

Monthly Report | 10/12

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- **Recent economic developments in Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia and the Baltics**
- **Monthly Statistics**



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Bulgaria: economic sluggishness expected to drag on

BY RUMEN DOBRINSKY

According to preliminary national accounts data, GDP grew by 1.0% year-on-year in the second quarter, after 0.9% growth in the first. Trade flows (both exports and imports) gathered some pace in the second quarter but overall net trade contributed negatively to GDP growth. However, the upturn in exports that could be observed in the second quarter seems to have come to a halt and exports started losing steam in the third quarter. This trend can be expected to feed into manufacturing performance so the modest revival in industrial activity recorded in the second quarter is not likely to last long.

By contrast, private consumption unexpectedly surged in the second quarter, defying earlier expectations. The main factor behind this was the sharp rise in real wages (well above productivity growth), a development which probably reflects the changing mood of the government on this issue in the lead up to next year's parliamentary elections. In fact, the upturn in private consumption contributed the most to GDP growth in the second quarter. So far this rise in real incomes has not translated into inflationary pressure but may do so if lopsided income policies become entrenched.

The unexpected upturn in imports (mirroring the surge in private consumption) fuelled the current account deficit which also increased more than earlier expected in the second quarter. Nonetheless, the relative size of this deficit is well below the highs seen in past years and there are no reasons to expect that it could widen sharply in the short to medium term.

The prevailing economic environment has been rather unfavourable to the labour market: with the hope of a sustained recovery evaporating, labour shedding still prevails within the business sector. The seasonal improvement in the labour market in the summer months was rather modest and is not

likely to reverse the above trend for the year as a whole.

Not much has changed in the financial environment either and in aggregate, credit activity remains subdued. Lately, there were only slight internal shifts in banks' operations: there was a modest rise in banks' credit to the corporate sector (at the end of July the stock of outstanding corporate credit was 7.4% higher than a year earlier); at the same time, credit to households was on the decline. In recent months, there have been signs that the deterioration in commercial banks' portfolios due to the earlier rise in substandard loans is probably coming to an end.

In July 2012, the authorities placed successfully on the international markets a EUR 950 million emission of five-year benchmark Eurobonds with a 4.25% annual coupon. The main objective of the current emission was to raise the funds needed to repay debt maturing in January 2013 and resulting from the debt swap effectuated in 2002-2003 when Bulgarian dollar-denominated Brady bonds were swapped for Eurobonds. At present, the proceeds from the July 2012 emission were entirely placed in the government's fiscal reserve.

The issue generated considerable interest among investors (more than 360 investors submitted bids) and was largely oversubscribed (total orders exceeded EUR 6 billion). The bonds were priced at 320 basis points above mid-swaps interest rate (equivalent to 99.2% of the offer price), resulting in an effective annual yield of 4.44%. While the parameters of this emission appear to be favourable against the backdrop of the current financial turmoil, the Bulgarian Eurobond still features a 375 bps spread over similar German bonds issued approximately at the same time. As a matter of fact, the level of the spread vis-à-vis German bonds was the same during a previous Bulgarian sovereign emission accomplished in 2001.

On a cash basis (current accrual fiscal statistics are not available), public finances in the first half of

2012 appear to be in a better shape than they were a year ago. The main factor that contributed positively to the improving budget balance were the rising VAT revenues, mirroring the upturn in imports. This has created some breathing space for the government, a luxury it did not enjoy in the previous three years.

Indeed, with the next parliamentary elections scheduled for the summer of 2013, the tone and mode of the government's fiscal stance seems to have softened, especially as regards incomes. As noted, some outcomes are already visible in the rise in real wages in the first half of 2012 (although this was not part of a publicized campaign). But now the government has openly declared that a wide ranging rise in incomes is among its immediate objectives and measures to this effect are being incorporated in the draft budget for 2013. These measures envisage, among other things, a rise in minimum wages by 7%, selected rises in the pay of some categories of public employees (such as teachers) and an across-the-board increase in pensions (the range discussed is between 7% and 10%), to be in effect around mid-2013.

Work on the draft budget for 2013 is still in an early stage and much can change before it is discussed and approved by parliament. The current macro-economic framework of the budget envisages GDP growth of 2% in 2013 (which is down from the 2.5% growth envisaged in the three-year framework developed in April 2012), and a budget deficit of 1.3% (which is up from the 1% in the three-year framework).

At this point in time, expectations are that economic activity in Bulgaria will remain sluggish in the months ahead. While private consumption may continue to recover – boosted by the rise in real incomes – a reversal in the decelerating trend of exports is less likely, moreover, given the weakening of economic activity throughout the EU. On balance, these trends will probably be mutually offsetting. Still, compared to previous expectations, the moderate upturn in domestic demand could contribute to a couple of percentage points of higher GDP growth in 2012 so the growth rate for 2012 as a whole could be expected to be in the range between 0.5% and 1%. Given the carry-over effects from previous months when inflationary pressures were very subdued, average annual inflation in 2012 is expected to be below that recorded in 2011. 2012 is also likely to be the year when the rate of unemployment will record its peaks in the current cycle.

As regards 2013, the forecasts for GDP growth are based on the assumption of a gradual improvement in the external economic environment, in the first place that in the EU, plus a continuation in the rise of real incomes in the country. The moderate increases in private consumption and in exports should support a slight further rise in GDP growth in 2013. There are no indications, though, of a possible robust upturn in the short run. Only a moderate further rise is expected in 2014 as well.

Table BG

Bulgaria: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012	2013 Forecast	2014
Population, th pers., average ²⁾	7623.4	7585.1	7534.3	7348.3	.	.	7330	7300	7270
Gross domestic product, BGN mn, nom.	69295	68322	70511	75265	34755	34712	77700	81200	85300
annual change in % (real)	6.2	-5.5	0.4	1.7	2.4	0.9	0.7	1.5	2.0
GDP/capita (EUR at exchange rate)	4600	4600	4800	5200	.	.	.	.	.
GDP/capita (EUR at PPP)	10900	10300	10700	11400	.	.	.	.	.
Consumption of households, BGN mn, nom.	45766	42942	43990	45386	21623	23073	.	.	.
annual change in % (real)	3.4	-7.6	0.0	-0.6	-1.8	4.3	4	3.5	3
Gross fixed capital form., BGN mn, nom.	23283	19724	16077	15743	7586	7494	.	.	.
annual change in % (real)	21.9	-17.6	-18.3	-9.7	-4.9	0.4	0	3	6
Gross industrial production ³⁾									
annual change in % (real)	0.6	-17.4	1.1	5.8	9.5	-1.4	1	3	5
Gross agricultural production (EAA)									
annual change in % (real)	33.0	-1.6	-6.0	-2.1	.	.	.	.	.
Construction industry ⁴⁾									
annual change in % (real)	12.2	-14.4	-14.5	-12.9	-15.7	-0.6	.	.	.
Employed persons, LFS, th, average ⁵⁾	3360.7	3253.6	3052.8	2949.6	2925.2	2883.5	2910	2940	2980
annual change in %	3.3	-3.2	-6.2	-3.4	.	-1.4	-1.5	1.0	1.5
Unemployed persons, LFS, th, average ⁵⁾	199.7	238.0	348.0	372.3	387.2	415.5	.	.	.
Unemployment rate, LFS, in %, average ⁵⁾	5.6	6.8	10.2	11.2	11.7	12.6	12	11	10
Reg. unemployment rate, in %, end of period ²⁾	6.3	9.1	9.2	10.4	9.7	10.8	.	.	.
Average gross monthly wages, BGN	544.8	609.1	648.1	706.5	685.5	744.3	.	.	.
annual change in % (real, gross)	12.6	8.8	3.9	4.6	3.8	6.6	.	.	.
Consumer prices (HICP), % p.a.	12.0	2.5	3.0	3.4	4.0	1.9	2.5	3	3
Producer prices in industry, % p.a.	10.9	-6.5	8.6	9.4	11.8	3.5	.	.	.
General governm.budget, EU-def., % GDP									
Revenues	40.0	36.3	34.3	33.1	.	.	.	.	.
Expenditures	38.3	40.7	37.4	35.2	.	.	.	.	.
Net lending (+) / net borrowing (-)	1.7	-4.3	-3.1	-2.1	.	.	-1.5	-1.5	-1.5
Public debt, EU-def., in % of GDP	13.7	14.6	16.3	16.3	.	.	18	18	19
Central bank policy rate, % p.a., end of period ⁶⁾	5.77	0.55	0.18	0.22	0.22	0.14	.	.	.
Current account, EUR mn	-8182	-3116	-533	104	-97	-848	-800	-1200	-1500
Current account in % of GDP	-23.1	-8.9	-1.5	0.3	-0.5	-4.8	-2.0	-2.9	-3.4
Exports of goods, BOP, EUR mn	15203	11699	15562	20264	9712	9890	20700	21300	22000
annual growth rate in %	12.5	-23.0	33.0	30.2	42.1	1.8	2	3	3
Imports of goods, BOP, EUR mn	23802	15874	18326	22420	10619	12078	24000	25000	26000
annual growth rate in %	14.7	-33.3	15.4	22.3	27.1	13.7	7	4	4
Exports of services, BOP, EUR mn	5355	4916	5011	5348	2058	2311	5550	5700	5850
annual growth rate in %	12.5	-8.2	1.9	6.7	10.2	12.3	4	3	3
Imports of services, BOP, EUR mn	4045	3617	3144	3034	1415	1599	3200	3350	3500
annual growth rate in %	12.8	-10.6	-13.1	-3.5	-2.4	13.0	5	5	4
FDI inflow, EUR mn	6728	2438	1151	1746	274	810	2000	2200	2500
FDI outflow, EUR mn	522	-68	174	170	63	96	.	.	.
Gross reserves of NB excl. gold, EUR mn	11928	11943	11612	11788	11004	12264	.	.	.
Gross external debt, EUR mn	37246	37816	37026	35845	36421	35777	.	.	.
Gross external debt in % of GDP	105.1	108.3	102.7	93.1	94.6	90.1	.	.	.
Average exchange rate BGN/EUR	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.956	1.956	1.956
Purchasing power parity BGN/EUR	0.8355	0.8712	0.8730	0.8985	.	.	.	.	.

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

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

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

Czech Republic: deepening recession

BY LEON PODKAMINER

After a minute GDP decline (by 0.2%) in the first quarter of 2012, the Czech economy has now entered a proper recession. In the second quarter GDP (seasonally and working-days' unadjusted) fell 1.7% over the same period of 2011. Household and government consumption contracted by 3.6% and 0.9% respectively, gross fixed capital formation (which still grew by 1.7% in the first quarter) declined by 0.5%. The volume of exports of goods and non-factor services rose by 2.4% (down from 7.7% in the first quarter of 2012) whereas the volume of imports remained flat (while still rising by 4% in the first quarter).

The differential performances of exports and imports indicate that the recession is deeply rooted in the domestic developments, at least until now. The weakening of foreign demand for Czech exports has not yet led to their contraction (as was the case in 2009).

To some extent the weakness of household consumption may have been a fairly autonomous effect of anaemic labour market developments (which are characterized by stagnation in employment and in nominal wages). The primary influence behind the dormant labour market has been the policies of the liberal-conservative government of Petr Nečas.

These policies have two primary medium-term aims, so far followed with dogged determination. Firstly, they are to eliminate the public sector fiscal deficits – primarily through reductions in spending. Secondly, they seek to promote greater flexibility of the labour market and to mobilize greater labour supply. Right now the policies stipulate not only reductions in the levels of transfer payments to the household sector, but they have also increased the burden of taxation falling on that sector. A particular role is played by hikes in indirect tax rates. These hikes have added to a temporary inflation which

has further eroded the purchasing power of wages and other consumable incomes of the household sector. The fiscal consolidation policy has brought some positive result in the form of consistently low (and lately even falling) yields on the new issues of Czech government bonds. But there has been a negative side effect as well – beyond the suppression of domestic consumption and the overall growth. Namely, the Czech currency has turned out to remain quite strong vs. the euro. Such an outcome indicates the financial markets' appreciation of the overall fiscal stance of the country (its low level of public debt; the admirable determination to reduce public sector deficits even at the expense of genuine pain and the continuing resilience of the Czech commercial banking system). But the current strength of the Czech currency is hardly conducive to a better performance of foreign trade. Arguably, it restricts the positive growth impulses that could have come from the trade sector should the Czech koruna have been weakened. Of course, the markets' confidence in the Czech economy may wane with time, as the recession deepens and trade performance becomes a disappointment. A weakening currency – which may come at some point – would then help net exports and improve the overall GDP growth prospects. The timing of an eventual corrective weakening of the Czech koruna is not easy to predict though.

A euro-area recovery in 2013 and beyond could naturally (by way of stronger demand for Czech exports) help speed up the country's economic growth. By that time the fiscal consolidation measures will probably have become less intense (also on account of the next regular parliamentary elections to be held in 2014, at the latest). The good financial standing of the banking and much of the corporate sectors (hopefully not eroded in the meantime), the relatively low level of household debt, combined with the competent policy pursued by the Czech National Bank (which is determined to keep its policy in a highly relaxed mode even in the face of temporary hikes in inflation) should then also help accelerate growth (initially in investments followed by growth in private consumption). It is an open question whether the labour market and fiscal

reforms currently implemented would then prove capable of supporting growth.

Tax hikes have been criticized even by the key Czech proponent of liberalism, President Klaus, and led to insulting exchanges between him and Prime Minister Nečas (the latter naming the former's criticism 'idiotic'). Additional fuel to the debate have been added by the laws on restitution of Church property, as well as the recent methanol scandal. The government's tiny majority further shrank as several deputies from Mr. Nečas' party refused to vote for the Church restitution bills. Early parliamentary elections cannot be excluded (again). Both Mr. Klaus and Mr. Nečas anew confirmed their critical positions vs. the EU. This contributes to the isolation of the Czech Republic not only within the EU but even with the NMS. Only the next Czech president emerging from the elections in March 2013 (either Miloš Zeman or Jan Fischer – both former prime ministers) may bring Czech policies towards the EU on a more balanced track.

CZECH REPUBLIC

Table CZ

Czech Republic: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012	2013 Forecast	2014
Population, th pers., average ²⁾	10424	10487	10518	10497	10491	10508	10580	10610	10640
Gross domestic product, CZK bn, nom.	3848.4	3739.2	3775.2	3807.8	1845.3	1854.5	3840	3920	4050
annual change in % (real)	3.1	-4.7	2.7	1.7	2.6	-0.9	-1.2	0.8	2
GDP/capita (EUR at exchange rate)	14800	13500	14200	14700	.	.	.	.	.
GDP/capita (EUR at PPP)	20200	19300	19400	20100	.	.	.	.	.
Consumption of households, CZK bn, nom.	1856.7	1852.5	1871.8	1893.1	921.4	925.1	.	.	.
annual change in % (real)	3.0	-0.4	0.6	-0.7	-0.6	-3.0	-3	0.5	1
Gross fixed capital form., CZK bn, nom.	1031.2	927.5	923.0	913.2	417.4	425.2	.	.	.
annual change in % (real)	4.1	-11.5	0.1	-0.9	-0.1	0.5	-1	0	2
Gross industrial production									
annual change in % (real)	-1.9	-13.6	10.3	6.4	10.3	0.7	1.5	4	6
Gross agricultural production (EAA)									
annual change in % (real)	6.8	-3.6	-7.0	7.1	.	.	.	.	.
Construction industry									
annual change in % (real)	-0.2	-0.8	-7.1	-3.5	-1.3	-6.6	-5	2	3
Employed persons, LFS, th, average ³⁾	5002.5	4934.3	4885.2	4904.0	4854.4	4861.5	4900	4910	4930
annual change in % ³⁾	1.6	-1.4	-1.0	0.4	.	0.1	0.0	0.2	0.5
Unemployed persons, LFS, th, average ³⁾	229.8	352.2	383.5	353.6	362.1	360.1	.	.	.
Unemployment rate, LFS, in %, average ³⁾	4.4	6.7	7.3	6.7	6.9	6.9	7.2	7	7
Reg. unemployment rate, in %, end of period	6.0	9.2	9.6	8.6	8.1	8.1	.	.	.
Average gross monthly wages, CZK ⁴⁾	22592	23344	23864	24436	23684	24341	.	.	.
annual change in % (real, gross)	1.4	2.3	0.7	0.5	0.6	-0.7	-1	0	1
Consumer prices (HICP), % p.a.	6.3	0.6	1.2	2.2	1.9	3.9	3.2	2	2
Producer prices in industry, % p.a.	0.4	-1.5	0.1	3.7	3.2	3.2	.	.	.
General governm. budget, EU-def., % GDP									
Revenues	38.9	39.1	39.3	40.3	.	.	.	.	.
Expenditures	41.1	44.9	44.1	43.4	.	.	.	.	.
Net lending (+) / net borrowing (-)	-2.2	-5.8	-4.8	-3.1	.	.	-2.9	-2.5	-2.5
Public debt, EU-def., in % of GDP	28.7	34.4	38.1	41.2	.	.	43	45	46
Central bank policy rate, % p.a., end of period ⁵⁾	2.25	1.00	0.75	0.75	0.75	0.50	0.25	0.50	0.75
Current account, EUR mn	-3297	-3428	-5894	-4453	-1405	653	-2300	-3100	-3500
Current account in % of GDP	-2.1	-2.4	-3.9	-2.9	-1.6	0.9	-1.5	-2.0	-2.1
Exports of goods, BOP, EUR mn	84845	70983	86083	99580	50247	52935	105000	116000	131000
annual growth rate in %	9.3	-16.3	21.3	15.7	22.8	5.3	5	10	13
Imports of goods, BOP, EUR mn	83811	67684	83991	95755	47661	48905	99000	106000	120000
annual growth rate in %	10.4	-19.2	24.1	14.0	22.8	2.6	3	7	13
Exports of services, BOP, EUR mn	14910	13924	15812	16598	7926	8118	17000	19000	21000
annual growth rate in %	17.9	-6.6	13.6	5.0	7.8	2.4	3	10	10
Imports of services, BOP, EUR mn	11949	11126	12839	13895	6509	7086	15000	17000	19000
annual growth rate in %	13.7	-6.9	15.4	8.2	14.6	8.9	8	10	10
FDI inflow, EUR mn	4467	2082	4644	3868	2648	2378	3000	4000	4000
FDI outflow, EUR mn	2964	685	882	827	691	428	1300	1300	1300
Gross reserves of NB excl. gold, EUR mn	26386	28556	31357	30675	29483	30849	.	.	.
Gross external debt, EUR mn	60511	61940	70498	72583	71912	73907	.	.	.
Gross external debt in % of GDP	39.2	43.8	47.2	46.9	46.4	48.1	.	.	.
Average exchange rate CZK/EUR	24.95	26.44	25.28	24.59	24.35	25.17	25.00	24.75	24.75
Purchasing power parity CZK/EUR	18.24	18.46	18.47	18.07	.	.	.	.	.

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

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) January to June data according to census March 2011. - 4) Until 2008 enterprises with 20 and more employees, including part of the Ministry of Defence and the Ministry of the Interior, from 2009 all enterprises covered. - 5) Two-week repo rate.

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

Estonia: domestic demand mitigates slowdown

BY SEBASTIAN LEITNER

Growth in goods exports, which had started to slow down already in the second half of 2011, continued to decelerate in the first months of 2012. In particular the downturn of the business cycle in Estonia's main trading partners Sweden and Finland drags the country's export development and production activity in the electronics sector. However, those unfavourable developments are cushioned by the still strong economic activity in Latvia and Lithuania and the eastern neighbour Russia.

The strongest impetus to economic growth in the first half of 2012 came from gross fixed capital formation, particularly in the field of construction. Public investment will continue to grow this year and in 2013 due to the commitment to invest the revenues accrued from selling CO₂ emission certificates in 2011. In addition real estate prices bottomed out last year and have started to rise again, indicating that the trough in the housing market has been passed. Thus the real growth of construction activity is expected to remain rather lively in 2012. In the corporate sector however investment in equipment slowed down considerably in the 2nd quarter of 2012 and will continue to remain sluggish given the anaemic developments in exports and industrial activities generally.

The situation on the labour market kept on improving throughout the first half of 2012. While in 2011 the revival had led to a substantial employment growth of 6.7%, in the first half of this year the increase in employment slowed down but still amounted to 3.7% per annum. Labour demand is still flourishing throughout the service sectors; also in the public sector employment is recovering slightly. However, in the industrial sectors job creation came to a halt triggered by the weakness of external demand. The unemployment rate, which decreased to 10.2% in the 2nd quarter of 2012, is expected to fall below 10% towards the end of the

year. However, given the modest conditions in the external environment the decline in unemployment will slow down in 2013.

In line with the remarkable recovery of the labour market situation average gross wages rose by about 6% year on year in the 1st half of 2012. The core inflation remained above the EU average although declining slightly in the 2nd quarter of 2012. However, oil-related products kept on being an additional driver of consumer prices. Since price developments for imports are to abate, consumer price inflation for the whole year of 2012 is expected to slow down to 4%. In 2013 the opening up of the electricity market will result in another rise of energy prices for households and thus keep the CPI from falling further.

Following the growth in employment and the rise of net wages by 1.7% in real terms in the first half of 2012, also household demand kept on backing overall economic activity. Retail data and consumer surveys show that the spending mood of Estonian consumers is not affected by the aggravation of the European economic crisis up to now. In addition, the three-year period of deleveraging of Estonian households came to an end, supported also by the fall in nominal and real interest rates. However, also in Estonia the coming months will bring about some slowdown in domestic consumption activity.

