



NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

November 2006

© NÁRODNÁ BANKA SLOVENSKA

Imricha Karvaša 1  
813 25 Bratislava  
Slovakia

Contact:  
Public Relations Department  
Phone No.: +421 2 5787 2141, 5787 2142  
Fax No.: +421 2 5787 1128

<http://www.nbs.sk>

ISSN 1336-6459 (online)

The advance release calendars and the prescribed components of IMF's Special Data Dissemination Standards for the following data categories, are published exclusively on the Internet and are available on the home page of the National Bank of Slovakia: Analytical accounts of the banking sector, analytical accounts of the central bank (advance release calendar only), Balance of payments, International reserves (advance release calendar only), International investment position, exchange rates, interest rates. Data categories are also published in other media, but appear for the first time on Internet, the NBS web site.

**CONTENTS**

1	Introduction .....	5
2	Inflation .....	6
2.1	Consumer Price Index .....	6
2.2	Consumer Prices in October 2006 .....	8
3	Factors Affecting the Course of Inflation .....	11
3.1	Monetary Aggregates .....	11
3.2	External Trade .....	15
3.3	Real Economy .....	23
4	Monetary Developments .....	41
4.1	Foreign Exchange Market .....	41
4.2	Money Market and Monetary Policy Implementation .....	42
4.3	Customer Interest Rates in October 2006 .....	45
	Annexes .....	49
1	Capital Market .....	49
1.1	Bonds .....	49
1.2	Shares .....	50
2	Monetary Developments in the Euro Area .....	52
2.1	Exchange Rate Developments .....	52
2.2	Real Economy .....	52
3	Methodological Notes to Selected Indicators .....	54
3.1	Monetary Statistics .....	54
3.2	Basic Macroeconomic Indicators .....	59
4	Tables .....	63
	Selected Indicators of Economic and Monetary Development in the SR .....	63
	Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs .....	64
	Average Interest Rates on New Loans .....	65
	Average Interest Rates on New Deposits .....	66
	Interest Rates on Outstanding Loans .....	67
	Interest Rates on Outstanding Deposits .....	68
	Shortened Balance Sheet of Commercial Banks as at 31 October 2006 .....	69
	Monthly Profit and Loss Account of Commercial Banks .....	71
	Balance of Payments of the SR for January – September 2006 .....	72
	Overview of Issues of NBS Bills .....	73
	Basic Characteristics of Slovakia's Foreign Exchange Market in November 2006 .....	74
	Average Monthly Exchange Rates of the SKK .....	75
	Average Quarterly Exchange Rates of the SKK .....	75
	Inflow of Foreign Direct Investment into Slovakia in 1999 – 2005 .....	76
	Inflow of Foreign Direct Investment During January to December 2005 .....	77
	Inflow of Foreign Direct Investment During January to December 2004 .....	78
	Inflow of Foreign Direct Investment During January to December 2003 .....	79
	Volume of Foreign Direct Investment as at 31 December 2005 .....	80
	Volume of Foreign Direct Investment as at 31 December 2004 .....	81
	Volume of Foreign Direct Investment as at 31 December 2003 .....	82
	Outflow of Foreign Direct Investment from Slovakia in 1999 – 2005 .....	83
	Outflow of Foreign Direct Investment During January to December 2005 .....	84
	Outflow of Foreign Direct Investment During January to December 2004 .....	85
	Outflow of Foreign Direct Investment During January to December 2003 .....	86
	Volume of Foreign Direct Investment Outward as at 31 December 2005 .....	87
	Volume of Foreign Direct Investment Outward as at 31 December 2004 .....	88
	Volume of Foreign Direct Investment Outward as at 31 December 2003 .....	89

**TABLES IN TEXT**

Table 1	Harmonised Index of Consumer Prices .....	6
Table 2	HICP in the Structure of the National Index .....	6
Table 3	Consumer Prices in November 2006 .....	8
Table 4	Producer Price Developments in October 2006 .....	8
Table 5	Year-on-Year Growth Rates of M3 Monetary Aggregate (ECB methodology) .....	11
Table 6	Comparison of Month-on-Month Developments in Monetary Aggregates (ECB methodology) .....	11
Table 7	Overview of Net Sales of Open-End Investment Funds .....	12
Table 8	Main Counterparts of M3 (ECB methodology) .....	13
Table 9	Receivables of Monetary Financial Institutions from the Resident Private Sector .....	13
Table 10	Survey of MFI Receivables from the Resident Private Sector (excl. securities) .....	14
Table 11	Balance of Payments Current Account .....	15
Table 12	Exports from January to September, Year-on-Year Changes .....	16
Table 13	Imports from January to September, Year-on-Year Changes .....	17
Table 14	Balance of Payments Capital and Financial Account .....	18
Table 15	Capital Inflow in Other Investment by Sector .....	19
Table 16	Balance of Payments Adjusted for Government and NBS Activities .....	19
Table 17	External Debt of the SR .....	20
Table 18	Balance of Payments on Current Account .....	20
Table 19	Developments in Current Account Components in 2006 .....	21
Table 20	Year-on-Year Dynamics of the NEER and REER Indices .....	22
Table 21	Development of GDP by Use .....	24
Table 22	Structure of Gross Fixed Capital Formation in the Q1 – Q3 2006 .....	25
Table 23	Impact of Price and Volume on Exports and Imports .....	27
Table 24	Contributions to GDP Growth .....	28
Table 25	GDP Growth by Component .....	28
Table 26	GDP Development by Sector .....	29
Table 27	GDP Development by Sector (contributions to growth) .....	29
Table 28	Comparison of GDP, GNI, and GNDI .....	30
Table 29	Average Monthly Wages and Labour Productivity in the Slovak Economy .....	31
Table 30	Average Compensation Per Employee and Labour Productivity in the Slovak Economy (ESA 95) .....	32
Table 31	Real Labour Productivity and Compensation per Employee in the First Three Quarters of 2006 .....	32
Table 32	Generation and Use of Incomes in the Household Sector .....	33
Table 33	Gross Disposable Income of Households .....	34
Table 34	Employment and Unemployment .....	34
Table 35	Developments in Employment by Sector (ESA 95) .....	35
Table 36	Financial Results of Corporations .....	36
Table 37	Number of Profitable and Loss-Making Corporations .....	36
Table 38	Financial Results of Financial Corporations .....	37
Table 39	Production and Receipts .....	38
Table 40	Wage Developments in Selected Sectors .....	39
Table 41	Changes in the SKK/EUR and SKK/USD Exchange Rates .....	41
Table 42	Koruna Assets/Liabilities and Government Securities Held by Non-Residents .....	42
Table 43	Interbank Transactions .....	43
Table 44	Average Daily Impact of NBS Transactions on the Level of Banking Sector Liquidity .....	43
Table 45	Tenders in November 2006 .....	44
Table 46	Average Interest Rates on New Loans to Non-Financial Corporations .....	46
Table 47	Average Interest Rates on New Loans to Households .....	46
Table 48	Average Interest Rates on New Deposits from Non-Financial Corporations .....	47
Table 49	Average Interest Rates on New Deposits from Households .....	47
Table 50	Values of SDXGroup Indices at the End of November 2006 .....	50
Table 51	Weights of Basic SAX Index Components .....	51
Table 52	Calculation of Monetary Aggregates According to NBS and ECB Methodologies .....	54

**CHARTS IN TEXT**

Chart 1	HICP Inflation and Its Main Components .....	7
Chart 2	HICP Compared with the Views of Respondents on Inflation .....	7
Chart 3	Developments in Industrial Producer Prices and Manufacturing Products Prices .....	9
Chart 4	Developments in Food Prices in Primary Production, Processing, and Consumption .....	9
Chart 5	Monthly Net Sales of OIFs in Slovakia .....	12
Chart 6	Lending in Foreign Currency in 2004 to 2006 .....	15
Chart 7	Balance of Trade and Current Account Developments (cumulative figures) .....	16
Chart 8	Balance of Trade and Current Account Developments (12-month cumulative figures) .....	21
Chart 9	Coverage of the Current Account Deficit by Foreign Direct Investment .....	21
Chart 10	Year-on-year Changes in the Average Monthly Exchange Rates of the Slovak Koruna .....	22
Chart 11	Year-on-Year Dynamics of the NEER and REER Indices .....	22
Chart 12	Development of Real GDP by Quarter .....	23
Chart 13	Development of Domestic and Foreign Demand .....	23
Chart 14	Breakdown of Gross Fixed Capital Formation by Production .....	25
Chart 15	Structure of Final Household Consumption in the First Three Quarters of 2006 .....	26
Chart 16	Contributions of Consumer Expenditures to Growth in Household Final Consumption by Category .....	26
Chart 17	Contribution of Net Exports to GDP at Current Prices .....	26
Chart 18	Export Performance and Import Intensity .....	27
Chart 19	Real Wages and Real Labour Productivity .....	31
Chart 20	Unit Labour Costs by Component (ECB methodology) .....	31
Chart 21	Unit Labour Costs by Component (ECB Methodology) .....	33
Chart 22	Propensity of Households to Save and Consume .....	34
Chart 23	Unemployment Rate .....	35
Chart 24	Development of Industrial and Manufacturing Production .....	37
Chart 25	Development of Industrial Production in Selected Sectors .....	37
Chart 26	Receipts from Retail Sales and the Sale of Motor Vehicles and Fuels .....	38
Chart 27	Nominal Wages in Industry, Construction, and Selected Services .....	39
Chart 28	Registered Unemployment Rate .....	39
Chart 29	Consumer Confidence Indicator .....	40
Chart 30	Transactions on the Interbank Foreign Exchange Market .....	41
Chart 31	Differentials Between the Key Rates of Selected European Central Banks, the ECB, and the Fed .....	42
Chart 32	BRIBOR .....	43
Chart 33	Daily Developments in FRAs .....	44
Chart 34	Daily Developments in IRs .....	44
Chart 35	Implied Expectations Derived from BRIBOR Rates .....	45
Chart 36	Interest Rates on Loans to Non-Financial Corporations, 3M BRIBOR, and the Basic NBS Rate .....	46
Chart 37	Interest Rates on Loans to Households by Type .....	47
Chart 38	Real Interest Rates on Household Deposits .....	48
Chart 39	Government Bond No. 205 – Auction Results Compared with the Values of Quoted Yields .....	49
Chart 40	Government Bond No. 204 – Auction Results Compared with the Values of Quoted Yields .....	49
Chart 41	Shift in the Benchmark Government Bond Yield Curve .....	49
Chart 42	Bond Transactions on the BCPB .....	50
Chart 43	Developments in the SAX Index in 2006 .....	50
Chart 44	Key ECB Interest Rates and the EONIA .....	52
Chart 45	Exchange Rates: SKK/EUR and USD/EUR .....	52

**Abbreviations**

ARDAL	Agentúra pre riadenie dlhu a likvidity – Agency for Debt and Liquidity Management
BCPB	Burza cenných papierov v Bratislave – Bratislava Stock Exchange
CDCP SR	Centrálny depozitár cenných papierov SR – Central Securities Depository of the Slovak Republic
ECB	European Central Bank
EMU	Economic and Monetary Union
EU	European Union
Eurostat	Statistical Office of the European Communities
Fed	Federal Reserve System
FNM	Fond národného majetku – National Property Fund
IMF	International Monetary Fund
NBS	Národná banka Slovenska – National Bank of Slovakia
NPF	National Property Fund
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
SO SR	Statistical Office of the SR
BRIBOR	Bratislava Interbank Offered Rate
CPI	Consumer Price Index
FDI	Foreign Direct Investment
FRA	Forward Rate Agreement
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
GNI	Gross National Income
HICP	Harmonised Index of Consumer Prices
HZL	hypotekárne záložné listy – mortgage bonds
IPI	Industrial Production Index
IRF	Initial Rate Fixation
IRS	Interest Rate Swap
MFI	Monetary Financial Institutions
MMIF	Money Market Investment Funds
NARKS	National Association of Slovak Real Estate Agencies
NEER	Nominal Effective Exchange Rate
OIF	Open-end Investment Funds
p.a.	per annum
p.p.	percentage points
PPI	Producer Price Index
REER	Real Effective Exchange Rate
repo	repurchase operation
RULC	Real Unit Labour Costs
SAX	slovenský akciový index – Slovak Share Index
SDX	slovenský dlhopisový index – Slovak Bond Index
SDXG	SDXGroup
Sk, SKK	Slovak Koruna
SKONIA	Slovak OverNight Index Average
SR	Slovenská republika – Slovak Republic
SRT	Sterilisation Repo Tender
ULC	Unit Labour Costs
VAT	Value Added Tax

*Prepared on the basis of the Situation Report on the Monetary Development in November 2006, approved by the NBS Bank Board on 20 December 2006.*



## 1 Introduction

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased in comparison with the previous month by 0.5% in November. The 12-month rate of headline inflation reached 3.7%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 2.5%.

Expressed in terms of the Consumer Price Index (CPI), consumer prices increased in comparison with the previous month by 0.6% in November. The 12-month headline and core inflation rates reached 4.3% and 2.9% respectively.

Real gross domestic product grew over the third quarter of 2006 by 9.8%.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by Sk 17.4 billion in October, and its year-on-year dynamics increased in comparison with September, to 13.9%.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) increased month-on-month by Sk 28.6 billion in October, and the year-on-year growth rate accelerated by 1.5 percentage points, to 14.3%.

The average interest rate on new loans to non-financial corporations dropped in October by 0.14 of a percentage point, to 6.63%, and that on new loans to households increased by 0.01 of a percentage point, to 12.57%. Over the same period, the average interest rate on new deposits from non-financial corporations fell by 0.13 of a percentage point, to 2.87%, and that on new household deposits rose by 0.05 of a percentage point, to 1.21%.

At the end of November, the State budget of the SR recorded a deficit of Sk 7.0 billion.

The foreign exchange reserves of the NBS (at current exchange rates) stood at USD 13.4 billion in November. At the end of the month, the volume of foreign exchange reserves was 3.4 times greater than the volume of average monthly imports of goods and services to Slovakia, during the first ten months of 2006. At the end of November, the coverage of average monthly imports (imports of goods and services according to data from banking statistics) by the official foreign exchange reserves corresponded to 4.3 times the volume of average monthly imports of goods and services to the SR over the first ten months of 2006.

During November, the National Bank of Slovakia did not intervene in the foreign exchange market.

According to preliminary data, the balance of payments on current account for January to September 2006 resulted in a deficit of Sk 105.6 billion. Over the same period, the capital and financial account produced a shortfall of Sk 10.3 billion. From January to October, the current account produced a deficit of Sk 109.9 billion, while trade resulted in a shortfall of Sk 70.4 billion.

In November, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 286.3 billion, representing a fall of Sk 1.7 billion compared with the figure for October.



## 2 Inflation

### 2.1 Consumer Price Index

#### HICP Inflation

#### Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased month-on-month by 0.5% in November, when goods prices rose by 0.8% and services prices were stagnant. On a year-on-year basis, consumer prices increased by 3.7% (in October by 3.1%). Overall inflation excluding energy and unprocessed food prices (core inflation) stood at 2.5% (compared with 2.3% in October). The average inflation rate for the period since the beginning of the year reached 4.3%. The average 12-month inflation rate for the past 12 months, from December 2005 to November 2006, was 4.3%. In November, HICP inflation was in line with NBS expectations.

Table 1 Harmonised Index of Consumer Prices			(year-on-year changes in %)			
			2006			
	June	July	Aug.	Sep.	Oct.	Nov.
<b>Total</b>	4.5	5.0	5.0	4.5	3.1	3.7
<b>Goods</b>	5.1	5.4	5.4	4.9	3.1	3.9
Industrial goods	7.0	7.3	7.1	5.8	2.9	3.9
Non-energy industrial goods	0.4	1.1	1.1	1.1	1.1	1.0
Energy	15.6	15.6	14.8	11.9	5.3	7.5
Foodstuffs	2.1	2.3	2.5	3.4	3.4	4.0
Processed food (including alcohol and tobacco)	0.9	1.1	1.8	2.8	2.7	3.4
Unprocessed food	3.9	4.2	4.0	4.7	4.9	5.2
<b>Services</b>	3.5	4.1	4.1	3.5	3.1	3.1
<b>Total, excl. energy and unprocessed food (core inflation)</b>	1.9	2.5	2.6	2.6	2.3	2.5
<b>Total, excluding energy</b>	2.1	2.6	2.8	2.8	2.6	2.7

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

#### HICP in the structure of the CPI inflation

A comparison of the rates of HICP inflation and CPI inflation expressed in the same structure (national index structure) explains the persistent difference in year-on-year dynamics between the HICP and the CPI. This difference (slower rise in the HICP than in the CPI by 0.6 of a percentage point) was caused by price developments in market services, where the CPI also includes imputed rent and the repair fund, i.e. items dynamically growing since the end of 2005, but not included in the HICP.

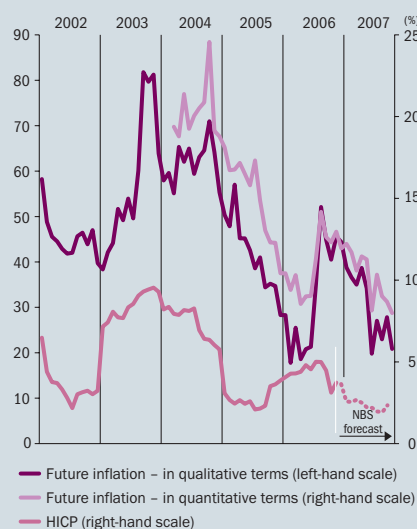
Table 2 HICP in the Structure of the National Index			(year-on-year changes in %)			
			2006			
	June	July	Aug.	Sep.	Oct.	Nov.
<b>Total</b>	4.5	5.0	5.0	4.5	3.1	3.7
<b>Regulated prices</b>	11.9	12.7	12.8	11.4	6.9	8.0
<b>Core inflation</b>	1.6	1.9	1.8	1.4	1.1	1.3
Foodstuffs	2.2	2.4	2.4	2.9	2.9	3.5
Processed food	0.1	0.4	0.9	1.2	1.0	1.9
Unprocessed food	3.9	4.1	3.9	4.7	4.9	5.2
Tradable goods	0.5	0.9	0.5	-0.9	-1.4	-1.1
Tradable goods, excluding fuel	-0.6	-0.2	-0.3	-0.5	-0.6	-0.6
Fuel	10.4	10.7	6.9	-3.5	-7.8	-5.8
Market services	3.0	3.2	3.4	3.6	3.6	3.5
<b>Net inflation (excluding changes in indirect taxes)</b>	1.5	1.8	1.6	0.9	0.5	0.7
<b>Net inflation, excluding fuel (excluding changes in indirect taxes)</b>	0.9	1.2	1.3	1.2	1.1	1.2

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



**Chart 1 HICP Inflation and Its Main Components (%)**


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

**Chart 2 HICP Compared with the Views of Respondents on Inflation**


Source: Statistical Office of the SR, Consumer Barometer, and NBS.

Note: The qualitative assessment of the future course of inflation is based on answers to the query whether consumer prices in the next 12 months will increase at a faster, slower, or unchanged rate, or will remain at the current level. Quantitative assessment means that those who say that consumer prices will increase in the next 12 months at a faster, unchanged, or slower rate than today, are asked in the next part of the question to specify the rate of acceleration or slowdown.

Goods prices recorded an increase in year-on-year dynamics in November, which took place in the prices of industrial goods as well as foodstuffs. The year-on-year increase in industrial goods prices was accelerated by developments in energy prices, i.e. a more than 7% increase in the price of gas for households, accompanied by a slight slowdown in non-energy industrial goods prices compared with last year. Fuel prices, representing another sub-aggregate in energy prices, recorded a slowdown in the year-on-year rate of decline. The dynamics of food prices increased on a year-on-year basis, due to increases in the prices of both processed and unprocessed foodstuffs. In the 'processed food' category, prices continued to rise for bread, other bakery products, and non-alcoholic beverages. In 'unprocessed foodstuffs', the prices of vegetables, including potatoes, showed increased year-on-year dynamics.

The year-on-year rate of increase in services prices remained unchanged, only services related to dwelling recorded a slight increase in price dynamics. All the other categories of services recorded a slowdown or stagnation in year-on-year price dynamics.

The year-on-year price increase is expected to continue in December, in both processed and unprocessed food prices. Services prices are also expected to show increased year-on-year dynamics. In view of the current developments in oil prices and the exchange rate of the Slovak koruna against the US dollar, the year-on-year rate of decline in fuel prices is expected to slow somewhat.

November saw a further reduction in the assessment by consumers of the actual level of price inflation. In answer to questions about the course of inflation to date, the respondents gave an average value of 8.62% (8.87% in the previous month). When asked about the expected inflation rate in the next 12 months, the respondents gave an average value of 7.98%, representing a reduction in comparison with the previous month (8.68%).

### CPI Inflation

Consumer prices increased month-on-month by 0.6% in November. Within the basic structure of inflation, regulated prices recorded an increase, as well as core inflation. November saw the impact of changes in indirect taxes on cigarette prices, with a contribution of 0.01 of a percentage point to the month-on-month headline inflation rate. The 12-month rate of headline inflation reached 4.3% (compared with 3.7% in October) and that of core inflation 2.9% (2.4% in the previous month). The average year-on-year inflation rate for the period since the beginning of this year was 4.5% and

### Increase in gas prices

### Expectations for the coming month

### Consumer expectations regarding inflation

### Consumer Price Index

that for the past 12 months (from December 2005 to November 2006) reached 4.4%.



**Table 3 Consumer Prices in November 2006**

	Change versus	
	Oct. 2006	Nov. 2005
<b>Total in %</b>	0.6	4.3
<b>Regulated prices in %</b>	1.2	7.8
- Share of total, in percentage points <sup>1)</sup>	0.28	-
<b>Impact of changes in indirect taxes on non-regulated prices</b>		
- Share of total, in percentage points <sup>1)</sup>	0.01	-
<b>Core inflation in %</b>	0.4	2.9
- Share of total, in percentage points <sup>1)</sup>	0.30	-
of which: Food prices in %	0.8	3.0
- Share of total, in percentage points <sup>1)</sup>	0.12	-
Tradable goods in % <sup>1)</sup>	-0.0	-1.1
- Share of total, in percentage points <sup>1)</sup>	-0.01	-
Tradable goods, excluding fuels, in % <sup>1)</sup>	0.1	-0.6
- Share of total, in percentage points <sup>1)</sup>	0.04	-
Fuels in % <sup>1)</sup>	-1.4	-5.8
- Share of total, in percentage points <sup>1)</sup>	-0.04	-
Market services in % <sup>1)</sup>	0.7	7.9
- Share of total, in percentage points <sup>1)</sup>	0.19	-
<b>Net inflation</b>		
<b>(excluding the impact of changes in indirect taxes) in %</b>	0.3	2.8
- Share of total, in percentage points <sup>1)</sup>	0.19	-
<b>Net inflation, excluding fuel prices</b>		
<b>(excluding the impact of changes in indirect taxes) in %<sup>1)</sup></b>	0.4	3.4
- Share of total, in percentage points <sup>1)</sup>	0.23	-

Source: Statistical Office of the SR, and NBS.

Notes: Net inflation – includes price increases in the 'tradable goods' sector, excluding foodstuffs and market services.

The rounding of the values of year-on-year and month-on-month price dynamics to one decimal place and the values of their contributions to the overall inflation rate to two decimal places may lead to a situation where, in the event of price stagnation, the contributions of prices are not equal to zero. In reality, the prices do change, but the changes are so small that they cannot be noticed if the figures are rounded to one decimal place; if, however, the price contributions are rounded to two decimal places, even a small change is apparent.

1) NBS calculations based on data from the Statistical Office of the SR.

## 2.2 Producer Prices in October 2006

### Modest month-on-month rise in industrial producer prices for the domestic market ...

In October, industrial producer prices for the domestic market increased month-on-month by 0.1%, due to diverse price developments in the basic sub-categories. Energy prices increased by 0.8% (after falling in the previous month), while the prices of manufacturing products dropped by 0.4% and raw materials prices remained at the September level.

**Table 4 Producer Price Developments in October 2006**

(%)

	Month-on-month change		Year-on-year change			
	Sep 2006	Oct. 2006	Sep 2006	Oct. 2006	Average since the beginning of 2006	Oct. 2005
Industrial producer prices (for the domestic market)	-0.7	0.1	7.5	7.1	9.0	5.7
- Prices of manufacturing products	-0.7	-0.4	1.1	0.8	2.2	1.8
- Prices of mining and quarrying products	-1.0	0.0	49.0	46.7	46.4	2.1
- Prices of electricity, gas, steam, and hot water	-0.8	0.8	13.3	12.7	15.4	11.7
Industrial producer prices (for export)	-1.5	-1.7	2.4	-1.5	3.5	5.9
Construction prices	0.2	0.6	4.0	4.2	3.9	3.9
Building materials prices	0.2	1.1	4.2	5.2	2.5	1.6
Agricultural prices	-	-	2.0	1.5	0.0	-0.8
- Prices of plant products	-	-	6.9	5.1	2.4	-2.5
- Prices of animal products	-	-	-1.0	-0.7	-0.8	0.2

Source: Statistical Office of the SR.

The year-on-year dynamics of domestic industrial producer prices slowed in comparison with the previous month by 0.4 of a percentage point, to 7.1% in October, as a result of smaller year-on-year price increases in all three basic categories.

**... accompanied by a slowdown in their year-on-year dynamics**

The slower rise in manufacturing products prices was caused by a further year-on-year fall in the price of refined oil products (10.6%). On the other hand, inflationary pressures were exerted by the prices of base metals and finished metal products (a rise of 6.7%), food products (1.3%), other non-metal mineral products (3.3%), electrical and optical equipment (3.2%), paper and paper products (2.3%), and chemical products (1.9%).

The year-on-year dynamics of energy prices weakened in October (compared with the previous month), due to a slowdown in the rate of increase in prices for gas production and the transport of gaseous fuels via pipelines (by 1.6 percentage points, to 17.4%) and prices for electricity generation and supply (by 0.3 of a percentage point, to 9.2%). Prices for steam and hot water supply and prices for water treatment and supply increased more steeply than a month earlier (by 0.9 of a percentage point, to 16.9%, and by 0.3 of a percentage point, to 10.1% respectively).

Industrial producer prices for export dropped month-on-month by 1.7% in October. Their level fell on a year-on-year basis by 1.5%. The previous year-on-year drop in industrial producer prices for export occurred in April 2004.

**Industrial producer prices for export**

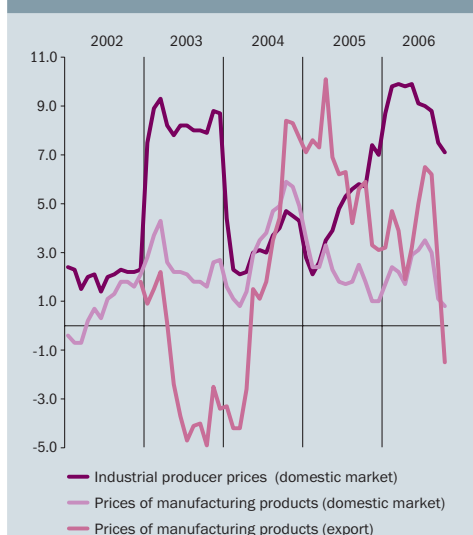
The fall in industrial producer prices for export was primarily caused by a drop in the export prices of refined oil products (by 16%, compared with 0.6% in September), coupled by the persistent year-on-year fall in the export prices of transport vehicles (by 7.7%, compared with 6.1% in the previous month). In October, almost all manufacturing products (except food products) recorded smaller year-on-year increases in export prices than in the previous month. Smaller increases than a month earlier took place in the prices of electrical and optical equipment (by 0.9 of a percentage point, to 16.5%); base metals and finished metal products (by 1.8 percentage points, to 4.6%); paper and paper goods (by 1.7 percentage points, to 3.1%); and chemical products (by 4.7 percentage points, to 0.3%). On the other hand, the export prices of food products recorded an increase in year-on-year dynamics (by 0.2 of a percentage point, to 2.3%).

On a year-on-year basis, agricultural prices continued to rise in October, by an average of 1.5%, due to an increase in the price of plant products (5.1%). The price of animal products dropped by 0.7%.

**Agricultural prices**

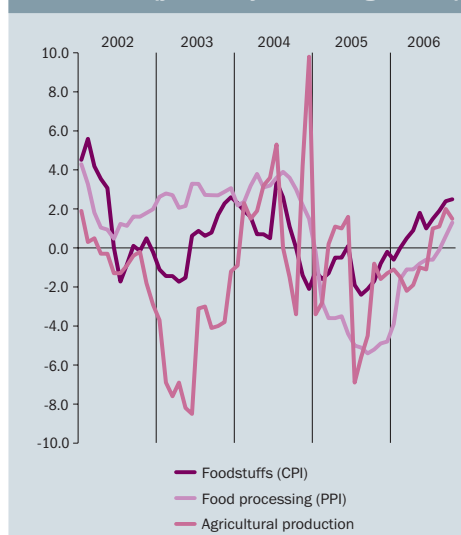
The rise in plant products prices was caused by increases in the prices of potatoes (34.8%), cereals (10%), legumes (3.9%), and fruit (2.1%). Drops occurred in the prices of tobacco (9.5%), sugar beet (8.3%), oilseeds (0.9%), and vegetables (0.6%).

**Chart 3 Developments in Industrial Producer Prices and Manufacturing Products Prices**  
(year-on-year change in %)



Source: Statistical Office of the SR.

**Chart 4 Developments in Food Prices in Primary Production, Processing, and Consumption**  
(year-on-year change in %)



Source: Statistical Office of the SR.



The fall in animal products prices was caused by drops in the prices of fish (15.3%), poultry (6.8% for live animals), and unpasteurised cow milk (0.6%). Increases were recorded in the prices (for live animals) of beef, including veal (2%), pork (1.8%), and eggs (1.2%).

Industrial producer prices are expected to be influenced in November 2006 by the lower price of oil on the world market, the appreciation of the Slovak koruna vis-à-vis the US dollar, and the base effect of the marked increase in raw materials prices in November 2005 (49.5 percentage points year-on-year). On the other hand, the slight inflationary effect of food prices is expected to persist. Owing to the anticipated stronger impact of external cost factors, the year-on-year dynamics of industrial producer prices are expected to weaken somewhat in November, compared with the previous month.

On the basis of agrarian market news, the purchase prices of cereals are expected to rise year-on-year in November (due to the falling supply of food cereals on the market), as well as the price of late potatoes. On the other hand, the price of sugar beet is expected to fall, which will have a marked anti-inflationary effect due to its considerable weight (almost one third). Among animal products, the persistent fall in the price of poultry (for live animals) is expected to be accompanied by modest increases in beef and pork prices (live animals). In line with these assumptions, agricultural prices are expected to stagnate on a year-on-year basis in November.



### 3 Factors Affecting the Course of Inflation

#### 3.1 Monetary Aggregates

The year-on-year dynamics of the M3 monetary aggregate increased in October, and represented the strongest growth rate recorded in the last two years (22 months). The key factor determining the level of liquidity in the banking sector was still the continuing increase in the receivables of monetary financial institutions (MFIs) from the resident private sector.

#### M3 Monetary Aggregate

The M3 monetary aggregate (according to ECB methodology) grew in volume by Sk 17.4 billion compared with the previous month, to Sk 911.7 billion at the end of October. Thus, after slowing slightly in September, the year-on-year rate of M3 growth<sup>1</sup> again accelerated in October (by 1.0 percentage point), to 13.9%, representing the highest figure since December 2004.

**Increase in the 12-month growth dynamics of M3**

**Table 5 Year-on-Year Growth Rates of M3 Monetary Aggregate (ECB methodology) (%)**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Year 2004	6.4	9.9	6.9	11.1	8.6	14.0	5.8	11.9	13.3	13.6	12.7	15.0
Year 2005	10.0	9.6	11.4	11.9	12.5	9.6	8.9	8.0	7.3	7.6	6.3	7.8
Year 2006	8.6 <sup>1)</sup>	9.1 <sup>1)</sup>	10.3 <sup>1)</sup>	9.4 <sup>1)</sup>	10.5	11.2	11.8	13.6	12.9	13.9	.	.

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

1) Revised data.

The development of M3 in October was mainly influenced by a month-on-month increase in deposits and loans received with an agreed maturity of up to 2 years (Sk 16.6 billion), accompanied by an inflow of funds into money market funds (Sk 2.4 billion). The key factor increasing the level of bank liquidity was the continuing growth in MFI receivables from the resident private sector, including securities (by Sk 27.8 billion month-on-month), coupled with a modest increase in MFI receivables from general government (Sk 0.8 billion). The opposite effect was exerted by a marked improvement in budgetary performance in October (by Sk 4.1 billion) and a moderate decrease in deposits and loans received from the central government (Sk 0.6 billion, including deposits at the SR Treasury).

**Table 6 Comparison of Month-on-Month Developments in Monetary Aggregates (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Oct. 2005	Sep. 2006	Oct. 2006	Sep. 2006	Oct. 2006
Currency in circulation	113.6	126.4	126.1	12.3	11.0
Deposits and received loans repayable on demand	332.3	386.5	385.7	17.0	16.1
<b>M1</b>	445.8	513.0	511.8	15.8	14.8
Deposits and loans received with an agreed maturity of up to 2 years	289.3	325.2	341.8	14.1	18.2
Deposits redeemable at a period of notice of up to 3 months	14.8	12.5	12.1	-17.3	-18.4
<b>M2</b>	750.0	850.6	865.7	14.5	15.4
Money market fund shares/units	46.4	38.9	41.3	-17.3	-11.2
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	4.0	4.8	4.7	-	-
<b>M3</b>	800.4	894.3	911.7	12.9	13.9

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) Volume as at the last day of the given month.

<sup>1</sup> The year-on-year growth dynamics 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.

**Main M3 Components****Slowdown in M1 and acceleration M2 growth; growth in deposits and loans taken with an agreed maturity of up to 2 years**

Within the M1 monetary aggregate, the weakening trend in year-on-year growth dynamics continued in both components (i.e. currency in circulation and deposits and received loans repayable on demand) in October.

The rate of M2 growth followed an accelerating trend, which was mostly stimulated by a marked increase in deposits and loans received with an agreed maturity of up to 2 years (Sk 16.6 billion), which was slightly offset by the continuing steady decrease in deposits redeemable at a period of notice of up to 3 months.

Of the less liquid components (marketable instruments), the rate of M3 growth was mainly affected by an inflow of funds into money market fund shares/units (Sk 2.4 billion, the largest inflow since April 2005); the volume of issued debt securities maturing in up to 2 years decreased slightly in October.

**Investment Through Open-End Investment Funds****Continuing inflow of funds into open-end investment funds in Slovak koruna**

Renewed in the previous month, the inflow of funds into open-end investment funds (OIFs) continued in November, when the net value of Sk-denominated OIF assets increased to Sk 116.0 billion. OIFs denominated in Slovak koruna again achieved positive monthly net sales (Sk 2.5 billion), while the net sales of OIFs denominated in foreign currency were slightly negative. Thus, the cumulative increase in net OIF sales in Slovak koruna since the beginning of the year, was again a positive figure (after 7 months).

The November increase was mainly influenced by the positive net sales of money market funds (Sk 2.4 billion) and umbrella funds (Sk 1.1 billion), in the total amount of Sk 3.5 billion. On the other hand,

**Table 7 Overview of Net Sales of Open-End Investment Funds****(month-on-month change in billions of Sk)**

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	CUM.
OIF sales denominated in Slovak koruna	2004	1.3	1.5	1.8	1.3	1.8	2.4	3.0	3.1	2.6	2.5	2.3	3.0	26.7
	2005	5.2	6.8	4.1	3.4	2.3	2.3	2.0	1.8	1.5	3.7	1.0	1.3	35.3
	2006	1.33	-0.42	0.74	-1.79	-0.09	-0.28	-0.56	-1.68	-0.78	-1.18	2.50	.	0.15
OIF sales denominated in foreign currency	2004	0.08	0.07	0.1	0.05	0.14	0.04	0.04	0.06	0.07	0.03	0.07	0.04	0.80
	2005	0.08	0.14	0.14	0.21	0.12	0.20	0.15	0.29	0.39	0.43	0.12	0.28	2.56
	2006	0.43	0.85	0.44	0.16	-0.02	-0.10	0.61	-0.18	0.34	0.01	-0.05	.	2.50

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

other funds recorded negative net sales, in the total amount of Sk -1.1 billion (of which, bond funds accounted for Sk -0.5 billion, equity funds Sk -0.4 billion, and mixed, special, and other funds Sk -0.2 billion). The positive monthly net sales of OIFs of all types in both Slovak koruna and foreign currency totalled Sk 2.4 billion.

**Main M3 Counterparts****Accelerating growth in MFI receivables (including securities) from residents**

The year-on-year growth rate of MFI receivables from residents (including securities issued by clients and held by MFIs) accelerated month-on-month by 1.5 percentage points, to 14.3% in October. This was mainly due to a marked increase in bank lending to the private sector (by Sk 27.8 billion), coupled with a modest increase in receivables from the public sector.

Deposits and loans received from the central government (excluding the deposits of local self-governments, social security funds, and non-financial corporations at the SR Treasury) continued to show considerably weakening year-on-year growth dynamics.

**Chart 5 Monthly Net Sales of OIFs in Slovakia****(Sk billions)**

Source: NBS calculations based on data from SASS.



