

Monthly Report | 11/10

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- **Recent economic developments in Albania, Bosnia and Herzegovina, Croatia, Kazakhstan, Macedonia, Montenegro, Russia, Serbia, Turkey and Ukraine**
- **Monthly Statistics**



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Albania: agnostic growth forecast

BY MARIO HOLZNER

The current contradictory developments in the Albanian economy make one agnostic about future growth trends. Data for the first half of 2010 suggest the following: While industrial exports are booming and household consumption improves, investment, particularly in residential building, has collapsed and the share of bad loans is increasing. Still, we expect a somewhat higher growth rate in 2010 (2.5%) as compared to earlier forecasts (1.7%), given better than expected second quarter economic data.

Rainy weather throughout the first half of 2010 was favourable for both the main branches of the agricultural sector and for the hydropower-based electricity production. The latter pushed overall exports massively. Almost half of the 66% growth of exports registered in the first six months of the year was due to increased electricity production. However, manufacturing exports grew substantially as well. Certainly, the 6% devaluation of the Albanian lek against the euro in the first half of 2010 (year on year) was supportive. In total, industrial value-added increased by 30% in the first six months of the year. With imports and remittances remaining fairly stable, the export boom has slashed the current account deficit by a third. The positive development of the export industry is likely to continue throughout the whole year 2010 and most of 2011, provided that favourable weather conditions continue, international demand improves further and no substantial appreciation of the domestic currency occurs.

Unexpectedly, household consumption was rising gently in the first half of 2010. Overall retail trade figures improved only slightly, but strongly with regard to durable consumer goods such as household equipment and sale and repair of motor vehicles. Also import figures showed a substantial increase of consumer goods imports. Moreover, in the second quarter of 2010 the Consumer Confi-

dence Indicator (CCI) reached one of its highest values in years. This can be interpreted as a promising sign for medium-term growth.

Nevertheless there are a number of conflicting trends which raise concern over future growth. Value-added in the construction sector suffered a 25% decline in the first half of 2010. In particular, government capital expenditures on infrastructure projects were reduced in an effort to lower the budget deficit. Also foreign direct investment inflows dropped by a quarter in the first half of 2010 as compared to a year earlier. Even household demand for real estate development declined. The latest bank lending survey for the second quarter of 2010 reveals higher demand for household consumer credits but lower demand for household credits for house purchases. Overall, lending activities are stagnating, both for households as well as firms, while the number of bad loans has increased with a linear trend. In the second quarter of 2010 its share in total credit portfolio rose to 12%, up from 9% a year earlier. In July 2010 the Albanian Central Bank reduced the one-week repo rate by 25 basis points, down to 5%. However, it is doubtful whether this move will improve the sluggish investment climate to any meaningful extent in the near future.

In case world demand keeps growing, we can expect growth dynamics to improve also in Albania. We assume that exports will continue to lead economic growth in 2011 (3%) while investment activity should stabilize. By 2012 investment should finally pick up again and economic growth should become more robust (4%). Again, this depends very much on the international environment as well as on the prevalence of the positive development of the export industry and of household demand over the negative development of investment and government demand. Interestingly, international capital markets have shown confidence in the prospects of the Albanian economy. In early November 2010 Albania has settled its first five-year Eurobond of EUR 300 million at a yield of 7.625% which replaces a costlier 11% syndicated loan from last year.

Table AL

Albania: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010 January-June	2010	2011 Forecast	2012
Population, th pers., average	3135	3161	3177	3190	.	.	3210	3220	3240
Gross domestic product, ALL bn, nom.	882.2	967.7	1088.1	1143.4	510	590	1210	1280	1370
annual change in % (real)	5.4	5.9	7.7	3.3	5.2	2.7	2.5	3	4
GDP/capita (EUR at exchange rate)	2300	2500	2800	2700	.	.	.	.	.
GDP/capita (EUR at PPP - wiw)	5500	5800	6500	6400	.	.	.	.	.
Consumption of households, ALL bn, nom.	680.3	775.1	861.9	910.0	.	.	.	.	.
annual change in % (real)	4.7	10.7	6.7	3.0	.	.	3	4	7
Gross fixed capital form., ALL bn, nom.	343.9	374.1	415.1	430.0	.	.	.	.	.
annual change in % (real)	13.0	5.5	9.5	5.0	.	.	-7	1	5
Gross industrial production ²⁾									
annual change in % (real)	12.1	-10.3	9.4	4.3	2.0	30.0	20	10	15
Gross agricultural production ³⁾									
annual change in % (real)	3.1	2.6	7.7	3.0	2.6	4.8	3	2	3
Construction output total ²⁾									
annual change in % (real)	10.5	10.1	4.8	7.0	9.8	-24.7	-30	0	3
Employed persons - LFS, th, June	.	1197.7	1103.0	1110.0	.	.	1050	1060	1100
annual change in %	.	.	-7.9	0.6	.	.	-5	1	4
Employment reg. total, th pers., end of period	935.1	965.5	974.1	899.3	972.8	904.9 ⁴⁾	830	840	900
annual change in %	0.3	3.3	0.9	-7.7	0.7	-7.0 ⁴⁾	.	.	.
Unemployed persons - LFS, th, June	.	184.8	166.0	167.0	.	.	210	180	170
Unemployment rate - LFS, in %, June	.	13.5	13.1	13.1	.	.	17	14	13
Reg. unemployment rate, in %, end of period	13.8	12.9	12.7	13.9	12.7	13.8 ⁴⁾	16	13	13
Average gross monthly wages, ALL	21842	27350	27951	31900	.	.	.	.	.
annual change in % (real, gross)	6.7	21.6	-1.1	11.7	.	.	.	.	.
Consumer prices, % p.a.	2.4	2.9	3.4	2.2	2.0	3.6	3.5	3	3
Producer prices in industry, % p.a.	0.8	3.5	6.5	-1.6	-1.9	0.0	1	3	4
General governm.budget, nat.def., % GDP									
Revenues	26.0	26.0	26.8	25.4	28.5	25.5	25	26	27
Expenditures	29.3	29.6	32.3	32.2	35.0	29.1	29	29	30
Deficit (-) / surplus (+)	-3.3	-3.5	-5.5	-6.8	-6.5	-3.6	-4	-3	-3
Public debt, nat. def., in % of GDP ⁵⁾	56.0	53.9	55.2	61.6	.	.	63	62	62
Base rate of NB, % p.a., end of period ⁶⁾	5.5	6.3	6.3	5.3	5.8	5.3	5	5.3	5.5
Current account, EUR mn	-471.0	-831.0	-1370.3	-1345.5	-637.9	-460.2	-1120	-1200	-1600
Current account in % of GDP	-6.6	-10.6	-15.5	-15.5	-16.2	-10.8	-13.0	-12.8	-14.8
Exports of goods, BOP, EUR mn	630.6	786.3	917.5	750.7	359.3	595.4	970	1200	1300
annual growth rate in %	18.9	24.7	16.7	-18.2	-23.0	65.7	29	24	8
Imports of goods, BOP, EUR mn	2289.6	2890.4	3348.9	3054.4	1454.9	1497.5	3500	3700	4200
annual growth rate in %	14.1	26.2	15.9	-8.8	-6.5	2.9	15	6	14
Exports of services, BOP, EUR mn	1156.6	1415.1	1687.8	1718.4	700.2	613.5	1500	1900	2200
annual growth rate in %	19.6	22.3	19.3	1.8	-6.6	-12.4	-13	27	16
Imports of services, BOP, EUR mn	1188.0	1402.3	1618.4	1597.5	740.0	632.6	1400	1500	1800
annual growth rate in %	7.2	18.0	15.4	-1.3	-4.0	-14.5	-12	7	20
FDI inflow, EUR mn	258.6	481.1	675.4	706.4	429.5	328.9	500	600	700
FDI outflow, EUR mn	8.3	11.1	55.4	26.1	17.6	3.6	10	20	30
Gross reserves of NB excl. gold, EUR mn	1329.2	1415.9	1626.1	1623.4	1679.0	1735.0	.	.	.
Gross external debt, EUR mn ⁷⁾	1445.4	1445.7	2624.3	3310.6	.	.	.	.	.
Gross external debt in % of GDP	20.3	18.2	29.9	39.9	.	.	.	.	.
Average exchange rate ALL/EUR	123.1	123.6	122.8	132.1	129.7	138.0	140	137	127
Purchasing power parity ALL/EUR ⁸⁾	51.2	52.7	52.9	55.9	.	.	.	.	.

1) Preliminary. - 2) Gross value added. - 3) Gross value added of agriculture, forestry and fishing. - 4) Quarterly; average data. - 5) Based on IMF data. - 6) One week repo rate. - 7) Until 2007 based on IMF data. - 8) Benchmark results 2005 from Eurostat and wiw estimates.

Source: wiw Database incorporating national statistics and IMF. Forecasts by wiw.

Bosnia and Herzegovina: economic recovery and new political constellation

BY JOSEF PÖSCHL

Bosnia and Herzegovina (BiH) is one of a few countries with just a modest GDP decline in 2009 (-2.9%). Industrial production fell by a mere 3.3% and employment by 3.5%. Nominal wages, on the other hand, kept growing (by over 5%) under conditions of declining consumer prices (-0.4%).

The impression of the country's not having been hit hard by the crisis evaporates after a glimpse at foreign trade data: Exports fell by 17%, imports by 24% in 2009. Private consumption dropped by more than 4%; and gross fixed investment shrank by 24%. Both households and non-financial enterprises cut their expenditures under the impact of poor access to credits. The contraction of imports was much stronger than that of exports, and this is the main reason why the GDP decline was modest in spite of the strong drop in private investment and private consumption. Government expenditures were also a stabilizing factor. In this latter context, the IMF and a number of infrastructure projects financed by international financial institutions and by the EU played an important role.

In past years, export revenues used to cover less than half of the import expenditures, so the econ-

omy has been heavily dependent on funding from abroad. Funds became scarce starting from late 2008. As is visible from Table 1, from 2008 to 2009 imports declined by EUR 2 billion and thus much more than exports (EUR -0.6 billion). In 2008, net current transfers in an amount of EUR 1.9 billion financed 40% of the trade deficit. In 2009, they fell to EUR 1.6 billion, but financed close to 50% of the deficit. The other main funding sources, FDI and other investment, had become scarce.

From a supply-side view, the production of non-tradable goods and services generates the main chunk of the country's GDP and employs a high share of the labour force. In these sectors, external impulses, be they positive or negative, tend to have a less immediate impact. Producers of non-tradable goods and services currently suffer from the climate of austerity which prevails in the country. This is especially true for the construction sector. At the same time, at least part of the exporters benefit from the recovery on international metal markets or the positive business climate in Germany and other Central European countries. Other producers feel troubled by foreign competition such as from neighbouring countries after the removal of trade barriers in the framework of CEFTA. Imports from Croatia and Serbia surpass BiH exports by far, and the recent devaluation of the Serbian dinar will undermine the competitive position of BiH producers even further. Food producers in particular are in trouble, so that imports of food outpace exports by far. BiH food producers complain about

Table 1

Main sources of coverage of the trade deficit, in EUR billion

	Exports	Imports	Trade balance	Services balance	Income balance	Current transfers balance	FDI balance	Other investment balance	Reduction of reserves
2008	3.5	-8.3	-4.8	0.6	0.4	1.9	0.6	0.9	0.2
2009	2.9	-6.3	-3.4	0.5	0.4	1.6	0.2	0.4	0.0
2008 1-6	1.8	-4.1	-2.3	0.4	0.2	0.9	0.2	0.5	0.1
2009 1-6	1.4	-3.1	-1.7	0.3	0.2	0.8	0.2	0.0	0.3
2010 1-6	1.8	-3.2	-1.4	0.3	0.2	0.7	-0.1	0.2	0.1

Source: Central Bank of BiH.

unfair competition: BiH cannot afford to subsidize the agrifood sector as much as is the case in the EU and some CEFTA countries. On the other hand, the authorities have left BiH producers with institutional settings hardly meeting the standards required for food exports to the EU and EU-associated countries.

The figures for the first half of the years 2008, 2009 and 2010 in Table 1 show that exports have returned to the pre-crisis level, whereas imports have continued to be relatively low. The funding sources of imports have remained meagre. Net current transfers followed a declining trend, and net FDI, as measured in balance of payment statistics, even turned negative. Other investment recovered only partially. Thanks to the strong fall in the trade deficit, the drying-up of funding sources did not provoke any major shrinkage of currency reserves. The balances of cross-border service and income flows remained more or less stable throughout the entire period.

The population has done a great job in reconstructing the economy after the war had ended in 1995. In this context, massive international and bilateral support played an important role. However, compared to the US Marshall Plan after WWII, the recent BiH-related aid programme was much less focused on offering companies development opportunities. Nevertheless, quite a number of companies have developed well and meet international standards. The latter is also true for parts of the public sector where one can find examples of good public governance. That notwithstanding, the overall impression is predominantly negative, as becomes visible whenever international organizations such as the World Economic Forum investigate competitiveness, economic freedom and the like. The roots for this are in the prevailing political constellation. The public sector would need a radical overhaul, but political consensus is lacking. Leading politicians and parties have kept selling their diverging positions as protection of the interests of the ethnic group they represent, but behind that attitude has been predominantly the defence of some vested interests of their own.

The results of the general elections of 3 October seem to suggest that the number of believers in ethnocentric positions is shrinking – the anachronism of such positions has become evident. The Croat member of the state presidency gained many votes from other ethnic groups, and the Serb member won by a small margin against a more moderate competitor. In the different parliaments (on state, entity and canton levels), social democrats will have a much stronger representation than they had in the past. It will be difficult – and most likely time-consuming – to form a new government on the state level, and even more difficult to agree on reforms of the constitution. Rather, the focus could turn towards competition for best solutions on regional entity levels. It is an open question whether this will be enough to strengthen domestic and external confidence in a positive future of the country.

With regard to the economy, one can count with moderate GDP growth in 2010 and 2011. This becomes even more likely after the IMF's approval of the joint third and fourth instalments in line with the three-year stand-by agreement. This amounts to EUR 132.8 million, of which the government is planning to draw, for the time being, EUR 38 million. At the end of June 2010, the country's external debt amounted to about one quarter of GDP.

Employment declined year on year in the first half of 2010 and is not likely to return to the pre-crisis level soon. The extremely low employment rate is a key problem and will remain so for quite some time. Inflation will continue to be low – just as it should be under a currency board arrangement. Public debt amounted to one third of GDP at the end of 2009, which is still not high. Nevertheless, the public sector will remain under pressure to balance the budget by cutting expenditures, something that will have a dampening effect on GDP growth. The latter will rather receive a stimulus from EU support and loan programmes agreed with international financial institutions.

Table BA

Bosnia and Herzegovina: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2011 Forecast	2012	
Population, th pers., average	3843	3843	3842	3843	.	.	3843	3843	3843
Gross domestic product, BAM mn, nom. ²⁾	19252.5	21760.2	24702.5	23994.1	.	.	24700	25200	26200
annual change in % (real) ²⁾	6.1	6.2	5.7	-2.9	.	.	1	1	3
GDP/capita (EUR at exchange rate)	2500	2900	3300	3200	.	.	3300	3300	3500
GDP/capita (EUR at PPP - wiiw)	5700	6300	7000	6700	.	.	.	.	.
GDP by expend. approach, BAM mn, nom. ²⁾	21366.1	24689.1	28106.1	27427.5	.	.	.	.	.
Consumption of households, BAM mn, nom. ²⁾	18064.3	19911.3	22451.3	21528.4	.	.	.	.	.
annual change in % (real) ²⁾	4.5	5.9	5.9	-4.2	.	.	-1	0	1
Gross fixed capital form., BAM mn, nom. ²⁾	4756.8	6446.4	7521.0	5638.0	.	.	.	.	.
annual change in % (real)	-9.4	28.8	10.9	-24.0	.	.	0	5	8
Gross industrial production ³⁾									
annual change in % (real)	11.5	6.4	11.0	-3.3	-0.7	1.3	2	3	7
Gross agricultural production									
annual change in % (real)	3.2	-1.6	.	.	.	.	.	.	.
Employed persons - LFS, th, April	811.0	849.6	890.2	859.2	859.2	842.8	840	840	840
annual change in %	.	4.8	4.8	-3.5	-3.5	-1.9	-2	0	0
Employees total - reg., th, average	653.3	686.1	705.6	697.6	700.3	688.5	685	685	685
annual change in %	1.6	5.0	2.9	-1.1	-0.3	-1.7	-2	0	0
Unemployed persons - LFS, th, April	366.8	346.7	272.0	272.3	272.3	315.1	.	.	.
Unemployment rate - LFS, in %, April	31.1	29.0	23.4	24.0	24.0	29.9	30	30	30
Reg. unemployed persons, th, end of period	524.8	515.7	483.3	510.5	492.7	511.8	.	.	.
Reg. unemployment rate, in %, end of period	44.1	42.5	40.6	42.4	41.4	42.9	43	43	42
Average gross monthly wages, BAM	869	954	1113	1204	1203	1209	.	.	.
annual change in % (real, net)	2.3	8.4	8.4	5.6	8.3	-1.5	.	.	.
Consumer prices, % p.a.	6.2	1.5	7.5	-0.4	0.3	2.1	1.8	1	1
Producer prices in industry, % p.a.	.	.	.	.	.	.	.	.	.
General governm.budget, nat.def., % GDP									
Revenues	44.6	45.2	44.1	42.0	.	.	42	43	43
Expenditures	41.7	43.9	46.1	45.0	.	.	46	45	45
Deficit (-) / surplus (+)	2.9	1.3	-2.0	-3.0	.	.	-4	-2	-2
Public debt, nat. def., in % of GDP ⁴⁾	22.0	29.8	30.8	33.4	.	.	35	35	35
Base rate of NB, % p.a., end of period	.	.	.	.	.	.	.	.	.
Current account, EUR mn ⁵⁾	-783.5	-1190.6	-1819.0	-840.0	-411.5	-258.1	-600	-600	-600
Current account in % of GDP	-8.0	-10.7	-14.4	-6.8	.	.	-5	-5	-4
Exports of goods, BOP, EUR mn ⁵⁾	2687.2	3091.5	3522.0	2920.2	1359.9	1775.7	3650	3900	4250
annual growth rate in %	30.5	15.0	13.9	-17.1	-22.7	30.6	25	7	9
Imports of goods, BOP, EUR mn ⁵⁾	6092.9	7233.6	8344.6	6326.6	3054.9	3190.9	6550	6800	7200
annual growth rate in %	1.2	18.7	15.4	-24.2	-25.3	4.5	4	4	6
Exports of services, BOP, EUR mn ⁵⁾	904.3	1061.7	1125.6	1002.3	468.3	435.3	950	1000	1060
annual growth rate in %	13.2	17.4	6.0	-11.0	-12.2	-7.0	-5	5	6
Imports of services, BOP, EUR mn ⁵⁾	369.9	422.3	482.7	453.3	186.1	171.7	430	430	450
annual growth rate in %	4.9	14.2	14.3	-6.1	2.7	-7.7	-5	0	5
FDI inflow, EUR mn ⁵⁾	610.9	1519.8	636.3	176.8	189.2	-73.6	0	200	400
FDI outflow, EUR mn ⁵⁾	3.2	20.5	9.2	-6.7	0.6	29.1	40	10	10
Gross reserves of NB excl. gold, EUR mn ⁶⁾	2787.4	3424.9	3218.9	3143.8	2879.8	3000.8	3050	3050	4000
Gross external debt, EUR mn ⁷⁾	2081.5	2025.4	2168.0	2676.2	2183.8	3032.3	3100	3200	3300
Gross external debt in % of GDP	21.1	18.2	17.2	21.8	17.8	24.0	.	.	.
Average exchange rate BAM/EUR	1.956	1.956	1.956	1.956	1.956	1.956	1.96	1.96	1.96
Purchasing power parity BAM/EUR ⁸⁾	0.875	0.898	0.923	0.938	.	.	.	.	.

