



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



# NBS MONTHLY BULLETIN

AUGUST 2018

Published by:  
© Národná banka Slovenska

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

Contact:  
[info@nbs.sk](mailto:info@nbs.sk)

<http://www.nbs.sk>

Discussed by the NBS Bank Board on 21 August 2018.

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

ISSN 1337-9526 (online)



# CONTENTS

<b>1</b>	<b>SUMMARY</b>	<b>5</b>	Chart 1 Euro area GDP	<b>8</b>
<b>2</b>	<b>THE REAL ECONOMY</b>	<b>8</b>	Chart 2 Quarter-on-quarter GDP growth – flash estimate and forecast	<b>9</b>
2.1	International environment	8	Chart 3 Industry confidence indicators and exports	<b>9</b>
2.2	The Slovak economy	9	Chart 4 Rate of change in employment (ESA 2010 methodology) – trend and forecast	<b>10</b>
2.2.1	Economic activity indicators	9	Chart 5 Labour shortages in the Slovak economy	<b>10</b>
2.2.2	The labour market	10	Chart 6 Overall wage level in the economy	<b>11</b>
2.2.3	Prices	11	Chart 7 Nowcast of annual average wage growth	<b>11</b>
2.2.4	Loans and deposits	13	Chart 8 Contributions of components to HICP inflation	<b>12</b>
<b>3</b>	<b>INDICATIVE IMPACT ON THE FORECAST</b>	<b>15</b>	Chart 9 HICP inflation and its components	<b>12</b>
			Chart 10 HICP inflation and its components – comparison between nowcast and forecast	<b>12</b>
	<b>OVERVIEW OF MAIN MACROECONOMIC INDICATORS FOR SLOVAKIA</b>	<b>16</b>	Chart 11 Vehicle fuel prices	<b>12</b>
			Chart 12 Total loans	<b>13</b>
	<b>LIST OF TABLES</b>		Chart 13 Total deposits	<b>13</b>
Table 1	Macroeconomic indicators released since the previous monthly bulletin	<b>6</b>	Chart 14 Loans to the construction sector and sentiment in the sector	<b>13</b>
Table 2	Qualitative impact of indicators on projections for key macroeconomic indicators	<b>6</b>	Chart 15 Average borrowing rates	<b>14</b>
Table 3	HICP components – comparison of projected and actual rates of change	<b>11</b>	Chart 16 Nowcast for employment	<b>15</b>
Table 4	Selected economic and monetary indicators for Slovakia	<b>16</b>	Chart 17 Nowcast for GDP in Q3 2018	<b>15</b>
			Chart 18 Nowcast for GDP	<b>15</b>
	<b>LIST OF CHARTS</b>			
Chart of the month	Carmakers are driving both exports and economic growth in Slovakia	<b>5</b>		



## ABBREVIATIONS

CPI	Consumer Price Index
EA	euro area
ECB	European Central Bank
EC	European Commission
EMEs	emerging market economies
EONIA	euro overnight index average
ESA 2010	European System of Accounts 2010
ESI	Economic Sentiment Indicator (European Commission)
EU	European Union
EUR	euro
EURIBOR	euro interbank offered rate
Eurostat	statistical office of the European Union
FDI	foreign direct investment
GDP	gross domestic product
GNDI	gross national disposable income
GNI	gross national income
HICP	Harmonised Index of Consumer Prices
Ifo Institute	Leibniz Institute for Economic Research at the University of Munich
IMF	International Monetary Fund
MFI	monetary financial institutions
MF SR	Ministry of Finance of the Slovak Republic
MMF	money market fund
MTF	NBS's Medium-Term Forecast (published on a quarterly basis)
NACE	Statistical Classification of Economic Activities in the European Community (Rev. 2)
NARKS	National Association of Real Estate Offices of Slovakia
NBS	Národná banka Slovenska
NEER	nominal effective exchange rate
NFC	non-financial corporation
NPISHs	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
p.a.	per annum
p.p.	percentage point
PMI	Purchasing Managers' Index
REER	real effective exchange rate
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
SME	small and medium-sized enterprise
SO SR	Statistical Office of the Slovak Republic
ULC	unit labour costs
ÚPSVR	Ústredie práce, sociálnych vecí a rodiny – Central Office of Labour, Social Affairs and Family
ÚRSO	Úrad pre reguláciu sieťových odvetví – Regulatory Office for Network Industries
USD	US dollar
VAT	value-added tax
ZEW	Das Zentrum für Europäische Wirtschaftsforschung – The Centre for European Economic Research

Symbols used in the tables

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



# 1 SUMMARY

The euro area economy expanded in the second quarter of 2018 by 0.4%, quarter on quarter. Among the larger euro area national economies, the strongest performers were Germany, Spain and the Netherlands. Overall growth was driven by domestic demand, with both consumer demand and investment demand increasing. The still elevated levels of leading indicators suggest that the economy will continue growing in the third quarter. There may, however, be a downside risk to the outlook from the current situation in Turkey and its potential spillover to other countries, in particular emerging market economies. At the same time, the recently signed free trade agreement between the European Union (EU) and Japan could support growth.

In Slovakia, export performance in the second quarter benefited from the favourable trends in both the euro area and surrounding countries. The Slovak economy grew in the second quarter in line with expectations, by 1.0% quarter on quarter, with exports expected to have been the main engine of that growth. The car industry performed particularly well, as new car models with high valued added started to be produced. The car industry's contribution to overall export growth increased to 5.3 percentage point (Chart of the month).

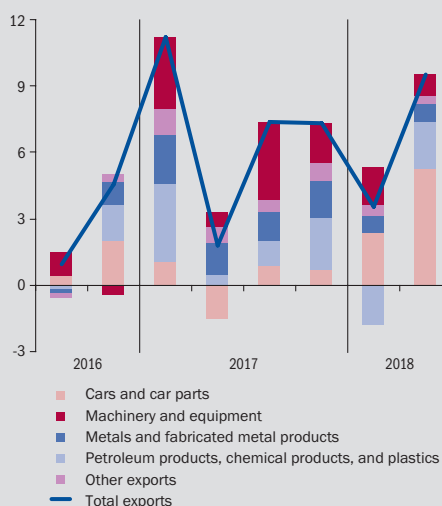
The relatively strong economic growth supported employment in Slovakia, which increased by 0.5% quarter on quarter, more than projected in the current NBS forecast. Labour market overheating is stoking wage growth, which, also surpassing projections, stood at 7.0% in the second quarter.

