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EUROSYSTEM



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## ABBREVIATIONS

CPI	Consumer Price Index
ECB	European Central Bank
EMU	Economic and Monetary Union
EONIA	Euro OverNight Index Average
ESA95	European System of Accounts
EU	European Union
Eurostat	Statistical Office of the European Communities
FDI	Foreign Direct Investment
Fed	Federal Reserve System
FNM	Fond národného majetku – National Property Fund
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
GNI	Gross National Income
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
IRF	Initial Rate Fixation
MFI	Monetary Financial Institutions
NARKS	National Association of Slovak Real Estate Agencies
NBS	Národná banka Slovenska – National Bank of Slovakia
NEER	Nominal Effective Exchange Rate
OIF	Open-end Investment Funds
p.a.	per annum
p.p.	percentage points
q-q	quarter-on-quarter
PPI	Producer Price Index
REER	Real Effective Exchange Rate
RULC	Real Unit Labour Costs
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
SO SR	Statistical Office of the SR
SR	Slovenská republika – Slovak Republic
ULC	Unit Labour Costs
VAT	Value Added Tax
Y-Y	Year-on-year

Symbols used in the tables

- . – Data are not yet available.
- – Data do not exist / data are not applicable.
- (p) – Preliminary data



# 1 SUMMARY

In the fourth quarter of 2008, the euro-area economy contracted by 1.5% compared with the third quarter, and recorded a year-on-year decline (1.3%) for the first time since the birth of the Monetary Union. Thus, the annual rate of economic growth in the euro area slowed, from 2.6% in 2007 to 0.8% in 2008. The year-on-year rate of euro-area inflation, as measured by the Harmonised Index of Consumer Prices (HICP), reached 1.2% in February 2009, a level somewhat higher than in January (1.1%). The exchange rate of the euro against the dollar depreciated in February. At its March meeting, the Governing Council of the ECB decided to reduce its key interest rates further. The rate for the main refinancing operations of the Eurosystem was lowered to 1.50%, and the rates for the marginal lending facility and for the deposit facility were decreased to 2.50% and 0.50%, respectively. The key interest rate reductions were again supplemented with other liquidity-providing measures.

The fourth quarter of 2008 saw a slowdown in economic growth in Poland (3.1%) and the Czech Republic (0.7%). Hungary recorded a decline in gross domestic product (by 1.3%). The year-on-year rate of HICP inflation fell in the Czech Republic, while rising in the other two countries. In February, the currency depreciation continued in all three countries. The central banks of the CR and Poland reduced their key interest rates to 1.75% and 4.0%, respectively. The Hungarian central bank left its base rate unchanged, at 9.5%.

In the fourth quarter of 2008, the pace of economic growth also slowed in Slovakia (by 4.1 percentage points, to 2.5%), reducing the annual rate of GDP growth to 6.4%. The slowdown in economic activity in Slovakia resulted from a fall in foreign demand and a slowdown in domestic demand, mainly in its investment component. The weakening economic growth in the fourth quarter of 2008 was accompanied by slower growth in labour productivity and average wages. According to statistical records, however, labour productivity at constant prices grew at a faster rate than wages. Employment continued

to grow, but at a slower rate than in the previous quarter.

The latest quantitative and qualitative monthly data have confirmed that the economic downturn is deepening. In January 2009, the export decline intensified and the trade balance deteriorated. The downturn in export activity was reflected in the deepening decline in industrial production, especially in the automotive and electrical industries. Industrial orders decreased and the confidence indicator for industry again deteriorated. After a long period of growth, construction also recorded a decline in production. Revenues in the selected sectors (according to a new classification since January 2009 – SK NACE Rev.2) decreased, except in selected market services and in post and telecommunications. The overall economic sentiment indicator deteriorated in February, to its historically lowest level.

Compared with December 2008, the weakened economic confidence led to slower wage growth in January (mainly in construction, trade, and industry), decline in employment (mainly in wholesale trade, restaurants, accommodation services), and growth in registered unemployment (by 1 percentage point, to 9%) as a result of massive inflows of new job seekers. The prices of Slovak manufacturing products continued to fall, for both the domestic market and export, as well as the prices of agricultural products.

Consumer prices, expressed in terms of the HICP, remained unchanged on a month-on-month basis in February, while the year-on-year inflation rate slowed to 2.4%, from 2.7% in January. The sharpest slowdown took place in food prices. Slowdown was also recorded in non-energy industrial goods prices and services prices. Energy and fuel prices were at a standstill. An analysis of the changeover effect has confirmed that the introduction of the euro in Slovakia contributed less than 0.2 of a percentage point to the January rise in consumer prices.

In January 2009, the outstanding amount of MFI loans to the private sector continued to fall, mainly those to non-financial and financial



corporations. Despite the tightened credit standards, however, the household sector recorded a modest increase in the volume of loans compared with the previous month.

The effects of key ECB interest rate reductions from the last two months of 2008 were fully

reflected in the market rates. Decreases were mainly recorded in customer interest rates on loans to non-financial corporations. Interest rates on loans to households remained virtually unchanged, despite a fall in short-term market rates. Interest rates on house purchase loans remained virtually unchanged.



## 2 THE EXTERNAL ECONOMIC ENVIRONMENT<sup>1</sup>

### 2.1 THE EURO AREA

The year-on-year rate of euro-area inflation, as measured by the Harmonised Index of Consumer Prices (HICP), reached 1.2% in February. The strongest year-on-year consumer price dynamics were recorded in Malta (3.5%), Finland (2.7%), and Slovakia (2.4%). The steepest year-on-year price increases occurred in alcohol and tobacco (3.2%), hotels and restaurants (2.9%), and accommodation services (2.8%). In transport, price levels dropped by 2.7%. In the same period a year earlier, consumer prices in the euro area had risen by 3.3%.

The exchange rate of the euro against the dollar depreciated in February. Apart from the unfavourable economic prospects, the weakening of the euro was attributable to concerns about the reduced ratings of certain European banks, since currency depreciation in central and eastern European countries could have a negative impact on the euro-area banking system. From the last trading day of January (USD/EUR 1.2816) to the end of February, the single European currency

weakened against the dollar by 1.3%, while depreciating since the beginning of the year by 7.6% (in comparison with the same period of 2008 by 16.6%).

At its meeting on 5 March 2009, the Governing Council decided to reduce the key ECB interest rates by a further 50 basis points, with effect from 11 March 2008. The minimum bid rate for the main refinancing operations of the Eurosystem was set at 1.50% and the rates for marginal lending facility and deposit facility at 2.50% and 0.50%, respectively.

### 2.2 DEVELOPMENTS IN THE CZECH REPUBLIC, HUNGARY, AND POLAND

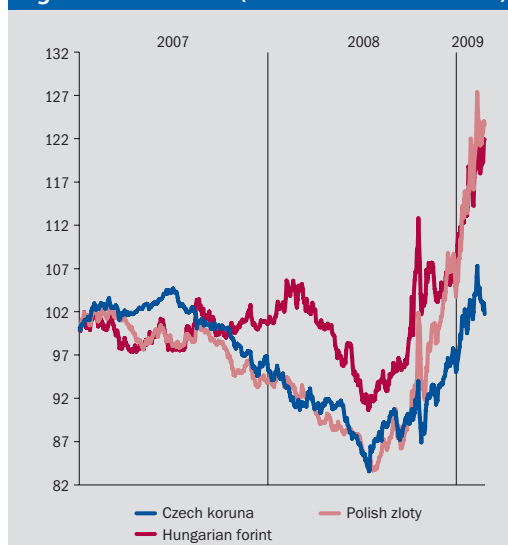
In February, the year-on-year HICP inflation rate slowed in the Czech Republic. In Hungary and Poland, however, the price increase accelerated. In the Czech Republic, inflation fell month-on-month by 0.1 of a percentage point, to 1.3%. In Poland, inflation rose by 0.4 of a percentage point (to 3.6%), while Hungary's inflation rate increased by 0.5 of a percentage point (to 2.9%).

Chart 1 USD/EUR exchange rate



Sources: ECB, NBS.

Chart 2 Exchange rate indices of V4 currencies against the euro (29 December 2006=100)



Sources: Eurostat, NBS calculations.

Note: A fall in value denotes appreciation.

<sup>1</sup> The chapter on international economic developments includes a tabular / graphical overview, which is available in Annex 1, Statistics, p. S21.



The relatively sharp currency depreciation, caused by distrust in emerging markets, continued in February. The second half of the month saw some corrections in this trend, which were supported towards the end of the month by verbal interventions on the part of national central banks. Compared with the last trading day of the previous month, the Polish zloty depreciated against the euro by approximately 5%, the Czech koruna by 0.7%, and the Hungarian forint by 0.5%.

During February, interest rate reductions were approved by the central banks of the Czech Republic and Poland. Česká národní banka lowered its two-week repo rate by 0.5 of a percentage point, to 1.75% (with effect from 6 February 2009). Narodowy Bank Polski reduced its reference rate by 0.25 of a percentage point, to 4% (with effect from 26 February 2009). Magyar Nemzeti Bank left its base rate unchanged, at 9.5%.

### Box 1

#### QUARTERLY REPORT ON THE INTERNATIONAL ECONOMY – MARCH 2009<sup>2</sup>

The deepening financing crisis after the collapse of Lehman-Brothers was a major factor in the slowdown in global economic activity. The fourth quarter of 2008 saw the most serious economic downturn in OECD countries since 1960. The slowdown in the global economy spread to the economies of developing countries as well. The United States and the euro area recorded a sharp fall in real GDP in the fourth quarter. The slowdown and/or decline in economic activity also affected the Czech, Hungarian, and Polish economies. The continuing negative tendencies have been confirmed by numerous leading indicators.

The economic downturn and fall in commodity prices were accompanied by weakening inflationary pressures. In the United States, the year-on-year inflation fell to a zero level. The

euro area also recorded a marked slowdown in price dynamics. Price inflation also moderated in Hungary, Poland, and the Czech Republic. At the end of the year, inflation in these countries returned to the tolerable band of deviations from the inflation target. The inflation expectations continued to fall.

Central banks reacted to the deepening financial crisis and worsening prospects for economic growth by reducing their key interest rates. In December, the Federal Reserve reduced its main monetary-policy rate to almost zero. The ECB also lowered its key interest rates in several rounds: its main rate has been reduced by 2.75 percentage points since September. The global interest rate reducing campaign was also joined by the Polish, Hungarian, and Czech central banks.

<sup>2</sup> More detailed information is available in Annex 1.



## 3 ECONOMIC DEVELOPMENT IN SLOVAKIA

### 3.1 PRICE DEVELOPMENTS

#### 3.1.1 CONSUMER PRICES

Consumer prices, as measured by the HICP index, remained unchanged on a month-on-month basis in February, with the prices of goods falling by 0.2% and services prices rising by 0.3%. In February, HICP inflation was lower than expected by NBS as a result of food and non-energy industrial goods prices, which showed weaker dynamics in that period.

The year-on-year inflation rate continued to slow in comparison with the previous month (by 0.3 of a percentage point), to 2.4%. This was caused by a slowdown in the year-on-year dynamics of food prices, non-energy industrial goods prices, and services prices. Energy prices were at a standstill, as well as fuel prices. The most significant slowdown took place in food prices, the year-on-year dynamics

of which weakened from 2.8% in January to 2.2% in February, when both processed and unprocessed food prices recorded a slowdown.

From March 2008 to February 2009, the average 12-month inflation rate reached 3.8%, representing a fall of 0.1 of a percentage point compared with the previous month.

The year-on-year rate of headline inflation is likely to slow further in March, compared with February 2009, since the year-on-year rate of increase in non-energy industrial goods prices and services prices is expected to slow further on.

The consumer price index (CPI) increased month-on-month by 0.1% in February 2009, while regulated prices stagnated and core inflation rose somewhat. The 12-month rate of consumer-price inflation reached 3.1% (compared with 3.4% in January 2009).

#### Box 2

#### THE EFFECTS OF EURO ADOPTION ON INFLATION IN SLOVAKIA IN JANUARY 2009

Slovakia adopted the euro on 1 January 2009 to become the 16th member of the euro area. The main requirements in this connection were, as in the other member states, to ensure a smooth changeover to the new currency and effective protection against unjustified price increases during the process. These requirements were laid down in a general law and in other legal regulations, as well as in an ethical code issued in connection with the euro introduction. Another requirement was the dual display of prices over a period of almost five months before the euro introduction and one year afterwards, as well as the monitoring of selected prices at ten-day intervals by the Statistical Office of the SR starting from August 2008.

During the conversion of prices to the new currency, however, price increases may occur in the case of certain goods and services (and not

only as a result of rounding). This is the so-called 'changeover effect', which was observed in each euro-area country during the changeover. On the basis of an analysis of price developments in the individual countries that joined the euro area in 2002, this upward effect on inflation was estimated by Eurostat at 0.09 to 0.28 of a percentage point (published in 2003), in the case of Slovenia at 0.3 of a percentage point (published in March 2007) and in the case of Malta and Cyprus at 0.2 to 0.3 of a percentage point (published in April 2008).

For the purposes of this analysis, the effect of euro adoption was defined as the effect of a new (higher) price set in connection with the changeover to the new currency, i.e. a price higher than implied by past developments (from the period before the new currency) or by developments in the neighbouring countries. In this analysis, the period of the changeover



effect is defined as the first month following the euro introduction, i.e. January 2009.

The conclusions of this analysis are based on the results of five methods, which were applied in the interest of maximum objectivity, since each method used for the calculation of this effect has its deficiencies and price developments are exposed to heterogeneous impacts, which overlap one another and cannot be quantified precisely nor eliminated (seasonality, business cycle, commodities price fluctuations, etc.).

On the basis of these approaches (described in more detail in a separate paper)<sup>3</sup>, Národná banka Slovenska has arrived at the conclusion that the effect of euro adoption on the overall HICP inflation rate is less than 0.2 of a percentage point (or 0.15 of a percentage point as the mean value of the range of 0.12 to 0.19 of a percentage point if the lowest and highest values are used from the results of the individual methods), which is comparable with the changeover effects as estimated in other countries.

However, prices may also be reduced as a result of rounding. Such cases were mainly observed in the food sector; this can be attributed to

campaigns conducted by some of the shopping chains. Price-setting decisions may also be influenced (downwards) by the principles laid down in the general law on the euro and in the related regulations (e.g. the penal code imposing penalties for unjustified price increases, regulations governing the activities of consumer organisations in Slovakia, control bodies, and the formation of a price committee within the Slovak government). In the case of charges payable to the State, prices also decreased somewhat as a result of rounding. For the above reasons, we may assume that the downward effect of the new currency on price levels, i.e. the changeover effect, is minimal in the case of Slovakia.

If, during the calculation of the changeover effect on price levels in January, we also take into account items that recorded a price fall, this effect would range from -0.12 to 0.12 of a percentage point (contribution to inflation in January 2009), meaning 0.0 percentage point as the mean value of the interval.

Overall, it might be said that none of the methods applied has confirmed that the introduction of the euro led to unjustified increases in consumer prices.

**Table A Impact of the euro introduction in the SR in January 2009 on inflation (p. p.)**

Approach based on the '3 sigma' rule	0.12
Approach based on an international comparison	0.19
Approach based on a comparison of changes in the individual representative samples, their median values and averages (only services) in January compared with December	0.12
Approach comparing the January month-on-month changes in the individual representative samples at present and in the past	0.18
Approach based on a comparison of assumptions based on ARMA models and on actual developments	0.15
Interval	0.12 – 0.19

Source: NBS.

### 3.1.2 PRODUCER PRICES

Industrial producer prices for the domestic market fell on a month-on-month basis in January 2009, owing to decreases in the prices of manufacturing products, energy and mining/quarrying products. Prices increased for water supply and sewerage. As a result of these factors, the year-on-year

dynamics of industrial producer prices weakened to a relatively significant extent.

The year-on-year fall in manufacturing products prices continued, mainly as a result of decreases in the prices of refined oil products (-40.9%), electrical appliances (-6.1%), and transport vehicles (-5.1%).

<sup>3</sup> [http://www.nbs.sk/\\_img/Documents/PUBLIK/MU/CHOE\\_final\\_press.pdf](http://www.nbs.sk/_img/Documents/PUBLIK/MU/CHOE_final_press.pdf)

**Table 1 Producer price developments in January 2009 (%)**

	Month-on-month changes		Year-on-year changes			
	Dec. 2008	Jan. 2009	Jan. 2008	Dec. 2008	Jan. 2009	Average since begin. of 2008
Industrial producer prices (for the domestic market)	-0.6	-1.2	4.4	6.0	3.7	3.7
– Prices of manufacturing products	-1.2	-1.1	3.0	-2.2	-3.7	-3.7
– Prices of mining /quarrying products	0.2	-3.2	3.9	29.3	21.4	21.4
– Price of energy	0.1	-1.2	6.6	16.9	13.6	13.6
– Prices for water supply and sewerage <sup>1)</sup>	-0.1	1.0	-0.4	7.4	5.8	5.8
Industrial producer prices (for export)	-3.1	-2.3	1.8	-8.4	-10.7	-10.7
– Prices of manufacturing products	-3.1	-2.0	1.6	-7.7	-10.6	-10.6
Construction prices	0.1	0.4	4.7	5.0	4.8	4.8
Construction material prices	-0.5	0.5	4.6	0.7	1.2	1.2
Agricultural prices	-	-	9.9	-12.4	-19.1	-19.1
– Prices of plant products	-	-	42.5	-25.8	-36.5	-36.5
– Prices of animal products	-	-	3.3	-3.0	-9.5	-9.5

<sup>1</sup> In connection with the revised classification of economic activities (SK NACE Rev. 2), the item 'Water supply, sewage treatment and disposal' has been excluded from the 'Energy' sub-category with effect from 1 January 2009. This item, however, has a negligible weight in relation to the overall industrial producer price index (1.295%).

Source: Statistical Office of the SR.

The year-on-year rise in energy prices slowed in January, when prices for gas production and the transport of gaseous fuels via pipelines recorded a marked slowdown in dynamics (by 14.2 percentage points, to 15.8%), as well as prices for steam and air-conditioning supply.

In January 2009, the year-on-year decline in agricultural products prices continued, by 6.7 percentage points (to -19.1%). This was caused by decreases in the prices of oil-seeds (by 15.5 percentage points, to -29.5%), fruit (by 9.0 percentage points, to -14.9%), and unpasteurised cow's milk (by 6.8 percentage point, to -18.0%).

Owing to the base effect of depressed refined oil products prices from last year, the year-on-year dynamics of industrial producer prices are expected to stagnate or accelerate somewhat in February 2009, compared with January.

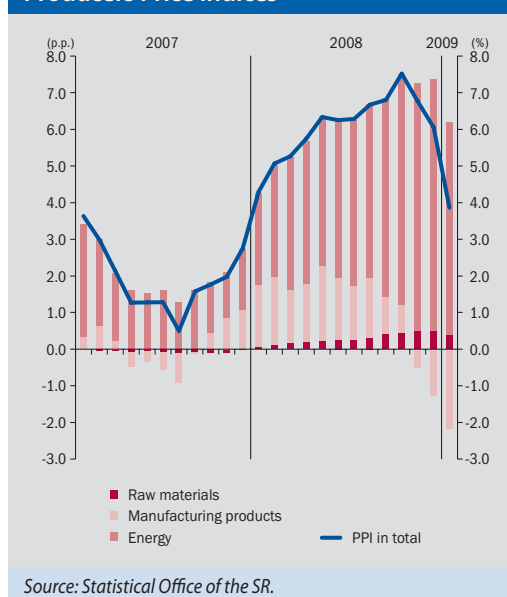
According to the latest agrarian market news, the purchase prices of cereals are not likely to fall considerably, but the fall in oil-seeds prices is expected to continue (mainly the price of sunflower seeds). Among animal products, beef prices (for live animals) are expected to rise somewhat, and pork prices to increase more moderately. The average purchase price of unpasteurised cow's milk is on the decrease. On the whole, the year-on-year decline in agricultural prices is expected to moderate in February, compared with January.

## 3.2 THE REAL ECONOMY AND THE LABOUR MARKET

### BALANCE OF PAYMENTS

The current account deficit recorded in January was smaller than the figure in the previous month. The month-on-month decrease in the deficit can be attributed to improvements in

**Chart 3 Contributions of main components to the year-on-year changes in Industrial Producers Price Indices**



**Table 2 Balance of payments current account (EUR millions)**

	December	January	
	2008	2009	2008
Balance of trade	-341.9	-279.5	43.2
Exports	2,914.4	2,912.7	4,155.9
Imports	3,256.3	3,192.2	4,112.7
Balance of services	-76.3	-95.8	-29.9
Balance of income	-136.1	18.5	-46.5
of which: income from investment	-249.0	-67.3	-122.8
of which: reinvested earnings	-46.5	-107.0	-46.5
Current transfers	-49.8	-68.3	-199.2
Current account in total	-604.1	-425.1	-232.4

Sources: NBS and the Statistical Office of the SR

the income and trade balances. On the other hand, the decrease in the current account deficit was partly offset by increases in the negative balances of current transfers and services.

In January, exports and imports continued to show negative year-on-year dynamics, while

the year-on-year decline in exports and imports deepened considerably in comparison with December. Exports decreased year-on-year by 29.9% and imports fell by 22.4%.

The trade balance achieved in January was worse than expected by NBS, due mainly to the low level of exports.

**Table 3 Production and revenues**

	EUR millions, current prices	Indices
	January 2009	January 2009
Industrial production index <sup>1), 2)</sup>	-	73.0
Production in construction <sup>2)</sup>	276.5	74.4
Revenues <sup>3)</sup>		
Industry in total	4,546.6	73.6
Construction	413.1	79.8
Wholesale trade	1,738.1	76.6
Retail trade	1,343.0	97.3
Sale and maintenance of vehicles	238.4	62.9
Hotels and restaurants	96.0	76.3
Transport and storage	370.9	83.0
Selected market services	588.3	101.9
Postal services, information and communication	392.2	105.1
Revenues from own output and sales (total for the selected sectors) <sup>3)</sup>	9,726.6	79.4

Source: Statistical Office of the SR, NBS calculations.

1) Adjusted for calendar effects (continuously revised time series).

2) Index, same period a year earlier = 100 (constant prices – average for 2000 = 100)

3) Index, same period a year earlier = 100 (current prices)..



## Box 3

BALANCE OF PAYMENTS FOR JANUARY TO DECEMBER 2008<sup>4</sup>

The current account balance for January to December 2008 deteriorated on a year-on-year basis by €1,108.7 million, and resulted in a deficit of €4,388.2 million. The year-on-year increase in the deficit was mainly caused by deteriorations in the services and current transfers balances. On the other hand, the overall increase in the negative current account balance was moderated by a lower decrease in the balance of income. The balance of trade remained virtually unchanged in 2008, compared with the previous year.

The change from last year's surplus to a deficit in the services balance was mainly caused by 'other services in total' (financial, intermediating, and cultural services) and, to a lesser extent, by tourism and transport services. The year-on-year improvement in the income balance was caused by a decrease in the negative balance of income from investment and an increase in the employee compensation surplus. The year-on-year increase in the current transfers deficit was mainly attributable to developments in the balances of private transfers and government transfers (lower receipts from Eurofunds and higher payments to the EU funds).

Compared with 2007, exports increased by 5.1% in 2008 (in USD by 21.6%, in EUR by 13.4%) and imports grew by 5.0% (in USD by 21.6%, in EUR by 13.3%).

Over the twelve months of 2008, exports increased most significantly in comparison with the same period last year in the 'machinery and transport equipment' category. This increase, however, was only approximately a quarter of the figure recorded in the same period in 2007, due to a downturn in passenger car exports. The increase in the 'machinery' sub-category contracted somewhat on a year-on-year basis, while the volume of exports was positively influenced by a marked increase in the exports of television sets. Apart from machines and transport vehicles, chemical products and semi-finished goods also recorded smaller

increases in exports. The increased exports of raw materials were caused mainly by increased refined oil exports, while part of the increase in exports can be ascribed to price developments.

The largest year-on-year increase in imports was recorded in mining and quarrying, i.e. more than 58% of the total increase in imports. This was largely attributable to a year-on-year rise in oil and gas prices. Stronger import growth than last year was recorded in the 'finished products' category, mainly in the imports of machines and electrical products, passenger cars and, to a lesser extent, industrial products. The year-on-year increase in imports in the 'chemicals and semi-finished goods' category also contributed to the year-on-year growth in total imports, but was more than 80% smaller than in 2007 (due to a smaller increase in the exports of chemicals and semi-finished goods). In contrast with the other categories, goods imports in the 'machinery and transport equipment' category fell in comparison with 2007. The fall in imports was caused by a year-on-year decline in the 'transport equipment' sub-category (motor vehicle parts, components, and accessories), which resulted from the downturn in car exports in the last quarter in particular.

In 2008, the capital and financial account balance reached a surplus of €5,868.7 million. The lower inflow of funds in the balance of other investments (compared with last year), caused mainly by developments in short-term deposits on accounts at Slovak banks and by payments of import liabilities in the corporate sector, was partly offset in the balance of portfolio investments, where a fall was recorded in demand for foreign securities among residents and an increase in demand for bond issues among non-resident investors.

## NOMINAL AND REAL EFFECTIVE EXCHANGE RATES

The year-on-year appreciation in the nominal effective exchange rate (NEER)<sup>5</sup> accelerated to

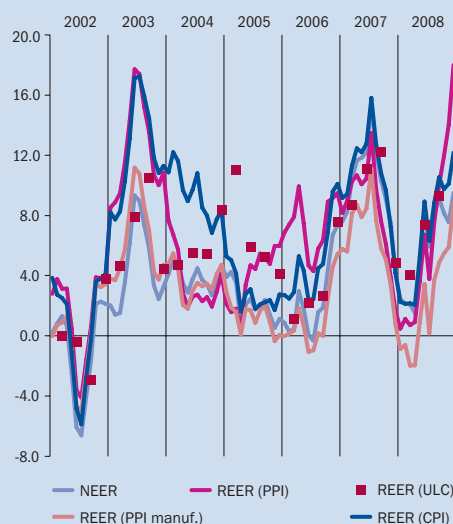
- 4 More detailed information is available in Annex 2.
- 5 The methodology applied for calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER) is the same one used by the IMF. The REER is calculated on the basis of the consumer price index (CPI), the industrial producer price index (PPI), and/or the manufacturing products price index, excluding the prices of mining/quarrying products, electricity, gas, steam, and hot water (PPI manufacturing), and the index of unit labour costs (ULC). The initial year for the calculation is 1999, and the weights selected correspond to the structure of foreign trade in 1999, for the nine most important trading partners of Slovakia, representing roughly 70% of the total turnover of foreign trade. These countries are Germany, the Czech Republic, Italy, Austria, France, the Netherlands, the United States, the United Kingdom, and Switzerland.



9.5% in December 2008, from 4.2% in the same period a year earlier. This was primarily the result of appreciation in relation to the euro (by 6.4 percentage points).

The appreciation of the NEER index led to accelerated year-on-year appreciation in the real effective exchange rate (REER). The REER defined on the basis of the consumer price index (CPI) appreciated year-on-year from 4.2% to 12.2%, that based on the producer price index (PPI) from 1.7% to 18.0%, and the index based on the manufacturing products price index (PPI manuf.) from 0.8% to 8.9%. This development was also supported by an increase in the inflation differential between Slovakia and its relevant foreign trading partners. In most economies, inflation fell in comparison with December 2007, while inflation in Slovakia accelerated (except for the PPI manufacturing index).

**Chart A Developments in the NEER and REER indices (year-on-year changes in %)**



Source: NBS.

Note: + appreciation, - depreciation of indices.

**Table A Developments in the NEER and REER indices (year-on-year changes in %)**

For 9 partners, based on the deflator:	NEER	REER (CPI)	REER (PPI)	REER (PPI manuf.)	REER (ULC) <sup>2)</sup>
December 2002	2,1	4,1	3,6	3,4	3,8
December 2003	3,2	11,3	10,8	4,7	4,5
December 2004	4,7	8,3	4,1	4,7	8,4
December 2005	1,1	2,7	6,0	0,0	4,1
December 2006	7,4	10,1	9,5	5,4	7,6
December 2007	4,2	4,2	1,7	0,8	4,8
September 2008 <sup>1)</sup>	9,2 / 8,5	10,5 / 9,3	10,0 / 10,8	4,9 / 4,8	9,3(p)
December 2008	9,5	12,2	18,0	8,9	.
Average for 2008	5,8	6,7	6,5	2,3	.

Source: NBS.

1) Year-on-year change / cumulative change since the beginning of the year.

2) Year-on-year change based on quarterly data.

p) Preliminary data.