1) Preliminary. - 2) According to ESA95 (including shadow economy, real growth rates based on previous year prices). - 3) wiiw estimates based on weighted averages for the two entities (Federation BH and Republika Srpska). - 4) Based on IMF data. - 5) Converted from national currency with the average exchange rate. - 6) Including investment in foreign securities. - 7) Gross external public debt. - 8) Benchmark results 2005 from Eurostat and wiiw estimates.

Source: wiiw Database incorporating national statistics and IMF. Forecasts by wiiw.

Croatia: recovery not yet in sight

BY HERMINE VIDOVIC

Croatia's economy has not yet recovered from the economic and financial crisis. The downturn continued in the second quarter of 2010: GDP fell by 2.5%, at the same rate as in the first quarter of the year. Gross fixed capital formation performed even worse than a year earlier, dropping by 13.6% in the first half of the year. Household consumption continued to contract due to shrinking disposable income. Government consumption, having increased at least slightly in 2009, fell again during the first half of 2010. On the other hand, foreign demand contributed positively to GDP growth. In construction, where output had shrunk in 2009, the negative tendencies even strengthened, with output down by 18% during the first half of 2010. The reasons behind this drop are declining demand of households for apartments due to falling disposable income and relatively high interest rates on housing loans. In addition, large infrastructure projects (by the state) as well as the construction of production facilities (by enterprises) were postponed due to problems over financing. Industrial production was down by 1.3% in the first three quarters of 2010. Output increased in the consumer goods sector, but fell in sectors producing capital goods and particularly intermediate inputs.

In external trade, growth of merchandise exports strengthened in the second quarter of the year, but import growth remained negative. In the first half of 2010 the trade deficit fell to EUR 2.8 billion, compared to EUR 3.7 billion in the same period a year earlier. In services trade both exports and imports reported negative growth rates; the trade surplus remained stagnant compared to the first half of 2009. At the same time the surplus on current transfers widened and the deficit on income narrowed. Owing to the reduction of the trade deficit in particular, the current account deficit diminished again during the first half of the year. As for FDI, inflows were one third lower than in the first six months of 2009 and were directed primarily towards the financial sector and the chemical indus-

tries. At the end of June 2010 foreign debt stood at EUR 44.9 billion, only slightly more than in December 2009. The rise in debt was almost exclusively of a statistical nature, caused by inter-currency exchange rate changes. According to the Croatian National Bank (CNB), the foreign debt to GDP ratio will exceed 100% this year. In a recent statement, CNB Governor Željko Rohatinski said – against his earlier belief – that the country should have called in the IMF because its own reform agenda was too narrow.

As a consequence of companies' growing difficulties in repaying loans, the share of bad loans continued to increase: it reached about 9.3% at the end of June 2010.

The worsening situation of the real sector has translated into growing employment losses over the recent months. Based on Labour Force Survey data, employment fell by about 4% during the first half of 2010, while at the same time the unemployment rate was up by two percentage points. Taking into account that a number of people decided to leave the labour market altogether (discouraged worker effect), the unemployment rate may have been even higher. In contrast to the LFS, the unemployment rate obtained from registration data stood at 16.9% at the end of September. Manufacturing is hit hardest by job losses: since the beginning of the crisis about 70,000 jobs have been lost. The pressure on wages, which was felt already last year, has continued in 2010; during the first half of the year net wages were down by 1.3% in real terms.

Following the cuts in revenues as a consequence of the contracting economy and the simultaneous rise in public expenditures, the Croatian parliament approved a revision of the state budget in August. Accordingly the general budget deficit has been widened to 5.2% of the GDP from the earlier 3.3%. In order to help refinancing maturing budgetary obligations, the government approved a syndicated loan worth EUR 750 million from eight local banks. The loan carries an interest rate of 4.15% over six months Euribor. As for the next three years, about

EUR 4.1 billion will be needed to bridge the budgetary gap, either through foreign borrowing and/or at least partly through privatization receipts. In October the Croatian government presented the Economic and Fiscal Policy Guidelines 2011-2013, envisaging a reduction of the general government deficit to 4.6% in 2011, 3.2% in 2012 and 1.9% in 2013. Calculations are based on the assumption of 1.5%, 2% and 2.5% GDP increases in the respective years, driven primarily by foreign demand.

According to EU Commission President Barroso, Croatia 'has a chance to wrap up its European Union entry negotiations in 2011 as long as it deepens an overhaul of the legal system and fights corruption'. Thus Croatia may join the European Union in 2013, considering the period needed for the ratification procedure in the parliaments of the current 27 EU member states. One of the still open issues will be fighting corruption, which has spread to all segments of society. So far a number of managers of state enterprises and politicians have been put on trial.

For the whole year 2010 wiiw expects GDP to drop by about 2%. A return to growth may come in 2011, conditioned on a further improvement of external demand and a mild recovery of domestic demand. Employment will continue to contract as the labour market will react with a time lag to production growth. Similarly, the unemployment rate (LFS) is expected to rise to some 12% in 2010. A more vigorous recovery of the labour market can be expected only for 2012. Following the remarkable reduction of the foreign trade deficit, the current account deficit will narrow further, to about 4% of GDP in 2010 (down from 5.5% in 2009). Restructuring and servicing the high foreign debt will remain one of the major challenges in the near future.

Table HR

Croatia: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009	2010	2010	2011	2012
					January-June		Forecast		
Population, th pers., average	4440	4436	4435	4429	.	.	4435	4435	4435
Gross domestic product, HRK mn, nom.	286341	314223	342159	333063	162494	159809	332300	345700	359700
annual change in % (real)	4.7	5.5	2.4	-5.8	-6.5	-2.5	-1.7	1.5	2
GDP/capita (EUR at exchange rate)	8800	9700	10700	10200	.	.	10300	10700	11100
GDP/capita (EUR at PPP - wiiw)	13500	15000	15500	14900	.	.	.	.	.
Consumption of households, HRK mn, nom.	172744	188952	202194	189638	95679	93389	.	.	.
annual change in % (real)	3.5	6.2	0.8	-8.5	-9.7	-3.3	-3.5	1.5	2
Gross fixed capital form., HRK mn, nom.	74792	82386	94281	82259	41612	34968	.	.	.
annual change in % (real)	10.9	6.5	8.2	-11.8	-12.6	-13.6	-11	4	5
Gross industrial production ²⁾									
annual change in % (real)	4.2	4.9	1.2	-9.2	-10.2	-2.0	-1	3	3.5
Gross agricultural production									
annual change in % (real)	4.4	-3.9	8.0	-0.8	.	.	.	.	.
Construction industry, hours worked ²⁾									
annual change in % (real)	9.4	2.4	11.8	-6.6	-2.7	-17.7	.	.	.
Employed persons - LFS, th, average	1586	1615	1636	1605	1610	1549	1560	1560	1580
annual change in %	0.8	1.8	1.3	-1.8	-0.3	-3.8	-3	0	1
Unemployed persons - LFS, th, average	199	171	149	160	162	207	.	.	.
Unemployment rate - LFS, in %, average	11.1	9.6	8.4	9.1	9.2	11.8	12	11.5	10
Reg. unemployment rate in %, end of period	17.0	14.7	13.7	16.7	14.0	16.6	17.5	17	16.5
Average gross monthly wages, HRK	6634	7047	7544	7711	7730	7658	.	.	.
annual change in % (real, net)	1.9	2.2	0.8	0.2	1.4	-1.3	.	.	.
Consumer prices, % p.a.	3.2	2.9	6.1	2.4	3.4	0.8	1.5	2.5	2
Producer prices in industry, % p.a. ³⁾	2.7	3.5	8.3	-0.4	0.3	4.2	.	.	.
General governm.budget, nat.def., % GDP ⁴⁾									
Revenues	39.2	40.3	39.4	38.5	.	.	.	.	.
Expenditures	41.6	41.5	40.3	41.6	.	.	.	.	.
Deficit (-) / surplus (+) ⁵⁾	-2.6	-1.2	-1.0	-3.2	.	.	-5.5	-4.5	-4
Public debt, EU-def., in % of GDP ⁶⁾	35.5	32.9	28.9	35.3	.	.	42	44	46
Discount rate of NB, % p.a., end of period	4.5	9.0	9.0	9.0	9.0	9.0	.	.	.
Current account, EUR mn	-2726.2	-3236.1	-4337.8	-2477.0	-2736.5	-1674.3	-1800	-2200	-2800
Current account in % of GDP	-7.0	-7.6	-9.2	-5.5	-12.4	-7.6	-4	-5	-6
Exports of goods, BOP, EUR mn	8463.6	9192.5	9814.0	7703.2	3830.5	4287.7	8500	9200	10000
annual growth rate in %	17.2	8.6	6.8	-21.5	-18.8	11.9	10	8	9
Imports of goods, BOP, EUR mn	16807.8	18626.5	20607.8	15090.1	7573.5	7137.1	14000	14700	15700
annual growth rate in %	14.0	10.8	10.6	-26.8	-27.1	-5.8	-7	5	7
Exports of services, BOP, EUR mn	8526.8	9114.7	10090.6	8453.9	2894.8	2844.9	8200	8400	8800
annual growth rate in %	5.9	6.9	10.7	-16.2	-14.5	-1.7	-2.5	3	5
Imports of services, BOP, EUR mn	2824.2	2847.3	3132.7	2778.3	1357.9	1310.0	2700	2800	2900
annual growth rate in %	3.3	0.8	10.0	-11.3	-9.0	-3.5	-3	2	4
FDI inflow, EUR mn	2768.3	3679.0	4209.0	2128.6	950.4	645.8	1000	.	.
FDI outflow, EUR mn	206.8	211.2	972.8	918.7	63.7	210.3	.	.	.
Gross reserves of NB excl. gold, EUR mn	8725.3	9307.4	9120.9	10375.8	9090.1	10305.2	.	.	.
Gross external debt, EUR mn ⁷⁾	29273.9	32929.2	39950.2	44588.2	41822.7	44885.7	.	.	.
Gross external debt in % of GDP ⁷⁾	75.1	76.8	85.5	97.8	91.6	97.2	.	.	.
Average exchange rate HRK/EUR	7.3228	7.3360	7.2232	7.3398	7.3834	7.2669	7.3	7.3	7.3
Purchasing power parity HRK/EUR	4.7855	4.7224	4.9850	5.0476	.	.	.	.	.

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

1) Preliminary. - 2) Enterprises with 20 and more employees. - 3) Domestic output prices. - 4) On accrual basis. - 5) Including change in arrears and non-recorded expenditures. - 6) According to ESA'95, excessive deficit procedure. - 7) From 2008 new reporting system (estimated data for non-financial enterprises).

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

Kazakhstan: rebound is faster

BY OLGA PINDYUK

Kazakhstan's economy has been experiencing surprisingly fast growth: in the second quarter of 2010 real GDP growth speeded up further and reached 8% year on year in January-June. There are two major driving forces behind that astonishing recovery: the revival in world commodities markets (primarily oil and metals); and the increase in domestic demand. Merchandise exports rose by 71% year on year, in USD terms, during January to June 2010. Most of this growth has been nominal – the export deflator during that period reached 49.7%, reflecting first of all the dynamics of export prices of oil and metals (together these commodities account for about 70% of total merchandise exports). At the same time, there was also a marked improvement in domestic demand, which was reflected in rapid growth in retail and wholesale trade and the manufacturing industries oriented mostly towards the domestic market – food and beverages, the chemical industry and machine building.

In the light of faster than expected growth in the first half of 2010, we raise our forecast for real GDP growth in 2010 to 6.5%. At the same time we revise downwards our forecast for 2011 – real GDP will increase by 4%, with growth being lower than forecasted before primarily due to the higher base of comparison and the slower than previously expected recovery of the world economy. In 2012, GDP will grow somewhat faster – by 4.5%, as the increase in global demand is expected to speed up, and Kazakhstan's construction sector will recover from the bust.

The government continues to support the economy via its anti-crisis programmes: by June 2010, USD 7.7 billion was disbursed out of the USD 10 billion anti-crisis programme launched in 2008. In addition, in 2010 the state spent an extra USD 0.5 billion on the support of SMEs and the financing of residential and other investment pro-

jects. However, the amount of support is expected to gradually decline: according to the current draft budget, in 2011 transfers from the Oil Fund to the budget are expected to decrease to 7.1% of GDP vs. 8.5% in 2010. In order to increase budget revenues, the government introduced an oil export duty of 20 USD per ton in July 2010, and is going to double it starting from 2011. Kazakhstan also effectively unilaterally revised the terms of its long-term production sharing agreements with two major foreign-led oil groups (the Chevron-led Tengizchevroil and the Karachaganak Petroleum Operating group, led by ENI and BG), which are no longer exempt from paying export duties. The government also approved the switch from the flat 10% personal income tax rate to a progressive scale of 10%-15%-20% starting from 2011. All these measures will allow a gradual decrease in the general government budget deficit from 4% in 2010 to 2% in 2012.

Private consumption has been reviving quite actively: during the first half of 2010 it increased by 5% in real terms, year on year. Behind this dynamics is the rapid growth in real household income – by 6% year on year in January-August 2010. We forecast that in 2011, in the presence of rising personal income taxes and a general tightening of fiscal policy, private household consumption will slow down its growth to 3%; in 2012, growth will accelerate to 4%.

Kazakhstan's banking sector still experiences many problems, though the worst period seems to be over. On the positive side, by September 2010, three problem banks (two of which – Alliance Bank and BTA – are among the ten biggest banks in the country) managed to reach restructuring agreements with their creditors, thus cutting their external debt by more than half. The banking sector has been able to find increasingly more sources of financing inside the country, in particular via attracting deposits (during January-September 2010, the stock of deposits rose by 11%). But problems concerning the quality of loans have persisted – the share of non-performing loans still exceeds 27%. In September 2010, housing prices on the secondary

and primary markets were 25% and 14%, respectively, lower than in 2007, with the fall of prices in the capital Astana being almost twice as high. Since mortgage loans and loans to construction and real estate companies account for the bulk of the loans stock in the country, the situation concerning non-performing loans is not likely to improve drastically in the short run. So far the government has not come up with a comprehensive policy solution of the issue, but we expect it to develop some policies in the near future.

Banks perceive the current credit risks as high and issue continuously fewer loans (in January-August 2010, the value of loans decreased by 2.5%), instead they use liquidity to repay their foreign debt or state liquidity support, and to purchase securities. Lack of access to loans may create serious bottlenecks for growth in the medium run. Currently

about two thirds of new loans are issued to finance the acquisition of working capital, while longer-term investments of enterprises are barely financed. Enterprises have to rely increasingly on their own and government money as sources of financing their investments: during January-September 2010, the shares of these sources in fixed capital investment rose by 13 p.p. to 46% and 4 p.p. to 21% respectively, while the shares of external borrowing and bank loans decreased by 16 p.p. to 25% and 1 p.p. to 8% respectively. We forecast that in 2010 gross fixed capital formation will remain lethargic and rise by just about 1%. However, we are more optimistic about the investment prospects further on: improved access to loans and the envisaged increase in public investment into infrastructure modernization projects may allow boosting gross fixed capital formation by 7% in 2011 and 5% in 2012.

