

Monthly Report 11/05

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Russian Federation: awash with money – and problems, too

BY PETER HAVLIK

Russia's economy expanded at an average annual rate of 6% during the past five years. The main drivers of this robust growth have been private consumption and booming export revenues, the latter resulting mainly from surging oil and gas prices. In the first nine months of 2005, exports reached nearly USD 180 billion (a nominal increase by almost 40% compared to the same period in the previous year). With imports growing at somewhat slower pace (by 30%, to USD 86 billion) the trade balance was in a record surplus (USD 93 billion). Even with its traditionally negative services balance, the current account closed with a surplus

of nearly USD 70 billion (66% more than in the corresponding period of 2004) – which amounted to some 13% of GDP. The government budget has also been in a sizeable surplus (more than 10% of GDP in the first half of 2005) and foreign exchange reserves reached USD 150 billion at the end of September 2005. After repaying all outstanding IMF credits (USD 3.3 billion) at the beginning of 2005, the government agreed with the Paris Club creditors in summer to pay back some USD 15 billion of debt ahead of schedule. The Stabilization Fund, established in 2004 and fed from a portion of windfall oil export revenues, is expected to reach nearly USD 50 billion by the end of 2005. The Ministry of Finance announced in September its intention to repay all remaining debt to the Paris Club – USD 28 billion – in the course of 2006.

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At the same time, the GDP growth rate dropped by two percentage points in the first half of 2005 compared to the same period of the previous year (to a still respectable 5.7%) and the pace of structural reforms slowed down substantially. The investment climate deteriorated with excessive state interventions in the economy, the related bureaucratic obstacles and corruption being blamed as the main culprits. Symptoms of a Russian Dutch disease variety are becoming apparent as a growing part of export revenues stem from resource-based industries (revenues from oil and natural gas exports account for more than 60% of the total) and huge foreign exchange inflows exert appreciation pressures on the rouble. With a roughly constant nominal exchange rate over an extended period (around 28 RUR per USD) and persisting double-digit annual inflation, the rouble has strengthened by some 50% in real terms against the US dollar since 2000 (real appreciation against the euro was much less pronounced). In January-August 2005, industrial production grew by 3.7% only (of which extraction industry, which includes oil and natural gas: 1.2%, manufacturing: 5.7%). The year 2004, when the GDP increased by more than 7%, may well have been the last year for such robust economic growth to occur – high world market commodity prices notwithstanding.

Indeed, the growth of GDP and industry decelerated already in the closing months of last year and even more markedly in the first three quarters of 2005. A slowdown was recorded also in transport and construction, whereas output growth of some services (in particular retail trade and telecommunications) accelerated. Agricultural production was nearly flat. On the demand side, both household consumption and investments increased by some 10% in the first half of the year. At the same time, regardless of exceptionally high world market energy prices and a record trade surplus, the real contribution of net exports to GDP growth was negative (real net exports dropped by 14% in the first half of 2005).

Due to the combined effects of high foreign exchange inflows, expanding money supply, robust consumer demand and price hikes in energy and services, disinflation came to a halt. Consumer price inflation accelerated to 13% on annual average in the first half of 2005. Even more disturbing is the fact that producer price inflation has been even higher, more than 23%, mainly as a result of surging domestic prices of energy and metals. Given the envisaged further adjustments of administered prices, e.g. of electricity and gas, it is obvious that permanently growing producer prices will eventually translate into higher consumer price inflation as well. Rapid disinflation is unlikely also in view of rising budgetary spending (see below). Contrary to the optimistic official forecast, wiw expects consumer price inflation to hover above 10% in both 2005 and 2006.

Apart from net exports, the main growth pillar during the last couple of years has been private consumption. The share of investments in GDP is still rather low (about 18%) yet investment growth may exceed 10% in 2005 again. Indeed, the situation of most Russian companies, in particular those which are engaged in export activities, is quite comfortable and they can easily finance investments from own resources (or credits – as was the case in Gazprom's recent acquisition of Yukos and Sibneft assets). A more serious deterioration of the investment climate (in part related to the protracted Yukos affair and the announcement of new tax claims on other companies) seems to be over. There has also been an increase in registered FDI, by about 30% in the first half of 2005 (balance of payments data suggest an even bigger increase of FDI inflows). The total stock of foreign investments in Russia as of mid-2005 is estimated to exceed USD 90 billion (12.5% of GDP), of which less than half (USD 42 billion) represent FDI.

Given surging government revenues, the recently adopted federal budget reckons with expenditures rising by 25% in 2006 (to 17.5% of GDP). Despite

planned spending increases (targeting investments, salaries of health and education personnel, housing construction and agriculture), the next year's budget envisages a surplus of 3.2% of GDP. Given the fairly conservative assumption regarding oil price developments in the official budget scenario (USD 40 per bbl of Urals Light in 2006), the actual state revenues and budget surplus may be even higher – despite spending increases. wiiw has revised its GDP growth forecast for 2006 upwards, to more than 6%. However, the prospects for sustainable long-term growth are still blurred considering the lagging reform progress, insufficient transparency of legal regulations, corruption and, last but not least, widening structural imbalances in the economy.

The favourable price developments at the world commodities markets and the related huge 'twin surpluses' make the acceleration of structural reforms unlikely. On the contrary, a tendency towards increasing state intervention in the economy (particularly in strategic sectors such as energy and metals), and attempts to exert more influence on decision making at the regional level, are becoming increasingly apparent. More bureaucratic hurdles and less efficiency may be the outcome. The relaxation of fiscal policies aiming at the stimulation of domestic demand will certainly make disinflation more difficult; it will also increase pressures on real appreciation. This will lead to even higher imports, a lower trade surplus and eventually to lower GDP growth as well.

Table RU

Russia: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006
Population, th pers., end of period ²⁾	144819	143954	144964	144168	143500	143514	143100	143000	142500
Gross domestic product, RUB bn, nom.	7305.6	8943.6	10830.5	13243.2	16751.5	7398.1	9395.0	20500	24400
annual change in % (real)	10.0	5.1	4.7	7.3	7.2	7.7	5.7	5.8	6.2
GDP/capita (EUR at exchange rate)	1928	2365	2539	2641	3253	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	6030	6480	7010	7530	8300	.	.	.	.
Gross industrial production ³⁾									
annual change in % (real)	11.9	4.9	3.7	7.0	6.1	7.3	4.1	4.0	4.5
Gross agricultural production									
annual change in % (real)	7.7	7.5	1.5	1.3	1.6	-1.2	0.2	.	.
Construction output total									
annual change in % (real)	17.0	9.9	2.7	14.4	10.1	14.2	5.8	.	.
Consumption of households, RUB bn, nom.	3295.2	4318.1	5408.4	6547.6	7994.4	3656.7	4576	.	.
annual change in % (real)	7.3	9.5	8.5	7.5	11.3	9.4	10.6	9.5	10
Gross fixed capital form., RUB bn, nom.	1232.0	1689.3	1938.8	2408.2	3002.9	1118.8	1396.7	.	.
annual change in % (real)	18.1	10.2	2.8	12.8	10.8	12.5	9	10	10
LFS - employed persons, th, avg. ⁴⁾	64255	64400	66071	65800	67417	66933	67683	.	.
annual change in %	2.8	0.2	2.6	-0.4	1.6	2.9	1.1	.	.
Reg. employment in industry, th pers., avg.	14543	14692	14534	14345	14130	.	.	.	.
annual change in %	1.7	1.0	-1.1	-1.3	-1.5	.	.	.	.
LFS - unemployed, th pers., average	7515.0	6416.0	5712.0	6231.0	5988.0	6192.2	5699.8	.	.
LFS - unemployment rate in %, average	10.5	9.1	8.0	8.6	8.2	8.5	7.8	8	8
Reg. unemployment rate in %, end of period	1.4	1.6	2.1	2.3	2.6	2.1	2.5	.	.
Average gross monthly wages, RUB	2223.4	3240.4	4360.3	5498.5	6831.8	6412.7	7938.7	.	.
annual change in % (real, gross)	20.9	19.9	16.2	11.0	10.8	9.6	8.3	.	.
Consumer prices, % p.a.	20.8	21.6	16.0	13.6	11.0	10.5	13.2	12.5	10
Producer prices in industry, % p.a.	46.6	19.1	11.8	15.6	24.0	21.6	23.4	20	15
General governm.budget, nat.def., % GDP									
Revenues	28.7	30.0	32.5	31.3	32.4	32.8	37.4	.	.
Expenditures	26.8	27.1	31.6	29.9	27.9	27.2	26	.	.
Deficit (-) / surplus (+), % GDP	1.9	3.0	0.9	1.3	4.5	5.6	11.4	.	.
Public debt, nat.def., in % of GDP ⁵⁾	57.1	44.1	36.9	28.8	22.0	.	.	.	.
Refinancing rate of NB % p.a., end of per.	25	25	21	16	13	13	13	13	.
Current account, EUR mn ⁶⁾	50619	37885	30789	31330	48207	21405	34763	80000	70000
Current account in % of GDP	18.0	11.1	8.4	8.2	10.3	10.2	13.3	13.7	10.0
Gross reserves of NB, excl. gold, EUR mn	26139	37026	42290	58531	88663	69471	122727	.	.
Gross external debt, EUR mn	172903	169530	147067	148776	157863	157921	191263	.	.
FDI inflow, EUR mn ⁶⁾	2933	3069	3660	7041	10037	3784	8859	.	.
FDI outflow, EUR mn ⁶⁾	3433	2828	3736	8606	8322	2756	6119	.	.
Exports of goods, BOP, EUR mn ⁶⁾	113510	113744	113468	120265	147555	65562	87114	200000	210000
annual growth rate in %	60.1	0.2	-0.2	6.0	22.7	15.3	32.9	36	5
Imports of goods, BOP, EUR mn ⁶⁾	48483	60022	64470	67304	77462	34506	42077	100000	115000
annual growth rate in %	30.7	23.8	7.4	4.4	15.1	11.5	21.9	29	15
Exports of services, BOP, EUR mn ⁶⁾	10337	12773	14393	14359	16320	7244	8415	19500	20000
annual growth rate in %	21.5	23.6	12.7	-0.2	13.7	12.2	16.2	19	3
Imports of services, BOP, EUR mn ⁶⁾	17540	22967	24848	23997	27106	11900	12883	31000	35000
annual growth rate in %	40.0	30.9	8.2	-3.4	13.0	16.3	8.3	14	13
Average exchange rate RUB/USD	28.13	29.17	31.35	30.69	28.81	28.77	27.98	28	28
Average exchange rate RUB/EUR (ECU)	26.03	26.13	29.65	34.69	35.81	35.34	35.96	35	35
Purchasing power parity RUB/USD, wiiw	7.15	8.14	9.27	10.39	12.02	.	.	13.1	14
Purchasing power parity RUB/EUR, wiiw	8.31	9.52	10.74	12.15	14.01	.	.	15.3	16

Notes: 1) Preliminary. - 2) Resident population; from 2002 according to census October 2002. - 3) For quarterly data new methodology. - 4) From 2004 according to census October 2002. - 5) wiiw estimate. - 6) Converted from USD to EUR at the official cross exchange rate.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Ukraine: policy-making becomes more balanced

BY VASILY ASTROV

The spectacular slowdown of Ukraine's economic growth since the beginning of the year has continued into the third quarter. In January-September, real GDP grew by just 2.8% year-on-year (as opposed to 13.5% over the same period of last year), reflecting primarily modest growth in manufacturing (+3.1% in gross output terms). Within manufacturing, the food processing industry (+14.5%) was among the few performing well, as household consumption was stimulated by generous social spending: in January-August, real disposable money incomes of households were up 24.4% year-on-year. However, investment demand remained fairly weak, largely (but not exclusively) due to the re-privatization campaign launched by the Tymoshenko government¹ – and notwithstanding persistently negative real interest rates. In the first half of 2005, fixed investment increased by only 8.5% (compared to 32.2% the year before), whereas construction output declined by 7.2% in January-September. Finally, the contribution of net exports to growth has shrunk. On the one hand, exports of steel – Ukraine's main export commodity – suffered as world steel prices plunged by some 30% following the expansion of steel production in China. Simultaneously, imports were fostered by increased social spending and the hryvnia revaluation in April. As a result, the trade surplus in goods, which had stood at some 6% of GDP in 2004, turned into a deficit in the first eight months of this year, at least according to the customs statistics.

Economic growth may pick up slightly in the last quarter on account of the lower statistical base reflecting last year's political turmoil, but is unlikely

to exceed 3.5% for the year as a whole. In turn, the medium- and long-term prospects depend both on the predictability of domestic policy-making (more on that, see below) and – even more importantly – on the country's ability to attract FDI. In the first half of 2005, FDI inflows declined by over 40% year-on-year to just EUR 450 million, but some revival of foreign investment may be expected already in the short run and especially after the country joins the WTO. Ukraine's financial sector is likely to become one of the chief targets, as exemplified by the recent takeover of the second biggest Ukrainian bank *Aval* by *Raiffeisenbank* of Austria. Also, the above figure obviously does not include the UAH 24 billion (some EUR 4 billion) worth purchase from the state of the biggest Ukrainian steel mill *Kryvorizhstal'* by *Mittal Steel* in October. The latter deal alone exceeds by far the entire privatization revenue target set for 2005 (UAH 7 billion), but otherwise the privatization process in the country has nearly stalled. Given the unexpectedly high privatization receipts and the strong tax (particularly VAT) collection, the government is unlikely to face any problems in executing this year's budget – even despite the risen expenditure commitments.

In spite of the slowdown of growth, inflationary pressure remains stubbornly high and increasingly reflects supply-side factors such as the rising price of imported energy. This year, the consumer price index is expected to climb to 14% on average. However, the recent deceleration of producer prices in industry (from 23.2% in September 2004 to 14.7% in September 2005 on a year-on-year basis), driven not least by the falling metals prices, is encouraging and will contribute to lower consumer price inflation in 2006.

On 8 September 2005, President Yushchenko (rather unexpectedly) dismissed the government of Yulia Tymoshenko – his main former ally during the 'orange revolution' of late 2004. The move followed a protracted period of infighting within the Yushchenko team, reflecting partly personal ambitions, but also the divergence of views on some key policy issues, particularly in the area of

¹ For details see V. Astrov, 'Ukraine: deteriorating investment climate', in L. Podkaminer, G. Hunya et al., 'Back from the Peak, Growth in Transition Countries Returns to Standard Rate of Catching-up', *wiiw Research Reports*, No. 320, July 2005, pp. 89-92.

the economy. Simultaneously, it marked a fundamental switch in the political landscape of the country, as Mr Yushchenko resorted to co-operating with his former rival in the presidential elections Viktor Yanukovich in order to secure the appointment of Yuri Yekhanurov as the new prime minister. This new alliance may also be interpreted as an attempt to bridge the rift between the West and the East of the country, which emerged after Mr Yushchenko's victory in the presidential elections last year.

The government of Mr Yekhanurov is transitory, given the upcoming parliamentary elections scheduled for 31 March 2006, and the political reform taking effect next year. Its immediate task is to repair the damage inflicted to the economy by the previous government. Most importantly, the large-scale re-privatization campaign will be aborted, although the first declarations of the new prime minister suggest that some of the current owners might be asked to pay extra to the state to secure their property rights. Another priority is

mending relations with Russia (which suffered considerably under the previous government), not least in order to secure beneficial terms for energy supplies. In particular, Ukraine is now considering a possible synchronization of its WTO entry with that of Russia. Apart from that, Ukraine's planned WTO accession before the end of 2005 is now jeopardized by the country's inability to pass the full necessary legislation package. The delay in Ukraine's accession to the WTO would also postpone the country's recognition as a market economy and the start of free-trade negotiations with the EU. Despite some rapprochement with Russia, EU accession is still high on Ukraine's (but not on the EU's) agenda, while the prospects of a Common Economic Space with Russia, Belarus and Kazakhstan, agreed upon in 2003, are still uncertain and will probably not go beyond the establishment of a free-trade area. While Ukraine's exports to Russia – contrary to the generally unimpressive export performance – are booming, there is little evidence of trade liberalization between the two countries.²

² On the contrary, Russia has recently imposed 'anti-dumping' duties on the imports of Ukrainian candies.

