At the end of August, the government of the Czech Republic and the ČNB have published "The Czech Republic's updated euro area accession strategy", which replaced the previous 2003 Strategy. The original document expected accession to the euro area in the time horizon 2009 to 2010 provided that "economic conditions are created" for such a step. The new document states that the assumptions of the Strategy have not become reality, especially in the field of public finance and reforms, which would provide for higher labour market flexibility. The updated strategy states that the date of Czech Republic's future accession to the euro area has been postponed to a later period, behind the originally expected horizon; however, a specific date is not mentioned.

3 Inflation

3.1 Consumer Price Index

HICP Inflation in August 2007

Consumer prices, as measured by HICP, decreased month-on-month by 0.1% in August, with the prices of goods falling by 0.3% and the prices of services growing by 0.3%. On a year-on-year basis, consumer prices rose by 1.2% (in July also by 1.2%). Overall inflation excluding energy and unprocessed food prices (core inflation) reached 1.4% year-on-year (1.5% in July). The average inflation rate since the beginning of the year was 1.6%. The average 12-month inflation rate from September 2006 till August 2007 stood at 2.4%. Inflation measured by harmonised consumer price index was lower than expected by the NBS in August.

Harmonised Index of Consumer Prices

Table 1 Harmonised Index of Consumer Prices		(year-on-year changes in %)					
		2007					
		Mar.	Apr.	May	June	July	Aug.
Total		2.1	2.0	1.5	1.5	1.2	1.2
Goods		1.7	1.7	1.0	0.9	0.6	0.6
	Industrial goods	0.4	0.2	-0.3	-0.1	-0.5	-0.7
	Non-energy industrial goods	-0.4	-0.7	-1.2	-1.1	-1.6	-1.7
	Energy	1.5	1.5	1.0	1.2	0.9	0.8
	Foodstuffs	4.1	4.5	3.5	2.8	2.8	2.9
	Processed food (including alcohol and tobacco)	3.9	4.1	4.4	4.5	4.6	4.1
	Unprocessed food	4.4	5.3	2.0	-0.1	-0.5	0.5
Services		2.8	2.6	2.5	2.6	2.4	2.6
Total, excl. energy and unprocessed food (core inflation)		1.9	1.8	1.7	1.7	1.5	1.4
Total, excluding energy		2.2	2.1	1.7	1.5	1.3	1.3

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

Chart 15 HICP Inflation and its Main Components (%)



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

Looking at the basic structure of inflation, the year-on-year rate of increase stagnated for goods prices, while accelerating slightly for services prices.

Prices of goods stagnating year-on-year

In goods prices, the decline of the prices of industrial goods accelerated year-on-year. The year-on-year dynamics of food prices accelerated also. Industrial goods prices were influenced by the increasing pace of the year-on-year decline in the prices of industrial goods excluding energy and a slowdown in the development of energy prices (caused by a slowdown in the year-on-year decline in fuel prices). Increased pace of year-on-year growth of food prices is attributable particularly to the development of prices of unprocessed foods (higher price growth of meat and vegetables and slower decline in fruit prices). The prices of processed foods, whose growth slowed down year-on-year, were influenced by slower growth of cigarette prices (influence of last year's increase of excise duties).

The year-on-year rate of increase in services prices accelerated somewhat, with transport services reporting a higher year-on-year growth, compared to the previous month. On the other hand, prices of services from the

'Other services' group showed slightly weaker year-on-year dynamics.



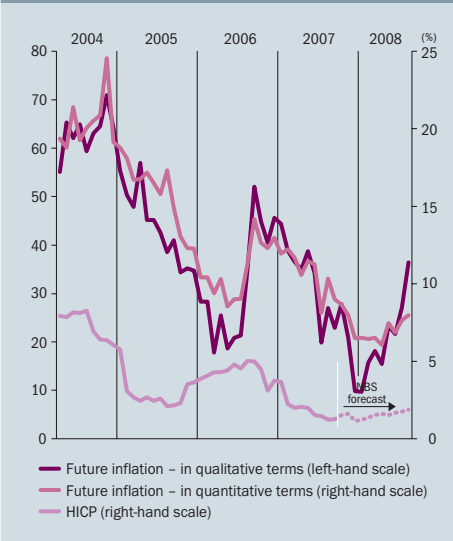
Expectations for the coming month The year-on-year rate of headline inflation could accelerate moderately in September, compared to July 2007, mainly as a result of the expected acceleration in the year-on-year dynamics of services prices (the base effect of slow dynamics of services prices in the same period last year) and the considerable slowdown in the year-on-year decline of fuel prices.

Consumer expectations regarding inflation Consumers estimated the current level of inflation at the level of 7.44% (7.43% in the previous month). In their answers to the question about the expected inflation in the coming 12 months, the respondents stated higher values, with the average of 7.98% (7.66% in the previous month).

CPI Inflation in August 2007

Consumer price index In August 2007, consumer prices rose month-on-month faster than expected by the NBS, mainly as a result of a rise in regulated prices (increase of the prices of bus transport), with NBS expecting their stagnation. Looking at the basic structure of inflation, core inflation followed the expectations and stayed at the same level as in the previous month. Development of core inflation was influenced mainly by falling food prices (strong decline in the prices of fruits and vegetables, offsetting the growth of the prices of meat) and growing prices of market services (repair prices rose by 0.8%). Tradable goods prices showed a slight decline (with the prices of fuels and other tradable goods excluding fuels both falling slightly). Consumer prices increased by 2.3% year-

Chart 16 HICP Compared with the Views of Respondents on Price Developments



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.

Table 2 Consumer Prices in July 2007

	Change against		HICP by CPI components	
	July 2007	Aug. 2006	July 2007	Aug. 2006
Total in %	0.1	2.3	-0.1	1.2
Regulated prices in %	0.3	1.2	0.2	1.7
- Share of total, in percentage points ¹⁾	0.07	-	0.07	-
Impact of changes in indirect taxes on non-regulated prices – Share of total, in percentage points¹⁾	0.00	-	0.00	-
Core inflation in %	0.0	2.4	-0.2	0.7
- Share of total, in percentage points ¹⁾	0.00	-	-0.16	-
of which: Food prices in %	-0.5	2.7	-1.2	2.1
- Share of total, in percentage points ¹⁾	-0.07	-	-0.18	-
Tradable goods in % ¹⁾	-0.1	-1.4	-0.1	-1.2
- Share of total, in percentage points ¹⁾	-0.04	-	-0.03	-
Tradable goods, excluding fuels, in % ¹⁾	-0.01	-0.4	0.0	-0.1
- Share of total, in percentage points ¹⁾	-0.02	-	-0.01	-
Fuels in % ¹⁾	-0.5	-9.8	-0.5	-9.8
- Share of total, in percentage points ¹⁾	-0.02	-	-0.02	-
Market services in % ¹⁾	0.4	6.9	0.2	2.5
- Share of total, in percentage points ¹⁾	0.11	-	0.05	-
Net inflation (excluding the impact of changes in indirect taxes) in %	0.1	2.3	0.0	0.3
- Share of total, in percentage points ¹⁾	0.06	-	0.02	-
Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in %¹⁾	0.1	3.2	0.1	1.0
- Share of total, in percentage points ¹⁾	0.04	-	0.04	-

Source: Statistical Office of the SR, and NBS.

Notes: Net inflation – includes the price increases in tradable goods, excluding food 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; however, in the event of price contributions rounded to two decimal places, even a small change is apparent.

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



on-year (2.3% in July) and core inflation went up to 2.4% (2.4% in the previous month). The average year-on-year inflation from September 2006 till August 2007 stood at 3.1%. The year-on-year inflation rate for the period since the beginning of the year reached an average of 2.6%.

3.2 Producer Prices in July 2007

Industrial producer prices for the domestic market increased month-on-month by an average of 0.5% in July, as a result of the growth in the prices of manufacturing products and energy equally by 0.5% and of the growth in the prices of mineral raw materials by 0.1%.

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

Table 3 Producer Price Developments (%)						
	Month-on-month changes		Year-on-year changes			
	June 2007	July 2007	July 2006	June 2007	July 2007	Average since the start of 2007
Industrial producer prices (for the domestic market)	0.3	0.5	8.9	1.3	1.3	2.4
– Prices of manufacturing products	0.3	0.5	3.5	-0.5	-0.8	0.2
– Prices of mining and quarrying products	1.3	0.1	48.0	-2.5	-4.8	-2.4
– Prices of electricity, gas, steam, and hot water	0.2	0.5	13.8	3.9	4.1	5.3
Industrial producer prices (for export)	0.8	-0.4	6.4	-4.8	-7.2	-4.3
– Prices of manufacturing products	0.8	-0.6	6.5	-4.1	-6.7	-3.7
Construction prices	0.0	0.4	4.1	4.0	3.8	4.1
Building materials prices	0.3	1.8	3.3	5.5	6.7	5.5
Agricultural prices	-	-	1.0	-2.5	2.2	-0.1
– Prices of plant products	-	-	7.0	12.2	10.8	15.4
– Prices of animal products	-	-	-2.0	-4.0	-2.6	-3.2

Source: Statistical Office of the SR.

The year-on-year dynamics of the development in industrial producer prices for the domestic market stagnated also in July at the level of previous two months. Compared with the previous month, a faster decline in the prices of manufacturing products (faster by 0.3%, rate of decrease -0.8%) and mineral raw materials (faster by 2.3 percentage points, rate of decrease -4.8%) was reported. On the other hand, the prices of energy rose faster (by 0.2 of a percentage point, rate of increase 4.1%).

... accompanied by a stagnation in their year-on-year dynamics

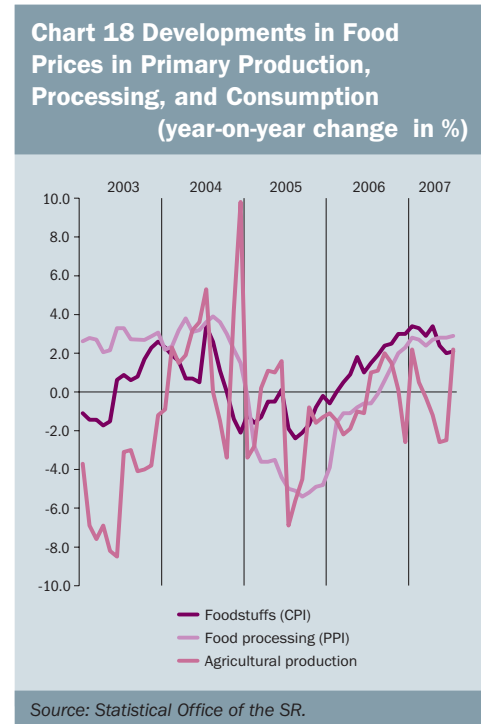
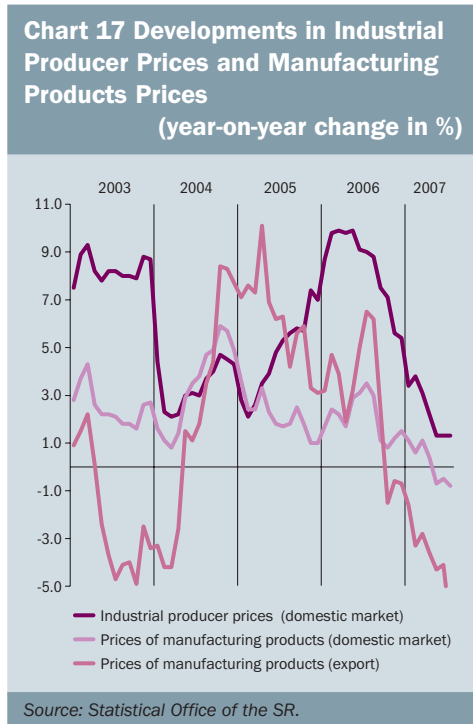
The year-on-year growth in energy prices in July was the result of growing prices for steam and hot water supply (10.4%) and electricity generation and distribution (9.8%). On the other hand, prices for gas production and transport of gaseous fuels via pipelines and prices for water treatment and supply went down (by 6.8% and 1.1%, respectively).

The year-on-year drop in manufacturing products prices in July was mainly caused by a fall in the price of refined oil products (-14.4%), transport equipment (-4.3%) and other industrial products (-7.4%). The prices of electrical optical devices (-1.1%) and paper products (-1.3%) also went down. Price growth was supported mainly by food products (price increase by 2.9%), base metals and finished metal products (3.4%), other non-metal mineral products (4.7%) and wood products (7.1%). Among food products, the largest increase (even though slower than one month ago) was reported in the prices of flour products (7.5%) and industrial fodder (7.2%). Prices of animal and plant fats and oils and dairy products rose slightly faster than one month ago.

The export prices of manufacturing products, which are mostly determined by industrial producer prices for export, dropped month-on-month by 0.6% in July and thus increased the price drop on year-on-year basis by 2.6 percentage points to 6.7%. This can be largely attributed to the fading base effect of strong growth in export prices of refined oil products a year ago.

Industrial producer prices for export

The year-on-year fall in industrial producer prices for export in July was mainly caused by drops in the export prices of refined oil products (-18.8%), transport equipment (-11.5%), electrical and optical devices (-1.9%), plant and machinery (-3.8%), chemical products (-5.3%) and, for the first time after a year, of base metals and finished metal products (-0.8%). Price growth on year-on-year basis was driven by export prices for food products (1.3%), rubber and plastic products (0.7%) and wood products (0.2%) only.



Agricultural prices Agricultural prices increased on a year-on-year basis in July, following four months of decline. Their growth by 2.2% was the result of growing prices of plant products by 10.8% (also due to higher weight of cereals in this month), The prices of animal products went down by 2.6%.

The growth of plant product prices was driven mostly by higher prices of potatoes (by 36.5%) and cereals (by 24.5%) (wheat by 25.6%, barley by 22.6% and corn by 21.6%). Price levels increased for fruits and vegetables by 4.6% and for oil seeds by 6.6%. Legume prices went down by 6.6%.

In August 2007, industrial producer prices should be influenced by the permanently high price of crude oil on the world markets (however, the price was about 4% less than the historical high from one year ago) and the year-on-year appreciation of the Slovak koruna. These effects should be partly offset by the base effect of fading rapid price growth of refined oil products last year. Food prices are expected to record a further rise on a year-on-year basis. Owing to these external and internal cost factors, the average year-on-year dynamics of industrial producer prices are expected to slow down slightly in August.

According to recent agrarian market news, the production of densely seeded cereals in Slovakia amounted to 2.2 million tons this year, which represents an increase by 3.4% compared with the previous year. Growing demand on international markets for grains by the food processing and animal food industry and for technological purposes indicates further possible differentiated growth in the already high prices of cereals. The significant price growth of cereals for fodder purposes leads to a reduction in the number of pigs, with pork prices pushed significantly below the level of the same period last year. The rising prices of cereals and their increased weight in the summer months are likely to offset the fall in the average price of animal products (mainly pork) in August. Thus, the level of agricultural prices is expected to rise in August.



4 Factors Influencing Development of Inflation

4.1 Monetary Aggregates

In July, the volume of the M3 monetary aggregate decreased compared with the previous month for the first time since January 2006. The year-on-year dynamics in the development of M3 aggregate slowed down to this year's low. Broken down by main components, it was the deposits and received loans with an agreed maturity of up to 2 years, whose development was corrected. On the counterparts' side, M3 development was influenced by a decrease of net foreign assets, with the main source of growth being the demand for loans, which is reflected in the two-digit growth in the receivables of monetary financial institutions (MFIs) from the resident private sector. The currently accelerated year-on-year dynamics of loans (mainly loans provided by non-financial institutions) is attributable mainly to the base effect; the dynamics of loans to households continued in moderate downward trend.

M3 Monetary Aggregate

At the end of July, the M3 monetary aggregate (according to ECB methodology) went down to SKK 1008.5 billion, which was by SKK 18.1 billion less than in the previous month. The year-on-year rate of M3 growth¹ went down significantly to this year's new low (decrease by 3.5 percentage points to 15.7%).

Slower growth of M3

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
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
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
2006	8.6	9.1	10.3	9.4	10.5	11.2	11.8	13.6	12.9	13.9	16.1 ¹⁾	15.3
2007	16.5	16.8	16.7	16.4	18.6 ¹⁾	19.2	15.7	.	.	.	.	.

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

From among the main M3 components, development of monetary aggregates in July was influenced mostly by a steep decrease in deposits and received loans with an agreed maturity of up to 2 years. Differently from the previous month, the volume of debt securities issued with a maturity of up to 2 years and of deposits with up to 3 months notice period also went slightly down. The highest positive growth was reported in deposits and loans repayable on demand. The volume of money market fund shares/units also continued to grow.

	Volume (in billions of SKK) ¹⁾			Year-on-year change (in %)	
	July 2006	June 2007	July 2007	June 2007	July 2007
Currency in circulation	124.4	134.6	134.3	8.1	8.0
Deposits and received loans repayable on demand	403.7	429.7	434.2	8.2	7.6
M1	528.1	564.3	568.5	8.2	7.7
Deposits and loans received with an agreed maturity of up to 2 years	291.7	392.8	372.4	36.7	27.7
Deposits redeemable at a period of notice of up to 3 months	13.0	10.1	9.9	-23.8	-23.3
M2	832.7	967.2	950.9	17.6	14.2
Money market fund shares/units	38.6	50.5	51.7	30.8	33.8
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	0.4	8.9	6.0	-	-
M3	871.8	1,026.6	1,008.5	19.2	15.7

Source: NBS.
Note: Differences in the sums are due to rounding. 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.
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.



Of the M3 counterparts, MFI receivables from residents, the general government and the private sector together (including securities) continued to grow dynamically in July, increasing by SKK 13.0 billion month-on-month. On the other hand, a decrease in net foreign assets due to the payment of dividends to a foreign investor and an increase in deposits by the general government was reported.

Main M3 Components

Decrease in deposits and received loans with agreed maturity of up to 2 years

The long-term weakening trend in the year-on-year dynamics of the M1 monetary aggregate continued in July, with the dynamics of both M1 components developing in the same direction again. The monthly growth of deposits and received loans repayable on demand reached SKK 4.5 billion, while currency in circulation decreased by SKK 0.3 billion. Nevertheless, the dynamics of the change of both these components were weaker, particularly in comparison with their developments in the same period of the previous year.

In other short-term deposits, the monthly high decrease in deposits and loans received with an agreed maturity of up to 2 years (by SKK 20.4 billion) was of key importance, with deposits by non-financial institutions affected mostly. This decrease led to a slower growth of M2 monetary aggregate (decrease by 3.5 percentage points compared to June). Deposits redeemable at a period of notice of up to 3 months continued to decline, though their negative dynamics weakened somewhat.

Among marketable instruments, the growth of funds in money market fund shares/units continued in July (growth by SKK 1.2 billion), while debt securities issued with a maturity of up to 2 years decreased by SKK 3.0 billion.

Investment through Open-end Investment Funds

Inflow of funds into open-end investment funds

This year's inflow of funds into open-end investment funds (OIFs) continued in August, with a decline in global stock markets motivating Slovak investors to buy shares in equity funds. The net value of OIF assets denominated in SKK increased to SKK 138.2 billion, and the monthly net sales of OIFs reached SKK 2.0 billion. The net sales of OIFs denominated in foreign currencies were also positive (SKK 0.2 billion).

Positive monthly net sales were reported primarily by equity funds (SKK 1.0 billion), funds of funds (SKK 0.6 billion) and money market funds (SKK 0.5 billion). Net sales of other / guaranteed funds and special real estate funds were also positive (SKK 0.2 billion in total). Negative net sales were reported by bond and mixed funds (- SKK 0.2 billion in total). The net sales of OIFs of all types in the Slovak Republic, denominated in SKK and foreign currencies totalled SKK 2.2 billion.

Table 6 Net sales of open-end investment funds

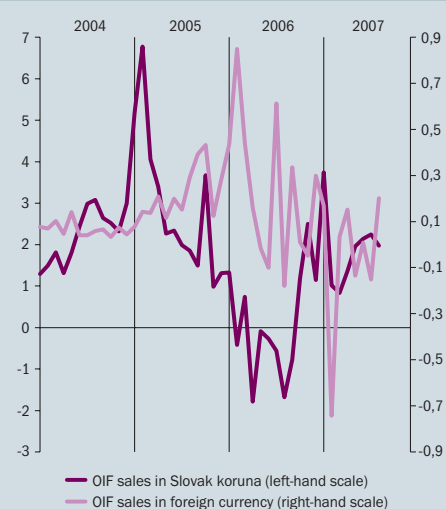
(month-on-month changes in SKK billions)

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cumulative
OIF sales 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	0.8	1.4	1.9	2.1	2.2	2.0	.	.	.	.	15.2
OIF sales 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	0.0	0.2	-0.1	0.0	-0.1	0.2	.	.	.	.	-0.5

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

According to SASS data, the net assets value of OIFs in the Slovak Republic reached about SKK 152.0 billion at the end of August, with monetary market funds accounting for the highest share (40%). Bond funds accounted for 14.6%, equity funds for 12.2%, funds of funds 12.0%, other funds 9.4% and mixed funds 9.2%. The share of special real estate funds (a novelty on the Slovak funds market since July, set apart from the 'Other funds' category) represented 2.1% and the share of other special funds was 0.5%. Net sales of OIFs totalled to more than SKK 18.6 billion. The largest increase was reported by other funds (by SKK 11.5 billion, of which special real estate funds accounted for more than SKK 0.7 billion). The largest outflow was reported by bond funds (SKK 3.6 billion, approximately a quarter compared to the same period of the previous year).

In the 12 months to the end of August, the net sales of the ten best performing investment funds in the SR reached SKK 26.6 billion in cumulative terms. This represented an increase of SKK 0.5 billion compared with the previous month and SKK 7.2 billion since the beginning of the year.

Chart 19 Monthly Net Sales of OIFs in Slovakia (SKK billions)


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

Main M3 Counterparts

The decline in M3 in July was influenced mostly by movements in net foreign assets and the payment of ordinary dividends of SPP for 2006 to foreign investors Ruhrgas and Gaz de France in particular.

Accelerated growth in MFI receivables from residents (including securities)

In July, the year-on-year growth in MFI receivables from residents in total (including securities issued by clients and held by MFIs) accelerated and reached 16.7% (increase by 2.1 percentage points compared with the previous month). The main factors included growth of receivables from the private sector by SKK 14.0 billion and their increased growth dynamics (growth rate 22.9%, increase by 3.1 percentage points). On the other hand, the growth of receivables from the general government slowed down slightly (by 0.2% of a percentage point, with a decrease of SKK 1.0 billion in absolute terms).

Deposits and loans received from the central government (including deposits held at the SR Treasury) increased again in July (by SKK 17.0 billion), further weakening their negative year-on-year dynamics.

Long-term financial liabilities (excluding capital, reserves and provisions) went down by SKK 0.7 billion in July, and their lower year-on-year growth dynamics followed

the downward trend that started at the end of 2006. Compared with the previous month, a moderate decrease was recorded in all components, particularly debt securities issued with a maturity of over 2 years (by SKK 0.5 billion). The decrease in deposits and loans received with an agreed maturity of over 2 years and in deposits with notice period of over 3 months was the same (by SKK 0.1 billion).

Table 7 Main M3 counterparts (ECB methodology)

	Volume (in billions of SKK) ¹⁾			Year-on-year change (in %)	
	July 2006	June 2007	July 2007	June 2007	July 2007
Net foreign assets	311.7	291.6	273.0	-3.6	-12.4
Foreign assets	524.1	545.9	537.9	-10.2	2.6
Foreign liabilities	212.4	254.4	264.9	-16.7	24.7
MFI receivables from residents (including securities)	829.2	954.5	967.5	14.6	16.7
Receivables from general government	248.5	255.0	254.0	2.4	2.2
Receivables from the private sector	580.7	699.6	713.6	19.8	22.9
Deposits and loans received from central government	99.6	68.8	85.4	-35.1	-14.2
Long-term financial liabilities (excluding capital and reserves)	112.8	130.3	129.6	16.4	14.9
Deposits and loans taken with an agreed maturity of over 2 years	61.9	69.2	69.1	13.5	11.6
Deposits redeemable at notice of over 3 months	25.8	23.7	23.6	-9.5	-8.7
Debt securities issued with a maturity of over 2 years	25.1	37.5	37.0	50.5	47.3
Other items net	56.7	20.3	17.0	-64.0	-69.9
Capital, reserves, and provisions	81.4	35.0	28.0	-56.7	-65.6
Other liabilities	51.3	76.4	75.0	39.1	46.1
Surplus of liabilities among MFIs	0.0	-4.3	-0.1	-	-
Fixed assets	33.1	32.3	32.3	-2.1	-2.4
Other assets	43.0	54.4	53.7	17.6	24.9
M3	871.8	1 026.6	1 008.5	19.2	15.7

Source: NBS.

Note: Differences in the sums are due to rounding. 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.

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

In July, the year-on-year growth in MFI receivables from the private sector (including securities) accelerated and reached 22.9%. The faster growth of MFI receivables from the private sector excluding securities (mostly receivables from non-financial corporations) was influenced by the base effect, while their value decreased in the same period of the previous year. The dynamics of the decline in securities issued by the private sector slowed down slightly in July.

Growth rate of MFI receivables from the private sector increasing



Development of receivables in July was influenced particularly by the monthly growth of receivables from non-financial corporations, which reached SKK 6.9 billion. The monthly growth in loans to households reached SKK 5.8 billion, mostly due to the growth in loans for house purchases.

Table 8 MFI receivables from the resident private sector

	Volume (SKK billions) ¹⁾			Year-on-year change (%)	
	July 2006	June 2007	July 2007	June 2007	July 2007
	MFI receivables from the private sector (incl. securities)	580.7	699.6	713.6	19.8	22.9
- of which: securities issued by the private sector ²⁾	14.8	14.0	14.0	-6.9	-5.4
MFI receivables (excluding securities)	565.9	685.6	699.5	20.5	23.6
Non-financial corporations	291.1	357.5	364.4	19.4	25.2
- up to 1 year	126.6	158.4	156.9	18.4	24.0
- 1 to 5 years	54.5	67.5	72.4	19.1	32.7
- over 5 years	110.1	131.6	135.1	21.0	22.8
Financial corporations	61.2	61.2	62.4	-0.2	2.1
Insurance corporations and pension funds	0.0	0.0	0.0	-17.3	-26.2
Households and non-profit institutions					
serving households	213.5	266.9	272.7	28.0	27.7
- consumer loans	33.0	38.2	39.0	17.2	18.2
- housing loans	139.4	177.9	181.7	30.7	30.4
- other loans	41.2	50.8	52.0	27.5	26.2

Source: NBS.

Note: Differences in the sums are due to rounding.

1) Figure for the last day of the period under review.

2) Securities issued by the private sector, including NBS receivables.

Structure of MFI Receivables from the Private Sector

Continuing moderation in the growth rate of loans to households. Accelerated growth in loans to non-financial corporations

In July, the rate of growth in MFI receivables from the private sector increased. The main cause was accelerated growth in PFI receivables from non-financial corporations, influenced by the base effect. The moderate slowdown in lending to households continued.

The rate of growth in loans to non-financial corporations increased by 5.7 percentage points in July. This was mostly due to the base effect of the decline in loans in July 2006. MFI receivables from non-financial corporations increased by SKK 6.9 billion month-on-month (by SKK 10.8 billion in June 2007). Broken down by maturity, an increase in long-term loans with maturity from 1 to 5 years and over 5 years was reported. The volume of short-term loans with a maturity of up to 1 year went down by SKK 1.5 billion, compared with the previous month.

The rate of growth in household loans continued to slow down and, compared with the previous month, decreased by 0.3 of a percentage point to reach 27.7%. The growth in household lending for the month was supported mostly by loans for house purchases (increase by SKK 3.8 billion in July 2007). Consumer and other loans grew as well, however, their growth rate was lower than one month ago (increase by SKK 2.0 billion).

Foreign currency loans went down by SKK 0.4 billion in July month-on month. This was due to the decrease of MFI receivables from non-financial corporations in other foreign currencies by SKK 1.7 billion. This decrease was partly offset by growing loans to non-financial corporations in EUR (by SKK 1.1 billion month-on-month). Household loans in foreign currency increased by SKK 0.5 billion, compared with the previous month. Their share in the total household lending, however, remains low (loans in foreign currency represent 2.7%).

Euro-denominated MFI receivables still constituted the largest part of receivables in foreign currency. This was the case both for non-financial corporations (93.0%) and households (93.1%).

Current Budgetary Developments

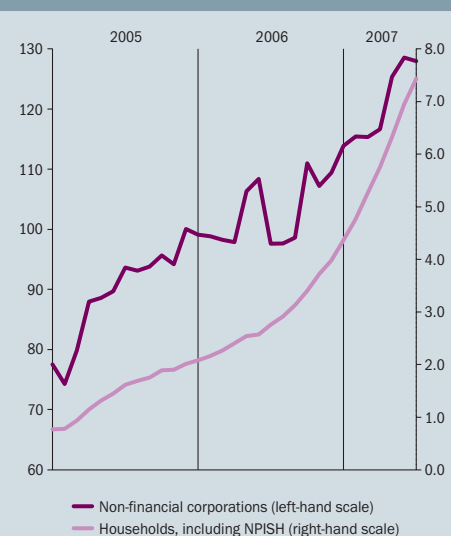
On 31 August 2007, the state budget recorded a surplus of SKK 0.4 billion, which represented a deterioration in budgetary performance of SKK 3.5 billion, compared with July. Total revenues amounted to SKK 206.3 billion; total expenditures stood at SKK 205.9 billion.