The annual inflation rate edged down in July, to 2.6%. It was dampened mainly by lower rates of increase in petrol/diesel prices and food prices.

This trend is expected to continue in the period ahead, amid the fading of the supply-side shock of high food prices. Demand-pull inflation remains below the headline rate despite coming under upward pressure from labour market developments. The average inflation rate in 2018 is projected to be 2.5%.

Economic activity in the second quarter was buoyed by accommodative financial conditions. Private sector credit growth accelerated to 10.6%, year on year, largely reflecting increased demand for credit from non-financial corporations. Household credit growth continued to moderate.

**Chart of the month**  
Carmakers are driving both exports and economic growth in Slovakia (percentage point contributions to the year-on-year rate of change in Slovak exports; current prices; non-seasonally adjusted)



Sources: SO SR and NBS calculations.

**Table 1 Macroeconomic indicators released since the previous monthly bulletin**

Indicator	Unit	Period	Current period	Previous period
<b>Euro area</b>				
<b>Confidence indicators</b>				
PMI	index	July 2018	54.3	54.9
Economic Sentiment Indicator	long-run average = 100	July 2018	112.1	112.3
<b>Economic indicators</b>				
Gross domestic product	annual percentage change, constant prices	Q2 2018	2.2	2.5
Industrial production index	annual percentage change	June 2018	2.5	2.6
Retail sales	annual percentage change, constant prices	June 2018	1.2	1.6
Unemployment rate	percentage	June 2018	8.3	8.3
HICP inflation	annual percentage change	July 2018	2.1	2.0
Oil price in USD <sup>1)</sup>	level	August 2018	72.6	75.0
EUR/USD exchange rate <sup>1)</sup>	level	August 2018	1.152	1.169
<b>Slovakia</b>				
<b>Confidence indicators</b>				
Economic Sentiment Indicator	long-run average = 100	July 2018	100.5	101.7
Industrial confidence indicator	percentage balance	July 2018	1.4	1.2
Consumer confidence indicator	percentage balance	July 2018	-3.9	-3.4
<b>Economic indicators</b>				
Gross domestic product	annual percentage change, constant prices	Q2 2018	4.1	3.6
Sales in total	annual percentage change, constant prices	June 2018	<b>7.7</b>	5.0
Industrial production index	annual percentage change	June 2018	2.1	2.9
Private sector credit	annual percentage change	June 2018	10.6	9.8
Employment	annual percentage change	June 2018	3.5	3.4
Unemployment rate	percentage	June 2018	6.7	6.7
Nominal wages	annual percentage change	June 2018	6.2	8.6
HICP inflation	annual percentage change	July 2018	2.6	2.9

Sources: SO SR, European Commission, Markit, Macrobond and NBS calculations.

1) The average for the current period is for the period from the start of the month.

**Table 2 Qualitative impact of indicators on projections for key macroeconomic indicators**

Indicator	Unit	Period	Current projection	Qualitative shift
Gross domestic product – Slovakia	quarterly percentage change, constant prices	Q3 2018	1.1	↓
Gross domestic product – euro area	quarterly percentage change, constant prices	Q3 2018	0.5	↓
Employment (ESA) – Slovakia	quarterly percentage change	Q3 2018	0.3	↑
Nominal wages – Slovakia	annual percentage change	Q2 2018	5.8	↑
HICP inflation – Slovakia	annual percentage change	Q3 2018	2.8	↓

Source: NBS calculations.

Notes: Macroeconomic indicator values for the euro area are compared with market expectations. In order to assess the extent of the variation between them, intervals were constructed on the basis of empirical distributions of differences between the indicator values and their three-month moving averages (or, in the case of GDP, their averages for the four quarters). Values are highlighted in bold when **their deviation from market expectations is greater than 90% of the highest values in the distribution or less than 10%.**The macroeconomic indicator values for Slovakia, as well as the oil price and exchange rate, are compared with their three-month averages. In order to assess the extent of the variation between them, intervals were constructed on the basis of empirical distributions of differences between the indicator values and their three-month moving averages (or, in the case of GDP, their averages for the four quarters). Values are highlighted in bold when **their deviation from the three-month average (including the most recent data) is greater than 90% of the highest values in the distribution or less than 10% of the lowest values.**



The qualitative impact of indicators on projections for key macroeconomic indicators is determined on the basis of the difference between the current nowcast and the value published in the most recent forecast.<sup>1</sup> In order to assess the extent of the variation between them, intervals were constructed on the basis of a time series of differences between two consecutive forecasts, which is overlaid with a normal distribution. If the difference between the nowcast and the forecast is greater than two-thirds of the highest values in the created distribution, it indicates a positive impact (denoted by ↑), and if it is greater than 90%, a strongly positive impact (↑↑). If the difference is less than one-third of the lowest values, it indicates a negative impact (↓), and if it is less than 10%, a strongly negative impact (↓↓). If the data are between one-third and two-thirds of the highest values in the distribution, the difference is deemed marginal (=). The current threshold values are given in the table.

Indicator	Unit	Percentile			
		0.10	0.33	0.67	0.90
Gross domestic product – Slovakia	quarterly percentage change, constant prices	-0.33	-0.11	0.11	0.33
Gross domestic product – euro area	quarterly percentage change, constant prices	-0.21	-0.07	0.07	0.21
Employment (ESA) – Slovakia	quarterly percentage change	-0.43	-0.15	0.15	0.43
Nominal wages – Slovakia	annual percentage change	-1.50	-0.51	0.51	1.50
HICP inflation – Slovakia	annual percentage change	-0.53	-0.18	0.18	0.53

<sup>1</sup> The NBS Medium-Term Forecast or the ECB/Eurosystem staff macroeconomic projections for the euro area.



