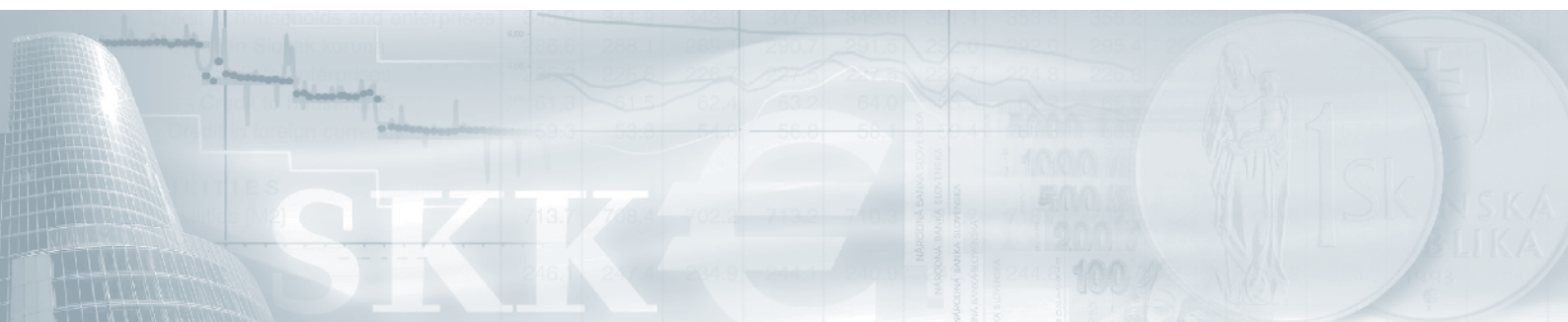




NÁRODNÁ BANKA SLOVENSKA



Monetary Survey

February 2008

© NÁRODNÁ BANKA SLOVENSKA

Imricha Karvaša 1
813 25 Bratislava
Slovakia

Contact:
Communication Section
Phone No.: +421 2 5787 2141, 5787 2146
Fax No.: +421 2 5787 1128

<http://www.nbs.sk>

*Prepared on the basis of the Situation Report on the Monetary Development in February 2008,
approved by the NBS Bank Board on 25 March 2008.*

ISSN 1336-6459 (online)

The advance release calendars and the prescribed components of IMF's Special Data Dissemination Standards for the following data categories, are published exclusively on the Internet and are available on the home page of the National Bank of Slovakia: Analytical accounts of the banking sector, analytical accounts of the central bank (advance release calendar only), Balance of payments, International reserves (advance release calendar only), International investment position, exchange rates, interest rates. Data categories are also published in other media, but appear for the first time on Internet, the NBS web site.

**CONTENTS**

1	Summary	5
2	The External Economic Environment.....	6
3	Inflation.....	14
3.1	Consumer Price Index.....	14
3.2	Producer Prices in January 2008	15
4	Factors Influencing Development of Inflation.....	18
4.1	Monetary Aggregates.....	18
4.2	The External Sector.....	22
4.3	Real Economy.....	31
4.4	Production and Receipts	43
5	Monetary Developments	48
5.1	Foreign Exchange Market.....	48
5.2	Money Market and Monetary Policy Implementation.....	49
5.3	Customer Interest Rates in January 2007	52
	Annexes	56
1	International Economy: Tables and Graphs	56
2	Capital Market.....	61
2.1	Primary Market	61
2.2	Secondary Market.....	61
3	Methodological Notes to Selected Indicators	63
3.1	Monetary Statistics.....	63
3.2	Basic Macroeconomic Indicators.....	69
4	Tables.....	73
	Selected Indicators of Economic and Monetary Development in the SR	73
	Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs.....	74
	Average Interest Rates on New Loans.....	75
	Average Interest Rates on New Deposits	76
	Average Interest Rates on Outstanding Loans	77
	Average Interest Rates on Outstanding Deposits.....	78
	Shortened Balance Sheet of Commercial Banks as at 31 January 2008	79
	Monthly Profit and Loss Account of Commercial Banks	81
	Balance of Payments of the SR for January – December 2007	82
	Overview of Issues of NBS Bills 2007-2008.....	83
	Basic Characteristics of Slovakia's Foreign Exchange Market in February 2008.....	84
	Average Monthly Exchange Rates of the SKK against Selected Currencies	85
	Average Quarterly Exchange Rates of the SKK against Selected Currencies	85
	Inflow of Foreign Direct Investment into Slovakia in 1999 – 2006.....	85
	Inflow of Foreign Direct Investment during January to December 2006.....	86
	Inflow of Foreign Direct Investment during January to December 2005.....	87
	Inflow of Foreign Direct Investment during January to December 2004.....	88
	Volume of Foreign Direct Investment as at 31 December 2006.....	89
	Volume of Foreign Direct Investment as at 31 December 2005.....	90
	Volume of Foreign Direct Investment as at 31 December 2004.....	91
	Outflow of Foreign Direct Investment from Slovakia in 1999 – 2006.....	92
	Outflow of Foreign Direct Investment During January to December 2006.....	93
	Outflow of Foreign Direct Investment During January to December 2005.....	94
	Outflow of Foreign Direct Investment During January to December 2004.....	95
	Volume of Foreign Direct Investment Outward as at 31 December 2006.....	96
	Volume of Foreign Direct Investment Outward as at 31 December 2005.....	97
	Volume of Foreign Direct Investment Outward as at 31 December 2004.....	98

**LIST OF BOXES**

Box 1	Global Growth in Prices of Agricultural Commodities	7
Box 2	Reform of Public Finances in the Czech Republic.....	13

LIST OF TABLES

Table 1	Harmonised Index of Consumer Prices	14
Table 2	Consumer Prices in February 2008	15
Table 3	Producer Price Developments in January 2008	16
Table 4	Comparison of Month-on-Month Developments in Monetary Aggregates (ECB methodology)	18
Table 5	Main M3 Counterparts (ECB methodology)	19
Table 6	MFI Receivables from the Resident Private Sector.....	20
Table 7	MFI Receivables from the Resident Private Sector (excluding securities and receivables from NBS).....	20
Table 8	Net Sales of Open-end Investment Funds in the SR.....	22
Table 9	Balance of Payments Current Account	22
Table 10	Exports in January to December, year-on-year changes	23
Table 11	Imports in January to December, year-on-year changes.....	24
Table 12	SR Trade by Territory.....	24
Table 13	Balance of Payments Capital and Financial Account	25
Table 14	Inflow of Capital in 'Other Investment' Category by Sector	26
Table 15	Balance of Payments Adjusted for Government and NBS Activities	26
Table 16	External Debt of the SR.....	27
Table 17	Balance of Payments Current Account	28
Table 18	Developments in Current Account Components in Individual Months	28
Table 19	Developments in the NEER and REER Indices	30
Table 20	Development of GDP by Use	32
Table 21	Structure of Gross Fixed Capital Formation in the Fourth Quarter of 2007 (constant prices)...	32
Table 22	Impact of Price and Volume on Exports and Imports	34
Table 23	Creation of GDP by Component.....	35
Table 24	Gross Domestic Product by Branch	35
Table 25	Comparison of GDP, GNP, and GNDI	36
Table 26	Average Monthly Wages and Labour Productivity in the Slovak Economy.....	36
Table 27	Development of Average Compensation per Employee and Labour Productivity in the Slovak Economy (ESA 95 Methodology).....	37
Table 28	Development of Real Labour Productivity and Compensation per Employee in the fourth quarter of 2007	38
Table 29	Generation and Use of Income in the Household Sector	39
Table 30	Development of Gross Disposable Income.....	39
Table 31	Employment and Unemployment	40
Table 32	Employment by Branches (ESA 95 methodology).....	40
Table 33	Profitability of corporations	41
Table 34	Profitability of non-financial corporations by branch	42
Table 35	Production and Sales	45
Table 36	Wage Developments in Selected Sectors	45
Table 37	Employment in Selected Sectors	46
Table 38	Changes in the SKK/EUR and SKK/USD Exchange Rates.....	48
Table 39	Koruna Assets/Liabilities and Government Securities Held by Non-Residents.....	49
Table 40	Average Daily Impact of NBS Operations on the Level of Banking Sector Liquidity	51
Table 41	Interbank Transactions.....	51
Table 42	Average Interest Rates on New Loans	53
Table 43	Average Interest Rates on New Deposits	55
Table 44	Euro Area.....	56
Table 45	Czech Republic	57
Table 46	Hungary.....	57
Table 47	Poland.....	58
Table 48	United States	59
Table 49	The Values of SDXGroup Indices at the End of February 2008	62
Table 50	Weights of Basic SAX Index Components at the Month-ends in 2007 and 2008.....	62
Table 51	Calculation of Monetary Aggregates	64

**LIST OF CHARTS**

Chart 1	Euro Area Economic Growth (constant 2000 prices).....	8
Chart 2	Contributions of Individual Components to Quarterly GDP Growth in the Euro Area	8
Chart 3	Economic Sentiment and Consumer Confidence in the Euro Area	8
Chart 4	IFO Business Climate Index in the Euro Area	9
Chart 5	Euro Area Labour Market	9
Chart 6	Overall HICP Inflation (Year-on-year) and Contributions of Selected Components	9
Chart 8	Euro Area Prices of Goods and Services	10
Chart 7	Price Expectations in Retail Trade for the Coming 3 Months and the Growth in Food Prices 3 Months Backwards in the Euro Area	10
Chart 9	USD/EUR Exchange Rates	10
Chart 10	ECB Interest Rates and the EONIA	11
Chart 11	Contributions to HICP Inflation	11
Chart 12	Exchange Rates of V4 Currencies against the Euro.....	12
Chart 13	Exchange Rate Indices of V4 Currencies against the Euro	12
Chart 14	Key NCB Interest Rates in the V4-countries	12
Chart 15	HICP Inflation and Its Main Components	14
Chart 16	Developments in Industrial Producer Prices and Manufacturing Products Prices.....	16
Chart 17	Developments in Food Prices in Primary Production, Processing, and Consumption.....	17
Chart 18	Largest Contributions of M3 Components to Year-on-year Dynamics of M3	18
Chart 19	Lending in Foreign Currency	21
Chart 20	Monthly Net Sales of OIFs in Slovakia	21
Chart 21	Balance of Trade and the Current Account in 2005, 2006 and 2007	23
Chart 22	Balance of Payments and Current Account Developments (moving 12-month cumulative figures).....	29
Chart 23	Coverage of the Current Account Deficit by Foreign Direct Investment	29
Chart 24	Average Monthly Exchange Rates of the Slovak Koruna	30
Chart 25	Developments in the NEER and REER Indices (9 trading partners).....	30
Chart 26	Development of Real GDP by Quarter.....	31
Chart 27	Development of Domestic and Foreign Demand	31
Chart 28	Breakdown of Gross Fixed Capital Formation by Production	33
Chart 29	Structure of Final Household Consumption in the Fourth Quarter of 2007	33
Chart 30	Contributions of Consumer Expenditure to Growth in Household Final Consumption	33
Chart 31	Contributions of Net Exports to GDP (at current prices).....	34
Chart 32	Export Performance and Import Intensity	34
Chart 33	Unit Labour Costs by Component in NBS Methodology	37
Chart 34	Unit Labour Costs by Component in ECB Methodology	38
Chart 35	Propensity of Households to Save and to Consume	39
Chart 36	Unemployment Rate.....	41
Chart 37	Development of Industrial, Manufacturing and Construction Production (3-month moving averages).....	43
Chart 38	Year-on-year Dynamics of Sales in Selected branches	43
Chart 39	Retail Sales	44
Chart 40	Contributions to Year-on-year Growth in Retail Sales	44
Chart 41	Comparison of Average Monthly Wages Based on Monthly and Quarterly Data	46
Chart 42	Comparison of Employment Rates Based on Monthly and Quarterly Data	46
Chart 43	Registered Unemployment Rate	47
Chart 44	Consumer Confidence Indicator.....	47
Chart 45	Transactions in the Interbank Foreign Exchange Market.....	48
Chart 46	Average Monthly Interbank Market Rates (BRIBOR).....	50
Chart 47	Developments in Interbank Market Rates (BRIBOR).....	50
Chart 48	BRIBOR Yield curve in February	50
Chart 49	Daily Developments in FRAs.....	51
Chart 50	Daily Developments in IRSs.....	51
Chart 51	Implied Expectations Derived from BRIBOR Rates	52
Chart 52	Interest Rates on Loans to Non-Financial Corporations, 3-M BRIBOR, and the NBS Base Rate..	53
Chart 53	Interest Rates on Loans to Households by Type	53
Chart 54	Interest Rates on Deposits from Non-Financial Corporations.....	54
Chart 55	Interest Rates on Household Deposits	54
Chart 56	Real Interest Rates on Household Deposits.....	55
Chart 57	USD/EUR: Year-on-Year Changes.....	56
Chart 58	ECB Interest Rates and the EONIA	56
Chart 59	Exchange Rate Indices of V4 Currencies against the Euro	58
Chart 60	Exchange Rates of V4 Currencies against the Euro.....	58
Chart 61	Key Interest Rates of the NCBs of V4 Countries	59
Chart 62	United States: Federal Funds Rate.....	59
Chart 63	Oil Prices in USD/Barrel.....	60
Chart 64	Benchmark Government Bond Yield Curves	61
Chart 65	Bond Transactions in the BCPB.....	61
Chart 66	Developments in the SAX Index in October 2007	62

**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), increased by 0.3% in February in comparison with the previous month. The year-on-year rate of headline inflation reached 3.4%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year growth of 3.5%.

Measured in terms of the Consumer Price Index (CPI), consumer prices increased by 0.4% in February, compared with the previous month. The 12-month headline and core inflation rates reached 4.0% and 4.3%, respectively.

The gross domestic product in real terms increased by 14.3% in 2007.

The M3 monetary aggregate (according to ECB methodology) decreased month-on-month by SKK 0.1 billion in January and the pace of its year-on-year growth slowed down to 12.6%, compared with December.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) decreased month-on-month by SKK 3.6 billion in January and the year-on-year growth rate accelerated by 0.6 of a percentage point to 18.1%.

In January, the average interest rate on new loans to non-financial corporations increased by 0.26 of a percentage point to 5.88% and the rate on new loans to households went up by 0.21 of a percentage point to reach 12.33%. Over the same period, the average interest rate on new deposits of non-financial corporations (households) increased by 0.55 (0.11) of a percentage point to 2.38% (1.10%).

At the end of February, the State Budget of the Slovak Republic resulted in a surplus of SKK 1.5 billion.

The foreign reserves of NBS (at current exchange rates) stood at USD 19.6 billion in February. At the end of the month, the volume of reserves was 3.6 times greater than the volume of average monthly imports of goods and services to Slovakia for twelve months from February 2007 to January 2008. At the end of January, the coverage of average monthly imports (imports of goods and services according to data from banking statistics) by the official foreign reserves corresponded to 4.6 times the volume of average monthly imports of goods and services to Slovakia for twelve months from February 2007 to January 2008.

Národná banka Slovenska conducted no foreign exchange intervention in February.

According to preliminary data, the balance of payments on current account from January to December 2007 resulted in a deficit of SKK 98.8 billion. Over the same period, the capital and financial account generated a surplus of SKK 183.9 billion. The b.o.p. current account for January 2008 produced a deficit of SKK 0.3 billion, while the trade balance resulted into a surplus of SKK 6.6 billion.

Compared with January, the average daily sterilisation position of NBS decreased by SKK 400 million to SKK 371.2 billion in February.



2 The External Economic Environment¹

Even though the global economic growth remained relatively strong in the last quarter of 2007, the negative developments in the mortgage market and the financial turmoil started to impact the development of the US economy. Strong economic activity in the emerging markets was the main factor that helped to preserve the global growth, substituting the slowdown of US economy and limiting its negative impact on the global economic activity.

GDP growth of OECD countries went down to 0.5% in the fourth quarter, compared with 0.9% in the third quarter. On a year-on-year basis, economic growth decreased to 2.6% from 2.9% in the third quarter. Despite the continued strong economic activity in the emerging countries and the so far limited impact of negative economic development in the United States on the global economy, looking ahead, there exists increased downside risk to economic activity.

Price development in the last quarter recorded a higher growth, driven mostly by growing food and energy prices. The year-on-year rate of inflation in OECD countries reached 3.3% in December, compared with 2.3% in September. The most significant contributors to this growth were energy and food prices (growing by 12.0% and 4.8%, respectively). The core inflation in OECD countries remained relatively stable, reaching 2.1% in December on a year-on-year basis, compared with 1.9% in September. As a result of the global price growth in agricultural commodities, inflation pressures were particularly strong in the emerging economies, where food has a higher weight in the consumer basket than in the other OECD countries.

The risks for the global economy still include the notable slowdown in economic activity in the United States and its spillover to the global economy. The downside risk to global economic growth increased in the last quarter. Other risks include the soaring prices of crude oil, inflation pressures in emerging economies, protracted global imbalances and onset of protectionism in the world trade.

Commodities

In the last quarter of 2007, oil prices recorded high volatility, with steep price growth seen in October and at the beginning of November to new record levels (USD 95.55 per barrel in November). In December, influenced by fears of recession in the United States and decreasing demand, the prices of oil decreased. Crude oil prices were on average by 57% higher than at the beginning of 2007 and remained above the last year's level throughout the fourth quarter.

High oil prices were driven by strong demand and limited extraction and processing capacities. On the other hand, the decrease in oil prices at the end of the year was related to the fears of recession in the United States with subsequent decrease in global demand for oil, combined with mild winter and gradual replenishment of oil reserves. Another factor contributing to the price decrease was the closing of speculative positions in oil during the financial turmoil in the third quarter. The drop in the prices of oil continued till the end of January. In February, the prices of oil started to grow again and, at the end of February, increased beyond USD 100 per barrel, reaching a peak of USD 101.83 per barrel on 3 March 2008. Despite the positive development at the end of the year, the outlook for oil prices remains unchanged in the medium term, with expected elevated price levels.

The prices of other world commodities recorded a significant growth in the last quarter, particularly in November and December. The highest increase was recorded in the prices of agricultural commodities due to strong demand in Asian emerging economies. Price growth was also driven by low harvest of cereals, lower global stock of cereals and strong demand for commodities for biodiesel, shrinking the acreages used for cereals. The increase in the prices of other commodities was partly offset by a decrease in the prices of industrial materials. The price growth in agricultural commodities and non-ferrous metals, continued also in January.

United States

The development of the US economy in the last quarter of 2007 recorded a significant slowdown in annualised growth to 0.6%, compared with 4.9% in the previous quarter. The US economy grew by 2.5% year-on-year, with the growth rate decreasing by 0.3 percentage point compared with the third quarter.

¹ The chapter on international economic developments has been supplemented by a tabular and graphical overview, which is provided in the annex.



Economic growth was driven mainly by private consumption, state and local government expenditure and net exports. Decreasing level of investments and stock, and cuts in federal government expenditures dampened the GDP growth. Despite the positive contribution of private consumption, net exports and federal government expenditure to GDP creation in the last quarter, their rate of growth decreased significantly, compared with the third quarter.

The annual rate of headline inflation increased significantly in the last quarter and stood at 4.1% in December (compared to 2.8% in September). The increase in headline inflation was caused mainly by growing energy and food prices. Core inflation increased moderately to 2.4% in December from 2.1% in September. Inflation continued to increase also in January, with headline inflation increasing to 4.3% and core inflation to 2.5%. Despite the sharp increase in headline inflation and existing inflation pressures resulting from soaring food and energy prices, core inflation remains relatively stable.

At its meetings in the fourth quarter, the US Federal Open Market Committee (FOMC) decided to cut its target for the federal funds rate in two steps in October and December by a total of 50 basis points to 4.25%. Another cut by 125 basis points to 3.00% was decided in the January's extraordinary and ordinary meeting of the FOMC. In October and December, FOMC also reduced its base rate by a total of 50 basis points to 4.75%. The decisions to significantly cut both rates were taken in response to incoming data indicating a deterioration in the construction sector and worsened labour market conditions.

Box 1

Global Growth in Prices of Agricultural Commodities

The prices of agricultural commodities grew throughout 2007, with the growth accelerating particularly in the fourth quarter, producing strong inflation pressures particularly in emerging economies. Global growth in food prices in 2007 reached 15.1% (increase by 25.6% on a year-on-year basis in December). Price development accelerated particularly in the third and fourth quarter, with the quarter-on-quarter growth reaching 7.8% in the last three months of the year. The price growth in agricultural commodities was driven by several factors. The most important driver was strong the demand of emerging Asian economies and oil exporting countries for agricultural commodities. The strong demand for food in China played a particularly important role in this context. Economic growth in these countries leads to higher household income, of which a major part is used for food purchases. New trends were observed in household consumption in Asian emerging economies, indicating a shift in household purchases towards higher quality food as a result of higher income and increased preference for food products that are not typical for the region concerned (e.g. strong demand for milk and pork in China). Price growth in agricultural commodities was also supported by a sharp increase in the production of bio fuels in 2007, which led to an increase in the prices of cereals. Even though the growth in the production of bio fuels had virtually no impact on oil prices, the production of bio fuels strongly affected the prices of agricultural commodities, which can be used for the production of bioethanol. Draughts and lower than expected harvests also contributed to the price growth. High oil prices (leading to an increase in the cost of agricultural producers) also contributed, to a large extent, to the growth in agricultural commodities prices.

After the strong growth in the prices of agricultural products in the fourth quarter of 2007, the pace of growth is expected to slow down in 2008. The prices of agricultural commodities, however, are likely to stay on their current high levels and their development will depend on the above-mentioned factors, which influenced their development in 2007.

Euro-area countries²

After the economy of euro area countries increased by 0.7% in the third quarter, the economic growth slowed down to 0.4% in the last quarter. The lower growth during the quarter was in line with the trend (interrupted in the third quarter) of slower economic growth on a year-on-year basis. Compared with the

² On 1 January 2008, the euro area was enlarged by Malta and Cyprus. Starting from 2008, the Eurostat publishes data for the aggregate of EA15 euro area countries (Belgium, Cyprus, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia and Finland). As the text assesses primarily the 4th quarter of 2007, with GDP data published for EA13 (without Cyprus and Malta), EA 13 aggregate is used also for economic data beyond 2007. When analysing the development in the first quarter of 2008, the EA 15 aggregate is used for all relevant data.



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

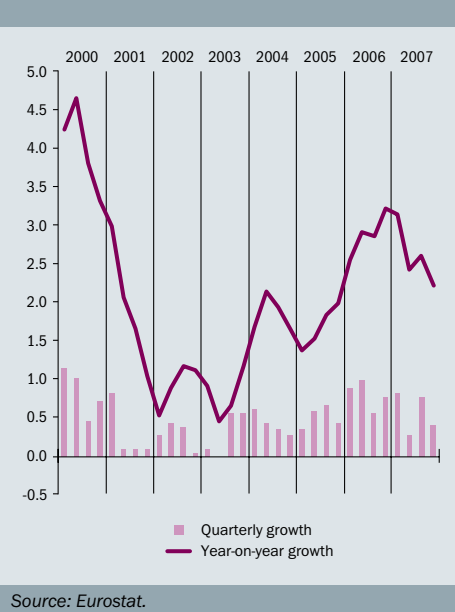
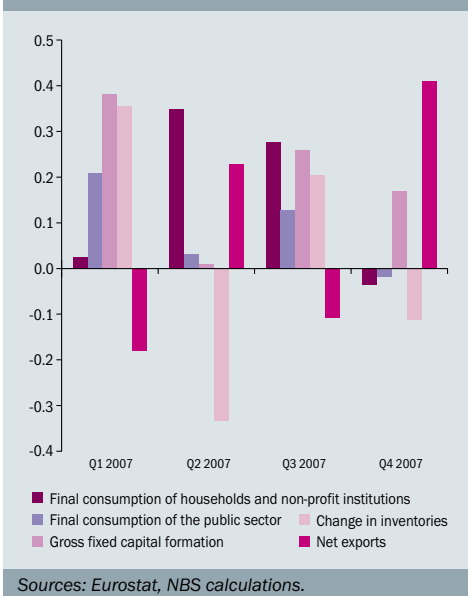


Chart 2 Contributions of Individual Components to Quarterly GDP Growth in the Euro Area (p.p.)

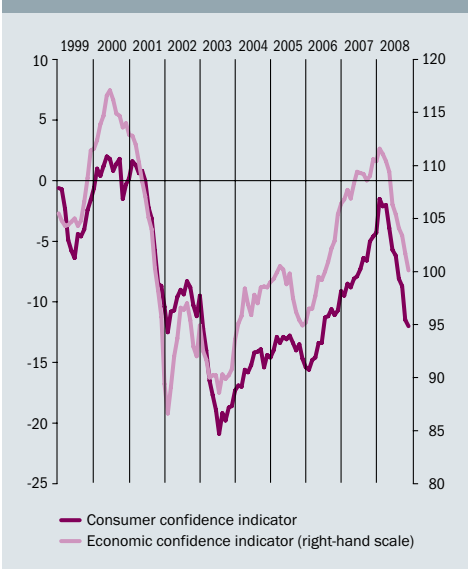


third quarter, in which the GDP growth reached 2.6% year-on-year, economic growth slowed down in the fourth quarter by 0.4 percentage point to 2.2%.

The slowdown in economic growth in the fourth quarter was influenced mainly by significant reduction of stock, compared with the previous quarter. Other factors included lower final household consumption and consumption of non-profit institutions by 0.1%, as opposed by the relatively dynamic growth in the third quarter (of 0.5%). Lower private consumption was accompanied by lower government consumption, which decreased equally by 0.1% (compared with an increase of 0.7% in the third quarter). Fixed investments and net exports were the only factors positively influencing growth in economic activity in the last quarter of 2007. While the contribution of fixed investments decreased moderately, compared with the third quarter, the contribution of net exports increased significantly. The increase in the value of net exports was caused by growing exports and decreasing imports.

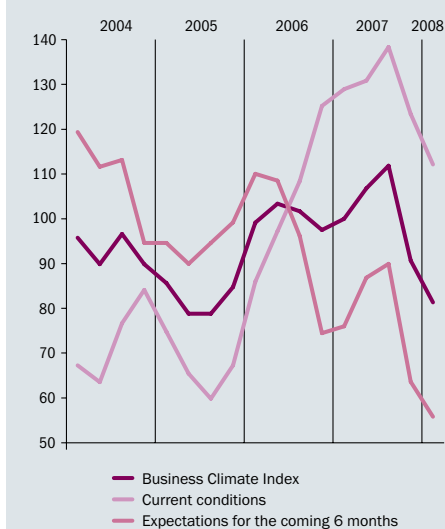
The slowdown in economic growth in euro area countries had, for some time already, been also indicated by the economic sentiment indicator. In February, its value dropped to a level slightly above the long-term average (100). The indicator responded to the uncertainty over the possible impact of the mortgage crisis and slowdown of economic growth in the United States on the economy of the euro area. The decrease of private consumption in the fourth quarter of 2007 responded to the longer-term trend of decreasing consumer confidence. The values of economic sentiment and consumer confidence indicators in January and February do not indicate improved outlook for economic growth and consumption in the first quarter of 2008.

Chart 3 Economic Sentiment and Consumer Confidence in the Euro Area (p.p.)

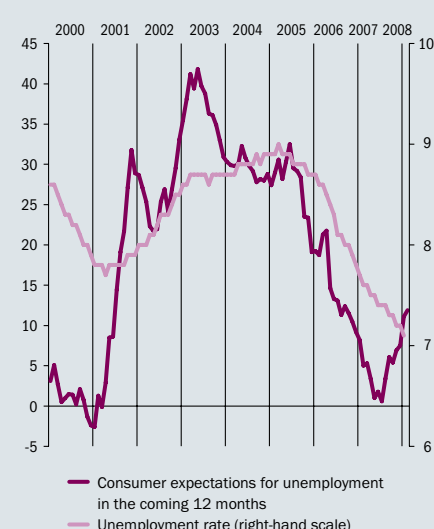


Note: Consumer indicators are calculated as an average balance of responses (in percentage points) to the queries in surveys conducted. The economic confidence indicator is a composite measure combining the individual confidence indicators; its value over (under) 100 indicates a sentiment higher (lower) than the long-term average.

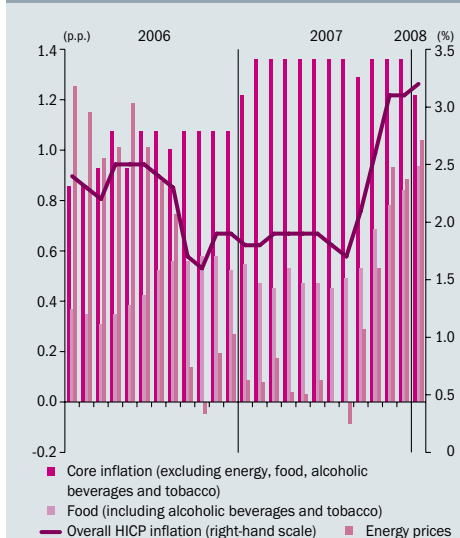
IFO index of economic climate for the euro area also indicates a worsened outlook for the euro area economy. In the fourth quarter of 2007 and in the first quarter of 2008, the value of this indicator dropped below its long-term average (for the period of 1992-2007, it reached a value of 90.2). Worsened

Chart 4 IFO Business Climate Index in the Euro Area


Source: Ifo World Economic Survey (WES) I/2008

Chart 5 Euro Area Labour Market (%)


Source: Eurostat, European Commission.

Chart 6 Overall HICP Inflation (Year-on-year) and Contributions of Selected Components (%)


Sources: Eurostat, NBS calculations.

economic climate reflects the weaker assessment of the current economic situation and expectations for the next 6 months.

Despite the slowdown in economic growth in the fourth quarter of 2007, the trend of decreasing unemployment continued also in the fourth quarter of 2007. Unemployment went down by 0.1 percentage point (0.6 percentage point on a year-on-year basis) to reach 7.2% in the fourth quarter. The trend of decreasing unemployment continued also in January 2008 with the unemployment rate standing at 7.1%. Consumer expectations concerning the future development of unemployment, however, indicate that the trend of decreasing unemployment might come to an end, in line with the outlook for economic growth.

The gradual acceleration in the pace of growth of consumer prices that started in September 2007 continued also in the fourth quarter. At the end of 2007, the year-on-year rate of inflation stood at 3.1%, compared with 2.1% at the end of the third quarter. Compared with the same period of 2006, the growth of inflation accelerated in December 2007 by 1.3 percentage point. Accelerated price growth continued in January, with the year-on-year rate of inflation reaching 3.2%.

The accelerated price growth was influenced by quickly growing food and energy prices. This was related to the development of global oil and agricultural commodity prices. As far as energy prices are concerned, their development was also influenced by the base effect of low oil prices in the same period of the previous year. The growth in food prices accelerated by more than 2 percentage points in January 2008, compared with August 2007 (with the price growth starting to accelerate in September 2007) and its growth rate stood at 4.8%. Steep price growth was recorded in processed foods, including alcoholic beverages and tobacco.

Accelerated development of food prices in the last third of the year and their impact on headline inflation corresponded with the expectations of the retail sector with respect to price development. The same expectations after December, however, indicate that the price growth should not further accelerate in the near future, or could even slow down.



Core inflation increased by 0.3 percentage point in the fourth quarter to reach 2.3% and stayed at the same level in January. Accelerated price growth was caused particularly by growing prices of processed food. The rate of price growth in industrial goods excluding energy accelerated moderately in October. In December and particularly in January, their rate of growth slowed down more significantly, which was related with the fading effect of VAT increases in Germany (in January 2007). Slower price growth of industrial goods excluding energy thus set off the accelerated growth in processed food prices in December and particularly in January.

In the first two months of the last quarter of 2007, the relatively strong appreciation tendency of the euro against the dollar continued. This development was attributable to the expectations concerning future economic development of the euro area and the United States. Growing concerns of a more profound impact of the real estate market crisis on the US economy contributed to the weakening of the US dollar. Since December, the development of the EUR/USD cross exchange rate recorded higher volatility. While there was a certain correction of the previous appreciation at the beginning of the month, with the US dollar supported by the expected reduction of FED rates, the exchange rate returned to its levels from the end of November at the end of December. Similar development of the EUR/USD cross exchange rate continued also in the following months and was influenced by changing outlook of economic development of both currency areas, turbulences in European stock markets in January and development of interest rate differentials. The interest rate differential decreased, due to the cuts of FED's key interest rates, particularly in January, by 175 basis points from the end of the third quarter till the end of February (interest rate differential between monetary policy rates).