Table KZ

Kazakhstan: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011	2012
							Forecast		
Population, th pers., average	15308	15484	15674	15880	15837	16102	16100	16300	16300
Gross domestic product, KZT bn, nom.	10214	12763	16053	16100	6710	9134	19700	21700	24000
annual change in % (real)	10.7	8.7	3.3	1.2	-2.4	8.0	6.5	4	4.5
GDP/capita (EUR at exchange rate)	4200	4900	5800	4900	.	.	6400	7300	8400
GDP/capita (EUR at PPP - wiiw)	8200	9000	9300	9100	.	.	.	.	.
Consumption of households, KZT bn, nom.	4547	5468	6871	7200	3268	3671	8100	8900	9800
annual change in % (real)	12.7	11.0	6.3	-3	0.7	4.9	5	3	4
Gross fixed capital form., KZT bn, nom.	3084	3857	4309	4541	1666	1803	5300	5800	6400
annual change in % (real)	29.7	17.3	1.0	1.9	-17.6	0.5	1	7	5
Gross industrial production									
annual change in % (real)	7.0	4.5	2.1	1.7	-2.7	11.0	9	4	5
Gross agricultural production									
annual change in % (real)	7.0	8.4	-5.6	13.8	.	3.1	4	8	5
Construction industry									
annual change in % (real)	28.6	5.7	1.8	-4.9	-9.0	-3.9	-3	5	8
Employed persons - LFS, th, average	7403.5	7631.8	7857.2	7903.4	7863.5	8072.9	8140	8220	8260
annual change in %	2.0	3.1	3.0	0.6	0.6	2.7	3	1	0.5
Unemployed persons - LFS, th, average	625.4	578.8	557.8	554.5	575.6	515.1	.	.	.
Unemployment rate - LFS, in %, average	7.8	7.3	6.6	6.6	6.8	6.0	6	6	6
Reg. unemployment rate, in %, end of period	1.1	0.8	0.7	0.6	.	.	.	.	.
Average gross monthly wages, KZT	40790	53238	60734	67639	64645	72692	.	.	.
annual change in % (real, gross)	10.3	17.8	-2.5	3.8	3.2	5.0	.	.	.
Consumer prices, % p.a.	8.6	10.8	17.1	7.3	8.5	7.4	7.5	6.5	6
Producer prices in industry, % p.a.	18.4	12.4	36.9	-22.2	-29.7	22.7	15	3	6
General governm.budget, nat.def., % GDP									
Revenues and grants	27.9	22.6	25.1	21.8	.	.	.	.	.
Expenditures and net lending	20.4	24.3	27.2	24.8	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	7.5	-1.7	-2.1	-3.1	.	.	-4.0	-3.0	-2.0
Public debt, nat. def., in % of GDP	11.3	7.2	8.3	12.9	.	.	16	14	13
Base rate of NB % p.a., end of period	9.0	9.0	10.5	7.0	8.5	7.0	.	.	.
Current account, EUR mn ²⁾	-1525	-5355	4742	-2400	-3000	3700	5800	2000	1300
Current account in % of GDP	-2.4	-7.0	5.2	-3.1	-8.6	7.9	5.6	1.7	1.0
Exports of goods, BOP, EUR mn ²⁾	30881	35309	48905	31500	13100	22500	47300	49700	54700
annual growth rate in %	35.8	14.3	38.5	-35.6	-43.2	71.8	50	5	10
Imports of goods, BOP, EUR mn ²⁾	19216	24288	26128	20636	10063	10072	24300	29200	33600
annual growth rate in %	33.1	26.4	7.6	-21.0	-11.8	0.1	18	20	15
Exports of services, BOP, EUR mn ²⁾	2237	2596	2978	3100	1500	1500	3300	3700	4100
annual growth rate in %	25.0	16.1	14.7	4.1	14.4	0.0	6	12	11
Imports of services, BOP, EUR mn ²⁾	6947	8491	7474	7219	3422	3601	8500	9500	10700
annual growth rate in %	15.4	22.2	-12.0	-3.4	-0.6	5.2	18	12	13
FDI inflow, EUR mn ²⁾	4958	7440	9882	9000	4100	4300	10200	10700	10900
FDI outflow, EUR mn ²⁾	-309	2369	2590	2200	700	-400	1500	2300	2400
Gross reserves of NB excl. gold, EUR mn	14525	11970	13711	16184	13269	19096	.	.	.
Gross external debt, EUR mn	56252	65436	76417	77881	76187	80096	.	.	.
Gross external debt in % of GDP	87.2	86.0	84.3	99.5	.	.	.	.	.
Average exchange rate KZT/EUR	158.27	167.75	177.04	205.67	192.82	195.95	191	182	176
Purchasing power parity KZT/EUR, wiiw ³⁾	81.24	91.09	110.40	111.09	.	.	.	.	.

1) Preliminary . - 2) Converted from USD with the average exchange rate. - 3) Based on ICP benchmark results 2005 and wiiw estimates.

Source: National statistics (National Bank, Agency of Statistics etc). Forecasts by wiiw.

Macedonia: slow and stable

BY VLADIMIR GLIGOROV

Traditionally, the Macedonian economy does not post high growth rates, but it does not swing too much into the red in bad times either. Inflation, exchange rates, employment (and unemployment), fiscal deficits and monetary policy mostly exhibit stability rather than volatility. Thus, GDP declined less than 1% in 2009 and will barely register growth in 2010. The price level is basically flat and the loss of jobs has been moderate, though troubling given the low employment level and the extremely high unemployment rate. Recovery can be expected to be slow in the medium term too. Why is it that the Macedonian economy does not seem to be moving anywhere?

The major reason is the policy mix that has been followed since the mid-1990s. Domestic demand was discouraged with relatively tight monetary policy geared to exchange rate stability and with fiscal policy targeting a balanced budget. Growth was expected to be spurred by foreign investments and exports. The latter never materialized due to a variety of factors (including slow growth of external demand in the relevant markets), so stagnation rather than growth was the overall result.

The current government in fact tried to break away from this model of policy and increased fiscal spending moderately ahead of the crisis. It also relied on again moderately expansionary fiscal policies during the crisis, which are partly to credit for the mildness of the recession. However, much more would be needed to make a dent in the very high unemployment rate of above 30%. So far, no government has been ready to reconsider the well-entrenched policy mix in order to move the economy to an enduring and sustainable higher growth rate. With no radical reform of the inherited policy mix in sight, prolonged stagnation or a low growth rate is the likely outcome.

The policy makers rely on structural reforms and are looking for ways to increase the inflow of for-

ign investments. Industrial zones have been created and various measures to induce foreign investors to consider Macedonia have been introduced. The country has been making progress in the rankings produced by various agencies and international institutions and organizations. Still, the inflow of foreign investments has been rather sluggish and cannot be expected to experience a sudden boost in the current investment environment.

During the crisis the government has resisted calls to address the IMF for support. The expectation was that recovery would come relatively quickly and thus IMF advice and funds were not seen as necessary. However, the prolonged stagnation with scant hope for foreign investments have led to some rethinking by the government. In addition, some attempts to access foreign commercial credits have proved too expensive, thus the decision may be taken fairly soon to ask for IMF funds and thus get better terms from private lenders.

Macedonia is a candidate country that cannot start negotiations with the EU and cannot join NATO due to the veto from Greece. The European Commission recommended to the European Council that negotiations for membership should start already next year and has repeated that recommendation in this year's annual report on progress in Macedonia. It is unlikely, at least the way things stand at this moment, that the Council will be able to adopt that recommendation over the Greek objections.

Thus, there is an uncertainty hanging over the country that is anyway not the most desirable investment location in the Balkans. With the rigid economic policy, growth will depend significantly on the recovery of the regional trading partners and those in the EU. Thus, in the medium run slow recovery should be expected while in the longer run growth could accelerate if the regional tide lifts also the Macedonian boat.

Table MK

Macedonia: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011 Forecast	2012
Population, th pers., average	2040.2	2043.6	2046.9	2050.0	.	.	2052	2054	2056
Gross domestic product, MKD mn, nom. ²⁾	310915	364989	411728	413351	196898	200474	420000	441000	468000
annual change in % (real) ²⁾	4.0	6.1	5.0	-0.8	-1.5	-0.3	0.5	2	3
GDP/capita (EUR at exchange rate)	2500	2900	3200	3300	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	7000	7900	8400	8200	.	.	.	.	.
Consumption of househ., MKD mn, nom. ²⁾³⁾	243131	279880	330399	316830	148794	154073	320000	336000	353000
annual change in % (real) ²⁾³⁾	6.0	8.1	7.4	-3.1	-2.6	-0.3	0	2	2
Gross fixed capital form., MKD mn, nom. ²⁾	56485	71557	86403	85700	.	.	87000	92000	99000
annual change in % (real) ²⁾	11.6	17.1	5.4	-2.0	.	.	0	3	4
Gross industrial production ⁴⁾									
annual change in % (real)	3.6	3.7	5.5	-7.7	-12.1	-5.3	-5	3	5
Gross agricultural production									
annual change in % (real)	4.8	-3.0	5.4	4.6	.	.	.	.	.
Construction industry									
annual change in % (real)	-11.9	9.7	-9.6	-2.1	3.3	6.5	.	.	.
Employed persons - LFS, th, average	570.4	590.2	609.0	629.9	627.2	621.1	630	640	670
annual change in %	4.6	3.5	3.2	3.4	3.9	-1.0	0	1.5	1.5
Unemployed persons - LFS, th, average	321.3	316.9	310.4	298.9	299.3	302.3	.	.	.
Unemployment rate - LFS, in %, average	36.0	34.9	33.8	32.2	32.4	32.8	33	33	33
Reg. unemployment rate, in %, end of period	.	.	.	.	.	.	.	.	.
Average gross monthly wages, MKD ⁵⁾	23036	24136	26229	29922	29839	30058	.	.	.
real growth rate, % (net wages) ⁵⁾	3.9	5.5	1.9	25.0	27.6	1.9	.	.	.
Consumer prices, % p.a.	3.2	2.3	8.3	-0.8	0.1	0.8	1	3	3
Producer prices in industry, % p.a. ⁶⁾	7.3	2.5	10.3	-6.5	-7.6	8.6	.	.	.
General governm. budget, nat.def., % GDP ⁷⁾									
Revenues	33.5	33.8	34.2	33.2	32.0	30.8	.	.	.
Expenditures	34.0	33.2	35.2	36.0	34.8	33.9	.	.	.
Deficit (-) / surplus (+)	-0.5	0.6	-1.0	-2.8	-2.8	-3.0	-4	-2	0
Public debt, nat.def., in % of GDP	39.9	33.3	28.7	32.0	27.0	34.0	35	35	34
Discount rate of NB, % p.a., end of period	6.5	6.5	6.5	6.5	6.5	8.5	.	.	.
Current account, EUR mn	-23.4	-421.2	-853.3	-483.3	-445.7	-119.0	-270	-450	-500
Current account in % of GDP	-0.5	-7.1	-12.7	-7.2	-13.9	-3.6	-3.9	-6.2	-6.5
Exports of goods, BOP, EUR mn	1914.0	2472.2	2684.2	1920.9	892.0	1098.4	2300	2500	2800
annual growth rate in %	16.5	29.2	8.6	-28.4	-33.8	23.1	20	10	10
Imports of goods, BOP, EUR mn	2915.5	3653.3	4434.9	3471.9	1677.2	1786.6	3470	3600	4000
annual growth rate in %	16.6	25.3	21.4	-21.7	-20.1	6.5	5	5	10
Exports of services, BOP, EUR mn	477.3	594.5	686.3	618.3	290.0	305.6	600	630	700
annual growth rate in %	14.7	24.5	15.4	-9.9	-4.3	5.4	0	5	10
Imports of services, BOP, EUR mn	455.0	569.4	681.9	590.3	292.4	278.1	600	600	700
annual growth rate in %	3.2	25.2	19.8	-13.4	-6.5	-4.9	0	5	10
FDI inflow, EUR mn	344.8	506.0	399.9	181.0	117.5	116.5	150	200	200
FDI outflow, EUR mn	0.1	-0.9	-9.5	9.1	0.7	2.0	0	0	0
Gross reserves of NB, excl. gold, EUR mn	1311.3	1400.1	1361.0	1429.4	1057.9	1486.7	.	.	.
Gross external debt, EUR mn	2503.4	2841.1	3304.2	3839.4	3377.5	4106.8	.	.	.
Gross external debt in % of GDP	49.3	47.6	49.3	56.8	50.0	59.8	.	.	.
Average exchange rate MKD/EUR	61.19	61.18	61.27	61.32	61.47	61.47	61.2	61.2	61.2
Purchasing power parity MKD/EUR	21.92	22.51	23.87	24.47	.	.	.	.	.

1) Preliminary. - 2) From 2007 FISIM reallocation. - 3) Including NPISHs. - 4) Enterprises with 10 and more employees. - 5) From 2009 including allowances for food and transport, no comparable growth rates available. - 6) Domestic output prices. - 7) Refers to central government budget and extra-budgetary funds.

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

Montenegro: recovery delayed

BY VLADIMIR GLIGOROV

Before the crisis, growth of GDP was fast and accelerating, fuelled mainly by foreign investment in tourism and real estate. There is every indication that assets were experiencing a bubbly expansion. Indeed, immediately before the sudden stop, in 2008, the current account deficit was a whopping 50% of GDP. However, the decline of GDP, though strong at close to 6% of GDP in 2009, has not been nearly as bad as in the Baltic States, for example, and has been comparable to that of neighbouring Croatia. Recession is being prolonged to this year, again similarly to Croatia. Recovery is expected to be slow in the near term. Still, the overall consequences for product and labour markets have been muted. Why is it that Montenegro has not suffered the kind of contraction and policy strain as, for example, Greece, let alone Latvia or some other countries with high external imbalances?

There are two main reasons. One is that the overall foreign debt level has been low and there was no immediate pressure to deleverage. The banking system was under pressure and one bank had to be saved by government money at the beginning of 2009. Since then, the banking sector has proved to be quite resilient. Moreover, foreign investments did not dry out. Indeed, they were higher than ever in 2009 and will be still coming in, though at a lower level, this year. Most of the investments continue to go into tourism and in related real estate. As a consequence, the correction in the current account has not been as sharp as in other countries experiencing a sudden-stop type of crisis; the current account deficit was still around 30% of GDP in 2009 and will be above 20% in 2010. Thus, what had seemed like a typical sudden-stop crisis in the beginning did not develop as one and both domestic and foreign financing have held up so far.

The other reason that has helped contain the decline is the accommodative fiscal policy. Before the

crisis high fiscal revenues were not spent, but large parts of it were saved. These fiscal surpluses have proved helpful because the inherited public debt is low and high fiscal deficits after the crisis proved not to worry the creditors all that much after the initial shock and the accommodative policy response by the government that followed. Indeed, the government was able to support the banking system, to continue subsidizing the aluminium plant, which is a major exporter, and to increase spending by investments in ongoing or new infrastructure projects. As a consequence, the decline of employment has been modest, though not negligible.

The challenge is to speed up the recovery. Montenegro will acquire the status of a candidate country for membership in the EU at the end of this year. The European Commission made that recommendation to the European Council in its regular annual country report at the beginning of November this year; the negotiations, however, will probably start some time next year. That should open up possibilities to use EU funds for regional and structural development. The improvement in neighbouring and European economies should continue to attract investment in tourism and services. However, the return to high growth rates may be delayed due to the slow recovery of domestic demand which is suffering from a still shaky banking sector as well as slowly growing wages and other incomes. Growth of exports of services cannot be all that fast to compensate entirely for the depressed domestic demand. And the ability to support demand with public spending cannot be extended for much longer.

Thus, in the short run, i.e. throughout the first quarter of next year, GDP will continue to decline, while in the medium run the recovery will be rather slow. In the long run the prospects are good due to the fact that the services sector has proved resilient and can grow strongly once infrastructure investments are finished and the global economy recovers.

Table ME

Montenegro: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011 Forecast	2012
Population, th pers., average ²⁾	624.2	626.2	628.8	630.0	.	.	631	632	633
Gross domestic product, EUR mn, nom. ³⁾	2149.0	2680.5	3085.6	2981.0	.	.	3100	3300	3500
annual change in % (real) ³⁾	8.6	10.7	6.9	-5.7	.	.	-1	2	3
GDP/capita (EUR at exchange rate)	3400	4300	4900	4700	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	8400	10000	10700	9900	.	.	.	.	.
Consumption of households, EUR mn, nom. ³⁾	1660.9	2369.0	2814.8	2503.7	.	.	.	.	.
annual change in % (real) ⁴⁾	10	8	7	-4	.	.	0	2	2
Gross fixed capital form., EUR mn, nom. ³⁾	469.8	867.1	1180.2	797.6	.	.	.	.	.
annual change in % (real) ⁴⁾	8	10	8	-6	.	.	0	2	2
Gross industrial production									
annual change in % (real)	1.0	0.1	-2.0	-32.2	-20.3	0.0	0	2	4
Net agricultural production	.	.	.	.	.	.	.	.	.
annual change in % (real)	1.9	-11.0	10.0	2.0	.	.	.	.	.
Construction output total ⁵⁾
annual change in % (real)	28.0	23.6	20.7	-19.2	.	.	.	.	.
Employed persons - LFS, th, average ⁶⁾	178.4	217.4	218.8	212.9	212.3	205.1	215	220	220
annual change in %	-0.3	21.9	0.6	-2.7	-1.9	-3.4	-3	1	1
Unemployed persons - LFS, th, average ⁶⁾	74.8	52.1	45.3	50.9	50.7	50.8	.	.	.
Unemployment rate - LFS, in %, average ⁶⁾	29.6	19.3	17.2	19.3	19.3	19.8	20	20	20
Reg. unemployment rate, in %, end of period ⁷⁾	20.5	16.5	14.4	15.1	13.2	15.3	.	.	.
Average gross monthly wages, EUR ⁸⁾	377	497	609	643	648.8	702	.	.	.
annual change in % (real, net)	12.0	15.0	14.6	7.6	5.0	7.8	.	.	.
Consumer prices, % p.a.	3.0	4.2	7.4	3.4	4.8	0.4	1	3	3
Producer prices in industry, % p.a. ⁹⁾	3.6	8.5	14.0	-3.9	0.2	-2.3	.	.	.
General governm.budget, nat.def., % GDP									
Revenues	45.4	61.1	49.1	45.5	.	.	.	.	.
Expenditures	42.7	52.9	47.5	49.0	.	.	.	.	.
Deficit(-)/Surplus(+)	2.7	8.2	1.7	-3.5	.	.	-5	-3	-1
Public debt, nat. def., in % of GDP	32.6	26.3	26.8	38.0	.	.	43	44	42
Base rate of NB, % p.a., end of period	.	.	.	.	.	.	.	.	.
Current account, EUR mn ¹⁰⁾	-531.2	-1060.6	-1564.3	-896.3	-551.5	-508.8	-700	-700	-700
Current account in % of GDP	-24.7	-39.6	-50.7	-30.1	.	.	-22.6	-21.2	-20.0
Exports of goods, BOP, EUR mn	648.3	515.8	467.4	296.3	134.4	155.1	440	460	480
annual growth rate in %	40.8	-20.4	-9.4	-36.6	-44.8	15.4	20	5	5
Imports of goods, BOP, EUR mn	1497.7	2090.0	2549.7	1667.8	773.9	762.6	1580	1660	1830
annual growth rate in %	53.7	39.6	22.0	-34.6	-38.3	-1.5	-5	5	10
Exports of services, BOP, EUR mn	418.0	673.0	750.6	680.5	180.7	188.9	710	780	860
annual growth rate in %	26.8	61.0	11.5	-9.3	-7.8	4.6	5	10	10
Imports of services, BOP, EUR mn	220.9	234.0	351.2	296.0	140.0	145.1	310	330	360
annual growth rate in %	64.6	5.9	50.1	-15.7	-14.4	3.6	4	5	10
FDI inflow, EUR mn	492.8	672.7	625.4	943.8	341.7	340.4	500	1000	1000
FDI outflow, EUR mn	26.1	115.0	73.7	32.9	15.4	26.1	0	50	50
Gross reserves of NB, excl. gold, EUR mn ¹¹⁾	172.8	259.0	216.6	172.8	180.0	163.0	.	.	.
Gross external public debt, EUR mn	504.0	462.1	481.7	699.9	.	.	.	.	.
Gross external public debt in % of GDP	23.5	17.2	15.6	23.5	.	.	.	.	.
Purchasing power parity EUR/EUR ¹²⁾	0.41	0.43	0.46	0.48	.	.	.	.	.

