

## 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 January 1997.....	7
2. Implementation of monetary policy.....	7
3. Inflation.....	8
4. Money market.....	9
5. Capital market.....	10
5.1. Primary market.....	10
5.2. Secondary market.....	11
6. Interbank foreign exchange market.....	12
7. Balance of payments current account for January 1997.....	13
8. Appendices.....	15
Monetary survey .....	17
Balance of payments current account for January 1997 .....	18
Foreign exchange reserves .....	19
Gross foreign debt .....	19
Money supply .....	20
Monetary-policy instruments .....	21
Development of deposits .....	22
Development of loans.....	22
Average lending rates of commercial banks .....	23
Interest rates on crown deposits and change in volume of crown deposits .....	24
Basic characteristics of the foreign exchange market .....	25
Average monthly exchange rates of SKK .....	25
Gross domestic product .....	26
Consumer prices .....	27
Producer prices of selected products and materials.....	28
Inflation rate .....	29
Unemployment .....	30
State budget .....	31
Industrial production .....	32
Construction .....	33
Foreign trade .....	34



## 1. Monetary developments

Monetary development in February was characterised by an improvement in the trend of development in key monetary variables on the one hand, and on the other by a moderate increase in consumer prices (0.4% month-on-month and 6.0% year-on-year, compared with 5.8% in January 1997). Despite the positive monthly balance of trade in foreign exchange fixing, the value of the Slovak crown (Sk) fell in February by 0.5% compared with the figure for the beginning of the month, due to overall economic development and trade in NBS foreign exchange fixing at the end of February.

*Basic trends in monetary development*

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

In February, the money supply recorded a month-on-month increase of Sk 1.5 billion, and its development may be characterised as stable with a slowdown in the rate of growth. The February growth in the quantity of money in circulation was due exclusively to net foreign assets, which increased by Sk 5.8 billion as a result of an inflow of short-term capital and its conversion into Slovak crowns.

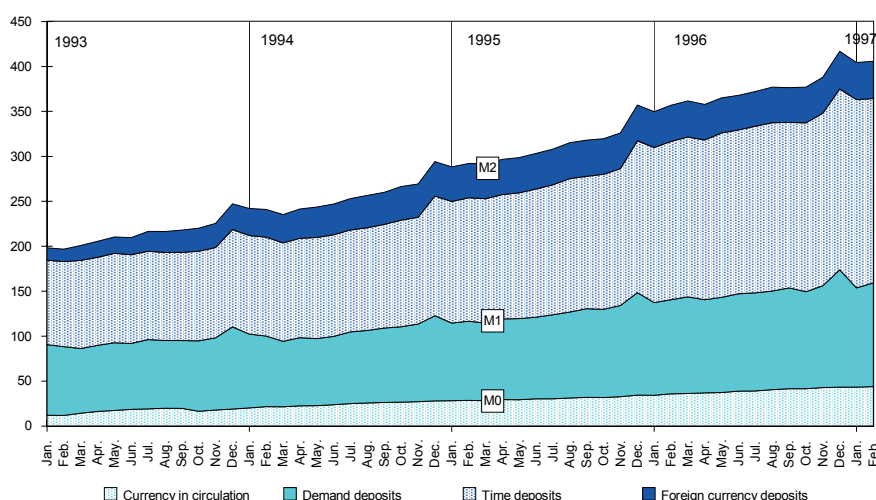
*The rate of growth in M2 slowed, despite renewed growth in net foreign assets, ...*

According to preliminary data, the volume of net foreign assets in the banking sector (at fixed exchange rates) increased in February by Sk 5.2 billion month-on-month, due to increases in both foreign assets (Sk 8.7 billion) and foreign liabilities (Sk 3.5 billion). The volume of net foreign assets of commercial banks increased by Sk 2.9 billion and net foreign assets of NBS by Sk 2.3 billion.

The foreign exchange reserves of the NBS (at fixed exchange rates) increased in February by Sk 3.1 billion compared with the previous month's figure. The revenue side, consisting of purchases of foreign exchange from commercial banks in foreign exchange fixing (Sk 2.4 billion) and borrowings from abroad (Sk 1.0 billion), significantly exceeded the expenditure side of the balance due to payments of interest and principal (Sk 0.5 billion). The foreign liabilities of the NBS increased by Sk 0.8 billion.

**Development of the M2 monetary aggregate**

**(Sk billions)**



Foreign assets of commercial banks increased month-on-month by Sk 5.6 billion, due to increases in deposits with foreign banks (Sk 4.5 billion) and bank loans (Sk 1.7 billion), particularly loans to non-bank entities. Foreign liabilities of commercial banks grew month-on-month by Sk 2.7 billion. The marked increase in short-term deposits from foreign banks (Sk 9.0 billion) was accompanied by a decrease in the

other items, particularly borrowings from foreign banks (Sk 4.0 billion) and deposits held by non-bank entities (Sk 1.6 billion).

... due to the continued decline in net domestic assets

The downward trend in net domestic assets continued in February with a month-on-month fall of Sk 4.3 billion, due primarily to the development of other net items. The decline in domestic assets partly offset the growth in net foreign assets.

Due to a deterioration in budgetary performance in February, the indebtedness of the Government grew by Sk 2.3 billion, increasing the volume of M2. On the other hand, the total volume of bank loans to households and enterprises fell by Sk 1.0 billion.

The deterioration in State budget performance ...

At the end of February, the current performance of the State budget resulted in a deficit of Sk 0.4 billion, representing a deterioration of Sk 3.3 billion in State budget performance compared with January. Budget revenue reached Sk 25.7 billion and expenditure totalled Sk 26.1 billion. The budget deficit was fully covered by the issue and sale of Treasury bills.

... led to a rise in the level of government debt

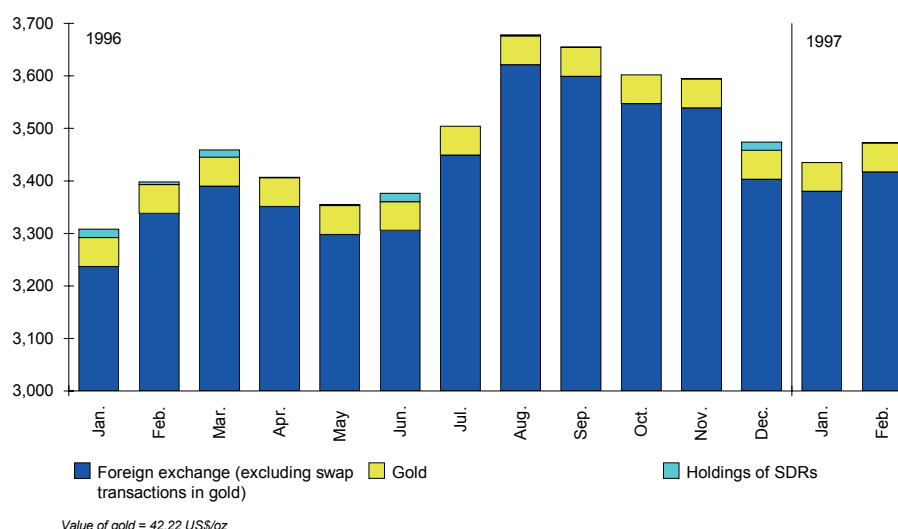
At the end of February, the net position of the Government vis-a-vis the banking sector reached a level of Sk 69.0 billion. Of this amount, the NBS covered Sk 14.6 billion and commercial banks an estimated Sk 54.4 billion. The month-on-month increase (roughly Sk 2.0 billion) in the level of internal debt was due to the unfavourable State budget performance in February, when the surplus balance achieved in January turned into a deficit. Regarding the items that exert a positive influence on the level of internal debt, the financial resources of insurance funds fell by roughly Sk 1.3 billion, while deposits of State funds increased by Sk 1.6 billion.

Favourable development in key variables

On the whole, the development in key variables in February may be regarded as favourable in comparison with the same period of last year as well as the figures projected for 1997.

The higher year-on-year increase in M2 was due mostly to the February development in domestic assets, caused by the considerable deterioration in State budget performance and the Sk 4.0 billion increase in crown loans in comparison with the level of January 1996 (while foreign-currency loans declined).

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



The improved development in the money supply was also reflected in a deceleration in the rate of year-on-year growth, which fell to 13.9% in February, from 22.1% a year earlier, thereby gradually approaching the projected level

(10.7%). Similar improvements were recorded in bank loans and net domestic assets, whose rates of year-on-year growth reached more favourable values in February (13.88% and 16.26% respectively) than at the end of last year (17.74% and 23.96% respectively).

At the end of February, the total foreign exchange reserves of the NBS (at current exchange rates) reached US\$ 3,471.7 million, representing a month-on-month increase of US\$ 37.3 million. The volume of total foreign exchange reserves was 3.4 times greater than the volume of monthly imports of goods and services to Slovakia in January 1997.

*Foreign exchange reserves of the NBS*

## 1.2. Structure of the money supply

In February, the money supply (M2) increased month-on-month by Sk 1.5 billion, reaching Sk 406.5 billion at the end of the month. The growth in M2 was due to an increase in the M1 aggregate (Sk 5.4 billion), while quasi-money suffered a decline (Sk 3.9 billion).

The rate of year-on-year growth in the money supply fell to 13.9% (Sk 49.6 billion). The rate of growth in quasi-money (14.3%) slightly exceeded that of the M1 aggregate (13.3%).

*Slowdown in the rate of year-on-year growth in M2*

In February, the volume of currency in circulation outside the banking sector increased by Sk 0.5 billion. In comparison with the standard currency issue cycle, the monthly cycle of currency issue in February was characterised by increased withdrawals of cash at the beginning of the month and lower daily increases during the subsequent phase of growth.

After the January decline, demand deposits recorded a relatively significant increase of Sk 4.9 billion in February. With regard to the development of crown deposits in the enterprise and household sectors (crown deposits moderately increased in both sectors), the growth in demand deposits was caused by the transfer of funds from time deposit accounts. This was probably due to the need of economic entities to maintain a certain level of funds for transactions and the transfer represented their renewal after the considerable decline in January.

