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## 1. Monetary development

Monetary development in July was characterised by a favourable trend in inflation, the annual rate of which fell to 6.0% (from 6.2% in June). The rate of growth in the money supply moderately increased, but its development continued in line with the monetary programme. The money market and the liquidity of the banking sector gradually stabilised through sales of foreign exchange at NBS foreign exchange fixing and supply of liquidity by the central bank. This development was reflected in the fulfilment of reserve requirements during the second period of July.

*Monetary development was characterised by a fall in the annual rate of inflation, stabilisation of the money market and liquidity in the banking sector, ...*

Over the course of July, the value of the Slovak crown (Sk) slightly depreciated by 0.63%, due primarily to transactions in NBS foreign exchange fixing at the end of the month.

*... and a slight depreciation in the value of the Slovak crown ...*

The current deficit of the State budget increased month-on-month by Sk 4.7 billion, to Sk 17.9 billion at the end of July.

*... was negatively influenced by the increasing State budget deficit*

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

In July, the money supply in terms of M2 (at fixed exchange rates) grew month-on-month by Sk 5.9 billion, representing the highest month-on-month increase since the beginning of 1997. Despite an increase in the rate of year-on-year growth in M2 (from 13.1% in June, to 13.4% in July), the growth in absolute terms was in line with the monetary programme of the NBS for 1997 (according to the estimated figures for the individual months).

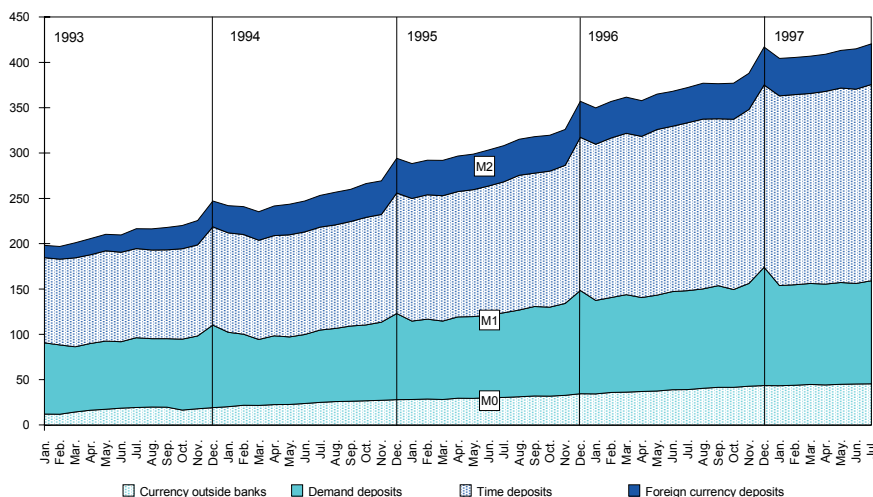
*The accelerated rate of month-on-month increase in the money supply in July ...*

The growth in the monetary aggregate was supported predominantly by net foreign assets, which increased month-on-month by Sk 4.0 billion, due to increases in both foreign assets (Sk 13.9 billion) and foreign liabilities (Sk 9.9 billion). The growth in net foreign assets at the NBS (Sk 2.6 billion) was accompanied by an increase in net foreign assets of commercial banks (Sk 1.4 billion).

*... caused mainly by a growth in net foreign assets, ...*

In July, the foreign exchange reserves of the NBS (at fixed exchange rates) increased month-on-month by Sk 3.4 billion, due mainly to the positive balance of foreign exchange fixing (Sk 2.9 billion). Foreign liabilities of the NBS grew by Sk 0.8 billion, while the drawing of short-term government loans in the form of bond issues (Sk 2.2 billion) was partly offset by debt service payments by the Government and the NBS.

**Development of the M2 monetary aggregate (Sk billions)**



Foreign assets of commercial banks increased month-on-month by Sk 10.5 billion, due mainly to growth in short-term deposits held with foreign banks (Sk 11.4 billion) and decline in other assets. Foreign liabilities of commercial banks increased month-on-month by Sk 9.1 billion. The marked increase in short-term loans received from foreign banks (Sk 5.1 billion) was accompanied by growth in short-term deposits from foreign banks (Sk 4.2 billion).

Domestic sources of the money supply, expressed in terms of net domestic assets, increased month-on-month by Sk 1.9 billion, representing a growth rate of 12.2% year-on-year. After a dynamic growth in net domestic assets during the previous year, the rate of their growth gradually approached the estimated figure.

*... was slowed by the continued decline in bank lending to households and enterprises ...*

The favourable development of net domestic assets continued in July, due mainly to a marked decline in the lending activities of commercial banks in the area of Slovak-crown loans. Lending to households and enterprises fell in July by Sk 3.9 billion, representing a slowdown in the rate of year-on-year growth to 5.6%, from 8.3% in June. Thus the rate of growth in bank lending fell below the level of December, applying a brake on the expansion of the money supply which was supported in July, as well as in the previous months, by dynamic growth in net credit to the Government.

*... and influenced by continued expansion of the government sector*

The month-on-month increase in liabilities of the public sector vis-a-vis the banking sector, expressed in development of net credit to the Government, amounted to Sk 4.5 billion. Compared with the figure recorded at the beginning of the year, the position of the Government deteriorated by Sk 13.8 billion; this development was in contrast to that of previous years. In the same period of last year, the level of internal debt fell, i.e. the Government's position improved by Sk 11.1 billion, exerting a stabilising effect on the development of the money supply and the economy as a whole. Last year, the favourable budgetary performance of the public sector offset the dynamic growth in bank loans, which were provided during the first seven months of 1996, in the total amount of Sk 36.8 billion.

*The continued deterioration in State budget performance ...*

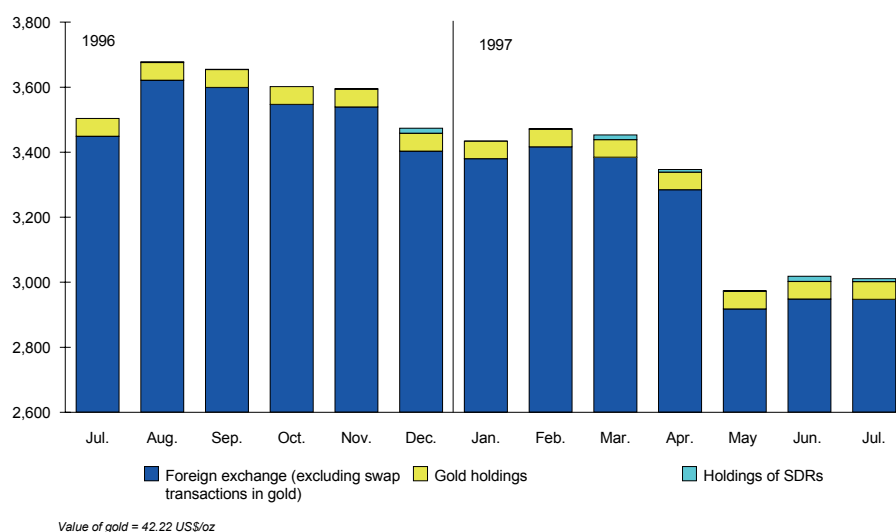
At the end of July, the current performance of the State budget resulted in a deficit of Sk 17.9 billion, representing an increase of Sk 4.7 billion compared with the size of the deficit in June. Budget revenue reached Sk 96.1 billion (56.2% of the annual budget) and expenditure totalled Sk 114.0 billion (54.8%). The budget deficit was fully covered by the issue and subsequent sale of Treasury bills, with the continued support of the NBS, which purchased so called technical issues of Treasury bills for its own portfolio (in July, there were 14).

*... increased the internal debt of the Government vis-a-vis the banking sector*

At the end of July, the net position of the Government vis-a-vis the banking sector reached, according to preliminary data, Sk 82.7 billion. Of this amount, the NBS covered Sk 21.5 billion and commercial banks an estimated Sk 61.2 billion.

The internal debt of the Government vis-a-vis the banking sector further increased month-on-month by approximately Sk 1.7 billion, representing an increase of more than Sk 11.0 billion over the beginning of the year. The strongest negative impact on the level of government debt was exerted by the unfavourable budgetary performance of the State budget. Regarding the structure of internal debt, the total volume of government bonds fell in July by Sk 1.8 billion, due to repayments of the principal of government bonds issued to cover the costs of housing development schemes in 1992 and the 1993 State budget deficit. At the same time, one-year government bonds were issued to cover the 1996 State budget deficit. Of items positively influencing the level of internal debt, State funds were - after including loans - in a minus position (Sk 2.0 billion), due primarily to further borrowings by the State Market Regulation Fund. Financial resources held by insurance funds slightly increased (roughly by Sk 0.8 billion) and the funds of local authorities also recorded a minimum increase. At the end of the month, the 33rd issue of Treasury bills of last year was converted to government bonds with a neutral effect on the net position of the Government vis-a-vis the banking sector.

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



At the end of July, the total foreign exchange reserves of the NBS (at current exchange rates) stood at US\$ 3,009.5 million, representing a month-on-month decline of US\$ 9.2 million caused by changes in exchange rates. The volume of total foreign exchange reserves was 2.8 times greater than the average volume of monthly imports of goods and services to the SR during the first six months of 1997.

*Foreign exchange reserves of the NBS*

**1.2. Structure of the money supply**

In July, the M2 money supply (at fixed exchange rates) recorded a relatively marked month-on-month increase of Sk 5.9 billion, and reached Sk 421.9 billion at the end of the month. The growth in M2 was due to increases in both quasi-money (Sk 3.1 billion) and the M1 aggregate (Sk 2.8 billion).

*The month-on-month increase in the money supply, ...*

In July, the rate of year-on-year growth in the money supply increased slightly, to 13.4%. The rate of year-on-year increase in quasi-money (17.2%) still exceeded that of the M1 aggregate (7.7%).

*... accompanied by acceleration in the rate of year-on-year growth, ...*

The volume of currency in circulation outside bank vaults increased by Sk 0.3 billion. The monthly cycle of currency issue in July deviated from its standard course. During the first half of the month, the growth phase of the issue cycle was characterised by a slower pace and the issue maximum shifted by approximately 3 days. This development was due probably to the culmination of the holiday season at the end of the second ten-day period. The monthly issue balance was, for the time, only Sk 1.0 billion.

Demand deposits increased in July by Sk 2.8 billion, representing the highest month-on-month increase since the beginning of the year. The increase took place during the first twenty days of the month, whereas the third ten-day period saw a characteristic decline in these deposits.

*... was due to growth in demand deposits*

The upward trend in time deposits continued in July with a month-on-month increase of Sk 2.1 billion. The most significant increase took place during the first ten days of the month. Foreign-currency deposits increased by Sk 0.7 billion, representing a marked slowdown in terms of pace compared with the previous month's figure (an increase of Sk 3.3 billion), which is a result of renewed stability in the area of foreign exchange.

*... as well as time deposits*

Regarding the structure of the money supply, the weights of quasi-money and M1 remained virtually unchanged, since they grew at almost the same rate in July. In comparison with the same period of last year, the weight of demand deposits was lower in July 1997, owing to the relative high interest rates on short-term deposits.