Table UA

Ukraine: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006
Population, th pers., end of period	48923.2	48457.1	48003.5	47622.4	47280.8	47441.0	47075.3	46900	46600
Gross domestic product, UAH mn, nom.	170070	204190	225810	267344	344822	143721	173482	405700	468600
annual change in % (real)	5.9	9.2	5.2	9.6	12.1	13.2	4.0	3.2	5
GDP/capita (EUR at exchange rate)	688	872	931	928	1099	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	3770	4230	4610	5120	5920	.	.	.	.
Gross industrial production									
annual change in % (real)	13.2	14.3	7.0	15.8	12.5	15.9	5.0	3.5	6
Gross agricultural production									
annual change in % (real)	9.8	10.2	1.2	-11.0	19.9	-2.3	6.4	.	.
Construction output total									
annual change in % (real)	0.4	3.5	-5.8	26.5	17.2	30.5	-7.7	.	.
Consumption of households, UAH mn, nom.	92406	112260	124560	146301	185533	.	.	.	.
annual change in % (real)	2.5	9.6	9.5	12.4	15.1	.	.	.	.
Gross fixed investment, UAH mn, nom.	23629	32573	37178	51011	75714	23707.6	30615.7	.	.
annual change in % (real)	14.4	20.8	8.9	31.3	28.0	32.2	8.5	10	10
LFS - employed persons, th, avg. ²⁾	20175.0	19971.5	20091.2	20163.3	20295.7	20219.6	20373	.	.
annual change in % ³⁾	1.9	-1.0	0.6	0.4	0.7	.	0.8	.	.
Reg. employees in industry, th pers., avg. ⁴⁾	3445.0	3811.0	3578.1	3416.0	3408.3	3398.9	3413.5	.	.
annual change in %	-12.4	-6.2	-6.1	-4.5	-0.2	-1.1	0.4	.	.
LFS - unemployed, th pers., average ²⁾	2655.8	2455.0	2140.7	2008.0	1906.7	1955.2	1741.4	.	.
LFS - unemployment rate in %, average ²⁾	11.6	10.9	9.6	9.1	8.6	8.8	7.9	8.0	8
Reg. unemployment rate in %, end of period	4.2	3.7	3.8	3.6	3.5	3.5	3.0	3	3
Average gross monthly wages, UAH ⁴⁾	230.1	311.1	376.4	462.3	589.6	542.4	725.1	.	.
annual change in % (real, gross)	1.1	20.7	20.0	16.7	17.0	19.1	17.0	.	.
Consumer prices, % p.a.	28.2	12.0	0.8	5.2	9.0	7.4	14.1	14	10
Producer prices in industry, % p.a.	20.9	8.6	3.1	7.8	20.4	17.3	21.0	18	12
General governm.budget, nat.def., % GDP									
Revenues	28.9	26.9	27.4	28.2	26.5	26.8	33.8	.	.
Expenditures ⁵⁾	28.3	27.2	26.7	28.4	29.7	26.3	32.8	.	.
Deficit (-) / surplus (+), % GDP	0.6	-0.3	0.7	-0.2	-3.2	0.4	1.0	.	.
Public debt in % of GDP	45.3	36.5	33.5	29.0	24.7	.	.	.	.
Refinancing rate of NB % p.a., end of period	27.0	12.5	7.0	7.0	9.0	7.5	9.0	.	.
Current account, EUR mn ⁶⁾	1602	1565	3360	2559	5476	3200	1777.3	2500	1500
Current account in % of GDP	4.7	3.7	7.5	5.8	10.5	14.6	6.9	3.8	2.0
Gross reserves of NB excl. gold, EUR mn ⁷⁾	1453	3353	4088	5386	6838	7746	10588	.	.
Gross external debt, EUR mn ⁸⁾	12759	13785	12247	19055	22529	21435	28145	.	.
FDI inflow, EUR mn ⁶⁾	644	884	734	1261	1380	773	470	.	.
FDI outflow, EUR mn ⁶⁾	1	26	-5	12	3	1.0	15	.	.
Exports of goods, BOP, EUR mn ⁶⁾	17008	19074	19770	21013	26906	12922	13455	28500	31400
annual growth rate in %	37.2	12.1	3.6	6.3	28.0	34.2	4.1	6	10
Imports of goods, BOP, EUR mn ⁶⁾	16165	18853	19018	20555	23895	10897	12816	29000	33000
annual growth rate in %	32.8	16.6	0.9	8.1	16.3	19.5	17.6	21	14
Exports of services, BOP, EUR mn ⁶⁾	4111	4459	4958	4615	5060	2412	2668.2	5300	5500
annual growth rate in %	13.0	8.5	11.2	-6.9	9.6	8.4	10.6	5	4
Imports of services, BOP, EUR mn ⁶⁾	3433	3995	3743	3934	4149	2017	2192.8	4400	4500
annual growth rate in %	59.3	16.4	-6.3	5.1	5.5	7.6	8.7	6	2
Average exchange rate UAH/USD	5.440	5.372	5.327	5.333	5.319	5.328	5.199	5.1	5.0
Average exchange rate UAH/EUR (ECU)	5.029	4.814	5.030	6.024	6.609	6.538	6.692	6.2	6.2
Purchasing power parity UAH/USD, wiiw	0.849	0.912	0.944	1.003	1.131	.	.	.	.
Purchasing power parity UAH/EUR, wiiw	0.918	0.992	1.018	1.092	1.228	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 revised data according to census 2001. - 3) In 2000 unrevised data. - 4) Excluding small enterprises. - 5) From 2004 including lending minus repayments. - 6) Converted from USD to EUR at the official cross exchange rate. - 7) Useable. - 8) Up to 2002 long-term debt only.09.11.2005

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Croatia: accession negotiations finally started

BY HERMINE VIDOVIC

Thanks to accelerating growth in the second quarter of the year, GDP rose by 3.5% in the first half of 2005. The lower rate as compared to last year was mainly resulting from a slowdown of (public) investment growth to only 2% in the first half of 2005. That weak performance in turn translated into a remarkable slowdown of construction activities, i.e. the completion of infrastructural projects, particularly the construction of motorways. Household consumption continued to rise by slightly over 3%, while government consumption stagnated after five years of decline.

Following deceleration over the past two years and a further slowdown in the initial months of 2005, industrial production growth gained momentum from April, resulting in a 4.9% increase in the January-September period of 2005. This was mainly made possible by an above-average output growth in manufacturing (6.6%) – with food industry, publishing and printing, and the metals and wood industries contributing most to the favourable result. Labour-intensive industries such as textiles and manufacturing of wearing apparel, but also the chemical industry all suffered severe output declines. Due to continued layoffs, labour productivity in industry has further increased.

The recent rise in inflation has mainly been a consequence of increases in energy and transport prices as well as food prices. Consumer price inflation averaged 3.2% in the first three quarters of 2005 or 3.8% in September year-on-year.

Available information on employment shows a diverging picture. Data obtained from the Croatian Pension Insurance Institute point to a 1.2% increase in the number of insured persons during the first half of 2005, whereas registration data report a slight fall. Accordingly the number of employees declined in agriculture and manufacturing, but also in some services segments

such as tourism (which is surprising in view of the favourable tourist season), transport and public administration, while new jobs were created in the financial intermediation and business services sectors as well as in education. Unemployment fell from March until August and started to increase from September, when the number of jobless totalled 294 thousand persons, equivalent to a 17.2% unemployment rate (slightly lower than in September 2004).

In foreign trade, overall imports rose again faster than exports in the first eight months of 2005. As a consequence the trade deficit was some EUR 500 million higher than in the same period a year earlier. Trade with the European Union developed below average, whereas trade with the successor states of the former Yugoslavia, particularly Serbia and Montenegro, performed dynamically. This year also exports to Slovenia saw a substantial upswing. The large trade deficit was only partly offset by earnings from services and rose to EUR 2.7 billion in the first half of 2005, i.e. EUR 600 million more than in the corresponding period of 2004. Thanks to record earnings from tourism (mostly in the third quarter of the year), the current account may close with a similar deficit as in 2004. The current account statistics have been subject to repeated revisions. According to the most recent change the deficit to GDP ratio for 2004 was revised upwards, from 4.6% to 5.2%, and for 2003 from 6.9% to 7.3%.

After a modest rise in 2004, the FDI inflow accelerated again in 2005, owing first of all to investments in the banking and trade sectors. Up to now foreign investment was mainly directed towards the privatization of enterprises and banks, while greenfield investments, particularly in the export-oriented manufacturing sector, played only a minor role in Croatia. They still account for less than 20% of the total FDI stock.

Foreign debt continued to grow but at a lower rate than last year. By the end of July 2005 it stood at EUR 24.2 billion or 82.4% of the expected GDP. An analysis of the Croatian debt stock by domestic

debtors points to a high and growing portion of banks and enterprises while the government's share fell from 40% in 2002 to about 29% in July 2005. The reduction was a consequence of an agreement with the IMF from August 2004 in which the country's authorities committed themselves to meeting government borrowing requirements primarily from the domestic market. In 2005 (up to July) the government had indebted itself almost exclusively on the domestic market. From 2004 banks took over the leading position as main foreign debtors, accounting for close to 35% of total external debt; the enterprises sector increased its portion to 27%. Finally, the share of foreign investment (inter-company lending) rose from some 3% in 1998 to 9.5% in July this year.

The original 2005 budget bill passed by the Croatian parliament in November last year was aimed at a further reduction of the consolidated general government deficit to 3.7% in 2005, based on a projected 2.5% inflation rate and 4.4% GDP growth. As it became obvious already in the initial months of the year that the targets were over-ambitious, the government approved a supplementary budget in July, with the general government deficit revised upwards to 4.2% of the expected GDP. Most of the deficit is envisaged to be covered by privatization receipts coming from the sale of the remaining state stakes in Croatian Telecom and in the oil and gas company INA.

By the end of July Croatia's public debt (excluding guarantees) amounted to HRK 99.4 billion or 44.8% of the expected GDP in 2005. The figure does not include pension arrears¹, an inclusion of

which into public debt would increase the debt to GDP indicator significantly.

Following a positive report by ICTY chief prosecutor Carla del Ponte, accession talks with the EU were finally launched on 3 October 2005. Membership negotiations – originally scheduled to start on 17 March – had been put on hold as Croatia failed to fully cooperate with the UN War Criminal Tribunal in The Hague, i.e. to locate and extradite fugitive general Ante Gotovina. Concerning the actual date of Croatia's EU entry, prime minister Ivo Sanader stated that 'it would be nice to join the EU in 2009'. But, assuming that negotiations will take at least about the same time as in the case of Slovakia – which completed accession negotiations in the shortest period of time (less than three years) in the last enlargement round – it seems that Croatia may enter the Union by 2010 at the earliest. The screening process launched on 20 October started with the two chapters 'science and research' and 'education and culture'.

Resulting from a substantial reduction of investment growth, GDP growth will decelerate to some 3.5% in 2005. Similar or somewhat higher growth is to be expected in 2006. Inflation should remain modest; the current account deficit will remain at high levels and the general government deficit will diminish, if at all, only sluggishly. The start of negotiations with the EU may help to accelerate outstanding reforms in the field of legislation and jurisdiction as well as in the further restructuring of the economy.

¹ Pensioners' debt relates to a 1998 Constitutional Court ruling by which the state was liable for unpaid pension indexation entitlements during 1993-98. According to the Croatian authorities the debt is estimated at HRK 13.8 billion or 7% of the GDP in 2005. In July 2005 the parliament approved a scheme to repay that debt: each pensioner will be offered a choice between cash payments of half of the amount over 2006-07, or full repayment over 2008-13. These payments should be financed entirely through privatization receipts (see IMF Country Report, September 2005).

Table HR

Croatia: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006 forecast
Population, th pers., mid-year ²⁾	4437	4437	4443	4442	4439	.	.	.	.
Gross domestic product, HRK mn, nom.	152519	165640	179390	193067	207082	98276	104923	220800	234900
annual change in % (real)	2.9	4.4	5.2	4.3	3.8	4.0	3.5	3.5	3.8
GDP/capita (EUR at exchange rate)	4502	4998	5451	5747	6224	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	8080	8600	9260	9680	10290	.	.	.	.
Gross industrial production ³⁾									
annual change in % (real)	1.7	6.0	5.4	4.1	3.7	3.8	4.7	3.5	3
Gross agricultural production									
annual change in % (real)	-10.0	8.5	7.7	-15.9	11.9	.	.	.	.
Construction industry, hours worked ³⁾									
annual change in % (real)	-9.1	3.6	12.8	22.8	2.0	8.6	-6.0	.	.
Consumption of households, HRK mn, nom.	89637	98054	107427	113396	120312	59854	63945	.	.
annual change in % (real)	4.2	4.5	7.6	4.1	3.9	3.8	3.4	3	3
Gross fixed capital form., HRK mn, nom.	33281	36984	44114	53168	57141	28977	29961	.	.
annual change in % (real)	-3.8	7.1	12.0	16.8	4.4	8.2	1.9	2	4
LFS - employed persons, th, avg.	1553	1469	1528	1537	1563	1583	.	.	.
annual change in %	4.1	-5.4	4.0	0.6	1.7	2.9	.	.	.
Reg. employees in industry, th pers., avg.	291.9	287.2	281.0	282.6	281.7	281.5	276.0	.	.
annual change in %	-2.5	-1.6	-2.2	0.6	-0.3	-0.2	-2.0	.	.
LFS - unemployed persons, average	298.0	277.0	266.0	256.0	249.5	253.0	.	.	.
LFS - unemployment rate in %, average	16.1	15.9	14.8	14.3	13.8	13.8	.	13.5	13
Reg. unemployment rate in %, end of period	22.3	23.1	21.3	19.1	18.7	17.4	17.4	18	17.5
Average gross monthly wages, HRK	4869	5061	5366	5623	5985	5919	6179	.	.
annual change in % (real, net)	3.4	1.6	3.1	3.8	3.7	3.8	1.8	.	.
Consumer prices, % p.a. ⁴⁾	6.2	4.9	1.7	1.8	2.1	2.0	3.2	3	2.5
Producer prices in industry, % p.a.	9.7	3.6	-0.4	1.9	3.5	1.7	4.0	3.5	.
General governm.budget, IMF-def., % GDP									
Revenues	46.2	44.7	45.2	44.9	.	.	.	.	.
Expenditures	52.7	51.5	50.0	49.5	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	-6.5	-6.8	-4.8	-6.3	-4.9	.	.	-4.2	.
Public debt in % of GDP	48.9	50.3	50.4	51.7	53.2	.	.	55	56
Discount rate % p.a., end of period	5.9	5.9	4.5	4.5	4.5	4.5	4.5	.	.
Current account, EUR mn	-489.9	-817.7	-2097.2	-1866.2	-1446.7	-2108.6	-2675.2	-1700	-1500
Current account in % of GDP	-2.5	-3.7	-8.7	-7.3	-5.2	-16.1	-18.9	-5.7	-4.8
Gross reserves of NB excl. gold, EUR mn	3783.2	5333.6	5651.3	6554.1	6436.2	6389.4	7065.7	.	.
Gross external debt, EUR mn	12109.3	13458.3	15054.8	19810.6	22675.4	21889.2	24206.8	.	.
FDI inflow, EUR mn	1142.1	1502.5	1195.1	1788.4	979.0	523.2	895.2	.	.
FDI outflow, EUR mn	1.5	175.6	597.8	93.0	280.9	60.0	77.9	.	.
Exports of goods, BOP, EUR mn	4969.3	5318.8	5293.1	5571.7	6603.1	3105.9	3401.2	7130	7560
annual growth rate in %	20.2	7.0	-0.5	5.3	18.5	13.2	9.5	8	6
Imports of goods, BOP, EUR mn	8468.6	9922.6	11253.5	12545.9	13330.9	6492.7	7016.0	14400	15260
annual growth rate in %	17.0	17.2	13.4	11.5	6.3	8.8	8.1	8	6
Exports of services, BOP, EUR mn	4442.0	5481.3	5832.3	7565.9	7636.7	2480.1	2441.6	.	.
annual growth rate in %	26.6	23.4	6.4	29.7	0.9	1.1	-1.6	.	.
Imports of services, BOP, EUR mn	1971.5	2178.5	2547.5	2632.8	2921.7	1285.7	1311.9	.	.
annual growth rate in %	0.3	10.5	16.9	3.3	11.0	9.8	2.0	.	.
Average exchange rate HRK/USD	8.28	8.34	7.86	6.70	6.04	6.13	5.78	.	.
Average exchange rate HRK/EUR (ECU)	7.63	7.47	7.41	7.56	7.50	7.53	7.43	7.4	7.5
Purchasing power parity HRK/USD, wiiw	3.74	3.80	3.85	3.89	3.93	.	.	.	.
Purchasing power parity HRK/EUR, wiiw	4.25	4.34	4.36	4.49	4.53	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 according to census March 2001. - 3) Enterprises with more than 20 employees. - 4) Up to 2001 retail prices.

Source: wiiw Database incorporating national statistics; IMF; wiiw forecasts.

Serbia: inflation is a problem

BY VLADIMIR GLIGOROV

Serbia reports strong growth of GDP, but stagnation of industrial production. Exports are growing strongly, while imports are stagnating. The general government budget will post a surplus, but inflation will speed up to at least 15% year-on-year. The current account deficit is expected to narrow, and central bank reserves to grow further. The government is generally optimistic about economic developments, while the IMF has shown dissatisfaction and is threatening to pull out of Serbia. The public expects devaluation and the central bank is desperately trying to take some control of inflation by introducing restrictive measures on banking sector activities.

As in the Balkan region as a whole, the growth of credits is strong and it is mostly supporting growth of consumption. This is creating problems for the monetary authorities because of the policy mix that is implemented. Serbia relies on a crawling peg of the dinar to the euro with the idea to closely match the rate of inflation with the rate of depreciation. Inflation, however, was initially fuelled by growing public expenditures, but is now being pushed by inflationary expectations. Firms and households expect the fiscal authorities to give in to demands by various beneficiaries of the budget and tend to raise prices and, in the public sector, wages too. That helps the financing of the budget through the inflation tax while the central bank supports these price developments by depreciating the dinar exchange rate accordingly.

In these circumstances, the services sector is growing, though the extent of that growth is not altogether clear due to measurement problems. Similarly, data on industrial production may be distorted because the methodology was changed in early 2004 in order for the growth rate of industrial production to be high in that year. Against that base, industrial production is stagnating in 2005. As

for agricultural production, it will be at best as good as last year. So, GDP growth is practically exclusively due to the growth of services. Foreign investments and remittances are increasing. Finally, inflation is accelerating.

Most of the growth is due to domestic consumption and improved foreign trade performance. Again, the data on foreign trade are not altogether reliable because some of the increase is probably resulting from the introduction of VAT at the beginning of 2005. It may be the case that exports are now better reported, and that may account for some of the growth of over 30% this year. Also, higher prices for raw materials and for steel have contributed to the export expansion, as have increased exports of textiles thanks to a more liberal trade agreement with the European Union.

