NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

NBS
Monthly Bulletin

FEBRUARY 2014

Published by:
© Národná banka Slovenska

Address:
Národná banka Slovenska
Imricha Karvaša 1, 813 25 Bratislava
Slovakia

Contact:
+421/02/5787 2146

http://www.nbs.sk

Debated by the NBS Bank Board on 4 March 2014.

All rights reserved.
Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

ISSN 1337-9526 (online)

Contents

Abbreviations

CPI	Consumer Price Index
EA	euro area
ECB	European Central Bank
EC	European Commission
EIA	Energy Information Administration
EMU	Economic and Monetary Union
EONIA	euro overnight index average
ESA 95	European System of National Accounts 1995
EU	European Union
Eurostat	Statistical Office of the European Communities
FDI	foreign direct investment
Fed	Federal Reserve System
EMU	Economic and Monetary Union
EURIBOR	euro interbank offered rate
FNM	Fond národného majetku – National Property Fund
GDP	gross domestic product
GNDI	gross national disposable income
GNI	gross national income
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
IPI	industrial production index
IRF	initial rate fixation
MFI	monetary financial institutions
MF SR	Ministry of Finance of the Slovak Republic
MMF	money market fund
NARKS	National Association of Real Estate Offices of Slovakia
NBS	Národná banka Slovenska
NEER	nominal effective exchange rate
NPISHs	Non-profit Institutions serving households
OIF	open-end investment fund
p.a.	per annum
p.p.	percentage points
qoq	quarter-on-quarter
PPI	Producer Price Index
REER	real effective exchange rate
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
SO SR	Statistical Office of the Slovak Republic
SR	Slovenská republika – Slovak Republic
ULC	unit labour costs
VAT	value-added tax
yoy	year-on-year

Symbols used in the tables
. – Data are not yet available.
- – Data do not exist / data are not applicable.
(p) – Preliminary data

1 Summary[1]

The euro area economy showed positive trends in the fourth quarter of 2013. Activity accelerated to 0.3%, confirming expectations for a gradual recovery of growth. Particularly the growth in large countries, assumed to be led by investment and exports, bodes well for future developments and may confirm the assumption of gradually accelerating external demand for Slovak goods and services in the most recent NBS forecast (MTF-2013Q4U). The latest indictors suggest that growth will continue in the first quarter of 2014.

In Slovakia, GDP growth increased moderately to 0.4%, most likely due to the contributions of investment demand and consumption. Monthly figures for sales and output indicated an increase in activity growth in the last quarter of 2013. This view was further supported by export growth. Indicators of private consumption growth include retail sales, higher VAT revenues, and continued strengthening of consumer confidence. With the construction sector having reported a second consecutive quarter of growth after a long period in negative territory, the most recent projections of an improvement in investment may be confirmed. Investment may be partially supported by imports, as is indicated by the composition of imports.

Economic sentiment continued to pick up at the beginning of the year. The economic sentiment indicator increased moderately in January, in line with euro-area sentiment indicators. February saw a slight correction as industry, services and consumer confidence all dipped.

As the economy accelerated moderately, the labour market situation also improved. This was indicated by monthly figures in the fourth quarter of 2013 showing nascent job creation and a drop in the unemployment rate, and then confirmed by the flash estimate for employment in that period. Employment increased by 0.3% and, according to monthly data, recruitment was concentrated in the productive sectors of industry and construction. Wage growth declined in December.

Inflation was moderately lower than expected, owing to slower inflation in services and regulated prices. Looking at current data, the assumption is that annual inflation will remain highly subdued, close to zero, in the first half of 2014; there are no expectations of deflation, however, since the decrease in energy prices in January is assumed to have been offset by the end of the downward trend in food prices.

The main implications for the medium-term forecast stem from the labour market, where employment growth has increased moderately while wage growth declined in the fourth quarter of 2013.

Tax collection is improving slightly and therefore the risk to the government deficit target of 0.3% of GDP diminished slightly.[2]

1 All month-on-month and quarter-on-quarter changes mentioned in the text have been seasonally adjusted using internal seasonal models.

2 Nevertheless, so-called methodological risks to the deficit, both for last year and this year, remain significant.

2 REAL ECONOMY

2.1 GDP FLASH ESTIMATE

Euro area growth increased modestly and key economies expanded

According to Eurostat's flash estimate, euro area GDP grew in the fourth quarter of 2013 by 0.3% over the previous quarter (0.1%), which was a third successive quarterly increase. As for the geographical breakdown of that growth, all key euro-area economies made a positive contribution.

Germany's economic growth in the fourth quarter edged up to 0.4%, reflecting mainly the positive contribution of net exports and increased investment in machinery and equipment as well as in the construction sector. The level of public consumption remained unchanged from the previous quarter, while private consumption dropped slightly.

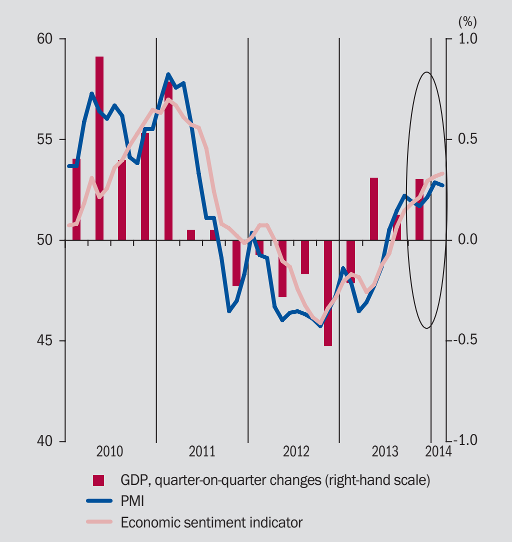
The French economy, after stagnating in the third quarter, increased by 0.3% in the fourth quarter with upward contributions from all domestic demand components. Investment increased after seven quarters in decline. Net exports also contributed positively, as export growth increased over the previous quarter while import growth slowed.

Looking at the performance of euro-area economies in the fourth quarter of 2013 as well as at current forward-looking indicators, aggregate euro-area growth is expected to remain at a similar level in the first quarter of 2014.

In the Czech Republic, GDP growth for the third quarter of 2013 was revised significantly upwards, from -0.5% to 0.2%. Furthermore, the flash GDP estimate for the fourth quarter, showed Czech economic growth accelerating markedly, to 1.6%. Although the composition of the quarterly GDP growth has not yet been published, the assumption is that the investment and export components were the main drivers.

Although the increase in Slovakia's GDP was modest, it may indicate that the economy is emerging from a period of relatively weak performance

Chart 1 Forward-looking indicators and euro-area GDP growth

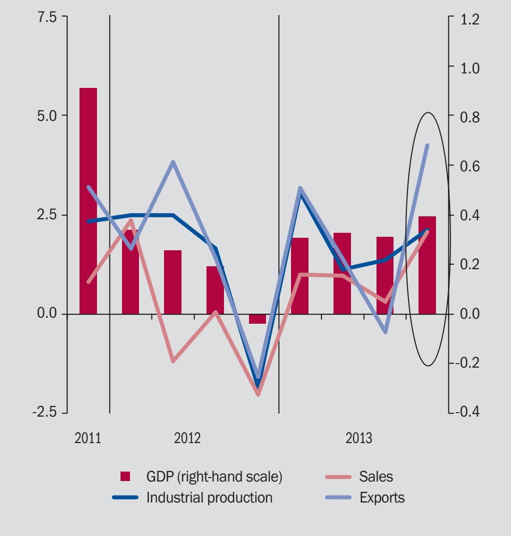


Source: Eurostat, Bloomberg, European Commission, and NBS calculations.
Note: The GDP figure for Q4 2013 is Eurostat's flash estimate. ESI normed and centred at the PMI's long-run average.

Chart 2 GDP growth (%)

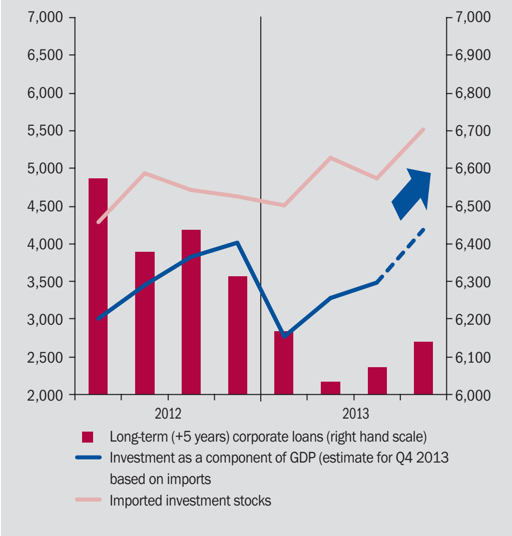
Source: SO SR.
Note: The GDP figure for Q4 2013 is the SO SR's flash estimate.

Chart 3 GDP and industrial production (annual percentage changes)



Source: SO SR, NBS calculations.
Note: The GDP figure for Q4 2013 is the SO SR's flash estimate.

Chart 4 Investment (EUR millions)



Source: SO SR, NBS calculations.

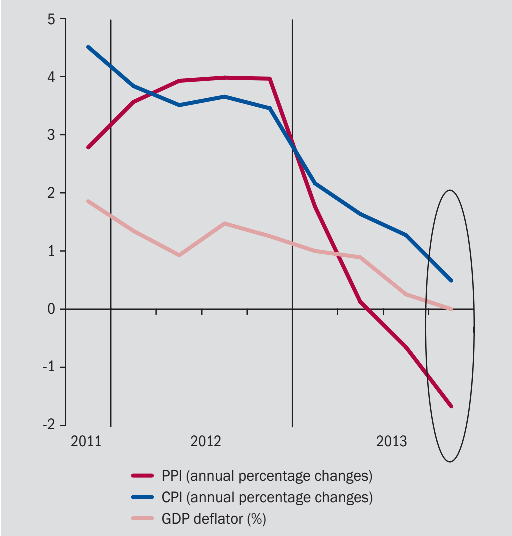
The flash estimate published by the Slovak Statistical Office confirmed expectations of moderate economic growth in the fourth quarter of 2013. It may be that improvements in sentiment and in assessments of demand, output and the overall economic and business environment, as well as growth figures for industrial production, sales and, in particular, exports, indicate a return to higher economic growth.

GDP in the fourth quarter increased by 0.4% over the previous quarter (by 1.5% year-on-year), which broadly corresponded to the projection in the most recent NBS forecast (MTF-Q42013U).

