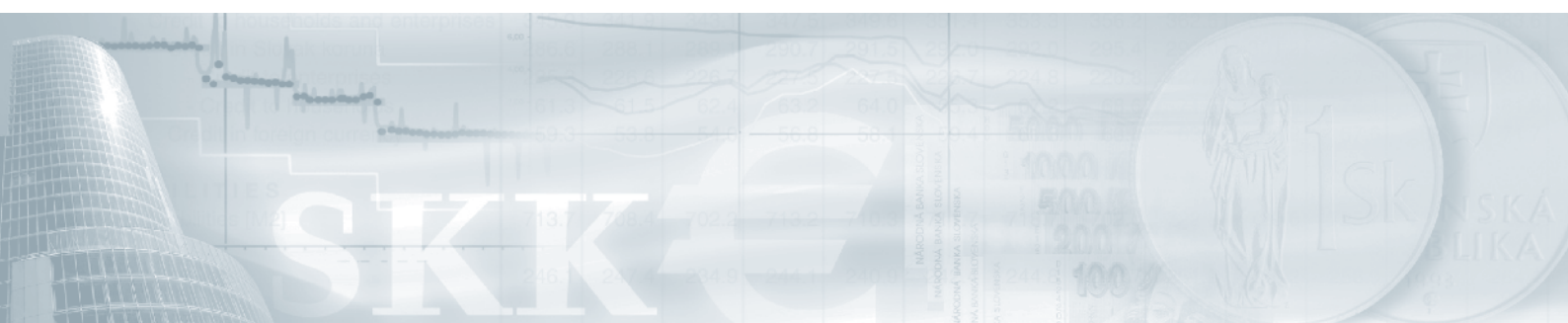




NÁRODNÁ BANKA SLOVENSKA



Monetary Survey

December 2008

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**Abbreviations**

ARDAL	Agentúra pre riadenie dlhu a likvidity – Agency for Debt and Liquidity Management
BCPB	Burza cenných papierov v Bratislave – Bratislava Stock Exchange
BRIBOR	Bratislava Interbank Offered Rate
CDCP SR	Centrálny depozitár cenných papierov SR – Central Securities Depository of the Slovak Republic
CPI	Consumer Price Index
ECB	European Central Bank
EMU	Economic and Monetary Union
EU	European Union
Eurostat	Statistical Office of the European Communities
FDI	Foreign Direct Investment
Fed	Federal Reserve System
FNM	Fond národného majetku – National Property Fund
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
IMF	International Monetary Fund
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
NBS	Národná banka Slovenska – National Bank of Slovakia
NEER	Nominal Effective Exchange Rate
NPF	National Property Fund
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
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
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
SO SR	Statistical Office of the SR
SR	Slovenská republika – Slovak Republic
SRT	Sterilisation Repo Tender
ULC	Unit Labour Costs
VAT	Value Added Tax

Symbols used in the tables

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



1 Summary

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), dropped in comparison with the previous month by 0.1% in December. The year-on-year rate of headline inflation reached 3.5%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 3.8%.

Measured in terms of the Consumer Price Index (CPI), consumer prices went down by 0.2% in December compared with the previous month. The 12-month headline and core inflation rates reached 4.4% and 3.3%, respectively.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by SKK 11.8 billion in November, and its year-on-year dynamics increased in comparison with October to 6.1%.

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 SKK 19.9 billion in November, while the year-on-year growth rate remained unchanged (13.6%).

The average interest rate on new loans to non-financial corporations dropped in November by 0.51 of a percentage point to 5.24%, while that on new loans to households rose by 0.61 of a percentage point to 12.89%. Over the same period, the average rate for new deposits from non-financial corporations fell by 0.47 of a percentage point to 1.71%, and that for new household deposits remained unchanged at 1.38%.

At the end of December, the State budget of the SR resulted in a deficit of SKK 21.2 billion.

The foreign reserves of Národná banka Slovenska (at current exchange rates) stood at USD 18.8 billion in December. At the end of the month, the volume of reserves was 2.7 times greater than the volume of average monthly imports of goods and services to Slovakia during the first eleven months of 2008. The coverage of average monthly imports (imports of goods and services according to data from banking statistics) by the official foreign reserves corresponded to 3.5 times the volume of average monthly imports of goods and services to Slovakia over the first eleven months of 2008.

Národná banka Slovenska (NBS) conducted no foreign exchange intervention in December.

According to preliminary data, the balance of payments on current account for November 2008 resulted in a deficit of SKK 18.0 billion (from January to November, the deficit reached SKK 114.5 billion), while the trade balance produced a shortfall of SKK 12.0 billion.

In December, the overall sterilisation position of NBS fell month-on-month by SKK 2.9 billion, to SKK 383.9 billion.



2 The external economic environment¹

Euro-area countries

Inflation The 12-month inflation rate in the euro area, as measured by the Harmonised Index of Consumer Prices (HICP), slowed from 2.1% in November to 1.6% in December, due mainly to a year-on-year fall in energy prices. The strongest year-on-year consumer price dynamics were recorded in Malta (5.0%), Finland (3.4%), and Belgium (2.7%). The steepest year-on-year price increases occurred in housing (3.6%), alcohol and tobacco (3.5%), and in hotels and restaurants (3.3%). On the other hand, in transport, price levels dropped by 2.5%. In the same period a year earlier, consumer prices in the euro area had risen by 3.1%.

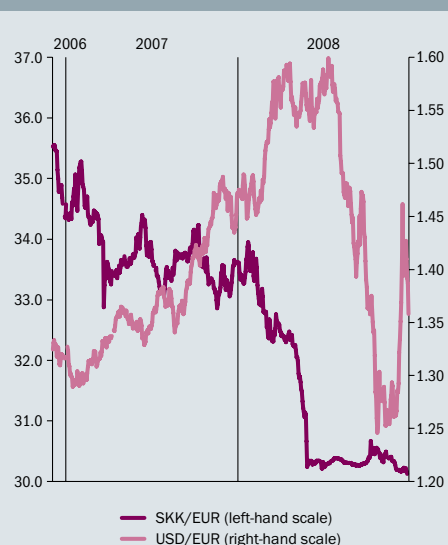
EUR/USD exchange rate The exchange rate of the euro against the US dollar remained volatile in December. The dollar weakened virtually throughout the month, due probably to the outflow of foreign investments from the United States and increased demand for euro as a result of a cut in the federal funds rate by the Fed. This development was supported by the worsening situation in the US real estate markets. From the last trading day in November (USD/EUR 1.2727) to the end of December, the single European currency appreciated against the dollar by 9.4%, while depreciating since the beginning of the year by 5.2% (in comparison with the same period of 2007 by 5.5%).

At its meeting on 15 January 2009, the Governing Council of the ECB decided to lower the minimum bid rate for the main refinancing operations of the Eurosystem by a further 50 basis points, to 2.00% (with effect from 21 January 2009). At the same time, the rates for overnight refinancing and sterilisation operations were set at 3.00% and 1.00%, respectively. Thus, the corridor of automatic operations, which had been reduced to 100 basis points with effect from 9 October 2008, was again widened to 200 basis points in line with the October decision of the Governing Council.

Developments in the Czech Republic, Hungary, and Poland

Inflation December saw a slowdown in the year-on-year HICP inflation rate in all countries under review. In the Czech Republic, the price increase slowed by 0.8 of a percentage point (to 3.3%), in Hungary by 0.7 of a percentage point (to 3.4%) and in Poland by 0.3 of a percentage point (to 3.3%). The year-on-year slowdown in price inflation was caused first and foremost by fuel prices and, in the case of the Czech Republic and Hungary, by food prices as well.

Chart 1 USD/EUR exchange rates



Source: ECB, NBS.

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



Source: Eurostat, NBS calculations.

Note: A fall in value denotes an appreciation.

¹ The chapter on international economic developments includes a tabular / graphical overview, which is available in the annex.



In December, the currencies of the Central European region followed the depreciating trend from the previous period. The currency depreciation against the euro was caused partly by external factors (the persisting financial crisis, risk aversion) and partly by domestic developments (the weakening economic activity in the region). The expectations of investors, followed by relatively sharp interest rate cuts by the central banks of the Czech Republic, Hungary and Poland, also contributed to the currency depreciation. Compared with the last trading day in November, the Polish zloty depreciated by 10%, the Czech koruna by 6.6%, and the Hungarian forint by 2.8%. Despite the relatively strong appreciation against the euro in the first half of 2008, the Czech koruna weakened by almost 1% compared with the end of 2007, the forint by more than 5%, and the zloty by 15.6%.

Exchange rates of the V4 currencies

In December, the central banks of the neighbouring countries lowered their key interest rates as follows: ČNB cut its two-week repo rate by 0.5 of a percentage point to 2.25% (with effect from 18 December 2008); Magyar Nemzeti Bank reduced its key rates in two steps (by 0.5 of a percentage point each time) from 11% to 10%; Narodowy Bank Polski lowered its reference rate by 0.75 of a percentage point to 5% (with effect from 24 December).

Key NCB interest rates in the V4 countries



3 Inflation

3.1 Consumer price index

HICP inflation in December 2008

Harmonised Index of Consumer Prices

Consumer prices, as measured by the Harmonised Index of Consumer Prices (HICP), dropped month-on-month by 0.1% in December, with goods prices falling by 0.2% and services prices rising by 0.2%. Consumer prices increased year-on-year by 3.5% (in November by 3.9%). Overall inflation, excluding energy and unprocessed food prices (core inflation), reached 3.8% on a year-on-year basis (4.0% in November). The average 12-month inflation rate for the past twelve months, from January 2008 to December 2008, was 3.9%. In December, HICP inflation was lower than expected by NBS, due to the weaker than projected dynamics of energy, food, and non-energy industrial goods prices.

Table 1 Harmonised index of consumer prices (year-on-year changes in %)

	2008					
	Jul	Aug.	Sep.	Oct.	Nov.	Dec.
TOTAL	4.4	4.4	4.5	4.2	3.9	3.5
Goods	4.3	4.3	4.1	3.4	3.0	2.5
Industrial goods	2.4	2.4	2.8	2.7	2.3	1.7
Industrial goods (excl. energies)	0.9	0.9	0.7	0.5	0.4	0.3
Energies	4.7	4.7	6.0	6.2	5.2	3.8
Food	8.1	7.9	6.7	4.8	4.3	3.9
Processed food (including alcohol and tobacco)	8.7	8.7	8.1	6.8	6.2	5.8
Unprocessed food	6.8	6.3	3.8	0.7	0.4	0.0
Services	4.7	4.8	5.5	5.7	5.7	5.7
Total, excluding unprocessed food and energies (core inflation)	4.2	4.2	4.3	4.1	4.0	3.8
Total, excluding energies	4.4	4.4	4.3	3.8	3.6	3.5

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

Further slowdown in inflation

Within the structure of inflation, all basic components showed weaker year-on-year dynamics (energy prices, unprocessed food prices, as well as core inflation).

In energy prices, the year-on-year decline in fuel prices deepened in December. On the other hand, the year-on-year increase in heating prices continued to accelerate, as in the previous months. The slowdown in the year-on-year rate of increase in unprocessed food prices was caused by the continuing decrease in the dynamics of meat prices and the deepening year-on-year decline in vegetable prices.

Chart 3 HICP inflation and its main components (%)



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

Slowdown in the rate of core inflation

Core inflation (overall inflation, excluding energy and unprocessed food prices) continued to slow further. In December, as in the previous month, the year-on-year rate of core inflation was influenced by the weakening dynamics of processed food and non-energy industrial goods prices. On the other hand, the dynamics of services prices remained unchanged on a year-on-year basis. Compared with the previous month, prices rose more steeply for transport services (urban public transport and suburban bus services). Prices for recreational accommodation also increased year-on-year at a somewhat faster rate. In other services, the year-on-year price dynamics were stagnant or recorded a slowdown. In other services, a slowdown in year-on-year price dynamics was recorded in financial services (as a result of a base effect). The slower year-on-year increase in non-energy industrial goods prices was influenced by the prices of non-durable, semi-durable, and durable

consumer goods. Processed food prices continued to show weakening dynamics on a year-on-year basis, due to slower increases in the prices of bread and cereals, cooking oil and fats (as in the previous month), while milk and dairy products prices fell on a year-on-year basis. In the 'processed food' category, cigarette and wine prices showed increased dynamics (due to increased excise duties).

Box 1

Price monitoring at ten-day intervals

As of 1 August 2008, the Statistical Office of the SR monitors the consumer prices of selected goods and services at ten-day intervals. The project will last until 30 June 2009 and is aimed at monitoring the consumer prices of selected goods and services (in SKK and EUR) during the period of dual pricing. Overall, 196 consumer-basket goods and services are monitored, mostly items that are frequently purchased by citizens.

Table A Indices (previous period = 100)

	Indices from the previous period – SKK			Indices from the previous period – EUR		
	10-day period December			10-day period December		
	34	35	36	34	35	36
Total	99.5	99.3	99.8	99.5	99.3	99.8
Bread and cereals	99.5	100.4	99.8	99.5	100.5	99.7
Meat	99.6	99.8	99.7	99.6	99.8	99.7
Fish	96.9	99.3	100.3	96.9	99.3	100.2
Milk, cheese and eggs	100.7	99.5	99.8	100.7	99.5	99.8
Oils and fats	99.8	98.1	99.3	99.8	98.1	99.3
Fruits	97.5	96.4	102.7	97.5	96.4	102.8
Vegetables, including potatoes and other tubers	102.7	100.1	100.5	102.7	100.1	100.6
Sugar, jam, honey, syrups, chocolate and confectionary	100.2	100.6	99.9	100.1	100.7	99.9
Food products not classified elsewhere	100.9	99.1	100.4	100.9	99.1	100.4
Coffee, tea and cocoa	99.2	101.0	100.3	99.2	101.0	100.4
Mineral water, non-alcoholic beverages and juices	100.1	98.8	99.7	100.2	98.7	99.7
Spirits	100.1	100.4	99.3	100.1	100.4	99.3
Wine	98.1	100.2	100.8	98.1	100.3	100.8
Beer	99.1	99.4	98.9	99.0	99.4	98.9
Non-durables	98.0	98.2	99.3	98.0	98.2	99.3
Pharmaceuticals	100.2	100.2	100.0	100.2	100.2	100.0
Other medical products	100.3	100.0	100.0	100.4	100.0	100.0
Fuels and greases	97.3	95.3	98.5	97.5	95.3	98.5
Office and drawing products	103.7	99.4	100.0	103.7	99.4	100.0
Restaurants, cafés, snack bars, confectioneries etc.	100.0	100.2	100.0	100.0	100.2	100.0
Hair saloons and personal care	100.2	100.0	100.0	100.2	100.0	100.0
Other devices, items and products for personal care	99.0	100.4	100.2	99.0	100.4	100.2

In January 2009, the year-on-year rate of headline inflation is expected to accelerate somewhat in comparison with December 2008, due to increases in regulated energy (electricity) and transport prices. The rise in cigarette prices is expected to continue, as well as the fall in fuel prices, while food and industrial goods prices (excluding fuel prices) are likely to show weakening dynamics.

Expectations for the coming month

CPI inflation in December 2008

Consumer prices dropped month-on-month by 0.2% in December, due to a fall in core inflation and a slight rise in regulated prices. Inflation was slower than expected by NBS, due to developments in all its main components. Within the scope of regulated prices, price levels rose for heating (by 0.9%), transport (by 0.3%), and health services (by 0.2%). Core inflation was influenced by a slight rise in prices for market services (while prices for repair services were stagnant). A positive trend was recorded in tradable goods prices (excluding fuel prices), which fell somewhat as a result of developments in the prices of non-alcoholic and

Consumer price index (CPI)



alcoholic beverages, furniture, and automobiles. Fuel prices fell more rapidly than expected (by 8.9%), due to developments in oil prices. Prices increased for vegetables (a seasonal effect) and to some extent for bread, bakery products, and cereals. On the other hand, price levels fell for cooking oil and fats, meat, and fruit. The changes in indirect taxes on tobacco products contributed 0.07 of a percentage point to the month-on-month inflation rate (though NBS had expected 0.12 of a percentage point). The 12-month rate of consumer-price inflation stood at 4.4% (4.9% in November). Core inflation reached 3.3% (4.1% in the previous month). The average year-on-year inflation rate for the period from January to December 2008 was 4.6%.

Table 2 Consumer prices in November 2008

	CPI inflation		HICP inflation by CPI component	
	Change versus			
	November 2008	December 2007	November 2008	December 2007
Total in %	-0.2	4.4	-0.1	3.5
Regulated prices in %	0.2	6.8	0.2	7.7
Share of total, in percentage points ¹⁾	0.05	-	0.07	-
Impact of changes in indirect taxes on non-regulated prices – Share of total, in percentage points ¹⁾	0.07	-	0.10	-
Core inflation in %	-0.4	3.3	-0.3	1.7
Share of total, in percentage points ¹⁾	-0.29	-	-0.24	-
of which: Food prices in %	-0.1	2.5	-0.1	2.0
Share of total, in percentage points ¹⁾	-0.01	-	-0.01	-
Tradable goods in % ¹⁾	-0.9	-1.3	-0.2	-0.5
Share of total, in percentage points ¹⁾	-0.31	-	-0.26	-
Tradable goods excluding fuels, in % ¹⁾	-0.2	0.4	-0.1	0.9
Share of total, in percentage points ¹⁾	-0.05	-	-0.04	-
Fuels in % ¹⁾	-8.9	-16.7	-8.9	-16.7
Share of total, in percentage points ¹⁾	-0.26	-	-0.22	-
Market services in % ¹⁾	0.1	9.8	0.2	4.9
Share of total, in percentage points ¹⁾	0.04	-	0.04	-
Net inflation (excluding the impact of changes in indirect taxes) in %	-0.5	3.5	-0.4	1.6
Share of total, in percentage points ¹⁾	-0.27	-	-0.22	-
Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in % ¹⁾	0.0	4.7	0.0	2.5
Share of total, in percentage points ¹⁾	-0.01	-	0.00	-

Sources: Statistical Office of the SR and NBS.

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

3.2 Producer prices in November 2008

Month-on-month drop in industrial producer prices for the domestic market ...

Industrial producer prices for the domestic market dropped month-on-month by an average of 0.2% in November 2008, due to a fall in manufacturing products prices (1.7%). Energy prices increased at a slower rate (1.5%), but mining/quarrying products prices at a faster rate than in the previous month (3.2%).

Table 3 Producer price developments in November 2008

(%)

	Month-on-month changes		Year-on-year changes			
	Oct. 2008	Nov. 2008	Nov. 2007	Oct. 2008	Nov. 2008	Average since begin. of 2008
Industrial producer prices (for the domestic market)	0.9	-0.2	2.0	7.5	6.7	6.1
– Prices of manufacturing products	-0.1	-1.7	1.5	1.3	-0.9	2.3
– Prices of mining and quarrying products	1.7	3.2	-5.2	25.5	29.1	15.2
– Energy prices	2.1	1.5	3.1	15.4	16.4	11.0
Industrial producer prices (for export)	-0.1	-4.2	-1.4	-0.2	-5.7	1.0
– Prices of manufacturing products	-0.1	-4.3	-2.3	-1.1	-5.2	0.2
Construction prices	0.5	0.2	3.8	6.9	6.6	5.8
Building materials prices	-0.1	-1.3	4.7	2.2	1.1	3.5
Agricultural prices	-	-	11.4	-11.0	-14.0	5.7
– Prices of plant products	-	-	28.5	-23.5	-29.2	5.1
– Prices of animal products	-	-	-0.1	0.8	-0.8	6.0

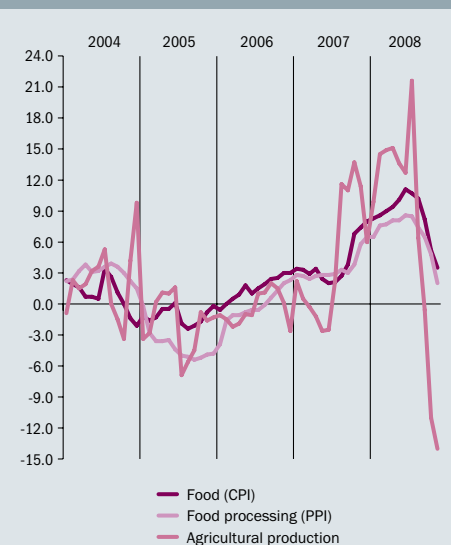
Source: Statistical Office of the SR.

Chart 4 Developments in industrial producer prices and manufacturing product prices
(year-on-year changes in %)



Source: Statistical Office of the SR, www.eia.doe.gov.

Chart 5 Developments in food prices in primary production, processing, and consumption
(year-on-year changes in %)



Source: Statistical Office of the SR.

The year-on-year dynamics of domestic industrial producer prices weakened in November compared with the previous month (by 0.8 of a percentage point, to 6.7%), mainly due to a fall in manufacturing products prices (by 0.9%). Energy prices rose by 1 percentage point (to 16.4%) and mining / quarrying products prices by 3.6 percentage points (to 29.1%).

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

The faster year-on-year rise in energy prices in November was the result of accelerated increases in prices for gas production and the transport of gaseous fuels via pipelines (30.3%) and for steam and hot water supply (15.9%). Prices for water treatment and supply increased at the same pace as a month earlier (8.5%), while those for electricity generation and supply slowed somewhat (10.5%).

The month-on-month fall in manufacturing products prices in November was caused mainly by a fall in the prices of transport equipment (-7.4%) and refined oil products (-11.7%). Prices also fell for rubber and plastic products (-2.6%), paper products (-2.6%), wood products (-3.4%), and textile products (-2.2%). Modest increases were recorded in the prices of food products (2.0%), base metals and finished metal products (1.8%), and electrical and optical equipment (2.9%).

In the 'food products' category, November saw a slowdown in the year-on-year price increase in most components, compared with October. Prices increased at a much slower rate for animal and plant products, including vegetable oils (10.9%), and for flour products (5.6%). Prices rose at a somewhat faster pace than a month earlier for meat and meat products (3.0%) and beverages (4.8%). After a longer period, prices dropped year-on-year for industrially prepared animal fodder (-3.6%). The prices of processed and canned fruit and vegetables continued to fall in November (-3.4%), as well as the prices of dairy products (-5.0%).

The export prices of manufacturing products, which are the main factor influencing the level of industrial producer prices for export, fell month-on-month by 4.3% and in year-on-year terms by 5.2% in November.

Industrial producer prices for export

Manufacturing products prices for export fell in year-on-year terms in November, due to a sharp drop in the prices of refined oil products (-22.1%) and persistent declines in the prices of transport equipment (-7.7%) and electrical and optical equipment (-7.0%). The export prices of chemical products also fell slightly (-1.5%). Export prices increased for base metals and finished metal products (by 1.4%) and for food products (by 1.7%).

The year-on-year decline in agricultural prices deepened further in November (-14.0%), due to a sharp drop in the prices of plant products (-29.2%) and a slight fall in animal products prices (-0.8%).

Agricultural prices



The fall in plant products prices was caused by lower prices in almost all categories. Prices dropped most sharply for cereals (-38.3%) and oil-seeds (-26.3%). Prices also fell for late potatoes (-19.9%), sugar beet (-14.8%), fruit and vegetables (-6.4%). The prices of legumes went up by 13.5%.

The moderate fall in animal products prices was caused by lower prices for unpasteurised cow's milk (-6.1%), poultry (-5.9% for live animals), eggs (-1.3%), and cattle, including calves (-0.1%). Prices increased for pigs and fish (by 11.2% and 2.0%, respectively).

Industrial producer prices are expected to be influenced in December 2008 by the falling price of oil on the world market. In December, the nominal price of oil dropped to less than half the price recorded a year earlier, but its nine-month average was still nearly 28% above the level of December 2007. A modest upward effect is expected from the decline in energy prices (a base effect) in December 2007. Owing to these factors, the year-on-year dynamics of industrial producer prices are likely to stagnate or slow somewhat in December, compared with November.

According to the latest agrarian market news, the purchase prices of cereals² are pushed down by the current sales crisis. In December, the purchase prices of cereals and oil-seeds are expected to fall still further. Regarding animal products, beef prices (for live animals) are expected to continue falling and pork prices to remain stagnant. The average purchase price of milk is on the decrease (SKK 8.51/kg in November). Overall, agricultural prices are expected to fall again in December.

Box 2

Actual and expected developments in residential property prices in Slovakia

On the basis of preliminary data for the fourth quarter of 2008, obtained from the Real Estate Price Map of Slovakia (CMN)¹, the further trend in residential property prices can be predicted for 2009 on the basis of certain assumptions. Over the next year, the average prices of residential properties (for 1 m²) are assumed to show one of the following tendencies:

1. a gradual decline over the first two quarters of 2009, followed by stagnation in the third quarter and a modest rise in the fourth quarter of 2009 (Scenario 1), or
2. a sharp fall in the first quarter of 2009, followed by a gradual rise – if the situation from period following the entry of Slovakia into the EU in 2005 recurs (Scenario 2).

If residential property prices fall by roughly 5% in the fourth quarter of 2008 (compared with the previous quarter), their year-on-year dynamics will weaken by almost 15 percentage points, to roughly 5%. This would represent an average quarter-to-quarter rise of 1.4% during 2008 and an increase of almost 23% compared with 2007 (compared with a year-on-year rise of 23.9% a year earlier).

Table A Expected development of residential property prices in 2009 (EUR/m²)

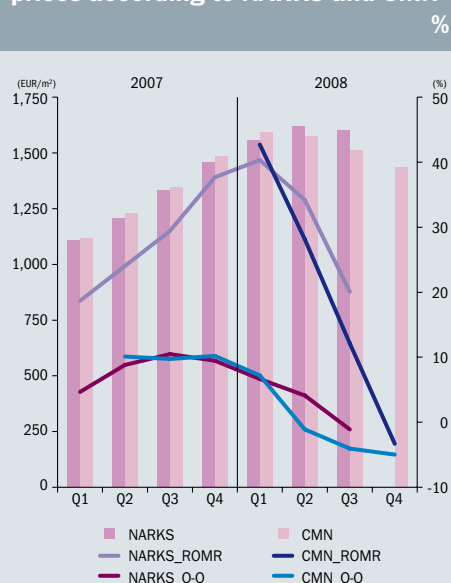
	Prices		Year-on-year changes		Quarterly changes	
	V1	V2	V1	V2	V1	V2
Q1 2009	1,421	1,311	-3.7	-11.2	-3.0	-10.5
Q2 2009	1,400	1,312	-9.6	-15.3	-1.5	0.1
Q3 2009	1,398	1,358	-9.3	-11.9	-0.1	3.5
Q4 2009	1,419	1,385	-3.1	-5.4	1.5	2.0
2009	1,409	1,342	-6.4	-10.9	-0.8	-1.2

The first scenario of the forecast for 2009 is based on the assumption that, after being damped by external factors for a long time and experiencing a house/flat purchase boom before the introduction of the euro, the Slovak real estate market will gradually stabilise over the course of 2009. If the selected assumptions are met, residential property prices will drop quarter-to-quarter by an average of less than one percent and in year-on-year terms by an average of 6.4%.

1 The data are to be obtained from the Real Estate Price Map (CMN Internet portal); data from the National Association of Real Estate Agencies are not yet available.

2 With effect from January 2009, an amendment was adopted to Act No. 543/2007 Z.z. specifying the powers of general government bodies in granting support to agricultural companies; the amendment provides a legal framework for measures for the coverage of fluctuations in the market prices of products outside the intervention purchases organised by the EU.

Chart A Developments in apartment prices according to NARKS and CMN



Source: NARKS, CMN, NBS chart.

Notes:

1. NARKS refers to the database of residential property prices of the National Association of Real Estate Agencies in Slovakia, from which the average prices are calculated by NBS.
2. ROMR: the same period of the previous year = 100 (year-on-year changes)
3. Q-Q (quarterly changes).

The second scenario is based on the experience of Slovakia from the period of entry into the EU². According to this scenario, real property prices would undergo an average quarter-to-quarter rise of 3.0%, accompanied by an average year-on-year fall of 13.1%.

With regard to the persistent complicated situation in the global financial markets and the economic recession in advanced economies, the possibility of negative impacts on the Slovak economy during 2009 cannot be excluded. Such negative impacts would also be reflected in the construction of new flats, and in the weakening demand in the housing market in particular. The persistent stagnation in the real estate market may be accompanied by a sharper fall in residential property prices, compared with the figures used in the above scenarios.

² After the EU entry in May 2004, the average price for 1 m² of residential property dropped still further in the first quarter of 2005, compared with the fourth quarter of 2004, to EUR 830/m². In the following quarters, the price gradually increased to EUR 894/m² in the fourth quarter of 2005. In 2005, however, the average price for 1 m² of residential property fell by 10.3% compared with the figure for 2004.



4 Factors affecting the course of inflation

4.1 Monetary aggregates

Correction to the slowdown in the rate of M3 growth

The year-on-year growth rate of the M3 monetary aggregate (according to ECB methodology)³ accelerated by 1 percentage point in November (to 6.1%), from a historical low recorded in the previous month. This acceleration represented only a slight correction in the weakening trend in M3 dynamics, which were more than 50% weaker in November (by 6.2 percentage points) than a year earlier.