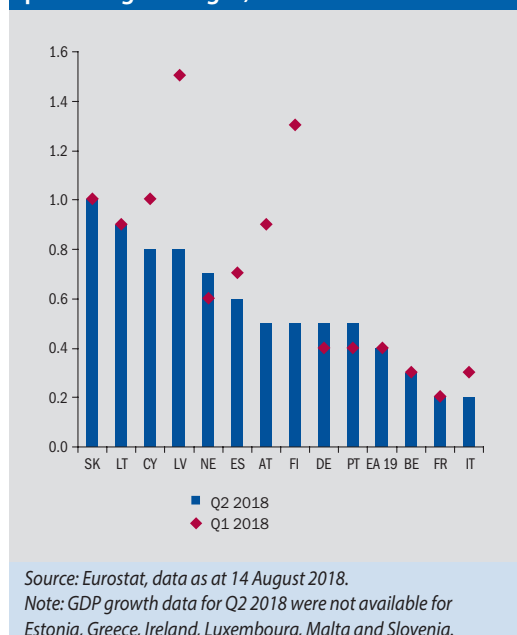
## 2 THE REAL ECONOMY<sup>2</sup>

### 2.1 INTERNATIONAL ENVIRONMENT

According to Eurostat's flash estimate, the euro area economy grew in the second quarter of 2018 by **0.4%**, quarter on quarter, the same as in the previous quarter. The growth was slightly (0.1 percentage point) higher than Eurostat's preliminary flash estimate. Among the larger euro area national economies, the strongest performers were Germany, Spain and the Netherlands. According to short-term indicators,<sup>3</sup> growth was robust in construction production (at 1.1%, after -0.6% in the first quarter) and retail trade (0.6%, after remaining flat in the first quarter), while the rate of decrease in industrial production moderated (to -0.1%, from -0.7% in the first quarter). Based on information from national statistical offices and from short-term indicators, the second-quarter growth is expected to have been driven by domestic demand – private consumption and also investment. Net exports, however, probably had a slightly negative impact.

Although leading indicators have dipped in their latest readings, they remain elevated and imply that the euro area economy will continue expanding at the beginning of the third quarter. It is highly likely the pace of growth going forward will not reach 2017 levels, but will rather stabilise at the levels observed in the first two quarters of 2018. The flash **composite Purchasing Managers' Index (PMI)** for the euro area fell slightly in July 2018, to 54.3 (from 54.9 in June), but it remains relatively high. Among sectors, services experienced the largest slowdown in economic activity and manufacturing saw no change in activity. Growth in new orders also moderated, which may imply a further decline in activity growth in August. The European Commission's **Economic Sentiment Indicator (ESI)** for the euro area was broadly the same in July as in the previous month, recording a marginal decline (of -0.2 point), to 112.1. Thus, the ESI for the first month of the third quarter was largely unchanged from the average ESI for the previous quarter (112.5), a higher level compared with the same period a year earlier. The largest declines in confidence in July were in industry and retail trade, but their impact was offset by rising confidence in services. The ESI therefore implies continuing economic growth in the euro area.

Chart 1 Euro area GDP (quarter-on-quarter percentage changes)



Turkey's economy has recently been buffeted by considerable turbulence. The inflation rate in July 2018 was almost 16%, reaching its highest level since early 2004 and strengthening the case for a further increase in interest rates. Besides record-setting inflation, Turkey is also facing strong depreciation of its currency. The situation escalated in early August owing to increasing geopolitical tensions between Turkey and the United States, which announced a doubling of tariffs on Turkish steel and aluminium. The Turkish lira responded on 10 August by depreciating by almost 14% against the US dollar; it has weakened by more than 40% since the beginning of the year. Investor confidence was also undermined by the unwillingness of Turkish institutions to respond to rising inflation and an increasing budget deficit.

<sup>2</sup> All month-on-month and quarter-on-quarter changes mentioned in the text have been seasonally adjusted using NBS internal models.  
<sup>3</sup> For retail trade and industrial production, the data for the whole of the second quarter are available, while for construction only the data for April and May are available (the average for the quarter is calculated from the available monthly data).





The **EU-Japan Economic Partnership Agreement (EPA)** was signed on 17 July 2018 at the EU-Japan summit in Tokyo. It is the EU's largest bilateral trade agreement, creating a free trade zone covering 600 million people and a third of global GDP. The agreement will eliminate most of the €1 billion of duties paid annually and will remove a number of long-standing regulatory barriers (for example on cars). It will also open up the Japanese market of 127 million consumers to EU agricultural exports as well as other sector's exports. The agreement is now awaiting ratification by the European Parliament and the Japanese Diet (upper and lower houses), following which it is expected to enter into force in 2019.

## 2.2 THE SLOVAK ECONOMY

### 2.2.1 ECONOMIC ACTIVITY INDICATORS<sup>4</sup>

Slovakia's economic growth accelerated notably in the second quarter, to 4.1% year on year (up from 3.6% in the first quarter), which was its highest rate for two and a half years. The last time Slovakia recorded higher growth was during a period of rapid absorption of EU funds. The increase in GDP growth was in line with the projection of the current NBS Medium-Term Forecast (MTF-2018Q2) and it was driven largely by exports of new car models.

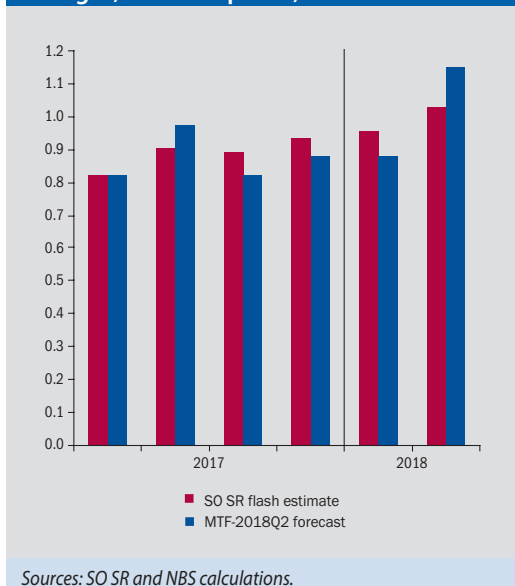
In quarter-on-quarter terms, Slovakia's GDP increased by 1% in the second quarter of 2018. The MTF-2018Q2 forecast projected an increase of 1.1%; however, following the application of seasonal adjustment procedures, growth rates for previous quarters were also revised up. Overall, GDP trends are in line with projections.

Although details of the composition of GDP growth in the second quarter are not yet available,<sup>5</sup> monthly data indicate robust export figures, particularly in the car industry. For a second successive quarter, car exporters have met NBS projections for new car production (following the expansion of existing production capacity). Since foreign trade figures show not only an increase in the number of cars exported, but also an increase in the average price of exported cars, they may imply an increase in the value-added rate in Slovakia.