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

(%)

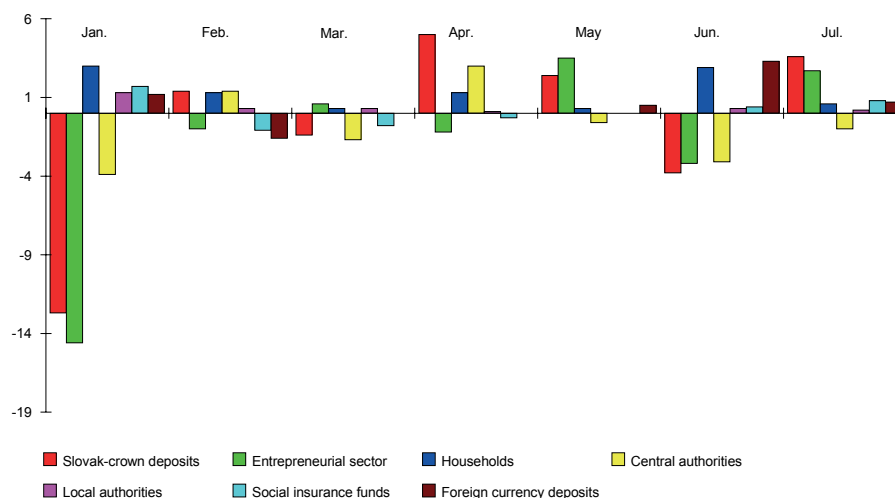
	1.1.1997	30.6.1997	31.7.1997	31.7.1996
<b>Money supply [M2]</b>	100.00	100.00	100.00	100.00
<b>Money [M1]</b>	41.71	37.52	37.73	39.73
Currency outside banks [M0]	10.43	10.87	10.78	10.51
Demand deposits	31.28	26.66	26.95	29.22
<b>Quasi-money [QM]</b>	58.29	62.48	62.27	60.27
Time deposits	48.26	51.51	51.29	49.92
Foreign currency deposits	10.03	10.96	10.97	10.35

Marked increase in Sk deposits, particularly in the corporate sector

Slovak-crown deposits, as a component of the money supply, increased in July by Sk 4.9 billion. The month-on-month increase was due predominantly to corporate deposits, which grew by Sk 4.2 billion, while household deposits increased only slightly (by Sk 0.7 billion). Compared with the beginning of the year, the volume of crown deposits fell by Sk 1.5 billion, due to a decline in corporate deposits (Sk 11.4 billion) and growth in household deposits (Sk 9.9 billion). The rate of year-on-year increase in crown deposits reached 12.1% in July, while household deposits grew at a faster rate (15.3%) than corporate deposits (7.3%).

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

(Sk billions)

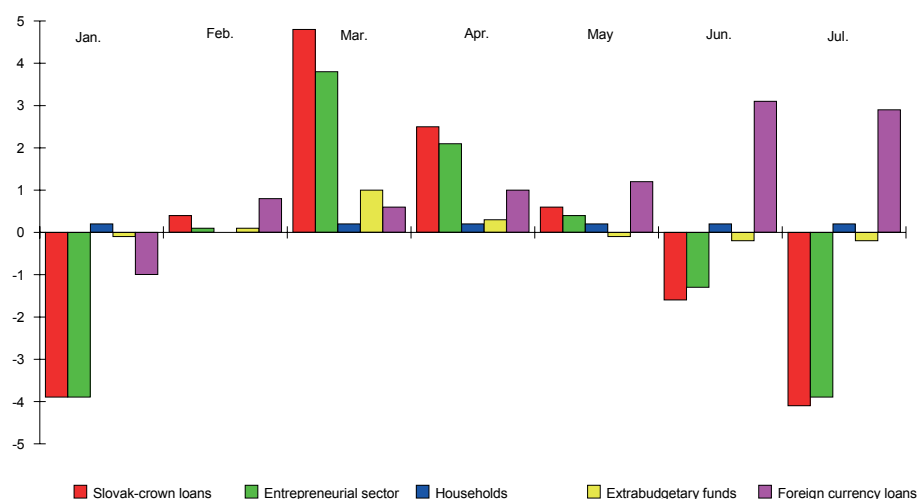

**1.3. Bank lending**

Decline in crown lending, accompanied by an increase in foreign-currency loans

In July, total bank lending (loans to enterprises, households, central and local authorities, other loans, and NBS loans) fell month-on-month by Sk 3.2 billion, due to a decline in crown loans (Sk 4.1 billion), while loans in foreign currency increased by Sk 0.9 billion. The decline in lending was due to the monetary policy's response to the growth in net credit to the Government. At the end of July, the volume of bank loans totalled Sk 379.8 billion; of which loans in Slovak crowns accounted for Sk 337.5 billion and foreign-currency loans Sk 42.2 billion. In the same period of last year, crown loans increased month-on-month by Sk 3.3 billion and loans in foreign-currency by Sk 1.5 billion. The volume of total bank credit increased year-on-year by 9.3%; of which crown loans accounted for 8.7% and loans in foreign currency 14.0%.

Since the beginning of the year, the volume of bank lending has increased by a total of Sk 5.4 billion, of which foreign-currency loans accounted for Sk 6.6 billion. Bank lending was influenced in July by a marked shortage of crown resources.

**Month-on-month changes in bank loans (Sk billions)**



**1.4. Interest rate development in June 1997**

In June, the average interest rate on the total volume of loans rose by 0.36 points, to 14.94%, due to a marked increase in the level of lending rates for short-term loans (by 0.70 points, to 17.28%). The average interest rate on medium-term loans increased slightly, to 15.88%; while that on long-term loans rose to 11.63% (by 0.11 points). The structure of loans by term remained unchanged in comparison with May.

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

After the marked rise in the level of interest rates on new loans in May, interest rates stabilised in June at the level of 19.33% (an increase of 0.25 points). The interest-rate level was again influenced by a rise in the average rate for short-term loans (0.31 points), which accounted for 84.9% of the total volume of new loans. The average interest rate on medium-term loans fell by 0.54 points, while that on long-term loans remained basically unchanged (15.45%). A marked increase was recorded in the average interest rate on bill-of-exchange loans (6.32 points), which accounted for 9.6% of the total volume of new loans in the given month. The price of short-term operating loans, which represented 49.5% of the total volume of new loans received in the given month, increased by 0.56 points (the average interest rate was at the level of 18.78%). The average interest rate on overdrafts fell month-on-month by 5.84 points, to the level of previous months.

*Moderate increase in the level of interest rates on new loans*

In comparison with May, the average interest rate on total crown deposits fell slightly, to 7.75% (by 0.09 points) in June. Marked increases were recorded in average interest rates on:

*The average interest rate on deposits fell slightly*

- deposits at up to 1-month notice: a rise of 1.25 points;
- deposits at up to 18-month notice: a rise of 0.71 points.

Interest rates fell on 7-day deposits (by 6.47 points) and 9-month deposits (by 0.47 points), due to mitigation of the lack of short-term resources. Interest rates on other crown deposits changed to a lesser extent.

Due to the faster rate of increase in the average interest rate on the total volume of loans, the nominal margin rose to 7.19 points in June, from 6.74 points in May. The

*The level of real interest rates fell*

level of real interest rates on one-year deposits rose from 3.96% in May to 3.91% in June, due to the faster rise in the annual rate of inflation (from 6.1% to 6.2%) than one-year deposit rates (from 10.06% to 10.11%).

## 2. Implementation of monetary policy

<i>The situation in the area of bank liquidity improved in July ...</i>	By regulating the refinancing of commercial banks during the previous month, the National Bank of Slovakia created favourable initial conditions in the area of bank liquidity, when the banking sector fulfilled the reserve requirements set for the second period of July. Thus the surplus reserves of commercial banks reached a positive value for the first time since April. As a result, inter-bank interest rates partly stabilised in July.
<i>... due to growth in the autonomous factors of the monetary base</i>	After the month-on-month decline of the previous two months, the monetary base of the NBS increased in July by Sk 6 billion, reaching the average level of April. This development was due predominantly to autonomous factors, which increased month-on-month by Sk 4 billion owing to the development of net foreign assets at the NBS. The foreign exchange reserves of the central bank were supported by sales of foreign exchange by commercial banks, which was reflected in the positive balance of foreign exchange fixing.
<i>Positive balance of foreign exchange fixing</i>	The volume of transactions in foreign exchange fixing fell by 73.5% month-on-month, to the equivalent of US\$ 137.6 million (i.e. US\$ 86.0 million and DM 89.8 million). A total of 12 contracts were concluded with an average volume of US\$ 11.5 million per contract. The overall balance of foreign exchange fixing reached a positive value (US\$ 86.3 million), which means that trading was dominated by sales of foreign exchange by Slovak commercial banks.
<i>Growth in net credit to the Government</i>	The currency basket unit followed the development of the inter-bank foreign exchange market: its value increased from 1.0033 (30 June) to 1.0096 (31 July) and the official exchange rate of the Slovak crown weakened by 0.63%.  The volume of net credit to the Government increased month-on-month by Sk 4.5 billion, due to improved liquidity in the banking sector. Over the course of the month, the State budget contributed to the supply of resources to the banking sector, so that at the end of July (except for the last few days), the size of the deficit reached Sk 20 billion, representing a month-on-month increase of Sk 7 billion.
<i>Increase in monetary-policy factors, due mainly to direct purchase of technical Treasury-bill issues</i>	In July, the volume of monetary-policy factors reached Sk 18 billion, representing the average daily refinancing of the banking sector. The month-on-month increase in monetary-policy factors (Sk 2 billion) was not due to increase in the volume of liquidity supplied through open market operations. Larger amounts of resources were supplied to the banking sector through the State budget, in the financing of which, the involvement of the NBS increased by Sk 3.8 billion. The direct purchase of tap issues of Treasury bills increased the average volume of the NBS portfolio to Sk 8.3 billion in July, from Sk 4.5 billion in the previous month.  This development was a result of various factors, especially the State budget deficit, which may be regarded as high with regard to the development of bank liquidity and its planned level for the end of the year. The budget deficit may also be regarded as high with regard to the unfavourable fulfilment of budget revenues. Despite an adequate volume of funds in the banking sector, the high interest rates were influenced by the demand for funds on the part of the State budget as well as commercial banks, which were dependent on NBS refinancing. For that reason, the banking sector gave preference to Treasury bills with shorter maturities. The growing budget deficit and the non-acceptance of the high yields demanded, were responsible for the increase in the volume of direct Treasury-bill issues for the portfolio of the NBS, which accounted for almost 50% of the average volume of Treasury bills held by the NBS in July. Their volume reached the maximum level set by the National Bank of Slovakia Act, i.e. 5% of last year's budget revenue.