The slowing trend in the growth of monetary aggregates was mainly influenced by short-term deposits (since the middle of 2007) and by the decreasing volume of currency in circulation (since the beginning of 2008). In the fourth quarter of 2008, the dynamics of monetary aggregates were also reduced by a marked outflow of investments from money market mutual funds. The contribution of demand deposits to the year-on-year dynamics of M3 decreased by 1.3 percentage points in November compared with the previous month, but the contribution of deposits with agreed maturity increased by 4 percentage points. The November increase in short-term deposits was mainly the result of growth in deposits payable on demand in the sector of non-financial corporations and growth in deposits with an agreed maturity of up to 2 years in the household sector. The contribution of the other main M3 components (currency, deposits payable at a period of notice of up to 3 months, and marketable instruments) to the annual rate of M3 growth was again negative, after decreasing month-on-month by 1.7 percentage points compared with October.

Main M3 components

The individual monetary aggregates followed different trends

Among short-term deposits, the individual components of M1 monetary aggregate again showed different tendencies in November, but they were opposite to those in the previous month. The volume of currency in circulation markedly decreased (by SKK 12.9 billion), but that of deposits and received loans repayable on demand increased by SKK 10.3 billion (of which non-financial corporations accounted for SKK 12.0 billion). The structure of deposits was influenced by the forthcoming introduction of the euro in Slovakia. The negative year-on-year dynamics of currency in circulation deepened to 19.7% and the dynamics of demand deposits weakened to 4.4% (by 10.0 and 3.3 percentage points, respectively, on a month-on-month basis). Hence, the dynamics of M1 became negative for the first time (-1.3%).

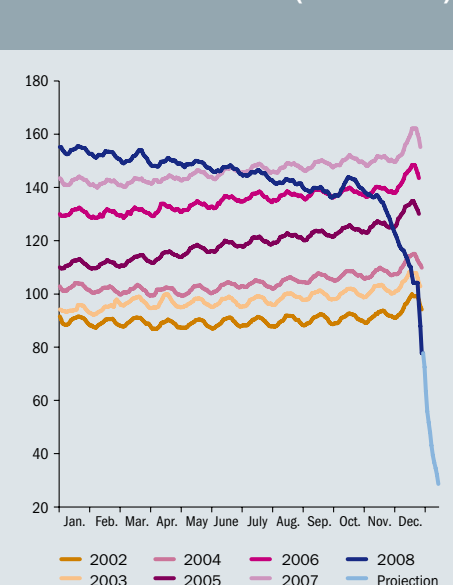
Among other short-term deposits, deposits and loans received with an agreed maturity of up to 2 years markedly increased (by SKK 17.0 billion, in the household sector by SKK 21.5 billion), while deposits

Chart 6 Contributions of M3 main components to year-on-year dynamics of M3 (p.p.)



Source: NBS.

Chart 7 Currency in circulation (SKK billions)



Source: NBS.

³ The year-on-year growth rates of monetary aggregates and their counterparts are calculated from end-of-month data, including non-transaction operations, which comprise all movements in the balance-sheet items, resulting from changes in the valuation of tradable instruments, the depreciation/write-off of loans, exchange rate differentials, reclassification, and other changes.

Table 4a Comparison of month-on-month developments in monetary aggregates (ECB methodology)

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	Nov. 2007	Oct. 2008	Nov. 2008	Oct. 2008	Nov. 2008
Currency in circulation	138.6	124.2	111.3	-9.7	-19.7
Deposits and received loans repayable on demand	444.6	453.8	464.2	7.7	4.4
Of which: Non-financial corporations	180.9	171.7	183.7	4.1	1.5
Households and non-profit institutions serving households	209.8	234.5	232.8	13.0	11.0
M1	583.2	578.0	575.5	3.4	-1.3
Deposits and loans received with an agreed maturity of up to 2 years	384.0	441.9	458.9	8.1	19.5
Of which: Non-financial corporations	117.6	107.8	103.5	-25.3	-11.9
Households and non-profit institutions serving households	203.1	261.7	283.2	30.2	39.4
Deposits repayable at a period of notice of up to 3 months	9.7	8.7	8.7	-10.3	-10.2
M2	976.9	1,028.7	1,043.0	5.2	6.8
Money market fund shares/units	57.4	49.8	46.0	-10.2	-19.9
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	6.6	14.7	15.8	118.0	138.4
M3	1,041.0	1,093.1	1,104.9	5.1	6.1

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were excluded because of the high values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given month.

2) Year-on-year changes (except for figures for non-financial corporations and households) are calculated on the basis of chain indices, the index reference period is January 2005.

Table 4b Comparison of month-on-month developments in monetary aggregates (ECB methodology)

	Outstanding amounts (in billions of EUR) ¹⁾			Year-on-year changes (in %) ²⁾	
	Nov. 2007	Oct. 2008	Nov. 2008	Oct. 2008	Nov. 2008
Currency in circulation	4.6	4.1	3.7	-9.7	-19.7
Deposits and received loans repayable on demand	14.8	15.1	15.4	7.7	4.4
Of which: Non-financial corporations	6.0	5.7	6.1	4.1	1.5
Households and non-profit institutions serving households	7.0	7.8	7.7	13.0	11.0
M1	19.4	19.2	19.1	3.4	-1.3
Deposits and loans received with an agreed maturity of up to 2 years	12.7	14.7	15.2	8.1	19.5
Of which: Non-financial corporations	3.9	3.6	3.4	-25.3	-11.9
Households and non-profit institutions serving households	6.7	8.7	9.4	30.2	39.4
Deposits repayable at a period of notice of up to 3 months	0.3	0.3	0.3	-10.3	-10.2
M2	32.4	34.1	34.6	5.2	6.8
Money market fund shares/units	1.9	1.7	1.5	-10.2	-19.9
Repo operations	0.0	0.0	0.0	-	-
Debt securities issued with a maturity of up to 2 years	0.2	0.5	0.5	118.0	138.4
M3	34.6	36.3	36.7	5.1	6.1

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were excluded because of the high values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given month.

2) Year-on-year changes (except for figures for non-financial corporations and households) are calculated on the basis of chain indices, the index reference period is January 2005.



payable at a period of notice of up to 3 months remained virtually unchanged. The year-on-year dynamics of deposits with an agreed maturity of up to 2 months increased to 19.5% (by 11.4 percentage points), while the negative dynamics of deposits payable at a period of notice of up to 3 months moderated. Thus, the dynamics of the M2 monetary aggregate strengthened to 6.8% (by 1.5 percentage points).

Among marketable instruments, money market mutual fund shares/units continued to decrease in November (by SKK 3.8 billion), causing their negative year-on-year dynamics to deepen to 19.9%. We assume that most mutual fund shares/units have been converted into household deposits. The volume of debt securities issued with a maturity of up to 2 years continued to grow.

Main M3 counterparts

Slower growth in MFI receivables from residents (including securities)

Among the main M3 counterparts, MFI receivables from residents (including securities issued by clients and held by MFIs) are a key factor in the development of monetary aggregates in the long term. Receivables from residents increased month-on-month by SKK 19.9 billion in November, of which receivables from the private sector accounted for SKK 8.8 billion. The year-on-year growth dynamics of receivables from residents remained unchanged (13.6%), while the growth rate of receivables from the private sector slowed to 18.9% (by 1 percentage point) and the negative dynamics of receivables from the public sector continued to moderate.

Net foreign assets increased by SKK 2.5 billion in November, due mainly to an increase in foreign assets (by SKK 8.7 billion), accompanied by slower growth in foreign liabilities.

Table 5a Main M3 counterparts (ECB methodology)

	Outstanding amounts (in billions of SKK) ¹⁾			Year-on-year changes (in %) ²⁾	
	Nov. 2007	Oct. 2008	Nov. 2008	Oct. 2008	Nov. 2008
MFI receivables from residents (including securities)	1,029.4	1,149.3	1,169.2	13.6	13.6
Receivables from general government	260.6	244.9	256.0	-4.9	-2.1
Receivables from the private sector	768.8	904.4	913.2	19.9	18.9
Net foreign assets	265.2	187.3	189.8	-30.9	-29.8
Foreign assets	544.4	526.4	535.2	-5.3	-2.5
Foreign liabilities	279.2	339.2	345.4	19.4	23.7
Long-term financial liabilities (excluding capital and reserves)	137.3	154.9	153.8	14.8	12.0
Other items net ³⁾	-116.3	-88.6	-100.2	26.5	28.1
M3	1,041.0	1,093.1	1,104.9	5.1	6.1

Source: NBS.

Note: Figures may not add up due to rounding.

1) As at the last day of the given month.

2) Year-on-year changes are calculated on the basis of chain indices; the index reference period is January 2005.

3) Other items net include capital, reserves and provisions, as well as deposits and loans received from the central government.

Table 5b Main M3 counterparts (ECB methodology)

	Outstanding amounts (in billions of EUR) ¹⁾			Year-on-year changes (in %) ²⁾	
	Nov. 2007	Oct. 2008	Nov. 2008	Oct. 2008	Nov. 2008
MFI receivables from residents (including securities)	34.2	38.1	38.8	13.6	13.6
Receivables from general government	8.6	8.1	8.5	-4.9	-2.1
Receivables from the private sector	25.5	30.0	30.3	19.9	18.9
Net foreign assets	8.8	6.2	6.3	-30.9	-29.8
Foreign assets	18.1	17.5	17.8	-5.3	-2.5
Foreign liabilities	9.3	11.3	11.5	19.4	23.7
Long-term financial liabilities (excluding capital and reserves)	4.6	5.1	5.1	14.8	12.0
Other items net ³⁾	-3.9	-2.9	-3.3	26.5	28.1
M3	34.6	36.3	36.7	5.1	6.1

Source: NBS.

Note: Figures may not add up due to rounding.

1) As at the last day of the given month.

2) Year-on-year changes are calculated on the basis of chain indices; the index reference period is January 2005.

3) Other items net include capital, reserves and provisions, as well as deposits and loans received from the central government.

The year-on-year dynamics of long-term financial liabilities (excluding capital, reserves, and provisions) diminished to 12.0% in November. The largest contributions to the year-on-year growth in long-term financial liabilities came from debt securities issued with a maturity of over 2 years (SKK 12.2 billion) and deposits with an agreed maturity of over 2 years (SKK 5.3 billion); deposits payable at a period of notice of over 3 months made a negative contribution.

The total year-on-year increase in other items net was mainly due to a fall in central government deposits (by SKK 23.5 billion) and an increase in other assets (by SKK 14.7 billion).

Table 6a MFI Receivables from the resident private sector

	Outstanding amounts at end of period (SKK billions) ¹⁾			Year-on-year changes (%) ³⁾	
	Nov. 2007	Oct. 2008	Nov. 2008	Oct. 2008	Nov. 2008
MFI receivables from the private sector (including securities)	768.8	904.4	913.2	19.9	18.9
– of which: securities issued by the private sector ²⁾	15.1	19.6	18.7	37.0	24.0
MFI receivables (excluding securities)	753.7	884.8	894.5	19.7	18.9
Non-financial corporations	389.3	456.1	460.4	18.5	18.3
– up to 1 year	169.3	186.5	188.6	13.0	11.5
– 1 to 5 years	76.9	98.9	100.6	32.3	30.9
– over 5 years	143.1	170.7	171.2	17.7	19.7
Financial corporations	66.2	57.8	58.3	-10.2	-11.6
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions serving Households	298.2	370.8	375.7	27.8	26.5
– consumer loans	41.1	50.3	50.9	26.4	25.8
– construction loans	199.3	249.8	253.1	28.4	27.0
– other loans	57.7	70.7	71.7	26.9	25.0

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were excluded because of the high values of year-on-year changes resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given period.

2) Securities issued by the private sector, including NBS receivables.

3) Year-on-year changes are calculated on the basis of chain indices; the index reference period is January 2005.

Table 6b MFI Receivables from the resident private sector

	Outstanding amounts at end of period (EUR billions) ¹⁾			Year-on-year changes (%) ³⁾	
	Nov. 2007	Okt. 2008	Nov. 2008	Okt. 2008	Nov. 2008
MFI receivables from the private sector (including securities)	25,5	30,0	30,3	19,9	18,9
– of which: securities issued by the private sector ²⁾	0,5	0,7	0,6	37,0	24,0
MFI receivables (excluding securities)	25,0	29,4	29,7	19,7	18,9
Non-financial corporations	12,9	15,1	15,3	18,5	18,3
– up to 1 year	5,6	6,2	6,3	13,0	11,5
– 1 to 5 years	2,6	3,3	3,3	32,3	30,9
– over 5 years	4,8	5,7	5,7	17,7	19,7
Financial corporations	2,2	1,9	1,9	-10,2	-11,6
Insurance corporations and pension funds	0,0	0,0	0,0	-	-
Households and non-profit institutions serving Households	9,9	12,3	12,5	27,8	26,5
– consumer loans	1,4	1,7	1,7	26,4	25,8
– construction loans	6,6	8,3	8,4	28,4	27,0
– other loans	0,1	0,1	0,1	26,9	25,0

Source: NBS.

Note: Figures may not add up due to rounding. The missing figures were excluded because of the high values of year-on-year changes resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given period.

2) Securities issued by the private sector, including NBS receivables.

3) Year-on-year changes are calculated on the basis of chain indices; the index reference period is January 2005.

**Structure of MFI receivables from the private sector (excluding securities and NBS receivables)****Slowdown in bank lending to non-financial corporations and households**

The year-on-year growth in the receivables of monetary financial institutions (MFIs) from the private sector slowed in November 2008, due to the weakening dynamics of bank lending to households and non-financial corporations.

The volume of MFI receivables from non-financial corporations grew more slowly than in the previous month, by SKK 4.3 billion (in October by SKK 8.4 billion). Increases were recorded in all categories of loans by maturity, with the largest increase taking place in short-term loans (up to 1 year). Broken down by purpose, loans increased mainly for real estate purchases and investments.

November saw a slowdown in lending to households, which grew in volume by SKK 4.9 billion month-on-month (in October by SKK 7.1 billion). The dynamics of lending to households slowed 1.3 percentage points, to 26.5%. In terms of purpose, all loan types recorded a slower growth. House purchase loans increased by SKK 3.3 billion, consumer and other loans by SKK 1.6 billion.

The volume of foreign-currency MFI receivables from the private sector increased by SKK 4.0 billion in November. The steepest increase took place in loans to non-financial corporations in EUR, while loans in other foreign currencies decreased. In the household sector, euro-denominated loans also increased (by SKK 0.6 billion), while loans in other foreign currencies decreased somewhat. Foreign-currency loans are dominated in the long term by MFI receivables in EUR in both sectors (with a share of approximately 93%).

Investment through open-end investment funds (OIF)**More moderate outflow from open-end investment funds**

The monthly outflow from Slovakia's open-end investment funds continued to moderate in December. Over the 12 months of 2008, the net sales of OIFs of all categories operating in Slovakia, in SKK and FC in total, reached SKK -28.4 billion⁴ (a negative figure), representing a fall of SKK 48.4 billion compared

Table 7a MFI receivables from the resident private sector (excluding securities and NBS receivables)

	Outstanding amounts (SKK billions) ¹⁾	Year-on-year changes (in %) ²⁾					Cumulative changes since beginning of year (SKK billions)	
	Nov. 2008	2007 Q4	2008 Q1	2008 Q2	2008 Q3	Nov. 2008	Nov. 2007	Nov. 2008
MFI receivables (excluding securities)	894.5	23.9	25.8	23.0	21.0	18.9	126.4	124.5
Non-financial corporations	460.4	24.1	26.3	22.7	19.6	18.3	62.9	60.9
– loans in Slovak koruna	313.4	23.4	29.1	31.8	26.5	22.0	40.1	50.9
– loans in foreign currency	147.0	25.4	21.1	6.7	6.6	11.2	22.8	10.0
Financial corporations (other financial intermediaries and auxiliary financial institutions)	58.3	5.7	11.5	-0.4	-4.8	-11.6	3.2	-8.0
– loans in Slovak koruna	43.3	-2.9	3.8	-5.4	-6.5	-11.8	-1.7	-6.0
– loans in foreign currency	15.1	42.1	40.9	17.2	0.4	-10.9	4.9	-2.1
Insurance companies and pension funds	0.0	-	-	-	-	-	0.0	0.0
Households and non-profit institutions serving households	375.7	28.5	28.6	28.8	28.4	26.5	60.3	71.7
– loans in Slovak koruna	365.6	26.8	27.6	28.8	29.0	26.8	55.5	70.5
– loans in foreign currency	10.1	126.5	74.0	29.0	10.5	15.7	4.8	1.1
of which: consumer loans	50.9	17.9	16.4	22.8	25.8	25.8	5.3	9.3
house purchase loans	253.1	30.2	30.3	29.5	29.0	27.0	42.5	49.3
other loans	71.7	31.0	32.1	30.7	28.5	25.0	12.5	13.1

Source: NBS.

Note: Figures may not add due to rounding. The missing figures were excluded because of the high values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given period.

2) Year-on-year changes calculated on the basis of chain indices; the index reference period is January 2005.

4 The different amounts of monthly and cumulative net sales can be explained by the fact that the data of SASS obtained from regular weekly statistical reports and the data of individual OIF administrators (www.openiazoch.sk) sometimes refer to different periods (SASS makes data releases on Fridays, but some of its members issue data on Thursdays) and to different numbers of mutual funds.

Table 7b MFI receivables from the resident private sector (excluding securities and receivables from NBS)

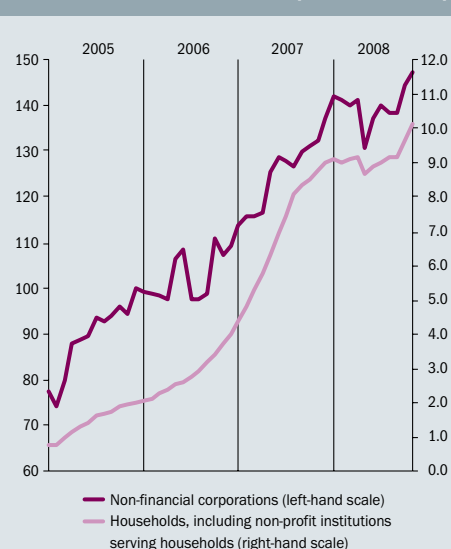
	Outstanding amounts (EUR billions) ¹⁾	Year-on-year changes (in %) ²⁾					Cumulative changes since beginning of year (EUR billions)	
		2007 Q4	2008 Q1	2008 Q2	2008 Q3	Nov. 2008	Nov. 2007	Nov. 2008
MFI receivables (excluding securities)	29.7	23.9	25.8	23.0	21.0	18.9	4.2	4.1
Non-financial corporations	15.3	24.1	26.3	22.7	19.6	18.3	2.1	2.0
– loans in Slovak koruna	10.4	23.4	29.1	31.8	26.5	22.0	1.3	1.7
– loans in foreign currency	4.9	25.4	21.1	6.7	6.6	11.2	0.8	0.3
Financial corporations (other financial intermediaries and auxiliary financial institutions)	1.9	5.7	11.5	-0.4	-4.8	-11.6	0.1	-0.3
– loans in Slovak koruna	1.4	-2.9	3.8	-5.4	-6.5	-11.8	-0.1	-0.2
– loans in foreign currency	0.5	42.1	40.9	17.2	0.4	-10.9	0.2	-0.1
Insurance companies and pension funds	0.0	-	-	-	-	-	0.0	0.0
Households and non-profit institutions serving households	12.5	28.5	28.6	28.8	28.4	26.5	2.0	2.4
– loans in Slovak koruna	12.1	26.8	27.6	28.8	29.0	26.8	1.8	2.3
– loans in foreign currency	0.3	126.5	74.0	29.0	10.5	15.7	0.2	0.0
of which: consumer loans	1.7	17.9	16.4	22.8	25.8	25.8	0.2	0.3
house purchase loans	8.4	30.2	30.3	29.5	29.0	27.0	1.4	1.6
other loans	0.1	31.0	32.1	30.7	28.5	25.0	0.4	0.4

Source: NBS.

Note: Figures may not add due to rounding. The missing figures were excluded because of the high values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) As at the last day of the given period.

2) Year-on-year changes calculated on the basis of chain indices; the index reference period is January 2005.

Chart 8 Lending in foreign currency (SKK billions)


Source: NBS.

Chart 9 Changes in NBS key rates and net sales of OIFs in the SR


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

with the figure for 2007. The global financial crisis influenced negatively the results of investment funds in all categories, and deepened the distrust among investors (mainly in the fourth quarter).

Among the OIFs, slightly positive net sales were achieved in December by equity and secured funds (SKK 0.1 billion in total). The other categories recorded negative net sales, to which money market funds contributed SKK 2.3 billion and other funds (mainly mixed funds and the funds of funds) a total of SKK 0.7 billion.

**Table 8a Net monthly sales of open-end investment funds in the SR****(SKK billions)**

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cum.
OIF sales in total,	2006	1.8	0.4	1.2	-1.6	-0.1	-0.4	0.1	-1.9	-0.4	1.2	2.4	1.4	4.1
in Slovak koruna	2007	3.9	0.3	0.9	1.5	1.8	2.1	2.1	2.2	1.3	0.7	1.3	2.0	20.0
and foreign currency	2008	3.1	2.1	-0.7	0.6	0.7	0.9	-1.0	-1.6	-4.7	-19.5	-5.4	-2.9	-28.4

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

Table 8b Net sales of open-end investment funds in the SR**(EUR millions)**

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Cum.
OIF sales in total,	2006	58.4	14.3	39.2	-54.0	-3.6	-12.5	1.8	-61.8	-14.8	39.6	81.3	47.8	135.7
in Slovak koruna	2007	129.9	8.9	28.7	50.0	60.4	71.2	69.6	72.1	43.2	23.0	41.6	65.8	664.4
and foreign currency	2008	101.3	70.3	-22.1	19.4	24.3	29.6	-32.5	-52.0	-157.2	-648.0	-179.9	-96.3	-943.1

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

Current budgetary developments

On 31 December 2008, the State budget of the Slovak Republic recorded a deficit of SKK 21.2 billion, which was SKK 10.8 billion less than the amount set by the State Budget Act. For comparison: the budget deficit as at 31 December 2007 amounted to SKK 23.5 billion. Budget revenues reached SKK 342.0 billion, expenditures totalled SKK 363.2 billion.

December saw a deterioration in budgetary discipline, resulting in a change from a budget surplus to a relatively large deficit. Budgetary performance deteriorated month-on-month by SKK 30.8 billion. Budget revenues remained unfulfilled (by SKK 6.2 billion), mainly as a result of shortfalls in indirect taxes (value added tax and excise duties) and in foreign transfers (funds drawn from the EU budget). On the other hand, direct taxes were relatively significantly exceeded (corporate income tax by SKK 5.4 billion and personal income tax by SKK 4.6 billion). Budget expenditures were saved in the amount of SKK 17 billion, with capital expenditures exceeded by SKK 8.6 billion and current expenditures saved in the amount of SKK 25.6 billion. Within the scope of current expenditures, the largest savings (SKK 13.9 billion) were recorded in the item 'goods and services', while wages and salaries were exceeded by SKK 1.4 billion. The lower deficit was achieved through saving on expenditures as compensation for the lower revenues, i.e. through the limitation of spending throughout the year.

4.2 The external sector**Balance of payments from January to October 2008**

Current account In October 2008, the balance of payments on current account resulted in a deficit of SKK 2.7 billion, representing an improvement of SKK 9.2 billion compared with the previous month. The most significant change took place in the balance of services (the month-on-month decrease in the deficit was partly attributable to the revision of selected data – financial and intermediary services in September, which were responsible for the large deficit in September) and in the trade balance. An improvement in comparison with the previous month was also recorded in the balance of income. Compared with the same period a year earlier, the b.o.p. current account deficit has diminished, mainly due to improvements in the income and trade balances.

After being revised by the Statistical Office of the SR, foreign trade recorded a surplus of SKK 3.3 billion in October (the originally published surplus amounted to SKK 4.0 billion). Exports increased month-on-month in October, but their year-on-year dynamics weakened (to -0.9%). The growth in exports compared with the previous month was mainly caused by higher exports in the 'machinery and transport equipment' category (electrical products). The exports of finished products (pharmaceuticals) also increased to a lesser extent. Like exports, the imports of goods also grew month-on-month in absolute terms in October, while declining on a year-on-year basis by 2.8%. The growth in imports was supported mostly by increased imports of finished products (pharmaceuticals and television sets), machinery and transport equipment (products for the electrical industry).

Table 9a Balance of payments current account (SKK billions)

	October		January – October	
	2008	2007	2008	2007
Balance of trade	3.3	0.7	-4.7	-5.2
Exports	141.5	142.8	1 285.0	1 173.2
Imports	138.2	142.1	1 289.7	1 178.4
Balance of services	-1.4	-1.6	-11.1	9.7
Balance of income	-1.6	-15.8	-58.8	-68.7
of which: income from investments	-4.9	-18.7	-91.0	-97.4
of which: reinvested earnings	-1.4	-2.4	-14.0	-21.0
Current transfers	-3.0	-0.1	-21.9	-11.8
Current transfers in total	-2.7	-16.8	-96.5	-76.0

Source: NBS and the Statistical Office of the SR.

Table 9b Balance of payments current account (EUR billions)

	October		January – October	
	2008	2007	2008	2007
Balance of trade	0.1	0.0	-0.2	-0.2
Exports	4.7	4.7	42.7	38.9
Imports	4.6	4.7	42.8	39.1
Balance of services	0.0	-0.1	-0.4	0.3
Balance of income	-0.1	-0.5	-2.0	-2.3
of which: income from investments	-0.2	-0.6	-3.0	-3.2
of which: reinvested earnings	0.0	-0.1	-0.5	-0.7
Current transfers	-0.1	0.0	-0.7	-0.4
Current transfers in total	-0.1	-0.6	-3.2	-2.5

Source: NBS and the Statistical Office of the SR.

Table 10a Exports in January to September, year-on-year changes

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	January – October		January – October	
	2008	2007	2008	2007
Raw materials	14.8	-6.5	1.3	-0.6
Chemicals and semi-finished goods	18.9	15.6	1.6	1.5
Machinery and transport equipment	68.0	143.9	5.8	14.2
Finished products	10.1	7.0	0.9	0.7
EXPORTS in total	111.8	160.0	9.5	15.8

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

Table 10b Exports in January to September, year-on-year changes

	Year-on-year changes in EUR billions	
	January – October	
	2008	2007
Raw materials	0.5	-0.2
Chemicals and semi-finished goods	0.6	0.5
Machinery and transport equipment	2.3	4.8
Finished products	0.3	0.2
EXPORTS in total	3.7	5.3

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

**Table 11a Imports in January to October, year-on-year changes**

	Year-on-year changes in SKK billions		Contribution to the year-on-year changes in p.p.	
	January – October		January – October	
	2008	2007	2008	2007
Raw materials	47.9	-25.3	4.1	-2.4
Chemicals and semi-finished goods	16.1	33.6	1.4	3.1
Machinery and transport equipment	14.4	78.3	1.2	7.3
Finished products	32.9	23.2	2.8	2.2
of which: – agricultural and industrial goods	14.5	16.9	1.2	1.6
– passenger cars	12.9	6.0	1.1	0.6
– machines and electrical consumer goods	5.5	0.3	0.5	0.0
IMPORTS in total	111.3	109.8	9.4	10.3

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

Table 11b Imports in January to October, year-on-year changes

	Year-on-year changes in EUR billions	
	Január – October	
	2008	2007
Raw materials	1.6	-0.8
Chemicals and semi-finished goods	0.5	1.1
Machinery and transport equipment	0.5	2.6
Finished products	1.1	0.8
of which: – agricultural and industrial goods	0.5	0.6
– passenger cars	0.4	0.2
– machines and electrical consumer goods	0.2	0.0
IMPORTS in total	3.7	3.6

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

Capital and financial account The balance of payments on capital and financial account recorded an inflow of SKK 17.6 billion in October.

The inflow of funds took place mostly in portfolio and other investments. In other investment, the inflow took place in the form of short-term capital, as a result of a decrease in the deposits of banks on accounts abroad and increased interest among banks and companies in drawing foreign financial credits. The total inflow of funds in other investment was offset by an outflow, which resulted from the greater involvement of the corporate sector in the provision of short-term financial credits to non-residents. Within the scope of portfolio investment, the inflow of funds was supported by lower interest among Slovak companies in foreign equity and debt securities.

Foreign reserves of NBS The foreign reserves of NBS increased month-on-month by SKK 0.3 billion, i.e. USD 24.6 million (excluding exchange rate differences).

The external debt of Slovakia as at 31 October 2008

Gross external debt At the end of October 2008, the total gross external debt of Slovakia reached USD 48.6 billion (EUR 37.3 billion). Total long-term foreign debt fell in October by USD 2.4 billion, while total short-term foreign debt dropped by USD 2.0 billion. The month-on-month fall in the country's external debt was substantially influenced by the EUR/USD cross rate.

Within the scope of long-term external debt, the foreign liabilities of the Government and NBS decreased by USD 1.1 billion, due to lower interest in the purchase of SKK-denominated government bonds. The commercial sector's long-term foreign debt fell by USD 1.3 billion, of which the foreign liabilities of commercial banks and entrepreneurial entities accounted for USD 0.3 billion and USD 1.0 billion, respectively (loans decreased by USD 0.9 billion).

Within the scope of short-term foreign debt, the short-term foreign liabilities of commercial banks and entrepreneurial entities decreased by USD 1.2 billion and USD 0.8 billion, respectively, of which USD 0.7 billion took place in trade credits.

