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The new EU members' competitiveness in trade in services*

BY JULIA WÖRZ

Services account for the majority of economic activities in the industrialized countries. With a share of 60-80% of value added, one often speaks of modern service-based economies. For the new EU member states this share ranges between 59% (Czech Republic) and 77.5% (Cyprus). This rise in the importance of services in modern economies is driven by both final and intermediate demand factors. The rising share of services was initially attributed to final demand-side factors only. This view has been revised substantially, not least due to the growing importance that services have attained through the increased 'splintering' of production.

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With national and international outsourcing by – mostly manufacturing – firms, the demand for services as intermediate inputs in production has grown. The disintegration of production processes together with technological progress, particularly in information and communication technologies, allowed services to become increasingly tradable, thus enhancing trade in services. Global services exports have just about tripled over the past decade, however, their share in global exports has remained relatively stagnant at around 20%.¹

For statistical reasons we base our analysis on balance-of-payments statistics, which cover cross-border trade and consumption abroad. We have

¹ However, these figures are based on balance-of-payments data and thus underestimate the importance of services in international transactions. Balance-of-payments data reflect only two of the four modes of services provisions across international borders as defined by the GATS (General Agreement on Trade in Services). When all four modes are taken into account – these are cross-border trade, consumption abroad, commercial presence and presence of natural persons – the importance of services in international transactions is likely to be much higher.

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used the IMF Balance of Payments Statistics to obtain services exports and imports by individual service categories for all countries of the world over the period 1995-2005. For this article we focus on the ten new EU members that acceded in 2004. We use the trade data to calculate indices of 'Revealed Comparative Advantage' (RCA), which we take as our measure of competitiveness.

The issue of how to correctly measure competitiveness could fill a book in itself. We resort here to an indirect output measure, while using input measures in order to draw conclusions on the factors underlying competitiveness in the new member states. These are mainly measures of cost competitiveness such as unit labour costs, measures of output performance such as labour productivity, as well as skill measures (shares of high-skill workers in total employment, based on education levels as well as on occupation). These latter data come from the EU KLEMS database and from Eurostat's Labour Force Survey (LFS).

General developments

Trade in services in the region more than doubled (in current euro terms) between 1996 and 2006, with an accumulated growth of 120% in exports and 166% in imports. However, growth has been uneven among the ten countries. The Baltic States

show particularly high growth (see Table 1). Slovakia, Hungary, Cyprus and Poland also feature strong export growth (with a doubling of the export volume over the past decade), while the Czech Republic and Malta reported an accumulated export growth of 50% and 80% respectively over the period.

As a consequence, the Baltic States have become the countries with the highest importance of services trade in GDP apart from Cyprus and Malta. Services exports of the latter two countries have always accounted for about one third of GDP (the 1996 figures were 35% and 29% respectively for exports and 15% and 20% respectively for imports). Thus, these economies are traditionally very open to trade in services. This is certainly related to their attractiveness as tourist locations, but not entirely so as can be seen from the relatively high share of other services exports. The importance of services exports for the Baltic States ranged between 13% (Lithuania) and 22% (Estonia) in 2006. For the NMS-10 on average, the importance of services in GDP had been at 10% for exports and 7% for imports in 1996. By 2006, the ratio of services exports to GDP had slightly dropped while imports rose to 8% of GDP. Given its size, Poland is not surprisingly the country with the lowest export-to-GDP ratio of just 6.3%.

Table 1

Trade in services, 1996-2006

	Exports in % of GDP		Imports in % of GDP		Export growth, %	Import growth, %	Services trade balance, EUR mn	
	1996	2006	1996	2006	1996-2006	1996-2006	1996	2006
CY	35.4	41.7	15.1	17.2	132.0	124.4	1501	3564
CZ	13.0	8.7	10.0	8.2	52.3	89.5	1512	465
EE	23.6	22.3	12.5	15.7	233.1	340.8	409	861
HU	12.8	12.5	8.7	11.3	142.5	222.9	1488	1084
LT	9.6	12.7	8.2	8.9	380.1	296.1	95	905
LV	19.9	13.9	13.1	10.3	150.7	182.6	303	572
MT	29.2	30.1	19.4	23.8	81.7	116.2	283	321
PL	6.1	6.3	4.0	5.6	122.9	205.3	2685	1859
SK	9.5	9.3	9.4	8.6	150.8	136.3	30	308
SI	10.3	12.5	7.2	9.4	120.4	136.3	505	926
NMS10	10.4	9.9	7.1	8.2	121.0	166.1	8810	10864

Note: 2006 data for Slovakia are an extrapolation of 2005 values.

Source: IMF Balance of Payments Statistics and wiiw Database.

Table 2:

Services trade balances in 2005, EUR million

	Transport	Travel	Other Services					Computer & Information	Other business services
			Communication	Construction	Insurance	Finance			
CY	377	1114	-61	153	-9	172	179	1301	
CZ	1197	1783	-212	-164	-258	-482	-74	-1489	
EE	241	402	-13	3	9	7	11	187	
HU	-84	1088	-14	72	-197	-85	-126	187	
LT	555	142	11	21	-28	11	6	209	
LV	579	-195	3	2	-17	98	3	41	
MT	96	391	19	0	-54	-13	3	-125	
PL	1714	1554	-55	346	-330	-176	-224	-511	
SI	398	679	-23	54	-5	-22	-13	-121	

Note: Only producer related positions of other services are reported here, therefore individual positions do not add up to the total balance.

Source: IMF Balance of Payments Statistics.

In 1995, travel services represented the most important service category for most countries. Exceptions to this were Poland, with an initially high share of 'other services', as well as Latvia and Lithuania, with a high share of transport services. This is related to their geographic location and reflects the importance of oil transit through these two countries. In Poland, 'other services' accounted for about half of all services exports in 1995. This share came down to less than 30% by 2005 caused by a rising share of transport services but even more so by exports of travel services. In general, a trend towards convergence in services trade patterns can be observed within the region. Shares of 'other services' have risen for most countries, while the importance of transport services has diminished in the Baltic States.

There has been a notable change in individual trade balances. All countries show a positive trade balance in total services over the entire period (see Table 1) and the surplus has risen in most countries, with the highest net gains in Cyprus, Lithuania, Estonia and Slovenia. The largest exporters – the Czech Republic, Poland and Hungary – have however experienced a deterioration in their balance. Still, the trade balances in the individual services sectors frequently switched sign between 1995 and 2005. Travel services represent a special case: all countries export more travel services than they

import, with the exceptions of Latvia over the whole period and Lithuania in the mid-1990s.

The deterioration in the overall balance in Poland and the Czech Republic stems from the large deficit that these countries showed in 'other services' in 2005.

This is the most interesting category, therefore Table 2 reports net exports in producer-related items within this category for 2005. While the Baltic States switched from a deficit to a surplus in 'other services' between 1995 and 2005, Poland and Slovenia show the opposite development. Further, the trade deficit of the Czech Republic and Hungary has grown substantially. The items with the largest deficits for the Czech Republic, Poland, Hungary and Slovenia are 'other business services', insurance services and financial services. On the other hand, 'other business services' contribute strongly and positively to the overall trade balance in the Baltic States.

The region is clearly specializing in transport services. By 2005 all countries (except Hungary) were net exporters of such services and the position contributed strongly to the overall surplus in trade in services.

Competitiveness as revealed by trade flows

In this section we describe the new EU members' competitive position within the European Union as

Table 3

Revealed Comparative Advantages in 2005

	Transport	Travel	Other Services					Computer & Information	Other business services
			Communication	Construction	Insurance	Finance			
CY	-0.72	0.19	-1.08	0.93	-0.55	-0.30	0.20	0.61	
CZ	0.67	0.87	-0.78	-1.18	-1.05	-1.63	-0.59	-0.62	
EE	-0.13	0.46	-0.56	-2.24	0.14	-0.24	-0.27	0.03	
HU	-0.07	0.46	-0.03	0.12	-0.67	-0.32	-0.94	-0.01	
LT	0.48	-0.12	-0.20	0.12	-0.55	0.00	-0.22	0.14	
LV	1.30	-0.74	-0.24	-0.15	-0.48	0.27	-0.69	-0.10	
MT	0.07	1.01	0.28	0.00	-2.14	-1.04	-0.40	-0.65	
PL	0.58	0.46	-0.17	0.34	-0.93	-0.48	-0.81	-0.22	
SK	0.76	0.34	0.16	-0.12	-1.13	-1.24	-1.01	-0.34	
SI	0.38	0.65	-0.58	-0.05	-0.10	-0.29	-0.98	-0.36	

Note: 2003 values for Slovakia.

revealed by trade flows. The concept of competitiveness is only meaningful in a relative sense, i.e. by comparing a country's performance with its competitors' performance. In the following we analyse the indices of revealed comparative advantage (RCA).² A positive index reveals a competitive advantage, or an above-average relative net market share in the specific industry, whereas a negative index reveals a competitive weakness.

A choice has to be taken as to which should be the appropriate reference market. We calculate both, RCAs with the world as reference and RCAs with the EU-25 as reference. The differences between these two choices are negligible for all EU member countries. This is to be expected considering the fact that the overwhelming part of EU trade in services takes place within the European Union.

It turns out that, between 1995 to 2005, the RCAs for the individual countries for the major services items are highly volatile. Unlike the pattern observed for the old EU members, there are many instances of RCAs changing sign. Again somewhat

surprisingly, all countries (apart from Latvia and recently also Lithuania) show a comparative advantage in travel services (see Table 3). With the exception of Cyprus, Hungary and Malta, all countries further show a comparative advantage in transport services. Again, due to its geographic location and the importance of oil transit trade, the specialization is particularly strong in Latvia. Mixed developments can be observed for the selected positions of other services. Cyprus, and recently also Poland and Hungary, show a comparative advantage in construction services. Apart from that all countries in general show a rather weak position in producer-related services. Thus, in terms of intra-EU specialization patterns, the new member states are specializing on less skill- and technology-intensive services sectors, very much like the patterns formerly observed for manufacturing trade during the 1990s.

Underlying factors of competitiveness

This section contains a preliminary assessment of the factors underlying the competitive position of the new member states. The simple model we use is the following:

$$RCA_{it}^k = \alpha + \beta_1 LP_{it}^k + \beta_2 ULC_{it}^k + \beta_3 Size_{it}^k + \beta_4 Open_{it}^k + \beta_5 Skills_{it}^k + \gamma_i^k + \varepsilon_{it}^k$$

All variables are in logs. *LP* stands for labour productivity growth in euro, *ULC* are unit labour costs, *Size* is a measure of the size of an industry in terms of employment, *Open* is a measure of

² The RCA index is defined as

$$RCA_k^i = \frac{RXA_k^i}{RMA_k^i}$$

where

$$RXA_k^i = \frac{X_k^i / X_{total}^i}{X_k^{all} / X_{total}^{all}}$$

and *RMA_kⁱ* is defined analogously, *X* are exports and *M* are imports of services in the respective category.

openness of the respective industry, and *Skill* is a measure of the skill intensity of the industry; *t* indexes time (year), *k* indexes countries and *i* indexes service items. Two measures are used: the share of workers with tertiary education in employment and the share of white-collar, high-skill workers.

A random effects panel regression is performed across individual country and sector combinations over time; i.e., each services sector in each country represents an observation unit. Table 4 gives the results. From the comparison of columns 1 and 2 it becomes obvious that openness is a relevant and

important determinant of competitiveness. Omitting this variable results in a severe estimation bias and further a low R^2 . Once we control for openness, it becomes apparent that the smaller services sectors (referring to both, country and industry size) are in general the more competitive ones. As another important observation, cost competitiveness does not turn out to be crucial in explaining the sector's/country's competitive position in services within the EU-25. Neither labour productivity growth nor unit labour costs are significant in any of the model specifications. Thus, cost factors are not influential in explaining the region's competitiveness in services sectors. This

Table 4

Explanatory factors of RCAs in EU-10 (Regression results)

	(1)	(2)	(3)	(4)
Labour productivity growth	-0.119 -1.00	-0.013 -0.13	-0.009 -0.09	0.062 0.38
Unit labour costs	0.089 1.08	0.041 0.6	0.017 0.27	0.009 0.09
Size of industry	0.164 *** 3.34	-0.099 *** -2.41	-0.109 *** -2.6	-0.052 -1.08
Openness		0.499 *** 17.3	0.557 *** 16.65	0.490 *** 7.87
<i>Sector dummies:</i>				
Transport			-0.116 -0.54	0.012 0.06
Communication			1.102 *** 4.56	1.136 *** 4.00
Construction			0.986 *** 4.07	0.851 *** 3.16
Insurance			0.149 0.55	0.363 0.95
Finance			0.192 0.79	0.245 0.81
Computer & Information			0.610 *** 2.32	0.659 ** 2.00
Other business services			0.016 0.07	-0.029 -0.12
tertiary education share				-0.012 -0.17
white-collar, high-skill				0.138 * 2.65
constant	-0.872 ** -3.79	1.543 ** 6.71	1.371 ** 5.19	1.281 ** 3.99
within R2	0.01	0.31	0.32	0.14
between R2	0.10	0.47	0.65	0.70
overall R2	0.06	0.43	0.56	0.57
Observations	679	679	679	414
Number of obs. per group	79	79	79	76
Number of groups	8.6	8.6	8.6	5.4

Note: Dependent variable is the log of the RCA, defined as: $\ln(RXA)-\ln(RMA)$; random effects panel regression, t-values are reported below the coefficients; *** (**) [*] means statistically significant at the 1- (5-) [10-] per cent level.

is a point to note, and it is partly in contrast to the manufacturing sector.

In the last two specifications we control for industry-specific fixed effects with the use of sector dummies. Three industries emerge where the region shows higher competitiveness than in travel services (being the default sector which is not included in the regression). These are communication, construction and computer- and information services. 'Higher competitiveness' must not be interpreted in a European-wide sense. Even though the RCA itself is calculated relative to the EU-25 as a whole, it implies here that within the group of the new members, these are the industries with the highest RCAs on average. In the last specification we further included measures of skill endowments – the share in employment of people with tertiary education and of people occupied in white-collar, high-skill jobs. While the skill measure according to education is not significant, the occupation-based measure turns out to be significant and high in magnitude. Clearly, the more skill-intensive sectors are the more competitive ones.

Concluding remarks

The services sector is not only the largest sector in terms of domestic economic activity in the ten new members that joined the EU in 2004. It is also strongly present in the new members' trade flows. With export-to-GDP ratios averaging about 10% (and reaching as much as 30% and 40% respectively in Malta and Cyprus – which are, admittedly, special cases), trade in services plays an important role for these countries. Not very surprisingly, travel services have gained momentum most rapidly, given the long isolation of those countries from the rest of Europe. However, somewhat surprisingly, the countries have become attractive destinations for tourists rather than only importing such services. Over the period 1995 to 2005 we can observe a rising importance of 'other services' (which include producer-related as well as personal and public services), particularly on the import side. This has also brought about deteriorating trade balances in this category and, in some cases, in the total services balance (Czech

Republic and Poland). It would, however, be wrong to interpret this simply as a competitive weakness. It also shows the increasing integration of the countries into wider (mostly European-wide) networks. As a global trend, services are increasingly outsourced, in particular by production firms. That trend is simply confirmed for the new EU members as well. The third major service category is construction services. Here, the region is highly competitive and most countries could increase their trade surplus in this category over time.