*Significant increase in demand deposits ...*

The volume of time deposits fell by Sk 4.0 billion in February. The last month-on-month decline was recorded in September 1996 (Sk 3.2 billion). Deposits in foreign currency increased slightly by Sk 0.1 billion.

*... accompanied by a decline in time deposits*

The controversial development in demand and time deposits was reflected in the structure of the money supply. In comparison with the previous month, the weight of M1 increased and that of quasi-money decreased in February. Compared with the beginning of the year, current development was reversed as a result of the marked decline in demand deposits in January.

### Structure of the money supply (M2)

(%)

	1.1.1997	31.1.1997	28.2.97	29.2.96
<b>Money supply [M2]</b>	100.00	100.00	100.00	100.00
<b>Money [M1]</b>	41.71	37.98	39.16	39.37
Currency outside banks [M0]	10.43	10.72	10.80	10.06
Demand deposits	31.28	27.26	28.36	29.31
<b>Quasi-money [QM]</b>	58.29	62.02	60.84	60.63
Time deposits	48.26	51.65	50.48	49.34
Foreign currency deposits	10.03	10.37	10.36	11.29

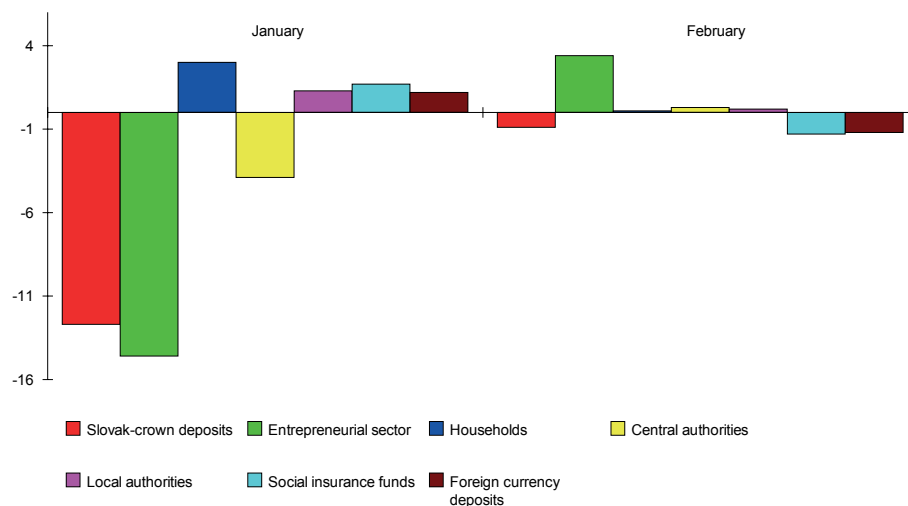
Slovak-crown deposits, as a component of the money supply, increased in February by Sk 0.9 billion, while corporate deposits (including deposits held by insurance companies) grew by Sk 0.7 billion and household deposits by Sk 0.2

*Moderate increase in crown deposits*

billion. Compared with the beginning of the year, the volume of crown deposits fell by Sk 11.1 billion, due to a decline in corporate deposits (Sk 14.3 billion) and growth in household deposits (Sk 3.2 billion). The rate of year-on-year growth in crown deposits reached 14.2%, while household deposits increased at a faster rate (16.8%) than corporate deposits (10.1%).

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

(Sk billions)



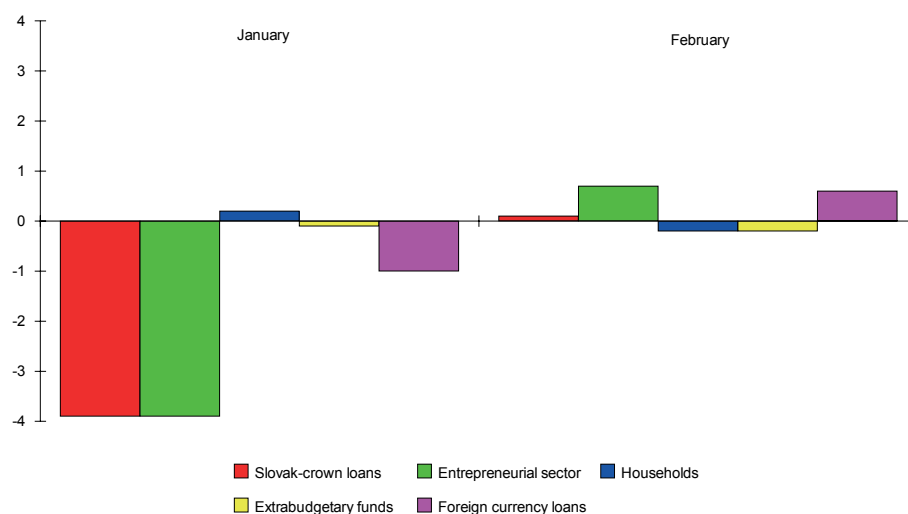
**1.3. Bank lending**

*Moderate growth in bank lending*

In February, bank lending experienced a moderate month-on-month increase of Sk 0.7 billion, of which Slovak-crown loans accounted for Sk 0.1 billion and foreign-currency loans Sk 0.6 billion. At the end of the month, the volume of bank loans totalled Sk 370.2 billion; of which crown loans accounted for Sk 335.0 billion and loans in foreign currency Sk 35.2 billion.

**Month-on-month changes in bank loans**

(Sk billions)



The volume of bank credit to the entrepreneurial sector recorded a month-on-month increase of Sk 0.7 billion. In other sectors, bank lending fell slightly by an average of Sk 0.2 billion. In the same period of last year, Slovak-crown loans increased by Sk 4.6 billion, while foreign-currency loans suffered a decline of Sk 0.7 billion. The volume of total bank credit increased year-on-year by 16.3%; of which crown loans accounted for 14.8% and loans in foreign currency 32.8%.

#### 1.4. Interest rate development in January 1997

In January, the average interest rate on the total volume of loans rose slightly by 0.25 points, to 13.47%, due to a significant increase in the average rate of interest on short-term loans (0.66 points), while the average interest rate on medium- and long-term loans remained basically at the previous month's level. The structure of loans by term remained virtually unchanged.

*The average interest rate on the total volume of loans rose slightly*

More significant interest-rate changes were recorded in the category of new loans, where the average rate of interest increased month-on-month by 2.59 percentage points, to 16.04%. The interest rate level was most influenced by a rise in the average rate for short-term loans (by 2.84 points, to 16.36%), which accounted for 88.7% of the total volume of new loans. The average interest rate on new medium-term loans increased by 0.47 points, to 13.52%; while that on new long-term loans fell by 0.29 points, to 13.39% in January.

*Significant rise in the level of interest rates on new loans*

The marked increase in the level of average interest rates, particularly on new short-term loans, was due to the price of money on the interbank money market, which considerably increased due to reduction in the volume of liquid assets at certain commercial banks. Consequently, this affected the level of interest rates on consumer loans as well.

The rise in the level of interest rates concerned mainly operating loans, where the average rate in January was 16.49%, and which accounted for 80.8% of the total volume of new loans.

In January, the average interest rate on total crown deposits rose month-on-month by 0.87 points. This rise was reflected mainly in the category of time deposits (0.67 points) including:

*Rise in the level of interest rates on deposits, especially time deposits*

- deposits at up to a 7-day notice: a rise of 3.57 points;
- deposits at up to a 1-month notice: a rise of 2.15 points;
- deposits at up to a 6-month notice: a rise of 0.90 points;
- deposits at up to a 3-month notice: a rise of 0.48 points.

In January, time deposits accounted for 65.0% of the total volume of Slovak-crown deposits.

With regard to the faster increase in average deposit rates, the nominal margin was reduced to 6.42 points in January, from 7.04 points in December. The actual rate of interest on one-year deposits fell to 3.21% in January, from 3.61% in December, due to an increase in the annual rate of inflation.

*The level of actual interest rates fell slightly*

## 2. Implementation of monetary policy

Through its monetary policy, the NBS continued to influence the level of excess reserves of commercial banks and to regulate interest rates by conducting operations on the open market in the form of auctions. In comparison with the course of development in January, however, the implementation of monetary policy in February appeared to be more relaxed with regard to the level of excess reserves of commercial banks, which increased to Sk 0.98 billion in February, from Sk -0.11 billion in January.

*The level of surplus reserves at banks rose in February ...*

*... due to a growth in the monetary base, particularly net foreign assets*

In February, the average monetary base of the NBS increased by Sk 2.2 billion, due to the development of autonomous factors, which grew month-on-month by an average of Sk 7.1 billion. This growth was due exclusively to the development of net foreign assets at the NBS. The level of NBS reserves increased by an average of Sk 4.8 billion, under the influence of trade in foreign exchange fixing, whereby the Bank purchased foreign exchange from commercial banks and thus increased the level of liquidity in the banking sector.

In February, the volume of transactions conducted in foreign exchange fixing fell by 14.6%, to US\$ 316.1 million, from US\$ 370.0 million in January. With regard to the structure of foreign exchange in fixing transactions, the share of the D-mark increased to 54.5% (DM 172.4 million), while the US dollar accounted for 45.5% (US\$ 143.7 million) of the total. The number of fixing transactions decreased to 61, from 75 in January. The average volume per transaction increased to US\$ 5.2 million, from US\$ 4.9 million. The share of foreign exchange fixing in total interbank market turnover decreased in February to 5.3%, from 5.5% in January.

Despite a month-on-month decline of 46.2%, the foreign exchange fixing balance reached a surplus of US\$ 71.2 million (US\$ 42.1 million and DM 47.8 million), which means that trading was dominated by purchases of foreign exchange from commercial banks. The sale of foreign exchange by commercial banks was motivated mainly by an inflow of short-term foreign capital due to a sharp rise in interest rates on Slovak-crown deposits.

