



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



# NBS MONTHLY BULLETIN

JULY 2014

Published by:  
© Národná banka Slovenska

Address:  
Národná banka Slovenska  
Imricha Karvaša 1, 813 25 Bratislava  
Slovakia

Contact:  
+421/2/5787 2146

<http://www.nbs.sk>

Debated by the NBS Bank Board on 29 July 2014.

All rights reserved.  
Reproduction for educational and non-commercial  
purposes is permitted provided that the source is  
acknowledged.

ISSN 1337-9526 (online)



# CONTENTS

<b>1 SUMMARY</b>	<b>5</b>	Chart 10 Exports	<b>9</b>
<b>2 THE REAL ECONOMY</b>	<b>6</b>	Chart 11 Economic sentiment indicators for Germany	<b>9</b>
2.1 „Hard‘ indicators of economic activity	6	Chart 12 Economic sentiment indicator	9
2.2 Forward-looking ‘soft‘ indicators	9	Chart 13 Euro-area GDP growth estimate for Q2 and Q3 2014	10
<b>3 LABOUR MARKET</b>	<b>12</b>	Chart 14 GDP and industrial production in Germany	10
<b>4 PRICES</b>	<b>15</b>	Chart 15 Economic sentiment indicator for Slovakia	10
<b>5 QUALITATIVE IMPACT ON THE FORECAST</b>	<b>17</b>	Chart 16 Industrial confidence indicator for Slovakia	11
		Chart 17 Industrial production expectations	11
<b>OVERVIEW OF MAIN MACROECONOMIC INDICATORS FOR SLOVAKIA</b>	<b>19</b>	Chart 18 Consumer confidence and private consumption	11
		Chart 19 Employment – sectoral contributions to the three-monthly rate of change	12
<b>LIST OF TABLES</b>		Chart 20 Rates of change in employment	12
Table 1 HICP components – comparison of projected and actual rates of change	15	Chart 21 Unemployment	13
Table 2 Selected economic and monetary indicators for the SR	19	Chart 22 Number of unemployed	13
		Chart 23 Wage developments in the economy	13
<b>LIST OF CHARTS</b>		Chart 24 Wage growth	14
Chart 1 Sales, industrial production and exports	6	Chart 25 Contributions to month-on-month inflation	15
Chart 2 Automotive industry indicators	6	Chart 26 Headline inflation rate	16
Chart 3 Total sales at constant prices	6	Chart 27 Annualised net inflation excluding fuel prices	16
Chart 4 Total sales by contributions of selected sectors to three-monthly rate of change	7	Chart 28 Rate of change in price indicators	16
Chart 5 Industrial production	7	Chart 29 GDP, industrial production and sales	17
Chart 6 Industrial production – principal contributions to three-monthly rate change	7	Chart 30 GDP and the economic sentiment indicator	17
Chart 7 Goods exports	8	Chart 31 Employers’ expectations and the annual rate of change in employment	17
Chart 8 Annual rate of change in exports in selected sectors	8	Chart 32 Consumers’ inflation perceptions and HICP inflation	17
Chart 9 Annual rate of change in exports to selected countries	8		



## ABBREVIATIONS

CPI	Consumer Price Index
EA	euro area
ECB	European Central Bank
EC	European Commission
EIA	Energy Information Administration
EMU	Economic and Monetary Union
EONIA	euro overnight index average
ESA 95	European System of National Accounts 1995
EU	European Union
Eurostat	Statistical Office of the European Communities
FDI	foreign direct investment
Fed	Federal Reserve System
EMU	Economic and Monetary Union
EURIBOR	euro interbank offered rate
FNM	Fond národného majetku – National Property Fund
GDP	gross domestic product
GNDI	gross national disposable income
GNI	gross national income
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
IPI	industrial production index
IRF	initial rate fixation
MFI	monetary financial institutions
MF SR	Ministry of Finance of the Slovak Republic
MMF	money market fund
NARKS	National Association of Real Estate Offices of Slovakia
NBS	Národná banka Slovenska
NEER	nominal effective exchange rate
NPISHs	Non-profit Institutions serving households
OIF	open-end investment fund
p.a.	per annum
p.p.	percentage points
qoq	quarter-on-quarter
PPI	Producer Price Index
REER	real effective exchange rate
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
SO SR	Statistical Office of the Slovak Republic
SR	Slovenská republika – Slovak Republic
ULC	unit labour costs
VAT	value-added tax
yoy	year-on-year

Symbols used in the tables

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



# 1 SUMMARY

The euro area in particular is reflecting the effects of geopolitical tensions. Business sentiment is deteriorating and this is weighing on hard indicators, too. The euro area's industrial production fell in May, and its export growth was accounted for by manufacturing growth in the previous month. Retail sales remained flat and there are as yet no signs of a significant pick-up in domestic demand. June and July forward-looking indicators pointed to a further drop in business optimism, particularly as regards expectations for the future situation. Only July's PMI figures indicate any prospect of recovery from the weaker results of May and June. Even so, it cannot be ruled out that growth in the euro area, and especially in France, will remain depressed.

Slovakia has been partially affected also by the marked slowdown of the Russian economy. So far, however, the Russia's adverse situation is not significantly impairing hard indicators in Slovakia. The moderate growth in Slovak industrial production continued in May, based mainly on an upturn in the automotive industry that may have an upward effect on exports in the months ahead. Construction production figures were also positive in May, with civil engineering construction picking up to some extent. Retail trade sales in May suggest that private consumption is continuing to grow, although not as strongly as it did earlier in the year. Although the downward trend in export performance was interrupted in May, it appears likely from monthly figures that net exports made a negative contribution to economic growth in the second quarter of 2014. The relative strength of import growth indicates that the domestic side of the economy may to a considerable extent be

compensating for lower than expected external demand.

The unemployment rate in June (12.8%)<sup>1</sup> indicated that the number of unemployed had started to fall again, with an accompanying increase in the number of job seekers finding work. This, along with employers' expectations, points to employment growth in coming months. Developments in the second quarter confirmed the continuing revival of the labour market in line with NBS estimates. As expected, wage growth in May corrected somewhat from its high rate of the previous period. It is assumed that wage growth will return to the level of labour productivity growth.

The inflation rate in June (-0.1%)<sup>2</sup> was consistent with expectations. Prices declined moderately as food prices fell significantly. The price level would have fallen further but for the fading of the base effect of the cancellation of banks' loan account maintenance fees. Services price inflation rose significantly, driven by price increases in financial services and in recreation and culture.

Extrapolating from monthly indicators for the real economy, it is expected that GDP in the second quarter did not deviate significantly from the projections given in NBS's latest Medium-Term Forecast (MTF-2014Q2). Looking ahead, however, there is a risk of economic activity cooling if sentiment in the euro area deteriorates further. Exports in the second quarter are expected to be weaker than projected, while domestic demand is assumed to be stronger. Figures for the labour market and inflation were in line with the projections of the MTF-2014Q2 forecast.