**Table 8 Main Counterparts of M3 (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Oct. 2005	Sep. 2006	Oct. 2006	Sep. 2006	Oct. 2006
Net foreign assets	285.0	296.4	284.1	3.8	-0.3
Foreign assets	596.0	512.9	492.4	-15.2	-17.4
Foreign liabilities	310.9	216.5	208.3	-32.2	-33.0
Receivables of MFIs from residents (incl. securities)	769.0	850.3	878.9	12.8	14.3
Receivables from the general government	265.3	250.8	251.6	-3.6	-5.2
Receivables from the private sector	503.7	599.5	627.3	21.5	24.5
Deposits and loans taken from central government	85.1	84.8	85.8	9.8	0.7
Long-term financial liabilities (excl. capital and reserves)	94.1	113.3	115.0	17.5	22.1
Deposits and loans taken with an agreed maturity of over 2 years	52.1	62.4	62.6	19.2	20.2
Deposits redeemable at over 3 months' notice	27.8	25.0	24.7	-10.7	-11.1
Debt securities issued with a maturity of over 2 years	14.2	25.9	27.6	61.3	94.4
Other items net	74.4	54.3	50.6	-26.0	-32.0
Capital, reserves, and provisions	105.6	77.0	67.3	-25.6	-36.2
Other liabilities	48.3	52.8	64.7	10.1	34.1
Surplus of liabilities among MFIs	-0.3	-0.1	-0.1	-	-
Fixed assets	33.6	32.7	32.7	-3.5	-2.9
Other assets	45.5	42.7	48.7	-3.1	7.1
<b>M3</b>	<b>800.4</b>	<b>894.3</b>	<b>911.7</b>	<b>12.9</b>	<b>13.9</b>

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) Volume as at the last day of the given period.

After two months, the long-term increasing trend in the 12-month growth dynamics of long-term financial liabilities (excluding capital, reserves, and provisions), continued in October, due to accelerating growth in debt securities issued with a maturity of over 2 years (a monthly increase of Sk 1.7 billion) and deposits and loans received with an agreed maturity of over 2 years.

After falling for three months, the growth rate of MFI receivables from the private sector (including securities) again reached the average level of 2006 (24.5%). While the year-on-year decline in securities issued by the private sector continued to deepen, the growth rate of MFI receivables from the private

**Accelerated growth in MFI receivables from the private sector**

**Table 9 Receivables of Monetary Financial Institutions from the Resident Private Sector**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Oct. 2005	Sep. 2006	Oct. 2006	Sep. 2006	Oct. 2006
MFI receivables from the private sector (incl. securities)	503.7	599.5	627.3	21.5	24.5
of which: securities issued by the private sector	18.8	14.4	14.2	-24.9	-25.4
MFI receivables (excluding securities)	484.9	585.1	613.1	23.3	26.4
Non-financial corporations	263.5	300.9	323.5	15.4	22.8
- up to 1 year	111.9	130.2	137.1	14.9	22.5
- 1 to 5 years	54.1	56.0	64.0	4.4	18.4
- over 5 years	97.6	114.7	122.5	22.4	25.5
Financial corporations	50.5	60.5	60.6	26.0	20.0
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving households	170.8	223.6	228.8	34.8	34.0
- consumer loans	24.7	34.3	35.1	38.3	42.3
- house purchase loans	112.4	145.9	149.2	33.3	32.7
- other loans	33.7	43.4	44.5	37.7	31.9

Source: NBS.

Note: Differences in the sums are due to rounding. The missing figures have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) Volume as at the last day of the given period.



sector (excluding securities) accelerated by 3.1 percentage points, causing a monthly increase of Sk 27.9 billion.

This development in loans can mainly be ascribed to the October increase in MFI receivables from non-financial corporations (Sk 22.6 billion), causing the year-on-year rate of growth to accelerate.

On the other hand, receivables from households showed a considerably weakening tendency in dynamics, which started in the third quarter of 2006.

### Structure of MFI Receivables from the Private Sector

#### Continued growth in loans to non-financial corporations; further slowdown in loans to households

As a result of a marked monthly increase in loans to non-financial corporations, the accelerating trend in their year-on-year dynamics continued in October and reached 22.8% (the highest figure since December 2004), after stagnating within the 15–21% range from January to September. The increase in loans to households during the first 10 months of this year (Sk 47.8 billion) is comparable with the increase in loans to non-financial corporations (Sk 52.1 billion). Since the end of 2005, the dynamics of loans to non-financial corporations have been much more volatile, but the dynamics of loans to households have followed a steadily weakening trend. Unlike the increase in loans to financial corporations, insurance companies, and pension funds, the volume of increase in loans to non-financial corporations was larger than the figure for the same period a year earlier.

The year-on-year dynamics of loans to households in total, as well as loans for housing purposes, show a steadily weakening tendency. In overall bank lending to households, loans for house purchases represent the largest component in the long term (they grew by Sk 30.3 billion in 10 months), while consumer loans and other loans show stronger growth dynamics on average, but their share of the total volume of loans to households is much smaller (Sk 17.5 billion in total).

The volume of loans in foreign currency significantly increased in October (by Sk 12.6 billion month-on-month), mainly as a result of an increase in euro loans to non-financial corporations (Sk 11.9 billion). The markedly accelerated appreciation of the Slovak koruna (after the approval by the government of

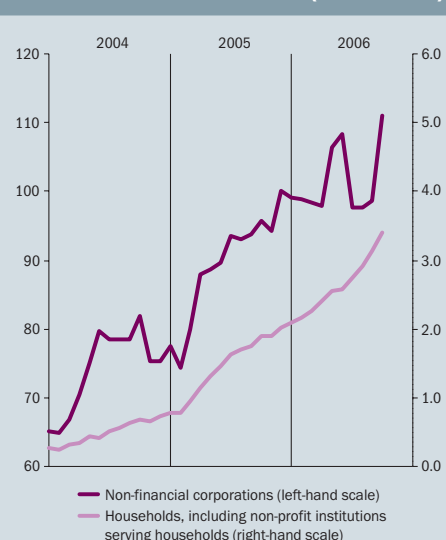
**Table 10 Survey of MFI Receivables from the Resident Private Sector (excl. securities)**

	Volume (Sk billions)	Change since the beginning of the year (Sk billions)	
	October 2006	October 2005	October 2006
MFI receivables (excluding securities)	613.1	87.2	105.6
Non-financial corporations	323.5	38.2	52.1
– loans in Slovak koruna	212.5	17.9	41.1
– loans in foreign currency	111.0	20.3	11.0
Financial corporations (other financial intermediaries and auxiliary financial institutions)	60.6	6.3	5.6
– loans in Slovak koruna	47.9	3.8	4.9
– loans in foreign currency	12.7	2.5	0.7
Insurance companies and pension funds	0.0	0.0	0.0
– loans in Slovak koruna	0.0	0.0	0.0
– loans in foreign currency	0.0	0.0	0.0
Households and non-profit institutions serving households	228.8	42.6	47.8
– loans in Slovak koruna	225.4	41.4	46.4
– loans in foreign currency	3.4	1.2	1.4
of which: Consumer loans	35.1	4.8	10.3
– loans in Slovak koruna	35.0	4.7	10.3
– loans in foreign currency	0.1	0.1	0.0
House purchase loans	149.2	24.5	30.3
– loans in Slovak koruna	147.2	23.6	29.3
– loans in foreign currency	2.0	0.8	1.0
Other loans	44.5	13.3	7.2
– loans in Slovak koruna	43.2	13.2	6.8
– loans in foreign currency	1.3	0.2	0.4

Source: NBS.



**Chart 6 Lending in Foreign Currency in 2004 to 2006 (Sk billions)**



Source: NBS.

the draft general government budget for 2007 to 2009) and the expected exchange rate gain, and/or the potentially lower koruna counter-value of loan repayments in the future, probably motivates some of the companies to borrow more medium-term loans in foreign currency.

The year-on-year growth dynamics of foreign-currency loans to non-financial corporations considerably increased. The dynamics of loans to households increased only slightly. In the long term, the share of euro loans in the total volume of foreign-currency loans is stable and much higher than the share of other foreign currencies. Compared with the previous month, the share of euro loans remained virtually unchanged in October and accounted for approximately 93% of the loans to non-financial corporations and 90% of the loans to households.

### Current Budgetary Developments

November 2006 saw a deterioration in budgetary performance in comparison with the previous month (by Sk 5.9 billion), with the budget deficit reaching Sk 7.0

billion at the end of the month. The November increase in revenue lagged behind the growth in expenditure, when budget revenue increased month-on-month by Sk 21.6 billion and expenditure grew by Sk 27.5 billion (in November 2005 by Sk 19.3 billion and Sk 21.7 billion respectively).

## 3.2 External Trade

### Balance of Payments

In September, the deficit in the balance of payments current account markedly increased in comparison with the previous month (by more than Sk 10 billion). The most significant factors that influenced the September developments were the payment of higher dividends to foreign investors, the resulting increase in the income balance deficit, and the trade balance deficit which also increased in comparison with the previous month, to Sk 9.9 billion. A more unfavourable balance than in the previous month was also recorded in current transfers. The only item to show an improvement in comparison with the previous month was the balance of services.

### Current account

During the first nine months of 2006, the deficit in the balance of payment current account increased year-on-year by Sk 37.4 billion. The increased deficit was mainly caused by a deterioration in the trade balance and, to a lesser extent, an increase in the income balance deficit. On the other hand, the increase in the current account deficit was moderated by a year-on-year increase in the services balance surplus. The balance of current transfers followed a similar trend as in the same period a year earlier.

**Table 11 Balance of Payments Current Account (Sk billions)**

	Sep. 2006	Sep. 2005	Jan. – Sep. 2006	Jan. – Sep. 2005
Balance of trade	-9.9	-2.7	-65.4	-39.2
Exports	114.5	93.1	888.3	713.9
Imports	124.4	95.8	953.7	753.1
Balance of services	2.7	0.5	13.9	8.7
Balance of income	-7.9	-6.0	-53.6	-37.4
of which: Income from investment	-10.5	-8.4	-76.0	-58.7
of which: Reinvested earnings	-1.9	-3.9	-20.1	-25.1
Current transfers	-2.1	1.2	-0.5	-0.3
Current account in total	-17.2	-7.0	-105.6	-68.2
Current account as a % of GDP	-	-	8.8	6.3
Current account (excl. dividends and reinvested earnings) as a % of GDP	-	-	2.7	1.3

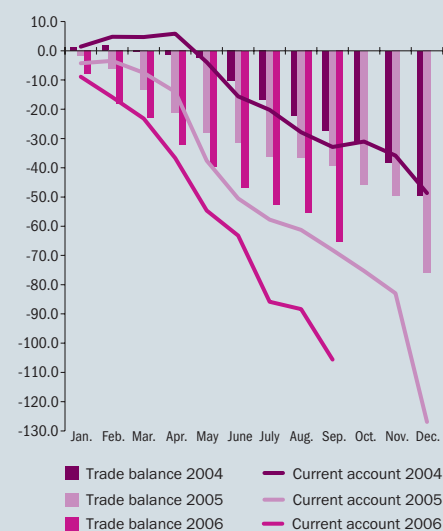
Source: NBS and the Statistical Office of the SR.



In comparison with the same period in 2005, exports increased by 24.4% during the first nine months of 2006 (25.6% in USD and 27.6% in EUR) and imports grew by 26.6% (27.8% in USD and 29.9% in EUR).

In foreign trade, September saw a slowdown in the growth dynamics of exports as well as imports (though they both remained above the 20% level). On a month-on-month basis, exports increased, mainly as a result of increased goods exports in the following categories: machinery (motor vehicles and electrical audio-visual equipment) and semi-finished goods (iron, steel, and aluminium products). The growth of exports was dampened by lower raw material exports (coke). The month-on-month growth in imports was mainly stimulated by increased imports of machines (liquid crystal products, automobiles, including parts, components, and accessories, engines, etc.). The growth in imports was also supported by the imports of finished products (furniture, clothing, pharmaceuticals, toys) and, to a lesser extent, by semi-finished goods (iron and steel products, plastics). The only category to record a month-on-month decrease in imports was raw materials (natural gas, oil, and oil products).

**Chart 7 Balance of Trade and Current Account Developments (cumulative figures)**  
(Sk billions)



Source: NBS and the Statistical Office of the SR.

**Exports** Over the first nine months of 2006, the most significant increase in comparison with the same period last year took place in machine exports, which accounted for more than half of the year-on-year change. In the 'machinery and transport equipment' category, more than 60% of the year-on-year increase in exports took place in machinery (mainly in the exports of television sets and in smaller measure the exports of radiotelephone transmitters, boilers, electric motors, etc.). The growth in machine exports was promoted by increased exports of transport vehicles, caused by the growing exports of automobiles and components. Exports also grew at a faster rate than last year in the 'chemical products and semi-finished goods' category, since semi-finished goods, such as iron, steel, aluminium, copper, and paper products, were still much in demand on the world markets. The strongest growth occurred in the exports of plastic and rubber products, due mainly to the high price of oil. Much faster growth than last year was recorded in raw materials exports, due mainly to growth in the exports of processed petroleum oils, natural gas (the growing exports of these commodities were in large part caused by price developments), and electricity. The weakest year-on-year growth was recorded in the exports of finished products, mainly optical instruments and furniture.

**Table 12 Exports from January to September, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – September 2006	2005	January – September 2006	2005
Raw materials	17.9	7.6	2.5	1.2
Chemicals and semi-finished goods	43.2	32.0	6.1	5.2
Machinery and transport equipment	107.1	8.8	15.0	1.4
Finished products	6.3	5.8	0.9	0.9
Exports in total	174.5	54.2	24.4	8.9

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

**Imports** Year-on-year growth in imports was mainly recorded in the 'machinery and transport equipment' category, as a result of increased imports of machines for industry (lifting and handling equipment, automatic data-processing machines, pumps, etc.) and imports in the 'transport vehicles' category, mainly the imports of motor vehicle parts, components, and accessories, including motor vehicles for freight transport. Strong growth was recorded in raw materials imports, whose year-on-year increase well exceeded the figure for the same period in 2005 (the growth in raw materials imports was mainly caused by the high price of oil on the world markets). A year-on-year increase was also recorded in the imports of chemical products and semi-finished goods. In semi-finished goods, import growth was concentrated in the imports of iron and steel, iron and steel products, copper, wood, and wood products.

**Table 13 Imports from January to September, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – September		January – September	
	2006	2005	2006	2005
Raw materials	45.6	22.9	6.1	3.6
Chemicals and semi-finished goods	37.2	12.9	4.9	2.0
Machinery and transport equipment	78.3	7.6	10.4	1.2
Finished products	39.5	22.3	5.2	3.5
of which: Agricultural and industrial goods	16.7	12.4	2.2	1.9
Passenger cars	3.6	1.7	0.5	0.3
Machines and electrical consumer goods	19.2	8.2	2.5	1.3
Imports in total	200.6	65.7	26.6	10.3

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

In the 'chemical products' category, the increase in imports took place mostly in plastics, rubber, and organic chemicals. In the 'finished products' category, significant increases were recorded in the imports of electrical consumer goods (television sets) and industrial products (pharmaceuticals, clothes, and footwear). Faster growth than last year was also recorded in automobile imports.

The services balance for January to September 2006 achieved a surplus of Sk 13.9 billion, which represented an improvement of Sk 5.2 billion compared with the same period in 2005. The increase in the positive balance of services took place in transport services and tourism services, while 'other services in total' recorded a deterioration on a year-on-year basis. The increased surplus in transport services was mainly caused by a year-on-year improvement in air passenger transport and increased receipts from road freight transport and the transit of gas. In transport services, the increase in the surplus was moderated by lower receipts from rail freight transport. The year-on-year improvement in the balance of tourism services was caused by increased receipts from tourism services, which were accompanied by slower growth in the expenses of Slovak residents on services related to tourism. In 'other services in total', the year-on-year increase in the deficit was caused by conflicting developments, when an improvement in telecommunications and computer-related services was offset by different developments in other activities (mainly in technical and processing services, and repairs) and in construction and financial services.

#### Balance of services

Over the first nine months of 2006, the income balance deteriorated on a year-on-year basis by Sk 16.2 billion, due mainly to an increase in the shortfall of proceeds from investment. The increased deficit in proceeds from investment was caused by increased dividend payments to foreign investors. The estimated payments of reinvested earnings dropped by Sk 5.0 billion and interest payments in net terms decreased by Sk 1.0 billion, though they were accompanied by an increase in interest rates on loans. More favourable developments than last year were also recorded in employee compensations, mainly due to the incomes of employees working abroad. The modest increase in last year's deficit in current transfers was caused by the fact that the growth in net revenue from EU funds (by Sk 2.6 billion) was slightly exceeded by an increase in the negative balance of private transfers.

#### Income and current transfers balances

In September 2006, the balance of payments on capital and financial account resulted in a surplus of Sk 6.6 billion. The most significant inflow of funds took place in foreign direct investment, mainly due to an increase in the ownership interests of foreign investors in the SR. The inflow of funds on the short-term assets side in other investment was supported by the fact that the inflow of funds from a decline in bank deposits on accounts abroad exceeded the outflow of funds caused by an increase in export receivables from trade credits. The overall increase in funds on the capital and financial account was reduced by a modest outflow of funds in portfolio investment (lower demand for debt securities issued by Slovak banks) and partly in long-term liabilities in other investment (increased financial credit repayment by the corporate sector).

#### Capital and financial account

Over the first nine months of 2006, the b.o.p. capital and financial account resulted in a deficit of Sk 10.3 billion (compared with a surplus of Sk 137.0 billion in the same period a year earlier). The main reason behind the year-on-year change from a financial account surplus to a deficit was the different developments in short-term funds in the banking sector, where there was a marked increase in the volume of short-term non-resident deposits at Slovak banks last year, followed by an outflow of such funds in 2006.

**Table 14 Balance of Payments Capital and Financial Account** (Sk billions)

	Sep. 2006	Sep. 2005	Jan. – Sep. 2006	Jan. – Sep. 2005
Capital account	-0.5	0.1	-0.7	0.0
Direct investment	9.3	-1.4	93.5	42.9
SR abroad	1.0	-0.8	-9.4	-2.7
of which: Equity capital abroad	-0.2	-0.1	-8.9	-0.4
Reinvested earnings	-0.1	-0.1	-0.9	-0.9
In the SR	8.3	-0.6	102.9	45.6
of which: Equity capital in the SR	4.7	4.5	48.5	12.9
of which: Other than privatisation	4.7	4.5	17.5	12.9
Reinvested earnings	2.0	4.0	21.0	26.0
Portfolio investment and financial derivatives	-2.9	-11.8	44.7	-11.0
SR abroad	1.6	-6.6	-7.1	-26.2
In the SR	-4.5	-5.2	51.8	15.2
Other long-term investment	-3.3	-1.8	15.4	-10.9
Assets	-0.8	-2.3	4.4	-6.3
Liabilities	-2.5	0.5	11.0	-4.6
Other short-term investment	4.0	15.2	-163.2	116.0
Assets	4.3	-0.5	-69.5	-23.4
Liabilities	-0.3	15.7	-93.7	139.4
Capital and financial account	6.6	0.3	-10.3	137.0

Source: NBS.

**Foreign direct investment** From January to September 2006, foreign direct investment (FDI) resulted in a surplus of Sk 93.5 billion, representing a year-on-year increase of Sk 50.6 billion. The increase in the surplus was mainly generated by an increased inflow in foreign direct investment into the SR (by Sk 57.3 billion). The growth in foreign direct investment was mostly stimulated by an inflow in property capital, with a significant amount (Sk 31 billion) coming from an inflow of funds from the privatisation by Enel of the Slovak Power Works in April. On the other hand, the estimated inflow of reinvested earnings decreased on a year-on-year basis, to Sk 21.0 billion at the end of September. The largest inflow in foreign direct investment (except privatisation) was allocated to industry and financial intermediation.

**Portfolio investment** Portfolio investment resulted in a net inflow of Sk 44.7 billion, compared with a net outflow of Sk 11.0 billion last year. The year-on-year increase (Sk 55.7 billion) was mainly caused by a new eurobond issue in March 2006 (amounting to Sk 37.6 billion), and was partly offset by a decrease in funds from long-term securities denominated in Slovak koruna. The lower outflow of funds on the assets side compared with last year (by Sk 19.1 billion) was a result of a fall in interest in foreign debt securities (on the part of enterprises as well as banks), which was only partly offset by growing interest in the purchase of equity securities.

**Other investment** In other investment, the first nine months of 2006 saw an outflow of funds in the amount of Sk 147.8 billion, compared with an inflow of Sk 105.1 billion in the same period a year earlier. The year-on-year change was connected with the inflow of short-term capital into the banking sector last year (deposits at banks) in both foreign and domestic currency, whereas the first half of 2006 saw an outflow of funds from accounts held at Slovak banks.

The total year-on-year decline in other investment in the banking sector (by Sk 291.7 billion) was influenced by the June and July developments on interbank foreign exchange market. A temporary depreciation of the Slovak koruna in this period led to marked NBS interventions. The main factor in the year-on-year change was an outflow of short-term non-resident deposits from Slovak banks, which reached Sk 132.6 billion during January to September, compared with an inflow of Sk 86.9 billion in the same period in 2005.

Activities in the corporate sector were mainly connected with the financing of trade activities. The volume of export credits provided during the first nine months of 2006 was exceeded by the volume of import credits received, which led to an outflow of funds from trade credits in the amount of Sk 1.3 billion (the same period a year earlier saw an outflow of Sk 8.3 billion in trade activities). In financial credits to entrepreneurial entities, however, an inflow was recorded in the amount of Sk 5.4 billion (compared with an outflow of Sk 0.3 billion last year). The year-on-year change in the corporate sector caused the inflow in other investment to increase by Sk 20.8 billion.



Other investment in the government sector (including the NBS) recorded an inflow of Sk 1.2 billion. The year-on-year change from outflow to inflow was connected with the first liability instalment to ČSOB Praha in February 2005 (Sk 16.0 billion), and contributed to the change in other investment in the government sector (Sk 18.0 billion).

Table 15 Capital Inflow in Other Investment by Sector			(Sk billions)
	Jan. – Sep. 2006	Jan. – Sep. 2005	Year-on-year change
Banks	-152.4	139.3	-291.7
Enterprises	3.4	-17.4	20.8
Government + NBS	1.2	-16.8	18.0
Total	-147.8	105.1	-252.9

Source: NBS.

During the first nine months of 2006, the foreign exchange reserves of the NBS decreased by Sk 80.3 billion, i.e. USD 2.7 billion (excluding exchange rate differentials). The decrease in reserves was caused by interventions (Sk 118.4 billion), which significantly exceeded the increase in reserves resulting from an issue of eurobonds (Sk 37.6 billion).

#### Foreign exchange reserves of the NBS

Table 16 Balance of Payments Adjusted for Government and NBS Activities			(Sk billions)
	January – September 2006		
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>	
Current account	-105.6	-128.4	
Capital and financial account	-10.3	91.6	
of which: FDI in Slovakia - equity capital	48.5	48.5	
Items not elsewhere included	35.6	35.6	
Interventions by the NBS <sup>3)</sup>	118.4	118.4	
Change in the net foreign assets of commercial banks (- increase)	-	-117.3	
Change in NBS reserves (- increase)	80.3	-	

Source: NBS.

1) Original balance of payments structure, i.e. effect of receipts and payments on NBS reserves.

2) Adjusted for the effects of activities of the Government and the NBS, which do not affect the positions of commercial banks vis-à-vis non-residents and do not qualify as a real source of finance for the current account.

3) In the original balance of payments structure, interventions are part of the foreign exchange reserves of the NBS.

The inflow of funds into the corporate sector increased as a result NBS interventions, and brought about an increase in the net foreign assets of the banking sector.

#### External Debt of Slovakia as at 30 September 2006

At the end of September 2006, Slovakia's total gross external debt stood at USD 29.3 billion (EUR 23.1 billion), representing a month-on-month decrease of USD 0.5 billion (EUR 0.2 billion). Total long-term foreign debt dropped by USD 0.5 billion in September, while total short-term foreign debt remained unchanged.

#### Gross external debt

Within the scope of long-term external debt, the foreign liabilities of the Government and the NBS decreased by USD 0.2 billion in September, as a result of national debt servicing. The commercial sector saw a decrease in the foreign liabilities of both entrepreneurial entities and commercial banks (USD 0.3 billion), while the decrease in commercial bank liabilities took place in bonds.

Within the short-term foreign debt of the commercial sector, September saw conflicting developments. The foreign liabilities of commercial banks decreased by USD 0.2 billion, mainly in the 'cash and deposits' category, while the foreign liabilities of entrepreneurial entities increased by USD 0.3 billion, mainly as a result of an increase in trade credits. The external debt of the SR Government and the NBS dropped by USD 0.1 billion.

At the end of September, Slovakia's total per-capita gross foreign debt stood at USD 5,453. The share of short-term foreign debt in the country's total gross external debt increased month-on-month by 0.8 of a percentage point, to 48.4% at the end of September 2006.

**Table 17 External Debt of the SR**

	In millions of USD			In millions of EUR		
	1.1.2006	31.8.2006	30.9.2006	1.1.2006	31.8.2006	30.9.2006
Total external debt of the SR	27,052.5	29,783.3	29,335.9	22,835.3	23,236.0	23,074.7
Long-term external debt	11,850.7	15,604.9	15,124.2	10,003.3	12,174.5	11,896.3
Government and NBS <sup>1)</sup>	5,578.3	7,515.5	7,328.9	4,708.7	5,863.4	5,764.7
Commercial banks	866.7	1,382.8	1,237.1	731.6	1,078.8	973.1
Entrepreneurial entities	5,405.7	6,706.7	6,558.2	4,563.0	5,232.3	5,158.5
Short-term external debt	15,201.8	14,178.3	14,211.7	12,832.0	11,061.5	11,178.4
Government and NBS	4.4	65.7	0.0	3.7	51.3	0.0
Commercial banks	9,360.4	6,181.8	6,019.0	7,901.2	4,822.8	4,734.3
Entrepreneurial entities	5,837.0	7,930.8	8,192.7	4,927.1	6,187.4	6,444.1
Foreign assets	25,455.3	26,315.1	26,165.8	21,487.2	20,530.3	20,581.1
Net external debt	1,597.2	3,468.2	3,170.1	1,348.1	2,705.7	2,493.6
SKK/USD and SKK/EUR rates	31.948	29.453	29.405	37.848	37.752	37.384
EUR/USD cross exchange rate	-	-	-	1.185	1.282	1.271

Source: NBS.

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

**Net external debt** The net external debt of Slovakia, expressed as the difference between gross foreign debt, i.e. USD 29.3 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 26.1 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 3.2 billion (debtor position) at the end of September 2006.

### Current Developments

The trade deficit diminished in comparison with the previous month, to Sk 5.0 billion in October. The improved balance of trade, coupled with an improvement in the balance of proceeds from investment, contributed significantly to the month-on-month reduction in the b.o.p. current account deficit. A slightly smaller deficit compared with the previous month was also recorded in the balance of current transfers. At the same time, the services balance recorded a lower surplus.

October saw an acceleration in export growth, accompanied by a slowdown in import dynamics. Thus, after several months, the year-on-year rate of export growth (27.4%) exceeded the rate of import growth (23.9%).

**Table 18 Balance of Payments on Current Account****(Sk billions)**

	October 2006	October 2005	Jan. – Oct. 2006	Jan. – Oct. 2005
Balance of trade	-5.0	-6.6	-70.4	-45.8
Exports	123.3	96.6	1 011.6	810.5
Imports	128.3	103.2	1 082.0	856.3
Balance of services	0.9	1.4	14.8	10.1
Balance of income	0.7	-2.2	-52.9	-39.6
of which: Income from investments	-1.7	-4.4	-77.7	-63.1
of which: Reinvested earnings	-1.9	-3.9	-22.0	-29.0
Current transfers	-0.9	0.3	-1.4	0.0
Current account in total	-4.3	-7.1	-109.9	-75.3

Source: NBS and the Statistical Office of the SR.

The trade deficit recorded in October was in line with NBS expectations.

Export dynamics are expected to remain strong in November, but should not markedly exceed the figures recorded in October. Imports are also expected to reach a similar level in November as in the previous month.

In December and January, exports are expected to show strong year-on-year growth dynamics, which will be supported by the launch of production and export in the new automobile factory. Due to seasonal



effects, however, the achieved level of exports is expected to be lower than in the previous months. Decline is also expected in goods imports, mainly as a result of lower imports of semi-finished goods and goods for final consumption.

On the whole, exports are expected to grow dynamically (due to growth in automobile exports in connection with the start-up of production in the new automobile factory), which should lead to a gradual improvement in the trade balance in the following months.

Table 19 Developments in Current Account Components in 2006 (Sk billions)										
	2006									
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
Balance of trade	-8.0	-10.1	-4.6	-9.4	-7.4	-7.3	-5.7	-2.9	-9.9	-5.0
Balance of services	0.7	1.9	1.9	2.2	1.1	0.4	0.9	2.1	2.7	0.9
Balance of income	-0.6	-0.6	-3.2	-4.1	-13.2	-6.9	0.8	-17.9	-7.9	0.7
Current transfers	-0.9	1.8	-1.4	-2.2	1.5	5.2	-1.1	-1.3	-2.1	-0.9
Current account	-8.8	-7.0	-7.3	-13.5	-18.0	-8.6	-5.1	-20.0	-17.2	-4.3

Source: NBS and the Statistical Office of the SR.

At the end of November, the total foreign exchange reserves of the NBS stood at USD 13,371.1 million, representing a month-on-month increase of USD 225.6 million. The increase in foreign exchange reserves in comparison with the end of October 2006 resulted from a surplus in the balance of receipts and expenses (USD 52.4 million), accompanied by positive exchange rate differentials (USD 173.2 million), caused by a change in the USD/EUR cross-rate in the period under review. At the end of November, the volume of foreign exchange reserves was 3.4 times greater than the volume of average monthly imports of goods and services to Slovakia, over the first ten months of 2006.

**Total foreign exchange reserves of the NBS**

The ratio of foreign exchange reserves to the amount of payments for goods and services recorded in banking statistics, reached 4.3 times the volume of average monthly imports of goods and services to the SR over the first ten months of 2006.



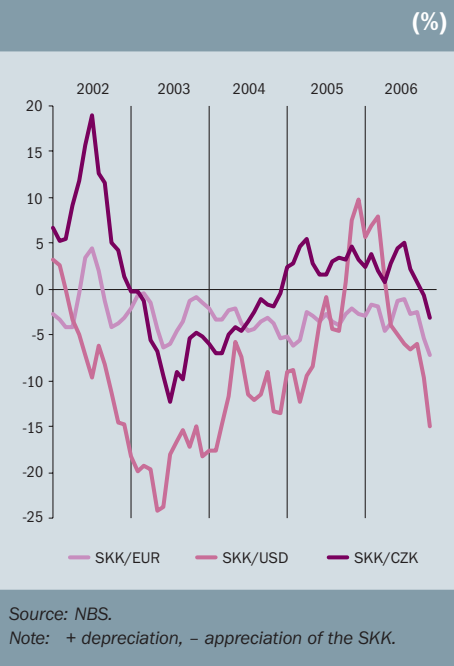
The Slovak koruna appreciated in relation to all currencies in November, for the fourth consecutive month. On a month-on-month basis, the most significant appreciation was recorded vis-à-vis the US dollar (4.5%). The koruna continued to strengthen against the British pound, the euro, and the Czech koruna (by 2.6%, 2.5%, and 1.6% respectively).

**Nominal effective exchange rate of the Slovak koruna (NEER)**

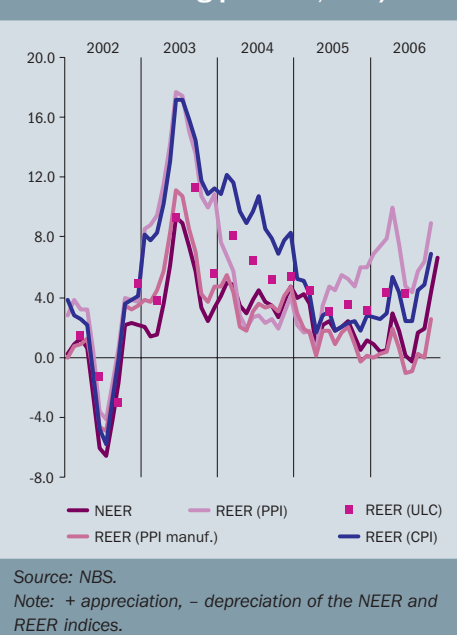
The year-on-year appreciation of the koruna was even more pronounced, mainly in relation to the US dollar (14.9%), the Swiss franc (10.0%), the euro (7.3%), and the British pound (6.5%).



**Chart 10 Year-on-year Changes in the Average Monthly Exchange Rates of the Slovak Koruna (%)**



**Chart 11 Year-on-Year Dynamics of the NEER and REER Indices (based on CPI, PPI, PPI manufacturing, and ULC for 9 trading partners, in %)**



The value of the nominal effective exchange rate<sup>2</sup> (NEER) appreciated on a year-on-year basis by 6.7%.

**Real effective exchange rate of the Slovak koruna (REER)**

On a year-on-year basis, the real effective exchange rate (REER) copied the trend from October. Calculated on the basis of various price deflators, the REER appreciated as follows: the rate based on the consumer price index (CPI) by 6.9%, that based on the industrial producer price index (PPI) by 8.9%, and the rate based on the manufacturing products price index (PPI manuf.) by 2.5%.

**Table 20 Year-on-Year Dynamics of the NEER and REER Indices**

(change 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	5.0
December 2003	3.2	11.3	10.8	4.7	5.7
December 2004	4.7	8.3	4.1	4.7	5.5
December 2005	1.1	2.7	6.0	0.0	3.2
June 2006 <sup>1)</sup>	0.0 / -0.7	2.4 / 1.5	4.7 / 2.9	-1.1 / -1.3	4.3 <sup>(b)</sup>
September 2006 <sup>1)</sup>	1.9 / 0.8	4.8 / 2.4	6.3 / 4.2	0.0 / 0.3	.
October 2006 <sup>1)</sup>	4.4 / 2.3	6.9 / 4.2	8.9 / 4.0	2.5 / 1.3	-
November 2006 <sup>1)</sup>	6.7 / 4.7	.	.	.	-

Source: NBS.  
1) Year-on-year change / cumulative change since the beginning of the year.  
2) Year-on-year change based on quarterly data.

<sup>2</sup> 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 mineral raw materials, 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 USA, Great Britain, and Switzerland.



### 3.3 Real Economy

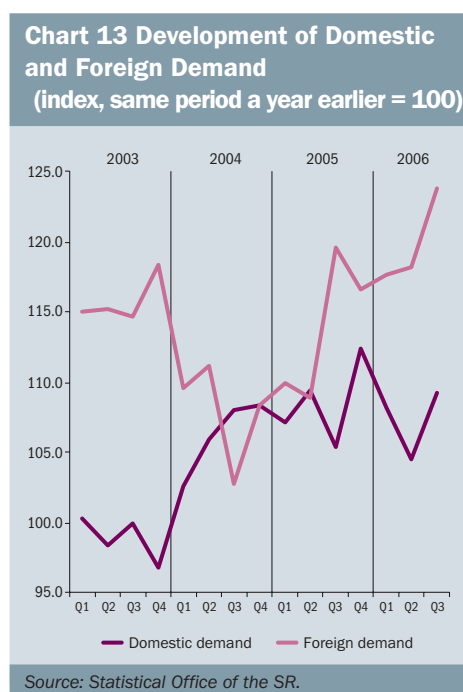
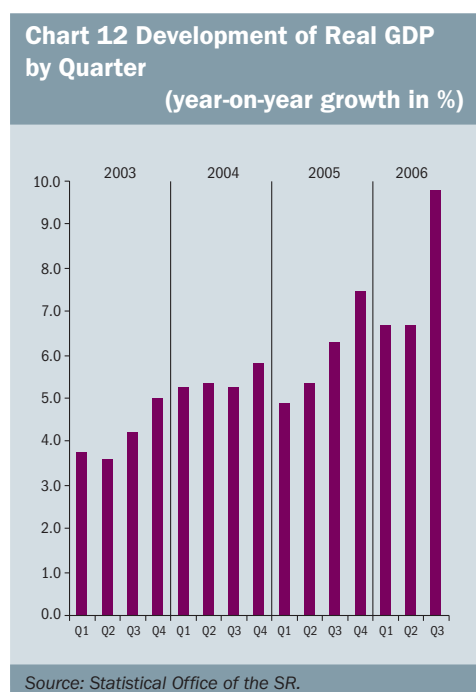
#### Development of the Real Economy in the First Three Quarters of 2006

##### Gross Domestic Product

According to revised data from the Statistical Office of the SR, the gross domestic product (GDP) for the first three quarters of 2006 increased year-on-year by 7.8% at constant prices. In comparison with the same period a year earlier, the rate of GDP growth accelerated by 2.3 percentage points. Looking at the breakdown of GDP growth by quarter, the most dynamic growth took place in the third quarter of 2006, when the year-on-year rate of GDP growth accelerated from 6.7% in the first two quarters to 9.8% in the third quarter. The third quarter of 2006 saw the fastest rate of GDP growth achieved since the independence of the Slovak Republic.

**Real economic growth in the 3rd quarter was 9.8%**

In terms of production, real economic development in the first three quarters of 2006 was mainly connected with economic activity in manufacturing, the power industry, trade, and in real estate, renting, and business activities. The nominal volume of GDP generated in the period under review amounted to Sk 1,197.5 billion, which was 11.1% more than a year earlier.



##### Demand

In terms of use, the structure of economic growth was influenced during the first three quarters of 2006 by both domestic and foreign demand. The growth in foreign demand (20% at constant prices) was almost three times stronger than the dynamics of domestic demand (7.2%) and had a stimulating effect on the total output of the domestic economy. Economic growth was also promoted by the main components of domestic demand.

