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Contents

Baltic states: perils of a boom-bust scenario ahead

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Signs of 'overheating'

The Baltic states have been a spot of outstanding economic growth not only since their accession to the EU in May 2004, but for more than five years by now. The process of fast catching-up towards the EU average level in terms of GDP/capita continued throughout 2006 when real growth rates in Estonia, Latvia and Lithuania reached 11.4%, 11.9% and 7.5%, respectively.

However, by the beginning of 2006 at the latest it had become evident that the growth rally taking place in the Baltic states was giving rise to unwelcome developments as well: inflation was going up and resulted in the postponement of Estonia's and Lithuania's entry into the eurozone, originally scheduled for January 2007. That target – introducing the euro at the earliest possible date, alongside Slovenia – had until then been an outspoken aim of Estonian and Lithuanian politicians. Lithuania's application was rejected in May 2006 although the Maastricht inflation criterion[1] was missed by only 0.1 percentage point. By the end of 2006 it was obvious that, given the price developments, a realistic projection for the entry date into the eurozone was 2010-12 rather than 2008 for Lithuania and Estonia, while 2011-13 for Latvia.

Even more than its Baltic neighbours, Latvia had showed signs of an overheating economy from 2004 onwards when, after five years of GDP growth beyond 6.5%, its annual consumer price inflation rate began to exceed 6%. Initially this was partly due to rising energy prices but it also pointed

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[1] The inflation criterion states that the harmonized index of consumer prices (HICP) of an applicant country shall not exceed, observed over a period of one year before the convergence examination, the HICP of the three best-performing eurozone members by more than 1.5 percentage points.

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Table EE

Estonia: Selected Economic Indicators

	2000	2001	2002	2003	2004	2005	2006 1)	2007	2008
								forecast	
Population, th pers., mid-year	1369.5	1364.1	1358.6	1353.6	1349.3	1346.1	1343.3	.	.
Gross domestic product, EEK mn, nom.	92937.7	108218.3	121372.2	132904.0	146693.8	173062.3	204556.0	241300	274800
annual change in % (real)	7.9	10.6	8.0	7.1	8.1	10.5	11.4	9.5	8.4
GDP/capita (EUR at exchange rate)	4337	5070	5709	6275	6948	8217	9732	.	.
GDP/capita (EUR at PPP - wiiw)	8250	9130	10090	11170	12190	14050	16240	.	.
Gross industrial production									
annual change in % (real)	14.6	8.9	8.2	10.9	10.5	9.2	7.0	6.5	6
Gross agricultural production									
annual change in % (real)	8.2	-1.0	-6.3	2.5	4.6	.	.	.	.
Construction industry									
annual change in % (real)	12.4	5.0	24.8	7.6	11.3	19.8	22.5	.	.
Consumption of households, EEK mn, nom.	51527.8	58641.8	66944.0	72176.5	78580.7	87223.8	104308.0	.	.
annual change in % (real)	8.8	7.1	10.9	6.8	7.0	7.9	15.8	.	.
Gross fixed capital form., EEK mn, nom	24817.4	28850.9	36139.5	38929.6	46177.6	53762.7	69204.5		
annual change in % (real)	14.3	14.6	24.1	7.0	13.5	12.7	19.7	15	12
LFS - employed persons, th, avg.	572.5	577.7	585.5	594.3	595.5	607.4	646.3	.	.
annual change in %	-1.2	0.9	1.4	1.5	0.2	2.0	6.4	.	.
LFS - employed pers. in industry, th, avg.	151.1	151.3	144.4	150.0	160.9	157.9	154.0	.	.
annual change in %	2.6	0.1	-4.6	3.9	7.3	-1.9	-2.5	.	.
LFS - unemployed, th pers., average	89.9	83.1	67.2	66.2	63.6	52.2	40.5	.	.
LFS - unemployment rate in %, average	13.6	12.6	10.3	10.0	9.6	7.9	5.9	5	4.5
Reg. unemployment rate in %, end of period	5.9	6.0	4.8	4.4	3.5	2.7	1.4	.	.
Average gross monthly wages, EEK	4907	5510	6144	6723	7287	8073	9300	.	.
annual change in % (real, gross)	6.3	6.1	7.6	8.0	5.2	6.4	10.3	.	.
Consumer prices, % p.a.	4.0	5.8	3.6	1.3	3.0	4.1	4.4	5	5
Producer prices in industry, % p.a.	4.9	4.4	0.4	0.2	2.9	2.1	4.3	.	
General governm. budget, EU-def., % GDP 2)									
Revenues	36.2	34.7	36.0	37.4	36.6	35.5	36.0	35.8	35.5
Expenditures	36.5	35.1	35.6	35.3	34.2	33.2	32.2	32.3	32.5
Deficit (-) / surplus (+)	-0.2	-0.3	0.4	2	2.3	2.3	3.8	3.5	3
Public debt in % of GDP 2)	4.7	4.7	5.6	5.7	5.2	4.5	4.1	3.5	3
Money market rate, % p.a., end of period 3)	5.8	3.7	3.4	2.6	2.4	2.5	3.8	.	
Current account, EUR mn	-331	-361	-825	-985	-1173	-1159	-1801	-1900	-1950
Current account in % of GDP	-5.6	-5.2	-10.6	-11.6	-12.5	-10.5	-13.8	-12.3	-11.1
Gross reserves of NB excl. gold, EUR mn	990	927	964	1089	1311	1642	2116	.	.
Gross external debt, EUR mn	3233	3707	4490	5603	7344	9507	12226	.	.
Gross external debt in % of GDP	54.4	53.6	57.9	66.0	78.3	86.0	93.5		
FDI inflow, EUR mn	424.7	602.7	306.8	822.2	775.6	2348.5	1264.7	.	.
FDI outflow, EUR mn	66.7	225.5	139.9	137.4	216.6	493.9	871.1	.	.
Exports of goods, BOP, EUR mn	3586.6	3757.9	3703.6	4054.8	4806.1	6272.8	7615.3	.	.
annual growth rate in %	51.7	4.8	-1.4	9.5	18.5	30.5	21.4	.	.
Imports of goods, BOP, EUR mn	-4441.2	-4623.4	-4883.1	-5439.5	-6435.8	-7761.7	-9715.0	.	.
annual growth rate in %	41.5	4.1	5.6	11.4	18.3	20.6	25.2	.	.
Exports of services, BOP, EUR mn	1614.6	1798.2	1800.0	1960.4	2279.5	2546.0	2769.0	.	.
annual growth rate in %	15.1	11.4	0.1	8.9	16.3	11.7	8.8	.	.
Imports of services, BOP, EUR mn	-962.5	-1076.3	-1167.9	-1227.5	-1411.6	-1738.9	-1927.2	.	.
annual growth rate in %	10.6	11.8	8.5	5.1	15.0	23.2	10.8	.	.
Average exchange rate EEK/USD	16.98	17.48	16.61	13.86	12.59	12.59	13.00	.	.
Average exchange rate EEK/EUR (ECU)	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65
Purchasing power parity EEK/USD, wiiw	7.23	7.57	7.63	7.44	7.52	7.67	7.77	.	.
Purchasing power parity EEK/EUR, wiiw	8.23	8.69	8.85	8.79	8.92	9.15	9.37	.	.

Note: The term ‘industry’ refers to NACE classification C+D+E.

1) Preliminary. - 2) According to ESA'95, excessive deficit procedure. - 3) TALIBOR 1-month interbank rate.

Source: wiiw Database incorporating national statistics; AMECO Database; forecasts by wiiw and European Commission.

to the fact that productivity growth was outpaced by wage increases, which amounted to 9.7% and 15.3% in the past two years. When it turned out that Latvia's current account deficit had more than doubled from an already two-digit rate to 21.1% of GDP in 2006, analysts became increasingly sceptical whether the Latvian economic development can work out in a soft landing.

From the end of February 2007 onwards the Latvian currency, pegged to the euro since 2005, has approached the weaker end of its fluctuation band of +/- 1% against the euro and the three-month interbank interest rate RIGIBOR jumped from 4% to 9%. In reaction to that, Standard & Poor's as well as Fitch changed their country outlook from 'stable' to 'negative' while maintaining the sovereign ratings at the same level. Moody's outlook remained unmodified, based on the argument that even a hard landing would not reduce the government's ability to service its low public debt.

Apart from acute market turmoil it is interesting to have a look at how the already long lasting Baltic boom has evolved and become so eminent that for some analysts the scenario of a hard landing seems possible. For a long time the Baltic states have been considered low-risk countries by foreign investors. Their currencies had for long been pegged to key currencies, the peg against the euro was introduced in January 1999 (Estonia), February 2002 (Lithuania) and December 2004 (Latvia) respectively. Labour markets have been flexible and wage levels low; the introduction of flat income tax rates has underlined a business-friendly investment climate. Following the Maastricht criteria has been the rule for fiscal policies for a decade. Estonia in particular has attracted substantial inflows of FDI which started already in the mid-1990s and contributed to accelerating productivity catching-up.

Financial sector largely foreign-owned

Following the Asian as well as the Russian crisis in 1998, foreign banks acquired large parts of the Baltic banking sectors. By the end of 2006, foreign ownership of bank assets reached up to 99% in Estonia, more than 90% in Lithuania and about 60% in Latvia. Ownership is highly concentrated, with the Swedish banks SEB and Swedbank being the main players. The only domestically owned institute of magnitude in the region is the second largest Latvian bank, Parex bank, which itself managed to follow a growth strategy by entering foreign markets. The foreign penetration of the banking sector led to a reduction in interest rate spreads via capital markets in Western Europe and facilitated the marketing of financial products designed for households and small and medium-sized enterprises. Moreover, in 2000 the Estonian finance ministry introduced the deductibility of mortgage loan interest payments from income tax bills, followed by Latvia and Lithuania. All in all, this resulted in an influx of foreign funds channelled through the banking sector towards private households, particularly in the form of mortgage loans.

In the years 2001-06 average annualized credit growth to households amounted to about 55% in Estonia, 80% in Latvia and 85% in Lithuania. Total bank credit to the household sector in 2006 reached 35% of GDP in Estonia and 40% in Latvia with a growing share of mortgage loans in total credit, while the modest level of 15% of GDP in Lithuania was in line with other new EU member states. By the end of 2006 more than 70% of credits to households in Estonia and Latvia were denominated in foreign currency, in Lithuania the share was somewhat lower (50%). The gross external debt of Estonia and Latvia, consisting almost entirely of private liabilities, has climbed to enormous levels: 95% and 110% of GDP, respectively, whereas in Lithuania it amounts to 55% of GDP. However, reports by the IMF as well as the World Bank state that the Baltic banks are well-capitalized, which should be guaranteed by parent banks, and enjoy robust profitability. The ratios of non-performing loans, at about 0.5%, are the lowest in the group of new EU member states – but this may easily change in a situation of economic downturn.

Table LV

Latvia: Selected Economic Indicators

	2000	2001	2002	2003	2004	2005	2006 1)	2007	2008
								forecast	
Population, th pers., mid-year	2373.0	2355.0	2338.6	2325.3	2312.8	2300.5	2289.3	.	.
Gross domestic product, LVL mn, nom.	4685.7	5219.9	5758.3	6392.8	7434.5	9059.1	11264.7	13350	15540
annual change in % (real)	6.9	8.0	6.5	7.2	8.7	10.6	11.9	8.9	8.0
GDP/capita (EUR at exchange rate)	3526	3939	4226	4263	4790	5603	7001	.	.
GDP/capita (EUR at PPP - wiiw)	7000	7730	8340	8980	9920	11410	13090	.	.
Gross industrial production									
annual change in % (real)	4.7	9.2	8.4	9.1	6.0	5.6	4.0	4	4
Gross agricultural production									
annual change in % (real)	4.2	6.8	3.4	3.9	4.7	.	.	.	.
Construction industry									
annual change in % (real)	10.2	4.2	21.3	15.2	14.8	15.5	15.5	.	.
Consumption of households, LVL mn, nom.	2964.6	3248.9	3567.1	3972.7	4592.8	5491.9	.	.	.
annual change in % (real)	6.3	7.3	7.4	8.2	8.8	11.5	12.6	.	.
Gross fixed capital form., LVL mn, nom.	1151.5	1297.5	1370.6	1560.1	2041.8	2664.3	3598.6	.	.
annual change in % (real)	10.2	11.4	13.0	12.3	23.8	18.6	18.5	16	14
LFS - employed persons, th, avg. 2)	941.1	962.1	989.0	1006.9	1017.7	1035.9	1086.8	.	.
annual change in %	-2.8	2.2	2.8	1.8	1.1	1.8	4.9	.	.
LFS - employed pers. in industry, th, avg. 2)	193.0	186.3	193.1	197.6	191.2	179.5	186.8	.	.
annual change in %	-0.1	-3.5	3.7	2.3	-3.2	-6.1	4.1	.	.
LFS - unemployed, th pers., average	159.0	145.0	134.5	119.2	118.6	99.1	79.7	.	.
LFS - unemployment rate in %, average	14.5	13.1	12.0	10.6	10.4	8.7	6.8	6	5.5
Reg. unemployment rate in %, end of period	7.8	7.7	8.5	8.6	8.5	7.4	.	.	.
Average gross monthly wages, LVL	150	159	173	192	211	246	302	.	.
annual change in % (real, gross)	3.0	3.5	6.0	7.8	2.4	9.7	15.3	.	.
Consumer prices, % p.a.	2.6	2.5	1.9	2.9	6.2	6.7	6.8	6.5	6
Producer prices in industry, % p.a.	0.6	1.7	1.0	3.2	8.6	7.8	10.3	.	
General government budget, EU-def., % GDP 3)									
Revenues	34.6	32.5	33.4	33.5	34.9	36.2	38.5	39.0	39.8
Expenditures	37.3	34.6	35.6	34.6	35.8	36	39.2	39.3	38.8
Deficit (-) / surplus (+)	-2.8	-2.1	-2.3	-1.2	-0.9	0.1	-0.7	-0.3	1
Public debt in % of GDP 3)	12.9	15.0	13.5	14.4	14.5	12.1	11.1	10.6	10.3
Discount rate, % p.a., end of period	3.5	3.5	3.0	3.0	4.0	4.0	5.0	.	.
Current account, EUR mn 4)	-406	-700	-656	-811	-1432	-1618	-3381	-3500	-3500
Current account in % of GDP	-4.8	-7.6	-6.6	-8.2	-12.9	-12.6	-21.1	-18.4	-15.8
Gross reserves of NB excl. gold, EUR mn	915	1307	1209	1150	1403	1883	3279	.	.
Gross external debt, EUR mn	5119	6337	6858	7545	9835	12811	18078	.	.
Gross external debt in % of GDP	61.2	68.3	69.4	76.1	88.8	99.4	112.8		
FDI inflow, EUR mn 4)	447.3	146.8	268.8	269.8	513.0	581.9	1303.2	.	.
FDI outflow, EUR mn 4)	13.1	19.8	3.5	43.8	83.3	101.9	116.5	.	.
Exports of goods, BOP, EUR mn 4)	2252.3	2503.2	2693.7	2804.2	3394.6	4313.1	4812.7	.	.
annual growth rate in %	26.7	11.1	7.6	4.1	21.1	27.1	11.6	.	.
Imports of goods, BOP, EUR mn 4)	-3386.9	-3994.9	-4255.5	-4573.5	-5634.2	-6753.5	-8728.9	.	.
annual growth rate in %	23.7	18.0	6.5	7.5	23.2	19.9	29.3	.	.
Exports of services, BOP, EUR mn 4)	1245.3	1315.8	1312.8	1333.4	1432.4	1745.5	2122.9	.	.
annual growth rate in %	29.6	5.7	-0.2	1.6	7.4	21.9	21.6	.	.
Imports of services, BOP, EUR mn 4)	-748.2	-749.8	-741.2	-821.6	-947.5	-1255.6	-1574.6	.	.
annual growth rate in %	15.8	0.2	-1.1	10.8	15.3	32.5	25.4	.	.
Average exchange rate LVL/USD	0.61	0.63	0.62	0.57	0.54	0.57	0.56	.	.
Average exchange rate LVL/EUR (ECU)	0.56	0.56	0.58	0.64	0.67	0.70	0.70	0.70	0.70
Purchasing power parity LVL/USD, wiiw	0.25	0.25	0.25	0.26	0.27	0.29	0.31	.	.
Purchasing power parity LVL/EUR, wiiw	0.28	0.29	0.30	0.31	0.32	0.35	0.38	.	.

Note: The term ‘industry’ refers to NACE classification C+D+E.

1) Preliminary. - 2) Based on Labour Force Survey data. In 2000-01: population aged 15+, from 2002: 15-74. - 3) According to ESA'95, excessive deficit procedure. - 4) Calculated from LVL.

Source: wiiw Database incorporating national statistics; AMECO Database; forecasts by wiiw and European Commission.

Growing supply-side constraints

As a result of the large inflows of additional foreign funds, economic growth in the Baltic economies has by now for five years been driven by domestic demand in the form of rising private consumption and high investment, particularly in private housing and the real estate sector in general. The effect is that prices for real estate are rising dramatically; for instance, typical apartment prices more than tripled in all three Baltic capitals in the past four years. However, apart from internal demand, exports were rising as well, in line with developments in the other new member states in the run-up to EU accession and thereafter. But with supply-side constraints increasingly aggravating, the current account deficits were continuously rising.

Furthermore, the situation in the labour markets has tremendously changed in the past five years. In 2001 Lithuania was still among the worst-off accession countries with an unemployment rate of 17.4%. Employment has since grown by more than 2% annually in all Baltic countries – a development in contrast to most other new EU member states until recently. By 2006 the unemployment rates had fallen to 5.9% in Estonia, 6.8% in Latvia and 5.6% in Lithuania. A large part of the reduction in unemployment, however, accrues to rising emigration after the accession to the European Union. Estimates of migration flows from the new EU member states differ strongly. Nevertheless, figures published by the Statistical Office of Lithuania indicate that official and non-official outward migration from that country has made up about 60 thousand people per year since 2004. In Latvia and Estonia the absolute figures are somewhat lower. This means that emigration has more than doubled compared to the period 2001-03. More than half of the people looking for jobs and higher earnings went to Ireland and the UK, the only countries beside Sweden to allow immediate and unrestricted migration of labour force from the new member states.[2] In all Baltic countries, this has led to a reduction of labour supply in a phase when the rapidly growing economy was in need of additional workforce. Alongside a dramatic reduction of unemployment rates, the number of vacancies was on the rise, in particular for skilled employees in industry and services. Thus, although facilitating immigration remains a politically sensitive issue especially in Estonia and Latvia, it becomes increasingly clear that it may be an inevitable measure to contain the soaring wage growth.