Table 9 MFI Receivables from the Resident Private Sector (excluding securities)

	Volume (SKK billions)	Year-on-year changes (in %)					Cumulative changes since beginning of year (SKK billions)	
		July 2007	2006 Q3	2006 Q4	2007 Q1	2007 Q2	July 2007	July 2006
		2007	2006	2006	2007	2007	July	July
MFI receivables (excluding securities)	699.5	23.3	23.6	21.6	20.5	23.6	58.4	72.3
Non-financial corporations	364.4	15.4	20.3	18.2	19.4	25.2	19.7	38.0
– loans in Slovak koruna	236.5	21.2	26.6	18.7	19.9	22.2	22.1	19.4
– loans in foreign currency	127.9	5.1	9.4	17.3	18.6	31.1	-2.4	18.6
Financial corporations (other financial intermediaries and auxiliary financial institutions)	62.4	26.0	14.5	9.4	-0.2	2.1	6.1	-0.5
– loans in Slovak koruna	49.2	22.1	18.3	12.6	2.8	5.5	3.6	-1.7
– loans in foreign currency	13.3	-	-	-	-	-	2.6	1.2
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	-	-	-	-	-	-	-
Households and non-profit institutions serving households	272.7	34.8	31.4	30.2	28.0	27.7	32.5	34.8
– loans in Slovak koruna	265.2	34.4	30.7	29.0	26.2	25.8	31.8	31.4
– loans in foreign currency	7.4	-	-	-	-	-	0.7	3.4
z toho: consumer loans	39.0	38.3	44.4	21.3	17.2	18.2	8.2	3.1
– loans in Slovak koruna	39.0	38.5	44.6	21.3	17.5	18.4	8.2	3.2
– loans in foreign currency	0.0	-	-	-	-	-	0.0	-0.1
house purchase loans	181.7	33.3	31.9	31.3	30.7	30.4	20.5	24.9
– loans in Slovak koruna	176.1	32.6	30.7	29.5	28.2	27.8	19.9	22.0
– loans in foreign currency	5.6	-	-	-	-	-	0.6	3.0
other loans	52.0	37.7	21.2	34.1	27.5	26.2	3.9	6.8
– loans in Slovak koruna	50.2	37.3	20.9	34.1	26.6	25.2	3.7	6.2
– loans in foreign currency	1.8	-	-	-	-	-	0.2	0.6

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.

**Chart 20 Lending in Foreign Currency
(SKK billions)**


Source: NBS.

Note: NPISH – non-profit institutions serving households.

4.2 The External Sector

Payment Balance for June and the 1st half of 2007

The deficit in the balance of payments' current account increased in June, compared with the previous month, mainly due to the impact of a higher deficit in the balance of income (payment of dividends to foreign investors). The month-on-month growth in the deficit was only partly mitigated by improved services balance. Other items have changed to a minimum extent only, compared with the previous month.

In the first half of 2007, payment balance current account deficit decreased by SKK 21.0 billion. This decrease is attributable to the improvement of the trade balance and, to a smaller extent, of the balance of income. The decrease in the current account deficit was, on the other hand, negatively influenced by a weaker performance of the current transfers balance and the lower services balance surplus.

Compared with the same period of 2006, exports increased by 21.0% (in USD by 44.3%, in EUR by 33.4%) and imports by 14.4% (in USD by 36.5% and in EUR by 26.2%) in the first six months of 2006.

Current account

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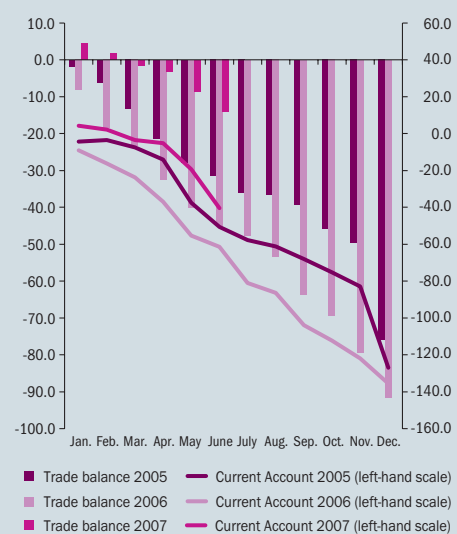
	June		January – June	
	2007	2006	2007	2006
Balance of trade	-5.6	-4.8	-14.1	-45.0
Exports	117.4	108.9	689.0	569.5
Imports	123.0	113.7	703.1	614.5
Balance of services	2.2	0.4	6.8	8.2
Balance of income	-17.0	-6.9	-25.8	-28.6
of which: income from investment	-19.8	-9.3	-43.0	-43.4
of which: reinvested earnings	-1.9	-2.4	-11.4	-16.9
Current transfers	-0.8	5.2	-7.3	4.0
Current account in total	-21.2	-6.1	-40.4	-61.4
Share of the current account balance in GDP in %	-	-	-4.7	-7.9
Share of the current account balance (excl. dividends and reinvested profits) in GDP in %	-	-	-0.3	-3.0

Source: NBS and the Statistical Office of the SR.

Exports Compared with the same period of the previous year, exports of machinery and transport equipment recorded the highest increase in the first six months of 2007. Within the 'machinery and transport equipment' category, the sub-category of transport equipment (growing exports of passenger cars and components) accounted for more than 60% of the year-on-year growth in exports. In the 'machinery' sub-category, exports of TV sets and, to a smaller extent, printing machines, boilers, etc. grew at the highest pace. In addition to the 'machinery and transport equipment' category, chemical products and semi-finished products also reported growth, with strong demand on the world markets for both semi-finished products (steel and iron products, copper and paper) and chemical products (with exports of plastic and rubber products growing fastest). Exports of finished products recorded only a moderate increase. Most important commodities in this category were furniture and shoes. Compared with the last year, exports of raw materials went down, due to a decrease in exports of refined oil products and natural gas (the decline in exports of the named commodities was partly caused by price developments).

Imports Year-on-year growth in imports was recorded in the 'machines and transport equipment' category, with accelerated imports of 'transport equipment' sub-category (parts, components and accessories of motor vehicles). Increased rate of growth in imports of chemical products and semi-finished products was another factor

Chart 21 Developments in the Balance of Trade and in the Current Account in 2005, 2006 and 2007 (Cumulative Data) (SKK billions)



Source: NBS and the Statistical Office of the SR.

Table 11 Exports in January to June. Year-on-Year Changes

	Year-on-year change in SKK billions January–June		Proportion of the year-on-year change in % points January–June	
	2007	2006	2007	2006
Raw materials	-5.2	17.4	-0.9	3.8
Chemicals and semi-finished goods	16.7	25.2	2.9	5.5
Machinery and transport equipment	105.8	62.9	18.6	13.7
Finished products	2.2	4.7	0.4	1.0
EXPORTS in total	119.5	110.2	21.0	24.0

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



significantly supporting the year-on-year growth in total imports. Growth in imports of semi-finished goods was largely based on increased imports of steel and iron and steel, iron, wood and aluminium products. In the 'chemical products' category, imports of plastics and rubber grew at the highest pace. Growth in imports was also recorded in the 'finished products' category (though growth dynamics was lower than in 2006), mainly due to increasing imports of electrical consumer products and partly also imports of industrial products (furniture, pharmaceutical products and clothing). Imports of passenger cars, on the other hand, grew at a slower pace than in the previous year. Imports of raw materials, whose year-on-year decline significantly diminished the year-on-year growth in total imports, was influenced by lower crude oil prices (compared with the previous year), reflected in a decrease in the imports of natural gas and oil.

Table 12 Imports in January to June. Year-on-Year Changes

	Year-on-year change in SKK billions		Proportion of the year-on-year change in % points	
	January-June		January-June	
	2007	2006	2007	2006
Raw materials	-23.6	35.8	-3.8	7.3
Chemicals and semi-finished goods	31.7	20.1	5.2	4.1
Machinery and transport equipment	64.6	47.5	10.5	9.7
Finished products	15.9	20.6	2.6	4.2
of which: – agricultural and industrial goods	9.6	8.9	1.6	1.8
– passenger cars	4.6	5.7	0.7	1.2
– machines and electrical consumer goods	1.6	5.9	0.3	1.2
IMPORTS in total	88.6	123.9	14.4	25.3

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

A surplus of SKK 6.8 billion was reported in the services balance for the time from January till June 2007. This figure was by SKK 1.4 billion worse than that reported in the same period last year. The main categories that contributed to the decrease of the services balance surplus included transport services and partly also tourism services. Development in the 'other services total' category, on the other hand, improved in year-to-year comparison. The lower surplus of transport services balance was caused mainly by lower revenues from the transit of natural gas. In the 'transport services' category, the lower surplus was also influenced by increased payments on cargo transport by road. On the other hand, passenger air transport balance showed a better development than last year and the surplus of the transport services balance was also supported by lower payments for cargo rail transport. The negative year-on-year development of tourism services balance was caused by steeper growth of expenses of Slovak residents on tourism-related services, which surpassed the growth in revenues for the provided tourism services. The decrease in the 'other services total' deficit was caused by growing revenues in financial services, other services (author's fees, royalties, etc.) and post and telecommunication services.

Services balance

The year-on-year improvement in the balance of income for the first six months of 2007 by SKK 2.8 billion was the result of growing surplus of compensation payments to workers and lower deficit of proceeds from investments. The improved development of compensation payments to workers, compared with the previous year, was caused by higher income of employees working abroad. The lower deficit from proceeds on investments was caused by lower estimate of payments related to reinvested earnings. On the other hand, the balance of income was negatively influenced by growing dividend payments to foreign direct investors. The year-on-year growth of current transfers deficit by SKK 11.3 billion was caused by a change of methodology, related to the re-classification of a part of revenues, originally included in the current transfers balance, to become a part of capital transfers. If the original methodology was applied, the current transfers balance would record a modest deficit of SKK 1.3 billion. The resulting figure would be by SKK 5.3 billion worse than last year (mainly due to lower income from EU funds by SKK 3.2 billion).

Income and current transfers balances

In June 2007, the balance of payments on capital and financial account resulted in a surplus of SKK 11.8 billion. The main factor supporting the inflow of funds was foreign direct investments. This growth took place mainly in the form of increased shareholdings of foreign direct investors in Slovakia and other capital (decrease in export receivables of domestic undertakings from direct investors). The inflow of funds on the financial account was partly offset by portfolio investments, with higher repayments of long-term debt securities by enterprises leading to an outflow of funds. Other investments influenced the development of the financial account to a minimum extent only, as the inflow of funds in the banking sector resulting from the decrease in deposits on foreign bank accounts was compensated by an outflow in the business sector, caused by decreasing import payables and growing loans.

Capital and financial account



		June		January – June	
		2007	2006	2007	2006
Table 13 Balance of Payments Capital and Financial Account		(SKK billions)			
Capital account		0.9	0.2	5.4	-0.2
Direct investment		18.9	4.9	23.0	59.0
SR abroad		1.2	-3.2	0.3	-5.7
of which: equity capital abroad		-0.1	-4.3	-0.4	-5.2
reinvested earnings		-0.1	-0.1	-0.6	-0.6
In the SR		17.7	8.1	22.7	64.7
of which: equity capital in the SR		7.9	0.2	12.0	38.0
of which: other than privatisation		7.9	0.2	12.0	7.0
reinvested earnings		2.0	2.5	12.0	17.5
Portfolio investment and financial derivatives		-7.2	25.7	3.0	48.2
SR abroad		-0.2	-1.9	-7.0	-5.8
In the SR		-7.0	27.6	10.0	54.0
Other long-term investments		-2.0	3.8	2.0	18.0
Assets		-0.2	1.7	-3.2	-0.4
Liabilities		-1.8	2.1	5.2	18.4
Other short-term investments		1.2	-22.0	73.0	-61.1
Assets		2.7	-20.4	3.7	-51.1
Liabilities		-1.5	-1.6	69.3	-10.0
Capital and financial account		11.8	12.6	106.4	63.9

Source: NBS.

In the first six months of 2007, the capital and financial account generated a surplus of SKK 106.4 billion (last year's surplus for the same period was SKK 63.9 billion). The year-on-year growth in the surplus was caused by the inflow of funds in the form of other investments (growing deposits of non-residents on accounts of Slovak banks in March), which surpassed the decline in the net inflow of funds in the form of portfolio and foreign direct investments.

Foreign direct investment Inflow of foreign direct investments (FDI) from January till June 2007 represented SKK 23.0 billion, a decrease by SKK 36.0 billion compared with the same period last year. The year-on-year change in the balance of foreign investments was primarily influenced by privatisation income in the 1st half 2006, while there was no privatisation in 2007. While the total equity capital of foreign investors in the Slovak Republic decreased by SKK 26.0 billion in the first half of 2007, equity capital held by foreign investors in the Slovak Republic, excluding privatisation income, increased by SKK 5.0 billion. Similarly to equity capital, the estimate of reinvested earnings, a counterpart to the balance of income on the current account, went down year-on-year, with the inflow of reinvested earnings at the end of June representing SKK 12.0 billion. Outflow of capital in the form of FDI was supported by the development of other capital, with the decrease in import payables surpassing the decrease in export receivables.

Portfolio investments Portfolio investments resulted in a net inflow of SKK 3.0 billion, compared with last year's net inflow of SKK 48.2 billion. In the year-to-year comparison, the lower inflow (by SKK 45.2 billion) on the assets side was influenced by growing interest of Slovak residents in long-term foreign debentures. On the liabilities side, the lower inflow was caused by lower interest of investors in long-term bond securities of the government, and by the lower koruna-equivalent of the new issue of government Eurobonds. In the business sector, the lower inflow of funds was supported by increased outflow of funds (in year-to-year comparison), resulting from an increase in the repayments of debentures issued.

Other investments In other investments, the first six months of 2007 saw an inflow of funds in the amount of SKK 75.0 billion, compared with an outflow of SKK 43.1 billion for the same period last year. The year-on-year change was related to the inflow of short-term capital into the banking sector (bank deposits). In the first half of 2006, an outflow of funds from accounts held at Slovak banks was recorded.

The overall year-on-year growth in other investments in the banking sector by SKK 132.7 billion was influenced by the development in the interbank foreign exchange market in March and April, leading to an appreciation of the Slovak koruna. The gradual appreciation of the exchange rate of the Slovak koruna resulted into interventions by the NBS. The main factor of the year-on-year change was the



inflow of short-term deposits of non-residents in Slovak banks amounting to SKK 83.2 billion from January till June 2007, compared to an outflow of SKK 42.1 billion in the same period of 2006.

Activities in the corporate sector were related mostly to the financing of trade activities. In the first half of 2007, the volume of export credits provided exceeded that of import credits received, which led to an outflow of funds from trade credits in the amount of SKK 5.7 billion (the same period a year earlier saw an inflow of SKK 3.6 billion in trade activities). On the other hand, financial credits to undertakings generated an inflow of SKK 2.6 billion, representing a decrease of SKK 7.5 billion compared with the previous year. The lower net inflow of funds from trade and financial credits (measured on year-on-year basis) in the corporate sector was partly offset by a decrease in corporate deposits abroad. The change from an inflow to an outflow in the corporate sector (again on year-on-year basis) reduced the total inflow of other investment by SKK 13.6 billion.

Other investments in the government sector (including NBS) recorded an outflow of SKK 4.2 billion. The lower inflow (on year-on-year basis) is attributable to NBS activities in operations with gold and contributed to a reduction of other investments by SKK 1.0 billion.

	January – June 2007	January – June 2006	Year-on-year changes
Banks	79.4	-53.3	132.7
Enterprises	-0.2	13.4	-13.6
Government + NBS	-4.2	-3.2	-1.0
In total	75.0	-43.1	118.2

Source: NBS.

Foreign reserves of the NBS increased by SKK 98.5 billion in the first half of 2007 (USD 3.9 billion, without exchange rate differentials). The increase in reserves was caused by the interventions made (SKK 105.3 billion).

Foreign reserves of the NBS

	January – June	
	Actual ¹⁾	Adjusted ²⁾
Current account	-37.1	2.5
Capital and financial account	106.4	-3.7
of which: DFI in the SR – property participation	12.0	3.9
Errors and omissions	29.3	29.3
NBS interventions ³⁾	-105.3	-105.3
Change in net foreign assets of banks (- increase)	-	77.2
Change in NBS reserves (- increase)	-98.5	-

Source: NBS.

¹⁾ Original calculation of the balance of payments, i.e. including effects of collections and payments on NBS reserves.

²⁾ Adjusted for activities of the Slovak Government and the NBS that do not influence the position of commercial banks vis-à-vis non-residents and do not represent current account real financing.

³⁾ Interventions are part of NBS foreign reserves in original balance of payments calculations.

The outflow of funds from the business sector was influenced by NBS interventions and led to a decline in net foreign assets of the banking sector.

External Debt of the Slovak Republic as at 30 June 2007

Total gross external debt at the end of June 2007 stood at USD 36.7 billion (EUR 27.2 billion), roughly remaining at the last month's level (decrease by EUR 0.1 billion). Total long-term foreign debt went down slightly in June, accompanied by a slight increase in total short-term foreign debt.

Gross external debt

Looking at the short-term foreign debt, foreign liabilities of commercial banks increased by USD 0.1 billion in June. Short-term foreign liabilities of the corporate sector went down by USD 0.1 billion in total.

Concerning the long-term foreign debt, the foreign liabilities of the government and NBS increased by USD 0.1 billion. The commercial sector, on the other hand, reported a decline in long-term foreign liabilities of the corporate sector and commercial banks by USD 0.1 billion in total.



Slovakia's per capita gross external debt reached USD 6,814 at the end of May. The share of short-term foreign debt in Slovakia's total gross foreign debt remained at the last month's level at the end of June and represented 49.8%.

Table 16 External Debt of the SR

	In millions of USD			In millions of EUR		
	31.12.2006	31.5.2007	30.6.2007	31.12.2006	31.5.2007	30.6.2007
Total external debt of the SR	32,205.9	36,690.5	36,665.8	24,448.9	27,339.1	27,217.8
Long-term external debt	16,649.7	18,432.6	18,386.8	12,639.5	13,734.6	13,652.7
Government and NBS ¹⁾	7,702.1	9,017.0	9,074.6	5,847.0	6,718.8	6,738.1
Commercial banks	1,559.2	1,845.2	1,784.3	,1,183.6	1,374.9	1,324.9
Entrepreneurial entities	7,388.4	7,570.4	7,527.9	5,608.9	5,640.9	5,589.7
Short-term external debt	15,556.2	18,257.9	18,269.0	11,809.4	13,604.5	13,565.1
Government and NBS	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	6,148.8	8,687.9	8,826.6	4,667.8	6,473.6	6,553.9
Entrepreneurial entities	9,407.4	9,570.0	9,442.4	7,141.6	7,130.9	7,011.2
Foreign assets	26,718.4	32,785.9	33,001.9	20,283.2	24,429.7	24,504.6
Net external debt	5,487.5	3,904.6	3,653.9	4,165.7	2,909.4	2,713.2
<i>SKK/USD and SKK/EUR rates</i>	26.246	25.397	25.118	34.573	34.084	33.828
<i>EUR/USD cross exchange rate</i>	-	-	-	1.317	,1.342	,1.347

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

Net external debt The net external debt, expressed as the difference between gross foreign debt in the amount of USD 36.7 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – excluding equity participation) and foreign assets in the amount of USD 33.0 billion (foreign reserves of the NBS, foreign assets of commercial banks and the corporate sector – excluding equity participation), reached USD 3.7 billion (debtor position) at the end of June 2007.

Current Developments

The b. o. p. current account deficit reported last month went down significantly in July to reach SKK 0.1 billion. The improvement by SKK 21.1 billion compared with the previous month was caused by lower dividend payments in the balance of income. (The lower value of dividends paid in July compared with the previous month is likely to be corrected, after verifying data on dividends paid by SPP, which have not been included in bank reports for July). The decrease in the deficit was also supported by lower deficit of the trade balance and, to a smaller extent, improved development of the current transfers balance. The only item, which did not improve compared to June, was the balance of services, which still generated a modest surplus.

The year-on-year dynamics of exports and imports accelerated in July. After one month's break, the growth of exports (13.5%) outpaced the growth of imports (12.2%) again.

Table 17 Balance of Payments on Current Account

(SKK billions)

	July		January – July	
	2007	2006	2007	2006
Balance of trade	-1.8	-2.7	-15.9	-47.7
Exports	114.8	101.2	803.8	670.7
Imports	116.6	103.9	819.7	718.4
Balance of services	1.7	1.7	8.5	9.9
Balance of income	-0.3	-17.4	-26.1	-46.0
of which: Income from investments	-3.1	-20.0	-46.1	-63.4
of which: Reinvested earnings	-1.9	-0.4	-13.3	-17.3
Current transfers	0.3	-1.1	-7.0	2.9
Current account in total	-0.1	-19.5	-40.5	-80.9

Source: NBS and the Statistical Office of the SR.

The trade deficit recorded in July was lower than expected by the NBS, with both exports and imports reporting higher than expected values.

Growth of exports is expected to slow down (as a result of the base effect). The volume of exports should go down only slightly on a month-on-month basis. Imports in August are also expected to report slightly lower levels than in the previous month, accompanied by a decline in the year-on-year growth rate.

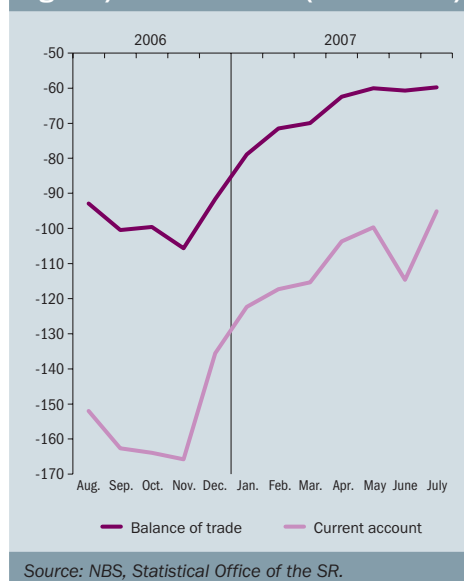
In September and October, exports should record similar year-on-year growth as in August (the actual rate of growth should not exceed 10%). In September, exports are expected to grow significantly month-on-month (due to seasonal effects), with further growth of the volume of exports expected in October. A similar development is expected also in imports, mainly due to the influence of importation of semi-finished goods.

Overall, it is possible to expect continued improvement of the trade balance in the months to come.

	2007						
	Jan.	Feb.	Mar.	Apr.	May	June	July
Balance of trade	4.6	-2.9	-3.3	-1.6	-5.3	-5.6	-1.8
Balance of services	-0.1	0.3	0.9	2.7	0.8	2.2	1.7
Balance of income	1.4	0.7	-1.0	-1.2	-8.7	-17.0	-0.3
Current transfers	-1.7	-0.2	-2.2	-1.5	-0.9	-0.8	0.3
Current account	4.2	-2.1	-5.6	-1.6	-14.1	-21.2	-0.1

Source: NBS and the Statistical Office of the SR.

Chart 22 Balance of Payments and Current Account Developments (moving 12-month cumulative figures) (SKK billions)



At the end of August, the total foreign reserves of the NBS stood at USD 17,8 million, representing a month-on-month decrease of USD 64.1 million. The decrease in foreign reserves compared to the figure reported at the end of July resulted from a modest deficit in the balance of revenues and expenses of USD 4.3 million, accompanied by negative exchange rate differentials (USD 59.8 million), resulting from a change in the USD/EUR cross-rate in the period under review. At the end of the month, the volume of foreign reserves was 3.5 times greater than the volume of average monthly imports of goods and services to Slovakia over the first seven months of 2007.

Total foreign reserves of the NBS

The ratio of foreign reserves to the amount of payments for goods and services recorded in banking statistics, reached 4.9 times the volume of average monthly imports of goods and services to the SR over the first seven months of 2007.

The effective exchange rate² of the Slovak koruna developed differently than in the previous month and weakened by 1.1% month-on-month. Depreciation of the NEER was caused mainly by the depreciation of the domestic currency against the Czech koruna by 0.6 of a percentage point.

Nominal effective exchange rate of the Slovak koruna (NEER)

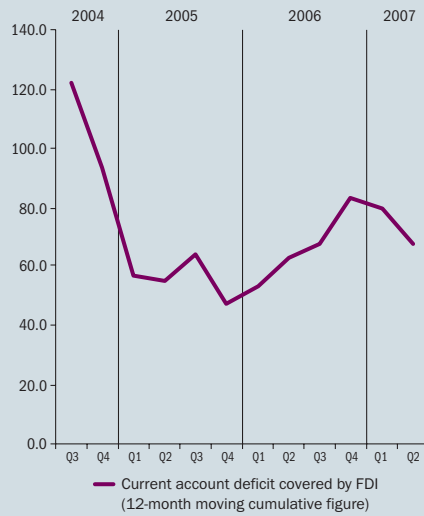
On the year-on-year basis, the strengthening trend of the nominal effective exchange rate slowed down after a year of constant acceleration from July's 15.4% to 12.2%. This development was caused by renewed nominal appreciation of the Slovak koruna in the same period last year, after a temporary weakening related to Parliamentary elections, but also by the current month-on-month depreciation of the koruna related to increased uncertainty on the financial markets due to the problematic mortgages in the United States. The main contributor strengthening the NEER was the appreciation of the koruna against the euro by 8.3 percentage points.

² For calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER), the IMF methodology is 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 United States, the United Kingdom, and Switzerland.



Chart 23 Coverage of the Current Account Deficit by Foreign Direct Investment

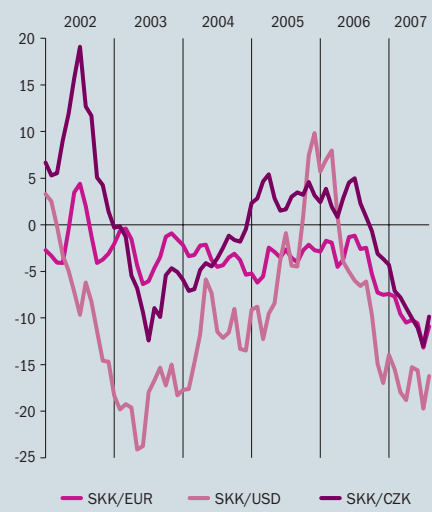
(%)



Source: NBS.

Chart 24 Average Monthly Exchange Rates of the Slovak Koruna

(year-on-year changes in %)



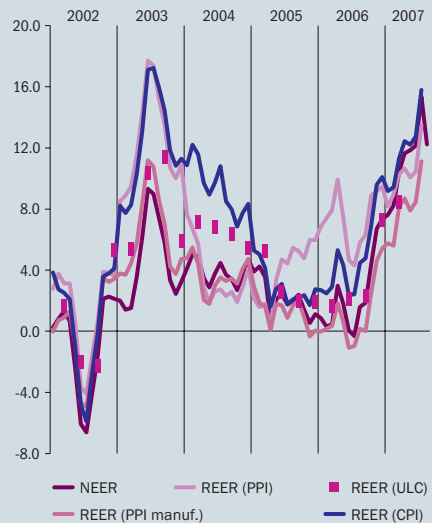
Source: NBS.

Note: + depreciation, - appreciation of the SKK.

Real effective exchange rate of the Slovak koruna (REER)

The REER based on the consumer price index (CPI) appreciated by 15.8%, that based on the industrial producer price index (PPI) by 13.5%, and the rate based on the manufacturing products price index (PPI manuf.) by 11.1%.

Chart 25 Developments in the NEER and REER Indices (9 trading partners) (year-on-year changes in %)



Source: NBS.

Note: + appreciation, - depreciation of the NEER and

Table 19 Year-on-Year Dynamics of the NEER and REER Indices (year-on-year changes in %)

For 9 partners based on the deflator:	NEER	REER (CPI)	REER (PPI)	REER (PPI manuf.)	REER (ULC) ²⁾
December 2002	2.1	4.1	3.6	3.4	5.3
December 2003	3.2	11.3	10.8	4.7	5.9
December 2004	4.7	8.3	4.1	4.7	5.5
December 2005	1.1	2.7	6.0	0.0	1.9
December 2006	7.4	10.1	9.5	5.4	7.3 ^(p)
March 2007 ¹⁾	10.4 / 3.7	11.3 / 3.9	10.3 / 4.6	8.1 / 1.8	8.5 ^(p)
July 2007 ¹⁾	15.4 / 5.7	15.8 / 5.4	13.5 / 4.8 ^(p)	11.1 / 3.9 ^(p)	-
August 2007 ¹⁾	12.2 / 4.5	.	.	.	-

Source: NBS.

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

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

Chart 26 Development of Real GDP by Quarter (year-on-year growth in %)


Source: Statistical Office of the SR.

4.3 Real Economy

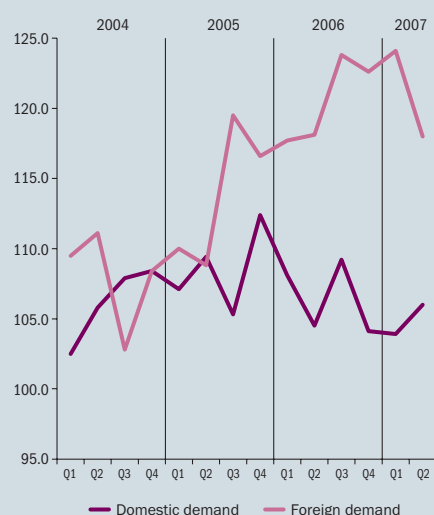
Development of the Real Economy in the 1st half of 2007

Gross Domestic Product

The gross domestic product (GDP) at constant prices increased by 9.2% year-on-year in the 1st half of 2007, according to revised data of the Statistical Office of the Slovak Republic. Compared with the figure for the first half of 2006, the rate of economic growth accelerated by 2.5 percentage points. Economic growth was stimulated mainly by accelerating foreign demand.

Real economic growth in the 1st half of 2007 was 9.2%

In terms of production, GDP growth was connected with an increase in value added creation in industrial production, health sector, transport, posts and telecommunications, other social services and the construction industry. The nominal volume of GDP generated amounted to SKK 684.7 billion, which was by 11.9% more than one year earlier.

Chart 27 Development of Domestic and Foreign Demand (year-on-year change in %)


Source: Statistical Office of the SR.

Broken down by quarters, real economic growth accelerated from 9.0% in the 1st quarter to 9.4% in the 2nd quarter. Real GDP growth accelerated in the second quarter of 2007 by 2.7 percentage points year-on-year, helped by the development of net exports and domestic demand.