Whatever growth there is, it goes together with increasing productivity. Though it is not easy to make sense of the labour market because of various problems with the data, there is no doubt that employment is declining and unemployment, both according to the Labour Force Survey and registered unemployment, is rising. There is every indication that the unemployment rate is climbing to 20% and will continue to increase. The government has to start with the restructuring of the public sector and that will mean significant layoffs of people who will have a hard time finding work. Active labour policies are all but nonexistent and those that exist have proved to be quite inefficient.

The major issue during the whole year has been the pension reform. The pension bill is high in Serbia and further cuts in pensions are unpopular. The number of retirees is large, so they are an important voting block. As next year will be an election year, in all probability, it cannot be expected that the government will be ready to alienate those voters. Thus, the pension reform is constantly discussed, but significant cuts in the pension bill are not implemented.

The government's inability to significantly cut into the pensioners' entitlements has created problems with the IMF. The latter has come to the conclusion that the government does not seriously intend to cut public expenditures and does not intend to proceed with the restructuring of the public sector as speedily as the IMF would want it to. That, then, puts in doubt the government's ability to rein in the accelerating inflation and that in turn threatens the macroeconomic stability. Therefore, the IMF is putting new pressure on the government to pass a rather restrictive budget and on the central bank to be more restrictive.

The problem, however, is that, as argued above, both fiscal and monetary policies have been endogenized and are responding to political demands and to inflationary expectations. Thus, it is highly dubious whether piecemeal measures both on the side of public expenditures and on the side of reserve requirements will have the desired effect to calm down inflationary expectations and gain the necessary political support. If they fail, the dinar may come under attack and more comprehensive policy measures may be needed.

Table Serbia

Serbia: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006
Population total ²⁾	7661.4	7736.4	7515.1	7532.6	7550.0	.	.	.	.
GDP total, curr.prices, CSD mn	355168	708423	919231	1095402	1320000	.	.	1570000	1810000
annual change in % (real)	5.2	5.1	4.5	2.4	8.6	5.8	6.1	4	5
GDP/capita (EUR at exchange rate) ³⁾	882	1540	2016	2236	2395	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4250	4530	5010	5140	5700	.	.	.	.
Gross industrial production ⁴⁾									
annual change in % (real)	11.4	0.1	1.8	-3.0	7.1	7.5	-2.1	2	4
Gross agricultural production									
annual change in % (real)	-12.8	18.6	-3.4	-7.2	19.5	.	.	.	.
Construction, hours of work actually done									
annual change in % (real)	.	-13.8	-7.4	10.9	5.2	.	.	.	.
Gross fixed investment, CSD mn, nom.	50047	66765	122922	.	.	.	.	.	.
annual change in % (real)	13.2	-4.1	-0.8	.	.	.	.	.	.
Employment, total, th. pers., average ⁵⁾	2097.2	2101.7	2066.7	2041.4	2051.0	.	.	.	.
annual change in %	-2.6	0.2	-1.7	-1.2	0.5	.	.	.	.
Reg. employees in industry, th pers., avg.	.	704.5	648.1	605.3	562.0	568.0	537.0	.	.
annual change in %	.	.	-8.0	-6.6	-7.1	-7.8	-6.0	.	.
LFS - unemployed, th pers., average ⁵⁽⁶⁾	425.6	432.7	459.6	500.3	665.4	.	.	.	.
LFS - unemployment rate in %, average ⁵⁽⁶⁾	12.1	12.2	13.3	14.6	18.5	.	.	20	22
Reg. unemployment rate in %, end of period ⁵⁾	.	.	30.5	31.9	32.4	31.5	32.7	34	34
Average gross monthly wages, CSD ⁷⁾	3799	8691	13260	16612	20555	19088	23586	.	.
annual change in % (real, net)	5.5	16.5	29.9	13.6	11.1	13.9	6.2	.	.
Consumer prices, % p.a.	79.6	93.3	16.6	9.9	11.4	9.8	16.3	15	10
Producer prices in industry, % p.a.	102.6	87.7	8.8	4.6	9.1	7.3	13.4	15	10
General governm. budget, nat.def., % GDP									
Revenues	.	39.1	44.3	43.1	44.6	.	.	.	.
Expenditures	.	40.7	48.0	47.3	46.2	.	.	.	.
Deficit (-) / surplus (+), % GDP	.	-1.6	-3.7	-4.2	-1.5	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	26.3	16.4	9.5	9.0	8.5	8.5	8.5	.	.
Current account ⁸⁾	-352	-395	-1522	-1555	-2349	-1120	-414	-2000	-2400
Current account in % of GDP	-1.5	-3.3	-10.0	-9.2	-13.0	.	.	-11	-12
Gross reserves of NB, excl. gold, EUR mn	429.9	1138.6	2076.8	2728.2	3008.0	2675.7	3512.9	.	.
Gross external debt, EUR mn	11659	12609	10768	10858	10355	10085	11392	.	.
FDI net, EUR mn ⁸⁾	55	184	504	1204	777	261	568	.	.
Exports of goods, BOP, EUR mn ⁸⁾	1699	1921	2202	2527	3133	1320	1780	3600	3960
annual growth rate in %	.	13.1	14.7	14.8	24.0	13.9	34.8	15	10
Imports of goods, BOP, EUR mn ⁸⁽⁹⁾	3631	4755	5958	6615	8799	3998	3508	9000	9900
annual growth rate in %	.	31.0	25.3	11.0	33.0	33.6	-12.3	2	10
Exports of services, BOP, EUR mn ⁸⁾	495	826	890	891	1196	541	598	.	.
annual growth rate in %	.	66.8	7.8	0.1	34.1	36.6	10.5	.	.
Imports of services, BOP, EUR mn ⁸⁾	319	360	607	636	870	381	569	.	.
annual growth rate in %	.	12.8	68.4	4.7	36.9	43.8	49.3	.	.
Average exchange rate CSD/USD	16.40	66.36	64.40	57.58	58.69	57.61	63.72	.	.
Average exchange rate CSD/EUR (ECU)	15.04	59.46	60.68	65.05	73.00	70.30	81.36	85	90
Purchasing power parity CSD/USD, wiiw	9.60	17.80	21.60	24.60	26.70	.	.	.	.
Purchasing power parity CSD/EUR, wiiw	10.90	20.20	24.40	28.30	30.70	.	.	.	.

Notes: 1) Preliminary. - 2) From 2002 according to census 2002. 2004: wiiw estimate. - 3) In 2000 wiiw estimate using black market rate. - 4) From 2004 according to NACE and new weighting system. - 5) Excluding individual farmers. - 6) From 2004 according to census 2002 and revisions based on ILO and Eurostat methodology. - 7) From 2002 including various allowances. - 8) Converted from USD. - 9) Up to 2004 in cif terms.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Macedonia: growth and promises of reforms return

BY VLADIMIR GLIGOROV

This year has seen better results than the past few years. As expected, GDP growth has accelerated against the weak performance in 2004. The same is true of industrial production, which has caused a lot of disputes in 2004; it is yet difficult to assess how reliable the figures for the last and for this year actually are. The current account deficit has narrowed due to faster growth of exports than imports. This is true both of trade in goods and in services. Employment has not grown, while unemployment is still exceptionally high. The data on the labour market are not very reliable and hard to interpret. As in the past, inflation has been kept under control and there are no signs that price stability may be threatened. Also, the government budget has continued to be balanced and the public debt has been declining. The foreign debt to GDP ratio is not increasing either.

The government has put together an ambitious and comprehensive package of structural reforms. Given that macroeconomic stability has been assessed as comfortable, the disappointing supply-side results have been attributed to structural rigidities and deficiencies. Thus, labour market reforms are being planned with the aim to increase its flexibility. As in other cases, that mainly means that firing will be made easier. Also, further decreases of public sector employment are planned. Laws are to be passed to improve the business climate, and pension and health reforms are in the pipeline.

The key political and social issue is that of employment and unemployment. The number of employed in Macedonia is quite low and the number of unemployed is quite high, about 37% according to the labour surveys. In these circumstances it is not clear how increased flexibility is going to be helpful. The argument for

flexibility is that it will lead to more efficient allocation of labour and to a decline of the wage rate and thus to increased employment. The key question is whether easier firing rules will put a downward pressure on the wage rate. In Macedonia, wages are higher than in neighbouring Bulgaria as is GDP per capita calculated with the exchange rate, while GDP per capita in purchasing power parities is higher in Bulgaria. In other words, the price level is higher in Macedonia than in Bulgaria. It is probably higher than in Romania and Albania too, though perhaps not higher than in other former Yugoslavia countries. It is not obvious that in these circumstances a decline of the nominal wage rate is possible. Other sources of income, not necessarily flowing from the budget, may be putting a rather high floor on the acceptable, i.e. reservation, wage rate.

Macedonia is eagerly expecting the decision by the European Commission on its application for membership. The decision on the *avis* for Macedonia should be made on 9 November. There is no doubt that the promise of European Union integration has been the driving force of political stability, constitutional reform and institutional modernization of this small, landlocked country. Improved prospects for integration and a more intense presence of the EU are of vital importance. They should have a positive impact on foreign investments, which have been staying away from this country after the violent conflicts that took place in 2001. They would also support further democratization and political stability. That is especially important in view of the parliamentary elections to take place next year.

Table MK

Macedonia: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006 forecast
Population, th pers., mid-year ²⁾	2026.4	2034.9	2020.2	2026.8	2030.0	.	.	.	.
Gross domestic product, MKD mn, nom.	236389	233841	243970	251486	264599	.	.	280700	297800
annual change in % (real)	4.6	-4.5	0.9	2.8	2.9	.	3.7	4	4
GDP/capita (EUR at exchange rate)	1921	1887	1981	2025	2125	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	5170	5000	5210	5370	5650	.	.	.	.
Gross industrial production									
annual change in % (real) ³⁾	3.0	-2.9	-5.3	4.7	-2.2	.	9.3	5	5
Gross agricultural production									
annual change in % (real)	1.0	-10.2	-2.3	4.7	.	.	.	.	.
Construction output, value added									
annual change in % (real)	-1.1	-14.4	0.6	13.3	7.2	.	.	.	.
Consumption of households, MKD mn, nom.	175965	163788	188179	191873	.	.	.	.	.
annual change in % (real)	11.2	-11.6	12.4	-1.5	.	.	.	.	.
Gross fixed capital form., MKD mn, nom.	38332	34716	40448	42110	.	.	.	.	.
annual change in % (real)	-1.5	-8.6	17.6	1.1	.	.	.	.	.
LFS - employed persons, th. avg.	549.8	599.3	561.3	545.1	523.0	530.5	532.1	.	.
annual change in %	0.8	9.0	-6.3	-2.9	-4.1	.	0.3	.	.
Reg. employees in industry, th pers., avg. ⁴⁾	114.4	122.5	110.9	106.7	101.5	102.8	98.9	.	.
annual change in %	-4.5	-4.8	-9.5	-3.8	-4.9	-5.3	-3.8	.	.
LFS - unemployed, th pers., average	261.7	263.2	263.5	315.9	309.3	304.3	326.1	.	.
LFS - unemployment rate in %, average	32.3	30.5	31.9	36.7	37.2	36.5	38.0	37	35
Reg. unemployment rate in %, end of period	.	.	.	.	.	.	.	.	.
Average gross monthly wages, MKD	17958	17886	19025	19950	20771	20570	21037	.	.
real growth rate, % (net wages)	-0.3	-1.9	5.0	3.6	4.4	3.7	1.8	.	.
Consumer prices, % p.a.	5.8	5.5	1.8	1.2	-0.4	0.4	0.6	2	2
Producer prices in industry, % p.a.	10.7	2.0	-0.9	-0.3	0.9	-0.7	1.6	2	3
Central governm. budget, nat.def., % GDP ⁵⁾									
Revenues	26.7	22.6	23.8	21.4	21.5	.	.	.	.
Expenditures	24.4	28.0	26.8	22.4	21.4	.	.	.	.
Deficit (-) / surplus (+), % GDP	2.3	-5.5	-3.0	-1.0	0.1	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	7.9	10.7	10.7	6.5	6.5	6.5	6.5	.	.
Current account, EUR mn ⁶⁾⁷⁾	-78.5	-272.1	-379.9	-132.1	-334.2	-228.5	-89.9	-250	-300
Current account in % of GDP	-2.0	-7.1	-9.5	-3.2	-7.7	.	.	-5.5	-6.3
Gross reserves of NB, excl. gold, EUR mn	461.5	845.5	692.8	718.4	665.2	.	.	.	.
Gross external debt, EUR mn ⁸⁾	1606.8	1621.4	1507.9	1417.3	1442.7	1449.4	1598.9	.	.
FDI inflow, EUR mn ⁷⁾	189.4	493.2	82.6	85.4	126.5	75.2	175.5	.	.
FDI outflow, EUR mn ⁷⁾	-0.7	1.0	0.1	0.3	0.9	.	.	.	.
Exports of goods, BOP, EUR mn ⁷⁾	1433	1291	1181	1208	1347	597.0	769	1500	1600
annual growth rate in %	28.3	-9.9	-8.5	2.3	11.5	.	28.8	11	7
Imports of goods, BOP, EUR mn ⁷⁾	2182	1879	2035	1959	2243	1040.4	1170	2400	2450
annual growth rate in %	37.9	-13.9	8.3	-3.7	14.5	.	12.4	7	2
Exports of services, BOP, EUR mn ⁷⁾	344	273	269	290	329	136.1	165.4	.	.
annual growth rate in %	34.2	-20.5	-1.6	7.8	13.4	.	21.5	.	.
Imports of services, BOP, EUR mn ⁷⁾	291	295	292	299	372	174.6	181.4	.	.
annual growth rate in %	34.2	1.3	-0.8	2.2	24.7	.	3.9	.	.
Average exchange rate MKD/USD	65.89	68.04	64.74	54.30	49.41	49.95	47.75	.	.
Average exchange rate MKD/EUR (ECU)	60.73	60.91	60.98	61.26	61.34	61.29	61.39	62	62
Purchasing power parity MKD/USD, wiiw	19.40	19.63	20.00	19.73	19.77	.	.	.	.
Purchasing power parity MKD/EUR, wiiw	22.55	22.97	23.18	23.09	23.07	.	.	.	.

Notes: 1) Preliminary. - 2) From 2002 according to census November 2002. - 3) Excluding small enterprises, from 2004 new methodology. - 4) From 2001 according to NACE. - 5) From 2001 revenues excluding privatization incomes, expenditures excluding financing items. - 6) Including grants. - 7) Converted from USD to EUR at the official cross exchange rate. - 8) Medium- and long-term.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

The Turkish economy's soft landing: a new experience

BY JOSEF PÖSCHL

The hottest phase of the business boom is over. In the first half of 2005, the GDP increased by 4.5% year-on-year: hardly overwhelming if compared to the close on 13% growth a year earlier. The fear of overheating only to be followed by a harsh setback, as in the past, proved groundless – a positive feature. Recent developments are in line with current trends internationally – or at least in Europe. Industrial output growth has dropped to less than 5%. In the case of Turkey, the backdrop to these diminished dynamics is undimmed import growth accompanied by far weaker export expansion. After a long period of very high growth (2002 up to mid-2004), private consumption has grown more modestly: some 4% in the first half of 2005. This did not dampen import growth, especially in terms of the volume of imported automobiles purchased. Growth in gross fixed investment reached some 10% in the private sector and over 30% in the public sphere. The latter development is the outcome of an improving budgetary situation; the share of debt servicing in overall government expenditures is on the decline. This year, the government will once again achieve a high primary surplus, while in all likelihood the debt to GDP ratio will meet the Maastricht criterion in the near future.

Ongoing structural changes are rather similar to those witnessed over recent years in the countries of Central and Eastern Europe. Machinery and transport equipment, as well as information technologies are becoming important industries; their focus is on both domestic and international markets. In recent years machinery exports, including white goods and transport equipment, have rapidly increased their share. This indicates that capital-intensive industries are gaining terrain, whereas labour-intensive industries are losing

ground. Hence, even under conditions marked by strong GDP growth, unemployment has remained relatively high. In the past, Turkey's exports always contained a high proportion of textiles. Today, however, Turkish textile exports are confronted with the new free-trade regime for textiles introduced by the WTO. They continue to grow, despite facing, in particular on EU markets, fierce competition from China. The cooler climate prevailing on international steel markets has also had an adverse impact on Turkish export revenues.

Turkey is an important energy transmitter, but not a significant producer; it also hosts energy-intensive production. Coal-powered plants contribute slightly more than one quarter to the aggregate energy consumption, while hydroelectric plants supply one eighth. Some 60% is accountable to mineral oil and natural gas, both of which come almost entirely from abroad. The hike in international energy prices has led to a marked rise in imports and slowed down disinflation. Over the period January-September 2005 producer price inflation, year-on-year, was 7.2% in 2005 compared to 13.6% the year before, so deceleration was nevertheless remarkable. In the case of consumer prices, however, the rate of inflation for the first nine months in 2005 was 8.4% compared to 10.9% one year earlier.

Widening current account imbalance in tandem with appreciation pressure

The current account deficit amounted to 5.7% in 2004, yet it is likely to climb to somewhat over 6% in 2005. The rapid export expansion in recent years notwithstanding, Turkey's economy is rather closed: in 2004 exports amounted to EUR 54 billion or 22% of GDP. As is well known, export revenues are much lower than import expenditures. In past decades, a drop in the export:import ratio to significantly less than 60% usually heralded a phase of economic instability. In January 2005, the ratio was 77%, yet dropped to 66% in June and still further to 60% in August.