After two increases of its key interest rates in March and June (each time by 0.25 of a percentage point), the European Central Bank did not make any further changes in the last quarter of 2007 or in the first months of 2008. The recent decision on key interest rates of 6 March 2008 confirmed that the interest rate for main refinancing operations remains at 4.00%. In its commentaries, however, the ECB stressed that inflation risks were clearly on the upside. The ECB emphasized the need for

Chart 7 Price Expectations in Retail Trade for the Coming 3 Months and the Growth in Food Prices 3 Months Backwards in the Euro Area

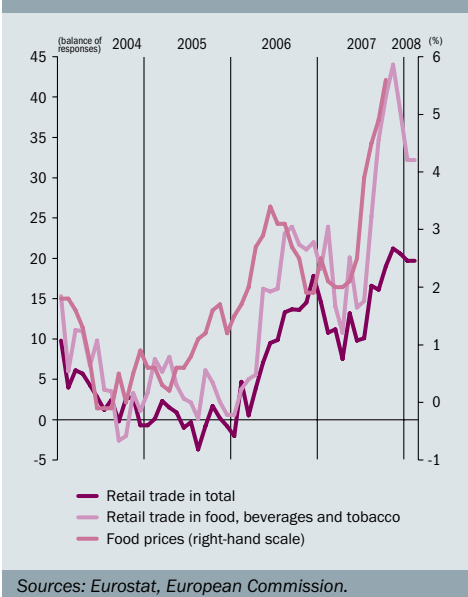


Chart 8 Euro Area Prices of Goods and Services (%)



Chart 9 USD/EUR Exchange Rates (%)

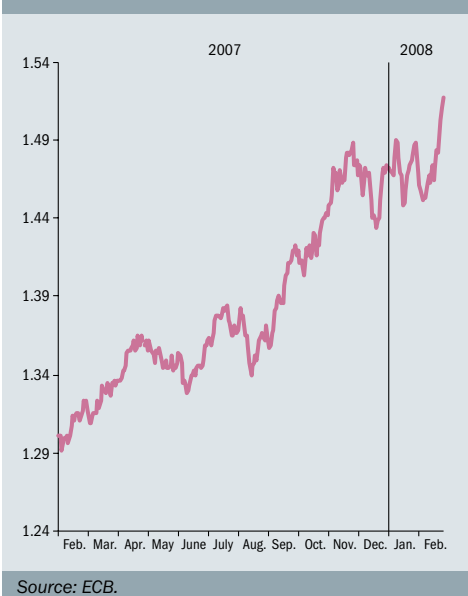
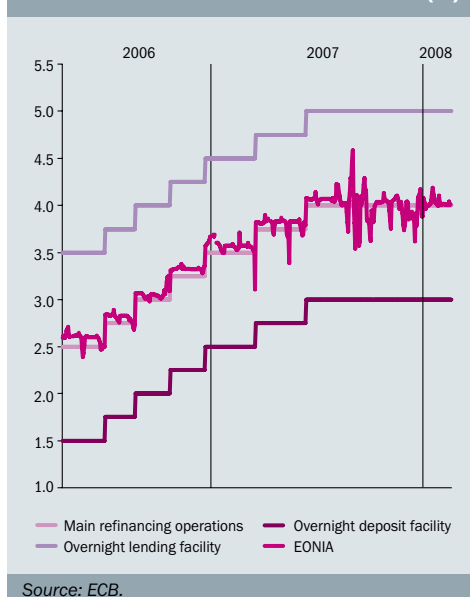
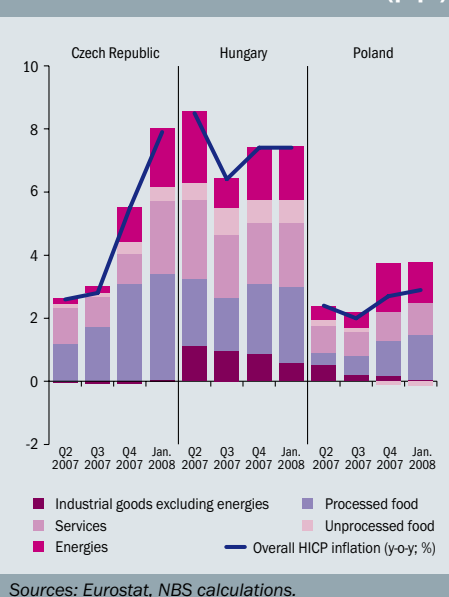


Chart 10 ECB Interest Rates and the EONIA (%)

Chart 11 Contributions to HICP Inflation (p.p.)


eliminating secondary effects of faster food and energy prices growth on price setting. In this connection the ECB emphasized particularly the need for cautious wage negotiations and its concerns regarding the indexation of nominal wages according to inflation. Despite the slowdown in economic activity, the ECB stated that the economic fundamentals of the euro area were sound and that there existed no significant imbalances.

In response to the volatile situation in the financial markets, the ECB decided to renew two supplementary long-term refinancing operations in February. These were provided primarily in August and September in the volume of EUR 40 billion, or EUR 75 billion, maturing in three months. They were renewed in November and December (both in the volume of EUR 60 billion). With the aim of consolidating the results achieved during the normalization of the euro area money markets, these operations were renewed on 21 February 2008 and 13 March 2008. In both cases, the pre-set refinancing volume was EUR 60 billion, with three month maturity.

Development in V4 countries

Compared with the previous quarter, the economic growth accelerated in the Czech Republic and Poland in the fourth quarter of 2007. The growth of Hungarian economy, on the other hand, slowed down, confirming the trend observed in the previous periods. According to the Czech Statistical Office, the Czech GDP increased by 6.6% in the last quarter (adjusted for seasonal effects) and, compared with the previous quarter, its pace of growth accelerated by 0.2 percentage point. The year-on-year growth was driven particularly by positive net exports, fixed investment creation and government consumption. Private consumption, despite a moderate slowdown in its growth, still represented a major factor contributing to economic growth. The Polish GDP grew year-on-year by 6.7% and, compared with the previous month, accelerated its pace of growth by 0.7 percentage point, coming equal to the levels observed in the first two quarters. Accelerated economic growth was driven particularly by net exports, fixed capital creation and government spending. Economic growth was dampened particularly by the change in inventory. Private consumption, despite a moderate slowdown in its growth, grew at a relatively high pace. Based on the data published by the Hungarian Statistical Office, the Hungarian economy grew by 0.8% in the fourth quarter of the year. Compared with the previous quarter, its rate of growth slowed down by 0.1 percentage point. Economic growth was driven particularly by strong export performance, together with increased fixed capital creation and final consumption of the general government, which increased for the first time after three quarters. Change in inventory and continuing decrease in private consumption, on the other hand, dampened the economic growth.

In the last quarter of the year, the rate of inflation increased in all countries of the region. In the Czech Republic, the rate of inflation rose to 5.5%, by 2.7 percentage points compared with the end of the previous quarter. This was caused mainly by growing administered prices (mostly energy) and food prices. In the last months of 2007, food prices responded in advance to the announced increase of VAT scheduled for



Chart 12 Exchange Rates of V4 Currencies against the Euro (year-on-year changes in %)



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

Chart 13 Exchange Rate Indices of V4 Currencies against the Euro (29. December 2006 = 100)



Sources: Eurostat, NBS calculations.
Note: Decline in values denotes appreciation.

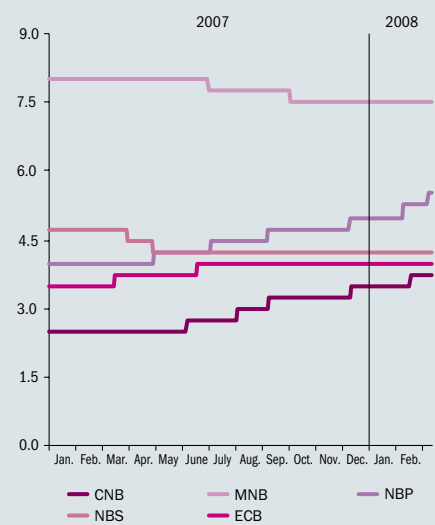
January 2008. In January, the pace of growth in consumer prices increased by 2.4 percentage points to 7.9%. This is attributable mainly to administrative changes – growth in administered prices, increase of the reduced VAT rate from 5% to 9% and introduction of fees in the health sector. The Hungarian rate of inflation increased to 7.4%, which was by 1 percentage point more than in the previous quarter. This increase was also attributable to the growth in processed food and energy prices. The pace of price growth in the services sector, industrial goods and unprocessed food, on the other hand, slowed down moderately. In January, the price growth remained at 7.4% in Hungary, unchanged from the previous month. Inflation in Poland grew by 0.7 percentage point compared with the previous quarter and stood at 2.7%. Similarly to the two other countries, this increase was related mainly to growing processed food and energy prices. In January 2008, the rate of inflation increased to 2.9 % (by 0.2 percentage points month-on-month).

In the fourth quarter, the appreciation trend of the Czech koruna and the Polish zloty continued. The Czech koruna, whose appreciation lasted from the middle of 2007, gained more than 8% in value from the end of the third quarter till the beginning of March. The appreciation of the two currencies continued also in the first months of 2008, influenced by investor expectations of increasing interest rates. The Hungarian forint was an exception from the V4 countries and depreciated almost throughout the last quarter.

Magyar Nemzeti Bank, after consultation with the government, abolished the fluctuation band of $\pm 15\%$ for the Hungarian currency on 26 February 2008 and introduced a floating rate. The Hungarian forint responded to the news by a temporary appreciation. The reason for the relaxation of the exchange rate mechanism was the improvement of the conditions for meeting the inflation target and the subsequent attainment of the nominal convergence inflation criterion, and for entry to ERM II.

In the fourth quarter of 2007 and in the first months of 2008 (till the end of February), two central banks in the region changed their key interest rates. The ČNB increased its two-week REPO rate on

Chart 14 Key NCB Interest Rates in the V4-countries (%)



Sources: National central banks, ECB.



8 February and 30 November, equally by 25 basis points, to 3.75%. The reason for this decision was growing inflation caused by accelerating food prices. Other inflation risks included growth in administered prices and delayed impact of indirect taxes. Narodowy Bank Polski increased its reference interest rate with effect from 29 November 2007 by a quarter of a percentage point and, in the first two months of the new year, two times by 0.5 percentage point in total to 5.5%. The reason for this move was elevated inflation caused by global growth in food and oil prices, continued imbalances in the labour market and fears of a procyclic impact of fiscal policy on the economy. Magyar Nemzeti Bank left its key interest rate without any change, mainly due to the uncertainty over the development of the international economy and domestic development of inflation. The base interest rate of MNB thus stands at 7.5% since September.

Box 2

Reform of Public Finances in the Czech Republic

On 1 January 2008, the Act on the Stabilisation of Public Budgets entered into force as part of the reform of public finances in the Czech Republic. The reform seeks to change the tax and social system. The objective is to stop unsustainable trends of government expenditure and reduce the deficit of the national budget.

The tax reform is based on the shift of the tax burden from direct to indirect taxes. In the case of the corporate income tax, the tax rate has been reduced from 24% to 21%, with the next decreases to 20% and 19% scheduled for the coming two years. The progressive rate of the income tax for natural persons has been replaced by a single rate of 15% from the so-called "super gross wage" (taxable base plus social and health insurance). As to the property taxes, some of them have been completely abolished or certain groups of taxpayers have become exempt from taxation (inheritance and donation tax).

At the same time, the reduced VAT rate has been increased from 5% to 9% (the reduced rate applies mostly to food, press and public transport services). The excise duty on tobacco has been increased to the minimum level required by the EU and new environmental taxes on fuels and energy have been introduced.

In the social security system, the social benefits have been reduced, with some benefits abolished completely. The automatic indexation schemes for all social transfers have also been abolished, with the exception of pensions. In the health sector, several fees have been introduced: fees for a visit to a doctor and for a prescription (CZK 30), for stay in hospital (CZK 60) and for the provision of emergency care (CZK 90).



3 Inflation

3.1 Consumer Price Index

HICP Inflation in February 2008

Harmonised Consumer Price Index

Consumer prices, as measured by HICP, increased month-on-month by 0.3% in February, with the prices of goods and services growing by 0.2% and 0.5%, respectively. On a year-on-year basis, consumer prices rose by 3.4% (in January by 3.2%). Overall inflation, excluding energy and unprocessed food prices (core inflation) reached 3.5% year-on-year (3.2% in January). The average 12-month inflation rate from March 2007 till February 2008 stood at 2.1% (2.0% in January). The average inflation rate since the beginning of the year reached 3.3%. HICP inflation in February was slightly higher than expected by NBS, mainly due to a steeper-than-expected growth in food and services prices.

Table 1 Harmonised Index of Consumer Prices (year-on-year changes in %)

	2007				2008	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
TOTAL	1.7	2.4	2.3	2.5	3.2	3.4
Goods	1.0	1.9	1.6	1.8	2.9	3.0
Industrial goods	-0.1	0.2	-0.4	-0.2	1.2	1.3
Industrial goods (excl. energies)	-1.4	-1.4	-1.3	-1.2	-0.5	-0.3
Energies	1.8	2.1	0.8	1.2	3.6	3.7
Food	3.0	5.4	5.5	5.8	6.1	6.3
Processed food (including alcohol and tobacco)	3.8	5.6	6.5	7.4	8.3	8.6
Unprocessed food	1.3	4.8	3.3	2.6	1.7	1.6
Services	3.2	3.4	3.7	3.7	3.8	4.0
Total, excluding unprocessed food and energies (core inflation)	1.8	2.2	2.6	2.8	3.2	3.5
Total, excluding energies	1.7	2.5	2.6	2.8	3.1	3.3

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

Increase in year-on-year dynamics of goods and services prices

Looking at the basic structure of inflation, the prices of goods and services were growing at a higher pace year-on-year.

In goods prices, the prices of industrial goods recorded accelerated year-on-year growth, with the growth in food prices accelerating even more. Development of industrial goods prices was influenced by slower year-on-year decline in the prices of industrial goods (excluding energy) and faster year-on-year growth in energy prices. Looking at energy prices, the year-on-year price growth of fuels increased its pace. The year-on-year growth in food prices also accelerated, driven by higher year-on-year growth in the prices of processed food and declining year-on-year growth of non-processed food prices. Elevated prices of processed foods are attributable to the price development in milk and dairy products, fats and oils and beer. The slower price growth in non-processed food led to an even deeper year-on-year decline in vegetable prices.

The prices of services increased moderately on a year-on-year basis. Compared with the previous month, the rate of growth accelerated particularly in the prices of transport-related services and services related to winter tourism. The prices of restaurant services and dentist services increased as well.

Expectations for the following month

The year-on-year rate of headline inflation is expected to go up in March 2008, compared with February 2008,

Chart 15 HICP Inflation and Its Main Components (%)



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



mainly as a result of the already announced increase in heat prices. Food prices are expected to grow at a higher year-on-year pace.

CPI Inflation in February 2008

In February 2008, consumer prices rose month-on-month by 0.4%, which was broadly in line with the expectations of NBS. The month-on-month increase in administered prices reached 0.3% (due to increase in the prices of transport and health services), while NBS had expected them to stay at an unchanged level. Looking at the basic structure of inflation, core inflation increased slightly less than forecasted. Core inflation was influenced mainly by growing food prices (prices of fruits, bread, milk and dairy products, fats and oils growing most notably). The prices of market services were growing at a moderately slower pace than expected. The month-on-month price growth in market services was caused mainly by increasing prices for house maintenance services ('repair fund'), which offset the decline in the prices of various other services. The prices of tradable goods (excluding fuels) and the prices of fuels went down slightly. The year-on-year growth in consumer prices accelerated to 4.0% (3.8% in January). Core inflation reached 4.3% (4.1% one month ago). The average year-on-year inflation from March 2007 till February 2008 stood at 2.9%.

Consumer Price Index

	CPI inflation		HICP inflation by CPI component	
	Change versus			
	Jan. 2008	Feb. 2007	Jan. 2008	Feb. 2007
Total in %	0.4	4.0	0.3	3.4
Regulated prices in %	0.3	3.1	0.3	3.2
Share of total, in percentage points ¹⁾	0.07	-	0.09	-
Impact of changes in indirect taxes on non-regulated prices – Share of total, in percentage points¹⁾	0.00	-	0.00	-
Core inflation in %	0.5	4.3	0.3	3.5
Share of total, in percentage points ¹⁾	0.36	-	0.20	-
of which: Food prices in %	0.5	8.6	0.61	7.5
Share of total, in percentage points ¹⁾	0.08	-	0.10	-
Tradable goods in % ¹⁾	-0.1	1.4	0.0	1.7
Share of total, in percentage points ¹⁾	-0.03	-	-0.01	-
Tradable goods excluding fuels, in % ¹⁾	-0.1	0.1	0.0	0.6
Share of total, in percentage points ¹⁾	-0.02	-	-0.01	-
Fuels in % ¹⁾	-0.2	13.1	-0.2	13.1
Share of total, in percentage points ¹⁾	-0.01	-	-0.01	-
Market services in % ¹⁾	1.2	5.8	0.5	3.6
Share of total, in percentage points ¹⁾	0.31	-	0.11	-
Net inflation (excluding the impact of changes in indirect taxes) in %	0.5	3.3	0.2	2.5
Share of total, in percentage points ¹⁾	0.29	-	0.10	-
Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in %¹⁾	0.5	2.8	0.2	1.9
Share of total, in percentage points ¹⁾	0.30	-	0.11	-

Sources: Statistical Office of the SR and NBS.
 Note: Net inflation – includes prices increases in the categories 'tradable goods excluding food' and 'market services'.
 1) NBS calculations based on data from the Statistical Office of the SR.

3.2 Producer Prices in January 2008

Industrial producer prices for the domestic market recorded an overall increase on a month-on-month basis in January 2008, as a result of price growth in all its three basic components.

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



Table 3 Producer Price Developments in January 2008

(%)

	Month-on-month changes		Year-on-year changes			
	Dec. 2007	Jan. 2008	Jan. 2007	Dec. 2007	Jan. 2008	Average since the beginning of 2008
Industrial producer prices (for the domestic market)	0.0	1.0	3.4	2.8	4.4	4.4
– Prices of manufacturing products	0.1	0.5	1.1	1.9	3.0	3.0
– Prices of mining and quarrying products	0.6	3.0	0.4	-1.4	3.8	3.8
– Energy prices	-0.2	1.8	6.4	4.2	6.3	6.3
Industrial producer prices (for export)	-0.3	0.4	-1.5	-0.4	1.8	1.8
– Prices of manufacturing products	-0.3	1.0	-1.6	-1.2	1.6	1.6
Construction prices	0.7	0.4	4.1	4.6	4.4	4.4
Building materials prices	-0.1	0.0	5.6	4.9	4.6	4.6
Agricultural prices	-	-	2.2	6.0	9.9	9.9
– Prices of plant products	-	-	20.3	13.4	42.5	42.5
– Prices of animal products	-	-	-0.9	1.4	3.3	3.3

Source: Statistical Office of the SR.

... accompanied by faster year-on-year growth rates

The year-on-year rate of growth in industrial producer prices accelerated by 1.6 percentage points compared with December 2007 to reach 4.4% in January 2008. This is attributable to the faster growth in energy prices (6.3%, increase of 2.1 percentage points), industrial production prices (3.0%, increase of 1.1 percentage point) and raw materials (3.8%, increase of 5.2 percentage points).

The faster year-on-year growth in energy prices in January 2008 was the result of accelerated price growth in all its basic components. Prices of electricity generation and distribution increased by 0.5 percentage point to 8.7%, prices of gas production and transport of gaseous fuels via pipelines rose by 5.6 percentage points to 4.4%, prices of steam and hot water supply by 0.9 percentage point to 1.2% and water treatment and distribution by 0.9 percentage point to 0.3%.

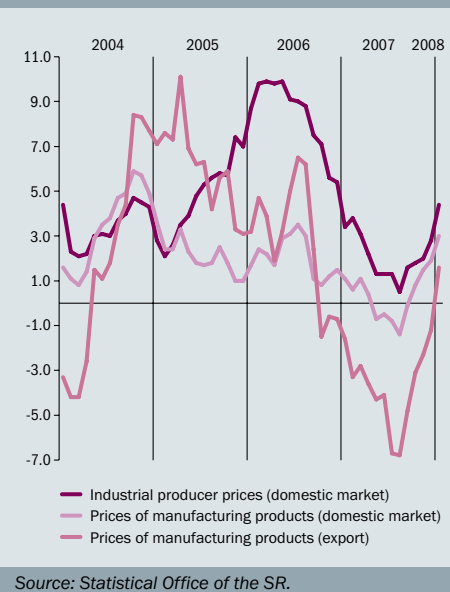
Faster year-on-year growth in industrial producer prices in January was driven mostly by growing prices of refined oil products (increase of 12.1 percentage points to 27.9%). The prices of food products increased year-on-year by the same percentage as in December (6.5%), but their contribution to the overall year-on-year growth in industrial producer prices was more pronounced than that of refined oil products, due to their higher weight factor. The price growth in electrical and optical devices (1.3%), other non-metal mineral products (6.5%) and chemical products (2.6%) accelerated. The prices of transport equipment (-2.2%), base metals and finished metal products (-2.1%) and other industrial products (-3.2%), on the other hand, dampened the price growth.

Among food products, the largest increase in January was observed in the prices of industrial fodder (20.4%), animal and plant fats and oils (19.8%), flour products (17.0%) and dairy products (12.6%). The prices of beverages were growing at a slower pace (4.1%). The prices of meat and meat products (-0.6%) and processed and canned fruits and vegetables (-4.4%) continued on the downward curve.

Industrial producer prices for export

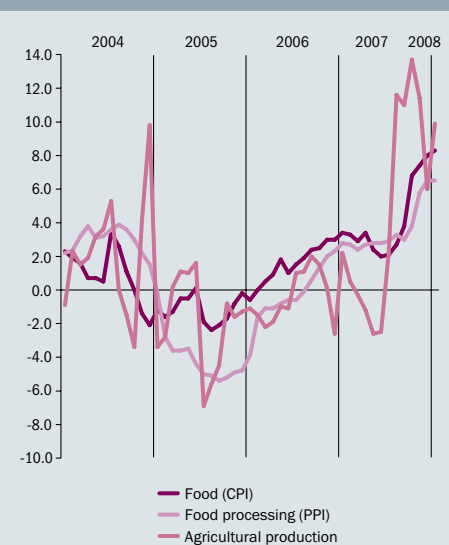
The export prices of manufacturing products, as the main factor influencing the development of industrial producer prices for export, increased month-on-month by 1.0% in January. As a result, the year-on-year rate of their increase reached 1.6% (reversing the decline lasting since October 2006).

Chart 16 Developments in Industrial Producer Prices and Manufacturing Products Prices
(year-on-year changes in %)



Source: Statistical Office of the SR.

Chart 17 Developments in Food Prices in Primary Production, Processing, and Consumption
(year-on-year changes in %)



Source: Statistical Office of the SR.

The year-on-year growth in industrial producer prices for export in January was driven mostly by growing export prices of refined oil products (increase of 26.1 percentage points to 38.3%). Price growth on a year-on-year basis was also supported by export prices for food products (9.1%), electrical and optical devices (2.7%), paper products (2.5%), and other non-metal mineral products (1.3%). Drops in export prices of transport equipment (-4.3%), base metals and finished metal products (-3.8%), chemical products (-2.2%), plant and machinery (-1.7%) and rubber and plastic products (-1.5%).

The prices of agricultural products rose by a total of 9.9% in January, driven by a sharp increase in plant product prices of 42.5%. The prices of animal products went up by 3.3%.

Agricultural prices

The growth in plant product prices was driven mostly by higher prices of oil seeds by 63.4% (sunflower by as much as 77.6%) and cereals by 51.1% (corn by 58.7%, rye by 50.9%, wheat by 50.5%, barley by 39.2% and oat by 34.7%). The prices of vegetables and fruits increased by 11.0% (vegetables by 3.0% and fruits by 16.3%); the prices of pulses rose by 7.1%. The prices of tobacco, potatoes and sugar beet went down by 11.3%, 7.3% and 6.2%, respectively.

The increase in the prices of animal products was influenced by growing prices of raw cows' milk by 13.7%, eggs by 11.2% and poultry by 10.6% (chicken by 12.1%). The prices of pigs (decrease of 13.3%) and cattle including calves (decrease of 2.3%) remained on a downward curve.

In February 2008, industrial producer prices are likely to be influenced by the steep year-on-year growth in the prices of crude oil in the world markets (of almost 70%). The growth in industrial producer prices is expected to be dampened by the base effect of a relatively sharp month-on-month increase in energy prices in February 2007. The year-on-year appreciation of the Slovak koruna still has a dampening effect on industrial producer prices. Owing to these cost factors, the rate of year-on-year growth in industrial producer prices is expected to stagnate or decelerate moderately in February, compared to January.

According to latest agrarian market news, the purchase prices of cereals (particularly wheat for food purposes) are expected to continue their growth also in February 2008. The prices of sunflower are also expected to grow at a moderately faster pace. As to animal products, the deep plunge of pork prices is expected to come to an end, while the prices of cattle should decrease moderately. The purchase price of raw cows' milk is on the upward curve (it was SKK 11.8 per kilogram in January, by almost one quarter more than one year ago). Overall, the prices of agricultural products are expected to grow in February.



4 Factors Influencing Development of Inflation

4.1 Monetary Aggregates

Slower M3 growth

The volume of M3 monetary aggregate (according to ECB methodology) stagnated in January and remained virtually unchanged from December last year at SKK 1082.3 billion (month-on-month decrease of SKK 0.1 billion). The year-on-year rate of M3³ growth decreased to 12.6% (decrease of 0.3 of a percentage point month-on-month).

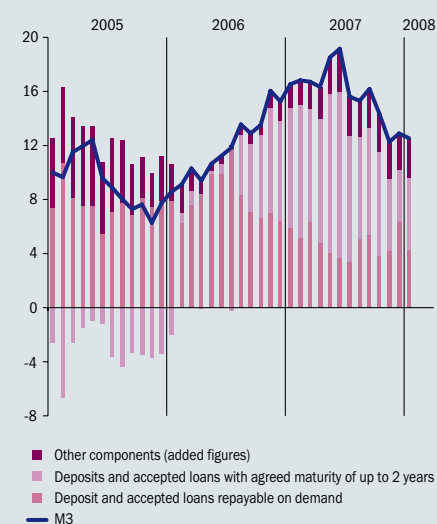
The structure of deposits is influenced particularly by short-term deposits, particularly the increase in deposits with an agreed maturity of up to 2 years. Their rate of growth went down significantly in the second half of 2007, influenced by the cut of NBS interest rates, which was reflected in the declining trend of their contribution to the overall growth of M3 monetary aggregate, and in moderately growing contribution of deposits repayable on demand, while the influence of the other M3 key components remained relatively stable. The current development in January, however, might indicate that the effect of lower interest rates could fade out and a reversal in the development of monetary aggregates could occur.

Main M3 Components

Decrease in deposits and received loans repayable on demand and increase in deposits and received loans with agreed maturity of up to 2 years

Both components of the M1 monetary aggregate went down in January. While the decrease in currency in circulation was SKK 1.4 billion, deposits and received loans repayable on demand decreased by SKK 31.4 billion, resulting into a decrease of the year-on-year rate of growth in deposits repayable on demand (from 14.4% to 10.2%, i.e. of 4.2 percentage points, compared with December).

Chart 18 Largest Contributions of M3 Components to Year-on-year Dynamics of M3 (p.p.)



Source: NBS.

Table 4 Comparison of Month-on-Month Developments in Monetary Aggregates (ECB methodology)

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	Jan. 2007	Dec. 2007	Jan. 2008	Dec. 2007	Jan. 2008
Currency in circulation	129.4	141.7	140.3	8.0	8.4
Deposits and received loans repayable on demand	407.4	480.9	449.5	14.4	10.2
M1	536.8	622.6	589.8	12.9	9.7
Deposits and loans received with an agreed maturity of up to 2 years	360.9	382.7	411.8	10.7	14.1
Deposits redeemable at a period of notice of up to 3 months	11.3	9.7	9.7	-16.4	-14.3
M2	909.0	1,015.1	1,011.3	11.7	11.2
Money market fund shares/units	45.6	58.8	61.1	31.2	34.1
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	6.5	8.5	10.0	59.9	54.4
M3	961.1	1,082.4	1,082.3	12.9	12.6

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.

2) Year-on-changes are calculated on the basis of chain indices; index reference period is January 2005.

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



The decrease in deposits with the shortest maturities was almost completely compensated in the category of other deposits, by an increase in deposits and loans received with an agreed maturity of up to 2 years (of SKK 29.1 billion). Deposits with notice period of up to 3 months remained unchanged. This corrected the trend lasting several months of decreasing pace of growth in deposits and loans received with an agreed maturity of up to 2 years (month-on-month increase from 10.7% to 14.1% in January, i.e. by 3.4 percentage points).

From the marketable instruments, money market fund shares/units increased by SKK 2.3 billion, debt securities with a maturity of up to 2 years rose by SKK 1.4 billion and repo operations did not change.

Main M3 Counterparts

Of the M3 counterparts, MFI receivables from residents (including securities issued by clients and held by the PFI sector) decreased by SKK 3.6 billion month-on-month in January. This was attributable mainly to a decrease in receivables from the general government of SKK 22.6 billion (owing to the repayment of restructuring government bond issue No. 143 worth SKK 27.8 billion). This decrease was, to a large extent, compensated by an increase in receivables from the private sector of SKK 19.0 billion. The year-on-year rate of growth in receivables from residents increased to 18.1% (increase of 0.6 percentage point) – the rate of growth in receivables from the general government dropped to zero and the rate of growth in receivables from the private sector increased to 24.9%.

Accelerated growth in MFI receivables from residents (including securities)

The decrease in MFI receivables from residents was offset by the growth in net foreign assets of SKK 22.2 billion, influenced particularly by a higher decline in foreign liabilities.

Table 5 Main M3 Counterparts (ECB methodology)

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	Jan. 2007	Dec. 2007	Jan. 2008	Dec. 2007	Jan. 2008
MFI receivables from residents (including securities)	887.5	1,044.7	1,041.1	17.5	18.1
Receivables from general government	239.2	261.6	238.9	3.0	0.0
Receivables from the private sector	648.3	783.1	802.2	23.3	24.9
Net foreign assets	252.9	262.7	284.9	-0.5	7.8
Foreign assets	478.4	569.9	565.0	24.0	15.6
Foreign liabilities	225.5	307.1	280.1	56.3	24.2
Long-term financial liabilities (excluding capital and reserves)	123.0	141.8	141.0	15.6	14.7
Other items net ³⁾	-56.3	-83.3	-102.6	24.1	79.0
M3	961.1	1,082.4	1,082.3	12.9	12.6

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) As at the last day of the given period.

2) Year-on-changes are calculated on the basis of chain indices; index reference period is January 2005.

3) Other items net include capital, reserves and provisions, as well as deposits and loans received from the central government.

Long-term financial liabilities (excluding capital, reserves and provisions) went down by SKK 0.8 billion in January leading to a decrease in the rate of their year-on-year growth to 14.7%. This decrease was caused mainly by debt securities issued with a maturity of over 2 years (decrease of SKK 1.1 billion), while deposits and loans received with an agreed maturity of over 2 years and deposits repayable at a period of notice of over 3 months recorded moderate positive growth figures (increase of SKK 0.3 billion in total).

The decrease in other net counterparts of SKK 19.3 billion was influenced particularly by the increase in capital, reserves and provisions (SKK 16.8 billion) and decrease in deposits and loans received from the central government (excluding deposits held at the State Treasury) of SKK 6.7 billion.



Table 6 MFI Receivables from the Resident Private Sector

	Outstanding amounts (SKK billions) ¹⁾			Year-on-year changes (%) ³⁾	
	Jan. 2007	Dec. 2007	Jan. 2008	Dec. 2007	Jan. 2008
MFI receivables from the private sector (including securities)	648.3	783.1	802.2	23.3	24.9
– of which: securities issued by the private sector ²⁾	13.6	15.0	17.5	9.9	28.5
MFI receivables (excluding securities)	634.7	768.1	784.7	23.6	24.8
Non-financial corporations	331.1	397.5	410.5	23.4	25.6
– up to 1 year	136.2	168.5	174.7	28.4	31.9
– 1 to 5 years	65.0	82.3	86.1	29.1	33.1
– over 5 years	129.9	146.7	149.6	15.3	15.3
Financial corporations	62.9	66.4	66.1	5.7	5.4
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving Households	240.7	304.2	308.1	28.6	28.7
– consumer loans	36.3	41.5	41.7	17.9	16.9
– construction loans	159.6	203.9	207.2	30.3	30.0
– other loans	44.8	58.8	59.1	31.2	33.5

Source: NBS.

Note: Differences in the sums are due to rounding. The missing data were omitted due to a high year-on-year dynamics, resulting from relatively low levels of given measures.

1) Figures refer to the last day of the given period.

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

3) Year-on-changes are calculated on the basis of chain indices; index reference period is January 2005.

Table 7 MFI Receivables from the Resident Private Sector (excluding securities and receivables from NBS)

	Volume (SKK billions) ¹⁾	Year-on-year changes (in %) ²⁾					Cumulative changes since beginning of year (SKK billions)	
		Jan. 2008	2007 Q1	2007 Q2	2007 Q3	2007 Q4	Jan. 2008	Jan. 2008
MFI receivables (excluding securities)	784.7	22.6	21.4	24.8	23.6	24.8	7.4	16.6
Non-financial corporations	410.5	19.5	20.6	26.9	23.4	25.6	4.7	12.9
– loans in Slovak koruna	268.6	20.4	21.5	24.4	22.4	26.1	0.3	8.1
– loans in foreign currency	141.9	17.7	19.0	32.1	25.4	24.8	4.4	4.8
Financial corporations (other financial intermediaries and auxiliary financial institutions)	66.1	9.4	-0.2	3.4	5.7	5.4	-0.1	-0.2
– loans in Slovak koruna	49.3	12.6	2.8	0.3	-2.9	-2.1	-0.4	0.0
– loans in foreign currency	16.9	-1.1	-9.6	14.5	42.1	36.1	0.3	-0.3
Insurance companies and pension funds	0.0	-	-	-	-	-	0.0	0.0
Households and non-profit institutions serving households	308.1	31.2	28.8	27.8	28.6	28.7	2.8	3.9
– loans in Slovak koruna	298.9	30.0	27.1	25.9	26.9	27.2	2.4	3.7
– loans in foreign currency	9.1	132.5	170.5	165.5	126.5	109.8	0.4	0.1
of which: consumer loans	41.7	24.7	20.0	18.8	17.9	16.9	0.4	0.2
house purchase loans	207.2	31.5	30.9	30.3	30.3	30.0	2.8	3.3
other loans	59.1	35.9	28.8	26.7	31.2	33.5	-0.4	0.4

Source: NBS.

Note: Figures may not add 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) As at the last day of the given period.

2) Year-on-changes are calculated on the basis of chain indices; index reference period is January 2005.

**Structure of MFI Receivables from the Private Sector (excluding securities and NBS receivables)**

The rate of growth in MFI receivables from the private sector accelerated in January 2008. The main reason for that was accelerated growth in loans to non-financial corporations, while the rate of growth in loans to households increased only moderately.

Faster growth in loans to non-financial corporations and households

The year-on-year rate of growth in loans to non-financial corporations increased by 2.2 percentage points and their volume increased by SKK 12.9 billion in January, compared with the previous month. As regards the time structure, the volume of all types of loans increased. The largest increase of SKK 6.2 billion was recorded in short-term loans of up to 1 year.

Loans to households recorded lower growth figures at the beginning of the year; in January 2008, their volume increased by SKK 3.9 billion (average growth in the previous year was SKK 5.5 billion). Their pace of growth increased only slightly by 0.1 percentage point. As to the purpose of use, house purchase loans grew at the fastest pace (by SKK 3.3 billion month-on-month). The volume of consumer and other loans increased by SKK 0.6 billion in January, compared with the previous month.