Table 12a Balance of payments capital and financial account (SKK billions)

	October		January – October	
	2008	2007	2008	2007
Capital account	1.6	4.4	20.4	10.1
Direct investment	1.6	2.3	32.6	47.5
SR abroad	-2.1	0.1	-4.3	-2.3
of which: equity capital abroad	-1.3	0.1	-3.5	-1.6
reinvested earnings	-0.1	-0.1	-1.0	-1.0
In the SR	3.7	2.2	36.9	49.8
of which: equity capital in the SR	2.5	2.5	15.1	18.6
of which: other than privatisation	2.5	2.5	15.1	18.6
reinvested earnings	1.5	2.5	15.0	22.0
Portfolio investment and financial derivatives	6.7	-4.6	54.5	1.7
SR abroad	-4.7	-5.3	0.9	-12.3
In the SR	11.4	0.7	53.6	14.0
Other long-term investments	-1.1	7.6	3.5	16.5
Assets	-1.5	0.1	-11.0	-8.1
Liabilities	0.4	7.5	14.5	24.6
Other short-term investments	8.8	0.2	29.0	80.6
Assets	8.3	-20.6	-11.0	-20.8
Liabilities	0.5	20.8	40.0	101.4
Capital and financial account	17.6	9.9	140.0	156.4

Source: NBS.

Table 12b Balance of payments capital and financial account (EUR billions)

	October		January – October	
	2008	2007	2008	2007
Capital account	53.1	146.1	677.2	335.3
Direct investment	53.1	76.3	1,082.1	1,576.7
SR abroad	-69.7	3.3	-142.7	-76.3
of which: equity capital abroad	-43.2	3.3	-116.2	-53.1
reinvested earnings	-3.3	-3.3	-33.2	-33.2
In the SR	122.8	73.0	1,224.9	1,653.1
of which: equity capital in the SR	83.0	83.0	501.2	617.4
of which: other than privatisation	83.0	83.0	501.2	617.4
reinvested earnings	49.8	83.0	497.9	730.3
Portfolio investment and financial derivatives	222.4	-152.7	1,809.1	56.4
SR abroad	-156.0	-175.9	29.9	-408.3
In the SR	378.4	23.2	1,779.2	464.7
Other long-term investments	-36.5	252.3	116.2	547.7
Assets	-49.8	3.3	-365.1	-268.9
Liabilities	13.3	249.0	481.3	816.6
Other short-term investments	292.1	6.6	962.6	2,675.4
Assets	275.5	-683.8	-365.1	-690.4
Liabilities	16.6	690.4	1,327.8	3,365.9
Capital and financial account	584.2	328.6	4,647.1	5,191.5

Source: NBS.

At the end of October, Slovakia's total per-capita gross foreign debt stood at USD 9,041. The share of short-term foreign debt in the country's total gross external debt increased month-on-month by 0.5 of a percentage point, to 51.8% at the end of October 2008.

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

	In millions of USD			In millions of EUR		
	31.12.2007	30.09.2008	31.10.2008	31.12.2007	30.09.2008	31.10.2008
Total external debt of the SR	44,308.7	53,045.3	48,633.4	30,156.2	36,963.7	37,295.7
Long-term external debt	20,709.7	25,848.3	23,459.8	14,094.9	18,011.9	17,990.7
Government and NBS ¹⁾	9,502.4	10,831.9	9,716.5	6,467.3	7,548.0	7,451.3
Commercial banks	2,150.8	3,135.5	2,879.2	1,463.8	2,184.9	2,208.0
Entrepreneurial entities	9,056.5	11,880.9	10,864.1	6,163.8	8,279.0	8,331.4
Short-term external debt	23,599.0	27,197.0	25,173.6	16,061.3	18,951.8	19,305.0
Government and NBS	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	12,095.6	14,225.5	12,992.2	8,232.2	9,912.8	9,963.4
Entrepreneurial entities	11,503.4	12,971.5	12,181.4	7,829.1	9,039.0	9,341.6
Foreign assets	37,017.4	40,142.4	36,917.6	25,193.8	27,972.6	28,311.1
Net external debt	7,291.3	12,902.9	11,715.8	4,962.4	8,991.1	8,984.6
SKK/USD and SKK/EUR rates:	22.870	21.112	23.306	33.603	30.297	30.391
EUR/USD cross exchange rate:	-	-	-	1.469	1.435	1.304
Source: NBS.						
1) 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 48.6 billion (liabilities of the Government, NBS, commercial banks, and the corporate sector – except for equity participation), and foreign assets, i.e. USD 36.9 billion (foreign reserves of NBS, foreign assets of commercial banks and the corporate sector – except for equity participation), reached USD 11.7 billion (debtor position) at the end of October 2008. This represented a month-on-month decrease of USD 1.2 billion.

Current developments

The current account deficit recorded in November was larger than the figure in the previous month. The month-on-month increase in the deficit was mainly caused by a deterioration in the trade balance and an increase in the shortfall of current transfers. The deficits in the services and current transfers balances changed only minimally in November, compared with the previous month. Developments in the individual components of the current account resulted in a month-on-month increase in the current account deficit (by SKK 15.3 billion).

The year-on-year dynamics of exports and imports weakened considerably in November. The rate of growth in exports reached -15.6%, while imports declined year-on-year by 13.2%.

The balance of trade achieved in November was more negative than expected by NBS.

In December, exports are expected to fall further on a month-on-month basis, in all categories of goods. In view of the existing import intensity, imports are also expected to decline (in semi-finished goods and machines), supported partly by reduced goods imports for final consumption.

In January, exports are expected to grow on a month-on-month basis, but their level will probably be negatively influenced at the beginning of the year by factory holidays at some of the exporters and by the limitation of production in connection with the gas supply crisis. Imports and exports are expected to follow similar trends in both months, while the low imports of semi-finished goods and machines should be supported by a further decrease in the imports of goods for final consumption (a seasonal factor).

Overall, the November development, i.e. the weakening of export and import dynamics with a negative impact on the trade balance, is expected to continue.

Table 14a Balance of payments current account (SKK billions)

	November		January – November	
	2008	2007	2008	2007
Balance of trade	-7.3	-4.6	-12.0	-9.8
Exports	117.4	139.1	1,402.4	1,312.3
Imports	124.7	143.7	1,414.4	1,322.1
Balance of services	-1.4	1.5	-12.5	11.2
Balance of income	-5.7	-10.5	-64.5	-79.2
of which: income from investments	-9.0	-13.4	-100.0	-110.8
of which: reinvested earnings	-1.4	-2.4	-15.4	-23.4
Current transfers	-3.6	1.6	-25.5	-10.2
Current account in total	-18.0	-12.0	-114.5	-88.0

Source: NBS and the Statistical Office of the SR.

Table 14b Balance of payments current account (EUR billions)

	November		January – November	
	2008	2007	2008	2007
Balance of trade	-0.2	-0.2	-0.4	-0.3
Exports	3.9	4.6	46.6	43.6
Imports	4.1	4.8	46.9	43.9
Balance of services	0.0	0.0	-0.4	0.4
Balance of income	-0.2	-0.3	-2.1	-2.6
of which: income from investments	-0.3	-0.4	-3.3	-3.7
of which: reinvested earnings	0.0	-0.1	-0.5	-0.8
Current transfers	-0.1	0.1	-0.8	-0.3
Current account in total	-0.6	-0.4	-3.8	-2.9

Source: NBS and the Statistical Office of the SR.

At the end of December, the total foreign reserves of NBS stood at USD 18,830.4 million, representing a month-on-month increase of USD 1,736.9 million. The increase in reserves in comparison with the figure for the end of November resulted from a surplus in the balance of receipts and expenses (USD 227.4 million), accompanied by positive exchange rate differences (USD 1,509.5 million), stemming from a change in the USD/EUR cross-rate in the period under review. At the end of December, the volume of foreign exchange reserves was 2.7 times greater than the volume of average monthly imports of goods and services to Slovakia, during the first eleven months of 2008.

Total foreign reserves of NBS

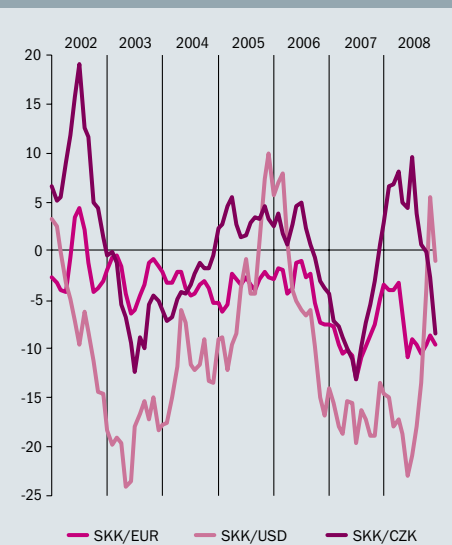
The ratio of foreign reserves to the amount of payments for goods and services recorded in banking statistics, reached 3.5 times the volume of average monthly imports of goods and services to the SR over the first eleven months of 2008.

In December, the month-on-month appreciation of the nominal effective exchange rate (NEER)⁵ of the Slovak koruna accelerated in comparison with the previous month, from 0.3% to 1.1%. The most significant contribution to the appreciation of the NEER index came from the strengthening domestic currency in relation to the Czech koruna (a contribution of 0.9 of a percentage point).

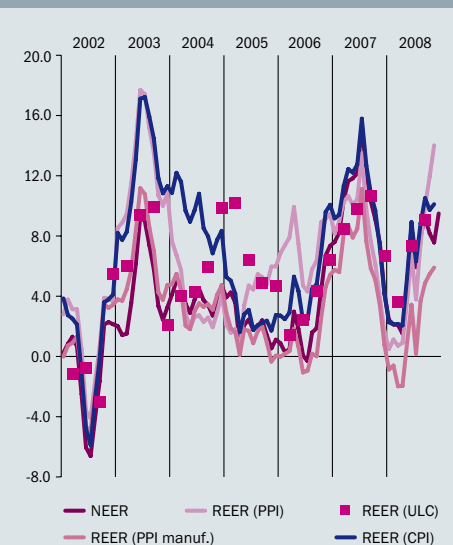
Nominal effective exchange rate of the Slovak koruna (NEER)

On a year-on-year basis, the appreciation of the koruna's nominal effective exchange rate accelerated in comparison with November, from 7.6% to 9.5%. The largest contribution to the appreciation of the NEER index was made by the strengthening Slovak koruna vis-à-vis the euro (a contribution of 6.4 percentage points).

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

**Chart 10 Average monthly exchange rates of the Slovak koruna (year-on-year changes in %)**

Source: NBS.
Note: + depreciation, – appreciation of the SKK.

Chart 11 Developments in the NEER and REER indices (9 trading partners) (year-on-year changes in %)

Source: NBS.
Note: + appreciation, – depreciation of the NEER and REER indices.

Real effective exchange rate of the Slovak koruna (REER)

In November, the real effective exchange rate (REER) defined on the basis of the consumer price index (CPI) appreciated year-on-year by 10.1%, that based on the producer price index (PPI) by 14.0%, and the index based on the manufacturing products price index (PPI manuf.) by 5.9%. The accelerated month-on-month appreciation of the REER index (despite the slower appreciation of the NEER) was the result of a fall in inflation in the countries of Slovakia's major trading partners, which was more significant than in the domestic economy.

Table 15 Developments in the NEER and REER indices (year-on-year changes in %)

For 9 partners, based on the deflator:	NEER	REER (CPI)	REER (PPI)	REER (PPI manuf.)	REER (ULC) ²⁾
December 2002	2.1	4.1	3.6	3.4	5.5
December 2003	3.2	11.3	10.8	4.7	2.1
December 2004	4.7	8.3	4.1	4.7	9.9
December 2005	1.1	2.7	6.0	0.0	4.7
December 2006	7.4	10.1	9.5	5.4	6.4
December 2007	4.2	4.2	1.7	0.8	6.7
September 2008 ¹⁾	9.2 / 8.5	10.5 / 9.3	10.0 / 10.8	4.9 / 4.8	9.1 ^(p)
November 2008 ¹⁾	7.6 / 8.3	10.1 / 10.4	14.0 / 14.2	5.9 / 6.1	-
December 2008 ¹⁾	9.5	.	.	.	.

Source: NBS.

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

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

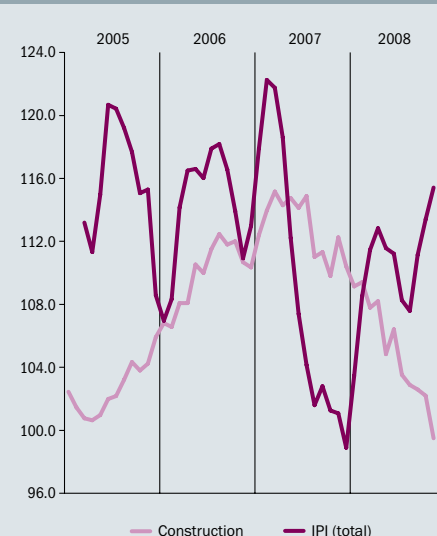
4.3 The real economy

Current developments

Production and revenues

In November, industrial production showed negative dynamics (-7.1%), due to year-on-year decreases in its main components, except in electricity, gas, and water supply. The year-on-year dynamics of manufacturing production reached -8.3%, representing a slowdown in comparison with October (0.1%). The decline in manufacturing production was caused by a weakening trend in the dynamics of growth in the key industries. Production in the manufacture of metals and metal products fell by 12.4% in November (in October by 3.8%), in the manufacture of machinery and equipment by 14.6% (in October by 2.6%), and in the manufacture of transport vehicles by 16.4% (in October by 12.6%). On the other hand, the

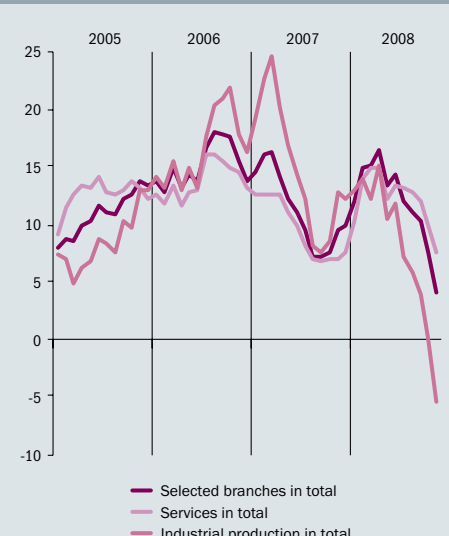
Chart 12 Development of industrial production and construction production (3-month moving averages) (index; same period a year earlier = 100)



Source: Statistical Office of the SR.

Note: The Industrial production index is adjusted for calendar effects.

Chart 13 Year-on-year growth in sales in selected sectors at current prices (3-month moving averages) (%)



Source: Statistical Office of the SR and NBS calculations.

production of electrical and optical equipment continued to grow on a year-on-year basis, at a rate of 2.4%, after growing in October by 21.0%.

In construction, the year-on-year growth in production continued to slow in November (from 15.9% in October to 13.2% in November), due to slower growth in new construction, renovation, and modernisation projects, as well as in repair and maintenance work in Slovakia and abroad.

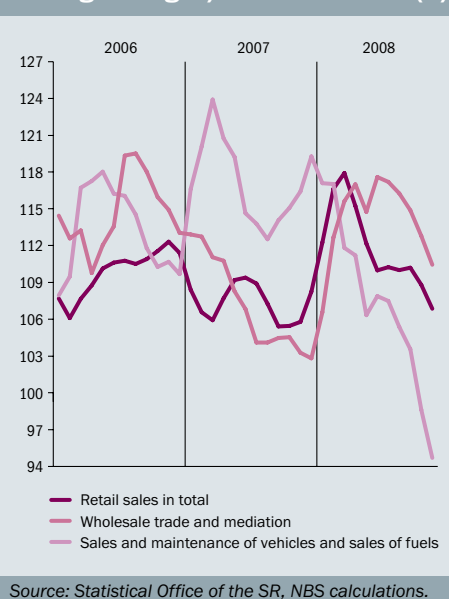
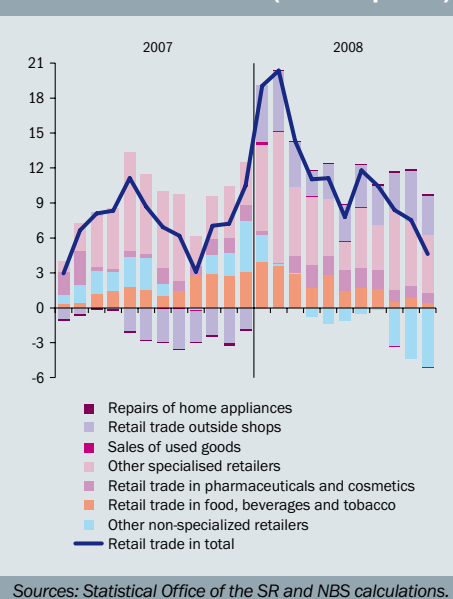
Revenues in industry reflected the developments in industrial production and recorded a year-on-year fall of 11.1% at current prices in November (compared with a growth of 0.3% in October). Revenues in Slovakia's key industries (manufacture of transport vehicles, metals and metal products, machinery and equipment, electrical and optical equipment) fell year-on-year by 13.9% in November, compared with 0.8% in October.

Retail sales at current prices recorded a moderate slowdown in the year-on-year rate of growth (from 7.5% in October to 4.6% in November) for the fourth consecutive month. At constant prices, the growth rate slowed from 4.6% in October to 2.2% in November. The slowdown in retail sales at current prices was mainly caused by a deepening year-on-year decline in other retail sales in non-specialised shops (a year-on-year fall of 15.7% in November). A slowdown in year-on-year dynamics was recorded in other specialised retail trade (from 20.0% in October to 17.4% in November) and in retail trade outside shops (from 35.7% in October to 28.3% in November).

The growth in the revenues of entities specialising in the sale and maintenance of motor vehicles and the retail sale of fuels slowed on a year-on-year basis by 14.0% in November 2008 (at constant prices a year-on-year slowdown of 8.0% was recorded). This was caused by the deepening year-on-year decline in the sales of motor vehicles (accelerating from 6.6% in October to 19.2% in November) and the year-on-year fall in receipts from the sale of fuels (by 12.4% in November, after growing by 1.1% in October).

The dynamics of wholesale revenues weakened for the second consecutive month (from 12.9% in October to 3.4% in November), mainly as a result of slower growth in revenues from wholesale trade in non-agricultural intermediate products, food, beverages, and tobacco, and a year-on-year decline in wholesale trade in household goods.

The year-on-year growth in revenues from real estate, renting, and business activities, and from other services (at current prices) slowed in comparison with the previous month as a result of a slowdown in the year-on-year growth in revenues from computer-related activities, coupled with a deepening year-on-year decline in revenues from real estate activities.

**Chart 14 Retail sales in selected sectors at current prices (3-month moving averages) (%)****Chart 15 Contributions to year-on-year growth in retail sales (current prices)****Wages, employment and unemployment****Nominal wage developments**

In November 2008, the year-on-year dynamics of nominal wages weakened month-on-month in all sectors, except in real estate and renting activities. The monthly wage statistics for the selected sectors indicate a marked slowdown in nominal wage growth in the economy as a whole in the fourth quarter of 2008, compared with the previous quarter.

Employment

The year-on-year growth in employment slowed in November, compared with October 2008, in industry, the sale and maintenance of vehicles, retail trade, and in real estate and renting activities. In the other sectors, employment grew at a faster pace than in the previous month.

Table 16a Production and revenues

	SKK millions, current prices	Indices			
	November 2008	November 2007	Jan.-Dec. 2007	October 2008	November 2008
Industrial production index ¹⁾	-	112.3	112.8	100.1	92.9
Production in construction ²⁾	18,435	97.8	105.7	115.9	113.2
Industry in total ³⁾	181,366	114.4	112.8	100.3	88.9
Construction ³⁾	30,920	105.8	114.8	129.1	123.9
Wholesale trade ³⁾	75,640	101.9	105.9	112.9	103.4
Retail trade	43,373	107.2	107.2	107.5	104.6
Sale and maintenance of vehicles, retail sales of fuels ³⁾	17,819	118.9	118.0	95.8	86.0
Hotels and restaurants ³⁾	3,315	109.7	104.1	99.0	99.2
Transport, storage ³⁾	14,837	108.9	119.1	111.4	103.4
Real estate, renting, business activities and other services ³⁾	24,962	112.8	111.1	111.1	108.8
Posts and telecommunications ³⁾	6,953	111.7	108.2	107.1	101.4
Revenues from own output and sales (total for the selected sectors) ³⁾	399,185	110.5	111.1	105.9	96.9

Source: Statistical Office of the SR, NBS calculations.

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

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)

Table 16b Production and revenues

	EUR millions, current prices	Indices			
	November 2008	November 2007	Jan.-Dec. 2007	October 2008	November 2008
Industrial production index ¹⁾	-	112.3	112.8	100.1	92.9
Production in construction ²⁾	612	97.8	105.7	115.9	113.2
Industry in total ³⁾	6,020	114.4	112.8	100.3	88.9
Construction ³⁾	1,026	105.8	114.8	129.1	123.9
Wholesale trade ³⁾	2,511	101.9	105.9	112.9	103.4
Retail trade	1,440	107.2	107.2	107.5	104.6
Sale and maintenance of vehicles, retail sales of fuels ³⁾	591	118.9	118.0	95.8	86.0
Hotels and restaurants ³⁾	110	109.7	104.1	99.0	99.2
Transport, storage ³⁾	492	108.9	119.1	111.4	103.4
Real estate, renting, business activities and other services ³⁾	829	112.8	111.1	111.1	108.8
Posts and telecommunications ³⁾	231	111.7	108.2	107.1	101.4
Revenues from own output and sales (total for the selected sectors) ³⁾	13,251	110.5	111.1	105.9	96.9

Source: Statistical Office of the SR, NBS calculations.

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

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)

Table 17 Wage developments in selected sectors (index, same period a year earlier = 100)

	Average monthly wage – nominal		Average monthly wage – real	
	October 2008	November 2008	October 2008	November 2008
Industry	104.4	100.4	99.3	95.7
of which: manufacturing	104.3	101.6	99.2	96.9
Construction	109.9	101.8	104.6	97.0
Retail trade	107.5	106.0	102.3	101.0
Wholesale trade	109.3	102.9	104.0	98.1
Sale and maintenance of vehicles	103.2	102.3	98.2	97.5
Real estate and renting activities	106.1	106.3	101.0	101.3
Transport	107.3	102.1	102.1	97.3
Post and telecommunications	110.6	106.3	105.2	101.3
Average for the selected sectors	106.2	102.1	101.0	97.3
Consumer prices	105.1	104.9	-	-

Source: Statistical Office of the SR and NBS calculations.

Notes: Real wage index = Nominal wage index / Consumer price index.

The selected sectors accounted for 69.2% of total employment in the third quarter of 2008.

Table 18 Employment in selected sectors (index, same period a year earlier = 100)

	Employment	
	October 2008	November 2008
Industry	101.1	99.1
of which: manufacturing	101.7	99.6
Construction	110.7	111.0
Retail trade	102.8	102.5
Wholesale trade	102.1	102.2
Sale and maintenance of vehicles	99.4	98.7
Real estate and renting activities	106.7	106.5
Transport	105.2	105.6
Post and telecommunications	99.5	99.6
Average for the selected sectors	103.0	102.2

Source: Statistical Office of the SR and NBS calculations.

**Chart 16 Comparison of average monthly wages based on monthly and quarterly data (%)**

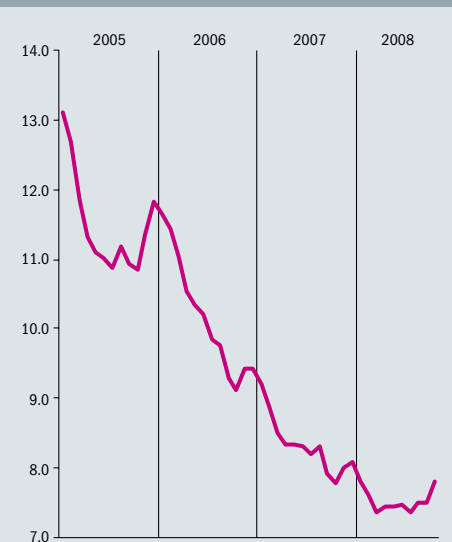
Source: Statistical Office of the SR.

Chart 17 Comparison of employment rates based on monthly and quarterly data (%)

Source: Statistical Office of the SR.

Chart 18 Inflow, outflow and the total number of job seekers (JS) (thousands of persons)

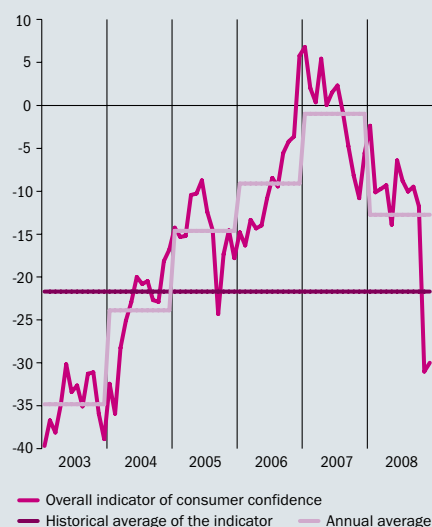
Source: Centre for Labour, Social Affairs and Family.

Chart 19 Registered unemployment rate (%)

Source: Centre for Labour, Social Affairs and Family.

Unemployment According to data from the Centre for Labour, Social Affairs and Family, the total number of unemployed increased month-on-month by 7,000, to 235,200 in November 2008. The number of disposable unemployed, who may start working immediately, was 203,400, i.e. 7,500 more than in October. The rate of registered unemployment reached 7.8% in November, representing a month-on-month increase of 0.3 of a percentage point.

The average length of registration was 10.3 months. Compared with October 2008, the share of long-term unemployed (out of work for more than 12 months) decreased by 1.7 percentage points, to 45.8% in November 2008.

Chart 20 Consumer confidence indicator


Source: Statistical Office of the SR, European Commission (EC), and NBS calculations based on data from the SO SR and the EC.

Chart 21 Comparison of consumer confidence indicators in the EU and SR


Source: European Commission, NBS calculations based on data from the European Commission.

Chart 22 Year-on-year changes in the Consumer Confidence Indicator in 2008 (December 08 vs. December 07)


Source: European Commission, NBS calculations based on data from the European Commission.

Note: The most recent data for Ireland are from April 2008.

Consumer confidence indicator

Consumer confidence increased somewhat in December, when the consumer confidence indicator rose to -30.0 points (by 1.0 point compared with November). Compared with November, improvements were recorded in the expectations regarding economic development in Slovakia, the financial situation of households, and household savings. A deterioration was recorded in the expected trend in unemployment. Compared with the same period last year, the consumer confidence indicator has deteriorated by 24.5 points.

In 2008, the consumer confidence indicator for the EU deteriorated virtually throughout the year. The expectations among consumers improved somewhat in August and September, but the deepening global financial crisis caused a marked deterioration in this indicator in the last months of the year. Compared with the same period a year earlier, all components of the indicator point to a fall in optimism, with the most serious deterioration recorded in the expectations regarding economic development and unemployment.

In 2008, consumer sentiment deteriorated in all the countries under review. Slovakia was among the countries that recorded a marked deterioration in the indicator of consumer confidence (by 24.5 points), while the average figure in the EU was 21.2 points.

Increase in consumer confidence

Comparison of the consumer confidence indicator at international level in 2008



5 Monetary developments

5.1 Foreign exchange market

Operations in the foreign exchange market

During December, the exchange rate of the Slovak koruna against the euro strengthened by 0.7% (from SKK/EUR 30.333 at end-November to SKK/EUR 30.126 at end-December), while the average rate appreciated by 0.6%. The Slovak koruna deviated from its central rate (SKK/EUR 30.126) most significantly on 1 December 2008, when its exchange rate was fixed at SKK/EUR 30.337, representing a depreciation of 0.7% from the central parity. In relation to the US dollar, the koruna strengthened by 9.1% (from SKK/USD 23.516 to SKK/USD 21.385), while appreciating in average terms by 5.1%.

Spot transactions between foreign and domestic banks resulted in a negative balance (USD-956.7 million), i.e. foreign banks tended to purchase Slovak koruna and to sell foreign currency.

Národná banka Slovenska conducted no foreign exchange intervention in December.

Table 19 Changes in the SKK/EUR and SKK/USD exchange rates

(%)

	Month-on-month changes	Average Dec. 2008	Average Jan.-Dec. 2008
		Average Dec. 2007	Average Jan.-Dec. 2007
SKK/EUR	-0.7	-9.5	-7.4
SKK/USD	-9.1	-1.0	-13.6

Source: NBS.

Notes: - appreciation of the SKK, + depreciation of the SKK

The Slovak koruna was traded within a narrow band (SKK/EUR 30.126 – 30.330) virtually throughout the month.

Interbank foreign exchange market

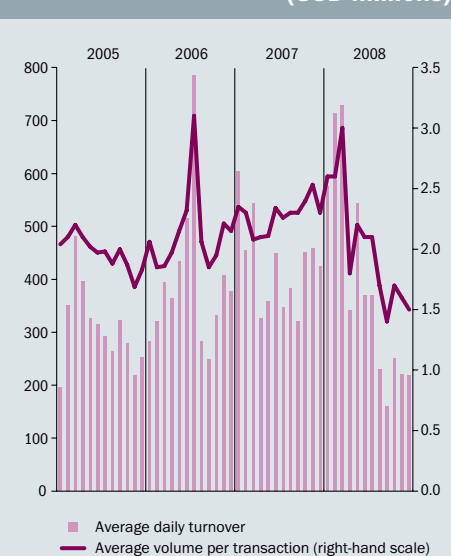
The volume of trading on the interbank foreign exchange market totalled USD 74,924.5 million in December, representing an increase of 21.5% compared with the figure for November (USD 61,664.0 million). Of the total trading volume, 93.2% took place in swap transactions, which were conducted mostly in USD (76.0%). Spot transactions accounted for 5.8% of the total turnover (90.7% of the deals were in EUR). The average daily turnover on the spot market reached USD 218.2 million and the average volume per transaction amounted to USD 1.5 million.