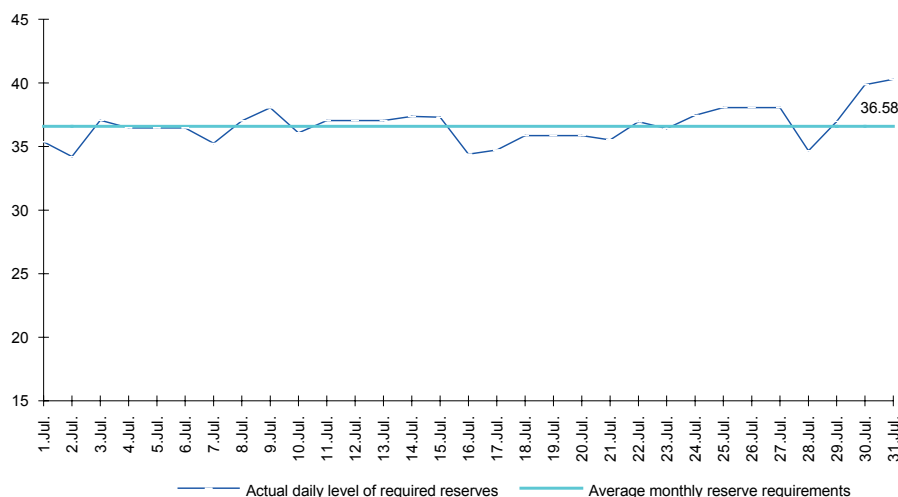
The level of liquidity in the banking sector in July, with regard to the previous shortage in connection with the development of exchange rates, may be considered relatively favourable. The reserves of commercial banks increased month-on-month by Sk 5.7 billion. Although the NBS intervened at the end of the 1st period set for the fulfilment of reserve requirements, banks with insufficient liquidity were unable to obtain resources from REPO tenders due to the unfavourable structure of their security portfolios. After five periods of non-fulfilment, the reserve requirements were slightly over-fulfilled by the banking sector in the second period in July. This indicates that the low level of liquidity influenced by the development of exchange rates at the end of May, was overcome in July.

*Replenishment of liquidity in the banking sector, enabled by the development of exchange rates at the end of May, ...*

In July, the level of required reserves in the banking sector was set at Sk 36,583 million. At 15 June 1997, the reserve requirements were fulfilled to 99.91%; the average daily shortage of reserves amounted to Sk 33.6 million. At the end of July 1997, the reserve requirements were fulfilled to 100.83%, while the average daily surplus reserves reached Sk 230 million.

*... made it possible for banks to over-fulfil their reserve requirements*

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



### 3. Inflation

In July, consumer prices increased by 0.1%, compared with the previous month's figures. The price level has risen by 3.0% since the beginning of the year. The 12-month rate of consumer-price inflation fell in July to 6.0%, from 6.2% in June.

*Consumer prices rose by 0.1% month-on-month*

The stabilisation of the general price level in July was due primarily to the prices of foodstuffs and non-alcoholic beverages, which fell month-on-month by 0.8%. This development was due to the fall in the prices of vegetables, fruit, spices, milk, cheese and eggs and fats.

*The fall in food prices contributed to the stabilisation of the price level in July*

The highest price-level increases were recorded in the categories of recreation and culture (1.0%), miscellaneous goods and services (1.0%), and health services (0.7%). The price increase in the category of recreation and culture was due primarily to a seasonal rise in the price of package tours. The price development in the other two categories was most influenced by administrative measures. In the category of miscellaneous goods and services, increases were recorded in charges for telephone, telegraphic, and telex services; and in the category of health services, the prices of sanitary goods and pharmaceuticals. In other categories of final household consumption, prices recorded month-on-month increases in the range from 0.1% to 0.4%.

## 4. Money market

### 4.1. Primary market

*The NBS intervened in the primary market for Treasury bills through direct purchase of so-called technical issues*

In June, the Ministry of Finance of the SR put Treasury bills up for auction in accordance with its issuing schedule for the 3rd quarter of 1997. The financing of the current State budget deficit by Treasury bills was unfavourably influenced by the size of the deficit and news of the Government's decision concerning the retroactive taxation of government securities. This fact affected the total amount of Treasury bills sold at auction as well as interest rates on the primary market. Over the course of July, five issues of Treasury bills were realised on the market for short-term securities in a total amount of Sk 5,681 million. The average interest rates on the primary market showed an upward trend during the month, while the average rate achieved at Treasury-bill auction was 16.54% p.a. The current budget deficit was financed from so-called technical issues made for the NBS's portfolio with a maturity of 7 days in an average daily amount of Sk 7,720 million, and for the portfolios of selected participants in the market in an average amount of Sk 407 million per day.

### 4.2. Secondary market

*NBS interventions in the secondary market*

In July, the NBS intervened in the money market by conducting REPO tenders for refinancing purposes and direct sales of Treasury bills to maturity. The NBS conducted 18 REPO tenders for refinancing purposes and, during the second ten-day period, 7 direct sales of Treasury bills and NBS bills.

The level of liquidity in the banking sector increased over the course of the month. The lack of liquidity from the previous months was overbalanced by regular REPO tenders conducted for refinancing purposes on a 7-day basis, while the average daily volume of refinancing amounted to Sk 8.3 billion.

*Development of interest rates on REPO tenders for refinancing purposes*

Interest rates on REPO tenders were at the level of 13.10% at the beginning of the month, reached a maximum average value of 18.60%, and closed the first period of the month at 9.38%. The sharp fall in interest rates the day the reserve requirements were fulfilled was due to the low interest in refinancing through Treasury bills on the part of the banking sector. This was caused by discrepancy in the structure and allocation of resources. The expected low demand on the part of commercial banks was reflected in a fall in the average interest rate on REPO tenders and created conditions for the reallocation of the obtained funds at a lower price for other banks operating on the Slovak money market.

During the second period set for the fulfilment of reserve requirements, the National Bank of Slovakia intervened in the market by conducting REPO tenders for refinancing purposes and through direct sales. Interest rates on REPO tenders showed a tendency to fall in July, following the price curve of one-day deposits during the entire month. At the end of the second period, the level of interest rates fell to 15.55%, representing a change of almost 4 percentage points compared with the figure at the beginning of the period.

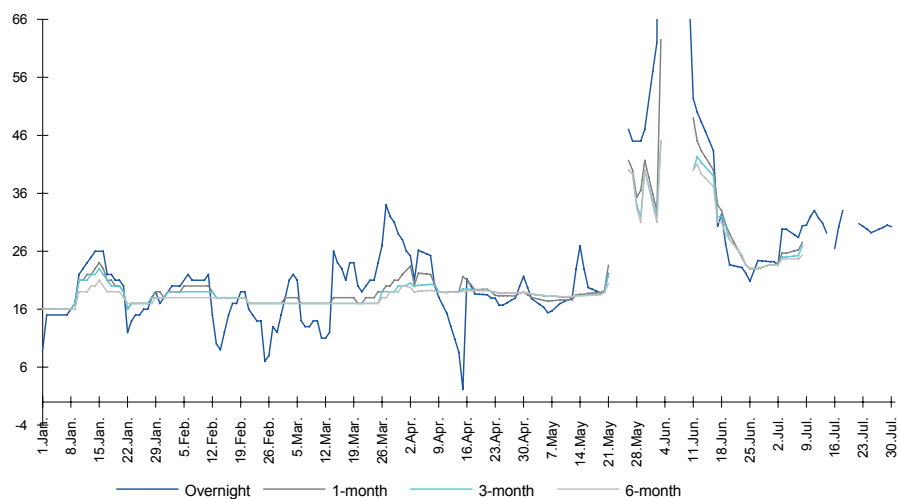
Direct sales were realised to finance the State budget from technical issues, for the portfolio of the NBS and the limit imposed on their total volume. At the end of the month, sales responded to the development of liquidity and the need for its sterilisation with regard to the development of required reserves.

*Development of interest rates on the inter-bank deposit market*

Interest rates on the money market continued to be characterised by a high level of volatility. The level of one-day deposits rose from 24.20% (1 July 1997) to 33.00% (11 and 18 July), representing the monthly maximum. Since 8 July 1997, only one-day and one-week deposits have been listed on the market; however, their prices still had an indicative nature. Deposits with longer maturities were not

listed on the basis of negotiations between reference banks, which did not renew fixing and tightened the conditions of monitoring.

**Development of average interbank offered rates (BRIBOR) (% , p.a.)**



On the last day of the first period, inter-bank trading reached its monthly minimum, i.e. almost Sk 22.6 billion. One-day deposit rates were not listed, even as indications at the end of the period.

## 5. Capital market

### 5.1. Primary market

In July, two issues of government bonds (Issues No. 030 and 031) were put up for auction with a maturity of one year. In the issuing conditions, the issuer increased the yield by 1 percentage point, to 11% p.a. The total demand amounted to Sk 5,810 million; of this amount, the issuer accepted Sk 4,900 million. In the case of Issue No. 031, the average yield to maturity was 71 base points higher than that on Issue No. 030, which was a result of the development of interest rates on the primary market for Treasury bills.

*Government bonds*

In July, government bonds were also issued in the form of non-public sale with a yield of 9% p.a. for 100% of the par value. The total value of the realised issue amounted to Sk 1,000 million. The yield is earmarked for the financing of housing construction.

The total volume of government bonds issued since the beginning of 1997, increased to Sk 10,060 million, representing 30.48% of the estimated amount of government bonds to be issued in 1997.

In July, publicly negotiable non-government bonds were issued in the total amount of Sk 699 million (in July 1996: Sk 2,150 million). The total volume of non-government bonds issued since the beginning of 1997, reached Sk 6,414 million, representing a decline of 22% compared with the same period of 1996 (Sk 8,265 million).

*Non-government bonds*

### 5.2. Secondary market

In July, the volume of trading on Bratislava Stock Exchange (BCPB) totalled Sk 11,186 million, representing a fall of 29.84% compared with the figure for the previous month. Of this amount, direct transactions accounted for 98.06%.

Most trading took place again in unlisted shares, which accounted for 41% of the total volume traded on the BCPB floor. This was followed by listed shares (39%), unlisted bonds (12%), and the remaining 8% represented trading in listed bonds.

*Index SDX* The development of the Slovak Bond Index (SDX) was relatively smooth in July. The values of SDX for government bonds again exceeded the level of 100 points and closed the month at 100.76 points, representing a month-on-month increase of 0.93%. The value of SDX for corporate bonds also increased by 1.54%, reaching 107.18 points on the last day of July.

*Index SAX* During the period under review, the values of the Slovak Share Index (SAX) increased slightly. The closing value of the index stood at 169.55 points, representing an increase of 1.7% compared with the figure for the end of June. In comparison with the end of previous year July, however, the value of SAX decreased by 23.5%.

In the structure of bond- and shareholders registered at the Securities Centre, the most significant change was again recorded in the number of bonds held by non-residents, which decreased by 16.94% in July.

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



## 6. Inter-bank foreign exchange market

*Transactions between Slovak banks*

After two months of decline, the volume of trading between Slovak banks increased in July by 47.8% month-on-month, i.e. from US\$ 1,930.7 million to US\$ 2,853.3 million. The volume of trading between Slovak banks accounted for 95.4% of the inter-bank foreign exchange market. The number of contracts decreased to 1,305 (from 1,390 in June), while the average amount per contract increased from US\$ 1.4 million to US\$ 2.2 million. Regarding the structure of contracts by currency, the volume of trading in other European currencies increased significantly. Most trading was concluded in US\$ (64.9%, compared with 72.7% in June), followed by other European currencies (18.3%, compared with 0.8% in June), and DM (16.9%, compared with 26.6% in June).