Deteriorating competitiveness

As a consequence of strong demand growth and lowered labour supply, real wage increases have been high in recent years and surpassed 10% in 2006 in all three countries. The subsequent fall in competitiveness in the tradable goods sector is obvious, especially in Latvia. Not only were the current account deficits rising, but also gross industrial production hast lost its former dynamism within the past two years. While in Estonia and Lithuania industrial output growth is still high (with 7.3% and 8.9% respectively in 2006), in Latvia it slowed down to a mere 4%. The same can be stated for industrial productivity, which grew in Estonia and Lithuania at almost double-digit rates, but fell below 4% in Latvia.

A closer look at the export performance of the Baltic states shows that only Estonia experienced a constant rise in unit value ratios.[3] In Latvia and Lithuania UVR growth has stagnated in the past few years. About half of the exports of both countries can still be classified as low-tech products – resource- as well as labour-intensive goods. One reason for the slow upgrade in industrial exports, especially in Latvia, has been the structure of FDI inflows. A large part of FDI went

[2] For a closer look into the first developments of migration after the accession of the new EU member states as well as implications for the labour markets see E. Christie, A. Iara and H. Vidovic (2006), 'Labour markets and migration in the New Member States and Accession Countries', in: V. Gligorov, L. Podkaminer et al., 'Broader-based Growth Resilient to Global Uncertainties', *wiiw Research Reports* (special issue on economic prospects for Central, East and Southeast Europe), No. 328.

[3] Unit value ratios (UVR) measure average prices received for manufacturing exports.

Table LT

Lithuania: Selected Economic Indicators

	2000	2001	2002	2003	2004	2005	2006 [1]	2007	2008
								forecast	
Population, th pers., mid-year	3499.5	3481.3	3469.1	3454.2	3435.6	3414.3	3394.1	.	.
Gross domestic product, LTL mn, nom.	45673.8	48584.6	51971.2	56804.0	62586.7	71200.1	81991.4	93500	104950
annual change in % (real)	4.1	6.7	6.9	10.3	7.3	7.6	7.5	7	6.5
GDP/capita (EUR at exchange rate)	3528	3893	4329	4763	5276	6040	6995	.	.
GDP/capita (EUR at PPP - wiiw)	7630	8370	9020	10250	11130	12220	13480	.	.
Gross industrial production									
annual change in % (real)	2.2	16.0	3.1	16.1	10.8	7.1	7.3	7	6.5
Gross agricultural production									
annual change in % (real)	5.4	-5.1	8.0	8.9	-0.4	1.3	.	.	.
Construction industry									
annual change in % (real)	-19.7	7.1	21.0	26.8	7.2	11.1	21.4	.	.
Consumption of households, LTL mn, nom.	29639.7	31478.0	33264.1	36332.7	40649.1	46318.8	53803.2	.	.
annual change in % (real)	5.9	3.7	5.8	10.3	12.2	9.9	13.5	.	.
Gross fixed capital form., LTL mn, nom.	8565.3	9784.6	10549.2	12024.1	13968.2	15946.1	18952.7	.	.
annual change in % (real)	-9.0	13.5	10.9	14.1	15.5	9.2	11.9	10.5	9.5
LFS - employed persons, th, avg.	1397.8	1351.8	1405.9	1438.0	1436.3	1473.9	1499.0	.	.
annual change in %	-4.0	-3.3	4.0	2.3	-0.1	2.6	1.7	.	.
LFS - employed pers. in industry, th, avg.	290.8	281.1	293.3	297.5	288.7	296.2	296.0	.	.
annual change in %	-5.0	-3.3	4.3	1.4	-3.0	2.6	-0.1	.	.
LFS - unemployed, th pers., average	273.7	284.0	224.4	203.9	184.4	132.9	89.3	.	.
LFS - unemployment rate in %, average	16.4	17.4	13.8	12.4	11.4	8.3	5.6	4.5	4
Reg. unemployment rate in %, end of period	12.6	12.9	10.9	7.7	6.5	4.1	.	.	.
Average gross monthly wages, LTL	971	982	1014	1073	1149	1290	1500	.	.
annual change in % (real, gross)	-5.1	-0.3	3.8	9.3	4.9	7.8	14.5	.	.
Consumer prices, % p.a.	1.0	1.3	0.3	-1.2	1.2	2.7	3.8	4.5	4.5
Producer prices in industry, % p.a.	16.0	-3.0	-2.8	-0.5	6.0	11.5	7.4	.	.
General goverm.budget, EU-def., % GDP [2]									
Revenues	35.9	33.2	32.9	31.9	31.8	33.0	33.7	33	32.5
Expenditures	39.1	35.2	34.4	33.2	33.3	33.6	34.0	33	32
Deficit (-) / surplus (+)	-3.2	-2.1	-1.5	-1.3	-1.5	-0.5	-0.3	0	0.5
Public debt in % of GDP [2]	23.8	22.9	22.2	21.2	19.4	18.7	18.9	19.6	19.8
Money market rate, % p.a., end of period [3]	7.5	4.5	3.3	2.4	2.3	2.5	3.7		
Current account, EUR mn	-738	-639	-772	-1116	-1394	-1481	-2573	-2850	-2950
Current account in % of GDP	-6.0	-4.7	-5.1	-6.8	-7.7	-7.2	-10.8	-10.5	-9.7
Gross reserves of NB excl. gold, EUR mn	1410	1835	2253	2697	2578	3136	4308	.	.
Gross external debt, EUR mn	5221	5974	5945	6670	7687	10463	13500	.	.
Gross external debt in % of GDP	42.3	44.1	39.6	40.5	42.4	50.7	56.9		
FDI inflow, EUR mn	412.3	498.8	771.7	159.9	623.1	826.0	1425.9	.	.
FDI outflow, EUR mn	3.8	8.0	17.7	33.7	211.6	277.7	221.3	.	.
Exports of goods, BOP, EUR mn	4395.0	5460.8	6363.0	6772.8	7477.7	9490.0	11240.4	.	.
annual growth rate in %	48.9	24.3	16.5	6.4	10.4	26.9	18.4	.	.
Imports of goods, BOP, EUR mn	-5603.3	-6696.9	-7770.2	-8261.7	-9398.2	-11849.0	-14546.1	.	.
annual growth rate in %	31.1	19.5	16.0	6.3	13.8	26.1	22.8	.	.
Exports of services, BOP, EUR mn	1149.2	1293.0	1560.5	1661.2	1968.7	2502.8	2878.9	.	.
annual growth rate in %	12.0	12.5	20.7	6.5	18.5	27.1	15.0	.	.
Imports of services, BOP, EUR mn	-735.0	-783.0	-986.0	-1114.4	-1313.4	-1655.3	-2015.9	.	.
annual growth rate in %	-0.5	6.5	25.9	13.0	17.9	26.0	21.8	.	.
Average exchange rate LTL/USD	4.00	4.00	3.67	3.06	2.78	2.77	2.75	.	
Average exchange rate LTL/EUR (ECU)	3.70	3.58	3.46	3.45	3.45	3.45	3.45	3.45	3.45
Purchasing power parity LTL/USD, wiiw	1.50	1.45	1.43	1.36	1.38	1.43	1.49	.	.
Purchasing power parity LTL/EUR, wiiw	1.71	1.67	1.66	1.60	1.64	1.71	1.79	.	.

Note: The term ‘industry’ refers to NACE classification C+D+E.

1) Preliminary. - 2) According to ESA'95, excessive deficit procedure. - 3) VILIBOR 1-month interbank rate.

Source: wiiw Database incorporating national statistics; AMECO Database; forecasts by wiiw and European Commission.

into the banking and other service sectors, whereas manufacturing attracted below 10% of the inflows. In Lithuania per capita inflows to the manufacturing sector were about three times higher, in Estonia about five times higher than in Latvia. Although the link between FDI inflows and exports is far from being explicit, it is obvious that Latvia's industrial capacities must be somewhat weaker compared to its neighbouring countries. While Estonia and Lithuania could improve their standing in export markets, which is also illustrated by the rising share of exports in GDP, Latvia's goods export share has declined in past two years: goods exports cover merely half of imports; the surplus in services trade improves only slightly the huge overall trade deficit. The shift from production of tradables towards non-tradables, which takes place in all Baltic countries, is most visible in Latvia.

Policy options to the rescue

Coming back to the current situation, the question is how the Baltic countries can cope with the side effects of the boom and what can be done to curb domestic demand and inflation in the shorter run in order to prevent the economies from moving into a bust. The National Banks of Estonia and Lithuania, which run currency boards, have by definition only few monetary instruments at hand to influence domestic interest rates. Moreover, some claim that with the takeover of banks by foreign institutes not only is the monetary policy de facto outsourced, but also the second important central bank function – responsibility for banking supervision – is at least partly transferred to another country. The Bank of Latvia also mimics a currency board by backing the monetary base of the domestic currency (as do its neighbouring countries) by foreign exchange up to more than 100%. It tried to curb credit demand by raising its discount rate as well as minimum reserve requirements several times from 2003 onwards, but without much effect, since the influence of the measures on loans denominated in foreign currency was rather small.

The only effective instruments remaining in the hands of the national governments under the circumstances faced by the Baltic states, are fiscal policy measures. The Estonian government has for a long time run a balanced budget, from 2003 onwards with a surplus of more than 2% of GDP. Following IMF advice to cool domestic demand, the surplus rose to 3.8% of GDP in 2006. In Lithuania the fiscal deficit shrank to 0.3% last year and is expected to turn into a surplus in 2007.

In Latvia, reacting to market turmoil and rumours that the lat could be prone to devaluation, the ministry of finance announced an action plan on 6 March 2007. Generally speaking it comprises fiscal tightening as well as measures aimed at curbing credit growth to private households. The achievement of a balanced budget already in 2007 seems overly optimistic, but zero deficit for 2008 and a surplus in the years 2009 and 2010 are realistic targets – although perhaps insufficient to curb domestic demand, inflation as well as current account deficits in the shorter run. Among other measures aimed at the promotion of competitiveness and productivity, the plan envisages that banks shall grant loans considering only legally proven income of the borrower. Since 'envelope-payments' are still common use in Latvia and Lithuania to evade taxes and social contributions, this measure might help lowering the high growth of mortgage loans.

Outlook: 'Portuguese disease' looming?

In times of market turmoil, when risks are being reassessed, future scenarios are uncertain. However, the probability of a 'hard landing' for Latvia and even more so for Estonia and Lithuania seems still rather low.

The currencies of all three countries are fully backed by foreign exchange reserves, which should provide the National Banks with enough room for manoeuvre to defend their parities against the euro. At least 85% of the funds which have come into the countries are in the form of FDI or channelled via the banking sector, which is predominantly foreign-owned. Although it is not always clear how parent banks would react to a slump in the markets they have invested in, the Scandinavian institutes should see their Baltic engagements as long-term commitments. Therefore, the likelihood of speculative large outflows of capital is rather low. Portfolio investment makes up only a small part of invested funds in the Baltic states.

Public debt is very low in all three countries: 4.1% of GDP in Estonia, 11% in Latvia and 18.2% in Lithuania. Should the cost of financing public debt increase, the governments will not be under immediate pressure.

In a more likely scenario, at least in the medium term, especially Latvia could undergo a phase of 'Portuguese disease'. In fact the recent development of Portugal can give some insights into what may happen to an economy when the inflow of capital leads to rising expectations of rapid catching-up and a loss of competitiveness at the same time.

Between 1995 and 2000 the Portuguese economy expanded by more than 4% per year, led by internal demand growth. An impulse was given by a considerable fall in the interest rates at the time of expected and effected accession to the eurozone. The easier access to credit made possible by financial liberalization as well as competition in the financial sector boosted especially housing demand. Contrary to the situation in the Baltic states, in Portugal internal demand was pushed even further by the public sector, since a general government deficit prevailed at a level of 3% of GDP during the boom. The rise in private and public consumption as well as high investments were not accompanied by a corresponding increase in supply at a time when economic activity shifted to non-tradables. Convergence towards EU income levels was expected and public as well as private sector wages were rising strongly. This resulted in a loss of competitiveness of the industrial sector. The Portuguese real effective exchange rate appreciated strongly, terminating the boom. In addition, since 2001 Portugal has suffered from sluggish demand of its main European trading partners, which led to an economic downturn and even a divergence in GDP per capita from the EU average. The Portuguese example illustrates that real convergence takes definitely more time than nominal convergence and can even be hindered by it. Eurozone accession is no guarantee for successful catching-up.

Looking at the situation of the Baltic countries, we should keep in mind that – although wages have been rising at high pace in the past few years – unit labour costs in Latvia and Lithuania measured at PPP euro terms are still the lowest in the EU, excepting Bulgaria. But if productivity and wage developments continue to diverge for much longer, a loss in competitiveness is inevitable. Since collective agreements involving trade unions cover only a very small part of the workforce in all three countries, there is (except for the public sector) no instrument available to directly moderate overall wage growth.

All in all, the Baltic states may have to tighten fiscal policy to cool down domestic demand in the years to come. The announced reductions in flat income tax rates from 22% today to 19% in Estonia, but also in Latvia and Lithuania, should be postponed to a more appropriate time. Moreover, additional incentives for households to invest in housing, such as tax deductibility and loan guarantees, should be attenuated in order to facilitate a soft landing.

What is driving the Chinese stock market?

BY WALTRAUT URBAN

After staying dormant for years, the Chinese stock market suddenly erupted in 2006, with stock prices on the Shanghai exchange more than doubling and market capitalization tripling within just one year. However, when on 27 February 2007 the Shanghai Composite Index suddenly dropped by 8.8%, it raised concerns that a bubble was about to burst and triggered a fall of stock indexes around the world. It was the first time that such a 'contagion effect' between the Chinese and the world stock market could be observed. But the Chinese stock market recovered quickly and the sustained caution at the bourses outside China had to be attributed to other uncertainties, such as the further development of the US economy. Nevertheless, once having caught the attention of financial investors around the globe, interest in the Chinese stock markets will persist, underpinned by the rising integration and growing importance of China in the world economy. In this article we will present an overview of the development of the Chinese stock market since 2000 and the driving forces behind, and point out some prospects in the end.

Special features of the Chinese stock market

Our analysis will focus on the two 'mainland' stock exchanges in Shanghai and in Shenzhen, but will include the Hong Kong stock exchange if relevant. The *Shanghai Stock Exchange* (SEE) was founded in 1891 as the Shanghai Sharebrokers' Association, 1904 renamed in Shanghai Stock Exchange, suspended in 1949 and re-established in 1990. The SEE Composite Index, launched on 15 July 1991, is the most comprehensive indicator to reflect SSE's market performance. The *Shenzhen Stock Exchange* (SZSE) was also founded in 1990 and should develop into a NASDAQ type of bourse (aimed at private and technology firms). A Shenzhen Composite Index was launched in 1991 and a smaller (blue chip) Shenzhen Component Index followed in 1995.

The Shanghai stock exchange is the bigger one of the two bourses in terms of companies listed as well as market capitalization. By the end of 2006, the number of Chinese companies listed in Shanghai was 842 compared to Shenzhen's 579; market capitalization on the Shanghai exchange reached yuan 7161 billion (USD 917 billion) and yuan 1779 billion (USD 228 billion) in Shenzhen (see Table 1). At the time the two bourses were founded, all companies listed were state-owned enterprises (SOEs). However, in contrast to other transition countries which used the stock exchange as a vehicle for privatization, the Chinese government's idea was to use the stock exchange to raise capital and perhaps to improve the governance of the listed SOEs.[1] When Chinese SOEs where incorporated, they were split into several parts: a holding company, which took care of the social responsibilities of the SOEs (such as pensions, healthcare etc.), and one or more 'productive' companies which became listed on the stock market. However, only a small part of stocks (about 25%) was sold to the public ('tradable shares'); the rest remained in the hands of the parent company which belonged to the (local) government or to the state asset management organs ('non-tradable shares').[2] To make the system even more complicated and the already small market even more fragmented, there exist three different types of tradable shares: A-shares, B-shares and H-shares.

- *A-shares* are priced in local currency (yuan) and initially could be traded by Chinese citizens only. However, since December 2002, certain foreign investors – the so-called 'Qualified Foreign Institutional Investors' (QFIIs), such as big foreign banks and investment bankers, e.g. Morgan Stanley – are allowed (with certain limitations) to trade as well.

1 Justin Yifu Lin, 'Viability and the Development of China's Capital Markets', *China & World Economy*, Vol. 12, No. 6, November-December 2004, p. 5.

2 'Enterprise reform & stock market development in mainland China', Deutsche Bank Research, 25 March 2004.

- *B–shares* are quoted in USD and can be traded by foreign individuals and institutional investors and, since 2001, by Chinese individuals as well.
- *H-* and *N-shares*, respectively, are shares of Chinese companies *incorporated* in the mainland and *listed* in Hong Kong or New York.[3]

Among these different types, A-shares are by far the most important vehicle for raising capital. They compose more than 95% of the total market capitalization: by the end of 2005, out of the total of 1381 companies listed at the Chinese stock exchanges, 1240 had issued A-shares only, 32 A- and H-shares, 86 A- and B-shares, and 23 B-shares only. 122 companies were listed overseas (see Table 1).

Market in the doldrums until 2005

Restricted and fragmented, the Chinese stock market did not develop well and did neither go along with the rebound of the Chinese economy after the Asian economic crisis (1997/1998) nor with the upturn of the stock prices around the globe starting in 2003. Between 2000 and 2005, the Chinese GDP (in real terms) increased by 58% while the total stock market capitalization contracted by 33% (Shanghai: -12%, Shenzhen: -54%). The SEE composite index lost more than 40% and the Shenzhen composite index more than 50% during that period (see Table 1 and Figures 1 and 2). The main reasons for that development were seen in the high proportion of non-tradable shares of SOEs and the poor governance and weak regulation of the listed enterprises, opening many loopholes for embezzling and eroding minority shareholders' rights and possibilities for control.