### 3.2.2 PRODUCTION AND REVENUES

In January, the year-on-year dynamics of industrial production continued to weaken (to -27%), mainly as a result of the unfavourable external environment and the gas supply interruption in the given month. Manufacturing production suffered a sharp decline (-32.7%), while power supply increased by 3.5%. Production declined in all sectors, mostly in the key branch, manufacture of transport vehicles

(-47.7%), electrical equipment (-44.2%), and metals and metal products (-42.4%). The coming months are expected to witness similar developments, i.e. negative dynamics close to the January downturn, as indicated by the results of the February business tendency survey in industry<sup>6</sup>, which point to the extremely low levels of current demand and expected production. This trend is in line with the year-on-year fall in industrial orders recorded in Slovakia in the fourth quarter of 2008 (by 22.5%).<sup>7</sup>

6 Statistical Office of the SR, Business tendency surveys: industry, construction, trade, services. No 2, February 2009.

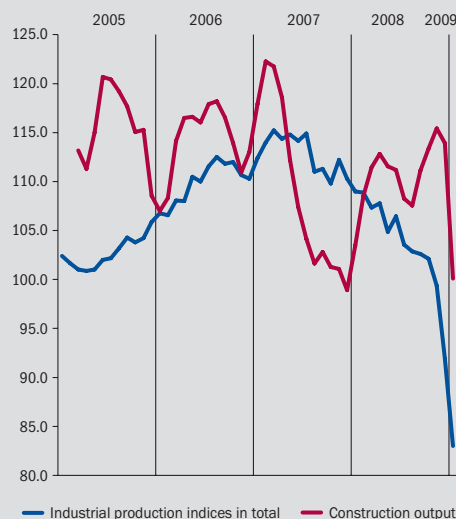
7 Source: Eurostat, Industry new orders index – quarterly data.

In construction, production declined year-on-year by 25.6% in January, after showing positive dynamics in the previous months. The decline took place in domestic production (-24.4%) as well as in production abroad (-54.3%). The decline was mainly attributable to the unfavourable weather conditions (compared with January 2008). The business tendency survey in construction pointed to the gradually weakening demand and expected production.

Revenues in the selected sectors decreased on a year-on-year basis as a result of a year-on-year fall in industrial revenues (mainly in transport vehicle and metal production) and a year-on-year decrease in wholesale trade revenues.

Retail trade revenues at current prices recorded a year-on-year fall, mainly due to a marked year-on-year decrease in revenues from the retail sale of fuels in specialised shops and from the retail sale of other goods for households. Year-on-year increases in revenues were recorded in non-specialised retail shops and in the retail sale of other goods in specialised shops.

**Chart 4 Industrial Production Index and Construction Production Index (3-month moving averages) (index, same period a year earlier = 100)**



Source: Statistical Office of the SR and NBS calculations.  
Note: The industrial production index is adjusted for calendar effects. As from January 2009, the data are based on the revised classification of economic activities (SK NACE Rev.2).

#### Box 4

### NEW CLASSIFICATION OF ECONOMIC ACTIVITIES – SK NACE (REPLACING THE OKEČ)

As from January 2009, the Statistical Office of the SR uses a new classification of economic activities, i.e. SK NACE Rev. 2 (Nomenclature générale des Activités économiques dans les Communautés Européennes), which provides a basic framework for the processing of a large number of statistical data from the field of economic statistics. The previous Slovak version of this classification was known under the name Statistical Branch Classification of Economic Activities (or under the acronym OKEČ).

The revised classification of economic activities (SK NACE Rev. 2) is fully harmonised with its European version (NACE Revision 2) issued in accordance with Regulation No. 1893/2006 of the European Parliament and of the Council. The use of this classification, or a national version derived hereof, is binding for all the

Member States of the European Union in the field of statistics.

The rationale for revising the classification of economic activities was to take into account the consequences of technological and structural changes taking place in the economy, and to ensure that economic statistics are comparable at both European and international levels. Therefore, the development of the new classification was coordinated by the Statistical Commission of the United Nations and by the European Statistical Office (Eurostat). The revised classification differs significantly from the previous version, in terms of structure, coding, and methodological breakdown of economic activities. As a result of these changes, however, data recorded according to the old classification and the new version are not fully comparable.

**Table A Comparison of OKEC and SK NACE Rev.2**

Previous OKEC categories	New sections of SK NACE Rev.2
A Agriculture, hunting and forestry	<b>A Agriculture, forestry and fishing</b>
B Fishing, fisheries	
C Mining and quarrying	<b>B Mining and quarrying</b>
D Manufacturing (some of the activities have been transferred to section J)	<b>C Manufacturing</b>
E Electricity, gas and water supply	<b>D Electricity, gas, steam and air-conditioning supply</b>
	<b>E Water supply; sewerage, waste management and remediation activities</b>
F Construction (some of the activities have been transferred to section N)	<b>F Construction</b>
G Wholesale and retail trade; repair of motor vehicles, motorcycles and household goods (some of the activities have been transferred to section S)	<b>G Wholesale and retail trade; repair of motor vehicles and motorcycles</b>
H Hotels and restaurants	<b>I Accommodation and food service activities</b>
I Transport, storage, post and telecommunications (divided into sections H, J, N)	<b>H Transportation and storage</b> – ‘postal services’ remain in section ‘Transportation and storage’ (excluding ‘telecommunications’ and ‘travel agency activities’).
	<b>J Information and communication</b> composed of activities previously included in the categories ‘Transport’, ‘Other community, social and personal services’, ‘Real estate, renting and business activities’ and in the sub-category ‘Pulp and paper production, printing and publishing’.
J Financial intermediation	<b>K Financial and insurance activities</b> – extended to include ‘the activities of investment managers’.
K Real estate, renting and business activities (divided into sections J, L, M, N, S)	<b>L Real estate activities</b>
	<b>M Professional, scientific and technical activities</b>
	<b>N Administrative and support service activities</b>
L Public administration and defence; compulsory social security	<b>O Public administration and defence; compulsory social security</b>
M Education	<b>P Education</b>
N Health care and social work (‘Veterinary services’ have been transferred to section M)	<b>Q Human health and social work activities</b>
O Other community, social and personal services activities (divided into sections E, R and S)	<b>R Arts, entertainment and recreation</b> – only ‘cultural activities and sports’.
	<b>S Other service activities</b>
P Activities of households	<b>T Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use</b>
Q Extraterritorial organisations and associations	<b>U Activities of extraterritorial organisations and bodies</b>

Source: Statistical Office of the SR.



In January 2009, the revenues of entities specialising in the sale and maintenance of motor vehicles recorded a fall as a result of a year-on-year decrease (43.1%) in revenues from the sale of motor vehicles.

### 3.2.3 WAGES, EMPLOYMENT AND UNEMPLOYMENT

Compared with December 2008, average nominal wages showed weaker year-on-year dynamics in January 2009, mainly in construction, retail and wholesale trade, and industry. The growth in real wages accelerated

as a result of a slower rise in consumer prices. Overall, wage statistics from the selected sectors for the first quarter of 2009 indicate (on the basis of data from January 2009) a slight acceleration in nominal wage growth in the economy as a whole in comparison with the previous quarter (5.3%, compared with 4.6% in the fourth quarter of 2008).

In January 2009, the year-on-year growth in employment slowed considerably in almost all sectors, mainly in wholesale trade, restaurant

**Table 4 Wage developments in selected sectors (index, same period a year earlier = 100)**

	Average monthly nominal wage		Average monthly real wage	
	December 2008	January 2009	December 2008	January 2009
Industry	105.4	103.6	101.0	99.9
of which: manufacturing	105.4	103.1	101.0	99.4
Construction	109.6	103.7	105.0	100.0
Sale and maintenance of vehicles	103.8	103.1	99.4	99.4
Wholesale trade	106.6	103.5	102.0	99.8
Retail trade	112.1	106.3	107.3	102.5
Accommodation	105.6	116.0	101.1	111.9
Restaurant activities	106.7	105.7	102.1	101.9
Transport and storage	106.1	106.1	101.6	102.3
Average for the selected sectors	105.5	105.3	101.1	101.8
Consumer prices	104.4	103.4	-	-

Source: Statistical Office of the SR (SO SR), NBS calculations.

1) Real wage index = nominal wage index / consumer price index.

Notes: 1. As from January 2009, the SO SR uses a new classification of economic activities (SK NACE).

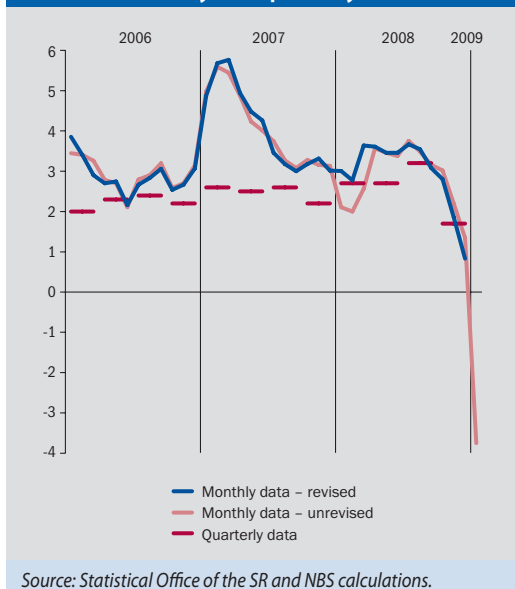
2. The selected sectors accounted for 68.5% of total employment in the fourth quarter of 2008.

**Table 5 Employment in selected sectors (index, same period a year earlier = 100)**

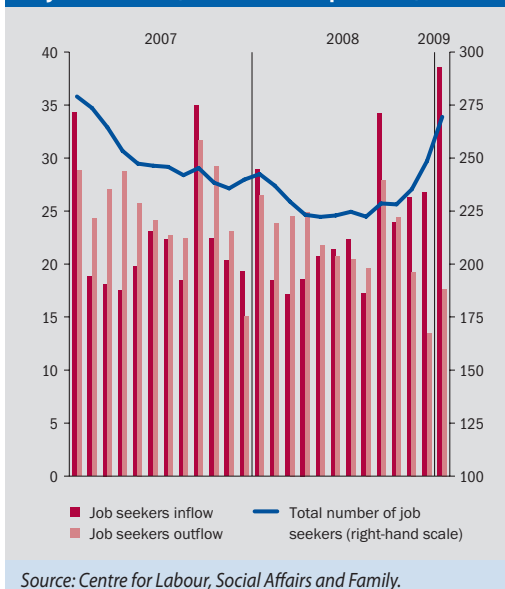
	Employment	
	December 2008	January 2009
Industry	96.0	93.2
of which: manufacturing	96.4	92.9
Construction	111.1	106.7
Sale and maintenance of vehicles	97.4	92.1
Wholesale trade	104.4	82.3
Retail trade	100.9	98.0
Accommodation	80.6	88.5
Restaurant services	99.0	84.9
Transport and storage	106.3	105.9
Average for the selected sectors	101.3	96.2

Source: Statistical Office of the SR, NBS calculations.

**Chart 5 Comparison of employment rates based on monthly and quarterly data**



**Chart 6 Inflow, outflow and the total number of job seekers (thousands of persons)**



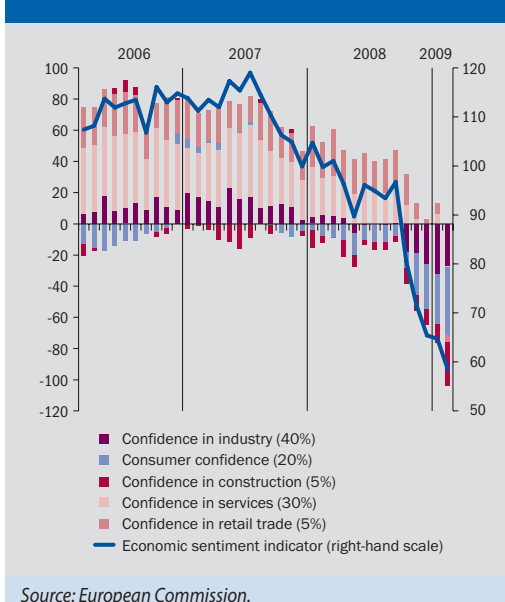
services, the sale of vehicles, and industry. Average monthly data from the selected sectors for January 2009 point to a marked fall in employment in the first quarter of 2009.

According to data from the Centre for Labour, Social and Family Matters, the total number of unemployed increased month-on-month by 20,900, to 269,500 in January 2009. Compared with December 2008, the number of unemployed significantly increased, which may indicate that the announced mass redundancies started to be reflected in the January labour market figures. The rate of registered unemployment rose month-on-month by 1 percentage point, to 9% in January 2009. The inflow of new job seekers reached a record level in January 2009, compared with the previous period, owing to the global economic crisis.

#### THE ECONOMIC SENTIMENT INDICATOR

In February, the economic sentiment indicator continued to fall, by 41.3 points compared with the same period a year earlier, and reached a new historical low (the lowest level since 1997). The indicator was adversely affected in February by the weakening confidence in construction and among consumers.

**Chart 7 Economic sentiment indicator**



Consumers expected negative developments in all components of the consumer confidence indicator, and were most pessimistic about the future trend in unemployment and the expected economic situation of households. On a year-on-year basis, the consumer confidence indicator dropped by 35 points.



Box 5

### DEVELOPMENT OF THE REAL ECONOMY IN THE FOURTH QUARTER OF 2008<sup>8</sup>

Gross domestic product (GDP), calculated from revised data from the Statistical Office of the SR, grew year-on-year by 2.5% (at constant prices) in the fourth quarter, representing a slowdown of 4.1 percentage points compared with the previous quarter. In 2008, GDP achieved an annual growth rate 6.4%.

In terms of production, GDP growth was stimulated by value-added growth in construction, trade, hotels and restaurants, agriculture, financial intermediation, and in real estate activities, while value added in industry decreased.

In terms of GDP use, economic growth was driven by domestic demand growth (2.8% at constant prices), which, however, slowed by 4.4 percentage points compared with the third quarter of 2008. All domestic demand components had a growth-stimulating effect; the consumption component recorded a slowdown as a result of slower wage and employment growth. In the fourth quarter of 2008, foreign demand recorded a year-on-year fall of 7.8%, which was connected with the declining imports in Slovakia's major trading partner countries.

The average monthly nominal wage of an employee in the Slovak economy increased year-on-year by 4.6% in the fourth quarter of 2008. This represented a slowdown of 4.2 percentage points compared with the previous quarter. The dynamics of real wages weakened by 0.2% in the fourth quarter. Nominal compensation per employee grew year-on-year by 6.2% in the fourth quarter, but the rate of growth slowed in comparison with the previous quarter by 3 percentage points.

According to the methodology of national accounts (ESA 95), employment increased by 2.1% in the fourth quarter of 2008. In terms of structure, overall employment was

mainly influenced by the increased number of entrepreneurs.

Labour productivity increased in nominal terms by 2.9% and in real terms by 0.8% in the fourth quarter. Compared with the third quarter of 2008, the rate of labour productivity growth slowed in both nominal and real terms, which was connected with the marked slowdown in GDP growth.

Unit labour costs continued to grow in the fourth quarter of 2008, by 5.8% (according to ECB methodology), and remained unchanged in comparison with the third quarter, while compensation per employee grew at a slower pace. This development was mainly the result of a marked slowdown in real labour productivity in comparison with the same period a year earlier.

According to a labour force sample survey, the number of unemployed decreased year-on-year by 14.9% in the fourth quarter 2008. This decrease was also reflected in the rate of unemployment, which stood at 8.7% in the fourth quarter, which was 0.3 of a percentage point less than in the third quarter of 2008.

The slowdown signalled by Slovakia's macro-economic indicators in the fourth quarter of 2008 was in line with the NBS's expectations. GDP growth was influenced by a base effect, as well as by the falling global demand. This was not yet reflected in the labour market indicators in the fourth quarter of 2008. In the coming period, economic activity is expected to slow as a result of the gas supply crisis at the beginning of 2009 and the deepening global financial crisis. Nominal compensation per employee is expected to fall considerably. This will be accompanied by a fall in employment. As a result, household consumption is expected to slow still further. Among the other GDP components, investment activity is expected to slow and foreign demand to decline further on.

<sup>8</sup> More detailed information is available in Annex 3.



## Box 6

## DRAWING FROM THE STRUCTURAL FUNDS AND THE COHESION FUND

Financial interventions from the Structural Funds and the Cohesion Fund have, at the time of drawing, an immediate effect on economic growth, because they stimulate demand for both investment and non-investment products, and services. Permanent and targeted growth in production factors leads to growth in the potential output of the economy with a certain time delay. This box provides an overview of draw-downs from these funds from two programme periods of the European Community (2000-2006 and 2007-2013) and of their estimated impact on economic growth in Slovakia.

Slovakia became eligible to draw down from the Structural Funds and the Cohesion Fund after the EU accession talks had been successfully

completed. In a shortened programme period (2004-2006), €1.8 billion was earmarked for Slovakia at current prices (EC commitment), i.e. €1.2 billion from the Structural Funds and €0.6 billion from the Cohesion Fund. The volume of funds that were available for drawing each year corresponded to roughly 1.5% of the country's nominal gross domestic product (GDP) in the individual years of the shortened programme period. After an initial phase which was connected with the start-up of the project cycle, the annual increase in the amounts drawn stabilised above the level of 0.8% of GDP.

At the end of 2008, the draw-down rate (the proportion of funds drawn ex-post to commitments earmarked ex-ante) reached 91.98% in the case of the Structural Funds,

Table A Draw-downs from the Structural Funds and the Cohesion Fund in 2004-2006 (EUR millions)

	Increase in funds drawn from the EC (difference between the amounts at the end and beginning of the period)									Draw-down rate cumulative at 31 12. 2008 <sup>4)</sup>
	2004	2005	2006	2007	2008	Q1 2008	Q2 2008	Q3 2008	Q4 2008	
Structural Funds <sup>1)</sup>	3.0	125.8	282.1	333.3	331.1	56.0	86.1	76.7	112.3	91.98 %
– share of GDP in %	0.01	0.33	0.63	0.61	0.51	0.39	0.54	0.44	0.65	-
ISPA/KF <sup>2)3)</sup>	25.7	72.1	86.7	78.0	43.0	1.2	21.0	9.1	11.7	90.93 %
– share of GDP in %	0.08	0.19	0.19	0.14	0.07	0.01	0.13	0.05	0.07	-
Cohesion Fund <sup>2)</sup>	0.0	3.0	24.6	45.6	164.5	41.6	46.6	27.3	49.0	67.65 %
– share of GDP in %	0.00	0.01	0.06	0.08	0.25	0.29	0.29	0.16	0.28	-
<b>SF and CF in total</b>	<b>28.7</b>	<b>200.8</b>	<b>393.3</b>	<b>457.0</b>	<b>538.6</b>	<b>98.8</b>	<b>153.7</b>	<b>113.1</b>	<b>173.0</b>	-
– share of GDP in %	0.08	0.52	0.88	0.83	0.83	0.70	0.96	0.64	1.00	-
Impact on the year-on-year rate of GDP growth in percentage points	0.05	0.27	0.27	0.07	0.08	0.01	0.24	0.05	0.03	-

Source: Ministry of Finance of the SR, NBS calculations.

Notes:

1) Draw-down from the Structural Funds is defined as the amount specified in payment applications approved at European level, minus the amount of discrepancies (unauthorised expenditure items).

2) Draw-down from the ISPA/KF and the Cohesion Fund is defined as the amount specified in applications approved at the level of the Slovak payment authority.

3) ISPA/KF projects are projects from the original pre-accession ISPA fund, which were financed from the Cohesion Fund after the entry of Slovakia into the EU.

4) Monies from the Cohesion Fund may be drawn until the end of 2010. The original deadline for drawing from the Structural Funds (31 December 2008) was extended to 30 June 2009.



90.93% in the case of projects from the original pre-accession ISPA Fund, which were financed from the Cohesion Fund after Slovakia's entry into the EU, and 67.65% in the case of new Cohesion Fund projects.

According to the latest data from the Ministry of Finance of the SR, the draw-down rate increased by 0.02 of a percentage point in respect of the Structural Funds (to 92% at end-February 2009), and by 0.67 of a percentage point in the case of ISPA/KF projects (to 91.6%). In respect of the Cohesion Fund, the draw-down rate remained unchanged. In terms of successful draw-downs, Slovakia was comparable with the other 11 new EU Member States (BG, CZ, EE, CY, LV, LT, HU, MT, PL, RO, SI), while the old Member States had a lower absorption rate on average.

The funds drawn from the Structural Funds and the Cohesion Fund were used for value added financing and for intermediate project investments, in the proportion of 50:50 (estimated from the ratio of added value to production in selected economic activities, which are the recipients of monies from the Structural Funds and the Cohesion Fund). This value added, the creation of which was stimulated by the drawing of funds, could contribute 0.7 of a percentage point to real GDP growth in cumulative terms in five years. The average contribution of structural operations to real GDP growth could be maximum 0.15 of a percentage point per year. The strongest impact of drawing on GDP (0.27 of a percentage point) was recorded in 2005-2006, the period of maximum year-on-year increases in absolute terms. The volume of funds drawn increased year by year, but the rate of increase slowed. As a result, the impact on GDP dynamics in 2007 and 2008 was weaker (0.07 and 0.08 of a percentage point respectively).

The year 2008 saw the actual financial implementation of operational programmes from the new programme period (2007-2013), in which €11 billion was earmarked for Slovakia (approximately 2% of GDP per year). From the funds earmarked for Slovakia in the new programme period, €27.9 million (6.65%) was drawn down in 2008; this could contribute

a further 0.03 of a percentage point to the rate of GDP growth (i.e. the two parallel programme periods in 2008 could accelerate the year-on-year rate of GDP growth by a total of 0.11 of a percentage point).

Payments from the Structural Funds (investment and non-investment projects) and the Cohesion Fund to date (investment in transport and environmental projects) were utilised in one of the three main economic categories:

1. Physical infrastructure (investments in transport, telecommunications, power engineering, social and health care infrastructure, environmental infrastructure, landscape planning, development of rural areas, physical capital investments in large, small and medium-size companies, investments in agricultural properties, forests).
2. Human resources (investments in human capital, mainly in labour market policy instruments, professional training, education, and administration).
3. Direct assistance to the production sector (investments in support for entrepreneurial, business, and research activities, including advisory services for businesses, jointly utilised business services, financial engineering, professional training for small and medium-size enterprises, research projects for universities, innovation and transfer of technologies, training for research workers).

According to the IT system of the Ministry of Construction and Regional Development monitoring the drawing of monies from the Structural Funds and according to data on draw-downs from the Cohesion Fund, it has been estimated that 65% of funds were used for physical infrastructure projects, 23% for investment in human resources, and 12% for direct assistance to the production sector. The dominant part of the demand stimulated by the drawing of funds was oriented to construction; this was reflected on the demand side of GDP in the form of growth in gross capital formation in the public and private sectors. A comparison of the use of funds in Slovakia and in other



European countries indicates that Slovakia mostly focuses on physical infrastructure projects to the detriment of the other areas, while direct assistance to the production sector is more undersized than investment in human resources.

The recently declared effort to maximise the drawing of funds is an appropriate measure for the support of domestic demand, for various reasons. In a period when the economy

operates below its potential output without utilising its production capacity in full, no inflationary pressures arise and private investments are less likely to be discouraged. The maximal utilisation of funds will pose no additional risk to public finances, because co-financing on the part of public finances is already allocated in the budgets. In addition, it is a fiscal stimulus which requires no coverage for current expenditures by future state revenues after the crisis.

### 3.3 MONETARY AGGREGATES AND INTEREST RATES

In connection with the entry of Slovakia into the euro area, the methodology used for the compilation of monetary aggregates and M3 counterparts has been modified.

One of the changes is a new approach to the calculation of the 'currency' component: currency is now calculated on the basis of a banknote allocation key, according to which the issuance of euro banknotes is divided within the Eurosystem. For each national central bank included in the Eurosystem, this key is calculated on the basis of the Capital Share Mechanism (CSM), according to which the volume of euro banknotes to be issued by the individual central banks is determined on the basis of their share in the total capital of the ECB, taking into account that the ECB has a capital share of 8% (8% of the total euro-area capital is assigned to the ECB). Apart from the actually issued euro banknotes, the 'currency' item also includes a claim/liability if NBS issues less/more euro banknotes per month than required according to the banknote allocation key set by the ECB and includes a liability for NBS, arising for each country from the 8% share of the ECB in the total euro-area capital (each euro-area country contributes to the ECB's 8% in the specified proportion). Euro coins are also added to the amount of banknotes specified in this manner and, till the end of 2009, currency

in Slovak koruna will also be included in the 'currency' component.

According to the banknote allocation key, Slovakia has to issue currency in a larger amount than the actual issue-amount; hence the volume of the M1 monetary aggregate has increased, as well as M3.

Another change is the modified definition of residents: with effect from January 2009, residents include domestic residents (SR) and residents from other euro-area countries (before December 2008, residents included only domestic entities). The overall concept used in the compilation and definition of monetary aggregates has also been changed: in the case of monetary aggregates, the national contribution of Slovakia is recorded, but counterparts are recorded for the euro area as a whole.

Owing to the changes made in the methodology of monetary aggregates with effect from 2009, the time series has become inconsistent; hence the year-on-year dynamics of monetary aggregates cannot be calculated (the year-on-year growth dynamics of the M3 aggregate<sup>9</sup> would increase to 15.2% in January, which would be an increase of 11 percentage points and the year-on-year rate of currency growth would reach 36.0% in January, compared with the negative dynamics of -69.1% in December).

The dynamics of monetary aggregates were most significantly affected by the change of currency.

<sup>9</sup> The year-on-year growth rates of monetary aggregates and their counterparts are calculated from end-of-month data, including non-transaction operations, which comprise all movements in the balance-sheet items, resulting from changes in the valuation of tradable instruments, the depreciation/write-off of loans, exchange rate differentials, reclassification, and other changes.



Without the change made in the methodology of currency in circulation recording (currency in circulation would include only euro banknotes, euro coins, and Slovak banknotes and coins held by the population, i.e. M0, and there would be no increase in the volume of currency due to the banknote allocation key), the year-on-year dynamics of currency in circulation would be approximately -37.4% and that of M3 approximately 3.1% (the adjusted time series of M3 will be published in the Statistics annex throughout 2009).

In February, the outflow of funds from open-end investment funds (OIF) continued, and reached its largest volume in 2009 (€-38.3 million) in the 8th week (16-20 February). The effects of the financial crisis continued to cause distrust among investors and losses in most categories of mutual funds. All categories of OIFs operating in Slovakia (in euro or foreign currency) recorded negative net sales in February, in the total amount of €108.6 million<sup>10</sup>.

Within the individual categories of OIFs, positive net sales in February were achieved only by special real estate funds and equity funds (€0.2 million in total). The other categories of OIFs recorded negative net sales (€-108.8 million), of which money market funds accounted for €-53.4 million.

In January 2009, the volume of MFI receivables from the private sector continued to fall, mainly those from non-financial and financial corporations. This development also led to a slowdown in the growth rate of loans to the private sector, by 4.4 percentage points, to 12.2%.

The decrease in MFI receivables from non-financial corporations was more moderate than

in December 2008; their dynamics weakened more significantly (by almost 7 percentage points). All categories of loans recorded a fall in volume, but the largest decrease occurred in the volume of long terms loans with a maturity of 1 to 5 years.

In the household sector, the volume of loans recorded a modest increase in comparison with the previous month. Broken down by purpose, house purchase loans increased, while consumer and other loans decreased. The growth in MFI receivables from households continued to slow in January 2009.

The marked reductions in the key ECB interest rates in the last two months of 2008 (by a cumulative 1.75 percentage points) were fully reflected in the market rates in January. Most affected were customer interest rates on loans to non-financial corporations. These rates fell significantly for all types of loans. The most intense reaction was observed in interest rates on loans of over €1 million. Interest rates on loans to households remained virtually unchanged, despite a fall in short-term market rates. Rates for current account overdrafts and credit cards reacted to this development, but no reaction was recorded in interest rates on consumer loans, which even increased. Interest rates on house purchase loans remained virtually unchanged, as a result of stagnation in long-term interest rates (yields on 10-year government bonds). January saw a marked decrease in the volume of loans provided for house purchases.

Interest rates on deposits from non-financial corporations and households reflected the cuts in the key ECB interest rates with a subsequent fall in market rates. Thus, interest rates on deposits with agreed maturity from the last three

<sup>10</sup> The different amounts of monthly and cumulative net sales can be explained by the fact that the data of SASS obtained from regular weekly statistical reports and the data of individual OIF administrators ([www.openiazoch.sk](http://www.openiazoch.sk)) sometimes refer to different periods (SASS makes data releases on Fridays, but some of its members issue data on Thursdays) and to different numbers of mutual funds. The merger of mutual funds and their annual conversion into euro led to a significant fall in the number of mutual funds (from ca 550 to 460), as well as marked decrease in the number of foreign-currency funds and/or an increase in the number of euro funds.