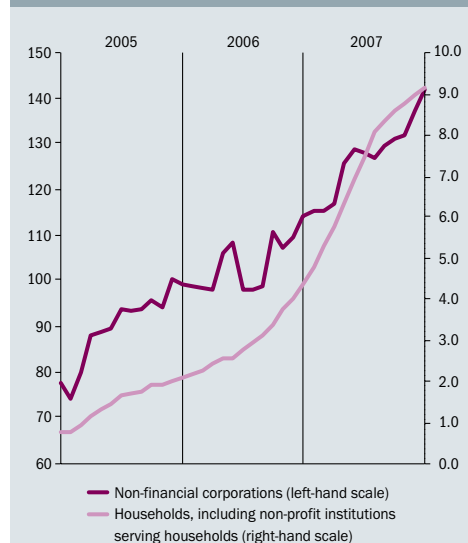
The volume of foreign currency loans to the private sector increased by SKK 4.7 billion in January, compared with the previous month. The largest increase was recorded in loans to non-financial corporations in euro (of SKK 4.0 billion). Similarly to the previous month, loans denominated in other foreign currencies also recorded an increase (of SKK 0.8 billion). MFI receivables from households denominated in foreign currencies recorded lower monthly growth figures than at the beginning of 2007. In January 2008, their volume increased only slightly by SKK 0.1 billion month-on-month. Euro-denominated receivables still constitute the largest part of MFI receivables in foreign currencies in all sectors.

Investment through Open-End Investment Funds (OIF)

The inflow of funds continued in February, particularly into open-end investment funds of the money market, which are more attractive for domestic investors. The return on funds denominated in foreign currencies was negatively influenced by the strong appreciation of the Slovak koruna and lower trust to equity funds. The net value of OIF assets in Slovakia denominated in SKK increased to SKK 146.3 billion. The monthly net sales, however, went down to SKK 0.6 billion. The net sales of OIF denominated in foreign currencies (of SKK 1.5 billion) reached the highest volume since the start of monitoring in 2004 for the second consecutive month.

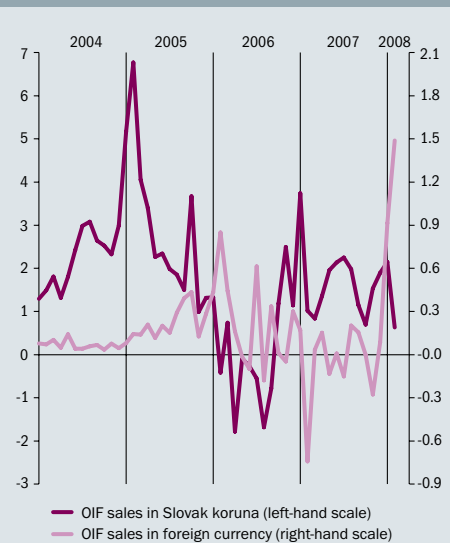
Inflow of funds into open-end investment funds

Chart 19 Lending in Foreign Currency (SKK billions)



Source: NBS.

Chart 20 Monthly Net Sales of OIFs in Slovakia (SKK billions)



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

**Table 8 Net Sales of Open-end Investment Funds in the SR**

(in SKK billions)

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cum.
OIF sales in total,	2006	1.8	0.4	1.2	-1.6	-0.1	-0.4	0.1	-1.9	-0.4	1.2	2.4	1.4	4.1
in Slovak koruna	2007	3.9	0.3	0.9	1.5	1.8	2.1	2.1	2.2	1.3	0.7	1.3	2.0	20.0
and foreign currency	2008	3.1	2.1	.	.	.	.	.	.	.	.	.	.	5.2

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

The highest monthly net sales were again reported by money market funds (SKK 2.2 billion) in February. Other funds, equity funds and special real estate funds also reported positive net sales (of SKK 0.5 billion in total). Funds of funds, bond funds and mixed funds reported negative net sales (decrease of SKK 0.6 billion in total). The net sales of OIFs of all types in the Slovak Republic, denominated in SKK and foreign currencies totalled SKK 2.1 billion.

Current Budgetary Developments

On 29 February 2008, the state budget generated a surplus of SKK 1.5 billion. Total revenues amounted to SKK 51.5 billion; total expenditures stood at SKK 50.0 billion.

4.2 The External Sector

Payment Balance for December and the Year of 2007

Current account The deficit of the balance of payments' current account decreased moderately in December, compared with the previous month, mainly due to the impact of a lower deficit in the balance of income (lower payment of dividends to foreign investors). The services balance also developed better than in the previous month. The figures reported for the trade balance and the balance of income, on the other hand, deteriorated month-on-month, negatively influencing the overall development of current account deficit compared with the previous month.

For the whole year of 2007, payment balance current account deficit decreased by SKK 17.7 billion. The decrease in the deficit was supported by improved development of the trade balance, whose deficit was by SKK 53.9 billion lower than in 2006. The decrease of the current account deficit, on the other hand, was negatively influenced by the increasing deficit on the balance of income and the current transfers balance and lower services balance surplus.

Table 9 Balance of Payments Current Account

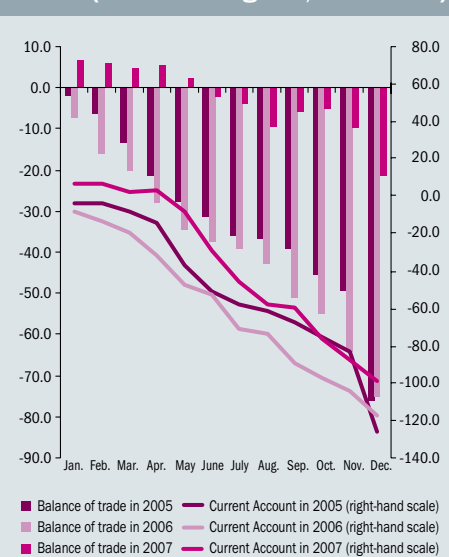
(SKK billions)

	December		January – December	
	2007	2006	2007	2006
Balance of trade	11.6	-11.0	-21.4	-75.3
Exports	108.4	99.1	1,420.7	1,232.9
Imports	120.0	110.1	1,442.1	1,308.2
Balance of services	1.9	5.9	13.1	22.5
Balance of income	-0.2	-6.3	-79.4	-62.1
of which: income from investment	-3.3	-9.3	-114.1	-92.9
of which: reinvested earnings	0.1	-0.3	-23.3	-23.8
Current transfers	-0.8	-0.4	-11.1	-1.6
Current account in total	-10.7	-11.8	-98.8	-116.5
Share of the current account balance in GDP (%)	-	-	-5.3	-7.0
Share of the current account balance (excl. dividends and reinvested earnings) in GDP (%)	-	-	0.2	-1.8

Source: NBS and the Statistical Office of the SR.

Compared with 2006, exports increased by 15.2% (in USD by 38.6%, in EUR by 27.1%) and imports by 10.2% (in USD by 32.6% and in EUR by 21.5%) in 2007.

Chart 21 Balance of Trade and the Current Account in 2005, 2006 and 2007 (cumulative figures; SKK billion)



Sources: 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 2007. The increase of exports in this category was almost as high as that reported for the same period last year. Within the 'machinery and transport equipment' category, more than 57% of the year-on-year growth in exports was caused by the sub-category of transport equipment (growing exports of passenger cars and components). In the 'machinery' sub-category, whose share in the total growth in the machinery and transport equipment category gradually increased during the year, exports of TV sets and, to a smaller extent, printing machines 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 in the world markets for both semi-finished products (steel and iron and products of steel and iron, and copper) and chemical products (with exports of plastics and plastic products growing at the highest rate). Even though the exports of chemical products and semi-finished products reported the second highest growth figure, their growth slowed down compared with the previous year. Exports of finished products, on the other hand, reported higher year-on-year growth than in the previous year. The most important commodities

in this category were furniture and shoes. The only category to report declining exports compared with 2006 was raw materials. This was attributable to lower exports of electricity, natural gas and refined oil products. The decline in exports of the named commodities was partly caused by price developments.

Table 10 Exports in January to December, year-on-year changes

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	January - December		January - December	
	2007	2006	2007	2006
Raw materials	-5.2	10.7	-0.4	1.1
Chemicals and semi-finished goods	15.4	58.7	1.3	5.9
Machinery and transport equipment	168.0	169.5	13.6	17.1
Finished products	9.7	4.0	0.8	0.4
EXPORTS in total	187.9	242.8	15.2	24.5

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

Imports

A 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). In addition to transport equipment, imports of plant and machinery increased as well (though, the year-on-year growth rate was lower, compared with the previous year). The increase was related to imports of electrical parts and components. The year-on-year growth in imports of chemical products and semi-finished products was another factor significantly supporting the year-on-year growth in total imports. Growth in imports of semi-finished goods concentrated on increased imports of steel and iron and steel, iron, wood and glass 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 the growth rate was lower than in 2006, similarly to chemical products and semi-finished goods), mainly due to increasing imports of industrial products (pharmaceutical products, furniture and clothing) and, to a lesser extent, of agricultural and food products (tobacco, beverages etc.) and passenger cars. Imports of engineering and electrical consumer products, on the other hand, recorded only a moderate year-on-year increase. This was the main cause for the slowdown of the year-on-year growth in imports of finished products. Imports of raw materials, whose decline year-on-year significantly retarded the year-on-year growth in imports, was influenced by lower crude oil prices (compared with the previous year), which resulted into a decrease in the imports of natural gas and oil.

**Table 11 Imports in January to December, year-on-year changes**

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	January – December		January – December	
	2007	2006	2007	2006
Raw materials	-14.5	38.8	-1.1	3.6
Chemicals and semi-finished goods	32.7	51.9	2.5	4.9
Machinery and transport equipment	91.1	123.7	7.0	11.6
Finished products	24.7	29.7	1.9	2.8
of which: – agricultural and industrial goods	20.6	12.0	1.6	1.1
– passenger cars	7.1	5.6	0.5	0.5
– machines and electrical consumer goods	-3.0	12.0	-0.2	1.1
IMPORTS in total	134.0	244.1	10.2	22.9

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

As far as the territorial structure of foreign trade is concerned, no significant changes occurred in 2007, compared with 2006. In 2007, Slovakia again had the most intensive trade exchange with EU countries (2007 exports to the EU accounted for 86.7%, imports for 68.9%). Looking at the individual countries, the most important trade partners are Germany and the Czech Republic (even though their share in exports and imports is gradually decreasing). Lower oil prices, compared with the previous year, led to a decrease of Russia's share in the total imports. In 2007, exports to OECD countries also decreased moderately, accompanied by a moderate decrease in imports from these countries.

Table 12 SR Trade by Territory

(%)

	Exports in %		Imports in %	
	2007	2006	2007	2006
European Union	86.7	86.9	68.9	69.0
Of which: Germany	21.5	23.5	19.9	20.4
Czech Republic	12.4	13.7	11.5	12.0
Russia	2.3	1.6	9.4	11.5
OECD countries	88.5	89.6	69.8	70.1

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

Services balance A surplus of SKK 13.1 billion was reported in the services balance for the time from January till December 2007. This figure was by SKK 9.4 billion worse than that reported in the previous 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 (partly attributable to the decreasing exchange rate of the USD) and growing commercial cost. 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 developed better than last year and the surplus of the transport services balance was also supported by lower payments for cargo rail transport. The negative development of tourism services balance year-on-year 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 from other services (culture-related services, copyright fees, etc.). Compared with the same period last year, insurance, financial, legal, accounting, advisory and IT-related services developed better.

Income and current transfers balances The year-on-year deterioration in the balance of income for twelve months of 2007 by SKK 17.3 billion was the result of growing deficit in the balance of income from investments. The deterioration of the balance was caused mainly by higher dividend payments to foreign direct investors. The deficit in the balance of income from investments was also negatively influenced by lower income from loans and portfolio investments. Compensation payments to workers, on the other hand, improved compared with the previous year, which was attributable to higher income of employees working abroad.



The year-on-year growth of current transfers deficit by SKK 9.5 billion was caused by a change of methodology, related to the re-classification of a part of revenues, originally included in the current transfers under capital transfers. If the original methodology was applied, the current transfers would record a surplus of SKK 5.1 billion. This figure would be by SKK 6.7 billion better than in the previous year, mainly due to growing income from EU funds by SKK 10.3 billion.

In December 2007, the balance of payments on capital and financial account resulted in a surplus of SKK 13.6 billion. Inflow of funds was observed particularly on the balance of foreign direct investments, which was attributable to the inflow of funds in the form of other capital (decrease of export receivables of domestic enterprises from foreign direct investors). The inflow of funds on the financial account was supported by the improved development of the balance of other investments. The inflow of funds resulted from deposit operations on bank accounts (with the increase of deposits of non-residents on accounts opened with Slovak banks surpassing the decreasing deposits of Slovak entities on accounts opened with foreign banks).

Capital and financial account

In 2007, the balance of payments' capital and financial account generated a surplus of SKK 183.9 billion (in 2006, a surplus of SKK 32.4 billion was recorded). 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), which surpassed the decline in the net inflow of funds in the form of portfolio and foreign direct investments.

	December		January – December	
	2007	2006	2007	2006
Capital account	1.7	-0.3	11.3	-1.2
Direct investment	11.5	8.9	65.7	112.9
SR abroad	-3.1	-2.5	-5.0	-10.9
of which: equity capital abroad	-0.3	-2.4	-1.2	-9.5
reinvested earnings	-0.1	-0.1	-1.2	-1.2
In the SR	14.6	11.4	70.7	123.8
of which: equity capital in the SR	1.9	5.1	20.3	56.0
of which: other than privatisation	1.9	5.1	20.3	25.0
reinvested earnings	0.0	1.5	24.5	25.0
Portfolio investment and financial derivatives	-6.3	-9.0	-9.2	43.4
SR abroad	-3.3	-10.0	-13.0	-18.1
In the SR	-3.0	1.0	3.8	61.5
Other long-term investments	2.9	-4.6	18.0	18.6
Assets	2.7	0.4	-6.4	5.3
Liabilities	0.2	-5.0	24.4	13.3
Other short-term investments	3.8	29.7	98.1	-141.3
Assets	-22.7	11.7	-31.7	-38.4
Liabilities	26.5	18.0	129.8	-102.9
Capital and financial account	13.6	24.7	183.9	32.4

Source: NBS.

Inflow of foreign direct investments (FDI) from January till December 2007 represented SKK 65.7 billion, which was by SKK 47.2 billion less than in 2006. The year-on-year change in the balance of foreign investments was influenced by privatisation income in 2006, while there was no privatisation in 2007. While the total equity participation of foreign investors in the Slovak Republic decreased by SKK 35.7 billion in 2007, equity capital held by foreign investors in the Slovak Republic, excluding privatisation income, decreased by just SKK 4.7 billion. The lower inflow of capital in the form of FDI (on a year-on-year basis) was supported by the development of other capital, with the decrease in export receivables surpassing the increase in import payables. The overall drop in the inflow of funds on the FDI balance was only partly mitigated by a lower interest (year-on-year) of Slovak investors to invest abroad (in the form of equity participation).

Foreign direct investments

Portfolio investments resulted in a net outflow of SKK 9.2 billion, compared with last year's net inflow of SKK 43.4 billion. In the year-to-year comparison, the reversal from inflow to outflow (change of SKK 52.6 billion in absolute terms) was, on the assets side, influenced by growing interest of Slovak residents in

Portfolio investments



long-term foreign bonds. On the liabilities side, the lower inflow was caused by lower interest of investors in long-term bond securities of the government, supported by the lower koruna-equivalent of the new issue of government Eurobonds. In the corporate sector, the lower inflow of funds was supported by increased outflow of money (in year-to-year comparison), resulting from a higher rate of repayment of bonds issued.

Other investments An inflow of funds in the amount of SKK 116.1 billion was reported under other investment in 2007, compared with an outflow of SKK 122.7 billion for the same period last year. The year-on-year change was attributable to the inflow of short-term capital into the banking sector (deposits held at banks).

The overall year-on-year growth in other investments in the banking sector by SKK 239.2 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 NBS. The main factor contributing to the year-on-year change was the inflow of short-term deposits of non-residents in Slovak banks amounting to SKK 140.0 billion from January till December 2007, compared to an outflow of SKK 147.3 billion for the same period of 2006.

Activities in the corporate sector were mainly connected with the financing of trade activities. In 2007, the volume of import credits received exceeded that of export credits provided, which led to an inflow of funds from trade credits in the amount of SKK 7.9 billion (the same period a year earlier saw an inflow of SKK 22.7 billion in trade activities). Financial credits to undertakings generated an inflow of SKK 21.9 billion, representing an increase of SKK 15.8 billion (unlike the trade credits), compared with the previous year. The higher net inflow of funds from financial credits (measured on a year-on-year basis) in the corporate sector was supported by a decrease in corporate deposits abroad (of SKK 5.2 billion). The inflow of funds into the corporate sector increased the overall inflow of other investments by SKK 6.2 billion.

Other investments in the government sector (including NBS) recorded an outflow of SKK 5.2 billion. The lower inflow (on a year-on-year basis) is attributable to NBS activities in operations with gold and contributed to a reduction of other investments by SKK 6.6 billion.

	January – December 2007	January – December 2006	Year-on-year changes
Banks	88.6	-150.6	239.2
Enterprises	32.7	26.5	6.2
Government + NBS	-5.2	1.4	-6.6
In total	116.1	-122.7	238.8

Source: NBS.

Foreign reserves of NBS In 2007, the total foreign reserves of NBS increased by SKK 96.0 billion (USD 3.8 billion) (excluding foreign exchange differences). The increase of the reserves was caused by interventions carried out (SKK 105.3 billion).

	January – December 2007	
	Actual¹⁾	Adjusted²⁾
Current account	-98.7	-62.8
Capital and financial account	183.9	67.6
Of which: FDI in the SR – equity participation	20.3	10.4
Errors and omissions	10.8	10.8
NBS interventions ³⁾	-105.3	-105.3
Change in net foreign assets of banks (- increase)	-	89.6
Change in NBS reserves (- increase)	-96.0	-

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 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 corporate 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 31 December 2007

The total gross external debt reached USD 44.3 billion (EUR 30.2 billion) at the end of December 2007. The total long-term external debt increased by USD 0.2 billion in December, accompanied by a growth in short-term external debt by USD 1.0 billion.

Gross external debt

Looking at the short-term foreign debt, foreign liabilities of commercial banks increased by USD 1.3 billion month-on-month (of which the increase of USD 1.2 billion was attributable to items cash and deposits) in December. Short-term foreign liabilities of the business sector went down by USD 0.3 billion, mainly as a result of a decrease in commercial loans.

Looking at the long-term external debt of the commercial sector, long-term foreign liabilities of businesses increased by USD 0.1 billion and long-term foreign liabilities of commercial banks decreased by USD 0.1 billion. Foreign liabilities of the government and NBS increased by USD 0.2 billion in the period under review.

Slovakia's per capita gross external debt reached USD 8,237 at the end of December. The share of short-term foreign debt in Slovakia's total gross foreign debt rose by 0.8 percentage point month-on-month and stood at 53.3% at the end of December 2007.

Table 16 External Debt of the SR

	In millions of USD			In millions of EUR		
	31.12.2006	31.11.2007	30.12.2007	31.12.2006	31.11.2007	30.12.2007
Total external debt of the SR	32,205.9	43,112.0	44,308.7	24,448.9	29,241.5	30,156.2
Long-term external debt	16,649.7	20,495.8	20,709.7	12,639.5	13,901.6	14,094.9
Government and NBS ¹⁾	7,702.1	9,242.4	9,502.4	5,847.0	6,268.8	6,467.3
Commercial banks	1,559.2	2,269.9	2,150.8	1,183.6	1,539.6	1,463.8
Entrepreneurial entities	7,388.4	8,983.5	9,056.5	5,608.9	6,093.2	6,163.8
Short-term external debt	15,556.2	22,616.2	23,599.0	11,809.4	15,339.9	16,061.3
Government and NBS	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	6,148.8	10,793.9	12,095.6	4,667.8	7,321.2	8,232.2
Entrepreneurial entities	9,407.4	11,822.2	11,503.4	7,141.6	8,018.7	7,829.1
Foreign assets	26,718.4	36,911.8	37,017.4	20,283.2	25,036.2	25,193.8
Net external debt	5,487.5	6,200.1	7,291.3	4,165.7	4,205.3	4,962.4
SKK/USD and SKK/EUR rates:	26.246	22.638	22.870	34.573	33.376	33.603
EUR/USD cross exchange rate:	-	-	-	1.317	1.474	1.469

Source: NBS.

1) Including government agencies and municipalities.

In 2007, the total external debt of the Slovak Republic increased by USD 12.1 billion, with the long-term foreign debt increasing by USD 4.1 billion and total short-term debt by USD 8.0 billion. The steepest growth was recorded in short-term foreign liabilities of the commercial banks, which increased by USD 6.0 billion. Slovakia's per capita gross external debt increased by USD 2,250. The share of short-term foreign debt in Slovakia's total gross foreign debt rose by 5.0 percentage points year-on-year. The net external debt increased by USD 1.8 billion in 2007 (debtor position).

Current Developments

The b.o.p. current account deficit decreased in January and stood at SKK 0.3 billion. The monthly improvement of SKK 10.4 billion was caused by a change from last month's trade balance deficit to a surplus. The current account balance was negatively influenced by the notable increase in the deficit of the current transfers balance and the change from a surplus to a deficit on the services balance. Compared with the same period last year, the balance on the current account deteriorated.



This deterioration was caused particularly by the increased deficit on the balance of current transfers (higher payments to EU budget), while the other items changed only to a limited extent, compared with the previous year.

The rate of year-on-year growth in both exports and imports accelerated in January. Imports were growing at a higher pace despite the higher baseline value from the previous year. The pace of growth in exports (16.4%) stayed slightly below the pace of growth in imports (17.6%).

	January	
	2008	2007
Balance of trade	6.6	6.7
Exports	127.0	109.1
Imports	120.4	102.4
Balance of services	-0.8	-0.1
Balance of income	-0.1	1.4
of which: income from investments	-2.3	-1.5
of which: reinvested earnings	-1.4	-1.9
Current transfers	-6.0	-1.7
Current account in total	-0.3	6.3

Source: NBS and the Statistical Office of the SR.

The trade surplus recorded in January was higher than expected by NBS, with both exports and imports reporting higher than expected values.

The high pace of growth in exports is likely to continue in February, while the volume of exports is expected to go down moderately month-on-month. Imports, on the other hand, are likely to reach slightly higher levels than in the previous month, accompanied by a moderate decline in the year-on-year growth rate.

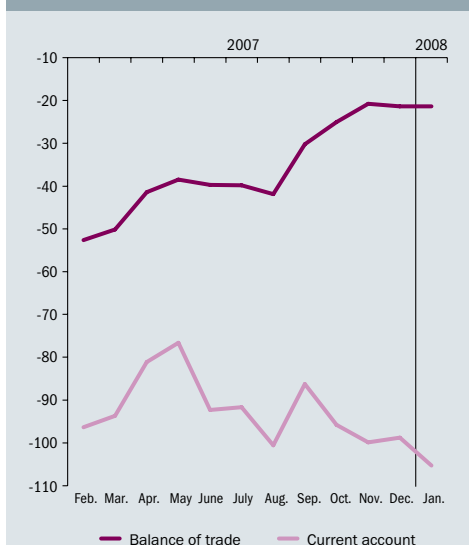
In March, similar growth rates (on a year-on-year basis) are expected as in the previous months (the actual rate could slightly exceed the 15% threshold), with the volume of exports and imports expected to increase. In April, exports are likely to go down on a month-on-month basis, owing to seasonal effects. Imports are expected to develop similarly to exports in March, with the main driver of growth being higher imports of semi-finished products. Imports are expected to decrease (similarly to exports) in April, mainly due to lower imports of semi-finished products.

Overall, the foreign trade balance is expected to improve in February and March (on a year-on-year basis). In April, however, the balance could be worse than in 2007.

	2007												2008
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Balance of trade	6.7	-0.4	-1.4	0.7	-3.2	-4.6	-1.6	-5.8	3.7	0.7	-4.6	-11.6	6.6
Balance of services	-0.1	0.3	0.9	2.7	0.8	2.2	1.7	3.1	-0.3	-1.6	1.5	1.9	-0.8
Balance of income	1.4	0.7	-1.0	-1.2	-8.7	-17.0	-18.0	-5.4	-3.7	-15.8	-10.5	-0.2	-0.1
Current transfers	-1.7	-0.2	-2.2	-1.5	-0.9	-0.8	0.3	-4.0	-0.7	-0.1	1.6	-0.8	-6.0
Current account	6.3	0.4	-3.7	0.7	-12.0	-20.2	-17.6	-12.1	-1.0	-16.8	-12.0	-10.7	-0.3

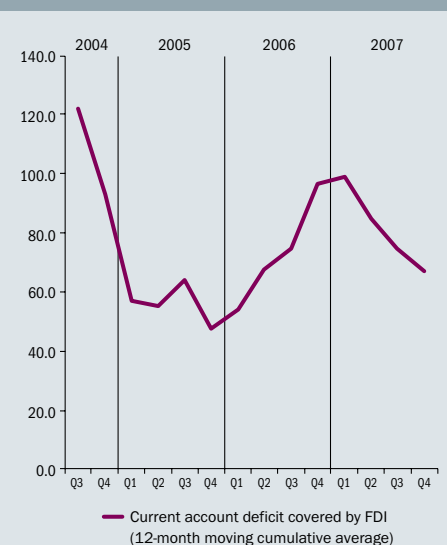
Sources: NBS and the Statistical Office of the SR.

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



Sources: NBS and the Statistical Office of the SR.

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



Source: NBS.

The net external debt, expressed as the difference between gross foreign debt, i.e. USD 44.3 billion (liabilities of the Government, NBS, commercial banks, and the corporate sector – excluding equity participation) and foreign assets, i.e. USD 37.0 billion (foreign reserves of NBS, foreign assets of commercial banks and the corporate sector – excluding equity participation), stood at USD 7.3 billion (debtor position) at the end of December 2007.

Net external debt

In 2007, the total external debt of the Slovak Republic increased by USD 12.1 billion, with the long-term foreign debt increasing by USD 4.1 billion and total short-term debt by USD 8.0 billion. The steepest growth was recorded in short-term foreign liabilities of commercial banks, which increased by USD 6.0 billion. Slovakia's per capita gross external debt increased by USD 2,250. The share of short-term foreign debt in Slovakia's total gross foreign debt rose by 5.0 percentage points year-on-year. The net external debt increased by USD 1.8 billion in 2007 (debtor position).

At the end of February, the total foreign reserves of NBS stood at USD 19,554.5 million, representing a month-on-month increase of USD 297.5 million. The growth in foreign reserves compared to the end of January is the result of a surplus on the balance of income and expenses of USD 44.8 million, accompanied by positive foreign exchange differences (USD 252.7 million) due to a change in the cross exchange rate between USD and EUR during the period under review. At the end of February, the volume of foreign reserves was 3.6 times greater than the volume of average monthly imports of goods and services to Slovakia over the twelve months of 2007.

Total foreign reserves of NBS

The ratio of foreign reserves to the amount of payments for goods and services recorded in banking statistics, reached 4.6 times the volume of average monthly imports of goods and services to the SR over the twelve months of 2007.

The nominal effective exchange rate⁴ of the Slovak koruna strengthened by 0.5% month-on-month, compared with a depreciation of 0.8% in the previous month. The appreciation of the nominal effective exchange rate was caused primarily by the appreciation of the koruna against the euro of 0.8 percentage point. The appreciation of the domestic currency was dampened by its depreciation against the Czech koruna, with a negative contribution of 0.4 percentage point.

Nominal effective exchange rate of the Slovak koruna (NEER)

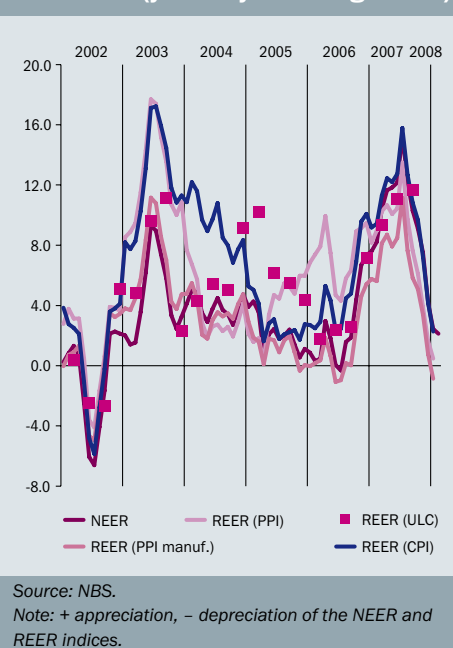
⁴ For calculating the nominal and real effective exchange rates of the Slovak koruna (NEER and REER), IMF methodology is applied. The REER is calculated on the basis of the consumer price index (CPI), the industrial producer price index (PPI), and/or the manufacturing products price index, excluding 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 24 Average Monthly Exchange Rates of the Slovak Koruna (year-on-year changes in %)



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



On a year-on-year basis, the trend of gradual slowdown in the appreciation of the nominal effective exchange rate continued. The rate of appreciation went down from 2.4% in January to 2.1%. The strengthening of the nominal effective exchange rate index was caused primarily by the appreciation of the koruna against the euro by 2.8 percentage points. As was the case in the month-on-month comparison, the appreciation of the Slovak koruna was dampened by its depreciation against the Czech currency with a negative contribution of 1.6 percentage point.

Real effective exchange rate of the Slovak koruna (REER)

The continued slowdown in the year-on-year appreciation of the Slovak koruna in nominal terms led also to a slower appreciation or even depreciation of the real effective exchange rate in January. The REER based on the consumer price index (CPI) appreciated by 2.3%, that based on the industrial producer price index (PPI) by 0.5%, and the rate based on the manufacturing products price index (PPI manuf.) depreciated by 0.9%.

Table 19 Developments in 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	5.1
December 2003	3.2	11.3	10.8	4.7	2.3
December 2004	4.7	8.3	4.1	4.7	9.2
December 2005	1.1	2.7	6.0	0.0	4.4
December 2006	7.4	10.1	9.5	5.4	7.2
September 2007 ¹⁾	10.3/3.5	10.8/3.0	7.6/2.4	5.8/0.7	11.7 ^(p)
December 2007	4.2	4.2	1.7	0.8	.
Január 2008 ¹⁾	2.4/-0.8	2.3/-0.4	0.5/0.3	-0.9/-2.0	-
Február 2008 ¹⁾	2.1/-0.3	.	.	.	-

Source: NBS.
1) Year-on-year changes/cumulative change since the beginning of the year.
2) Year-on-year changes based on quarterly data.



4.3 Real Economy

Gross Domestic Product

The gross domestic product (GDP) at constant prices increased by 14.3% year-on-year in the 4th quarter of 2007, according to revised data of the Statistical Office of the Slovak Republic. Compared with the figure for the 4th quarter of 2006, the rate of economic growth accelerated by 6.1 percentage points. In 2007, real GDP growth reached 10.4% (by 1.9 percentage more than in 2006).

Real economic growth in the 4th quarter of 2007 was 14.3%

In terms of production, GDP growth in the 4th quarter of 2007 is attributable to the increase in value added creation in industry, general government, education, health sector and other services, financial intermediation and real property and in trade, hotels and restaurants and transportation. The nominal volume of GDP generated in the 4th quarter of 2007 amounted to SKK 496.6 billion, which was by 11.5% more than one year earlier (in 2007 increase of 11.6% to a level of SKK 1,851.8 billion).

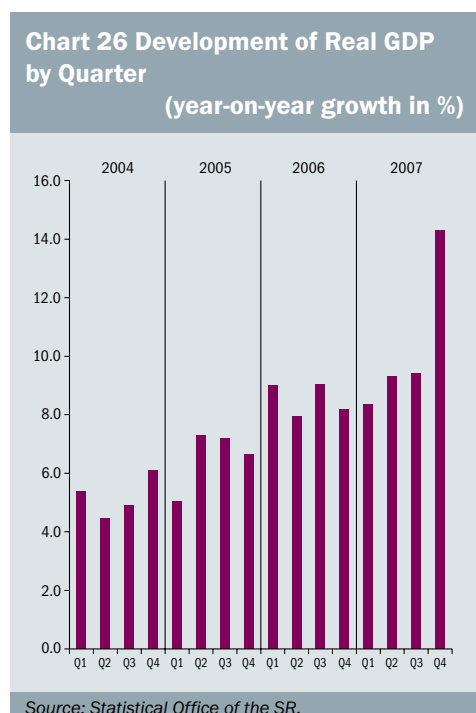
Demand

In terms of use, the structure of economic growth in the 4th quarter of 2007 was influenced by both domestic and foreign demand. The growth in foreign demand⁵ (16.0% at constant prices) outpaced the growth in domestic demand (9.7%) and had a stimulating effect on the overall performance of the national economy. Economic growth was fostered by all components of the domestic demand.

Growth of both foreign and domestic demand

The growth in domestic demand in the 4th quarter of 2007 was by 6.2 percentage points faster than one year ago and stood at 9.7% in real terms. The accelerated growth in domestic demand was caused mainly by gross capital creation, which included higher growth in inventory (advance purchases of cigarettes) and more dynamic development in fixed investments. The consumption component of domestic demand grew 4.5% year-on-year, decreasing its growth rate by 2.8 percentage points, compared with the same period last year. This development was influenced by slower growth in household consumption expenditure (in the 4th quarter of 2007 by 5.9%; by 6.9% in the previous year) and final consumption of the general government, which increased by 0.8% (by 8.4 percentage points less than a year ago). Consumption of non-profit institutions serving households also reported positive growth (decline in the previous year).

Accelerated year-on-year growth in domestic demand



⁵ Sum of final consumption, gross fixed capital creation and change in inventory. The Statistical Office does not publish data on the development of domestic demand after revision. As the data at constant prices are not additive, the domestic demand calculated in this way may be slightly distorted. For the same reason, development of gross capital creation might be distorted as well.

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

	2006		2007				
	Q4	Q1 - Q4	Q1	Q2	Q3	Q4	Q1 - Q4
Gross domestic product	108.2	108.5	108.3	109.3	109.4	114.3	110.4
Domestic demand	103.5	106.6	103.3	105.2	105.0	109.7	105.9
Final consumption	107.3	106.7	105.7	105.0	106.9	104.5	105.5
Households	106.9	105.9	106.3	107.8	108.3	105.9	107.1
General government	109.2	110.1	103.5	96.5	102.2	100.8	100.7
Non-profit institutions serving households	88.1	89.6	102.2	107.2	108.7	109.5	106.8
Gross capital formation	83.4	106.6	96.9	105.6	101.1	125.6	107.1
Gross fixed capital formation	105.0	108.4	111.0	105.9	106.5	108.5	107.9
Exports of goods and services	123.1	121.0	122.7	118.1	108.5	116.0	116.0
Imports of goods and services	114.9	117.7	114.5	113.2	103.0	111.6	110.4

Source: Statistical Office of the SR.