Although the details of the GDP composition have not yet been published, monthly figures imply that investment activity picked up in the fourth quarter. Signs of an upturn in investment were noticeable in the construction sector, while sales saw an increase in technology purchases. Another significant source of investment growth may be imports. As for the composition of imports in the last quarter of 2013, imports of investment stock increased markedly.

Retail turnover and imports for final consumption in the second and third quarters of 2013 (which built up inventories for the last quarter) suggest an end to the downward trend in household consumption and therefore support assumptions of a modest rise in household consumption in the fourth quarter.

Chart 5 Consumer prices, producer prices and the GDP deflator



Source: SO SR, NBS calculations.

Strong rises in monthly export figures indicate that the external environment supported GDP growth in the fourth quarter. This contribution was, however, significantly offset by import growth, driven probably by a revival in investment.

The low-inflation environment in the consumer market and simultaneous decline in producer, export and import prices was reflected in the GDP deflator, which was close to zero. Therefore the general price level in the economy did not enter deflationary territory in the fourth quarter of 2013. Chart 5, however, suggests that deflation cannot be ruled out.

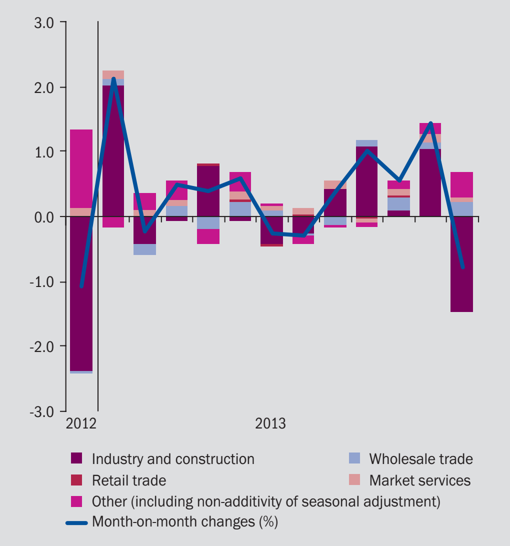
2.2 SALES[3]

Sales towards year-end adversely affected by industry developments

Total sales in the economy fell in December 2013 by 0.8% over the previous month, but increased by 5.5% year-on-year. The monthly drop in sales was largely accounted for by the industry component, in particular by lower sales in the manufacturing segments of transport equipment, electronics, and plastics. The overall decline was to a large extent curbed by positive sales results in energy supply.

Also contributing positively to overall sales were wholesale trade sales, in particular sales of information and communication technology, which may be related to the increase in technology purchases made by firms towards the year end. Retail sales fell marginally in December.

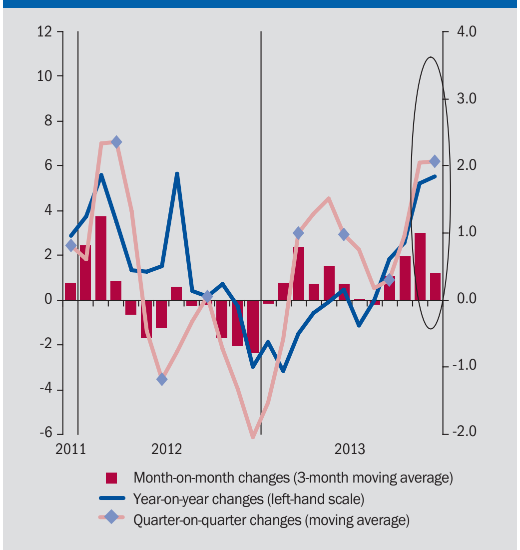
Chart 7 Total sales by contributions of selected sectors (month-on-month changes at constant prices; p.p.)



Source: SO SR, NBS calculations.
Note: Internal calculation for constant prices.

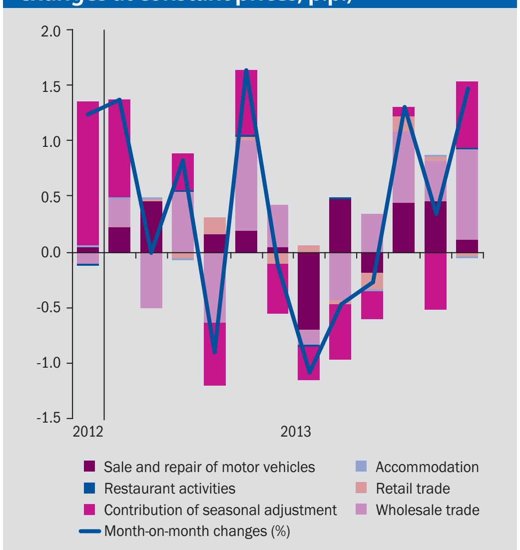
Compared to the third quarter of 2013, overall sales growth increased to 2.1% amid a pick-up in household final consumption growth as well as an increase in overall GDP growth in the fourth quarter of 2013 (according to the projection in the MTF-2013U forecast). The improvement in consumer sentiment identified by business

Chart 6 Total sales at constant prices (%)



Source: SO SR, NBS calculations.
Note: Internal calculation for constant prices.

Chart 8 Domestic trade sales by contributions of selected segments (month-on-month changes at constant prices; p.p.)



Source: SO SR, NBS calculations.
Note: Internal calculation for constant prices.

3 *Turnover in domestic trade and selected sectors is the most informative "hard" indicator of GDP developments.*

tendency surveys in January may, in conjunction with projected slowdown in inflation, have an upward effect on sales and consumption in 2014. Expectations for industry developments in the near term have also improved.

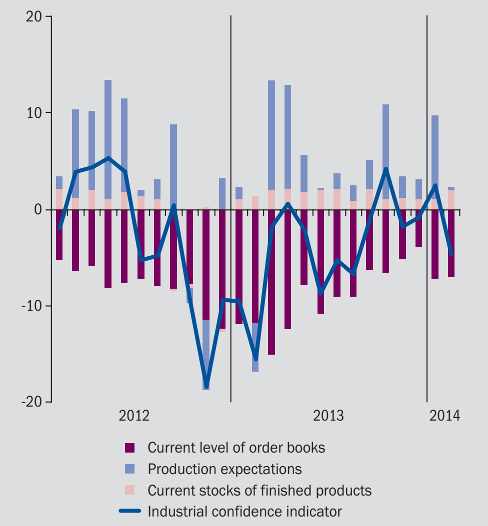
2.3 FORWARD-LOOKING INDICATORS

The economic sentiment indicator (ESI) for Slovakia declined in February by 4.4 points, to 93.7. Confidence fell in industry, services and among consumers, while confidence in the retail and construction sectors increased.

Despite the weakening of confidence in Slovakia, the positive sentiment in the euro area, notably in Germany, supports the assumption that Slovakia's economic growth will increase gradually in the first half of 2014.

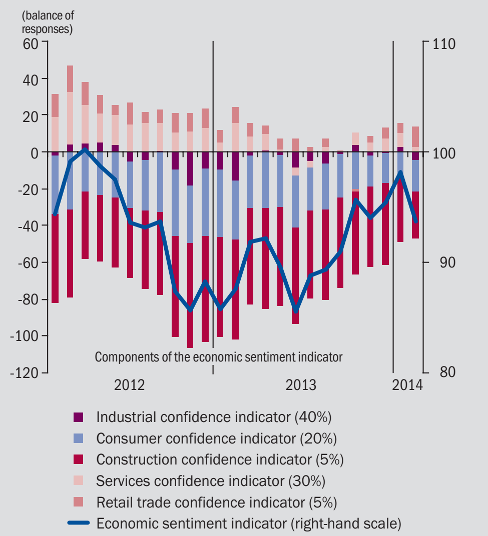
Economic sentiment indicators for both the euro area and Germany increased again in February. The PMI for the euro area fell marginally (to 52.7, from 52.9 in January), while Germany's PMI maintained a rising trend (up to 56.1, from 55.5). The Ifo business climate index for Germany also improved in February, though the component of expectations for future developments edged down to 108.3 (from 108.9 in January). Although the German ZEW index fell in February (to 55.7, from 61.7 in January), it remains far above the long-run average (24.5). These indicators point to continuing economic recovery in both Germany and the euro area as a whole. This view is further supported by Now-Casting.com, according to which euro-area economic growth could be similar to its level in the last quarter of 2013.

Chart 10 Industrial confidence indicator (balance of responses)



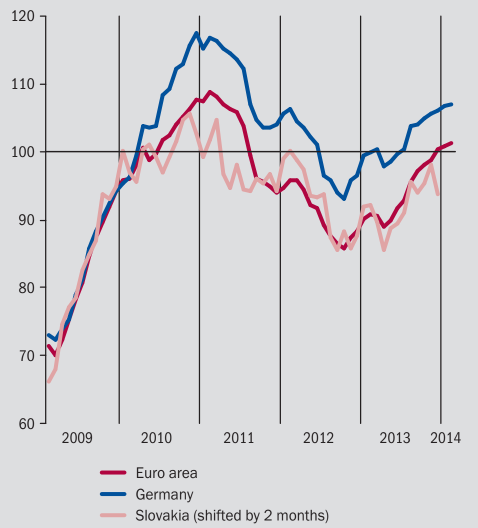
Source: European Commission.

Chart 9 Economic Sentiment Indicator (long-run average = 100)



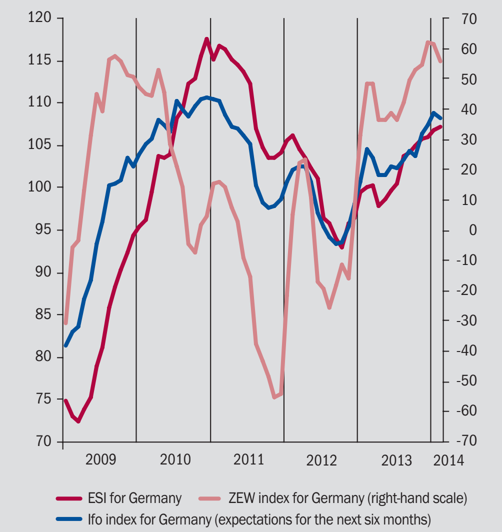
Source: European Commission.
Note: The percentages in the legend represent the weights of the respective components in the ESI.

Chart 11 Economic Sentiment Indicator (long-run average = 100)



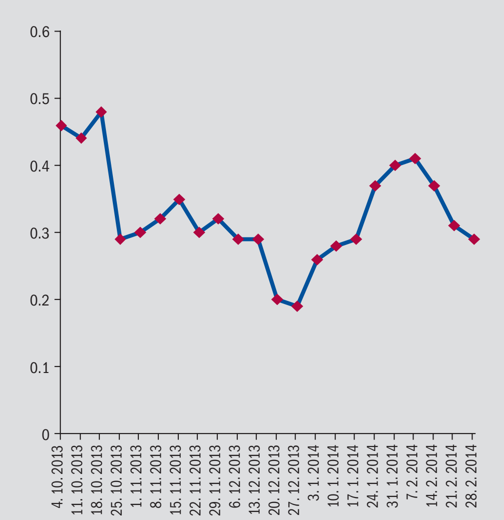
Source: European Commission.

