

Monthly Report 11/04

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wiiw Handbook of Statistics just published – see back cover

Updated wiiw forecasts for 2004 and 2005

BY PETER HAVLIK AND LEON PODKAMINER

The new wiiw GDP growth forecasts for the majority of the Central and East European countries (see Table overleaf) are somewhat higher than our earlier projections from June 2004 (see *wiiw Research Report* 308). The combined GDP of the eight new EU member states (NMS) will grow 5% in 2004 and slightly less (4.8%) in 2005. There are, of course, many country-specific developments behind the revisions in the individual countries' forecasts, and thus for the groups of countries. One common factor which may be referred to pertains to an acceleration of growth in

the EU-15. The latest (October 2004) EU Commission forecast of the EU-15 GDP growth in 2004 (2.3%) is slightly higher than envisaged in spring (in March 2004 that forecast was 2%). By the same token, the expected modest slowdown of growth in the NMS which wiiw projects for 2005 may be seen as reflecting the slowdown of EU-15 growth in that year.

In line with our previous forecasts, growth in 2004-05 will be relatively high in other transition countries – in actual fact very high in Russia, Romania and Ukraine. While we did expect high growth in Ukraine, our previous forecasts for the two latter countries require substantial upward revisions. As with the majority of NMS, we expect some slowdown of growth in almost all other transition countries in 2005 (though the projected

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GDP growth is still mostly higher than in our earlier forecast). Excepting Macedonia, higher growth is forecast also for Southeast Europe.

The evolving external position of individual countries, reflected in the size of their current account balances, may be seen as a factor significantly related to the anticipated overall GDP growth in almost all countries under review. High growth (and even growth acceleration) in Ukraine in 2004, mirrored by high (and rising) current account surpluses, results from the strong

international demand and prices for energy and metals. A reverse situation is currently observed in most other countries where high (and accelerating) growth has presently widened the current account deficits substantially. A mild slowdown of GDP growth in 2005 may well turn out to be related to the anticipated current account developments.

Robust economic growth notwithstanding, the labour market situation in transition countries remains disappointing; the unemployment rate in NMS is nearly twice as high as in the EU-15.

Table 1

Overview developments and outlook, 2003 to 2005

	GDP			Consumer prices			Unemployment, based on LFS ¹⁾			Current account		
	real change in % against previous year			change in % against previous year			rate in %, annual average			in % of GDP		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
	forecast			forecast			forecast			forecast		
Czech Rep.	3.1	3.9	4.1	0.1	3.1	2	7.8	9	9	-6.2	-5.9	-5.7
Hungary	2.9	4	4	4.7	6.9	4.9	5.9	5.9	5.9	-9.0	-8.4	-7.4
Poland	3.8	5.5	5	0.8	3.4	3	19.6	20	19	-2.2	-1.6	-2.0
Slovak Rep.	4.2	5.5	6	8.5	8	5	17.4	18	17	-0.9	-2.1	-2.6
Slovenia	2.5	3.8	3.9	5.6	4	3.5	6.7	6.5	6.2	-0.4	-0.4	-0.6
NMS-5	3.5	4.9	4.7	.	.	.	15.1	15.6	15.1	-4.1	-3.7	-3.8
Estonia	5.1	6.5	6	1.3	3.5	3	10.0	9.5	9	-13.2	-14	-11
Latvia	7.5	7.2	6.5	2.9	7	4	10.6	10.5	10	-8.2	-12	-9
Lithuania	9.7	7.0	6.5	-1.0	1.5	1.0	12.4	11.5	11	-6.9	-9	-8
NMS-8	3.8	5.0	4.8	.	.	.	14.7	15.1	14.5	-4.5	-4.3	-4.2
EU-15 ²⁾	0.8	2.3	2.2	2.0	2.0	1.9	8.1	8.1	8.1	0.4	0.5	0.5
EU-25 ²⁾	0.9	2.5	2.3	1.9	2.2	2.1	9.1	9.1	9.1	0.0	0.3	0.2
Croatia	4.3	3.5	3.5	1.8	2	1.5	14.3	14	13.5	-7.2	-6.3	-5.7
Bulgaria	4.3	5.3	5	2.3	6	4	13.7	13	12.0	-8.6	-7.6	-6.5
Romania	4.9	7	5	15.3	12	9	7.0	8	7	-5.7	-6.9	-6.8
Albania ³⁾	6.0	6.2	6.5	2.4	3.5	4	15.0	14.5	14	-6.4	-5.5	-6
Bosn&Herz ⁴⁾⁵⁾	3.5	6	5	0.6	0.4	0.5	42.0	42	41	-28.8	-28.1	-27.8
Macedonia ⁴⁾	3.2	2	4	2.4	3	2	36.7	36	35	-6.0	-5.8	-5.7
Serb&Mont. ⁶⁾⁷⁾	2.0	5	5	9.4	12	10	15.2	15	15	-11.7	-16.3	-15.5
Russia	7.3	6.5	6.0	13.6	11	10	8.7	8.7	9	8.2	9.0	6.7
Ukraine	9.4	12.5	9	5.2	8.5	8	9.1	8.7	8.5	5.8	8.9	8.6