*Transactions between Slovak and foreign banks*

In July, the volume of transactions between Slovak and foreign banks increased by 9.5%, to US\$ 1,864.4 million. Most trading was concluded in US\$ (83.8%), followed by DM (12.6%), and other European currencies (3.6%). The number of transactions decreased by 6.5% (738 transactions) with an average amount of US\$ 2.5 million per contract. The volume of transactions between Slovak and

foreign banks accounted for 38.4% of Slovakia's total foreign exchange market. Transactions conducted between Slovak and foreign commercial banks resulted in a negative balance of US\$ 3.7 million, i.e. foreign banks purchased more foreign exchange from Slovak commercial banks than they sold at the beginning of the month.

## 7. Balance of payments for January to May 1997

The development of Slovakia's external relations during the first five months of 1997, was characterised by a growing deficit in the balance of payments current account, which reached Sk 29.5 billion (US\$ 893.9 million) at the end of May. The deficit resulted from acceleration in the growth of imports (imports of goods and services increased by 19.1%, while the import figure for 1996 does not include the import of aircraft and special material from the Russian Federation in settlement of government claims) than exports (exports of goods and services increased by 12.6% year-on-year).

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

The situation on the capital and financial account saw a marked change in May. Speculation on the exchange rate of the Slovak crown led to a considerable outflow of short-term capital. Although foreign banks purchased foreign exchange on the inter-bank market in the equivalent of Sk 7.0 billion in May, commercial banks increased their deposits abroad by Sk 5.2 billion. Commercial banks purchased funds through foreign exchange fixing in the equivalent of Sk 12.5 billion, considerably reducing the foreign exchange reserves of the NBS.

The balance achieved in the current account was due primarily to the growing deficit of trade, which totalled Sk 29.9 billion at the end of the period under review.

*... due mainly to the unfavourable balance of trade*

The volume of commodity exports amounted to Sk 119.3 billion, representing a year-on-year increase of Sk 13.9 billion (13.2%). This growth was due primarily to increases in the imports of standard commodities. The imports of motor vehicles increased year-on-year by Sk 7.0 billion, representing 50.5% of the total growth in imports (of which vehicles for passenger transport accounted for Sk 5.2 billion, i.e. 37.2%). Slower growth was recorded in the imports of mineral fuels (Sk 2.0 billion, i.e. 16.0%) and electronic equipment (Sk 1.6 billion, i.e. 11.5%).

*Export of goods*

During the five months under review, the volume of imports reached Sk 149.1 billion, representing a year-on-year increase of 19.5% (the import figure for 1996 does not include the import of aircraft and special material from the Russian federation in settlement of government claims in the amount of Sk 6.2 billion). The year-on-year growth in imports (Sk 24.3 billion) was due mainly to increased imports of mineral fuels, electronic recording and reproduction equipment, tools, machinery and equipment. The imports of mineral fuels increased, as in the previous month, by Sk 4.4 billion (18.1%), mainly in the categories of natural gas (Sk 2.4 billion), crude oil (Sk 1.1 billion), and electricity (Sk 0.3 billion).

*Import of goods*

The year-on-year increases in the categories of machines and machine parts, electronic recording and reproduction equipment, optical instruments, medical and measuring instruments, which are largely of investment nature, amounted to Sk 10.5 billion and accounted for 41.2% of total growth in imports. Based on data from the NBS, a group may be extracted from these categories made up of technological equipment applied in the individual sectors of the national economy. In this group, imports increased by Sk 2.8 billion, representing only 11.6% of the total growth in imports. Another Sk 2.0 billion was recorded in the imports of electronic recording and reproduction equipment, particularly radio and television broadcasting equipment and electronic equipment for cable telegraphy and telephones.

In the services balance, the trend characterised by faster growth in expenditure (16.6%) than revenue (9.9%) continued in 1997. The slowdown in the rate of

*Moderate surplus in the services balance*

growth in expenditure, particularly in the category of other services, led to revenue exceeding payments during the first five months of 1997, and the balance of services resulted in a surplus of Sk 0.5 billion. Improvement was also recorded in the development of freight transport, where revenue increased year-on-year by Sk 0.6 billion, to Sk 3.3 billion.

Expenditure exceeded revenue mainly in transport services. Since the beginning of the year, surplus in this category has reached Sk 5.0 billion, representing a year-on-year increase of Sk 1.7 billion. Income from the transport of gas to western Europe via Slovakia amounted to Sk 5.4 billion, and was received in the form of natural gas supply from the Russian federation. A further Sk 1.1 billion for the transport of gas and oil, was received from the Czech Republic.

A surplus of Sk 1.2 billion was generated in the area of tourism. During the five months under review, foreign exchange revenue from tourism reached Sk 6.6 billion, representing only 78.4% of the figure for the same period a year earlier. Foreign exchange expenditure on travel abroad continued to increase, reaching Sk 5.4 billion in five months. Commercial banks sold foreign exchange for individual travel in the equivalent of Sk 3.6 billion, representing an increase of 50% compared with the same period of 1996. A significant increase was recorded in foreign exchange deposits held by individuals. During the period January to May, the volume of these deposits grew by Sk 0.9 billion (by Sk 0.5 billion in May), to Sk 36.8 billion.

After a marked fall in revenue in the balance of other services in 1996 (during the period January to May, the year-on-year decline in the balance of other services amounted to Sk 7.7 billion), the situation stabilised in the majority of these services in 1997. The rate of increase in receipts for services provided exceeded the rate of growth in payments for services accepted; consequently, the negative balance increased year-on-year by only Sk 0.1 billion, to Sk 5.7 billion. The largest deficits were recorded in the categories of other commercial services (Sk 3.3 billion); royalties and licence fees (Sk 0.7 billion); and legal, accounting, and consulting services (Sk 0.6 billion). The only category with a favourable balance was that of construction and assembly work, where the significant year-on-year increase in receipts generated a surplus of Sk 0.4 billion.

*Deficit in the income balance*

Another balance of payments item where payments have exceeded receipts since the beginning of the year, was the income balance which produced a deficit of Sk 1.3 billion. The deficit was due primarily to interest payments which have exceeded interest receipts by Sk 1.0 billion. The negative balance was reflected mainly in the government sector (Sk 0.5 billion) and the NBS (Sk 0.4 billion).

The balance of current transfers vis-a-vis abroad resulted in a surplus of Sk 1.2 billion. The balance was influenced by private transfers in the form of legacy, gifts, cash, etc., and accounted for 89.4% of the total balance.

*Surplus in the capital and financial account*

During the period from January to May 1997, the capital and financial account of the balance of payments generated a surplus of Sk 7.2 billion, i.e. Sk 13.6 billion less than during the first four months of 1997. The decline in the capital and financial account balance was due exclusively to short-term capital, which fell by Sk 14.0 billion (net inflow of short-term capital during the period from January to April reached Sk 14.7 billion, compared with Sk 0.7 billion during the period from January to May).

*Direct investment*

The volume of direct investment in Slovakia reached only Sk 0.8 billion, due to an increase in property participation in enterprises based in the SR (Sk 1.6 billion), reduction in capital employed in the banking sector (Sk 1.1 billion), and growth in commercial loans made to direct investors (Sk 0.4 billion). With regard to structure by sector, most foreign capital was invested in industrial production (44.2%) and construction (23.7%). The largest investors were Austria (50%) and Germany

(19.3%). Direct investment by Slovak entities abroad increased by Sk 1.5 billion. Slovak entities invested mainly in industrial production, electricity generation and distribution, and the supply of gas and water. Capital participation by Slovak companies abroad exceeded the volume of capital invested in companies operating in the SR.

The inflow of long-term capital, which reached Sk 7.3 billion in five months, took place mainly in the form of financial credits granted to the enterprise sector (Sk 6.7 billion). In the form of corporate loans, the economy has obtained foreign capital in the amount of Sk 10.3 billion since the beginning of the year. The loans received were used mainly for investment purposes (63%) and the covering of operating costs (23%). With regard to structure by sector, these loans were allocated mainly for the production and distribution of gas and water (32.5%), industrial production (25.2%, mainly metal, coke, and refined oil products), and transport and communications (15.2%). On the one hand, an increase in borrowing from abroad increases the rate of investment of Slovak companies, and on the other, raises the level of the country's external debt and poses increased demands for debt servicing. The repayment of long-term financial credits by the enterprise sector increased by Sk 3.6 million during the period from January to May. Commercial credits increased the inflow of capital by Sk 1.2 billion, while drawings accounted for Sk 3.0 billion and repayments Sk 1.8 billion.

*Inflow of long-term capital*

A key long-term liability item in the banking sector was the decline in long-term loans by Sk 1.1 billion. The government sector and the NBS drew long-term loans in the amount of Sk 2.5 billion, while Sk 1.3 billion was granted by the EXIM Bank and Sk 1.2 billion by the Russian Government for the completion of the nuclear power plant at Mochovce. The repayment of government and NBS loans accepted during the previous period, reached Sk 2.2 billion. The repayment was evenly divided into NBS repayments in the amount of Sk 1.1 billion (IMF and EIB) and the Government in the amount of Sk 1.1 billion (World Bank, G-24, CDZ).

A key factor in the development of short-term capital was the movement of short-term capital owned by commercial banks. Short-term liabilities of commercial banks increased by Sk 26.6 billion. The key role was played by the growth in deposits held by non-residents with Slovak banks, the volume of which has increased by Sk 24.7 billion since the beginning of the year, whilst purchase of foreign exchange from foreign banks has fallen to Sk 4.1 billion, compared with the fall of Sk 7.0 billion in May. The volume of other liabilities increased by Sk 2.6 billion. The sharpest decline was recorded in short-term loans accepted from foreign banks, the volume of which has fallen by Sk 4.8 billion since the beginning of May. In the course of the period from January to May, a marked increase was recorded in short-term deposits held by commercial banks abroad, the volume of which has increased by Sk 23.0 billion since the beginning of the year. Despite the previous months, the May increase in bank deposits (Sk 5.1 billion) was not caused by an increased inflow of funds from abroad, but was realised through purchases of foreign exchange resources from the NBS. As a result of this development, the proportion of short-term capital to the total capital account fell to 9.1%, the proportion of short-term liabilities (resources) to total liabilities remained at a high level (77.2%).