The value of the IDX currency basket unit increased from 1.0026 at the beginning of February, to 1.0076 at the end of the month. Consequently, the official exchange rate of the Slovak crown (Sk) weakened by 0.5% during the period under consideration.

*Despite sterilisation of bank liquidity by operations on the open market, ...*

In the course of February, the NBS conducted open market operations solely for sterilisation purposes in the form of tenders for, as well as direct sale of own Treasury bills by maturity, which were more effective despite the lower volumes. The NBS floated an issue of NBS bills for its own portfolio in the amount of Sk 10 billion. In this way, the Bank expanded the opportunities for investment, of which an average of Sk 0.3 billion was utilised in February. The position of the NBS on the interbank market was reflected in the development of monetary-policy factors, which fell month-on-month by an average of Sk 4.9 billion in February.

In February, the position of the Government had a contracting effect on commercial bank reserves, through the favourable State budget performance in February and, in particular, the issue of government bonds in the amount of Sk 1.1 billion.

*... the reserve requirements were, on average, fulfilled to 102.6%*

The sources of the monetary base were absorbed by the reserves of commercial banks, the liquidity ratios of which were improved by a decline (Sk 1.0 billion) in the volume of currency in circulation. In February, the level of reserve requirements was raised by Sk 1.9 billion compared with January, due to the December growth in the money supply, caused by the crediting of interest accrued to deposit accounts at the end of the year. During the period under consideration, reserve requirements were overfulfilled by an average of 2.6%, i.e. almost Sk 1.0 billion, despite the sterilisation efforts of the NBS.

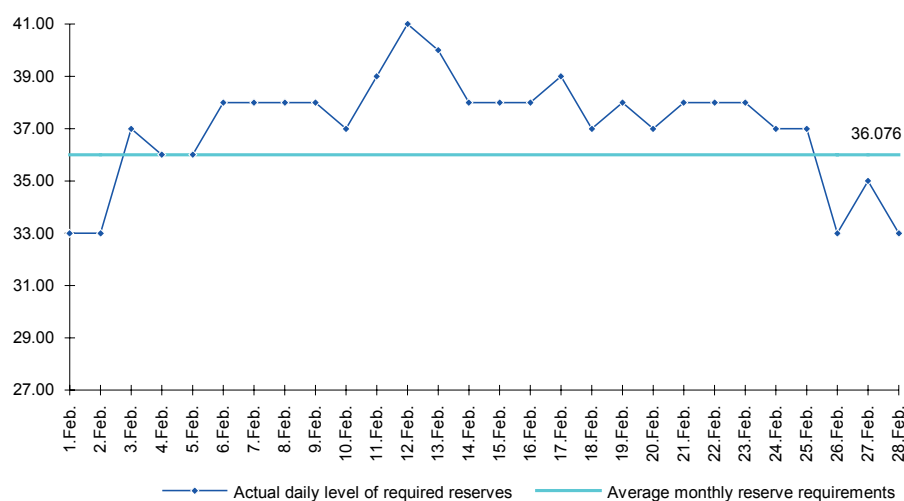
In February, the level of required reserves in the banking sector was set at Sk 36,076 million. By 15 February 1997, the reserve requirements had been fulfilled to 103.14%, while excess reserves had reached a daily average of Sk 1,131 million.

By 31 February 1997, the reserve requirements had been fulfilled to 102.20%, with average daily excess reserves at the level of Sk 794.08 million.



**Fulfilment of reserve requirements**

(Sk billions)



**3. Inflation**

In January, consumer prices increased by 0.4%, compared with the previous month's figures. The price level has risen by 1.5% since the beginning of the year, and by 6.0% compared with the same period of last year.

*Consumer prices rose by 0.4% month-on-month ...*

With regard to the new classification of personal consumption, consumer prices most increased in the category of health services, particularly the price of medical services provided outside hospitals, and in the category of miscellaneous goods and services, especially in social services (0.8% in both categories). In other categories, the price increases ranged from 0.2% to 0.5% month-on-month. Consumer prices in the category of foodstuffs and non-alcoholic beverages rose by 0.4%. The most significant increases were recorded in the price of vegetables, tropical fruit, and fish. The price of milk, cheese, and eggs continued to increase, while the price of meat fell slightly.

*Development by categories according to the classification of personal consumption*

According to the previous classification of consumption (composed of four categories), the most significant increases were recorded in the price of non-food products and services (0.5% in both). Food prices increased in February by 0.4% month-on-month, whereas the level of food prices in the corresponding period of last year fell. The price of public catering remained unchanged in February.

*Development by consumer groups*

**4. Money market**

In February, the Ministry of Finance of the SR (MF SR) floated Treasury bills in accordance with the issuing schedule for the 1st quarter of 1997. Only one auction proved to be successful, where 28-day Treasury bills were realised in the amount of Sk 0.037 billion. At two auctions, the issuer declined to accept any of the offers. During the period under consideration, Treasury bills were redeemed in the total amount of Sk 0.959 billion.

*Primary market for Treasury bills*

In February, the NBS continued to control liquidity in the banking sector through REPO tenders and direct sales to the day of maturity. With regard to the persisting surplus of liquid assets from the previous period, the NBS conducted only operations aimed at reducing the level of the surplus, i.e. 13 REPO tenders for sterilisation purposes and 15 direct sales from own portfolios.

*Secondary market operations of the NBS*

In comparison with January, REPO tenders conducted for sterilisation purposes were gradually standardised on the basis of contracts with a maturity of seven days. The extension of the maturity period led to a decline in demand for individual tenders, and/or its culmination at the end of the period for evaluating the fulfilment of minimum reserve requirements. The varying results of sterilisation efforts made by the NBS in the form of tenders are also seen in the continual growth in the fulfilment of reserve requirements in percentage terms during the period of evaluation, and by the attempts of banks to correct the results immediately prior to the end of the period. By this means (along with tenders with maturities during the period of evaluation), an average of Sk 2.5 billion was sterilised in the course of February.

The culmination of unrealised free funds in the banking sector had a positive effect in reducing the level of interest rates achieved at tenders: the average rate fell in February from 17.30%, to 13.05% at the last tender. The reduction in the level of interest rates achieved at tenders in the first phase has made direct sales by the NBS more attractive. The inflow of crown liquidity through foreign exchange fixing and the absence of issuing activity on the part of the Ministry of Finance increased the demand by banks for this alternative form of investment, making it possible for the NBS to reduce the rate of yield at direct sales as well.

In February, direct sales were realised in the amount of roughly Sk 5.3 billion, i.e. more than twice the amount sold at REPO tenders, while the reduction in interest rates remained only slightly behind the level of interest rates for tenders, when the first sales were realised with a yield of 17.50% for the investor and the final one at 14.25%. The volume of realised sales including tenders reduced the securities portfolio of the NBS available for open market operations to such an extent that, on 25 February 1997, it became necessary to float an issue of NBS bills in the amount of Sk 10.0 billion in order to create conditions for the continuation of the sterilisation process.

*Development of  
BRIBOR rates*

The development in interest rates on the interbank deposit market reflected the level of liquidity in the banking sector and the rates of interest achieved in open market operations by the NBS. One-day deposit rates were highly unstable, fluctuating between 22.18% and 6.83%. In contrast with the previous month, interest rates on interbank deposits with longer maturities gradually stabilised, particularly in the second half of the month, and the yield curve of the deposit market reversed, indicating an expected general fall in interbank deposit rates.

Reduction in the overfulfilment of reserve requirements may also be seen as a form of stabilisation.

## **5. Capital market**

### **5.1. Primary market**

*Government bonds*

In February, only one issue of government bonds (Issue No. 025) was floated with a maturity of one year and a yield of 10% p.a. The issue price was not limited by issuing conditions. The bonds were sold at an American-style auction, which was attended by 7 commercial banks, 1 insurance company, and 1 dealer in securities. The total demand amounted to Sk 1,310 million, of which offers for Sk 1,110 million were accepted. The minimum yield from the accepted demand was 12.500%, the average 14.660%, and the maximum 15.499%.

The demand was most influenced by the situation on the money market, which had become more attractive to investors due to higher yields. With regard to the average yield at auction, interest in the subsequent government bond issues is expected to increase.

During the period under consideration, six issues of publicly negotiable non-government bonds were made in the total amount of Sk 1,950 million (in February 1996: Sk 1,100 million). Most trading took place in bonds issued by Prvá komunálna banka, a.s. (Sk 1,000 million) and Drôtovne Hlohovec (Sk 500 million), with a fixed yield of 12.5% p.a. The total volume of non-government bonds issued since the beginning of the year reached Sk 4,500 million, considerably exceeding the figure for the same period of last year (Sk 1,100 million).

*Non-government bonds*

## 5.2. Secondary market

In February, the volume of trading on Bratislava Stock Exchange (BCPB) totalled Sk 17,132 million, representing an increase of 62.82% compared with the previous month's figure. The growth was due mainly to direct transactions, which increased month-on-month by 57.47%, to Sk 16,334 million. The volume of anonymous transactions also increased in February by 437%, to Sk 798 million; however, this figure still remained behind the monthly average for 1996 (Sk 1,319 million). Most trading took place in listed shares, which accounted for 35% of the total volume traded on the BCPB floor. This was followed by listed bonds (31%), unlisted shares (24%), and the remaining 10% consisted of trading in unlisted bonds.

In February, the volume of trading in listed bonds totalled Sk 5,308 million, representing an increase of 974.49% compared with the figure for the previous month. Of this amount, anonymous transactions accounted for only Sk 55 million, the rest was traded in direct transactions, where large amounts were traded in a small number of transactions. On the listed bond market, the largest volumes were traded in ĚSOB 1999 bonds (Sk 1,465 million), ING Baring Securities bonds (Sk 811 million), and government bonds of Issue No. 013 (Sk 780 million). In anonymous trading, the best performers were Slovenské elektrárne bonds (Sk 42 million).

