

Monthly Report | 10/13

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Bulgaria: negative economic sentiment prevails

BY RUMEN DOBRINSKY

Economic activity weakened considerably in the second quarter mostly due to a slump in domestic demand. After 12 quarters of marginal but still positive year-on-year GDP growth, the second quarter marked a downturn in aggregate output. Compared to the first quarter, all major economic indicators also signalled a deterioration in economic performance.

These recent trends reflect adverse developments in both external and domestic factors. Compared to the first quarter, exports to the EU weakened in the second quarter and while exports to third countries remained relatively buoyant, total exports started to lose their momentum. Concomitantly, after a short-lived upturn in the first quarter, manufacturing output plunged in the second quarter.

The domestic scene was dominated by lingering uncertainties after the early elections held in May. Some clumsy moves by the new government and behind-the-scene deals among the coalition partners provoked a new wave of street protests which have continued until the present day. Both the protests and the renewed call for new early elections undermine investor and consumer confidence and damage the credibility of the government and its declared policy goals. As a result, private consumption remained subdued while gross fixed capital formation, which was on the upturn in the first three months of the year, dipped into the red in the second quarter.

Price developments in 2013 mirror the weak domestic demand: starting from March there have been six consecutive months of declining consumer prices. The labour market was stagnant with only seasonal fluctuations in the rate of unemployment which remained high. The increasing difference between registered and LFS unemployment statistics suggests that a growing number of job

seekers are discouraged to register. A new development in 2013 has been the significant slowdown in the growth of nominal wages which had kept swelling in previous years despite the stagnant economy.

Another notable consequence of the weakening domestic demand has been the reversal in the dynamics of the current account balance: starting in April, the 12-month rolling current account balance turned positive and is likely to stay on this course in the remaining part of the year. FDI inflows were modest and below the already low levels of the previous two years.

While the new centre-left government does not enjoy popular support and public confidence is low, a range of new economic policy measures were announced whose underlying philosophy is a complete turnaround compared to that of its centre-right (GERB) predecessor. In particular, the new ruling coalition declared that it would follow policies supporting local businesses as well as that it would turn the overall policy stance towards addressing some of the most acute social problems.

A first step in this direction has been the repayment of all outstanding government arrears to the business sector. During its term in office, the GERB government systematically deferred payments for services provided by businesses and delayed the reimbursement of VAT due to firms (some of the numerous ill-fated austerity measures of that period) and a considerable amount of arrears kept piling up over the years. The above steps were implemented within the first three months in office of the new government which also introduced mandatory settlements of payments due to the business sector within 30 days. A second policy direction for support to business activity will be the planned recapitalisation of the state-owned Development Bank (tentatively with BGN 1 billion) with the objective to increase the portfolio of its instruments, mostly oriented towards the SME sector. Another declared policy intention of the government is stricter regulations on the monopolies in the utilities sector.

In the social sphere, child support was increased with immediate effect. The government also announced a planned rise in minimum wages in 2014 as well as the restoration of pensions indexation based on a weighted average of productivity growth and inflation which was discontinued by the GERB government. Other social assistance measures targeting the least affluent layers of society are also envisaged. The new ruling coalition also plans introducing tax relief for companies investing in regions with high unemployment.

These measures, which both signalled a radical departure from the previous fiscal stance but also generated immediate new claims on public funding, required a revision of the 2013 budget which had been adopted by the GERB government. The revised budget voted in September envisages an increase in the target general government deficit for 2013 by BGN 500 million as well as the lifting of the ceiling for public sector borrowing by BGN 1 billion.

Preparations for the 2014 budget are also under way but due to the above revisions in the current-year budget the budgetary procedure for the next one is lagging behind its regular schedule. Nevertheless, Prime Minister Oresharski announced some of the main priorities his government would be pursuing with the 2014 budget. In addition to continuing its present general orientation, the 2014 budget would include, among other things, further broadening of the social assistance measures, annual rises in pensions, increased emphasis on and support to education, as well as comprehensive policy measures seeking to address existing chronic problems in the energy sector.

The effect of the U-turn in the fiscal policy stance is difficult to assess for a number of reasons. Most of

the newly introduced or planned measures will first need time to be phased in and then transmission time until they could produce perceptible effects, if any. The main problems are probably not so much related to the efficiency of the new measures but actually to the credibility of the government and the uncertainties regarding its future. The key question is therefore whether the government will have a sufficiently long horizon to implement its economic programme and survive until the moment when these policies can bear fruit.

Given the prevailing negative sentiment and trends, it is difficult to expect an economic upturn in the short term. Actually, compared to the earlier forecasts, the prospects for 2014 have deteriorated; moreover, with the continuing weakening of domestic demand, downside risks are still on the rise. The important European markets will likely remain subdued in the last months of the year. In view of the increased public spending in the revised 2013 budget, the general government deficit for the year as a whole can be expected to increase by some 0.5-1.0 percentage points of GDP compared to earlier forecasts.

It is not unlikely that the current negative trends would stretch over to 2014 as well. Unless the uncertainties regarding the fate of the current government subside, negative sentiment will continue to shake investor and consumer confidence. The assumption that a more supportive policy stance could lead to a gradual improvement in the domestic environment could therefore be only expected at a later stage and only under the assumption that the government will actually survive to see this happen. One should bear in mind though that a more favourable external environment could prop up a faster recovery already in 2014.

Table BG

Bulgaria: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	7585.1	7534.3	7348.3	7304.6	.	.	7300	7270	7250
Gross domestic product, BGN mn, nom.	68322	70511	75308	77582	34960	35975	78600	80700	84200
annual change in % (real)	-5.5	0.4	1.8	0.8	1.0	0.2	0.3	1.1	2.3
GDP/capita (EUR at exchange rate)	4600	4800	5200	5400	.	.	5500	5700	5900
GDP/capita (EUR at PPP)	10300	10700	11600	12100	.	.	.	.	.
Consumption of households, BGN mn, nom.	42942	43990	46725	49595	23789	24033	.	.	.
annual change in % (real)	-7.6	0.0	1.5	2.5	3.4	0.0	-0.4	2.0	3.0
Gross fixed capital form., BGN mn, nom.	19724	16077	16225	16600	7344	7159	.	.	.
annual change in % (real)	-17.6	-18.3	-6.5	0.8	2.1	-0.9	0.0	3.0	5.0
Gross industrial production ³⁾									
annual change in % (real)	-18.2	2.1	5.8	-0.3	-1.2	-1.3	0.0	2.0	4.0
Gross agricultural production									
annual change in % (real)	-1.6	-6.0	-2.5	-9.0	.	.	.	.	.
Construction industry ⁴⁾									
annual change in % (real)	-14.5	-14.9	-12.8	-0.7	-0.8	-3.9	.	.	.
Employed persons, LFS, th, average ⁵⁾	3253.6	3052.8	2949.6	2934.0	2883.5	2897.6	2930	2940	2950
annual change in % ⁵⁾	-3.2	-6.2	-3.4	-1.1	-1.4	0.5	0.0	0.3	0.5
Unemployed persons, LFS, th, average ⁵⁾	238.0	348.0	372.3	410.3	415.5	440.7	438	420	400
Unemployment rate, LFS, in %, average ⁵⁾	6.8	10.2	11.2	12.3	12.6	13.3	13.0	12.5	12.0
Reg. unemployment rate, in %, end of period ²⁾	9.1	9.2	10.4	11.4	10.8	10.7	.	.	.
Average monthly gross wages, BGN	609.1	648.1	685.8	777.0	758.2	788.7	.	.	.
annual change in % (real, gross)	8.8	3.9	1.5	10.0	8.6	1.1	.	.	.
Consumer prices (HICP), % p.a.	2.5	3.0	3.4	2.4	1.9	1.6	1.0	1.5	2.0
Producer prices in industry, % p.a.	-5.9	8.5	9.2	4.4	3.4	0.4	.	.	.
General governm.budget, EU-def., % of GDP									
Revenues	37.1	34.3	33.6	34.9	.	.	.	.	.
Expenditures	41.4	37.4	35.6	35.7	.	.	.	.	.
Net lending (+) / net borrowing (-)	-4.3	-3.1	-2.0	-0.8	.	.	-3.0	-2.5	-2.0
Public debt, EU-def., % of GDP	14.6	16.2	16.3	18.5	.	.	21.0	23.2	24.0
Central bank policy rate, % p.a., end of period ⁶⁾	0.55	0.18	0.22	0.03	0.14	0.01	.	.	.
Current account, EUR mn	-3116	-534	40	-527	-944	231	400	0	-500
Current account, % of GDP	-8.9	-1.5	0.1	-1.3	-5.3	1.3	1.0	0.0	-1.2
Exports of goods, BOP, EUR mn	11699	15562	20265	20793	9876	10643	21500	22000	23000
annual change in %	-23.0	33.0	30.2	2.6	1.7	7.8	3.4	2.3	4.5
Imports of goods, BOP, EUR mn	15874	18326	22421	24415	12098	11959	24000	25000	26500
annual change in %	-33.3	15.4	22.3	8.9	13.9	-1.1	-1.7	4.2	6.0
Exports of services, BOP, EUR mn	4916	5012	5354	5661	2248	2131	5500	5700	6000
annual change in %	-8.2	2.0	6.8	5.7	9.2	-5.2	-2.8	3.6	5.3
Imports of services, BOP, EUR mn	3617	3143	3031	3264	1584	1591	3200	3300	3500
annual change in %	-10.6	-13.1	-3.6	7.7	11.9	0.4	-2.0	3.1	6.1
FDI inflow, EUR mn	2438	1152	1314	1479	1135	711	1000	1200	1500
FDI outflow, EUR mn	-68	174	116	177	83	41	.	.	.
Gross reserves of NB excl. gold, EUR mn	11943	11612	11788	13936	12265	13406	.	.	.
Gross external debt, EUR mn	37816	37026	36295	37635	37185	37325	.	.	.
Gross external debt, % of GDP	108.3	102.7	94.3	94.9	93.7	92.9	.	.	.
Average exchange rate BGN/EUR	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
Purchasing power parity BGN/EUR	0.8738	0.8746	0.8839	0.8812	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census February 2011. - 3) Enterprises with 10 and more employees. - 4) All enterprises in public sector, private enterprises with 5 and more employees. - 5) From 2012 according to census February 2011. - 6) Base interest rate. This is a reference rate based on the average interbank LEONIA rate of previous month (Bulgaria has a currency board).

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

Croatia: no upturn yet

BY HERMINE VIDOVIC

Croatia's GDP continued to decrease during the second quarter of 2013 but at a slower pace than in the previous quarters. GDP dropped by 1.1% during the first half of 2013. The contraction was primarily due to a persistent decline in domestic demand. After having dropped continuously since 2009, gross fixed capital formation reported a slight increase in the second quarter of 2013, but investment growth was still on a negative territory compared with the first half of 2012. Private consumption continued to fall due to the shrinkage of disposable income (rising unemployment) and deleveraging of households, while government consumption has slightly increased. Output of the construction sector continued to decline (3.7%), which was mainly due to the contraction of residential building, while civil engineering works reported an increase of almost 5%. The contraction of industrial production has become less pronounced than at the beginning of the year, with output falling by less than 1% over the first seven months of the year. In the shipbuilding industry, Croatia's single most important exporter, production fell by almost half compared with the same period of the previous year. By contrast, the chemical industry reported output increases. Mainly as a result of continued layoffs labour productivity in industry increased by 5% during the first half of the year. Employment in manufacturing fell by an accumulated 15% since the outbreak of the crisis.

External trade remained suppressed during the first half of 2013, with both exports and imports of goods declining in nominal euro terms. The resulting trade deficit rose by about EUR 180 million to EUR 3.5 billion compared to a year earlier. Thanks to a rising surplus in services trade (due to a favourable tourist season) as well as a declining deficit in the income balance, the current account has closed with a lower deficit during the first half of the year compared with a year earlier. During the first half of 2013 the inflow of FDI amounted to

EUR 430 million, a similar result as in the corresponding period of the previous year. FDI was mainly directed into the services sector (financial services, telecommunications, real estate). At the end of June foreign debt stood at EUR 46.8 billion, by EUR 1.3 billion more than at the end of 2012. This increase was mainly due to government borrowing (e.g. bond issue) and to a lesser extent to debt owed by private enterprises.

Croatia's labour market has continued to deteriorate during 2013. According to the Labour Force Survey, employment fell by almost 4% in the first half of the year, while at the same time the unemployment rate jumped to 17.3% (16.4% in the first half of 2012). Unemployment of the young soared to 55.4% in the second quarter of 2013 and is among the highest if compared with the EU; only Spain and Greece have higher youth unemployment rates. A new Labour Law is envisaged to come into force in January 2014. Among other things the Law foresees easier firing rules and the possibility for employers to introduce more flexible working hours, a new labour inspection, the establishment of a severance fund and speeding up labour court proceedings. In addition, a new pension act has been announced aiming at gradually raising the retirement age to 67 years or 41 years of service in the period 2020-2031.

The ratio of non-performing loans to total loans has further increased and reached 15% by the end of June. Out of loans provided to the corporate sector, about 27% of loans to trade companies were categorised as non-performing. The ratio of bad loans in total household loans was 10.4%.

Following a further decline in GDP (instead of the increase anticipated by the government) the state budget deficit accounted for 3.8% of GDP during the first eight months of 2013. As a result, revenues declined while expenditures increased. The rise in expenditures was particularly associated with soaring spending for health (servicing of hospitals' debt), earlier payments of subsidies for farmers, shipbuilding and rail restructuring. For the year as a

Table HR

Croatia: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	4430.4	4418.9	4284.9	4267.0	4267.6	.	4280	4280	4280
Gross domestic product, HRK mn, nom.	328672	323807	330171	330232	157563	158907	338400	349600	361900
annual change in % (real)	-6.9	-2.3	0.0	-2.0	-1.8	-1.1	-1.0	0.8	1.5
GDP/capita (EUR at exchange rate)	10100	10100	10400	10300	.	.	10500	10900	11300
GDP/capita (EUR at PPP)	14500	14300	15200	15200	.	.	.	.	.
Consumption of households, HRK mn, nom.	188859	189314	194518	195355	95917	97855	.	.	.
annual change in % (real)	-7.6	-1.3	0.2	-3.0	-2.0	-1.2	-1.5	-1.0	0.5
Gross fixed capital form., HRK mn, nom.	80367	67254	63286	60740	29917	29987	.	.	.
annual change in % (real)	-14.2	-15.0	-6.4	-4.6	-4.6	-0.6	-1.0	3.0	5.0
Gross industrial production ³⁾									
annual change in % (real)	-9.2	-1.4	-1.2	-5.5	-6.0	-0.5	1.0	2.5	3.0
Gross agricultural production									
annual change in % (real)	-0.8	-8.2	-1.0	-9.9	.	.	.	.	.
Construction output ³⁾									
annual change in % (real)	-6.6	-15.8	-8.5	-11.1	-11.0	-3.9	.	.	.
Employed persons, LFS, th, average	1605	1541	1493	1446	1430	1374	1400	1390	1400
annual change in %	-1.8	-4.0	-3.2	-3.1	-3.3	-3.9	-3.5	-1.0	0.5
Unemployed persons, LFS, th, average	160	206	232	272	261	287	.	.	.
Unemployment rate, LFS, in %, average	9.1	11.8	13.5	15.9	15.6	17.4	17.5	17.0	17.5
Unemployment rate, reg., in %, end of period	16.7	18.8	18.7	21.1	17.3	18.6	21.5	21.0	20.0
Average monthly gross wages, HRK	7711	7679	7796	7875	7860	7946	7900	7950	8000
annual change in % (real, net)	0.2	-0.5	-0.4	-2.6	-1.3	-2.5	.	.	.
Consumer prices, % p.a.	2.4	1.1	2.3	3.4	2.5	3.5	3.5	2.5	2.0
Producer prices in industry, % p.a. ⁴⁾	-0.4	4.3	7.0	5.4	5.4	1.4	2.0	2.0	1.5
General governm.budget, EU-def., % of GDP ⁵⁾									
Revenues	40.8	40.5	40.1	40.6	.	.	.	.	.
Expenditures	46.1	46.9	47.9	45.5	.	.	.	.	.
Net lending (+) / net borrowing (-)	-5.3	-6.4	-7.8	-4.9	.	.	-4.8	-3.5	-3.0
Public debt, EU-def., % of GDP	36.6	44.9	51.6	55.5	.	.	57.0	62.0	64.0
Central bank policy rate, % p.a., end of period ⁶⁾	9.0	9.0	7.0	7.0	7.0	7.0	.	.	.
Current account, EUR mn	-2283	-462	-396	32	-1983	-1664	400	50	-300
Current account, % of GDP	-5.1	-1.0	-0.9	0.1	-9.5	-7.9	0.9	0.1	-0.6
Exports of goods, BOP, EUR mn	7675	9064	9774	9811	4659	4454	9300	9700	10200
annual change in %	-21.3	18.1	7.8	0.4	-3.2	-4.4	-5.0	4.0	5.0
Imports of goods, BOP, EUR mn	14882	14809	15922	15853	7958	7929	15700	16500	17500
annual change in %	-27.0	-0.5	7.5	-0.4	0.6	-0.4	-1.0	5.0	6.0
Exports of services, BOP, EUR mn	8640	8651	8992	9317	3094	3178	9600	10000	10500
annual change in %	-14.4	0.1	3.9	3.6	4.3	2.7	3.0	4.0	5.0
Imports of services, BOP, EUR mn	2950	2876	2793	2855	1362	1339	2800	2900	3000
annual change in %	-8.9	-2.5	-2.9	2.2	4.0	-1.7	-1.5	2.0	3.0
FDI inflow, EUR mn	2404	318	1101	1054	397	427	.	.	.
FDI outflow, EUR mn	887	-114	19	-112	-200	16	.	.	.
Gross reserves of NB excl. gold, EUR mn	10376	10660	11195	11236	11635	12021	.	.	.
Gross external debt, EUR mn	43745	46502	45876	44836	46790	46175	.	.	.
Gross external debt, % of GDP	97.7	104.6	103.3	102.1	106.8	103.3	.	.	.
Exchange rate HRK/EUR, average	7.3396	7.2862	7.4339	7.5175	7.5393	7.5678	7.5	7.5	7.5
Purchasing power parity HRK/EUR	5.1169	5.1309	5.0661	5.0889	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices in industry refer to NACE Rev. 2.

1) Preliminary. - 2) From 2011 according to census April 2011. - 3) Enterprises with 20 and more employees. - 4) Domestic output prices. From 2011 total output prices. - 5) According to ESA'95, excessive deficit procedure. - 6) Discount rate of NB.

Source: wiiw Databases incorporating national statistics. Forecasts by wiiw.

whole the general government deficit might end up at 4.8% of the GDP in view of increasing interest payments and the contributions to the EU budget. Public debt will reach about 57% of the GDP by the end of 2013. The increase is due to the issuance of USD bonds at the beginning of the year as well as loans raised for the health care system and domestic bonds issue starting in the second half of the year. Owing to lower than anticipated growth, the government expects a widening of the budget deficit to 5.5% of GDP in 2014 and only moderate reductions up until 2016. Already in 2014 public debt will exceed 60% of the GDP. Only recently the Minister of Finance has announced a further bond issue worth more than USD 1.5 billion on the US market at yields likely between 6-6.5% by the end of this year.

Croatia joined the EU on 1 July 2013. Since the country's deficit is exceeding the budgetary deficit ceiling imposed by the EU's stability and growth pact legislation, an excessive deficit procedure (EDP) is likely to be launched against the country already in November this year. Privatisations should help to reduce the budget gap and to slow the increase in public debt. In July the government decided to sell 99% of Croatia's last remaining state-owned bank Hrvatska Postanska Banka (HPB) – with a market share of around 4% – as well as its stake in the country's main insurance company Croatia Osiguranje. In addition, the government is taking measures to combat the grey economy, e.g. stepping up the fight against tax evasion.

In late September Fitch downgraded Croatia's long-term foreign currency debt assessment to BB+, one level below investment grade. The primary reason underlying the decision of Fitch was the deterioration of the country's economic outlook which consequently impairs the prospects for fiscal consolidation and the attainment of public debt sustainability.

Croatia's investment plan on the usage of EU funds allocated to the country until the end of 2013 was adopted by the Commission in late August. Out of the EUR 449 million, (i) one third is envisaged for waste and waste water management and the improvement of water supply, (ii) close to EUR 230 million of the European Regional Development Fund are to be used for SME business support, research and innovation, and (iii) EUR 60 million of the European Social Fund to support job creation and invest in social inclusion and educational projects. In late August the Croatian government defined operational programmes – as precondition for the absorption of EU funds – for the period 2014-2020. It opted for three programmes: competitiveness and cohesion, efficiency in human resources, and technical assistance. Programmes are to be elaborated by the end of the year and presented to the Commission at the beginning of 2014. Altogether Croatia will be eligible for EUR 8.3 billion from EU funds up to 2020.

Based on available results for the first months of the year, wiiw sticks to its previous GDP forecast of a 1% decline in 2013. We expect a slight recovery in 2014, driven by a rebound in investment activities and increasing foreign demand. Employment will continue to contract along with a decline in GDP both in 2013 and also in 2014, as employment growth will follow GDP growth only with some delay. At the same time the LFS unemployment rate is expected to increase to 17.5% and will only slowly decrease from 2014 onwards. Thus, household consumption will remain suppressed as a consequence of high unemployment, household deleveraging and weak credit activity. The country's accession to the EU may help to boost foreign investors' confidence. Further fiscal consolidation and the need to undergo structural reforms against the background of high unemployment will remain the major challenge for the years ahead.

The Czech Republic: heading for a change

BY LEON PODKAMINER

The disgraceful fall of the conservative-liberal government of Petr Nečas in July 2013 may have put an end to the long period of fiscal austerity which has been responsible for the country's deepening recession. The fiscal consolidation starting in 2010 provoked a recession due to contracting domestic demand which began already in the second half of 2011.

The early elections scheduled for the last week of October 2013 will, in all probability, be won by the Social Democrats, though their victory will not be overwhelming. Also the Communists are likely to fare well. But an alliance between these two parties is next to impossible. The next government is likely to attempt some careful fiscal relaxation. When leading the coalition governments in the past (1998-2006), the Social Democrats ran, occasionally rather large, fiscal deficits. That was particularly the case until 2002 (when the present President, Miloš Zeman, headed the government). Only in 2004-2006 were the fiscal deficits much reduced (primarily because real GDP growth was very strong at that time). The scope and structure of the future fiscal relaxation may depend on the composition of the next Parliament, and the orientation of the eventual junior coalition parties. In any case no fast fiscal fixes that could change the course of events in 2013 are at present available. Moreover, time may be too short for working out a comprehensive and internally consistent pro-recovery budget for 2014. Out of necessity the actual fiscal policy in 2014, designed by the outgoing interim caretaker government, may still continue to be perhaps more restrictive than could be desired by the next government. Of course, even relatively moderate measures helping to relax the burden imposed on the wage-earners' households since 2010 could produce some positive pro-growth impulses. Similar effects could be achieved by discontinuing the planned measures stipulating further

cuts in public expenditures (and in public consumption in particular). Even fairly moderate measures – which would not perceptibly expand the otherwise quite low level of public debt, while most probably also not affecting the yields on the Czech public debt – could be essential for changing consumers' (and also domestic investors') depressed sentiments.

The importance of widespread depressed sentiments, and thus of measures that could change them for the better, can be inferred from many current developments. First, household savings (out of dwindling disposable income) have been rising since the third quarter of 2011. Second, household (and even more so firms') demand for new bank loans is virtually coming to a halt – and that despite the fact that their indebtedness levels are still quite low and the interest rates on most loan categories are falling and otherwise do not seem exorbitant. Finally, inflation (temporarily raised in 2012 by hikes in indirect tax rates) is now falling very fast, suggesting a possibility of deflation. Actually, deflation in industrial producer prices has not been far away for several months now, while it is present – and already well-entrenched – as far as producer prices in services, agriculture and construction are concerned.

The monetary policy proves unable to counteract the advancing deflationary tendencies. The policy interest rates are practically zero while a 'quantitative monetary easing' of the type applied in the UK or US could not make much of a difference (as neither the banking nor the corporate sectors are short of liquidity). Instead, the idea of exchange rate intervention aimed at weakening the Czech currency is now being seriously debated at the Czech National Bank. The last time the CNB intervened on the exchange rate market to stop too fast appreciation was back in 2002. The record on the effectiveness of earlier interventions – which took place in 1998, 2000 and 2002 – is rather mixed, with the interventions in 2000 clearly failing to make any impact on the exchange rate dynamics and the interventions in 1998 and 2002 having rather short-lived desired effects.

