

## CONTENTS

1. Monetary developments.....	3
1.1. Factors affecting the development of the money supply.....	3
1.2. Structure of the money supply .....	5
1.3. Bank lending.....	6
1.4. Interest rate development in June 1996.....	7
2. Implementation of monetary policy.....	8
3. Inflation.....	9
4. Money market.....	9
5. Capital market.....	10
6. Interbank foreign exchange market.....	12
7. Balance of payments for January to June 1996.....	12
8. Appendices.....	15
Monetary survey .....	17
Balance of payments for January to June 1996 .....	18
Money supply .....	19
Development of deposits .....	20
Development of loans.....	20
Average lending rates of commercial banks .....	21
Interest Rates on Crown Deposits and Change in Volume of Crown Deposits .....	22
Basic characteristics of the foreign exchange market .....	23
Average monthly exchange rates of SKK .....	23
Gross domestic product .....	24
Consumer prices .....	24
Producer prices of selected products and materials.....	25
Unemployment .....	26
State budget .....	27
Industrial production .....	28
Construction .....	29
Foreign trade .....	30



## 1. Monetary developments

Monetary development in July was characterised by a further increase in the money supply (M2). This development was due mainly to the continued growth in bank lending. Inflation expressed in terms of the consumer price index rose month-on-month by 0.3%, but remained within the scope set forth in the NBS monetary programme. The annual rate of inflation fell to 5.5%, representing the lowest figure since 1993.

*Money supply continued to grow, whilst inflation remained at a low level, ...*

The level of interest rates on the money market rose significantly in July, due to the adjustment of the central bank's monetary-policy instruments.

*... interest rates on the money market increased, ...*

The NBS raised the exchange rate of the Slovak crown against the IDX currency basket by 0.5%, in response to the favourable balance of trade in foreign exchange fixing.

*... and the crown's exchange rate against IDX appreciated.*

On 15 July 1996, the Bank Board of the NBS decided to introduce monetary-policy instruments designed to regulate banking activities in both domestic and foreign currency. The measures were adopted with the aim of reducing the level of liquidity in the banking sector and controlling the development of the balance of payments current account.

*Adjustment of monetary-policy instruments with the aim of reducing the level of bank liquidity*

With effect from 1 August 1996, the ratio of required reserves was raised to a level of 9% for all commercial banks regardless of the term of primary deposits, with the exception of building savings banks, for which the rate of required reserves was set at 3%.

*The ratio of required reserves was raised ...*

With effect from 1 August 1996, the required reserves of commercial banks will earn interest at a rate of 1.5% p.a., up to the level of reserves set for the period under consideration.

*... and the rate of interest on reserves*

At the same time, the Bank introduced the 'foreign exchange position of commercial banks for monetary purposes.' The basic idea behind this measure is the exclusion of foreign exchange assets vis-a-vis residents from this position, and the inclusion of crown liabilities vis-a-vis non-residents into this position.

*Foreign exchange position for monetary purposes*

With effect from 17 July 1996, the Bank Board of the NBS decided to raise the Lombard rate to 15%.

*The Lombard rate was raised*

As one of the measures adopted in foreign exchange fixing, the NBS approved widening of the Slovak crown's exchange rate fluctuation band to  $\pm 5\%$ , with effect from 17 July 1996. At the same time, the Bank cancelled the limit on maximum daily fluctuations within in this band.

*The fluctuation band of the Slovak crown was widened*

### 1.1. Factors affecting the development of the money supply

In July, Slovakia's money supply in terms of M2 recorded a month-on-month increase of Sk 4.4 billion.

*Money supply continued to increase ...*

Since the influence of net foreign assets was zero in July, the growth in M2 was due exclusively to the development of net domestic assets, particularly bank lending. The growth in bank lending to households and enterprises (Sk 4.8 billion month-on-month) was due mainly to an increase in crown loans.

*... due to growth in bank lending ...*

During the period under consideration, the government sector (including the National Property Fund) withdrew funds, as a result of which the volume of net credit to the Government declined by Sk 3.4 billion. The current performance of the State budget resulted in a deficit of Sk 6.1 billion, as in the previous month. Budget revenue reached Sk 95.8 billion and expenditure totalled Sk 101.9 billion. The budget deficit was fully covered by issues and subsequent sales of Treasury bills.

*... in spite of a decline in net credit to the Government ...*

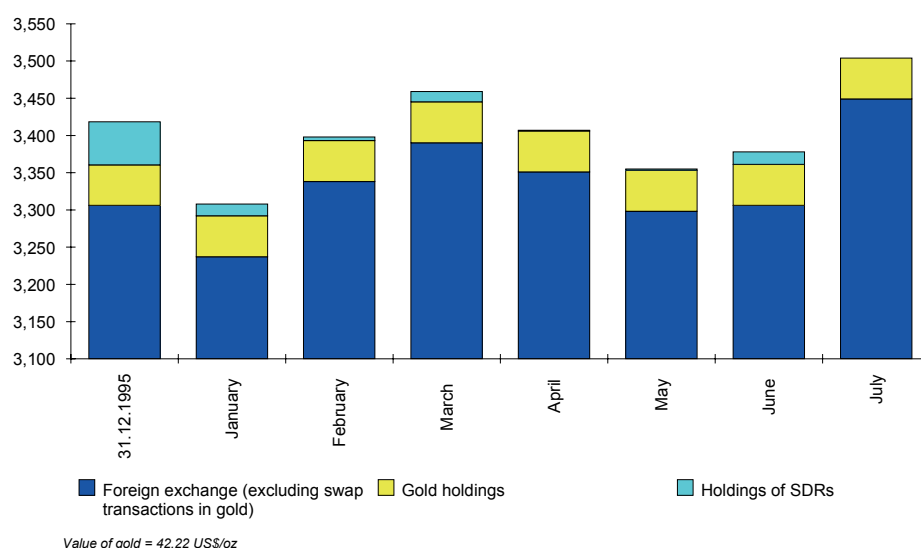
According to preliminary data, the net position of the Government vis-a-vis the banking sector reached Sk 56.0 billion. Of this amount, the NBS accounted for Sk 15.5 billion and commercial banks an estimated Sk 40.5 billion. The fall in the level of government debt vis-a-vis the banking sector (approximately Sk 1.9 billion month-on-month, and Sk 7.9 billion since the beginning of the year) had a positive influence on the growth of deposits in the accounts of central and local governments at commercial banks, and the growth in the volume of financial resources held by insurance funds and special-purpose State funds.

... and stagnation of net foreign assets

According to preliminary data, the volume of net foreign assets in the banking sector (at fixed exchange rates) remained at the level of the previous month, while both foreign assets and foreign liabilities increased by Sk 1.2 billion. The decline in net foreign assets at commercial banks (Sk 2.1 billion) was fully offset by growth in the volume of net foreign assets held by the NBS. The foreign exchange reserves of the NBS increased month-on-month by Sk 1.6 billion, due mainly to the purchase of foreign exchange from commercial banks via foreign exchange fixing (Sk 2.4 billion). The foreign liabilities of the NBS fell by Sk 0.5 billion as a result of debt servicing.

Foreign assets held by commercial banks fell month-on-month by Sk 0.4 billion, while deposits at foreign banks declined by Sk 0.6 billion. The volume of foreign assets fell in spite of the fact that foreign liabilities of commercial banks increased month-on-month by Sk 1.7 billion, while growth in short-term deposits and paid-up capital (Sk 3.2 billion) was partly offset by a decline in borrowings from foreign banks. The decrease in foreign assets was due partly to the sale of foreign exchange via NBS foreign exchange fixing in the equivalent of Sk 2.4 billion. On the other hand, the decline was partly offset by an inflow of funds from abroad in the amount of Sk 1.7 billion, mainly in the form of deposits. Commercial banks obtained further foreign exchange resources through direct purchase from foreign banks on the interbank foreign exchange market (Sk 0.6 billion), and an increase in foreign currency deposits held by domestic nonbank entities (Sk 0.1 billion). The remaining amount of foreign exchange (Sk 0.4 billion) was used for the support of the balance of payments.

**Development of NBS foreign exchange reserves (US\$ million)**



Total foreign exchange reserves of the NBS

At the end of July 1996, the total foreign exchange reserves of the NBS (at the current rate of exchange) reached US\$ 3,503.5 million, representing a month-on-month increase of US\$ 126.9 million. The total volume of NBS foreign exchange

reserves was 3.7 times greater than the average volume of monthly imports of goods and services to Slovakia during the first half of 1996.

### 1.2. Structure of the money supply

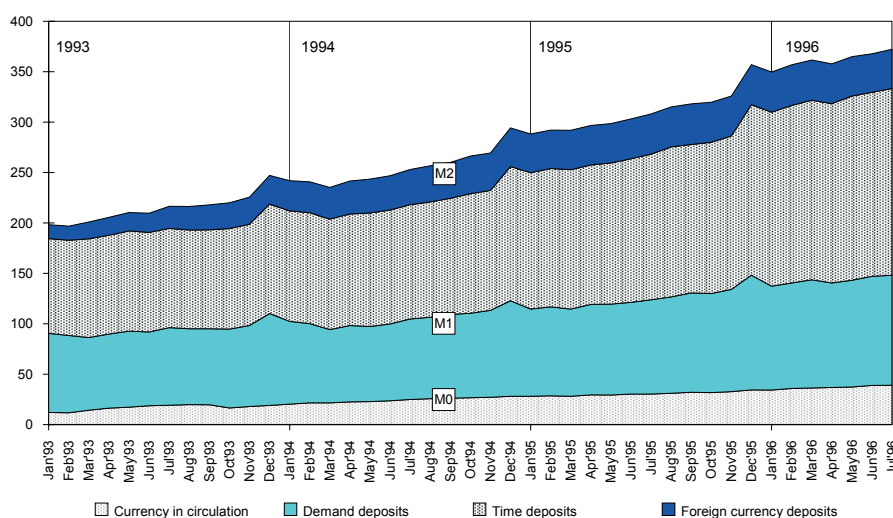
In July, the money supply in terms of M2 (at fixed exchange rates) increased by 1.2%, reaching Sk 372.2 billion at the end of the month. The growth in the money supply was due to a significant increase in quasi-money (Sk 3.5 billion) and a minor increase in the M1 aggregate (Sk 0.9 billion).