NMS-5: the New EU Member States Czech Republic, Poland, Slovak Republic, Slovenia and Hungary; NMS-8: NMS-5 plus the three Baltic States Estonia, Latvia and Lithuania. - 1) LFS - Labour Force Survey, refers to ILO definition. - 2) Current account refers to extra EU-15 flows, adjusted. - 3) Unemployment rate by registration, end of period. - 4) Consumer price inflation measured by retail prices. - 5) Unemployment rate by registration, average. - 6) Excluding Kosovo and Metohia. - 7) From 2003 current account for Serbia only.

Source: wiiw (October 2004); Eurostat; forecasts for EU: European Commission (EC), Economic Forecasts, Autumn 2004.

Bulgaria: economy keeps growing fuelled by credit expansion

BY ANTON MIHAILOV

Counter to earlier expectations, Bulgaria's aggregate output strengthened in the course of the year owing to good export performance and an ongoing boom in domestic credit. GDP expansion accelerated in the second quarter to 6.0% year-on-year, resulting in an average rate of growth of 5.6% for the first half of the year. On the supply side, this outcome was underpinned by a strong, export-driven upturn in manufacturing (manufacturing sales grew by close to 20% year-on-year during the first six months) and a continuing surge in some services (tourism in particular). Notably, the solid export performance mostly reflects positive supply changes (such as the ongoing restructuring and expansion of productive capacity, largely driven by FDI) as import demand in Bulgaria's main Western European markets generally remain subdued in 2004. Domestic demand remained buoyant reflecting improving consumer and investor confidence. There was a further fall in unemployment (at 11.9% in August it was at its lowest level for almost six years) while inflationary pressures remained subdued (the cumulative growth of CPI in January-September was only 1.9%).

The lasting credit boom has become a hot policy issue, not least because of the fear that it is fuelling into the country's large current account deficit. During several rounds of talks, the IMF has been raising the issue with the government and this resulted in a series of offsetting policy measures implemented in April-May. While there was some slowdown in credit expansion as a result of these measures, at end-September the total outstanding stock of domestic credit to the non-government sector was growing at a rate of close to 50% year-on-year, which was still much above the target rate of 30% for the year as a whole.

For the time being the credit boom does not seem to pose immediate dangers to macroeconomic and financial stability. In the first place, it reflects a much needed recovery in financial intermediation which had come to a near stand-still in the aftermath of the 1996-1997 financial crisis. It is also the result of the rehabilitation and restructuring of Bulgarian banks after their privatization (most banks were sold to strategic foreign investors) and the growing competition in the banking sector. In addition, it is difficult to claim that the credit expansion has gone out of proportion: as a share of GDP, total credit to the non-government sector still remains slightly above 25%, which is below the levels seen in other Central and Eastern European countries. Moreover, the banking system so far remains in a fairly stable financial position: despite some increase, substandard and non-performing loans still account for less than 5% of the banks' aggregate asset portfolio.

At the same time the recent developments in the banking system have undoubtedly given a push to domestic economic activity. Thanks to much improved bank performance and fierce competition among banks, local customers now enjoy relatively easy access to an increasing variety of new financial products such as mortgage, financial lease, consumer credit, plastic cards. In turn, this has boosted final demand for housing, consumer durables and travel but also for current consumption. In terms of investment credit, the fastest growing segment is the small business sector which – after years of neglect – now seems to be the target of more aggressive banking.