Higher year-on-year growth in gross capital formation

The growth in gross capital formation (25.6% at constant prices) was influenced by the growth in fixed investments (8.9%), whose rate of growth went up by 3.9 percentage points compared to the 4th quarter of 2006. The growth in gross capital creation was also supported by the change in inventory, particularly as a result of advance purchases of cigarettes. According to the data of the Slovak Ministry of Finance, the volume of advance purchases reached SKK 9.5 billion (corresponding to cigarettes consumption for about 8 months), which was about double the figure seen two years ago.

Table 21 Structure of Gross Fixed Capital Formation in the Fourth Quarter of 2007 (constant prices)

	Gross fixed capital formation (SKK millions)	Proportion (%)	Index Q4 2007 / Q4 2006
Slovak economy in total	136,230	100.0	108.5
In which, by sector:			
Non-financial corporations	93,554	68.7	109.3
Financial corporations	2,646	1.9	186.5
General government	14,760	10.8	101.6
Households	24,959	18.3	105.1
Non-profit institutions	311	0.2	104.7
Of which (by production):			
Machinery	52,019	38.2	110.8
Of which: metal products and machinery	38,241	28.1	109.1
Transport equipment	13,778	10.1	115.7
Buildings and structures	75,624	55.5	105.4
Of which: residential buildings	12,456	9.1	111.9
Other structures	63,168	46.4	104.3

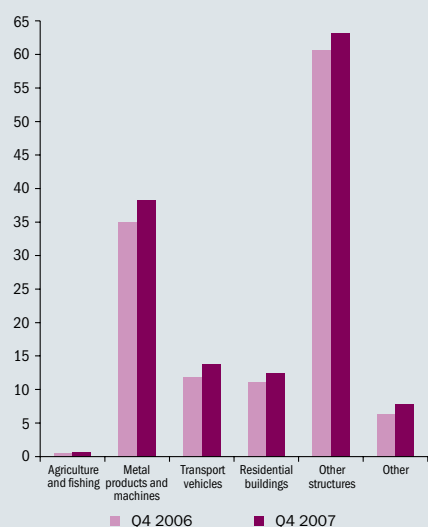
Source: Statistical Office of the SR.

Growing investments into buildings and plant and machinery

In the 4th quarter of 2007, investment increased in all categories of production. The fastest growth was recorded in investments into plant and machinery. Within the category, investments into transport equipment grew faster than investments into metal products and machines. Investment into buildings grew slower than investments into plant and machinery. This resulted into a decrease of their share in gross fixed capital creation by 1.6 percentage point year-on-year to a level of 55.5%. All sectors of the economy contributed to the growth of fixed investments.

Lower final household consumption

Final consumption expenditure in the 4th quarter of 2007 increased by 4.5% at constant prices year-on-year (by 7.3% one year earlier). The slower growth in final consumption was caused particularly by general government consumption, whose growth was by 8.4 percentage points lower than in the 4th quarter of 2006. Final household consumption also grew at a slower pace (on a year-on-year basis) than one year ago (5.9%, compared to 6.9%). Consumption expenditure of non-profit institutions increased by 9.5%.

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


Source: Statistical Office of the SR.

The development of final household consumption was affected by the growth of wages and employment and continued borrowing. The growing trend of the share of total receivables of monetary financial institutions from households in their final consumption continued also in the 4th quarter of 2007 and reached 29.4% (28.1% at the end of the 3rd quarter of 2007).

When analysing final household spending in the 4th quarter of 2007, broken down by individual groups of consumption spending (at constant prices), the fastest growth was recorded in household expenditure on health services, alcoholic beverages and tobacco and recreation and culture. As was the case in the previous year, the largest consumption components were expenses on food and non-alcoholic beverages (22%) and housing related expenses (20%).

In terms of relative contributions, the growth in final household consumption in the 4th quarter of 2007 was based primarily on increased consumer spending on food and non-alcoholic beverages; recreation and culture and alcoholic beverages and tobacco.

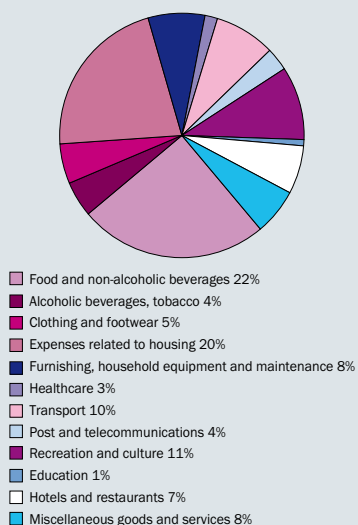
Structure of spending on consumption

Imports and exports of goods and services again reported two-digit growth figures. Exports (at current prices) grew by 0.2 percentage point slower than imports (in the 4th quarter of 2006, this difference was 6.0 percentage points, with faster growth in exports). This led to a year-on-year deterioration of net nominal exports by about SKK 3 billion. Net exports in the 4th quarter of 2007 were negative (SKK -19.6 billion); in the 4th quarter of 2006 a deficit of SKK 16.6 billion was reported.

Net exports stimulated GDP growth

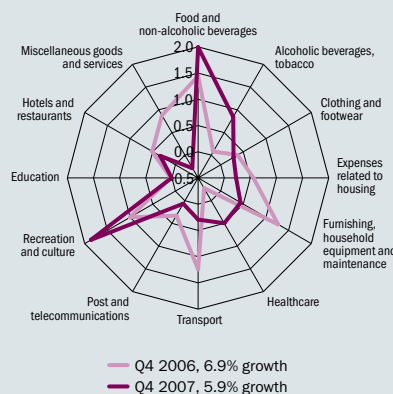
Net exports at constant prices, after accounting for price developments in foreign markets, generated a deficit of SKK 2.3 billion in the 4th quarter of 2007 (deficit of SKK 15.8 billion one year ago).

Development in import prices in foreign trade, as measured by the deflators of imports of goods and services, was caused primarily by rising prices of energy-producing raw materials. Import prices increased

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


Source: Statistical Office of the SR.

Note: Individual items of final consumption do not add.

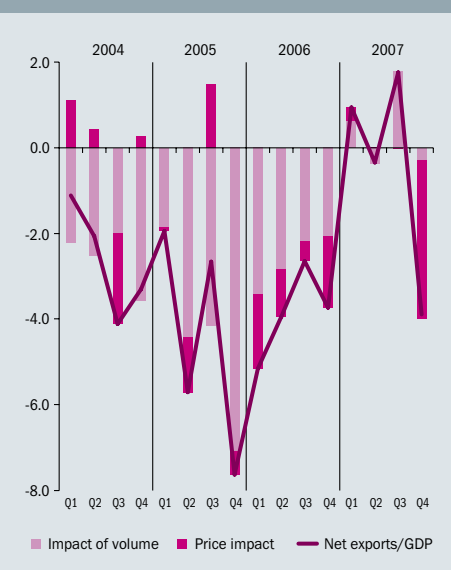
Chart 30 Contributions of Consumer Expenditure to Growth in Household Final Consumption (p.p.)


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

Note: Individual items of final consumption do not add.



Chart 31 Contributions of Net Exports to GDP (at current prices) (%)



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

Chart 32 Export Performance and Import Intensity (%)



Source: Statistical Office of the SR.

by 2.3% year-on-year, particularly due to rising oil prices (expressed in korunas). Export prices, on the other hand, decreased by 1.7%. The terms of trade thus deteriorated in the 4th quarter of 2007, as was the case in the previous year.

Table 22 Impact of Price and Volume on Exports and Imports (percentage points)

	Q4 06 Q4 05	2006 2005	Q1 07 Q1 06	Q2 07 Q2 06	Q3 07 Q3 06	Q4 07 Q4 06	2007 2006
Exports of goods and services (year-on-year growth in %; current prices)	22.9	23.6	24.1	13.8	6.5	14.0	14.2
Impact of volume	23.1	21.0	22.7	18.1	8.5	16.0	16.0
Impact of price	-0.2	2.6	1.4	-4.3	-2.0	-2.0	-1.8
Imports of goods and services (year-on-year growth in %, current prices)	16.9	21.9	15.4	9.1	1.0	14.2	9.8
Impact of volume	14.9	17.7	14.5	13.2	3.0	11.6	10.4
Impact of price	2.0	4.2	0.9	-4.1	-2.0	2.5	-0.6
Net exports as a share of GDP (share in %; current prices)	-3.7	-3.8	0.9	-0.3	1.8	-3.9	-0.5
Impact of volume	-2.1	-2.6	0.6	-0.4	1.8	-0.3	0.5
Impact of price	-1.7	-1.2	0.3	0.0	0.0	-3.7	-0.9
Terms of trade (index)	98.1	98.6	100.4	100.0	100.1	96.1	98.9

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

Notes: Calculations are based on GDP data in SKK million; the contribution of imports of goods and services reduces the values of net exports and GDP; figures may not add up due to rounding. Terms of trade calculations are based on year-on-year changes in the deflators of exports and imports of goods and services.

Growth in export performance and import content of exports

Export performance of the Slovak economy increased year-on-year by 2.0 percentage points in the 4th quarter of 2007, with exports of goods and services as GDP percentage (at current prices) reaching 90.5%. Import content of exports recorded a similar increase (of 2.1 percentage points) and stood at 94.4% in the 4th quarter of 2007. The openness of the Slovak economy (expressed as the ratio of exports and imports of goods and services to nominal GDP) increased by 4.1 percentage points year-on-year to a level of 184.9%.



Supply

GDP growth in the 4th quarter of 2007 was influenced by value added creation, which grew by 9.9% at constant prices year-on-year (compared with 14.1% in the same period last year). Net taxes, which include value added tax, excise duties and import tax (minus subsidies), increased by 60.9% (decrease of 30.0% last year). The slower year-on-year growth in value added was influenced by slower growth in gross production, accompanied by slower growth in interim consumption.

GDP growth

Table 23 Creation of GDP by Component
(index, same period a year earlier = 100; constant prices)

	2006		2007				
	Q4	Q1 - Q4	Q1	Q2	Q3	Q4	Q1 - Q4
Gross production	117.0	112.0	112.9	109.4	105.8	113.2	110.4
Intermediate consumption	118.6	113.2	114.7	108.9	102.5	115.3	110.4
Value added	114.1	110.2	110.1	110.2	110.7	109.9	110.2
Others ¹⁾	70.0	95.4	92.6	101.8	97.8	160.9	111.8

Source: Statistical Office of the SR.

1) Value added tax, excise duty, import tax, minus subsidies.

Value added increased in all sectors, except for agriculture and construction industry. Two-digit growth in value added was recorded in industry (21.2%), general government, education, health sector and other services (11.9%).

Table 24 Gross Domestic Product by Branch
(index, same period a year earlier = 100; constant prices 2000)

	Q4 06	2006	Q1 07	Q2 07	Q3 07	Q4 07	2007
	Q4 05	2005	Q1 06	Q2 06	Q3 06	Q4 06	2006
GDP	108.2	108.5	108.3	109.3	109.4	114.3	110.4
of which:							
Agriculture	109.2	112.6	83.9	79.1	81.3	72.6	79.8
Industry	110.6	110.2	118.5	121.5	118.1	121.2	119.7
Construction	129.2	115.2	80.5	99.4	87.9	98.3	104.0
Trade, hotels and restaurants and transportation	122.3	112.4	118.8	107.5	107.5	105.5	109.4
Financial intermediation and real estate	114.9	111.6	98.2	100.2	119.1	108.4	101.5
Public administration, education, health care and other community, social and personal services	104.6	102.0	114.1	118.4	116.2	111.9	115.2
Others ¹⁾	70.0	95.4	92.6	101.8	97.8	160.9	111.8

Source: Statistical Office of the SR.

1) Value added tax, excise duty, import tax, minus subsidies.

Gross National Income

In the 4th quarter of 2007, gross national income⁶ (GNI) increased by 6.8% 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 slowed down by 6.5 percentage points, staying behind GDP growth at current prices (11.5%). Gross national disposable income (GNDI) increased year-on-year by 7.6% at current prices.

Gross National Income lower than GDP

⁶ Gross national income (GNI) is one of the macroeconomic indicators used for measuring the output of the economy according to the national concept, while GDP is based on the domestic concept, which represents the final result of resident producer units achieved in the period under review. GNI is calculated as follows: GDP at market prices minus primary income paid by residents to non-residents, plus primary income received by residents from non-residents. Gross national disposable income (GNDI) is a balance-sheet item in the non-financial national accounts, and is calculated from GNI reduced by current transfers paid to non-resident units and increased by current transfers received from non-resident units.



	Q4 06	2006	Q1 07	Q2 07	Q3 07	Q4 07	2007
	Q4 05	2005	Q1 06	Q2 06	Q3 06	Q4 06	2006
Gross domestic product (GDP)	445.5	1,659.6	418.7	453.8	482.5	496.9	1,851.8
Gross national product (GNP)	442.5	1,617.4	420.3	454.1	441.9	472.7	1,789.0
Gross national disposable income (GNDI)	437.9	1,596.0	414.3	450.3	432.5	471.3	1,768.4
GDP – growth indices	111.5	111.7	112.1	110.8	112.0	111.5	111.6
GND – growth indices	113.3	111.9	114.1	117.6	105.2	106.8	110.6
GNDI – growth indices	113.3	111.8	114.4	118.1	104.3	107.6	110.8
GND to GDP ratio in %	99.3	97.5	100.4,	,100.1,	91.6	95.1	96.6
GND to GNDI ratio in %	98.3	96.2	98.9,	,99.2	89.7	94.7	95.5

Source: Statistical Office of the SR.

The smaller volume of GNI compared with GDP indicates that, in the 4th quarter 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).

Wages and Labour Productivity

Slowdown in average monthly wage growth in nominal terms

In the 4th quarter of 2007⁷, the average monthly nominal wage per employee in the Slovak economy increased by 8.0% year-on-year and reached SKK 22,925. Compared with the 4th quarter of 2006, the rate of wage growth slowed down by 0.2 of a percentage point.

The highest nominal wage growth in the 4th quarter of 2007 was recorded in the following sectors: health care and social assistance (17.2%), generation and distribution of electricity, gas and water (16.5%), other community, social and personal services (10.7%), agriculture (10.6%), transport, storage, post and telecommunications (10.4%), education (10.0%), mining and quarrying (9.7%) and general government and defence and mandatory social security (9.3%).

Faster average monthly wage growth in real terms

Real wage growth accelerated by 0.6 percentage point (from 3.9% to 4.5%), compared with the 4th quarter of 2006, influenced by lower average inflation, compared with the previous year.

Real wages increased in all sectors of the economy in the 4th quarter of 2007. The highest growth was recorded in the following sectors: health care and social assistance (13.5%), generation and distribution of electricity, gas and water (12.8%), other social and personal services (7.2%), agriculture (7.1%), transport, storage, post and telecommunications (6.9%), education (6.5%), mining and quarrying (6.2%) and general government and defence and mandatory social security (5.8%).

	2006		2007				
	Q4	Q1 – Q4	Q1	Q2	Q3	Q4	Q1 – Q4
Nominal wage (index)	108.2	108.0	107.1	106.7	106.8	108.0	107.2
Real wage	103.9	103.3	104.2	104.1	104.2	104.5	104.3
Labour productivity in current prices	109.1	109.3	109.3	108.1	109.2	109.1	108.9
Labour productivity in constant prices	105.9	106.2	105.6	106.6	106.6	111.8	107.7
Real labour productivity less real wage (p. p.)	2.0	2.9	1.4	2.5	2.4	7.3	3.4
Consumer prices (average for the period)	104.1	104.5	102.8	102.5	102.5	103.3	102.8

Sources: Statistical Office of the SR and NBS calculations.

Note: Labour productivity calculations are based on GDP and employment data from quarterly statistics.

⁷ In 2007, there was a change in methodology in reporting the average monthly wage. Under the new methodology, income of professional soldiers is included under wages; year-on-year indices are computed based on comparable data.

Chart 33 Unit Labour Costs by Component in NBS Methodology (year-on-year changes in %)



Sources: Statistical Office of the SR and NBS calculations.

In the 4th quarter of 2007, labour productivity (GDP per person employed) increased by 9.1% in nominal terms and by 11.8% in real terms. Compared with the 4th quarter of 2006, the rate of productivity growth remained unchanged in nominal terms and accelerated by 6 percentage points in real terms. The growth of real labour productivity outpaced the growth in real wages by 7.3 percentage points.

Labour productivity

In the 4th quarter of 2007, unit 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) decreased by 3.4% in nominal terms and 6.5% in real terms year-on-year. Faster growth of labour productivity than that of wages in the 4th quarter of 2007 was reflected in the development of unit labour costs, which declined in both nominal and real terms.

Unit labour costs according to NBS methodology

In the 4th quarter of 2007, nominal employee compensation (according to ESA 95 methodology) increased by 9.9% year-on-year, meaning that it grew by 1.9 percentage point faster than in the same period last year. The rate of growth of employee compensation in real terms accelerated by 2.9 percentage points,

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

compared with the same period last year. Labour productivity, computed according to ESA 95 methodology, increased year-on-year by 11.7% in nominal terms and by 9.0% in real terms. The growth of real labour productivity outpaced the growth in real employee compensation by 4.3 percentage points in the 4th quarter of 2007.

Table 27 Development of Average Compensation per Employee and Labour Productivity in the Slovak Economy (ESA 95 Methodology) (index, same period of year earlier = 100)

	2006		2007				
	Q4	Q1 - Q4	Q1	Q2	Q3	Q4	Q1 - Q4
Nominal compensation per employee	108.1	107.9	108.7	106.8	107.6	109.9	108.2
Real compensation per employee	104.4	103.5	106.4	105.1	106.1	107.4	106.2
Labour productivity at current prices	109.0	109.2	109.7	108.6	109.8	109.0	109.3
Labour productivity at constant prices	105.8	106.1	106.0	107.2	107.2	111.7	108.1
Real labour productivity less real compensation per employee (p. p.)	1.4	2.6	-0.4	2.1	1.1	4.3	1.9
HICP (average for the period)	103.5	104.3	102.1	101.6	101.4	102.4	101.9

Sources: Statistical Office of the SR and NBS calculations.

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

Broken down by sector, real labour productivity calculated from ESA 95 data increased in most sectors in the 4th quarter of 2007. The highest growth was recorded in industry (18.7%), and in general government, education, health sector and other community, social and personal services (13.0%). Labour productivity, on the other hand, decreased in agriculture and construction industry. The comparison of real labour productivity and real employee compensation in the 4th quarter of 2007 reveals that the growth in labour productivity was faster than the growth in employee compensation in industrial production, financial intermediation and real property; in trade, hotels and restaurants and transport, this relation was reversed. Both indicators decreased year-on-year in agriculture and construction industry; the decrease was larger in real labour productivity (in both sectors).

...broken down by sector



Table 28 Development of Real Labour Productivity and Compensation per Employee in the fourth quarter of 2007
(index, same period a year earlier = 100)

	Real labour productivity (ESA 95)	Real compensation pre employee
Economy in total	111.7	107.4
Agriculture and fishing	78.4	91.2
Industry	118.7	111.9
Construction	90.9	97.6
Trade, hotels and restaurants and transportation	101.3	106.5
Financial intermediation and real estate	103.2	102.6
Public administration, education, healthcare and other community, social and personal services	113.0	109.6
HICP (Q4 2007)	-	102.4

Sources: Statistical Office of the SR and NBS calculations.

Unit labour costs according to ESA 95 methodology

Units labour costs according to ECB methodology (ULC_{ECB}), defined as the ratio of growth in nominal compensation per employee to growth in real labour productivity (GDP per total employment) based on ESA 95 data, decreased year-on-year by 1.6% in the 4th quarter of 2007, while the year-on-year HICP inflation was 2.4%. Nominal ULC increased year-on-year by 0.1% for the whole year of 2007.

Household income and spending

Accelerated growth in current income...

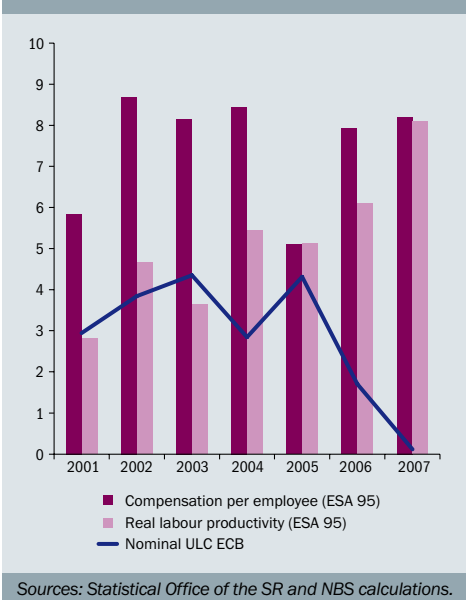
According to preliminary data from the Statistical Office of the SR, the current income of households reached SKK 415.5 billion in the 4th quarter of 2007, recording a nominal year-on-year growth of 10.6%. Compared with the 4th quarter of 2006, the rate of growth accelerated by 1.1 percentage point. Of the current income items, the fastest growth was recorded in income from property (25.1%) and social benefits (11.9%).

...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 9.3% to SKK 116.4 billion. In the same period a year earlier, current household spending increased by 17.6%. The year-on-year growth in current expenditure was related to the increasing social security contributions and current taxes on income and property.

After deducting current expenditure from current income, the gross disposable income of households amounted to SKK 299.1 billion, representing a year-on-year increase of 11.1% (compared with 6.6% a year earlier). Of the disposable income, 90.5% was used for final household consumption; the remainder went to gross savings, which increased by 13.3% year-on-year. The ratio of gross savings reached 12.0% and, compared with the same period of the previous year, was by 0.2 percentage point higher.

Chart 34 Unit Labour Costs by Component in ECB Methodology
(year-on-year changes in %)



Sources: Statistical Office of the SR and NBS calculations.

	SKK billions		Index ¹⁾		Share in %	
	Q4	Q4	Q4 06	Q4 07	Q4	Q4
	2006	2007	Q4 05	Q4 06	2006	2007
Compensation per employee (all sectors)	194.2	213.9	110.7	110.1	51.7	51.5
of which: gross wages and salaries	150.5	166.0	110.0	110.3	40.1	40.0
Gross mixed income	108.2	119.4	107.5	110.4	28.8	28.7
Property income – received	8.4	10.5	96.7	125.1	2.2	2.5
Social benefits	53.2	59.5	108.0	111.9	14.2	14.3
Other current transfers – received	11.6	12.1	127.0	104.8	3.1	2.9
Current income in total	375.6	415.5	109.5	110.6	100.0	100.0
Property income – paid	6.5	5.9	265.3	90.9	6.1	5.1
Current tax on income, property, etc.	17.7	19.2	109.7	108.8	16.6	16.5
Social contributions	73.8	82.3	116.3	111.6	69.3	70.8
Other current transfers – paid	8.5	8.9	99.1	105.0	7.9	7.6
Current expenditure in total	106.4	116.4	117.6	109.3	100.0	100.0
Gross disposable income	269.2	299.1	106.6	111.1	-	-
Adjustment for changes in net assets of households in pension funds reserves	8.7	7.6	178.0	86.4	-	-
Final household consumption	246.2	270.7	110.8	110.0	-	-
Gross household savings	31.7	36.0	89.7	113.3	-	-

*1) Indices are based on figures in billions of SKK.
Source: Statistical Office of the SR.*

	2006		2007				
	Q4	Q1 - Q4	Q1	Q2	Q3	Q4	Q1 - Q4
Gross disposable income	106.6	108.8	110.5	110.8	111.2	111.1	110.9
Final household consumption	110.8	111.0	109.3	109.8	110.3	110.0	109.9
Gross household savings	89.7	106.9	129.1	118.2	112.1	113.3	117.0
Share of gross household savings in gross disposable income (%)	11.8	7.4	6.4	7.5	4.6	12.0	7.8

Sources: Statistical Office of the SR and NBS calculations.

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



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

Employment and Unemployment

The favourable economic development in the 4th quarter of 2007 was also reflected in the development of employment. According to statistical surveys, employment increased year-on-year by 2.2%. The growth figure according to the methodology of national accounts (ESA 95) was 2.3%. The year-on-year growth in employment according to a labour force sample survey (LFSS) reached 2.8%, which was by 0.7 percentage point less than in the 4th quarter of the previous year. Slower growth in employment according to the LFSS was attributable to the decreasing growth in the number of persons working abroad. Concerning the structure of workers, the development of total employment (LFSS) in the 4th quarter of 2007 was affected mainly by an increase in the number of entrepreneurs (increase of 6.9%). The number of employees increased year-on-year by 2.3%.

Continued dynamic growth in employment



Table 31 Employment and Unemployment (average for the period)

	2006		2007				
	Q4	Q1 - Q4	Q1	Q2	Q3	Q4	Q1 - Q4
Employment according to statistical records ¹⁾ in thousands	2,183.4	2,148.2	2,201.3	2,214.3	2,222.8	2,252.5	2,222.7
Index, same period a year earlier = 100	102.2	102.2	102.6	102.5	102.6	102.2	102.5
Number of employed according to a labour force sample survey in thousands	2,332.7	2,301.4	2,326.6	2,337.7	2,366.5	2,398.4	2,357.3
Index, same period a year earlier = 100	103.5	103.8	103.1	101.9	102.0	102.8	102.4
Employment according to ESA 95 in thousands	2,155.0	2,131.6	2,147.8	2,163.8	2,191.5	2,204.7	2,177.0
Index, same period a year earlier = 100	102.3	102.3	102.2	102.0	102.0	102.3	102.1
Unemployment according to a labour force sample survey in thousands	319.0	353.4	303.0	291.2	297.9	275.3	291.9
Index, same period a year earlier = 100	78.3	82.7	76.6	81.5	87.2	86.3	82.6
Unemployment rate according to a labour force sample survey in %	12.0	13.3	11.5	11.1	11.2	10.3	11.0
Rate of registered unemployed in % ²⁾	9.3	10.4	9.2	8.4	8.3	7.9	8.4

Source: Statistical Office of the SR.

1) Including professional soldiers from 2007; the indices are calculated on the basis of revised data.

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

Development of employment by sector

Broken down by sector, employment in the 4th quarter of 2007 (ESA 95 methodology) increased year-on-year mostly in the construction industry, real property, rental and business activities, health sector and trade. On the other hand, employment in agriculture, education, general government and defence, other community services and financial intermediation stayed below the level from one year ago.

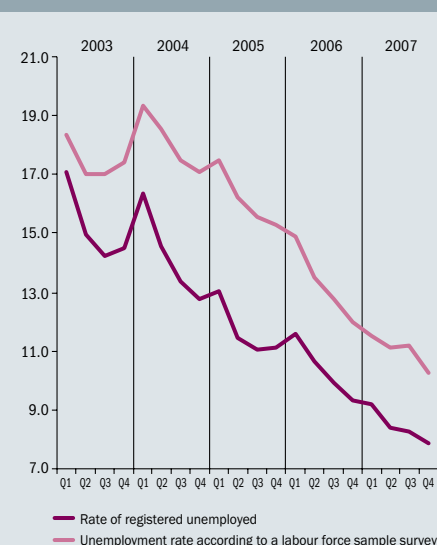
Table 32 Employment by Branches (ESA 95 methodology) (index, same period a year earlier = 100)

	2006		2007				
	Q4	Year	Q1	Q2	Q3	Q4	Year
In total	102.3	102.3	102.2	102.0	102.0	102.3	102.1
Agriculture and hunting	92.8	91.8	97.6	91.6	95.2	92.6	94.2
Industry	102.0	100.7	102.6	103.7	102.3	102.1	102.7
Mining and quarrying	98.9	97.9	99.4	96.0	102.8	102.1	100.1
Manufacturing	102.3	101.0	103.0	104.3	102.8	102.6	103.2
Electricity, gas and water supply	98.6	97.1	97.4	96.7	95.5	95.0	96.1
Construction	105.3	102.9	105.6	110.0	108.4	108.1	108.1
Trade	106.7	109.0	101.5	100.9	103.1	104.9	102.6
Hotels and restaurants	107.8	108.3	106.8	99.6	100.6	101.8	102.1
Transportation, storage, post and telecommunications	102.9	102.9	101.9	102.0	103.0	102.6	102.4
Financial intermediation	101.7	101.3	98.8	99.8	100.5	99.0	99.5
Real estate, renting, and business activities	94.8	97.6	108.0	103.4	104.4	106.2	105.5
Public administration and defence, compulsory social security	104.2	106.0	100.4	98.5	98.5	97.1	98.6
Education	99.9	99.0	98.5	97.7	96.4	96.0	97.2
Health and social care	106.0	103.4	103.6	107.4	102.6	106.0	104.9
Other social services	96.8	96.7	95.7	98.2	99.9	97.9	97.9

Source: Statistical Office of the SR.

Continued fall in unemployment

The persistent demand for labour was reflected in the rate of unemployment. According to the labour force sample survey, the number of unemployed went down by 13.7% year-on-year in the 4th quarter of 2007. Lower number of the unemployed reduced the rate of unemployment, which reached 10.3% in the 4th quarter of 2007, down by 1.7 percentage points, compared with the 4th quarter of 2006. The

Chart 36 Unemployment Rate (%)


Sources: Centre for Labour, Social Affairs and Family and the Statistical Office of the SR.

downward trend in unemployment is also confirmed by data on registered unemployment. According to the registers of offices for labour, social affairs and family, the average unemployment rate in the 4th quarter of 2007 stood at 7.9%, which was by 1.4 percentage point less than one year ago.

The continuing year-on-year growth in labour supply (i.e. persons in productive and post-productive age) led to a faster growth in the number of economically active persons in the 4th quarter of 2007. This development resulted into an increase in the level of economic activity (which reached 59.1%) by 0.1 percentage point 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 61.5% (a year-on-year increase of 1.3 percentage points) in the 4th quarter of 2007.

Higher supply of labour

Financial Performance

According to preliminary data from the Statistical Office of the SR, non-financial and financial corporations generated a profit of SKK 328 billion in 2007. The profit generated was by 22.2% higher than in 2006. This increase was caused by higher profit

generation by both financial and non-financial corporations and lower negative result of NBS.

Table 33 Profitability of corporations

(SKK millions, current prices)

	2006	2007	2007		Index		
			Q3	Q4	Q3 2007 Q3 2006	Q4 2007 Q4 2006	2007 2006
Profit/loss (pre tax)							
Financial and non-financial corporations	268,380	327,980	96,203	48,980	108.0	134.2	122.2
Of which							
Non-financial corporations	280,350	308,606	86,899	58,934	105.2	83.6	110.1
Financial corporations	-11,970	19,374	9,304	-9,954	143.2	.	.
Of which							
NBS	-45,128	-19,464 ¹⁾	-293	-18,369	.	.	.
Financial corporations excl. NBS	33,158	38,838	9,597	8,415	140.9	88.7	117.3

Source: Statistical Office of the SR and NBS calculations.

1) Unaudited results.

Higher profit generation by non-financial corporations was caused by year-on-year growth in profits in wholesale and retail trade, transportation, storage, posts and telecommunications and real estates, rental and business activities. The year-on-year growth in profitability in industrial production was slower than the overall year-on-year growth in profits of non-financial corporations (4.4% compared to 10.1%).

**Table 34 Profitability of non-financial corporations by branch**

	Profit/loss (pre tax)	
	2007 In SKK million	Indices 2007/2006
Non-financial corporations in total	308,606	110.1
Agriculture, hunting and forestry, fisheries and fishing	1,176	52.8
Industry in total	152,260	103.1
Mining and quarrying	3,125	84.2
Manufacturing	95,539	104.4
Production of food, beverages and tobacco products	5,312	99.8
Textile and clothing	201	35.8
Leather and leather products	463	43.9
Timber and wood products	1,538	104.3
Production of cellulose, paper and paper products, printing houses and print	4,404	84.5
Production of coke, refined oil products and nuclear fuels	8,380	105.6
Production of bulk chemicals and chemical products and fibres	2,191	45.4
Rubber and plastic products	3,015	89.8
Other non-metal mineral products	7,981	131.5
Metal production and metal products	32,882	102.4
Plant and machinery	7,100	119.6
Production of electrical and optical devices	8,816	101.6
Production of transport equipment	12,340	184.4
Non-classified production	916	40
Production and distribution of electricity, gas and water	53,596	102.1
Construction	15,447	106.9
Wholesale retail and trade, repairs of motor vehicles, motorbikes and consumer goods	67,123	121.7
Hotels and restaurants	1,679	165.3
Transportation, storage, post and telecommunications	40,291	126.6
Real estate, renting, and business activities	28,037	128.7
Education	-19	.
Health and social care	-1,084	.
Other community, social and personal services	3,696	112.3

Source: Statistical Office of the SR.

From among the non-financial corporations, industrial enterprises contributed to profit generation with the highest share (SKK 95.5 billion) from the first till the fourth quarter of 2007 (compared with 2006, increase of profits of 4.4%). Trading contributed with SKK 67.1 billion SKK (+21.7%) and generation and distribution of electricity, gas and water with SKK 53.6 billion (+2.1%). Transport, storage, post and telecommunications generated a profit of SKK 40.3 billion (+26.6%); real estates, rental and business activities of SKK 28.0 billion (+28.7%), construction industry of SKK 15.4 billion (+6.9%), other community services SKK of 3.7 billion (12.3%), mining and quarrying of SKK 3.1 billion (-15.8%), hotels and restaurants of SKK 1.7 billion (+65.3%) and agriculture, forestry and fisheries a loss of SKK 1.2 billion (- 47.2%). The health sector and social assistance reported a loss of SKK 1.1 billion.

Profit generation by financial corporations reached SKK 19.4 billion in 2007 (loss of SKK 12 billion in 2006). The improved result reported by financial corporations compared with 2006 is attributable primarily to lower loss of NBS (in 2006, loss of SKK 45.1 billion, compared with the preliminary loss of SKK 19.5 billion in 2007) and the significantly better result of insurance corporations and pension funds (their profit increased from SKK 4.4 billion in 2006 to SKK 9.4 billion in 2007). The profits of commercial financial institutions increased from SKK 19.7 billion to SKK 21.4 billion. Profits of other financial intermediaries (non-banking financial institutions) decreased year-on-year by SKK 1.0 billion to SKK 8.1 billion. The profits of financial corporations without NBS increased by SKK 5.6 billion to SKK 38.8 billion.