*Short-term capital*





## **Appendices**



## Monetary survey

(Sk billion)

	1996						1997						
	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.* /
Fixed exchange rate SKK / USD	29.569	29.569	29.569	29.569	29.569	29.569	31.895	31.895	31.895	31.895	31.895	31.895	31.895
Fixed exchange rate SKK / DEM	20.646	20.646	20.646	20.646	20.646	20.646	20.514	20.514	20.514	20.514	20.514	20.514	20.514
<b>ASSETS</b>													
Net foreign assets	57.4	59.8	59.2	55.1	55.3	62.8	62.9	68.5	65.7	63.8	58.5	64.8	68.8
Foreign assets	145.9	151.1	150.6	144.4	148.0	182.8	192.5	203.1	204.6	211.4	202.8	219.1	232.9
Foreign liabilities	88.5	91.3	91.4	89.3	92.7	120.0	129.6	134.6	138.9	147.6	144.3	154.3	164.2
Net domestic assets	314.6	316.7	317.2	321.4	332.4	353.4	342.1	337.5	341.9	346.1	355.5	351.2	353.1
Domestic credit	420.8	428.5	431.1	436.0	443.0	453.8	448.2	450.2	459.0	463.2	466.7	469.5	470.3
- Net credit to Government	80.0	81.9	83.6	83.3	84.0	95.7	91.3	93.5	98.0	99.5	102.1	105.5	110.0
- Net credit to FNM <sup>1/</sup>	-2.5	-2.3	-2.8	-3.1	-3.3	-3.2	-2.8	-2.2	-2.1	-2.3	-2.3	-2.4	-2.3
Credit to households and enterprises	343.3	348.9	350.3	355.8	362.3	361.3	359.7	358.9	363.1	366.0	366.9	366.4	362.5
- Credit in SKK	307.0	311.1	311.7	317.5	324.0	331.4	327.8	328.1	331.9	334.2	334.8	333.4	329.6
- Credit to enterprises	291.9	295.8	296.1	301.5	307.4	313.6	309.8	310.1	313.7	315.8	316.2	314.6	310.6
- Credit to households	15.1	15.3	15.6	16.0	16.6	17.8	18.0	18.0	18.2	18.4	18.6	18.8	19.0
- Credit in foreign currency	36.3	37.8	38.6	38.3	38.3	29.9	31.9	30.8	31.2	31.8	32.1	33.0	33.0
<b>LIABILITIES</b>													
Liquid liabilities [M2]	372.0	376.5	376.4	376.5	387.7	416.2	405.0	406.0	407.6	409.9	414.0	416.0	421.9
Money [M1]	147.8	150.2	153.7	149.5	156.1	173.9	153.8	154.8	156.2	155.5	157.3	156.1	159.2
Currency outside banks [M0]	39.1	40.6	41.6	41.6	42.8	43.5	43.4	43.9	44.7	44.3	44.9	45.2	45.5
Demand deposits	108.7	109.6	112.1	107.9	113.3	130.4	110.4	110.9	111.5	111.2	112.4	110.9	113.7
- Households	43.0	43.8	43.7	43.6	44.5	46.2	48.0	48.7	48.6	49.6	49.6	49.6	49.6
- Enterprises	64.5	64.6	67.0	63.2	67.7	82.5	61.1	60.0	61.3	60.4	61.7	60.2	60.2
- Insurance companies	1.2	1.2	1.4	1.1	1.1	1.7	1.3	2.2	1.6	1.2	1.1	1.1	1.1
Quasi-money [QM]	224.2	226.3	222.7	227.0	231.6	242.3	251.2	251.2	251.4	254.4	256.7	259.9	262.7
Time and savings deposits	185.7	187.3	184.1	187.8	191.9	201.2	209.2	209.6	209.5	212.4	214.4	214.3	216.4
- Households	134.2	134.9	135.1	135.9	136.9	148.4	149.6	150.2	150.6	150.9	151.3	154.1	154.1
- Enterprises	34.0	34.5	31.4	34.4	37.6	35.0	41.6	41.4	40.4	42.8	43.8	41.6	41.6
- Insurance companies	17.5	17.9	17.6	17.5	17.4	17.8	18.0	18.0	18.5	18.7	19.3	18.6	18.6
Foreign currency deposits	38.5	39.0	38.6	39.2	39.7	41.1	42.0	41.6	41.9	42.0	42.3	45.6	46.3
- Households	33.5	33.6	33.9	34.1	34.5	35.3	36.5	36.9	36.9	37.1	37.5	37.8	37.8
- Enterprises	5.0	5.4	4.7	5.1	5.2	5.8	5.5	4.7	5.0	4.9	4.8	7.8	7.8
Other items net	106.2	111.8	113.9	114.6	110.6	100.4	106.1	112.7	117.1	117.1	111.2	118.3	117.2

1/ FNM - National Property Fund

\*/ Preliminary data

**Balance of Payments for January to May 1997**

	Receipts / Credit (+)		Expenditures / Debit (-)		Balance	
	Sk million	USD million	Sk million	USD million	Sk million	USD million
<b>Goods</b>	119,257.0	3,619.7	149,117.0	4,526.0	-29,860.0	-906.3
<b>Services</b>	26,177.0	794.5	25,700.0	780.0	477.0	14.5
Transportation	9,902.0	300.5	4,912.0	149.1	4,990.0	151.5
Travel	6,601.0	200.4	5,437.0	165.0	1,164.0	35.3
Other services total	9,674.0	293.6	15,351.0	465.9	-5,677.0	-172.3
<b>Income</b>	2,052.0	62.3	3,361.0	102.0	-1,309.0	-39.7
Compensation of employees	265.0	8.0	112.0	3.4	153.0	4.6
Investment income	1,787.0	54.2	3,249.0	98.6	-1,462.0	-44.4
<b>Current transfers</b>	5,038.0	152.9	3,796.0	115.2	1,242.0	37.7
<b>CURRENT ACCOUNT</b>	152,524.0	4,629.4	181,974.0	5,523.2	-29,450.0	-893.9
<b>Capital account</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financial account</b>	305,574.8	9,459.8	-298,342.5	-9,214.2	7,232.3	245.6
Direct investment	48,834.0	1,492.2	-49,529.9	-1,513.5	-695.9	-21.3
<i>Abroad</i>	698.0	21.3	-2,234.7	-68.3	-1,536.7	-47.0
Equity capital and reinvested earnings	43.0	1.3	-1,506.7	-46.0	-1,463.7	-44.7
Other capital	655.0	20.0	-728.0	-22.2	-73.0	-2.2
<i>In SR</i>	48,136.0	1,470.9	-47,295.2	-1,445.2	840.8	25.7
Equity capital and reinvested earnings	1,604.0	49.0	-1,140.2	-34.8	463.8	14.2
Other capital	46,532.0	1,421.9	-46,155.0	-1,410.3	377.0	11.5
Portfolio investment	1,365.6	41.7	-2,393.5	-73.1	-1,027.9	-31.4
Assets	1,348.6	41.2	-2,302.5	-70.4	-953.9	-29.1
Liabilities	17.0	0.5	-91.0	-2.8	-74.0	-2.3
Other investment	255,375.2	7,925.8	-246,419.1	-7,627.6	8,956.1	298.3
<i>Long-term</i>	16,125.8	484.4	-8,858.3	-294.0	7,267.5	190.4
Assets	56.4	3.2	-212.4	0.3	-156.0	3.5
Liabilities	16,069.4	481.2	-8,645.9	-294.3	7,423.5	186.8
<i>Short-term</i>	239,249.4	7,441.4	-237,560.8	-7,333.6	1,688.6	107.9
Assets	89,178.5	2,732.8	-115,511.6	-3,543.6	-26,333.1	-810.8
Liabilities	150,070.9	4,708.7	-122,049.2	-3,790.0	28,021.7	918.7
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	305,574.8	9,459.8	-298,342.5	-9,214.2	7,232.3	245.6
<b>ERRORS AND OMISSIONS</b>	-477,954.0	-14,692.6	489,715.0	15,022.7	11,761.0	330.2
<b>OVERALL BALANCE</b>	-19,855.2	-603.4	9,398.5	285.3	-10,456.7	-318.1
Monetary gold	-1,033.2	-31.2	0.0	0.0	-1,033.2	-31.2
Special drawing rights	461.6	14.5	0.0	0.0	461.6	14.5
Foreign exchange	20,426.8	620.1	-9,398.5	-285.3	11,028.3	334.8
<i>Currency and deposit</i>	5,289.9	160.6	0.0	0.0	5,289.9	160.6
<i>Securities</i>	15,136.9	459.5	-9,398.5	-285.3	5,738.4	174.2
Bonds and notes	0.0	0.0	-9,398.5	-285.3	-9,398.5	-285.3
Money market instruments and financial derivats	15,136.9	459.5	0.0	0.0	15,136.9	459.5
<b>RESERVE ASSETS</b>	19,855.2	603.4	-9,398.5	-285.3	10,456.7	318.1

Used exchange rate of: USD = 32.947 Sk

**Balance of Payments for January to March 1997**

(Correction of data published in Monetary Survey June 1997)

	Receipts / Credit (+)		Expenditures / Debit (-)		Balance	
	Sk million	USD million	Sk million	USD million	Sk million	USD million
<b>Goods</b>	69,954.0	2,137.6	85,572.0	2,614.8	-15,618.0	-477.2
<b>Services</b>	14,711.0	449.5	15,337.0	468.6	-626.0	-19.1
Transportation	5,632.0	172.1	2,776.0	84.8	2,856.0	87.3
Travel	3,714.0	113.5	3,167.0	96.8	547.0	16.7
Other services total	5,365.0	163.9	9,394.0	287.1	-4,029.0	-123.1
<b>Income</b>	1,295.0	39.6	1,995.0	61.0	-700.0	-21.4
Compensation of employees	157.0	4.8	60.0	1.8	97.0	3.0
Investment income	1,138.0	34.8	1,935.0	59.1	-797.0	-24.4
<b>Current transfers</b>	3,036.0	92.8	1,974.0	60.3	1,062.0	32.5
<b>CURRENT ACCOUNT</b>	88,996.0	2,719.4	104,878.0	3,204.7	-15,882.0	-485.3
<b>Capital account</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financial account</b>	181,982.3	5,624.2	-168,687.9	-5,208.9	13,294.4	415.4
Direct investment	25,527.8	780.0	-26,107.7	-797.8	-579.9	-17.7
Abroad	515.8	15.8	-1,415.0	-43.2	-899.2	-27.5
Equity capital and reinvested earnings	69.0	2.1	-985.0	-30.1	-916.0	-28.0
Other capital	446.8	13.7	-430.0	-13.1	16.8	0.5
In SR	25,012.0	764.3	-24,692.7	-754.5	319.3	9.8
Equity capital and reinvested earnings	759.0	23.2	-571.7	-17.5	187.3	5.7
Other capital	24,253.0	741.1	-24,121.0	-737.1	132.0	4.0
Portfolio investment	556.1	17.0	-547.3	-16.7	8.8	0.3
Assets	548.1	16.7	-436.3	-13.3	111.8	3.4
Liabilities	8.0	0.2	-111.0	-3.4	-103.0	-3.1
Other investment	155,898.4	4,827.2	-142,032.9	-4,394.4	13,865.5	432.8
Long-term	10,218.4	314.0	-5,992.6	-205.7	4,225.8	108.2
Assets	240.3	17.5	-28.2	-1.0	212.1	16.5
Liabilities	9,978.1	296.5	-5,964.4	-204.8	4,013.7	91.8
Short-term	145,680.0	4,513.2	-136,040.3	-4,188.6	9,639.7	324.6
Assets	50,891.9	1,567.9	-63,848.3	-1,982.7	-12,956.4	-414.8
Liabilities	94,788.1	2,945.3	-72,192.0	-2,206.0	22,596.1	739.3
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	181,982.3	5,624.2	-168,687.9	-5,208.9	13,294.4	415.4
<b>ERRORS AND OMISSIONS</b>	-271,487.2	-8,359.9	279,415.1	8,592.4	7,927.9	232.5
<b>OVERALL BALANCE</b>	-508.9	-16.3	5,849.2	178.8	5,340.3	162.5
Monetary gold	-1,033.2	-31.2	0.0	0.0	-1,033.2	-31.2
Special drawing rights	37.7	1.6	0.0	0.0	37.7	1.6
Foreign exchange	1,504.4	45.9	-5,849.2	-178.8	-4,344.8	-132.9
Currency and deposit	1,504.4	45.9	0.0	0.0	1,504.4	45.9
Securities	0.0	0.0	-5,849.2	-178.8	-5,849.2	-178.8
Bonds and notes	0.0	0.0	-3,986.0	-121.8	-3,986.0	-121.8
Money market instruments and financial derivats	0.0	0.0	-1,863.2	-57.0	-1,863.2	-57.0
<b>RESERVE ASSETS</b>	508.9	16.3	-5,849.2	-178.8	-5,340.3	-162.5