The total volume of transactions between domestic commercial banks decreased, from USD 5,151.8 million in November to USD 5,119.2 million in December. Most trading took place in EUR (52.1%, compared with 78.1% in November), followed by USD (45.0%, compared with 21.1% in November) and other currencies (2.9% of the total turnover between domestic commercial banks).

Transactions between domestic banks accounted for 6.8% of the total volume traded on the interbank foreign exchange market (compared with 8.4% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 86.3% (88.1% in November) and spot transactions (excluding interventions) accounted for 13.7% (11.9% in November).

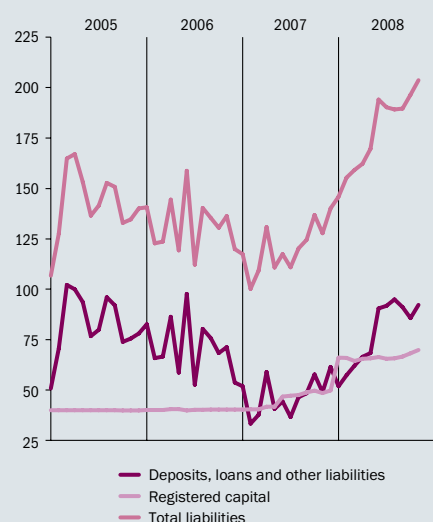
The volume of trading between domestic and foreign banks increased by 23.5%, from USD 56,512.2 million in November to USD 69,805.2 million in December. Most trading was again conducted in USD (73.4%, compared with 53.6% in November), followed by EUR (25.1%, compared with 45.0% in November), and other currencies (1.5%). Trading between domestic and foreign banks still dominated the country's foreign exchange market (with a share of 93.2%).

Chart 23 Transactions in the interbank foreign exchange market (USD millions)



Source: NBS.

Chart 24 Banking sector: koruna liabilities to non-residents (SKK billions)



Source: NBS.

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (93.2%, compared with 92.0% in November), while spot transactions accounted for only 5.2% (7.3% in November). The share of forward dealings in the foreign exchange market was negligible. Trading with foreign banks involved no option contracts.

In November, the koruna deposits of non-resident banks continued to grow (a medium-term trend) and reached SKK 92.1 billion, representing an increase of SKK 6.6 billion month-on-month and SKK 43.3 billion year-on-year.

The volume of government bonds held by non-residents fell by SKK 1.9 billion in December, compared with November, due to declines in 10-year and 7-year government bonds, nos. 202 and 205 (by SKK 0.8 billion and SKK 0.9 billion, respectively). The average share of non-residents in the total volume of issued government bonds decreased to 22.2%, slightly below the average figure for 2008 (22.4%).

Within the scope of Issue No. 01 (an open issue), the Agency for Debt and Liquidity Management (ARDAL) placed further one-year SR Treasury bills on the market

Table 20a Koruna assets/liabilities and government securities held by non-residents (SKK billions)

	2007	2008							
	30.11.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12. ^(p)
Koruna assets, banks	15.2	18.3	24.4	20.0	13.0	22.3	17.6	12.3	16.7
Koruna liabilities	58.8	79.5	106.4	104.5	104.3	102.6	96.1	104.2	.
of which: banks	48.9	68.3	90.4	91.7	94.9	91.1	85.5	92.1	155.7
non-bank clients	10.0	11.1	15.9	12.8	9.5	11.6	10.5	12.1	.
Government securities	66.5	68.6	78.8	84.5	91.8	88.9	85.4	83.4	81.5
of which: government bonds	66.5	68.6	78.8	84.5	91.8	88.9	85.4	83.4	81.5
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	125.4	148.1	185.2	189.0	196.2	191.5	181.5	187.6	.

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

^(p) Preliminary data from Dev (NBS) 20-98 "Daily Statement of Foreign Exchange Positions".

Table 20b Koruna assets/liabilities and government securities held by non-residents (EUR billions)

	2007	2008							
	30.11.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12. ^(p)
Koruna assets, banks	0.5	0.6	0.8	0.7	0.4	0.7	0.6	0.4	0.6
Koruna liabilities	2.0	2.6	3.5	3.5	3.5	3.4	3.2	3.5	.
of which: banks	1.6	2.3	3.0	3.0	3.1	3.0	2.8	3.1	5.2
non-bank clients	0.3	0.4	0.5	0.4	0.3	0.4	0.4	0.4	.
Government securities	2.2	2.3	2.6	2.8	3.0	3.0	2.8	2.8	2.7
of which: government bonds	2.2	2.3	2.6	2.8	3.0	3.0	2.8	2.8	2.7
SR Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	4.2	4.9	6.1	6.3	6.5	6.4	6.0	6.2	.

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

^(p) Preliminary data from Dev (NBS) 20-98 "Daily Statement of Foreign Exchange Positions".



in December, in the total amount SKK 9.1 billion (in two parts), at a rate of 3.50%. The high demand among domestic investors created room for a further interest rate reduction at the Dutch-style auctions. However, the volume of Treasury bills held by non-residents remained zero.

5.2 Monetary policy implementation and the money market

At its 51st meeting on 9 December 2008, the Bank Board of NBS decided to lower the key NBS interest rates, to 1.50% for overnight sterilisation operations, 3.50% for overnight refinancing transactions, and 2.50% for two-week repo tenders with commercial banks.

Interest rates The average monthly interest rates for short, medium (one-month), and long maturities, which form the interbank money market yield curve, fell substantially in December compared with the previous month. The marked changes were caused by a further cut in the key NBS interest rates (by 75 basis points), following the Government Council's decision to reduce the key ECB interest rates by 75 basis points. The long-end of the yield curve shifted down in December, compared with November, below the level of 3.80%.

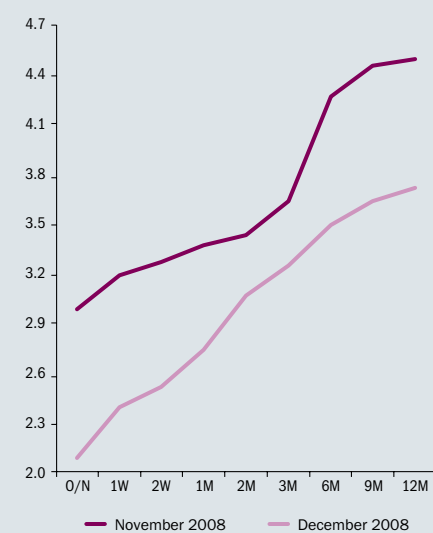
The December decision of the Bank Board to change the key NBS rates (outside the regular meeting on monetary policy) had not been expected by the banking sector. The money market rates immediately reacted to this development with a fall (especially the short-term rates).

The prices of long-term deposits fell below 3.3% in December, from 4.2% in November. Owing to the persistent absence of transactions at long maturities, investors continued using swaps and IRS deals in trading at such maturities.

In addition to standard monetary-policy operations, NBS conducted an extraordinary quick tender in December (on the last day of 2008). The bids received were accepted in full at all six sterilisation repo tenders. At four tenders, the minimum, average, and maximum interest yields were at the level of the two-week reference rate (3.25% and 2.50%, respectively). At the other two tenders, the minimum interest yield stood at 3.24% and 2.49%, respectively. The average and maximum yields at these tenders were at the level of the two-week reference rate (3.25% and 2.50%, respectively). The last operation consisted of an extraordinary quick tender with a maturity of seven days. In the month under review, one auction was held for NBS bills; the bids submitted were again accepted by NBS in full. The minimum interest yield at this auction stood at 2.49%. The average, and maximum interest yields were at the level of the two-week reference rate (2.50%).

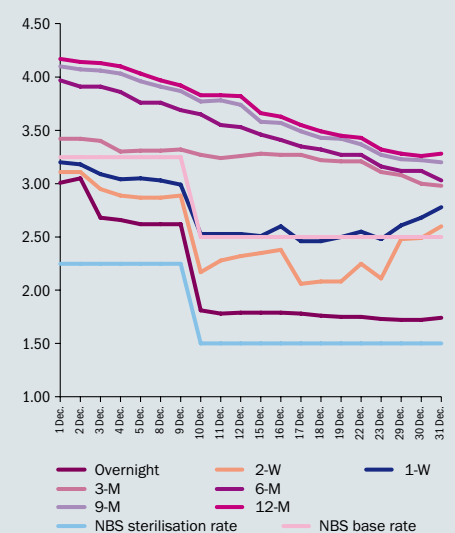
A comparison of the yield curves from the beginning and end of the month shows that the biggest change occurred again in the overnight rate. The middle part of the yield curve recorded smaller changes than the rest of the curve. The long end of the yield curve also fell to a significant extent. The changes in inter-

Chart 25 Average monthly interbank market rates (BRIBOR) (% p.a.)



Source: NBS.

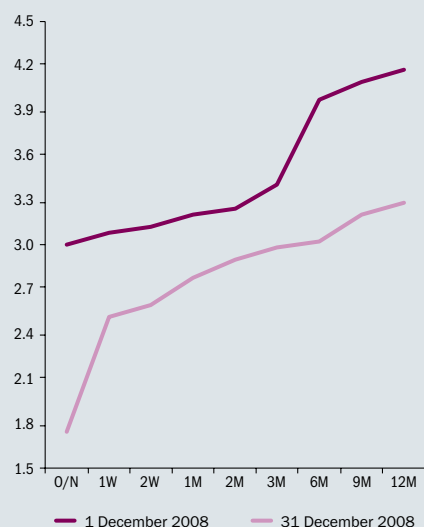
Chart 26 Developments in interbank market rates (BRIBOR) (% p.a.)



Source: NBS.

Chart 27 Yield curve in December

(%)



Source: NBS.

bank deposit rates can be ascribed to the Bank Board's decision to reduce the key NBS interest rates. The last trading day of December witnessed the completion of the interest rate harmonisation process; the yield curve was above the level of the euro area on that day.

The banking sector entered the last month of the year, which was the last period of required reserve maintenance in the environment of a koruna-based interbank market, with a modest surplus of daily liquidity. The surplus of funds in the sector gradually increased as a result of lower demand at all sterilisation repo tenders. In view of this fact, banks regularly deposited their free funds at NBS in the form of overnight deposits, thus reducing the cumulative surplus. Part of the funds was drained from the sector at the last auction for NBS bills. Two NBS-bill issues fell due on the last day of the month under review; this led to an increase in the existing surplus of funds. The level of liquidity in the sector was positively influenced, especially during the last days, by the withdrawal of the Slovak currency from circulation in connection with the country's entry into the euro area. At the end of the month, the free funds of banks were invested in three tenders, one NBS-bill issue, and in overnight deposits.

Liquidity

In December, the overall sterilisation position of NBS fell month-on-month by SKK 2.9 billion, to SKK 383.9 billion. The structure of sterilisation was still dominated by sterilisation repo tenders, the share of which decreased to 76.3% in December, from 86.2% in November. The share of overnight deposits noticeably increased, from 2.7% to 10.6%. The share of NBS bills in overall sterilisation increased slightly, to 13.1% in December. Overnight refinancing operations were not used by banks during the month under review.

Table 21a Average daily impact of NBS operations on the level of banking sector liquidity

	Repo tenders		O/N repos		O/N deposits		NBS bills		Total
	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)	Share (% p.a.)	Volume (SKK mil.)
November 2008	-333,263	86.17	0	0.00	-10,343	2.67	-43,140	11.15	-386,746
December 2008	-292,827	76.28	0	0.00	-40,625	10.58	-50,439	13.14	-383,892

Source: NBS.

Table 21b Average daily impact of NBS operations on the level of banking sector liquidity

	Repo tenders		O/N repos		O/N deposits		NBS bills		Total
	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)	Share (% p.a.)	Volume (EUR mil.)
November 2008	-11,062	86.17	0	0.00	-343	2.67	-1,432	11.15	-12,838
December 2008	-9,720	76.28	0	0.00	-1,349	10.58	-1,674	13.14	-12,743

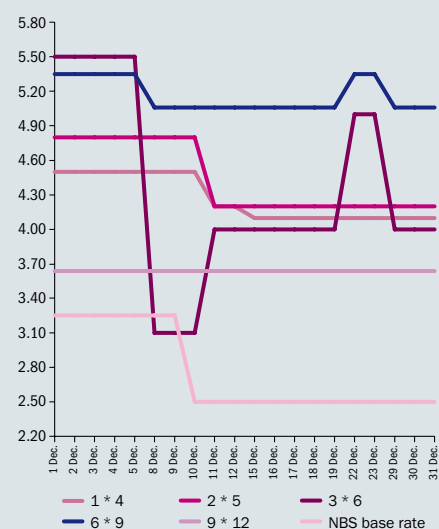
Source: NBS.

The increased trading activity in December led to growth in the volume of interbank market transactions, to SKK 1,542.9 billion (from SKK 1,388.3 billion in November). Of the total volume of purchases and sales on the interbank market, the share of resident bank transactions decreased to 16.6% in December, while that of transactions with non-resident banks increased to 83.4%. In interbank transactions, domestic banks achieved the largest share in deposits (68.0%). Transactions with non-resident banks were dominated by swaps (53.8%). The volume of deposits, swaps, and IRS deals increased month-on-month in December.

Interbank transactions

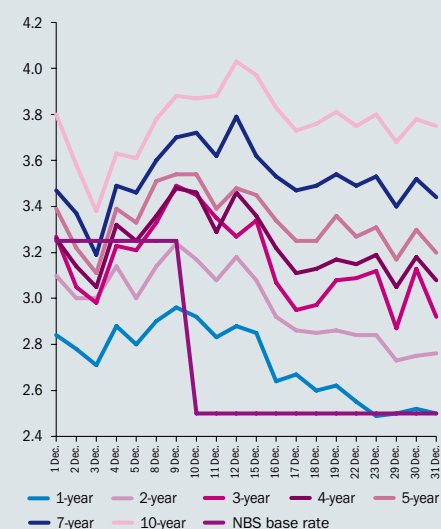


Chart 28 Daily developments in FRAs (% p.a.)



Source: Reuters.

Chart 29 Daily developments in IRSs (% p.a.)



Source: Reuters.

Table 22a Interbank transactions

(SKK millions)

	Deposits	Repos	Swaps	FRAs	IRSs
November 2008	680,981	0	706,616	0	700
December 2008	767,106	0	773,875	0	1,910

Source: NBS.

Table 22b Interbank transactions

(EUR millions)

	Deposits	Repos	Swaps	FRAs	IRSs
November 2008	22,604	0	23,455	0	23
December 2008	25,463	0	25,688	0	63

Source: NBS.

Minimum Reserve Requirements

For December 2008, the minimum reserve requirement for the banking sector was set at SKK 28.15 billion. The reserve requirement was actually fulfilled to 102.51% during the month.

Developments in money market interest rate derivatives

In the area of forward rate agreements (FRA), no trading activity was recorded in the market in December, as in the previous month.

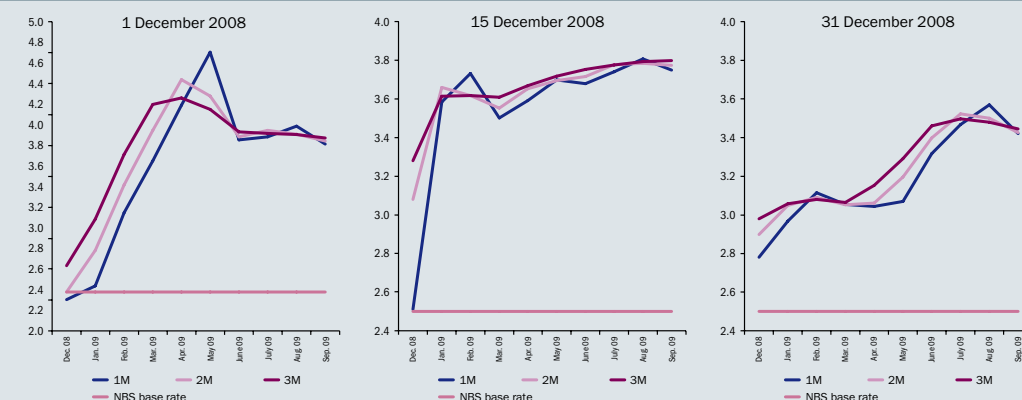
Interest rate swap (IRS) transactions recorded an increase in volume in comparison with the previous month. Transactions with foreign banks accounted for 100%. Swap transactions were concluded with one-year to ten-year maturities. They were dominated by contracts maturing in one to two years, which accounted for 37.2% of the total volume of transactions. They were followed by transactions with five-year to ten-year maturities (36.7%).

The values of implied FRA rates, calculated from BRIBOR rates from the beginning of December, indicate a rise in one-month rates to 4.80% by May 2009, a rise in two- and three-month rates to approximately 4.63% and 4.51%, respectively by April 2009, and subsequent declines in the following period. In the middle of the month, they indicate a rise in three-month rates to 3.80% in September 2009. At the end of the month, the market expectations derived from implied FRA rates also pointed to a rise, to the level of 3.44% in September 2009.

The Agency for Debt and Liquidity Management (ARDAL) announced two issues of SR Treasury bills for December. Both issues were placed on the market through Dutch-style auction. Bids for the second issue were satisfied at a non-competitive auction at a rate accepted at a competitive Dutch auction. Demand at the first auction reached SKK 18.8 billion, of which SKK 6.1 billion was accepted at 3.500%. Demand at the second auction stood at SKK 6.6 billion, of which SKK 3.0 billion was accepted at 3.500%.

Chart 30 Implied expectations derived from BRIBOR rates

(% p.a.)



Source: NBS.

5.3 Customer interest rates in November 2008

Customer interest rates on loans to and deposits from non-financial corporations were influenced by the reduction in the key NBS interest rates. In lending rates for households, however, the interest rate cut was not reflected at all, and in the prices of household deposits, it was reflected only in some of the deposit categories.

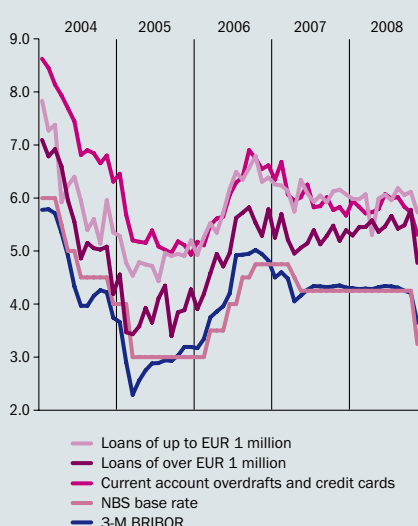
Customer interest rates

Average interest rates on new loans to non-financial corporations fell considerably, due to the cut in the key NBS rates and the subsequent drop in interbank market rates. Interest levels fell for all types of loans and for all maturities. The interest rate reduction caused no increase in the volume of loans provided. The most intense reaction was shown by interest rates on loans to large enterprises (over EUR 1 million), mainly in the form of a fall in short-term rates. Broken down by purpose, operating and investment loans recorded the sharpest fall in interest rates.

Average interest rates on new loans

Average interest rates on loans to households showed no reaction to the cut in the key NBS rates and rose somewhat. Interest rates on consumer loans followed the rising trend from the previous months. The moderate fall in the price of house purchase loans from the previous two months came to a halt and turned into a rise in November. Within the scope of house purchase loans, other loans recorded the most significant rise in price.

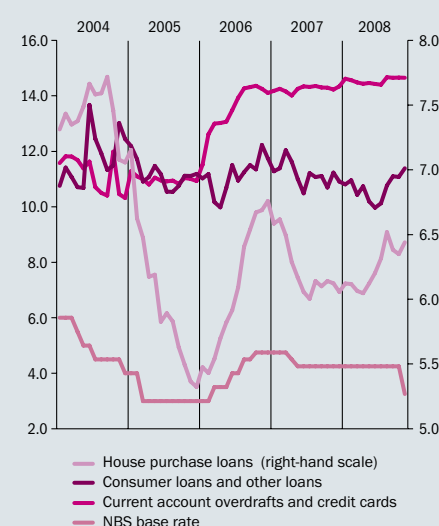
Chart 31 Interest rates on loans to non-financial corporations, 3-M BRIBOR, and the NBS base rate (%)



Source: NBS.

Chart 32 Interest rates on loans to households by type (%)

(%)



Source: NBS.



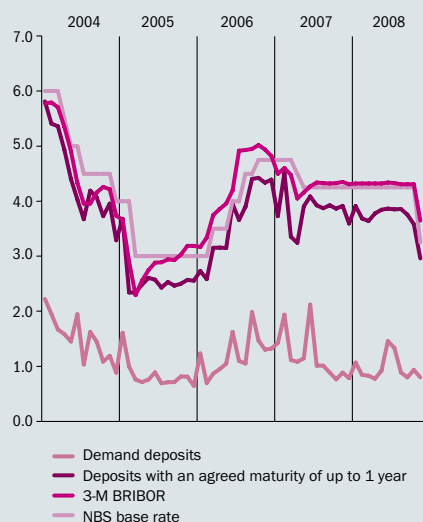
Table 23 Average interest rates on new loans

	Interest rate in %						Changes (p.p.)	
	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Oct. 2008	Nov. 2008	against Q4 2007	month-on- month
Loans to non-financial corporations								
Current account overdrafts and credit cards	5.67	5.71	6.07	5.84	5.73	5.31	-0.36	-0.42
Loans of up to EUR 1 million	6.07	6.07	6.06	6.06	6.12	5.73	-0.34	-0.39
– with a floating rate and an IRF of up to 1 year	6.07	6.06	6.03	5.99	6.06	5.72	-0.35	-0.34
– with an IRF of up to 5 years	6.44	6.40	6.28	7.18	6.35	5.53	-0.91	-0.82
Loans of over EUR 1 million	5.39	5.46	5.47	5.49	5.78	4.78	-0.62	-1.00
– with a floating rate and an IRF of up to 1 year	5.39	5.47	5.45	5.48	5.77	4.71	-0.69	-1.06
– with an IRF of up to 5 years	4.54	4.70	4.66	-	6.41	6.13	1.59	-0.28
Total	5.62	5.70	5.95	5.80	5.75	5.24	-0.38	-0.51
Total, excluding current account overdrafts and credit cards	5.52	5.63	5.60	5.64	5.85	4.94	-0.57	-0.91
Loans to households								
Current account overdrafts and credit cards	14.34	14.48	14.43	14.65	14.66	14.65	0.32	-0.01
Consumer loans	13.23	12.85	12.53	13.34	13.42	13.75	0.52	0.33
House purchase loans	6.06	6.06	6.20	6.38	6.35	6.44	0.38	0.09
of which: mortgage loans	5.72	5.75	5.85	6.17	6.30	6.31	0.59	0.01
Other loans	7.00	6.84	6.65	7.04	7.03	7.16	0.16	0.13
Total	12.38	12.27	11.90	12.45	12.28	12.89	0.50	0.61
Total, excluding current account overdrafts and credit cards	7.52	7.45	7.39	8.01	7.85	8.12	0.60	0.27
NBS base rate	4.25	4.25	4.25	4.25	4.25	3.25	-1.00	-1.00
3M BRIBOR	4.31	4.29	4.34	4.25	4.21	3.65	-0.66	-0.56

Source: NBS.

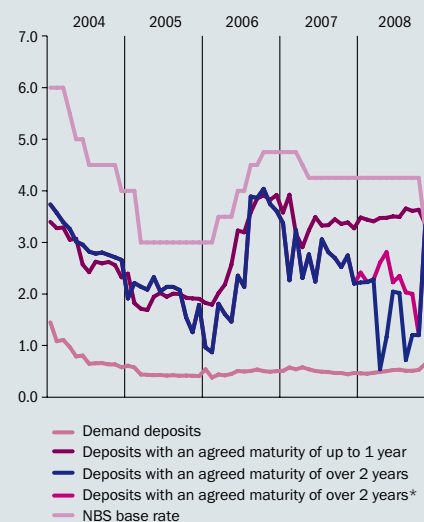
Note: Quarterly data refer to the last month of the given quarter.

Chart 33 Interest rates on deposits from non-financial corporations (%)



Source: NBS.

Chart 34 Interest rates on household deposits (%)



Source: NBS.

1) Interest rates are adjusted for structured deposits, for which banks pay interest at a very low rate, for they cannot determine the future rate of appreciation.

Interest rates on deposits from non-financial corporations fell in reaction to the cut in the key NBS rates (like the lending rates). On the interbank market, a marked drop was recorded in short-term interest rates, which was mainly reflected in short-term deposit rates. A slight fall was also recorded in rates for deposits payable on demand. A sharper drop occurred in the price of short-term deposits with agreed maturity (up to 7 days, up to 1 month, and up to 3 months). Longer-term deposit rates recorded a modest increase (accompanied by very small amounts).

Average interest rates on new deposits

Interest rates on household deposits showed different tendencies in November, depending on the period of fixation. The rates for short-term deposits with agreed maturity dropped, while interest rates on deposits payable on demand and long-term deposits rose slightly (accompanied by negligible amounts).

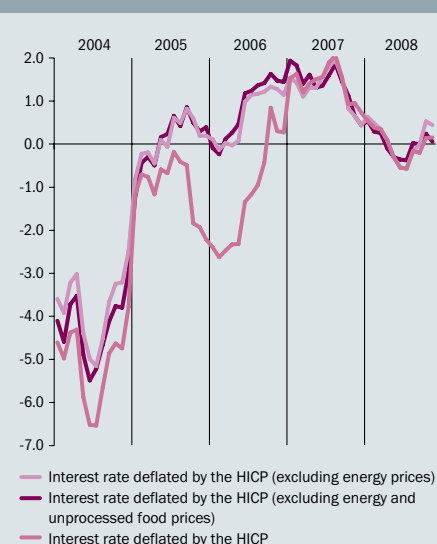
Table 24 Average interest rates on new deposits

	Interest rate in %						Changes (p.p.)	
	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Oct. 2008	Nov. 2008	against Q4 2007	Month- on-month
New deposits from non-financial corporations								
Deposits repayable on demand	0.78	0.83	1.46	0.80	0.94	0.80	0.01	-0.14
Deposits with an agreed maturity of								
– up to 1 year	3.60	3.64	3.86	3.76	3.58	2.96	-0.64	-0.62
– over 1 and up to 2 years	3.79	1.70	4.42	5.15	4.02	4.18	0.38	0.16
– over 2 years	2.30	1.35	4.59	1.90	2.00	2.30	0.00	0.30
Total	1.83	2.13	2.59	2.19	2.18	1.71	-0.12	-0.47
New deposits from households								
Deposits repayable on demand	0.47	0.47	0.53	0.51	0.53	0.64	0.17	0.11
Deposits with an agreed maturity of								
– up to 1 year	3.28	3.41	3.50	3.61	3.64	3.36	0.08	-0.28
– over 1 and up to 2 years	3.58	3.73	4.05	4.46	3.99	3.96	0.38	-0.03
– over 2 years	2.20	2.28	2.04	1.21	1.20	3.35	1.14	2.15
Deposits redeemable at notice								
– up to 3 months	1.42	1.45	1.45	2.13	2.17	2.19	0.77	0.02
– over 3 months	2.05	2.14	2.14	2.53	2.58	2.66	0.61	0.08
Total	0.99	1.18	1.14	1.24	1.38	1.38	0.39	0.00
Basic NBS rate	4.25	4.25	4.25	4.25	4.25	3.25	-1.00	-1.00
3M BRIBOR	4.31	4.32	4.34	4.31	4.21	3.65	-0.66	-0.56

Source: NBS.

Note: Quarterly data refer to the last month of the given quarter.

Chart 35 Real interest rates on household deposits (%)



Source: NBS and the Statistical Office of the SR.

The real interest rate on household deposits, calculated by deflating the rate of interest on new one-year household deposits by HICP inflation, stood at 0.15% in November, which represented a rise of 0.01 of a percentage point compared with the previous month. The slight fall in inflation was accompanied by a reduction in the price of one-year deposits, which led to stagnation in the real interest rate.