Chart 12 Economic Sentiment Indicator for Germany



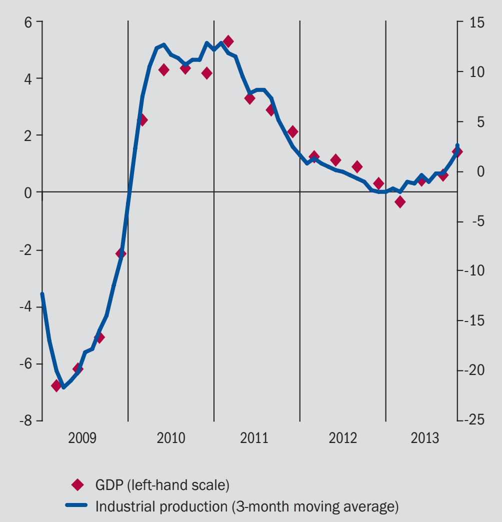
Source: European Commission, Ifo institute, ZEW Centre.
Note: ESI (long-run average = 100), Ifo index (2005 = 100), ZEW (balance of responses).

Chart 14 Euro-area GDP growth estimate for Q1 2014 (quarter-on-quarter percentage changes)



Source: Now-Casting.com

Chart 13 GDP and industrial production in Germany (annual percentage changes)



Source: Eurostat.

2.4 INDUSTRIAL AND CONSTRUCTION PRODUCTION

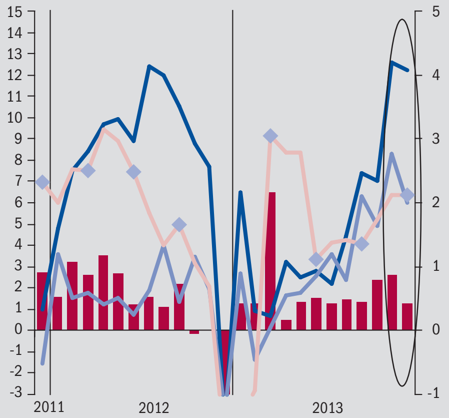
Fall in industrial production caused by automotive industry

Industrial production in December was 0.8% lower compared to the previous month and increased by 12.2% year-on-year. The drop was caused mainly by the automotive industry and to a significant extent also by the manufacturing segments of metals, textile and electronics. The rate of decline may have reflected November's strong growth in car production, which in large part compensated for the temporary shutdown of car factories in December. Industrial production for the year as a whole increased by 5.2%, with most of that growth accounted for by car production (Slovakia produced some 980,000 cars in 2013, an increase of 5.8% year-on-year), as well as by the manufacturing segments of electrical equipment and metals.

Despite falling in December, industrial production rose quarter-on-quarter by 2.1%. Hence industry, like sales, contributed positively to the increase in GDP growth in the fourth quarter of 2013. The gradual improvement in industry confidence overall and in expectations for the future indicates industry developments will remain favourable in the next period.

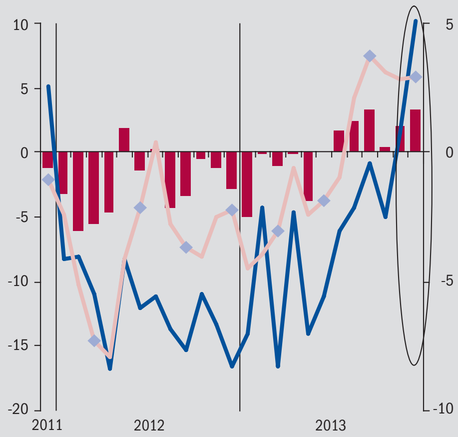
Construction production was 3.9 % higher in December 2013 than in the previous month and increased by 10.2 % year-on-year. The growth was driven largely by domestic construction work.The segments of building construction and new civil engineering construction both

Chart 15 Industrial production (%)



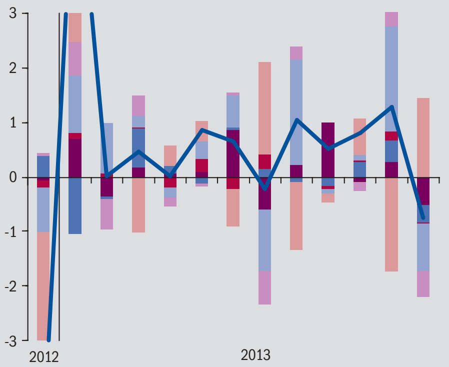
Source: SO SR, NBS calculations.

Chart 17 Construction production (%)



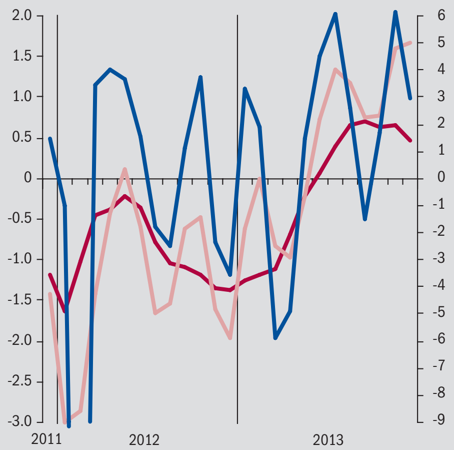
Source: SO SR, NBS calculations.

Chart 16 Industrial production – principal contributions to monthly rate of change (p.p.)



Source: SO SR, NBS calculations.

Chart 18 Construction production (monthly percentage changes; constant prices)



Source: SO SR.
Note: Building construction accounts for around 70% of total construction production.

maintained month-on-month growth. For the first time in almost two years, the annual rate of change in construction production was positive for a second successive month. An essential factor in the construction recovery has been the continuing mild weather. These construction sector developments confirm the revival in investment in the fourth quarter of 2013.

2.5 TRADE BALANCE

Trade surplus ended year at an all-time high

The 12-month cumulative trade surplus was 6.1% of GDP at the end of December 2013, exceeding any previous full-year surplus (including the 5% of GDP reported for 2012). Exports and imports for the year as a whole increased by 3.7% and 2.5% respectively.

The trade figures would have been stronger still had the trade balance for December not been in deficit. According to preliminary data, imports increased by 12.5% year-on-year while goods exports rose by 9%.

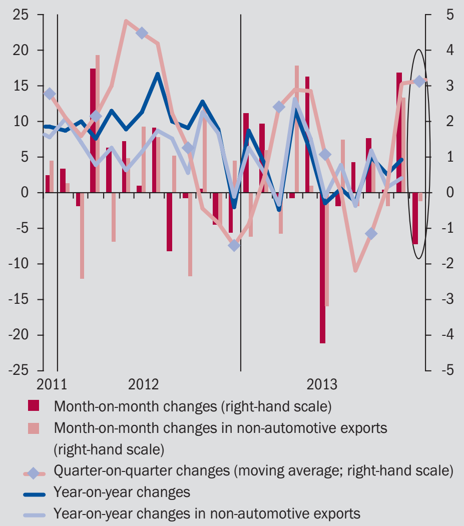
December's exports fell by 1.4% month-on-month after rising strongly in November. This correction was largely caused by car producers, which ramped up exports in November and then reduced them in December in connection with a planned temporary shutdown of production lines.

Nominal goods exports in the fourth quarter of 2013 were still, however, 3.4% higher than in the third quarter. The quarter-on-quarter growth in exports may have been even greater in real terms, with exporter prices on a 15-month-long downward trend (falling to a level previously recorded at the beginning of 2011).

Not only exports, but also imports declined month-on-month, albeit to a far lesser extent (0.5%). A sharper decrease was prevented by investment imports, whose rising trend in October and November continued in December (according to preliminary data).

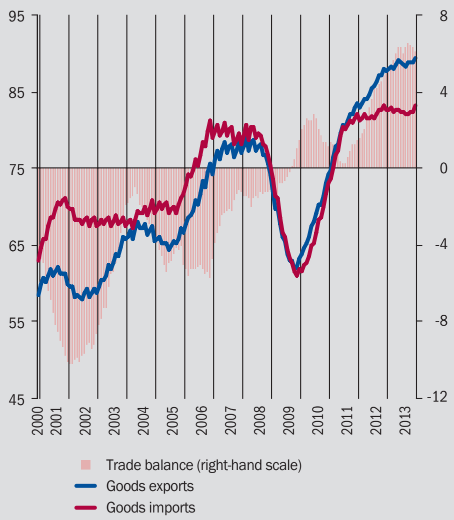
December's marginal decline in imports followed the two months of the year in which

Chart 20 Goods exports (%)



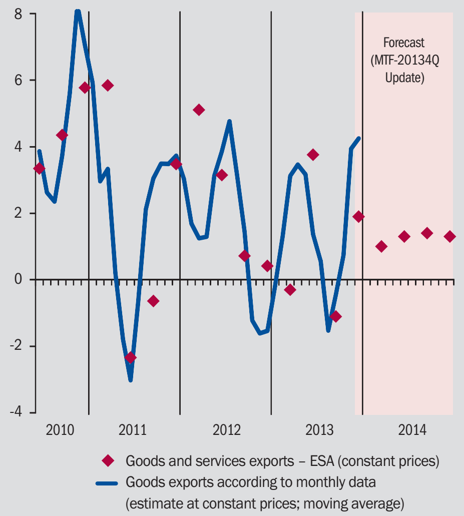
Source: NBS and SO SR.

Chart 19 Twelve-month cumulative trade balance (% of GDP)



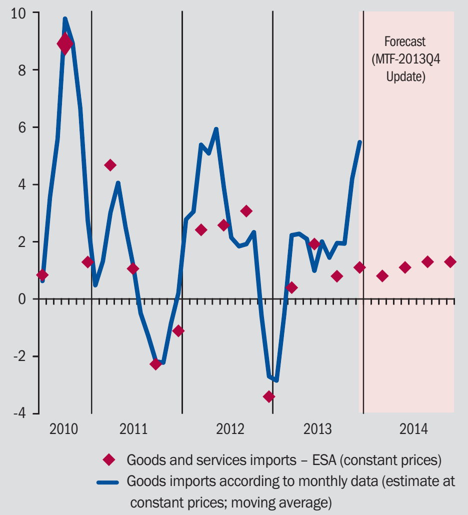
Source: NBS and SO SR.