Demand

In terms of use, the structure of economic growth in the first half of 2007 was influenced by both domestic and foreign demand. The growth in foreign demand (20.9% at constant prices) was more than four times stronger than the dynamics of domestic demand (5.0%) and had a stimulating effect on the overall performance of the national economy. Economic growth was also promoted by all components of domestic demand, excluding change in inventory.

Rapid growth in foreign demand

The dynamics of domestic demand in the first half of 2007 remained below the level of last year (6.2%), mainly as a result of lower gross capital creation, including slower dynamics in the development of fixed

Slower year-on-year growth in domestic demand



investments and lower growth in inventory. The consumption component of domestic demand grew 5.6% year-on-year, which represented a decrease of the growth rate by 0.8 percentage points, compared with the first half of 2006. This development was influenced mainly by general government consumption expenditure, which increased by 1.7% year-on-year (compared to 7.2% in the first half of 2006). Consumption of non-profit institutions serving households reported a modest increase (decrease last year) and household consumption grew by 0.6 percentage points faster than in the 1st half of 2006.

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

	2006		2007		
	Q1 - Q2	Q1 - Q4	Q1	Q2	Q1 - Q2
Gross domestic product	106.7	108.3	109.0	109.4	109.2
Domestic demand	106.2	106.4	103.9	106.0	105.0
Final consumption	106.4	105.6	105.6	105.7	105.6
Households	106.3	106.3	106.5	107.3	106.9
General government	107.2	104.1	102.4	101.1	101.7
Non-profit institutions serving households	98.0	96.8	101.6	99.3	100.5
Gross capital formation	105.7	108.2	99.6	106.8	103.6
Gross fixed capital formation	107.9	107.3	107.7	106.3	106.9
Exports of goods and services	117.9	120.7	124.1	118.0	120.9
Imports of goods and services	116.6	117.8	117.7	114.1	115.8

Source: Statistical Office of the SR.

Slower gross capital formation year-on-year

The increase in gross capital formation (3.6% at constant prices) was influenced by fixed investments, which grew by 6.9% year-on-year. In the first half of 2007, the volume of inventories increased in absolute terms by SKK 16.5 billion at constant prices. This growth figure was by about SKK 4.6 billion lower than one year earlier. This resulted into slower fixed capital formation (slower by 2.1 percentage points), compared with the 1st half of 2006. The structure of gross fixed capital formation indicates an increase in the productivity of investments and economic performance in the future, as non-financial corporations concentrated investments on the acquisition of new fixed assets (growth by 9.1% at constant prices). On the other hand, the volume of acquired used long-term assets went down by 5.7%.

Real growth in investments reported by all sectors

Broken down by sectors of national accounts, the increase in fixed assets was most significantly affected by investment activities of non-financial corporations (related both to foreign and domestic investments). They were most likely also supported by the financial results of non-financial corporations, whose profits increased by 27.9% year-on-year in the first half of 2007 (17.9% in the first half of 2006). The largest amounts of funds (72.6% of the total volume) were invested by non-financial corporations through the acquisition of new fixed assets. Investment activities of individual entities were relatively evenly spread

Table 21 Structure of Gross Fixed Capital Formation in the First Quarter of 2007

	Gross fixed capital formation (SKK millions)	Proportion (%)	Index
			$\frac{Q1 - Q2\ 2007}{Q1 - Q2\ 2006}$
Economy of the SR in total	216,962	100.0	106.9
of which (by sector):			
Non-financial corporations	153,214	70.6	108.1
Financial corporations	3,734	1.7	106.2
General government	13,085	6.0	103.1
Households	46,463	21.4	104.9
Non-profit institutions	466	0.2	91.5
of which (by production):			
Machinery	131,938	60.8	106.6
of which: metal goods and machines	101,112	46.6	105.1
transport equipment	30,826	14.2	111.7
Buildings and structures	70,664	32.6	107.0
of which: residential buildings	14,959	6.9	109.2
other structures	55,705	25.7	106.4

Source: Statistical Office of the SR.

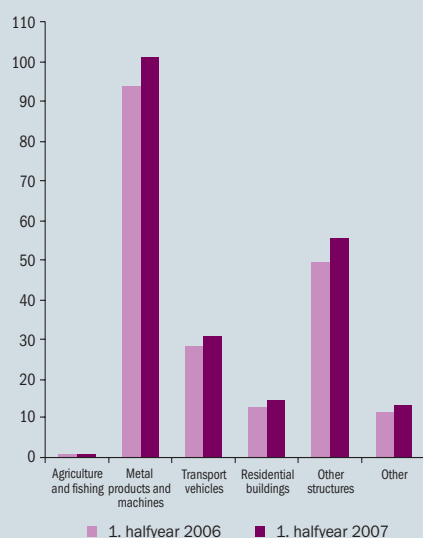
Note: Volumes and proportions are at current prices, indices at constant 2000 prices.

over the sectors, with investments increasing in all sectors in real terms. Real growth in gross fixed capital formation was also supported by investment activities of households and the general government.

In the first half of 2007, investment increased in real terms in all categories of production. The fastest growth was recorded in investments into structures with investment into residential buildings outpacing the investment into other structures. Investment into machinery grew slightly slower than investments into buildings, which resulted into a decrease of their share in gross fixed capital generation by 1 percentage point year-on-year to a level of 60.8%.

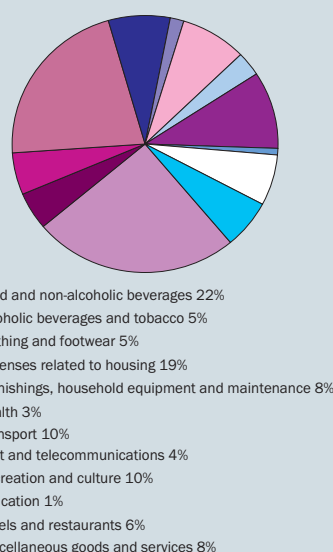
Growing investments into buildings and machines

Chart 28 Breakdown of Gross Fixed Capital Formation by Production (SKK billions)



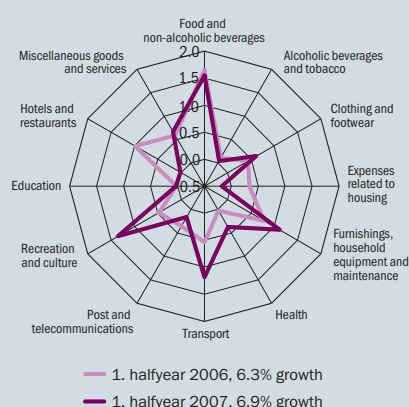
Source: Statistical Office of the

Chart 29 Structure of Final Household Consumption in the First Quarter of 2007 (shares in %)



Source: Statistical Office of the

Chart 30 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.

Final consumption expenditure in the 1st half of 2007 increased by 5.6% at constant prices year-on-year (by 6.4% one year earlier). The growth in final consumption was caused mainly by households. The dynamics of consumption by the general government decreased by 5.5 percentage points year-on-year (growth by 1.7%) and consumption expenditure of non-profit institutions increased slightly (by 0.5%). The relatively low growth in general government final consumption was caused by slower growth of all its components (excluding social transfers in kind by the government), compared with the first half of 2006.

Lower final consumption in the general government sector

In year-on-year terms, final household consumption increased by 6.9% at constant prices in the first half of 2007 and its share of the total GDP volume reached 54% (55.1% in the first half of 2006). The development of final household consumption was affected by the growth of wages and employment and the continuing drawing on credit facilities. The share of total loans granted by monetary financial institutions to households in their final consumption continued along the growth path to reach 27.2% in the first half of 2007 (23.4% at the end of the first half of 2006).

When analysing the year-on-year development of final household consumption in the 1st half of 2007, broken down by individual groups of consumption spending, the fastest growth was recorded in household expenses on health services, furniture, household equipment, routine maintenance of dwellings and recreation and culture. The largest consumption components were expenses on foodstuffs and non-alcoholic beverages (22%) and expenses related to housing (19%).

Structure of spending on consumption



In terms of relative contributions, the growth in final household consumption in the 1st half of 2007 was based primarily on increased consumer spending on foodstuffs and non-alcoholic beverages, recreation and culture, transport and furnishings, household equipment and routine maintenance of dwellings.

**Net exports stimulated
GDP growth**

In the first half of 2007, exports and imports of goods and services achieved two-digit growth rates, with exports (at constant prices) growing faster than imports (in the 1st half of 2006, imports grew faster than exports). This led to a year-on-year improvement in nominal net exports, still closing with a deficit of SKK 5.0 billion (SKK 36.1 billion in the first half of 2006).

Development in import prices in foreign trade, as measured by the deflators of imports of goods and services, was connected primarily with the rising prices of energy-producing raw materials. Import prices and the prices of exported goods and services both went down, with the former falling steeper than the latter. Data from preliminary quarterly national accounts indicate that the improvement in trade deficit (at current prices) was also caused by a favourable development in terms of trade.

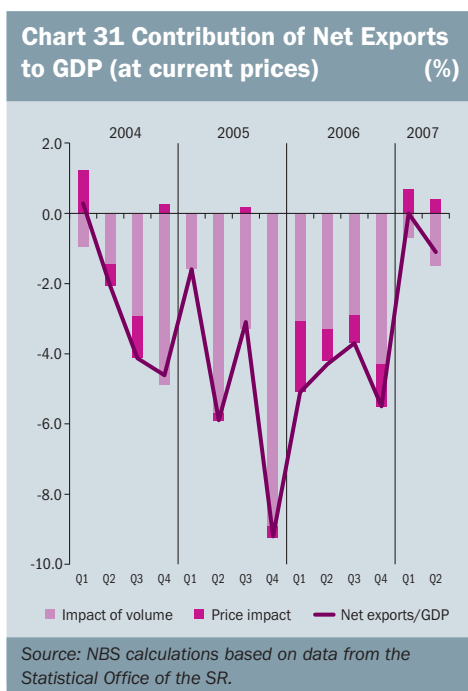


Table 22 Impact of Price and Volume on Exports and Imports

	(percentage points)				
	Q1 – Q2 06	2006	Q1 07	Q2 07	Q1 – Q2 07
	Q1 – Q2 05	2005	Q1 06	Q2 06	Q1 – Q2 06
Exports of goods and services (year-on-year growth in %, at current prices)	22.1	23.3	23.8	15.4	19.4
Impact of volume	17.9	20.7	24.1	18.0	20.9
Impact of price	4.2	2.6	-0.3	-2.5	-1.5
Imports of goods and services (year-on-year growth in %, at current prices)	22.7	22.0	16.5	11.3	13.8
Impact of volume	16.6	17.8	17.7	14.1	15.8
Impact of price	6.1	4.2	-1.2	-2.8	-2.1
Net exports as a share of GDP (share in %, at current prices)	-4.7	-4.6	0.0	-1.1	-0.6
Impact of volume	-3.2	-3.4	-0.7	-1.5	-1.1
Impact of price	-1.4	-1.2	0.7	0.4	0.5
Terms of trade (index)	98.4	98.6	100.8	100.3	100.6

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

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

**Openness of the Slovak
economy widening**

Export performance of the Slovak economy improved year-on-year in the first half of 2007, when the exports of goods and services as GDP percentage (at current prices) reached 89.0% (83.5% in the 1st half of 2006). The growing export performance was also accompanied by an increase in import intensity,



which grew at a slower pace on year-on-year basis and reached 89.6% (88.1% one year ago). The openness of the Slovak economy (expressed as the ratio of exports and imports of goods and services to nominal GDP) increased during the first half of 2007 by 7 percentage points year-on-year to a level of 178.6%.

Net exports at constant prices, after accounting for the price development on foreign markets, generated a surplus of SKK 12.1 billion in the first half of 2007 (in the 1st half of 2006, a deficit of SKK 14.9 billion was reported). Foreign trade resulted into a positive contribution of net exports to GDP creation of 4.5 percentage points. Domestic effective demand contributed to GDP growth with 5.9 percentage points, while changes in the volume of inventories, including statistical discrepancies, had a dampening effect of 1.2 percentage points.

Net exports with a surplus at constant prices

Table 23 Contributions to GDP Growth					
(percentage points, constant 2000 prices)					
	2006		2007		
	Q1 - Q2	Q1 - Q4	Q1	Q2	Q1 - Q2
Gross domestic product	6.7	8.3	9.0	9.4	9.2
Domestic demand	6.4	6.7	4.0	6.2	5.2
Final consumption	4.6	4.2	4.2	4.0	4.1
Households	3.5	3.5	3.7	3.9	3.8
General government	1.2	0.8	0.4	0.2	0.3
Non-profit institutions serving households	0.0	0.0	0.0	0.0	0.0
Gross capital formation	1.7	2.5	-0.1	2.2	1.1
Gross fixed capital formation	2.1	2.1	1.8	1.9	
Change in inventories	-0.3	0.4	-2.1	0.4	-0.8
Net exports	0.6	1.7	5.6	3.4	4.5
Exports of goods and services	15.6	18.5	23.0	17.4	20.1
Imports of goods and services	15.0	16.8	17.5	14.0	15.6
Statistical discrepancy	-0.3	-0.2	-0.6	-0.3	-0.4

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

Supply

GDP growth in the first half of 2007 was influenced by value added creation, which grew by 10.5% at constant prices year-on-year (compared with 8.8% in the same period last year). Net taxes, including value added tax, excise duty, import tax (minus subsidies), decreased by 0.7% (decrease by 7.5% last year). Value added creation was influenced by increased gross production, coupled with growth in intermediate consumption.

GDP growth

Value added increased in all sectors, except for hotels and restaurants and financial intermediation. The highest value added growth was recorded in health care and social assistance (15.7%), transport, storage, post and telecommunications (15.6%), industry (15.3%) and other community, social and personal services (14.8%).

Table 24 GDP Generation by Component					
(index, same period a year earlier=100, const. 2000 prices)					
	2006		2007		
	Q1 - Q2	Q1 - Q4	Q1	Q2	Q1 - Q2
Gross output	110.4	113.7	114.3	111.1	112.6
Intermediate consumption	111.6	115.8	116.3	111.9	114.1
Value added	108.8	110.6	111.1	109.9	110.5
Other ¹⁾	92.5	91.4	92.2	105.7	99.3

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

The growth in value added in industry (15.3%) was caused mainly by a remarkable increase in value added in industrial production (17.3%). Value added increased also in electricity generation and electricity, gas and water supply, and mining and quarrying. Development of value added in industrial production was affected mainly by the manufacture of machines, electrical equipment and transport vehicles (growth by 35.7%).



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

	<u>Q1 06</u>	<u>Q2 06</u>	<u>Q1 - Q2 06</u>	<u>2006</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q1 - Q2 07</u>
	Q1 05	Q2 05	Q1 - Q2 05	2005	Q1 06	Q2 06	Q1 - Q2 06
Gross domestic product (GDP)	106.7	106.7	106.7	108.3	109.0	109.4	109.2
of which:							
Agriculture and fishing	98.7	99.6	99.2	102.6	102.4	102.4	102.4
Industry in total	104.0	108.4	106.2	110.6	115.2	115.4	115.3
Mining and quarrying	71.8	76.1	74.0	75.4	98.1	104.9	101.7
Manufacturing	104.7	107.7	106.2	110.7	118.8	115.9	117.3
Electricity, gas, and water supply	103.5	121.1	110.1	114.7	96.6	112.6	103.2
Construction	103.5	105.5	104.6	109.8	111.9	109.6	110.7
Services in total	115.4	110.2	112.6	111.8	108.6	106.6	107.5
Trade	134.0	124.5	128.3	122.8	110.0	107.3	108.4
Hotels and restaurants	112.9	105.8	108.7	110.5	100.6	96.5	98.2
Transport, storage, post and telecom.	107.8	102.4	104.9	109.2	118.9	112.6	115.6
Financial intermediation	103.4	103.9	103.6	110.3	103.2	94.9	99.3
Real estate, renting, and business activities	114.7	110.6	112.6	108.8	102.4	101.0	101.7
Public administration, defence, and compulsory social security	108.9	96.9	102.0	104.7	104.2	107.7	106.1
Education	106.5	101.5	103.8	104.2	108.6	108.8	108.7
Health and social services	107.0	101.0	103.6	105.2	112.1	118.8	115.7
Other community, social, and personal services	123.2	118.3	120.7	118.9	116.7	113.0	114.8
Other ¹⁾	91.2	93.6	92.5	91.4	92.2	105.7	99.3

Source: Statistical Office of the SR.

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

Table 26 GDP Development by Sector
(contributions to growth, % points)

	<u>Q1 06</u>	<u>Q2 06</u>	<u>Q1 - Q2 06</u>	<u>2006</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q1 - Q2 07</u>
	Q1 05	Q2 05	Q1 - Q2 05	2005	Q1 06	Q2 06	Q1 - Q2 06
Gross domestic product (GDP)	6.7	6.7	6.7	8.3	9.0	9.4	9.2
of which:							
Agriculture and fishing	-0.1	0.0	0.0	0.1	0.1	0.1	0.1
Industry in total	1.5	2.7	2.1	3.5	5.4	5.1	5.3
Construction	0.2	0.3	0.3	0.6	0.6	0.5	0.6
Services in total	6.3	4.5	5.3	5.1	3.8	3.0	3.4
Trade	2.9	2.8	2.9	2.3	1.1	1.0	1.0
Hotels and restaurants	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Transport, storage, post and telecom.	0.5	0.2	0.3	0.7	1.3	0.9	1.1
Financial intermediation	0.1	0.1	0.1	0.3	0.1	-0.1	0.0
Real estate, renting, and business activities	1.5	1.0	1.3	0.9	0.3	0.1	0.2
Public administration, defence, compulsory social security	0.3	-0.1	0.1	0.2	0.1	0.3	0.2
Education	0.2	0.0	0.1	0.1	0.2	0.2	0.2
Health and social services	0.2	0.0	0.1	0.1	0.3	0.5	0.4
Other community, social, and personal services	0.4	0.3	0.4	0.4	0.4	0.3	0.3
Other ¹⁾	-1.1	-0.8	-1.0	-1.1	-0.9	0.6	-0.1

Source: Statistical Office of the SR.

Note: 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.



Gross National Income

In the first half of 2007, gross national income³ (GNI) increased by 14.2% at current prices year-on-year (according to revised data from the Statistical Office of the SR). Compared with the same period last year, the rate of GNI growth accelerated by 4.5 percentage points, outpacing GDP growth at current prices (11.9%) by 2.3 percentage points. Gross national disposable income (GNDI) increased year-on-year by 12.9% at current prices.

Gross National Income lower than GDP

Table 27 Comparison of GDP, GNI, and GNDI					
	(SKK billions, current prices)				
	Q1 - Q2 06	2006	Q1 07	Q2 07	Q1 - Q2 07
	Q1 - Q2 05	2005	Q1 06	Q2 06	Q1 - Q2 06
Gross domestic product (GDP)	772.6	1,636.3	414.6	450.1	864.7
Gross national income (GNI)	749.5	1,589.6	415.9	439.8	855.7
Gross national disposable income (GNDI)	756.5	1,589.3	415.0	439.4	854.4
GDP - growth index	109.7	111.2	112.4	111.5	111.9
GNI - growth index	109.7	110.9	113.7	114.7	114.2
GNDI - growth index	111.1	111.2	113.5	112.4	112.9
GNI / GDP ratio in %	97.0	97.1	100.3	97.7	99.0
GNDI / GDP ratio in %	97.9	97.1	100.1	97.6	98.8

Source: Statistical Office of the SR.

The smaller volume of GNI compared with GDP indicates that, in the first half of 2007, the inflow of income earned by persons working abroad (employee compensation) into the domestic economy was lower than the income from economic activity on the territory of the domestic economy transferred abroad (income from property, reinvested earnings and interest). The improving GNDI / GDP relation is primarily attributable to transfers to the Slovak government from EU institutions.

Wages and Labour Productivity

In the first half of 2007⁴, the average monthly nominal wage of an employee in the Slovak economy increased by 6.9% year-on-year and reached SKK 19,056. Compared with the first half of 2006, the rate of wage growth slowed by 1.1 percentage points. During the first half of the year, nominal wage growth slowed down from 7.1% in the 1st quarter to 6.7% in the 2nd quarter.

Slowdown in average monthly wage growth in nominal terms

The highest nominal wage growth in the 1st half of 2007 was recorded in health care and social assistance (14.1%), mining and quarrying (11%), agriculture (9.6%) and transport, storage, post and telecommunications (8.8%).

Nominal wages in the business sector (broken down by form of ownership) increased as follows: in enterprises with 20 and more employees by 8.3%, in subsidized organisations by 7.3%, in budgetary organisations by 6.8% and in small enterprises with up to 19 employees by 0.5%.

Real wage dynamics accelerated by 0.9 percentage points (from 3.3% to 4.2%), compared with the first half of 2006, influenced by lower average inflation, compared with the previous year.

Faster average monthly wage growth in real terms

Real wages increased in all sectors of the economy in the first half of 2007. The steepest growth was recorded in health care and social assistance (11.1%), mining and quarrying (8.1%), agriculture (6.7%) and transport, storage, post and telecommunications (5.9%).

³ Gross national income (GNI) is one of the macroeconomic indicators used for measuring the output of an economy according to the national concept, while GDP is based on the domestic concept, which represents the final results of resident units achieved in the period under review. GNI is calculated as follows: GDP at market prices minus primary income paid by residents to non-residents, plus primary income received by residents from non-residents. Gross national disposable income (GNDI) is a balance item in non-financial national accounts, and is calculated from GNI reduced by current transfers paid to non-resident units and increased by current transfers received from non-resident units.

⁴ Starting from 2007, the average monthly wage is calculated according to a modified methodology, in which the wages of the armed forces are also taken into account. Year-on-year indices are calculated from comparable data.



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

	2006		2007		
	Q1 - Q2	Q1 - Q4	Q1	Q2	Q1 - Q2
Nominal wage (index)	108.0	108.0	107.1	106.7	106.9
Real wage (index)	103.3	103.3	104.2	104.1	104.2
Labour productivity, at current prices	107.2	108.8	109.6	108.8	109.1
Labour productivity, at constant prices	104.4	106.0	106.2	106.7	106.4
Real labour productivity, less real wage (percentage points)	0.9	2.7	2.0	2.6	2.2
Consumer prices (average for the period)	104.5	104.5	102.8	102.5	102.7

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

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

Development of labour productivity

In the first half of 2007, labour productivity (GDP per person employed) increased by 9.1% in nominal terms and by 6.4% in real terms. Compared with the first half of 2006, the rate of productivity growth accelerated by 1.9 percentage points in nominal terms and by 2 percentage points in real terms. The growth in real labour productivity outpaced the growth in real wages by 2.2 percentage points in the first half of 2007.

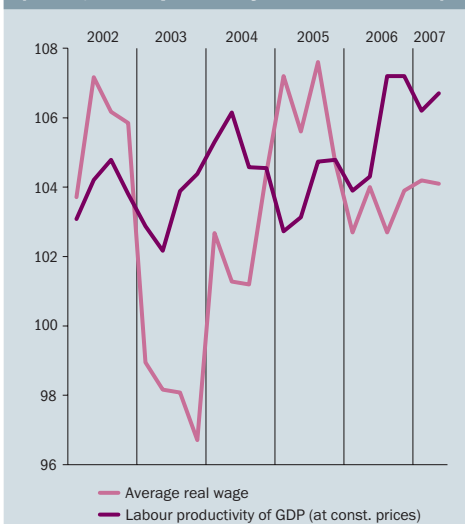
Unit labour costs according to NBS methodology

In the first half of 2007, units labour costs according to NBS methodology, defined as the ratio of nominal wage to real labour productivity (GDP at constant prices per person employed, according to statistical reports) increased by 0.5% in nominal terms and decreased by 1.4% in real terms year-on-year. Faster growth of labour productivity than that of wages in the first half of 2007 was reflected in the development of unit labour costs, which, in nominal terms, remained behind the price growth and, in real terms, even declined.

Development of labour market indicators according to ESA 95 methodology for the national economy in total and....

In the 1st half of 2007, nominal employee compensation (according to ESA 95 methodology) increased by 6.8% year-on-year, meaning that it grew by 0.2 percentage points faster than in the same period last year. During the year, the growth in employee compensation slowed down from 7.0% in the 1st quarter to 6.6% in the 2nd quarter of 2007. The rate of growth of employee compensation in real terms accelerated by 2.8 percentage points, compared with the same period last year. Labour productivity, calculated according to ESA 95 methodology, increased year-on-year by 9.6% in nominal terms and by 7.0% in real terms. Compared with the 1st half of 2006, the rate of productivity growth accelerated by 2.3 percentage points in nominal terms and by 2.6 percentage points in real terms. The growth of real labour productivity outpaced the growth in real employee compensation by 2.1 percentage points in the first half of 2007. In the same period last year, this differential represented 2.3 percentage points.

Chart 33 Real Wages and Real Labour Productivity
(index, same period a year earlier = 100)



Source: Statistical Office of the SR, NBS calculations.

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

	2006		2007		
	Q1 - Q2	Q1 - Q4	Q1	Q2	Q1 - Q2
Compensation per employee - nominal	106.6	107.1	107.0	106.6	106.8
Compensation per employee - real	102.1	102.7	104.8	105.0	104.9
Labour productivity, at current prices	107.3	108.7	110.0	109.3	109.6
Labour productivity, at constant prices	104.4	105.9	106.7	107.3	107.0
Real labour productivity - real compensation per employee (percentage points)	2.3	2.7	1.9	2.3	2.1
HICP (average for the period)	10.4	104.3	102.1	101.6	101.9

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.

Broken down by sector, real labour productivity calculated from ESA 95 data increased in most sectors. The highest growth was recorded in other community, social and personal services (24.1%), transport, storage, post and telecommunications (13.8%), education (11.8%), health care and social assistance (11.5%) and industry (10.4%). On the other hand, labour productivity went down in hotels and restaurants (by 4.5%), real estate and repair activities (4.2%) and financial intermediation (0.3%). The comparison of real labour productivity and real employee compensation shows that the growth in labour productivity was faster than the growth in employee compensation in industrial production, transport, post and telecommunications and trade and in the public sector in the 1st half of 2007. In the other sectors, this relation was reversed.

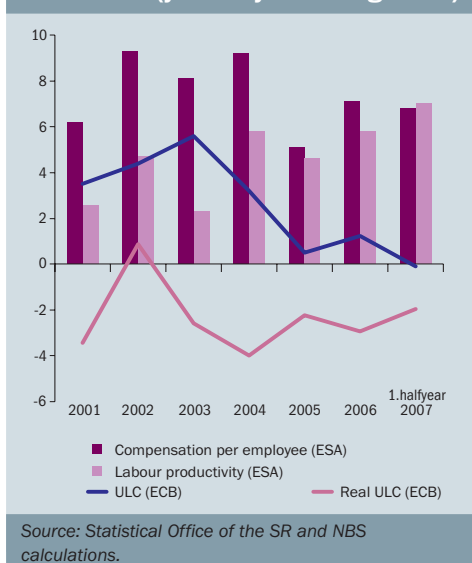
...broken down by sector

Table 30 Real Labour Productivity and Compensation per Employee in the First Half of 2007
(index, same period a year earlier = 100)

	Real labour productivity (ESA 95)	Real compensation per employee
National economy in total	107.0	104.8
Agriculture and fishing	106.8	112.5
Industry in total	110.4	103.1
Mining and quarrying	102.9	109.4
Manufacturing	111.6	102.9
Electricity, gas, and water supply	106.7	107.0
Construction	102.7	104.4
Wholesale and retail trade, repair activity	107.2	101.0
Hotels and restaurants	95.5	101.3
Transport, storage, post and telecom.	113.8	106.7
Financial intermediation	99.7	106.9
Real estate, renting, business activities	95.8	101.5
Public administration, defence, and compulsory social security	107.3	106.0
Education	111.8	110.1
Health and social services	111.5	107.5
Other community, social, and personal services	124.1	121.1
HICP (average for the period)	-	101.9

Source: Statistical Office of the SR and NBS calculations.

Chart 34 Unit Labour Costs by Component (ECB methodology)
(year-on-year change in %)



Source: Statistical Office of the SR and NBS calculations.

mixed income⁵ (11.6%) and employee compensation (10.1%).

⁵ Gross mixed household income includes the earnings and incomes of small entrepreneurs, including the value of agricultural products grown by households for own consumption, imputed rents and the contribution of households to individual housing construction.

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, decreased year-on-year by 0.1% in the first half of 2007. ULC in real terms went down by 2.0% year-on-year. Compared with the same period last year, the growth in nominal compensation slowed down by 2.2 percentage points. The rate of decrease in real ULCs remained virtually unchanged compared with the 1st half of 2006. The decrease in nominal ULCs was influenced by the slower growth in nominal compensation per employee, compared with the growth in real labour productivity.

Unit labour costs according to ESA 95 methodology

Income and Expenditure of Households

According to preliminary data from the Statistical Office of the SR, the current income of households reached SKK 665.9 billion in the 1st half of 2007, recording a nominal year-on-year growth of 10.7% (7.9% in real terms). In nominal terms, the growth in current income was 0.3 percentage points faster than in the 1st half of 2006. Of the current income items, the fastest growth was recorded in income from property (21.8%), gross

Accelerated growth in current income...



...accompanied by an increase in current expenditure

The current expenditure of households (paid to other sectors and not used for direct consumption) increased year-on-year by 10.3% (by 7.5% in real terms), to SKK 140.9 billion. In the same period a year earlier, current household spending increased by 2.8%. The year-on-year growth in current expenditure was related mainly to the increasing expenses related to income from property and current taxes on income and property. The lowest year-on-year growth was recorded in other current transfers.