So far we can observe a specialization of the new members within the EU-25 on the less skill- and technology-intensive services sectors, in particular on transport services and also on travel services. Within producer-related services, the competitive strengths of the region lie in communication and construction services. There are obvious weaknesses in insurance services, financial services and other business services on the European market. On average, smaller and more open service sectors show a better competitive position; in addition, the more skill-intensive service industries are more competitive as well. It is also interesting to stress what we could not see: For instance, cost factors such as unit labour costs and labour productivity growth did not influence the level of competitiveness significantly.

Thus, the picture that emerges for the new members' competitive position in services trade is quite different from the current situation in goods trade. While in the latter we can observe an increasing quality-upgrading, the importance of travel services and the high RCAs in that category suggest that in terms of the stage of development in the services sector, the region is still more backward as compared to the old member states than in the case of the goods producing sector. This may be simply a sequencing of development, where catching-up takes place first in the goods producing sector and at a later stage in the services sector also. The strong volatility in comparative advantages in the individual services sectors supports that interpretation and lets us expect radical changes in the years to come.

A brief history of Poland's nominal convergence

BY LEON PODKAMINER AND ANDRZEJ SŁAWIŃSKI*

The creation of the eurozone was made possible by the disinflation in the West European economies in the 1980s and 1990s. Today, Poland – as well as a number of other Central and East European countries – are close to entering the eurozone mainly due to the fact that they have disinflated their economies.

In the case of Poland, the fast disintegration of the old regime throughout 1989 had been accompanied by a run-away mega-inflation. The 'big-bang' stabilization programme that initiated the restoration of capitalism at the beginning of 1990 sped up inflation (e.g. through radical cuts in price subsidies and a deep devaluation), at least initially. Disinflation, which started a couple of months after the 'big bang', was of course gradual. Its first phase ended in the first quarter of 1999, when the consumer price index (CPI) approached 5% – at that time an internationally respectable level.

In 2000-2005, disinflation in Poland was completed. In 1999 and 2004, supply shocks pushed up the CPI above the target level. Nonetheless, since the introduction of the permanent inflation target (at 2.5%) in January 2003, the core inflation in Poland has been below that target all the time. The markets' confidence in the abilities of Poland's monetary authorities to stabilize inflation at the target level is reflected in the behaviour of long-term interest rates. The yields on Poland's 10-year T-Bonds remain well below the reference Maastricht rate despite the fact that the Polish economy has entered the strongest economic boom since the beginning of the 1990s.

The key role in the disinflation of Poland's (rapidly opening) economy was played by the exchange

rate policy. In 1990-1991, Poland had been on a fixed exchange rate regime. Until the end of the 1990s, Poland was using two kinds of fixed exchange rate regime: the crawling peg (1991-1994) and the crawling band (1995-1999).

The introduction of the crawling band in 1995 was a reaction to the appreciation pressures triggered by the inflow of foreign portfolio capital. The National Bank of Poland (NBP) intervened in the foreign exchange market to keep the zloty within the band. The interventions were effective on the shallow domestic market. However, they added to the cost of sterilizing the impact of the rapid growth in Poland's foreign exchange reserves. Year by year the costs of open market operations were rising. Thus, the mobility of capital flows started to influence NBP monetary policy. In 1996-1997, the NBP worried that the hikes in the interest rate (necessary to tame the evolving credit boom) could attract foreign capital inflow on such a scale that the costs of sterilization might surpass incomes from the seigniorage. Thus, the NBP allowed for more zloty volatility within its fluctuating band in order to increase the exchange rate risk for foreign investors (see Figure 1).

In 1998, the Polish exchange rate policy was changed. The newly established Monetary Policy Council (MPC) decided to adopt an inflation targeting strategy. The NBP withdrew from intervening in the foreign exchange market. In 1998-1999, the band for the zloty fluctuations was widened from 7% to 15% and then abandoned in April 2000, after adopting a floating exchange rate.

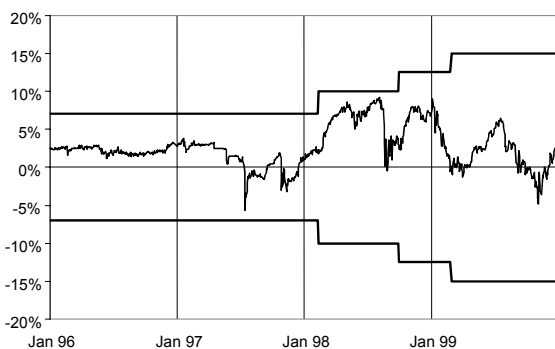
For 1999, the target band for inflation was set within 6.4% and 7.4%. However, because of the rise in food and oil prices, the CPI rose to 10%. In 1999-2000, the MPC raised interest rates from 13% to 19%. In 2001, the MPC cut its reference rates to 11% due to the sharp fall in domestic demand. However, the scale of the easing of the monetary policy was not adequate to the weakening economy, as the rise in interest rates triggered a sharp appreciation of the zloty. In 2000-2001, the real effective exchange rate

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appreciated by 30%, exacerbating the economic slowdown.

Figure 1

The zloty in the band



Source: NBP

Poland's experience at that time provides an illustration that the inflation targeting strategy is more adequate in periods when the main problem of the central bank is not disinflation of the economy, but stabilization of the CPI at a low level. In 1999-2000, the supply shocks which pushed the CPI in Poland well above the newly established inflation target produced a credibility problem for the central bank. The Monetary Policy Council invested in the credibility of the new strategy by raising interest rates.

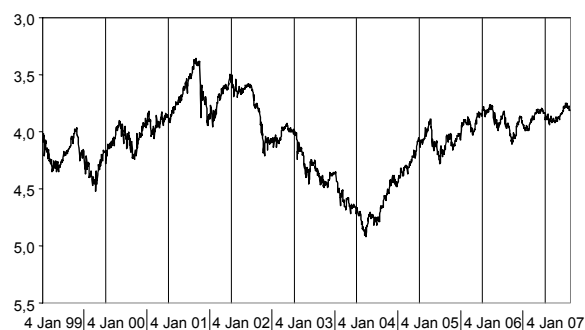
The experience with the sharp zloty appreciation resulted in proposals to switch to a fixed exchange rate regime with a currency board. Also, the idea of 'unilateral euroization' (possibly even without the EU's consent) was floated at that time. Neither of these ideas gained much support among economists and policy makers. The awareness of the risks inherent in the fixed exchange rate systems was heightened at that time – with fresh examples of misfortunes of East Asian countries, Argentina and Turkey.

The protracted economic slowdown (2002-2003), which helped disinflation, permitted a reduction in the NBP interest rates. This was associated with a progressive weakening of the zloty. Nevertheless, in 2004 – when there was a sharp rise in oil prices and a price shock over EU accession – the NBP raised interest rates once again, just as a hedge

against second-round price effects. However, the accession produced only a short-lived rise in inflation. One factor behind this was unemployment, which was still massive in 2004-2005. At the same time the impacts of globalization – in the form of competitively cheap low-duty imports from Asia – started to be felt.¹ Moreover, the fall in country risk triggered 'no-brainer' trade (seeking to take advantage of the nominal appreciation of the zloty which in turn resulted from a fall in 'country risk') and produced some appreciation. That depressed inflation additionally.

Figure 2

PLN/EUR rate



Source: NBP

Overall, during 1999-2004 the zloty fluctuated widely and was on the whole disconnected from the fundamentals. In 2005, the worry was that the zloty might be exposed to further volatility. The Polish foreign exchange market, the liquidity of which was considered high enough to absorb large capital flows, was not big enough to prevent the resultant exchange rate fluctuations. Moreover, the fear was that the structural changes in the global foreign exchange markets (with rising popularity of round trips into different currencies and the intensification of activities of hedge funds) might make the zloty even more volatile. All in all, the inescapable ERM-2 exchange rate stability test looked very tough. But, quite unexpectedly, since 2005 the zloty has become a rather 'dull' currency for foreign investors as its volatility has fallen (see Figure 2). One of the factors behind this is that foreign exchange dealers

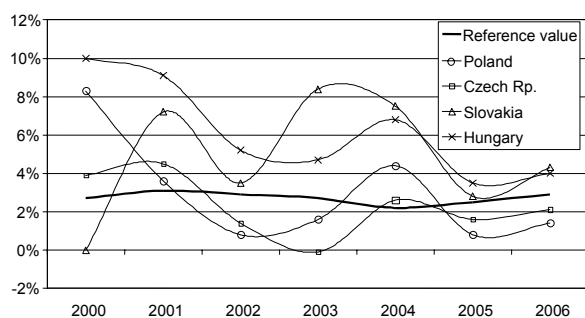
¹ T. Chmielewski and A. Kot (2007), 'Impact of Globalization? Changes In the MTM In Poland', NBP, Warsaw, mimeo.

stopped using the US dollar as transaction currency in the domestic foreign exchange market. Thus, the PLN/EUR rate ceased to reflect the roller coaster of the EUR/USD cross rate.

Of equal importance is the fact that with inflation and interest rates in Poland converging to those in the eurozone, the incentives for short-term capital flows (*carry trade*) have been reduced. A positive feedback has set in between nominal convergence, lower zloty volatility and diminished interest in Poland of foreign exchange and bond traders. All in all, the zloty is now allowed, by the market forces, to fluctuate in the vicinity of an equilibrium level consistent with the 'real fundamentals' of the Polish economy. The moderate zloty appreciation allowed to neutralize the catch-up inflation that might have been the result of the real convergence.²

Figure 3

HICP in CEE4 countries



Source: NBP

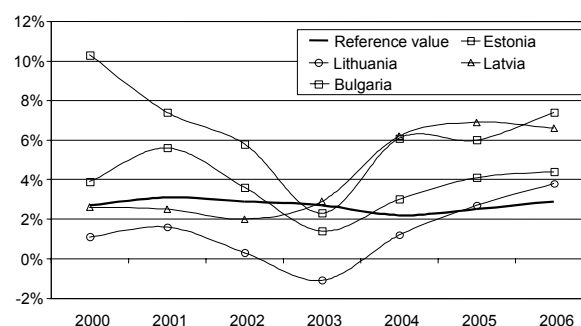
The recent inflation trajectories for Poland and the Czech Republic are broadly similar (see Figure 3). The trajectories for Slovakia and Hungary have not yet converged to the curve representing the reference values (i.e. the Maastricht inflation criterion). But there is little doubt that this should happen soon: in both countries the recent inflation represents to a large extent the effects of higher

indirect tax rates, likely to be deflationary in the medium term.

The nominal convergence prospects for the hard-peg new EU member states (the Baltic countries and Bulgaria) turn out to be more uncertain (see Figure 4). Of course, inflation in these countries can be blamed on the rather high growth (and the associated structural price adjustments, e.g. implicit in the Balassa-Samuelson effect). But this is only a partial justification. The hard-peg/currency-board regimes – which served their purpose by anchoring very high inflation (particularly under limited capital mobility) – appear to be less useful now. They turn out to have strong pro-cyclical properties. Thus the way into the eurozone may actually be longer and more bumpy for the hard-peg countries. Perhaps it would make sense to consider alternative conditions on which these countries – lacking an independent monetary policy of their own – can eventually be admitted into the euro area.

Figure 4

HICP in hard peg countries



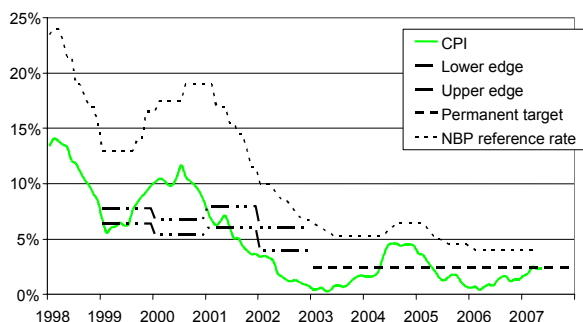
Source: NBP

Poland's disinflation process seems to be largely over (see Figure 5). A large part of the credit for this should go to the committed central bank. Of course, the job of the central bank is never finished. There are always potential dangers to price stability. At present, one should remain vigilant e.g. over the ongoing credit boom and continuing fiscal expansion coming on top of a cyclical upswing. Nonetheless, the structural changes (related mainly to globalization) did flatten the Phillips curve also in Poland, which facilitates the central bank job to deliver low and stable inflation.

² P. De Grauwe and G. Schnabl (2005), 'Nominal versus Real Convergence – EMU Entry Scenarios for the New Member States', *Kyklos*, Vol. 58, No. 4; R. Dobrinsky (2006), 'Catch-up inflation and nominal convergence', *Economic Systems*, No. 30; L. Podkaminer (2006), 'Real Convergence and Inflation', *The Vienna Institute Monthly Report*, No. 5.

Figure 5

Inflation targeting in Poland



Source: NBP

The successful disinflation paved the way for Poland to join the eurozone after fulfilling the fiscal Maastricht criterion. The main cost of joining the monetary union is usually seen in the inability to pursue autonomous monetary policy in order to tame unexpected asymmetric shocks. However, due to Poland's rapid economic integration with the eurozone, the synchronization of the business

cycles is progressing quickly.³ In these circumstances, the likelihood of a painful asymmetric shock is low.

Such an asymmetric shock, which is still not impossible, may be triggered by adverse movements of the exchange rates, as was the case in 2000-2001. Because of the factors mentioned earlier, the zloty has become less volatile. Nonetheless, it is still an emerging currency that is exposed to the vagaries of the hectic changes in global investors' risk appetite. Thus joining the eurozone should be perceived as an opportunity to shield the economy against the asymmetric shocks. Due to the progress in real convergence, resulting in high productivity growth,⁴ the competitive stance of Poland and other Central and East European countries should be maintained after their joining the eurozone. This should allow them to continue to be a region of vibrant economic growth.

³ M. Bieć, 'Od recesji do boomu. Wahania cykliczne polskiej gospodarki 1990-2007', www.sgh.waw.pl/instytut/irg/konferencje/20lecie/referaty

⁴ D. Gros, T. Mayer and A. Ubide (2005), *EMU at Risk*, 7th Annual Report of the CEPS Macroeconomic Policy Group, Brussels, p. 54; M. Kolasa (2005), 'What Drives Productivity Growth in the New EU Member States? The Case of Poland', *ECB Working Paper Series*, No. 486; *The EU-KLEMS Productivity Report* (2007), Issue 1, www.euklemsnet/index.html.

A More General Theory of Unemployment and Inequality

BY JAMES K. GALBRAITH*

Suppose we find ourselves in a preindustrial society. A highly egalitarian peasant agriculture prevails (presupposing an abundance of free land), and there is no welfare state. (Imagine the United States, outside the South, in the late 18th century.) Workers live according to their abilities and the fortunes of the soil. No one leaves employment except to search, very purposefully, for better land. In this egalitarian state, unemployment does not exist.