One rather surprising thing about exchange rate intervention under the present conditions is that actually the Czech currency has been relatively stable for quite some time. It is hard to detect any strong appreciation tendency. Moreover, the current level (which is close to 26 CZK per euro) is already much weaker than 'officially expected' not long ago.¹ The second strange thing about the possibly forthcoming intervention is that it seems to be guided by concerns about too low inflation – and not (directly) about too low a level of economic activity or inadequate foreign trade performance. The eventual intervention seems to be motivated by the desire to engineer higher domestic inflation (via increased import prices). In the words of the CNB Governor, '*a weaker koruna will simply import inflation*'.² However, this does not seem to be a valid justification for intervention even if higher import prices are actually reflected in higher domestic inflation. Higher import prices disassociated from higher activity levels actually represent a further drag on disposable income, not very different in consequences from e.g. higher indirect tax rates. In effect, they may – *ceteris paribus* – weaken domestic demand still further and thus strengthen rather than help stop the deflationary tendency.

Of course, a weakening currency may well help the real economy via higher exports and/or lower imports, though this does not seem to be a *declared* objective of the CNB 'which' – in the words of the CNB Governor – 'is not here to help exporters'. Actually, foreign trade in goods and services has been performing very well. In the second quarter of 2013 exports grew by 2% in real terms while imports by a mere 0.5%. In the first half of 2013 the active trade balance increased by close to 10%. It is the foreign trade performance which prevents the current Czech recession from assuming dismal

proportions. Given this fact it is neither surprising nor disturbing that the CNB, currently the only institution responsible for the Czech economy, ponders measures which must be described as *competitive devaluation*.

Under present conditions the exclusive reliance on foreign trade is a matter of limiting losses, if not of a bare survival. It is not a viable, or promising, long-term developmental option. The expectation may be that income gains made on foreign trade could spark a revival of domestic demand – primarily household consumption and then the still very much depressed investment in fixed productive assets. This expectation is now more likely to be met already in 2014 provided the business climate in the euro area (and in Germany in particular) does not deteriorate. Changes in the orientation of fiscal policy will be equally important. Of course, enduring political instability, likely to persist for some time, may complicate the reorientation of fiscal policy.

The eventual recovery in 2014 could be less constrained than elsewhere by the still fairly sound financial position of the country's banks, corporate non-financial and household sectors. The same applies to the public sector, whose debt is still low and quite cheap to finance. All in all, the country's economy, free of significant internal and external imbalances, may be well equipped to benefit from a euro area recovery, when this eventually materialises.

¹ According to the CNB forecast released in May 2013, the expected CZK/EUR rate would be 25.1 by the yearend. The August CNB forecast revised this to 25.8. Clearly, the Czech currency has been unexpectedly depreciating recently, rather than appreciating. (The May 2012 CNB forecast envisioned 24.3 at end-2013.)

² See interview given by Miroslav Singer on 18 Sept. 2013: http://www.cnb.cz/en/public/media_service/interviews/media_2013/cl_13_130918_singer_euromoney.html

Table CZ

Czech Republic: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	10487	10520	10496	10511	10507	10514	10540	10570	10600
Gross domestic product, CZK bn, nom.	3759.0	3790.9	3823.4	3845.9	1869.3	1855.3	3810	3900	4050
annual change in % (real)	-4.5	2.5	1.8	-1.0	-0.9	-2.1	-1.2	1.4	2.4
GDP/capita (EUR at exchange rate)	13600	14300	14800	14600	.	.	.	.	.
GDP/capita (EUR at PPP)	19400	19500	20100	20300	.	.	.	.	.
Consumption of households, CZK bn, nom.	1874.4	1889.2	1907.7	1916.2	928.8	935.4	.	.	.
annual change in % (real)	0.2	1.0	0.5	-2.1	-2.4	-0.3	-0.4	1.0	2.0
Gross fixed capital form., CZK bn, nom.	926.1	930.5	922.6	887.9	429.6	404.7	.	.	.
annual change in % (real)	-11.0	1.0	0.4	-4.5	-0.5	-5.8	-4.0	1.0	3.0
Gross industrial production									
annual change in % (real)	-13.6	8.6	5.9	-0.9	0.9	-3.9	-3.0	2.5	6.0
Gross agricultural production									
annual change in % (real)	-3.6	-7.0	8.6	-6.6	.	.	.	.	.
Construction industry									
annual change in % (real)	-0.8	-7.4	-3.6	-7.7	-7.5	-13.4	-5.0	2.0	4.0
Employed persons, LFS, th, average ³⁾	4934.3	4885.2	4904.0	4890.1	4861.5	4918.5	4890	4900	4910
annual change in % ³⁾	-1.4	-1.0	0.4	0.4	0.1	1.2	0.0	0.2	0.2
Unemployed persons, LFS, th, average ³⁾	352.2	383.5	353.6	366.8	360.1	375.4	.	.	.
Unemployment rate, LFS, in %, average ³⁾	6.7	7.3	6.7	7.0	6.9	7.1	7.6	7.7	7.3
Reg. unemployment rate, in %, end of period ⁴⁾	9.2	9.6	8.6	9.4	8.1	7.3	9.5	9.5	9.0
Average monthly gross wages, CZK ⁵⁾	23344	23864	24455	25112	24403	24503	.	.	.
annual change in % (real, gross)	2.3	0.7	0.6	-0.6	-0.7	-1.3	0.0	1.0	2.0
Consumer prices (HICP), % p.a.	0.6	1.2	2.2	3.5	3.9	1.6	1.5	1.7	1.8
Producer prices in industry, % p.a.	-1.5	0.1	3.7	2.3	3.2	0.5	0.5	1.5	1.5
General governm. budget, EU-def., % of GDP									
Revenues	38.9	39.1	40.0	40.1	.	.	.	.	.
Expenditures	44.7	43.8	43.2	44.5	.	.	.	.	.
Net lending (+) / net borrowing (-)	-5.8	-4.8	-3.3	-4.4	.	.	-3.5	-3.2	-3.0
Public debt, EU-def., % of GDP	34.2	37.9	41.0	45.7	.	.	46.9	47.5	48.5
Central bank policy rate, % p.a., end of period ⁶⁾	1.00	0.75	0.75	0.05	0.50	0.05	0.05	0.25	0.50
Current account, EUR mn	-3428	-5894	-4247	-3735	-355	338	-1800	-2100	-2500
Current account, % of GDP	-2.4	-3.9	-2.7	-2.4	-0.5	0.5	-1.2	-1.4	-1.6
Exports of goods, BOP, EUR mn	70983	86083	97972	102484	52229	50598	104000	111000	122000
annual change in %	-16.3	21.3	13.8	4.6	5.8	-3.1	1.0	7.0	10.0
Imports of goods, BOP, EUR mn	67684	83991	94298	96686	48815	46268	96000	100000	109000
annual change in %	-19.2	24.1	12.3	2.5	4.1	-5.2	-1.0	4.0	9.0
Exports of services, BOP, EUR mn	13924	15812	16646	17174	8103	8372	18000	19000	21000
annual change in %	-6.6	13.6	5.3	3.2	1.5	3.3	3.0	8.0	9.0
Imports of services, BOP, EUR mn	11126	12839	14262	15191	7067	7092	15000	16000	17000
annual change in %	-6.9	15.4	11.1	6.5	5.9	0.4	1.0	8.0	8.0
FDI inflow, EUR mn	2082	4644	1632	8244	3569	3041	4800	6000	.
FDI outflow, EUR mn	685	882	-231	1044	440	1615	1300	1300	.
Gross reserves of NB excl. gold, EUR mn	28556	31357	30675	33536	30849	33023	.	.	.
Gross external debt, EUR mn	61940	70498	72770	77205	75192	77078	.	.	.
Gross external debt, % of GDP	43.6	47.0	46.8	50.5	49.2	52.0	.	.	.
Average exchange rate CZK/EUR	26.44	25.28	24.59	25.15	25.17	25.70	25.75	25.50	25.25
Purchasing power parity CZK/EUR	18.46	18.49	18.08	18.03	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) From 2012 according to census March 2011. - 4) From 2013 available job applicants 15-64 in % of working age population 15-64, available job applicants in % of labour force before. - 5) Including part of the Ministry of Defence and the Ministry of the Interior. - 6) Two-week repo rate.

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

Estonia: consumers keep growth alive

BY SEBASTIAN LEITNER

The overall still sluggish developments in Estonia's main export partners – Finland still in recession, Russia performing less favourably than expected while in Sweden imports are on the decline this year – led to a further slowdown of export growth throughout the second quarter of 2013. We expect that the slight upwind already to be observed in the Western European countries will result in slightly rising export growth rates especially in the electronics industry, which had to suffer last year, towards the end of 2013. However, only in 2014 and 2015 the growth of trade volumes should become more lively again.

Gross fixed capital formation, which was an important impetus last year, has continued to decline in the past several months. The government massively reduced public investment in infrastructure and will refrain from raising outlays until cofinancing of projects from the EU funds are guaranteed, which shall be the case in 2015. The corporate sector, manufacturing in particular, hesitates to invest in new equipment given the sluggish situation in external demand and still relatively low capacity utilisation. Expenditures for capital replacement are expected to be raised only throughout the year 2014. Also in the construction sector activity remains sluggish. Although dwelling prices started to rise slightly, high vacancies and cautious households (being still highly indebted) will keep construction activity suppressed also in the coming two years. Overall investment growth however should gain some momentum in 2014 and 2015 after being negative this year.

Employment growth in the first half of 2013 evolved more lively than expected. While the number of jobs in industrial sectors and construction is still stagnating, labour demand is flourishing in higher-skilled service sectors. Total employment growth should thus still amount to 2% in 2013 while slowing down to 1% on average in the coming two years given the

scarcity of skilled labour force in the country. Accordingly, the unemployment rate is expected to fall gradually to 9% this year but more slowly beyond.

In line with the more favourable situation on the labour market, gross wages are on the upswing, increasing by 3.8% in real terms in the first half of 2013. Given slower increases in labour productivity the industrial sector is confronted with dwindling external competitiveness due to rising unit labour costs. Moreover, wage developments will keep up overall price developments also in the coming two years, while the positive influence of electricity prices raising the consumer price index in 2013 will cease.

Lively spending of Estonian households underpins overall growth of the economy. Robust employment and wage growth especially in the service sectors, and the ceasing need to deleverage will allow consumers to further engage in the purchase also of durable consumer goods. We expect domestic consumption to grow by 4.5% in real terms this year and by 4% in 2014 and 2015.

In September the Estonian government sent their state budget proposal for 2014 to the parliament. It foresees no major changes on the revenue and expenditure side. Wage growth for public servants was fixed at 5.1%, while the favourable employment figures allow for a 6% increase in pensions. The government plan now envisages a budget deficit of 0.7% for next year, slightly higher than in 2013. The plan of the Estonian government to attain a balanced general budget in 2015 appears realistic.

Although domestic consumption is on the upswing, meagre growth of exports and falling investment activity led to a reduction of the outlook for overall GDP growth in 2013 to 1.5%. However, in 2014 we expect that together with stable household consumption a revival in external demand from end of this year onwards should help to renew entrepreneurs' good spirits in order to recover private investments. GDP growth will nevertheless remain below Estonia's potential with 3.7% in 2014 and 4.1% in 2015.

Table EE

Estonia: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	1340.3	1340.2	1294.7	1290.5	.	.	1285	1280	1275
Gross domestic product, EUR mn, nom.	13970	14371	16216	17415	8403	8924	18300	19700	21400
annual change in % (real)	-14.1	2.6	9.6	3.9	3.7	1.2	1.5	3.7	4.1
GDP/capita (EUR at exchange rate)	10400	10700	12500	13500	.	.	.	.	.
GDP/capita (EUR at PPP)	15000	15500	17800	19100	.	.	.	.	.
Consumption of households, EUR mn, nom.	7334	7310	7964	8662	4241	4617	.	.	.
annual change in % (real)	-15.2	-2.7	3.8	4.9	4.1	5.0	4.5	4.0	4.0
Gross fixed capital form., EUR mn, nom.	2960	2726	3825	4392	1915	1937	.	.	.
annual change in % (real)	-39.0	-7.2	37.6	11.0	13.6	-3.7	-1.0	5.0	7.0
Gross industrial production									
annual change in % (real)	-24.0	23.6	19.9	-0.2	0.1	4.3	5.0	10.0	12.0
Gross agricultural production									
annual change in % (real)	2.8	-4.0	9.7	0.4	.	.	.	.	.
Construction industry									
annual change in % (real)	-29.8	-8.5	27.3	18.4	29.2	0.8	.	.	.
Employed persons, LFS, th, average	595.8	570.9	609.1	624.4	619.3	634.2	637	645	650
annual change in %	-9.2	-4.2	6.7	2.5	3.7	2.4	2.0	1.3	0.8
Unemployed persons, LFS, th, average	95.1	115.9	86.8	70.5	75.3	63.9	63.0	59.9	56.5
Unemployment rate, LFS, in %, average	13.8	16.9	12.5	10.2	10.9	9.2	9	8.5	8.0
Reg. unemployment rate, in %, end of period	13.3	10.1	7.3	6.1	6.3	5.4	.	.	.
Average monthly gross wages, EUR	784	792	839	887	873	938	.	.	.
annual change in % (real, gross)	-4.9	-1.8	0.9	1.7	1.7	3.8	.	.	.
Consumer prices (HICP), % p.a.	0.2	2.7	5.1	4.2	4.4	3.8	3.4	4.0	4.2
Producer prices in industry, % p.a.	1.0	3.2	4.2	2.6	3.0	7.8	.	.	.
General governm. budget, EU-def., % of GDP									
Revenues	42.8	40.6	38.7	39.2	.	.	37.5	37.0	37.5
Expenditures	44.7	40.5	37.5	39.5	.	.	38.0	37.8	37.5
Net lending (+) / net borrowing (-)	-2.0	0.2	1.1	-0.2	.	.	-0.5	-0.8	0.0
Public debt, EU-def., % of GDP	7.1	6.7	6.1	9.8	.	.	10.0	10.0	9.0
Central bank policy rate, % p.a., end of period ³⁾	2.8	0.9	1.0	0.8	1.0	0.5	.	.	.
Current account, EUR mn	382	409	291	-310	-286	-112	-450	-600	-700
Current account, % of GDP	2.7	2.8	1.8	-1.8	-3.4	-1.3	-2.5	-3.0	-3.3
Exports of goods, BOP, EUR mn	6354	8769	12050	12587	6108	6180	12800	13800	15000
annual change in %	-25.2	38.0	37.4	4.5	2.7	1.2	2.0	8.0	9.0
Imports of goods, BOP, EUR mn	7051	9040	12378	13363	6507	6551	13500	14700	16500
annual change in %	-33.0	28.2	36.9	8.0	6.0	0.7	1.0	9.0	12.0
Exports of services, BOP, EUR mn	3219	3441	3987	4256	2027	2082	4420	4900	5500
annual change in %	-10.6	6.9	15.8	6.8	15.1	2.7	4.0	11.0	12.0
Imports of services, BOP, EUR mn	1810	2102	2665	3043	1406	1548	3350	3800	4300
annual change in %	-20.8	16.1	26.8	14.2	14.8	10.1	10.0	13.0	13.0
FDI inflow, EUR mn	1325	1207	245	1181	679	129	500	.	.
FDI outflow, EUR mn	1114	107	-1045	741	191	80	200	.	.
Gross reserves of NB excl. gold, EUR mn ⁴⁾	2758	1904	150	218	204	195	.	.	.
Gross external debt, EUR mn	17204	16420	15250	16622	16018	16478	.	.	.
Gross external debt, % of GDP	123.2	114.3	94.0	95.4	92.0	90.0	.	.	.
Purchasing power parity EUR/EUR	0.6966	0.6906	0.7044	0.7060	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Account of Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) From 2011 official refinancing operation rates for euro area (ECB), TALIBOR one-month interbank offered rate before (Estonia had a currency board). - 4) From January 2011 (euro introduction) only foreign currency reserves denominated in non-euro currencies.

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

Hungary: the well-known pre-election tunes are played again

BY SÁNDOR RICHTER

The Hungarian economy, though leaving recession behind, has not shown clear signs of a new growth phase. Data for the first half of 2013 show stagnation in nearly all segments of the economy with very small rates of change. GDP expanded by 0.2% in the first half of 2013. The few exceptions are agriculture, where the value added expanded by 17%, and construction with a nearly 7% upturn (in both cases in the second quarter of the year). Services, the largest sector on the production side of the GDP, recorded only 0.1% growth in the second quarter after shrinking by 0.8% in the previous quarter. Industry and manufacturing declined by 0.8% and 0.6%, respectively in Q2, but at least the extent of the decline is getting smaller from quarter to quarter.

On the demand side of the GDP, household consumption was somewhat on the rise in the second quarter as opposed to the moderate decline registered in the first quarter, concluding in zero growth in the first half of the year. Gross fixed capital formation showed a 4.9% expansion in the second quarter after a 6% decline in the first quarter of 2013. While the half-year growth rate for investment is 0.1%, the quarterly data may indicate a turnaround. This will be validated only in the light of investment data of the next quarters. Perhaps not independently from the suddenly increased investment activities, foreign trade data show a surprising turnaround as well. According to national accounts data the real growth rate of imports surpassed that of exports by 1.7 percentage points in the second quarter. Whether this is a sign of an important change or a provisional phenomenon is still to be seen from data of the next few months. First half-year balance of payment data contradict the above picture, as according to those data the export growth rate surpassed the growth rate of imports by 0.4%.

Six months are left until the next general elections in 2014, and as is usual in Hungary, economic policy is getting more and more focused on maximizing the number of supporters of the political parties sitting in the government. This time utility prices became the main battlefield for votes. In several steps, beginning already in 2012, the government ordered the reduction of regulated prices for gas, electricity, waste collection, district heating, water supply and chimney sweeping for all household consumers of these services. By the end of this year the cumulated effect may amount to a 20% price cut, and Fidesz politicians hint at possible further utility price reductions until the elections. Lump-sum price reduction favours primarily high-income strata who consume substantially more of these services than low-income households. As no productivity growth or lower input prices in the utility sector stand behind the price reductions, an eminent question is, who will pay the bill of these election cookies. The losers of this game are businesses, for whom energy prices were simultaneously increased, and also the mostly foreign-owned utility companies, both producers and distributors, whose revenues have been substantially reduced. As Prime Minister Viktor Orbán has announced, his longer-term target is to transform public utilities into a non-profit sector, and the realisation of profit at public utility services is to be prohibited by law. The chances for a systematic takeover by the state of the weakened utility companies from the mostly foreign owners are high. Price reduction in utility services cum foreign capital bashing is seemingly popular among the potential voters, as reflected in public opinion polls' results. The other side of the coin is the steeply falling investment activity in the energy sector, the extent of which amounted to 39% in 2012 and to 26% in the first half of 2013, creating a situation where even basic maintenance of the related infrastructure is threatened.

A second issue of relevance before the elections is the future of foreign currency (forex) loans. With the appreciation of the Swiss franc (CHF) against the euro and the depreciation of the Hungarian forint

(HUF) against both the franc and the euro, approximately 500,000 households with forex mortgage loans are trapped in a situation where the monthly debt service is much higher than it would be at the exchange rate prevailing when the loan was contracted. Total forex loans amount to 13% of the GDP. The value of the really delicate housing-related forex mortgage loans (223,000 contracts) amounts to about 6% of the GDP. Previous solutions offered by the government for households' forex debt conversion into HUF-denominated debt brought only partial success. The search for solutions also became a component in the government's political campaign against the predominantly foreign-owned Hungarian financial sector. The latest development on this battlefield was a government ultimatum sent to the banks with the request to elaborate a solution for the conversion of all forex household debt to HUF debt up to 1 November 2013, with the menace that otherwise the government will enforce its own solution to the problem. The crucial question is how the burdens of any kind of debt conversion will be allocated across the banks, the state and the debtor households. The Hungarian Banking Association warns that the conversion of the forex debt into HUF-denominated debt in a very short time creates an unbearable burden on the banks and may have serious negative macroeconomic implications as well. The banking sector has been in the red for the third year in row. Losses in the banking sector in the last three years are assumed to exceed the aggregate profit of the sector generated in the last ten years. The drop in new real estate and household loans disbursed and the reorganisation of the local governments' financing is thought to have cut the revenue sources of the banking sector by 30% to 50%. Under the current pressure exerted by the government, even an orderly withdrawal of the foreign-owned banks from Hungary seems impossible as no investor would be ready now to undertake a bank acquisition in Hungary – unless this investor is the Hungarian state, or a state-owned Hungarian bank. A new law will enable the government to exercise tighter state control over local savings banks and their umbrella organisation Takarékbank. Prime Minister Orbán has declared not

so long ago that half of the Hungarian banking sector should be Hungarian owned. This may eventually be the final, still hidden goal of the government's war against the banks.

Employment is a further important issue six months before the elections. The unrealistic Fidesz promise about the creation of one million new jobs made before the previous election in 2010 has already been dropped long ago, the question is whether the employment situation has improved at all. The number of employed persons increased by 1.1% in the first six months of 2013, the unemployment rate improved by 0.3 percentage points, both compared to the respective period of the previous year. The improvement of the indicators is partly explained by the growing number of persons involved in public work programmes and, as a consequence of growing outward migration from Hungary, the registration of persons working abroad in the Hungarian employment statistics. This latter is possible if the migrant is still registered as a resident under a Hungarian address and part of his/her family is registered at that address. As a large segment of the persons working abroad are commuters or have just begun their career abroad and have thus remained registered under their last physical address, migration is presumed to make up statistically one third of the increment in domestic employment. More telling about the real employment situation is that the number of employed in the business sector has been stagnating, reflecting the general state of the economy.

As the room for fiscal stimulus is fairly small after the recent release from a nine-year long Excessive Deficit Procedure, the government and the central bank make efforts to stimulate the economy through the monetary policy. The policy rate of the central bank has been cut in a series of small steps; on 30 September it stood at 3.60%. Further reductions may follow as the governor of the central bank set the possible bottom of the interest cutting cycle at a policy rate of 3-3.5%. Cuts in the policy rate are feasible due to the currently supportive international environment and the very low domestic inflation which is caused to a large extent

Table HU

Hungary: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	10023	10000	9972	9919	.	.	9920	9900	9880
Gross domestic product, HUF bn, nom.	25626	26513	27635	28048	13315	13738	29100	30300	31800
annual change in % (real)	-6.8	1.1	1.6	-1.7	-1.2	-0.2	0.5	1.2	2.3
GDP/capita (EUR at exchange rate)	9100	9600	9900	9800	.	.	.	.	.
GDP/capita (EUR at PPP)	15300	15800	16300	16400	.	.	.	.	.
Consumption of households, HUF bn, nom.	13551	13665	14287	14903	7186	7362	.	.	.
annual change in % (real)	-6.8	-3.0	0.3	-1.8	-0.4	0.0	0.5	0.3	0.5
Gross fixed capital form., HUF bn, nom.	5302	4920	4950	4881	2023	2062	.	.	.
annual change in % (real)	-11.1	-8.5	-6.0	-3.6	-3.7	0.1	0.5	2.0	6.0
Gross industrial production									
annual change in % (real)	-17.6	10.5	5.6	-1.8	-0.3	-1.5	1.0	3.0	6.0
Gross agricultural production									
annual change in % (real)	-10.6	-11.1	10.7	-9.2	.	.	.	.	.
Construction industry									
annual change in % (real)	-4.4	-10.4	-7.8	-6.7	-10.8	6.9	6.0	3.0	6.0
Employed persons, LFS, th, average	3781.8	3781.2	3811.9	3877.9	3833.8	3874.5	3890	3900	3920
annual change in %	-2.5	0.0	0.8	1.7	1.7	1.1	0.2	0.2	0.5
Unemployed persons, LFS, th, average	420.7	474.8	467.9	475.6	488.2	479.0	.	.	.
Unemployment rate, LFS, in %, average	10.0	11.2	10.9	10.9	11.3	11.0	11.0	10.8	10.6
Reg. unemployment rate, in %, end of period	13.6	13.3	12.4	12.8	11.8	11.2	.	.	.
Average monthly gross wages, HUF ³⁾	199837	202525	213094	223060	220632	228092	.	.	.
annual change in % (real, net)	-2.3	1.8	2.4	-3.5	-3.8	2.4	.	.	.
Consumer prices (HICP), % p.a.	4.0	4.7	3.9	5.7	5.6	2.3	2.1	2.9	3.0
Producer prices in industry, % p.a.	4.4	4.0	4.1	4.1	7.0	0.2	.	.	.
General governm.budget, EU-def., % of GDP									
Revenues	46.9	45.6	54.3	46.9	.	.	.	.	.
Expenditures	51.4	49.9	50.0	48.9	.	.	.	.	.
Net lending (+) / net borrowing (-) ⁴⁾	-4.6	-4.4	4.2	-2.0	.	.	-3.0	-3.0	-3.0
Public debt, EU-def., % of GDP	79.8	81.8	81.4	79.2	.	.	79.0	79.0	78.0
Central bank policy rate, % p.a., end of period ⁵⁾	6.25	5.75	7.00	5.75	7.00	4.25	.	.	.
Current account, EUR mn	-176	208	446	1016	322	1279	1500	1300	500
Current account, % of GDP	-0.2	0.2	0.5	1.0	0.7	2.8	1.5	1.3	0.4
Exports of goods, BOP, EUR mn	57397	66926	74471	75654	37755	38456	78000	82300	91400
annual change in %	-20.3	16.6	11.3	1.6	1.5	1.9	3.1	5.5	11.0
Imports of goods, BOP, EUR mn	55028	64481	71360	72103	35745	36286	74300	78000	86600
annual change in %	-24.9	17.2	10.7	1.0	1.2	1.5	3.0	5.0	11.0
Exports of services, BOP, EUR mn	13305	14585	15810	15867	7443	7614	16700	18400	20400
annual change in %	-3.6	9.6	8.4	0.4	-1.4	2.3	5.0	10.0	11.0
Imports of services, BOP, EUR mn	11319	11710	12637	12460	5863	5855	13000	14000	15500
annual change in %	-7.9	3.5	7.9	-1.4	-3.1	-0.1	4.0	8.0	11.0
FDI inflow, EUR mn	1475	1675	3809	10690	5204	-25	.	.	.
FDI outflow, EUR mn	1365	888	3146	8646	5232	494	.	.	.
Gross reserves of NB, excl. gold, EUR mn	30648	33667	37242	33640	35507	34238	.	.	.
Gross external debt, EUR mn	137120	138343	132638	124153	131986	123266	.	.	.
Gross external debt, % of GDP	150.0	143.7	134.1	128.0	139.0	125.4	.	.	.
Average exchange rate HUF/EUR	280.33	275.48	279.37	289.25	295.39	296.08	298	295	285
Purchasing power parity HUF/EUR	166.78	167.48	169.65	172.86	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census October 2011. - 3) Enterprises with 5 and more employees. - 4) In 2011 including one-off effects. Without those effects general government budget balance is estimated to have attained -4.6% of GDP (Source: portfolio.hu). - 5) Base rate (two-week NB bill).