1 Registered unemployment rate, seasonally adjusted by NBS.

2 Annual rate of change in HICP inflation.

## 2 THE REAL ECONOMY

### 2.1 'HARD' INDICATORS OF ECONOMIC ACTIVITY

For both sales and industrial production, the three-month moving average for March-May was slightly higher than the average for the previous three months. The downward trend in exports did not continue in May, but export performance nevertheless remained weak in three month-on-three month terms.

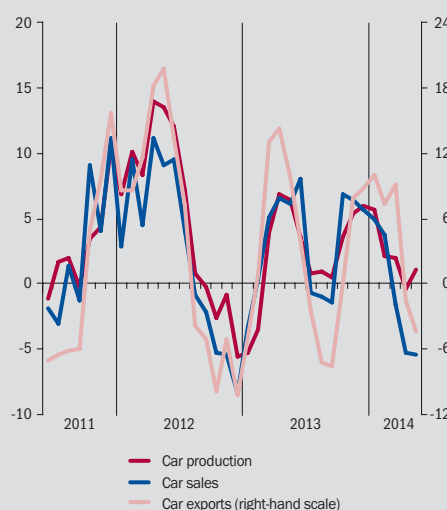
Monthly figures for May suggest that Slovak industrial production for the second quarter was higher than for the previous quarter, but that industrial exports were lower. The decline in export sales was partly offset by domestic demand for production, which resulted in a marginal rise in sales for the economy as a whole. Hence monthly data are sending mixed signals about economic activity, although GDP growth in the second quarter is assumed to have been broadly in line with MTF-2014Q2 projections. Going forward, however, the risk of a slowdown in economic growth is increasing.

**Chart 1 Sales, industrial production and exports (percent; three-month moving average compared against average for previous three months)**



Source: SO SR, NBS calculations.

**Chart 2 Automotive industry indicators (percent; three-month moving average compared against average for previous three months)**

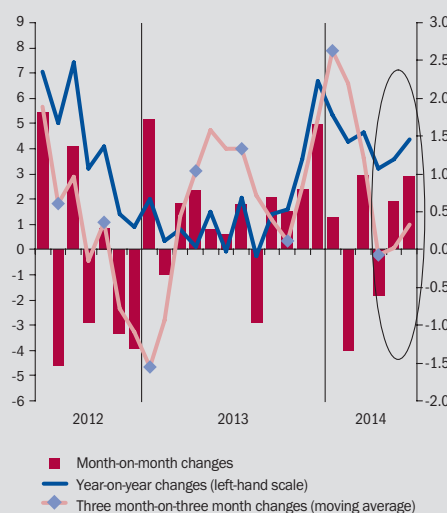


Source: SO SR, NBS calculations.

#### **Moderate sales growth largely attributable to trade**

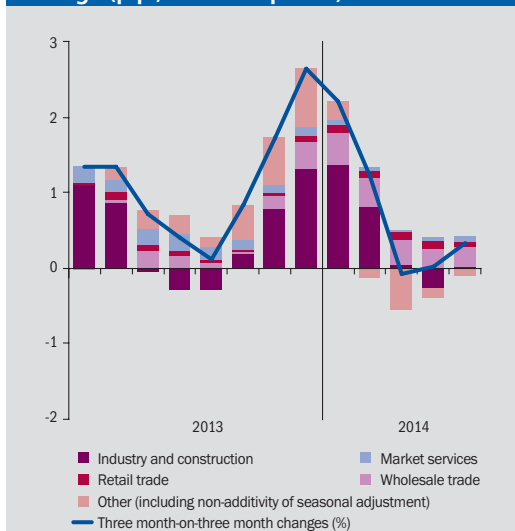
Looking at total sales in the economy, their three-month average for March-May was 0.3%

**Chart 3 Total sales at constant prices (%)**



Source: SO SR, NBS calculations.

**Chart 4 Total sales by contributions of selected sectors to three-monthly rate of change (p.p.; constant prices)**



Source: SO SR, NBS calculations.

**Chart 6 Industrial production – principal contributions to three-monthly rate change (p.p.; moving average)**



Source: SO SR, NBS calculations.

higher than the average for the previous three months, with most of the increase accounted for by the trade and market services sectors. Although the three month-on-three month sales growth was relatively weak, causes for optimism may be found in May's month-on-month growth in industrial sales, particularly in the car industry, energy sector, electronics manufacture, and metals manufacture.

### **Industrial production growth driven mainly by car and metals manufacture**

Industrial production's three-month moving average for March-May was 1.4% higher than the average for the previous three months, with most of that growth attributable to the car and metal industries.

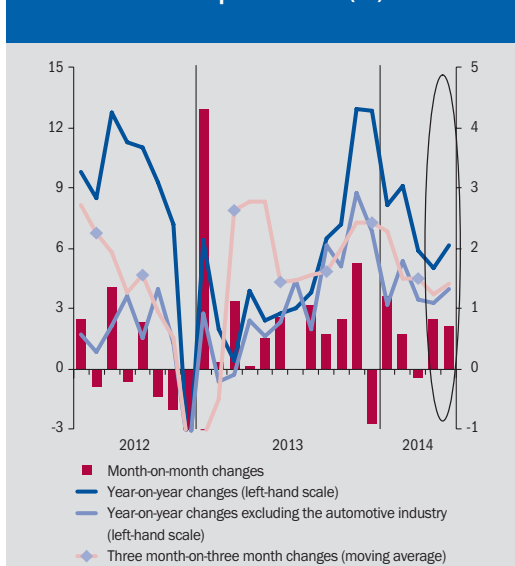
May's month-on-month output increases in car manufacture, metals manufacture and energy supply were significant in maintaining the relatively strong three month-on-three month trend in industrial production. The contribution of electronics manufacture was almost negligible, after being strongly positive in the previous month. On the other hand, the fading of that growth factor was offset by the positive contribution from manufacture of electrical equipment.

On the output side, the second-quarter results of the Slovak economy are not expected to show any surprising differences from the projections given in the MTF-2014Q2 forecast.

### **Exports remain subdued**

Turning to goods exports, converted into constant prices, their three-month moving average for March-May was 2.2% lower than the average for the previous three months.