*The growth of M2 was due mainly to an increase in quasi-money*

In comparison with the previous month, the rate of year-on-year growth in the money supply fell slightly to 21.0%, from 21.5% in June. The rate of year-on-year increase in quasi-money (22.1%) exceeded that of the M1 aggregate (19.5%).

*The rate of year-on-year growth in M2 fell slightly*

**Development of monetary aggregate M2 (Sk billion)**



In July, the volume of currency in circulation outside the banking sector recorded only a moderate month-on-month increase (Sk 0.1 billion). The monthly cycle of currency issue maintained its normal course, and was well balanced in comparison with the previous months.

Demand deposits increased in July by Sk 0.8 billion. Over the course of the month, the volume of demand deposits was characterised by an increase in the first ten-day period, followed by a slight decline during the remaining twenty days.

Regarding the structure of the money supply, the most significant increase was recorded in time deposits (Sk 3.0 billion). This increase was due primarily to corporate deposits (including insurance sector deposits). Over the course of the month, the volume of such deposits recorded a relatively significant increase during the first twenty days, followed by a moderate decline in the last ten-day period.

*Significant increase in time deposits, chiefly corporate deposits*

In July, the trend of decline in foreign currency deposits was interrupted by a month-on-month increase of Sk 0.5 billion. This increase was due mainly to time deposits. As foreign currency time deposits are dominated by household deposits, the increase was probably generated in this category.

*Upturn in foreign currency deposits*

Regarding the structure of the money supply, the weight of quasi-money increased in July in comparison with the previous month's figure. This development was due primarily to the growth in time deposits. The weight of the M1 subaggregate fell slightly as a result of decreases in both M1 components.

**Structure of the money supply (M2)**

(%)

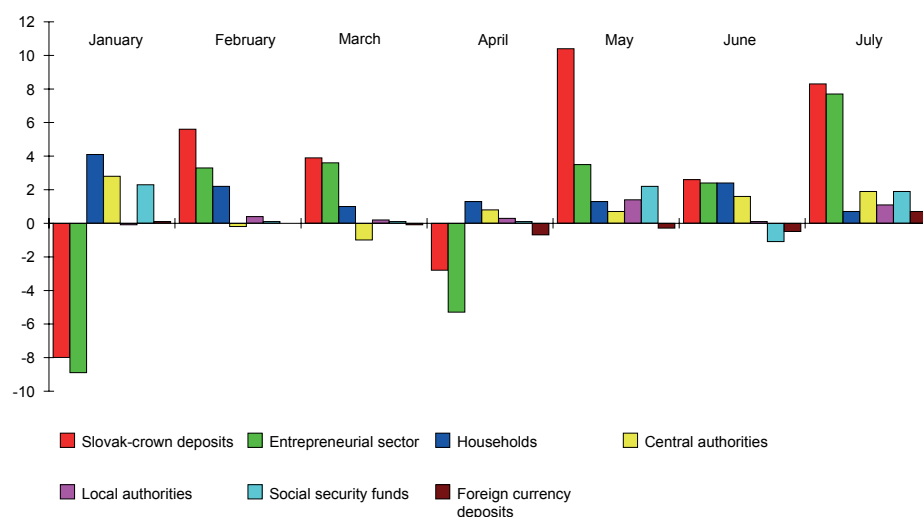
	1.1.1996	30.6.1996	31.7.1996	31.7.1995
<b>Money supply [M2]</b>	100.00	100.00	100.00	100.00
<b>Money [M1]</b>	41.52	40.02	39.79	40.29
Currency outside banks [M0]	9.65	10.60	10.51	9.89
Demand deposits	31.87	29.42	29.29	30.41
<b>Quasi-money [QM]</b>	58.48	59.98	60.21	59.71
Time deposits	47.29	49.56	49.79	46.96
Foreign currency deposits	11.19	10.41	10.42	12.75

*Growth in crown deposits, particularly in the corporate sector*

Slovak-crown deposits, as a component of the money supply, increased in July by Sk 3.8 billion (1.3%). The year-on-year growth in crown deposits represented 23.7%. The month-on-month increase was due primarily to corporate deposits (Sk 3.2 billion). Household deposits in Sk recorded a more moderate increase (Sk 0.6 billion). In comparison with the beginning of the year, the total increase in crown deposits (Sk 11.4 billion) was due exclusively to household deposits (an increase of 13.3%), while corporate deposits remained below the initial level (a decline of Sk 1.9 billion).

**Month-on-month changes in total deposits**

(Sk billion)

**1.3. Bank lending**

*Continued growth in bank lending, ...*

Total bank credit ( loans to enterprises, households, central and local authorities for extra-budgetary purposes, granted by commercial banks and the NBS) increased in July by Sk 4.5 billion. At the end of July, the volume of bank loans totalled Sk 347.1 billion; of which, Slovak-crown loans accounted for Sk 310.1 billion and foreign-currency loans Sk 37.0 billion.

*... particularly crown loans ...*

Of the total increase in bank credit, loans in Slovak crowns accounted for 66.7%, i.e. Sk 3.0 billion. The recent development in bank lending was characterised by relatively significant increases in foreign-currency loans.

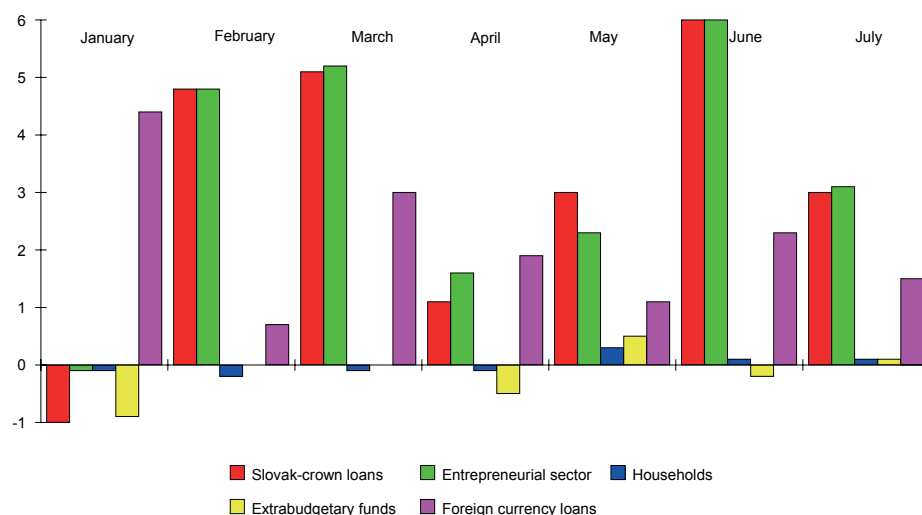
*... was realised in the business sector*

The increase in crown loans was realised in the private entrepreneurial sector; the volume of loans in other sectors remained virtually unchanged.

In the same period of last year, the month-on-month increase in crown loans was somewhat higher (Sk 4.1 billion), while that in foreign-currency loans was almost the same (Sk 1.4 billion).

The volume of bank credit increased year-on-year by 18.6%; of which, crown loans accounted for 13.4% and loans in foreign currency 94.7%. The proportion of foreign currency loans to the total volume of bank credit increased slightly (to 10.6%, from 10.4% in June).

**Month-on-month changes in loans (Sk billion)**



**1.4. Interest rate development in June 1996**

In June, the average interest rate on the total volume of loans continued to fall due to the repayment of loans at high rates of interest and relatively high increases in new loans at lower interest rates (an increase of Sk 21.4 billion). The average rate of interest fell by 0.52 points, to 13.43%.

*The average interest rate on the total volume of loans continued to fall, ...*

With regard to structure by term, the average interest rate on short-term loans fell by 0.45 points (to 13.60%), that on medium-term loans by 0.48 points (to 15.98%), and that on long-term loans by 0.52 points (to 12.01%). Long-term loans continued to be dominated by loans granted in the past at low rates of interest.

*... while the average rates fell on all types of loans by term ...*

Fluctuation in the average interest rate on new loans continued. In June, the average rate of interest fell by 0.37 points, due to an increase in new loans granted by some commercial banks for cars and housing purposes at an interest rate of 10 to 12%. This was reflected mainly in the category of medium-term loans, where the average rate of interest fell by 0.48 points, to 13.32%. The average interest rate on short-term loans fell by 0.41 points, to 12.36%, whereas that on long-term loans rose by 0.09 points, to 14.03%.

*... and the average rate of interest on new loans fell again*

The average interest rate on Slovak-crown deposits rose only moderately as a result of a slight increase in the rate of interest on demand deposits (by 0,06 points), to 3.06%. The average interest rate on time deposits, which have a dominant share in total deposits, remained virtually unchanged: 9.08% on one-year deposits and 9.58% on two-year deposits.

*The average interest rate on Sk deposits increased slightly ...*

The slight increase in the annual rate of inflation in June (to 6.2%, from 6.1%), at unchanged nominal interest rates on one-year deposits, further reduced the level of actual interest rates by 0.10 points, to 2.88%.

*... and the level of actual interest rates fell*

The difference between the average interest rate on the total volume of loans and that on the total volume of Sk deposits fell to 6.89 percentage points in June, from 7.47 points in May, due to a significant reduction in the rate of interest on total bank credit.