Real interest rate



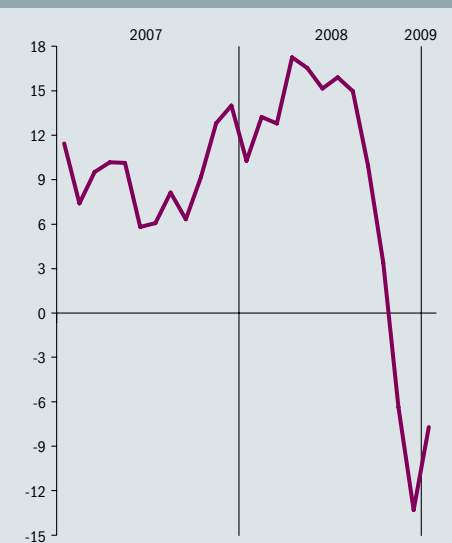
Annexes

1 International Economy: Tables and Charts

Table 25 Euro area (year-on-year changes in %, unless otherwise specified)								
	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %)
2006	2.2	1.5	5.1	2.9	4.0	1.6	8.3	3.86
2007	2.1	2.0	2.8	2.6	3.4	0.9	7.4	4.33
2008	3.3	2.4	.	.	.	.	.	4.36
2007 Q4	2.9	2.3	4.0	2.1	3.0	-0.3	7.2	4.34
2008 Q1	3.4	2.5	5.4	2.1	2.5	-0.2	7.2	4.15
2008 Q2	3.6	2.5	7.1	1.4	1.1	-1.5	7.4	4.50
2008 Q3	3.8	2.5	8.5	0.6	-1.5	-1.4	7.5	4.61
2008 Q4	2.3	2.2	.	.	.	.	.	4.17
IX.08	3.6	2.5	7.9	-	-2.5	-1.1	7.6	4.50
X.08	3.2	2.4	6.3	-	-5.7	-2.3	7.7	4.42
XI.08	2.1	2.2	3.3	-	-7.7	-1.5	7.8	4.20
XII.08	1.6	2.1	.	-	.	.	.	3.89

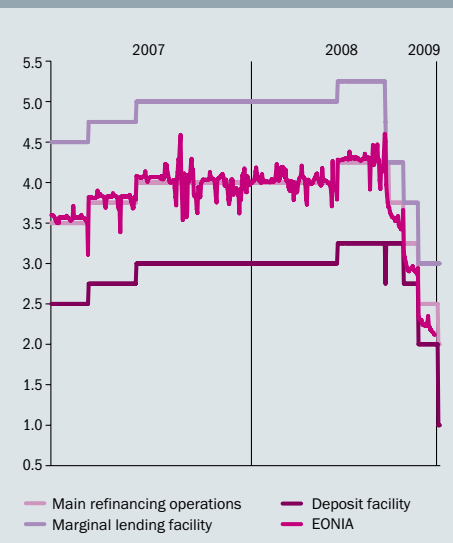
Source: Eurostat, ECB, NBS calculations.
 1) Overall inflation, excluding energy and unprocessed food prices.
 2) Constant prices.
 3) Adjusted for calendar effects.
 4) Adjusted for seasonal and calendar effects.
 5) Annual data are not adjusted for calendar effects.
 6) Harmonised data, ILO definition, seasonally adjusted.

Chart 36 USD/EUR: year-on-year changes (%)



Source: ECB.
Note: Negative values denote appreciation.

Chart 37 ECB interest rates and the EONIA (%)



Source: ECB.

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
2006	2.1	0.9	1.6	6.8	13.2	6.9	7.2	3.80
2007	3.0	3.1	4.0	6.0	8.9	7.2	5.3	4.30
2008	6.3	5.8	.	.	.	.	.	4.63
2007 Q4	4.9	4.5	5.0	5.5	7.9	5.3	4.8	4.59
2008 Q1	7.6	6.9	5.7	4.9	5.4	1.8	4.5	4.59
2008 Q2	6.7	6.2	5.1	4.6	6.6	2.3	4.5	4.90
2008 Q3	6.5	5.9	5.5	4.2	2.1	0.4	4.3	4.60
2008 Q4	4.4	4.3	.	.	.	.	.	4.45
IX.08	6.4	5.9	5.5	-	4.5	2.0	4.3	4.42
X.08	5.7	5.2	3.9	-	-6.1	-1.1	4.4	4.53
XI.08	4.1	4.1	1.3	-	.	.	4.5	4.52
XII.08	3.3	3.5	.	-	.	.	.	4.30

Source: Eurostat, ECB, NBS calculations.
1) Overall inflation, excluding energy and unprocessed food prices.
2) Constant prices.
3) Adjusted for calendar effects.
4) Adjusted for seasonal and calendar effects.
5) Annual data are not adjusted for calendar effects.
6) Harmonised data, ILO definition, seasonally adjusted.
7) Long-term interest rates according to the Maastricht criteria.

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
2006	4.0	2.5	8.4	4.1	10.6	4.3	7.5	7.12
2007	7.9	6.7	6.4	1.1	8.4	-3.0	7.4	6.74
2008	6.0	5.1	.	.	.	.	.	8.24
2007 Q4	7.1	6.2	5.2	0.3	6.0	-4.0	7.7	6.76
2008 Q1	6.9	5.9	10.7	1.1	6.3	-2.9	7.7	7.70
2008 Q2	6.8	5.6	11.8	1.6	3.6	-1.7	7.7	8.20
2008 Q3	6.3	5.2	13.0	1.0	-2.9	-1.5	7.9	7.96
2008 Q4	4.2	3.8	.	.	.	.	.	9.10
IX.08	5.6	4.7	12.7	-	-5.3	-1.6	7.9	7.99
X.08	5.1	4.2	13.2	-	-7.2	-1.4	8.0	9.57
XI.08	4.1	3.8	10.8	-	.	.	8.3	9.41
XII.08	3.4	3.5	.	-	.	.	.	8.31

Source: Eurostat, ECB, NBS calculations.
1) Overall inflation, excluding energy and unprocessed food prices.
2) Constant prices.
3) Adjusted for calendar effects.
4) Adjusted for seasonal and calendar effects.
5) Annual data are not adjusted for calendar effects.
6) Harmonised data, ILO definition, seasonally adjusted.
7) Long-term interest rates according to the Maastricht criteria.



Table 28 Poland

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

	Prices			Real economy				Financial market
	HICP	HICP ¹⁾ (core inflation)	PPI	GDP ^{2),4),5)}	Industrial production ^{2),3)}	Retail trade (sales) ^{2),3)}	Unemployment (% of the labour force) ⁶⁾	10-years bonds (yield to maturity in %) ⁷⁾
2006	1.3	0.6	2.5	6.2	12.2	9.6	13.9	5.23
2007	2.6	2.0	3.6	6.6	9.5	13.5	9.6	5.48
2008	4.2	3.6	.	.	.	.	.	6.07
2007 Q4	3.7	3.0	4.4	6.6	7.9	11.4	8.5	5.73
2008 Q1	4.5	3.7	5.4	6.1	9.3	8.2	7.8	5.87
2008 Q2	4.3	3.8	5.7	5.8	7.2	8.2	7.4	6.17
2008 Q3	4.4	3.7	5.3	5.6	2.3	6.3	6.8	6.15
2008 Q4	3.6	3.1	.	.	.	.	.	6.09
IX.08	4.1	3.6	5.1	-	3.1	5.8	6.6	5.89
X.08	4.0	3.3	4.0	-	-0.2	5.1	6.5	6.35
XI.08	3.6	3.1	3.1	-	-5.3	6.2	6.5	6.23
XII.08	3.3	2.9	.	-	.	.	.	5.70

Source: Eurostat, ECB, NBS calculations.

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

2) Constant prices.

3) Adjusted for calendar effects.

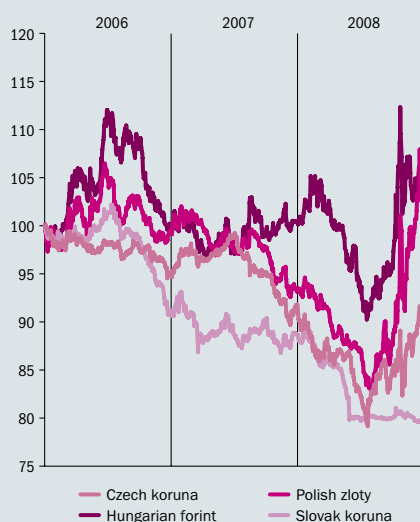
4) Adjusted for seasonal and calendar effects.

5) Annual data are not adjusted for calendar effects.

6) Harmonised data, ILO definition, seasonally adjusted.

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

Chart 38 Exchange rate indices of V4 currencies against the euro
(31 December 2005 = 100)



Source: Eurostat, NBS calculations.

Note: A fall in value denotes an appreciation.

Chart 39 Exchange rates of V4 currencies against the euro
(year-on-year changes in %)



Sources: Eurostat, NBS calculations.

Note: Negative values denotes appreciation.

Table 29 United States (year-on-year changes in %, unless otherwise specified)

	Prices			Real economy				Financial market
	CPI	CPI ¹⁾ (core inflation)	PPI ²⁾	GDP ³⁾	Industrial production ⁴⁾	Retail trade ⁵⁾	Unemployment	10-years bonds (yield to maturity in %)
2006	3.2	2.5	3.0	2.8	2.2	6.2	4.6	4.80
2007	2.9	2.3	3.9	2.0	1.7	4.1	4.6	4.64
2008	3.8	2.3	6.3	.	-1.7	-0.8	5.8	3.66
2007 Q4	4.0	2.3	6.8	2.3	2.2	4.0	4.8	4.27
2008 Q1	4.1	2.4	7.1	2.5	1.9	2.5	4.9	3.67
2008 Q2	4.4	2.3	7.6	2.1	0.2	2.2	5.3	3.88
2008 Q3	5.3	2.5	9.4	0.7	-3.0	-0.1	6.0	3.86
2008 Q4	1.6	2.0	1.3	.	-6.0	-2.2	6.8	3.23
IX.08	4.9	2.5	8.7	-	-6.3	-1.9	6.1	3.69
X.08	3.7	2.2	5.1	-	-4.2	-5.3	6.5	3.81
XI.08	1.7	2.0	0.2	-	-5.9	-8.0	6.7	3.53
XII.08	0.1	1.8	-1.2	-	-7.9	-9.8	7.2	2.42

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

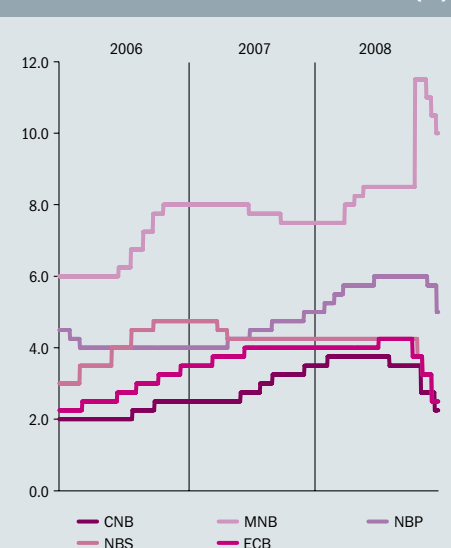
1) Core CPI – inflation excluding food and energy.

2) PPI finished products.

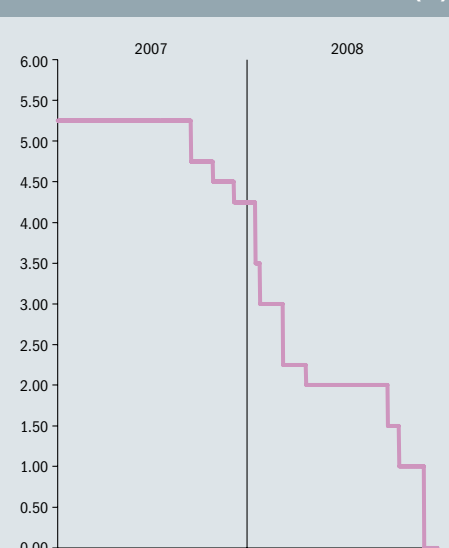
3) Seasonally adjusted.

4) Industrial production in total (seasonally adjusted.)

5) Retail trade and restaurant services.

Chart 40 Key interest rates of the NCBs of V4 countries (%)


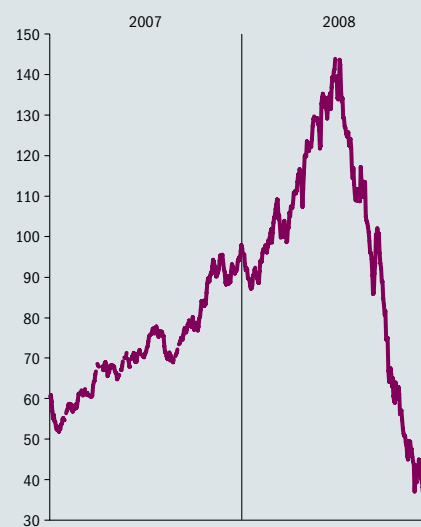
Sources: ECB, national central banks.

Chart 41 United States: federal funds rate (%)


Source: Federal Reserve System.



Chart 42 Oil prices in USD/barrel



Source: Reuters.

2 Capital Market

2.1 Primary market

In December, the Agency for Debt and Liquidity Management (ARDAL) held two auctions for government bonds (with 2.3 and 8.3-year residual maturities). Demand at the first auction reached SKK 7.9 billion, of which SKK 3.7 billion was accepted. The average yield required stood at 4.055%. At the second auction, ARDAL accepted SKK 3.3 billion of the bids submitted for a total amount SKK 4.5 billion, with an average yield of 4.675%.

On the primary market for non-government bonds, four bond issues were floated in December in the total amount of SKK 1.1 billion. Three issues were denominated in SKK, one in EUR. Three issues involved mortgage bonds in the amount of SKK 1.1 billion, they all were denominated in SKK.

2.2 Secondary market

The total volume traded on the Bratislava Stock Exchange (BSSE) reached SKK 125.1 billion in December (in 436 transactions), representing a month-on-month increase of 9.2%. Price-setting transactions accounted for SKK 2.2 billion and direct transactions for SKK 122.9 billion.

Non-resident investors accounted for 51.3% of the total volume traded in December, of which 51.0% were purchases and 51.6% sales.

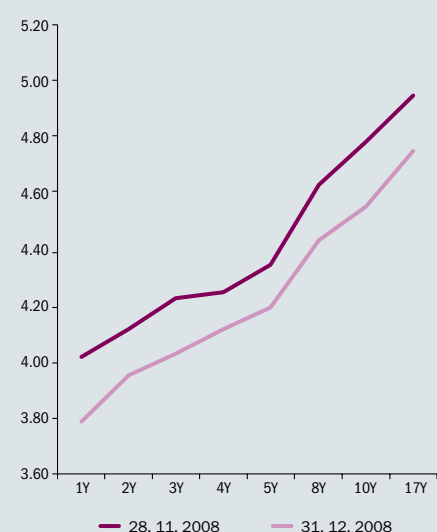
The benchmark government bond yield curve shifted down month-on-month by an average of 0.19 of a percentage point. The most significant changes in bond yields occurred at one- and ten-year maturities, which fell by an average of 0.22 and 0.23 of a percentage point, respectively. Bond yields were influenced by fluctuations in euro-area bond yields, which, however, dropped more sharply than those in Slovakia. As a result, the gap between the Slovak and European benchmarks has widened.

Bonds

On the BSSE floor, bonds changed hands during the month in 263 transactions, totalling SKK 125.1 billion (representing almost 100% of the total volume traded on the Stock Exchange in December). Direct transactions accounted for SKK 122.9 million and price-setting transactions for SKK 2.2 billion.

The market capitalisation of bonds as at the last trading day of December reached SKK 503.6 billion, representing a month-on-month increase of 1.3%. The capitalisation of listed bonds had increased since the end of November by 1.4%, to SKK 485.6 billion.

Chart 43 Benchmark government bond yield curves (%)



Sources: Reuters, NBS.

Chart 44 Bond transactions in the BCPB (SKK billions)



Source: Bratislava Stock Exchange (BCPB).



SDXGroup indices

Table 30 The values of SDXgroup indices at the end of December 2008

Sector	SDXGroup indices		Yield to maturity (%)	Duration (in years)
	Price	Performance		
Public	103.1	127.8	4.454	4.840
SDXG sub-index (<=5)	103.0	125.7	4.057	2.823
SDXG sub-index (>5)	103.5	130.7	4.617	6.841
Private (corporate + mortgage bonds)	100.8	131.8	4.263	3.811
SDXG sub-index (>5)	100.0	103.6	4.263	3.811

Source: Bratislava Stock Exchange.

The SDXG (>5) long-term private sector sub-index is no longer calculated, because the last base issue has been excluded from the basket after its residual maturity fell below five years.

Shares During the month under review, SKK 39.6 million was traded in shares, in 173 transactions. Price-setting transactions accounted for SKK 10.7 million and direct transactions for SKK 28.9 billion.

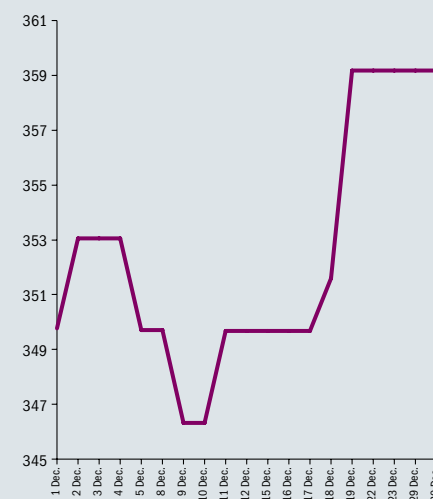
By the last trading day of December 2008, the market capitalisation of equity securities had fallen month-on-month by 9.6%, to SKK 116.9 billion. The actual amount of issues that had a market price at least once in the past, except for investment fund shares/units, was SKK 110.1 billion (a month-on-month decline of 10.1%) and accounted for 94.2% of the total equity market capitalisation. The market capitalisation of quoted issues had increased since the end of November by 2.0%, to SKK 70.0 billion.

New and cancelled issues During December, three new mortgage bond issues were accepted for trading on the quoted parallel BSSE market, in the total amount SKK 1.0 billion. Three mortgage bond issues amounting to SKK 1.6 billion were excluded from trading on the BSSE in December, on account of maturity.

During the month under review, the BSSE accepted no new share issue for trading on the quoted market, nor on regulated open market. In the same month, however, the BSSE excluded two share issues from trading on the regulated open market in the nominal amount of SKK 1.7 billion at the issuer's request and four share issues in the total amount of SKK 219.4 million owing to failure by the issuers to meet the statutory reporting requirement.

SAX index The SAX index closed the month of December at 359.18 points, representing a month-on-month rise of 2.7% and a year-on-year fall of 19.4%. The index reached its monthly peak on 19 December (359.18 points) and monthly low on 9 December (346.32 points).

Chart 45 Developments in the SAX index in December 2008 (points)



Source: BCPB.

Table 31 Weights of basic SAX index components at month-ends in 2008

Company	Weights in % 2008						Monthly change in p.p.
	July	Aug.	Sep.	Oct.	Nov.	Dec.	
Biotika, a. s.	3.91	4.01	3.94	5.25	5.54	5.40	-0.14
OTP Banka Slovensko, a. s.	18.60	19.09	24.41	24.51	25.89	23.64	-2.25
SES Tlmače, a. s.	26.68	26.48	21.49	22.20	17.93	19.22	1.29
Slovnaft, a. s.	26.73	28.16	26.16	27.52	28.10	26.42	-1.68
Všeobecná úverová banka, a. s.	24.08	22.26	24.00	20.52	20.74	25.33	4.59

Source: BCPB.

3 Methodological Notes to Selected Indicators

3.1 Monetary Statistics

3.1.1 Statistics of Monetary Aggregates (ECB methodology)

In implementing ECB methodology, data from harmonized statements of monetary and banking statistics were applied. These statistics were introduced by Národná banka Slovenska in 2003.

In 2003, similarly as in national methodology, the MFI sector was composed of Národná banka Slovenska, commercial banks headquartered in the SR, home savings banks, and the local branches of foreign banks. With effect from January 2004, in accordance with ECB methodology, the MFI sector was extended to include money market investment funds, which are now required to report data to NBS on a monthly basis (the list of MFIs monitored by NBS is regularly updated and published on the website of Národná banka Slovenska)⁶.

The aggregated balance sheet of monetary financial institutions (excluding the NBS) is the sum of statistical balance sheets of MFIs (except of the NBS balance sheet). The structure and content of the items of the statistical balance sheet was defined to allow compilation of a “consolidated balance sheet of MFIs”.

The consolidated balance sheet of monetary financial institutions is obtained by netting out inter-MFI positions on the aggregated balance sheet of monetary financial institutions, which also includes the assets and liabilities of NBS. The consolidated balance sheet of MFIs serves for the calculation of monetary aggregates and their counterparts. In netting out, 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.

Monetary aggregates according to ECB methodology are calculated from monthly statistical balance sheet of banks, on the basis of which NBS compiles the aggregated and consolidated balance sheets for the MFI sector. The monetary aggregates consist of highly liquid liabilities of MFIs and central government to residents in the money-holding sector. The rest of the consolidated balance sheet, after deduction of the M3 monetary aggregate, is constituted by its counterparts.

The calculation of the annual growth rate of the monetary aggregates and their counterparts requires a calculation of transactions. Annual growth rates are calculated using a-chain index fixed to a-basis period (January 2005, January 2005 = 100).

The formula for the calculation of the index is as follows:

$$I_t = I_{t-1} \times \left(1 + \frac{T_t}{S_{t-1}} \right)$$

I_t – index at period t

T_t – transactions in period t

S_{t-1} – outstanding amount in period t-1

Transactions are business-to-business transactions that are based on mutual agreement, which involves the simultaneous creation or end of an asset and related liability or change in the ownership of the asset or the entering into a-liability. The transactions are calculated indirectly using data on non-transactions, which express changes in stocks resulting from:

1. reclassifications and other changes,
2. exchange rate variations,
3. changes in the valuation of tradable instruments + write-downs of loans

⁶ The actual list of MFIs and detailed methodological information on harmonised monetary and banking statistics are available on the website of Národná banka Slovenska (<http://www.nbs.sk>), in the ‘Monetary and Banking Statistics / Monetary Statistics of the MFIs’, under ‘Banking sector of the SR’ menu.



Transaction = differences in end-of-the-month stocks minus non-transactions

$$F_t = (S_t - S_{t-1}) - C_t - V_t - E_t$$

F_t – transactions

S_t – stocks at the end of the current period

S_{t-1} – stocks at the end of the previous period

C_t – adjustment related to reclassification

V_t – adjustment related to revaluation

E_t – exchange rate adjustment (has not been calculated as yet)

Indices calculated in this way are used for the calculation of the annual growth rate for period t (a_t):

$$a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

3.1.2 Statistics on monetary aggregates (NBS methodology – Monetary Survey)

In 2005, Národná banka Slovenska completed the harmonization process in methodology implementation for reporting and monitoring monetary aggregates in line with that of the European Central Bank (ECB). From February 2006, when a 1-year transition period ended, NBS has published monetary aggregates and evaluated their development using ECB methodology only.

In a transition period, the NBS used both national methodology and that of the ECB in evaluating the development of monetary aggregates, nevertheless, greater emphasis was placed on ECB methodology in relation to the M3 aggregate and its counterparts.

Table 32 Calculation of Monetary Aggregates

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)	+
= Money (M1 – 'narrow money')	overnight deposits and received loans
	= M1 ('narrow money')
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	= M2 ('intermediate money')
= 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
= Money supply M2 (=M1+QM)	M3 MONETARY AGGREGATE ('broad money')

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 NBS, commercial banks, and money market funds – the deposits of money market 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)⁷;
- 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 data⁸.

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 granted⁹ 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.

⁷ In the methodology of NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

⁸ In the conditions of NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.

⁹ The term 'granted loans' is an equivalent of the term 'new loan'.



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. 63/2002¹⁰ 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.

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
 - repayable at a period of notice of up to 3 months
 - repayable at a period of notice of over 3 months.

¹⁰ 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.

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 2005¹¹

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.

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.

¹¹ Until 2004, claims had been classified as standard loans, standard loans with qualification, non-standard loans, doubtful loans, and loss-making loans.



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.

3.1.5 Balance of Payments

In 2006, a methodological change was introduced in respect of the reporting of funds received from the EU budget. Originally, all receipts were recorded within the balance of current transfers. The new categorisation reflects the character of the individual funds through which money is drawn from the EU, i.e. distinguishes between funds used for common and/or investment purposes. This led to the shift of part of these funds from the balance of current transfers to the balance of capital transfers with a subsequent negative impact on the current account balance. The methodological change has no effect on the external equilibrium, since the lower receipts in the current account are fully offset by increased inflows in the capital and financial account.

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 produc-



tion 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.

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

**4 Comments on quarterly financial accounts for the third quarter of 2008****Table 33 The sectors and sub-sectors under the ESA 95 System**

Non-financial corporations	S.11
Financial corporations	S.12
Central bank	S.121
Other monetary financial institutions	S.122 (commercial banks and money market mutual funds)
Other financial intermediaries	S.123 (other mutual funds, leasing, factoring, and hire purchase)
Financial auxiliaries	S.124 (PMC, SPC, SD, SE, CD, MFMC) ¹
Insurance corporations and pension funds	S.125
General government	S.13
Central government	S.1311
Regional government	S.1312
Local government	S.1313
Social security funds	S.1314
Households	S.14
Non-profit institutions serving households (NPISH)	S.15
Foreign countries (non-residents)	S.2
European Union (EU)	S.21
EU Member States	S.211
European Monetary Union Member States (EMU) and EU institutions	S.212
Rest of the World and international organizations	S.22

1) PMC – pension management companies, SPC – supplementary pension companies, SD – security dealers, SE – stock exchange, CD – central depository, MFMC – mutual fund management companies.

Table 34 Financial instruments according to the ESA 95 System

Monetary gold and special drawing rights	(A)F.1 ¹
Monetary gold	(A)F.11
Special drawing rights (SDRs)	(A)F.12
Currency and deposits	(A)F.2
Currency	(A)F.21
Transferable deposits	(A)F.22
Other deposits	(A)F.29
Securities other than shares	(A)F.3
Securities other than shares, excluding financial derivatives	(A)F.33
Short-term	(A)F.331
Long-term	(A)F.332
Financial derivatives	(A)F.34
Loans	(A)F.4
Short-term	(A)F.41
Long-term	(A)F.42
Shares and other equity	(A)F.5
Shares and other equity, excluding mutual funds shares	(A)F.51
Quoted shares	(A)F.511
Unquoted shares	(A)F.512
Other equity	(A)F.513
Mutual funds shares	(A)F.52
Insurance technical reserves	(A)F.6
Net equity of households in life insurance and pension funds reserves	(A)F.61
Net equity of households in life insurance reserves	(A)F.611
Net equity of households in pension funds reserves	(A)F.612
Prepayments of insurance premiums and reserves for outstanding claims	(A)F.62
Other accounts receivable and payable	(A)F.7
Trade credits and advances	(A)F.71
Other	(A)F.79

1) AF is the code for stocks and F for transactions.

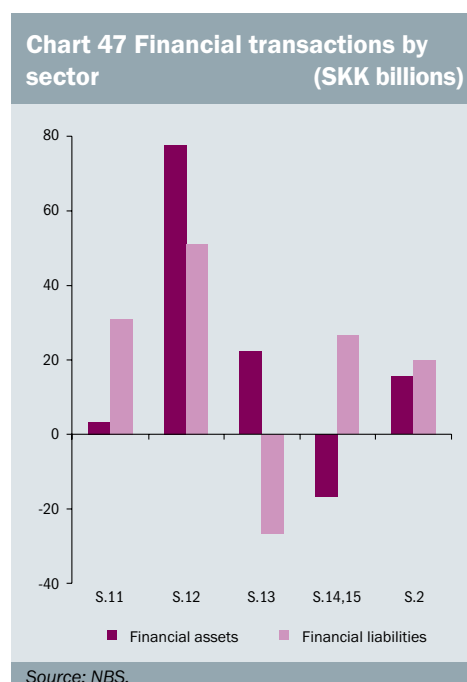
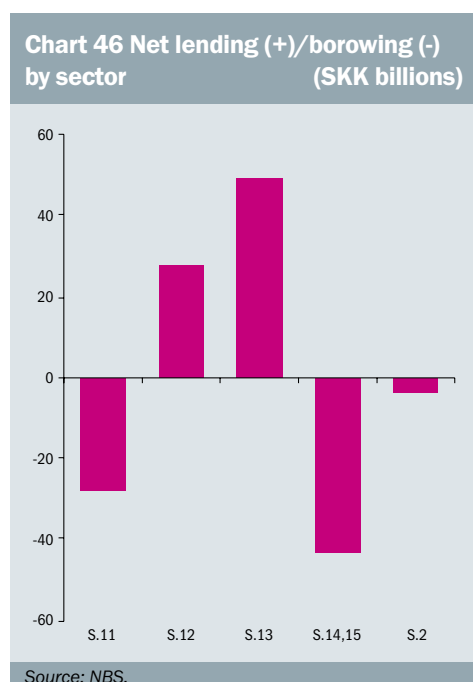
Quarterly financial accounts (QFAs) are an integral part of the European System of Accounts 1995 (ESA 95). Their main role is to provide comprehensive information on financial flows between the individual entities of the national economy and between these entities and the rest of the world, and/or on the volume (stocks) of financial assets held by these economic entities. On the basis of information thus obtained, it is possible to analyse, inter alia, the central bank's monetary policy transmission mechanism and to monitor, through the volume and structure of financial assets held and the volume and structure of financial debts owed by economic entities, the degree of stability of the country's financial system.

Národná banka Slovenska (NBS) is primarily responsible for compiling and publishing quarterly financial accounts for the entire economy, except for the general government sector, which is the responsibility of the Statistical Office of the Slovak Republic (SO SR). In preparing QFAs, NBS closely cooperates with the Ministry of Finance of the Slovak Republic (MF SR) and with other entities from the financial sector. Data on non-financial entities are obtained from SO SR reports, the balance of payments compiled by NBS, or from existing statistical reports, i.e. from the counterparts (e.g. data on household deposits at banks are obtained from the banks' statistical reports, and not directly from households).

Overall development

Transactions

In the third quarter of 2008, the net debtor position of the national economy fell, as well as the net creditor position of the foreign countries sector¹², with net lending¹³ reaching SKK 5.2 billion (EUR 172.61 million). This favourable development was caused by a pronounced increase in financial assets, exceeding the growth in financial liabilities. Among the institutional sectors¹⁴, the most significant contribution to this development was made by financial transactions in the general government sector (S.13), with the difference between asset-side and liability-side transactions reaching SKK 48.9 billion (EUR 1.62 billion). On the other hand, the third quarter of 2008 saw the worst result in the sector of households and non-profit institutions serving households (NPISH), the creditor position of which fell by SKK 43 billion (EUR 1.43 billion).



