



EXPECTED MACROECONOMIC DEVELOPMENT IN SLOVAKIA

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The Slovak economy continued to expand in the third quarter. This positive development was accelerated as a result of the crisis mitigation in the euro area, which was reflected in the country's growth for a second consecutive quarter. Over the forecast period, growth should be boosted by export performance based on the assumed pick-up in external demand. Looking ahead, economic growth is expected to be more balanced on the back of additional support from domestic demand. Growth is projected to increase by 2.2% in 2014 and by 3.1% in 2015. In line with this development, the labour market should also improve. Inflation is expected to remain subdued reflecting weak consumer demand and cost-push factors (p. 2).

STRUCTURAL BALANCE PROPERTIES AND USEFULNESS IN PERIODS OF ECONOMIC SHOCKS

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The structural budget balance indicator is used to assess the general government budget balance adjusted for the economic cycle. The resulting value of structural budget balance depends on the estimation of potential output and output gap. Structural balance can be significantly revised due to the increased uncertainty in estimation of potential output in the period of economic shocks. Simulations and practical examples, which use the period of the current crisis in Europe, show that the structural budget balance cannot be reliably applied during the time of economic turbulences to assess current and future government budgets. Hence, the structural budget balance indicator does not provide early warning of fiscal loosening or tightening. Despite the intention to adjust the general government budget balance for the impact of the economic cycle, it tends to be cyclical, encouraging pro-cyclical fiscal policy (p. 4).

DETERMINANTS OF THE SAVINGS RATE IN SLOVAKIA (WITH A FOCUS ON CRISIS YEAR 2009) – PART 2

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The answer to the basic question of whether to consume „today“ or „tomorrow“ has a significant impact on economic growth whereas household consumption in most countries represents more than 50% of GDP. Slovakia as well as the most EU countries recorded fall of production, employment and real income in 2009. Despite this fact, households saved more of their disposable income than in the previous year. In general, it is assumed that households save in the „better“ times, while in the „worst“ times conversely draw on their savings in order to avoid excessive fluctuations in their living standards. Post-crisis development continues to suggest that uncertainty and negative expectations about future income forced the Slovak households save more and cause even bigger drop in their standard of living. The aim of the article is to explain the evolution of saving rates in Slovakia with particular emphasis on the crisis in 2009 (p. 10).

SEPA MIGRATION WITHIN THE EUROSISTEM AND NBS

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The SEPA migration end-date regulation (Regulation EU No 260/2012) establishes the 1st of February 2014 as a deadline for euro area migration to SEPA credit transfers (SCTs) and SEPA direct debits (SDDs). In October 2013, the European Central Bank published the second SEPA migration report, which describes the state of play in the euro area at the end of the third quarter of 2013. According to indicators, migration to SEPA credit transfers seems faster in most participating countries and has already been completed by central public administrations in many states. By contrast, no significant progress has been made in SEPA direct debit migration. Among payment services users, small and medium-sized enterprises, municipalities and regional authorities represent the group with the lowest level of general awareness. Payment service providers are likely to be ready with their preparations by 1 February 2014. NBS, as a retail payment system operator, provides for the functionality of the system and its adaptation to the new technical standards. The Slovak interbank payment system (SIPS) currently supports the full functionality of SCTs and SDDs. Moreover, NBS administrates the CID Register (p. 15).

CURRENT AND PAST DEVELOPMENTS ON THE COVERED BOND MARKETS

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In the course of the past decade, covered bonds became an important instrument used by financial institutions to refinance credits granted to the private and public sectors. Legislation exempting covered bonds from bankruptcy proceedings in the case of their issuers' default accelerated the implementation of new laws not only in Europe, where the most of traditional investors in covered bonds operate, but all over the world as well. Apart from markets in government bonds, the debt crisis affected also the covered bond markets, which was reflected both in a widening of spreads and ratings downgrade. The situation was stabilised through ECB measures and the covered bond markets have slowly been returning to their pre-crisis regime (p. 17).

FINANCIAL CRISES PREDICTIONS BASED ON FINANCIAL ECONOMETRICS METHODS (Summary of Dissertation Thesis)

Marek Káčer¹
This paper is a summary of a dissertation thesis. The main objective of the thesis was to develop a probability model of a financial bubble collapse based on financial econometrics methods. The theory of financial bubbles was used as an underlying theory of the model. The models were estimated for two chosen national stock indices – Hong Kong Hang Seng Index (HSI) and American Dow Jones Industrial Average (DJII). Bubbles were identified using the empirical model of financial bubble. Probit and logit models were employed to model the probability of a financial bubble collapse. As explanatory variables we used variables describing the price, investor sentiment, explosivity and time series memory (p. 23).

DYNAMIC PORTFOLIO OPTIMIZATION DURING THE FINANCIAL CRISIS USING DAILY AND HIGH-FREQUENCY DATA

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Our work focuses on variance-covariance matrix modelling and forecasting. Existing research works mostly use statistical criteria to evaluate covariance forecasts. Our main contribution is the economic comparison of parametric and non-parametric approaches to covariance matrix modelling. The parametric approach relies on the RiskMetrics and Dynamic Conditional Correlation GARCH models that are applied to daily data. In the second approach, estimates of a variance-covariance matrix are directly obtained from the high-frequency data by the non-parametric techniques of Realized Covariation and Multivariate Realized Kernels. These estimates are further modelled by the Heterogeneous and Wishart Autoregression. Moreover, we use a dataset that covers the financial crisis period. The portfolio of assets that is dynamically optimized consists of two highly liquid assets - Light Crude NYMEX and Gold COMEX, and a European asset represented by the DAX index. Forecast evaluation results indicate a better economic performance of models estimated on the basis of daily data. However, we have found that the data synchronization procedure is the main driver of the results (p. 27).

ESSAYS ON ACCESS TO EXTERNAL FINANCE, ACQUISITIONS AND PRODUCTIVITY

Peter Ondko³
My thesis has been motivated by interest in gaining deeper, empirical based understanding of several classical questions in the financial and industrial economics. In thesis chapters I and coauthors show three key results. First, firms in industries with high growth opportunities use more external finance in financially more developed countries supporting growth promoting role of developed financial systems. Second, empirical patterns in selection and productivity gains following acquisitions are in line with predictions of key acquisition theories - Q-theory of mergers for horizontal deals and the search and matching model for vertical deals. Last, the liberalization of services in Europe has increased firm-level productivity in respective industries, which underscores the growth-promoting role of liberalization efforts (p. 30).

¹ The article is a summary of an eponymous dissertation that achieved first place in the NBS Governor's Award for outstanding undergraduate work in the area of economics.

² The article is a summary of an diploma thesis that achieved second place in the NBS Governor's Award for outstanding undergraduate work in the area of economics.

³ The article is a summary of an eponymous dissertation that achieved third place in the NBS Governor's Award for outstanding undergraduate work in the area of economics.