Now, suppose we find ourselves in a workers' paradise of industrial socialism. Once again, conditions are egalitarian – not because of an abundance of land, but because of the philosophy of those with state power. Education, health care, child care, and housing are likewise provided for free. Workers all have jobs if they want them. Part of the reason for this – lax management, lack of a profit motive, and overstaffing on the factory floor – is well known. But the other part is that workers have no incentive to leave their present employment and look for better work (except by emigrating). They cannot improve their economic circumstances materially by trying to change their jobs. So why do it? As in the first case, unemployment does not exist. Therefore, the intermediate cases are those that cause the trouble.

A half century ago, Simon Kuznets argued that inequality would rise in the early stages of economic

development and transition to industrial growth. The reasons were concrete. New urban centres were places of concentrated income and wealth. The differential between incomes in these centres and those in the countryside became significant as cities grew; and that disparity would only decline later as the proportion of the population remaining in the countryside shrank. This dynamic was not the whole theory behind Kuznets' famous inverted-U relationship between income and inequality, but it was surely the most significant single factor.

John Harris and Michael Todaro (1970)¹ offered a model that captured these characteristics in a neoclassical paper aimed mainly at development economists. In their model, workers migrate from a low marginal-product rural sector to cities, where minimum wages are imposed. They accept a high probability of sustained unemployment in exchange for a low probability of getting jobs and enjoying the resulting rise in income. The equilibrium condition is that the expected value of the gain is equal to the cost incurred in leaving rural employment; this condition entails substantial equilibrium unemployment.

From this, a positive monotonic relationship between inequality and unemployment emerges. As development starts, the riches of the city become magnets for the rural poor. No one on the farm can find an urban industrial job without pulling up stakes and heading to the city. Everyone with initiative does this, particularly if a shock to farm incomes suddenly makes the inequality worse.

But the number of jobs cannot keep up. And so, no matter how rapidly cities grow, mass unemployment is inevitable for a time. It will only end when the rural population is absorbed or emigrates. It can only be contained (as in modern China) by a pass system regulating who may live in the cities. And it can only be effectively regulated by measures that provide strong incentives to stay in the countryside or in the

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¹ J. R. Harris and M. P. Todaro (1970), 'Migration, Unemployment and Development: A Two-Sector Analysis', *The American Economic Review*, Vol. 60, Issue 1.

smaller cities and towns. (Social security systems which provide common money incomes to retirees and therefore higher real incomes to those living where staples are cheap, are an example of such an incentive – one that works effectively to this purpose in the United States.)

While Harris and Todaro focused on East Africa, their argument is also adaptable for postagricultural societies which have elites in technology and finance, a core of manufacturing workers, and a large reservoir of workers in services. The elite live off the fat of the land – access to their jobs is restricted by cartels and credentialing. The same is not true for manufacturing workers who, nevertheless, enjoy wage premiums due, in part, to their ability to mine the profit positions of firms they work for. (This is known as industry-specific labour rent.) Service workers enjoy no such advantages, and their pay is largely set by the social minimums of the welfare state. They are like the earlier generation of farm workers in most relevant economic respects, and they may be considered a ‘reserve army of the underemployed’. As long as the differences between service and manufacturing wages are fairly small and as long as it is possible to search for better jobs for minimal cost while working, service workers may not abandon current employment to seek better employment. Still, if the situation becomes sufficiently desperate, they will do so. In this case, measured unemployment will rise because underemployment will come out in the open.

The choice facing younger workers is especially stark, since a worker entering the low-wage services sector may be ‘typed’ as unambitious and low-productivity. Such a worker cannot make the transition later as easily as a worker who has never been employed at all. For this reason, young people have an incentive to resist taking bad employment for as long as possible; therefore, youth unemployment in unequal societies is expected to be an especially serious problem. And all other things being equal, unemployment overall will be worse in societies with younger populations.

From the standpoint of the individual worker, the decision to risk unemployment depends on two parameters: the difference between current income and the hoped-for improvement and the probability of attaining that improvement. The former can be measured by the inequality of wages. The greater the existing inequality, the greater the potential rewards. The latter depends in part on the rate at which new higher-wage employment is offered. Thus, the worst case for unemployment would be in an unequal society experiencing the early phases of a boom or otherwise hopeful moment (Spain in the 1970s comes to mind). Growth over time absorbs the unemployed. But if growth first accelerates and then fails, a higher long-term rate of unemployment can result. The ‘best’ case for unemployment may be in a slow-growth society as a long period of equalizing expansion comes to an end. Here, the United States in early 2000 offers a compelling example.

To reiterate, as outlined above, pay inequality causes unemployment. Unequal societies should have more unemployment than egalitarian societies. Mobility barriers across regions will help determine how far workers are willing to go to look for jobs, and where unemployment is actually found. Thus, in the relatively unified United States, with a single federal unemployment insurance system, one would expect the highest unemployment in or around the richest places. In Europe, where welfare states remain national and the loss from moving across national frontiers is relatively high, one might expect the unemployed of (say) Poland to congregate in Poland. Is their unemployment voluntary or involuntary? In this theory, the distinction has lost its meaning, for it is purely a matter of perspective. From the standpoint of the individual worker, there is always a choice – to risk unemployment or not to risk it. In this sense, unemployment is voluntary. But at the same time from the larger standpoint of society, the aggregate volume of unemployment is endogenous. And at least one critical variable – the inequality of the wage structure – is subject to policy control. Since unemployment can be reduced by policy without

changing the underlying preferences of the workforce, then, by Keynes' definition, it is involuntary in spite of having been individually chosen.

In this model, unemployment is a positive function of (a) inequality in the structure of pay, (b) the immediate growth rate of higher-wage employments (not necessarily that of the economy overall), and (c) the proportion of the population below a certain age. One may imagine adding to this a variable (d) for that part of the youth population held off the labour market altogether because of college, military service, or even prison. Any of these 'holding pens' may ease the problem of long-term unemployment. The first two allow young people to remain off the labour market without stigma, until they can find suitable employment. The third removes hope for any employment except for the most menial following release from detention.

Finally, a dynamic element may be added to the discussion. I draw on Meidner and Rehn (1951)², whose work underpins the conceptualization of the Swedish model. They point out another consequence of inegalitarianism in the structure of pay: it permits technologically backward firms to maintain competitiveness, despite higher unit costs, by paying their workers less than more progressive firms. Thus, a high degree of inequality in the wage structure would be associated with a weak degree of technological dynamism and, over time, with a lower average productivity and standard of living than would otherwise be the case.

Deliberate compression of wage differentials puts the technological laggards out of business. It therefore releases labour. But with active labour-market policies (providing retraining for displaced workers) and a policy of strong aggregate demand, the end result can be an expansion of capacity by the technologically progressive firms. Some of the unemployed can then be absorbed in the expanding, advanced industries. And many more

can be maintained in subsidized, low-productivity employment – either public or nominally private sector – essentially paid for by the surplus created in the high-productivity firms. In this way, egalitarian societies enjoy efficient use of all their labour resources, high absolute living standards, and competitive advantages over societies that allow markets to adjust wages to an existing structure of relative productivities.

To contrast this model of employment and unemployment with the rigidity-flexibility framework, one need only be reminded that the alternative to good employment is not only unemployment, which is what the framework supposes, but it can also be bad employment (perhaps in some other place or occupation). Bad employment in the informal sector is never precluded anywhere by labour market institutions. The differences between the available alternatives are what matter. Some people – not all – will choose unemployment if it provides at least some chance of bridging the gap to a better-paid job. The greater the gap, the more tempting it is to take the risk, and the higher the unemployment.

In short, it is not just that full employment tends to reduce inequality. It is also that inequality produces unemployment. The more unequal the structure of pay facing an individual worker, the greater the likelihood that workers will choose the lottery of unemployment over the certainty of an impoverished and miserable life.

Inequality, however, is a feature of society. It is not a characteristic of the individual, but of the environment within which the individual lives. And this raises a question of crucial importance that is entirely overlooked in the literature. What are the boundaries of the environment? Are they purely local? Are they national? Or are they continental in scope?

This is a subjective matter. But it is clear that as economic barriers fall between regions and countries and as communication improves and discrimination decreases, prospects among individuals must expand too. This process has

² R. Meidner and G. Rehn (1951), 'Fackföreningsrörelsen och den Fulla Sysselsättningen', LO, Stockholm.

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been going on in Europe for 50 years – it is in many ways the essence of European integration. And given the theoretical proposition just stated (relating the perception of inequality to unemployment), it is immediately obvious that European integration poses a huge conundrum for European employment.

Finally, the further one looks in any direction across Europe, the greater the inequality one observes. Consequently, the more Europe integrates, the greater the problem of unemployment, unless drastic measures are taken to reduce interregional inequalities. This is the basic economic logic of a convergence strategy.

Conventional signs and abbreviations

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion
BGN	Bulgarian lev
CZK	Czech koruna
EUR	euro, from 1 January 1999
EUR-SIT	Slovenia has introduced the euro from 1 January 2007
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
RON	Romanian leu
RUB	Russian rouble
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar
M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:

National statistical offices and central banks; wiiw estimates.

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B U L G A R I A: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total ¹⁾	real, CMPY	2.7	10.3	5.7	3.0	10.6	6.8	5.0	4.2	1.2	3.2	8.9	9.0	11.7	7.0	13.3	.	
Industry, total ¹⁾	real, CCPY	6.1	7.0	6.7	6.2	6.7	6.7	6.6	6.3	5.8	3.2	6.3	7.3	8.4	8.2	9.1	.	
Industry, total	real, 3MMA	6.2	6.2	6.2	6.4	6.7	7.4	5.3	3.4	2.8	4.3	7.3	9.9	9.4	10.9	.	.	
LABOUR																		
Employees total	th. persons	2250	2265	2276	2305	2300	2293	2276	2271	2247	2282	2289	2308	2320	2331	2343	.	
Employees in industry	th. persons	705	705	704	705	704	702	703	703	697	706	705	705	708	704	703	.	
Unemployment, end of period	th. persons	378.9	355.3	340.1	331.8	323.8	312.8	310.4	321.9	337.8	358.1	351.2	330.3	310.3	289.8	274.8	268.4	
Unemployment rate ²⁾	%	10.2	9.6	9.2	9.0	8.7	8.4	8.4	8.7	9.1	9.7	9.5	8.9	8.4	7.8	7.4	7.3	
Labour productivity, industry ¹⁾	CCPY	8.8	9.6	9.3	8.7	9.2	9.2	8.9	8.6	8.0	2.2	5.4	6.6	7.7	7.7	8.7	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	0.9	0.0	0.2	1.0	0.8	1.0	1.2	1.9	2.6	14.4	11.5	10.4	9.2	10.0	9.1	.	
WAGES, SALARIES																		
Total economy, gross	BGN	343	346	345	350	349	363	354	361	388	377	380	396	400	411	408	.	
Total economy, gross	real, CMPY	2.4	-0.1	1.5	2.6	5.4	6.1	5.7	5.9	7.2	8.6	12.9	11.8	11.9	13.9	12.0	.	
Total economy, gross	USD	215	226	223	227	229	236	228	238	262	250	254	268	276	284	280	.	
Total economy, gross	EUR	175	177	176	179	178	186	181	185	198	193	194	202	205	210	209	.	
Industry, gross	EUR	178	176	182	182	182	190	185	190	199	195	198	211	209	215	217	.	
PRICES																		
Consumer	PM	0.4	0.0	-1.6	-0.5	-0.2	0.3	1.3	1.4	1.2	1.4	0.5	-0.1	0.5	0.1	-0.4	2.2	
Consumer	CMPY	8.1	8.5	8.2	7.6	6.8	5.6	5.7	6.1	6.5	7.1	4.5	4.1	4.2	4.3	5.6	8.4	
Consumer	CCPY	8.0	8.1	8.1	8.1	7.9	7.7	7.5	7.3	7.3	7.1	5.8	5.2	5.0	4.8	4.9	5.4	
Producer, in industry ¹⁾	PM	1.8	3.1	0.3	0.9	0.3	0.7	-0.7	0.1	0.6	-0.8	0.1	1.4	1.9	0.7	1.3	.	
Producer, in industry ¹⁾	CMPY	7.5	11.5	11.1	10.9	11.0	10.3	8.7	8.2	8.1	7.8	6.3	8.0	8.1	5.6	6.7	.	
Producer, in industry ¹⁾	CCPY	8.1	8.8	9.2	9.5	9.6	9.7	9.6	9.5	9.4	7.8	7.1	7.4	7.6	7.2	7.1	.	
FOREIGN TRADE^{3/4)}																		
Exports total (fob), cumulated	EUR mn	3668	4652	5711	6783	7850	8900	9960	11009	11983	868	1767	2837	3864	4962	6142	.	
Imports total (cif), cumulated	EUR mn	5347	6870	8364	9960	11621	13149	14858	16558	18375	1528	2955	4677	6276	8059	9876	.	
Trade balance, cumulated	EUR mn	-1679	-2218	-2653	-3177	-3771	-4248	-4898	-5549	-6392	-660	-1188	-1840	-2412	-3097	-3733	.	
Exports to EU-27 (fob), cumulated	EUR mn	.	.	.	.	.	.	.	.	.	579	1175	1844	2449	3111	3862	.
Imports from EU-27 (fob) ⁵⁾ , cumulated	EUR mn	.	.	.	.	.	.	.	.	.	901	1815	2871	3793	4848	5890	.
Trade balance with EU-27, cumulated	EUR mn	.	.	.	.	.	.	.	.	.	-321	-639	-1027	-1344	-1737	-2028	.
FOREIGN FINANCE																		
Current account, cumulated ⁶⁾	EUR mn	-1458	-1752	-1840	-1886	-1982	-2195	-2713	-3203	-3978	-625	-1093	-1605	-2142	-2588	-2836	.	
EXCHANGE RATE																		
BGN/USD, monthly average	nominal	1.597	1.532	1.546	1.542	1.527	1.538	1.551	1.519	1.480	1.506	1.496	1.477	1.448	1.447	1.458	1.426	
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	
BGN/USD, calculated with CPI ⁷⁾	real, Jan03=100	126.3	131.0	127.5	126.9	127.6	127.7	128.9	133.7	138.5	137.7	138.4	138.8	141.5	140.7	139.2	145.4	
BGN/USD, calculated with PPI ⁷⁾	real, Jan03=100	114.8	122.3	121.3	122.1	122.9	124.8	125.2	126.1	129.4	127.4	126.0	127.5	131.4	130.8	131.6	.	
BGN/EUR, calculated with CPI ⁷⁾	real, Jan03=100	112.6	112.2	110.3	109.9	109.5	109.8	111.0	112.5	113.4	115.5	115.7	114.9	114.8	114.6	114.0	116.9	
BGN/EUR, calculated with PPI ⁷⁾	real, Jan03=100	108.4	111.8	112.0	111.9	112.2	113.9	113.0	113.5	114.2	113.5	113.2	114.2	116.0	116.5	117.6	.	
DOMESTIC FINANCE																		
Currency in circulation, end of period ⁸⁾	BGN mn	5190	5284	5503	5687	5829	5917	5881	5825	6231	5901	5880	5912	6100	6134	6391	.	
M1, end of period ⁸⁾	BGN mn	12430	13085	13444	14182	14505	14751	15022	15193	16078	15955	16002	16269	16416	16845	17807	.	
Broad money, end of period ⁸⁾	BGN mn	25771	26568	27535	28183	28986	29611	30166	30361	32061	31780	32108	32755	33379	33925	35349	.	
Broad money, end of period	CMPY	17.1	18.4	20.9	21.4	22.5	24.7	26.0	26.5	26.9	29.0	27.8	28.2	29.5	27.7	28.4	.	
BNB base rate (p.a.) ⁹⁾ end of period	%	2.5	2.6	2.6	2.7	2.8	3.0	3.0	3.2	3.3	3.5	3.6	3.6	3.7	3.9	3.9	4.1	
BNB base rate (p.a.) ⁹⁾ end of period	real, %	-4.7	-8.0	-7.6	-7.3	-7.3	-6.7	-5.2	-4.6	-4.5	-4.0	-2.6	-4.1	-4.1	-1.7	-2.6	.	
BUDGET																		
Central gov.budget balance ⁹⁾	BGN mn	978.8	1237.7	1454.9	1606.3	1941.0	2042.4	2229.0	2413.8	1812.9	133.9	-102.3	403.5	1097.8	1670.4	1923.5	.	