Current Developments

4.4 Production and Receipts

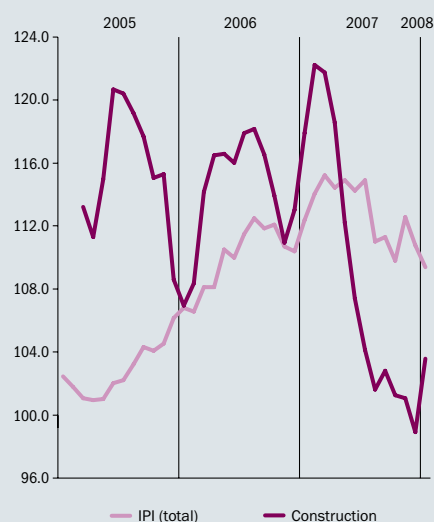
The year-on-year rate of growth in industrial production accelerated in January 2008, compared with December 2007, particularly due to the faster year-on-year growth in manufacturing production. The accelerated growth in industrial production was supported by the sector of electricity, gas and water production, with an year-on-year growth of 4.7% (as opposed to December's year-on-year decrease of 4.7%). The year-on-year rate of growth in industrial production stood at 8.4% (6.5% one month ago). The rate of year-on-year growth increased particularly in the production of transport equipment (37.9% year-on-year), oil products and coke, and plant and machinery. Production of electrical and optical devices, on the other hand, reported year-on-year decrease (of 4.1% in January 2008, as opposed by the increase of 22.7% in December 2007).

Construction output reported a high year-on-year increase (14.1%) in January, due to faster year-on-year growth in domestic construction (increase of 12.9% in January 2007) and foreign construction.

Receipts in the industry sector reported higher year-on-year growth at constant prices (increase from 11.5% in December 2007 to 18.0% in January 2008). This accelerated growth responded to higher year-on-year growth of almost all industrial sectors and broadly copied the accelerated growth in receipts of the key industrial sectors of Slovakia (the growth in the production of transport equipment, production of metals and metal products, production of plant and machinery and manufacturing of electrical and optical devices increased from 11.5% in December 2007 to 19.0% in January 2008).

Receipts in retail trade in January grew year-on-year by 19.1% at current prices (10.5% in December). The year-on-year growth in receipts of entities specialising in selling and maintaining motor vehicles and in retail sale of fuels slowed down in January 2008, compared to December 2007, due to a slower year-on-year growth in receipts from sales of motor vehicles and slower year-on-year growth in retail sales of fuels to 4.3% (the growth figure for January 2007 was 37.1%). The rate of growth in receipts from wholesale trade accelerated notably in January, due to the fast growth of wholesale sales of food, beverages and tobacco, combined with accelerated growth in wholesale sales of non-agricultural interim products.

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: The Industrial production index is adjusted for calendar effects.

Chart 38 Year-on-year Dynamics of Sales in Selected branches (at current prices; 3-month moving averages; %)



Source: NBC calculations.



Chart 39 Retail Sales
(current prices; 3-month moving averages;
index, same period a year earlier = 100)

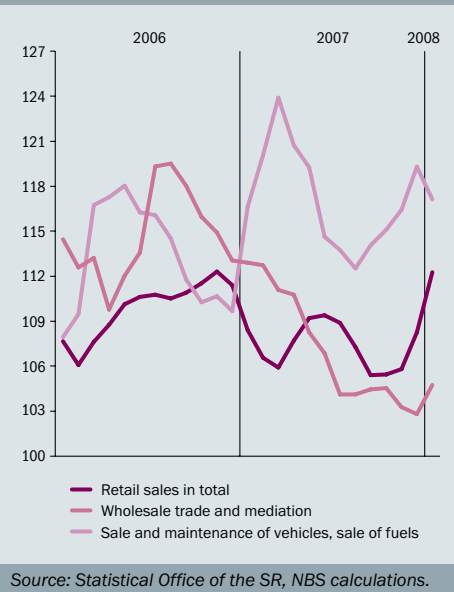
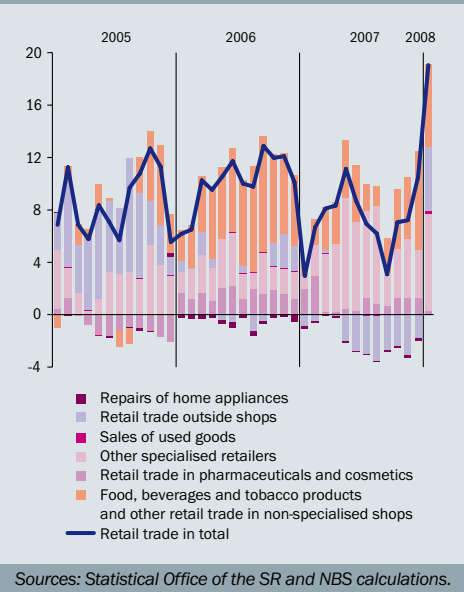


Chart 40 Contributions to Year-on-year Growth in Retail Sales
(current prices)



Compared with the previous month, the year-on-year growth in other specialised retail trade accelerated sharply, combined with accelerated growth in receipts from retail sales of food in specialised and non-specialised shops. Overall growth in receipts was largely supported by retail sales outside shops, which recorded an year-on-year growth in receipts at current prices of 37.8% (decrease of 12.6% in December). The growth in retail trade with pharmaceuticals and cosmetics, on the other hand, slowed down significantly, combined with a moderate slowdown in the growth of receipts from other retail trade in non-specialised shops.

The year-on-year growth in receipts from services related to real estates, renting and business activities broadly preserved its pace from the previous month. Activities related to real estates reported faster year-on-year decline in receipts, compared with the previous month. The next significant acceleration in the year-on-year growth in receipts from IT services and related activities (42.6% in January) offset the development in real estate related activities.

Wages, Employment and Unemployment

Development of nominal wage The year-on-year growth in nominal wages slowed down in January 2008, compared to December 2007, in posts and telecommunications, hotels and restaurants and construction. The average monthly nominal wage in January 2008 for all sectors indicates a moderate increase in the year-on-year growth rate, compared with the previous month.

Using the comparison of quarterly data and estimates based on preliminary monthly data on nominal wage, the growth in nominal wage is likely to remain unchanged from the previous quarter. In the 4th quarter of 2007, the nominal wage increased by 8% year-on-year; average data for selected sectors of the national economy for the first month of the 1st quarter of 2008 indicate an increase of 7.9%.



Table 35 Production and Sales

	SKK millions, current prices	Indices			
		Jan. 2008	Jan. 2007	Jan.-Dec. 2007	Dec. 2007	Jan. 2008
Industrial production index ¹⁾	-	117.4	112.8	106.5	108.4
Construction production ²⁾	10,571	124.0	105.7	98.8	114.1
Industry in total ³⁾	191,270	125.5	112.8	111.5	118.0
Construction ³⁾	15,544	132.7	114.8	110.5	113.6
Wholesale trade ³⁾	64,949	113.8	106.3	101.7	110.7
Retail trade	36,675	103.0	107.2	110.5	119.1
Sale and maintenance of vehicles, retail sales of fuels ³⁾	16,380	129.2	118.0	118.0	113.6
Hotels and restaurants ³⁾	3,676	101.9	104.1	110.0	115.0
Transport, storage ³⁾	13,998	138.8*	119.1 ⁴⁾	109.4	114.4
Real estate, renting, business activities ³⁾	14,752	106.2	108.6	110.7	109.2
Posts and telecommunications ³⁾	6,744	101.9	108.1	108.4	109.5
Receipts from own output and sales (total for the selected branches) ³⁾	368,902	119.8	111.1	109.5	115.7

Source: Statistical Office of the SR, NBS calculations.

Notes: 1) Adjusted for calendar effects (revised time series).

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)

4) The index was influenced by a methodological change (gas transport was removed from industry, and placed to transportation).

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

	Average monthly wage – nominal		Average monthly wage – real	
	December 2007	January 2008	December 2007	January 2008
Industry	104.6	108.1	101.2	104.1
of which: Manufacturing	104.2	108.2	100.8	104.2
Construction	109.6	107.2	106.0	103.3
Retail trade	105.6	105.8	102.1	101.9
Wholesale trade	104.5	104.9	101.1	101.1
Sale and maintenance of vehicles	107.6	108.0	104.1	104.0
Real estate and renting activities	110.2	112.8	106.6	108.7
Transport	107.1	108.3	103.6	104.3
Post and telecom.	120.6	110.9	116.6	106.8
Average for the selected sectors	106.3	107.9	102.8	104.0
Economy in total in Q4 2007	108.0	-	104.5	-
Consumer prices	103.4	103.8	-	-

Source: Statistical Office of the SR.

Notes: The selected sector accounted for 73% of total employment in the fourth quarter of 2007.

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



Chart 41 Comparison of Average Monthly Wages Based on Monthly and Quarterly Data (%)

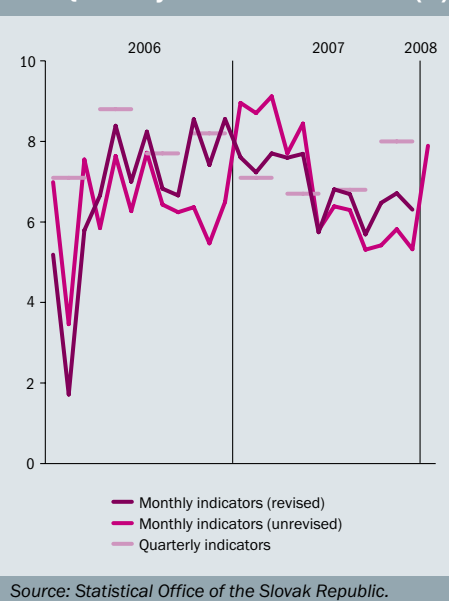


Chart 42 Comparison of Employment Rates Based on Monthly and Quarterly Data (%)



Employment The year-on-year growth in employment accelerated in January 2008, compared to December 2007, in transport and storage, construction, industry and posts and telecommunications. In the other sectors, employment growth slowed down compared with the previous month. The average employment figure for January 2008 for all sectors indicates a slowdown of year-on-year employment growth, compared with the previous month.

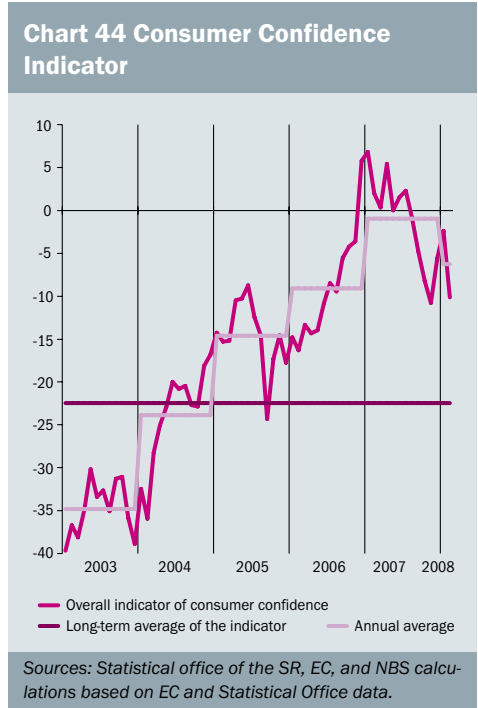
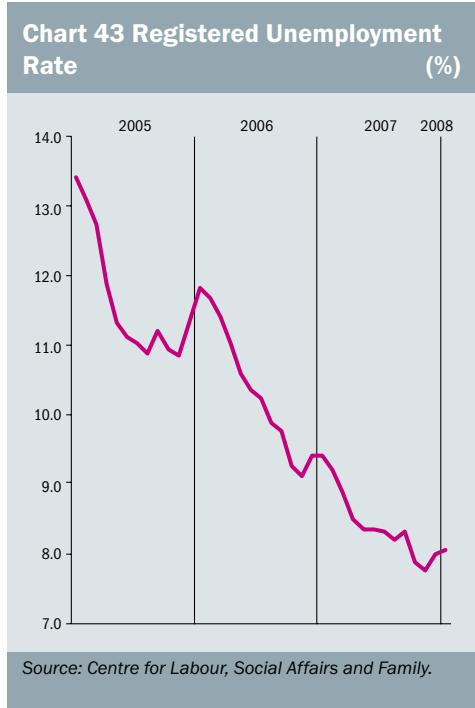
The comparison of quarterly and monthly employment indicators indicates that the year-on-year growth of employment in the 1st quarter of 2008 (average growth of employment in the first month of 2008) would be broadly unchanged from the 4th quarter of 2007.

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

	Employment	
	December 2007	January 2008
Industry	101.3	102.5
of which: manufacturing	101.7	103.0
Construction	106.1	107.4
Retail trade	106.0	101.4
Wholesale trade	97.2	94.1
Sale and maintenance of vehicles	121.5	105.7
Real estate and renting activities	104.6	101.2
Transport	103.7	106.4
Post and telecommunications	100.2	100.8
Average for the selected sectors	103.0	102.1
Economy in total in Q4 2007	102.2	-

Source: Statistical Office of the SR.

Unemployment According to data from the Centre for Labour, Social Affairs and Family, the total number of unemployed increased month-on-month by 2.5 thousand to 242.4 thousand in January 2008. The number of disposable unemployed, who may start working immediately, was 210.3 thousand, which was by 2.4 thousand more than in December. The rate of registered unemployment stood at 8.1% in January, representing a month-on-month increase of 0.1 of a percentage point. Compared with the same period last year, it went down by 1.4 percentage point.



The average length of registration was 10.5 months. Compared with December 2007, the share of long-term unemployed (out of work for more than 12 months) decreased by 0.7 of a percentage point, to 50% in January 2008.

Consumer Confidence Indicator

Consumer confidence went down in February, with the Consumer Confidence Indicator decreasing to -10.1 points (by 7.7 points less than in January). Compared with January, consumers were less optimistic when assessing all components of the indicator. Consumers lost their confidence particularly with respect to expected development of household savings and economic situation in Slovakia. In the year-to-year comparison, the consumer confidence indicator went down by 12.1 points.

Decline in the consumer confidence indicator



5 Monetary Developments

5.1 Foreign Exchange Market

Operations in the foreign exchange market

The exchange rate of the Slovak koruna strengthened by 2.6% (from SKK/EUR 33.665 to SKK/EUR 32.802); the average exchange rate appreciated by 1.2%. The Slovak koruna deviated from its central rate (SKK/EUR 35.4424) most significantly on 27 February 2008, when its exchange rate was fixed at SKK/EUR 32.799, representing an appreciation of 7.5% from the central parity. In relation to the US dollar, the koruna strengthened by 4.5% (from SKK/USD 22.730 to SKK/USD 21.696). The average exchange rate appreciated by 1.3%.

Spot transactions between foreign and domestic banks resulted into a negative balance of USD -344.0 million, i.e. foreign banks tended to purchase the Slovak koruna and sell foreign currency.

Národná banka Slovenska conducted no foreign exchange intervention in February.

	Month-on-month change	Average Feb. 2008	Average Jan.-Feb. 2008
		Average Feb. 2007	Average Jan.-Feb. 2008
SKK/EUR	-2.6	-4.0	-3.7
SKK/USD	-4.5	-14.9	-14.8

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

The Slovak koruna opened the month at the level of 33.500 SKK/EUR. The increasing risk aversion of investors in emerging markets, however, gradually weakened the local currency to levels above SKK/EUR 33.700.

On the background of increased interest rates in Poland and statements by the Prime Minister, the Minister of Finance and ECOFIN chairperson, which were positively received by the market, the koruna appreciated to a level of SKK/EUR 32.500, its historical maximum, on the last day of the month.

Interbank foreign exchange market

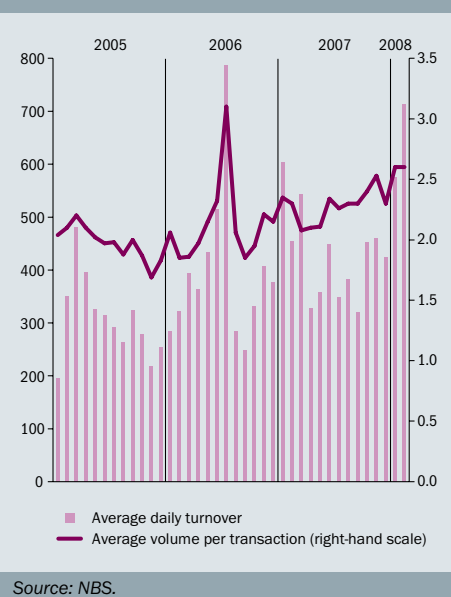
The total volume traded in the interbank foreign exchange market reached USD 116,100.3 million in February, representing an increase of 6.4% compared with the figure for January (USD 109,159.7 million). Of the total trading volume, swap transactions accounted for 85.0%. These were made mostly in USD (95.1%). Spot transactions accounted for 13.8% of the total turnover (92.0% of the deals were in EUR). The average daily turnover in the spot market reached USD 713.6 million and the average volume per transaction amounted to USD 2.6 million.

The total volume of transactions between domestic commercial banks increased from USD 10,143.4 million in January to USD 10,841.3 million in February. Most trading took place in USD (68.6%, compared with 60.2% in January), followed by EUR (30.0%, compared with 37.9% in January). Deals in other currencies accounted for 1.5% of the total turnover between domestic commercial banks only.

Transactions between domestic banks accounted for 9.3% of the total volume traded in the interbank foreign exchange market, unchanged from the previous month. Of the total volume of transactions between domestic banks, swap operations accounted for 78.2% (76.4% in January) and spot transactions (excluding interventions) for 22.7% (23.4% in January).

The total volume of transactions with foreign banks increased by 6.3%, from USD 99,016.3 million in January to USD 105,259.0 million in February. USD deals again accounted for the largest volume of transactions (84.0%, compared with 83.1% in January),

Chart 45 Transactions in the Interbank Foreign Exchange Market (USD millions)





followed by EUR deals with a share of 15.2% (16.5% in January). Trading in other currencies accounted for 0.8%. Trading between domestic and foreign banks still dominated the country's foreign exchange market with a share of 90.6%.

As was the case with deals between domestic banks, trading between domestic and foreign banks took place predominantly in the form of swap operations (85.8%, compared with 88.2% in January). Spot transactions accounted for 12.9% (10.4% in January). The share of forward dealings in the foreign exchange market was negligible. Option contracts accounted for 0.7% of the volume traded with foreign banks.

Slovak-koruna deposits of non-resident banks decreased to SKK 51.8 billion in January, representing a decrease of SKK 9.6 billion, compared with the previous month, and a decrease of SKK 1.1 billion compared with the same period a year earlier.

The volume of Treasury Bills owned by non-residents was equal to zero, as the Agency for Debt and Liquidity Management (ARDAL) did not issue any Treasury Bills this year. The volume of government securities held by non-residents in February was by SKK 0.9 billion smaller than a month earlier. The largest increase was recorded in 3-year government bonds No. 207 and 10-year government bonds No. 202 (both by SKK 0.4 billion).

The longer-term trend of decreasing volume and share of government bonds held by non-residents in the total volume of government bond issued slowed down in February, with only a moderate decrease (from SKK 74.2 top 73.6 billion, or from 21.3% to 20.9%) during the month.

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

	2007						2008		
	31.1.	31.8.	30.9.	31.10.	30.11.	31.12.	31.1.	29.2. ^(p)	6.3. ^(p)
Koruna assets, banks	13.6	18.6	13.0	15.5	15.2	22.0	20.6	17.3	18.7
Koruna liabilities	60.2	56.7	58.4	68.0	58.8	73.1	62.8	.	.
of which: banks	51.9	46.4	48.4	57.7	48.9	61.4	51.8	56.8	56.3
non-bank clients	8.3	10.3	10.0	10.4	10.0	11.7	11.0	.	.
Government securities	63.4	80.3	80.0	74.3	66.5	61.8	74.5	73.6	.
of which: government bonds	63.4	80.3	80.0	74.3	66.5	61.8	74.5	73.6	.
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.
Total	123.6	137.1	138.4	142.3	125.4	135.0	137.2	.	.

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

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

5.2 Money Market and Monetary Policy Implementation

At its 8th meeting on 26 February 2008, the Bank Board of 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.

The average monthly interest rates of the interbank money market yield curve went down slightly in February in comparison with the previous month. A more visible change was recorded at the short end of the yield curve. The interest rate on overnight deposits decreased by an average of 0.6 percentage point and the two-week rate decreased by 0.2 percentage point. The average decline in the rates of short maturities is attributable to the oversupply of liquidity prevailing in the banking sector for most of the month. The prices of deposits at the long end of the yield curve moved downwards (by 0.07 of a percentage point on average).

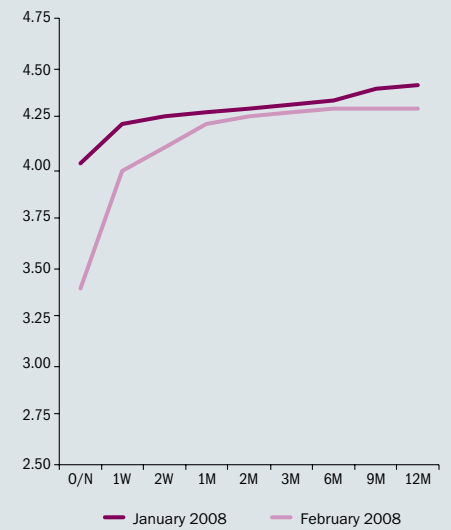
Interest rates

The decision of NBS Bank Board from February 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.

In the first half of the month, the long end of the yield curve fell below the level of 4.3%. This decrease was in line with the decrease in interest rates in the euro area, which decreased to the same level. According to market participants, the decrease in Slovak rates was also related to stronger expectations



Chart 46 Average Monthly Interbank Market Rates (BRIBOR) (% p.a.)



Source: NBS.

Chart 47 Developments in Interbank Market Rates (BRIBOR) (% p.a.)



Source: NBS.

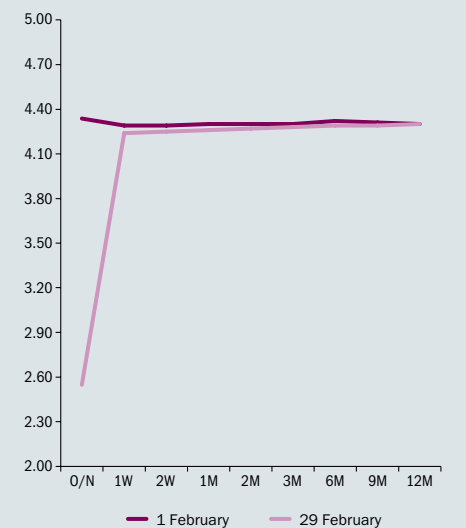
that NBS would reduce its key interest rates in the first half of the year, or after fixing the SKK/EUR conversion rate. Despite the growth in interest rates in the euro area in the second half of the year, the Slovak key interest rate did not develop in this direction, but remained at a level close to 4.3%. Compared with the previous month, the volume of transactions with a maturity of over one month decreased. The decreasing rates at the long end of the yield curve were thus in line with the expectations.

NBS continued conducting its monetary policy operations in a standard manner throughout February and accepted all bids received in four sterilisation repo tenders. The minimum, average and maximum interest yields were at the level of 2W reference rate (4.25%). In February, one auction of NBS treasury bills was held by NBS and NBS accepted all bids received, up to a yield of 4.25%. The minimum interest yield equalled to 4.24% and the average and maximum interest yields were at the level of the key rate for 2W repo tenders.

The comparison of yield curves from the beginning and from the end of the month shows that it was the O/N rate that changed most significantly. The interest rates along the whole yield curve were at the end of the month at a lower level than at the beginning of the month.

Liquidity The banking sector opened the month with an undersupply of liquidity on a daily basis. In the first repo tender in February, the demand by the sector was lower than the maturing volume. In this way, the sector increased its liquidity, also in light of the upcoming auction in NBS treasury bills. The demand by the sector in this auction was higher than the maturing volume. In this way, the sector partly reallocated its funds from two-week sterilisation tool to a three-month tool. In the following two repo tenders, the demand by the banks was lower than the maturing tenders. This situation even further increased the existing daily and cumulative oversupply of liquidity. With the approaching end of the month, the banks used the last repo tender to reduce their oversupply of liquidity and, to a large extent, used overnight sterilisation deals with NBS. By using these tools, the banking sector reduced the level of fulfilment of the minimum reserve requirement. Nevertheless, it fulfilled the minimum reserve requirement to a relatively high level of 101.22%. The last time the sector exceeded the 101% margin in fulfilling the minimum reserve

Chart 48 BRIBOR Yield curve in February (%)



Source: NBS.



requirement was in 2004. The reason for that was the start of the new period during the weekend, with banks preferring high minimum reserve requirement over the high cumulative shortage at the beginning of the new month.

In February, the preference given by banks to longer-term forms of sterilisation over two-week repo tenders was again confirmed. The share of sterilisation repo tenders in the total sterilisation decreased from 79.3% in January to 74.6%. These funds were rerouted to treasury bills of NBS, whose share increased to 24.0%. Sterilisation structure, however, is still dominated by repo tenders. Compared with the previous month, O/N repo deals recorded a slight increase. Their share increased in the second calendar month to 0.1%. The share of overnight deposits with NBS also increased and stood at 1.5%. Compared with January, the average daily sterilisation position of NBS decreased by SKK 400 million to SKK 371.2 billion in February.

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 in SKK mil.	Share in % p.a.	Volume in SKK mil.	Share in % p.a.	Volume in SKK mil.	Share in % p.a.	Volume in SKK mil.	Share in % p.a.	Volume in SKK mil.
January 2008	-294,826	79.33	5	0.00	-1,828	0.49	-74,993	20.18	-371,641
February 2008	-276,962	74.60	295	0.08	-5,527	1.49	-89,049	23.99	-371,243

Source: NBS.

Lower trading activity in February led to a decrease in the volume of trading in the interbank market to SKK 1,998.0 (compared with SKK 2,156.0 in January). Of the total volume of purchases and sales in the interbank market, the share of resident bank transactions decreased to 21.5% and that of transactions with non-resident banks increased to 78.5%. Broken down by the type of interbank transactions, domestic banks achieved the largest share in deposits (54.0%). Transactions with non-resident banks were dominated by swaps (62.4%). Compared with January, the volume of swaps increased, paralleled by a decrease in the volume of deposits, FRA and IRS contracts.

Interbank transactions

Table 41 Interbank Transactions (SKK millions)

	Deposits	Repos	Swaps	FRAs	IRs
January 2008	961,046	0	1,141,814	17,800	35,075
February 2008	804,275	0	1,175,368	13,000	5,155

Source: NBS.

Chart 49 Daily Developments in FRAs (% p.a.)



Source: Reuters.

Chart 50 Daily Developments in IRs (% p.a.)



Source: Reuters.



Chart 51 Implied Expectations Derived from BRIBOR Rates

(% p.a.)



For February 2008, the minimum reserve requirement for the banking sector was set to SKK 26.15 billion. During the month, the reserve requirement had actually been fulfilled to 101.22%.

Development of Money Market Interest Rate Derivatives

Trading in FRA contracts was marked with somehow lower activity in February, compared with the previous month. Deals were made with three, six and nine months maturity and settlement from the following day, 3, 6 and 9 months; these deals accounted for 100% of all the deals. All FRA transactions were entered into with foreign investors.

Trading in interest rate swaps (IRS) also recorded a decrease in volume, compared with the previous month. Almost 76.7% of the contracts were made with foreign banks. The remaining 23.3% of the deals involved domestic entities only. Swap transactions were concluded with one- to ten-year maturities. They were dominated by contracts with one year maturity, representing 62.1% of the total volume traded. They were followed by transactions with up to two years maturity, which accounted for 19.4%.

Implied FRA rates computed from BRIBOR at the beginning of February indicated a stable development of 1-, 2- and 3-month rates till July 2008 at the level of about 4.3% and their decline to 4.15% towards the end of the year. In the middle of the month, the rates indicated a similar development. At the end of the month, market expectations calculated from implied FRA rates changed somehow, indicating a moderate decrease of the rates in November to 4.2%.

5.3 Customer Interest Rates in January 2007

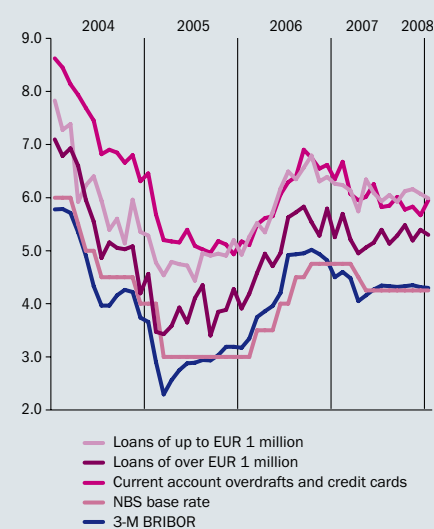
Customer interest rates The average interest rates recorded a moderate increase in January 2008, with rates increasing on both loans and deposits of non-financial corporations and households.

Average interest rates on new loans Average interest rates on new loans to non-financial corporations increased slightly in January. This was attributable to the steeper growth in the interest rates on current account overdrafts, reflecting moderately growing demand for account overdrafts and higher average O/N rates in the interbank market compared with the previous month. On the other hand, the demand for operating and investment loans by large enterprises dropped significantly, compared with the last month of 2007, which could be the factor explaining the slight decrease in lending rates. Lending rates went down mainly on loans with a floating rate and initial rate fixation (IRF) of up to one year. No loans with long rate fixation had been granted to large enterprises in January. Interest rates on loans to small and medium-sized enterprises also recorded a moderate decrease. With loans of up to EUR 1 million, interest rates on loans with a floating rate and IRF of up to 1 year decreased; interest rates on loans with IRF of over 5 years increased significantly (the volume of this type of loans, however, was negligible). Regarding the structure of loans by purpose, lending rates decreased for operating and investment loans. The rates on other loans developed in the opposite direction.

Average interest rates on loans to households increased slightly in January. As was the case with loans to non-financial corporations, this increase was, to a large extent, attributable to growing rates on current account overdrafts. A slight increase in lending rates was recorded in house purchase loans. In this category, the price of mortgage loans increased moderately, interrupting the trend of stagnation

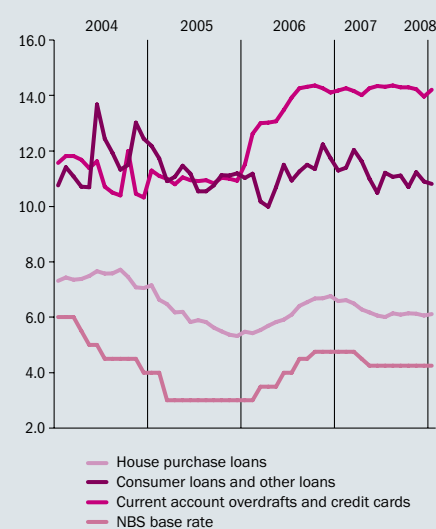


Chart 52 Interest Rates on Loans to Non-Financial Corporations, 3-M BRIBOR, and the NBS Base Rate (%)



Source: NBS.

Chart 53 Interest Rates on Loans to Households by Type (%)



Source: NBS.

Table 42 Average Interest Rates on New Loans

	Interest rate in %						January change (in p.p.)	
	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Dec. 2007	Jan. 2007	against Q1 2007	month-on- month
Loans to non-financial corporations								
Current account overdrafts and credit cards	6.62	6.06	6.26	6.01	5.67	5.95	-0.11	0.28
Loans of up to EUR 1 million	6.39	6.13	6.09	5.92	6.07	5.99	-0.15	-0.08
– with a floating rate and an IRF of up to 1 year	6.33	6.08	6.06	5.90	6.07	5.97	-0.11	-0.10
– with an IRF of up to 5 years	6.52	6.05	6.12	6.06	6.44	8.40	2.35	1.96
Loans of over EUR 1 million	5.79	5.21	5.15	5.28	5.39	5.30	0.08	-0.09
– with a floating rate and an IRF of up to 1 year	5.60	5.04	5.05	5.15	5.36	5.24	0.20	-0.12
– with an IRF of up to 5 years	5.73	5.82	5.69	5.99	6.25	-	-	-
Total	6.37	5.93	6.05	5.88	5.62	5.88	-0.05	0.26
Total, excluding current account overdrafts and credit cards	5.89	5.47	5.37	5.42	5.52	5.52	0.05	0.00
Loans to households								
Current account overdrafts and credit cards	14.10	14.16	14.34	14.30	13.96	14.21	0.05	0.25
Consumer loans	13.67	14.11	12.44	13.59	13.23	12.92	-1.19	-0.31
House purchase loans	6.76	6.50	6.06	6.10	6.06	6.12	-0.37	0.06
of which: mortgage loans	6.45	6.29	5.79	5.78	5.72	5.81	-0.48	0.09
Other loans	7.46	7.19	6.75	6.97	7.00	7.28	0.08	0.28
Total	12.54	12.56	12.16	12.21	12.12	12.33	-0.23	0.21
Total, excluding current account overdrafts and credit cards	8.36	8.66	7.65	7.58	7.52	7.47	-1.19	-0.05
NBS base rate	4.75	4.75	4.25	4.25	4.25	4.25	-0.50	0.00
3M BRIBOR	4.82	4.48	4.27	4.32	4.31	4.30	-0.18	-0.01

Source: NBS.

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



from recent months. The rates on other house purchase loans remained virtually unchanged. As far as loans used prevalingly for consumption are concerned, the interest rates on other loans increased and the rates on consumer loans decreased. Within this category, a notable decrease in interest rates was recorded in non-specific consumer loans. Taking a longer-term perspective, it is obvious that the development of interest rates has been relatively stable.

Average interest rates on new deposits

Interest rates on deposits from non-financial corporations increased in January. This development was influenced mostly by the increased interest rates on short-term deposits. In this category, the rates of interest increased most notably on deposits repayable on demand (equally for overnight deposits and current accounts) and deposits with shortest maturities (particularly of up to 7 days). This was, to a large extent, caused by the development of interest rates in the interbank market (higher average interest rates on shortest maturities). The change in the rates of interest on various types of deposits influenced also the structure of deposits, with the share of deposits with an agreed maturity increasing at the expense of deposits repayable on demand. Interest rates on longer-term deposits, on the other hand, decreased. This development was observed in longer-term deposits with an agreed maturity.

Interest rates on household deposits increased moderately in January. This was attributable to the growing interest rates on deposits with up to 1-year maturity (particularly those with maturities of up to 7 days and deposits of over 6 months up to 1 year). Overall, the development was similar to that seen in non-financial corporations, with the rates of interest on similar types of deposit products changing to a small extent only. The rates on overnight deposits increased, while the rates on current account deposits stagnated. Interest rates on deposits with a notice period continued on the upward curve that started in the first quarter of 2007.

Real interest rate

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 0.53% in January, which represented a decrease of 0.20 of a percentage point compared with the previous month. The decreasing trend of real interest rate prevailing since August 2007 is influenced particularly by increasing rate of inflation. Despite the relatively large increase in interest rates on deposits in the last month, the real interest rate decreased moderately.

