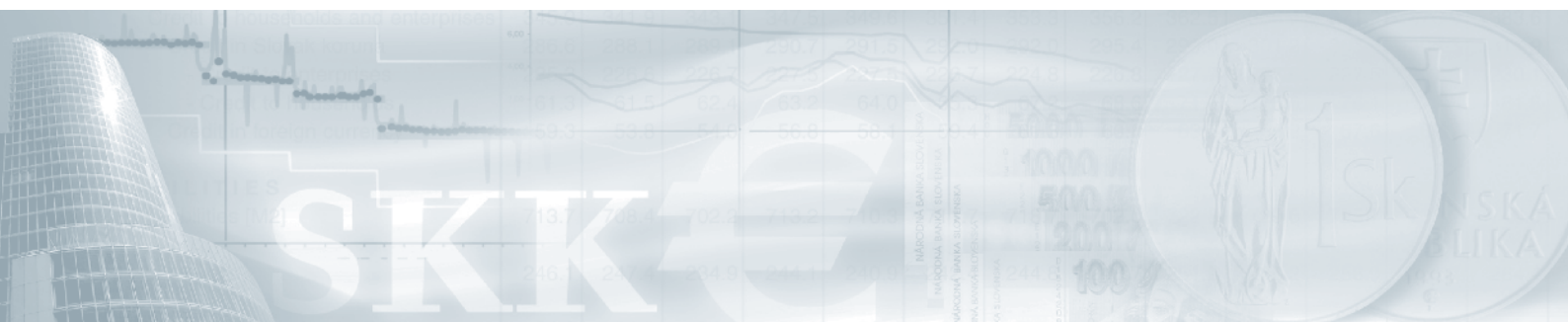




NÁRODNÁ BANKA SLOVENSKA



Monetary Survey

September 2008

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**CONTENTS**

1	Summary	5
2	The External Economic Environment.....	6
3	Inflation.....	8
3.1	Consumer Price Index.....	8
3.2	Producer Prices in August 2008.....	10
4	Factors Influencing Development of Inflation.....	13
4.1	Monetary Aggregates.....	13
4.2	The External Sector.....	19
4.3	Real Economy.....	25
5	Monetary Developments	30
5.1	Foreign Exchange Market.....	30
5.2	Money Market and Monetary Policy Implementation.....	32
5.3	Customer Interest Rates in August 2008.....	35
	Annexes	38
1	International Economy: Tables and Charts	38
2	Capital Market.....	43
2.1	Primary Market	43
2.2	Secondary Market.....	43
3	Methodological Notes to Selected Indicators	45
3.1	Monetary Statistics.....	45
3.2	Basic Macroeconomic Indicators.....	51
4	Comments on Quarterly Financial Accounts for 2Q 2008.....	55
5	Tables.....	61
	Selected Indicators of Economic and Monetary Development in the SR	61
	Selected Indicators of Economic and Monetary Development in the SR (SKK converted to EUR).....	62
	Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs.....	63
	Average Interest Rates on New Loans.....	64
	Average Interest Rates on New Deposits	65
	Average Interest Rates on Outstanding Loans	66
	Average Interest Rates on Outstanding Deposits.....	67
	Shortened Balance Sheet of Commercial Banks as at 31 August 2008	68
	Shortened Balance Sheet of Commercial Banks as at 31 August 2008	69
	Monthly Profit and Loss Account of Commercial Banks	70
	Balance of Payments of the SR for January – July 2008.....	71
	Overview of Issues of NBS Bills 2007–2008	72
	Basic Characteristics of Slovakia’s Foreign Exchange Market in September 2008	73
	Average Monthly Exchange Rates of the SKK against Selected Currencies	74
	Average Quarterly Exchange Rates of the SKK against Selected Currencies	74
	Foreign Direct Investment	75

**LIST OF BOXES**

Box 1	Ten-day Price Surveys	9
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LIST OF CHARTS

Chart 1	Exchange Rates: SKK/EUR and USD/EUR.....	6
Chart 2	Exchange Rate Indices of V4 Currencies against the Euro.....	6
Chart 3	HICP Inflation and Its Main Components	8
Chart 4	Developments in Prices of Oil, Oil Distillates and Energies.....	11
Chart 5	Developments in Industrial Producer Prices and Manufacturing Products Prices	11
Chart 6	Developments in Food Prices in Primary Production, Processing, and Consumption	12
Chart 7	Contributions of M3 Components to Year-on-year Dynamics of M3	13
Chart 8	Lending in Foreign Currency	17
Chart 9	Impact of Changes in NBS Interest Rates on Net Sales of OIFs	19
Chart 10	Average Monthly Exchange Rates of the Slovak Koruna	25
Chart 11	Developments in the NEER and REER Indices (9 trading partners)	25
Chart 12	Development of Industrial Production and Construction Production (3-month moving averages).....	26
Chart 13	Retail Sales in Selected Sectors at Current Prices (3-month moving averages)	26
Chart 14	Retail Sales at Current Prices (3-month moving averages)	26
Chart 15	Contributions to Year-on-year Growth in Retail Sales	26
Chart 16	Comparison of Average Monthly Wages Based on Monthly and Quarterly Data	28
Chart 17	Comparison of Employment Rates Based on Monthly and Quarterly Data.....	28
Chart 18	Registered Unemployment Rate	29
Chart 19	Consumer Confidence Indicator	29
Chart 20	Transactions in the Interbank Foreign Exchange Market.....	30
Chart 21	Banking Sector: Koruna Liabilities to Non-residents	31
Chart 22	Average Monthly Interbank Market Rates (BRIBOR)	32
Chart 23	Developments in Interbank Market Rates (BRIBOR).....	32
Chart 24	Yield Curve in September	33
Chart 25	Daily Developments in FRAs	34
Chart 26	Daily Developments in IRSs	34
Chart 27	Implied Expectations Derived from BRIBOR Rates.....	34
Chart 28	Interest Rates on Loans to Non-financial Corporations, 3-M BRIBOR, and the NBS Base Rate.....	35
Chart 29	Interest Rates on Loans to Households by Type.....	35
Chart 30	Interest Rates on Deposits from Non-financial Corporations	36
Chart 31	Interest Rates on Household Deposits.....	36
Chart 32	Real Interest Rates on Household Deposits	37
Chart 33	USD/EUR: Year-on-year Changes	38
Chart 34	ECB Interest Rates and the EONIA.....	38
Chart 35	Exchange Rate Indices of V4 Currencies against the Euro.....	40
Chart 36	Exchange Rates of V4 Currencies against the Euro	40
Chart 37	Key Interest Rates of the NCBs of V4 Countries.....	41
Chart 38	United States: Federal Funds Rate	41
Chart 39	Oil Prices in USD/Barrel	42
Chart 40	Benchmark Government Bond Yield Curves.....	43
Chart 41	Bond Transactions in the BCPB	43
Chart 42	Developments in the SAX Index in September 2008.....	44
Chart 43	Net lending (+)/Net Borrowing (-) by Institutional Sector	56
Chart 44	Financial Transactions by Institutional Sector W	56
Chart 45	Net Financial Assets by Sector	57
Chart 46	Stocks of Financial Assets and Liabilities by Sector	57
Chart 47	Structure of Financial Assets and Liabilities (Transactions) of Non-financial Corporations.....	57
Chart 48	Of Non-financial Corporations Assets (Transactions) by Sector.....	58
Chart 49	Non-financial Corporations Liabilities (Transactions) by Sector	58
Chart 50	Net Lending (+)/Net Borrowing (-) of Financial Corporations	58
Chart 51	Financial Transactions of Financial Corporations	58
Chart 52	Financial Transactions of General Government	59
Chart 53	The Structure of Financial Assets and Liabilities of Households and NPISH	59
Chart 54	Financial Assets (Transactions) of Households and NPISH by Sector	60
Chart 55	Financial Liabilities (Transactions) of Households and NPISH by Sector.....	60

**LIST OF TABLES**

Table 1	Harmonised Index of Consumer Prices	8
Table 2	Consumer Prices in September 2008	10
Table 3	Producer Price Developments in August 2008	10
Table 4	Comparison of Month-on-month Developments in Monetary Aggregates(ECB methodology)	14
Table 5	Main M3 Counterparts (ECB methodology)	15
Table 6	MFI Receivables from the Resident Private Sector	16
Table 7	MFI Receivables from the Resident Private Sector (excluding securities and receivables from NBS)	17
Table 8	Net Sales of Open-end Investment Funds in the SR	18
Table 9	Balance of Payments Current Account	20
Table 10	Exports from January to July, year-on-year changes.....	20
Table 11	Imports in January to July, year-on-year changes	21
Table 12	Balance of Payments Capital and Financial Account	22
Table 13	Balance of Payments Current Account.....	23
Table 14	External Debt of the Slovak Republic	24
Table 15	Developments in the NEER and REER Indices	25
Table 16	Output and Revenues.....	27
Table 17	Wage Developments in Selected Sectors	28
Table 18	Employment in Selected Sectors.....	29
Table 19	Changes in the SKK/EUR and SKK/USD Exchange Rates.....	30
Table 20	Koruna Assets/Liabilities and Government Securities Held by Non-Residents	31
Table 21	Average Daily Impact of NBS Operations on the Level of Banking Sector Liquidity	33
Table 22	Interbank Transactions.....	34
Table 23	Average Interest Rates on New Loans	36
Table 24	Average Interest Rates on New Deposits	37
Table 25	Euro Area.....	38
Table 26	Czech Republic.....	39
Table 27	Hungary	39
Table 28	Poland.....	40
Table 29	United States.....	41
Table 30	The Values of SDXGroup Indices at the End of September 2008.....	44
Table 31	Weights of Basic SAX Index Components at Month-Ends in 2008	44
Table 32	Calculation of Monetary Aggregates	46
Table 33	The Sectors and Sub-sectors under the ESA 95 System.....	55
Table 34	Financial Instruments According to the ESA 95 System.....	55
Box 1		
Table A	Indices for the previous period	9

**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 0.4% in September in comparison with the previous month. The year-on-year rate of headline inflation reached 4.5%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year growth rate of 4.3%.

Measured in terms of the Consumer Price Index (CPI), consumer prices increased by 0.7% in September, compared with the previous month. The 12-month headline and core inflation rates reached 5.4% and 5.5%, respectively.

The M3 monetary aggregate (according to ECB methodology) increased month-on-month by SKK 8.6 billion in August and its year-on-year growth dynamics weakened to 8.2%, compared with July.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) increased month-on-month by SKK 14.9 billion in August, and the annual growth rate accelerated by 0.9 percentage points to 14.9%.

The average interest rate on new loans to non-financial corporations increased by 0.01 of a percentage point to 5.95% in August, and the rate on new loans to households increased by 0.71 of a percentage point to 12.64%. Over the same period, the average interest rate on new deposits from non-financial corporations decreased by 0.19 of a percentage point to 2.41%, and that on new household deposits increased by 0.04 of a percentage point to 1.22%.

At the end of September, the state budget of the Slovak Republic resulted in a surplus of SKK 4.3 billion.

The foreign reserves of NBS (at current exchange rates) stood at USD 18.5 billion in September. At the end of the month, the volume of reserves was 2.7 times greater than the volume of average monthly imports of goods and services to Slovakia during the first eight months of 2008. At the end of August, the coverage of average monthly imports (payments for imports of goods and services according to data from banking statistics) by the official foreign reserves corresponded to 3.8 times the volume of average monthly imports of goods and services to Slovakia over the first eight months of 2008.

Národná banka Slovenska conducted no foreign exchange intervention in September.

According to preliminary data, the balance of payments on current account for July 2008 resulted in a deficit of SKK 17 billion. Over the same period, the capital and financial account generated a surplus of SKK 26.5 billion. From January to July, the b.o.p. current account produced a deficit of SKK 80.9 billion, while the trade balance resulted in a deficit of SKK 8.3 billion.

The total sterilisation position of NBS increased in comparison with August by almost SKK 2.2 billion to SKK 383.2 billion in September.



2 The External Economic Environment¹

Euro-area countries

Inflation The 12-month inflation rate in the euro area, as measured by the Harmonised Index of Consumer Prices (HICP), decreased from 3.8% in the previous month to 3.6% in September. The highest year-on-year growth in consumer prices was reported by Slovenia (5.6%), Belgium (5.5%) and Cyprus (5.0%). The steepest year-on-year increases were recorded in housing (6.2%), transportation (5.8%) and food prices (5.7%). The prices of telecommunication services, on the other hand, decreased 2.6%. In the same period a year earlier, consumer prices in the euro area increased 2.1%

EUR/USD exchange rate The exchange rate of the euro to the dollar was once again rather volatile in September. The relatively strong appreciation and the following weakening of the dollar against the common European currency was, to a large extent, influenced mostly by developments in the financial markets, the publication of quarterly data on economic growth in the euro area, and the announcement of US government plan to use public funds for the stabilisation of the market with mortgage securities. Compared with the last trading day of August (1.4735 USD/EUR), the single European currency depreciated by 2.9% at the end of September. Compared with the beginning of the year, it depreciated by 2.6% (compared with the same month of 2007, the euro appreciated by 0.9% against the dollar).

At its ordinary meeting held on 2 October 2008, the Governing Council of the European Central Bank (ECB) decided to leave its key interest rates unchanged. After that, on the background of the current financial crisis, the central banks of Canada, United Kingdom, United States, Sweden, Switzerland and the euro area reduced their interest rates in a concerted action on 8 October 2008. This move was also supported by the Bank of Japan. The Governing Council of the ECB decided to reduce the key interest rates by 50 basis points. Therefore, with effect from 15 October 2008, the minimum bid rate on main refinancing operations of the Eurosystem was set to 3.75% and the rates on overnight refinancing and sterilisation operations were set at 4.75% and 2.75%, respectively, with immediate effect.

On the same day, the ECB Governing Council decided, with effect from 9 October 2008, to narrow the corridor for automatic operations from 200 basis points to 100 basis points around the rate applicable to main refinancing operations. With effect from 9 October 2008, the rates on overnight refinancing and sterilisation operations were changed to 4.25% and 3.25%, respectively.



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



At the same time, the ECB Governing Council decided, with effect from 15 October 2008 that weekly main refinancing operations will be carried out through a fixed rate tender procedure with full allotment at the interest rate for main refinancing operations, i.e. 3.75%.

The last two measures will stay in place for as long as needed, and at least till the end of the first maintenance period of 2009, i.e. 20 January 2009.

In the following days, the ECB took further measures in support of the financial markets. These measures were aimed particularly at ensuring enough liquidity for the euro money market, and also for the dollar money market. Together with the Bank of England and the Swiss National Bank, the European Central Bank announced, on 13 October, tenders denominated in USD at a fixed rate with unlimited volume. Two days later (15 October), the ECB decided to expand the list of collaterals accepted for Eurosystem credit operations. At the same time, the ECB announced that it would accept an unlimited volume at a previously announced fixed rate in long-term refinancing operations. Maturing long-term refinancing operations will be renewed and new long-term refinancing operations will be carried out. On the same day, the ECB decided to carry out USD/EUR swap transactions as an addition to tenders denominated in USD. On 15 October, the ECB announced an agreement with Swiss National Bank on cooperation in the provision of liquidity in Swiss francs through swap operations.

Development in Poland, the Czech Republic and Hungary

The 12-month inflation rate, as measured by the Harmonised Index of Consumer Prices, decreased in Hungary and Poland in September. The price growth in the Czech Republic, on the other hand, accelerated. Compared with August, inflation in Hungary went down by 0.8 percentage points to 5.6% and in Poland by 0.3 percentage points to 4.1%. In the Czech Republic, the rate of inflation rose by 0.2 percentage points to 6.4%.

Inflation

At the beginning of September, the correction of exchange rates from the previous month continued. Currencies in the Central European region were influenced particularly by sales of riskier assets resulting from the crisis on the world markets. In the second ten-day period of September, after the announcement that Poland intends to introduce the euro in 2012, the zloty and the Czech koruna temporarily appreciated. The Hungarian forint responded to the news in a limited extent only and from among the currencies of the region, remained the one most severely affected by growing tensions in the global markets. The political situation in the country also contributed to the weakening of the forint. At the end of the month, depreciation tendencies prevailed again in the region, supported mainly by growing risk aversion. Compared with the last trading day of the previous month, the Hungarian forint and the Polish zloty depreciated against the euro by 2.2% and 1.4%, respectively. The Czech koruna, on the other hand, appreciated 0.3%.

Exchange rates of V4 currencies

None of the central banks in the neighbouring countries changed its key interest rates in September. As a result, they remained at unchanged levels of 3.5% in the Czech Republic, 6% in Poland and 8.5% in Hungary.

Key interest rates in V4 countries

In response to the global financial crisis, central banks of the Central European region took several measures to increase liquidity and trust on their national financial markets. On 10 October, Magyar Nemzeti Bank introduced a two-way exchange rate swap with overnight maturity, which will be used by the bank to provide liquidity in forints and the euro. In order to support this instrument, MNB and the ECB announced jointly, on 16 October, an agreement to support this monetary policy tool by the ECB with a loan facility of up to EUR 5 billion. At the same time, MNB decided to provide secured loans with two-week and six-month maturity. Česká národní banka decided, with effect from 15 October, to introduce regular refinancing REPO operations. Government bonds will be used as collateral for this financial instrument. REPO operations will be announced 3 times per week with fixed interest rate and two-week maturity. On 17 October, Narodowy Bank Polski also announced several measures, including currency swaps, to support liquidity in the money market.²

² Details have not been published yet.



3 Inflation

3.1 Consumer Price Index

HICP Inflation in September 2008

Harmonized index of consumer prices

Consumer prices, as measured by HICP, increased month-on-month by 0.4% in September, with the prices of goods and services growing by 0.1% and 1.0%, respectively. On a year-on-year basis, consumer prices rose by 4.5% (by 4.4% in August). The overall inflation, excluding energy and unprocessed food prices (core inflation) reached 4.3% year-on-year (4.2% in August). The average 12-month inflation rate from October 2007 till September 2008 stood at 3.6%. The average inflation rate since the beginning of the year reached 4.0%. HICP inflation was moderately higher than expected by NBS in September, mainly due to a steeper-than-expected growth in the prices of heating and restaurant services.

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

	2008					
	Apr.	May	June	July	Aug.	Sep.
TOTAL	3.7	4.0	4.3	4.4	4.4	4.5
Goods	3.3	3.8	4.2	4.3	4.3	4.1
Industrial goods	1.5	2.0	2.1	2.4	2.4	2.8
Industrial goods (excl. energies)	0.1	0.7	0.6	0.9	0.9	0.7
Energies	3.6	4.1	4.4	4.7	4.7	6.0
Food	6.7	7.1	8.0	8.1	7.9	6.7
Processed food						
(including alcohol and tobacco)	9.3	8.9	8.7	8.7	8.7	8.1
Unprocessed food	1.8	3.7	6.8	6.8	6.3	3.8
Services	4.4	4.4	4.6	4.7	4.8	5.5
Total, excluding unprocessed food and energies (core inflation)	3.9	4.0	4.1	4.2	4.2	4.3
Total, excluding energies	3.7	4.0	4.3	4.4	4.4	4.3

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

Price growth of unprocessed food slowing

Looking at the structure of inflation, the prices of unprocessed food grew at a slower pace while the annual growth in energy prices increased, and so did the core inflation (total inflation excluding energy and unprocessed food prices).

Looking at the prices of energy, the annual price growth of fuels slowed in September. On the other hand, the annual growth in heating prices increased significantly. Slower pace of year-on-year growth in unprocessed food prices was caused by a slowdown in the price growth of fruits, vegetables and meat.

Moderate rise of core inflation

The annual development of core inflation (total excluding energy and unprocessed food prices) was influenced by the prices of services, which reported accelerated annual growth. Compared with the previous month, services prices were growing at a faster pace in the transport sector (driving school and coach transport), personal services (particularly catering provided by employers, but also prices in restaurants). The prices of medical services and education increased as well. Looking at core inflation, the annual growth in the prices of industrial products excluding energy and in the prices of processed food decreased. The slower annual growth in the prices of industrial products excluding energy was supported particularly by the development of prices of non-durables. The annual growth of processed food prices slowed, helped by slower growth in the prices of bread and cereals, oils and fats and milk and dairy products. The prices of processed food still did not reflect the increase in cigarettes prices due to an increase in the excise duty (with effect from January 2008).

Chart 3 HICP Inflation and Its Main Components (%)



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



Box 1

Ten-day Price Surveys

The Statistical Office of the Slovak Republic started, on 1 August, to monitor consumer prices of selected goods and services included in the consumer basket by ten-day periods. Price surveys by ten-day period will be carried out from 1 August 2008 to 30 June 2009, with the aim of monitoring the development of consumer prices of selected goods and services in SKK and EUR during the period of dual pricing. Ten-day surveys of consumer prices include 196 goods and services included in the consumer basket, which are among the products most frequently purchased by the population. The consumer basket has been discussed with and approved by the representatives of the Ministry of Finance, the Ministry of Labour, Social Affairs and Family and the Plenipotentiary of the Government for the Introduction of the Euro. The results for the last three ten-day periods are shown in the table A:

Table A Indices for the previous period

	Sk			Euro		
	No. of September ten-day period			No. of September ten-day period		
	25	26	27	25	26	27
Total	99.6	99.5	99.9	99.6	99.6	99.9
Bread and cereals	100.0	99.3	99.3	100.0	99.3	99.4
Meat	99.4	100.8	100.2	99.3	100.8	100.2
Fish	99.2	99.9	99.8	99.2	99.9	99.8
Milk, cheese and eggs	99.1	100.4	99.8	99.1	100.4	99.8
Oils and fats	98.9	99.3	100.2	98.8	99.2	100.3
Fruits	96.0	96.5	96.9	96.0	96.5	96.9
Vegetables, including potatoes and other tubers	98.0	102.4	101.3	97.9	102.3	101.4
Sugar, jam, honey, syrups, chocolate and confectionary	101.0	100.1	99.3	101.0	100.1	99.4
Food products not classified elsewhere	99.5	101.0	99.3	99.4	101.0	99.3
Coffee, tea and cocoa	99.2	99.3	100.8	99.2	99.3	100.8
Mineral water, non-alcoholic beverages and juices	100.1	99.1	100.9	100.2	99.0	100.9
Spirits	99.9	99.3	100.8	99.9	99.3	100.8
Wine	98.7	100.9	99.0	98.7	101.0	99.0
Beer	100.2	100.3	99.2	100.2	100.2	99.0
Non-durables	99.7	93.1	100.3	99.7	93.1	100.3
Pharmaceuticals	100.2	100.0	99.9	100.2	100.0	99.9
Other medical products	100.0	101.2	99.3	100.1	101.1	99.3
Fuels and greases	99.7	99.5	99.2	99.7	99.6	99.3
Office and drawing products	99.1	101.2	103.2	99.1	101.1	103.2
Restaurants, cafés, snack bars, confectioneries etc.	100.0	100.3	100.0	100.0	100.3	100.0
Hair saloons and personal care	100.0	100.3	100.0	100.0	100.3	100.0
Other devices, items and products for personal care	100.6	98.4	100.9	100.6	98.4	100.9

The year-on-year rate of headline inflation is expected to go down in October, compared with September 2007, mainly as a result of the base effect in food prices. On the other hand, the prices of heating and cigarettes are expected to continue their upward trend.

Expectations for the next month

CPI Inflation in September 2008

Consumer price increased 0.7% month-on-month in September 2008, hand in hand with the rise in administered prices and core inflation. The rate of inflation was higher than expected by NBS, due to the development of core inflation and administered prices. As to administered prices, growth was recorded in the prices of heating (by 5.7%), transport (by 1.8%), health services (by 0.8%), education (by 6.3%), lodging and boarding at schools (by 3.8%). The development of core inflation was influenced particularly by the accelerated growth of market services prices, particularly house maintenance prices and imputed rent by 4.3% (4.0% a month ago) and also by growing prices in hotels, restaurants and cafes (particularly the prices of catering provided by employers). The prices of marketable goods, excluding fuels, were going down moderately, following the predictions (growing prices of clothing and shoes, offset by decreasing prices of transport and furniture). The prices of fuels decreased due to the development

Consumer Price Index



of crude oil prices, against expectations of their moderate increase. The prices of food were decreasing faster than expected, due to a sharp decline in fruits, vegetables and milk prices. The prices of bread, bakery products, cereals, meat, oils and fats, on the other hand, increased. The impact of the change of indirect taxes on tobacco was not yet reflected in consumer prices. The annual growth in consumer prices reached 5.4% (5.0% in August). Core inflation stood at 5.5% (5.3% one month ago). The average year-on-year inflation from October 2007 till September 2008 stood at 4.2%.

Table 2 Consumer Prices in September 2008

	CPI inflation		HICP inflation by CPI component	
	Change versus			
	Aug. 2008	Sep. 2007	Aug. 2008	Sep. 2007
Total in %	0.7	5.4	0.4	4.5
Regulated prices in %	1.6	5.3	1.7	5.9
Share of total, in percentage points ¹⁾	0.38	-	0.48	-
Impact of changes in indirect taxes on non-regulated prices – Share of total, in percentage points¹⁾	0.00	-	0.00	-
Core inflation in %	0.4	5.5	-0.1	4.1
Share of total, in percentage points ¹⁾	0.27	-	-0.09	-
of which: Food prices in %	-0.8	8.2	-1.0	8.1
Share of total, in percentage points ¹⁾	-0.11	-	-0.16	-
Tradable goods in % ¹⁾	-0.4	1.5	-0.3	1.6
Share of total, in percentage points ¹⁾	-0.14	-	-0.11	-
Tradable goods excluding fuels, in % ¹⁾	-0.2	0.7	-0.1	1.0
Share of total, in percentage points ¹⁾	-0.05	-	-0.04	-
Fuels in % ¹⁾	-2.4	8.9	-2.4	8.8
Share of total, in percentage points ¹⁾	-0.08	-	-0.07	-
Market services in % ¹⁾	1.9	9.3	1.0	5.3
Share of total, in percentage points ¹⁾	0.52	-	0.17	-
Net inflation (excluding the impact of changes in indirect taxes) in %	0.6	4.9	0.1	3.1
Share of total, in percentage points ¹⁾	0.38	-	0.07	-
Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in %¹⁾	0.8	4.6	0.3	2.7
Share of total, in percentage points ¹⁾	0.46	-	0.14	-

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

3.2 Producer Prices in August 2008

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

Industrial producer prices for the domestic market increased month-on-month by 0.2% in August, as a result of price growth in all its three components.

Table 3 Producer Price Developments in August 2008

	Month-on-month changes		Year-on-year changes			
	July 2008	August 2008	August 2007	July 2008	August 2008	Average since begin. of 2008
	Industrial producer prices (for the domestic market)	0.5	0.2	0.5	6.3	6.7	5.8
– Prices of manufacturing products	0.1	0.1	-1.4	2.6	2.9	2.9
– Prices of mining and quarrying products	0.2	0.8	-6.2	14.2	17.0	11.2
– Energy prices	0.9	0.4	3.2	11.1	11.6	9.5
Industrial producer prices (for export)	0.3	-0.8	-7.5	2.1	1.6	2.3
– Prices of manufacturing products	0.1	-0.6	-6.8	0.9	0.5	1.3
Construction prices	0.3	0.7	3.5	5.6	6.2	5.4
Building materials prices	-0.2	0.6	6.1	2.7	3.2	4.2
Agricultural prices	-	-	11.6	21.6	6.4	13.5
– Prices of plant products	-	-	29.4	43.5	6.9	29.8
– Prices of animal products	-	-	-0.9	7.9	5.8	8.0

Source: Statistical Office of the SR.



In August, the annual growth in industrial producer prices for the domestic market accelerated by 0.4 percentage points compared to July, supported by all three basic components. The prices of industrial products increased by 0.3% (to 2.6%), energy by 0.5 percentage points (11.6%) and mineral raw materials by 2.8 percentage points (17.0%).

... accompanied by faster growth...

The faster overall growth of energy prices on a year-on-year basis in August was the result of accelerated growth in prices of gas production and transport of gaseous fuels via pipelines (by 3.7 percentage points to 20.8%), treatment and distribution of water (by 0.4 percentage points to 8.4%) and steam and hot water supply (by 1.1 percentage points to 5.4%). The growth in prices of electricity generation and distribution slowed in August by one percentage point compared to July, to 8.9%.