After two years of balanced budget the Estonian government will end the fiscal year 2012 with a deficit of about 2% of GDP. Apart from the commitment to invest the funds accruing from CO₂ emission trade, the restoration of the public payments to Estonia's mandatory funded pension system – which were halted during the economic crisis – leads to temporarily higher public expenditures. Increased pressure has been coming from public employees, which were confronted with severe pay cuts during the crisis and wage freezes up to now; in response, the government foresees in its draft budget for 2013 to raise public wages by an average 4.4% in 2013, those of teachers by 11%. However, the demands of the health service personnel, which went on strike in October this year, are well

above the offers by the government. But, even with higher expenses for public wages, the general budget deficit is to be reduced to 1% of GDP in 2013 thanks to the growth of domestic demand. Due to laxer expenditure behaviour in the run-up to parliamentary elections planned for 2014, the government is expected to return to a balanced budget only in 2015. For the medium term the state budget strategy is to reduce the tax burden on labour falling on employees, while increasing excise taxes. Estonia's public debt rises to 11% of GDP in 2012 due to the contributions to the EFSF and the ESM but is expected to decline in the medium term.

For 2013 and 2014 we expect a slight acceleration of GDP growth to 2.9% and 3.9% respectively. This is based on the forecasted slight upswing of the business cycle in the Scandinavian region. Given the improvements in the labour market, which also result in real wages growing more swiftly, and the end of the deleveraging process of the household sector, consumption and investment activity of households will remain a growth driver in the coming two years. Furthermore public investment will remain lively in 2013, but abate somewhat in 2014. The current account deficit will rise again next year and reach up to 4.6% of GDP in 2014.

Table EE

Estonia: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012	2013 Forecast	2014
Population, th pers., average ²⁾	1340.7	1340.3	1340.2	1295.5	.	.	1287	1281	1274
Gross domestic product, EUR mn, nom.	16235	13762	14323	15951	7638	8143	16900	18100	19600
annual change, % (real)	-4.2	-14.1	3.3	8.3	9.0	2.8	2.1	2.9	3.9
GDP/capita (EUR at exchange rate)	12100	10300	10700	12300	.	.	.	.	.
GDP/capita (EUR at PPP)	17200	14800	15700	17400	.	.	.	.	.
Consumption of households, EUR mn, nom.	8689	7271	7287	7929	3896	4159	.	.	.
annual change in % (real)	-5.4	-15.2	-2.4	3.6	3.0	3.0	2.6	3	3.5
Gross fixed capital form., EUR mn, nom.	4920	2949	2733	3460	1459	1784	.	.	.
annual change in % (real)	-13.3	-38.3	-7.4	25.7	17.9	23.2	14	10	12
Gross industrial production									
annual change in % (real)	-5.2	-24.0	23.6	16.8	26.6	-1.9	1	3	8
Gross agricultural production (EAA)									
annual change in % (real)	-1.2	2.8	-4.0	3.0	.	.	.	.	.
Construction industry									
annual change in % (real)	-13.3	-29.8	-8.5	26.7	19.8	29.1	.	.	.
Employed persons, LFS, th, average	656.5	595.8	570.9	609.1	597.0	619.3	630	640	650
annual change in %	0.2	-9.2	-4.2	6.7	7.3	3.7	3.4	1.6	1.6
Unemployed persons, LFS, th, average	38.4	95.1	115.9	86.8	95.7	75.3	.	.	.
Unemployment rate, LFS, in %, average	5.5	13.8	16.9	12.5	13.9	10.9	10.5	9.5	9
Reg. unemployment rate, in %, end of period	4.6	13.3	10.1	7.2	8.1	6.3	.	.	.
Average gross monthly wages, EUR	825	784	792	839	825	873	.	.	.
annual change in % (real, gross)	3.2	-4.9	-1.8	0.9	-0.9	1.7	2	.	.
Consumer prices (HICP), % p.a.	10.6	0.2	2.7	5.1	5.3	4.4	4	4	4
Producer prices in industry, % p.a.	8.0	0.7	3.2	4.3	4.9	3.0	.	.	.
General governm. budget, EU-def., % GDP									
Revenues	36.5	43.2	40.9	39.2	.	.	39.5	39.5	39.5
Expenditures	39.5	45.2	40.6	38.2	.	.	41.5	40.5	40.0
Net lending (+) / net borrowing (-)	-2.9	-2.0	0.3	1.0	.	.	-2.0	-1.0	-1.0
Public debt, EU-def., in % of GDP	4.5	7.2	6.7	6.0	.	.	11	11	11
Central bank policy rate, % p.a., end of period ³⁾	7.02	2.83	0.92	1.00	1.25	1.00	.	.	.
Current account, EUR mn	-1486	471	419	340	-82	-194	-350	-600	-900
Current account in % of GDP	-9.2	3.4	2.9	2.1	-1.1	-2.4	-2.1	-3.3	-4.6
Exports of goods, BOP, EUR mn	8490	6460	8769	12056	5923	6074	12500	13200	14500
annual growth rate in %	4.4	-23.9	35.7	37.5	53.6	2.5	4	6	10
Imports of goods, BOP, EUR mn	10531	7051	9036	12277	6095	6446	13000	13900	15600
annual growth rate in %	-2.3	-33.0	28.1	35.9	47.7	5.8	6	7	12
Exports of services, BOP, EUR mn	3601	3201	3441	3900	1760	2028	4450	5000	5800
annual growth rate in %	9.5	-11.1	7.5	13.3	11.6	15.2	14	12	16
Imports of services, BOP, EUR mn	2286	1810	2102	2660	1213	1380	3000	3400	3900
annual growth rate in %	1.7	-20.8	16.1	26.6	23.8	13.7	13	13	15
FDI inflow, EUR mn	1182	1325	1207	185	830	582	.	.	.
FDI outflow, EUR mn	760	1114	107	-1049	253	121	.	.	.
Gross reserves of NB excl. gold, EUR mn ⁴⁾	2814	2758	1904	150	147	204	.	.	.
Gross external debt, EUR mn	19025	17204	16402	15504	16752	16063	.	.	.
Gross external debt in % of GDP	117.2	125.0	114.5	97.2	105.0	95.0	.	.	.
Purchasing power parity EUR/EUR	0.7020	0.6923	0.6809	0.7080	.	.	.	.	.

Note: Estonia introduced the euro from 1 January 2011. Up to and including 2010 all time series in EKK as well as the exchange rates and PPP rates have been divided for statistical purposes by the conversion factor 15.6466 (EKK per EUR) to a kind of statistical EUR (euro-fixed). Gross industrial production, construction output and producer prices refer to NACE rev. 2. Gross agricultural production refers to Economic Account of Agriculture (EAA).

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

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

Hungary: waning growth prospects

BY SÁNDOR RICHTER

Despite the government propaganda proclaiming successes throughout the economy, the Hungarian economy is in bad shape. GDP declined by 1% in the first half of 2012. In two areas the decline was even stronger. Weather-related damage has resulted in a strong decline in agricultural output. In construction the extremely poor performance of the past few years has been carried on in the first six months of 2012, explained by shrinking investment activities in general and a 20% drop in dwelling construction in particular.

Value-added in industry and the services sector practically stagnated in the first half of the year. Domestic and export sales of industry show diverging tendencies. Export sales expanded by 6.2% in the first half of 2012 whereas domestic sales declined by 1.7%. The two most important branches delivering half of the Hungarian manufacturing exports, transport vehicles and their components; and computers, electronic and optical devices, respectively, also displayed diverging trends. In the former sector export sales increased at double-digit rates while in the latter sales stagnated. A strong expansion was registered in the food industry.

On the expenditure side of GDP, household consumption slightly dropped in the first half of the year. Diminished subsidies to prices of pharmaceuticals and public transport restricted public consumption. Gross fixed investment declined by more than 5%. Altogether domestic demand was 3.2% lower than in the respective period of 2011. As has been the case for years, only net exports prevented the country from suffering an even stronger recession. Although both exports and imports hardly expanded, the difference between their growth rates secured a positive contribution by foreign trade to the overall economic performance.

Although the intention to start negotiations about a financial assistance package with the IMF and EU was announced in November 2011, the agreement

is far from being concluded. The cabinet is reluctant to pursue the negotiations and seems to hope to avoid or prolong them as long as possible. Beyond evident political reasons (not to disappoint its supporters after practising IMF bashing for years) it would like to preserve the scope of manoeuvre for its 'unorthodox' economic policy, which, in important aspects, has been clearly different from the policies generally recommended or expected by the IMF and the EU.

But is Hungary in need of an agreement with the IMF/EU? Developments in government bond yields, CDS spreads and the exchange rate in 2012 show that principally it is the good or bad news about the state of the negotiations with the IMF and EU that really matters. Notwithstanding the ups and downs in Hungary's position towards the IMF/EU negotiations, the markets seem (yet) to believe that the agreement will be concluded someday. In any case, the fragility of Hungary's international financial position has not diminished in the past several months. That speaks clearly for an agreement.

Delaying the negotiations has proved to be expensive in terms of cost of new debt. With an agreement in place, not only foreign exchange (IMF) resources would become available – at interest rates around 4.5% – but most probably also the costs of market-based financing of new debt in the case of forint-denominated government bonds would become lower. Further, a placement of foreign-exchange denominated bonds would again become an option. The politically motivated playing around with the IMF/EU negotiations has had its costs: the wasted time since November 2011 has led to losses in the magnitude of 0.1% to 0.3% of the GDP in terms of higher interest rates actually paid than otherwise possible.

The outstanding agreement with the IMF/EU has a further important aspect. While the placement of HUF-denominated bonds took place this year continuously and there is no bottleneck in refinancing HUF-denominated public debt, this is not the case with foreign-exchange denominated debt. Coverage for the interest due on that debt is available for the rest of this year – but not for over EUR 5 billion

amortization that will become due in 2013. That necessitates either resources from the outstanding IMF/EU financial assistance or the issuance of foreign-exchange denominated bonds, which is a no-go option before achieving the agreement with the IMF/EU. Desperate efforts of the government to bypass the agreement and the traditional financial markets via obscure deals negotiated behind the scene with China, a few oil-rich Arab states and finally with Azerbaijan ended without result. Tapping the international reserves of the central bank has emerged as an alternative. This is inconsistent with the IMF/EU rules. As long as the current governor of the central bank keeps his post (formally until March 2013) this is not an easy way to go.

The fiscal balance this and the next year is the key issue for the agreement with IMF/EU. On 5 October the government announced a new austerity package and simultaneously revised upwards its fiscal deficit target for 2012 (2.7% instead of 2.5%). Economic growth was revised, downwards: for 2012 a 1.2% GDP decline is now forecasted (the original target envisaged marginal growth). For 2013 1% growth is assumed, down from the previous growth target of 1.6%. The 2013 budget draft has two important novelties, one on the revenue and one on the expenditure side. Revenues in 2013 will be supplemented by the effects of a newly introduced financial transactions tax. Not only the private sector's financial transactions will be taxed, but also the Government Debt Management Agency's. A major new budgetary item appeared, pertaining to the recently announced 'Job Protection Action Plan'. The cost of that Plan amounts to about 0.8% of the GDP. The Plan envisages the stimulation of growth primarily through reduced social security contributions charged on employers of young and older persons (below 25 and above 55 years of age respectively) and on persons employed in jobs which do not require skills. This ambitious programme, coupled with the worsening economic performance, necessitated the most recent economic policy package to keep the deficit below 3% of GDP this and the next year.

The HUF 400 billion (EUR 1.4 billion) strong package is less 'unorthodox' than the earlier ones, as it

is focused on the expenditure side. The most important measures are as follows. The number of public sector employees will be reduced by 22,000 and the promised wage increase for teachers will again be postponed. Social welfare will be capped. (Capping of the social welfare at very low levels increases inequality and social tensions as it further swells the pool of the hopelessly poor.) Caps on social security contributions will be removed and this way these contributions will be proportional to incomes again. (This at least is an element that is putting a burden on the better-off.) The financial transactions tax will be beefed up. National co-financing of EU-financed projects will provisionally be reduced from 15% to 5%. Cash registers will be connected online to the tax authorities with the hope of restricting unreported revenues. Overall, the targets of the package seem overambitious.

While attention is focused on the agreement with the IMF/EU and on the short-term fiscal management, a longer-term problem, namely the missing growth perspective, receives little attention. Shrinking investments and lending activity, changes in the educational system which go frontally against the needs of modernization, and non-existent social dialogue leave the impression of a country that has lost its way. With no readiness for a change of course in the government and no opposition political forces in sight being capable of enforcing a turnaround soon, the growth prospects for the next two years – and beyond – remain bleak.

Immediately before this paper went to press the Hungarian government announced an additional package of economic policy measures, amounting to about 1.2% of the GDP, in order to keep the fiscal balance below 3%. This step was a reaction to the European Commission which found earlier measures insufficient. The new package put further burden on banks i.a. doubling the financial transaction tax rate to 0.2%); the pipelines of public utilities will be taxed and the local taxes charged on businesses will be raised. Altogether the measures seem to guarantee a 3% fiscal deficit lower than 3% of GDP. But their side effects are clearly making the recovery of investment more difficult.

HUNGARY

Table HU

Hungary: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012	2013 Forecast	2014
Population, th pers., average	10038	10023	10000	9974	9974	9939	9940	9920	9900
Gross domestic product, HUF bn, nom.	26546	25623	26748	28080	13097	13546	28900	30000	31500
annual change in % (real)	0.9	-6.8	1.3	1.6	2.0	-1.0	-1.3	0.8	2
GDP/capita (EUR at exchange rate)	10500	9100	9700	10100	.	.	.	.	.
GDP/capita (EUR at PPP)	16000	15200	15800	16500	.	.	.	.	.
Consumption of households, HUF bn, nom.	13985	13568	13854	14471	6926	7308	.	.	.
annual change in % (real) ²⁾	-0.5	-6.4	-2.1	0.0	-0.1	-0.3	-1	0	1
Gross fixed capital form., HUF bn, nom.	5760	5295	4806	4710	1927	1888	.	.	.
annual change in % (real)	2.9	-11.0	-9.7	-5.5	-5.0	-5.5	-5	-1	1
Gross industrial production									
annual change in % (real)	-0.2	-17.6	10.5	5.5	8.2	-0.4	2	3	5
Gross agricultural production (EAA)									
annual change in % (real)	27.7	-10.3	-11.5	10.1	.	.	.	.	.
Construction industry									
annual change in % (real)	-5.2	-4.4	-10.4	-7.8	-8.6	-10.1	-10	0	5
Employed persons, LFS, th, average	3879.4	3781.8	3781.2	3811.9	3770.7	3833.8	3870	3890	3910
annual change in %	-1.2	-2.5	0.0	0.8	0.6	1.7	1.5	0.5	0.5
Unemployed persons, LFS, th, average	329.1	420.7	474.8	467.9	475.3	488.2	.	.	.
Unemployment rate, LFS, in %, average	7.8	10.0	11.2	10.9	11.2	11.3	10.9	10.7	10.5
Reg. unemployment rate, in %, end of period	10.9	13.6	13.3	12.5	12.5	11.8	.	.	.
Average gross monthly wages, HUF ³⁾	198741	199837	202525	213094	211444	220666	.	.	.
annual change in % (real, net)	0.8	-2.3	1.8	2.4	1.1	-3.8	.	.	.
Consumer prices (HICP), % p.a.	6.0	4.0	4.7	3.9	4.1	5.6	5.7	4.5	4
Producer prices in industry, % p.a.	4.6	4.5	6.3	2.5	2.5	6.6	.	.	.
General governm.budget, EU-def., % GDP									
Revenues	45.5	46.9	45.2	52.9	.	.	.	.	.
Expenditures	49.2	51.4	49.5	48.7	.	.	.	.	.
Net lending (+) / net borrowing (-) ⁴⁾	-3.7	-4.5	-4.3	4.2	.	.	-3	-3.3	-3
Public debt, EU-def., in % of GDP	73.0	79.8	81.4	80.6	.	.	79	78	77
Central bank policy rate, % p.a., end of period ⁵⁾	10.00	6.25	5.75	7.00	6.00	7.00	.	.	.
Current account, EUR mn	-7752	-202	1033	910	555	512	1200	1000	1100
Current account in % of GDP	-7.3	-0.2	1.1	0.9	1.1	1.1	1.2	1.0	1.0
Exports of goods, BOP, EUR mn	72096	57358	68978	75233	37594	38312	77500	81400	90400
annual growth rate in %	6.3	-20.4	20.3	9.1	15.3	1.9	3	5	11
Imports of goods, BOP, EUR mn	73304	55017	65763	71873	35554	36009	73200	76100	84300
annual growth rate in %	7.0	-24.9	19.5	9.3	15.3	1.3	1.8	4	10.8
Exports of services, BOP, EUR mn	13819	13309	14642	15587	7527	7208	15300	16100	17700
annual growth rate in %	9.9	-3.7	10.0	6.5	7.8	-4.2	-2	5	10
Imports of services, BOP, EUR mn	12302	11323	11710	12363	5981	5765	12200	12700	13700
annual growth rate in %	9.5	-8.0	3.4	5.6	7.7	-3.6	-1	4	8
FDI inflow, EUR mn	4191	1476	1682	3292	-431	4870	.	.	.
FDI outflow, EUR mn	1514	1348	957	3173	92	5058	.	.	.
Gross reserves of NB, excl. gold, EUR mn	23807	30648	33667	37242	36830	35507	.	.	.
Gross external debt, EUR mn	123454	137120	138228	131944	141417	130787	.	.	.
Gross external debt in % of GDP	117.0	150.0	142.4	131.3	140.7	133.5	.	.	.
Average exchange rate HUF/EUR	251.51	280.33	275.48	279.37	269.42	295.39	295	290	290
Purchasing power parity HUF/EUR	165.55	168.30	169.22	170.28	.	.	.	.	.

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

1) Preliminary. - 2) From 2012 including government financed transfers in kind. - 3) Enterprises with 5 and more employees. - 4) In 2011 including one-off effects. Without those effects general government budget balance is estimated to have attained -4.6% of GDP (Source: Portfolio.hu). - 5) Base rate (two-week NB bill).

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

Latvia: growth remains in high gear

BY SEBASTIAN LEITNER

Latvia continues to be the fastest growing economy in the EU-27, with 5% GDP growth annually in the second quarter of 2012, despite external demand slowing down remarkably. The level of capital investments, which in 2009 had dropped to half of the pre-crisis level, continues to rebound strongly. In addition the gradual revival of employment triggers growth in domestic consumption.

Growth in goods exports slowed down in the first months of 2012 as compared to past years' impressive rebound. In particular external demand from Western European trade partners decelerated remarkably. However, from mid-2012 onwards an upswing in export growth could be observed that was driven by the still satisfactory economic climate in the Baltic and Eastern neighbourhood. In general, Latvian exporters could improve their competitive position and thus also their market shares in their main export markets during the past two years. The above-average growth of the Latvian economy compared to its trading partners should not lead again to a build-up of external imbalances as experienced before the economic crisis. Subsequent to declining export growth rates also growth in imports of intermediate goods lost momentum. The current account deficit will thus grow only gradually in 2012 and the coming two years.

Gross fixed capital formation was the main driver of growth in the first half of 2012, rising by 28%. Particularly public expenditures for the construction of roads and other transport infrastructure were increased considerably. In addition, also investment into machinery evolved swiftly in the manufacturing sector. However, the reluctance of the corporate sector to build up stocks points to the fact that the near-term outlook for exports and industrial production in the coming months is somewhat subdued.

The stable development of retail trade volumes throughout the first half of the year shows that consumer confidence rose continuously due to the improving labour market situation. Consumption of private households increased by 6.4% in real terms year on year in the first half of 2012. Due to rising real wages and the inflow of remittances household consumption will remain a driving factor of GDP growth throughout the year. Nevertheless, private households and the corporate sector still keep on deleveraging, while the loan portfolio of Latvian banks is improving. The ratio of loans overdue more than 90 days fell to 10% in the second quarter of 2012 (from the all time high of 19% in mid-2010).

Compared to the previous year employment kept on growing by 2.4% in the first half of 2012, due to increases in the service sectors but also a slight recovery in manufacturing. However, the unemployment rate will still exceed 15% in 2012 on average and its decline will take considerably longer than expected. The slump of industrial activity during the crisis hit regions in east and southeast Latvia particularly hard, where the recovery to pre-crisis levels will take much longer than in the western parts of the country. For 2013 and beyond we expect the growth in employment to abate somewhat given the subdued expectations for industrial output. The improved situation on the labour market has also led to a continuous rise in gross wages (by 3.7% in the first half of 2012). The fall in consumer inflation during the rest of the year will bring about a slight increase in the purchasing power of households.

The goal of the Latvian government to join the eurozone in 2014 is within reach. The reduction of the VAT rate from 22% to 21% on 1 July 2012 led to a further decline of consumer inflation and is expected to result in an average CPI rate of 2.3% for the whole year 2012. The continuation of the expenditure cuts introduced during the economic crisis and the above-expectation tax revenue will allow the government to reduce the budget deficit

to 2.2% of GDP already in 2012. Since many of the expenditure cuts are of a permanent nature in the medium run, e.g. staff reductions in the public sector and cuts in the public wage levels as well as social transfers, the government deficit will continue to fall. The government budget plan for 2013 (details have so far not been published) foresees a deficit of 1.4% of GDP and a reduction of the personal income tax from 25% to 24% on 1 January next year; the government announced that it plans to further reduce the rate to 20% by 2015.

For 2013 we expect GDP growth to abate slightly to 3.3%. In the course of the past several months expectations of a near recovery of EU economic activity have vanished. Thus the only driver of economic activity in 2013 will be domestic demand. Public investment is likely to remain at a high level not only this but also next year since a large part of EU funds for the period 2007-2013 is still unused. The amelioration of the situation on the labour market will result in real wages rising somewhat faster in the coming two years. Accordingly, household demand is likely to increase by about 4% in real terms year on year in 2013 and 3.5% in 2014 and will thus remain an important driver of GDP growth. In 2014 we assume a recovery of demand dynamics in Western Europe. Moreover, an upswing of GDP growth to 3.8% in real terms should be bolstered by increasing income from tourism in 2014, when Riga will be a designated European capital of culture.