*Bonds*

The volume of trading in unlisted bonds fell in February by 63.23% month-on-month, to Sk 1,777 million. Of this amount, anonymous transactions accounted for Sk 371 million and direct transactions Sk 1,406 million. In the unlisted bonds category, the largest volume was traded in ING Baring Securities bonds (Sk 818 million), which were transferred to the listed bond market later in February. They were followed by ŽRS 2 bonds (Sk 305 million), which were the best performers in anonymous transactions as well.

Over the course of the month, both components of the Slovak Bond Index (SDX) showed a rise. The minimum values of SDX corresponded to the initial figures, and the maximum values to the closing figures of the index. For corporate bonds, the closing value of 104.40 points represented an increase of 1.02%; and for government bonds, the closing value of 102.77 points represented an increase of 0.67% over the end of the previous month.

The volume of transactions in listed shares totalled Sk 6,017 million, representing an increase of 157.69% compared with the previous month's figure. Of this amount, direct transactions accounted for Sk 5,762 million and anonymous transactions Sk 255 million. With regard to listed shares, most trading took place in VÚB shares (Sk 3,729 million). In anonymous transactions, the largest volume was traded in VSŽ shares (Sk 117 million).

*Shares*

The volume of trading in unlisted shares fell in February by 40.94%, to Sk 4,031 million. Of this amount, direct transactions accounted for Sk 3,913 million and anonymous transactions Sk 118 million. In direct trading, the best performers were Drôtovne Hlohovec shares (Sk 776 million). In anonymous transactions, the largest volume was traded in Prvá komunálna banka 2 shares (Sk 34 million).

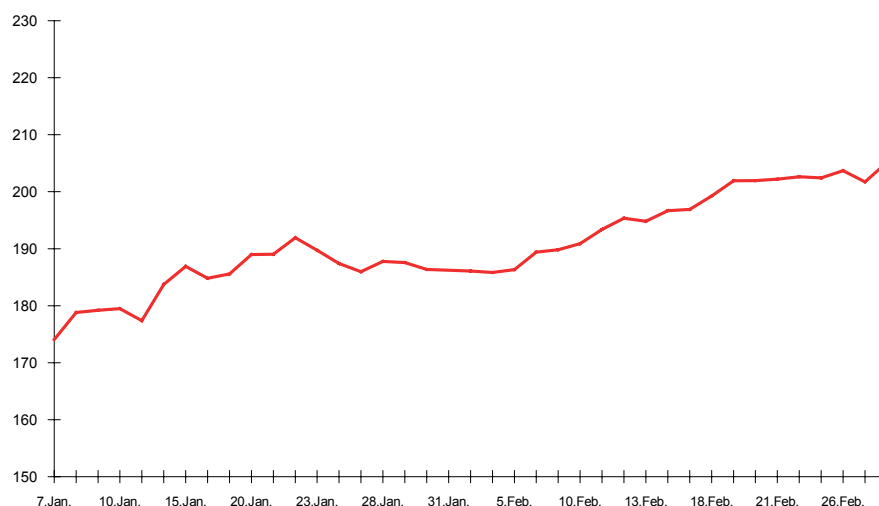
The Slovak Share Index (SAX) showed an upward trend, with smaller deviations during the period under consideration. The value of SAX reached a monthly

minimum (185.82 points) on the second day of trading (4th February). Subsequently, BCPB has used a SAX index with a new structure: OZETA is now omitted from the index and five new companies have been added. In February, the SAX index closed at 205.16 points, which represented the monthly maximum. Since the end of January, the SAX index has risen by 10.17%, and in comparison with the end of February 1996, it has risen by 12.78%.

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### Slovak Share Index - SAX

(%)




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The rise in the level of interest rates in the previous month was reflected in the growth in interest by foreign investors in February, which was documented by changes in the structure of bond- and shareholder registration at the Securities Centre. The most significant change was recorded in the number of bonds held by non-residents, which increased by 148.39% in February. The number of shares held by non-residents also increased. These changes were connected with the decrease in the number of securities held by banks. The number of securities held by other resident entities remained virtually unchanged during the period under consideration.

## 6. Interbank foreign exchange market

### *Transactions between Slovak banks*

In February, the volume of trading between Slovak banks increased month-on-month from US\$ 5,408.6 million, to US\$ 5,647.9 million, representing 94.7% of the total interbank foreign exchange market. The number of contracts decreased to 2,523, from 2,957 in January. The average amount per contract remained virtually unchanged (US\$ 2.2 million). Most trading was concluded in US\$ (61.7%, compared with 55.8% in January), followed by DM (33.2%, compared with 38.5% in January), and other European currencies (5.0%, compared with 5.7% in January).

### *Transactions between Slovak and foreign banks*

The volume of transactions concluded between Slovak and foreign banks increased in February by 38%, i.e. from US\$ 1,852.6 million to US\$ 2,568.9 million, representing 30.1% of the total volume traded on Slovakia's foreign exchange market (21.5% in January). The Slovak crown was listed in several banks in London, which is a sure sign of increased interest in the Slovak currency and its liquidity. These transactions resulted in a positive balance of US\$ 79.4 million, i.e. Slovak commercial banks purchased foreign exchange from foreign banks.

## 7. Balance of payments current account for January 1997

The development of Slovakia's external relations on the balance of payments current account during the first month of 1997 was characterised by a faster growth in expenditure than revenue, resulting in a deficit of Sk 7.4 billion (US\$ 230.3 million) in the current account of the balance of payments.

*The deficit in the balance of payments current account continued to grow ...*

The resulting balance of the current account was due primarily to the trade balance deficit, which amounted to Sk 7.3 billion (US\$ 227.7 million). In January, Slovakia's foreign trade activity (expressed in terms of turnover) increased year-on-year by 11.9%, while exports grew by 0.5% and imports by 22.3%.

*... due primarily to the increasing deficit in the trade balance*

In January 1997, motor vehicles continued to be Slovakia's most important export commodity, the volume of which increased by Sk 0.8 billion compared with the figure for January 1996. Export of motor vehicles is becoming an increasingly important factor in the structure of Slovak exports. According to the harmonised two-digit system of customs tariffs, the share of motor vehicles in the total volume of exports increased by almost 4 percentage points, reaching a level of 10%. With regard to the fact that 90% of this volume consists of cars (which are only assembled in the SR), these exports generated an increased demand for imports. In February, year-on-year increases were also recorded in the export of electronic recording and reproduction equipment, i.e. cable telegraphs, telephones, optical cables, etc. (Sk 0.4 billion), and in the export of mineral fuels and oils (Sk 0.3 billion). The decline in exports was spread over several categories, in which it did not exceed Sk 0.3 billion even according to the two-digit codes of the harmonised system. The most significant increases were recorded in the export of fertilisers (Sk 280 million), chemicals (Sk 266 million), and aluminium and aluminium products (Sk 260 million). From the territorial point of view, further declines were recorded in exports to the CR (Sk 0.6 billion) and Russia (Sk 0.4 billion).

*Exports of motor vehicles increased*

In contrast with previous years, when imports in January reached relatively low figures (Sk 3 to 4 billion below the monthly average), the volume of imports in January 1997 reached Sk 27.8 billion, exceeding the level of average monthly imports in 1996 by Sk 340 million (without deblocking). The year-on-year increase in imports amounted to Sk 5.0 billion and consisted of commodity imports which increased year-on-year (Sk 8.6 billion) combined with commodity imports which suffered a year-on-year decline (Sk 3.6 billion). In the category of mineral fuels, the trend from the previous year, when imports increased by Sk 1.2 billion as a result of increases in the imports of natural gas (Sk 0.6 billion), crude oil (Sk 0.4 billion), and power (Sk 0.3 billion), continued. In this category, only coal imports recorded a decline (Sk 0.2 billion). The year-on-year increase in the categories machines and machine parts, electronic recording and reproduction equipment, optical instruments, measuring and medical instruments, which are largely of investment nature, amounted to Sk 2.2 billion and accounted for approximately 44% of the total year-on-year growth in imports (Sk 5 billion). According to data from the NBS, it is possible to extract from the machine category, a group having the character of technological equipment used in the individual sectors of the national economy. This group amounts to Sk 0.8 billion, representing 16% of the year-on-year increase in imports. In January, the import of nuclear reactors increased by Sk 0.3 billion. In the category of motor vehicles, tractors, motorbikes and accessories, the volume of imports did not increase. Car imports declined by Sk 247 million in line with expectations. The remaining part of the increase in imports was recorded mainly in the categories of personal consumption and productive consumption. Imports for personal consumption in the amount of Sk 1 billion included foodstuffs, shoes, clothes, pharmaceuticals, toys, and sportswear.

*Unusually high volume of imports in January*

In the services balance, the trend from the final months of 1996, characterised by a faster growth in expenditure than revenue, continued in January. This trend was reflected mainly in the category of travel, where income reached only 89% of the level of January 1996, while expenses increased by 64%. Thus expenditure on

*Expenditure grew at a faster rate than revenue in the services balance*

travel gradually reached the level of income, reducing the balance surplus to Sk 64 million. In the other two items of the services balance, development stabilised in January. Net income from transport reached Sk 1.0 billion, which roughly corresponds to the level of January 1996, while the transport of gas via Slovakia remained the country's main revenue item, the amount of which corresponded to the surplus. The situation in other services also stabilised, where the deficit amounted to Sk 1.0 billion, remaining at the level of January 1996. Expenditure exceeded revenue mainly in the following categories: other commercial services (Sk 0.6 billion), licence fees (Sk 0.1 billion), and insurance services (Sk 0.1 billion). The highest positive balance was achieved in financial services (Sk 73 million).

*Deficit in the income balance*

Since the beginning of 1997, expenses have been growing at a faster rate than receipts in the income balance, which resulted in a deficit of Sk 0.3 billion. A significant item on both the revenue and expenditure sides of the income balance consists of interest.