Table 31 Generation and Use of Incomes in the Household Sector

(current prices)

	SKK billions		Indices ¹⁾		Share in %	
	2006	2007	Q1-Q2 2006	Q1-Q2 2007	2006	2007
	Q1-Q2	Q1-Q2	Q1-Q2 2005	Q1-Q2 2006	Q1-Q2	Q1-Q2
Compensation of employees (all sectors)	294.9	324.6	107.8	110.1	49.1	48.7
of which: gross wages and salaries	235.8	261.6	110.1	110.9	39.2	39.3
Gross mixed income	182.9	204.2	115.0	111.6	30.4	30.7
Income from property – received	15.7	19.1	115.6	121.8	2.6	2.9
Social security benefits	88.2	96.3	108.8	109.3	14.7	14.5
Other current transfers – received	19.6	21.6	112.7	110.3	3.3	3.2
Current income in total	601.2	665.9	110.4	110.7	100.0	100.0
Income from property – paid	4.5	6.8	115.7	150.4	3.5	4.8
Current tax on income, property, etc.	17.6	19.6	99.2	111.3	13.8	13.9
Social security contributions	86.5	95.1	100.2	109.8	67.6	67.5
Other current transfers – paid	19.2	19.5	117.8	101.8	15.0	13.8
Current expenditure in total	127.9	140.9	102.8	110.3	100.0	100.0
Gross disposable income	473.4	524.9	112.5	110.9	-	-
Adjustment for changes in the net assets of households in the reserves of pension funds	13.3	13.6	418.2	101.9	-	-
Household final consumption	446.2	488.6	111.8	109.5	-	-
Gross savings of households	40.5	49.9	165.4	123.2	-	-

Source: Statistical Office of the SR.

Note: Indices are based on figures expressed in billions of SKK.

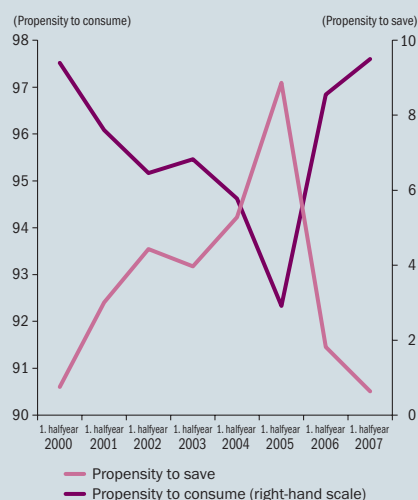
After deducting current expenditure from current income, the gross disposable income of households amounted to SKK 524.9 billion, representing a year-on-year increase of 10.9% (compared with 12.5% a year earlier). Of the disposable income, 93.1% was used for final household consumption; the remainder went to gross savings, which increased by 23.2% year-on-year. The accelerated growth in gross savings, which outpaced the growth in gross disposable income, was reflected in the ratio of gross household savings (9.5%), which was by 0.9 percentage points higher than a year earlier (8.6%).

Table 32 Gross Disposable Income

(SKK billions, current prices)

	2006		2007		
	1 st half	Q1 – Q4	Q1	Q2	1 st half
Gross disposable income	112.5	112.0	111.1	110.7	110.9
Household final consumption	111.8	111.7	109.2	109.8	109.5
Gross household savings	165.4	137.4	131.9	116.4	123.2
Ratio of gross savings to gross disposable income (%)	8.6	10.3	9.1	9.9	9.5

Source: Statistical Office of the SR.

Chart 35 Propensity of Households to Save and Consume (%)


Source: Statistical Office of the SR, NBS calculations.

Employment and Unemployment

The favourable economic development in the 1st half of 2007 was also reflected in the development of employment. According to statistical surveys, employment increased year-on-year by 2.6% (by 2.2% in 2006). The growth figure according to the methodology of national accounts (ESA 95) was 2.1% (compared with the 1st half of 2006, the growth rate went down by 0.2 percentage points). The year-on-year growth in employment according to a labour force sample survey (LFSS) reached 2.5%, which was by 1.6 percentage points less than in the same period a year earlier. The slower growth in employment (according to LFSS) was influenced by the demand for labour by the domestic economy, with the number of workers in the Slovak economy decreasing by 1.3 percentage points, compared with the previous year, and by a decrease in the number of persons working abroad (by 11.2 percentage points). As to the structure of workers, the development of total employment (LFSS) in the 1st half of 2007 was affected mainly by an increase in the number of persons employed (increase by 2.4%). The number of entrepreneurs increased by 1.9% year-on-

Continued dynamic growth in employment

year, mainly due to an increase in the number of entrepreneurs without employees (by 3.1%). The number of entrepreneurs with employees, on the other hand, decreased by 1.8% year-on-year (this figure was the same as one year earlier).

Table 33 Employment and Unemployment

	(average for the period)				
	2006		2007	2007	
	1 st half	Q1 - Q4	Q1	Q2	1 st half
Employment (based on statistical reports) ¹⁾					
in thousands	2.130.9	2.146.7	2.201.3	2.214.3	2.207.8
Index (same period a year earlier = 100)	102.2	102.2	102.6	102.5	102.6
Employment (based on a labour force survey)					
in thousands	2.276.1	2.301.4	2.326.6	2.337.7	2.332.2
Index (same period a year earlier = 100)	104.1	103.8	103.1	101.9	102.5
Employment (based on ESA 95)					
in thousands	2.111.7	2.131.8	2.147.8	2.163.8	2.156.0
Index (same period a year earlier = 100)	102.2	102.3	102.2	102.0	102.1
Unemployment (based on a labour force survey)					
in thousands	376.5	353.4	303.0	291.2	297.1
Index (same period a year earlier = 100)	84.9	82.7	76.6	81.5	78.9
Unemployment rate (based on a labour force survey)					
in %	14.2	13.3	11.5	11.1	11.3
Registered unemployment rate ²⁾					
in %	11.1	10.4	9.2	8.4	8.8

Source: Statistical Office of the SR.

1) Including the armed forces (with effect from 2006, professional soldiers from 2007); the indices are calculated from revised data.

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

Broken by sectors, demand for labour increased in the services sector in the 1st half of 2007 (ESA 95 methodology), which resulted into a dynamic growth in employment (in real estate, rental and trade operations, health care and social assistance and hotels and restaurants). On the other hand, employment in other community services, education, public administration and defence and financial intermediation stayed below the level from one year ago. As to production sectors, employment grew rapidly in the construction industry in the 1st half of 2007. Employment in agriculture, on the other hand, decreased.

Development of employment by sectors



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

	2006		2007		
	1 st half	Q1 – Q4	Q1	Q2	1 st half
Total	102.2	102.3	102.2	102.0	102.1
Agriculture, forestry, and fishing	97.3	99.2	96.8	95.1	95.9
Industry	98.6	100.7	104.1	104.8	104.4
Mining and quarrying	96.3	97.6	99.8	97.9	98.8
Manufacturing	98.7	100.9	104.8	105.5	105.1
Electricity, gas, and water supply	98.7	99.1	96.3	97.2	96.7
Construction	108.7	109.3	106.9	108.7	107.8
Trade	107.3	104.5	101.6	100.7	101.1
Hotels and restaurants	109.5	109.8	103.9	101.8	102.8
Transport, storage, post and telecom.	100.7	100.5	101.5	101.8	101.6
Financial intermediation	97.6	99.6	100.1	99.0	99.6
Real estate, renting, and business activities	103.8	104.8	107.2	105.3	106.2
Public administration, defence, compulsory social security	103.8	101.6	100.0	97.8	98.9
Education	101.2	100.7	97.7	96.6	97.2
Health and social services	95.5	99.2	103.8	103.8	103.8
Other community services	103.6	96.2	90.5	94.5	92.5

Source: Statistical Office of the SR.

Continued fall in unemployment

The persistent demand for labour was reflected in the rate of unemployment. According to a labour force sample survey, the number of unemployed went down by 21.1% year-on-year in the first half of 2007.

Lower number of the unemployed reduced the rate of unemployment, which reached 11.3% in the 1st half of 2007 (by 2.9 percentage points less than in the 1st half of 2006). 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 affairs and family, the average unemployment rate in the first half of 2007 stood at 8.8%, which was by 2.3 percentage less than in the first half of 2006.

Increased labour supply

The continuing year-on-year growth in labour supply (i.e. persons in productive and post-productive age) was reflected mostly in the increased number of economically inactive persons (i.e. persons outside the labour market) in the first half of 2007. This development resulted into a decrease in the level of economic activity (which reached 58.5%) by 0.5 percentage points in year-to-year comparison. Among the economically active population, the increasing share of persons in employment led to a rise in the employment rate to 60.2% (a year-on-year increase of 1.1 percentage points) in the 1st half of 2007.

Chart 36 Unemployment Rate



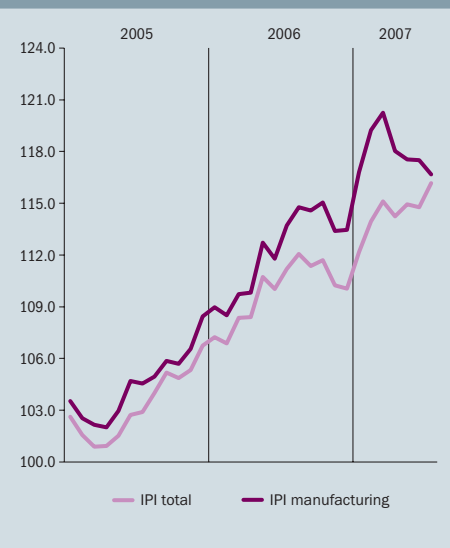
Source: Centre for Labour, Social, and Family Matters.

Current Developments

Production and Receipts

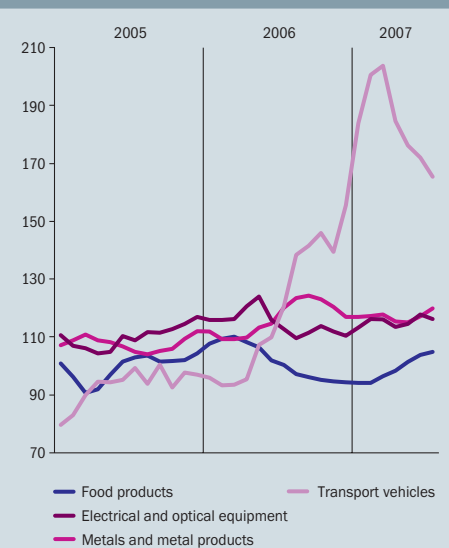
In July, the year-on-year rate of growth in industrial production accelerated in comparison with June 2007, particularly due to the fast year-on-year growth in the production of raw materials for energy generation by 542% and by a slower decrease in electricity, gas, and water supply. The rate of growth in industrial production was at a level comparable with the previous month. A slowdown in the year-on-year growth in production was recorded in the production of transport vehicles. Chemical production and wood processing recorded a year-on-year decrease, after the June's growth. Manufacture of plant and machinery and production of metals saw an accelerated growth.

Chart 37 Development of Industrial, Manufacturing and Construction Production (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.
Notes: IPI – Industrial Production Index. The index is adjusted for calendar effects.

Chart 38 Development of Manufacturing Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)



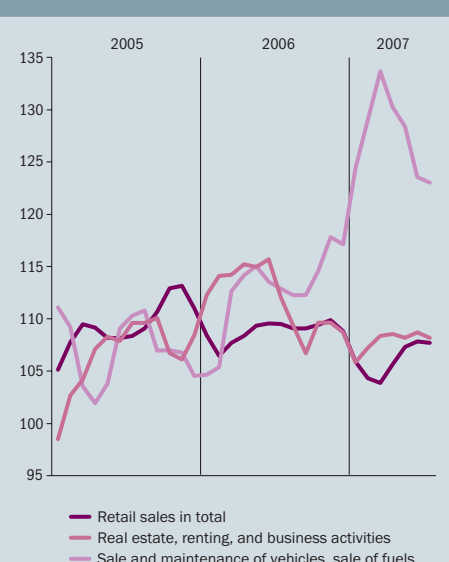
Source: Statistical Office of the SR.
Note: The index is adjusted for calendar effects.

Chart 39 Production in the Construction Sector (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.
Note: Corporate method at constant 2000 prices.

Chart 40 Retail Sales (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR.
Note: The indices are at constant December 2000 prices.

Faster year-on-year growth in construction was the result of higher growth in domestic production (new buildings, reconstruction and modernisation projects) and foreign production.

The slower growth in retail sales was mainly the result of slower year-on-year growth in receipts from other retail trade in non-specialised shops and retail sales of food, beverages, and tobacco in specialised and non-specialised shops. Receipts from retail sales of pharmaceuticals and cosmetics grew at a faster pace. Other specialised retail trade maintained its high year-on-year growth.

The year-on-year growth in the receipts of entities specialising in the sale and maintenance of motor vehicles and the retail sale of fuels accelerated significantly, compared with June 2007. The development

**Table 35 Production and sales**

	SKK millions, at c. p.		Indices			
	July 2007	Cum. since the begin. of the year	July 2006	Jan.-Dec. 2006	June 2007	July 2007
Production						
Industrial production index ¹⁾	-	-	109.9	110.0	112.2	118.9
of which:						
Mining and quarrying	-	-	84.5	90.4	102.3	390.9
Manufacturing	-	-	113.3	112.5	115.8	115.4
Electricity, gas, and water supply	-	-	93.2	97.6	85.1	92.8
Construction ²⁾	14,547	850,39	117.2	114.9	101.7	104.8
of which:						
Construction in Slovakia	14,065	82,244	119.2	116.1	101.5	104.4
Construction abroad	482	2,795	76.5	87.9	107.4	116.6
Receipts from own-output and goods						
Industry in total ³⁾	159,669	1 156,603	116.0	114.5	114.3	111.5
Construction ²⁾	22,342	131,500	116.5	113.3	105.7	102.9
Retail trade ³⁾	38,359	249,568	108.5	108.8	107.5	105.9
Sale and maintenance of vehicles, retail sale of fuels ³⁾	18,526	123,811	109.8	113.6	113.6	126.9
Transport, storage ³⁾	14,915	95,174	113.0	111.6	102.5	104.3
Real estate, renting, and business activities ³⁾	15,213	109,016	105.9	110.9	110.3	105.2

Source: Statistical Office of the SR.

1) Adjusted for calendar effects (the data in the time series are continuously revised with retrospective effect).

2) Index, same period of the previous year = 100 (constant prices, average for 2000 = 100).

3) Index, same period of the previous year = 100 (constant prices, December 2000 = 100, transport and storage – current prices).

in June was rather an exception from the trend of high year-on-year growth of more than 25% prevailing since the beginning of 2007. The accelerated growth in receipts was the result of a steep increase in the sales of motor vehicles and of a moderate increase in retail sales of fuels.

The slower year-on-year growth in receipts from services related to real estate, renting and business activities in July 2007 (compared with June) is attributable mainly to a lower year-on-year growth in receipts from other business services.

Wages, Employment and Unemployment

Nominal wages In July 2007, the year-on-year dynamics of nominal wages weakened in post and telecommunications, transport and storage, wholesale trade and hotels and restaurants, compared with June 2007.

In the first seven months of 2007, the average rate of nominal wage growth (in comparison with the same period a year earlier) slowed most significantly in hotels and restaurants and wholesale activities. On the other hand, the sector of post and telecommunications saw a marked acceleration.

Real wages In July 2007, the year-on-year growth in real wages was slower in post and telecommunications, transport and storage, wholesale and hotels and restaurants compared with the previous month.

In the first seven months of 2007, the average rate of real wage growth (in comparison with the same period a year earlier) was higher in most sectors under review. The accelerated year-on-year rate of real wage growth was largely the result of lower year-on-year inflation in comparison with the same period a year earlier. The year-on-year rate of wage growth moderated in hotels and restaurants, and in wholesale and retail business.

Employment In July 2007, the year-on-year growth in employment slowed in comparison with June 2007 in most sectors under review. Accelerated employment growth was recorded in wholesale trade, sale and maintenance of vehicles and transport and storage.

Table 36 Wage Developments in Selected Sectors (index. same period a year earlier = 100)

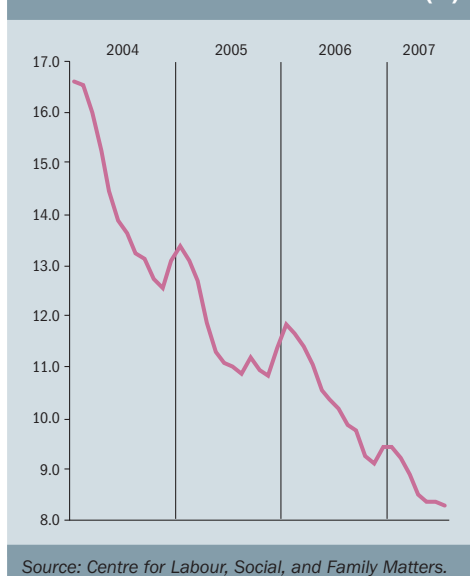
	Average monthly nominal wage			Average monthly real wage		
	Year	January–July		Year	January–July	
	2006	2006	2007	2006	2006	2007
Industry	106.8	105.8	107.0	102.2	101.2	104.3
of which: manufacturing	106.9	105.6	107.5	102.3	101.0	104.8
Construction	105.0	105.9	107.5	100.5	101.3	104.8
Retail trade	110.7	109.1	107.1	105.9	104.4	104.4
Wholesale trade	107.4	107.9	104.7	102.8	103.2	102.0
Sale and maintenance of vehicles	109.9	107.8	107.4	105.2	103.1	104.7
Real estate and renting activities	109.5	108.8	109.3	104.8	104.0	106.5
Transport	107.1	106.9	107.6	102.5	102.2	104.9
Post and telecommunication	106.1	105.6	116.3	101.5	101.0	113.4
Consumer prices	104.5	104.6	102.6	-	-	-

Source: Statistical Office of the SR.
 Notes: The selected sectors accounted for 67.8% of total employment in the first quarter of 2007.
 Real wage index = nominal wage index / consumer price index.

Table 37 Employment in Selected Sectors (index. same period a year earlier = 100)

	Employment		
	Year	January–July	
	2006	2006	2007
Industry	98.7	98.5	104.0
of which: manufacturing	98.9	98.7	104.5
Construction	109.3	110.2	106.4
Retail trade	107.4	108.0	107.6
Wholesale trade	109.2	107.8	102.4
Sale and maintenance of vehicles	108.4	111.2	120.0
Real estate and renting activities	104.1	104.9	105.1
Transport	99.8	99.5	105.7
Post and telecommunications	98.8	99.3	97.1

Source: Statistical Office of the SR.

Chart 41 Registered Unemployment Rate (%)


In the first seven months of 2007, the average rate of employment growth (in comparison with the same period a year earlier) accelerated in sales and maintenance of vehicles and in transport and storage.

According to data from the Centre for Labour, Social Affairs and Family, the total number of unemployed dropped month-on-month by 411 to 245.9 thousand in July 2007. The number of disposable unemployed, who may start working immediately, was 215.8 thousand, which was by 729 less than in June. The rate of registered unemployment stood at 8.3% in July. Compared with July 2006, the unemployment rate dropped by 1.9 percentage points.

The average length of registration was 10.7 months. Compared with June, the share of long-term unemployed (out of work for more than 12 months) decreased by 0.7 percentage points, to 52.5% in July.

Unemployment



5 Monetary Developments

5.1 Foreign Exchange Market

Operations on the foreign exchange market

In August, the exchange rate of the Slovak koruna weakened by 0.6% (from SKK/EUR 33.541 to SKK/EUR 33.743), while the average rate weakened by 0.7%. The Slovak koruna deviated from its central rate (SKK/EUR 35.4424) most significantly on 9 August 2007, when its exchange rate was fixed at SKK/EUR 33.313, representing an appreciation of 6% from the central parity. In relation to the US dollar, the koruna weakened by 1% (from SKK/USD 24.543 to SKK/USD 24.778). The average exchange rate depreciated by 0.1%.

Spot transactions between foreign and domestic banks resulted in a negative balance of USD -581.6 million, i.e. foreign banks tended to purchase the Slovak koruna and sell foreign currency.

Národná banka Slovenska conducted no foreign exchange interventions in August.

Table 38 Changes in the SKK/EUR and SKK/USD Exchange Rates (%)

	Month-on-month change	Ø Aug. 2007 Ø Aug. 2006	Ø Jan.-Aug. 2007 Ø Jan.-Aug. 2006
SKK/EUR	0.6	-10.9	-8.6
SKK/USD	1.0	-16.2	-14.6

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

At the beginning of the month, the Slovak koruna traded at a rate between SKK/EUR 33.300 and SKK/EUR 33.500. The Slovak koruna, together with other currencies of the region, weakened to a level of SKK/EUR 33.900 due to a lack of liquidity in the financial markets in Europe and in the United States. Sentiments among investors changed after the reduction of the discount rate by the US FED. The koruna, together with the region (except for the Czech koruna) responded with an appreciation to a level of SKK/EUR 33.600. The koruna then moved around the level of SKK/EUR 33.750 with no significant deviations till the end of the month.

Interbank foreign exchange market

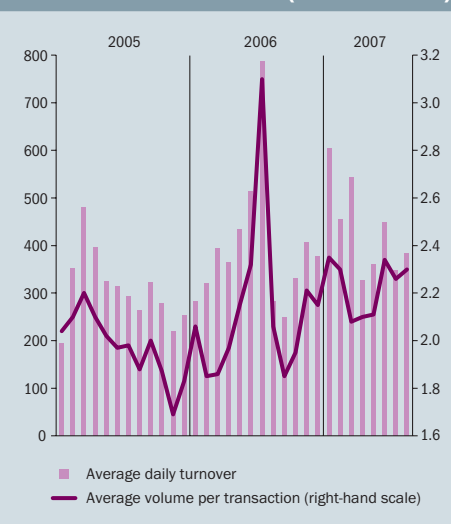
The total volume traded on the interbank foreign exchange market reached USD 96,417.2 million in August, representing an increase of 20.3% compared with the figure for July (USD 80,175.5 million). Of the total trading volume, swap transactions accounted for 90.5%. These were made mostly in USD (94.1%). Spot transactions accounted for 8.7% of the total turnover (95% of the deals were in EUR). The average daily turnover on the spot market reached USD 382.9 million and the average volume per transaction amounted to USD 2.3 million.

The total volume of transactions between domestic commercial banks increased, from USD 8,339.2 million in July to USD 8,847.5 million in August. Most trading took place in USD (71%, compared with 72.2% in June), followed by EUR (28.5%, compared with 27.5% in June). Deals in other currencies accounted for 0.5% of the total turnover between domestic commercial banks only.

Transactions between domestic banks accounted for 9.2% of the total volume traded on the interbank foreign exchange market (compared with 10.4% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 81.7% (82.6% in July) and spot transactions (excluding interventions) for 17.7% (16.5% in July)

The total volume of transactions between domestic and foreign banks increased by 21.9%, from USD 71,836.3 million in July to USD 87,569.8 million in August. USD deals again accounted for the largest volume of transactions (86.9%, compared with 87.6% in July), followed by EUR deals with a share of 12.9% (12.2% in

Chart 42 Transactions on the Interbank Foreign Exchange Market (USD millions)



Source: NBS.

July). Trading in other currencies accounted for 0.2%. Trading between domestic and foreign banks still dominated the country's foreign exchange market with a share of 90.8%.

As was the case with deals between domestic banks, trading between domestic and foreign banks took place predominantly in the form of swap operations (91.4%, compared with 90.6% in July). Spot transactions accounted for 7.8% (8.3% in July). The share of forward dealings in the foreign exchange market was negligible. Option contracts accounted for 0.5% of the volume traded with foreign banks.

At the end of July, the Slovak-koruna deposits of non-resident banks decreased to SKK 36.6 billion, representing a decrease of SKK 7.8 billion, compared with the previous month, and a decrease of SKK 16.0 billion compared with the same period a year earlier.

The volume of government securities held by non-residents at the end of August was by SKK 1.1 billion smaller than a month earlier, when the SR Ministry of Finance accepted no bids from banks at two government bond auctions in August. During the month, ownership to 5 issues of government bonds changed among non-residents (the largest being a decrease by SKK 0.8 billion in 10-year government bond issue No. 202 maturing in February 2014).

The share of non-residents in the total amount of issued government bonds decreased below the level of 22% in August (from 22.1% in July to 21.8%). In 2007 (to date), the Agency for Debt and Liquidity Management (ARDAL) held no Treasury bill auctions and thus no Treasury bills were acquired by non-residents.

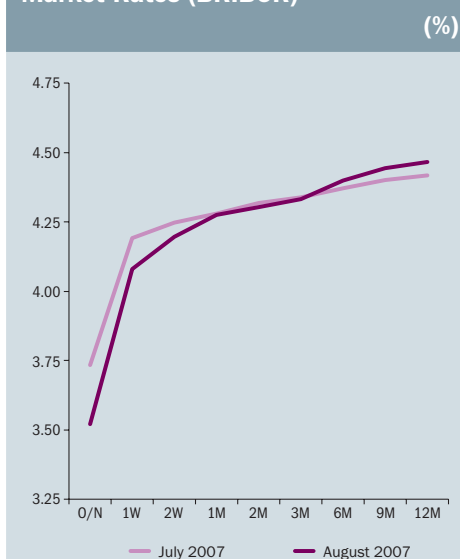
Table 39 Koruna Assets / Liabilities and Government Securities Held by Non-Residents (SKK billions)

	2006	2007							
	31.7.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8. ^(p)	5.9. ^(p)
Koruna assets, banks	12.8	16.1	12.8	18.0	14.6	15.7	12.3	31.0	23.4
Koruna liabilities	60.1	41.0	46.0	68.7	51.1	55.0	47.2	.	.
of which: banks	52.6	33.4	37.6	59.0	40.6	44.4	36.6	54.0	52.7
non-bank clients	7.5	7.6	8.3	9.7	10.4	10.6	10.6	.	.
Government securities	79.7	63.1	70.8	82.8	81.9	82.2	81.4	80.3	.
of which: government bonds	79.7	63.1	70.8	82.8	81.9	82.2	81.4	80.3	.
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.
Total	139.8	104.0	116.8	151.5	133.0	137.2	128.6	.	.

Source: NBS and the Central Securities Depository of the SR.

(p) Preliminary data from Dev (NBS) 20-98 "Daily Statement of Foreign Exchange Positions".

Chart 43 Average Monthly Interbank Market Rates (BRIBOR)



Source: NBS.

5.2 Money Market and Monetary Policy Implementation

At its 30th meeting on 28 August 2007, the Bank Board of the NBS decided to leave its key interest rates unchanged, at 2.25% for overnight sterilisation operations, 5.75% for overnight refinancing transactions, and 4.25% for two-week repo tenders with commercial banks.

Average monthly interest rates at the long end of the interbank money market yield curve rose by an average of 0.3 of a percentage point in comparison with the previous month, close to the level of 4.50% in August. Short-term interest rates dropped somewhat as a result of a change in the level of liquidity compared with the previous month.

The decision of NBS Bank Board from August to leave the key interest rates at an unchanged level was expected by the banking sector and the interest rates of the money market thus remained without any change. During the month, market expectations concerning the

Interest rates



further steps by the NBS did not change. Global events affecting the development in the whole of August, however, divided the market into two groups. The first group still expected an increase of interest rates by the ECB in September. The second group tended to believe that the ECB would temporarily abandon its plans to increase the key interest rates.

These changed forecasts of the further development in the euro area markets had no effect on the change of expectations concerning the next steps by the NBS. The banking sector in Slovakia still expects that the NBS will keep the key interest rates unchanged until the end of this year or until the beginning of the next year. The sector anticipates the next steps by the NBS depending on the steps taken by the ECB, considering the convergence of interest rates.

During the month, interest rates of long maturities recorded moderate fluctuations. At the beginning of the period under review, the interest rates increased due to increased interest by investor in longer maturities. Investors wanted to use cheaper funds due to the relatively lower interest rates (considering the convergence of the country's interest rates to those prevailing in Europe). This development subsequently led to an increase in the price of these financial resources.

In the second half of the month, turbulences on the global market indirectly (through foreign exchange swaps) led to a shift downwards in the Slovak interest rates curve. Foreign investors used swap transactions to borrow US dollars and euros and to make deposits in Slovak korunas. This led to a decrease in interest rates on koruna deposits. At the end of the month, the prices of deposits at the long end were influenced by the development in the euro area market and increased slightly. The yield curve hovered slightly below the 4.50% level throughout August.

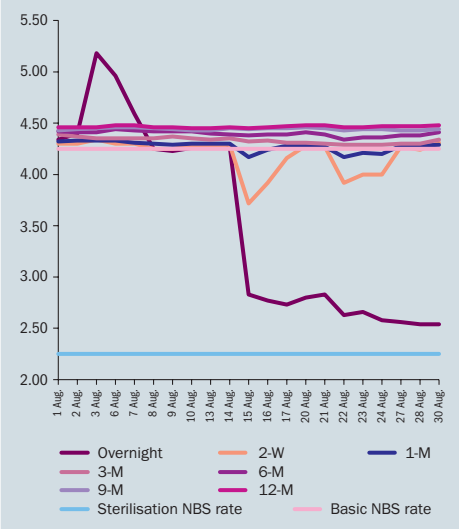
The NBS continued conducting sterilisation repo tenders in a standard manner throughout August and accepted all bids received in five auctions. The minimum, average and maximum yields were at the level of 2W reference rate (4.25%). In August, there were two auctions in NBS bills. The minimum yield in these auctions was 4.24%; the average and maximum yield was 4.25%.

The comparison of yield curves from the beginning and from the end of the month shows that the interest rates did not change (except for O/N rate).

Liquidity In the first half of the month, the sector as a whole had a deficit of liquidity. Banks adjusted their bids in sterilisation tenders to their liquidity needs. In the first half, in comparison with maturing volumes, they showed lower interest in the withdrawal of liquidity and in reaching the reserve requirements. In the second half, as the sector moved to a surplus of liquidity on cumulative basis, the volume of bids exceeded the volume of maturing operations.