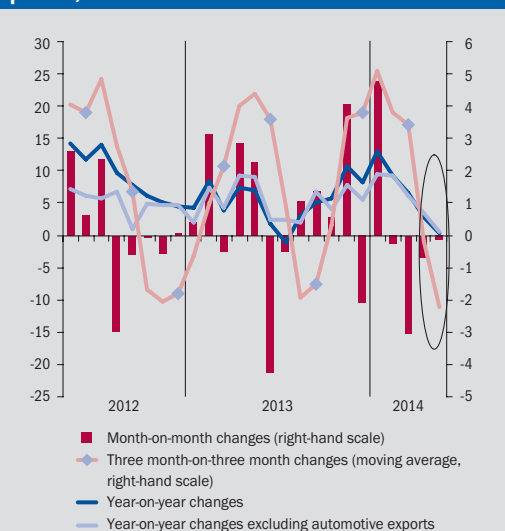
**Chart 5 Industrial production (%)**



Source: SO SR, NBS calculations.



**Chart 7 Goods exports (percent; constant prices)**



Source: SO SR, NBS calculations.

Note: Converted by NBS into constant prices.

Nevertheless, the downward trend in export volumes, which began in February of this year, did not continue in May.

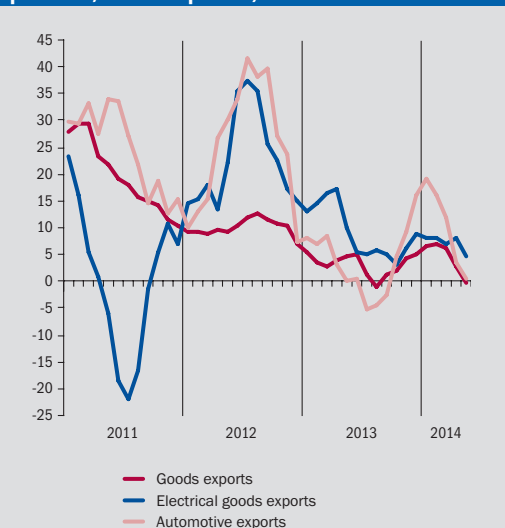
Thus January remains the only month so far this year to report export growth. Most of that increase was accounted for by the car industry, which reported its highest ever monthly exports (at constant prices and seasonally adjusted). Since

then car exports have slackened, and with the rest of the economy not managing to compensate for that slowdown, exports have been falling from month to month. Exports of refined petroleum products have also declined, largely due to a deterioration in price conditions in external markets, including the Czech market. Exports to non-euro area countries may continue to be affected by exchange rate movements. In the first quarter, growth in exports to Germany more than offset a drop in exports to Visegrad Four countries; in the second quarter, however, that growth decelerated (reflecting to some extent geopolitical developments and their downward effect on German exports to Russia) and this weighed on Slovakia's overall export performance.

While the MTF-2014Q2 forecast assumes a slowdown in export growth in the second quarter (to 0.4% in three month-on-three month terms, compared to 2.8% in the first quarter), but external trade figures point to a more marked deceleration. Even if export figures for June were as strong as those for January, total exports would still probably be lower in the second quarter than in the first quarter. The figures for April and May therefore indicate that the negative contribution of external demand to GDP will be greater than projected.<sup>3</sup>

While external demand figures confirmed signs of cooling sentiment, domestic demand indicators

**Chart 8 Annual rate of change in exports in selected sectors (3-month moving average; percent; current prices)**



Source: SO SR, NBS calculations.

**Chart 9 Annual rate of change in exports to selected countries (3-month moving average; percent; current prices)**

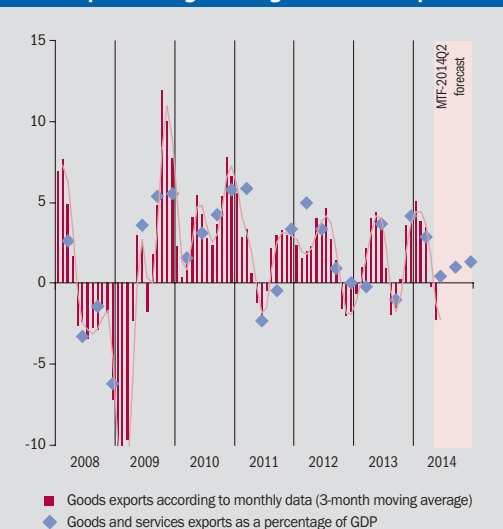


Source: NBS and SO SR.

<sup>3</sup> This conclusion may to some extent be corrected by having an export deflator other than exporters' prices, as well as by the method through which external trade volumes are translated into the GDP figure in accordance with ESA methodology.



**Chart 10 Exports (three month-on-three month percentage changes; constant prices)**



Source: SO SR, NBS calculations.

Note: Converted by NBS into constant prices.

**Chart 11 Economic sentiment indicators for Germany**



European Commission, Ifo institute, ZEW Centre.

Note: ESI (long-run average = 100), Ifo index (2005 = 100), ZEW (balance of responses).

were more positive and imports did not decline as sharply as exports. Imports, converted into constant prices, reported a three-month moving average for March-May that was only 0.2% lower than the average for the previous three months. The MTF-2014Q2 forecast assumes that import growth will drop from 2.2% in the first quarter to 1.3% in the second quarter.

The decline in imports was not proportional to the fall in exports (given the high import intensity of Slovak exports) and consumer goods imports in particular maintained a substantial growth rate. Consumer sentiment, despite a slight deterioration in June, remains at its highest level this year. The retail trade confidence indicator also continued to strengthen, after its rate of improvement increased almost twofold in May. These forward-looking indicators, along with the latest unemployment figures, may point to further relatively favourable developments in domestic trade and the confirmation of expectations for domestic consumption.

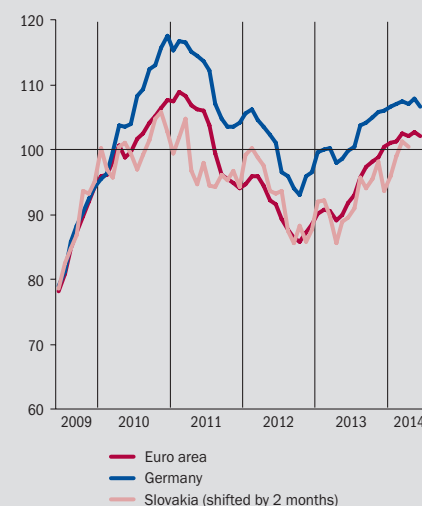
The 12-month nominal trade surplus maintained its downward trend in May, with the seasonally unadjusted balance standing at €464.7 million, €147.8 million lower than in the same month of the previous year. Nominal goods exports fell by 2.7% year-on-year and goods imports were down by 0.1%.