The balance of current transfers in relation to abroad reached Sk 0.2 billion. The final balance was greatly influenced by private transfers in the form of inheritance, alimony, and cash.

## **Appendices**





## Monetary survey

(Sk billion)

	1996											1997	
	29.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.*/	31.1.	28.2.*/
Fixed exchange rate SKK / USD	29.569	29.569	29.569	29.569	29.569	29.569	29.569	29.569	29.569	29.569	29.569	31.895	31.895
Fixed exchange rate SKK / DEM	20.646	20.646	20.646	20.646	20.646	20.646	20.646	20.646	20.646	20.646	20.646	20.514	20.514
<b>ASSETS</b>													
Net foreign assets	65.9	64.7	63.3	62.3	57.2	57.4	59.8	59.2	55.1	55.3	62.8	62.9	68.7
Foreign assets	150.7	151.2	149.8	148.6	144.6	145.9	151.1	150.6	144.4	148.0	182.8	192.5	201.1
Foreign liabilities	84.8	86.5	86.5	86.3	87.4	88.5	91.3	91.4	89.3	92.7	120.0	129.6	132.4
Net domestic assets	291.0	297.1	294.7	302.7	310.6	314.6	316.7	317.2	321.4	332.4	353.4	342.1	337.8
Domestic credit	400.2	407.8	409.3	409.3	419.6	420.8	428.5	431.1	436.0	443.0	453.9	448.1	450.0
- Net credit to Government	87.8	86.4	84.7	80.2	82.6	80.0	81.9	83.6	83.3	84.0	95.6	91.2	93.5
- Net credit to FNM <sup>1/</sup>	-2.4	-1.9	-2.1	-1.0	-1.4	-2.5	-2.3	-2.8	-3.1	-3.3	-3.2	-2.8	-2.2
Credit to households and enterprises	314.8	323.3	326.7	330.1	338.4	343.3	348.9	350.3	355.8	362.3	361.5	359.7	358.7
- Credit in SKK	288.3	293.4	294.9	297.6	303.8	307.0	311.1	311.7	317.5	324.0	331.6	327.8	328.2
- Credit to enterprises	273.3	278.5	280.1	282.7	288.8	291.9	295.8	296.1	301.5	307.4	313.8	309.8	310.3
- Credit to households	15.0	14.9	14.8	14.9	15.0	15.1	15.3	15.6	16.0	16.6	17.8	18.0	17.9
- Credit in foreign currency	26.5	29.9	31.8	32.5	34.6	36.3	37.8	38.6	38.3	38.3	29.9	31.9	30.5
<b>LIABILITIES</b>													
Liquid liabilities [M2]	356.9	361.8	358.0	365.0	367.8	372.0	376.5	376.4	376.5	387.7	416.2	405.0	406.5
Money [M1]	140.5	143.8	140.6	143.2	147.2	147.8	150.2	153.7	149.5	156.1	173.9	153.8	159.2
Currency outside banks [M0]	35.9	36.3	36.9	37.4	39.0	39.1	40.6	41.6	41.6	42.8	43.5	43.4	43.9
Demand deposits	104.6	107.5	103.7	105.8	108.2	108.7	109.6	112.1	107.9	113.3	130.4	110.4	115.3
- Households	39.4	39.7	40.6	41.1	42.3	43.0	43.8	43.7	43.6	44.5	46.2	48.0	
- Enterprises	63.0	65.8	61.5	63.0	64.1	64.5	64.6	67.0	63.2	67.7	82.5	61.1	
- Insurance companies	2.2	2.0	1.6	1.7	1.8	1.2	1.2	1.4	1.1	1.1	1.7	1.3	
Quasi-money [QM]	216.4	218.0	217.4	221.8	220.6	224.2	226.3	222.7	227.0	231.6	242.3	251.2	247.3
Time and savings deposits	176.1	177.9	177.7	182.8	182.3	185.7	187.3	184.1	187.8	191.9	201.2	209.2	205.2
- Households	129.9	130.6	131.0	132.3	133.5	134.2	134.9	135.1	135.9	136.9	148.4	149.6	
- Enterprises	29.8	29.9	29.9	33.2	31.2	34.0	34.5	31.4	34.4	37.6	35.0	41.6	
- Insurance companies	16.4	17.4	16.8	17.3	17.6	17.5	17.9	17.6	17.5	17.4	17.8	18.0	
Foreign currency deposits	40.3	40.1	39.7	39.0	38.3	38.5	39.0	38.6	39.2	39.7	41.1	42.0	42.1
- Households	35.0	34.5	34.2	33.9	33.7	33.5	33.6	33.9	34.1	34.5	35.3	36.5	
- Enterprises	5.3	5.6	5.5	5.1	4.6	5.0	5.4	4.7	5.1	5.2	5.8	5.5	
Other items net	109.2	110.7	114.6	106.6	109.0	106.2	111.8	113.9	114.6	110.6	100.5	106.0	112.2

1/ FNM - National Property Fund

\*/ Preliminary data

**Balance of Payments Current Account for January 1997**

	Consolidated balance	
	in SKK million	in USD million
<b>Trade balance</b>	-7,341.0	-227.7
Export (fob)	20,508.0	636.1
Import (fob)	27,849.0	863.8
<b>Service balance</b>	31.0	1.0
<b>Receipts</b>	5,256.0	163.0
Transportation	1,914.0	59.4
Travel	1,257.0	39.0
Other services	2,085.0	64.7
<b>Expenditures</b>	5,225.0	162.1
Transportation	919.0	28.5
Travel	1,193.0	37.0
Other services	3,113.0	96.6
<b>Income balance</b>	-309.0	-9.6
<b>Interest</b>	-342.0	-10.6
Income	299.0	9.3
Payments	641.0	19.9
<b>Investment</b>	1.0	0.0
Income	21.0	0.7
Payments	20.0	0.6
<b>Compensation of employees</b>	32.0	1.0
Income	55.0	1.7
Payments	23.0	0.7
<b>Current transfers</b>	193.0	6.0
<b>Official</b>	19.0	0.6
<b>Private</b>	174.0	5.4
<b>Current account</b>	-7,426.0	-230.3

Exchange rate applied: USD = SKK 32.24

**Foreign Exchange Reserves**

USD million

End-of-period figures	1996												1997	
	1	2	3	4	5	6	7	8	9	10	11	12	1	2
Official reserves of NBS	3,307.4	3,397.6	3,458.4	3,406.5	3,354.6	3,376.6	3,503.6	3,677.4	3,654.8	3,602.3	3,594.6	3,473.3	3,434.4	3,471.7
Reserves of commercial banks	1,608.7	1,599.9	1,489.3	1,420.7	1,398.6	1,262.5	1,237.7	1,231.7	1,142.5	1,046.8	1,130.5	2,220.7	2,253.8	
Total	4,916.1	4,997.5	4,947.7	4,827.2	4,753.2	4,639.1	4,741.3	4,909.1	4,797.3	4,749.1	4,725.1	5,694.0	5,688.2	

**Gross Foreign Debt of the SR**

USD billions

End-of-period figures	1995	1996											
	12	1	2	3	4	5	6	7	8	9	10	11	12
Total gross foreign debt	5.8	5.8	5.8	6.0	6.0	6.0	6.1	6.2	6.4	6.3	6.3	6.4	7.8
- official debt of the Government and the NBS	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.7
- foreign debt of enterprises	2.7	2.7	2.8	2.9	3.0	3.0	3.0	3.1	3.2	3.2	3.2	3.3	3.8
- foreign debt of commercial banks	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.3	1.2	1.2	1.3	2.2
Total gross debt per capita (in USD)	1,099	1,088	1,093	1,129	1,135	1,137	1,147	1,171	1,202	1,198	1,188	1,201	1,473

**Money Supply M2**

(Sk billion)

	1.1.1997	31.1.1997	28.2.1997 <sup>*/</sup>	Month-on-month change	Month-on-month change (in %)	Change since beginning of year	Change since beginning of year	29.2.1996	Year-on-year change	Year-on-year change (in %)
Money Supply [M2]	416.9	405.0	406.5	1.5	0.4	-10.4	-2.5	356.9	49.6	13.9
Money [M1]	173.9	153.8	159.2	5.4	3.5	-14.7	-8.5	140.5	18.7	13.3
Currency outside banks [M0]	43.5	43.4	43.9	0.5	1.2	0.4	0.9	35.9	8.0	22.3
Demand deposits	130.4	110.4	115.3	4.9	4.4	-15.1	-11.6	104.6	10.7	10.2
Quasi-money [QM]	243.0	251.2	247.3	-3.9	-1.6	4.3	1.8	216.4	30.9	14.3
Time deposits	201.2	209.2	205.2	-4.0	-1.9	4.0	2.0	176.1	29.1	16.5
Foreign currency deposits	41.8	42.0	42.1	0.1	0.2	0.3	0.7	40.3	1.8	4.5
Crown deposits	331.6	319.6	320.5	0.9	0.3	-11.1	-3.3	280.7	39.8	14.2
- Households	194.6	197.6	197.8	0.2	0.1	3.2	1.6	169.3	28.5	16.8
- Enterprises (incl. insurance)	137.0	122.0	122.7	0.7	0.6	-14.3	-10.4	111.4	11.3	10.1