Chart 21 Goods exports estimate according to monthly indicators (quarter-on-quarter percentage changes)



Source: SO SR, NBS calculations.

Chart 22 Goods imports estimate according to monthly indicators (quarter-on-quarter percentage changes)



Source: SO SR, NBS calculations.

import growth was highest and which ensured that imports for the fourth quarter as a whole were 4.6% higher compared to the third quarter. Monthly export figures were strong enough to support an increase in GDP growth in the fourth quarter.

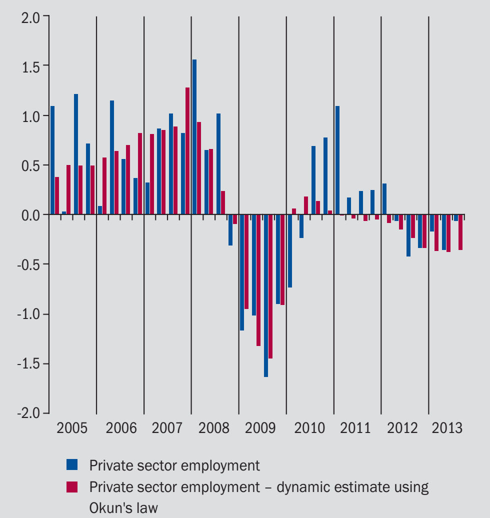
3 Labour market

After beginning to pick up in November, employment growth across the selected sectors increased even more in December (by 0.4% month-on-month). Employment increased in the sectors of industry and construction and remained largely unchanged in the other sectors. The moderate recovery of activity (as observed in, for example, production and sales) began to have an upward effect on recruitment demand. Given that employment lags GDP growth (Table 1 showing the application of Okun's law in Slovakia), this tendency is expected to continue at the beginning of 2014. According to employment expectations, employment dynamics should remain positive in the near term.

As regards the Okun's law estimate for Slovakia, a coefficient (elasticity) of -0.1 (and 0.1 for employment) means that GDP growth of 1% for a period of at least one year will cause the unemployment rate to decline by around 0.1 percentage point (and employment to increase by 0.1%). GDP growth, however, according to estimated relationships, affects the labour market with a lag of around three quarters, during which the downward impact of GDP growth on the unemployment rate may be cumulatively around 0.5 percentage point (with an upward impact on employment of 0.6%). Since the estimated elasticity may change over time, it is only an approximate estimate. According to such estimates (for the period from 1995 to the third quarter of 2013), annual GDP growth must be around 3.2% in order to cause an increase in employment. However, for the current period (2005 to the third quarter of 2013), GDP growth of around 2% is sufficient to increase employment.

The chart shows a discrepancy between the Okun's law estimate and the actual data for private sector employment in 2010 and 2011. This is partly explained by the postponement of new recruitment owing to the then uncertain economic climate. Employment increased

Chart 23 Employment estimated using Okun's law (quarter-on-quarter percentage changes)



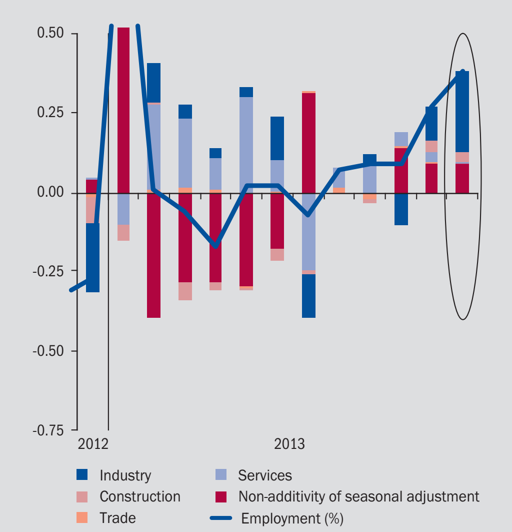
Source: SO SR, NBS calculations.
Note: Private sector employment includes the whole economy except for the sectors of public administration, defence, education, human health and social work activities.

Table 1 Okun's law quarterly coefficients for Slovakia

	Equation with unemployment rate		Equation with employment	
	coefficient	p-value	coefficient	p-value
GDP (t)	-0.14	0.000	0.11	0.009
GDP (t-1)	-0.09	0.009	0.13	0.004
GDP (t-2)	-0.11	0.003	0.14	0.003
GDP (t-3)	-0.12	0.000	0.09	0.052
Equation with the unemployment rate	D(UR) = C + a1*DLOG(HDP) + a2*DLOG(HDP(-1))+ a3* DLOG(HDP(-2)) + a4*DLOG(HDP(-3)) + a5*DLOG(HDP(-4))			
Equation with private sector employment	DLOG(Z_PR) = C + b1*DLOG(Z_PR(-1)) + b2*DLOG(HDP) + b3*DLOG(HDP(-1)) + b4*DLOG(HDP(-2)) + b5*DLOG(HDP(-3))			

Source: NBS.
Note: For an explanation of the estimate methodology see, for example, Ball et al. (2012) "Okun's Law: Fit at Fifty?".

Chart 24 Employment – monthly rate of change by sectoral contributions (p.p.)

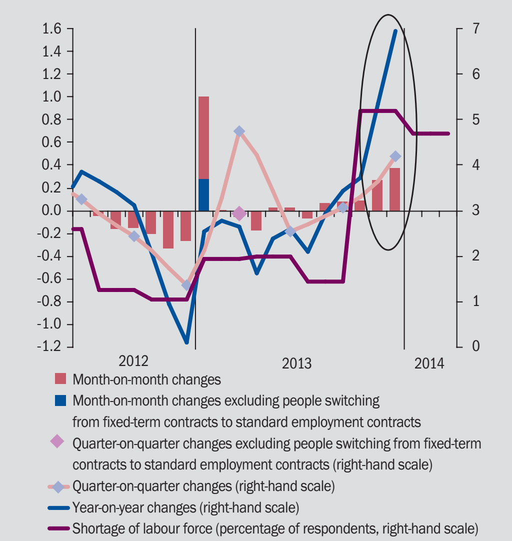


Source: SO SR, NBS calculations.

in the third and fourth quarters of 2010, but in a standard period it would have done so somewhat earlier. In 2011, however, the employment situation was relatively buoyant, as would be expected according to Okun's law. In this case, the growth-supporting effects are assumed to have stemmed mainly from large investment in the automotive industry and from the introduction of more flexible employment legislation. Furthermore, the post-crisis conditions of the period resulted in an upsurge of foreign direct investment in Slovakia, which, according to the Trade and Investment Development Agency (SARIO), led to the direct creation of 4,400 jobs. Another sector that saw a sharp rise in employment was administration, support service and professional activities (legal and accounting activities, tax consultancy, and other services), but since this increase may not have been entirely related to GDP growth, it was not captured by Okun's law.

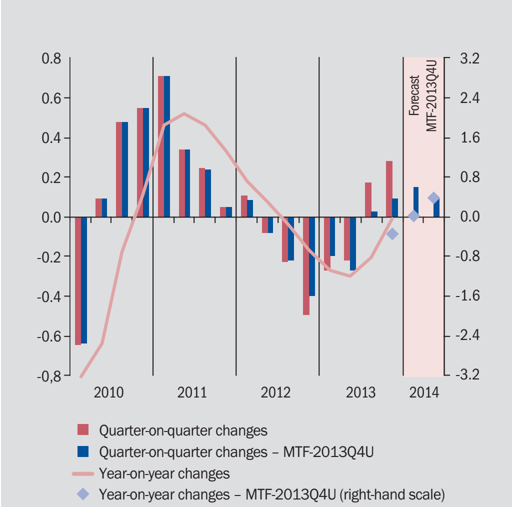
According to the flash estimate, total employment in the economy in the fourth quarter increased, quarter-on-quarter, by 0.3%, which was higher than projected in the most recent NBS forecast (MTF-2013Q4U). This growth, along with developments in confidence indicators and registered unemployment (lower) point to a continuation of this favourable situation in the beginning of 2014, and therefore the MTF-2013 Q4U forecast's assumption of moderate employment growth in 2014 may be realistic. The stronger fourth-quarter increase automatically

Chart 25 Rates of change in employment (%)



Source: SO SR, European Commission, NBS calculations.
Note: The rate of change time series excluding the effect of people switching from fixed-term contracts to standard employment contracts was estimated using reports submitted to the SO SR by larger firms (PROD 3-04). The indicator "shortage of labour force" is included in EC business surveys.

Chart 26 Comparison of current forecast and developments in employment (ESA 95)



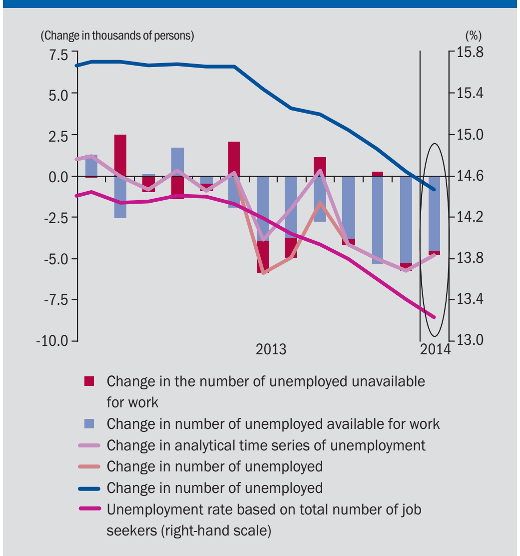
Source: SO SR, NBS calculations.
Note: The ESA employment figure for Q4 2013 is the SO SR's flash estimate.

adds two tenths of a percent to the 2014 employment growth projected in the forecast.

After emerging largely in the fourth quarter of 2014, the downward trend in the number of job-seekers continued in January. The seasonally adjusted drop of some 4,800 job-seekers was only around 1,000 lower compared to December, the assumption being that the warmer weather in December resulted in more seasonal workers being retained (for example, in the construction sector). The registered unemployment rate, seasonally unadjusted, increased by 0.11 percentage point, but after adjusting for seasonal increases in December, the rate decreased. The overall unemployment rate followed a very similar pattern, since there was no movement between the categories of job-seekers available and unavailable for work. The number of people finding work remains at the levels observed at the end of 2013, hence around four to five thousande higher than during the labour market downturn in late 2012 and early 2013.