Used exchange rate of: USD = 32.726 Sk

**Foreign Exchange Reserves**

USD million

End-of-period figures	1996						1997						
	7	8	9	10	11	12	1	2	3	4	5	6	7
Official reserves of NBS	3,503.6	3,677.4	3,654.8	3,602.3	3,594.6	3,473.3	3,434.4	3,471.7	3,453.1	3,346.9	2,974.0	3,018.7	3,009.5
Reserves of commercial banks	1,237.7	1,231.7	1,142.5	1,046.8	1,130.5	2,209.2	2,253.8	2,418.6	2,447.3	2,610.6	2,797.2	3,109.3	
Total	4,741.3	4,909.1	4,797.3	4,749.1	4,725.1	5,682.5	5,688.2	5,890.3	5,900.4	5,957.5	5,771.2	6,128.0	

**Gross Foreign Debt**

USD billions

End-of-period figures	1996						1997						
	5	6	7	8	9	10	11	12	1	2	3	4	5
Total gross foreign debt	6.0	6.1	6.2	6.4	6.3	6.3	6.4	7.8	7.8	8.0	8.0	8.4	8.5
- official debt of the Government and the NBS	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.7	1.7	1.6	1.6	1.6	1.6
- foreign debt of enterprises	3.0	3.0	3.1	3.2	3.2	3.2	3.3	3.8	3.6	3.7	3.7	3.7	4.0
- foreign debt of commercial banks	1.0	1.1	1.1	1.3	1.2	1.2	1.3	2.2	2.4	2.5	2.6	2.7	2.7
Total gross debt per capita (in USD)	1,137	1,147	1,171	1,202	1,198	1,188	1,201	1,473	1,474	1,502	1,516	1,586	1,601

**Money Supply M2**

(Sk billion)

	1.1.1997	30.6.1997	31.7.1997 <sup>*/</sup>	Month-on-month change	Month-on-month change (in %)	Change since beginning of year	Change since beginning of year (in %)	31.7.1996	Year-on-year change	Year-on-year change (in %)
Money Supply [M2]	416.9	416.0	421.9	5.9	1.4	5.0	1.2	372.0	49.9	13.4
Money [M1]	173.9	156.1	159.2	3.1	2.0	-14.7	-8.5	147.8	11.4	7.7
Currency outside banks [M0]	43.5	45.2	45.5	0.3	0.7	2.0	4.6	39.1	6.4	16.4
Demand deposits	130.4	110.9	113.7	2.8	2.5	-16.7	-12.8	108.7	5.0	4.6
Quasi-money [QM]	243.0	259.9	262.7	2.8	1.1	19.7	8.1	224.2	38.5	17.2
Time deposits	201.2	214.3	216.4	2.1	1.0	15.2	7.6	185.7	30.7	16.5
Foreign currency deposits	41.8	45.6	46.3	0.7	1.5	4.5	10.8	38.5	7.8	20.3
Crown deposits	331.6	325.2	330.1	4.9	1.5	-1.5	-0.5	294.4	35.7	12.1
- Households	194.5	203.7	204.4	0.7	0.3	9.9	5.1	177.2	27.2	15.3
- Enterprises (incl. insurance)	137.1	121.5	125.7	4.2	3.5	-11.4	-8.3	117.2	8.5	7.3

\*/ 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% Mar. 14.2% Apr. 15.2% May - Jun. - Jul. -
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. - Mar. 17.4% Apr. 15.8% May 16.8% Jun. 19.2% Jul. 16.6%
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)

	30.6.1997	31.7.1997 <sup>1/</sup>	Change
<b>Deposits in Sk and foreign currency</b>	412.7	416.8	4.1
<b>- Deposits in Slovak crowns</b>	365.3	368.9	3.6
of which			
- Entrepreneurial sector	108.9	111.6	2.7
- Households	203.7	204.3	0.6
- Central authorities	17.4	16.4	-1.0
- Local authorities	7.2	7.4	0.2
- Social insurance funds	15.5	16.3	0.8
- Other <sup>2/</sup>	12.6	12.9	0.2
<b>- Deposits in foreign currency <sup>3/</sup></b>	47.4	47.9	0.5

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)

	30.6.1997	31.7.1997 <sup>1/</sup>	Change
<b>Loans in Sk and foreign currency</b>	382.9	379.8	-3.2
<b>- Loans in Slovak crowns</b>	341.6	337.5	-4.1
of which			
- Entrepreneurial sector	312.6	308.7	-3.9
- Households	18.8	19.0	0.2
- Loans to central and local authorities for extrabudgetary needs	8.2	8.0	-0.2
- Other <sup>2/</sup>	2.0	1.9	-0.1
<b>- Loans in foreign currency <sup>3/</sup></b>	41.3	42.2	0.9

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					
	6	7	8	9	10	11	12	1	2	3	4	5	6
1. TOTAL VOLUME OF LOANS <sup>1/</sup>	13.43	13.23	13.25	13.28	13.36	13.42	13.22	13.47	13.77	13.93	14.17	14.58	14.94
A) Loans by sector													
of which													
a) Enterprise sector							13.41	13.52	13.78	13.86	14.26	14.55	14.91
- Public sector	13.44	12.81	12.79	12.93	13.23	13.26	12.95	12.89	13.12	13.12	13.78	13.95	14.33
- Private sector (incl. cooperatives)	14.08	13.98	14.01	13.99	13.94	14.00	13.86	14.14	14.44	14.59	14.73	15.15	15.48
b) Households	5.65	5.79	5.94	6.06	6.35	6.47	6.76	7.16	7.25	7.38	7.51	7.42	7.46
B) Loans by term													
of which													
- Short-term	13.60	13.66	13.76	13.81	13.86	14.06	13.86	14.52	14.93	15.34	15.69	16.58	17.28
- Medium-term	15.98	15.75	15.73	15.67	15.60	15.51	15.28	15.37	15.54	15.59	15.68	15.66	15.88
- Long-term	12.01	11.56	11.50	11.50	11.63	11.59	11.36	11.32	11.59	11.54	11.39	11.52	11.63
2. NEW LOANS IN TOTAL	12.58	13.23	13.06	13.56	13.57	14.27	13.45	16.04	15.63	16.21	16.53	19.08	19.33
A) Loans by sector													
of which													
a) Enterprise sector							13.85	14.08	14.69	15.02	15.43	17.36	20.36
- Public sector	13.04	12.99	13.01	13.14	12.81	13.03	13.46	12.98	14.26	14.03	14.52	15.77	22.40
- Private sector (incl. cooperatives)	12.42	13.40	13.52	13.83	13.91	14.74	14.23	15.18	15.12	16.00	16.34	18.94	18.31
b) Households	10.66	10.54	10.57	10.57	11.18	10.39	10.44	12.35	11.09	12.77	12.44	12.30	11.77
B) Loans by term													
of which													
- Short-term	12.36	13.47	13.40	13.57	13.55	14.46	13.52	16.36	15.88	16.17	16.78	19.70	20.01
- Medium-term	13.32	13.21	13.89	14.25	13.33	13.77	13.05	13.52	13.63	15.36	15.82	16.12	15.58
- Long-term	14.03	12.16	8.72	11.75	14.44	13.54	13.68	13.39	13.98	17.65	13.44	15.49	15.45

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						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total deposits	a	6.54	6.58	6.75	6.70	6.70	6.76	6.18	7.05	7.03	7.52	7.57	7.84	7.75
	b	1.00	7.80	2.40	-0.60	0.10	9.30	24.80	10.30	0.20	-1.10	3.80	2.70	-2.07
of which														
Demand deposits	a	3.06	3.01	2.96	2.97	2.96	2.93	2.87	2.95	3.01	3.04	3.04	3.08	3.19
	b	-0.80	5.60	-2.40	2.50	-4.10	5.70	24.60	29.30	-1.10	0.00	0.30	1.90	-0.43
Time deposits	a	8.62	8.85	9.05	9.10	9.02	9.09	8.63	9.30	9.21	9.98	9.97	10.28	10.17
	b	0.20	2.20	4.80	-3.10	4.20	3.70	0.20	19.00	1.30	-1.10	3.50	0.80	-1.64
- 7-day deposits	a	10.63	9.69	9.45	10.22	9.88	9.88	9.51	13.08	10.44	18.23	14.74	21.23	14.76
	b	1.90	-2.70	2.60	-0.90	1.30	1.20	-4.90	3.00	2.90	-1.90	1.80	1.00	1.15
- 1-month deposits	a	6.08	7.47	8.55	8.64	8.61	8.75	8.87	11.02	10.31	10.71	10.49	11.02	12.27
	b	-0.30	4.60	0.20	-2.60	1.80	1.20	1.10	4.10	1.40	0.80	0.20	-0.90	0.33
- 3-month deposits	a	6.95	7.56	7.68	7.63	7.90	8.61	8.89	9.37	9.30	8.85	10.12	11.11	11.37
	b	-1.80	0.60	0.50	-1.30	0.30	1.60	-0.70	1.60	-1.40	-1.80	0.60	0.80	-2.34
- 6-month deposits	a	8.02	7.93	8.20	8.40	8.44	8.40	8.28	9.18	9.29	9.85	9.61	9.60	9.56
	b	-0.10	-0.60	2.00	1.70	0.20	-1.00	-3.20	3.50	0.80	0.30	0.70	-0.60	-0.12
- 9-month deposits	a	9.57	9.55	9.77	9.99	9.93	9.84	10.09	10.13	10.04	10.08	10.27	10.80	10.34
	b	0.00	0.30	-0.20	0.00	-0.50	-0.20	-0.70	1.50	-0.10	-0.10	0.20	0.10	-0.02
- 12-month deposits	a	9.08	9.03	9.11	9.07	9.05	9.09	8.91	9.01	9.05	9.96	9.95	10.06	10.11
	b	0.00	0.30	0.10	-0.70	0.00	0.40	0.80	4.70	0.80	1.30	-1.00	0.80	-0.46
- 18-month deposits	a	11.65	10.94	11.03	11.19	10.76	10.48	10.43	10.06	6.91	10.99	11.06	11.25	11.96
	b	0.20	-1.50	-0.20	-0.10	-0.20	0.00	0.00	0.50	-0.30	0.10	0.00	0.10	0.02
- 2-year deposits	a	9.58	9.52	9.53	9.52	9.56	9.54	9.44	9.41	9.43	10.74	10.74	10.74	10.70
	b	-1.00	0.00	-0.60	0.00	0.20	-0.40	2.90	-0.60	-0.30	-0.50	1.00	-0.70	-0.59
- 3-year deposits	a	13.07	13.06	13.06	13.02	12.94	12.92	12.88	12.67	12.67	12.66	12.64	12.68	12.61
	b	0.00	2.10	0.00	-0.10	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.10	-0.54
- 4-year deposits	a	12.80	12.78	12.98	12.98	12.97	12.94	12.92	13.01	13.14	13.13	13.13	13.13	13.13
	b	-0.40	-0.60	0.00	0.00	0.10	0.00	0.10	-0.10	0.00	0.00	0.00	0.00	0.04
- 5-year deposits	a	13.27	13.28	13.20	13.13	13.09	13.37	13.17	12.84	12.85	12.59	12.53	12.50	12.50
	b	1.40	0.10	0.00	0.10	0.20	0.00	0.70	0.10	0.00	0.10	-0.20	-0.10	0.27
- above 5 year	a	5.54	5.51	5.33	5.31	5.23	5.14	4.85	4.85	4.85	4.82	4.82	4.81	4.76
	b	0.30	0.10	0.30	0.50	0.50	0.90	4.00	0.40	0.30	0.60	0.10	0.00	0.62

a - Average deposit rate (%)

b - Change in volume (\$k billion)