**Accelerating growth in foreign demand**

The accelerated GDP growth in the first three quarters of 2006 was accompanied by a change in the structure of economic growth in terms of aggregate demand formation. In the first quarter of 2006, net exports had a dampening effect on real economic growth, which was stimulated by domestic demand, mainly by its investment component. In the second quarter, GDP growth reached the same rate as in the previous quarter (6.7%), but was supported by domestic demand and net exports. In the third quarter, economic growth was significantly accelerated by the output of all its components, mainly the growth in foreign demand and the increase in inventories related to production.

Within the scope of domestic demand, the first three quarters of 2006 saw the most rapid growth in investment demand (10.5%), which was, however, one percentage point slower than a year earlier, due to a slowdown in gross fixed capital formation. Although the 'consumption' component of demand grew at a slower rate than the 'investment' component, its growth (5.9%) was 0.4 of a percentage point

**Domestic demand showed unchanged year-on-year dynamics**



**Table 21 Development of GDP by Use**  
(index, same period a year earlier = 100, const. 2000 prices)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross domestic product	105.5	106.0	106.7	106.7	109.8	107.8
Domestic demand	107.2	108.6	108.1	104.5	109.2	107.2
Final consumption	105.5	105.0	106.8	105.9	105.0	105.9
Households	107.4	107.2	106.6	105.9	106.5	106.3
General government	100.2	99.4	107.8	106.6	101.2	104.9
Non-profit institutions serving households	97.0	96.9	100.5	95.6	96.3	97.4
Gross capital formation	111.6	118.6	111.7	101.4	119.3	110.5
Gross fixed capital formation	115.0	117.5	113.8	103.6	106.7	107.5
Exports of goods and services	112.7	113.8	117.7	118.1	123.8	120.0
Imports of goods and services	114.7	116.6	119.6	114.0	122.9	118.8

Source: Statistical Office of the SR.

faster than a year earlier. In the third quarter of 2006, domestic demand was primarily influenced by an increase in inventories.

**Increased gross capital formation, stimulated by fixed investment growth**

Gross capital formation increased by 10.5% at constant prices, due to growth in fixed investments (7.5% year-on-year) and growth in inventories, whose cumulative increase from the beginning of 2006 to the end of September (Sk 37.2 billion at current prices) exceeded the figure for the same period in 2005 by one-third. The most significant increase in inventories during 2006 occurred in the third quarter, when they grew in volume by Sk 17.7 billion at current prices, as a result of which inventories contributed 3.9 percentage points to GDP growth at constant prices, i.e. almost 40%. Increases were mainly recorded in inventories that are related to the production process, i.e. the inventories of materials and finished products.

Since the country's economic trend indicators showed no signs of deterioration during 2006, the increase in the inventories of finished products may indicate that the relatively dynamically growing volume of gross production (11.6% at constant prices) was not realised in full measure, but part of the finished products was added to inventories. The growth in the inventories of finished products may be connected with the start-up of production in the automotive and electronic industries, and the realisation of this production is likely to take place in the form of increased goods exports in the period to come.

The growth in materials inventories is probably connected with the strategic decisions of big companies concerning the extension of production and the introduction of new technologies in electronic industry, as well as the expectations of individual entities regarding foreign demand. On the basis of an analysis of foreign trade in terms of structure, we may assume that approximately two-thirds of the increase in inventories in the third quarter of 2006 came from imports, which may subsequently form the views on economic output and expectations regarding the future development of production, foreign trade, and value added creation.

The structure of gross fixed capital formation still indicates positive trends in the productivity of investment as well as in economic output, since entrepreneurial entities allocated their investment means mostly for the purchase of new fixed assets (an increase of 8.2% at constant prices), while the total volume of fixed investments over the first three quarters of 2006 increased by 7.5%. Although the volume of acquired used long-term property increased fourfold on a year-on-year basis, the shortage of used fixed assets increased by the same amount, which is probably connected with the process of restructuring in certain sectors.

**Real growth in investment was achieved in almost all sectors**

Looking at the breakdown of national accounts by sector, the increase in fixed assets was mostly influenced by the investment activities of non-financial corporations, which were connected with both foreign and domestic investments. They were also supported by the financial results of non-financial corporations, whose profits increased over the first three quarters of 2006 by 29% on a year-on-year basis. The largest amount of funds (71% of the total volume) were invested by non-financial corporations through the acquisition of new fixed assets. Most investments were made by entrepreneurial entities in manufacturing, the power industry, real estate and business activities, and in transport, post and telecommunications. The growth in gross fixed capital formation in real terms was also supported by investment activity in the household and general government sectors.

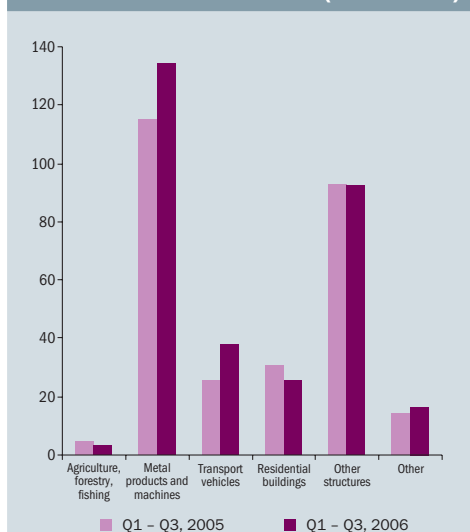
Table 22 Structure of Gross Fixed Capital Formation in the Q1 – Q3 2006

	Gross fixed capital formation (Sk millions)	Proportion (%)	Index Q1 – Q3 2006 Q1 – Q3 2005
Economy of the SR in total:	309,759	100.0	107.5
<b>of which (by sector):</b>			
Non-financial corporations	219,340	70.8	107.6
Financial corporations	5,448	1.8	104.2
General government	18,748	6.1	102.2
Households	65,466	21.1	109.1
Non-profit institutions	757	0.2	88.1
<b>of which (by production):</b>			
Machinery	171,988	55.5	120.2
of which: Metal goods and machines	134,230	43.3	114.5
Transport equipment	37,758	12.2	146.2
Buildings and structures	117,827	38.0	93.7
of which: Residential buildings	25,581	8.3	82.4
Other structures	92,246	29.8	97.4

Source: Statistical Office of the SR.

Note: Volumes and proportions are at current prices, indices at constant 2000 prices.

Chart 14 Breakdown of Gross Fixed Capital Formation by Production (Sk billions)



Source: Statistical Office of the SR.

According to revised data from the Statistical Office of the SR, technological investments increased, while investment in construction declined over the first three quarter of 2006 in real terms. Investment grew most rapidly in transport equipment, which was connected with the dynamic value added creation and investment activity in manufacturing and transport. Investment in construction remained below its level in the same period a year earlier (due probably to the base effect), and its share in gross fixed capital formation decreased year-on-year by 5.6 percentage points, to 38%.

Expenditure on final consumption in the first three quarters of 2006 increased year-on-year by 5.9%, mainly in the household and general government sectors, while its growth was dampened by the consumption expenditure of non-profit institutions. While public spending in the first two quarters of 2006 grew at a faster rate (7.8% and 6.6% respectively at constant prices) than private consumption, this trend changed in the third quarter of 2006, when the growth in general government final consumption reached 1.2% and was approximately four times slower than the growth in private consumption. The relatively dynamic growth in general government final consumption in the first half

**Growth in investment in machines**

**Increased final consumption in general government**

of the year was connected with the growth in wages, employment, and government purchases of goods and services in the public sector. In the third quarter of 2006, all components of general government final consumption showed weaker growth dynamics than in the first half of the year.

Household final consumption increased year-on-year by 6.3% over the first three quarters of 2006, and its share of total GDP decreased somewhat, to 53.9%. The relatively even development of private household consumption in the individual quarters was connected with the growth of wages, employment, gross mixed income (remuneration for work and profits earned by sole traders), and the utilisation of credit resources. The share of total loans granted by monetary financial institutions to households in household final consumption reached 25% in the first three quarters (compared with 20.4% in the first three quarters of 2005).

An analysis of household final consumption in the first three quarters of 2006 has revealed that the most significant year-on-year increases occurred in household expenses on hotels and restaurants; furnishings, household equipment, and the routine maintenance of dwellings; and post and telecommunications. In terms of the consumer behaviour of households, a certain qualitative shift can

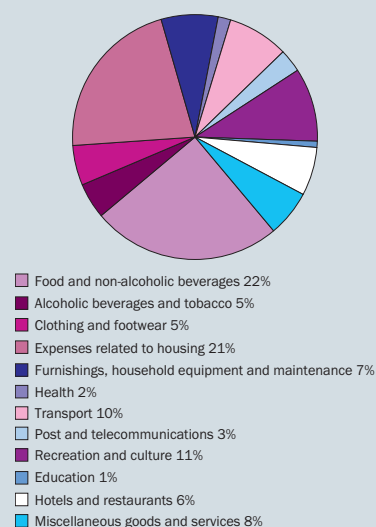
**Structure of spending on consumption**



be observed in the preferences and possibilities of households to spend more on services and/or household equipment in 2006. The largest consumption components were expenses on food and non-alcoholic beverages (22%) and expenses related to housing (21%).

In terms of relative contributions, the growth in final household consumption in the first three quarters of 2006 was mainly based on increased consumer spending on food and non-alcoholic beverages; hotels and restaurants; furnishings, household equipment, and the routine maintenance of dwellings. Four categories of consumption, which produced two-thirds of the consumer demand in the first three quarters, recorded stagnation or a slight rise in price levels (up to 1%), which indicates that the current trend in household final consumption should not accelerate the rate of consumer price increase in the coming period.

**Chart 15 Structure of Final Household Consumption in the First Three Quarters of 2006 (%)**

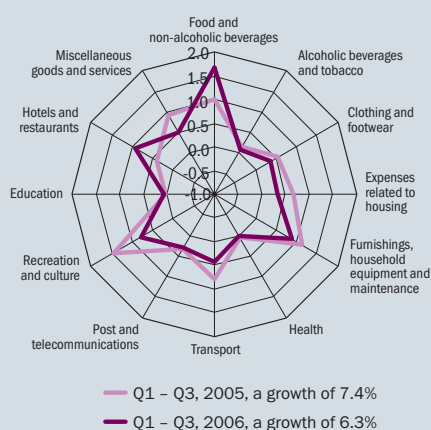


Source: Statistical Office of the SR.

#### GDP growth stimulated by net exports

In the first three quarters of 2006, exports and imports of goods and services achieved two-digit growth rates (exports 23.7%, imports 24.2%). The slightly stronger import dynamics (at current prices) led to a deterioration in the trade balance on a year-on-year basis. In nominal terms, net exports resulted in a deficit of Sk 51.8 billion (Sk 38.5 billion during the first three quarters of 2005). The increase in the deficit in nominal terms was caused by growing imports of goods and services, mainly in connection with the import of technologies and materials for manufacturing production.

**Chart 16 Contributions of Consumer Expenditures to Growth in Household Final Consumption by Category (p. p.)**



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

**Chart 17 Contribution of Net Exports to GDP at Current Prices (%)**



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

Developments in energy-producing raw materials prices were the main factor that affected the level of import prices in foreign trade, as measured by the deflator of imports of goods and services. The prices of exported goods and services also increased, but to a lesser extent than import prices, since they were dampened by a reduction in the export prices of transport vehicles. The rate of increase in import and export prices gradually slowed over the first three quarters of 2006. Data from preliminary quarterly national accounts indicate that more than one-quarter of the trade deficit (at current prices) was caused by unfavourable developments in the trade relations.

Table 23 Impact of Price and Volume on Exports and Imports

(percentage points)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Exports of goods and services (year-on-year growth in %, at current prices)	9.7	11.6	22.2	22.0	26.7	23.7
Impact of volume	12.7	13.8	17.7	18.1	23.8	20.0
Impact of price	-3.0	-2.2	4.5	3.9	2.9	3.7
Imports of goods and services (year-on-year growth in %, at current prices)	11.8	14.8	27.1	19.0	27.0	24.2
Impact of volume	14.7	16.6	19.6	14.0	22.9	18.8
Impact of price	-2.8	-1.9	7.5	5.0	4.1	5.4
Net exports as a share of GDP (share in %, at current prices)	-3.6	-5.1	-5.1	-4.3	-3.7	-4.3
Impact of volume	-3.6	-5.0	-3.1	-3.3	-2.9	-3.1
Impact of price	0.0	-0.1	-2.0	-0.9	-0.8	-1.2
Terms of trade (index)	99.8	99.7	97.7	98.9	99.0	98.6

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

Note: Calculated from GDP figures in millions of Sk, the contribution of imports of goods and services reduces the values of net exports and GDP; the differences in the subtotals are due to rounding. The terms of trade are calculated from year-on-year changes in the export and import deflators of goods and services.

The export performance of the Slovak economy improved year-on-year over the first three quarters of 2006, when the exports of goods and services as a share of GDP at current prices reached 84.4% (75.8% in the first three quarters of 2005). The growing export performance, coupled with imports of investment technologies, also led to an increase in import intensity, which reached 88.7% (79.4% a year earlier). The openness of the Slovak economy, expressed in terms of the ratio of exports / imports of goods and services to nominal GDP, increased during the first three quarters of 2006 by 18 percentage points, to 173.1%.

**The openness of the Slovak economy is widening**

Chart 18 Export Performance and Import Intensity (%)



Source: Statistical Office of the SR.

The supply side of the economy reacted to the strong foreign demand with accelerated value added production and increased import. The balance of goods and services followed a specific course in the third quarter of 2006, when the deficit deteriorated on a year-on-year basis (by Sk 15.7 billion in the third quarter of 2006, compared with Sk 11.7 billion in the third quarter of 2005), but the increased imports were not only connected with the import intensity of production but also with the imports of technologies for the electrical industry and the plans to increase the capacity of production in export-oriented industries. A significant aspect is the increasing dynamics of goods and services exports, which reached 20% at constant prices.

**Record growth in exports in the third quarter of 2006**

Net exports at constant prices, with price developments on foreign markets taken into account, contributed 0.5 of a percentage point to GDP growth (7.8% at constant prices) over the first three quarters of 2006, while the individual quarters saw different developments (a dampening effect on GDP in the first quarter, followed by a pro-growth effect in the second and third quarters). Domestic effective demand contributed 6.3 percentage points to GDP growth during the first three quarters of

2006, while the change in inventories contributed 1.1 percentage points.

**Table 24 Contributions to GDP Growth**

(percentage points, constant 2000 prices)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross domestic product	5.5	6.0	6.7	6.7	9.8	7.8
Domestic demand	7.7	8.2	8.3	5.3	5.6	6.3
Final consumption	4.0	3.8	5.0	4.2	3.6	4.3
Households	4.0	3.9	3.8	3.2	3.5	3.5
General government	0.0	-0.1	1.2	1.1	0.2	0.8
Non-profit institutions serving households	0.0	0.0	0.0	0.0	0.0	0.0
Gross capital formation	3.3	5.1	3.2	0.5	5.8	3.2
Gross fixed capital formation	3.7	4.4	3.3	1.0	1.9	2.0
Change in inventories	-0.4	0.6	-0.1	-0.6	3.9	1.1
Net exports	-1.8	-2.8	-1.9	2.9	0.3	0.5
Exports of goods and services	10.4	11.5	15.3	15.9	21.0	17.5
Imports of goods and services	12.2	14.2	17.2	13.0	20.7	17.0
Statistical discrepancy	0.0	0.0	0.4	-0.9	0.0	-0.2

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

Note: The differences in the subtotals are due to rounding.

**Supply**

**GDP generation** GDP generation over the first three quarters of 2006 was mostly influenced by value added creation, which grew year-on-year by 8.7% at constant prices (compared with 5.1% in the same period last year), while showing virtually the same dynamics in the individual quarters. Net taxes, including value added tax, excise duty, import tax (minus subsidies), increased from the beginning of the year by a total of 0.8% (in the same period last year by 8.9%), when, after falling in the first three quarters, they increased in the third quarter by 21% in real terms. GDP growth was also influenced by gross output, accompanied by growth in intermediate consumption and a tax increase in the third quarter.

**Table 25 GDP Growth by Component**

(index, same period a year earlier = 100, constant 2000 prices)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross production	101.6	101.9	110.1	110.7	114.0	111.6
Intermediate consumption	99.2	99.8	110.9	112.2	118.3	113.8
Value added	105.1	104.9	109.0	108.6	108.6	108.7
Other <sup>1)</sup>	108.9	115.2	91.2	93.6	121.0	100.8
Gross domestic product	105.5	106.0	106.7	106.7	109.8	107.8

Source: Statistical Office of the SR.

Note: Value added tax, excise duty, tax on imports, less subsidies.

Value added growth during the period under review was achieved in all sectors, while the third quarter saw an acceleration in value added growth compared with the previous two quarters in agriculture, industry, construction, transport, and financial intermediation. The strongest value added growth in the first three quarters was recorded in trade (19.7%); other community, social, and personal services (16.5%); hotels and restaurants (10.3%); financial intermediation (9.2%); and industry (9.0%).

The growth in value added in industry was a result of year-on-year increases in value added in electricity, gas, and water supply (16.6%), and manufacturing production (8.7%). The growth in value added in manufacturing was mainly stimulated by the production of machines, electrical equipment, transport vehicles, foodstuffs, beverages, and tobacco products.





**Table 26 GDP Development by Sector**  
(index, same period a year earlier = 100, const. 2000 prices)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross domestic product (GDP)	105.5	106.0	106.7	106.7	109.8	107.8
of which:						
Agriculture, hunting, forestry, and fishing	113.1	115.7	98.7	99.6	103.4	101.0
Industry in total	116.6	116.0	104.0	108.4	114.6	109.0
Mining and quarrying	119.3	110.0	71.8	76.1	72.7	73.6
Manufacturing	123.5	122.3	104.7	107.7	113.4	108.7
Electricity, gas, and water supply	80.6	81.8	103.5	121.1	135.8	116.6
Construction	107.6	104.4	103.5	105.5	106.5	105.3
Services in total	96.6	96.6	115.4	110.2	105.4	110.0
Trade	102.5	103.5	134.0	124.5	106.8	119.7
Hotels and restaurants	117.3	118.1	112.9	105.8	112.9	110.3
Transport, storage, post and telecom.	96.1	99.4	107.8	102.4	109.3	106.7
Financial intermediation	84.4	81.9	103.4	103.9	123.0	109.2
Real estate, renting, and business activities	88.0	88.2	114.7	110.6	96.0	106.9
Public administration, defence, and compulsory social security	105.6	102.4	108.9	96.9	106.3	103.6
Education	94.8	96.3	106.5	101.5	105.8	104.5
Health and social services	109.4	98.5	107.0	101.0	95.2	100.8
Other community, social, and personal services	97.4	98.8	123.2	118.3	109.1	116.5
Other <sup>1)</sup>	108.9	115.2	91.2	93.6	121.0	100.8

Source: Statistical Office of the SR.

1) Value added tax, excise duty, tax on imports, less subsidies.

**Table 27 GDP Development by Sector**  
(contributions to growth, % points)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross domestic product (GDP)	5.5	6.0	6.7	6.7	9.8	7.8
of which:						
Agriculture, hunting, forestry, and fishing	0.7	0.8	-0.1	0.0	0.2	0.1
Industry in total	5.0	4.9	1.5	2.7	4.7	3.0
Construction	0.4	0.3	0.2	0.3	0.4	0.3
Services in total	-1.6	-1.6	6.3	4.5	2.5	4.3
Trade	0.3	0.4	2.9	2.8	0.9	2.2
Hotels and restaurants	0.2	0.2	0.1	0.1	0.2	0.1
Transport, storage, post and telecom.	-0.3	-0.1	0.5	0.2	0.8	0.5
Financial intermediation	-0.6	-0.7	0.1	0.1	0.6	0.3
Real estate, renting, and business activities	-1.4	-1.4	1.5	1.0	-0.4	0.7
Public administration, defence, compulsory social security	0.2	0.1	0.3	-0.1	0.3	0.1
Education	-0.1	-0.1	0.2	0.0	0.1	0.1
Health and social services	0.2	0.0	0.2	0.0	-0.1	0.0
Other community, social, and personal services	-0.1	0.0	0.4	0.3	0.2	0.3
Other <sup>1)</sup>	1.0	1.7	-1.1	-0.8	2.0	0.1

Source: Statistical Office of the SR.

Notes: Contributions are rounded to one decimal place; hence, the sum totals do not correspond to the sum of contributions.

1) Value added tax, excise duty, tax on imports less subsidies.

**Gross National Income****Gross national income was lower than GDP**

According to revised data from the Statistical Office of the SR, gross national income<sup>3</sup> (GNI) increased year-on-year by 10.4% at current prices during the first three quarters of 2006. Compared with the same period last year, the rate of GNI growth accelerated by 5.4 percentage points, which was 0.7 of a percentage point less than GDP growth at current prices (11.1%). Gross national disposable income (GNDI) increased year-on-year by 11.2% at current prices.

**Table 28 Comparison of GDP, GNI, and GNDI****(Sk billions, current prices)**

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Gross domestic product (GDP)	1,077.6	1,471.1	368.8	403.8	424.9	1,197.5
Gross national income (GNI)	1,046.9	1,433.6	364.9	382.6	408.8	1,156.3
Gross national disposable income (GNDI)	1,043.7	1,429.8	364.6	389.9	405.8	1,160.3
GDP – growth index	108.1	108.5	108.7	110.6	113.9	111.1
GNI – growth index	105.0	105.4	108.5	110.3	112.4	110.4
GNDI – growth index	105.0	105.2	108.8	112.7	111.9	111.2
GNI / GDP ratio in %	97.2	97.5	98.9	94.7	96.2	96.6
GNDI / GDP ratio in %	96.9	97.2	98.9	96.6	95.5	96.9

Source: Statistical Office of the SR.

The slightly smaller volume of GNI compared with GDP indicates that, in the first three quarters of 2006, the transfer abroad of income from economic activity in the territory of the domestic economy (property income, reinvested earnings, and interest) exceeded the inflow of income earned by persons working abroad (employee compensation) into the domestic economy. The improving GNDI / GDP relation is primarily a result of transfers from EU institutions to the SR government.

**Wages and Labour Productivity****Slowdown in average monthly wage growth in nominal terms ...**

In the first three quarters of 2006, the average monthly nominal wage increased year-on-year by 7.9%, to Sk 17,953. Compared with the same period last year, the rate of wage growth slowed by 1.5 percentage points. In the third quarter of 2006, nominal wage dynamics weakened in comparison with the previous quarter, to 7.7%.

The strongest nominal wage growth in the first three quarters of 2006 was recorded in education (10.4%); financial intermediation (9.9%); real estate, renting, and business activities (9.6%); agriculture, forestry, and fishing (8.5%); public administration, defence, and compulsory social security (8.0%); and health care (8.0%).

Nominal wages in the entrepreneurial sector (broken down by the form of ownership) increased as follows: in enterprises with 20 and more employees by 8.4%, in small enterprises with up to 19 employees by 8.5%, in budgetary organisations by 11.1%, and in subsidised organisations by 8.2%.

**... as well as in real terms**

In the first three quarters of 2006, the average real wage increased year-on-year by 3.2%. Compared with the same period last year, real wage dynamics weakened by 3.6 percentage points, which was due to a slowdown in nominal wage growth and higher average inflation than a year earlier.

Real wages increased in all sectors of the economy in the first three quarters of 2006. The steepest increases took place in education (5.5%); financial intermediation (5.1%); real estate, renting, and business activities (4.8%); agriculture, forestry, and fishing (3.7%); public administration, defence, and compulsory social security (3.3%); and health care (3.3%).

<sup>3</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 producer 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 item in 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 29 Average Monthly Wages and Labour Productivity in the Slovak Economy**  
(index, same period a year earlier = 100)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Nominal wage (index)	109.4	109.2	107.1	108.8	107.7	107.9
Real wage (index)	106.8	106.3	102.7	104.0	102.7	103.2
Labour productivity, at current prices	105.9	106.2	106.2	108.1	111.2	108.6
Labour productivity, at constant prices	103.4	103.8	104.3	104.3	107.2	105.4
Real labour productivity, less real wage (percentage points)	-3.4	-2.5	1.6	0.3	4.5	2.2
Consumer prices (average)	102.5	102.7	104.3	104.6	104.9	104.6

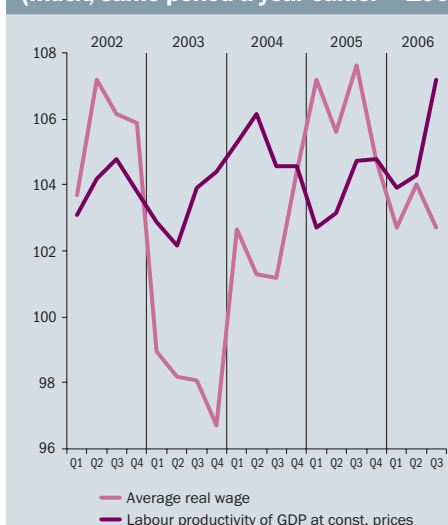
Source: Statistical Office of the SR and NBS calculations based on data from the SO SR.

Note: Labour productivity is calculated from revised GDP and employment figures from quarterly statistical reports.

In the first three quarters of 2006, labour productivity (GDP per employee according to statistical records) increased in nominal terms by 8.6% and in real terms by 5.4%. The strongest year-on-year growth was recorded in the third quarter of 2006, when its dynamics in real terms almost twofold exceeded the figures for the other quarters. The strong growth in labour productivity in the third quarter was connected with the rapid GDP growth, which accelerated in nominal terms by 13.9% and in real terms by 9.8% on a year-on-year basis. Labour productivity also followed a positive trend in relation to wages, when the dynamics of real labour productivity exceeded the rate of real wage growth by 2.2 percentage points.

#### Development of labour productivity

**Chart 19 Real Wages and Real Labour Productivity**  
(index, same period a year earlier = 100)



Source: Statistical Office of the SR and NBS calculations.

**Chart 20 Unit Labour Costs by Component (NBS methodology)**  
(year-on-year change in %)



Source: Statistical Office of the SR and NBS calculations.

Unit labour costs according to NBS methodology ( $ULC_{NBS}$ ), defined as the ratio of nominal wages to real labour productivity (GDP at constant prices per employee according statistical records), increased year-on-year in nominal terms by 2.4% and in real terms by 2.1% during the first three quarters of 2006. In the first three quarters of 2006, wage growth was exceeded by the growth of labour productivity, which was reflected in the level of unit labour costs, showing a falling tendency in both nominal and real terms.

#### Unit labour costs according to NBS methodology

In the first three quarters of 2006, nominal compensation per employee (ESA 95) increased year-on-year by 6.1%, representing an acceleration of 0.6 of a percentage point in comparison with the same period last year. However, the rate of growth slowed during the year, from 7.9% in the first quarter to 4.2% in the third quarter of 2006. The growth of real compensation per employee slowed in comparison with the same period last year by 1.4 percentage points, which was a result of higher average inflation than a year earlier. Labour productivity, calculated according to ESA 95, increased in nominal terms by 8.6% and in real terms by 5.4% on a year-on-year basis.

#### Labour market indicators based on ESA 95 for the economy in total and ...



**Table 30 Average Compensation Per Employee and Labour Productivity in the Slovak Economy (ESA 95)**  
(index, same period a year earlier = 100)

	2005		2006			
	Q1 – Q3	Year	Q1	Q2	Q3	Q1 – Q3
Compensation per employee, nominal	105.5	106.0	107.9	106.2	104.2	106.1
Compensation per employee, real	102.9	103.1	103.6	101.5	99.4	101.5
Labour productivity, at current prices	106.8	107.1	106.5	108.1	111.1	108.6
Labour productivity, at constant prices	104.2	104.6	104.5	104.3	107.1	105.4
Real labour productivity – real compensation per employee (percentage points)	1.3	1.5	0.9	2.8	7.7	3.9
HICP (average for the period)	102.5	102.8	104.2	104.6	104.8	104.5

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

Note: Labour productivity is calculated from revised GDP and employment figures according to the ESA 95 methodology.

#### ... in a sectoral breakdown

During the first three quarters of 2006, real labour productivity broken down by sector (calculated as the ratio of GDP to total employment according to ESA 95) increased in most sectors. The strongest growth was achieved in other community, social, and personal services (18.8%); electricity and gas supply (17.8%); trade and repair activities (13.7%); and financial intermediation (10.0%). On the other hand, decline in labour productivity was recorded in mining and quarrying (24.0%), construction (2.8%), agriculture, including forestry and fishing, and in hotels and restaurants. A comparison of real labour productivity and real compensation per employee indicates that labour productivity grew at a faster rate than compensation in most sectors, except in mining and quarrying; hotels and restaurants; public administration, defence, and social security; and health care, where it was the other way around.

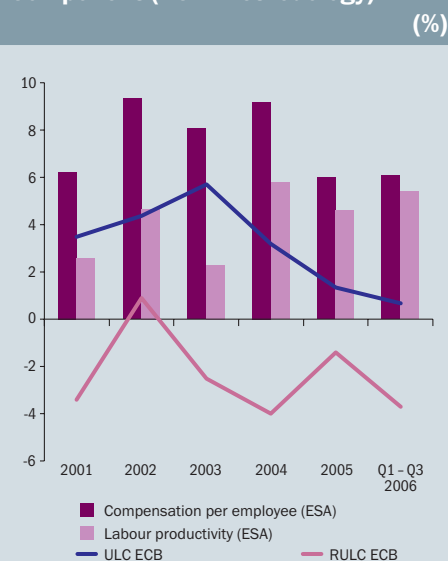
**Table 31 Real Labour Productivity and Compensation per Employee in the First Three Quarters of 2006**  
(index, same period a year earlier = 100)

	Real labour productivity (ESA 95)	Real compensation per employee
National economy in total:	105.4	101.5
Agriculture, forestry, and fishing	102.2	95.2
Industry in total	109.3	100.3
Mining and quarrying	75.7	99.2
Manufacturing	108.9	99.9
Electricity, gas, and water supply	117.8	104.5
Construction	97.6	96.7
Wholesale and retail trade, repair activity	112.7	104.9
Hotels and restaurants	99.7	101.5
Transport, storage, post and telecom.	106.3	100.6
Financial intermediation	110.0	104.8
Real estate, renting, business activities	102.9	97.6
Public administration, defence, and compulsory social security	100.9	108.6
Education	103.6	101.7
Health and social services	102.7	105.5
Other community, social, and personal services	117.9	92.3
HICP (average for the period)	-	104.5

Source: Statistical Office of the SR and NBS calculations.

#### Unit labour costs according to ESA methodology

Unit labour costs according to ECB methodology ( $ULC_{ECB}$ ), defined as the ratio of nominal compensation per employee to growth in real labour productivity (the ratio of GDP to total employment) based on ESA 95 data, increased year-on-year by 0.7% over the first three quarters of 2006. Real unit labour costs decreased by 3.7% on a year-on-year basis. In the third quarter of 2006, unit labour costs fell in both nominal and real terms (by 2.8% and 7.2% respectively). The fall in nominal unit labour costs was mainly influenced by the rapid growth in labour productivity, which was connected with the strong GDP growth in the third quarter of 2006. In the first three quarters of 2006, the growth in compensation per employee was exceeded by the growth in labour productivity, which was reflected in the level of unit labour costs, which showed a falling tendency in both nominal and real terms (as according to NBS methodology).

**Chart 21 Unit Labour Costs by Component (ECB Methodology)**


Source: Statistical Office of the SR and NBS calculations.

## Income and Expenditure of Households

In the first three quarters of 2006, the year-on-year growth in household income accelerated in nominal terms by 11% and in real terms by 6.1%. The growth in nominal current income was 2.1 percentage points faster than in the same period a year earlier. The faster growth in income was mainly a result of growth in property income, other current transfers, and gross mixed income.

In the first three quarters of 2006, current expenditure increased year-on-year by 5.1%, in real terms by 0.5%. The accelerated growth in current expenditure took place in all expenditure items, with the most significant increases recorded in expenses related to property income (20.1% year-on-year) and other current transfers (19%).

With current expenditure being deducted from current income, the gross disposable income of households amounted to Sk 717.5 billion, representing a year-on-year increase of 12.8% (compared with 9.7% a year earlier). Of the disposable income, 92.2% was used for final consumption, the remainder went to gross savings, which increased year-on-year by 65%. The increase in

**Accelerated growth in current income, ...**

**... accompanied by an increase in current expenditure**

the dynamics of gross savings, which exceeded the dynamics of gross disposable income, was reflected in the ratio of gross household savings (8.0%), which was 2.5 percentage points higher than a year earlier (5.5%).

**Table 32 Generation and Use of Incomes in the Household Sector**

(current prices)

	Sk billions		Indices <sup>1)</sup>		Share in %	
	Q1-Q3 2005	Q1-Q3 2006	Q1-3 2005 Q1-3 2004	Q1-3 2006 Q1-3 2005	Q1-Q3 2005	Q1-Q3 2006
Compensation of employees (all sectors)	418.7	454.2	108.0	108.5	50.3	49.2
of which: Gross wages and salaries	325.9	360.1	110.2	110.5	39.2	39.0
Gross mixed income	242.9	280.5	114.4	115.5	29.2	30.4
Income from property – received	20.9	24.6	77.5	117.0	2.5	2.7
Social security benefits	122.5	133.7	113.1	109.1	14.7	14.5
Other current transfers – received	26.7	30.1	93.7	112.6	3.2	3.3
Current income in total	831.7	923.0	108.9	111.0	100	100
Income from property – paid	6.1	7.4	102.5	120.1	3.1	3.6
Current tax on income, property, etc.	31.1	32.2	110.6	103.3	15.9	15.7
Social security contributions	135.9	139.5	108.0	102.6	69.5	67.9
Other current transfers – paid	22.3	26.6	94.7	119.0	11.4	12.9
Current expenditure in total	195.5	205.6	106.4	105.1	100.0	100.0
Gross disposable income	636.2	717.5	109.7	112.8	–	–
Adjustment for changes in the net assets of households in the reserves of pension funds	7.3	21.3	345.6	293.0	–	–
Final household consumption	608.8	681.5	109.9	111.9	–	–
Gross savings of households	34.7	57.2	121.4	165.0	–	–

Source: Statistical Office of the SR.

1) Indices based on figures expressed in millions of Sk.



**Table 33 Gross Disposable Income of Households**  
(index, same period a year earlier = 100, current prices)

	2005		2006			
	Q1 - Q3	Year	Q1	Q3	Q3	Q1 - Q3
Gross disposable income	636.2	892.4	234.1	240.4	243.0	717.5
Final household consumption	608.8	829.8	221.5	224.7	235.3	681.5
Gross household savings	34.7	74.7	18.9	22.6	15.7	57.2
Gross savings as a % of gross disposable income	5.5	8.4	8.1	9.4	6.4	8.0

Source: Statistical Office of the SR.

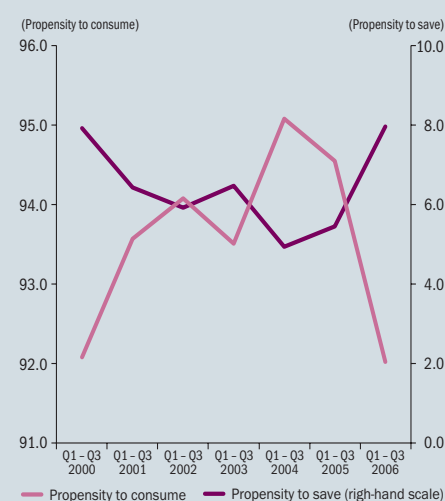
### Employment and Unemployment

#### The dynamic growth in employment continued

The positive trends on the labour market, appearing in the form of growth in employment and reduction in the rate of unemployment, continued in the third quarter of 2006. The rate of employment growth according to statistical reports, as well as the methodology of national accounts (ESA 95), accelerated somewhat in the third quarter in comparison with previous two quarters. In the first three quarters of 2006, employment grew by an average of 2.3% according to both methodologies, representing an acceleration in comparison with the same period a year earlier. Employment according to a labour force survey (LFS) increased year-on-year by 4.0% during the first three quarters of 2006 (in the same period last year by 2.0%), while its dynamics slightly weakened in the third quarter in comparison with the previous quarter. Employment according to a labour force survey was influenced by labour demand in the domestic part of the economy, when the number of persons working in the Slovak economy increased by 2.6% (a year earlier by 0.9%), and by the growing number of persons working abroad (by 26.9%, compared with 23.6% a year earlier).

**Chart 22 Propensity of Households to Save and Consume**

(%)



Source: Statistical Office of the SR, NBS calculations.

**Table 34 Employment and Unemployment**

(average for the period)

		2005		2006			
		Q1 - Q3	Year	Q1	Q2	Q3	Q1 - Q3
Employment (based on statistical reports) <sup>1)</sup>	in thousands	2,063.0	2,075.0	2,121.8	2,140.1	2,147.5	2,136.4
	Index (same period a year earlier = 100)	102.1	102.2	102.0	102.3	102.4	102.3
Employment (based on a labour force survey)	in thousands	2,203.3	2,216.2	2,257.5	2,294.6	2,320.8	2,291.0
	Index (same period a year earlier = 100)	102.0	102.1	103.7	104.5	103.8	104.0
Employment (based on ESA 95)	in thousands	2,076.0	2,084.0	2,101.5	2,121.8	2,148.6	2,124.0
	Index (same period a year earlier = 100)	101.2	101.4	102.1	102.3	102.5	102.3
Unemployment (based on a labour force survey)	in thousands	434.1	427.5	395.8	357.1	341.6	364.8
	Index (same period a year earlier = 100)	88.7	88.9	85.7	84.0	82.3	84.0
Unemployment rate (based on a labour force survey)	in %	16.4	16.2	14.9	13.5	12.8	13.7
Registered unemployment rate <sup>2)</sup>	in %	11.8	11.6	11.6	10.7	9.9	10.7

Source: Statistical Office of the SR.