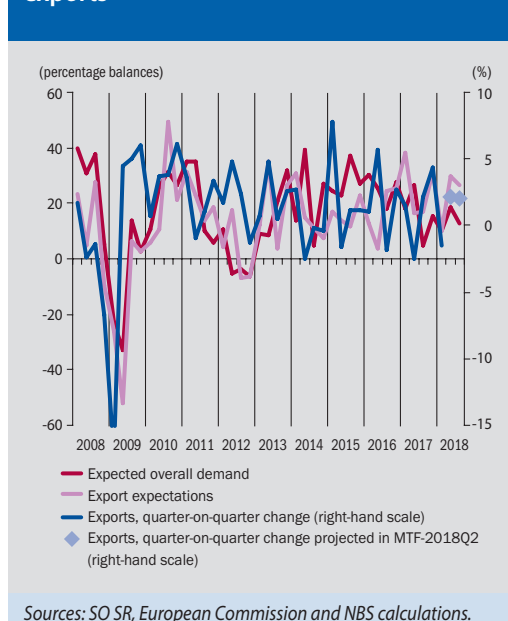
Along with accelerating exports there was also rising demand for imports in Slovakia, but since export growth outpaced import growth, net trade made a positive contribution to GDP growth in the second quarter, as projected in the MTF-2018Q2 forecast.

The forecast envisages exports (and net trade) to continue having a positive impact on GDP growth in the third quarter of 2018, when a new car plant is due to launch production. Car in-

**Chart 2 Quarter-on-quarter GDP growth – flash estimate and forecast (percentage changes; constant prices)**



**Chart 3 Industry confidence indicators and exports**



4 June's monthly economic indicators of activity are not described since the GDP flash estimate, which aggregates these data, is already available.

5 The detailed compositions of Slovakia's GDP growth is due to be released on 7 September 2018.

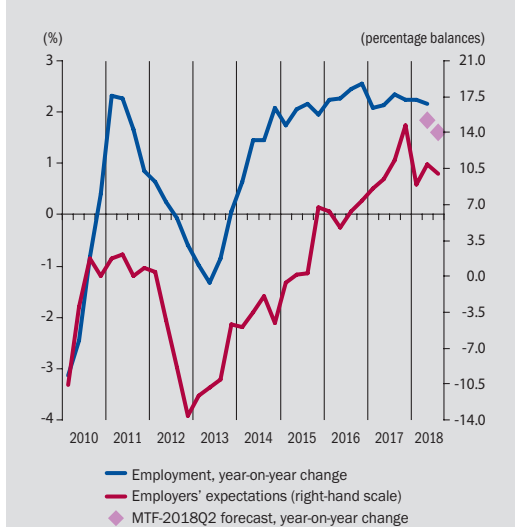
dustry confidence indicators moderated in July, but probably only due to the summer holidays and production shutdowns (a similar trend was seen last summer and at the start of 2018, when car exporters were running down inventories). Overall industry exports are expected to remain relatively elevated in the third quarter, albeit lower than in the second quarter (when there was also a correction after the soft export results at the beginning of the year). Confidence indicators imply an increase in the volatility of monthly indicators in the summer months, but so far without representing a downside risk to the GDP growth outlook for the third quarter.

### 2.2.2 THE LABOUR MARKET

Employment growth in the second quarter exceeded the MTF-2018Q2 projection with a quarter-on-quarter rate of 0.5% (a headcount increase of around 13,000). Annual employment growth was 2.1%, remaining relatively strong and stable. For the past one and a half years, employment growth has ranged between 2% and 2.3%.

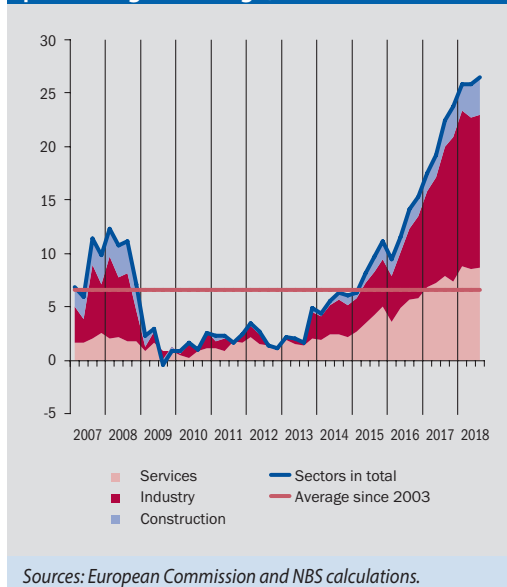
Based on the available indicators for the third quarter (notably on business surveys for July) employment growth in the third quarter is expected to be similar to that in the second quarter. This situation is increasing the already significant labour shortages and labour market tightening.

**Chart 4 Rate of change in employment (ESA 2010 methodology) – trend and forecast**



Sources: SO SR, European Commission and NBS calculations.  
Note: Employers' expectations for Q3 2018 are based on business surveys for July.

**Chart 5 Labour shortages in the Slovak economy (percentage of respondents perceiving a shortage)**



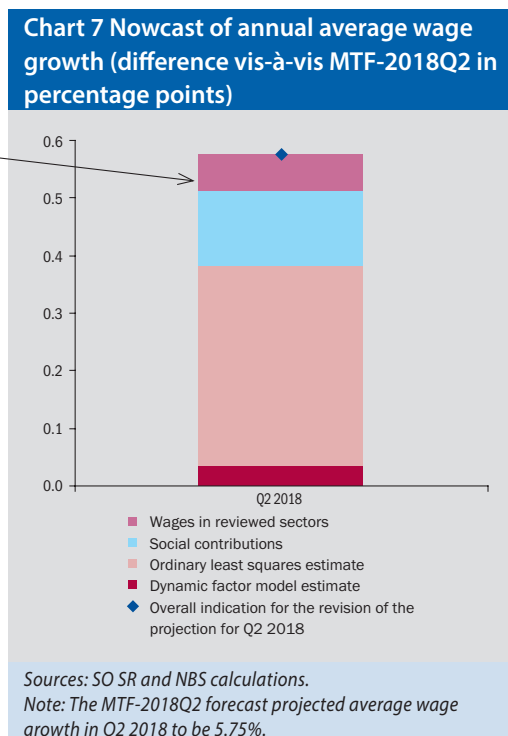
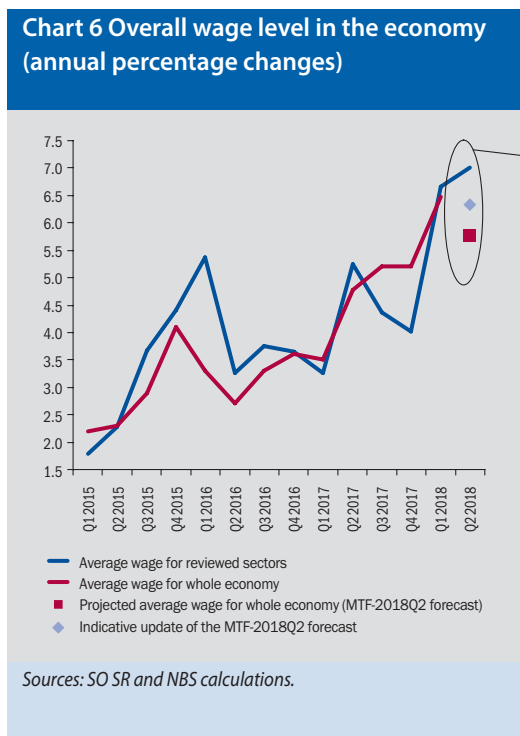
Sources: European Commission and NBS calculations.