## 2. Implementation of monetary policy

*Moderate decline in the monetary base ...*

The average monetary base (volume of issued currency, total reserves of commercial banks at the NBS, and NBS bills in the banking sector) fell in July by a mere Sk 0.15 billion. In the period under consideration, the development of 'reserve money' was most influenced by the situation in monetary-policy factors.

*... at an unchanged level of autonomous factors*

The autonomous factors had a zero influence on the monetary base: they remained at the previous month's level, though their individual components recorded contradictory trends of development.

*Growth in NFA due to trade in foreign exchange fixing ...*

The growth in the monetary base was supported by the net foreign assets (NFA) of the NBS, which increased in July by Sk 1.1 billion, under the influence of trade in foreign exchange fixing. The volume of transactions conducted in foreign exchange fixing fell considerably: from US\$ 227.4 million in June, to US\$ 77.6 million (34.1%) in July. With regard to the structure of foreign exchange in fixing transactions, US\$ accounted for 73.1% (US\$ 56.7 million) and DM 26.9% (DM 30.9 million). The share of foreign exchange fixing in total interbank market turnover fell to 1.3% in July, from 6.7% in June. The number of transactions reached 9, representing a daily average of 0.4, with a volume of US\$ 8.6 million per transaction. The only form of trading in NBS foreign exchange fixing in July was the purchase of foreign exchange, which resulted in a positive balance of US\$ 77.6 million (US\$ 56.7 million and DM 30.9 million).

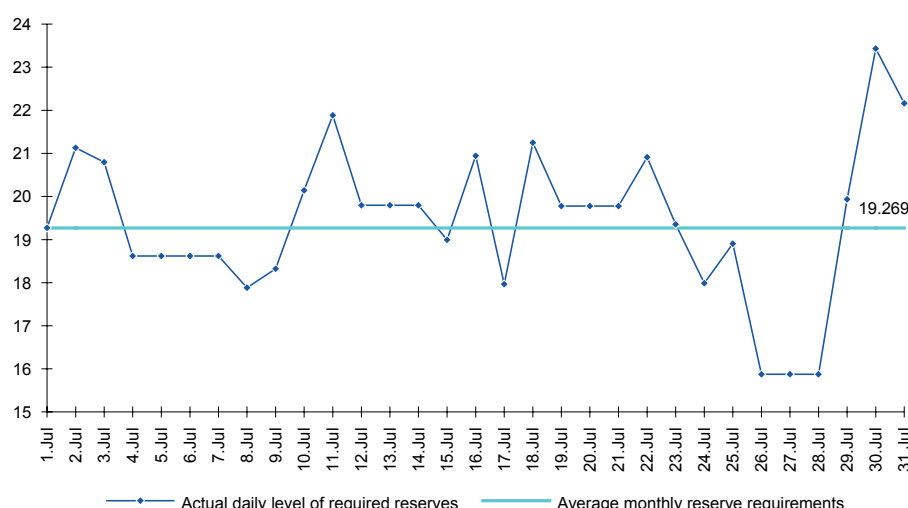
*... offset by the improved position of the Government*

In July, the position of the Government vis-a-vis the NBS improved by Sk 0.48 billion, owing to the current budget performance of State funds and the Government.

*Monetary-policy factors*

With regard to monetary-policy factors, commercial banks showed less interest in refinancing in July. The average volume of Treasury bills and government bonds held by the NBS fell by Sk 0.18 billion, whereas trading in bills of exchange for export promotion slightly increased. At the end of July, the NBS held bills exchanged for the support of agriculture in portfolio in the amount of Sk 215.8 million, representing 14.4% of the bills-of-exchange limit, and bills exchanged for export promotion in the amount of Sk 175.3 million, accounting for 23.4% of the limit.

**Fulfilment of reserve requirements (Sk billion)**



*Application of the monetary base*

In line with the upward trend in the volume of transactions in the economy, the average volume of currency issued increased month-on-month by Sk 1.3 billion. The level of required reserves also rose as a result of growth in primary deposits. The sources of the monetary base declined, and in consequence the above increase



had to be compensated by funds obtained from transactions in NBS bills. The volume of NBS bills in commercial bank portfolios fell month-on-month by Sk 1.6 billion.

The level of minimum reserves in the banking sector for July was set at Sk 19,268.7 million. The reserve requirement was fulfilled to 101.13% at 15 July 1996, while excess reserves reached an average of Sk 211.40 million; and rose to 100.46% at 31 July 1996, with average excess reserves at a level of Sk 89.38 million.

*Fulfilment of reserve requirements*

### 3. Inflation

In July, consumer prices increased by 0.3%, compared with the previous month's figures. The price level has risen by 2.5% since the beginning of the year. The annual rate of inflation fell from 6.2% in June, to 5.5% in July, representing the lowest annual figure since 1993.

*Consumer prices increased by 0.3% month-on-month ...*

The month-on-month increase in consumer prices was due mostly to a seasonal factor. The level of food prices rose by 0.6%, compared with the June figure. Despite the seasonal rise, the price of foodstuffs remained below the level of December. In the category of foodstuffs, the most rapid increases were recorded in the price of soft drinks (1.1%; of that, mineral waters by 5%) and that of flour, bakery, and pastry products (0.9%; of which, the price of bread rose by 2.4%).

*... due to a seasonal rise in food prices ...*

The price level of other consumer goods recorded only a slight rise. Non-food prices increased by 0.1%, the price of services by 0.2%, and public catering by 0.3%.

The annual rate of inflation fell to 5.5%, owing to the existence of a relatively stable economic environment without any major effects on the development of consumer prices in July. The price level in July 1995 was higher, as a result of price control adjustments in transport and rapid seasonal increases in the prices of food and public catering.

*Development of the annual rate of inflation*

### 4. Money market

In the course of July, the Ministry of Finance of the SR announced and realised four issues of Treasury bills.

*Treasury bills market*

Date of issue	DTM*	Sold (pcs)	of which: NBS	Average interest (%)
4 July 1996	21	1,501	1,000	7.849
11 July 1996	84	2,862	1,000	8.453
18 July 1996	28	1,500	1,400	8.300
25 July 1996	28	514	-	8.671
Total	-	6,377	3,400	

\* Number of days to maturity.

Subsequent to the Bank Board having announced its resolve to introduce concrete monetary-policy instruments, there was a significant increase in the already rising rates of interest on the money market. In an effort to slow down the rapid increase in interest rates on the interbank deposit market, the NBS took an active part in trading on the primary market. At three of the four auctions held in July, the Bank purchased a total of 3,400 pcs of Treasury bills at the average price achieved at auction, and thus prevented the maximum rate of interest accepted from rising (compared with the interbank deposit market) above 14.1%. Although three issues of Treasury bills were repaid in the total amount of Sk 3,451 billion in July, the number of outstanding Treasury bills increased by 2,926.

In July, the NBS continued to make regular issues of Central Bank bills (NBS bills) without setting the maximum rates of interest for primary sale. The Bank put three issues up for auction with a maturity of 84 days, and one issue at 168 days. As a result of the inadequately high rates of interest demanded by banks at the auctions

*Issues of NBS bills*

(the rates were influenced by the development of interest rates on the interbank deposit market), only one issue of NBS bills was realised with a maturity of 168 days, in the amount of Sk 1,900 million, at an interest rate of 9.24%. In July, NBS bills were redeemed in the total amount of Sk 7,150 million. The average daily volume of short-term securities in the portfolios of commercial banks amounted to Sk 30,970 million, representing an increase of Sk 717 million compared with the previous month's figure. The average daily portfolio of Treasury bills grew month-on-month by Sk 2,092 million, whereas that of NBS bills fell by Sk 1,357 million.

*REPO operations continued*

To ensure the stability of the banking sector, the NBS conducted individual REPO operations with a maturity of up to 7 days, mostly in the form of REPO deals for sterilisation purposes. In the period under consideration, the volume of REPO deals for sterilisation totalled Sk 20,620 million; and that of REPO deals conducted for refinancing purposes amounted to Sk 8,395 million. In the course of July, the refinancing REPO rate was raised to 8.2%, from 7.7%; and the sterilisation REPO rate to 7.3%, from 6.7%.

*Development of BRIBOR rates*

The upturn in interest rates on the interbank deposit market did not relate to one-day deposits. Interest rates on such deposits fell from a maximum of 13.31%, recorded in mid-July, to a minimum of 11.47% on the last day of the month. Interest rates on one-month deposits fluctuated in July from 12.33% to 14.33%, with a monthly average of 13.43%, i.e. 1.47 percentage points higher than in the previous month. Interest rates on three-month deposits fluctuated between 12.32% and 14.33%; the average interest rate on these deposits was 13.40%, i.e. 1.57 percentage points above the level of the previous month. Interest rates on six-month deposits reached a minimum of 12.15% and a maximum of 14.45%, with a monthly average of 13.33%, i.e. 1.87 percentage points higher than in the previous month.

## 5. Capital market

*Primary market*

In July, eight issues of publicly negotiable non-government bonds were made in the total amount of Sk 2.13 billion.

*Secondary market*

In July, the volume of trading on the Bratislava Stock Exchange (BCPB) reached Sk 11,083 million, representing an increase of 39.65% compared with the previous month's figure. This development did not correspond to the forecasts for the summer months. In comparison with the previous months, both direct and anonymous trading culminated in July.

Most trading took place in unlisted (38%) and listed shares (25%). In July, the proportion of trading in listed and unlisted bonds to the total volume traded on BCPB changed as follows: the share of unlisted bonds reached 16%, and that of listed bonds 11%.