1) With effect from 2006 (including the armed forces); the indices are calculated from revised data.

2) NBS calculations based on monthly data from the Centre for Labour, Social Matters, and the Family.

Looking at the breakdown of employment by sector, the first three quarters of 2006 saw growing demand for labour in services, which led to dynamic employment growth in hotels and restaurants, trade, and real estate, renting, and business activities (according to ESA 95). On average, strong growth was also recorded in employment in public administration and defence, including compulsory social security, but its dynamics significantly weakened in the third quarter in comparison with the previous quarter. On the other hand, lower employment than a year earlier was recorded in financial intermediation and health care.

#### Development of employment by sector

In production sectors, employment grew rapidly in average terms in construction, while employment in agriculture and industry declined. In industry, employment dropped slightly on average, after falling in the first two quarters and growing in the third quarter. A positive change in employment, from decline last year to growth this year, was recorded in construction, real estate, renting, business activities, education and other services.

**Table 35 Developments in Employment by Sector (ESA 95)**  
(index, same period a year earlier = 100)

	2005		2006			
	Q1 - Q3	Year	Q1	Q2	Q3	Q1 - Q3
Total	101.2	101.4	102.1	102.3	102.5	102.3
Agriculture, hunting, and forestry	85.2	85.0	95.5	99.1	101.8	98.8
Industry	99.7	98.9	99.3	98.0	102.4	99.9
Mining and quarrying	94.1	94.5	94.6	98.1	99.1	97.2
Manufacturing	100.1	99.7	99.4	97.9	102.6	100.0
Electricity, gas, and water supply	95.2	95.8	99.2	98.3	100.7	99.4
Construction	97.4	96.0	109.4	108.1	106.3	107.8
Trade	115.4	117.4	105.7	108.8	104.0	106.1
Hotels and restaurants	101.8	102.0	106.0	112.9	113.5	110.8
Transport, storage, post and telecom.	103.3	102.0	100.7	100.7	100.4	100.6
Financial intermediation	96.6	96.8	95.1	100.1	102.4	99.2
Real estate, renting, and business activities	98.3	99.2	103.5	104.1	104.1	103.9
Public administration, defence, compulsory social security	100.6	100.6	105.7	101.9	100.5	102.7
Education	94.4	95.2	100.5	101.8	100.2	100.9
Health and social services	95.1	95.4	95.9	95.0	103.4	98.1
Other community services	108.9	107.0	106.2	100.9	89.2	98.5

Source: Statistical Office of the SR.

**Chart 23 Unemployment Rate**



Source: Centre for Labour, Social Matters, and the Family, and Statistical Office of the SR.

The strong demand for labour was reflected in the falling unemployment rate. The year-on-year decrease in the number of unemployed persons (according to a labour force survey) continued in the third quarter, and reached an average of 16.0% in the first three months (compared with a fall of 11.3% a year earlier). After eight years, the unemployment rate dropped below 13% in the third quarter, to 12.8%. In the first three quarters, the average unemployment rate reached 13.7%, representing a drop of 2.7 percentage points compared with the same period last year.

The downward trend in unemployment was also confirmed by data based on the methodology of registered unemployment. According to the registers of offices for labour, social matters, and the family, the average unemployment rate in the third quarter of 2006 stood at 9.9%, and the figure for the first three quarters was 10.7%, representing a year-on-year fall of 1.1 percentage points.

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

#### Unemployment continued to fall

#### Increased labour supply



economically inactive persons (i.e. persons outside the labour market) in the first three quarters of 2006. As a result of this development, the rate of economic activity reached 59.1%, representing a year-on-year fall of 0.3 of a percentage point. Among the economically active population, the increasing share of persons in employment led to a rise in the employment rate, by 1.8 percentage points year-on-year over the first three months, to 59.2%.

### Financial Results of Corporations

According to preliminary data from the Statistical Office of the SR, financial and non-financial corporations earned a total profit of Sk 231.9 billion during the first three quarters of 2006 (compared with Sk 199.4 billion a year earlier), representing a year-on-year increase of 16.3%. The profit was generated largely by non-financial corporations, whose earnings increased year-on-year by 29%, to Sk 209.9 billion. The share of non-financial corporations in the total profit reached 90.5% (in the same period a year earlier 81.5%). The profit earned by financial corporations (Sk 21.9 billion) dropped year-on-year by 40%.

The results of financial corporations were affected by the negative financial result of the NBS (Sk -1.7 billion). Financial corporations (excluding the NBS) achieved a profit of Sk 23.6 billion, which was 21.4% lower than a year earlier.

Table 36 Financial Results of Corporations		(Sk billions, current prices)	
	Q1 – Q3 2005	Q1 – Q3 2006	Index Q1 – Q3 2006 Q1 – Q3 2005
Financial result (before taxation)			
Non-financial and financial corporations in total	199.4	231.9	116.3
of which:			
Non-financial and financial corporations, excl. NBS	192.7	233.6	121.2
Non-financial corporations	162.7	209.9	129.0
Financial corporations	36.7	21.9	60.0
of which:			
NBS	6.7	-1.7	-
Financial corporations, excluding the NBS	30.0	23.6	78.6

Source: Statistical Office of the SR and NBS calculations.

Positive financial results were achieved in all branches of the non-financial sector, except for agriculture. A substantial part of the profit (34.2%) was generated in manufacturing, electricity, gas, and water supply (20.8%), and trade (18.5%). The steepest year-on-year increases in profits were achieved in transport, storage, and telecommunications.

Table 37 Number of Profitable and Loss-Making Corporations			
	Q1 – Q3 2005	Q1 – Q3 2006	Change
Non-financial corporations in total	6,685	6,381	-304
Profitable corporations	4,297	4,234	-63
Loss-making corporations	2,388	2,147	-241

Source: Statistical Office of the SR.

Of the total number of non-financial corporations with 20 and more employees (6,381), 4,234 were profitable: they generated a total profit Sk 194.7 billion, representing a year-on-year increase of 25.6%. The number of loss-making organisations reached 2,147, with a total loss of Sk 22.73 billion, which was almost Sk 1.5 billion less than a year earlier. The total number of non-financial corporations dropped year-on-year by 304, of which loss-making corporations accounted for 241.

The profits of financial institutions (commercial banks and exchange offices, excluding the NBS) decreased year-on-year by 29% and the earnings of other financial intermediaries by more than 20%. The profits of insurance corporations and pension funds increased year-on-year by 41.6%.



**Table 38 Financial Results of Financial Corporations** (Sk billions, current prices)

	Q1 – Q3 2005	Q1 – Q3 2006	Index Q1 – Q3 2006 Q1 – Q3 2005
Financial result (before taxation)			
Financial corporations, excluding the NBS	20.4	14.5	71.0
Other financial intermediaries	7.2	5.7	79.1
Insurance corporations and pension funds	2.4	3.4	141.6

Source: Statistical Office of the SR and NBS calculations.

## Current Developments

### Production and Receipts

In October, the year-on-year growth rate of industrial production continued to accelerate in comparison with September, mainly as a result of accelerated growth in manufacturing production. Production continued to decline year-on-year in mining and quarrying, and in electricity, gas, and water supply.

**Accelerated growth in industrial production**

Faster growth in production than in September was achieved in all major manufacturing industries, except for the production of foodstuffs, beverages, and tobacco products; coke, refined oil products, and nuclear fuel; chemicals, chemical products, including fibres, where production declined on a year-on-year basis.

Production in the construction sector slowed in October, due to slower growth in domestic production in new construction, reconstruction, and modernisation projects.

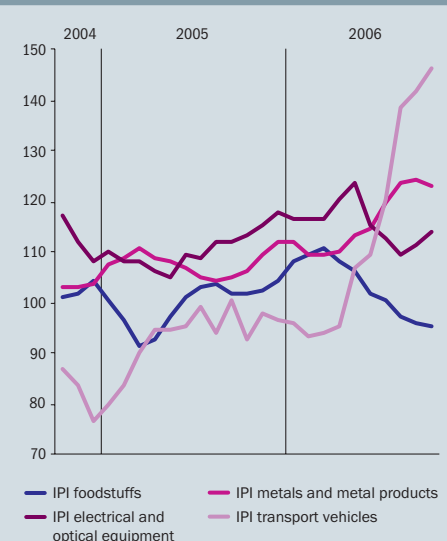
**Slower growth in construction**

Receipts continued to grow relatively dynamically in all service sectors under review in October. The development of retail sales receipts was a result of slower growth in receipts from retail trade in foodstuffs, beverages, and tobacco; other retail sales in non-specialised shops; and specialised retail trade. On the other hand, faster growth than in September was recorded in retail trade in pharmaceuticals and cosmetics, and retail trade outside shops. The continuing dynamic growth in receipts from the sale and maintenance of motor vehicles and the retail sale of fuels was mainly a result of steady growth in receipts from the sale of motor vehicles, motor vehicle components and accessories, when receipts from the sale of fuels fell on a year-on-year basis.

**Continuing growth in receipts from selected services**

**Chart 24 Development of Industrial and Manufacturing Production (3-month moving averages) (index, same period a year earlier = 100)**


Source: Statistical Office of the SR.

**Chart 25 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)**


Source: Statistical Office of the SR.



**Table 39 Production and Receipts**

	Sk millions, at c. p.		Indices			
	Oct. 2006	Cumul. since begin. of year	Sep. 2006 Sep. 2005	Oct. 2006 Oct. 2005	Oct. 2005 Oct. 2004	Jan. – Oct. 2006 Jan. – Oct. 2005
<b>Production</b>						
Industrial production index <sup>1)</sup>	.	.	109.8	111.1	104.9	110.1
of which:						
Mining and quarrying	.	.	92.8	92.1	99.5	89.3
Manufacturing	.	.	112.6	114.7	105.9	112.4
Electricity, gas, and water supply	.	.	91.2	90.2	99.7	99.0
Construction <sup>2)</sup>	15,080	117,242	111.4	109.1	109.4	114.9
of which:						
Construction in Slovakia	14,610	113,563	111.9	108.7	110.6	116.5
Construction abroad	470	3,679	94.2	123.2	88.6	80.8
<b>Receipts from own-output and goods</b>						
Industry in total <sup>3)</sup>	177,117	1,513,496	116.8	120.5	107.3	114.5
Construction <sup>2)</sup>	23,253	178,955	112.4	106.2	115.4	105.6
Retail trade <sup>3)</sup>	37,367	341,843	110.6	107.6	114.4	108.7
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	17,590	155,044	116.5	117.9	106.9	113.2
Transport, storage <sup>3)</sup>	14,095	117,761	108.2	111.4	119.8	113.3
Real estate, renting, and business services <sup>3)</sup>	15,558	144,846	108.1	114.8	102.4	112.3

Source: Statistical Office of the SR.

1) Adjusted for variations in the number of working days (the data in the time series are continuously revised with retrospective effect).

2) Index, same period of the previous year = 100 (constant prices, average for 2000 = 100).

3) Index, same period of the previous year = 100 (constant prices, December 2000 = 100, transport and storage – current prices).

The faster year-on-year growth in receipts from real estate, renting, and business services in October (compared with September) was due to faster growth in receipts from real estate activities and other business services.

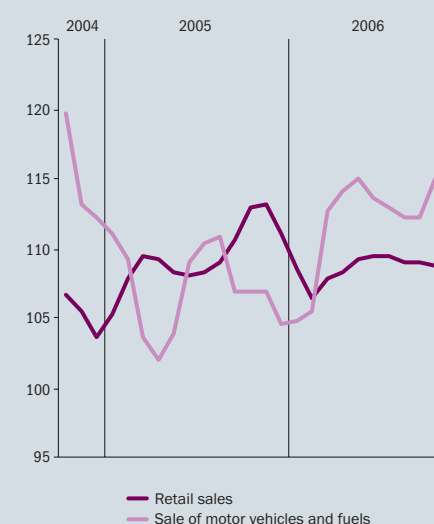
### Wages, Employment, and Unemployment

**Nominal wages** In October, the year-on-year growth rate of nominal wages accelerated in comparison with the previous month in most sectors, except for industry where a slowdown was recorded. The steepest increases in average nominal wages occurred in real estate activities, post and telecommunications.

During the first ten months of 2006, average nominal wages grew at a slower rate than in the same period a year earlier, in most sectors. The only sectors to record stronger wage dynamics than a year earlier were the sale and maintenance of vehicles and retail trade.

**Real wages** In October, the year-on-year rate of real wage growth slowed in comparison with the previous month only in industry; real wage growth accelerated most significantly in real estate activities, post and telecommunications.

**Chart 26 Receipts from Retail Sales and the Sale of Motor Vehicles and Fuels (3-month moving averages) (index, same period a year earlier = 100)**



Source: Statistical Office of the SR.

The average rate of real wage growth over the first ten months of the year was slower than in the same period a year earlier, in most sectors under review. The slowdown in the year-on-year rate of real wage growth was mainly a result of higher average inflation than a year earlier. The only sector to record stronger year-on-year real wage dynamics was the sale and maintenance of vehicles.



**Table 40 Wage Developments in Selected Sectors**

(index, same period a year earlier = 100)

	Average monthly nominal wage			Average monthly real wage		
	Year 2005	Jan. – Oct. 2005	Oct. 2006	Year 2005	Jan. – Oct. 2005	Oct. 2006
Industry	107.2	107.6	106.0	104.4	104.9	101.4
of which: Manufacturing	107.5	107.8	106.0	104.7	105.2	101.4
Construction	106.0	106.1	105.6	103.2	103.4	101.1
Retail trade	107.8	108.2	109.9	105.0	105.5	105.2
Wholesale trade	111.4	111.6	106.9	108.5	108.8	102.3
Sale and maintenance of vehicles	101.3	103.8	109.5	98.6	101.2	104.8
Real estate, renting, and other business services	112.0	112.8	109.0	109.1	110.0	104.3
Transport	107.3	107.2	107.1	104.5	104.5	102.5
Post and telecom.	107.1	107.0	106.1	103.3	104.3	101.5
Consumer prices	102.7	102.6	104.5	-	-	-

Source: Statistical Office of the SR.

Notes: The above sectors accounted for 69.6% of total employment in the first three quarters of 2006.

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

In October, the growth of employment slowed in comparison with September in construction, wholesale trade, the sale and maintenance of vehicles, and retail trade. A favourable trend was recorded in transport and storage, where employment slightly increased in October, after falling in the previous month. Employment continued to fall in industry, post and telecommunications.

#### Employment

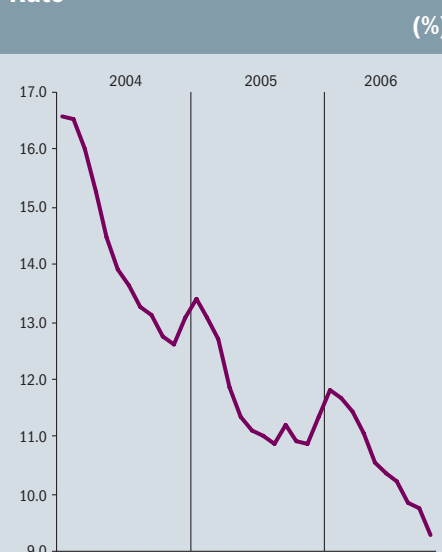
Employment in construction grew at a faster rate than in October 2005, while employment in wholesale trade, the sale and maintenance of vehicles, retail trade, and real estate, renting, and other business services grew at a slower pace than a year earlier. Over the first ten months of the year, employment grew most dynamically in average terms in construction, the sale and maintenance of vehicles, wholesale and retail trade.

The long-term falling trend in unemployment continued in October. According to data from the Centre for Labour, Social Matters, and the Family, the total number of registered unemployed dropped month-on-month by 8,900, to 271,000. The number of disposable unemployed, who may start working

#### Unemployment

**Chart 27 Nominal Wages in Industry, Construction, and Selected Services (index, same period a year earlier = 100)**


Source: Statistical Office of the SR.

**Chart 28 Registered Unemployment Rate (%)**


Source: Centre for Labour, Social Matters, and the Family.



immediately, stood at 237,100, which was 12,300 less than in September. The rate of registered unemployed reached 9.27% in October, and was 0.48 of a percentage point lower than in the previous month. This was 1.66 percentage points less than in October 2005.

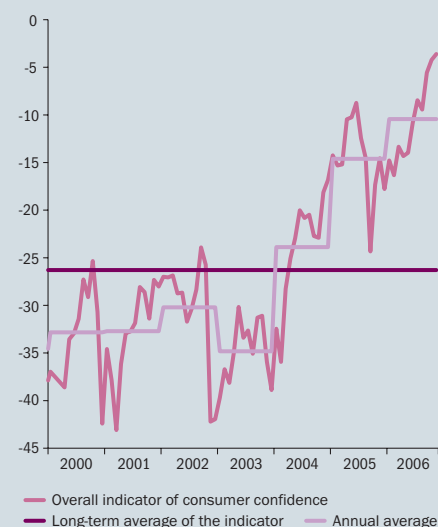
The average length of registration decreased in comparison with September by 0.11 of a month, to 10.93 months in October (compared with 11.9 months in October 2005). Compared with September, the share of long-term unemployed (out of work for more than 12 months) increased by 0.7 of a percentage point, to 54.3% in October (compared with 53.0% in October 2005).

### Consumer Confidence Indicator

#### Continued improvement in consumer confidence

In November, the consumer confidence indicator again improved in comparison with the previous month, to -3.6 points (an improvement of 0.6 of a point compared with in October), representing the highest level in the history of this indicator. In comparison with October, improvements were recorded in three indicators: the expected economic development, the expected rate of unemployment, and the expected financial situation of households in the SR. At the same time, a slight deterioration occurred in the indicator of expected household savings. Compared with the same period last year, the consumer confidence indicator has improved by 11.0 points.

Chart 29 Consumer Confidence Indicator



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

Note: The 2006 figure is an average for the first eleven months of the year.

## 4 Monetary Developments

### 4.1 Foreign Exchange Market

Over the course of November, the exchange rate of the Slovak koruna against the euro strengthened by 2.5% (from SKK/EUR 36.412 to SKK/EUR 35.486), while the average rate appreciated by 2.5%. The Slovak koruna deviated from its central rate (SKK/EUR 38.4550) most significantly on 30 November 2006, when its exchange rate was fixed at SKK/EUR 35.486, representing an appreciation of 7.72% from central parity. In relation to the US dollar, the koruna strengthened by 5.8% (from SKK/USD 28.629 to SKK/USD 26.972), while appreciating in average terms by 4.5%.

#### Operations on the foreign exchange market

Spot transactions between foreign and domestic banks resulted in a negative balance (USD -41.84 million), i.e. foreign banks mostly sold foreign currency and purchased Slovak koruna.

The National Bank of Slovakia conducted no foreign exchange interventions in November.

In line with the Bank Board's decision of 25 April 2006 on the optimisation of the level of foreign exchange reserves, the National Bank of Slovakia sold EUR 30 million during November.

Table 41 Changes in the SKK/EUR and SKK/USD Exchange Rates (%)			
	Month-on-month change	Ø Nov. 2006 Ø Nov. 2005	Ø Jan. – Nov. 2006 Ø Jan. – Nov. 2005
EUR/SKK	-2.5	-7.3	-3.2
USD/SKK	-5.8	-14.9	-3.1

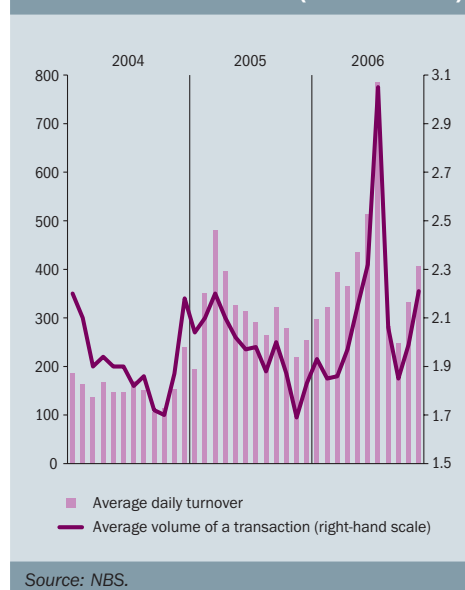
Source: NBS.  
Note: + Depreciation of the SKK, - Appreciation of the SKK, Ø Means average.

The total volume traded on the interbank foreign exchange market reached USD 65,111.2 million, representing a decline of 16.3% compared with the figure for October (USD 77,753.6 million). Of the total trading volume, 86.2% took place in swap transactions, which were conducted mostly in USD (93.9%). Spot transactions accounted for 12.5% of the total turnover (98.1% of the deals were in EUR). The average daily turnover on the spot market reached USD 407.63 million and the average volume per transaction amounted to USD 2.21 million.

#### Interbank foreign exchange market

The volume of transactions between domestic commercial banks decreased, from USD 12,330.5 million in October to USD 8,195.3 million in November. Most trading took place in USD (65.6%, compared with 72.8% in October), followed by EUR (33.6%, compared with 26.7% in October) and other currencies (0.8% of the total turnover among domestic commercial banks).

**Chart 30 Transactions on the Interbank Foreign Exchange Market (USD millions)**



Transactions between domestic banks accounted for 12.7% of the total volume traded on the interbank foreign exchange market (compared with 16% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 80.2% (88.3% in October) and spot transactions 19.8% (11.7% in October).

The volume of trading between domestic and foreign banks decreased by 13%, from USD 65,334.7 million to USD 56,864.5 million. Most trading was again conducted in USD (83.2%, compared with 85% in October), followed by EUR (16.6%, compared with 14.6% in October), and other currencies (0.2%). Trading between domestic and foreign banks still dominated the country's foreign exchange market (with a share of 87.3%).

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (87.1%, compared with 88.9% in October), while spot



transactions accounted for 11.4% (8.9% in October). The share of forward dealings on the forex market was negligible. Option contracts accounted for 0.8% of the volume traded with foreign banks.

At the end of October, the Slovak-koruna deposits of non-resident banks amounted to Sk 68.3 billion, representing a month-on-month decrease of Sk 7.3 billion. On a year-on-year basis, non-resident bank deposits declined by Sk 5.5 billion.

Compared with October, the government securities holdings of non-residents increased by Sk 2.6 billion in August, due to growth in government bonds, while Treasury-bill holdings still amounted to zero. The Agency for Debt and Liquidity Management (ARDAL) held no Treasury-bill auctions in November.

The increase in the volume of government bonds mostly took place in 3-year government bonds maturing in January 2007 (Issue No. 200, an increase of Sk 3.6 billion), which partly was offset by a decrease in 10-year government bonds maturing in January 2013 (Issue No. 188, a decrease of Sk 1.9 billion). Thus, the share of non-residents in the total volume of issued government bonds increased slightly in November (from 25.0% to 25.5%).

**Table 42 Koruna Assets/Liabilities and Government Securities Held by Non-Residents**  
(Sk billions)

	2005 31.10.	2006							
		31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11. <sup>(p)</sup>	6.12. <sup>(p)</sup>
Koruna assets, banks	11.9	18.1	29.3	12.8	14.0	12.7	14.9	12.2	27.5
Koruna liabilities	79.4	66.6	104.6	60.1	87.8	84.1	76.2	.	.
of which: Banks	73.8	58.6	97.6	52.6	80.3	75.7	68.3	70.2	65.9
Non-bank clients	5.5	8.0	6.9	7.5	7.4	8.5	7.9	.	.
Government securities	90.0	69.9	94.2	79.7	90.3	91.0	86.5	89.1	.
of which: Government bonds	90.0	69.6	94.2	79.7	90.3	91.0	86.5	89.1	.
SR Treasury bills	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	.
Total	169.3	136.4	198.8	139.8	178.1	175.1	162.8	.	.

Source: NBS and the Central Securities Depository of the SR, a.s.

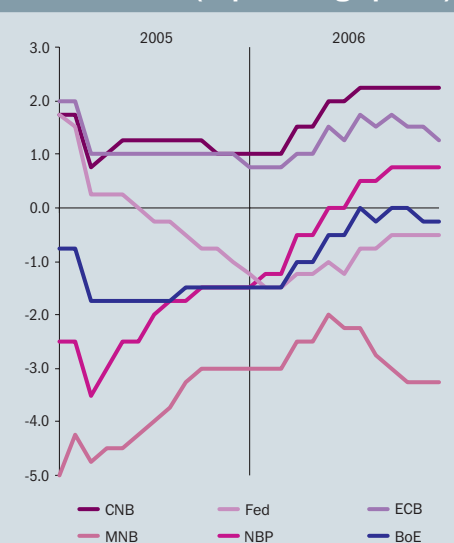
Of the central banks under review, only the BoE changed its key interest rates in November, by 0.25 of a percentage point upwards (to 5.00%). The other banks left their key rates unchanged in November: the CNB at 2.50%, the ECB at 3.25%, the NBP at 4.00%, the Fed at 5.25%, the MNB at 8.00%, and the NBS at 4.75%.

In December, the BoE, ECB, and the Fed confirmed their key interest rates as follows: the ECB increased them by 0.25 of a percentage point (to 3.50%), while the BoE and Fed left their rates unchanged (at 5.00% and 5.25% respectively). The current positive interest rate differentials between NBS rates and the key rates of the NBP and CNB remained unchanged (+0.75; +2.25 percentage points). The differential in relation to the ECB decreased to +1.25 percentage points. The negative differential vis-à-vis the Fed and the MNB remained unchanged (-0.50; -3.25 percentage points), but that in relation to the BoE again increased (to -0.25 of a percentage point).

#### 4.2 Money Market and Monetary Policy Implementation

At its meeting on 28 November 2006, the Bank Board of the NBS decided to leave its key interest rates unchanged.

**Chart 31 Differentials Between the Key Rates of Selected European Central Banks, the ECB, and the Fed**  
(in percentage points)

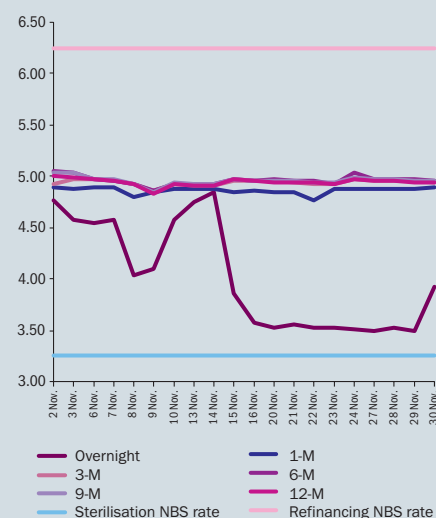


Source: NBS, ECB and the relevant central banks.

**Interbank market rates** Average monthly money market rates dropped in November, for all maturities.

Chart 32 BRIBOR

(% p.a.)



Source: NBS.

Despite the sufficiency of daily as well as cumulative liquidity, the overnight rate was above the level of 4% in the first half of the month. Its high level can be explained by the uneven distribution of liquidity over the banking sector. The situation changed in the second half of the month, when the continuing surplus of daily and cumulative liquidity provided room for a reduction in the overnight rate to 3.5%.

At the beginning of the month, medium and longer-term rates dropped slightly. Their change was effected by trading in forward rate agreements (FRAs). The continuing strengthening of the Slovak koruna caused a moderate fall at the longer end of the yield curve, though there was no marked trading on the interbank market. At the beginning of the second half of the month, medium and longer-term rates recorded an increase. This was caused by purchases of koruna funds, mainly through FX swaps with six-, nine-, and twelve-month maturities. The increase took place after the release of GDP data for the third quarter. There are views among the market participants that the economy may become overheated, which would increase the probability of an early increase in key NBS rates. Later

the situation stabilised, after the NBS governor had issued a statement saying that the strong GDP growth was mainly fuelled by non-inflationary factors and that was, according to preliminary data, sound in structure. The rise at the longer end of the yield curve in the second half of the month was a result of profit repatriation by foreign banks. This was supported by increased interest in forward rate agreements (FRAs) and interest rate swaps (IRSs).

Before the meeting of the NBS Board concerning interest rates, there had been low activity on the interbank market. The fulfilled expectations of most banks regarding the key NBS rates (which were left unchanged) exerted no pressure for their change at the end of the month.

The volume of trading on the interbank market reached Sk 1,540 billion in November (compared with Sk 2,005 billion in October). Reference banks accounted for 90.5% of the total turnover (an increase of 0.3%). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 69.8% and 30.2% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (54.6%), while non-resident banks led the way in swaps (63.9%).

Table 43 Interbank Transactions

(Sk billions)

	Deposits	Repos	Swaps	FRAs	IRSs
October	788	47	1,127	20	23
November	573	48	881	22	16

Source: NBS.

The average daily volume of sterilised excess liquidity decreased in November by Sk 1.7 billion, to Sk 286.3 billion. Of the total volume of open-market transactions, repo tenders accounted for 97.8%, NBS bills 0.7%, and overnight deposits 1.5%. The share of overnight repo operations was negligible.

## Liquidity

Table 44 Average Daily Impact of NBS Transactions on the Level of Banking Sector Liquidity

(Sk millions)

	O/N repos	O/N deposits	NBS bills	Repo tenders
October	1,403	-1,061	-1,880	-286,461
November	92	-4,161	-1,957	-280,304

Source: NBS.

Note: + inflow of liquidity, - outflow of liquidity.



The NBS announced five sterilisation repo tenders for November. At these tenders, the bids of banks were accepted in full. At the first tender, banks reduced their bids by Sk 18.2 billion, due to a marked shortage of liquidity on the first days of the month. Despite increased demand at the second tender (by Sk 5.7 billion), there was a sufficiency of daily liquidity on the interbank market. Nonetheless, banks reduced their bids at the following two tenders. The situation did not change until the last tender, where banks increased their bids by Sk 15.8 billion. The share of repo tenders of the total volume of open-market transactions decreased by 0.67 of a percentage point.

**Table 45 Tenders in November 2006**

Date	Type of tender <sup>1)</sup>	Maturity (days)	Volume accepted (Sk millions)	Rates (%)		
				minimum	average	maximum
2.11.2006	SRT	13	110,412	4.75	4.75	4.75
8.11.2006	SRT	14	173,135	4.75	4.75	4.75
15.11.2006	SRT	14	104,155	4.75	4.75	4.75
22.11.2006	SRT	14	172,357	4.75	4.75	4.75
29.11.2006	SRT	14	119,907	4.75	4.75	4.75

Source: NBS.  
1) SRT – sterilisation repo tender.

The NBS announced one NBS-bill auction for November. Demand reached Sk 1.95 billion, of which Sk 1.15 billion was accepted by the NBS. The reason for the acceptance of a smaller amount was the excessive demands of banks for higher yields. The share of NBS bills of the total trading volume increased by 0.04 of a percentage point.

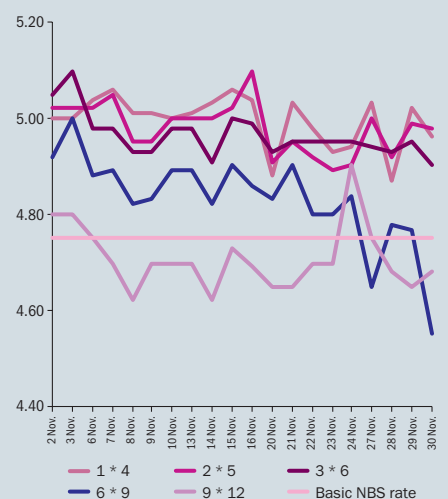
Despite the suffice of daily and cumulative liquidity in the first half of the month, banks preferred to keep their free funds rather than depositing them at the NBS. The continuing liquidity surplus after the settlement of the third tender led to the renewal of interest in overnight deposits. Banks regularly deposited their excess funds at the NBS until the end of the month. Most overnight deposits were made in the last week (Sk 21.9 billion).

**Reserve requirements** For November 2006, the amount of required minimum reserves in the banking sector was set at Sk 21.61 billion. By the end of the month, the reserve requirement had actually been fulfilled to 100.1%.

#### Developments in Money Market Interest Rate Derivatives

Trading in forward rate agreements (FRAs) recorded a modest increase in November. Most transactions took place between domestic banks (65.1%). Increased trading activity was recorded in the second half of the month. Contracts were concluded with a maturity of three months and an implementation period of one, three, and nine months, or with a maturity of six months and an implementation period

**Chart 33 Daily Developments in FRAs (% p.a.)**



**Chart 34 Daily Developments in IRSs (% p.a.)**

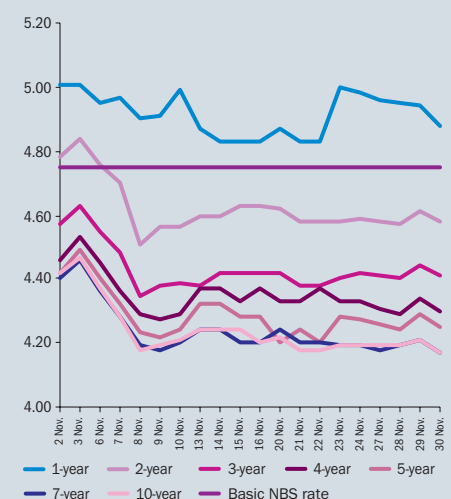




Chart 35 Implied Expectations Derived from BRIBOR Rates

(% p.a.)



Source: NBS.

of one months. Most transactions took place in three-month FRAs with an implementation period of three months (58.1%).

The volume traded in interest rate swaps (IRSs) recorded a fall in November. Most transactions took place in the first half of the month. Most contracts were concluded with foreign banks (85.2%). The transactions were concluded with a maturity of six months to thirteen years. They were dominated by transactions with one- to two-year maturities, which accounted for 69.1% of the total volume of IRS contracts. They were followed by transactions with two- to five-year maturities (16.7%).

In November, the rates at the long end of the yield curve maintained lower values than the shorter-term rates. This shape of the yield curve was attributable to the implied interest rate expectations (an initial increase, followed by a reduction), which were incorporated in the yield curve throughout the month. At the beginning of November, expectations of an increase in interest rates fluctuated between 19 to 27 basis points within three to five months. Within a time horizon of nine months, an interest rate reduction of 11 to 16 basis points was expected. The fall at the long end of the yield curve in the middle of the month reduced the expected increase in interest rates within a month by 3 to 15 basis points and the expected interest rate cut by 7 to 20 basis points within twenty months. The minor corrections in BRIBOR rates at the end of the month were made with respect to an expected increase of 0.2 to 4.0 basis points within a month and an expected interest rate reduction of 18 to 24 basis points within nine months.

### 4.3 Customer Interest Rates in October 2006

Average interest rates on new loans and deposits for non-financial corporations recorded a slight fall in October, while the rates for new household loans and deposits were stagnant. The increase in the key NBS rates from the end of September was probably not yet reflected in the level of customer interest rates.

#### Customer interest rates

Interest rates on new loans to non-financial corporations dropped slightly in October. After an increase last month, a certain correction was recorded in October, when interest rates on loans with a floating rate and interest rate fixation dropped. The most significant fall occurred in rates for loans of up to EUR 1 million. On the other hand, a slight increase was recorded in rates for loans of over EUR 1 million.

#### Average interest rates on new loans

Regarding the structure of loans by purpose, lending rates increased most significantly for house purchase loans (by 0.73 of a percentage point). On the other hand, interest rates on other loans were reduced (by 0.61 of a percentage point). A modest fall was also recorded in interest rates on current account overdrafts. Interest rates on investment and operating loans were stagnant in October.

The rise in interest rates on loans to households, ongoing since the beginning of the year, came to a halt in October. In other types of loans, however, the trends from the previous months continued. Lending rates increased for house purchase loans and other loans (mainly for American mortgages). Within the scope of house purchase loans, interest rates mostly increased on mortgage loans and intermediate loans. Interest rates on building loans and other house purchase loans were stagnant.

**Table 46 Average Interest Rates on New Loans to Non-Financial Corporations**

	Interest rate in %				Change in October in % points		
	X. 2005	XII. 2005	IX. 2006	X. 2006	year-on- -year	against Dec. 2005	month-on- -month
Floating rate + IRF <sup>1)</sup> of up to and including 1 year	5.01	4.79	6.77	6.63	1.61	1.83	-0.14
IRF of over 1 and up to 5 years inclusive	5.04	4.46	6.74	6.57	1.53	2.11	-0.17
IRF of over 5 and up to 10 years inclusive	5.22	6.12	6.74	6.52	1.30	0.40	-0.22
IRF of over 10 years	4.83	4.20	6.81	6.64	1.81	2.44	-0.17
Loans of up to EUR 1 million	4.94	5.20	7.45	6.80	1.85	1.59	-0.65
Loans of over EUR 1 million	3.85	4.28	5.36	5.54	1.69	1.26	0.18
Total	5.02	4.81	6.76	6.62	1.61	1.81	-0.14
Total, excl. current account overdrafts and credit cards	4.27	4.53	6.04	6.09	1.82	1.56	0.05

Source: NBS.

1) Initial rate fixation.