**Table 6 Monthly net sales of open-end investment funds<sup>1)</sup> in the SR (EUR millions)**

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cumulative
2006	58.4	14.3	39.2	-54.0	-3.6	-12.5	1.8	-61.8	-14.8	39.6	81.3	47.8	135.7
2007	129.9	8.9	28.7	50.0	60.4	71.2	69.6	72.1	43.2	23.0	41.6	65.8	664.4
2008	101.3	70.3	-22.1	19.4	24.3	29.6	-32.5	-52.0	-157.2	-648.0	-179.9	-96.3	-943.1
2009	-76.8	-108.6	.	.	.	.	.	.	.	.	.	.	-185.4

Source: NBS calculations based on data from the Slovak Association of Asset Management Companies (SASS).

<sup>1)</sup> Total sales in the euro (in the Slovak koruna before 2009) and the foreign currency.



months of 2008 continued to fall. A marked fall was recorded in rates for household deposits. This was mainly reflected in deposits with an agreed maturity of up to 1 year, the price of which dropped by more than 1 percentage

point. For non-financial corporations, the fall was 50% smaller. Because of their low levels, interest rates on demand deposits fell only slightly (by approximately 0.05 of a percentage point).



# QUARTERLY REPORT ON THE INTERNATIONAL ECONOMY – MARCH 2009

## THE GLOBAL ECONOMY

The serious problems in the banking sector of the United States at the end of the third quarter caused the financial market crisis to deepen still further and contributed greatly to the marked slowdown in the global economy in the fourth quarter. During 2008, the slowdown in economic activity resulting from the tightening of bank credit standards and the financial market turmoil affected first and foremost the advanced economies, while developing countries remained relatively resistant to the crisis as a result of strong domestic demand. At the beginning of the fourth quarter, however, these economies were also hard hit by the rapidly deepening financial crisis. As a result of problems in the banking sector, credit conditions were tightened on a global scale, capital flows were severely restricted, the costs of external financing increased, which led to deterioration in business and consumer confidence. The currencies of developing countries depreciated to a significant extent, the rate of economic growth slowed or turned negative. These developments led to the synchronisation of the global business cycle, with all countries facing the same economic problems.

In the fourth quarter of 2008, OECD countries recorded a GDP decline of 1.5% compared with the previous quarter, i.e. the sharpest decline since 1960. On a year-on-year basis, the economy slowed by 1.1%, after growing in the third quarter by 0.8%. In the previous quarters, the consumer and business confidence indicators were below 100 and 50 points respectively, as signs of persistent negative expectations regarding economic development. The fourth quarter witnessed a marked fall in the values of these indicators. The confidence indicators signalled a continuous decline in confidence during the fourth quarter and reached historical lows in December.

Price developments in the fourth quarter were, as in the previous quarter, markedly influenced by

commodity prices and by the global downturn in economic activity. Inflation in OECD countries reached 1.5% in December, i.e. the lowest level since the beginning of 2008. Energy prices fell year-on-year by 8.9% in December (after rising year-on-year by 18.9% in September), while food prices increased year-on-year by 6.0% in December (after rising by 6.8% in September). In OECD countries, the average annual inflation rate in 2008 was 3.7%, compared with 2.5% in 2007. Core inflation slowed somewhat in December, to 2.0% (from 2.4% in September).

The deepening of the financial crisis caused a marked slowdown in economic activity and an increase in the risks. The deepening of the crisis represented an increase in uncertainty concerning the future trend in economic development and the economic indicators point to a further slowdown. The economic decline led to a fall in commodity prices, easing inflationary pressures to some extent.

## COMMODITY MARKETS

The end of the third quarter saw a significant fall in oil prices as a result of the deepening financial crisis, and this trend continued in the fourth quarter. The average price of oil stood at USD 55/barrel in the fourth quarter (compared with USD 115/barrel in the third quarter), representing a fall of 53% compared with the third quarter. At the end of December, the price of oil reached USD 35.82/barrel. The average price of oil stood at USD 97/barrel in 2008. During January and February, oil prices stabilised and averaged USD 43/barrel.

The financial market tensions, the slowdown in global economic activity, the fall in demand for oil, and the closing of positions by investors in the oil market had a downward effect on oil prices in the second half of the year. In this period, demand for oil fell not only in OECD countries, but also in developing countries, which were severely hit by the global crisis. Although prices



have stabilised to some extent, the oil market is still negatively tuned to the trend in demand for oil in 2009.

After culminating at the beginning of July, the prices of other commodities fell steadily throughout the third and fourth quarters. The prices of metal commodities dropped considerably as a result of the global recession. The prices of agricultural commodities also fell somewhat.

## UNITED STATES

In the third quarter of 2008, the United States recorded a sharp fall in GDP (6.2% in annualised terms), compared with 0.5% in the previous quarter. The economy contracted year-on-year by 0.8% in the fourth quarter, after growing in the previous quarter by 0.7%.

In the United States, economic developments in the fourth quarter showed clear signs of a deepening recession. GDP growth was negatively influenced by declines in private consumption, investment, and exports. The sharpest decline in connection with the global economic downturn was recorded in exports, which had made positive contributions to GDP growth in the previous quarters. The worsening labour market conditions and changes in real estate and household asset prices caused a further deterioration in consumer confidence, which is reflected in the declining sales of durable and non-durable consumer goods. The fears of recession and tightened credit conditions also caused a marked reduction in corporate investments and a slowdown in the accumulation of corporate inventories. Despite reductions in federal and local government expenditures, government spending was the only item that contributed to GDP growth positively.

The annual headline inflation rate reached 3.8% in 2008, compared with 2.9% in 2007. During 2008, however, inflation followed a highly volatile course. After accelerating during the first half of the year and reaching the highest level recorded in the last twenty years, inflation recorded a sharp fall in the second half of the year. The slowdown in inflation was caused by the contraction of the global economy and decline in commodity prices. In the first quarter, the average inflation

rate reached 1.6%, representing a marked fall compared with the figure for the third quarter (5.6%). At the end of the year, the year-on-year inflation rate dropped to 0.1%. January saw stagnation in inflation on a year-on-year basis. Core inflation slowed to 2.0% in the fourth quarter, from 2.5% in the third quarter. Over the first three quarters, core inflation showed a slightly accelerating tendency.

At its meetings held in the first quarter, the Federal Open Market Committee (FOMC) decided to reduce its target for the federal funds rate to a level close to zero. At a special meeting held at the beginning of October, within the scope of an interest rate cut coordinated with the ECB, the BoE, and other major central banks, the FOMC reduced its target for the federal funds rate by 50 basis points. At the next meeting at end-October, the FOMC lowered its target rate by another 50 basis points, to 1.0%. At the same time, the FED announced the introduction of new facilities designed to supply liquidity to domestic and foreign banks. At its last meeting in December, the FOMC reduced its target rate to 0 – 0.25%. At its January and March meetings in 2009, the FOMC left its target rate unchanged.

## THE EURO AREA

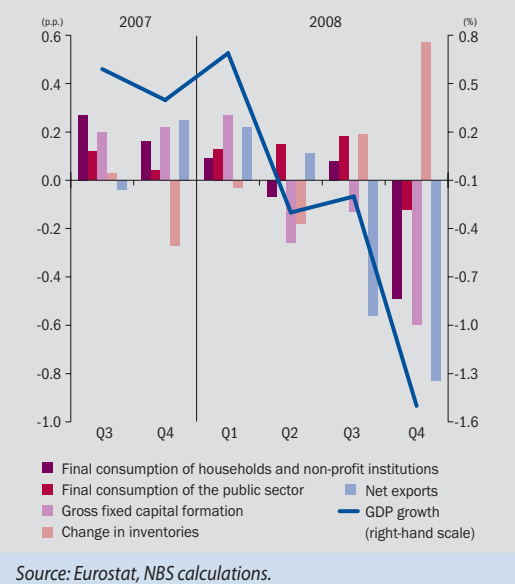
In the euro area, the economic downturn deepened in the fourth quarter of 2008. Compared with the third quarter, GDP fell by 1.5% (in the third quarter by 0.2%). Thus, the economy declined for the third successive quarter. For the first time since the birth of the Monetary Union, gross domestic product also fell on a year-on-year basis in the fourth quarter of 2008 (by 1.3%, after growing in the third quarter by 0.6%). GDP growth in the euro area slowed to 0.8% during 2008, compared with 2.6% in 2007.

As in the previous quarter, the crucial factor in the economic downturn was net exports, since exports decreased more significantly than imports. However, the GDP decline also reflected the relatively big negative contributions of gross fixed capital and final consumption (in the household and general government sectors). Investment demand fell, as well as GDP, for the third successive quarter. Compared with the previous two quarters, however, the rate of

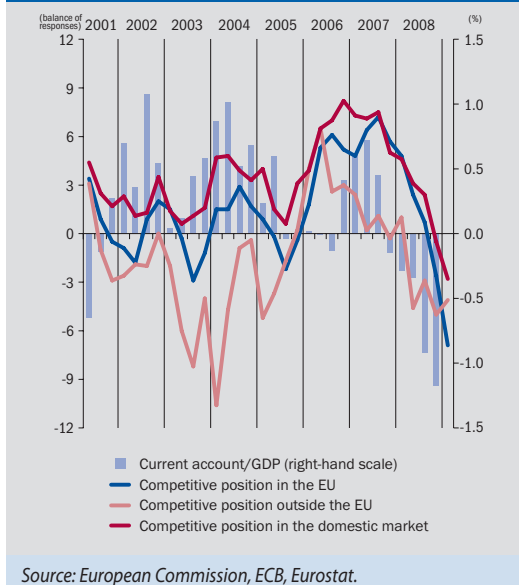
**Chart 8 Euro area economic growth (constant 2000 prices) (%)**



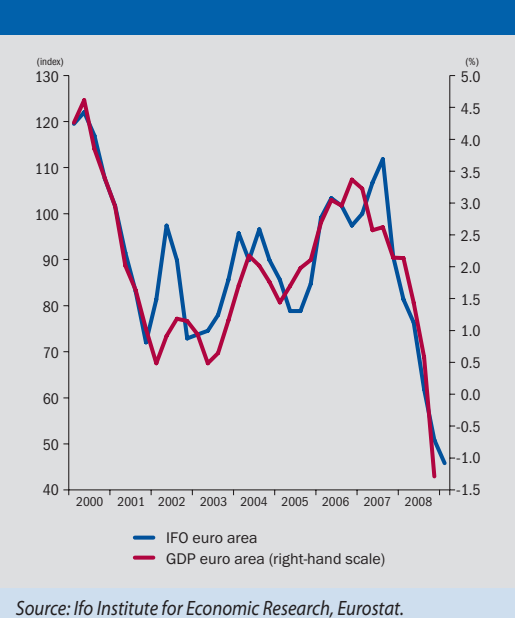
**Chart 9 Contributions of individual components to quarterly GDP growth in the euro area (p.p.)**



**Chart 10 Euro area: competitiveness in the industry and the balance of payments current account**



**Chart 11 IFO economic climate indicator and year-on-year GDP growth in the euro area**



decline accelerated. After being more or less stagnant over the first three quarters, household consumption recorded a relatively sharp fall in the fourth quarter. Developments in the area of investment and private consumption indicate that domestic demand has been affected by the financial crisis relatively deeply since the collapse of Lehman Brothers. The only item supporting

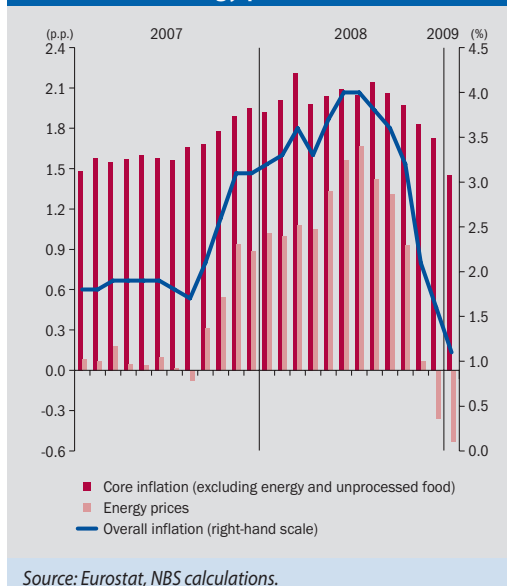
economic growth is a change in inventories, which points to the accumulation of supplies at times of dampened domestic and foreign demand.

The fall in demand in the domestic and foreign markets led to increased competition. Surveys conducted in industry, in sectors where the

**Chart 12 Unemployment rate and consumer expectations of economic situation and unemployment in the next 12 months**



**Chart 13 Euro area: overall HICP inflation (year-on-year) and contributions of core inflation and energy prices**



steepest value-added decreases occurred in the fourth quarter, indicate that the main factor restricting production is insufficient demand. The surveys also point to competitiveness losses in foreign and EU markets, as well as in domestic markets, which are exposed to competition from abroad. Along with the weakening competitiveness, the trade balance gradually deteriorated with an impact on the balance of payments on current account. The results of surveys from the first quarter of 2009 indicate that these tendencies will continue.

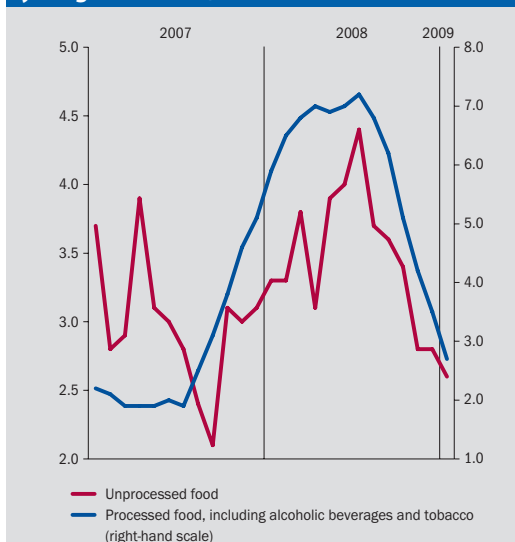
Numerous short-term indicators and surveys point to the continuing slowdown in real economic activity in the euro area. Concerns about the impact of the financial crisis on the economy are deepening. This is also indicated by the IFO index of economic climate in the euro area, which fell to a new historical low in the first quarter of 2009.

The economic downturn led to accelerated growth in unemployment. After growing only slowly in the second and third quarters, unemployment recorded a relatively steep increase in the fourth quarter. At the end of the fourth quarter, the rate of unemployment reached 8.1%, compared with 7.6% at the end of the third quarter. The labour market conditions continued to worsen

in January, when unemployment increased to 8.2%. The unfavourable labour market trends are also confirmed by the expectations of consumers regarding the further trends in economic activity and unemployment. The survey results currently reach their historical highs and are at the most pessimistic levels recorded since the birth of the monetary union.

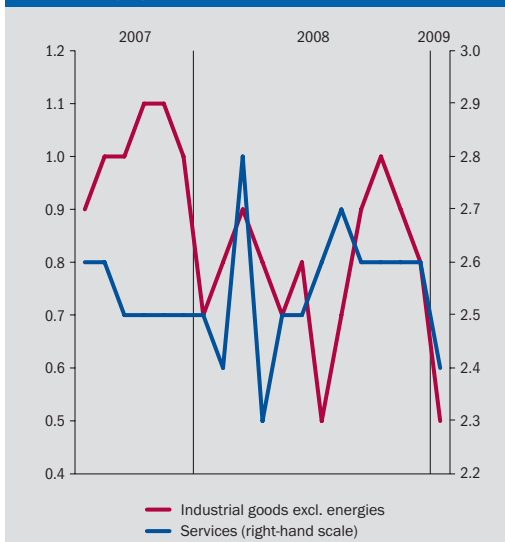
After starting to slow gradually in the third quarter of 2008, the rate of price increase recorded a sharp fall in the fourth quarter of 2008. The worsening prospects of global economic development led to a fall in the prices of energy-producing raw materials and food commodities. This was followed by a sharp slowdown in energy prices, which changed into a year-on-year fall at the end of the year. The increase in food prices also slowed. After reaching a historical high in June and July (4%), the year-on-year inflation rate slowed to 3.6% at the end of the third quarter, and then dropped to 1.6% in the fourth quarter. The slowdown in headline inflation was also supported by the market components of inflation, with a slower rise in non-energy industrial goods. The continuing year-on-year fall in energy prices and the slowdown in food prices caused a further fall in inflation (to 1.1%). According to preliminary Eurostat estimates, inflation stopped falling in February and rose slightly to 1.2%.

**Chart 14 Euro area: food prices (year-on-year growth in %)**



Source: Eurostat.

**Chart 15 Euro area: Prices of goods and services (%)**



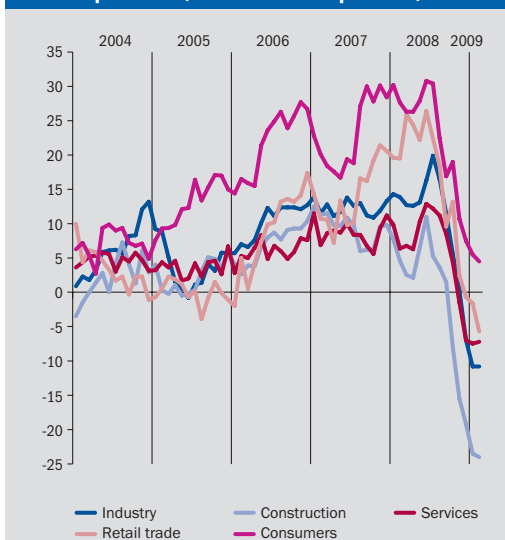
Source: Eurostat.

As a result of a slowdown in processed food prices, core inflation also fell during the fourth quarter of 2008, from 2.5% in September to 2.1% at the end of the year. January saw a further fall in core inflation (to 1.8%), which was, as in the previous period, caused by a slowdown in processed food prices, as well as in goods and services prices.

The marked slowdown in headline and core inflation can be attributed to the fall in energy prices, and to the markedly slower year-on-year rise in processed and unprocessed food prices. This development was influenced by the global prices of agricultural commodities and by the base effect of the steep rise in food prices from the same period a year earlier.

The prices of market components (non-energy industrial goods and services) from the fourth quarter, as well as from the beginning of 2009, indicate that price developments are influenced to some extent by falling demand. After accelerating somewhat in October, the rise in industrial goods prices gradually slowed in the following months. This was mainly due to the deepening year-on-year fall in the prices of durable consumer goods, accompanied by a marked slowdown in the prices of semi-durable consumer goods. Prices for services were more or less stagnant over the fourth quarter, and then fell somewhat in January.

**Chart 16 Expectations of future price developments (balance of responses)**



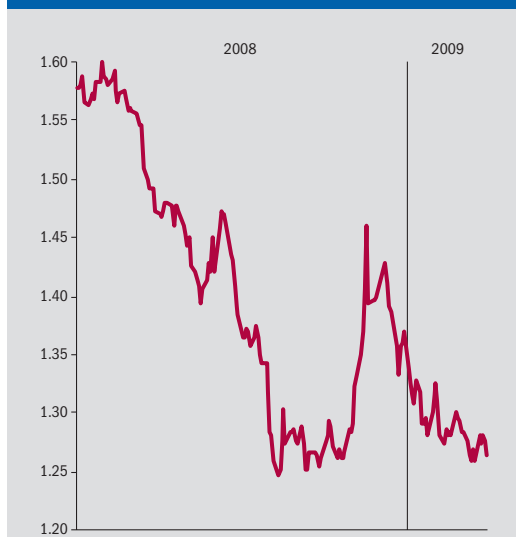
Source: European Commission.

Note: industry – price expectations for the next few months, construction – price expectations for the next three months, services – price expectations for the next three months, retail sale – price expectations for the next three months, consumers – price developments in the next twelve months.

Within the structure of services prices, prices in hotels and restaurants were on the decrease. Despite the fall in fuel prices, prices for transport services remained virtually unchanged, and then recorded a marked fall in January.

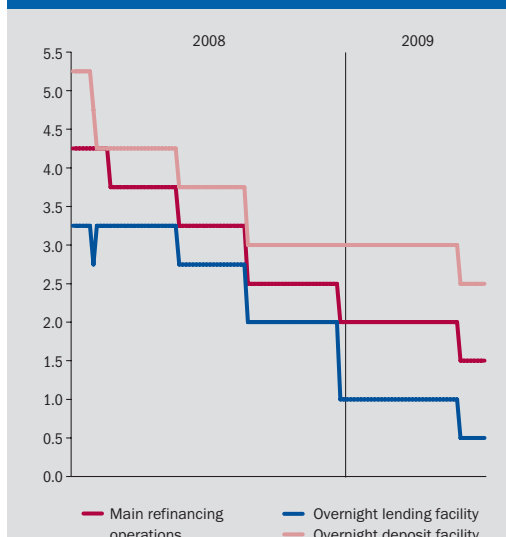


Chart 17 USD/EUR exchange rates



Source: ECB.

Chart 18 ECB interest rates and the EONIA (%)



Source: ECB.

The relatively deep decline in inflation expectations, persisting virtually in all segments of the economy since the summer of 2008, deepened still further in the fourth quarter. Apart from the decreases in energy and non-energy commodity prices, the falling inflation expectations probably reflected the worsening prospects of economic growth and falling demand. In January, the inflation expectations continued to fall. Their fall moderated and/or stopped in February, but they remained at historically low levels.

The financial crisis is reflected in the highly volatile exchange rates. The weakening prospects for economic growth, as well as the expected interest rate reductions in the euro area, were reflected in the continuing depreciation of the euro against the US dollar, which lasted till summer. In the fourth quarter of 2008, the euro recorded its weakest exchange rate (USD/EUR 1.25) in November. In that month, however, the depreciating trend came to a halt. In December, the euro again appreciated, to levels exceeding USD/EUR 1/40. By the end of December, the euro had appreciated against the dollar by 2.7% compared with the end of the third quarter. At the beginning of the year, however, the euro continued to depreciate; this trend was supported by a further deterioration in the expectations regarding economic growth

in the euro area, by a reduction in the key ECB interest rates, and by expectations of further cuts. At the end of February, the exchange rate of the euro weakened to USD/EUR 1.26, i.e. by more than 9% compared with the end of 2008.

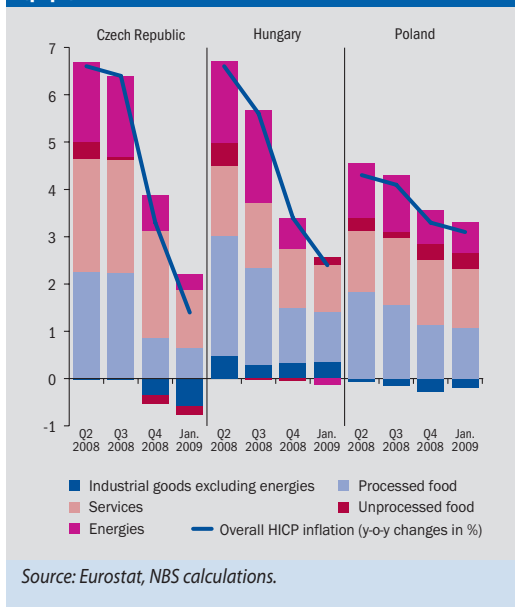
In response to the deepening financial crisis after the collapse of Lehman-Brothers and the worsening prospects for economic growth, the ECB gradually reduced its key interest rates. In October, the ECB coordinated its decision to cut its rates with other major central banks. At the same time, the ECB decided that the main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment and decided to narrow the corridor of automatic operations from 200 to 100 basis points around the interest rate on the main refinancing operations. The Governing Council of the ECB also approved interest rate cuts in October and November. Overall, the ECB reduced its rate for the main refinancing operations from 4.5% to 2.5% in the fourth quarter.<sup>11, 12</sup>

In view of the continuing deterioration in the prospects of economic growth, the ECB decided to lower its key rates by another 0.5 of a percentage point, with effect from 21 January. Thus, the corridor of automatic operations, which had been reduced to 100 basis points with effect from 9 October 2008, was again widened to 200

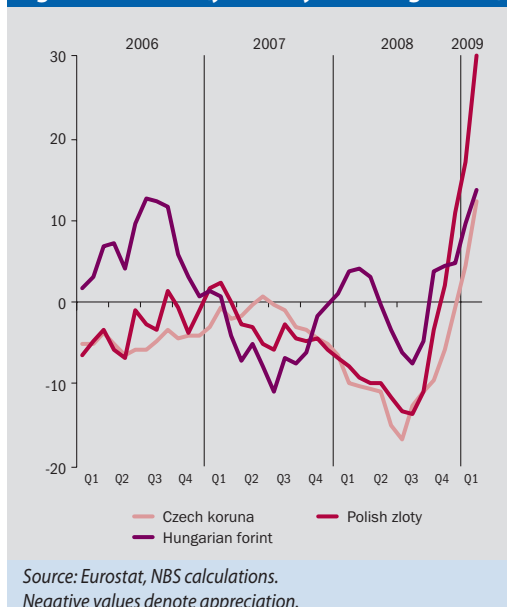
<sup>11</sup> The monetary-policy decisions taken by the Governing Council of the ECB in the fourth quarter are described in more detail in the 'Report on monetary developments in December 2008', and are available at [www.ecb.int](http://www.ecb.int).

<sup>12</sup> In addition, the Governing Council adopted numerous measures in October and November for ensuring an adequate level of liquidity in the financial market. These measures mainly included: the extension of the list of collaterals that may be used in refinancing operations with the ECB, the extension of the list of long-term liquidity-providing instruments, and the adoption of instruments for ensuring an adequate level of liquidity in US dollars and Swiss francs in the euro-area markets.

**Chart 19 Contributions to HICP inflation (p.p.)**



**Chart 20 Exchange rates of V4 currencies against the euro (year-on-year changes in %)**



basis points in line with the October decision of the Governing Council. The marked reductions in the economic growth forecasts for 2009 and 2010, coupled with weakening inflationary pressures, were the reasons behind the decision to lower the key rates again in March (with effect from 11 March), by 0.5 of a percentage points equally. The rate for the main refinancing operations was thus reduced to 1.5%, i.e. 2.75 percentage points below the figure at the end of the third quarter. The rates for marginal lending facility and deposit facility were set at 2.5% and 0.5% respectively.

In the interest of financial market stability, the key interest rate reductions were supplemented with other measures for the support of euro liquidity, through the conduct of long-term refinancing operations, as well as measures for the support of liquidity in US dollars and Swiss francs.

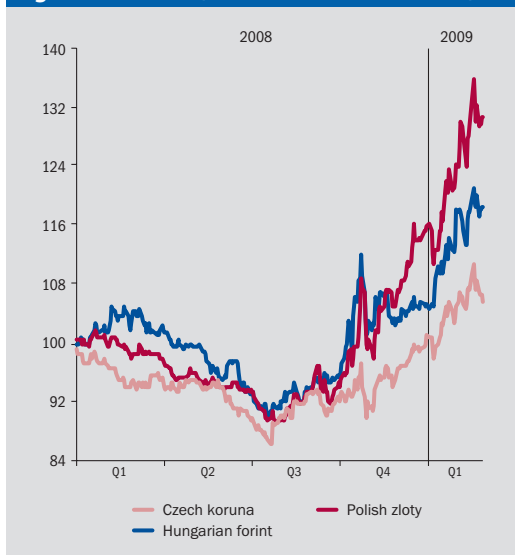
### DEVELOPMENTS IN THE CZECH REPUBLIC, HUNGARY, AND POLAND

In the fourth quarter of 2008, the year-on-year rate of growth continued to slow in all the economies under monitoring in the central European region. Hungary recorded an economic decline in the fourth quarter. The slowdown/decline in these economies

can be mainly attributed to foreign trade and investment. The growth in Poland's gross domestic product slowed by 1.8 percentage points (to 3.1%), mainly as a result of a fall in exports. The growth in gross fixed capital formation recorded a slowdown. On the other hand, a slight growth-stimulating effect was produced by general government consumption and household final consumption, which grew at a faster pace. A positive (but smaller than in the previous quarter) contribution came from investment demand. Net exports and inventories made a negative contribution. In the Czech Republic, the rate of economic growth slowed by 2.2 percentage points, to 0.7%. The slowdown was attributable, as in Poland, to a sharp fall in exports and a slowdown in investment growth. Government spending also decreased, while household consumption slightly increased. After a marked slowdown in the third quarter (to 0.4%), the rate of economic growth in Hungary fell by 1.3% in the fourth quarter. Marked year-on-year decreases were recorded in government and household consumption, as a result of deepening negative growth from the previous quarter; the same applied to new investments. Thus, GDP growth was stimulated only by inventories and net exports.