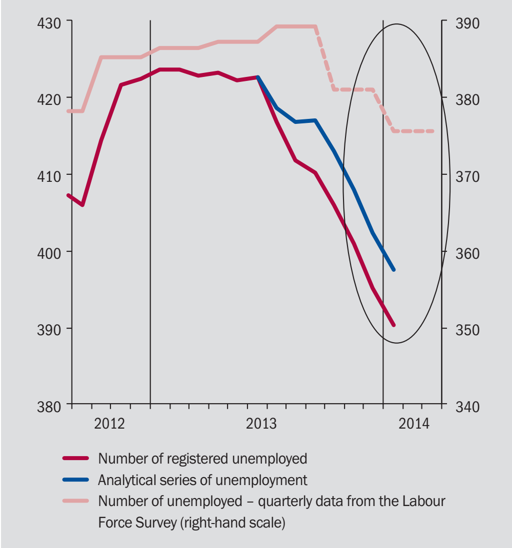
The brighter unemployment picture along with improved employment expectations and soft economic indicators suggests that the favourable trend may continue in coming months. If that assumption is confirmed, the drop in the unemployment rate for the first quarter of 2014 could be even greater than the level (0.2 p.p.) projected in the MTF-2013Q4U forecast.

Chart 27 Unemployment (%)



Source: Central Office of Labour Social Affairs and Family, NBS calculations.

Chart 28 Number of unemployed (thousands of persons)

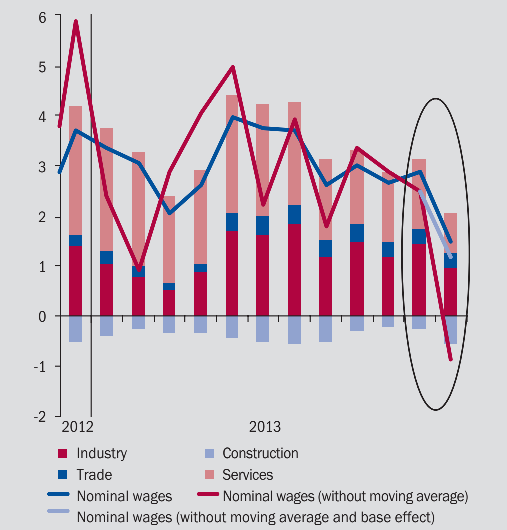


Source: Central Office of Labour Social Affairs and Family, SO SR, NBS calculations.
Note: The number of unemployed according to the Labour Force Survey for the fourth quarter of 2013 is the SO SR's flash estimate for the fourth quarter, while the figure for the first quarter of 2014 is based on assumptions in the NBS Medium-Term Forecast (MTF-2013Q4U).

Nominal wages in December declined year-on-year by a substantial 0.9%, and also fell in comparison with the previous month, by 0.8%. The annual rate of change reflected a sizeable base effect, since the previous year saw higher bonuses paid towards the year-end, probably in order to avoid an increase in contributions scheduled for the new year. Abstracting this effect, wages in December 2013 would have increased, albeit at a slower pace. Nevertheless, both month-on-month and quarter-on-quarter developments point to a slight slowdown in wage growth, which may possibly be explained by weaker sales results in December. The pick-up in new recruitment also weighed on wage growth, but only very moderately by around a tenth of a percentage point (as most new employees were probably hired on lower salaries). Wage growth decelerated in a majority of the selected sectors, the exceptions being sale of motor vehicles, wholesale trade, and accommodation activities.

The slowdown in wage growth (other than that caused by the base effect) may mean wage growth in the economy as a whole will be lower than projected in the NBS forecast MTF-2013Q4U. While aggregate wage growth in the selected sectors fell significantly, it may be expected that the slowdown at the whole-economy level was mitigated by relatively higher wage growth in the sectors of public administration, education and human health. This is one reason why wage growth has for a year now been moderately higher than productivity growth.

Chart 29 Nominal wages – annual rate of change by sectoral contribution (3-month moving average, p.p.)

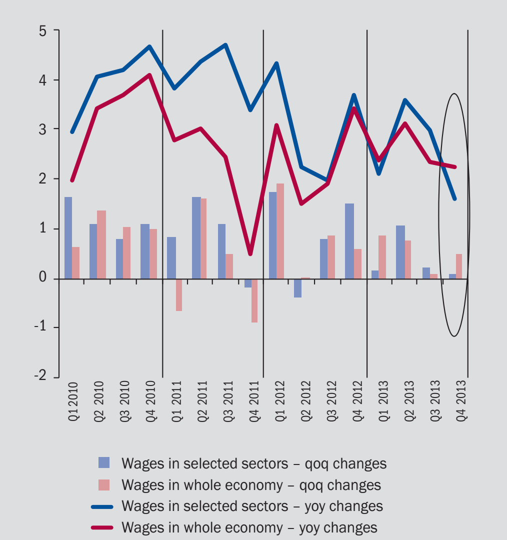


Source: SO SR, NBS calculations.

Chart 31 Wage growth (annual percentage changes; 3-month moving average)

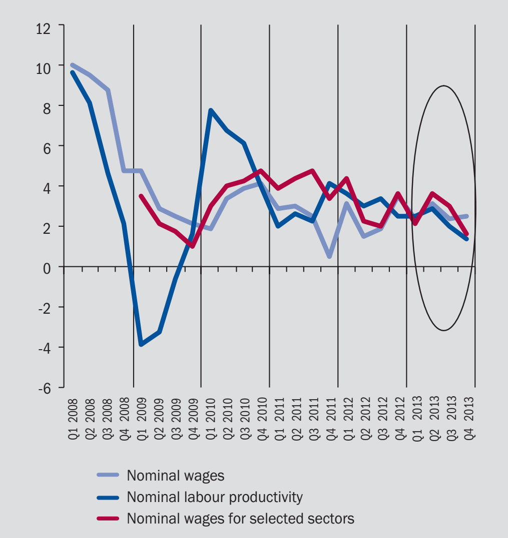
Source: SO SR.

Chart 30 Wage developments in the economy (annual and quarter-on-quarter percentage changes)



Source: SO SR.
Note: Wage growth in the selected sectors for Q4 2013 is calculated using the SO SR's monthly data. Wage growth in the economy as a whole for Q4 2013 represents the most likely current estimate.

Chart 32 Wage developments and nominal labour productivity (annual and quarterly percentage changes)



Source: SO SR.
Note: Nominal wage growth for Q4 2013 is the projection given in the NBS Medium-Term Forecast (MTF-2013Q4U). Nominal labour productivity is based on the SO SR's flash estimate for Q4 2013. Nominal wage growth in the selected sectors is based on a quarterly average of the monthly wage indicator.

4 Prices

Inflation fell to 0.0%

Annual consumer price inflation fell in January 2014 for a fifteenth consecutive month. Compared to the previous month, prices rose by a moderate 0.3%. The annual HICP rate was almost 0.2 percentage point lower than projected and included a significant negative contribution from net inflation excluding fuel prices.

The slowdown also reflected, to a lesser extent, the rate of change in energy prices and, to a greater extent, the effect of post-Christmas sales on prices of non-energy industrial goods and low services price inflation. The main downward pressures on non-energy industrial goods price inflation were from decreases in prices of furniture, home furnishings, and motion picture and sound reproduction equipment. January services price inflation was lower than in previous years, owing mainly to low inflation in the segments of restaurant and food service activities, recreation, culture, and personal care services. Among the demand-pull factors accounting for this low inflation were weak consumer demand, changes in consumer behaviour and subdued wage growth, while cost-push factors included decreases in fuel and food prices in the second half of 2013. By contrast, inflationary pressure came from an increase in the rate of change in food prices, which stemmed mainly from a strong month-on-month rise in unprocessed food prices (marking the end of a sharp six-month-long downward trend in these prices).

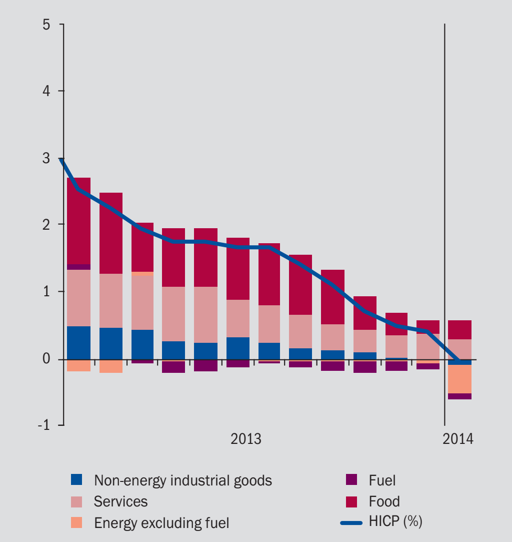
Inflation over the next months is expected to fluctuate at close to or slightly above 0%. It is further assumed that the average annual increase in the overall price level in 2014 will be less than 1%. A downward, deflationary risk to that outlook may be a greater than projected decline in non-energy industrial goods prices in February and March. The deflation risk recedes significantly in the second half of 2014 (close to zero) due to the fading of the base effects of a bank charge cancellation and large fall in food prices.

Table 2 HICP components – comparison of projected and actual rates of change (in percent unless otherwise stated)

			Non-energy industrial goods	Energy	Food	Services	HICP
Month-on-month change	A	January 2013 – actual figure	0.1	0.5	1.8	0.5	**0.7**
	B	January 2014 – forecast	0.2	-1.3	1.4	0.8	**0.5**
	C	**January 2014 – actual figure**	**-0.2**	**-1.9**	**2.3**	**0.2**	**0.3**
	BC	Direction of deviation, if any					lower increase
	BC	**Difference in contribution to month-on-month rate of change (p.p.)**	**-0.14**	**-0.10**	**0.21**	**-0.18**	**-0.20**
Year-on-year change	D	December 2013 – actual figure	0.0	-0.9	0.7	1.2	**0.4**
	E	January 2014 – forecast	0.1	-2.6	0.3	1.5	**0.1**
	F	**January 2014 – actual figure**	**-0.4**	**-3.2**	**1.2**	**0.9**	**0.0**
	AC	Base effect	moderate	significant	moderate	moderate	**moderate**
	DF	**Movement of prices compared with previous month**					**moderate slowdown**
	EF	Direction of deviation, if any					**slightly lower than projected**
	EF	**Difference in contribution to year-on-year rate of change (p.p.)**	**-0.14**	**-0.10**	**0.21**	**-0.18**	**-0.19**

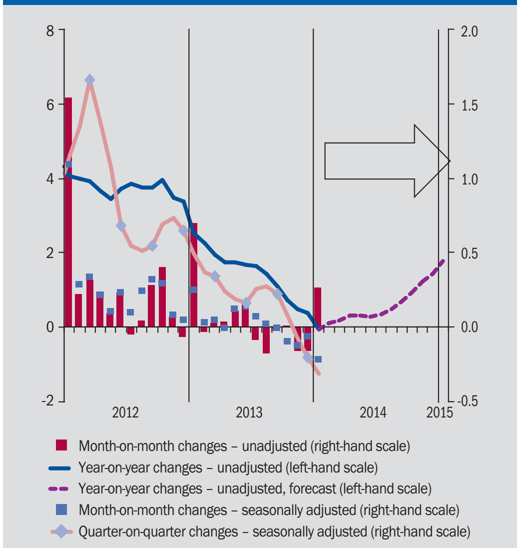
Source: SO SR, NBS calculations.