Up from EUR 9 billion the year before, the trade deficit of over EUR 11.8 billion was the main reason for a high current account deficit in the first seven months of 2005: EUR 10.7 billion compared to less than EUR 8.1 billion the previous year. To date the inflow of foreign direct investment (FDI), amounting to EUR 0.7 billion, has covered only a small part of that deficit. That notwithstanding, the picture for the year as a whole will look completely different. Never before has so much FDI flowed into the country as in this year. Exceeding EUR 8 billion, it could well cover about half of the current account deficit for the whole year. Other forms of capital inflow are also running high, as evidenced by the figures for the first half of 2005. EUR 4.7 billion entered the country as portfolio investments; EUR 8 billion as loans borrowed abroad; and EUR 4.7 billion in the category of errors and omissions (not exactly identified inflows). In sum, these capital inflows not only covered the current account deficit, but also led to an increase in currency reserves of more than EUR 7 billion.

Figures would seem to indicate that Turkish banks are in bullish mood. They increased their borrowing from abroad by EUR 4.4 billion in the first seven months of 2005. This has to be seen in the context of a 39% expansion of the banks' loans in a single year (June 2004 to June 2005) that is mainly attributable to private banks. Given the slower growth in government debt, banks are now eager to expand their lending to other clients, including private households. Over the period June 2004 to June 2005, household credits almost doubled. The credit card business is booming.

Without doubt, Turkey's access to foreign capital has improved, the reasons being: the positive macroeconomic indicators such as relatively high GDP growth combined with success in fighting inflation; improvements in the balancing of the government's budget; and rising currency reserves. Today the banking sector is in better shape than before and privatization of large enterprises has

finally gained momentum (see below). With the start of accession negotiations on 3 October 2005, EU membership has become a realistic long-term prospect. Standard and Poor¹, Fitch² and Moody's Investment Service³ are cautiously positive in their assessments.⁴

The Central Bank of the Republic of Turkey (CBRT) concentrates on fighting inflation. The rise in energy prices is exerting inflationary pressure, but the CBRT has no desire to allow inflation to return to two-digit rates. With this objective in mind, the CBRT is keeping interest rates high: more than 15%. Financial investors see the prospects of high gains. This holds especially true for foreign investors who are counting on future exchange rate appreciation. Contrary to past decades, the Turkish currency now exhibits an appreciation tendency against both the euro and the US dollar. The CBRT has intervened several times to calm things down, yet it may not be unhappy about the overall trend for two reasons: (a) it makes imports cheaper and thus helps to dampen inflationary tendencies; and (b) it shows that compared to the former lira, the new Turkish lira has not only shifted the decimal point six points to the left, but it has also been able to maintain and even increase its external value. However, the CBRT is confronted with the need to walk the high wire. With capital markets liberalized, decisions governing a currency's internal value inevitably have an impact on its external value. If they engender a strong inflow of foreign capital and, in turn, currency appreciation, high interest rates can overextend an economy's real sector; this would manifest itself in a further drop in the export:import ratio and a corresponding increase in the current account deficit. Were the real sector's competitiveness to erode gradually, strong capital inflows may continue to cover the current account deficit and even increase currency reserves, yet in

¹ BB- sovereign rating with a stable outlook.

² BB-, three notches below investment grade.

³ B1, four notches below investment grade.

⁴ Source: *Yapı ve Kredi*, Monthly Bulletin, September 2005.

the longer term some kind of change is unavoidable.

Foreign direct investment inflow triggered by privatization

After years of reluctance, Turkey has finally launched a large-scale privatization campaign, which has also attracted foreign direct investment. In the past, foreign companies always found it difficult to secure a foothold in the Turkish market without entering into an alliance with one of Turkey's omnipresent private holdings as their local partners. The large privatization deals of the recent past create the impression that this practice still persists. The major players among the holding companies are Koç, Sabancı, Anadolu, Doğuş and a dozen of others.

In mid-September 2005, after submitting an offer of EUR 3.4 billion, a Koç Shell Joint Venture won the tender for a 51% stake in the Turkish Petroleum Corporation Tüpraş. Tüpraş posted a EUR 177 million profit for the first half of 2005.

Koç holding also paved the way for UniCredit Bank's purchase of Yapı ve Kredi Bankası, one of the large Turkish banks. In order to acquire a 25.5% stake in the private Garanti Bankası, GE Capital entered into a partnership with the Doğuş Group. The privatization of Erdemir, the country's largest producer of flat steel, is an example of the domestic groups' insistence on taking part in the game. In the auction of a 46.12% stake in Erdemir, the Turkish armed forces pension fund (OYAK) submitted the highest bid – EUR 2.3 billion. OYAK is active in such branches as cement, financial and other services, as well as in the automotive industry – in a joint venture with Renault.

Another major privatization deal was the sale of Turkish Telecom for about EUR 5.4 billion in July to a venture led by Saudi Arabia's Oger Joint Enterprise Group that also included Telecom Italia. However, a number of individuals and institutions

such as the Turkish Communication Workers' Union have filed lawsuits calling for a cancellation of the tender. Legal proceedings still continue.

Turkey also plans to sell mobile phone operator Telsim, the country's second largest GSM company. The sale has been delayed following a legal dispute over the company's debts of EUR 2.1 billion to Motorola and EUR 0.7 billion to Nokia, but everything should go through by December 2005. Fifteen companies have applied for pre-qualification.

Royal Caribbean Cruises, jointly owned by the Israeli shipping industrialist Sami Ofer, and Turkey's Global Investment Holding, head up a consortium that has bid some EUR 3.5 billion for the right to run a major seaport in Istanbul for 49 years. The project envisages new docking capacities for cruise ships, as well as the construction of hotels and tourist sites.

Under a three-year stand-by agreement with the IMF, the government has pledged to privatize three banks by the end of 2007: Ziraat, Halk and Vakif.

Privatization sales amounted to EUR 0.8 billion in 2003, EUR 1.1 billion in 2004, and will range between EUR 7 and 11 billion in 2005, depending on the outcome of the lawsuit filed against the sale of Turkish Telecom.

Outlook

In the second half of 2005, both GDP and industrial output growth may be well over 5%, quite simply as a result in part of a less pronounced high base effect. Disinflation is likely to continue, at least to some degree, with regard to both the producer and consumer price indices. In 2006, growth could once again rise to slightly more than 5%, while disinflation is likely to continue.

Table TR

Republic of Turkey: Selected Economic Indicators

	2000	2001	2002	2003	2004 ¹⁾	2004 January-June	2005	2005 forecast	2006
Population, th pers., mid-year ²⁾	67469	68618	69757	70885	72003	.	.	72003	73109
Gross domestic product, YTL mn, nom.	124583	178412	277574	359763	430511	177011	203463	490500	551100
annual change in % (real)	7.4	-7.5	7.9	5.8	8.9	11.5	4.5	5	6
GDP/capita (EUR at exchange rate)	3210	2372	2776	3004	3375	.	.	.	.
GDP/capita (EUR at PPP)	6260	5570	5950	6250	6750	.	.	.	.
Gross industrial production									
annual change in % (real)	6.1	-8.7	9.4	8.7	9.8	13.5	4.5	6	8
Gross agricultural production									
annual change in % (real)	3.9	-6.5	6.9	-2.5	2.0	.	.	.	.
Construction industry									
annual change in % (real)	0.2	-10.6	-6.1	-9.0	4.6	.	.	.	.
Consumption of households, YTL mn, nom.	89098	128513	184420	239586	284631	128129	146069	.	.
annual change in % (real)	6.2	-9	2.1	6.6	8.3	16.6	4.2	4.5	7
Gross fixed capital form., YTL mn, nom.	27848	32409	46043	55618	76722	32889	39306	.	.
annual change in % (real)	16.9	-31.5	-1.1	10.0	35.0	48.2	13.1	14	15
LFS - employed persons, th, avg.	21581	21524	21354	21147	21791	.	.	.	.
LFS - employed pers. in agricult. th, avg.	7176	8105	7623	7390	7414	.	.	.	.
LFS - employed pers. in industry th, avg.	3731	3767	3913	3821	3955	.	.	.	.
LFS - employed pers. in services th, avg.	9650	9647	8969	9127	9316	.	.	.	.
LFS - unemployed, th pers. average ³⁾	1449	1905	2473	2493	2498	.	.	.	.
LFS - unemployment rate in %, average	6.5	8.4	10.3	10.5	10.3	.	.	9.5	9.5
Reg. unemployment rate in %, average	3.3	3.2	1.9	2.5	.	.	.	.	.
Average gross wages (YTL/Hour)	1.48	1.95	2.68	3.30	.	.	.	.	.
annual change in % (real)	0.8	-14.6	-5.4	-1.9	2.5	.	.	.	.
Consumer prices, % p.a.	54.9	54.4	45.0	25.3	10.6	11.6	8.5	8.5	6
Wholesale prices in manufacturing, % p.a.	56.1	66.7	48.3	23.8	11.1	.	.	.	.
Government budget, % GDP									
Central government revenues	25.6	26.7	24.9	27.5	24.6	28.1	30.2	.	.
Central government expenditures	37.4	44.6	40.9	38.9	32.6	36.4	31.1	.	.
General governm. deficit (-) / surplus (+) ⁴⁾	-11.9	-16.2	-12.6	-8.6	-7.0	.	.	.	.
Public debt (gross) in % of GDP	68.8	106.4	92.7	82.7	77.1	.	.	.	.
Discount rate % p.a., end of period	60.0	60.0	55.0	43.0	.	.	.	.	.
Current account, EUR mn	-10670	3798	-1603	-7120	-12600	-8112	-10339	-17500	-20000
Current account in % of GDP	-4.9	2.3	-0.8	-3.3	-5.1	.	.	-6.1	-6.2
Gross reserves of CB, excl. gold, EUR mn	24095	21050	26902	28430	27657	.	.	.	.
Gross external debt, EUR mn	129107	127620	137229	128901	130143	.	.	.	.
FDI inflow, EUR mn	1855	3684	621	367	2199	.	.	.	.
FDI outflow, EUR mn	788	25	5	7	691	.	.	.	.
Exports of goods, BOP, EUR mn	33385	38484	42203	45365	53909	25198	28656	62000	71300
annual change in %	22.8	15.3	9.7	7.5	18.8	18.6	13.7	15	15
Imports of goods, BOP, EUR mn	55673	42495	49557	57777	73159	34218	401980	84100	96000
annual change in %	54.5	-23.7	16.6	16.6	26.6	29.9	17.5	15	14
Exports of services, BOP, EUR mn	22130	17961	15570	16855	19334	6871	7740	.	.
annual growth rate in %	39.7	-18.8	-13.3	8.3	14.7	26.9	12.6	.	.
Imports of services, BOP, EUR mn	9776	7731	7271	7548	9056	4010	4665	.	.
annual growth rate in %	11.4	-20.9	-6.0	3.8	20.0	22.1	16.3	.	.
Average exchange rate YTL/USD	0.6252	1.2284	1.5095	1.4967	1.4253	1.3908	1.3430	.	.
Average exchange rate YTL/EUR (ECU)	0.5753	1.0963	1.4332	1.6894	1.7714	1.7077	1.7282	1.72	1.71
Purchasing power parity YTL/USD	0.2744	0.4301	0.6183	0.7451	0.7126	.	.	.	.
Purchasing power parity YTL/EUR	0.2950	0.4668	0.6689	0.8116	0.8857	.	.	.	.

Notes: 1) Preliminary. - 2) 2004 to 2006 SIS projections. - 3) Civilian Labour Force: unemployed. - 4) Based on the Public Sector Borrowing Requirement (PSBR) methodology including local public administration, social security and enterprises under public administration.

Source: Central Bank of Turkey; State Institute of Statistics (SIS); State Planning Organization; Undersecretary of Treasury.

Corrigendum

We apologize for a mistake in the October issue of *The Vienna Institute Monthly Report*, page 18, Table BG, 'Bulgaria: Selected Economic Indicators'.

The heading of the last two columns should read **2005** and **2006** forecast respectively (instead of 2004 and 2005 forecast).

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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To receive your personal password, please go to <http://mdb.wiiw.ac.at>

B U L G A R I A: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	21.7	16.2	18.2	17.1	14.1	22.6	21.5	10.9	7.9	14.2	14.6	8.0	6.0	6.9	7.5	.
Industry, total ¹⁾	real, CCPY	17.1	16.9	17.1	17.1	16.8	17.3	17.7	10.9	9.3	11.1	12.0	11.2	10.2	9.7	9.4	.
Industry, total	real, 3MMA	19.7	18.6	17.1	16.4	17.9	19.4	18.6	13.8	11.1	12.3	12.3	9.4	6.9	6.8	.	.
LABOUR																	
Employees total	th. persons	2176	2187	2181	2170	2162	2144	2109	2117	2128	2145	2164	2174	2191	.	.	.
Employees in industry	th. persons	685	689	690	686	683	679	672	675	676	676	679	676	676	.	.	.
Unemployment, end of period	th. persons	452.4	446.8	442.2	434.7	437.5	440.0	450.6	486.4	485.5	471.3	449.7	427.2	411.6	405.5	399.0	.
Unemployment rate ²⁾	%	12.2	12.1	11.9	11.7	11.8	11.9	12.2	13.1	13.1	12.7	12.1	11.5	11.1	10.9	10.8	.
Labour productivity, industry ¹⁾	CCPY	16.1	15.9	15.8	15.6	15.9	16.9	17.5	12.6	11.2	13.0	13.8	13.0	12.0	.	.	.
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-7.9	-7.8	-7.7	-7.6	-7.6	-8.4	-8.8	-3.6	-2.7	-4.1	-4.8	-4.2	-3.2	.	.	.
WAGES, SALARIES																	
Total economy, gross	BGN	289	295	291	303	296	303	320	303	302	319	313	322	317	.	.	.
Total economy, gross	real, CMPY	-1.3	0.8	1.4	0.7	2.9	3.2	3.3	5.9	5.0	5.5	3.8	4.4	4.4	.	.	.
Total economy, gross	USD	179	185	181	189	189	201	219	203	201	215	207	209	197	.	.	.
Total economy, gross	EUR	148	151	149	155	151	155	164	155	154	163	160	165	162	.	.	.
Industry, gross	EUR	156	151	152	158	153	156	163	155	155	167	162	164	170	.	.	.
PRICES																	
Consumer	PM	-1.8	1.2	-0.4	0.9	0.2	0.6	1.3	0.7	0.9	0.3	1.1	-0.5	-1.3	0.1	0.6	1.4
Consumer	CMPY	7.3	7.6	6.3	6.3	5.8	4.5	4.0	3.3	3.9	4.3	5.1	4.6	5.1	3.9	5.0	5.4
Consumer	CCPY	6.6	6.7	6.7	6.6	6.5	6.4	6.1	3.3	3.6	3.8	4.2	4.2	4.4	4.3	4.4	4.5
Producer, in industry ¹⁾	PM	-0.5	1.6	0.2	1.0	1.4	-0.8	-1.2	0.4	0.8	2.4	1.1	-0.6	0.7	1.1	0.2	.
Producer, in industry ¹⁾	CMPY	6.8	8.1	7.5	7.8	8.3	7.2	5.1	4.7	6.4	7.5	7.7	5.9	7.2	6.6	6.6	.
Producer, in industry ¹⁾	CCPY	4.4	5.0	5.3	5.6	5.8	6.0	5.9	4.7	5.6	6.2	6.6	6.5	6.6	6.6	6.6	.
FOREIGN TRADE^{3/4)}																	
Exports total (fob), cumulated	EUR mn	3615	4400	5067	5798	6537	7269	7985	639	1285	2078	2824	3562	4382	5240	6020	.
Imports total (cif), cumulated	EUR mn	5331	6330	7244	8209	9270	10453	11620	908	1836	2959	4072	5299	6589	7861	9134	.
Trade balance, cumulated	EUR mn	-1717	-1930	-2177	-2411	-2732	-3184	-3635	-269	-551	-881	-1248	-1737	-2207	-2620	-3114	.
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	-1049	-850	-721	-698	-919	-1292	-1648	-280	-464	-696	-979	-1257	-1433	-1519	-1635	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.611	1.595	1.606	1.600	1.566	1.506	1.461	1.491	1.503	1.482	1.512	1.543	1.608	1.625	1.591	1.597
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 CP ⁶⁾	real, Jan00=100	75.2	73.4	74.3	73.5	72.2	69.0	65.8	66.8	67.2	66.6	67.6	69.2	73.2	73.9	71.9	71.2
BGN/USD, calculated with PP ⁶⁾	real, Jan00=100	77.5	75.6	76.3	75.1	73.6	72.0	70.1	71.6	71.9	70.2	71.5	73.1	75.5	75.5	73.8	.
BGN/EUR, calculated with CP ⁶⁾	real, Jan00=100	89.0	87.8	88.4	87.8	87.9	87.3	86.6	85.6	85.2	85.4	84.8	85.4	86.6	86.5	86.0	84.8
BGN/EUR, calculated with PP ⁶⁾	real, Jan00=100	86.3	85.2	85.4	84.7	84.1	84.7	85.4	85.4	85.0	83.5	82.8	83.2	82.8	81.9	81.8	.
DOMESTIC FINANCE																	
M0, end of period ⁷⁾	BGN mn	3961	4131	4275	4342	4284	4247	4628	4442	4414	4487	4652	4756	4848	5058	5147	5213
M1, end of period ⁷⁾	BGN mn	8422	8736	9048	9239	9220	9185	10298	10045	10201	11331	10552	10790	11167	11494	11713	11566
Broad money, end of period ⁷⁾	BGN mn	18161	18365	18345	18763	18847	18859	20394	20520	20739	23205	22004	22440	22778	23211	23663	23746
Broad money, end of period	CMPY	26.8	24.2	20.3	23.1	18.7	19.9	23.1	24.2	23.9	38.1	28.0	29.0	25.4	26.4	29.0	26.6
BNB base rate (p.a.) ^{end of period}	%	2.5	2.5	2.4	2.4	2.5	2.4	2.4	2.5	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.1
BNB base rate (p.a.) ^{end of period⁸⁾}	real, %	-4.1	-5.2	-4.7	-5.0	-5.4	-4.5	-2.5	-2.2	-4.3	-5.2	-5.3	-3.6	-4.7	-4.3	-4.3	.
BUDGET																	
Central gov.budget balance _{zum.}	BGN mn	782.4	778.0	990.4	996.3	1185.6	1256.6	427.5	49.2	45.9	400.9	623.6	926.7	1007.7	1001.5	1198.9	.

