



MACROECONOMIC PROJECTIONS FOR SLOVAKIA ACCORDING TO NBS'S SEPTEMBER 2019 MEDIUM-TERM FORECAST (MTF-2019Q3)

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The latest overall macroeconomic outlook for Slovakia reflects the domestic economy's substantial cooling in the first half of the year, which stemmed from developments in the external environment. Annual GDP growth is projected to decelerate to 2.5% in 2019 and to 2.4% in 2020, before picking up in 2021, to 2.7%, on the back of recovering foreign demand. The labour market situation is expected to remain favourable and to stimulate consumer demand. Even so, growth rates for both employment and wages are projected to moderate over the projection period. Annual HICP inflation is expected to blip up to 2.7% this year due to cost factors, before easing thereafter. (p. 2)

ALTERNATIVE ESTIMATES (NOWCASTS) OF GDP GROWTH

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Most macroeconomic projections are based on standard indicators published at regular intervals, typically by statistical offices. There are, however, indicators not published by statistical offices which may reflect the state of economic activity in a country. In Slovakia there are currently two such indicators (electronic toll revenues and electricity consumption), which are released sufficiently early and on a monthly basis. These indicators can be used for GDP flash estimates (nowcasts) for the most recent period for which data have still not been released. This offers additional simple tools that could complement the validated approaches used up to now. (p. 5)

FOOD PRICE INFLATION IN SLOVAKIA IS NOT THE HIGHEST

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Slovakia's food price inflation (excluding alcohol and tobacco) since 2009 has been higher than the EU median (excluding the United Kingdom), but it has not been the highest in the EU27. The probable causes of Slovak food inflation being higher than the EU27 median are the greater impact of developments in agricultural commodity prices and in nominal unit labour costs. (p. 8)

WHAT'S NEW? THE BANKING PACKAGE (PART II)

Dana Kravecová, Lucia Országhová, Ľuboš Šesták

Proposed by the European Commission in November 2016, the package of banking reforms (The Banking Package) covers both prudential regulation and resolution. It comprises extensive amendments to Capital Requirements Regulation and Directive (CRR/CRD IV) as well as to the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR). The first part of this paper published in August 2019 described the main changes to the microprudential policy framework. This second part discusses changes to the macroprudential policy and resolution frameworks. (p. 10)

THE IMPORTANCE AND BENEFITS TO THE SLOVAK MARKET OF THE INTRODUCTION OF COVERED BONDS

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The current legal and financial situation in the covered bond market is the subject of this article, which includes a look at related secondary legislation (decrees) issued by Národná banka Slovenska (NBS) on the basis of statutory amendments adopted in 2017. The author provides information on the gradual involvement of banks in the new covered bond programme and on their first issues of covered bonds over the past year. On the basis of economic data, he describes the international market response to the new Slovak covered bonds as very positive, while also noting the bond issues' significant contribution to the stability of the issuing banks themselves. The second part of the piece explains the main requirements of the new regulatory framework for covered bonds, which is contributing to economic fundamentals. (p. 17)

THE 'AVERAGE CONSUMER' NOTION IN PRACTICE FROM A LEGAL PERSPECTIVE (2ND PART)

Ľuboš Šimončíč, Jana Sýkorová, Národná banka Slovenska

The second part of the article deals with selected decisions of authorities in regard to the application of the relevant law in the Czech and Slovak environment, and then a concluding analysis of the issue. (p. 21)

THE PUTTING INTO CIRCULATION OF MONEY THAT HAS BEEN COUNTERFEITED, ALTERED, OR PRODUCED WITHOUT AUTHORISATION

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This article looks at the issue of counterfeit or imitation money being put into circulation. It defines such activity from a criminal perspective, analyses the crime of "putting into circulation money or securities which has or have been counterfeited, altered, or produced without authorisation", and explores the facts of particular crimes of this type. Most of the article focuses on the situation where someone realises they have unwittingly received counterfeit money and then tries to put the counterfeit(s) back into circulation. Drawing on available court decisions, the article examines how people come to acquire counterfeits as well as how they (attempt to) put counterfeits into circulation. These are cases where the victim becomes the perpetrator. (p. 25)

PAVEL VARSÍK – SLOVAK LEGIONNAIRE AND BANKER

Zora Vypušťáková, Národná banka Slovenska

This issue's "In the past" section features a piece on Pavel Varsík (1891–1939), who after serving as a legionnaire in the First World War and fighting on the frontline, became a leading figure in the struggle for Czechoslovak independence and then played an important role in the Slovak banking sector, in particular through his contribution to its centralisation. Varsík was injured by a grenade during the war and died 20 years later from the effects of that injury. The article focuses mainly on his activities at the Czechoslovak Legion Bank (Legiobank) in Prague and later at its branch in Bratislava, where he held several key positions. Besides helping to centralise the Slovak banking sector, his banking activities had a major impact on the development of industry in Myjava. (p. 28)