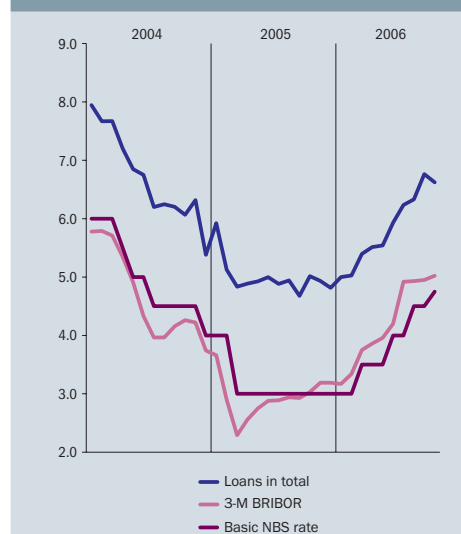
Interest rates on consumer loans recorded a slight fall, mainly as a result of a reduction in rates for non-specific consumer loans.

Banks tend to incorporate the changes in key NBS rates in their customer interest rates with a certain delay: the rate for house purchase loans was raised by 1.13 percentage points with effect from March, that for consumer loans by 0.86 of a point, and the rate for other loans by 1.66 points, while the key rates were increased by 1.75 points in cumulative terms.

Looking at the breakdown of loans by initial rate fixation (IRF), an increase was recorded in rates for loans with an IRF of over 1 year, while interest rates on loans with a floating rate and an IRF of up to 1 year were stagnant.

#### Average interest rates on new deposits

October saw a marked drop in average interest rates on new deposits from non-financial corporations. This development was mainly caused by a reduction in the price of short-term deposits (deposits repayable on demand). The fall in interest rates (by 0.51 of a percentage point) was a result of a drop in overnight deposit rates, which are mostly determined by

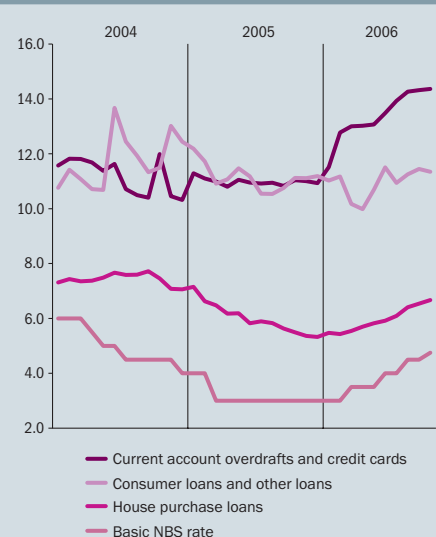
**Chart 36 Interest Rates on Loans to Non-Financial Corporations, 3M BRIBOR, and the Basic NBS Rate (%)**

Source: NBS.

**Table 47 Average Interest Rates on New Loans to Households**

	Interest rate in %				Change in October in % points		
	X. 2005	XII. 2005	IX. 2006	X. 2006	year-on- -year	against Dec. 2005	month-on- -month
Current account overdrafts (including credit cards)	11.04	10.93	14.32	14.36	3.32	3.43	0.04
Consumer loans	12.47	11.89	13.09	12.77	0.31	0.88	-0.32
House purchase loans	5.49	5.32	6.54	6.67	1.18	1.35	0.13
of which: mortgage loans	4.83	4.91	6.17	6.33	1.50	1.42	0.16
Other loans	8.88	10.38	7.34	7.84	-1.04	-2.54	0.50
Total	9.77	9.73	12.56	12.57	2.80	2.84	0.01
Total, excl. current account overdrafts and credit cards	7.46	7.38	8.32	8.39	0.94	1.02	0.07

Source: NBS.

**Chart 37 Interest Rates on Loans to Households by Type (%)**


Source: NBS.

developments in interbank market rates. Interest rates also dropped for demand deposits (part of deposits repayable on demand). Long-term interest rates on deposits from non-financial corporations (deposits with an agreed maturity of over 1 and up to 2 years, as well as over 2 years<sup>4</sup>) dropped. On the other hand, interest rates on deposits redeemable at a period of notice of up to 3 months increased. However, these types of deposits (deposits redeemable at notice and deposits with an agreed maturity of over 1 year) form a negligible part of total deposits, therefore their volatile interest rates have no impact on the interest level.

The average interest rate on household deposits was stagnant during October. A modest rise was only recorded in the price of deposits with an agreed maturity of over 2 years, when rates increased for deposits with an agreed maturity of over 5 years and non-marketable securities with a maturity of 2 to 5 years.

The average real interest rate on household deposits, calculated by deflating the rate of interest on the volume of one-year household deposits by HICP inflation,

#### Real interest rates

**Table 48 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %				Change in October in % points		
	X. 2005	XII. 2005	IX. 2006	X. 2006	year-on- -year	against Dec. 2005	month-on- -month
Deposits repayable on demand	0.81	0.64	1.98	1.47	0.65	0.83	-0.51
Deposits with an agreed maturity							
– of up to 1 year	2.50	2.55	4.41	4.42	1.93	1.87	0.01
– of over 1 and up to 2 years	-	-	2.56	2.39	-	-	-0.17
– of over 2 years	1.35	0.66	8.40	1.98	0.63	1.32	-6.42
Deposits redeemable at notice							
– up to 3 months	1.28	1.44	1.96	2.19	0.90	0.75	0.23
– over 3 months	1.12	1.12	1.21	1.20	0.09	0.08	-0.01
Total	1.56	1.40	3.00	2.87	1.30	1.46	-0.13

Source: NBS.

Note: Total deposits also include repo operations and other non-marketable securities.

**Table 49 Average Interest Rates on New Deposits from Households**

	Interest rate in %				Change in October in % points		
	X. 2005	XII. 2005	IX. 2006	X. 2006	year-on- -year	against Dec. 2005	month-on- -month
Deposits repayable on demand	0.42	0.41	0.54	0.51	0.09	0.10	-0.03
Deposits with an agreed maturity							
– of up to 1 year	1.93	1.90	3.85	3.92	1.99	2.01	0.07
– of over 1 and up to 2 years	1.74	-	3.94	3.94	2.20	-	0.00
– of over 2 years	1.55	1.79	3.86	4.04	2.49	2.25	0.18
Deposits redeemable at notice							
– up to 3 months	0.93	0.96	1.46	1.52	0.59	0.56	0.06
– over 3 months	1.04	1.10	1.89	1.91	0.87	0.81	0.02
Total	0.71	0.71	1.16	1.21	0.50	0.50	0.05

Source: NBS.

Note: Total deposits also include repo operations and other non-marketable securities.

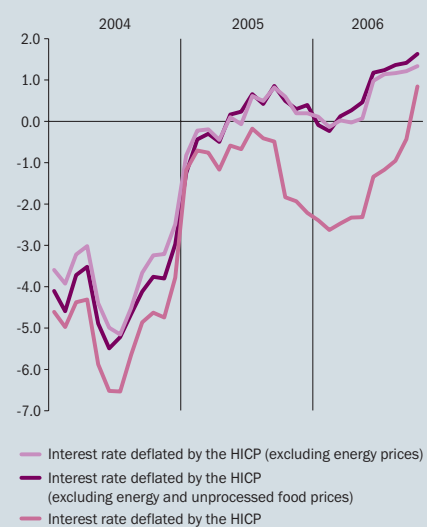
<sup>4</sup> The marked rise in interest rates in September and their subsequent marked drop in October for deposits with an agreed maturity of over 2 years can be ascribed to a statistically recorded new transaction in the form of financial leasing at a high rate of interest (32.5%) according to the IAS.



reached a positive figure in October (0.84%), which represented an increase of 1.27 percentage points in comparison with the previous month. This development was mainly influenced by a marked slowdown in inflation, accompanied by stagnation in interest rates on household deposits (at the level of approximately 4%).

**Chart 38 Real Interest Rates on Household Deposits**

(%)



Source: NBS and the Statistical Office of the SR.

## ANNEXES

### 1 Capital Market

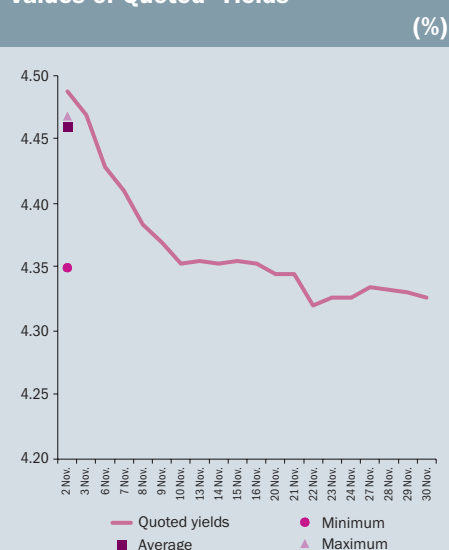
#### 1.1 Bonds

##### Primary Market

In the period under review, the Agency for Debt and Liquidity Management (ARDAL) held two auctions in government securities (with residual maturities of 5.4 and 12.5 years). Through these auctions, government bonds were placed on the primary market in the total amount of Sk 2.7 billion, representing 57.1% of the total demand (Sk 4.8 billion).

##### Government bonds

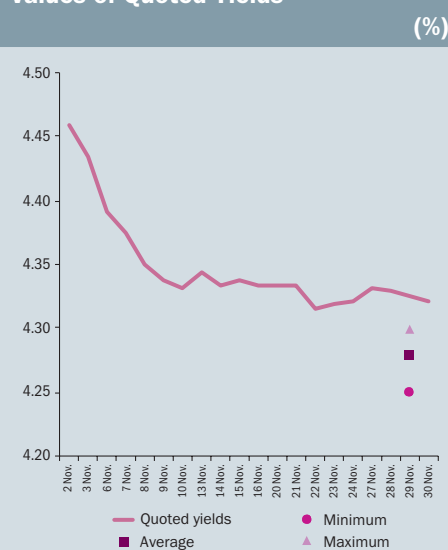
**Chart 39 Government Bond No. 205 Auction Results Compared with the Values of Quoted Yields**



Source: ARDAL, Reuters.

Note: Original maturity 7 years, residual maturity 5.4 years.

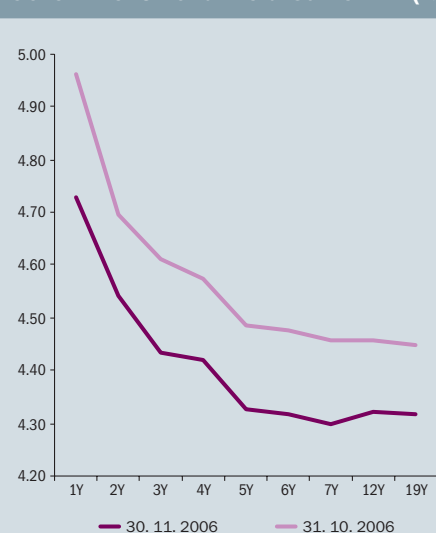
**Chart 40 Government Bond No. 204 Auction Results Compared with the Values of Quoted Yields**



Source: ARDAL, Reuters.

Note: Original maturity 15 years, residual maturity 12.5 years.

**Chart 41 Shift in the Benchmark Government Bond Yield Curve**



Source: Reuters, NBS.

November 2006 saw no payments of government bond yields and no nominal value repayments.

##### Yield payment and bond repayment

In November, non-government bond issues were reported to the NBS by five issuers (in the total amount of Sk 3.1 billion, of which mortgage bonds accounted for Sk 2.2 billion).

##### Non-government bonds

##### Secondary Market

The total volume traded on the Bratislava Stock Exchange (BCPB) reached Sk 111.7 billion in November (in 3,396 transactions), representing a month-on-month increase of 13.3%. Price-setting transactions accounted for Sk 141.9 million and direct transactions Sk 111.6 billion. The increased trading activity was mainly a result of successful compulsory takeover bids for three issues of Istrokapital shares.

Non-resident investors accounted for 48.81% of the total volume traded in November, of which 49.33% were composed of purchases and 48.30% of sales.



**Bonds** The benchmark government bond yield curve fell by an average of 16 basis points compared with the beginning of the month, due to increased demand for Slovak-koruna assets in connection with the strengthening of the domestic currency.

There were 181 stock exchange transactions in bonds totalling Sk 111.6 billion during the month (i.e. 99.9% of the total volume traded on the BCPB floor in November). Of this amount, Sk 0.1 billion took place in price-setting transactions and Sk 111.5 billion in direct transactions.

The market capitalisation of bonds as at the last trading day of November reached Sk 426.1 billion, representing a month-on-month increase of 0.9%. The capitalisation of quoted bonds increased from the end of October by 1.0%, to Sk 405.7 billion.

**Chart 42 Bond Transactions on the BCPB**  
(Sk billions)



Source: Bratislava Stock Exchange (BCPB).

## SDXGroup indices

**Table 50 Values of SDXGroup Indices at the End of November 2006**

Sector	SDXGroup indices		Yield to maturity (in %)	Duration (in years)
	Price	Performance		
Public	104.1	118.2	4.214	5.116
SDXG sub-index (<=5)	101.8	114.6	4.278	2.325
SDXG sub-index (>5)	106.4	122.0	4.199	7.093
Private (corporate + mortgage bonds)	98.8	116.9	4.890	3.546
SDXG sub-index (<=5)	97.7	116.6	5.512	1.684
SDXG sub-index (>5)	103.1	117.0	4.694	5.426

Source: BCPB.

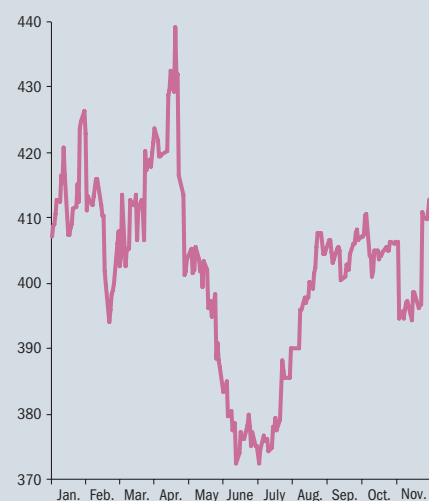
## 1.2 Shares

Equity securities were traded in November in 3,215 transactions, totalling Sk 108.3 million. Through auctions, shares were traded in the amount of Sk 15.6 million (in 2,284 transactions), representing 14.4% of the total amount of share contracts.

The market capitalisation of equity securities closed the last trading day of November with a month-on-month increase of 1.4%, at Sk 154.0 billion. The actual amount of issues that had a market price at least once in the past, except for investment funds shares and certificates, was Sk 144.0 billion (a month-on-month increase of 1.6%) and accounted for 93.5% of the total share market capitalisation. The market capitalisation of quoted issues increased from the end of October by 1.7%, to Sk 84.2 billion.

The BCPB accepted no new share issues for trading on the quoted and/or open markets during November. Trading was ended in three issues of closed-end funds, with a total nominal value of Sk 111.9 million.

**Chart 43 Developments in the SAX Index in 2006**  
(point)



Source: BCPB.



**Table 51 Weights of Basic SAX Index Components** (end-of-month figures, in %)

Company	2006										
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
Biotika. a. s.	2.59	2.64	2.77	2.83	3.24	3.10	2.80	2.67	3.04	3.22	3.62
OTP Banka Slovensko. a. s.	27.04	29.70	27.89	26.40	28.22	26.23	26.87	26.90	26.76	25.50	25.16
SES Tlmače. a. s.	7.74	8.50	7.93	8.11	7.09	6.70	7.32	7.92	8.04	7.85	7.79
Slovnaft. a. s.	29.52	28.27	31.16	31.21	31.81	32.49	32.25	32.11	31.50	31.82	32.38
Všeobecná úverová banka. a. s.	33.10	30.89	30.25	31.45	29.64	31.49	30.76	30.40	30.65	31.61	31.05

Source: BCPB.

Two compulsory takeover bids expired on the BCPB during November, for SES Tlmače and Istrokapitál issues. One new bid was announced in that period.

The Slovak Share Index (SAX) closed the month at 412.89 points, representing a rise of 1.6% month-on-month and 0.7% year-on-year. The index reached a monthly maximum on 30 November (412.895 points) and a minimum on 14 November (394.42 points).

**SAX index**



## 2 Monetary Developments in the Euro Area

At its meeting on 2 November 2006, the Governing Council of the ECB decided to leave its key interest rates unchanged. The rate for refinancing operations remained at 3.25%, that for overnight loans at 4.25%, and the rate for overnight deposits at 2.25%.

### 2.1 Exchange Rate Developments

At the beginning of November, the exchange rate of the single European currency against the US dollar hovered around the level of USD/EUR 1.28.

During the first two thirds of the months, the exchange rate of the US dollar against the euro fluctuated within a relatively narrow band, around the level of USD/EUR 1.28. Its course was determined by the economic fundamentals of the US and euro-area economies, which remained virtually unchanged in comparison with the previous month. In the last third of the month, the euro significantly appreciated in relation to the US dollar, due to news about a potential gradual decrease in the weight of the US dollar in the balance of payments and/or the foreign exchange reserves of Asian central banks. The exchange rate of the euro against the dollar reached USD/EUR 1.32 at the end of the month.

During November, the euro slightly appreciated in relation to the US dollar, by 3.47% on a month-on-month basis. Compared with the first trading day of 2006, the single European currency appreciated vis-à-vis the dollar by 11.62%.

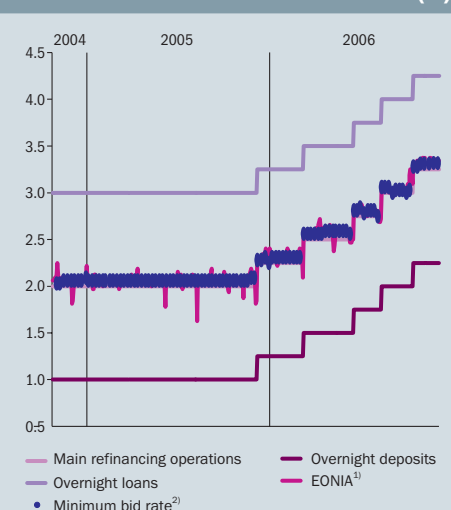
### 2.2 Real Economy

According to the first Eurostat estimate, the euro area economy grew in the third quarter of 2006 by 0.5% compared with the previous quarter, and expanded in comparison with the same quarter of 2005 by 2.7%. Final household consumption increased in the third quarter of 2006 by 0.6% (in the second quarter of 2006 by 0.3%) and investment grew by 0.8% (in the previous quarter by 2.3%). Exports increased by 1.7% (in the second quarter of 2006 by 1.1%) and imports grew by 2.1% (in the previous quarter by 1.1%). In the second quarter of 2006, euro area GDP increased by 1.0%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), dropped to 1.6% in October, from 1.7% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Greece (3.1%), Portugal (2.6%), and Spain (2.6%). The steepest year-on-year increases took place in prices for dwelling (3.6%), education (3.4%), and food (3.0%). Price levels fell in telecommunications (by 2.6%) and transport (by 0.7%). In the same period a year earlier, consumer prices in the euro area rose by 2.4%. Eurostat foresees a year-on-year inflation rate of 1.8% in November.

In October, industrial producer prices increased year-on-year by 4.0%, while remaining unchanged on a month-on-month basis.

**Chart 44 Key ECB Interest Rates and the EONIA (%)**



Source: ECB.

1) Euro OverNight Index Average (EONIA) – overnight reference rate of commercial banks operating in the euro area.  
2) Minimum bid rate – the lowest rate accepted at a variable rate tender (the average value of minimum bid rates during the reserve maintenance period is used as the rate of interest on reserves).

**Chart 45 Exchange Rates: SKK/EUR and USD/EUR**



Source: NBS and ECB.



Retail sales grew on a year-on-year basis by 1.1% and in comparison with the previous month by 0.3% in October.

The unemployment rate (seasonally adjusted) dropped to 7.7% in October, from 7.8% in the previous month. The lowest unemployment rates were achieved in the Netherlands (3.9%), Ireland (4.2%), and Austria (4.7%). The highest unemployment rates within the euro area were recorded in Greece (9.0% in the second quarter of 2006) and France (8.8%). In the same period a year earlier, the unemployment rate in the euro area stood at 8.5%.

According to the first Eurostat estimate, foreign trade in the euro area resulted in a surplus of EUR 2.0 billion in September, compared with EUR 1.3 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) increased in September by 2.0%, while imports decreased by 0.1%.



### 3 Methodological Notes to Selected Indicators

#### 3.1 Monetary Statistics

##### 3.1.1 Statistics of Monetary Aggregates (ECB Methodology)

The methodology of the ECB is implemented on the basis of data from harmonised statements of monetary and banking statistics, which were introduced by the NBS in 2003. According to ECB methodology, monetary aggregates were calculated in 2003 and 2004 on the basis of a harmonised balance from the 'M (NBS) 1-12 - Statistical Balance' monthly statement, from which the NBS compiles aggregated and consolidated balances for the 'monetary financial institutions' (MFI) sector. In 2003, as in the national methodology, the MFI sector was composed of the National Bank of Slovakia, commercial banks with a registered office in the SR, home savings banks, and the local branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector was extended to include money market investment funds, which are now required to report to the NBS on a monthly basis (the list of all MFIs monitored by the NBS is regularly updated on the website of the National Bank of Slovakia)<sup>5</sup>.

From the monthly statistical balances of resident MFIs, an aggregated balance sheet is compiled, as a summary of statistical balances of MFIs for assets and liabilities in all currencies. Then, a consolidated balance sheet is compiled from the aggregated balance sheet of MFIs, through the compensation (netting) of positions between the MFIs, as a basis for the calculation of monetary aggregates and the main counterparts of the M3 aggregate. During consolidation, the mutual relations of MFIs are excluded from the aggregated balance sheet as follows:

- liabilities arising from issued debt securities are reduced by debt securities issued by MFIs in the holdings of MFIs;
- deposits and loans received from MFIs are reduced by receivables from MFIs;
- liabilities arising from issued equity securities are reduced by MFI shares and other equities held by MFIs.

**Table 52 Calculation of Monetary Aggregates According to NBS and ECB Methodologies**

Methodology of the NBS	Methodology of the ECB
CURRENCY OUTSIDE BANKS [M0]	(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency) currency in circulation [M0]
+	+
DEMAND DEPOSITS (in SKK)	overnight deposits and received loans
= <b>Money (M1 – 'narrow money')</b>	= <b>M1 ('narrow money')</b>
TIME DEPOSITS (all maturities, in SKK)	+ deposits and received loans with an agreed maturity of up to 2 years
+	+ deposits and received loans redeemable at a period of notice of up to 3 months
FOREIGN CURRENCY DEPOSITS	= <b>M2 ('intermediate money')</b>
= QUASI-MONEY [QM - 'quasi money']	+ repurchase operations
	+ money market fund shares/units
	+ debt securities with a maturity of up to 2 years, and other money market products
<b>M2 MONEY MARKET (=M1+QM)</b>	<b>M3 MONETARY AGGREGATE ('broad money')</b>

**The main differences between the individual methodologies are as follows:**

- **in the definition of monetary financial institutions:**
  - the ECB methodology uses an extended file of monetary financial institutions (MFIs), which includes the NBS, commercial banks, and money market funds - the deposits of money market

<sup>5</sup> The actual list of monetary financial institutions (MFIs) and detailed methodological information on harmonised monetary and banking statistics are available on the website of the National Bank of Slovakia (<http://www.nbs.sk>), in the 'Harmonised Monetary and Banking Statistics' section, within the 'Banking Sector in the SR' menu.

funds (MMFs) in commercial banks are treated in this sense as interbank operations and are not directly included in the monetary aggregates;

- the NBS methodology includes only NBS and commercial bank liabilities in the monetary aggregates - hence the deposits of money market funds (MMFs) in commercial banks appear in the balance sheets of commercial banks as customer deposits of financial institutions and are directly included in the M2 money supply;
- **in the nature and liquidity of the resources:**
  - the ECB methodology monitors liquidity through the broader M3 aggregate, which also includes repo operations, the unit certificates of open-end money market investment funds, and debt securities, which represent, in terms of liquidity and profitability, a substitute for bank deposits (with regard to maturity, ECB liabilities with a maturity of over 2 years are not included in the monetary aggregates);
  - the NBS methodology monitors the money supply measured in terms of the M2 aggregate, which is composed of currency in circulation and bank deposits irrespective of the time of maturity;
- **in the definitions of deposits and loans:**
  - the ECB methodology extends the definition of deposits to include also subordinated debt in the form of deposits, liabilities arising from repo operations, and non-negotiable securities issued by banks and held by clients (in the case of loans, they also include non-marketable securities issued by clients and held by banks, subordinated debt in the form of loans, receivables in respect of repo operations, and tradable loans);
  - the NBS methodology uses a so-called 'narrow definition' for both loans and deposits, i.e. they only correspond to the amount of funds recorded by MFIs as loans (including classified loans) and deposits;
- **in the structure of monetary aggregates by sector:**
  - the ECB methodology (with the deposits of MMFs being deducted from customer deposits) covers the above sectors, as well as the deposits of local government (S.1313) and social insurance funds (S.1314)<sup>6</sup>;
  - the NBS methodology includes deposits in the M2 money supply from the following economic sectors:
    - *non-financial corporations (S.11);*
    - *financial corporations (S.123 and S.124) – including MMF deposits;*
    - *insurance companies and pension funds (S.125);*
    - *non-profit institutions mainly serving households (S.15);*
    - *households (S.14 - sole traders);*
    - *households (S.14 - accounts of citizens).*
- **in respect of the residence of economic entities:**
  - the ECB methodology exclusively takes into account the funds of residents (in Slovak koruna as well as foreign currency);
  - the NBS methodology also monitors the koruna deposits of non-residents as part of the monetary aggregates;
- **in respect of accrued assets and liabilities:**
  - in the ECB methodology, accrued assets and liabilities are excluded from the monetary aggregates;
  - in the NBS methodology, accrued assets and liabilities are included in the deposit and loan accounts of clients;
- **in respect of the seasonal adjustment of time series:**
  - unlike the ECB methodology, the NBS methodology uses seasonally unadjusted data<sup>7</sup>.

### 3.1.2 Statistics of Monetary Aggregates (NBS methodology - Monetary Survey)

In 2005, the National Bank of Slovakia completed the harmonisation process in developing a methodology for monitoring and recording monetary aggregates according to the methodology of the European Central Bank (ECB). Over a temporary period in 2005, the NBS used both the national

<sup>6</sup> In the methodology of the NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

<sup>7</sup> In the conditions of the NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.



methodology and that of the ECB in evaluating the development of monetary aggregates, while placing greater emphasis on ECB methodology in relation to the M3 aggregate and its counterparts.

As from February, i.e. the expiration of the one-year temporary period, the NBS publishes reports on monetary aggregates exclusively according to the ECB methodology.

### 3.1.3 Statistics of Customer Interest Rates on New Contracts (ECB Methodology)

As of the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans granted<sup>8</sup> and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new business volumes. New loans and new deposits are understood to be contracts signed for the first time, fixing the rate of interest agreed between the bank and the customer, and new contracts negotiated with the active participation of the customer.

In a breakdown by sector, lending and deposit rates for households and non-financial corporations are assessed in the way these sectors are defined in Directive No. 63/2002<sup>9</sup> of the European Central Bank, concerning interest rate statistics.

The monitoring of interest rates on loans to and deposits from households and non-financial corporations is expected to provide more detailed information on the functioning of the transmission mechanism, since interest rates are analysed irrespective of the sectors that have a special position vis-à-vis the banking sector, i.e. insurance companies, pension funds, and the general government sector.

The methodology of the ECB makes it possible to monitor interest rates according to the period of initial rate fixation (IRF) and, in the case of non-financial corporations, according to the volume of loans as well. The initial rate fixation is the period for which an agreed interest rate is fixed. According to IRF, loans are divided into loans with a floating rate and an IRF of up to 1 year (inclusive), loans with an IRF of over 1 and up to 5 years (inclusive), loans with an IRF of over 5 and up to 10 years (inclusive), and loans with an IRF of more than 10 years. According to volume, loans to non-financial corporations are divided into loans amounting to up to EUR 1 million and loans amounting to over EUR 1 million.

Loans to households are classified by purpose as follows:

- current account overdrafts
- operation loans (for sole traders only)
- investment loans
- consumer loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans.

Loans to non-financial corporations are classified by purpose as follows:

- current account overdrafts
- investment loans
- operating loans
- loans for house purchase
  - mortgage loans
  - building loans
  - intermediate loans
  - other loans for house purchase
- other loans.

<sup>8</sup> The term 'granted loans' is an equivalent of the term 'new loan'.

<sup>9</sup> According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' as defined in Annex A to Directive No. 2223/96 of the European Communities of 25 June 1996 on the European System of National and Regional Accounts (ESA95) means the household sector S.14 (i.e. households and sole traders) and non-profit institutions serving households S.15, and the term 'non-financial corporations' means sector S.11.



Classification of deposits (for both households and non-financial corporations):

- deposits repayable on demand
  - demand deposits
  - overnight deposits
- deposits with agreed maturity
  - up to 1 year
    - up to 7 days
    - up to 1 month
    - up to 3 months
    - up to 6 months
    - up to 1 year
  - more than 1 year
    - up to 2 years
    - over 2 years
- deposits
  - redeemable at a period of notice of up to 3 months
  - redeemable at a period of notice of over 3 months.

Interest rates on loans and deposits are calculated as a weighted arithmetical average of all interest rates on loans/deposits for each category separately. The weight of new loans represents the total amount laid down in contracts, regardless of whether the given amount is drawn within the month under review or not.

Subsidies granted to clients by third parties are not taken into account in determining the level of interest rates, because banks neither pay nor receive subsidies. For example, interest rates on mortgage loans with government bonuses are recorded without the state subsidies.

### 3.1.4 Classification of Loans According to Quality

#### Year 2005<sup>10</sup>

For statistical purposes, loans were classified into the following categories:

- a) standard loans;
- b) standard loans with qualification;
- c) non-standard loans;
- d) doubtful loans;
- e) loss-making loans;
- f) unclassified loans
  - 1. up to 30 days overdue,
  - 2. 31 to 90 days overdue,
  - 3. 91 to 180 days overdue,
  - 4. 181 to 360 days overdue,
  - 5. more than 360 days overdue.

According to NBS Decree No. 13/2004 of 26 November 2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting (hereinafter referred to as 'NBS Decree'), claims were classified as follows:

Standard claims – defined as claims where:

- repayment is up to 30 days overdue, the debtor meets his other commitments pursuant to the contract, and an analysis of the debtor's economic situation indicates that the claim will be repaid in full and on time;

Standard claims with qualification – defined as claims where:

- repayment is more than 30, but not more than 90 days overdue;
- the debtor fails to meet another commitment arising from the contract, for example he fails to provide information as required under the contract, or based on an analysis of the debtor's economic situation a loss is expected for the bank as a result of overdue repayment;
- provisions are created in the amount of at least 1%, but less than 20%, of the unsecured value of a standard claim with qualification.

<sup>10</sup> Until 2004, claims had been classified as standard loans, standard loans with qualification, non-standard loans, doubtful loans, and loss-making loans.



Non-standard claims – defined as claims where:

- repayment is more than 90, but not more than 180 days overdue;
- the debtor is in liquidation;
- the claim arises from the realisation of a guarantee provided for the debtor, or based on an analysis of the debtor's economic situation it is assumed that the claim will in large part be repaid;
- provisions are created in the amount of at least 20%, but less than 50%, of the unsecured value of the non-standard claim concerned.

Doubtful claims – defined as claims where:

- repayment is more than 180, but not more than 360 days overdue;
- the debtor is undergoing composition proceedings;
- a bankruptcy petition is filed and a temporary conservator is appointed for the debtor's property, or based on an analysis of the debtor's economic situation it is assumed that only a smaller part of the claim will be repaid;
- provisions are created in the amount of at least 50%, but less than 95%, of the unsecured value of the doubtful claim.

Loss-making claims – defined as claims where:

- repayment is more than 360 days overdue;
- a bankruptcy petition for the debtor's property is rejected for lack of assets;
- bankruptcy is declared for the debtor's property;
- bankruptcy proceedings for the debtor's property are terminated, since there are not enough assets to cover the costs of bankruptcy proceedings;
- this is a claim against a person with a special relationship to the bank, or a person having control over the bank, and repayment of the claim is more than 90 days overdue, or an analysis of the debtor's economic situation indicates that the claim will not be repaid, even in part;
- provisions are created for 100% of the unsecured value of the loss-making claim concerned.

Unclassified loans were defined as loans in the portfolio of claims created according to Article 8 of the NBS Decree.

### **Year 2006**

With effect from January 2006, a new NBS decree is in force: Decree No. 7/2005 of 6 December 2005, amending NBS Decree No. 13/2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting. The new decree has substantially modified the classification of loans according to quality.

On the basis of changes in accounting practices for banks according to international accounting standards, the method of valuation of financial assets has been modified, while the amendment to NBS Decree No. 13/2004 has changed the regulation function to verification function (for the valuation of selected types of assets) with effect from 1 January 2006.

### **Selected financial assets are classified for the purposes of banking supervision as follows:**

Claims valued **on an individual basis** vis-à-vis corporate entities:

- claims with no identifiable depreciation;
- claims with reduced value:
  - depreciated by not more than 20%;
  - depreciated by more than 20%, but no more than 50%;
  - depreciated by more than 50%, but no more than 95%;
  - depreciated by more than 95%;
- failed claims.

Claims valued **on a portfolio basis** vis-à-vis corporate entities:

- significant and
- insignificant.

### **For statistical purposes, the individual claims are categorised as follows:**

Category I covers property valued *on an individual basis with no identifiable depreciation*.

Category II covers property valued *on a portfolio basis (with no identifiable depreciation on an individual basis)*.

Category III covers property valued *on an individual basis with identifiable depreciation*.

**Failed claims** are defined as assets where a more than 50% drop in value is identified by the bank or where repayment by the debtor is more than 90 days overdue.

For interest rate statistics according to the harmonised methodology, loans are reported to the ECB without the 'failed claims' category, where the so-called 'bad loans' are included.

### 3.2 Basic Macroeconomic Indicators

#### 3.2.1 Gross Domestic Product (GDP)

**Gross production** (gross output) – expresses the value of the goods and services resulting from the production activity of resident producer units in the territory of the Slovak Republic during an accounting period. According to the methodology of the European System of Accounts (ESA 95), production can be divided into market production, production for own final consumption, and other non-market production.

**Intermediate consumption** – consists of the value of the goods and services consumed as inputs or transformed by a production process during a given accounting period.

**Value added** – is the value of gross production, less the value of intermediate consumption. The sum of value added in the individual economic sectors (produced by a market activity, an activity for own consumption, a non-market activity) and indirect taxes, less subsidies on products, represents **gross domestic product**.

**Gross domestic product (GDP) at market prices** – is the final result of the production activity of resident producer units in the period under review. In geographical terms, GDP data cover the entire territory of the Slovak Republic. Statistical methods used for GDP calculation are in principle based on the respondent's accounting records, from the period in which the activity took place (accrual principle). The hidden (illegal) economy is assessed on the basis of estimates. Gross domestic product at market prices can be defined in three ways – on the basis of production (output), consumption (expenditure), and income.

**Production (output) approach** – Output-based GDP (referred to as produced GDP) is the sum of value added produced in agriculture, industry, construction, services, and taxes (excised duties, VAT, net taxes on imports), less subsidies on products.

**Consumption (expenditure) approach** – Expenditure-based GDP (referred to as used GDP) is the sum of the final consumption of households, final consumption of non-profit institutions serving households, final consumption of general government, gross fixed capital formation, changes in inventories, and the balance of exports and imports of goods and services. The differences arising during the calculation of GDP according to the output- and expenditure-based methods, are recorded under the item 'statistical discrepancy'.

**Income approach** – an experimental method used by the Statistical Office of the SR for the calculation of GDP according to the income-based method, which takes into account the flows of individual incomes in the economy, i.e. the compensation of employees, gross operating surplus, mixed income, net taxes on production and imports. On the basis of this method, GDP is calculated only once a year, at current prices.

**Final consumption of households** – consists of expenditure incurred by households on food, beverages, tobacco, clothing, footwear, services related to housing, furnishings, household equipment, maintenance of dwellings, health services, transport, post and telecommunications, recreation, education, hotels and restaurants, and other goods. Household final consumption also includes housing services for the owners of dwellings, including lost profits (imputed rent), long-term consumables which are not classified as gross fixed capital formation, and agricultural production for own final consumption, and income in kind.

**Final consumption of non-profit institutions** – includes the value of goods and services produced by non-profit institutions and the expenditure of non-profit institutions for purchases of goods and services from market producers, which are supplied directly to households for consumption as social transfers in kind.



**Final consumption of general government** – includes the value of goods and services produced by general government (except for own-account capital formation) and purchases by general government of goods and services produced by market producers, which are consumed by households (social transfers in kind).

**Gross fixed capital formation** – consists of resident producers' acquisitions, less disposals, of fixed assets during a given period. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than a year, and whose acquisition value was Sk 30,000.- or more for long-term tangible assets and Sk 50,000.- or more for intangible assets. Additions to the value of certain non-produced assets (e.g. land reclamation), and expenses incurred in connection with the transfer of property, are also taken into account.

**Changes in inventories** – are measured by the value of the entries into inventories, less the value of withdrawals and the value of any recurrent losses of goods held in inventories. Inventories include the stocks of materials, work-in-progress, finished products, and stocks of articles of commerce.

**Exports of goods and services** – include all transactions in goods and services (sale, barter, trade gifts, or grants) directed to non-residents. **Imports of goods and services** – include transactions in goods and services (purchase, barter, trade, gifts, and grants) directed from non-residents.

**Flash estimate of GDP and employment** – the Statistical Office of the SR publishes a flash (first) estimate of selected economic indicators within 45 days of the end of a given quarter. The publication contains the estimated rate of economic growth and the estimated level of overall employment according to the ESA 95 methodology. The released estimate represents a compromise between the economic projections of the Statistical Office of the SR (based on preliminary, partial information from statistical reports and own estimates) and the macroeconomic forecasts of other participating institutions, including the NBS.