In 2005, therefore, the Chinese government launched a series of reforms in the capital market to tackle these problems. In May 2005, an ambitious programme was started to convert 'non-tradable' shares worth as much as USD 270 billion into tradable ones. In order to avoid a severe strain on the stock market, initial public offerings (IPOs) were halted on the Shanghai as well as the Shenzhen stock exchange for one year (mid-2005 to mid-2006). By the end of 2006, the 'share reform' was nearly completed. But the proportion of 'floating' and 'negotiable' capital (non-promoters' holdings), respectively, is still small, making up about 30% of total market capitalization by the end of 2006 (see Table 1).[4]

Further on, a revised Securities Law and Corporate Law was enforced from 1 January 2006: this brought about significant changes in the capital markets due to a number of measures aimed at increasing corporate governance, creating more transparency and placing more power in the hands of shareholders (e.g. calling for the release of more detailed financial results, increased consultation with shareholders, improved auditing practices). Another supportive measure was the reduction of thresholds and the extension of quotas for qualified foreign institutional investors (QFII), in order to attract more foreign capital to the A-share market.[5]

Bull run starting in 2006

In January 2006, the Chinese stock market indexes started to rise and accelerated strongly throughout the year. The Shenzhen composite index doubled

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[3] In addition, there are so-called red chips, which are stocks of companies incorporated and listed in Hong Kong but whose main sphere of business is on the mainland and which are considered 'China-controlled'. At the end of 2006, 85 red chips with a combined market value of HKD 2.900 billion (USD 392 billion) were listed in Hong Kong, accounting for 22% of the bourse's overall market capitalization, 3 percentage points less than that of H-shares (see: Hong Kong stock exchange, market capitalization of China-related stocks).

[4] On stock markets outside China too, the amount of shares available on the open market, the 'free float', is often less than the total number of shares because a portion of the shares may be held by 'insiders' and/or by the company as treasury stock.

[5] In August 2006, the securities asset requirement was reduced from USD 10 billion to USD 5 billion. By the end of 2006, a total of 52 QFIIs won approval, taking a tiny share of the A-share market only.

Table 1

Key indicators of the Chinese stock market, 2000-2006

	2000	2001	2002	2003	2004	2005	2006	growth rate 2006 in %
Total market capitalization, billion yuan	**4809**	**4352**	**3833**	**4246**	**3706**	**3243**	**8940**	**175.7**
Shanghai	2664	2658	2536	2981	2606	2348	7161	204.9
Shenzhen	2068	1511	1297	1265	1104	949	1779	87.5
A-shares	4746	4225	3753	4152	3631	3181	8945	181.2
B-shares	64	128	80	94	76	62	n.a.	n.a.
Hong Kong, market capitalization in billion USD	*623*	*506*	*463*	*715*	*861*	*1055*	*1715*	62.6
Negotiable market capitalization, billion yuan	**1609**	**1446**	**1249**	**1318**	**1169**	**1063**	**2496**	**134.8**
A-shares	1552	1335	1172	1231	1100	1003	2496	148.9
B-shares	56	112	77	87	69	60	n.a.	n.a.
Total turnover, billion yuan	**6083**	**3831**	**2799**	**3212**	**4233**	**3166**	**9047**	**185.7**
A-shares	6028	3324	2714	3127	4158	3110	n.a.	n.a.
B-shares	55	506	85	85	76	57	n.a.	n.a.
Average price / earning ratios								
P/E Shanghai	n.a.	n.a.	34.43	36.54	24.23	16.33	34.16	109.2
P/E Shenzhen	n.a.	n.a.	36.97	36.19	24.63	16.36	47.04	187.5
Number of listed companies, end of the year	**1088**	**1160**	**1224**	**1287**	**1377**	**1381**	**1421**	**2.9**
Shanghai	572	646	715	780	837	834	842	1.0
Shenzhen	516	514	509	507	540	547	579	5.9
A-share only	955	1025	1085	1146	1236	1240	1397	12.7
A- & H-share	19	23	28	30	31	32	n.a	n.a.
A- & B-share	86	88	87	87	86	86	n.a	n.a.
B-share only	28	24	24	24	24	23	24	4.3
Overseas listed companies (H-shares)	n.a	n.a.	75	93	111	122	n.a.	n.a.
Stock indexes								
SEE composite index	2073.5	1646.0	1357.7	1497.0	1266.5	1161.1	2675.5	130.4
Shenzhen composite index	635.7	475.9	388.8	378.6	315.8	278.8	550.6	97.5
HK Hang Seng	15095.9	11397.2	9321.3	12574.9	14230.1	14876.4	19964.7	34.2
HK S&P/HKEX Large Cap index	16145.7	12618.5	10165.5	13645.2	15740.4	17025.5	24378.8	43.2
NYSE composite (2002) index	6945.6	6236.4	5000.0	6440.3	7250.1	7754.0	9139.0	17.9
Exchange rate CNY/USD, end of the year	8.277	8.277	8.277	8.277	8.277	8.206	7.805	

Sources: World federation of exchanges, China Statistical Yearbook, China Monthly statistics 12/2006, websites of the Shanghai, Shenzhen, Hong Kong and New York stock exchanges.

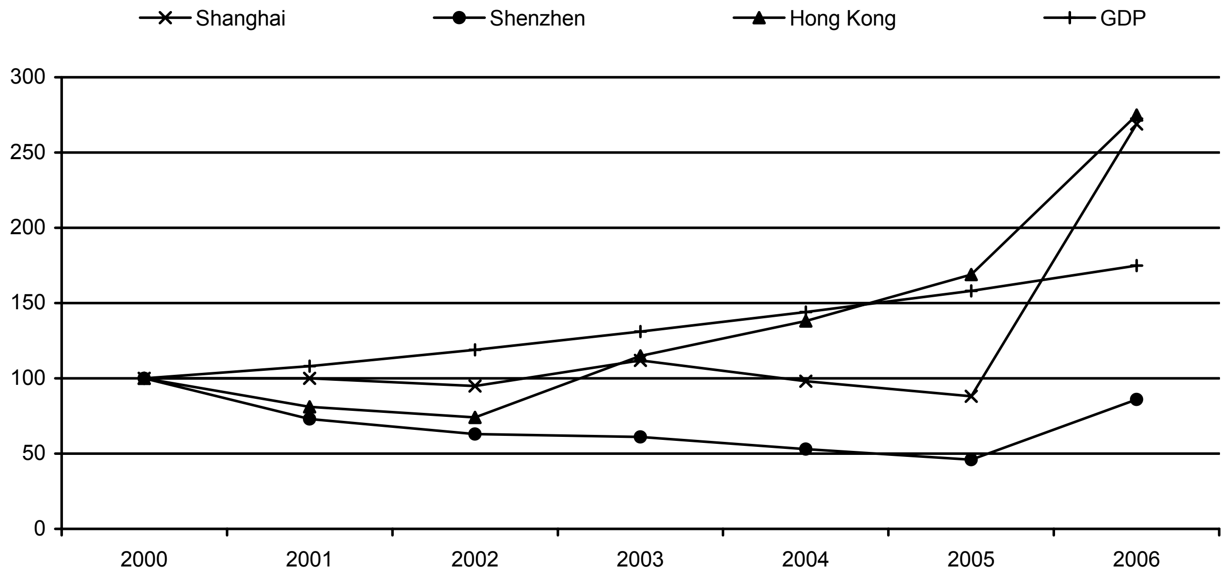
and the SEE composite index rose by 130%, thus by far outperforming for instance the Hong Kong Hang Seng index and the New York exchange composite index (see Figure 2). Although the improved institutional and legal framework may have been decisive for that development, there were a couple of economic factors supporting the bull run as well.

High liquidity

Due to China's huge trade surplus in 2006, high foreign direct investment and only moderate success of the monetary authorities in neutralizing the capital inflow, domestic liquidity has increased rapidly. With current account convertibility of the yuan only, the possibilities for Chinese individuals

Figure 1

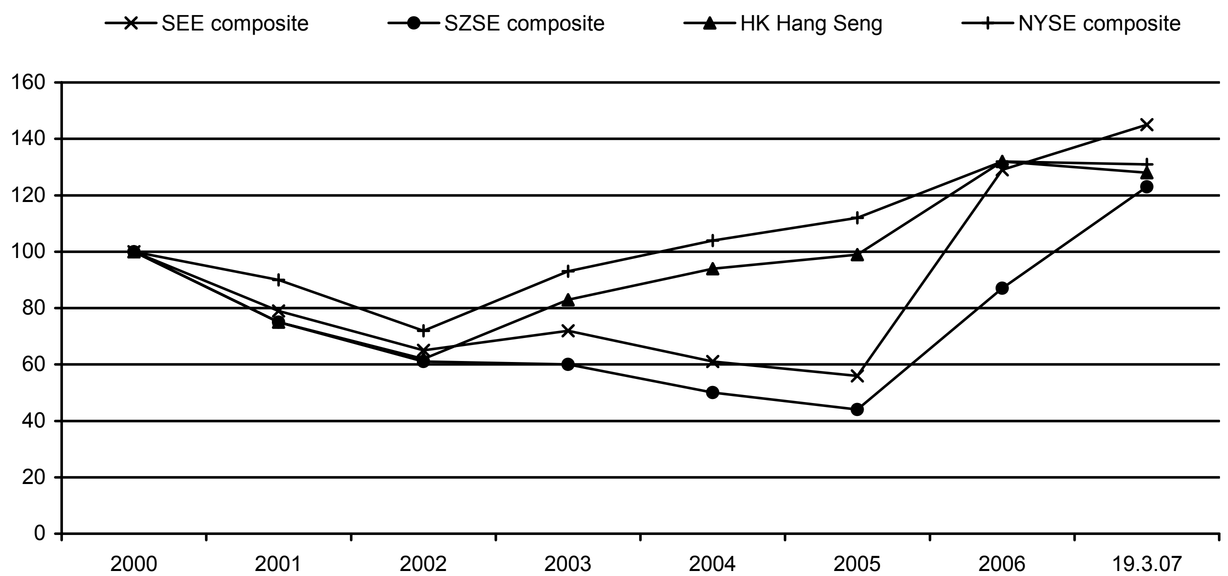
Stock market capitalization and GDP development in China (2000 = 100)



Source: Table 1, China Statistical Yearbook and China Monthly Statistics.

Figure 2

Development of stock prices in Shanghai, Shenzhen, Hong Kong and New York (2000 = 100)



Source: Table 1.

to invest abroad are very limited. Also, as the government has been imposing several measures to cool down the real estate market, more investment is pushed into equity. Furthermore, the stock of household savings in China is very large, opening ample opportunities for a shift from savings accounts to stock accounts. Notably, the Chinese stock market is dominated by individual investors, about 80 million by the end of 2006, which is 4 million more than in the USA. Most of them are short-time investors, many with a distinct gambling mentality. Accordingly, Chinese stock exchanges typically show a higher turnover than other bourses around the world. The turnover accelerated especially at the end of 2006. In January 2007, the share turnover velocity reached 277 in Shenzhen and 165 in Shanghai, compared for instance to 137 on the New York stock exchange, 127 on the London SE and 64 on the Hong Kong SE (World Federation of Exchanges, Focus no. 168, February 2007).

High profits and a positive outlook

For 2006, the combined net profit of all listed companies on the Shanghai and Shenzhen stock exchanges is expected to surpass yuan 400 billion, up 40% from 2005. For 2007, the overall economic outlook remains good and the recent decision taken by the Chinese government to unify tax rates for domestic enterprises and for foreign investment enterprises, by requiring domestic companies to pay less tax, is likely to result in greater profit margins for domestic companies after coming into force in 2008. Nevertheless, dividend payments by Chinese companies are notoriously low.

Listing of high-quality blue chips

In July 2006, the Bank of China made the largest ever domestic initial public offering (IPO) on the Shanghai SE, raising USD 2.5 billion. In October of the same year, the Industrial and Commercial Bank of China (ICBC) raised USD 19.1 billion in a dual listing in Hong Kong and Shanghai, the world's biggest ever IPO. At the beginning of January 2007, China Life became the first mainland insurance company to be listed on the Shanghai exchange, to name the biggest shots only.

SSE's top ten largest stocks

- Industrial and Commercial Bank of China (yuan 1,397.86 billion)
- China Life Insurance (yuan 904.78 billion)
- Bank of China (yuan 887.31 billion)
- Sinopect (yuan 692.22 billion)
- China Merchants Bank (yuan 201.09 billion)
- Shanghai International Port (yuan 164.56 billion)
- Baosteel (yuan 161.81 billion)
- Daqin Railway (yuan 114.71 billion)
- CITIC Securities (yuan 107.99 billion)
- Shanghai Pudong Development Bank (yuan 104.30 billion)

Source: Shanghai Stock Exchange. Data arranged by market value. Updated on 15 January 2007 (1 US dollar = 7.7938 yuan)

Rising value of the yuan against the dollar

The creeping appreciation of the yuan since the fixed peg to the US dollar was lifted in summer 2005 may also induce investors, in particular foreign institutional investors, to make investments in Chinese stocks.

Emerging stock bubble?

When the SEE composite index showed monthly increases of 17% and 27%, respectively, in November and December last year, and 4.3 million new investors flocked to open stock market accounts during these two months, analysts warned that a bubble might be building up and the Chinese government decided to implement certain measures to cool down the market.[6] The China Banking Regulatory Commission ordered

[6] The average price earning ratio (P/E) in 2006 reached 34.2 on the Shanghai stock exchange and 47.0 in Shenzhen, compared to a ratio of about 16.3 on both exchanges in 2005 (see Table 1) and of 15 in Hong Kong at the end of 2006. In February 2007, the US investment guru Jim Rogers, who co-founded the Quantum Fund with billionaire financier George Soros, stated on CCTV that many Chinese listed companies were overvalued and a bubble was forming (*China Daily*, 8 February 2006).

commercial banks to guard against loan requests by potential stock market players, and high-ranking Chinese officials were pointing out the risks of stock market transactions to the public. In late January, for instance, Cheng Siwei, vice-chairman of the standing Committee of the National People's Congress, told the *Financial Times* that about 70% of domestic A-share companies were not worth investing in, and urged individual investors to make rational decisions. His statement was blamed to have caused a 7.2% tumble on the Shanghai stock exchange on 30 January 2007. But contrary to the later plunge on 27 February, there was no international echo to this incident and the IPO of the Industrial Bank of China (IBC) raising USD 2 billion on 5 February performed well. Probably, there were also certain considerations to introduce a capital gains tax on stock investments in analogy to the property gains tax introduced on 1 February 2007. But when the massive plunge of the Chinese stock markets on 27 February was partly related to the possible implementation of such a tax, its introduction was quickly denied by the tax bureau.

Increasing linkages between Chinese stock markets and the world

The direct links between the mainland's stock markets and the international stock markets are rather weak, due to convertibility of the yuan on the current account only and strict capital controls in place. So far only Chinese companies are listed on the Shanghai and Shenzhen stock exchanges, and the dollar-denominated B-share market generally open to foreign investors is tiny, while the large A-share market is restricted to a small number of 'qualified foreign institutional investors' (QFII). From the Chinese side, too, just a limited number of 'qualified domestic institutional investors' (QDII) is allowed to buy foreign stocks. However, the number of authorized investors and quotas on both sides has been extended lately. Moreover, there exist international links via Chinese companies listing on the mainland as well as in Hong Kong or New York (H-shares). One prominent example for such a 'dual listing' company is the ICBC mentioned above. Yet, while before 2006 the dormant mainland stock market had shown no impact whatsoever on the share prices of the respective company abroad, a certain connection could be observed recently. But the most important linkages are generated by the emergence of China as a major supplier and consumer in the world economy. Most probably it was this evolving perception which for the first time in the short history of the mainland stock market caused stock prices around the world to follow the sudden slump on the Shanghai and Shenzhen stock exchange on 27 February 2007.[7] It comes as no surprise that companies generating a large proportion of their turnover in China were hit harder than others.

Prospects

Stock market developments are difficult to predict, in particular in emerging markets such as China. However, in the medium run economic fundamentals will play a certain role. Assuming further dynamic growth and modernization of the Chinese economy, we thus expect the mainland stock markets to expand further. Despite the rapid process of catching-up in 2006, stock market capitalization as a percentage of GDP, reaching 42% for total stocks and 17% for negotiable stocks in China, is still low by international standards.[8] More domestic companies will list on the stock market and certain big Chinese companies that have been listing abroad may return to the mainland stock markets. And, with relatively few stocks available as compared to the enormous and rising liquidity of Chinese investors, stock prices are deemed to rise further in the medium term. Nevertheless, given the fact that many stocks may already be over-priced when measured by the business performance of the companies standing behind, major corrections can be expected to occur

[7] In addition, the decline in Asia and Europe was fuelled by a strengthening yen that was prompting some investors who recently took advantage of cheap borrowing costs in Japan to buy stocks in highflying markets ('yen carry-trades'), to sell assets in order to repay their loans before the yen rose even higher (*International Herald Tribune*, 6 March 2007).

[8] The ratio of stock market capitalization to GDP is 92% on a global basis and well above 100% in the USA, UK and Japan, 88% in South Korea and 70% in India.

from time to time. In general, turnover and volatility will remain high, given the large proportion of individual investors looking mainly for short-term profits. A further opening-up of the Chinese capital market would help to siphon off part of the excess domestic liquidity, and by allowing more foreign institutional investors with longer-term strategies to come in, volatility could be reduced. The introduction of advanced financial tools such as (financial) futures will also help iron out excessive fluctuations in the stock market.[9] In any case, due to the increasing integration of China into the world economy, the linkages between the Chinese and other stock market are becoming stronger and any fundamental crash on the Chinese stock markets will send its waves around the world.

[9] In fact, on 17 March 2007 a new set of regulations governing financial futures, which include interest rates, foreign exchange rates and stock indexes, was announced (*China Daily*, 20 March 2007).

Russia and WTO accession

BY R. G. TOMBERG*

The negotiations on Russia's accession to the World Trade Organization (WTO), lasting for nearly 15 years, have approached their final phase. By the end of 2006, Russia managed to draw up protocols with all participants of bilateral negotiations on the access to the market of goods and services (save Vietnam and Cambodia, which had joined the WTO and declared their intentions to hold negotiations with Russia).

For joining WTO in 2007, it would be necessary to complete multilateral negotiations on systemic issues and harmonization of final documents. On some estimates, there are still about fifteen problematic issues of different character. One of the tricky ones is the issue of intellectual property rights protection. Also, there are a number of problems related to customs administration, including those of harmonizing the system of customs fees collection and the computation of customs value with WTO standards. Pending alignment is a wide range of agriculture-related issues, application of veterinary standards, etc.

In an optimistic scenario, the negotiations on systemic issues and harmonization of final documents may be completed by summer 2007, and the results be endorsed by the WTO General Council in July 2007. Then the terms of accession to WTO will have to be ratified by the Federal Assembly of the Russian Federation, and Russia may become a full-fledged member of this organization on 1 January 2008.

Terms of WTO accession and their specifics

Official circles in Russia believe that the talks on market access have been successfully completed. They managed to stick to the principle of protecting the most sensitive sectors for which the size of customs duties will not be subject to reduction immediately upon joining WTO. Negotiations on the access to the services market have also produced positive results. These will enhance capital investment in the services sectors and simultaneously promote further regulatory reforms and protect specific industries. The issue of energy prices was left out of these negotiations, with the exception that gas prices will have to be set not below costs. Freedom of action with respect to gas prices for households was maintained.