Source: iwiw Databases incorporating Eurostat and national statistics. Forecasts by iwiw.

by the centrally lowered utility prices. Apart from the growth stimulating policy rate cuts, the central bank extended its Funding for Growth Scheme, a programme securing loans for the SME sector at a preferential interest rate (below the policy rate). The extended preferential credit line amounts to about 9% of the GDP. Up until the end of September only a smaller part of the disbursed preferential loans financed investment, the bulk of it helped forex debt conversion to HUF debt. The central bank reckons with an additional GDP growth of 1.8-2.4% due to the programme, independent experts are much less optimistic. An important risk of the programme is that, should the central bank raise its policy rate later, the financing of the interest rate differential (relative to the fixed preferential rate) may impose a substantial burden on the budgetary expenditures.

Uncertainties and a lack of confidence in the business sector concerning taxation and regulation, the ever growing discretionary government intervention in business affairs, the non-observance of government promises and a clear preference for a Fidesz-friendly clientele at public procurement procedures constitute the major constraint to a comprehensive take-off in investment activities that could place Hungary on a higher growth path. This year the GDP will expand marginally; the expected acceleration of growth of the European, mainly the German, economy may result in a moderate expansion of Hungary's GDP in 2014. Our 2.3% GDP growth forecast for 2015 reflects an assumed turnaround in the economic policy after the 2014 elections, elaborated by a new government. A further four-year long election cycle with the current ruling parties in government will make protracted slow growth the most likely scenario.

Latvia: households push up domestic activity

BY SEBASTIAN LEITNER

Latvian producers continue to suffer from weak demand growth in their main export destinations. Moreover, unit labour costs are again on the rise in manufacturing (as in the two neighbouring Baltic states), undercutting the competitive position vis-à-vis Western and Northern European producers. At the same time import demand from Estonia and Russia is abating as well. This resulted in growth of industrial production remaining anaemic in the first half of 2013. In spite of strong consumption growth imports evolve less swiftly alike due to low investment and restocking activity. A stronger rebound of exports is not likely to take place before 2014.

Given the low growth in goods production, investment activity was on the decline in the first half of the year, especially in the manufacturing sector, and was also anaemic in the case of the government sector. Due to the upcoming elections at the national level in 2014, as well as Riga becoming European Capital of Culture in 2014, we expect that some additional public and private investments will take place.

Employment growth continued in the first half of 2013, most prominently in the non-tradable sectors, but also slightly in manufacturing; on average overall job increases are likely to reach about 3% per annum. The unemployment rate is likely to amount to about 12% of the active population in 2013 on average. Thereafter we expect further improvements on the Latvian labour market to evolve more gradually. Although emigration has been slowing down after its peak in 2010, which was effected by the economic slump, it still entails shrinkage of the Latvian labour force.

The amelioration on the labour market also brought about a substantial upswing of net wages in real terms, by 4.8% on average, and an even stronger

one in market service sectors, while increases in the public sector remain subdued. The outcome is also influenced by the reduction of the income tax rate by 1 percentage point to 24% in January 2013. The tax and duties burden of Latvian households will further be reduced at the beginning of next year when a reduction of social security contributions of employees by 1% (and 0.5% of employers) will be implemented together with a slight rise of the non-taxable minimum income. Moreover the government stipulated to reduce the flat income tax rate to 23% in 2015 and 22% in 2016.

Following the wage and employment growth, consumption continues to act as the main driver of economic growth in 2013. Private households substantially increase their spending in durable goods and recreational services, although from June onwards consumer sentiments have been somewhat on the decline. The future increases of disposable incomes will keep up consumption growth rates also in 2014 and 2015. In the second half of 2013 we expect consumer inflation to rise slightly since in the first six months of the year it was suppressed by the effect of a VAT rate reduction in July 2012. However, the low increases of import prices should keep consumer inflation well below 1% per annum.

As expected the lively economic activity resulted in fast growing revenues for the government both of VAT and personal income taxes, while the share of public expenditures will most probably be kept unchanged compared to 2012. Thus the budget is likely to be close to balance in 2013 and the following two years respectively. Keeping revenues in line with expenditures will result in the public debt burden falling rather swiftly. However, at the same time the government refrains from sufficiently expanding necessary investments in public infrastructure and services, especially health care – although the budget for 2014 foresees some additional funds to increase the wages of health care personnel. The accession to the euro area in January 2014 should bring about some reduction of the long-term interest rates of government bonds and an upgrading in credit ratings, further easing the envisaged

Table LV

Latvia: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	2254.8	2239.0	2058.2	2029.6	.	.	2023	2013	2003
Gross domestic product, LVL mn, nom.	13070	12784	14275	15520	7215	7630	16100	17100	18200
annual change in % (real)	-17.7	-1.3	5.3	5.0	5.9	4.0	3.6	3.9	4.1
GDP/capita (EUR at exchange rate)	8600	8600	9800	10900	.	.	.	.	.
GDP/capita (EUR at PPP)	12700	13200	14700	16200	.	.	.	.	.
Consumption of households, LVL mn, nom.	7889	7947	8725	9496	4576	4886	.	.	.
annual change in % (real)	-22.8	2.5	4.7	5.5	6.4	6.6	6.0	5.0	6.0
Gross fixed capital form., LVL mn, nom.	2820	2330	3045	3537	1504	1439	.	.	.
annual change in % (real)	-37.4	-18.1	27.9	8.7	28.3	-7.7	1.0	6.0	9.0
Gross industrial production ³⁾									
annual change in % (real)	-18.1	14.9	9.0	6.1	7.7	-2.0	-2.5	5.0	6.0
Gross agricultural production									
annual change in % (real)	-0.7	-2.4	2.8	14.9	.	.	.	.	.
Construction industry									
annual change in % (real)	-34.9	-23.4	12.5	13.5	25.2	8.8	.	.	.
Employed persons, FFS, th, average ⁴⁾	983.1	940.9	970.5	875.6	857.5	884.6	905	920	930
annual change in % ⁴⁾	-12.6	-4.3	3.1	1.6	1.2	3.2	3.4	1.7	1.1
Unemployed persons, FFS, th, average ⁴⁾	203.2	216.1	176.4	155.1	167.1	123.1	120	110	100
Unemployment rate, FFS, in %, average ⁴⁾	17.1	18.7	15.4	15.0	16.3	12.2	12.0	11.0	10.0
Reg. unemployed persons, th, end of period	179.2	162.5	130.3	104.1	117.6	94.8	.	.	.
Reg. unemployment rate, in %, end of period ⁴⁾	16.0	14.3	11.5	10.5	11.9	9.6	.	.	.
Average monthly gross wages, LVL	461	445	464	481	473	494	.	.	.
annual change in % (real, net)	-5.6	-6.5	0.1	1.6	1.0	4.8	.	.	.
Consumer prices (HICP), % p.a.	3.3	-1.2	4.2	2.3	2.8	0.1	0.4	2.0	2.5
Producer prices in industry, % p.a.	-3.1	2.4	7.7	4.1	5.2	2.1	.	.	.
General governm.budget, EU-def., % of GDP									
Revenues	34.0	35.3	34.9	35.1	.	.	36.5	35.0	34.5
Expenditures	43.7	43.4	38.4	36.6	.	.	36.5	35.5	34.5
Net lending (+) / net borrowing (-)	-9.7	-8.1	-3.6	-1.2	.	.	0.0	-0.5	0.0
Public debt, EU-def., % of GDP	36.9	44.4	41.9	40.6	.	.	43.0	40.5	38.0
Central bank policy rate, % p.a., end of period ⁵⁾	4.0	3.5	3.5	2.5	.	.	.	.	.
Current account, EUR mn	1606	535	-438	-549	-399	-64	-400	-600	-600
Current account, % of GDP	8.7	3.0	-2.2	-2.5	-3.9	-0.6	-1.7	-2.5	-2.3
Exports of goods, BOP, EUR mn	5276	6873	8620	9937	4500	4837	10700	12000	13500
annual change in %	-19.2	30.3	25.4	15.3	10.9	7.5	7.7	12.1	12.5
Imports of goods, BOP, EUR mn	6602	8152	10819	12225	5791	5878	12500	13700	15200
annual change in %	-37.7	23.5	32.7	13.0	17.4	1.5	2.3	9.6	10.9
Exports of services, BOP, EUR mn	2756	2778	3196	3526	1695	1743	3750	4200	4600
annual change in %	-10.7	0.8	15.1	10.3	16.5	2.8	6.4	12.0	9.5
Imports of services, BOP, EUR mn	1632	1660	1877	2031	950	946	2060	2300	2600
annual change in %	-24.8	1.7	13.1	8.2	14.1	-0.4	1.4	11.7	13.0
FDI inflow, EUR mn	68	286	1045	863	346	319	700	.	.
FDI outflow, EUR mn	-45	14	44	150	81	166	300	.	.
Gross reserves of NB excl. gold, EUR mn	4572	5472	4666	5412	4929	5551	.	.	.
Gross external debt, EUR mn	29097	29978	29459	30113	30610	31237	.	.	.
Gross external debt, % of GDP	157.1	166.2	145.8	135.3	138.6	136.4	.	.	.
Average exchange rate LVL/EUR ⁵⁾	0.7057	0.7087	0.7063	0.6973	0.7028	0.7028	0.7028	0.7028	0.7028
Purchasing power parity LVL/EUR	0.4812	0.4632	0.4726	0.4726	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) Enterprises with 20 and more employees. - 4) From 2012 according to census March 2011. - 5) Refinancing rate of National Bank.

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

cutback of public debt levels. A strong euro-effect on inflows of foreign direct investment should not be expected.

The stagnant economic development in most of Latvia's trading partners and the related depressed investment mood of entrepreneurs result in economic activity being strongly dependent on consumer sentiments. Thus, we expect GDP growth to

decline to 3.6% in 2013. The further outlook is based on the assumption of a slight improvement of economic activity in Europe in 2014, wage growth above productivity and further increases of disposable income by the stipulated decreases of the tax and duties burden of households. Thus we expect GDP growth to revive to 3.9% in 2014 and 4.2% in 2015.

Lithuania: aiming for euro adoption in 2015

BY SEBASTIAN LEITNER

The still lively activity of exporting entrepreneurs is being slightly reduced due to receding import demand of Lithuania's main trading partners, particularly Russia, and also the fading temporary effects of last year's exceptional crop harvest and fuel exports. Thus we expect Lithuania's growth in goods exports to decline somewhat in the second half of 2013. However, the fall of crude oil prices also reduces the nominal growth of imports and thus the contribution of net exports to overall GDP growth will still remain balanced and the deficit of the current account at a low level in 2013.

Investment activity develops at a satisfactory level in all three main institutional sectors: Not only public investment in energy and transport infrastructure is further propping up economic activity, but also entrepreneurs are raising their outlays for machinery and equipment. Industrial production continued to evolve at a good pace, but is expected to slow down slightly in the second half of the year. Thirdly, the household sector increased investments in dwelling construction.

After a substantial rise in employment in 2012, job increases slightly slowed down in the first half of 2013. However, growth in employment continues in manufacturing and high-skill service sectors, and also the public administration is increasing staff numbers again after crisis-induced reductions. The average unemployment rate for 2013 is expected to fall to 12%. Although return migration seems to increase according to official statistics, net migration is still negative. For those being low educated the chances of finding a job in Lithuania are quite poor; their employment rate was at an exceptionally low level of only 15% in the first half of 2013, while the respective figure for the total working-age population is 63%. The latter figure is however still below the one of Estonia (68%).

Because of the overall improvement on the labour market, wages have started to increase more swiftly throughout all industries of the economy except for the public sectors. This development is also a corollary of the implemented rise in the minimum gross wage in late 2012. The increase in the purchasing power of low-income earners will further support the growth of domestic demand, while consumer sentiments have improved throughout the whole year. During the first half of 2013 the increases in consumer prices slowed down remarkably to almost stagnation in the summer months. This was mostly driven by a reduction of energy prices and those for communication. For the government this allows to aim for their preferred entry date to the euro area in 2015. Although one of the coalition parties would favour a referendum on euro accession – while polls show that the population opposes the project – the government is expected to finally follow the Baltic neighbours into the euro area swiftly.

Given the favourable economic developments, revenues developed according to the budget plan. We expect that the government will thus have also no problem meeting the Maastricht deficit criterion and should reduce net lending to 2.5% of GDP in 2013. With the announcement of the definite application for euro area membership, refinancing costs of public debt are likely to fall further. Thereafter the government may opt for a slower pace in further reducing the budget deficit in order to be able to realise the growth potentials delivered by investments in public infrastructure and services. Moreover the freezes of public sector wages that were extended into 2013 last year will cease next year.

The still rather favourable development of external demand, the ongoing upswing in investments and robustly evolving household demand is expected to result in GDP growth of 3.6% in 2013. The scenario for the years to come is based on the assumptions of a slight upswing of external demand in the euro area, while domestic demand, pushed also by an increase in the public wage bill and investments, will further speed up. Thus, we expect GDP growth to increase to 3.8% in 2014 and 4.2% in 2015.

LITHUANIA

Table LT

Lithuania: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	3339.5	3286.8	3029.3	2987.8	.	.	2979	2964	2949
Gross domestic product, LTL mn, nom.	92032	95676	106893	113735	54032	56381	119600	127200	137300
annual change in % (real)	-14.8	1.6	6.0	3.7	2.7	3.6	3.6	3.8	4.2
GDP/capita (EUR at exchange rate)	8400	8900	10200	11000	.	.	.	.	.
GDP/capita (EUR at PPP)	13600	15000	16700	17900	.	.	.	.	.
Consumption of households, LTL mn, nom.	62807	61285	66894	71709	34442	36980	.	.	.
annual change in % (real)	-17.8	-3.7	4.8	3.9	5.5	5.3	4.0	4.0	4.5
Gross fixed capital form., LTL mn, nom.	15807	15589	19270	18934	8371	9408	.	.	.
annual change in % (real)	-39.5	1.9	20.7	-3.6	0.6	8.4	9.0	10.0	12.0
Gross industrial production (sales)									
annual change in % (real)	-13.8	6.4	6.4	3.7	-0.5	7.9	7.0	10.0	10.0
Gross agricultural production									
annual change in % (real)	1.0	-7.2	10.3	14.5	.	.	.	.	.
Construction industry									
annual change in % (real)	-48.3	-7.3	22.1	-7.3	3.3	2.8	.	.	.
Employed persons, LFS, th, average ³⁾	1415.9	1343.7	1370.9	1278.5	1269.6	1282.2	1295	1315	1330
annual change in % ³⁾	-6.8	-5.1	2.0	1.8	1.5	1.0	1.3	1.5	1.1
Unemployed persons, LFS, th, average ³⁾	225.1	291.1	248.8	195.2	203.9	181.5	177	163	148
Unemployment rate, LFS, in %, average ³⁾	13.7	17.8	15.4	13.3	13.9	12.4	12.0	11.0	10.0
Reg. unemployed persons, th, end of period	268.8	311.3	227.1	210.2	10.4	10.2	.	.	.
Reg. unemployment rate, in %, end of period ³⁾⁴⁾	12.5	14.4	11.0	11.4	10.4	10.2	.	.	.
Average monthly gross wages, LTL ⁵⁾	2056.0	1988.1	2045.9	2123.8	2145.9	2243.0	.	.	.
annual change in % (real, net)	-7.2	-4.3	-1.4	0.5	-0.6	2.5	.	.	.
Consumer prices (HICP), % p.a.	4.2	1.2	4.1	3.2	3.2	1.8	1.5	2.5	3.6
Producer prices in industry, % p.a.	-13.5	10.3	13.9	5.0	6.3	-1.4	.	.	.
General govern.budget, EU-def., % of GDP									
Revenues	35.5	35.2	33.3	32.8	.	.	33.0	33.3	34.0
Expenditures	44.9	42.4	38.9	36.1	.	.	35.5	35.5	36.0
Net lending (+) / net borrowing (-)	-9.4	-7.2	-5.5	-3.3	.	.	-2.5	-2.2	-2.0
Public debt, EU-def., % of GDP	29.3	37.9	38.5	40.6	.	.	41.0	40.0	39.0
Central bank policy rate, % p.a., end of period ⁶⁾	1.57	1.07	1.24	0.52	0.75	0.38	.	.	.
Current account, EUR mn	996	19	-1151	-68	-158	227	-100	-700	-1200
Current account, % of GDP	3.7	0.1	-3.7	-0.2	-1.0	1.4	-0.3	-1.9	-3.0
Exports of goods, BOP, EUR mn	11797	15651	20151	23048	10353	11876	26000	29000	32400
annual change in %	-26.6	32.7	28.8	14.5	7.7	14.7	12.8	11.5	11.7
Imports of goods, BOP, EUR mn	12688	16990	21958	23960	11098	12277	26500	29500	33500
annual change in %	-37.4	33.9	29.2	9.9	4.6	10.6	10.6	11.3	13.6
Exports of services, BOP, EUR mn	2629	3088	3738	4587	2172	2537	5300	6300	7500
annual change in %	-18.9	17.5	21.0	22.7	22.3	16.8	15.5	18.9	19.0
Imports of services, BOP, EUR mn	2192	2274	2742	3358	1509	1844	4000	4800	5800
annual change in %	-22.7	3.7	20.6	21.8	17.4	22.2	19.1	20.0	20.8
FDI inflow, EUR mn	-9	604	1040	545	-16	127	1000	.	.
FDI outflow, EUR mn	143	-4	40	305	254	-14	150	.	.
Gross reserves of NB excl. gold, EUR mn	4472	4788	6120	6203	5251	5431	.	.	.
Gross external debt, EUR mn	22363	22976	23976	24830	24758	23610	.	.	.
Gross external debt, % of GDP	83.9	82.9	77.4	75.4	75.2	68.2	.	.	.
Average exchange rate LTL/EUR	3.4528	3.4528	3.4528	3.4528	3.45	3.45	3.45	3.45	3.45
Purchasing power parity LTL/EUR	2.1363	2.0627	2.1198	2.1108	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) From 2012 according to census March 2011. - 4) In % of working age population. - 5) Annual data include earnings of sole proprietors. - 6) VILIBOR one-month interbank offered rate (Lithuania has a currency board).

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

Poland: keeping afloat

BY LEON PODKAMINER

In the second quarter of 2013 GDP growth continued, albeit at a low speed. Household consumption remained essentially flat while the decline in gross fixed capital formation accelerated. Overall, domestic demand fell by about 2%. External trade in goods and non-factor services saved the day, with the volume of imports reduced by 0.6% and the volume of exports still rising, by 5.1%. The contribution of external trade to the GDP growth in the second quarter of 2013 was 2.5 percentage points.

Fast disinflation continued during the first eight months of 2013. Consumer prices rose by a mere 0.9% in the period January-August (year-on-year). The continuing outright deflation in industrial producer prices (by 1.9% in the first eight months of 2013, y-o-y) is naturally supporting a gradual consumer price disinflation. (Deflation in the construction sector's producer prices started even earlier, at mid-2012.) It is quite obvious that both fast disinflation (in consumer prices) and deflation (in producer prices) could have only developed under stagnant household incomes – and stagnant domestic demand generally. However, the continuing strength of the Polish currency, for about a year and a half by now, may also have been supporting disinflation/deflation.

The National Bank of Poland, taken aback by the speed of disinflation¹, is responding to the current developments by cuts of its interest rates. But despite the recent (July 2013) cuts, the policy rates are still very high, given what happens to the real economy and, especially, on the inflation front. The long overdue and too modest relaxation of the monetary policy may not, at present, have much of an impact as far as a mobilisation of demand for lending from commercial banks is concerned.

¹ The March 2013 issue of the National Bank of Poland's Inflation Report envisioned 1.6% CPI for 2013. (The November 2012 Report quoted even 2.5%.) The most recent (July 2013) issue of the Inflation Report puts the expected 2013 CPI at 0.8%.

Commercial banks are likely to drag their feet. It will take time before the interest rates on loans to their clients are reduced. And even effectively lower market interest rates need not contribute meaningfully to a stronger rise in private investment or consumption. Besides, to the creditworthy domestic borrowers the cost of credit may not matter all that much because the uncertainties about the future income streams are still excessive.² Of course, the monetary policy relaxation could be advantageous as possibly conducive to a depreciation of the Polish currency. So far the Polish zloty has been remarkably strong vis-à-vis the euro, arguably also on account of high interest rates prevailing in Poland. The chances of a decisive easing of the monetary policy are not very big though, given the hawkish dispositions of the majority of members of the current Monetary Policy Council.

While inflation recedes, nominal wages are still creeping up, albeit at a slow pace. In effect, after falling in the second half of 2012, *real* wages started to recover in the first half of 2013. In so far the total wage bill did rise in real terms in 2013 (as the decrease in employment was quite marginal). The positive effects of the current disinflation are even more pronounced with respect to the mandatory social security payments (retirement pays in the first place) whose real value has risen quite significantly. All in all, the real value of household incomes has been increasing – creating a window of opportunity for possibly increased consumer spending. But that window is likely to get closed when, in due time, movements in nominal wages adjust to falling inflation.

The financial situation of the enterprise sector (non-financial firms operating outside agriculture and employing 49 persons or more) has been progressively worsening since the second quarter of 2012.

² The corporate and household sectors' demand for loans has been stagnant. The credit liabilities of these two sectors rose by 3.7% and 2.3% (June 2013 over June 2012) respectively. But the deposits of the non-financial and non-government sector in the commercial banks rose, over the same period, by 7.1% respectively. Currently the private sector prefers liquidity to spending.

The entire net (post-tax) profit of the sector earned in the first half of 2013 reached PLN 45.4 billion (approximately EUR 10.8 billion), down from PLN 46.2 billion earned during the first half of 2012. The weakening of profits has much to do with weak demand and fiercer competition (both showing up in producer price deflation) – as well as with momentarily higher nominal wages. Net profits have been steady in the banking sector. In the first half of 2013 banks' net profits reached PLN 8.17 billion (0.6% up on the profits earned a year earlier).

The idle financial resources of firms and commercial banks could support a swift recovery in fixed investment. Whether or not the existing financial potential is mobilised soon may decisively depend on the change in prevailing sentiments among the captains of the domestic business. Absent a swift recovery in the business climate abroad, the impulse sparking a change in sentiments may now come only from fiscal policy.