Table LV

Latvia: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012 Forecast	2013 Forecast	2014
Population, th pers., average ²⁾	2266.1	2254.8	2239.0	2058.5	.	.	2047	2037	2027
Gross domestic product, LVL mn, nom.	16085	13070	12784	14275	6605	7207	15100	16000	17200
annual change in % (real)	-3.3	-17.7	-0.9	5.5	4.7	5.9	3.7	3.3	3.8
GDP/capita (EUR at exchange rate)	10100	8200	8100	9800	.	.	.	.	.
GDP/capita (EUR at PPP)	14100	12000	12600	14700	.	.	.	.	.
Consumption of households, LVL mn, nom.	9904	7889	7947	8725	4143	4576	.	.	.
annual change in % (real)	-5.8	-22.8	2.5	4.7	4.3	6.4	4.8	4	3.5
Gross fixed capital form., LVL mn, nom.	4770	2820	2330	3045	1096	1504	.	.	.
annual change in % (real)	-13.7	-37.4	-18.1	27.9	29.9	28.4	19	12	14
Gross industrial production ³⁾									
annual change in % (real)	-3.2	-18.1	14.9	9.0	11.5	7.7	7	8	12
Gross agricultural production (EAA)									
annual change in % (real)	0.2	-0.7	-2.4	1.3	.	.	.	.	.
Construction industry									
annual change in % (real)	-3.1	-34.9	-23.4	12.4	-6.2	25.1	.	.	.
Employed persons, LFS, th, average ⁴⁾	1124.5	983.1	940.9	970.5	847.2	867.5	880	895	905
annual change in %	0.6	-12.6	-4.3	3.1	.	2.4	2.1	2	1
Unemployed persons, LFS, th, average ⁴⁾	90.5	203.2	216.1	176.4	178.1	167.8	.	.	.
Unemployment rate, LFS, in %, average ⁴⁾	7.5	17.1	18.7	15.4	17.4	16.2	15.5	14.5	13.5
Reg. unemployment rate, in %, end of period ⁵⁾	7.0	16.0	14.3	11.5	.	11.9	.	.	.
Average gross monthly wages, LVL	479	461	445	464	457	473	.	.	.
annual change in % (real, net)	6.2	-5.6	-6.5	0.3	-0.1	0.9	1	.	.
Consumer prices (HICP), % p.a.	15.2	3.3	-1.2	4.2	4.2	2.8	2.3	2.8	3.5
Producer prices in industry, % p.a.	11.4	-4.6	2.8	7.4	8.0	4.2	.	.	.
General government budget, EU-def., % GDP									
Revenues	34.9	34.7	35.7	35.6	.	.	36.2	37.0	37.5
Expenditures	39.1	44.4	43.9	39.1	.	.	38.3	38.6	38.5
Net lending (+) / net borrowing (-)	-4.2	-9.7	-8.1	-3.5	.	.	-2.1	-1.6	-1.0
Public debt, EU-def., in % of GDP	19.8	36.7	44.7	42.6	.	.	43.3	44.2	45.0
Central bank policy rate, % p.a., end of period ⁶⁾	6.0	4.0	3.5	3.5	3.5	3.5	.	.	.
Current account, EUR mn	-3007	1606	535	-438	-51	-295	-550	-650	-800
Current account in % of GDP	-13.1	8.7	3.0	-2.2	-0.5	-2.9	-2.6	-2.9	-3.3
Exports of goods, BOP, EUR mn	6527	5276	6873	8620	4058	4464	9600	10500	12000
annual growth rate in %	8.4	-19.2	30.3	25.4	35.0	10.0	11	9	14
Imports of goods, BOP, EUR mn	10600	6602	8152	10819	4932	5668	12100	13400	15300
annual growth rate in %	-4.3	-37.7	23.5	32.7	38.6	14.9	12	11	14
Exports of services, BOP, EUR mn	3087	2756	2778	3196	1454	1692	3700	4100	4700
annual growth rate in %	14.0	-10.7	0.8	15.1	11.7	16.3	16	11	15
Imports of services, BOP, EUR mn	2171	1632	1660	1877	833	943	2100	2300	2550
annual growth rate in %	10.0	-24.8	1.7	13.1	11.2	13.3	12	10	11
FDI inflow, EUR mn	863	68	286	1045	550	318	.	.	.
FDI outflow, EUR mn	166	-45	14	44	39	78	.	.	.
Gross reserves of NB excl. gold, EUR mn	3514	4572	5472	4666	5161	4929	.	.	.
Gross external debt, EUR mn	29763	29097	29978	29459	29330	30512	.	.	.
Gross external debt in % of GDP	130.0	157.1	166.8	146.9	145.1	143.2	.	.	.
Average exchange rate LVL/EUR	0.7027	0.7057	0.7087	0.7063	0.7070	0.6983	0.71	0.71	0.71
Purchasing power parity LVL/EUR	0.5051	0.4814	0.4544	0.4699	.	.	.	.	.

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

1) Preliminary. - 2) From 2011 according to census March 2011. - 3) Enterprises with 20 and more employees. - 4) January to June data according to census March 2011. - 5) Data in 2012 refer to census March 2011. - 6) Refinancing rate of National Bank.

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

Lithuania: consumers sustain vivid growth

BY SEBASTIAN LEITNER

Export growth remained relatively stable in the first seven months of 2012. Only in May, when the Mazeiku Nafta refinery worked below capacity due to repairs, exports subsequently declined. Surprisingly, exports to western EU trading partners remained quite lively and the external demand of Lithuania's most important trading partner Russia increased by almost 30% nominally in the first half of 2012. Moreover, external demand has been backed by the relatively vigorous economic growth in neighbouring Estonia and Latvia.

Domestic demand keeps on being the driving force for Lithuania's economy. Deleveraging has come to an end for both corporations and households although the growth of the credit stock is still weak. The amelioration in the labour market brings about rising nominal wages (by 2.6% in the first half of 2012 year on year) but price increases still keep real wages strained. However, in the first quarter of this year household consumption grew by almost 6% in real terms and will remain vivid throughout the whole year. Due to rising real wages we expect the propensity to consume to remain high during 2013 and 2014 as well.

In particular investment in machinery in the manufacturing sectors continued to increase. However, while gross fixed investment in the corporate sector remains strong, the public sector is further reducing its expenditures on fixed assets. Moreover, weaker external demand as compared to 2011 as well as rising uncertainties induced entrepreneurs to reduce their expenses on inventories throughout the first half of 2012, resulting in declining overall gross capital formation.

The economic recovery from deep recession brought about an increase in employment particularly in the industrial sectors, in transport and business services; this revival still continued in the first half of 2012. The unemployment rate fell to 13.3%

in the second quarter and the employment rate of 63% (of the population between 15 and 64 years of age) comes quite close to the pre-crisis level of 66%. The likely flattening of the business cycle in the coming months will bring about slower job creation. We expect only a meagre decline of the unemployment rate, to about 13% on average in 2012. Towards the end of the year declining inflation will bring about a rise in households' purchasing power – for the first time since the start of the economic crisis in late 2008. Moreover, from January 2013 onwards the Lithuanian minimum wage will be raised to EUR 260 and will most probably increase further in 2013 as demanded by the opposition parties. Thus stronger wage growth will support consumption dynamics also in 2013 and thereafter.

Due to falling import prices also the increase of consumer goods prices slowed down gradually during the first half of 2012. Since we expect prices for oil products to remain stable for the rest of the year – an important factor for Lithuania's economy after the closing of the Ignalina atomic power plant – the CPI rate will amount to 3.2% on average in 2012.

The revival of external and domestic demand in the past two years allowed the government to pursue severe austerity policies by keeping public wages, pensions and public investment restrained. The budget deficit has been reduced continuously. This year's deficit will be lowered to slightly above 3% of GDP. Lithuania's convergence programme foresees a further reduction of the deficit to 2% of GDP in 2013 and to 1% in 2014. However, we expect the next government to set a slightly different course and refrain from attaining a balanced budget as soon as possible.

The elections, taking place on 14 and 28 October 2012, will most probably bring about a change in government – from the ruling centre-right coalition to a centre-left coalition. The strongest opposition parties, the Social Democratic Party, the Labour Party of Viktor Uspaskich and Order and Justice of Rolandas Paksas, are running first in the latest

polls, while the Homeland Union of Prime Minister Kubilius is the only right-wing party that may attain close to 10% in the votes. The aforementioned opposition parties have reached a pre-election agreement to join forces to form a coalition government. The Social Democrats have held the post of the prime minister in the penultimate parliament period from 2004 to 2008. No radical changes are expected from the new coalition government, since their orientation is more centrist and business-friendly rather than leftist. One issue being proposed by the opposition parties is the changeover from the existing flat-tax income tax system to a progressive one. Moreover, it is expected that eurozone accession as early as possible will not be the top priority of the next government and may be aimed at for 2016 at the earliest.

Driven by a decline of external demand growth but stable household consumption, 2012 brings about a slowdown of GDP growth to 2.7% in real terms. In both 2013 and 2014 a gradual recovery of goods exports will bring again a slight increase in corporations' investments. The announced growth of minimum wages and the expected increase of average real wages will provide for a stable growth in household consumption. Accordingly, we expect GDP growth to accelerate, to 3.4% in 2013 and to 4% in 2014.

LITHUANIA

Table LT

Lithuania: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012 Forecast	2013 Forecast	2014
Population, th pers., average ²⁾	3358.1	3339.5	3286.8	3029.3	.	.	3023	3008	2993
Gross domestic product, LTL mn, nom.	112084	91914	95074	106019	50259	53939	112400	120300	129700
annual change in % (real)	2.9	-14.8	1.4	5.9	6.2	3.0	2.7	3.4	4
GDP/capita (EUR at exchange rate)	9700	8000	8400	10100	.	.	.	.	.
GDP/capita (EUR at PPP)	15400	12800	14000	16500	.	.	.	.	.
Consumption of households, LTL mn, nom.	73406	63309	60994	67378	31905	34847	.	.	.
annual change in % (real)	4.2	-17.4	-5.0	6.1	6.1	5.9	4	3.5	4
Gross fixed capital form., LTL mn, nom.	28370	15808	15489	18651	7744	8286	.	.	.
annual change in % (real)	-5.2	-39.5	1.0	17.0	30.0	4.0	3	7	8
Gross industrial production (sales)									
annual change in % (real)	5.5	-14.6	6.7	7.4	12.5	0.7	2	4	7
Gross agricultural production (EAA)									
annual change in % (real)	8.8	1.0	-7.2	6.5	.	.	.	.	.
Construction industry									
annual change in % (real)	4.0	-48.5	-7.7	22.2	16.4	6.2	.	.	.
Employed persons, LFS, th, average	1520.0	1415.9	1343.7	1370.9	1362.8	1385.2	1390	1405	1420
annual change in %	-0.9	-6.8	-5.1	2.0	2.6	1.6	1.4	1.1	1.1
Unemployed persons, LFS, th, average	94.3	225.1	291.1	248.8	266.6	223.0	.	.	.
Unemployment rate, LFS, in %, average	5.8	13.7	17.8	15.4	16.4	13.9	13	12.5	11.5
Reg. unemployment rate, in %, end of period ³⁾	4.4	12.5	14.4	11.0	11.0	10.4	.	.	.
Average gross monthly wages, LTL ⁴⁾	2151.7	2056.0	1988.1	2045.9	2089.7	2145.9	.	.	.
annual change in % (real, net)	10.1	-7.2	-4.3	-1.4	-1.8	-0.6	.	.	.
Consumer prices (HICP), % p.a.	11.1	4.2	1.2	4.1	4.0	3.2	3.2	3.5	3.5
Producer prices in industry, % p.a.	18.2	-13.5	10.3	13.9	14.5	6.3	.	.	.
General governm.budget, EU-def., % GDP									
Revenues	33.9	34.3	33.7	32.0	.	.	33.7	33.2	33.5
Expenditures	37.2	43.8	40.9	37.5	.	.	36.8	36.0	36.0
Net lending (+) / net borrowing (-)	-3.3	-9.4	-7.3	-5.5	.	.	-3.1	-2.8	-2.5
Public debt, EU-def., in % of GDP	15.5	29.4	38.0	38.5	.	.	40.2	40.5	39.8
Central bank policy rate, % p.a., end of period ⁵⁾	7.84	1.57	1.07	1.24	1.43	0.75	.	.	.
Current account, EUR mn	-4194	996	19	-1151	-571	-364	-800	-1100	-1200
Current account in % of GDP	-12.9	1.1	0.0	-1.1	-2.1	-2.1	-2.5	-3.2	-3.2
Exports of goods, BOP, EUR mn	16077	11797	15651	20151	9610	10323	22000	24000	27000
annual growth rate in %	28.5	-26.6	32.7	28.8	40.5	7.4	9	9	13
Imports of goods, BOP, EUR mn	20280	12688	16990	21959	10611	11146	23500	25500	28000
annual growth rate in %	20.8	-37.4	33.9	29.2	42.6	5.0	7	9	10
Exports of services, BOP, EUR mn	3240	2629	3087	3738	1775	2123	4400	4950	5700
annual growth rate in %	10.5	-18.8	17.4	21.1	24.6	19.6	18	13	15
Imports of services, BOP, EUR mn	2835	2192	2274	2742	1285	1484	3150	3600	4100
annual growth rate in %	14.7	-22.7	3.8	20.6	17.9	15.5	15	14	14
FDI inflow, EUR mn	1341	-10	604	1041	528	7	.	.	.
FDI outflow, EUR mn	229	142	-4	40	-0.1	24	.	.	.
Gross reserves of NB excl. gold, EUR mn	4458	4472	4788	6120	4681	5251	.	.	.
Gross external debt, EUR mn	23009	22363	22976	23976	23835	24629	.	.	.
Gross external debt in % of GDP	70.9	84.0	83.4	78.1	77.6	75.6	.	.	.
Average exchange rate LTL/EUR	3.4528	3.4528	3.4528	3.4528	3.4528	3.4528	3.45	3.45	3.45
Purchasing power parity LTL/EUR	2.1710	2.1500	2.0623	2.1171	.	.	.	.	.

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

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

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

Poland: soft landing materializes

BY LEON PODKAMINER

In the second quarter of 2012 Poland's GDP growth slowed down to 2.4%, the lowest rate in the past 10 quarters. Private consumption rose 1.5% while public consumption remained flat. Gross fixed capital formation, which had still looked strong in the first quarter when it increased by 6.7%, suddenly weakened in the second quarter, rising by a mere 1.9%. At the same time inventories experienced a major turnaround – from a vigorous expansion to a contraction – all within a couple of months. All in all, domestic demand fell slightly in the second quarter of 2012 – for the first time in 13 quarters. External trade in goods and services has saved the day with the volume of exports rising by 3.6% and the volume of imports reduced by 2%.

The slowdown in household consumption growth mirrors the developments in real disposable incomes of the household sector. Stagnant employment and wages (whose real purchasing power has been additionally eroded by hikes in administered prices of energy and communal services) is just one ingredient of the weakening household consumption. Households' rising propensity to save is the second. Within the first eight months of 2012 the stock of household sector credit liabilities rose symbolically, by 0.5% – in nominal terms. But simultaneously there has been a strong increase in households' bank deposits. The reasons behind the households' increased propensity to save are manifold. Generally, the consumers seem to share the corporate sector's pessimistic short- and medium-term expectations (revealed by the recent business climate surveys¹). These expectations have been worsening over time. Also, lending to households has been strongly suppressed by banks' compliance with the safety recommendations imposed by the national Financial Supervision Authority. These recommendations are now generally considered to have been excessively restrictive. In addition, the deplorable decision by the

National Bank of Poland (May 2012) to raise the interest rates by 25 basis points (with the reference interest rate reaching 4.75%) has had further negative effects on the retail interest rates and also on lending and depositing activities.

The financial situation of the enterprise sector (non-financial firms operating outside agriculture and employing 49 persons or more), which had looked quite well in the first quarter of 2012, definitely worsened in the second quarter. The entire net (post-tax) profit of the sector earned in the first half of 2012 reached PLN 46.2 billion (approximately EUR 11 billion) – down from PLN 56.2 billion earned during the first half of 2011. All major sections of the sector report diminishing profits: mining (by 33%), manufacturing (by close to 4%), electricity and gas supply (by 24%), transport and storage (by 23%), trade (by over 10%). Construction, which had made a net profit of PLN 0.6 billion a year ago, closed the first half of 2012 with a net loss of PLN 0.9 billion.

The deteriorating profitability of the non-financial business sector is related to the weakening demand and sales prospects. Under flagging demand for their products the enterprises (and also smaller firms of which there are hundreds of thousands) have been induced to reduce mark-ups. Also, inventories (now considered excessive) affect profits negatively. Construction firms have suffered particularly from the intensified 'race to the bottom' as far as the price mark-ups are concerned.²

The big boom in infrastructure investment (financed out of the public purse and supported by EU transfers) is already over, at least for the time being. Given the weakening demand and profitability, no

¹ See http://www.nbp.pl/publikacje/koniunktura/raport_3_kw_2012.pdf.

² During the long run-up to the European 2012 Soccer Championship of which Poland was the host (together with Ukraine) the country had gone through a frenzy of infrastructure investment (in airports, motorways, railways, hotels etc. – not to mention football stadiums). Public tenders for the construction work on these projects were as a rule won by consortia offering unrealistically low prices. Many of them had then made inevitable losses often ending in bankruptcies. Some of these consortia did make profits – but disappeared anyway, without paying their debts to small and medium-sized subcontractors and suppliers.

meaningful expansion of aggregate business investment is to be expected in the near future either. The business sector's demand for credit will be weakening further, even if domestic interest rates get less extravagant.

The financial standing of the banking system remains strong. According to the recent (July 2012) Financial Stability Report of the National Bank of Poland, the average capital adequacy ratios have increased and remained high in the first months of 2012. The Report concludes its analyses and stress tests with the statement that 'The GDP growth slowdown should not jeopardize the stability of the domestic financial system, however, it will contribute to lower profitability of financial institutions'. In particular, '... a large portion of commercial banks hold sufficient capital to absorb the effects of a severe economic slowdown ...'. Whether or not the predictions of the Report are correct remains to be seen. So far the performance of the financial sector has been unexpectedly strong. The banking sector made net profits of PLN 3.8 billion in the second quarter of 2012. In the first half of the year net profits of the banking sector surpassed PLN 8 billion (3.4% over the same period of 2011). Without strongly increased provisions the sector's net profits would have been even higher. The flip side of the impressive profits of banks is the fact that the bulk of them comes from high interest rates charged on loans extended (and low interest rates offered on deposits).

The ongoing fiscal consolidation has been aiming at the reduction of the public sector's fiscal deficit below 3% of the GDP in 2012. This ambitious target will probably be missed. Lower than expected GDP growth is also likely to prevent a further reduction in the deficit/GDP ratio in 2013. The government of Donald Tusk, suffering from a series of domestic political misfortunes, will not – in all probability – dare to execute some extraordinary cuts in spending or hikes in tax rates. Fiscal policy is likely to remain largely neutral as regards real growth in 2013. This is unlikely to change the international financial markets' overall positive evaluation of Poland, and of its public debt position.

An improvement in the euro area business climate will eventually positively speed up Poland's exports and overall growth. Of course the timing of this is rather uncertain. The recent forecasts for the euro area (e.g. by the IMF) are not very optimistic in this respect. In the meantime the country's continuing growth may be supported by ongoing gains in labour costs and external competitiveness. Restricting appreciation of the Polish currency will be essential. The National Bank may acknowledge the fact and respond accordingly, by relaxing its policy.