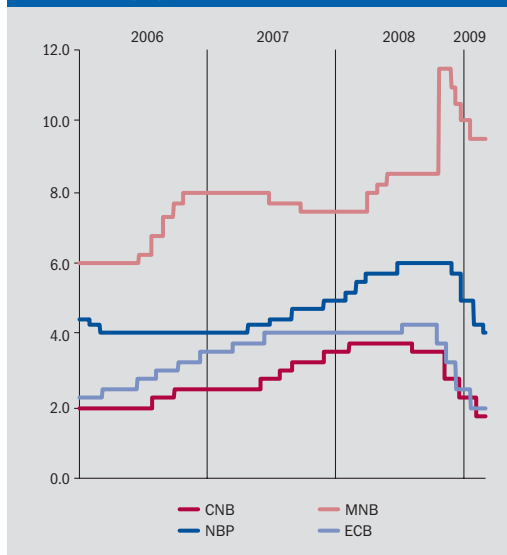
In the fourth quarter of 2008, inflation continued to slow in all economies of the region. The slower

**Chart 21 Exchange rate indices of V4-currencies against the euro (29 December 2006 = 100)**



Source: Eurostat, NBS calculations.  
Note: A fall in value denotes appreciation.

**Chart 22 Key NCB interest rates in the V4-countries (%)**



Source: National central banks, ECB.

price increase was mainly the result of food and energy prices, which reflected the global fall in oil and agricultural commodity prices. Food prices also mirrored the base effect of price increases from the end of 2007. In the Czech Republic, this fact was also supported by price increases at the end of 2007 in connection with the planned VAT increase in 2008. Compared with the previous quarter, inflation fell most significantly in the Czech Republic (by 3.1 percentage points, to 3.3%), followed by Hungary (by 2.2 percentage points, to 3.4%) and Poland (by 0.8 of a percentage point, to 3.3%). Thus, price inflation in these countries was again within the tolerable band of deviations from the target inflation rates of central banks

The most significant slowdown took place in processed food and energy prices. Unprocessed food prices fell in the Czech Republic and Hungary, while rising at a slightly accelerated rate in Poland. At the same time, the negative increases in non-energy industrial goods prices deepened in the CR and Poland; Hungary recorded a rise in these prices.

The currencies of central European countries continued to weaken in the fourth quarter of 2008, in line with the trend from the end of July. The weakening confidence in emerging markets

led to the conversion of short-term portfolio investments in particular into relatively safe currencies, such as the US dollar and the euro.

In October, economic sentiment in the region was also affected by the crisis in Hungary, accompanied by a sharp depreciation of the forint, as well as the Polish zloty. After the situation had stabilised to some extent (the country had received an international financial aid from the EU, IMF, and the World Bank), the exchange rates improved somewhat, the Czech koruna even strengthened for a short time to the same level as at the beginning of October. In November and December, all three currencies continued to depreciate, especially the Polish zloty, which weakened by more than 22% in the fourth quarter. At the end of the year, the sale of assets in emerging markets was supported by concerns about the deepening recession and the domestic economic fundamentals indicating a downturn in economic activity. At the beginning of 2009, the negative sentiment persisted and the exchange rates depreciated relatively sharply up to the middle of February.

In the last three months of 2008, all three central banks modified their key interest rates. Česká národní banka (ČNB) reduced its key rates on two occasions, in October and December (by



0.75 and 0.50 of a percentage point respectively, to 2.25%). These interest rate cuts were mainly justified by the weakening inflationary pressures and the ongoing slowdown in economic growth and inflation, which is expected to continue (according to ČNB forecasts). Magyar Nemzeti Bank (MNB) changed its interest rates on four occasions in the fourth quarter. In response to the situation in the domestic financial market, MNB held a special meeting in October to increase its base rate by 3 percentage points, to 11.5%. In view of the improving economic sentiment, falling inflation, and the prospect of decline in foreign demand and subsequently in

the domestic economy, MNB reduced its interest rates in several rounds. The base rate was changed in November, twice in December, and in January (by 0.5 of a percentage point on each occasion), to 9.5%. The central bank of Poland modified its key interest rates on two occasions in the fourth quarter. The main reasons were: the slower-than-expected economic growth, falling inflation, and the limited access to bank loans in the domestic market. The reference interest rate was reduced in November (by 0.25 of a percentage point), December and January (by 0.75 of a percentage point each time), to 4.25%.



## QUARTERLY REPORT ON THE BALANCE OF PAYMENTS

### BALANCE OF PAYMENTS FOR JANUARY TO DECEMBER 2008

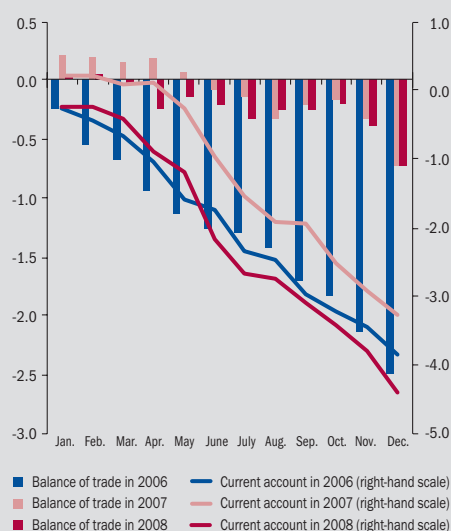
The current account balance for January to December 2008 deteriorated by €1,108.7 million, and resulted in a deficit of €4,388.2 million. The year-on-year increase in the deficit was mainly caused by deteriorations in the services and current transfers balances. On the other hand, the overall increase in the negative current account balance was mitigated by a decrease in the income balance deficit. The balance of foreign trade remained virtually unchanged in 2008, compared with the previous year.

Compared with 2007, exports increased by 5.1% in 2008 (in USD by 21.6%, in EUR by 13.4%) and imports grew by 5.0% (in USD by 21.6%, in EUR by 13.3%).

Over the twelve months of 2008, exports increased most significantly in comparison with the same period last year in the 'machinery and transport equipment' category (this increase was, however, approximately a quarter of the figure for the same period in 2007). Despite this, the increase in the volume of total exports in the period January to December 2008 took place mostly in this category of goods. The fall in the

year-on-year increase in 'machinery and transport equipment' was mainly caused by a year-on-year decline in exports in the 'transport equipment' sub-category (decline in car exports). The decline in transport vehicle exports was mainly the result of developments in the last quarter, when the fall

**Chart 23 Balance of trade and the current account in 2006, 2007 and 2008 (cumulative figures; EUR billions)**



Source: NBS and the Statistical Office of the SR.

**Table 7 Balance of payments current account (EUR millions)**

	Januart – December	
	2008	2007
Balance of trade	-713.7	-710.3
Exports	49,545.2	47,158.6
Imports	50,258.9	47,869.0
Balance of services	-488.0	434.8
Balance of income	-2,293.7	-2,635.6
of which: income from investment	-3,584.9	-3,787.4
of which: reinvested profit	-557.7	-773.4
Current transfers	-892.9	-368.5
<b>Current account in total</b>	<b>-4,388.2</b>	<b>-3,279.6</b>
<b>Current account as a share of GDP in %</b>	<b>-6.5</b>	<b>-5.3</b>
<b>Current account (excluding dividends and reinvested profits) as a share of GDP in %</b>	<b>,-1.4</b>	<b>1.5</b>

Source: NBS and the Statistical Office of the SR.

**Table 8 Exports in January to December, year-on-year changes**

	Year-on-year changes in millions of EUR		Contributions to the year-on-year changes in % points	
	January – December		January – December	
	2008	2007	2008	2007
Raw materials	383.6	-172.0	0.8	-0.4
Chemicals and semi-finished goods	158.3	511.8	0.3	1.3
Machinery and transport equipment	1,538.2	5,575.4	3.3	13.6
Finished products	303.6	320.3	0.6	0.8
<b>EXPORTS in total</b>	<b>2,383.7</b>	<b>6,235.5</b>	<b>5.1</b>	<b>15.2</b>

Source: NBS calculations based on data from the Statistical Office of the SR.

**Table 9 Imports in January to December, year-on-year changes**

	Year-on-year changes in millions of EUR		Contributions to the year-on-year changes in % points	
	January – December		January – December	
	2008	2007	2008	2007
Raw materials	1,398.2	-481.7	2.9	-1.1
Chemicals and semi-finished goods	201.9	1,086.7	0.4	2.5
Machinery and transport equipment	-315.9	3,024.0	-0.7	7.0
Finished products	1,103.5	818.4	2.3	1.9
of which: agricultural and industrial goods	438.3	682.7	0.9	1.6
passenger cars	415.8	234.7	0.9	0.5
machines and electrical consumer goods	249.4	-99.0	0.5	-0.2
<b>IMPORTS in total</b>	<b>2,387.8</b>	<b>4,447.3</b>	<b>5.0</b>	<b>10.2</b>

Source: NBS calculations based on data from the Statistical Office of the SR.

in exports reached more than 128% of the annual decline in automobile exports. The increase in the 'machinery' sub-category diminished year-on-year only slightly, while the volume of exports was positively influenced by a marked increase in the exports of television sets. In contrast with car exports, the exports of electrical products showed accelerated growth at the end of the year, while the year-on-year increase in exports in the fourth quarter accounted for more than 35% of the total annual increase in TV-sets exports. Apart from machines and transport vehicles, chemical products and semi-finished goods also recorded a smaller increase in exports. The smaller increase was due to a year-on-year decline in the exports of chemical products (mainly plastics);

accompanied by slower growth in the exports of semi-finished goods (the increase in iron and steel exports was significantly reduced by a year-on-year fall in the exports of aluminium / aluminium products). A slight fall in exports was recorded in the 'finished products' category, where footwear and toy exports increased. The increased exports of raw materials were mainly stimulated by increased refined oil exports, while part of the increase in exports was caused by price developments.

The largest year-on-year increase in imports was recorded in mining and quarrying, i.e. more than 58% of the total increase in imports. This was to a large extent caused by a year-on-year rise



in oil and gas prices, which stimulated growth in the imports of these commodities. Marked increases were also recorded in the imports of black coal and refined petroleum products. Stronger import growth than last year was recorded in the 'finished products' category, mainly in the imports of machines and electrical products (consumer electronics), passenger cars and, to a lesser extent, industrial products (toys, pharmaceuticals, footwear). In finished products, a smaller increase was recorded in the imports of agricultural products (tobacco). The year-on-year increase in imports in the 'chemicals and semi-finished goods' category also contributed to the year-on-year growth in total imports, but its increase was more than 80% smaller than in 2007. The increased imports of semi-finished goods were concentrated in iron and steel, and iron and steel products. In the 'chemical products' category, the increase in imports took place mostly in plastics. In contrast with the other categories, where imports increased on a year-on-year basis, goods imports in the 'machinery and transport equipment' category declined in comparison with 2007. The decline in imports was caused by a year-on-year fall in the 'transport equipment' sub-category (motor vehicle parts, components, and accessories), which resulted from the fall in car exports in the last quarter in particular.

In terms of territorial structure, Slovakia's external trade recorded no substantial changes in 2008 compared with 2007. The most intense trade relations were maintained with the EU (exports/imports to/from the EU accounted for 85.2% and 67.1% respectively in 2008). Broken down by country, the most important trading partners were still Germany and the Czech Republic

(though their share in exports/imports is on the decrease – a slight increase was recorded in the share of exports to the CR only). The share of Russia in total imports increased as a result of a year-on-year rise in oil prices. In the case of exports, the increased exports to Russia partly compensated for the lower exports to the EU in 2007. Exports to OECD countries also decreased somewhat in 2008, as well as imports from these countries.

The balance of services for January to December 2008 resulted in a deficit of €488.0 million, representing a deterioration of €922.8 million compared with the same period in 2007. The change from last year's surplus to a deficit was mainly caused by 'other services in total' and, to a lesser extent, by tourism and transport services. The increased deficit in the balance of 'other services in total' was mainly caused by a marked increase in payments (accompanied by a fall in receipts) for financial and other services provided (mainly intermediary services and lower receipts for cultural services). The year-on-year deterioration in the balance of tourism services was caused by accelerated growth in the expenses of Slovak residents on services related to tourism, which exceeded the growth in receipts from tourism services provided. In the case of transport services, the surplus achieved last year decreased to some extent, despite increased income from the transit of gas and oil (by €85.2 million), mainly as a result of increased payments for passenger air transport services accompanied by a fall in receipts from these services.

The balance of income improved over the twelve months of 2008 by €341.9 million, owing to

**Table 10 Territorial structure of Slovakia's external trade**

	Exports in %		Imports in %	
	2008	2007	2008	2007
European Union	85.2	86.7	67.1	68.9
of which: Germany	20.2	21.5	19.7	19.9
Czech Republic	13.0	12.4	11.3	11.5
Russia	3.8	,23	10.8	,94
Asia	3.9	,35	16.9	16.8
OECD	86.2	88.5	68.3	69.8

Source: NBS calculations based on data from the Statistical Office of the SR.



a decrease in the negative balance of income from investments coupled with an increase in the surplus of employee compensation. The smaller deficit in income from investments was mainly the result of lower dividend payments to foreign direct investors and lower profit payments to foreign investors (reinvested in Slovakia). On the other hand, interest payments on portfolio investments (interest on Eurobonds) increased in comparison with last year, thus moderating the decrease in the negative balance of income from investments. More favourable developments than last year were also recorded in the compensation of employees, owing to an increase in incomes earned abroad.

The year-on-year increase in the current transfers deficit (by €524.4 million) was mainly caused by developments in the balance of private transfers (an increase in expenses well exceeding the increase in receipts). The most significant increases took place in the category of payments 'subsidies, guarantees and foreclosures of legal

entities', and in payments of income and property taxes. The balance of government transfers also recorded a deterioration (an increase in payments to the EU budget accompanied by a fall in receipts from Eurofunds).

Over the twelve months of 2008, the balance of payments on capital and financial account generated a surplus of €5,868.7 million (compared with a surplus of €6,164.1 million in 2007). The lower inflow of funds in the balance of other investments (compared with last year), caused mainly by developments in short-term deposits on the accounts of Slovak banks and by payments of import liabilities in the corporate sector, was partly offset in the balance of portfolio investments, where a fall was recorded in demand for foreign securities among residents and an increase in demand for bond issues among foreign investors.

From January to December 2008, foreign direct investment (FDI) recorded an inflow of €2,114.5

**Table 11 Balance of payments capital and financial account (EUR millions)**

	January – December	
	2008	2007
Capital account	806.6	375.1
Direct investment	2,114.5	2,363.4
SR abroad	-185.9	-315.3
of which: equity capital abroad	-152.7	-199.2
reinvested earnings	-39.8	-39.8
In the SR	2,300.3	2,678.7
of which: equity capital in the SR	919.5	909.5
of which: other than privatisation	919.5	909.5
reinvested earnings	597.5	813.3
Portfolio inv. and financial derivatives	1,576.7	-537.7
SR abroad	162.7	-653.9
In the SR	1,414.1	116.2
Other long-term investments	156.0	630.7
Assets	-451.4	-212.4
Liabilities	607.4	843.1
Other short-term investments	1,214.9	3,332.7
Assets	-112.9	-972.6
Liabilities	1,327.8	4,305.3
<b>Capital and financial account</b>	<b>5,868.7</b>	<b>6,164.1</b>

Source: NBS.

**Table 12 Capital inflows in other investments by sector (EUR millions)**

	January – December 2008	January – December 2007	Year-on-year changes
Banks	1,817.2	2,935.3	-1,118.1
Enterprises	-491.2	1,198.5	-1,689.7
Government + NBS	45.0	-172.6	217.6
Total	1,371.0	3,961.2	-2 590.2

Source: NBS.

million, representing a year-on-year decline of €248.9 million compared with the same period in 2007. The year-on-year change in the balance of direct investments was mainly the result of a lower estimate of reinvested earnings, which were reinvested in the economy by foreign investors, and of a smaller capital inflow in the form of other capital. Concerning assets, the total outflow of funds was moderated by the lower interest of residents in making FDIs abroad (inflow in the form of equity participations and other capital).

Portfolio investments resulted in a net inflow of €1,576.7 million, compared with a net outflow of €537.7 million last year. The increased net inflow was influenced on the assets side by a fall in demand for foreign equity and debt securities among Slovak residents. On the liabilities side, the increased inflow resulted from an increase in demand for bond issues among foreign investors.

In other investment, an inflow of €1,371.0 million was recorded in the period from January to December 2008, compared with €3,961.2 million recorded in the same period a year earlier. The year-on-year fall (€2,590.2 million) resulted from developments in the corporate and banking sectors. While the outflow in the corporate sector mainly resulted from the payment of import liabilities, which was accompanied by an increase in deposits on accounts abroad, the outflow in the banking sector resulted from the fact that the inflow of funds from financial loans was exceeded by a year-on-year fall in short-term non-resident deposits on accounts at Slovak banks.

The foreign reserves of NBS (excluding exchange rate differences) fell by €151.1 million during 2008.

### THE EXTERNAL DEBT OF SLOVAKIA AS AT 31 DECEMBER 2008

At the end of December 2008, Slovakia's total gross external debt stood at USD 52.5 billion (€37.3 billion), representing a year-on-year increase of USD 8.2 billion (€7.1 billion). Total long-term foreign debt grew year-on-year by USD 4.7 billion, while total short-term foreign debt increased by USD 3.5 billion. The increase in Slovakia's external debt during 2008 was significantly influenced by the EUR/USD cross rate.

Concerning long-term external debt, the foreign liabilities of the Government and NBS increased year-on-year by USD 0.8 billion. This increase was caused by increased interest in the purchase of Sk-denominated government bonds. Long-term foreign debt in the commercial sector increased by USD 3.9 billion, with the foreign liabilities of commercial banks growing by USD 1.2 billion (of which bonds and bills of exchange accounted for USD 1.0 billion) and the foreign liabilities of entrepreneurial entities increasing by USD 2.7 billion (of which loans accounted for USD 2.6 billion).

As regards short-term foreign debt, the short-term foreign liabilities of commercial banks increased by USD 3.2 billion (mostly in the form of loans, cash, and deposits) and those of entrepreneurial entities increased by USD 0.3 billion.

At the end of December 2008, Slovakia's total per-capita gross foreign debt stood at USD 9,764, compared with USD 8,237 at the end of December 2007. The share of short-term foreign debt in the country's total gross external debt decreased year-on-year by 1.7 percentage points, from 53.3% at the end of December 2007 to 51.6% at the end of December 2008.

**Table 13 External debt of the Slovak Republic**

	In millions of USD		In millions of EUR	
	31.12.2007	31.12.2008	31.12.2007	31.12.2008
Total external debt of the SR	44,308.7	52 526.5	30,156.2	37 286.0
Long-term external debt	20,709.7	25 414.7	14,094.9	18 040.6
Government and NBS <sup>1)</sup>	9,502.4	10 313.3	6,467.3	7 320.9
Commercial banks	2,150.8	3 334.6	1,463.8	2 367.0
Entrepreneurial entities	9,056.5	11 766.8	6,163.8	8 352.7
Short-term external debt	23,599.0	27 111.8	16,061.3	19 245.4
Government and NBS	0.0	0.0	0.0	0.0
Commercial banks	12,095.6	15 321.6	8,232.2	10 876.1
Entrepreneurial entities	11,503.4	11 790.2	7,829.1	8,369.3
Foreign assets	37,017.4	40 007.8	25,193.8	28 399.6
Net external debt	7,291.3	12 518.7	4,962.4	8 886.4
SKK/USD and SKK/EUR rates:	22.870	21.385	33.603	30.126
EUR/USD cross exchange rate:	-	-	1.469	1.409

Source: NBS.

<sup>1)</sup> Including government agencies and municipalities.

The net external debt of Slovakia, expressed as the difference between gross foreign debt, i.e. USD 52.5 billion (liabilities of NBS and the Government, commercial banks, and the corporate sector – except for equity participations), and foreign assets, i.e. USD 40.0 billion (foreign reserves of NBS, foreign assets of commercial banks and the corporate sector – except for equity participations), reached

USD 12.5 billion (debtor position) at the end of December 2008. Slovakia's net external debt increased year-on-year by USD 5.2 billion.

According to preliminary data, Slovakia's total gross external debt as a share of GDP at current prices reached 55.4% at 31 December 2008, representing an increase of 0.7 of a percentage point compared with 2007.



## DEVELOPMENT OF THE REAL ECONOMY IN THE FOURTH QUARTER OF 2008

### GROSS DOMESTIC PRODUCT

According to revised data from the Statistical Office of the SR, gross domestic product (GDP) increased year-on-year by 2.5% at constant prices in the fourth quarter of 2008. Compared with third quarter of 2008, the rate of GDP growth slowed by 4.1 percentage points. Thus, GDP at constant prices grew over the course of 2008 by 6.4%.

In terms of production, the slowdown in the year-on-year rate of GDP growth was mainly due to a fall in value added in industry, coupled with a decrease in net taxes on products. The nominal volume of GDP generated in the fourth quarter of 2008 amounted to €17.3 billion, which was 4.7% more than a year earlier.

### DEMAND

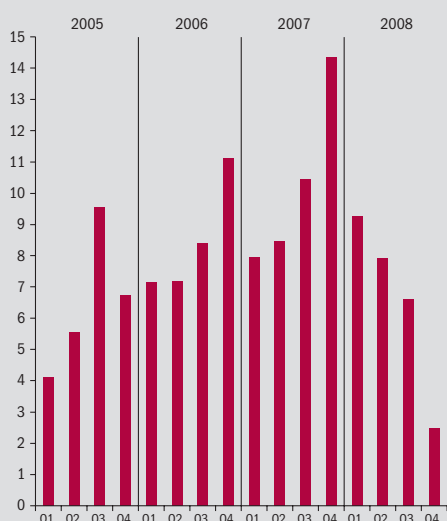
In terms of consumption, the structure of economic growth in the fourth quarter of 2008 was mainly influenced by the growth of

domestic demand<sup>13</sup> (2.8% at constant prices), accompanied by decline in foreign demand (-7.8%). The economic growth was stimulated by all components of domestic demand.

The growth in domestic demand in the fourth quarter of 2008 was 4.4 percentage points slower than in the previous period and accelerated in real terms by 2.8%. The consumption component of domestic demand increased year-on-year by 4%, which represented a slowdown of 1.8 percentage points in dynamics compared with the third quarter of 2008. This was the result of slower growth in household expenditure on consumption (by 4.7% in the fourth quarter of 2008, compared with 6.0% in the previous quarter), as well as in government spending, which increased by 2.3% (3.0 percentage points less than in the third quarter of 2008). Non-profit institutions serving households recorded faster growth in consumption than in the previous quarter.

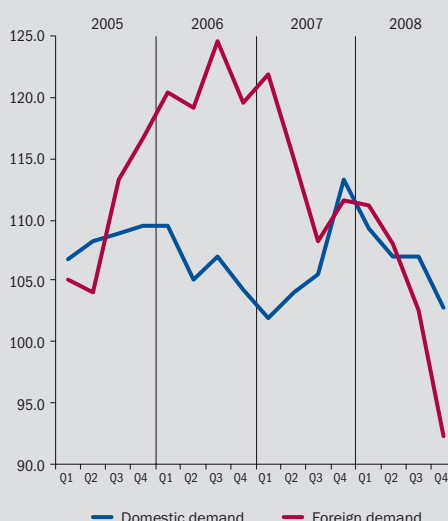
In the fourth quarter of 2008, investment grew in all categories of production, but at a slower pace than in the previous quarter. Compared with the

Chart 24 Development of real GDP by quarter (%)



Source: Statistical Office of the SR.

Chart 25 Development of domestic and foreign demand (index, same period a year earlier = 100)



Source: Statistical Office of the SR and NBS calculations.

<sup>13</sup> The sum of final consumption by households, final consumption by general government, final consumption by non-profit institutions serving households, and gross capital formation.

**Table 14 GDP Development by consumption (index, same period a year earlier = 100, constant prices)**

	2007		2008				
	Q4	Year	Q1	Q2	Q3	Q4	rok
Gross domestic product	114.3	110.4	109.3	107.9	106.6	102.5	106.4
Domestic effective demand	113.4	106.5	109.5	107.0	107.2	102.8	106.4
Final consumption	103.8	104.9	106.6	106.5	105.8	104.0	105.7
Households	105.8	107.1	108.4	105.7	106.0	104.7	106.1
General government	98.7	98.7	100.7	109.6	105.3	102.3	104.3
Non-profit institutions serving households	104.0	102.0	101.9	101.0	100.4	102.2	101.4
Gross fixed capital formation	107.0	108.7	107.5	111.8	107.3	101.4	106.8
Exports of goods and services	111.6	113.8	111.2	108.1	102.7	92.2	103.2
Imports of goods and services	110.2	108.9	110.6	107.7	103.6	93.3	103.3

Source: Statistical Office of the SR.

**Table 15 Structure of gross fixed capital formation in the fourth quarter of 2008 (current prices)**

	Gross fixed capital formation (EUR millions)	Proportion (%)	Index	
			Q3 08 Q3 07	Q4 08 Q4 07
Economy of the SR in total:	4,678	100.0	109.2	104.6
<i>of which, by sector:</i>				
Non-financial corporations	3,119	66.7	104.0	103.1
Financial corporations	75	1.6	90.0	102.4
General government	493	10.5	125.4	102.6
Households	980	20.9	126.6	110.9
Non-profit institutions	10	0.2	106.6	101.0
<i>of which, by production:</i>				
Machinery	1,710	36.6	126.7	107.6
of which: other machines and equipment	1,285	27.5	121.1	110.2
transport equipment	426	9.1	141.5	100.6
Buildings	2,570	54.9	105.8	103.5
of which: residential buildings	471	10.1	124.0	115.1
other buildings	2,099	44.9	102.4	101.2

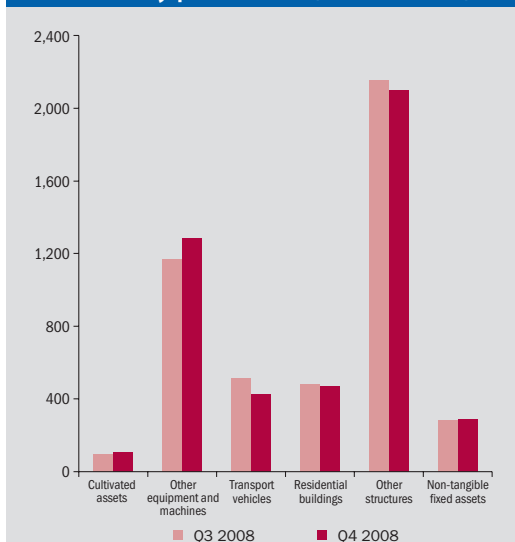
Source: Statistical Office of the SR.

third quarter of 2008, the share of investments in machines increased by 0.7 of a percentage point, while that of construction investments decreased by 1.2 percentage points. All sectors of the economy contributed to the growth in fixed investments.

In the fourth quarter of 2008, final consumption expenditure increased year-on-year by 4.0%

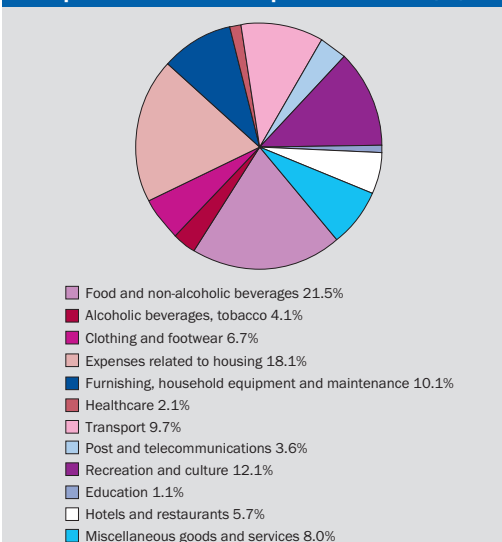
at constant prices (compared with 5.8% in the previous quarter). Broken down by component, final consumption in the household sector was affected by a slowdown in wage growth as well as employment growth. The total loans provided by monetary financial institutions to households as a share of their final consumption continued to increase in the fourth quarter of 2008, by 0.8 of

**Chart 26 Breakdown of gross fixed capital formation by production (EUR millions)**



Source: Statistical Office of the SR.

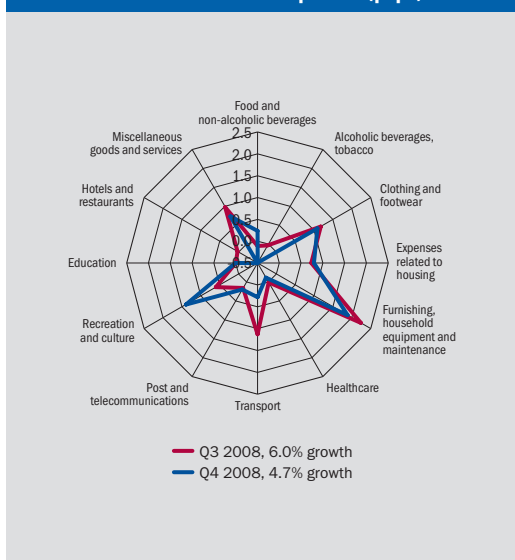
**Chart 27 Structure of final household consumption in the fourth quarter of 2008 (%)**



Source: Statistical Office of the SR.