The current account deficit remains large but there has been a slowdown in its growth thanks to a very strong summer tourist season. During the first six months this deficit was more than offset by the inflow of FDI and this tendency is likely to continue. At the same time, fiscal performance has been better than expected: rising imports and improved tax collection have generated a large fiscal surplus (the effect of improved tax collection alone is estimated at around 1.3% of GDP). There has been a series of upgrades of Bulgaria's investor

position by international rating agencies: at present the country's long-term foreign-currency debt is rated at an investment grade level by Fitch, Standard & Poor's and the Japan Credit Rating Agency. The EC's strategy paper published in October also gave a relatively favourable assessment of Bulgaria's progress in the enlargement process, confirming January 2007 as a possible accession date.

Despite the relatively healthy macroeconomic situation, the government sought a new IMF funding agreement after the previous one had expired in March. On 6 August the IMF's Executive Board approved the new 25-month stand-by arrangement for a total of USD 146 million. The government's declared intention is to treat the agreement as precautionary and not to draw from the allocated funds. However, the implementation of the government's commitments under this

agreement became problematic immediately after it had entered into force, with income policy becoming the main point of contention. Thus when drafting the 2005 budget, the government pledged a 25% increase in the economy-wide minimum wage (a move clearly targeting the upcoming parliamentary elections in 2005). The IMF immediately voiced its concerns that such a move may have a domino effect, generating a strong upward pressure on all wages, and thus further endangering the external balance. There are also points of disagreement regarding the allocation of the fiscal surplus in 2004.

Overall, the short-term outlook for the Bulgarian economy remains positive. Given the strengthening of output in the second quarter, the official GDP growth target for 2004 (5.3%) seems now within reach. Absent any serious external disturbances, strong growth is likely to continue in 2005 as well.

Table BG

Bulgaria: Selected Economic Indicators

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004	2004 forecast	2005
Population, th pers., end of period ²⁾	8190.9	8149.5	7891.1	7845.8	7801.3	.	.	.	.
Gross domestic product, BGN mn, nom.	23790.4	26752.8	29709.2	32335.1	34410.2	15285.9	16922.3	38400	42000
annual change in % (real)	2.3	5.4	4.1	4.9	4.3	3.9	5.6	5.3	5
GDP/capita (EUR at exchange rate)	1481	1674	1920	2101	2249	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	5120	5560	6080	6360	6830	.	.	.	.
Gross industrial production									
annual change in % (real) ³⁾	-8.0	8.3	1.5	6.5	8.3	15.5	17.5	15	10
Gross agricultural production									
annual change in % (real)	2.7	-9.4	-0.1	4.1	-0.9	.	.	.	.
Construction output total									
annual change in % (real)	8.8	8.0	15.0	1.9	-17.2	.	.	.	.
Actual final consump.of househ., BGN mn, nom.	453.3	634.6	917.2	1151.4	1451.2	12457.9	13467.9	.	.
annual change in % (real)	-1.1	0.2	6.8	3.1	7.1	7.7	4.6	.	.
Gross fixed capital form., BGN mn, nom.	3600.5	4206.0	5415.2	5908.5	6733.1	2925.2	3419.6	.	.
annual change in % (real)	20.8	15.4	23.3	8.5	13.8	17.0	12.6	.	.
LFS - employed persons, th, avg.	2875.3	2794.7	2698.8	2739.6	2834.8	2790.2	2876.8	.	.
annual change in %	-5.3	-2.8	-3.4	1.5	3.5	2.4	3.1	.	.
Reg. employees in industry, th pers., avg.	722.5	662.0	658.4	666.8	664.2	673.3	677.4	.	.
annual change in %	-10.0	-8.4	-0.5	1.3	-0.4	3.6	0.6	.	.
LFS - unemployed persons, average	534.0	566.8	663.9	592.4	448.7	478.5	417.5	410	400
LFS - unemployment rate in %, average	15.7	16.9	19.7	17.8	13.7	14.6	12.7	13	12.0
Reg. unemployment rate in %, end of period	16.0	17.9	17.3	16.3	13.5	13.7	12.2	13	12.0
Average gross monthly wages, BGN	201.0	224.5	240.0	257.6	284.0	277.2	287.3	.	.
annual change in % (real, gross)	6.9	1.3	-0.5	1.5	7.8	5.4	-0.3	.	.
Consumer prices, % p.a.	2.6	10.3	7.4	5.8	2.3	0.8	6.6	6	4
Producer prices in industry, % p.a.	2.8	17.5	3.8	1.2	4.9	5.6	4.4	.	.
General governm.budget, nat.def., % GDP									
Revenues	40.7	41.4	39.8	38.7	40.9	44.7	45.2	.	.
Expenditures	41.6	42.4	40.7	39.4	40.9	40.6	40.0	.	.
Deficit (-) / surplus (+), % GDP	-0.9	-1.0	-0.9	-0.7	0.0	4.1	5.2	.	.
Public debt in % of GDP	79.3	73.6	66.2	53.2	46.2	.	45.3	45	40
Base rate of NB % p.a., end of period	4.5	4.7	4.7	3.4	2.9	2.5	2.5	.	.
Current account, EUR mn	-586.9	-761.4	-1101.7	-925.5	-1505.2	-922.0	-959	-1500	-1400
Current account in % of GDP	-4.8	-5.6	-7.3	-5.6	-8.6	-11.8	-11.1	-7.6	-6.5
Gross reserves of NB excl. gold, EUR mn ⁴⁾	2878.7	3390.6	3734.0	4247.1	4981.0	4504.7	5783.8	.	.
Gross external debt, EUR mn ⁵⁾	10863.9	12038.5	12046.0	10768.6	10476.2	10603.0	11964.4	.	.
FDI inflow, EUR mn	775.0	1103.3	903.4	980.0	1253.9	651.4	1013.7	2000	1500
FDI outflow, EUR mn	16.3	3.5	10.8	28.9	19.2	6.1	16.2	.	.
Exports of goods, BOP, EUR mn	3733.7	5253.1	5714.2	6062.9	6668.2	3251.7	3613.1	7600	8500
annual growth rate in %	-0.4	40.7	8.8	6.1	10.0	15.0	11.1	14	12
Imports of goods, BOP, EUR mn	4741.4	6533.0	7492.6	7754.7	8867.8	4192.1	4915.6	10300	11300
annual growth rate in %	16.3	37.8	14.7	3.5	14.4	17.3	17.3	16	10.0
Exports of services, BOP, EUR mn	1686.2	2366.2	2384.8	2478.9	2790.8	1106.8	1321.2	3300	3700
annual growth rate in %	5.2	40.3	0.8	3.9	12.6	8.6	19.4	18	12
Imports of services, BOP, EUR mn	1380.6	1818.6	1930.3	1992.9	2267.6	1025.9	1147.4	2500	2800
annual growth rate in %	10.5	31.7	6.1	3.2	13.8	12.7	11.8	10	12
Average exchange rate BGN/USD	1.838	2.124	2.185	2.077	1.733	1.772	1.595	1.7	.
Average exchange rate BGN/EUR (ECU)	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
Purchasing power parity BGN/USD, wiiw	0.518	0.547	0.570	0.603	0.591	.	.	.	.
Purchasing power parity BGN/EUR, wiiw	0.566	0.590	0.618	0.646	0.644	.	.	.	.