According to data published by the Ministry of Economic Development and Trade, Russia managed to hold on to its negotiation position, i.e. effective customs duties need not be cut immediately after Russia's WTO accession. The average weighted rate of duty will be cut by about 3%, from 10.2% to 6.9%. Combined duties will be applied to some 1100 commodity items and adjusted annually to the world market prices of the preceding three-year period. Russia will still be in a position to apply the tools of support of national commodity producers, including protective, antidumping and compensation measures, as well as subsidies. Tariffs on individual agreed items will be cut gradually within the transition periods lasting from one to seven years. Thus, the first three to four years will witness rate reductions to 5-6% and a partial opening of markets of chemicals, paper and paper products. Within three years, duties on computers, means of their production and components will be scrapped, and duties on technological, construction, scientific and measuring instruments will be either lowered or abolished. Automotive and civil aviation markets will be opened as a result of duty rate reduction from 25% to 15%, and from 20% to 7.5-12.5%, respectively. Pharmaceuticals duty rates will drop from 15% to 5-6.5%, and those on drug substances to 2%-3% while medical equipment will be imported duty free. The drug registration system will be brought in line with international rules. Duties on wool, textile, hide and fur raw materials will be reduced or abandoned. Duty rates on footwear, consumer electronics and electrical equipments will

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be set at levels that will put an end to the 'grey' and 'black' import arrangements.

The average weighted rate of duty on agricultural products will drop from 21.5% to 18.9%. Tariff quotas on the imports of beef, pork and poultry meat will be valid until 2009, and then may be prolonged depending on the results of negotiations with the interested suppliers. Imports of some types of fodder (such as soybeans and oilcake), vegetables, fruits and nuts (bananas, citrus plants, grapes, pistachio, peanuts) not grown in Russia, and raw materials in short supply for the food industry will be liberalized. The prohibitive tariffs on alcohol will stay intact, duties on foreign wines will be cut within three years from 20% to 12.5%, those on brandies, champagne and whisky from 2% to 1.5%.

As a result of the negotiations on the access to the services market, Russia assumed obligations on 116 sectors. With respect to 30 sectors, the commitments are unlimited (i.e. no measures will be taken that set quantitative parameters on foreign presence in the market or aggravate the terms of competition for foreign services suppliers as compared to similar national services and suppliers). In 44 cases, the obligations are more narrow than those provided for by WTO standards. Russia made practically no commitments with respect to the key services sectors linked to the production, processing and transport of raw materials; power, aviation and railway transport; operation of seaports (except for handling operations) and airports; and a number of other sector of vital importance for the functioning of the national economy. Special reservations with respect to all sectors were made, permitting the government to purchase services for state needs from Russian suppliers only, to provide subsidies and any forms of state support to national service suppliers, and limit foreign partner involvement in privatization and stakes in privatized companies. Labour migration will be further regulated even after joining WTO, and be restricted if needed. A possibility for instituting restrictive measures is retained for the sectors where foreign company activities are not restricted at present, should the need for such measures arise in the future. Thus, the negotiations produced a situation providing for retaining the effective tools of regulating foreign company activity in the domestic services market to the extent required for maintaining sound competitive environments and favourable access conditions for Russian consumers to modern services.

The following accords have been reached with respect to the key services sectors:

Financial services: a partial liberalization of the market was provided for: roughly half of the market is reserved for Russian suppliers, while in the other half domestic and foreign suppliers may compete.

Banking services and services in the securities market: in the banking sector, foreign participation is allowed only in the form of banks with foreign ownership or through the purchase of existing Russian banks. As is the case now, a 100% foreign stake in the capital of each individual bank is permitted. Branch offices of foreign banks are not allowed in Russia. Russia's obligations suggest no transition periods for the opening of the access to the direct subsidiary market.

The possibility to impose a quota on foreign involvement in the banking system at the level of 50% of the aggregate authorized capital stock of Russian banks is to be further maintained as is provided for by the current laws.

Foreign presence in the securities market is allowed only in the form of Russian legal entity. Remarkably, with respect to some types of securities market players – companies keeping a securities register, companies exercising clearing of transactions performed through an exchange, special depositaries – a foreign stake may be limited to 25% of the authorized capital stock.

Insurance services: this sector will be liberalized during a transition period allowing the Russian insurance community to adapt to the changing competitive environment. The possibility to institute a quota on foreign involvement in the insurance sector will be maintained, as is provided for by the current laws. It is worth noting that the quota will rise from the current 25% to 50%. Branch offices of foreign companies in Russia will be allowed nine years after Russia's WTO accession. Such offices, however, will not be able to operate in the compulsory insurance sector (save CALI, compulsory car liability insurance) and serve the government. The launching and activities of such subsidiaries in Russia will be allowed based on permits granted, meeting financial stability requirements and depositing of money on a guarantee account. A parent company which is about to establish a subsidiary in Russia may be required to present information on its assets, experience in the business, etc. Capitalization of foreign insurance company subsidiaries will be taken into consideration while computing shares of foreign participation in the Russian insurance system. For a period of five years after Russia's accession to WTO, foreign stakes in the authorized capital stock of companies dealing in life insurance, compulsory passenger insurance and compulsory car liability insurance may not exceed 51%. Upon the expiration of the five-year period, a 100% foreign stake in the authorized capital stock of companies operating in the aforelisted sectors will be permitted. Following Russia's WTO accession, the foreign stake in the authorized capital stock of companies serving the public sector will still be limited to 49%.

As for the *telecoms sector*, Russia's commitments in terms of market access are consistent with the current laws. Sometimes they provide extra opportunities for protecting national operators. Thus, in case of necessity, in the initial phase Russia may secure the control of privatized Svyazinvest, a fixed line communication operator, and other traditional operators. In the satellite communications sector, full control was retained over the important segment including satellite communication service provision to final users and subscribers in Russia.

The obligations relative to *audiovisual* services fully reflect the foreign interest regulation regime envisaged by the current laws. In the most sensitive segments (e.g., production of movies / video films, television and radio broadcasting) Russia assumes no obligations at all. Russia may continue providing government support to national producers and take measures for protecting cultural heritage and originality.

As for *power services*, the commitments are reduced to consultation services in the power engineering sector.

Distribution services: the commitments are consistent with the current laws and account for possible changes therein (e.g., institution of monopoly on wholesale trade in alcohol and spirit-based products). In some sectors, it would still be possible to exercise an all-round prohibition of foreign participation (trade in arms including hunting rifles, pyrotechnics and explosives, medicines containing drug and psychotropic substances, precious stones, metals and scrap-metal). The obligations specifically fix the right of local governments to enforce trade regulation with regard to the plans of development of the respective settlements.

Access to the market of *business services* is guaranteed in key sectors such as computer, legal (except for notary services) and auditing services (with certain restrictions), as well as advertising, market research and management consultation services, etc.

The commitments cover a wide range of services in the *environmental control area* (waste disposal, scavenging, snow removal services, noise control and exhaust purification services).

Transport service obligations cover sea and motor transport, some air transport services (except air transportation proper) as well as auxiliary services for all modes of transport (handling, storage, shipping services). They do not require changes in the current regulatory framework of international trade in transport services; in particular, the system of bilateral agreements regulating international motor and railway traffic as well as the system of regulation of foreign ship and carrier access to inland waterway networks is preserved. As for sea traffic, WTO commitments institute no changes in the current terms of foreign supplier access to the market. In the area of air transport, obligations are assumed only in relation to aircraft repair and maintenance services as well as in relation to airplane ticket sales and computer booking systems with regard to the existing restrictions on foreign involvement in this sector. The commitments in relation to auxiliary transport services envisage no quantitative restrictions for foreign suppliers, generating thereby a favourable environment for foreign investments.

Future involvement in the multilateral trading system – early evaluation of the arising challenges

The completion of bilateral talks on the access to goods and services markets, and striking bilateral agreements with 56 WTO member countries on goods and 27 countries on services, has been a great step towards Russia's accession to WTO and full participation in the multilateral trading system. Much remains to be done though.

The rounding phase of negotiations on systemic issues, which started in 2007, pursues a final definition of measures that Russia will have to take in order to meet its commitments as a WTO member, in the first place the harmonization of national laws with WTO standards and their enforcement. At the same time it will be necessary to complete the Working group memorandum on Russia's accession to WTO and other final documents.

According to the published information, the multilateral talks will largely focus on completing the review of Russian laws and enforcement practices in terms of their consistency with WTO standards, including those in the area of customs regulation, application of tariff quotas, individual non-tariff measures in relation to imported goods (alcohol, pharmaceuticals, etc.), sanitary and phytosanitary measures, subsidizing of industry and the like. There is a need for mutually acceptable decisions, initiated by Working group members, on issues such as the liberalization of non-tariff regulation, including simplified licensing of imports of alcohol and pharmaceutical products, communication and cryptographic facilities, exports of diamonds and platinum-containing metals, bringing technical trade barriers, sanitary and phytosanitary regulations in correspondence with WTO provisions, and improvements in law enforcement practices in these spheres (primarily in terms of compulsory certification and registration, confirmation of certificates of conformance), abrogation of the 'national component' provision in investment agreements, providing for consistency of the applied tariff quotas with WTO standards and the less frequent application thereof, providing for state-owned trading company operation on a commercial basis and non-discriminatory involvement of foreign companies in purchase and sale transactions conducted by public trading companies. Discussions on Russia's accession to WTO non-compulsory agreements on aeronautical engineering trade and government purchases may be expected to continue.

It would still be necessary to agree on Russia's post-accession application of some regulation components, permitted in WTO in principle but requiring determination in the Working group memorandum.

Russian negotiators will apparently again encounter individual countries' demands exceeding the limits of obligations within the WTO multilateral trade agreements (the so-called WTO+ commitments) or related to attempts to solve purely bilateral problems lying outside the talks on Russia's accession to WTO.

It is worth noting that the completed bilateral talks with the USA managed to find solutions of a number of problems related to the application of sanitary measures concerning meat imports and to tariff quotas, and to agree on measures enhancing intellectual property protection in Russia, including the preparation of a special bilateral agreement which creates the necessary prerequisites for this kind of systemic issues at a multilateral level.

Yet the main objective in the next phase is the practical application in the course of reforms in Russia of the very norms and requirements of WTO in such a way as to avoid gloomy *a priori* forecasts of inevitable economic losses in exchange for uncertain political gains.

As negotiation topics get increasingly narrower, the issue of WTO accession and its legalization is shifting to a greater extent under the jurisdiction of Government and the Federal Assembly. A lot has been done in bringing Russia's legal framework in line with WTO agreements. The well-known problems, however, arising at the closing phase of the negotiations on systemic issues and coordination of the body text of the Working group report, indicate that this work is far from completed, let alone securing a strict enforcement of the passed laws and regulations. It is quite apparent that following the WTO endorsement of the accession documents, Russia will have to legalize numerous provisions of the accession Protocol, commitments on the market access of goods and services, etc.

Accession to WTO might give an extra boost to completing the trade policy reforms currently underway in Russia, including areas such as customs and tariff regulation, lowering non-tariff barriers, simplification of trade procedures, export promotion, and improvements in services market regulation. It will also be necessary to provide for an effective enforcement of adopted laws and regulations governing the protection of intellectual property rights.

Expectations

WTO membership is expected to promote competition and stronger efforts on countering the activities of entities dominating the markets, as well as any forms of business behaviour leading to restriction of competition. Hopes for Russia's involvement in the WTO resolution of trade disputes will place demand on a higher efficiency of the institutions engaged in the regulation of business disputes, simplification of legal procedures, development of mechanisms of extrajudicial conflict resolution, which will on the whole strengthen reliability of contracts, ownership rights, and investor confidence.

The accession to WTO, as the major direction of Russia's wider participation in international trade, will require a consistent development of trade-related infrastructure including transport networks, telecommunications, customs infrastructure, etc.

Joining WTO would put an end to the effective discriminatory actions against Russia such as the conditional most-favoured-nation treatment on the part of the USA (the notorious Jackson-Vanik amendment). Pending are the far from easy talks on this issue with the US Administration, which must, presumably, be accompanied by wider contacts with and explanatory efforts in the US Congress and business community. It would also be necessary to press for the revocation or termination of the antidumping actions against Russian exporters installed in the past by several countries.

Russia's WTO accession will have no substantial effect on its membership in multilateral agreements within the CIS. Yet, it might become necessary to rationalize the bilateral agreements on free trade with CIS countries, the Union with Belarus, Russia's membership in EurAsEC and building a Single Economic Space with respect to their consistency with the norms of this international organization, as well as a deeper coordination of actions concerned with the accession of individual CIS countries to WTO, participation in WTO activities and multilateral trade talks.

The trade policy and regulations of foreign economic activities should aim at a stronger support of Russian business involvement – and not only of big transnational companies – in international trade, with a view to supporting and protecting the legitimate interests of national importers and exporters, and securing transparency in drafting and applying regulatory measures based on WTO standards. Russian business may also count on support in terms of export promotion, establishment of government and private institutions for the promotion of foreign trade and practical simplification of trade-related rules and procedures being actively developed by several international organizations and negotiated within WTO. All of the above will require adjustments in the activities of various Russia-wide and regional-level business associations, the establishment of information and consultation companies specializing in international trade issues, and systematic efforts at raising the business community potential in the changing competitive environments in national and international markets.

Russia's approaching WTO accession has again aroused interest in the implications of this step. Optimistic statements are made by official representatives and some scholars. These are countered by frequently emotional statements of the representatives of the business community, regions and even individual ministers. Still persisting are narrow estimates concerned primarily with a small range of commodity trade aspects, and the undisguised lobbying character thereof. As more and more publications on the negotiation outcomes go to press, they provide premises for a specific review of the WTO accession challenges, expansion of the review scope and, mainly, for drafting suggestions on measures to prevent potential negative implications and to adapt to developments under the involvement in the multilateral trading system.

At the closing phase of talks on Russia's WTO accession, the necessity of getting prepared for the forthcoming participation in WTO and for the new stage of interaction on a much wider range of trade and political problems becomes increasingly clear.

The main task now is a wider scale of personnel training in a broad range of problems related to international trade and WTO activities, primarily for the state apparatus at federal and regional levels. Public administration must be overhauled, antiquated and ineffective management units liquidated and replaced with new, more effective structures aimed at an active promotion of trade and the political interests of Russia.

Conventional signs and abbreviations

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion

BGN	Bulgarian lev (1 BGN = 1000 BGL)
CZK	Czech koruna
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
RON	Romanian leu (1RON = 10000 ROL)
RUB	Russian rouble (1 RUB = 1000 RUR)
SIT	Slovenian tolar
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar

M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:
National statistical offices and central banks; wiiw estimates.

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B U L G A R I A: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total[1]	real, CMPY	7.8	6.3	7.6	8.9	5.7	2.7	10.3	5.7	3.0	10.6	6.8	5.0	4.2	1.2	1.3	.
Industry, total[1]	real, CCPY	6.7	6.7	7.6	8.3	7.3	6.1	7.0	6.7	6.2	6.7	6.7	6.6	6.3	5.8	1.3	.
Industry, total	real, 3MMA	7.7	7.2	7.5	7.3	5.7	6.2	6.2	6.2	6.4	6.7	7.4	5.3	3.4	2.2	.	.
LABOUR																	
Employees total	th. persons	2261	2234	2201	2213	2237	2250	2265	2276	2305	2300	2293	2276	2271	2247	.	.
Employees in industry	th. persons	713	708	699	701	702	705	705	704	705	704	702	703	703	697	.	.
Unemployment, end of period	th. persons	383.9	397.3	432.3	426.2	401.5	378.9	355.3	340.1	331.8	323.8	312.8	310.4	321.9	337.8	358.1	351.2
Unemployment rate[2]	%	10.4	10.7	11.7	11.5	10.8	10.2	9.6	9.2	9.0	8.7	8.4	8.4	8.7	9.1	9.7	9.5
Labour productivity, industry[1]	CCPY	3.3	3.4	10.6	11.1	10.1	8.8	9.6	9.3	8.7	9.2	9.2	8.9	8.6	8.0	.	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	4.6	4.6	-1.3	-1.5	-0.6	0.9	0.0	0.2	1.0	0.8	1.0	1.2	1.9	2.6	.	.
WAGES, SALARIES																	
Total economy, gross	BGN	321	340	324	322	340	343	346	345	350	349	363	354	361	388	.	.
Total economy, gross	real, CMPY	0.1	0.4	3.4	1.0	0.9	2.4	-0.1	1.5	2.6	5.4	6.1	5.7	5.9	7.2	.	.
Total economy, gross	USD	193	206	201	197	209	215	226	223	227	229	236	228	238	262	.	.
Total economy, gross	EUR	164	174	166	165	174	175	177	176	179	178	186	181	185	198	.	.
Industry, gross	EUR	166	175	167	168	179	178	176	182	182	182	190	185	190	199	.	.
PRICES																	
Consumer	PM	1.0	0.8	0.8	3.0	0.3	0.4	0.0	-1.6	-0.5	-0.2	0.3	1.3	1.4	1.2	1.4	0.5
Consumer	CMPY	6.9	6.5	6.6	8.7	8.7	8.1	8.5	8.2	7.6	6.8	5.6	5.7	6.1	6.5	7.1	4.5
Consumer	CCPY	4.9	5.0	6.6	7.6	8.0	8.0	8.1	8.1	8.1	7.9	7.7	7.5	7.3	7.3	7.1	5.8
Producer, in industry[1]	PM	0.5	0.7	-0.5	1.5	-0.2	1.8	3.1	0.3	0.9	0.3	0.7	-0.7	0.1	0.6	-0.8	.
Producer, in industry[1]	CMPY	7.7	9.8	8.8	9.6	6.8	7.5	11.5	11.1	10.9	11.0	10.3	8.7	8.2	8.1	7.8	.
Producer, in industry[1]	CCPY	6.7	7.0	8.8	9.2	8.4	8.1	8.8	9.2	9.5	9.6	9.7	9.6	9.5	9.4	7.8	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	8606	9466	819	1696	2672	3668	4652	5711	6783	7850	8900	9960	11009	11983	866	.
Imports total (cif), cumulated	EUR mn	13273	14668	1233	2457	3936	5347	6870	8364	9960	11621	13149	14858	16558	18375	1416	.
Trade balance, cumulated	EUR mn	-4667	-5201	-414	-761	-1264	-1679	-2218	-2653	-3177	-3771	-4248	-4898	-5549	-6392	-550	.
FOREIGN FINANCE																	
Current account, cumulated[5]	EUR mn	-2180	-2622	-408	-650	-1094	-1458	-1752	-1840	-1886	-1982	-2195	-2713	-3203	-3978	-489	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.660	1.650	1.614	1.638	1.627	1.597	1.532	1.546	1.542	1.527	1.538	1.551	1.519	1.480	1.506	1.496
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	1.956
BGN/USD, calculated with CPI[6]	real, Jan03=100	117.6	119.8	122.5	124.0	124.6	126.3	131.0	127.5	126.9	127.6	127.7	128.9	133.7	138.5	138.1	139.6
BGN/USD, calculated with PPI[6]	real, Jan03=100	107.3	109.1	110.1	111.8	112.1	114.8	122.3	121.3	122.1	122.9	124.8	125.4	125.8	129.0	125.8	.
BGN/EUR, calculated with CPI[6]	real, Jan03=100	108.2	108.8	110.1	113.1	112.9	112.6	112.2	110.3	109.9	109.5	109.8	111.0	112.5	113.4	115.5	115.8
BGN/EUR, calculated with PPI[6]	real, Jan03=100	107.6	107.9	106.5	107.9	107.2	108.4	111.8	112.0	111.9	112.2	113.9	113.0	113.5	114.2	113.6	.
DOMESTIC FINANCE																	
M0, end of period[7]	BGN mn	5096	5396	5092	5080	5113	5190	5284	5503	5687	5829	5917	5881	5825	6231	5901	.
M1, end of period[7]	BGN mn	11729	12443	11840	12058	12371	12430	13085	13444	14182	14505	14751	15022	15193	16078	15955	.
Broad money, end of period[7]	BGN mn	24010	25260	24633	25125	25558	25771	26568	27535	28183	28986	29611	30166	30361	32061	31780	.
Broad money, end of period	CMPY	27.3	23.9	20.0	21.1	10.1	17.1	18.4	20.9	21.4	22.5	24.7	26.0	26.5	26.9	29.0	.
BNB base rate (p.a.),end of period	%	2.1	2.1	2.2	2.3	2.3	2.5	2.6	2.6	2.7	2.8	3.0	3.0	3.2	3.3	3.5	3.6
BNB base rate (p.a.),end of period[8]	real, %	-5.2	-7.0	-6.0	-6.7	-4.2	-4.7	-8.0	-7.6	-7.3	-7.3	-6.7	-5.2	-4.6	-4.5	-4.0	.
BUDGET																	
Central gov.budget balance,cum.	BGN mn	1611.8	1333.9	137.0	457.7	619.9	978.8	1237.7	1454.9	1606.3	1941.0	2042.4	2229.0	2413.8	1812.9	133.9	.