1) Preliminary. - 2) wiiw estimate in 2009. - 3) According to ESA'95 (including shadow economy, real growth rates based on previous year prices). - 4) wiiw estimate. - 5) Gross value added. - 6) Until 2007 as of October. - 7) In % of unemployed plus employment (excluding individual farmers). - 8) From 2007 wage data refer to employees who received wages (previously wages were divided by all registered employees in enterprises); comparable value for 2006: 433. - 9) Domestic output prices. - 10) Including all transactions with Serbia. - 11) Refer to reserve requirements of Central Bank. - 12) Benchmark results 2005 from Eurostat and wiiw estimates.

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

Russian Federation: oil-fuelled recovery loses steam

BY PETER HAVLIK

The link between energy prices and the fortunes of the Russian economy came once more to the fore both before and during the recent crisis. After the collapse of the oil price in late 2008 and a sharp contraction of GDP, Russian economic growth rebounded strongly in late 2009 along with the recovery of oil prices. With a time lag of about two months, the rising oil price brought about first stabilization and then a robust economic upswing. The GDP ceased to fall as industrial production, the volume of goods transport and export revenues started to grow in November 2009. A strong export-led recovery continued during the first half of 2010, helped by the low statistical base effect of the previous year. Domestic demand remained subdued as both consumer expenditure and retail trade grew by about 3.5% in the first half of the year. Fixed investment even stagnated (after falling sharply in the corresponding period of the previous year), largely reflecting the continuing contraction of construction industry (the latter accounts for about half of total investment outlays). Yet employment started to rise again and the unemployment rate has been going down slowly.

The latest economic data provide a mixed picture: the growth of output indicators (industry, goods transport, exports) is decelerating after the summer, that of consumption is strengthening somewhat. In both instances the above-mentioned statistical base effects clearly play a role. Agricultural production, particularly the grain harvest, was hit hard by the drought and fires that affected most of Central Russia, contracting by 20% in August (the latter will not affect overall growth too much as agriculture accounts for less than 4% of GDP). Foreign trade bounced back strongly in 2010 with both exports and imports growing sharply (in both nominal and real terms). Although the volume of imports rose faster than that of exports, the real contribution of foreign trade to GDP growth will again be positive in 2010, albeit much less pronounced than in 2009.

The temporary inflation slowdown during the 2009 crisis notwithstanding (producer prices and the GDP deflator even fell that year), inflation remains stubbornly high – though annual and monthly data present a mixed picture. This is related to the huge fluctuations in the prices of energy and metals which shot up at the end of 2009-early 2010. The poor harvest prospects led to rising food prices. Last but not least, as a by-product of surging export revenues, the rouble has started appreciating again after a short-lived downward adjustment during the peak of the crisis at the turn of 2008-2009. Foreign exchange reserves are being replenished; they will probably exceed USD 500 billion by the end of 2010. Also the banking sector has consolidated: its profits are likely to reach the pre-crisis level in 2010.

Unfortunately, the crisis has not been used as a stimulus for a radical overhaul of economic policies; restructuring, modernization and ‘innovation development’ have so far been just slogans (see below). A large part of earlier ambitious investment plans was discarded and the budget was thoroughly revised. The various anti-crisis measures announced and implemented from late 2008 resembled the standard rescue and fiscal packages adopted in the West. The aim was to improve the liquidity of the banking sector and restore confidence, to support the exchange rate and domestic consumption. The costs of the various anti-crisis measures added up to some 10% of GDP; judging by the sharp fall in consumption and particularly of investment during 2009, the effects of the measures adopted were rather disappointing. The initial steep fall in investments indicates not only tightened credit, but a deterioration of business confidence and the correction of the previous housing bubble. The share of investment (gross capital formation) fell to 20% of GDP in 2009 – a rather low figure compared to other transition countries and definitely insufficient for the urgently needed development of infrastructure and modernization of capital stocks.

From this perspective, the government’s long-term strategic target of economic diversification and modernization remains high on the agenda, yet it is

obviously getting out of reach. President Medvedev's priority modernization areas include energy, nuclear technologies, global information technologies and services, medical equipment and pharmaceuticals. These modernization fields are allegedly backed by specific implementation plans which also count on the participation of foreign companies and researchers. Indeed, as one of the foreign policy breakthroughs,¹ the latest EU–Russia summit in Rostov on Don in June 2010 adopted a joint statement on the Partnership for Modernization, with both parties pledging to encourage the sectoral dialogue and the implementation of specific joint projects. The trilateral meeting of President Medvedev with his French counterpart Sarkozy and German Chancellor Merkel in October 2010 confirmed the will to 'reset' EU–Russia relations as well. Russia's accession to WTO (postponed once more in June 2009 on the pretext of forming a Customs Union with Belarus and Kazakhstan first) came back on the agenda but is still not a top priority.

The recent foreign and domestic policy advances (the latter including the sacking of Moscow's mayor Yuri Luzhkov and his replacement by Sergei Sobyenin) have been instrumental in consolidating fragile signs of recovery which had been visible already since late summer 2009. The current forecast (a slight downward revision for 2010) reckons with continued yet unspectacular GDP growth during 2010–2012 which is based on stabilized oil prices (Urals costing around USD 70–80 per barrel) and assumes no abrupt policy changes or external shocks. Both private consumption and investment are expected to grow a bit faster than GDP (the latter in 2010 largely thanks to the build-up of replenished inventories). Real exports will continue to be sluggish at best since the volumes of exported oil and gas will hardly increase in the forecasting period (and there will be not much else to export),

while imports will grow at a faster rate as household consumption and investment will pick up, fuelled by an appreciating rouble. This implies only a small contribution of real net exports to GDP growth in the coming years and, in nominal terms, a gradual reduction of the trade and current account surpluses. The current account surplus is expected to peak in 2010 at more than 6% of GDP and will drop below 4% of GDP by 2012. The annual CPI inflation may stay in single digits and the budget deficit will gradually turn into a surplus again. Nonetheless, the government has to resort increasingly to borrowing and announced grand privatization plans. The largest privatization deals include sales of additional shares of Sberbank, as well as of VTB bank and the oil company Rosneft.

The employment effects of the crisis have so far been rather modest. They are being mitigated by demographic factors as the domestic labour supply is shrinking. Our previous assessment remains largely unchanged both regarding GDP growth prospects and the labour market: GDP growth will stay below pre-crisis levels, labour shortages are likely to reappear soon and will definitely put a brake on economic growth already in the medium run. The chances for a successful modernization and restructuring of the economy remain meagre. Needless to say, another wave of the crisis cannot be ruled out either should growth in the world economy slow down again and/or energy prices fall.

¹ Other breakthroughs include the signing of a new START Treaty by presidents Obama and Medvedev in Prague, a solution to the long-standing territorial dispute with Norway over the Arctic sea shelf, as well as marked improvements in relations with Ukraine and Poland. (In the case of Poland, the improvement had already started before the elections.) Currently Georgia, and curiously also Belarus, remain almost the only sore point in Russian external relations.

Table RU

Russia: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011 Forecast	2012
Population, th pers., average ²⁾	142487	142115	141956	141902	141900	141900	140000	139500	139000
Gross domestic product, RUB bn, nom.	26917.2	33247.5	41428.6	39100.7	17691.8	20732.7	43500	48500	53500
annual change in % (real)	8.2	8.5	5.2	-7.9	-10.2	4.2	3.9	4.3	4.5
GDP/capita (EUR at exchange rate)	5500	6700	8000	6200	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	11200	12500	13200	12000	.	.	.	.	.
Consumption of households, RUB bn, nom.	12974.7	16031.7	20011.2	21086.2	9978.9	10893.3	.	.	.
annual change in % (real)	12.2	14.3	10.8	-7.7	-5.4	2.3	4	4.5	5
Gross fixed capital form., RUB bn, nom.	4980.6	6980.4	9181.9	8384.1	3134.1	3391.9	.	.	.
annual change in % (real)	18.0	21.0	10.4	-15.7	-19.3	1.1	2	5	8
Gross industrial production									
annual change in % (real)	6.3	6.3	2.1	-9.3	-14.6	10.2	7	5	5
Gross agricultural production									
annual change in % (real)	3.6	3.4	10.8	1.2	6.4	2.9	.	.	.
Construction industry									
annual change in % (real)	18.1	18.2	12.8	-16.0	-19.3	-3.1	.	.	.
Employed persons - LFS, th, average	68855.0	70570.5	70965.1	69284.9	68577.5	69016.0	69300	69500	70000
annual change in %	1.0	2.5	0.6	-2.4	-2.8	0.6	0.0	0.3	0.7
Unemployed persons - LFS, th, average	5312.0	4589.0	4791.5	6372.8	6769.5	6097.5	6400	6000	6000
Unemployment rate - LFS, in %, average	7.2	6.1	6.3	8.4	9.0	8.1	8	7.5	7
Reg. unemployment rate, in %, end of period	2.3	2.0	2.0	2.9	2.8	2.4	.	.	.
Average gross monthly wages, RUB	10633.9	13593.4	17290.0	18795.0	17934.8	20162.7	.	.	.
annual change in % (real, gross)	13.3	17.0	10.3	-2.8	-6.8	4.4	.	.	.
Consumer prices, % p.a.	9.8	9.1	14.1	11.8	13.2	6.7	6.7	7	8
Producer prices in industry, % p.a. ³⁾	12.4	14.1	21.4	-7.2	-9.3	13.1	10	8	8
General governm.budget, nat.def., % GDP									
Revenues	39.5	40.2	38.6	34.8	34.2	36.7	.	.	.
Expenditures	31.1	34.2	33.8	41.1	37.4	35.4	.	.	.
Deficit (-) / surplus (+), % GDP	8.4	6.0	4.9	-6.3	-3.3	1.3	-3	-2	0
Public debt, nat.def., in % of GDP ⁴⁾	8.6	6.7	5.7	7.9	6.5	7.8	10	10	10
Base rate of NB % p.a., end of per.	11.0	10.0	13.0	8.8	11.5	7.8	.	.	.
Current account, EUR mn ⁵⁾	75474	56818	70732	35617	13511	38179	70000	60000	50000
Current account in % of GDP	9.6	6.0	6.2	4.0	3.4	7.4	6.3	4.9	3.8
Exports of goods, BOP, EUR mn ⁵⁾	241960	258930	321792	218221	94058	143132	300000	340000	370000
annual growth rate in %	23.7	7.0	24.3	-32.2	-39.3	52.2	37	13	9
Imports of goods, BOP, EUR mn ⁵⁾	130948	163282	199148	137960	61825	79247	180000	210000	250000
annual growth rate in %	30.2	24.7	22.0	-30.7	-30.3	28.2	30	17	19
Exports of services, BOP, EUR mn ⁵⁾	24791	28681	34889	29963	14270	15819	33000	35000	40000
annual growth rate in %	23.8	15.7	21.6	-14.1	-7.6	10.9	10	6	14
Imports of services, BOP, EUR mn ⁵⁾	35643	42481	51495	44413	20287	22740	50000	55000	60000
annual growth rate in %	14.7	19.2	21.2	-13.8	-9.5	12.1	13	10	9
FDI inflow, EUR mn ⁵⁾	23675	40237	51177	26710	13804	21032	35000	45000	50000
FDI outflow, EUR mn ⁵⁾	18454	33547	37934	32577	18676	25196	35000	40000	45000
Gross reserves of NB, excl. gold, EUR mn	224306	318840	291916	290431	282698	353725	.	.	.
Gross external debt, EUR mn	237669	316903	340688	325687	334386	379379	.	.	.
Gross external debt in % of GDP	30.6	34.3	34.1	36.1	37.1	34.0	.	.	.
Average exchange rate RUB/EUR	34.11	35.01	36.43	44.14	44.13	39.99	39	40	41
Purchasing power parity RUB/EUR, wiiw ⁶⁾	16.93	18.73	22.12	23.01	.	.	.	.	.

1) Preliminary. - 2) Resident population. - 3) Domestic output prices. - 4) wiiw estimate. - 5) Converted from USD with the average exchange rate. - 6) wiiw estimates based on the 2005 International Comparison Project benchmark.

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

Serbia: inflationary pressures

BY VLADIMIR GLIGOROV

Unlike other countries, Serbia is experiencing a significant acceleration of inflation. Price increases go together with declining employment; the loss of jobs has been among the largest anywhere: about 7% in 2009 and another 8% in 2010. What is the explanation?

The economy is recovering slowly, with GDP expected to expand by 1.5% this year and another 2.5% or perhaps slightly more next year. This rather sluggish recovery is driven by net exports, which are also supporting growth of industrial production, by around 4% this year. The export expansion has been helped by the declining exchange rate; the dinar has depreciated persistently since the beginning of the crisis. Indeed, the depreciation so far has been one of the steepest among comparable economies.

The policy framework has been accommodative, with relatively high fiscal deficits, around 5% of GDP, and declining policy rates, until recently. These policies have been supported by a stand-by agreement with the IMF. The major element of that programme has been the freeze on public sector wages, which has lasted for close to two years now. In addition, pensions have been capped too and social support schemes have been rather less than generous. Until the beginning of the second half of this year, that policy delivered a declining inflation rate while the decrease of GDP was moderate, around 3% in 2009, as has been the recovery in 2010.

Things have changed, however. The government is feeling the social pressure and has suggested that it will discontinue the wage and pensions freeze from 1 January 2011. This has contributed to some infla-

tionary pressure now. In addition, the depreciating currency has started to feed into the prices. Finally, somewhat worse than expected agricultural production and the fast growth of exports of agricultural products has led to strong increases in food prices. The central bank has started to tighten monetary policy with step-wise increases of the policy rates, but those actions have had little if any effects so far.

Probably the major pressure on prices has been coming from worsening balance sheets of households and enterprises. Social pressure for wage increases is mounting because of growing unemployment and poverty and the related squeeze on incomes of households. More important is the attempt of the enterprises to break out of illiquidity by raising prices. This is also true for utilities and public services. Bad loans are growing and illiquidity is mounting throughout the economy. The major source of nonperforming loans is the construction sector, but also services and trade. This basically deflationary pressure is being countered with price increases. The expectation is that faster inflation will be validated by looser fiscal and monetary policies once the programme with the IMF is over, which is after the first quarter of next year.

This is not an unprecedented development. In fact, this is rather characteristic of the Serbian economy. Traditionally, the next step is some kind of fixed exchange rate with some financial infusion from proceeds of privatization. The government has decided to sell the major stake in the Telecom and to use the money to support the fledgling economy. This should also coincide with the upcoming parliamentary election in the first half of 2012. By that time, Serbia should be accepted as a candidate country for membership in the EU and the transfers from the EU budget should increase significantly. That should eventually stabilize the economy. But getting from here to there may prove to be a rather rocky road.

Table RS

Serbia: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010 January-June	2010	2011 Forecast	2012
Population, th pers., average	7411.6	7381.6	7350.2	7320.8	.	.	7300	7280	7250
Gross domestic product, RSD bn, nom.	1962.1	2302.2	2722.5	2953.5	.	.	3200	3500	3800
annual change in % (real)	5.2	6.9	5.5	-3.0	-4.4	1.2	1.5	2.5	3
GDP/capita (EUR at exchange rate)	3100	3900	4600	4300	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	7700	8300	9000	8700	.	.	.	.	.
Consumption of households, RSD mn, nom.	1492.7	1714.0	2023.6	.	.	.	.	.	.
annual change in % (real) ²⁾	5.4	6	6	-2	.	.	0	2	2
Gross fixed capital form., RSD mn, nom.	412.8	552.3	632.4	.	.	.	.	.	.
annual change in % (real) ²⁾	15.2	12	8	-5	.	.	0	3	4
Gross industrial production									
annual change in % (real)	4.7	3.7	1.1	1.1	-16.2	4.6	4	5	5
Gross agricultural production									
annual change in % (real)	-2.6	-8.0	9.0	5.0	.	.	.	.	.
Construction output total ³⁾									
annual change in % (real)	7.7	10.8	4.6	-14.3	.	.	.	.	.
Employed persons - LFS, th, Oct ⁴⁾	2630.7	2655.7	2821.7	2616.4	2612.7	2412.1	2410	2410	2410
annual change in %	-3.8	1.0	.	-7.3	-6.9	-8.7	-8	0	0
Unemployed persons - LFS, th, Oct ⁴⁾	693.0	585.5	445.4	503.0	488.6	573.3	.	.	.
Unemployment rate - LFS, in %, Oct ⁴⁾	20.9	18.1	13.6	16.1	15.6	19.2	22	22	22
Reg. unemployment rate, in %, end of period	28.0	25.4	24.0	24.8	25.4	25.5	.	.	.
Average gross monthly wages, RSD ⁵⁾	31745	38744	45674	44147	43089	45907	.	.	.
annual change in % (real, net) ⁵⁾	11.4	19.5	3.9	0.2	2.2	2.6	.	.	.
Consumer prices, % p.a.	11.7	7.0	13.5	8.6	8.8	4.2	8	6	5
Producer prices in industry, % p.a. ⁶⁾	13.3	5.9	12.4	5.6	5.5	11.8	.	.	.
General governm.budget, nat.def., % GDP									
Revenues	44.2	43.5	42.0	38.8	.	.	.	.	.
Expenditures	45.8	45.5	44.6	42.9	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	-1.6	-1.9	-2.6	-4.1	.	.	-5	-3	-3
Public debt, nat.def., in % of GDP	37.3	29.8	27.9	32.6	.	.	35	36	36
Discount rate of NB, % p.a., end of period	8.5	8.5	8.5	8.1	8.5	8.0	10	9	7
Current account, EUR mn	-2356.0	-4614.4	-6089.7	-1743.4	-1223.8	-1357.1	-1800	-2500	-3300
Current account in % of GDP	-10.1	-16.0	-18.2	-5.5	.	.	-6	-8	-10
Exports of goods, BOP, EUR mn	5109.0	6382.0	7415.0	5978.0	2828.8	3342.1	6900	7600	8400
annual growth rate in %	27.4	24.9	16.2	-19.4	-22.4	18.1	16	10	10
Imports of goods, BOP, EUR mn	10090.0	13020.0	14964.0	10760.0	5434.6	5693.9	11300	12400	13600
annual growth rate in %	21.8	29.0	14.9	-28.1	-24.2	4.8	5	10	10
Exports of services, BOP, EUR mn	1839.0	2304.0	2741.4	2500.1	1166.8	1717	2500	2800	3100
annual growth rate in %	39.3	25.3	19.0	-8.8	-12.0	0.4	0	10	10
Imports of services, BOP, EUR mn	1880.0	2557.7	2913.9	2477.3	-1185.3	-1184.6	2500	2800	3100
annual growth rate in %	41.9	36.0	13.9	-15.0	-13.0	-0.1	0	10	10
FDI inflow, EUR mn	3392.4	2512.6	2017.5	1410.1	892.5	521.6	1000	1500	1500
FDI outflow, EUR mn	70	692	193	38	1.5	102.1	100	200	200
Gross reserves of NB, excl. gold, EUR mn	8857.9	9440.7	7938.5	10277.7	8634.0	10063.0	.	.	.
Gross external debt, EUR mn	14884.4	17789.4	21800.5	22787.0	21749.0	23828.0	.	.	.
Gross external debt in % of GDP	59.9	61.2	70.9	74.0	.	.	.	.	.
Average exchange rate RSD/EUR	84.19	79.98	81.47	93.92	94.0	100.0	104	110	115
Purchasing power parity RSD/EUR ⁷⁾	34.41	37.66	41.05	46.61	.	.	.	.	.

