



MACROECONOMIC PROJECTIONS FOR SLOVAKIA ACCORDING TO THE LATEST NBS MEDIUM-TERM FORECAST (MTF-2016Q3)

NBS Economic and Monetary Analyses Department
Economic growth in the second quarter was higher than projected in the June forecast due to strong export figures. Labour market indicators were also more favourable. The growth trend is expected to be maintained in the next period, with little headwind envisaged from the UK's vote to leave the European Union. GDP growth is expected to be balanced and is projected to be 3.5% in 2016, 3.3% in 2017 and 4.2% in 2018. Labour market conditions should continue improving, as the economy supports growth in employment and wages. The unemployment rate is projected to fall to 8.5% in 2018. The average annual inflation rate is expected to remain negative this year owing to the impact of low energy and food inflation. From next year, however, with the fading of the effects of low commodity prices, prices are projected to increase, supported also by demand-pull pressures from the domestic side of the economy. (p. 2)

IDENTIFYING QUANTITATIVE EASING TRANSMISSION CHANNELS AND QUANTIFYING THEIR PARAMETERS

Alena Kuklišová, Národná banka Slovenska
Quantitative easing (QE) is a current feature of monetary policy in many central banks. The ECB is considering the further expansion of its QE programme, while the Bank of England responded to the UK's vote to leave the EU by renewing its own QE programme after three years. Japan's central bank has embarked on an even more non-standard phase of QE by setting a target for long-term interest rates. On the other hand, not only has the Federal Reserve returned to a standard monetary policy, but the markets have already absorbed its first rate increases. This divergence of monetary policies clearly stems from differences between countries in terms of their economic structures, banking and legal systems, and economic cycles. This article attempts to explain some of these differences and then point out dissimilarities between countries' QE mechanisms. Using analyses produced by leading banking institutions, we identify the QE transmission channels specific to particular countries and then quantify the most important QE parameters. (p. 4)

THE RELATIONSHIP BETWEEN PRICES OF OIL AND NATURAL GAS

Barbora Stanová, Národná banka Slovenska
The relationship between gas prices and oil prices in global markets was viewed as significant and stable while the pricing mechanism for the majority of gas supply contracts was based on indexation to oil and oil products. In that context, the pass-through from oil price movements to gas prices was generally estimated to be around 50%. This relationship is, however, being severely weakened by the gradual shift to alternative forms of pricing for global gas trading, such as pricing based on gas-on-gas competition. It is now therefore necessary to revise down the coefficient for the pass-through between oil prices and gas prices. (p. 11)

HOUSEHOLD GAS PRICE PROJECTIONS

Branislav Karmažin, Národná banka Slovenska
In estimating the future path of consumer gas prices, the most important factor is the wholesale price component. The wholesale price accounts for around one-half of the costs of supplying gas to households. Hence declines in market gas prices are not fully passed on to household gas consumers. From 2017, under a draft decree of the Regulatory Office for Network Industries,

short-term contracts are expected to play a greater role in the setting of household gas prices. (p. 15)

RELATIONSHIP BETWEEN TOTAL PRODUCTION AND INTERMEDIATE CONSUMPTION IN THE SLOVAK ECONOMY (COINTEGRATION-BASED ANALYSIS AND MODELLING)

Ján Haluška, Institute of Informatics and Statistics (INFOSTAT), Bratislava

Intermediate consumption is part of total production, and expresses the value of the goods and services consumed or transformed in production processes in the economy over a certain time period (a quarter or year, for example). The relationship between intermediate consumption and total production is therefore a central determinant of gross value added, which is a key factor in an economy's performance. This explains the importance of analysing and modelling the relationship. The results presented here are based on seasonally adjusted quarterly time series of total output and intermediate consumption in the Slovak economy for the period Q1 1997 to Q4 2015. (p. 17)

MEDIUM-TERM CONVERGENCE TRENDS IN ECONOMIC PERFORMANCE AND LABOUR MARKET INDICATORS AT THE REGIONAL LEVEL IN SLOVAKIA AND THE EU

Šimon Neradný, University of Dundee – Tibor Lalinský, Národná banka Slovenska

With their GDP growth picking up, EU countries have seen their economic performance rebound to pre-crisis levels. In all EU countries apart from Greece and Cyprus, GDP at purchasing power parity per capita was higher in 2015 than in the pre-crisis period. Even so, favourable economic trends in a country as a whole do not always mean that the improvement is broad-based at the regional level. In only six out of every ten EU regions (at the NUTS 2 level) was GDP higher in 2015 than before the crisis. Significant disparities persist both between EU regions and between regions within individual countries. The regional disparities in Slovakia are among the largest in the EU, and exist not only in performance and productivity indicators, but also in the principal labour market indicators. (p. 21)

FINANCIAL ASSISTANCE PROVISION IN SLOVAKIA'S LEGAL ENVIRONMENT

Matúš Medvec, Národná banka Slovenska

*Matej Smalik, Faculty of Law, Comenius University in Bratislava
Financial assistance has long been an area of intensive debate, particularly in regard to its provision by companies. Among Member States of the European Union, views differ on the eligibility of financial assistance, as is evident in the support for national law provisions on financial assistance rules. This article examines the issue more closely, focusing on the relevant legal provisions in Slovakia and how they compare with those in the Czech Republic. (p. 27)*

THE CONSUMER CREDIT ACT AND ITS APPLICATION IN REGARD TO THE ASSIGNMENT OF CONSUMER CREDIT CLAIMS

Mariana Buznová, Marek Maggyar, Národná banka Slovenska

This article examines the practical implications of recent law changes concerning the assignment of credit claims under Act No 129/2010 Coll. on consumer credits and other credits and loans for consumers (and amendments to certain laws). The changes were introduced by an amending law that entered into force on 23 December 2015. (p. 30)