Notes: 1) Preliminary. - 2) From 2001 according to census March 2001. - 3) Other methodology than quarterly data. - 4) Converted from the national currency to EUR at the official exchange rate. - 5) Up to 2001 converted from USD to NCU, and from NCU to EUR at the official exchange rates.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Romania: booming, but cumbersome years ahead until EU accession

BY GÁBOR HUNYA

2004 will most probably be a year of record-high economic growth. GDP is expected to increase by more than 7% (6.6% in the first six months). Rising investment and private consumption have been generating high rates of economic growth for the third consecutive year. Industry and services participate moderately in that growth while an additional impulse came from agriculture, due to the exceptionally good harvest.

The general government budget is almost balanced for the first eight months, the expected deficit for the whole year is 1.6% of GDP. Expenditures are usually behind schedule during the year, which yields interest for the budget but also promotes poor payment morale and increases uncertainty. The draft 2005 consolidated budget assumes 5.3% economic growth, 7% inflation at the end of the year, a current account deficit of 5.4% of GDP and a deficit of 1.5% of GDP. The rate of inflation may decrease more moderately due to higher international energy prices which will also be more directly transferred to domestic prices than before. We expect average CPI inflation to come down to 12% in 2004 and 9% in 2005.

The revenues of the general government budget are planned to decline by 0.3 percentage points as a share of GDP compared to 2004 due to tax reductions to take effect on 1 January 2005. The corporate income tax rate will be cut by 6%, to 19%, and social insurance contributions will be cut by 2%. Personal income tax will have fewer brackets and a lower highest rate than before. By lowering the tax rate, the government hopes to further stimulate the economy, attract more foreign investment and increase tax compliance. Based on the good performance of the economy and increasing FDI in 2004, it is not really obvious why the country should have to make fiscal efforts to

increase its attractiveness. Barriers to FDI are more related to bottlenecks in infrastructure and bureaucratic hurdles including corruption. Further investment needs in the health service and education may necessitate even higher budgetary expenditures and thus revenues.