Relaxed fiscal policy in 2009-2010, which significantly helped to keep recession at bay, later on sought to reduce the public sector deficits substantially – despite the continuing fragility of real growth. The success in pushing the deficit below 4% of GDP in 2012 proved fairly costly in purely economic terms (sudden growth slowdown in the second half of 2012 followed by near-stagnation in 2013) – but also politically. Worse still, that success proved short-lived as under the current growth stagnation the deficit/GDP ratio will rise again, the recent consolidation efforts notwithstanding. It is necessary to amend the budget for 2013. The amendment requires suspension of the Constitutional provision restricting the level of public debt. The suspension (already boxed through the Parliament) has added to the political costs following from the current near-stagnation.

The popularity of the government of Donald Tusk (and his own) has plummeted while the populist-nationalistic 'Law and Justice' Party of the former Prime Minister Jarosław Kaczyński is re-gaining popular support. Under such circumstances the (inevitable) defections from the ruling Civic Forum

Party further weaken the Parliamentary majority behind Mr. Tusk's government. Consequently, early general elections (ahead of the statutory ones which are due in two years' time) cannot be ruled out completely.

Political necessity dictates some relaxation of the fiscal policy. Some signs of this show up in the recent national accounts data. After falling (or stagnating) throughout 2011 and 2012, public consumption has at last risen significantly (by close to 4% in the second quarter of 2013 – after still declining in the preceding quarter). However, at the same time the Finance Ministry intends to keep the VAT rates ('temporarily increased' in 2010) at unchanged levels for another two or three years.

The much needed (and long overdue) downscaling of the second pillar of the public pension system which is pursued by the government will lower the burden of public debt and facilitate a relaxation of fiscal policy.

All in all, the Polish economy which still faces rather tough times in the near future is likely to accelerate in 2014. A continuing fall in inflation could give some boost to real disposable incomes and consumption. Public spending is likely to be increased. Foreign trade developments may prove helpful too, especially if some corrective weakening of the national currency materialises. Of course, the scale of external trade's positive impulses will depend on what happens to the euro area and beyond.³ Later on, with growth resuming in the euro area (and in Germany in particular), growth – to a greater degree driven by expanding investment – should also accelerate in Poland.

³ The recent acceleration in exports is primarily due to a fast expansion of sales to the developing and emerging economies, with exports to the euro area rising rather sluggishly.

Table PL

Poland: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	38152	38184	38534	38536	38534	38502	38540	38530	38525
Gross domestic product, PLN bn, nom.	1344.5	1416.6	1528.1	1595.2	759.2	773.3	1620	1690	1780
annual change in % (real)	1.6	3.9	4.5	1.9	2.7	0.9	1.0	2.3	3.5
GDP/capita (EUR at exchange rate)	8100	9200	9600	9900	.	.	.	.	.
GDP/capita (EUR at PPP)	14200	15300	16200	17000	.	.	.	.	.
Consumption of households, PLN bn, nom.	809.7	856.2	921.6	967.4	488.5	492.3	980	1020	1080
annual change in % (real)	2.1	3.1	2.7	1.2	1.5	0.0	0.5	1.9	3.5
Gross fixed capital form., PLN bn, nom.	284.6	281.3	308.7	305.4	116.6	111.1	300	310	340
annual change in % (real)	-1.3	-0.4	8.5	-1.7	3.7	-3.3	-3.0	2.0	6.0
Gross industrial production (sales) ³⁾									
annual change in % (real)	-3.8	11.1	6.7	1.2	3.5	-0.2	0.5	2.5	6.0
Gross agricultural production									
annual change in % (real)	6.1	-3.2	-1.0	2.3	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	4.7	3.9	15.3	-5.3	6.2	-20.1	.	.	.
Employed persons, LFS, th, average ⁴⁾	15868.0	15960.5	16130.5	15590.7	15502.4	15410.4	15590	15620	15700
annual change in % ⁴⁾	0.4	0.6	1.1	0.2	0.2	-0.6	0.0	0.2	0.5
Unemployed persons, LFS, th, average ⁴⁾	1411.1	1699.3	1722.6	1749.2	1760.7	1878.0	1800	1780	1750
Unemployment rate, LFS, in %, average ⁴⁾	8.2	9.6	9.7	10.1	10.2	10.9	11.0	10.8	10.5
Reg. unemployment rate, in %, end of period	11.9	12.3	12.5	13.4	12.3	13.2	13.8	13.3	13.0
Average monthly gross wages, PLN ⁵⁾	3101.7	3224.1	3403.5	3521.7	3682.9	3760.4	3570	3670	3800
annual change in % (real, gross) ⁵⁾	2.0	1.4	1.4	-0.1	0.6	2.1	0.8	0.8	1.5
Consumer prices (HICP), % p.a.	4.0	2.7	3.9	3.7	4.1	0.9	0.7	1.9	2.0
Producer prices in industry, % p.a.	3.1	1.8	7.3	3.3	5.2	-1.2	0.0	2.0	2.0
General governm.budget, EU-def., % of GDP									
Revenues	37.2	37.6	38.4	38.4	.	.	37.6	36.9	.
Expenditures	44.6	45.4	43.4	42.3	.	.	41.6	41.0	.
Net lending (+) / net borrowing (-)	-7.4	-7.9	-5.0	-3.9	.	.	-3.9	-3.6	-3.3
Public debt, EU-def., % of GDP	50.9	54.8	56.2	55.6	.	.	56.5	57.0	57.0
Central bank policy rate, % p.a., end of period ⁶⁾	3.5	3.5	4.5	4.3	4.8	2.8	2.25	2.5	2.5
Current account, EUR mn ⁷⁾	-12153	-18121	-17974	-13337	-6689	-606	-8000	-12000	-14000
Current account, % of GDP ⁷⁾	-3.9	-5.1	-4.8	-3.5	-3.7	-0.3	-2.1	-3.0	-3.3
Exports of goods, BOP, EUR mn ⁷⁾	101715	124998	140137	146595	71554	75345	152500	160600	172600
annual change in %	-15.9	22.9	12.1	4.6	2.3	5.3	4.0	5.3	7.5
Imports of goods, BOP, EUR mn ⁷⁾	107140	133893	150193	151908	75306	74300	153400	162600	175600
annual change in %	-24.5	25.0	12.2	1.1	0.4	-1.3	1.0	6.0	8.0
Exports of services, BOP, EUR mn ⁷⁾	20717	24718	26950	29381	13767	13720	30600	33000	36300
annual change in %	-14.4	19.3	9.0	9.0	7.5	-0.3	4.0	8.0	10.0
Imports of services, BOP, EUR mn ⁷⁾	17294	22381	22905	24566	11141	10798	25300	27300	30600
annual change in %	-16.6	29.4	2.3	7.3	6.2	-3.1	3.0	8.0	12.0
FDI inflow, EUR mn ⁷⁾	9339	10518	13642	2455	692	3441	.	.	.
FDI outflow, EUR mn ⁷⁾	3331	5489	5280	-377	-1953	-2513	.	.	.
Gross reserves of NB excl. gold, EUR mn	52734	66253	71028	78676	70786	76717	.	.	.
Gross external debt, EUR mn	194396	237359	250138	277300	265788	275127	280000	290000	310000
Gross external debt, % of GDP	62.6	66.9	67.4	72.7	70.5	72.1	.	.	.
Average exchange rate PLN/EUR	4.3276	3.9947	4.1206	4.1847	4.2322	4.2443	4.25	4.20	4.15
Purchasing power parity PLN/EUR	2.4767	2.4040	2.4424	2.4380	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) Enterprises with 10 and more employees. - 4) From 2012 according to census March 2011. - 5) Quarterly data refer to enterprises with 10 and more employees. - 6) Reference rate (7-day open market operation rate). - 7) Including Special Purpose Entities (SPEs).

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

Romania: growth driven only by exports

BY GÁBOR HUNYA

The first nine months of the socialist-liberal coalition government passed without major disturbances both politically and economically. The row between the prime minister and the president was kept within limits; their cohabitation is expected to continue until the presidential elections next year. Economic policy has been anchored into IMF and EU agreements prescribing moderate fiscal austerity and structural reforms regarding state-owned enterprises. But disagreements in the ruling coalition have postponed other important steps including the territorial reorganisation of the country and fiscal decentralisation which may improve access to EU funds. Other pending issues with significant long-term growth effects include the energy policy and opening Europe's largest gold mines. The government has given priority to populist actions with low budgetary impacts such as reducing the VAT on bread.

Romania was one of the relatively fast growing European economies in the first half of 2013, with GDP up by 1.8%. This growth was the sole result of improving net exports while consumption stagnated and gross capital formation declined. Manufacturing production was robust in the first half of the year especially in the sectors of transport equipment, electrical appliances and chemical products. Also other sectors of the economy including agriculture, communication and services showed upward trends.

Wages were increased in the public sector to recover to the pre-austerity level of three years before. Wage increase was modest in the private sector and unit labour cost in industry diminished in the second quarter for the first time in two years. On the whole, nominal wage growth in the economy was overcompensated by high inflation. Consumer prices increased in comparison with the previous year first of all due to the carry-over effect of food price rises in the second half of 2012. Also

excise duties and gas prices were increased, adding to the prices of several items in April and again in September. As a result, net real wages were lower than a year before dragging down private consumption. The consumption of the rural population could not recover either after a bad harvest last year. In addition, domestic income was not compensated by earnings from abroad: remittances declined by almost 20% in the first half of the year as an impact of the drawn-out crisis in Spain and Italy. Retail sales fell back also because consumer loans dried up as banks have tightened credit conditions for prudential reasons.

Government demand contracted at a slower pace than in the past two years as fiscal austerity was less severe. The structure of fiscal outlays changed, lower investment outlays were offset by the expanding wage bill. Several construction projects were halted also because the access to EU funding suffered delays. Some of the funds were lost for good and the budget will have to step in to fulfil commitments. At the same time, household and corporate investments expanded somewhat, the latter invested mainly in equipment. The general government deficit reached RON 7.9 billion (1.27% of the projected GDP) in January-August which was within the limits of the annual targets agreed with the IMF and the EU. Romania targets a 2.6% of GDP general government deficit for 2013 and envisages further contraction in 2014 which will allow for some expansion of expenditures in real terms. The government envisages providing a 4% pension and wage fund indexation which would allow for a modest increase in the real disposable income.

The National Bank of Romania (BNR) kept the policy rate flat at 5.25% during the first half of the year due to high inflation passing through from the previous year. It started a period of rate cuts in later months reaching 4.25% as of 1 October. The policy rate will remain positive in real terms to buffer capital inflow volatility. It seems that this threat diminishes as the current account has become balanced and central bank reserves got stocked up after depletion in the previous year. But as international

Table RO

Romania: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	21480	21438	20150	20095	.	.	18950	18900	18900
Gross domestic product, RON mn, nom.	501139	523693	556708	587499	250617	266539	634600	681000	732900
annual change in % (real)	-6.6	-1.1	2.2	0.7	1.0	1.8	1.9	2.2	2.5
GDP/capita (EUR at exchange rate)	5500	5800	6900	6900	.	.	.	.	.
GDP/capita (EUR at PPP)	11100	11400	13300	13700	.	.	.	.	.
Consumption of households, RON mn, nom.	304667	327242	345047	358514	165150	171456	.	.	.
annual change in % (real)	-10.4	-0.3	1.2	1.0	1.9	0.0	0.2	1.0	1.5
Gross fixed capital formation, RON mn, nom.	122442	129422	144558	156928	57286	54977	.	.	.
annual change in % (real)	-28.1	-1.8	7.3	5.0	7.8	-4.5	0.0	4.0	4.0
Gross industrial production ³⁾									
annual change in % (real)	-5.5	5.5	7.4	2.4	2.3	6.1	5.0	5.0	5.0
Gross agricultural production									
annual change in % (real)	-2.2	1.0	8.9	-21.8	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	-15.0	-13.2	2.8	1.2	8.3	-5.8	.	.	.
Employed persons, LFS, th, average	9243.5	9239.4	9137.7	9262.8	9190.4	9172.9	9300	9300	9400
annual change in %	-1.3	0.0	-1.1	1.4	0.6	-0.2	0.4	0.0	1.1
Unemployed persons, LFS, th, average	680.7	725.1	730.2	701.2	716.4	744.4	.	.	.
Unemployment rate, LFS, in %, average	6.9	7.3	7.4	7.0	7.3	7.5	7.5	7.5	7.0
Reg. unemployment rate, in %, end of period	7.8	7.0	5.2	5.6	4.6	5.0	.	.	.
Average monthly gross wages, RON ⁴⁾	1845	1902	1980	2079	2094	2208	.	.	.
annual change in % (real, net)	-1.5	-3.7	-1.9	1.7	1.8	-0.2	.	.	.
Consumer prices (HICP), % p.a.	5.6	6.1	5.8	3.4	2.4	4.6	4.2	3.5	3.5
Producer prices in industry, % p.a.	2.4	4.4	7.1	5.3	5.0	4.0	.	.	.
General governm.budget, EU-def., % of GDP									
Revenues	32.1	33.3	33.8	33.5	.	.	34.1	.	.
Expenditures	41.1	40.1	39.4	36.4	.	.	36.6	.	.
Net lending (+) / net borrowing (-)	-9.0	-6.8	-5.6	-2.9	.	.	-2.6	-2.4	-2.2
Public debt, EU-def., % of GDP	23.6	30.5	34.7	37.8	.	.	36.0	37.0	37.0
Central bank policy rate, % p.a., end of period ⁵⁾	8.00	6.25	6.00	5.25	5.25	5.25	.	.	.
Current account, EUR mn	-4938	-5476	-5936	-5264	-2549	653	-4000	-5500	-6000
Current account, % of GDP	-4.2	-4.4	-4.5	-4.0	-4.5	1.1	-2.8	-3.6	-3.6
Exports of goods, BOP, EUR mn	29091	37333	45264	45007	22351	23712	47300	50600	54100
annual change in %	-13.6	28.3	21.2	-0.6	0.8	6.1	5.0	7.0	7.0
Imports of goods, BOP, EUR mn	35959	44901	52661	52375	25844	25181	52400	55800	59700
annual change in %	-31.8	24.9	17.3	-0.5	1.0	-2.6	0.0	6.5	7.0
Exports of services, BOP, EUR mn	7061	6622	7253	7632	3551	5033	9200	9800	10400
annual change in %	-19.3	-6.2	9.5	5.2	8.3	41.7	20.0	6.0	6.0
Imports of services, BOP, EUR mn	7352	6216	6911	7090	3570	3826	7400	7800	8300
annual change in %	-9.1	-15.5	11.2	2.6	12.2	7.2	4.0	6.0	6.0
FDI inflow, EUR mn	3490	2227	1798	1861	598	895	1800	.	.
FDI outflow, EUR mn	-61	-12	-25	31	48	62	0	.	.
Gross reserves of NB excl. gold, EUR mn	28249	32606	33166	31095	32945	32307	.	.	.
Gross external debt, EUR mn	81206	92458	98724	99681	99731	98835	.	.	.
Gross external debt, % of GDP	68.7	74.4	75.2	75.7	74.5	68.4	.	.	.
Average exchange rate RON/EUR	4.2399	4.2122	4.2391	4.4593	4.3904	4.3923	4.40	4.42	4.45
Purchasing power parity RON/EUR	2.1047	2.1414	2.2031	2.2555	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census October 2011. - 3) Enterprises with 4 and more employees. - 4) Quarterly data refer to enterprises with 4 and more employees. - 5) One-week repo rate.

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

capital flows to emerging markets have reversed lately, it may follow also in Romania making the BNR more cautious. Monetary easing is expected to lower the cost of borrowing and spur demand for loans which did not materialise until August due to the sluggish reaction of commercial banks.

The positive current account balance is a novelty in Romania. It is due to sweeping changes in several of its positions. Exports of goods and services increased by 11% while imports declined by 1% and this gave a real boost to GDP. The improved trade balance indicates that sales of Romanian products responded well to external market conditions while subdued domestic demand saved imports. Services exports boomed exceptionally strongly and unprecedented surpluses were achieved in transports and other services revenues. This new phenomenon started in the second quarter of the year and changes in reporting methodology cannot be excluded.

The government continued its hesitant approach to the structural reforms of state-owned companies. Several privatisation attempts of companies owned and managed by the state have failed in recent years, thus a new method was introduced to improve efficiency and governance. Stock exchange listings of minority shares in state-controlled companies have been undertaken by the government in line with the recommendations of the IMF, the World Bank and the European Commission. The state sold 15% of Transgaz Medias shares on the stock exchange through a secondary offer and listed 10% Nuclearelectrica through initial offer. By the end of the year, gas producer Romgaz Medias will also have been listed on the stock exchange through initial offer. Further stock exchange listings of state companies are planned for 2014, including the electricity companies Electrica and Hidroelectrica and the power complexes Oltenia and Hunedoara. It is expected that by this policy companies' success would be measured by the market while the state may retain some of its influence on future strategies.

The new EUR 2 billion stand-by agreement signed with the IMF is for a two-year period, and Romania intends to treat it as precautionary. It will support the economic programme for maintaining sound macroeconomic policies, the stability of the financial sector, and continuing structural reforms. Beyond the partial privatisation of energy companies mentioned above, the government agreed to sell the majority portfolios of a large number of smaller companies controlled by the ministry of economy.

Business sentiments have improved in recent months and foreign demand also seems to strengthen. As a result economic growth may reach close to 2% this year and may become even higher in the years to come. Some of the factors of private demand are bound to improve already in the second half of the current year. Rural consumption is to recover as a result of the good harvest this year while inflation is subsiding. Recovering real wages will allow for some modest increase in private consumption in 2013 and even more in 2014.

The wiiw GDP forecast reckons with substantial risks and is less optimistic than most other forecasts regarding 2014 and 2015. The primary reason is that the current growth path is very narrowly based. It is a handful of foreign subsidiaries which are responsible for the current take-off, while insolvency and non-performing loan exposure of the SME sector is still on the rise. Extending the use of EU funds under the current financing period to 2016 may not support investments in the short run. But a fast recovery in the EU core countries may allow for a more robust growth in Romania.

Slovakia: export-led growth continues

BY DORIS HANZL-WEISS

Although growth slowed down continuously in the previous years, Slovakia is among the successful countries of the European Union. In 2012, Slovakia's GDP grew by 2%, largely due to the expansion of car production and exports in that year. In the first half of 2013, GDP growth reached 0.8% only. Growth came exclusively from net exports, with exports increasing by 4.4% and imports by 1.4%. Exports to Germany, Slovakia's main trading partner, fell slightly, while exports to the Czech Republic, its second most important trading partner, were somewhat on the rise. Final consumption of households resumed growth in the second quarter of 2013 (+1.5%) after having declined since 2009. Although the situation on the labour market was still poor, consumer confidence continuously improved and real wages increased by 1% in the first half of 2013 – also thanks to low inflation. The harmonised index of consumer prices reached 2%. Final consumption of government stagnated because of fiscal consolidation taking place this year. Gross capital formation and gross fixed capital formation were still on the decline, plunging by nearly 17% and 7.3% respectively, also due to destocking of inventories.

Looking at the branch structure of GDP growth, industrial production grew by 2.7% over the first seven months of 2013. Production of the important transport equipment sector still rose by 4% but the sector was no longer the number one growth driver. It dropped to the second place, behind the electrical equipment industry, which increased by 31%. The textiles & apparel sector also recorded a strong increase of 26% and basic metals & fabricated metal products grew by 3.5%. The construction sector further decreased by 11%, thus continuing its downward trend since 2009. Value added of the service sector increased.

Growth was too weak in order to have an effect on the labour market. Employment stagnated in the

first half of 2013. The unemployment rate slightly declined in the second quarter, but still remained on a high level of 14% (LFS). Long-term unemployment is a major problem, with those being unemployed for more than one year accounting for 67% of unemployed persons (Q2 2013). Of these, a share of 73% has been unemployed for more than two years. In addition, youth unemployment is high and regional disparities are large, with unemployment being lower in the West compared to the East. This is owing to the fact that the three main car companies and related job opportunities are located in the West, while infrastructure (motorway to Košice) is still lacking in the East and the Roma community is populous there.

In 2012, the budget deficit reached -4.3% and thus was slightly lower than the envisaged figure of -4.6%. However, the public debt level climbed from 43.3% in 2011 to 52% in 2012, partly also due to Slovakia's contributions to EFSF and ESM (2.5% of GDP). Thus, the first threshold in the Fiscal Responsibility Act ('debt brake law') was reached, requiring the Finance Minister to send a letter to the Parliament. The Social Democratic government in place since the March 2012 elections has introduced a range of revenue-based measures since September 2012 (partial shift of pension contributions from the second to the first pension pillar, the extension of the basis of the bank levy or a special levy on corporations active in regulated businesses) and since the beginning of 2013 (increase in corporate tax from 19% to 23%, introduction of a 25% tax bracket for higher incomes). Thus, the flat tax rate of 19%, introduced back in 2004, became history. For 2013, the deficit target of about 3% will possibly be met, which would allow for the exit of the EU's Excessive Deficit Procedure. Still further EU rules have to be met. For the next two years, deficit targets have been continuously revised upwards: the new target for 2014 stands at 2.9%, those for 2015 and 2016 at 2.6% and 1.5% respectively. The VAT gap (the difference between the estimated amount of value added tax due and the actually collected VAT revenues) is especially large in Slovakia and stood at 4% of GDP in 2011. Several measures have been adopted including a

SLOVAKIA

Table SK

Slovakia: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	5418.6	5430.1	5398.4	5407.6	.	.	5420	5430	5440
Gross domestic product, EUR mn, nom.	62794	65897	68974	71096	34372	35066	73000	76300	80900
annual change in % (real)	-4.9	4.4	3.0	1.8	2.7	0.8	1.0	2.4	3.0
GDP/capita (EUR at exchange rate)	11600	12100	12800	13200	.	.	13500	14100	14900
GDP/capita (EUR at PPP)	17100	17900	18500	19100	.	.	.	.	.
Consumption of households, EUR mn, nom.	37637	37757	39025	40307	19822	20226	.	.	.
annual change in % (real)	0.1	-0.7	-0.5	-0.2	-0.2	0.3	0.0	1.0	3.0
Gross fixed capital form., EUR mn, nom.	13025	13851	15957	14298	7091	6678	.	.	.
annual change in % (real)	-19.7	6.5	14.3	-10.5	-2.9	-7.3	-4.0	2.0	4.0
Gross industrial production									
annual change in % (real)	-15.5	8.2	5.3	7.9	8.0	2.2	3.0	4.0	4.0
Gross agricultural production									
annual change in % (real)	-12.3	-8.2	8.7	-9.2	.	.	.	.	.
Construction industry									
annual change in % (real)	-11.3	-4.6	-1.8	-12.6	-11.0	-11.2	.	.	.
Employed persons, LFS, th, average ³⁾	2366.3	2317.5	2351.4	2329.0	2329.7	2327.8	2330	2350	2370
annual change in % ³⁾	-2.8	-2.1	1.5	0.6	1.0	-0.1	0.0	1.0	1.0
Unemployed persons, LFS, th, average ³⁾	323.5	389.2	368.3	378.0	374.9	388.1	.	.	.
Unemployment rate, LFS, in %, average ³⁾	12.0	14.4	13.5	14.0	13.9	14.3	14.5	14.0	13.0
Reg. unemployment rate, in %, end of period	12.7	12.5	13.6	14.4	13.3	14.3	14.5	14.0	13.0
Average monthly gross wages, EUR	745	769	786	805	782	804	.	.	.
annual change in % (real, gross)	1.4	2.2	-1.6	-1.2	-1.3	1.0	.	.	.
Consumer prices (HICP), % p.a.	0.9	0.7	4.1	3.7	3.8	2.0	1.6	2.1	3.0
Producer prices in industry, % p.a.	-6.9	0.4	4.5	1.9	1.9	-0.1	-0.5	1.0	2.0
General governm.budget, EU-def., % of GDP									
Revenues	33.5	32.3	33.3	33.3	.	.	.	.	.
Expenditures	41.6	40.0	38.4	37.6	.	.	.	.	.
Net lending (+) / net borrowing (-)	-8.0	-7.7	-5.1	-4.4	.	.	-3.0	-3.0	-2.6
Public debt, EU-def., % of GDP	35.6	41.0	43.4	52.4	.	.	54.8	56.3	56.7
Central bank policy rate, % p.a., end of period ⁴⁾	1.00	1.00	1.00	0.75	1.00	0.50	.	.	.
Current account, EUR mn	-1627	-2454	-1428	1613	855	1694	2000	1900	1300
Current account, % of GDP	-2.6	-3.7	-2.1	2.3	2.5	4.8	2.7	2.5	1.6
Exports of goods, BOP, EUR mn	39721	48273	56960	62833	30572	31801	64000	67000	69000
annual change in %	-19.8	21.5	18.0	10.3	9.8	4.0	2.0	4.0	3.0
Imports of goods, BOP, EUR mn	38775	47494	55985	59224	28841	28808	60000	63000	66000
annual change in %	-22.9	22.5	17.9	5.8	4.9	-0.1	1.3	4.5	4.5
Exports of services, BOP, EUR mn	4342	4396	4750	5569	2638	2579	5600	5900	6200
annual change in %	-27.6	1.2	8.1	17.2	18.1	-2.2	0.0	5.0	5.0
Imports of services, BOP, EUR mn	5367	5140	5120	5264	2506	2582	5400	5800	6200
annual change in %	-17.3	-4.2	-0.4	2.8	-0.2	3.0	2.0	7.0	7.0
FDI inflow, EUR mn	-4	1336	1541	2199	982	-425	1000	.	.
FDI outflow, EUR mn	652	715	353	-58	79	-28	200	.	.
Gross reserves of NB excl. gold, EUR mn ⁵⁾	481	541	659	620	639	846	.	.	.
Gross external debt, EUR mn	45338	49262	52934	53755	53778	60446	.	.	.
Gross external debt, % of GDP	72.2	74.8	76.7	75.6	75.6	82.8	.	.	.
Purchasing power parity EUR/EUR	0.6790	0.6791	0.6907	0.6870	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to census May 2011. - 3) From 2012 data according to census May 2011. - 4) Official refinancing operation rates for euro area (ECB), two-week repo rate of NB before. - 5) From January 2009 (euro introduction) foreign currency reserves denominated in non-euro currencies only.