\*/ Preliminary data

**Monetary-Policy Instruments**

	As at 1 January 1996	Change during the year 1996	As at 1 January 1997	Change during the year 1997
1. Discount rate	9.75%	13.1. 8.8%	8.8%	
2. Lombard rate	13%	17.7. 15%	15%	
3. REPO rate				
sterilisation	6.2%	Jan. 6.3% Feb. 6.6% Mar. 6.7% Apr. 6.4% May 6.3% Jun. 6.2% Jul. 7.3% Aug. 7.4% Sep. 7.4% Oct. 7.2% Nov. 7.2% Dec. 7.2%	-	Jan. 16.1% <sup>1/</sup> Feb. 15.4%
refinancing	6.6%	Jan. 6.7% Feb. 6.9% Mar. 7.1% Apr. 6.9% May 6.8% Jun. 7.5% Jul. 8.3% Aug. 8.2% Sep. 8.3% Oct. 8.9% Nov. 9.6% Dec. 9.7%	-	Jan. 14.8% <sup>2/</sup> Feb. -
4. Reserve requirements	3% of time deposits of banks 9% of demand deposits of banks 1% of primary deposits of building societies	1.8. 9% of primary deposits of banks 3% of primary deposits of building societies	9% of primary deposits of banks 3% of primary deposits of building societies	
5. Exchange rates vis-a-vis convertible currencies				
a) currency basket	60% DEM, 40% USD		60% DEM, 40% USD	
b) fluctuation band	± 3%	17.7. ± 5%	± 7%	

1/ Average interest rate on tenders conducted during the second RR-period

2/ Average interest rate on tenders conducted during the first RR-period

**Development of Deposits**

(Sk billion)

	31.1.1997	28.2.1997 <sup>1/</sup>	Change
<b>Deposits in Sk and foreign currency</b>	406.9	404.8	-2.1
- <b>Deposits in Slovak crowns</b>	361.7	360.8	-0.9
of which			
- Entrepreneurial sector	110.2	113.6	3.4
- Households	197.6	197.7	0.1
- Central authorities	18.4	18.7	0.3
- Local authorities	6.2	6.4	0.2
- Social insurance funds	17.3	16.0	-1.3
- Other <sup>2/</sup>	12.0	8.4	-3.6
- <b>Deposits in foreign currency</b> <sup>3/</sup>	45.2	44.0	-1.2

1/ Preliminary data

2/ Nonresidents, unincorporated and non-profit organisations

3/ In convertible currencies (residents and non-residents), including local authorities deposits

**Development of Loans**

(Sk billion)

	31.1.1997	28.2.1997 <sup>1/</sup>	Change
<b>Loans in Sk and foreign currency</b>	369.5	370.2	0.7
- <b>Loans in Slovak crowns</b>	334.9	335.0	0.1
of which			
- Entrepreneurial sector	307.5	308.2	0.7
- Households	18.0	17.8	-0.2
- Loans to central and local authorities for extrabudgetary needs	7.1	6.9	-0.2
- Other <sup>2/</sup>	2.3	2.1	-0.2
- <b>Loans in foreign currency</b> <sup>3/</sup>	34.6	35.2	0.6

1/ Preliminary data

2/ Nonresidents, unincorporated and non-profit organisations

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

**Average Lending Rates of Commercial Banks**

	1996												1997
	1	2	3	4	5	6	7	8	9	10	11	12	1
1. TOTAL VOLUME OF LOANS <sup>1/</sup>	14.84	14.43	14.20	14.27	13.95	13.43	13.23	13.25	13.28	13.36	13.42	13.22	13.47
A) Loans by sector													
of which													
a) Enterprise sector													
- Public sector	15.04	14.64	14.22	14.77	14.64	13.44	12.81	12.79	12.93	13.23	13.26	12.95	12.89
- Private sector (incl. cooperatives)	15.71	15.20	15.01	14.87	14.41	14.08	13.98	14.01	13.99	13.94	14.00	13.86	14.14
b) Households	5.67	5.59	5.66	5.50	5.58	5.65	5.79	5.94	6.06	6.35	6.47	6.76	7.16
B) Loans by term													
of which													
- Short-term	16.27	15.45	14.96	14.76	14.05	13.60	13.66	13.76	13.81	13.86	14.06	13.86	14.52
- Medium-term	17.73	17.18	17.01	16.76	16.46	15.98	15.75	15.73	15.67	15.60	15.51	15.28	15.37
- Long-term	12.29	12.18	12.14	12.57	12.53	12.01	11.56	11.50	11.50	11.63	11.59	11.36	11.32
2. NEW LOANS IN TOTAL	13.42	13.88	13.54	12.80	12.95	12.58	13.23	13.06	13.56	13.57	14.27	13.45	16.04
A) Loans by sector													
of which													
a) Enterprise sector													
- Public sector	13.03	13.92	13.72	13.29	13.99	13.04	12.99	13.01	13.14	12.81	13.03	13.46	12.98
- Private sector (incl. cooperatives)	14.86	14.94	14.59	14.01	13.58	12.42	13.40	13.52	13.83	13.91	14.74	14.23	15.18
b) Households	14.26	15.20	14.52	11.56	10.83	10.66	10.54	10.57	10.57	11.18	10.39	10.44	12.35
B) Loans by term													
of which													
- Short-term	13.15	13.31	13.18	12.56	12.77	12.36	13.47	13.40	13.57	13.55	14.46	13.52	16.36
- Medium-term	15.25	16.26	15.53	14.15	13.80	13.32	13.21	13.89	14.25	13.33	13.77	13.05	13.52
- Long-term	14.03	15.00	14.56	13.54	13.94	14.03	12.16	8.72	11.75	14.44	13.54	13.68	13.39

1/ 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**

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	1
Total deposits	a	7.52	7.24	6.59	6.49	6.48	6.54	6.58	6.75	6.70	6.70	6.76	6.18	7.05
	b	-5.90	6.10	4.10	-3.00	10.40	1.00	7.80	2.40	-0.60	0.10	9.30	24.80	10.30
of which														
Demand deposits	a	3.07	3.11	3.13	3.08	3.00	3.06	3.01	2.96	2.97	2.96	2.93	2.87	2.95
	b	-13.40	2.20	2.90	-2.70	3.00	-0.80	5.60	-2.40	2.50	-4.10	5.70	24.60	29.30
Time deposits	a	10.33	9.49	8.95	8.82	8.78	8.62	8.85	9.05	9.10	9.02	9.09	8.63	9.30
	b	7.50	4.00	1.20	-0.30	7.40	0.20	2.20	4.80	-3.10	4.20	3.70	0.20	19.00
- 7-day deposits	a	6.66	7.42	6.92	7.91	8.44	10.63	9.69	9.45	10.22	9.88	9.88	9.51	13.08
	b	-1.70	0.10	-0.70	-0.10	1.10	1.90	-2.70	2.60	-0.90	1.30	1.20	-4.90	3.00
- 1-month deposits	a	6.34	6.42	6.34	6.09	5.81	6.08	7.47	8.55	8.64	8.61	8.75	8.87	11.02
	b	0.10	-0.20	1.50	-0.50	2.00	-0.30	4.60	0.20	-2.60	1.80	1.20	1.10	4.10
- 3-month deposits	a	7.36	7.09	6.94	7.06	7.05	6.95	7.56	7.68	7.63	7.90	8.61	8.89	9.37
	b	2.50	1.10	0.80	0.10	1.00	-1.80	0.60	0.50	-1.30	0.30	1.60	-0.70	1.60
- 6-month deposits	a	8.69	8.69	8.20	8.13	8.09	8.02	7.93	8.20	8.40	8.44	8.40	8.28	9.18
	b	4.50	0.10	-0.70	0.00	0.00	-0.10	-0.60	2.00	1.70	0.20	-1.00	-3.20	3.50
- 9-month deposits	a	9.36	9.46	9.63	9.26	9.30	9.57	9.55	9.77	9.99	9.93	9.84	10.09	10.13
	b	0.20	-0.30	0.30	0.00	0.50	0.00	0.30	-0.20	0.00	-0.50	-0.20	-0.70	1.50
- 12-month deposits	a	11.33	10.80	9.41	9.24	9.08	9.08	9.03	9.11	9.07	9.05	9.09	8.91	9.01
	b	0.30	1.90	0.40	-1.50	1.60	0.00	0.30	0.10	-0.70	0.00	0.40	0.80	4.70
- 18-month deposits	a	12.75	12.30	12.89	12.37	12.67	11.65	10.94	11.03	11.19	10.76	10.48	10.43	10.06
	b	0.20	0.20	-0.10	-0.20	-0.40	0.20	-1.50	-0.20	-0.10	-0.20	0.00	0.00	0.50
- 2-year deposits	a	12.15	11.27	9.63	9.60	9.61	9.58	9.52	9.53	9.52	9.56	9.54	9.44	9.41
	b	0.40	0.60	0.00	0.40	0.70	-1.00	0.00	-0.60	0.00	0.20	-0.40	2.90	-0.60
- 3-year deposits	a	13.16	13.58	13.32	13.10	13.07	13.07	13.06	13.06	13.02	12.94	12.92	12.88	12.67
	b	0.20	0.20	0.00	0.60	0.00	0.00	2.10	0.00	-0.10	0.00	0.00	0.00	0.30
- 4-year deposits	a	12.96	13.98	13.91	13.08	13.00	12.80	12.78	12.98	12.98	12.97	12.94	12.92	13.01
	b	-7.20	-0.30	0.00	0.10	0.20	-0.40	-0.60	0.00	0.00	0.10	0.00	0.10	-0.10
- 5-year deposits	a	14.74	13.77	13.67	13.76	13.51	13.27	13.28	13.20	13.13	13.09	13.37	13.17	12.84
	b	6.00	-0.10	-0.80	0.40	0.00	1.40	0.10	0.00	0.10	0.20	0.00	0.70	0.10
- above 5 year	a	5.28	5.80	5.79	5.72	5.63	5.54	5.51	5.33	5.31	5.23	5.14	4.85	4.85
	b	1.70	0.70	0.60	0.40	0.80	0.30	0.10	0.30	0.50	0.50	0.90	4.00	0.40

a - average deposit rate (%)

b - change in volume (\$k billion)