1) Preliminary and wiiw estimates. - 2) wiiw estimate. - 3) Gross value added. - 4) From 2004 according to census 2002 and revisions based on ILO and Eurostat methodolog; from 2008 extended survey as of April and October. - 5) From 2009 including wages of employees working for entrepreneurs. - 6) Domestic output prices. - 7) Benchmark results 2005 from Eurostat and wiiw estimates.

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

Turkey: swift return to pre-crisis levels

BY JOSEF PÖSCHL

The drop in GDP was dramatic in the first quarter of 2009, 14.5% year on year. What has followed was a sharp trend reversal. In the first half of 2010, growth rates of 11.7% (first quarter) and 10.3% (second quarter) brought real GDP back to the level it had reached before the crisis. Business and consumer confidence had returned to normal already by mid-2009.

Contrary to most CEE countries, domestic demand has been a driving force of the current GDP growth: The government increased expenditures in spite of revenues falling short of what was projected in the budget. Its policy consisted in speeding up rather than slowing down investment projects. Prior to the crisis, the government had managed to reduce the debt-to-GDP ratio, so there was ample space for that stimulus strategy. Growth of private consumption resumed. With some delay, but with increasing determination thereafter, private gross fixed investment joined forces.

The central bank did not hinder the Turkish lira from devaluing in late 2008/early 2009. The bank continued its policy of cautious interest rate reduction and stabilization later on. Low inflationary pressure – e.g. thanks to falling world market prices for energy, metals and agricultural products – was supportive in this respect. As it seems now, inflation will keep fluctuating in a range between 10% and 5% for quite some time – which is nothing exceptional for a fast growing emerging market economy. The lira devaluation made it easier to overcome the most difficult phase of the international crisis and Turkish producers of tradable goods and services became more competitive on both domestic and foreign markets. Imports shrank more dramatically than exports, and for some time the trade deficit, the economy's eternal Achilles' heel, disappeared (in February 2009, the trade balance was even slightly positive). In the course of

rapid economic recovery, the trade deficit rose again, and in August 2010 export revenues covered merely 61% of the import expenditures.

The re-emergence of a high trade deficit, and especially its tendency to increase, are scaring. The way in which the different current account entries contribute to the coverage of this deficit differs considerably when we compare the pre-crisis years 2007 and 2008 with 2010 (or, more precisely, the first eight months for each of these years). This becomes visible from Table 1.

In the first eight months of 2010, the contribution of services and current transfers was smaller than in the corresponding months in 2007 and 2008. Direct investments had covered almost half of the trade deficit in January to August 2007, but accounted for only 13% in January to August 2010. In this latter period, portfolio investment covered 43% of the trade deficit. Other investment (credits) reached an even larger share, 59%, in sharp contrast to its negative balance in January to August 2009. These two categories of capital inflow were strong enough to cause an increase in currency reserves.¹

The currency devaluation in late 2008 and early 2009 was followed by a gradual real re-appreciation of the Turkish currency. The competitiveness gains due to the lira devaluation were eroding. Whereas two-digit inflation and annualized interest rates of the central bank had been the rule in past decades, this has no longer been the case in recent years. In the light of the country's exceptionally good macroeconomic performance, interest rates are nevertheless still high enough to attract financial investors. A continuation of the appreciation pressure is likely, so that the competitive position of Turkish producers may come under threat. This could lead to another round of what Turkey

¹ The exceptionally low trade deficit of the period January-August 2009 is the main responsible for this period's very special coverage pattern. For example, net FDI inflow was low in absolute terms, but high compared to the trade deficit. Similarly, the net outflow of income was massive compared to the low trade deficit without having changed dramatically in absolute terms.

Table 1

Pre- and post-crisis contributions to the coverage of the trade deficit

contributions in % of the trade deficit

	Jan-Aug 2007	Jan-Aug 2008	Jan-Aug 2009	Jan-Aug 2010
Balance of services	30	26	70	26
Balance of income	-15	-14	-38	-15
Balance of current transfers	5	3	8	2
Balance of direct investment	46	26	36	13
Balance of portfolio investment	14	3	11	43
Balance of other investment	42	66	-31	59
Errors and omissions	11	-4	39	4
Reserves*	-32	-6	4	-31
<i>Trade balance in EUR billion</i>	-22.3	-27.2	-10.9	-24.3

* A minus sign indicates a reserve expansion.

Source: Turkish Central Bank.

was well known for in past decades – the erosion of growth sustainability, sudden crisis, and renewed growth after devaluation. There is no self-correction mechanism such as gradual devaluation preventing current account deficits from becoming unsustainable. GDP growth rates of over 10% could serve as a good argument for an increase in policy interest rates with the aim of cooling down the economy. On the other hand, such an increase could lead to even more capital inflows and in this way boost appreciation pressures. During and after the crisis, the central bank either lowered policy rates or kept them constant, and this was a good policy. Should a wave of price increases on energy, metal and grain markets unleash inflationary pressure and trigger an increase in the trade deficit in the next few months or years, advocacy for more monetary austerity would gain ground.

Compared to the first half of 2010, GDP growth will be considerably lower in the second half, and in 2011 and 2012 as well. The reference period of the first half of 2010 was characterized by an exceptionally poor performance. This base effect will be much weaker in the second half of the year and absent thereafter. In 2011 and 2012 GDP growth may fall below 5%, depending on the international business climate. In 2011, Turkey will elect a new parliament, which in all likelihood will again be characterized by a majority of Premier Erdogan's party. At least up to the polls, the government will hardly change its fiscal policy. Under the impact of strong growth, revenues are higher than anticipated, and there is not much need for belt-tightening anyway.

Table TR

Turkey: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011 Forecast	2012
Population, th pers., average ²⁾	69421	70256	71079	71897	.	.	72700	73500	74300
Gross domestic product, TRY bn, nom.	758.4	843.2	950.5	952.6	437.9	510.8	1110	1250	1390
annual change in % (real)	6.9	4.7	0.4	-4.5	-11.1	11.0	7.5	4.5	4.0
GDP/capita (EUR at exchange rate)	6000	6700	7000	6100	.	.	7800	9000	9400
GDP/capita (EUR at PPP - wiiw)	10500	11100	11400	10900	.	.	.	.	.
Consumption of households, TRY bn, nom.	534.8	601.2	663.9	681.5	322.5	377.2	.	.	.
annual change in % (real)	4.6	5.5	-0.3	-2.2	-5.9	7.3	5.9	3.0	3.0
Gross fixed capital form., TRY bn, nom.	169.0	180.6	189.1	160.7	79.8	94.9	.	.	.
annual change in % (real)	13.3	3.1	-6.2	-19.1	-25.9	22.2	23.0	13	10
Gross industrial production									
annual change in % (real)	7.3	7.0	-0.6	-9.7	-18.7	15.5	15	10	7
Gross agricultural production									
annual change in % (real)	1.3	-7.3	.	.	.	.	.	.	.
Construction industry									
annual change in % (real)	18.4	5.5	-7.6	-16.3	-19.8	14.2	.	.	.
Employed persons - LFS, th, avg. ³⁾	22330	20738	21194	21277	21048	22615	22800	23200	23600
annual change in %	1.3	1.5	2.2	0.4	.	7.4	7	2	2
Unemployed persons - LFS, th, average ³⁾	2446	2376	2611	3471	3523	3095	.	.	.
Unemployment rate - LFS, in %, average	9.9	10.3	11.0	14.0	14.3	12.0	12	12	12
Reg. unemployment rate, in %, average	.	.	.	.	.	.	.	.	.
Average gross monthly wages, manuf.ind., TRY ⁴⁾	1301	1437	1590	.	.	.	.	.	.
annual change in % (real) ⁴⁾	2.1	1.6	0	.	.	.	.	.	.
Consumer prices, % p.a.	9.3	8.8	10.4	6.3	7.0	9.3	8.5	7.5	7.0
Producer prices in industry, % p.a.	9.7	6.0	13.0	1.0	2.8	5.6	6.5	6.5	6.0
General governm. budget, EU-def., % GDP ⁵⁾									
Revenues	.	19.6	21.6	22.5	.	.	23	22.5	22.5
Expenditures	.	20.6	23.9	28.0	.	.	28	27	26
Deficit (-) / surplus (+)	1.2	-1.0	-2.3	-5.5	.	.	-5.0	-4.5	-3.5
Public debt, EU-def., in % of GDP ⁵⁾	46.1	39.4	39.4	45.5	.	.	48	50	51
Discount rate of NB % p.a., end of period ⁶⁾	22.5	20.0	17.5	9.0	11.3	9.0	.	.	.
Current account, EUR mn	-25640	-27954	-28520	-9944	-5542	-15651	-29000	-32000	-34000
Current account in % of GDP	-6.1	-5.9	-5.7	-2.3	-2.7	-6.2	-5.1	-4.9	-4.9
Exports of goods, BOP, EUR mn	74556	84174	95730	78716	38582	44032	91000	102000	112000
annual change in %	18.4	12.9	13.7	-17.8	-18.9	14.1	15	12	10
Imports of goods, BOP, EUR mn	107255	118319	131779	96464	44646	59720	124000	139000	153000
annual change in %	19.7	10.3	11.4	-26.8	-33	33.8	29	12	10
Exports of services, BOP, EUR mn	20348	21109	23677	23507	8731	9264	22000	24000	26000
annual growth rate in %	-5.4	3.7	12.2	-0.7	-0.3	6.1	-5	10	10
Imports of services, BOP, EUR mn	9507	11372	12036	11866	5677	6758	14000	15000	16000
annual growth rate in %	2.9	19.6	5.8	-1.4	-1.9	19.0	15	6	6
FDI inflow, EUR mn	16076	16087	12421	5453	3205	2461	3000	5000	5000
FDI outflow, EUR mn	736	1537	1733	1128	607	714	3000	3000	3000
Gross reserves of CB, excl. gold, EUR mn	46251	49804	51022	49088	46598	57870	60000	65000	65000
Gross external debt, EUR mn	157626	169436	199973	188213	188753	197793	205000	210000	220000
Gross external debt in % of GDP	38.7	34.5	45.2	42.6	42.7	34.7	.	.	.
Average exchange rate TRY/EUR	1.8090	1.7865	1.9064	2.1631	2.1509	2.022	1.95	1.9	2.0
Purchasing power parity TRY/EUR	1.0401	1.0804	1.1714	1.21981	.	.	.	.	.

Note: Gross industrial production and construction output refer to NACE Rev. 2.

1) Preliminary. - 2) TSI projections. - 3) From 2007 according to new census. - 4) Including overtime payment. - 5) According to ESA'95 excessive deficit procedure. - 6) Overnight lending rate.

Source: National statistics (Central Bank, Turkish Statistical Institution - TSI, etc). Forecasts by wiiw.

Ukraine: the return of high inflation

BY VASILY ASTROV

The current robust recovery of Ukraine's economy follows a sharp drop in GDP last year. In the first and second quarters of 2010, GDP was up by 4.9% and 5.9% respectively, year on year. Economic growth can also be observed on a quarterly basis: in the second quarter of 2010, GDP was up by 3.8% (in seasonally adjusted terms) compared to the first quarter. Growth was increasingly domestically driven: net exports as the main driver of growth in the first quarter of 2010 were replaced in the second quarter by private consumption (+5.1% year on year) and the restocking of inventories; at the same time fixed capital investments declined even stronger.

The 5.1% increase in retail sales in the first nine months of 2010 is additional evidence of the surging consumer demand, driven by gradually receding unemployment and markedly growing real wages (+10.8% in September 2010, year on year). The pick-up in private consumption has also translated into higher import demand. Still, in the first nine months of 2010, exports and imports of goods and services grew at roughly the same pace (by some 27% in US dollar terms), and the current account recorded only a marginal deficit. Last but not least, the broad money balances have finally started to grow (even in real terms), pointing to a gradual recovery of credit activity, particularly in the corporate segment.

On the political scene, there have been signs of stabilization as well. Viktor Yanukovich, who managed to achieve a narrow victory over Yulia Tymoshenko in the February 2010 presidential elections, has since been very efficient in consolidating his power grip. The most visible manifestation of this has been the recent reversal by the country's Constitutional Court of the constitutional reforms which had been enacted at the onset of the 'orange' revolution and had weakened presidential powers vis-à-vis the parliament. The marked ex-

pansion of presidential powers potentially opens the door to more authoritarianism; however, it also implies that the structural reforms have a higher chance of being implemented than under the previous 'orange' authorities.¹

Some of these reform plans broadly reflect the 'pro-big-business' stance of Mr. Yanukovich's Party of Regions in economic policy terms. Thus, in line with the new Draft Tax Code adopted by the parliament in the first reading, the overall profit tax is to be cut from 25% to 19%, and a number of industries are entitled to extended profit tax holidays. At the same time, the simplified taxation of small businesses is to be abolished. VAT is to be lowered, while the long-standing problem of VAT refunds to exporters is to be solved by implementing an 'automatic' refund procedure (meanwhile, the government has converted the USD 2 billion of existing VAT arrears into interest-bearing bonds). Also, the current 15% flat personal income tax is to be replaced by a slightly progressive 15-17% scheme. Finally, privatization will almost certainly receive the long-awaited boost, with a 92.8% stake at Ukrtelecom planned for sale before the end of 2010.

Other reforms on the government's agenda directly result from the conditionalities attached to the newly agreed 2.5-year USD 15.2 billion IMF package (of which USD 1.9 billion have already been transferred).² These include fiscal austerity measures, most notably raising the domestic – so far heavily subsidized – energy tariffs. The idea behind is to limit the deficit of the consolidated government (including transfers to the state-owned energy company Naftohaz) to 5.5% of GDP in 2010 and 3.5% in 2011 – though the actual deficits might turn out to be higher given the lower than expected

¹ For details see V. Astrov et al. (2010), 'Ukraine, the European Union and the International Community: Current Challenges and the Agenda for Overcoming the Stalemate', *wiiw Research Reports*, Nr. 364, July.

² Given the strongly positive balance-of-payments and the manageable fiscal situation, the need for an IMF package is far from obvious in the current circumstances. However, it provides an important anchor – especially given the lacking 'carrot' of EU membership – for the badly needed structural reforms, such as those in the energy sector (see below).

budget revenues. So far, the government has had little problems borrowing in either domestic or foreign capital markets; in addition, USD 2 billion out of the arriving IMF funds under the new programme are to be used for budget deficit financing in 2010.

In the first half of 2010, Ukraine's economy was undergoing a rapid disinflation. The initial 'cost-push' impact of exchange rate depreciations in autumn 2008 and autumn 2009 had by that time died away; at the same time, the economy had sufficient idle production capacities which could be used to satisfy the slowly recovering consumer demand. As a result, between April and July 2010, consumer prices were continuously falling, and in annual terms, consumer inflation dropped to a mere 6.8% by July (from 12.3% at the end of last year). However, more recently, the inflationary pressures have intensified markedly due to the 50% hike in gas tariffs for households and heating companies as of 1 August, and particularly the soaring food prices which account for over half of the statistical consumer basket. The food price inflation is partly a consequence of the summer drought, but more generally also reflects the current (largely speculation-driven) global agricultural commodities price boom – not unlike in the first half of 2008. In September 2010 alone, consumer prices in Ukraine jumped by 2.9% against August. Although until the end of the year inflation should be suppressed somewhat by the introduced grain export quotas, for the year as a whole it is likely to be in the double-digit range (once again).

The surge in inflation – and in the related inflationary expectations – boosted household demand for foreign cash in September-October 2010, putting the exchange rate under pressure. A more lasting – and potentially more problematic – consequence of the recent pick-up in inflation might be however the opposite, i.e. excessive currency appreciation

driven by speculative capital inflows on account of higher domestic interest rates. (The National Bank has already announced hikes for some of its policy rates in response to rising inflation.)

The surprisingly strong economic performance in the first half of 2010 made us revise our GDP growth forecast for the year as a whole upwards, to at least +4.5%. However, the high pace of economic growth observed in the first half of 2010 is unlikely to be sustained until the end of the year. The world steel prices have subsided recently, while the acceleration of inflation is eroding the purchasing power of households and is likely to dampen consumer demand. The food price pressures and another hike in household gas tariffs scheduled for April 2011 in compliance with the IMF programme are likely to keep inflation at a high level also next year. Still, economic growth of 4-5% looks feasible at least in the medium run, not least on account of the greater political stability which should benefit investments, including FDI. The current account deficit is expected to stay low and grow only slowly, which should – along with solid capital inflows – make possible a gradual nominal currency appreciation, given the recent formal shift to a flexible exchange rate regime.

The marked improvement of Ukraine's relations with Russia under President Yanukovich has been an encouraging development, which has also reduced the probability of future 'gas wars' between the two countries. At the same time, it is unlikely that the most radical Russian advances – such as merging Ukraine's energy monopolist Naftohaz with Russia's Gazprom (which would secure Russian control over its main gas export route to Europe and make circumventing pipeline projects such as South Stream almost certainly redundant) – will materialize, although a joint venture between the two enterprises could possibly be set up.