## 2.2 FORWARD-LOOKING 'SOFT' INDICATORS

### *Uncertainty to the fore in the euro area and Germany*

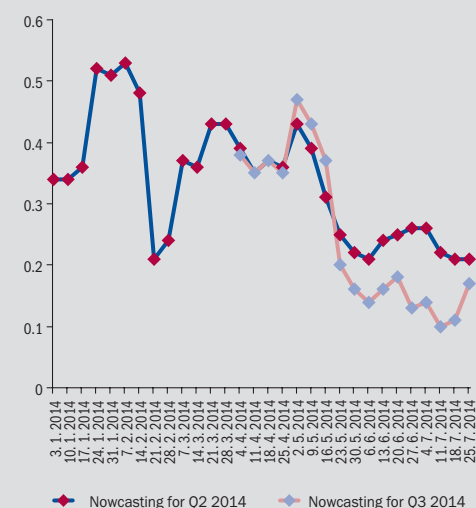
The economic sentiment indicators for the euro area and Germany fell slightly in June, while remaining above their long-run average. In the

**Chart 12 Economic sentiment indicator (long-run average = 100)**



Source: European Commission.

**Chart 13 Euro-area GDP growth estimate for Q2 and Q3 2014 (quarter-on-quarter percentage changes)**



Source: Now-Casting.com

euro area, only services and retail trade recorded an improvement in confidence, while Germany saw a firming of sentiment in services, retail trade and construction. The ZEW index for Germany continued its downward trend, and in July reached its lowest level since the end of 2012. Germany's Ifo Business Climate Index also fell in

July, amid less favourable assessments of both the current and future situation. On the other hand, the composite PMIs for the euro area and Germany improved in July, boosted by economic activity growth in both manufacturing industry and the services sector.

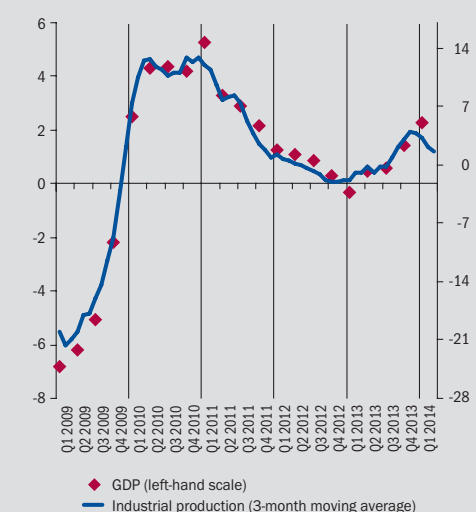
External forward-looking indicators for June and July implied a further decline in business optimism and the risk of a slower revival of economic activity in the second half of the year. Only July's PMI figures indicate any prospect of recovery from the weaker results of May and June.

### *Slightly less optimism in the Slovak economy*

In June, the economic sentiment indicator (ESI) for Slovakia edged down month-on-month (by 0.9 point), to 100.4. The drop was accounted for by deteriorating sentiment in industry and construction, as well as among consumers. On the other hand, confidence improved in the retail trade and services sectors.

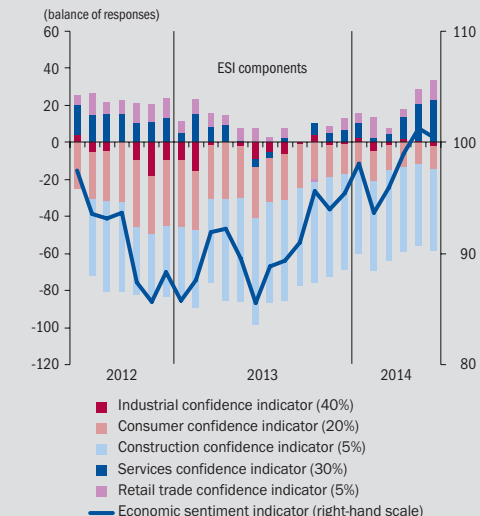
The decline in industry confidence stemmed mainly from weaker expectations for future production, particularly in the car industry, plastics manufacture, and wood processing. In the electronic industry, however, sentiment corrected upwards from the previous month.

**Chart 14 GDP and industrial production in Germany (annual percentage changes)**



Source: Eurostat.

**Chart 15 Economic sentiment indicator for Slovakia (long-run average = 100)**

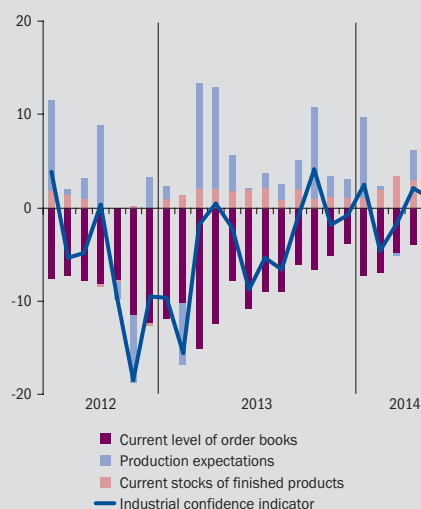


Source: European Commission.

Note: The percentage changes in the legend represent the weights of the respective components in the ESI.

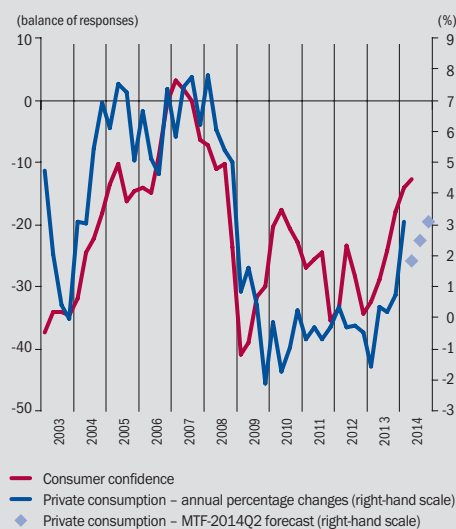


**Chart 16 Industrial confidence indicator for Slovakia (balance of responses)**



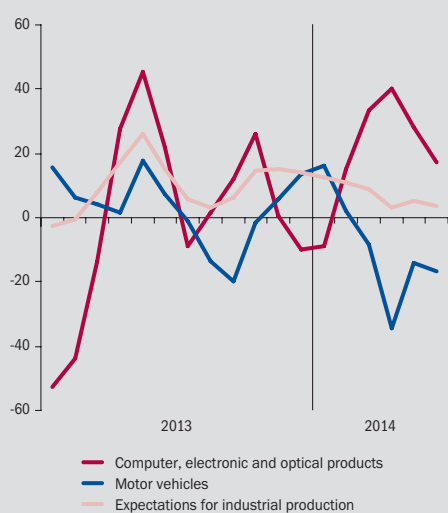
Source: European Commission.

**Chart 18 Consumer confidence and private consumption**



Source: SO SR, European Commission and NBS.

**Chart 17 Industrial production expectations (balance of responses; 3-month moving average)**



Source: European Commission and NBS.