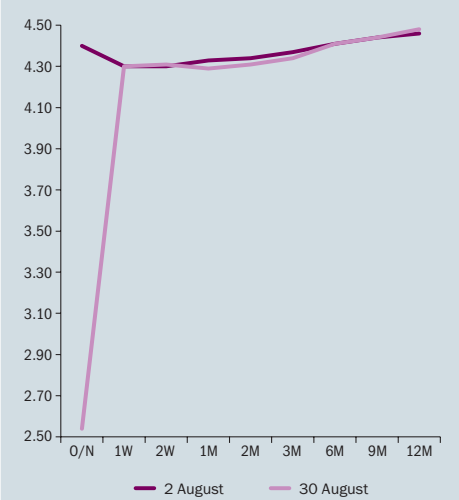
Compared with the previous month, the share of sterilisation tenders in the total sterilisation decreased by 1 percentage point. These funds were rerouted to O/N deposits, whose share increased to 1.1%. The proportion of sterilisation operations through NBS treasury bills increased slightly to 17.7%, compared with 17.6% last month. Due to the uneven distribution of liquidity on the last day of the August reserve maintenance period, funds from the NBS were drawn through overnight repo refinancing transactions,

Chart 44 Developments in Interbank Market Rates (BRIBOR) (% p. a.)



Source: NBS.

Chart 45 Comparison of BRIBOR Yield Curves in July (%)



Source: NBS.

Table 40 Average Daily Impact of NBS Operations on the Level of Banking Sector Liquidity

	Repo tenders		O/N repos		O/N deposits		NBS bills		Total
	Volume SKK mil.	Share in %	Volume SKK mil.	Share in %	Volume SKK mil.	Share in %	Volume SKK mil.	Share in %	
July 2007	-312,444	82.22	136,	0.04	-715	0.19	-67,000	17.63	-380,023
August 2007	-308,676	81.22	88,	0.02	-4,117	1.08	-67,364	17.72	-380,069

Source: NBS.

which accounted for 0.02% of all transactions with the NBS. The average daily sterilisation position of the NBS increased in comparison with July by SKK 46 million to SKK 380.1 billion in August.

The volume of trading on the interbank market reached SKK 1,860.7 billion in August (compared with SKK 1,618.2 billion in July). Of the total volume of purchases and sales on the interbank market, the share of resident bank transactions decreased to 26.1% and that of transactions with non-resident banks increased to 73.9% compared with July. Broken down by the type of interbank transactions, domestic banks achieved the largest share in swap operations (61.9%). Transactions with non-resident banks were also dominated by swaps (69.9%). Compared with July, the volumes of swaps, IRS contracts and deposits increased, while those of FRA transactions decreased.

Table 41 Interbank Transactions

(SKK millions)

	Deposits	Repos	Swaps	FRAs	IRSs
July 2007	641,308	0	954,509	16,950	5,450
August 2007	701,607	0	1,151,571	1,200	6,300

Source: NBS.

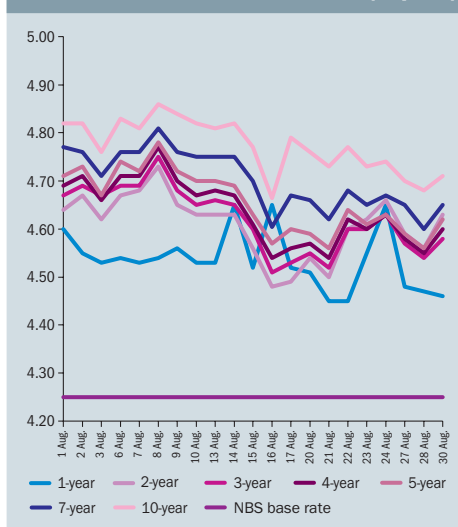
For August 2007, the amount of minimum required reserves in the banking sector was set at SKK 25.14 billion. By the end of the month, the reserve requirement had actually been fulfilled to 100.99%.

Development of Money Market Interest Rate Derivatives

Trading in FRA contracts was marked with significantly lower activity in August, compared with the previous month. Deals were made with three months maturity and settlement in 9 months; these deals accounted for 100% of all the deals. All deals were made with foreign entities.

Chart 46 Daily Developments in FRAs (% p. a.)


Source: Reuters.

Chart 47 Daily Developments in IRSs (% p. a.)


Source: Reuters.



Trading in interest rate swaps (IRS) recorded an increase in volume compared with the previous month. Almost 82.5% of the contracts were made with foreign banks. The remaining 17.5% of the deals involved domestic entities only. Swap transactions were concluded with one- to ten-year maturities. They were dominated by contracts with one- to two-year maturities, representing 46.8% of the total volume traded. They were followed by transactions with two- to five-year maturities, which accounted for 32.5%.

Chart 48 Implied Expectations Derived from BRIBOR Rates

(% p. a.)



The values of implied FRA rates for the beginning, middle and end of the month indicated unchanged expectations among market participants, according to which the rates should fall to approximately 4.10% by November this year and then, at the beginning of the next year, rise to the level of the current reference rate (4.25%)

5.3 Customer Interest Rates in July 2007

Customer interest rates Average interest rates on new loans to and new deposits from non-financial corporations decreased in July. On the other hand, the rates for new household loans increased slightly and remained unchanged for new deposits.

Average interest rates on new loans Average interest rates on new loans to non-financial corporations decreased slightly in July. This was mainly the result of lower rates on current account overdrafts, which responded to the decline in the interest rates for shortest maturities on the interbank market (from 5.72% at the end of June to 2.8% on the last day of July). As bank overdrafts represent the most important portion of loans granted, any change in the applicable interest rates significantly influences the total lending rate. Interest rates on loans to small and medium-sized enterprises (loans up to EUR 1 million) continued in the slightly downward trend from the previous month (in which a decrease in both short-term and long-term interest rates was recorded). The opposite trend was observed in loans to large enterprises (amounts beyond EUR 1 million), with interest rates continuing their moderate growth in the last three months. Looking at these rates in detail, the rates on loans with short fixation periods or without a fixation period increased more than the rates on loans with long fixation period. Regarding the structure of loans by purpose, lending rates slightly increased for operating, investment, other and house purchase loans.

Average interest rates on loans to households increased slightly in July. The highest increase in interest rates was recorded in consumer loans, with rates growing

Chart 49 Interest Rates on Loans to Non-Financial Corporations, 3-M BRIBOR, and the NBS Base Rate (%)

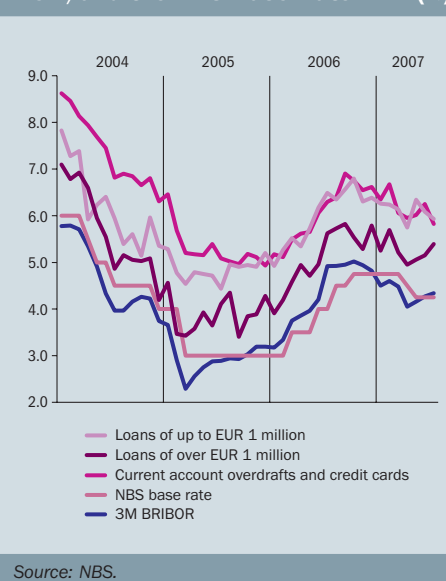
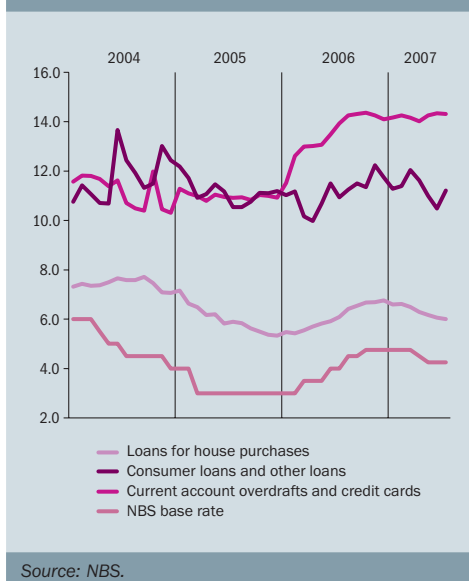


Chart 50 Interest Rates on Loans to Households by Type (%)


both for special- and non-special-purpose loans. The trend of slightly decreasing interest rates on house purchase loans continued in July. The rates on mortgage loans and other house purchase loans remained unchanged. The decrease in interest rates on house purchase loans was caused mainly by falling rates on intermediate loans. The interest rate on other loans also increased slightly, with the fastest growth recorded in interest rates on home equity loans. Looking at the breakdown of loans by initial rate fixation (IRF), the interest rates with IRF from 1 to 5 years decreased, while the interest rates with IFS of over 10 years increased. The interest rates on loans with other fixation periods remained unchanged.

Interest rates on deposits from non-financial corporations dropped significantly in July in response to the development of interbank market rates in the last days of the month. This was most apparent in the case of deposits repayable on demand: the interest rate on overnight deposits went down by 2.3 percentage points to 2.28%. The rate on demand deposits also followed (decrease of 0.78 of a percentage point). A

Average interest rates on new deposits
Table 42 Average Interest Rates on New Loans

	Interest rate in %						Change in July, in p.p.	
	Q2 2006	Q3 2006	Q4 2006	Q1 2007	June 2007	July 2007	against Q3 2006	month- -on-month
Loans granted to non-financial corporations								
Current account overdrafts and credit cards	6.06	6.90	6.62	6.06	6.26	5.83	-1.08	-0.43
Loans of up to EUR 1 million	6.17	6.57	6.39	6.13	6.09	5.93	-0.64	-0.16
– with a floating rate								
and an IRF of up to 1 year	6.25	6.49	6.33	6.08	6.06	5.90	-0.59	-0.16
– with an IRF of over 5 years	5.75	6.47	6.49	6.00	6.16	6.03	-0.45	-0.13
Loans of over EUR 1 million	4.96	5.83	5.79	5.21	5.15	5.39	-0.43	0.24
– with a floating rate								
and an IRF of up to 1 year	4.87	5.71	5.60	5.04	5.05	5.34	-0.37	0.29
– with an IRF of over 5 years	5.62	7.03	5.73	5.82	5.69	5.87	-1.16	0.18
Total	5.93	6.76	6.37	5.92	6.05	5.76	-1.01	-0.29
Total, excluding current account overdrafts and credit cards	5.38	6.04	5.89	5.47	5.37	5.52	-0.52	0.15
Loans granted to households								
Current account overdrafts and credit cards	13.48	14.32	14.10	14.16	14.34	14.32	0.00	-0.02
Consumer loans	13.66	13.23	13.67	14.11	12.44	13.41	0.19	0.97
House purchase loans	5.92	6.54	6.76	6.50	6.06	6.00	-0.54	-0.06
of which: mortgage loans	5.39	6.16	6.45	6.29	5.79	5.79	-0.37	0.00
Other loans	6.49	7.34	7.46	7.19	6.75	6.96	-0.38	0.19
Total	11.42	12.56	12.54	12.56	12.16	12.25	-0.32	0.09
Total, excluding current account overdrafts and credit cards	7.71	8.45	8.36	8.66	7.65	7.73	-0.72	0.08
Basic NBS rate	4.00	4.50	4.75	4.75	4.25	4.25	-0.25	0.00
3M BRIBOR	4.20	4.95	4.82	4.48	4.27	4.34	-0.61	0.07

Source: NBS.

Note: Quarterly data refer to the last month of the given quarter.

slight decrease was also recorded in interest rates on deposits with up to 1-year maturity, with interest rates on deposits with shortest maturities (up to 7 days) falling most significantly. On the other hand, interest rates on deposits with up to 6 months maturity increased slightly.



Chart 51 Interest Rates on Deposits from Non-Financial Corporations (%)

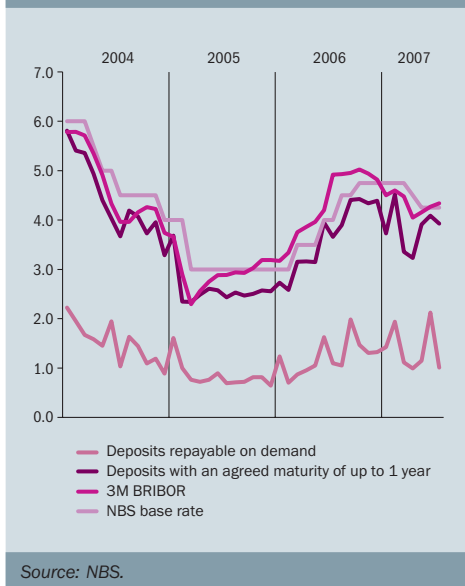
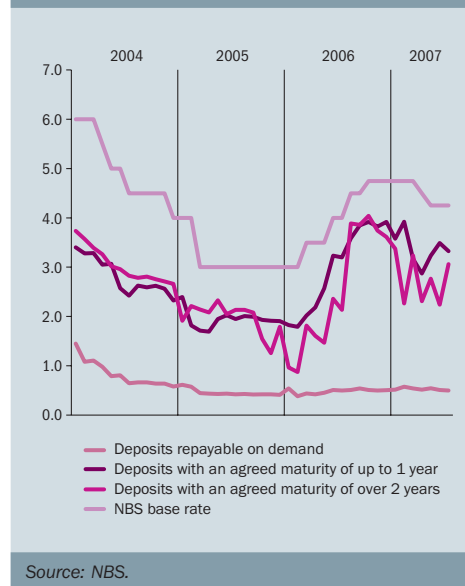


Chart 52 Interest Rates on Household Deposits (%)



Interest rates on household deposits were stagnant in July. As was the case with non-financial corporations and their deposits repayable on demand, the interest rate on overnight deposits went significantly down, while the rate on demand deposits stagnated. This development was influenced by the fall in the shortest market rates at the end of the month also in this case. Interest rates on deposits with agreed maturity recorded a differentiated development. On the one hand, interest rates on short-term deposits with an agreed maturity (mostly up to 7 days) decreased. The interest rates on long-term deposits (particularly 2 to 5 year deposits), on the other hand, recorded a considerable increase. The interest rate on deposits redeemable at notice remained unchanged in July.

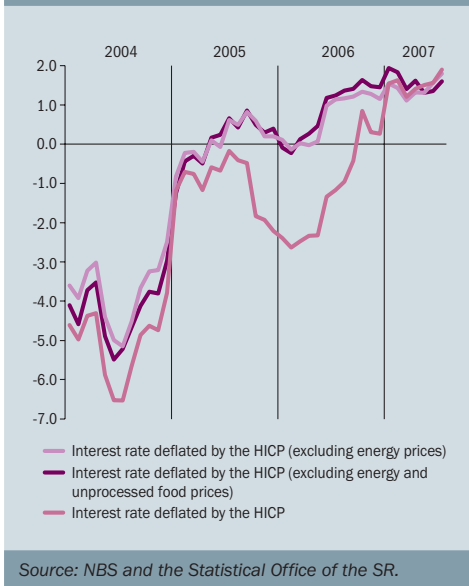
Table 43 Average Interest Rates on New Deposits

	Interest rate in %						Change in June, in p.p.	
	Q2 2006	Q3 2006	Q4 2006	Q1 2007	May 2007	June 2007	against Q2 2006	month-on-month
New deposits from non-financial corporations								
Deposits repayable on demand	1.62	1.98	1.32	1.11	1.15	2.12	0.50	0.97
Deposits with an agreed maturity of up to 1 year	3.95	4.41	4.39	3.36	3.91	4.09	0.14	0.18
Deposits with an agreed maturity of over 1 and up to 2 years	4.05	2.56	3.28	2.66	2.00	-	-	-
Deposits with an agreed maturity of over 2 years	1.54	8.40	2.62	1.50	2.66	1.91	0.36	-0.75
Total	2.51	3.00	2.70	2.17	2.47	3.09	0.58	0.62
New deposits from households								
Deposits repayable on demand	0.51	0.54	0.50	0.54	0.54	0.51	-0.03	-0.03
Deposits with an agreed maturity								
– up to 1 year	3.23	3.85	3.92	3.17	3.23	3.49	-0.36	0.26
– over 1 and up to 2 years	3.06	3.94	3.98	2.47	2.79	3.34	-0.60	0.55
– over 2 years	2.35	3.86	3.61	3.24	2.77	2.16	-1.70	-0.61
Deposits redeemable at notice								
– up to 3 months	1.07	1.46	1.54	1.46	1.47	1.23	-0.23	-0.24
– over 3 months	1.30	1.89	1.97	1.98	1.99	1.90	0.01	-0.09
Total	0.96	1.16	1.18	1.07	1.02	1.00	-0.16	-0.02
Basic NBS rate	4.00	4.50	4.75	4.75	4.25	4.25	-0.25	0.00
3M BRIBOR	4.20	4.95	4.82	4.48	4.16	4.27	0.07	0.11

Source: NBS.

Note: Quarterly data refer to the last month of the given quarter.

Chart 53 Real Interest Rates on Household Deposits (%)



The real interest rate on household deposits, calculated by deflating the rate of interest on new one-year household deposits by HICP inflation, stood at 1.90% in July, which represented a rise of 0.34 of a percentage point in comparison with the previous month. Thus, the real interest rate followed the rising trend from recent months. This can be attributed to the considerable decrease in the inflation rate and moderate growth in interest rates on household deposits.

Real interest rate



Annexes

1 International Economy: An Overview in Tabular and Graphical Form

Table 44 Euro Area (year-on-year changes in %, unless otherwise specified)								
	HICP	Prices HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Real economy Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	Financial market 10-years bonds (yield to maturity in %)
2004	2.1	2.1	2.3	2.0	2.2	1.6	8.8	4.14
2005	2.2	1.5	4.1	1.5	1.3	1.3	8.6	3.44
2006	2.2	1.5	5.1	2.8	4.0	2.1	7.9	3.86
2006 Q2	2.5	1.5	5.8	2.9	4.3	2.3	7.9	4.05
2006 Q3	2.1	1.5	5.4	2.8	4.2	2.3	7.8	3.97
2006 Q4	1.8	1.6	4.1	3.3	4.0	2.3	7.6	3.86
2007 Q1	1.9	1.9	2.9	3.1	3.7	1.7	7.2	4.08
2007 Q2	1.7	1.8	2.4	2.5	2.6	0.9	6.9	4.42
V.07	1.9	1.9	2.4		2.7	-0.1	7.0	4.37
VI.07	1.9	1.9	2.2		2.4	1.0	6.9	4.66
VII.07	1.8	1.9	1.8		3.7	0.5	6.9	4.63
VIII.07	1.7	2.0						4.43

Source: Eurostat, ECB, NBS calculations.
¹⁾ Overall inflation, excluding energy and unprocessed food prices.
²⁾ Constant prices.
³⁾ Adjusted for calendar effects.
⁴⁾ Annual data are not adjusted for calendar effects.
⁵⁾ Harmonised data, ILO definition, seasonally adjusted.

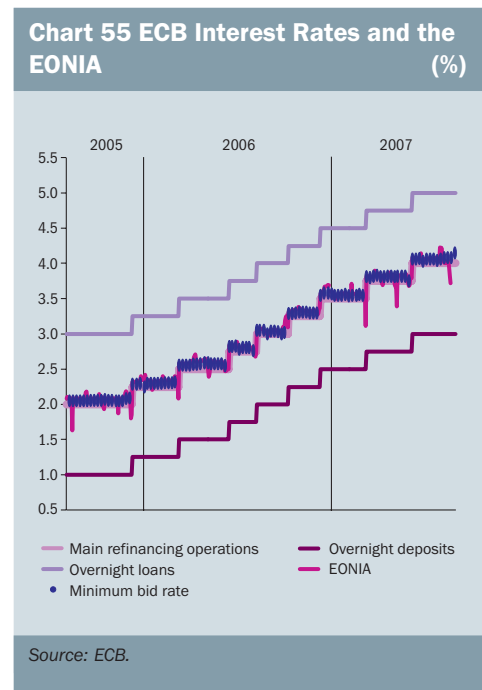




Table 45 Czech Republic (year-on-year changes in %, unless otherwise specified)

	Prices			Real economy			Unemployment (% of the labour force) ⁵⁾	Financial market 10-years bonds (yield to maturity in %) ⁶⁾
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),3),4)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}		
2004	2.6	2.5	5.7	4.2	9.2	2.8	8.3	4.75
2005	1.6	0.9	3.0	6.1	6.7	3.9	7.9	3.51
2006	2.1	0.9	1.6	6.1	11.4	6.9	7.1	3.78
2006 Q2	2.5	0.9	1.3	6.5	11.3	7.2	7.2	3.94
2006 Q3	2.4	1.0	2.5	6.4	10.2	5.9	7.0	3.93
2006 Q4	1.1	1.0	2.2	6.1	10.3	7.1	6.5	3.78
2007 Q1	1.7	1.9	3.1	6.2	12.3	8.4	5.9	3.79
2007 Q2	2.6	2.8	4.1	6.0	9.0	7.1	5.7	4.22
V.07	2.4	2.8	4.0		6.6	6.7	5.7	4.21
VI.07	2.6	3.0	4.5		8.5	6.9	5.7	4.53
VII.07	2.5	2.9	4.1		8.9		5.5	4.59
VIII.07	2.6	3.1						4.45

Source: Eurostat, ECB, NBS calculations.

¹⁾ Overall inflation, excluding energy and unprocessed food prices.

²⁾ Constant prices.

³⁾ Adjusted for calendar effects.

⁴⁾ Annual data are not adjusted for calendar effects.

⁵⁾ Harmonised data, ILO definition, seasonally adjusted.

⁶⁾ Long-term interest rates according to the Maastricht criteria.

Table 46 Hungary (year-on-year changes in %, unless otherwise specified)

	Prices			Real economy			Unemployment (% of the labour force) ⁵⁾	Financial market 10-years bonds (yield to maturity in %) ⁶⁾
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),3),4)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}		
2004	6.8	6.4	8.4	4.8	6.7	5.4	6.1	8.19
2005	3.5	2.7	8.3	4.1	7.2	5.7	7.2	6.60
2006	4.0	2.5	8.4	3.9	10.8	4.3	7.5	7.12
2006 Q2	2.7	1.4	7.0	3.9	8.7	4.4	7.3	7.04
2006 Q3	4.6	2.8	10.4	3.9	11.2	4.6	7.5	7.54
2006 Q4	6.4	4.6	9.7	3.3	11.7	2.6	7.5	7.10
2007 Q1	8.8	6.7	8.7	2.9	9.8	0.2	7.4	6.90
2007 Q2	8.5	7.2	7.7	1.8	7.6	-3.0	7.7	6.63
V.07	8.4	7.2	7.8		5.8	-2.8	7.7	6.53
VI.07	8.5	7.3	7.2		8.8	-3.6	7.7	6.71
VII.07	8.3	7.2	6.2				7.7	6.58
VIII.07	7.1	7.0					7.7	6.80

Source: Eurostat, ECB, NBS calculations.

¹⁾ Overall inflation, excluding energy and unprocessed food prices.

²⁾ Constant prices.

³⁾ Adjusted for calendar effects.

⁴⁾ Annual data are not adjusted for calendar effects.

⁵⁾ Harmonised data, ILO definition, seasonally adjusted.

⁶⁾ Long-term interest rates according to the Maastricht criteria.



Table 47 Poland (year-on-year changes in %, unless otherwise specified)

	Prices			GDP ^{2),4),5)}	Real economy			Financial market 10-years bonds (yield to maturity in % ⁷⁾
	HICP	HICP ¹⁾ (core inflation)	PPI		Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	
2004	3.6	2.8	7.6	5.3	12.2	4.8	19.0	6.90
2005	2.2	1.2	2.1	3.6	4.6	1.3	17.7	5.22
2006	1.3	0.6	2.5	6.1	12.2	9.6	13.8	5.23
2006 Q2	1.4	0.4	2.7	6.0	13.7	10.8	14.2	5.28
2006 Q3	1.5	0.7	3.8	6.2	13.6	8.7	13.3	5.55
2006 Q4	1.3	1.0	3.1	6.9	10.9	10.6	12.3	5.25
2007 Q1	2.0	1.2	3.9	6.8	14.0	16.3	11.0	5.18
2007 Q2	2.3	1.8	3.2	6.9	8.7	9.3	10.5	5.36
V.07	2.3	1.8	3.3		8.1	8.4	10.5	5.29
VI.07	2.6	2.0	3.4		7.8	9.2	10.2	5.52
VII.07	2.5	2.1	2.9		8.1	12.5	9.7	5.60
VIII.07	2.1	2.2						5.68

Source: Eurostat, ECB, NBS calculations.

¹⁾ Overall inflation, excluding energy and unprocessed food prices.

²⁾ Constant prices.

³⁾ Adjusted for calendar effects.

⁴⁾ Adjusted for seasonal and calendar effects.

⁵⁾ Annual data are not adjusted for calendar effects.

⁶⁾ Harmonised data, ILO definition, seasonally adjusted.

⁷⁾ Long-term interest rates according to the Maastricht criteria.

Chart 56 Exchange Rate Indices of V4 Currencies against the Euro (31. 12. 2004 = 100)



Source: Eurostat, NBS calculations.

Note: A fall in value denotes an appreciation.

Chart 57 Exchange Rates of V4 Currencies against the Euro (year-on-year changes in %)



Source: Eurostat, NBS calculations.

Note: Negative values denotes appreciation.

Table 48 United States (year-on-year changes in %, unless otherwise specified)

	Prices			GDP ³⁾	Real economy			Financial market 10-years bonds (yield to maturity in %)
	CPI	CPI ¹⁾ (core inflation)	PPI ²⁾		Industrial production ⁴⁾	Retail trade ⁵⁾	Unemployment	
2004	2.7	1.8	3.6	3.6	2.5	6.1	5.5	4.27
2005	3.4	2.2	4.9	3.1	3.2	6.6	5.1	4.29
2006	3.2	2.5	2.9	2.9	4.0	6.1	4.6	4.80
2006 Q2	4.0	2.5	4.4	3.2	4.2	6.4	4.6	5.07
2006 Q3	3.3	2.8	2.8	2.4	5.1	5.4	4.7	4.90
2006 Q4	1.9	2.6	0.3	2.6	3.5	5.0	4.5	4.63
2007 Q1	2.4	2.6	2.0	1.5	2.4	3.4	4.5	4.68
2007 Q2	2.7	2.3	3.4	1.9	1.6	3.9	4.5	4.85
V.07	2.7	2.2	3.9		1.6	4.9	4.5	4.75
VI.07	2.7	2.2	3.2		1.4	4.4	4.5	5.10
VII.07	2.4	2.2	3.9		1.4	3.3	4.6	5.00
VIII.07							4.6	4.68

Source: Bureau of Economic Analysis, Bureau of Labour Statistics, Federal Reserve System, U.S. Department of Commerce.

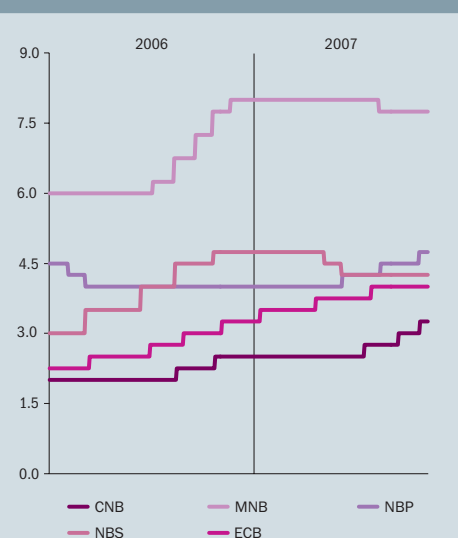
¹⁾ Core CPI – inflation excluding food and energy.

²⁾ PPI finished products.

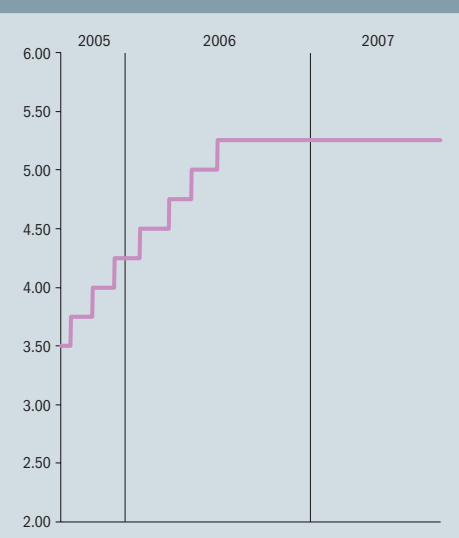
³⁾ Seasonally adjusted.

⁴⁾ Industrial production in total (seasonally adjusted.)

⁵⁾ Retail trade and restaurant services.

Chart 58 Key Interest Rates of the NCBs of V4 Countries (%)


Source: ECB, national central banks.

Chart 59 United States: Federal Funds Rate (%)


Source: Federal Reserve System.



Chart 60 Oil Prices: USD/Barrel
(USD)



Source: Reuters.



2 Capital Market

2.1 Primary Market

In July, the Agency for Debt and Liquidity Management (ARDAL) held two auctions in government bonds (with a residual maturity of 5 and 12 years), at which, however, no bids were accepted, due to low demand (SKK 3.3 billion) and high yields requested by investors on the one hand and satisfactory course of national debt financing on the other.

On the primary market for non-government bonds, 3 bond issues were floated in August amounting to SKK 335 million and EUR 130.0 million (two of them were in mortgage bonds amounting to SKK 300 million and EUR 130.0 million).

2.2 Secondary Market

The total volume traded on the Bratislava Stock Exchange (BCPB) reached SKK 5.3 billion in August (in 1,050 transactions), representing a month-on-month decrease of 38.64%. Price-setting transactions accounted for SKK 0.5 billion and direct transactions SKK 4.8 billion.

Non-resident investors accounted for 66.38% of the total volume traded in August, of which 55.90% were purchases and 76.86% sales.

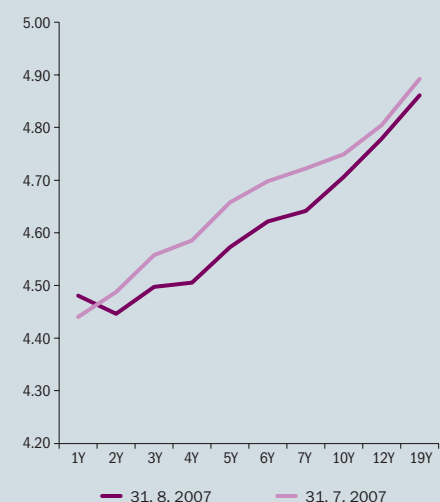
Benchmark government bond curve moved slightly downwards, compared with the previous month (by 5 basis points on average). Due to the steeper growth in yields in the euro region, the spread of Slovak bonds to the euro benchmark yield curve widened at the curve's entire length to an average of 38 basis points.