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 less than 100 mean real appreciation.

7) According to ECB methodology.

8) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	2.8	1.2	4.9	3.0	-3.3	5.9	9.7	6.4	-1.5	-2.9	6.3	8.3	12.3	5.4	4.7	6.0
Industry, total ¹⁾	real, CCPY	3.9	3.5	3.6	3.6	2.8	3.1	3.6	6.4	2.2	0.3	1.9	3.2	4.8	4.9	4.9	5.0
Industry, total ¹⁾	real, 3MMA	1.7	2.9	3.0	1.4	1.8	3.9	7.4	4.8	0.3	0.6	3.8	9.0	8.7	7.5	5.4	.
Construction, total, effect, work, time ¹⁾	real, CMPY	7.4	-2.3	-0.5	-6.8	-11.2	-1.8	-0.6	-1.2	-11.1	-7.1	-6.7	-6.8	-3.7	-3.7	5.4	.
LABOUR																	
Employment total	th. persons	1422.2	1431.9	1429.9	1421.1	1412.1	1405.7	1395.8	1387.6	1382.6	1384.2	1390.8	1403.4	1417.3	1427.5	1429.3	.
Employees in industry	th. persons	282.7	283.2	282.3	282.2	282.1	281.8	279.7	273.1	276.3	276.1	276.5	277.1	276.8	277.0	.	.
Unemployment, end of period	th. persons	295.6	293.3	293.8	299.5	307.5	312.8	317.6	326.9	330.2	329.0	320.3	308.3	297.6	293.2	291.0	294.3
Unemployment rate ²⁾	%	17.4	17.2	17.2	17.6	18.1	18.4	18.7	19.1	19.3	19.2	18.7	18.0	17.4	17.0	16.9	17.0
Labour productivity, industry ¹⁾	CCPY	6.4	5.9	5.9	5.8	5.0	5.2	5.6	5.0	0.7	-1.2	0.3	1.6	3.1	3.2	3.3	.
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-0.5	0.0	0.4	0.6	1.0	1.2	0.8	1.4	6.7	8.3	6.3	5.3	3.5	2.9	.	.
WAGES, SALARIES																	
Total economy, gross	HRK	6084	6043	5995	5925	5915	6276	6139	6013	5965	6280	6112	6358	6348	6199	.	.
Total economy, gross	real, CMPY	4.0	4.2	5.2	4.9	1.5	5.6	3.2	0.7	1.1	1.4	-0.4	3.2	1.4	-0.5	.	.
Total economy, gross	USD	1000	1005	990	976	978	1077	1088	1047	1032	1111	1069	1104	1057	1023	.	.
Total economy, gross	EUR	825	820	814	800	784	831	814	795	794	842	826	868	868	849	.	.
Industry, gross	EUR	756	752	744	736	711	764	749	725	726	775	758	800	795	780	.	.
PRICES																	
Consumer	PM	-0.3	-0.4	0.1	-0.2	0.4	0.5	0.7	0.4	1.1	0.7	-0.2	0.0	-0.1	-0.2	0.1	0.5
Consumer	CMPY	2.5	1.9	2.0	1.6	2.0	2.3	2.7	2.7	3.3	3.9	3.5	2.8	2.9	3.1	3.1	3.8
Consumer	CCPY	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.7	3.0	3.3	3.4	3.2	3.2	3.2	3.2	3.2
Producer, in industry	PM	-0.3	0.9	1.0	0.2	0.8	-0.5	-0.7	0.0	0.3	0.3	0.3	0.1	-0.2	0.8	0.1	0.8
Producer, in industry	CMPY	3.9	4.6	5.1	5.7	6.3	5.5	4.8	4.4	5.1	5.1	4.5	2.3	2.4	2.3	1.5	2.1
Producer, in industry	CCPY	1.7	2.1	2.4	2.8	3.1	3.4	3.5	4.4	4.7	4.8	4.8	4.3	4.0	3.7	3.4	3.2
RETAIL TRADE																	
Turnover	real, CMPY	2.3	6.6	3.4	2.7	0.9	4.5	1.7	1.1	-3.3	3.5	2.0	6.6	7.3	2.0	5.1	.
Turnover	real, CCPY	1.8	2.5	2.7	2.7	2.5	2.7	2.6	1.1	-1.2	0.7	1.1	2.3	3.2	3.0	3.4	.
FOREIGN TRADE^{3,4)}																	
Exports total (fob), cumulated	EUR mn	3042	3648	4090	4726	5299	5873	6452	439	962	1492	2127	2677	3334	3919	4491	.
Imports total (cif), cumulated	EUR mn	6483	7668	8652	9855	11013	12178	13342	459	1424	2694	4001	5267	6696	7975	9156	.
Trade balance, cumulated	EUR mn	-3441	-4019	-4562	-5128	-5713	-6305	-6890	-20	-462	-1202	-1873	-2590	-3362	-4057	-4666	.
Exports to EU-25 (fob), cumulated	EUR mn	2008	2401	2672	3088	3463	3828	4170	313	653	969	1347	1726	2134	2492	2856	.
Imports from EU-25 (cif), cumulated	EUR mn	4628	5449	6114	6916	7687	8493	9278	517	1180	2009	2886	3752	4682	5561	6303	.
Trade balance with EU-25, cumulated	EUR mn	-2620	-3048	-3441	-3829	-4224	-4665	-5108	-204	-527	-1040	-1539	-2026	-2549	-3069	-3447	.
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	-2109	.	.	-120	.	.	-1447	.	.	-1543	.	.	-2675	.	.	.
EXCHANGE RATE																	
HRK/USD, monthly average	nominal	6.081	6.012	6.055	6.070	6.050	5.825	5.644	5.741	5.780	5.653	5.717	5.759	6.007	6.062	5.975	6.061
HRK/EUR, monthly average	nominal	7.378	7.372	7.369	7.410	7.545	7.554	7.545	7.564	7.517	7.460	7.395	7.327	7.313	7.305	7.348	7.431
HRK/USD, calculated with CPI ⁶⁾	real, Jan00=100	78.3	77.6	78.1	78.6	78.5	75.2	72.0	73.1	73.3	71.7	73.1	73.6	76.9	77.8	76.6	77.3
HRK/USD, calculated with PPI ⁶⁾	real, Jan00=100	81.6	80.1	80.2	80.1	80.4	78.5	76.0	77.7	78.3	77.3	78.7	78.9	82.3	82.4	81.1	81.7
HRK/EUR, calculated with CPI ⁶⁾	real, Jan00=100	92.5	92.7	92.8	93.7	95.3	94.9	94.5	94.0	92.8	91.9	91.6	91.0	91.0	91.1	91.5	92.1
HRK/EUR, calculated with PPI ⁶⁾	real, Jan00=100	90.8	90.2	89.6	90.1	91.6	92.0	92.3	92.9	92.3	91.9	91.1	90.0	90.3	89.4	89.9	90.2
DOMESTIC FINANCE																	
M0, end of period	HRK bn	11.0	11.8	11.4	10.9	10.9	10.6	11.0	10.8	10.9	11.1	11.4	11.5	12.2	13.1	12.7	.
M1, end of period	HRK bn	34.3	34.6	35.0	34.5	33.9	33.6	34.6	34.9	34.4	34.5	34.8	36.0	36.7	38.3	37.8	.
Broad money, end of period	HRK bn	129.6	133.0	136.8	138.7	138.4	139.6	139.9	138.9	138.9	138.0	137.9	140.6	142.6	145.6	151.1	.
Broad money, end of period	CMPY	7.9	6.4	7.8	9.3	8.9	8.5	8.6	7.8	8.6	9.7	7.8	10.3	10.1	9.4	10.4	.
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, %	0.6	-0.1	-0.6	-1.1	-1.7	-0.9	-0.3	0.1	-0.6	-0.6	0.0	2.2	2.1	2.2	3.0	2.4
BUDGET																	
Central gov. budget balance, cum. ⁸⁾	HRK mn	-7089	-8659	-8553	-9143	-10535	-10546	-9213	-1691	-3460	-6135	-6276	-6732	-6784	-7603	-6557	.

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 less than 100 mean real appreciation.

7) Deflated with annual PPI.

8) Consolidated central government budget. Including extra-budgetary funds.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	15.1	11.0	8.7	6.6	8.1	10.9	8.3	7.2	5.6	0.1	5.7	4.0	3.7	11.2	8.6	.
Industry, total	real, CCPY	10.8	10.8	10.6	10.1	9.9	10.0	9.9	7.2	6.4	4.0	4.4	4.3	4.2	5.2	5.6	.
Industry, total	real, 3MMA	13.0	11.7	8.7	7.8	8.6	9.1	8.9	7.0	4.0	3.6	3.2	4.5	6.2	7.7	.	.
Construction, total	real, CMPY	-3.7	0.3	9.6	3.5	2.9	9.8	1.3	14.2	3.8	-16.0	-29.5	26.1	19.1	6.1	6.7	.
LABOUR																	
Employees in industry ¹⁾	th. persons	1131	1133	1135	1134	1137	1138	1131	1121	1128	1133	1132	1130	1137	1139	1139	.
Unemployment, end of period	th. persons	517.5	532.1	536.0	530.2	517.8	517.7	541.7	561.7	555.0	540.5	512.6	494.6	489.7	500.3	505.3	503.4
Unemployment rate ²⁾	%	9.9	9.2	9.3	9.1	8.9	8.9	9.5	9.8	9.6	9.4	8.9	8.6	8.6	8.8	8.9	8.8
Labour productivity, industry ¹³⁾	CCPY	12.2	11.2	11.1	10.7	10.2	10.6	10.4	10.1	7.7	5.5	6.1	6.1	6.5	6.4	6.9	.
Unit labour costs, exch.r. adj.(EUR) ¹³⁾	CCPY	-6.9	-5.6	-4.9	-4.2	-3.8	-3.7	-3.3	1.0	4.6	7.6	6.6	6.3	5.6	5.1	4.8	.
WAGES, SALARIES																	
Industry, gross ¹⁾	CZK	17591	17670	16874	17065	17450	20415	18870	16926	16307	17633	17571	18544	18550	18173	18040	.
Industry, gross ¹⁾	real, CMPY	4.1	3.3	5.0	3.6	1.3	5.4	1.8	1.3	2.2	2.8	2.2	3.9	3.4	1.1	5.0	.
Industry, gross ¹⁾	USD	675	687	649	659	692	847	825	733	708	781	755	779	751	725	749	.
Industry, gross ¹⁾	EUR	556	561	533	540	554	653	616	558	544	592	583	614	618	602	610	.
PRICES																	
Consumer	PM	0.2	0.4	0.0	-0.8	0.5	-0.1	0.1	0.7	0.2	-0.1	0.1	0.2	0.6	0.3	0.0	-0.3
Consumer	CMPY	2.9	3.2	3.4	3.0	3.5	2.9	2.8	1.7	1.7	1.5	1.6	1.3	1.8	1.7	1.7	2.2
Consumer	CCPY	2.5	2.6	2.7	2.7	2.8	2.8	2.8	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7
Producer, in industry	PM	1.1	0.8	0.9	0.3	1.1	0.0	-0.3	0.3	0.2	0.2	0.1	-0.7	-0.2	0.1	0.0	0.2
Producer, in industry	CMPY	6.3	7.3	8.1	8.0	8.6	8.2	7.7	7.2	7.1	6.4	5.6	4.0	2.7	2.0	1.1	1.0
Producer, in industry	CCPY	3.4	3.9	4.4	4.8	5.2	5.5	5.7	7.2	7.2	6.9	6.6	6.1	5.5	5.0	4.5	4.1
RETAIL TRADE																	
Turnover	real, CMPY	4.0	0.5	4.7	2.1	1.0	6.0	3.2	4.4	1.1	3.9	0.8	5.4	3.0	1.9	5.9	.
Turnover	real, CCPY	3.1	2.7	3.0	2.9	2.7	3.0	3.0	4.4	2.8	3.1	2.6	3.1	3.1	3.0	3.3	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	25790	30078	34256	39243	44269	49550	53996	4637	9352	14600	19802	25017	30515	35102	40108	.
Imports total (fob), cumulated	EUR mn	26010	30524	34806	39721	44801	50076	54825	4226	8728	13706	18900	23900	29116	33667	38734	.
Trade balance, cumulated	EUR mn	-220	-446	-550	-478	-533	-526	-829	411	624	894	902	1117	1398	1436	1375	.
Exports to EU-25 (fob), cumulated	EUR mn	22314	25975	29565	33826	38151	42686	46410	4047	8084	12515	16908	21331	25918	29769	33927	.
Imports from EU-25 (fob) ⁶⁾ , cumulated	EUR mn	18681	21934	24968	28550	32209	35986	39375	3005	6221	9766	13423	16988	20741	23970	27553	.
Trade balance with EU-25, cumulated	EUR mn	3632	4042	4597	5276	5942	6700	7034	1042	1863	2748	3484	4344	5177	5799	6373	.
FOREIGN FINANCE																	
Current account, cumulated ⁴⁾	EUR mn	-1591	-2615	-3191	-3334	-3689	-3913	-4490	38	498	615	321	111	-409	-757	-1058	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	26.0	25.7	26.0	25.9	25.2	24.1	22.9	23.1	23.0	22.6	23.3	23.8	24.7	25.0	24.1	23.9
CZK/EUR, monthly average	nominal	31.6	31.5	31.6	31.6	31.5	31.3	30.6	30.3	30.0	29.8	30.1	30.2	30.0	30.2	29.6	29.3
CZK/USD, calculated with CPI ⁷⁾	real, Jan00=100	74.4	73.0	73.8	74.3	72.4	69.2	65.4	65.7	65.8	65.1	67.4	68.7	70.9	71.8	69.0	68.7
CZK/USD, calculated with PPI ⁷⁾	real, Jan00=100	76.8	75.3	75.8	75.1	73.5	70.7	66.8	67.6	67.6	67.0	69.7	71.6	74.2	75.2	72.2	71.6
CZK/EUR, calculated with CPI ⁷⁾	real, Jan00=100	87.8	87.1	87.6	88.4	87.9	87.4	85.9	84.0	83.2	83.2	84.4	84.7	83.7	83.9	82.3	81.7
CZK/EUR, calculated with PPI ⁷⁾	real, Jan00=100	85.3	84.7	84.5	84.4	83.6	83.0	81.2	80.5	79.6	79.5	80.6	81.3	81.2	81.5	79.9	78.9
DOMESTIC FINANCE																	
M0, end of period	CZK bn	234.9	233.1	233.7	236.8	236.8	238.4	236.8	237.8	240.8	242.9	245.9	248.8	253.2	253.0	252.9	.
M1, end of period	CZK bn	945.6	933.5	965.9	965.9	953.5	975.8	962.3	965.5	963.5	972.7	965.5	1007.7	1004.0	1004.2	1028.1	.
M2, end of period	CZK bn	1817.9	1821.3	1835.5	1841.1	1841.0	1840.5	1844.1	1827.5	1844.4	1844.9	1882.2	1912.1	1913.0	1908.3	1920.2	.
M2, end of period	CMPY	10.3	8.0	7.5	8.6	7.8	6.6	4.4	4.2	4.7	5.3	4.7	5.4	5.2	4.8	4.6	.
Discount rate (p.a.), end of period	%	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.25	1.25	1.25	0.75	0.75	0.75	0.75	0.75	0.75
Discount rate (p.a.), end of period ⁸⁾	real, %	-4.7	-5.6	-6.1	-6.0	-6.5	-6.2	-5.8	-5.6	-5.5	-4.9	-4.6	-3.1	-1.9	-1.2	-0.3	-0.2
BUDGET																	
Central gov. budget balance, cum.	CZK mn	-49702	-48799	-50687	-40515	-59467	-66370	-93530	3485	-2584	8249	-22492	-27029	3763	10260	10010	25750

1) Enterprises employing 20 and more persons.

2) Ratio of job applicants to the economically active (including women on maternity leave), from July 2004 calculated with disposable number of registered unemployment.

3) Calculation based on industrial sales index (at constant prices).

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

5) Cumulation starting January and ending December each year.

6) According to country of origin.