Chart 54 Interest Rates on Deposits from Non-Financial Corporations (%)

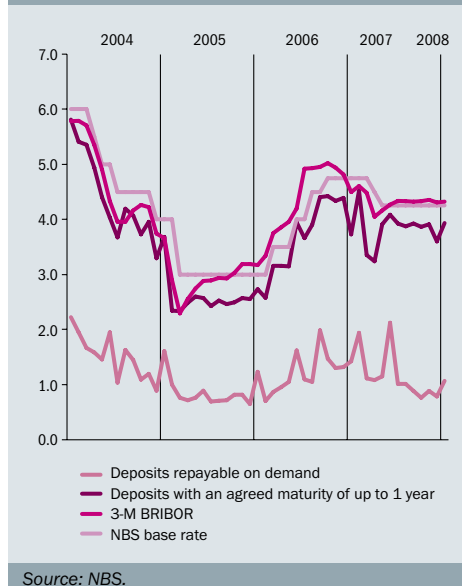


Chart 55 Interest Rates on Household Deposits (%)

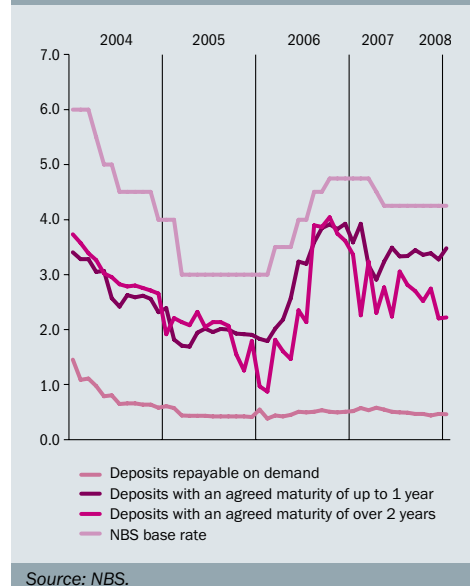




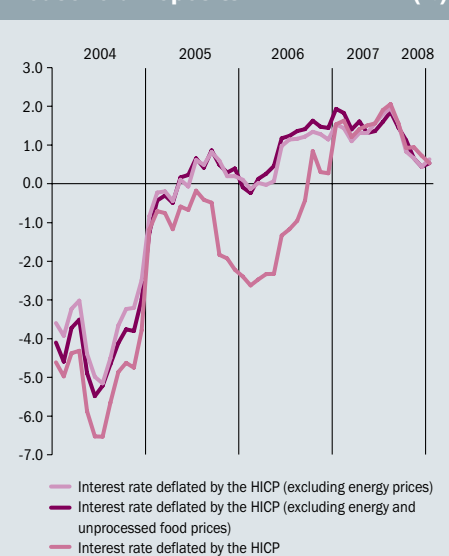
Table 43 Average Interest Rates on New Deposits

	Interest rate in %						Changes in January in p.p.	
	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Dec. 2007	Jan. 2008	against Q1 2007	Month- on-month changes
New deposits from non-financial corporations								
Deposits repayable on demand	1.32	1.11	2.12	0.88	0.78	1.07	-0.05	0.29
Deposits with an agreed maturity of								
– up to 1 year	4.39	3.36	4.09	3.93	3.60	3.93	0.58	0.33
– over 1 and up to 2 years	3.28	2.66	0.00	3.50	3.79	3.60	0.94	-0.19
– over 2 years	2.62	1.50	1.91	2.77	2.30	2.00	0.50	-0.30
Total	2.70	2.17	3.09	2.28	1.83	2.38	0.21	0.55
New deposits from households								
Deposits repayable on demand	0.50	0.54	0.51	0.47	0.47	0.46	-0.04	-0.01
Deposits with an agreed maturity of								
– up to 1 year	3.92	3.17	3.49	3.45	3.28	3.48	-0.43	0.20
– over 1 and up to 2 years	3.98	2.47	3.34	3.50	3.58	3.89	-0.09	0.31
– over 2 years	3.61	3.24	2.24	2.70	2.20	2.22	-1.39	0.02
Deposits redeemable at notice								
– up to 3 months	1.54	1.46	1.23	1.33	1.42	1.44	-0.10	0.02
– over 3 months	1.97	1.98	1.90	1.96	2.05	2.11	0.14	0.06
Total	1.18	1.07	1.00	1.00	0.99	1.10	-0.08	0.11
Basic NBS rate	4.75	4.75	4.25	4.25	4.25	4.25	-0.50	0.00
3M BRIBOR	4.82	4.48	4.27	4.32	4.31	4.32	-0.50	0.01

Source: NBS.

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

Chart 56 Real Interest Rates on Household Deposits (%)



Source: NBS and the Statistical Office of the SR.



Annexes

1 International Economy: Tables and Graphs

Table 44 Euro Area (year-on-year changes in %, unless otherwise specified)

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %)
2005	2.2	1.5	4.1	1.6	1.3	1.3	8.8	3.44
2006	2.2	1.5	5.1	2.8	4.0	1.5	8.2	3.86
2007	2.1	2.0	2.8	2.6	3.5	0.8	7.4	4.33
2006 Q4	1.8	1.6	4.1	3.2	4.1	1.7	7.9	3.86
2007 Q1	1.9	1.9	2.9	3.1	4.0	1.6	7.6	4.08
2007 Q2	1.9	1.9	2.4	2.4	2.8	1.0	7.4	4.42
2007 Q3	1.9	2.0	2.1	2.6	4.0	1.3	7.3	4.48
2007 Q4	2.9	2.3	4.0	2.2	3.1	-0.6	7.2	4.34
XI.07	3.1	2.3	4.2	-	3.1	-0.7	7.2	4.25
XII.07	3.1	2.3	4.3	-	1.8	-1.6	7.1	4.38
I.08	3.2	2.3	4.9	-	3.8	-0.1	7.1	4.23
II.08	3.3	2.4	.	.	.	.	.	4.14

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.

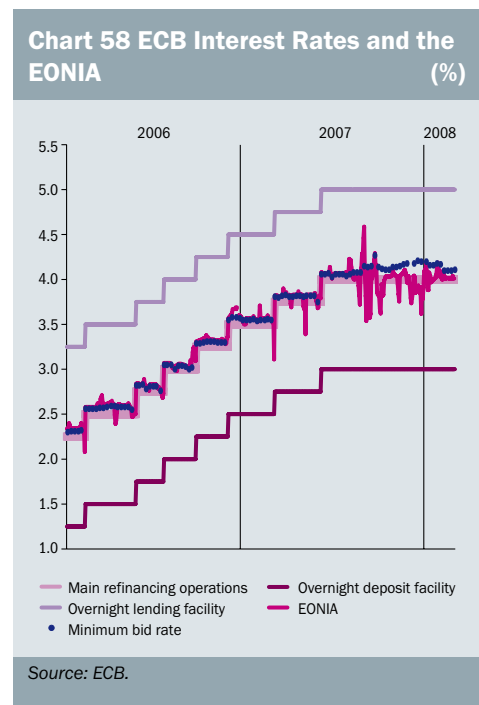
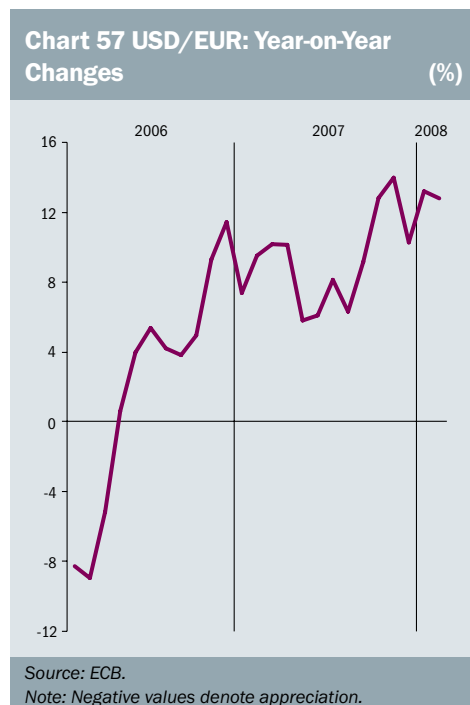




Table 45 Czech Republic (year-on-year changes in %, unless otherwise specified)

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
2005	1.6	0.9	3.0	6.4	6.7	3.9	7.9	3.51
2006	2.1	0.9	1.6	6.4	11.4	6.9	7.2	3.78
2007	3.0	3.1	4.0			6.8	5.3	4.28
2006 Q4	1.1	1.0	2.2	6.1	10.2	7.0	6.5	3.78
2007 Q1	1.7	1.9	3.1	6.3	12.3	8.3	5.8	3.79
2007 Q2	2.6	2.8	4.1	6.2	8.9	7.7	5.5	4.23
2007 Q3	2.7	3.1	3.9	6.1	5.9	7.2	5.2	4.54
2007 Q4	4.9	4.5	5.0	.	.	.	4.9	4.56
XI.07	5.1	4.7	5.3	-	4.9	3.2	4.9	4.54
XII.07	5.5	5.1	5.2	-	4.7	4.2	4.7	4.65
I.08	7.9	7.2	5.9	-	.	.	4.7	4.54
II.08	7.6	7.0	.	-	.	.	.	4.48

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.

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

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
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	10.6	4.3	7.5	7.12
2007	7.9	6.7						6.74
2006 Q4	6.4	4.6	9.7	3.3	11.6	2.6	7.5	7.10
2007 Q1	8.8	6.7	8.7	2.6	10.1	0.3	7.3	6.90
2007 Q2	8.5	7.2	7.7	1.6	7.6	-3.2	7.2	6.63
2007 Q3	7.3	6.7	4.2	1.1	9.9	-4.1	7.2	6.68
2007 Q4	7.1	6.2	.	.	.	.	.	6.76
XI.07	7.2	6.2	5.4	-	5.8	-4.2	7.2	6.74
XII.07	7.4	6.3	6.1	-	5.3	-4.0	7.2	6.93
I.08	7.4	6.3	10.8	-	.	.	7.2	7.11
II.08	6.7	5.8	.	-	.	.	.	7.58

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.



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

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
2005	2.2	1.2	2.1	3.6	4.5	1.3	17.7	5.22
2006	1.3	0.6	2.5	6.2	12.2	9.6	13.8	5.23
2007	2.6	2.0	3.6	6.5	9.5	13.5	9.6	5.48
2006 Q4	1.3	1.0	3.1	6.9	10.9	10.7	12.3	5.25
2007 Q1	2.0	1.2	3.9	6.7	14.5	16.4	10.8	5.18
2007 Q2	2.3	1.8	3.2	6.7	8.1	14.0	9.9	5.36
2007 Q3	2.4	2.3	3.2	6.0	8.1	12.8	9.2	5.66
2007 Q4	3.7	3.0	4.4	6.7	7.9	11.4	8.6	5.73
XI.07	3.7	3.1	4.6	-	8.4	13.6	8.6	5.70
XII.07	4.2	3.3	4.4	-	6.3	7.7	8.4	5.86
I.08	4.4	3.6	5.1	-	10.7	8.3	8.6	5.81
II.08	4.6	3.8	.	-	.	.	.	5.82

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 59 Exchange Rate Indices of V4 Currencies against the Euro
(31 December 2004 = 100)



Source: Eurostat, NBS calculations.
 Note: A fall in value denotes an appreciation.

Chart 60 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			Real economy				Financial market
	CPI	CPI ¹⁾ (core inflation)	PPI ²⁾	GDP ³⁾	Industrial production ⁴⁾	Retail trade ⁵⁾	Unemployment	10-years bonds (yield to maturity in %)
2005	3.4	2.2	4.9	3.1	3.2	6.6	5.1	4.29
2006	3.2	2.5	3.0	2.9	4.0	6.2	4.6	4.80
2007	2.8	2.3	3.9	2.2	2.6	4.1	4.6	4.64
2006 Q4	1.9	2.6	0.3	2.6	3.5	5.2	4.5	4.63
2007 Q1	2.4	2.6	2.0	1.5	2.5	3.5	4.5	4.68
2007 Q2	2.7	2.3	3.4	1.9	1.7	4.0	4.5	4.85
2007 Q3	2.4	2.2	3.6	2.8	1.1	4.1	4.6	4.74
2007 Q4	4.0	2.3	6.8	2.5	1.8	4.7	4.8	4.27
XI.07	4.3	2.3	7.6	-	2.2	5.6	4.7	4.15
XII.07	4.1	2.4	6.5	-	1.7	3.4	5.0	4.10
I.08	4.3	2.5	7.7	-	2.3	3.7	4.9	3.74
II.08	4.0	2.3	.	-	.	3.0	4.8	3.74

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

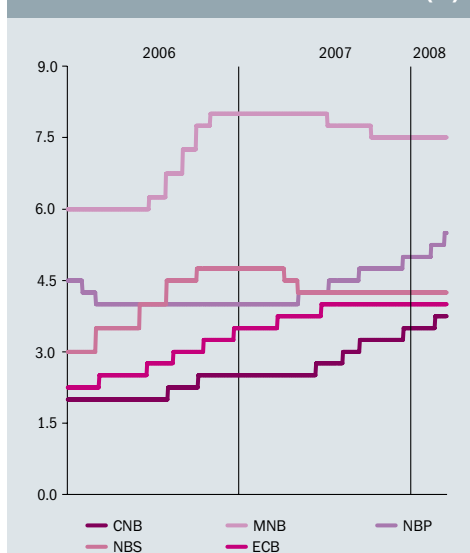
1) Core CPI – inflation excluding food and energy.

2) PPI finished products.

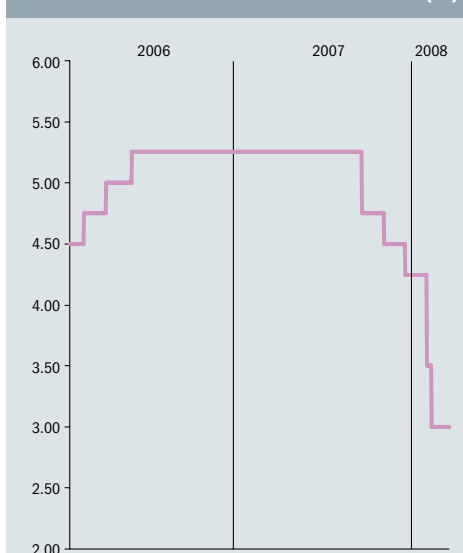
3) Seasonally adjusted.

4) Industrial production in total (seasonally adjusted.)

5) Retail trade and restaurant services.

Chart 61 Key Interest Rates of the NCBs of V4 Countries (%)


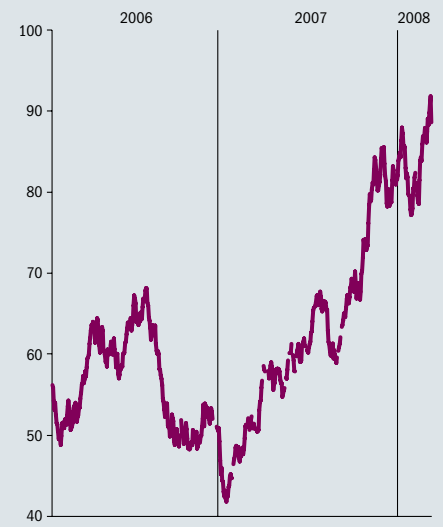
Source: ECB, national central banks.

Chart 62 United States: Federal Funds Rate (%)


Source: Federal Reserve System.



Chart 63 Oil Prices in USD/Barrel



Source: Reuters.

2 Capital Market

2.1 Primary Market

In February, ARDAL held two auctions of government bonds (with residual maturity of 4.2 and 11.2 years) while in the first and second auction, it accepted bids for SKK 2.5 billion of the total demand of SKK 6.2 billion and SKK 1.2 billion of the total demand of SKK 2.7 billion, respectively. In the first auction, the maximum volume of the issue worth SKK 40 billion with original maturity of 15 years was reached. The yields required in the first and second auction were 4.114% and 4.535%, respectively. The reason for satisfying almost 40% of the total demand was the full sale of the first issue and low demand shown and high yields requested by investors for the second issue.

On the primary market for non-government bonds, 4 bond issues denominated in Slovak korunas (in an amount of SKK 3.2 billion) were floated in February. They were all issues of mortgage bonds.

2.2 Secondary Market

The total volume traded on the Bratislava Stock Exchange (BCPB) reached SKK 12.3 billion in February (in 363 transactions), representing a month-on-month decrease of 45.3%. Price-setting transactions accounted for SKK 514.6 million and direct transactions for SKK 11.8 billion.

Non-resident investors accounted for 72.7% of the total volume traded in February, of which 66.6% were purchases and 78.8% sales.

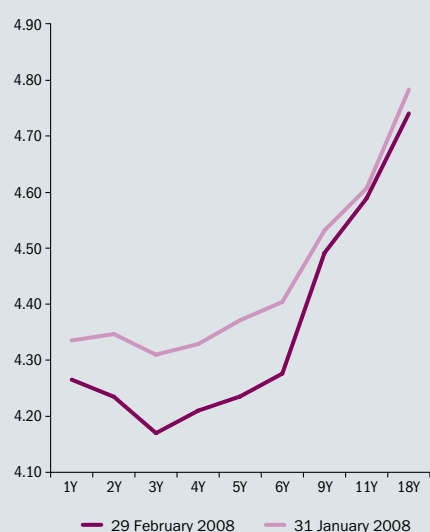
The benchmark government bond yields curve moved slightly downwards, compared with the previous month (by 0.09 of a percentage point). Yields on bonds with three and five months maturity changed most notably, by 0.14 of a percentage point. The yields on bonds were influenced by the developments on the foreign exchange market and by movements in yields in the euro area, which decreased by a higher margin compared with the Slovak ones. This widened the spreads between the Slovak and the European benchmark.

Bonds

The BCPB recorded 156 bond transactions totaling SKK 12.3 billion during the month (i.e. 99.7% of the total volume traded on the BCPB floor in February).

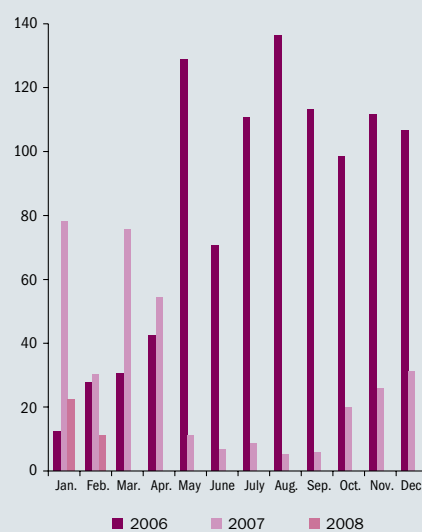
The market capitalization of bonds as at the last trading day of February reached SKK 425.7 billion, representing a month-on-month decrease of 1.9%. Market capitalization of listed bonds decreased since the end of January by 1.83%, to SKK 407.0 billion.

Chart 64 Benchmark Government Bond Yield Curves (%)



Source: Reuters, NBS.

Chart 65 Bond Transactions in the BCPB (SKK billions)



Source: Bratislava Stock Exchange (BCPB).



SDXGroup indices

Table 49 The Values of SDXGroup Indices at the End of February 2008

Sector	SDXGroup indices		Yield to maturity (%)	Duration (in years)
	Price	Performance		
Public	103.5	124.0	4.304	4.653
SDXG sub-index (<=5)	102.3	121.2	4.101	2.698
SDXG sub-index (>5)	105.2	127.5	4.402	7.147
Private (corporate + mortgage bonds)	98.9	124.3	4.695	4.430
SDXG sub-index (>5)	103.1	124.3	4.695	4.430

Source: BCPB.

Calculation of the short-term private sub-index SDXG (<=5) was cancelled, as the last base title was removed from the basket, because its residual maturity fell below 1 year.

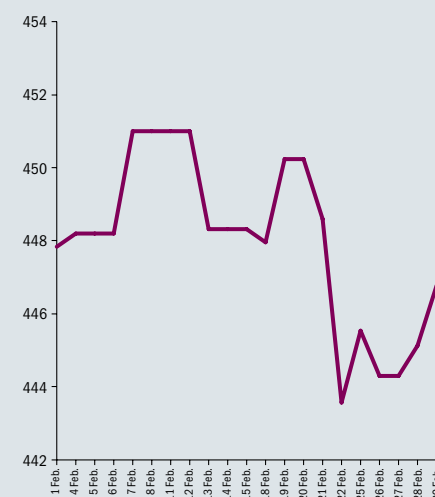
Shares During the month under review, 7,778 equity securities worth SKK 32.8 million were traded in 207 transactions. Price-setting transactions accounted for SKK 10.6 million and direct transactions for SKK 22.2 million.

By the last trading day of February 2008, the market capitalization of equity securities decreased by 2.3% month-on-month to SKK 155.9 billion. The amount of issues that had a market price at least once in the past, except for participation certificates, was SKK 149.4 billion (a month-on-month decrease of 2.5%) and accounted for 95.8% of the total equity market capitalization. Market capitalization of listed issues decreased since the end of January by 1.16%, to SKK 88.8 billion.

In February, BCPB accepted no new share emission on the listed market. However, it accepted the second issue of shares of Dexia banka Slovensko a.s. with a nominal value of SKK 200.4 million on the regulated open market. At the same time, it stopped the trading on the regulated open market with two shares issues in a total volume of SKK 60.0 million, at the request of the issuing company. In the month under review, the quoted parallel market of BCPB received three new issues of mortgage bonds with a total value of SKK 1.2 billion and CZK 800 million, two bank bonds issues worth SKK 500 million and BGN 200 million and one corporate bond issue worth SKK 670.9 million. The registered volumes of government bond issues No. 204 and 205 were increased by the V and N tranche, respectively, in a total amount of SKK 3.7 billion. One government bond (worth SKK 15 billion) expired on the bond market.

SAX Index The SAX index closed the month at 446.77 points, representing a decline of 0.3% month-on-month and an increase of 7.0% year-on-year. The index reached a monthly peak on 7 February (451.01 points) and a monthly low on 22 February (443.57 points).

Chart 66 Developments in the SAX Index in October 2007 (points)



Source: BCPB.

Table 50 Weights of Basic SAX Index Components at the Month-ends in 2007 and 2008

Company	Weights in %						Monthly change in p. p.
	Sep. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008	
Biotika, a. s.	4.71	5.10	4.58	4.04	4.02	4.03	0.01
OTP Banka Slovensko, a. s.	21.87	22.00	21.59	21.46	21.35	22.09	0.74
SES Tlmače, a. s.	14.80	15.33	16.38	16.66	17.28	16.62	-0.66
Slovnaft, a. s.	30.49	29.96	29.65	29.55	29.93	29.40	-0.53
Všeobecná úverová banka, a. s.	28.14	27.61	27.81	28.30	27.43	27.86	0.43

Source: BCPB.



3 Methodological Notes to Selected Indicators

3.1 Monetary Statistics

3.1.1 Statistics of Monetary Aggregates (ECB methodology)

In implementing ECB methodology, data from harmonized statements of monetary and banking statistics were applied. These statistics were introduced by Národná banka Slovenska in 2003.

In 2003, similarly as in national methodology, the MFI sector was composed of Národná banka Slovenska, commercial banks headquartered in the SR, home savings banks, and the local branches of foreign banks. With effect from January 2004, in accordance with ECB methodology, the MFI sector was extended to include money market investment funds, which are now required to report data to NBS on a monthly basis (the list of MFIs monitored by NBS is regularly updated and published on the website of Národná banka Slovenska)⁸.

The aggregated balance sheet of monetary financial institutions (excluding the NBS) is the sum of statistical balance sheets of MFIs (except of the NBS balance sheet). The structure and content of the items of the statistical balance sheet was defined to allow compilation of a “consolidated balance sheet of MFIs”.

The consolidated balance sheet of monetary financial institutions is obtained by netting out inter-MFI positions on the aggregated balance sheet of monetary financial institutions, which also includes the assets and liabilities of NBS. The consolidated balance sheet of MFIs serves for the calculation of monetary aggregates and their counterparts. In netting out, 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.

Monetary aggregates according to ECB methodology are calculated from monthly statistical balance sheet of banks, on the basis of which NBS compiles the aggregated and consolidated balance sheets for the MFI sector. The monetary aggregates consist of highly liquid liabilities of MFIs and central government to residents in the money-holding sector. The rest of the consolidated balance sheet, after deduction of the M3 monetary aggregate, is constituted by its counterparts.

The calculation of the annual growth rate of the monetary aggregates and their counterparts requires a calculation of transactions. Annual growth rates are calculated using a chain index fixed to a basis period (January 2005, January 2005 = 100).

The formula for the calculation of the index is as follows:

$$I_t = I_{t-1} \times \left(1 + \frac{T_t}{S_{t-1}} \right)$$

I_t – index at period t

T_t – transactions in period t

S_{t-1} – outstanding amount in period t-1

Transactions are business-to-business transactions that are based on mutual agreement, which involves the simultaneous creation or end of an asset and related liability or change in the ownership of the asset or the entering into a liability. The transactions are calculated indirectly using data on non-transactions, which express changes in stocks resulting from:

1. reclassifications and other changes,
2. exchange rate variations,
3. changes in the valuation of tradable instruments + write-downs of loans

⁸ The actual list of MFIs and detailed methodological information on harmonised monetary and banking statistics are available on the website of Národná banka Slovenska (<http://www.nbs.sk>), in the ‘Monetary and Banking Statistics / Monetary Statistics of the MFIs’, under ‘Banking sector of the SR’ menu.



Transaction = differences in end-of-the-month stocks minus non-transactions

$$F_t = (S_t - S_{t-1}) - C_t - V_t - E_t$$

F_t – transactions

S_t – stocks at the end of the current period

S_{t-1} – stocks at the end of the previous period

C_t – adjustment related to reclassification

V_t – adjustment related to revaluation

E_t – exchange rate adjustment (has not been calculated as yet)

Indices calculated in this way are used for the calculation of the annual growth rate for period t (a_t):

$$a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

3.1.2 Statistics on monetary aggregates (NBS methodology – Monetary Survey)

In 2005, Národná banka Slovenska completed the harmonization process in methodology implementation for reporting and monitoring monetary aggregates in line with that of the European Central Bank (ECB). From February 2006, when a 1-year transition period ended, NBS has published monetary aggregates and evaluated their development using ECB methodology only.

In a transition period, the NBS used both national methodology and that of the ECB in evaluating the development of monetary aggregates, nevertheless, greater emphasis was placed on ECB methodology in relation to the M3 aggregate and its counterparts.

Table 51 Calculation of Monetary Aggregates

Methodology of the NBS	Methodology of the ECB
	(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)
CURRENCY OUTSIDE BANKS [MO]	currency in circulation [MO]
+	+
DEMAND DEPOSITS (in SKK)	overnight deposits and received loans
= Money (M1 – 'narrow money')	= M1 ('narrow money')
	+ deposits and received loans with an agreed maturity of up to 2 years
TIME DEPOSITS (all maturities, in SKK)	+ 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 NBS, commercial banks, and money market funds – the deposits of money market 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)⁹;
 - 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 data¹⁰.

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 granted¹¹ 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.

⁹ In the methodology of NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

¹⁰ In the conditions of NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.

¹¹ The term 'granted loans' is an equivalent of the term 'new loan'.



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. 63/2002¹² 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.

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.

¹² 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.



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 2005¹³

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.

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.

¹³ Until 2004, claims had been classified as standard loans, standard loans with qualification, non-standard loans, doubtful loans, and loss-making loans.



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', 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	2007										2008			
		2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	1.	2.	
REAL ECONOMY															
Gross domestic product ¹⁾²⁾	SKKbillions	-	325.9*	-	-	683.7*	-	-	1,052.2*	-	-	1,429.5*	-	-	
Year-on-year change in GDP ³⁾	%	-	8.3*	-	-	8.8*	-	-	9.0*	-	-	10.4*	-	-	
Unemployment rate ⁴⁾⁹⁾	%	9.2	8.9	8.5	8.3	8.3	8.3	8.2	8.3	7.9	7.8	8.0	8.1	-	
Consumer prices (HICP) ³⁾⁸⁾	%	2.0	2.1	2.0	1.5	1.5	1.2	1.2	1.7	2.4	2.3	2.5	3.2	3.4	
Consumer prices (CPI) ³⁾	%	2.7	2.7	2.7	2.3	2.5	2.3	2.3	2.8	3.3	3.1	3.4	3.8	4.1	
BALANCE OF TRADE ⁷⁾⁹⁾															
Exports (fob)	SKKmillions	215,709	334,970	445,504	567,001	684,372	798,733	906,896	1,030,426	1,173,213	1,312,257	1,420,738	127,027	-	
Imports (fob)	SKKmillions	209,469	330,160	439,958	564,665	686,582	802,506	916,474	1,036,352	1,178,389	1,322,055	1,442,123	120,386	-	
Balance	SKKmillions	6,239	4,810	5,545	2,337	-2,211	-3,773	-9,578	-5,926	-5,176	-9,798	-21,385	6,641	-	
BALANCE OF PAYMENTS															
Current account ⁷⁾	SKKmillions	6,356.6	-3,587.3	-3,741.0	-17,088.9	-40,420.4	-51,259.1	-55,975.6	-59,641.8	-74,414.5	-88,466.2	-98,746.3	-	-	
Capital and financial account	SKKmillions	-8,469.4	56,425.6	85,406.7	94,550.7	106,368.5	139,344.7	146,578.3	146,474.3	156,371.3	170,341.9	183,903.6	-	-	
Overall balance	SKKmillions	16,710.9	76,763.8	99,653.0	98,721.4	98,478.0	98,601.6	98,507.1	99,074.9	100,046.2	95,796.3	95,971.0	-	-	
FOREIGN EXCHANGE RESERVES ⁴⁾															
Total foreign exchange reserves	USDmillions	15,982.6	18,365.4	19,730.8	19,393.2	19,600.5	19,717.1	19,807.3	20,668.3	21,371.7	21,868.6	21,598.6	21,928.5	-	
NBS foreign exchange reserves	USDmillions	14,080.5	16,605.2	17,823.1	17,571.2	17,597.5	17,879.1	17,815.1	18,507.1	18,798.3	19,110.9	18,581.6	19,257.0	-	
GROSS EXTERNAL DEBT ⁴⁾															
Total gross external debt	USDbillions	32.2	35.2	37.0	35.4	36.7	38.2	38.3	39.8	42.2	43.1	44.3	-	-	
External debt per capita	USD	5,981	6,549	6,883	6,571	6,814	7,109	7,111	7,398	7,848	8,014	8,237	-	-	
MONETARY INDICATORS															
Exchange rate ⁵⁾	SKK/USD	26.434	25.583	24.788	24.954	25.355	24.311	24.647	24.378	23.669	22.637	22.882	22.797	22.495	
M3 monetary aggregate ⁴⁾⁸⁾	SKKbillions	974.0	980.8	989.6	1,009.3	1,026.6	1,008.5	1,029.3	1,039.4	1,039.6	1,041.0	1,082.4	1,082.3	-	
Year-on-year change in M3 ³⁾	%	16.8	16.7	16.3	18.5	19.2	15.6	15.3	16.2	14.4	12.3	13.0	12.6	-	
Claims of monetary financial institutions ⁸⁾	SKKbillions	889.9	900.2	910.8	936.7	954.5	967.5	973.2	988.6	1012.8	1029.4	1,044.7	1,041.1	-	
STATE BUDGET ²⁾⁴⁾															
Revenue	SKKbillions	46.0	70.2	107.4	121.5	145.8	185.4	206.3	228.5	263.1	290.3	322.2	35.0	51.5	
Expenditure	SKKbillions	54.5	82.1	108.9	134.5	156.8	181.5	205.9	229.1	256.2	284.9	345.7	22.0	50.0	
Balance	SKKbillions	-8.5	-11.9	-1.5	-13.0	-11.0	9.3	0.4	-0.6	6.9	5.4	-23.5	13.0	1.5	
MONEY MARKET															
Interest rates set by the NBS Bank Board															
Date of validity ⁶⁾															
Overnight operations															
- sterilisation	%	27.9.2006	28.3.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007
- refinancing	%	3.25	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	
Limit rate for 2-week repo tenders	%	6.25	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	4.75	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	
Average interbank deposit rate (BRIBOR)															
overnight	%	4.75	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	
7-day	%	5.61	3.80	2.99	3.61	4.68	3.73	3.52	4.10	3.78	3.82	2.75	4.01	3.39	
14-day	%	4.93	4.11	3.47	4.11	4.34	4.19	4.08	4.24	4.20	4.19	3.93	4.22	4.00	
1-month	%	4.82	4.25	3.64	4.18	4.30	4.25	4.20	4.25	4.25	4.25	4.12	4.24	4.12	
2-month	%	4.75	4.40	3.88	4.20	4.27	4.28	4.28	4.28	4.28	4.28	4.25	4.28	4.23	
3-month	%	4.67	4.52	3.98	4.17	4.26	4.32	4.30	4.31	4.31	4.32	4.28	4.30	4.26	
6-month	%	4.60	4.48	4.05	4.16	4.27	4.34	4.33	4.32	4.33	4.35	4.31	4.32	4.28	
9-month	%	4.49	4.44	4.10	4.16	4.27	4.37	4.40	4.38	4.38	4.40	4.36	4.35	4.30	
12-month	%	4.40	4.41	4.13	4.18	4.28	4.40	4.44	4.41	4.42	4.43	4.41	4.38	4.30	
	%	4.36	4.39	4.16	4.20	4.30	4.42	4.47	4.44	4.45	4.45	4.45	4.41	4.30	

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

⁰⁾ Preliminary data.¹⁾ In constant prices, calculated by chaining values; the reference period is the year 2000.²⁾ 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.