Table UA

Ukraine: Selected Economic Indicators

	2006	2007	2008	2009 ¹⁾	2009 January-June	2010	2010	2011	2012
							Forecast		
Population, th pers., average	46788	46509	46258	46053	46086	45911	45800	45600	45400
Gross domestic product, UAH mn, nom.	544153	720731	948056	914720	401727	480490	1056300	1236300	1427900
annual change in % (real)	7.3	7.9	2.3	-15.1	-19.0	5.4	4.5	4.5	5
GDP/capita (EUR at exchange rate)	1800	2200	2700	1800	.	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	5200	5800	6000	5100	.	.	.	.	.
Consumption of households, UAH mn, nom.	319383	423174	582482	590196	270274	307062	.	.	.
annual change in % (real)	15.9	17.2	11.8	-14.2	-14.7	2.8	3.5	3	4.5
Gross fixed capital form., UAH mn, nom.	133874	198348	250158	164522	69698	73033	.	.	.
annual change in % (real)	21.2	23.9	1.9	-46.2	-52.6	-4.0	4	7	8
Gross industrial production									
annual change in % (real)	6.2	7.6	-5.2	-21.9	-31.1	12.0	9.5	7	6.5
Gross agricultural production									
annual change in % (real)	2.5	-6.5	17.1	-1.8	2.6	3.4	.	.	.
Construction industry									
annual change in % (real)	9.9	15.6	-15.8	-48.2	-54.9	-19.3	.	.	.
Employed persons - LFS, th, average	20730.4	20904.7	20972.3	20191.5	20176.8	20213.6	20200	20250	20300
annual change in %	0.2	0.8	0.3	-3.7	-4.2	0.2	0.0	0.2	0.2
Unemployed persons - LFS, th, average	1515.0	1417.6	1425.1	1958.8	2010.4	1869.1	.	.	.
Unemployment rate - LFS, in %, average	6.8	6.4	6.4	8.8	9.1	8.5	8.5	8.2	7.8
Reg. unemployment rate, in %, end of period	2.7	2.3	3.0	1.9	2.4	1.4	.	.	.
Average gross monthly wages, UAH ²⁾	1041.4	1351.0	1806.0	1906.0	1813.7	2110.2	.	.	.
annual change in % (real, gross)	18.4	15.0	6.8	-8.9	-9.7	6.0	.	.	.
Consumer prices, % p.a.	9.1	12.8	25.2	15.9	17.6	9.8	10.5	12	10
Producer prices in industry, % p.a. ³⁾	9.6	19.5	35.5	6.5	9.3	21.1	.	.	.
General governm.budget, nat.def., % GDP									
Revenues	31.6	30.5	31.4	29.8	32.6	30.2	.	.	.
Expenditures	32.3	31.6	32.8	33.9	35.9	35.4	.	.	.
Deficit (-) / surplus (+)	-0.7	-1.1	-1.5	-4.1 ⁴⁾	-3.3	-5.2	-6	-4	-3
Public debt, nat.def., in % of GDP	14.8	12.3	20.0	33.0	23.9	32.5	39	39	37
Discount rate of NB, % p.a., end of period	8.5	8.0	12.0	10.3	11.0	9.5	.	.	.
Current account, EUR mn ⁵⁾	-1289	-3849	-8721	-1242	-604	168	-400	-400	-1200
Current account in % of GDP	-1.5	-3.7	-7.1	-1.5	-1.5	0.4	-0.4	-0.3	-0.8
Exports of goods, BOP, EUR mn ⁵⁾	31048	36383	46274	28958	13211	17577	37000	40700	44800
annual growth rate in %	10.5	17.2	27.2	-37.4	-39.9	33.0	28	10	10
Imports of goods, BOP, EUR mn ⁵⁾	35188	44100	57270	32046	14339	19040	40000	44000	48400
annual growth rate in %	21.3	25.3	29.9	-44.0	-48.4	32.8	25	10	10
Exports of services, BOP, EUR mn ⁵⁾	9000	10337	12228	9936	4601	5428	10900	12000	13200
annual growth rate in %	19.9	14.9	18.3	-18.8	-15.4	18.0	10	10	10
Imports of services, BOP, EUR mn ⁵⁾	7305	8571	11039	8248	4190	4112	8200	9000	9900
annual growth rate in %	20.7	17.3	28.8	-25.3	-19.2	-1.9	0	10	10
FDI inflow, EUR mn ⁵⁾	4467	7220	7457	3453	1658	2100	4000	.	.
FDI outflow, EUR mn ⁵⁾	-106	491	690	116	37	495	.	.	.
Gross reserves of NB excl. gold, EUR mn	16587	21634	21847	17824	18822	23316	.	.	.
Gross external debt, EUR mn	41391	54421	72109	72062	71481	85710	.	.	.
Gross external debt in % of GDP	50.6	56.0	82.6	90.2	84.9	85.9	.	.	.
Average exchange rate UAH/EUR	6.335	6.918	7.708	10.868	10.238	10.584	10.5	10.5	10
Purchasing power parity UAH/EUR, wiiw ⁶⁾	2.227	2.656	3.405	3.929	.	.	.	.	.

1) Preliminary. - 2) Excluding small enterprises. - 3) Domestic output prices. - 4) The official figure underestimates the size of the budget deficit, a more realistic assessment is 8.5 - 9% of GDP. - 5) Converted from USD with the average exchange rate. - 6) wiiw estimates based on the 2005 International Comparison Project benchmark.

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

STATISTICAL ANNEX

Selected monthly data on the economic situation in Southeast Europe, Russia and Ukraine

PLEASE NOTE: As of March 2010, time series for the new EU member states previously taken from national sources have been replaced by Eurostat data and methodology (mostly from 2000 onwards). A detailed description of the changes is available online at <http://mdb.wiiw.ac.at>.

This change enables you to compare the wiiw monthly data with Eurostat data on other EU countries.

Conventional signs and abbreviations

used in the following section on monthly statistical data

.	data not available		
%	per cent		
PP	change in % against previous period		
CPPY	change in % against corresponding period of previous year		
CCPPY	change in % against cumulated corresponding period of previous year (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		
LFS	Labour Force Survey		
CPI	consumer price index		
HICP	harmonized index of consumer prices (for new EU member states)		
PPI	producer price index		
p.a.	per annum		
mn	million (10 ⁶)		
bn	billion (10 ⁹)		
avg	average		
eop	end of period		
ALL	Albanian lek	MKD	Macedonian denar
BAM	Bosnian convertible mark	PLN	Polish zloty
BGN	Bulgarian lev	RON	Romanian leu
CZK	Czech koruna	RSD	Serbian dinar
HRK	Croatian kuna	RUB	Russian rouble
HUF	Hungarian forint	UAH	Ukrainian hryvnia
EUR	euro (also the national currency for Montenegro, Slovakia and Slovenia)		
USD	US dollar		
M1	currency outside banks + demand deposits / narrow money (ECB definition)		
M2	M1 + quasi-money / intermediate money (ECB definition)		
M3	broad money		

Sources of statistical data: Eurostat, national statistical offices and central banks; wiiw estimates.

wiiw Members have **free online access** to the wiiw Monthly Database.

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

A L B A N I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
LABOUR																
Employment total, registered	th. pers., quart. avg	.	.	971.5	.	.	899.3	.	.	900.7	.	.	904.9	.	.	.
Employment total, registered	CPPY	.	.	0.2	.	.	-7.7	.	.	-7.4	.	.	-7.0	.	.	.
Unemployment, registered	th. pers., quart. avg	.	.	142.1	.	.	143.3	.	.	144.6	.	.	144.6	.	.	.
Unemployment rate, registered	%	.	.	12.8	.	.	13.8	.	.	13.8	.	.	13.8	.	.	.
PRICES																
Consumer	PP	-0.7	0.7	0.8	0.6	0.4	1.6	0.9	1.1	0.1	-0.4	-1.2	-0.7	-0.5	0.8	0.7
Consumer	CPPY	2.2	2.2	1.9	2.5	3.0	3.7	4.3	4.7	4.0	3.7	3.3	3.2	3.4	3.5	3.5
Consumer	CCPPY	2.0	2.0	2.0	2.1	2.2	2.3	4.3	4.5	4.3	4.2	4.0	3.9	3.8	3.7	3.7
Producer, in industry	PP	0.8	-0.2	0.2	0.6	-0.2	0.3	2.1	0.3	1.0	-0.3	-0.4	0.3	.	.	.
Producer, in industry	CPPY	-2.0	-1.9	-2.3	-0.8	-1.0	-0.7	-0.6	-0.4	0.4	0.3	0.0	0.4	.	.	.
Producer, in industry	CCPPY	-1.9	-1.9	-1.9	-1.8	-1.7	-1.7	-0.6	-0.5	-0.2	-0.1	0.0	0.0	.	.	.
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	441	495	567	637	706	778	69	151	255	346	475	596	695	766	.
Imports total (cif), cumulated	EUR mn	1834	2092	2395	2669	2943	3258	218	448	723	999	1302	1601	1928	2224	.
Trade balance, cumulated	EUR mn	-1393	-1596	-1829	-2032	-2237	-2479	-149	-298	-467	-653	-827	-1005	-1233	-1458	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-748	-881	-1021	-1122	-1229	-1346	-66	-159	-247	-317	-375	-460	.	.	.
EXCHANGE RATE																
ALL/EUR, monthly average	nominal	129.66	131.01	133.94	136.90	137.70	137.17	138.28	138.80	139.20	138.36	136.72	136.65	136.11	136.24	137.05
ALL/USD, monthly average	nominal	92.08	91.89	92.05	92.42	92.34	93.98	96.84	101.34	102.51	103.02	108.73	111.89	106.63	105.59	104.81
EUR/ALL, calculated with CPI ¹⁾	real, Jan07=100	94.4	93.7	92.4	90.8	90.5	92.0	92.5	92.9	92.0	91.7	91.6	90.9	91.0	91.5	91.4
EUR/ALL, calculated with PPI ¹⁾	real, Jan07=100	99.0	97.4	95.7	93.8	92.9	93.4	93.8	93.5	93.5	93.1	93.4	93.4	.	.	.
USD/ALL, calculated with CPI ¹⁾	real, Jan07=100	102.2	102.9	103.4	103.5	103.9	104.0	101.5	98.0	96.6	95.5	89.3	86.3	90.1	91.6	92.8
USD/ALL, calculated with PPI ¹⁾	real, Jan07=100	105.9	104.4	104.9	104.4	103.0	101.1	98.1	94.6	93.2	91.9	86.5	84.9	.	.	.
DOMESTIC FINANCE																
Currency outside banks	ALL bn, eop	209.7	207.9	202.4	200.6	200.8	209.0	199.1	197.4	195.2	193.1	193.5	193.9	197.2	197.0	.
M1	ALL bn, eop	288.8	287.5	277.6	272.2	272.8	284.5	269.4	266.6	268.5	263.4	265.6	268.9	274.4	276.4	.
M2	ALL bn, eop	821.5	845.0	843.5	852.1	858.5	871.5	880.1	882.4	887.9	886.3	897.8	902.3	913.6	940.0	.
M2	CPPY, eop	4.4	4.5	2.8	5.6	7.3	6.8	7.8	8.8	10.2	9.3	10.0	10.1	11.2	11.2	.
NB base rate (p.a.)	%, eop	5.8	5.8	5.8	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.0	5.0	5.0
NB base rate (p.a.) ²⁾	real, %, eop	7.9	7.8	8.3	6.1	6.3	6.0	5.9	5.7	4.8	4.9	5.2	4.8	.	.	.
BUDGET																
General gov. budget balance, cum.	ALL bn	-40043	-47609	-48676	-49616	-64454	-80100	2302	.	-4186	-5267	-11575	-21026	-24992	-23179	.

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

2) Deflated with annual PPI.

B O S N I A and H E R Z E G O V I N A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total ¹⁾	real, CPPY	-0.8	-2.3	0.0	-1.6	-10.5	-4.5	-0.5	-0.5	4.3	2.7	5.2	-4.3	-4.7	7.1	-1.2
Industry, total ¹⁾	real, CCPY	-0.7	-1.0	-3.9	-3.6	-4.3	-3.3	-0.5	-0.4	1.3	1.7	2.6	1.3	0.2	1.1	0.8
Industry, total ¹⁾	real, 3MMA	-1.2	-1.0	-1.3	-4.0	-5.5	-5.2	-1.8	1.1	2.2	4.1	1.2	-1.3	-0.6	0.4	
LABOUR																
Employees total, registered ²⁾	th. persons, avg	697.0	695.2	694.1	694.0	694.1	694.4	692.4	691.8	681.3	681.9	682.3	682.1	682.0	680.8	.
Employees total, registered ²⁾	CPPY, avg	98.4	98.2	97.9	97.8	97.8	98.3	98.3	98.2	97.5	97.7	97.8	97.7	97.8	97.9	.
Unemployment, registered ³⁾	th. persons, eop	497.0	500.7	502.2	504.0	506.5	510.5	516.2	519.3	519.2	516.0	512.3	511.8	516.0	517.6	.
Unemployment rate, registered ³⁾	%, eop	41.6	41.9	42.0	42.1	42.2	42.4	42.7	42.9	43.2	43.1	42.9	42.9	43.1	43.2	.
WAGES																
Total economy, gross	BAM	1207	1195	1197	1201	1204	1223	1203	1190	1215	1217	1211	1216	1216	1219	.
Total economy, gross	real, CPPY	8.1	7.2	5.8	5.5	5.5	3.4	-0.5	-2.9	-1.0	-1.7	-1.5	-1.7	-1.0	0.3	.
Total economy, gross	EUR	617	611	612	614	616	625	615	608	621	622	619	622	622	623	.
PRICES																
Consumer	PP	0.7	-0.2	0.1	0.7	0.1	0.1	1.4	0.1	0.2	-0.7	0.0	0.0	0.0	-0.2	0.3
Consumer	CPPY	-1.2	-1.5	-1.5	-1.4	-0.7	0.0	1.5	1.6	2.0	2.4	2.6	2.4	1.7	1.7	1.9
Consumer	CCPPY	0.1	-0.1	-0.3	-0.4	-0.4	-0.4	1.5	1.6	1.7	1.9	2.0	2.1	2.0	2.0	2.0
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	1562	1795	2059	2321	2577	2817	214	478	787	1090	1399	1728	2054	2352	2673
Imports total (cif), cumulated	EUR mn	3595	4088	4649	5223	5731	6301	368	851	1406	1984	2584	3184	3817	4414	5068
Trade balance, cumulated	EUR mn	-2033	-2293	-2589	-2902	-3155	-3484	-153	-373	-619	-893	-1185	-1457	-1763	-2062	-2395
Exports to EU-27 (fob), cumulated	EUR mn	852	968	1121	1265	1407	1527	132	279	443	606	782	961	1133	1283	.
Imports from EU-27 (cif), cumulated	EUR mn	1815	2045	2314	2607	2876	3134	167	394	661	932	1196	1475	1773	2027	.
Trade balance with EU-27, cumulated	EUR mn	-963	-1078	-1193	-1342	-1469	-1606	-35	-115	-218	-327	-414	-514	-640	-744	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-587	.	.	-840	.	.	-61	.	.	-258	.	.	.
EXCHANGE RATE																
BAM/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
BAM/USD, monthly average	nominal	1.389	1.370	1.345	1.321	1.314	1.337	1.370	1.431	1.441	1.457	1.548	1.602	1.534	1.517	1.503
EUR/BAM, calculated with CPI ⁴⁾	real, Jan07=100	103.0	102.5	102.6	103.1	103.0	102.8	104.7	104.5	103.9	102.7	102.5	102.5	102.7	102.3	102.4
USD/BAM, calculated with CPI ⁴⁾	real, Jan07=100	111.3	112.3	114.5	117.2	117.9	116.2	114.5	109.8	108.7	106.6	100.2	97.0	101.2	102.1	103.3
DOMESTIC FINANCE																
Currency outside banks	BAM mn, eop	2033	1997	1978	1968	1955	2010	2002	2006	1975	2005	1981	1990	2073	2065	.
M1	BAM mn, eop	5602	5702	5659	5605	5565	5888	5880	5852	5882	6013	6045	5862	6090	6179	.
M2	BAM mn, eop	12471	12624	12641	12657	12639	13003	12988	13037	13220	13381	13417	13422	13572	13819	.
M2	CPPY, eop	-4.3	-4.5	-5.5	-0.3	0.4	2.4	4.0	4.3	6.5	8.1	8.1	8.4	8.8	9.5	.

1) Federation of B&H and Republic Srpska weighted by wiiw.

2) Sum of employees in Federation of B&H, Republic Srpska and District Brcko, calculated by wiiw.

3) Sum of unemployed persons in Federation B&H, Republic Srpska and District Brcko, calculated by wiiw.