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

8) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CPMY	14.0	4.1	5.5	5.4	4.5	9.3	2.0	3.6	0.9	1.8	9.5	13.4	6.5	5.8	12.2	.
Industry, total	real, CCPY	9.8	9.0	8.6	8.2	7.7	7.9	7.4	3.6	2.2	2.1	3.9	5.8	5.9	5.9	6.6	.
Industry, total	real, 3MMA	8.3	7.9	5.0	5.1	6.4	5.3	5.1	2.1	2.1	4.0	8.0	9.7	8.5	8.0	.	.
Construction, total	real, CPMY	2.9	9.3	5.8	-1.7	2.3	8.7	5.8	9.5	22.0	1.5	14.3	8.4	24.8	18.1	13.9	.
LABOUR																	
Employees in industry ¹⁾	th. persons	789.0	788.8	786.4	785.0	780.5	780.1	771.3	776.6	771.7	767.9	764.3	760.8	760.5	762.5	759.7	.
Unemployment ²⁾	th. persons	241.6	244.8	246.6	254.6	255.1	261.7	263.3	275.1	286.8	297.4	300.1	302.9	299.5	298.7	302.5	308.6
Unemployment rate ²⁾	%	5.8	5.9	5.9	6.1	6.1	6.3	6.3	6.6	6.9	7.1	7.2	7.2	7.1	7.1	7.2	7.3
Labour productivity, industry ¹⁾	CCPY	13.4	12.5	12.1	11.7	11.4	11.6	11.2	5.4	4.2	4.4	6.6	8.8	9.1	9.1	10.0	.
Unit labour costs, exch.r.adj.(EUR) ¹⁾	CCPY	-5.5	-3.8	-2.6	-2.0	-1.6	-1.0	-0.4	10.0	11.0	8.4	4.7	1.7	2.0	1.5	0.5	.
WAGES, SALARIES																	
Total economy, gross ¹⁾³⁾	HUF	145856	140775	138864	139651	143319	163950	170607	184244	144883	150952	150013	155923	155657	151406	148406	.
Total economy, gross ¹⁾³⁾	real, CPMY	0.4	-1.3	-0.2	0.0	-1.4	-0.7	-8.5	21.2	4.7	3.0	2.9	6.5	2.8	3.8	3.2	.
Total economy, gross ¹⁾³⁾	USD	701	691	679	689	725	868	930	981	774	812	783	786	761	740	746	.
Total economy, gross ¹⁾³⁾	EUR	576	563	558	564	581	668	694	747	594	616	605	619	625	614	607	.
Industry, gross ¹⁾	EUR	558	553	556	555	560	674	644	559	564	605	591	625	610	595	605	.
PRICES																	
Consumer	PM	0.1	0.0	-0.3	0.1	0.5	0.1	0.0	0.7	0.4	0.7	0.8	0.6	0.3	0.0	-0.4	0.2
Consumer	CPY	7.5	7.2	7.2	6.6	6.3	5.8	5.5	4.1	3.2	3.5	3.9	3.6	3.8	3.7	3.6	3.7
Consumer	CCPY	7.1	7.1	7.1	7.0	7.0	6.9	6.8	4.1	3.6	3.6	3.7	3.6	3.7	3.7	3.7	3.7
Producer, in industry	PM	0.4	0.1	0.2	0.3	0.3	-0.2	-0.5	0.7	0.0	0.8	0.8	0.5	0.0	-0.4	0.1	.
Producer, in industry	CPY	3.3	2.7	2.6	3.3	3.5	2.1	1.6	3.8	3.1	5.0	5.3	5.2	5.0	4.2	3.4	.
Producer, in industry	CCPY	4.4	4.1	3.9	3.9	3.8	3.7	3.5	3.8	3.5	4.0	4.3	4.5	4.6	4.5	4.4	.
RETAIL TRADE																	
Turnover	real, CPMY	10.7	5.7	5.6	4.8	3.2	4.6	3.3	3.3	1.8	7.2	3.3	6.3	5.7	5.1	6.2	.
Turnover	real, CCPY	7.3	7.0	6.8	6.6	6.2	6.0	5.7	3.3	2.5	4.3	4.0	4.5	4.7	4.8	5.0	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	21277	25006	28259	32415	36568	40906	44606	3406	6976	11065	15087	19078	23439	27335	31127	.
Imports total (cif), cumulated	EUR mn	23610	27597	31190	35636	40099	44633	48524	3551	7413	11656	16059	20161	24646	28831	33012	.
Trade balance, cumulated	EUR mn	-2333	-2591	-2931	-3222	-3531	-3727	-3918	-145	-437	-591	-972	-1083	-1206	-1497	-1885	.
Exports to EU-25 (fob), cumulated	EUR mn	17257	20174	22684	25916	29238	32662	35453	2714	5492	8613	11706	14758	18040	21041	23886	.
Imports from EU-25 (cif) ⁶⁾ , cumulated	EUR mn	17520	20313	22754	25862	28974	32085	34796	2456	5129	8050	10974	13810	16877	19790	22509	.
Trade balance with EU-25, cumulated	EUR mn	-263	-139	-69	54	264	576	658	258	364	563	731	947	1163	1250	1376	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-3573	.	.	-5339	.	.	-7136	.	.	-1555	.	.	-3246	.	.	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	208.0	203.6	204.5	202.8	197.6	188.9	183.4	187.8	187.2	185.9	191.7	198.3	204.6	204.6	198.8	200.6
HUF/EUR, monthly average	nominal	253.2	249.9	248.9	247.7	246.8	245.3	245.9	246.6	243.8	245.0	248.2	252.0	249.0	246.4	244.4	245.9
HUF/USD, calculated with CPI ⁷⁾	real, Jan00=100	68.8	67.3	67.8	67.3	65.6	62.6	60.6	61.7	61.7	61.3	63.1	64.8	66.7	66.7	65.1	65.5
HUF/USD, calculated with PPI ⁷⁾	real, Jan00=100	81.1	79.5	80.0	78.9	77.8	75.2	72.8	74.4	74.5	74.3	76.8	78.8	81.1	81.4	79.0	.
HUF/EUR, calculated with CPI ⁷⁾	real, Jan00=100	81.6	80.4	80.5	80.2	79.8	79.2	79.7	79.1	78.2	78.4	79.1	80.0	78.9	78.1	77.8	78.1
HUF/EUR, calculated with PPI ⁷⁾	real, Jan00=100	90.5	89.5	89.4	88.8	88.8	88.3	88.7	88.7	88.0	88.2	88.9	89.7	88.9	88.3	87.5	.
DOMESTIC FINANCE																	
M0, end of period ⁸⁾	HUF bn	1329.1	1322.6	1329.9	1328.6	1334.9	1365.5	1341.5	1324.8	1320.6	1376.0	1403.5	1426.1	1456.7	1466.8	1475.2	1491.4
M1, end of period ⁸⁾	HUF bn	3874.4	3876.1	3935.6	3954.8	3891.4	4053.0	4169.3	4028.7	4029.4	4195.0	4219.1	4390.4	4417.1	4436.1	4533.7	4645.5
Broad money, end of period ⁸⁾	HUF bn	8961.6	9087.7	9251.2	9278.1	9356.0	9540.7	9804.5	9660.5	9752.0	9959.7	10166.1	10275.2	10253.9	10367.2	10469.0	10623.2
Broad money, end of period ⁸⁾	CPY	10.5	11.6	13.2	12.0	10.8	11.2	11.6	9.8	11.3	14.2	15.2	15.9	14.4	14.1	13.2	14.5
NBH base rate (p.a.),end of period	%	11.5	11.5	11.0	11.0	10.5	10.0	9.5	9.0	8.3	7.8	7.5	7.3	7.0	6.8	6.3	6.0
NBH base rate (p.a.),end of period ⁹⁾	real, %	7.9	8.6	8.2	7.5	6.8	7.7	7.8	5.0	5.0	2.6	2.1	1.9	1.9	2.4	2.8	.
BUDGET																	
Central gov.budget balance,cum.	HUF bn	-855.8	-863.1	-926.8	-1035.8	-1034.6	-1023.0	-889.0	-199.1	-379.0	-373.1	-589.0	-680.5	-798.6	-741.3	-769.0	-780.9

1) Economic organizations employing more than 5 persons.

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

3) Increase of wages in January 2005 due to payment of one month extra salary in state sector (in January instead of December).

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

5) Cumulation starting January and ending December each year.

6) According to country of dispatch.

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

8) According to ECB monetary standards.

9) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry ¹⁾	real, CMPY	15.8	6.0	13.8	9.4	3.4	11.4	6.9	4.7	2.4	-3.7	-1.1	0.9	6.9	2.6	4.8	5.5
Industry ¹⁾	real, CCPY	17.7	15.9	15.7	14.9	13.5	13.3	12.7	4.7	3.5	0.8	0.3	0.4	1.5	1.7	2.1	2.5
Industry ¹⁾	real, 3MMA	11.3	11.8	9.7	8.6	8.0	7.1	7.7	4.7	0.8	-1.0	-1.4	2.2	3.5	4.8	4.3	.
Construction ¹⁾	real, CMPY	-14.4	-14.2	2.6	0.1	4.1	4.2	7.9	18.4	13.1	-3.9	-17.7	21.8	29.9	17.3	6.5	10.5
LABOUR																	
Employees ¹⁾	th. persons	4688	4688	4681	4686	4698	4689	4679	4737	4745	4743	4754	4756	4770	4772	4776	4788
Employees in industry ¹⁾	th. persons	2399	2400	2397	2399	2409	2405	2397	2417	2422	2423	2426	2423	2427	2422	2424	2428
Unemployment, end of period	th. persons	3071.2	3042.4	3005.7	2970.9	2938.2	2942.6	2999.6	3094.9	3094.5	3052.6	2957.8	2867.3	2827.4	2809.0	2783.3	2760.1
Unemployment rate ²⁾	%	19.5	19.3	19.1	18.9	18.7	18.7	19.1	19.5	19.4	19.3	18.8	18.3	18.0	17.9	17.7	17.6
Labour productivity, industry ¹⁾	CCPY	18.4	16.5	16.2	15.4	14.0	13.8	13.2	3.8	2.6	-0.1	-0.7	-0.6	0.5	0.6	1.0	1.4
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-19.5	-17.3	-16.3	-14.9	-13.1	-12.1	-10.5	14.0	17.8	21.2	20.4	19.9	18.6	17.3	16.2	15.7
WAGES, SALARIES																	
Total economy, gross ¹⁾	PLN	2405	2428	2413	2440	2386	2505	2748	2385	2411	2481	2471	2424	2513	2507	2481	2484
Total economy, gross ¹⁾	real, CMPY	0.4	-0.8	0.7	-0.7	-1.9	-1.7	-1.0	-1.5	-2.4	-1.4	-1.3	0.6	3.1	2.0	1.3	0.3
Total economy, gross ¹⁾	USD	635	667	662	681	690	763	888	769	788	813	771	737	753	737	755	777
Total economy, gross ¹⁾	EUR	524	543	544	557	552	588	663	584	605	617	595	580	619	612	613	633
Industry, gross ¹⁾	EUR	531	551	549	548	551	592	693	590	616	625	597	580	630	617	618	637
PRICES																	
Consumer	PM	0.9	-0.1	-0.4	0.3	0.6	0.3	0.1	0.1	-0.1	0.1	0.4	0.3	-0.2	-0.2	-0.1	0.4
Consumer	CMPY	4.4	4.6	4.6	4.4	4.5	4.5	4.4	3.7	3.6	3.4	3.0	2.5	1.4	1.3	1.6	1.8
Consumer	CCPY	2.5	2.8	3.1	3.2	3.3	3.5	3.5	4.1	4.0	3.9	3.7	3.5	3.1	2.8	2.7	2.6
Producer, in industry	PM	-0.2	0.2	0.3	-0.1	0.4	-0.4	-1.3	0.1	-0.5	0.5	0.7	-0.2	0.3	0.2	0.2	0.0
Producer, in industry	CMPY	9.1	8.6	8.5	7.9	7.6	6.7	5.2	4.5	3.2	2.2	0.9	-0.5	0.0	0.0	-0.2	-0.2
Producer, in industry	CCPY	6.7	7.0	7.2	7.3	7.3	7.3	7.1	4.7	4.0	3.5	2.8	2.1	1.8	1.5	1.3	1.2
RETAIL TRADE																	
Turnover ¹⁾	real, CMPY	4.2	5.9	4.4	3.9	-0.8	-0.4	-1.8	3.2	-1.6	-3.8	-17.4	5.5	8.8	3.2	5.6	2.9
Turnover ¹⁾	real, CCPY	12.4	11.4	10.1	9.4	8.8	7.9	7.1	3.1	1.0	-0.4	-5.9	-4.1	-1.9	-1.0	-0.2	0.1
FOREIGN TRADE^{3,4)}																	
Exports total (fob), cumulated	EUR mn	27962	32868	37639	43416	49145	54898	59996	5209	10587	16348	22294	27719	33894	39476	44950	.
Imports total (cif), cumulated	EUR mn	34365	40339	45980	52661	59168	65643	71791	5648	11611	18284	24914	31382	38229	44621	50916	.
Trade balance, cumulated	EUR mn	-6403	-7472	-8341	-9246	-10023	-10745	-11795	-439	-1024	-1936	-2620	-3662	-4335	-5145	-5966	.
Exports to EU-25 (fob), cumulated	EUR mn	22853	26597	30275	34647	39056	43446	47232	4148	8207	12798	17444	21621	26135	30427	34500	.
Imports from EU-25 (cif) ⁵⁾ , cumulated	EUR mn	23792	27810	31539	35890	40319	44694	48669	3763	7642	12092	16591	20882	25315	29597	33464	.
Trade balance with EU-25, cumulated	EUR mn	-939	-1213	-1263	-1243	-1263	-1248	-1437	385	565	706	853	739	820	830	1037	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-5188	-6157	-6495	-7292	-7699	-7898	-8387	-408	-725	-1000	-843	-1597	-1520	-1958	-2338	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	3.787	3.643	3.643	3.583	3.460	3.283	3.095	3.103	3.060	3.049	3.205	3.291	3.336	3.399	3.287	3.195
PLN/EUR, monthly average	nominal	4.593	4.469	4.436	4.376	4.324	4.262	4.144	4.082	3.984	4.021	4.151	4.183	4.060	4.097	4.045	3.925
PLN/USD, calculated with CPI ⁶⁾	real, Jan00=100	88.7	85.2	85.6	84.2	81.2	76.8	72.1	72.3	71.8	72.1	75.9	77.6	78.9	80.6	78.0	75.5
PLN/USD, calculated with PPI ⁶⁾	real, Jan00=100	89.5	86.1	86.2	84.7	82.7	79.5	75.3	75.8	75.5	75.8	79.9	81.9	82.6	84.0	81.0	78.8
PLN/EUR, calculated with CPI ⁶⁾	real, Jan00=100	104.9	102.0	101.9	100.4	98.9	97.2	94.8	92.9	91.1	92.3	95.3	96.0	93.4	94.5	93.4	90.2
PLN/EUR, calculated with PPI ⁶⁾	real, Jan00=100	99.7	97.1	96.4	95.4	94.5	93.4	91.7	90.6	89.2	90.1	92.6	93.3	90.6	91.3	89.9	87.2
DOMESTIC FINANCE																	
M0, end of period	PLN bn	50.5	50.9	50.9	50.1	50.5	50.0	50.7	49.7	50.5	51.4	53.2	52.9	53.8	55.3	55.2	55.4
M1, end of period ⁷⁾	PLN bn	168.9	163.6	168.9	168.9	181.8	175.2	175.9	173.1	178.2	181.4	176.5	189.6	188.0	185.7	193.3	.
M2, end of period ⁷⁾	PLN bn	348.5	347.6	351.5	350.5	369.9	356.7	366.4	360.1	364.3	371.8	376.4	382.5	379.1	379.7	386.2	.
M2, end of period	CMPY	7.9	7.6	8.2	7.2	11.3	6.7	7.6	7.5	7.7	9.3	7.9	11.0	8.8	9.2	9.9	.
Discount rate (p.a.)end of period	%	5.8	6.5	6.5	7.0	7.0	7.0	7.0	7.0	7.0	6.5	6.0	6.0	5.5	5.3	5.3	4.8
Discount rate (p.a.)end of period ⁸⁾	real, %	-3.1	-1.9	-1.8	-0.8	-0.6	0.3	1.7	2.4	3.7	4.2	5.1	6.5	5.5	5.3	5.5	5.0
BUDGET																	
Central gov.budget balance, cum.	PLN mn	-19730	-23067	-25793	-28841	-30642	-33820	-41505	-1403	-8884	-12726	-13651	-18134	-18248	-17331	-18537	-17785

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 less than 100 mean real appreciation.

7) Revised according to ECB monetary standards.

8) Deflated with annual PPI.