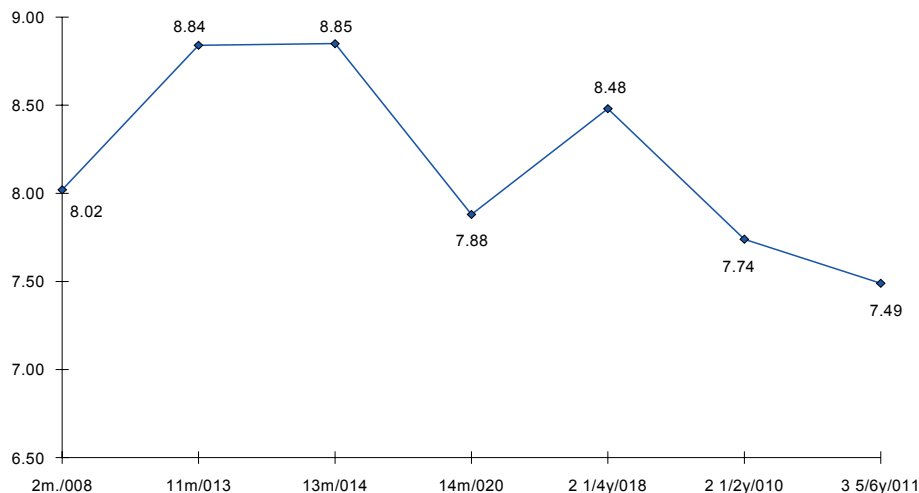
In July, the Slovak Share Index (SAX) stabilised at the level of 220 points. The monthly minimum of SAX was recorded on 2 July. The values of the SAX index fluctuated over the course the month; the monthly maximum (221.57 points) was achieved on the last day of July. The value of this maximum was the highest since 6 September 1994.

*Bonds*

The share of bond transactions in the total volume of trading on the BCPB floor was the same as in June (27%). The volume of trading in listed bonds (Sk 1.3 billion) fell below the level of June, but the volume of anonymous transactions increased by almost Sk 100 million. Most trading took place in government bonds of Issue No. 008 (Sk 318.4 million), Issue No. 011 (Sk 195.3 million), and Issue No. 020 (Sk 174.0 million).

The volume of trading in unlisted bonds increased month-on-month by more than Sk 1.0 billion, to Sk 1.8 billion. On the unlisted bond market, the largest volume was traded in Povodie Váhu bonds (Sk 205 million). The new issues of Sporofin 2001 (Sk 94 million) and Benzinol II (Sk 92 million) bonds were also in great demand.

**Average yield from primary trade in government bonds at 30 June 1996 (%)**



The volume of transactions in listed shares increased more than twice compared with the figure for June, reaching almost Sk 4 billion at the end of July. Most trading took place in the form of direct transactions (Sk 3.6 billion), in which the best performers were Slovnaft shares (Sk 800 million) and VÚB Kupón shares (Sk 724 million).

Shares

In anonymous transactions, the largest volume was traded in Nafta Gbely shares (Sk 115 million).

In comparison with the previous month, the total volume of trading in unlisted shares increased slightly, to Sk 4.1 billion. On the BCPB floor, the largest volume was traded in Matadorex shares (Sk 94.0 million). In direct transactions, the best performers were Slovenské lodenice shares (Sk 1.8 billion).

With regard to the structure of bond- and shareholders registered at the Securities Centre, the proportion of shares held by non-residents increased in July by 1.1%, and that of bonds by 2.8%. The total month-on-month increase represented 1.1%

**Slovak Share Index - SAX (%)**



## 6. Interbank foreign exchange market

*Transactions among  
Slovak banks*

Trading on the foreign exchange market in July confirmed the shift from NBS foreign exchange fixing to interbank transactions. The volume of interbank transactions increased month-on-month by 82.8%, to US\$ 5,749.2 million, representing 98.7% of the total interbank foreign exchange market. The number of contracts increased by 379; and consequently, the average amount per contract increased by 50%, to US\$ 2.4 million. Most trading was concluded in US\$ (63.7%), followed by DM (33.5%), and other European currencies (2.8%).

*Transactions between Slovak  
and foreign banks*

The volume of transactions concluded between Slovak and foreign banks increased by 173%, to US\$ 323.4 million (from US\$ 118.5 million), representing 5.3% of the total volume traded on Slovakia's foreign exchange market. In these transactions, Slovak banks achieved a positive balance (US\$ 20.94 million), indicating that they had purchased foreign exchange from foreign banks.

## 7. Balance of payments for January to June 1996

*The equilibrium of the  
balance of payments current  
account was upset ...*

After two years of surplus in the current account, the balance of trade in goods and services turned unfavourable in 1996, resulting in a deficit in the balance of payments current account. The development of Slovakia's foreign trade was characterised by a gradual increase in the current account deficit of the balance of payments. This development was due to the unfavourable balance of trade in goods and services: imports increased by 19.4%, while exports fell by 3.8% year-on-year. The decline in exports was attributable to the downturn in trade with the Czech Republic in both goods and services. The fact that net revenues from the balance of services, income, and current transfers were no longer large enough to cover the trade balance deficit, resulting from a decline in exports and growing demand for imports, resulted in a deficit of Sk 22.4 billion (US\$ 737 million) in the current account vis-a-vis abroad. The inflow of foreign capital in the form of investment and bank credit failed to reach the required level to cover the current account deficit. As a result, foreign exchange reserves in the banking sector fell by Sk 9 billion, while reserves held by commercial banks suffered a decline of Sk 11.8 billion.

*... due mainly to the growing  
trade balance deficit ...*

The achieved result in the current account was greatly influenced by the increasing trade balance deficit. The total deficit of the trade balance reached Sk 27 billion, i.e. US\$ 888 million. During the first half of 1996, the volume of commodity imports reached Sk 154.5 billion, representing a year-on-year increase of 23.6%. Excluding the import of special materials from the Russian Federation, the total volume of imports increased by 19.1%, i.e. by Sk 24.0 billion. According to data from the NBS, investments (including 2/3 of car imports) accounted for 50% of the growth in imports, production goods for 30%, and personal consumption 20% (including 1/3 of imported cars, which were purchased by private individuals, according to the Slovak Statistical Office).

The negligible increase in exports was due to a variety of factors. A principal change was recorded in trade with the Czech Republic. The share of the CR in Slovak exports fell by 4 points and in terms of value, by Sk 4.0 billion. The volume of imports increased by almost the same figure. As a result, the balance of trade with the CR deteriorated by Sk 7.8 billion, which largely reduced the massive surplus achieved in the previous year. The downturn in economic activity in countries of Western Europe had a greater influence on Slovakia's inadequately diversified exports than expected. A major part of Slovak exports (more than 40%) goes to this region, while 20% of commodity exports is directed to Germany, where the sharpest decline was recorded. At the end of the first half-year, the market for steel and steel pipes showed some signs of revival, which was reflected in the growth of exports in May and June.

In the last quarter of 1995, a negative shift was recorded in the development of the services balance, particularly on the revenue side. This trend fully manifested itself in the first half of 1996, when revenues from services fell year-on-year by 23.6%. As a result, the revenue side of the services balance fell to Sk 1.8 billion, while expenditures remained virtually unchanged. Regarding the structure of services, revenue from transport accounted for almost Sk 4.4 billion. Revenue from the transport of gas by pipeline to Western Europe amounted to Sk 5.9 billion, and was paid in the form of gas supplies. The trend of development completely changed in the area of freight service, where the moderate surplus recorded in 1995 turned into a deficit of half a billion, in connection with the increase in transport costs and growth in imports.

*... and the falling revenue in the services balance*

Foreign exchange revenue from travel increased year-on-year by almost 15%, and reached Sk 10 billion (US\$ 329 million). The number of trips made by Slovak nationals abroad also increased. Their foreign currency expenditure reached Sk 5.7 billion (US\$ 189 million), representing an increase of 55% in comparison with the same period of last year. Slovak citizens purchased foreign exchange equivalent to Sk 3 billion. While the average sale of Sk 6,000 per person remained at the level of the same period of last year, the number of citizens purchasing foreign currency doubled. The second largest item of passive tourism was expenditure on business trips abroad, which reached Sk 2.2 billion and remained at the level of the same period of last year.

The fall in the revenue side of the services balance was due to decline in receipts from abroad for other services of commercial or non-commercial nature, which fell year-on-year by more than 50%. As a result, the deficit of other-services increased to Sk 6.8 billion, representing a reduction in the services balance by Sk 8.7 billion compared with the same period of 1995.

The surplus in the capital and financial account increased to Sk 21.7 billion, i.e. US\$ 708 million. Excluding the payment of receivables from the Russian Federation (Sk 6.2 billion), which was realised in the form of special technology imports for Sk 5.7 billion and gas supplies for Sk 0.5 billion, the increase represents only Sk 15.5 billion, i.e. US\$ 504 million.

*The inflow of capital increased ...*

During the first half of 1996, the volume of direct foreign investment increased by a total of Sk 2.1 billion. Of this amount, Sk 0.6 billion was directed to the banking sector. The inflow of foreign capital into the corporate sector reached a mere Sk 1.5 billion. With regard to the fact that nearly half of this amount was invested in trade and services (41%), strategic investment for the restructuring of the economy was not made in Slovakia during the first half of 1996. In the area of portfolio investment, foreign capital participation in Slovak enterprises and the sale of domestic corporate securities abroad was at a very low level (Sk 300 million). At the same time, investments of Slovak companies abroad fell by Sk 1.9 billion (return of foreign exchange) in comparison with the initial level. During the period under consideration, Slovak banks purchased securities for their own portfolios in the amount of Sk 1.3 billion.

Capital inflow into the corporate sector took place mainly in the form of bank credits, which were drawn in the amount of Sk 7.1 billion (repayment not included). The persisting demand for cheaper funds led to the drawing of bank loans in the amount of Sk 12.7 billion, while 87% of this amount was drawn in the form of long-term loans (above 1 year). In terms of sector, the borrowed funds were employed in metallurgy, chemical industry, and telecommunications. Most of the loans were drawn from subjects of Great Britain, France, and from international financial institutions. In terms of purpose, funds were mostly used for investment and for covering operating expenses. As a result of the increased drawing of bank credits during recent years, the amount of loan repayments in the corporate sector increased more than twice in comparison with the same period of last year.