Table PL

Poland: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012	2013 Forecast	2014
Population, th pers., average ²⁾	38126	38152	38184	38530	38526	38532	38217	38204	38185
Gross domestic product, PLN bn, nom.	1275.4	1344.4	1416.4	1524.7	719.2	758.8	1620	1700	1790
annual change in % (real)	5.1	1.6	3.9	4.3	4.4	2.8	2.3	2.1	2.6
GDP/capita (EUR at exchange rate)	9500	8100	9300	9600	.	.	.	.	.
GDP/capita (EUR at PPP)	14100	14300	15300	16200	.	.	.	.	.
Consumption of households, PLN bn, nom.	773.8	809.7	856.2	921.9	462.6	489.8	.	.	.
annual change in % (real)	5.7	2.1	3.1	3.2	3.7	1.8	1.7	1.8	2.5
Gross fixed capital form., PLN bn, nom.	283.9	284.6	281.3	307.9	109.2	116.9	.	.	.
annual change in % (real)	9.7	-1.3	-0.4	8.1	5.6	4.4	3	5	6
Gross industrial production (sales) ³⁾									
annual change in % (real)	2.6	-3.7	11.1	6.9	7.2	3.7	3	4	6
Gross agricultural production (EAA)									
annual change in % (real)	0.4	5.9	23.9	1.2	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	9.8	4.7	3.9	15.5	18.8	6.4	.	.	.
Employed persons, LFS, th, average	15799.8	15868.0	15960.5	16130.5	16019.0	16092.2	16180	16180	16260
annual change in %	3.7	0.4	0.6	1.1	1.5	0.5	0.3	0	0.5
Unemployed persons, LFS, th, average	1210.7	1411.1	1699.3	1722.6	1730.7	1835.6	.	.	.
Unemployment rate, LFS, in %, average	7.1	8.2	9.6	9.7	9.8	10.3	10.2	10.2	10.2
Reg. unemployment rate, in %, end of period	9.5	11.9	12.3	12.5	11.8	12.4	13	13	12.5
Average gross monthly wages, PLN ⁴⁾	2942.2	3101.7	3224.1	3399.5	3521.6	3682.9	3540	3670	3790
annual change in % (real, gross) ⁴⁾	5.9	2.0	1.4	1.2	0.8	0.6	0	0.8	0.8
Consumer prices (HICP), % p.a.	4.2	4.0	2.7	3.9	3.8	4.1	4	2.8	2.5
Producer prices in industry, % p.a.	2.4	3.9	2.3	7.5	7.4	5.2	4	3	2.5
General governm.budget, EU-def., % GDP									
Revenues	39.5	37.2	37.5	38.5	.	.	.	.	.
Expenditures	43.2	44.5	45.4	43.6	.	.	.	.	.
Net lending (+) / net borrowing (-)	-3.7	-7.4	-7.9	-5.1	.	.	-3.5	-3.0	-3
Public debt, EU-def., in % of GDP	47.1	50.9	54.8	56.3	.	.	55	54	53.5
Central bank policy rate, % p.a., end of period ⁵⁾	5.0	3.5	3.5	4.5	4.5	4.8	4.25	4	4
Current account, EUR mn ⁶⁾	-23818	-12153	-16486	-15969	-6488	-7019	-15500	-18000	-18700
Current account in % of GDP ⁶⁾	-6.6	-3.9	-4.6	-4.3	-3.6	-3.9	-4.0	-4.4	-4.3
Exports of goods, BOP, EUR mn ⁶⁾	120953	101715	124998	139209	69048	71220	149600	160800	173700
annual growth rate in %	14.2	-15.9	22.9	11.4	14.3	3.1	7.5	7.5	8
Imports of goods, BOP, EUR mn ⁶⁾	141896	107140	133893	149317	74080	75127	160500	173300	187200
annual growth rate in %	18.5	-24.5	25.0	11.5	16.7	1.4	7.5	8	8
Exports of services, BOP, EUR mn ⁶⁾	24207	20717	24718	26573	12643	13124	27900	30100	32500
annual growth rate in %	15.2	-14.4	19.3	7.5	12.9	3.8	5	8	8
Imports of services, BOP, EUR mn ⁶⁾	20729	17294	22381	22233	10157	10959	23300	25600	27600
annual growth rate in %	17.9	-16.6	29.4	-0.7	3.5	7.9	5	10	8
FDI inflow, EUR mn ⁶⁾	10135	9339	6699	10897	5207	-699	9000	.	.
FDI outflow, EUR mn ⁶⁾	3071	3331	4149	4306	3467	-2105	.	.	.
Gross reserves of NB excl. gold, EUR mn	42299	52734	66253	71028	71826	76717	.	.	.
Gross external debt, EUR mn	173736	194396	237359	248085	254601	263832	.	.	.
Gross external debt in % of GDP	47.8	62.6	66.9	67.0	68.8	67.6	.	.	.
Average exchange rate PLN/EUR	3.5121	4.3276	3.9947	4.1206	3.9500	4.2443	4.15	4.15	4.15
Purchasing power parity PLN/EUR	2.3746	2.4704	2.4250	2.4399	.	.	.	.	.

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

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

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

Romania: investment-led growth amidst political turbulence

BY GÁBOR HUNYA

Following the setup of its left-leaning interim government in May, the Social Liberal Union (USL) won the local elections in June but failed to sack President Băsescu in July. By all indication, USL is bound to win the December 9 parliamentary elections but political uncertainty may continue as long as cohabitation with the President continues.

A modest economic recovery, in line with expectations, shaped the Romanian economy in the first half of 2012. In the second quarter GDP growth accelerated to 1.2% year on year from only 0.3% in the first quarter fuelled by household consumption and gross fixed capital formation while government consumption and especially foreign trade made negative contributions to growth. Investment outlays boomed by 20% driven both by infrastructure projects financed by EU programmes and purchases of productive equipment in existing firms.

Industrial output stagnated as did exports under the impact of sluggish external demand. The closure of the Nokia mobile phone plant showed up in the decline of electronics industry production and exports while Ford's new assembly and engine plant boosted the automotive industry. Also the food industry did well, relying on the results of the bumper harvest of 2011. But unfavourable weather conditions will depress agricultural output in 2012 (wheat harvest down by 17%) and also food production for the rest of the year, leaving the industrial sector with little or no growth in the rest of the year.

We expect that subsiding consumption by the rural population will be matched by recovering consumption of wage earners in the public sector. The interim government enacted a public sector wage increase of 8% in June; further hikes can be expected later this year. Real net wages rose for the first time in four years also due to subsiding inflation.

The consumer price index in the first half of 2012 was the lowest for decades. Favourable food prices and base effects were at work. Inflation is bound to return in the third quarter of the year triggered by rising food and fuel prices as well as by a hike of administered gas prices. The long-delayed end to the cross-subsidization of gas prices has been launched with the first administered hikes in September, and more is to follow in the coming years. The authorities are obliged to gradually liberalize the prices of oil and gas until the year 2018. The price of gas for the population will increase by 10% a year in 2013 and 2014, then by 12% each year during 2015-2018. The liberalization of the electricity market has begun, starting with the industrial consumers. Due to these measures we see our CPI forecast of 3.5%, above the official rate, confirmed for the year as a whole. Consequently, we have adjusted upward the 2013 inflation forecast.

The labour market indicators hardly reacted to the changes in output and wages. The employment rate has been flat at 63-65% for many years and the unemployment rate has not changed much over the past three years either. A slight increase in the number of employed persons may be only temporary.

The National Bank has kept the benchmark interest rate unchanged at 5.25% since March 2012, following a two-year period of systematic rate cuts. The reason for this policy change has been political uncertainty, reflected among other things in increasing exchange rate volatility. The Romanian leu depreciated against the euro by 7.3% in July 2012 year on year, more than other floating currencies. Quite large exchange rate fluctuations can be expected until the general elections in December, and the National Bank is not expected to interfere on a massive scale. Appreciation may follow only after a new government is set up and passes the 2013 budget.

In January-July the current account posted a deficit of EUR 2.4 billion, 35.4% less than in the previous year. The trade in goods balance remained almost unchanged but the balance of incomes booked lower losses while services and current transfers

higher net inflows. Foreign direct investment in Romania amounted to EUR 907 million, somewhat below the previous year, and covered 37.2% of the current account deficit in the first seven months of 2012.

The financial situation of the private sector became even tenser than before due to the weakening of the local currency. Loans to the private sector expanded ahead of inflation, at the same rate as the currency depreciated. As most of the increase was in foreign currency, one may not speak of a real credit expansion. The ratio of non-performing loans rose from 13.6% to 16.8%, showing the increasing financial problems throughout the economy. Due to the currency depreciation the servicing of foreign currency denominated loans (65% of the private sector loans) has become increasingly difficult. The housing market has been flooded with flats put up for sale for half the price of five years ago.

The government pledges to maintain fiscal discipline in line with the main conditionality of the EUR 5 billion precautionary loan from the IMF and the European Union. The loan facility runs until May 2013 and it is not yet on the agenda to negotiate its prolongation. The World Bank, however, granted a long-term credit-line of EUR 1 billion to back fiscal stability. Also a bond issue provided additional financing in September at better terms than before.

Back in June 2012 the interim government agreed with the IMF to increase the fiscal deficit within the 3% of GDP margin in order to finance wage and pension hikes compensating for losses in the wake of the mid-2009 austerity package. The government budget showed a negative cash balance of 1.18% of GDP, somewhat higher than the target agreed with the IMF. During the rest of the year revenue losses seem likely and payment arrears may increase, thus the ESA95 deficit will probably climb above the 3% target.

The IMF released the seventh instalment of EUR 514 million in September strictly conditional

on the implementation of structural measures: the hiking of the price of natural gas for household and industrial consumers, the payment of local authorities' arrears, starting the process of privatizing Oltchim and launching the sale of 15% of Transgaz shares.

The Ministry of Finance is studying revenue options to finance more social spending. Although putting an end to the flat tax regime is now officially off the agenda, alternatives such as a property tax are not excluded. An extra tax on the energy sector is also under discussion. All these efforts may lead to higher revenues in the years to come. Another proposal, enforcing VAT payment by SMEs only upon receipt of payments for deliveries made, is thought to be revenue-neutral but may cause at least temporary revenue delays at the beginning of its application. (Currently the VAT refunding is often delayed as much as 180 days.)

Earlier wiw forecasts assumed an election cycle-driven, public spending-based recovery in 2012. This assumption has to be modified as export demand in Europe is bound to slow down. Modest fiscal relaxation has been put in place by the interim government while private consumption and especially investments prove more robust than expected. We find a positive rate of GDP growth in 2012, even if it falls below the 1% estimate, rather favourable under the present international conditions.

The 2013 forecast does not reckon with a new wave of economic crisis in Europe and assumes renewed possibilities to expand exports. It is also expected that the relatively low public debt (about 34% of GDP) will maintain the goodwill of investors. Much will depend on the stability of the government to be formed after the elections and an end to the strife with the President. It is necessary to modify the constitution in order to make the functions of leading institutions better defined. Lasting stability thus achieved is also a precondition of improving the judicial system which in turn could allow the country to join the Schengen area.

ROMANIA

Table RO

Romania: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2010 January-June	2011	2012	2013 Forecast	2014
Population, th pers., average ²⁾	21514	21480	21438	18991	.	.	19000	18950	18900
Gross domestic product, RON mn, nom.	514700	501139	522561	578552	235682	248593	619400	666600	721300
annual change in % (real)	7.3	-6.6	-1.6	2.5	1.6	0.8	1	1.5	3
GDP/capita (EUR at exchange rate)	6500	5500	5800	7200	.	.	.	.	.
GDP/capita (EUR at PPP)	11700	11000	11400	13800	.	.	.	.	.
Consumption of households, RON mn, nom.	327928	304667	327562	351206	152199	157322	.	.	.
annual change in % (real)	9.0	-10.4	-0.4	1.4	-0.9	1.1	1	1	3
Gross fixed capital formation, RON mn, nom.	164279	122442	125227	142094	47136	56832	.	.	.
annual change in % (real)	15.6	-28.1	-2.1	6.3	-1.7	14.1	10	4	6
Gross industrial production ³⁾									
annual change in % (real)	2.6	-5.5	5.5	5.6	7.5	0.2	0	5	5
Gross agricultural production (EAA)									
annual change in % (real)	21.2	-2.2	1.0	11.4	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	26.7	-15.0	-13.2	2.8	-4.6	6.8	.	.	.
Employed persons, LFS, th, average	9369.1	9243.5	9239.4	9137.7	9139.3	9190.4	9150	9150	9200
annual change in %	0.2	-1.3	0.0	-1.1	-0.8	0.6	0.1	0	0.5
Unemployed persons, LFS, th, average	575.5	680.7	725.1	730.2	725.8	716.6	.	.	.
Unemployment rate, LFS, in %, average	5.8	6.9	7.3	7.4	7.4	7.3	7.3	7	7
Reg. unemployment rate, in %, end of period	4.4	7.8	7.0	5.1	4.8	4.5	.	.	.
Average gross monthly wages, RON ⁴⁾	1761	1845	1902	1995	2011	2094	.	.	.
annual change in % (real, net) ⁴⁾	16.5	-1.5	-3.7	-0.9	-6.0	1.8	.	.	.
Consumer prices (HICP), % p.a.	7.9	5.6	6.1	5.8	7.9	2.4	3.5	4.5	4
Producer prices in industry, % p.a.	15.3	1.8	6.3	8.9	9.7	5.9	.	.	.
General governm.budget, EU-def., % GDP									
Revenues	33.6	32.1	33.4	32.5	.	.	.	.	.
Expenditures	39.3	41.1	40.2	37.7	.	.	.	.	.
Net lending (+) / net borrowing (-)	-5.7	-9.0	-6.8	-5.2	.	.	-3.5	-3	-3
Public debt, EU-def., in % of GDP	13.4	23.6	30.5	33.3	.	.	34	34	34
Central bank policy rate, % p.a., end of period ⁵⁾	10.25	8.00	6.25	6.00	6.25	5.25	.	.	.
Current account, EUR mn	-16178	-4938	-5499	-6007	-3417	-2411	-5500	-7000	-8500
Current account in % of GDP	-11.6	-4.2	-4.4	-4.4	-6.1	-4.3	-3.9	-4.5	-5.1
Exports of goods, BOP, EUR mn	33656	29091	37340	45031	22069	22300	45000	49500	55400
annual growth rate in %	13.9	-13.6	28.4	20.6	28.3	1.0	0	10	12
Imports of goods, BOP, EUR mn	52729	35959	44931	52541	25568	25783	53600	59000	66700
annual growth rate in %	11.3	-31.8	25.0	16.9	21.0	0.8	2	10	13
Exports of services, BOP, EUR mn	8751	7061	6622	7352	3273	3542	8100	8900	9600
annual growth rate in %	27.1	-19.3	-6.2	11.0	7.1	8.2	10	10	8
Imports of services, BOP, EUR mn	8091	7352	6216	6979	3188	3414	7500	8300	9100
annual growth rate in %	25.0	-9.1	-15.5	12.3	4.6	7.1	8	10	10
FDI inflow, EUR mn	9501	3490	2227	1940	875	946	.	.	.
FDI outflow, EUR mn	186	-61	-12	22	-41	29	.	.	.
Gross reserves of NB excl. gold, EUR mn	25977	28249	32606	33166	34325	32945	.	.	.
Gross external debt, EUR mn	72354	81206	92458	98425	98249	99040	.	.	.
Gross external debt in % of GDP	51.8	68.7	74.5	72.1	72.0	70.4	.	.	.
Average exchange rate RON/EUR	3.6826	4.2399	4.2122	4.2391	4.1798	4.3904	4.4	4.3	4.3
Purchasing power parity RON/EUR	2.0424	2.1127	2.1447	2.2024	.	.	.	.	.

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

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

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

Slovakia: export-led growth continues

BY DORIS HANZL-WEISS

Following 3.3% GDP expansion in 2011, Slovakia experienced quite strong growth in the first half of 2012 as well: the GDP expanded by 3% in the first quarter and by 2.8% in the second. Growth came exclusively from net exports, with exports up 7.5% while imports rose by 2.7% only. This was due to the strong expansion of car production and their exports. All other components of GDP stagnated or contracted sharply: household consumption remained flat due to falling real wages, government consumption declined by about 1% as fiscal consolidation came on track. Gross capital formation fell by 4.3%, as a result of decreasing inventories as well as a 2.5% decline in gross fixed capital formation. Inflation remained at a high level during the first half of 2012, growing by 3.8% largely due to rising food prices.

In the first seven months of 2012 manufacturing production increased by 15%, with the transport equipment sector recording 48.7% year-on-year growth. The foreign-owned car industry has most advanced technologies and accounts for nearly one third of manufacturing output, but only 15% of manufacturing employment. In terms of employment, the basic metals sector is still the largest employer with a 20% share. Looking at the growth performance of the remaining manufacturing sectors, six other industries were growing whereas another six sectors recorded a decline. In the first half of 2012, contributions to GDP growth came from services too, while agriculture and construction contributed negatively.

GDP growth did not translate into improvements on the labour market. Employment grew by just 0.9% in the first half of 2012; unemployment increased by 3.2%, raising the unemployment rate to 13.9%. There is a large share of long-term and youth unemployment, and there are large regional disparities, with unemployment much more pronounced in the eastern part of Slovakia. The labour code was

revised again, partly cancelling changes made by the previous government of Iveta Radičová and returning it to the 2007 version made during Robert Fico's first government term. It reintroduces the simultaneous entitlement to a layoff notice period as well as severance pay, shortens temporary work contracts and changes the definition of 'dependent work', thus strengthening employee protection and making the labour market less flexible.

The new Fico government, in place since the March 2012 elections, promised to pursue a pro-European course. Thus, budget deficit figures are in line with the EU targets: in 2013, the budget deficit should fall below 3%, in 2014 it should further shrink to 2.4% and in 2015 to 1.9%. For this year, the budget deficit target is 4.6%. However, with tax collection lagging behind the projected figures, additional austerity measures were necessary. Otherwise the deficit would have reached 5.5%. The most important measures in effect since September 2012 are: (i) a partial shift of pension contributions from the second to the first pension pillar (one month earlier than planned): the second pension pillar will receive only 4% instead of 9% of salaries; (ii) an extension of the basis of the bank levy to include retail deposits and a special levy for banks in the fourth quarter of 2012; and (iii) a special levy on corporations active in regulated businesses, including energy, insurance or communication companies (around 4.4% charged on yearly profits). As of 2013, further changes will include (iv) a rise in the income tax rate to 25% for individuals with monthly salaries topping EUR 3246 (for other persons the rate will remain at 19%), and (v) an increase in corporate tax from 19% to 23%. The public debt level, at 43.3% of GDP in 2011 and thus well below the EU average, will grow to about 51% partly due to the inclusion of guarantees under the European Financial Stability Facility (EFSF) and deposits to the European Stability Mechanism (ESM), of which reimbursement is highly unlikely.

The foreign-owned car manufacturers – VW Bratislava, PSA Peugeot-Citroën and Kia – are all located in the more prosperous western region of

Slovakia. The most important is Volkswagen Bratislava: in the first half of 2012, Volkswagen increased its production by 22%, and plans to double car production this year. Kia increased its production by about 10% in the first half of 2012 while recent news from PSA Peugeot-Citroën is less good. All three car companies launched a third shift at the beginning of 2012. Hence, while in other parts of Europe car companies are threatened, the Slovak automotive industry is doing well, also thanks to its advanced technology. Exports go not only to European countries – where new car registration is declining – but also to Asia, Russia and the US. In 2011, China overtook Germany and France and became the most important export destination for motor vehicles. Still, as concerns motor vehicles plus car parts, Germany is still the most important export destination.

Fresh foreign direct investment might be put off by the tax increases. Additional disincentives may come from the less flexible labour code, a possible revision of the procurement law making it less transparent, or the abandonment of the Singapore project (which was designed to reduce the administrative burden on businesses). Uncertainties caused by the European crisis may also threaten foreign investment activities. The economic sentiment indicator in Slovakia rose from February to May this year, but has been declining continuously since then. In September, unfavourable developments in construction and in consumer confidence contributed most to that decline, while confidence in industry improved markedly.

Our growth forecast for this year goes up to 2.8%. For the years to come we expect a declining trend, due to uncertainties in European markets and weakening external demand from main trading partners. For 2013 and 2014 we have revised our GDP forecasts downwards, now projecting 2% and 3% growth respectively. The so far missing resolution of the European debt crisis as well as fiscal consolidation is negatively influencing investment decisions and the business climate as well. Nevertheless, net exports may still remain the most important force behind growth, while private and government consumption will remain weak and private investment will grow only slowly.

Table SK

Slovakia: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012 Forecast	2013 Forecast	2014
Population, th pers., average ²⁾	5406.6	5418.6	5430.1	5398.4	.	.	5410	5430	5440
Gross domestic product, EUR mn, nom.	66842	62795	65744	69058	33045	34406	73500	77200	81900
annual change in % (real)	5.8	-4.9	4.2	3.3	3.5	2.9	2.8	2	3
GDP/capita (EUR at exchange rate)	11900	11600	12100	12700	.	.	13600	14200	15100
GDP/capita (EUR at PPP)	18100	17000	17900	18400	.	.	.	.	.
Consumption of households, EUR mn, nom.	37573	37640	37740	39018	19083	19830	.	.	.
annual change in % (real)	6.0	0.1	-0.8	-0.4	-0.1	-0.2	0	0.5	1.5
Gross fixed capital form., EUR mn, nom.	16576	13025	14616	15477	7252	7057	.	.	.
annual change in % (real)	1.0	-19.7	12.4	5.6	4.0	-2.5	-1	2	3
Gross industrial production									
annual change in % (real)	3.1	-14.1	18.3	7.2	10.3	11.1	8	4	3
Gross agricultural production (EAA)									
annual change in % (real)	10.6	-12.3	-8.2	8.0	.	.	.	.	.
Construction industry									
annual change in % (real)	11.9	-11.2	-4.6	-1.8	-3.5	-11.0	.	.	.
Employed persons, LFS, th, average ³⁾	2433.7	2366.3	2317.5	2351.4	2308.9	2329.7	2360	2360	2380
annual change in % ³⁾	3.2	-2.8	-2.1	1.5	.	0.9	0.5	0	1
Unemployed persons, LFS, th, average ³⁾	255.7	323.5	389.2	368.3	.	374.2	.	.	.
Unemployment rate, LFS, in %, average ³⁾	9.5	12.0	14.4	13.5	.	13.9	14	14	13
Reg. unemployment rate, in %, end of period	8.4	12.7	12.5	13.6	13.0	13.3	13.5	13.5	13
Average gross monthly wages, EUR	723	745	769	786	764	781	.	.	.
annual change in % (real, gross)	3.3	1.4	2.2	-1.6	-0.7	-1.3	.	.	.
Consumer prices (HICP), % p.a.	3.9	0.9	0.7	4.1	3.8	3.8	3.5	3	3
Producer prices in industry, % p.a.	2.5	-6.6	0.1	4.4	5.2	2.1	2	2	2
General governm.budget, EU-def., % GDP									
Revenues	32.8	33.5	32.4	33.4	.	.	.	.	.
Expenditures	34.9	41.5	40.0	38.2	.	.	.	.	.
Net lending (+) / net borrowing (-)	-2.1	-8.0	-7.7	-4.8	.	.	-5	-4	-3
Public debt, EU-def., in % of GDP	27.9	35.6	41.1	43.3	.	.	51	52	53
Central bank policy rate, % p.a., end of period ⁴⁾	2.50	1.00	1.00	1.00	1.25	1.00	.	.	.
Current account, EUR mn	-4021	-1627	-1637	38	-172	855	1100	800	600
Current account in % of GDP	-6.2	-2.6	-2.5	0.1	-0.5	2.5	1.5	1.0	0.7
Exports of goods, BOP, EUR mn	49521	39721	48273	56408	27494	30571	60000	62000	64000
annual growth rate in %	17.2	-19.8	21.5	16.9	21.1	11.2	7	4	3
Imports of goods, BOP, EUR mn	50280	38775	47494	53967	26672	28841	57000	59000	61000
annual growth rate in %	17.2	-22.9	22.5	13.6	21.1	8.1	5	3	3
Exports of services, BOP, EUR mn	6001	4342	4398	4750	2234	2638	5100	5400	5700
annual growth rate in %	16.8	-27.6	1.3	8.0	9.2	18.1	8	6	5
Imports of services, BOP, EUR mn	6488	5367	5140	5121	2513	2506	5000	5200	5500
annual growth rate in %	36.6	-17.3	-4.2	-0.4	-0.9	-0.3	-2	4	5
FDI inflow, EUR mn	3323	-4	397	1541	296	982	1500	.	.
FDI outflow, EUR mn	376	652	247	353	303	79	.	.	.
Gross reserves of NB excl. gold, EUR mn ⁵⁾	12674	481	541	659	582	639	.	.	.
Gross external debt, EUR mn	37286	45338	49262	52934	52671	52669	.	.	.
Gross external debt in % of GDP	57.9	72.2	74.9	76.7	76.3	71.7	.	.	.
Average exchange rate EUR/EUR	1.0377	1.0000	1.0000	1.0000	1.0000	1.0000	1	1	1
Purchasing power parity EUR/EUR	0.6813	0.6810	0.6759	0.6887	.	.	.	.	.