1) According to new calculation for industrial output and prices. Output data based on survey for enterprises with 10 and more persons.
2) Ratio of unemployed to the economically active.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) Based on national currency and converted with the exchange rate.
6) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
7) According to ECB methodology.
8) Deflated with annual PPI.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total[1]	real, CMPY	10.0	7.3	15.6	11.6	17.1	3.5	12.0	10.4	12.0	7.4	5.5	12.6	7.6	3.0	9.8	.
Industry, total[1]	real, CCPY	6.6	6.7	15.6	13.6	14.9	11.9	11.9	11.6	11.7	11.2	10.5	10.7	10.4	9.8	9.8	.
Industry, total[1]	real, 3MMA	8.5	10.9	11.4	14.9	10.7	10.9	8.7	11.4	9.9	8.1	8.5	8.5	7.8	6.9	.	.
Construction, total	real, CMPY	6.6	8.6	-1.2	-8.2	8.7	-3.0	10.5	10.0	12.2	6.4	4.2	7.2	7.7	15.4	29.2	.
LABOUR																	
Employees in industry[2]	th. persons	1147	1141	1132	1137	1141	1140	1141	1142	1145	1148	1142	1146	1147	1140	1151	.
Unemployment, end of period	th. persons	490.8	510.4	531.2	528.2	514.8	486.2	463.0	451.1	458.3	458.7	454.2	439.8	432.6	448.5	465.5	454.7
Unemployment rate[3]	%	8.4	8.9	9.2	9.1	8.8	8.3	7.9	7.7	7.9	7.9	7.8	7.4	7.3	7.7	7.9	7.7
Labour productivity, industry[2,4]	CCPY	8.0	8.2	14.6	12.2	13.6	10.6	10.7	10.3	10.4	9.9	9.4	9.7	9.6	9.2	8.4	.
Unit labour costs, exch.r. adj.(EUR)[2,4]	CCPY	3.9	3.5	-2.1	-0.2	-1.7	0.8	1.4	1.8	1.7	2.0	2.0	1.9	1.9	2.0	3.9	.
WAGES, SALARIES																	
Industry, gross[2]	CZK	21464	19629	18024	17308	18830	18564	20065	19712	19268	19061	19995	19605	22754	20931	19907	.
Industry, gross[2]	real, CMPY	2.7	1.5	3.3	3.1	3.7	2.4	4.7	3.2	2.6	2.4	1.9	6.2	4.3	3.2	7.8	.
Industry, gross[2]	USD	865	803	759	727	790	798	906	878	859	866	897	874	1046	996	929	.
Industry, gross[2]	EUR	734	677	628	609	657	651	710	694	677	676	705	693	812	754	715	.
PRICES																	
Consumer	PM	-0.3	-0.1	1.4	0.1	-0.1	0.1	0.5	0.3	0.4	0.2	-0.7	-0.5	-0.1	0.2	1.0	0.3
Consumer	CMPY	2.4	2.2	2.9	2.8	2.8	2.8	3.1	2.8	2.9	3.1	2.7	1.3	1.5	1.7	1.3	1.5
Consumer	CCPY	1.9	1.9	2.9	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.7	2.6	2.5	1.3	1.4
Producer, in industry	PM	-0.3	-0.6	1.0	0.2	0.1	0.3	0.3	0.2	0.7	0.3	-0.2	0.0	-0.2	0.0	1.2	0.5
Producer, in industry	CMPY	0.0	-0.4	0.3	0.3	0.3	0.5	1.6	1.9	2.4	2.7	2.3	1.9	2.0	2.6	2.9	3.2
Producer, in industry	CCPY	3.3	3.0	0.3	0.3	0.3	0.4	0.6	0.8	1.1	1.3	1.4	1.4	1.5	1.6	2.9	3.0
RETAIL TRADE																	
Turnover	real, CMPY	3.3	2.1	7.0	7.4	6.5	5.1	7.1	6.2	6.3	7.3	4.9	8.9	6.5	4.4	7.7	.
Turnover	real, CCPY	4.2	4.0	7.0	7.2	7.0	6.5	6.6	6.6	6.5	6.6	6.4	6.7	6.6	6.4	7.7	.
FOREIGN TRADE[5,6]																	
Exports total (fob),cumulated	EUR mn	57543	62734	5714	11330	17928	23601	30042	36524	42169	48052	54700	62066	69525	75657	6707	.
Imports total (fob),cumulated	EUR mn	56115	61437	5297	10741	17021	22744	29139	35355	41085	47013	53371	60584	67861	74091	6313	.
Trade balance,cumulated	EUR mn	1429	1297	417	589	907	857	904	1169	1084	1038	1328	1482	1664	1567	394	.
Exports to EU-27 (fob), cumulated	EUR mn	49334	53634	4899	9691	15269	20132	25662	31214	36047	41063	46766	53081	59507	64697	5816	.
Imports from EU-27 (fob)[7], cumulated	EUR mn	40232	43951	3682	7542	12064	16098	20678	25111	29203	33295	37762	42871	47984	52365	4422	.
Trade balance with EU-27, cumulated	EUR mn	9103	9684	1217	2149	3205	4035	4985	6103	6844	7768	9003	10210	11523	12332	1394	.
FOREIGN FINANCE																	
Current account, cumulated[5]	EUR mn	-2160	-2587	151	131	240	-242	-463	-1393	-2154	-2546	-2933	-3777	-4187	-4720	197	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	24.8	24.4	23.7	23.8	23.8	23.3	22.1	22.4	22.4	22.0	22.3	22.4	21.8	21.0	21.4	21.6
CZK/EUR, monthly average	nominal	29.3	29.0	28.7	28.4	28.6	28.5	28.3	28.4	28.4	28.2	28.4	28.3	28.0	27.8	27.8	28.2
CZK/USD, calculated with CPI[8]	real, Jan03=100	116.2	118.3	122.6	122.1	121.2	123.3	129.5	127.8	128.0	130.5	128.5	127.8	131.9	136.5	135.3	134.6
CZK/USD, calculated with PPI[8]	real, Jan03=100	107.3	108.7	112.2	113.8	113.5	115.2	120.3	118.6	118.9	120.9	120.9	122.6	123.8	127.4	126.5	126.1
CZK/EUR, calculated with CPI[8]	real, Jan03=100	106.9	107.5	110.4	111.4	109.8	109.8	110.9	110.6	111.0	112.0	110.4	110.1	110.9	111.7	113.1	111.6
CZK/EUR, calculated with PPI[8]	real, Jan03=100	107.5	107.5	108.6	109.8	108.5	108.7	109.9	109.5	109.0	110.3	110.3	110.5	111.7	112.7	114.1	113.1
DOMESTIC FINANCE																	
M0, end of period	CZK bn	262.7	263.8	261.8	264.8	267.3	272.7	273.3	279.9	279.1	282.4	287.5	287.1	292.0	295.3	292.2	.
M1, end of period	CZK bn	1078.2	1087.3	1099.9	1103.5	1086.0	1111.0	1160.7	1141.3	1177.8	1193.0	1180.5	1220.3	1241.9	1239.8	1256.0	.
M2, end of period	CZK bn	1965.6	1992.1	1989.6	2002.2	2011.2	2051.9	2061.5	2073.2	2073.2	2099.7	2094.9	2124.4	2142.4	2188.6	2193.4	.
M2, end of period	CMPY	6.8	8.0	8.9	8.6	9.0	9.0	7.8	8.4	8.6	9.3	9.2	9.9	9.0	9.9	10.2	.
Discount rate (p.a.),end of period	%	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.50
Discount rate (p.a.),end of period[9]	real, %	1.0	1.4	0.7	0.7	0.7	0.5	-0.5	-0.9	-1.2	-1.5	-0.8	-0.4	-0.5	-1.1	-1.3	-1.6
BUDGET																	
Central gov.budget balance,cum.	CZK mn	201	-56338	3427	-557	15754	-19955	-12202	7642	-445	-6440	1490	-12670	-30920	-97310	5030	-6730

1) According to new calculation.
2) Enterprises employing 20 and more persons.
3) Ratio of job applicants to the economically active (including women on maternity leave), calculated with disposable number of registered unemployment.
4) Calculation based on industrial sales index (at constant prices).
5) Based on cumulated national currency and converted with the average exchange rate.
6) Cumulation starting January and ending December each year.
7) According to country of origin.
8) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
9) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total	real, CMPY	7.8	5.7	13.2	11.2	15.3	1.9	10.5	8.7	12.1	9.3	9.3	10.6	10.7	8.7	10.9	.
Industry, total	real, CCPY	7.0	6.9	13.2	12.2	13.3	10.3	10.4	10.1	10.4	10.2	10.1	10.2	10.2	10.1	10.9	.
Industry, total	real, 3MMA	7.8	8.8	9.9	13.3	9.5	9.3	7.1	10.4	10.0	10.2	9.8	10.2	10.1	10.1	.	.
Construction, total	real, CMPY	18.7	14.6	12.2	-3.2	15.5	-7.6	-8.1	-8.0	1.1	-3.5	-4.8	7.5	-5.0	-2.1	-2.9	.
LABOUR																	
Employees in industry[1)]	th. persons	757.0	753.3	751.6	752.5	751.7	749.2	750.5	753.4	754.0	752.9	752.4	754.7	753.3	749.8	740.8	.
Unemployment[2)]	th. persons	305.4	309.9	317.6	326.5	323.6	318.5	309.4	305.7	311.1	314.5	318.3	317.3	321.0	319.6	317.5	312.5
Unemployment rate[2)]	%	7.2	7.3	7.5	7.8	7.7	7.5	7.3	7.2	7.3	7.4	7.5	7.4	7.5	7.5	7.5	7.4
Labour productivity, industry[1)]	CCPY	10.6	10.7	17.1	15.6	16.4	13.4	13.2	12.7	12.9	12.6	12.3	12.3	12.2	11.9	12.8	.
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	-1.1	-1.7	-9.6	-9.1	-10.4	-9.1	-8.7	-9.0	-10.1	-10.2	-10.5	-10.1	-9.9	-9.0	-2.9	.
WAGES, SALARIES																	
Total economy, gross[1)]	HUF th	175.9	179.9	195.6	157.3	162.5	162.1	166.2	165.9	164.4	164.4	161.0	167.2	187.6	201.3	209.4	.
Total economy, gross[1)]	real, CMPY	3.8	2.1	3.4	5.9	5.2	5.6	3.7	3.7	5.4	7.0	1.1	2.9	0.3	5.1	-0.7	.
Total economy, gross[1)]	USD	825	845	944	747	749	750	809	772	751	768	746	789	934	1047	1073	.
Total economy, gross[1)]	EUR	700	712	780	625	623	611	633	610	592	600	586	625	725	792	825	.
Industry, gross[1)]	EUR	714	664	592	588	622	590	650	604	567	598	575	611	734	734	648	.
PRICES																	
Consumer	PM	0.2	0.0	0.1	0.2	0.6	0.7	1.0	0.3	0.2	0.0	2.5	0.5	0.2	0.1	1.2	1.2
Consumer	CMPY	3.3	3.3	2.7	2.5	2.3	2.3	2.8	2.8	3.0	3.5	5.9	6.3	6.4	6.5	7.8	8.8
Consumer	CCPY	3.6	3.6	2.7	2.6	2.5	2.5	2.5	2.6	2.6	2.7	3.1	3.4	3.7	3.9	7.8	8.3
Producer, in industry	PM	0.4	0.0	0.6	0.1	1.8	1.1	0.1	2.4	1.2	0.3	0.1	-1.0	-1.1	-0.9	0.2	.
Producer, in industry	CMPY	4.1	4.5	4.3	4.4	5.4	5.8	5.3	7.9	9.5	9.7	9.0	7.0	5.5	4.5	4.3	.
Producer, in industry	CCPY	4.3	4.3	4.3	4.3	4.7	5.0	5.0	5.5	6.1	6.5	6.8	6.8	6.7	6.5	4.3	.
RETAIL TRADE																	
Turnover	real, CMPY	7.0	3.5	7.5	6.0	2.9	5.7	5.5	4.0	4.0	5.7	3.6	2.3	2.2	1.8	1.2	.
Turnover	real, CCPY	5.7	5.5	7.5	6.7	5.3	5.4	5.4	5.2	5.0	5.1	4.9	4.6	4.4	4.1	1.2	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	45851	50090	4198	8412	13542	17935	22984	27958	32454	36943	42351	47826	53643	58470	5051	.
Imports total (cif), cumulated	EUR mn	48625	52993	4352	8820	14188	18778	23960	28970	33798	38593	44046	49624	55533	60447	5241	.
Trade balance, cumulated	EUR mn	-2774	-2903	-154	-408	-647	-843	-976	-1012	-1344	-1650	-1695	-1799	-1890	-1978	-191	.
Exports to EU-27 (fob), cumulated	EUR mn	37217	40482	3403	6812	10862	14352	18350	22298	25889	29347	33536	37873	42440	46088	4128	.
Imports from EU-27 (cif)[5)], cumulated	EUR mn	34179	37093	2976	6102	9929	13036	16756	20380	23785	27056	30873	34751	38827	42251	3624	.
Trade balance with EU-27, cumulated	EUR mn	3038	3389	427	710	933	1316	1595	1918	2104	2291	2663	3122	3613	3837	504	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-6002	.	.	-1451	.	.	-2932	.	.	-4062	.	.	.	.	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	213.0	213.0	207.1	210.6	216.9	216.3	205.5	214.9	218.8	214.0	215.7	211.8	200.8	192.3	195.2	193.9
HUF/EUR, monthly average	nominal	251.1	252.7	250.9	251.6	260.8	265.3	262.5	271.9	277.6	274.3	274.7	267.3	258.9	254.1	253.8	253.4
HUF/USD, calculated with CPI[6)]	real, Jan03=100	111.6	112.1	114.5	112.6	109.5	109.5	115.9	110.9	108.8	111.0	113.5	116.7	123.6	129.0	128.5	131.0
HUF/USD, calculated with PPI[6)]	real, Jan03=100	97.7	98.2	100.7	100.7	99.3	99.4	103.8	101.4	100.3	102.3	103.1	106.1	108.6	111.7	110.3	.
HUF/EUR, calculated with CPI[6)]	real, Jan03=100	102.8	101.8	103.1	102.7	99.2	97.5	99.2	96.0	94.3	95.3	97.4	100.6	103.9	105.6	107.5	108.7
HUF/EUR, calculated with PPI[6)]	real, Jan03=100	98.1	97.1	97.5	97.1	95.0	93.7	94.9	93.7	91.9	93.3	94.1	95.6	98.0	98.9	99.4	.
DOMESTIC FINANCE																	
M0, end of period[7)]	HUF bn	1570.7	1600.3	1551.4	1555.5	1622.7	1663.9	1661.5	1724.9	1730.3	1762.8	1788.6	1754.7	1820.7	1838.3	1772.2	.
M1, end of period[7)]	HUF bn	4960.0	5188.8	4863.8	4959.2	5318.2	5323.4	5358.3	5573.2	5610.9	5506.9	5525.5	5403.2	5593.2	5743.1	5588.1	.
Broad money, end of period[7)]	HUF bn	10915.6	11230.7	11224.6	11354.6	11925.4	11779.2	11770.6	12157.6	12215.2	12237.1	12298.7	12247.0	12470.2	12772.0	12621.9	.
Broad money, end of period[7)]	CMPY	14.4	14.5	16.2	16.3	19.7	15.9	14.6	18.6	17.8	16.9	15.8	14.7	14.2	13.7	12.4	.
NBH base rate (p.a.),end of period	%	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.3	6.8	7.3	7.8	8.0	8.0	8.0	8.0	8.0
NBH base rate (p.a.),end of period[8)]	real, %	1.8	1.4	1.6	1.5	0.6	0.2	0.7	-1.5	-2.5	-2.2	-1.1	0.9	2.4	3.3	3.5	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-744.7	-545.0	-144.4	-440.6	-682.7	-794.2	-859.7	-1158.4	-1141.3	-1266.7	-1323.0	-1384.7	-1465.9	-1959.2	-247.8	-507.6

1) Economic organizations employing more than 5 persons. Including employees with second or more jobs.

2) According to ILO methodology, 3-month averages comprising the two previous months as well.

3) Based on cumulated national currency and converted with the average exchange rate.

4) Cumulation starting January and ending December each year.