Chart 33 Composition of annual inflation (p.p.)



Source: SO SR, NBS calculations.

Chart 34 Headline inflation rate (%)

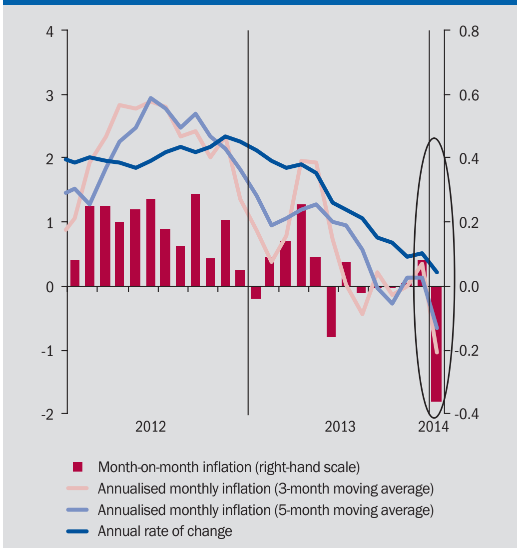


Source: SO SR, NBS calculations.

Chart 35 Selected inflation components (annual percentage changes)

Source: SO SR, NBS calculations.
Note: Net inflation comprises non-administered prices of services and non-administered prices of non-energy industrial goods.

Chart 36 Annualised net inflation excluding fuel prices (percent; seasonally adjusted)



Source: SO SR, NBS calculations.
Note: Net inflation comprises non- administered prices of services and non-administered prices of non-energy industrial goods.

5 Public finances

On 25 February 2014 **the European Commission (EC) published its economic forecast** up to 2015.[4] For Slovakia, the general government deficit is projected to be 2.5% of GDP in 2013, rising to 3.3% in 2014 and 3.4% in 2015, while the general government debt is forecasted at 54.3% of GDP in 2013, increasing to 57.8% in 2014 and 58.4% in 2015. **The EC is therefore assuming that the deficits will be higher than the budget targets** (2.6% of GDP in both 2014 and 2015). Furthermore, the EC's projection for budget revenues in 2013 includes income from the sale of emergency oil reserves; however, as the EC notes, Eurostat is examining the classification of such one-off income in budget revenue (ESA 95 methodology) and has not yet issued a final decision on the matter. **Therefore this income continues to constitute a so-called methodological risk.**

The approved general government budget (GGB)[5] differs in several respects from the conclusions reached in the NBS Analysis of the GGB Proposal, published in November 2013.[6] Most importantly, the fiscal deficit target has been reduced to 2.64% of GDP in 2014, from an original level of 2.83%. The fiscal target reduction did not, however, result in a lowering of the structural deficit, which remains at the November level (3.9% of GDP) since a reduction in the fiscal target for 2014 was offset by a similar increase in the amount of one-off factors (the reserve set aside to attain the fiscal target and a refund from the EU budget). Consequently, the consolidation effort is unchanged from November and remains at -0.4% of GDP. Because of the reduction in the fiscal target from the November projection, the fiscal impulse would have a less expansive impact on aggregate demand in 2014 (-0.7% of GDP, as against the -0.9% assumed in November). The impact of the public sector on the economy differs from the November analysis owing to changes in the composition of one-off factors on the expenditure side (with an aggregate impact of 0.2% of GDP).

Compared to the approved budget for 2014, estimated **revenues from one-off measures have been reduced** by €524 million or 0.7% of GDP (lower revenues from the sale of telecom licences and the impact of not paying out dividends from state companies SPP and SEPS which had originally been postponed from 2013 to 2014). That reduction is partially offset by an increase in estimated revenues from taxes and social security contributions, which according to the Tax Revenue Forecasting Committee (February 2014) will be higher by 0.3% of GDP. Overall, therefore, estimated revenues for 2014 are reduced by €300 million (0.4% of GDP) as against the fiscal target. In view of this information, the result of not compensating for the reduction in revenues would be a general government deficit for 2014 of 2.9% of GDP. The structural deficit (according to EC methodology) for 2014 is assumed to be lower compared with both NBS's November 2013 Analysis and the approved GGB, by 0.3% of GDP, at 3.6% of GDP. This is because revenues from taxes and social securities contributions are higher than projected in the approved budget. Hence, the consolidation effort is expected to be less expansive, at -0.1% of GDP.[7]

At the same time, the impact of the fiscal impulse would be -0.4% of GDP, lower than projected in the approved budget and in the November 2013 Analysis.

4 EC European Economic Forecast, European Economy 2/2014.

5 The changes in the approved GGB are described in further detail in the annex to this bulletin.

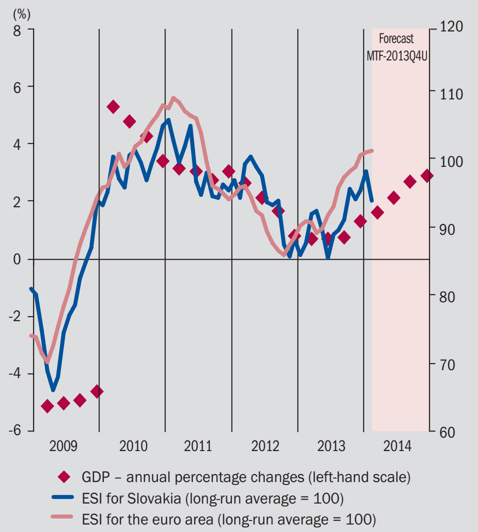
6 Analysis of the General Government Budget Proposal for 2014–2016, NBS Analytical Commentary No 5, November 2013.

7 If, however, the reduction in revenues were offset by measures of a permanent nature, so as to achieve a general government deficit of 2.5% of GDP, the scope of such measures would entail a reduction in the structural deficit, to 3.2% of GDP, while the consolidation effort would be in the order of 0.3% of GDP and the fiscal impulse would have a neutral impact on aggregate demand.

6 QUALITATIVE IMPACT ON THE FORECAST

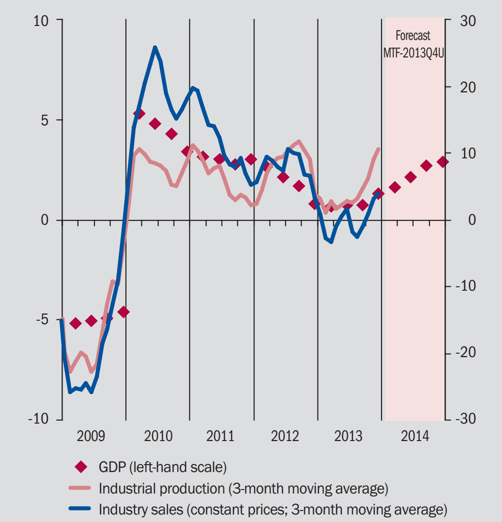
The latest economic growth and employment figures were broadly consistent with expectations. The data confirmed trends described in the current NBS Medium-Term Forecast (MTF-2013Q4U) regarding the recovery of external demand and consequent positive impact on the Slovak economy. The labour market situation appears to have progressed slightly better than projected, which may be reflected in an upward revision of employment estimates over the forecast period. Whether private consumption will pick up significantly is questionable, however, given that private sector wage growth is falling short of projections. The latest forward-looking indicators from both the euro area and Slovakia confirm the trends outlined in the current forecast, with euro-area economies expected to gather momentum from this year. Since inflation has been slightly lower than expected, inflation projections may be revised in the next forecast.

Chart 38 GDP and the economic sentiment indicator



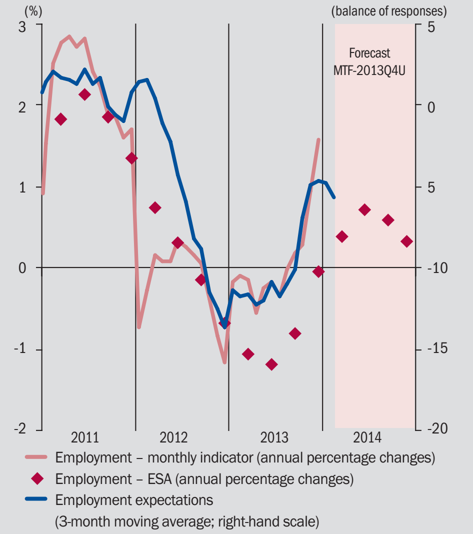
Source: SO SR, NBS and European Commission.
Note: The GDP figure for Q4 2013 is the SO SR's flash estimate.

Chart 37 GDP, industrial production and sales (annual percentage changes)



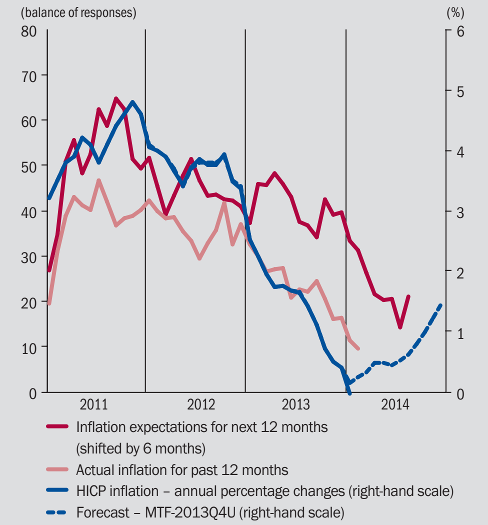
Source: SO SR and NBS.
Note: The GDP figure for Q4 2013 is the SO SR's flash estimate.

Chart 39 Employers' expectations and the annual rate of change in employment



Source: SO SR, NBS and European Commission.
Note: The employment (ESA) figure for Q4 2013 is the SO SR's flash estimate. The future figures are based on the quarter-on-quarter increases projected in the NBS forecast.

Chart 40 Consumers' inflation perceptions and HICP inflation



Source: SO SR, NBS and European Commission.