The current account deficit exceeded EUR 2 billion by the end of August 2004, 46% more than a year earlier. The National Bank expects that the deficit may be contained within the 6% ceiling, but about 7% is more feasible both for the current and the next year (7.2% in the first six months of 2004). In the first nine months exports rose by about 20% and imports by 23% in current euro terms. The high rate of export growth indicates that Romanian products are increasingly competitive abroad. There is a positive shift in the export structure from textiles and clothing to machinery and metal products. The high imports are the result of bullish demand for capital goods and means of transport as well as of the rising energy bill.

Financing the deficit does not represent a problem: capital inflows are higher than earlier, international reserves increased to 4.5 months of imports and total external debt is less than 25% of GDP. The National Bank may be interested in increasing reserves as it cannot foresee the impact of capital account convertibility to be introduced in March 2005. Romania can easily borrow at improving conditions and FDI inflows are up (EUR 1.4 billion in the first eight months) due to privatizations in the oil, gas and electricity sectors. Also manufacturing-sector investors come to the country to make use of cheap qualified labour in an increasingly attractive business environment; rising purchasing power attracts also retail chains and real estate investors.

The real effective exchange rate vs. the euro appreciated slightly between August 2003 and August 2004. In the first half of the year the National Bank repeatedly increased the reference interest rate to curtail private sector credit taking, then started to reduce the rate to curtail capital inflows. It limited domestic-currency denominated

credits while the expansion in foreign currency credits continued and was a major support to economic growth. Although not without certain risk, credit expansion is good news in a country with severely narrow financial intermediation.

The mid-October EU report gave Romania the long-desired qualification of 'a functioning market economy'. At the same time it warned the government 'that vigorous implementation of structural reforms was necessary to enable the country to cope with competitive pressure and market forces within the Union'. Improvements are seen necessary to enforce financial discipline, adjust energy prices towards cost recovering levels and improve the financial performance of public enterprises.

Romania has recently made substantial efforts to speed up privatization and phase out competition-distorting subsidies. Despite this, the competition chapter could not be closed yet. The stock of payment arrears was reported to decline from 40% to 34% of GDP, due to privatization-related debt-forgiving but new arrears are accumulating as before. Public procurement procedures are also inadequate. Just in October, a third motorway construction contract was signed with a French company without competing offers. A new law introducing stricter procurement procedures is expected for December.

Serious problems relate to the functioning of the judiciary system. This has also economic implications as the settlement of business disputes is not satisfactory. In the legislation there are still too many urgent government decrees which do not fully comply with the legal system as a whole. Romania also asked for six new derogations concerning the environment chapter under negotiation.

The European Commission reserved the right to postpone the accession of Bulgaria and Romania by one year to 1 January 2008 if the preparation of the two countries does not reach the expected level. Seeing the legislative stress in Romania and the large number of domestic companies which may not be able to cope with increasing competition in the single European market, the country should not be too unhappy about such a postponement.

Parliamentary and presidential elections will take place on 28 November and 12 December. The most likely new president is the current prime minister Adrian Nastase, and his Social Democratic Party also leads the opinion polls, but the liberal-democratic opposition has chances to win as well. Although the latter has a less experienced team to run the country, it may just as well be able to lead Romania into the EU. The two sides do not differ much in their vaguely presented economic policy programmes except that the liberals propose more tax cuts.