Annual average wage growth in the reviewed sectors stood at 6.2% in June. Its rate has been relatively volatile in recent months; however, from a historical perspective, wage volatility is a normal feature.<sup>6</sup>

Monthly data for April, May and June imply strong private sector wage growth for the quarter as a whole (the figure will be released in September). Average annual wage growth in the reviewed sectors in the second quarter was 7% (up from 6.7% in the first quarter). All the principal subsectors recorded wage growth of around 7%. The overall nowcast of average wage growth in the second quarter is higher than the corresponding MTF-2018Q2 projection (the nowcast is an indicative update of the NBS forecast).

Looking at the sectoral level, industry currently appears to account for almost all the wage growth volatility. Around half of that volatility stems from the car industry, and the rest largely from the following subsectors of manufacturing industry: machinery; electrical equipment; metals; textile products; and food. Wage growth in industry climbed sharply in May and fell by almost half in June. This trend quite reliably reflects the recent trend in industrial production. Therefore, wage growth volatility in industry may largely be a result of the timing of production and related bonus payments or other variable wage compo-

<sup>6</sup> The average absolute change in the annual rate of change from one month to the next month over the period 2013–2017 is 1.5 percentage point. In May and June of this year the respective changes were around 2.3 percentage point (with an increase in May and correction in June).



nents. Another key factor behind this volatility is the situation a year earlier, when wages in the car industry increased sharply owing to the raising of wage scales at Volkswagen’s Bratislava plant and probably also to the payment of generous bonuses across the domestic car industry at that time. This year, by contrast, Volkswagen has been raising wage scales since January and left them unchanged in June (information on bonuses in the second quarter is not yet available; it may be, however, that certain employers paid lower bonuses compared with last year, since their wage

premia costs have been raised by new statutory provisions).

### 2.2.3 PRICES

The annual HICP inflation rate in Slovakia fell to 2.6% in July (from 2.9% in June), which was slightly lower than projected in the MTF-2018Q2 forecast. In month-on-month terms, the overall price level fell moderately.

The annual inflation rate slowed in July owing mainly to the impact of food prices and petrol/

**Table 3 HICP components – comparison of projected and actual rates of change (percentages; percentage point contributions)**

			Non-energy industrial goods	Energy	Food	Services	HICP	Demand-pull inflation excluding vehicle fuel	Administered prices excluding energy
Year-on-year changes	A	July 2018 – MTF-2018Q2 forecast	1.1	4.7	3.3	3.2	<b>2.86</b>	2.4	1.0
	B	<b>July 2018 – actual figure</b>	<b>1.3</b>	<b>3.9</b>	<b>3.2</b>	<b>2.8</b>	<b>2.64</b>	<b>2.3</b>	<b>1.1</b>
	B-A	July 2018 – actual figure minus forecast	0.1	-0.8	-0.1	-0.4	-0.2	-0.2	0.1
	(B-A) * weight	<b>Contribution to overall forecast error<sup>1)</sup></b>	<b>0.04</b>	<b>-0.11</b>	<b>-0.03</b>	<b>-0.12</b>	<b>-0.22</b>	<b>-0.09</b>	<b>0.01</b>

Sources: SO SR and NBS calculations.

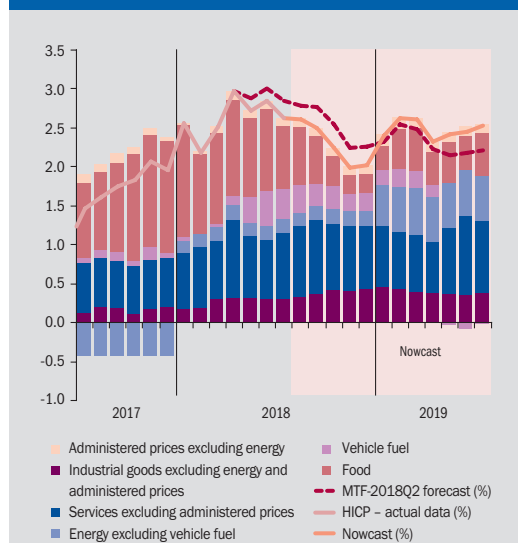
1) Projections taken from NBS’s June 2018 Medium-Term Forecast (MTF-2018Q2).

diesel prices. Food price inflation was dampened largely by decreases in prices of fruit and vegetables. July was also the first month in which the base effect of last year's price shock contributed significantly to a slowdown in headline inflation. The fading of that supply-side shock will continue until November 2018. After peaking in June,

the annual rate of increase in petrol/diesel prices was lower in July.

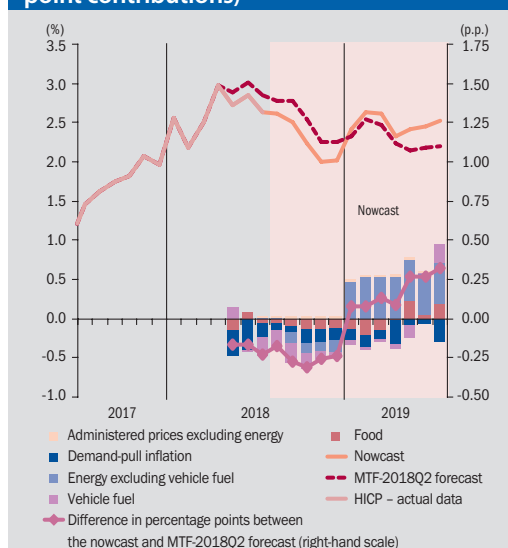
Headline inflation is expected to ease gradually in coming months, based mainly on the continuing slowdown in food inflation and vehicle fuel inflation. Air transport prices are expected to rise

**Chart 8 Contributions of components to HICP inflation (percentage point contributions; annual percentage changes)**



Sources: SO SR and NBS calculations.