Consolidation effort and fiscal impulse updated against the November Analysis of the General Government Budget Proposal for 2014–2016

A crucial issue for monetary policy is the sustainability of public finances (i.e. the structural deficit and consolidation effort) as is the direct impact on aggregate demand (i.e. the fiscal impulse). The purpose of this update is point out whether and to what extent these indicators will be modified following the incorporation of the latest information regarding:

1. the approved general government budget (since in November 2013, when NBS published its Analysis of the General Government Budget Proposal, the GGB had not yet been approved);
2. the preliminary conclusions of the Eurostat mission (concerning methodological risks), actual revenues from the auction of telecom licences and dividend payments;
3. outcomes of the February meeting of the Tax Revenue Forecasting Committee.

Considering the European Commission's latest forecast, NBS does not expect the baseline scenario to incorporate methodological risks (although Eurostat has still to issue a final decision on this question). Compared to the fiscal target for 2014, estimated revenues from one-off measures have been reduced by €524 million or 0.7% of GDP[8] (lower revenues from the sale of telecom licences and the impact of not paying out postponed dividends from state companies). That reduction is partially offset by an increase in estimated revenues from taxes and social security contributions, which according to the Tax Revenue Forecasting Committee (February 2014) will be higher by 0.3% of GDP. Overall, therefore, estimated revenues for 2014 are reduced by €300 million (0.4% of GDP) as against the fiscal target. In addition to the baseline scenario, we have produced a scenario in which the target would be met and the reduction in revenues would be funded without the need for one-off measures.[9]

1. Approved general government budget

On 12 December 2013 the Slovak Parliament approved the General Government Budget Proposal for 2014–2016. The approved budget includes a fiscal deficit target of 2.64% of GDP, an improvement on the original target of 2.83%. The fiscal targets for 2015 and 2016 were left unchanged (at 2.6% and 1.5% of GDP, respectively). Compared to the budget proposal, the approved budget includes several changes affecting the structural balance and fiscal impulse.

Among the changes were new projections for **revenues from taxes and social security contributions,** following the outcome of November's meeting of the Tax Revenue Forecasting Committee (TRFC).[10] According to the TRFC, fiscal revenues are expected to be higher than projected in the budget proposal by around €178 million (**0.2% of GDP**). In addition, the approved budget **set aside reserves originally envisaged** for covering the consequences of collective bargaining and for attaining the fiscal target, which in total amounted to around €100 million (**0.1% of GDP**). In the approved budget these funds were used not only to reduce the fiscal deficit target, but also to increase expenditure on health, social services, teachers' salaries and motorway construction by a total of €144 million (0.2% of GDP). Spending on motorway construction was also partly funded out of an EU budget refund of €50 million (0.1% of GDP).

These changes are reflected in the consolidation effort and fiscal impulse, largely through adjustments to the fiscal deficit target and to one-off factors that affect the structural balance. With the incorporation of these changes and NBS assumptions for the utilisation of EU funds, the

8 The latest EC forecast indicates a reduction of 0.7% of GDP in 2014.

9 A standard assumption in the absence of detailed information, although given past results it may be overly optimistic. The use of one-off measures would have a corresponding downward impact on the structural deficit and consolidation effort.

10 The updated projections for tax and social contribution revenues produced by the TRFC's November meeting were incorporated into the September 2013 projections of the Macroeconomic Forecasting Committee.

structural deficit (according to EC methodology) would, in the context of an accommodative fiscal policy, increase to 3.9% of GDP in 2014 while the consolidation effort (national methodology) would reach 0.4% of GDP. Such a structural deficit and consolidation effort does not change the estimates of NBS's November Analysis of the General Government Budget Proposal for 2014–2016. The estimated fiscal impulse for 2014 of -0.7% of GDP (against -0.9% in the November Analysis) points to a less expansive impact on aggregate demand.

2. BASELINE SCENARIO

After the budget was approved, media coverage focused on one-off factors affecting the general government deficit in 2013 and 2014. As the EC notes in its latest European Economic Forecast (EEF), Eurostat is currently examining the classification in Slovakia's national accounts of revenue from the sale of emergency oil reserves in 2013. Eurostat's final decision on this matter is still awaited, while the EEF assumes that the oil revenue may be treated as fiscal revenue in 2013. Also to be taken into account is that revenue from the sale of telecom licences in 2014 is budgeted at around 0.2% of GDP (as against 0.3% of GDP in NBS's November analysis). Furthermore, dividend payouts from state-owned SPP and SEPS amounting to 0.4% of GDP were, according to the budget proposal, to have been postponed until 2014, but were finally paid in 2013. Altogether, the decline in estimated revenue from one-measures in 2014 totalled €524 million, or 0.7% of GDP.

In February 2014 the Slovak Ministry of Finance (MF SR) updated its projections for tax and social contribution revenues, revising them up by €189 million **(0.3% of GDP)** in 2014 and €132 million **(0.2% of GDP)** in 2015 as against the approved budget. Even higher tax and social contribution revenue projections are given in NBS's updated Medium-Term Forecast (MTF-2013QU), published in January and taking into account the latest macroeconomic developments; they exceed the MF SR forecast by €69 million (0.1% GDP) in 2014 and by €173 million (0.2% of GDP) in 2015, largely because the NBS forecast's assumptions for wage developments and household consumption are more favourable than those of the MF SR's Institute for Financial Policy (IFP). In 2014, however, this positive effect is reduced by the impact of lower nominal GDP. The updated estimate for overall revenues in 2014, adjusted for the impact of lower nominal GDP, exceeded the revenues in the approved budget by €224 million (**0.3% of GDP**).

Therefore the updated tax and social contribution revenues for 2014 compensate for part of the reduction in revenues.

After taking into account this information, one-off factors and the economic cycle, the structural deficit (EC methodology) would be 3.6% of GDP. At the same time, the consolidation effort (national methodology) would moderate in comparison with the November assumptions to a less expansive -0.1% of GDP. Under this scenario, in 2014, the impact of the fiscal impulse on aggregate would be less expansive than projected in November 2013, at -0.4% of GDP.

Table 3 How the tax collection outlook under MTF-2013Q4U macroeconomic conditions differs from that based on IFP assumptions (February 2014) (EUR millions unless otherwise stated)

	2014	2015	2016
Total (% of GDP)	0.0	0.2	0.3
Total	35	147	272
Personal income tax	7	16	23
Corporate income tax	-1	17	39
Withholding tax	0	0	1
VAT	29	67	109
Excise taxes	4	9	15
Social and health insurance	31	64	90
Impact of nominal GDP on the deficit target	-35	-26	-5

Source: NBS, based on IFP calculations of the estimated impact of macroeconomic developments on the general government balance.

The impact of the public sector on the economy has been revised from the November Analysis owing to higher structural tax revenues in 2014 and to the fact that the impact of expenditure-side one-off factors is higher than was envisaged in November by 0.2% of GDP (as the fiscal target reserve has been set aside and a refund from the EU budget is expected).

a) Under variant 2a, information from the baseline scenario is incorporated and the revenue reduction in 2014 is assumed to be offset by alternative measures of a permanent nature, so as to achieve a general government deficit of 2.5% of GDP. In that case, the structural deficit decreases to 3.2% of GDP while the consolidation effort is in the order of 0.3% of GDP, differing from the baseline scenario by 0.7% of GDP. With tax and social contribution revenues revised up by 0.3% of GDP following the update of their outlook after the February meeting of the Tax Revenue Forecasting Committee, they would cover consolidation requirements (assuming they are not used to fund additional spending). The impact of fiscal policy on aggregate demand would be neutral.

b) Since Eurostat's decision on the methodological issue will affect the final general government deficit for 2013, and fiscal performance results for that year are not yet available (they will not be known until after the April 2013 notification), the next part looks at two variants, 2b and 2c, which describe potential scenarios arising from the government's response to the Eurostat decision. Variant 2b illustrates the situation where the methodological risks materialise (Eurostat confirms its reservations and therefore revenue from the sale of emergency oil reserves may not be classified as fiscal revenue in 2013 as originally envisaged; at the same time, however, the government maintains the fiscal deficit target at 3.0% of GDP). Under this scenario, the consolidation effort in 2013 (national methodology) increases to 1.2%, the structural deficit reaches 3.4% of GDP, and the fiscal impulse is highly restrictive (1.6% of GDP). In 2014 the consolidation effort (national methodology) eases to -0.4%, since the budget does not fully compensate for the excluded revenues. Hence fiscal policy has an expansive impact on aggregate demand (-0.7% of GDP).

c) Variant 2c illustrates the situation where Eurostat confirms its reservations, deciding that revenue from the sale of emergency oil reserves may not be classified as fiscal revenue under the ESA 95 methodology; furthermore, the excluded revenues are not compensated by other measures and consequently the fiscal target for 2013 is not

Chart 41 Structural balance (EC methodology; % of GDP)

Source: NBS.
Note: The medium-term fiscal target for 2017 is based on EU Council recommendations.

Chart 42 Consolidation effort (national methodology; % of GDP)

Source: NBS.

Chart 43 Fiscal impulse (% of GDP)

Source: NBS.

met, with the general government deficit for the year amounting to 3.3% of GDP. In this case, the consolidation effort in 2013 is lower than that under the previous scenario by 0.3% of GDP, while the structural deficit stands at -3.7% of GDP. The smaller consolidation effort in 2013 translates into a less restrictive fiscal impulse to the economy, at 1.3% of GDP. In 2014 the consolidation effort stands at -0.1%, easing more moderately that it does under the previous variant. Fiscal policy is therefore less expansive compared with the previous scenario, at -0.4% of GDP.