The faster year-on-year growth in industrial producer prices in August, compared to July, was driven mostly by growing prices of base metals and finished metal products (acceleration by 1.9 percentage points to 1.4%), electrical and optical products (by 1.2 percentage points to 3.1%) and chemical products (by 2.6 percentage points to 4.0%). The prices of refined oil products and food products showed slower annual growth than one month ago (by 3.8 percentage points to 29.8% and by 1.1 percentage points to 7.4%, respectively). Drops in the prices of transport equipment (-8.1%), rubber and plastic products (-1.9%), paper products (-1.0%) and wood products (-4.2%) continued.

As to food products, the annual price growth slowed in August compared to July in almost all groups. Only the prices of flour products experienced faster growth than a month ago (by 1.4% point to 27.8%). Slower, yet strong growth was observed in the prices of industrial fodder (28.9%) and animal and plant fats and oils (27.2%) in August. The growth in the prices of beverages (3.5%), meat and meat products (2.4%) and dairy products (2.1%) also slowed. The prices of processed and canned fruits and vegetables (-4.5%) continued their downward trend.

The export prices of manufacturing products, which are mostly determined by industrial producer prices for export, dropped month-on-month by 0.6% in August and, compared with July, their annual growth slowed by 0.4 percentage points to 0.5%.

Industrial producer prices for export

The annual growth in industrial producer prices for export in August was driven mostly by strong albeit slower growth in export prices of refined oil products (growth rate of 31.4%, by 10.5 percentage points less than one month ago). Export prices of food products also experienced slower annual growth than one month ago (slowdown by 1.9 percentage points to 8.1%). Compared with the previous month, faster growth was observed in the prices of base metals and finished metal products (by 0.9 percentage points to 3.7%) and chemical products (by 6.2 percentage points to 10.2%). Drops



in the prices of transport equipment (-8.8%), electrical and optical devices (-7.3%), plant and machinery (-1.1%) and paper products (-7.0%) dampened the overall price growth.

Agricultural prices The year-on-year rate of growth in agricultural prices slowed 15.2 percentage points, compared with the previous month, to stand at 6.4% in August. This was caused mainly by pronounced slowdown in the growth of plant product prices (of 36.6 percentage points to 6.9%). The growth in the prices of animal products slowed 2.1 percentage points to 5.8%.

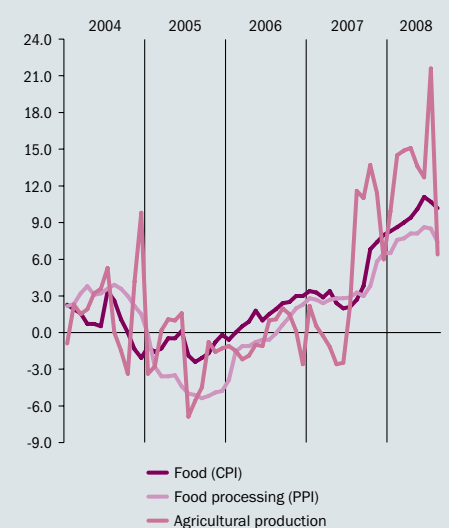
Slower year-on-year growth in plant product prices in August was mainly the result of decreasing prices of cereals (by 34.3 percentage points to -1.1%). The prices of fruits also went down (by 7.4 percentage points to -0.1%). The prices in most of the other plant product categories were growing slower on a year-on-year basis in August than one month ago. Price growth slowed in oil seeds (by 9.4 percentage points to 46.0%), pulses (by 2.1 percentage points to 17.3%) and vegetables (by 0.8 percentage points to 3.3%). Only the prices of potatoes experienced faster growth on a year-on-year basis in August (by 0.6 percentage points, of 9.3%).

As to animal products, the annual price growth slowed in August compared to July in almost all product groups. Price growth slowed in fish 0.5 percentage points to 17.3%, poultry by 0.6 percentage points to 9.1%, raw cows' milk by 2.7 percentage points to 6.3%, eggs by 3.5 percentage points to 6.1% and pigs by 2.9 percentage points to 5.3%. The decrease in the prices of cattle including calves moderated (0.2 percentage points to 0.7%).

In September 2008, industrial producer prices should be influenced by the still high prices of crude oil in the world markets. On the other hand, price growth should be dampened by the base effect of the increase in the prices of crude oil, refined oil products and energy of September 2007. Price growth should further be supported by the prices of food. Owing to these factors, the rate of year-on-year growth in industrial producer prices is expected to decelerate moderately in September, compared to August.

According to latest agrarian news, a decrease in the producer prices of cereals (both for food processing and production of fodder) can be expected on the Slovak market in September, thanks to the good harvest. As to animal products, the decreasing trend in the prices of cattle is expected to come to an end. The prices of pigs most likely already reached this year's high and should not be growing anymore. The producer price of raw cows' milk continued to fall and currently is by some 3% higher than one year ago. Overall, the prices of agricultural products are expected to stagnate or go down moderately in September.

Chart 6 Developments in Food Prices in Primary Production, Processing, and Consumption
(year-on-year changes in %)



Source: Statistical Office of the SR.

4 Factors Influencing Development of Inflation

4.1 Monetary Aggregates

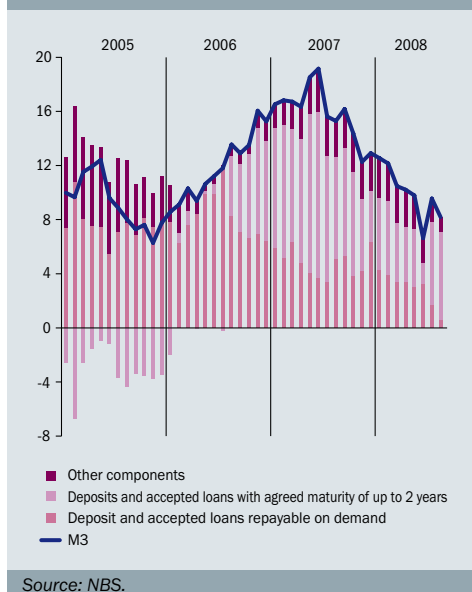
The annual growth in M3 monetary aggregate (according to ECB methodology)³ continued its downward trend in August, with the growth rate decreasing to 8.2% (by 1.4 percentage points compared with the previous month).

**Slower
M3 growth**

The current slowdown in the growth of monetary aggregates is influenced, on the liabilities side, by the development of shortest deposits and decreasing volume of currency in circulation (by SKK 13.9 billion less than in December 2007). While the contribution of deposits payable on demand to the overall annual

growth of M3 decreased by 1.1 percentage points compared with the previous month to a new historical low, the contribution of deposits with an agreed maturity increased by 0.4 percentage points. Short-term deposits are influenced particularly by a shift from deposits payable on demand to deposits with an agreed maturity of up to 2 years in non-financial corporations sector.

Chart 7 Contributions of M3 Components to Year-on-year Dynamics of M3 (p.p.)



The contribution of the other main M3 components (currency in circulation, deposits with a notice period of up to 3 months and marketable instruments) to the annual growth of the M3 aggregate also decreased in August (by 0.7 percentage points, compared to July).

Main M3 Components

The individual components of the M1 monetary aggregate showed the same development. The volume of currency in circulation and deposits and loans received payable on demand, as well as their annual growth rates decreased. This resulted, for the first time, into a negative development of the M1 monetary aggregate (-0.3%, or a decrease of SKK 12.3 billion month-on-month), with the process of euro introduction in Slovakia and expected development of key interest rate increasingly influencing the structure of deposits by businesses and households.

**Slower growth in
monetary aggregates**

In other short-term deposits, deposits and loans received with an agreed maturity of up to 2 years increased significantly again (by SKK 24.0 billion, of which businesses contributed with SKK 14.5 billion and households with SKK 7.6 billion) and their annual growth rate increased moderately to 17.1%. The negative growth of deposits with a notice period of up to 3 months intensified and, together with the slower growth in M1 aggregate, led to a lower growth of the M2 monetary aggregate (6.6%, decrease of 1.1 percentage points).

Among marketable instruments, money market fund shares/units reported a moderate decrease again, albeit preserving high annual growth of 27.5%. The volume of debt securities issued with a maturity of up to 2 years and their growth rate both decreased.

Main M3 Counterparts

Of the M3 counterparts, MFI receivables from residents (including securities issued by clients and held by the PFI sector) remained the main factor influencing monetary development in historical terms. In August, they increased by SKK 14.9 billion month-on-month, of which foreign currency MFI receivables from the private sector increased by SKK 10.5 billion. The annual rate of growth in receivables from residents increased to 14.9%, with the rate of growth in receivables from the private sector increasing to 23.0% and moderating negative contribution of receivables from the general government.

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

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.



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

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	August 2007	July 2008	August 2008	July 2008	August 2008
Currency in circulation	135.6	129.5	127.8	-3.6	-5.7
Deposits and received loans repayable on demand	433.0	451.3	439.2	3.9	1.4
Of which: Non-financial corporations	176.3	170.8	163.4	-2.7	-7.3
Households and non-profit institutions serving households	207.3	234.4	233.8	13.2	12.8
M1	568.6	580.7	567.0	2.2	-0.3
Deposits and loans received with an agreed maturity of up to 2 years	391.0	433.9	457.9	16.5	17.1
Of which: Non-financial corporations	128.4	120.6	135.1	4.6	5.2
Households and non-profit institutions serving households	196.9	234.4	242.0	21.2	22.9
Deposits repayable at a period of notice of up to 3 months	9.9	9.0	8.9	-9.4	-9.7
M2	969.5	1,023.6	1,033.8	7.7	6.6
Money market fund shares/units	52.6	67.6	67.0	30.8	27.5
Repo operations	0.4	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	6.8	13.7	12.7	130.5	85.9
M3	1,029.3	1,104.9	1,113.5	9.6	8.2

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were 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 month.

2) Year-on-year changes (except for figures for non-financial corporations and households) are calculated on the basis of chain indices, the index reference period is January 2005.

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

	Outstanding amounts (in billions of EUR) ¹⁾			Year-on-year changes (in %) ²⁾	
	August 2007	July 2008	August 2008	July 2008	August 2008
Currency in circulation	4.5	4.3	4.2	-3.6	-5.7
Deposits and received loans repayable on demand	14.4	15.0	14.6	3.9	1.4
Of which: Non-financial corporations	5.9	5.7	5.4	-2.7	-7.3
Households and non-profit institutions serving households	6.9	7.8	7.8	13.2	12.8
M1	18.9	19.3	18.8	2.2	-0.3
Deposits and loans received with an agreed maturity of up to 2 years	13.0	14.4	15.2	16.5	17.1
Of which: Non-financial corporations	4.3	4.0	4.5	4.6	5.2
Households and non-profit institutions serving households	6.5	7.8	8.0	21.2	22.9
Deposits repayable at a period of notice of up to 3 months	0.3	0.3	0.3	-9.4	-9.7
M2	32.2	34.0	34.3	7.7	6.6
Money market fund shares/units	1.7	2.2	2.2	30.8	27.5
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	0.2	0.5	0.4	130.5	85.9
M3	34.2	36.7	37.0	9.6	8.2

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were 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 month.

2) Year-on-year changes (except for figures for non-financial corporations and households) are calculated on the basis of chain indices, the index reference period is January 2005.



Net foreign assets increased in August, correcting the overall decline this year. This was the result of a larger decrease in foreign liabilities (of SKK 24.9 billion) accompanied by a decrease in foreign assets by SKK 15.8 billion.

Table 5a Main M3 Counterparts (ECB methodology)

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	August 2007	July 2008	August 2008	July 2008	August 2008
MFI receivables from residents (including securities)	973.2	1,100.7	1,115.6	14.0	14.9
Receivables from general government	254.8	229.3	233.8	-9.4	-8.0
Receivables from the private sector	718.4	871.3	881.8	22.3	23.0
Net foreign assets	283.1	178.4	187.5	-36.4	-34.8
Foreign assets	554.9	524.8	509.0	-3.8	-9.1
Foreign liabilities	271.8	346.4	321.5	30.8	18.3
Long-term financial liabilities (excluding capital and reserves)	130.6	145.0	148.6	11.8	13.7
Other items net ³⁾	-96.4	-29.1	-41.0	-67.5	-46.9
M3	1,029.3	1,104.9	1,113.5	9.6	8.2

Source: NBS.

Note: Figures may not add up due to rounding.

1) As at the last day of the given month.

2) Year-on-year changes are calculated on the basis of chain indices; the 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.

Table 5b Main M3 Counterparts (ECB methodology)

	Outstanding amounts (in billions of EUR) ¹⁾			Year-on-year changes (in %) ²⁾	
	August 2007	July 2008	August 2008	July 2008	August 2008
MFI receivables from residents (including securities)	32.3	36.5	37.0	14.0	14.9
Receivables from general government	8.5	7.6	7.8	-9.4	-8.0
Receivables from the private sector	23.8	28.9	29.3	22.3	23.0
Net foreign assets	9.4	5.9	6.2	-36.4	-34.8
Foreign assets	18.4	17.4	16.9	-3.8	-9.1
Foreign liabilities	9.0	11.5	10.7	30.8	18.3
Long-term financial liabilities (excluding capital and reserves)	4.3	4.8	4.9	11.8	13.7
Other items net ³⁾	-3.2	-1.0	-1.4	-67.5	-46.9
M3	34.2	36.7	37.0	9.6	8.2

Source: NBS.

Note: Figures may not add up due to rounding.

1) As at the last day of the given month.

2) Year-on-year changes are calculated on the basis of chain indices; the 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.

The annual growth in long-term financial liabilities (excluding capital, reserves and provisions) increased again in August (to stand at 13.7%). Looking at its components, debt securities issued with maturity of over two years contributed most to this increase (with SKK 16.7 billion). The contribution of deposits with an agreed maturity of over 2 years and deposits payable at a period of notice of over 3 months to the growth of long-term financial liabilities was significantly lower, or even negative.

The overall annual increase in other net counterparts was influenced by a decrease in deposits and loans received from the central government (excluding deposits held at the State Treasury) of SKK 34.8 billion and a decrease in capital, reserves and provisions of SKK 20.0 billion.



Table 6a MFI Receivables from the Resident Private Sector

	Outstanding amounts at end of period (SKK billions) ¹⁾			Year-on-year changes (%) ³⁾	
	August 2007	Jul 2008	August 2008	July 2008	August 2008
MFI receivables from the private sector (including securities)	718.4	871.3	881.8	22.3	23.0
– of which: securities issued by the private sector ²⁾	14.1	19.0	18.6	35.8	31.5
MFI receivables (excluding securities)	704.2	852.3	863.2	22.1	22.8
Non-financial corporations	364.2	441.5	446.2	21.2	22.6
– up to 1 year	153.5	186.3	187.2	18.8	22.1
– 1 to 5 years	72.7	93.3	96.0	29.0	32.2
– over 5 years	138.0	161.9	163.0	19.9	18.2
Financial corporations	61.6	60.3	60.1	-3.2	-2.2
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving Households	278.4	350.5	356.9	29.0	28.7
– consumer loans	39.3	47.8	48.7	24.1	25.4
– construction loans	185.9	235.5	240.1	29.7	29.3
– other loans	53.3	67.1	68.2	30.1	28.9

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were 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) Securities issued by the private sector, including NBS receivables.

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

Table 6b MFI Receivables from the Resident Private Sector

	Outstanding amounts at end of period (EUR billions) ¹⁾			Year-on-year changes (%) ³⁾	
	August 2007	Jul 2008	August 2008	July 2008	August 2008
MFI receivables from the private sector (including securities)	23.8	28.9	29.3	22.3	23.0
– of which: securities issued by the private sector ²⁾	0.5	0.6	0.6	35.8	31.5
MFI receivables (excluding securities)	23.4	28.3	28.7	22.1	22.8
Non-financial corporations	12.1	14.7	14.8	21.2	22.6
– up to 1 year	5.1	6.2	6.2	18.8	22.1
– 1 to 5 years	2.4	3.1	3.2	29.0	32.2
– over 5 years	4.6	5.4	5.4	19.9	18.2
Financial corporations	2.0	2.0	2.0	-3.2	-2.2
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving Households	9.2	11.6	11.8	29.0	28.7
– consumer loans	1.3	1.6	1.6	24.1	25.4
– construction loans	6.2	7.8	8.0	29.7	29.3
– other loans	0.1	0.1	0.1	30.1	28.9

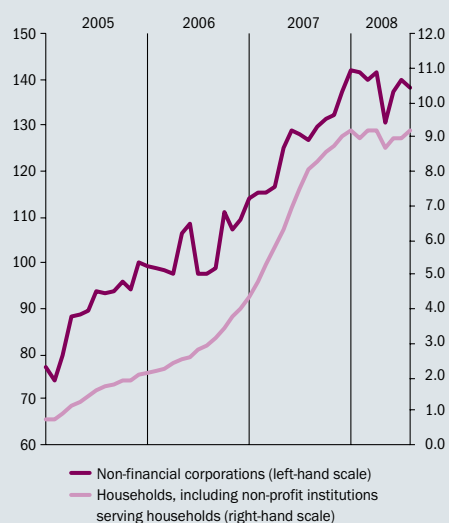
Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were 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) Securities issued by the private sector, including NBS receivables.

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

Chart 8 Lending in Foreign Currency (SKK billion)


Source: NBS.

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

The growth in MFI receivables from the private sector accelerated moderately in August 2008, particularly due to the faster growth in loans to non-financial corporations. Loans to households, on the other hand, moderately slowed their growth.

Moderately faster growth in loans to non-financial corporations and slowdown in the growth of loans to households

The volume of MFI receivables from non-financial corporations increased SKK 4.7 billion (SKK 8.1 billion in the previous month). Their annual rate of growth, however, increased by 1.4 percentage points, caused by the base effect due to a decrease in the volume of loans to corporations in August last year. Broken down by term, the volume of all types of loans increased, with the highest growth recorded in long-term loans.

The growth in loans to households slowed moderately, with the volume of the loans increasing by SKK 6.4 billion month-on-month (by SKK 8.2 billion in the previous month) and their rate of growth slowed by 0.3 percentage points. Regarding the structure of loans by purpose, growth slowed in house purchase, consumer and other loans.

The volume of foreign currency MFI receivables from the private sector decreased by SKK 1.3 billion in August 2008. The most pronounced decrease was recorded in loans to non-financial corporations in EUR (of SKK 1.2 billion). Loans to businesses denominated in other foreign currencies also continued their downward trend. Household loans in foreign currency, on the other hand, continued to grow moderately, with their volume increasing by SKK 0.2 billion, compared with the previous month. Euro-denominated MFI receivables again constituted the largest part of foreign currency loans.

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

	Outstanding amounts (SKK billions) ²⁾	Year-on-year changes (in %) ²⁾					Cumulative changes since beginning of year (SKK billions)	
		Aug. 2008	2007 Q3	2007 Q4	2008 Q1	2008 Q2	Aug. 2008	Aug. 2008
MFI receivables (excluding securities)	863.2	24.8	23.9	25.8	23.0	22.8	77.0	93.2
Non-financial corporations	446.2	26.9	24.1	26.3	22.7	22.6	37.7	46.6
– loans in Slovak koruna	308.0	24.4	23.4	29.1	31.8	27.8	20.3	45.5
– loans in foreign currency	138.2	32.1	25.4	21.1	6.7	9.2	17.4	1.1
Financial corporations (other financial intermediaries and auxiliary financial institutions)	60.1	3.4	5.7	11.5	-0.4	-2.2	-1.3	-6.3
– loans in Slovak koruna	44.8	0.3	-2.9	3.8	-5.4	-8.0	-3.2	-4.5
– loans in foreign currency	15.3	14.5	42.1	40.9	17.2	14.7	1.9	-1.8
Insurance companies and pension funds	0.0	-	-	-	-	-	0.0	0.0
Households and non-profit institutions serving households	356.9	27.8	28.5	28.6	28.8	28.7	40.6	52.9
– loans in Slovak koruna	347.8	25.9	26.8	27.6	28.8	29.2	36.5	52.7
– loans in foreign currency	9.1	165.5	126.5	74.0	29.0	21.4	4.1	0.2
of which: consumer loans	48.7	18.8	17.9	16.4	22.8	25.4	3.5	7.1
house purchase loans	240.1	30.3	30.2	30.3	29.5	29.3	29.0	36.2
other loans	68.2	26.7	31.0	32.1	30.7	28.9	8.1	9.5

Source: NBS.

Note: Figures may not add due to rounding. The missing figures were 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-year changes calculated on the basis of chain indices; the index reference period is January 2005.



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

	Outstanding amounts (EUR billions) ¹⁾	Year-on-year changes (in %) ²⁾					Cumulative changes since beginning of year (EUR billions)	
		Aug. 2008	2007 Q3	2007 Q4	2008 Q1	2008 Q2	Aug. 2008	Aug. 2007
MFI receivables (excluding securities)	28.7	24.8	23.9	25.8	23.0	22.8	2.6	3.1
Non-financial corporations	14.8	26.9	24.1	26.3	22.7	22.6	1.3	1.5
– loans in Slovak koruna	10.2	24.4	23.4	29.1	31.8	27.8	0.7	1.5
– loans in foreign currency	4.6	32.1	25.4	21.1	6.7	9.2	0.6	0.0
Financial corporations (other financial intermediaries and auxiliary financial institutions)	2.0	3.4	5.7	11.5	-0.4	-2.2	0.0	-0.2
– loans in Slovak koruna	1.5	0.3	-2.9	3.8	-5.4	-8.0	-0.1	-0.1
– loans in foreign currency	0.5	14.5	42.1	40.9	17.2	14.7	0.1	-0.1
Insurance companies and pension funds	0.0	-	-	-	-	-	0.0	0.0
Households and non-profit institutions serving households	11.8	27.8	28.5	28.6	28.8	28.7	1.3	1.8
– loans in Slovak koruna	11.5	25.9	26.8	27.6	28.8	29.2	1.2	1.8
– loans in foreign currency	0.3	165.5	126.5	74.0	29.0	21.4	0.1	0.0
of which: consumer loans	1.6	18.8	17.9	16.4	22.8	25.4	0.1	0.2
house purchase loans	8.0	30.3	30.2	30.3	29.5	29.3	1.0	1.2
other loans	0.1	26.7	31.0	32.1	30.7	28.9	0.3	0.3

Source: NBS.

Note: Figures may not add due to rounding. The missing figures were 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-year changes calculated on the basis of chain indices; the index reference period is January 2005.

Investment through Open-End Investment Funds (OIFs)

Outflow of funds from open-end investment funds

The outflow of money from open-end investment funds in Slovakia increased significantly in September, with the net value of OIF assets in Slovakia denominated in SKK decreasing to SKK 142.7 billion (decrease of SKK 6.1 billion) and negative monthly net sales of SKK 4.5 billion. The net sales of OIF denominated in foreign currencies were also negative. The negative net sales of all OIF amounted to SKK 4.7 billion, representing the highest monthly decrease since 2004.

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

(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	-0.7	0.6	0.7	0.9	-1.0	-1.6	-4.7	.	.	.	-0.6

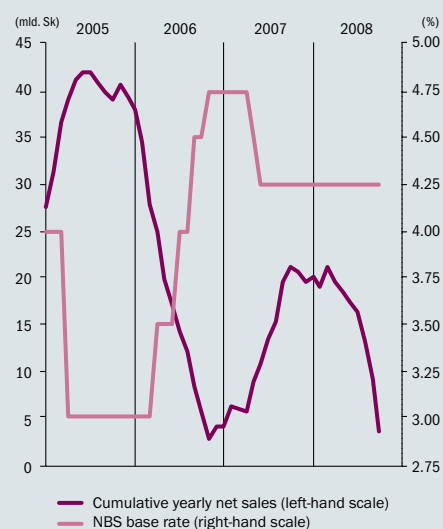
Source: NBS calculations based on data from the Slovak Association of Asset Management Companies (SASS).

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

(EUR billions)

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cum
OIF sales in total,	2006	58.4	14.3	39.2	-54.0	-3.6	-12.5	1.8	-61.8	-14.8	39.6	81.3	47.8	135.7
in Slovak koruna	2007	129.9	8.9	28.7	50.0	60.4	71.2	69.6	72.1	43.2	23.0	41.6	65.8	664.4
and foreign currency	2008	101.3	70.3	-22.1	19.4	24.3	29.6	-32.5	-52.0	-157.2	.	.	.	-18.9

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

Chart 9 Impact of Changes in NBS Interest Rates on Net Sales of OIFs


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

All categories of OIFs in Slovakia denominated in SKK and in foreign currencies reported negative net sales of SKK 0.6 billion⁴ for the first nine months of 2008. This was by SKK 16.7 billion less than in the same period of 2007. The deepening financial crisis in the world increasingly influences the results of all categories of investment funds and lack of interest by Slovak investors.

Money market funds contributed most to the total negative net sales in September (with SKK 3.0 billion). No OIF category, however, reported positive net sales in September. The other categories reported negative sales of SKK 1.7 billion in total (funds of funds of SKK 0.6 billion, mixed funds of SKK 0.5 billion and equity, bond and special real estate funds of SKK 0.6 billion).

Current Budgetary Developments

On 30 September 2008, the state budget generated a surplus of SKK 4.3 billion. Total revenues amounted to SKK 241.9 billion; total expenditures stood at SKK 237.6 billion.

4.2 The External Sector

Payment Balance for January till July 2008

In July 2008, the balance of payments' current account produced a deficit of SKK 17.0 billion. Compared with the previous month, the current account balance improved SKK 11.3 billion. The most significant change was recorded in the balance of income, where the decrease in deficit was attributable to lower dividend payments to foreign investors. The balance of current transfers and the services balance also developed better than in the previous month. The growing deficit on the trade balance, on the other hand, mitigated the month-on-month decrease of current account deficit. Compared with the same period last year, the balance of payments' current account remained virtually unchanged, with some changes affecting its structure only (improved income balance and annual deterioration of the other components).

Current account

The trade balance deficit in July (after revision by the Statistical Office) stood at SKK 3.4 billion (the originally published deficit was SKK 4.2 billion). Exports decreased month-on-month in July, and so did their annual growth rate, which stood at 7.8%. The decrease in exports, compared with the previous month, was caused mainly by lower exports of machinery and transport equipment (TV sets). Exports of semi-finished products also decreased, albeit to a limited extent only (rubber and rubber products, steel and iron products, copper and others). Similarly to exports, imports of goods also went down month-on-month in July, even though their annual growth rate increased moderately to stand at 9.3%. The decrease in imports was supported mainly by lower imports of machinery and transport equipment (parts and accessories for motor vehicles and electrical devices) and raw materials. Lower imports of raw materials were influenced by lower volume of imports of gas.

In July, the balance of payments on capital and financial account resulted into a surplus of SKK 26.5 billion.

Capital and financial account

The inflow of money in July was attributable mainly to other investments, where it was supported by the development of short-term capital in the banking sector (increased use of financial loans by banks and growing deposits of non-residents held at accounts of Slovak banks). The inflow of other investments was, to some extent, also supported by portfolio (increased demand for Slovak long-term debt securities) and direct investments (in the form of other capital).

⁴ The fact that SASS data from the regular weekly statistics and the data provided by administrators of OIFs (openiazoch. zoznam.sk) sometimes relate to different periods of time (SASS issues data always on Friday, but some of its members on Thursday) causes differences in the figures of monthly and cumulative net sales.



Table 9a Balance of Payments Current Account (SKK billions)

	July		January – July	
	2008	2007	2008	2007
Balance of trade	-3.4	-1.6	-8.3	-3.8
Exports	123.4	114.3	899.5	798.7
Imports	126.8	115.9	907.8	802.5
Balance of services	1.1	1.6	-4.9	8.4
Balance of income	-13.3	-18.0	-53.3	-43.8
of which: income from investment	-13.1	-20.8	-71.9	-63.8
of which: reinvested earnings	-1.4	-2.4	-9.8	-13.8
Current transfers	-1.4	0.3	-14.4	-7.0
Current account in total	-17.0	-17.7	-80.9	-46.2

Source: NBS and the Statistical Office of the SR.