*... due primarily to a growth in bank lending to the corporate sector*

Despite the deficit in the current account, which was financed from the foreign exchange resources of banks, commercial banks did not increase their commitments vis-a-vis abroad to any significant extent. Since the beginning of the year, bank lending has increased by a mere Sk 1.2 billion, and is of a predominantly short-term nature. During the first half of 1996, the volume of deposits with a maturity of up to one year, which could contain elements of a speculative nature, did not increase significantly (Sk 0.9 billion). The fact that the inflow of capital into the corporate and banking sectors was not large enough to cover the deficit in the current account, resulted in a relatively sharp decline in commercial bank assets. Since the end of last year, foreign currency deposits (short- and long-term) held by commercial banks abroad have declined only as a result of transactions concluded in the amount of Sk 12.8 billion (excluding the effects of exchange rate fluctuations). Of this amount, the NBS purchased foreign exchange in the equivalent of Sk 5.0 billion. As a result, the Bank's foreign exchange reserves (excluding the effects of exchange rate fluctuations) increased by almost Sk 3.0 billion, i.e. US\$ 95 million, subsequent to debt service payment.

## **Appendices**





## Monetary survey

(Sk billion)

	1995						1996						
	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.	31.1.	29.2.	31.3.	30.4.	31.5.	30.6.	31.7.* /
Fixed exchange rate SKK / USD	31.277	31.277	31.277	31.277	31.277	31.277	29.569	29.569	29.569	29.569	29.569	29.569	29.569
Fixed exchange rate SKK / DEM	20.06	20.06	20.06	20.06	20.06	20.06	20.646	20.646	20.646	20.646	20.646	20.646	20.646
<b>ASSETS</b>													
Net foreign assets	43.7	48.6	50.1	51.3	55.8	61.6	63.6	65.9	64.7	63.3	62.3	57.2	57.3
Foreign assets	129.6	134.7	135.6	135.0	142.7	150.6	149.9	150.7	151.2	149.8	148.6	144.6	145.9
Foreign liabilities	85.9	86.1	85.5	83.7	86.9	89.0	86.3	84.8	86.5	86.5	86.3	87.4	88.6
Net domestic assets	263.8	266.3	267.5	268.0	269.9	295.4	286.4	291.0	297.1	294.7	302.7	310.6	314.9
Domestic credit	376.9	377.9	380.8	381.2	388.3	396.8	392.3	400.2	407.8	409.3	409.3	419.6	420.7
- Net credit to Government	86.9	86.1	85.7	82.6	88.9	92.0	83.3	87.8	86.4	84.7	80.2	82.6	80.1
- Net credit to FNM <sup>1/</sup>	1.6	1.0	1.3	0.4	0.3	-2.3	-1.7	-2.4	-1.9	-2.1	-1.0	-1.4	-2.5
Credit to households and enterprises	288.4	290.8	293.8	298.2	299.1	307.1	310.7	314.8	323.3	326.7	330.1	338.4	343.1
- Credit in SKK	269.7	271.8	273.4	276.8	277.2	283.8	283.8	288.3	293.4	294.9	297.6	303.8	306.8
- Credit to enterprises	254.7	256.9	258.6	262.1	262.7	268.5	268.6	273.3	278.5	280.1	282.7	288.8	291.7
- Credit to households	15.0	14.9	14.8	14.7	14.5	15.3	15.2	15.0	14.9	14.8	14.9	15.0	15.1
- Credit in foreign currency	18.7	19.0	20.4	21.4	21.9	23.3	26.9	26.5	29.9	31.8	32.5	34.6	36.3
<b>LIABILITIES</b>													
Liquid liabilities [M2]	307.5	314.9	317.6	319.3	325.7	357.0	350.0	356.9	361.8	358.0	365.0	367.8	372.2
Money [M1]	123.9	126.8	130.7	130.0	134.1	148.4	137.4	140.5	143.8	140.6	143.2	147.2	148.2
Currency outside banks [M0]	30.4	31.2	32.0	31.8	32.7	34.5	34.3	35.9	36.3	36.9	37.4	39.0	39.1
Demand deposits	93.5	95.6	98.7	98.2	101.4	113.9	103.1	104.6	107.5	103.7	105.8	108.2	109.0
- Households	34.2	34.3	34.8	34.9	35.5	37.4	38.7	39.4	39.7	40.6	41.1	42.3	
- Enterprises	57.8	59.7	62.1	62.0	64.6	75.0	62.8	63.0	65.8	61.5	63.0	64.1	
- Insurance companies	1.5	1.6	1.8	1.3	1.3	1.5	1.6	2.2	2.0	1.6	1.7	1.8	
Quasi-money [QM]	183.6	188.1	186.9	189.3	191.6	208.6	212.6	216.4	218.0	217.4	221.8	220.6	224.0
Time and savings deposits	144.4	148.6	147.1	150.1	152.4	169.1	172.4	176.1	177.9	177.7	182.8	182.3	185.3
- Households	106.5	107.7	108.6	110.6	112.6	125.7	128.4	129.9	130.6	131.0	132.3	133.5	
- Enterprises	22.0	25.0	22.7	23.4	23.8	27.7	28.1	29.8	29.9	29.9	33.2	31.2	
- Insurance companies	15.9	15.9	15.8	16.1	16.0	15.7	15.9	16.4	17.4	16.8	17.3	17.6	
Foreign currency deposits	39.2	39.5	39.8	39.2	39.2	39.5	40.2	40.3	40.1	39.7	39.0	38.3	38.7
- Households	34.5	34.6	34.9	34.8	34.7	35.2	35.3	35.0	34.5	34.2	33.9	33.7	
- Enterprises	4.7	4.9	4.9	4.4	4.5	4.3	4.9	5.3	5.6	5.5	5.1	4.6	
Other items net	113.1	111.6	113.3	113.2	118.4	101.4	105.9	109.2	110.7	114.6	106.6	109.0	105.8

1/ FNM - National Property Fund

\*/ Preliminary data

**Balance of Payments for January to June 1996**

	Consolidated balance	
	in SKK million	in USD million
<b>Trade balance</b>	-26,975.0	-887.8
Export, (fob)	127,587.0	4,199.3
Import, (fob)	154,562.0	5,087.1
<b>Service balance</b>	1,808.0	59.5
<b>Receipts</b>	28,150.0	926.5
Transportation	9,621.0	316.7
Travel	10,001.0	329.2
Other services	8,528.0	280.7
<b>Expenditures</b>	26,342.0	867.0
Transportation	5,260.0	173.1
Travel	5,752.0	189.3
Other services	15,330.0	504.6
<b>Income balance</b>	1,056.0	34.8
<b>Interest</b>	955.0	31.4
Income	3,866.0	127.2
Payments	2,911.0	95.8
<b>Investment</b>	26.0	0.9
Income	208.0	6.8
Payments	182.0	6.0
<b>Compensation of employees</b>	75.0	2.5
Income	181.0	6.0
Payments	106.0	3.5
<b>Current transfers</b>	1,715.0	56.4
<b>Official</b>	34.0	1.1
<b>Private</b>	1,681.0	55.3
<b>Current account</b>	-22,396.0	-737.1
<b>Capital transfers</b>	909.0	29.9
<b>Net medium- and long-term account</b>	10,155.1	339.5
<b>Direct investment</b>	2,016.0	62.4
<b>Portfolio investment</b>	934.0	40.5
<b>MLT Credits received</b>	1,460.3	44.9
<b>MLT Credits extended</b>	5,744.8	191.6
<b>Net short-term financial account</b>	10,598.5	338.5
<b>Total capital and financial account</b>	21,662.6	707.9
<b>Errors and omissions</b>	3,657.0	123.9
<b>Overall balance</b>	2,923.6	94.7
<b>Change in reserves (-,inc)</b>	-2,923.6	-94.7
<b>Gold</b>	-572.2	-18.5
<b>Holding of SDR</b>	1,200.6	40.8
<b>Foreign exchange assets</b>	-3,552.0	-117.0

Exchange rate applied: USD = SKK 30.383

**Money Supply M2**

(Sk billion)

	1.1.1996	30.6.1996	31.7.1996 <sup>*/</sup>	Month-on-month change	Month-on-month change (in %)	Change since beginning of year	Change since beginning of year (in %)	31.7.1995	Year-on-year change	Year-on-year change (in %)
Money Supply [M2]	357.4	367.8	372.2	4.4	1.2	14.8	4.1	307.5	64.7	21.0
Money [M1]	148.4	147.2	148.1	0.9	0.6	-0.3	-0.2	123.9	24.2	19.5
Currency outside banks [M0]	34.5	39.0	39.1	0.1	0.3	4.6	13.3	30.4	8.7	28.6
Demand deposits	113.9	108.2	109.0	0.8	0.7	-4.9	-4.3	93.5	15.5	16.6
Quasi-money [QM]	209.0	220.6	224.1	3.5	1.6	15.1	7.2	183.6	40.5	22.1
Time deposits	169.0	182.3	185.3	3.0	1.6	16.3	9.6	144.4	40.9	28.3
Foreign currency deposits	40.0	38.3	38.8	0.5	1.3	-1.2	-3.0	39.2	-0.4	-1.0

Crown deposits	282.9	290.5	294.3	3.8	1.3	11.4	4.0	237.9	56.4	23.7
- Households	163.1	175.8	176.4	0.6	0.3	13.3	8.2	140.7	35.7	25.4
- Enterprises (incl.insurance)	119.8	114.7	117.9	3.2	2.8	-1.9	-1.6	97.2	20.7	21.3

\*/ Preliminary data

**Development of Deposits**

(Sk billion)