Bonds

The BCPB recorded 97 bond transactions totalling SKK 5.2 billion during the month (i.e. 99.08% of the total volume traded on the BCPB floor in August).

The market capitalisation of bonds as at the last trading day of August reached SKK 445.4 billion, representing a month-on-month decrease of 0.20%. Market capitalisation of listed bonds decreased since the end of July by 0.24%, to SKK 425.9 billion.

Chart 61 Benchmark Government Bond Yield Curves (%)



Source: Reuters, NBS.

Chart 62 Bond Transactions on the BCPB (SKK billions)



Source: Bratislava Stock Exchange (BCPB).



SDXGroup indices

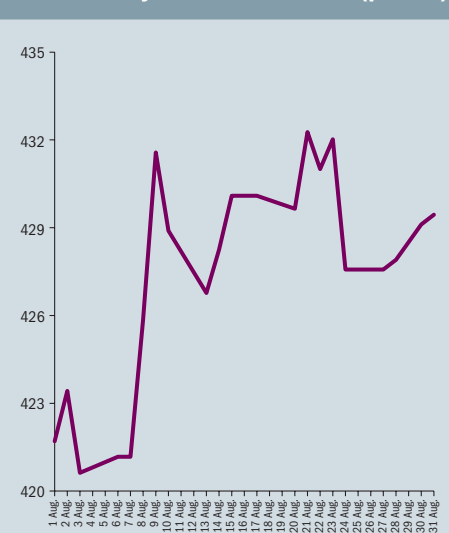
Table 49 The values of SDXGroup indices at the end of August 2007

Sector	SDXGroup indices		Yield to maturity (%)	Duration (in years)
	Price	Performance		
Public	102.1	119.8	4.578	5.016
SDXG sub-index (<=5)	101.3	117.8	4.369	2.890
SDXG sub-index (>5)	103.3	122.4	4.663	7.132
Private (corporate + mortgage bonds)	99.0	121.5	4.787	3.104
SDXG sub-index (<=5)	98.1	121.5	5.263	1.063
SDXG sub-index (>5)	103.1	121.4	4.695	4.930

Source: BCPB.

Shares During the month under review, 35,043 equity securities worth SKK 48.3 million were traded in 953 transactions. 638 deals total worth SKK 22.6 million made under the mandatory bid for shares issue of the company TRENDS accounted for almost 47% of this volume. Price-setting transactions (involving shares) accounted for SKK 42.7 million and direct transactions SKK 5.6 million.

Chart 63 Developments in the SAX Index in July 2007 (points)



Source: BCPB.

By the last trading day of August 2007, the market capitalisation of equity securities had increased by 1.98% month-on-month to SKK 156.4 billion. The amount of issues that had a market price at least once in the past, except for investment fund shares and participation certificates, was SKK 149.7 billion (a month-on-month increase of 2.15%) and accounted for 95.68% of the total equity market capitalisation. Market capitalisation of listed issues increased since the end of July by 1.95%, to SKK 88.8 billion.

During August, the BCPB accepted no new share issues for trading on the quoted market, nor on the regulated open market. At the same time, it stopped the trading on regulated open market with two shares issues of the companies Kúpele Lučivná and Kúpele Nimnica in a total volume of SKK 118.8 million. During the month, one takeover bid was received by BCPB related to the issue of shares of Dopravo-projekt. At the same time, one takeover bid for the shares of TRENDS expired.

SAX index The SAX index closed the month at 429.5 points, representing an increase of 2.16% month-on-month and 6.18% year-on-year. The index reached a monthly maximum on 21 August (432.3 points) and a monthly minimum on 3 August (420.6 points)

Table 50 Weights of Basic SAX Index Components

Company	Weights in % 2007						Monthly change
	Mar.	Apr.	May	June	July	Aug.	
Biotika, a. s.	4.14	5.02	4.65	4.70	4.24	4.48	0.24
OTP Banka Slovensko, a. s.	26.06	22.95	23.01	23.33	24.08	22.92	-1.16
SES Tlmače, a. s.	9.36	10.57	11.02	11.83	12.48	14.09	1.61
Slovnaft, a. s.	30.09	29.88	30.86	30.40	30.13	30.58	0.45
Všeobecná úverová banka, a. s.	30.36	31.59	30.46	29.74	29.07	27.92	-1.15

Source: BCPB.

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)⁶.

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 51 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
= Money (M1 - 'narrow money')	= M1 ('narrow money')
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	= M2 ('intermediate money')
= 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
= Money supply M2 (=M1+QM)	M3 MONETARY AGGREGATE ('broad money')

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

⁶ 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)⁷;
 - the NBS methodology includes deposits in the M2 money supply from the following economic sectors:
 - *non-financial corporations (S.11);*
 - *financial corporations (S.123 and S.124) – including 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 data⁸.

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

⁷ In the methodology of the NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

⁸ In the conditions of the NBS, the recording of seasonally adjusted data according to 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 granted⁹ 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. 63/2002¹⁰ 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.

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

¹⁰ According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' 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 2005¹¹

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.

¹¹ 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.

3.1.5 Balance of Payments

In 2006, a methodological change was introduced in respect of the reporting of funds received from the EU budget. Originally, all receipts were recorded within the balance of current transfers. The new categorisation reflects the character of the individual funds through which money is drawn from the EU, i.e. distinguishes between funds used for common and/or investment purposes. This led to the shift of part of these funds from the balance of current transfers to the balance of capital transfers with a subsequent negative impact on the current account balance. The methodological change has no effect on the external equilibrium, since the lower receipts in the current account are fully offset by increased inflows in the capital and financial account.

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.

Národná banka Slovenska (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							
		8	9	10	11	12	1	2	3	4	5	6	7	8
REAL ECONOMY														
Gross domestic product ^{1) 2)}	SKK billions	-	940.4 ^(p)	-	-	1,275.3 ^(p)	-	-	314.7 ^(p)	-	-	661.2 ^(p)	-	-
Year-on-year change in GDP ³⁾	%	-	7.8 ^(p)	-	-	8.3 ^(p)	-	-	9.0 ^(p)	-	-	9.2 ^(p)	-	-
Unemployment rate ^{4) 9)}	%	9.9	9.8	9.3	9.1	9.4	9.5	9.2	8.9	8.5	8.3	8.3	8.3	8.3
Consumer prices (HICP) ^{3) 8)}	%	5.0	4.5	3.1	3.7	3.7	2.2	2.0	2.1	2.0	1.5	1.5	1.2	1.2
Consumer prices (CPI) ³⁾	%	5.1	4.6	3.7	4.3	4.2	3.0	2.7	2.7	2.7	2.3	2.5	2.3	2.3
BALANCE OF TRADE^{7) (p)}														
Exports (fob)	SKK millions	776,894	892,061	1,019,193	1,140,390	1,239,359	110,508	218,328	338,865	449,897	571,551	689,026	803,785	.
Imports (fob)	SKK millions	830,426	955,690	1,088,580	1,219,711	1,330,986	105,921	216,638	340,504	453,107	580,091	703,118	819,658	.
Balance	SKK millions	-53,532	-63,630	-69,387	-79,320	-91,627	4,587	1,690	-1,640	-3,210	-8,540	-14,092	-15,874	.
BALANCE OF PAYMENTS														
Current account ⁷⁾	SKK millions	-88,365.9	-105,618.4	-113,868.7	-122,166.6	-135,597.0	8,452.7	6,356.6	-3,587.3	-3,741.0	-17,088.9	-40,420.4	.	.
Capital and financial account	SKK millions	-13,778.1	-10,303.7	-1,263.2	7,660.7	32,400.7	3,114.1	-8,469.4	56,425.6	85,406.7	94,550.7	106,368.5	.	.
Overall balance	SKK millions	-82,462.8	-80,296.1	-81,998.3	-80,591.6	-78,095.9	20,494.8	16,710.9	76,763.8	99,653.0	98,721.4	98,478.0	.	.
FOREIGN EXCHANGE RESERVES⁴⁾														
Total foreign exchange reserves	USD millions	16,349.2	15,876.2	15,567.4	15,479.5	15,512.9	15,851.6	15,982.6	18,365.4	19,730.8	19,393.2	19,600.5	20,387.8	19,948.8
NBS foreign exchange reserves	USD millions	13,243.1	13,234.2	13,145.5	13,371.1	13,363.8	14,004.6	14,080.5	16,605.2	17,823.1	17,571.2	17,597.5	18,044.4	17,815.1
GROSS EXTERNAL DEBT⁴⁾														
Total gross external debt	USD billions	29.8	29.3	30.5	31.5	32.2	31.3	32.2	35.2	37.0	35.4	36.7	.	.
External debt per capita	USD	5,536	5,453	5,662	5,860	5,987	5,815	5,981	6,549	6,883	6,571	6,814	.	.
MONETARY INDICATORS														
Exchange rate ⁵⁾	SKK/USD	29.426	29.448	29.225	27.915	26.504	26.694	26.434	25.583	24.788	24.954	25.355	24.311	24.647
M3 monetary aggregate ^{4) 8)}	SKK billions	892.4	894.3	911.7	926.7	958.5	961.1	974.0	980.8	989.6	1,009.3	1,026.6	1008.5	.
Year-on-year change in M3 ³⁾	%	13.6	12.9	13.9	16.1	15.3	16.5	16.8	16.7	16.4	18.6	19.2	15.7	.
Claims of monetary financial institutions ⁸⁾	SKK billions	843.2	850.3	878.9	885.6	895.7	887.5	889.9	900.2	910.8	936.7	954.5	967.5	.
STATE BUDGET^{2) 4)}														
Revenue	SKK billions	188.9	212.2	240.6	262.1	291.9	27.1	46.0	70.2	107.4	121.5	145.8	185.4	206.3
Expenditure	SKK billions	194.6	217.3	241.7	269.1	323.6	24.2	54.5	82.1	108.9	134.5	156.8	181.5	205.9
Balance	SKK billions	-5.7	-5.1	-1.1	-7.0	-31.7	2.9	-8.5	-11.9	-1.5	-13.0	-11.0	9.3	0.4
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of validity ⁶⁾														
Overnight operations		26/07/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006	27/09/2006	28/03/2007	25/04/2007	25/04/2007	25/04/2007	25/04/2007	25/04/2007
- sterilisation	%	3.00	3.25	3.25	3.25	3.25	3.25	3.25	2.50	2.25	2.25	2.25	2.25	2.25
- refinancing	%	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.00	5.75	5.75	5.75	5.75	5.75
Limit rate for 2-week repo tenders	%	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.50	4.25	4.25	4.25	4.25	4.25
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.50	4.25	4.25	4.25	4.25	4.25
Average interbank deposit rate (BRIBOR)														
overnight	%	4.11	4.85	4.59	4.02	5.03	3.63	5.61	3.80	2.99	3.61	4.68	3.73	3.52
7-day	%	4.49	4.68	4.79	4.67	4.82	4.11	4.93	4.11	3.47	4.11	4.34	4.19	4.08
14-day	%	4.54	4.66	4.84	4.77	4.81	4.24	4.82	4.25	3.64	4.18	4.30	4.25	4.20
1-month	%	4.63	4.72	4.93	4.86	4.83	4.44	4.75	4.40	3.88	4.20	4.27	4.28	4.28
2-month	%	4.77	4.88	4.99	4.92	4.84	4.50	4.67	4.52	3.98	4.17	4.26	4.32	4.30
3-month	%	4.93	4.95	5.02	4.94	4.82	4.50	4.60	4.48	4.05	4.16	4.27	4.34	4.33
6-month	%	5.22	5.19	5.06	4.96	4.80	4.47	4.49	4.44	4.10	4.16	4.27	4.37	4.40
9-month	%	5.34	5.28	5.09	4.96	4.78	4.42	4.40	4.41	4.13	4.18	4.28	4.40	4.44
12-month	%	5.43	5.36	5.11	4.94	4.76	4.41	4.36	4.39	4.16	4.20	4.30	4.42	4.47

(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 %) ¹⁾	Volume (SKK billions)												
		2006						2007						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Claims of MFIs on residents	45.3	589.1	598.3	602.6	631.1	636.7	646.4	653.5	658.1	667.7	674.6	690.3	706.9	720.8
General government	1.3	23.0	23.0	17.2	17.8	17.7	18.8	18.6	21.4	23.4	24.3	23.0	21.1	21.0
Private sector	44.0	566.1	575.3	585.3	613.3	618.9	627.6	635.0	636.7	644.3	650.3	667.4	685.8	699.8
Non-financial corporations	22.9	291.2	295.7	300.9	323.5	324.0	326.5	331.1	331.6	333.2	337.6	346.7	357.5	364.4
- up to 1 year	9.9	126.6	127.0	130.2	137.1	136.3	135.0	136.2	140.3	144.3	142.3	146.3	158.4	156.9
- 1 to 5 years	4.5	54.5	56.2	56.0	64.0	65.0	64.0	65.0	65.7	64.2	68.5	69.2	67.5	72.4
- over 5 years	8.5	110.1	112.5	114.7	122.5	122.7	127.4	129.9	125.6	124.7	126.8	131.3	131.6	135.1
Financial corporations	3.9	61.2	60.8	60.5	60.6	61.4	63.0	62.9	60.8	61.6	59.6	60.4	61.2	62.4
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	17.1	213.5	218.6	223.6	228.8	233.3	237.9	240.7	243.9	249.2	252.8	260.0	266.9	272.7
- consumer loans	2.5	33.0	33.5	34.3	35.1	35.7	36.0	36.3	36.7	37.5	36.7	37.4	38.2	39.0
- housing loans	11.4	139.4	142.9	145.9	149.2	152.2	156.7	159.6	161.7	164.8	168.4	173.4	177.9	181.7
- other loans	3.3	41.2	42.2	43.4	44.5	45.4	45.2	44.8	45.5	46.9	47.7	49.2	50.8	52.0
Securities other than shares and participation certificates issued by residents	15.1	234.4	239.4	242.1	242.3	243.3	243.8	228.1	225.6	226.3	230.0	239.4	240.6	239.7
General government	14.6	225.5	230.5	233.6	233.8	234.9	236.0	220.7	218.2	218.9	222.7	232.5	233.9	232.9
Private sector	0.4	8.9	8.8	8.5	8.4	8.4	7.8	7.5	7.4	7.4	7.3	6.9	6.7	6.7
Shares and other equities issued by private sector	0.4	5.6	5.6	5.6	5.6	5.6	5.6	5.9	6.2	6.2	6.2	6.9	7.0	7.0
Foreign assets	33.8	524.1	529.9	512.9	492.4	460.4	452.4	478.4	468.2	508.8	542.3	544.6	545.9	537.9
Fixed assets	2.0	33.1	32.9	32.7	32.7	32.6	34.2	33.3	33.0	33.1	32.8	32.6	32.3	32.3
Other assets	3.4	43.0	44.3	42.7	48.7	55.7	57.2	50.5	51.1	53.6	54.5	55.4	54.4	53.7
Deposits and loans received from the central government	5.4	99.6	95.5	84.8	88.8	83.7	45.0	20.8	15.5	17.6	43.6	64.0	68.8	85.4
Long-term financial liabilities	9.9	194.2	191.2	190.3	182.3	172.5	169.6	174.2	167.4	156.3	157.7	161.5	165.3	157.6
Deposits and loans received with an agreed maturity of over 2 years	4.3	61.9	62.1	62.4	62.6	62.9	66.7	67.4	69.1	68.7	68.1	68.5	69.2	69.1
Deposits redeemable at a period of notice of over 3 months	1.5	25.8	25.3	25.0	24.7	24.4	24.3	24.0	23.8	23.6	23.7	23.6	23.7	23.6
Debt securities issued with a maturity of over 2 years	2.3	25.1	25.5	25.9	27.6	28.8	31.6	31.7	30.9	32.0	33.8	34.5	37.5	37.0
Capital, reserves, and provisions	1.8	81.4	78.3	77.0	67.3	56.3	47.0	51.1	43.7	32.1	32.2	34.9	35.0	28.0
Foreign liabilities	16.6	212.4	219.5	216.5	208.3	182.0	196.3	225.5	208.4	258.1	270.4	256.8	254.4	264.9
Other liabilities	4.7	51.3	52.0	52.8	64.7	69.5	71.8	68.3	77.2	83.5	80.8	78.5	76.4	75.0
Surplus of liabilities among MFIs	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5	-2.0	-0.9	-4.3	-0.1
M3	63.4	871.8	892.4	894.3	911.7	926.7	958.5	961.1	974.0	980.8	989.6	1009.3	1026.6	1008.5
Total	100.0	1,429.3	1,450.4	1,438.6	1,452.7	1,434.2	1,439.6	1,449.7	1,442.3	1,495.7	1,540.2	1,569.3	1,587.2	1,591.4

1) In the current month.



Average Interest Rates on New Loans

(ECB methodology)

(%)

	2006						2007						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Loans in total¹⁾	7.71	8.05	8.22	8.16	7.85	7.73	7.94	7.92	7.50	7.64	7.66	7.76	7.44
Current account overdrafts	7.81	7.96	8.35	8.25	8.08	8.22	7.99	8.24	7.73	7.66	7.94	8.00	7.61
Operation loans	5.35	5.42	5.53	5.66	5.15	5.32	5.32	5.72	4.92	4.43	4.97	4.97	4.85
Investment loans	6.45	6.60	6.69	6.41	6.44	6.17	6.10	6.06	5.93	5.41	5.72	5.46	5.48
Consumer loans	13.13	13.62	13.09	12.77	13.94	13.67	12.76	13.01	14.11	13.79	12.86	12.44	13.41
Real estate loans	6.09	6.39	6.53	6.62	6.58	6.52	6.49	6.11	6.13	6.21	6.06	5.96	5.98
of which:													
Mortgage loans	5.68	6.11	6.18	6.33	6.35	6.46	6.36	6.40	6.30	6.09	5.93	5.79	5.80
Construction loans	5.19	5.00	5.03	5.12	4.91	4.79	5.02	4.97	4.88	5.03	4.91	4.94	5.04
Intermediate loans	6.54	6.35	6.41	6.78	6.90	6.87	6.64	7.00	6.84	6.92	6.88	6.87	6.72
Other real estate loans	6.20	6.75	6.97	6.86	6.61	6.49	6.55	5.90	5.95	6.11	5.97	5.89	5.97
Other loans	6.51	7.13	6.89	6.26	7.08	6.63	6.13	6.33	6.29	6.18	6.80	6.41	6.51
Floating rate + IRF for up to 1 year incl.	7.71	8.10	8.25	8.21	7.84	7.80	7.95	7.95	7.53	7.64	7.70	7.78	7.46
IRF for over 1 year and up to 5 years incl.	7.82	7.63	7.75	7.56	8.34	7.05	7.61	7.13	7.82	7.42	6.77	7.15	6.77
IRF for over 5 years and up to 10 years incl.	7.26	7.32	7.50	7.70	7.65	8.06	7.99	8.03	6.40	8.25	8.45	8.87	7.80
IRF for over 10 years	6.72	6.63	6.94	6.99	6.94	6.02	6.77	7.12	6.52	7.40	6.56	6.26	6.67
Households													
Loans in total	12.16	12.32	12.56	12.57	12.82	12.54	12.85	12.80	12.56	12.29	12.22	12.16	12.25
Current account overdrafts	13.15	13.51	13.57	13.65	13.54	13.44	13.54	13.64	13.56	13.41	13.78	13.84	13.85
Operation loans	7.38	7.30	6.09	6.78	6.98	6.83	6.65	6.72	6.45	6.99	6.98	7.11	6.76
Investment loans	7.55	7.60	7.25	7.51	7.13	7.02	7.02	7.27	6.66	6.59	6.51	6.62	6.78
Consumer loans	13.13	13.62	13.23	12.77	13.95	13.67	12.76	13.03	14.11	13.79	12.89	12.44	13.41
Real estate loans	6.09	6.41	6.54	6.67	6.69	6.76	6.59	6.62	6.50	6.29	6.17	6.06	6.00
of which:													
Mortgage loans	5.68	6.11	6.16	6.33	6.34	6.45	6.32	6.41	6.29	6.08	5.92	5.79	5.79
Construction loans	5.19	5.00	5.03	5.12	4.91	4.79	5.02	4.97	4.88	5.03	4.91	4.94	5.04
Intermediate loans	6.54	6.41	6.44	6.84	7.03	6.90	6.73	7.00	6.85	6.95	6.91	6.92	6.73
Other real estate loans	6.20	6.76	7.01	7.00	6.86	7.02	6.96	6.68	6.63	6.29	6.18	6.08	6.04
Other loans	6.60	7.08	7.34	7.84	7.38	7.46	7.41	7.22	7.19	7.11	7.34	6.75	6.96
Credit cards	18.04	18.09	18.17	18.03	17.80	17.27	17.28	17.29	17.05	16.99	16.82	16.94	16.74
Floating rate + IRF for up to 1 year incl.	12.85	13.27	13.35	13.33	13.47	13.18	13.48	13.51	13.37	12.96	12.90	12.86	12.93
IRF for over 1 year and up to 5 years incl.	8.30	8.24	8.65	8.83	9.38	8.86	8.27	8.39	8.22	7.90	7.73	7.58	7.27
IRF for over 5 years and up to 10 years incl.	7.58	7.64	7.96	8.20	8.56	8.49	8.66	8.59	8.68	9.49	9.74	9.59	9.56
IRF for over 10 years	6.89	6.63	6.95	7.18	6.90	7.02	7.15	7.19	7.07	7.89	8.07	7.51	8.00
Non-financial corporations													
Loans in total	6.24	6.33	6.76	6.62	6.26	6.37	6.21	6.49	5.92	5.82	5.93	6.05	5.76
Current account overdrafts	6.28	6.38	6.89	6.73	6.53	6.60	6.33	6.66	6.04	5.93	6.00	6.24	5.81
Operation loans	5.59	5.41	5.66	5.71	5.08	5.32	5.40	5.72	4.96	4.66	4.94	4.97	5.03
Investment loans	6.37	6.53	6.70	6.64	6.71	6.31	5.79	6.01	5.92	5.39	5.92	5.39	5.48
Real estate loans	5.85	5.99	6.07	6.80	6.12	6.29	6.17	6.88	5.83	5.93	5.78	5.79	5.92
Other loans	6.12	7.05	6.59	5.98	6.75	6.49	5.74	5.80	5.55	5.89	6.54	6.06	6.50
Credit cards	17.24	17.12	16.49	17.47	16.68	17.27	17.22	17.29	17.08	17.12	16.37	17.58	17.95
Loans up 1 million EUR	6.49	6.35	7.45	6.80	6.31	6.39	6.26	6.24	6.13	5.75	6.34	6.09	5.93
Loans over 1 million EUR	5.63	5.72	5.36	5.54	5.29	5.79	5.25	5.70	5.21	4.95	5.06	5.15	5.39
Floating rate + IRF for up to 1 year incl.	6.23	6.33	6.77	6.63	6.25	6.37	6.21	6.49	5.92	5.81	5.93	6.05	5.75
IRF for over 1 year and up to 5 years incl.	6.56	6.48	6.74	6.57	6.73	6.46	6.24	6.55	6.53	6.34	5.74	6.24	6.03
IRF for over 5 years and up to 10 years incl.	6.46	6.25	6.74	6.52	6.51	6.50	6.48	6.41	5.82	5.61	5.48	6.22	5.96
IRF for over 10 years	6.31	6.56	6.81	6.64	7.94	5.83	6.24	7.04	5.97	6.23	5.83	5.64	5.89

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						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Deposits in total ¹⁾	1.91	2.09	2.37	2.46	2.35	2.32	2.12	2.40	1.81	1.85	2.12	2.43	2.15
Deposits payable on demand	0.93	0.83	1.27	1.02	0.95	1.02	1.02	1.31	0.86	0.77	0.88	1.28	0.78
of which: demand deposits	0.73	0.69	0.92	0.82	0.76	0.79	0.83	0.95	0.71	0.68	0.78	0.93	0.64
overnight deposits	2.69	3.18	5.53	3.92	3.17	3.65	3.12	4.26	2.19	2.12	2.02	4.61	2.09
Deposits with agreed maturity ²⁾	3.65	3.99	4.29	4.43	4.36	4.40	3.74	4.44	3.36	3.33	3.89	4.06	3.99
- up to 1 year in total	3.66	3.99	4.29	4.43	4.36	4.40	3.74	4.45	3.36	3.33	3.89	4.06	3.99
- up to 7 days	3.24	3.27	4.57	3.98	3.68	4.00	3.47	4.61	2.72	2.34	3.33	4.10	3.36
- up to 1 month	3.80	4.24	4.27	4.57	4.52	4.55	3.83	4.50	3.65	3.57	4.02	4.09	4.10
- up to 3 months	3.49	3.67	3.58	3.88	3.98	3.92	3.78	3.75	3.63	2.87	3.22	3.28	3.37
- up to 6 months	3.74	3.75	3.81	3.98	3.66	3.87	3.90	3.77	3.66	3.43	2.97	2.95	3.70
- up to 1 year	3.43	3.92	3.73	3.90	3.64	3.90	3.65	3.56	3.21	3.29	3.48	3.41	3.28
- over 1 year in total	2.48	3.88	3.84	3.86	3.94	3.72	3.39	2.29	2.35	2.02	2.77	2.33	3.25
- up to 2 years	3.50	3.89	3.75	3.93	4.06	4.07	3.62	3.03	2.24	3.07	2.78	2.92	3.52
- over 2 years	2.45	3.97	4.04	3.99	3.99	4.00	3.41	2.28	3.80	1.94	2.86	2.29	3.45
Deposits redeemable at notice	1.54	1.65	1.75	1.79	1.81	1.83	1.79	1.82	1.82	1.78	1.84	1.71	1.72
- up to 3 months	1.45	1.47	1.47	1.54	1.55	1.55	1.48	1.49	1.48	1.39	1.50	1.25	1.26
- over 3 months	1.59	1.75	1.89	1.91	1.93	1.97	1.93	1.98	1.98	1.95	1.99	1.90	1.91
Households													
Deposits in total	0.99	1.10	1.16	1.21	1.13	1.18	1.16	1.18	1.07	0.98	1.02	1.00	0.99
Deposits payable on demand	0.50	0.51	0.54	0.51	0.50	0.50	0.51	0.58	0.54	0.51	0.54	0.51	0.50
of which: demand deposits	0.47	0.49	0.49	0.48	0.47	0.48	0.49	0.48	0.52	0.50	0.53	0.46	0.46
overnight deposits	2.41	2.83	5.02	3.73	3.09	3.11	2.86	4.00	2.08	1.75	1.75	4.31	2.27
Deposits with agreed maturity	3.16	3.59	3.85	3.92	3.83	3.91	3.57	3.86	3.17	2.86	3.22	3.47	3.33
- up to 1 year in total	3.20	3.58	3.85	3.92	3.83	3.92	3.58	3.93	3.17	2.86	3.23	3.49	3.33
- up to 7 days	2.79	3.11	4.29	3.69	3.34	3.83	3.62	4.38	2.85	2.48	3.20	3.76	3.12
- up to 1 month	3.17	3.49	3.65	3.90	3.90	3.90	3.39	3.89	3.16	2.86	3.29	3.49	3.38
- up to 3 months	3.15	3.29	3.33	3.65	3.58	3.66	3.73	3.47	3.30	2.65	2.90	3.03	3.13
- up to 6 months	3.29	3.54	3.70	3.59	3.52	3.54	3.14	3.21	3.19	2.69	2.75	2.91	3.00
- up to 1 year	3.77	4.00	4.05	3.97	4.01	3.98	3.77	3.66	3.33	3.44	3.03	3.08	3.12
- long-term over 1 year	2.19	3.89	3.90	3.86	3.90	3.67	3.39	2.29	2.61	2.43	2.77	2.36	3.25
- up to 2 years	3.44	3.89	3.95	3.93	3.99	3.95	3.65	3.09	2.28	3.07	2.79	3.31	3.51
- over 2 years	2.14	3.89	3.86	4.04	3.74	3.61	3.37	2.27	3.24	2.31	2.77	2.24	3.06
Deposits redeemable at notice	1.54	1.65	1.75	1.78	1.81	1.83	1.79	1.82	1.82	1.78	1.83	1.71	1.72
- up to 3 months	1.43	1.45	1.46	1.52	1.54	1.54	1.46	1.47	1.46	1.36	1.47	1.23	1.23
- over 3 months	1.59	1.75	1.89	1.91	1.93	1.97	1.93	1.98	1.98	1.95	1.99	1.90	1.91
Non-financial corporations													
Deposits in total	2.11	2.34	3.00	2.87	2.69	2.70	2.58	3.09	2.17	2.12	2.47	3.09	2.31
Deposits payable on demand	1.10	1.05	1.98	1.47	1.30	1.32	1.42	1.94	1.11	0.99	1.15	2.12	1.01
of which: demand deposits	0.72	0.78	1.35	1.12	0.98	1.02	1.10	1.41	0.89	0.84	0.97	1.52	0.74
overnight deposits	2.71	3.18	5.58	3.98	3.14	3.70	3.18	4.52	2.14	2.11	2.11	4.60	2.28
Deposits with agreed maturity	3.66	3.90	4.41	4.42	4.34	4.39	3.73	4.52	3.36	3.23	3.91	4.09	3.93
- up to 1 year in total	3.66	3.90	4.41	4.42	4.34	4.39	3.73	4.52	3.36	3.23	3.91	4.09	3.93
- up to 7 days	3.31	3.28	4.58	4.00	3.68	3.99	3.44	4.64	2.73	2.32	3.38	4.10	3.43
- up to 1 month	3.82	4.21	4.34	4.59	4.54	4.58	3.82	4.52	3.64	3.49	4.06	4.09	4.05
- up to 3 months	3.89	4.08	4.11	4.26	4.43	4.37	3.89	4.06	4.04	3.16	3.51	3.65	3.71
- up to 6 months	4.21	4.54	4.20	4.72	4.19	4.39	4.02	4.05	4.03	3.97	3.66	3.35	3.86
- up to 1 year	2.59	4.29	3.87	4.51	4.21	4.05	3.55	3.70	3.06	3.20	3.68	3.71	3.67
- long-term over 1 year	3.53	1.99	5.29	2.02	4.25	3.19	2.80	2.55	2.54	3.00	2.55	1.91	3.70
- up to 2 years	4.91	-	2.56	2.39	4.38	3.28	3.23	2.84	2.66	-	2.00	-	3.79
- over 2 years	3.52	1.99	8.40	1.98	2.42	2.62	1.98	1.32	1.50	3.00	2.66	1.91	2.21
Deposits redeemable at notice	1.95	1.92	1.91	2.13	2.27	2.08	2.30	2.33	2.40	2.86	2.98	1.83	1.92
- up to 3 months	2.00	1.96	1.96	2.19	2.23	2.14	2.38	2.42	2.48	2.96	3.11	1.94	1.97
- over 3 months	1.21	1.21	1.21	1.20	2.83	1.20	1.19	1.19	1.21	1.36	1.65	0.68	1.09