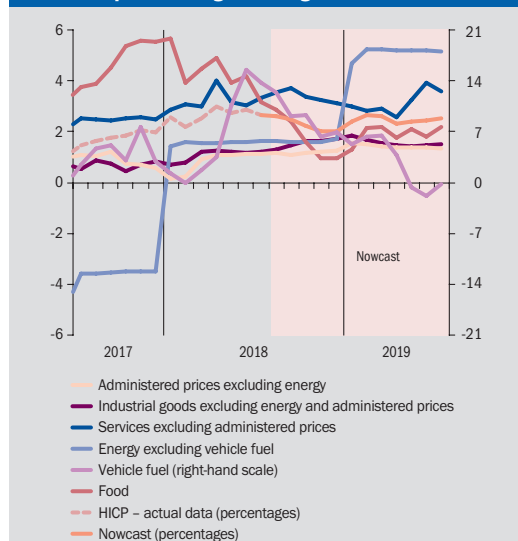
**Chart 10 HICP inflation and its components – comparison between nowcast and forecast (annual percentage changes; percentage point contributions)**



Sources: SO SR and NBS calculations.

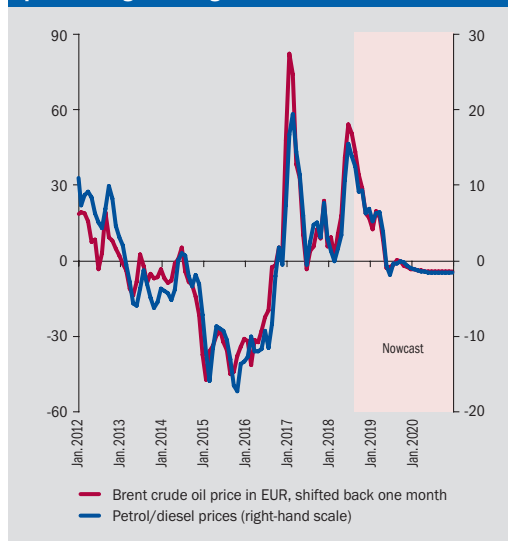
Note: Demand-pull inflation comprises the following: industrial goods excluding energy and administered prices; and services excluding administered prices.

**Chart 9 HICP inflation and its components (annual percentage changes)**



Sources: SO SR and NBS calculations.

**Chart 11 Vehicle fuel prices (annual percentage changes)**



Sources: SO SR and NBS calculations.

in August and continue containing the decline in the overall inflation rate.

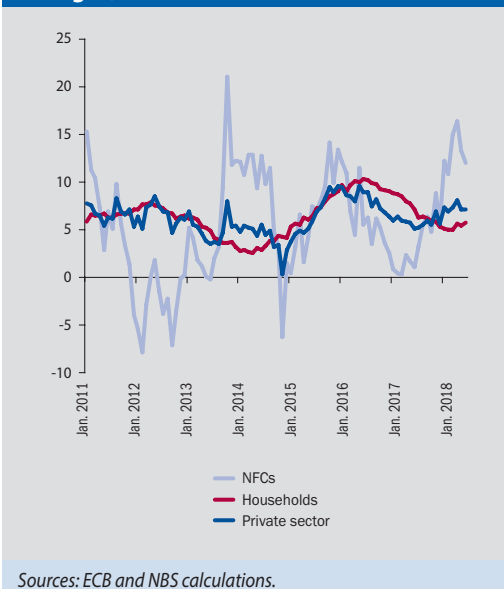
Compared with the MTF-2018Q2 projections, services price inflation was lower in July (due largely to May's significant drop in air transport prices), as was the rate of increase in petrol/vehicle prices. The average headline inflation rate for 2018 is still expected to be 2.5%.

### 2.2.4 LOANS AND DEPOSITS

Private sector credit growth in Slovakia accelerated in the second quarter of 2018, to 10.6% year-on-year (from 10% in the first quarter). The increase was driven mainly by higher credit demand from non-financial corporations (NFCs). The largest growth was therefore in long-term loans, and this is expected to be reflected in continuing investment activity.

The sectors receiving the most credit were construction and real estate activities. In the construction sector, sentiment is favourable and firms unrestricted by demand are willing to borrow. In industry, however, credit demand fell slightly in the second quarter, in contrast to its strong growth in the previous year. Last year, according to the bank lending survey, firms expressed stronger interest in borrowing to finance their fixed investment; this year

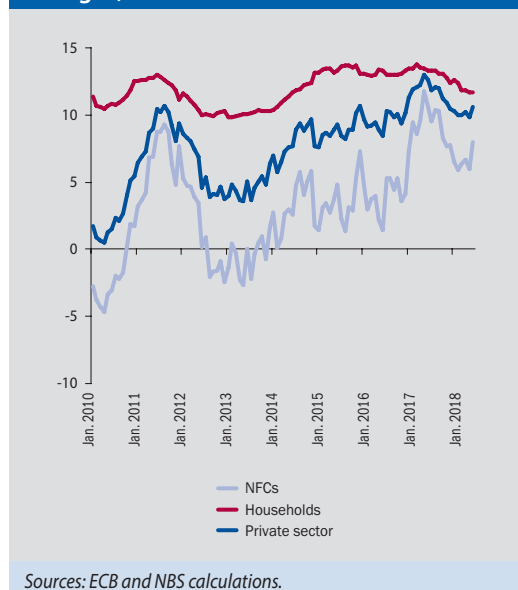
**Chart 13 Total deposits (annual percentage changes)**



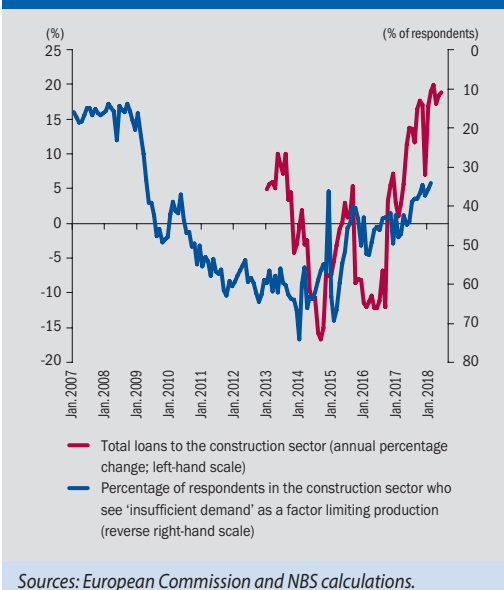
they are probably just completing investment projects and do not require further significant financing.