	30.6.1996	31.7.1996 <sup>2/</sup>	Change
<b>Deposits in Sk and foreign currency</b>	366.9	375.9	9.0
<b>- Deposits in Slovak crowns</b>	326.4	334.7	8.3
of which			
- Enterprise sector	105.9	113.6	7.7
- Households	175.8	176.5	0.7
- Central authorities	16.6	18.5	1.9
- Local authorities	5.0	6.1	1.1
- Social insurance funds	14.3	16.2	1.9
- Other <sup>3/</sup>	8.8	3.8	-5.0
<b>- Deposits in foreign currency <sup>1/</sup></b>	40.5	41.2	0.7

1/ In convertible currencies (residents and non-residents)

2/ Preliminary data

3/ Nonresidents, unincorporated and non-profit organisations

**Development of Loans**

(Sk billion)

	30.6.1996	31.7.1996 <sup>2/</sup>	Change
<b>Loans in Sk and foreign currency</b>	342.6	347.1	4.5
<b>- Loans in Slovak crowns</b>	307.1	310.1	3.0
of which			
- Enterprise sector	286.9	290.0	3.1
- Households	15.0	15.1	0.1
- Loans to central and local authorities for extrabudgetary needs	3.3	3.4	0.1
- Other <sup>3/</sup>	1.9	1.6	-0.3
<b>- Loans in foreign currency <sup>1/</sup></b>	35.5	37.0	1.5

1/ In convertible currencies (residents and non-residents)

2/ Preliminary data

3/ Nonresidents, unincorporated and non-profit organisations

**Average Lending Rates of Commercial Banks**

(%)

	1993	1994	1995	1996					
	12	12	12	1	2	3	4	5	6
1. TOTAL VOLUME OF LOANS <sup>3/</sup>	14.13	14.39	14.78	14.84	14.43	14.20	14.27	13.95	13.43
A) Loans by sector									
of which									
a) Enterprise sector									
- Public sector	14.96	15.18	15.52	15.04	14.64	14.22	14.77	14.64	13.44
- Private sector (incl. cooperatives)	14.20	14.82	15.59	15.71	15.20	15.01	14.87	14.41	14.08
b) Households	5.52	4.29	5.06	5.67	5.59	5.66	5.50	5.58	5.65
B) Loans by term									
of which									
- Short-term	16.29	16.51	16.17	16.27	15.45	14.96	14.76	14.05	13.60
- Medium-term	16.62	17.63	17.77	17.73	17.18	17.01	16.76	16.46	15.98
- Long-term	11.06	11.30	12.12	12.29	12.18	12.14	12.57	12.53	12.01
2. NEW LOANS IN TOTAL	-	19.09	14.04	13.42	13.88	13.54	12.80	12.95	12.58
A) Loans by sector									
of which									
a) Enterprise sector									
- Public sector	-	19.82	14.23	13.03	13.92	13.72	13.29	13.99	13.04
- Private sector (incl. cooperatives)	-	19.20	14.89	14.86	14.94	14.59	14.01	13.58	12.42
b) Households	-	18.35	15.44	14.26	15.20	14.52	11.56	10.83	10.66
B) Loans by term									
of which									
- Short-term	-	19.37	13.68	13.15	13.31	13.18	12.56	12.77	12.36
- Medium-term	-	19.18	16.17	15.25	16.26	15.53	14.15	13.80	13.32
- Long-term	-	16.11	14.37	14.03	15.00	14.56	13.54	13.94	14.03
C) Average rates up to 3% <sup>1/</sup>	-	1.00	0.57	1.25	0.04	0.46	0.37	0.09	0.06
a) Loans by term									
of which									
- Short-term	-	0.99	0.52	1.00	0.00	0.00	-	0.01	-
- Medium-term	-	0.19	0.08	1.89	0.28	0.13	0.97	0.28	1.50
- Long-term	-	1.10	1.05	1.78	1.00	2.53	0.87	0.41	1.28
D) Average rates above 3% <sup>2/</sup>	-	19.55	14.55	13.54	13.96	13.70	12.90	13.12	12.90
a) Loans by term									
of which									
- Short-term	-	19.68	14.09	13.25	13.40	13.34	12.63	12.93	12.73
- Medium-term	-	19.39	16.75	15.33	16.29	15.58	14.17	13.86	13.34
- Long-term	-	18.31	15.99	14.68	15.03	15.07	14.28	14.87	14.29

1/ Long term loans from previous years (granted for housing projects, construction of nuclear power plants, family houses, house purchases, furniture, etc.)

2/ Interest rates updated with regard to changes in the discount rate and / or base rate - deviations

3/ In 1993 and 1994: rate of interest on the total volume of loans including loans at zero interest rate  
In 1995 and 1996: rate of interest total volume of loans excluding loans at zero interest rate

**Interest Rates on Crown Deposits and Change in Volume of Crown Deposits**

(%)

		1995							1996					
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total deposits	a	9.15	8.99	8.92	8.82	8.80	8.20	8.23	7.52	7.24	6.59	6.49	6.48	6.54
	b	3.70	6.40	9.20	1.70	4.60	5.30	29.40	-5.90	6.10	4.10	-3.00	10.40	1.00
of which														
Demand deposits	a	3.38	3.38	3.37	3.34	3.34	3.29	3.40	3.07	3.11	3.13	3.08	3.00	3.06
	b	0.90	5.10	4.60	0.60	1.30	3.30	12.80	-13.40	2.20	2.90	-2.70	3.00	-0.80
Time deposits	a	12.88	12.83	12.73	12.68	12.60	11.20	10.98	10.33	9.49	8.95	8.82	8.78	8.62
	b	2.80	1.30	4.60	1.10	3.30	2.00	16.60	7.50	4.00	1.20	-0.30	7.40	0.20
- 7-day deposits	a	7.00	7.01	6.78	5.65	6.20	6.69	6.29	6.66	7.42	6.92	7.91	8.44	10.63
	b	0.00	0.00	0.00	0.70	-0.20	-0.10	3.20	-1.70	0.10	-0.70	-0.10	1.10	1.90
- 1-month deposits	a	7.73	7.60	7.24	7.07	6.86	6.65	6.30	6.34	6.42	6.34	6.09	5.81	6.08
	b	0.80	-1.10	-0.10	-0.90	0.20	1.10	3.00	0.10	-0.20	1.50	-0.50	2.00	-0.30
- 3-month deposits	a	9.27	9.07	8.85	8.93	8.80	8.78	8.59	7.36	7.09	6.94	7.06	7.05	6.95
	b	-0.80	0.10	0.50	-0.70	0.80	-0.70	-0.40	2.50	1.10	0.80	0.10	1.00	-1.80
- 6-month deposits	a	11.00	10.64	9.29	9.18	8.98	8.96	9.90	8.69	8.69	8.20	8.13	8.09	8.02
	b	0.20	-0.40	0.90	0.40	0.00	-0.30	-1.30	4.50	0.10	-0.70	0.00	0.00	-0.10
- 9-month deposits	a	4.81	5.08	5.68	5.25	5.03	4.34	10.29	9.36	9.46	9.63	9.26	9.30	9.57
	b	0.00	0.10	0.70	0.00	-0.10	-0.30	-2.00	0.20	-0.30	0.30	0.00	0.50	0.00
- 12-month deposits	a	13.68	13.55	13.38	13.37	13.31	11.54	11.46	11.33	10.80	9.41	9.24	9.08	9.08
	b	1.10	0.50	1.20	0.30	1.10	0.80	5.50	0.30	1.90	0.40	-1.50	1.60	0.00
- 18-month deposits	a	13.55	13.89	13.93	13.82	13.74	13.48	13.02	12.75	12.30	12.89	12.37	12.67	11.65
	b	0.20	0.40	-0.10	0.00	0.00	0.00	0.40	0.20	0.20	-0.10	-0.20	-0.40	0.20
- 2-year deposits	a	16.16	15.98	16.00	15.95	15.72	12.62	12.53	12.15	11.27	9.63	9.60	9.61	9.58
	b	0.40	0.80	0.80	0.50	0.40	0.40	4.80	0.40	0.60	0.00	0.40	0.70	-1.00
- 3-year deposits	a	15.80	15.41	15.41	15.40	14.44	14.35	14.26	13.16	13.58	13.32	13.10	13.07	13.07
	b	0.00	0.40	0.00	0.00	0.10	0.00	0.00	0.20	0.20	0.00	0.60	0.00	0.00
- 4-year deposits	a	15.50	15.50	15.50	15.51	14.98	14.97	14.78	12.96	13.98	13.91	13.08	13.00	12.80
	b	0.70	0.20	0.30	0.20	0.70	0.30	0.70	-7.20	-0.30	0.00	0.10	0.20	-0.40
- 5-year deposits	a	18.75	18.71	18.70	18.71	18.67	18.65	18.91	14.74	13.77	13.67	13.76	13.51	13.27
	b	0.00	0.00	0.00	0.00	0.10	0.00	-0.10	6.00	-0.10	-0.80	0.40	0.00	1.40
- above 5 year	a	3.77	3.75	3.72	3.82	3.74	3.70	3.07	5.28	5.80	5.79	5.72	5.63	5.54
	b	0.20	0.30	0.40	0.00	0.40	0.80	2.90	1.70	0.70	0.60	0.40	0.80	0.30

a - average deposit rate (%)

b - change in volume (\$k billion)