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

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

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

Slovenia: stabilization of the banking sector still ahead

BY HERMINE VIDOVIC

Slovenia's economy is facing another year of recession, deleveraging of banks and enterprises and fiscal tightening against the backdrop of long hidden and finally obvious structural weaknesses and an urgent need for long-delayed reforms. In the second quarter of 2012 GDP continued to shrink, resulting in an overall decline of 1.6% during the first half of the year. Gross fixed capital formation dropped by almost 10%, household consumption fell for the first time since the outbreak of the crisis and government consumption continued to decrease. Only foreign trade did contribute positively to GDP growth. The downturn in the construction industry starting in 2009 continued, with output declining by another 16.5% in the first half of 2012. Prospects for the construction sector are bleak: there is an enormous stock of unsold apartments on the market and large infrastructure projects are lacking due to fiscal consolidation.

Growth of industrial production also turned negative in the first half of 2012. In the automotive sector, one of Slovenia's major export industries, the output of vehicles fell by 7%. Owing to declining demand, in April Slovenia's car manufacturer Revoz (Renault) was forced to reduce production from three to two shifts and cut workforce. As a temporary measure, in September the company further reduced its production (to one shift) and also announced further lay-offs. The step had become necessary because of a decrease of external demand, from France in particular, where Revoz sells more than half of its production. This is in sharp contrast to the so far booming car manufactures in Slovakia and the Czech Republic, largely because of strong demand outside Europe (e.g. China and the US). Overall, car manufactures do not expect a rebound in Europe for several years.¹

The performance of external trade was weak: during the first seven months of 2012 exports grew by a meagre 1.5% in nominal terms, while imports stagnated. As a consequence, the trade deficit fell compared to a year earlier; owing to a rising surplus in services trade and the reduction of the deficit in merchandise trade the current account closed with a surplus of EUR 300 million, double the amount reached during the first seven months of 2011. The inflow of FDI was EUR 232 million and thus lower than in the same period a year earlier.

The labour market situation has also deteriorated compared to the first half of 2011. Based on labour force survey data, employment declined by 1% in the first half of 2012; the unemployment rate rose to 8.4% and inactivity increased. Unemployment based on registration data remained unchanged at 11.5% in June 2012. However, considering the poor economic prospects a substantial worsening of the labour market situation and rising unemployment can be expected.

By the end of July 2012, the share of non-performing loans in total loans amounted to about 13% or EUR 6.4 billion. Despite the required recapitalization of Slovenia's major bank – Nova Ljubljanska Banka (NLB) – by the end of June, asset quality continues to deteriorate. Further recapitalization needs for Slovenia's three largest banks have been estimated by Moody's to vary between 2% and 8% of the GDP. Given the budgetary constraints along with declining GDP and thus weaker revenues it is unlikely that the Slovenian government will be in a position to stabilize the banking system on its own. Thus, a request to the EU for a banking bailout package is very likely.

In order to break the extraordinary dynamics of public-debt growth – more than doubling from 22% of the GDP in 2008 to 48% in 2011 – the Slovenian government announced a number of austerity reform measures which should relieve the budget. The government expectations that the respective acts will be passed by the parliament until the end of this year seem to be overoptimistic.

¹ *The Economist*, 1 October 2012.

Among other things, the government is making a new attempt at pension and labour market reforms. The pension reform proposal, which is very similar to that rejected in 2011 by a referendum,² envisages to increase the number of contributory years from 35 to 40 for both men and women and foresees a retirement age of at least 60 years (instead of currently 58 years for men and 55 years for women) for the full pension entitlement. As regards the labour market, the new legislation calls for higher flexibility, i.e. hiring and firing of workers should become easier. The government claims that the new legislation will tackle the segmentation of the labour market in terms of employment protection which is high for permanent workers while persons on fixed-term contracts (often young and females) are under-protected. In addition, the proposal foresees a cut of severance payments, a reduction of unemployment benefits (from 80% to 70% of the previous wage for the first three months of unemployment) and a reduction of the entitlement duration; paid lunch breaks should be eliminated as well.

At the beginning of October the parliament passed a bill on setting up a 'bad bank' (special fund, bank asset management company BAMC) in accordance with ECB rules to strengthen the stability of banks. However, the National Council (upper chamber of parliament representing interest groups) vetoed the act, by arguing that it was constitutionally questionable and could cause a huge burden on the country's budget. Concerns in this direction were already earlier expressed by the governor of the Bank of Slovenia, stating 'that any bank recapitalization will increase the government debt either through guarantees or by issuing government securities later on'. For a new vote in parliament on this bill an absolute majority of votes is required. The bank is envisaged to take over non-performing real estate and commercial loans of Slovenian banks in exchange for bonds backed by up to EUR 4 billion in state guarantees. The ECB

has so far not decided on whether it will accept these bonds as collaterals. The purpose of the BAMC and the Fund is, among other things, to accelerate lending to the non-financial sector, contribute to bank privatization and clarify responsibility for bank claims. The decision on which banks will be included by the scheme is taken by the Slovenian government based on the initiative of the central bank or the bank itself.

In order to concentrate the management of all state assets in one place the government announced a Law to establish a Slovenian Sovereign Holding (SSH) in accordance with the OECD guidelines for corporate management of state-owned assets.

The draft budget for 2013 envisages a further reduction of the deficit to below 3% of GDP mainly owing to expenditure cuts. The reduction of spending is expected through 'adjustments in the public sector' (cut of the public sector wage bill by 5% including a reduction of the workforce), increased VAT for certain items and by the pension reform. The latter seems very ambitious: effects of such a reform may be expected in the medium and long rather than in the short run.

In August Moody's downgraded Slovenia's government bond rating again, the determinant factors being the Slovenian banking system's need for further recapitalization, the increasing costs of funding (in August the yield of a ten-year Slovenian government bond again broke the critical barrier of 7%) and constrained market access. Having cancelled a Eurobond issue in April because of the high yields demanded, Slovenia plans its first debt sale in the USA, worth USD 1.5 billion, by December this year.

Fiscal consolidation and declining external demand are the main determinants for a continuation of recession in Slovenia. wiiw expects the GDP to decrease by about 2% in 2012 (a more pronounced contraction than we previously forecasted). Another contraction is expected in 2013 as a consequence of the planned austerity measures which will contribute to a continued drop in domestic demand.

² The referendum was initiated by the trade unions and supported by the then opposition leader Janez Janša (current prime minister).

Given the expected decline in GDP the budget deficit will be higher than the anticipated 3.5-4% in 2012. The corporate sector will continue to delev-
erage. Recession will trigger more employment cuts and exert upward pressure on unemployment both in 2012 and 2013. Consequently, household consumption growth will remain subdued. Overall, it will be essential to implement the reform meas-
ures swiftly in order to regain credibility. However, it will be difficult to get reforms passed due to the strong headwinds from the opposition parties and trade unions. The consequences of a renewed failure of reforms are not foreseeable yet.

Table SI

Slovenia: Selected Economic Indicators

	2008	2009	2010	2011 ¹⁾	2011 January-June	2012	2012 Forecast	2013 Forecast	2014
Population, th pers., average ²⁾	2021.3	2039.7	2048.6	2052.8	2050.7	2055.5	2050	2050	2050
Gross domestic product, EUR mn, nom.	37244	35556	35607	36172	17822	17701	36330	36500	37420
annual change in % (real)	3.4	-7.8	1.2	0.6	2.0	-1.6	-2.0	-1.5	0.5
GDP/capita (EUR at exchange rate)	18400	17400	17400	17600	.	.	17700	17800	18300
GDP/capita (EUR at PPP)	22700	20600	20800	21300	.	.	.	.	.
Consumption of households, EUR mn, nom.	19310	19547	20112	20675	9874	10012	.	.	.
annual change in % (real)	2.5	0.2	1.4	1.0	1.2	-1.2	-2.5	-3.0	0.2
Gross fixed capital form., EUR mn, nom.	10663	8225	7169	6694	3252	2986	.	.	.
annual change in % (real)	7.1	-23.2	-13.7	-8.1	-10.1	-9.7	-9.5	-3	0
Gross industrial production									
annual change in % (real)	2.4	-17.3	6.2	2.1	6.1	-0.1	-1	1	2
Gross agricultural production (EAA)									
annual change in % (real)	-1.9	0.0	-0.3	-0.7	.	.	.	.	.
Construction industry ³⁾									
annual change in % (real)	15.5	-20.9	-16.9	-25.6	-28.7	-16.5	.	.	.
Employed persons, LFS, th, average	996	981	966	936	933	924	930	910	910
annual change in %	1.1	-1.5	-1.5	-3.1	-3.4	-1.0	-1	-2	0
Unemployed persons, LFS, th, average	46	61	75	83	82	85	.	.	.
Unemployment rate, LFS, in %, average	4.4	5.9	7.3	8.2	8.1	8.4	8.8	9	9
Reg. unemployment rate, in %, end of period	7.0	10.3	11.8	12.1	11.4	11.5	13	13.5	13
Average gross monthly wages, EUR	1391	1439	1495	1525	1509	1524	.	.	.
annual change in % (real, net)	2.0	2.5	2.1	0.3	1.1	-1.4	.	.	.
Consumer prices (HICP), % p.a.	5.5	0.9	2.1	2.1	2.1	2.5	2.5	2	2
Producer prices in industry, % p.a.	3.9	-1.4	2.0	4.6	5.3	1.1	1.5	2	2.5
General governm.budget, EU-def., % GDP									
Revenues	42.4	43.2	44.2	44.5	.	.	44.2	44.0	43.0
Expenditures	44.2	49.3	50.3	50.9	.	.	48.5	48.0	46.5
Net lending (+) / net borrowing (-)	-1.9	-6.1	-6.0	-6.4	.	.	-4.5	-4.0	-3.5
Public debt, EU-def., in % of GDP	21.9	35.3	38.8	47.6	.	.	54.0	58.0	60.0
Central bank policy rate, % p.a., end of period ⁴⁾	2.50	1.00	1.00	1.00	1.25	1.00	.	.	.
Current account, EUR mn	-2295	-246	-210	1	128	254	400	400	300
Current account in % of GDP	-6.2	-0.7	-0.6	0.0	0.7	1.4	1.1	1.1	0.8
Exports of goods, BOP, EUR mn	20296	16410	18762	21264	10665	10839	21600	22200	23300
annual growth rate in %	2.5	-19.1	14.3	13.3	17.6	1.6	1.5	3	5
Imports of goods, BOP, EUR mn	22681	16909	19760	22307	11112	11124	22300	22500	23000
annual growth rate in %	5.7	-25.4	16.9	12.9	17.8	0.1	0	1	2
Exports of services, BOP, EUR mn	4956	4347	4616	4838	2239	2351	5100	5300	5600
annual growth rate in %	19.5	-12.3	6.2	4.8	6.6	5.0	5	4	5
Imports of services, BOP, EUR mn	3533	3182	3331	3395	1524	1489	3300	3300	3400
annual growth rate in %	14.0	-9.9	4.7	1.9	3.7	-2.3	-2	-1	2
FDI inflow, EUR mn	1330	-470	271	719	215	179	500	.	.
FDI outflow, EUR mn	1003	187	-160	81	-17	-90	.	.	.
Gross reserves of NB excl. gold, EUR mn	623	671	695	642	641	616	.	.	.
Gross external debt, EUR mn	39234	40294	40723	40241	42233	40671	.	.	.
Gross external debt in % of GDP	105.3	113.3	114.4	111.2	116.8	111.9	.	.	.
Purchasing power parity EUR/EUR	0.8114	0.8452	0.8340	0.8257	.	.	.	.	.

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

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

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

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STATISTICAL ANNEX

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

Conventional signs and abbreviations used

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

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RON	Romanian leu
BAM	Bosnian convertible mark	LVL	Latvian lats	RSD	Serbian dinar
BGN	Bulgarian lev	LTL	Lithuanian litas	RUB	Russian rouble
CZK	Czech koruna	MKD	Macedonian denar	UAH	Ukrainian hryvnia
HRK	Croatian kuna	PLN	Polish zloty		
EUR	euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Slovakia (from January 2009, 'euro-fixed before) and Slovenia (from January 2007, 'euro-fixed' before)				
USD	US dollar				

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

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BULGARIA: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011						2012								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	2.3	5.8	3.5	2.3	3.3	2.0	-1.2	-1.1	-3.6	-2.9	-2.6	2.0	0.4	1.7	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	9.5	8.9	8.2	7.5	7.0	6.5	5.8	-1.1	-2.4	-2.6	-2.6	-1.6	-1.3	-0.9	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	5.9	3.9	3.9	3.0	2.5	1.3	-0.1	-1.9	-2.6	-3.0	-1.2	-0.1	1.3	.	.
Productivity in industry, NACE Rev. 2 ¹⁾	CCPPY	13.5	.	.	11.4	.	.	9.8	.	.	0.4	.	.	.	.	.
Unit labour costs, excl.r. adj.(EUR) ¹⁾	CCPPY	-4.3	.	.	-3.0	.	.	-1.9	.	.	6.2	.	.	.	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	-12.9	-14.5	-8.4	-11.1	-10.5	-10.9	-5.6	2.2	-9.4	1.7	1.6	4.5	-4.6	3.4	.
Construction, NACE Rev. 2 ²⁾	real, CCPPY	-15.7	-15.5	-14.6	-14.2	-13.8	-13.5	-12.9	2.2	-3.6	-1.7	-0.9	0.3	-0.6	0.0	.
LABOUR																
Employed persons, LFS ³⁾	th. pers., quart. avg	2934.1	.	.	3018.3	.	.	2955.2	.	.	2853.2	.	.	.	.	.
Employed persons, LFS ³⁾	CPPY	-4.5	.	.	-2.8	.	.	-2.3	.	.	.	.	.	.	.	.
Unemployed persons, LFS ³⁾	th. pers., quart. avg	369.8	.	.	343.0	.	.	380.9	.	.	421.4	.	.	404.0	.	.
Unemployment rate, LFS ³⁾	%	11.2	.	.	10.2	.	.	11.4	.	.	12.9	.	.	12.3	.	.
Unemployment, registered	th. persons, eop	318.3	315.4	313.8	310.0	314.1	327.3	342.4	366.0	376.2	376.6	373.5	360.1	354.8	356.5	351.5
Unemployment rate, registered ⁴⁾	%, eop	9.6	9.5	9.5	9.4	9.6	10.0	10.4	11.1	11.5	11.5	11.4	11.0	10.8	10.8	10.7
WAGES																
Total economy, gross	BGN	690	691	683	704	706	723	752	720	719	754	760	758	755	.	.
Total economy, gross ⁵⁾	real, CPPY	4.8	4.9	5.2	5.4	5.4	5.7	6.6	6.5	6.3	7.6	4.9	6.6	7.7	.	.
Total economy, gross	EUR	353	353	349	360	361	370	384	368	368	386	389	388	386	.	.
Industry, gross, NACE Rev. 2	EUR	354	345	345	355	349	356	363	352	347	376	366	368	373	.	.
PRICES																
Consumer - HICP	PP	-0.3	0.4	-0.1	0.0	0.3	0.1	0.3	0.4	0.6	0.1	0.2	-0.1	-0.5	1.1	0.6
Consumer - HICP	CPPY	3.5	3.4	3.1	2.9	3.0	2.6	2.0	1.9	2.0	1.7	2.0	1.8	1.6	2.4	3.1
Consumer - HICP	CCPPY	4.0	3.9	3.8	3.7	3.6	3.5	3.4	1.9	2.0	1.9	1.9	1.9	1.9	1.9	2.1
Producer, in industry, NACE Rev. 2	PP	-0.3	0.9	-1.3	1.6	-1.5	1.0	-0.6	2.4	0.5	0.8	1.5	-1.7	-1.3	1.8	.
Producer, in industry, NACE Rev. 2	CPPY	9.1	9.5	7.1	8.6	7.3	6.8	4.0	4.7	3.6	3.4	3.7	3.2	2.2	3.1	.
Producer, in industry, NACE Rev. 2	CCPPY	11.8	11.4	10.9	10.6	10.3	9.9	9.4	4.7	4.2	3.9	3.8	3.7	3.5	3.4	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	9644	11511	13267	15056	16877	18631	20215	1438	2901	4623	6252	8119	9884	.	.
Imports total (cif), cumulated	EUR mn	11089	13165	14956	17016	19107	21340	23346	1790	3634	5804	7985	10369	12605	.	.
Trade balance, cumulated	EUR mn	-1445	-1654	-1689	-1960	-2230	-2709	-3131	-352	-732	-1181	-1734	-2250	-2721	.	.
Exports to EU-27 (fob), cumulated	EUR mn	5941	7103	8236	9370	10549	11704	12648	882	1726	2773	3773	4869	5893	.	.
Imports from EU-27 (cif), cumulated	EUR mn	6480	7777	8811	9957	11223	12589	13823	1088	2174	3488	4676	6047	7395	.	.
Trade balance with EU-27, cumulated	EUR mn	-539	-675	-575	-587	-673	-885	-1175	-206	-448	-716	-902	-1179	-1502	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-78	.	.	1077	.	.	362	.	.	-439	.	.	.	.	.
EXCHANGE RATE																
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, monthly average	nominal	1.359	1.371	1.364	1.420	1.427	1.443	1.484	1.516	1.479	1.482	1.486	1.529	1.561	1.592	1.577
EUR/BGN, calculated with CPI ⁶⁾	real, Jan09=100	100.1	100.9	100.5	99.9	99.9	99.9	99.8	100.7	100.8	99.9	99.7	99.6	99.2	100.8	100.9
EUR/BGN, calculated with PPI ⁶⁾	real, Jan09=100	109.0	109.6	108.4	109.6	107.9	108.8	108.3	109.9	109.9	110.3	111.9	110.3	109.6	111.3	.
USD/BGN, calculated with CPI ⁶⁾	real, Jan09=100	108.3	107.7	107.9	103.4	103.5	102.6	100.1	98.0	100.6	99.8	99.4	96.6	94.3	93.7	94.5
USD/BGN, calculated with PPI ⁶⁾	real, Jan09=100	107.8	107.4	107.3	104.4	103.7	103.4	100.8	100.6	103.1	102.5	104.0	100.0	97.6	97.6	.
DOMESTIC FINANCE																
Currency in circulation	BGN mn, eop	6974	7235	7350	7379	7311	7317	7794	7528	7482	7451	7513	7496	7676	7940	.
M1	BGN mn, eop	18737	19501	20352	20100	20067	19906	21027	21455	21652	21374	21705	21521	21248	22534	.
Broad money	BGN mn, eop	53112	54512	55244	55494	55228	54938	56957	57401	57406	57527	58319	58427	58528	59949	.
Broad money	CPPY	7.9	9.4	9.4	10.3	9.6	7.8	12.2	12.7	11.7	10.7	11.6	10.9	10.2	10.0	.
Central bank policy rate (p.a.) ⁷⁾	%, eop	0.22	0.17	0.18	0.18	0.20	0.22	0.22	0.22	0.18	0.15	0.15	0.14	0.14	0.16	0.08
Central bank policy rate (p.a.) ⁷⁽⁸⁾	real, %	-8.1	-8.5	-6.4	-7.8	-6.7	-6.2	-3.7	-4.3	-3.3	-3.1	-3.4	-3.0	-2.1	-2.8	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	BGN mn	-1	.	.	113	.	.	-1576	.	.	-311	.	.	.	.	.

1) Enterprises with 10 and more persons.

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

3) From 2012 according to census February 2011.

4) From June 2011 based on census February 2011.

5) Nominal wages deflated with HICP.