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

C R O A T I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-9.1	-8.3	-9.6	-8.5	-8.5	-5.7	-0.1	-1.3	-0.2	-5.5	-1.9	-2.4	-3.3	0.9	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-10.0	-9.8	-9.8	-9.7	-9.6	-9.3	-0.1	-0.7	-0.5	-1.9	-1.9	-2.0	-2.2	-1.8	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-10.5	-9.0	-8.8	-8.9	-7.7	-5.1	-2.6	-0.5	-2.4	-2.6	-3.3	-2.5	-1.7	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-6.3	-7.1	-9.4	-15.7	-9.7	-13.1	-18.4	-21.4	-16.3	-17.2	-16.1	-17.2	-19.2	.	.
Construction, NACE Rev. 2 ¹⁾	real, CCPY	-3.3	-3.7	-4.4	-5.6	-6.0	-6.5	-18.4	-20.0	-18.6	-18.2	-17.8	-17.7	-17.9	.	.
LABOUR																
Employment total, registered	th. persons, avg	1219.2	1214.6	1206.6	1199.1	1189.6	1178.8	1165.0	1154.8	1151.6	1153.8	1158.0	1163.0	1166.7	1165.1	.
Employees in industry, reg., NACE Rev. 2	th. persons, avg	257.3	255.9	253.9	252.8	251.2	248.7	244.6	243.9	243.0	242.6	242.3	242.3	242.6	242.7	.
Unemployment, registered	th. persons, eop	248.6	251.0	259.2	273.3	282.9	291.5	309.6	317.6	318.7	308.7	296.4	285.8	282.8	283.3	.
Unemployment rate, registered	%, eop	14.0	14.2	14.7	15.5	16.1	16.7	17.8	18.3	18.4	17.9	17.2	16.6	16.4	16.4	.
Productivity in industry, NACE Rev. 2 ¹⁾	CCPY	-1.5	-1.1	-0.9	-0.6	-0.3	0.1	9.5	8.6	8.7	7.0	6.9	6.6	6.3	6.5	.
WAGES																
Total economy, gross	HRK	7718	7627	7569	7643	7808	7783	7615	7457	7831	7606	7662	7763	7608	.	.
Total economy, gross	real, CPPY	0.6	0.3	-0.4	-1.0	-2.0	-2.9	-2.3	-2.5	-0.7	-1.8	-1.9	-1.2	-2.4	.	.
Total economy, gross	EUR	1055	1042	1035	1055	1072	1067	1044	1021	1079	1048	1056	1074	1055	.	.
Industry, gross, NACE Rev. 2	EUR	971	933	934	955	959	964	933	907	985	946	945	984	966	.	.
PRICES																
Consumer	PP	-0.7	-0.1	-0.2	0.1	0.4	-0.6	0.5	0.2	0.4	0.4	0.2	-0.1	-0.4	-0.2	0.3
Consumer	CPY	1.2	1.5	1.0	1.3	1.8	1.9	1.1	0.7	0.9	0.6	0.8	0.7	1.0	0.9	1.4
Consumer	CCPY	3.0	2.9	2.6	2.5	2.4	2.4	1.1	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.9
Producer, in industry, NACE Rev. 2 ²⁾	PP	0.5	0.8	-0.7	-0.2	0.2	0.0	1.3	-0.1	0.9	0.6	0.5	0.4	0.0	0.3	0.4
Producer, in industry, NACE Rev. 2 ²⁾	CPY	-2.9	-1.8	-2.4	-1.5	0.2	1.6	3.0	2.7	4.9	5.0	4.9	4.4	3.8	3.3	4.4
Producer, in industry, NACE Rev. 2 ²⁾	CCPY	-0.2	-0.4	-0.6	-0.7	-0.6	-0.4	3.0	2.9	3.5	3.9	4.1	4.2	4.1	4.0	4.0
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	4414	4925	5593	6239	6891	7529	617	1202	2000	2685	3529	4279	4996	5675	.
Imports total (cif), cumulated	EUR mn	8978	10053	11400	12739	14029	15225	957	2015	3338	4594	5880	7188	8521	9786	.
Trade balance, cumulated	EUR mn	-4565	-5128	-5807	-6500	-7139	-7695	-340	-813	-1338	-1909	-2351	-2909	-3525	-4112	.
Exports to EU-27 (fob), cumulated	EUR mn	2712	3021	3421	3810	4208	4551	312	656	1156	1593	2153	2619	3045	3455	.
Imports from EU-27 (cif), cumulated	EUR mn	5685	6343	7179	7957	8811	9547	503	1147	1963	2765	3562	4348	5161	5847	.
Trade balance with EU-27, cumulated	EUR mn	-2974	-3322	-3757	-4147	-4602	-4997	-191	-492	-807	-1172	-1409	-1729	-2116	-2392	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-946	.	.	-2477	.	.	-1397	.	.	-1674	.	.	.
EXCHANGE RATE																
HRK/EUR, monthly average	nominal	7.319	7.323	7.315	7.245	7.284	7.292	7.291	7.305	7.261	7.258	7.258	7.229	7.212	7.246	7.283
HRK/USD, monthly average	nominal	5.197	5.141	5.031	4.891	4.885	4.980	5.098	5.327	5.347	5.405	5.753	5.922	5.667	5.614	5.593
EUR/HRK, calculated with CPI ³⁾	real, Jan07=100	105.0	104.6	104.4	105.3	105.0	103.9	104.9	104.6	104.9	104.8	104.9	105.1	105.2	104.3	103.9
EUR/HRK, calculated with PPI ³⁾	real, Jan07=100	108.3	108.6	108.2	108.7	108.0	107.8	108.3	107.7	108.6	108.4	108.5	109.0	109.1	108.9	108.8
USD/HRK, calculated with CPI ³⁾	real, Jan07=100	113.4	114.3	116.5	119.8	120.3	117.5	114.9	110.2	109.8	108.8	102.3	99.4	103.5	104.1	104.7
USD/HRK, calculated with PPI ³⁾	real, Jan07=100	115.4	115.9	118.2	120.6	119.4	116.7	113.1	108.7	107.9	106.7	100.5	98.7	102.8	103.9	104.5
DOMESTIC FINANCE																
Currency outside banks	HRK bn, eop	17.6	17.0	16.0	15.4	15.0	15.3	14.8	14.8	14.8	15.1	15.4	16.0	16.9	16.7	.
M1	HRK bn, eop	47.7	47.8	45.6	44.7	45.7	47.2	48.1	48.7	47.7	49.0	48.0	49.7	50.7	51.2	.
Broad money	HRK bn, eop	221.4	224.4	224.1	221.1	223.6	223.1	223.5	223.3	222.0	222.1	222.6	224.6	227.0	231.6	.
Broad money	CPY, eop	0.0	-0.9	-1.2	-1.0	2.5	-0.9	0.9	0.9	1.6	1.5	2.0	2.8	2.5	3.2	.
Discount rate (p.a.)	%, eop	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Discount rate (p.a.) ⁴⁾	real, %, eop	12.2	11.0	11.6	10.6	8.8	7.3	5.8	6.1	3.9	3.8	3.9	4.5	5.0	5.6	4.4
BUDGET																
Central gov. budget balance, cum. ⁵⁾	HRK mn	-7391	-7845	-8664	-8307	-8976	-10086	-1864	-3387	-5216	-5191	-6566	-7284	-8212	-8347	.

1) Enterprises with 20 and more employees.

2) Data refer to industry total compared to previously published domestic producer prices.

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

4) Deflated with annual PPI.

5) Consolidated central government budget.

MACEDONIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total ¹⁾	real, CPPY	-19.8	-9.8	-9.8	-0.9	4.4	20.0	-3.0	-13.1	-11.2	-9.6	-0.4	5.4	8.4	-1.4	.
Industry, total ¹⁾	real, CCPY	-13.3	-12.8	-12.5	-11.3	-9.9	-7.7	-3.0	-8.3	-9.4	-9.5	-7.6	-5.3	-3.3	-3.0	.
Industry, total ¹⁾	real, 3MMA	-15.3	-13.1	-7.1	-2.6	7.5	7.8	2.2	-9.4	-11.2	-7.1	-1.6	4.5	4.0	.	.
Construction, total, effect. work. time	real, CPPY	-7.9	-4.2	-5.1	-11.5	2.3	-12.5	7.6	-5.1	3.0	12.5	13.0	8.4	4.9	.	.
Construction, total, effect. work. time	real, CCPY	1.4	0.7	0.0	-1.4	-1.0	-2.1	7.6	0.7	1.6	4.3	6.1	6.5	6.2	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	.	642.5	.	.	622.7	.	.	615.9	.	.	627.1	.	.	.
Employed persons, LFS	CCPPY	.	.	3.8	.	.	3.4	.	.	-0.4	.	.	-0.9	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	.	298.1	.	.	298.8	.	.	309.6	.	.	296.2	.	.	.
Unemployment rate, LFS	% avg	.	.	31.7	.	.	32.4	.	.	33.5	.	.	32.1	.	.	.
Labour productivity, industry ¹⁾	CCPPY	-8.4	-7.4	-6.6	-5.1	-3.6	-1.1	4.5	-1.1	-2.5	-2.4	-0.5	1.6	3.3	3.0	.
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPPY	18.5	17.3	16.1	14.0	12.3	9.4	1.0	13.0	12.6	10.7	8.2	4.9	2.6	.	.
WAGES																
Total economy, gross	MKD	29730	29767	30002	30110	29829	30611	29947	29751	29938	30081	30598	30035	29827	.	.
Total economy, gross	real, CPPY	16.8	17.0	10.3	10.9	10.8	9.6	1.2	0.6	0.5	-1.6	1.8	-2.2	-1.5	.	.
Total economy, gross	EUR	486	487	491	492	488	500	489	484	486	488	497	488	485	.	.
Industry, gross	EUR	403	403	411	412	408	425	416	450	417	413	420	413	414	.	.
PRICES																
Consumer	PP	-0.5	-0.3	-0.1	-0.4	0.3	1.0	0.7	0.4	0.5	0.6	-0.6	0.2	-0.4	0.1	0.1
Consumer	CCPY	-1.3	-1.4	-1.4	-2.4	-2.3	-1.6	0.1	0.6	0.7	1.4	0.2	1.8	1.5	1.9	2.0
Consumer	CCPPY	-0.1	-0.3	-0.4	-0.6	-0.7	-0.8	0.1	0.3	0.5	0.7	0.6	0.8	0.9	1.0	1.1
Producer, in industry	PP	0.5	-0.3	0.5	0.0	0.4	0.4	0.1	1.3	1.0	3.0	1.4	-0.9	0.4	0.1	0.6
Producer, in industry	CCPY	-11.5	-9.7	-9.0	-5.9	1.5	3.2	6.5	7.4	8.8	10.4	10.9	7.7	7.6	7.7	7.8
Producer, in industry	CCPPY	-8.2	-8.4	-8.4	-8.2	-7.4	-6.5	6.5	6.9	7.5	8.3	8.8	8.6	8.4	8.3	8.3
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	1079	1241	1423	1582	1751	1924	131	289	479	662	869	1095	1329	1522	.
Imports total (cif), cumulated	EUR mn	2062	2349	2610	2934	3280	3498	224	484	804	1157	1489	1853	2212	2556	.
Trade balance, cumulated	EUR mn	-983	-1108	-1187	-1352	-1528	-1574	-93	-195	-324	-495	-621	-758	-883	-1034	.
Exports to EU-27 (fob), cumulated	EUR mn	610	698	796	888	981	1082	90	183	294	404	531	672	818	932	.
Imports from EU-27 (cif), cumulated	EUR mn	1079	1215	1366	1540	1713	1816	106	232	412	610	796	973	1164	1338	.
Trade balance with EU-27, cumulated	EUR mn	-469	-517	-570	-652	-732	-734	-16	-48	-118	-206	-264	-302	-346	-406	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-421	-400	-343	-384	-455	-483	-42	-61	-74	-113	-118	-117	-92	.	.
EXCHANGE RATE																
MKD/EUR, monthly average	nominal	61.20	61.17	61.17	61.17	61.17	61.18	61.18	61.42	61.60	61.60	61.53	61.51	61.52	61.51	61.63
MKD/USD, monthly average	nominal	43.47	42.90	42.06	41.33	41.07	41.81	42.83	44.93	45.40	45.90	48.79	50.38	48.25	47.71	47.35
EUR/MKD, calculated with CPI ²⁾	real, Jan07=100	101.4	100.9	100.7	100.1	100.3	100.9	102.1	101.8	101.2	101.3	100.7	100.9	100.7	100.6	100.3
EUR/MKD, calculated with PPI ²⁾	real, Jan07=100	105.6	104.9	105.7	105.3	105.4	105.8	104.9	105.6	105.6	107.9	109.1	107.7	108.0	108.1	108.6
USD/MKD, calculated with CPI ²⁾	real, Jan07=100	109.6	110.5	112.4	113.9	114.8	114.1	111.8	106.9	105.9	105.2	98.3	95.5	99.3	100.4	101.2
USD/MKD, calculated with PPI ²⁾	real, Jan07=100	112.6	112.1	115.5	116.8	116.5	114.5	109.6	106.3	104.9	106.2	101.1	97.7	102.1	103.1	104.3
DOMESTIC FINANCE																
Currency outside banks	MKD bn, eop	15.3	14.8	14.5	14.6	14.5	16.3	15.5	15.1	14.8	15.2	15.5	15.7	16.7	16.2	15.9
M1	MKD bn, eop	48.3	49.6	47.9	49.1	49.1	52.2	47.0	50.7	50.3	50.6	52.9	52.5	52.7	53.6	53.8
Broad money	MKD bn, eop	191.5	195.7	195.7	199.9	201.4	207.3	208.1	208.3	210.7	215.0	219.4	220.4	216.1	220.0	221.9
Broad money	CCPY, eop	-0.6	-0.8	-1.1	2.4	5.9	6.0	8.0	8.0	10.7	11.7	15.0	14.8	12.8	12.4	13.4
NB discount rate (p.a.)	% eop	6.5	6.5	6.5	6.5	6.5	6.5	6.5	8.5	8.5	8.5	8.5	8.5	5.0	5.0	5.0
NB discount rate (p.a.) ³⁾	real, % eop	20.4	18.0	17.0	13.1	4.9	3.2	0.0	1.1	-0.2	-1.7	-2.1	0.8	-2.4	-2.5	-2.6
BUDGET																
General gov.budget balance, cum. ⁴⁾	MKD mn	-5409	-6326	-6742	-8868	-10369	-10904	-2318	-4057	-4104	-4762	-5674	-6077	-5221	-5416	-6597

1) In business entities with more than 10 persons employed.

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

3) Deflated with annual PPI.

4) Central government budget plus extra-budgetary funds.

MONTENEGRO: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total	real, CPPY	-46.5	-53.1	-56.2	-37.7	-45.6	-24.5	-11.8	-21.6	-8.4	8.5	15.7	39.4	16.1	27.2	55.2
Industry, total	real, CCPY	-24.4	-27.9	-31.6	-32.2	-33.4	-32.7	-11.8	-16.7	-13.9	-9.1	-5.4	0.0	1.8	3.8	9.6
Industry, total	real, 3MMA	-46.7	-52.0	-49.7	-47.3	-36.2	-28.0	-19.3	-13.9	-8.2	3.7	19.9	23.4	27.5	35.5	.
LABOUR																
Employment total, registered ¹⁾	th. persons, avg	178.6	179.0	176.9	175.5	174.7	169.9	172.3	171.6	171.3	.	.	.	.	.	.
Employment in industry, registered	th. persons, avg	30.6	29.9	29.2	29.0	28.7	27.4	27.6	26.6	26.6	.	.	.	.	.	.
Unemployment, registered	th. persons, eop	27.0	26.8	27.3	28.7	29.6	30.2	31.1	32.4	33.1	33.2	32.4	31.3	31.1	.	.
Unemployment rate, registered	% eop	13.2	13.0	13.4	14.1	14.5	15.1	15.3	15.9	16.2	16.2	15.9	15.3	15.2	.	.
Labour productivity, industry	CCPPY	-18.4	-21.6	-25.2	-25.3	-26.2	-24.6	6.3	1.6	4.1	.	.	.	.	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPPY	26.1	28.9	33.2	32.9	33.5	30.9	-0.2	5.4	5.3	.	.	.	.	.	.
WAGES																
Total economy, gross	EUR	636	641	631	633	633	653	702	691	693	693	727	706	696	752	.
Total economy, gross	real, CPPY	2.0	-0.6	-1.7	0.0	-1.8	-1.3	5.6	5.4	7.0	6.7	11.5	8.9	8.5	17.4	.
Industry, gross	EUR	663	601	649	653	660	702	762	764	751	.	.	.	.	.	.
PRICES																
Consumer	PP	-0.6	1.1	-0.3	0.0	0.0	0.1	-0.3	0.1	0.4	0.1	-0.1	-0.4	0.2	0.1	0.1
Consumer	CPPY	2.1	3.1	1.7	1.7	2.3	1.5	0.8	0.2	0.7	0.4	0.3	0.2	1.0	-0.1	0.3
Consumer	CCPPY	4.4	4.2	3.7	3.7	3.6	3.4	0.8	0.5	0.6	0.5	0.5	0.4	0.5	0.4	0.4
Producer, in industry	PP	-1.5	0.6	0.6	0.5	0.4	0.3	-2.4	-0.8	-0.8	1.6	3.8	-0.7	-0.9	.	.
Producer, in industry	CPPY	-9.3	-9.9	-8.6	-8.1	-7.2	-2.9	-4.2	-5.0	-4.6	-3.4	1.2	1.5	2.1	.	.
Producer, in industry	CCPPY	-1.4	-2.5	-3.2	-3.7	-3.7	-3.9	-4.2	-6.3	-5.7	-5.2	-3.1	-2.3	-1.7	.	.
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	157	182	199	226	253	277	14	32	56	82	118	152	182	211	.
Imports total (cif), cumulated	EUR mn	916	1059	1207	1360	1498	1654	74	181	311	447	586	754	926	1081	.
Trade balance, cumulated	EUR mn	-759	-878	-1008	-1134	-1245	-1377	-60	-149	-255	-366	-468	-602	-744	-869	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-568	.	.	-896	.	.	-242	.	.	-509	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average	nominal	0.710	0.701	0.687	0.675	0.671	0.684	0.701	0.731	0.737	0.746	0.796	0.819	0.783	0.776	0.765
USD/EUR, calculated with CPI ²⁾	real, Jan07=100	99.9	99.5	97.1	95.4	94.7	96.9	98.5	102.9	103.7	104.9	111.7	114.6	109.8	108.7	107.3
USD/EUR, calculated with PPI ²⁾	real, Jan07=100	101.1	99.0	98.0	96.3	94.8	96.6	94.6	98.3	97.1	99.3	109.6	112.8	106.6	.	.
BUDGET																
General gov.budget balance, cum.	EUR mn	.	.	130	.	.	-106	.	.	-37	.	.	-12	.	.	.

1) Excluding individual farmers.