1) According to new calculation for industrial output and prices. Output data based on survey for enterprises with 10 and more persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

5) According to country of dispatch.

6) Based on national currency and converted with the exchange rate.

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

8) According to ECB methodology.

9) Deflated with annual PPI.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total	real, CMPY	3.4	12.0	10.3	11.8	7.3	5.4	12.5	7.6	2.9	10.8	13.1	11.0	14.0	7.5	6.9	.	
Industry, total	real, CCPY	11.8	11.8	11.6	11.6	11.1	10.4	10.6	10.3	9.7	10.8	11.9	11.6	12.2	11.2	10.4	.	
Industry, total	real, 3MMA	10.8	8.6	11.4	9.8	8.0	8.4	8.5	7.8	7.2	9.0	11.6	12.6	10.7	9.3	.	.	
Construction, total	real, CMPY	-3.0	10.5	10.0	12.2	6.4	4.2	7.2	7.7	15.4	29.2	32.1	26.4	17.6	1.4	-4.4	.	
LABOUR																		
Employees in industry ¹⁾	th. persons	1140	1141	1142	1145	1148	1142	1146	1147	1140	1154	1161	1165	1164	1164	1163	.	
Unemployment, end of period	th. persons	486.2	463.0	451.1	458.3	458.7	454.2	439.8	432.6	448.5	465.5	454.7	430.5	402.9	382.6	370.8	376.6	
Unemployment rate ²⁾	%	8.3	7.9	7.7	7.9	7.9	7.8	7.4	7.3	7.7	7.9	7.7	7.3	6.8	6.4	6.3	6.4	
Labour productivity, industry ¹³⁾	CCPY	10.6	10.7	10.3	10.4	9.9	9.4	9.7	9.6	9.2	9.3	10.5	10.1	10.4	9.7	8.9	.	
Unit labour costs, exch.r. adj.(EUR) ¹³⁾	CCPY	0.8	1.4	1.8	1.7	2.0	2.0	1.9	1.9	2.0	3.0	-0.4	0.1	-0.2	0.0	0.1	.	
WAGES, SALARIES																		
Industry, gross ¹⁾	CZK	18564	20065	19712	19268	19061	19995	19605	22754	20931	19892	18699	20492	20414	21710	21201	.	
Industry, gross ¹⁾	real, CMPY	2.4	4.7	3.2	2.6	2.4	1.9	6.2	4.3	3.2	7.7	5.5	5.6	6.1	4.7	3.9	.	
Industry, gross ¹⁾	USD	798	906	878	859	866	897	874	1046	996	929	866	967	985	1039	997	.	
Industry, gross ¹⁾	EUR	651	710	694	677	676	705	693	812	754	714	662	730	729	769	743	.	
PRICES																		
Consumer	PM	0.1	0.5	0.3	0.4	0.2	-0.7	-0.5	-0.1	0.2	1.0	0.3	0.3	0.7	0.4	0.3	0.4	
Consumer	CMPY	2.8	3.1	2.8	2.9	3.1	2.7	1.3	1.5	1.7	1.3	1.5	1.9	2.5	2.4	2.5	2.3	
Consumer	CCPY	2.8	2.9	2.9	2.9	2.9	2.9	2.7	2.6	2.5	1.3	1.4	1.6	1.8	1.9	2.0	2.1	
Producer, in industry	PM	0.3	0.3	0.2	0.7	0.3	-0.2	0.0	-0.2	0.0	1.2	0.5	0.5	0.6	0.6	0.7	0.2	
Producer, in industry	CMPY	0.5	1.5	1.9	2.4	2.7	2.3	1.9	2.0	2.6	2.8	3.0	3.5	3.7	4.0	4.5	4.1	
Producer, in industry	CCPY	0.4	0.6	0.8	1.1	1.3	1.4	1.4	1.5	1.6	2.8	2.9	3.1	3.3	3.4	3.6	3.7	
RETAIL TRADE																		
Turnover	real, CMPY	5.0	7.3	6.4	6.6	7.3	4.9	8.9	6.8	4.6	7.5	10.1	10.5	8.1	7.0	7.2	.	
Turnover	real, CCPY	6.5	6.6	6.6	6.5	6.6	6.4	6.7	6.6	6.4	7.5	8.8	9.4	9.1	8.7	8.3	.	
FOREIGN TRADE⁴⁾⁵⁾																		
Exports total (fob), cumulated	EUR mn	23621	30031	36515	42184	48067	54697	62115	69596	75658	6785	13627	21348	28265	35510	42897	.	
Imports total (fob), cumulated	EUR mn	22784	29114	35337	41097	47027	53376	60617	67915	74141	6481	12844	20117	26926	33927	40987	.	
Trade balance, cumulated	EUR mn	837	917	1178	1087	1040	1320	1498	1681	1516	304	783	1231	1339	1583	1910	.	
Exports to EU-27 (fob), cumulated	EUR mn	20152	25651	31204	36062	41079	46762	53130	59577	64697	5890	11789	18419	24302	30498	36811	.	
Imports from EU-27 (fob) ⁶⁾ , cumulated	EUR mn	16144	20659	25100	29214	33301	37761	42881	48009	52391	4559	9123	14429	19315	24344	29391	.	
Trade balance with EU-27, cumulated	EUR mn	4008	4991	6105	6848	7778	9002	10249	11568	12306	1331	2666	3990	4987	6154	7420	.	
FOREIGN FINANCE																		
Current account, cumulated ⁴⁾	EUR mn	-242	-463	-1393	-2154	-2546	-2933	-3777	-4187	-4720	-69	173	477	-121	-312	-785	.	
EXCHANGE RATE																		
CZK/USD, monthly average	nominal	23.3	22.1	22.4	22.4	22.0	22.3	22.4	21.8	21.0	21.4	21.6	21.2	20.7	20.9	21.3	20.6	
CZK/EUR, monthly average	nominal	28.5	28.3	28.4	28.4	28.2	28.4	28.3	28.0	27.8	27.8	28.2	28.1	28.0	28.2	28.5	28.3	
CZK/USD, calculated with CPI ⁷⁾	real, Jan03=100	123.3	129.5	127.8	128.0	130.5	128.5	127.8	131.9	136.5	134.9	133.4	135.1	138.3	136.7	134.7	139.4	
CZK/USD, calculated with PPI ⁷⁾	real, Jan03=100	115.2	120.3	118.6	118.9	120.9	120.9	122.5	124.2	127.7	128.1	125.4	126.5	128.9	127.1	125.8	129.9	
CZK/EUR, calculated with CPI ⁷⁾	real, Jan03=100	109.8	110.9	110.6	111.0	112.0	110.4	110.1	110.9	111.7	113.1	111.5	111.9	112.2	111.5	110.4	112.0	
CZK/EUR, calculated with PPI ⁷⁾	real, Jan03=100	108.7	109.9	109.5	109.0	110.3	110.3	110.5	111.7	112.7	114.0	112.6	113.3	113.8	113.3	112.4	113.5	
DOMESTIC FINANCE																		
Currency in circulation, end of period ⁸⁾	CZK bn	272.7	273.3	279.9	279.1	282.4	287.5	287.1	292.0	295.3	292.2	296.8	300.3	306.3	309.8	314.0	.	
M1, end of period ⁸⁾	CZK bn	1208.2	1253.6	1235.2	1281.5	1292.1	1274.2	1321.0	1335.1	1325.6	1356.9	1370.2	1335.8	1387.9	1444.1	1423.2	.	
Broad money, end of period ⁸⁾	CZK bn	1906.8	1909.6	1925.8	1942.0	1973.4	1959.1	1999.3	2014.5	2049.6	2074.4	2103.4	2106.4	2174.1	2203.4	2206.5	.	
Broad money, end of period	CMPY	12.9	11.4	12.0	12.0	13.2	12.5	13.0	11.9	12.9	12.8	13.5	13.4	14.0	15.4	14.6	.	
Discount rate (p.a.), end of period	%	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	2.00	
Discount rate (p.a.), end of period ⁹⁾	real, %	0.5	-0.5	-0.9	-1.2	-1.4	-0.8	-0.4	-0.5	-1.1	-1.2	-1.5	-1.9	-2.2	-2.4	-2.7	-2.0	
BUDGET																		
Central gov. budget balance, cum.	CZK mn	-19955	-12202	7642	-445	-6440	1490	-12670	-30920	-97310	5030	-6730	11260	-17010	-25980	1280	19680	

1) Enterprises employing 20 and more persons.

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

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

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

5) Cumulation starting January and ending December each year.

6) According to country of origin.

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

8) According to ECB methodology.

9) Deflated with annual PPI.

H U N G A R Y: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total	real, CMPY	1.9	10.4	8.5	11.9	9.1	9.0	10.4	11.0	8.4	12.5	10.8	4.9	10.8	3.2	8.8	.	
Industry, total	real, CCPY	10.2	10.2	9.9	10.2	10.1	9.9	10.0	10.1	10.0	12.5	11.6	9.2	9.5	8.2	8.3	.	
Industry, total	real, 3MMA	9.2	7.0	10.2	9.8	10.0	9.5	10.2	10.0	10.6	10.5	9.2	8.6	6.2	7.5	.	.	
Construction, total	real, CMPY	-7.6	-8.1	-8.0	1.1	-3.5	-4.8	7.5	-5.0	-2.1	-2.0	8.9	3.6	-3.7	4.1	.	.	
LABOUR																		
Employees in industry ¹⁾	th. persons	749.2	750.5	753.4	754.0	752.9	752.4	754.7	753.3	749.8	746.2	752.6	746.4	745.0	745.8	745.4	.	
Unemployment ²⁾	th. persons	318.5	309.4	305.7	311.1	314.5	318.3	317.3	321.0	319.6	317.5	312.5	316.3	314.3	307.7	296.9	296.7	
Unemployment rate ²⁾	%	7.5	7.3	7.2	7.3	7.4	7.5	7.4	7.5	7.5	7.5	7.4	7.5	7.5	7.3	7.0	7.0	
Labour productivity, industry ¹⁾	CCPY	13.4	13.2	12.7	12.9	12.6	12.3	12.3	12.2	11.9	13.6	12.3	10.1	10.5	9.1	9.3	.	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-9.1	-8.7	-9.0	-10.1	-10.2	-10.5	-10.1	-9.9	-9.0	-3.7	-3.1	-0.2	1.9	3.6	4.0	.	
WAGES, SALARIES																		
Total economy, gross ¹⁾	HUF th	162.1	166.2	165.9	164.4	164.4	161.0	167.2	187.6	201.3	209.4	166.3	176.3	175.9	178.6	182.6	.	
Total economy, gross ¹⁾	real, CMPY	5.6	3.7	3.7	5.4	7.0	1.1	2.9	0.3	5.1	-0.7	-2.8	-0.5	-0.3	-0.9	1.4	.	
Total economy, gross ¹⁾	USD	750	809	772	751	768	746	789	934	1047	1073	858	934	966	972	978	.	
Total economy, gross ¹⁾	EUR	611	633	610	592	600	586	625	725	792	825	656	706	715	719	729	.	
Industry, gross ¹⁾	EUR	590	650	604	567	598	575	611	734	734	647	637	697	715	746	705	.	
PRICES																		
Consumer	PM	0.7	1.0	0.3	0.2	0.0	2.5	0.5	0.2	0.1	1.2	1.2	0.8	0.5	0.8	0.4	0.0	
Consumer	CMPY	2.3	2.8	2.8	3.0	3.5	5.9	6.3	6.4	6.5	7.8	8.8	9.0	8.8	8.5	8.6	8.4	
Consumer	CCPY	2.5	2.5	2.6	2.6	2.7	3.1	3.4	3.7	3.9	7.8	8.3	8.5	8.6	8.6	8.6	8.5	
Producer, in industry	PM	1.1	0.1	2.4	1.2	0.3	0.1	-1.0	-1.1	-0.9	0.2	0.0	-0.6	-0.8	0.4	-0.2	0.4	
Producer, in industry	CMPY	5.8	5.3	7.9	9.5	9.7	9.0	7.0	5.5	4.5	4.3	4.2	2.0	0.1	0.4	-2.0	-2.8	
Producer, in industry	CCPY	5.0	5.0	5.5	6.1	6.5	6.8	6.8	6.7	6.5	4.3	4.3	3.5	2.7	2.2	1.5	0.9	
RETAIL TRADE																		
Turnover	real, CMPY	5.7	5.5	4.0	4.0	5.7	3.6	2.3	2.2	1.8	1.2	0.1	-1.2	-1.8	-3.5	.	.	
Turnover	real, CCPY	5.4	5.4	5.2	5.0	5.1	4.9	4.6	4.4	4.1	1.2	0.6	0.0	-0.5	-1.2	.	.	
FOREIGN TRADE³⁾⁴⁾																		
Exports total (fob), cumulated	EUR mn	18023	23075	28040	32570	37081	42542	48117	54099	59025	5094	10275	16075	21264	26906	32746	.	
Imports total (cif), cumulated	EUR mn	18951	24184	29244	34153	39023	44549	50277	56365	61424	5257	10542	16336	21683	27372	33250	.	
Trade balance, cumulated	EUR mn	-928	-1109	-1205	-1583	-1942	-2007	-2160	-2266	-2399	-163	-267	-261	-419	-466	-504	.	
Exports to EU-27 (fob), cumulated	EUR mn	14443	18445	22386	26013	29493	33738	38178	42914	46663	4168	8297	12838	17000	21471	26203	.	
Imports from EU-27 (cif) ⁵⁾ , cumulated	EUR mn	13209	16982	20656	24141	27487	31369	35396	39650	43214	3638	7394	11610	15379	19500	23791	.	
Trade balance with EU-27, cumulated	EUR mn	1234	1463	1729	1871	2006	2369	2782	3264	3450	530	904	1228	1621	1972	2412	.	
FOREIGN FINANCE																		
Current account, cumulated	EUR mn	.	.	-2925	.	.	-4068	.	.	-5183	.	.	-1102	.	.	.	.
EXCHANGE RATE																		
HUF/USD, monthly average	nominal	216.3	205.5	214.9	218.8	214.0	215.7	211.8	200.8	192.3	195.2	193.9	188.7	182.1	183.8	186.7	180.0	
HUF/EUR, monthly average	nominal	265.3	262.5	271.9	277.6	274.3	274.7	267.3	258.9	254.1	253.8	253.4	249.8	246.0	248.5	250.4	246.8	
HUF/USD, calculated with CPI ⁶⁾	real, Jan03=100	109.5	115.9	110.9	108.8	111.0	113.5	116.7	123.6	129.0	128.2	129.8	133.2	137.9	136.8	135.2	140.3	
HUF/USD, calculated with PPI ⁶⁾	real, Jan03=100	99.4	103.8	101.4	100.3	102.3	103.1	106.0	108.9	112.1	111.7	110.4	111.0	113.1	111.2	109.3	113.8	
HUF/EUR, calculated with CPI ⁶⁾	real, Jan03=100	97.5	99.2	96.0	94.3	95.3	97.4	100.6	103.9	105.6	107.5	108.6	110.4	112.0	111.5	110.9	112.8	
HUF/EUR, calculated with PPI ⁶⁾	real, Jan03=100	93.7	94.9	93.7	91.9	93.3	94.1	95.6	98.0	98.9	99.4	99.2	99.5	100.0	99.0	97.8	99.6	
DOMESTIC FINANCE																		
Currency in circulation, end of period ⁷⁾	HUF bn	1663.9	1661.5	1724.9	1730.3	1762.8	1788.6	1754.7	1820.7	1838.3	1772.2	1769.0	1805.5	1820.6	1827.6	1858.9	.	
M1, end of period ⁷⁾	HUF bn	5323.4	5358.3	5573.2	5610.9	5612.6	5628.3	5501.8	5688.5	5835.5	5588.0	5580.3	5614.2	5512.6	5537.2	5678.7	5688.5	
Broad money, end of period ⁷⁾	HUF bn	11785.5	11758.8	12142.8	12200.3	11221.2	12282.8	12231.1	12454.3	12787.6	12637.9	12611.6	12743.8	12735.3	12836.1	13010.6	13144.3	
Broad money, end of period	CMPY	15.9	14.4	18.4	17.7	7.2	15.6	14.6	14.1	13.9	12.5	10.8	6.8	8.1	9.2	7.1	7.7	
NBH base rate (p.a.),end of period	%	6.0	6.0	6.3	6.8	7.3	7.8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.8	7.8	
NBH base rate (p.a.),end of period ⁸⁾	real, %	0.2	0.7	-1.5	-2.5	-2.2	-1.1	0.9	2.4	3.3	3.5	3.6	5.9	7.9	7.6	9.9	10.9	
BUDGET																		
Central gov.budget balance,cum.	HUF bn	-794.2	-859.7	-1158.4	-1141.3	-1266.7	-1323.0	-1384.7	-1465.9	-1959.2	-247.8	-507.6	-772.2	-782.1	-876.3	-1144.1	.	