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

	Share of the total (in %) ¹⁾	Volume (SKK billions)												2008
		2007												
		1	2	3	4	5	6	7	8	9	10	11	12	
Claims of MFIs on residents	47.8	653.5	658.1	667.7	674.6	690.3	706.9	720.8	725.9	742.8	762.3	776.4	791.5	808.0
General government	1.4	18.6	21.4	23.4	24.3	23.0	21.1	21.0	21.4	21.4	21.0	22.4	23.0	23.0
Private sector	46.5	635.0	636.7	644.3	650.3	667.4	685.8	699.8	704.5	721.5	741.2	754.0	768.4	785.0
Non-financial corporations	24.3	331.1	331.6	333.2	337.6	346.7	357.5	364.4	364.2	374.5	385.1	389.3	397.5	410.5
– up to 1 year	10.3	136.2	140.3	144.3	142.3	146.3	158.4	156.9	153.5	160.8	165.2	169.3	168.5	174.7
– 1 to 5 years	5.1	65.0	65.7	64.2	68.5	69.2	67.5	72.4	72.7	72.4	74.8	76.9	82.3	86.1
– over 5 years	8.9	129.9	125.6	124.7	126.8	131.3	131.6	135.1	138.0	141.3	145.1	143.1	146.7	149.6
Financial corporations	3.9	62.9	60.8	61.6	59.6	60.4	61.2	62.4	61.6	62.6	64.5	66.2	66.4	66.1
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	18.3	240.9	244.1	249.4	253.1	260.2	267.1	273.0	278.7	284.4	291.5	298.5	304.5	308.4
– consumer loans	2.5	36.3	36.7	37.5	36.8	37.5	38.2	39.0	39.4	40.0	40.5	41.1	41.6	41.8
– housing loans	12.3	159.8	161.9	165.0	168.6	173.6	178.1	181.9	186.1	190.0	194.9	199.6	204.1	207.4
– other loans	3.5	44.8	45.5	46.9	47.8	49.2	50.8	52.0	53.3	54.4	56.1	57.7	58.8	59.1
Securities other than shares and participation certificates issued by residents	13.2	228.1	225.6	226.3	230.0	239.4	240.6	239.7	240.2	238.7	243.5	245.0	245.3	222.2
General government	12.8	220.7	218.2	218.9	222.7	232.5	233.9	232.9	233.4	231.7	236.6	238.2	238.6	215.9
Private sector	0.4	7.5	7.4	7.4	7.3	6.9	6.7	6.7	6.8	7.0	6.9	6.8	6.7	6.3
Shares and other equities issued by private sector	0.6	5.9	6.2	6.2	6.2	6.9	7.0	7.0	7.0	7.1	7.1	8.0	8.0	10.8
Foreign assets	33.4	478.4	468.2	508.8	542.3	544.6	545.9	537.9	554.9	551.4	554.8	544.4	569.9	565.0
Fixed assets	2.0	33.3	33.0	33.1	32.8	32.6	32.3	32.3	32.2	32.1	32.0	32.2	33.2	33.1
Other assets	3.0	50.5	51.1	53.6	54.5	55.4	54.4	53.7	53.1	55.7	59.9	60.0	59.6	50.0
Deposits and loans received from the central government	3.2	20.8	15.5	17.6	43.6	64.0	68.8	85.4	79.7	74.8	82.4	90.6	61.0	54.3
Long-term financial liabilities	11.6	174.2	167.4	156.3	157.7	161.5	165.3	157.6	164.5	169.2	168.6	170.9	180.5	196.5
Deposits and loans received with an agreed maturity of over 2 years	4.4	67.4	69.1	68.7	68.1	68.5	69.2	69.1	69.9	70.2	70.2	71.1	73.7	73.9
Deposits redeemable at a period of notice of over 3 months	1.4	24.0	23.8	23.6	23.7	23.6	23.7	23.6	23.4	23.4	23.3	23.3	23.5	23.6
Debt securities issued with a maturity of over 2 years	2.6	31.7	30.9	32.0	33.8	34.5	37.5	37.0	37.3	39.0	41.5	43.0	44.6	43.5
Capital, reserves, and provisions	3.3	51.1	43.7	32.1	32.2	34.9	35.0	28.0	33.9	36.6	33.7	33.6	38.7	55.5
Foreign liabilities	16.6	225.5	208.4	258.1	270.4	256.8	254.4	264.9	271.8	267.0	284.1	279.2	307.1	280.1
Other liabilities	4.5	68.3	77.2	83.5	80.8	78.5	76.4	75.0	68.2	77.4	84.9	84.3	76.5	76.0
Surplus of liabilities among MFIs	-0.0	-0.1	-0.1	-0.5	-2.0	-0.9	-4.3	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	0.0
M3	64.1	961.1	974.0	981.0	989.6	1,009.3	1,026.6	1,008.5	1,029.3	1,039.4	1,039.6	1,041.0	1,082.4	1,082.3
Total	100.0	1,449.7	1,442.3	1,495.7	1,540.2	1,569.3	1,587.2	1,591.4	1,613.4	1,627.7	1,659.6	1,665.9	1,707.4	1,689.3

¹⁾ In the current month.

Average Interest Rates on New Loans

(ECB methodology)

(%)

	2007												2008
	1	2	3	4	5	6	7	8	9	10	11	12	1
Loans in total¹⁾	7.94	7.92	7.50	7.64	7.66	7.76	7.44	7.30	7.45	7.22	7.36	7.04	7.35
Current account overdrafts	7.99	8.24	7.73	7.66	7.94	8.00	7.61	7.68	7.71	7.47	7.52	7.39	7.61
Operation loans	5.32	5.72	4.92	4.43	4.97	4.97	4.85	4.57	4.82	4.76	4.91	5.09	4.74
Investment loans	6.10	6.06	5.93	5.41	5.72	5.46	5.48	5.71	5.67	5.65	5.52	5.48	5.61
Consumer loans	12.76	13.01	14.11	13.79	12.86	12.44	13.41	13.46	13.55	13.66	13.30	13.12	12.92
Real estate loans	6.49	6.11	6.13	6.21	6.06	5.96	5.98	6.11	6.10	6.09	6.07	6.07	6.09
of which:													
Mortgage loans	6.36	6.40	6.30	6.09	5.93	5.79	5.80	5.81	5.78	5.75	5.76	5.73	5.81
Construction loans	5.02	4.97	4.88	5.03	4.91	4.94	5.04	4.92	4.88	5.03	4.88	4.91	4.88
Intermediate loans	6.64	7.00	6.84	6.92	6.88	6.87	6.72	6.68	6.74	6.76	6.73	6.70	6.68
Other real estate loans	6.55	5.90	5.95	6.11	5.97	5.89	5.97	6.25	6.22	6.11	6.15	6.24	6.22
Other loans	6.13	6.33	6.29	6.18	6.80	6.41	6.51	6.09	6.17	6.36	6.43	5.74	6.57
Floating rate + IRF for up to 1 year incl.	7.95	7.95	7.53	7.64	7.70	7.78	7.46	7.31	7.47	7.20	7.32	7.00	7.32
IRF for over 1 year and up to 5 years incl.	7.61	7.13	7.82	7.42	6.77	7.15	6.77	6.84	7.02	7.35	7.61	7.65	7.80
IRF for over 5 years and up to 10 years incl.	7.99	8.03	6.40	8.25	8.45	8.87	7.80	8.05	7.72	8.26	8.90	8.47	12.22
IRF for over 10 years	6.77	7.12	6.52	7.40	6.56	6.26	6.67	6.75	7.04	6.18	6.43	6.97	8.29
Households													
Loans in total	12.85	12.80	12.56	12.29	12.22	12.16	12.25	12.38	12.21	12.04	12.15	12.12	12.33
Current account overdrafts	13.54	13.64	13.56	13.41	13.78	13.84	13.85	13.90	13.84	13.87	13.80	13.54	13.85
Operation loans	6.65	6.72	6.45	6.99	6.98	7.11	6.76	6.84	7.44	7.33	6.20	6.11	6.05
Investment loans	7.02	7.27	6.66	6.59	6.51	6.62	6.78	6.60	6.44	6.36	6.57	6.27	6.12
Consumer loans	12.76	13.03	14.11	13.79	12.89	12.44	13.41	13.46	13.59	13.66	13.30	13.23	12.92
Real estate loans	6.59	6.62	6.50	6.29	6.17	6.06	6.00	6.14	6.10	6.14	6.12	6.06	6.12
of which:													
Mortgage loans	6.32	6.41	6.29	6.08	5.92	5.79	5.79	5.81	5.78	5.74	5.76	5.72	5.81
Construction loans	5.02	4.97	4.88	5.03	4.91	4.94	5.04	4.92	4.88	5.04	4.88	4.91	4.88
Intermediate loans	6.73	7.00	6.85	6.95	6.91	6.92	6.73	6.72	6.77	6.78	6.75	6.72	6.73
Other real estate loans	6.96	6.68	6.63	6.29	6.18	6.08	6.04	6.46	6.25	6.30	6.37	6.38	6.34
Other loans	7.41	7.22	7.19	7.11	7.34	6.75	6.96	7.00	6.97	6.67	7.18	7.00	7.28
Credit cards	17.28	17.29	17.05	16.99	16.82	16.94	16.74	16.64	16.61	16.39	16.07	15.73	15.73
Floating rate + IRF for up to 1 year incl.	13.48	13.51	13.37	12.96	12.90	12.86	12.93	12.95	12.83	12.62	12.61	12.46	12.66
IRF for over 1 year and up to 5 years incl.	8.27	8.39	8.22	7.90	7.73	7.58	7.27	7.57	8.45	8.70	8.93	8.81	8.25
IRF for over 5 years and up to 10 years incl.	8.66	8.59	8.68	9.49	9.74	9.59	9.56	9.59	9.11	8.75	9.83	10.50	12.32
IRF for over 10 years	7.15	7.19	7.07	7.89	8.07	7.51	8.00	7.99	7.23	7.16	7.34	7.34	8.81
Non-financial corporations													
Loans in total	6.21	6.49	5.93	5.82	5.93	6.05	5.76	5.74	5.88	5.74	5.71	5.62	5.88
Current account overdrafts	6.33	6.66	6.05	5.93	6.00	6.24	5.81	5.83	6.00	5.76	5.81	5.65	5.94
Operation loans	5.40	5.72	4.96	4.66	4.94	4.97	5.03	4.89	4.96	5.41	4.90	5.31	5.23
Investment loans	5.79	6.01	5.92	5.39	5.92	5.39	5.48	5.73	5.67	5.61	5.70	5.65	5.60
Real estate loans	6.17	6.88	5.83	5.93	5.78	5.79	5.92	6.06	6.36	6.16	5.94	6.13	5.90
Other loans	5.74	5.80	5.55	5.89	6.54	6.06	6.50	5.51	6.17	6.32	6.42	5.51	6.16
Credit cards	17.22	17.29	17.08	17.12	16.37	17.58	17.95	17.72	17.49	16.62	17.25	17.85	16.77
Loans up 1 million EUR	6.26	6.24	6.13	5.75	6.34	6.09	5.93	6.05	5.92	6.12	6.16	6.07	5.99
Loans over 1 million EUR	5.25	5.70	5.21	4.95	5.06	5.15	5.39	5.13	5.28	5.48	5.20	5.39	5.30
Floating rate + IRF for up to 1 year incl.	6.21	6.49	5.93	5.81	5.93	6.05	5.75	5.74	5.89	5.75	5.71	5.61	5.88
IRF for over 1 year and up to 5 years incl.	6.24	6.55	6.53	6.34	5.74	6.24	6.03	5.62	5.74	5.45	5.66	6.39	6.61
IRF for over 5 years and up to 10 years incl.	6.48	6.41	5.82	5.61	5.48	6.22	5.96	5.98	6.01	6.31	6.28	6.28	8.40
IRF for over 10 years	6.24	7.04	5.97	6.23	5.83	5.64	5.89	5.96	6.26	5.65	5.94	6.10	6.65

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)

(%)

	2007												2008
	1	2	3	4	5	6	7	8	9	10	11	12	1
Deposits in total¹⁾	2.12	2.40	1.81	1.85	2.12	2.43	2.15	2.11	2.05	2.09	2.01	1.77	2.04
Deposits payable on demand	1.02	1.31	0.86	0.77	0.88	1.28	0.78	0.78	0.71	0.67	0.71	0.70	0.79
of which: demand deposits	0.83	0.95	0.71	0.68	0.78	0.93	0.64	0.67	0.62	0.60	0.58	0.61	0.65
overnight deposits	3.12	4.26	2.19	2.12	2.02	4.61	2.09	2.10	1.98	1.92	1.93	1.89	2.48
Deposits with agreed maturity ²⁾	3.74	4.44	3.36	3.33	3.89	4.06	3.99	3.90	3.95	3.91	3.93	3.74	3.92
– up to 1 year in total	3.74	4.45	3.36	3.33	3.89	4.06	3.99	3.91	3.95	3.91	3.94	3.74	3.92
– up to 7 days	3.47	4.61	2.72	2.34	3.33	4.10	3.36	2.92	3.44	2.95	3.07	2.27	3.55
– up to 1 month	3.83	4.50	3.65	3.57	4.02	4.09	4.10	4.06	4.09	4.07	4.07	3.97	4.05
– up to 3 months	3.78	3.75	3.63	2.87	3.22	3.28	3.37	3.31	3.29	3.44	3.30	3.38	3.51
– up to 6 months	3.90	3.77	3.66	3.43	2.97	2.95	3.70	3.24	3.40	3.37	3.23	3.31	3.56
– up to 1 year	3.65	3.56	3.21	3.29	3.48	3.41	3.28	3.19	2.95	3.35	2.93	3.64	3.63
– over 1 year in total	3.39	2.29	2.35	2.02	2.77	2.33	3.25	3.02	2.97	3.25	2.87	2.95	3.58
– up to 2 years	3.62	3.03	2.24	3.07	2.78	2.92	3.52	3.50	3.17	3.55	3.65	3.57	3.88
– over 2 years	3.41	2.28	3.80	1.94	2.86	2.29	3.45	2.85	2.76	3.20	2.58	2.50	2.62
Deposits redeemable at notice	1.79	1.82	1.82	1.78	1.84	1.71	1.72	1.73	1.78	1.79	1.83	1.87	1.92
– up to 3 months	1.48	1.49	1.48	1.39	1.50	1.25	1.26	1.27	1.35	1.36	1.44	1.44	1.47
– over 3 months	1.93	1.98	1.98	1.95	1.99	1.90	1.91	1.93	1.96	1.97	2.00	2.05	2.11
Households													
Deposits in total	1.16	1.18	1.07	0.98	1.02	1.00	0.99	1.01	1.00	1.03	1.01	0.99	1.10
Deposits payable on demand	0.51	0.58	0.54	0.51	0.54	0.51	0.50	0.48	0.47	0.47	0.44	0.47	0.46
of which: demand deposits	0.49	0.48	0.52	0.50	0.53	0.46	0.46	0.47	0.46	0.46	0.43	0.46	0.44
overnight deposits	2.86	4.00	2.08	1.75	1.75	4.31	2.27	1.95	1.80	1.72	1.76	1.76	2.34
Deposits with agreed maturity	3.57	3.86	3.17	2.86	3.22	3.47	3.33	3.32	3.44	3.36	3.38	3.26	3.49
– up to 1 year in total	3.58	3.93	3.17	2.86	3.23	3.49	3.33	3.34	3.45	3.36	3.39	3.28	3.48
– up to 7 days	3.62	4.38	2.85	2.48	3.20	3.76	3.12	2.93	3.33	2.97	3.12	2.32	3.30
– up to 1 month	3.39	3.89	3.16	2.86	3.29	3.49	3.38	3.39	3.52	3.45	3.43	3.33	3.48
– up to 3 months	3.73	3.47	3.30	2.65	2.90	3.03	3.13	3.15	3.08	3.17	3.11	3.11	3.16
– up to 6 months	3.14	3.21	3.19	2.69	2.75	2.91	3.00	3.00	3.15	3.03	3.10	3.13	3.16
– up to 1 year	3.77	3.66	3.33	3.44	3.03	3.08	3.12	3.28	3.28	3.35	3.27	3.25	3.75
– long-term over 1 year	3.39	2.29	2.61	2.43	2.77	2.36	3.25	3.02	3.11	3.25	2.90	2.93	3.57
– up to 2 years	3.65	3.09	2.28	3.07	2.79	3.31	3.51	3.50	3.50	3.55	3.65	3.57	3.89
– over 2 years	3.37	2.27	3.24	2.31	2.77	2.24	3.06	2.81	2.70	2.52	2.75	2.20	2.22
Deposits redeemable at notice	1.79	1.82	1.82	1.78	1.83	1.71	1.72	1.73	1.78	1.79	1.83	1.87	1.92
– up to 3 months	1.46	1.47	1.46	1.36	1.47	1.23	1.23	1.24	1.33	1.33	1.42	1.42	1.44
– over 3 months	1.93	1.98	1.98	1.95	1.99	1.90	1.91	1.93	1.96	1.97	2.00	2.05	2.11
Non-financial corporations													
Deposits in total	2.58	3.09	2.17	2.12	2.47	3.09	2.31	2.30	2.28	2.36	2.19	1.83	2.38
Deposits payable on demand	1.42	1.94	1.11	0.99	1.15	2.12	1.01	1.01	0.88	0.76	0.89	0.78	1.07
of which: demand deposits	1.10	1.41	0.89	0.84	0.97	1.52	0.74	0.82	0.70	0.63	0.65	0.66	0.81
overnight deposits	3.18	4.52	2.14	2.11	2.11	4.60	2.28	2.06	1.96	1.88	1.93	1.91	2.58
Deposits with agreed maturity	3.73	4.52	3.36	3.23	3.91	4.09	3.93	3.87	3.92	3.87	3.92	3.60	3.93
– up to 1 year in total	3.73	4.52	3.36	3.23	3.91	4.09	3.93	3.87	3.93	3.87	3.91	3.60	3.93
– up to 7 days	3.44	4.64	2.73	2.32	3.38	4.10	3.43	3.07	3.19	2.89	3.03	2.26	3.58
– up to 1 month	3.82	4.52	3.64	3.49	4.06	4.09	4.05	4.03	4.09	4.07	4.06	3.88	4.06
– up to 3 months	3.89	4.06	4.04	3.16	3.51	3.65	3.71	3.63	3.68	3.73	3.67	3.67	3.82
– up to 6 months	4.02	4.05	4.03	3.97	3.66	3.35	3.86	3.37	3.78	3.44	3.74	3.85	3.90
– up to 1 year	3.55	3.70	3.06	3.20	3.68	3.71	3.67	3.22	3.42	3.63	3.38	4.34	3.82
– long-term over 1 year	2.80	2.55	2.54	3.00	2.55	1.91	3.70	2.96	3.16	3.10	2.79	3.14	2.76
– up to 2 years	3.23	2.84	2.66	-	2.00	-	3.79	3.87	3.50	3.60	3.09	3.79	3.60
– over 2 years	1.98	1.32	1.50	3.00	2.66	1.91	2.21	2.81	2.77	2.00	4.57	2.30	2.00
Deposits redeemable at notice	2.30	2.33	2.40	2.86	2.98	1.83	1.92	2.25	2.19	2.02	2.22	2.29	2.46
– up to 3 months	2.38	2.42	2.48	2.96	3.11	1.94	1.97	2.32	2.36	2.49	2.33	2.41	2.56
– over 3 months	1.19	1.19	1.21	1.36	1.65	0.68	1.09	1.06	0.76	0.30	1.29	1.29	1.10

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

(%)

	2007												2008
	1	2	3	4	5	6	7	8	9	10	11	12	1
Loans in total¹⁾	6.83	6.90	6.83	6.74	6.86	6.86	6.78	6.83	6.82	6.77	6.76	6.71	6.74
Current account overdrafts	8.02	8.24	7.73	7.54	7.94	8.03	7.63	7.70	7.73	7.49	7.56	7.41	7.61
Consumer loans	12.96	12.99	13.12	13.37	13.38	13.37	13.28	13.55	13.54	13.51	13.44	13.44	13.35
Operation loans	5.10	5.23	4.95	4.74	4.80	4.79	4.74	4.78	4.83	4.88	4.87	4.89	4.99
Investment loans	5.70	5.68	5.55	5.52	5.48	5.46	5.48	5.51	5.47	5.49	5.49	5.51	5.55
Real estate purchase loans	6.44	6.46	6.56	6.55	6.59	6.59	6.57	6.57	6.55	6.51	6.48	6.44	6.42
Other loans	6.15	6.22	6.25	5.88	5.99	5.95	5.98	6.02	6.08	6.08	6.06	6.02	6.02
Credit cards	17.31	17.34	17.08	17.01	16.81	16.95	16.73	16.65	16.63	16.39	16.09	15.41	15.73
Short-term loans	6.87	7.04	6.69	6.52	6.90	6.91	6.68	6.74	6.78	6.69	6.69	6.56	6.72
Long-term loans over 1 year and up to 5 years	7.87	7.86	7.91	7.95	8.01	8.06	7.99	8.07	8.05	7.97	7.93	7.90	7.81
Long-term loans over 5 years	6.41	6.44	6.50	6.41	6.43	6.42	6.41	6.45	6.43	6.40	6.40	6.39	6.40
Households													
Loans in total	8.13	8.17	8.29	8.28	8.34	8.32	8.28	8.31	8.26	8.20	8.16	8.08	8.04
Current account overdrafts	13.54	13.65	13.56	13.39	13.78	13.95	13.95	13.99	13.95	13.97	13.94	13.63	13.85
Consumer loans	12.96	12.99	13.12	13.38	13.40	13.38	13.29	13.56	13.55	13.52	13.46	13.45	13.36
Real estate purchase loans	6.44	6.49	6.65	6.66	6.69	6.67	6.65	6.66	6.62	6.58	6.54	6.51	6.48
Other loans	7.29	7.31	7.21	7.20	7.20	7.17	7.13	7.17	7.14	7.08	7.06	7.04	7.04
Credit cards	17.32	17.35	17.09	17.01	16.83	16.94	16.70	16.63	16.61	16.38	16.06	15.37	15.71
Short-term loans	13.63	13.76	13.61	13.53	13.80	13.93	13.89	13.89	13.86	13.73	13.66	13.36	13.55
Long-term loans over 1 year and up to 5 years	11.15	11.12	11.26	11.23	11.22	11.20	11.16	11.32	11.31	11.29	11.23	11.25	11.14
Long-term loans over 5 years	6.72	6.78	6.92	6.94	6.98	6.97	6.94	6.98	6.95	6.91	6.89	6.86	6.85
Non-financial institutions													
Loans in total	5.95	6.05	5.80	5.58	5.71	5.75	5.65	5.68	5.72	5.69	5.68	5.64	5.74
Current account overdrafts	6.38	6.66	6.05	5.78	6.00	6.24	5.81	5.83	6.00	5.76	5.82	5.65	5.93
Operation loans	5.11	5.25	4.94	4.63	4.72	4.79	4.72	4.79	4.82	4.89	4.89	4.91	5.04
Investment loans	5.84	5.83	5.69	5.58	5.53	5.50	5.52	5.55	5.51	5.54	5.53	5.56	5.60
Real estate purchase loans	6.42	6.35	6.20	6.05	6.09	6.17	6.18	6.18	6.21	6.20	6.17	6.14	6.17
Other loans	5.97	6.09	6.19	5.75	6.09	5.87	5.95	5.97	6.01	6.07	6.04	5.95	5.91
Credit cards	17.23	17.30	17.08	17.12	16.34	17.37	17.76	17.56	17.62	16.66	17.47	17.43	16.94
Short-term loans	5.88	6.07	5.66	5.42	5.68	5.79	5.55	5.57	5.67	5.59	5.59	5.48	5.68
Long-term loans over 1 year and up to 5 years	6.19	6.24	6.13	5.88	5.94	5.99	5.98	6.02	6.07	6.03	6.02	5.99	6.01
Long-term loans over 5 years	5.92	5.91	5.79	5.62	5.60	5.57	5.59	5.62	5.58	5.61	5.61	5.65	5.67

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

(%)

	2007												2008
	1	2	3	4	5	6	7	8	9	10	11	12	1
Deposits in total¹⁾	2.18	2.45	1.97	2.03	2.23	2.46	2.20	2.20	2.18	2.21	2.14	1.99	2.15
Deposits payable on demand	1.01	1.28	0.86	0.77	0.88	1.29	0.79	0.78	0.70	0.66	0.71	0.70	0.79
of which: demand deposits	0.82	0.94	0.71	0.68	0.78	0.93	0.64	0.67	0.62	0.60	0.58	0.61	0.65
overnight deposits	3.11	4.02	2.19	2.13	1.95	4.76	2.14	2.14	1.86	1.88	1.90	1.83	2.37
Deposits with agreed maturity ²⁾	3.22	3.52	2.96	3.01	3.28	3.38	3.32	3.28	3.30	3.31	3.27	3.15	3.27
– up to 1 year in total	3.36	3.73	3.04	3.09	3.41	3.52	3.45	3.41	3.43	3.43	3.39	3.27	3.41
– up to 7 days	3.22	3.99	2.38	2.38	3.12	4.05	2.96	2.51	3.09	2.61	2.63	2.17	3.34
– up to 1 month	3.43	3.99	3.07	3.21	3.65	3.70	3.70	3.70	3.70	3.73	3.70	3.59	3.66
– up to 3 months	3.03	3.05	2.99	2.60	2.48	2.39	2.41	2.38	2.34	2.41	2.39	2.45	2.51
– up to 6 months	3.41	3.39	3.36	3.26	2.93	2.88	2.97	2.96	2.96	2.97	2.98	2.88	2.92
– up to 1 year	3.42	3.43	3.49	3.53	3.58	3.57	3.56	3.49	3.52	3.38	3.33	3.31	3.30
– over 1 year in total	2.55	2.57	2.58	2.59	2.57	2.56	2.56	2.54	2.57	2.58	2.58	2.58	2.58
– up to 2 years	3.32	3.27	3.10	3.19	3.17	3.18	3.21	3.30	3.32	3.35	3.44	3.42	3.49
– over 2 years	2.53	2.54	2.56	2.58	2.55	2.54	2.54	2.51	2.54	2.54	2.54	2.53	2.52
Deposits redeemable at notice	1.78	1.82	1.82	1.78	1.81	1.71	1.72	1.73	1.78	1.79	1.83	1.87	1.92
– up to 3 months	1.46	1.49	1.48	1.39	1.50	1.26	1.26	1.27	1.35	1.36	1.44	1.44	1.47
– over 3 months	1.93	1.98	1.98	1.95	1.94	1.90	1.91	1.93	1.96	1.97	2.00	2.05	2.11
Households													
Deposits in total	1.84	1.91	1.82	1.74	1.76	1.74	1.71	1.71	1.72	1.72	1.72	1.71	1.75
Deposits payable on demand	0.51	0.57	0.54	0.51	0.54	0.51	0.49	0.48	0.47	0.47	0.44	0.47	0.46
of which: demand deposits	0.49	0.48	0.52	0.50	0.53	0.46	0.46	0.46	0.46	0.46	0.43	0.46	0.44
overnight deposits	2.86	3.94	2.08	1.75	1.80	4.40	2.23	2.02	1.81	1.78	1.78	1.74	2.37
Deposits with agreed maturity	2.87	2.94	2.81	2.70	2.71	2.72	2.71	2.69	2.73	2.71	2.71	2.69	2.73
– up to 1 year in total	3.01	3.11	2.91	2.74	2.77	2.79	2.76	2.75	2.78	2.75	2.76	2.73	2.79
– up to 7 days	2.58	3.48	1.90	1.68	2.73	3.30	2.54	2.38	2.87	2.57	2.73	2.23	2.91
– up to 1 month	2.58	2.73	2.46	2.17	2.28	2.36	2.40	2.43	2.45	2.49	2.50	2.51	2.54
– up to 3 months	2.85	2.85	2.79	2.48	2.31	2.21	2.21	2.23	2.22	2.24	2.24	2.26	2.27
– up to 6 months	3.12	3.10	3.03	2.95	2.85	2.79	2.75	2.71	2.69	2.68	2.70	2.71	2.73
– up to 1 year	3.69	3.71	3.75	3.76	3.75	3.75	3.71	3.62	3.66	3.49	3.43	3.37	3.35
– long-term over 1 year	2.55	2.57	2.58	2.60	2.57	2.56	2.57	2.54	2.58	2.59	2.58	2.58	2.58
– up to 2 years	3.49	3.44	3.47	3.38	3.29	3.30	3.33	3.36	3.41	3.43	3.48	3.50	3.56
– over 2 years	2.52	2.54	2.56	2.59	2.56	2.55	2.55	2.52	2.55	2.55	2.54	2.53	2.52
Deposits redeemable at notice	1.78	1.82	1.82	1.77	1.80	1.71	1.72	1.73	1.78	1.79	1.83	1.87	1.92
– up to 3 months	1.45	1.47	1.46	1.36	1.47	1.24	1.23	1.24	1.33	1.33	1.42	1.42	1.44
– over 3 months	1.93	1.98	1.98	1.95	1.94	1.90	1.91	1.93	1.96	1.97	2.00	2.05	2.11
Non-financial corporations													
Deposits in total	2.48	3.03	2.08	2.14	2.42	3.02	2.26	2.26	2.23	2.28	2.11	1.86	2.30
Deposits payable on demand	1.41	1.89	1.11	0.99	1.13	2.15	1.03	1.03	0.87	0.76	0.88	0.78	1.05
of which: demand deposits	1.09	1.40	0.89	0.84	0.96	1.52	0.74	0.83	0.70	0.63	0.65	0.66	0.81
overnight deposits	3.18	4.26	2.14	2.11	2.04	4.76	2.38	2.15	1.85	1.88	1.91	1.85	2.43
Deposits with agreed maturity	3.72	4.36	3.20	3.28	3.81	3.97	3.82	3.73	3.75	3.71	3.70	3.54	3.89
– up to 1 year in total	3.73	4.37	3.20	3.28	3.81	3.98	3.83	3.74	3.76	3.72	3.71	3.54	3.89
– up to 7 days	3.33	4.15	2.42	2.55	3.23	4.10	3.13	2.62	2.76	2.59	2.61	2.17	3.57
– up to 1 month	3.76	4.49	3.31	3.43	3.97	3.98	3.94	3.92	3.96	3.93	3.90	3.79	3.94
– up to 3 months	3.83	4.00	3.86	3.28	3.27	3.35	3.46	3.35	3.31	3.42	3.36	3.40	3.65
– up to 6 months	3.98	3.99	4.03	3.98	3.70	3.62	3.69	3.71	3.76	3.73	3.79	3.07	3.84
– up to 1 year	3.63	3.72	3.69	3.71	3.69	3.71	3.69	3.67	3.66	3.66	3.65	4.03	4.04
– long-term over 1 year	2.83	2.67	2.50	2.45	2.39	2.34	2.36	2.34	2.32	2.31	2.33	2.38	2.30
– up to 2 years	3.16	3.07	2.94	2.86	3.23	3.18	3.21	3.13	3.24	3.17	3.15	3.10	3.11
– over 2 years	2.71	2.51	2.32	2.30	2.28	2.24	2.23	2.22	2.17	2.15	3.12	3.10	3.04
Deposits redeemable at notice	1.96	2.33	2.40	2.86	2.98	1.83	1.92	2.25	2.19	2.02	2.22	2.29	2.46
– up to 3 months	2.01	2.42	2.48	2.96	3.11	1.94	1.97	2.32	2.36	2.49	2.33	2.41	2.56
– over 3 months	1.19	1.19	1.21	1.36	1.65	0.68	1.09	1.06	0.76	0.30	1.29	1.29	1.10

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

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

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



Shortened Balance Sheet of Commercial Banks as at 31 January 2008

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

(SKK thousands)

ASSETS	Depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Total assets	60,377,056	1,383,329,158	54,860,036	196,505,840	73,718,987	1,648,036,965
Cash items	0	13,340,935	0	110,320	3,634,524	17,085,779
Cash in hand	0	12,255,067	0	0	3,348,851	15,603,918
of which: EUR	0	0	0	0	1,771,465	1,771,465
Gold	0	0	0	0	0	0
Amounts in transit	0	1,085,868	0	110,320	285,673	1,481,861
Loans and other receivables	21,716,455	935,897,709	28,423,249	180,635,390	48,843,054	1,172,082,947
Deposits and loans to NBS, foreign central banks and post office banks	1,445	273,899,125	0	0	34,647	273,932,327
of which: Valued on an individual basis with no identifiable depreciation (category I)	1,445	211,766,863	0	0	34,647	211,800,065
Valued on a portfolio basis (category II)	0	62,132,262	0	0	0	62,132,262
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	964,132	0	0	33,756	997,888
Time deposits	0	2,985,187	0	0	0	2,985,187
Loans provided	1,445	254,333,853	0	0	0	254,332,408
Money reserve accounts	0	15,615,953	0	0	0	15,615,953
of which: Minimum reserve requirements	0	15,467,086	0	0	0	15,467,086
Postal cheque accounts	0	0	0	0	891	891
Deposits and loans to banks	124,986	25,642,899	20,599,632	3,876,505	23,895,183	73,889,233
of which: Valued on an individual basis with no identifiable depreciation (category I)	2,660	24,056,418	18,431,608	3,864,724	19,955,258	66,305,348
Valued on a portfolio basis (category II)	57,644	1,544,897	2,168,024	11,781	3,220,433	6,887,491
Valued on an individual basis with identifiable depreciation (category III)	64,682	41,584	0	0	719,492	696,394
of which: Failed	40,823	41,434	0	0	0	611
of which: Deposits with and loans to own financial group	241	1,845,632	11,231,694	0	11,002,766	24,079,851
of which: Current accounts in banks	121	614,199	24,719	59,256	3,466,544	4,164,597
Current accounts of other banks	6	2,825	10,076,956	2	1,696,405	11,776,182
Time deposits	1,582	21,627,990	9,861,527	3,786,017	14,881,627	50,155,579
Loans provided	123,277	2,784,910	0	0	3,791,191	6,452,824
Other receivables from banks	0	612,975	636,430	31,230	59,416	1,340,051
Receivables from customers	21,576,012	621,192,330	7,823,601	168,957,093	24,078,810	800,475,822
of which: Valued on an individual basis with no identifiable depreciation (category I)	217,391	111,625,504	5,984,715	57,069,603	9,527,352	183,989,783
Valued on a portfolio basis (category II)	13,233,044	493,079,132	1,588,305	109,183,808	13,968,854	604,587,055
Valued on an individual basis with identifiable depreciation (category III)	8,125,577	16,487,694	250,581	2,703,682	582,604	11,898,984
of which: Failed	15,467,389	20,957,846	161,374	1,322,195	266,872	7,240,898
of which: MMIF loans	0	0	0	0	0	0
Loans to general government and international organizations (S.13)	14,012	15,163,355	16	7,801,792	170,099	23,121,250
of which: Valued on an individual basis with no identifiable depreciation (category I)	8,191	9,901,146	16	7,334,215	1	17,227,187
Valued on a portfolio basis (category II)	5,357	5,261,745	0	467,577	170,098	5,894,063
Valued on an individual basis with identifiable depreciation (category III)	464	464	0	0	0	0
of which: Failed	467	466	0	1	0	0
of which: Deposits to central government (S.1311)	0	0	0	0	0	0
Loans to central government (S.1311)	0	3,748,392	16	35,951	170,099	3,954,458
of which: SR Treasury	0	0	0	0	0	0
Other funds	0	13,878	0	0	0	13,878
Loans to local governments (S.1313)	14,012	11,414,963	0	7,765,841	0	19,166,792
Loans to social security funds (S.1314)	0	0	0	0	0	0
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	0	0	0	0	0
Debt securities	0	0	0	0	664,315	664,315
Financial instruments available for sale	339,100	39,503,698	4,481,038	4,251,474	8,888,775	56,785,885
Financial instruments at fair value through profit/loss: held for trading (excluding derivatives)	0	128,218,517	1,183,590	1,554,650	1,878,580	132,835,337
Financial instruments at fair value towards profit/loss: others (from the point of settlement)	0	9,753,111	1,810,352	5,847,427	4,625,880	22,036,770
Positive fair value of derivative transactions for trading	0	7,100,553	12,792,121	0	0	19,892,674
Financial instruments held to maturity	25,944	170,789,653	5,020,544	3,395,481	5,200,867	184,380,601
Positive fair value of derivative hedge transactions	0	37,243	158,154	0	0	195,397
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	970,136	9,994,837	887,122	0	0	9,911,823
Funds to branches abroad	0	0	0	0	525,402	525,402
Tangible assets	24,355,191	45,803,776	0	0	0	21,448,585
Intangible assets	11,928,539	17,401,698	0	0	0	5,473,159
Other assets	752,933	4,030,703	103,866	711,098	121,905	4,214,639
Tax receivables	0	639,734	0	0	0	639,734
Depreciation	35,901,072	35,901,072	0	0	0	0
Non-current assets held for sale (IFRS 5)	288,758	816,991	0	0	0	528,233