ROMANIA: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	3.2	2.0	6.5	5.8	2.4	9.3	12.3	8.6	3.6	4.0	8.4	-4.4	-1.2	-7.7	1.5	.
Industry, total ¹⁾	real, CCPY	4.4	4.0	4.3	4.5	4.3	4.7	5.3	8.6	6.0	5.3	6.1	3.8	2.9	1.4	1.4	.
Industry, total	real, 3MMA	3.5	3.9	4.7	4.8	5.8	7.8	10.1	8.1	5.3	5.3	2.5	0.7	-4.2	-2.3	.	.
LABOUR																	
Employees total	th. persons	4453.6	4456.9	4452.0	4449.9	4439.0	4432.1	4398.3	4450.8	4500.7	4535.7	4551.0	4560.3	4577.8	4567.5	4563.2	.
Employees in industry	th. persons	1755.6	1757.6	1757.7	1749.8	1752.6	1746.5	1733.7	1745.4	1757.0	1749.4	1740.0	1731.5	1722.2	1712.6	.	.
Unemployment, end of period	th. persons	590.3	562.6	552.6	547.8	550.7	551.4	557.9	562.7	558.6	537.8	511.3	495.9	488.8	489.3	499.0	.
Unemployment rate ²⁾	%	6.6	6.3	6.2	6.1	6.1	6.2	6.2	6.3	6.2	6.0	5.7	5.5	5.5	5.5	5.6	.
Labour productivity, industry	CCPY	11.0	10.5	10.7	10.8	10.5	10.9	11.5	10.8	7.9	7.1	7.7	5.6	4.9	3.3	3.7	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	0.1	0.4	0.3	0.6	1.1	1.7	2.2	15.7	18.1	17.9	17.8	21.0	22.6	25.2	25.7	.
WAGES, SALARIES																	
Total economy, gross	RON	803.6	812.6	810.1	821.4	839.3	867.8	973.4	951.5	874.9	920.3	973.0	941.7	943.6	957.0	963.0	.
Total economy, gross	real, CMPY	10.8	7.8	8.4	9.3	10.2	12.5	10.4	9.1	7.3	5.0	6.6	6.9	7.1	7.7	9.2	.
Total economy, gross	USD	239	243	241	244	255	283	337	327	310	334	347	330	318	323	338	.
Total economy, gross	EUR	197	198	198	200	204	218	251	249	238	253	268	260	261	268	275	.
Industry, gross	EUR	192	198	198	203	196	208	236	219	224	243	255	254	256	265	274	.
PRICES																	
Consumer	PM	0.6	1.3	0.5	0.9	1.2	0.6	0.6	0.8	0.6	0.3	1.8	0.3	0.3	1.0	0.1	0.6
Consumer	CMPY	12.0	12.1	12.4	11.1	10.8	9.9	9.3	8.9	8.9	8.7	10.0	10.0	9.7	9.3	8.9	8.5
Consumer	CCPY	12.9	12.8	12.8	12.6	12.4	12.1	11.9	8.9	8.9	8.8	9.1	9.3	9.4	9.4	9.3	9.2
Producer, in industry	PM	1.1	1.7	1.7	1.3	1.6	0.2	-0.9	1.2	-0.6	0.8	2.5	0.5	0.2	0.7	1.5	.
Producer, in industry	CMPY	20.4	21.3	22.1	20.0	20.0	18.2	15.9	14.6	12.8	12.6	12.3	11.4	10.4	9.3	8.8	.
Producer, in industry	CCPY	18.7	19.0	19.4	19.5	19.6	19.4	19.1	14.6	13.7	13.3	13.1	12.7	12.3	11.9	11.5	.
RETAIL TRADE																	
Turnover	real, CMPY	13.6	8.5	12.3	10.6	8.8	14.8	32.0	13.1	25.3	18.7	24.1	14.8	14.2	13.4	22.2	.
Turnover	real, CCPY	14.7	13.8	13.7	13.3	12.9	13.0	14.6	13.1	19.2	19.0	20.3	19.2	18.4	17.5	18.1	.
FOREIGN TRADE³⁾																	
Exports total (fob), cumulated	EUR mn	9033	10874	12296	13995	15735	17404	18935	1514	3162	5098	6894	8667	10529	12522	14379	.
Imports total (cif), cumulated	EUR mn	11992	14365	16391	18644	21061	23695	26281	1896	4060	6668	9222	11897	14738	17512	20206	.
Trade balance, cumulated	EUR mn	-2959	-3491	-4094	-4649	-5325	-6291	-7346	-382	-898	-1571	-2328	-3230	-4209	-4990	-5827	.
Exports to EU-25 (fob), cumulated	EUR mn	6644	7997	9033	10230	11508	12720	13807	1113	2298	3581	4799	5969	7275	8590	9749	.
Imports from EU-25 (cif), cumulated	EUR mn	7794	9361	10622	12065	13676	15426	17065	1182	2558	4140	5767	7495	9288	11025	12609	.
Trade balance with EU-25, cumulated	EUR mn	-1150	-1364	-1590	-1835	-2168	-2706	-3258	-69	-260	-558	-968	-1526	-2013	-2436	-2861	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-1689	-1877	.	-2556	.	.	-4460	-136	-516	-899	-1391	-2178	-2705	-2952	.	.
EXCHANGE RATE																	
RON/USD, monthly average	nominal	3.357	3.340	3.361	3.362	3.288	3.068	2.891	2.908	2.824	2.757	2.804	2.851	2.969	2.961	2.851	2.865
RON/EUR, monthly average	nominal	4.075	4.097	4.095	4.108	4.107	3.982	3.877	3.818	3.676	3.634	3.629	3.618	3.614	3.566	3.506	3.510
RON/USD, calculated with CPI ⁴⁾	real, Jan00=100	84.0	82.3	82.4	82.0	79.6	73.8	68.9	68.9	66.9	65.6	66.0	66.8	69.4	68.6	65.9	65.9
RON/USD, calculated with PPI ⁴⁾	real, Jan00=100	70.7	69.3	68.8	67.8	66.3	62.3	58.7	58.7	57.5	56.5	56.6	57.0	59.1	58.6	55.6	.
RON/EUR, calculated with CPI ⁴⁾	real, Jan00=100	99.2	98.4	98.0	97.7	96.8	93.3	90.6	88.2	84.8	83.9	82.7	82.4	82.1	80.2	78.8	78.4
RON/EUR, calculated with PPI ⁴⁾	real, Jan00=100	78.6	77.9	76.9	76.3	75.5	73.0	71.5	69.9	67.9	67.0	65.5	64.8	64.8	63.5	61.5	.
DOMESTIC FINANCE																	
M0, end of period	RON mn	6890	7331	7528	7670	7776	7310	7465	7239	7658	7786	8750	8689	9582	9790	9985	.
M1, end of period	RON mn	12593	13188	14049	14281	14311	14020	15288	14241	14777	15465	16376	17146	18495	19162	20456	.
M2, end of period	RON mn	50660	52510	54839	56740	57395	56874	64462	63122	65213	67957	69096	71966	74200	74080	76745	.
M2, end of period	CMPY	30.4	34.3	34.6	36.9	35.4	33.6	39.9	39.6	42.2	41.1	43.9	46.7	46.5	41.1	39.9	.
Discount rate (p.a.),end of period ⁵⁾	%	21.3	20.8	20.3	19.2	18.8	18.8	18.0	17.3	15.7	10.8	8.4	8.0	8.0	8.0	8.0	8.3
Discount rate (p.a.),end of period ⁵⁾⁶⁾	real, %	0.7	-0.5	-1.5	-0.6	-1.0	0.5	1.8	2.4	2.6	-1.6	-3.4	-3.1	-2.2	-1.2	-0.7	.
BUDGET																	
Central gov.budget balance, cum.	RON mn	-1433.3	-706.8	-939.0	-780.5	-676.9	-1203.4	-1878.1	82.0	-521.9	-673.4	-5.5	-235.2	-725.9	-255.6	.	.

Note: On 1 July 2005, the new Romania leu was introduced (1 RON = 10000 ROL). Data in this table are presented in new leu RON.

1) Enterprises with more than 50 (in food industry 20) employees.

2) Ratio of unemployed to economically active population as of December of previous year, from 2004 as of December 2003.

3) Cumulation starting January and ending December each year.

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

5) Reference rate of RNB.

6) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	9.3	6.9	9.7	6.1	4.6	12.5	4.6	2.1	5.1	4.0	5.0	1.4	6.9	4.9	3.4	5.2
Industry, total ¹⁾	real, CCPY	7.3	7.3	7.6	7.4	7.1	7.6	7.4	2.1	3.6	3.7	4.1	3.5	4.1	4.2	4.1	4.2
Construction, total	real, CMPY	13.3	7.5	7.1	5.9	3.4	8.8	10.6	5.9	4.6	4.7	6.1	5.3	7.4	12.9	11.6	10.4
LABOUR²⁾																	
Employment total	th. persons	68200	68400	68700	68200	67700	67300	67100	67000	66900	67300	67800	68300	68800	69400	69900	.
Unemployment, end of period	th. persons	5528	5465	5421	5669	5901	6140	6109	6080	6056	5820	5610	5406	5217	5031	4848	5063
Unemployment rate	%	7.5	7.4	7.3	7.7	8.0	8.4	8.4	8.3	8.3	8.0	7.6	7.3	7.1	6.8	6.5	6.8
WAGES, SALARIES																	
Total economy, gross	RUB	7003	6982	6873	6918	6908	7046	8799	7346	7465	8093	8002	8089	8637	8651	8616	8788
Total economy, gross	real, CMPY	14.5	12.6	12.4	11.7	5.6	5.3	7.3	10.0	7.8	11.1	9.4	9.2	8.8	9.8	11.6	13.2
Total economy, gross	USD	241	240	235	237	238	246	315	262	267	293	288	289	303	301	303	310
Total economy, gross	EUR	198	196	193	194	190	190	235	200	205	222	222	228	249	250	246	252
Industry, gross ³⁾	EUR	198	202	203	202	198	197	226	202	205	219	224	229	245	251	251	.
PRICES																	
Consumer	PM	0.8	0.9	0.4	0.4	1.1	1.1	1.1	2.6	1.2	1.3	1.1	0.8	0.6	0.5	-0.1	0.3
Consumer	CMPY	10.2	10.5	11.3	11.5	11.6	11.7	11.7	12.6	12.8	13.3	13.4	13.6	13.3	12.9	12.3	12.2
Consumer	CCPY	10.5	10.5	10.6	10.7	10.8	10.9	11.0	12.6	12.7	12.9	13.0	13.1	13.2	13.1	13.0	12.9
Producer, in industry	PM	2.8	1.2	1.8	3.1	1.8	2.0	0.1	0.5	1.3	2.5	2.5	2.7	0.1	0.5	2.0	2.8
Producer, in industry	CMPY	25.5	24.3	24.8	26.9	27.7	29.5	28.9	24.6	22.0	23.5	24.0	24.7	21.4	20.6	20.8	20.5
Producer, in industry	CCPY	20.8	21.3	21.7	22.3	22.9	23.5	24.0	24.6	23.3	23.3	23.5	23.8	23.4	22.9	22.6	22.4
RETAIL TRADE																	
Turnover ⁴⁾	real, CMPY	14.5	9.6	12.0	12.2	11.5	13.5	14.6	9.3	9.8	10.0	12.7	13.6	12.8	11.8	12.2	12.8
Turnover ⁴⁾	real, CCPY	11.6	11.3	11.4	11.5	11.5	11.7	12.0	9.3	9.5	9.7	10.5	11.1	11.4	11.5	11.6	11.7
FOREIGN TRADE⁵⁾⁶⁾⁷⁾																	
Exports total, cumulated	EUR mn	65562	78147	91893	105205	119048	132898	147549	11421	24184	39417	55002	71078	87114	104769	122544	.
Imports total, cumulated	EUR mn	34506	41244	47994	54691	61765	69008	77459	5114	11412	18900	26391	33960	42212	50902	59391	.
Trade balance, cumulated	EUR mn	31055	36904	43900	50513	57283	63890	70090	6307	12772	20517	28611	37118	44903	53867	63153	.
FOREIGN FINANCE																	
Current account, cumulated ⁸⁾	EUR mn	21400	.	.	33918	.	.	48208	.	.	16910	.	.	34763	.	.	.
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	29.030	29.082	29.219	29.220	29.070	28.591	27.904	28.009	27.995	27.626	27.810	27.951	28.498	28.694	28.480	28.380
RUB/EUR, monthly average	nominal	35.298	35.673	35.628	35.661	36.287	37.079	37.390	36.719	36.381	36.470	35.993	35.485	34.725	34.568	35.015	34.808
RUB/USD, calculated with CPI ⁹⁾	real, Jan00=100	60.6	60.0	60.1	60.0	59.4	57.7	55.5	54.4	54.1	53.1	53.2	53.0	53.8	53.9	53.5	53.2
RUB/USD, calculated with PPI ⁹⁾	real, Jan00=100	54.4	53.9	53.4	51.7	51.3	49.9	48.3	48.5	48.0	46.8	46.4	45.3	46.0	46.1	44.9	43.5
RUB/EUR, calculated with CPI ⁹⁾	real, Jan00=100	71.6	71.7	71.5	71.4	72.1	72.8	72.9	69.5	68.3	68.0	66.6	65.3	63.6	63.0	63.8	63.3
RUB/EUR, calculated with PPI ⁹⁾	real, Jan00=100	60.5	60.6	59.7	58.1	58.4	58.5	58.7	57.6	56.5	55.6	53.7	51.4	50.4	50.0	49.6	48.0
DOMESTIC FINANCE																	
M0, end of period	RUB bn	1276.1	1315.0	1290.6	1293.7	1310.3	1332.7	1534.8	1425.2	1444.1	1481.7	1565.8	1582.3	1650.7	1701.8	1703.3	.
M1, end of period	RUB bn	2425.3	2375.9	2372.0	2416.0	2441.0	2535.0	2848.3	2673.0	2757.1	2859.6	2906.3	2965.6	3144.3	3162.5	3240.8	.
M2, end of period	RUB bn	4543.2	4547.9	4568.2	4637.1	4730.4	4867.6	5298.7	5184.8	5344.4	5499.6	5594.0	5743.0	6015.9	6087.4	6286.5	.
M2, end of period	CMPY	36.0	33.7	32.5	29.8	33.5	34.6	33.7	31.4	30.6	31.2	29.1	31.5	32.4	33.8	37.6	.
Refinancing rate (p.a.) ^{end of period}	%	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Refinancing rate (p.a.) ^{end of period} ¹⁰⁾	real, %	-9.9	-9.1	-9.4	-10.9	-11.5	-12.8	-12.3	-9.3	-7.4	-8.5	-8.9	-9.4	-7.0	-6.3	-6.5	-6.2
BUDGET																	
Central gov. budget balance, cum.	RUB bn	354.1	435.8	484.2	588.1	690.1	786.3	730.7	206.2	304.4	525.3	621.4	738.2	942.2	1036.5	.	.

1) Data revised according to new methodology.

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 less than 100 mean real appreciation.

10) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	3.9	-0.5	7.2	4.9	-1.3	3.6	1.4	4.8	0.0	-3.1	5.6	1.8	1.7	4.7	4.4	.
Industry, total	real, CCPY	6.0	5.1	5.4	5.3	4.5	4.5	4.2	4.8	2.3	0.3	1.6	1.7	1.7	2.1	2.4	.
Industry, total	real, 3MMA	3.9	3.5	3.8	3.3	2.3	1.2	3.3	2.0	0.3	0.7	1.3	3.0	2.7	3.5	.	.
Construction, total	real, CMPY	2.4	0.5	3.4	1.7	14.0	10.3	19.4	23.8	7.7	8.1	18.1	18.8	25.2	17.4	15.3	.
LABOUR																	
Employment in industry	th. persons	564.0	562.7	566.1	568.2	573.6	574.2	567.1	562.4	562.1	568.4	574.7	579.3	582.2	576.6	577.0	.
Unemployment, end of period	th. persons	399.5	392.1	381.4	379.8	370.8	371.6	383.2	388.9	379.4	368.6	344.2	330.8	325.4	322.4	318.7	327.8
Unemployment rate ¹⁾	%	13.9	13.7	13.2	13.1	12.7	12.6	13.1	13.4	13.1	12.7	11.9	11.3	11.1	11.0	10.9	11.2
Labour productivity, industry	CCPY	6.6	5.6	5.7	5.5	4.6	4.3	3.8	1.4	-0.9	-2.9	-1.7	-1.7	-1.7	-1.2	-0.7	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	5.7	7.1	7.8	8.2	8.9	9.4	10.0	12.5	21.9	22.7	17.9	16.8	15.8	13.7	12.6	.
WAGES, SALARIES																	
Industry, gross	SKK	17597	17015	16760	16878	17265	20157	18671	16975	17730	17527	16869	17637	18572	17375	17502	.
Industry, gross	real, CMPY	0.8	2.6	6.4	4.9	0.8	5.4	2.2	4.7	16.6	6.5	1.4	5.1	2.9	0.1	2.4	.
Industry, gross	USD	535	523	509	514	538	660	642	578	606	607	558	575	587	539	556	.
Industry, gross	EUR	441	426	418	421	432	509	480	440	466	459	431	452	482	447	452	.
PRICES																	
Consumer	PM	0.2	0.3	-0.1	0.0	0.0	-0.1	-0.2	1.7	0.3	-0.1	0.2	0.0	0.3	-0.3	-0.1	0.2
Consumer	CMPY	8.1	8.5	7.2	6.7	6.6	6.3	5.9	3.2	2.7	2.5	2.7	2.4	2.5	2.0	2.0	2.2
Consumer	CCPY	8.2	8.3	8.2	8.0	7.9	7.7	7.6	3.1	2.9	2.8	2.7	2.7	2.6	2.5	2.5	2.4
Producer, in industry	PM	0.2	0.1	0.5	0.3	0.6	0.2	-0.2	-0.2	0.3	0.7	0.8	0.6	1.0	0.6	0.8	0.5
Producer, in industry	CMPY	3.2	3.1	3.7	4.0	4.7	4.5	4.3	2.8	2.1	2.6	3.5	4.0	4.8	5.3	5.6	5.8
Producer, in industry	CCPY	2.8	2.9	3.0	3.1	3.2	3.4	3.4	2.8	2.4	2.5	2.7	3.0	3.3	3.6	3.8	4.1
RETAIL TRADE²⁾																	
Turnover	real, CMPY	10.5	11.9	8.1	8.9	3.1	4.7	3.0	7.7	12.5	8.1	6.8	9.6	8.0	7.5	11.7	.
Turnover	real, CCPY	6.2	7.0	7.1	7.3	6.9	6.7	6.2	7.7	10.1	9.4	8.8	9.0	8.8	8.6	9.0	.
FOREIGN TRADE³⁾⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	10919	12667	14411	16398	18508	20586	22352	1725	3582	5609	7650	9741	11971	13966	16014	.
Imports total (fob), cumulated	EUR mn	11194	13108	14984	17084	19295	21511	23524	1775	3735	5941	8190	10424	12733	14841	16926	.
Trade balance, cumulated	EUR mn	-274	-441	-572	-687	-787	-925	-1172	-49	-153	-332	-540	-684	-762	-875	-913	.
Exports to EU-25 (fob), cumulated	EUR mn	9203	10685	12169	13884	15718	17535	19039	1532	3188	4956	6690	8474	10301	12012	.	.
Imports from EU-25 (fob) ⁶⁾ , cumulated	EUR mn	8354	9778	11111	12660	14288	15917	17316	1232	2634	4201	5824	7455	9126	10644	.	.
Trade balance with EU-25, cumulated	EUR mn	850	907	1058	1224	1430	1618	1722	300	554	756	866	1019	1175	1368	.	.
FOREIGN FINANCE																	
Current account, cumulated ³⁾	EUR mn	-406	-525	-717	-828	-771	-864	-1149	-111	-88	-187	-336	-915	-1236	-1424	-1509	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	32.9	32.5	32.9	32.8	32.1	30.5	29.1	29.3	29.3	28.9	30.2	30.7	31.6	32.2	31.5	31.4
SKK/EUR, monthly average	nominal	39.9	39.9	40.1	40.1	40.0	39.6	38.9	38.6	38.1	38.2	39.2	39.0	38.5	38.8	38.7	38.5
SKK/USD, calculated with CPI ⁷⁾	real, Jan00=100	66.2	65.1	66.0	66.0	64.8	61.7	58.7	58.4	58.4	58.1	61.1	61.9	63.7	65.1	63.7	63.3
SKK/USD, calculated with PPI ⁷⁾	real, Jan00=100	71.2	70.4	71.3	70.7	69.7	66.8	63.3	64.3	64.2	63.7	66.9	67.1	68.4	69.2	67.2	66.6
SKK/EUR, calculated with CPI ⁷⁾	real, Jan00=100	78.2	77.8	78.5	78.5	78.7	77.9	77.1	74.9	73.9	74.6	76.6	76.5	75.4	76.2	76.0	75.4
SKK/EUR, calculated with PPI ⁷⁾	real, Jan00=100	79.2	79.3	79.7	79.5	79.4	78.3	76.9	76.8	75.6	75.8	77.4	76.5	75.0	75.2	74.3	73.5
DOMESTIC FINANCE																	
M0, end of period	SKK bn	93.2	93.8	95.4	96.3	97.6	97.8	100.5	100.5	101.5	102.8	105.2	106.3	108.1	110.1	111.4	112.7
M1, end of period	SKK bn	279.2	279.7	282.8	288.7	284.8	293.4	311.3	299.4	315.7	313.1	318.6	326.8	331.0	341.1	344.4	348.1
M2, end of period	SKK bn	744.7	749.7	755.3	761.9	763.7	773.3	793.5	772.6	779.1	772.0	782.3	768.8	776.5	783.2	791.3	793.6
M2, end of period	CMPY	6.1	3.8	3.5	5.0	4.3	4.4	5.7	4.5	4.7	6.6	6.9	6.3	4.3	4.5	4.8	4.2
Discount rate (p.a.) ⁸⁾ , end of period	%	5.0	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Discount rate (p.a.) ⁸⁾⁹⁾ , end of period	real, %	1.8	1.4	0.7	0.5	-0.1	-0.5	-0.3	1.2	1.9	0.4	-0.5	-0.9	-1.7	-2.2	-2.5	-2.6
BUDGET																	
Central gov. budget balance, cum.	SKK mn	-12455	-18551	-24786	-29422	-30528	-34078	-70288	4310	-1108	2799	6388	-3858	-1149	1922	-5065	-8107