Construction confidence fell sharply owing mainly to the level of order books being assessed more negatively, as well as to a worsening of employment expectations. Consumer sentiment slid slightly as a result of households' deteriorating assessments of their savings and financial situation. The decline in overall economic sentiment was mitigated by improvements in retail trade and services confidence, based largely on strong assessments of the business situation.

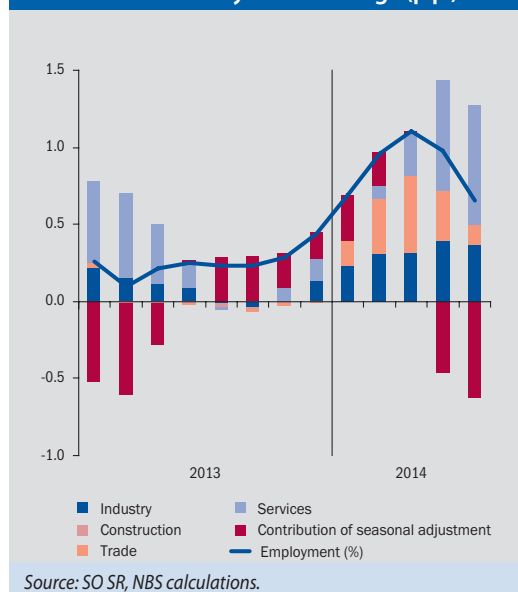
Despite falling in May, overall sentiment in the Slovak economy remained above its long-run average and indicated that the economy would maintain an upward trajectory in the second quarter. Deteriorating economic sentiment in the euro area and Germany may, however, have a gradually downward effect on confidence in Slovakia, which in turn may weigh on the economic growth rate in the second half of the year. Since Germany's economic growth appears to have been based more on domestic demand than on exports, its positive impact on the Slovak economy may have moderated.

## 3 LABOUR MARKET

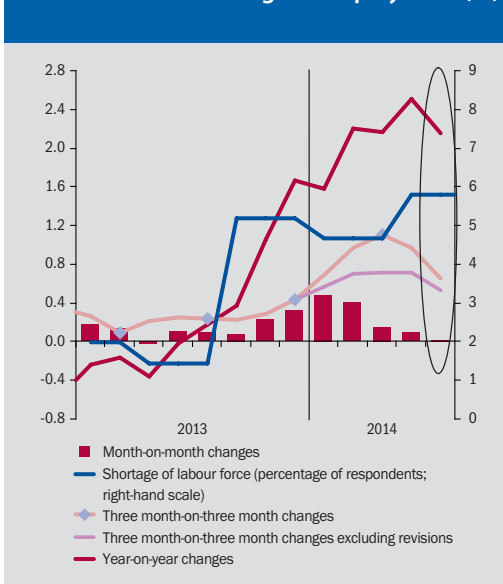
Along with signs of recent cooling in economic activity, employment growth is moderating. After its increased growth towards the end of last year and at the beginning of this year, employment remained almost flat in May as compared with the previous month (while its annual growth rate fell by 0.3 percentage point, to 2.2%). Several sectors contributed to this situation. In construction there is as yet no demand for new labour, while employment in industry stagnated after several months of weak growth. Only the services sector maintained an upward trend in employment, particularly in transport (where, however, the annual rate remains negative), IT and communication, and other market services. Nevertheless, overall employment is expected to increase over coming months. Employers' expectations for future employment improved in May, especially in trade and services, which may be related to a pick-up in the domestic part of the economy. This development is likely to be offset by a lowering of expectations in industry.

With employment rising in April, staying flat in May, and expected to increase moderately in June, employment growth in the second quarter is on course to be moderate, broadly in line with the MTF-2014Q2 forecast.

**Chart 19 Employment – sectoral contributions to the three-monthly rate of change (p.p.)**



**Chart 20 Rates of change in employment (%)**

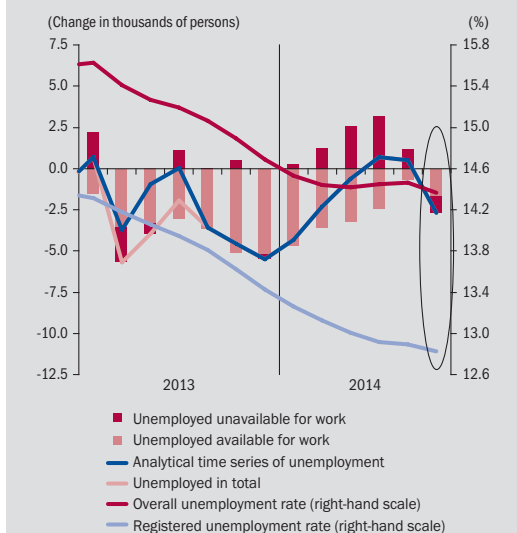


The seasonally-adjusted number of unemployed fell in June, after remaining flat for the previous two months.<sup>4</sup> The unemployment rate based on the total number of job seekers fell by 0.1 percentage point (approximately 2,700 people). The number of students who registered as unemployed in May and June was higher than in the same period last year. At the same time, however, the number of job seekers finding work increased, thus boosting the labour market situation. This is further confirmation that employers are now recruiting and may further increase their workforces. The situation cannot be said, however, to be improving significantly: the decrease in the unemployment rate was only slight and was not as large as that observed at the turn of the year. The marked increase in job vacancies in May and June also points to a further improvement in the labour market in the period ahead.

The continuing favourable figures for the number of unemployed adds credence to the MTF-

<sup>4</sup> The seasonally unadjusted unemployment rate fell by 0.02 percentage point, to 12.78%. Similarly, the unemployment rate based on the total number of job seekers fell by 0.01 percentage point, to 14.26%. In previous years, by contrast, the number of unemployed in June typically increased slightly, which the seasonally adjusted figures reflected as a decline in unemployment.

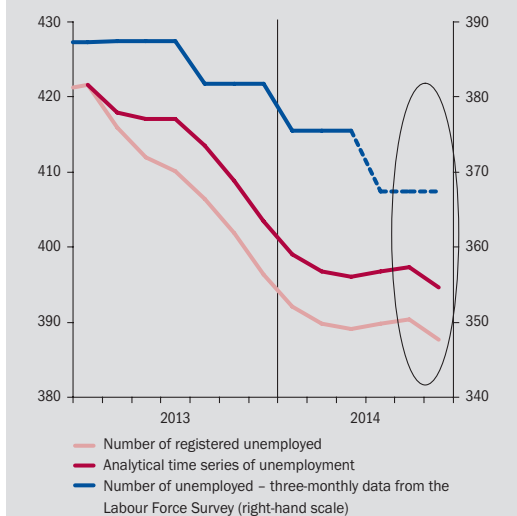
Chart 21 Unemployment



Source: Central Office of Labour Social Affairs and Family, NBS calculations.