Banks' credit standards for NFC loans did not change in the second quarter, while those for households were tightened in response to macroprudential measures. These related mainly to housing loans, on which the average interest

**Chart 12 Total loans (annual percentage changes)**

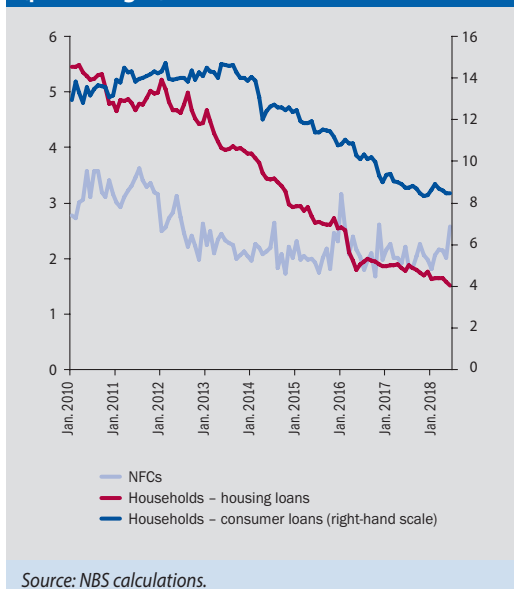


**Chart 14 Loans to the construction sector and sentiment in the sector**





**Chart 15 Average borrowing rates  
(percentages)**



Source: NBS calculations.

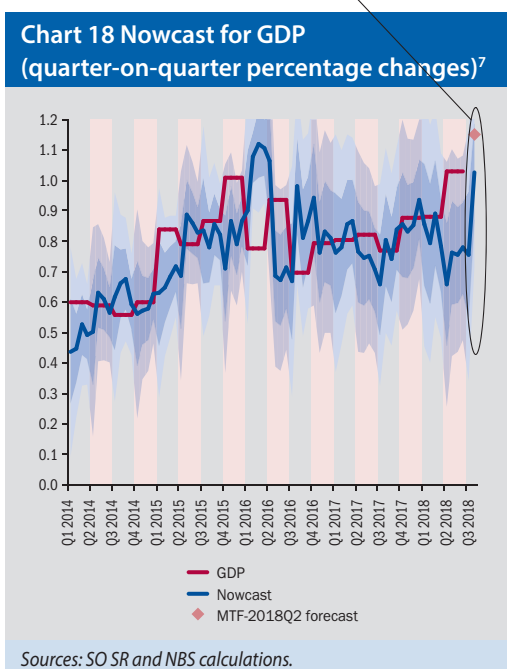
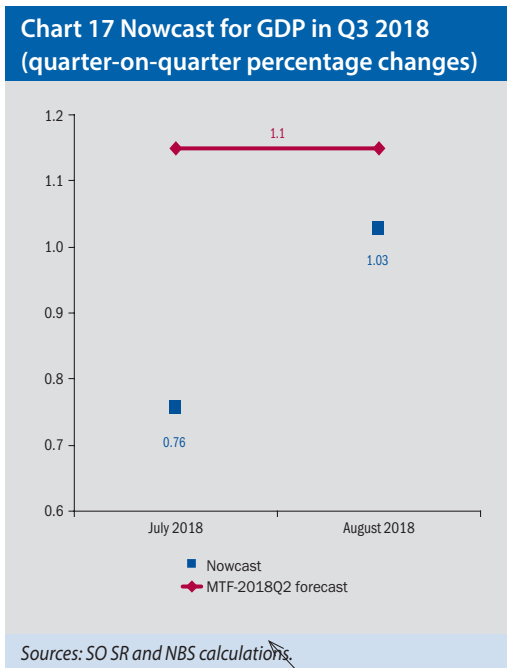
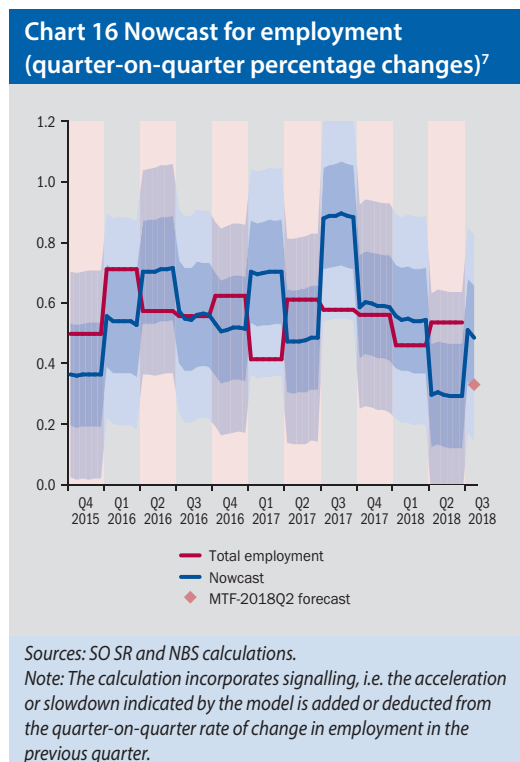
rate had been pushed down to 1.5% amid strong market competition between banks.

The rate of increase in total private sector deposits eased to 6.5% in the second quarter (from 7.4% in the first quarter). This was largely accounted for by NFCs, probably because an increasing number of them were using their own funds, rather than credit, to finance investment. Growth in household deposits was supported by the improving labour market situation and significant growth in disposable income.



### 3 INDICATIVE IMPACT ON THE FORECAST

The GDP flash estimate resulted in a revision to the GDP growth nowcast, which moved closer to the projection in the NBS forecast (MTF-2018Q2). The employment growth nowcast remains above the forecast projections.



<sup>7</sup> The band around the point estimate denotes +/- 1 and 2 times the root mean square error. Nowcasts are calculated using OLS time series models based on selected sets of monthly indicators (for employment, a factor model is used). Nowcasts provide a current estimate of future developments using available monthly figures from the current quarter, their future values forecast with ARIMA models, and their lagged values. The individual model projections are independent of each other and therefore a forecasting error in a past quarter cannot affect current projections. Further details are available in the commentaries on the GDP nowcasts, private consumption nowcasts, export nowcasts and employment nowcasts.