### 3.2.2 Wage Statistics

**Average nominal wage** – gross wage, not reduced by any wage deductions prescribed by law or agreed with the employer, including an estimate for the employees of sole traders (without entrepreneurial incomes). Dividends from profits and remuneration for stand-by duty are not taken into account.

**Average real wage index** – the ratio of the nominal wage index to the consumer price index.

**Compensation of employees (remuneration)** – is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period, including social contributions payable by employers. The compensation of employees is composed of wages and salaries, and employers' social contributions.

**Unit labour costs (according to ECB methodology) – ULC indicator:** is a composite expression of the cost pressures in a given economy stemming from the labour force and is regarded as one of the main indicators of economic competitiveness. This indicator provides information about the amount of 'obligatory' expenses on an employee per unit of output. It shows the relationship between the amount of funds spent on an employee and the output of his work.

- **in nominal terms** – the ratio of total expenditure on an employee in nominal terms to real labour productivity (this method of ULC calculation is used by most foreign institutions – ECB, EC, OECD). Unit labour costs calculated according to this methodology demonstrate price developments in the area of wages. Since nominal labour costs are compared with real GDP, it is possible in the long term to compare the developments in current labour costs in the individual years in relation to the unit of real output.

- **in real terms** – the ratio of total expenditure on an employee in real terms to real labour productivity. Real ULC indicate whether price pressures has a tendency to strengthen or weaken. Growth in real ULC, with employee compensation growing more rapidly than labour productivity, may be an indication of rising inflation as a result of demand pressures.

**ULC expressed according to NBS methodology** – the ratio of the average nominal wage to labour productivity, calculated from employment according to statistical reports.

### 3.2.3 Employment and Unemployment Statistics

#### *Employment*

– **according to statistical reports, i.e. statements submitted by employers** (monthly, quarterly) – containing the average number of registered employees, both permanent and temporary employees, who have an employment, service, or membership relationship with the organisation, regardless of whether they are or not present at work (e.g. due to illness, annual leave, military exercise, etc.), as well as not working employees (e.g. due to strike, exclusion, protest). Persons working part-time are also included in this statement. Persons on maternity leave, persons doing military or community service, apprentices, and students in vocational practice are not included.

– **according to a labour force survey (LFS), i.e. an inquiry directed to a sample of households (quarterly) according to the methodology of the International Labour Office (ILO)** – a statement of the number of workers, including all persons doing at least one hour of any paid work or work aimed at making a profit in the week under review. The workers include employees, entrepreneurs (with and without employees), unpaid family workers helping in family enterprises, as well as persons absent from work in the week under review due to illness, leave, maternity leave, military service, strike, exclusion, bad weather conditions, etc. The ‘entrepreneurs’ category includes, according to the LFS methodology, the owners of enterprises, sole traders, independent farmers, and persons in freelance professions (as main employment).

– **according to the ESA 95 methodology** – employment is expressed in terms of the number of persons (employed and self-employed) engaged in a production activity defined as production under the national system of accounts. In compiling the indicators of labour accounts, the method of balancing is applied, i.e. the supply of labour is balanced against demand. The harmonised data obtained from corporate sources are compared with data obtained from a labour force survey of households, according to the definitions laid down by the ILO and ESNA 95.

**Employment rate** – persons in employment as a percentage of the population aged 15 years and over.

**Rate of economic activity** – the economically active population (working and unemployed persons) as a percentage of the population aged 15 years and over.

#### *Unemployment*

**Unemployed persons** -- **according to a labour force survey (LFS)** – all persons who are without employment in the reference week, who have actively sought employment over the previous four weeks, and who are available for work within two weeks. Such persons may be, but are not necessarily, registered with an office for work, social matters, and the family. With effect from 2002, the duration of unemployment is defined by Eurostat as the duration of search for a job, or the length of the period since the last job was held (if this period is shorter than the duration of search for a job).

**Unemployment rate according to a labour force survey (LFS)** – the number of unemployed persons as a percentage of the economically active population.

**Registered unemployment rate** -- in agreement with the International Labour Organisation, registered unemployment rate is calculated from the number of disposable job applicants who can start working immediately after receiving an adequate job offer and from the number of economically active persons in the previous year according to a labour force survey.

### 3.2.4 Household Income and Expenditure Statistics

#### *Current household income*

**Compensation of employees** – gross wages and salaries, plus employers’ compulsory social contributions.

**Gross mixed income** – profit and income from business activity, supply of agricultural products from own production, and imputed rent.

**Property income** – interest, dividends, income from land lease, and other.



**Social benefits** – retirement benefits, sickness benefits, state social benefits, unemployment benefits (to the registered unemployed)

**Other current transfers** – insurance payments from various types of insurance, private transfers from abroad, lottery winnings, court and out-of-court rehabilitation, scholarships, and contributions to school meals.

*Current household expenditure*

**Property income** – interest paid on loans provided and other payments of this type. Current tax on income, property, etc.

**Social contributions** – direct taxes and fees paid to the state budget and the budgets of municipalities; social contributions paid to health insurance companies, social insurance schemes, and to the employment fund; private transfers abroad; various contributions to non-profit organisations; lotteries, penalties, and charges.

**Other current transfers** – payments for non-life, life, and health insurance outside the social protection systems, contributions to funds, etc.

**Gross disposable household income** – difference between the current income and current expenditure of households.

**Adjustment for changes in the net assets of households in the reserves of pension funds** – changes in the net assets of households in pension funds (differences between increases and decreases in pension funds).

**Gross household savings** (difference between the gross disposable income and final consumption of households) – include the koruna deposits of citizens and small entrepreneurs, and their activities related to the purchase of tangible and intangible investments.

**Ratio of gross household savings** – expresses the ratio of gross household savings to the gross disposable income of households.

### 3.2.5 Financial Statistics

**Corporation** – a uniform term covering the various organisational forms of financial and non-financial entities (joint stock companies, limited liability companies, cooperatives, state enterprises, natural persons, etc.).

**Non-financial corporations** – entrepreneurial entities registered in the commercial register and engaged in activities aimed at earning a profit in any branch of activity, except banking and insurance. The category also includes subsidised organisations, which finance more than 50% of their expenses from receipts. Households, sole traders, freelance professionals, and farmers are not included.

**Financial corporations** – entities principally engaged in financial intermediation or in auxiliary financial activities. The financial corporations sector includes the National Bank of Slovakia, commercial banks, entities engaged in financial leasing, exchange offices, asset management companies, commercial insurance companies, and investment funds.

**National Bank of Slovakia** – in accordance with the 'Statistical Classification of Economic Activities', the NBS is included in sector 65 'Financial Intermediation, Except Insurance and Pension Funding'.





## 4. Tables

## Selected Indicators of Economic and Monetary Development in the SR

	Unit	2005		2006										
		11	12	1	2	3	4	5	6	7	8	9	10	11
REAL ECONOMY														
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	1,177.892 <sup>(p)</sup>	-	-	288.649 <sup>(p)</sup>	-	-	605.388 <sup>(p)</sup>	-	-	940.440 <sup>(p)</sup>	-	-
Year-on-year change in GDP <sup>3)</sup>	%	-	6.0 <sup>(p)</sup>	-	-	6.7 <sup>(p)</sup>	-	-	6.7	-	-	7.8	-	-
Unemployment rate <sup>4) 11)</sup>	%	10.86	11.36	11.82	11.66	11.42	11.04	10.56	10.36	10.2	9.9	9.8	9.3	-
Consumer prices (CPI) <sup>3) 10)</sup>	%	3.6	3.9	4.1	4.3	4.3	4.4	4.8	4.5	5.0	5.0	4.5	3.1	3.7
Consumer prices (HICP) <sup>3)</sup>	%	3.4	3.7	4.1	4.4	4.5	4.5	4.8	4.6	5.0	5.1	4.6	3.7	4.3
BALANCE OF TRADE <sup>2) 9) (p)</sup>														
Exports (fob)	SKK millions	911,278	993,516	81,221	166,203	267,671	356,799	460,837	566,959	665,395	773,843	888,362	1,011,640	-
Imports (fob)	SKK millions	960,948	1,069,517	89,254	184,338	290,433	388,982	500,414	613,795	717,976	829,341	953,734	1,081,991	-
Balance	SKK millions	-49,670	-76,001	-8,033	-18,135	-22,762	-32,183	-39,577	-46,836	-52,581	-55,498	-65,372	-70,351	-
BALANCE OF PAYMENTS <sup>2)</sup>														
Current account <sup>9)</sup>	SKK millions	-82,956.3	-126,131.6	-8,888.10	-15,844.40	-23,181.00	-36,714.90	-54,664.30	-63,202.50	-85,828.1	-88,365.9	-105,618.4	-	-
Capital and financial account	SKK millions	138,502.2	176,681.1	3,090.90	-622.70	39,672.9	44,616.60	51,286.10	63,846.20	-29,921.4	-13,778.1	-10,303.7	-	-
Overall balance	SKK millions	69,368.0	71,442.4	-143.40	795.90	25,114.20	26,100.50	24,882.50	7,670.5	-84,844.0	-82,462.8	-80,296.1	-	-
FOREIGN EXCHANGE RESERVES <sup>4) 6)</sup>														
Total foreign exchange reserves	USD millions	16,876.3	17,010.6	17,063.7	16,767.9	17,798.4	18,509.9	18,938.20	17,904.70	15,931.00	16,349.20	15,876.20	15,686.80	15,705.30
NBS foreign exchange reserves	USD millions	15,438.4	15,479.5	15,754.6	15,454.6	16,521.3	16,924.60	17,334.60	16,128.90	13,140.00	13,243.10	13,234.20	13,145.50	13,371.10
GROSS EXTERNAL DEBT <sup>4) 7)</sup>														
Total gross external debt	USD billions	26.2	26.9	27.9	26.9	28.5	28.9	31.0	31.5	28.3	29.8	29.3	-	-
External debt per capita	USD	4,879	5,000	5,191	5,002	5,303	5,371	5,768	5,856	5,255	5,536	5,453	-	-
MONETARY INDICATORS														
Exchange rate <sup>5)</sup>	SKK/USD	32.808	31.932	31.029	31.298	31.186	30.535	29.461	30.054	30.286	29.426	29.448	29.225	27.915
M3 monetary aggregate <sup>4) 10)</sup>	SKK billions	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8	892.4	894.3	911.7	-
Year-on-year change in M3 <sup>3)</sup>	%	6.3	7.8	8.6	9.1	10.3	9.4	10.5	11.2	11.8	13.6	12.9	13.9	-
Claims of monetary financial institutions <sup>10)</sup>	SKK billions	778.3	795.4	769.2	780.8	794.5	800	822.2	833.1	829.2	843.2	850.3	878.9	-
STATE BUDGET <sup>2) 4)</sup>														
Revenue	SKK billions	233.7	258.7	32.8	50.4	71.8	95.8	112.1	138.0	166.5	188.9	212.2	240.6	262.1
Expenditure	SKK billions	241.3	292.6	20.7	44.1	71.7	95.6	123.8	148.3	171.7	194.6	217.3	241.7	269.1
Balance	SKK billions	-7.6	-33.9	12.1	6.3	0.1	0.2	-11.7	-10.3	-5.2	-5.7	-5.1	-1.1	-7.0
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of maturity <sup>8)</sup>		01/03/2005	01/03/2005	01/03/2005	01/03/2005	01/03/2006	01/03/2006	31/05/2006	31/05/2006	26/07/2006	26/07/2006	27/09/2006	27/09/2006	27/09/2006
Overnight operations														
- sterilisation	%	2.00	2.00	2.00	2.00	2.50	2.50	3.00	3.00	3.00	3.00	3.25	3.25	3.25
- refinancing	%	4.00	4.00	4.00	4.00	4.50	4.50	5.00	5.00	6.00	6.00	6.25	6.25	6.25
Limit rate for 2-week repo tenders	%	3.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.50	4.50	4.75	4.75	4.75
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	3.00	3.00	3.00	3.00	3.50	3.50	4.00	4.00	4.50	4.50	4.75	4.75	4.75
Average interbank deposit rate (BRIBOR)														
overnight	%	2.37	2.80	2.75	2.74	3.10	3.34	3.00	4.51	3.83	4.11	4.85	4.59	4.02
7-day	%	2.89	2.94	2.98	2.95	3.44	3.47	3.39	4.17	4.11	4.49	4.68	4.79	4.67
14-day	%	2.98	2.98	3.02	3.02	3.49	3.51	3.49	4.11	4.22	4.54	4.66	4.84	4.77
1-month	%	3.05	3.02	3.03	3.16	3.57	3.59	3.69	4.11	4.50	4.63	4.72	4.93	4.86
2-month	%	3.11	3.06	3.10	3.27	3.66	3.72	3.85	4.14	4.75	4.77	4.88	4.99	4.92
3-month	%	3.19	3.12	3.17	3.34	3.75	3.86	3.96	4.20	4.92	4.93	4.95	5.02	4.94
6-month	%	3.35	3.24	3.26	3.45	3.88	4.06	4.19	4.45	5.18	5.22	5.19	5.06	4.96
9-month	%	3.44	3.29	3.34	3.52	3.98	4.21	4.38	4.62	5.35	5.34	5.28	5.09	4.96
12-month	%	3.52	3.34	3.39	3.58	4.06	4.28	4.49	4.71	5.47	5.43	5.36	5.11	4.94

(p) Preliminary data.

1) Constant prices, revised data since 2000.

2) Cumulative since the beginning of the year.

3) Change compared with the same period a year earlier.

4) End-of-period figures.

5) Exchange rate (mid), average for the period.

6) Methodological change with effect from 1 January 2002.

7) Methodological change with effect from 1 January 1999.

8) The date from which the given interest rate is effective pursuant to the Bank Board's decision.

9) As from May 2004, foreign trade and current account figures are revised on a monthly basis.

10) According to the methodology of the ECB.

11) Registered unemployment.

Source: Statistical Office of the SR, Ministry of Finance, NBS.



# Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs

	Share of the total (in %) <sup>1)</sup>	Volume (SKK billions)												
		2005			2006									
		10	11	12	1	2	3	4	5	6	7	8	9	10
Claims of MFIs on residents	43.4	511.1	519.2	535.3	540.7	545.5	556.1	561.7	578.1	592.4	589.1	598.3	602.6	631.1
General government	1.2	26.2	26.5	27.9	27.8	27.3	26.2	23.8	23.7	23.0	23.0	23.0	17.2	17.8
Private sector	42.2	484.9	492.7	507.5	512.9	518.2	529.8	538.0	554.4	569.4	566.1	575.3	585.3	613.3
Non-financial corporations	22.3	263.5	266.5	271.4	276.0	277.6	281.9	284.2	292.2	299.3	291.2	295.7	300.9	323.5
– up to 1 year	9.4	111.9	115.3	117.3	120.2	119.5	118.8	119.0	127.6	133.8	126.6	127.0	130.2	137.1
– 1 to 5 years	4.4	54.1	52.9	52.0	52.3	52.2	55.2	55.1	58.6	56.7	54.5	56.2	56.0	64.0
– over 5 years	8.4	97.6	98.3	102.1	103.5	105.9	108.0	110.1	106.0	108.8	110.1	112.5	114.7	122.5
Financial corporations	4.2	50.5	51.1	55.0	53.0	54.2	56.3	57.3	59.7	61.3	61.2	60.8	60.5	60.6
Insurance corporations and pension funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and non-profit institutions serving households	15.8	170.8	175.1	181.0	183.8	186.3	191.6	196.5	202.5	208.7	213.5	218.6	223.6	228.8
– consumer loans	2.4	24.7	25.0	24.8	29.7	29.8	31.0	31.4	32.0	32.6	33.0	33.5	34.3	35.1
– housing loans	10.3	112.4	115.0	118.9	120.2	122.4	125.6	128.5	132.1	136.2	139.4	142.9	145.9	149.2
– other loans	3.1	33.7	35.2	37.3	34.0	34.0	35.0	36.5	38.4	39.9	41.2	42.2	43.4	44.5
Securities other than shares and participation certificates issued by residents	16.7	251.5	253.0	254.6	222.6	229.5	232.6	232.5	238.3	234.9	234.4	239.4	242.1	242.3
General government	16.1	239.1	243.6	245.6	214.0	221.0	223.8	223.8	229.6	225.9	225.5	230.5	233.6	233.8
Private sector	0.6	12.4	9.4	9.0	8.7	8.5	8.9	8.7	8.8	9.0	8.9	8.8	8.5	8.4
Shares and other equities issued by private sector	0.4	6.3	6.2	5.3	5.8	5.8	5.8	5.8	5.7	5.7	5.6	5.6	5.6	5.6
Foreign assets	33.9	596.0	585.4	746.3	578.3	573.0	598.7	597.7	608.6	607.8	524.1	529.9	512.9	492.4
Fixed assets	2.2	33.6	33.6	34.4	33.6	33.4	33.4	33.2	33.1	33.0	33.1	32.9	32.7	32.7
Other assets	3.4	45.5	46.3	39.7	37.3	36.6	36.0	38.9	40.7	46.3	43.0	44.3	42.7	48.7
Deposits and loans received from the central government	5.9	85.1	92.9	61.3	39.9	47.3	79.5	104.5	107.6	106.0	99.6	95.5	84.8	85.8
Long-term financial liabilities	12.5	199.7	192.5	191.0	182.7	186.1	192.0	182.1	183.0	192.9	194.2	191.2	190.3	182.3
Deposits and loans received with an agreed maturity of over 2 years	4.3	52.1	52.8	56.5	57.5	59.5	59.8	60.4	60.5	61.0	61.9	62.1	62.4	62.6
Deposits redeemable at a period of notice of over 3 months	1.7	27.8	27.7	27.8	27.5	27.2	26.9	26.6	26.4	26.1	25.8	25.3	25.0	24.7
Debt securities issued with a maturity of over 2 years	1.9	14.2	19.3	18.6	18.7	18.8	21.2	21.7	21.9	24.9	25.1	25.5	25.9	27.6
Capital, reserves, and provisions	4.6	105.6	92.8	88.0	78.9	80.6	84.0	73.4	74.3	80.9	81.4	78.3	77.0	67.3
Foreign liabilities	14.3	310.9	308.2	484.9	318.5	307.2	301.5	279.3	306.3	305.2	212.4	219.5	216.5	208.3
Other liabilities	4.5	48.3	56.6	47.0	54.2	49.7	48.4	53.8	56.6	54.9	51.3	52.0	52.8	64.7
Surplus of liabilities among MFIs	0.0	-0.3	-5.1	0.0	-1.8	-0.2	0.5	-0.2	-0.1	-0.1	0.0	0.0	-0.1	-0.1
M3	62.8	800.4	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8	892.4	894.3	911.7
<b>Total</b>	100.0	1,444.1	1,443.6	1,615.6	1,418.3	1,423.9	1,462.5	1,469.8	1,504.6	1,520.2	1,429.3	1,450.4	1,438.6	1,452.7

1) In the current month.



## Average Interest Rates on New Loans

(ECB methodology)

(%)

	2005			2006									
	10	11	12	1	2	3	4	5	6	7	8	9	10
<b>Loans in total<sup>1)</sup></b>	6.35	6.14	5.78	6.32	6.50	6.87	7.11	6.99	7.40	7.71	8.05	8.21	8.16
Current account overdrafts	6.58	6.45	6.17	6.25	6.50	6.96	7.12	7.12	7.63	7.81	7.96	8.35	8.25
Operation loans	3.94	3.77	3.82	3.99	4.47	4.28	4.61	4.32	4.74	5.35	5.42	5.53	5.66
Investment loans	4.80	5.61	4.64	5.07	5.21	5.78	5.54	5.75	6.18	6.45	6.60	6.69	6.41
Consumer loans	12.47	12.03	11.89	12.72	13.54	11.91	11.64	12.82	13.66	13.13	13.62	13.09	12.77
Real estate loans	5.49	5.36	5.32	5.47	5.43	5.54	5.70	5.83	5.92	6.09	6.39	6.53	6.62
of which:													
Mortgage loans	4.84	4.87	4.92	4.99	4.91	4.92	5.01	5.20	5.39	5.68	6.11	6.18	6.33
Construction loans	5.26	5.01	5.05	5.07	5.07	5.05	5.21	5.09	5.01	5.19	5.00	5.03	5.12
Intermediate loans	6.24	6.16	6.31	6.26	6.49	6.63	6.71	6.66	6.59	6.54	6.35	6.41	6.78
Other real estate loans	5.63	5.45	5.29	5.47	5.34	5.35	5.54	5.83	6.07	6.20	6.75	6.97	6.86
Other loans	5.56	4.75	5.92	4.20	5.22	5.40	5.65	5.55	6.36	6.51	7.13	6.89	6.26
Floating rate + IRF for up to 1 year incl.	6.34	6.18	5.77	6.28	6.46	6.84	7.14	6.97	7.40	7.71	8.10	8.25	8.21
IRF for over 1 year and up to 5 years incl.	7.04	5.54	6.38	7.36	7.80	7.32	6.61	7.38	7.95	7.82	7.63	7.75	7.56
IRF for over 5 years and up to 10 years incl.	6.22	6.27	6.41	6.59	7.30	7.51	7.24	7.34	7.03	7.26	7.32	7.50	7.70
IRF for over 10 years	5.06	4.98	4.24	6.04	6.09	6.23	6.35	6.63	6.01	6.72	6.63	6.94	6.99
<b>Households</b>													
Loans in total	9.77	9.80	9.73	10.49	11.42	11.24	11.27	11.18	11.42	12.16	12.32	12.56	12.57
Current account overdrafts	11.04	11.00	10.93	10.64	12.15	12.40	12.37	12.55	13.05	13.15	13.51	13.57	13.65
Operation loans	6.54	6.18	5.99	5.84	6.35	6.63	6.51	6.50	6.47	7.38	7.30	6.09	6.78
Investment loans	5.83	5.91	5.87	5.65	6.31	6.25	6.27	6.44	6.91	7.55	7.60	7.25	7.51
Consumer loans	12.47	12.03	11.89	12.72	13.55	11.91	11.64	12.82	13.66	13.13	13.62	13.09	12.77
Real estate loans	5.49	5.36	5.32	5.47	5.43	5.54	5.70	5.82	5.92	6.09	6.41	6.54	6.67
of which:													
Mortgage loans	4.83	4.87	4.91	4.98	4.90	4.91	5.00	5.20	5.39	5.68	6.11	6.17	6.33
Construction loans	5.26	5.01	5.05	5.07	5.07	5.05	5.21	5.09	5.01	5.19	5.00	5.03	5.12
Intermediate loans	6.25	6.18	6.31	6.27	6.50	6.64	6.73	6.69	6.62	6.54	6.41	6.44	6.84
Other real estate loans	5.67	5.45	5.29	5.47	5.33	5.34	5.53	5.82	6.06	6.20	6.76	7.01	7.00
Other loans	8.88	9.60	10.38	6.45	6.07	6.18	6.32	6.35	6.49	6.60	7.08	7.34	7.84
Credit cards	-	-	-	16.10	16.09	16.22	16.58	15.88	15.81	18.04	18.09	18.17	18.03
Floating rate + IRF for up to 1 year incl.	10.09	10.05	9.90	10.70	11.71	11.71	11.92	11.84	12.15	12.85	13.27	13.37	13.33
IRF for over 1 year and up to 5 years incl.	8.35	8.86	9.09	9.25	9.19	8.14	7.70	7.82	8.46	8.30	8.24	8.38	8.83
IRF for over 5 years and up to 10 years incl.	6.87	7.00	7.08	7.12	7.91	8.49	7.67	7.65	7.74	7.58	7.64	7.71	8.20
IRF for over 10 years	5.81	5.73	6.26	6.26	7.20	6.91	6.73	6.69	5.99	6.89	6.63	6.95	7.18
<b>Non-financial corporations</b>													
Loans in total	5.02	4.93	4.81	5.00	5.03	5.40	5.52	5.54	5.93	6.24	6.33	6.76	6.62
Current account overdrafts	5.18	5.12	4.93	5.17	5.09	5.47	5.60	5.64	6.04	6.28	6.38	6.89	6.73
Operation loans	3.91	3.69	3.67	3.98	4.49	4.64	4.51	4.67	4.87	5.59	5.41	5.66	5.71
Investment loans	4.69	5.73	4.90	4.95	5.02	5.71	5.70	5.67	6.00	6.37	6.53	6.70	6.64
Real estate loans	5.49	5.55	5.48	5.56	5.56	5.67	5.99	5.93	6.24	5.85	5.99	6.07	6.80
Other loans	4.10	3.48	5.48	3.87	5.11	5.16	5.63	5.30	6.32	6.12	7.05	6.59	5.98
Credit cards	-	-	-	12.36	13.26	13.83	14.29	13.92	14.22	17.24	17.12	16.49	17.47
Loans up 1 million EUR	4.94	4.91	5.20	4.93	5.21	5.52	5.34	5.72	6.17	6.49	6.35	7.45	6.80
Loans over 1 million EUR	3.85	3.88	4.28	3.91	4.27	4.58	4.95	4.71	4.96	5.63	5.72	5.36	5.54
Floating rate + IRF for up to 1 year incl.	5.01	4.99	4.79	5.00	5.03	5.39	5.51	5.54	5.93	6.23	6.33	6.77	6.63
IRF for over 1 year and up to 5 years incl.	5.04	3.15	4.46	4.87	4.69	5.74	5.67	5.71	6.13	6.56	6.48	6.74	6.57
IRF for over 5 years and up to 10 years incl.	5.22	5.24	6.12	5.55	4.78	5.56	5.67	5.80	5.53	6.46	6.25	6.74	6.52
IRF for over 10 years	4.83	4.14	4.20	5.09	5.56	5.52	6.07	6.34	6.43	6.31	6.56	6.81	6.64

1) Interest rates on total loans include insurance companies, pension funds, and the general government.

Note: IRF – initial rate fixation.



# Average Interest Rates on New Deposits

(ECB methodology)

(%)

	2005			2006									
	10	11	12	1	2	3	4	5	6	7	8	9	10
<b>Deposits in total <sup>1)</sup></b>	1.41	1.42	1.29	1.52	1.24	1.59	1.67	1.66	2.01	1.91	2.09	2.37	2.46
Deposits payable on demand	0.65	0.64	0.57	0.95	0.58	0.66	0.74	0.82	1.12	0.93	0.83	1.27	1.02
of which: demand deposits	0.51	0.51	0.46	0.65	0.45	0.52	0.60	0.63	0.78	0.73	0.69	0.92	0.82
overnight deposits	2.09	1.77	1.70	3.19	1.46	2.23	2.64	2.55	4.39	2.69	3.18	5.53	3.92
Deposits with agreed maturity <sup>2)</sup>	2.56	2.55	2.55	2.40	2.51	3.02	3.05	3.12	3.81	3.65	3.99	4.29	4.43
– up to 1 year in total	2.56	2.55	2.55	2.41	2.52	3.02	3.06	3.13	3.82	3.66	3.99	4.29	4.43
– up to 7 days	2.07	2.03	2.17	2.54	2.12	2.78	2.73	2.64	4.10	3.24	3.27	4.57	3.98
– up to 1 month	2.70	2.68	2.73	2.64	2.66	3.17	3.21	3.27	3.80	3.80	4.24	4.27	4.57
– up to 3 months	1.77	1.81	1.80	1.97	1.97	2.12	2.16	2.56	3.01	3.49	3.67	3.58	3.88
– up to 6 months	1.75	1.78	1.69	1.86	1.83	2.09	2.17	2.64	2.90	3.74	3.75	3.81	3.98
– up to 1 year	1.80	1.84	1.93	-	1.71	1.87	2.12	2.53	3.27	3.43	3.92	3.73	3.90
– over 1 year in total	1.54	1.29	1.68	0.99	0.88	2.45	1.64	1.51	2.37	2.48	3.88	3.84	3.86
– up to 2 years	1.74	1.69	0.97	2.07	2.33	2.95	2.08	2.04	2.60	3.50	3.89	3.75	3.93
– over 2 years	1.54	1.28	1.74	0.94	0.86	2.42	1.60	1.45	2.37	2.45	3.97	4.04	3.99
Savings deposits	1.00	1.02	1.05	1.07	1.10	1.16	1.19	1.21	1.23	1.54	1.65	1.75	1.79
– redeemable at a period of notice of up to 3 months	0.94	0.94	0.96	0.97	0.97	1.05	1.06	1.07	1.09	1.45	1.47	1.47	1.54
– redeemable at a period of notice of over 3 months	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91
<b>Households</b>													
Deposits in total	0.71	0.71	0.71	0.80	0.69	0.79	0.81	0.86	0.96	0.99	1.10	1.16	1.21
Deposits payable on demand	0.42	0.42	0.41	0.54	0.38	0.44	0.42	0.45	0.51	0.50	0.51	0.54	0.51
of which: demand deposits	0.41	0.41	0.40	0.51	0.37	0.42	0.41	0.43	0.45	0.47	0.49	0.49	0.48
overnight deposits	1.50	1.19	1.16	2.90	1.42	1.90	2.14	2.35	3.97	2.41	2.83	5.02	3.73
Deposits with agreed maturity	1.92	1.90	1.90	1.80	1.76	2.01	2.17	2.55	3.21	3.16	3.59	3.85	3.92
– up to 1 year in total	1.93	1.91	1.90	1.83	1.79	2.02	2.18	2.57	3.23	3.20	3.58	3.85	3.92
– up to 7 days	1.74	1.68	1.69	2.16	1.84	2.24	2.33	2.38	3.69	2.79	3.11	4.29	3.69
– up to 1 month	1.99	1.99	2.00	1.78	1.77	2.00	2.16	2.62	3.13	3.17	3.49	3.65	3.90
– up to 3 months	1.60	1.60	1.57	1.44	1.59	1.70	1.86	2.33	2.82	3.15	3.29	3.33	3.65
– up to 6 months	1.60	1.70	1.39	1.69	1.59	1.89	1.99	2.43	2.76	3.29	3.54	3.70	3.59
– up to 1 year	1.60	1.60	1.60	1.61	1.56	1.72	1.98	2.37	3.10	3.77	4.00	4.05	3.97
– long-term over 1 year	1.55	1.26	1.75	0.98	0.88	1.82	1.64	1.50	2.38	2.19	3.89	3.90	3.86
– up to 2 years	1.74	1.70	0.97	2.08	2.33	2.06	2.24	2.00	3.00	3.44	3.89	3.95	3.93
– over 2 years	1.55	1.26	1.79	0.96	0.87	1.81	1.61	1.47	2.35	2.14	3.89	3.86	4.04
Savings deposits	1.00	1.02	1.05	1.07	1.10	1.16	1.18	1.21	1.22	1.54	1.65	1.75	1.78
– redeemable at a period of notice of up to 3 months	0.93	0.93	0.96	0.96	0.96	1.04	1.05	1.06	1.07	1.43	1.45	1.46	1.52
– redeemable at a period of notice of over 3 months	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91
<b>Non-financial corporations</b>													
Deposits in total	1.56	1.59	1.40	1.85	1.47	1.86	2.03	1.95	2.51	2.11	2.34	3.00	2.87
Deposits payable on demand	0.81	0.81	0.64	1.23	0.70	0.87	0.95	1.05	1.62	1.10	1.05	1.98	1.47
of which: demand deposits	0.62	0.62	0.47	0.79	0.49	0.58	0.71	0.73	1.01	0.72	0.78	1.35	1.12
overnight deposits	2.05	1.80	1.67	3.29	1.69	2.23	2.62	2.64	4.44	2.71	3.18	5.58	3.98
Deposits with agreed maturity	2.50	2.57	2.55	2.73	2.58	3.16	3.16	3.15	3.95	3.66	3.90	4.41	4.42
– up to 1 year in total	2.42	2.42	2.38	2.73	2.58	3.16	3.16	3.15	3.95	3.66	3.90	4.41	4.42
– up to 7 days	2.09	2.12	2.02	2.54	2.15	2.56	2.80	2.63	4.17	3.31	3.28	4.58	4.00
– up to 1 month	2.68	2.68	2.76	2.81	2.72	3.31	3.30	3.32	3.83	3.82	4.21	4.34	4.59
– up to 3 months	2.18	2.30	2.34	2.62	2.67	2.87	3.07	3.16	3.57	3.89	4.08	4.11	4.26
– up to 6 months	2.28	2.39	2.44	2.49	2.73	2.61	2.90	3.51	3.70	4.21	4.54	4.20	4.72
– up to 1 year	2.03	2.15	2.40	2.31	2.07	2.67	2.93	3.59	3.78	2.59	4.29	3.87	4.51
– long-term over 1 year	1.35	1.57	0.82	2.06	1.38	3.84	1.32	1.92	2.63	3.53	1.99	5.29	2.02
– up to 2 years	-	-	0.98	2.05	-	3.87	1.63	2.45	4.05	4.91	-	2.56	2.39
– over 2 years	1.35	1.57	0.66	2.06	1.38	-	0.94	1.42	1.54	3.52	1.99	8.40	1.98
Savings deposits	1.27	1.33	1.42	1.51	1.49	1.74	1.86	1.83	1.96	1.95	1.92	1.91	2.13
– redeemable at a period of notice of up to 3 months	1.28	1.35	1.44	1.53	1.51	1.78	1.91	1.88	2.01	2.00	1.96	1.96	2.19
– redeemable at a period of notice of over 3 months	1.12	1.12	1.12	1.15	1.17	1.17	1.17	1.16	1.21	1.21	1.21	1.21	1.20

1) Total deposits include the deposits of insurance corporations, pension funds and the general government.

2) Interest rates on deposits with agreed maturity include other short-term non-negotiable securities (according to the ECB methodology).



## Interest Rates on Outstanding Loans

	2005				2006								
	10	11	12	1	2	3	4	5	6	7	8	9	10
<b>Loans in total<sup>1)</sup></b>	5.89	5.86	5.80	5.89	5.93	6.06	6.15	6.19	6.40	6.55	6.66	6.87	6.90
Current account overdrafts	6.54	6.44	6.14	6.19	6.55	6.97	7.12	7.10	7.58	7.79	7.93	8.34	8.28
Consumer loans	11.88	11.85	11.82	12.26	12.23	12.28	12.21	12.31	12.63	12.68	12.74	12.86	12.85
Operation loans	4.11	4.05	4.00	3.97	4.10	4.32	4.47	4.42	4.81	4.98	5.19	5.30	5.38
Investment loans	4.39	4.52	4.42	4.47	4.50	4.72	4.85	4.94	5.18	5.41	5.57	5.83	5.92
Real estate purchase loans	5.96	5.94	5.91	6.34	6.25	6.20	6.19	6.17	6.20	6.22	6.25	6.28	6.35
Other loans	5.78	5.54	5.79	4.81	4.82	4.95	5.12	5.24	5.40	5.59	5.76	6.08	6.06
Credit cards	19.29	19.15	19.80	16.04	15.99	16.15	16.51	16.14	16.08	18.05	18.06	18.13	18.07
Short-term loans	5.59	5.53	5.42	5.42	5.66	5.91	6.09	6.07	6.42	6.69	6.88	7.13	7.17
Long-term loans over 1 year and up to 5 years	7.25	7.19	7.21	7.15	7.11	7.22	7.24	7.27	7.47	7.56	7.67	7.99	7.99
Long-term loans over 5 years	5.39	5.42	5.36	5.59	5.57	5.63	5.71	5.78	5.92	6.03	6.12	6.27	6.32
<b>Households</b>													
Loans in total	7.96	7.89	7.83	7.81	7.86	7.84	7.81	7.82	7.91	7.95	8.00	8.05	8.09
Current account overdrafts	11.06	11.00	10.83	10.59	12.20	12.32	12.37	12.47	12.91	13.10	13.43	13.45	13.64
Consumer loans	11.88	11.85	11.82	12.26	12.23	12.28	12.21	12.31	12.63	12.68	12.74	12.86	12.85
Real estate purchase loans	6.59	6.52	6.47	6.41	6.33	6.26	6.24	6.23	6.26	6.26	6.29	6.31	6.34
Other loans	10.13	9.92	9.76	7.36	7.20	7.04	6.95	6.92	6.93	6.94	7.02	7.08	7.21
Credit cards	19.32	19.18	19.90	16.14	16.08	16.23	16.57	16.20	16.14	18.07	18.09	18.17	18.08
Short-term loans	11.03	10.96	10.89	10.96	12.09	12.27	12.31	12.37	12.69	13.14	13.49	13.57	13.72
Long-term loans over 1 year and up to 5 years	11.01	10.96	10.91	10.84	10.78	10.87	10.80	10.83	10.99	10.99	11.05	11.13	11.11
Long-term loans over 5 years	6.06	6.03	6.01	6.46	6.38	6.34	6.34	6.34	6.41	6.44	6.48	6.53	6.59
<b>Non-financial institutions</b>													
Loans in total	4.52	4.58	4.52	4.55	4.60	4.88	5.01	5.09	5.41	5.65	5.82	6.14	6.16
Current account overdrafts	5.20	5.11	4.91	5.09	5.05	5.47	5.57	5.59	6.00	6.25	6.36	6.91	6.78
Operation loans	3.95	3.93	3.86	3.81	3.97	4.34	4.46	4.39	4.92	5.11	5.33	5.45	5.52
Investment loans	4.31	4.48	4.44	4.52	4.59	4.80	4.94	5.05	5.31	5.56	5.74	5.97	6.07
Real estate purchase loans	4.95	4.70	4.47	4.71	4.63	4.68	5.14	5.08	5.30	5.56	5.55	5.83	6.53
Other loans	4.63	4.67	4.94	4.49	4.61	4.80	4.92	5.18	5.31	5.53	5.77	6.06	5.89
Credit cards	17.98	18.00	18.27	12.36	13.26	13.83	14.29	14.31	14.49	17.24	17.12	16.49	17.47
Short-term loans	4.64	4.61	4.48	4.53	4.56	4.92	5.05	5.04	5.45	5.70	5.85	6.26	6.24
Long-term loans over 1 year and up to 5 years	4.90	4.92	4.97	4.96	4.96	5.20	5.32	5.43	5.69	5.91	6.14	6.31	6.41
Long-term loans over 5 years	4.15	4.35	4.34	4.40	4.50	4.69	4.83	4.96	5.20	5.45	5.61	5.88	5.94

1) Interest rates on loans include all sectors (i. e. non-financial institutions, households, insurance corporations, pension funds and general government).