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

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

8) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011						2012								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	7.7	3.7	5.3	1.1	1.0	4.0	2.1	3.4	5.6	0.1	1.5	-3.1	-2.7	4.2	.
Industry, NACE Rev. 2	real, CAPPY	10.3	9.4	8.9	8.0	7.2	6.9	6.5	3.4	4.5	2.9	2.6	1.4	0.7	1.1	.
Industry, NACE Rev. 2	real, 3MMA	8.6	5.7	3.2	2.3	2.1	2.4	3.2	3.7	2.9	2.3	-0.5	-1.5	-0.8	.	.
Productivity in industry, NACE Rev. 2	CAPPY	6.9	.	.	4.8	.	.	3.7	.	.	1.3	.	.	-0.3	.	.
Unit labour costs, excl.r. adj.(EUR)	CAPPY	2.8	.	.	3.5	.	.	2.4	.	.	-0.4	.	.	0.4	.	.
Construction, NACE Rev. 2	real, CPPY	-5.0	-11.8	-9.5	-6.3	-8.0	-5.5	14.5	-6.8	-15.8	-6.1	-1.1	-3.4	-9.2	-0.5	.
Construction, NACE Rev. 2	real, CAPPY	-1.3	-3.3	-4.4	-4.7	-5.2	-5.2	-3.5	-6.8	-11.7	-9.4	-6.7	-5.8	-6.6	-5.5	.
LABOUR																
Employed persons, LFS ¹⁾	th. pers., quart. avg	4908.4	.	.	4927.9	.	.	4915.5	.	.	4834.9	.	.	4888.1	.	.
Employed persons, LFS ¹⁾	CAPPY	0.6	.	.	0.3	.	.	-0.1	.	.	.	.	.	.	.	.
Unemployed persons, LFS ¹⁾	th. pers., quart. avg	354.6	.	.	345.7	.	.	337.9	.	.	369.2	.	.	350.9	.	.
Unemployment rate, LFS ¹⁾	%	6.7	.	.	6.6	.	.	6.4	.	.	7.1	.	.	6.7	.	.
Unemployment, registered	th. persons, eop	478.8	485.6	481.5	475.1	470.6	476.4	508.5	534.1	541.7	525.2	497.3	482.1	474.6	485.6	486.7
Unemployment rate, registered	%, eop	8.1	8.2	8.2	8.0	7.9	8.0	8.6	9.1	9.2	8.9	8.4	8.2	8.1	8.3	8.3
WAGES																
Total economy, gross	CZK, quart. avg.	24079	.	.	24165	.	.	26206	.	.	24052	.	.	24626	.	.
Total economy, gross ²⁾	real, CPPY	0.6	.	.	0.3	.	.	-0.4	.	.	-0.7	.	.	-1.4	.	.
Total economy, gross	EUR, quart. avg.	990	.	.	991	.	.	1037	.	.	959	.	.	975	.	.
Industry, gross, NACE Rev. 2 ³⁾	EUR, quart. avg.	1000	.	.	981	.	.	1030	.	.	963	.	.	994	.	.
PRICES																
Consumer - HICP	PP	-0.1	0.3	-0.1	-0.2	0.3	0.4	0.4	1.8	0.2	0.3	0.0	0.2	0.2	-0.2	0.0
Consumer - HICP	CAPPY	1.9	1.9	2.1	2.1	2.6	2.9	2.8	3.8	4.0	4.2	4.0	3.5	3.8	3.3	3.4
Consumer - HICP	CAPPY	1.9	1.9	1.9	1.9	2.0	2.1	2.1	3.8	3.9	4.0	4.0	3.9	3.9	3.8	3.8
Producer, in industry, NACE Rev. 2	PP	-0.2	-0.1	0.0	0.6	0.3	1.0	0.1	0.7	-0.6	-0.3	0.2	0.7	0.3	-0.4	.
Producer, in industry, NACE Rev. 2	CAPPY	2.2	2.9	3.8	4.4	5.0	5.5	4.1	4.7	3.9	2.8	2.4	2.5	2.9	2.7	.
Producer, in industry, NACE Rev. 2	CAPPY	3.2	3.1	3.2	3.3	3.5	3.7	3.7	4.7	4.3	3.8	3.4	3.2	3.2	3.1	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	58457	67523	76531	86902	97146	107639	116548	9904	19956	31209	41233	51341	61535	71081	.
Imports total (cif), cumulated	EUR mn	54437	63015	71988	81416	90601	100307	108878	8729	17633	27356	36548	45786	54855	63387	.
Trade balance, cumulated	EUR mn	4020	4509	4543	5486	6545	7332	7670	1175	2323	3853	4684	5555	6680	7694	.
Exports to EU-27 (fob), cumulated	EUR mn	49078	56666	64066	72564	81007	89662	96746	8224	16461	25566	33668	41816	49995	57652	.
Imports from EU-27 (cif), cumulated	EUR mn	40635	46972	53337	60405	67527	74735	81057	6447	13305	20740	27445	34180	40977	47508	.
Trade balance with EU-27, cumulated	EUR mn	8443	9693	10729	12159	13480	14927	15689	1777	3156	4826	6223	7635	9017	10145	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-1405	.	.	-3765	.	.	-4453	.	.	1417	.	.	.	.	.
EXCHANGE RATE																
CZK/EUR, monthly average	nominal	24.29	24.34	24.27	24.56	24.84	25.46	25.51	25.53	25.04	24.68	24.81	25.31	25.64	25.45	25.02
CZK/USD, monthly average	nominal	16.88	17.06	16.92	17.83	18.12	18.78	19.36	19.78	18.94	18.69	18.85	19.79	20.47	20.71	20.18
EUR/CZK, calculated with CPI ⁴⁾	real, Jan09=100	108.1	108.7	108.6	106.5	105.2	102.9	102.8	105.2	106.9	107.7	106.6	104.8	103.7	104.7	106.1
EUR/CZK, calculated with PPI ⁴⁾	real, Jan09=100	104.3	103.6	104.0	103.0	102.1	100.4	100.5	100.2	101.1	101.8	101.4	100.4	100.0	100.1	.
USD/CZK, calculated with CPI ⁴⁾	real, Jan09=100	117.0	116.0	116.5	110.2	109.0	105.7	103.2	102.3	106.6	107.6	106.4	101.6	98.5	97.4	99.4
USD/CZK, calculated with PPI ⁴⁾	real, Jan09=100	103.1	101.5	103.0	98.1	98.0	95.4	93.5	91.7	94.8	94.6	94.2	91.0	89.0	87.8	.
DOMESTIC FINANCE																
Currency in circulation	CZK bn, eop	364.3	364.1	363.7	368.3	370.4	374.0	377.9	376.4	378.2	379.2	382.1	382.6	386.5	382.3	.
M1	CZK bn, eop	2044.4	2058.6	2076.5	2084.2	2093.8	2117.4	2149.5	2160.6	2180.0	2164.2	2180.7	2221.5	2217.2	2258.3	.
Broad money	CZK bn, eop	2736.2	2762.1	2747.7	2776.3	2780.9	2801.2	2835.8	2824.2	2852.3	2846.7	2870.1	2892.8	2883.4	2896.4	.
Broad money	CAPPY	-0.7	0.6	0.6	1.8	1.9	2.6	2.7	3.2	4.2	4.8	4.2	4.5	5.4	4.9	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50
Central bank policy rate (p.a.) ⁵⁽⁶⁾	real, %	-1.4	-2.1	-3.0	-3.5	-4.1	-4.5	-3.2	-3.8	-3.0	-2.0	-1.6	-1.7	-2.4	-2.1	.
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	CZK mn	-46584	.	.	-70547	.	.	-117450	.	.	-38867	.	.	.	.	.

1) From 2012 according to census March 2011.

2) Nominal wages deflated with HICP.

3) Including E (electricity, gas, steam, air conditioning supply etc.).

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

5) Two-week repo rate.

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

ESTONIA: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	21.4	18.6	27.2	6.6	2.8	2.1	-2.5	2.0	2.3	-8.1	-3.6	-0.4	-1.0	-5.0	.
Industry, NACE Rev. 2	real, CCPPY	26.6	25.4	25.6	23.2	20.8	18.8	16.8	2.0	2.1	-1.7	-2.2	-1.8	-1.7	-2.1	.
Industry, NACE Rev. 2	real, 3MMA	21.8	22.5	17.0	11.6	3.8	0.9	0.5	0.6	-1.7	-3.5	-4.1	-1.6	-2.0	.	.
Productivity in industry, NACE Rev. 2	CCPPY	23.0	.	.	19.7	.	.	13.7	.	.	-4.5	.	.	.	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-13.9	.	.	-11.3	.	.	-6.6	.	.	13.9	.	.	.	.	.
Construction, NACE Rev. 2	real, CPPY	11.4	.	.	25.4	.	.	38.9	.	.	27.9	.	.	30.0	.	.
Construction, NACE Rev. 2	real, CCPPY	19.8	.	.	22.2	.	.	26.7	.	.	27.9	.	.	29.1	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	602.6	.	.	627.8	.	.	614.5	.	.	614.3	.	.	624.3	.	.
Employed persons, LFS	CPPY	7.8	.	.	8.6	.	.	3.6	.	.	3.9	.	.	3.6	.	.
Unemployed persons, LFS	th. pers., quart. avg	92.1	.	.	77.0	.	.	79.0	.	.	79.6	.	.	71.0	.	.
Unemployment rate, LFS	%	13.3	.	.	10.9	.	.	11.4	.	.	11.5	.	.	10.2	.	.
Unemployment, registered	th. persons, eop	52.3	49.7	47.8	46.6	46.4	47.2	47.4	49.7	50.1	49.3	47.3	43.6	41.1	39.5	38.7
Unemployment rate, registered	%, eop	8.1	7.7	7.4	7.2	7.2	7.3	7.3	7.6	7.6	7.5	7.2	6.6	6.3	6.0	5.9
WAGES																
Total economy, gross	EUR, quart. avg.	857	.	.	809	.	.	865	.	.	847	.	.	900	.	.
Total economy, gross ¹⁾	real, CPPY	-1.0	.	.	1.1	.	.	1.8	.	.	2.2	.	.	0.7	.	.
Industry, gross, NACE Rev. 2	EUR, quart. avg.	843	.	.	824	.	.	857	.	.	867	.	.	901	.	.
PRICES																
Consumer - HICP	PP	-0.1	0.6	0.3	0.6	-0.1	0.1	0.1	0.6	0.4	1.0	0.4	0.2	0.1	0.3	0.3
Consumer - HICP	CPPY	4.9	5.3	5.6	5.4	4.7	4.4	4.1	4.7	4.4	4.7	4.3	4.1	4.4	4.1	4.2
Consumer - HICP	CCPPY	5.3	5.3	5.3	5.3	5.2	5.2	5.1	4.7	4.6	4.6	4.5	4.4	4.4	4.4	4.4
Producer, in industry, NACE Rev. 2	PP	0.5	0.3	-0.1	0.1	0.0	0.0	0.0	0.8	0.4	0.2	0.2	0.0	0.0	0.3	.
Producer, in industry, NACE Rev. 2	CPPY	5.2	5.1	3.9	3.6	3.4	3.0	3.2	3.4	3.8	3.6	2.9	2.4	1.8	1.8	.
Producer, in industry, NACE Rev. 2	CCPPY	4.9	4.9	4.8	4.6	4.5	4.4	4.3	3.4	3.6	3.6	3.4	3.2	3.0	2.8	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	5910	6845	7877	8972	10016	11083	12022	942	1917	2991	4007	5045	6076	.	.
Imports total (cif), cumulated	EUR mn	6267	7276	8365	9464	10535	11641	12631	976	2057	3243	4352	5495	6630	.	.
Trade balance, cumulated	EUR mn	-358	-431	-488	-492	-519	-558	-610	-34	-140	-253	-345	-450	-554	.	.
Exports to EU-27 (fob), cumulated	EUR mn	3961	4585	5282	6007	6680	7357	7955	610	1227	1944	2604	3310	4001	.	.
Imports from EU-27 (cif), cumulated	EUR mn	4731	5571	6462	7380	8238	9145	9904	760	1630	2545	3410	4278	5185	.	.
Trade balance with EU-27, cumulated	EUR mn	-770	-986	-1180	-1374	-1559	-1788	-1949	-150	-403	-601	-806	-968	-1185	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	37	.	.	329	.	.	459	.	.	-86	.	.	.	.	.
EXCHANGE RATE																
EUR/EUR, monthly average	nominal	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
EUR/USD, monthly average ²⁾	nominal	0.695	0.701	0.697	0.726	0.730	0.738	0.759	0.775	0.756	0.758	0.760	0.782	0.798	0.814	0.806
EUR/EUR, calculated with CPI ³⁾	real, Jan09=100	99.9	100.9	101.0	100.9	100.5	100.4	100.2	101.4	101.3	101.3	101.2	101.5	101.8	102.5	102.4
EUR/EUR, calculated with PPI ³⁾	real, Jan09=100	98.1	98.0	98.1	97.7	97.7	97.5	97.7	97.6	97.4	97.2	97.3	97.7	98.2	98.2	.
USD/EUR, calculated with CPI ³⁾	real, Jan09=100	108.2	107.7	108.3	104.4	104.1	103.2	100.6	98.6	101.1	101.1	101.0	98.4	96.7	95.3	95.9
USD/EUR, calculated with PPI ³⁾	real, Jan09=100	97.0	96.1	97.1	93.1	93.8	92.7	90.9	89.3	91.4	90.3	90.4	88.5	87.5	86.2	.
DOMESTIC FINANCE																
Currency in circulation ⁴⁾	EUR mn, eop	2081	2099	2084	2101	2117	2125	2173	2073	2070	2076	2085	2107	2133	2144	2141
M1 ⁴⁾	EUR mn, eop	4876	4853	4881	4938	5036	4955	5212	5069	5180	5093	5196	5388	5480	5642	5807
Broad money ⁴⁾	EUR mn, eop	8465	8533	8695	8738	8782	8848	9036	8897	8934	8838	9120	9156	9256	9508	9550
Broad money ⁴⁾	CPPY	.	.	.	.	.	.	.	5.2	6.7	5.4	8.5	8.0	9.3	11.4	9.8
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.25	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.75
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-3.8	-3.4	-2.3	-2.0	-1.8	-1.7	-2.1	-2.3	-2.7	-2.5	-1.9	-1.3	-0.8	-1.0	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	EUR mn	104	.	.	254	.	.	165	.	.	-160	.	.	.	.	.

Note: Estonia has introduced the Euro from 1 January 2011. For statistical purposes all time series in EKK as well as the exchange rates have been divided by the conversion factor 15.6466 (EKK per EUR) to a kind of statistical EUR (euro-fixed).

- 1) Nominal wages deflated with HICP.
- 2) From January 2011 reference rate of ECB.
- 3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 4) From January 2011 Estonia's contributions to EMU monetary aggregates. M1 and Broad money without currency in circulation.
- 5) From January 2011 official refinancing operation rate for euro area (ECB).
- 6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

HUNGARY: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-1.4	1.0	5.2	3.1	3.4	3.5	2.5	0.6	0.8	-1.5	-2.9	0.2	0.6	0.1	.
Industry, NACE Rev. 2	real, CCPY	8.2	7.2	6.9	6.4	6.1	5.8	5.6	0.6	0.7	-0.1	-0.8	-0.6	-0.4	-0.3	.
Industry, NACE Rev. 2	real, 3MMA	2.3	1.5	3.1	3.8	3.4	3.2	2.3	1.3	-0.1	-1.2	-1.4	-0.7	0.3	.	.
Productivity in industry, NACE Rev. 2	CCPPY	3.3	2.5	2.4	2.2	2.2	2.2	2.1	1.4	1.7	1.0	0.5	1.0	1.3	1.5	.
Unit labour costs, excl.r. adj (EUR)	CCPPY	3.9	5.1	5.4	5.0	4.0	3.0	2.3	-6.6	-3.8	-2.4	-2.3	-2.3	-2.9	-2.6	.
Construction, NACE Rev. 2	real, CPPY	-12.3	-17.7	-12.6	-11.3	-9.0	5.3	-0.3	-1.1	-14.5	-12.8	-1.2	-15.6	-11.1	7.7	.
Construction, NACE Rev. 2	real, CCPY	-8.6	-10.1	-10.5	-10.6	-10.4	-8.8	-7.8	-1.1	-8.8	-10.5	-8.0	-9.9	-10.1	-7.5	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	3808.8	.	.	3855.9	.	.	3850.6	.	.	3791.3	.	.	3876.2	.	.
Employed persons, LFS	CPPY	0.8	.	.	0.9	.	.	1.2	.	.	1.6	.	.	1.8	.	.
Unemployed persons, LFS	th. pers., quart. avg	460.7	.	.	462.0	.	.	459.0	.	.	504.1	.	.	472.2	.	.
Unemployment rate, LFS	%	10.8	.	.	10.7	.	.	10.7	.	.	11.7	.	.	10.9	.	.
Unemployment, registered	th. persons, eop	553.3	554.2	549.0	536.7	530.8	526.3	552.3	648.4	646.7	591.2	554.5	534.6	524.4	527.6	526.9
Unemployment rate, registered	%, eop	12.5	12.5	12.4	12.1	12.0	11.9	12.5	14.6	14.6	13.3	12.5	12.1	11.8	11.9	11.9
WAGES																
Total economy, gross ¹⁾	HUF th	212.1	210.2	206.7	205.8	207.8	226.1	231.9	218.4	216.5	222.5	220.0	225.7	220.8	225.2	.
Total economy, gross ¹⁾²⁾	real, CPPY	1.1	3.1	2.9	1.5	2.2	1.7	5.8	-1.6	1.0	-2.8	-3.0	1.0	-1.4	1.3	.
Total economy, gross ¹⁾	EUR	795	785	759	722	700	731	762	711	745	761	746	769	752	787	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	825	794	788	744	713	807	780	733	766	818	807	851	802	815	.
PRICES																
Consumer - HICP	PP	-0.2	-0.3	-0.1	0.0	0.5	0.6	0.2	2.4	0.6	0.8	0.8	-0.1	0.0	-0.2	0.1
Consumer - HICP	CPPY	3.5	3.1	3.5	3.7	3.8	4.3	4.1	5.6	5.8	5.5	5.6	5.4	5.6	5.7	6.0
Consumer - HICP	CCPPY	4.1	4.0	3.9	3.9	3.9	3.9	3.9	5.6	5.7	5.6	5.6	5.6	5.6	5.6	5.6
Producer, in industry, NACE Rev. 2	PP	-0.7	0.4	0.6	3.0	1.9	2.4	-0.5	-0.1	-1.1	0.2	0.3	0.8	-1.5	-0.3	.
Producer, in industry, NACE Rev. 2	CPPY	-2.5	-2.2	-1.5	2.5	5.1	6.1	5.5	7.3	5.9	6.1	6.6	7.2	6.4	5.6	.
Producer, in industry, NACE Rev. 2	CCPPY	2.5	1.8	1.4	1.5	1.9	2.3	2.5	7.3	6.6	6.4	6.5	6.6	6.6	6.4	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	40262	46527	53026	60202	67132	74619	80649	6334	13089	20225	26448	33556	40581	.	.
Imports total (cif), cumulated	EUR mn	36391	42244	48284	54691	61038	67811	73543	5928	11939	18469	24249	30655	36914	.	.
Trade balance, cumulated	EUR mn	3871	4283	4742	5511	6094	6808	7106	406	1150	1756	2199	2901	3668	.	.
Exports to EU-27 (fob), cumulated	EUR mn	30831	35594	40410	45863	51192	56852	61258	4853	9934	15367	20216	25564	30812	.	.
Imports from EU-27 (cif), cumulated	EUR mn	25367	29544	33693	38277	42569	47200	51038	3944	8209	12909	17080	21630	26155	.	.
Trade balance with EU-27, cumulated	EUR mn	5464	6050	6717	7586	8622	9653	10220	909	1725	2458	3136	3934	4657	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	840	.	.	1290	.	.	1427	.	.	181	.	.	.	.	.
EXCHANGE RATE																
HUF/EUR, monthly average	nominal	266.9	267.7	272.4	285.1	296.8	309.2	304.2	307.3	290.7	292.3	294.8	293.7	293.6	286.3	278.9
HUF/USD, monthly average	nominal	185.5	187.7	189.9	207.0	216.5	228.1	230.8	238.1	219.8	221.4	224.0	229.6	234.4	233.0	224.9
EUR/HUF, calculated with CPI ³⁾	real, Jan09=100	110.8	110.6	108.3	102.9	99.0	95.5	97.0	98.8	104.5	103.7	103.2	103.6	103.7	106.6	109.1
EUR/HUF, calculated with PPI ³⁾	real, Jan09=100	102.6	102.3	101.4	99.4	97.2	95.3	96.5	94.6	98.4	97.6	96.9	98.4	97.6	99.5	.
USD/HUF, calculated with CPI ³⁾	real, Jan09=100	119.9	118.0	116.2	106.5	102.6	98.1	97.3	96.2	104.3	103.6	102.9	100.4	98.6	99.2	102.2
USD/HUF, calculated with PPI ³⁾	real, Jan09=100	101.4	100.3	100.4	94.7	93.4	90.6	89.8	86.6	92.3	90.7	90.1	89.2	86.9	87.3	.
DOMESTIC FINANCE																
Currency in circulation	HUF bn, eop	2195.7	2245.6	2297.3	2369.9	2455.1	2512.1	2551.6	2583.2	2530.1	2492.8	2510.1	2493.5	2506.3	2473.0	.
M1	HUF bn, eop	6450.8	6553.0	6594.6	6822.6	6902.1	7148.4	7341.4	7116.6	6936.4	6896.1	6652.4	6801.5	6787.2	6791.9	.
Broad money	HUF bn, eop	16292.3	16459.3	16580.3	17092.2	17174.6	17394.0	17424.0	16595.5	16381.2	16446.7	16150.7	16370.4	16264.5	16146.4	.
Broad money	CPPY	-0.8	0.8	0.5	5.5	5.5	6.1	5.6	2.4	0.9	1.5	-0.5	0.0	-0.2	-1.9	.
Central bank policy rate (p.a.) ⁴⁾	%, eop	6.00	6.00	6.00	6.00	6.00	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.75
Central bank policy rate (p.a.) ⁴⁾⁵⁾	real, %	8.7	8.4	7.6	3.5	0.8	0.4	1.4	-0.3	1.0	0.9	0.4	-0.2	0.6	1.3	.
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	HUF bn	1946	.	.	1644	.	.	1180	.	.	-282	.	.	.	.	.