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

comprehensive action plan to fight tax fraud. In September, an unorthodox measure to increase VAT collection – the national receipt lottery (or so-called ‘VAT lottery’)¹ – started and has proven to be successful.

The car industry has been the major growth driver in Slovakia for several years. In 2012, car production increased by 45%, the total number of passenger cars produced reached 927,000. All three foreign-owned major car producers – VW Bratislava, PSA Peugeot-Citroën and Kia of South Korea – introduced a third shift at the beginning of that year. Car production is expected to remain about the same this year as in 2012 (figures for the first half year of 2013: Volkswagen nearly +5%, Kia +6%). VW Bratislava is in fact Slovakia’s largest company as measured by 2012 sales, Kia Motors the third largest and PCA the eight largest. New plans include for example the launch of the electric car E-up later this year by Volkswagen. As for new investments, the climate became less promising at the beginning of the year, with the change in corporate taxes and the introduction of a more rigid labour code. Long-run problems include weak law enforcement, red tape and ineffective public institutions. The state took over the 49% of Slovakia’s main gas utility SPP from EPH, which had bought it from Germany’s E.ON Ruhrgas and France’s GDF SUE at the beginning of this year.

Growth forecasts for the year 2013 are lower than for 2012. This is due to the base effect: In 2012, the extraordinary expansion of car production and exports spurred growth, which will not be repeated this year. Still, the automotive industry is an important growth driver also for this year. Being heavily dependent on exports, especially to its main trading partners Germany and the Czech Republic, Slovakia’s prospects are strongly influenced by the outlook for these countries. Here an additional growth impetus could result from continuity in economic policy and more promising prospects after the parliamentary elections in Germany. Still, growth in 2013 is to come mainly from net exports. The economic confidence indicator stopped its downward trend in August, and household consumption grew slightly for the first time. But downside risks remain – first and foremost the overall European growth performance and the resolution of the debt crisis.

¹ Retail receipts from purchases in shops, restaurants and services can be entered into a national lottery.

Slovenia: recovery not in sight

BY HERMINE VIDOVIC

Slovenia's GDP continued to shrink, dropping by 3.2% during the first half of 2013. All components of GDP showed a decline, however, the drop in gross fixed capital formation was less pronounced than in the previous quarters due to larger investments in the energy sector. Only foreign trade did contribute positively to GDP growth. The downturn in the construction industry starting in 2009 continued, with output declining by another 14% in the first seven months of 2013; residential building was still affected most with output down by 30%.

Industrial production dropped by 1.1% in the first seven months of 2013. The automotive sector, one of the major export industries, was one of the industries affected most by the output decline, with the production of vehicles contracting by 15%.

The performance of external trade was weak: during the first seven months of 2013 exports grew by a meagre 1.8% in nominal terms, while imports contracted by 3%; the resulting trade surplus amounted to almost EUR 500 million. This, along with a rising surplus in services trade and an improvement of the income balance, resulted in a EUR 1.4 billion current account surplus versus EUR 416 million during the first seven months of 2012. As regards FDI, an outflow of EUR 599 million was recorded. The majority of capital outflows resulted from the requalification of liabilities (inter-company loans) from foreign direct investment into loans from other sectors and does not indicate withdrawals from the country.

The labour market situation has further deteriorated compared to the first half of 2012. Based on labour force survey data, employment declined by 3%, with strongest job losses in construction, the market services sector (particularly in trade) and in manufacturing. On the other hand, LFS data show a remarkable increase of self-employment, indicating rising informal sector employment. The LFS

unemployment rate rose to 10.8%, while unemployment based on registration data soared to 12.8% in June 2013. Average monthly real net wages continued to decline and fell by about 2% during the first half of the year.

Following the poor economic performance, the general government deficit reached EUR 1.2 billion in the first six months of this year, significantly exceeding the corresponding deficit in 2012 (EUR 850 million). The increase was largely due to lower revenues than anticipated. Considering the further need of bank recapitalisation, the general government deficit is expected by the government to increase to 7.9% of GDP in 2013 and should gradually decrease in the coming years. Thus, public debt as a percentage of the GDP will exceed the 60% mark already in the current year. In September the government has adopted the Budget Memorandum for 2014-15 and agreed on draft amendments to the budget 2014 and the draft 2015 budget – envisaging gradual reductions of the budget deficit. Higher revenues are foreseen to come primarily from increased tax revenues while on the expenditure side spending cuts are among other things envisaged for public sector wages. At the same time transfers to individuals and households should remain at similar levels and transfers to the Pension and Disability Institutes will be ensured. An assessment by the European Commission on the 2014 and 2015 budgets is expected in mid-November. Prime Minister Alenka Bratušek stressed that she would link the adoption of the 2014 budget to a confidence vote in parliament later this year.

Privatisations announced earlier in the year include among others Telekom Slovenija, Nova Kreditna Banka Maribor, the country's second largest bank, the national airline Adria Airways and the Ljubljana airport. Privatisation receipts are estimated to reach about EUR 1 billion, the bulk of which should come from the sale of the country's telecom company.

In the first half of 2013 commercial banks posted losses amounting to EUR 215 million. In June the share of non-performing loans in total loans stood

Table SI

Slovenia: Selected Economic Indicators

	2009	2010	2011	2012 ¹⁾	2012 January-June	2013	2013	2014 Forecast	2015
Population, th pers., average ²⁾	2039.7	2048.6	2052.8	2057.2	2055.5	2058.6	2055	2055	2055
Gross domestic product, EUR mn, nom.	35420	35485	36150	35319	17553	17156	35150	35490	36380
annual change in % (real)	-7.9	1.3	0.7	-2.5	-1.9	-3.2	-2.9	-1.0	0.5
GDP/capita (EUR at exchange rate)	17300	17300	17600	17200	.	.	17100	17300	17700
GDP/capita (EUR at PPP)	20300	20500	21000	20800	.	.	.	.	.
Consumption of households, EUR mn, nom.	19411	20004	20534	19873	9701	9449	.	.	.
annual change in % (real)	-0.2	1.6	0.9	-4.7	-3.2	-3.6	-4.0	-2.5	0.5
Gross fixed capital form., EUR mn, nom.	8167	6993	6719	6274	3090	3005	.	.	.
annual change in % (real)	-23.8	-15.3	-5.4	-8.2	-6.4	-3.2	-3.0	-3.0	0.0
Gross industrial production									
annual change in % (real)	-17.3	7.2	1.3	-1.1	-0.9	-1.7	-1.5	2.0	2.0
Gross agricultural production									
annual change in % (real)	0.0	0.1	-0.5	-9.9	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	-20.9	-16.9	-24.9	-16.9	-16.0	-16.7	.	.	.
Employed persons, LFS, th, average	981	966	936	924	924	896	890	870	860
annual change in %	-1.5	-1.5	-3.1	-1.3	-1.0	-3.0	-3.5	-2.0	-1.0
Unemployed persons, LFS, th, average	61	75	83	90	84	107	.	.	.
Unemployment rate, LFS, in %, average	5.9	7.3	8.2	8.9	8.4	10.8	11.0	11.5	11.0
Reg. unemployment rate, in %, end of period	10.3	11.8	12.1	13.0	11.5	12.8	13.5	14.0	13.5
Average monthly gross wages, EUR	1439	1495	1525	1525	1524	1513	.	.	.
annual change in % (real, net)	2.5	2.1	0.3	-2.1	-1.4	-1.8	.	.	.
Consumer prices (HICP), % p.a.	0.9	2.1	2.1	2.8	2.5	2.2	2.5	2.0	2.0
Producer prices in industry, % p.a.	-1.4	2.0	4.6	0.9	1.1	0.5	2.1	2.0	2.5
General governm.budget, EU-def., % of GDP									
Revenues	43.3	44.7	44.4	45.2	.	.	.	.	.
Expenditures	49.5	50.6	50.8	49.2	.	.	.	.	.
Net lending (+) / net borrowing (-)	-6.3	-6.0	-6.4	-4.0	.	.	-8.0	-3.5	-3.0
Public debt, EU-def., % of GDP	35.1	38.7	46.9	54.3	.	.	62.0	64.0	66.0
Central bank policy rate, % p.a., end of period ⁴⁾	1.00	1.00	1.00	0.75	1.00	0.50	.	.	.
Current account, EUR mn	-173	-50	146	1159	357	1182	1200	600	200
Current account, % of GDP	-0.5	-0.1	0.4	3.3	2.0	6.9	3.4	1.7	0.5
Exports of goods, BOP, EUR mn	16585	18973	21450	21631	10924	11058	22000	22600	23200
annual change in %	-19.2	14.4	13.1	0.8	1.5	1.2	1.5	2.5	2.5
Imports of goods, BOP, EUR mn	17026	19804	22407	21741	11118	10672	21100	21700	22200
annual change in %	-24.9	16.3	13.1	-3.0	-0.5	-4.0	-3.0	3.0	2.5
Exports of services, BOP, EUR mn	4333	4593	4842	5166	2355	2498	5500	5900	6300
annual change in %	-12.5	6.0	5.4	6.7	5.5	6.1	7.0	7.0	7.0
Imports of services, BOP, EUR mn	3168	3312	3366	3363	1493	1472	3300	3400	3500
annual change in %	-10.1	4.5	1.6	-0.1	-1.0	-1.4	-1.0	2.0	3.0
FDI inflow, EUR mn	-474	272	718	-46	76	660	.	.	.
FDI outflow, EUR mn	189	-156	85	-212	168	-51	.	.	.
Gross reserves of NB excl. gold, EUR mn	671	695	642	593	616	552	.	.	.
Gross external debt, EUR mn	40294	40723	40241	40838	41565	40454	.	.	.
Gross external debt, % of GDP	113.8	114.8	111.3	115.6	117.7	115.1	.	.	.
Purchasing power parity EUR/EUR	0.8561	0.8467	0.8387	0.8261	.	.	.	.	.

Note: Gross industrial production, construction output and producer prices refer to NACE Rev. 2. Gross agricultural production refers to Economic Accounts for Agriculture (EAA).

1) Preliminary. - 2) From 2011 according to register-based census 2011. - 3) Enterprises with 20 and more employees and output of some non-construction enterprises. - 4) Official refinancing operation rates for euro area (ECB).

Source: wiiw Databases incorporating Eurostat and national statistics. Forecasts by wiiw.

at 16.3% (almost by 2 percentage points higher than at the end of 2012).

Bank lending activities have further declined. During the first seven months of the year both household and corporate loans fell by almost twice as much as in the same period a year earlier. Lending activities are hampered by both demand- and supply-side factors. Slovenia's enterprises are heavily indebted and interest rates are significantly higher than in the euro area.

At the beginning of September the government and the central bank decided to liquidate two small troubled banks – Probanka and Factor banka – holding a combined market share of 4.5%. For the controlled liquidation the government has provided guarantees totalling EUR 490 million for Probanka and EUR 540 million for Factor Banka, to ensure the repayment of their depositors. The measures were approved by the European Commission as temporary rescue aid for two months while a final decision is to be expected after the assessment of the two banks' restructuring plans.

Transfers of bad loans to the Bad Assets Management Company (BAMC) are expected to start later this year when the stress test results will be available. Originally this step was already scheduled for the end of June. But fearing that the amount of risky assets and non-performing loans could be higher than the reported EUR 7.9 billion¹ the European Commission requested a delay until the completion of an external stress test and asset valuations. Apart from stress tests for the three major (state-owned) banks, the Bank of Slovenia has ordered external stress tests and asset quality reviews also for seven other banks with results due by the end of the year. The yield of ten-year government bonds has been persistently high during summer and until the beginning of October at 6.7-6.8%.

Given the poor results for the first half of the year, the economy will remain in recession in 2013. wiiw expects the GDP to contract by close to 3% in 2013 and to further decline in 2014 as a consequence of the continued drop in domestic demand. The ongoing recession will exert further pressure on the labour market not only in 2013 but also in the next two years. Consequently, growth of household consumption will remain subdued owing to the decline in disposable income. The corporate sector will carry on deleveraging, and restructuring of the banking sector will have to speed up. In addition budget consolidation (under the excessive deficit procedure) will also dampen economic activity in the two years to come. Only foreign demand may contribute positively to economic growth. There are some indications that Slovenia may need financial help from abroad: a recovery of the real sector is not in sight yet, the banking sector is weak, non-performing loans are growing, the operation of the bad bank has been delayed and the political situation is unstable. The governor of the central bank has stated repeatedly that the country may have to ask for international aid if the government does not succeed in its reform efforts and if yields on Slovenia's bonds remain high; he also noted that various bailout possibilities were being discussed. Options could be either a comprehensive programme with strict conditions or a banks programme as in Spain with softer conditions. The European Commission has, so far, not commented on a possible bailout.

¹ This figure is widely used in the media, but is stressed by the government as speculation (Reuters, 27 September 2013).

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STATISTICAL ANNEX

Selected monthly data on the economic situation in Central, East and Southeast Europe

NEW: As of September 2013, new trade data on EU-28 included (time series on EU-27 are still updated in the database until December 2013).

NEW: As of June 2013, time series for Kazakhstan are included in the wiiw Monthly Database.

Conventional signs and abbreviations used

.	data not available
%	per cent
PP	change in % against previous period
CPPY	change in % against corresponding period of previous year
CCPPY	change in % against cumulated corresponding period of previous year
3MMA	3-month moving average, change in % against previous year
NACE Rev. 2	Statistical classification of economic activities in the European Community, Rev. 2 (2008)
NACE Rev. 1	Statistical classification of economic activities in the European Community, Rev. 1 (1990) / Rev. 1.1 (2002)
LFS	Labour Force Survey
CPI	Consumer Price Index
HICP	Harmonized Index of Consumer Prices (for new EU member states)
PPI	Producer Price Index
EDP	Excessive Deficit Procedure
M1	Currency outside banks + demand deposits / narrow money (ECB definition)
M2	M1 + quasi-money / intermediate money (ECB definition)
M3	Broad money
p.a.	per annum
mn	million (10 ⁶)
bn	billion (10 ⁹)
avg	average
eop	end of period
NCU	National Currency Unit (including 'euro-fixed' series for euro-area countries)

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	PLN	Polish zloty
BAM	Bosnian convertible mark	KZT	Kazakh tenge	RON	Romanian leu
BGN	Bulgarian lev	LVL	Latvian lats	RSD	Serbian dinar
CZK	Czech koruna	LTL	Lithuanian litas	RUB	Russian rouble
HRK	Croatian kuna	MKD	Macedonian denar	UAH	Ukrainian hryvnia

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, 'euro-fixed before'), Slovakia (from January 2009, 'euro-fixed before') and Slovenia (from January 2007, 'euro-fixed' before)

USD US dollar

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

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BULGARIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	0.8	0.7	3.3	-2.8	-0.6	0.0	2.5	8.3	1.4	-4.2	1.6	-7.6	-5.9	-1.3	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	-1.2	-1.0	-0.4	-0.7	-0.7	-0.6	-0.4	8.3	4.9	1.6	1.6	-0.3	-1.3	-1.3	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	1.1	1.6	0.4	-0.1	-1.1	0.6	3.4	4.0	1.6	-0.5	-3.5	-4.1	-4.9	.	.
Productivity in industry, NACE Rev. 2 ¹⁾	CCPPY	2.0	.	.	2.4	.	.	2.5	.	.	4.2	.	.	1.3	.	.
Unit labour costs, excl.r. adj.(EUR) ¹⁾	CCPPY	5.1	.	.	4.4	.	.	4.2	.	.	1.3	.	.	3.4	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	-4.8	3.8	1.4	-4.1	8.8	1.0	-16.9	-2.2	7.0	-7.5	6.4	-12.5	-10.5	-4.9	.
Construction, NACE Rev. 2 ²⁾	real, CCPPY	-0.8	-0.1	0.1	-0.3	0.6	0.7	-0.8	-2.2	2.1	-1.5	0.6	-2.3	-3.8	-4.0	.
LABOUR																
Employed persons, LFS ³⁾	th. pers., quart. avg	2913.7	.	.	3017.1	.	.	2951.8	.	.	2855.0	.	.	2940.2	.	.
Employed persons, LFS ³⁾	CCPY	-1.1	.	.	-0.6	.	.	-0.7	.	.	0.1	.	.	0.9	.	.
Unemployed persons, LFS ³⁾	th. pers., quart. avg	409.5	.	.	393.2	.	.	417.3	.	.	456.4	.	.	437.3	.	.
Unemployment rate, LFS ³⁾	%	12.3	.	.	11.5	.	.	12.4	.	.	13.8	.	.	13.0	.	.
Unemployment, registered	th. persons, eop	354.8	356.5	351.5	349.4	361.9	372.1	375.8	391.7	392.7	388.5	380.5	360.8	351.6	355.0	351.4
Unemployment rate, registered ³⁾	%, eop	10.8	10.8	10.7	10.6	11.0	11.3	11.4	11.9	12.0	11.8	11.6	11.0	10.7	10.8	10.7
WAGES																
Total economy, gross	BGN	764	761	754	777	790	791	828	773	766	796	809	799	789	.	.
Total economy, gross ⁴⁾	real, CPPY	9.1	7.7	7.1	7.0	8.4	6.4	6.7	2.3	2.1	2.0	3.5	2.3	2.0	.	.
Total economy, gross	EUR	391	389	386	397	404	404	423	395	392	407	414	409	403	.	.
Industry, gross, NACE Rev. 2	EUR	364	358	356	370	359	369	380	363	363	386	369	377	383	.	.
PRICES																
Consumer - HICP	PP	-0.5	1.1	0.6	0.3	-0.1	-0.2	0.3	0.2	0.2	-0.4	-0.4	0.0	-0.3	-0.1	-0.2
Consumer - HICP	CCPY	1.6	2.4	3.1	3.4	3.0	2.7	2.8	2.6	2.2	1.6	0.9	1.0	1.2	0.0	-0.7
Consumer - HICP	CCPPY	1.9	1.9	2.1	2.2	2.3	2.4	2.4	2.6	2.4	2.1	1.8	1.7	1.6	1.4	1.1
Producer, in industry, NACE Rev. 2	PP	-1.2	1.9	1.5	1.0	-0.3	-0.6	-0.9	-0.5	0.8	-0.9	-0.8	-0.9	-0.3	0.0	.
Producer, in industry, NACE Rev. 2	CCPY	2.2	3.2	6.2	5.6	7.0	5.2	5.0	2.0	2.3	0.7	-1.8	-0.9	0.0	-1.9	.
Producer, in industry, NACE Rev. 2	CCPPY	3.4	3.4	3.7	3.9	4.2	4.3	4.4	2.0	2.2	1.7	0.8	0.5	0.4	0.1	.
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	9876	11742	13613	15428	17288	19257	20793	1776	3434	5223	7195	8891	10651	.	.
Imports total (cif), cumulated	EUR mn	12625	14843	16941	19001	21320	23535	25484	1905	3984	5959	8205	10320	12494	.	.
Trade balance, cumulated	EUR mn	-2749	-3102	-3328	-3572	-4032	-4278	-4691	-129	-550	-736	-1010	-1429	-1843	.	.
Exports to EU-28 (fob), cumulated	EUR mn	5913	7064	8076	9160	10238	11375	12231	1032	2031	3152	4279	5244	6289	.	.
Imports from EU-28 (cif), cumulated	EUR mn	7412	8770	9911	11113	12459	13844	14967	1057	2324	3518	4874	6088	7396	.	.
Trade balance with EU-28, cumulated	EUR mn	-1499	-1707	-1835	-1953	-2221	-2469	-2736	-25	-293	-365	-595	-844	-1107	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-944	.	.	-29	.	.	-527	.	.	-357	.	.	.	.	.
EXCHANGE RATE																
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, monthly average	nominal	1.561	1.592	1.577	1.521	1.507	1.525	1.491	1.472	1.464	1.509	1.501	1.507	1.483	1.495	1.469
EUR/BGN, calculated with CPI ⁵⁾	real, Jan09=100	99.2	100.8	100.9	100.7	100.3	100.2	100.2	101.2	101.0	99.6	99.2	99.1	98.7	99.1	98.8
EUR/BGN, calculated with PPI ⁵⁾	real, Jan09=100	109.5	111.5	112.4	113.3	113.1	112.7	112.0	111.1	111.6	110.8	110.6	109.9	109.6	109.2	.
USD/BGN, calculated with CPI ⁵⁾	real, Jan09=100	94.3	93.7	94.5	97.9	98.8	97.9	100.7	101.9	101.8	98.1	98.2	97.7	98.7	97.8	99.2
USD/BGN, calculated with PPI ⁵⁾	real, Jan09=100	97.6	97.4	98.5	102.3	103.4	102.5	104.1	104.4	104.8	101.0	100.9	99.3	100.2	99.4	.
DOMESTIC FINANCE																
Currency in circulation	BGN mn, eop	7676	7940	8094	8040	7971	8018	8499	8012	8012	7971	8158	8095	8271	8517	8712
M1	BGN mn, eop	21248	22534	22527	22627	22298	22613	23014	22592	23304	23662	23907	24377	24891	25697	26344
Broad money	BGN mn, eop	58492	59912	60087	60320	59970	60469	61722	61446	61910	62605	62609	62751	62987	63775	64733
Broad money	CCPY	10.1	9.9	8.8	8.7	8.6	10.1	8.4	7.1	7.9	8.9	7.4	7.5	7.7	6.4	7.7
Central bank policy rate (p.a.) ⁶⁾	%, eop	0.14	0.16	0.08	0.04	0.03	0.04	0.03	0.03	0.01	0.01	0.01	0.02	0.01	0.02	.
Central bank policy rate (p.a.) ^{6/7)}	real, %	-2.1	-3.0	-5.8	-5.2	-6.5	-4.9	-4.8	-1.9	-2.3	-0.7	1.8	0.9	0.0	2.0	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	BGN mn	795	.	.	1081	.	.	-624	.	.	213	.	.	.	.	.

1) Enterprises with 10 and more persons.

2) All public enterprises, private enterprises with 5 and more employees.

3) According to census February 2011.

4) Nominal wages deflated with HICP.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

6) Base interest rate. This is a reference rate based on the average interbank LEONIA rate of previous month (Bulgaria has a currency board).