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						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Loans in total¹⁾	6.55	6.66	6.87	6.90	6.90	6.91	6.83	6.90	6.83	6.74	6.86	6.86	6.78
Current account overdrafts	7.79	7.93	8.34	8.28	8.07	8.22	8.02	8.24	7.73	7.54	7.94	8.03	7.63
Consumer loans	12.68	12.74	12.86	12.85	12.89	12.94	12.96	12.99	13.12	13.37	13.38	13.37	13.28
Operation loans	4.98	5.19	5.30	5.38	5.35	5.29	5.10	5.23	4.95	4.74	4.80	4.79	4.74
Investment loans	5.41	5.57	5.83	5.92	5.94	5.86	5.70	5.68	5.55	5.52	5.48	5.46	5.48
Real estate purchase loans	6.22	6.25	6.28	6.35	6.39	6.42	6.44	6.46	6.56	6.55	6.59	6.59	6.57
Other loans	5.59	5.76	6.08	6.06	6.20	6.27	6.15	6.22	6.25	5.88	5.99	5.95	5.98
Credit cards	18.05	18.06	18.13	18.07	17.82	17.30	17.31	17.34	17.08	17.01	16.81	16.95	16.73
Short-term loans	6.69	6.88	7.13	7.17	7.01	7.01	6.87	7.04	6.69	6.52	6.90	6.91	6.68
Long-term loans over 1 year and up to 5 years	7.56	7.67	7.99	7.99	7.97	7.99	7.87	7.86	7.91	7.95	8.01	8.06	7.99
Long-term loans over 5 years	6.03	6.12	6.27	6.32	6.40	6.42	6.41	6.44	6.50	6.41	6.43	6.42	6.41
Households													
Loans in total	7.95	8.00	8.05	8.09	8.11	8.12	8.13	8.17	8.29	8.28	8.34	8.32	8.28
Current account overdrafts	13.10	13.43	13.45	13.64	13.43	13.44	13.54	13.65	13.56	13.39	13.78	13.95	13.95
Consumer loans	12.68	12.74	12.86	12.85	12.89	12.95	12.96	12.99	13.12	13.38	13.40	13.38	13.29
Real estate purchase loans	6.26	6.29	6.31	6.34	6.39	6.42	6.44	6.49	6.65	6.66	6.69	6.67	6.65
Other loans	6.94	7.02	7.08	7.21	7.24	7.28	7.29	7.31	7.21	7.20	7.20	7.17	7.13
Credit cards	18.07	18.09	18.17	18.08	17.85	17.30	17.32	17.35	17.09	17.01	16.83	16.94	16.70
Short-term loans	13.14	13.49	13.57	13.72	13.53	13.57	13.63	13.76	13.61	13.53	13.80	13.93	13.89
Long-term loans over 1 year and up to 5 years	10.99	11.05	11.13	11.11	11.15	11.15	11.15	11.12	11.26	11.23	11.22	11.20	11.16
Long-term loans over 5 years	6.44	6.48	6.53	6.59	6.65	6.69	6.72	6.78	6.92	6.94	6.98	6.97	6.94
Non-financial institutions													
Loans in total	5.65	5.82	6.14	6.16	6.13	6.11	5.95	6.05	5.80	5.58	5.71	5.75	5.65
Current account overdrafts	6.25	6.36	6.91	6.78	6.56	6.60	6.38	6.66	6.05	5.78	6.00	6.24	5.81
Operation loans	5.11	5.33	5.45	5.52	5.47	5.37	5.11	5.25	4.94	4.63	4.72	4.79	4.72
Investment loans	5.56	5.74	5.97	6.07	6.09	6.00	5.84	5.83	5.69	5.58	5.53	5.50	5.52
Real estate purchase loans	5.56	5.55	5.83	6.53	6.53	6.49	6.42	6.35	6.20	6.05	6.09	6.17	6.18
Other loans	5.53	5.77	6.06	5.89	6.13	6.15	5.97	6.09	6.19	5.75	6.09	5.87	5.95
Credit cards	17.24	17.12	16.49	17.47	16.68	17.27	17.23	17.30	17.08	17.12	16.34	17.37	17.76
Short-term loans	5.70	5.85	6.26	6.24	6.10	6.08	5.88	6.07	5.66	5.42	5.68	5.79	5.55
Long-term loans over 1 year and up to 5 years	5.91	6.14	6.31	6.41	6.35	6.38	6.19	6.24	6.13	5.88	5.94	5.99	5.98
Long-term loans over 5 years	5.45	5.61	5.88	5.94	6.04	6.02	5.92	5.91	5.79	5.62	5.60	5.57	5.59

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						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Deposits in total ¹⁾	1.94	2.11	2.39	2.38	2.32	2.34	2.18	2.45	1.97	2.03	2.23	2.46	2.20
Deposits payable on demand	0.86	0.82	1.26	1.01	0.95	1.02	1.01	1.28	0.86	0.77	0.88	1.29	0.79
of which: demand deposits	0.66	0.69	0.90	0.81	0.75	0.79	0.82	0.94	0.71	0.68	0.78	0.93	0.64
overnight deposits	2.68	3.19	5.54	3.93	3.17	3.65	3.11	4.02	2.19	2.13	1.95	4.76	2.14
Deposits with agreed maturity ²⁾	2.92	3.16	3.36	3.46	3.45	3.54	3.22	3.52	2.96	3.01	3.28	3.38	3.32
- up to 1 year in total	2.99	3.28	3.51	3.62	3.61	3.74	3.36	3.73	3.04	3.09	3.41	3.52	3.45
- up to 7 days	2.85	3.16	4.82	3.88	3.52	3.55	3.22	3.99	2.38	2.38	3.12	4.05	2.96
- up to 1 month	3.44	3.76	3.83	4.09	4.07	4.05	3.43	3.99	3.07	3.21	3.65	3.70	3.70
- up to 3 months	2.45	2.72	2.78	2.85	2.92	2.93	3.03	3.05	2.99	2.60	2.48	2.39	2.41
- up to 6 months	2.41	2.69	2.94	3.07	3.19	3.28	3.41	3.39	3.36	3.26	2.93	2.88	2.97
- up to 1 year	1.29	1.68	1.90	2.08	2.20	3.35	3.42	3.43	3.49	3.53	3.58	3.57	3.56
- over 1 year in total	2.55	2.55	2.55	2.56	2.57	2.57	2.55	2.57	2.58	2.59	2.57	2.56	2.56
- up to 2 years	2.36	2.52	2.83	3.07	3.26	3.28	3.32	3.27	3.10	3.19	3.17	3.18	3.21
- over 2 years	2.55	2.55	2.55	2.55	2.55	2.55	2.53	2.54	2.56	2.58	2.55	2.54	2.54
Deposits redeemable at notice	1.54	1.65	1.75	1.79	1.81	1.83	1.78	1.82	1.82	1.78	1.81	1.71	1.72
- up to 3 months	1.45	1.47	1.47	1.54	1.55	1.55	1.46	1.49	1.48	1.39	1.50	1.26	1.26
- over 3 months	1.59	1.75	1.89	1.91	1.93	1.97	1.93	1.98	1.98	1.95	1.94	1.90	1.91
Households													
Deposits in total	1.51	1.64	1.74	1.79	1.81	1.87	1.84	1.91	1.82	1.74	1.76	1.74	1.71
Deposits payable on demand	0.50	0.51	0.54	0.51	0.50	0.50	0.51	0.57	0.54	0.51	0.54	0.51	0.49
of which: demand deposits	0.47	0.49	0.49	0.48	0.47	0.48	0.49	0.48	0.52	0.50	0.53	0.46	0.46
overnight deposits	2.41	2.83	5.02	3.73	3.09	3.11	2.86	3.94	2.08	1.75	1.80	4.40	2.23
Deposits with agreed maturity	2.42	2.61	2.74	2.83	2.87	2.92	2.87	2.94	2.81	2.70	2.71	2.72	2.71
- up to 1 year in total	2.36	2.65	2.83	2.94	3.00	3.07	3.01	3.11	2.91	2.74	2.77	2.79	2.76
- up to 7 days	2.19	2.22	3.62	3.01	2.54	2.84	2.58	3.48	1.90	1.68	2.73	3.30	2.54
- up to 1 month	2.33	2.51	2.56	2.71	2.72	2.76	2.58	2.73	2.46	2.17	2.28	2.36	2.40
- up to 3 months	2.25	2.50	2.59	2.69	2.72	2.75	2.85	2.85	2.79	2.48	2.31	2.21	2.21
- up to 6 months	2.24	2.53	2.76	2.90	3.03	3.10	3.12	3.10	3.03	2.95	2.85	2.79	2.75
- up to 1 year	2.45	3.01	3.26	3.40	3.53	3.62	3.69	3.71	3.75	3.76	3.75	3.75	3.71
- long-term over 1 year	2.54	2.54	2.55	2.56	2.57	2.57	2.55	2.57	2.58	2.60	2.57	2.56	2.57
- up to 2 years	2.32	2.53	2.92	3.17	3.38	3.44	3.49	3.44	3.47	3.38	3.29	3.30	3.33
- over 2 years	2.55	2.54	2.54	2.55	2.55	2.55	2.52	2.54	2.56	2.59	2.56	2.55	2.55
Deposits redeemable at notice	1.54	1.65	1.75	1.78	1.81	1.83	1.78	1.82	1.82	1.77	1.80	1.71	1.72
- up to 3 months	1.43	1.45	1.46	1.52	1.54	1.54	1.45	1.47	1.46	1.36	1.47	1.24	1.23
- over 3 months	1.59	1.75	1.89	1.91	1.93	1.97	1.93	1.98	1.98	1.95	1.94	1.90	1.91
Non-financial corporations													
Deposits in total	2.09	2.34	3.03	2.80	2.60	2.56	2.48	3.03	2.08	2.14	2.42	3.02	2.26
Deposits payable on demand	1.10	1.05	1.98	1.47	1.30	1.32	1.41	1.89	1.11	0.99	1.13	2.15	1.03
of which: demand deposits	0.72	0.78	1.35	1.12	0.98	1.02	1.09	1.40	0.89	0.84	0.96	1.52	0.74
overnight deposits	2.71	3.18	5.58	3.98	3.15	3.70	3.18	4.26	2.14	2.11	2.04	4.76	2.38
Deposits with agreed maturity	3.58	3.86	4.35	4.34	4.28	4.24	3.72	4.36	3.20	3.28	3.81	3.97	3.82
- up to 1 year in total	3.58	3.87	4.36	4.35	4.29	4.25	3.73	4.37	3.20	3.28	3.81	3.98	3.83
- up to 7 days	3.00	3.35	5.13	4.07	3.68	3.58	3.33	4.15	2.42	2.55	3.23	4.10	3.13
- up to 1 month	3.72	4.07	4.20	4.45	4.40	4.45	3.76	4.49	3.31	3.43	3.97	3.98	3.94
- up to 3 months	3.56	3.78	3.90	3.97	4.16	4.12	3.83	4.00	3.86	3.28	3.27	3.35	3.46
- up to 6 months	3.22	3.34	3.91	4.11	4.24	4.41	3.98	3.99	4.03	3.98	3.70	3.62	3.69
- up to 1 year	2.92	3.10	3.34	3.66	3.65	3.85	3.63	3.72	3.69	3.71	3.69	3.71	3.69
- long-term over 1 year	2.86	2.80	2.82	2.85	3.01	2.93	2.83	2.67	2.50	2.45	2.39	2.34	2.36
- up to 2 years	2.77	2.69	2.69	2.74	3.39	3.18	3.16	3.07	2.94	2.86	3.23	3.18	3.21
- over 2 years	2.88	2.82	2.85	2.87	2.86	2.85	2.71	2.51	2.32	2.30	2.28	2.24	2.23
Deposits redeemable at notice	1.95	1.92	1.91	2.13	2.27	2.08	1.96	2.33	2.40	2.86	2.98	1.83	1.92
- up to 3 months	2.00	1.96	1.96	2.19	2.23	2.14	2.01	2.42	2.48	2.96	3.11	1.94	1.97
- over 3 months	1.21	1.21	1.21	1.20	2.83	1.20	1.19	1.19	1.21	1.36	1.65	0.68	1.09

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 July 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	nonresidenti	
Total assets	55,898,565	1,336,818,234	46,870,311	179,819,444	58,371,128	1,565,980,552
Cash items	0	12,675,658	0	20,369	4,092,092	16,788,119
Cash in hand	0	11,713,996	0	0	3,639,780	15,353,776
of which: EUR	0	0	0	0	1,722,239	1,722,239
Gold	0	0	0	0	0	0
Amounts in transit	0	961,662	0	20,369	452,312	1,434,343
Loans and other receivables	18,836,307	872,818,859	18,289,362	159,023,129	34,626,505	1,065,921,548
Deposits and loans to NBS, foreign central banks and post office banks	0	278,819,240	0	0	98,944	278,918,184
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	0	206,266,409	0	0	98,944	206,365,353
Valued on a portfolio basis (category II)	0	72,552,831	0	0	0	72,552,831
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	1,046,897	0	0	98,414	1,145,311
Time deposits	0	1,001,062	0	0	0	1,001,062
Loans provided	0	259,215,485	0	0	0	259,215,485
Money reserve accounts	0	17,555,796	0	0	0	17,555,796
of which: Minimum reserve requirements	0	17,344,748	0	0	0	17,344,748
Postal cheque accounts	0	0	0	0	530	530
Deposits and loans to banks	76,276	24,026,569	12,325,503	3,280,502	14,132,522	53,688,820
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	2,905	23,510,011	10,294,935	3,270,300	10,934,025	48,006,366
Valued on a portfolio basis (category II)	1,830	475,059	2,030,568	10,202	2,516,656	5,030,655
Valued on an individual basis						
with identifiable depreciation (category III)	71,541	41,499	0	0	681,841	651,799
of which: Failed	40,366	40,366	0	0	0	0
of which: Deposits with and loans to own financial group	158	884,570	2,055,334	0	5,563,154	8,502,900
of which: Current accounts in banks	44	489,504	180,502	49,932	3,192,531	3,912,425
Current accounts of other banks	11	44,000	4,585,992	2	922,162	5,552,145
Time deposits	1,387	20,499,764	7,554,130	3,225,557	5,911,362	37,189,426
Loans provided	74,834	2,795,285	0	0	3,894,733	6,615,184
Other receivables from banks	0	198,016	4,879	5,011	211,734	419,640
Receivables from customers	18,751,420	555,340,412	5,963,825	149,458,229	19,850,571	711,861,617
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	165,991	108,035,430	4,258,412	52,700,376	10,893,812	175,722,039
Valued on a portfolio basis (category II)	10,166,634	426,065,700	1,449,594	90,885,122	8,171,977	516,405,759
Valued on an individual basis						
with identifiable depreciation (category III)	8,418,795	21,239,282	255,819	5,872,731	784,782	19,733,819
of which: Failed	12,050,921	17,139,617	129,954	849,335	232,507	6,300,492
of which: MMIF loans	0	0	0	0	0	0
Loans to general government and international organizations (S.13)	8,611	14,632,638	34	6,284,398	172,071	21,080,530
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	6,092	8,872,399	34	5,802,675	0	14,669,016
Valued on a portfolio basis (category II)	2,519	5,731,960	0	481,723	172,071	6,383,235
Valued on an individual basis						
with identifiable depreciation (category III)	0	28,279	0	0	0	28,279
of which: Failed	3	4	0	0	0	1
of which: Deposits to central government (S.1311)	0	0	0	0	0	0
Loans to central government (S.1311)	1	4,461,005	34	33,691	172,071	4,666,800
of which: SR Treasury	0	0	0	0	0	0
Other funds	0	0	0	0	0	0
Loans to local governments (S.1313)	8,610	10,100,590	0	6,250,707	0	16,342,687
Loans to social security funds (S.1314)	0	71,043	0	0	0	71,043
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	71,043	0	0	0	71,043
Debt securities	0	0	0	0	372,397	372,397
Financial instruments available for sale	334,431	34,918,071	4,469,703	4,084,170	7,212,565	50,350,078
Financial instruments at fair value through profit/loss: held for trading (excluding derivatives)	0	129,530,097	921,196	2,524,006	623,180	133,598,479
Financial instruments at fair value towards profit/loss: others (from the point of settlement)	0	9,603,687	1,729,002	5,623,095	6,446,708	23,402,492
Positive fair value of derivative transactions for trading	0	6,597,086	14,447,337	-	-	21,044,423
Financial instruments held to maturity	30,885	196,278,234	5,728,070	3,363,064	4,742,586	210,081,069
Positive fair value of derivative hedge transactions	0	121,667	333,459	-	-	455,126
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	705,235	5,471,179	882,465	0	0	5,648,409
Funds to branches abroad	0	0	0	0	486,017	486,017
Tangible assets	23,548,905	44,738,475	0	6,534	68,182	21,264,286
Intangible assets	10,697,786	15,705,648	0	0	0	5,007,862
Other assets	902,144	5,287,141	69,717	5,175,077	73,293	9,703,084
Tax receivables	0	1,307,503	0	0	0	1,307,503
Depreciation	34,705,418	34,705,418	0	0	0	0
Non-current assets held for sale (IFRS 5)	842,872	1,764,929	0	0	0	922,057



Shortened Balance Sheet of Commercial Banks as at 31 July 2007

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

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	nerezidenti	Residents
Total liabilities	1,083,554,786	110,829,876	145,776,476	225,819,414	1,565,980,552
PAYABLES	1,018,717,601	63,657,655	145,691,573	225,495,289	1,453,562,118
Deposits and loans from NBS and foreign central banks	3,434,355	0	22,409	0	3,456,764
of which: Current accounts	129	0	0	0	129
Time deposits	0	0	0	0	0
Loans received	3,434,226	0	22,409	0	3,456,635
Postal cheque accounts	0	0	0	0	0
Financial liabilities valued at amortized costs	973,450,794	48,367,152	132,383,475	171,332,464	1,325,533,885
Deposits, loans and other liabilities received from banks	22,846,850	34,332,942	2,064,436	150,470,364	209,714,592
of which: Deposits and loans received from own financial group	216,626	24,087,134	16	116,046,952	140,350,728
of which: Current accounts in banks	44,000	28,750	0	6,717,723	6,790,473
Current accounts of other banks	489,533	5,689,376	50,080	299,011	6,528,000
Time deposits	17,571,064	26,674,291	2,009,289	129,589,428	175,844,072
Subordinate debts	213,309	1,319,644	0	4,646,249	6,179,202
Loans received	2,569,216	603,298	0	8,569,092	11,741,606
Other liabilities received from banks	1,959,728	17,583	5,067	648,861	2,631,239
Deposits and loans received from customers	766,170,069	10,569,219	107,208,653	9,793,944	893,741,885
of which: MMIF deposits	20,650,660	0	396	0	20,651,056
of which: Current accounts and other financial undated liabilities	305,512,112	6,135,246	53,288,120	3,779,742	368,715,220
Time deposits	411,651,429	4,337,735	48,982,515	2,304,132	467,275,811
Deposits redeemable at notice	32,661,630	56,334	984,177	7,569	33,709,710
Certificates of deposit	117,456	20	0	0	117,476
Loans received and financial leasing	6,113,097	0	0	2,102,635	8,215,732
Other liabilities received from customers	10,114,345	39,884	3,953,841	1,599,866	15,707,936
Deposits of general government and international organizations	100,491,739	13,096	21,320,432	403,241	122,228,508
of which: Deposits of central government (S.1311)	76,325,031	13,095	21,294,429	403,212	98,035,767
of which: Treasury	10,561,435	0	6,627,223	0	17,188,658
Other funds	8,167,021	0	5,511	0	8,172,532
of which: National Property Fund	8,161,387	0	0	0	8,161,387
Deposits of local governments (S.1313)	24,165,659	1	26,003	29	24,191,692
Deposits of social security funds (S.1314)	1,049	0	0	0	1,049
of which: Health insurance companies	1,049	0	0	0	1,049
Social Insurance Corporation	0	0	0	0	0
Securities issued by the accounting unit	83,942,136	3,451,895	1,789,954	10,664,915	99,848,900
Financial liabilities held for trading (excluding derivatives)	0	0	0	0	0
Financial liabilities in fair value through profit/loss (IAS 39)	14,675,702	2,240,874	6,388,883	54,025,113	77,330,572
of which: Current accounts	0	0	0	0	0
Time deposits	14,675,702	2,240,874	6,388,883	54,025,113	77,330,572
Deposits redeemable 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 derivative transactions for trading	10,543,308	12,936,017	-	-	23,479,325
Negative fair value of derivate hedge transactions	4,175	92,828	-	-	97,003
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
Subsidies and similar funds	80,000	0	0	0	80,000
Reserves	4,694,371	91	271,434	0	4,965,896
Other liabilities	10,299,112	20,693	6,625,372	137,712	17,082,889
Tax liabilities	1,535,784	0	0	0	1,535,784
EQUITY	64,837,185	47,172,221	84,903	324,125	112,418,434
Share capital	3,867,724	40,133,069	0	0	44,000,793
of which: Subscribed share capital	3,874,304	40,133,069	0	0	44,007,373
Receivables from shareholders	0	0	0	0	0
Own shares	-6,580	0	0	0	-6,580
Funds to branches of foreign banks	32,000	6,475,999	0	328,898	6,836,897
Share premium	2,472,646	475,000	0	0	2,947,646
Reserve funds and other funds created from profits	15,528,163	119,500	0	0	15,647,663
Other funds	193,216	5,490	0	1,317	200,023
Valuation changes	302,803	-36,837	84,903	-6,090	344,779
Profit/loss from previous years	31,380,672	0	0	0	31,380,672
of which: Retained earnings	32,145,990	0	0	0	32,145,990
Accumulated loss	-765,318	0	0	0	-765,318
Profit and loss account	10,849,629	0	0	0	10,849,629
Profit/loss in process of approval	210,332	0	0	0	210,332



Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2006						2007						
	7	8	9	10	11	12	1	2	3	4	5	6	7
NET INTEREST INCOME	18,717	21,689	24,727	27,855	30,980	34,591	3,298	6,056	9,317	12,243	15,557	18,800	22,070
Interest income on securities	7,085	8,227	9,298	10,406	11,492	12,637	1,202	2,344	3,472	4,538	5,715	7,013	8,418
Other interest income	30,078	34,711	39,421	44,561	49,834	55,416	5,479	9,999	15,579	20,236	25,840	31,504	36,999
Interest expenses on securities	1,655	1,948	2,234	2,535	2,857	3,186	316	659	1,014	1,303	1,640	1,987	2,337
Other interest expenses	16,791	19,300	21,758	24,577	27,489	30,276	3,067	5,629	8,720	11,227	14,358	17,729	21,011
NET NON-INTEREST INCOME	11,942	13,424	14,706	16,314	17,786	19,090	1,719	3,292	5,225	6,603	8,221	10,207	11,816
Fee and commission income	8,117	9,303	10,454	11,626	12,844	14,304	1,206	2,399	3,794	4,930	6,166	7,496	8,843
Fees and commission expenses	1,635	1,908	2,197	2,439	2,720	3,055	225	458	693	925	1,219	1,509	1,794
Dividends received	389	399	399	440	443	456	5	5	9	27	116	228	222
Income from transactions in securities	1,788	2,039	2,442	2,622	2,869	3,124	274	445	878	903	1,065	1,150	1,257
Expenses related to transactions in securities	2,481	2,601	2,517	2,614	2,649	3,025	226	299	425	541	896	1,169	1,314
Profit/loss on foreign exchange transactions	3,196	4,113	5,012	6,880	8,703	10,026	-1,978	-288	3,716	2,537	3,384	2,519	4,533
Profit/loss on fixed forward transactions and options	2,615	2,155	1,142	-160	-1,674	-2,659	2,691	1,523	-2,022	-244	-288	1,594	181
Income from other transactions	192	250	286	317	422	455	4	26	69	50	88	135	140
Expenses related to other transactions	240	327	315	358	452	536	34	62	100	134	195	237	252
NET OPERATING PROFIT/LOSS	-1,254	-1,263	-1,636	-1,594	-1,433	1,400	-90	-852	-868	-910	-1,138	-1,308	-1,473
GENERAL OPERATING EXPENSES	16,739	19,367	21,682	24,188	26,840	30,046	2,555	5,039	7,843	10,446	13,474	16,090	18,829
NET CREATION OF RESERVES AND PROVISIONS	-1,217	-1,526	-1,806	-2,301	-2,513	-2,637	-375	287	109	-458	-438	-649	-883
INCOME TAX	1,606	1,846	2,337	2,682	2,992	4,625	347	520	919	1,014	1,256	1,662	1,851
CURRENT PERIOD PROFIT/LOSS	9,844	11,112	11,972	13,403	14,989	17,773	1,650	3,224	5,021	6,018	7,472	9,300	10,850



Balance of Payments of the SR for January – June 2007

	Collection / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
Goods	689,026.0	26,862.6	703,118.0	27,412.0	-14,092.0	-549.4
Services	79,362.5	3,094.1	72,576.0	2,829.5	6,786.5	264.6
Transport	25,637.1	999.5	20,994.5	818.5	4,642.5	181.0
Tourism	22,719.9	885.8	17,289.0	674.0	5,430.9	211.7
Other services	31,005.5	1,208.8	34,292.4	1,336.9	-3,286.9	-128.1
Income	27,862.3	1,086.3	53,663.4	2,092.1	-25,801.0	-1,005.9
Compensation of employees	18,000.0	701.8	802.7	31.3	17,197.3	670.5
Investment income	9,862.3	384.5	52,860.6	2,060.8	-42,998.3	-1,676.3
Current transfers	18,026.6	702.8	25,340.5	987.9	-7,313.9	-285.1
CURRENT ACCOUNT	814,277.4	31,745.7	854,697.9	33,321.6	-40,420.4	-1,575.8
Capital account	6,347.6	247.5	963.5	37.6	5,384.1	209.9
Financial account	3,568,444.1	139,170.2	-3,467,459.7	-135,182.9	100,984.4	3,987.4
Direct investment	582,511.2	22,710.0	-559,537.4	-21,814.3	22,973.8	895.7
<i>Abroad (direct investor = resident)</i>	18,116.0	706.3	-17,851.0	-695.9	265.0	10.3
Equity capital and reinvested earnings	398.0	15.5	-1,380.0	-53.8	-982.0	-38.3
Other capital	17,718.0	690.8	-16,471.0	-642.1	1,247.0	48.6
<i>In the SR (recipient of dir. investment = resident)</i>	564,395.2	22,003.7	-541,686.4	-21,118.4	22,708.8	885.3
Equity capital and reinvested earnings	27,820.2	1,084.6	-3,790.4	-147.8	24,029.8	936.8
Other capital	536,575.0	20,919.1	-537,896.0	-20,970.6	-1,321.0	-51.5
Portfolio investment	225,042.4	8,824.4	-222,336.1	-8,668.1	2,706.2	156.3
Assets	32,057.1	1,249.8	-44,493.9	-1,734.7	-12,436.8	-484.9
Liabilities	192,985.3	7,574.6	-177,842.2	-6,933.4	15,143.0	641.1
Financial derivatives	1,388,161.6	54,119.4	-1,387,862.1	-54,107.7	299.5	11.7
Assets	685,065.4	26,708.2	-679,577.0	-26,494.2	5,488.4	214.0
Liabilities	703,096.2	27,411.2	-708,285.1	-27,613.5	-5,188.9	-202.3
Other investment	1,372,728.9	53,516.5	-1,297,724.0	-50,592.8	75,004.9	2,923.7
<i>Long-term</i>	227,706.6	8,878.4	-225,686.8	-8,798.6	2,019.8	79.8
Assets	9,286.6	362.0	-12,446.6	-485.2	-3,160.1	-123.2
Liabilities	218,420.0	8,516.3	-213,240.2	-8,313.3	5,179.9	203.0
<i>Short-term</i>	1,145,022.3	44,638.1	-1,072,037.2	-41,794.2	72,985.1	2,843.9
Assets	620,803.9	24,202.9	-617,144.9	-24,060.2	3,659.0	142.7
Liabilities	524,218.4	20,435.3	-454,892.3	-17,734.0	69,326.1	2,701.2
CAPITAL AND FINANCIAL ACCOUNT	3,574,791.7	139,417.7	-3,468,423.2	-135,220.4	106,368.5	4,197.3
ERRORS AND OMISSIONS	-	-	-	-	32,529.9	1,258.9
TOTAL BALANCE	0.0	0.0	98,478.0	3,880.3	98,478.0	3,880.3
Monetary gold	0.0	0.0	-0.3	0.0	-0.3	0.0
Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange assets	0.0	0.0	-98,477.7	-3,880.3	-98,477.7	-3,880.3
Deposits	0.0	0.0	-43,193.9	-1,687.4	-43,193.9	-1,687.4
Securities	0.0	0.0	-55,283.8	-2,192.9	-55,283.8	-2,192.9
Bonds and notes	0.0	0.0	-14,524.9	-588.2	-14,524.9	-588.2
Money market instruments and financial derivatives	0.0	0.0	-40,758.9	-1,604.7	-40,758.9	-1,604.7
RESERVE ASSETS	0.0	0.0	-98,478.0	-3,880.3	-98,478.0	-3,880.3

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 25.650.