ROMANIA

Table RO

Romania: Selected Economic Indicators

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004	2004 forecast	2005
Population, th pers., mid-year	22458.0	22435.2	22408.4	21794.8	21733.6	.	.	.	.
Gross domestic product, ROL bn, nom.	545730	803773	1167687	1512617	1890778	738915	907871	2360000	2770000
annual change in % (real)	-1.2	2.1	5.7	5.0	4.9	4.4	6.6	7	5
GDP/capita (EUR at exchange rate)	1491	1795	2002	2221	2316	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4980	5230	5700	6360	6730	.	.	.	.
Gross industrial production									
annual change in % (real)	-2.4	7.1	8.3	4.3	3.1	4.6	4.4	5	4
Gross agricultural production									
annual change in % (real)	4.0	-14.8	22.7	-3.5	3.6	.	.	.	.
Construction output total									
annual change in % (real)	-0.2	2.8	9.0	10.0	6.5	5.5	7.5	.	.
Actual final consump. of househ., ROL bn, nom.	453308	634590	917186	1151356	1451166	.	745656	.	.
annual change in % (real)	-1.1	0.2	6.8	3.1	7.1	.	9.0	.	.
Gross fixed capital formation, ROL bn, nom.	96630	151947	241154	322383	425917	146400	188880	.	.
annual change in % (real)	-4.8	5.5	10.2	8.2	9.2	7.4	10.4	8	7
LFS - employed persons, th, avg. ²⁾	10775.6	10763.8	10696.9	9234.3	9222.5	91119.0	.	.	.
annual change in %	-0.6	-0.1	-0.6	-13.7	-0.1	0.1	.	.	.
Reg. employees in industry, th pers., avg.	1991.0	1873.0	1901.0	1891.0	1855.0	.	.	.	.
annual change in %	-12.4	-5.9	1.5	-0.5	-1.9	-1.9	-2.4	.	.
LFS - unemployed persons, average ²⁾	789.9	821.2	750.0	845.3	692.0	739.5	.	.	.
LFS - unemployment rate in %, average ²⁾	6.8	7.1	6.6	8.4	7.0	7.5	.	8	7
Reg. unemployment rate in %, end of period	11.8	10.5	8.8	8.4	7.2	7.3	6.5	7	7
Average gross monthly wages, ROL	1957731	2876645	4282622	5452097	6741152	6466065	7982161	.	.
annual change in % (real, net)	-3.8	4.6	4.9	2.2	8.8	9.0	8.9	.	.
Consumer prices, % p.a.	45.8	45.7	34.5	22.5	15.3	15.7	12.9	12	9
Producer prices in industry, % p.a.	44.5	53.4	38.1	23.0	19.5	20.9	18.7	17	12
General governm. budget, EU-def., % GDP ³⁾									
Revenues	.	.	36.4	34.9	.	.	.	.	.
Expenditures	.	.	39.9	36.9	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	.	-4.4	-3.5	-2.0	-2.0	.	.	-1.6	-1.5
Public debt, EU-def., % of GDP ³⁾	24.0	23.9	23.2	23.3	21.8	.	.	.	.
Discount rate, % p.a., end of period ⁴⁾	35.0	35.0	35.0	20.4	20.4	18.2	21.3	.	.
Current account, EUR mn ⁵⁾	-1352	-1494	-2488	-1623	-2877	-1290	-1617	-4000	-4400
Current account in % of GDP	-4.0	-3.7	-5.5	-3.4	-5.7	-6.4	-7.2	-6.9	-6.8
Gross reserves of NB excl. gold, EUR mn	1520.0	2654.8	4445.3	5876.8	6373.6	5442.7	7746.4	.	.
Gross external debt, EUR mn ⁶⁾	8756.4	11113.4	13507.1	14648.3	15674.3	14206.9	16514.8	.	.
FDI inflow, EUR mn ⁵⁾	980	1147	1294	1212	1627	808	1164	.	.
FDI outflow, EUR mn ⁵⁾	15	-14	-18	18	36	23	8	.	.
Exports of goods, BOP, EUR mn ⁵⁾	7986	11273	12722	14675	15614	7501	9014	18000	20000
annual growth rate in %	8.3	41.2	12.9	15.4	6.4	.	20.2	15	10
Imports of goods, BOP, EUR mn ⁵⁾	9168	13140	16045	17427	19569	9058	11052	23000	26000
annual growth rate in %	-5.6	43.3	22.1	8.6	12.3	.	22.0	17	13
Exports of services, BOP, EUR mn ⁵⁾	1286	1910	2273	2468	2671	1183	1290	.	.
annual growth rate in %	18.1	48.5	19.0	8.6	8.2	.	9.0	.	.
Imports of services, BOP, EUR mn ⁵⁾	1658	2170	2402	2463	2609	1221	1372	.	.
annual growth rate in %	2.0	30.9	10.7	2.5	5.9	.	12.4	.	.
Average exchange rate ROL/USD	15332.9	21692.7	29060.9	33055.5	33200.1	33047.9	33090.1	.	.
Average exchange rate ROL/EUR (ECU)	16295.6	19955.8	26026.9	31255.3	37555.9	36516.6	40621.6	41000	43000
Purchasing power parity ROL/USD, wiiw	4464.1	6349.2	8437.8	10175.4	11853.6	.	.	.	.
Purchasing power parity ROL/EUR, wiiw	4877.9	6845.7	9138.1	10914.1	12928.7	.	.	.	.