**Development of Average Interbank Offered Rates (BRIBOR)**

	1997						
	1	2	3	4	5 <sup>1/</sup>	6 <sup>1/</sup>	7 <sup>1/</sup>
Overnight	18.82	16.20	19.97	18.71	26.75	53.91	29.58
1 week	18.53	18.12	18.20	19.96	25.77	42.34	28.06
2 weeks	18.77	18.30	18.09	19.94	25.12	40.76	26.23
1 month	18.82	18.29	17.71	19.92	24.27	33.80	25.46
2 months	18.72	18.16	17.35	19.43	23.83	32.48	25.22
3 months	18.63	18.04	17.30	19.36	23.78	31.48	24.93
6 months	17.85	17.63	17.15	19.09	23.61	30.89	24.45

Note: All average rates were calculated for the days on which they were listed

<sup>1/</sup> Figures based on data from the unofficial Monitoring of Interbank Deposit Rates in the SR (since 29 May 1997), due to the marked fall in trade on the interbank market and the subsequent suspension of listing of BRIBOR rates

**Basic Characteristics of Slovakia's Foreign Exchange Market in July 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	86.0	62.5	7	51.6	37.5	5				137.6	87
Transactions among Slovak banks without participation of foreign banks	1,850.9	64.9	799	480.9	16.9	369	521.5	18.3	137	2,853.3	1,305
Interbank foreign exchange market fixing + transactions between Slovak banks.	1,936.9	64.8	806	532.5	17.8	374	521.5	17.4	137	2,990.9	1,392
Transactions between Slovak and foreign banks	1,562.3	83.8	442	234.2	12.6	218	68.0	3.6	78	1,864.4	738
Foreign exchange market in the SR - total	3,499.2	72.1	1,248	766.7	15.8	592	589.5	12.1	215	4,855.3	2,055

**Average Monthly Exchange Rates of SKK**

midpoint rate	1996						1997						
	7	8	9	10	11	12	1	2	3	4	5	6	7
FRF	6.028	6.006	5.998	6.030	6.060	6.024	5.967	5.810	5.804	5.782	5.793	5.750	5.665
1,000 ITL	20.127	20.018	20.216	20.442	20.458	20.677	20.623	19.852	19.604	19.660	19.775	19.756	19.631
100 JPY	28.124	28.192	28.006	27.790	27.591	27.787	27.400	26.651	27.150	26.529	28.005	29.274	29.697
CAD	22.458	22.121	22.422	23.056	23.133	23.224	23.886	24.196	24.257	23.891	24.106	24.174	24.801
NLG	18.187	18.269	18.227	18.179	18.278	18.150	17.931	17.463	17.399	17.318	17.369	17.252	16.975
ATS	2.901	2.913	2.904	2.899	2.914	2.894	2.862	2.787	2.782	2.767	2.776	2.758	2.716
DEM	20.411	20.495	20.434	20.396	20.502	20.365	20.134	19.615	19.580	19.476	19.534	19.409	19.111
CHF	24.878	25.257	25.006	24.784	24.330	23.849	23.210	22.609	22.664	22.770	23.235	23.260	23.096
USD	30.735	30.372	30.711	31.175	30.948	31.579	32.239	32.764	33.226	33.263	33.261	33.463	34.142
GBP	47.734	47.072	47.871	49.326	51.438	52.544	53.654	53.223	53.359	54.218	54.324	54.989	57.117
XEU	38.577	38.546	38.707	39.062	39.365	39.298	39.093	38.070	38.011	37.997	38.084	37.917	37.690
CZK	1.134	1.144	1.158	1.151	1.153	1.155	1.171	1.163	1.138	1.114	1.072	1.035	1.018

**Gross Domestic Product**

(Sk billion)

		1995	1996				1997	
		year	1. quarter	2. quarter	3. quarter	4. quarter	year	1. quarter <sup>1/</sup>
Gross domestic product in constant 1993 prices	a	414.5	105.8	112.9	115.6	109.0	443.3	148.0
	b	106.8	107.3	106.9	106.9	106.7	106.9	105.1
Gross domestic product in current prices	a	515.1	133.5	145.7	152.1	150.0	581.3	148.0
	b	116.7	113.5	112.8	112.8	112.4	112.9	110.9

Note: Conversion is based on the method of ESA

a - In the specified unit

b - Index same period of previous year = 100

1/ Estimate, at constant 1997 prices

**Consumer Prices**

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

		1996						1997						(%)
		6	7	8	9	10	11	12	1	2	3	4	5	6
Goods and services	a	100.2	100.3	100.5	101.0	100.6	100.4	100.3	101.1	100.4	100.5	100.5	100.1	100.3
	b	102.1	102.4	103.0	104.0	104.6	105.0	105.3	106.5	106.9	107.5	108.1	108.2	108.5
	c	102.2	102.5	103.0	104.0	104.7	105.1	105.4	-	-	-	-	-	-
	d	97.0	97.2	97.7	98.7	99.3	99.7	100.0	101.1	101.5	102.1	102.6	102.7	103.0
	e	-	-	-	-	-	-	-	105.8	106.0	106.3	106.5	106.1	106.2
of which														
foodstuff goods	a	99.1	100.6	100.5	102.2	100.9	100.2	100.2	101.6	100.4	100.7	100.3	99.2	100.5
	b	99.7	100.3	100.8	103.0	103.9	104.1	104.3	105.9	106.4	107.1	107.4	106.5	107.1
	c	98.7	99.4	99.8	102.0	102.9	103.1	103.3	-	-	-	-	-	-
	d	95.6	96.2	96.6	98.7	99.6	99.8	100.0	101.6	102.0	102.7	103.0	102.1	102.6
	e	-	-	-	-	-	-	-	105.3	106.3	107.1	107.1	105.9	107.4
non-foodstuff goods	a	100.7	100.1	100.5	100.4	100.5	100.5	100.4	100.9	100.5	100.4	100.3	100.6	100.2
	b	103.6	103.7	104.2	104.7	105.2	105.8	106.2	107.2	107.7	108.1	108.5	109.1	109.3
	c	103.9	104.0	104.5	105.0	105.5	106.1	106.5	-	-	-	-	-	-
	d	97.5	97.6	98.1	98.6	99.1	99.6	100.0	100.9	101.4	101.8	102.1	102.8	103.0
	e	-	-	-	-	-	-	-	106.0	106.0	106.0	106.1	106.1	105.6
public catering	a	100.7	100.3	100.3	100.6	100.7	100.5	100.4	99.5	100.0	100.5	100.0	100.3	100.2
	b	101.1	101.4	101.7	102.4	103.1	103.6	104.0	103.5	103.5	104.1	104.1	104.4	104.7
	c	103.1	103.4	103.7	104.3	105.0	105.6	106.0	-	-	-	-	-	-
	d	97.2	97.5	97.8	98.4	99.1	99.6	100.0	99.5	99.5	100.0	100.0	100.4	100.6
	e	-	-	-	-	-	-	-	105.2	104.5	104.7	104.2	104.0	103.5
services	a	100.2	100.2	101.0	100.6	100.4	100.3	100.1	100.8	100.5	100.5	101.1	100.3	100.2
	b	102.9	103.1	104.1	104.8	105.2	105.5	105.6	106.5	107.0	107.6	108.8	109.2	109.4
	c	102.5	102.7	103.8	104.4	104.8	105.1	105.3	-	-	-	-	-	-
	d	97.4	97.6	98.6	99.2	99.6	99.9	100.0	100.8	101.3	101.9	103.0	103.4	103.6
	e	-	-	-	-	-	-	-	105.3	105.2	105.3	106.3	106.4	106.4

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**

(%)

		1996						1997						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Industrial products	a	99.7	99.9	100.7	100.5	101.0	100.2	100.1	101.2	100.6	99.4	100.6	99.4	100.2
	b	97.7	97.6	98.3	98.8	99.7	99.9	100.0	101.2	101.7	101.2	101.7	101.2	101.3
	c	103.9	103.8	104.5	105.0	106.0	106.2	106.3	107.5	108.2	107.5	108.2	107.5	107.7
	d	103.9	103.5	103.5	103.4	103.9	104.5	104.7	106.1	105.3	104.2	104.8	103.2	103.7
	e	101.9	101.8	102.5	103.0	104.0	104.2	104.3	105.5	106.1	105.5	106.1	105.5	105.7
Building materials	a	100.4	100.7	100.1	100.4	100.7	100.8	99.9	101.2	100.9	99.4	101.6	101.8	100.3
	b	-	-	-	-	-	-	-	101.2	102.2	101.6	103.2	105.1	105.4
	c	103.3	104.0	104.1	104.5	105.2	106.0	105.9	107.2	108.2	107.6	109.3	111.3	111.6
	d	107.0	107.5	107.1	106.9	107.5	108.1	108.0	108.4	106.3	104.8	106.2	108.2	108.0
	e	105.3	106.0	106.1	106.5	107.2	108.1	108.0	-	-	-	-	-	-
Agricultural products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	103.7	106.3	110.3	107.1	105.6	107.6	109.2	108.1	111.1	111.1	108.6	106.8	106.8
	e	103.7	106.3	110.3	107.1	105.6	107.6	109.2	103.6	107.0	110.9	110.8	109.6	110.7
of which: Plant products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	111.7	109.1	113.2	109.3	107.4	112.0	117.9	116.0	118.4	117.6	113.3	109.0	110.7
	e	111.7	109.1	113.2	109.3	107.4	112.0	117.9	117.2	119.5	121.0	120.5	120.4	123.7
Animal products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	102.8	103.2	106.6	104.8	103.7	103.2	103.5	106.4	109.3	109.8	108.0	106.5	106.2
	e	102.8	103.2	106.6	104.8	103.7	103.2	103.5	101.0	104.1	108.9	109.5	108.3	109.2

a - Index previous month = 100

b - Index December 1996 = 100

c - Index average of 1995 = 100

d - Index same period of last year = 100

e - Index same period of 1995 = 100, for industrial producers December 1995 = 100



### **Inflation Rate**

(in terms of consumer prices)

	1996						1997						
	7	8	9	10	11	12	1	2	3	4	5	6	7
	Monthly rate of inflation <sup>1/</sup>	0.3	0.5	0.9	0.7	0.4	0.3	1.1	0.4	0.5	0.5	0.1	0.3
Annual rate of inflation <sup>2/</sup>	5.5	5.6	5.2	5.3	5.4	5.4	5.8	6.0	6.3	6.5	6.1	6.2	6.0
Average annual rate of inflation <sup>3/</sup>	6.1	6.0	5.9	5.9	5.8	5.8	5.8	5.9	6.0	6.1	6.1	6.1	6.1