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

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

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

4) Cumulation starting January and ending December each year.

5) According to country of dispatch.

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

7) According to ECB monetary standards.

8) Deflated with annual PPI.

P O L A N D: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry ¹⁾	real, CMPY	5.7	19.1	12.2	14.3	12.6	11.5	14.8	12.0	5.9	15.5	13.0	11.3	12.5	8.1	5.6	10.4	
Industry ¹⁾	real, CCPY	10.6	12.3	12.2	12.5	12.5	12.4	12.7	12.6	12.0	15.5	14.2	13.1	13.0	12.0	10.8	10.8	
Industry ¹⁾	real, 3MMA	13.7	12.2	15.1	13.0	12.7	13.0	12.8	10.9	11.0	11.3	13.1	12.2	10.6	8.6	8.0	.	
Construction ¹⁾	real, CMPY	4.1	13.3	15.7	4.9	15.4	21.1	28.7	23.4	17.9	60.7	56.6	39.1	36.8	16.4	3.7	18.4	
LABOUR																		
Employees ¹⁾	th. persons	4889	4901	4918	4928	4943	4957	4971	4986	4995	5048	5070	5089	5105	5116	5144	5160	
Employees in industry ¹⁾	th. persons	2468	2471	2478	2484	2490	2495	2502	2507	2507	2530	2542	2552	2555	2556	2565	2571	
Unemployment, end of period	th. persons	2703.6	2583.0	2487.6	2443.4	2411.6	2363.6	2301.8	2287.3	2309.4	2365.8	2331.1	2232.5	2103.1	1985.1	1895.1	1856.1	
Unemployment rate ²⁾	%	17.2	16.5	16.0	15.7	15.5	15.2	14.9	14.8	14.9	15.1	14.9	14.4	13.7	13.0	12.4	12.2	
Labour productivity, industry ¹⁾	CCPY	8.8	10.4	10.3	10.4	10.3	10.1	10.3	10.2	9.5	12.2	10.7	9.5	9.3	8.3	7.2	7.1	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	1.1	0.3	-0.4	-0.5	-0.5	-0.9	-1.4	-1.5	-0.7	-4.1	-4.6	-2.5	-1.5	0.0	2.3	2.9	
WAGES, SALARIES																		
Total economy, gross ¹⁾	PLN	2570	2550	2625	2648	2612	2611	2658	2760	3027	2664	2687	2853	2786	2777	2870	2894	
Total economy, gross ¹⁾	real, CMPY	3.4	4.4	3.7	4.5	3.7	3.9	3.8	1.8	7.2	6.3	4.8	6.7	6.3	6.8	6.9	7.1	
Total economy, gross ¹⁾	USD	804	836	828	841	858	838	860	928	1048	893	902	972	985	992	1010	1052	
Total economy, gross ¹⁾	EUR	656	655	654	662	669	658	681	721	794	687	690	734	730	734	754	768	
Industry, gross ¹⁾	EUR	661	661	664	679	676	662	674	738	816	697	703	743	728	734	770	773	
PRICES																		
Consumer	PM	0.7	0.5	-0.3	0.0	0.3	0.2	0.1	0.0	-0.2	0.4	0.3	0.5	0.5	0.5	0.0	-0.3	
Consumer	CMPY	0.7	0.9	0.8	1.1	1.6	1.6	1.2	1.4	1.4	1.6	1.9	2.5	2.3	2.3	2.6	2.3	
Consumer	CCPY	0.8	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.6	1.8	2.0	2.1	2.1	2.2	2.2	
Producer, in industry	PM	1.5	0.4	0.9	0.7	-0.1	0.0	-0.5	-0.7	-0.5	0.6	0.3	0.5	0.5	0.4	0.5	0.4	
Producer, in industry	CMPY	1.7	2.3	3.0	3.5	3.3	3.6	3.2	2.5	2.6	3.1	3.5	3.3	2.2	2.1	1.7	1.5	
Producer, in industry	CCPY	0.9	1.2	1.5	1.8	1.9	2.1	2.2	2.2	2.2	3.1	3.4	3.1	2.9	2.7	2.5	2.4	
RETAIL TRADE																		
Turnover ¹⁾	real, CMPY	13.3	13.4	10.5	10.8	10.9	14.4	13.9	14.1	13.7	16.3	16.9	17.7	13.6	13.4	14.3	15.0	
Turnover ¹⁾	real, CCPY	10.1	10.6	10.5	10.8	11.1	11.6	11.9	11.8	11.9	16.3	16.6	17.4	16.7	16.0	15.6	15.6	
FOREIGN TRADE^{3,4)}																		
Exports total (fob), cumulated	EUR mn	27208	34574	42018	48962	55976	64045	72610	80985	87888	7478	14944	23552	31364	39448	47484	.	
Imports total (cif), cumulated	EUR mn	30500	39163	47447	55588	63672	72658	82396	91868	100380	8572	16842	26909	36031	45556	54739	.	
Trade balance, cumulated	EUR mn	-3292	-4589	-5429	-6625	-7696	-8613	-9787	-10883	-12493	-1094	-1899	-3357	-4667	-6108	-7256	.	
Exports to EU-27 (fob), cumulated	EUR mn	21778	27649	33444	38977	44369	50744	57423	64043	69294	6138	12115	18970	25143	31541	37883	.	
Imports from EU-27 (cif) ⁵⁾ , cumulated	EUR mn	19593	25225	30628	35957	40892	46492	52650	58650	63844	5551	11110	17577	23408	29533	35522	.	
Trade balance with EU-27, cumulated	EUR mn	2185	2424	2816	3020	3477	4251	4773	5393	5451	587	1006	1393	1734	2008	2361	.	
FOREIGN FINANCE																		
Current account, cumulated	EUR mn	-2003	-2377	-2677	-3204	-3850	-3628	-4356	-5094	-6295	-733	-1294	-1833	-2511	-3725	-4907	.	
EXCHANGE RATE																		
PLN/USD, monthly average	nominal	3.198	3.049	3.171	3.149	3.045	3.115	3.092	2.974	2.887	2.984	2.980	2.936	2.828	2.800	2.840	2.750	
PLN/EUR, monthly average	nominal	3.919	3.894	4.016	3.997	3.901	3.970	3.903	3.830	3.813	3.879	3.896	3.887	3.819	3.782	3.808	3.769	
PLN/USD, calculated with CPI ⁶⁾	real, Jan03=100	116.0	121.6	116.4	116.8	120.9	119.0	120.7	125.7	129.0	124.9	124.7	126.1	130.7	131.8	129.9	133.8	
PLN/USD, calculated with PPI ⁶⁾	real, Jan03=100	109.8	114.6	111.0	112.0	115.0	114.1	116.6	118.6	120.9	118.8	117.1	117.7	121.7	122.0	120.8	125.3	
PLN/EUR, calculated with CPI ⁶⁾	real, Jan03=100	103.2	104.0	100.4	101.0	103.6	102.0	103.8	105.6	105.5	104.6	104.1	104.2	106.0	107.3	106.4	107.5	
PLN/EUR, calculated with PPI ⁶⁾	real, Jan03=100	103.5	104.6	102.2	102.4	104.8	103.9	105.0	106.6	106.5	105.6	105.1	105.3	107.4	108.5	108.0	109.6	
DOMESTIC FINANCE																		
Currency in circulation, end of period	PLN bn	61.3	61.2	64.2	64.9	64.9	66.2	66.3	66.0	68.8	67.6	68.6	70.2	72.0	71.5	73.4	73.7	
M1, end of period ⁷⁾	PLN bn	222.7	237.4	240.2	246.7	249.0	253.3	254.7	264.1	275.8	277.4	284.7	286.5	285.4	293.1	295.9	303.2	
Broad money, end of period ⁷⁾	PLN bn	438.9	449.3	454.4	456.5	463.2	469.5	476.4	483.3	495.3	503.6	509.4	512.0	517.0	521.2	521.4	527.7	
Broad money, end of period	CMPY	10.4	10.9	12.2	13.2	13.0	13.4	12.8	14.6	16.0	19.3	18.0	18.0	17.8	16.0	14.7	15.6	
Discount rate (p.a.)end of period	%	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.5	4.5	4.8	4.8	
Discount rate (p.a.)end of period ⁸⁾	real, %	2.5	1.9	1.2	0.7	0.9	0.6	1.0	1.7	1.6	1.1	0.7	0.9	2.3	2.4	3.0	3.2	
BUDGET																		
Central gov.budget balance, cum.	PLN mn	-10070	-14718	-17694	-15543	-14483	-14610	-16637	-18581	-25063	3144	-2992	-5177	-2091	-4297	-3647	616	

1) Enterprises employing more than 9 persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

5) According to country of origin.

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

7) Revised according to ECB monetary standards.

8) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007					
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	0.6	16.0	10.7	10.0	6.8	6.2	10.2	7.3	3.9	4.7	10.0	8.2	2.4	6.8	4.6	.
Industry, total ¹⁾	real, CCPY	3.6	6.1	6.9	7.3	7.2	7.1	7.4	7.4	7.2	4.7	7.3	7.6	6.3	6.4	6.1	.
Industry, total ¹⁾	real, 3MMA	6.8	9.0	12.2	9.2	7.6	7.8	7.9	7.3	5.4	6.2	7.6	6.8	5.9	4.6	.	.
Construction, total	real, CCPY	18.3	17.2	17.5	17.3	17.7	18.0	18.2	18.6	19.3	27.2	29.1	29.8	32.5	31.8	31.4	.
LABOUR																	
Employees total ¹⁾	th. persons	4589.7	4604.0	4612.2	4617.4	4615.3	4608.5	4601.7	4603.4	4575.0	4647.0	4671.3	4707.1	4715.0	4733.8	4742.8	.
Employees in industry ¹⁾	th. persons	1666.7	1663.9	1653.1	1645.3	1640.4	1628.3	1623.0	1616.1	1602.5	1598.0	1607.4	1613.5	1607.7	1603.1	1595.7	.
Unemployment, end of period	th. persons	512.3	481.2	465.9	446.8	446.5	440.2	453.5	456.0	460.5	477.3	459.0	433.0	400.3	369.8	354.7	.
Unemployment rate ²⁾	%	5.8	5.4	5.2	5.0	5.0	4.9	5.1	5.1	5.2	5.4	5.2	4.9	4.5	4.1	4.0	.
Labour productivity, industry ¹⁾	CCPY	7.6	10.1	10.9	11.3	11.1	11.0	11.2	11.1	10.6	10.1	12.6	12.8	11.2	11.3	10.8	.
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	12.0	9.0	7.7	6.8	6.5	6.2	6.2	6.6	7.5	15.7	13.3	12.8	14.9	15.1	16.2	.
WAGES, SALARIES																	
Total economy, gross ¹⁾	RON	1120.0	1109.0	1112.0	1122.0	1122.0	1148.0	1155.0	1213.0	1481.0	1232.0	1264.0	1364.0	1387.0	1361.0	1377.0	.
Total economy, gross ¹⁾	real, CMPY	7.7	9.8	10.0	10.4	9.9	12.8	13.2	13.9	26.0	7.7	19.7	19.5	19.3	18.2	19.3	.
Total economy, gross ¹⁾	USD	393	404	397	398	407	415	414	447	573	471	488	536	562	560	573	.
Total economy, gross ¹⁾	EUR	321	316	313	314	318	325	328	347	434	363	374	405	416	414	427	.
Industry, gross ¹⁾	EUR	301	299	300	305	313	316	315	327	369	334	343	381	389	388	397	.
PRICES																	
Consumer	PM	0.4	0.6	0.2	0.1	-0.1	0.1	0.2	1.1	0.7	0.2	0.0	0.1	0.5	0.6	0.1	0.3
Consumer	CMPY	6.9	7.3	7.1	6.2	6.0	5.5	4.8	4.7	4.9	4.0	3.8	3.7	3.8	3.8	3.8	4.0
Consumer	CCPY	8.2	8.0	7.8	7.6	7.4	7.2	6.9	6.7	6.6	4.0	3.9	3.8	3.8	3.8	3.8	3.8
Producer, in industry	PM	1.8	1.5	1.1	0.8	1.2	-0.2	0.4	0.9	0.4	0.1	0.0	0.9	1.2	0.5	-0.1	.
Producer, in industry	CMPY	10.6	11.7	12.7	12.9	13.0	12.0	10.7	10.9	11.6	10.0	8.8	9.4	8.7	7.6	6.4	.
Producer, in industry	CCPY	10.8	11.0	11.3	11.5	11.7	11.7	11.6	11.6	11.6	10.0	9.4	9.4	9.2	8.9	8.5	.
RETAIL TRADE																	
Turnover	real, CMPY	16.3	32.1	28.4	28.5	21.5	26.1	22.8	20.2	19.9	0.6	-3.7	14.7	13.0	11.8	16.0	.
Turnover	real, CCPY	22.8	24.7	25.3	25.8	25.2	25.3	25.0	24.6	24.0	0.6	-1.6	4.2	6.0	7.7	9.6	.
FOREIGN TRADE³⁾																	
Exports total (fob), cumulated	EUR mn	8091	10398	12678	14901	16963	19171	21429	23893	25851	2059	4375	7113	9294	11716	.	.
Imports total (cif), cumulated	EUR mn	11514	15045	18527	21979	25342	28725	32610	36684	40746	3318	7019	11220	15033	19341	.	.
Trade balance, cumulated	EUR mn	-3423	-4647	-5849	-7079	-8379	-9554	-11180	-12791	-14895	-1260	-2644	-4107	-5739	-7624	.	.
Exports to EU-27 (fob), cumulated	EUR mn	5715	7259	8850	10443	11835	13456	15095	16913	18228	1510	3166	5028	6566	8356	10189	.
Imports from EU-27 (cif) ⁴⁾ , cumulated	EUR mn	7682	10166	11629	14053	16302	18658	21397	24246	26995	2427	5116	8189	11015	14133	17228	.
Trade balance with EU-27, cumulated	EUR mn	-1967	-2907	-2779	-3610	-4468	-5202	-6302	-7332	-8767	-917	-1951	-3161	-4449	-5777	-7039	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-2060	-2912	-3744	-4522	-5466	-6301	-7399	-8560	-9973	-939	-2064	-3066	-4473	-5941	.	.
EXCHANGE RATE																	
RON/USD, monthly average	nominal	2.849	2.745	2.801	2.817	2.753	2.769	2.789	2.714	2.583	2.613	2.588	2.545	2.469	2.431	2.405	2.285
RON/EUR, monthly average	nominal	3.491	3.507	3.548	3.572	3.528	3.527	3.519	3.495	3.414	3.394	3.382	3.369	3.335	3.285	3.226	3.134
RON/USD, calculated with CPI ⁵⁾	real, Jan03=100	144.4	150.0	146.9	145.8	148.8	148.7	148.7	154.9	163.5	161.5	162.2	163.6	168.5	171.0	173.1	182.7
RON/USD, calculated with PPI ⁵⁾	real, Jan03=100	150.3	157.0	155.2	154.9	159.4	160.6	163.3	166.9	175.0	174.8	173.2	175.1	181.0	182.5	184.4	.
RON/EUR, calculated with CPI ⁵⁾	real, Jan03=100	128.9	128.7	127.2	126.6	127.9	127.9	128.4	130.6	134.1	135.8	135.9	135.7	137.0	139.6	142.2	147.2
RON/EUR, calculated with PPI ⁵⁾	real, Jan03=100	142.2	143.7	143.4	142.2	145.8	146.8	147.6	150.5	154.7	156.1	156.0	157.1	160.1	162.9	165.2	.
DOMESTIC FINANCE																	
Currency in circulation, end of period ⁶⁾	RON mn	12471	12595	13557	13926	13959	14423	13955	13937	15130	13491	14163	14986	15463	15906	17305	.
M1, end of period ⁶⁾	RON mn	34976	36966	39067	40293	41765	42150	43721	42870	48726	51639	52281	54754	55231	56715	59728	.
Broad money, end of period ⁶⁾	RON mn	88023	91754	94960	95680	97989	98843	100033	101142	110821	106626	109615	112697	113135	112827	116276	.
Broad money, end of period	CMPY	29.0	29.2	26.6	27.8	27.2	22.7	22.8	23.8	28.1	24.3	27.7	28.8	28.5	23.0	22.4	.
Discount rate (p.a.) ⁷⁾ , end of period ⁷⁾	%	8.5	8.5	8.5	8.5	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.1	8.0	7.5	7.3	7.3
Discount rate (p.a.) ⁸⁾ , end of period ⁸⁾	real, %	-1.9	-2.8	-3.7	-3.9	-3.7	-2.9	-1.7	-2.0	-2.5	-1.2	-0.1	-1.2	-0.6	-0.1	0.8	.
BUDGET																	
Central gov. budget balance, cum.	RON mn	674.3	830.9	-444.7	555.7	-8.1	-550.4	440.7	-1284.4	-10537.5	200.4	-2458.9	-4223.1	-2768.6	-3287.5	-4336.3	.

1) Enterprises with more than 3 employees.

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

3) Cumulation starting January and ending December each year.

4) From January 2007 country of dispatch (country of origin before).

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

6) According to ECB methodology.

7) Reference rate of RNB.

8) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total	real, CMPY	3.5	10.9	12.1	9.9	14.4	8.6	12.1	9.9	7.2	18.7	15.5	11.8	15.8	17.5	11.3	.	
Industry, total	real, CCPY	8.0	8.6	9.2	9.3	9.9	9.8	10.0	10.0	9.8	18.7	17.1	15.2	15.3	15.8	15.0	.	
Industry, total	real, 3MMA	10.2	8.9	11.0	12.1	10.9	11.6	10.2	9.8	11.9	13.8	15.2	14.2	15.0	14.8	.	.	
Construction, total	real, CMPY	11.6	20.2	16.3	17.2	21.1	11.4	9.3	12.1	17.6	24.0	25.2	16.1	14.1	5.0	1.7	.	
LABOUR																		
Employment in industry	th. persons	564.3	568.5	571.6	572.9	574.6	577.1	577.7	578.8	576.7	580.7	584.9	591.3	585.5	583.7	586.3	.	
Unemployment, end of period	th. persons	315.6	302.6	296.5	291.3	282.0	279.9	271.0	268.8	273.4	279.0	273.5	264.5	253.3	247.4	246.3	245.9	
Unemployment rate ¹⁾	%	11.0	10.6	10.4	10.2	9.9	9.8	9.3	9.1	9.4	9.5	9.2	8.9	8.5	8.3	8.3	8.3	
Labour productivity, industry	CCPY	9.4	10.1	10.8	11.0	11.7	11.4	11.7	11.7	11.3	13.7	11.9	9.7	10.2	11.0	10.6	.	
Unit labour costs, exch.r. adj.(EUR)	CCPY	-2.5	-1.8	-2.4	-2.3	-2.6	-2.1	-2.0	-1.4	-0.6	3.4	5.1	7.6	7.7	7.4	7.5	.	
WAGES, SALARIES																		
Industry, gross	SKK	18124	19433	19857	19167	18981	18918	20157	23254	21621	19317	18759	19727	19597	21191	20784	.	
Industry, gross	real, CMPY	2.8	5.2	2.2	3.6	1.9	2.3	5.4	3.7	4.2	5.6	5.7	4.6	5.5	6.8	2.3	.	
Industry, gross	USD	594	660	661	633	645	642	690	833	816	724	710	771	791	849	820	.	
Industry, gross	EUR	485	517	522	499	504	504	547	647	617	556	543	583	586	628	611	.	
PRICES																		
Consumer	PM	0.3	0.4	0.1	0.2	0.0	-0.3	0.2	0.6	0.0	1.0	0.2	0.0	0.2	0.0	0.3	0.0	
Consumer	CMPY	4.5	4.8	4.6	5.0	5.1	4.6	3.7	4.3	4.2	3.0	2.7	2.7	2.7	2.3	2.5	2.3	
Consumer	CCPY	4.4	4.5	4.5	4.6	4.6	4.6	4.5	4.5	4.5	3.0	2.8	2.8	2.7	2.7	2.6	2.6	
Producer, in industry	PM	0.6	0.8	0.3	0.5	0.6	-0.7	0.1	0.4	-0.8	-0.5	1.8	0.0	-0.3	-0.1	0.3	0.5	
Producer, in industry	CMPY	9.8	9.8	9.1	8.9	8.8	7.6	7.0	5.6	5.4	3.4	3.8	3.1	2.2	1.3	1.3	1.3	
Producer, in industry	CCPY	9.5	9.6	9.5	9.4	9.3	9.1	8.9	8.6	8.3	3.4	3.6	3.4	3.1	2.7	2.5	2.3	
RETAIL TRADE²⁾																		
Turnover	real, CMPY	8.6	9.3	10.7	8.5	8.0	10.6	9.6	9.4	7.4	0.9	4.6	6.0	6.2	9.7	7.5	.	
Turnover	real, CCPY	7.9	8.2	8.6	8.6	8.5	8.7	8.8	8.8	8.8	0.9	2.8	3.8	4.4	5.5	5.8	.	
FOREIGN TRADE³⁾⁴⁾⁵⁾																		
Exports total (fob), cumulated	EUR mn	9528	12294	15163	17799	20611	23679	27124	30476	33318	3186	6313	9871	13177	16772	20188	.	
Imports total (fob), cumulated	EUR mn	10394	13366	16360	19065	22033	25370	28983	32626	35819	3046	6249	9898	13236	16957	20506	.	
Trade balance, cumulated	EUR mn	-867	-1072	-1197	-1266	-1422	-1691	-1860	-2150	-2501	140	65	-27	-59	-185	-318	.	
Exports to EU-27 (fob), cumulated	EUR mn	8401	10853	13338	15570	18007	20640	23602	26514	28971	2800	5531	8652	11531	14668	.	.	
Imports from EU-27 (fob) ⁶⁾ , cumulated	EUR mn	6973	9045	11156	13110	15069	17371	19926	22495	24698	2095	4410	7016	9325	11900	.	.	
Trade balance with EU-27, cumulated	EUR mn	1428	1808	2181	2460	2938	3268	3676	4019	4274	705	1122	1636	2207	2769	.	.	
FOREIGN FINANCE																		
Current account, cumulated ³⁾	EUR mn	-981	-1451	-1647	-2276	-2308	-2804	-3030	-3264	-3642	133	70	-104	-110	-499	-561	.	
EXCHANGE RATE																		
SKK/USD, monthly average	nominal	30.5	29.5	30.1	30.3	29.4	29.4	29.2	27.9	26.5	26.7	26.4	25.6	24.8	25.0	25.4	24.3	
SKK/EUR, monthly average	nominal	37.4	37.6	38.0	38.4	37.7	37.5	36.9	35.9	35.0	34.7	34.5	33.9	33.5	33.7	34.0	33.3	
SKK/USD, calculated with CPI ⁷⁾	real, Jan03=100	135.7	140.5	137.6	136.4	140.1	140.3	142.3	150.2	157.9	157.8	158.8	162.6	167.1	164.9	162.7	169.5	
SKK/USD, calculated with PPI ⁷⁾	real, Jan03=100	126.4	130.9	128.5	127.5	131.2	132.2	135.9	140.7	146.2	145.9	147.1	149.8	152.8	149.8	147.9	154.8	
SKK/EUR, calculated with CPI ⁷⁾	real, Jan03=100	120.9	120.4	118.9	118.1	120.1	120.3	122.6	126.4	129.1	132.2	132.7	134.5	135.6	134.2	133.3	136.4	
SKK/EUR, calculated with PPI ⁷⁾	real, Jan03=100	119.3	119.7	118.4	116.8	119.7	120.4	122.6	126.7	128.8	129.6	132.2	134.1	134.9	133.3	132.1	135.5	
DOMESTIC FINANCE																		
Currency in circulation, end of period ⁸⁾	SKK bn	121.3	121.9	124.5	124.4	125.8	126.4	126.1	127.3	131.2	129.4	129.4	130.8	131.2	132.4	134.6	.	
M1, end of period ⁸⁾	SKK bn	485.5	512.9	521.7	528.1	512.8	513.0	511.8	532.6	546.1	536.8	547.0	550.0	536.9	558.7	564.3	.	
Broad money, end of period ⁸⁾	SKK bn	850.2	851.2	861.2	871.8	892.4	894.3	911.7	926.7	958.5	961.1	974.0	980.8	989.6	1009.4	1026.6	.	
Broad money, end of period	CMPY	9.4	10.5	11.2	11.8	13.6	12.9	13.9	16.1	15.3	16.5	16.8	16.7	16.4	18.6	19.2	.	
Discount rate (p.a.), end of period ⁹⁾	%	3.5	4.0	4.0	4.5	4.5	4.8	4.8	4.8	4.8	4.8	4.8	4.5	4.3	4.3	4.3	4.3	
Discount rate (p.a.), end of period ⁹⁾¹⁰⁾	real, %	-5.7	-5.3	-4.7	-4.0	-3.9	-2.6	-2.1	-0.8	-0.6	1.3	0.9	1.4	2.0	2.9	3.0	2.9	
BUDGET																		
Central gov. budget balance, cum.	SKK mn	180	-11700	-10246	-5244	-5716	-5134	-1080	-6983	-31678	2929	-8529	-11889	-1517	-13050	-10999	3857	

1) Ratio of disposable number of registered unemployment calculated to the economically active population as of previous year.

2) According to NACE (52 - retail trade), excluding VAT.

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

4) Cumulation starting January and ending December each year.

5) Excluding value of goods for repair and after repair.

6) According to country of origin.

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

8) According to ECB methodology.

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

10) Deflated with annual PPI.