Shortened Balance Sheet of Commercial Banks as at 31 January 2008

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

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Total liabilities	1,119,745,844	145,913,181	152,876,719	229,501,221	1,648,036,965
PAYABLES	1,052,719,579	79,995,469	152,825,368	229,230,863	1,514,771,279
Deposits and loans from NBS and foreign central banks	2,498,973	0	12,926	0	2,511,899
of which: Current accounts	20,287	0	0	0	20,287
Time deposits	0	0	0	0	0
Loans received	2,478,686	0	12,926	0	2,491,612
Postal cheque accounts	0	0	0	0	0
Financial liabilities valued at amortized costs	1,008,925,834	67,129,833	148,943,966	175,316,097	1,400,315,730
Deposits, loans and other liabilities received from banks	28,783,444	51,334,343	2,983,766	148,365,223	231,466,776
of which: Deposits and loans received from own financial group	348,379	41,435,934	16	124,054,937	165,839,266
of which: Current accounts in banks	2,741	0	0	2,022,401	2,025,142
Current accounts of other banks	614,251	7,453,751	59,279	316,801	8,444,082
Time deposits	17,295,112	41,425,628	2,920,218	129,911,725	191,552,683
Subordinate debts	211,475	1,717,279	0	7,205,739	9,134,493
Loans received	2,552,789	600,460	0	8,336,958	11,490,207
Other liabilities received from banks	8,107,076	137,225	4,269	571,599	8,820,169
Deposits and loans received from customers	818,351,267	10,935,421	111,729,746	10,731,226	951,747,660
of which: MMIF deposits	26,946,576	257	26,511	0	26,973,344
of which: Current accounts and other financial undated liabilities	331,062,829	6,610,813	57,446,978	4,211,620	399,332,240
Time deposits	439,122,585	4,164,408	49,578,564	2,712,325	495,577,882
Deposits redeemable at notice	32,522,545	60,075	846,122	7,343	33,436,085
Certificates of deposit	95,487	21	0	0	95,508
Loans received and financial leasing	5,866,735	0	0	1,996,754	7,863,489
Subordinated liabilities	0	0	0	0	0
Other liabilities received from customers	9,681,086	100,104	3,858,082	1,803,184	15,442,456
Deposits of general government and international organizations	66,740,025	16,826	32,245,770	318,983	99,321,604
of which: Deposits of central government (S.1311)	43,517,362	16,826	31,258,759	318,896	75,111,843
of which: Treasury	3,991,580	0	14,891,736	0	18,883,316
Deposits of local governments (S.1313)	23,221,928	0	987,011	87	24,209,026
Deposits of social security funds (S.1314)	735	0	0	0	735
Securities issued by the accounting unit	95,051,098	4,843,243	1,984,684	15,900,665	117,779,690
Financial liabilities held for trading (excluding derivatives)	0	0	0	0	0
Financial liabilities in fair value through profit/loss (IAS 39)	13,118,010	504,960	2,321,336	53,593,266	69,537,572
of which: Current accounts	0	0	0	0	0
Time deposits	13,118,010	504,960	2,321,336	53,593,266	69,537,572
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	8,697,201	11,985,184	0	0	20,682,385
Negative fair value of derivative hedge transactions	39,330	314,166	0	0	353,496
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	180,000	0	0	0	180,000
Reserves	4,755,767	0	17,789	0	4,773,556
Other liabilities	11,798,698	61,326	1,529,351	321,500	13,710,875
Tax liabilities	2,705,766	0	0	0	2,705,766
EQUITY	67,026,265	65,917,712	51,351	270,358	133,265,686
Share capital	3,916,163	46,553,230	0	0	50,469,393
of which: Subscribed share capital	3,920,831	46,553,230	0	0	50,474,061
Receivables from shareholders	0	0	0	0	0
Own shares	-4,668	0	0	0	-4,668
Funds to branches of foreign banks	32,000	4,160,133	0	291,226	4,483,359
Share premium	3,323,107	15,094,524	0	0	18,417,631
Reserve funds and other funds created from profits	16,043,254	119,500	0	0	16,162,754
Other funds	-6,318,876	5,490	0	2,356	-6,311,030
Valuation changes	258,618	-15,165	51,351	-23,224	271,580
Profit/loss from previous years	31,653,418	0	0	0	31,653,418
of which: Retained earnings	32,397,772	0	0	0	32,397,772
Accumulated loss	-744,354	0	0	0	-744,354
Profit and loss account	1,868,149	0	0	0	1,868,149
Profit/loss in process of approval	16,250,432	0	0	0	16,250,432

Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2007												2008
	1	2	3	4	5	6	7	8	9	10	11	12	1
NET INTEREST INCOME	3,216	6,056	9,391	12,243	15,557	18,800	22,070	25,418	28,759	32,218	35,787	39,933	3,719
Interest income on securities	1,202	2,344	3,576	4,538	5,715	7,013	8,418	9,809	11,135	12,508	13,811	15,183	1,402
Other interest income	5,266	9,999	15,550	20,236	25,840	31,504	36,999	42,471	48,151	53,986	59,782	66,162	6,010
Interest expenses on securities	315	659	1,027	1,303	1,640	1,987	2,337	2,691	3,058	3,442	3,793	4,258	420
Other interest expenses	2,937	5,629	8,708	11,227	14,358	17,729	21,011	24,171	27,470	30,835	34,013	37,153	3,273
NET NON-INTEREST INCOME	1,723	3,292	5,156	6,603	8,221	10,207	11,816	13,276	14,636	16,568	17,996	19,724	1,593
Fee and commission income	1,204	2,399	3,795	4,930	6,166	7,496	8,843	10,135	11,374	12,440	13,758	15,289	1,327
Fees and commission expenses	224	458	695	925	1,219	1,509	1,794	2,071	2,360	2,331	2,612	2,995	255
Dividends received	5	5	9	27	116	228	222	222	243	243	243	264	0
Income from transactions in securities	274	445	833	903	1,065	1,150	1,257	1,401	1,511	1,747	1,909	2,118	444
Expenses related to transactions in securities	226	299	425	541	896	1,169	1,314	1,585	1,879	1,915	2,162	2,551	414
Profit/loss on foreign exchange transactions	-1,973	-288	3,703	2,537	3,384	2,519	4,533	3,769	5,752	7,669	8,979	8,845	329
Profit/loss on fixed forward transactions and options	2,691	1,523	-2,046	-244	-288	1,594	181	1,540	33	-1,229	-2,054	-1,146	130
Income from other transactions	4	26	83	50	88	135	140	156	187	195	218	247	22
Expenses related to other transactions	34	62	100	134	195	237	252	291	224	251	282	347	-11
NET OPERATING PROFIT/LOSS	-88	-852	-868	-910	-1,138	-1,308	-1,473	-1,561	-1,748	-1,999	-2,218	-2,979	-152
GENERAL OPERATING EXPENSES	2,486	5,039	7,913	10,446	13,474	16,090	18,829	21,552	24,282	27,057	30,010	33,538	2,712
NET CREATION OF RESERVES AND PROVISIONS	-375	287	-144	-458	-438	-649	-883	-1,060	-1,180	-1,316	-1,432	-2,379	-191
INCOME TAX	345	520	896	1,014	1,256	1,662	1,851	2,091	2,432	2,781	3,052	3,588	389
CURRENT PERIOD PROFIT/LOSS	1,644	3,224	4,726	6,018	7,472	9,300	10,850	12,431	13,753	15,632	17,072	17,173	1,868



Balance of Payments of the SR for January – December 2007

	Collection / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
Goods	1,420,738.0	57,489.5	1,442,123.0	58,354.8	-21,385.0	-865.3
Services	173,390.0	7,016.1	160,307.2	6,486.8	13,082.8	529.4
Transport	55,309.6	2,238.1	45,138.4	1,826.5	10,171.2	411.6
Tourism	49,751.4	2,013.2	37,721.0	1,526.4	12,030.4	486.8
Other services	68,329.1	2,764.9	77,447.9	3,133.9	-9,118.8	-369.0
Income	57,563.2	2,329.3	136,917.5	5,540.3	-79,354.3	-3,211.0
Compensation of employees	36,500.0	1,477.0	1,785.3	72.2	34,714.7	1,404.7
Investment income	21,063.2	852.3	135,132.2	5,468.1	-114,069.0	-4,615.8
Current transfers	50,284.0	2,034.7	61,373.7	2,483.5	-11,089.7	-448.7
CURRENT ACCOUNT	1,701,975.1	68,869.6	1,800,721.4	72,865.4	-98,746.3	-3,995.7
Capital account	16,610.1	672.1	5,264.2	213.0	11,345.9	459.1
Financial account	7,278,900.8	294,533.5	-7,106,343.0	-287,547.3	172,557.8	6,986.2
Direct investment	1,367,099.0	55,319.0	-1,301,387.9	-52,660.1	65,711.1	2,659.0
<i>Abroad (direct investor = resident)</i>	38,053.0	1,539.8	-43,088.0	-1,743.5	-5,035.0	-203.7
Equity capital and reinvested earnings	1,641.0	66.4	-3,991.0	-161.5	-2,350.0	-95.1
Other capital	36,412.0	1,473.4	-39,097.0	-1,582.0	-2,685.0	-108.6
<i>In the SR (recipient of dir. investment = resident)</i>	1,329,046.0	53,779.2	-1,258,299.9	-50,916.5	70,746.1	2,862.7
Equity capital and reinvested earnings	52,694.0	2,132.2	-7,871.9	-318.5	44,822.1	1,813.7
Other capital	1,276,352.0	51,647.0	-1,250,428.0	-50,598.0	25,924.0	1,049.0
Portfolio investment	329,757.3	13,344.6	-340,949.5	-13,796.4	-11,192.2	-451.8
Assets	62,586.9	2,532.5	-82,268.3	-3,328.9	-19,681.4	-796.4
Liabilities	267,170.4	10,812.0	-258,681.2	-10,467.4	8,489.2	344.6
Financial derivatives	2,709,182.0	109,625.8	-2,707,202.1	-109,545.7	1,979.9	80.1
Assets	1,361,591.2	55,096.2	-1,354,918.8	-54,826.2	6,672.4	270.0
Liabilities	1,347,590.8	54,529.6	-1,352,283.3	-54,719.5	-4,692.5	-189.9
Other investment	2,872,862.5	116,244.1	-2,756,803.5	-111,545.2	116,058.9	4,698.9
<i>Long-term</i>	326,621.2	13,216.3	-308,633.8	-12,484.3	17,987.4	732.0
Assets	28,075.0	1,136.0	-34,453.0	-1,394.1	-6,378.0	-258.1
Liabilities	298,546.2	12,080.3	-274,180.8	-11,090.1	24,365.4	990.1
<i>Short-term</i>	2,546,241.3	103,027.8	-2,448,169.8	-99,060.9	98,071.5	3,966.9
Assets	1,498,747.0	60,646.1	-1,530,456.7	-61,929.2	-31,709.7	-1,283.1
Liabilities	1,047,494.3	42,381.7	-917,713.1	-37,131.7	129,781.2	5,250.0
CAPITAL AND FINANCIAL ACCOUNT	7,295,510.9	295,205.6	-7,111,607.2	-287,760.3	183,903.6	7,445.3
ERRORS AND OMISSIONS	-	-	-	-	10,813.6	322.8
TOTAL BALANCE	0.0	0.0	95,971.0	3,772.4	95,971.0	3,772.4
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	-95,970.7	-3,772.4	-95,970.7	-3,772.4
Deposits	0.0	0.0	-10,387.2	-413.5	-10,387.2	-413.5
Securities	0.0	0.0	-85,583.5	-3,358.9	-85,583.5	-3,358.9
Bonds and notes	0.0	0.0	-34,382.5	-1,327.6	-34,382.5	-1,327.6
Money market instruments and financial derivatives	0.0	0.0	-51,201.0	-2,031.3	-51,201.0	-2,031.3
RESERVE ASSETS	0.0	0.0	-95,971.0	-3,772.4	-95,971.0	-3,772.4

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 24.713.

Overview of Issues of NBS Bills 2007-2008

Registration number	Date of			Maturity (in days)	Volume in SKK millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accept.		min.	average	max.
971105002	15.2.2007	16.2.2007	11.5.2007	84	60,980	0	americká	-	-	-
970106003	8.3.2007	9.3.2007	1.6.2007	84	63,740	0	americká	-	-	-
970308005	10.5.2007	11.5.2007	3.8.2007	84	73,661	20,000	americká	4.05	4.15	4.18
972408007	31.5.2007	1.6.2007	24.8.2007	84	50,400	30,000	americká	4.15	4.23	4.25
972109008	28.6.2007	29.6.2007	21.9.2007	84	23,900	17,000	americká	4.24	4.27	4.40
972610009	2.8.2007	3.8.2007	26.10.2007	84	22,490	22,290	americká	4.24	4.25	4.25
971611011	23.8.2007	24.8.2007	16.11.2007	84	29,110	23,110	americká	4.24	4.25	4.25
971412012	20.9.2007	21.9.2007	14.12.2007	84	20,500	19,000	americká	4.25	4.25	4.25
971801014	25.10.2007	26.10.2007	18.1.2008	84	14,690	13,690	americká	4.25	4.25	4.25
971801015	15.11.2007	16.11.2007	8.2.2008	84	28,500	23,500	americká	4.25	4.25	4.25
970703016	13.12.2007	14.12.2007	7.3.2008	84	30,900	30,900	americká	4.25	4.25	4.25
981104001	17.1.2008	18.1.2008	11.4.2008	84	28,975	28,975	americká	4.24	4.25	4.25
980205002	7.2.2008	8.2.2008	2.5.2008	84	33,980	30,980	americká	4.24	4.25	4.25



Basic Characteristics of Slovakia's Foreign Exchange Market in February 2008

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Objem		Number of transactions	Volume		Number of transactions	Volume USD millions	Number of transactions
	USD millions	%		USD millions	%		USD millions	%			
NBS	-	-	0	0.0	-	0	-	-	-	0.0	0
Transactions between domestic banks without foreign participation	7,432.7	68.6	250	3,251.2	30.0	878	157.3	1.5	136	10,841.3	1,264
Interbank forex market: NBS + transactions between domestic banks	7,432.7	68.6	250	3,251.2	30.0	878	157.3	1.5	136	10,841.3	1,264
Transactions between domestic and foreign banks	88,417.0	84.0	2,250	16,008.3	15.2	5,589	833.7	0.8	614	105,259.0	8,453
Foreign exchange market in the SR - total	95,849.7	82.6	2,500	19,259.6	16.6	6,467	991.0	0.9	750	116,100.3	9,717

	SPOT			FORWARD			SWAP			OPTION			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	USD millions	No. of transactions
	USD	%		USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks without foreign participation	2,344.6	21.7	953	3.8	0.0	3	8,463.9	78.2	272	11.0	0.1	36	10,823.3	1,264
Transactions between domestic and foreign banks	12,641.0	12.9	3,979	539.0	0.6	1,454	83,936.6	85.8	2,289	710.8	0.7	731	97,827.3	8,453
Foreign exchange market in the SR - excl. the NBS	14,985.5	13.8	4,932	542.8	0.5	1,457	92,400.5	85.0	2561	721.8	0.7	767	108,650.6	9,717

Average Monthly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2007											2008	
	2	3	4	5	6	7	8	9	10	11	12	1	2
1 AUD	20.664	20.257	20.478	20.584	21.329	21.089	20.486	20.526	21.224	20.324	19.972	20.088	20.488
1 BGN	17.656	17.316	17.108	17.247	17.392	17.040	17.167	17.289	17.205	16.996	17.060	17.148	16.947
1 CYP	59.625	58.415	57.566	57.864	58.299	57.061	57.468	57.881	57.599	56.897	57.045	-	-
1 CZK	1.223	1.206	1.195	1.195	1.192	1.174	1.204	1.226	1.230	1.243	1.269	1.286	1.304
1 DKK	4.632	4.546	4.490	4.527	4.568	4.479	4.512	4.539	4.515	4.459	4.473	4.502	4.446
1 EUR	34.524	33.863	33.468	33.726	34.017	33.330	33.577	33.821	33.645	33.236	33.365	33.538	33.141
1 EEK	2.207	2.164	2.139	2.156	2.174	2.130	2.146	2.161	2.151	2.125	2.133	2.144	2.118
100 JPY	21.903	21.822	20.861	20.666	20.691	19.973	21.078	21.187	20.420	20.414	20.413	21.102	20.987
1 CAD	22.561	21.885	21.807	22.758	23.786	23.139	23.274	23.666	24.197	23.523	22.767	22.595	22.490
1 LTL	9.999	9.807	9.689	9.769	9.851	9.652	9.724	9.794	9.746	9.627	9.663	9.712	9.599
1 LVL	49.345	47.792	47.521	48.426	48.859	47.820	48.126	48.192	47.867	47.455	47.822	48.045	47.576
100 HUF	13.624	13.536	13.598	13.579	13.581	13.509	13.169	13.341	13.410	13.058	13.183	13.114	12.658
1 MTL	80.445	78.930	77.973	78.575	79.242	77.671	78.245	78.767	78.395	77.438	77.727	-	-
1 NOK	4.269	4.164	4.121	4.144	4.217	4.198	4.210	4.312	4.374	4.187	4.159	4.218	4.166
1 PLN	8.865	8.710	8.763	8.921	8.928	8.846	8.813	8.919	9.065	9.084	9.262	9.297	9.255
1 RON	10.207	10.044	10.030	10.265	10.526	10.636	10.435	10.112	10.036	9.573	9.450	9.093	9.068
1 CHF	21.293	21.009	20.446	20.435	20.566	20.113	20.488	20.537	20.151	20.168	20.113	20.672	20.604
1 SEK	3.763	3.643	3.618	3.666	3.646	3.627	3.606	3.639	3.668	3.580	3.540	3.557	3.538
1 USD	26.434	25.583	24.788	24.954	25.355	24.311	24.647	24.378	23.669	22.637	22.882	22.797	22.495
1 GBP	51.737	49.810	49.266	49.496	50.324	49.422	49.556	49.156	48.338	46.897	46.387	44.924	44.188
1 XDR	39.569	38.568	37.667	37.875	38.321	37.167	37.696	37.606	36.880	35.928	36.087	36.100	35.659

Note: With effect from 1 January 2008, Cyprus and Malta introduced the euro. Therefore, the Cyprian pound and Maltese lira were excluded from the exchange rate table of NBS.

Average Quarterly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2006					2007				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
1 AUD	23.040	22.379	22.499	21.480	22.358	20.612	20.808	20.700	20.555	20.668
1 BGN	-	-	-	-	-	17.573	17.254	17.164	17.092	17.273
1 CYP	65.222	65.502	65.778	62.316	64.711	59.353	57.921	57.463	57.200	57.994
1 CZK	1.310	1.328	1.336	1.282	1.314	1.226	1.194	1.201	1.246	1.217
1 DKK	5.020	5.053	5.075	4.825	4.994	4.612	4.529	4.509	4.484	4.534
1 EUR	37.457	37.687	37.861	35.975	37.248	34.364	33.746	33.572	33.425	33.781
1 EEK	2.394	2.408	2.420	2.299	2.381	2.197	2.157	2.146	2.137	2.159
100 JPY	26.668	26.208	25.592	23.737	25.565	21.971	20.735	20.744	20.416	20.975
1 CAD	26.979	26.714	26.497	24.584	26.203	22.384	22.816	23.353	23.553	23.024
1 LTL	10.848	10.914	10.965	10.419	10.787	9.952	9.772	9.722	9.682	9.783
1 LVL	53.813	54.143	54.402	51.632	53.501	48.960	48.293	48.045	47.715	48.258
100 HUF	14.728	14.137	13.744	13.804	14.111	13.616	13.586	13.337	13.225	13.441
1 MTL	87.250	87.807	88.208	83.813	86.775	80.076	78.617	78.220	77.877	78.707
1 NOK	4.668	4.811	4.704	4.350	4.634	4.207	4.162	4.238	4.248	4.214
1 PLN	9.772	9.546	9.577	9.342	9.562	8.845	8.874	8.858	9.128	8.926
1 RON	-	-	-	-	-	10.162	10.282	10.400	9.709	10.139
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	20.379	20.146	20.574
1 SEK	4.005	4.052	4.103	3.936	4.024	3.743	3.644	3.624	3.601	3.654
1 USD	31.169	29.991	29.715	27.948	29.724	26.231	25.040	24.450	23.091	24.713
1 GBP	54.597	54.787	55.676	53.438	54.624	51.275	49.710	49.384	47.284	49.427
1 XDR	44.893	44.173	44.042	41.608	43.694	39.344	37.964	37.491	36.327	37.792

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	61,994	418,071	2,085.65	15,928.94

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	61,538	484,253	2,070.31	18,450.54

Note: Preliminary data for 2005–2006.

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 in total	61,994	2,085.7	100.0	-456	-15.3	100.0	61,538	2,070.3	100.0
Structure of capital by investor									
Italy	31,682	1,065.9	51.1	45	1.5	-9.9	31,727	1,067.4	51.6
Austria	8,781	295.4	14.2	196	6.6	-43.0	8,977	302.0	14.6
Korea	7,886	265.3	12.7	0	0.0	0.0	7,886	265.3	12.8
Germany	4,878	164.1	7.9	0	0.0	0.0	4,878	164.1	7.9
Cyprus	3,788	127.4	6.1	0	0.0	0.0	3,788	127.4	6.2
USA	1,403	47.2	2.3	0	0.0	0.0	1,403	47.2	2.3
Czech Republic	1,354	45.6	2.2	1	0.0	-0.2	1,355	45.6	2.2
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	819	27.6	1.3	-698	-23.5	153.1	121	4.1	0.2
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
Mining and quarrying	266	8.9	0.4	0	0.0	0.0	266	8.9	0.4
Manufacturing	15,327	515.6	24.7	0	0.0	0.0	15,327	515.6	24.9
Electricity, gas, and water supply	-354	-11.9	-0.6	0	0.0	0.0	-354	-11.9	-0.6
Construction	173	5.8	0.3	0	0.0	0.0	173	5.8	0.3
Wholesale and retail trade, repairs of motor vehicles	4,154	139.8	6.7	0	0.0	0.0	4,154	139.8	6.8
Hotels and restaurants	62	2.1	0.1	0	0.0	0.0	62	2.1	0.1
Transport, storage and communication	1,758	59.1	2.8	0	0.0	0.0	1,758	59.1	2.9
Financial intermediation	5,104	171.7	8.2	-456	-15.3	100.0	4,648	156.4	7.6
Real estate, renting and business activities	3,868	130.1	6.2	0	0.0	0.0	3,868	130.1	6.3
Public administration and defence, compulsory social security	31,505	1,059.9	50.8	0	0.0	0.0	31,505	1,059.9	51.2
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	113	3.8	0.2	0	0.0	0.0	113	3.8	0.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by region									
Bratislava region	45,636	1,535.3	73.6	-456	-15.3	100.0	45,180	1,520.0	73.4
Trnava region	1,902	64.0	3.1	0	0.0	0.0	1,902	64.0	3.1
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	1.7	0	0.0	0.0	1,084	36.5	1.8
Žilina region	8,308	279.5	13.4	0	0.0	0.0	8,308	279.5	13.5
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 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
Mining and quarrying	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 and communication	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 and reinvested profits.

Inflow of Foreign Direct Investment¹⁾ during January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Inflow of FDI (equity capital + reinvested earnings) in total	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
Louxeembourg	3,185	98.7	11.0	0	0.0	0.0	3,185	98.7	9.3
Korea	2,208	68.5	7.6	0	0.0	0.0	2,208	68.5	6.5
Switzerland	950	29.5	3.3	0	0.0	0.0	950	29.5	2.8
Italy	734	22.8	2.5	-13	-0.4	-0.3	721	22.4	2.1
Other countries	-5,650	-175.2	-19.5	1,672	51.8	32.7	-3,978	-123.3	-11.7
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
Mining and quarrying	-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 and communication	-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 and reinvested profits.



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	418,071	15,928.9	100.0	66,182	2,521.6	100.0	484,253	18,450.5	100.0
Structure of capital by investor									
Netherlands	97,182	3,702.7	23.2	612	23.3	0.9	97,794	3,726.1	20.2
Germany	81,150	3,091.9	19.4	861	32.8	1.3	82,011	3,124.7	16.9
Austria	38,578	1,469.9	9.2	33,067	1,259.9	50.0	71,645	2,729.7	14.8
Italy	35,105	1,337.5	8.4	24,185	921.5	36.5	59,290	2,259.0	12.2
Hungary	27,195	1,036.2	6.5	2,007	76.5	3.0	29,202	1,112.6	6.0
United Kingdom	25,284	963.3	6.0	0	0.0	0.0	25,284	963.3	5.2
Czech Republic	19,536	744.3	4.7	3,486	132.8	5.3	23,022	877.2	4.8
Korea	17,125	652.5	4.1	0	0.0	0.0	17,125	652.5	3.5
USA	14,466	551.2	3.5	1,650	62.9	2.5	16,116	614.0	3.3
Cyprus	13,800	525.8	3.3	0	0.0	0.0	13,800	525.8	2.8
Other countries	48,650	1,853.6	11.6	314	12.0	0.5	48,964	1,865.6	10.1
Structure of capital by sector									
Agriculture, hunting, and forestry	1,218	46.4	0.3	0	0.0	0.0	1,218	46.4	0.3
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	2,695	102.7	0.6	0	0.0	0.0	2,695	102.7	0.6
Manufacturing	191,067	7,279.9	45.7	0	0.0	0.0	191,067	7,279.9	39.5
Electricity, gas, and water supply	67,843	2,584.9	16.2	0	0.0	0.0	67,843	2,584.9	14.0
Construction	3,346	127.5	0.8	0	0.0	0.0	3,346	127.5	0.7
Wholesale and retail trade, repairs of motor vehicles	55,455	2,112.9	13.3	0	0.0	0.0	55,455	2,112.9	11.5
Hotels and restaurants	2,412	91.9	0.6	0	0.0	0.0	2,412	91.9	0.5
Transport, storage and communication	40,270	1,534.3	9.6	0	0.0	0.0	40,270	1,534.3	8.3
Financial intermediation	27,172	1,035.3	6.5	66,182	2,521.6	100.0	93,354	3,556.9	19.3
Real estate, renting and business activities	23,163	882.5	5.5	0	0.0	0.0	23,163	882.5	4.8
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	1,657	63.1	0.4	0	0.0	0.0	1,657	63.1	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	258,143	9,835.5	61.7	65,232	2,485.4	98.6	323,375	12,320.9	66.8
Trnava region	26,114	995.0	6.2	0	0.0	0.0	26,114	995.0	5.4
Trenčín region	23,251	885.9	5.6	0	0.0	0.0	23,251	885.9	4.8
Nitra region	17,892	681.7	4.3	0	0.0	0.0	17,892	681.7	3.7
Žilina region	34,638	1,319.7	8.3	950	36.2	1.4	35,588	1,355.9	7.3
Banská Bystrica region	12,489	475.8	3.0	0	0.0	0.0	12,489	475.8	2.6
Prešov region	7,770	296.0	1.9	0	0.0	0.0	7,770	296.0	1.6
Košice region	37,774	1,439.2	9.0	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	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									
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
Mining and quarrying	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 and communication	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 and reinvested profits.



Volume of Foreign Direct Investment¹⁾ as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI (equity capital + reinvested earnings)	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									
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
Mining and quarrying	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 and communication	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 and reinvested profits.

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	9,427	30,790	317.15	1,173.13

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	9,485	31,651	319.10	1,205.94

Note: The data for 2005 – 2006 are preliminary.

¹⁾ Equity capital and reinvested profits.

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 in total	9,427	317.2	100.0	58	2.0	100.0	9,485	319.1	100.0
Structure of capital by country of investment									
Luxembourg	7,139	240.2	75.7	0	0.0	0.0	7,139	240.2	75.3
Czech Republic	827	27.8	8.8	10	0.3	17.2	837	28.2	8.8
Russia	546	18.4	5.8	0	0.0	0.0	546	18.4	5.8
Cyprus	444	14.9	4.7	0	0.0	0.0	444	14.9	4.7
Ukraine	309	10.4	3.3	0	0.0	0.0	309	10.4	3.3
United Kingdom	299	10.1	3.2	0	0.0	0.0	299	10.1	3.2
Hungary	196	6.6	2.1	0	0.0	0.0	196	6.6	2.1
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	30	1.0	0.3	0	0.0	0.0	30	1.0	0.3
Other countries	-696	-23.4	-7.4	48	1.6	82.8	-648	-21.8	-6.8
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
Mining and quarrying	424	14.3	4.5	0	0.0	0.0	424	14.3	4.5
Manufacturing	-1,455	-49.0	-15.4	0	0.0	0.0	-1,455	-49.0	-15.3
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	514	17.3	5.5	0	0.0	0.0	514	17.3	5.4
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage and communication	263	8.8	2.8	0	0.0	0.0	263	8.8	2.8
Financial intermediation	4,562	153.5	48.4	58	2.0	100.0	4,620	155.4	48.7
Real estate, renting and business activities	4,932	165.9	52.3	0	0.0	0.0	4,932	165.9	52.0
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-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	7,771	261.4	82.4	58	2.0	100.0	7,829	263.4	82.5
Trnava region	434	14.6	4.6	0	0.0	0.0	434	14.6	4.6
Trenčín region	468	15.7	5.0	0	0.0	0.0	468	15.7	4.9
Nitra region	131	4.4	1.4	0	0.0	0.0	131	4.4	1.4
Žilina region	43	1.4	0.5	0	0.0	0.0	43	1.4	0.5
Banská Bystrica region	526	17.7	5.6	0	0.0	0.0	526	17.7	5.5
Prešov region	36	1.2	0.4	0	0.0	0.0	36	1.2	0.4
Košice region	18	0.6	0.2	0	0.0	0.0	18	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 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
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
Mining and quarrying	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 and communication	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 and reinvested profits.



Outflow of Foreign Direct Investment¹⁾ During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
Outflow of FDI (equity capital + reinvested earnings) in total	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
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
Mining and quarrying	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 and communication	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 and reinvested profits.

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	30,790	1,173.1	100.0	861	32.8	100.0	31,651	1,205.9	100.0
Structure of capital by country of investment									
Czech Republic	12,691	483.5	41.2	546	20.8	63.4	13,237	504.3	41.8
Luxembourg	7,889	300.6	25.6	0	0.0	0.0	7,889	300.6	24.9
United Kingdom	2,569	97.9	8.3	0	0.0	0.0	2,569	97.9	8.1
Ukraine	1,793	68.3	5.8	0	0.0	0.0	1,793	68.3	5.7
Poland	1,303	49.6	4.2	0	0.0	0.0	1,303	49.6	4.1
Ireland	1,017	38.7	3.3	0	0.0	0.0	1,017	38.7	3.2
Russia	957	36.5	3.1	0	0.0	0.0	957	36.5	3.0
Cyprus	468	17.8	1.5	0	0.0	0.0	468	17.8	1.5
Slovenia	426	16.2	1.4	0	0.0	0.0	426	16.2	1.3
Austria	402	15.3	1.3	0	0.0	0.0	402	15.3	1.3
Other countries	1,275	48.6	4.1	315	12.0	36.6	1,590	60.6	5.0
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	1,460	55.6	4.7	0	0.0	0.0	1,460	55.6	4.6
Manufacturing	6,154	234.5	20.0	0	0.0	0.0	6,154	234.5	19.4
Electricity, gas and water supply	1,454	55.4	4.7	0	0.0	0.0	1,454	55.4	4.6
Construction	249	9.5	0.8	0	0.0	0.0	249	9.5	0.8
Wholesale and retail trade, repairs of motor vehicles	2,990	113.9	9.7	0	0.0	0.0	2,990	113.9	9.4
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	9,390	357.8	30.5	861	32.8	100.0	10,251	390.6	32.4
Real estate, renting and business activities	8,456	322.2	27.5	0	0.0	0.0	8,456	322.2	26.7
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 service activities	373	14.2	1.2	0	0.0	0.0	373	14.2	1.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Structure of capital by regions									
Bratislava region	23,032	877.5	74.8	861	32.8	100.0	23,893	910.3	75.5
Trnava region	1,191	45.4	3.9	0	0.0	0.0	1,191	45.4	3.8
Trenčín region	1,743	66.4	5.7	0	0.0	0.0	1,743	66.4	5.5
Nitra region	202	7.7	0.7	0	0.0	0.0	202	7.7	0.6
Žilina region	135	5.1	0.4	0	0.0	0.0	135	5.1	0.4
Banská Bystrica region	2,049	78.1	6.7	0	0.0	0.0	2,049	78.1	6.5
Prešov region	592	22.6	1.9	0	0.0	0.0	592	22.6	1.9
Košice region	1,846	70.3	6.0	0	0.0	0.0	1,846	70.3	5.8

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
Mining and quarrying	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 and communication	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 and reinvested profits.

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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
Total volume of FDI outward (equity capital + reinvested earnings)	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
Mining and quarrying	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 and communication	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 and reinvested profits.