2014Q2 projection of a decline in unemployment in the second quarter. Going forward, projects supporting employment among young people and in the regions could have a positive effect, as could the announced increase in the number of job seekers on labour activation schemes.

Chart 22 Number of unemployed (thousands of persons)



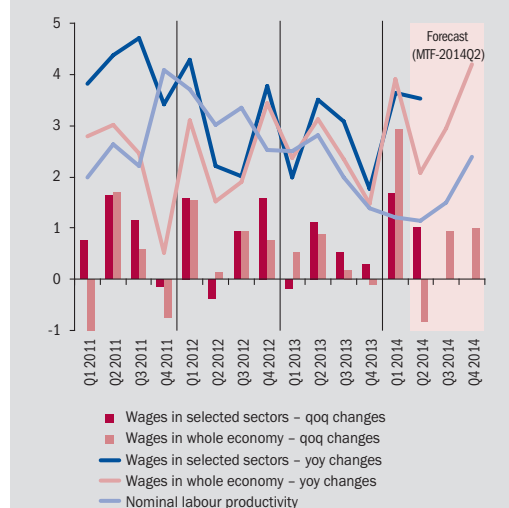
Source: Central Office of Labour Social Affairs and Family, SO SR, and NBS calculations.

Note: The number of unemployed (Labour Force Survey) for Q2 2014 is based on the MTF-2014Q2 forecast.

Nominal wages declined month-on-month in May, by 0.3%, and their annual growth slowed to 2.4%. This may be seen as indicative of the projected slowdown in wage growth in the second quarter, as compared with the first quarter. Most of the downward pressure on wage growth came from industry (particularly the mechanical engineering and car production sectors, as well as other sub-sectors). Wages in construction are stagnating amid the sector's weak performance. As for services, the annual rate of decline in wages in IT and selected market services was moderated by month-on-month increases in these segments, while in other segments wage growth tended to decelerate.

Given the key effect on the first-quarter wage figures of ad hoc bonuses and the partial deferral of salaries from the fourth quarter of 2013, the slowdown of wage growth in the second quarter is understandable. The impact of these factors on the quarterly wage figures for the whole economy was probably even more marked, as is evident from the sharp acceleration in wage growth. It is assumed that wage growth in the

Chart 23 Wage developments in the economy (annual and quarter-on-quarter percentage changes)

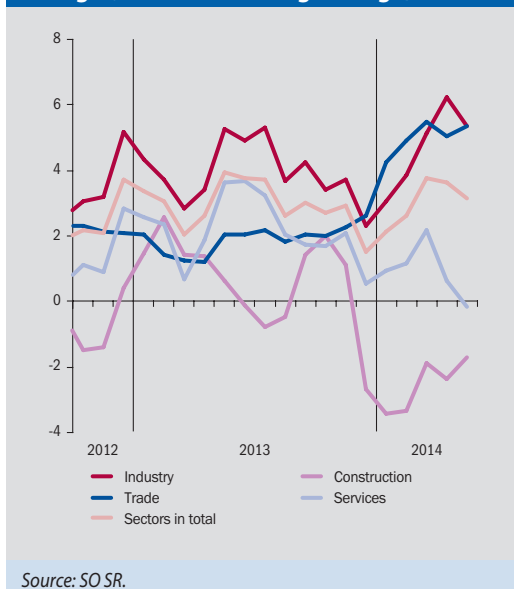


Source: SO SR.

Note: Wage growth in the selected sectors for Q2 2014 is calculated using the SO SR's monthly data and ARIMA modelling for June. The wage growth figures for the economy as a whole in Q2 to Q4 2014 are the projections given in the MTF-2014Q2 forecast, while the figure for Q2 2014 is the current most plausible estimate. The figure for nominal labour productivity in Q2 2014 is the projection in the MTF-2014Q2 forecast.



**Chart 24 Wage growth (annual percentage changes; 3-month moving average)**



Source: SO SR.

second quarter returned to a level more closely reflective on the moderate rate of nominal labour productivity growth. This means that overall wage growth in the economy is expected to be no more than slightly higher in 2014 than in the previous year, as the MTF-2014Q2 forecast projects. There remains the risk, however, that wage growth does not ease from its current high level to the extent expected and that the wage growth for the full year will be higher than projected in the forecast.

## 4 PRICES

### Annual inflation in June fell slightly below zero

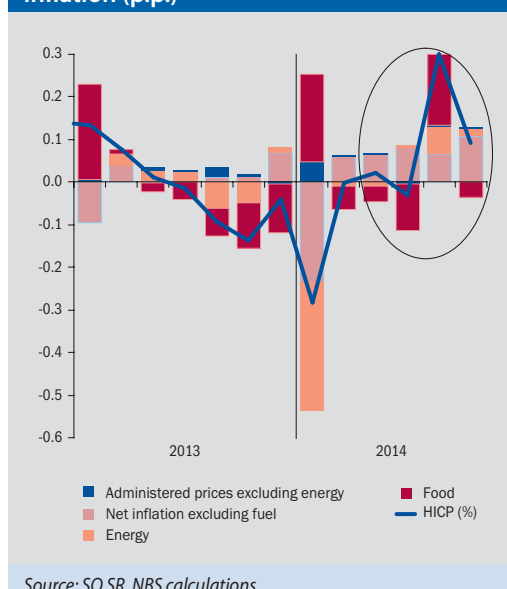
The annual rate of change in HICP inflation fell to -0.1% in June, from 0.0% in May. In month-on-month terms, consumer prices edged up by 0.1%. The annual inflation rate's moderate turn into negative territory was in line with NBS projections. For the first half of 2014, the annual rate of decline in prices averaged 0.1%.

The slightly negative turn in the headline inflation rate, to -0.1%, was largely accounted for by price developments in processed food (especially oils and fats) as well as in unprocessed food. On the other hand, the annual rate of services price inflation increased significantly.

The annual rate of decline in industrial goods prices (-0.1%) remained stable for a third successive month. Despite the possibility of household final consumption decelerating in the second quarter, the gradual increase in retail sales, along with positive expectations since the beginning of the year in trade and among consumers (regarding the financial situation of households over the next 12 months), could bring a demand-pull stimulus to consumer

prices. Services price inflation in June rebounded sharply from its all-time low in May (from 0.7% to 1.3%). The annual growth of services inflation reflected the expected fading of the effect of the cancellation of bank fees for the maintenance

Chart 25 Contributions to month-on-month inflation (p.p.)



Source: SO SR, NBS calculations.