5) According to country of dispatch.

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

7) According to ECB monetary standards.

8) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry[1)]	real, CMPY	8.5	9.5	9.7	10.2	16.5	5.7	19.1	12.2	14.3	12.6	11.5	14.8	12.0	5.9	15.5	12.9
Industry[1)]	real, CCPY	3.6	4.1	9.7	10.0	12.3	10.6	12.3	12.2	12.5	12.5	12.4	12.7	12.6	12.0	15.5	14.2
Industry[1)]	real, 3MMA	8.5	9.2	9.8	12.3	10.8	13.7	12.2	15.1	13.0	12.7	13.0	12.8	10.9	11.0	11.2	.
Construction[1)]	real, CMPY	5.8	8.2	-7.9	-3.4	15.7	4.1	13.3	15.7	4.9	15.4	21.1	28.7	23.4	17.9	60.7	56.8
LABOUR																	
Employees[1)]	th. persons	4804	4799	4862	4861	4870	4889	4901	4918	4928	4943	4957	4971	4986	4995	5048	5070
Employees in industry[1)]	th. persons	2436	2430	2457	2458	2464	2468	2471	2478	2484	2490	2495	2502	2507	2507	2530	2542
Unemployment, end of period	th. persons	2722.8	2773.0	2866.7	2865.9	2822.0	2703.6	2583.0	2487.6	2443.4	2411.6	2363.6	2301.8	2287.3	2309.4	2365.8	2331.1
Unemployment rate[2)]	%	17.3	17.6	18.0	18.0	17.8	17.2	16.5	16.0	15.7	15.5	15.2	14.9	14.8	14.9	15.1	14.9
Labour productivity, industry[1)]	CCPY	2.5	3.0	8.0	8.3	10.5	8.8	10.4	10.3	10.4	10.3	10.1	10.3	10.2	9.5	12.2	10.6
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	14.4	13.0	1.9	1.7	-0.7	1.1	0.3	-0.4	-0.5	-0.5	-0.9	-1.4	-1.5	-0.7	-4.1	-4.6
WAGES, SALARIES																	
Total economy, gross[1)]	PLN	2678	2789	2471	2526	2614	2570	2550	2625	2648	2612	2611	2658	2760	3027	2664	2687
Total economy, gross[1)]	real, CMPY	6.2	1.2	3.2	4.3	5.1	3.4	4.4	3.7	4.5	3.7	3.9	3.8	1.8	7.2	6.3	4.8
Total economy, gross[1)]	USD	795	858	782	796	811	804	836	828	841	858	838	860	928	1048	893	902
Total economy, gross[1)]	EUR	674	723	646	666	675	656	655	654	662	669	658	681	721	794	687	690
Industry, gross[1)]	EUR	697	738	648	678	681	661	661	664	679	676	662	674	738	816	697	703
PRICES																	
Consumer	PM	-0.2	-0.2	0.2	0.0	-0.1	0.7	0.5	-0.3	0.0	0.3	0.2	0.1	0.0	-0.2	0.4	0.3
Consumer	CMPY	1.0	0.7	0.6	0.7	0.4	0.7	0.9	0.8	1.1	1.6	1.6	1.2	1.4	1.4	1.6	1.9
Consumer	CCPY	2.3	2.2	0.6	0.6	0.8	0.8	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.6	1.8
Producer, in industry	PM	0.1	-0.7	0.2	-0.1	0.7	1.5	0.4	0.9	0.7	-0.1	0.0	-0.5	-0.7	-0.5	0.6	0.3
Producer, in industry	CMPY	-0.4	0.2	0.3	0.7	0.9	1.7	2.3	3.0	3.5	3.3	3.6	3.2	2.5	2.6	3.1	3.6
Producer, in industry	CCPY	0.8	0.7	0.3	0.5	0.6	0.9	1.2	1.5	1.8	1.9	2.1	2.2	2.2	2.2	3.1	3.4
RETAIL TRADE																	
Turnover[1)]	real, CMPY	6.4	6.2	8.6	9.9	10.1	13.3	13.4	10.5	10.8	10.9	14.4	13.9	14.1	13.7	16.3	16.9
Turnover[1)]	real, CCPY	1.2	1.5	8.6	9.6	9.0	10.1	10.6	10.5	10.8	11.1	11.6	11.9	11.8	11.9	16.3	16.6
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	65505	71744	6426	13007	20439	27208	34574	42018	48962	55976	64045	72610	80985	87888	7239	.
Imports total (cif), cumulated	EUR mn	74245	81536	7146	14521	23016	30500	39163	47447	55588	63672	72658	82396	91868	100380	8110	.
Trade balance, cumulated	EUR mn	-8740	-9791	-719	-1513	-2577	-3292	-4589	-5429	-6625	-7696	-8613	-9787	-10883	-12493	-871	.
Exports to EU-27 (fob), cumulated	EUR mn	51610	56476	5290	10522	16401	21760	27627	33413	38947	44339	50701	57382	64019	69258	5999	.
Imports from EU-27 (cif)[5)], cumulated	EUR mn	49410	54041	4496	9218	14774	19571	25197	30588	35912	40847	46440	52599	58613	63804	5251	.
Trade balance with EU-27, cumulated	EUR mn	2200	2435	795	1304	1627	2189	2430	2825	3036	3492	4262	4783	5405	5454	748	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-3595	-4125	-211	-1050	-1406	-2003	-2377	-2677	-3064	-3732	-3589	-4176	-4707	-5622	-678	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	3.367	3.252	3.160	3.174	3.223	3.198	3.049	3.171	3.149	3.045	3.115	3.092	2.974	2.887	2.984	2.980
PLN/EUR, monthly average	nominal	3.972	3.856	3.825	3.794	3.875	3.919	3.894	4.016	3.997	3.901	3.970	3.903	3.830	3.813	3.879	3.896
PLN/USD, calculated with CPI[6)]	real, Jan03=100	111.7	115.9	118.5	117.8	115.3	116.0	121.6	116.4	116.8	120.9	119.0	120.7	125.7	129.0	125.3	125.8
PLN/USD, calculated with PPI[6)]	real, Jan03=100	103.1	106.4	108.8	109.9	108.8	109.8	114.6	111.0	112.0	115.0	114.1	116.8	118.3	120.5	117.3	117.8
PLN/EUR, calculated with CPI[6)]	real, Jan03=100	102.5	105.1	106.6	107.2	104.3	103.2	104.0	100.4	101.0	103.6	102.0	103.8	105.6	105.5	104.6	104.2
PLN/EUR, calculated with PPI[6)]	real, Jan03=100	103.1	105.1	105.2	105.8	103.8	103.5	104.6	102.2	102.4	104.8	103.9	105.0	106.6	106.5	105.7	105.5
DOMESTIC FINANCE																	
M0, end of period	PLN bn	55.9	57.2	55.3	56.3	58.4	61.3	61.2	64.2	64.9	64.9	66.2	66.3	66.0	68.8	67.6	68.6
M1, end of period[7)]	PLN bn	202.5	208.0	204.5	211.5	209.7	209.7	223.8	226.2	233.1	235.5	239.4	240.3	249.4	260.6	261.7	.
Broad money, end of period[7)]	PLN bn	407.1	412.5	406.6	416.1	417.6	423.2	433.1	437.9	440.3	447.2	453.1	458.6	465.7	477.0	485.3	.
Broad money, end of period[7)]	CMPY	13.8	11.6	10.4	11.7	9.8	9.6	10.1	11.9	13.0	12.9	13.0	12.3	14.4	15.6	19.3	.
Discount rate (p.a.),end of period	%	4.8	4.8	4.8	4.5	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Discount rate (p.a.),end of period[8)]	real, %	5.2	4.5	4.4	3.8	3.3	2.5	1.9	1.2	0.7	0.9	0.6	1.0	1.7	1.6	1.1	0.6
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-22272	-27495	772	-6716	-9275	-10070	-14718	-17694	-15543	-14483	-14610	-16637	-18581	-25084	3144	-3030

1) Enterprises employing more than 9 persons.
2) Ratio of unemployed to the economically active.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) According to country of origin.
6) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
7) Revised according to ECB monetary standards.
8) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005 Nov	Dec	2006 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2007 Jan	Feb
PRODUCTION																	
Industry, total[1)]	real, CMPY	1.6	2.2	5.4	4.3	4.3	0.6	16.0	10.7	10.0	6.8	6.2	10.2	7.3	3.9	4.9	.
Industry, total[1)]	real, CCPY	2.0	2.0	5.4	4.9	4.7	3.6	6.1	6.9	7.3	7.2	7.1	7.4	7.4	7.2	.	.
Industry, total[1)]	real, 3MMA	1.8	3.0	3.9	4.7	3.1	6.8	9.0	12.2	9.2	7.6	7.8	7.9	7.3	.	.	.
Construction, total	real, CCPY	7.3	8.2	20.5	20.0	20.9	18.3	17.2	17.5	17.3	17.7	18.0	18.2	18.6	19.3	25.7	.
LABOUR																	
Employees total[1)]	th. persons	4537.6	4501.2	4556.2	4565.6	4582.0	4589.7	4604.0	4612.2	4617.4	4615.3	4608.5	4601.7	4603.4	4575.0	4647.0	.
Employees in industry[1)]	th. persons	1670.7	1652.3	1684.0	1680.8	1678.5	1666.7	1663.9	1653.1	1645.3	1640.4	1628.3	1623.0	1616.1	1602.5	1598.0	.
Unemployment, end of period	th. persons	504.8	523.0	548.0	554.6	545.9	512.3	481.2	465.9	446.8	446.5	440.2	453.5	456.0	460.5	477.3	.
Unemployment rate[2)]	%	5.7	5.9	6.1	6.2	6.1	5.8	5.4	5.2	5.0	5.0	4.9	5.1	5.1	5.2	5.4	.
Labour productivity, industry[1)]	CCPY	5.2	5.4	9.2	8.8	8.6	7.6	10.1	10.9	11.3	11.1	11.0	11.2	11.1	10.6	10.3	.
Unit labour costs, exch.r. adj.(EUR)[1)]	CCPY	24.6	24.0	9.5	10.0	11.8	12.0	9.0	7.7	6.8	6.5	6.2	6.2	6.6	7.5	15.5	.
WAGES, SALARIES																	
Total economy, gross[1)]	RON	1017.0	1121.0	1100.0	1017.0	1101.0	1120.0	1109.0	1112.0	1122.0	1122.0	1148.0	1155.0	1213.0	1481.0	1232.0	.
Total economy, gross[1)]	real, CMPY	7.8	6.0	6.2	7.1	10.4	7.7	9.8	10.0	10.4	9.9	12.8	13.2	13.9	26.0	7.7	.
Total economy, gross[1)]	USD	328	364	366	343	377	393	404	397	398	407	415	414	447	573	471	.
Total economy, gross[1)]	EUR	278	306	302	287	314	321	316	313	314	318	325	328	347	434	363	.
Industry, gross[1)]	EUR	268	296	262	268	302	301	299	300	305	313	316	315	327	369	334	.
PRICES																	
Consumer	PM	1.2	0.5	1.0	0.2	0.2	0.4	0.6	0.2	0.1	-0.1	0.1	0.2	1.1	0.7	0.2	0.0
Consumer	CMPY	8.7	8.6	8.9	8.5	8.4	6.9	7.3	7.1	6.2	6.0	5.5	4.8	4.7	4.9	4.0	3.8
Consumer	CCPY	9.0	9.0	8.9	8.7	8.6	8.2	8.0	7.8	7.6	7.4	7.2	6.9	6.7	6.6	4.0	3.9
Producer, in industry	PM	0.7	-0.1	1.4	1.1	0.4	1.8	1.5	1.1	0.8	1.2	-0.2	0.4	0.9	0.4	0.0	.
Producer, in industry	CMPY	8.8	9.6	9.8	11.7	11.3	10.6	11.7	12.7	12.9	13.0	12.0	10.7	10.9	11.6	10.0	.
Producer, in industry	CCPY	10.6	10.5	9.8	10.7	10.9	10.8	11.0	11.3	11.5	11.7	11.7	11.6	11.6	11.6	10.0	.
RETAIL TRADE																	
Turnover	real, CMPY	12.4	30.3	25.4	26.7	24.0	16.3	32.1	28.4	28.5	21.5	26.1	22.8	20.2	19.9	23.0	.
Turnover	real, CCPY	16.0	17.6	25.4	26.1	25.3	22.8	24.7	25.3	25.8	25.2	25.3	25.0	24.6	24.0	23.0	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	20436	22255	1775	3879	6218	8091	10398	12678	14901	16963	19171	21429	23893	25851	1965	.
Imports total (cif), cumulated	EUR mn	29462	32569	2413	5280	8569	11514	15045	18527	21979	25342	28725	32610	36684	40746	3027	.
Trade balance, cumulated	EUR mn	-9025	-10313	-638	-1400	-2351	-3423	-4647	-5849	-7079	-8379	-9554	-11180	-12791	-14895	-1061	.
Exports to EU-27 (fob), cumulated	EUR mn	14461	15636	1295	2797	4441	5708	7251	8846	10437	11822	13442	15078	16896	18228	1443	.
Imports from EU-27 (cif), cumulated	EUR mn	18767	20633	1481	3201	5258	7077	9386	11685	13945	16026	18198	20731	23355	25944	2152	.
Trade balance with EU-27, cumulated	EUR mn	-4306	-4996	-185	-404	-817	-1369	-2135	-2840	-3509	-4204	-4757	-5654	-6459	-7716	-709	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-6114	-6888	-292	-770	-1358	-2060	-2912	-3744	-4522	-5466	-6301	-7399	-8560	-9973	-766	.
EXCHANGE RATE																	
RON/USD, monthly average	nominal	3.097	3.084	3.006	2.963	2.918	2.849	2.745	2.801	2.817	2.753	2.769	2.789	2.714	2.583	2.613	2.588
RON/EUR, monthly average	nominal	3.653	3.659	3.645	3.540	3.507	3.491	3.507	3.548	3.572	3.528	3.527	3.519	3.495	3.414	3.394	3.382
RON/USD, calculated with CPI[4)]	real, Jan03=100	132.3	134.1	137.8	139.9	141.7	144.4	150.0	146.9	145.8	148.8	148.7	148.7	154.9	163.5	162.0	163.6
RON/USD, calculated with PPI[4)]	real, Jan03=100	132.6	133.6	137.9	143.5	146.1	150.3	157.0	155.2	154.9	159.4	160.6	163.5	166.4	174.5	172.6	.
RON/EUR, calculated with CPI[4)]	real, Jan03=100	121.9	121.9	124.2	127.8	128.6	128.9	128.7	127.2	126.6	127.9	127.9	128.4	130.6	134.1	135.8	136.0
RON/EUR, calculated with PPI[4)]	real, Jan03=100	133.1	132.3	133.5	138.7	139.9	142.2	143.7	143.4	142.2	145.8	146.8	147.6	150.5	154.7	156.1	.
DOMESTIC FINANCE																	
M0, end of period[5)]	RON mn	10348	11386	10977	11165	11480	12471	12595	13557	13926	13959	14423	13955	13937	15130	13492	14163
M1, end of period[5)]	RON mn	21133	24551	23560	23508	23843	24593	26080	27781	28930	29771	30406	30574	30606	35372	51602	52282
M2, end of period	RON mn	81402	86332	85727	85677	87528	88034	91747	95054	95888	98302	99346	100619	101940	111711	106600	109639
M2, end of period	CMPY	43.1	33.9	35.8	31.4	28.8	27.4	27.5	28.1	29.4	28.1	23.9	24.1	25.2	29.4	24.3	28.0
Discount rate (p.a.),end of period[6)]	%	7.5	7.5	7.5	7.5	8.5	8.5	8.5	8.5	8.5	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Discount rate (p.a.),end of period[6)7)]	real, %	-1.2	-1.9	-2.1	-3.8	-2.5	-1.9	-2.8	-3.7	-3.9	-3.7	-2.9	-1.7	-2.0	-2.5	-1.1	.
BUDGET																	
Central gov.budget balance, cum.	RON mn	653.2	-2182.9	850.9	851.4	472.6	674.3	830.9	-444.7	555.7	-8.1	-550.4	440.7	-1284.4	-10537.5	200.4	.

1) Enterprises with more than 3 employees.

2) Ratio of unemployed to economically active population as of December of previous year.

3) Cumulation starting January and ending December each year.

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

5) Up to Dec 2006 currency outside banks, from January 2007 according to ECB methodology.

6) Reference rate of RNB.

7) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total	real, CMPY	5.8	8.7	7.3	4.8	16.0	3.5	10.9	12.1	9.9	14.4	8.6	12.1	9.9	7.2	18.7	.
Industry, total	real, CCPY	3.2	3.6	7.3	6.1	9.5	8.0	8.6	9.2	9.3	9.9	9.8	10.0	10.0	9.8	18.7	.
Industry, total	real, 3MMA	6.1	7.2	6.9	9.5	8.2	10.2	8.9	11.0	12.1	10.9	11.6	10.2	9.8	11.9	.	.
Construction, total	real, CMPY	15.8	0.5	4.6	19.9	18.0	11.6	20.2	16.3	17.2	21.1	11.4	9.3	12.1	17.6	24.2	.
LABOUR																	
Employment in industry	th. persons	587.5	579.6	556.3	557.7	559.4	564.3	568.5	571.6	572.9	574.6	577.1	577.7	578.8	576.7	582.6	.
Unemployment, end of period	th. persons	322.6	333.8	342.4	337.3	329.3	315.6	302.6	296.5	291.3	282.0	279.9	271.0	268.8	273.4	279.0	273.5
Unemployment rate[1]	%	10.9	11.4	11.8	11.7	11.4	11.0	10.6	10.4	10.2	9.9	9.8	9.3	9.1	9.4	9.5	9.2
Labour productivity, industry	CCPY	0.1	0.6	8.5	7.1	10.8	9.4	10.1	10.8	11.0	11.7	11.4	11.7	11.7	11.3	13.3	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	11.5	10.6	-0.6	-3.3	-5.5	-2.5	-1.8	-2.4	-2.3	-2.6	-2.1	-2.0	-1.4	-0.6	6.7	.
WAGES, SALARIES																	
Industry, gross	SKK	21515	19949	17781	17311	18401	18124	19433	19857	19167	18981	18918	20157	23254	21621	19874	.
Industry, gross	real, CMPY	3.2	3.1	0.6	-6.5	0.5	2.8	5.2	2.2	3.6	1.9	2.3	5.4	3.7	4.2	8.6	.
Industry, gross	USD	656	625	573	553	590	594	660	661	633	645	642	690	833	816	745	.
Industry, gross	EUR	556	527	474	463	491	485	517	522	499	504	504	547	647	617	572	.
PRICES																	
Consumer	PM	0.0	0.1	2.1	0.6	0.0	0.3	0.4	0.1	0.2	0.0	-0.3	0.2	0.6	0.0	1.0	0.2
Consumer	CMPY	3.4	3.7	4.1	4.4	4.5	4.5	4.8	4.6	5.0	5.1	4.6	3.7	4.3	4.2	3.0	2.7
Consumer	CCPY	2.6	2.7	4.1	4.3	4.3	4.4	4.5	4.5	4.6	4.6	4.6	4.5	4.5	4.5	3.0	2.8
Producer, in industry	PM	1.8	-0.6	1.4	1.4	0.7	0.6	0.8	0.3	0.5	0.6	-0.7	0.1	0.4	-0.8	-0.5	1.8
Producer, in industry	CMPY	7.4	7.0	8.6	9.8	9.9	9.8	9.8	9.1	8.9	8.8	7.6	7.0	5.6	5.4	3.4	3.8
Producer, in industry	CCPY	4.5	4.7	8.6	9.2	9.4	9.5	9.6	9.5	9.4	9.3	9.1	8.9	8.6	8.3	3.4	3.6
RETAIL TRADE[2)]																	
Turnover	real, CMPY	12.3	6.3	6.6	6.5	10.0	8.6	9.3	10.7	8.5	8.0	10.6	9.6	9.4	7.4	0.9	.
Turnover	real, CCPY	10.1	9.7	6.6	6.6	7.7	7.9	8.2	8.6	8.6	8.5	8.7	8.8	8.8	8.8	0.9	.
FOREIGN TRADE[3)4)5)]																	
Exports total (fob),cumulated	EUR mn	23583	25773	2167	4438	7149	9532	12299	15167	17805	20618	23686	27120	30468	33290	3196	.
Imports total (fob),cumulated	EUR mn	24878	27751	2385	4931	7770	10399	13371	16365	19070	22038	25376	28967	32587	35752	3081	.
Trade balance,cumulated	EUR mn	-1295	-1978	-218	-493	-622	-867	-1072	-1198	-1266	-1421	-1690	-1846	-2119	-2461	115	.
Exports to EU-27 (fob), cumulated	EUR mn	20609	22471	1950	3961	6348	8405	10857	13343	15576	18014	20647	23599	26506	28944	.	.
Imports from EU-27 (fob)[6)], cumulated	EUR mn	18010	19893	1513	3196	5196	6970	9043	11155	13108	15066	17368	19903	22453	24639	.	.
Trade balance with EU-27, cumulated	EUR mn	2599	2579	437	765	1151	1435	1814	2188	2468	2947	3278	3696	4053	4305	.	.
FOREIGN FINANCE																	
Current account, cumulated[3)]	EUR mn	-2146	-3288	-244	-427	-622	-981	-1451	-1647	-2276	-2308	-2804	-3030	-3264	-3481	-222	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	32.8	31.9	31.0	31.3	31.2	30.5	29.5	30.1	30.3	29.4	29.4	29.2	27.9	26.5	26.7	26.4
SKK/EUR, monthly average	nominal	38.7	37.9	37.5	37.4	37.5	37.4	37.6	38.0	38.4	37.7	37.5	36.9	35.9	35.0	34.7	34.5
SKK/USD, calculated with CPI[7)]	real, Jan03=100	124.9	129.0	134.4	133.8	133.6	135.7	140.5	137.6	136.4	140.1	140.3	142.3	150.2	157.9	158.3	160.2
SKK/USD, calculated with PPI[7)]	real, Jan03=100	114.0	117.0	121.1	123.6	124.7	126.4	130.9	128.5	127.5	131.2	132.2	136.0	140.3	145.7	144.0	148.0
SKK/EUR, calculated with CPI[7)]	real, Jan03=100	114.6	117.0	121.1	121.8	121.1	120.9	120.4	118.9	118.1	120.1	120.3	122.6	126.4	129.1	132.2	132.8
SKK/EUR, calculated with PPI[7)]	real, Jan03=100	114.1	115.5	117.3	119.0	119.2	119.3	119.7	118.4	116.8	119.7	120.4	122.6	126.7	128.8	129.7	132.7
DOMESTIC FINANCE																	
M0, end of period[8)]	SKK bn	114.9	119.8	118.8	119.4	120.1	121.3	121.9	124.5	124.4	125.8	126.4	126.1	127.3	131.2	129.4	.
M1, end of period[8)]	SKK bn	464.4	486.0	477.7	493.5	486.0	485.5	512.9	521.7	528.1	512.8	513.0	511.8	532.6	546.1	536.8	.
Broad money, end of period[8)]	SKK bn	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8	892.4	894.3	911.7	926.7	958.6	961.1	.
Broad money, end of period[8)]	CMPY	6.3	7.8	8.6	9.1	10.3	9.4	10.5	11.2	11.8	13.6	12.9	13.9	16.1	15.3	16.5	.
Discount rate (p.a.),end of period[9)]	%	3.0	3.0	3.0	3.0	3.5	3.5	4.0	4.0	4.5	4.5	4.8	4.8	4.8	4.8	4.8	4.8
Discount rate (p.a.),end of period[9)10)]	real, %	-4.1	-3.7	-5.2	-6.2	-5.8	-5.7	-5.3	-4.7	-4.0	-3.9	-2.6	-2.1	-0.8	-0.6	1.3	0.9
BUDGET																	
Central gov.budget balance, cum.	SKK mn	-7553	-33886	12083	6347	157	180	-11700	-10246	-5244	-5716	-5134	-1080	-6983	-31678	2929	-8529

1) Ratio of disposable number of registered unemployment calculated to the economically active population as of previous year.
2) According to NACE (52 - retail trade), excluding VAT.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) Excluding value of goods for repair and after repair.
6) According to country of origin.
7) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
8) According to ECB methodology.
9) Corresponding to the 2-week limit rate of NBS.
10) Deflated with annual PPI.

S L O V E N I A: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005 Nov	Dec	2006 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2007 Jan	Feb
PRODUCTION																	
Industry, total	real, CMPY	7.5	6.0	7.2	8.1	7.1	0.6	9.3	4.2	6.8	10.7	7.3	10.3	8.6	4.2	.	.
Industry, total	real, CCPY	3.1	3.3	7.2	7.6	7.4	5.7	6.5	6.0	6.2	6.7	6.7	7.1	7.3	7.0	.	.
Industry, total	real, 3MMA	7.1	7.5	7.5	7.4	5.2	5.8	4.8	6.7	7.0	8.1	9.3	8.7	7.8	.	.	.
Construction, total[1)]	real, CMPY	8.6	13.2	-3.9	7.7	1.0	-3.2	-2.8	11.8	15.8	2.9	38.1	41.2	23.2	30.2	46.8	.
LABOUR																	
Employment total	th. persons	818.3	813.6	812.5	814.1	817.3	819.9	823.6	827.4	825.2	825.2	829.5	833.7	836.7	833.0	838.0	.
Employees in industry	th. persons	238.1	235.8	235.1	234.9	234.8	234.6	235.1	235.8	235.1	234.9	235.5	236.8	237.6	236.2	.	.
Unemployment, end of period	th. persons	93.9	92.6	95.2	94.1	91.4	90.0	87.1	84.9	85.6	83.1	80.2	81.3	78.8	78.3	80.0	.
Unemployment rate[2)]	%	10.3	10.2	10.5	10.4	10.1	9.9	9.6	9.3	9.4	9.1	8.8	8.9	8.6	8.6	8.7	.
Labour productivity, industry	CCPY	4.9	5.2	9.9	10.3	10.1	8.3	9.1	8.6	8.7	9.1	9.0	9.3	9.3	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.4	0.5	-2.3	-3.1	-3.3	-2.1	-2.9	-2.3	-2.4	-3.0	-3.2	-3.4	-3.4	.	.	.
WAGES, SALARIES																	
Total economy, gross	EUR-SIT	1310	1212	1175	1158	1192	1168	1195	1192	1181	1211	1200	1223	1393	1261	1250	.
Total economy, gross	real, CMPY	6.9	-1.5	2.8	3.2	3.2	1.2	2.1	2.2	2.3	0.8	1.1	3.3	3.9	1.2	3.6	.
Total economy, gross	USD	1545	1437	1423	1384	1432	1429	1526	1510	1498	1551	1529	1542	1792	1666	.	.
Total economy, gross	EUR	1310	1213	1175	1158	1192	1168	1195	1192	1181	1211	1200	1223	1393	1261	1250	.
Industry, gross	EUR	1221	1060	1061	1021	1079	1027	1065	1070	1044	1089	1060	1096	1287	1114	1140	.
PRICES																	
Consumer	PM	-0.5	0.0	-0.5	0.4	0.8	0.8	0.9	-0.3	-0.2	0.6	0.4	-0.8	0.3	0.4	-0.7	-0.2
Consumer	CMPY	2.1	2.3	2.4	2.2	1.9	2.7	3.2	2.9	1.9	3.2	2.5	1.5	2.3	2.8	2.7	2.1
Consumer	CCPY	2.5	2.5	2.4	2.3	2.2	2.3	2.5	2.6	2.5	2.6	2.5	2.4	2.4	2.5	2.7	1.2
Producer, in industry	PM	0.1	0.4	-0.1	0.6	0.4	0.3	0.1	0.3	0.1	-0.2	0.6	0.1	0.0	0.6	0.6	.
Producer, in industry	CMPY	1.8	1.8	1.3	1.6	2.0	2.0	2.4	2.7	2.9	2.4	2.7	2.7	2.6	2.8	3.5	.
Producer, in industry	CCPY	2.8	2.7	1.3	1.4	1.6	1.7	1.9	2.0	2.1	2.2	2.2	2.3	2.3	2.3	3.5	.
RETAIL TRADE																	
Turnover	real, CMPY	18.9	14.3	8.1	9.7	9.1	7.9	9.3	4.8	8.1	2.7	4.9	10.6	2.9	-2.2	.	.
Turnover	real, CCPY	9.2	9.7	8.1	8.9	9.0	8.7	8.8	8.1	8.1	7.4	7.1	7.5	7.0	6.1	.	.
FOREIGN TRADE[3)4)]																	
Exports total (fob), cumulated	EUR mn	13229	14397	1233	2492	3984	5293	6736	8201	9629	10772	12281	13839	15414	16761	1418	.
Imports total (cif), cumulated	EUR mn	14313	15804	1256	2635	4279	5609	7165	8726	10267	11562	13182	14870	16669	18312	1518	.
Trade balance total, cumulated	EUR mn	-1084	-1408	-23	-143	-295	-316	-428	-524	-638	-790	-901	-1031	-1255	-1551	-100	.
Exports to EU-27 (fob), cumulated	EUR mn	9215	10003	918	1832	2890	3803	4812	5835	6820	7586	8653	9755	10861	11777	1053	.
Imports from EU-27 (cif)[5)], cumulated	EUR mn	11755	12960	996	2087	3435	4516	5781	7053	8323	9363	10694	12060	13552	14900	1205	.
Trade balance with EU-27, cumulated	EUR mn	-2539	-2957	-78	-255	-545	-713	-969	-1218	-1503	-1777	-2042	-2305	-2691	-3123	-153	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-260	-548	40	-68	-165	-128	-158	-112	-208	-278	-322	-348	-706	-773	.	.
EXCHANGE RATE																	
EUR-SIT/USD, monthly average	nominal	0.8481	0.8436	0.8260	0.8364	0.8325	0.8176	0.7830	0.7895	0.7882	0.7807	0.7847	0.7930	0.7771	0.7569	.	.
EUR-SIT/EUR, monthly average	nominal	0.9998	0.9998	0.9998	0.9997	0.9998	0.9998	0.9999	0.9999	0.9999	0.9999	0.9998	0.9998	0.9999	0.9999	1.0000	.
EUR-SIT/USD, calculated with CPI[6)]	real, Jan03=100	107.8	108.8	109.7	108.5	109.4	111.2	116.6	115.1	114.7	116.3	116.7	115.1	118.1	121.5	.	.
EUR-SIT/USD, calculated with PPI[6)]	real, Jan03=100	95.8	97.1	98.3	99.1	99.8	100.6	104.2	103.5	103.2	103.4	105.1	106.2	106.3	109.2	.	.
EUR-SIT/EUR, calculated with CPI[6)]	real, Jan03=100	99.0	98.7	98.6	98.7	99.0	99.2	99.7	99.3	99.2	99.7	100.0	99.1	99.3	99.3	99.1	.
EUR-SIT/EUR, calculated with PPI[6)]	real, Jan03=100	95.9	96.0	95.0	95.4	95.4	95.0	95.1	95.3	94.5	94.3	95.6	95.6	96.0	96.5	97.3	.
DOMESTIC FINANCE																	
M0, end of period[7)]	EUR-SIT mn	739	781	859	863	866	922	904	921	885	877	889	893	825	638	.	.
M1, end of period[7)]	EUR-SIT mn	4479	4805	7040	7069	7213	7364	7492	7615	7568	7565	7619	7562	7580	7734	9664	.
Broad money, end of period[7)]	EUR-SIT mn	17730	17769	10694	14966	15157	15058	15255	15398	15430	15371	15651	15545	15675	15887	18050	.
Broad money, end of period[7)]	CMPY	8.0	5.5	-37.0	-11.7	-11.3	-12.8	-10.2	-8.5	-8.7	-9.9	-9.7	-10.5	-11.6	-10.6	68.8	.
Refinancing rate (p.a.),end of period	%	3.50	3.75	3.75	3.50	3.25	3.25	3.25	3.50	3.50	3.75	3.75	3.75	3.75	3.75	.	.
Refinancing rate (p.a.),end of period[8)]	real, %	1.7	1.9	2.4	1.9	1.2	1.2	0.8	0.8	0.6	1.3	1.0	1.0	1.1	0.9	.	.
BUDGET																	
General gov.budget balance, cum.	EUR-SIT mn	-154.0	-299.6	68.1	-74.2	-130.4	-64.8	-89.1	-69.1	-22.1	72.7	-33.6	11.8	22.6	-247.1	.	.

Note: Slovenia has introduced the Euro from 1, Jan 2007. Until December 2006 all time series in SIT and the exchange rates have been divided by the conversion factor 239.64 (SIT per EUR) to EUR-SIT.

1) Effective working hours, construction put in place of enterprises with 20 and more persons employed.
2) Ratio of unemployed to the economically active.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) According to country of dispatch.
6) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
7) From 2006 harmonized ECB methodology.
8) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total[1]	real, CMPY	6.4	3.1	5.9	7.3	6.0	-3.2	4.1	-1.1	5.2	9.8	3.0	8.5	6.8	3.0	9.1	5.8
Industry, total[1]	real, CCPY	5.3	5.1	5.9	6.6	6.4	3.7	3.8	2.9	3.3	4.1	3.9	4.4	4.6	4.5	9.1	7.4
Industry, total[1]	real, 3MMA	5.5	5.0	5.3	6.4	3.1	2.3	-0.1	2.7	4.4	5.9	7.0	6.1	6.1	6.2	5.8	.
Construction, total, effect.work.time[1]	real, CMPY	8.0	4.4	13.3	17.1	16.9	3.8	13.7	7.5	8.3	9.7	4.7	9.9	7.3	3.6	.	.
LABOUR																	
Employment total	th. persons	1425.4	1417.2	1406.6	1403.8	1406.7	1416.3	1429.6	1444.1	1455.5	1456.2	1446.9	1438.5	1434.3	1426.6	1416.5	.
Employees in industry	th. persons	279.1	277.4	273.1	274.6	274.8	275.5	276.3	276.8	276.8	277.0	276.8	276.9	277.6	276.7	275.5	.
Unemployment, end of period	th. persons	305.5	307.9	314.2	313.6	311.3	302.4	287.3	274.5	270.8	271.1	279.0	289.9	292.3	293.2	299.1	298.8
Unemployment rate[2]	%	17.7	17.8	18.3	18.3	18.1	17.6	16.7	16.0	15.7	15.7	16.2	16.8	16.9	17.0	17.4	17.4
Labour productivity, industry[1]	CCPY	3.7	3.5	5.2	6.8	7.0	4.7	4.9	4.1	4.5	5.3	5.2	5.6	5.8	5.6	9.5	.
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	2.9	3.1	4.3	2.6	2.5	4.0	3.7	4.6	4.0	3.1	3.0	2.6	2.8	3.0	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	6588	6409	6386	6326	6650	6459	6780	6684	6550	6672	6530	6593	7097	6864	.	.
Total economy, gross	real, CMPY	1.1	0.8	2.2	2.4	2.8	2.1	2.5	1.2	2.2	2.3	2.4	4.4	5.1	5.0	.	.
Total economy, gross	USD	1054	1028	1046	1032	1090	1081	1190	1167	1147	1174	1127	1125	1243	1233	.	.
Total economy, gross	EUR	893	867	866	863	908	883	932	921	904	917	884	892	966	933	.	.
Industry, gross	EUR	833	796	795	797	850	807	867	871	839	858	829	836	931	863	.	.
PRICES																	
Consumer	PM	0.2	0.5	0.6	0.8	0.1	0.2	0.5	-0.1	-0.8	0.1	0.0	0.0	0.6	0.0	0.3	0.3
Consumer	CMPY	3.8	3.6	3.9	3.6	3.0	3.5	4.0	4.0	3.4	3.4	2.8	2.1	2.5	2.0	1.8	1.2
Consumer	CCPY	3.4	3.3	3.9	3.8	3.5	3.5	3.6	3.7	3.6	3.6	3.5	3.4	3.3	3.2	1.8	1.5
Producer, in industry	PM	0.0	-0.3	0.5	0.7	0.3	0.1	0.4	-0.2	0.1	0.2	-0.3	0.0	0.1	0.0	0.8	0.2
Producer, in industry	CMPY	2.3	2.7	3.2	3.6	3.6	3.4	3.7	3.7	3.0	3.1	2.0	1.5	1.6	1.9	2.2	1.7
Producer, in industry	CCPY	3.0	3.0	3.2	3.4	3.5	3.4	3.5	3.5	3.5	3.4	3.3	3.1	2.9	2.9	2.2	1.9
RETAIL TRADE																	
Turnover	real, CMPY	2.0	2.9	3.6	5.3	0.3	1.5	0.2	-0.5	1.6	1.9	2.8	4.6	3.4	4.0	.	.
Turnover	real, CCPY	3.1	3.2	3.6	4.4	1.7	2.3	1.8	1.4	1.5	1.5	1.7	1.9	2.0	2.1	.	.
FOREIGN TRADE[4)5)]																	
Exports total (fob), cumulated	EUR mn	6357	7064	605	1192	1971	2555	3258	3903	4610	5231	5930	6735	7435	8253	585	.
Imports total (cif), cumulated	EUR mn	13659	14933	1134	2424	3955	5323	6829	8362	9822	11217	12634	14238	15697	17094	1188	.
Trade balance, cumulated	EUR mn	-7303	-7869	-529	-1233	-1984	-2768	-3571	-4459	-5211	-5986	-6704	-7503	-8262	-8841	-603	.
Exports to EU-27 (fob), cumulated	EUR mn	4085	4472	400	806	1311	1715	2186	2639	3073	3461	3874	4423	4857	5316	350	.
Imports from EU-27 (cif), cumulated	EUR mn	9292	10140	664	1531	2533	3526	4616	5656	6705	7579	8503	9553	10532	11486	750	.
Trade balance with EU-27, cumulated	EUR mn	-4878	-5315	-246	-671	-1140	-1686	-2264	-2822	-3387	-3838	-4321	-4789	-5318	-5798	-387	.
FOREIGN FINANCE																	
Current account, cumulated[5]	EUR mn	.	-1995	.	.	-2054	.	.	-3354	.	.	-1177	.	.	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	6.252	6.234	6.102	6.129	6.098	5.974	5.698	5.726	5.711	5.683	5.794	5.862	5.710	5.566	5.663	5.640
HRK/EUR, monthly average	nominal	7.375	7.389	7.378	7.327	7.325	7.313	7.273	7.256	7.246	7.276	7.385	7.393	7.344	7.355	7.367	7.363
HRK/USD, calculated with CPI[6]	real, Jan03=100	111.8	113.1	115.4	115.5	115.7	117.3	122.9	122.0	120.9	121.4	119.7	118.9	123.0	126.0	124.2	125.1
HRK/USD, calculated with PPI[6]	real, Jan03=100	101.4	101.8	103.6	105.5	106.1	107.1	111.7	110.7	110.5	110.6	109.9	110.8	111.7	114.0	112.9	113.6
HRK/EUR, calculated with CPI[6]	real, Jan03=100	102.5	102.5	103.7	105.0	104.6	104.3	105.0	105.1	104.5	104.0	102.4	102.2	103.4	102.9	103.5	103.6
HRK/EUR, calculated with PPI[6]	real, Jan03=100	101.3	100.4	100.2	101.4	101.3	100.9	101.8	101.7	101.0	100.8	99.8	99.6	100.7	100.5	101.5	101.7
DOMESTIC FINANCE																	
M0, end of period	HRK bn	11.7	12.2	11.7	11.8	12.1	12.7	13.0	14.0	14.9	14.6	14.3	13.9	13.5	14.6	.	.
M1, end of period	HRK bn	37.2	38.8	37.2	37.2	38.2	39.2	40.8	42.2	45.0	45.0	44.0	45.5	46.3	48.5	46.0	.
Broad money, end of period	HRK bn	154.7	154.6	152.0	151.7	153.6	155.1	158.1	163.1	170.3	174.2	176.8	180.6	179.6	182.5	183.0	.
Broad money, end of period	CMPY	10.8	10.5	9.4	9.3	11.3	12.5	12.4	14.4	17.0	15.3	16.6	18.4	16.1	18.0	20.4	.
Discount rate (p.a.), end of period	%	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Discount rate (p.a.), end of period[7]	real, %	2.2	1.8	1.3	0.9	0.9	1.1	0.8	0.8	1.5	1.4	2.5	3.0	2.9	2.6	2.3	2.8
BUDGET																	
Central gov. budget balance, cum.[8]	HRK mn	-6936	-6874	-883	-1742	-2803	-3097	-3381	-3475	-3426	-2641	-2635	-2696	-2777	.	.	.