**Basic Characteristics of Slovakia's Foreign Exchange Market in February 1997**

	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	143.7	45.5	28	172.4	54.5	33				316.1	61
Transactions among Slovak banks without participation of foreign banks	3,487.5	61.7	1,193	1,875.6	33.2	1,115	284.9	5	215	5,647.9	2,523
Interbank foreign exchange market fixing + transactions between Slovak banks.	3,631.2	60.9	1,221	2,047.9	34.3	1,148	284.9	4.8	215	5,964.0	2,584
Transactions between Slovak and foreign banks	1,866.4	72.7	462	607.4	23.6	330	95.1	3.7	83	2,568.9	875
Foreign exchange market in the SR - total	5,497.6	64.4	1,683	2,655.4	31.1	1,478	379.9	4.5	298	8,532.9	3,459

**Average Monthly Exchange Rates of SKK**

midpoint rate	1996											1997	
	2	3	4	5	6	7	8	9	10	11	12	1	2
FRF	5.943	5.949	5.958	5.959	5.992	6.028	6.006	5.998	6.030	6.060	6.024	5.967	5.810
1,000 ITL	19.040	19.262	19.409	19.844	20.119	20.127	20.018	20.216	20.442	20.458	20.677	20.623	19.852
100 JPY	28.335	28.445	28.304	29.108	28.536	28.124	28.192	28.006	27.790	27.591	27.787	27.400	26.651
CAD	21.791	22.034	22.372	22.582	22.718	22.458	22.121	22.422	23.056	23.133	23.224	23.886	24.196
NLG	18.253	18.200	18.090	18.038	18.136	18.187	18.269	18.227	18.179	18.278	18.150	17.931	17.463
ATS	2.906	2.897	2.876	2.866	2.887	2.901	2.913	2.904	2.899	2.914	2.894	2.862	2.787
DEM	20.439	20.371	20.228	20.167	20.312	20.411	20.495	20.434	20.396	20.502	20.365	20.134	19.615
CHF	25.065	25.150	24.981	24.660	24.688	24.878	25.257	25.006	24.784	24.330	23.849	23.210	22.609
USD	29.995	30.099	30.397	30.909	31.029	30.735	30.372	30.711	31.175	30.948	31.579	32.239	32.764
GBP	46.027	45.961	46.088	46.786	47.845	47.734	47.072	47.871	49.326	51.438	52.544	53.654	53.223
XEU	37.544	37.754	37.832	37.967	38.426	38.577	38.546	38.707	39.062	39.365	39.298	39.093	38.070
CZK	1.110	1.105	1.107	1.117	1.116	1.134	1.144	1.158	1.151	1.153	1.155	1.171	1.163

**Gross Domestic Product**

(Sk billion)

		1995					1996				
		Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Gross domestic product in constant 1993 prices	a	98.6	105.6	108.1	102.2	414.5	105.8	112.9	115.6	109.0	443.3
	b	105.7	106.5	107.7	107.4	106.8	107.3	106.9	106.9	106.7	106.9
Gross domestic product in current prices	a	117.6	129.2	134.8	133.5	515.1	133.5	145.7	152.1	150.0	581.3
	b	115.2	115.7	118.1	117.7	116.7	113.5	112.8	112.8	112.4	112.9

Note: Conversion is based on the method of ESA

a - In the specified unit

b - Index same period of previous year = 100

**Consumer Prices**

(according to the methodology being in force since 1 January 1997)

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	1
Goods and services	a	100.6	100.3	100.3	100.3	100.5	100.2	100.3	100.5	101.0	100.6	100.4	100.3	101.1
	b	100.6	100.9	101.2	101.5	101.9	102.1	102.4	103.0	104.0	104.6	105.0	105.3	106.5
	c	100.7	101.0	101.2	101.5	102.0	102.2	102.5	103.0	104.0	104.7	105.1	105.4	-
	d	99.7	99.7	99.7	99.5	99.8	99.7	99.5	99.1	99.4	99.6	99.7	100.0	101.1
	e	-	-	-	-	-	-	-	-	-	-	-	-	105.8
of which														
foodstuff goods	a	100.6	99.5	100.0	100.2	100.3	99.1	100.6	100.5	102.2	100.9	100.2	100.2	101.6
	b	100.6	100.1	100.1	100.3	100.6	99.7	100.3	100.8	103.0	103.9	104.1	104.3	105.9
	c	99.7	99.2	99.1	99.4	99.6	98.7	99.4	99.8	102.0	102.9	103.1	103.3	-
	d	100.5	100.0	99.8	99.7	100.9	99.4	99.5	97.9	99.1	99.8	99.8	100.0	101.6
	e	-	-	-	-	-	-	-	-	-	-	-	-	105.3
non-foodstuff goods	a	101.1	100.5	100.4	100.3	100.6	100.7	100.1	100.5	100.4	100.5	100.5	100.4	100.9
	b	101.1	101.6	101.9	102.2	102.9	103.6	103.7	104.2	104.7	105.2	105.8	106.2	107.2
	c	101.4	101.9	102.3	102.6	103.2	103.9	104.0	104.5	105.0	105.5	106.1	106.5	-
	d	99.5	99.6	99.7	99.4	99.3	99.9	99.5	99.6	99.5	99.5	99.6	100.0	100.9
	e	-	-	-	-	-	-	-	-	-	-	-	-	106.0
public catering	a	98.3	100.7	100.4	100.5	100.6	100.7	100.3	100.3	100.6	100.7	100.5	100.4	99.5
	b	98.3	99.1	99.4	99.9	100.5	101.1	101.4	101.7	102.4	103.1	103.6	104.0	103.5
	c	100.2	100.9	101.3	101.8	102.4	103.1	103.4	103.7	104.3	105.0	105.6	106.0	-
	d	99.3	99.7	99.5	99.4	99.3	99.7	99.7	99.4	99.3	99.5	99.6	100.0	99.5
	e	-	-	-	-	-	-	-	-	-	-	-	-	105.2
services	a	101.2	100.6	100.4	100.2	100.2	100.2	100.2	101.0	100.6	100.4	100.3	100.1	100.8
	b	101.2	101.8	102.2	102.4	102.7	102.9	103.1	104.1	104.8	105.2	105.5	105.6	106.5
	c	100.8	101.4	101.8	102.0	102.3	102.5	102.7	103.8	104.4	104.8	105.1	105.3	-
	d	99.4	99.6	99.8	99.8	99.8	99.8	99.0	99.4	99.6	99.7	99.9	100.0	100.8
	e	-	-	-	-	-	-	-	-	-	-	-	-	105.3

a - index previous period = 100

b - index December 1995 = 100

c - index December 1995 = 100 (consumer basket before the recalculating)

d - index December 1996 = 100

e - index same period of previous year = 100

**Producer Prices of Selected Products and Materials**

(%)

		1995	1996											
		12	1	2	3	4	5	6	7	8	9	10	11	12
Industrial products	a	99.9	99.8	101.4	100.4	99.9	101.0	99.7	99.9	100.7	100.5	100.9	100.3	100.1
	b	107.1	99.8	101.2	101.6	101.6	102.6	102.3	102.2	102.9	103.4	104.4	104.6	104.7
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	107.1	104.6	104.6	104.7	103.9	104.4	103.9	103.5	103.5	103.4	103.9	104.6	104.7
	e	266.8	266.2	270.0	271.2	271.0	273.7	273.0	272.7	274.5	275.9	278.5	279.2	279.4
Building materials	a	100.0	100.8	102.9	100.9	100.2	100.0	100.3	100.7	100.1	100.4	100.7	100.7	100.0
	b	112.3	100.8	103.8	104.7	104.9	104.9	105.3	106.0	106.1	106.6	107.3	108.1	108.0
	c	253.1	255.1	262.6	265.1	265.5	265.5	266.5	268.3	268.5	269.7	271.5	273.5	273.4
	d	112.3	108.1	107.4	107.9	106.8	106.6	107.0	107.5	107.0	106.8	107.4	108.1	108.0
	e	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	95.5	96.0	95.5	99.5	101.2	102.0	101.8	111.2	111.3	100.9	104.1	103.9	102.3
	e	156.0	148.4	142.6	143.8	142.6	141.7	146.1	161.1	156.8	148.8	153.4	162.0	159.6
of which: Plant products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	109.1	110.0	97.3	100.7	103.1	106.8	100.6	113.9	114.4	96.9	104.8	108.9	97.7
	e	148.2	148.5	151.0	148.1	142.7	147.4	190.6	167.2	161.8	141.1	149.4	160.2	144.8
Animal products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	94.5	95.5	95.5	99.5	101.1	101.8	101.9	102.8	106.5	104.4	102.7	101.3	102.7
	e	156.7	148.4	142.4	143.8	142.6	141.4	140.7	142.8	149.2	155.7	161.4	163.0	160.9

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

### **Inflation Rate**

(in terms of consumer prices)

	%												
	1996											1997	
	2	3	4	5	6	7	8	9	10	11	12	1	2
Monthly rate of inflation <sup>1/</sup>	0.3	0.3	0.3	0.5	0.2	0.3	0.5	0.9	0.7	0.4	0.3	1.1	0.4
Annual rate of inflation <sup>2/</sup>	6.2	6.1	6.0	6.1	6.2	5.5	5.6	5.2	5.3	5.4	5.4	5.8	6.0
Average annual rate of inflation <sup>3/</sup>	6.3	6.2	6.2	6.2	6.2	6.1	6.0	5.9	5.9	5.8	5.8	5.8	5.9

1 - index (previous month = 100)

2 - index (same period of previous year = 100)

3 - annual rate of inflation, average from the beginning of the year

**Unemployment**

At the end of period

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	1
Number of vacancies	a	16,512	16,480	16,711	17,946	18,431	18,691	18,110	18,635	18,883	18,623	14,156	14,118	16,631
	b	1,039	-32	231	1,235	485	260	-581	525	248	-260	-4,467	-38	2,513
Number of unemployed	a	352,570	352,109	342,654	321,881	306,802	311,244	321,661	316,093	313,930	308,416	312,452	329,749	353,605
	b	19,279	-461	-9,455	-20,773	-15,079	4,442	10,417	-5,568	-2,163	-5,514	4,036	17,297	23,856
Number of unemployed per vacancy	a	21	21	21	18	17	17	18	17	17	17	22	23	21
Unemployment rate (in %)	a	13.7	13.7	13.3	12.5	11.9	12.1	12.5	12.3	12.2	12.0	12.2	12.8	13.6

a - in the specified unit

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

**State Budget**

(Sk millions)