Table 1 HICP components – comparison of projected and actual rates of change (in percent unless otherwise stated)

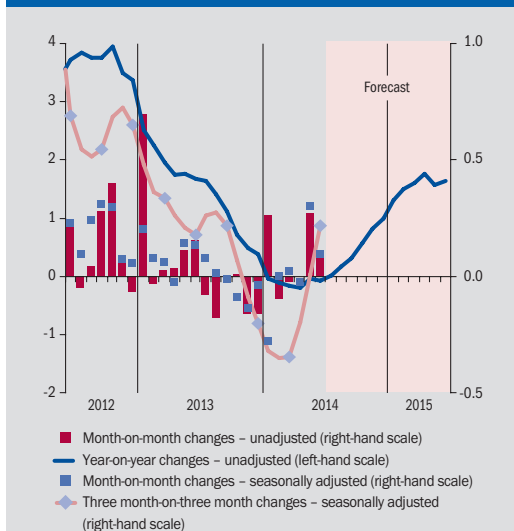
			Non-energy industrial goods	Energy	Food	Services	HICP	Net inflation excluding fuel
Month-on-month change	A	June 2013 – actual figure	0.2	0.0	1.0	-0.5	0.2	-0.2
	B	June 2014 – forecast	0.0	0.0	0.2	0.0	0.1	0.0
	C	June 2014 – actual figure	0.2	0.1	-0.1	0.1	0.1	0.2
	BC	Difference in contribution to month-on-month rate of change (p.p.)	0.06	0.02	-0.06	0.04	0.06	0.10
Year-on-year change	D	May 2014 – actual figure	-0.1	-1.7	0.2	0.7	0.0	0.2
	E	June 2014 – forecast	-0.3	-1.7	-0.6	1.2	-0.1	0.4
	F	June 2014 – actual figure	-0.1	-1.6	-0.9	1.3	-0.1	0.6
	AC	Base effect	insig-nificant	insig-nificant	signif-icant ↓	signif-icant ↑ (2013 mortgage fee effect)	insig-nificant	signif-icant ↑ (2013 mortgage fee effect)
	EF	Difference in contribution to month-on-month rate of change (p.p.)	0.06	0.02	-0.06	0.04	0.06	0.09

Source: SO SR, NBS calculations.



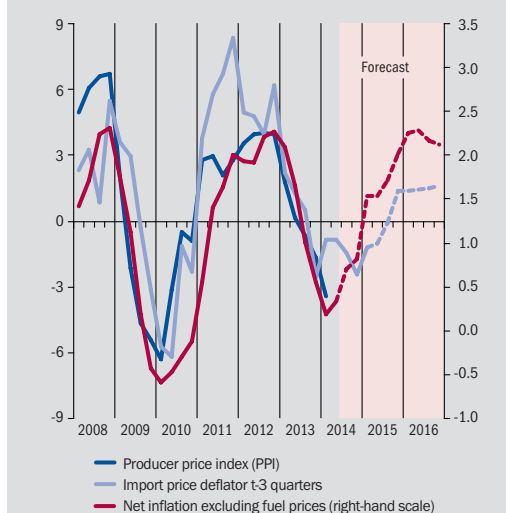


Chart 26 Headline inflation rate (%)



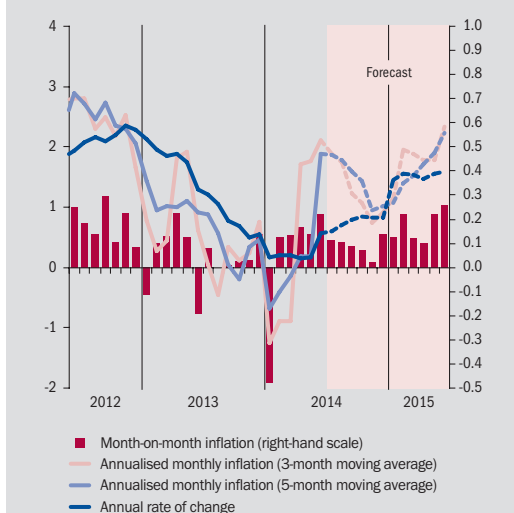
Source: SO SR, NBS calculations.

Chart 28 Rate of change in price indicators (%)



Source: SO SR, NBS calculations.

Chart 27 Annualised net inflation excluding fuel prices (percent; seasonally adjusted)



Source: SO SR, NBS calculations.

Note: Net inflation comprises non-administered prices of services and non-administered prices of non-energy industrial goods.

of mortgage loan accounts as from June 2013, as well as the unexpected stronger increase of prices in financial services and in recreation and culture.

Based on June's price developments and on technical assumptions, the average annual inflation rate in 2014 is expected to be within the range of 0% and 0.2%, while the projection for July is a zero rate. Over coming months, the inflation rate is expected to accelerate up to 1% (owing mainly to a base effect in food prices and the impact of rising import prices). A downward risk to the inflation forecast is lower food price inflation in the last four months of 2014, while an upside risk is depreciation of the currencies of the other V4 countries against the US dollar.

## 5 QUALITATIVE IMPACT ON THE FORECAST

Monthly figures for May and June are sending mixed signals for the real economy. On the one hand, production growth and improving business sentiment indicate that the current

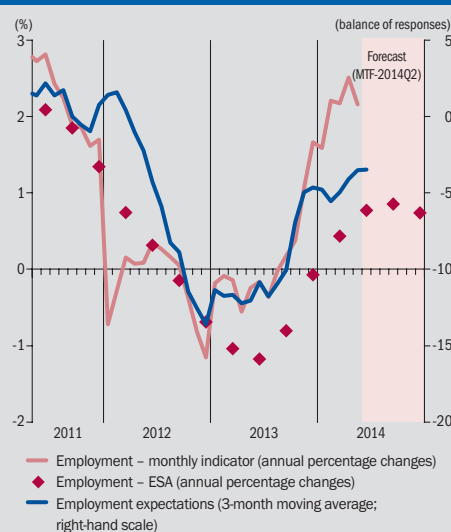
NBS forecast (MTF-2014Q2) is accurate in its projections for economic activity in the second quarter of 2014. On the other hand, a risk of activity cooling in subsequent quarters

**Chart 29 GDP, industrial production and sales (annual percentage changes)**



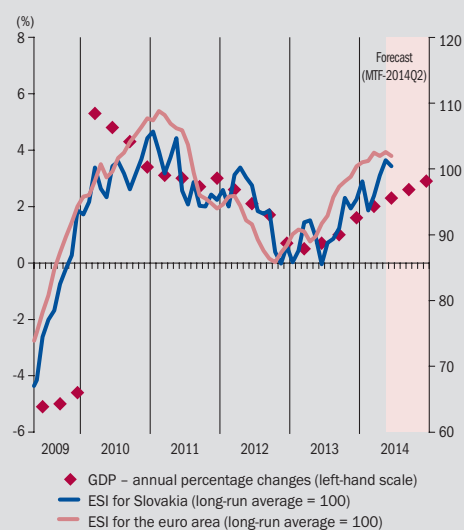
Source: SO SR and NBS.