Note: The individual items of final consumption do not add up.

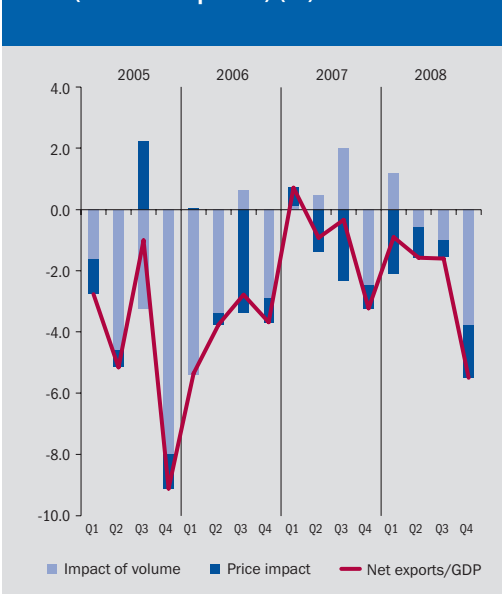
**Chart 28 Contributions of consumer expenditure groups to growth in household final consumption (p.p.)**



Source: NBS calculations based on data from the SO SR.

Note: The individual items of final consumption do not add up.

**Chart 29 Contributions of net exports to GDP (at current prices) (%)**



Source: NBS calculations based on data from the SO SR.

a percentage point compared with the previous quarter, to 33.2%. The growth in government consumption (2.3% at constant prices) was mainly the result of growth in social contributions in kind.

In terms of year-on-year growth in consumption expenditure at constant prices, the most dynamic

growth within household final consumption took place in spending on furnishings, household appliances, and routine house maintenance, and on clothes and footwear in the fourth quarter of 2008. In percentage terms, the largest consumption components were, as in the third quarter, expenditures on food and non-alcoholic



**Table 16 Impact of price and volume on exports and imports (p.p.)**

	Q4 07 Q4 06	2007 2006	Q1 08 Q1 07	Q2 08 Q2 07	Q3 08 Q3 07	Q4 08 Q4 07	2008 2007
Exports of goods and services (year-on-year growth in %, current prices)	11.6	14.4	14.6	11.4	4.5	-10.1	4.6
Impact of volume	11.6	13.8	11.2	8.1	2.7	-7.8	3.2
Impact of price	0.0	0.6	3.3	3.2	1.8	-2.3	1.4
Imports of goods and services (year-on-year growth in %, current prices)	11.0	10.7	16.6	12.2	6.2	-6.9	6.4
Impact of volume	10.2	8.9	10.6	7.7	3.6	-6.7	3.3
Impact of price	0.8	1.8	6.0	4.5	2.6	-0.2	3.1
Net exports as a share of GDP (share in %, current prices)	-3.2	-1.0	-0.9	-1.6	-1.6	-5.5	-2.4
Impact of volume	-2.5	0.0	1.2	-0.6	-1.0	-3.8	-1.1
Impact of price	-0.8	-1.0	-2.1	-1.0	-0.5	-1.7	-1.3
Terms of trade (index)	99.2	98.9	97.7	98.9	99.3	97.7	98.4

Source: NBS calculations based on data from the Statistical Office of the SR.

Notes: Calculated from GDP figures in millions of SKK; the contribution of imports of goods and services reduces the values of net exports and GDP; figures may not add up due to rounding. Terms of trade calculations are based on year-on-year changes in the export and import deflators of goods and services.

beverages (21.5%) and expenditures related to housing (18.1%).

In the fourth quarter of 2008, the growth in household final consumption was mainly based on expenditures on furnishings, household appliances, and routine house maintenance; recreation and culture; and on clothes and footwear.

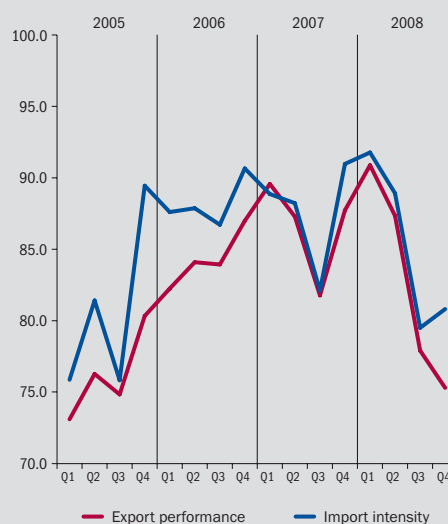
The exports and imports of goods and services at current prices decreased year-on-year by 10.1% and 6.9%, respectively. Compared with the third quarter of 2008, nominal net exports decreased by approximately €677 million, and brought about a deficit of €957 million.

With price developments in foreign markets taken into account, net exports at constant prices showed a deficit of €202 million in the fourth quarter of 2008 (€784 million more than a year earlier).

Import prices in foreign trade, as measured by the import deflators of goods and services, were mainly influenced by the prices of commodities. Import prices sank year-on-year by 0.2%, while export prices dropped by 2.5%. Thus, the terms of trade deteriorated in the third fourth quarter of 2008.

In the fourth quarter of 2008, the export performance of the Slovak economy weakened by 1.6 percentage points compared with the previous quarter, with goods and services exports as a share of GDP at current prices reaching

**Chart 30 Developments in export performance and import intensity (%)**



Source: Statistical Office of the SR.

**Table 17 GDP creation by component (index, same period a year earlier = 100, const. prices)**

	2007		2008				
	Q4	Year	Q1	Q2	Q3	Q4	Year
Gross output	114.3	110.9	108.3	109.9	105.2	101.4	106.0
Intermediate consumption	115.6	111.2	107.3	110.8	103.9	100.1	105.3
Value added	112.3	110.4	110.2	108.6	106.9	103.6	107.2
Net taxes on products <sup>1)</sup>	134.4	110.7	99.9	101.7	103.7	93.7	99.4

1) Value added tax, excise tax, import tax, minus subsidies.

Source: Statistical Office of the SR.

**Table 18 GDP development by sector (index, same period a year earlier = 100, constant prices)**

Economic sector	Q4 07	2007	Q1 08	Q2 08	Q3 08	Q4 08	2008
	Q4 06	2006	Q1 07	Q2 07	Q3 07	Q4 07	2007
Gross domestic product	114.3	110.4	109.3	107.9	106.6	102.5	106.4
of which:							
Agriculture	120.0	109.2	106.4	97.1	106.0	113.9	109.2
Industry	117.9	113.0	111.4	106.9	90.7	79.8	96.3
Construction	105.8	107.8	107.3	106.6	108.7	129.3	114.0
Trade, hotels and restaurants, transport	116.7	114.1	116.2	113.6	119.4	118.8	117.0
Financial intermediation, real estate	109.1	104.2	105.5	107.2	116.8	111.6	110.5
Public administration, education, health care, and other community, social, and personal services	101.2	108.2	106.3	108.0	107.8	104.8	106.7
Net taxes on products <sup>1)</sup>	134.4	110.7	99.9	101.7	103.7	93.7	99.4

1) Value added tax, excise tax, import tax, minus subsidies.

Source: Statistical Office of the SR.

75.3%. At the same time, import intensity increased by 1.3 percentage points, to 80.8%. The openness of the Slovak economy, expressed in terms of the ratio of exports and imports of goods and services to nominal GDP, diminished by 1.3 percentage points compared with the previous period, to 156.1%.

## SUPPLY

GDP growth in the fourth quarter of 2008 was influenced by value added creation, which grew year-on-year by 3.6% at constant prices (compared with 6.9% in the third quarter of 2008). Net taxes, which include value added tax, excise tax, import tax (minus subsidies), decreased by 6.3%, after increasing in the previous quarter by 3.7%, owing to the base effect of stocking-up on cigarettes. The dynamics of intermediate consumption weakened by 3.8 percentage points, to 0.1%.

Value added growth was recorded in all sectors, except in industry. The strongest value added growth was recorded in construction (29.3%); trade, hotels & restaurants, and transport (18.8%); and in agriculture (13.9%).

## GROSS NATIONAL INCOME

According to revised data from the Statistical Office of the SR, gross national income<sup>14</sup> (GNI) increased year-on-year by 3.9% at current prices in the fourth quarter of 2008. Compared with the previous period, the rate of GNI growth slowed by 12.6 percentage points (owing to a marked increase in the dynamics of primary income paid by residents to non-residents). Gross national disposable income (GNDI) increased year-on-year by 2.5% at current prices.

The smaller volume of GNI compared with GDP indicates that, in the fourth quarter of

<sup>14</sup> Gross national income (GNI) is one of the macroeconomic indicators used for measuring the output of the economy according to the national concept, while GDP is based on the domestic concept, which represents the final result of resident units achieved in the period under review. GNI is calculated as follows: GDP at market prices minus primary income paid by residents to non-residents, plus primary income received by residents from non-residents. Gross national disposable income (GNDI) is a balance-sheet item in the non-financial national accounts, and is calculated from GNI reduced by current transfers paid to non-resident units and increased by current transfers received from non-resident units.

**Table 19 Comparison of GDP, GNP, and GNDI (EUR millions, current prices)**

	2007		2008				
	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Gross domestic product (GDP)	16,565	61,501	15,602	16,722	17,658	17,349	67,331
Gross national product (GNP)	16,004	59,798	15,597	16,086	17,327	16,632	65,642
Gross national disposable income (GNDI)	15,863	59,004	15,317	15,796	17,018	16,260	64,391
GDP – growth index	110.6	111.7	112.9	111.3	109.7	104.7	109.5
GND – growth index	107.6	111.2	112.4	106.9	116.5	103.9	109.8
GNDI – growth index	107.7	111.1	112.0	105.9	117.0	102.5	109.1
GND to GDP ratio in %	96.6	97.2	100.0	96.2	98.1	95.9	97.5
GNDI to GDP ratio in %	95.8	95.9	98.2	94.5	96.4	93.7	95.6

Source: Statistical Office of the SR.

**Table 20 Average monthly wages and labour productivity in the Slovak economy**

	2007		2008				
	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Nominal wage (index)	108.0	107.2	110.0	109.5	108.8	104.6	108.1
Real wage	104.5	104.3	105.8	104.8	103.5	99.8	103.3
Labour productivity, curr. prices	108.2	109.0	109.9	108.4	106.8	102.9	106.7
Labour productivity, const. prices	111.8	107.7	106.4	105.1	103.3	100.8	103.7
Real labour productivity – real wage (percentage points)	7.3	3.4	0.6	0.3	-0.2	1.0	0.4
CPI (average for the period)	103.3	102.8	104.0	104.5	105.1	104.8	104.6

Source: Statistical Office of the SR, NBS calculations.

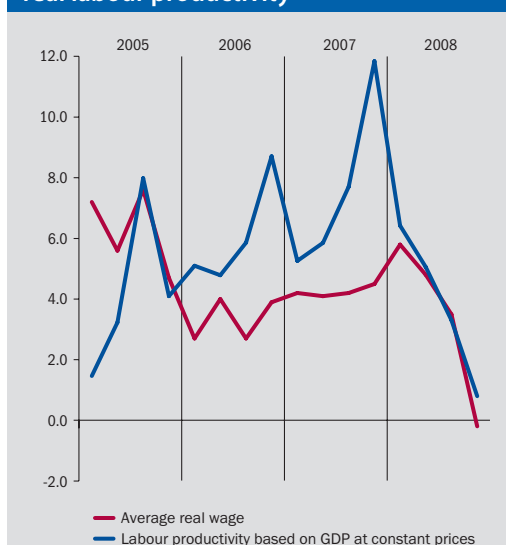
Note: Labour productivity is calculated on the basis of GDP and employment data obtained from quarterly statistics.

2008, the inflow of incomes earned by persons working abroad (employee compensation) into the economy was smaller than the outflow of incomes earned from economic activity in the territory of the domestic economy (property income, reinvested earnings, and interest).

## WAGES AND LABOUR PRODUCTIVITY

In the fourth quarter of 2008, the average monthly nominal wage of an employee in the Slovak economy increased year-on-year by 4.6%, to €796.36. Compared with the previous quarter, however, the rate of wage growth slowed by 4.2 percentage points. Slowdown was recorded in all sectors, except in mining and quarrying, hotels and restaurants, and education.

The strongest nominal wage growth in the fourth quarter of 2008 was recorded in mining and

**Chart 31 Development of real wages and real labour productivity**

Source: Statistical Office of the SR, NBS calculations.

**Table 21 Average compensation per employee and labour productivity in the Slovak economy (ESA 95) (index, same period a year earlier = 100)**

	2007		2008				
	Q4	Q1–Q4	Q1	Q2	Q3	Q4	Year
Compensation per employee, nominal	109.8	108.7	110.9	110.4	109.2	106.2	109.0
Compensation per employee, Real	105.7	105.9	106.5	105.2	104.3	102.4	104.4
Labour productivity, current prices	108.1	109.4	109.8	108.1	106.8	102.5	106.5
Labour productivity, const. prices	111.7	108.1	106.3	104.8	103.2	100.4	103.5
Real labour productivity – real compensation per employee (in percentage points)	6.0	2.2	-0.2	-0.4	-1.1	-2.0	-0.9
ULC nominal	98.2	100.6	104.4	105.3	105.8	105.8	105.3
Deflator of household final consumption	103.9	102.6	104.2	104.9	104.7	103.7	104.4

Source: Statistical Office of the SR, NBS calculations.

Note: Labour productivity is calculated from GDP figures and employment based on ESA 95.

**Table 22 Real labour productivity and employee compensation in the fourth quarter of 2008 (index, same period a year earlier = 100)**

	Real labour productivity	Real compensation per employee
Economy in total:	100.4	102.4
Agriculture and fishing	114.0	103.2
Industry	80.8	100.9
Construction	117.9	95.7
Trade, hotels and restaurants, transport	114.2	102.6
Financial intermediation, real estate business	106.5	103.3
Public administration, education, health care, and other community, social, and personal services	104.8	105.5

Source: Statistical Office of the SR, NBS calculations.

quarrying (12.7%); trade (9.0%); other community services (8.6%); health and social care (7.7%); construction (7.2%); and education (6.1%).

The dynamics of real wages weakened by 0.2% in the fourth quarter of 2008. Real wages fell in most sectors of the national economy in this quarter.

Compared with the third quarter of 2008, the rate of productivity growth slowed in nominal terms by 3.9 percentage points and in real terms by 2.5 percentage points. The growth rate of real labour productivity exceeded the dynamics of real wages by 1 percentage point.

In the fourth quarter of 2008, nominal compensation per employee (ESA 95) grew year-

on-year by 6.2%, but the rate of growth slowed in comparison with the previous quarter by 3 percentage points.

Labour productivity, calculated according to ESA 95, increased in nominal terms by 2.5% and in real terms by 0.4% on a year-on-year basis. Broken down by sector, real labour productivity (calculated from ESA 95 data) fell in industry in the third quarter of 2008. In services, labour productivity increased by 9.7%.

Unit labour costs according to ECB methodology (ULCECB), defined as the ratio of growth in nominal compensation per employee to growth in real labour productivity (GDP per total employment) based on ESA 95 data, increased by 5.8% year-on-year in the fourth quarter of 2008. However, they



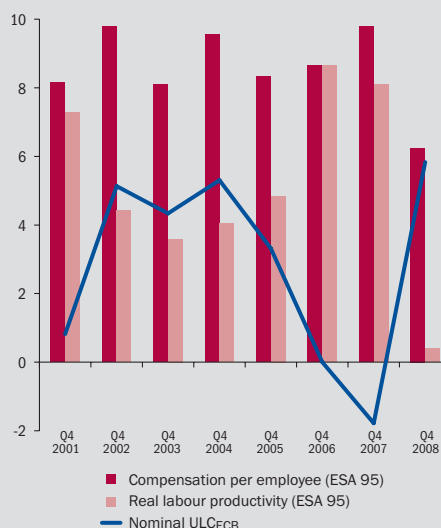
remained unchanged compared with the previous quarter. This development was mainly the result of a marked slowdown in real labour productivity in comparison with the same period a year earlier.

## INCOME AND EXPENDITURE OF HOUSEHOLDS

According to preliminary data from the Statistical Office of the SR, the current income of households reached €15.6 billion in the fourth quarter of 2008, representing a year-on-year increase of 11.9% in nominal terms. Compared with the third quarter of 2008, the rate of wage growth slowed by 0.5 of a percentage point. Within the structure of current income, the fastest growth was recorded in gross mixed income (21.5%).

The current expenditure of households (expenses paid to other sectors and not used for direct consumption) increased year-on-year by 11.4%, to €4.5 billion. Their dynamics weakened by 1.2 percentage points compared with the previous quarter. The year-on-year growth in current

**Chart 32 Unit labour costs by component in ECB methodology (%)**



Source: Statistical Office of the SR, NBS calculations.

expenditure was caused by growth in current taxes on income and property, and in social security contributions.

**Table 23 Generation and use of income in the household sector (current prices)**

	EUR billions		Index <sup>1</sup>		Share in %	
	Q4 2007	Q4 2008	Q4 07 / Q4 06	Q4 08 / Q4 07	Q4 2007	Q4 2008
Employee compensation (all sectors)	7.1	7.6	110.9	106.7	50.9	48.5
of which: gross wages & salaries	5.6	6.0	110.5	106.8	39.9	38.1
Gross mixed income	4.0	4.9	111.4	121.5	28.7	31.2
Property income - received	0.4	0.5	143.2	110.4	3.1	3.1
Social benefits	2.0	2.2	111.0	111.7	14.1	14.0
Other current transfers - received	0.5	0.5	126.0	111.0	3.2	3.2
<b>Current income in total</b>	<b>14.0</b>	<b>15.6</b>	<b>112.3</b>	<b>111.9</b>	<b>100.0</b>	<b>100.0</b>
Property income - paid	0.2	0.2	93.1	106.4	5.1	4.9
Current taxes on income, wealth, etc.	0.7	0.8	118.2	116.6	17.3	18.2
Social contributions	2.7	3.0	113.0	110.9	67.2	66.8
Other current transfers - paid	0.4	0.5	110.4	109.0	10.4	10.1
<b>Current expenditure in total</b>	<b>4.0</b>	<b>4.5</b>	<b>112.4</b>	<b>111.4</b>	<b>100.0</b>	<b>100.0</b>
<b>Gross disposable income</b>	<b>9.9</b>	<b>11.1</b>	<b>112.3</b>	<b>112.1</b>	-	-
Adjustment for changes in net household assets in the reserves of pension funds	0.3	0.3	92.9	106.1	-	-
Household final consumption	9.0	9.7	109.9	108.5	-	-
Gross household savings	1.2	1.7	126.5	136.9	-	-

Source: Statistical Office of the SR.

<sup>1</sup> Indices are based on figures in millions of SKK.

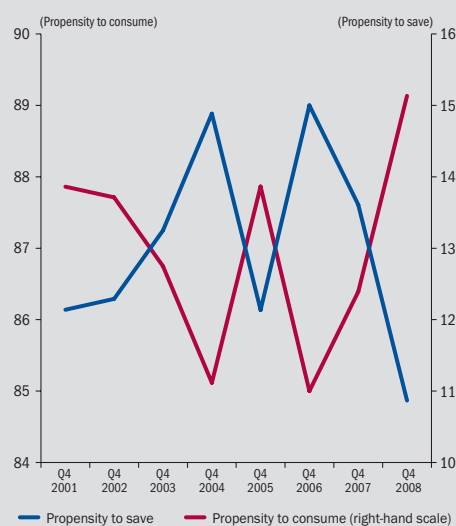
With current expenditure being deducted from current income, the gross disposable income of households amounted to €11.1 billion, representing a year-on-year increase of 12.1% (compared with 12.3% in the third quarter of 2008). Of the disposable income, 87.2% was used for final consumption; the remainder went to gross savings, which increased year-on-year by 36.9%. The ratio of gross household savings reached 15.1%, which was 9 percentage points more than in the third quarter of 2008.

### EMPLOYMENT AND UNEMPLOYMENT

According to a statistical survey, employment increased year-on-year by 1.7% in the fourth quarter of 2008; according to the methodology of national accounts (ESA 95), employment grew by 2.1%. The year-on-year growth in employment according to a labour force sample survey (LFSS) reached 2.8%. Compared with the third quarter of 2008, the rate of growth slowed by 1.7 percentage points. The number of persons working abroad decreased year-on-year by 12.2%. Regarding the structure of workers, total employment (LFSS) in the fourth quarter of 2008 was mostly influenced by an increase in the number of entrepreneurs (by 10.3%). The number of employees grew year-on-year by 2.0%.

Broken down by sector, employment (based on ESA 95) increased year-on-year most significantly in construction; transport and storage; post and telecommunications; hotels and restaurants; real estate and renting activities; and in financial intermediating (in the fourth quarter of 2008).

**Chart 33 Propensity of households to save and to consume (%)**



Source: Statistical Office of the SR, NBS calculations.

Employment remained below the level of last year in other community services, industry, health care, education, and agriculture.

According to a labour force sample survey, the number of unemployed decreased year-on-year by 14.9% in the fourth quarter 2008. This decrease was also reflected in the rate of unemployment, which stood at 8.7% in the fourth quarter, this was 0.3 of a percentage point less than in the third quarter of 2008. According to the registers of Offices for Labour, Social Affairs and Family, the average unemployment rate in the fourth quarter of 2008 was 7.9%, which was 0.4 of a percentage point more than in the previous quarter.

**Table 24 Developments in gross disposable income (index, same period a year earlier = 100, current prices)**

	2007		2008				
	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Gross disposable income	112.3	112.0	110.3	112.7	112.3	112.1	111.9
Household final consumption	109.9	109.9	112.9	110.9	111.1	108.5	110.8
Gross household savings	126.5	141.2	76.2	126.9	133.5	136.9	122.3
Gross savings as a share of gross disposable income (%)	12.4	8.4	4.7	9.6	6.2	15.1	9.2

Source: Statistical Office of the SR, NBS calculations.



Table 25 Employment and unemployment (average for the period)							
	2007		2008				
	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Employment according to statistical records <sup>1)</sup> thousands of persons	2,252.5	2,222.7	2,260.9	2,274.4	2,294.1	2,290.6	2,280.0
index, same period a year earlier =100	102.2	102.5	102.7	102.7	103.2	101.7	102.6
Employment according to a labour force sample survey thousands of persons	2,398.4	2,357.3	2,391.3	2,404.8	2,472.9	2,466.0	2,433.8
index, same period a year earlier =100	102.8	102.4	102.8	102.9	104.5	102.8	103.2
Employment according to ESA 95 thousands of persons	2,204.7	2,177.0	2,207.7	2,226.9	2,262.6	2,251.0	2,237.1
index, same period a year earlier =100	102.3	102.1	102.8	102.9	103.2	102.1	102.8
Unemployment according to a labour force sample survey thousands of persons	275.3	291.9	280.5	270.8	244.1	234.4	257.5
index, same period a year earlier =100	86.3	82.6	92.6	93.0	81.9	85.1	88.2
Unemployment rate according to a labour force sample survey in %	10.3	11.0	10.5	10.1	9.0	8.7	9.6
Rate of registered unemployment in % <sup>2)</sup>	7.9	8.4	7.8	7.4	7.5	7.9	7.7

1) Including professional soldiers (since 2007).  
2) NBS calculations based on monthly data from the Centre for Labour, Social Affairs and Family.  
Source: Statistical Office of the SR.

Table 26 Developments in employment by sector (ESA 95) (index, same period a year earlier = 100)							
	2007		2008				
	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Economy in total	102.3	102.1	102.8	102.9	103.2	102.1	102.8
Agriculture, hunting	92.0	93.5	100.8	101.4	101.0	99.9	100.8
Industry	102.0	102.4	103.2	102.6	101.7	98.8	101.6
Mining and quarrying	105.6	103.6	102.0	99.6	95.7	94.2	97.8
Manufacturing	102.6	103.0	103.9	103.3	102.3	99.2	102.2
Electricity, gas, and water supply	92.3	93.5	94.0	92.8	93.6	93.7	93.5
Construction	107.1	107.1	105.9	106.4	109.1	109.6	107.8
Trade	109.0	106.6	104.5	105.6	104.3	103.2	104.4
Hotels and restaurants	100.8	101.1	110.0	108.9	103.5	105.0	106.8
Transport, storage, post and telecommunications	102.9	102.6	106.8	107.5	105.1	106.2	106.4
Financial intermediation	100.2	100.7	104.1	103.6	103.9	104.3	104.0
Real estate, renting, and business activities	98.8	98.1	103.0	102.8	109.0	104.9	104.9
Public administration and defence; compulsory social insurance	97.8	99.4	99.5	100.5	101.0	101.8	100.7
Education	96.8	98.0	97.7	98.1	100.5	99.7	99.0
Health and social care	109.2	108.1	96.4	97.1	99.1	99.6	98.1
Other community services	91.2	91.3	99.4	95.3	97.0	98.1	97.4

Source: Statistical Office of the SR.



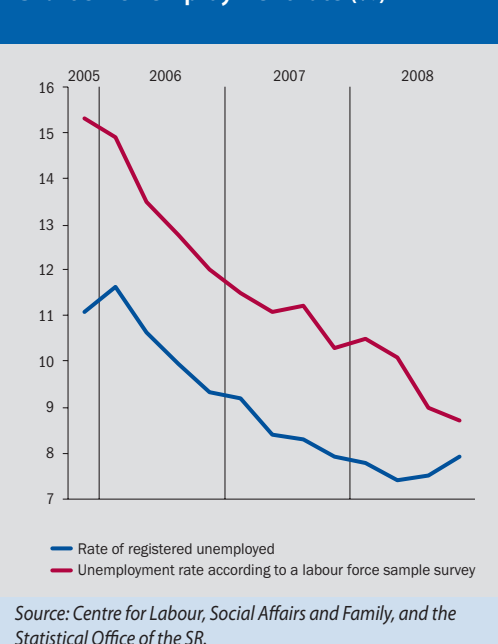
In the fourth quarter of 2008, the continuing year-on-year growth in labour supply (i.e. persons in productive and post-productive age) was mostly reflected in the increased number of economically inactive persons (i.e. persons outside the labour market). As a result, the rate of economic activity reached 59.1%, representing a year-on-year fall of 0.4 of a percentage point compared with the previous quarter. The employment rate fell by 0.2 of a percentage point compared with the third quarter of 2008, to 62.9% in the fourth quarter.

### FINANCIAL RESULTS OF CORPORATIONS

According to preliminary data from the Statistical Office of the SR, financial and non-financial corporations achieved a total profit of €8.91 billion over the four quarters of 2008. This profit was 18.2% lower than in the same period of 2007; the earnings of non-financial corporations dropped by 7.4% and financial corporations suffered a loss of €0.57 billion.

Non-financial corporations achieved lower profits mostly in manufacturing production; transport and storage; post and telecommunications; hotels and restaurants; and in other community, social and personal services. On the other hand, profits increased in wholesale trade, retail trade, the sale of motor vehicles and fuels; construction; real estate, renting, and business activities; agriculture; and in education.

Chart 34 Unemployment rate (%)



Among non-financial corporations, trading corporations achieved a pre-tax profit of €2.77 billion in 2008 (23.4% more than in 2007), manufacturing corporations achieved €2.36 billion before taxation (-26.0%), and electricity, gas, and water supply corporations €1.51 billion (-15.2%).

Financial corporations recorded a loss of €0.57 billion in 2008 (compared with a profit of Sk0.64

Table 27 Financial results of corporations (EUR millions, current prices)

	2006	2007	2008 <sup>1)</sup>	Index 2008 2007
Financial result (before taxation)				
<b>Non-financial and financial corporations in total</b>	<b>8,908.6</b>	<b>10,886.9</b>	<b>8,916.9</b>	<b>81.9</b>
of which:				
<b>Non-financial corporations</b>	<b>9,305.9</b>	<b>10,243.8</b>	<b>9,484.7</b>	<b>92.6</b>
<b>Financial corporations</b>	<b>-397.3</b>	<b>643.1</b>	<b>-567.8</b>	<b>-</b>
of which:				
NBS	-1,498.0	-646.0	-1,227.4	-
Financial corporations, excl. NBS	1,100.6	1289.2	659.6	51.2

Source: Statistical Office of the SR and NBS.