Note: Data in this table include only performing loans according to Decree of the NBS No. 7/2005 on the classification of assets and liabilities of banks and branches of foreign banks.



# Interest Rates on Outstanding Deposits

	2005			2006									
	10	11	12	1	2	3	4	5	6	7	8	9	10
<b>Deposits in total <sup>1)</sup></b>	1.57	1.57	1.46	1.52	1.37	1.68	1.74	1.72	2.02	1.94	2.11	2.39	2.38
Deposits payable on demand	0.65	0.64	0.57	0.92	0.59	0.66	0.74	0.80	1.12	0.86	0.82	1.26	1.01
of which: demand deposits	0.51	0.52	0.47	0.61	0.47	0.52	0.60	0.61	0.77	0.66	0.69	0.90	0.81
overnight deposits	2.09	1.77	1.70	3.20	1.46	2.22	2.64	2.55	4.39	2.68	3.19	5.54	3.93
Deposits with agreed maturity <sup>2)</sup>	2.25	2.26	2.19	2.15	2.15	2.52	2.56	2.56	2.91	2.92	3.16	3.36	3.46
– up to 1 year in total	2.19	2.21	2.16	2.02	2.03	2.49	2.55	2.55	2.98	2.99	3.28	3.51	3.62
– up to 7 days	1.89	1.94	2.03	2.53	1.78	2.80	2.49	2.49	3.83	2.85	3.16	4.82	3.88
– up to 1 month	2.45	2.48	2.45	2.37	2.41	2.89	2.96	2.95	3.39	3.44	3.76	3.83	4.09
– up to 3 months	1.54	1.47	1.44	1.42	1.55	1.71	1.82	1.98	2.15	2.45	2.72	2.78	2.85
– up to 6 months	1.20	1.18	1.30	1.39	1.49	1.61	1.76	1.93	2.12	2.41	2.69	2.94	3.07
– up to 1 year	1.83	1.71	1.68	0.80	0.79	0.79	0.87	0.97	1.12	1.29	1.68	1.90	2.08
– over 1 year in total	2.96	2.93	2.77	2.73	2.70	2.66	2.62	2.59	2.56	2.55	2.55	2.55	2.56
– up to 2 years	3.57	3.57	2.18	2.14	2.13	2.16	1.90	1.94	2.30	2.36	2.52	2.83	3.07
– over 2 years	2.82	2.78	2.78	2.74	2.71	2.67	2.64	2.60	2.57	2.55	2.55	2.55	2.55
Savings deposits	1.00	1.02	1.06	1.07	1.10	1.16	1.19	1.21	1.23	1.54	1.65	1.75	1.79
– redeemable at a period of notice of up to 3 months	0.94	0.94	0.96	0.97	0.97	1.05	1.06	1.07	1.09	1.45	1.47	1.47	1.54
– redeemable at a period of notice of over 3 months	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91
<b>Households</b>													
Deposits in total	1.16	1.15	1.13	1.20	1.19	1.26	1.29	1.31	1.43	1.51	1.64	1.74	1.79
Deposits payable on demand	0.42	0.42	0.41	0.49	0.41	0.44	0.42	0.45	0.51	0.50	0.51	0.54	0.51
of which: demand deposits	0.41	0.41	0.40	0.45	0.40	0.42	0.41	0.43	0.45	0.47	0.49	0.49	0.48
overnight deposits	1.50	1.20	1.16	2.90	1.42	1.89	2.14	2.35	3.97	2.41	2.83	5.02	3.73
Deposits with agreed maturity	1.74	1.73	1.76	1.88	1.92	2.01	2.09	2.13	2.33	2.42	2.61	2.74	2.83
– up to 1 year in total	1.31	1.31	1.33	1.44	1.51	1.68	1.82	1.89	2.21	2.36	2.65	2.83	2.94
– up to 7 days	1.11	1.08	1.00	1.52	1.17	1.59	1.75	1.70	2.80	2.19	2.22	3.62	3.01
– up to 1 month	1.20	1.25	1.34	1.46	1.51	1.68	1.84	1.85	2.20	2.33	2.51	2.56	2.71
– up to 3 months	1.48	1.41	1.36	1.28	1.42	1.53	1.68	1.83	2.03	2.25	2.50	2.59	2.69
– up to 6 months	1.10	1.14	1.22	1.32	1.43	1.53	1.66	1.82	2.01	2.24	2.53	2.76	2.90
– up to 1 year	1.62	1.55	1.50	1.46	1.46	1.56	1.72	1.83	2.09	2.45	3.01	3.26	3.40
– long-term over 1 year	2.82	2.78	2.78	2.73	2.71	2.66	2.62	2.59	2.57	2.54	2.54	2.55	2.56
– up to 2 years	2.42	2.36	2.25	2.19	2.16	2.13	1.81	1.84	2.24	2.32	2.53	2.92	3.17
– over 2 years	2.83	2.78	2.78	2.74	2.71	2.67	2.63	2.60	2.57	2.55	2.54	2.54	2.55
Savings deposits	1.00	1.02	1.05	1.07	1.10	1.16	1.18	1.21	1.22	1.54	1.65	1.75	1.78
– redeemable at a period of notice of up to 3 months	0.93	0.94	0.96	0.96	0.96	1.04	1.05	1.06	1.07	1.43	1.45	1.46	1.52
– redeemable at a period of notice of over 3 months	1.04	1.06	1.10	1.13	1.17	1.22	1.25	1.28	1.30	1.59	1.75	1.89	1.91
<b>Non-financial corporations</b>													
Deposits in total	1.58	1.56	1.38	1.82	1.49	1.85	1.99	1.89	2.43	2.09	2.34	3.03	2.80
Deposits payable on demand	0.81	0.81	0.64	1.23	0.70	0.87	0.95	1.05	1.62	1.10	1.05	1.98	1.47
of which: demand deposits	0.62	0.62	0.47	0.79	0.49	0.58	0.71	0.73	1.01	0.72	0.78	1.35	1.12
overnight deposits	2.05	1.80	1.67	3.29	1.69	2.23	2.62	2.64	4.44	2.71	3.18	5.58	3.98
Deposits with agreed maturity	2.35	2.37	2.30	2.68	2.58	3.05	3.07	3.07	3.72	3.58	3.86	4.35	4.34
– up to 1 year in total	2.43	2.40	2.31	2.68	2.58	3.05	3.07	3.08	3.73	3.58	3.87	4.36	4.35
– up to 7 days	2.05	2.15	1.79	2.70	1.94	2.40	2.62	2.66	4.02	3.00	3.35	5.13	4.07
– up to 1 month	2.67	2.69	2.65	2.72	2.71	3.22	3.20	3.16	3.70	3.72	4.07	4.20	4.45
– up to 3 months	2.05	2.05	2.15	2.37	2.46	2.74	2.70	2.97	3.09	3.56	3.78	3.90	3.97
– up to 6 months	2.08	1.37	2.25	2.41	2.24	2.45	2.65	2.89	3.08	3.22	3.34	3.91	4.11
– up to 1 year	2.08	1.89	1.90	1.89	1.97	2.29	2.47	2.73	2.96	2.92	3.10	3.34	3.66
– long-term over 1 year	2.35	2.32	2.17	2.17	2.21	2.41	2.41	2.41	2.47	2.86	2.80	2.82	2.85
– up to 2 years	2.26	2.30	2.10	2.23	2.23	2.50	2.50	2.51	2.69	2.77	2.69	2.69	2.74
– over 2 years	2.41	2.33	2.21	2.15	2.19	2.37	2.37	2.36	2.36	2.88	2.82	2.85	2.87
Savings deposits	1.27	1.33	1.41	1.51	1.49	1.74	1.86	1.83	1.96	1.95	1.92	1.91	2.13
– redeemable at a period of notice of up to 3 months	1.28	1.35	1.43	1.53	1.51	1.78	1.91	1.88	2.01	2.00	1.96	1.96	2.19
– redeemable at a period of notice of over 3 months	1.12	1.12	1.12	1.15	1.18	1.17	1.17	1.16	1.21	1.21	1.21	1.21	1.20

1) Interest rates on deposits in total include also sectors of insurance corporations, pension funds and general government.

2) Interest rates on deposits with agreed maturity include other short-term non-negotiable securities (according to the ECB methodology).

Note: Deposits in total include also repo operations and other non-negotiable securities.



## Shortened Balance Sheet of Commercial Banks as at 31 October 2006

(Banks and branches of foreign banks operating in the SR in total)

(SKK thousands)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
<b>Total assets</b>	60,349,926	1,193,942,325	45,657,355	157,600,677	76,412,047	1,413,262,478
Cash items	0	11,532,157	0	0	3,444,161	14,976,318
Cash in hand	0	11,532,157	0	0	3,444,161	14,976,318
of which: EUR	0	0	0	0	1,712,210	1,712,210
Gold	0	0	0	0	0	0
Credits and other receivables	22,991,974	848,804,450	19,070,743	142,434,172	55,120,087	1,042,437,478
Deposits with and credits to NBS, foreign central banks and post office banks	546	309,398,894	0	0	117,436	309,515,784
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	546	273,951,798	0	0	117,436	274,068,688
Valued on a portfolio basis (category II)	0	35,447,096	0	0	0	35,447,096
Valued on an individual basis						
with identifiable depreciation (category III)	0	0	0	0	0	0
of which: Failed	0	0	0	0	0	0
of which: Current accounts	0	1,353,253	0	0	81,249	1,434,502
Time deposits	0	2,277,206	0	0	0	2,277,206
Credits provided	546	295,386,889	0	0	35,949	295,422,292
Money reserve accounts	0	10,381,546	0	0	0	10,381,546
of which: Minimum reserve requirements	0	10,289,234	0	0	0	10,289,234
Postal cheque accounts	0	0	0	0	238	238
Deposits with and credits to banks	45,329	38,728,322	14,859,092	9,536,883	41,877,347	104,956,315
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	843	35,824,252	14,667,893	8,941,766	38,098,220	97,531,288
Valued on a portfolio basis (category II)	2,715	2,856,146	191,199	595,117	3,779,127	7,418,874
Valued on an individual basis						
with identifiable depreciation (category III)	41,771	47,924	0	0	0	6,153
of which: Failed	41,415	41,858	0	0	0	443
of which: Deposits with and credits to own financial group	37	1,406,693	2,171,049	0	3,984,491	7,562,196
of which: Current accounts in banks	70	580,083	46,050	79,567	6,170,062	6,875,692
Current accounts of other banks	0	67,031	3,972,122	2	588,861	4,628,016
Time deposits	843	36,678,124	10,840,920	9,457,314	31,044,546	88,020,061
Credits provided	41,797	1,403,084	0	0	4,073,878	5,435,165
Receivables from clients	22,908,385	489,608,836	4,211,651	127,170,012	13,041,291	611,123,405
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	0	151,568,167	3,197,701	66,475,936	9,959,214	231,201,018
Valued on a portfolio basis (category II)	7,680,344	299,673,249	708,132	48,985,263	1,967,714	343,654,014
Valued on an individual basis						
with identifiable depreciation (category III)	15,228,041	38,367,420	305,818	11,708,813	1,114,363	36,268,373
of which: Failed	15,486,162	19,616,964	159,882	2,344,571	650,947	7,286,202
of which: PFPT credits	0	0	0	0	0	0
Credits to general government and international organizations (S.13)	37,714	11,068,398	0	5,727,277	84,013	16,841,974
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	3,136	9,164,284	0	5,246,373	6,438	14,413,959
Valued on a portfolio basis (category II)	327	1,809,914	0	231,502	77,575	2,118,664
Valued on an individual basis						
with identifiable depreciation (category III)	34,251	94,200	0	249,402	0	309,351
of which: Failed	6	10	0	1	0	5
of which: Deposits with central government (S.1311)	0	0	0	0	0	0
Credits to central government (S.1311)	246	2,130,937	0	80,041	84,013	2,294,745
of which: SR Treasury	0	1	0	0	0	1
Other funds	4	1,220	0	0	0	1,216
Credits to local governments (S.1313)	8,897	8,728,931	0	5,647,236	0	14,367,270
Credits to social security funds (S.1314)	0	208,530	0	0	0	208,530
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	208,530	0	0	0	208,530
Debt securities	0	0	0	0	0	0
Financial instruments for sale	325,833	41,484,497	3,450,761	4,618,665	5,230,309	54,458,399
Financial instruments in real value towards profit/loss	0	22,527,646	3,460,621	6,402,771	6,418,977	38,810,015
Tangible assets investments (IAS 40)	81,980	243,557	0	0	0	161,577
Positive real value of fixed forward transactions	0	5,605,670	10,744,308	419,665	885,013	17,654,656
Positive real value of options	0	948,310	1,962,300	315,318	404,519	3,630,447
Financial instruments held to maturity	56,659	188,798,280	6,329,192	2,722,604	3,847,249	201,640,666
Subsidiary and affiliated companies, joint ventures	1,146,000	4,804,507	556,471	0	0	4,214,978
Long-term funds provided to branches abroad	0	0	0	0	521,748	521,748
Tangible assets	24,697,627	46,740,637	0	6,818	67,610	22,117,438
Intangible assets	10,039,661	14,441,995	0	0	0	4,402,334
Other assets	1,010,192	7,947,154	82,959	680,664	472,374	8,172,959
Subordinated financial assets	0	63,465	0	0	0	63,465
Adjustments	33,815,383	33,815,383	0	0	0	0
Portfolio adjustments not recorded above	0	0	0	0	0	0





# Shortened Balance Sheet of Commercial Banks as at 31 October 2006

*(Banks and branches of foreign banks operating in the SR in total)*

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
<b>Total liabilities</b>	992,564,951	130,520,682	156,559,075	133,617,770	1,413,262,478
<b>PAYABLES</b>	931,121,174	90,289,187	156,369,770	133,551,014	1,311,331,145
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	5,955,589	0	34,296	0	5,989,885
of which: Current accounts	3,106	0	0	0	3,106
Time deposits	0	0	0	0	0
Credits received	5,952,483	0	34,296	0	5,986,779
Postal cheque accounts	0	0	0	0	0
Deposits, credits and other liabilities received from banks	25,946,995	63,579,111	8,221,650	78,666,583	176,414,339
of which: Deposits with and credits received from own financial group	4,269	14,836,285	17	46,702,077	61,542,648
of which: Current accounts in banks	66,975	23,791	0	546,197	636,963
Current accounts of other banks	580,342	9,123,947	79,751	300,992	10,085,032
Time deposits	23,927,452	32,806,284	8,141,899	68,244,673	133,120,308
Credits received	1,372,226	21,625,089	0	9,574,721	32,572,036
Deposits and credits received from clients	678,920,457	7,861,572	103,558,841	7,428,383	797,769,253
of which: PFPT deposits	13,830,913	0	2,177	0	13,833,090
of which: Current accounts and other financial undated liabilities	276,972,654	4,945,274	54,552,953	3,247,390	339,718,271
Time deposits	360,060,327	2,851,696	47,668,324	4,167,517	414,747,864
Deposits at notice	35,723,193	64,542	1,337,564	13,476	37,138,775
Certificates of deposit	371,247	60	0	0	371,307
Credits received and financial leasing	5,793,036	0	0	0	5,793,036
Deposits of general government and international organizations	88,886,237	12,753	31,465,927	3,190,819	123,555,736
of which: Deposits of central government (S.1311)	64,658,254	12,753	31,421,459	3,190,819	99,283,285
of which: Treasury	1,332,856	0	11,168,425	0	12,501,281
Other funds	6,566,441	0	90,539	0	6,656,980
of which: National Property Fund	6,553,495	0	84,654	0	6,638,149
Deposits of local governments (S.1313)	24,226,292	0	44,468	0	24,270,760
Deposits of social security funds (S.1314)	1,691	0	0	0	1,691
of which: Health insurance companies	1,691	0	0	0	1,691
Social Insurance Corporation	0	0	0	0	0
Securities issued by the accounting unit	71,177,056	2,008,943	1,656,638	8,177,929	83,020,566
Financial liabilities in real value towards profit/loss (IAS 39)	20,337,265	4,768,210	4,715,550	30,003,373	59,824,398
of which: Current accounts	0	0	0	0	0
Time deposits	20,337,265	4,768,210	4,715,550	30,003,373	59,824,398
Deposits at notice	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Credits received	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0
of which: Loans	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Other liabilities	0	0	0	0	0
Negative real value of fixed forward transactions	6,971,176	9,972,333	862,105	1,381,909	19,187,523
Negative real value of options	1,856,944	965,874	425,238	311,134	3,559,190
Liabilities from securities sold for a short term	0	0	0	0	0
Subsidies and similar funds	3,325,880	0	0	0	3,325,880
Reserves	5,296,340	83	375,748	76,010	5,748,181
Other liabilities	22,383,770	67,424	5,053,777	2,936,077	30,441,048
Subordinated financial liabilities	63,465	1,052,884	0	1,378,797	2,495,146
<b>EQUITY CAPITAL</b>	61,443,777	40,231,495	189,305	66,756	101,931,333
Registered capital	4,598,437	36,595,121	0	0	41,193,558
of which: Subscribed registered capital	4,603,825	36,595,121	0	0	41,198,946
Receivables from shareholders	0	0	0	0	0
Own shares	-5,388	0	0	0	-5,388
Long-term funds provided to branches of foreign banks	32,000	3,124,579	0	36,412	3,192,991
Share premium	2,254,695	475,000	0	0	2,729,695
Reserve funds and other funds allocated from profits	12,475,577	119,500	0	0	12,595,077
Capital funds	203,716	5,490	0	1,536	210,742
Gains/losses from revaluation	373,151	-88,195	189,305	28,808	503,069
Profit/loss from previous years	28,110,715	0	0	0	28,110,715
of which: Retained earnings	28,798,902	0	0	0	28,798,902
Accumulated loss	-688,187	0	0	0	-688,187
Profit and loss account	13,402,834	0	0	0	13,402,834
Profit/loss in process of approval /+,-/	-7,348	0	0	0	-7,348



## Monthly Profit and Loss Account of Commercial Banks

(Banks and branches of foreign banks operating in the SR in total)

(SKK millions)

	2005			2006									
	10	11	12	1	2	3	4	5	6	7	8	9	10
NET INCOME FROM INTEREST	24,750	27,232	29,694	2,568	4,889	7,514	10,099	12,769	15,601	18,717	21,689	24,727	27,855
Income from interest on securities	13,810	15,024	16,255	1,143	2,065	3,068	4,046	5,032	5,966	7,085	8,227	9,298	10,406
Income from other interest	31,409	34,760	38,262	3,842	7,308	11,608	15,809	20,368	25,451	30,078	34,711	39,421	44,561
Expenses on interest on securities	2,271	2,472	2,746	221	444	671	904	1,149	1,391	1,655	1,948	2,234	2,535
Expenses on other interest	18,198	20,079	22,077	2,195	4,040	6,492	8,852	11,483	14,426	16,791	19,300	21,758	24,577
NET NON-INTEREST INCOME	15,868	17,499	19,534	1,871	3,497	5,270	6,981	8,346	10,217	11,942	13,424	14,706	16,314
Income from fees and provisions	10,832	11,961	13,318	1,075	2,169	3,471	4,634	5,905	6,957	8,117	9,303	10,454	11,626
Expenses on fees and provisions	1,619	1,814	2,075	198	389	643	859	1,128	1,377	1,635	1,908	2,197	2,439
Dividends received	100	119	98	3	8	8	211	221	333	389	399	399	440
Income from operations in securities	3,369	3,628	4,019	412	656	942	1,189	1,325	1,489	1,788	2,039	2,442	2,622
Expenses on operations in securities	2,284	2,521	2,624	138	398	1,034	1,328	1,815	2,435	2,481	2,601	2,517	2,614
Profit/loss of foreign exchange operations	823	3,286	4,477	1,296	1,759	1,732	3,264	3,768	2,021	3,196	4,113	5,012	6,880
Profit/loss of fixed forward transactions and options	4,542	2,736	2,188	-611	-355	798	-127	87	3,294	2,615	2,155	1,142	-160
Income from other operations	1,026	1,122	1,301	73	133	96	126	152	159	192	250	286	317
Expenses on other operations	920	1,018	1,168	39	86	101	130	169	224	240	327	315	358
NET OPERATIONAL PROFIT/LOSS	-4,117	-4,245	-6,583	-142	-288	-540	-749	-990	-1,103	-1,254	-1,263	-1,636	-1,594
GENERAL OPERATIONAL EXPENSES	22,631	24,949	28,010	2,286	4,656	7,098	9,474	11,917	14,255	16,739	19,367	21,682	24,188
NET ADDITIONS TO RESERVES AND PROVISIONS	484	-45	1,579	-252	-216	-273	-522	-337	-982	-1,217	-1,526	-1,806	-2,301
INCOME TAX	1,840	2,075	2,321	215	391	720	962	1,225	1,361	1,606	1,846	2,337	2,682
CURRENT PERIOD PROFIT/LOSS	12,514	13,419	13,892	1,545	2,835	4,153	5,371	6,646	8,117	9,844	11,112	11,972	13,403



# Balance of Payments of the SR for January – September 2006

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
<b>Goods</b>	888,362.0	29,313.1	953,734.0	31,470.1	-65,372.0	-2,157.1
<b>Services</b>	116,050.7	3,829.3	102,197.7	3,372.2	13,853.0	457.1
Transport	40,367.9	1,332.0	27,338.8	902.1	13,029.1	429.9
Tourism	32,957.8	1,087.5	23,507.2	775.7	9,450.6	311.8
Other services	42,724.9	1,409.8	51,351.6	1,694.4	-8,626.7	-284.7
<b>Income</b>	44,367.6	1,464.0	98,012.0	3,234.1	-53,644.4	-1,770.1
Compensation of employees	23,400.0	772.1	1,049.7	34.6	22,350.3	737.5
Investment income	20,967.6	691.9	96,962.3	3,199.4	-75,994.7	-2,507.6
<b>Current transfers</b>	35,978.5	1,187.2	36,433.5	1,202.2	-455.0	-15.0
<b>CURRENT ACCOUNT</b>	1,084,758.8	35,793.5	1,190,377.2	39,278.6	-105,618.4	-3,485.1
<b>Capital account</b>	967.3	31.9	1,664.5	54.9	-697.2	-23.0
<b>Financial account</b>	4,583,983.5	151,210.3	-4,593,590.0	-151,556.8	-9,606.5	-346.5
Direct investment	746,380.9	24,628.2	-652,932.9	-21,544.7	93,448.0	3,083.5
Abroad (direct investor = resident)	40,806.8	1,346.5	-50,235.0	-1,657.6	-9,428.2	-311.1
Equity capital and reinvested earnings	384.8	12.7	-10,231.0	-337.6	-9,846.2	-324.9
Other capital	40,422.0	1,333.8	-40,004.0	-1,320.0	418.0	13.8
In the SR (recipient of dir. investment = resident)	705,574.1	23,281.7	-602,697.9	-19,887.1	102,876.1	3,394.6
Equity capital and reinvested earnings	74,523.1	2,459.0	-5,002.9	-165.1	69,520.1	2,293.9
Other capital	631,051.0	20,822.6	-597,695.0	-19,722.0	33,356.0	1,100.6
Portfolio investment	504,691.6	16,616.1	-455,919.4	-15,043.9	48,772.1	1,572.3
Assets	54,528.8	1,799.3	-58,383.2	-1,926.5	-3,854.4	-127.2
Liabilities	450,162.8	14,816.9	-397,536.2	-13,117.4	52,626.5	1,699.4
Financial derivatives	1,350,019.8	44,546.3	-1,354,112.7	-44,681.3	-4,092.9	-135.1
Assets	637,199.9	21,025.5	-640,405.0	-21,131.3	-3,205.1	-105.8
Liabilities	712,819.9	23,520.8	-713,707.7	-23,550.0	-887.8	-29.3
Other investment	1,982,891.3	65,419.7	-2,130,625.1	-70,287.0	-147,733.8	-4,867.2
Long-term	330,184.8	10,897.3	-314,773.7	-10,386.7	15,411.1	510.6
Assets	65,886.6	2,173.0	-61,511.9	-2,029.7	4,374.7	143.2
Liabilities	264,298.2	8,724.3	-253,261.8	-8,356.9	11,036.4	367.4
Short-term	1,652,706.5	54,522.4	-1,815,851.4	-59,900.3	-163,144.8	-5,377.9
Assets	970,856.0	32,035.1	-1,040,321.0	-34,327.2	-69,465.0	-2,292.1
Liabilities	681,850.5	22,487.3	-775,530.4	-25,573.1	-93,679.9	-3,085.7
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	4,584,950.8	151,242.2	-4,595,254.5	-151,611.8	-10,303.7	-369.5
<b>ERRORS AND OMISSIONS</b>	-	-	-	-	35,626.0	1,198.9
<b>TOTAL BALANCE</b>	-97,254.5	-3,206.1	16,958.4	550.4	-80,296.1	-2,655.7
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange	97,254.5	3,206.1	-16,958.4	-550.4	80,296.1	2,655.7
Currency and deposits	0.0	0.0	-16,958.4	-550.4	-16,958.4	-550.4
Securities	97,254.5	3,206.1	0.0	0.0	97,254.5	3,206.1
Bonds and notes	80,452.9	2,646.0	0.0	0.0	80,452.9	2,646.0
Money market instruments and financial derivatives	16,801.6	560.1	0.0	0.0	16,801.6	560.1
<b>RESERVE ASSETS</b>	97,254.5	3,206.1	-16,958.4	-550.4	80,296.1	2,655.7

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 30.306.



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in SKK millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accept.		min.	average	max.
951504001	20.1.2005	21.1.2005	15.4.2005	84	47,662	25,000	American	3.41	3.59	3.68
950807004	14.4.2005	15.4.2005	8.7.2005	84	47,657	35,000	American	2.42	2.64	2.74
952907005	5.5.2005	6.5.2005	29.7.2005	84	37,470	35,000	American	2.70	2.91	3.00
952608007	2.6.2005	3.6.2005	26.8.2005	84	47,539	35,000	American	2.95	2.99	2.99
953009008	7.7.2005	8.7.2005	30.9.2005	84	53,872	35,000	American	2.88	2.95	2.98
952110010	28.7.2005	29.7.2005	21.10.2005	84	43,900	35,000	American	2.93	2.97	2.98
951811011	25.8.2005	26.8.2005	18.11.2005	84	36,898	35,000	American	2.96	2.98	2.99
952312013	29.9.2005	30.9.2005	23.12.2005	84	36,288	35,000	American	2.95	2.99	3.00
951301014	20.10.2005	21.10.2005	13.1.2006	84	30,353	14,253	American	2.99	3.00	3.00
951002015	16.11.2005	18.11.2005	10.2.2006	84	23,800	0	American	-	-	-
951703017	22.12.2005	23.12.2005	17.3.2006	84	26,711	5,801	American	2.99	3.00	3.00
960704001	12.1.2006	13.1.2006	7.4.2006	84	28,575	5,553	American	3.00	3.00	3.00
960505003	9.2.2006	10.2.2006	5.5.2006	84	13,000	0	American	-	-	-
960906004	16.3.2006	17.3.2006	9.6.2006	84	6,310	210	American	3.50	3.50	3.50
963006005	6.4.2006	7.4.2006	30.6.2006	84	9,053	300	American	3.50	3.50	3.50
962807007	4.5.2006	5.5.2006	28.7.2006	84	1,515	0	American	-	-	-
963108008	8.6.2006	9.6.2006	31.8.2006	84	23,445	22,691	American	3.98	4.00	4.00
962209010	29.6.2006	30.6.2006	22.9.2006	84	400	0	American	-	-	-
962010011	27.7.2006	28.7.2006	20.10.2006	84	1,364	222	American	4.50	4.50	4.50
962411013	30.8.2006	31.8.2006	24.11.2006	85	2,883	1,550	American	4.50	4.50	4.50
961512014	21.9.2006	22.9.2006	15.12.2006	84	9,550	0	American	-	-	-
961512015	19.10.2006	20.10.2006	12.1.2007	84	7,100	500	American	4.75	4.75	4.75
961602017	23.11.2006	24.11.2006	16.2.2007	84	1,950	1,150	American	4.75	4.75	4.75



# Basic Characteristics of Slovakia's Foreign Exchange Market in November 2006

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD millions	Number of transactions
	USD millions	%		USD millions	%		USD millions	%			
NBS	-	-	-	51.4	100.0	12	-	-	-	51.4	12
Transactions between domestic banks without foreign participation	5,378.7	65.6	179	2,754.3	33.6	792	62.3	0.8	48	8,195.3	1,019
Interbank forex market: NBS + transactions between domestic banks	5,378.7	65.2	179	2,805.7	34.0	804	62.3	0.8	48	8,246.7	1,031
Transactions between domestic and foreign banks	47,294.0	83.2	1,650	9,457.7	16.6	4,080	112.9	0.2	133	56,864.5	5,863
Foreign exchange market in the SR – total	52,672.7	80.9	1,829	12,263.3	18.8	4,884	175.2	0.3	181	65,111.2	6,894

	SPOT			FORWARD			SWAP			OPTIONS			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume USD millions	No. of transactions
	USD millions	%		USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks without foreign participation	1,620.2	19.8	792	0.8	0.0	1	6,556.5	80.2	226	0.0	0.0	0	8,177.5	1,019
Transactions between domestic and foreign banks	6,481.7	11.4	2,890	404.0	0.7	58	49,454.0	87.1	1,746	456.7	0.8	1,169	56,796.4	5,863
Foreign exchange market in the SR - excl. the NBS	8,101.9	12.5	3,682	404.8	0.6	59	56,010.5	86.2	1,972	456.7	0.7	1,169	64,973.9	6,882



## Average Monthly Exchange Rates of the SKK

Midpoint rate	2005		2006										
	11	12	1	2	3	4	5	6	7	8	9	10	11
1 AUD	24.153	23.715	23.220	23.228	22.712	22.411	22.490	22.247	22.748	22.455	22.286	21.992	21.537
1 CYP	67.571	66.059	65.391	65.147	65.132	64.901	65.331	66.157	66.770	65.472	65.088	63.909	62.197
1 CZK	1.322	1.308	1.305	1.317	1.308	1.312	1.328	1.340	1.350	1.336	1.322	1.302	1.281
1 DKK	5.193	5.081	5.027	5.011	5.020	5.011	5.039	5.101	5.146	5.051	5.029	4.942	4.818
1 EUR	38.730	37.871	37.510	37.404	37.455	37.392	37.575	38.036	38.388	37.688	37.505	36.852	35.914
1 EEK	2.476	2.420	2.397	2.391	2.394	2.390	2.401	2.431	2.453	2.409	2.398	2.355	2.296
100 JPY	27.747	26.914	26.862	26.536	26.606	26.048	26.331	26.220	26.170	25.421	25.181	24.624	23.790
1 CAD	27.743	27.487	26.768	27.224	26.958	26.610	26.508	26.997	26.845	26.266	26.398	25.902	24.599
1 LTL	11.220	10.968	10.863	10.833	10.847	10.828	10.881	11.014	11.117	10.914	10.863	10.671	10.403
1 LVL	55.637	54.361	53.886	53.739	53.810	53.721	53.981	54.642	55.156	54.151	53.899	52.937	51.550
100 HUF	15.443	14.987	14.960	14.871	14.392	14.080	14.308	14.022	13.814	13.743	13.672	13.769	13.866
1 MTL	90.247	88.196	87.371	87.147	87.229	87.130	87.563	88.593	89.435	87.798	87.390	85.836	83.694
1 NOK	4.956	4.747	4.667	4.639	4.694	4.761	4.819	4.845	4.834	4.724	4.545	4.392	4.355
1 PLN	9.748	9.822	9.814	9.853	9.662	9.535	9.646	9.460	9.596	9.658	9.465	9.434	9.386
100 SIT	16.176	15.812	15.661	15.619	15.635	15.605	15.678	15.871	16.020	15.728	15.658	15.377	14.990
1 CHF	25.078	24.472	24.201	24.016	23.880	23.734	24.133	24.382	24.474	23.893	23.699	23.177	22.567
1 SEK	4.051	4.013	4.025	4.009	3.984	4.002	4.025	4.117	4.164	4.094	4.049	3.981	3.945
1 USD	32.808	31.932	31.029	31.298	31.186	30.535	29.461	30.054	30.286	29.426	29.448	29.225	27.915
1 GBP	57.036	55.750	54.679	54.748	54.392	53.819	54.961	55.412	55.805	55.649	55.570	54.751	53.320
1 XDR	46.880	45.695	44.866	44.944	44.874	44.280	43.828	44.414	44.734	43.753	43.649	43.051	41.567

## Average Quarterly Exchange Rates of the SKK

Midpoint rate	2005					2006		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
1 AUD	22.667	23.726	24.089	24.099	23.65	23.04	22.379	22.499
1 CYP	65.726	67.266	67.458	67.178	66.916	65.222	65.502	65.778
1 CZK	1.275	1.291	1.301	1.314	1.295	1.31	1.328	1.336
1 DKK	5.143	5.225	5.184	5.162	5.179	5.02	5.053	5.075
1 EUR	38.282	38.907	38.662	38.500	38.593	37.457	37.687	37.861
1 EEK	2.447	2.487	2.471	2.461	2.467	2.394	2.408	2.420
100 JPY	27.935	28.721	28.497	27.627	28.202	26.668	26.208	25.592
1 CAD	23.788	24.804	26.325	27.580	25.622	26.979	26.714	26.497
1 LTL	11.087	11.270	11.197	11.152	11.178	10.848	10.914	10.965
1 LVL	54.987	55.899	55.548	55.283	55.437	53.813	54.143	54.402
100 HUF	15.624	15.578	15.746	15.294	15.561	14.728	14.137	13.744
1 MTL	88.675	90.578	90.057	89.687	89.764	87.25	87.807	88.208
1 NOK	4.647	4.831	4.904	4.888	4.818	4.668	4.811	4.704
1 PLN	9.511	9.417	9.609	9.836	9.591	9.772	9.546	9.577
100 SIT	15.969	16.242	16.143	16.077	16.110	15.639	15.726	15.802
1 CHF	24.724	25.206	24.884	24.884	24.929	24.028	24.105	24.023
1 SEK	4.219	4.228	4.127	4.067	4.161	4.005	4.052	4.103
1 USD	29.160	30.863	31.683	32.359	31.022	31.169	29.991	29.715
1 GBP	55.172	57.311	56.540	56.609	56.424	54.597	54.787	55.676
1 XDR	44.429	46.053	46.299	46.450	45.816	44.893	44.173	44.042

**Inflow of Foreign Direct Investment<sup>1)</sup> into Slovakia in 1999 – 2005**

(Flows and stocks)

**Corporate sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	65,637	16,729	695	83,061	1,778.15	403.92	-216.87	1,965.20
2000	83,061	97,454	-18,527	161,988	1,965.20	2,109.39	-656.33	3,418.26
2001	161,988	24,353	-4,190	182,151	3,418.26	503.71	-163.73	3,758.24
2002	182,151	174,180	-96,814	259,517	3,758.24	3,842.06	-1,118.22	6,482.08
2003	259,517	37,157	-13,596	283,078	6,482.08	1,010.44	1,106.43	8,598.95
2004 <sup>3)</sup>	298,140	27,907	5,813	331,860	9,056.50	865.20	1,724.15	11,645.85
2005 <sup>4)</sup>	331,044	20,125	-790	350,379	11,617.21	648.73	-1,298.78	10,967.16

**Banking sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	12,931	-40	86	12,977	350.31	-0.97	-42.31	307.03
2000	12,977	2,107	69	15,153	307.03	45.61	-32.88	319.76
2001	15,153	37,095	-3	52,245	319.76	767.27	-9.07	1,077.96
2002	52,245	11,414	-3,930	59,729	1,077.96	251.77	162.16	1,491.89
2003 <sup>2)</sup>	59,980	1,813	3,629	65,422	1,498.15	49.30	439.85	1,987.30
2004	65,422	5,115	-3,893	66,644	1,987.30	158.58	192.83	2,338.71
2005	66,644	-2	-1	66,641	2,338.71	-0.06	-252.73	2,085.92

**Total**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	78,568	16,689	781	96,038	2,128.46	402.95	-259.18	2,272.23
2000	96,038	99,561	-18,458	177,141	2,272.23	2,155.00	-689.21	3,738.02
2001	177,141	61,448	-4,193	234,396	3,738.02	1,270.98	-172.80	4,836.20
2002	234,396	185,594	-100,744	319,246	4,836.20	4,093.83	-956.06	7,973.97
2003 <sup>2)</sup>	319,497	38,970	-9,967	348,500	7,980.23	1,059.74	1,546.28	10,586.25
2004 <sup>3)</sup>	363,562	33,022	1,920	398,504	11,043.80	1,023.78	1,916.98	13,984.56
2005 <sup>4)</sup>	397,688	20,123	-791	417,020	13,955.92	648.67	-1,551.51	13,053.08

Note: The data for 2004 – 2005 are preliminary.