1) In business entities with more than 20 persons employed.
2) Ratio of unemployed to the economically active population.
3) Based on cumulated national currency and converted with the average exchange rate.
4) Cumulation starting January and ending December each year.
5) Calculated from USD to NCU to EUR using the official average exchange rate.
6) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
7) Deflated with annual PPI.
8) Consolidated central government budget. Including extra-budgetary funds.

R U S S I A: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005		2006												2007	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PRODUCTION																	
Industry, total[1)]	real, CMPY	6.0	4.8	4.3	0.9	4.1	4.9	11.2	2.9	3.6	6.3	5.6	6.5	4.2	2.5	8.4	9.2
Industry, total[1)]	real, CCPY	3.8	3.9	4.3	2.6	3.1	3.6	5.0	4.7	4.5	4.7	4.8	5.0	4.9	4.7	8.4	8.8
Industry, total[1)]	real, 3MMA	4.8	5.0	3.4	3.1	3.3	6.6	6.2	5.8	4.3	5.2	6.1	5.4	4.3	4.8	6.4	.
Construction, total	real, CMPY	16.2	15.6	-7.5	-3.5	10.7	12.1	10.9	14.5	14.5	12.4	18.3	24.3	21.4	25.7	29.8	21.3
LABOUR[2)]																	
Employment total	th. persons	68700	68300	67624	67607	67920	68226	68529	68962	69496	70026	69698	69476	69138	68888	68723	.
Unemployment, end of period	th. persons	5543	5660	5688	5792	5707	5622	5536	5324	5111	4900	4933	4966	4999	5133	5267	5400
Unemployment rate	%	7.5	7.7	7.8	7.9	7.8	7.6	7.5	7.2	6.8	6.5	6.6	6.7	6.7	6.9	7.1	7.3
WAGES, SALARIES																	
Total economy, gross	RUB	8931	11319	9016	9255	9914	9833	10257	11106	10883	10853	11127	11046	11303	14263	11430	11659
Total economy, gross	real, CMPY	14.0	16.0	10.9	11.5	10.7	11.9	15.8	17.8	15.1	14.9	14.2	16.4	16.1	15.6	17.1	17.0
Total economy, gross	USD	311	393	319	328	356	357	379	412	404	406	416	411	425	505	431	443
Total economy, gross	EUR	263	331	263	274	296	291	297	325	319	317	326	326	330	416	332	339
Industry, gross[3)]	EUR	266	300	257	263	285	286	287	299	308	312	312	320	317	365	325	.
PRICES																	
Consumer	PM	0.7	0.8	2.4	1.7	0.8	0.3	0.5	0.3	0.7	0.2	0.1	0.3	0.6	0.8	1.7	1.1
Consumer	CMPY	11.2	10.9	10.7	11.2	10.7	9.9	9.5	9.2	9.3	9.7	9.4	9.1	9.0	9.0	8.2	7.6
Consumer	CCPY	12.7	12.5	10.7	11.0	10.9	10.6	10.4	10.2	10.1	10.0	9.9	9.8	9.8	9.7	8.2	7.9
Producer, in industry	PM	-0.9	-2.1	0.5	3.3	2.1	0.6	1.8	0.8	1.7	2.2	1.4	-2.8	-2.5	1.0	1.7	0.1
Producer, in industry	CMPY	16.0	13.4	13.4	15.7	15.2	13.1	12.1	12.9	14.2	14.4	12.9	8.8	7.0	10.4	11.7	8.2
Producer, in industry	CCPY	21.4	20.7	13.4	14.6	14.8	14.3	13.9	13.7	13.8	13.9	13.7	13.2	12.6	12.4	11.7	9.9
RETAIL TRADE																	
Turnover[4)]	real, CMPY	12.2	14.8	10.8	10.1	10.8	11.1	11.9	14.0	14.2	14.2	14.1	14.6	13.9	9.5	13.5	14.4
Turnover[4)]	real, CCPY	12.6	12.8	10.8	10.5	10.6	10.7	11.0	11.5	11.9	12.2	12.4	12.7	12.8	12.5	13.5	13.9
FOREIGN TRADE[5)6)7)]																	
Exports total, cumulated	EUR mn	175258	195676	17300	35691	56042	75672	97012	117136	137582	159730	180004	199758	219654	242517	16191	.
Imports total, cumulated	EUR mn	89135	100663	7089	15756	26290	35389	45364	56765	67619	78990	90492	102974	115586	130502	8732	.
Trade balance, cumulated	EUR mn	86124	95012	10211	19935	29751	40282	51647	60372	69963	80740	89512	96785	104068	112015	7459	.
FOREIGN FINANCE																	
Current account, cumulated[8)]	EUR mn	.	66971	.	.	24497	.	.	44242	.	.	62669	.	.	76687	.	.
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	28.763	28.805	28.228	28.195	27.874	27.564	27.065	26.983	26.916	26.762	26.746	26.867	26.617	28.228	26.529	26.343
RUB/EUR, monthly average	nominal	33.951	34.162	34.293	33.733	33.492	33.767	34.524	34.209	34.155	34.274	34.087	33.889	34.235	34.293	34.389	34.408
RUB/USD, calculated with CPI[9)]	real, Jan03=100	136.7	138.1	143.2	145.5	147.6	148.5	151.2	151.8	152.7	153.6	154.6	155.1	157.8	149.7	162.0	165.0
RUB/USD, calculated with PPI[9)]	real, Jan03=100	153.2	150.4	153.0	160.6	165.6	166.3	170.9	172.4	174.9	178.7	184.1	181.7	175.5	166.2	179.8	181.3
RUB/EUR, calculated with CPI[9)]	real, Jan03=100	125.6	125.5	128.6	132.5	133.9	132.4	129.7	131.1	132.3	131.9	132.7	133.7	133.1	133.4	135.9	137.0
RUB/EUR, calculated with PPI[9)]	real, Jan03=100	153.5	148.8	147.6	154.8	158.4	157.1	156.4	158.9	160.3	163.2	167.8	163.9	158.7	160.0	162.7	162.8
DOMESTIC FINANCE																	
M0, end of period	RUB bn	1765.8	2009.2	1875.6	1890.1	1928.8	2027.8	2096.9	2233.4	2290.3	2351.6	2400.8	2402.2	2450.7	2785.2	2630.1	.
M1, end of period	RUB bn	3413.2	3858.5	3662.0	3686.7	3855.9	3957.7	4205.2	4479.3	4504.9	4652.1	4856.1	4765.0	4900.1	5598.4	5304.8	.
M2, end of period	RUB bn	6604.8	7221.1	7035.6	7155.7	7392.9	7534.2	7877.6	8304.8	8407.9	8570.4	8897.2	8968.8	9233.6	10146.7	9905.0	.
M2, end of period	CMPY	35.7	36.3	35.7	33.9	34.4	34.7	37.2	38.0	38.1	36.3	37.8	38.3	39.8	40.5	40.8	.
Refinancing rate (p.a.),end of period	%	13.0	12.0	12.0	12.0	12.0	12.0	12.0	11.5	11.5	11.5	11.5	11.5	11.0	11.0	10.5	10.5
Refinancing rate (p.a.),end of period[10)]	real, %	-2.6	-1.3	-1.3	-3.2	-2.8	-1.0	-0.1	-1.2	-2.4	-2.6	-1.2	2.5	3.7	0.6	-1.1	2.1
BUDGET																	
Central gov.budget balance, cum.	RUB bn	1636.7	1612.9	221.7	390.8	575.9	692.0	894.7	1083.4	1270.0	1489.4	1694.5	1905.9	1992.6	1995.0	.	.

1) According to NACE C+D+E.

2) Based on labour force survey.

3) Manufacturing industry only.

4) Including estimated turnover of non-registered firms, including catering.

5) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.

6) Cumulation starting January and ending December each year, incl. estimates of non-registered imports.

7) Based on balance of payments statistics.

8) Calculated from USD to NCU to EUR using the official average exchange rate.

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

10) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2005 to 2007

(updated end of March 2007)

		2005 Nov	Dec	2006 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2007 Jan	Feb
PRODUCTION																	
Industry, total	real, CMPY	2.0	5.3	-2.9	1.5	1.3	0.5	10.0	9.6	11.4	9.1	6.2	3.8	8.3	12.0	15.8	11.0
Industry, total	real, CCPY	2.9	3.1	-2.9	-0.6	0.2	0.4	2.4	3.6	4.8	5.4	5.5	5.3	5.6	6.2	15.8	13.4
Industry, total	real, 3MMA	3.2	1.5	1.3	0.0	1.1	3.9	6.7	10.3	10.0	8.9	6.4	6.1	8.0	12.0	12.9	.
LABOUR																	
Employees[1]	th. persons	11306	11220	11245	11296	11352	11378	11381	11412	11440	11430	11413	11403	11356	11273	11284	11314
Employees in industry[1]	th. persons	3394	3368	3374	3380	3380	3367	3355	3354	3351	3342	3334	3336	3329	3303	3298	3305
Unemployment, end of period	th. persons	809.7	881.5	899.9	923.8	913.7	868.7	805.8	749.1	715.3	694.7	676.1	653.3	693.1	693.1	790.2	812.8
Unemployment rate[2]	%	2.9	3.1	3.2	3.3	3.2	3.1	2.9	2.7	2.5	2.5	2.4	2.3	2.5	2.5	2.8	2.9
Labour productivity, industry[1]	CCPY	2.7	3.0	-2.1	0.3	1.3	1.6	3.7	5.0	6.3	7.0	7.2	7.0	7.3	8.0	18.5	16.0
Unit labour costs, exch.r. adj.(EUR)[1]	CCPY	29.1	30.6	50.8	47.2	46.3	42.2	34.3	29.4	25.3	22.6	20.9	20.0	18.3	16.7	-1.7	-0.7
WAGES, SALARIES [1]																	
Total economy, gross	UAH	897	1020	865	905	987	984	1003	1064	1079	1073	1087	1088	1104	1277	1112	1142
Total economy, gross	real, CMPY	24.3	31.3	22.9	22.6	25.8	24.9	22.3	21.0	19.9	20.2	16.3	11.2	10.3	12.2	16.0	15.2
Total economy, gross	USD	178	202	171	179	195	195	199	211	214	212	215	215	219	253	220	226
Total economy, gross	EUR	150	170	142	150	163	159	156	166	169	166	169	171	170	192	169	173
Industry, gross	EUR	177	188	173	177	194	182	174	187	193	194	196	202	200	216	202	202
PRICES																	
Consumer	PM	1.2	0.9	1.2	1.8	-0.3	-0.4	0.5	0.1	0.9	0.0	2.0	2.6	1.8	0.9	0.5	0.6
Consumer	CMPY	12.0	10.3	9.8	10.7	8.6	7.4	7.3	6.8	7.4	7.4	9.1	11.0	11.6	11.6	10.9	9.5
Consumer	CCPY	13.8	13.5	9.8	10.2	9.7	9.1	8.7	8.4	8.3	8.2	8.3	8.5	8.8	9.1	10.9	10.2
Producer, in industry	PM	-0.1	0.3	1.2	0.3	0.4	1.4	1.0	0.7	1.2	2.1	1.7	2.2	0.7	0.5	2.3	1.1
Producer, in industry	CMPY	10.4	9.6	10.7	8.1	6.5	5.4	4.7	6.3	9.4	10.9	10.7	13.1	14.0	14.2	15.5	16.4
Producer, in industry	CCPY	17.5	16.8	10.7	9.4	8.4	7.6	7.0	6.9	7.3	7.7	8.1	8.6	9.1	9.5	15.5	15.9
RETAIL TRADE																	
Turnover[3]	real, CCPY	22.4	23.0	31.3	28.4	26.5	27.4	27.2	27.0	26.1	25.6	25.0	25.0	25.1	25.3	26.5	26.2
FOREIGN TRADE[4][5]																	
Exports total (fob), cumulated	EUR mn	24908	27498	1933	4041	6645	9055	11494	14126	16770	19522	22421	25150	27748	30556	2468	.
Imports total (cif), cumulated	EUR mn	26084	29030	2241	4895	8116	10792	13643	16501	19412	22416	25685	28878	31928	35865	2847	.
Trade balance, cumulated	EUR mn	-1176	-1533	-309	-854	-1472	-1737	-2150	-2375	-2641	-2894	-3264	-3728	-4179	-5309	-379	.
FOREIGN FINANCE																	
Current account, cumulated[6]	EUR mn	.	2030	.	.	-638	.	.	-625	.	.	-212	.	.	-1289	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050
UAH/EUR, monthly average	nominal	5.961	5.983	6.101	6.037	6.064	6.180	6.428	6.396	6.402	6.469	6.435	6.370	6.490	6.651	6.574	6.596
UAH/USD, calculated with CPI[7]	real, Jan03=100	127.2	128.9	129.4	131.5	130.4	128.7	128.7	128.6	129.4	129.1	132.4	136.5	139.2	140.2	140.9	141.7
UAH/USD, calculated with PPI[7]	real, Jan03=100	130.8	131.8	132.3	134.7	135.0	135.1	135.2	135.9	136.9	138.9	143.4	149.6	147.8	147.6	151.0	152.7
UAH/EUR, calculated with CPI[7]	real, Jan03=100	116.5	116.8	116.3	119.4	117.9	114.5	110.2	110.8	111.8	110.4	113.2	117.2	117.0	114.8	117.2	117.2
UAH/EUR, calculated with PPI[7]	real, Jan03=100	130.6	130.0	127.9	129.4	128.7	127.3	123.6	124.9	125.1	126.4	130.3	134.4	133.3	130.6	135.6	136.6
DOMESTIC FINANCE																	
M0, end of period	UAH bn	55.1	60.2	56.8	57.0	58.6	61.0	61.1	64.3	66.2	67.4	68.6	68.4	68.8	75.0	70.7	71.8
M1, end of period	UAH bn	92.7	98.6	92.1	93.6	96.2	97.5	99.8	104.7	108.6	109.1	113.0	113.1	115.2	123.3	118.4	118.5
Broad money, end of period	UAH bn	180.1	194.1	188.8	191.3	195.3	201.2	207.4	214.1	221.5	226.4	234.8	238.5	244.1	261.1	256.2	261.3
Broad money, end of period	CMPY	43.8	54.3	50.1	46.1	39.4	37.4	40.2	37.0	39.2	37.4	37.3	36.4	35.6	34.5	35.7	36.6
Refinancing rate (p.a.),end of period	%	9.5	9.5	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Refinancing rate (p.a.),end of period[8]	real, %	-0.8	-0.1	-1.1	1.3	2.8	3.9	4.5	2.0	-0.8	-2.1	-2.0	-4.1	-4.8	-5.0	-6.0	-6.8
BUDGET																	
General gov.budget balance, cum.	UAH mn	3216	-7735	2508	2497	380	-856	1183	-996	-971	2524	2613	1452	4497	-3713	.	.

1) Excluding small firms.
2) Ratio of unemployed to the economically active.
3) Official registered enterprises.
4) Based on cumulated USD and converted using the ECB EUR/USD average foreign exchange reference rate.
5) Cumulation starting January and ending December each year.
6) Calculated from USD to NCU to EUR using the official average exchange rate.
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