Table 9b Balance of Payments Current Account (EUR billions)

	July		January – July	
	2008	2007	2008	2007
Balance of trade	-0.1	-0.1	-0.3	-0.1
Exports	4.1	3.8	29.9	26.5
Imports	4.2	3.8	30.1	26.6
Balance of services	0.0	0.1	-0.2	0.3
Balance of income	-0.4	-0.6	-1.8	-1.5
of which: income from investment	-0.4	-0.7	-2.4	-2.1
of which: reinvested earnings	0.0	-0.1	-0.3	-0.5
Current transfers	0.0	0.0	-0.5	-0.2
Current account in total	-0.6	-0.6	-2.7	-1.5

Source: NBS and the Statistical Office of the SR.

Table 10a Exports from January to July, year-on-year changes

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	January – July		January – July	
	2008	2007	2008	2007
Raw materials	12.4	-8.6	1.5	-1.3
Chemicals and semi-finished goods	19.7	16.1	2.5	2.4
Machinery and transport equipment	58.1	120.9	7.3	18.1
Finished products	10.6	3.6	1.3	0.5
EXPORTS in total	100.7	132.0	12.6	19.8

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

Table 10b Exports from January to July, year-on-year changes

	Year-on-year changes in EUR billions	
	January – July	
	2008	2007
Raw materials	0.4	-0.3
Chemicals and semi-finished goods	0.7	0.5
Machinery and transport equipment	1.9	4.0
Finished products	0.4	0.1
EXPORTS in total	3.3	4.4

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



Table 11a Imports in January to July, year-on-year changes

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	Januar – July		January – July	
	2008	2007	2008	2007
Raw materials	45.0	-25.9	5.6	-3.7
Chemicals and semi-finished goods	16.1	32.9	2.0	4.7
Machinery and transport equipment	21.6	70.5	2.7	10.0
Finished products	22.5	19.0	2.8	2.7
of which: – agricultural and industrial goods	11.5	12.3	1.4	1.7
– passenger cars	9.4	5.0	1.2	0.7
– machines and electrical consumer goods	1.6	1.7	0.2	0.2
IMPORTS in total	105.3	96.5	13.1	13.7

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

Table 11b Imports in January to July, year-on-year changes

	Year-on-year changes in EUR billions	
	Januar – July	
	2008	2007
Raw materials	1.5	-0.9
Chemicals and semi-finished goods	0.5	1.1
Machinery and transport equipment	0.7	2.3
Finished products	0.7	0.6
of which: – agricultural and industrial goods	0.4	0.4
– passenger cars	0.3	0.2
– machines and electrical consumer goods	0.1	0.1
IMPORTS in total	3.5	3.2

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

The total foreign reserves of NBS increased by SKK 1.3 billion (USD 57.7 million, excluding FX differences) month-on-month.

Foreign reserves of NBS

Current Developments

The deficit reported on the current account decreased in August, compared with the previous month. The month-on-month decrease of the current account deficit was influenced particularly by lower deficit on the balance of income and by a change of the last month's deficit to a surplus on the trade balance. To a lesser extent, the services balance and the balance of current transfers also reported moderate improvements. The improved development of the individual current account components led to a month-on-month decrease of the negative current account balance by SKK 15.3 billion.

In August, the annual rate of growth of exports and imports slowed. The pace of growth in exports reached 3.6%, while imports decreased by 2.2%, compared with the previous year.

The result of the trade balance in August was better than expected by NBS, mainly due to the significantly lower volumes of both imports and exports.

Exports are expected to grow month-on-month in September. After the holiday season, the growth in exports in September is likely to occur in most product categories. As far as imports are concerned, considering the existing import intensity of exports, the imports are also likely to grow. Growth in imports should further be supported by increased import of products for final consumption.

In October, exports are expected to grow month-on-month due to seasonal factors, with similar levels expected also in November. Similarly to exports, imports are likely to grow in October particularly due to increased imports of semi-finished products.

Overall, the current development is likely to continue, with the trade balance hovering around the last year's levels.



Table 12a Balance of Payments Capital and Financial Account (SKK billions)

	July		January – July	
	2008	2007	2008	2007
Capital account	0.7	0.9	17.0	6.3
Direct investment	2.6	19.2	13.6	42.2
SR abroad	-1.7	-0.9	-2.9	-0.6
of which: equity capital abroad	0.1	-0.5	-1.5	-0.9
reinvested earnings	-0.1	-0.1	-0.7	-0.7
In the SR	4.3	20.1	16.5	42.8
of which: equity capital in the SR	-0.9	0.1	4.6	12.1
of which: other than privatisation	-0.9	0.1	4.6	12.1
reinvested earnings	1.5	2.5	10.5	14.5
Portfolio investment and financial derivatives	4.6	0.9	37.2	3.9
SR abroad	-0.9	-0.3	0.2	-7.3
In the SR	5.5	1.2	37.0	11.2
Other long-term investments	-1.5	3.8	1.2	5.8
Assets	-1.8	-3.0	-7.8	-6.2
Liabilities	0.3	6.8	9.0	12.0
Other short-term investments	20.1	8.1	39.6	81.1
Assets	0.8	6.8	-17.4	10.5
Liabilities	19.3	1.3	57.0	70.6
Capital and financial account	26.5	32.9	108.6	139.3

Source: NBS.

Table 12b Balance of Payments Capital and Financial Account (EUR billions)

	July		January – July	
	2008	2007	2008	2007
Capital account	0.0	0.0	0.6	0.2
Direct investment	0.1	0.6	0.5	1.4
SR abroad	-0.1	0.0	-0.1	0.0
of which: equity capital abroad	0.0	0.0	0.0	0.0
reinvested earnings	0.0	0.0	0.0	0.0
In the SR	0.1	0.7	0.5	1.4
of which: equity capital in the SR	0.0	0.0	0.2	0.4
of which: other than privatisation	0.0	0.0	0.2	0.4
reinvested earnings	0.0	0.1	0.3	0.5
Portfolio investment and financial derivatives	0.2	0.0	1.2	0.1
SR abroad	0.0	0.0	0.0	-0.2
In the SR	0.2	0.0	1.2	0.4
Other long-term investments	0.0	0.1	0.0	0.2
Assets	-0.1	-0.1	-0.3	-0.2
Liabilities	0.0	0.2	0.3	0.4
Other short-term investments	0.7	0.3	1.3	2.7
Assets	0.0	0.2	-0.6	0.3
Liabilities	0.6	0.0	1.9	2.3
Capital and financial account	0.9	1.1	3.6	4.6

Source: NBS.



	August		January – August	
	2008	2007	2008	2007
Balance of trade	0.6	-5.8	-7.7	-9.6
Exports	112.0	108.2	1 011.5	906.9
Imports	111.4	114.0	1 019.2	916.5
Balance of services	2.5	3.2	-2.4	11.6
Balance of income	-4.9	-5.4	-58.2	-49.2
of which: income from investments	-4.8	-8.3	-76.7	-72.1
of which: reinvested earnings	-1.4	-2.4	-11.2	-16.2
Current transfers	0.1	-4.0	-14.3	-11.0
Current account in total	-1.7	-12.0	-82.6	-58.2

Source: NBS and the Statistical Office of the SR.

	August		January – August	
	2008	2007	2008	2007
Balance of trade	0.0	-0.2	-0.3	-0.3
Exports	3.7	3.6	33.6	30.1
Imports	3.7	3.8	33.8	30.4
Balance of services	0.1	0.1	-0.1	0.4
Balance of income	-0.2	-0.2	-1.9	-1.6
of which: income from investments	-0.2	-0.3	-2.5	-2.4
of which: reinvested earnings	0.0	-0.1	-0.4	-0.5
Current transfers	0.0	-0.1	-0.5	-0.4
Current account in total	-0.1	-0.4	-2.7	-1.9

Source: NBS and the Statistical Office of the SR.

External Debt of the Slovak Republic as at 31 July 2008

The total gross external debt reached USD 57.0 billion (EUR 36.5 billion) at the end of July 2008. The total long-term external debt increased by USD 0.2 billion in July, accompanied by a growth in short-term external debt by USD 0.7 billion.

Gross external debt

Looking at the short-term foreign debt, short-term foreign liabilities of commercial banks increased month-on-month by USD 0.7 billion (of which the increase of USD 0.5 billion was attributable to item 'borrowings') in July. Short-term foreign liabilities of the corporate sector increased only marginally during the period under review.

Looking at the long-term foreign debt, the foreign liabilities of the government and NBS increased by USD 0.2 billion, particularly due to increased purchases of government bonds denominated in domestic currency. Long-term foreign liabilities of the corporate sector increased to a minimum extent only.

Slovakia's per capita gross external debt reached USD 10,593 at the end of July. The share of short-term foreign debt in Slovakia's total gross foreign debt rose by 0.4 of a percentage point month-on-month and reached the level of 53.2% at the end of July 2008.

The net external debt, expressed as the difference between gross foreign debt in the amount of USD 57.0 billion (liabilities of NBS and the government, commercial banks and the corporate sector – excluding equity participation) and foreign assets in the amount of USD 43.3 billion (foreign reserves of NBS, foreign assets of commercial banks and the corporate sector – excluding equity participation), reached USD 13.7 billion (debtor position) at the end of July 2008, increasing month-on-month by USD 0.8 billion.

Net external debt

At the end of September, the total foreign reserves of NBS stood at USD 18,524.3 million, representing a month-on-month decrease of USD 316.1 million. The decrease in foreign reserves compared to the end of August is the result of a moderate surplus on the balance of income and expenses of USD 16.2 million,

Foreign reserves of NBS



Table 14 External Debt of the Slovak Republic

	In millions of USD			In millions of EUR		
	31.12.2007	30.06.2008	31.07.2008	31.12.2007	30.06.2008	31.07.2008
Total external debt of the SR	44,308.7	56,110.2	56,984.5	30,156.2	35,627.9	36,547.8
Long-term external debt	20,709.7	26,497.5	26,695.4	14,094.9	16,824.9	17,121.5
Government and NBS ¹⁾	9,502.4	11,385.5	11,549.4	6,467.3	7,229.4	7,407.4
Commercial banks	2,150.8	2,820.5	2,845.0	1,463.8	1,790.9	1,824.7
Entrepreneurial entities	9,056.5	12,291.5	12,301.0	6,163.8	7,804.6	7,889.4
Short-term external debt	23,599.0	29,612.7	30,289.1	16,061.3	18,803.0	19,426.3
Government and NBS	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	12,095.6	15,632.7	16,283.0	8,232.2	9,926.2	10,443.3
Entrepreneurial entities	11,503.4	13,980.0	14,006.1	7,829.1	8,876.8	8,983.0
Foreign assets	37,017.4	43,252.9	43,290.6	25,193.8	27,464.0	27,765.0
Net external debt	7,291.3	12,857.3	13,693.9	4,962.4	8,163.9	8,782.8
SKK/USD and SKK/EUR rates:	22.870	19.247	19.491	33.603	30.312	30.390
EUR/USD cross exchange rate:	-	-	-	1.469	1.575	1.559

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

offset by negative foreign exchange differences (USD -332.3 million) due to a change in the cross exchange rate between USD and EUR during the period under review. At the end of September, the volume of foreign reserves of NBS was 2.7 times greater than the volume of average monthly imports of goods and services to Slovakia over the first eight months of 2008.

The ratio of foreign reserves to the amount of payments for goods and services, as recorded in banking statistics, reached 3.8 times the volume of average monthly imports of goods and services to the SR over the first eight months of 2008.

Nominal effective exchange rate of the Slovak koruna (NEER)

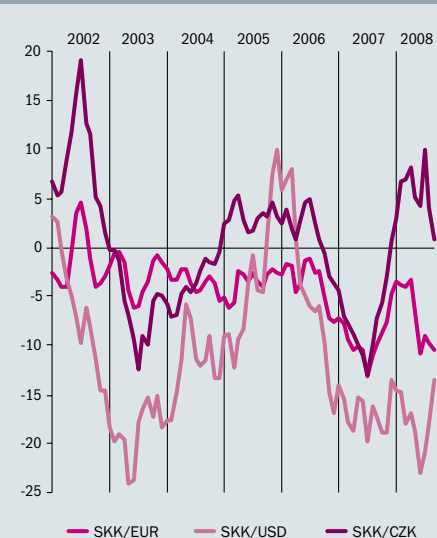
The month-on-month appreciation of the nominal effective exchange rate⁵ of the Slovak koruna slowed in September from 0.8% to 0.1%. The appreciation of the nominal effective exchange rate was caused primarily by the appreciation of the domestic currency against the Czech koruna of 0.2 percentage points. Effective appreciation of the Slovak koruna was again dampened by its depreciation against the US dollar, with a negative contribution of 0.1 percentage points.

On a year-on-year basis, the strengthening trend of the nominal effective exchange rate of the Slovak koruna accelerated from 8.0% in August to 9.2%. The main contributor strengthening the NEER was the appreciation of the koruna against the euro by 8.1 percentage points.

Real effective exchange rate of the Slovak koruna (REER)

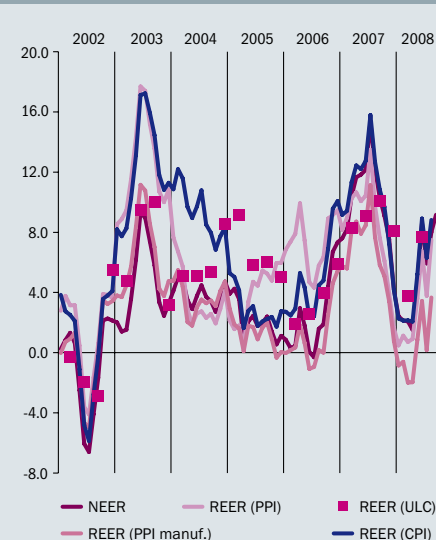
Higher appreciation of the nominal effective exchange rate led to faster annual appreciation of the real effective exchange rate in August. Appreciation of the REER based on the consumer price index (CPI) reached 8.8%. REER based on the industrial producer price index (PPI) appreciated by 7.5% and REER based on the manufacturing products price index (PPI manuf.) by 3.7%. Appreciation of REER indices was also supported by higher domestic inflation, with reduced price growth reported by most relevant trading partners of Slovakia.

⁵ 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 10 Average Monthly Exchange Rates of the Slovak Koruna
(year-on-year changes in %)**


Source: NBS.

Note: + depreciation, - appreciation of the SKK.

**Chart 11 Developments in the NEER and REER Indices (9 trading partners)
(year-on-year changes in %)**


Source: NBS.

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

Table 15 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	5.5
December 2003	3.2	11.3	10.8	4.7	3.2
December 2004	4.7	8.3	4.1	4.7	8.6
December 2005	1.1	2.7	6.0	0.0	5.0
December 2006	7.4	10.1	9.5	5.4	5.9
December 2007	4.2	4.2	1.7	0.8	8.1
June 2008 ¹⁾	8.6 / 8.2	8.9 / 8.6	6.7 / 9.0	3.4 / 4.3	7.7
August 2008 ¹⁾	8.0 / 8.4	8.8 / 8.4	7.5 / 10.8	3.7 / 4.5	-
September 2008 ¹⁾	9.2 / 8.5	.	.	.	.

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

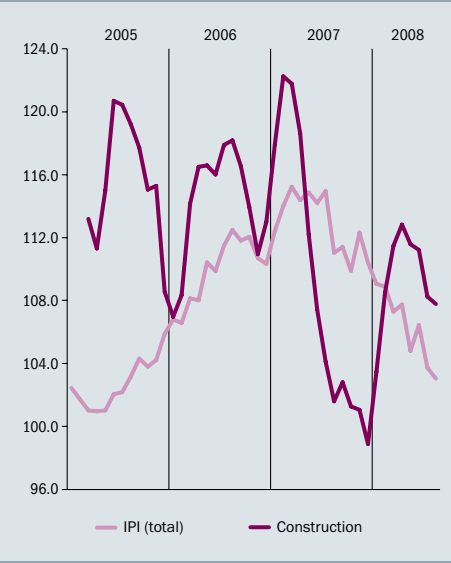
Production and Receipts

In August, the year-on-year rate of growth in industrial production slowed in comparison with July 2008, particularly due to the much slower year-on-year growth in industrial production, which more than offset the increase in the generation of electricity and production of gas and water. The annual rate of growth in industrial production stood at 0.4%, down from 8.6% in July. The key industrial sectors contributed to the slower annual growth in industrial production. The rate of growth in the production of transport equipment decreased to 16.7% in August (down from 27.6% in July); manufacturing of electrical and optical devices decreased to 1.8% (down from 9.2% in the previous month). The rate of growth in the production of metals and metal products decreased by 2.4% (growth rate recorded in July: 5.9%); production of plant and machinery decreased annually by 9.1% (increase of 6.9% in July).

The growth in construction output slowed in August (7.7% in August, compared to 9.1% in July 2008), due to slower annual growth in new construction and modernisation and renewal projects in domestic construction, as well as in repairs and renewals.



Chart 12 Development of Industrial Production and Construction Production (3-month moving averages) (index; same period a year earlier = 100)



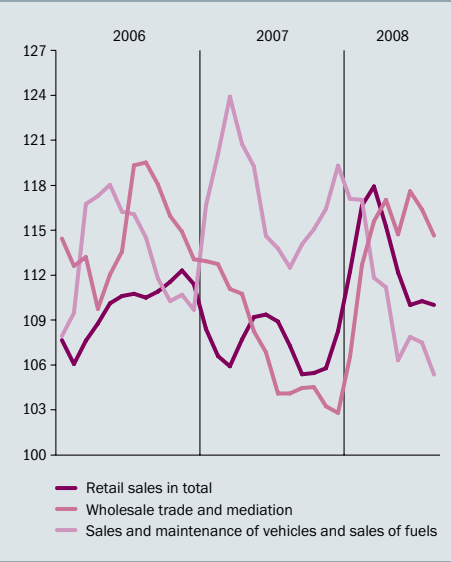
Source: Statistical Office of the SR.
Note: The Industrial production index is adjusted for calendar effects.

Chart 13 Retail Sales in Selected Sectors at Current Prices (3-month moving averages) (%)



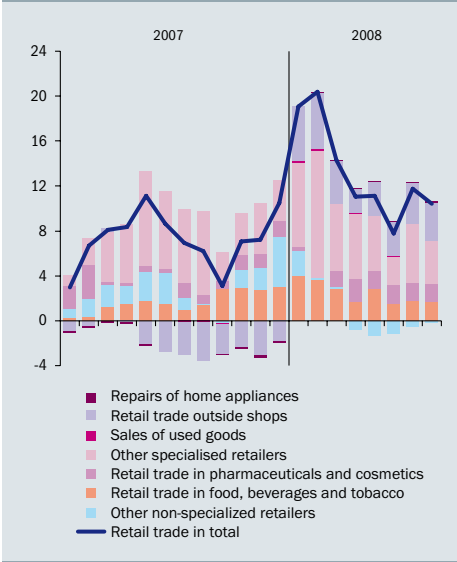
Source: Statistical Office of the SR, NBS calculations.

Chart 14 Retail Sales at Current Prices (3-month moving averages) (index, same period a year earlier = 100)



Source: Statistical Office of the SR, NBS calculations.

Chart 15 Contributions to Year-on-year Growth in Retail Sales (current prices)



Sources: Statistical Office of the SR and NBS calculations.

Receipts in the industry sector reported slower annual growth at current prices (2.4% in August, down from 10.2% in July 2008). Growth in receipts of Slovakia's key industrial sectors (production of transport equipment, production of metals and metal products, production of plant and machinery and manufacturing of electrical and optical devices) slowed by 0.7% in August, compared with the previous month.

The annual growth in receipts of retail trade, measured at current prices, slowed moderately 1.4 percentage points to 10.4% in August 2008. At constant prices, the growth in receipts slowed to 5.8% in August (6.9% in July 2008). Slower annual growth in receipts was caused particularly by slower growth in other specialised retail trade and retail trade outside of shops. Retail trade with pharmaceuticals and cosmetics, on the other hand, preserved high annual growth.



The year-on-year growth in receipts of entities specialising in the sale and maintenance of motor vehicles and retail sale of fuels decreased annually by 2.3%, compared to a growth figure of 10.6% reported in July. This was caused by the annual decrease in proceeds for the sale of motor vehicles by 10.3%, accompanied by slower annual growth in retail sales of fuels.

The growth in proceeds of wholesale trade slowed, deviating from high growth figures exceeding 10% recorded in the previous months of the year (slowdown to 8.1% in August from 16.7% in July), due to a negative development of all sub-sectors of the wholesale trade (primarily slower growth in the wholesale trade with machines and non-agricultural interim products).

The annual growth in receipts from services related to real estates, renting and trade activities and other services slowed compared with the previous month.

Table 16a Output and Revenues

	SKK millions, current prices	Indices				
		August	August	Jan.-Dec.	July	August
		2008	2007	2007	2008	2008
Industrial production index ¹⁾	-	104.9	112.7	101.9	100.9	
Production in construction ²⁾	16,720	98.4	105.7	109.1	107.7	
Industry in total ³⁾	164,110	103.2	112.8	110.2	102.4	
Construction ³⁾	27,696	105.0	114.8	120.2	122.3	
Wholesale trade ³⁾	77,136	105.7	106.3	116.7	108.1	
Retail trade	42,419	106.2	107.2	111.8	110.4	
Sale and maintenance of vehicles, retail sales of fuels ³⁾	17,833	114.9	118.0	110.6	97.7	
Hotels and restaurants ³⁾	4,001	99.8	104.1	105.5	104.2	
Transport, storage ³⁾	16,359	109.2	119.1	112.8	106.0	
Real estate, renting, business activities and other services ³⁾	22,829	108.9	111.1	121.3	115.0	
Posts and telecommunications ³⁾	6,799	109.4	108.2	104.2	102.1	
Revenues from own output and sales (total for the selected sectors) ³⁾	379,182	105.3	111.1	112.8	106.3	

Source: Statistical Office of the SR, NBS calculations.

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)

Table 16b Output and Revenues

	EUR millions, current prices	Indices				
		August	August	Jan.-Dec.	July	August
		2008	2007	2007	2008	2008
Industrial production index ¹⁾	-	104.9	112.7	101.9	100.9	
Production in construction ²⁾	555	98.4	105.7	109.1	107.7	
Industry in total ³⁾	5,447	103.2	112.8	110.2	102.4	
Construction ³⁾	919	105.0	114.8	120.2	122.3	
Wholesale trade ³⁾	2,560	105.7	106.3	116.7	108.1	
Retail trade	1,408	106.2	107.2	111.8	110.4	
Sale and maintenance of vehicles, retail sales of fuels ³⁾	592	114.9	118.0	110.6	97.7	
Hotels and restaurants ³⁾	133	99.8	104.1	105.5	104.2	
Transport, storage ³⁾	543	109.2	119.1	112.8	106.0	
Real estate, renting, business activities and other services ³⁾	758	108.9	111.1	121.3	115.0	
Posts and telecommunications ³⁾	226	109.4	108.2	104.2	102.1	
Revenues from own output and sales (total for the selected sectors) ³⁾	12,587	105.3	111.1	112.8	106.3	

Source: Statistical Office of the SR, NBS calculations.

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)



Wages, Employment and Unemployment

Development of nominal wage

The year-on-year rate of growth of nominal wages weakened in almost all selected sectors of the national economy in August 2008, compared to July 2008. Accelerated growth of nominal wage was recorded only in post and telecommunications. Monthly wage statistics for selected sectors in the months of July and August 2008 indicate slower growth of nominal wages in the entire economy in the 3rd quarter of 2008, compared to the previous quarter. In the 2nd quarter of 2008, the average nominal wage in the national economy of Slovakia reached 9.5%.

Table 17 Wage Developments in Selected Sectors (index, same period a year earlier = 100)

	Average monthly wage – nominal		Average monthly wage – real	
	July 2008	Aug. 2008	July 2008	Aug. 2008
Industry	108.6	105.7	103.6	100.7
of which: manufacturing	107.9	105.5	103.0	100.5
Construction	107.4	105.0	102.5	100.0
Retail trade	109.3	108.7	104.3	103.5
Wholesale trade	112.7	112.6	107.5	107.2
Sale and maintenance of vehicles	107.1	103.2	102.2	98.3
Real estate and renting activities	110.6	107.2	105.5	102.1
Transport	108.8	104.4	103.8	99.4
Post and telecommunications	112.3	115.3	107.2	109.8
Average for the selected sectors	109.1	106.7	104.1	101.6
Consumer prices	104.8	105.0	-	-

*Source: Statistical Office of the SR and NBS calculations.
Real wage index = Nominal wage index / Consumer price index.*

Employment

The annual growth of employment accelerated in construction and retail trade in August 2008, compared to July 2008. In the other sectors, employment grew at a slower or at the same pace as in the previous month.

Chart 16 Comparison of Average Monthly Wages Based on Monthly and Quarterly Data (%)

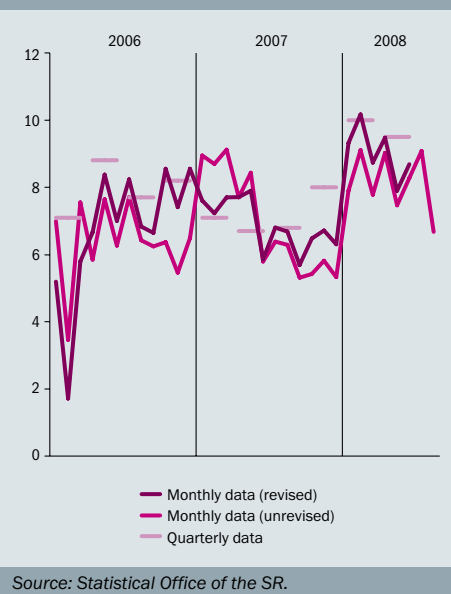
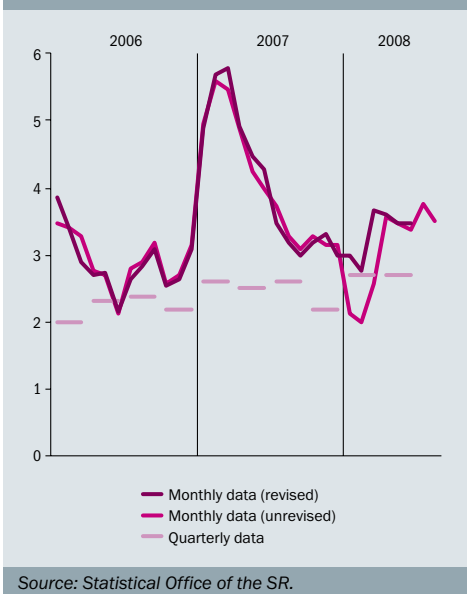


Chart 17 Comparison of Employment Rates Based on Monthly and Quarterly Data (%)



	Employment	
	July 2008	August 2008
Industry	102.4	102.0
of which: manufacturing	103.2	102.7
Construction	109.2	109.5
Retail trade	102.7	103.0
Wholesale trade	103.2	102.4
Sale and maintenance of vehicles	101.2	99.9
Real estate and renting activities	107.3	107.3
Transport	105.2	104.6
Post and telecommunications	98.1	98.9
Average for the selected sectors	103.8	103.5

Source: Statistical Office of the SR and NBS calculations.

According to data from the Centre for Labour, Social Affairs and Family, the total number of unemployed dropped month-on-month by 2.4 thousand to 222.3 thousand in August 2008. The number of disposable unemployed, who may start working immediately, was 192.1 thousand, which was by 2.7 thousand less than in July. The rate of registered unemployment stood at 7.4% in August, representing a month-on-month decrease of 0.8 percentage points.