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						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Number of vacancies	a	18,691	18,110	18,635	18,883	18,623	14,156	14,118	16,631	19,712	23,038	27,155	28,116	28,543
	b	260	-581	525	248	-260	-4,467	-38	2,513	3,081	3,326	4,117	961	427
Number of unemployed	a	311,244	321,661	316,093	313,930	308,416	312,452	329,749	353,605	356,181	349,658	337,180	320,530	319,923
	b	4,442	10,417	-5,568	-2,163	-5,514	4,036	17,297	23,856	2,576	-6,523	-12,478	-16,650	-607
Number of unemployed per vacancy	a	17	18	17	17	17	22	23	21	18	15	12	11	11
Unemployment rate (in %)	a	12.1	12.5	12.3	12.2	12.0	12.2	12.8	13.6	13.7	13.4	13.0	12.3	12.3

a - In the specified unit

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

## State Budget

(Sk millions)

		1996						1997						
		7	8	9	10	11	12	1	2	3	4	5	6	7
State budget revenue	a	95,853	106,459	119,642	136,316	149,791	166,330	16,206	25,774	39,924	56,081	65,597	78,499	96,144
	b	59.0	65.5	72.3	82.4	90.5	100.5	9.5	15.1	23.3	32.8	38.3	45.9	56.2
State budget expenditure	a	101,941	114,399	133,072	149,224	163,533	191,888	13,322	26,135	43,374	60,773	72,774	91,708	114,080
	b	53.8	60.4	69.2	77.6	85.0	99.7	6.4	12.6	20.9	29.2	35.0	44.1	54.8
State budget balance	a	-6,088	-7,940	-13,430	-12,908	-13,742	-25,558	2,884	-361	-3,450	-4,692	-7,177	-13,209	-17,936

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

b - Budget performance in %

**Industrial Production**

(Sk millions)

		1996						1997						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total industrial production	a	43,984	40,970	42,598	46,312	50,194	49,230	44,666	44,318	44,790	46,298	46,728	46,017	48,250
	b	97.7	93.3	103.2	108.2	107.3	97.9	90.7	99.2	101.1	103.4	100.9	98.5	104.9
	c	97.7	104.9	98.0	103.1	103.8	99.9	101.2	100.4	102.6	102.1	109.0	100.6	107.7
	d	257,829	298,799	341,397	387,709	437,903	487,133	531,799	44,318	89,108	135,406	182,134	228,151	276,401
	e	103.3	103.5	102.8	102.8	102.9	102.6	102.5	100.4	101.5	101.7	103.5	102.9	103.7
	f	17,154	15,998	16,517	17,867	19,165	18,754	17,003	42,031	41,580	43,187	43,626	43,189	45,326
	g	97.7	104.9	98.0	103.1	103.8	99.9	101.2	-	-	-	-	-	-
	h													
of which in the private sector	a	30,559	28,116	29,424	31,847	35,617	34,323	30,916	30,575	31,218	32,892	33,725	33,466	35,976
	b	100.2	92.0	103.8	107.7	111.8	96.4	90.1	98.9	102.1	105.4	102.5	99.2	107.5
	c	103.4	109.2	102.9	106.1	111.1	103.0	104.7	109.5	110.3	111.5	117.5	108.0	116.1
	d	172,554	200,670	230,094	261,941	297,558	331,881	362,797	30,575	61,793	94,685	128,410	161,876	197,852
	e	110.6	110.4	109.4	109.0	109.2	108.6	108.2	109.5	109.9	110.5	112.2	111.3	112.2
	f	69.5	68.6	69.1	68.8	70.9	69.7	69.2	69.0	69.7	71.0	72.2	72.7	74.6
	g													
	h													
Labour productivity (Sk / employee)	a	71,044	65,875	68,330	74,265	80,489	79,036	71,891	72,478	73,013	75,763	76,581	75,726	78,855
	b	97.4	92.9	102.9	108.1	107.3	98.0	90.9	100.8	100.7	103.8	101.1	98.9	104.1
	c	97.7	105.1	98.3	103.9	105.1	101.0	102.0	102.0	103.7	103.8	109.2	101.1	107.9

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 1995 prices (for 1996 constant 1989 prices)

g - Share of private sector in industrial production (%)

h - Index same period of last year = 100 (at constant 1989 prices)

**Construction**

(Sk millions)

		1996						1997						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Total construction sector output (including output abroad)	a	5,893	5,595	5,644	6,017	6,616	6,316	5,530	3,799	4,331	4,646	5,574	6,044	6,590
	b	111.4	94.6	99.8	105.2	109.7	95.3	87.4	68.7	114.0	107.3	120.0	108.4	109.0
	c	105.8	108.2	101.9	106.2	106.6	109.4	105.7	104.7	117.3	110.6	110.8	103.8	102.1
	d	26,231	31,826	37,470	43,487	50,103	56,419	61,949	3,799	8,130	12,776	18,350	24,394	30,984
	e	102.0	103.0	102.9	103.3	103.7	104.3	104.4	104.7	111.0	110.9	110.9	109.1	107.5
	f	2,071	1,960	1,956	2,056	2,255	2,150	1,878	3,116	3,125	3,503	4,610	4,954	5,424
	g	105.8	108.2	101.9	106.2	106.6	109.4	105.7	-	-	-	-	-	-
	h	105.8	108.2	101.9	106.2	106.6	109.4	105.7	-	-	-	-	-	-
of which in the private sector	a	4,838	4,561	4,661	4,957	5,542	5,286	4,738	3,297	3,708	3,819	4,501	4,808	5,231
	b	109.8	94.0	101.1	104.9	111.5	95.2	89.4	69.6	112.5	103.0	117.9	106.8	108.8
	c	110.5	110.2	106.8	107.4	108.4	107.8	104.8	105.4	119.5	108.6	108.1	99.1	98.7
	d	21,861	26,422	31,083	36,040	41,582	46,868	51,606	3,297	7,005	10,824	15,325	20,133	25,364
	e	105.1	105.9	106.0	106.2	106.5	106.6	106.5	105.4	112.4	111.0	110.2	107.4	105.5
	f	82.1	81.5	82.6	82.4	83.8	83.7	85.7	86.8	85.6	82.2	80.7	79.5	79.4
	g	82.1	81.5	82.6	82.4	83.8	83.7	85.7	86.8	85.6	82.2	80.7	79.5	79.4
	h	82.1	81.5	82.6	82.4	83.8	83.7	85.7	86.8	85.6	82.2	80.7	79.5	79.4
Construction output in the SR	a	5,219	5,018	5,117	5,426	5,983	5,872	5,161	3,583	4,064	4,296	5,183	5,588	6,070
	b	110.3	95.8	100.9	104.6	110.0	98.0	87.7	69.4	113.4	105.7	120.6	107.8	108.6
	c	114.6	117.3	110.2	111.2	111.5	115.7	113.5	107.9	120.7	115.1	116.8	107.3	106.2
	d	23,430	28,448	33,565	38,991	44,974	50,846	56,007	3,583	7,647	11,943	17,126	22,714	28,784
	e	106.7	108.4	108.7	109.0	109.3	110.0	110.3	107.9	114.3	114.6	115.2	113.2	111.7
	f	1,834	1,757	1,773	1,854	2,040	1,999	1,753	2,854	2,847	3,112	4,287	4,581	4,996
	g	114.6	117.3	110.2	111.2	111.5	115.7	113.5	-	-	-	-	-	-
	h	114.6	117.3	110.2	111.2	111.5	115.7	113.5	-	-	-	-	-	-
Construction output abroad	a	674	577	527	591	633	444	369	216	267	350	391	456	520
	b	121.2	85.4	90.4	110.6	106.7	70.1	83.0	58.5	123.6	131.1	111.7	116.6	114.0
	c	66.5	64.8	58.8	75.1	75.7	63.6	54.1	70.9	81.6	74.7	66.0	74.4	70.4
	d	2,773	3,350	3,877	4,468	5,101	5,545	5,914	216	483	833	1,224	1,680	2,200
	e	74.2	72.4	70.2	70.8	71.4	70.7	69.4	70.9	76.4	75.7	72.3	72.9	72.3
	f	237	202	183	202	216	151	125	262	278	391	323	373	
	g	66.5	64.8	58.8	75.1	75.7	63.6	54.1	-	-	-	-	-	-
	h	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	39,168	36,829	37,043	39,392	43,294	41,550	37,639	26,617	30,230	32,275	38,106	41,078	44,388
	b	110.9	93.7	99.5	104.9	109.6	95.8	90.4	70.7	113.6	106.8	118.1	107.8	108.1
	c	108.6	111.6	104.9	108.7	107.5	109.5	107.7	107.2	118.4	111.5	112.6	105.7	103.4

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 prices - average 1995 prices (for 1996 at constant 1990 prices)

g - Share of private sector in production (%)

h - Index same period of last year = 100 (at constant 1989 prices)

## Foreign Trade

(Sk millions)

		1996						1997						
		6	7	8	9	10	11	12	1	2	3	4	5	6
Imports	a	24,366	27,615	25,213	27,168	32,093	31,439	36,269	28,098	27,818	29,433	35,389	28,156	28,434
	b	155,368	182,983	208,196	235,364	267,457	298,896	335,165	28,098	55,916	85,349	120,738	148,894	177,328
	c	123.5	125.8	125.1	125.4	126.1	126.0	128.5	122.5	103.7	108.9	115.9	112.5	112.6
of which: Czech Republic	a	6,323	6,832	6,422	7,420	8,091	7,127	6,746	6,195	6,796	6,900	8,627	6,269	6,824
	b	39,556	46,388	52,810	60,230	68,321	75,448	82,194	6,195	12,991	19,891	28,518	34,787	41,611
	d	26.0	24.7	25.5	27.3	25.2	22.7	18.6	22.0	24.4	23.4	24.4	22.3	24.0
Exports	a	22,942	23,006	21,220	25,113	26,737	25,194	21,106	21,199	24,272	24,494	25,362	23,948	25,482
	b	128,253	151,259	172,479	197,592	224,329	249,523	270,629	21,199	45,471	69,965	95,327	119,275	144,757
	c	102.7	104.7	104.0	105.1	106.1	106.4	106.1	103.5	113.3	113.0	116.8	113.3	112.9
of which: Czech Republic	a	7,367	6,781	6,697	7,351	7,981	7,564	6,231	6,025	6,490	7,192	6,857	6,733	6,787
	b	41,302	48,083	54,780	62,131	70,112	77,676	83,907	6,025	12,515	19,707	26,564	33,297	40,084
	d	32.1	29.5	31.6	29.3	29.9	30.0	29.5	28.4	26.7	29.4	27.0	28.1	26.6
Balance	a	-1,424	-4,609	-3,993	-2,055	-5,356	-6,245	-15,163	-6,899	-3,546	-4,939	-10,027	-4,208	-2,952
	b	-27,115	-31,724	-35,717	-37,772	-43,128	-49,373	-64,536	-6,899	-10,445	-15,384	-25,411	-29,619	-32,571
of which: Czech Republic	a	1,044	-51	275	-69	-110	437	-515	-170	-306	292	-1,770	464	-37
	b	1,746	1,695	1,970	1,901	1,791	2,228	1,713	-170	-476	-184	-1,954	-1,490	-1,527

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 (cumulative)

d - Share of total volume in period (%)