**Basic Characteristics of Slovakia's Foreign Exchange Market in July 1996**

	USD			DEM			Other currencies			Total	
	Turnover		Number of transactions	Turnover		Number of transactions	Turnover		Number of transactions	Turnover (USD million)	Number of transactions
	(USD million)	(%)		(USD million)	(%)		(USD million)	(%)			
Foreign exchange fixing	56.7	73.1	5	20.9	26.9	4				77.6	9
Transactions among Slovak banks without participation of foreign banks	3,663.7	63.7	1,163	1,928.0	33.5	962	157.6	2.7	249	5,749.2	2,374
Interbank foreign exchange market fixing + transactions between Slovak banks.	3,720.4	63.8	1,168	1,948.9	33.4	966	157.6	2.7	249	5,826.8	2,383
Transactions between Slovak and foreign banks	205.4	63.5	76	83.0	25.7	73	35.0	10.8	62	323.4	211
Foreign exchange market in the SR - total	3,925.7	63.8	1,244	2,031.9	33.0	1,039	192.58	3.1	311	6,150.2	2,594

**Average Monthly Exchange Rates of SKK**

midpoint rate	1995						1996						
	7	8	9	10	11	12	1	2	3	4	5	6	7
FRF	6.045	6.031	5.974	5.969	6.030	5.981	5.988	5.943	5.949	5.958	5.959	5.992	6.028
1,000 ITL	18.139	18.616	18.652	18.345	18.473	18.621	18.880	19.040	19.262	19.409	19.844	20.119	20.127
100 JPY	33.549	31.770	30.029	29.344	28.914	29.202	28.347	28.335	28.445	28.304	29.108	28.536	28.124
CAD	21.483	21.993	22.341	21.913	21.768	21.693	21.886	21.791	22.034	22.372	22.582	22.718	22.458
NLG	18.791	18.527	18.390	18.610	18.574	18.412	18.302	18.253	18.200	18.090	18.038	18.136	18.187
ATS	2.993	2.951	2.929	2.962	2.956	2.930	2.914	2.906	2.897	2.876	2.866	2.887	2.901
DEM	21.051	20.749	20.603	20.844	20.803	20.615	20.496	20.439	20.371	20.228	20.167	20.312	20.411
CHF	25.290	25.042	25.309	25.733	25.792	25.501	25.414	25.065	25.150	24.981	24.660	24.688	24.878
USD	29.250	29.857	30.132	29.490	29.447	29.705	29.896	29.995	30.099	30.397	30.909	31.029	30.735
GBP	46.634	46.922	46.909	46.547	46.076	45.683	45.788	46.027	45.961	46.088	46.786	47.845	47.734
XEU	38.967	38.792	38.455	38.301	38.195	37.895	37.814	37.544	37.754	37.832	37.967	38.426	38.577
clearing ECU	39.356	39.180	38.475	-	-	-	-	-	-	-	-	-	-
CZK	-	-	-	1.124	1.121	1.117	1.110	1.110	1.105	1.107	1.117	1.116	1.134

**Gross Domestic Product**

(Sk billion)

		1995					1996	
		Q1	Q2	Q3	Q4	Year	Q1	Q2
Gross domestic product in constant prices 1993	a	98.6	106.2	108.6	103.3	416.7	105.8	113.5
	b	105.7	107.1	108.2	108.5	107.4	107.3	106.9
Gross domestic product in current prices	a	117.6	130.0	135.4	135.0	518.0	133.5	146.5
	b	115.2	116.4	118.7	119.0	117.4	113.5	112.7

Note: Conversion is based on the method of ESA

a - In the specified unit

b - Index same period of previous year = 100

**Consumer Prices**

(%)

		1995						1996						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Goods and services	a	101.0	100.5	101.4	100.5	100.4	100.3	100.7	100.3	100.3	100.3	100.5	100.2	100.3
	b	116.2	116.8	118.3	118.9	119.3	119.7	107.9	108.2	108.5	108.8	109.3	109.5	109.8
	c	104.1	104.6	106.0	106.5	106.9	107.2	100.7	101.0	101.2	101.5	102.0	102.2	102.5
	d	110.8	109.8	108.8	107.9	107.6	107.2	106.4	106.2	106.1	106.0	106.1	106.2	105.5
of which														
foodstuff goods	a	101.2	101.0	103.5	100.4	100.1	100.2	99.7	99.5	100.0	100.2	100.3	99.1	100.6
	b	118.3	119.5	123.7	124.2	124.4	124.6	105.0	104.4	104.4	104.7	104.9	104.0	104.7
	c	100.0	101.0	104.5	105.0	105.1	105.3	99.7	99.2	99.1	99.4	99.6	98.7	99.4
	d	113.1	111.0	108.1	106.5	106.1	105.3	103.9	103.7	104.1	104.6	104.7	105.2	104.7
non-foodstuff goods	a	100.3	100.4	100.5	100.6	100.5	100.4	101.4	100.5	100.4	100.3	100.7	100.7	100.1
	b	114.1	114.5	115.1	115.8	116.4	116.8	109.4	109.9	110.3	110.7	111.4	112.1	112.2
	c	105.4	105.8	106.3	107.0	107.5	107.9	101.4	101.9	102.2	102.5	103.2	103.9	104.0
	d	108.7	108.5	108.3	108.2	108.2	107.9	107.7	107.5	107.3	106.7	106.8	106.8	106.5
public catering	a	101.2	100.4	100.7	100.5	100.4	100.3	100.2	100.7	100.4	100.5	100.6	100.6	100.3
	b	119.5	120.0	120.8	121.4	121.8	122.2	107.6	108.4	108.8	109.3	109.9	110.6	111.0
	c	105.1	105.5	106.2	106.7	107.1	107.4	100.2	100.9	101.3	101.8	102.4	103.1	103.4
	d	113.6	112.3	111.0	109.0	108.0	107.4	105.8	105.8	105.5	106.1	106.4	106.6	105.6
services pay of inhabitants	a	102.7	100.1	100.3	100.2	100.1	100.1	100.8	100.6	100.4	100.2	100.2	100.2	100.2
	b	117.0	117.1	117.5	117.8	117.9	118.1	109.0	109.7	110.1	110.4	110.6	110.8	111.1
	c	107.1	107.3	107.7	107.9	108.0	108.1	100.8	101.4	101.8	102.1	102.3	102.5	102.7
	d	111.5	110.6	109.8	108.5	108.2	108.1	107.4	106.9	106.7	106.3	106.4	106.2	103.7

a - index previous period = 100

b - index December 1994 = 100

c - index December 1995 = 100

d - index same period of previous year = 100



**Producer Prices of Selected Products and Materials**

		1995						1996						(%)
		6	7	8	9	10	11	12	1	2	3	4	5	6
Industrial products	a	100.3	100.3	100.6	100.6	100.4	99.6	99.9	99.8	101.4	100.4	99.9	101.0	99.7
	b	105.5	105.8	106.4	107.1	107.6	107.1	107.1	99.8	101.2	101.6	101.6	102.6	102.3
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	112.6	111.6	102.1	101.3	108.9	107.6	107.1	104.6	104.6	104.7	103.9	104.4	103.9
	e	262.8	263.6	265.2	266.9	268.1	267.0	266.8	266.2	270.0	271.2	271.0	273.7	273.0
Building products	a	99.9	100.2	100.6	100.6	100.1	100.2	100.0	100.8	102.9	100.9	100.2	100.0	100.3
	b	110.5	110.8	111.4	112.1	112.2	112.3	112.3	100.8	103.8	104.7	104.9	104.9	105.3
	c	249.0	249.6	251.0	252.5	252.7	253.1	253.1	255.1	262.6	265.1	265.5	265.5	266.5
	d	112.5	112.4	110.1	110.1	113.0	112.7	112.3	108.1	107.4	107.9	106.8	106.6	107.0
	e	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	111.9	97.3	98.8	102.5	106.4	102.3	95.5	96.0	95.5	99.5	101.2	102.0	101.8
	e	143.5	144.8	140.9	147.5	147.4	155.8	156.0	148.4	142.6	143.8	142.6	141.7	146.1
of which: Plant products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	137.1	94.9	96.6	105.4	111.3	108.8	109.1	110.0	97.3	100.7	103.1	106.8	100.6
	e	189.4	146.8	141.5	145.6	142.5	147.0	148.2	148.5	151.0	148.1	142.7	147.4	190.6
Animal products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	108.7	105.7	102.2	100.1	98.5	99.2	94.5	95.5	95.5	99.5	101.1	101.8	101.9
	e	138.1	138.9	140.0	149.2	157.1	160.9	156.7	148.4	142.4	143.8	142.6	141.4	140.7

a - index previous month = 100

b - index December of previous year = 100

c - index December 1990 = 100, in construction 1.1.1990 = 100

d - index same period of last year = 100

e - index 1989 = 100

**Unemployment**

At the end of period

		1995						1996						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Number of vacancies	a	16,993	18,638	17,273	16,328	16,902	16,162	15,473	16,512	16,480	16,711	17,946	18,431	18,691
	b	2,409	1,645	-1,365	-945	574	-740	-689	1,039	-32	231	1,235	485	260
Number of unemployed	a	339,051	343,147	338,843	336,023	325,490	326,279	333,291	352,570	352,109	342,654	321,881	306,802	311,244
	b	116	4,096	-4,304	-2,820	-10,533	789	7,012	19,279	-461	-9,455	-20,773	-15,079	4,442
Number of unemployed per vacancy	a	20	18	20	21	19	20	22	21	21	21	18	17	17
Unemployment rate (in %)	a	13.3	13.5	13.3	13.2	12.8	12.8	13.1	13.7	13.7	13.3	12.5	11.9	12.1

a - in the specified unit

b - difference (+,-) compared with previous period

**State Budget**

(Sk millions)

		1995						1996						
		7	8	9	10	11	12	1	2	3	4	5	6	7
State budget revenues	a	90,895	101,994	114,349	130,881	142,654	163,138	14,527	21,952	40,393	55,481	68,460	79,525	95,853
	b	62.1	69.7	78.1	89.4	97.4	111.4	8.9	13.5	24.9	34.2	42.1	49.0	59.0
State budget expenditures	a	92,344	102,937	117,227	133,068	150,427	171,437	13,916	29,289	43,893	59,868	71,878	85,654	101,941
	b	55.2	61.5	70.0	79.5	89.9	102.4	7.3	15.5	23.2	31.6	37.9	45.2	53.8
State budget balance		-1,450	-943	-2,878	-2,187	-7,773	-8,299	611	-7,337	-3,500	-4,387	-3,418	-6,129	-6,088

a - in the specified unit at the end of month (cumulative figures)

b - budget performance in %

**Industrial Production**

(Sk millions)