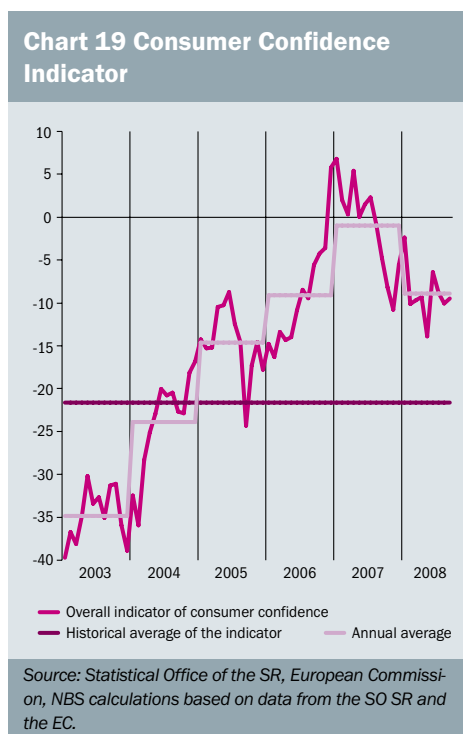
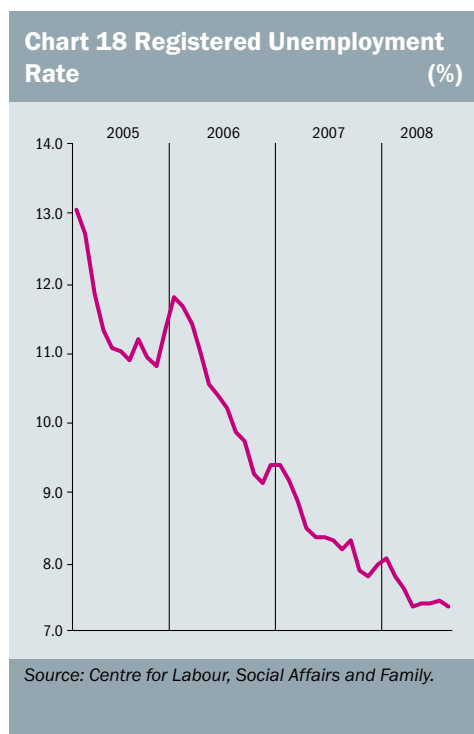
Unemployment

The average length of registration was 10.3 months. Compared with July 2008, the share of long-term unemployed (out of work for more than 12 months) stood at 49.2% in August 2008, up by 0.2 percentage points from July 2008.

Consumer Confidence indicator

Consumer confidence improved in September, with the Consumer Confidence Indicator increasing to -9.5 points (by 0.6 point more than in August). Compared with August, consumers were more confident as to the expected financial situation of households, expected economic development of Slovakia and expected household savings. Assessment of expected development of unemployment, on the other hand, was more negative. Compared with the same period last year, the consumer confidence indicator deteriorated 4.7 points.

Increase of 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 remained virtually unchanged throughout September (moving from SKK/EUR 30.309 at the end of August to SKK/EUR 30.297 at the end of September), with the average exchange rate weakening by 0.2%. In September, the Slovak koruna deviated from its central rate (SKK/EUR 30.126) most significantly on 2 September 2008, when its exchange rate was fixed at SKK/EUR 30.310, representing an appreciation of 0.6% from the central parity. In relation to the US dollar, the koruna lost 2.9% in value (from SKK/USD 20.523 to SKK/USD 21.112), and the average exchange rate depreciated by 4.2%.

Spot transactions between foreign and domestic banks resulted in a positive balance of USD 407.72 million; i.e. foreign banks tended to sell the Slovak koruna and buy foreign currencies. Národná banka Slovenska conducted no foreign exchange intervention in September.

Table 19 Changes in the SKK/EUR and SKK/USD Exchange Rates (%)

	Month-on-month changes	Average Sep. 2008 Average Sep. 2007	Average Jan.-Sep. 2008 Average Jan.-Sep. 2007
SKK/EUR	-0.0	-10.5	-6.7
SKK/USD	2.9	-13.7	-17.7

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

The Slovak koruna was traded almost during the whole month in a very narrow band from SKK/EUR 30.250 to 30.300.

Interbank Foreign Exchange Market

The total volume traded on the interbank foreign exchange market reached USD 85,841.8 million in September, representing an increase of 5.6% compared with the figure for August (USD 81,319.6 million). Of the total trading volume, swap transactions accounted for 95.6%. These were made mostly in USD (59.5%). Spot transactions accounted for 3.7% of the total turnover (89.9% of the deals were in EUR). The average daily turnover on the spot market reached USD 159.8 million and the average volume per transaction amounted to USD 1.4 million.

The total volume of transactions between domestic commercial banks decreased from USD 10,428.3 million in August to USD 4,341.6 million in September. Most trading took place in EUR (60.7%, compared with 46.2% in August), followed by USD (36.5%, compared with 50.8% in August). Deals in other currencies accounted for 2.9% of the total turnover between domestic commercial banks only.

Transactions between domestic banks accounted for 5.1% of the total volume traded in the interbank foreign exchange market (compared to 9.1% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 85.4% (87.1% in August) and spot transactions (excluding interventions) for 14.5% (12.7% in August).

The total volume of transactions with foreign banks increased by 10.2%, from USD 73,956.9 million in August to USD 81,500.1 million in September. USD deals again accounted for the largest volume of transactions (58.3%, compared with 74.7% in August), followed by EUR deals with a share of 40.7% (24.2% in August). Trading in other currencies accounted for 1.0% of all the deals. Trading between domestic and foreign banks still dominated the country's foreign exchange market with a share of 94.9%.

Chart 20 Transactions in the Interbank Foreign Exchange Market (USD millions)

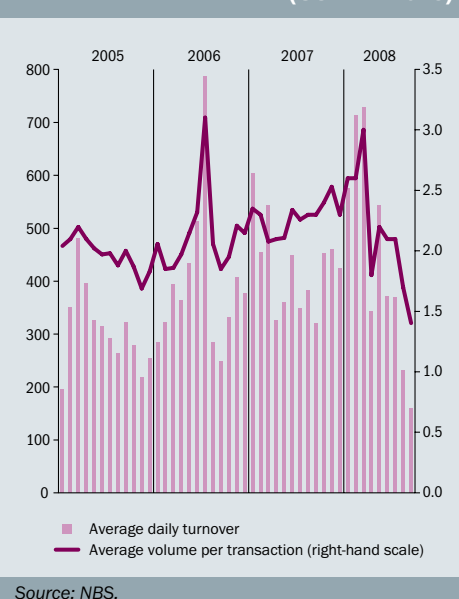
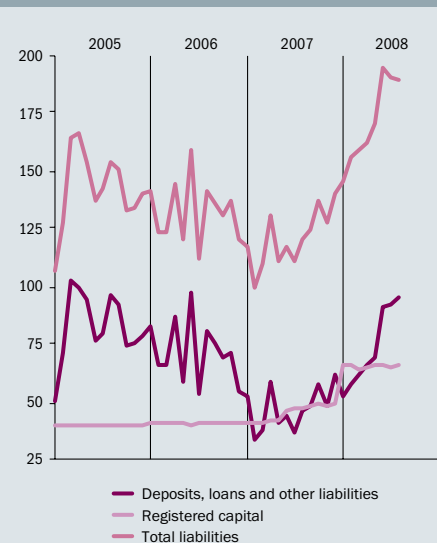


Chart 21 Banking Sector: Koruna Liabilities to Non-residents (SKK billions)



Source: NBS.

As was the case with deals between domestic banks, trading between domestic and foreign banks took place predominantly in the form of swap operations (96.2%, compared with 94.5% in August). Spot transactions accounted for 3.7% (5.0% in August) of the deals. The share of option contracts in the foreign exchange market was negligible. Forward deals accounted for 0.6% of the volume traded with foreign banks.

The longer-lasting trend of growing koruna deposits by non-resident banks continued in August, reporting a monthly increase of SKK 3.1 billion to reach SKK 94.8 billion (annual increase of SKK 48.4 billion).

The volume of government bonds held by non-residents decreased by SKK 2.9 billion in September, compared with the previous month. This was attributable mainly to a decrease in 15-year government bonds No. 204 by SKK 1.2 billion and 5-year government bonds No 201 by SKK 0.7 billion. The average share of government bonds held by non-residents of the total government bonds issued reached this year's high at 25.1% in September. The average share (for the nine months of the year) was by almost 3 percentage points lower.

Table 20a Koruna Assets/Liabilities and Government Securities Held by Non-Residents (SKK billions)

	2007	2008							
	31.8.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9. ^(p)	9.10. ^(p)
Koruna assets, banks	18.6	11.3	19.3	18.3	24.4	20.0	13.0	25.9	35.0
Koruna liabilities	56.7	73.8	77.8	79.5	106.4	104.5	104.3	.	.
of which: banks	46.4	62.1	66.4	68.3	90.4	91.7	94.9	89.1	76.2
non-bank clients	10.3	11.7	11.4	11.1	15.9	12.8	9.5	.	.
Government securities	80.3	70.1	69.0	68.6	78.8	84.5	91.8	88.9	.
of which: government bonds	80.3	70.1	69.0	68.6	78.8	84.5	91.8	88.9	.
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.
Total	137.1	143.9	146.7	148.1	185.2	189.0	196.2	.	.

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".

Table 20b Koruna Assets/Liabilities and Government Securities Held by Non-Residents (EUR billions)

	2007	2008							
	31.8.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9. ^(p)	9.10. ^(p)
Koruna assets, banks	0.6	0.4	0.6	0.6	0.8	0.7	0.4	0.9	1.2
Koruna liabilities	1.9	2.4	2.6	2.6	3.5	3.5	3.5	.	.
of which: banks	1.5	2.1	2.2	2.3	3.0	3.0	3.1	3.0	2.5
non-bank clients	0.3	0.4	0.4	0.4	0.5	0.4	0.3	.	.
Government securities	2.7	2.3	2.3	2.3	2.6	2.8	3.0	3.0	.
of which: government bonds	2.7	2.3	2.3	2.3	2.6	2.8	3.0	3.0	.
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.
Total	4.5	4.8	4.9	4.9	6.1	6.3	6.5	.	.

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".



The Agency for Debt and Liquidity Management (ARDAL) held no Treasury-bill auctions and thus no Treasury bills were acquired by non-residents in September.

5.2 Money Market and Monetary Policy Implementation

At its 41st meeting on 30 September 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 operations, and 4.25% for two-week repo tenders with commercial banks.

Interest rates Turning to the yield curve, the average monthly interest rates of the interbank money market with short maturities and particularly the O/N rate hovered much closer to the overnight sterilisation rate in September compared with the previous month, influenced by the liquidity position of the banking sector. The prices of deposits of medium-term maturities and at the long end of the yield curve in the month under review stagnated at about the same levels as in August.

The decision of the NBS Bank Board from September 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.

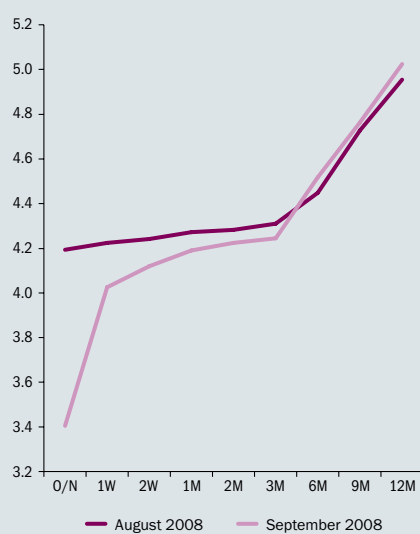
The prices of deposits of long maturities recorded a volatile development in both directions in September. Deals actually carried out are still absent with these maturities. For this reason, investors use swap and IRS deals to trade in these maturities.

NBS continued conducting its monetary policy operations in a standard manner throughout September. It 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 the month under review, one auction in Treasury Bills was held by NBS and NBS accepted all bids received. The minimum, average and maximum interest yields were at the level of 2W reference rate (4.25%).

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 middle part of the yield curve remained virtually unchanged; the long end of the curve shifted moderately upwards.

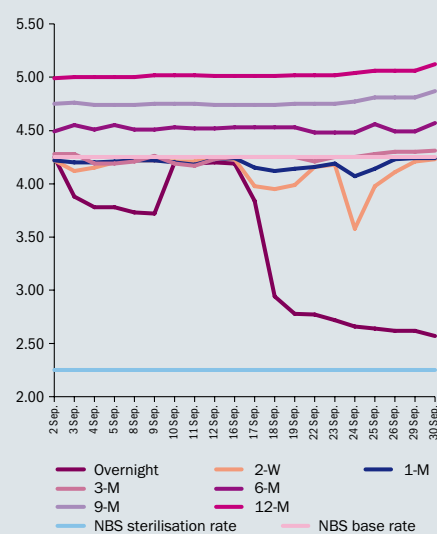
Liquidity The banking sector entered the new month on the first working day with a surplus of daily liquidity, which even increased due to decreased demand in the first repo tender of September. This fact led to a higher daily liquidity position in the banking sector and to a faster growth of the cumulative surplus beyond 100% of the minimum reserve requirement. In the second and in the last repo tender, banks showed higher demand compared to the maturing volume, getting rid of a part of their daily liquidity. This

Chart 22 Average Monthly Interbank Market Rates (BRIBOR) (% p.a.)

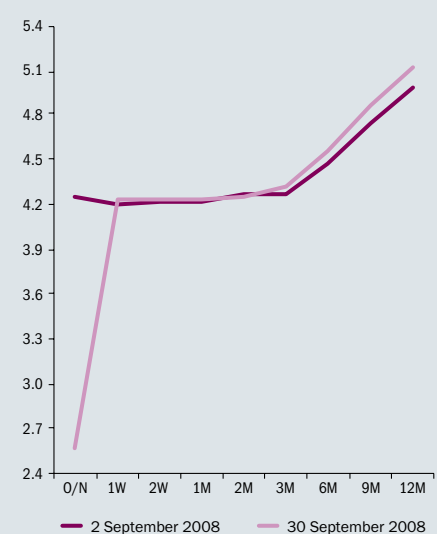


Source: NBS.

Chart 23 Developments in Interbank Market Rates (BRIBOR) (% p.a.)



Source: NBS.

Chart 24 Yield Curve in September (%)


Source: NBS.

resulted into a gradual decrease of the cumulative position with respect to the minimum reserve requirement to 100%. Lower demand of market participants in the third repo tender, on the other hand, increased the daily position of the sector. From that moment, O/N deposits with NBS were used to drain the excess funds. In the auction of NBS treasury bills, the demand by the banks was moderately higher than the maturing volume.

The total sterilisation position of NBS increased in comparison with August by almost SKK 2.2 billion to SKK 383.2 billion in September. The sterilisation structure was still dominated by sterilisation repo tenders, whose share decreased to 86.2% in September from 87.7% in August. These funds were rerouted mainly into O/N deposits, whose share went up to 2.0% from 0.2% in August. The share of treasury bills of NBS in the total sterilisation decreased moderately to 11.8% in September. O/N refinancing operations were used by the banks during the month under review.

Table 21a Average Daily Impact of NBS Operations on the Level of Banking Sector Liquidity

	Repo tenders		O/N repos		O/N deposits		NBS bills		Total
	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)
August 2008	-334,181	87.71	0	0.00	-735	0.19	-46,094	12.10	-381,010
September 2008	-330,415	86.23	27	0.01	-7,594	1.98	-45,193	11.79	-383,175

Source: NBS.

Table 21b 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 (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)
August 2008	-11,093	87.71	0	0.00	-24	0.19	-1,530	12.10	-12,647
September 2008	-10,968	86.23	1	0.01	-252	1.98	-1,500	11.79	-12,719

Source: NBS.

For September 2008, the amount of minimum reserve requirement for the banking sector was set at SKK 27.65 billion. This reserve requirement had actually been met to 100.29% during the month.

Required reserves
Development of Money Market Interest Rate Derivatives

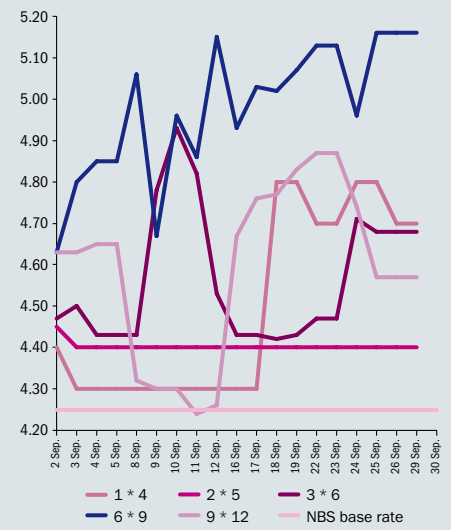
September recorded some trading activity in FRA contracts, compared to August, when FRA deals were completely absent.

Trading in interest rate swaps (IRS) recorded a decrease in volume compared with the previous month. All deals were made with foreign banks. Transactions were concluded with one- to ten-year maturities. They were dominated by contracts with five- to ten-year maturities, whose share was 45.96% of the total volume traded. They were followed by transactions with two- to five-year maturities, which accounted for 43.1% of the deals.

Implied FRA rates computed from BRIBOR at the beginning of September indicated an increase in 1-, 2- and 3-month rates to the level of 4.64% in December 2008 and a continued growth thereafter. In the middle of the month, they indicated an increase in three-month rates to a level of 5.60% in June 2009. At the end of the month, market expectations calculated from implied FRA rates recorded an increase to a level of 5.65% in June 2009.

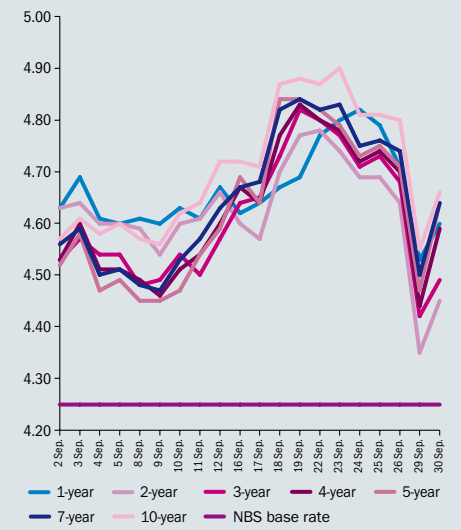


Chart 25 Daily Developments in FRAs (% p.a.)



Source: Reuters.

Chart 26 Daily Developments in IRSs (% p.a.)



Source: Reuters.

Interbank transactions

Significantly higher trading activity in September led to an increase in the volume of trading on the interbank market to SKK 1,736.2 billion (compared with SKK 1,572.7 billion in August). Of the total volume of purchases and sales on the interbank market, the share of resident bank transactions decreased to 23.6% and that of transactions with non-resident banks increased to 76.4%, compared with August. Broken down by type of interbank transactions, domestic banks achieved the largest share in deposits (83.4%). Transactions with non-resident banks were dominated by swaps (62.7%). Compared with August, the volumes of deposits, swaps and FRA contracts increased, while the volume of IRS deals decreased.

Table 22a Interbank Transactions

(SKK millions)

	Deposits	Repos	Swaps	FRAs	IRSs
August 2008	755,423	0	812,464	0	4,795
September 2008	831,435	0	899,396	4,500	908

Source: NBS.

Table 22b Interbank Transactions

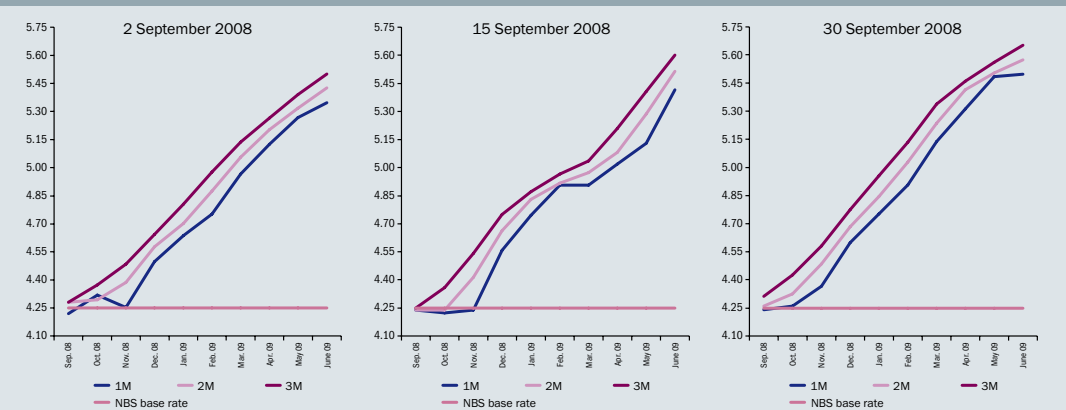
(EUR millions)

	Deposits	Repos	Swaps	FRAs	IRSs
August 2008	25,075	0	26,969	0	159
September 2008	27,599	0	29,854	149	30

Source: NBS.

Chart 27 Implied Expectations Derived from BRIBOR Rates

(% p.a.)



Source: NBS.



5.3 Customer Interest Rates in August 2008

Customer interest rates on loans and deposits showed mostly a growing tendency, with the exception of shortest deposits of non-financial corporations. The banking sector transfers higher interest rates in the interbank market in the euro area countries primarily to the household sector; the sector of non-financial corporations has not recorded a more pronounced increase in the rates yet.

Customer interest rates

Average interest rates on new loans to non-financial corporations did not change significantly in August. Lending rates on loans to small and medium-sized enterprises (loans of up to EUR 1 million) increased, with a more pronounced growth recorded particularly in long-term loans. Lending rates on loans to large enterprises (loans of more than EUR 1 million), on the other hand, decreased. This development was observed in loans with a floating rate and with initial rate fixation (IRF) of up to one year. The rates on current account overdrafts remained without any change. Overall, the tendency to increase lending rates charged to non-financial corporations or to decrease the volume of loans granted was not observed in August.

Average interest rates on new loans

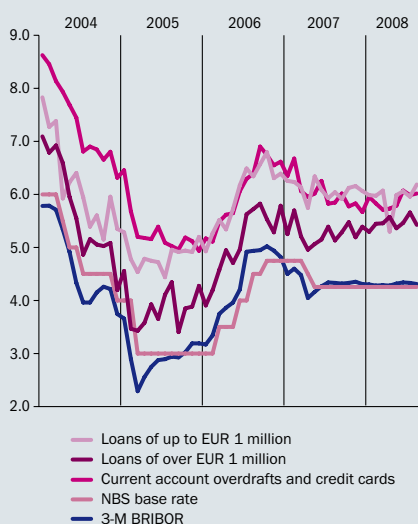
Average interest rates on new loans to households continued to grow in August, with the rates increasing on all types of loans. The banking sector, most likely influenced by higher market rates in the euro area, responded to this development by increasing the rates charged to households. The rates increased most in the riskiest category of consumer loans. The trend of slow decline from the previous months thus came to an end. The rates on current account overdrafts and credit cards also increased, after a lengthy period of stagnation. The lending rates on house purchase loans continued to grow in August, with the rates on other house purchase loans and mortgage loans increasing most significantly.

Average interest rates on deposits by non-financial corporations developed differently, depending on their maturity. The rates on shortest deposits decreased sharply, due to a decrease of the overnight BRIBOR as a result of surplus liquidity in the banking sector at the end of the month. Interest rates on deposits with an agreed maturity of up to 1 year continued to stagnate at a level of about 3.9%.

Average interest rates on new deposits

Interest rates on household deposits of different categories were mostly growing. The rates on deposits with an agreed maturity of up to 1 year and from 1 year to 2 years increased, mainly as a result of the sector's effort to attract household savings in the process of the introduction of the euro. After a longer period of stagnation, the interest rates on saving books (saving deposits) increased rather sharply. The rates on deposits of the longest maturities (deposits with an agreed maturity of more than 2 years) recorded a volatile development in recent months, caused by various deposit products (structured deposits). As the yield on such deposits depends on the development of an underlying asset and cannot be predicted in advance, such deposits are recorded in the banking statistics as having a zero rate. For this reason, the development of interest rates on long-term deposits is rather volatile.

Chart 28 Interest Rates on Loans to Non-financial Corporations, 3-M BRIBOR, and the NBS Base Rate (%)



Source: NBS.

Chart 29 Interest Rates on Loans to Households by Type (%)



Source: NBS.



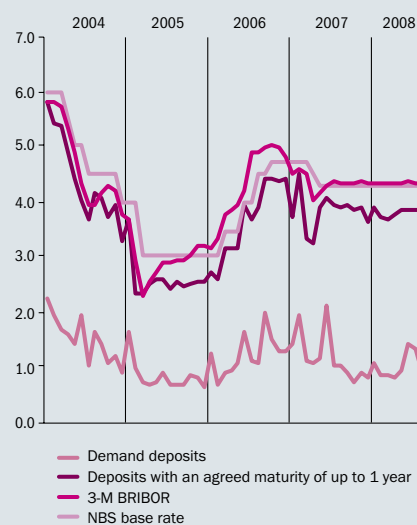
Table 23 Average Interest Rates on New Loans

	Interest rate in %						Changes (p.p.)	
	Q3 2007	Q4 2007	Q1 2008	Q2 2008	July 2008	Aug. 2008	against Q3 2007	month-on- month
Loans to non-financial corporations								
Current account overdrafts and credit cards	6.01	5.67	5.71	6.07	5.99	6.02	0.00	0.03
Loans of up to EUR 1 million	5.92	6.07	6.07	6.06	5.96	6.19	0.27	0.23
– with a floating rate and an IRF of up to 1 year	5.90	6.07	6.06	6.03	5.94	6.16	0.26	0.22
– with an IRF of up to 5 years	6.06	6.44	6.40	6.28	5.16	6.53	0.47	1.38
Loans of over EUR 1 million	5.28	5.39	5.46	5.47	5.67	5.43	0.14	-0.24
– with a floating rate and an IRF of up to 1 year	5.15	5.39	5.47	5.45	5.66	5.40	0.25	-0.26
– with an IRF of up to 5 years	5.99	4.54	4.70	4.66	-	-	-	-
Total	5.88	5.62	5.70	5.95	5.95	5.96	0.08	0.01
Total, excluding current account overdrafts and credit cards	5.42	5.52	5.63	5.60	5.76	5.66	0.24	-0.09
Loans to households								
Current account overdrafts and credit cards	14.30	14.34	14.48	14.43	14.40	14.67	0.37	0.27
Consumer loans	13.59	13.23	12.85	12.53	12.45	13.21	-0.38	0.76
House purchase loans	6.10	6.06	6.06	6.20	6.32	6.52	0.42	0.20
of which: mortgage loans	5.78	5.72	5.75	5.85	6.02	6.15	0.37	0.13
Other loans	6.97	7.00	6.84	6.65	6.73	6.84	-0.12	0.11
Total	12.21	12.38	12.27	11.90	11.93	12.64	0.43	0.71
Total, excluding current account overdrafts and credit cards	7.58	7.52	7.45	7.39	7.57	8.00	0.42	0.43
NBS base rate	4.25	4.25	4.25	4.25	4.25	4.25	0.00	0.00
3M BRIBOR	4.32	4.31	4.29	4.34	4.33	4.31	-0.01	-0.02

Source: NBS.

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

Chart 30 Interest Rates on Deposits from Non-financial Corporations (%)



Source: NBS.

Chart 31 Interest Rates on Household Deposits (%)



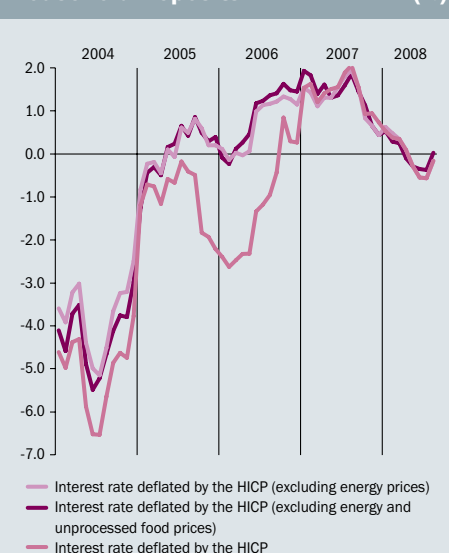
Source: NBS.