Table 4 Consolidation effort and fiscal impulse

Consolidation effort (ESA 95; % of GDP)			Estimated balance based on assumptions of GGB 2014–16	Estimated balance after payout of SEPS and SPP dividends in 2013	Estimated balance after payout of SEPS and SPP dividends in 2013 and elimination of revenue from emergence oil reserve sales; meeting the fiscal deficit target	Estimated balance after payout of SEPS and SPP dividends in 2013 and elimination of revenue from emergence oil reserve sales; not meeting the fiscal deficit target	Original GGB Proposal for 2014–16	Analysis of the GGB Proposal (November 2013): Original GGB Proposal for 2014–16; NBS assumptions for EU funds	Approved GGB for 2014–16; NBS assumption for EU funds utilisation	Approved GGB for 2014–16; NBS assumption for EU funds utilisation; actual UMTS licence revenue; SEPS and SPP dividend payouts in 2013; revenue reduction compensated by permanent measures	Approved GGB for 2014–16; NBS assumption for EU funds utilisation; actual UMTS licence revenue; dividends; exclusion of oil sales revenue in 2013	Approved GGB for 2014–16; NBS assumption for EU funds utilisation; actual UMTS licence revenue; dividends; exclusion of oil sales revenue in 2013	Approved GGB for 2014–16; NBS assumption for EU funds utilisation; actual UMTS licence revenue; SEPS and SPP dividend payouts in 2013; revenue reduction not compensated
	2011	2012	2013	2013	2013	2013	2014[1)]	2014	2014[1)]	2014[2)]	2014	2014	2014[2)]
a	b	c	1	2 (BASELINE SCENARIO)	2b	2c	d	e	1	2a	2b	2c	2 (BASELINE SCENARIO)
1. General government budget balance	-5.1	-4.5	-3.0	**-2.6**	-3.0	-3.3	-2.8	-2.7	-2.5	-2.5	-2.9	-2.9	**-2.9**
2. Cyclical component[3)]	0.0	-0.2	-0.3	**-0.3**	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	**-0.3**
3. One-off effects[4)]	-0.2	0.5	1.0	**1.4**	0.7	0.7	1.6	1.6	1.7	1.1	1.1	1.1	**1.1**
of which: – extraordinary rev. of Telecom Authority from licence sales	0.0	0.0	0.0	**0.0**	0.0	0.0	0.3	0.3	0.3	0.2	0.2	0.2	**0.2**
– sale of emergency oil reserves outside the GG balance	0.0	0.0	0.6	**0.6**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
– dividends	0.2	0.3	-0.4	**0.0**	0.0	0.0	0.8	0.8	0.8	0.3	0.3	0.3	**0.3**
– reimbursement of EU funds in the transport sector	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	**0.1**
– reserve originally planned for attaining fiscal target	0.0	0.0	0.0	**0.0**	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	**0.0**
4. Structural balance (EC methodology) (4 = 1 – 2 – 3)	-4.8	-4.8	-3.7	**-3.7**	-3.4	-3.7	-4.1	-3.9	-3.9	-3.2	-3.6	-3.6	**-3.6**
Consolidation effort (EC methodology)	2.8	0.0	1.2	**1.2**	1.4	1.2	-0.4	-0.2	-0.2	0.4	-0.2	0.0	**0.0**
5. Impact of introduction of fully-funded pension pillar	-1.2	-1.0	-0.6	**-0.6**	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	**-0.6**
6. Construction of motorways and expressways outside the GG balance	0.1	-0.1	-0.2	**-0.2**	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	**-0.1**
– construction costs of PPP projects	0.1	0.1	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
– government payments for PPP accessibility	0.0	-0.1	-0.2	**-0.2**	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	**-0.2**
– loans received by the National Motorway Company (NDS)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	**0.1**
– NDS repayment of loan principals	-0.1	-0.1	-0.1	**-0.1**	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
7. Impact of interest payments	-1.6	-1.9	-1.9	**-1.9**	-1.9	-1.9	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	**-1.8**
8. Primary structural balance (national methodology) (8 = 4 – 5 – 6 – 7)	-2.1	-1.9	-1.0	**-1.0**	-0.7	-1.0	-1.6	-1.4	-1.4	-0.7	-1.1	-1.1	**-1.1**
Consolidation effort (national methodology)	3.0	0.2	0.9	**0.9**	1.2	0.9	-0.6	-0.4	-0.4	0.3	-0.4	-0.1	**-0.1**
9. Impact of EU relations (according to assumptions of GGB for 2014–16)	2.0	1.8	1.6	**1.6**	1.6	1.6	3.1	2.0	2.0	2.0	2.0	2.0	**2.0**
– revenues from EU budget	3.1	2.9	2.8	**2.8**	2.8	2.8	4.2	3.1	3.1	3.1	3.1	3.1	**3.1**
– contributions to EU budget	-1.1	-1.1	-1.2	**-1.2**	-1.2	-1.2	-1.1	-1.2	-1.2	-1.2	-1.2	-1.2	**-1.2**
10. Adjusted primary structural balance for calculation of fiscal impulse (10 = 8 – 9)	-4.1	-3.7	-2.6	**-2.6**	-2.3	-2.6	-4.7	-3.4	-3.4	-2.7	-3.1	-3.1	**-3.1**
11. One-off effects and impact on aggregate demand	0.1	0.2	0.4	**0.4**	0.4	0.4	0.3	0.3	0.5	0.5	0.5	0.5	**0.5**
12. Interest payments to residents	-0.8	-1.0	-1.0	**-1.0**	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	**-1.0**
13. Fiscal impulse (13 = Δ10 + Δ11 + Δ12)	3.4	0.4	1.3	**1.3**	1.6	1.3	-2.1	-0.9	-0.7	0.0	-0.7	-0.4	**-0.4**
Output gap	0.2	-0.4	-1.5	**-1.5**	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	**-1.6**

Source: NBS.
1) consolidation effort and fiscal impulse measured against column 1 in 2013.
2) consolidation effort and fiscal impulse measured against column 2a in 2013.
3) estimated by the ESCB disaggregated method
4) one-off effects are based on the approach adopted by the Council for Budget Responsibility (CBR)
Note: Under the NBS assumption for EU funds utilisation, the co-financing requirement is lower by 0.2% of GDP.
The NBS assumption for 2013 is that the increase in revenues in 2013 (higher by 0.4% of GDP according to the Tax Revenue Forecasting Committee, reporting in February 2014) will cover expenditure risks and will not reduce the deficit in 2013 by a sufficient amount.

Overview of main macroeconomic indicators for Slovakia

Table 5 Selected economic and monetary indicators for the SR

(annual percentage changes. unless otherwise indicated)

	Gross domestic product	HICP	Industrial producer prices	Employ-ment ESA 95	Unem-ployment rate (%)	Industrial produc-tion index	Total receipts of sec-tors	Economic sentiment indicator (long-term average =100)	M3 for ana-lytical pur-poses[1]	Loans to non-financial corpora-tions	Loans to house-holds	State budget balance (EUR mil.)	General govern-ment balance as % of GDP	Debt ratio (general govern-ment gross debt as % of GDP)	Current account (% GDP)	Balance of trade (% GDP)	USD/EUR exchange rate (average for the period)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2006	8.3	4.3	6.4	2.1	13.3	-	-	112.5	15.3	-	-	-1,051.5	-3.2	30.5	-7.8	-4.7	1.2556
2007	10.5	1.9	1.8	2.1	11.0	-	-	114.6	12.9	25.4	28.6	-781.0	-1.8	29.6	-5.3	-1.2	1.3705
2008	5.8	3.9	6.1	3.2	9.6	-	-	99.1	4.9	15.3	25.3	-704.2	-2.1	27.9	-6.0	-1.1	1.4708
2009	-4.9	0.9	-2.6	-2.0	12.1	-15.6	-18.6	78.0	-2.8	-3.3	11.0	-2,791.3	-8.0	35.6	-2.6	1.5	1.3948
2010	4.4	0.7	-2.7	-1.5	14.4	8.2	7.9	98.7	7.8	1.6	12.5	-4,436.1	-7.7	41.0	-3.7	1.2	1.3257
2011	3.0	4.1	2.7	1.8	13.5	5.5	8.9	98.6	2.9	7.6	11.1	-3,275.7	-5.1	43.4	-3.8	1.5	1.3920
2012	1.8	3.7	3.9	0.1	14.0	7.9	5.2	94.0	8.8	-2.3	10.3	-3,810.7	-4.5	52.4	2.2	5.0	1.2848
2013	.	1.5	-0.1	.	.	5.2	2.1	90.6	5.2	1.7	10.2	-2,023.3	.	.	.	.	1.3281
2013 Q1	0.5	2.2	1.8	-1.0	14.5	2.6	-0.5	88.4	7.3	-0.3	9.9	-	-3.5	54.7	4.1	7.5	1.3206
2013 Q2	0.8	1.7	0.1	-1.3	14.0	2.8	2.5	89.1	7.4	-0.1	10.0	-	-2.1	58.0	5.0	8.9	1.3062
2013 Q3	0.9	1.4	-0.7	-0.9	14.1	4.9	1.8	89.7	6.2	0.4	10.3	-	-2.2	57.2	1.3	4.7	1.3242
2013 Q4	1.5[2]	0.5	-1.7	0.1[2]	.	10.5	4.3	95.0	5.2	1.7	10.2	-	.	.	.	.	1.3610
2013 Feb.	-	2.2	1.5	-	14.7	0.9	-1.1	87.6	7.9	0.4	9.9	-713.4	-	-	-	-	1.3359
2013 Mar.	-	1.9	0.8	-	14.7	0.7	-1.9	91.9	7.3	-0.3	9.9	-952.7	-	-	-	-	1.2964
2013 Apr.	-	1.7	0.9	-	14.4	3.2	5.4	92.2	7.7	-2.2	10.0	-1,076.1	-	-	-	-	1.3026
2013 May	-	1.8	-0.3	-	14.3	2.5	1.6	89.6	5.8	-2.7	10.0	-1,601.4	-	-	-	-	1.2982
2013 June	-	1.7	-0.3	-	14.3	2.8	0.6	85.5	7.4	-0.1	10.0	-1,664.8	-	-	-	-	1.3189
2013July	-	1.6	-0.5	-	14.0	2.3	1.6	88.8	5.7	-2.2	10.1	-1,625.6	-	-	-	-	1.3080
2013 Aug.	-	1.4	-0.7	-	13.7	4.5	0.4	89.4	6.3	-0.5	10.2	-1,916.6	-	-	-	-	1.3310
2013 Sep.	-	1.1	-0.8	-	13.8	7.4	3.2	91.0	6.2	0.4	10.3	-1,978.0	-	-	-	-	1.3348
2013 Oct.	-	0.7	-1.4	-	13.7	7.0	3.0	95.6	9.0	1.0	10.2	-1,971.5	-	-	-	-	1.3635
2013 Nov.	-	0.5	-2.0	-	13.5	12.7	4.2	94.0	6.5	-0.6	10.3	-1,962.8	-	-	-	-	1.3493
2013 Dec.	-	0.4	-1.7	-	13.5	12.1	5.9	95.4	5.2	1.7	10.2	-2,023.3	-	-	-	-	1.3704
2014 Jan.	-	0.0	.	-	13.6	.	.	98.1	.	.	.	-122.9	-	-	-	-	1.3610
2014 Feb.	-	.	.	-	.	.	.	93.7	.	.	.	.	-	-	-	-	.

Sources: Statistical Office of the Slovak Republic, MF of the SR, NBS, the European Commission.
1) Currency in circulation in M3 refers to money held by the public (according to methodology in place prior to 2008).
2) Flash estimate Statistical Office of the Slovak Republic.

More detailed time series for selected macroeconomic indicators
http://www.nbs.sk/_img/Documents/_MonthlyBulletin/2014/StatisticsMB0214.xls