# OVERVIEW OF MAIN MACROECONOMIC INDICATORS FOR SLOVAKIA

**Table 4 Selected economic and monetary indicators for Slovakia***(annual percentage changes, unless otherwise indicated)*

	Gross domestic product	HICP	Industrial producer prices	Employment ESA 2010	Registered unemployment rate <sup>1)</sup>	Unemployment rate based on the total number of job seekers <sup>1)</sup>	Industrial production index	Total sales of sectors <sup>2)</sup>	Economic Sentiment Indicator (long-term average=100)	M3 (for analytical use) <sup>3)</sup>	Loans to private sector <sup>4)</sup>	Loans to non-financial corporations <sup>4)</sup>	Loans to households <sup>4)</sup>	State budget balance (EUR mil.)	General government balance (% of GDP)	General government gross debt (% of GDP)	Current account (% of GDP)	Balance of trade (% of 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	18	19
2010	5.0	0.7	-2.7	-1.5	12.5	14.2	12.5	8.1	98.6	7.8	5.3	1.6	12.5	-4,436.1	-7.5	41.2	-4.7	-0.1	1.3257
2011	2.8	4.1	2.7	1.8	13.2	14.6	3.5	6.2	98.7	2.9	9.3	7.6	11.1	-3,275.7	-4.3	43.7	-5.0	-0.1	1.3920
2012	1.7	3.7	3.9	0.1	13.6	15.0	4.4	4.4	93.8	8.8	3.8	-2.3	10.3	-3,810.7	-4.3	52.2	0.9	3.4	1.2848
2013	1.5	1.5	-0.1	-0.8	14.1	15.4	2.1	1.9	90.0	6.4	6.4	1.7	10.3	-2,023.3	-2.7	54.7	1.9	3.9	1.3281
2014	2.8	-0.1	-3.5	1.4	12.8	14.3	3.0	2.5	100.2	2.5	7.7	1.9	13.2	-2,923.4	-2.7	53.5	1.1	3.6	1.3285
2015	3.9	-0.3	-4.2	2.0	11.5	13.1	6.0	7.3	99.6	11.5	10.7	7.3	13.1	-1,932.6	-2.7	52.3	-1.7	1.3	1.1095
2016	3.3	-0.5	-4.3	2.4	9.5	11.1	3.7	4.1	101.5	6.1	10.2	4.2	13.3	-980.3	-2.2	51.8	-1.5	2.0	1.1069
2017	3.4	1.4	1.9	2.2	7.1	8.3	3.1	4.5	103.3	7.8	10.5	7.8	12.3	-1,220.1	-1.0	50.9	-2.1	0.8	1.1297
2017 Q3	3.4	1.6	1.6	2.3	6.5	7.8	3.1	4.6	104.5	6.4	12.0	10.3	13.0	-	-1.2	51.3	-3.3	-0.9	1.1746
2017 Q4	3.5	2.0	1.9	2.2	6.0	7.3	3.7	4.1	103.3	7.8	10.5	7.8	12.3	-	-1.4	50.9	-2.2	0.8	1.1774
2018 Q1	3.6	2.4	3.0	2.2	5.6	6.7	0.3	3.6	103.2	8.8	9.9	6.3	11.8	-	-0.6	50.8	-0.8	1.1	1.2292
2018 Q2	4.1 <sup>5)</sup>	2.9	4.8	2.1 <sup>5)</sup>	5.5	6.7	3.0	5.3	102.6	7.0	10.6	7.9	11.7	-	.	.	.	.	1.1915
2017 Aug.	-	1.6	2.1	-	6.5	7.8	0.4	3.9	103.9	6.7	12.1	10.4	13.3	-227.2	-	-	-	-	1.1807
2017 Sep.	-	1.8	2.1	-	6.3	7.6	2.8	3.3	107.6	6.4	12.0	10.3	13.0	-94.8	-	-	-	-	1.1915
2017 Oct.	-	1.8	2.0	-	6.2	7.4	5.5	3.1	106.2	6.8	11.3	8.3	13.1	336.2	-	-	-	-	1.1756
2017 Nov.	-	2.1	1.7	-	6.0	7.3	5.0	4.9	101.8	7.9	10.9	7.7	12.8	-229.7	-	-	-	-	1.1738
2017 Dec.	-	2.0	2.1	-	5.9	7.1	0.2	4.3	101.8	7.8	10.5	7.8	12.3	-238.7	-	-	-	-	1.1836
2018 Jan.	-	2.6	2.6	-	5.7	6.9	1.8	3.9	99.2	8.4	10.3	6.5	12.6	146.9	-	-	-	-	1.2200
2018 Feb.	-	2.2	3.2	-	5.6	6.7	1.2	4.2	105.7	7.8	10.0	5.9	12.4	-488.6	-	-	-	-	1.2348
2018 Mar.	-	2.5	3.4	-	5.5	6.7	-1.8	2.7	104.7	8.8	9.9	6.3	11.8	-113.2	-	-	-	-	1.2336
2018 Apr.	-	3.0	4.2	-	5.5	6.7	4.0	3.3	103.5	8.3	10.2	6.7	11.8	-96.1	-	-	-	-	1.2276
2018 May	-	2.7	4.5	-	5.5	6.7	2.9	5.0	102.6	7.3	9.8	5.9	11.7	-174.2	-	-	-	-	1.1812
2018 June	-	2.9	5.6	-	5.5	6.7	2.1	7.7	101.7	7.0	10.6	7.9	11.7	151.3	-	-	-	-	1.1678
2018 July	-	2.6	.	-	.	.	.	.	100.5	.	.	.	.	188.9	-	-	-	-	1.1686

Sources: Statistical Office of the Slovak Republic, MF SR, the European Commission and NBS.

1) Monthly and quarterly data based on seasonal adjustment of NBS.

2) Constant prices (seasonally adjusted).

3) Currency in circulation in M3 refers to money held by the public (according to methodology in place prior to 2008).

4) Adjusted for sales and securitisation.

5) Flash estimate of the Statistical Office of the Slovak Republic.

More detailed time series for selected macroeconomic indicators

[http://www.nbs.sk/\\_img/Documents/\\_MonthlyBulletin/2018/StatisticsMB0818.xls](http://www.nbs.sk/_img/Documents/_MonthlyBulletin/2018/StatisticsMB0818.xls)