Table 24 Average Interest Rates on New Deposits

	Interest rate in %						Changes (p.p.)	
	Q3 2007	Q4 2007	Q1 2008	Q2 2008	July 2008	Aug. 2008	against Q3 2007	Month- on-month
New deposits from non-financial corporations								
Deposits repayable on demand	0.88	0.78	0.83	1.46	1.33	0.89	0.01	-0.44
Deposits with an agreed maturity of								
– up to 1 year	3.93	3.60	3.64	3.86	3.85	3.86	-0.07	0.01
– over 1 and up to 2 years	3.50	3.79	1.70	4.42	3.97	4.19	0.69	0.22
– over 2 years	2.77	2.30	1.35	4.59	4.24	1.37	-1.39	-2.87
Total	2.28	1.83	2.13	2.59	2.60	2.41	0.13	-0.19
New deposits from households								
Deposits repayable on demand	0.47	0.47	0.47	0.53	0.53	0.51	0.04	-0.02
Deposits with an agreed ma- turity of								
– up to 1 year	3.45	3.28	3.41	3.50	3.50	3.66	0.21	0.16
– over 1 and up to 2 years	3.50	3.58	3.73	4.05	4.08	4.45	0.96	0.37
– over 2 years	2.70	2.20	2.28	2.04	2.02	0.72	-1.98	-1.30
Deposits redeemable at notice								
– up to 3 months	1.33	1.42	1.45	1.45	1.45	2.02	0.69	0.57
– over 3 months	1.96	2.05	2.14	2.14	2.16	2.29	0.33	0.13
Total	1.00	0.99	1.18	1.14	1.18	1.22	0.23	0.04
Basic NBS rate	4.25	4.25	4.25	4.25	4.25	4.25	0.00	0.00
3M BRIBOR	4.32	4.31	4.32	4.34	4.33	4.31	-0.01	-0.02

Source: NBS.

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

Chart 32 Real Interest Rates on Household Deposits (%)


Source: NBS and the Statistical Office of the SR.

The real interest rate on household deposits, calculated by deflating the rate of interest on new one-year household deposits by HICP inflation, recorded a negative value of -0.16% in August, up by 0.40 percentage points from the previous month. After several months of decreases, the real rate of interest increased mainly due to growing rates of interest on household deposits.

Real interest rate



Annexes

1 International Economy: Tables and Charts

Table 25 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	1.7	1.4	1.4	8.8	3.44
2006	2.2	1.5	5.1	2.9	4.0	1.6	8.2	3.86
2007	2.1	2.0	2.8	2.6	3.4	0.9	7.4	4.33
2007 Q3	1.9	2.0	2.1	2.6	3.9	1.3	7.4	4.48
2007 Q4	2.9	2.3	4.0	2.1	2.9	-0.3	7.3	4.34
2008 Q1	3.4	2.5	5.4	2.1	2.5	-0.2	7.2	4.15
2008 Q2	3.6	2.5	7.1	1.4	1.1	-1.5	7.4	4.50
2008 Q3	3.8	2.5	.	.	.	.	.	4.61
VI.08	4.0	2.5	8.1	-	-0.5	-3.2	7.4	4.81
VII.08	4.0	2.5	9.2	-	-1.2	-1.8	7.4	4.81
VIII.08	3.8	2.6	8.5	-	-0.7	-1.8	7.5	4.50
IX.08	3.6	2.5	.	-	.	.	.	5.50

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.

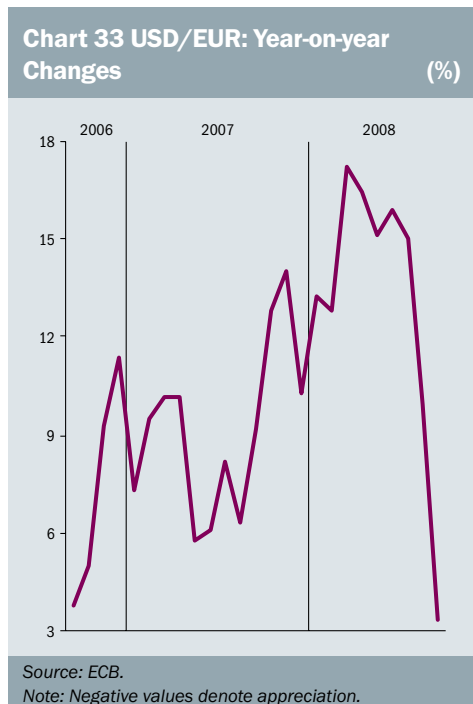




Table 26 Czech Republic (year-on-year changes in %, unless otherwise specified)

	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	3.54
2006	2.1	0.9	1.6	6.4	11.5	6.9	7.2	3.80
2007	3.0	3.1	4.0	6.5	8.8	6.5	5.3	4.30
2007 Q3	2.7	3.1	3.9	6.5	6.8	7.0	5.1	4.52
2007 Q4	4.9	4.5	5.0	6.3	7.5	4.0	4.9	4.59
2008 Q1	7.6	6.9	5.7	5.4	6.7	1.8	4.5	4.59
2008 Q2	6.7	6.2	5.1	4.6	5.3	2.3	4.4	4.90
2008 Q3	6.5	5.9	.	.	.	.	.	4.60
VI.08	6.6	5.9	5.4	-	3.4	2.6	4.4	5.13
VII.08	6.8	6.0	5.3	-	0.4	-0.6	4.4	4.90
VIII.08	6.2	5.7	5.7	-	1.7	.	4.3	4.47
IX.08	6.4	5.9	.	-	.	.	.	4.43

Source: Eurostat, ECB, NBS calculations.

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

2) Constant prices.

3) Adjusted for calendar effects.

4) 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 27 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	7.3	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	6.4	1.3	8.4	-2.9	7.3	6.74
2007 Q3	7.3	6.7	4.2	1.0	10.1	-4.0	7.3	6.68
2007 Q4	7.1	6.2	5.2	0.7	6.0	-4.0	7.7	6.76
2008 Q1	6.9	5.9	10.7	1.2	6.3	-2.9	7.7	7.70
2008 Q2	6.8	5.6	11.8	1.7	3.6	-1.7	7.8	8.20
2008 Q3	6.3	5.2	.	.	.	.	.	.
VI.08	6.6	5.6	12.1	-	-0.3	-2.0	7.8	8.50
VII.08	7.0	5.6	13.3	-	-1.7	-1.8	7.8	8.11
VIII.08	6.4	5.4	13.0	-	.	.	7.9	7.77
IX.08	5.6	4.7	.	-	.	.	.	.

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 28 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	17.8	5.22
2006	1.3	0.6	2.5	6.2	12.2	9.6	13.9	5.23
2007	2.6	2.0	3.6	6.5	9.5	13.5	9.7	5.48
2007 Q3	2.4	2.2	3.2	6.3	8.1	12.8	9.2	5.66
2007 Q4	3.7	3.0	4.4	6.6	7.9	11.4	8.5	5.73
2008 Q1	4.5	3.7	5.4	6.2	9.3	8.2	7.8	5.87
2008 Q2	4.3	3.8	5.7	6.1	7.2	8.2	7.3	6.17
2008 Q3	4.4	3.7	.	.	.	.	.	6.15
VI.08	4.3	3.7	5.8	-	7.3	6.3	7.1	6.42
VII.08	4.5	3.7	5.6	-	3.9	6.6	6.8	6.45
VIII.08	4.4	3.8	5.3	-	0.0	6.2	6.7	6.11
IX.08	4.1	3.6	.	-	.	.	.	5.89

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 35 Exchange Rate Indices of V4 Currencies against the Euro (31 December 2005 = 100)



Source: Eurostat, NBS calculations.

Note: A fall in value denotes an appreciation.

Chart 36 Exchange Rates of V4 Currencies against the Euro (year-on-year changes in %)



Sources: Eurostat, NBS calculations.

Note: Negative values denotes appreciation.



Table 29 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	2.9	3.3	6.6	5.1	4.29
2006	3.2	2.5	3.0	2.8	2.2	6.2	4.6	4.80
2007	2.9	2.3	3.9	2.0	2.3	4.1	4.6	4.64
2007 Q3	2.4	2.2	3.6	2.8	1.2	4.1	4.7	4.74
2007 Q4	4.0	2.3	6.8	2.3	1.8	4.0	4.8	4.27
2008 Q1	4.1	2.4	7.1	2.5	1.8	2.5	4.9	3.67
2008 Q2	4.4	2.3	7.6	2.1	0.7	1.3	5.3	3.88
2008 Q3	5.3	2.5	9.4	.	0.1	0.9	6.0	3.86
VI.08	5.0	2.4	9.1	-	0.1	2.5	5.5	4.10
VII.08	5.6	2.5	9.8	-	-0.4	1.2	5.7	4.01
VIII.08	5.4	2.5	9.7	-	-1.5	0.7	6.1	3.89
IX.08	4.9	2.5	8.7	-	-4.5	-1.3	6.1	3.69

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.

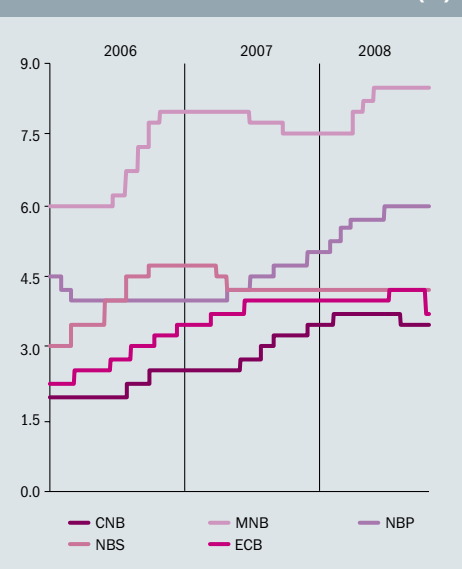
2) PPI finished products.

3) Seasonally adjusted.

4) Industrial production in total (seasonally adjusted.)

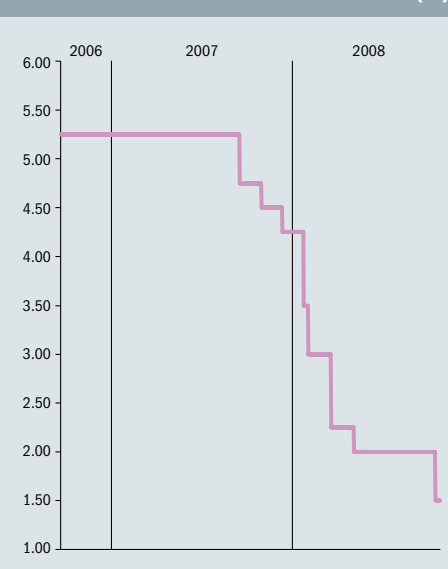
5) Retail trade and restaurant services.

Chart 37 Key Interest Rates of the NCBs of V4 Countries (%)



Sources: ECB, national central banks.

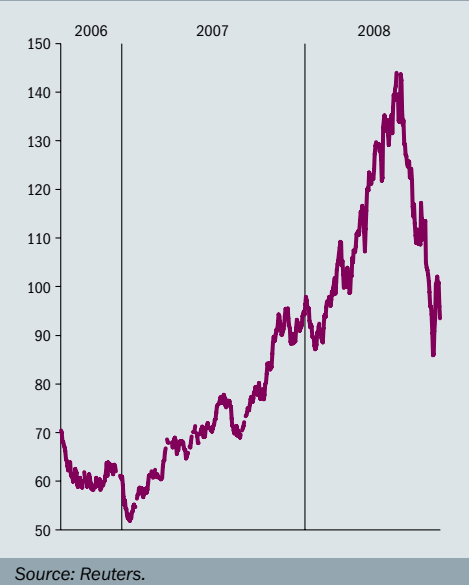
Chart 38 United States: Federal Funds Rate (%)



Source: Federal Reserve System.



Chart 39 Oil Prices in USD/Barrel





2 Capital Market

2.1 Primary Market

In September, ARDAL held two auctions in government bonds (with a residual maturity of 2.6 and 17.6 years). In the first auction, it accepted SKK 1.9 billion of the total demand of SKK 5.2 billion. The yields required were 4.82% on average. In the second bond auction, the agency did not accept any of the bids submitted for a total amount of SKK 1.5 billion with an average yield of 5.338%.

On the primary market for non-government bonds, 9 bond issues were floated in September in the total amount of SKK 3.5 billion, of which 5 issues were denominated in SKK, two issues in EUR and one issue in USD and BGN. Five issues were issues of mortgage bonds in the total volume of SKK 2.4 billion, of which four issues were denominated in SKK and one issue in USD.

2.2 Secondary Market

The total volume traded on the Bratislava Stock Exchange (BCPB) reached SKK 78.9 billion in September (in 392 transactions), representing a month-on-month increase of 51.1%. Price-setting transactions accounted for SKK 777.2 million and direct transactions for SKK 78.2 billion.

Non-resident investors accounted for 50.1% of the total volume traded in September, of which 48.0% were purchases and 52.0% sales

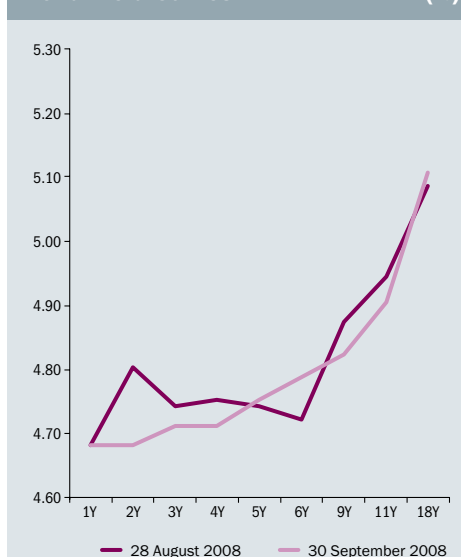
Benchmark government bond yields went down on a month-on-month basis by 0.03 percentage point on average. Yields on bonds with two year maturity changed most notably and decreased by 0.12 percentage point on average. The yields on bonds were influenced by movements in yields in the euro area, which, however, recorded a larger decrease compared with Slovak ones. This led to the widening of the spread between the Slovak and the European benchmark.

Bonds

The BCPB recorded 147 bond transactions totalling SKK 78.9 billion during the month (i.e. almost 100% of the total volume traded on the BCPB floor in September). Direct transactions accounted for SKK 78.1 billion and price-setting transactions for SKK 800.0 million.

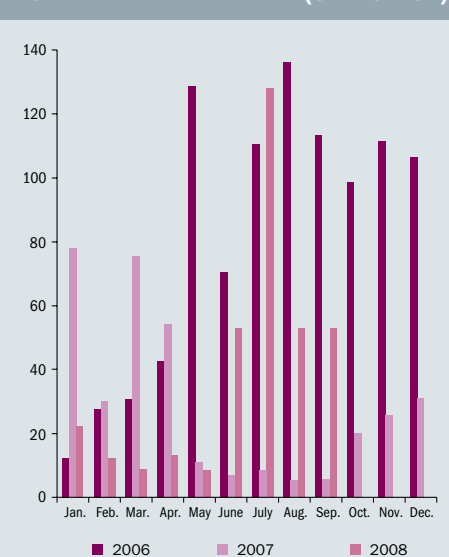
The market capitalisation of bonds as at the last trading day of September reached SKK 446.6 billion, representing a month-on-month increase of 0.7%. Market capitalisation of listed bonds increased since the end of August by 0.7% to a level of SKK 429.9 billion.

Chart 40 Benchmark Government Bond Yield Curves (%)



Sources: Reuters, NBS.

Chart 41 Bond Transactions in the BCPB (SKK billion)



Source: Bratislava Stock Exchange (BCPB).



SDXGroup indices

Table 30 The Values of SDXGroup Indices at the End of September 2008

Sector	SDXGroup indices		Yield to maturity (%)	Duration (in years)
	Price	Performance		
Public	101.1	124.1	4.820	5.000
SDXG sub-index (<=5)	101.1	122.3	4.642	3.082
SDXG sub-index (>5)	101.6	126.7	4.901	6.952
Private (corporate + mortgage bonds)	100.8	130.2	4.263	4.075
SDXG sub-index (>5)	100.0	102.3	4.263	4.075

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 5 years.

Shares During the month under review, a volume of SKK 44.8 million was traded in 245 transactions. Price-setting transactions (involving shares) accounted for SKK 8.3 million and direct transactions for SKK 36.5 million.

By the last trading day of September 2008, the market capitalisation of equity securities decreased by 1.3% month-on-month to a level of SKK 144.4 billion. The actual amount of issues that had a market price at least once in the past, except for participation certificates, was SKK 137.9 billion (a month-on-month decrease of 1.4%) and accounted for 95.5% of the total equity market capitalisation. Market capitalisation of listed issues decreased since the end of August by 2.3%, to SKK 81.6 billion.

New and cancelled issues In the period under review, the quoted parallel market of BCPB received two new issues of mortgage bonds with a total value of SKK 1.8 billion and one bond issue of government bonds, series 209, was expanded by tranche D in a value of SKK 1.9 billion. The trading in one issue of mortgage bonds and two issues of bonds in a total amount of SKK 500 million and BGN 20 million was stopped on the BCPB in September as the issues reached their maturity.

During the month under review, the BCPB accepted no new share issues for trading on the quoted market, nor on the regulated open market. During the month under review, BCPB suspended trading on the regulated open market with two share issues (with a nominal volume of SKK 71.9 million) at the request of the issuer, and with 5 share issues in the volume of SKK 209.7 million due to the failure by issuers to meet their statutory disclosure obligations (failure to submit annual report for 2007).

SAX Index The SAX index closed the month of September at 453.35 points, representing an increase of 2.0% month-on-month and 5.2% year-on-year. The index reached a monthly high on 17 September (464.29 points) and a monthly low on 11 September (421.49 points).

Chart 42 Developments in the SAX Index in September 2008 (points)



Source: BCPB.

Table 31 Weights of Basic SAX Index Components at Month-Ends in 2008

Company	Weights in % 2008						Monthly change in p.p.
	Apr.	May	June	July	Aug.	Sep.	
Biotika, a. s.	4.56	4.31	4.43	3.91	4.01	3.94	-0.07
OTP Banka Slovensko, a. s.	22.44	22.36	19.39	18.60	19.09	24.41	5.32
SES Tlmače, a. s.	17.81	18.25	20.40	26.68	26.48	21.49	-4.99
Slovnaft, a. s.	27.93	28.66	29.42	26.73	28.16	26.16	-2.00
Všeobecná úverová banka, a. s.	27.26	26.41	26.36	24.08	22.26	24.00	1.74

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)⁶.

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:

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

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

⁶ 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 32 Calculation of Monetary Aggregates

Methodology of the NBS	Methodology of the ECB
CURRENCY OUTSIDE BANKS [MO]	(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)
+	currency in circulation [MO]
DEMAND DEPOSITS (in SKK)	+
= Money (M1 – ‘narrow money’)	overnight deposits and received loans
	= M1 (‘narrow money’)
TIME DEPOSITS (all maturities, in SKK)	+ deposits and received loans with an agreed maturity of up to 2 years
+	+ deposits and received loans redeemable at a period of notice of up to 3 months
FOREIGN CURRENCY DEPOSITS	= M2 (‘intermediate money’)
= QUASI-MONEY [QM - ‘quasi money’]	+ repurchase operations
	+ money market fund shares/units
	+ debt securities with a maturity of up to 2 years, and other money market products
= Money supply M2 (=M1+QM)	M3 MONETARY AGGREGATE (‘broad money’)

The main differences between the individual methodologies are as follows:

- **in the definition of monetary financial institutions:**
 - the ECB methodology uses an extended file of monetary financial institutions (MFIs), which includes 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)⁷;
 - the NBS methodology includes deposits in the M2 money supply from the following economic sectors:
 - non-financial corporations (S.11);
 - financial corporations (S.123 and S.124) – including MMF deposits;
 - insurance companies and pension funds (S.125);
 - non-profit institutions mainly serving households (S.15);
 - households (S.14 – sole traders);
 - households (S.14 – accounts of citizens).
- **in respect of the residence of economic entities:**
 - the ECB methodology exclusively takes into account the funds of residents (in Slovak koruna as well as foreign currency);
 - the NBS methodology also monitors the koruna deposits of non-residents as part of the monetary aggregates;
- **in respect of accrued assets and liabilities:**
 - in the ECB methodology, accrued assets and liabilities are excluded from the monetary aggregates;
 - in the NBS methodology, accrued assets and liabilities are included in the deposit and loan accounts of clients;
- **in respect of the seasonal adjustment of time series:**
 - unlike the ECB methodology, the NBS methodology uses seasonally unadjusted data⁸.

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

As of the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans granted⁹ and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new business volumes. New loans and new deposits are understood to be contracts signed for the first time, fixing the rate of interest agreed between the bank and the customer, and new contracts negotiated with the active participation of the customer.

⁷ 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.

⁸ In the conditions of NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.

⁹ 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. 63/2002¹⁰ of the European Central Bank, concerning interest rate statistics.

The monitoring of interest rates on loans to and deposits from households and non-financial corporations is expected to provide more detailed information on the functioning of the transmission mechanism, since interest rates are analysed irrespective of the sectors that have a special position vis-à-vis the banking sector, i.e. insurance companies, pension funds, and the general government sector.

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

Loans to households are classified by purpose as follows:

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

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

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

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
 - repayable at a period of notice of up to 3 months
 - repayable at a period of notice of over 3 months.

¹⁰ According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' as defined in Annex A to Directive No. 2223/96 of the European Communities of 25 June 1996 on the European System of National and Regional Accounts (ESA95) means the household sector S.14 (i.e. households and sole traders) and non-profit institutions serving households S.15, and the term 'non-financial corporations' means sector S.11.



Interest rates on loans and deposits are calculated as a weighted arithmetical average of all interest rates on loans/deposits for each category separately. The weight of new loans represents the total amount laid down in contracts, regardless of whether the given amount is drawn within the month under review or not.

Subsidies granted to clients by third parties are not taken into account in determining the level of interest rates, because banks neither pay nor receive subsidies. For example, interest rates on mortgage loans with government bonuses are recorded without the state subsidies.

3.1.4 Classification of Loans According to Quality

Year 2005¹¹

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

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

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

Standard claims – defined as claims where:

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

Standard claims with qualification – defined as claims where:

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

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.

¹¹ 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 produc-



tion 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 Comments on Quarterly Financial Accounts for 2Q 2008****Table 33 The Sectors and Sub-sectors under the ESA 95 System**

Non-financial corporations	S.11
Financial corporations	S.12
The central bank	S.121
Other monetary financial institutions	S.122 (commercial banks and money market mutual funds)
Other financial intermediaries	S.123 (other mutual funds, leasing, factoring, and hire purchase)
Financial auxiliaries	S.124 (PMC, SPC, SD, SE, CD, MFMC) ¹
Insurance corporations and pension funds	S.125
General government	S.13
Central government	S.1311
Regional government	S.1312
Local government	S.1313
Social security funds	S.1314
Households	S.14
Non-profit institutions serving households (NPISH)	S.15
Foreign countries (non-residents)	S.2
European Union (EU)	S.21
EU Member States	S.211
European Monetary Union Member States (EMU) and EU institutions	S.212
Rest of the World and international organizations	S.22

1) PMC – pension management companies, SPC – supplementary pension companies, SD – security dealers, SE – stock exchange, CD – central depository, MFMC – mutual fund management companies.

Table 34 Financial Instruments According to the ESA 95 System

Monetary gold and special drawing rights	(A)F.1 ¹
Monetary gold	(A)F.11
Special drawing rights (SDRs)	(A)F.12
Currency and deposits	(A)F.2
Currency	(A)F.21
Transferable deposits	(A)F.22
Other deposits	(A)F.29
Securities other than shares	(A)F.3
Securities other than shares and financial derivatives	(A)F.33
Short-term	(A)F.331
Long-term	(A)F.332
Financial derivatives	(A)F.34
Loans	(A)F.4
Short-term	(A)F.41
Long-term	(A)F.42
Shares and other equity	(A)F.5
Shares and other equity, excluding mutual funds shares	(A)F.51
Quoted shares	(A)F.511
Unquoted shares	(A)F.512
Other equity	(A)F.513
Mutual funds shares	(A)F.52
Insurance technical reserves	(A)F.6
Net equity of households in life insurance and pension funds reserves	(A)F.61
Net equity of households in life insurance reserves	(A)F.611
Net equity of households in pension funds reserves	(A)F.612
Prepayments of insurance premiums and reserves for outstanding claims	(A)F.62
Other accounts receivable and payable	(A)F.7
Trade credits and advances	(A)F.71
Other	(A)F.79

1) AF is the code for stocks and F for transactions.



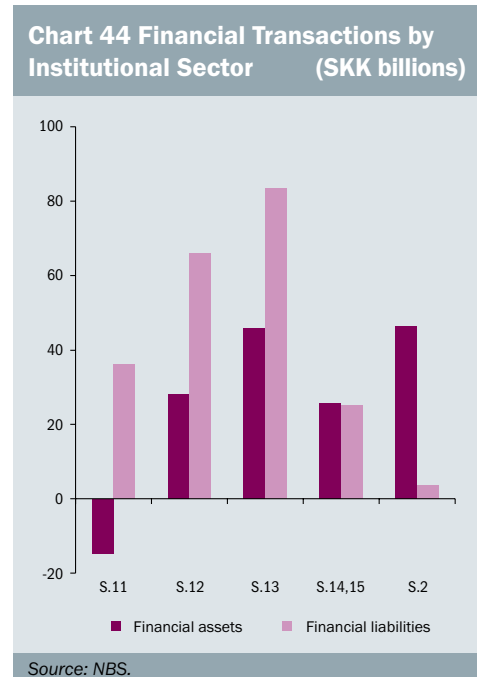
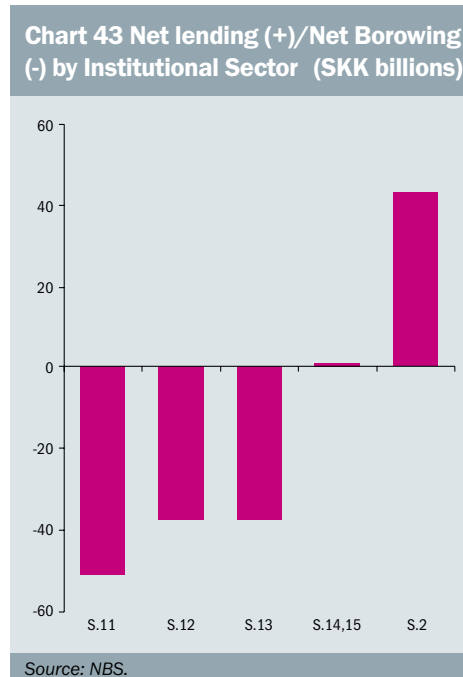
Quarterly financial accounts (QFAs) are an integral part of the European system of national accounts ESA95 (European System of Accounts 1995). Their main role is to provide exhaustive information on financial flows between individual entities of national economy and between them and the rest of the world, and/or on the volume (stocks) of financial assets held by these economic entities. Based on information thus obtained, an analysis of the transmission mechanism of central bank monetary policy can, *inter alia*, be performed, and, using the volume and structure of financial assets held and the volume and structure of financial indebtedness of economic entities, the degree of stability of the country's financial system can be monitored.

Národná banka Slovenska (NBS) is primarily responsible for compilation and publication of quarterly financial accounts of the entire economy, except for the general government sector, which is the responsibility of the Statistical Office of the Slovak Republic (SO SR). In preparing the QFAs, NBS closely cooperates also with the Ministry of Finance of the Slovak Republic (MFSR) and with financial sector entities. NBS obtains data on non-financial entities from reports by the SO SR, from the balance of payments prepared by NBS, or from existing statistical reports, i.e. from data provided by counterparts (e.g. details about household deposits with banks are obtained from statistical reports by banks, and not directly from households).