1) Enterprises with 5 and more employees.

2) Nominal wages deflated with HICP.

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

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

5) Deflated with annual PPI.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

L A T V I A: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	13.0	6.2	9.2	9.6	5.1	8.5	3.2	11.1	12.5	6.1	3.8	6.1	7.8	7.6	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	11.5	10.7	10.5	10.3	9.7	9.6	9.0	11.1	11.8	9.8	8.2	7.7	7.7	7.7	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	11.2	9.4	8.4	7.9	7.7	5.6	7.4	8.7	9.8	7.3	5.3	5.9	7.2	.	.
Productivity in industry, NACE Rev. 2	CCPPY	3.0	.	.	2.8	.	.	2.2	.	.	4.2	.	.	3.3	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	1.7	.	.	1.4	.	.	2.3	.	.	0.2	.	.	1.9	.	.
Construction, NACE Rev. 2	real, CPPY	-0.9	.	.	19.6	.	.	25.9	.	.	28.5	.	.	23.5	.	.
Construction, NACE Rev. 2	real, CCPPY	-6.2	.	.	6.1	.	.	12.3	.	.	28.5	.	.	25.1	.	.
LABOUR																
Employed persons, LFS ²⁾	th. pers., quart. avg	966.5	.	.	984.7	.	.	986.6	.	.	857.6	.	.	877.4	.	.
Employed persons, LFS ²⁾	CCPY	3.3	.	.	2.5	.	.	3.7	.	.	.	.	.	.	.	.
Unemployed persons, LFS ²⁾	th. pers., quart. avg	187.0	.	.	165.3	.	.	165.2	.	.	166.7	.	.	168.9	.	.
Unemployment rate, LFS ²⁾	%	16.2	.	.	14.4	.	.	14.3	.	.	16.3	.	.	16.1	.	.
Unemployment, registered	th. persons, eop	142.4	137.6	134.2	131.7	130.5	130.2	130.3	132.6	133.4	132.2	127.8	122.0	117.6	114.7	111.5
Unemployment rate, registered ³⁾	%, eop	12.6	12.1	11.8	11.6	11.5	11.5	11.5	11.7	11.8	11.7	11.3	12.3	11.9	11.6	11.3
WAGES																
Total economy, gross	LVL	468	472	469	459	461	464	500	464	459	475	479	478	485	.	.
Total economy, gross ⁴⁾	real, CPPY	0.0	-0.7	0.8	-0.6	-0.2	0.9	0.5	0.4	1.0	-0.6	1.3	1.1	1.5	.	.
Total economy, gross	EUR	660	666	661	647	653	661	717	664	657	681	685	685	696	.	.
Industry, gross, NACE Rev. 2	EUR	657	675	651	650	636	641	713	641	628	671	661	676	697	.	.
PRICES																
Consumer - HICP	PP	0.2	-0.2	-0.4	0.3	0.2	-0.1	0.0	0.8	0.2	0.6	0.7	0.0	0.0	-0.4	-0.4
Consumer - HICP	CCPY	4.7	4.2	4.6	4.5	4.3	4.0	3.9	3.4	3.3	3.2	2.8	2.3	2.1	1.9	1.9
Consumer - HICP	CCPPY	4.2	4.2	4.3	4.3	4.3	4.3	4.2	3.4	3.3	3.3	3.2	3.0	2.8	2.7	2.6
Producer, in industry, NACE Rev. 2	PP	0.4	0.8	0.3	-0.4	0.1	-0.5	-0.1	1.4	0.1	-0.4	1.0	-0.5	0.3	0.5	.
Producer, in industry, NACE Rev. 2	CCPY	7.0	7.7	7.5	6.6	6.9	6.5	6.3	6.8	6.1	4.7	3.5	2.3	2.1	1.8	.
Producer, in industry, NACE Rev. 2	CCPPY	8.0	7.9	7.9	7.7	7.6	7.5	7.4	6.8	6.4	5.9	5.3	4.6	4.2	3.9	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	4328	5083	5940	6821	7716	8611	9433	746	1539	2410	3206	4073	4931	5798	.
Imports total (cif), cumulated	EUR mn	5253	6302	7362	8441	9577	10679	11703	949	1936	3019	4050	5115	6196	7283	.
Trade balance, cumulated	EUR mn	-926	-1218	-1422	-1620	-1861	-2069	-2270	-203	-397	-608	-843	-1041	-1264	-1484	.
Exports to EU-27 (fob), cumulated	EUR mn	2942	3446	3990	4566	5130	5688	6224	495	1003	1568	2114	2673	3217	3754	.
Imports from EU-27 (cif), cumulated	EUR mn	3988	4813	5643	6514	7408	8269	9082	692	1415	2251	3039	3847	4700	5570	.
Trade balance with EU-27, cumulated	EUR mn	-1046	-1367	-1653	-1948	-2278	-2581	-2858	-197	-412	-683	-924	-1173	-1483	-1817	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-28	.	.	-307	.	.	-241	.	.	-142	.	.	.	.	.
EXCHANGE RATE																
LVL/EUR, monthly average	nominal	0.709	0.709	0.709	0.709	0.706	0.702	0.698	0.699	0.699	0.698	0.699	0.698	0.697	0.696	0.696
LVL/USD, monthly average	nominal	0.493	0.497	0.495	0.515	0.515	0.517	0.529	0.542	0.528	0.529	0.531	0.546	0.556	0.567	0.562
EUR/LVL, calculated with CPI ⁵⁾	real, Jan09=100	95.7	95.9	95.4	95.0	95.3	95.7	96.0	97.1	96.7	96.5	96.5	96.7	97.0	97.1	96.3
EUR/LVL, calculated with PPI ⁵⁾	real, Jan09=100	96.9	97.3	97.8	97.0	97.0	97.5	97.4	98.1	98.4	98.0	97.3	97.9	98.0	99.0	99.3
USD/LVL, calculated with CPI ⁵⁾	real, Jan09=100	104.0	103.4	103.3	98.9	98.7	98.0	95.5	94.6	96.6	96.2	95.9	93.4	91.8	90.1	90.2
USD/LVL, calculated with PPI ⁵⁾	real, Jan09=100	95.8	95.4	96.8	92.4	93.6	92.6	91.3	90.0	92.0	90.4	91.0	88.8	88.2	87.1	.
DOMESTIC FINANCE																
Currency in circulation	LVL mn, eop	838	876	873	888	893	941	1040	1025	1021	1021	1028	997	1029	1043	.
M1	LVL mn, eop	3868	3855	3949	3940	3972	4371	4357	4292	4337	4304	4279	4217	4361	4431	.
Broad money	LVL mn, eop	6481	6443	6507	6487	6426	6472	6661	6583	6643	6510	6549	6527	6612	6657	.
Broad money	CCPY	5.4	4.4	4.1	2.4	3.4	2.3	1.7	1.4	1.5	-0.1	1.5	-0.3	2.0	3.3	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.00	3.00
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-3.2	-3.9	-3.7	-2.9	-3.2	-2.8	-2.6	-3.1	-2.4	-1.1	0.0	1.2	1.4	1.2	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	LVL mn	-1	.	.	-64	.	.	-495	.	.	66	.	.	.	.	.

1) Enterprises with 20 and more persons.

2) From 2012 according to census March 2011.

3) From May 2012 based on census March 2011.

4) Nominal wages deflated with HICP.

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

6) Refinancing rate.

7) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

LITHUANIA: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	10.7	5.8	6.6	9.5	-1.6	1.1	-2.1	2.4	3.4	5.9	7.0	-14.5	0.5	6.3	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	12.5	11.5	10.8	10.7	9.3	8.5	7.5	2.4	2.9	3.9	4.6	0.7	0.7	1.5	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	10.0	7.7	7.3	4.7	2.8	-0.9	0.4	1.1	3.9	5.4	-0.8	-2.6	-2.6	.	.
Productivity in industry, NACE Rev. 2	CCPPY	8.5	.	.	6.1	.	.	2.8	.	.	3.3	.	.	.	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-4.7	.	.	-3.3	.	.	-0.4	.	.	-0.1	.	.	.	.	.
Construction, NACE Rev. 2	real, CPPY	16.7	.	.	18.4	.	.	33.3	.	.	11.7	.	.	3.2	.	.
Construction, NACE Rev. 2	real, CCPPY	16.4	.	.	17.3	.	.	22.1	.	.	11.7	.	.	6.2	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	1385.1	.	.	1378.9	.	.	1379.1	.	.	1365.9	.	.	1404.5	.	.
Employed persons, LFS	CPPY	4.3	.	.	2.1	.	.	0.9	.	.	1.9	.	.	1.4	.	.
Unemployed persons, LFS	th. pers., quart. avg	255.6	.	.	239.8	.	.	222.1	.	.	230.9	.	.	215.1	.	.
Unemployment rate, LFS	%	15.6	.	.	14.8	.	.	13.9	.	.	14.5	.	.	13.3	.	.
Unemployment, registered	th. persons, eop	227.6	229.2	221.2	213.4	211.8	212.5	227.1	239.1	243.1	244.0	229.3	211.5	208.6	208.4	205.6
Unemployment rate, registered ²⁾	%, eop	11.0	11.1	10.7	10.3	10.2	10.3	11.0	11.6	11.8	11.8	11.1	10.5	10.4	10.3	10.2
WAGES																
Total economy, gross	LTL	2108	.	.	2116	.	.	2175	.	.	2138	.	.	2154	.	.
Total economy, gross ³⁾	real, CPPY	-2.1	.	.	-2.8	.	.	-1.4	.	.	-0.4	.	.	-0.6	.	.
Total economy, gross	EUR	610	.	.	613	.	.	630	.	.	619	.	.	624	.	.
Industry, gross, NACE Rev. 2	EUR	620	.	.	625	.	.	637	.	.	634	.	.	648	.	.
PRICES																
Consumer - HICP	PP	-0.1	-0.2	-0.3	0.8	-0.1	0.2	-0.2	0.4	0.4	1.0	0.6	0.1	0.0	0.0	0.2
Consumer - HICP	CPPY	4.8	4.6	4.4	4.7	4.2	4.4	3.5	3.4	3.7	3.7	3.3	2.6	2.6	2.9	3.4
Consumer - HICP	CCPPY	4.0	4.0	4.1	4.2	4.2	4.2	4.1	3.4	3.6	3.6	3.5	3.3	3.2	3.2	3.2
Producer, in industry, NACE Rev. 2	PP	-1.1	1.8	-1.0	1.2	0.1	0.3	-0.7	2.2	1.3	1.9	-0.5	-0.3	-4.3	2.6	2.3
Producer, in industry, NACE Rev. 2	CPPY	12.1	15.3	14.2	15.3	14.4	12.6	8.7	9.8	8.5	7.1	5.3	5.3	1.9	2.6	6.0
Producer, in industry, NACE Rev. 2	CCPPY	14.5	14.6	14.6	14.7	14.6	14.4	13.9	9.8	9.2	8.5	7.6	7.2	6.3	5.7	5.8
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	9610	11266	13011	14848	16613	18407	20150	1629	3279	5098	6928	8465	10314	.	.
Imports total (cif), cumulated	EUR mn	11024	12873	14842	16898	18912	20949	22826	1858	3813	5930	7898	9542	11533	.	.
Trade balance, cumulated	EUR mn	-1414	-1607	-1831	-2050	-2299	-2542	-2675	-229	-534	-832	-970	-1077	-1218	.	.
Exports to EU-27 (fob), cumulated	EUR mn	5748	6791	7901	9035	10152	11311	12355	1106	2181	3327	4426	5283	6353	.	.
Imports from EU-27 (cif), cumulated	EUR mn	6329	7357	8427	9631	10730	11867	12949	902	1912	3105	4243	5437	6629	.	.
Trade balance with EU-27, cumulated	EUR mn	-581	-565	-525	-596	-578	-556	-594	204	269	222	184	-154	-276	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-320	.	.	-177	.	.	-481	.	.	-676	.	.	.	.	.
EXCHANGE RATE																
LTL/EUR, monthly average	nominal	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453
LTL/USD, monthly average	nominal	2.400	2.421	2.407	2.507	2.519	2.547	2.620	2.676	2.611	2.616	2.623	2.700	2.757	2.810	2.785
EUR/LTL, calculated with CPI ⁴⁾	real, Jan09=100	98.8	99.0	98.4	98.6	98.3	98.3	97.8	98.7	98.6	98.5	98.7	98.8	98.9	99.3	99.1
EUR/LTL, calculated with PPI ⁴⁾	real, Jan09=100	116.5	118.1	117.2	118.2	118.3	118.3	117.7	119.2	120.2	121.9	121.2	121.2	116.7	119.4	122.1
USD/LTL, calculated with CPI ⁴⁾	real, Jan09=100	107.3	106.7	106.7	102.6	101.7	100.7	97.4	96.2	98.5	98.2	98.1	95.5	93.6	92.2	92.8
USD/LTL, calculated with PPI ⁴⁾	real, Jan09=100	115.1	115.8	116.1	112.5	113.6	112.4	109.5	109.1	112.7	113.2	112.6	109.8	103.9	104.7	106.7
DOMESTIC FINANCE																
Currency in circulation	LTL mn, eop	8045	8283	8249	8273	8428	8722	9682	9556	9554	9548	9583	9617	9767	9902	.
M1	LTL mn, eop	28109	28537	28258	28879	28610	29224	31286	30414	30543	30824	31306	31524	31829	32559	.
Broad money	LTL mn, eop	48495	49168	49561	50083	50180	50704	50487	49980	50150	50123	50631	51045	51188	52009	.
Broad money	CPPY	7.4	7.8	8.2	10.0	9.2	8.5	4.9	5.7	5.3	5.1	6.1	6.1	5.6	5.8	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.43	1.59	1.62	1.52	1.53	1.44	1.24	1.00	0.94	0.79	0.79	0.76	0.75	0.71	0.62
Central bank policy rate (p.a.) ⁵⁾⁽⁶⁾	real, %	-9.5	-11.9	-11.0	-12.0	-11.3	-9.9	-6.8	-8.0	-7.0	-5.9	-4.3	-4.3	-1.1	-1.9	-5.1
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	LTL mn	-3147	.	.	-3572	.	.	-5851	.	.	-1532	.	.	.	.	.

1) Sold production.

2) In % of working age population.

3) Nominal wages deflated with HICP.

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

5) VILBOR one-month interbank offered rate (Lithuania has a currency board).

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

P O L A N D: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011						2012								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾²⁾	real, CPPY	1.9	1.8	7.9	7.4	6.4	8.5	7.6	9.1	4.8	0.8	2.8	4.3	1.2	5.2	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, CCPPY	7.2	6.4	6.6	6.7	6.6	6.8	6.9	9.1	7.0	4.7	4.2	4.2	3.7	3.9	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, 3MMA	3.8	3.8	5.7	7.2	7.4	7.5	8.4	7.2	4.7	2.7	2.6	2.7	3.5	.	.
Productivity in industry, NACE Rev. 2 ²⁾	CCPPY	4.3	3.7	4.0	4.2	4.3	4.5	4.7	9.5	7.4	5.2	4.8	5.0	4.5	.	.
Unit labour costs, excl.r. adj.(EUR) ¹⁾²⁾	CCPPY	2.5	3.4	2.6	1.1	0.0	-1.3	-2.3	-9.8	-9.0	-5.6	-5.6	-6.3	-6.0	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	17.0	16.5	10.8	18.0	8.9	13.0	14.6	32.2	12.0	3.5	8.1	6.2	-5.1	-8.7	.
Construction, NACE Rev. 2 ²⁾	real, CCPPY	18.8	18.3	17.0	17.2	16.0	15.6	15.5	32.2	21.6	13.8	12.0	10.3	6.4	3.4	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	16163	.	.	16283	.	.	16201	.	.	15980	.	.	16204	.	.
Employed persons, LFS	CPPY	1.1	.	.	0.5	.	.	0.8	.	.	0.7	.	.	0.3	.	.
Unemployed persons, LFS	th. pers., quart. avg	1689.9	.	.	1679.4	.	.	1749.7	.	.	1883.3	.	.	1787.9	.	.
Unemployment rate, LFS	%	9.5	.	.	9.4	.	.	9.8	.	.	10.6	.	.	10.0	.	.
Unemployment, registered	th. persons, eop	1883.3	1863.2	1855.3	1861.7	1867.6	1914.9	1982.7	2121.5	2168.2	2141.9	2072.6	2013.9	1964.4	1953.2	1964.7
Unemployment rate, registered	%, eop	11.9	11.8	11.8	11.8	11.8	12.1	12.5	13.2	13.5	13.3	12.9	12.6	12.4	12.3	12.4
WAGES																
Total economy, gross ²⁾	PLN	3600	3612	3591	3582	3617	3682	4015	3666	3568	3771	3720	3618	3754	3700	3686
Total economy, gross ²⁾³⁾	real, CPPY	2.0	1.5	1.4	1.7	1.3	0.1	-0.2	3.8	-0.1	-0.2	-0.6	0.2	0.0	-1.5	-1.1
Total economy, gross ²⁾	EUR	907	904	872	826	831	831	897	838	853	911	890	843	874	884	901
Industry, gross, NACE Rev. 2	EUR	939	928	895	835	826	861	945	860	861	933	900	858	914	907	926
PRICES																
Consumer - HICP	PP	-0.3	-0.2	0.0	0.0	0.7	0.7	0.5	0.7	0.4	0.5	0.6	0.2	0.2	-0.5	-0.2
Consumer - HICP	CPPY	3.7	3.6	4.0	3.5	3.8	4.4	4.5	4.1	4.4	3.9	4.0	3.6	4.2	4.0	3.8
Consumer - HICP	CCPPY	3.8	3.8	3.8	3.8	3.8	3.8	3.9	4.1	4.3	4.2	4.1	4.0	4.1	4.1	4.0
Producer, in industry, NACE Rev. 2	PP	0.3	0.5	0.5	1.5	0.1	0.8	0.3	0.3	-0.5	0.0	0.9	0.4	-0.5	-0.1	.
Producer, in industry, NACE Rev. 2	CPPY	5.8	6.1	6.8	8.2	8.2	8.7	7.6	7.5	5.7	4.2	4.3	5.1	4.3	3.7	.
Producer, in industry, NACE Rev. 2	CCPPY	7.4	7.2	7.2	7.3	7.4	7.5	7.5	7.5	6.6	5.8	5.4	5.4	5.2	5.0	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	67223	77794	88922	101011	112984	124535	134620	11039	22431	34832	46303	57936	69470	.	.
Imports total (cif), cumulated	EUR mn	74998	87117	99535	112287	125151	137831	149186	12089	24731	38021	50172	62920	75124	.	.
Trade balance, cumulated	EUR mn	-7774	-9322	-10613	-11276	-12166	-13296	-14566	-1050	-2300	-3190	-3869	-4984	-5654	.	.
Exports to EU-27 (fob), cumulated	EUR mn	52804	61158	69396	78810	88155	97218	104734	8802	17625	27172	35942	44794	53478	.	.
Imports from EU-27 (cif), cumulated	EUR mn	52831	61489	69702	78627	87417	96186	103558	7907	16423	25590	33796	42307	50568	.	.
Trade balance with EU-27, cumulated	EUR mn	-26	-331	-306	183	738	1032	1177	895	1202	1582	2146	2487	2910	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-6496	.	.	-10953	.	.	-15969	.	.	-4346	.	.	.	.	.
EXCHANGE RATE																
PLN/EUR, monthly average	nominal	3.970	3.995	4.120	4.338	4.352	4.432	4.477	4.376	4.184	4.137	4.178	4.294	4.297	4.184	4.093
PLN/USD, monthly average	nominal	2.759	2.801	2.872	3.150	3.175	3.270	3.397	3.391	3.164	3.134	3.174	3.357	3.431	3.405	3.301
EUR/PLN, calculated with CPI ⁴⁾	real, Jan09=100	109.2	108.8	105.3	99.3	99.4	98.1	97.3	100.8	105.3	105.9	104.9	102.4	102.6	105.3	107.0
EUR/PLN, calculated with PPI ⁴⁾	real, Jan09=100	108.6	108.0	105.5	101.2	100.9	99.7	99.1	100.8	104.3	105.0	104.8	102.8	102.9	105.3	.
USD/PLN, calculated with CPI ⁴⁾	real, Jan09=100	118.2	116.1	112.9	102.8	102.9	100.8	97.6	98.0	105.1	105.8	104.7	99.3	97.5	98.0	100.2
USD/PLN, calculated with PPI ⁴⁾	real, Jan09=100	107.3	105.8	104.5	96.4	96.9	94.7	92.2	92.2	97.8	97.6	97.4	93.2	91.6	92.3	.
DOMESTIC FINANCE																
Currency in circulation	PLN bn, eop	95.1	96.7	97.2	99.3	99.5	99.4	101.8	98.7	98.2	99.9	101.3	102.3	103.8	103.0	.
M1	PLN bn, eop	451.2	440.5	449.2	444.8	442.1	453.2	468.0	461.3	455.7	454.3	448.7	464.0	462.7	465.0	.
Broad money	PLN bn, eop	796.3	798.1	815.8	829.5	835.7	853.5	881.5	874.6	872.1	874.5	870.6	884.2	884.7	886.9	.
Broad money	CPPY	7.2	7.4	8.8	10.2	10.5	11.8	12.5	13.7	12.5	9.3	10.3	11.3	11.1	11.1	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.75	4.75	4.75
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-1.2	-1.5	-2.2	-3.4	-3.4	-3.8	-2.9	-2.8	-1.2	0.3	0.2	-0.3	0.4	1.0	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	PLN mn	-26325	.	.	-28877	.	.	-78011	.	.	-1845	.	.	.	.	.

1) Sold production.

2) Enterprises with 10 and more employees.

3) Nominal wages deflated with HICP.

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

5) Reference rate (7-day open market operation rate).