7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

C R O A T I A: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012						2013								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-6.9	-4.0	2.2	-10.5	-4.4	-4.3	-8.4	5.1	-2.9	0.7	1.8	-5.4	-1.6	-2.6	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	-6.0	-5.7	-4.8	-5.5	-5.4	-5.3	-5.5	5.1	0.9	0.8	1.1	-0.3	-0.5	-0.9	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-4.9	-3.1	-4.4	-4.5	-6.4	-5.7	-3.1	-2.5	0.8	-0.1	-1.0	-1.8	-3.2	.	.
Productivity in industry, NACE Rev. 2 ¹⁾	CCPPY	-2.9	-2.4	-1.2	-1.7	-1.4	-1.1	-1.2	11.4	6.8	6.8	7.2	5.7	5.2	4.7	.
Unit labour costs, excl.r. adj.(EUR) ¹⁾	CCPPY	3.3	3.0	1.8	2.1	2.3	1.7	1.7	-7.7	-3.0	-4.8	-5.0	-3.6	-3.3	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-14.4	-7.0	-10.3	-17.5	-3.8	-10.3	-18.8	-2.0	5.1	-10.5	-1.6	-7.6	-4.5	-0.7	.
Construction, NACE Rev. 2 ¹⁾	real, CCPPY	-11.0	-10.4	-10.4	-11.2	-10.5	-10.5	-11.1	-2.0	1.4	-3.1	-2.7	-3.8	-3.9	-3.4	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg.	1465.3	.	.	1522.2	.	.	1402.1	.	.	1343.7	.	.	1403.9	.	.
Employed persons, LFS	CPPY	-1.0	.	.	-0.8	.	.	-5.2	.	.	-3.6	.	.	-4.2	.	.
Unemployed persons, LFS	th. pers., quart. avg.	248.7	.	.	258.4	.	.	307.4	.	.	296.3	.	.	278.3	.	.
Unemployment rate, LFS	%	14.6	.	.	14.6	.	.	18.1	.	.	18.1	.	.	16.6	.	.
Employment total, registered	th. persons, avg	1171.8	1173.6	1168.8	1160.5	1150.8	1140.5	1129.0	1118.5	1113.3	1115.4	1120.7	1131.1	1141.4	1145.7	.
Unemployment, registered	th. persons, eop	294.9	298.7	301.6	311.1	333.4	347.0	358.2	372.0	375.4	368.6	355.6	333.2	318.1	316.2	313.7
Unemployment rate, registered	%, eop	17.3	17.5	17.7	18.3	19.6	20.4	21.1	21.7	21.9	21.6	20.9	19.6	18.6	18.5	18.4
WAGES																
Total economy, gross	HRK	7909	7794	7977	7702	7890	8079	7894	7974	7863	7986	7889	8065	7899	7922	.
Total economy, gross	real, CPPY	-3.6	-1.9	-3.0	-5.2	-2.8	-4.8	-4.5	-3.4	-2.7	-3.2	-1.7	-0.5	-2.1	-0.6	.
Total economy, gross	EUR	1048	1040	1065	1037	1052	1072	1048	1054	1037	1053	1038	1066	1053	1057	.
Industry, gross, NACE Rev. 2	EUR	950	947	967	921	974	993	945	957	946	936	949	990	960	.	.
PRICES																
Consumer	PP	-0.6	-1.0	0.5	1.4	0.4	-0.2	-0.1	0.1	0.3	0.3	0.4	0.0	-0.2	-0.6	0.1
Consumer	CPPY	3.8	3.4	4.0	5.0	4.8	4.4	4.7	5.2	4.9	3.7	3.3	1.6	2.0	2.3	1.9
Consumer	CCPPY	2.5	2.6	2.8	3.0	3.2	3.3	3.4	5.2	5.1	4.6	4.3	3.7	3.5	3.3	3.1
Producer, in industry, NACE Rev. 2 ²⁾	PP	-0.4	0.0	1.5	1.0	0.1	-1.1	0.0	-0.4	0.3	0.1	-0.3	-0.6	0.3	-0.3	0.3
Producer, in industry, NACE Rev. 2 ²⁾	CPPY	7.0	6.9	7.8	8.9	8.4	6.6	6.8	5.4	3.7	3.2	2.3	0.2	0.9	0.6	-0.7
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	6.4	6.5	6.7	6.9	7.1	7.0	7.0	5.4	4.5	4.1	3.6	2.9	2.6	2.3	1.9
FOREIGN TRADE, customs statistics																
Exports total (fob), cumulated	EUR mn	4580	5427	6268	7053	8021	8925	9630	609	1312	2076	2797	3626	4363	.	.
Imports total (cif), cumulated	EUR mn	8148	9619	10944	12242	13759	15096	16216	1130	2341	3730	5100	6540	8126	.	.
Trade balance, cumulated	EUR mn	-3568	-4193	-4676	-5189	-5738	-6171	-6587	-521	-1029	-1654	-2302	-2914	-3764	.	.
Exports to EU-28 (fob), cumulated	EUR mn	2660	3165	3620	4110	4714	5237	5630	382	816	1254	1720	2246	2697	.	.
Imports from EU-28 (cif), cumulated	EUR mn	5205	6109	6910	7708	8602	9432	10163	677	1423	2288	3093	3970	4852	.	.
Trade balance with EU-28, cumulated	EUR mn	-2546	-2944	-3290	-3598	-3889	-4195	-4533	-296	-607	-1035	-1373	-1724	-2155	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-1986	.	.	667	.	.	-26	.	.	-1425	.	.	.	.	.
EXCHANGE RATE																
HRK/EUR, monthly average	nominal	7.547	7.494	7.487	7.427	7.500	7.536	7.529	7.568	7.582	7.586	7.602	7.568	7.500	7.494	7.521
HRK/USD, monthly average	nominal	6.027	6.089	6.042	5.788	5.784	5.876	5.747	5.701	5.665	5.847	5.845	5.828	5.687	5.734	5.648
EUR/HRK, calculated with CPI ³⁾	real, Jan09=100	96.5	96.6	96.8	98.4	97.5	97.0	96.7	97.0	96.8	96.1	96.3	96.6	97.3	97.2	96.8
EUR/HRK, calculated with PPI ³⁾	real, Jan09=100	106.2	106.8	107.8	109.6	108.7	107.2	107.6	106.2	106.1	106.3	106.4	106.6	107.9	107.4	107.2
USD/HRK, calculated with CPI ³⁾	real, Jan09=100	91.1	89.5	90.1	95.0	95.5	94.2	96.4	97.1	97.1	94.2	94.7	94.8	96.7	95.3	96.7
USD/HRK, calculated with PPI ³⁾	real, Jan09=100	94.1	93.0	93.9	98.2	98.8	96.9	99.2	99.1	99.2	96.4	96.4	95.7	98.1	97.1	99.0
DOMESTIC FINANCE																
Currency outside banks	HRK bn, eop	17.8	18.7	18.7	17.9	17.1	16.7	16.9	16.4	16.4	16.9	17.2	17.7	18.5	19.0	.
M1	HRK bn, eop	50.5	52.6	52.2	51.9	50.8	50.5	52.8	49.9	49.6	51.9	52.9	54.8	57.1	56.7	.
Broad money	HRK bn, eop	255.2	259.9	263.0	261.3	262.2	263.1	263.8	261.1	261.2	263.1	262.1	263.6	263.9	265.8	.
Broad money	CCPPY	3.3	3.2	2.6	2.1	2.5	3.0	3.2	2.7	2.9	4.4	3.7	3.4	3.4	2.2	.
Central bank policy rate (p.a.) ⁴⁾	%, eop	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %, eop	0.0	0.1	-0.8	-1.8	-1.3	0.4	0.2	1.5	3.2	3.7	4.6	6.8	6.1	6.4	7.7
BUDGET																
Central gov. budget balance, cum. ⁶⁾	HRK mn	-5824	-7193	-7256	-8641	-8233	-8256	-11180	-2695	-3478	-6188	-6634	-8862	-11995	-12812	.

1) Enterprises with 20 and more employees.

2) Domestic output prices. Including NACE E (water supply, sewerage, waste management, remediation).

3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

4) Discount rate of NB.

5) Deflated with annual PPI.

6) Consolidated central government budget.

Source: wiw Monthly Database incorporating national statistics.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012						2013								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-2.1	5.3	-1.2	-5.8	3.5	-4.7	-11.4	-4.2	-5.8	-6.1	0.0	-2.1	-4.9	2.1	.
Industry, NACE Rev. 2	real, CCPY	0.9	1.4	1.1	0.3	0.6	0.1	-0.8	-4.2	-5.0	-5.4	-4.1	-3.7	-3.9	-3.1	.
Industry, NACE Rev. 2	real, 3MMA	0.0	0.5	-0.9	-1.2	-2.4	-4.1	-6.7	-7.2	-5.4	-4.0	-2.8	-2.4	-1.8	.	.
Productivity in industry, NACE Rev. 2	CCPPY	1.0	.	.	0.7	.	.	-0.5	.	.	-4.7	.	.	-3.2	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-1.0	.	.	-0.9	.	.	1.4	.	.	3.3	.	.	2.2	.	.
Construction, NACE Rev. 2	real, CPPY	-10.1	-2.8	-5.1	-10.1	-3.9	-3.9	-19.4	-10.3	-0.2	-22.3	-12.4	-17.3	-11.6	0.1	.
Construction, NACE Rev. 2	real, CCPY	-7.5	-6.7	-6.4	-7.0	-6.6	-6.3	-7.6	-10.3	-5.1	-12.7	-12.6	-13.9	-13.4	-11.0	.
LABOUR																
Employed persons, LFS ¹⁾	th. pers., quart. avg	4888.1	.	.	4920.6	.	.	4916.6	.	.	4884.0	.	.	4953.0	.	.
Employed persons, LFS ¹⁾	CPPY	0.2	.	.	0.5	.	.	0.6	.	.	1.0	.	.	1.3	.	.
Unemployed persons, LFS ¹⁾	th. pers., quart. avg	350.9	.	.	367.9	.	.	379.3	.	.	392.7	.	.	358.0	.	.
Unemployment rate, LFS ¹⁾	%	6.7	.	.	7.0	.	.	7.2	.	.	7.4	.	.	6.8	.	.
Unemployment, registered	th. persons, eop	474.6	485.6	486.7	493.2	496.8	508.5	545.3	585.8	593.7	587.8	565.2	547.5	540.5	551.1	551.7
Unemployment rate, registered ²⁾	%, eop	8.1	8.3	8.3	8.4	8.5	8.7	9.4	8.0	8.1	8.0	7.7	7.5	7.3	7.5	7.5
WAGES																
Total economy, gross	CZK, quart. avg.	24656	.	.	24514	.	.	27121	.	.	24051	.	.	24953	.	.
Total economy, gross ³⁾	real, CPPY	-1.5	.	.	-1.7	.	.	0.5	.	.	-2.1	.	.	-0.3	.	.
Total economy, gross	EUR, quart. avg.	976	.	.	978	.	.	1077	.	.	941	.	.	966	.	.
Industry, gross, NACE Rev. 2 ⁴⁾	EUR, quart. avg.	992	.	.	972	.	.	1075	.	.	948	.	.	986	.	.
PRICES																
Consumer - HICP	PP	0.2	-0.2	0.0	-0.1	0.3	-0.3	0.0	1.2	0.1	0.1	0.2	-0.2	0.5	-0.3	-0.2
Consumer - HICP	CPPY	3.8	3.3	3.4	3.5	3.6	2.8	2.4	1.8	1.8	1.5	1.7	1.2	1.6	1.4	1.2
Consumer - HICP	CCPPY	3.9	3.8	3.8	3.7	3.7	3.6	3.5	1.8	1.8	1.7	1.7	1.6	1.6	1.6	1.5
Producer, in industry, NACE Rev. 2	PP	0.3	-0.4	-0.3	-0.4	0.4	0.4	-0.5	0.8	-0.1	0.3	-0.2	-0.2	-0.3	0.4	.
Producer, in industry, NACE Rev. 2	CPPY	3.0	2.7	2.4	1.4	1.5	0.9	0.3	0.3	0.8	1.3	0.9	0.1	-0.5	0.3	.
Producer, in industry, NACE Rev. 2	CCPPY	3.2	3.1	3.0	2.9	2.7	2.5	2.4	0.3	0.5	0.8	0.8	0.7	0.5	0.5	.
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	61880	71488	81016	91439	102924	113854	122230	9646	19172	29309	39636	49521	59483	69207	.
Imports total (cif), cumulated	EUR mn	55352	64045	72919	82132	92303	101906	110066	8400	16697	25537	34523	43366	52069	60704	.
Trade balance, cumulated	EUR mn	6528	7443	8097	9307	10621	11949	12164	1246	2474	3772	5113	6155	7414	8502	.
Exports to EU-28 (fob), cumulated	EUR mn	50588	58336	65971	74527	83857	92748	99380	7916	15628	23824	32198	40134	48141	55936	.
Imports from EU-28 (cif), cumulated	EUR mn	41579	48275	54921	61866	69722	77062	82994	6315	12725	19489	26275	33083	39843	46561	.
Trade balance with EU-28, cumulated	EUR mn	9009	10060	11050	12661	14136	15687	16387	1601	2904	4335	5923	7051	8298	9375	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-355	.	.	-2291	.	.	-3735	.	.	656	.	.	.	.	.
EXCHANGE RATE																
CZK/EUR, monthly average	nominal	25.64	25.45	25.02	24.75	24.94	25.37	25.21	25.56	25.48	25.66	25.84	25.89	25.76	25.94	25.82
CZK/USD, monthly average	nominal	20.47	20.71	20.18	19.25	19.22	19.77	19.22	19.24	19.07	19.79	19.84	19.94	19.53	19.83	19.40
EUR/CZK, calculated with CPI ⁵⁾	real, Jan09=100	103.7	104.7	106.1	106.5	105.8	103.8	104.1	104.8	104.8	103.2	102.6	102.1	103.1	102.4	102.6
EUR/CZK, calculated with PPI ⁵⁾	real, Jan09=100	100.3	100.5	101.2	101.7	101.4	100.3	100.7	99.8	99.7	99.4	99.2	99.1	99.3	98.7	.
USD/CZK, calculated with CPI ⁵⁾	real, Jan09=100	98.5	97.4	99.4	103.6	104.2	101.4	104.6	105.5	105.6	101.6	101.6	100.7	103.0	101.1	103.1
USD/CZK, calculated with PPI ⁵⁾	real, Jan09=100	89.3	87.8	88.7	91.8	92.7	91.3	93.6	93.8	93.6	90.6	90.4	89.5	90.9	89.9	.
DOMESTIC FINANCE																
Currency in circulation	CZK bn, eop	386.5	382.3	382.3	386.4	383.6	387.8	388.9	386.8	388.0	391.7	395.9	396.2	399.4	396.8	.
M1	CZK bn, eop	2217.2	2258.8	2242.6	2236.2	2286.4	2295.2	2336.3	2344.3	2358.1	2355.6	2384.7	2395.0	2394.3	2433.9	.
Broad money	CZK bn, eop	2883.4	2897.2	2893.4	2888.1	2925.6	2929.8	2971.8	2967.1	2988.5	2992.8	3010.6	3014.3	3015.5	3064.0	.
Broad money	CPPY	5.4	5.0	5.4	4.0	5.2	4.6	4.8	5.1	4.8	5.1	4.9	4.2	4.6	5.8	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	0.50	0.50	0.50	0.50	0.25	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	.
Central bank policy rate (p.a.) ^{6/7)}	real, %	-2.4	-2.1	-1.9	-0.9	-1.3	-0.8	-0.2	-0.2	-0.7	-1.3	-0.9	0.0	0.5	-0.2	.
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	CZK mn	-49608	.	.	-67802	.	.	-167940	.	.	-36535	.	.	.	.	.

1) According to census March 2011.

2) From 2013 available job applicants 15-64 in % of working age population 15-64, available job applicants in % of labour force before.

3) Nominal wages deflated with HICP.

4) Including NACE E (water supply, sewerage, waste management, remediation).

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

6) Two-week repo rate.

7) Deflated with annual PPI.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

ESTONIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2013														
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	1.5	-2.4	-3.1	0.2	3.3	1.2	-1.6	5.6	3.1	2.7	8.4	5.9	0.2	10.6	.
Industry, NACE Rev. 2	real, CCPPY	0.1	-0.2	-0.6	-0.5	-0.1	0.0	-0.1	5.6	4.4	3.8	5.0	5.2	4.3	5.1	.
Industry, NACE Rev. 2	real, 3MMA	-0.3	-1.3	-1.7	0.1	1.6	1.0	1.7	2.4	3.8	4.7	5.6	4.8	5.3	.	.
Productivity in industry, NACE Rev. 2	CCPPY	-2.5	.	.	-3.0	.	.	-2.6	.	.	0.8	.	.	1.4	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	10.5	.	.	10.7	.	.	10.5	.	.	5.7	.	.	6.0	.	.
Construction, NACE Rev. 2	real, CPPY	30.1	.	.	14.6	.	.	8.6	.	.	1.5	.	.	0.3	.	.
Construction, NACE Rev. 2	real, CCPPY	29.2	.	.	22.7	.	.	18.6	.	.	1.5	.	.	0.8	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	624.3	.	.	634.4	.	.	624.7	.	.	623.1	.	.	645.2	.	.
Employed persons, LFS	CPPY	3.6	.	.	1.1	.	.	1.7	.	.	1.4	.	.	3.3	.	.
Unemployed persons, LFS	th. pers., quart. avg	71.0	.	.	67.9	.	.	63.7	.	.	70.8	.	.	57.0	.	.
Unemployment rate, LFS	%	10.2	.	.	9.7	.	.	9.3	.	.	10.2	.	.	8.1	.	.
Unemployment, registered	th. persons, eop	41.1	39.5	38.7	37.3	38.2	39.1	39.7	42.8	43.9	43.6	41.8	37.8	35.4	34.8	33.3
Unemployment rate, registered	%, eop	6.3	6.1	5.9	5.7	5.9	6.0	6.1	6.6	6.7	6.7	6.4	5.8	5.4	5.3	5.1
WAGES																
Total economy, gross	EUR, quart. avg.	900	.	.	855	.	.	916	.	.	900	.	.	976	.	.
Total economy, gross ¹⁾	real, CPPY	0.7	.	.	1.5	.	.	2.0	.	.	2.4	.	.	4.6	.	.
Industry, gross, NACE Rev. 2	EUR, quart. avg.	901	.	.	879	.	.	928	.	.	924	.	.	976	.	.
PRICES																
Consumer - HICP	PP	0.1	0.3	0.3	0.4	0.1	-0.3	0.0	0.6	0.7	0.8	0.1	0.4	0.6	0.2	-0.1
Consumer - HICP	CPPY	4.4	4.1	4.2	4.1	4.2	3.8	3.6	3.7	4.0	3.8	3.4	3.6	4.1	3.9	3.6
Consumer - HICP	CCPPY	4.4	4.4	4.4	4.3	4.3	4.3	4.2	3.7	3.9	3.8	3.7	3.7	3.8	3.8	3.8
Producer, in industry, NACE Rev. 2	PP	0.0	0.3	0.7	-0.3	-0.1	0.3	-0.3	5.8	-0.2	1.9	-0.2	-2.6	5.8	-4.8	1.6
Producer, in industry, NACE Rev. 2	CPPY	1.8	1.8	2.7	2.3	2.2	2.5	2.2	7.3	6.7	8.5	8.1	5.3	11.4	5.7	6.6
Producer, in industry, NACE Rev. 2	CCPPY	3.0	2.8	2.8	2.8	2.7	2.7	2.6	7.3	7.0	7.5	7.6	7.1	7.8	7.5	7.4
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	6093	7140	8265	9390	10503	11661	12550	1127	2084	3089	4166	5270	6244	7188	.
Imports total (cif), cumulated	EUR mn	6697	7855	9085	10235	11531	12668	13762	1143	2209	3332	4536	5719	6867	8009	.
Trade balance, cumulated	EUR mn	-604	-714	-820	-845	-1028	-1007	-1212	-16	-125	-243	-370	-449	-622	-820	.
Exports to EU-28 (fob), cumulated	EUR mn	4024	4712	5446	6169	6935	7713	8286	842	1518	2252	3003	3768	4460	5122	.
Imports from EU-28 (cif), cumulated	EUR mn	5254	6202	7211	8184	9210	10144	11020	928	1773	2698	3675	4667	5647	6612	.
Trade balance with EU-28, cumulated	EUR mn	-1230	-1490	-1765	-2016	-2275	-2431	-2734	-86	-255	-446	-672	-899	-1187	-1490	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-219	.	.	-180	.	.	-259	.	.	-159	.	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ²⁾	nominal	0.7983	0.8138	0.8065	0.7778	0.7708	0.7795	0.7623	0.7526	0.7486	0.7714	0.7677	0.7703	0.7582	0.7645	0.7513
EUR/EUR, calculated with CPI ³⁾	real, Jan09=100	101.8	102.5	102.5	102.3	102.1	101.9	101.5	103.0	103.3	103.2	103.3	103.6	104.1	104.7	104.6
EUR/EUR, calculated with PPI ³⁾	real, Jan09=100	98.4	98.5	98.4	98.0	98.0	98.5	98.5	103.9	103.4	105.5	106.0	103.6	109.6	104.0	105.6
USD/EUR, calculated with CPI ³⁾	real, Jan09=100	96.7	95.3	95.9	99.5	100.5	99.5	102.0	103.7	104.1	101.6	102.3	102.1	104.1	103.4	105.0
USD/EUR, calculated with PPI ³⁾	real, Jan09=100	87.6	86.1	86.3	88.5	89.6	89.6	91.5	97.6	97.1	96.2	96.7	93.5	100.2	94.7	98.0
DOMESTIC FINANCE																
Currency in circulation ⁴⁾	EUR mn, eop	2133	2144	2141	2132	2129	2126	2180	2109	2103	2142	2154	2163	2178	2195	2198
M1 ⁴⁾	EUR mn, eop	5480	5642	5807	5744	5927	5977	6258	6166	6206	6324	6489	6506	6667	6679	6647
Broad money ⁴⁾	EUR mn, eop	9256	9508	9550	9372	9483	9465	9705	9456	9604	9629	9710	9781	9843	9785	9823
Broad money ⁴⁾	CPPY	9.3	11.4	9.8	7.3	8.0	7.0	7.4	6.3	7.5	8.9	6.5	6.8	6.3	2.9	2.9
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-0.8	-1.1	-1.9	-1.5	-1.4	-1.7	-1.4	-6.1	-5.5	-7.1	-6.8	-4.5	-9.8	-4.9	-5.7
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	EUR mn	-74	.	.	-6	.	.	-46	.	.	-141	.	.	.	.	.

1) Nominal wages deflated with HICP.

2) Reference rate of ECB.

3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

4) Estonia's contributions to EMU monetary aggregates. M1 and Broad money without currency in circulation.

5) Official refinancing operation rate for euro area (ECB).