Overall development

Transactions

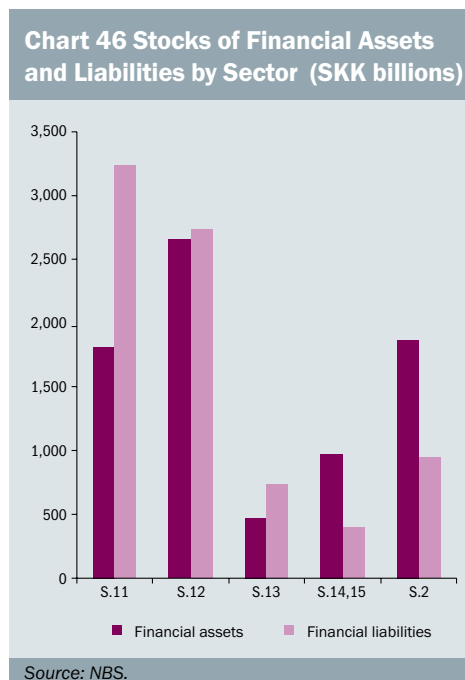
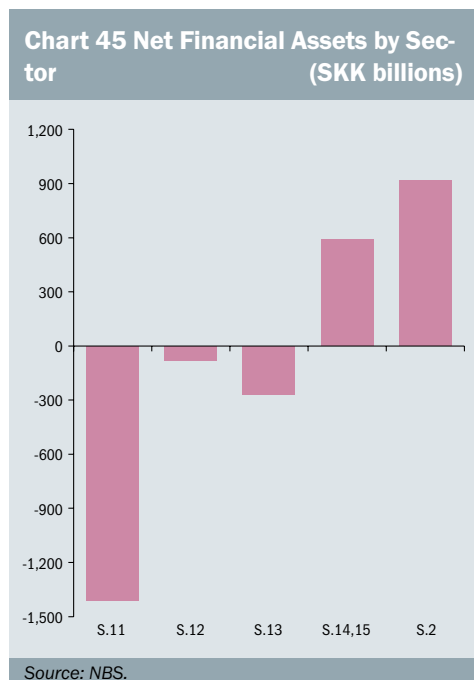
In the 2Q 2008 the net debtor position of the national economy increased, with net borrowing¹² amounting to SKK 126.1 billion, while the net creditor position¹³ of the foreign countries sector increased. The given unfavourable development resulted from a considerable increase in financial liabilities, which was more pronounced than that of financial assets. As regards institutional sectors¹⁴, financial transactions in the non-financial institutions sector (S.11) contributed to the above-mentioned development most significantly, when the difference between the assets and liabilities side transactions was SKK -50.8 billion. On the contrary, the best result in the 2Q 2008 was reached by the households sector and non-profit institutions serving households (NPISH) sector whose creditor position grew slightly (by SKK 465 million).



¹² Net lending represents the positive difference between the financial assets and the financial liabilities. If the difference is negative, we speak about net borrowings. In the case of stocks data, the difference between the financial assets and liabilities is defined as net financial assets (or net financial equity) which can be either positive or negative.

¹³ The total of the financial assets and liabilities of the national economy (S.1) and foreign countries (S.2) sectors must equal 0, that is, a decrease in national economy's indebtedness (or a rise in its creditor position) is automatically reflected in an increase in indebtedness of the foreign countries (or a decline in their creditor position) vis-à-vis the national economy. The given relation is only applicable if we disregard the development in the financial instrument "Monetary gold and SDRs - AF.1", which has been the only instrument reported on the assets side of the national economy only. The distinction between the movement in the indebtedness and the movement in the creditor position depends on the total volume of net equity, i.e. on the development in the stocks of accounts receivables and payables.

¹⁴ A detailed breakdown of the institutional sectors with the assigned codes pursuant to ESA95 national accounts classification is on page 2.



Stocks

The financial transactions made in 2Q 2008 contributed to an increase in the overall indebtedness of the national economy, with stocks amounting to SKK 1,171.4 billion as at the end of the quarter. The non-financial institutions continue to be the most indebted sector with net debt of nearly SKK 1,409.2 billion. Besides corporations, the indebted sectors also include the general government (SKK 230 billion) and the financial institutions sectors, whose indebtedness recorded a value of SKK 78.9 billion. The largest net financial assets within the national economy are held by households (in the amount of SKK 588.7 billion). The foreign countries sector has recorded a net creditor position for a long time; it was SKK 915.6 billion as at the end of 2Q 2008¹⁵.



Quarterly financial accounts (transactions) by institutional sector

S.11 Non-financial institutions

The unfavourable development taking the form of an increase in the non-financial institutions' indebtedness resulted, in particular, from a growth of financial liabilities, while the major increase was recorded in long-term loans and other accounts payables¹⁶ (postponement in the payment of, for example, taxes, wages, rent, dividends, interest, etc.). The decrease in the amount of shares issued to non-residents had a dampening effect on the growth in accounts payables. The growth of net borrowings was also due to a decline in the financial assets, the most significant decrease having been reported in deposits in resident banks, insurance technical reserves and in other accounts receivables.

In terms of sector breakdown, the structure of financial transactions of non-financial institutions on the assets side

¹⁵ The difference between the net financial debt of the national economy (SKK 1,171.4 billion) and the net creditor position of the foreign countries (SKK 915.6 billion) is represented by the monetary gold and SDRs amounting to SKK 23.2 billion and, in addition, by the difference resulting from incomplete data on the sector breakdown of financial instrument F.7 Other accounts receivable and payable.

¹⁶ Other accounts payables originate as a counterpart of financial or non-financial transactions in the case when there is a time shift between the transaction and the corresponding payment. They include trade credits AF.71 and other accounts payable AF.79.



Chart 48 Of Non-financial Corporations Assets (Transactions) by Sector

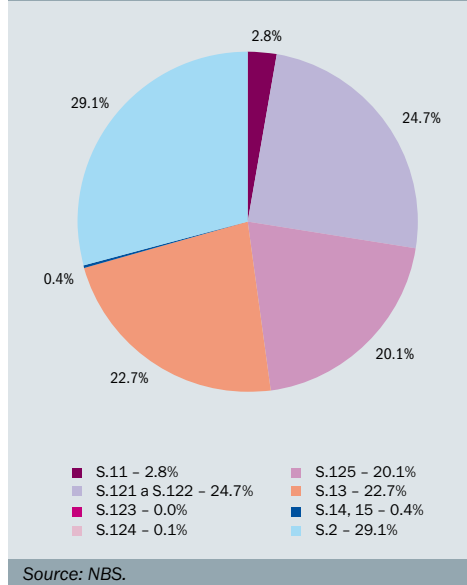
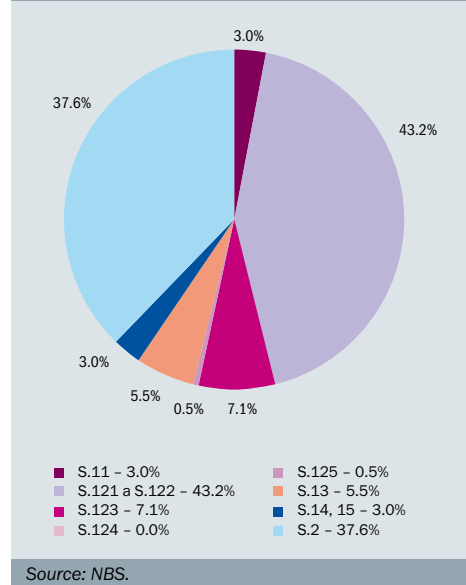


Chart 49 Non-financial Corporations Liabilities (Transactions) by Sector



compared to those on the liabilities side was different. On the assets side, the volume of transactions was distributed relatively evenly between monetary financial institutions, the government, insurance companies and pension funds and the foreign countries sector. However, the signs of these transactions were different, because an increase was registered in holdings of government and foreign countries assets, while a decline was registered in financial institutions assets held by corporations. On the liabilities side, financial transactions with monetary financial institutions and foreign institutions played the most important role.

S.12 Financial institutions

Similarly to the non-financial corporations, also sector S.12 Financial institutions recorded a negative difference between financial assets and financial liabilities in 2Q 2008. This development was above all the result of increasing indebtedness of monetary financial institutions (S.122), the central bank (S.121) and other financial intermediaries (S.123).

Chart 50 Net Lending (+)/Net Borrowing (-) of Financial Corporations (SKK billions)

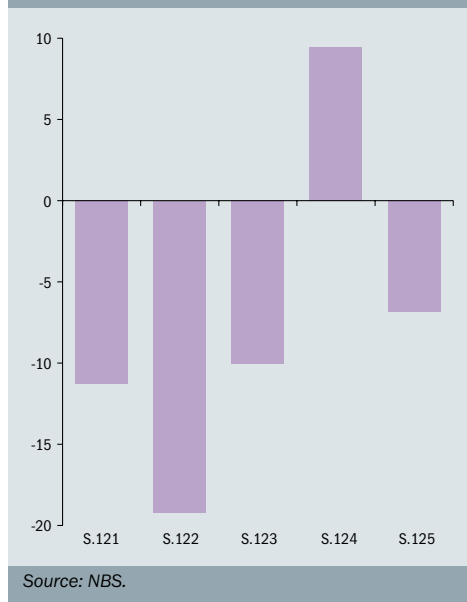
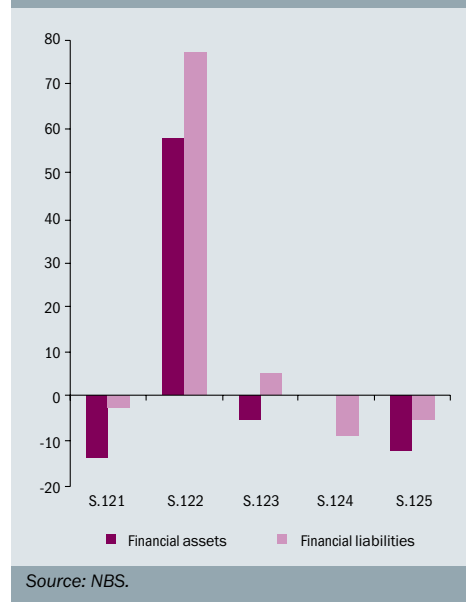


Chart 51 Financial Transactions of Financial Corporations (SKK billions)



Financial transactions in the commercial banks (S.122) had the most significant impact on development in the financial sector, where a more significant increase in liabilities as compared to the growth of assets was recorded. As regards liabilities, the major increase was observed in deposits and partly also in debt and equity securities issued; the development on the assets side was exclusively influenced by deposits and extended loans. In terms of sector breakdown of transactions, the banks received deposits mostly from foreign entities, the local central bank and other local commercial banks. As regards the assets side, the financial transactions of banks were distributed evenly among the local non-financial corporations, the central bank and foreign countries.

Besides the banks, it was the central bank, the entities of sector S.123 Other financial intermediaries (leasing, factoring, and hire purchase corporations, and long-term open-end mutual funds¹⁷) and sector S.125 Insurance corporations and pension funds that accounted for the negative sign of the financial transactions. In the case of negative transactions of the central bank and insurance companies and pension funds the decrease in assets exceeded the decrease in liabilities, since the central bank reduced its non-resident debt securities holdings and the insurance companies reduced above all the volume of reinsurance in foreign companies. The reduction of lending transactions of other financial intermediaries was associated with lower debt securities holdings by local monetary financial institutions; in the case of liabilities, the amount of loans from non-residents increased.

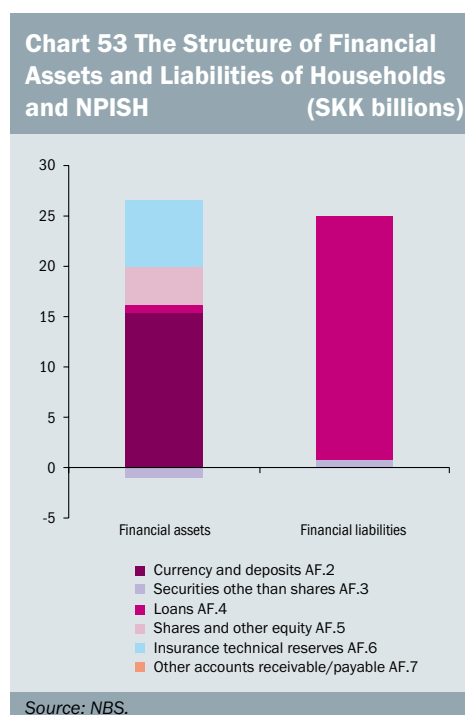
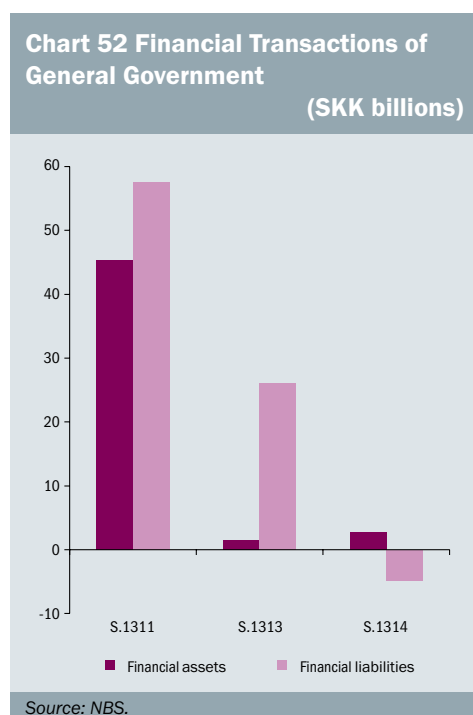
The entities of sector S.124 Financial auxiliaries recorded positive financial transactions and thus a decline in their debtor position in the 2Q 2008. The repayment of a part of short-term loans to monetary financial institutions was the key factor of the said positive development.

S.13 General government

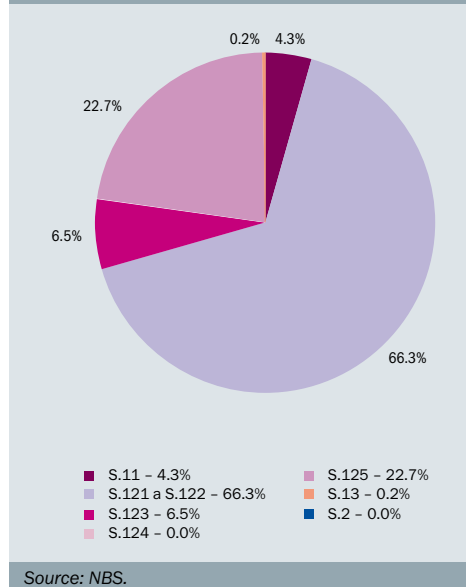
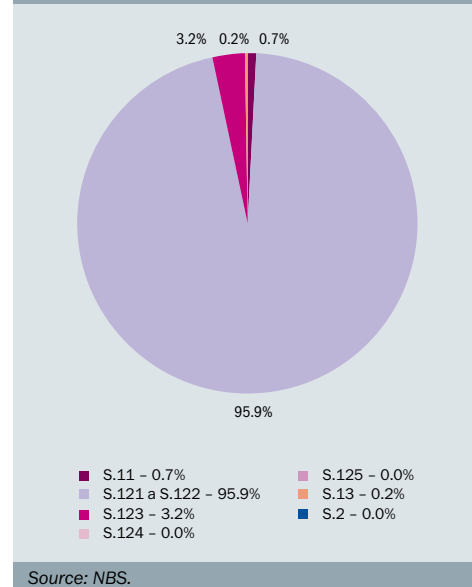
Transactions

General government sector S.13 contributed to the overall indebtedness of the local economy by approximately the same amount as the financial institutions. Within the individual sub-sectors, the increasing indebtedness of sub-sectors S.1313 Local government and S.1311 Central government represented the most considerable contribution to this development.

The main reason behind the fact that the growth in borrowing transactions exceeded the growth in lending transactions in the central government sub-sector was the incurring of debts in the instruments of other accounts payable and long-term debt securities issued. The central government issued new



¹⁷ According to the money and banking statistics methodology, mutual funds are broken down into money market mutual funds (short-term) which are included in sector S.122 Other monetary financial institutions, and into mutual funds other than money market funds (long-term) which are included in sector S.123 Other financial intermediaries.

**Chart 54 Financial Assets (Transactions) of Households and NPISH by Sector****Chart 55 Financial Liabilities (Transactions) of Households and NPISH by Sector**

bonds to the portfolio of non-financial corporations and foreign entities. On the assets side, the most important role was played by higher other accounts receivables and by an increase in the deposits in local financial institutions. The only central government subsector that reached a net lending position, and thereby increased its total creditor position was sub-sector S.1314 Social security funds.

S.14, 15 Households and NPISH

In the 2nd quarter of 2008, the households and NPISH sector slightly strengthened its overall creditor position, while the growth of the financial assets was more significant than that of the financial liabilities. Household deposits and savings on pension savings accounts and life insurance accounts represented the greatest share in assets growth. Moreover, an increase in the volume of financial resources invested in mutual funds was registered. As regards the liabilities side, a change occurred in two financial instruments: an increase in the volume of long-term loans received, and a moderate increase in accounts payables resulting from the operations of households and NPISH in financial derivatives were registered.

The nature of the financial transactions is also indicative for the sector breakdown of households and NPISH relationships. The largest share on the assets and liabilities sides was held by sector S.121 and S.122 Monetary financial institutions (deposits and loans). As regards the assets side, a relatively considerable share was held by sector S.125 Insurance corporations and pension and supplementary pension funds.

S.2 Foreign countries

The overall increase in the creditor position of the foreign countries sector in respect to the national sectors resulted from the fact that the increase in assets exceeded the increase in liabilities. The deposits in local financial institutions and debt securities issued by central government and financial institutions made the primary contribution to transactions on the assets side. The decrease in the volume of equity securities issued by local non-financial institutions had a dampening effect on the increase in assets. As for liabilities, there has been above all an inflow of new funds in the form of deposits in and long-term loans to local financial institutions.

5 Tables

Selected Indicators of Economic and Monetary Development in the SR

	Unit	2007				2008								
		9	10	11	12	1	2	3	4	5	6	7	8	9
REAL ECONOMY														
Gross domestic product ¹⁾²⁾	SKK billion	1,052.2*	-	-	1,429.5*	-	-	354.3*	-	-	385.0*	-	-	-
Year-on-year change in GDP ³⁾	%	9.0*	-	-	10.4*	-	-	8.7*	-	-	7.6*	-	-	-
Unemployment rate ⁴⁾⁹⁾	%	8.3	7.9	7.8	8.0	8.1	7.8	7.6	7.4	7.4	7.4	7.5	-	-
Consumer prices (HICP) ³⁾⁸⁾	%	1.7	2.4	2.3	2.5	3.2	3.4	3.6	3.7	4.0	4.3	4.4	4.4	4.5
Consumer prices (CPI) ³⁾	%	2.8	3.3	3.1	3.4	3.8	4.1	4.2	4.3	4.6	4.6	4.8	5.0	5.4
BALANCE OF TRADE ^{7) (p)}														
Exports (fob)	SKK million	1,030,426	1,173,213	1,312,257	1,420,738	125,048	256,922	383,189	517,910	645,813	776,133	899,471	1,011,541	-
Imports (fob)	SKK million	1,036,352	1,178,389	1,322,055	1,442,123	123,903	255,587	383,543	524,803	649,836	781,023	907,773	1,019,222	-
Balance	SKK million	-5,926	-5,176	-9,798	-21,385	1,144	1,335	-354	-6,894	-4,023	-4,890	-8,302	-7,680	-
BALANCE OF PAYMENTS														
Current account ⁷⁾	SKK million	-59,641.8	-74,414.5	-88,466.2	-98,746.3	-1,097.5	3,096.1	-6,521.0	-22,186.7	-32,913.2	-63,013.1	-80,955.2	-	-
Capital and financial account	SKK million	146,474.3	156,371.3	170,341.9	183,903.6	-4,180.7	10,938.1	20,297.2	31,936.8	35,522.6	82,104.2	108,565.5	-	-
Overall balance	SKK million	99,074.9	100,046.2	95,796.3	95,971.0	-218.3	-558.3	-3,880.7	-1,549.9	-3,537.4	-3,842.8	-2,492.2	-	-
FOREIGN EXCHANGE RESERVES ⁴⁾														
Total foreign exchange reserves	USD million	20,668.3	21,371.7	21,868.6	21,598.6	21,956.0	22,401.5	23,122.9	23,504.3	23,460.6	23,617.5	23,754.1	22,388.0	22,214.0
NBS foreign exchange reserves	USD million	18,507.1	18,798.3	19,110.9	18,581.6	19,257.0	19,554.5	20,041.4	19,841.8	19,698.4	19,917.4	19,773.0	18,840.4	18,524.3
GROSS EXTERNAL DEBT ⁴⁾														
Total gross external debt	USD billion	39.8	42.2	43.1	44.3	43.7	46.6	49.4	50.1	52.4	56.1	57.0	-	-
External debt per capita	USD	7,398	7,848	8,014	8,237	8,117	8,669	9,180	9,322	9,735	10,430	10,593	-	-
MONETARY INDICATORS														
Exchange rate ⁵⁾	SKK/USD	24.378	23.669	22.637	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047
M3 monetary aggregate ⁴⁾⁸⁾	SKK billion	1,039.4	1,039.6	1,041.0	1,082.4	1,082.3	1,093.1	1,084.6	1,090.8	1,108.1	1,094.6	1,104.9	1,113.5	-
Year-on-year change in M3 ³⁾	%	16.2	14.4	12.3	13.0	12.6	12.2	10.5	10.2	9.8	6.6	9.6	8.2	-
Claims of monetary financial institutions ⁸⁾	SKK billion	988.6	1,012.8	1,029.4	1,044.7	1,041.1	1,049.8	1,045.0	1,058.6	1,061.4	1,082.6	1,100.7	1,115.6	-
STATE BUDGET ^{2) 4)}														
Revenue	SKK billion	228.5	263.1	290.3	322.2	35.0	51.5	81.0	113.4	133.3	156.2	186.8	216.7	241.9
Expenditure	SKK billion	229.1	256.2	284.9	345.7	22.0	50.0	77.6	105.7	136.4	160.3	187.4	211.6	237.6
Balance	SKK billion	-0.6	6.9	5.4	-23.5	13.0	1.5	3.4	7.7	-3.1	-4.1	-0.6	5.1	4.3
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of validity ⁶⁾														
Overnight operations														
- sterilisation	%	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
- refinancing	%	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Limit rate for 2-week repo tenders	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
NBS base rate (until 31/12/02: discount rate)	%	4.25	4.25	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	%	4.10	3.78	3.82	2.75	4.01	3.39	3.25	3.62	4.12	3.52	3.31	4.19	3.40
7-day	%	4.24	4.20	4.19	3.93	4.22	4.00	3.98	4.07	4.19	4.02	3.88	4.22	4.03
14-day	%	4.25	4.25	4.25	4.12	4.24	4.12	4.10	4.16	4.22	4.13	4.03	4.24	4.12
1-month	%	4.28	4.28	4.28	4.25	4.28	4.23	4.21	4.23	4.26	4.26	4.20	4.27	4.19
2-month	%	4.31	4.31	4.32	4.28	4.30	4.26	4.27	4.26	4.29	4.31	4.28	4.28	4.22
3-month	%	4.32	4.33	4.35	4.31	4.32	4.28	4.29	4.28	4.32	4.34	4.33	4.31	4.25
6-month	%	4.38	4.38	4.40	4.36	4.35	4.30	4.32	4.33	4.40	4.57	4.54	4.45	4.52
9-month	%	4.41	4.42	4.43	4.41	4.38	4.30	4.32	4.36	4.46	4.74	4.78	4.73	4.76
12-month	%	4.44	4.45	4.45	4.45	4.41	4.30	4.32	4.39	4.50	4.88	5.02	4.96	5.02

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

^(p) 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.



Selected Indicators of Economic and Monetary Development in the SR (SKK converted to EUR)

	Unit	2007				2008								
		9	10	11	12	1	2	3	4	5	6	7	8	9
REAL ECONOMY														
Gross domestic product ¹⁾²⁾	bill. EUR	34.9*	-	-	47.5*	-	-	11.8*	-	-	12.8*	-	-	-
Year-on-year change in GDP ³⁾	%	9.0*	-	-	10.4*	-	-	8.7*	-	-	7.6*	-	-	-
Unemployment rate ⁴⁾⁹⁾	%	8.3	7.9	7.8	8.0	8.1	7.8	7.6	7.4	7.4	7.4	7.5	-	-
Consumer prices (HICP) ³⁾⁸⁾	%	1.7	2.4	2.3	2.5	3.2	3.4	3.6	3.7	4.0	4.3	4.4	4.4	4.5
Consumer prices (CPI) ³⁾	%	2.8	3.3	3.1	3.4	3.8	4.1	4.2	4.3	4.6	4.6	4.8	5.0	5.4
BALANCE OF TRADE ^{7) (p)}														
Exports (fob)	mill. EUR	34,204	38,944	43,559	47,160	3,729	7,708	11,593	15,753	19,809	24,107	28,175	31,869	31,869
Imports (fob)	mill. EUR	34,401	39,115	43,884	47,870	3,694	7,668	11,605	15,967	19,932	24,258	28,439	32,113	32,113
Balance	mill. EUR	-197	-172	-325	-710	34	40	-12	-214	-123	-152	-264	-244	-244
BALANCE OF PAYMENTS														
Current account ⁷⁾	mill. EUR	-1,979.7	-2,470.1	-2,936.5	-3,277.8	-36.4	102.8	-216.5	-736.5	-1,092.5	-2,091.7	-2,687.2	-	-
Capital and financial account	mill. EUR	4,862.1	5,190.6	5,654.3	6,104.5	-138.8	363.1	673.7	1,060.1	1,179.1	2,725.4	3,603.7	-	-
Overall balance	mill. EUR	3,288.7	3,320.9	3,179.9	3,185.7	-7.2	-18.5	-128.8	-51.4	-117.4	-127.6	-82.7	-	-
FOREIGN EXCHANGE RESERVES ⁴⁾														
Total foreign exchange reserves	mill. USD	20,668.3	21,371.7	21,868.6	21,598.6	21,956.0	22,401.5	23,122.9	23,504.3	23,460.6	23,617.5	23,754.1	22,388.0	22,214.0
NBS foreign exchange reserves	mill. USD	18,507.1	18,798.3	19,110.9	18,581.6	19,257.0	19,554.5	20,041.4	19,841.8	19,698.4	19,917.4	19,773.0	18,840.4	18,524.3
GROSS EXTERNAL DEBT ⁴⁾														
Total gross external debt	bill. USD	39.8	42.2	43.1	44.3	43.7	46.6	49.4	50.1	52.4	56.1	-	-	-
External debt per capita	USD	7,398	7,848	8,014	8,237	8,117	8,669	9,180	9,322	9,735	10,430.0	-	-	-
MONETARY INDICATORS														
Exchange rate ⁵⁾	Sk/USD	24.378	23.669	22.637	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047
M3 monetary aggregate ⁴⁾⁸⁾	bill. EUR	34.5	34.5	34.6	35.9	35.9	36.3	36.0	36.2	36.8	36.3	36.7	37.0	-
Year-on-year change in M3 ³⁾	%	16.2	14.4	12.3	13.0	12.6	12.2	10.5	10.2	9.8	6.6	9.6	9.6	-
Claims of monetary financial institutions ⁸⁾	bill. EUR	32.8	33.6	34.2	34.7	34.6	34.8	34.7	35.1	35.2	35.9	36.5	37.0	-
STATE BUDGET ²⁾⁴⁾														
Revenue	bill. EUR	7.58	8.73	9.64	10.70	1.16	1.71	2.69	3.76	4.42	5.18	6.20	7.19	8.03
Expenditure	bill. EUR	7.60	8.50	9.46	11.48	0.73	1.66	2.58	3.51	4.53	5.32	6.22	7.02	7.89
Balance	bill. EUR	-0.02	0.23	0.18	-0.78	0.43	0.05	0.11	0.26	-0.10	-0.14	-0.02	0.17	0.14
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of validity ⁶⁾														
Overnight operations		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	25.4.2007
- sterilisation	%	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
- refinancing	%	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Limit rate for 2-week repo tenders	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
NBS base rate (until 31/12/02: discount rate)	%	4.25	4.25	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	%	4.10	3.78	3.82	2.75	4.01	3.39	3.25	3.62	4.12	3.52	3.31	4.19	3.40
7-day	%	4.24	4.20	4.19	3.93	4.22	4.00	3.98	4.07	4.19	4.02	3.88	4.22	4.03
14-day	%	4.25	4.25	4.25	4.12	4.24	4.12	4.10	4.16	4.22	4.13	4.03	4.24	4.12
1-month	%	4.28	4.28	4.28	4.25	4.28	4.23	4.21	4.23	4.26	4.26	4.20	4.27	4.19
2-month	%	4.31	4.31	4.32	4.28	4.30	4.26	4.27	4.26	4.29	4.31	4.28	4.28	4.22
3-month	%	4.32	4.33	4.35	4.31	4.32	4.28	4.29	4.28	4.32	4.34	4.33	4.31	4.25
6-month	%	4.38	4.38	4.40	4.36	4.35	4.30	4.32	4.33	4.40	4.57	4.54	4.45	4.52
9-month	%	4.41	4.42	4.43	4.41	4.38	4.30	4.32	4.36	4.46	4.74	4.78	4.73	4.76
12-month	%	4.44	4.45	4.45	4.45	4.41	4.30	4.32	4.39	4.50	4.88	5.02	4.96	5.02