SLOVENIA: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007					
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
PRODUCTION																	
Industry, total	real, CMPY	-0.3	8.4	3.2	5.9	9.9	6.1	8.8	7.7	3.3	8.8	9.6	9.4	13.7	3.9	6.0	.
Industry, total	real, CCPY	5.0	5.8	5.3	5.4	5.9	5.9	6.2	6.4	6.1	8.8	9.2	9.2	10.3	8.9	8.4	.
Industry, total	real, 3MMA	4.9	3.8	5.8	6.1	7.2	8.2	7.6	6.7	6.7	7.2	9.2	10.8	8.8	7.6	.	.
Construction, total ¹⁾	real, CMPY	-3.3	-2.8	11.8	15.8	2.9	38.1	41.2	23.2	30.3	37.4	30.9	38.1	34.7	48.6	18.4	.
LABOUR																	
Employment total	th. persons	819.9	823.6	827.4	825.2	825.2	829.5	833.7	836.7	833.0	838.0	841.5	845.8	849.0	852.9	856.2	.
Employees in industry	th. persons	234.6	235.1	235.8	235.1	234.9	235.5	236.8	237.6	236.2	236.4	237.0	237.3	237.5	237.8	.	.
Unemployment, end of period	th. persons	90.0	87.1	84.9	85.6	83.1	80.2	81.3	78.8	78.3	80.0	77.7	74.2	72.6	70.7	69.3	.
Unemployment rate ²⁾	%	9.9	9.6	9.3	9.4	9.1	8.8	8.9	8.6	8.6	8.7	8.4	8.1	7.9	7.7	7.5	.
Labour productivity, industry	CCPY	7.7	8.4	7.9	7.9	8.3	8.2	8.4	8.3	7.9	8.4	8.5	8.5	9.5	8.0	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	-1.6	-2.3	-1.6	-1.7	-2.3	-2.5	-2.6	-2.6	-2.3	-0.8	-2.1	-2.7	-3.3	-2.1	.	.
WAGES, SALARIES																	
Total economy, gross	EUR-SIT	1168	1195	1192	1181	1211	1200	1223	1393	1261	1250	1213	1252	1237	1264	1254	.
Total economy, gross	real, CMPY	1.2	2.1	2.2	2.3	0.8	1.1	3.3	3.9	1.2	3.6	2.6	2.7	3.3	2.8	1.5	.
Total economy, gross	USD	1429	1526	1510	1498	1551	1529	1542	1792	1666	1625	1586	1658	1672	1707	1683	.
Total economy, gross	EUR	1168	1195	1192	1181	1211	1200	1223	1393	1261	1250	1213	1252	1237	1264	1254	.
Industry, gross	EUR	1027	1065	1070	1044	1089	1060	1096	1287	1114	1140	1072	1125	1096	1123	1125	.
PRICES																	
Consumer	PM	0.8	0.9	-0.3	-0.2	0.6	0.4	-0.8	0.3	0.4	-0.7	-0.2	1.0	1.1	1.2	0.4	0.0
Consumer	CMPY	2.7	3.2	2.9	1.9	3.2	2.5	1.5	2.3	2.8	2.7	2.1	2.3	2.6	2.9	3.6	3.8
Consumer	CCPY	2.3	2.5	2.6	2.5	2.6	2.5	2.4	2.4	2.5	2.7	2.4	2.4	2.4	2.5	2.7	2.9
Producer, in industry	PM	0.3	0.1	0.3	0.1	-0.2	0.6	0.1	0.0	0.6	0.6	2.1	0.3	0.2	0.3	0.3	0.1
Producer, in industry	CMPY	2.0	2.4	2.7	2.9	2.4	2.7	2.7	2.6	2.8	3.5	5.1	5.0	4.9	5.1	5.2	5.2
Producer, in industry	CCPY	1.7	1.9	2.0	2.1	2.2	2.2	2.3	2.3	2.3	3.5	4.3	4.5	4.6	4.7	4.8	4.9
RETAIL TRADE																	
Turnover	real, CMPY	7.9	9.3	4.8	8.1	2.7	4.9	10.6	2.9	-2.2	-0.3	3.7	7.1	6.4	7.2	4.3	.
Turnover	real, CCPY	8.7	8.8	8.1	8.1	7.4	7.1	7.5	7.0	6.1	-0.3	1.6	3.7	4.4	5.0	4.9	.
FOREIGN TRADE³⁾																	
Exports total (fob), cumulated	EUR mn	5295	6741	8205	9633	10779	12290	13849	15422	16757	1449	2936	4715	6269	7964	9468	.
Imports total (cif), cumulated	EUR mn	5613	7174	8733	10275	11574	13194	14884	16692	18341	1556	3149	5022	6714	8566	10236	.
Trade balance total, cumulated	EUR mn	-319	-433	-528	-642	-796	-904	-1035	-1271	-1584	-107	-213	-308	-445	-603	-768	.
Exports to EU-27 (fob), cumulated	EUR mn	3800	4808	5830	6814	7580	8645	9747	10852	11767	1084	2167	3423	4506	5699	6866	.
Imports from EU-27 (cif) ⁵⁾ , cumulated	EUR mn	4516	5780	7052	8322	9362	10693	12058	13549	14898	1227	2477	3979	5301	6743	8096	.
Trade balance with EU-27, cumulated	EUR mn	-716	-972	-1222	-1508	-1782	-2047	-2311	-2697	-3130	-142	-310	-556	-796	-1044	-1229	.
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	-127	-158	-111	-207	-278	-325	-348	-706	-756	13	-125	-174	-311	-398	.	.
EXCHANGE RATE																	
EUR-SIT/USD, monthly average ⁶⁾	nominal	0.8176	0.7830	0.7895	0.7882	0.7807	0.7847	0.7930	0.7771	0.7569	0.7693	0.7649	0.7552	0.7399	0.7401	0.7452	0.7291
EUR-SIT/EUR, monthly average	nominal	0.9998	0.9999	0.9999	0.9999	0.9999	0.9998	0.9998	0.9999	0.9999	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EUR-SIT/USD, calculated with CPI ⁷⁾	real, Jan03=100	111.2	116.6	115.1	114.7	116.3	116.7	115.1	118.1	121.5	118.3	118.1	119.7	122.8	123.4	123.0	125.7
EUR-SIT/USD, calculated with PPI ⁷⁾	real, Jan03=100	100.6	104.2	103.5	103.2	103.4	105.1	106.1	106.7	109.5	109.5	110.3	110.4	111.9	110.9	110.5	113.0
EUR-SIT/EUR, calculated with CPI ⁷⁾	real, Jan03=100	99.2	99.7	99.3	99.2	99.7	100.0	99.1	99.3	99.3	99.1	98.6	98.9	99.5	100.4	100.7	100.9
EUR-SIT/EUR, calculated with PPI ⁷⁾	real, Jan03=100	95.0	95.1	95.3	94.5	94.3	95.6	95.6	96.0	96.5	97.3	99.0	98.7	98.7	98.7	98.7	98.8
DOMESTIC FINANCE																	
Currency in circulation, end of period ⁸⁾	EUR-SIT mn	.	.	.	.	.	.	.	.	.	2340	2420	2500	2487	2536	2575	2597
M1, end of period ⁸⁾	EUR-SIT mn	7223	7363	7477	7433	7446	7494	7417	7418	7654	6993	6955	6948	6974	7146	7287	7355
Broad money, end of period ⁸⁾	EUR-SIT mn	14950	15154	15260	15296	15255	15526	15433	15516	15799	15412	15276	15451	15422	15764	16073	16447
Broad money, end of period	CMPY	-13.5	-10.8	-9.3	-9.5	-10.6	-10.5	-11.2	-12.5	-11.1	4.4	2.8	2.6	3.2	4.0	5.3	7.5
Refinancing rate (p.a.), end of period	%	3.25	3.25	3.50	3.50	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.75	3.75	3.75	4.00	4.00
Refinancing rate (p.a.), end of period ⁹⁾	real, %	1.2	0.8	0.8	0.6	1.3	1.0	1.0	1.1	0.9	0.0	-1.5	-1.2	-1.1	-1.3	-1.1	-1.1
BUDGET																	
General gov. budget balance, cum.	EUR-SIT mn	-64.8	-89.1	-69.1	-22.1	72.7	-33.6	11.8	22.6	-250.0	76.6	-72.7	-137.3	94.5	.	.	.

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

- 1) Effective working hours, construction put in place of enterprises with 20 and more persons employed.
- 2) Ratio of unemployed to the economically active.
- 3) Based on cumulated national currency and converted with the average exchange rate.
- 4) Cumulation starting January and ending December each year.
- 5) According to country of dispatch.
- 6) From January 2007 reference rate from ECB.
- 7) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 8) According to ECB methodology.
- 9) Deflated with annual PPI.

C R O A T I A: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total ¹⁾	real, CMPY	-3.2	4.1	-1.1	5.2	9.8	3.0	8.5	6.8	3.0	9.1	5.8	9.0	9.4	7.7	4.4	.	
Industry, total ¹⁾	real, CCPY	3.7	3.8	2.9	3.3	4.1	3.9	4.4	4.6	4.5	9.1	7.4	8.0	8.3	8.2	7.5	.	
Industry, total ¹⁾	real, 3MMA	2.3	-0.1	2.7	4.4	5.9	7.0	6.1	6.1	6.2	5.8	8.0	8.1	8.7	7.1	.	.	
Construction, total, effect. work. time ¹⁾	real, CMPY	3.8	13.7	7.5	8.3	9.7	4.7	9.9	7.3	3.6	13.7	7.7	0.1	2.6	1.2	.	.	
LABOUR																		
Employment total	th. persons	1416.3	1429.6	1444.1	1455.5	1456.2	1446.9	1438.5	1434.3	1426.6	1416.5	1455.5	1461.1	1470.5	1484.5	1498.9	.	.
Employees in industry	th. persons	284.0	284.9	285.4	285.4	285.6	285.4	285.6	286.2	285.3	275.5	283.8	284.0	283.9	284.5	284.7	.	.
Unemployment, end of period	th. persons	302.4	287.3	274.5	270.8	271.1	279.0	289.9	292.3	293.2	299.1	298.8	291.6	278.4	263.4	249.5	245.8	.
Unemployment rate ²⁾	%	17.6	16.7	16.0	15.7	15.7	16.2	16.8	16.9	17.0	17.4	17.0	16.6	15.9	15.1	14.3	14.1	.
Labour productivity, industry ¹⁾	CCPY	4.7	4.9	4.1	4.5	5.3	5.2	5.6	5.8	5.6	9.5	7.5	7.8	8.1	7.8	7.1	.	.
Unit labour costs, exch. r. adj. (EUR) ¹⁾	CCPY	4.0	3.7	4.6	4.0	3.1	3.0	2.6	2.7	2.9	-0.7	-0.9	-1.7	-1.8	-2.2	.	.	.
WAGES, SALARIES																		
Total economy, gross	HRK	6459	6780	6684	6550	6672	6530	6593	7097	6864	6850	6739	6973	6901	7102	.	.	.
Total economy, gross	real, CMPY	2.1	2.5	1.2	2.2	2.3	2.4	4.4	5.1	5.0	5.4	5.3	3.0	4.4	2.5	.	.	.
Total economy, gross	USD	1081	1190	1167	1147	1174	1127	1125	1243	1233	1210	1195	1254	1259	1310	.	.	.
Total economy, gross	EUR	883	932	921	904	917	884	892	966	933	930	915	948	933	969	.	.	.
Industry, gross	EUR	807	867	871	839	857	829	836	931	863	864	831	892	858	896	.	.	.
PRICES																		
Consumer	PM	0.2	0.5	-0.1	-0.8	0.1	0.0	0.0	0.6	0.0	0.3	0.3	0.6	0.7	0.5	-0.4	-0.6	.
Consumer	CMPY	3.5	4.0	4.0	3.4	3.4	2.8	2.1	2.5	2.0	1.8	1.2	1.8	2.3	2.2	1.9	2.1	.
Consumer	CCPY	3.5	3.6	3.7	3.6	3.6	3.5	3.4	3.3	3.2	1.8	1.5	1.6	1.8	1.9	1.9	1.9	.
Producer, in industry	PM	0.1	0.4	-0.2	0.1	0.2	-0.3	0.0	0.1	0.0	0.8	0.2	0.6	0.4	0.4	0.4	0.2	.
Producer, in industry	CMPY	3.4	3.7	3.7	3.0	3.1	2.0	1.5	1.6	1.9	2.2	1.7	2.0	2.3	2.3	2.9	3.0	.
Producer, in industry	CCPY	3.4	3.5	3.5	3.5	3.4	3.3	3.1	2.9	2.9	2.2	1.9	1.9	2.0	2.1	2.3	2.3	.
RETAIL TRADE																		
Turnover	real, CMPY	1.5	0.2	-0.5	1.6	1.9	2.8	4.6	3.4	4.0	7.8	7.2	8.2	7.1	6.2	4.1	.	.
Turnover	real, CCPY	2.3	1.8	1.4	1.5	1.5	1.7	1.9	2.0	2.1	7.8	7.4	7.7	7.5	7.3	6.8	.	.
FOREIGN TRADE^{3,4)}																		
Exports total (fob), cumulated	EUR mn	2556	3258	3903	4611	5231	5930	6734	7431	8253	586	1282	2010	2736	3503	4261	.	.
Imports total (cif), cumulated	EUR mn	5323	6829	8362	9820	11215	12632	14236	15694	17104	1195	2635	4271	5864	7605	9151	.	.
Trade balance, cumulated	EUR mn	-2768	-3571	-4459	-5209	-5984	-6703	-7502	-8263	-8851	-608	-1353	-2261	-3129	-4101	-4890	.	.
Exports to EU-27 (fob), cumulated	EUR mn	1714	2184	2637	3070	3458	3871	4421	4855	5314	350	791	1239	1651	2156	2616	.	.
Imports from EU-27 (cif), cumulated	EUR mn	3532	4621	5660	6708	7583	8507	9556	10535	11489	750	1681	2767	3831	4982	6015	.	.
Trade balance with EU-27, cumulated	EUR mn	-1692	-2271	-2825	-3390	-3841	-4324	-4791	-5321	-5801	-387	-866	-1489	-2123	-2743	-3292	.	.
FOREIGN FINANCE																		
Current account, cumulated ⁵⁾	EUR mn	.	.	-3252	.	.	-1188	.	.	-2671	.	.	-2039	.	.	.	.	.
EXCHANGE RATE																		
HRK/USD, monthly average	nominal	5.974	5.698	5.726	5.711	5.683	5.794	5.862	5.710	5.566	5.663	5.640	5.559	5.482	5.423	5.468	5.322	.
HRK/EUR, monthly average	nominal	7.313	7.273	7.256	7.246	7.276	7.385	7.393	7.344	7.355	7.367	7.363	7.357	7.396	7.330	7.329	7.292	.
HRK/USD, calculated with CPI ⁶⁾	real, Jan03=100	117.3	122.9	122.0	120.9	121.4	119.7	118.9	123.0	126.0	123.8	124.0	125.4	127.3	128.4	126.8	129.5	.
HRK/USD, calculated with PPI ⁶⁾	real, Jan03=100	107.1	111.7	110.7	110.5	110.6	109.9	110.7	112.1	114.3	114.4	112.9	113.5	114.6	114.9	114.4	117.8	.
HRK/EUR, calculated with CPI ⁶⁾	real, Jan03=100	104.3	105.0	105.1	104.5	104.0	102.4	102.2	103.4	102.9	103.5	103.5	103.6	103.2	104.3	103.8	104.0	.
HRK/EUR, calculated with PPI ⁶⁾	real, Jan03=100	100.9	101.8	101.7	101.0	100.8	99.8	99.6	100.7	100.5	101.4	101.3	101.4	101.0	102.0	102.1	102.9	.
DOMESTIC FINANCE																		
M0, end of period	HRK bn	12.7	13.0	14.0	14.9	14.6	14.3	13.9	13.5	14.6	13.9	14.0	14.4	14.7	14.9	16.1	.	.
M1, end of period	HRK bn	39.2	40.8	42.2	45.0	45.0	44.0	45.5	46.3	48.5	46.0	46.1	46.8	47.9	48.7	51.6	.	.
Broad money, end of period	HRK bn	155.1	158.1	163.1	170.3	174.2	176.8	180.6	179.6	182.5	183.0	182.7	185.0	187.1	189.6	194.4	.	.
Broad money, end of period	CMPY	12.5	12.4	14.4	17.0	15.3	16.6	18.4	16.1	18.0	20.4	20.4	20.5	20.6	19.9	19.2	.	.
Discount rate (p.a.), end of period	%	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	.
Discount rate (p.a.), end of period ⁷⁾	real, %	1.1	0.8	0.8	1.5	1.4	2.5	3.0	2.9	2.6	2.3	2.8	2.5	2.2	2.2	1.6	1.5	.
BUDGET																		
Central gov. budget balance, cum. ⁸⁾	HRK mn	-3097	-3381	-3475	-3426	-2641	-2635	-2696	-2777	-2860	.	.	.	.	.	.	.	.