Overview of Issues of NBS Bills

Registration number	Date of			Maturity	Volume in SKK millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accept.		min.	average	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	15.2.2007	16.2.2007	11.5.2007	84	60,980	0	American	-	-	-
970106003	8.3.2007	9.3.2007	1.6.2007	84	63,740	0	American	-	-	-
970308005	10.05.2007	11.05.2007	3.08.2007	84	73,661	20,000	American	4.05	4.15	4.18
972408007	31.5.2007	1.6.2007	24.8.2007	84	50,400	30,000	American	4.15	4.23	4.25
972109008	28.6.2007	29.6.2007	21.9.2007	84	23,900	17,000	American	4.24	4.27	4.40
972610009	2.8.2007	3.8.2007	26.10.2007	84	22,490	22,290	American	4.24	4.25	4.25
971611011	23.8.2007	24.8.2007	16.11.2007	84	29,110	23,110	American	4.24	4.25	4.25



Basic Characteristics of Slovakia's Foreign Exchange Market in August 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
Transactions between domestic banks without foreign participation	6,280.6	71.0	205	2,523.0	28.5	730	43.9	0.5	74	8,847.5	1,009
Interbank forex market: NBS + transactions between domestic banks	6,280.6	71.0	205	2,523.0	28.5	730	43.9	0.5	74	8,847.5	1,009
Transactions between domestic and foreign banks	76,109.8	86.9	2,111	11,274.8	12.9	3,391	185.2	0.2	120	87,569.8	5,622
Foreign exchange market in the SR – total	82,390.4	85.5	2,316	13,797.8	14.3	4,121	229.1	0.2	194	96,417.2	6,631

	SPOT			FORWARD			SWAP			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume USD millions	No. of transactions
	USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks without foreign participation	1,557.7	17.7	786	42.8	0.5	6	7,201.3	81.7	210	8,801.8	1,002
Transactions between domestic and foreign banks	6,865.8	7.8	2,799	254.7	0.3	64	80,001.5	91.4	2,151	87,122.0	5,014
Foreign exchange market in the SR - excl. the NBS	8,423.5	8.7	3,585	297.5	0.3	70	87,202.8	90.5	2,361	95,923.8	6,016



Average Monthly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2006					2007							
	8	9	10	11	12	1	2	3	4	5	6	7	8
1 AUD	22.455	22.286	21.992	21.537	20.828	20.921	20.664	20.257	20.478	20.584	21.329	21.089	20.486
1 BGN	-	-	-	-	-	17.754	17.656	17.316	17.108	17.247	17.392	17.040	17.167
1 CYP	65.472	65.088	63.909	62.197	60.595	60.044	59.625	58.415	57.566	57.864	58.299	57.061	57.468
1 CZK	1.336	1.322	1.302	1.281	1.260	1.249	1.223	1.206	1.195	1.195	1.192	1.174	1.204
1 DKK	5.051	5.029	4.942	4.818	4.698	4.658	4.632	4.546	4.490	4.527	4.568	4.479	4.512
1 EUR	37.688	37.505	36.852	35.914	35.025	34.721	34.524	33.863	33.468	33.726	34.017	33.330	33.577
1 EEK	2.409	2.398	2.355	2.296	2.239	2.219	2.207	2.164	2.139	2.156	2.174	2.130	2.146
100 JPY	25.421	25.181	24.624	23.790	22.654	22.183	21.903	21.822	20.861	20.666	20.691	19.973	21.078
1 CAD	26.266	26.398	25.902	24.599	23.043	22.723	22.561	21.885	21.807	22.758	23.786	23.139	23.274
1 LTL	10.914	10.863	10.671	10.403	10.143	10.055	9.999	9.807	9.689	9.769	9.851	9.652	9.724
1 LVL	54.151	53.899	52.937	51.550	50.207	49.779	49.345	47.792	47.521	48.426	48.859	47.820	48.126
100 HUF	13.743	13.672	13.769	13.866	13.779	13.690	13.624	13.536	13.598	13.579	13.581	13.509	13.169
1 MTL	87.798	87.390	85.836	83.694	81.595	80.887	80.445	78.930	77.973	78.575	79.242	77.671	78.245
1 NOK	4.724	4.545	4.392	4.355	4.296	4.193	4.269	4.164	4.121	4.144	4.217	4.198	4.210
1 PLN	9.658	9.465	9.434	9.386	9.189	8.961	8.865	8.710	8.763	8.921	8.928	8.846	8.813
1 RON	-	-	-	-	-	10.239	10.207	10.044	10.030	10.265	10.526	10.636	10.435
100 SIT	15.728	15.658	15.377	14.990	14.615	-	-	-	-	-	-	-	-
1 CHF	23.893	23.699	23.177	22.567	21.945	21.503	21.293	21.009	20.446	20.435	20.566	20.113	20.488
1 SEK	4.094	4.049	3.981	3.945	3.875	3.825	3.763	3.643	3.618	3.666	3.646	3.627	3.606
1 USD	29.426	29.448	29.225	27.915	26.504	26.694	26.434	25.583	24.788	24.954	25.355	24.311	24.647
1 GBP	55.649	55.570	54.751	53.320	52.044	52.321	51.737	49.810	49.266	49.496	50.324	49.422	49.556
1 XDR	43.753	43.649	43.051	41.567	39.980	39.916	39.569	38.568	37.667	37.875	38.321	37.167	37.696

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	2006					2007	
	Q1	Q2	Q3	Q4	Q1 - Q4	Q1	Q2
1 AUD	23.040	22.379	22.499	21.480	22.358	20.612	20.808
1 BGN	-	-	-	-	-	17.573	17.254
1 CYP	65.222	65.502	65.778	62.316	64.711	59.353	57.921
1 CZK	1.310	1.328	1.336	1.282	1.314	1.226	1.194
1 DKK	5.020	5.053	5.075	4.825	4.994	4.612	4.529
1 EUR	37.457	37.687	37.861	35.975	37.248	34.364	33.746
1 EEK	2.394	2.408	2.420	2.299	2.381	2.197	2.157
100 JPY	26.668	26.208	25.592	23.737	25.565	21.971	20.735
1 CAD	26.979	26.714	26.497	24.584	26.203	22.384	22.816
1 LTL	10.848	10.914	10.965	10.419	10.787	9.952	9.772
1 LVL	53.813	54.143	54.402	51.632	53.501	48.960	48.293
100 HUF	14.728	14.137	13.744	13.804	14.111	13.616	13.586
1 MTL	87.250	87.807	88.208	83.813	86.775	80.076	78.617
1 NOK	4.668	4.811	4.704	4.350	4.634	4.207	4.162
1 PLN	9.772	9.546	9.577	9.342	9.562	8.845	8.874
1 RON	-	-	-	-	-	10.162	10.282
100 SIT	15.639	15.726	15.802	15.013	15.546	-	-
1 CHF	24.028	24.105	24.023	22.593	23.692	21.268	20.484
1 SEK	4.005	4.052	4.103	3.936	4.024	3.743	3.644
1 USD	31.169	29.991	29.715	27.948	29.724	26.231	25.040
1 GBP	54.597	54.787	55.676	53.438	54.624	51.275	49.710
1 XDR	44.893	44.173	44.042	41.608	43.694	39.344	37.964

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.

**Inflow of Foreign Direct Investment¹⁾ 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 ³⁾	29,008	329,948	899.33	11,578.75
2005 ⁴⁾	22,147	353,770	713.91	11,073.31
2006	61,608	417,385	2,072.67	15,902.80

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 ²⁾	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 ²⁾	38,970	348,500	1,059.74	10,586.27
2004 ³⁾	34,123	396,592	1,057.91	13,917.46
2005 ⁴⁾	22,145	420,411	713.85	13,159.23
2006	61,152	483,567	2,057.33	18,424.41

1) Equity capital.

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

3) Other capital funds included in the equity capital.

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

Inflow of Foreign Direct Investment¹⁾ 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									
Inflow of FDI (equity capital + reinvested earnings) in total	61,608	2,072.7	100.0	-456	-15.3	100.0	61,152	2,057.3	100.0
Structure of capital by investor									
Italy	31,682	1,065.9	51.4	45	1.5	-9.9	31,727	1,067.4	51.9
Austria	8,748	294.3	14.2	196	6.6	-43.0	8,944	300.9	14.6
Korea	7,886	265.3	12.8	0	0.0	0.0	7,886	265.3	12.9
Germany	4,878	164.1	7.9	0	0.0	0.0	4,878	164.1	8.0
Cyprus	3,787	127.4	6.1	0	0.0	0.0	3,787	127.4	6.2
USA	1,379	46.4	2.2	0	0.0	0.0	1,379	46.4	2.3
Czech Republic	1,210	40.7	2.0	1	0.0	-0.2	1,211	40.7	2.0
Sweden	483	16.2	0.8	0	0.0	0.0	483	16.2	0.8
Switzerland	481	16.2	0.8	0	0.0	0.0	481	16.2	0.8
Hungary	439	14.8	0.7	0	0.0	0.0	439	14.8	0.7
Other countries	635	21.4	1.0	-698	-23.5	153.1	-63	-2.1	-0.1
Structure of capital by sector									
Agriculture, hunting, and forestry	18	0.6	0.0	0	0.0	0.0	18	0.6	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	266	8.9	0.4	0	0.0	0.0	266	8.9	0.4
Manufacturing	14,985	504.1	24.3	0	0.0	0.0	14,985	504.1	24.5
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	4,153	139.7	6.7	0	0.0	0.0	4,153	139.7	6.8
Hotels and restaurants	62	2.1	0.1	0	0.0	0.0	62	2.1	0.1
Transport, storage, post and telecommunications	1,758	59.1	2.9	0	0.0	0.0	1,758	59.1	2.9
Financial intermediation	5,103	171.7	8.3	-456	-15.3	100.0	4,647	156.3	7.6
Real estate, renting and business activities	3,504	117.9	5.7	0	0.0	0.0	3,504	117.9	5.7
Public administration and defence, compulsory social security	31,505	1,059.9	51.1	0	0.0	0.0	31,505	1,059.9	51.5
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	80	2.7	0.1	0	0.0	0.0	80	2.7	0.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by region									
Bratislava region	45,393	1,527.1	73.7	-456	-15.3	100.0	44,937	1,511.8	73.5
Trnava region	1,759	59.2	2.9	0	0.0	0.0	1,759	59.2	2.9
Trenčín region	2,580	86.8	4.2	0	0.0	0.0	2,580	86.8	4.2
Nitra region	1,084	36.5	1.8	0	0.0	0.0	1,084	36.5	1.8
Žilina region	8,308	279.5	13.5	0	0.0	0.0	8,308	279.5	13.6
Banská Bystrica region	932	31.4	1.5	0	0.0	0.0	932	31.4	1.5
Prešov region	439	14.8	0.7	0	0.0	0.0	439	14.8	0.7
Košice region	1,113	37.4	1.8	0	0.0	0.0	1,113	37.4	1.8

Note: Preliminary data.

1) Equity capital.



Inflow of Foreign Direct Investment¹⁾ 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									
Inflow of FDI (equity capital + reinvested earnings) in total	22,147	713.9	100.0	-2	-0.1	100.0	22,145	713.8	100.0
Structure of capital by investor									
Korea	6,603	212.8	29.8	0	0.0	0.0	6,603	212.8	29.8
Germany	6,431	207.3	29.0	-250	-8.1	12,500.0	6,181	199.2	27.9
Austria	3,112	100.3	14.1	-45	-1.5	2,250.0	3,067	98.9	13.8
Holand	1,401	45.2	6.3	3	0.1	-150.0	1,404	45.3	6.3
Switzerland	1,191	38.4	5.4	0	0.0	0.0	1,191	38.4	5.4
USA	1,045	33.7	4.7	0	0.0	0.0	1,045	33.7	4.7
Spain	784	25.3	3.5	0	0.0	0.0	784	25.3	3.5
United Kingdom	506	16.3	2.3	125	4.0	-6,250.0	631	20.3	2.8
Litva	417	13.4	1.9	0	0.0	0.0	417	13.4	1.9
Cyprus	323	10.4	1.5	0	0.0	0.0	323	10.4	1.5
Other countries	334	10.8	1.5	165	5.3	-8,250.0	499	16.1	2.3
Structure of capital by sector									
Agriculture, hunting, and forestry	-31	-1.0	-0.1	0	0.0	0.0	-31	-1.0	-0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	10	0.3	0.0	0	0.0	0.0	10	0.3	0.0
Manufacturing	10,846	349.6	49.0	0	0.0	0.0	10,846	349.6	49.0
Electricity, gas, and water supply	322	10.4	1.5	0	0.0	0.0	322	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	3,216	103.7	14.5	0	0.0	0.0	3,216	103.7	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	19.2	-2	-0.1	100.0	4,261	137.4	19.2
Real estate, renting and business activities	1,900	61.2	8.6	0	0.0	0.0	1,900	61.2	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	69	2.2	0.3	0	0.0	0.0	69	2.2	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	7,345	236.8	33.2	-2	-0.1	100.0	7,343	236.7	33.2
Trnava region	682	22.0	3.1	0	0.0	0.0	682	22.0	3.1
Trenčín region	3,346	107.9	15.1	0	0.0	0.0	3,346	107.9	15.1
Nitra region	642	20.7	2.9	0	0.0	0.0	642	20.7	2.9
Žilina region	7,123	229.6	32.2	0	0.0	0.0	7,123	229.6	32.2
Banská Bystrica region	1,166	37.6	5.3	0	0.0	0.0	1,166	37.6	5.3
Prešov region	163	5.3	0.7	0	0.0	0.0	163	5.3	0.7
Košice region	1,680	54.2	7.6	0	0.0	0.0	1,680	54.2	7.6

Note: Preliminary data.

1) Equity capital.

Inflow of Foreign Direct Investment¹⁾ During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Inflow of FDI in total	29,008	899.3	100.0	5,115	158.6	100.0	34,123	1,057.9	100.0
Structure of capital by investor									
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
Louxeubourg	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
Structure of capital by sector									
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
Structure of capital by regions									
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.



Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI (equity capital + reinvested earnings)	417,385	15,902.8	100.0	66,182	2,521.6	100.0	483,567	18,424.4	100.0
Structure of capital by investor									
The Netherlands	91,744	3,495.5	22.0	612	23.3	0.9	92,356	3,518.9	19.1
Germany	85,569	3,260.3	20.5	861	32.8	1.3	86,430	3,293.1	17.9
Austria	38,545	1,468.6	9.2	33,067	1,259.9	50.0	71,612	2,728.5	14.8
Italy	35,103	1,337.5	8.4	24,185	921.5	36.5	59,288	2,258.9	12.3
Hungary	27,195	1,036.2	6.5	2,007	76.5	3.0	29,202	1,112.6	6.0
United Kingdom	25,358	966.2	6.1	0	0.0	0.0	25,358	966.2	5.2
Czech Republic	19,392	738.9	4.6	3,486	132.8	5.3	22,878	871.7	4.7
Korea	17,125	652.5	4.1	0	0.0	0.0	17,125	652.5	3.5
USA	14,978	570.7	3.6	1,650	62.9	2.5	16,628	633.5	3.4
Cyprus	13,799	525.8	3.3	0	0.0	0.0	13,799	525.8	2.9
Other countries	48,577	1,850.8	11.6	314	12.0	0.5	48,891	1,862.8	10.1
Structure of capital by sector									
Agriculture, hunting, and forestry	2,090	79.6	0.5	0	0.0	0.0	2,090	79.6	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,695	102.7	0.6	0	0.0	0.0	2,695	102.7	0.6
Manufacturing	189,114	7,205.4	45.3	0	0.0	0.0	189,114	7,205.4	39.1
Electricity, gas, and water supply	67,527	2,572.8	16.2	0	0.0	0.0	67,527	2,572.8	14.0
Construction	3,345	127.4	0.8	0	0.0	0.0	3,345	127.4	0.7
Wholesale and retail trade, repairs of motor vehicles	55,452	2,112.8	13.3	0	0.0	0.0	55,452	2,112.8	11.5
Hotels and restaurants	2,412	91.9	0.6	0	0.0	0.0	2,412	91.9	0.5
Transport, storage, post and telecommunications	40,270	1,534.3	9.6	0	0.0	0.0	40,270	1,534.3	8.3
Financial intermediation	26,623	1,014.4	6.4	66,182	2,521.6	100.0	92,805	3,536.0	19.2
Real estate, renting and business activities	24,500	933.5	5.9	0	0.0	0.0	24,500	933.5	5.1
Public administration and defence, compulsory social security	150	5.7	0.0	0	0.0	0.0	150	5.7	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	1,584	60.4	0.4	0	0.0	0.0	1,584	60.4	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	257,810	9,822.8	61.8	65,232	2,485.4	98.6	323,042	12,308.2	66.8
Trnava region	25,752	981.2	6.2	0	0.0	0.0	25,752	981.2	5.3
Trenčín region	23,250	885.8	5.6	0	0.0	0.0	23,250	885.8	4.8
Nitra region	17,891	681.7	4.3	0	0.0	0.0	17,891	681.7	3.7
Žilina region	34,647	1,320.1	8.3	950	36.2	1.4	35,597	1,356.3	7.4
Banská Bystrica region	12,492	476.0	3.0	0	0.0	0.0	12,492	476.0	2.6
Prešov region	7,769	296.0	1.9	0	0.0	0.0	7,769	296.0	1.6
Košice region	37,774	1,439.2	9.1	0	0.0	0.0	37,774	1,439.2	7.8

Note: Preliminary data.

1) Equity capital.

Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI (equity capital + reinvested earnings)	353,770	11,073.3	100.0	66,641	2,085.9	100.0	420,411	13,159.2	100.0
Structure of capital by investor									
The Netherlands	88,907	2,782.9	25.1	616	19.3	0.9	89,523	2,802.1	21.3
Germany	82,097	2,569.7	23.2	860	26.9	1.3	82,957	2,596.6	19.7
Austria	31,592	988.9	8.9	32,868	1,028.8	49.3	64,460	2,017.7	15.3
Italy	5,340	167.1	1.5	24,144	755.7	36.2	29,484	922.9	7.0
Hungary	27,323	855.2	7.7	2,007	62.8	3.0	29,330	918.1	7.0
United Kingdom	27,263	853.4	7.7	473	14.8	0.7	27,736	868.2	6.6
Czech Republic	15,655	490.0	4.4	3,485	109.1	5.2	19,140	599.1	4.6
USA	13,959	436.9	3.9	1,650	51.6	2.5	15,609	488.6	3.7
France	10,883	340.6	3.1	500	15.7	0.8	11,383	356.3	2.7
Cyprus	9,340	292.4	2.6	0	0.0	0.0	9,340	292.4	2.2
Other countries	41,411	1,296.2	11.7	38	1.2	0.1	41,449	1,297.4	9.9
Structure of capital by sector									
Agriculture, hunting, and forestry	1,797	56.2	0.5	0	0.0	0.0	1,797	56.2	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,642	82.7	0.7	0	0.0	0.0	2,642	82.7	0.6
Manufacturing	170,453	5,335.3	48.2	0	0.0	0.0	170,453	5,335.3	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	51,454	1,610.6	14.5	0	0.0	0.0	51,454	1,610.6	12.2
Hotels and restaurants	2,360	73.9	0.7	0	0.0	0.0	2,360	73.9	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	24,956	781.1	7.1	66,641	2,085.9	100.0	91,597	2,867.1	21.8
Real estate, renting and business activities	17,386	544.2	4.9	0	0.0	0.0	17,386	544.2	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	1,485	46.5	0.4	0	0.0	0.0	1,485	46.5	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	213,750	6,690.6	60.4	65,691	2,056.2	98.6	279,441	8,746.7	66.5
Trnava region	24,806	776.4	7.0	0	0.0	0.0	24,806	776.4	5.9
Trenčín region	21,213	664.0	6.0	0	0.0	0.0	21,213	664.0	5.0
Nitra region	13,790	431.6	3.9	0	0.0	0.0	13,790	431.6	3.3
Žilina region	25,272	791.0	7.1	950	29.7	1.4	26,222	820.8	6.2
Banská Bystrica region	11,454	358.5	3.2	0	0.0	0.0	11,454	358.5	2.7
Prešov region	7,398	231.6	2.1	0	0.0	0.0	7,398	231.6	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.



Volume of Foreign Direct Investment¹⁾ as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI	329,948	11,578.7	100.0	66,644	2,338.7	100.0	396,592	13,917.5	100.0
Structure of capital by investor									
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
Structure of capital by sector									
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
Structure of capital by regions									
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.



Outflow of Foreign Direct Investment¹⁾ 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 ³⁾	2,536	20,321	78.62	713.12
2005 ⁴⁾	3,129	23,721	100.86	742.49
2006	9,558	32,005	321.56	1,219.42

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 ²⁾	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 ²⁾	707	18,146	19.23	551.22
2004 ³⁾	2,507	20,848	77.72	731.61
2005 ⁴⁾	3,431	24,560	110.60	768.75
2006	9,616	32,866	323.51	1,252.23

Note: The data for 2004 – 2006 are preliminary.

1) Equity capital.

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

3) Change in methodology – other capital funds included.

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



Outflow of Foreign Direct Investment¹⁾ 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									
Outflow of FDI (equity capital + reinvested earnings) in total	9,558	321.6	100.0	58	2.0	100.0	9,616	323.5	100.0
Structure of capital by country of investment									
Luxembourg	7,139	240.2	74.7	0	0.0	0.0	7,139	240.2	74.2
Czech Republic	971	32.7	10.2	10	0.3	17.2	981	33.0	10.2
Russia	546	18.4	5.7	0	0.0	0.0	546	18.4	5.7
Cyprus	422	14.2	4.4	0	0.0	0.0	422	14.2	4.4
Ukraine	309	10.4	3.2	0	0.0	0.0	309	10.4	3.2
United Kingdom	299	10.1	3.1	0	0.0	0.0	299	10.1	3.1
Hungary	196	6.6	2.1	0	0.0	0.0	196	6.6	2.0
Poland	193	6.5	2.0	0	0.0	0.0	193	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
Other countries	-697	-23.4	-7.3	48	1.6	82.8	-649	-21.8	-6.7
Structure of capital by sector									
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	4.4	0	0.0	0.0	424	14.3	4.4
Manufacturing	-1,458	-49.1	-15.3	0	0.0	0.0	-1,458	-49.1	-15.2
Electricity, gas, and water supply	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Construction	201	6.8	2.1	0	0.0	0.0	201	6.8	2.1
Wholesale and retail trade, repairs of motor vehicles	658	22.1	6.9	0	0.0	0.0	658	22.1	6.8
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	2.7
Financial intermediation	4,562	153.5	47.7	58	2.0	100.0	4,620	155.4	48.0
Real estate, renting and business activities	4,922	165.6	51.5	0	0.0	0.0	4,922	165.6	51.2
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	-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
Structure of capital by regions									
Bratislava region	7,783	261.8	81.4	58	2.0	100.0	7,841	263.8	81.5
Trnava region	577	19.4	6.0	0	0.0	0.0	577	19.4	6.0
Trenčín region	468	15.7	4.9	0	0.0	0.0	468	15.7	4.9
Nitra region	132	4.4	1.4	0	0.0	0.0	132	4.4	1.4
Žilina region	41	1.4	0.4	0	0.0	0.0	41	1.4	0.4
Banská Bystrica region	504	17.0	5.3	0	0.0	0.0	504	17.0	5.2
Prešov region	36	1.2	0.4	0	0.0	0.0	36	1.2	0.4
Košice region	17	0.6	0.2	0	0.0	0.0	17	0.6	0.2

Note: Preliminary data.

1) Equity capital.

Outflow of Foreign Direct Investment¹⁾ 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									
Outflow of FDI (equity capital + reinvested earnings) in total	3,129	100.9	100.0	302	9.7	100.0	3,431	110.6	100.0
Structure of capital by country of investment									
Czech Republic	2,125	68.5	67.9	8	0.3	2.6	2,133	68.8	62.2
Switzerland	661	21.3	21.1	0	0.0	0.0	661	21.3	19.3
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	7.8
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	-7.7	0	0.0	0.0	-240	-7.7	-7.0
Structure of capital by sector									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	58	1.9	1.9	0	0.0	0.0	58	1.9	1.7
Manufacturing	466	15.0	14.9	0	0.0	0.0	466	15.0	13.6
Electricity, gas, and water supply	40	1.3	1.3	0	0.0	0.0	40	1.3	1.2
Construction	-349	-11.3	-11.2	0	0.0	0.0	-349	-11.3	-10.2
Wholesale and retail trade, repairs of motor vehicles	242	7.8	7.7	0	0.0	0.0	242	7.8	7.1
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	61.0	302	9.7	100.0	2,211	71.3	64.4
Real estate, renting and business activities	666	21.5	21.3	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
Structure of capital by regions									
Bratislava region	2,915	94.0	93.2	302	9.7	100.0	3,217	103.7	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	26	0.8	0.8	0	0.0	0.0	26	0.8	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.



Outflow of Foreign Direct Investment¹⁾ During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Outflow of FDI in total	2,536	78.6	100.0	-29	-0.9	100.0	2,507	77.7	100.0
Structure of capital by country of investment									
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
Structure of capital by sector									
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
Structure of capital by regions									
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.

Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI outward	32,005	1,219.4	100.0	861	32.8	100.0	32,866	1,252.2	100.0
Structure of capital by country of investment									
Czech Republic	12,835	489.0	40.1	546	20.8	63.4	13,381	509.8	40.7
Luxembourg	7,889	300.6	24.6	0	0.0	0.0	7,889	300.6	24.0
United Kingdom	2,569	97.9	8.0	0	0.0	0.0	2,569	97.9	7.8
Ukraine	1,794	68.4	5.6	0	0.0	0.0	1,794	68.4	5.5
Poland	1,303	49.6	4.1	0	0.0	0.0	1,303	49.6	4.0
Ireland	1,069	40.7	3.3	0	0.0	0.0	1,069	40.7	3.3
Russia	1,017	38.7	3.2	0	0.0	0.0	1,017	38.7	3.1
Cyprus	957	36.5	3.0	0	0.0	0.0	957	36.5	2.9
Slovenia	468	17.8	1.5	0	0.0	0.0	468	17.8	1.4
Austria	428	16.3	1.3	0	0.0	0.0	428	16.3	1.3
Other countries	1,676	63.9	5.2	315	12.0	36.6	1,991	75.9	6.1
Structure of capital by sector									
Agriculture, hunting and forestry	17	0.6	0.1	0	0.0	0.0	17	0.6	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,435	54.7	4.5	0	0.0	0.0	1,435	54.7	4.4
Manufacturing	6,155	234.5	19.2	0	0.0	0.0	6,155	234.5	18.7
Electricity, gas and water supply	1,454	55.4	4.5	0	0.0	0.0	1,454	55.4	4.4
Construction	249	9.5	0.8	0	0.0	0.0	249	9.5	0.8
Wholesale and retail trade, repairs of motor vehicles	3,134	119.4	9.8	0	0.0	0.0	3,134	119.4	9.5
Hotels and restaurants	83	3.2	0.3	0	0.0	0.0	83	3.2	0.3
Transport, storage and communication	164	6.2	0.5	0	0.0	0.0	164	6.2	0.5
Financial intermediation	9,365	356.8	29.3	861	32.8	100.0	10,226	389.6	31.1
Real estate, renting and business activities	8,483	323.2	26.5	0	0.0	0.0	8,483	323.2	25.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	1,466	55.9	4.6	0	0.0	0.0	1,466	55.9	4.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	23,033	877.6	72.0	861	32.8	100.0	23,894	910.4	72.7
Trnava region	2,403	91.6	7.5	0	0.0	0.0	2,403	91.6	7.3
Trenčín region	1,745	66.5	5.5	0	0.0	0.0	1,745	66.5	5.3
Nitra region	202	7.7	0.6	0	0.0	0.0	202	7.7	0.6
Žilina region	134	5.1	0.4	0	0.0	0.0	134	5.1	0.4
Banská Bystrica region	2,050	78.1	6.4	0	0.0	0.0	2,050	78.1	6.2
Prešov region	591	22.5	1.8	0	0.0	0.0	591	22.5	1.8
Košice region	1,847	70.4	5.8	0	0.0	0.0	1,847	70.4	5.6

Note: Preliminary data.

1) Equity capital.



Volume of Foreign Direct Investment¹⁾ 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									
Total volume of FDI outward	23,721	742.5	100.0	839	26.3	100.0	24,560	768.7	100.0
Structure of capital by country of investment									
Czech Republic	12,215	382.3	51.5	499	15.6	59.5	12,714	398.0	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	1,043	32.6	4.4	0	0.0	0.0	1,043	32.6	4.2
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	1,962	61.4	8.3	340	10.6	40.5	2,302	72.1	9.4
Structure of capital by sector									
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	5,151	161.2	21.7	0	0.0	0.0	5,151	161.2	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	5,731	179.4	24.2	0	0.0	0.0	5,731	179.4	23.3
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	3,485	109.1	14.7	0	0.0	0.0	3,485	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	6.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	15,451	483.6	65.1	839	26.3	100.0	16,290	509.9	66.3
Trnava region	1,935	60.6	8.2	0	0.0	0.0	1,935	60.6	7.9
Trenčín region	1,513	47.4	6.4	0	0.0	0.0	1,513	47.4	6.2
Nitra region	65	2.0	0.3	0	0.0	0.0	65	2.0	0.3
Žilina region	544	17.0	2.3	0	0.0	0.0	544	17.0	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.

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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI outward	20,321	713.1	100.0	527	18.5	100.0	20,848	731.6	100.0
Structure of capital by country of investment									
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
Structure of capital by sector									
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
Structure of capital by regions									
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.