Notes: 1) Preliminary. - 2) From 2002 break in methodology and according to census March 2002. - 3) According to ESA 95, excessive deficit procedure. - 4) Reference rate of NB from February 2002. - 5) Up to 1999 wiiw calculated from USD. - 6) Medium- and long-term.

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

Croatia: growth losing momentum

BY HERMINE VIDOVIC

Croatia's GDP grew by 4% in the first half of 2004, but growth decelerated from quarter to quarter. Household consumption increased by 3.4%; gross fixed capital formation was up 8.2%, only half the 2003 growth rate. The latter is clearly reflected in a marked slowdown in construction activities due to the gradual completion of big infrastructural projects such as motorways, railways and subsidized housing. But also credit restrictions imposed by the National Bank had a negative impact on construction. After a 5.6% increase in the first quarter of the year, industrial production growth decelerated to 3.5% in the first nine months of 2004.

Registered employment stagnated in the first eight months of the year, whereas the number of registered unemployed fell from April and increased slightly in September. By then the unemployment rate stood at 17.6%.

Export growth (expressed in euro terms) exceeded import growth for the first time since the year 2000; still, the foreign trade deficit of EUR 3.3 billion was slightly higher than in the first half of 2003. The export increase was mainly due to expanded deliveries of ships. Thanks to a reduction of the deficit in the income balance, the current account closed with a slightly lower deficit than in the first half of 2003. In contrast to the relatively strong growth of goods exports, exports of services – rising steadily over the past few years – fell by 8% in the first half of 2004. The decline was mainly caused by shrinking earnings from tourism, lower by almost EUR 280 million than in the first six months of 2003.

The FDI inflow in the first half of the year, worth EUR 446 million, was only half that recorded in the same 2003 period. According to recent information the Croatian shipyard Uljanik may be privatized in 2005 while the privatization of the remaining shipyards is expected only after the completion of the restructuring process – in 2006 at the earliest.

By the end of August Croatia's foreign debt totalled EUR 21.5 billion (or USD 25.9 billion), EUR 2.7 billion more than at end-2003. The debt to GDP ratio

was 79.5% and exceeded the target (77%) agreed upon with the IMF. Most of the debt is owed by the state (35.5%), the share of which is however declining; the banks' and corporate sector's shares account for about one third each.

According to Enlargement Commissioner Verheugen, the European Commission is likely to start accession negotiations – after the decision of the European Council in December – in February or March 2005. Both Mr. Verheugen and his designated successor Mr. Rehn stressed that the EU should consider the next accessions individually. According to a document released by the European Commission¹, 'the progress in Croatia's negotiations with the EU will depend on the sustainability of political reforms and the fulfilment of the country's obligations in respect of regional cooperation with the other countries of former Yugoslavia and other related international obligations such as the cooperation with the ICTY (International Criminal Tribunal for the former Yugoslavia)'. Furthermore the Commission stressed that it would recommend the suspension of negotiations in the case of serious and continuous violations of the principles of freedom, democracy, respect for human rights and fundamental freedoms, and the rule of law.

As Croatia has been granted the EU candidate status it will have access to pre-accession funds starting from 2005. Accordingly Croatia should receive EUR 245 million in 2005-06.

Presidential elections are to be held on 2 January 2005, candidates being the incumbent office holder Stipe Mesić and Vice Prime Minister Jadranka Kosor from the ruling HDZ.

Assuming that economic activities will continue to slow down in the coming months, GDP may grow by about 3.5% in 2004. Based on a strengthening of foreign demand, similar growth is to be expected in 2005. With no significant deterioration of the trade deficit but lower earnings from tourism, the 2004 current account should close with a similar or slightly smaller deficit than in 2003.

¹ Communication from the Commission to the Council and to the European Parliament: Strategy Paper of the European Commission on progress in the enlargement process, Brussels, 6 October 2004.