1) Equity capital + reinvested earnings.

2) Change in methodology – new accounting standards for banks.

3) Other capital funds included in the equity capital.

4) Change in methodology (higher limit for foreign exchange reporting obligation).



Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	20,125	648.7	100.0	-2	-0.1	100.0	20,123	648.7	100.0
<b>Structure of capital by investor</b>									
South Korea	6,278	202.4	31.2	0	0.0	0.0	6,278	202.4	31.2
Germany	6,313	203.5	31.4	-250	-8.1	12,500.0	6,063	195.4	30.1
Czech Republic	1,587	51.2	7.9	-2	-0.1	100.0	1,585	51.1	7.9
Switzerland	1,524	49.1	7.6	0	0.0	0.0	1,524	49.1	7.6
Austria	1,549	49.9	7.7	-45	-1.5	2,250.0	1,504	48.5	7.5
The Netherlands	1,449	46.7	7.2	3	0.1	-150.0	1,452	46.8	7.2
United Kingdom	451	14.5	2.2	125	4.0	-6,250.0	576	18.6	2.9
Lithuania	417	13.4	2.1	0	0.0	0.0	417	13.4	2.1
USA	376	12.1	1.9	0	0.0	0.0	376	12.1	1.9
Belgium	285	9.2	1.4	0	0.0	0.0	285	9.2	1.4
Other countries	-104	-3.4	-0.5	167	5.4	-8,350.0	63	2.0	0.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-34	-1.1	-0.2	0	0.0	0.0	-34	-1.1	-0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Manufacturing	10,096	325.4	50.2	0	0.0	0.0	10,096	325.4	50.2
Electricity, gas, and water supply	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Construction	-93	-3.0	-0.5	0	0.0	0.0	-93	-3.0	-0.5
Wholesale and retail trade, repairs of motor vehicles	3,948	127.3	19.6	0	0.0	0.0	3,948	127.3	19.6
Hotels and restaurants	29	0.9	0.1	0	0.0	0.0	29	0.9	0.1
Transport, storage, post and telecommunications	-14	-0.5	-0.1	0	0.0	0.0	-14	-0.5	-0.1
Financial intermediation	3,550	114.4	17.6	-2	-0.1	100.0	3,548	114.4	17.6
Real estate, renting and business activities	2,363	76.2	11.7	0	0.0	0.0	2,363	76.2	11.7
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	53	1.7	0.3	0	0.0	0.0	53	1.7	0.3
Other community, social, and personal services	201	6.5	1.0	0	0.0	0.0	201	6.5	1.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by region</b>									
Bratislava region	7,803	251.5	38.8	-2	-0.1	100.0	7,801	251.5	38.8
Trnava region	276	8.9	1.4	0	0.0	0.0	276	8.9	1.4
Trenčín region	2,858	92.1	14.2	0	0.0	0.0	2,858	92.1	14.2
Nitra region	428	13.8	2.1	0	0.0	0.0	428	13.8	2.1
Žilina region	6,974	224.8	34.7	0	0.0	0.0	6,974	224.8	34.7
Banská Bystrica region	845	27.2	4.2	0	0.0	0.0	845	27.2	4.2
Prešov region	123	4.0	0.6	0	0.0	0.0	123	4.0	0.6
Košice region	818	26.4	4.1	0	0.0	0.0	818	26.4	4.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	27,907	865.2	100.0	5,115	158.6	100.0	33,022	1,023.8	100.0
<b>Structure of capital by investor</b>									
Hungary	6,863	212.8	24.6	-30	-0.9	-0.6	6,833	211.8	20.7
Austria	2,027	62.8	7.3	4,776	148.1	93.4	6,803	210.9	20.6
United Kingdom	6,050	187.6	21.7	-1,396	-43.3	-27.3	4,654	144.3	14.1
Czech Republic	4,634	143.7	16.6	-11	-0.3	-0.2	4,623	143.3	14.0
France	3,737	115.9	13.4	-136	-4.2	-2.7	3,601	111.6	10.9
Germany	3,267	101.3	11.7	253	7.8	4.9	3,520	109.1	10.7
Luxembourg	3,184	98.7	11.4	0	0.0	0.0	3,184	98.7	9.6
South Korea	2,130	66.0	7.6	0	0.0	0.0	2,130	66.0	6.5
Switzerland	927	28.7	3.3	0	0.0	0.0	927	28.7	2.8
Italy	734	22.8	2.6	-13	-0.4	-0.3	721	22.4	2.2
Other countries	-5,646	-175.0	-20.2	1,672	51.8	32.7	-3,974	-123.2	-12.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	348	10.8	1.2	0	0.0	0.0	348	10.8	1.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-24	-0.7	-0.1	0	0.0	0.0	-24	-0.7	-0.1
Manufacturing	25,092	777.9	89.9	0	0.0	0.0	25,092	777.9	76.0
Electricity, gas, and water supply	-357	-11.1	-1.3	0	0.0	0.0	-357	-11.1	-1.1
Construction	487	15.1	1.7	0	0.0	0.0	487	15.1	1.5
Wholesale and retail trade, repairs of motor vehicles	7,858	243.6	28.2	0	0.0	0.0	7,858	243.6	23.8
Hotels and restaurants	-17	-0.5	-0.1	0	0.0	0.0	-17	-0.5	-0.1
Transport, storage, post and telecommunications	-7,596	-235.5	-27.2	0	0.0	0.0	-7,596	-235.5	-23.0
Financial intermediation	1,248	38.7	4.5	5,115	158.6	100.0	6,363	197.3	19.3
Real estate, renting and business activities	698	21.6	2.5	0	0.0	0.0	698	21.6	2.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	18	0.6	0.1	0	0.0	0.0	18	0.6	0.1
Other community, social, and personal services	152	4.7	0.5	0	0.0	0.0	152	4.7	0.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	16,342	506.7	58.6	5,004	155.1	97.8	21,346	661.8	64.6
Trnava region	4,124	127.9	14.8	0	0.0	0.0	4,124	127.9	12.5
Trenčín region	2,292	71.1	8.2	0	0.0	0.0	2,292	71.1	6.9
Nitra region	-33	-1.0	-0.1	0	0.0	0.0	-33	-1.0	-0.1
Žilina region	2,315	71.8	8.3	73	2.3	1.4	2,388	74.0	7.2
Banská Bystrica region	850	26.4	3.0	38	1.2	0.7	888	27.5	2.7
Prešov region	996	30.9	3.6	0	0.0	0.0	996	30.9	3.0
Košice region	1,021	31.7	3.7	0	0.0	0.0	1,021	31.7	3.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	37,157	1,010.4	100.0	1,813	49.3	100.0	38,970	1,059.7	100.0
<b>Structure of capital by investor</b>									
Germany	12,543	341.1	33.8	21	0.6	1.2	12,564	341.7	32.2
Hungary	7,480	203.4	20.1	984	26.8	54.3	8,464	230.2	21.7
United Kingdom	5,945	161.7	16.0	104	2.8	5.7	6,049	164.5	15.5
The Netherlands	2,816	76.6	7.6	7	0.2	0.4	2,823	76.8	7.2
Czech Republic	2,117	57.6	5.7	-7	-0.2	-0.4	2,110	57.4	5.4
USA	1,986	54.0	5.3	-27	-0.7	-1.5	1,959	53.3	5.0
Austria	695	18.9	1.9	603	16.4	33.3	1,298	35.3	3.3
Denmark	1,132	30.8	3.0	0	0.0	0.0	1,132	30.8	2.9
Switzerland	998	27.1	2.7	0	0.0	0.0	998	27.1	2.6
Italy	566	15.4	1.5	142	3.9	7.8	708	19.3	1.8
Other countries	879	23.9	2.4	-14	-0.4	-0.8	865	23.5	2.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	296	8.0	0.8	0	0.0	0.0	296	8.0	0.8
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	77	2.1	0.2	0	0.0	0.0	77	2.1	0.2
Manufacturing	13,941	379.1	37.5	0	0.0	0.0	13,941	379.1	35.8
Electricity, gas, and water supply	-546	-14.8	-1.5	0	0.0	0.0	-546	-14.8	-1.4
Construction	737	20.0	2.0	0	0.0	0.0	737	20.0	1.9
Wholesale and retail trade, repairs of motor vehicles	9,042	245.9	24.3	0	0.0	0.0	9,042	245.9	23.2
Hotels and restaurants	63	1.7	0.2	0	0.0	0.0	63	1.7	0.2
Transport, storage, post and telecommunications	332	9.0	0.9	0	0.0	0.0	332	9.0	0.9
Financial intermediation	896	24.4	2.4	1,813	49.3	100.0	2,709	73.7	7.0
Real estate, renting and business activities	1,724	46.9	4.6	0	0.0	0.0	1,724	46.9	4.4
Public administration and defence, compulsory social security	10,463	284.5	28.2	0	0.0	0.0	10,463	284.5	26.8
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	3	0.1	0.0	0	0.0	0.0	3	0.1	0.0
Other community, social, and personal services	129	3.5	0.3	0	0.0	0.0	129	3.5	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	29,363	798.5	79.0	1,773	48.2	97.8	31,136	846.7	79.9
Trnava region	1,374	37.4	3.7	0	0.0	0.0	1,374	37.4	3.5
Trenčín region	3,378	91.9	9.1	0	0.0	0.0	3,378	91.9	8.7
Nitra region	1,510	41.1	4.1	0	0.0	0.0	1,510	41.1	3.9
Žilina region	740	20.1	2.0	26	0.7	1.4	766	20.8	2.0
Banská Bystrica region	121	3.3	0.3	14	0.4	0.8	135	3.7	0.3
Prešov region	54	1.5	0.1	0	0.0	0.0	54	1.5	0.1
Košice region	617	16.8	1.7	0	0.0	0.0	617	16.8	1.6

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	350,379	10,967.2	100.0	66,641	2,085.9	100.0	417,020	13,053.1	100.0
<b>Structure of capital by investor</b>									
The Netherlands	90,683	2,838.5	25.9	616	19.3	0.9	91,299	2,857.7	21.9
Germany	81,027	2,536.2	23.1	860	26.9	1.3	81,887	2,563.1	19.6
Austria	28,482	891.5	8.1	32,868	1,028.8	49.3	61,350	1,920.3	14.7
Hungary	27,327	855.4	7.8	2,007	62.8	3.0	29,334	918.2	7.0
Italy	4,903	153.5	1.4	24,144	755.7	36.2	29,047	909.2	7.0
United Kingdom	27,159	850.1	7.8	473	14.8	0.7	27,632	864.9	6.6
Czech Republic	17,595	550.7	5.0	3,485	109.1	5.2	21,080	659.8	5.1
USA	14,663	459.0	4.2	1,650	51.6	2.5	16,313	510.6	3.9
France	10,667	333.9	3.0	500	15.7	0.8	11,167	349.5	2.7
Cyprus	9,388	293.9	2.7	0	0.0	0.0	9,388	293.9	2.3
Other countries	38,485	1,204.6	11.0	38	1.2	0.1	38,523	1,205.8	9.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,767	55.3	0.5	0	0.0	0.0	1,767	55.3	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,648	82.9	0.8	0	0.0	0.0	2,648	82.9	0.6
Manufacturing	167,248	5,235.0	47.7	0	0.0	0.0	167,248	5,235.0	40.1
Electricity, gas, and water supply	39,652	1,241.1	11.3	0	0.0	0.0	39,652	1,241.1	9.5
Construction	2,832	88.6	0.8	0	0.0	0.0	2,832	88.6	0.7
Wholesale and retail trade, repairs of motor vehicles	54,298	1,699.6	15.5	0	0.0	0.0	54,298	1,699.6	13.0
Hotels and restaurants	2,083	65.2	0.6	0	0.0	0.0	2,083	65.2	0.5
Transport, storage, post and telecommunications	36,374	1,138.5	10.4	0	0.0	0.0	36,374	1,138.5	8.7
Financial intermediation	24,142	755.7	6.9	66,641	2,085.9	100.0	90,783	2,841.6	21.8
Real estate, renting and business activities	15,944	499.1	4.6	0	0.0	0.0	15,944	499.1	3.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,623	50.8	0.5	0	0.0	0.0	1,623	50.8	0.4
Other community, social, and personal services	1,768	55.3	0.5	0	0.0	0.0	1,768	55.3	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	214,111	6,701.9	61.1	65,691	2,056.2	98.6	279,802	8,758.0	67.1
Trnava region	24,461	765.7	7.0	0	0.0	0.0	24,461	765.7	5.9
Trenčín region	20,294	635.2	5.8	0	0.0	0.0	20,294	635.2	4.9
Nitra region	13,255	414.9	3.8	0	0.0	0.0	13,255	414.9	3.2
Žilina region	24,912	779.8	7.1	950	29.7	1.4	25,862	809.5	6.2
Banská Bystrica region	10,754	336.6	3.1	0	0.0	0.0	10,754	336.6	2.6
Prešov region	7,086	221.8	2.0	0	0.0	0.0	7,086	221.8	1.7
Košice region	35,506	1,111.4	10.1	0	0.0	0.0	35,506	1,111.4	8.5

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	331,860	11,645.8	100.0	66,644	2,338.7	100.0	398,504	13,984.6	100.0
<b>Structure of capital by investor</b>									
The Netherlands	93,764	3,290.4	28.3	613	21.5	0.9	94,377	3,311.9	23.7
Germany	75,033	2,633.1	22.6	1,110	39.0	1.7	76,143	2,672.1	19.1
Austria	22,840	801.5	6.9	32,926	1,155.5	49.4	55,766	1,957.0	14.0
Hungary	27,353	959.9	8.2	1,952	68.5	2.9	29,305	1,028.4	7.4
Italy	5,023	176.3	1.5	24,143	847.2	36.2	29,166	1,023.5	7.3
United Kingdom	26,980	946.8	8.1	349	12.2	0.5	27,329	959.0	6.9
Czech Republic	17,009	596.9	5.1	3,486	122.3	5.2	20,495	719.2	5.1
USA	13,191	462.9	4.0	1,650	57.9	2.5	14,841	520.8	3.7
France	11,832	415.2	3.6	415	14.6	0.6	12,247	429.8	3.1
Cyprus	9,125	320.2	2.7	0	0.0	0.0	9,125	320.2	2.3
Other countries	29,710	1,042.6	9.0	0	0.0	0.0	29,710	1,042.6	7.5
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,718	60.3	0.5	0	0.0	0.0	1,718	60.3	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,549	89.5	0.8	0	0.0	0.0	2,549	89.5	0.6
Manufacturing	159,175	5,585.9	48.0	0	0.0	0.0	159,175	5,585.9	39.9
Electricity, gas, and water supply	40,982	1,438.2	12.3	0	0.0	0.0	40,982	1,438.2	10.3
Construction	2,859	100.3	0.9	0	0.0	0.0	2,859	100.3	0.7
Wholesale and retail trade, repairs of motor vehicles	50,660	1,777.8	15.3	0	0.0	0.0	50,660	1,777.8	12.7
Hotels and restaurants	2,058	72.2	0.6	0	0.0	0.0	2,058	72.2	0.5
Transport, storage, post and telecommunications	36,324	1,274.7	10.9	0	0.0	0.0	36,324	1,274.7	9.1
Financial intermediation	18,274	641.3	5.5	66,644	2,338.7	100.0	84,918	2,980.0	21.3
Real estate, renting and business activities	14,140	496.2	4.3	0	0.0	0.0	14,140	496.2	3.5
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,570	55.1	0.5	0	0.0	0.0	1,570	55.1	0.4
Other community, social, and personal services	1,551	54.4	0.5	0	0.0	0.0	1,551	54.4	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	207,049	7,265.9	62.4	65,202	2,288.1	97.8	272,251	9,554.0	68.3
Trnava region	23,942	840.2	7.2	0	0.0	0.0	23,942	840.2	6.0
Trenčín region	17,408	610.9	5.2	0	0.0	0.0	17,408	610.9	4.4
Nitra region	12,816	449.7	3.9	0	0.0	0.0	12,816	449.7	3.2
Žilina region	19,180	673.1	5.8	950	33.3	1.4	20,130	706.4	5.1
Banská Bystrica region	10,026	351.8	3.0	492	17.3	0.7	10,518	369.1	2.6
Prešov region	7,029	246.7	2.1	0	0.0	0.0	7,029	246.7	1.8
Košice region	34,410	1,207.5	10.4	0	0.0	0.0	34,410	1,207.5	8.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	283,078	8,599.0	100.0	65,422	1,987.3	100.0	348,500	10,586.3	100.0
<b>Structure of capital by investor</b>									
The Netherlands	91,208	2,770.6	32.2	595	18.1	0.9	91,803	2,788.7	26.3
Germany	67,421	2,048.0	23.8	852	25.9	1.3	68,273	2,073.9	19.6
Austria	17,941	545.0	6.3	30,383	922.9	46.4	48,324	1,467.9	13.9
Italy	4,319	131.2	1.5	24,143	733.4	36.9	28,462	864.6	8.2
United Kingdom	25,332	769.5	8.9	1,749	53.1	2.7	27,081	822.6	7.8
Hungary	16,062	487.9	5.7	2,005	60.9	3.1	18,067	548.8	5.2
Czech Republic	14,283	433.9	5.0	3,495	106.2	5.3	17,778	540.0	5.1
USA	12,540	380.9	4.4	1,650	50.1	2.5	14,190	431.0	4.1
France	7,828	237.8	2.8	550	16.7	0.8	8,378	254.5	2.4
Cyprus	4,693	142.6	1.7	0	0.0	0.0	4,693	142.6	1.3
Other countries	21,451	651.6	7.6	0	0.0	0.0	21,451	651.6	6.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,349	41.0	0.5	0	0.0	0.0	1,349	41.0	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,709	82.3	1.0	0	0.0	0.0	2,709	82.3	0.8
Manufacturing	124,677	3,787.3	44.0	0	0.0	0.0	124,677	3,787.3	35.8
Electricity, gas, and water supply	40,379	1,226.6	14.3	0	0.0	0.0	40,379	1,226.6	11.6
Construction	2,842	86.3	1.0	0	0.0	0.0	2,842	86.3	0.8
Wholesale and retail trade, repairs of motor vehicles	44,055	1,338.2	15.6	0	0.0	0.0	44,055	1,338.2	12.6
Hotels and restaurants	1,932	58.7	0.7	0	0.0	0.0	1,932	58.7	0.6
Transport, storage, post and telecommunications	35,713	1,084.8	12.6	0	0.0	0.0	35,713	1,084.8	10.2
Financial intermediation	15,558	472.6	5.5	65,422	1,987.3	100.0	80,980	2,459.9	23.2
Real estate, renting and business activities	11,277	342.6	4.0	0	0.0	0.0	11,277	342.6	3.2
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,445	43.9	0.5	0	0.0	0.0	1,445	43.9	0.4
Other community, social, and personal services	1,142	34.7	0.4	0	0.0	0.0	1,142	34.7	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	175,496	5,331.0	62.0	63,980	1,943.5	97.8	239,476	7,274.5	68.7
Trnava region	17,877	543.0	6.3	0	0.0	0.0	17,877	543.0	5.1
Trenčín region	14,272	433.5	5.0	0	0.0	0.0	14,272	433.5	4.1
Nitra region	11,627	353.2	4.1	0	0.0	0.0	11,627	353.2	3.3
Žilina region	14,471	439.6	5.1	950	28.9	1.5	15,421	468.4	4.4
Banská Bystrica region	9,065	275.4	3.2	492	14.9	0.8	9,557	290.3	2.7
Prešov region	6,020	182.9	2.1	0	0.0	0.0	6,020	182.9	1.7
Košice region	34,250	1,040.4	12.1	0	0.0	0.0	34,250	1,040.4	9.8

1) Equity capital + reinvested earnings.

## Outflow of Foreign Direct Investment<sup>1)</sup> from Slovakia in 1999 – 2005

(Flows and stocks)

### Corporate sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	12,397	739	-404	12,732	335.85	17.84	-52.45	301.24
2000	12,732	975	1,515	15,222	301.24	21.10	-1.13	321.21
2001	15,222	3,441	2,740	21,403	321.21	71.17	49.21	441.59
2002	21,403	364	-2,646	19,121	441.59	8.03	27.97	477.59
2003	19,121	664	-1,835	17,950	477.59	18.06	49.61	545.26
2004	17,950	1,693	-165	19,478	545.26	52.49	85.79	683.54
2005 <sup>3)</sup>	19,326	2,249	809	22,384	678.20	72.50	-50.06	700.64

### Banking sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	1,592	-17,110	15,587	69	43.13	-413.12	371.62	1.63
2000	69	99	21	189	1.63	2.14	0.21	3.98
2001	189	8	1	198	3.98	0.17	-0.07	4.08
2002	198	0	-34	164	4.08	0.00	0.01	4.09
2003 <sup>2)</sup>	162	43	-9	196	4.05	1.17	0.74	5.96
2004	196	-29	360	527	5.96	-0.90	13.44	18.50
2005	527	302	10	839	18.50	9.74	-1.97	26.27

### Total

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	13,989	-16,371	15,183	12,801	378.98	-395.28	319.17	302.87
2000	12,801	1,074	1,536	15,411	302.87	23.24	-0.92	325.19
2001	15,411	3,449	2,741	21,601	325.19	71.34	49.14	445.67
2002	21,601	364	-2,680	19,285	445.67	8.03	27.98	481.68
2003 <sup>2)</sup>	19,283	707	-1,844	18,146	481.64	19.23	50.35	551.22
2004	18,146	1,580	82	20,005	551.22	51.59	99.23	702.04
2005 <sup>3)</sup>	19,853	2,551	819	23,223	696.70	82.24	-52.03	726.91

Note: The data for 2004 – 2005 are preliminary.

1) Equity capital + reinvested earnings.

2) Change in methodology – new accounting standards for banks.

3) Change in methodology (higher limit for foreign exchange reporting obligation).





# Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	2,249	72.5	100.0	302	9.7	100.0	2,551	82.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,091	35.2	48.5	8	0.3	2.6	1,099	35.4	43.1
Switzerland	661	21.3	29.4	0	0.0	0.0	661	21.3	25.9
The Netherlands	0	0.0	0.0	291	9.4	96.4	291	9.4	11.4
Cyprus	266	8.6	11.8	0	0.0	0.0	266	8.6	10.4
Russia	198	6.4	8.8	3	0.1	1.0	201	6.5	7.9
Croatia	109	3.5	4.8	0	0.0	0.0	109	3.5	4.3
Ukraine	69	2.2	3.1	0	0.0	0.0	69	2.2	2.7
Poland	48	1.5	2.1	0	0.0	0.0	48	1.5	1.9
Ethiopia	29	0.9	1.3	0	0.0	0.0	29	0.9	1.1
Serbia and Montenegro	10	0.3	0.4	0	0.0	0.0	10	0.3	0.4
Other countries	-232	-7.5	-10.3	0	0.0	0.0	-232	-7.5	-9.1
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	58	1.9	2.6	0	0.0	0.0	58	1.9	2.3
Manufacturing	383	12.3	17.0	0	0.0	0.0	383	12.3	15.0
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-349	-11.3	-15.5	0	0.0	0.0	-349	-11.3	-13.7
Wholesale and retail trade, repairs of motor vehicles	-23	-0.7	-1.0	0	0.0	0.0	-23	-0.7	-0.9
Hotels and restaurants	94	3.0	4.2	0	0.0	0.0	94	3.0	3.7
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	1,889	60.9	84.0	302	9.7	100.0	2,191	70.6	85.9
Real estate, renting and business activities	194	6.3	8.6	0	0.0	0.0	194	6.3	7.6
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	3	0.1	0.1	0	0.0	0.0	3	0.1	0.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	2,186	70.5	97.2	302	9.7	100.0	2,488	80.2	97.5
Trnava region	111	3.6	4.9	0	0.0	0.0	111	3.6	4.4
Trenčín region	76	2.4	3.4	0	0.0	0.0	76	2.4	3.0
Nitra region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Žilina region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Banská Bystrica region	-212	-6.8	-9.4	0	0.0	0.0	-212	-6.8	-8.3
Prešov region	73	2.4	3.2	0	0.0	0.0	73	2.4	2.9
Košice region	3	0.1	0.1	0	0.0	0.0	3	0.1	0.1

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	1,693	52.5	100.0	-29	-0.9	100.0	1,664	51.6	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,361	42.2	80.4	-29	-0.9	100.0	1,332	41.3	80.0
Ethiopia	229	7.1	13.5	0	0.0	0.0	229	7.1	13.8
The Netherlands	196	6.1	11.6	0	0.0	0.0	196	6.1	11.8
Russia	112	3.5	6.6	0	0.0	0.0	112	3.5	6.7
India	58	1.8	3.4	0	0.0	0.0	58	1.8	3.5
Cyprus	49	1.5	2.9	0	0.0	0.0	49	1.5	2.9
Brazil	26	0.8	1.5	0	0.0	0.0	26	0.8	1.6
Serbia and Montenegro	11	0.3	0.6	0	0.0	0.0	11	0.3	0.7
Switzerland	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
Romania	4	0.1	0.2	0	0.0	0.0	4	0.1	0.2
Other countries	-360	-11.2	-21.3	0	0.0	0.0	-360	-11.2	-21.6
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Manufacturing	955	29.6	56.4	0	0.0	0.0	955	29.6	57.4
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-86	-2.7	-5.1	0	0.0	0.0	-86	-2.7	-5.2
Wholesale and retail trade, repairs of motor vehicles	791	24.5	46.7	0	0.0	0.0	791	24.5	47.5
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Financial intermediation	-240	-7.4	-14.2	-29	-0.9	100.0	-269	-8.3	-16.2
Real estate, renting and business activities	269	8.3	15.9	0	0.0	0.0	269	8.3	16.2
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-5	-0.2	-0.3	0	0.0	0.0	-5	-0.2	-0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	1,079	33.5	63.7	-29	-0.9	100.0	1,050	32.6	63.1
Trnava region	-46	-1.4	-2.7	0	0.0	0.0	-46	-1.4	-2.8
Trenčín region	893	27.7	52.7	0	0.0	0.0	893	27.7	53.7
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-66	-2.0	-3.9	0	0.0	0.0	-66	-2.0	-4.0
Banská Bystrica region	12	0.4	0.7	0	0.0	0.0	12	0.4	0.7
Prešov region	95	2.9	5.6	0	0.0	0.0	95	2.9	5.7
Košice region	-272	-8.4	-16.1	0	0.0	0.0	-272	-8.4	-16.3

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	664	18.1	100.0	43	1.2	100.0	707	19.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	800	21.8	120.5	30	0.8	69.8	830	22.6	117.4
Austria	308	8.4	46.4	0	0.0	0.0	308	8.4	43.6
United Kingdom	82	2.2	12.3	0	0.0	0.0	82	2.2	11.6
Bosnia and Herzegovina	78	2.1	11.7	0	0.0	0.0	78	2.1	11.0
USA	39	1.1	5.9	0	0.0	0.0	39	1.1	5.5
The Netherlands	21	0.6	3.2	0	0.0	0.0	21	0.6	3.0
Croatia	4	0.1	0.6	13	0.4	30.2	17	0.5	2.4
Bulgaria	11	0.3	1.7	0	0.0	0.0	11	0.3	1.6
Poland	8	0.2	1.2	0	0.0	0.0	8	0.2	1.1
Switzerland	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Other countries	-693	-18.8	-104.4	0	0.0	0.0	-693	-18.8	-98.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-230	-6.3	-34.6	0	0.0	0.0	-230	-6.3	-32.5
Manufacturing	1,193	32.4	179.7	0	0.0	0.0	1,193	32.4	168.7
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-14	-0.4	-2.1	0	0.0	0.0	-14	-0.4	-2.0
Wholesale and retail trade, repairs of motor vehicles	19	0.5	2.9	0	0.0	0.0	19	0.5	2.7
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	-108	-2.9	-16.3	0	0.0	0.0	-108	-2.9	-15.3
Financial intermediation	-14	-0.4	-2.1	43	1.2	100.0	29	0.8	4.1
Real estate, renting and business activities	-222	-6.0	-33.4	0	0.0	0.0	-222	-6.0	-31.4
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	-1	0.0	-0.2	0	0.0	0.0	-1	0.0	-0.1
Other community, social, and personal services	41	1.1	6.2	0	0.0	0.0	41	1.1	5.8
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	750	20.4	113.0	43	1.2	100.0	793	21.6	112.2
Trnava region	60	1.6	9.0	0	0.0	0.0	60	1.6	8.5
Trenčín region	-20	-0.5	-3.0	0	0.0	0.0	-20	-0.5	-2.8
Nitra region	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Žilina region	184	5.0	27.7	0	0.0	0.0	184	5.0	26.0
Banská Bystrica region	-343	-9.3	-51.7	0	0.0	0.0	-343	-9.3	-48.5
Prešov region	110	3.0	16.6	0	0.0	0.0	110	3.0	15.6
Košice region	-83	-2.3	-12.5	0	0.0	0.0	-83	-2.3	-11.7

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	22,384	700.6	100.0	839	26.3	100.0	23,223	726.9	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	10,644	333.2	47.6	499	15.6	59.5	11,143	348.8	48.0
United Kingdom	2,283	71.5	10.2	0	0.0	0.0	2,283	71.5	9.8
Ukraine	1,352	42.3	6.0	0	0.0	0.0	1,352	42.3	5.8
Ireland	1,140	35.7	5.1	0	0.0	0.0	1,140	35.7	4.9
Hungary	1,093	34.2	4.9	0	0.0	0.0	1,093	34.2	4.7
Poland	915	28.6	4.1	0	0.0	0.0	915	28.6	3.9
Switzerland	834	26.1	3.7	0	0.0	0.0	834	26.1	3.6
Luxembourg	808	25.3	3.6	0	0.0	0.0	808	25.3	3.5
Russia	702	22.0	3.1	0	0.0	0.0	702	22.0	3.0
Austria	608	19.0	2.7	0	0.0	0.0	608	19.0	2.6
Other countries	2,005	62.8	9.0	340	10.6	40.5	2,345	73.4	10.1
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	20	0.6	0.1	0	0.0	0.0	20	0.6	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,789	56.0	8.0	0	0.0	0.0	1,789	56.0	7.7
Manufacturing	8,489	265.7	37.9	0	0.0	0.0	8,489	265.7	36.6
Electricity, gas and water supply	1,450	45.4	6.5	0	0.0	0.0	1,450	45.4	6.2
Construction	58	1.8	0.3	0	0.0	0.0	58	1.8	0.2
Wholesale and retail trade, repairs of motor vehicles	1,887	59.1	8.4	0	0.0	0.0	1,887	59.1	8.1
Hotels and restaurants	91	2.8	0.4	0	0.0	0.0	91	2.8	0.4
Transport, storage and communication	43	1.3	0.2	0	0.0	0.0	43	1.3	0.2
Financial intermediation	4,810	150.6	21.5	839	26.3	100.0	5,649	176.8	24.3
Real estate, renting and business activities	3,213	100.6	14.4	0	0.0	0.0	3,213	100.6	13.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	534	16.7	2.4	0	0.0	0.0	534	16.7	2.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	15,043	470.9	67.2	839	26.3	100.0	15,882	497.1	68.4
Trnava region	1,933	60.5	8.6	0	0.0	0.0	1,933	60.5	8.3
Trenčín region	1,629	51.0	7.3	0	0.0	0.0	1,629	51.0	7.0
Nitra region	42	1.3	0.2	0	0.0	0.0	42	1.3	0.2
Žilina region	542	17.0	2.4	0	0.0	0.0	542	17.0	2.3
Banská Bystrica region	1,315	41.2	5.9	0	0.0	0.0	1,315	41.2	5.7
Prešov region	722	22.6	3.2	0	0.0	0.0	722	22.6	3.1
Košice region	1,158	36.2	5.2	0	0.0	0.0	1,158	36.2	5.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,478	683.5	100.0	527	18.5	100.0	20,005	702.0	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,864	311.1	45.5	481	16.9	91.3	9,345	327.9	46.7
United Kingdom	2,282	80.1	11.7	0	0.0	0.0	2,282	80.1	11.4
Ukraine	1,186	41.6	6.1	0	0.0	0.0	1,186	41.6	5.9
Ireland	1,136	39.9	5.8	0	0.0	0.0	1,136	39.9	5.7
Hungary	1,130	39.7	5.8	0	0.0	0.0	1,130	39.7	5.6
Luxembourg	1,111	39.0	5.7	0	0.0	0.0	1,111	39.0	5.6
Poland	844	29.6	4.3	0	0.0	0.0	844	29.6	4.2
Austria	646	22.7	3.3	0	0.0	0.0	646	22.7	3.2
Russia	474	16.6	2.4	0	0.0	0.0	474	16.6	2.4
Bosnia and Herzegovina	363	12.7	1.9	0	0.0	0.0	363	12.7	1.8
Other countries	1,442	50.6	7.4	46	1.6	8.7	1,488	52.2	7.4
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	30	1.1	0.2	0	0.0	0.0	30	1.1	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,666	58.5	8.6	0	0.0	0.0	1,666	58.5	8.3
Manufacturing	8,014	281.2	41.1	0	0.0	0.0	8,014	281.2	40.1
Electricity, gas, and water supply	1,415	49.7	7.3	0	0.0	0.0	1,415	49.7	7.1
Construction	413	14.5	2.1	0	0.0	0.0	413	14.5	2.1
Wholesale and retail trade, repairs of motor vehicles	1,868	65.6	9.6	0	0.0	0.0	1,868	65.6	9.3
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	42	1.5	0.2	0	0.0	0.0	42	1.5	0.2
Financial intermediation	2,942	103.2	15.1	527	18.5	100.0	3,469	121.7	17.3
Real estate, renting and business activities	2,821	99.0	14.5	0	0.0	0.0	2,821	99.0	14.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	267	9.4	1.4	0	0.0	0.0	267	9.4	1.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	12,219	428.8	62.7	527	18.5	100.0	12,746	447.3	63.7
Trnava region	1,779	62.4	9.1	0	0.0	0.0	1,779	62.4	8.9
Trenčín region	1,460	51.2	7.5	0	0.0	0.0	1,460	51.2	7.3
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	564	19.8	2.9	0	0.0	0.0	564	19.8	2.8
Banská Bystrica region	1,654	58.0	8.5	0	0.0	0.0	1,654	58.0	8.3
Prešov region	618	21.7	3.2	0	0.0	0.0	618	21.7	3.1
Košice region	1,145	40.2	5.9	0	0.0	0.0	1,145	40.2	5.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	17,950	545.3	100.0	196	6.0	100.0	18,146	551.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	7,305	221.9	40.7	151	4.6	77.0	7,456	226.5	41.1
United Kingdom	2,293	69.7	12.8	0	0.0	0.0	2,293	69.7	12.6
Ukraine	1,365	41.5	7.6	0	0.0	0.0	1,365	41.5	7.5
Ireland	1,212	36.8	6.8	0	0.0	0.0	1,212	36.8	6.7
Hungary	1,128	34.3	6.3	0	0.0	0.0	1,128	34.3	6.2
Luxembourg	1,113	33.8	6.2	0	0.0	0.0	1,113	33.8	6.1
Poland	794	24.1	4.4	0	0.0	0.0	794	24.1	4.4
Austria	677	20.6	3.8	0	0.0	0.0	677	20.6	3.7
Russia	403	12.2	2.2	0	0.0	0.0	403	12.2	2.2
Bosnia and Herzegovina	383	11.6	2.1	0	0.0	0.0	383	11.6	2.1
Other countries	1,277	38.8	7.1	45	1.4	23.0	1,322	40.2	7.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	24	0.7	0.1	0	0.0	0.0	24	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,879	57.1	10.5	0	0.0	0.0	1,879	57.1	10.4
Manufacturing	8,353	253.7	46.5	0	0.0	0.0	8,353	253.7	46.0
Electricity, gas, and water supply	1,226	37.2	6.8	0	0.0	0.0	1,226	37.2	6.8
Construction	388	11.8	2.2	0	0.0	0.0	388	11.8	2.1
Wholesale and retail trade, repairs of motor vehicles	981	29.8	5.5	0	0.0	0.0	981	29.8	5.4
Hotels and restaurants	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Transport, storage, post and telecommunications	34	1.0	0.2	0	0.0	0.0	34	1.0	0.2
Financial intermediation	2,763	83.9	15.4	196	6.0	100.0	2,959	89.9	16.3
Real estate, renting and business activities	1,964	59.7	10.9	0	0.0	0.0	1,964	59.7	10.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	23	0.7	0.1	0	0.0	0.0	23	0.7	0.1
Other community, social, and personal services	314	9.5	1.7	0	0.0	0.0	314	9.5	1.7
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	10,906	331.3	60.8	196	6.0	100.0	11,102	337.2	61.2
Trnava region	1,935	58.8	10.8	0	0.0	0.0	1,935	58.8	10.7
Trenčín region	751	22.8	4.2	0	0.0	0.0	751	22.8	4.1
Nitra region	49	1.5	0.3	0	0.0	0.0	49	1.5	0.3
Žilina region	676	20.5	3.8	0	0.0	0.0	676	20.5	3.7
Banská Bystrica region	1,647	50.0	9.2	0	0.0	0.0	1,647	50.0	9.1
Prešov region	565	17.2	3.1	0	0.0	0.0	565	17.2	3.1
Košice region	1,421	43.2	7.9	0	0.0	0.0	1,421	43.2	7.8

1) Equity capital + reinvested earnings.

Symbols used in the tables

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