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

^(p) 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 billion)												
		2007					2008							
		8	9	10	11	12	1	2	3	4	5	6	7	8
Claims of MFIs on residents	51.6	725.9	742.8	762.3	776.4	793.3	808.0	815.1	825.0	835.7	836.9	857.3	873.7	885.1
General government	1.3	21.4	21.4	21.0	22.4	23.0	23.0	22.7	22.2	21.7	21.3	20.5	21.1	21.5
Private sector	50.3	704.5	721.5	741.2	754.0	770.3	785.0	792.4	802.8	814.0	815.6	836.8	852.6	863.5
Non-financial corporations	26.0	364.2	374.5	385.1	389.3	399.5	410.5	413.2	415.0	420.5	419.6	433.4	441.5	446.2
– up to 1 year	10.9	153.5	160.8	165.2	169.3	170.5	174.7	175.7	176.6	177.8	177.5	185.7	186.3	187.2
– 1 to 5 years	5.6	72.7	72.4	74.8	76.9	82.3	86.1	86.7	86.0	86.2	85.6	88.1	93.3	96.0
– over 5 years	9.5	138.0	141.3	145.1	143.1	146.7	149.6	150.8	152.4	156.5	156.5	159.6	161.9	163.0
Financial corporations	3.5	61.6	62.6	64.5	66.2	66.4	66.1	65.9	68.5	66.6	61.5	60.8	60.3	60.1
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	20.8	278.7	284.4	291.5	298.5	304.3	308.4	313.2	319.2	326.9	334.4	342.6	350.8	357.2
– consumer loans	2.8	39.4	40.0	40.5	41.1	41.6	41.8	42.3	43.1	44.3	45.4	46.3	47.8	48.7
– house purchase loans	14.0	186.1	190.0	194.9	199.6	204.1	207.4	210.9	214.7	219.9	224.9	230.5	235.8	240.4
– other loans	4.0	53.3	54.4	56.1	57.7	58.6	59.1	60.0	61.4	62.7	64.1	65.9	67.1	68.2
Securities other than shares and participation certificates issued by residents	12.8	240.2	238.7	243.5	245.0	245.4	222.2	223.9	209.1	211.9	213.2	214.1	215.5	219.0
General government	12.4	233.4	231.7	236.6	238.2	238.6	215.9	217.5	202.7	205.2	206.4	206.6	208.3	212.2
Private sector	0.4	6.8	7.0	6.9	6.8	6.7	6.3	6.4	6.4	6.7	6.8	7.5	7.2	6.8
Shares and other equities issued by private sector	0.7	7.0	7.1	7.1	8.0	8.2	10.8	10.9	11.0	11.0	11.3	11.2	11.5	11.5
Foreign assets	29.7	554.9	551.4	554.8	544.4	570.0	565.0	546.9	532.8	549.7	512.4	517.1	524.8	509.0
Fixed assets	1.9	32.2	32.1	32.0	32.2	33.1	33.1	33.0	33.0	32.9	32.7	32.4	32.5	32.4
Other assets	3.4	53.1	55.7	59.9	60.0	50.7	50.0	53.2	53.7	52.2	61.9	58.2	57.0	58.1
Deposits and loans received from the central government	2.6	79.7	74.8	82.4	90.6	61.0	54.3	42.2	21.6	37.8	26.4	34.4	35.4	44.9
Long-term financial liabilities	9.5	164.5	169.2	168.6	170.9	182.6	196.1	188.7	181.5	172.0	146.6	148.5	153.2	162.4
Deposits and loans received with an agreed maturity of over 2 years	4.2	69.9	70.2	70.2	71.1	73.7	73.9	74.2	73.4	72.8	73.0	71.6	72.0	71.8
Deposits repayable at a period of notice of over 3 months	1.3	23.4	23.4	23.3	23.3	23.5	23.6	23.4	23.2	23.1	23.0	23.0	22.9	22.8
Debt securities issued with a maturity of over 2 years	3.1	37.3	39.0	41.5	43.0	44.7	43.5	45.1	46.1	47.4	47.8	50.0	50.1	54.0
Capital, reserves, and provisions	0.8	33.9	36.6	33.7	33.6	40.7	55.1	46.1	38.8	28.7	2.8	3.8	8.2	13.9
Foreign liabilities	18.7	271.8	267.0	284.1	279.2	307.8	280.1	283.8	290.5	312.3	295.8	329.6	346.4	321.5
Other liabilities	4.2	68.2	77.4	84.9	84.3	67.0	76.4	75.0	86.3	83.1	92.1	83.1	74.4	72.8
Surplus of liabilities among MFIs	0.0	-0.1	-0.1	0.0	-0.1	-0.4	0.0	0.1	0.0	-2.6	-0.4	0.0	0.6	0.0
M3	64.9	1,029.3	1,039.4	1,039.6	1,041.0	1,082.7	1,082.3	1,093.1	1,084.6	1,090.8	1,108.1	1,094.6	1,104.9	1,113.5
Total	100.0	1,613.4	1,627.7	1,659.6	1,665.9	1,700.8	1,689.2	1,682.9	1,664.5	1,693.4	1,668.5	1,690.3	1,714.9	1,715.1

¹⁾ In the current month.



Average Interest Rates on New Loans

(ECB methodology)

(%)

	2007					2008							
	8	9	10	11	12	1	2	3	4	5	6	7	8
Loans in total¹⁾	7.30	7.45	7.22	7.36	7.10	7.43	7.47	7.36	7.19	7.22	7.18	7.58	7.63
Current account overdrafts	7.68	7.71	7.47	7.52	7.39	7.61	7.41	7.29	7.25	7.29	7.59	7.50	7.50
operating loans	4.57	4.82	4.76	4.91	5.09	4.74	4.91	4.83	4.49	4.87	4.41	5.20	5.12
Investment loans	5.71	5.67	5.65	5.52	5.47	5.61	5.54	5.65	5.39	5.55	5.77	5.73	5.57
Consumer loans	13.46	13.55	13.66	13.30	13.12	12.92	12.85	12.84	12.90	12.40	12.48	12.45	13.21
House purchase loans	6.11	6.10	6.09	6.07	6.07	6.09	6.15	6.07	6.07	6.15	6.22	6.39	6.42
of which:													
Mortgage loans	5.81	5.78	5.75	5.76	5.73	5.81	5.80	5.76	5.81	5.79	5.85	6.02	6.15
Construction loans	4.92	4.88	5.03	4.88	4.91	4.88	4.83	4.82	4.87	4.85	4.89	4.78	4.86
Intermediate loans	6.68	6.74	6.76	6.73	6.70	6.68	6.74	6.79	6.82	6.79	6.78	6.71	6.75
Other real estate loans	6.25	6.22	6.11	6.15	6.24	6.22	6.29	6.18	6.19	6.32	6.37	6.52	6.52
Other loans	6.09	6.17	6.36	6.43	5.74	6.57	6.03	6.71	6.30	6.53	6.37	6.46	6.02
Floating rate + IRF for up to 1 year incl.	7.31	7.47	7.20	7.32	7.06	7.40	7.44	7.32	7.12	7.20	7.16	7.56	7.56
IRF for over 1 year and up to 5 years incl.	6.84	7.02	7.35	7.61	7.74	7.80	7.64	8.53	7.90	6.96	7.08	7.58	8.02
IRF for over 5 years and up to 10 years incl.	8.05	7.72	8.26	8.90	8.69	12.22	12.28	11.32	12.47	11.64	10.97	11.03	12.81
IRF for over 10 years	6.75	7.04	6.18	6.43	6.97	8.29	8.42	7.10	7.42	7.49	7.98	8.00	8.21
Households													
Loans in total	12.38	12.21	12.04	12.15	12.38	12.62	12.50	12.27	11.82	11.97	11.90	11.93	12.64
Current account overdrafts	13.90	13.84	13.87	13.80	13.54	13.85	13.76	13.73	13.68	13.70	13.65	13.64	13.93
Operating loans	6.84	7.44	7.33	6.20	6.11	6.05	6.10	6.30	6.36	6.33	6.96	6.55	6.99
Investment loans	6.60	6.44	6.36	6.57	6.27	6.12	7.00	6.30	6.83	6.87	6.95	6.57	6.77
Consumer loans	13.46	13.59	13.66	13.30	13.23	12.92	12.85	12.85	12.92	12.41	12.53	12.45	13.21
House purchase loans	6.14	6.10	6.14	6.12	6.06	6.12	6.12	6.06	6.05	6.12	6.20	6.32	6.52
of which:													
Mortgage loans	5.81	5.78	5.74	5.76	5.72	5.81	5.80	5.75	5.80	5.79	5.85	6.02	6.15
Construction loans	4.92	4.88	5.04	4.88	4.91	4.88	4.83	4.82	4.87	4.85	4.89	4.78	4.86
Intermediate loans	6.72	6.77	6.78	6.75	6.72	6.73	6.80	6.81	6.84	6.86	6.86	6.77	6.80
Other real estate loans	6.46	6.25	6.30	6.37	6.38	6.34	6.37	6.24	6.18	6.31	6.40	6.45	6.75
Other loans	7.00	6.97	6.67	7.18	7.00	7.27	7.02	6.84	6.90	6.75	6.65	6.73	6.84
Credit cards	16.64	16.61	16.39	16.07	17.78	17.87	17.94	17.81	17.70	17.68	17.71	17.54	17.65
Floating rate + IRF for up to 1 year incl.	12.95	12.83	12.62	12.61	12.76	12.98	12.84	12.57	12.30	12.64	12.55	12.59	13.16
IRF for over 1 year and up to 5 years incl.	7.57	8.45	8.70	8.93	8.81	8.25	8.46	8.61	8.00	7.38	7.45	7.72	8.24
IRF for over 5 years and up to 10 years incl.	9.59	9.11	8.75	9.83	10.50	12.32	12.73	12.56	12.68	12.04	11.52	11.32	13.03
IRF for over 10 years	7.99	7.23	7.16	7.34	7.34	8.81	8.90	7.27	8.25	7.89	8.97	8.93	8.99
Non-financial corporations													
Loans in total	5.74	5.88	5.74	5.71	5.62	5.88	5.79	5.70	5.69	5.75	5.95	5.95	5.96
Current account overdrafts	5.83	6.00	5.76	5.81	5.65	5.94	5.82	5.69	5.72	5.77	6.06	5.98	6.00
Operating loans	4.89	4.96	5.41	4.90	5.31	5.23	5.12	5.13	5.01	5.23	4.97	5.27	5.43
Investment loans	5.73	5.67	5.61	5.70	5.65	5.60	5.53	5.71	5.29	5.54	5.75	5.75	5.53
House purchase loans	6.06	6.36	6.16	5.94	6.13	5.90	6.23	6.11	6.21	6.34	6.29	6.62	6.19
Other loans	5.51	6.17	6.32	6.42	5.51	6.16	5.84	6.38	6.07	6.55	6.16	6.10	5.89
Credit cards	17.72	17.49	16.62	17.25	18.53	17.65	17.96	17.98	17.66	18.21	18.61	18.41	18.32
Loans up 1 million EUR	6.05	5.92	6.12	6.16	6.07	5.99	5.98	6.07	5.30	5.99	6.06	5.96	6.19
Loans over 1 million EUR	5.13	5.28	5.48	5.20	5.39	5.30	5.45	5.46	5.58	5.36	5.47	5.67	5.43
Floating rate + IRF for up to 1 year incl.	5.74	5.89	5.75	5.71	5.62	5.88	5.79	5.70	5.68	5.75	5.95	5.95	5.96
IRF for over 1 year and up to 5 years incl.	5.62	5.74	5.45	5.66	5.86	6.61	5.82	6.30	6.38	6.56	5.82	6.47	6.43
IRF for over 5 years and up to 10 years incl.	5.98	6.01	6.31	6.28	5.16	8.40	5.82	4.84	5.93	5.86	5.33	5.16	6.53
IRF for over 10 years	5.96	6.26	5.65	5.94	6.10	6.65	6.37	6.52	6.02	6.27	6.61	6.31	6.62

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							
	8	9	10	11	12	1	2	3	4	5	6	7	8
Deposits in total¹⁾	2.11	2.05	2.09	2.01	1.77	2.03	1.86	1.86	1.93	1.90	2.04	2.15	2.03
Deposits payable on demand	0.78	0.71	0.67	0.71	0.70	0.79	0.69	0.69	0.67	0.73	0.99	0.94	0.69
of which: demand deposits	0.67	0.62	0.60	0.58	0.61	0.65	0.59	0.59	0.60	0.63	0.74	0.75	0.61
overnight deposits	2.10	1.98	1.92	1.93	1.89	2.48	2.01	1.78	1.90	1.97	3.54	3.58	2.42
Deposits with agreed maturity ²⁾	3.90	3.95	3.91	3.93	3.74	3.91	3.76	3.68	3.76	3.82	3.86	3.85	3.88
– up to 1 year in total	3.91	3.95	3.91	3.94	3.74	3.91	3.76	3.68	3.77	3.82	3.87	3.86	3.88
– up to 7 days	2.92	3.44	2.95	3.07	2.27	3.49	3.09	2.61	2.83	3.14	3.39	3.26	3.28
– up to 1 month	4.06	4.09	4.07	4.07	3.97	4.05	3.99	3.94	4.01	4.03	4.04	4.04	4.03
– up to 3 months	3.31	3.29	3.44	3.30	3.38	3.51	3.31	3.30	3.43	3.25	3.39	3.22	3.38
– up to 6 months	3.24	3.40	3.37	3.23	3.31	3.56	3.04	3.53	3.23	3.14	3.30	3.22	3.76
– up to 1 year	3.19	2.95	3.35	2.93	3.64	3.63	3.78	3.91	3.91	3.56	3.76	4.33	4.22
– over 1 year in total	3.02	2.97	3.25	2.87	2.95	3.58	3.08	2.67	2.10	1.41	2.57	3.06	3.27
– up to 2 years	3.50	3.17	3.55	3.65	3.57	3.88	3.68	2.70	3.70	3.79	3.81	4.07	4.45
– over 2 years	2.85	2.76	3.20	2.58	2.50	2.62	0.46	3.90	2.01	1.05	2.05	2.02	0.60
Deposits payable at notice	1.73	1.78	1.79	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.21
– up to 3 months	1.27	1.35	1.36	1.44	1.44	1.47	1.44	1.45	1.45	1.46	1.46	1.46	2.01
– over 3 months	1.93	1.96	1.97	2.00	2.05	2.11	2.12	2.13	2.12	2.13	2.14	2.16	2.29
Households													
Deposits in total	1.01	1.00	1.03	1.01	0.99	1.10	1.06	1.18	1.16	1.12	1.14	1.18	1.22
Deposits payable on demand	0.48	0.47	0.47	0.44	0.47	0.46	0.46	0.47	0.49	0.50	0.53	0.53	0.51
of which: demand deposits	0.47	0.46	0.46	0.43	0.46	0.44	0.44	0.46	0.48	0.49	0.49	0.50	0.50
overnight deposits	1.95	1.80	1.72	1.76	1.76	2.34	1.77	1.78	1.59	1.74	2.98	2.89	2.33
Deposits with agreed maturity	3.32	3.44	3.36	3.38	3.26	3.49	3.43	3.41	3.44	3.44	3.49	3.45	3.64
– up to 1 year in total	3.34	3.45	3.36	3.39	3.28	3.48	3.44	3.41	3.47	3.48	3.50	3.50	3.66
– up to 7 days	2.93	3.33	2.97	3.12	2.32	3.30	2.80	2.73	2.85	2.99	3.20	3.03	3.08
– up to 1 month	3.39	3.52	3.45	3.43	3.33	3.48	3.44	3.31	3.48	3.54	3.49	3.53	3.60
– up to 3 months	3.15	3.08	3.17	3.11	3.11	3.16	3.14	3.08	3.13	3.05	3.13	3.05	3.22
– up to 6 months	3.00	3.15	3.03	3.10	3.13	3.16	3.12	3.29	3.11	3.01	3.13	3.16	3.27
– up to 1 year	3.28	3.28	3.35	3.27	3.25	3.75	3.80	3.96	3.80	3.69	3.73	3.81	4.23
– long-term over 1 year	3.02	3.11	3.25	2.90	2.93	3.57	2.95	3.51	2.08	1.39	2.59	2.42	3.27
– up to 2 years	3.50	3.50	3.55	3.65	3.57	3.89	3.56	3.73	3.70	3.82	4.03	4.08	4.45
– over 2 years	2.81	2.70	2.52	2.75	2.20	2.22	2.23	2.28	0.54	1.16	2.04	2.02	0.72
Deposits payable at notice	1.73	1.78	1.79	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.22
– up to 3 months	1.24	1.33	1.33	1.42	1.42	1.44	1.44	1.45	1.45	1.45	1.45	1.45	2.02
– over 3 months	1.93	1.96	1.97	2.00	2.05	2.11	2.12	2.14	2.12	2.13	2.14	2.16	2.29
Non-financial corporations													
Deposits in total	2.30	2.28	2.36	2.19	1.83	2.37	2.12	2.13	2.36	2.33	2.59	2.60	2.41
Deposits payable on demand	1.01	0.88	0.76	0.89	0.78	1.07	0.84	0.83	0.77	0.92	1.46	1.33	0.89
of which: demand deposits	0.82	0.70	0.63	0.65	0.66	0.81	0.65	0.64	0.63	0.73	1.02	1.00	0.74
overnight deposits	2.06	1.96	1.88	1.93	1.91	2.58	2.00	1.83	1.88	1.94	3.72	3.64	2.35
Deposits with agreed maturity	3.87	3.92	3.87	3.92	3.60	3.91	3.69	3.64	3.78	3.84	3.87	3.85	3.86
– up to 1 year in total	3.87	3.93	3.87	3.91	3.60	3.91	3.69	3.64	3.78	3.84	3.86	3.85	3.86
– up to 7 days	3.07	3.19	2.89	3.03	2.26	3.49	2.63	2.61	2.85	3.11	3.38	2.97	3.00
– up to 1 month	4.03	4.09	4.07	4.06	3.88	4.06	3.99	3.96	4.05	4.06	4.07	4.08	4.05
– up to 3 months	3.63	3.68	3.73	3.67	3.67	3.82	3.66	3.65	3.73	3.48	3.77	3.54	3.68
– up to 6 months	3.37	3.78	3.44	3.74	3.85	3.90	3.55	4.10	3.80	3.93	3.88	3.61	4.26
– up to 1 year	3.22	3.42	3.63	3.38	4.34	3.82	3.58	4.10	4.39	3.53	4.07	3.79	3.90
– long-term over 1 year	2.96	3.16	3.10	2.79	3.14	2.76	1.93	1.58	4.32	3.01	2.41	3.07	3.38
– up to 2 years	3.87	3.50	3.60	3.09	3.79	3.60	3.00	1.70	3.02	3.42	1.74	3.97	4.04
– over 2 years	2.81	2.77	2.00	4.57	2.30	2.00	1.78	1.35	4.35	1.99	4.59	4.24	1.37
Deposits payable at notice	2.25	2.19	2.02	2.22	2.29	2.46	1.28	1.26	1.27	1.27	1.43	1.43	1.33
– up to 3 months	2.32	2.36	2.49	2.33	2.41	2.56	1.31	1.28	1.30	1.29	1.48	1.47	1.35
– over 3 months	1.06	0.76	0.30	1.29	1.29	1.10	1.10	1.12	1.10	1.10	1.11	1.19	1.20

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							
	8	9	10	11	12	1	2	3	4	5	6	7	8
Loans in total¹⁾	6.83	6.82	6.77	6.76	6.71	6.75	6.71	6.68	6.69	6.68	6.76	6.76	6.78
Current account overdrafts	7.70	7.73	7.49	7.56	7.41	7.61	7.39	7.27	7.26	7.29	7.59	7.50	7.50
Consumer loans	13.55	13.54	13.51	13.44	13.42	13.35	13.31	13.26	13.27	13.17	13.12	13.25	13.25
Operating loans	4.78	4.83	4.88	4.87	4.90	4.99	4.96	4.92	4.94	4.98	5.10	5.14	5.17
Investment loans	5.51	5.47	5.49	5.49	5.49	5.54	5.52	5.52	5.51	5.51	5.59	5.63	5.65
House purchase loans	6.57	6.55	6.51	6.48	6.43	6.42	6.39	6.35	6.34	6.31	6.31	6.31	6.32
Other loans	6.02	6.08	6.08	6.06	6.02	6.02	6.03	6.09	6.12	6.08	6.19	6.18	6.21
Credit cards	16.65	16.63	16.39	16.09	17.39	17.85	17.92	17.77	17.69	17.69	17.72	17.55	17.66
Short-term loans	6.74	6.78	6.69	6.69	6.61	6.77	6.70	6.64	6.68	6.71	6.95	6.92	6.96
Long-term loans over 1 year and up to 5 years	8.07	8.05	7.97	7.93	7.88	7.81	7.80	7.80	7.81	7.77	7.78	7.73	7.72
Long-term loans over 5 years	6.45	6.43	6.40	6.40	6.38	6.39	6.37	6.36	6.36	6.34	6.36	6.41	6.43
Households													
Loans in total	8.31	8.26	8.20	8.16	8.10	8.08	8.04	8.00	7.97	7.93	7.90	7.91	7.92
Current account overdrafts	13.99	13.95	13.97	13.94	13.63	13.85	13.76	13.73	13.68	13.70	13.64	13.64	13.93
Consumer loans	13.56	13.55	13.52	13.46	13.43	13.36	13.32	13.27	13.28	13.18	13.13	13.26	13.25
House purchase loans	6.66	6.62	6.58	6.54	6.50	6.48	6.45	6.42	6.40	6.37	6.36	6.35	6.36
Other loans	7.17	7.14	7.08	7.06	7.04	7.04	7.05	7.02	7.00	6.94	6.91	6.88	6.88
Credit cards	16.63	16.61	16.38	16.06	17.38	17.86	17.92	17.78	17.70	17.68	17.71	17.54	17.65
Short-term loans	13.89	13.86	13.73	13.66	13.69	13.92	13.96	13.85	13.81	13.81	13.77	13.74	13.99
Long-term loans over 1 year and up to 5 years	11.32	11.31	11.29	11.23	11.23	11.14	11.10	11.08	11.12	11.04	11.02	10.99	10.99
Long-term loans over 5 years	6.98	6.95	6.91	6.89	6.85	6.85	6.83	6.81	6.81	6.79	6.78	6.83	6.84
Non-financial institutions													
Loans in total	5.68	5.72	5.69	5.68	5.64	5.74	5.70	5.66	5.69	5.68	5.83	5.82	5.86
Current account overdrafts	5.83	6.00	5.76	5.82	5.65	5.93	5.79	5.67	5.73	5.77	6.06	5.98	6.00
Operating loans	4.79	4.82	4.89	4.89	4.92	5.04	5.02	5.00	5.00	5.02	5.12	5.15	5.21
Investment loans	5.55	5.51	5.54	5.53	5.54	5.60	5.58	5.58	5.56	5.55	5.63	5.68	5.69
House purchase loans	6.18	6.21	6.20	6.17	6.14	6.17	6.14	6.08	6.10	6.06	6.15	6.16	6.22
Other loans	5.97	6.01	6.07	6.04	5.95	5.91	5.92	5.91	6.00	5.91	6.11	6.06	6.10
Credit cards	17.56	17.62	16.66	17.47	17.99	17.83	18.10	18.04	17.66	18.21	18.52	18.40	18.32
Short-term loans	5.57	5.67	5.59	5.59	5.48	5.68	5.60	5.54	5.60	5.60	5.84	5.80	5.87
Long-term loans over 1 year and up to 5 years	6.02	6.07	6.03	6.02	5.99	6.00	6.00	5.99	6.01	6.01	6.07	6.08	6.08
Long-term loans over 5 years	5.62	5.58	5.61	5.61	5.63	5.67	5.65	5.63	5.62	5.59	5.68	5.71	5.73

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 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							
	8	9	10	11	12	1	2	3	4	5	6	7	8
Deposits in total¹⁾	2.20	2.18	2.21	2.14	1.99	2.15	2.08	2.02	2.10	2.08	2.18	2.25	2.24
Deposits payable on demand	0.78	0.70	0.66	0.71	0.70	0.78	0.69	0.69	0.67	0.73	0.99	0.94	0.70
of which: demand deposits	0.67	0.62	0.60	0.58	0.61	0.65	0.59	0.59	0.60	0.63	0.74	0.75	0.62
overnight deposits	2.14	1.86	1.88	1.90	1.86	2.37	2.01	1.78	1.88	1.97	3.55	3.58	2.42
Deposits with agreed maturity ²⁾	3.28	3.30	3.31	3.27	3.15	3.27	3.22	3.19	3.26	3.25	3.30	3.35	3.40
– up to 1 year in total	3.41	3.43	3.43	3.39	3.27	3.40	3.35	3.33	3.40	3.38	3.42	3.48	3.53
– up to 7 days	2.51	3.09	2.61	2.63	2.17	3.23	3.16	2.60	2.84	2.88	3.45	3.56	3.20
– up to 1 month	3.70	3.70	3.73	3.70	3.59	3.66	3.60	3.58	3.66	3.65	3.65	3.69	3.77
– up to 3 months	2.38	2.34	2.41	2.39	2.45	2.51	2.45	2.48	2.53	2.54	2.54	2.51	2.62
– up to 6 months	2.96	2.96	2.97	2.98	2.88	2.92	2.91	2.95	2.95	2.95	2.95	2.89	3.02
– up to 1 year	3.49	3.52	3.38	3.33	3.31	3.30	3.36	3.51	3.56	3.48	3.49	3.59	3.68
– over 1 year in total	2.54	2.57	2.58	2.58	2.58	2.60	2.59	2.56	2.56	2.66	2.67	2.67	2.69
– up to 2 years	3.30	3.32	3.35	3.44	3.42	3.49	3.49	3.42	3.44	3.48	3.52	3.55	3.71
– over 2 years	2.51	2.54	2.54	2.54	2.53	2.54	2.52	2.49	2.48	2.58	2.60	2.62	2.58
Deposits payable at notice	1.73	1.78	1.79	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.21
– up to 3 months	1.27	1.35	1.36	1.44	1.44	1.47	1.44	1.45	1.45	1.46	1.46	1.46	2.01
– over 3 months	1.93	1.96	1.97	2.00	2.05	2.11	2.12	2.13	2.12	2.13	2.14	2.16	2.29
Households													
Deposits in total	1.71	1.72	1.72	1.72	1.71	1.75	1.76	1.79	1.81	1.81	1.83	1.85	1.93
Deposits payable on demand	0.48	0.47	0.47	0.44	0.47	0.46	0.46	0.47	0.49	0.50	0.53	0.53	0.51
of which: demand deposits	0.46	0.46	0.46	0.43	0.46	0.44	0.44	0.46	0.48	0.49	0.49	0.50	0.50
overnight deposits	2.02	1.81	1.78	1.78	1.86	2.37	1.77	1.78	1.39	1.74	2.98	2.89	2.33
Deposits with agreed maturity	2.69	2.73	2.71	2.71	2.69	2.74	2.75	2.79	2.83	2.84	2.88	2.89	3.01
– up to 1 year in total	2.75	2.78	2.75	2.76	2.73	2.79	2.82	2.88	2.93	2.91	2.95	2.97	3.13
– up to 7 days	2.38	2.87	2.57	2.73	2.23	2.91	2.57	2.62	2.64	2.75	3.01	2.91	2.89
– up to 1 month	2.43	2.45	2.49	2.50	2.51	2.54	2.56	2.56	2.63	2.67	2.68	2.71	2.99
– up to 3 months	2.23	2.22	2.24	2.24	2.26	2.27	2.29	2.31	2.35	2.36	2.35	2.36	2.46
– up to 6 months	2.71	2.69	2.68	2.70	2.71	2.73	2.75	2.77	2.77	2.78	2.78	2.80	2.87
– up to 1 year	3.62	3.66	3.49	3.43	3.37	3.35	3.40	3.55	3.61	3.51	3.55	3.58	3.70
– long-term over 1 year	2.54	2.58	2.59	2.58	2.58	2.60	2.58	2.57	2.57	2.66	2.68	2.68	2.68
– up to 2 years	3.36	3.41	3.43	3.48	3.50	3.56	3.57	3.58	3.59	3.63	3.65	3.68	3.82
– over 2 years	2.52	2.55	2.55	2.54	2.53	2.54	2.51	2.49	2.48	2.58	2.59	2.58	2.56
Deposits payable at notice	1.73	1.78	1.79	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.22
– up to 3 months	1.24	1.33	1.33	1.42	1.42	1.44	1.44	1.45	1.45	1.45	1.45	1.45	2.02
– over 3 months	1.93	1.96	1.97	2.00	2.05	2.11	2.12	2.14	2.12	2.13	2.14	2.16	2.29
Non-financial corporations													
Deposits in total	2.26	2.23	2.28	2.11	1.86	2.29	2.15	2.09	2.28	2.25	2.50	2.54	2.37
Deposits payable on demand	1.03	0.87	0.76	0.88	0.78	1.05	0.84	0.83	0.78	0.92	1.46	1.34	0.90
of which: demand deposits	0.83	0.70	0.63	0.65	0.66	0.81	0.65	0.64	0.63	0.73	1.02	1.01	0.75
overnight deposits	2.15	1.85	1.88	1.91	1.85	2.43	2.00	1.83	1.88	1.94	3.72	3.64	2.35
Deposits with agreed maturity	3.73	3.75	3.71	3.70	3.54	3.87	3.76	3.76	3.83	3.84	3.94	3.95	3.84
– up to 1 year in total	3.74	3.76	3.72	3.71	3.54	3.87	3.77	3.77	3.83	3.85	3.95	3.96	3.85
– up to 7 days	2.62	2.76	2.59	2.61	2.17	3.38	2.51	2.70	2.84	2.61	3.69	3.58	2.72
– up to 1 month	3.92	3.96	3.93	3.90	3.79	3.94	3.92	3.91	3.98	4.00	4.00	4.01	4.00
– up to 3 months	3.35	3.31	3.42	3.36	3.40	3.65	3.42	3.52	3.55	3.53	3.64	3.52	3.63
– up to 6 months	3.71	3.76	3.73	3.79	3.07	3.84	3.84	3.92	3.88	3.91	3.96	3.94	4.10
– up to 1 year	3.67	3.66	3.66	3.65	4.03	4.04	4.03	4.08	4.14	4.14	4.00	4.03	4.01
– long-term over 1 year	2.34	2.32	2.31	2.33	2.38	2.30	2.27	2.23	2.26	2.24	2.23	2.23	2.20
– up to 2 years	3.13	3.24	3.17	3.15	3.10	3.11	3.11	3.09	3.25	3.32	3.29	3.23	3.44
– over 2 years	2.22	2.17	2.15	3.12	3.10	3.04	2.98	2.93	2.85	2.75	3.21	3.12	2.69
Deposits payable at notice	2.25	2.19	2.02	2.22	2.29	2.46	1.28	1.26	1.27	1.27	1.43	1.43	1.33
– up to 3 months	2.32	2.36	2.49	2.33	2.41	2.56	1.31	1.28	1.30	1.29	1.48	1.47	1.35
– over 3 months	1.06	0.76	0.30	1.29	1.29	1.10	1.10	1.13	1.10	1.10	1.11	1.19	1.20