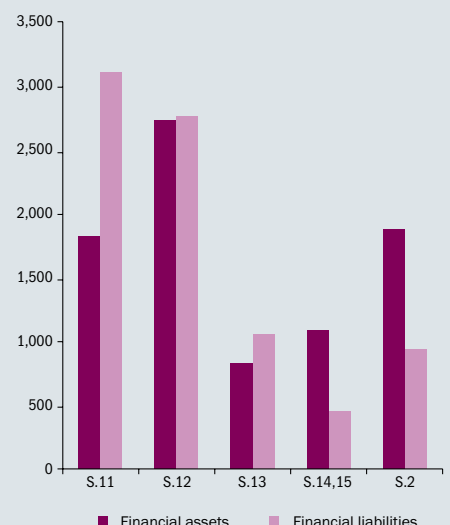
¹² The sum of financial assets and liabilities in the national economy (S.1) and foreign countries (S.2) sectors must equal 0; this means that, if the national economy's indebtedness decreases (or its creditor position increases), the indebtedness of foreign countries vis-à-vis the national economy automatically increases (or their creditor position decreases). This relation is valid only if the financial instrument 'monetary gold and special drawing rights' (AF.1), which is the only item that is recorded exclusively on the asset side of the national economy, is not taken into account. Distinction between a change in indebtedness and a change in creditor position can be made according to the total volume of net wealth, i.e. according to changes in the stocks of accounts receivable and payable.

¹³ Net lending represents a positive difference between financial assets and financial liabilities. A negative difference denotes net borrowing. In the case of data referring to stocks, the difference between financial assets and liabilities is defined as net financial assets (or net financial wealth), which may be positive or negative.

¹⁴ The detailed classification of institutional sectors with the codes assigned in line with the ESA 95 national accounts classification is available on page 2.

Chart 48 Net financial assets by sector (SKK billions)


Source: NBS.

Chart 49 Stocks of financial assets and liabilities by sector (SKK billions)


Source: NBS.

Stocks

The financial transactions conducted in the third quarter of 2008 contributed to the reduction in the overall debt of the national economy, which reached SKK 909.1 billion¹⁵ (EUR 30.18 billion) in terms of stocks at the end of the quarter. Most heavily indebted was still the sector of non-financial institutions, with a net debt amounting to SKK 1,275.4 billion (EUR 42.34 billion). Besides corporations, the general government sector was also indebted (up to SKK 217.5 billion, i.e. EUR 7.22 billion), as

well as the sector of financial institutions (SKK 29.8 billion, i.e. EUR 989.18 million). Within the national economy, the largest amount of net financial assets was held in the household sector (SKK 613.7 billion, i.e. EUR 20.37 billion). The foreign countries sector had maintained a creditor position for a long time; it stood at SKK 933.6 billion¹⁶ (EUR 30.99 billion) at the end of the third quarter.

Chart 50 Structure of financial assets and liabilities (transactions) in of non-financial corporations (SKK billions)


Source: NBS.

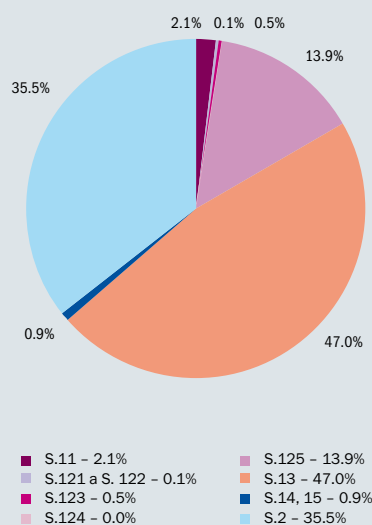
Quarterly financial accounts (transactions) by institutional sector

S.11 Non-financial institutions

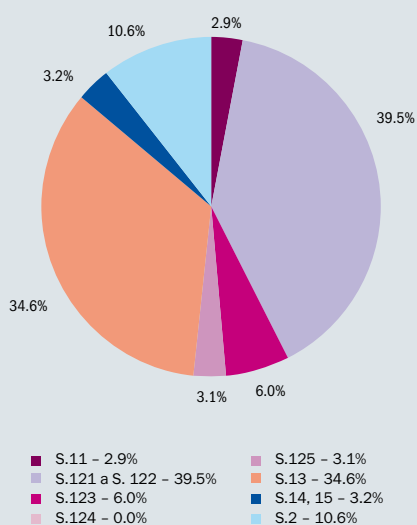
Non-financial institutions recorded an unfavourable trend in the form of an increase in indebtedness as a result of an increase in financial liabilities, mainly in long-term loans, trade credits, and advances. A factor dampening the increase in liabilities was a decrease in the amount of shares issued for non-residents. The growth in net lending was also supported by a slower growth in financial assets compared with the growth in financial liabilities, which was mainly caused by a decrease in long-term debt securities and other accounts receivable.

¹⁵ The given volume of total debt in the national economy is markedly lower than the figure published in the notes to the quarterly financial accounts for the second quarter of 2008. In January 2009, data for the second quarter of 2008 were revised downwards (due to new estimates of the sectoral breakdown of the F.7 financial instrument – other accounts receivable/payable) and thus the volume of indebtedness fell considerably.

¹⁶ The difference between the national economy's net financial debt (SKK 909.1 billion = EUR 30.18 billion) and the net creditor position of the foreign sector (SKK 933.6 billion = EUR 30.99 billion) is represented by the item monetary gold and special drawing rights in the amount of SKK 24.5 billion (EUR 813.25 million).

**Chart 51 Financial assets (transactions) of non-financial institutions by sector**

Source: NBS.

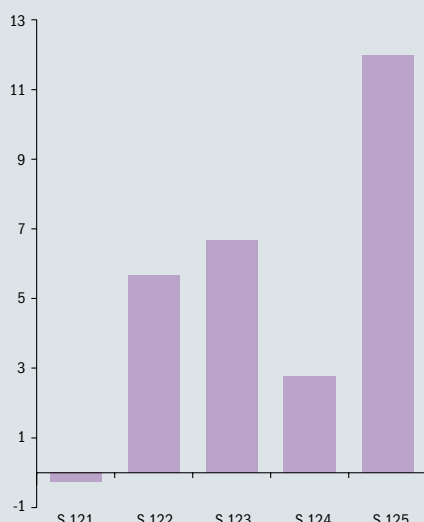
Chart 52 Financial liabilities (transactions) of non-financial institutions by sector

Source: NBS.

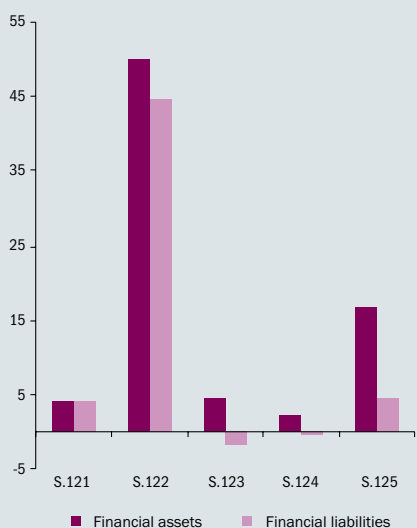
Broken down by sector, non-financial institutions recorded financial transactions on the asset side in a different structure, compared with those on the liability side. The asset side was dominated by the general government and foreign countries sectors. The transactions had different signs, because a marked decrease was recorded in assets vis-à-vis the general government sector, while assets in relation to foreign countries increased (mainly shares issued for non-residents). The liability side was dominated by financial transactions with monetary financial institutions and entities from the general government.

S.12 Financial institutions

In contrast with non-financial corporations, the S.12 sector (financial institutions) recorded net lending in the third quarter of 2008. This development resulted from the diminishing indebtedness of financial institutions in all sub-sectors, mainly in the S.125 sub-sector (insurance corporations and pension funds), except for the central bank (S.121).

Chart 53 Net lending (+)/ borrowing (-) by financial institutions (SKK billions)

Source: NBS.

Chart 54 Financial transactions of financial institutions by sub-sector (SKK billions)

Source: NBS.

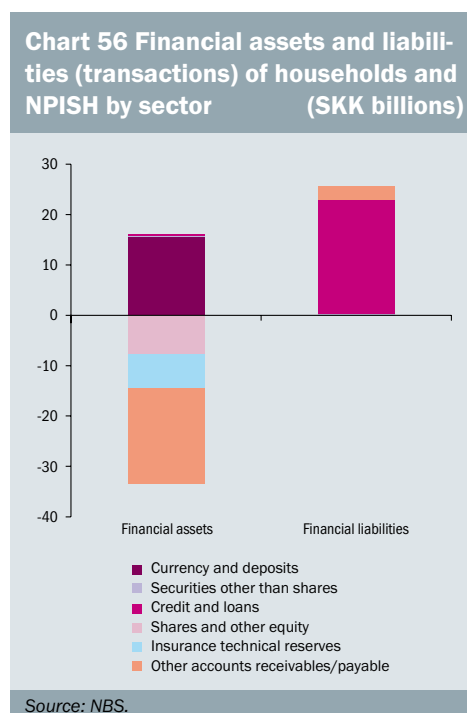
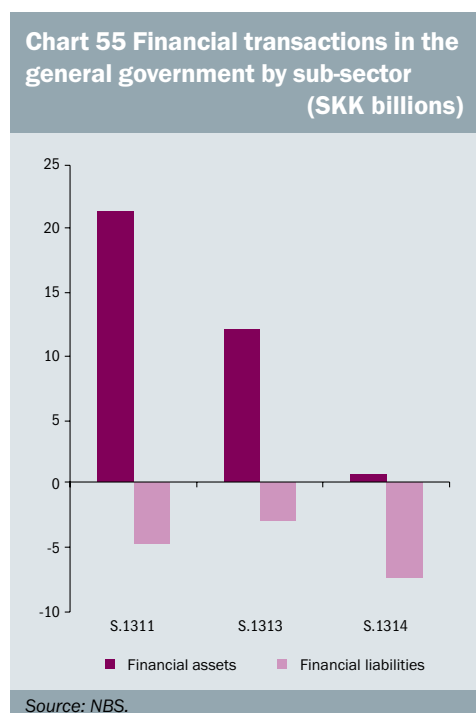
Developments in the financial sector were most significantly influenced by financial transactions in insurance corporations and pension funds. In these transactions, assets increased more significantly than liabilities. On the asset side, the steepest increases took place in debt securities and insurance technical reserves. The liability side was mainly influenced by insurance technical reserves, with liabilities decreasing in the area of life insurance and increasing in prepayments of insurance premiums and reserves for outstanding claims. A sectoral breakdown of transactions shows that insurance corporations and pension funds purchased government bonds as well as foreign debt securities within the scope of asset-side operations. Within the scope of insurance technical reserves, insurance corporations increased the volume of reinsurance contracts with foreign companies. On the liability side, financial transactions were divided between non-financial corporations, households, and monetary financial institutions.

Besides insurance corporations and pension funds, contributions to positive financial transactions were also made by entities from the S.123 sector (other financial intermediaries: leasing, factoring, and hire purchase companies, and long-term open-end investment funds¹⁷), the S.122 sector (other monetary financial institutions), and the S.124 sector (financial auxiliaries). Positive transactions by other financial intermediaries (OFIs) and financial auxiliaries resulted in an increase in assets and a decrease in liabilities, when OFIs provided new short-term loans to companies and households, while financial auxiliaries increased their deposits at banks. Other monetary financial institutions increased their assets to a greater extent than liabilities, while asset-side operations were dominated by loans provided to households, companies, and non-residents. Among liabilities, the most significant increases occurred in deposits from households and from the central government.

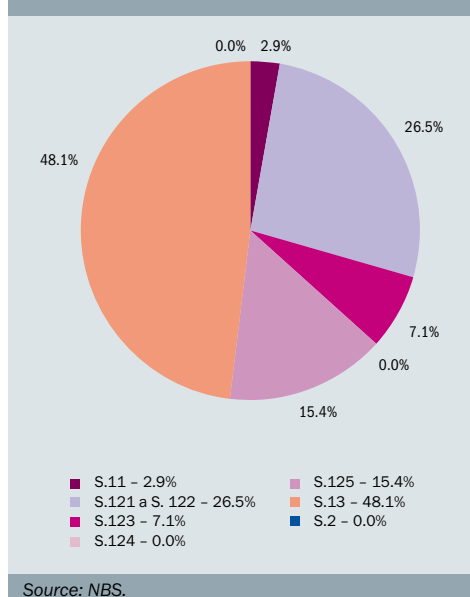
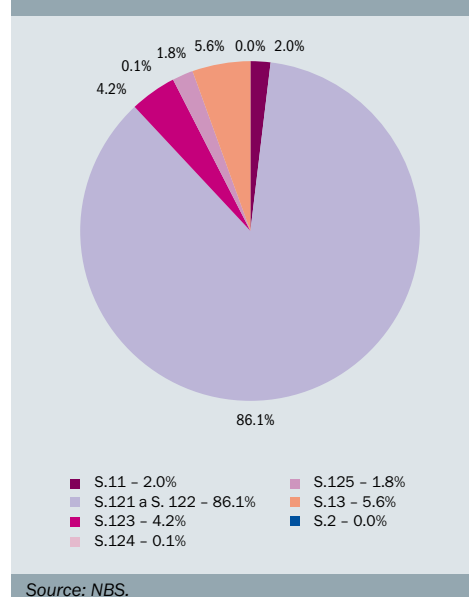
Negative financial transactions, resulting in an increase in its debtor position, were recorded by the Central Bank. A key factor in this unfavourable development was an increase in deposits from commercial banks. Deposits and loans represented the most important transactions on the asset side, while deposits increased and loans decreased.

S.13 General government

The most significant contribution to the reduction in the national economy's overall indebtedness was made by the S.13 sector (general government). At the level of sub-sectors, the most significant contributions to this development came from debt reduction in the S.1311 (central government) and S.1313 (local government) sub-sectors.



¹⁷ According to the methodology of monetary and banking statistics, mutual funds are divided into money market mutual funds (short-term), which are included in the S.122 sector (other monetary financial institutions) and mutual funds other than money market funds (long-term), which are included in the S.123 sector (other financial intermediaries).

**Chart 57 Financial assets (transactions) of households and NPISH by sector****Chart 58 Financial liabilities (transactions) of households and NPISH by sector**

The increase in asset-side transactions in the central government sub-sector was mainly caused by new deposits held at domestic commercial banks and short-term loans provided to non-financial corporations. On the liability side, the government's other financial liabilities towards households and enterprises decreased. The local government achieved an increase in asset-side transactions in other receivables from enterprises and households and a decrease in liabilities arising from trade credits to enterprises. The relatively smallest amount of net lending, resulting in an increase in the overall creditor position, was recorded in the S.1314 sub-sector (social security funds).

S.14,15 Households and NPISH

The households and NPISH sector reduced its overall creditor position relatively significantly in the third quarter of 2008, when the sector's financial assets decreased and financial liabilities increased. The decrease in assets took place mostly in other household receivables and savings in mutual funds and in life insurance. The liability side saw an increase in long-term loans received, accompanied by a slight increase in liabilities arising from the operations of households and NPISH in financial derivatives.

The character of financial transactions reflects the sectoral breakdown of the relations of households and NPISH. The asset side was dominated by transactions with general government entities and other monetary financial institutions. In liability-side operations, the key role was played by commercial banks, as usual.

S.2 Foreign countries

The overall reduction in the creditor position of the foreign countries sector in relation to domestic sectors was the result of faster growth in liabilities than in assets. The primary role in liability-side operations was played by deposits from domestic financial institutions and equity securities held by non-financial corporations. A factor dampening the increase in liabilities was a fall in the volume of short-term debt securities held by domestic financial institutions. On the asset side, financial and trade credits provided to non-financial corporations increased, as well as long-term debt securities issued by domestic financial institutions.



5 Tables

Selected indicators of economic and monetary development in the SR

	Unit	2007	2008											
		12	1	2	3	4	5	6	7	8	9	10	11	12
REAL ECONOMY														
Gross domestic product ¹⁾²⁾	SKK billion	1429.5*	-	-	343.8*	-	-	720.0*	-	-	1,125.3*	-	-	.
Year-on-year change in GDP ³⁾	%	14.3*	-	-	9.3*	-	-	8.6*	-	-	7.0*	-	-	.
Unemployment rate ^{4) 9)}	%	8.0	8.1	7.8	7.6	7.4	7.4	7.4	7.5	7.4	7.5	7.5	7.8	.
Consumer prices (HICP) ^{3) 8)}	%	2.5	3.2	3.4	3.6	3.7	4.0	4.3	4.4	4.4	4.5	4.2	3.9	3.5
Consumer prices (CPI) ³⁾	%	3.4	3.8	4.1	4.2	4.3	4.6	4.6	4.8	5.0	5.4	5.1	4.9	4.4
BALANCE OF TRADE ^{7) (p)}														
Exports (fob)	SKK million	1,420,738	125,141	257,034	383,327	517,970	645,868	776,533	899,824	1,010,747	1,143,525	1,284,995	1,402,392	.
Imports (fob)	SKK million	1,442,123	123,948	255,638	383,774	525,448	649,978	782,735	909,939	1,018,972	1,151,540	1,289,671	1,414,411	.
Balance	SKK million	-21,385	1,193	1,396	-447	-7,478	-4,110	-6,203	-10,115	-8,225	-8,016	-4,675	-12,018	.
BALANCE OF PAYMENTS														
Current account ⁷⁾	SKK million	-98,746.3	-1,097.5	3,096.1	-6,521.0	-22,186.7	-32,913.2	-63,013.1	-80,955.2	-79,887.2	-92,886.5	-102,677.1	.	.
Capital and financial account	SKK million	183,903.6	-4,180.7	10,938.1	20,297.2	31,936.8	35,522.6	82,104.2	108,565.5	116,317.9	122,394.2	140,042.5	.	.
Overall balance	SKK million	95,971.0	-218.3	-558.3	-3,880.7	-1,549.9	-3,537.4	-3,842.8	-2,492.2	-2,632.3	-2,749.8	-2,371.2	.	.
FOREIGN EXCHANGE RESERVES ⁴⁾														
Total foreign exchange reserves	USD million	21,598.6	21,956.0	22,401.5	23,122.9	23,504.3	23,460.6	23,617.5	23,754.1	22,388.0	22,214.0	19,429.8	19,429.8	22,742.4
NBS foreign exchange reserves	USD million	18,581.6	19,257.0	19,554.5	20,041.4	19,841.8	19,698.4	19,917.4	19,773.0	18,840.4	18,524.3	17,056.6	17,093.5	18,830.4
GROSS EXTERNAL DEBT ⁴⁾														
Total gross external debt	USD billion	44.3	43.7	46.6	49.4	50.1	52.4	56.1	57.0	52.8	53.0	48.6	.	.
External debt per capita	USD	8,237	8,117	8,669	9,180	9,322	9,735	10,430	10,593	9,819	9,861.0	9,041.0	.	.
MONETARY INDICATORS														
Exchange rate ⁵⁾	SKK/USD	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047	22.778	23.863	22.654
M3 monetary aggregate ^{4) 8)}	SKK billion	1,082.4	1,082.3	1,093.1	1,084.6	1,090.8	1,108.1	1,094.6	1,104.9	1,113.5	1,105.9	1,093.1	1,104.90	.
Year-on-year change in M3 ³⁾	%	13.0	12.6	12.2	10.5	10.2	9.8	6.6	9.6	8.2	6.4	5.1	6.1	.
Claims of monetary financial institutions ⁸⁾	SKK billion	1,044.7	1,041.1	1,049.8	1,045.0	1,058.6	1,061.4	1,082.6	1,100.7	1,115.6	1,127.2	1,149.3	1,169.20	.
STATE BUDGET ^{2) 4)}														
Revenue	SKK billion	322.2	35.0	51.5	81.0	113.4	133.3	156.2	186.8	216.7	241.9	274.9	307.1	342.0
Expenditure	SKK billion	345.7	22.0	50.0	77.6	105.7	136.4	160.3	187.4	211.6	237.6	267.0	297.5	363.2
Balance	SKK billion	-23.5	13.0	1.5	3.4	7.7	-3.1	-4.1	-0.6	5.1	4.3	7.9	9.6	21.2
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of validity ⁶⁾		25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	29.10.2008	11.11.2008	9.12.2008
Overnight operations														
- sterilisation	%	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.75	2.25	1.5
- refinancing	%	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	4.75	4.25	3.5
Limit rate for 2-week repo tenders	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.25	2.5
NBS base rate (until 31/12/02: discount rate)	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.25	2.5
Average interbank deposit rate (BRIBOR)														
overnight	%	2.75	4.01	3.39	3.25	3.62	4.12	3.52	3.31	4.19	3.40	3.04	2.97	2.11
7-day	%	3.93	4.22	4.00	3.98	4.07	4.19	4.02	3.88	4.22	4.03	3.76	3.20	2.38
14-day	%	4.12	4.24	4.12	4.10	4.16	4.22	4.13	4.03	4.24	4.12	3.95	3.28	2.52
1-month	%	4.25	4.28	4.23	4.21	4.23	4.26	4.26	4.20	4.27	4.19	4.08	3.38	2.74
2-month	%	4.28	4.30	4.26	4.27	4.26	4.29	4.31	4.28	4.28	4.22	4.13	3.45	3.08
3-month	%	4.31	4.32	4.28	4.29	4.28	4.32	4.34	4.33	4.31	4.25	4.21	3.65	3.24
6-month	%	4.36	4.35	4.30	4.32	4.33	4.40	4.57	4.54	4.45	4.52	4.75	4.29	3.51
9-month	%	4.41	4.38	4.30	4.32	4.36	4.46	4.74	4.78	4.73	4.76	4.98	4.45	3.65
12-month	%	4.45	4.41	4.30	4.32	4.39	4.50	4.88	5.02	4.96	5.02	5.16	4.52	3.71

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

^(p) Preliminary data.¹⁾ In constant prices, calculated by chaining values; the reference period is the year 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⁾ The date from which the given interest rate is effective pursuant to the Bank Board's decision.⁷⁾ As from May 2004, foreign trade and current account figures are revised on a monthly basis.⁸⁾ According to the methodology of the ECB.⁹⁾ Registered unemployment.



Selected indicators of economic and monetary development in the SR (SKK converted to EUR)

	Unit	2007	2008											
		12	1	2	3	4	5	6	7	8	9	10	11	12
REAL ECONOMY														
Gross domestic product ¹⁾²⁾	bill. EUR	47.5*	-	-	11.4*	-	-	23.9*	-	-	37.4*	-	-	.
Year-on-year change in GDP ³⁾	%	14.3*	-	-	9.3*	-	-	8.6*	-	-	8.0*	-	-	.
Unemployment rate ^{4) 9)}	%	8.0	8.1	7.8	7.6	7.4	7.4	7.4	7.5	7.4	7.5	7.5	7.8	.
Consumer prices (HICP) ^{3) 8)}	%	2.5	3.2	3.4	3.6	3.7	4.0	4.3	4.4	4.4	4.5	4.2	3.9	3.5
Consumer prices (CPI) ³⁾	%	3.4	3.8	4.1	4.2	4.3	4.6	4.6	4.8	5.0	5.4	5.1	4.9	4.4
BALANCE OF TRADE ^{7) (p)}														
Exports (fob)	mill. EUR	47,160	3,731	7,711	11,597	15,755	19,810	24,120	28,187	31,843	36,228	40,873	44,736	.
Imports (fob)	mill. EUR	47,870	3,696	7,669	11,612	15,987	19,936	24,314	28,510	32,104	36,482	41,018	45,122	.
Balance	mill. EUR	-710	36	42	-15	-232	-125	-194	-323	-261	-254	-144	-386	.
BALANCE OF PAYMENTS														
Current account ⁷⁾	mill. EUR	-3,277.8	-36.4	102.8	-216.5	-736.5	-1,092.5	-2,091.7	-2,687.2	-2,651.8	-3,083.3	-3,408.3	.	.
Capital and financial account	mill. EUR	6,104.5	-138.8	363.1	673.7	1,060.1	1,179.1	2,725.4	3,603.7	3,861.0	4,062.7	4,648.6	.	.
Overall balance	mill. EUR	3,185.7	-7.2	-18.5	-128.8	-51.4	-117.4	-127.6	-82.7	-87.4	-91.3	-78.7	.	.
FOREIGN EXCHANGE RESERVES ⁴⁾														
Total foreign exchange reserves	mill. USD	21,598.6	21,956.0	22,401.5	23,122.9	23,504.3	23,460.6	23,617.5	23,754.1	22,388.0	22,214.0	19,429.8	19,429.8	22,742.4
NBS foreign exchange reserves	mill. USD	18,581.6	19,257.0	19,554.5	20,041.4	19,841.8	19,698.4	19,917.4	19,773.0	18,840.4	18,524.3	17,056.6	17,093.5	18,830.4
GROSS EXTERNAL DEBT ⁴⁾														
Total gross external debt	bill. USD	44.3	43.7	46.6	49.4	50.1	52.4	56.1	57.0	52.8	53.0	48.6	.	.
External debt per capita	USD	8,237	8,117	8,669	9,180	9,322	9,735	10,430.0	10,593.0	9,819.0	9,861.0	9,041.0	.	.
MONETARY INDICATORS														
Exchange rate ⁵⁾	SKK/USD	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047	22.778	23.863	22.654
M3 monetary aggregate ^{4) 8)}	bill. EUR	35.9	35.9	36.3	36.0	36.2	36.8	36.3	36.7	37.0	36.7	36.3	36.7	.
Year-on-year change in M3 ³⁾	%	13.0	12.6	12.2	10.5	10.2	9.8	6.6	9.6	9.6	6.4	6.4	5.1	.
Claims of monetary financial institutions ⁸⁾	bill. EUR	34.7	34.6	34.8	34.7	35.1	35.2	35.9	36.5	37.0	37.4	38.1	38.8	.
STATE BUDGET ^{2) 4)}														
Revenue	bill. EUR	10.70	1.16	1.71	2.69	3.76	4.42	5.18	6.20	7.19	8.03	9.13	10.19	11.35
Expenditure	bill. EUR	11.48	0.73	1.66	2.58	3.51	4.53	5.32	6.22	7.02	7.89	8.86	9.88	12.06
Balance	bill. EUR	-0.78	0.43	0.05	0.11	0.26	-0.10	-0.14	-0.02	0.17	0.14	0.26	0.32	0.70
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of validity ⁶⁾		25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	25.4.2007	29.10.2008	11.11.2008	9.12.2008
Overnight operations														
- sterilisation	%	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.75	2.25	1.5
- refinancing	%	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	4.75	4.25	3.5
Limit rate for 2-week repo tenders	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.25	2.5
NBS base rate (until 31/12/02: discount rate)	%	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.25	2.5
Average interbank deposit rate (BRIBOR)														
overnight	%	2.75	4.01	3.39	3.25	3.62	4.12	3.52	3.31	4.19	3.40	3.04	2.97	2.11
7-day	%	3.93	4.22	4.00	3.98	4.07	4.19	4.02	3.88	4.22	4.03	3.76	3.20	2.38
14-day	%	4.12	4.24	4.12	4.10	4.16	4.22	4.13	4.03	4.24	4.12	3.95	3.28	2.52
1-month	%	4.25	4.28	4.23	4.21	4.23	4.26	4.26	4.20	4.27	4.19	4.08	3.38	2.74
2-month	%	4.28	4.30	4.26	4.27	4.26	4.29	4.31	4.28	4.28	4.22	4.13	3.45	3.08
3-month	%	4.31	4.32	4.28	4.29	4.28	4.32	4.34	4.33	4.31	4.25	4.21	3.65	3.24
6-month	%	4.36	4.35	4.30	4.32	4.33	4.40	4.57	4.54	4.45	4.52	4.75	4.29	3.51
9-month	%	4.41	4.38	4.30	4.32	4.36	4.46	4.74	4.78	4.73	4.76	4.98	4.45	3.65
12-month	%	4.45	4.41	4.30	4.32	4.39	4.50	4.88	5.02	4.96	5.02	5.16	4.52	3.71

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

^(p) Preliminary data.

¹⁾ In constant prices, calculated by chaining values; the reference period is the year 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⁾ The date from which the given interest rate is effective pursuant to the Bank Board's decision.

⁷⁾ As from May 2004, foreign trade and current account figures are revised on a monthly basis.

⁸⁾ According to the methodology of the ECB.

⁹⁾ Registered unemployment.