1) Non-audited financial result.



billion in 2007). This loss can be attributed to the deteriorated financial results of insurance companies and pension funds (their profits fell from €0.31 billion in 2007 to €0.01 billion in 2008), and other financial intermediaries (which suffered a loss of €0.07 billion in 2008, after a profit of €0.07 billion in 2007). The NBS contributed an overall loss of €1.23 billion to the financial results of financial corporations in 2008 (in 2007 a loss of €0.65 billion was recorded). Commercial financial institutions recorded a total profit of €0.71 billion in 2008 (as in 2007).

**Table 28 Classification of economic activities by sector for statistical purposes**

	Financial result before tax	
	Q1-4, 2008 (EUR millions)	Index Q1 - 4 2008 Q1 - 4 2007
<b>Non-financial corporations in total</b>	<b>9,485</b>	<b>92.6</b>
<b>Agriculture, forestry, hunting, and fishing</b>	<b>156</b>	<b>3.9x</b>
<b>Industry in total</b>	<b>3,998</b>	<b>78.9</b>
<i>Mining and quarrying</i>	<i>134</i>	<i>130.0</i>
<i>Manufacturing</i>	<i>2,355</i>	<i>74.0</i>
Manufacture of foodstuffs, beverages and tobacco products	151	82.9
Manufacture of textiles and textile products	1	20.1
Manufacture of leather and leather products	19	126.3
Manufacture of wood and wood products	34	66.9
Manufacture of pulp, paper and paper products, printing and publishing	163	111.5
Manufacture of coke, refined petroleum products, and nuclear fuel	149	53.7
Manufacture of chemicals, chemical products, and man-made fibres	80	109.3
Manufacture of rubber and plastic products	72	65.0
Manufacture of other non-metal mineral products	283	107.4
Manufacture of metals and metal products	608	55.6
Manufacture of machinery and equipment	183	78.0
Manufacture of electrical and optical equipment	160	54.2
Manufacture of transport vehicles	362	90.4
Manufacturing not elsewhere classified	89	286.0
<i>Electricity, gas, and water supply</i>	<i>1,509</i>	<i>84.8</i>
<b>Construction</b>	<b>678</b>	<b>134.2</b>
<b>Wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods</b>	<b>2,770</b>	<b>123.4</b>
<b>Hotels and restaurants</b>	<b>37</b>	<b>65.3</b>
<b>Transport, storage, post and telecommunications</b>	<b>707</b>	<b>52.9</b>
<b>Real estate, renting, and business activities</b>	<b>1,008</b>	<b>111.8</b>
<b>Education</b>	<b>8</b>	<b>5.3x</b>
<b>Health and social care</b>	<b>40</b>	<b>-</b>
<b>Other community, social, and personal services</b>	<b>83</b>	<b>60.7</b>

Source: Statistical Office of the SR.



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM

# STATISTICS



## OVERVIEW OF MAIN MACROECONOMIC INDICATORS FOR THE SR

**TABLE 1 Selected economic and monetary indicators for the SR**

(annual percentage changes, unless otherwise indicated)

	Gross domestic product	HICP	Industrial producer prices	Employment ESA 95	Unemployment rate (%)	Industrial production index	Total receipts of sectors	Economic sentiment indicator (2005=100)	M3	Loans to non-financial corporations	Loans to households	State budget balance (EUR mil.)	Deficit ratio (general government deficit as % of GDP)	Debt ratio (general government gross debt as % of GDP)	Current account (% GDP)	Balance of trade (% GDP)	USD/EUR exchange rate
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2005	6.5	2.8	4.7	1.4	16.2	3.2	-	102.7	7.8	-	-	-1,125.27	-2.80	34.16	-8.49	-4.98	1.2441
2006	8.5	4.3	8.4	2.3	13.3	10.1	-	114.8	15.3	-	-	-1,052.25	-3.53	30.44	-7.72	-4.54	1.2556
2007	10.4	1.9	2.0	2.1	11.0	12.7	-	99.9	12.9	25.0	28.5	-780.06	-1.95	29.35	-5.33	-1.15	1.3705
2008	6.4	3.9	6.1	2.8	9.6	1.9	-	65.4	4.9	15.2	25.4	703.71	-2.30	28.74	-6.52	-1.06	1.4708
2007 Q4	14.3	2.4	2.2	2.3	11.2	10.4	-	103.7	11.7	25.0	28.5	-780.06	-	-	-7.91	-3.10	1.4486
2008 Q1	9.3	3.4	4.9	2.8	10.3	7.1	-	101.8	10.5	29.8	28.6	112.86	-	-	-2.76	-0.04	1.4976
2008 Q2	7.9	4.0	6.2	2.9	10.5	6.3	-	94.0	6.6	25.3	28.7	-136.10	-	-	-10.31	-1.15	1.5622
2008 Q3	6.6	4.5	6.7	3.2	10.1	2.7	-	95.0	6.4	22.2	28.4	142.73	-	-	-5.34	-0.29	1.5050
2008 Q4	2.5	3.9	6.7	2.1	9.0	-7.6	-	72.6	4.9	15.2	25.4	703.71	-	-	-7.45	-2.67	1.3180
2008 Aug.	-	4.4	6.7	-	7.4	1.0	-	93.4	8.2	25.4	28.6	169.29	-	-	-	-	1.4975
2008 Sep.	-	4.5	6.8	-	7.5	5.5	-	96.7	6.4	22.2	28.4	142.73	-	-	-	-	1.4370
2008 Oct.	-	4.2	7.5	-	7.5	-0.2	-	80.7	5.1	20.2	27.8	262.23	-	-	-	-	1.3322
2008 Nov.	-	3.9	6.7	-	7.8	-7.2	-	71.6	6.1	19.8	26.4	318.66	-	-	-	-	1.2732
2008 Dec.	-	3.5	6.0	-	8.4	-16.8	-	65.4	4.9	15.2	25.4	703.71	-	-	-	-	1.3449
2009 Jan.	-	2.7	3.7	-	9.0	-27.0	-20.6	64.7	3.1	8.6	24.3	100.32	-	-	-	-	1.3239
2009 Feb.	-	2.4	.	-	.	.	.	58.5	.	.	.	-185.10	-	-	-	-	1.2785

1) Currency in circulation in M3 refers to money held by the public (according to methodology in place prior to 2009).



## MONETARY AND BANKING STATISTICS

TABLE 2 Key ECB interest rates

(levels in percentages per annum, unless otherwise indicated)

	Deposit facility	Change (p.p.)	Main refinancing operations				Marginal lending facility	Change (p.p.)
			Fixed rate tenders		Variable rate tenders			
			Fixed rate	Change (p.p.)	Minimum bid rate	Change (p.p.)		
With effect from	1	2	3	4	5	6	7	8
1. 1. 1999	2.00	-	3.00	-	-	-	4.50	-
4. 1. 1999 <sup>1)</sup>	2.75	0.75	3.00	0.00	-	-	3.25	-1.25
22. 1. 1999	2.00	-0.75	3.00	0.00	-	-	4.50	1.25
9. 4. 1999	1.50	-0.50	2.50	-0.50	-	-	3.50	-1.00
5. 11. 1999	2.00	0.50	3.00	0.50	-	-	4.00	0.50
4. 2. 2000	2.25	0.25	3.25	0.25	-	-	4.25	0.25
17. 3. 2000	2.50	0.25	3.50	0.25	-	-	4.50	0.25
28. 4. 2000	2.75	0.25	3.75	0.25	-	-	4.75	0.25
9. 6. 2000	3.25	0.50	4.25	0.50	-	-	5.25	0.50
28. 6. 2000 <sup>2)</sup>	3.25	0.00	-	-	4.25	0.00	5.25	0.00
1. 9. 2000	3.50	0.25	-	-	4.50	0.25	5.50	0.25
6. 10. 2000	3.75	0.25	-	-	4.75	0.25	5.75	0.25
11. 5. 2001	3.50	-0.25	-	-	4.50	-0.25	5.50	-0.25
31. 8. 2001	3.25	-0.25	-	-	4.25	-0.25	5.25	-0.25
18. 9. 2001 <sup>3)</sup>	2.75	-0.50	-	-	3.75	-0.50	4.75	-0.50
9. 11. 2001	2.25	-0.50	-	-	3.25	-0.50	4.25	-0.50
6. 12. 2002	1.75	-0.50	-	-	2.75	-0.50	3.75	-0.50
7. 3. 2003	1.50	-0.25	-	-	2.50	-0.25	3.50	-0.25
6. 6. 2003	1.00	-0.50	-	-	2.00	-0.50	3.00	-0.50
6. 12. 2005	1.25	0.25	-	-	2.25	0.25	3.25	0.25
8. 3. 2006	1.50	0.25	-	-	2.50	0.25	3.50	0.25
15. 6. 2006	1.75	0.25	-	-	2.75	0.25	3.75	0.25
9. 8. 2006	2.00	0.25	-	-	3.00	0.25	4.00	0.25
11. 10. 2006	2.25	0.25	-	-	3.25	0.25	4.25	0.25
13. 12. 2006	2.50	0.25	-	-	3.50	0.25	4.50	0.25
14. 3. 2007	2.75	0.25	-	-	3.75	0.25	4.75	0.25
13. 6. 2007	3.00	0.25	-	-	4.00	0.25	5.00	0.25
9. 7. 2008	3.25	0.25	-	-	4.25	0.25	5.25	0.25
8. 10. 2008	2.75	-0.50	-	-	-	-	4.75	-0.50
9. 10. 2008 <sup>4)</sup>	3.25	0.50	-	-	-	-	4.25	-0.50
15. 10. 2008 <sup>5)</sup>	3.25	0.00	3.75	-0.50	-	-	4.25	0.00
12. 11. 2008	2.75	-0.50	3.25	-0.50	-	-	3.75	-0.50
1. 1. 2009	2.00	-0.75	2.50	-0.75	-	-	3.00	-0.75
21. 1. 2009	1.00	-1.00	2.00	-0.50	-	-	3.00	-1.00
11. 3. 2009	0.50	-0.50	1.50	-0.50	-	-	2.50	-0.50

Source: ECB.

1) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.

2) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

3) The change of 18 September 2001 was effective for the main refinancing operation on that same day.

4) As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations.

5) On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.



**TABLE 3 Interest rates on loans and deposits (new business)**

Interest rates on deposits (new business)  
(percentages per annum)

	Deposits by households						Deposits by non-financial corporations				Repos
	Overnight	Agreed maturity			Redeemable at notice		Overnight	Agreed maturity			
		up to 1 year	over 1 year and up to 2 years	over 2 years	up to 3 months	over 3 months		up to 1 year	over 1 year and up to 2 years	over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2005 Dec.	0.41	1.90	-	1.79	0.96	1.10	0.64	2.55	-	0.66	-
2006 Dec.	0.50	3.92	3.98	3.61	1.54	1.97	1.32	4.39	3.28	2.62	-
2007 Dec.	0.47	3.28	3.58	2.20	1.42	2.05	0.78	3.60	3.79	2.30	-
2008 Feb.	0.46	3.44	3.58	2.23	1.44	2.12	0.84	3.69	3.00	1.78	-
2008 Mar.	0.47	3.41	3.73	2.28	1.45	2.14	0.83	3.64	1.70	1.35	-
2008 Apr.	0.49	3.47	3.71	0.54	1.45	2.12	0.77	3.78	3.02	4.35	-
2008 May	0.50	3.48	3.98	1.16	1.45	2.13	0.92	3.84	3.42	1.99	-
2008 June	0.53	3.50	4.05	2.04	1.45	2.14	1.46	3.86	4.42	4.59	-
2008 July	0.53	3.50	4.08	2.02	1.45	2.16	1.33	3.85	3.97	4.24	-
2008 Aug.	0.51	3.66	4.45	0.72	2.02	2.29	0.89	3.86	4.19	1.37	-
2008 Sept.	0.51	3.61	4.46	1.21	2.13	2.53	0.80	3.76	5.15	1.90	-
2008 Oct.	0.53	3.64	3.99	1.20	2.17	2.58	0.94	3.58	4.02	2.00	-
2008 Nov.	0.64	3.36	3.96	3.35	2.19	2.66	0.80	2.96	4.18	2.30	-
2008 Dec.	0.58	3.12	4.37	2.49	1.71	2.63	0.47	2.14	4.04	2.04	-
2009 Jan.	0.53	2.06	3.69	3.61	1.73	2.49	0.41	1.63	2.95	1.46	-

Interest rates on loans to households (new business)  
(percentages per annum)

	Total <sup>2)</sup>	Current account overdrafts and credit cards	Consumer loans				Loans for house purchase					Other loans		
			Floating rate and IRF <sup>1)</sup> of up to 1 year	IRF <sup>1)</sup> of over 1 year and up to 5 years	IRF <sup>1)</sup> of over 5 years	Annual percentage rate of charge	Floating rate and IRF <sup>1)</sup> of up to 1 year	IRF <sup>1)</sup> of over 1 year and up to 5 years	IRF <sup>1)</sup> of over 5 years and up to 10 years	IRF <sup>1)</sup> of over 10 years	Annual percentage rate of charge	Floating rate and IRF <sup>1)</sup> of up to 1 year	IRF <sup>1)</sup> of over 1 year and up to 5 years	IRF <sup>1)</sup> of over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005 Dec.	7.38	10.93	10.68	15.76	11.46	13.73	4.92	5.77	6.46	7.99	5.47	8.49	9.75	7.40
2006 Dec.	8.36	14.10	12.04	15.68	15.29	15.19	6.81	6.36	7.43	7.45	7.24	7.26	7.26	6.39
2007 Dec.	7.52	14.34	10.08	16.20	14.14	14.91	5.80	6.16	7.34	7.41	6.40	6.65	6.93	6.77
2008 Feb.	7.68	14.56	10.71	15.45	14.16	14.87	5.99	6.16	8.55	8.96	6.49	6.89	6.82	6.96
2008 Mar.	7.45	14.48	10.48	15.98	14.04	14.79	5.93	6.17	8.90	8.33	6.40	6.71	6.54	6.12
2008 Apr.	7.52	14.43	10.32	15.99	14.00	14.74	5.94	6.04	8.55	8.42	6.35	6.99	6.37	7.23
2008 May	7.43	14.46	10.17	15.71	13.70	14.07	5.98	5.98	9.27	7.78	6.46	6.91	6.23	6.81
2008 June	7.39	14.43	10.15	16.32	13.96	14.36	6.03	6.01	8.68	8.99	6.50	6.84	6.33	6.86
2008 July	7.57	14.40	10.09	16.30	13.93	14.32	6.12	6.20	8.34	9.08	6.71	6.72	6.61	6.80
2008 Aug.	8.00	14.67	7.73	14.81	14.46	14.96	6.27	6.44	8.66	8.96	6.88	6.81	6.92	7.19
2008 Sept.	8.01	14.65	8.11	14.85	14.24	15.04	6.23	6.31	7.68	8.73	6.76	6.87	7.23	6.89
2008 Oct.	7.85	14.66	8.20	15.00	14.29	15.33	6.29	6.23	7.26	7.91	6.64	6.82	6.96	6.60
2008 Nov.	8.12	14.65	7.85	15.77	14.70	15.21	6.28	6.38	7.33	8.10	6.70	6.99	7.04	6.64
2008 Dec.	7.92	14.36	7.70	15.49	15.21	15.37	6.31	6.45	7.11	7.92	6.75	6.11	7.01	6.72
2009 Jan.	7.81	13.94	8.34	15.81	14.44	.	6.30	6.37	6.87	7.86	.	5.34	7.06	6.75

Source: NBS.

1) Initial rate fixation.

2) Excluding overdrafts and credit cards.

**TABLE 3 Interest rates on loans and deposits (new business)**Interest rates on loans to non-financial corporations (new business)  
(percentages per annum)

	Total <sup>2)</sup>	Current account overdrafts and credit cards	Loans of up to 1 mil. EUR			Loans of over 1 mil. EUR		
			Floating rate and IRF <sup>1)</sup> of up to 1 year	IRF <sup>1)</sup> of over 1 year and up to 5 years	IRF <sup>1)</sup> of over 5 years	Floating rate and IRF <sup>1)</sup> of up to 1 year	IRF <sup>1)</sup> of over 1 year and up to 5 years	IRF <sup>1)</sup> of over 5 years
	1	2	3	4	5	6	7	8
2005 Dec.	4.53	4.93	5.05	5.92	6.20	4.05	3.81	5.34
2006 Dec.	5.89	6.62	6.33	7.18	6.52	5.60	6.43	5.73
2007 Dec.	5.52	5.67	6.07	5.87	6.44	5.39	5.86	4.54
2008 Feb.	5.58	5.83	5.96	6.31	5.82	5.45	5.54	-
2008 Mar.	5.63	5.71	6.06	6.30	6.40	5.47	-	4.70
2008 Apr.	5.47	5.73	5.28	6.38	5.93	5.58	-	-
2008 May	5.59	5.79	5.97	6.81	6.39	5.33	6.49	5.51
2008 June	5.60	6.07	6.03	6.57	6.28	5.45	5.75	4.66
2008 July	5.76	5.99	5.94	6.57	5.16	5.66	6.37	-
2008 Aug.	5.66	6.02	6.16	6.80	6.53	5.40	6.32	-
2008 Sept.	5.64	5.84	5.99	7.00	7.18	5.48	6.89	-
2008 Oct.	5.85	5.73	6.06	7.27	6.35	5.77	7.69	6.41
2008 Nov.	4.94	5.31	5.72	7.30	5.53	4.71	5.86	6.13
2008 Dec.	4.56	4.83	4.93	8.11	6.48	4.07	6.53	7.58
2009 Jan.	3.61	4.04	4.70	6.20	8.99	3.02	7.38	5.95

Source: NBS.

1) Initial rate fixation.

2) Excluding overdrafts and credit cards.



**TABLE 4 Monetary aggregates and counterparts of M3<sup>1)</sup>**

(EUR mil.; outstanding amounts at end-of-period;)

						M3	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets
	Currency	M1	M2-M1	M2	M3-M2				Loans		
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2005	3,977.8	16,126.5	9,929.4	26,055.9	1,541.5	27,597.4	6,339.4	9,077.2	17,318.6	16,845.2	8,677.8
2006	4,354.1	18,280.6	11,864.8	30,145.4	1,666.1	31,811.5	5,575.6	8,457.3	21,275.6	20,830.6	8,496.1
2007 Q3	4,569.6	19,010.4	13,488.5	32,498.9	2,004.1	34,503.0	5,616.0	8,400.1	24,414.7	23,948.8	9,441.5
2007 Q4	4,704.0	20,666.5	13,025.8	33,692.4	2,247.5	35,939.8	6,061.9	8,685.6	26,066.5	25,569.2	8,703.5
2008 Q1	4,541.9	19,602.3	13,901.7	33,504.0	2,497.4	36,001.4	6,026.3	7,465.7	27,222.6	26,646.5	8,041.3
2008 Q2	4,385.6	19,767.4	13,870.1	33,637.4	2,698.1	36,335.5	4,930.5	7,536.9	28,397.3	27,776.3	6,223.2
2008 July	4,297.7	19,277.2	14,701.1	33,978.3	2,698.5	36,676.8	5,084.5	7,613.0	28,922.3	28,300.8	5,921.3
2008 Aug.	4,243.7	18,822.5	15,493.7	34,316.2	2,646.8	36,963.1	5,391.3	7,759.6	29,270.3	28,663.8	6,225.5
2008 Sep.	4,074.0	19,149.5	14,998.5	34,148.0	2,559.7	36,707.6	5,804.7	7,865.2	29,551.3	28,917.2	6,523.2
2008 Oct.	4,122.4	19,186.5	14,958.5	34,144.9	2,139.8	36,284.7	6,218.8	8,129.9	30,019.0	29,379.0	6,216.9
2008 Nov.	3,694.6	19,102.2	15,520.7	34,622.9	2,051.5	36,674.4	6,603.3	8,496.5	30,312.6	29,701.3	6,298.6
2008 Dec.	1,600.4	19,116.1	16,435.6	35,551.7	2,132.3	37,684.0	6,612.1	9,037.1	30,071.7	29,471.3	5,987.8

**Monetary aggregates and counterparts of M3 – contribution of domestic MFI to monetary aggregates and counterparts of the euro area<sup>2)</sup>**

(EUR mil.; outstanding amounts at end-of-period;)

						M3	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets
	Currency	M1	M2-M1	M2	M3-M2				Loans		
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2006	4,278	18,305	11,896	30,200	1,212	31,412	2,789	12,180	21,736	20,902	4,028
2007 Q3	4,511	19,093	13,582	32,675	1,437	34,113	2,288	14,225	25,081	24,190	4,387
2007 Q4	4,620	20,791	13,191	33,982	1,509	35,491	2,488	14,726	26,781	25,793	4,390
2008 Q1	4,482	19,659	14,035	33,694	1,708	35,402	849	12,345	28,137	27,201	2,411
2008 Q2	4,325	19,836	13,973	33,809	1,650	35,459	1,117	12,741	29,230	28,285	2,564
2008 Júl	4,227	19,370	14,754	34,124	1,708	35,832	1,271	12,607	29,856	28,915	2,278
2008 Aug.	4,180	18,864	15,537	34,401	1,557	35,958	1,472	12,306	30,277	29,291	2,890
2008 Sep.	3,999	19,233	15,281	34,514	1,497	36,011	1,683	11,845	30,527	29,534	3,732
2008 Okt.	4,018	19,201	15,352	34,553	1,004	35,557	2,183	12,107	30,912	29,906	3,701
2008 Nov.	3,573	19,089	15,972	35,061	1,058	36,119	2,656	12,456	31,104	30,212	4,105
2008 Dec.	1,427	19,097	16,914	36,010	912	36,922	2,379	15,083	30,873	29,997	1,105
2009 Jan.	6,250	22,625	16,533	39,158	1,201	40,359	5,955	12,267	30,571	29,681	3,021

1) Data before 2009 (before Slovakia's entry into the euro area) refer to statistical records of Slovak monetary aggregates converted from the Slovak koruna to the euro (1 EUR = 30.1260 SKK).

2) Data from January 2009 onwards (after Slovakia's entry into the euro area as at 1 January 2009) refer to Slovakia's contributions to EMU monetary aggregates. The volume of currency, based on the set ECB key corresponds to the volume of banknotes based on the NBS share in the total issue of banknotes in the euro area. Other components and counterparts were influenced by changes related to statistical recording of euro area residents.

Source: NBS.



**TABLE 5 Deposits held with MFIs**

(EUR mil.; annual growth rates; outstanding amounts and growth rates at end-of-period; transactions during period)

	Non-financial corporations						Households					
	Total	Overnight	With agreed maturity		Redeemable at notice		Total	Overnight	With agreed maturity		Redeemable at notice	
			up to 2 years	over 2 years	up to 3 months	over 3 months			up to 2 years	over 2 years	up to 3 months	over 3 months
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Outstanding amounts</b>												
2006	9,932.8	6,056.7	3,850.2	19.6	5.9	0.4	15,565.7	6,210.6	5,982.4	2,187.0	378.2	807.5
2007	11,021.7	7,041.2	3,951.0	23.3	5.5	0.7	17,608.8	7,215.7	6,893.7	2,405.5	315.3	778.7
2008 Q1	10,119.0	6,210.3	3,882.1	23.2	2.9	0.5	18,123.7	7,327.3	7,324.4	2,396.2	305.9	770.0
2008 Q2	9,718.3	6,058.6	3,626.2	29.7	3.2	0.5	18,717.4	7,757.7	7,573.6	2,329.9	292.7	763.4
2008 Q3	10,011.9	5,955.7	4,026.5	26.6	2.6	0.4	19,416.0	7,734.1	8,189.8	2,454.6	287.7	749.8
2008 Oct.	9,393.0	5,772.4	3,595.0	22.9	2.2	0.4	20,039.9	7,813.9	8,723.4	2,470.1	286.2	746.3
2008 Nov.	9,649.3	6,165.4	3,457.9	23.4	2.2	0.4	20,691.6	7,760.0	9,436.9	2,470.5	284.6	739.7
2008 Dec.	10,770.7	7,060.1	3,683.8	24.2	2.3	0.4	22,905.3	8,533.2	10,767.6	2,529.7	298.3	776.5
2009 Jan.	8,998.6	6,146.3	2,816.5	33.2	2.2	0.4	22,977.3	8,459.7	10,909.5	2,533.2	296.0	778.8
<b>Transactions</b>												
2006	1,134.3	683.0	439.1	10.8	1.3	0.1	2,061.4	487.8	1,473.1	322.3	-107.0	-114.8
2007	1,088.8	984.5	100.7	3.7	-0.4	0.3	2,043.1	1,005.1	911.3	218.4	-62.9	-28.8
2008 Q1	-902.7	-830.8	-68.8	-0.2	-2.6	-0.2	514.9	111.6	430.7	-9.2	-9.4	-8.7
2008 Q2	-400.7	-151.7	-255.9	6.6	0.3	0.0	593.6	430.4	249.2	-66.4	-13.2	-6.5
2008 Q3	293.6	-102.9	400.3	-3.1	-0.6	-0.1	698.7	-23.7	616.2	124.7	-5.0	-13.6
2008 Oct.	-618.9	-183.3	-431.5	-3.7	-0.4	0.0	623.9	79.9	533.6	15.5	-1.5	-3.5
2008 Nov.	256.3	393.0	-137.1	0.5	0.0	0.0	651.7	-54.0	713.5	0.4	-1.6	-6.7
2008 Dec.	1,121.4	894.7	225.9	0.8	0.1	0.0	2,213.7	773.2	1,330.7	59.2	13.7	36.9
2009 Jan.	-1,772.1	-913.7	-867.3	9.0	-0.1	0.1	72.0	-73.5	141.9	3.5	-2.2	2.3
<b>Growth rates</b>												
2007	11.0	16.3	2.6	18.9	-7.1	69.9	13.1	16.2	15.2	10.0	-16.6	-3.6
2008 Q1	0.6	6.0	-7.1	39.2	-51.3	10.8	13.5	13.9	18.9	6.5	-12.7	-1.5
2008 Q2	-6.3	1.4	-17.2	144.0	-43.6	-17.2	13.6	15.7	18.1	3.6	-10.5	-2.7
2008 Q3	-3.1	1.4	-9.3	106.6	-54.0	-38.3	14.5	10.9	24.0	7.6	-9.5	-3.2
2008 Oct.	-9.8	3.1	-25.1	74.7	-56.8	-71.1	18.0	12.9	30.3	8.3	-9.3	-3.4
2008 Nov.	-3.6	1.7	-11.8	6.9	-62.1	-44.2	20.7	10.9	39.5	7.3	-8.9	-4.1
2008 Dec.	-2.3	0.3	-6.8	3.6	-58.5	-44.3	30.1	18.3	56.2	5.2	-5.4	-0.3
2009 Jan.	-13.1	-1.9	-30.6	47.3	-64.7	-9.7	28.0	16.3	51.9	5.8	-5.6	-0.5

Source: NBS.

Note: Data are calculated according to new methodology (are based on a sum of residents of Slovakia and other member states of the euro area).



**TABLE 6 MFI Loans**

(EUR mil.; annual growth rates; outstanding amounts and growth rates at end-of-period; transactions during period)

	Non-financial corporations				Households			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Consumer loans	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8
	<b>Outstanding amounts</b>							
2006	10,899.6	4,500.9	2,135.6	4,263.2	7,901.4	1,190.8	5,209.3	1,501.3
2007	13,448.6	5,783.5	2,746.1	4,919.1	10,101.3	1,379.4	6,773.3	1,948.6
2008 Q1	14,298.1	6,269.6	2,921.5	5,107.0	10,593.6	1,429.2	7,124.2	2,040.2
2008 Q2	14,861.1	6,522.4	3,003.0	5,335.7	11,372.0	1,537.1	7,646.6	2,188.3
2008 Q3	15,447.0	6,583.4	3,341.3	5,522.3	12,080.7	1,648.1	8,128.2	2,304.4
2008 Oct.	15,637.9	6,532.3	3,394.1	5,711.5	12,317.2	1,671.5	8,298.2	2,347.5
2008 Nov.	15,763.5	6,584.1	3,448.4	5,731.0	12,479.9	1,689.8	8,408.8	2,381.3
2008 Dec.	15,455.3	6,237.3	3,482.7	5,735.3	12,630.9	1,709.3	8,539.5	2,382.1
2009 Jan.	15,234.1	6,231.2	3,353.3	5,649.6	12,687.9	1,700.0	8,607.5	2,380.1
	<b>Transactions</b>							
2006	99.4	-28.2	-31.4	159.1	158.5	7.2	156.4	-5.2
2007	288.4	61.0	178.2	49.1	203.9	16.9	151.3	35.7
2008 Q1	126.7	87.8	-14.8	53.7	200.3	26.3	126.1	47.8
2008 Q2	359.8	190.1	67.3	102.4	274.7	32.8	182.7	59.1
2008 Q3	24.7	-89.2	53.0	60.9	224.2	32.5	151.5	40.2
2008 Okt.	191.1	-51.0	52.9	189.2	249.7	35.2	170.1	44.4
2008 Nov.	128.3	54.5	54.3	19.5	166.3	20.7	111.4	34.3
2008 Dec.	-280.7	-337.2	35.1	21.4	156.4	22.2	130.8	3.3
2009 Jan.	-263.0	-37.0	-132.0	-95.0	56.0	-9.0	68.0	-3.0
	<b>Growth rates</b>							
2007	25.0	32.1	29.2	15.5	28.5	17.8	30.3	31.0
2008 Q1	29.8	33.6	36.4	22.1	28.6	16.4	30.3	32.1
2008 Q2	25.3	25.6	33.3	20.9	28.7	22.8	29.5	30.6
2008 Q3	22.2	21.8	38.3	14.6	28.4	25.8	29.0	28.4
2008 Okt.	20.2	17.4	35.8	15.5	27.8	26.4	28.3	26.9
2008 Nov.	19.8	15.1	34.3	17.7	26.4	25.8	27.0	24.9
2008 Dec.	15.2	8.1	26.9	17.0	25.4	25.9	26.1	22.8
2009 Jan.	8.6	2.2	14.4	12.8	24.3	24.5	25.1	21.4

Source: NBS.