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

HUNGARY: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012						2013								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	0.8	0.9	0.2	-3.5	-1.5	-7.1	-7.7	-1.4	-5.7	-3.3	5.0	-2.4	-0.9	4.7	.
Industry, NACE Rev. 2	real, CCPPY	-0.3	-0.1	-0.1	-0.5	-0.6	-1.3	-1.8	-1.4	-3.6	-3.5	-1.5	-1.7	-1.5	-0.7	.
Industry, NACE Rev. 2	real, 3MMA	0.7	0.6	-0.9	-1.7	-4.1	-5.4	-5.5	-4.9	-3.5	-1.5	-0.4	0.4	0.4	.	.
Productivity in industry, NACE Rev. 2	CCPPY	1.5	1.8	1.9	1.5	1.5	0.9	0.3	-1.3	-3.6	-3.5	-1.5	-1.8	-1.7	-1.0	.
Unit labour costs, excl.r. adj (EUR)	CCPPY	-3.0	-2.8	-2.2	-1.0	0.5	2.4	4.0	10.4	9.1	7.0	5.0	5.6	5.3	4.2	.
Construction, NACE Rev. 2	real, CPPY	-12.0	3.6	-8.7	3.8	-1.8	-13.5	-3.5	-6.9	4.9	6.3	7.7	11.3	12.5	2.0	.
Construction, NACE Rev. 2	real, CCPPY	-10.8	-8.7	-8.7	-6.9	-6.3	-7.2	-6.7	-6.9	-0.5	2.2	3.8	5.5	6.9	6.1	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	3876.2	.	.	3935.5	.	.	3908.5	.	.	3817.7	.	.	3931.3	.	.
Employed persons, LFS	CPPY	1.8	.	.	2.1	.	.	1.5	.	.	0.7	.	.	1.4	.	.
Unemployed persons, LFS	th. pers., quart. avg	472.2	.	.	457.7	.	.	468.3	.	.	508.7	.	.	449.5	.	.
Unemployment rate, LFS	%	10.9	.	.	10.4	.	.	10.7	.	.	11.8	.	.	10.3	.	.
Unemployment, registered	th. persons, eop	524.4	527.6	526.9	526.7	523.0	536.1	569.3	648.5	676.5	620.1	552.0	515.1	497.0	497.2	491.9
Unemployment rate, registered	% eop	11.8	11.9	11.8	11.8	11.8	12.0	12.8	14.6	15.2	13.9	12.4	11.6	11.2	11.2	11.1
WAGES																
Total economy, gross ¹⁾	HUF th	220.8	225.0	214.8	213.6	217.6	238.4	243.7	224.6	222.7	229.8	230.4	232.1	228.8	229.7	.
Total economy, gross ¹⁾²⁾	real, CPPY	-1.4	1.2	-2.0	-2.5	-1.2	0.2	0.0	0.0	0.0	1.0	2.8	1.2	1.6	0.3	.
Total economy, gross ¹⁾	EUR	752	786	770	751	771	845	853	764	761	758	771	794	774	779	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	802	813	829	797	824	944	904	800	778	811	838	892	824	822	.
PRICES																
Consumer - HICP	PP	0.0	-0.2	0.1	0.4	0.2	-0.1	0.0	0.2	0.6	0.3	0.3	-0.1	0.2	-0.4	-0.1
Consumer - HICP	CPPY	5.6	5.7	6.0	6.4	6.0	5.3	5.1	2.8	2.9	2.3	1.8	1.8	2.0	1.7	1.6
Consumer - HICP	CCPPY	5.6	5.6	5.6	5.7	5.8	5.7	5.7	2.8	2.8	2.7	2.5	2.3	2.3	2.2	2.1
Producer, in industry, NACE Rev. 2	PP	-1.5	-0.4	-0.4	0.7	-0.5	-0.6	0.5	1.2	0.4	1.6	-1.2	-1.2	0.4	0.2	.
Producer, in industry, NACE Rev. 2	CPPY	6.8	6.1	5.0	2.5	0.1	-2.8	-1.9	-1.0	0.6	2.1	0.5	-1.4	0.6	1.1	.
Producer, in industry, NACE Rev. 2	CCPPY	7.0	6.9	6.6	6.2	5.5	4.7	4.1	-1.0	-0.2	0.6	0.6	0.2	0.2	0.4	.
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	40538	47054	53781	60649	68068	75427	80860	6467	13083	19953	26845	33755	40450	.	.
Imports total (cif), cumulated	EUR mn	36923	43021	49156	55299	62118	68803	74117	6174	12139	18299	24573	30997	37163	.	.
Trade balance, cumulated	EUR mn	3615	4032	4625	5350	5950	6624	6743	293	943	1654	2273	2758	3287	.	.
Exports to EU-28 (fob), cumulated	EUR mn	31456	36577	41625	47048	52825	58571	62646	5135	10282	15635	21029	26377	31533	.	.
Imports from EU-28 (cif), cumulated	EUR mn	26322	30718	34958	39366	44149	48806	52411	4119	8320	12726	17235	21759	26205	.	.
Trade balance with EU-28, cumulated	EUR mn	5134	5860	6667	7682	8676	9764	10236	1016	1963	2909	3794	4618	5329	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	505	.	.	1397	.	.	1693	.	.	557	.	.	.	.	.
EXCHANGE RATE																
HUF/EUR, monthly average	nominal	293.6	286.3	278.9	284.2	282.1	282.3	285.8	294.0	292.7	303.0	298.7	292.4	295.7	294.9	299.5
HUF/USD, monthly average	nominal	234.4	233.0	224.9	221.1	217.4	220.0	217.8	221.3	219.1	233.7	229.3	225.2	224.2	225.5	225.0
EUR/HUF, calculated with CPI ³⁾	real, Jan09=100	103.7	106.6	109.2	106.9	107.6	107.6	106.0	104.0	104.7	100.5	102.3	104.2	103.3	103.5	101.8
EUR/HUF, calculated with PPI ³⁾	real, Jan09=100	97.4	99.4	100.8	99.5	99.9	99.5	99.0	97.1	97.6	95.9	96.8	98.0	97.2	97.4	.
USD/HUF, calculated with CPI ³⁾	real, Jan09=100	98.6	99.2	102.2	104.0	106.0	105.1	106.5	104.8	105.5	99.0	101.2	102.8	103.2	102.2	102.2
USD/HUF, calculated with PPI ³⁾	real, Jan09=100	86.8	86.8	88.4	89.8	91.4	90.5	92.0	91.3	91.6	87.4	88.2	88.5	88.9	88.7	.
DOMESTIC FINANCE																
Currency in circulation	HUF bn, eop	2506.3	2473.0	2412.3	2418.2	2438.7	2457.4	2553.9	2504.0	2507.1	2603.6	2623.4	2613.8	2688.2	2765.5	2855.6
M1	HUF bn, eop	6787.2	6791.9	6800.7	6946.2	7001.6	7034.5	7297.3	7123.2	7202.5	7392.4	7456.4	7504.7	7702.1	7783.6	7977.7
Broad money	HUF bn, eop	16263.9	16146.4	16283.6	16367.2	16574.6	16547.6	16836.7	16698.4	16872.0	17352.2	17196.0	17140.0	17002.1	16841.1	16915.0
Broad money	CPPY	0.1	-1.9	-1.8	-4.1	-3.5	-4.5	-3.3	0.6	3.0	5.5	6.5	4.7	4.5	4.3	3.9
Central bank policy rate (p.a.) ⁴⁾	% eop	7.00	7.00	6.75	6.50	6.25	6.00	5.75	5.50	5.25	5.00	4.75	4.50	4.25	4.00	.
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %	0.2	0.9	1.7	3.9	6.2	9.1	7.8	6.6	4.6	2.8	4.2	5.9	3.7	2.9	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	HUF bn	-320	.	.	-388	.	.	-558	.	.	-272	.	.	.	.	.

1) Enterprises with 5 and more employees.

2) Nominal wages deflated with HICP.

3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

4) Base rate (two-week NB bill).

5) Deflated with annual PPI.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

L A T V I A: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	7.8	7.7	9.4	-1.4	7.9	3.7	1.4	1.8	-6.5	-7.0	3.5	0.9	-4.6	4.4	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	7.7	7.7	7.9	6.8	6.9	6.6	6.2	1.8	-2.3	-4.0	-2.1	-1.4	-2.0	-1.1	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	7.2	8.3	5.1	5.3	3.4	4.4	2.4	-1.0	-4.0	-3.3	-0.9	-0.2	0.2	.	.
Productivity in industry, NACE Rev. 2	CCPPY	3.2	.	.	2.2	.	.	1.3	.	.	-7.4	.	.	-4.8	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	2.0	.	.	3.2	.	.	4.1	.	.	11.1	.	.	8.5	.	.
Construction, NACE Rev. 2	real, CPPY	23.5	.	.	8.3	.	.	9.3	.	.	10.0	.	.	8.2	.	.
Construction, NACE Rev. 2	real, CCPPY	25.2	.	.	16.1	.	.	13.7	.	.	10.0	.	.	8.8	.	.
LABOUR																
Employed persons, LFS ²⁾	th. pers., quart. avg	866.7	.	.	894.7	.	.	892.8	.	.	880.2	.	.	889.0	.	.
Employed persons, LFS ²⁾	CPPY	1.0	.	.	2.2	.	.	1.8	.	.	3.8	.	.	2.6	.	.
Unemployed persons, LFS ²⁾	th. pers., quart. avg	168.5	.	.	141.8	.	.	144.5	.	.	131.5	.	.	114.7	.	.
Unemployment rate, LFS ²⁾	%	16.3	.	.	13.7	.	.	13.9	.	.	13.0	.	.	11.4	.	.
Unemployment, registered	th. persons, eop	117.6	114.7	111.5	108.3	105.7	104.4	104.1	107.5	107.7	107.1	102.8	97.8	94.8	93.0	91.2
Unemployment rate, registered ³⁾	%, eop	11.9	11.6	11.3	11.0	10.7	10.6	10.5	10.9	10.9	10.8	10.4	9.9	9.6	9.4	9.3
WAGES																
Total economy, gross	LVL	485	494	485	470	486	477	513	485	475	493	502	504	503	.	.
Total economy, gross ⁴⁾	real, CPPY	1.5	2.7	1.5	0.4	3.8	1.2	1.0	3.9	3.1	3.5	5.2	5.6	3.5	.	.
Total economy, gross	EUR	696	709	697	675	698	685	737	695	679	703	717	720	717	.	.
Industry, gross, NACE Rev. 2	EUR	696	727	689	675	687	666	748	674	642	682	691	707	710	.	.
PRICES																
Consumer - HICP	PP	0.0	-0.4	-0.4	0.4	-0.2	-0.1	0.1	-0.2	-0.1	0.5	0.0	0.3	0.4	-0.1	-1.0
Consumer - HICP	CPPY	2.1	1.9	1.9	1.9	1.6	1.5	1.6	0.6	0.3	0.3	-0.4	-0.2	0.2	0.5	-0.1
Consumer - HICP	CCPPY	2.8	2.7	2.6	2.5	2.4	2.3	2.3	0.6	0.5	0.4	0.2	0.1	0.1	0.2	0.2
Producer, in industry, NACE Rev. 2	PP	0.3	0.7	0.6	-0.2	0.3	-0.1	0.2	0.2	-0.2	0.1	0.1	0.3	0.3	0.0	0.3
Producer, in industry, NACE Rev. 2	CPPY	2.4	2.4	2.6	2.8	3.2	3.6	3.9	2.1	1.7	2.3	1.6	2.4	2.3	1.6	1.3
Producer, in industry, NACE Rev. 2	CCPPY	5.2	4.8	4.5	4.3	4.2	4.1	4.1	2.1	1.9	2.0	1.9	2.0	2.1	2.0	1.9
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	4963	5843	6838	7859	8960	10076	10985	819	1674	2572	3491	4383	5239	.	.
Imports total (cif), cumulated	EUR mn	6340	7472	8664	9801	11114	12340	13416	1038	2048	3222	4319	5329	6332	.	.
Trade balance, cumulated	EUR mn	-1376	-1629	-1826	-1942	-2155	-2265	-2430	-219	-375	-650	-829	-945	-1093	.	.
Exports to EU-28 (fob), cumulated	EUR mn	3258	3810	4447	5072	5789	6476	6983	556	1121	1713	2332	2940	3498	.	.
Imports from EU-28 (cif), cumulated	EUR mn	4848	5764	6731	7672	8714	9670	10490	778	1548	2467	3331	4148	4979	.	.
Trade balance with EU-28, cumulated	EUR mn	-1590	-1954	-2284	-2600	-2925	-3194	-3507	-222	-428	-754	-999	-1208	-1481	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-297	.	.	-403	.	.	-371	.	.	-71	.	.	.	.	.
EXCHANGE RATE																
LVL/EUR, monthly average	nominal	0.697	0.696	0.696	0.696	0.696	0.696	0.697	0.698	0.700	0.701	0.701	0.700	0.702	0.702	0.703
LVL/USD, monthly average	nominal	0.556	0.567	0.562	0.542	0.537	0.543	0.531	0.525	0.524	0.541	0.538	0.539	0.532	0.537	0.528
EUR/LVL, calculated with CPI ⁵⁾	real, Jan09=100	97.0	97.1	96.4	96.1	95.7	95.7	95.4	95.8	95.0	94.5	94.6	94.8	94.9	95.1	94.0
EUR/LVL, calculated with PPI ⁵⁾	real, Jan09=100	99.5	100.1	100.0	99.7	100.1	100.3	100.6	100.4	99.5	99.6	100.5	101.1	101.1	100.7	101.0
USD/LVL, calculated with CPI ⁵⁾	real, Jan09=100	91.8	90.1	90.3	93.3	93.8	92.7	94.5	96.1	95.9	92.5	93.1	93.0	94.5	94.0	94.5
USD/LVL, calculated with PPI ⁵⁾	real, Jan09=100	88.6	87.5	87.7	90.0	91.5	91.2	93.5	94.3	93.4	90.7	91.6	91.3	92.5	91.7	93.7
DOMESTIC FINANCE																
Currency in circulation	LVL mn, eop	1029	1043	1052	1063	1053	1058	1082	1035	1014	1012	982	969	976	942	908
M1	LVL mn, eop	4361	4431	4499	4526	4603	4722	4832	4862	4870	4750	4840	4868	4975	4960	5010
Broad money	LVL mn, eop	6612	6657	6723	6633	6683	6803	6846	6825	6869	6755	6822	6800	6832	6774	6801
Broad money	CCPPY	2.0	3.3	3.3	2.3	4.0	5.1	2.8	3.7	3.4	3.8	4.2	4.2	3.3	1.8	1.2
Central bank policy rate (p.a.) ⁶⁾	%, eop	3.50	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00	.
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	1.1	0.6	0.4	-0.3	-0.6	-1.0	-1.3	0.4	0.8	0.2	0.9	0.1	0.1	0.4	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	LVL mn	131	.	.	311	.	.	-194	.	.	121	.	.	.	.	.

- 1) Enterprises with 20 and more persons.
- 2) According to census March 2011.
- 3) From May 2012 based on census March 2011.
- 4) Nominal wages deflated with HICP.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) Refinancing rate.
- 7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

LITHUANIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-1.7	5.4	10.2	4.2	13.4	8.0	5.0	8.6	1.3	9.8	6.4	23.3	0.9	3.0	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	-0.5	0.4	1.6	1.9	3.1	3.6	3.7	8.6	5.0	6.6	6.6	9.4	7.9	7.2	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-4.5	4.6	6.6	9.2	8.5	8.8	7.2	5.0	6.6	5.9	12.5	9.4	8.1	.	.
Productivity in industry, NACE Rev. 2	CCPPY	0.2	.	.	3.1	.	.	4.9	.	.	3.9	.	.	5.1	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	3.5	.	.	0.6	.	.	-1.4	.	.	-0.3	.	.	-1.3	.	.
Construction, NACE Rev. 2	real, CPPY	0.8	.	.	-10.7	.	.	-15.0	.	.	-4.6	.	.	7.1	.	.
Construction, NACE Rev. 2	real, CCPPY	3.3	.	.	-3.3	.	.	-7.2	.	.	-4.6	.	.	2.8	.	.
LABOUR																
Employed persons, LFS ²⁾	th. pers., quart. avg	1286.9	.	.	1302.2	.	.	1272.8	.	.	1267.2	.	.	1297.1	.	.
Employed persons, LFS ²⁾	CCPY	1.7	.	.	3.1	.	.	0.8	.	.	1.2	.	.	0.8	.	.
Unemployed persons, LFS ²⁾	th. pers., quart. avg	196.2	.	.	182.7	.	.	190.1	.	.	191.2	.	.	171.8	.	.
Unemployment rate, LFS ²⁾	%	13.3	.	.	12.3	.	.	13.0	.	.	13.1	.	.	11.7	.	.
Unemployment, registered	th. persons, eop	208.6	208.4	205.6	202.3	196.4	204.0	210.2	228.3	229.9	230.3	213.4	192.2	187.4	185.8	190.1
Unemployment rate, registered ³⁾	%, eop	10.4	10.3	10.2	10.0	10.6	11.0	11.4	12.3	12.4	12.4	11.5	10.4	10.2	10.1	10.4
WAGES																
Total economy, gross	LTL	2154	.	.	2171	.	.	2232	.	.	2233	.	.	2253	.	.
Total economy, gross ⁴⁾	real, CPPY	-0.6	.	.	-0.6	.	.	-0.4	.	.	2.2	.	.	3.2	.	.
Total economy, gross ⁴⁾	EUR	624	.	.	629	.	.	646	.	.	647	.	.	653	.	.
Industry, gross, NACE Rev. 2	EUR	646	.	.	648	.	.	655	.	.	656	.	.	671	.	.
PRICES																
Consumer - HICP	PP	0.0	0.0	0.2	0.7	-0.2	-0.2	-0.1	0.2	-0.1	0.3	0.3	0.2	-0.2	-0.7	0.1
Consumer - HICP	CCPY	2.6	2.9	3.4	3.3	3.2	2.8	2.9	2.7	2.3	1.6	1.4	1.5	1.3	0.6	0.5
Consumer - HICP	CCPPY	3.2	3.2	3.2	3.2	3.2	3.2	3.2	2.7	2.5	2.2	2.0	1.9	1.8	1.6	1.5
Producer, in industry, NACE Rev. 2	PP	-4.3	2.6	2.9	0.2	-1.6	-1.7	-0.5	1.1	1.2	-1.2	-2.0	-0.5	-0.6	1.5	-0.5
Producer, in industry, NACE Rev. 2	CCPY	1.9	2.6	6.7	5.6	3.8	1.8	1.9	0.9	0.8	-2.3	-3.7	-3.8	-0.2	-1.2	-4.5
Producer, in industry, NACE Rev. 2	CCPPY	6.3	5.7	5.9	5.8	5.6	5.3	5.0	0.9	0.8	-0.2	-1.1	-1.7	-1.4	-1.4	-1.8
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	10353	12223	14346	16441	18781	21003	23048	1887	3823	5988	8026	9906	11876	.	.
Imports total (cif), cumulated	EUR mn	11499	13581	15749	18087	20536	22813	24882	2151	4199	6379	8707	10709	12695	.	.
Trade balance, cumulated	EUR mn	-1147	-1359	-1403	-1646	-1755	-1810	-1835	-263	-376	-391	-681	-804	-819	.	.
Exports to EU-28 (fob), cumulated	EUR mn	6402	7543	8855	10201	11575	12815	13955	1180	2263	3526	4729	5799	7005	.	.
Imports from EU-28 (cif), cumulated	EUR mn	6816	8030	9237	10451	11844	13172	14345	1042	2186	3473	4785	6083	7339	.	.
Trade balance with EU-28, cumulated	EUR mn	-414	-487	-383	-250	-269	-357	-390	137	77	53	-57	-285	-334	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-365	.	.	-448	.	.	-167	.	.	-226	.	.	.	.	.
EXCHANGE RATE																
LTL/EUR, monthly average	nominal	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453
LTL/USD, monthly average	nominal	2.757	2.810	2.785	2.686	2.661	2.692	2.632	2.598	2.585	2.663	2.651	2.660	2.618	2.640	2.594
EUR/LTL, calculated with CPI ⁵⁾	real, Jan09=100	98.9	99.3	99.2	99.3	98.8	98.8	98.4	99.3	98.9	98.3	98.6	98.8	98.5	98.2	98.2
EUR/LTL, calculated with PPI ⁵⁾	real, Jan09=100	117.0	119.8	122.4	122.4	120.7	118.9	118.6	119.6	120.6	119.4	117.8	117.6	116.8	118.3	117.7
USD/LTL, calculated with CPI ⁵⁾	real, Jan09=100	93.6	92.2	92.9	96.4	96.8	95.7	97.5	99.7	99.8	96.3	97.1	96.9	98.2	97.1	98.8
USD/LTL, calculated with PPI ⁵⁾	real, Jan09=100	104.2	104.7	107.3	110.5	110.3	108.1	110.2	112.3	113.3	108.8	107.4	106.2	106.9	107.7	109.2
DOMESTIC FINANCE																
Currency in circulation	LTL mn, eop	9785	9922	9975	10058	10066	10113	10329	10164	10296	10468	10454	10538	10839	10880	10885
M1	LTL mn, eop	31847	32579	32858	32562	33715	34348	35894	34730	35350	35673	35978	36248	36345	36697	37133
Broad money	LTL mn, eop	51206	52029	52304	52293	52994	53301	54150	52866	53862	54347	54273	53755	53808	54079	54407
Broad money	CCPY	5.6	5.8	5.5	4.4	5.6	5.1	7.2	5.7	7.4	8.4	7.2	5.3	5.1	3.9	4.0
Central bank policy rate (p.a.) ⁶⁾	%, eop	0.75	0.71	0.62	0.56	0.55	0.53	0.52	0.39	0.34	0.34	0.36	0.37	0.38	0.32	.
Central bank policy rate (p.a.) ^{6/7)}	real, %	-1.1	-1.9	-5.7	-4.8	-3.1	-1.2	-1.4	-0.5	-0.4	2.7	4.2	4.4	0.5	1.5	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	LTL mn	-2145	.	.	-2422	.	.	-3780	.	.	-1720	.	.	.	.	.

1) Sold production.

2) According to census March 2011.

3) In % of working age population.

4) Nominal wages deflated with HICP.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

6) VILIBOR one-month interbank offered rate (Lithuania has a currency board).

7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

P O L A N D: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾²⁾	real, CPPY	0.9	5.2	0.2	-4.8	4.7	-0.6	-9.6	0.4	-2.1	-2.9	2.8	-1.8	2.8	6.4	2.2
Industry, NACE Rev. 2 ¹⁾²⁾	real, CCPPY	3.5	3.7	3.3	2.3	2.5	2.2	1.2	0.4	-0.9	-1.6	-0.5	-0.8	-0.2	0.7	0.9
Industry, NACE Rev. 2 ¹⁾²⁾	real, 3MMA	3.4	2.1	-0.1	0.0	-0.3	-1.7	-3.3	-3.9	-1.6	-0.8	-0.7	1.2	2.4	3.8	.
Productivity in industry, NACE Rev. 2 ²⁾	CCPPY	4.3	4.6	4.1	3.1	3.4	3.1	2.1	1.4	0.2	-0.4	0.7	0.4	1.0	1.8	.
Unit labour costs, excl.r. adj.(EUR) ¹⁾²⁾	CCPPY	-5.9	-6.2	-5.1	-3.3	-2.5	-1.3	0.6	3.5	5.6	4.6	3.5	3.8	2.8	1.7	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	-5.2	-8.8	-5.1	-17.9	-3.6	-5.4	-24.9	-16.1	-11.4	-18.5	-23.2	-27.5	-18.3	-5.2	-11.1
Construction, NACE Rev. 2 ²⁾	real, CCPPY	6.2	3.2	1.9	-1.4	-1.7	-2.1	-5.2	-16.1	-13.8	-15.6	-18.0	-20.6	-20.1	-17.5	-16.5
LABOUR																
Employed persons, LFS ³⁾	th. pers., quart. avg	15607	.	.	15722	.	.	15636	.	.	15291	.	.	15530	.	.
Employed persons, LFS ³⁾	CPPY	0.2	.	.	0.2	.	.	0.2	.	.	-0.7	.	.	-0.5	.	.
Unemployed persons, LFS ³⁾	th. pers., quart. avg	1712.8	.	.	1718.0	.	.	1757.4	.	.	1944.0	.	.	1812.0	.	.
Unemployment rate, LFS ³⁾	%	9.9	.	.	9.9	.	.	10.1	.	.	11.3	.	.	10.5	.	.
Unemployment, registered	th. persons, eop	1964.4	1953.2	1964.7	1979.0	1994.9	2058.1	2136.8	2295.7	2336.7	2314.5	2255.7	2176.3	2109.1	2093.1	2083.2
Unemployment rate, registered	%, eop	12.3	12.3	12.4	12.4	12.5	12.9	13.4	14.2	14.4	14.3	14.0	13.5	13.2	13.1	13.0
WAGES																
Total economy, gross ²⁾	PLN	3754	3700	3686	3641	3718	3781	4112	3680	3710	3833	3831	3700	3809	3830	3760
Total economy, gross ²⁾⁴⁾	real, CPPY	0.0	-1.5	-1.1	-2.1	-0.6	0.0	0.2	-1.2	2.7	0.6	2.2	1.8	1.2	2.6	1.1
Total economy, gross ²⁾	EUR	874	884	901	881	905	915	1004	888	890	922	926	885	889	896	889
Industry, gross, NACE Rev. 2	EUR	914	907	926	892	913	958	1072	902	919	942	938	897	927	929	906
PRICES																
Consumer - HICP	PP	0.2	-0.5	-0.2	0.1	0.2	0.1	0.0	0.1	0.0	0.3	0.3	-0.2	0.0	0.2	-0.2
Consumer - HICP	CPPY	4.2	4.0	3.8	3.8	3.4	2.7	2.2	1.6	1.2	1.0	0.8	0.5	0.2	0.9	0.9
Consumer - HICP	CCPPY	4.1	4.1	4.0	4.0	3.9	3.8	3.7	1.6	1.4	1.3	1.2	1.0	0.9	0.9	0.9
Producer, in industry, NACE Rev. 2	PP	-0.5	-0.3	0.0	0.5	-0.7	-0.2	-0.6	-0.1	0.3	-0.2	-0.8	0.1	0.7	0.2	-0.3
Producer, in industry, NACE Rev. 2	CPPY	4.3	3.6	3.0	2.0	1.1	0.1	-0.8	-1.0	-0.1	-0.4	-2.0	-2.4	-1.2	-0.8	-1.1
Producer, in industry, NACE Rev. 2	CCPPY	5.2	4.9	4.7	4.4	4.0	3.7	3.3	-1.0	-0.6	-0.5	-0.9	-1.2	-1.2	-1.1	-1.1
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	70014	81949	93729	106113	120007	132716	142762	11936	24033	36543	49465	61351	73705	.	.
Imports total (cif), cumulated	EUR mn	76243	88854	101011	113644	127669	141040	152569	12292	24249	37543	50165	62333	74425	.	.
Trade balance, cumulated	EUR mn	-6229	-6905	-7281	-7531	-7662	-8324	-9807	-356	-216	-1000	-700	-982	-720	.	.
Exports to EU-28 (fob), cumulated	EUR mn	54188	63055	71804	81199	91505	101157	108414	9277	18079	27333	37001	45798	55002	.	.
Imports from EU-28 (cif), cumulated	EUR mn	51691	60392	68487	76973	86487	95367	102572	8259	16467	25613	34236	42518	50909	.	.
Trade balance with EU-28, cumulated	EUR mn	2496	2663	3317	4225	5018	5789	5842	1018	1612	1720	2765	3280	4093	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-6722	.	.	-10011	.	.	-13337	.	.	-2052	.	.	.	.	.
EXCHANGE RATE																
PLN/EUR, monthly average	nominal	4.297	4.184	4.093	4.135	4.107	4.132	4.096	4.142	4.170	4.157	4.136	4.180	4.284	4.275	4.230
PLN/USD, monthly average	nominal	3.431	3.405	3.301	3.216	3.166	3.221	3.122	3.117	3.121	3.206	3.175	3.220	3.248	3.268	3.178
EUR/PLN, calculated with CPI ⁵⁾	real, Jan09=100	102.7	105.3	107.0	105.4	106.0	105.6	106.2	105.9	104.8	104.5	105.4	104.0	101.5	102.2	103.0
EUR/PLN, calculated with PPI ⁵⁾	real, Jan09=100	102.2	104.5	106.0	105.4	105.5	104.9	105.4	103.8	103.1	103.3	103.7	103.0	101.3	101.4	102.2
USD/PLN, calculated with CPI ⁵⁾	real, Jan09=100	97.5	98.0	100.2	102.5	104.5	103.2	106.7	106.7	105.7	102.9	104.4	102.6	101.4	101.0	103.4
USD/PLN, calculated with PPI ⁵⁾	real, Jan09=100	91.0	91.3	93.0	95.1	96.4	95.4	97.9	97.5	96.8	94.2	94.6	93.1	92.6	92.3	94.8
DOMESTIC FINANCE																
Currency in circulation	PLN bn, eop	103.8	103.0	103.1	103.2	102.7	101.7	102.5	101.1	102.4	105.8	107.5	109.3	112.8	112.6	114.1
M1	PLN bn, eop	462.7	464.9	458.4	457.3	452.8	457.4	484.8	476.9	484.5	487.4	493.7	508.3	523.8	530.7	531.1
Broad money	PLN bn, eop	884.7	886.9	895.5	892.7	902.4	901.8	921.4	913.5	920.3	932.0	935.2	941.8	946.6	945.1	950.0
Broad money	CCPY	11.0	11.0	9.8	7.6	8.0	5.7	4.5	4.4	5.5	6.6	7.4	6.5	7.0	6.6	6.1
Central bank policy rate (p.a.) ⁶⁾	%, eop	4.75	4.75	4.75	4.75	4.75	4.50	4.25	4.00	3.75	3.25	3.25	3.00	2.75	2.50	.
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	0.5	1.1	1.7	2.7	3.6	4.4	5.1	5.1	3.9	3.7	5.4	5.5	4.0	3.3	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	PLN mn	-19801	.	.	-26861	.	.	-62716	.	.	-6053	.	.	.	.	.