		1995						1996						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total industrial production	a	43,244	37,687	41,834	43,641	46,428	47,020	42,023	41,634	41,764	43,864	41,342	45,164	44,215
	b	99.7	86.8	110.3	103.6	106.5	101.7	89.4	99.3	98.8	104.6	94.3	108.4	97.9
	c	107.9	105.4	110.4	112.9	112.8	109.9	102.7	111.5	109.6	101.1	101.6	100.0	98.2
	d	238,788	276,475	318,309	361,950	408,378	455,398	497,421	41,634	83,398	127,262	168,604	213,768	257,983
	e	107.7	107.3	107.7	108.3	108.7	108.9	108.3	111.5	110.6	107.1	105.7	104.5	103.4
	f	17,565	15,252	16,828	17,429	18,460	18,778	16,796	16,674	16,475	17,229	16,331	17,565	17,154
	g	107.9	105.4	110.4	112.9	112.8	109.9	102.7	111.5	109.6	101.1	102.1	99.7	97.7
of which in the private sector	a	28,385	24,837	27,554	29,008	30,781	31,786	28,123	26,767	27,543	29,127	27,861	30,620	30,788
	b	102.8	87.2	110.3	104.5	105.6	103.7	88.5	95.4	101.4	105.3	95.7	109.0	100.5
	c	119.0	116.7	119.5	122.3	123.6	122.9	114.0	122.3	118.3	108.3	108.4	106.5	104.2
	d	149,265	174,102	201,656	230,664	261,445	293,231	321,354	26,767	54,310	83,437	111,298	141,918	172,706
	e	124.1	122.9	122.4	122.4	122.6	122.6	121.8	122.3	120.3	115.8	113.9	112.2	110.7
	h	65.6	65.9	65.9	66.5	66.3	67.6	66.9	64.3	65.9	66.4	67.4	67.8	69.6
Labour productivity (Sk / employee)	a	69,830	60,457	66,905	69,444	73,569	74,639	67,154	67,063	67,330	70,554	66,869	73,043	71,314
	b	99.6	86.2	110.0	103.1	106.1	101.9	90.0	100.1	98.9	104.3	94.9	108.4	97.6
	c	104.0	102.0	106.7	108.2	107.3	104.8	98.2	109.5	108.0	99.9	101.6	100.0	98.1

a - in the specified unit

b - index previous month = 100

c - index same period of last year = 100

d - from the beginning of year (in Sk million)

e - index same period of last year = 100 (cumulative)

f - in the specified unit at constant 1989 prices

g - index same period of last year = 100 (at constant 1989 prices)

h - share of private sector in industrial production (%)

**Construction**

(Sk millions)

		1995						1996						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total construction sector output (including output abroad)	a	4,824	4,467	4,796	4,881	5,381	5,073	4,629	3,223	3,323	3,805	4,331	5,238	5,853
	b	108.7	92.5	106.0	100.9	109.2	92.9	90.4	67.6	100.3	111.9	112.9	120.5	112.2
	c	105.0	102.4	104.8	100.3	107.9	102.2	98.4	109.3	98.3	92.9	106.1	102.5	105.1
	d	22,308	26,775	31,571	36,452	41,833	46,906	51,535	3,223	6,546	10,351	14,682	19,920	25,773
	e	102.8	102.7	103.0	102.6	103.3	103.2	102.7	109.3	103.5	99.4	101.3	101.5	102.3
	f	-	-	-	-	-	-	-	1,213	1,217	1,364	1,620	1,858	2,071
	g	-	-	-	-	-	-	-	107.9	97.4	92.5	104.3	103.2	105.8
of which in the private sector	a	3,792	3,577	3,780	3,975	4,435	4,306	4,003	2,775	2,787	3,178	3,542	4,357	4,798
	b	105.7	94.3	104.3	104.2	110.6	95.7	92.1	67.3	97.7	111.4	110.5	122.6	110.6
	c	108.0	106.8	107.6	106.4	112.8	109.1	104.9	113.2	98.9	95.1	108.4	105.5	109.6
	d	18,080	21,657	25,437	29,412	33,847	38,153	42,156	2,775	5,562	8,740	12,282	16,639	21,437
	e	116.5	114.8	113.7	112.6	112.7	112.3	111.6	113.2	105.6	101.6	103.4	104.0	105.2
	h	78.6	80.1	78.8	81.4	82.4	84.9	86.5	86.1	83.9	83.5	81.8	83.2	82.0
Construction output in the SR	a	3,946	3,697	4,019	4,202	4,656	4,460	4,025	2,953	3,030	3,382	3,824	4,688	5,184
	b	106.7	93.6	107.3	103.7	109.8	94.4	89.4	71.2	99.8	109.1	112.2	122.2	111.0
	c	98.5	96.5	100.6	103.5	110.1	104.0	99.4	109.6	100.9	96.5	111.0	110.1	113.8
	d	19,062	22,759	26,778	30,980	35,636	40,096	44,121	2,953	5,983	9,365	13,189	17,877	23,061
	e	98.5	98.2	98.5	99.2	100.4	100.8	100.7	109.6	105.1	101.9	104.3	105.6	107.4
	f	1,601	1,499	1,608	1,667	1,830	1,728	1,544	1,111	1,109	1,212	1,429	1,663	1,834
	g	98.6	96.5	101.6	103.6	111.2	106.0	100.1	107.7	99.5	95.7	108.4	110.8	114.6
Construction output abroad	a	878	770	777	679	725	613	604	270	293	423	507	550	669
	b	118.3	87.6	99.7	86.5	105.9	83.5	97.5	43.5	105.5	141.0	118.8	108.1	122.1
	c	150.2	145.8	133.5	84.1	95.3	90.8	92.4	106.4	77.9	71.3	79.8	64.5	66.0
	d	3,246	4,016	4,793	5,472	6,197	6,810	7,414	270	563	986	1,493	2,043	2,712
	e	137.8	139.2	138.3	128.2	123.3	119.6	116.9	106.4	89.3	80.9	80.5	75.5	73.0
	f	-	-	-	-	-	-	-	102	108	152	191	195	237
	g	-	-	-	-	-	-	-	109.9	80.	72.9	81.2	65.0	66.5
Labour productivity per employee in Sk (of total construction output)	a	31,234	28,523	30,579	31,219	34,921	33,330	30,946	22,138	23,053	26,315	29,709	35,503	39,498
	b	108.3	91.2	105.9	101.2	110.8	94.1	92.0	69.5	101.3	111.6	112.0	119.1	111.7
	c	106.2	103.1	106.2	101.2	111.3	106.5	103.0	112.5	102.0	96.0	109.5	105.0	109.5

Note: All figures are based on constant prices of 1.1.1990

a - in the specified unit

b - index previous month = 100

c - index same period of last year = 100

d - cumulative from the beginning of year in Sk million

e - index same period of last year = 100 (cumulative)

f - in the specified unit at constant 1990 prices

g - index same period of last year = 100 (at constant prices)

h - share of private sector in production (%)

## Foreign Trade

(Sk millions)

		1995						1996						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Imports	a	23,495	19,312	19,705	20,941	22,704	23,259	21,360	22,601	30,647	24,313	25,481	27,671	23,849
	b	125,029	144,341	164,046	184,987	207,691	230,950	252,310	22,601	53,248	77,561	103,042	130,713	154,562
	c	124.4	123.0	121.5	121.5	121.2	120.8	119.1	120.5	142.5	131.0	131.4	128.7	123.6
of which: Czech Republic	a	6,705	5,238	5,416	5,976	5,928	6,174	4,948	6,148	6,940	6,486	6,682	6,909	6,231
	b	35,698	40,936	46,352	52,328	58,256	64,430	69,378	6,148	13,088	19,574	26,256	33,165	39,396
	d	28.5	27.1	27.5	28.5	26.1	26.5	23.2	27.2	22.6	26.7	26.2	25.0	26.1
Exports	a	22,216	19,537	21,345	22,251	23,280	23,169	19,539	20,459	19,612	21,781	19,576	23,653	22,505
	b	124,978	144,515	165,860	188,111	211,391	234,560	254,099	20,459	40,071	61,852	81,428	105,081	127,586
	c	123.2	122.6	122.7	122.4	122.1	120.4	118.5	113.7	107.2	103.9	100.7	102.3	102.1
of which: Czech Republic	a	8,382	6,589	7,689	7,786	8,085	7,951	6,776	6,438	6,707	6,884	6,168	7,646	7,156
	b	44,671	51,260	58,949	66,735	74,820	82,771	89,547	6,438	13,145	20,029	26,197	33,843	40,999
	d	37.7	33.7	36.0	35.0	34.7	34.3	34.7	31.5	34.2	31.6	31.5	32.3	31.8
Balance	a	-1,279	225	1,640	1,310	576	-90	-1,821	-2,142	-11,035	-2,532	-5,905	-4,018	-1,344
	b	-51	174	1,814	3,124	3,700	3,610	1,788	-2,140	-13,182	-15,718	-21,629	-25,673	-26,976
of which: Czech Republic	a	1,677	1,351	2,273	1,810	2,157	1,776	1,827	286	-235	394	-521	752	925
	b	8,973	10,324	12,596	14,406	16,563	18,34	20,167	286	51	445	-76	676	1,603

a - in the specified unit in current prices

b - from the beginning of the year in Sk millions

c - index same period of previous year = 100

d - share of total volume in period (%)