1) In business entities with more than 20 persons employed.

2) Ratio of unemployed to the economically active population.

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

4) Cumulation starting January and ending December each year.

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

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

7) Deflated with annual PPI.

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

R U S S I A: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total ¹⁾	real, CMPY	4.9	11.2	2.9	3.6	6.3	5.6	6.5	4.2	2.5	8.4	9.2	8.9	4.5	6.3	10.8	8.2	
Industry, total ¹⁾	real, CCPY	3.6	5.0	4.7	4.5	4.7	4.8	5.0	4.9	4.7	8.4	8.8	8.8	7.7	7.4	8.0	8.0	
Industry, total ¹⁾	real, 3MMA	6.6	6.2	5.8	4.3	5.2	6.1	5.4	4.3	4.8	6.4	8.8	7.5	6.6	7.2	8.4	.	
Construction, total	real, CMPY	12.1	10.9	14.5	14.5	12.4	18.3	24.3	21.4	25.7	29.8	21.3	18.8	26.0	29.1	26.4	24.9	
LABOUR²⁾																		
Employment total	th. persons	68278	68564	69076	69489	70000	69767	69434	69201	68967	69141	69212	69408	69504	69660	69800	70848	
Unemployment, end of period	th. persons	5622	5536	5324	5111	4900	4933	4966	4999	5129	5259	5388	5077	4767	4456	4404	4352	
Unemployment rate	%	7.6	7.5	7.2	6.8	6.5	6.6	6.7	6.7	6.9	7.1	7.2	6.8	6.4	6.0	5.9	5.8	
WAGES, SALARIES																		
Total economy, gross	RUB	9833	10257	11106	10883	10853	11127	11046	11303	14263	11430	11757	12448	12494	12787	13712	13575	
Total economy, gross	real, CMPY	11.9	15.8	17.8	15.1	14.9	14.2	16.4	16.1	15.6	17.1	18.0	16.9	18.0	15.7	13.7	14.6	
Total economy, gross	USD	357	379	412	404	406	416	411	425	505	431	446	477	484	495	529	531	
Total economy, gross	EUR	291	297	325	319	317	326	326	330	416	332	342	360	358	366	394	388	
Industry, gross ³⁾	EUR	285	287	299	308	312	312	320	317	365	325	325	345	349	348	367	.	
PRICES																		
Consumer	PM	0.3	0.5	0.3	0.7	0.2	0.1	0.3	0.6	0.8	1.7	1.1	0.6	0.6	0.6	1.0	0.9	
Consumer	CMPY	9.9	9.5	9.2	9.3	9.7	9.4	9.1	9.0	9.0	8.2	7.6	7.4	7.7	7.8	8.6	8.8	
Consumer	CCPY	10.6	10.4	10.2	10.1	10.0	9.9	9.8	9.8	9.7	8.2	7.9	7.8	7.7	7.7	7.9	8.0	
Producer, in industry	PM	0.6	1.8	0.8	1.7	2.2	1.4	-2.8	-2.5	1.0	1.9	-0.2	0.0	4.3	5.4	2.5	0.7	
Producer, in industry	CMPY	13.1	12.1	12.9	14.2	14.4	12.9	8.8	7.0	10.4	11.9	8.1	5.9	9.8	13.7	15.6	14.5	
Producer, in industry	CCPY	14.3	13.9	13.7	13.8	13.9	13.7	13.2	12.6	12.4	11.9	10.0	8.6	8.9	9.9	10.9	11.4	
RETAIL TRADE																		
Turnover ⁴⁾	real, CMPY	11.9	11.3	15.3	15.5	15.3	14.3	15.2	14.6	15.4	13.9	14.2	13.8	13.7	14.6	14.7	14.7	
Turnover ⁴⁾	real, CCPY	11.4	11.4	12.1	12.6	12.9	13.1	13.3	13.5	13.7	13.9	14.0	13.9	13.9	14.0	14.1	14.2	
FOREIGN TRADE⁵⁾⁶⁾																		
Exports total, cumulated	EUR mn	75091	96326	116323	136544	158450	178515	198152	217813	240117	16506	34528	54527	74797	97024	116823	.	
Imports total, cumulated	EUR mn	28001	36514	46304	55554	65295	75062	85867	96710	109701	7541	16996	28420	39528	51192	63657	.	
Trade balance, cumulated	EUR mn	47089	59812	70019	80990	93155	103453	112285	121103	130416	8965	17532	26107	35269	45832	53165	.	
FOREIGN FINANCE																		
Current account, cumulated ⁷⁾	EUR mn	.	.	44960	.	.	63578	.	.	76465	.	.	17225	.	.	.	.
EXCHANGE RATE																		
RUB/USD, monthly average	nominal	27.564	27.065	26.983	26.916	26.762	26.746	26.867	26.617	28.228	26.529	26.343	26.106	25.838	25.824	25.909	25.541	
RUB/EUR, monthly average	nominal	33.767	34.524	34.209	34.155	34.274	34.087	33.889	34.235	34.293	34.389	34.408	34.573	34.892	34.910	34.775	35.030	
RUB/USD, calculated with CPI ⁸⁾	real, Jan03=100	148.5	151.2	151.8	152.7	153.6	154.6	155.1	157.8	149.7	161.5	163.5	164.5	166.2	166.1	167.2	171.2	
RUB/USD, calculated with PPP ⁹⁾	real, Jan03=100	166.3	170.9	172.4	174.9	178.7	184.1	181.6	176.0	166.7	182.5	180.0	179.0	186.9	194.8	199.0	203.3	
RUB/EUR, calculated with CPI ⁸⁾	real, Jan03=100	132.4	129.7	131.1	132.3	131.9	132.7	133.7	133.1	133.4	135.9	136.9	136.2	135.0	135.4	137.1	137.7	
RUB/EUR, calculated with PPP ⁹⁾	real, Jan03=100	157.1	156.4	158.9	160.3	163.2	167.8	163.9	158.7	160.0	163.0	162.0	160.3	165.2	173.5	178.0	177.9	
DOMESTIC FINANCE																		
M0, end of period	RUB bn	2027.8	2096.9	2233.4	2290.3	2351.6	2400.8	2402.2	2450.7	2785.2	2630.1	2682.0	2741.2	2859.4	2896.6	3027.5	.	
M1, end of period	RUB bn	3957.7	4205.2	4479.3	4504.9	4652.1	4856.1	4765.0	4900.1	5598.4	5304.8	5377.7	5774.3	6167.9	6721.4	6676.5	.	
M2, end of period	RUB bn	7534.2	7877.6	8304.8	8407.9	8570.4	8897.2	8968.8	9233.6	10146.7	9905.0	10174.9	10894.5	11194.8	11890.0	12029.3	.	
M2, end of period	CMPY	34.7	37.2	38.0	38.1	36.3	37.8	38.3	39.8	40.5	40.8	42.2	47.4	48.6	50.9	44.8	.	
Refinancing rate (p.a.) ^{end of period}	%	12.0	12.0	11.5	11.5	11.5	11.5	11.5	11.0	11.0	10.5	10.5	10.5	10.5	10.5	10.0	10.0	
Refinancing rate (p.a.) ^{end of period⁹⁾}	real, %	-1.0	-0.1	-1.2	-2.4	-2.6	-1.2	2.5	3.7	0.6	-1.3	2.2	4.3	0.6	-2.8	-4.8	-3.9	
BUDGET																		
Central gov. budget balance, cum.	RUB bn	692.0	894.7	1083.4	1270.0	1489.4	1694.5	1905.9	1992.6	1994.1	218.2	350.9	476.3	555.0	782.4	.	.	

1) According to NACE C+D+E.

2) Based on labour force survey.

3) Manufacturing industry only.

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

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

6) Cumulation starting January and ending December each year.

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

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

9) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2006 to 2007

(updated end of Aug 2007)

		2006										2007						
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
PRODUCTION																		
Industry, total	real, CMPY	0.5	10.0	9.6	11.4	9.1	6.2	3.8	8.3	12.0	15.8	11.0	10.7	12.3	9.9	10.4	7.8	
Industry, total	real, CCPY	0.4	2.4	3.6	4.8	5.4	5.5	5.3	5.6	6.2	15.8	13.4	12.5	12.5	12.1	11.8	11.2	
Industry, total	real, 3MMA	3.9	6.7	10.3	10.0	8.9	6.4	6.1	8.0	12.0	12.9	12.5	11.3	11.0	10.9	9.4	.	
LABOUR																		
Employees ¹⁾	th. persons	11378	11381	11412	11440	11430	11413	11403	11356	11273	11284	11314	11379	11377	11354	11385	11411	
Employees in industry ¹⁾	th. persons	3367	3355	3354	3351	3342	3334	3336	3329	3303	3298	3305	3307	3289	3273	3273	3274	
Unemployment, end of period	th. persons	868.7	805.8	749.1	715.3	694.7	676.1	653.3	693.1	693.1	790.2	812.8	781.6	733.8	690.3	640.0	611.5	
Unemployment rate ²⁾	%	3.1	2.9	2.7	2.5	2.5	2.4	2.3	2.5	2.7	2.8	2.9	2.8	2.6	2.4	2.3	2.2	
Labour productivity, industry ¹⁾	CCPY	1.6	3.7	5.0	6.3	7.0	7.2	7.0	7.3	8.0	18.5	16.0	15.1	15.1	14.7	14.4	13.8	
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	42.2	34.3	29.4	25.3	22.6	20.9	20.0	18.3	16.7	-1.7	-0.7	0.0	0.8	3.1	3.6	4.3	
WAGES, SALARIES¹⁾																		
Total economy, gross	UAH	984	1003	1064	1079	1073	1087	1088	1104	1277	1112	1142	1230	1224	1277	1368	1421	
Total economy, gross	real, CMPY	24.9	22.3	21.0	19.9	20.2	16.3	11.2	10.3	12.2	16.0	15.2	13.2	12.5	15.0	13.9	16.0	
Total economy, gross	USD	195	199	211	214	212	215	215	219	253	220	226	244	242	253	271	281	
Total economy, gross	EUR	159	156	166	169	166	169	171	170	192	169	173	184	180	187	202	205	
Industry, gross	EUR	182	174	187	193	194	196	202	200	216	202	202	222	216	221	224	229	
PRICES																		
Consumer	PM	-0.4	0.5	0.1	0.9	0.0	2.0	2.6	1.8	0.9	0.5	0.6	0.2	0.0	0.6	2.2	1.4	
Consumer	CMPY	7.4	7.3	6.8	7.4	7.4	9.1	11.0	11.6	11.6	10.9	9.5	10.1	10.5	10.6	13.0	13.5	
Consumer	CCPY	9.1	8.7	8.4	8.3	8.2	8.3	8.5	8.8	9.1	10.9	10.2	10.2	10.3	10.3	10.8	11.2	
Producer, in industry	PM	1.4	1.0	0.7	1.2	2.1	1.7	2.2	0.7	0.5	2.3	1.1	1.6	2.1	2.3	1.1	1.7	
Producer, in industry	CMPY	5.4	4.7	6.3	9.4	10.9	10.7	13.1	14.0	14.2	15.5	16.4	17.8	18.6	20.1	20.6	21.2	
Producer, in industry	CCPY	7.6	7.0	6.9	7.3	7.7	8.1	8.6	9.1	9.5	15.5	15.9	16.6	17.1	17.7	18.2	18.6	
RETAIL TRADE																		
Turnover ³⁾	real, CCPY	27.4	27.2	27.0	26.1	25.6	25.0	25.0	25.1	25.3	26.5	26.2	25.6	26.2	26.1	26.1	28.3	
FOREIGN TRADE⁴⁾⁵⁾																		
Exports total (fob), cumulated	EUR mn	9055	11494	14126	16770	19522	22421	25150	27748	30556	2468	5077	8185	11201	14227	17386	.	
Imports total (cif), cumulated	EUR mn	10792	13643	16501	19412	22416	25685	28878	31928	35865	2847	6135	9883	13456	17051	20541	.	
Trade balance, cumulated	EUR mn	-1737	-2150	-2375	-2641	-2894	-3264	-3728	-4179	-5309	-379	-1059	-1698	-2255	-2824	-3155	.	
FOREIGN FINANCE																		
Current account, cumulated ⁶⁾	EUR mn	.	.	-625	.	.	-212	.	.	-1289	.	.	-1003	.	.	-1430	.	
EXCHANGE RATE																		
UAH/USD, monthly average	nominal	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	
UAH/EUR, monthly average	nominal	6.180	6.428	6.396	6.402	6.469	6.435	6.370	6.490	6.651	6.574	6.596	6.681	6.814	6.832	6.775	6.921	
UAH/USD, calculated with CPI ⁷⁾	real, Jan03=100	128.7	128.7	128.6	129.4	129.1	132.4	136.5	139.2	140.2	140.5	140.5	139.5	138.7	138.5	141.6	143.6	
UAH/USD, calculated with PPI ⁷⁾	real, Jan03=100	135.1	135.2	135.9	136.9	138.9	143.4	149.4	148.2	148.1	153.0	151.8	152.0	153.8	155.4	157.2	159.8	
UAH/EUR, calculated with CPI ⁷⁾	real, Jan03=100	114.5	110.2	110.8	111.8	110.4	113.2	117.2	117.0	114.8	117.2	117.1	115.2	112.3	112.4	115.7	115.1	
UAH/EUR, calculated with PPI ⁷⁾	real, Jan03=100	127.3	123.6	124.9	125.1	126.4	130.3	134.4	133.3	130.6	135.5	136.1	135.7	135.5	137.8	140.1	139.5	
DOMESTIC FINANCE																		
M0, end of period	UAH bn	61.0	61.1	64.3	66.2	67.4	68.6	68.4	68.8	75.0	70.7	71.8	74.0	78.1	78.5	84.0	.	
M1, end of period	UAH bn	97.5	99.8	104.7	108.6	109.1	113.0	113.1	115.2	123.3	118.4	118.5	122.9	127.4	132.5	140.7	.	
Broad money, end of period	UAH bn	201.2	207.4	214.1	221.5	226.4	234.8	238.5	244.1	261.1	256.2	261.3	272.5	282.4	288.2	303.0	.	
Broad money, end of period	CMPY	37.4	40.2	37.0	39.2	37.4	37.3	36.4	35.6	34.5	35.7	36.6	39.5	40.3	39.0	41.5	.	
Refinancing rate (p.a.) ^{end of period}	%	9.5	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.0	8.0	
Refinancing rate (p.a.) ^{end of period} ⁸⁾	real, %	3.9	4.5	2.0	-0.8	-2.1	-2.0	-4.1	-4.8	-5.0	-6.0	-6.8	-7.9	-8.5	-9.7	-10.4	-10.9	
BUDGET																		
General gov. budget balance, cum.	UAH mn	-856	1183	-996	-971	2524	2613	1452	4497	-3701	3686	6254	6294	6220	8174	4992	.	

1) Excluding small firms.

2) Ratio of unemployed to the economically active.

3) Official registered enterprises.

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

5) Cumulation starting January and ending December each year.

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8) Deflated with annual PPI.

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