- 1) Sold production.
- 2) Enterprises with 10 and more employees.
- 3) According to census March 2011.
- 4) Nominal wages deflated with HICP.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) Reference rate (7-day open market operations rate).
- 7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

ROMANIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	1.9	4.1	1.7	-0.6	6.3	2.3	1.3	6.0	7.2	1.4	19.9	-1.7	5.5	11.4	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	2.3	2.6	2.5	2.1	2.5	2.5	2.4	6.0	6.6	4.7	8.4	6.2	6.1	6.9	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	3.8	2.6	1.7	2.5	2.6	3.4	3.2	4.9	4.7	9.2	6.0	7.4	4.9	.	.
Productivity in industry, NACE Rev. 2	CCPPY	-0.6	-0.3	-0.3	-0.5	0.0	0.0	-0.1	3.7	4.2	2.7	6.5	4.6	4.7	5.6	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	1.1	0.5	0.3	0.4	0.0	0.1	0.2	-1.0	-1.3	0.0	-2.9	-0.5	-0.6	-0.9	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-3.8	-2.7	7.4	-6.0	-3.9	2.3	-10.2	-9.1	-5.7	0.1	-11.1	-9.9	-0.2	15.5	.
Construction, NACE Rev. 2 ¹⁾	real, CCPPY	8.3	6.3	6.4	4.5	3.3	3.2	1.4	-9.1	-7.3	-4.4	-6.5	-7.5	-5.8	-2.2	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	9361.9	.	.	9456.9	.	.	9213.6	.	.	9001.1	.	.	9344.6	.	.
Employed persons, LFS	CPPY	1.7	.	.	2.4	.	.	1.9	.	.	-0.2	.	.	-0.2	.	.
Unemployed persons, LFS	th. pers., quart. avg	692.6	.	.	688.4	.	.	683.8	.	.	730.6	.	.	758.2	.	.
Unemployment rate, LFS	%	6.9	.	.	6.8	.	.	6.9	.	.	7.5	.	.	7.5	.	.
Unemployment, registered	th. persons, eop	404.1	429.0	441.2	442.2	456.1	476.3	493.8	513.3	510.4	492.4	467.1	444.0	438.1	466.9	443.6
Unemployment rate, registered	%, eop	4.6	4.9	5.0	5.0	5.2	5.4	5.6	5.8	5.8	5.6	5.3	5.0	5.0	5.3	5.0
WAGES																
Total economy, gross ¹⁾	RON	2140	2147	2117	2122	2139	2173	2343	2138	2144	2231	2291	2226	2219	2259	.
Total economy, gross ¹⁾²⁾	real, CPPY	3.3	2.8	1.5	-0.2	1.5	1.3	1.4	0.6	0.8	0.5	2.5	1.1	-0.7	1.7	.
Total economy, gross ¹⁾	EUR	480	471	469	471	469	480	522	488	489	508	523	513	495	511	.
Industry, gross, NACE Rev. 2 ¹⁾³⁾	EUR	481	485	477	478	473	484	532	482	479	506	531	521	500	526	.
PRICES																
Consumer - HICP	PP	-0.1	0.5	0.5	1.1	0.2	-0.1	0.3	0.9	0.4	0.1	0.0	0.3	0.0	-0.5	-0.2
Consumer - HICP	CPPY	2.2	3.1	4.0	5.4	5.0	4.4	4.6	5.1	4.8	4.4	4.4	4.4	4.5	3.4	2.6
Consumer - HICP	CCPPY	2.4	2.5	2.7	3.0	3.2	3.3	3.4	5.1	5.0	4.8	4.7	4.6	4.6	4.4	4.2
Producer, in industry, NACE Rev. 2	PP	0.1	0.8	0.9	0.5	0.7	-0.4	-0.1	1.1	0.3	-0.4	-0.7	-0.2	0.3	-0.4	.
Producer, in industry, NACE Rev. 2	CPPY	4.9	5.0	5.9	5.8	6.3	5.4	4.8	5.7	5.4	4.5	3.0	2.6	2.8	1.5	.
Producer, in industry, NACE Rev. 2	CCPPY	5.0	5.0	5.1	5.2	5.3	5.3	5.3	5.7	5.6	5.2	4.7	4.2	4.0	3.6	.
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	22351	26120	29636	33467	37646	41860	45006	3716	7579	11571	15661	19686	23664	.	.
Imports total (cif), cumulated	EUR mn	26955	31469	35998	40661	45948	50587	54626	4014	8086	12648	17351	21875	26226	.	.
Trade balance, cumulated	EUR mn	-4603	-5350	-6362	-7194	-8302	-8727	-9619	-297	-507	-1077	-1689	-2189	-2562	.	.
Exports to EU-28 (fob), cumulated	EUR mn	15972	18600	20916	23659	26682	29645	31704	2626	5357	8193	11081	13873	16706	.	.
Imports from EU-28 (cif), cumulated	EUR mn	19783	23261	26421	29930	33939	37415	40235	2988	6099	9642	13353	16814	20173	.	.
Trade balance with EU-28, cumulated	EUR mn	-3812	-4661	-5505	-6271	-7257	-7770	-8530	-362	-742	-1449	-2272	-2941	-3467	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-2549	.	.	-4224	.	.	-5264	.	.	323	.	.	.	.	.
EXCHANGE RATE																
RON/EUR, monthly average	nominal	4.463	4.555	4.518	4.502	4.562	4.527	4.490	4.384	4.384	4.392	4.378	4.336	4.480	4.424	4.437
RON/USD, monthly average	nominal	3.563	3.707	3.643	3.502	3.517	3.529	3.422	3.299	3.282	3.388	3.361	3.340	3.397	3.383	3.334
EUR/RON, calculated with CPI ⁴⁾	real, Jan09=100	101.7	100.5	101.5	102.4	101.0	101.9	102.7	107.1	107.0	105.9	106.3	107.5	104.0	105.2	104.6
EUR/RON, calculated with PPI ⁴⁾	real, Jan09=100	101.5	100.1	101.1	101.7	101.2	101.8	102.8	106.1	106.1	105.6	105.9	107.0	103.9	104.5	.
USD/RON, calculated with CPI ⁴⁾	real, Jan09=100	96.7	93.5	95.1	99.6	99.5	99.5	103.2	107.8	107.9	104.3	105.3	106.0	104.0	103.9	105.0
USD/RON, calculated with PPI ⁴⁾	real, Jan09=100	90.4	87.5	88.6	91.9	92.5	92.6	95.5	99.7	99.6	96.3	96.6	96.7	95.0	95.1	.
DOMESTIC FINANCE																
Currency in circulation	RON mn, eop	31895	32884	32890	32977	31715	31877	31477	30298	30851	31693	32379	31644	33261	33016	34003
M1	RON mn, eop	87840	89494	88807	89253	87826	88222	89020	86017	85754	88787	89226	88482	93138	92007	94603
Broad money	RON mn, eop	216931	221464	220291	221013	220465	220767	222018	219336	219495	225317	225751	226071	227766	225905	229837
Broad money	CPPY	8.5	8.3	7.2	5.7	6.2	5.4	2.7	1.2	0.8	4.2	3.3	2.5	5.0	2.0	4.3
Central bank policy rate (p.a.) ⁵⁾	%, eop	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.00	4.50
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	0.3	0.3	-0.6	-0.5	-1.0	-0.2	0.4	-0.4	-0.1	0.7	2.2	2.6	2.4	3.4	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	RON mn	-6348	.	.	-7162	.	.	-16822	.	.	-1701	.	.	.	.	.

1) Enterprises with 4 and more employees.

2) Nominal wages deflated with HICP.

3) Including NACE E (water supply, sewerage, waste management, remediation).

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) One-week repo rate.

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

SLOVAKIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	8.2	14.3	11.4	10.3	11.6	7.7	-8.0	7.9	1.0	-4.0	8.4	1.5	1.4	3.9	.
Industry, NACE Rev. 2	real, CCPPY	8.0	8.8	9.1	9.3	9.5	9.3	7.9	7.9	4.3	1.3	3.1	2.7	2.5	2.7	.
Industry, NACE Rev. 2	real, 3MMA	10.9	11.1	11.9	11.1	9.9	4.1	2.7	0.3	1.3	1.6	1.8	3.7	2.2	.	.
Productivity in industry, NACE Rev. 2	CCPPY	8.0	8.9	9.2	9.5	9.9	10.0	8.8	10.3	6.5	3.4	5.2	4.8	4.5	4.6	.
Unit labour costs, exch.r. adj.(EUR)	CCPPY	-3.5	-4.2	-4.7	-5.3	-5.5	-5.6	-4.4	-6.4	-3.8	-0.5	-1.7	-0.6	-0.5	-0.4	.
Construction, NACE Rev. 2	real, CPPY	-12.1	-11.2	-13.7	-15.3	-11.0	-13.3	-16.5	-14.1	-4.2	-16.5	-4.9	-14.7	-11.2	-6.1	.
Construction, NACE Rev. 2	real, CCPPY	-11.0	-11.1	-11.5	-12.0	-11.9	-12.1	-12.5	-14.1	-9.1	-12.1	-9.9	-11.2	-11.2	-10.3	.
LABOUR																
Employed persons, LFS ¹⁾	th. pers., quart. avg	2334.7	.	.	2342.8	.	.	2313.7	.	.	2327.7	.	.	2327.8	.	.
Employed persons, LFS ¹⁾	CPPY	0.7	.	.	0.5	.	.	-0.1	.	.	0.1	.	.	-0.3	.	.
Unemployed persons, LFS ¹⁾	th. pers., quart. avg	368.6	.	.	371.8	.	.	390.4	.	.	395.8	.	.	380.3	.	.
Unemployment rate, LFS ¹⁾	%	13.6	.	.	13.7	.	.	14.4	.	.	14.5	.	.	14.0	.	.
Unemployment, registered	th. persons, eop	395.7	399.1	398.4	402.5	410.4	419.4	425.9	435.4	437.1	431.4	422.1	415.4	418.2	410.9	402.2
Unemployment rate, registered	% eop	13.3	13.3	13.2	13.4	13.7	13.9	14.4	14.8	14.7	14.7	14.4	14.3	14.3	14.0	13.7
WAGES																
Total economy, gross	EUR, quart. avg.	793	.	.	784	.	.	875	.	.	789	.	.	818	.	.
Total economy, gross ²⁾	real, CPPY	-2.0	.	.	-1.8	.	.	-0.4	.	.	0.2	.	.	1.4	.	.
Industry, gross, NACE Rev. 2	EUR	868	849	837	820	844	987	930	843	801	869	857	952	891	900	.
PRICES																
Consumer - HICP	PP	0.2	0.0	0.0	0.3	0.4	0.1	-0.1	0.7	0.0	0.0	0.0	0.1	0.2	-0.1	-0.2
Consumer - HICP	CPPY	3.7	3.8	3.8	3.8	3.9	3.5	3.4	2.5	2.2	1.9	1.7	1.8	1.7	1.6	1.4
Consumer - HICP	CCPPY	3.8	3.8	3.8	3.8	3.8	3.8	3.7	2.5	2.4	2.2	2.1	2.0	2.0	1.9	1.9
Producer, in industry, NACE Rev. 2	PP	-0.6	-0.4	1.0	0.5	-0.1	-0.5	-0.2	0.2	-0.6	0.0	0.1	-0.4	-0.2	-0.5	0.0
Producer, in industry, NACE Rev. 2	CPPY	1.2	1.3	1.7	2.3	2.3	1.8	1.9	1.8	0.3	-0.6	-0.5	-1.0	-0.6	-0.7	-1.7
Producer, in industry, NACE Rev. 2	CCPPY	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.1	0.5	0.2	0.0	-0.1	-0.2	-0.4
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	31048	36151	41166	46869	53058	59001	63431	4879	9953	15305	20971	26695	32014	.	.
Imports total (fob), cumulated	EUR mn	29614	34446	39541	45011	50747	56474	60870	4585	9310	14268	19449	24606	29554	.	.
Trade balance, cumulated	EUR mn	1434	1705	1625	1858	2311	2527	2561	294	643	1037	1521	2089	2460	.	.
Exports to EU-28 (fob), cumulated	EUR mn	26181	30435	34671	39447	44684	49740	53474	4184	8404	12871	17576	22233	26579	.	.
Imports from EU-28 (fob), cumulated	EUR mn	22112	25848	29608	33554	37878	41926	45102	3397	6904	10610	14399	18277	21952	.	.
Trade balance with EU-28, cumulated	EUR mn	4069	4587	5063	5893	6807	7815	8372	787	1500	2261	3177	3955	4627	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	854	.	.	1182	.	.	1613	.	.	727	.	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ³⁾	nominal	0.7983	0.8138	0.8065	0.7778	0.7708	0.7795	0.7623	0.7526	0.7486	0.7714	0.7677	0.7703	0.7582	0.7645	0.7513
EUR/EUR, calculated with CPI ⁴⁾	real, Jan09=100	99.1	99.4	99.1	98.8	98.9	99.1	98.7	100.2	99.7	98.8	98.9	98.9	99.0	99.3	99.0
EUR/EUR, calculated with PPI ⁴⁾	real, Jan09=100	95.8	95.3	95.5	95.8	95.8	95.5	95.5	95.4	94.6	94.8	95.5	95.4	95.2	94.4	94.5
USD/EUR, calculated with CPI ⁴⁾	real, Jan09=100	94.1	92.5	92.8	96.1	97.4	96.8	99.2	100.9	100.5	97.3	97.9	97.5	99.0	98.1	99.5
USD/EUR, calculated with PPI ⁴⁾	real, Jan09=100	85.3	83.2	83.7	86.4	87.6	86.9	88.8	89.7	88.8	86.4	87.0	86.2	87.1	86.0	87.6
DOMESTIC FINANCE																
Currency in circulation ⁵⁾	EUR mn, eop	7711	7750	7726	7690	7679	7657	7768	7598	7565	7707	7765	7809	7853	7916	.
M1 ⁵⁾	EUR mn, eop	26200	26626	26585	26633	26571	26985	28374	27656	27620	27738	28172	28124	28085	28143	.
Broad money ⁵⁾	EUR mn, eop	41644	42019	41990	41871	41961	42262	43536	42940	43434	43595	44140	44153	44185	43901	.
Broad money ⁵⁾	CPPY	1.9	3.3	1.4	1.9	2.5	2.4	6.6	5.9	6.0	5.5	6.2	4.3	6.1	4.5	.
Central bank policy rate (p.a.) ⁶⁾	% eop	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-0.2	-0.5	-1.0	-1.5	-1.5	-1.0	-1.2	-1.1	0.4	1.4	1.3	1.5	1.1	1.3	2.2
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	EUR mn	-1562	.	.	-1944	.	.	-3107	.	.	-540	.	.	.	.	.

1) According to census May 2011.

2) Nominal wages deflated with HICP.

3) Reference rate of ECB.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) Slovakia's contributions to EMU monetary aggregates. M1 and Broad money including currency in circulation.

6) Official refinancing operation rate for euro area (ECB).

7) Deflated with annual PPI.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

SLOVENIA: Selected monthly data on the economic situation 2012 to 2013

(updated end of Sep 2013)

		2012							2013							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-2.6	3.6	3.1	-6.8	5.2	-4.8	-7.5	0.2	-0.5	-6.0	3.4	-1.9	-4.6	2.7	.
Industry, NACE Rev. 2	real, CCPPY	-0.9	-0.3	0.1	-0.7	-0.1	-0.6	-1.1	0.2	-0.2	-2.3	-0.9	-1.1	-1.7	-1.1	.
Industry, NACE Rev. 2	real, 3MMA	-1.1	1.2	-0.4	0.2	-2.3	-2.2	-4.0	-2.5	-2.3	-1.2	-1.7	-1.1	-1.3	.	.
Productivity in industry, NACE Rev. 2	CCPPY	-0.7	.	.	-0.2	.	.	-0.7	.	.	1.3	.	.	1.8	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPPY	4.0	.	.	3.1	.	.	3.3	.	.	0.7	.	.	0.6	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-11.7	-19.5	-14.4	-6.5	-22.5	-26.1	-14.7	-23.2	-14.0	-31.8	-18.7	-11.5	-1.7	0.5	.
Construction, NACE Rev. 2 ¹⁾	real, CCPPY	-16.0	-16.6	-16.3	-15.0	-15.9	-17.0	-16.8	-23.2	-18.7	-24.5	-22.8	-20.2	-16.6	-13.9	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	920.5	.	.	925.4	.	.	922.3	.	.	887.8	.	.	903.7	.	.
Employed persons, LFS	CPPY	-1.9	.	.	-2.0	.	.	-1.2	.	.	-4.2	.	.	-1.8	.	.
Unemployed persons, LFS	th. pers., quart. avg	81.8	.	.	93.0	.	.	96.9	.	.	110.7	.	.	104.2	.	.
Unemployment rate, LFS	%	8.2	.	.	9.2	.	.	9.5	.	.	11.1	.	.	10.4	.	.
Unemployment, registered	th. persons, eop	105.6	106.9	106.1	105.4	110.9	111.5	118.1	124.3	124.1	122.6	121.3	118.6	116.6	117.1	.
Unemployment rate, registered	%, eop	11.5	11.7	11.6	11.5	12.1	12.2	13.0	13.6	13.6	13.4	13.3	13.0	12.8	12.9	.
WAGES																
Total economy, gross	EUR	1501	1498	1513	1489	1516	1612	1535	1524	1498	1520	1517	1524	1495	1510	.
Total economy, gross ²⁾	real, CPPY	-3.6	-2.7	-3.8	-4.7	-2.7	-5.1	-3.7	-3.1	-4.5	-3.1	-1.7	-2.3	-2.6	-1.9	.
Industry, gross, NACE Rev. 2	EUR	1408	1415	1445	1393	1451	1609	1451	1470	1447	1468	1458	1465	1435	1468	.
PRICES																
Consumer - HICP	PP	-0.6	-0.8	0.8	1.2	0.3	-0.2	-0.2	-0.6	0.7	0.3	0.6	0.3	0.0	-0.3	0.2
Consumer - HICP	CPPY	2.4	2.6	3.1	3.7	3.2	2.8	3.1	2.8	2.9	2.2	1.6	1.6	2.2	2.8	2.2
Consumer - HICP	CCPPY	2.5	2.5	2.6	2.7	2.8	2.8	2.8	2.8	2.9	2.7	2.4	2.2	2.2	2.3	2.3
Producer, in industry, NACE Rev. 2	PP	0.1	0.0	-0.1	0.3	0.0	0.0	-0.2	0.0	0.1	0.1	0.1	-0.2	-0.2	-0.2	0.2
Producer, in industry, NACE Rev. 2	CPPY	0.7	0.8	0.4	0.7	0.8	0.7	0.4	0.4	1.1	0.8	0.5	0.2	-0.1	-0.3	0.0
Producer, in industry, NACE Rev. 2	CCPPY	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.4	0.7	0.7	0.7	0.6	0.5	0.4	0.3
FOREIGN TRADE, customs statistics, EU definition																
Exports total (fob), cumulated	EUR mn	12662	14761	16652	18785	21042	23271	25033	1950	3950	6185	8514	10683	12826	.	.
Imports total (cif), cumulated	EUR mn	12701	14740	16679	18709	20936	23070	24934	2071	4054	6173	8371	10578	12589	.	.
Trade balance total, cumulated	EUR mn	-39	21	-27	76	106	202	100	-120	-104	12	143	105	237	.	.
Exports to EU-28 (fob), cumulated	EUR mn	9649	11181	12566	14170	15852	17519	18776	1486	2978	4633	6365	7996	9625	.	.
Imports from EU-28 (cif), cumulated	EUR mn	9093	10588	11967	13445	15082	16608	17959	1455	2907	4421	5947	7533	8996	.	.
Trade balance with EU-28, cumulated	EUR mn	556	593	599	725	770	911	817	32	71	212	418	463	629	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	278	.	.	542	.	.	817	.	.	416	.	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ³⁾	nominal	0.7983	0.8138	0.8065	0.7778	0.7708	0.7795	0.7623	0.7526	0.7486	0.7714	0.7677	0.7703	0.7582	0.7645	0.7513
EUR/EUR, calculated with CPI ⁴⁾	real, Jan09=100	99.8	99.3	99.7	100.3	100.2	100.2	99.6	99.9	100.2	99.5	100.1	100.3	100.3	100.4	100.5
EUR/EUR, calculated with PPI ⁴⁾	real, Jan09=100	97.0	96.8	96.0	96.1	96.2	96.4	96.5	96.1	96.0	96.2	96.9	97.1	96.9	96.5	96.6
USD/EUR, calculated with CPI ⁴⁾	real, Jan09=100	94.8	92.4	93.4	97.5	98.8	97.9	100.1	100.6	101.0	98.0	99.1	98.9	100.2	99.1	100.9
USD/EUR, calculated with PPI ⁴⁾	real, Jan09=100	86.4	84.6	84.2	86.8	87.9	87.7	89.6	90.3	90.1	87.7	88.4	87.7	88.6	87.8	89.6
DOMESTIC FINANCE																
Currency in circulation ⁵⁾	EUR mn, eop	3697	3713	3692	3691	3654	3663	3733	3624	3623	3678	3695	3741	3777	3801	.
M1 ⁵⁾	EUR mn, eop	8817	8883	8968	8920	8886	8964	8918	8897	8850	8836	8815	8975	9099	9141	.
Broad money ⁵⁾	EUR mn, eop	19898	19906	19846	19622	19531	19682	19366	19532	19589	19825	19475	19503	19548	19619	.
Broad money ⁵⁾	CPPY	3.8	2.9	2.5	1.2	0.2	0.5	-1.4	-1.0	-1.6	-0.1	-2.1	-1.9	-1.8	-1.4	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50
Central bank policy rate (p.a.) ^{6/7)}	real, %	0.3	0.0	0.3	0.0	0.0	0.0	0.3	0.4	-0.3	0.0	0.2	0.3	0.6	0.8	0.5
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	EUR mn	-791	.	.	-1255	.	.	-1418	.	.	-851	.	.	.	.	.

1) Enterprises with 20 and more employees or turnover limits and output of some non-construction enterprises.

2) Nominal wages deflated with HICP.

3) Reference rate of ECB.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) Slovenia's contributions to EMU monetary aggregates. M1 and Broad money without currency in circulation.

6) Official refinancing operation rate for euro area (ECB).

7) Deflated with annual PPI.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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