Summary of assets and liabilities in the consolidated balance sheet of MFIs

	Share of the total (in %) ¹⁾	Volume (SKK billions)												
		2007		2008										
		11	12	1	2	3	4	5	6	7	8	9	10	11
Claims of MFIs on residents	50.6	776.4	793.3	808.0	815.1	825.0	835.7	836.9	857.3	873.7	885.1	892.3	905.6	916.9
General government	1.2	22.4	23.0	23.0	22.7	22.2	21.7	21.3	20.5	21.1	21.5	21.1	20.6	22.1
Private sector	49.4	754.0	770.3	785.0	792.4	802.8	814.0	815.6	836.8	852.6	863.5	871.2	885.1	894.8
Non-financial corporations	25.4	389.3	399.5	410.5	413.2	415.0	420.5	419.6	433.4	441.5	446.2	447.7	456.1	460.4
– up to 1 year	10.4	169.3	170.5	174.7	175.7	176.6	177.8	177.5	185.7	186.3	187.2	185.3	186.5	188.6
– 1 to 5 years	5.6	76.9	82.3	86.1	86.7	86.0	86.2	85.6	88.1	93.3	96.0	97.5	98.9	100.6
– over 5 years	9.5	143.1	146.7	149.6	150.8	152.4	156.5	156.5	159.6	161.9	163.0	164.8	170.7	171.2
Financial corporations	3.2	66.2	66.4	66.1	65.9	68.5	66.6	61.5	60.8	60.3	60.1	59.4	57.8	58.3
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	0.1	0.0	0.0
Households and non-profit institutions serving households	20.8	298.5	304.3	308.4	313.2	319.2	326.9	334.4	342.6	350.8	357.2	364.0	371.1	376.0
– consumer loans	2.8	41.1	41.6	41.8	42.3	43.1	44.3	45.4	46.3	47.8	48.7	49.6	50.3	50.9
– house purchase loans	14.0	199.6	204.1	207.4	210.9	214.7	219.9	224.9	230.5	235.8	240.4	245.0	250.1	253.4
– other loans	4.0	57.7	58.6	59.1	60.0	61.4	62.7	64.1	65.9	67.1	68.2	69.4	70.7	71.7
Securities other than shares and participation certificates issued by residents	13.3	245.0	245.4	222.2	223.9	209.1	211.9	213.2	214.1	215.5	219.0	223.7	232.4	241.0
General government	12.9	238.2	238.6	215.9	217.5	202.7	205.2	206.4	206.6	208.3	212.2	215.8	224.4	233.9
Private sector	0.4	6.8	6.7	6.3	6.4	6.4	6.7	6.8	7.5	7.2	6.8	7.8	8.0	7.2
Shares and other equities issued by private sector	0.6	8.0	8.2	10.8	10.9	11.0	11.0	11.3	11.2	11.5	11.5	11.3	11.3	11.2
Foreign assets	29.5	544.4	570.0	565.0	546.9	532.8	549.7	512.4	517.1	524.8	509.0	527.6	526.4	535.2
Fixed assets	1.8	32.2	33.1	33.1	33.0	33.0	32.9	32.7	32.4	32.5	32.4	32.4	32.5	32.7
Other assets	4.1	60.0	50.7	50.0	53.2	53.7	52.2	61.9	58.2	57.0	58.1	57.8	80.6	74.7
Deposits and loans received from the central government	3.7	90.6	61.0	54.3	42.2	21.6	37.8	26.4	34.4	35.4	44.9	49.0	72.1	67.1
Long-term financial liabilities	11.0	170.9	182.6	196.1	188.7	181.5	172.0	146.6	148.5	153.2	162.4	174.9	187.3	198.9
Deposits and loans received with an agreed maturity of over 2 years	4.2	71.1	73.7	73.9	74.2	73.4	72.8	73.0	71.6	72.0	71.8	76.0	76.3	76.4
Deposits repayable at a period of notice of over 3 months	1.2	23.3	23.5	23.6	23.4	23.2	23.1	23.0	23.0	22.9	22.8	22.6	22.5	22.3
Debt securities issued with a maturity of over 2 years	3.0	43.0	44.7	43.5	45.1	46.1	47.4	47.8	50.0	50.1	54.0	55.4	56.1	55.1
Capital, reserves, and provisions	2.5	33.6	40.7	55.1	46.1	38.8	28.7	2.8	3.8	8.2	13.9	20.9	32.4	45.1
Foreign liabilities	19.1	279.2	307.8	280.1	283.8	290.5	312.3	295.8	329.6	346.4	321.5	331.1	339.2	345.4
Other liabilities	5.3	84.3	67.0	76.4	75.0	86.3	83.1	92.1	83.1	74.4	72.8	84.2	97.1	95.5
Surplus of liabilities among MFIs	0.0	-0.1	-0.4	0.0	0.1	0.0	-2.6	-0.4	0.0	0.6	0.0	0.0	0.0	-0.1
M3	61.0	1,041.0	1,082.7	1,082.3	1,093.1	1,084.6	1,090.8	1,108.1	1,094.6	1,104.9	1,113.5	1,105.9	1,093.1	1,104.9
Total	100.0	1,665.9	1,700.8	1,689.2	1,682.9	1,664.5	1,693.4	1,668.5	1,690.3	1,714.9	1,715.1	1,745.0	1,788.8	1,811.7

¹⁾ In the current month.



Average interest rates on new loans

(ECB methodology)

(%)

	2007		2008										
	11	12	1	2	3	4	5	6	7	8	9	10	11
Loans in total¹⁾	7.36	7.10	7.43	7.47	7.36	7.19	7.22	7.18	7.58	7.63	7.47	7.30	6.95
Current account overdrafts	7.52	7.39	7.61	7.41	7.29	7.25	7.29	7.59	7.50	7.50	7.41	7.35	6.98
operating loans	4.91	5.09	4.74	4.91	4.83	4.49	4.87	4.41	5.20	5.12	4.51	3.72	3.37
Investment loans	5.52	5.47	5.61	5.54	5.65	5.39	5.55	5.77	5.73	5.57	5.80	7.03	5.25
Consumer loans	13.30	13.12	12.92	12.85	12.84	12.90	12.40	12.48	12.45	13.21	13.33	13.42	13.74
House purchase loans	6.07	6.07	6.09	6.15	6.07	6.07	6.15	6.22	6.39	6.42	6.32	6.30	6.12
of which:													
Mortgage loans	5.76	5.73	5.81	5.80	5.76	5.81	5.79	5.85	6.02	6.15	6.16	6.31	6.31
Construction loans	4.88	4.91	4.88	4.83	4.82	4.87	4.85	4.89	4.78	4.86	4.76	4.81	4.47
Intermediate loans	6.73	6.70	6.68	6.74	6.79	6.82	6.79	6.78	6.71	6.75	6.71	6.57	6.62
Other real estate loans	6.15	6.24	6.22	6.29	6.18	6.19	6.32	6.37	6.52	6.52	6.34	6.28	5.99
Other loans	6.43	5.74	6.57	6.03	6.71	6.30	6.53	6.37	6.46	6.02	6.43	6.49	6.51
Floating rate + IRF for up to 1 year incl.	7.32	7.06	7.40	7.44	7.32	7.12	7.20	7.16	7.56	7.56	7.38	7.23	6.87
IRF for over 1 year and up to 5 years incl.	7.61	7.74	7.80	7.64	8.53	7.90	6.96	7.08	7.58	8.02	7.80	7.30	7.51
IRF for over 5 years and up to 10 years incl.	8.90	8.69	12.22	12.28	11.32	12.47	11.64	10.97	11.03	12.81	12.22	11.81	11.50
IRF for over 10 years	6.43	6.97	8.29	8.42	7.10	7.42	7.49	7.98	8.00	8.21	8.04	7.74	7.22
Households													
Loans in total	12.15	12.38	12.62	12.50	12.27	11.82	11.97	11.90	11.93	12.64	12.45	12.28	12.89
Current account overdrafts	13.80	13.54	13.85	13.76	13.73	13.68	13.70	13.65	13.64	13.93	13.95	13.94	13.92
Operating loans	6.20	6.11	6.05	6.10	6.30	6.36	6.33	6.96	6.55	6.99	6.47	6.23	6.79
Investment loans	6.57	6.27	6.12	7.00	6.30	6.83	6.87	6.95	6.57	6.77	6.76	6.44	6.28
Consumer loans	13.30	13.23	12.92	12.85	12.85	12.92	12.41	12.53	12.45	13.21	13.34	13.42	13.75
House purchase loans	6.12	6.06	6.12	6.12	6.06	6.05	6.12	6.20	6.32	6.52	6.38	6.35	6.44
of which:													
Mortgage loans	5.76	5.72	5.81	5.80	5.75	5.80	5.79	5.85	6.02	6.15	6.17	6.30	6.31
Construction loans	4.88	4.91	4.88	4.83	4.82	4.87	4.85	4.89	4.78	4.86	4.76	4.81	4.77
Intermediate loans	6.75	6.72	6.73	6.80	6.81	6.84	6.86	6.86	6.77	6.80	6.74	6.63	6.66
Other real estate loans	6.37	6.38	6.34	6.37	6.24	6.18	6.31	6.40	6.45	6.75	6.46	6.35	6.51
Other loans	7.18	7.00	7.27	7.02	6.84	6.90	6.75	6.65	6.73	6.84	7.04	7.03	7.16
Credit cards	16.07	17.78	17.87	17.94	17.81	17.70	17.68	17.71	17.54	17.65	17.47	17.48	17.61
Floating rate + IRF for up to 1 year incl.	12.61	12.76	12.98	12.84	12.57	12.30	12.64	12.55	12.59	13.16	13.16	13.37	13.77
IRF for over 1 year and up to 5 years incl.	8.93	8.81	8.25	8.46	8.61	8.00	7.38	7.45	7.72	8.24	7.83	7.44	7.85
IRF for over 5 years and up to 10 years incl.	9.83	10.50	12.32	12.73	12.56	12.68	12.04	11.52	11.32	13.03	12.69	12.46	12.77
IRF for over 10 years	7.34	7.34	8.81	8.90	7.27	8.25	7.89	8.97	8.93	8.99	8.82	7.95	8.05
Non-financial corporations													
Loans in total	5.71	5.62	5.88	5.79	5.70	5.69	5.75	5.95	5.95	5.96	5.80	5.75	5.24
Current account overdrafts	5.81	5.65	5.94	5.82	5.69	5.72	5.77	6.06	5.98	6.00	5.82	5.71	5.29
Operating loans	4.90	5.31	5.23	5.12	5.13	5.01	5.23	4.97	5.27	5.43	5.22	5.05	3.81
Investment loans	5.70	5.65	5.60	5.53	5.71	5.29	5.54	5.75	5.75	5.53	5.70	6.01	5.28
House purchase loans	5.94	6.13	5.90	6.23	6.11	6.21	6.34	6.29	6.62	6.19	6.24	6.11	5.49
Other loans	6.42	5.51	6.16	5.84	6.38	6.07	6.55	6.16	6.10	5.89	5.84	6.39	6.16
Credit cards	17.25	18.53	17.65	17.96	17.98	17.66	18.21	18.61	18.41	18.32	18.18	18.19	18.21
Loans up 1 million EUR	6.16	6.07	5.99	5.98	6.07	5.30	5.99	6.06	5.96	6.19	6.06	6.12	5.73
Loans over 1 million EUR	5.20	5.39	5.30	5.45	5.46	5.58	5.36	5.47	5.67	5.43	5.49	5.78	4.78
Floating rate + IRF for up to 1 year incl.	5.71	5.62	5.88	5.79	5.70	5.68	5.75	5.95	5.95	5.96	5.80	5.75	5.23
IRF for over 1 year and up to 5 years incl.	5.66	5.86	6.61	5.82	6.30	6.38	6.56	5.82	6.47	6.43	6.94	7.37	6.03
IRF for over 5 years and up to 10 years incl.	6.28	5.16	8.40	5.82	4.84	5.93	5.86	5.33	5.16	6.53	7.18	6.40	6.03
IRF for over 10 years	5.94	6.10	6.65	6.37	6.52	6.02	6.27	6.61	6.31	6.62	6.21	7.02	4.59

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)

(%)

	2007		2008										
	11	12	1	2	3	4	5	6	7	8	9	10	11
Deposits in total¹⁾	2.01	1.77	2.03	1.86	1.86	1.93	1.90	2.04	2.15	2.03	1.92	2.00	1.76
Deposits payable on demand	0.71	0.70	0.79	0.69	0.69	0.67	0.73	0.99	0.94	0.69	0.67	0.75	0.72
of which: demand deposits	0.58	0.61	0.65	0.59	0.59	0.60	0.63	0.74	0.75	0.61	0.57	0.60	0.63
overnight deposits	1.93	1.89	2.48	2.01	1.78	1.90	1.97	3.54	3.58	2.42	1.75	2.40	1.92
Deposits with agreed maturity ²⁾	3.93	3.74	3.91	3.76	3.68	3.76	3.82	3.86	3.85	3.88	3.81	3.72	3.14
– up to 1 year in total	3.94	3.74	3.91	3.76	3.68	3.77	3.82	3.87	3.86	3.88	3.82	3.72	3.13
– up to 7 days	3.07	2.27	3.49	3.09	2.61	2.83	3.14	3.39	3.26	3.28	2.75	2.71	2.29
– up to 1 month	4.07	3.97	4.05	3.99	3.94	4.01	4.03	4.04	4.04	4.03	4.02	3.90	3.15
– up to 3 months	3.30	3.38	3.51	3.31	3.30	3.43	3.25	3.39	3.22	3.38	3.28	3.48	3.43
– up to 6 months	3.23	3.31	3.56	3.04	3.53	3.23	3.14	3.30	3.22	3.76	3.64	3.76	3.93
– up to 1 year	2.93	3.64	3.63	3.78	3.91	3.91	3.56	3.76	4.33	4.22	4.17	4.33	3.99
– over 1 year in total	2.87	2.95	3.58	3.08	2.67	2.10	1.41	2.57	3.06	3.27	2.92	3.59	3.94
– up to 2 years	3.65	3.57	3.88	3.68	2.70	3.70	3.79	3.81	4.07	4.45	4.31	3.99	3.97
– over 2 years	2.58	2.50	2.62	0.46	3.90	2.01	1.05	2.05	2.02	0.60	1.04	1.02	4.37
Deposits payable at notice	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.21	2.41	2.46	2.52
– up to 3 months	1.44	1.44	1.47	1.44	1.45	1.45	1.46	1.46	1.46	2.01	2.12	2.16	2.18
– over 3 months	2.00	2.05	2.11	2.12	2.13	2.12	2.13	2.14	2.16	2.29	2.52	2.58	2.66
Households													
Deposits in total	1.01	0.99	1.10	1.06	1.18	1.16	1.12	1.14	1.18	1.22	1.24	1.38	1.38
Deposits payable on demand	0.44	0.47	0.46	0.46	0.47	0.49	0.50	0.53	0.53	0.51	0.51	0.53	0.64
of which: demand deposits	0.43	0.46	0.44	0.44	0.46	0.48	0.49	0.49	0.50	0.50	0.50	0.51	0.63
overnight deposits	1.76	1.76	2.34	1.77	1.78	1.59	1.74	2.98	2.89	2.33	1.91	2.28	1.78
Deposits with agreed maturity	3.38	3.26	3.49	3.43	3.41	3.44	3.44	3.49	3.45	3.64	3.57	3.63	3.38
– up to 1 year in total	3.39	3.28	3.48	3.44	3.41	3.47	3.48	3.50	3.50	3.66	3.61	3.64	3.36
– up to 7 days	3.12	2.32	3.30	2.80	2.73	2.85	2.99	3.20	3.03	3.08	2.80	2.71	2.29
– up to 1 month	3.43	3.33	3.48	3.44	3.31	3.48	3.54	3.49	3.53	3.60	3.53	3.49	2.87
– up to 3 months	3.11	3.11	3.16	3.14	3.08	3.13	3.05	3.13	3.05	3.22	3.15	3.37	3.37
– up to 6 months	3.10	3.13	3.16	3.12	3.29	3.11	3.01	3.13	3.16	3.27	3.53	3.75	3.75
– up to 1 year	3.27	3.25	3.75	3.80	3.96	3.80	3.69	3.73	3.81	4.23	4.29	4.35	4.06
– long-term over 1 year	2.90	2.93	3.57	2.95	3.51	2.08	1.39	2.59	2.42	3.27	2.97	3.59	3.91
– up to 2 years	3.65	3.57	3.89	3.56	3.73	3.70	3.82	4.03	4.08	4.45	4.44	3.99	3.94
– over 2 years	2.75	2.20	2.22	2.23	2.28	0.54	1.16	2.04	2.02	0.72	1.21	1.20	3.35
Deposits payable at notice	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.22	2.41	2.47	2.53
– up to 3 months	1.42	1.42	1.44	1.44	1.45	1.45	1.45	1.45	1.45	2.02	2.13	2.17	2.19
– over 3 months	2.00	2.05	2.11	2.12	2.14	2.12	2.13	2.14	2.16	2.29	2.53	2.58	2.66
Non-financial corporations													
Deposits in total	2.19	1.83	2.37	2.12	2.13	2.36	2.33	2.59	2.60	2.41	2.19	2.18	1.71
Deposits payable on demand	0.89	0.78	1.07	0.84	0.83	0.77	0.92	1.46	1.33	0.89	0.80	0.94	0.80
of which: demand deposits	0.65	0.66	0.81	0.65	0.64	0.63	0.73	1.02	1.00	0.74	0.60	0.68	0.60
overnight deposits	1.93	1.91	2.58	2.00	1.83	1.88	1.94	3.72	3.64	2.35	1.96	2.43	1.93
Deposits with agreed maturity	3.92	3.60	3.91	3.69	3.64	3.78	3.84	3.87	3.85	3.86	3.76	3.58	2.96
– up to 1 year in total	3.91	3.60	3.91	3.69	3.64	3.78	3.84	3.86	3.85	3.86	3.76	3.58	2.96
– up to 7 days	3.03	2.26	3.49	2.63	2.61	2.85	3.11	3.38	2.97	3.00	2.72	2.63	2.25
– up to 1 month	4.06	3.88	4.06	3.99	3.96	4.05	4.06	4.07	4.08	4.05	4.06	3.90	3.14
– up to 3 months	3.67	3.67	3.82	3.66	3.65	3.73	3.48	3.77	3.54	3.68	3.57	3.75	3.44
– up to 6 months	3.74	3.85	3.90	3.55	4.10	3.80	3.93	3.88	3.61	4.26	3.98	3.75	4.40
– up to 1 year	3.38	4.34	3.82	3.58	4.10	4.39	3.53	4.07	3.79	3.90	4.20	4.19	4.42
– long-term over 1 year	2.79	3.14	2.76	1.93	1.58	4.32	3.01	2.41	3.07	3.38	1.96	4.04	4.08
– up to 2 years	3.09	3.79	3.60	3.00	1.70	3.02	3.42	1.74	3.97	4.04	3.92	4.20	4.16
– over 2 years	4.57	2.30	2.00	1.78	1.35	4.35	1.99	4.59	4.24	1.37	1.90	2.00	2.30
Deposits payable at notice	2.22	2.29	2.46	1.28	1.26	1.27	1.27	1.43	1.43	1.33	1.30	1.31	1.25
– up to 3 months	2.33	2.41	2.56	1.31	1.28	1.30	1.29	1.48	1.47	1.35	1.32	1.34	1.26
– over 3 months	1.29	1.29	1.10	1.10	1.12	1.10	1.10	1.11	1.19	1.20	1.19	1.18	1.18

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 non-negotiable securities (according to the ECB methodology).

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



Average interest rates on outstanding loans

(%)

	2007		2008										
	11	12	1	2	3	4	5	6	7	8	9	10	11
Loans in total¹⁾	6.76	6.71	6.75	6.71	6.68	6.69	6.68	6.76	6.76	6.78	6.78	6.76	6.65
Current account overdrafts	7.56	7.41	7.61	7.39	7.27	7.26	7.29	7.59	7.50	7.50	7.41	7.34	6.98
Consumer loans	13.44	13.42	13.35	13.31	13.26	13.27	13.17	13.12	13.25	13.25	13.25	13.29	13.27
Operating loans	4.87	4.90	4.99	4.96	4.92	4.94	4.98	5.10	5.14	5.17	5.14	5.06	4.90
Investment loans	5.49	5.49	5.54	5.52	5.52	5.51	5.51	5.59	5.63	5.65	5.64	5.65	5.51
House purchase loans	6.48	6.43	6.42	6.39	6.35	6.34	6.31	6.31	6.31	6.32	6.31	6.28	6.24
Other loans	6.06	6.02	6.02	6.03	6.09	6.12	6.08	6.19	6.18	6.21	6.25	6.28	6.22
Credit cards	16.09	17.39	17.85	17.92	17.77	17.69	17.69	17.72	17.55	17.66	17.49	17.50	17.62
Short-term loans	6.69	6.61	6.77	6.70	6.64	6.68	6.71	6.95	6.92	6.96	6.93	6.90	6.66
Long-term loans over 1 year and up to 5 years	7.93	7.88	7.81	7.80	7.80	7.81	7.77	7.78	7.73	7.72	7.70	7.66	7.42
Long-term loans over 5 years	6.40	6.38	6.39	6.37	6.36	6.36	6.34	6.36	6.41	6.43	6.45	6.45	6.44
Households													
Loans in total	8.16	8.10	8.08	8.04	8.00	7.97	7.93	7.90	7.91	7.92	7.93	7.93	7.94
Current account overdrafts	13.94	13.63	13.85	13.76	13.73	13.68	13.70	13.64	13.64	13.93	13.95	13.94	13.92
Consumer loans	13.46	13.43	13.36	13.32	13.27	13.28	13.18	13.13	13.26	13.25	13.26	13.29	13.28
House purchase loans	6.54	6.50	6.48	6.45	6.42	6.40	6.37	6.36	6.35	6.36	6.36	6.36	6.40
Other loans	7.06	7.04	7.04	7.05	7.02	7.00	6.94	6.91	6.88	6.88	6.90	6.92	6.91
Credit cards	16.06	17.38	17.86	17.92	17.78	17.70	17.68	17.71	17.54	17.65	17.47	17.48	17.61
Short-term loans	13.66	13.69	13.92	13.96	13.85	13.81	13.81	13.77	13.74	13.99	13.96	13.94	13.89
Long-term loans over 1 year and up to 5 years	11.23	11.23	11.14	11.10	11.08	11.12	11.04	11.02	10.99	10.99	11.00	11.00	10.94
Long-term loans over 5 years	6.89	6.85	6.85	6.83	6.81	6.81	6.79	6.78	6.83	6.84	6.87	6.89	6.93
Non-financial institutions													
Loans in total	5.68	5.64	5.74	5.70	5.66	5.69	5.68	5.83	5.82	5.86	5.81	5.74	5.49
Current account overdrafts	5.82	5.65	5.93	5.79	5.67	5.73	5.77	6.06	5.98	6.00	5.82	5.70	5.29
Operating loans	4.89	4.92	5.04	5.02	5.00	5.00	5.02	5.12	5.15	5.21	5.15	5.05	4.81
Investment loans	5.53	5.54	5.60	5.58	5.58	5.56	5.55	5.63	5.68	5.69	5.68	5.68	5.55
House purchase loans	6.17	6.14	6.17	6.14	6.08	6.10	6.06	6.15	6.16	6.22	6.15	5.92	5.54
Other loans	6.04	5.95	5.91	5.92	5.91	6.00	5.91	6.11	6.06	6.10	6.19	6.17	6.00
Credit cards	17.47	17.99	17.83	18.10	18.04	17.66	18.21	18.52	18.40	18.32	18.18	18.19	18.21
Short-term loans	5.59	5.48	5.68	5.60	5.54	5.60	5.60	5.84	5.80	5.87	5.76	5.65	5.33
Long-term loans over 1 year and up to 5 years	6.02	5.99	6.00	6.00	5.99	6.01	6.01	6.07	6.08	6.08	6.10	6.03	5.69
Long-term loans over 5 years	5.61	5.63	5.67	5.65	5.63	5.62	5.59	5.68	5.71	5.73	5.71	5.68	5.54

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 NBS No. 7/2005 on the classification of assets and liabilities of banks and branches of foreign banks.



Average interest rates on outstanding deposits

(%)

	2007		2008										
	11	12	1	2	3	4	5	6	7	8	9	10	11
Deposits in total¹⁾	2.14	1.99	2.15	2.08	2.02	2.10	2.08	2.18	2.25	2.24	2.19	2.28	2.15
Deposits payable on demand	0.71	0.70	0.78	0.69	0.69	0.67	0.73	0.99	0.94	0.70	0.67	0.75	0.72
of which: demand deposits	0.58	0.61	0.65	0.59	0.59	0.60	0.63	0.74	0.75	0.62	0.57	0.60	0.63
overnight deposits	1.90	1.86	2.37	2.01	1.78	1.88	1.97	3.55	3.58	2.42	1.75	2.40	1.92
Deposits with agreed maturity ²⁾	3.27	3.15	3.27	3.22	3.19	3.26	3.25	3.30	3.35	3.40	3.39	3.44	3.16
– up to 1 year in total	3.39	3.27	3.40	3.35	3.33	3.40	3.38	3.42	3.48	3.53	3.53	3.58	3.23
– up to 7 days	2.63	2.17	3.23	3.16	2.60	2.84	2.88	3.45	3.56	3.20	2.68	3.11	2.44
– up to 1 month	3.70	3.59	3.66	3.60	3.58	3.66	3.65	3.65	3.69	3.77	3.77	3.75	3.00
– up to 3 months	2.39	2.45	2.51	2.45	2.48	2.53	2.54	2.54	2.51	2.62	2.62	2.94	3.21
– up to 6 months	2.98	2.88	2.92	2.91	2.95	2.95	2.95	2.95	2.89	3.02	3.10	3.27	3.47
– up to 1 year	3.33	3.31	3.30	3.36	3.51	3.56	3.48	3.49	3.59	3.68	3.78	3.75	3.84
– over 1 year in total	2.58	2.58	2.60	2.59	2.56	2.56	2.66	2.67	2.67	2.69	2.71	2.71	2.74
– up to 2 years	3.44	3.42	3.49	3.49	3.42	3.44	3.48	3.52	3.55	3.71	3.83	3.87	3.89
– over 2 years	2.54	2.53	2.54	2.52	2.49	2.48	2.58	2.60	2.62	2.58	2.55	2.53	2.59
Deposits payable at notice	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.21	2.41	2.46	2.52
– up to 3 months	1.44	1.44	1.47	1.44	1.45	1.45	1.46	1.46	1.46	2.01	2.12	2.16	2.18
– over 3 months	2.00	2.05	2.11	2.12	2.13	2.12	2.13	2.14	2.16	2.29	2.52	2.58	2.66
Households													
Deposits in total	1.72	1.71	1.75	1.76	1.79	1.81	1.81	1.83	1.85	1.93	1.99	2.07	2.19
Deposits payable on demand	0.44	0.47	0.46	0.46	0.47	0.49	0.50	0.53	0.53	0.51	0.51	0.53	0.64
of which: demand deposits	0.43	0.46	0.44	0.44	0.46	0.48	0.49	0.49	0.50	0.50	0.50	0.51	0.63
overnight deposits	1.78	1.86	2.37	1.77	1.78	1.39	1.74	2.98	2.89	2.33	1.91	2.28	1.74
Deposits with agreed maturity	2.71	2.69	2.74	2.75	2.79	2.83	2.84	2.88	2.89	3.01	3.05	3.13	3.19
– up to 1 year in total	2.76	2.73	2.79	2.82	2.88	2.93	2.91	2.95	2.97	3.13	3.20	3.29	3.33
– up to 7 days	2.73	2.23	2.91	2.57	2.62	2.64	2.75	3.01	2.91	2.89	2.81	2.85	2.68
– up to 1 month	2.50	2.51	2.54	2.56	2.56	2.63	2.67	2.68	2.71	2.99	2.97	2.96	2.65
– up to 3 months	2.24	2.26	2.27	2.29	2.31	2.35	2.36	2.35	2.36	2.46	2.52	2.88	3.16
– up to 6 months	2.70	2.71	2.73	2.75	2.77	2.77	2.78	2.78	2.80	2.87	2.96	3.14	3.33
– up to 1 year	3.43	3.37	3.35	3.40	3.55	3.61	3.51	3.55	3.58	3.70	3.80	3.79	3.87
– long-term over 1 year	2.58	2.58	2.60	2.58	2.57	2.57	2.66	2.68	2.68	2.68	2.69	2.69	2.73
– up to 2 years	3.48	3.50	3.56	3.57	3.58	3.59	3.63	3.65	3.68	3.82	3.94	3.96	3.97
– over 2 years	2.54	2.53	2.54	2.51	2.49	2.48	2.58	2.59	2.58	2.56	2.53	2.51	2.57
Deposits payable at notice	1.83	1.87	1.92	1.93	1.94	1.93	1.94	1.95	1.97	2.22	2.41	2.47	2.53
– up to 3 months	1.42	1.42	1.44	1.44	1.45	1.45	1.45	1.45	1.45	2.02	2.13	2.17	2.19
– over 3 months	2.00	2.05	2.11	2.12	2.14	2.12	2.13	2.14	2.16	2.29	2.53	2.58	2.66
Non-financial corporations													
Deposits in total	2.11	1.86	2.29	2.15	2.09	2.28	2.25	2.50	2.54	2.37	2.15	2.14	1.72
Deposits payable on demand	0.88	0.78	1.05	0.84	0.83	0.78	0.92	1.46	1.34	0.90	0.80	0.94	0.80
of which: demand deposits	0.65	0.66	0.81	0.65	0.64	0.63	0.73	1.02	1.01	0.75	0.61	0.69	0.60
overnight deposits	1.91	1.85	2.43	2.00	1.83	1.88	1.94	3.72	3.64	2.35	1.96	2.43	1.93
Deposits with agreed maturity	3.70	3.54	3.87	3.76	3.76	3.83	3.84	3.94	3.95	3.84	3.80	3.72	3.07
– up to 1 year in total	3.71	3.54	3.87	3.77	3.77	3.83	3.85	3.95	3.96	3.85	3.81	3.72	3.06
– up to 7 days	2.61	2.17	3.38	2.51	2.70	2.84	2.61	3.69	3.58	2.72	2.72	2.77	2.27
– up to 1 month	3.90	3.79	3.94	3.92	3.91	3.98	4.00	4.00	4.01	4.00	3.99	3.89	3.04
– up to 3 months	3.36	3.40	3.65	3.42	3.52	3.55	3.53	3.64	3.52	3.63	3.48	3.48	3.49
– up to 6 months	3.79	3.07	3.84	3.84	3.92	3.88	3.91	3.96	3.94	4.10	4.08	4.12	4.19
– up to 1 year	3.65	4.03	4.04	4.03	4.08	4.14	4.14	4.00	4.03	4.01	4.03	4.14	4.22
– long-term over 1 year	2.33	2.38	2.30	2.27	2.23	2.26	2.24	2.23	2.23	2.20	2.23	2.21	2.21
– up to 2 years	3.15	3.10	3.11	3.11	3.09	3.25	3.32	3.29	3.23	3.44	3.57	3.79	4.07
– over 2 years	3.12	3.10	3.04	2.98	2.93	2.85	2.75	3.21	3.12	2.69	2.60	2.27	2.27
Deposits payable at notice	2.22	2.29	2.46	1.28	1.26	1.27	1.27	1.43	1.43	1.33	1.30	1.31	1.25
– up to 3 months	2.33	2.41	2.56	1.31	1.28	1.30	1.29	1.48	1.47	1.35	1.32	1.34	1.26
– over 3 months	1.29	1.29	1.10	1.10	1.13	1.10	1.10	1.11	1.19	1.20	1.19	1.18	1.18