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) From January 2005 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 less than 100 mean real appreciation.

8) Corresponding to the 2-week limit rate of NBS.

9) Deflated with annual PPI.

SLOVENIA: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005									
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
PRODUCTION																		
Industry, total	real, CMPY	11.0	3.0	11.6	3.9	-3.0	3.8	6.3	-0.1	-3.6	-3.8	3.7	1.3	1.0	3.5	1.4	.	
Industry, total	real, CCPY	5.8	5.4	6.0	5.8	4.8	4.7	4.8	-0.1	-1.9	-2.6	-1.1	-0.6	-0.3	2.3	2.4	.	
Industry, total	real, 3MMA	8.7	8.3	5.7	3.4	1.5	2.1	3.3	0.7	-2.6	-1.4	0.2	1.9	1.7	2.1	.	.	
Construction, total ¹⁾	real, CMPY	-5.8	8.1	9.4	5.0	12.3	1.6	-10.5	0.0	-13.2	2.3	9.3	16.9	13.2	1.8	-1.2	.	
LABOUR																		
Employment total	th. persons	783.7	782.7	782.4	785.6	789.1	789.7	785.0	805.6	807.4	809.5	812.2	814.8	816.1	813.5	.	.	.
Employees in industry	th. persons	240.4	239.7	239.4	239.6	239.8	239.9	238.2	241.1	240.8	240.7	240.5	240.9	240.4	.	.	.	.
Unemployment, end of period	th. persons	89.2	90.3	90.3	90.7	92.5	90.9	90.7	93.4	93.1	92.3	91.6	89.8	88.9	91.1	90.6	.	.
Unemployment rate ²⁾	%	10.2	10.3	10.3	10.3	10.5	10.3	10.1	10.4	10.3	10.2	10.1	9.9	9.8	10.1	10.0	.	.
Labour productivity, industry	CCPY	7.0	6.6	7.1	6.8	5.7	5.6	5.7	1.1	-0.6	-1.2	0.4	1.0	1.3	4.0	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-2.2	-1.9	-2.2	-2.0	-1.1	-0.6	-0.9	6.2	6.6	7.2	5.1	.	.	.	.	.	.
WAGES, SALARIES³⁾																		
Total economy, gross	th. SIT	262.7	264.3	267.9	268.4	270.3	291.9	290.7	267.1	262.7	272.4	269.5	273.8	272.2	271.8	279.5	.	.
Total economy, gross	real, CMPY	1.9	1.5	2.7	2.4	1.8	4.2	1.5	4.3	3.1	3.6	3.3	6.1	4.3	3.0	5.0	.	.
Total economy, gross	USD	1334	1352	1360	1366	1406	1580	1621	1464	1426	1500	1455	1452	1384	1366	1434	.	.
Total economy, gross	EUR	1100	1103	1117	1119	1127	1217	1212	1114	1096	1136	1124	1143	1136	1135	1167	.	.
Industry, gross	EUR	953	955	975	975	980	1092	1058	1010	962	1022	983	1009	998	993	.	.	.
PRICES																		
Consumer	PM	0.3	0.4	-0.5	-0.1	0.3	0.6	-0.3	-0.6	0.6	1.1	0.0	0.3	0.1	0.7	-0.6	1.0	.
Consumer	CMPY	3.9	3.8	3.7	3.3	3.3	3.6	3.2	2.2	2.6	3.1	2.7	2.2	1.9	2.3	2.1	3.2	.
Consumer	CCPY	3.7	3.7	3.7	3.6	3.6	3.6	3.6	2.2	2.4	2.7	2.7	2.6	2.5	2.4	2.4	2.5	.
Producer, in industry	PM	0.1	0.3	0.2	0.5	0.3	0.1	0.4	0.4	0.3	0.0	0.3	-0.3	0.0	-0.2	0.3	0.3	.
Producer, in industry	CMPY	4.2	4.6	4.7	5.0	5.1	5.0	4.9	4.8	4.1	3.8	3.6	2.6	2.4	2.0	2.1	1.9	.
Producer, in industry	CCPY	3.7	3.8	3.9	4.0	4.2	4.2	4.3	4.8	4.5	4.3	4.1	3.8	3.6	3.3	3.2	3.0	.
RETAIL TRADE⁴⁾																		
Turnover	real, CMPY	7.5	2.8	8.8	6.0	4.1	7.4	6.0	7.4	2.0	5.2	2.8	9.2	11.7	6.6	10.7	.	.
Turnover	real, CCPY	5.4	5.0	5.4	5.5	5.3	5.5	5.6	7.4	4.7	4.9	4.3	5.4	6.5	6.5	7.0	.	.
FOREIGN TRADE⁵⁾																		
Exports total (fob), cumulated	EUR mn	6128	7221	8056	9234	10407	11541	12539	1017	2051	3283	4468	5669	6953	8201	9103	.	.
Imports total (cif), cumulated	EUR mn	6746	7897	8848	10061	11306	12569	13701	1032	2151	3467	4709	5966	7302	8686	9674	.	.
Trade balance total, cumulated	EUR mn	-618	-676	-791	-827	-899	-1028	-1162	-15	-99	-184	-241	-297	-349	-485	-570	.	.
Exports to EU-25 (fob), cumulated	EUR mn	4134	4827	5343	6110	6882	7639	8270	743	1477	2312	3112	3921	4777	5623	6173	.	.
Imports from EU-25 (cif) ⁷⁾ , cumulated	EUR mn	5583	6553	7323	8323	9358	10401	11325	824	1727	2774	3799	4814	5910	7087	7837	.	.
Trade balance with EU-25, cumulated	EUR mn	-1449	-1726	-1980	-2213	-2477	-2762	-3055	-82	-251	-462	-687	-893	-1133	-1464	-1665	.	.
FOREIGN FINANCE																		
Current account, cumulated	EUR mn	-252	-292	-391	-340	-352	-408	-544	7	-46	-106	-134	-107	-48	-41	-19	.	.
EXCHANGE RATE																		
SIT/USD, monthly average	nominal	196.9	195.5	197.0	196.5	192.3	184.7	179.3	182.5	184.2	181.5	185.3	188.5	196.7	198.9	194.9	195.3	.
SIT/EUR, monthly average	nominal	238.8	239.7	239.8	239.8	239.8	239.8	239.8	239.8	239.7	239.7	239.7	239.6	239.6	239.6	239.6	239.6	239.6
SIT/USD, calculated with CPI ⁸⁾	real, Jan00=100	84.9	83.8	84.9	85.0	83.3	79.6	77.2	79.1	79.9	78.5	80.6	81.7	85.2	85.6	84.4	83.7	.
SIT/USD, calculated with PPP ⁸⁾	real, Jan00=100	90.6	89.9	90.7	89.9	89.0	86.2	82.7	84.2	85.1	84.9	87.3	88.7	92.4	93.6	91.5	91.4	.
SIT/EUR, calculated with CPI ⁸⁾	real, Jan00=100	100.3	100.1	100.9	101.2	101.2	100.6	101.3	101.5	101.3	100.7	101.1	100.9	100.9	100.2	100.8	99.8	.
SIT/EUR, calculated with PPP ⁸⁾	real, Jan00=100	100.8	101.1	101.4	101.1	101.4	101.2	100.5	100.5	100.5	101.1	101.0	101.1	101.4	101.6	101.3	101.0	.
DOMESTIC FINANCE																		
M0, end of period	SIT bn	163.3	161.9	157.3	160.7	167.2	160.1	167.9	163.1	164.4	166.1	173.1	174.9	179.2	179.0	174.6	.	.
M1, end of period ⁹⁾	SIT bn	883.8	890.7	894.0	909.1	900.3	930.0	1018.9	1003.9	1006.1	1012.3	1032.2	1054.8	1074.7	1057.4	1051.6	.	.
Broad money, end of period ⁹⁾	SIT bn	3855.2	3882.0	3873.7	3918.4	3875.7	3933.7	4036.0	4068.8	4063.3	4094.6	4140.4	4070.3	4031.2	4048.2	4088.3	.	.
Broad money, end of period ⁹⁾	CMPY	4.8	4.4	4.2	5.3	3.0	4.1	6.8	7.5	7.1	8.0	8.2	6.4	4.6	4.3	5.5	.	.
Refinancing rate (p.a.), end of period	%	3.50	3.00	3.00	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Refinancing rate (p.a.), end of period ¹⁰⁾	real, %	-0.7	-1.5	-1.6	-1.9	-2.0	-1.9	-1.6	-1.5	-0.8	-0.5	-0.1	0.9	1.1	1.5	1.4	1.6	.
BUDGET																		
General gov. budget balance, cum.	SIT bn	-54.0	-68.8	-77.7	-78.7	-105.2	-89.8	-85.4	-3.8	-16.6	-34.7	-53.1	-70.1	-84.8	-81.5	.	.	.

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) Break 2004/2005 - until December 2004 (until April 2005 for industry) without small private enterprises (with 1 or 2 employees).

4) According to NACE (52 - retail trade, 50 - repair of motor vehicles), excluding turnover tax.

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 dispatch.

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

9) According to ECB monetary standards.

10) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2004 to 2005

(updated end of October 2005)

		2004							2005								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	15.9	14.7	14.4	14.4	13.6	13.4	12.5	8.4	7.3	7.1	6.7	6.2	5.0	3.9	3.5	3.2
Industry, total	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	962.5	945.0	925.6	914.0	893.6	919.7	981.8	992.2	1019.0	1018.4	986.7	918.6	858.3	825.4	800.4	780.6
Unemployment rate ¹⁾	%	3.5	3.4	3.4	3.3	3.3	3.4	3.5	3.5	3.6	3.6	3.5	3.3	3.0	2.9	2.8	2.8
WAGES, SALARIES²⁾																	
Total economy, gross	UAH	601	608	604	631	636	644	704	641	667	722	734	764	823	837	831	.
Total economy, gross	real, CMPY	16.9	14.9	14.7	14.4	14.3	18.2	13.7	13.9	15.4	15.5	16.8	20.2	19.6	20.0	19.7	.
Total economy, gross	USD	113	114	114	119	120	121	133	121	126	136	141	151	163	166	165	.
Total economy, gross	EUR	93	93	93	97	96	94	99	92	97	103	109	119	134	138	134	.
Industry, gross	EUR	114	117	119	121	121	116	120	117	120	130	135	144	156	163	165	.
PRICES																	
Consumer	PM	0.7	0.0	-0.1	1.3	2.2	1.6	2.4	1.7	1.0	1.6	0.7	0.6	0.6	0.3	0.0	0.4
Consumer	CMPY	8.0	8.1	9.9	10.7	11.7	11.3	12.3	12.6	13.3	14.7	14.7	14.6	14.4	14.8	14.9	13.9
Consumer	CCPY	7.4	7.5	7.8	8.1	8.5	8.7	9.0	12.6	13.0	13.5	13.8	14.0	14.1	14.2	14.3	14.2
Producer, in industry	PM	1.5	0.1	1.6	1.9	1.6	2.2	1.0	0.2	2.7	1.9	2.5	1.6	-0.8	-1.6	0.7	1.9
Producer, in industry	CMPY	22.4	21.3	22.0	23.2	24.3	25.2	24.3	22.6	22.4	22.0	21.1	20.5	17.7	15.7	14.7	14.7
Producer, in industry	CCPY	17.3	17.9	18.4	19.0	19.5	20.1	20.4	22.6	22.5	22.3	22.0	21.7	21.0	20.2	19.5	18.9
RETAIL TRADE																	
Turnover ³⁾	real, CCPY	21.4	21.0	20.5	19.9	20.8	20.8	20.0	21.2	20.3	18.6	19.2	20.4	21.1	21.8	23.0	23.1
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	12660	14902	17136	19444	21610	23883	26278	1896	3925	6372	8714	10909	13174	15436	17693	.
Imports total (cif), cumulated	EUR mn	10695	12814	14720	16873	18999	21119	23321	1376	3223	5716	8103	10298	12877	15343	17986	.
Trade balance, cumulated	EUR mn	1964	2088	2416	2570	2611	2764	2957	519	702	655	611	612	297	93	-293	.
FOREIGN FINANCE																	
Current account, cumulated ⁶⁾	EUR mn	3200	.	.	4585	.	.	5476	.	.	1296	.	.	1777	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.322	5.318	5.314	5.310	5.307	5.306	5.306	5.305	5.300	5.292	5.190	5.050	5.055	5.053	5.050	5.050
UAH/EUR, monthly average	nominal	6.456	6.524	6.469	6.480	6.621	6.885	7.103	6.990	6.894	6.983	6.714	6.422	6.151	6.090	6.208	6.200
UAH/USD, calculated with CPI ⁷⁾	real, Jan00=100	77.7	77.5	77.5	76.7	75.4	74.2	72.2	71.1	70.7	70.1	68.7	66.3	66.1	65.9	65.8	65.6
UAH/USD, calculated with PPI ⁸⁾	real, Jan00=100	71.5	71.5	70.6	69.1	69.0	68.1	66.9	67.1	65.5	65.0	62.8	59.9	60.3	61.3	60.8	59.7
UAH/EUR, calculated with CPI ⁷⁾	real, Jan00=100	92.0	92.9	92.4	91.5	91.8	93.9	95.0	91.6	89.8	89.9	86.2	82.1	78.3	77.3	78.8	78.3
UAH/EUR, calculated with PPI ⁸⁾	real, Jan00=100	79.6	80.6	79.0	77.8	78.7	80.0	81.5	80.4	77.4	77.4	72.8	68.4	66.3	66.7	67.5	66.1
DOMESTIC FINANCE																	
M0, end of period	UAH bn	36.9	39.2	40.6	42.3	41.3	40.9	42.3	40.6	41.8	43.1	47.6	47.9	51.3	53.8	53.8	55.5
M1, end of period	UAH bn	60.8	62.5	64.9	70.3	66.7	65.7	67.1	64.9	67.1	73.5	76.2	77.6	83.8	84.8	85.5	90.1
Broad money, end of period	UAH bn	114.0	117.1	121.5	130.3	126.2	125.3	125.8	125.8	130.9	140.1	146.5	147.9	156.3	159.1	164.8	171.0
Broad money, end of period	CMPY	44.2	45.0	46.3	50.6	45.3	41.9	32.4	35.8	36.3	38.5	39.4	35.1	37.2	35.9	35.6	31.3
Refinancing rate (p.a.) ^{end of period}	%	7.5	7.5	7.5	7.5	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5	9.5
Refinancing rate (p.a.) ^{end of period⁸⁾}	real, %	-12.2	-11.4	-11.9	-12.8	-13.1	-12.9	-12.3	-11.1	-10.9	-10.7	-10.0	-9.5	-7.4	-5.8	-4.5	-4.5
BUDGET																	
General gov. budget balance, cum.	UAH mn	601	820	1123	-1799	-4723	-6199	-11009	1503	2042	2931	2252	4007	1735	2959	6907	.

1) Ratio of unemployed to the economically active.

2) Excluding small firms.

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.

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

8) Deflated with annual PPI.

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