Note: Data are calculated according to new methodology (are based on a sum of residents of Slovakia and other member states of the euro area).



## PRICES AND COSTS OF LABOUR

**TABLE 7 Harmonised Index of Consumer Prices**

(annual percentage changes, unless otherwise indicated)

	Total					Total (percentage change on previous period)						Administered prices <sup>1)</sup>	
	Index 2005=100	Total (annual percentage change)	Total excl. unprocessed food and energy (core inflation)	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy	Services	Total HICP excluding administered prices	Administered prices
weights in % <sup>2)</sup>	100.0	100.0	76.3	67.7	32.3	100.0	16.2	7.5	27.7	16.3	32.3	76.1	23.9
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005	100.0	2.8	1.7	1.7	5.3	-	-	-	-	-	-	0.9	9.3
2006	104.3	4.3	2.1	4.6	3.5	-	-	-	-	-	-	1.5	12.6
2007	106.2	1.9	1.9	1.4	2.9	-	-	-	-	-	-	1.9	2.0
2008	110.4	3.9	3.9	3.5	4.8	-	-	-	-	-	-	3.5	5.4
2007 Q4	107.3	2.4	2.5	1.8	3.6	1.2	3.9	2.0	0.4	0.5	0.9	2.9	0.9
2008 Q1	109.2	3.4	3.5	3.1	4.0	1.8	3.2	2.9	0.4	2.1	1.8	3.4	3.5
2008 Q2	110.3	4.0	4.0	3.8	4.4	1.0	1.1	4.2	0.0	1.1	0.8	3.8	4.6
2008 Q3	110.7	4.5	4.2	4.2	5.0	0.4	0.1	-3.4	0.0	1.3	1.4	4.2	5.4
2008 Q4	111.5	3.9	3.9	3.0	5.7	0.6	1.7	-3.1	0.0	0.5	1.6	2.6	7.9
2008 July	110.7	4.4	4.2	4.3	4.6	0.0	0.0	-2.9	0.0	0.3	0.5	4.3	4.9
2008 Aug.	110.6	4.4	4.2	4.3	4.8	-0.1	0.1	-2.8	-0.1	0.0	0.4	4.3	5.0
2008 Sep.	111.0	4.5	4.3	4.1	5.5	0.4	0.1	-2.1	-0.2	1.4	1.0	4.0	6.5
2008 Oct.	111.4	4.2	4.1	3.4	5.7	0.3	0.8	-0.3	0.1	0.3	0.4	3.3	7.2
2008 Nov.	111.5	3.9	3.9	3.0	5.7	0.1	1.0	-0.6	0.0	-0.6	0.4	2.6	8.2
2008 Dec.	111.4	3.5	3.8	2.5	5.7	-0.1	0.4	0.0	0.0	-1.0	0.2	2.0	8.5
2009 Jan.	111.8	2.7	3.4	1.3	5.7	0.3	0.7	1.4	-0.1	-1.1	1.1	.	-1.9
2009 Feb.	111.8	2.4	3.0	0.9	5.5	0.0	-0.3	0.3	-0.4	0.0	0.3	.	-2.2

Source: Statistical Office of the Slovak Republic and NBS calculations.

1) According to ECB methodology.

2) Weights apply to the period of 2009.



**TABLE 7 Harmonised Index of Consumer Prices**

(annual percentage changes, unless otherwise indicated)

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy	Rents					
weights in % <sup>2)</sup>	23.7	16.2	7.5	44.00	27.7	16.3	5.8	0.9	4.5	3.8	13.4	4.8
	14	15	16	17	18	19	20	21	22	23	24	25
2005	-0.7	-1.7	1.1	3.1	-0.5	8.2	7.6	5.7	3.4	-1.1	5.6	12.0
2006	2.3	1.4	4.1	6.0	0.6	13.1	5.8	2.4	2.4	-1.1	3.5	6.3
2007	4.1	4.7	3.0	-0.1	-1.1	1.3	2.4	4.0	3.8	-0.3	3.3	4.2
2008	6.4	8.0	3.0	2.0	0.4	4.5	4.7	2.6	4.6	-0.8	5.6	7.2
2007 Q4	5.5	6.5	3.6	-0.2	-1.3	1.4	2.5	4.7	3.9	2.9	3.6	5.1
2008 Q1	6.3	8.5	1.9	1.4	-0.2	3.7	4.3	2.8	4.0	-0.6	4.5	6.1
2008 Q2	7.3	9.0	4.1	1.9	0.5	4.1	4.6	2.3	4.2	-0.8	5.1	7.1
2008 Q3	7.6	8.5	5.6	2.5	0.8	5.1	4.9	2.4	4.1	-0.9	6.0	7.7
2008 Q4	4.3	6.2	0.4	2.2	0.4	5.1	5.1	3.0	6.2	-0.9	6.8	8.0
2008 July	8.1	8.7	6.8	2.4	0.9	4.7	4.9	2.2	4.3	-0.9	5.3	7.4
2008 Aug.	7.9	8.7	6.3	2.4	0.9	4.7	5.0	2.3	3.5	-1.0	5.8	7.5
2008 Sep.	6.7	8.1	3.8	2.8	0.7	6.0	4.9	2.7	4.5	-0.9	6.8	8.2
2008 Oct.	4.8	6.8	0.7	2.7	0.5	6.2	5.1	3.0	5.0	-0.9	6.9	8.6
2008 Nov.	4.3	6.2	0.4	2.3	0.4	5.2	5.1	3.0	6.6	-0.8	6.7	7.8
2008 Dec.	3.9	5.8	0.0	1.7	0.3	3.8	5.1	3.0	7.1	-0.8	6.7	7.5
2009 Jan.	2.8	4.6	-0.8	0.4	-0.1	1.1	5.1	5.3	6.9	-0.8	6.4	8.4
2009 Feb.	2.2	3.7	-1.1	0.2	-0.5	1.1	4.7	5.4	6.0	-0.8	6.3	8.7

Source: Statistical Office of the Slovak Republic and NBS calculations.

1) According to ECB methodology.

2) Weights apply to the period of 2009.



**TABLE 8 CPI**

(annual percentage changes, unless otherwise indicated)

	Total					Total (percentage changes from previous period)						Net inflation excluding fuels	Net inflation
	Index 2005=100	Total	Core inflation	Regulated prices	Contribution of changes in indirect taxes	Total	Food	Tradable goods without fuels	Fuels	Market services	Regulated prices		
weights in %	100	100	75.6	24.4	-	100	14.4	31.5	3.4	26.3	24.4	57.8	61.2
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005	100	2.7	1.0	8.2	-	-	-	-	-	-	-	1.5	1.8
2006	104.5	4.5	2.5	10.5	0.2	-	-	-	-	-	-	2.6	2.8
2007	107.4	2.8	2.9	1.7	0.2	-	-	-	-	-	-	3.1	2.6
2008	112.3	4.6	4.6	4.5	0	-	-	-	-	-	-	3.6	3.8
2007 Q4	108.6	3.3	3.9	1.3	0.0	1.2	4.6	0.1	2.8	1.0	0.7	3.0	3.1
2008 Q1	110.8	4.0	4.3	3.1	0.0	2.0	3.4	0.4	2.7	2.9	2.4	2.8	3.3
2008 Q2	111.8	4.5	4.7	3.9	0.0	0.9	2.6	0.1	3.4	0.9	0.6	3.0	3.5
2008 Q3	112.7	5.1	5.3	4.5	-0.1	0.8	-1.2	0.2	2.1	2.6	0.8	3.9	4.3
2008 Q4	113.8	4.8	4.1	6.4	0.1	1.0	-1.1	-0.2	-13.7	3.2	2.5	4.8	4.2
2008 Aug.	112.6	5.0	5.3	4.0	-0.1	0.2	-0.9	-0.1	-1.7	1.5	0.3	3.8	4.2
2008 Sep.	113.3	5.4	5.5	5.3	-0.1	0.7	-0.8	-0.2	-2.4	1.9	1.6	4.6	4.9
2008 Oct.	113.7	5.1	4.9	5.7	0.0	0.4	0.0	0.0	-3.3	0.8	0.7	4.9	4.8
2008 Nov.	113.9	4.9	4.1	6.6	0.1	0.2	-0.3	-0.1	-9.2	0.8	0.9	4.9	4.3
2008 Dec.	113.7	4.4	3.3	6.8	0.2	-0.2	-0.1	-0.2	-8.9	0.1	0.2	4.7	3.5
2009 Jan.	113.8	3.4	2.5	5.2	0.3	0.4	0.7	0.0	-4.9	1.0	0.5	4.2	2.8
2009 Feb.	113.9	3.1	2.2	4.9	0.3	0.1	0.4	-0.4	-0.1	0.5	0.0	3.7	2.4

	Core inflation							Regulated prices					
	Food	Tradable goods without fuels					Market services	Housing	Hotels, cafés and restaurants	Miscellane- ous services	Electricity	Gas	Heat
		Tradable goods excluding fuels	Recreation and culture	Furnishings, household equipment	Transport	Fuels							
weights in %	14.3	30.0	5.9	5.4	5.4	2.6	30.8	11.7	6.0	8.3	3.1	3.2	4.4
	14	15	16	17	18	19	20	21	22	23	24	25	26
2005	-1.2	-2.0	-1.6	-3.5	0.7	6.3	6.0	8.6	3.5	3.0	.	.	.
2006	1.5	-0.8	-0.8	-0.9	-0.2	6.0	6.5	10.6	1.1	3.8	.	.	.
2007	4.0	-0.2	-0.9	-0.1	-5.5	-4.8	6.8	12.7	2.5	2.2	-0.2	1.7	4.7
2008	8.1	0.5	-0.2	-0.1	0.9	6.8	7.3	14.8	5.1	1.6	2.6	-0.2	8.2
2007 Q4	7.4	-0.2	-1.4	-0.6	-0.6	4.5	6.6	11.9	2.5	3.4	-0.2	-1.8	2.6
2008 Q1	8.7	0.2	-0.3	-0.5	3.6	11.9	5.8	10.8	3.9	2.2	2.6	-0.2	2.8
2008 Q2	10.2	0.5	-0.4	-0.2	3.3	10.6	6.0	11.3	3.9	1.9	2.6	-0.2	4.5
2008 Q3	9.7	0.7	0.1	0.5	3.3	11.3	7.6	14.9	5.4	2.2	2.6	-0.2	7.9
2008 Q4	3.7	0.5	0.0	-0.3	-6.7	-6.6	10.0	22.1	7.1	0.3	2.6	-0.2	17.5
2008 Aug.	10.2	0.8	0.9	0.6	-0.4	11.9	7.4	14.6	4.7	2.2	2.6	-0.2	6.1
2008 Sep.	8.2	0.7	-0.9	0.0	-2.3	8.9	9.3	18.6	7.4	2.2	2.6	-0.2	12.2
2008 Oct.	5.2	0.6	0.0	-0.7	-4.5	4.2	9.9	20.7	7.2	1.6	2.6	-0.2	15.1
2008 Nov.	3.5	0.5	-0.4	-0.5	-8.6	-6.8	10.2	23.1	7.0	-0.1	2.6	-0.2	18.1
2008 Dec.	2.5	0.4	-0.5	-0.7	-11.1	-16.7	9.8	22.5	6.9	-0.7	2.6	-0.2	19.2
2009 Jan.	1.2	-0.1	-1.5	-0.4	-8.5	-21.3	9.2	20.5	6.3	-0.1	6.7	0.9	6.7
2009 Feb.	1.2	-0.4	-1.7	0.1	-3.6	-21.3	8.5	17.5	6.1	0.8	6.7	0.9	6.7

Source: Statistical Office of the SR and NBS calculations.



**TABLE 9 Producer prices and residential property prices**

(annual percentage changes)

	Industrial producer price indices according to CPA							Agricultural products			Construction work prices	Construction material prices	Residential property prices
	Industry total	Industry export	Industry domestic	Mining/quarrying products	Manufactured products	Energy	Water supply and sewerage <sup>1)</sup>	Agricultural and fishing products	Crop product	Animal products			
weights in %	-	-	100.0	0.2	63.2	37.2	0.1	100.0	-	-	-	-	-
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005	5.3	6.1	4.7	6.0	2.1	8.3	-	-2.4	-10.8	1.4	4.3	4.4	-10.3
2006	5.7	2.7	8.4	38.4	2.1	14.5	-	-0.2	1.1	-0.7	3.9	2.9	16.8
2007	-1.2	-4.1	2.0	-3.3	0.3	4.6	-	5.4	24.0	-2.0	4.0	5.6	23.9
2008	2.8	0.3	6.1	16.3	2.0	11.4	-	4.1	1.6	5.3	5.6	3.3	22.1
2007 Q4	-0.1	-1.8	2.2	-3.8	1.4	3.6	-	10.6	25.8	0.3	4.0	5.1	32.5
2008 Q1	3.6	2.5	4.9	7.1	3.0	7.5	-	13.1	44	6.8	4.7	4.2	34.5
2008 Q2	4.0	2.4	6.2	12.6	3.2	10.1	-	13.8	45.9	9.8	5.7	5.0	31.2
2008 Q3	3.4	1.2	6.7	18.0	2.4	11.9	-	8.9	13.2	5.8	6.3	2.6	19.9
2008 Q4	0.2	-4.8	6.7	27.7	-0.6	16.1	-	-12.4	-26.1	-0.9	5.7	1.3	6.4
2008 Aug.	3.0	1.6	6.7	17.4	2.9	11.7	-	6.4	6.9	5.8	6.8	3.2	-
2008 Sep.	2.1	0.0	6.8	23.3	1.8	13.4	-	-0.6	-5.0	3.2	6.6	1.8	-
2008 Okt.	2.3	-0.2	7.5	26.1	1.3	15.7	-	-11.0	-23.5	0.8	6.3	2.2	-
2008 Nov.	-1.1	-5.7	6.7	29.8	-0.9	16.6	-	-14.0	-29.2	-0.8	5.7	1.1	-
2008 Dec.	-3.0	-8.4	6.0	29.3	-2.2	16.9	-	-12.4	-25.8	-3.0	5.0	0.7	-
2009 Jan.	-4.5	-10.7	3.7	21.4	-3.7	13.6	5.8	-19.1	-36.5	-9.5	4.8	1.2	-

	Industrial producers by Main Industrial Grouping (MIG)								
	Industry total	Industry export	Industry domestic	Energy related activities	Intermediate goods (excl. energy)	Capital goods industry	Durable consumer goods	Non-durable consumer goods	
weights in %	-	-	100.0	42.4	23.9	17.2	0.8	15.2	
	14	15	16	17	18	19	20	21	
2005	5.3	6.1	4.7	9.7	2.5	2.0	-4.7	-2.5	
2006	5.7	2.7	8.4	15.9	2.0	1.1	-2.7	0.0	
2007	-1.2	-4.1	2.0	3.1	2.5	-0.6	-6.0	2.2	
2008	2.8	0.3	6.1	12.2	2.5	-2.7	-4.1	3.4	
2007 Q4	-0.1	-1.8	2.2	3.8	1.7	-0.8	-5.9	3.2	
2008 Q1	3.6	2.5	4.9	9.2	1.9	-1.1	-2.9	4.1	
2008 Q2	4.0	2.4	6.2	11.3	3.2	-2.1	-3.4	4.4	
2008 Q3	3.4	1.2	6.7	13.6	3.3	-4.5	-3.1	3.6	
2008 Q4	0.2	-4.8	6.7	14.8	1.6	-3.2	-5.1	1.6	
2008 Aug.	3.0	1.6	6.7	13.1	5.0	-4.9	0.3	3.5	
2008 Sep.	2.1	0.0	6.8	14.5	3.8	-5.7	0.9	3.3	
2008 Okt.	2.3	-0.2	7.5	15.7	3.6	-4.6	1.2	2.9	
2008 Nov.	-1.1	-5.7	6.7	15.0	2.3	-4.2	1.3	1.2	
2008 Dec.	-3.0	-8.4	6.0	13.7	2.2	-4.0	1.3	0.6	
2009 Jan.	-4.5	-10.7	3.7	9.9	-1.8	-1.7	-0.1	0.2	

1) According to NACE Rev. 2 as of 1 January 2009.  
Source: Statistical Office of the SR, NBS.



**TABLE 10 Wages and productivity**

(annual percentage changes)

	Total	Agriculture, hunting and forestry; fishing	Industry	Construction	Wholesale and retail trade	Financial, real estate, renting and business activities	General government, education, healthcare and other services
	1	2	3	4	5	6	7
Unit labour costs (ULC)							
2005	4.3	7.4	-1.6	-10.6	8.7	17.9	6.9
2006	1.5	-9.8	-4.1	-2.0	6.3	-5.6	6.9
2007	0.6	1.6	-0.6	4.8	-1.5	11.9	-3.1
2008	5.2	0.2	14.1	-8.3	-3.1	3.3	6.2
2007 Q4	-1.8	-12.1	-3.6	7.4	-0.2	5.6	4.3
2008 Q1	4.4	-5.5	1.8	-7.6	-2.3	9.0	12.1
2008 Q2	5.3	12.9	6.4	-2.7	2.6	3.6	5.3
2008 Q3	5.8	2.9	21.2	-4.2	-5.5	1.1	4.3
2008 Q4	5.8	-6.1	29.6	-15.8	-6.8	0.6	4.4
Compensation per employee (current prices)							
2005	9.7	12.7	7.4	5.5	10.1	8.3	12.2
2006	7.6	8.4	11.1	11.8	1.6	5.2	8.8
2007	8.8	16.5	9.4	5.7	7.3	18.1	5.3
2008	9.0	6.0	8.2	-3.1	7.9	8.9	14.4
2008 Q1	10.9	-0.3	9.8	-6.4	7.5	11.5	21.5
2008 Q2	10.4	8.1	10.9	-2.5	9.6	8.0	15.8
2008 Q3	9.2	8.5	9.1	-4.3	8.6	9.4	13.0
2008 Q4	6.2	7.0	4.7	-0.7	6.4	7.2	9.4
Labour productivity (constant prices)							
2005	5.1	5.0	9.1	18.3	1.4	-8.0	5.3
2006	6.1	20.2	15.9	14.3	-4.1	11.4	1.9
2007	8.1	15.7	10.2	0.9	9.3	5.9	8.9
2008	3.5	5.8	-5.1	5.7	11.3	5.4	7.7
2008 Q1	6.3	5.5	7.9	1.2	10.1	2.2	8.4
2008 Q2	4.8	-4.3	4.2	0.3	6.8	4.2	10.0
2008 Q3	3.2	5.4	-10.8	-0.4	14.4	7.9	8.0
2008 Q4	0.4	14.0	-19.2	18.0	14.2	6.5	4.8

Source: Statistical Office of the SR and NBS calculations.



## REAL ECONOMY (GDP, LABOUR MARKET, ECONOMIC INDICATORS)

**TABLE 11 Industrial and construction production indices**

(annual percentage changes, unless otherwise indicated)

	Industrial production by economic activity					Industrial production by MIG <sup>2)</sup>				Construction production
	Industry in total (index, 2000=100)	Industry in total	Manufacturing	Mining and quarrying	Electricity, gas and water supply	Intermediate goods	Capital goods	Consumer goods		
								Durables	Non-durables	
	1	2	3	4	5	6	7	8	9	10
2005	128.2	3.2	4.5	-3.6	-2.9	4.6	3.7	24.7	2.1	14.7
2006	141.1	10.1	12.6	-9.6	-2.3	5.7	26.3	26.5	6.1	14.9
2007	159.0	12.7	15.1	26.0	-7.5	2.7	34.5	38.1	-0.6	5.7
2008	162.1	1.9	2.5	-20.0	2.1	-2.1	4.7	14.7	2.6	11.9
2008 Q1	164.8	7.1	7.8	0.4	2.7	1.0	15.2	11.4	6.1	11.2
2008 Q2	169.5	6.3	6.8	3.5	2.5	2.6	13.6	11.5	2.3	10.9
2008 Q3	159.2	2.7	4.9	-48.8	3.5	-0.4	7.8	22.5	1.9	11.2
2008 Q4	155.1	-7.6	-8.5	-4.5	0.0	-11.5	-15.5	13.7	0.3	10.0
2008 July	158.3	1.3	7.9	-73.4	1.5	2.1	14.8	12.6	5.7	9.1
2008 Aug.	146.1	1.0	0.5	1.7	6.4	-2.8	2.7	9.9	-3.1	7.1
2008 Sep.	173.1	5.5	6.0	-6.6	2.6	-0.7	5.5	39.5	3.4	17.2
2008 Oct.	175.1	-0.2	-0.2	-2.4	0.6	-3.6	-7.9	36.9	1.6	15.9
2008 Nov.	164.2	-7.2	-8.3	-2.3	3.2	-11.6	-13.9	10.4	-1.2	13.2
2008 Dec.	125.9	-16.8	-18.8	-9.5	-3.4	-20.5	-27.5	-10.7	0.5	12.7
2009 Jan. <sup>3)</sup>	106.1	-27.0	-32.7	-6.0	3.5	.	.	.	.	-25.6
	month-on-month percentage changes <sup>1)</sup>									
2008 July	-	-0.6	0.5	2.0	3.7	-1.3	6.4	-6.1	-1.8	0.3
2008 Aug.	-	-3.1	-5.8	0.6	0.9	-2.6	-16.4	2.0	-2.1	0.5
2008 Sep.	-	5.3	6.7	-6.5	-0.5	-0.3	13.0	13.7	0.2	7.4
2008 Oct.	-	-3.0	-3.2	0.6	-3.3	0.4	-8.2	-0.1	-3.0	-4.8
2008 Nov.	-	-7.1	-5.1	-0.3	0.9	-12.9	-8.7	-5.5	-1.7	1.1
2008 Dec.	-	-12.6	-15.7	-5.8	-3.9	-2.2	-21.0	-12.3	0.2	-0.1

Source: Statistical Office of the SR, NBS calculations; adjusted for calendar effects, not seasonally adjusted (unless otherwise indicated).

1) Seasonally adjusted (not adjusted for calendar effects).

2) Structure according to Main Industrial Groupings.

3) January data are available according to revised classification NACE Rev. 2. Basis period is 2005. Other data are according to OKEC classification; basis period is 2000.



**TABLE 12 Receipts**

(annual percentage changes)

	Industrial orders (manufacturing; constant prices)		Total receipts of sectors													Registration of new cars	
	Total		Receipts from own output and sales			Construction		Sale and mainte- nance of vehicles	Whole- sale	Retail sale	Hotels and restaurants		Real estates, renting, business activi- ties	Post and telecom- munications	Trans- port and storage	Total in thosands of units	Annual percent- age changes
	(index 1000 = 100)	100	current prices <sup>3)</sup>	constant prices <sup>1)</sup>	current prices <sup>2)</sup>	constant prices <sup>1)</sup>	current prices <sup>2)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>1)</sup>	constant prices <sup>2)</sup>	constant prices <sup>2)</sup>	16
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
2005	178.9	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	71.3	5.4
2006	226.8	26.8	-	-	-	-	-	-	-	-	-	-	-	-	-	78.6	10.2
2007	275.5	21.5	-	-	-	-	-	-	-	-	-	-	-	-	-	83.3	6.0
2008	271.0	-1.7	-	3.6	-	16.4	-	7.0	13.7	9.1	-2.9	2.4	-	-	11.7	96.9	16.4
2007 Q4	297.5	15.8	-	-	-	-	-	-	-	-	-	-	-	-	-	17.7	7.5
2008 Q1	294.2	13.0	-	11.7	-	16.1	-	19.3	15.8	14.7	-8.1	7.9	-	-	16.2	21.7	22.7
2008 Q2	293.7	7.3	-	13.1	-	15.7	-	11.1	17.5	7.7	9.3	7.7	-	-	15.2	26.5	20.5
2008 Q3	266.2	-1.6	-	4.5	-	17.2	-	5.7	15.4	9.8	-3.0	-1.0	-	-	12.6	23.4	19.5
2008 Q4	229.2	-23.0	-	-12.3	-	16.1	-	-4.8	7.3	5.6	-7.2	-3.2	-	-	3.2	25.3	5.4
2008 Aug.	228.6	-2.2	-	0.5	-	14.6	-	-3.0	10.8	8.6	-5.6	1.0	-	-	7.5	7.0	7.2
2008 Sep.	296.6	-2.3	-	3.5	-	23.3	-	5.0	15.3	10.9	-8.9	-8.3	-	-	17.0	7.1	24.0
2008 Okt.	273.2	-16.0	-	-3.5	-	21.5	-	0.1	13.9	7.2	0.5	-5.8	-	-	11.9	9.4	14.9
2008 Nov.	240.7	-19.0	-	-14.3	-	17.2	-	-9.0	4.4	4.4	-8.0	1.5	-	-	2.1	6.7	-12.8
2008 Dec.	174.1	-35.6	-	-19.0	-	9.6	-	-5.6	3.5	5.3	-14.0	-5.4	-	-	-4.3	9.2	13.0
2009 Jan.	.	.	-20.6	-27.2	-26.4	-23.9	-20.2	-34	-23.4	-3.3	-28.7	-28.7	0.1	5.1	-17	4.0	-41.8
2009 Feb.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	4.5	-39.1

Sources: Statistical Office of the SR, Automotive Industry Association of the SR and NBS calculations.

1) At constant prices of December 2005.

2) Quarterly data refer to a simple average of indices (the same period of the previous year = 100) at constant prices for corresponding three months.

3) At constant prices of December 2000.

**TABLE 13 Employment and unemployment***(annual percentage changes)*

	Employment <sup>1)</sup>										Unemployment rate in %
	Total		Number of employees	Self-employed	Agriculture, hunting and forestry; fishing	Industry	Construction	Wholesale and retail trade	Financial, real estate, renting and business activities	General government, education, healthcare and other services	
	Thousands of persons	year-on-year % changes									
1	2	3	4	5	6	7	8	9	10	11	
2005	2,084.0	1.4	0.6	7.0	-1.9	-1.1	2.6	3.6	8.8	-0.8	16.2
2006	2,131.8	2.3	2.3	2.1	-7.2	1.2	4.9	5.3	4.2	0.4	13.3
2007	2,177.0	2.1	1.9	3.8	-6.5	2.4	7.1	5.1	-1.5	-0.2	11.0
2008	2,237.1	2.8	2.0	7.6	0.8	1.6	7.8	5.1	4.8	-1.0	9.6
2008 Q1	2,207.7	2.8	2.1	7.4	0.8	3.2	5.9	5.6	3.2	-1.9	10.5
2008 Q2	2,226.9	2.9	2.2	7.4	1.4	2.6	6.4	6.3	2.9	-1.9	10.1
2008 Q3	2,262.6	3.2	2.4	8.7	1.0	1.7	9.1	4.4	8.2	-0.2	9.0
2008 Q4	2,251.0	2.1	1.4	6.8	-0.1	-1.2	9.6	4.1	4.8	0.0	8.7
2008 Aug.	1,437.6	-	-	-	-	2.1	9.5	2.3	-	-	7.4
2008 Sep.	1,432.6	-	-	-	-	1.3	10.1	1.6	-	-	7.5
2008 Okt.	1,429.6	-	-	-	-	1.1	10.7	1.8	-	-	7.5
2008 Nov.	1,420.1	-	-	-	-	-0.9	11.0	1.9	-	-	7.8
2008 Dec.	1,399.9	-	-	-	-	-2.1	11.1	1.5	-	-	8.4
2009 Jan. <sup>2)</sup>	1,350.6	-	-	-	-	-6.8	6.7	-3.7	-	-	9.0

Source: Statistical Office of the SR and NBS calculations.

1) ESA 95.