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 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 30 November 2008

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

(SKK thousand)

ASSETS	Depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Total assets	65,922,258	1,544,345,179	53,228,938	197,559,935	89,295,021	1,818,506,815
Cash items	0	17,979,159	0	64,008	5,774,723	23,817,890
Cash in hand	0	16,136,843	0	0	5,507,388	21,644,231
of which: EUR	0	0	0	0	3,664,524	3,664,524
Gold	0	0	0	0	0	0
Amounts in transit	0	1,842,316	0	64,008	267,335	2,173,659
Loans and other receivables	25,239,673	1,077,993,406	22,533,237	183,567,194	66,234,159	1,325,088,323
Deposits and loans to NBS, foreign central banks and post office banks	767	317,723,027	0	14,586	2,826	317,739,672
of which: Valued on an individual basis with no identifiable depreciation (category I)	767	267,012,399	0	14,586	2,826	267,029,044
Valued on a portfolio basis (category II)	0	50,710,628	0	0	0	50,710,628
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	1,921,328	0	0	2,548	1,923,876
Term deposits	0	14,722,759	0	14,585	0	14,737,344
Loans provided	767	291,725,332	0	1	0	291,724,566
Money reserve accounts	0	9,353,608	0	0	0	9,353,608
of which: Minimum reserve requirements	0	9,135,872	0	0	0	9,135,872
Postal cheque accounts	0	0	0	0	278	278
Deposits and loans to banks	67,167	16,271,731	12,297,595	2,668,574	36,980,195	68,150,928
of which: Valued on an individual basis with no identifiable depreciation (category I)	2,257	14,364,341	7,759,744	2,654,833	30,322,564	55,099,225
Valued on a portfolio basis (category II)	6,601	1,866,727	4,537,851	13,741	6,092,257	12,503,975
Valued on an individual basis with identifiable depreciation (category III)	58,309	40,663	0	0	565,374	547,728
of which: Failed	39,751	40,133	0	0	0	382
of which: Deposits with and loans to own financial group	196	1,291,453	5,299,429	116,905	12,479,357	19,186,948
of which: Current accounts in banks	94	685,409	18,217	46,576	5,586,045	6,336,153
Current accounts of other banks	12	19	3,043,834	0	5,389,848	8,433,689
Term deposits	1,074	11,833,989	6,542,226	2,618,330	20,600,234	41,593,705
Loans provided	65,987	3,409,877	0	0	5,364,589	8,708,479
Other receivables from banks	0	342,437	2,693,318	3,668	39,479	3,078,902
Receivables from customers	25,145,231	728,830,755	10,235,638	173,906,154	28,499,575	916,326,891
of which: Valued on an individual basis with no identifiable depreciation (category I)	287,399	120,235,857	7,869,173	58,294,604	12,767,322	198,879,557
Valued on a portfolio basis (category II)	14,214,128	587,590,172	2,222,521	111,141,727	15,156,197	701,896,489
Valued on an individual basis with identifiable depreciation (category III)	10,643,704	21,004,726	143,944	4,469,823	576,056	15,550,845
of which: Failed	18,305,903	25,532,177	159,650	1,492,789	280,278	9,158,991
of which: MMIF loans	0	0	0	0	0	0
Loans to general government and international organizations (S.13)	26,508	15,167,893	4	6,977,880	151,868	22,271,137
of which: Valued on an individual basis with no identifiable depreciation (category I)	9,106	12,354,132	0	6,919,002	0	19,264,028
Valued on a portfolio basis (category II)	7,814	2,774,397	4	58,878	151,868	2,977,333
Valued on an individual basis with identifiable depreciation (category III)	9,588	39,364	0	0	0	29,776
of which: Failed	12,278	19,568	0	3	0	7,293
of which: Deposits to central government (S.1311)	0	0	4	0	0	4
Loans to central government (S.1311)	7,634	1,177,889	0	2	151,868	1,322,125
of which: SR Treasury	0	0	0	0	0	0
Other funds	7,633	13,878	0	0	0	6,245
Loans to local governments (S.1313)	18,874	13,990,004	0	6,977,878	0	20,949,008
Loans to social security funds (S.1314)	0	0	0	0	0	0
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Agency	0	0	0	0	0	0
Debt securities	0	0	0	0	599,695	599,695
Financial instruments available for sale	294,716	47,174,538	3,305,922	3,642,157	8,052,183	61,880,084
Financial instruments at fair value through profit/loss: held for trading (excluding derivatives)	0	133,637,620	788,660	1,624,439	3,244,010	139,294,729
Financial instruments at fair value towards profit/loss: others (from the point of settlement)	0	8,076,848	784,442	5,022,308	958,242	14,841,840
Positive fair value of derivative transactions for trading	0	15,997,939	19,445,695	0	0	35,443,634
Financial instruments held to maturity	270,629	160,409,002	5,079,571	3,190,976	4,456,722	172,865,642
Positive fair value of derivative hedge transactions	0	66,516	347,214	0	0	413,730
Change in fair value of hedged items in the portfolio of interest rate risk hedges	0	0	0	0	0	0
Subsidiary and affiliated companies, joint ventures	950,550	10,171,080	890,986	0	0	10,111,516
Funds to branches abroad	0	0	0	0	489,265	489,265
Tangible assets	25,240,241	46,229,441	0	0	0	20,989,200
Intangible assets	13,133,847	19,077,014	0	0	0	5,943,167
Other assets	686,004	6,091,970	53,211	448,853	85,717	5,993,747
Tax receivables	0	1,218,003	0	0	0	1,218,003
Depreciation	38,045,445	38,045,445	0	0	0	0
Non-current assets held for sale (IFRS 5)	106,598	222,643	0	0	0	116,045



Shortened balance sheet of commercial banks as at 30 November 2008

(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	
Total liabilities	1,197,267,568	203,658,420	146,858,975	270,721,852	1,818,506,815
PAYABLES	1,121,540,750	133,868,820	147,459,271	264,849,733	1,667,718,574
Deposits and loans from NBS and foreign central banks	2,114,480	0	420	0	2,114,900
of which: Current accounts	20,236	0	0	0	20,236
Term deposits	0	0	0	0	0
Loans received	2,094,244	0	420	0	2,094,664
Postal cheque accounts	0	0	0	0	0
Financial liabilities valued at amortized costs	1,073,659,514	107,886,926	142,912,906	181,796,312	1,506,255,658
Deposits, loans and other liabilities received from banks	18,499,954	89,381,065	2,568,003	139,825,806	250,274,828
of which: Deposits and loans received from own financial group	1,437,773	74,301,829	39	112,294,412	188,034,053
of which: Current accounts in banks	0	0	0	2,187,085	2,187,085
Current accounts of other banks	685,473	8,323,657	46,696	416,578	9,472,404
Term deposits	12,085,321	50,477,126	2,379,181	110,345,884	175,287,512
Subordinate debts	151,412	1,713,172	0	10,843,262	12,707,846
Loans received	3,247,413	28,850,485	0	15,508,808	47,606,706
Other liabilities received from banks	2,330,335	16,625	142,126	524,189	3,013,275
Deposits and loans received from customers	873,697,206	12,057,159	113,524,003	15,174,242	1,014,452,610
of which: MMIF deposits	13,948,235	29	735,442	0	14,683,706
of which: Current accounts and other financial undated liabilities	342,731,440	7,288,090	56,652,916	4,818,807	411,491,253
Term deposits	482,518,594	4,035,456	51,281,187	3,755,014	541,590,251
Deposits payable at notice	30,596,236	54,492	704,045	5,839	31,360,612
Certificates of deposit	48,060	0	0	0	48,060
Loans received and financial leasing	5,525,802	602,649	0	3,567,952	9,696,403
Subordinated liabilities	0	0	0	887,351	887,351
Other liabilities received from customers	12,277,074	76,472	4,885,855	2,139,279	19,378,680
Deposits of general government and international organizations	92,941,911	13,458	23,584,465	85,924	116,625,758
of which: Deposits of central government (S.1311)	63,385,286	13,458	23,552,272	85,900	87,036,916
of which: Treasury	1,075,081	0	23,416,240	0	24,491,321
Deposits of local governments (S.1313)	29,555,898	0	32,193	24	29,588,115
Deposits of social security funds (S.1314)	727	0	0	0	727
Securities issued by the accounting unit	88,520,443	6,435,244	3,236,435	26,710,340	124,902,462
Financial liabilities held for trading (excluding derivatives)	0	0	0	0	0
Financial liabilities in fair value through profit/loss (IAS 39)	13,444,153	2,762,822	1,065,987	82,961,229	100,234,191
of which: Current accounts	0	0	0	0	0
Term deposits	13,444,153	2,733,970	1,065,987	82,961,229	100,205,339
Deposits payable at notice	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Loans 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	28,852	0	0	28,852
Negative fair value of derivative transactions for trading	12,902,437	22,097,458	0	0	34,999,895
Negative fair value of derivative hedge transactions	173,665	639,898	0	0	813,563
Change in fair value of hedged items in the portfolio of interest rate risk hedges	0	0	0	0	0
Financial liabilities arising from the transfer of financial assets	0	0	0	0	0
Subsidies and similar funds	180,000	0	0	0	180,000
Reserves	4,303,502	0	57,969	0	4,361,471
Other liabilities	12,197,587	481,716	3,421,989	92,192	16,193,484
Tax liabilities	2,565,412	0	0	0	2,565,412
EQUITY	75,726,818	69,789,600	-600,296	5,872,119	150,788,241
Share capital	4,628,625	45,832,945	0	0	50,461,570
of which: Subscribed share capital	4,641,116	45,832,945	0	0	50,474,061
Receivables from shareholders	0	0	0	0	0
Own shares	-12,491	0	0	0	-12,491
Funds to branches of foreign banks	0	9,412,324	0	5,965,083	15,377,407
Share premium	3,304,540	15,093,418	0	0	18,397,958
Reserve funds and other funds created from profits	16,358,444	119,500	0	0	16,477,944
Other funds	146,887	-644,671	0	288	-497,496
Valuation changes	-7,082,570	-23,916	-600,296	-93,252	-7,800,034
Profit/loss from previous years	38,942,517	0	0	0	38,942,517
of which: Retained earnings	39,557,189	0	0	0	39,557,189
Accumulated loss	-614,672	0	0	0	-614,672
Profit and loss account	19,429,664	0	0	0	19,429,664
Profit/loss in process of approval	-1,289	0	0	0	-1,289

**Monthly profit and loss account of commercial banks**

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

(SKK millions)

	2007		2008										
	11	12	1	2	3	4	5	6	7	8	9	10	11
NET INTEREST INCOME	35,787	39,775	3,707	7,256	11,069	14,791	18,688	22,662	26,717	30,719	34,441	38,577	42,603
Interest income on securities	13,811	15,083	1,401	2,619	3,890	5,123	6,392	7,569	8,749	9,912	11,042	12,224	13,404
Other interest income	59,782	66,201	6,000	11,774	17,831	23,862	30,260	36,751	43,463	50,463	57,352	64,651	72,037
Interest expenses on securities	3,793	4,258	420	846	1,325	1,786	2,263	2,710	3,187	3,682	4,183	4,703	5,190
Other interest expenses	34,013	37,250	3,274	6,291	9,327	12,408	15,700	18,948	22,309	25,974	29,771	33,595	37,647
NET NON-INTEREST INCOME	17,996	19,708	1,594	3,433	4,911	6,990	9,069	10,795	12,681	14,568	17,579	19,057	21,118
Fee and commission income	13,758	15,291	1,327	2,709	4,080	5,499	6,883	8,355	9,854	11,225	12,639	14,212	15,575
Fees and commission expenses	2,612	3,002	255	511	761	1,039	1,353	1,633	1,924	2,213	2,510	2,805	3,124
Dividends received	243	272	0	0	0	156	164	506	507	520	567	627	636
Income from transactions in securities	1,909	2,112	444	834	1,170	1,267	1,340	1,553	1,730	1,921	3,228	3,612	4,041
Expenses related to transactions in securities	2,162	2,568	414	812	1,094	1,299	1,565	2,114	2,155	2,071	2,131	3,275	3,413
Profit/loss on foreign exchange transactions	8,979	8,796	329	3,036	4,372	5,043	10,200	8,033	6,393	6,942	7,000	6,472	6,866
Profit/loss on fixed forward transactions and options	-2,054	-1,146	130	-1,877	-2,882	-2,634	-6,569	-3,863	-1,678	-1,703	-1,170	323	616
Income from other transactions	218	294	22	57	67	93	112	117	150	164	201	221	237
Expenses related to other transactions	282	340	-11	4	41	97	143	160	195	217	246	330	317
NET OPERATING PROFIT/LOSS	-2,218	-3,070	-150	-223	-244	-331	-517	-689	-888	-1,063	-1,254	-1,347	-2,180
GENERAL OPERATING EXPENSES	30,010	33,500	2,712	5,832	8,609	11,686	14,712	17,581	20,696	23,646	26,758	29,732	32,986
NET CREATION OF RESERVES AND PROVISIONS	-1,432	-1,994	-198	-427	-1,068	-1,439	-1,643	-2,092	-2,364	-2,880	-3,387	-4,182	-4,368
INCOME TAX	3,052	3,591	389	796	1,275	1,707	2,151	2,658	3,114	3,504	4,209	4,549	4,758
CURRENT PERIOD PROFIT/LOSS	17,072	17,328	1,851	3,412	4,783	6,618	8,734	10,437	12,337	14,195	16,410	17,825	19,430



Balance of payments of the SR for January – October 2008

	Collection / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
Goods	1,284,995.0	61,201.9	1,289,671.0	61,424.6	-4,676.0	-222.7
Services	149,648.4	7,127.5	160,866.0	7,661.7	-11,217.7	-534.3
Transport	51,681.5	2,461.5	44,343.5	2,112.0	7,338.0	349.5
Tourism	44,382.1	2,113.8	38,310.4	1,824.7	6,071.7	289.2
Other services	53,584.7	2,552.1	78,212.2	3,725.1	-24,627.4	-1,173.0
Income	59,777.3	2,847.1	124,580.3	5,933.5	-64,803.0	-3,086.4
Compensation of employees	35,000.0	1,667.0	2,817.9	134.2	32,182.1	1,532.8
Investment income	24,777.3	1,180.1	121,762.4	5,799.3	-96,985.1	-4,619.2
Current transfers	44,765.3	2,132.1	66,745.7	3,179.0	-21,980.4	-1,046.9
CURRENT ACCOUNT	1,539,186.0	73,308.5	1,641,863.0	78,198.8	-102,677.1	-4,890.3
Capital account	21,970.9	1,046.4	1,595.9	76.0	20,375.0	970.4
Financial account	6,437,286.2	306,594.0	-6,317,618.8	-300,896.3	119,667.4	5,697.7
Direct investment	1,503,869.5	71,626.5	-1,471,199.0	-70,070.4	32,670.6	1,556.0
<i>Abroad (direct investor = resident)</i>	31,241.6	1,488.0	-35,500.7	-1,690.8	-4,259.1	-202.9
Equity capital and reinvested earnings	1,156.6	55.1	-5,654.7	-269.3	-4,498.1	-214.2
Other capital	30,085.0	1,432.9	-29,846.0	-1,421.5	239.0	11.4
<i>In the SR (recipient of dir. investment = resident)</i>	1,472,627.9	70,138.5	-1,435,698.3	-68,379.6	36,929.6	1,758.9
Equity capital and reinvested earnings	39,158.9	1,865.1	-9,092.3	-433.0	30,066.6	1,432.0
Other capital	1,433,469.0	68,273.4	-1,426,606.0	-67,946.6	6,863.0	326.9
Portfolio investment	294,933.9	14,047.1	-242,474.9	-11,548.6	52,459.0	2,498.5
Assets	82,972.8	3,951.8	-70,359.8	-3,351.1	12,613.0	600.7
Liabilities	211,961.1	10,095.3	-172,115.1	-8,197.5	39,846.0	1,897.8
Financial derivatives	2,303,746.1	109,723.1	-2,301,747.2	-109,627.9	1,998.9	95.2
Assets	1,304,576.8	62,134.5	-1,316,302.9	-62,693.0	-11,726.1	-558.5
Liabilities	999,169.3	47,588.6	-985,444.3	-46,934.9	13,725.0	653.7
Other investment	2,334,736.7	111,197.3	-2,302,197.8	-109,649.4	32,539.0	1,547.9
<i>Long-term</i>	118,077.5	5,622.0	-114,607.2	-5,458.6	3,470.3	163.4
Assets	22,581.6	1,075.5	-33,580.8	-1,599.4	-10,999.2	-523.9
Liabilities	95,495.9	4,546.5	-81,026.4	-3,859.2	14,469.5	687.3
<i>Short-term</i>	2,216,659.2	105,575.3	-2,187,590.6	-104,190.8	29,068.6	1,384.5
Assets	1,382,618.8	65,851.5	-1,393,577.2	-66,373.5	-10,958.4	-521.9
Liabilities	834,040.4	39,723.8	-794,013.4	-37,817.4	40,027.0	1,906.4
CAPITAL AND FINANCIAL ACCOUNT	6,459,257.1	307,640.4	-6,319,214.7	-300,972.3	140,042.5	6,668.1
ERRORS AND OMISSIONS	-	-	-	-	-39,736.6	-1,876.7
TOTAL BALANCE	-81,165.6	-4,445.1	78,794.4	4,346.2	-2,371.2	-98.9
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 assets	81,165.6	4,445.1	-78,525.1	-4,333.2	2,640.5	111.9
Deposits	4,483.3	86.1	0.0	0.0	4,483.3	86.1
Securities	76,682.3	4,359.0	-78,525.1	-4,333.2	-1,842.8	25.8
Bonds and notes	0.0	0.0	-78,525.1	-4,333.2	-78,525.1	-4,333.2
Money market instruments and financial derivatives	76,682.3	4,359.0	0.0	0.0	76,682.3	4,359.0
	0.0	0.0	-269.3	-13.0	-269.3	-13.0
RESERVE ASSETS	81,165.6	4,445.1	-78,794.4	-4,346.2	2,371.2	98.9

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 20,996.



Overview of Issues of NBS Bills 2007–2008

Registration number	Date of			Maturity (in days)	Volume in SKK millions		Type of auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	accept.		min.	average	max.
971105002	15.2.2007	16.2.2007	11.5.2007	84	60,980	0	americká	-	-	-
970106003	8.3.2007	9.3.2007	1.6.2007	84	63,740	0	americká	-	-	-
970308005	10.5.2007	11.5.2007	3.8.2007	84	73,661	20,000	americká	4.05	4.15	4.18
972408007	31.5.2007	1.6.2007	24.8.2007	84	50,400	30,000	americká	4.15	4.23	4.25
972109008	28.6.2007	29.6.2007	21.9.2007	84	23,900	17,000	americká	4.24	4.27	4.40
972610009	2.8.2007	3.8.2007	26.10.2007	84	22,490	22,290	americká	4.24	4.25	4.25
971611011	23.8.2007	24.8.2007	16.11.2007	84	29,110	23,110	americká	4.24	4.25	4.25
971412012	20.9.2007	21.9.2007	14.12.2007	84	20,500	19,000	americká	4.25	4.25	4.25
971801014	25.10.2007	26.10.2007	18.1.2008	84	14,690	13,690	americká	4.25	4.25	4.25
971801015	15.11.2007	16.11.2007	8.2.2008	84	28,500	23,500	americká	4.25	4.25	4.25
970703016	13.12.2007	14.12.2007	7.3.2008	84	30,900	30,900	americká	4.25	4.25	4.25
981104001	17.1.2008	18.1.2008	11.4.2008	84	28,975	28,975	americká	4.24	4.25	4.25
980205002	7.2.2008	8.2.2008	2.5.2008	84	33,980	30,980	americká	4.24	4.25	4.25
983005004	6.3.2008	7.3.2008	30.5.2008	84	43,250	30,000	americká	4.24	4.25	4.25
980407005	10.4.2008	11.4.2008	4.7.2008	84	34,275	30,000	americká	4.24	4.25	4.25
982507006	30.4.2008	2.5.2008	25.7.2008	84	21,100	21,100	americká	4.24	4.25	4.25
982208008	29.5.2008	30.5.2008	22.8.2008	84	17,550	17,550	americká	4.24	4.25	4.25
982609009	3.7.2008	4.7.2008	4.7.2008	84	14,800	14,800	americká	4.25	4.25	4.25
981710011	24.7.2008	25.7.2008	17.10.2008	84	14,350	14,350	americká	4.19	4.25	4.25
981411012	21.8.2008	22.8.2008	14.11.2008	84	15,670	15,670	americká	4.25	4.25	4.25
981912014	25.9.2008	26.9.2008	19.12.2008	84	17,040	17,040	americká	4.25	4.25	4.25
983112015	16.10.2008	17.10.2008	31.12.2008	75	6,900	6,900	americká	4.25	4.25	4.25
983112016	13.11.2008	14.11.2008	31.12.2008	47	21,900	21,900	americká	3.25	3.25	3.25
982101018	18.12.2008	19.12.2008	21.1.2009	33	30,222	30,222	americká	2.49	2.50	2.50



Basic characteristics of Slovakia's foreign exchange market in December 2008

	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	-	-	0	0.0	-	0	-	-	-	0.0	0
Transactions between domestic banks	2,305.7	45.0	62	2,666.5	52.1	341	147.1	2.9	46	5,119.2	449
Interbank forex market: NBS + transactions between domestic banks	2,305.7	45.0	62	2,666.5	52.1	341	147.1	2.9	46	5,119.2	449
Transactions between domestic and foreign banks	51,211.5	73.4	1,507	17,505.7	25.1	2,994	1,088.0	1.6	1,583	69,805.2	6,084
Foreign exchange market in the SR - total	53,517.2	71.4	1,569	20,172.2	26.9	3,335	1,235.1	1.6	1,629	74,924.5	6,533

	SPOT			FORWARD			SWAP			OPTION			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	USD millions	No. of transactions
	USD	%		USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks	702.5	13.7	328	0.0	0.0	0	4,424.7	86.3	121	0.0	0.0	0	5,127.2	449
Transactions between domestic and foreign banks	3,662.0	5.2	2,531	747.4	1.1	1,818	65,473.8	93.7	1,735	0.0	0.0	0	69,883.2	6,084
Foreign exchange market in the SR - excl. the NBS	4,364.5	5.8	2,859	747.4	1.0	1,818	69,898.4	93.2	1,856	0.0	0.0	0	75,010.3	6,533

**Average monthly exchange rates of the SKK against selected currencies**

Midpoint rate	2007	2008											
	12	1	2	3	4	5	6	7	8	9	10	11	12
1 AUD	19.972	20.088	20.488	19.456	19.096	19.223	18.566	18.513	17.924	17.277	15.832	15.710	15.076
1 BGN	17.060	17.148	16.947	16.610	16.560	16.123	15.506	15.502	15.513	15.480	15.575	15.539	15.443
1 CYP	57.045	-	-	-	-	-	-	-	-	-	-	-	-
1 CZK	1.269	1.286	1.304	1.289	1.292	1.256	1.244	1.289	1.252	1.236	1.229	1.210	1.161
1 DKK	4.473	4.502	4.446	4.357	4.342	4.227	4.066	4.065	4.068	4.059	4.086	4.080	4.054
1 EUR	33.365	33.538	33.141	32.497	32.388	31.534	30.323	30.314	30.339	30.280	30.453	30.392	30.204
1 EEK	2.133	2.144	2.118	2.076	2.070	2.016	1.938	1.938	1.939	1.935	1.947	1.943	1.930
100 JPY	20.413	21.102	20.987	20.740	20.082	19.424	18.256	18.010	18.487	19.713	22.754	24.613	24.768
1 CAD	22.767	22.595	22.490	21.039	20.260	20.279	19.227	18.984	19.206	19.910	19.528	19.614	18.306
1 LTL	9.663	9.712	9.599	9.409	9.379	9.132	8.782	8.780	8.786	8.768	8.823	8.802	8.749
1 LVL	47.822	48.045	47.576	46.608	46.447	45.150	43.129	43.106	43.098	42.889	42.954	42.856	42.640
100 HUF	13.183	13.114	12.658	12.487	12.751	12.715	12.498	13.071	12.889	12.587	11.772	11.461	11.418
1 MTL	77.727	-	-	-	-	-	-	-	-	-	-	-	-
1 NOK	4.159	4.218	4.166	4.080	4.066	4.008	3.798	3.768	3.803	3.719	3.552	3.457	3.234
1 PLN	9.262	9.297	9.255	9.186	9.402	9.257	8.987	9.288	9.248	8.972	8.551	8.177	7.593
1 RON	9.450	9.093	9.068	8.733	8.887	8.616	8.297	8.464	8.609	8.363	8.127	8.050	7.734
1 CHF	20.113	20.672	20.604	20.656	20.314	19.418	18.779	18.740	18.700	18.978	20.003	20.101	19.563
1 SEK	3.540	3.557	3.538	3.455	3.456	3.386	3.238	3.206	3.229	3.170	3.095	3.007	2.824
1 USD	22.882	22.797	22.495	20.977	20.550	20.253	19.512	19.215	20.196	21.047	22.778	23.863	22.654
1 GBP	46.387	44.924	44.188	42.016	40.740	39.795	38.329	38.230	38.344	37.871	38.722	36.755	33.792
1 XDR	36.087	36.100	35.659	34.185	33.644	32.898	31.588	31.345	32.071	32.761	34.576	35.390	34.312

Note: With effect from 1 January 2008, Cyprus and Malta introduced the euro. Therefore, the Cyprian pound and Maltese lira were excluded from the exchange rate table of NBS.

Average quarterly exchange rates of the SKK against selected currencies

Midpoint rate	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
1 AUD	20.612	20.808	20.700	20.555	20.668	20.030	18.960	17.933	15.551	18.121
1 BGN	17.573	17.254	17.164	17.092	17.273	16.915	16.070	15.499	15.521	15.999
1 CYP	59.353	57.921	57.463	57.200	57.994	-	-	-	-	-
1 CZK	1.226	1.194	1.201	1.246	1.217	1.293	1.265	1.261	1.201	1.255
1 DKK	4.612	4.529	4.509	4.484	4.534	4.439	4.213	4.064	4.074	4.197
1 EUR	34.364	33.746	33.572	33.425	33.781	33.085	31.429	30.311	30.354	31.291
1 EEK	2.197	2.157	2.146	2.137	2.159	2.114	2.009	1.937	1.940	2.000
100 JPY	21.971	20.735	20.744	20.416	20.975	20.952	19.265	18.702	23.973	20.709
1 CAD	22.384	22.816	23.353	23.553	23.024	22.082	19.922	19.348	19.160	20.124
1 LTL	9.952	9.772	9.722	9.682	9.783	9.581	9.102	8.778	8.793	9.062
1 LVL	48.960	48.293	48.045	47.715	48.258	47.446	44.929	43.035	42.822	44.553
100 HUF	13.616	13.586	13.337	13.225	13.441	12.768	12.655	12.860	11.562	12.464
1 MTL	80.076	78.617	78.220	77.877	78.707	-	-	-	-	-
1 NOK	4.207	4.162	4.238	4.248	4.214	4.158	3.958	3.763	3.420	3.825
1 PLN	8.845	8.874	8.858	9.128	8.926	9.249	9.218	9.175	8.127	8.944
1 RON	10.162	10.282	10.400	9.709	10.139	8.974	8.605	8.478	7.977	8.509
1 CHF	21.268	20.484	20.379	20.146	20.574	20.644	19.518	18.803	19.891	19.710
1 SEK	3.743	3.644	3.624	3.601	3.654	3.519	3.361	3.202	2.980	3.266
1 USD	26.231	25.040	24.450	23.091	24.713	22.137	20.110	20.108	23.071	21.346
1 GBP	51.275	49.710	49.384	47.284	49.427	43.784	39.636	38.152	36.529	39.520
1 XDR	39.344	37.964	37.491	36.327	37.792	35.364	32.722	32.025	34.740	33.702

Note: With effect from 1 January 2008, Cyprus and Malta introduced the euro. Therefore, the Cyprian pound and Maltese lira were excluded from the exchange rate table of NBS.



Foreign Direct Investment

Data on foreign direct investment are available on NBS web site at www.nbs.sk, in part Statistics; Balance of Payment Statistics; Foreign Direct Investment.