**Chart 31 Employers' expectations and the annual rate of change in employment**



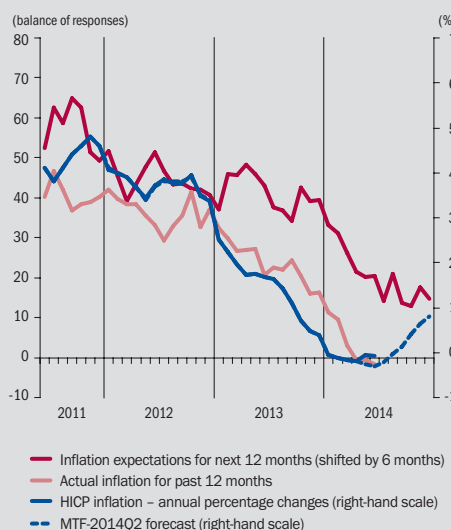
Source: SO SR, NBS and European Commission.

**Chart 30 GDP and the economic sentiment indicator**



Source: SO SR, NBS and European Commission.

**Chart 32 Consumers' inflation perceptions and HICP inflation**



Source: SO SR, NBS and European Commission.



is indicated in particular by the decline in exports and by forward-looking indicators in other countries. Labour market indicators are in line with the forecast's projections, and so too was the inflation rate in June.



# OVERVIEW OF MAIN MACROECONOMIC INDICATORS FOR SLOVAKIA

**Table 2 Selected economic and monetary indicators for the SR**
*(annual percentage changes, unless otherwise indicated)*

	Gross domestic product	HICP	Industrial producer prices	Employment ESA 95	Unemployment rate (%)	Industrial production index	Total receipts of sectors	Economic sentiment indicator (long-term average =100)	M3 for analytical purposes <sup>1)</sup>	Loans to non-financial corporations	Loans to households	State budget balance (EUR mil.)	General government balance as % of GDP	Debt ratio (general government gross debt as % of GDP)	Current account (% GDP)	Balance of trade (% GDP)	USD/EUR exchange rate (average for the period)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2006	8.3	4.3	6.4	2.1	13.3	15.6	-	112.5	15.3	-	-	-1,051.5	-3.2	30.5	-7.8	-4.7	1.2556
2007	10.5	1.9	1.8	2.1	11.0	16.7	-	114.6	12.9	25.4	28.6	-781.0	-1.8	29.6	-5.3	-1.2	1.3705
2008	5.8	3.9	6.1	3.2	9.6	2.9	-	99.1	4.9	15.3	25.3	-704.2	-2.1	27.9	-6.0	-1.1	1.4708
2009	-4.9	0.9	-2.6	-2.0	12.1	-15.4	-18.2	78.0	-2.8	-3.3	11.0	-2,791.3	-8.0	35.6	-2.6	1.5	1.3948
2010	4.4	0.7	-2.7	-1.5	14.4	8.0	7.6	98.7	7.8	1.6	12.5	-4,436.1	-7.5	41.0	-3.7	1.2	1.3257
2011	3.0	4.1	2.7	1.8	13.6	5.4	9.1	98.6	2.9	7.6	11.1	-3,275.7	-4.8	43.6	-3.8	1.5	1.3920
2012	1.8	3.7	3.9	0.1	14.0	7.7	5.0	94.0	8.8	-2.3	10.3	-3,810.7	-4.5	52.7	2.2	5.0	1.2848
2013	0.9	1.5	-0.1	-0.8	14.2	5.3	2.2	90.6	5.2	1.7	10.2	-2,023.3	-2.8	55.4	2.1	5.9	1.3281
2013 Q3	0.9	1.4	-0.7	-0.9	14.1	4.5	1.5	89.7	6.2	0.4	10.3	-	-1.4	57.1	1.1	4.5	1.3242
2013 Q4	1.5	0.5	-1.7	0.1	14.2	10.9	4.2	95.0	5.2	1.7	10.2	-	-4.8	55.4	-0.9	3.6	1.3610
2014 Q1	2.4	-0.1	-3.4	0.6	14.1	7.7	4.0	95.9	4.1	0.8	10.9	-	.	.	2.9	7.2	1.3696
2014 Q2	.	-0.1	.	.	.	.	.	100.2	.	.	.	-	.	.	.	.	1.3711
2013 July	-	1.6	-0.5	-	14.0	3.0	0.7	88.8	5.7	-2.2	10.1	39.1	-	-	-	-	1.3080
2013 Aug.	-	1.4	-0.7	-	13.7	3.8	1.3	89.4	6.3	-0.5	10.2	-291.0	-	-	-	-	1.3310
2013 Sep.	-	1.1	-0.8	-	13.8	6.5	2.5	91.0	6.2	0.4	10.3	-61.4	-	-	-	-	1.3348
2013 Oct.	-	0.7	-1.4	-	13.7	7.2	3.0	95.6	9.0	1.0	10.2	6.5	-	-	-	-	1.3635
2013 Nov.	-	0.5	-2.0	-	13.5	12.9	5.0	94.0	6.5	-0.6	10.3	8.7	-	-	-	-	1.3493
2013 Dec.	-	0.4	-1.7	-	13.5	12.8	4.7	95.4	5.2	1.7	10.2	-60.5	-	-	-	-	1.3704
2014 Jan.	-	0.0	-2.5	-	13.6	8.1	5.3	98.1	4.8	2.8	10.3	-122.9	-	-	-	-	1.3610
2014 Feb.	-	-0.1	-3.7	-	13.5	9.1	3.5	93.7	5.0	0.2	10.5	-754.2	-	-	-	-	1.3658
2014 Mar.	-	-0.2	-4.0	-	13.3	5.9	3.2	95.9	4.1	0.8	10.9	-208.7	-	-	-	-	1.3823
2014 Apr.	-	-0.2	-4.4	-	13.0	5.0	2.1	99.0	3.6	2.6	11.1	-430.4	-	-	-	-	1.3812
2014 May	-	0.0	-3.6	-	12.8	6.0	3.1	101.3	3.6	2.8	11.3	-362.8	-	-	-	-	1.3732
2014 June	-	-0.1	.	-	12.8	.	.	100.4	.	.	.	-90.6	-	-	-	-	1.3592

Sources: Statistical Office of the Slovak Republic, MF of the SR, the European Commission and NBS.

1) Currency in circulation in M3 refers to money held by the public (according to methodology in place prior to 2008).

More detailed time series for selected macroeconomic indicators

[http://www.nbs.sk/\\_img/Documents/\\_MonthlyBulletin/2014/StatisticsMB0714.xls](http://www.nbs.sk/_img/Documents/_MonthlyBulletin/2014/StatisticsMB0714.xls)