6) Deflated with annual PPI.

R O M A N I A: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011						2012								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	1.1	1.3	10.4	5.6	4.0	4.3	-2.2	1.6	-1.4	-0.9	0.0	3.1	-1.3	2.9	.
Industry, NACE Rev. 2 ¹⁾	real, CCPPY	7.5	6.6	7.0	6.8	6.5	6.3	5.6	1.6	0.1	-0.3	-0.2	0.5	0.2	0.6	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	3.3	4.0	5.5	6.4	4.6	2.2	1.4	-0.7	-0.3	-0.8	0.7	0.6	1.6	.	.
Productivity in industry, NACE Rev. 2	CCPPY	8.2	6.8	6.9	6.3	5.8	5.3	4.5	-1.8	-2.8	-3.2	-3.0	-2.3	-2.6	-2.1	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-0.8	0.4	0.2	0.5	0.9	1.2	1.8	4.7	5.7	5.3	4.3	3.2	3.1	2.4	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-9.9	16.0	4.5	4.2	6.2	17.6	1.8	3.1	6.9	0.7	16.4	19.2	-3.4	-4.6	.
Construction, NACE Rev. 2 ¹⁾	real, CCPPY	-4.6	-1.4	-0.5	0.2	1.0	2.9	2.8	3.1	5.0	3.3	7.2	10.3	6.8	4.7	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	9209.8	.	.	9230.9	.	.	9041.6	.	.	9018.8	.	.	9362.0	.	.
Employed persons, LFS	CPPY	-2.9	.	.	-2.7	.	.	-0.1	.	.	-0.6	.	.	1.7	.	.
Unemployed persons, LFS	th. pers., quart. avg	710.9	.	.	718.3	.	.	751.1	.	.	740.1	.	.	693.0	.	.
Unemployment rate, LFS	%	7.2	.	.	7.2	.	.	7.7	.	.	7.6	.	.	6.9	.	.
Unemployment, registered	th. persons, eop	436.0	435.2	437.8	439.9	444.0	455.0	461.0	473.6	473.9	454.5	425.8	409.9	404.1	429.0	441.2
Unemployment rate, registered	%, eop	4.8	4.8	4.9	4.9	4.9	5.1	5.1	5.3	5.3	5.1	4.7	4.6	4.5	4.8	4.9
WAGES																
Total economy, gross ¹⁾	RON	2026	2027	2005	2017	2008	2054	2209	2022	2028	2126	2140	2109	2140	2147	.
Total economy, gross ¹⁾²⁾	real, CPPY	-3.8	3.4	4.1	5.6	5.0	4.5	3.6	0.2	1.6	0.8	1.6	3.0	3.3	2.8	.
Total economy, gross ¹⁾	EUR	483	478	472	471	464	472	510	466	466	487	489	475	480	471	.
Industry, gross, NACE Rev. 2 ¹⁾³⁾	EUR	487	490	483	482	469	481	529	469	464	493	504	489	481	485	.
PRICES																
Consumer - HICP	PP	-0.3	-0.4	-0.3	-0.2	0.6	0.4	0.2	0.4	0.7	0.5	0.1	0.3	-0.1	0.5	0.5
Consumer - HICP	CPPY	8.0	4.9	4.3	3.5	3.6	3.5	3.2	2.8	2.7	2.5	1.9	2.0	2.2	3.1	4.0
Consumer - HICP	CCPPY	7.9	7.5	7.1	6.7	6.3	6.1	5.8	2.8	2.7	2.7	2.5	2.4	2.4	2.5	2.7
Producer, in industry, NACE Rev. 2	PP	0.7	1.0	-0.2	0.9	0.3	0.4	0.2	0.6	0.8	1.0	0.7	-0.1	-0.2	1.0	.
Producer, in industry, NACE Rev. 2	CPPY	8.4	9.3	8.6	8.1	8.3	7.8	6.7	5.7	5.7	5.6	6.3	6.5	5.5	5.5	.
Producer, in industry, NACE Rev. 2	CCPPY	9.7	9.6	9.5	9.4	9.2	9.1	8.9	5.7	5.7	5.7	5.8	6.0	5.9	5.8	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	22068	25862	29321	33508	37617	41727	45004	3469	6982	11032	14551	18538	22273	.	.
Imports total (cif), cumulated	EUR mn	26687	31168	35513	40525	45419	50479	54814	3934	7959	12755	17179	22179	26846	.	.
Trade balance, cumulated	EUR mn	-4618	-5307	-6192	-7017	-7802	-8753	-9810	-465	-977	-1723	-2628	-3641	-4574	.	.
Exports to EU-27 (fob), cumulated	EUR mn	15815	18416	20840	23887	26814	29806	32026	2567	5159	7999	10396	13206	15854	.	.
Imports from EU-27 (cif), cumulated	EUR mn	19035	22334	25438	29069	32765	36562	39819	2869	5886	9432	12633	16208	19637	.	.
Trade balance with EU-27, cumulated	EUR mn	-3220	-3919	-4598	-5182	-5951	-6756	-7794	-302	-727	-1432	-2237	-3002	-3782	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-3411	.	.	-5053	.	.	-6007	.	.	-637	.	.	.	.	.
EXCHANGE RATE																
RON/EUR, monthly average	nominal	4.194	4.241	4.251	4.284	4.324	4.356	4.328	4.342	4.351	4.367	4.379	4.441	4.463	4.555	4.518
RON/USD, monthly average	nominal	2.915	2.973	2.963	3.111	3.155	3.213	3.284	3.364	3.290	3.308	3.327	3.473	3.563	3.707	3.643
EUR/RON, calculated with CPI ⁴⁾	real, Jan09=100	108.5	107.4	106.6	104.8	104.2	103.7	104.3	105.0	104.9	103.9	103.2	102.2	101.7	100.5	101.5
EUR/RON, calculated with PPI ⁴⁾	real, Jan09=100	108.7	108.1	107.8	107.5	106.8	106.2	107.3	106.6	106.7	106.9	107.2	106.1	106.0	104.6	.
USD/RON, calculated with CPI ⁴⁾	real, Jan09=100	117.5	114.6	114.3	108.5	107.9	106.5	104.7	102.1	104.7	103.8	103.0	99.0	96.7	93.5	95.1
USD/RON, calculated with PPI ⁴⁾	real, Jan09=100	107.4	105.9	106.8	102.4	102.6	101.0	99.8	97.6	100.1	99.3	99.7	96.1	94.3	91.7	.
DOMESTIC FINANCE																
Currency in circulation	RON mn, eop	26976	28501	28744	29387	29147	29404	30631	30435	31108	30879	31281	31478	31895	32884	.
M1	RON mn, eop	80109	82355	82357	83917	84394	83779	85900	86493	86184	84934	86543	86601	87840	89494	.
Broad money	RON mn, eop	200073	204514	205650	209012	207849	209560	216368	216652	217688	216281	218512	220628	216931	221464	.
Broad money	CPPY	2.6	5.5	5.2	6.7	6.8	6.2	6.7	8.8	10.0	10.1	11.3	11.3	8.4	8.3	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	6.25	6.25	6.25	6.25	6.25	6.00	6.00	5.75	5.50	5.25	5.25	5.25	5.25	5.25	5.25
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-2.0	-2.8	-2.2	-1.7	-1.9	-1.7	-0.7	0.0	-0.2	-0.3	-1.0	-1.2	-0.3	-0.2	.
BUDGET, ESA'95 EDP																
General gov.budget balance, cum.	RON mn	-8615	.	.	-12954	.	.	-30336	.	.	-2098	.	.	.	.	.

1) Enterprises with 4 and more employees.

2) Nominal wages deflated with HICP.

3) Including E (electricity, gas, steam, air conditioning supply etc.).

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

5) One-week repo rate.

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

SLOVAKIA: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	5.1	2.8	4.5	7.2	7.6	1.0	1.6	5.6	10.3	12.8	12.4	12.3	13.0	19.1	.
Industry, NACE Rev. 2	real, CCPPY	10.3	9.3	8.7	8.5	8.4	7.7	7.2	5.6	7.9	9.7	10.4	10.8	11.1	12.2	.
Industry, NACE Rev. 2	real, 3MMA	6.8	4.2	4.9	6.5	5.2	3.5	2.7	5.9	9.7	11.9	12.5	12.6	14.5	.	.
Productivity in industry, NACE Rev. 2	CCPPY	4.9	4.1	3.6	3.6	3.7	3.1	2.7	5.3	7.8	9.4	10.3	10.8	11.2	12.3	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-1.0	-0.2	0.5	0.5	0.4	0.9	1.0	1.4	-1.7	-3.9	-5.3	-5.5	-6.3	-7.2	.
Construction, NACE Rev. 2	real, CPPY	-1.2	-3.7	-6.1	5.3	-1.0	-1.4	5.2	-8.1	-8.0	-11.0	-16.8	-8.0	-12.1	-11.2	.
Construction, NACE Rev. 2	real, CCPPY	-3.5	-3.5	-4.0	-2.8	-2.6	-2.4	-1.8	-8.1	-8.0	-9.3	-11.7	-10.7	-11.0	-11.1	.
LABOUR																
Employed persons, LFS ¹⁾	th. pers., quart. avg	2355.6	.	.	2366.3	.	.	2351.5	.	.	2324.7	.	.	.	.	.
Employed persons, LFS ¹⁾	CPPY	1.9	.	.	1.3	.	.	0.5	.	.	.	.	.	.	.	.
Unemployed persons, LFS ¹⁾	th. pers., quart. avg	356.7	.	.	358.2	.	.	382.1	.	.	381.1	.	.	365.0	.	.
Unemployment rate, LFS ¹⁾	%	13.2	.	.	13.1	.	.	14.0	.	.	14.1	.	.	13.5	.	.
Unemployment, registered	th. persons, eop	383.0	386.3	384.2	390.6	390.1	393.1	399.8	408.9	411.8	408.4	397.9	392.3	395.7	399.1	398.4
Unemployment rate, registered	% eop	13.0	13.2	13.1	13.4	13.3	13.3	13.6	13.7	13.8	13.7	13.4	13.2	13.3	13.3	13.2
WAGES																
Total economy, gross	EUR, quart. avg.	781	.	.	769	.	.	848	.	.	770	.	.	793	.	.
Total economy, gross ²⁾	real, CPPY	-1.0	.	.	-1.5	.	.	-4.0	.	.	-0.7	.	.	-2.0	.	.
Industry, gross, NACE Rev. 2	EUR	850	815	812	817	802	954	877	817	788	838	817	888	868	850	.
PRICES																
Consumer - HICP	PP	-0.1	-0.2	0.1	0.3	0.2	0.5	0.1	1.5	0.2	0.3	0.2	0.1	0.2	0.0	0.0
Consumer - HICP	CPPY	4.1	3.8	4.1	4.4	4.6	4.8	4.6	4.1	4.0	3.9	3.7	3.4	3.7	3.8	3.8
Consumer - HICP	CCPPY	3.8	3.8	3.8	3.9	4.0	4.0	4.1	4.1	4.0	4.0	3.9	3.8	3.8	3.8	3.8
Producer, in industry, NACE Rev. 2	PP	-0.3	-0.4	0.5	-0.1	0.0	0.0	-0.4	0.3	1.1	1.0	-0.1	0.1	-0.6	-0.3	.
Producer, in industry, NACE Rev. 2	CPPY	4.5	3.4	3.8	4.0	3.8	3.8	3.2	2.1	2.6	2.8	1.9	1.7	1.4	1.5	.
Producer, in industry, NACE Rev. 2	CCPPY	5.2	4.9	4.8	4.7	4.6	4.5	4.4	2.1	2.3	2.5	2.3	2.2	2.1	2.0	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	27934	32237	36738	41880	47258	52597	56964	4504	9374	14861	19936	25316	30695	.	.
Imports total (fob), cumulated	EUR mn	27519	31877	36281	41141	46020	51162	55534	4266	8875	14101	18878	23812	28931	.	.
Trade balance, cumulated	EUR mn	415	359	457	740	1238	1435	1430	238	499	761	1057	1504	1763	.	.
Exports to EU-27 (fob), cumulated	EUR mn	23868	27534	31313	35602	40090	44590	48230	3972	8100	12666	16885	21298	25709	.	.
Imports from EU-27 (fob), cumulated	EUR mn	20013	23152	26380	29953	33445	37125	40168	3011	6438	10249	13787	17433	21316	.	.
Trade balance with EU-27, cumulated	EUR mn	3855	4382	4933	5649	6645	7465	8062	960	1662	2417	3098	3866	4394	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	-171	.	.	-134	.	.	38	.	.	648	.	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ³⁾	nominal	0.6950	0.7011	0.6972	0.7262	0.7296	0.7377	0.7588	0.7749	0.7562	0.7575	0.7598	0.7819	0.7983	0.8138	0.8065
EUR/EUR, calculated with CPI ⁴⁾	real, Jan09=100	97.9	98.2	98.1	97.7	97.6	98.0	97.7	99.8	99.5	98.8	98.5	98.7	99.1	99.4	99.1
EUR/EUR, calculated with PPI ⁴⁾	real, Jan09=100	95.5	94.8	95.4	95.0	94.9	94.7	94.5	94.0	94.5	95.0	94.8	95.3	95.3	94.7	.
USD/EUR, calculated with CPI ⁴⁾	real, Jan09=100	106.0	104.8	105.2	101.1	101.1	100.6	98.0	97.1	99.3	98.6	98.3	95.7	94.1	92.5	92.8
USD/EUR, calculated with PPI ⁴⁾	real, Jan09=100	94.5	92.9	94.5	90.5	91.1	90.0	87.9	86.0	88.6	88.2	88.1	86.3	84.8	83.1	.
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	7420	7500	7432	7489	7556	7601	7667	7473	7467	7485	7525	7627	7711	7750	.
M1	EUR mn, eop	25888	25367	25411	25377	25420	25637	26770	25807	26056	25749	25666	26267	26200	26626	.
Broad money	EUR mn, eop	40872	40687	41422	41071	40948	41285	40842	40557	40994	41334	41573	42347	41644	42019	.
Broad money	CPPY	3.9	3.6	5.0	5.0	4.6	4.3	0.7	0.0	1.5	3.0	2.8	4.1	1.9	3.3	.
Central bank policy rate (p.a.) ⁵⁾	% eop	1.25	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.75
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-3.1	-1.8	-2.2	-2.4	-2.2	-2.4	-2.1	-1.0	-1.6	-1.7	-0.9	-0.7	-0.4	-0.8	.
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	EUR mn	-1727	.	.	-2146	.	.	-3327	.	.	-967	.	.	.	.	.

1) From 2012 according to census May 2011.

2) Nominal wages deflated with HICP.

3) Reference rate of ECB.

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

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

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

SLOVENIA: Selected monthly data on the economic situation 2011 to 2012

(updated end of Sep 2012)

		2011							2012							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	3.1	-1.5	-1.5	2.8	-1.9	0.6	-8.0	1.0	4.0	-2.6	3.2	-3.3	-2.1	4.4	.
Industry, NACE Rev. 2	real, CCPPY	6.0	4.9	4.2	4.0	3.4	3.1	2.2	1.0	2.5	0.6	1.2	0.3	-0.1	0.5	.
Industry, NACE Rev. 2	real, 3MMA	2.0	0.1	0.1	-0.1	0.5	-3.0	-2.1	-1.1	0.6	1.3	-1.1	-0.9	-0.5	.	.
Productivity in industry, NACE Rev. 2	CCPPY	9.1	.	.	6.7	.	.	4.2	.	.	0.2	.	.	-0.2	.	.
Unit labour costs, excl.r. adj.(EUR)	CCPPY	-4.3	.	.	-2.4	.	.	-0.4	.	.	3.4	.	.	3.5	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-36.2	-27.0	-31.2	-17.4	-25.5	-9.6	-24.5	-24.5	-26.6	-5.0	-14.7	-23.5	-11.2	-18.3	.
Construction, NACE Rev. 2 ¹⁾	real, CCPPY	-28.7	-28.4	-28.8	-27.4	-27.2	-25.6	-25.6	-24.5	-25.5	-17.7	-16.8	-18.5	-17.1	-17.3	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	937.9	.	.	944.7	.	.	933.5	.	.	926.9	.	.	920.5	.	.
Employed persons, LFS	CPPY	-3.1	.	.	-2.4	.	.	-3.1	.	.	-0.2	.	.	-1.9	.	.
Unemployed persons, LFS	th. pers., quart. avg	78.0	.	.	80.2	.	.	89.0	.	.	86.7	.	.	81.8	.	.
Unemployment rate, LFS	%	7.7	.	.	7.9	.	.	8.7	.	.	8.6	.	.	8.2	.	.
Unemployment, registered	th. persons, eop	107.1	107.6	107.0	107.0	110.9	111.1	112.8	116.0	115.0	110.9	109.1	106.8	105.6	106.9	.
Unemployment rate, registered	%, eop	11.4	11.5	11.5	11.5	11.9	11.9	12.1	12.5	12.4	12.0	11.8	11.6	11.5	11.7	.
WAGES																
Total economy, gross	EUR	1521	1500	1524	1507	1510	1652	1546	1529	1523	1535	1519	1536	1501	1498	.
Total economy, gross ²⁾	real, CPPY	0.4	0.3	1.3	-0.8	-1.4	-1.7	-1.3	-0.1	-0.8	-1.7	-1.9	-1.0	-3.6	-2.7	.
Industry, gross, NACE Rev. 2	EUR	1391	1357	1423	1381	1377	1607	1438	1416	1440	1442	1397	1436	1408	1415	.
PRICES																
Consumer - HICP	PP	-0.6	-1.1	0.3	0.6	0.8	0.2	-0.5	-0.3	0.6	1.0	1.2	0.3	-0.6	-0.8	0.8
Consumer - HICP	CPPY	1.6	1.1	1.2	2.3	2.9	2.8	2.1	2.3	2.8	2.4	2.9	2.4	2.4	2.6	3.1
Consumer - HICP	CCPPY	2.1	2.0	1.9	1.9	2.0	2.1	2.1	2.3	2.5	2.5	2.6	2.6	2.5	2.5	2.6
Producer, in industry, NACE Rev. 2	PP	0.5	-0.1	0.2	-0.1	-0.1	0.1	0.1	0.0	-0.5	0.4	0.4	0.2	0.1	0.0	.
Producer, in industry, NACE Rev. 2	CPPY	4.4	4.1	4.2	4.1	3.7	3.6	3.6	2.5	0.8	0.7	0.7	1.0	0.7	0.8	.
Producer, in industry, NACE Rev. 2	CCPPY	5.3	5.1	5.0	4.9	4.8	4.7	4.6	2.5	1.6	1.3	1.2	1.2	1.1	1.0	.
FOREIGN TRADE, EU definition																
Exports total (fob), cumulated	EUR mn	12442	14524	16354	18609	20718	22964	24866	1866	3850	6143	8216	10374	12643	.	.
Imports total (cif), cumulated	EUR mn	12689	14725	16674	18998	21151	23459	25495	1985	4016	6348	8391	10507	12669	.	.
Trade balance total, cumulated	EUR mn	-247	-201	-320	-389	-433	-495	-630	-119	-166	-206	-175	-133	-25	.	.
Exports to EU-27 (fob), cumulated	EUR mn	9003	10466	11729	13324	14818	16423	17717	1363	2787	4404	5837	7318	8884	.	.
Imports from EU-27 (cif), cumulated	EUR mn	8581	9979	11266	12865	14310	15858	17268	1269	2643	4244	5632	7061	8502	.	.
Trade balance with EU-27, cumulated	EUR mn	422	487	463	459	509	566	450	94	144	159	205	257	381	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	128	.	.	37	.	.	1	.	.	-77	.	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ³⁾	nominal	0.6950	0.7011	0.6972	0.7262	0.7296	0.7377	0.7588	0.7749	0.7562	0.7575	0.7598	0.7819	0.7983	0.8138	0.8065
EUR/EUR, calculated with CPI ⁴⁾	real, Jan09=100	99.9	99.3	99.3	99.3	99.7	99.7	98.9	99.2	99.2	99.2	99.9	100.3	99.8	99.3	99.7
EUR/EUR, calculated with PPI ⁴⁾	real, Jan09=100	97.7	97.3	97.7	97.2	97.1	97.0	97.3	96.4	95.3	95.3	95.5	96.0	96.7	96.5	.
USD/EUR, calculated with CPI ⁴⁾	real, Jan09=100	108.1	105.9	106.5	102.7	103.3	102.4	99.2	96.5	99.0	99.1	99.7	97.2	94.8	92.4	93.4
USD/EUR, calculated with PPI ⁴⁾	real, Jan09=100	96.6	95.3	96.7	92.6	93.2	92.2	90.5	88.2	89.4	88.5	88.8	87.0	86.1	84.6	.
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	3475	3537	3504	3532	3568	3578	3651	3582	3583	3599	3582	3645	3697	3713	.
M1	EUR mn, eop	8507	8554	8576	8540	8359	8687	8546	8731	8603	8504	8762	8761	8817	8883	.
Broad money	EUR mn, eop	19161	19343	19365	19397	19488	19577	19639	19732	19903	19838	19895	19875	19898	19906	.
Broad money	CPPY	2.2	2.4	2.6	3.3	3.9	3.2	3.5	4.0	4.6	5.1	5.2	3.8	3.8	2.9	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.25	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.75
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-3.0	-2.5	-2.6	-2.5	-2.1	-2.3	-2.5	-1.4	0.2	0.2	0.3	0.0	0.3	0.0	.
BUDGET, ESA'95 EDP																
General gov. budget balance, cum.	EUR mn	-1581	.	.	-2011	.	.	-2289	.	.	-478	.	.	.	.	.

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

2) Nominal wages deflated with HICP.

3) Reference rate of ECB.

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

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

6) Deflated with annual PPI.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

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