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 August 2008

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

(SKK thousand)

ASSETS	Depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Total assets	64,210,887	1,467,256,524	50,946,728	187,875,029	81,583,063	1,723,450,457
Cash items	0	14,925,494	0	34,632	3,999,182	18,959,308
Cash in hand	0	12,982,272	0	0	3,627,417	16,609,689
of which: EUR	0	0	0	0	1,924,580	1,924,580
Gold	0	0	0	0	0	0
Amounts in transit	0	1,943,222	0	34,632	371,765	2,349,619
Loans and other receivables	24,250,366	1,036,505,940	23,899,221	174,400,598	61,299,362	1,271,854,755
Deposits and loans to NBS, foreign central banks and post office banks	817	299,032,337	0	0	1,910	299,033,430
of which: Valued on an individual basis with no identifiable depreciation (category I)	817	239,113,379	0	0	1,910	239,114,472
Valued on a portfolio basis (category II)	0	59,918,958	0	0	0	59,918,958
Valued on an individual basis with identifiable depreciation (category III)	0	0	0	0	0	0
of which: Failed	0	0	0	0	0	0
of which: Current accounts	0	1,015,923	0	0	1,654	1,017,577
Term deposits	0	5,192,514	0	0	0	5,192,514
Loans provided	817	267,294,894	0	0	0	267,294,077
Money reserve accounts	0	25,529,006	0	0	0	25,529,006
of which: Minimum reserve requirements	0	25,322,655	0	0	0	25,322,655
Postal cheque accounts	0	0	0	0	256	256
Deposits and loans to banks	67,732	16,327,736	12,952,777	2,924,154	31,300,511	63,437,446
of which: Valued on an individual basis with no identifiable depreciation (category I)	2,010	13,646,531	7,645,063	2,111,808	27,336,145	50,737,537
Valued on a portfolio basis (category II)	6,055	2,611,650	5,307,714	812,346	3,407,206	12,132,861
Valued on an individual basis with identifiable depreciation (category III)	59,667	69,555	0	0	557,160	567,048
of which: Failed	43,031	40,866	0	0	48,941	46,776
of which: Deposits with and loans to own financial group	210	837,354	4,689,441	74,729	13,795,934	19,397,248
of which: Current accounts in banks	137	630,126	7,987	45,296	5,525,802	6,209,074
Current accounts of other banks	22	27	684,202	2	777,423	1,461,632
Term deposits	1,165	12,713,561	8,791,682	2,065,655	20,142,197	43,711,930
Loans provided	66,408	2,731,717	0	805,911	4,790,757	8,261,977
Other receivables from banks	0	252,305	3,468,906	7,290	64,332	3,792,833
Receivables from customers	24,158,560	706,560,206	10,946,431	164,507,265	29,687,897	887,543,239
of which: Valued on an individual basis with no identifiable depreciation (category I)	232,420	118,506,357	7,862,609	56,584,262	11,642,490	194,363,298
Valued on a portfolio basis (category II)	13,326,409	568,314,066	2,872,154	104,193,249	17,440,015	679,493,075
Valued on an individual basis with identifiable depreciation (category III)	10,599,731	19,739,783	211,668	3,729,754	605,392	13,686,866
of which: Failed	17,642,194	24,799,027	155,248	1,339,249	516,140	9,167,470
of which: MMIF loans	0	0	0	0	0	0
Loans to general government and international organizations (S.13)	23,257	14,585,661	13	6,969,179	153,950	21,685,546
of which: Valued on an individual basis with no identifiable depreciation (category I)	8,922	10,732,485	13	6,909,033	0	17,632,609
Valued on a portfolio basis (category II)	7,795	3,825,959	0	60,146	153,950	4,032,260
Valued on an individual basis with identifiable depreciation (category III)	6,540	27,217	0	0	0	20,677
of which: Failed	9,012	23,311	0	1	0	14,300
of which: Deposits to central government (S.1311)	0	575,000	0	0	0	575,000
Loans to central government (S.1311)	5,552	2,187,115	13	1	153,950	2,335,527
of which: SR Treasury	0	0	0	0	0	0
Other funds	5,551	13,878	0	0	0	8,327
Loans to local governments (S.1313)	17,705	11,823,546	0	6,969,178	0	18,775,019
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 Agency	0	0	0	0	0	0
Debt securities	0	0	0	0	155,094	155,094
Financial instruments available for sale	328,927	37,061,384	3,525,606	3,700,872	8,425,160	52,384,095
Financial instruments at fair value through profit/loss: held for trading (excluding derivatives)	0	122,887,064	824,316	1,333,215	1,607,981	126,652,576
Financial instruments at fair value towards profit/loss: others (from the point of settlement)	0	7,972,417	1,212,947	5,028,676	978,254	15,192,294
Positive fair value of derivative transactions for trading	0	6,956,145	15,137,571	0	0	22,093,716
Financial instruments held to maturity	21,992	160,993,164	5,033,847	2,890,881	4,400,536	173,296,436
Positive fair value of derivate hedge transactions	0	43,529	376,505	0	0	420,034
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	950,550	10,305,675	883,901	0	0	10,239,026
Funds to branches abroad	0	0	0	0	501,852	501,852
Tangible assets	24,806,058	45,700,982	0	0	0	20,894,924
Intangible assets	12,896,323	18,738,133	0	0	0	5,841,810
Other assets	700,635	3,840,952	52,814	486,155	370,736	4,050,022
Tax receivables	0	707,254	0	0	0	707,254
Depreciation	37,519,574	37,297,698	0	0	0	-221,876
Non-current assets held for sale (IFRS 5)	256,036	618,391	0	0	0	362,355



Shortened Balance Sheet of Commercial Banks as at 31 August 2008

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

(SKK thousand)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Total liabilities	1,150,494,998	189,207,170	143,333,075	240,415,214	1,723,450,457
PAYABLES	1,079,408,498	123,474,272	143,513,897	239,491,729	1,585,888,396
Deposits and loans from NBS and foreign central banks	2,194,561	0	2,975	0	2,197,536
of which: Current accounts	20,382	0	0	0	20,382
Term deposits	0	0	0	0	0
Loans received	2,174,179	0	2,975	0	2,177,154
Postal cheque accounts	0	0	0	0	0
Financial liabilities valued at amortized costs	1,045,190,901	88,843,153	138,311,364	181,710,590	1,454,056,008
Deposits, loans and other liabilities received from banks	16,914,567	73,150,333	1,905,236	143,399,661	235,369,797
of which: Deposits and loans received from own financial group	253,622	61,308,585	851,376	126,446,916	188,860,499
of which: Current accounts in banks	0	0	2	3,766,919	3,766,921
Current accounts of other banks	630,139	6,425,749	45,439	247,996	7,349,323
Term deposits	13,431,087	45,453,647	1,829,248	120,788,369	181,502,351
Subordinate debts	214,354	1,726,093	0	8,929,830	10,870,277
Loans received	2,505,451	19,528,202	0	8,991,880	31,025,533
Other liabilities received from banks	133,536	16,642	30,547	674,667	855,392
Deposits and loans received from customers	850,855,003	9,452,646	109,455,029	14,495,447	984,258,125
of which: MMIF deposits	28,676,502	40	120,545	0	28,797,087
of which: Current accounts and other financial undated liabilities	337,449,747	6,430,155	52,456,577	4,152,578	400,489,057
Term deposits	465,932,200	2,333,259	52,049,697	3,167,537	523,482,693
Deposits payable at notice	31,255,414	52,393	713,687	6,125	32,027,619
Certificates of deposit	57,473	0	0	0	57,473
Loans received and financial leasing	5,605,844	602,818	0	3,584,069	9,792,731
Subordinated liabilities	0	0	0	886,958	886,958
Other liabilities received from customers	10,554,325	34,021	4,235,068	2,698,180	17,521,594
Deposits of general government and international organizations	79,848,254	17,713	23,624,546	160,929	103,651,442
of which: Deposits of central government (S.1311)	49,486,417	17,713	23,600,124	160,904	73,265,158
of which: Treasury	3,026,586	0	22,122,382	0	25,148,968
Deposits of local governments (S.1313)	30,361,110	0	24,422	25	30,385,557
Deposits of social security funds (S.1314)	727	0	0	0	727
Securities issued by the accounting unit	97,573,077	6,222,461	3,326,553	23,654,553	130,776,644
Financial liabilities held for trading (excluding derivatives)	0	0	0	0	0
Financial liabilities in fair value through profit/loss (IAS 39)	4,860,472	21,706,973	2,528,491	57,689,943	86,785,879
of which: Current accounts	0	0	0	0	0
Term deposits	4,860,472	21,668,814	2,528,491	57,689,943	86,747,720
Deposits payable 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	38,159	0	0	38,159
Negative fair value of derivative transactions for trading	10,158,076	12,386,702	0	0	22,544,778
Negative fair value of derivative hedge transactions	5,088	144,725	0	0	149,813
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	4,247,515	0	28,209	0	4,275,724
Other liabilities	9,728,705	392,719	2,642,858	91,196	12,855,478
Tax liabilities	2,843,180	0	0	0	2,843,180
EQUITY	71,086,500	65,732,898	-180,822	923,485	137,562,061
Share capital	4,632,046	45,833,444	0	0	50,465,490
of which: Subscribed share capital	4,640,617	45,833,444	0	0	50,474,061
Receivables from shareholders	0	0	0	0	0
Own shares	-8,571	0	0	0	-8,571
Funds to branches of foreign banks	0	5,322,052	0	972,705	6,294,757
Share premium	3,329,575	15,093,418	0	0	18,422,993
Reserve funds and other funds created from profits	16,358,444	119,500	0	0	16,477,944
Other funds	137,580	-588,749	0	252	-450,917
Valuation changes	-6,553,856	-46,767	-180,822	-49,472	-6,830,917
Profit/loss from previous years	38,989,025	0	0	0	38,989,025
of which: Retained earnings	39,601,535	0	0	0	39,601,535
Accumulated loss	-612,510	0	0	0	-612,510
Profit and loss account	14,194,975	0	0	0	14,194,975
Profit/loss in process of approval	-1,289	0	0	0	-1,289

**Monthly Profit and Loss Account of Commercial Banks**

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

(SKK million)

	2007					2008							
	8	9	10	11	12	1	2	3	4	5	6	7	8
NET INTEREST INCOME	25,418	28,759	32,218	35,787	39,775	3,707	7,256	11,069	14,791	18,688	22,662	26,717	30,719
Interest income on securities	9,809	11,135	12,508	13,811	15,083	1,401	2,619	3,890	5,123	6,392	7,569	8,749	9,912
Other interest income	42,471	48,151	53,986	59,782	66,201	6,000	11,774	17,831	23,862	30,260	36,751	43,463	50,463
Interest expenses on securities	2,691	3,058	3,442	3,793	4,258	420	846	1,325	1,786	2,263	2,710	3,187	3,682
Other interest expenses	24,171	27,470	30,835	34,013	37,250	3,274	6,291	9,327	12,408	15,700	18,948	22,309	25,974
NET NON-INTEREST INCOME	13,276	14,636	16,568	17,996	19,708	1,594	3,433	4,911	6,990	9,069	10,795	12,681	14,568
Fee and commission income	10,135	11,374	12,440	13,758	15,291	1,327	2,709	4,080	5,499	6,883	8,355	9,854	11,225
Fees and commission expenses	2,071	2,360	2,331	2,612	3,002	255	511	761	1,039	1,353	1,633	1,924	2,213
Dividends received	222	243	243	243	272	0	0	0	156	164	506	507	520
Income from transactions in securities	1,401	1,511	1,747	1,909	2,112	444	834	1,170	1,267	1,340	1,553	1,730	1,921
Expenses related to transactions in securities	1,585	1,879	1,915	2,162	2,568	414	812	1,094	1,299	1,565	2,114	2,155	2,071
Profit/loss on foreign exchange transactions	3,769	5,752	7,669	8,979	8,796	329	3,036	4,372	5,043	10,200	8,033	6,393	6,942
Profit/loss on fixed forward transactions and options	1,540	33	-1,229	-2,054	-1,146	130	-1,877	-2,882	-2,634	-6,569	-3,863	-1,678	-1,703
Income from other transactions	156	187	195	218	294	22	57	67	93	112	117	150	164
Expenses related to other transactions	291	224	251	282	340	-11	4	41	97	143	160	195	217
NET OPERATING PROFIT/LOSS	-1,561	-1,748	-1,999	-2,218	-3,070	-150	-223	-244	-331	-517	-689	-888	-1,063
GENERAL OPERATING EXPENSES	21,552	24,282	27,057	30,010	33,500	2,712	5,832	8,609	11,686	14,712	17,581	20,696	23,646
NET CREATION OF RESERVES AND PROVISIONS	-1,060	-1,180	-1,316	-1,432	-1,994	-198	-427	-1,068	-1,439	-1,643	-2,092	-2,364	-2,880
INCOME TAX	2,091	2,432	2,781	3,052	3,591	389	796	1,275	1,707	2,151	2,658	3,114	3,504
CURRENT PERIOD PROFIT/LOSS	12,431	13,753	15,632	17,072	17,328	1,851	3,412	4,783	6,618	8,734	10,437	12,337	14,195

Balance of Payments of the SR for January – July 2008

	Collection / Credit (+)		Payments / Debit (-)		Balance	
	SKK million	USD million	SKK million	USD million	SKK million	USD million
Goods	899,472.0	43,202.3	907,773.0	43,601.0	-8,301.0	-398.7
Services	105,133.9	5,049.7	110,078.1	5,287.1	-4,944.2	-237.5
Transport	36,784.3	1,766.8	29,652.2	1,424.2	7,132.1	342.6
Tourism	29,995.0	1,440.7	24,901.0	1,196.0	5,094.0	244.7
Other services	38,354.5	1,842.2	55,524.8	2,666.9	-17,170.3	-824.7
Income	39,381.3	1,891.5	92,673.7	4,451.2	-53,292.4	-2,559.7
Compensation of employees	21,000.0	1,008.6	2,415.2	116.0	18,584.8	892.6
Investment income	18,381.3	882.9	90,258.5	4,335.2	-71,877.2	-3,452.3
Current transfers	34,057.3	1,635.8	48,474.8	2,328.3	-14,417.6	-692.5
CURRENT ACCOUNT	1,078,044.5	51,779.3	1,158,999.7	55,667.6	-80,955.2	-3,888.3
Capital account	18,120.1	870.3	1,163.5	55.9	16,956.6	814.4
Financial account	4,458,838.6	214,157.7	-4,367,229.8	-209,760.4	91,608.8	4,397.3
Direct investment	1,090,349.6	52,370.3	-1,076,779.1	-51,718.5	13,570.5	651.8
<i>Abroad (direct investor = resident)</i>	20,897.6	1,003.7	-23,792.7	-1,142.8	-2,895.1	-139.1
Equity capital and reinvested earnings	987.6	47.4	-3,206.7	-154.0	-2,219.1	-106.6
Other capital	19,910.0	956.3	-20,586.0	-988.8	-676.0	-32.5
<i>In the SR (recipient of dir. investment = resident)</i>	1,069,452.0	51,366.6	-1,052,986.5	-50,575.7	16,465.5	790.9
Equity capital and reinvested earnings	21,845.0	1,049.2	-6,748.5	-324.1	15,096.5	725.1
Other capital	1,047,607.0	50,317.3	-1,046,238.0	-50,251.6	1,369.0	65.8
Portfolio investment	204,615.4	9,827.8	-163,754.7	-7,865.3	40,860.7	1,962.6
Assets	55,116.2	2,647.3	-49,985.4	-2,400.8	5,130.7	246.4
Liabilities	149,499.2	7,180.6	-113,769.3	-5,464.4	35,729.9	1,716.1
Financial derivatives	1,597,022.6	76,706.2	-1,600,679.1	-76,881.8	-3,656.5	-175.6
Assets	874,656.0	42,010.4	-879,559.9	-42,245.9	-4,903.9	-235.5
Liabilities	722,366.6	34,695.8	-721,119.2	-34,635.9	1,247.4	59.9
Other investment	1,566,851.0	75,253.4	-1,526,016.8	-73,294.9	40,834.2	1,958.5
<i>Long-term</i>	89,133.4	4,277.5	-87,869.2	-4,219.6	1,264.2	57.9
Assets	15,356.0	737.6	-23,126.2	-1,110.8	-7,770.2	-373.2
Liabilities	73,777.3	3,540.0	-64,743.0	-3,108.8	9,034.4	431.2
<i>Short-term</i>	1,477,717.6	70,975.9	-1,438,147.6	-69,075.3	39,570.1	1,900.6
Assets	877,254.9	42,135.2	-894,675.8	-42,971.9	-17,420.9	-836.7
Liabilities	600,462.8	28,840.7	-543,471.8	-26,103.4	56,990.9	2,737.3
CAPITAL AND FINANCIAL ACCOUNT	4,476,958.7	215,028.0	-4,368,393.3	-209,816.3	108,565.5	5,211.7
ERRORS AND OMISSIONS					-30,102.4	-1,455.2
TOTAL BALANCE	-103,393.9	-4,908.9	100,901.7	4,777.1	-2,492.2	-131.8
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange assets	103,393.9	4,908.9	-100,632.4	-4,764.1	2,761.5	144.8
<i>Deposits</i>	8,312.6	395.2	0.0	0.0	8,312.6	395.2
<i>Securities</i>	95,081.3	4,513.7	-100,632.4	-4,764.1	-5,551.1	-250.4
Bonds and notes	0.0	0.0	-100,632.4	-4,764.1	-100,632.4	-4,764.1
Money market instruments and financial derivatives	95,081.3	4,513.7	0.0	0.0	95,081.3	4,513.7
	0.0	0.0	-269.3	-13.0	-269.3	-13.0
RESERVE ASSETS	103,393.9	4,908.9	-100,901.7	-4,777.1	2,492.2	131.8

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 20,820.



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
983005004	6.3.2008	7.3.2008	30.5.2008	84	43,250	30,000	americká	4.24	4.25	4.25
980407005	10.4.2008	11.4.2008	4.7.2008	84	34,275	30,000	americká	4.24	4.25	4.25
982507006	30.4.2008	2.5.2008	25.7.2008	84	21,100	21,100	americká	4.24	4.25	4.25
982208008	29.5.2008	30.5.2008	22.8.2008	84	17,550	17,550	americká	4.24	4.25	4.25
982609009	3.7.2008	4.7.2008	4.7.2008	84	14,800	14,800	americká	4.25	4.25	4.25
981710011	24.7.2008	25.7.2008	17.10.2008	84	14,350	14,350	americká	4.19	4.25	4.25
981411012	21.8.2008	22.8.2008	14.11.2008	84	15,670	15,670	americká	4.25	4.25	4.25
981912014	25.9.2008	26.9.2008	19.12.2008	84	17,040	17,040	americká	4.25	4.25	4.25

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

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD million	Number of transactions
	USD million	%		USD million	%		USD million	%			
NBS	-	-	0	0.0	-	0				0.0	0
Transactions between domestic banks	1,583.3	36.5	63	2,634.2	60.7	285	124.2	2.9	45	4,341.6	393
Interbank forex market: NBS + transactions between domestic banks	1,583.3	36.5	63	2,634.2	60.7	285	124.2	2.9	45	4,341.6	393
Transactions between domestic and foreign banks	47,532.1	58.3	1,472	33,181.4	40.7	2,767	786.6	1.0	1,451	81,500.1	5,690
Foreign exchange market in the SR - total	49,115.4	57.2	1,535	35,815.6	41.7	3,052	910.7	1.1	1,496	85,841.8	6,083

	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	632.3	14.5	275	0.3	0.0	1	3,711.9	85.4	113	1.7	0.0	4	4,346.1	393
Transactions between domestic and foreign banks	2,562.9	3.1	2,068	529.1	0.6	1,727	78,384.9	96.2	1,866	41.9	0.1	29	81,518.8	5,690
Foreign exchange market in the SR - excl. the NBS	3,195.2	3.7	2,343	529.4	0.6	1,728	82,096.8	95.6	1,979	43.6	0.1	33	85,864.9	6,083



Average Monthly Exchange Rates of the SKK against Selected Currencies

Midpoint rate	2007				2008								
	9	10	11	12	1	2	3	4	5	6	7	8	9
1 AUD	20.526	21.224	20.324	19.972	20.088	20.488	19.456	19.096	19.223	18.566	18.513	17.924	17.277
1 BGN	17.289	17.205	16.996	17.060	17.148	16.947	16.610	16.560	16.123	15.506	15.502	15.513	15.480
1 CYP	57.881	57.599	56.897	57.045	-	-	-	-	-	-	-	-	-
1 CZK	1.226	1.230	1.243	1.269	1.286	1.304	1.289	1.292	1.256	1.244	1.289	1.252	1.236
1 DKK	4.539	4.515	4.459	4.473	4.502	4.446	4.357	4.342	4.227	4.066	4.065	4.068	4.059
1 EUR	33.821	33.645	33.236	33.365	33.538	33.141	32.497	32.388	31.534	30.323	30.314	30.339	30.280
1 EEK	2.161	2.151	2.125	2.133	2.144	2.118	2.076	2.070	2.016	1.938	1.938	1.939	1.935
100 JPY	21.187	20.420	20.414	20.413	21.102	20.987	20.740	20.082	19.424	18.256	18.010	18.487	19.713
1 CAD	23.666	24.197	23.523	22.767	22.595	22.490	21.039	20.260	20.279	19.227	18.984	19.206	19.910
1 LTL	9.794	9.746	9.627	9.663	9.712	9.599	9.409	9.379	9.132	8.782	8.780	8.786	8.768
1 LVL	48.192	47.867	47.455	47.822	48.045	47.576	46.608	46.447	45.150	43.129	43.106	43.098	42.889
100 HUF	13.341	13.410	13.058	13.183	13.114	12.658	12.487	12.751	12.715	12.498	13.071	12.889	12.587
1 MTL	78.767	78.395	77.438	77.727	-	-	-	-	-	-	-	-	-
1 NOK	4.312	4.374	4.187	4.159	4.218	4.166	4.080	4.066	4.008	3.798	3.768	3.803	3.719
1 PLN	8.919	9.065	9.084	9.262	9.297	9.255	9.186	9.402	9.257	8.987	9.288	9.248	8.972
1 RON	10.112	10.036	9.573	9.450	9.093	9.068	8.733	8.887	8.616	8.297	8.464	8.609	8.363
1 CHF	20.537	20.151	20.168	20.113	20.672	20.604	20.656	20.314	19.418	18.779	18.740	18.700	18.978
1 SEK	3.639	3.668	3.580	3.540	3.557	3.538	3.455	3.456	3.386	3.238	3.206	3.229	3.170
1 USD	24.378	23.669	22.637	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047
1 GBP	49.156	48.338	46.897	46.387	44.924	44.188	42.016	40.740	39.795	38.329	38.230	38.344	37.871
1 XDR	37.606	36.880	35.928	36.087	36.100	35.659	34.185	33.644	32.898	31.588	31.345	32.071	32.761

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	2007					2008		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
1 AUD	20.612	20.808	20.700	20.555	20.668	20.030	18.960	17.933
1 BGN	17.573	17.254	17.164	17.092	17.273	16.915	16.070	15.499
1 CYP	59.353	57.921	57.463	57.200	57.994	-	-	-
1 CZK	1.226	1.194	1.201	1.246	1.217	1.293	1.265	1.261
1 DKK	4.612	4.529	4.509	4.484	4.534	4.439	4.213	4.064
1 EUR	34.364	33.746	33.572	33.425	33.781	33.085	31.429	30.311
1 EEK	2.197	2.157	2.146	2.137	2.159	2.114	2.009	1.937
100 JPY	21.971	20.735	20.744	20.416	20.975	20.952	19.265	18.702
1 CAD	22.384	22.816	23.353	23.553	23.024	22.082	19.922	19.348
1 LTL	9.952	9.772	9.722	9.682	9.783	9.581	9.102	8.778
1 LVL	48.960	48.293	48.045	47.715	48.258	47.446	44.929	43.035
100 HUF	13.616	13.586	13.337	13.225	13.441	12.768	12.655	12.860
1 MTL	80.076	78.617	78.220	77.877	78.707	-	-	-
1 NOK	4.207	4.162	4.238	4.248	4.214	4.158	3.958	3.763
1 PLN	8.845	8.874	8.858	9.128	8.926	9.249	9.218	9.175
1 RON	10.162	10.282	10.400	9.709	10.139	8.974	8.605	8.478
1 CHF	21.268	20.484	20.379	20.146	20.574	20.644	19.518	18.803
1 SEK	3.743	3.644	3.624	3.601	3.654	3.519	3.361	3.202
1 USD	26.231	25.040	24.450	23.091	24.713	22.137	20.110	20.108
1 GBP	51.275	49.710	49.384	47.284	49.427	43.784	39.636	38.152
1 XDR	39.344	37.964	37.491	36.327	37.792	35.364	32.722	32.025

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.



Foreign Direct Investment

Data on foreign direct investment are available on NBS web site at [www.nbs.sk/Statistics/Balance of Payment Statistics/Foreign Direct Investment](http://www.nbs.sk/Statistics/Balance%20of%20Payment%20Statistics/Foreign%20Direct%20Investment).