2) The Statistical Office of the SR has applied new classification of economic activities SK NACE since 2009.



**TABLE 14 GDP – expenditure side**

	Total	Domestic demand					External balance				Statistical discrepancy
	Total	Final consumption of households	Final consumption of NPISHs	Final consumption of General government	Gross fixed capital formation	Changes in inventories	Balance	Exports of goods and services	Imports of goods and services		
	1	2	3	4	5	6	7	8	9	10	11
Current prices (EUR bln.)											
2005	49.32	51.58	27.69	0.52	9.13	13.09	1.15	-2.26	37.60	39.86	0.00
2006	55.08	57.20	30.75	0.54	10.57	14.59	0.74	-2.11	46.50	48.62	0.00
2007	61.50	62.13	33.80	0.56	10.65	16.05	1.07	-0.63	53.18	53.81	0.00
2008	67.33	68.98	37.44	0.59	11.57	17.47	1.92	-1.64	55.61	57.25	-0.01
2007 Q4	16.56	17.10	8.96	0.14	3.44	4.47	0.08	-0.54	14.53	15.07	0.00
2008 Q1	15.60	15.82	9.07	0.14	2.40	3.56	0.65	-0.14	14.18	14.32	-0.08
2008 Q2	16.72	16.89	9.08	0.15	2.75	4.53	0.37	-0.26	14.60	14.87	0.10
2008 Q3	17.66	17.91	9.55	0.15	2.78	4.70	0.73	-0.28	13.75	14.03	0.03
2008 Q4	17.35	18.36	9.73	0.15	3.64	4.68	0.16	-0.96	13.07	14.03	-0.06
Percentage of GDP											
2008	100.0	102.5	55.6	0.9	17.2	25.9	2.9	-2.4	82.6	85.0	0.0
Chain-linked volumes, reference year 2000											
Annual percentage changes											
2005	6.5	8.5	6.6	4.6	3.3	17.6	-	-	10.0	12.4	-
2006	8.5	6.5	5.9	-0.3	10.2	9.3	-	-	21.0	17.7	-
2007	10.4	6.5	7.1	2.0	-1.3	8.7	-	-	13.8	8.9	-
2008	6.4	6.4	6.1	1.4	4.3	6.8	-	-	3.2	3.3	-
2007 Q4	14.3	13.4	5.8	4.0	-1.3	7.0	-	-	11.6	10.2	-
2008 Q1	9.3	9.5	8.4	1.9	0.7	7.5	-	-	11.2	10.6	-
2008 Q2	7.9	7.0	5.7	1.0	9.6	11.8	-	-	8.1	7.7	-
2008 Q3	6.6	7.2	6.0	0.4	5.3	7.3	-	-	2.7	3.6	-
2008 Q4	2.5	2.8	4.7	2.2	2.3	1.4	-	-	-7.8	-6.7	-
Quarter-on-quarter percentage changes (seasonally adjusted)											
2007 Q4	7.0	5.8	1.4	0.2	1.5	2.0	-	-	5.6	7.5	-
2008 Q1	-3.4	-2.1	1.7	-0.2	2.4	1.9	-	-	2.9	3.6	-
2008 Q2	1.9	1.8	1.1	0.3	1.1	2.0	-	-	-4.2	-6.0	-
2008 Q3	1.8	2.1	1.6	0.4	-0.7	-0.2	-	-	-3.1	-1.6	-
2008 Q4	2.1	1.1	1.1	1.0	-0.4	-0.8	-	-	-3.8	-3.0	-

Source: Statistical Office of the SR.



**TABLE 15 GDP – supply side**

	Gross value added						Taxes on products	
	Total	Agriculture, hunting and forestry; fishing	Industry	Construction	Wholesale and retail trade	Financial, real estate, renting and business activities		General government, education, healthcare and other services
	1	2	3	4	5	6	7	8
	Current prices (mld. EUR)							
1995	17.311	1.024	5.658	0.884	4.248	3.022	2.476	1.999
1996	19.358	1.069	6.117	1.438	4.662	2.931	3.141	2.155
1997	21.539	1.143	6.023	1.566	5.657	3.657	3.493	2.315
1998	23.441	1.260	6.430	1.686	6.374	3.846	3.845	2.723
1999	25.264	1.200	7.507	1.415	6.846	4.152	4.144	2.835
2000	27.788	1.244	8.101	1.960	6.981	4.756	4.746	3.373
2001	30.609	1.435	8.718	1.946	7.929	5.270	5.311	3.228
2002	33.273	1.684	8.903	2.403	8.066	6.423	5.794	3.545
2003	36.367	1.645	10.511	2.200	9.135	6.533	6.344	4.240
2004	40.389	1.643	12.237	2.503	10.331	7.191	6.483	4.823
2005	43.81	1.60	13.02	2.95	11.29	7.76	7.19	5.50
2006	49.70	1.77	15.55	3.81	11.83	8.86	7.89	5.38
2007	55.35	1.96	17.34	4.38	13.55	9.36	8.75	6.15
2008	61.05	2.09	17.18	5.30	15.97	10.82	9.69	6.29
2008 Q1	14.30	0.44	4.67	1.05	3.59	2.49	2.05	1.30
2008 Q2	15.21	0.39	4.60	1.15	4.17	2.47	2.42	1.52
2008 Q3	15.98	0.74	4.19	1.35	4.35	2.97	2.38	1.67
2008 Q4	15.55	0.50	3.73	1.75	3.85	2.89	2.84	1.80
	Contribution to GDP (%)							
2008	90.7	3.1	25.5	7.9	23.7	16.1	14.4	9.3
	Chain-linked volumes, reference year 2000							
	Annual percentage changes							
2005	5.7	2.9	7.9	20.9	5.3	0.0	3.8	13.3
2006	10.1	11.8	17.2	20.4	0.1	15.9	2.3	-4.6
2007	10.4	9.2	13.0	7.8	14.1	4.2	8.2	10.7
2008	7.2	6.6	-3.7	14.0	17.0	10.5	6.7	-0.6
2007 Q4	12.3	20.0	17.9	5.8	16.7	9.1	1.2	34.4
2008 Q1	10.2	6.4	11.4	7.3	16.2	5.5	6.3	-0.1
2008 Q2	8.6	-2.9	6.9	6.6	13.6	7.2	8.0	1.7
2008 Q3	6.9	6.0	-9.3	8.7	19.4	16.8	7.8	3.7
2008 Q4	3.6	13.9	-20.2	29.3	18.8	11.6	4.8	-6.3

Source: Statistical Office of the SR.



## PUBLIC FINANCES

**TABLE 16 Central government budget**

(cumulative volumes; in millions of EUR, unless otherwise indicated)

	Budget balance	Total revenues								Non-tax revenues	Grants and transfers	Foreign transfers	Total expenditures		
		Tax revenues							Current				Capital		
		Individual income tax	Corporate tax	Withholding taxes	Value added tax	Excise taxes	Other taxes								
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
2005	-1,124.8	8,587.1	7,388.8	92.7	1,396.4	128.0	4,063.8	1,659.3	48.6	700.8	497.5	460.4	9,711.9	8,667.3	1,044.6
2006	-1,051.5	9,691.9	7,842.8	85.8	1,568.7	161.3	4,264.1	1,730.9	32.0	647.0	1,202.0	677.8	10,743.4	9,388.9	1,354.5
2007	-781.0	10,695.7	8,572.0	109.8	1,739.9	189.0	4,513.6	1,981.4	38.3	781.6	1,342.1	847.4	11,476.7	9,857.1	1,621.0
2008	-703.8	11,352.3	9,022.1	119.5	2,121.1	206.0	4,633.9	1,905.3	36.3	873.9	1,455.6	837.3	12,056.1	10,449.4	1,606.7
2007 Q4	-781.0	10,695.7	8,572.0	109.8	1,739.9	189.0	4,513.6	1,981.4	38.3	781.6	1,342.1	847.4	11,476.7	9,857.1	1,621.0
2008 Q1	113.7	2,687.6	2,209.6	-1.1	645.5	58.3	930.4	566.6	9.9	164.0	314.0	310.1	2,573.9	2,437.4	136.5
2008 Q2	-136.5	5,185.2	4,269.8	-26.2	1,120.2	105.3	2,099.3	951.7	19.5	366.3	548.9	537.9	5,321.7	4,890.1	431.6
2008 Q3	142.7	8,029.6	6,466.2	3.3	1,646.4	154.0	3,239.7	1,397.5	25.3	582.1	978.9	659.1	7,886.9	7,710.1	776.8
2008 Q4	-703.8	11,352.3	9,022.1	119.5	2,121.1	206.0	4,633.9	1,905.3	36.3	873.9	1,455.6	837.3	12,056.1	10,449.4	1,606.7
2008 Sep.	142.7	8,029.6	6,466.2	3.3	1,646.4	154.0	3,239.7	1,397.5	25.3	582.1	978.9	659.1	7,886.9	7,710.1	776.8
2008 Oct.	262.3	9,125.1	7,422.2	16.6	1,805.7	169.2	3,823.9	1,576.7	30.1	677.1	1,004.6	671.0	8,862.8	7,943.3	919.5
2008 Nov.	318.7	10,193.8	8,099.3	19.9	1,905.3	190.0	4,212.3	1,736.1	35.4	756.7	1,338.3	740.2	9,875.1	8,799.7	1,075.4
2008 Dec.	-703.8	11,352.3	9,022.1	119.5	2,121.1	206.0	4,633.9	1,905.3	36.3	873.9	1,455.6	837.3	12,056.1	10,449.4	1,606.7
2009 Jan.	100.3	706.7	662.2	-60.0	66.1	33.6	365.9	253.8	2.8	44.1	0.3	0.0	606.4	602.9	3.5
2009 Feb.	-185.1	1,411.0	1,167.4	-69.7	198.7	43.9	399.0	589.5	6.0	83.8	159.8	158.6	1,596.1	1,565.8	30.3

(percentage changes against previous period)

	Budget balance	Total revenues								Non-tax revenues	Grants and transfers	Foreign transfers	Total expenditures		
		Tax revenues							Current				Capital		
		Individual income tax	Corporate tax	Withholding taxes	Value added tax	Excise taxes	Other taxes								
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
2006	-6.5	12.9	6.1	-7.4	12.3	26.0	4.9	4.3	-34.2	-7.7	141.6	47.2	10.6	8.3	29.7
2007	-25.7	10.4	9.3	28.0	10.9	17.2	5.9	14.5	19.7	20.8	11.7	25.0	6.8	5.0	19.7
2008	-9.9	6.1	5.3	8.8	21.9	9.0	2.7	-3.8	-5.2	11.8	8.5	-1.2	5.0	6.0	-0.9
2007 Q4	-25.7	10.4	9.3	28.0	10.9	17.2	5.9	14.5	19.7	20.8	11.7	25.0	6.8	5.0	19.7
2008 Q1	-128.8	15.3	16.4	-84.5	44.1	0.2	-5.5	39.0	33.8	16.2	7.6	10.4	-5.6	-3.5	-31.9
2008 Q2	-62.6	7.1	4.6	47.2	9.9	3.2	0.1	10.0	17.5	9.6	29.1	32.8	2.2	3.8	-13.0
2008 Q3	-799.6	5.8	6.6	-68.1	19.2	4.1	3.1	2.8	-2.3	10.0	-1.3	36.5	3.7	13.7	-5.9
2008 Q4	-9.9	6.1	5.3	8.8	21.9	9.0	2.7	-3.8	-5.2	11.8	8.5	-1.2	5.0	6.0	-0.9
2008 Sep.	-799.6	5.8	6.6	-68.1	19.2	4.1	3.1	2.8	-2.3	10.0	-1.3	36.5	3.7	13.7	-5.9
2008 Okt.	14.7	4.5	6.5	-34.4	18.6	4.7	3.7	2.3	0.0	12.7	-13.6	4.3	4.2	5.1	-2.9
2008 Nov.	76.2	5.8	4.0	-34.7	19.1	7.8	0.9	-1.9	5.0	-20.0	10.9	8.7	4.4	5.7	-4.9
2008 Dec.	-9.9	6.1	5.3	8.8	21.9	9.0	2.7	-3.8	-5.2	11.8	8.5	-1.2	5.0	6.0	-0.9
2009 Jan.	-76.8	-39.2	-39.8	190.9	-35.5	13.5	-42.6	-27.2	-17.6	-26.5	-72.7	-100.0	-16.8	-16.7	-12.5
2009 Feb.	-458.7	-17.5	-18.9	32.3	0.5	-2.4	-49.1	28.4	-11.8	-30.7	6.3	6.6	-3.8	-1.9	-52.4

Source: Ministry of Finance and NBS calculations.



## BALANCE OF PAYMENTS

**TABLE 17 Balance of payments**

(EUR bln. unless otherwise indicated)

	Goods			Services			Income	Current transfers	Current account	Capital account	Direct investment	Portfolio investment	Other investment	Financial account
	Export	Import	Balance	Export	Import	Balance								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	32,864	35,320	-2,456	4,538	4,208	330	-2,075	16	-4,186	-19	2,347	-1,038	4,916	6,224
2006	40,924	43,422	-2,498	5,332	4,587	745	-2,446	-54	-4,252	-40	4,122	1,441	-4,073	1,490
2007	47,160	47,870	-710	5,755	5,320	435	-2,634	-368	-3,277	377	2,363	-536	3,961	5,788
2008	49,544	50,257	-714	6,001	6,488	-487	-2,295	-893	-4,390	806	2,113	1,579	1,371	5,063
2007 Q4	12,956	13,469	-513	1,518	1,457	60	-879	21	-1,311	188	864	-745	996	1,115
2008 Q1	12,730	12,736	-6	1,389	1,482	-93	-117	-214	-430	139	-195	656	74	535
2008 Q2	13,065	13,258	-193	1,489	1,595	-106	-1,210	-216	-1,725	402	562	425	663	1,650
2008 Q3	12,223	12,275	-52	1,543	1,666	-123	-572	-196	-943	82	663	504	88	1,255
2008 Q4	11,524	11,988	-464	1,580	1,746	-166	-395	-267	-1,292	183	1,083	-6	547	1,624
2008 July	4,100	4,228	-128	612	607	6	-325	-79	-527	22	83	154	619	857
2008 Aug.	3,695	3,624	71	549	488	61	-153	-26	-47	33	394	272	-442	224
2008 Sep.	4,429	4,422	6	382	572	-189	-94	-92	-369	27	186	77	-89	174
2008 Oct.	4,709	4,640	69	546	597	-51	-251	-103	-336	53	54	223	256	533
2008 Nov.	3,901	4,093	-192	475	514	-40	-6	-115	-353	14	338	261	132	730
2008 Dec.	2,914	3,256	-342	559	634	-75	-138	-48	-603	116	691	-490	159	360
2009 Jan.	2,913	3,192	-280	358	454	-96	19	-68	-425	,	,	,	,	,

(annual percentage growth)

	Goods		Services	
	Export	Import	Export	Import
	15	16	17	18
2005	11.1	13.1	13.8	13.7
2006	24.5	22.9	17.5	9.0
2007	15.2	10.2	-71.6	16.0
2008	5.1	5.0	0.6	22.0
2008 Q4	-11.0	-11.0	4.1	19.8
2008 Oct.	-0.6	-1.6	17.2	15.1
2008 Nov.	-15.5	-14.2	-4.3	15.5
2008 Dec.	-19.1	-18.3	0.7	28.7

Source: NBS and Statistical Office of the SR.



## EXTERNAL ENVIRONMENT

**Table 18 Euro area**

(year-on-year changes in %, unless otherwise indicated)

	Prices			Real economy				Financial market
	HICP	HICP <sup>(1)</sup> (core inflation)	PPI	GDP <sup>2,4,5)</sup>	Industrial production <sup>2,3)</sup>	Retail trade (sales) <sup>2,3)</sup>	Unemployment (% of the labour force) <sup>6)</sup>	10-year bonds (yield to maturity in %)
2006	2.2	1.5	5.1	2.9	4.0	1.9	8.3	3.86
2007	2.1	2.0	2.7	2.6	3.4	1.0	7.5	4.33
2008	3.3	2.4	6.1	0.8	-1.6	-0.9	7.6	4.36
2007 Q4	2.9	2.3	4.1	2.1	3.0	0.1	7.3	4.34
2008 Q1	3.4	2.5	5.4	2.1	2.5	0.9	7.3	4.15
2008 Q2	3.6	2.5	7.0	1.4	1.2	-0.9	7.4	4.50
2008 Q3	3.8	2.5	8.5	0.6	-1.4	-1.0	7.5	4.61
2008 Q4	2.3	2.2	3.4	-1.3	-8.6	-2.4	7.9	4.17
2008 Nov.	2.1	2.2	3.0	-	-8.4	-2.6	7.9	4.20
2008 Dec.	1.6	2.1	1.2	-	-12.0	-2.3	8.1	3.89
2009 Jan.	1.1	1.8	-0.5	-	.	-2.2	8.2	4.11
2009 Feb.	1.2	1.7	.	-	.	.	.	4.20

Source: Eurostat, ECB, NBS calculations.

1) Overall inflation, excluding energy and unprocessed food prices.

2) Constant prices.

3) Adjusted for calendar effects.

4) Adjusted for seasonal and calendar effects.

5) Annual data are not adjusted for calendar effects.

6) Harmonised data, ILO definition, seasonally adjusted.

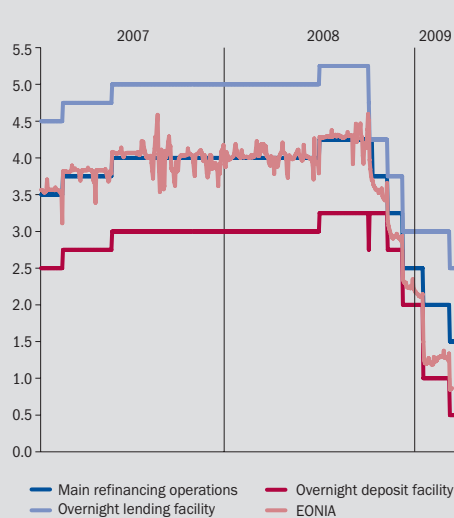
**Chart 1 USD/EUR: year-on-year changes (%)**



Source: ECB.

Note: Negative values denote appreciation.

**Chart 2 ECB interest rates and the EONIA (%)**



Source: ECB.



**Table 19 Czech Republic**

(year-on-year changes in %, unless otherwise indicated)

	Prices			GDP <sup>(2),(4),(5)</sup>	Real economy			Financial market
	HICP	HICP <sup>(1)</sup> (core inflation)	PPI		Industrial production <sup>(2),(3)</sup>	Retail trade (sales) <sup>(2),(3)</sup>	Unemployment (% of the labour force) <sup>(6)</sup>	10-year bonds (yield to maturity in %) <sup>(7)</sup>
2006	2.1	0.9	1.5	6.8	13.2	9.2	7.2	3.80
2007	3.0	3.1	4.1	6.0	8.9	7.7	5.3	4.30
2008	6.3	5.8	4.5	4.4	0.2	4.2	4.4	4.63
2007 Q4	4.9	4.5	5.1	5.6	7.9	5.0	4.9	4.59
2008 Q1	7.6	6.9	5.7	4.9	5.4	6.0	4.4	4.59
2008 Q2	6.7	6.2	5.1	4.0	6.6	5.9	4.4	4.90
2008 Q3	6.5	5.9	5.5	2.9	2.0	3.5	4.3	4.60
2008 Q4	4.4	4.3	1.7	0.7	-12.0	2.0	4.6	4.45
2008 Nov.	4.1	4.1	1.3	-	-13.1	2.7	4.6	4.52
2008 Dec.	3.3	3.5	-0.1	-	-17.2	1.0	4.7	4.30
2009 Jan.	1.4	1.6	-0.8	-	.	.	5.0	4.21
2009 Feb.	1.3	1.1	.	-	.	.	.	4.74

Source: Eurostat, ECB, NBS calculations.

1) Overall inflation, excluding energy and unprocessed food prices.

2) Constant prices.

3) Adjusted for calendar effects.

4) Adjusted for seasonal and calendar effects.

5) Annual data are not adjusted for calendar effects.

6) Harmonised data, ILO definition, seasonally adjusted.

7) Long-term interest rates according to the Maastricht criteria.

**Table 20 Hungary**

(year-on-year changes in %, unless otherwise indicated)

	Prices			GDP <sup>(2),(4),(5)</sup>	Real economy			Financial market
	HICP	HICP <sup>(1)</sup> (core inflation)	PPI		Industrial production <sup>(2),(3)</sup>	Retail trade (sales) <sup>(2),(3)</sup>	Unemployment (% of the labour force) <sup>(6)</sup>	10-year bonds (yield to maturity in %) <sup>(7)</sup>
2006	4.0	2.5	8.4	4.1	10.6	4.9	7.5	7.12
2007	7.9	6.7	6.5	1.1	8.4	-2.0	7.4	6.74
2008	6.0	5.1	11.7	0.5	-1.8	-1.7	7.9	8.24
2007 Q4	7.1	6.2	5.3	0.6	6.0	-3.2	7.7	6.76
2008 Q1	6.9	5.9	10.6	1.4	6.5	-2.5	7.7	7.70
2008 Q2	6.8	5.6	11.8	1.4	3.7	-1.3	7.7	8.20
2008 Q3	6.3	5.2	13.3	0.4	-2.7	-1.1	7.9	7.96
2008 Q4	4.2	3.8	11.1	-1.3	-13.1	-2.1	8.3	9.10
2008 Nov.	4.1	3.8	11.2	-	-9.8	-1.8	8.3	9.41
2008 Dec.	3.4	3.5	8.7	-	-23.3	-3.1	8.5	8.31
2009 Jan.	2.4	3.0	4.4	-	.	.	8.6	8.76
2009 Feb.	2.9	2.9	.	-	.	.	.	10.65

Source: Eurostat, ECB, NBS calculations.

1) Overall inflation, excluding energy and unprocessed food prices.

2) Constant prices.

3) Adjusted for calendar effects.

4) Adjusted for seasonal and calendar effects.

5) Annual data are not adjusted for calendar effects.

6) Harmonised data, ILO definition, seasonally adjusted.

7) Long-term interest rates according to the Maastricht criteria.



**Table 21 Poland**

(year-on-year changes in %, unless otherwise indicated)

	Prices			Real economy				Financial market
	HICP	HICP <sup>1)</sup> (core inflation)	PPI	GDP <sup>2)4)5)</sup>	Industrial production <sup>2)3)</sup>	Retail trade (sales) <sup>2)3)</sup>	Unemployment (% of the la-bour force) <sup>6)</sup>	10-year bonds (yield to maturity in %) <sup>7)</sup>
2006	1.3	0.6	2.5	6.2	12.2	12.5	13.9	5.23
2007	2.6	2.0	3.7	6.6	9.5	11.0	9.6	5.48
2008	4.2	3.6	4.9	5.4	3.4	4.4	7.1	6.07
2007 Q4	3.7	3.0	4.4	7.0	7.9	9.9	8.6	5.73
2008 Q1	4.5	3.7	5.4	6.1	9.3	7.8	7.7	5.87
2008 Q2	4.3	3.8	5.7	5.5	7.2	5.9	7.3	6.17
2008 Q3	4.4	3.7	5.3	4.9	2.3	4.3	6.8	6.15
2008 Q4	3.6	3.1	3.2	3.1	-4.5	0.4	6.6	6.09
2008 Nov.	3.6	3.1	3.1	-	-5.8	-0.6	6.6	6.23
2008 Dec.	3.3	2.9	2.3	-	-7.7	-0.5	6.6	5.70
2009 Jan.	3.2	2.7	.	-	.	1.9	6.7	5.46
2009 Feb.	3.6	2.8	.	-	.	.	.	5.97

Source: Eurostat, ECB, NBS calculations.

1) Overall inflation, excluding energy and unprocessed food prices.

2) Constant prices.

3) Adjusted for calendar effects.

4) Adjusted for seasonal and calendar effects.

5) Annual data are not adjusted for calendar effects.

6) Harmonised data, ILO definition, seasonally adjusted.

7) Long-term interest rates according to the Maastricht criteria.

**Chart 3 Exchange rate indices of V4 currencies against the euro (30 December 2005 = 100)**



Source: Eurostat, NBS calculations.

Note: A fall in value denotes an appreciation.

**Chart 4 Exchange rates of V4 currencies against the euro (year-on-year changes in %)**

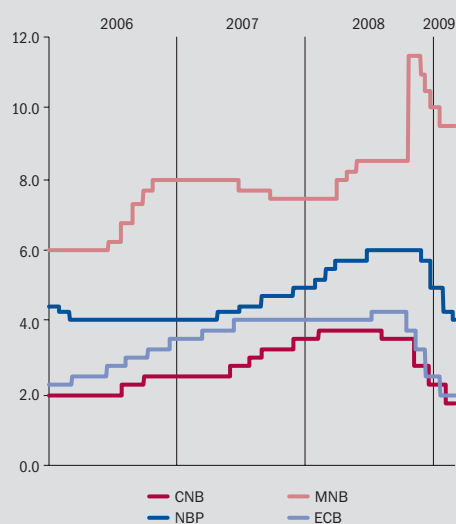


Sources: Eurostat, NBS calculations.

Note: Negative values denotes an appreciation.



**Chart 5 Key interest rates of the NCBs of V4 countries (%)**



Sources: ECB, national central banks.

**Table 22 United States**

(year-on-year changes in %, unless otherwise indicated)

	Prices			GDP <sup>3)</sup>	Real economy			Financial market
	HICP	HICP <sup>1)</sup> (core inflation)	PPI <sup>2)</sup>		Industrial production <sup>4)</sup>	Retail trade <sup>5)</sup>	Unemployment	10-year bonds (yield to maturity in %)
2006	3.2	2.5	3.0	2.8	2.2	6.2	4.6	4.80
2007	2.9	2.3	3.9	2.0	1.7	4.1	4.6	4.64
2008	3.8	2.3	6.3	1.1	-1.7	-0.8	5.8	3.66
2007 Q4	4.0	2.3	6.8	2.3	2.2	4.0	4.8	4.27
2008 Q1	4.1	2.4	7.1	2.5	1.9	2.5	4.9	3.67
2008 Q2	4.4	2.3	7.6	2.1	0.2	2.2	5.3	3.88
2008 Q3	5.3	2.5	9.4	0.7	-3.0	-0.1	6.0	3.86
2008 Q4	1.6	2.0	1.3	-0.8	-6.0	-2.2	6.8	3.23
2008 Nov.	1.7	2.0	0.2	-	-5.9	-8.0	6.7	3.53
2008 Dec.	0.1	1.8	-1.2	-	-7.9	-9.8	7.2	2.42
2009 Jan.	0.0	1.7	-1.3	-	-10.1	-8.6	7.6	2.52
2009 Feb.	.	.	-1.6	-	-11.2	-8.3	8.1	2.87

Source: Bureau of Economic Analysis, Bureau of Labour Statistics, Federal Reserve System, U.S. Department of Commerce.

1) Core CPI – inflation excluding food and energy.

2) PPI finished products.

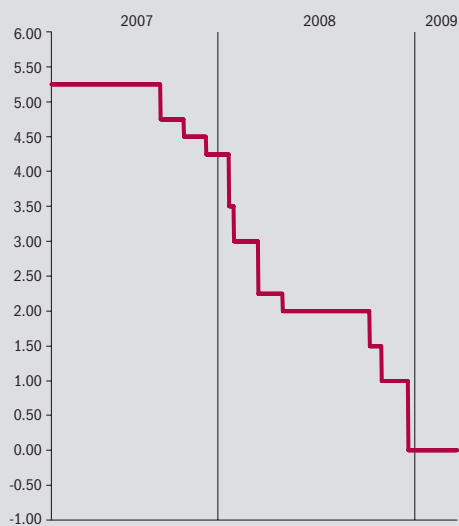
3) Seasonally adjusted.

4) Industrial production in total (seasonally adjusted.)

5) Retail and food services sales.

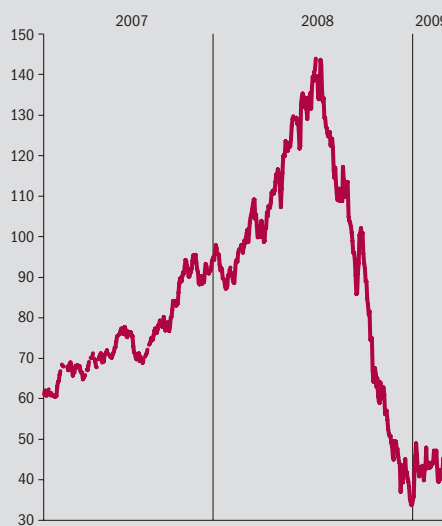


Chart 6 United States (federal funds rate) (%)



Source: Federal Reserve System.

Chart 7 Oil prices (USD/barrel)



Source: Reuters.