		1996										1997		
		2	3	4	5	6	7	8	9	10	11	12	1	2
State budget revenue	a	21,952	40,393	55,481	68,460	79,525	95,853	106,459	119,642	136,316	149,791	166,330	16,206	25,774
	b	13.5	24.9	34.2	42.1	49.0	59.0	65.5	72.3	82.4	90.5	100.5	9.5	15.1
State budget expenditure	a	29,289	43,893	59,868	71,878	85,654	101,941	114,399	133,072	149,224	163,533	191,888	13,322	26,135
	b	15.5	23.2	31.6	37.9	45.2	53.8	60.4	69.2	77.6	85.0	99.7	6.4	12.6
State budget balance		-7,337	-3,500	-4,387	-3,418	-6,129	-6,088	-7,940	-13,430	-12,908	-13,742	-25,558	2,884	-361

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

b - budget performance in %

**Industrial Production**

(Sk millions)

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	
Total industrial production	a	41,634	41,764	43,864	41,546	45,037	43,984	40,970	42,598	46,312	50,194	49,230	44,666	44,999
	b	99.3	98.8	104.6	94.8	107.6	97.7	93.3	103.2	108.2	107.3	97.9	90.7	100.7
	c	111.5	109.6	101.1	102.1	99.7	97.7	104.9	98.0	103.1	103.8	99.9	101.2	102.0
	d	41,634	83,398	127,262	168,808	213,845	257,829	298,799	341,397	387,709	437,903	487,133	531,799	44,999
	e	111.5	110.6	107.1	105.9	104.5	103.3	103.5	102.8	102.8	102.9	102.6	102.5	102.0
	f	16,674	16,475	17,229	16,331	17,565	17,154	15,998	16,517	17,867	19,165	18,754	17,003	42,031
	g	111.5	109.6	101.1	102.1	99.7	97.7	104.9	98.0	103.1	103.8	99.9	101.2	-
of which in the private sector	a	26,767	27,543	29,127	28,064	30,494	30,559	28,116	29,424	31,847	35,617	34,323	30,916	31,113
	b	95.4	101.4	105.3	96.4	107.8	100.2	92.0	103.8	107.7	111.8	96.4	90.1	100.6
	c	122.3	118.3	108.3	109.2	106.1	103.4	109.2	102.9	106.1	111.1	103.0	104.7	111.5
	d	26,767	54,310	83,437	111,501	141,995	172,554	200,670	230,094	261,941	297,558	331,881	362,797	31,113
	e	122.3	120.3	115.8	114.1	112.3	110.6	110.4	109.4	109.0	109.2	108.6	108.2	111.5
	h	64.3	65.9	66.4	67.5	67.7	69.5	68.6	69.1	68.8	70.9	69.7	69.2	69.1
Labour productivity (Sk / employee)	a	67,063	67,330	70,554	67,238	72,941	71,044	65,875	68,330	74,265	80,489	79,036	71,891	72,706
	b	100.1	98.9	104.3	95.4	107.6	97.4	92.9	102.9	108.1	107.3	98.0	90.9	101.1
	c	109.5	108.0	99.9	102.2	99.9	97.7	105.1	98.3	103.9	105.1	101.0	102.0	103.3

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)

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	1
Total construction sector output (including output abroad)	a	3,256	3,359	3,853	4,592	5,278	5,893	5,595	5,644	6,017	6,616	6,316	5,530	3,631
	b	68.3	100.3	112.1	118.8	114.7	111.4	94.6	99.8	105.2	109.7	95.3	87.4	65.7
	c	107.9	97.4	92.5	104.3	103.2	105.8	108.2	101.9	106.2	106.6	109.4	105.7	101.4
	d	3,256	6,615	10,468	15,060	20,338	26,231	31,826	37,470	43,487	50,103	56,419	61,949	3,631
	e	107.9	102.4	98.6	100.2	101.0	102.0	103.0	102.9	103.3	103.7	104.3	104.4	101.4
	f	1,213	1,217	1,364	1,620	1,858	2,071	1,960	1,956	2,056	2,255	2,150	1,878	3,160
	g	107.9	97.4	92.5	104.3	103.2	105.8	108.2	101.9	106.2	106.6	109.4	105.7	101.4
of which in the private sector	a	2,808	2,823	3,226	3,802	4,397	4,838	4,561	4,661	4,957	5,542	5,286	4,738	3,129
	b	68.1	97.8	111.7	117.4	115.4	109.8	94.0	101.1	104.9	111.5	95.2	89.4	66.0
	c	112.5	98.5	95.1	106.3	106.3	110.5	110.2	106.8	107.4	108.4	107.8	104.8	101.6
	d	2,775	5,598	8,824	12,626	17,023	21,861	26,422	31,083	36,040	41,582	46,868	51,606	3,129
	e	112.5	105.1	101.3	102.7	103.6	105.1	105.9	106.0	106.2	106.5	106.6	106.5	101.6
	h	86.2	84.0	83.7	82.8	83.3	82.1	81.5	82.6	82.4	83.8	83.7	85.7	86.2
Construction output in the SR	a	2,981	3,061	3,423	4,051	4,723	5,219	5,018	5,117	5,426	5,983	5,872	5,161	3,477
	b	72.0	99.8	109.3	117.9	116.3	110.3	95.8	100.9	104.6	110.0	98.0	87.7	67.4
	c	107.7	99.5	95.7	108.4	110.8	114.6	117.3	110.2	111.2	111.5	115.7	113.5	105.9
	d	2,953	6,014	9,437	13,488	18,211	23,430	28,448	33,565	38,991	44,974	50,846	56,007	3,477
	e	107.7	103.5	100.6	102.8	104.7	106.7	108.4	108.7	109.0	109.3	110.0	110.3	105.9
	f	1,111	1,109	1,212	1,429	1,663	1,834	1,757	1,773	1,854	2,040	1,999	1,753	3,026
	g	107.7	99.5	95.7	108.4	110.8	114.6	117.3	110.2	111.2	111.5	115.7	113.5	-
Construction output abroad	a	275	298	430	541	555	674	577	527	591	633	444	369	154
	b	44.0	105.5	140.9	125.5	102.4	121.2	85.4	90.4	110.6	106.7	70.1	83.0	41.7
	c	109.9	80.1	72.9	81.2	65.0	66.5	64.8	58.8	75.1	75.7	63.6	54.1	51.7
	d	275	573	1,003	1,544	2,099	2,773	3,350	3,877	4,468	5,101	5,545	5,914	154
	e	109.9	92.3	83.0	82.4	77.0	74.2	72.4	70.2	70.8	71.4	70.7	69.4	51.7
	f	102	108	152	191	195	237	202	183	202	216	151	125	134
	g	109.9	80.1	72.9	81.2	65.0	66.5	64.8	58.8	75.1	75.7	63.6	54.1	-
Labour productivity per employee in Sk (of total construction output)	a	22,296	23,225	26,556	30,911	35,232	39,168	36,829	37,043	39,392	43,294	41,550	37,639	25,951
	b	70.0	101.3	111.7	116.0	113.7	110.9	93.7	99.5	104.9	109.6	95.8	90.4	68.9
	c	111.0	100.9	95.4	107.6	106.1	108.6	111.6	104.9	108.7	107.5	109.5	107.7	105.9

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)

		1996												1997
		1	2	3	4	5	6	7	8	9	10	11	12	1
Imports	a	22,614	30,712	24,305	25,473	27,898	24,366	27,615	25,213	27,168	32,093	31,439	36,269	27,649
	b	22,614	53,326	77,631	103,104	131,002	155,368	182,983	208,196	235,364	267,457	298,896	335,165	27,649
	c	120.2	142.1	130.4	130.5	128.1	123.5	125.8	125.1	125.4	126.1	126.0	128.5	122.3
of which: Czech Republic	a	6,148	6,956	6,478	6,672	6,979	6,323	6,832	6,422	7,420	8,091	7,127	6,746	6,070
	b	6,148	13,104	19,582	26,254	33,233	39,556	46,388	52,810	60,230	68,321	75,448	82,194	6,070
	d	27.2	22.6	26.7	26.2	25.0	26.0	24.7	25.5	27.3	25.2	22.7	18.6	22.0
Exports	a	20,489	19,642	21,809	19,666	23,705	22,942	23,006	21,220	25,113	26,737	25,194	21,106	20,588
	b	20,489	40,131	61,940	81,606	105,311	128,253	151,259	172,479	197,592	224,329	249,523	270,629	20,588
	c	113.9	107.5	104.1	101.0	102.5	102.7	104.7	104.0	105.1	106.1	106.4	106.1	100.5
of which: Czech Republic	a	6,454	6,723	6,892	6,194	7,672	7,367	6,781	6,697	7,351	7,981	7,564	6,231	5,850
	b	6,454	13,177	20,069	26,263	33,935	41,302	48,083	54,780	62,131	70,112	77,676	83,907	5,850
	d	31.5	34.2	31.6	31.5	32.4	32.1	29.5	31.6	29.3	29.8	30.0	29.5	28.4
Balance	a	-2,125	-11,070	-2,496	-5,807	-4,193	-1,424	-4,609	-3,993	-2,055	-5,356	-6,245	-15,163	-7,061
	b	-2,125	-13,195	-15,691	-21,498	-25,691	-27,115	-31,724	-35,717	-37,772	-43,128	-49,373	-64,536	-7,061
of which: Czech Republic	a	306	-233	414	-478	693	1,044	-51	275	-69	-110	437	-515	-219
	b	306	73	487	9	702	1,746	1,695	1,970	1,901	1,791	2,228	1,713	-219

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 (%)