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

S E R B I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total	real, CPPY	-14.3	-9.0	-4.0	-4.5	-3.3	0.0	3.7	2.6	2.6	12.5	7.2	3.8	6.6	3.9	.
Industry, total	real, CCPPY	-16.0	-15.1	-13.9	-12.9	-12.0	-11.0	3.7	3.0	2.8	4.8	5.4	4.6	4.8	4.7	.
Industry, total	real, 3MMA	-11.9	-9.1	-5.7	-3.9	-2.7	-0.2	1.9	2.9	5.7	7.2	7.7	5.9	4.8	.	.
LABOUR																
Employees total, registered	th. persons, avg	1393.0	1386.0	1383.0	1379.0	1377.0	1373.0	1366.0	1362.0	1362.0	1361.0	1359.0	1356.0	1356.0	.	.
Employees in industry, registered	th. persons, avg	403.0	401.0	401.0	400.0	398.0	395.0	391.0	389.0	387.0	386.0	383.0	382.0	383.0	.	.
Unemployment, registered	th. persons, eop	756.7	747.5	737.2	727.1	723.4	730.4	751.6	767.4	778.5	772.2	762.6	746.8	737.0	.	.
Unemployment rate, registered	%, eop	25.2	25.1	24.7	24.7	24.7	24.9	25.5	25.9	26.4	26.3	25.8	25.4	25.2	.	.
Labour productivity, industry	CCPPY	-10.0	-9.0	-7.5	-6.4	-5.4	-4.3	11.7	11.3	10.9	13.0	13.2	12.7	12.6	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPPY	3.3	0.8	-1.8	-3.0	-3.3	-4.0	-6.5	-8.0	-5.7	-5.4	-6.2	-6.1	-6.5	.	.
WAGES ¹⁾																
Total economy, gross	RSD	45307	43597	43577	44147	43895	51115	41651	44871	46457	48525	46454	47486	48394	47190	.
Total economy, gross	real, CCPPY	2.5	-1.4	-0.9	-1.0	-0.6	0.3	-1.1	0.0	5.6	3.1	3.9	3.7	2.4	2.3	.
Total economy, gross	EUR	486	467	467	474	466	533	428	454	466	488	460	459	462	448	.
Industry, gross	EUR	435	425	421	434	426	480	416	418	433	468	439	443	444	.	.
PRICES																
Consumer	PP	-0.9	-0.1	0.2	-0.2	0.8	-0.1	0.6	0.2	1.1	0.6	1.3	0.0	-0.2	1.4	1.3
Consumer	CPPY	8.1	7.9	7.2	5.0	5.8	6.5	4.6	3.5	4.4	3.9	3.8	4.3	5.2	6.8	7.0
Consumer	CCPPY	8.7	8.6	8.5	8.1	7.9	7.8	4.6	4.1	4.2	4.1	4.1	4.1	4.2	4.6	4.8
Producer, in industry	PP	-0.3	1.1	-0.5	-0.2	1.3	0.1	1.8	1.1	2.7	1.9	0.8	1.2	0.2	1.5	1.4
Producer, in industry	CPPY	4.9	5.3	5.0	4.7	6.5	7.3	11.0	10.2	12.2	13.2	12.5	11.5	12.1	12.5	14.7
Producer, in industry	CCPPY	5.4	5.4	5.3	5.3	5.4	5.6	11.0	10.6	11.1	11.6	11.8	11.8	11.8	11.9	12.2
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	3344	3820	4357	4923	5449	5895	397	870	1465	2047	2662	3347	3991	4589	.
Imports total (cif), cumulated	EUR mn	6877	7750	8663	9667	10679	11667	737	1997	3057	4024	4985	6076	6960	8019	.
Trade balance, cumulated	EUR mn	-3533	-3930	-4306	-4744	-5230	-5773	-340	-1127	-1592	-1977	-2323	-2730	-2968	-3430	.
Exports to EU-27 (fob), cumulated	EUR mn	1759	2007	2304	2608	2916	3194	253	627	874	1191	1571	1942	2281	2621	.
Imports from EU-27 (cif), cumulated	EUR mn	3428	4282	4494	5062	5593	6131	390	1114	1494	2092	2692	3277	3898	4510	.
Trade balance with EU-27, cumulated	EUR mn	-1669	-2275	-2190	-2453	-2677	-2937	-137	-487	-620	-901	-1120	-1334	-1617	-1889	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-1341	-1429	-1541	-1672	-1845	-1743	-140	-447	-760	-896	-1086	-1357	-1511	-1646	.
EXCHANGE RATE																
RSD/EUR, monthly average	nominal	93.15	93.26	93.30	93.17	94.27	95.98	97.29	98.80	99.70	99.40	100.98	103.51	104.70	105.30	105.44
RSD/USD, monthly average	nominal	66.16	65.41	64.10	62.86	63.17	65.76	68.13	72.13	73.44	74.05	80.54	84.71	82.05	81.57	80.84
EUR/RSD, calculated with CPI ²⁾	real, Jan07=100	102.7	102.2	102.4	102.1	101.6	99.3	99.0	97.4	96.8	97.2	96.8	94.4	93.3	93.9	94.8
EUR/RSD, calculated with PPI ²⁾	real, Jan07=100	104.0	104.6	104.3	103.9	103.7	101.9	101.4	100.7	101.8	103.2	101.9	100.3	99.2	100.2	101.4
USD/RSD, calculated with CPI ²⁾	real, Jan07=100	111.1	112.0	114.4	116.3	116.6	112.1	108.4	102.6	101.5	101.0	94.0	89.5	92.2	93.9	95.9
USD/RSD, calculated with PPI ²⁾	real, Jan07=100	111.0	111.9	114.1	115.5	114.9	110.1	105.9	101.7	101.2	101.7	94.0	91.0	93.9	95.7	97.7
DOMESTIC FINANCE																
Currency outside banks	RSD bn, eop	85.3	81.8	82.8	84.1	83.5	95.5	89.2	89.9	85.9	89.4	84.9	87.7	93.1	87.8	.
M1	RSD bn, eop	225.7	232.2	231.0	228.1	229.4	258.4	237.0	234.3	224.9	229.4	232.8	234.0	240.6	238.3	.
Broad money ³⁾	RSD bn, eop	1065.6	1081.1	1087.2	1099.6	1155.0	1205.6	1209.3	1216.6	1217.8	1226.5	1278.8	1296.2	1331.4	1288.9	.
Broad money ³⁾	CPPY, eop	13.8	11.8	10.4	12.9	15.5	21.5	20.3	18.5	19.9	18.2	22.7	22.1	24.9	19.2	.
NB discount rate (p.a.)	%, eop	8.5	8.5	8.5	8.5	8.5	8.1	8.1	8.1	8.1	7.7	8.0	8.0	8.0	8.5	9.0
NB discount rate (p.a.) ⁴⁾	real, %, eop	3.4	3.1	3.3	3.6	1.9	0.8	-2.6	-1.9	-3.6	-4.9	-4.0	-3.2	-3.6	-3.6	-4.9
BUDGET																
Central gov.budget balance, cum.	RSD mn	-53806	-63799	-71681	-75083	-78296	-90457	-696	-15995	-20598	-30806	-40938	-48559	-56549	-59303	-71284

1) From January 2009 according to new sample survey.

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

3) Excluding frozen foreign currency savings deposits of households.

4) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total	real, CPPY	-9.8	-10.8	-8.4	-5.6	4.9	6.8	10.2	8.4	9.8	10.4	12.6	9.8	6.0	7.1	6.3
Industry, total	real, CAPPY	-13.9	-13.5	-12.9	-12.2	-10.7	-9.3	10.2	9.3	9.5	9.7	10.3	10.2	9.6	9.2	8.9
Industry, total	real, 3MMA	-10.8	-9.7	-8.2	-3.3	1.8	7.2	8.4	9.5	9.5	10.9	10.9	9.4	7.6	6.5	.
Construction, total	real, CPPY	-17.8	-15.5	-18.3	-14.5	-13.2	-6.2	-10.7	-9.8	-5.1	-2.4	-1.8	3.0	-2.5	3.4	5.4
Construction, total	real, CAPPY	-19.0	-18.4	-18.6	-18.2	-17.7	-16.0	-10.7	-10.3	-8.1	-6.2	-5.1	-3.1	-3.0	-1.9	-0.8
LABOUR¹⁾																
Employed persons, LFS	th. pers., avg	.	70562	70400	69901	69362	69246	67737	68030	68228	68851	70244	71006	70862	71236	71100
Employed persons, LFS	CAPPY	.	.	-2.7	.	.	-2.5	.	.	0.4	.	.	0.6	.	.	0.8
Unemployed persons, LFS	th. pers., avg	.	6007	5764	5864	6162	6173	6832	6436	6418	6140	5553	5206	5357	5248	5032
Unemployment rate, LFS	%, avg	.	7.8	7.6	7.7	8.2	8.2	9.2	8.6	8.6	8.2	7.3	6.8	7.0	6.9	6.6
WAGES																
Total economy, gross	RUB	18872	18335	18838	18798	19215	23827	18938	19017	20589	20358	20279	21795	21325	20753	21376
Total economy, gross	real, CPPY	-5.2	-4.8	-4.1	-3.0	0.0	0.9	2.4	3.7	6.7	6.6	6.3	7.1	7.1	6.6	6.0
Total economy, gross	EUR	425	407	420	431	445	544	442	461	513	519	529	572	546	529	533
Industry, gross ²⁾	EUR	386	373	377	392	417	446	390	408	456	474	479	501	505	493	.
PRICES																
Consumer	PP	0.6	0.0	0.0	0.0	0.3	0.4	1.6	0.9	0.6	0.3	0.5	0.4	0.4	0.6	0.8
Consumer	CAPPY	12.1	11.7	10.8	9.8	9.2	8.9	8.1	7.2	6.5	6.0	6.4	6.1	5.9	6.6	7.4
Consumer	CAPPY	13.1	12.9	12.6	12.3	12.1	11.8	8.1	7.6	7.2	6.9	6.8	6.7	6.6	6.6	6.7
Producer, in industry	PP	1.8	1.4	1.2	-0.9	-0.5	0.5	-1.1	2.0	1.8	3.2	2.7	-3.1	0.6	3.3	-1.3
Producer, in industry	CAPPY	-15.5	-14.7	-9.2	-3.6	4.7	13.9	16.6	13.1	11.9	12.8	15.2	9.2	7.9	10.0	7.3
Producer, in industry	CAPPY	-10.3	-10.9	-10.7	-10.0	-8.8	-7.2	16.6	14.8	13.8	13.6	13.9	13.1	12.3	12.0	11.4
FOREIGN TRADE																
Exports total, cumulated	EUR mn	111963	130913	150555	171068	191682	215015	19458	41877	66790	91742	117031	143173	166917	190621	.
Imports total, cumulated	EUR mn	63818	73307	83991	95353	106671	119534	6783	17012	29712	42982	57316	72311	87229	104107	.
Trade balance, cumulated	EUR mn	48145	57607	66564	75714	85011	95481	12674	24865	37077	48760	59715	70862	79688	86514	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	24423	.	.	35213	.	.	24766	.	.	39439	.	.	46151
EXCHANGE RATE																
RUB/EUR, monthly average	nominal	44.360	45.085	44.834	43.649	43.183	43.817	42.824	41.271	40.131	39.227	38.345	38.115	39.090	39.220	40.109
RUB/USD, monthly average	nominal	31.520	31.630	30.818	29.477	28.985	29.941	31.946	30.225	29.565	29.198	30.358	31.169	30.687	30.344	30.836
EUR/RUB, calculated with CPI ³⁾	real, Jan07=100	98.5	96.7	97.2	99.6	100.8	99.4	103.8	108.3	111.2	113.6	116.6	117.8	115.5	115.6	113.7
EUR/RUB, calculated with PPI ³⁾	real, Jan07=100	96.0	95.4	97.3	98.7	99.0	98.0	98.3	103.7	107.9	113.0	118.1	114.8	112.4	115.8	111.7
USD/RUB, calculated with CPI ³⁾	real, Jan07=100	106.2	105.6	108.3	113.1	115.3	112.3	106.5	113.6	116.3	117.9	113.9	111.4	113.7	115.5	114.5
USD/RUB, calculated with PPI ³⁾	real, Jan07=100	102.2	101.8	106.2	109.4	109.3	105.9	96.1	104.2	107.0	111.2	109.5	104.0	106.0	110.5	107.1
DOMESTIC FINANCE																
Currency outside banks	RUB bn, eop	3550.1	3506.6	3485.6	3566.7	3600.1	4038.1	3873.3	3950.0	3986.1	4181.0	4240.3	4367.7	4467.3	4477.8	.
M1	RUB bn, eop	7050.5	7147.3	7277.0	7269.9	7459.8	8294.5	8013.9	8203.2	8339.5	8512.3	8771.7	9031.7	9034.7	9217.6	.
M2	RUB bn, eop	17202.0	17390.9	17523.4	17593.9	18142.5	19520.1	19229.6	19407.4	19652.8	20017.5	20446.9	20841.3	21037.3	21218.5	.
M2	CAPPY, eop	9.1	7.4	9.1	13.8	17.6	16.4	17.4	18.4	20.5	22.4	23.4	22.2	22.3	22.0	.
Refinancing rate (p.a.)	%, eop	11.0	10.8	10.0	9.5	9.0	8.8	8.8	8.5	8.3	8.0	8.0	7.8	7.8	7.8	7.8
Refinancing rate (p.a.) ⁴⁾	real, %, eop	31.3	29.9	21.1	13.6	4.1	-4.5	-6.7	-4.1	-3.3	-4.3	-6.2	-1.3	-0.1	-2.1	0.4
BUDGET																
Central gov. budget balance, cum.	RUB bn	-893.0	-1152.0	-1327.3	-1481.3	-1732.9	-2300.0	87.1	-169.5	-244.6	-412.2	-463.3	-388.3	-512.8	.	.

1) Survey results as of February, May, August and November, from August 2009 on a monthly basis.

2) Manufacturing industry only (D according to NACE Rev. 1).

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

4) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2009 to 2010

(updated end of Oct 2010)

		2009						2010								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																
Industry, total	real, CPPY	-26.7	-23.3	-18.4	-6.2	8.6	7.4	11.8	5.6	13.8	17.4	12.7	8.9	6.4	9.2	10.2
Industry, total	real, CCPY	-30.4	-29.6	-28.4	-26.4	-24.0	-21.9	11.8	8.8	10.8	12.6	12.6	12.0	11.1	10.9	10.8
Industry, total	real, 3MMA	-25.8	-22.8	-16.0	-5.3	3.3	9.3	8.3	10.4	12.3	14.6	13.0	9.3	8.2	8.6	
Construction, total	real, CCPY	-54.3	-53.6	-52.4	-51.5	-49.7	-48.2	-24.1	-20.9	-21.4	-21.2	-20.0	-19.3	-16.7	-14.0	-12.6
LABOUR																
Employees total, registered ¹⁾	th. persons, avg	10611	10567	10534	10506	10451	10374	10740	10723	10738	10724	10693	10694	10685	10657	10713
Employees in industry, registered ¹⁾	th. persons, avg	2822	2809	2792	2788	2779	2761	2850	2846	2847	2834	2825	2827	2827	2825	2828
Unemployment, registered	th. persons, eop	607	570	543	508	512	532	527	530	505	455	419	399	397	396	408
Unemployment rate, registered	%, eop	2.2	2.0	1.9	1.8	1.8	1.9	1.9	1.9	1.8	1.6	1.5	1.4	1.4	1.4	1.5
Labour productivity, industry ¹⁾	CCPY	-22.4	-21.3	-19.8	-17.5	-14.8	-12.6	16.5	13.0	14.7	16.1	15.6	14.6	13.3	12.7	12.3
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-1.4	-4.7	-8.7	-13.0	-15.5	-15.3	-8.8	-6.7	-5.7	-5.1	-1.9	1.8	4.8	7.0	9.3
WAGES ¹⁾																
Total economy, gross	UAH	2008	1919	1964	1950	1955	2233	1916	1955	2109	2107	2201	2373	2367	2280	2349
Total economy, gross	real, CPPY	-9.9	-11.1	-10.9	-10.9	-5.6	-0.6	3.6	1.7	4.5	4.1	9.6	12.1	10.4	9.7	8.2
Total economy, gross	EUR	186	172	169	165	164	191	168	178	195	198	220	245	235	224	228
Industry, gross	EUR	202	194	189	187	188	192	193	203	232	234	250	266	267	260	264
PRICES																
Consumer	PP	-0.1	-0.2	0.8	0.9	1.1	0.9	1.8	1.9	0.9	-0.3	-0.6	-0.4	-0.2	1.2	2.9
Consumer	CPPY	15.5	15.3	15.0	14.1	13.6	12.3	11.1	11.5	11.0	9.7	8.5	6.9	6.8	8.3	10.5
Consumer	CCPY	17.3	17.1	16.8	16.5	16.3	15.9	11.1	11.3	11.2	10.8	10.3	9.8	9.3	9.2	9.3
Producer, in industry	PP	0.7	1.8	3.6	1.9	0.4	1.0	1.9	1.9	3.0	3.0	4.4	-0.5	-0.2	0.9	0.1
Producer, in industry	CPPY	-3.6	-3.6	1.7	5.1	12.8	14.4	16.3	16.5	18.6	21.7	28.0	25.6	24.4	23.3	19.2
Producer, in industry	CCPY	7.2	5.7	5.2	5.2	5.9	6.6	16.3	16.4	17.2	18.3	20.2	21.1	21.6	21.8	21.5
FOREIGN TRADE																
Exports total (fob), cumulated	EUR mn	15294	17546	20131	22992	25668	28496	2110	4576	7467	10604	13903	17387	20691	23984	.
Imports total (cif), cumulated	EUR mn	17625	20323	23129	26084	29139	32611	2330	5045	8522	11974	15459	19280	23306	27508	.
Trade balance, cumulated	EUR mn	-2332	-2776	-2998	-3092	-3471	-4115	-220	-469	-1055	-1370	-1556	-1893	-2614	-3523	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	.	-647	.	.	-1239	.	.	-137	.	.	188	.	.	-628
EXCHANGE RATE																
UAH/EUR, monthly average	nominal	10.777	11.127	11.644	11.843	11.917	11.676	11.430	10.953	10.822	10.634	10.000	9.668	10.057	10.180	10.293
UAH/USD, monthly average	nominal	7.648	7.807	7.999	8.000	7.994	7.978	7.997	8.000	7.967	7.926	7.926	7.916	7.902	7.890	7.910
EUR/UAH, calculated with CPI ²⁾	real, Jan07=100	88.2	85.1	81.9	81.1	81.3	83.5	87.2	92.4	93.7	94.6	99.9	102.8	98.9	98.6	100.2
EUR/UAH, calculated with PPI ²⁾	real, Jan07=100	91.8	90.1	89.4	89.2	88.8	91.5	94.4	100.1	103.6	107.8	119.1	122.1	117.0	116.7	115.5
USD/UAH, calculated with CPI ²⁾	real, Jan07=100	95.3	93.0	91.4	92.1	93.1	94.3	95.4	97.2	98.1	98.1	97.4	97.2	97.2	98.4	100.9
USD/UAH, calculated with PPI ²⁾	real, Jan07=100	97.8	96.1	97.7	98.9	98.1	98.9	98.5	100.8	102.9	105.9	110.2	110.6	110.3	111.2	110.8
DOMESTIC FINANCE																
Currency outside banks	UAH bn, eop	151.8	149.2	148.9	148.8	147.9	157.0	153.1	154.0	155.1	159.9	162.1	168.3	175.1	175.1	174.8
M1	UAH bn, eop	225.7	221.7	221.5	218.1	220.7	233.7	227.0	227.6	235.5	242.8	249.2	259.5	269.3	271.3	275.4
Broad money	UAH bn, eop	471.9	471.1	469.5	468.4	470.4	487.3	479.9	480.4	494.2	510.8	521.4	533.5	550.9	556.2	568.8
Broad money	CCPY, eop	1.0	-0.8	-1.7	-2.6	-2.8	-5.5	-2.6	2.0	6.6	9.8	11.3	12.9	16.8	18.1	21.2
Refinancing rate (p.a.)	%, eop	11.0	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	9.5	8.5	7.8	7.8
Refinancing rate (p.a.) ³⁾	real, %, eop	15.2	14.4	8.5	4.9	-2.3	-3.6	-5.2	-5.3	-7.1	-9.4	-13.8	-12.8	-12.8	-12.6	-9.6
BUDGET																
General gov. budget balance, cum.	UAH mn	-17837	-16696	-24550	-28414	-15742	-37258	423	-4778	-4363	-1820	-11505	-24971	-25273	-39374	.

1) Excluding small firms.

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

3) Deflated with annual PPI.

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Economics editor: Leon Podkaminer

The Vienna Institute for International Economic Studies
(Wiener Institut für für Internationale Wirtschaftsvergleiche – wiiw)
Rahlgasse 3, A-1060 Vienna, Austria, Tel. (+43 1) 533 66 10, Fax (+43 1) 533 66 10-50
Email: wiiw@wiiw.ac.at, Web: www.wiiw.ac.at