CROATIA

Table HR

Croatia: Selected Economic Indicators

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004 January-June	2004 forecast	2005 forecast
Population, th pers., mid-year ²⁾	4554	4437	4437	4443	4442	4442	.	.	.
Gross domestic product, HRK mn, nom.	141579	152519	165640	179390	193067	91553	98276	203800	214100
annual change in % (real)	-0.9	2.9	4.4	5.2	4.3	5.0	4.0	3.5	3.5
GDP/capita (EUR at exchange rate)	4102	4502	4998	5451	5747	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	7510	8050	8600	9270	9890	.	.	.	.
Gross industrial production ³⁾									
annual change in % (real)	-1.4	1.7	6.0	5.4	4.1	5.9	3.8	3.5	4
Gross agricultural production									
annual change in % (real)	-3.5	-10.0	8.5	7.7	-15.9	.	.	.	.
Construction industry, hours worked ³⁾									
annual change in % (real)	-7.7	-9.1	3.6	12.8	22.8	24.3	8.6	.	.
Consumption of households, HRK mn, nom.	81546	89637	98054	107427	113396	56422	59854	.	.
annual change in % (real)	-2.9	4.2	4.5	7.6	4.1	4.8	3.8	2.5	3
Gross fixed capital form., HRK mn, nom.	33025	33281	36984	44114	53168	25940	28977.0	.	.
annual change in % (real)	-3.9	-3.8	7.1	12.0	16.8	17.4	8.2	6	6
LFS - employed persons, th, avg.	1492	1553	1469	1528	1537	1538	.	.	.
annual change in %	-3.4	4.1	-5.4	4.0	0.6	1.1	.	.	.
Reg. employees in industry, th pers., avg.	299.5	291.9	287.2	281.0	282.6	282.1	275.9	.	.
annual change in %	-3.0	-2.5	-1.6	-2.2	0.6	-0.2	-2.2	.	.
LFS - unemployed persons, average	234.0	298.0	277.0	266.0	256.0	253	.	.	.
LFS - unemployment rate in %, average	13.6	16.1	15.9	14.8	14.3	14.1	.	14	13.5
Reg. unemployment rate in %, end of period	20.4	22.3	23.1	21.3	19.1	18.9	17.4	18	17.5
Average gross monthly wages, HRK	4551	4869	5061	5366	5623	5553	5919	.	.
annual change in % (real, net)	10.1	3.4	1.6	3.1	3.8	5.2	3.8	.	.
Retail prices, % p.a. ⁴⁾	4.2	6.2	4.9	1.7	1.8	1.6	2.0	2	1.5
Producer prices in industry, % p.a.	2.6	9.7	3.6	-0.4	1.9	2.8	1.7	1.9	1
General governm.budget, IMF-def., % GDP									
Revenues	48.4	46.2	44.7	45.2	44.9	.	.	.	.
Expenditures	56.6	52.7	51.5	50.0	49.5	.	.	.	.
Deficit (-) / surplus (+), % GDP	-8.2	-6.5	-6.8	-4.8	-6.3	.	.	-4.5	-4
Public debt in % of GDP	.	51.1	51.6	51.6	52.7	.	.	55	56
Discount rate % p.a., end of period	7.9	5.9	5.9	4.5	4.5	4.5	4.5	.	.
Current account, EUR mn ⁵⁾	-1311	-499	-810	-2039	-1847	-2303	-2246	-1700	-1600
Current account in % of GDP	-7.0	-2.5	-3.7	-8.4	-7.2	-19.0	.	-6.3	-5.7
Gross reserves of NB excl. gold, EUR mn	3012.6	3783.2	5333.6	5651.3	6554.1	5929.1	6389.4	.	.
Gross external debt, EUR mn	9937.2	11865.2	12830.6	14811.3	18849.1	16765.3	20856.7	.	.
FDI inflow, EUR mn ⁵⁾	1377	1181	1740	1193	1770	919	446	.	.
FDI outflow, EUR mn ⁵⁾	44	4	173	566	82	41	51	.	.
Exports of goods, BOP, EUR mn ⁵⁾	4124	4951	5313	5312	5589	2752	3089	6200	6700
annual growth rate in %	1.0	20.1	7.3	0.0	5.2	7.1	12.2	11	8
Imports of goods, BOP, EUR mn ⁵⁾	7219	8424	9892	11309	12596	5994	6428	13300	14100
annual growth rate in %	-6.4	16.7	17.4	14.3	11.4	10.5	7.2	6	6
Exports of services, BOP, EUR mn ⁵⁾	3494	4440	5443	5911	7639	2413	2215	.	.
annual growth rate in %	-1.1	27.1	22.6	8.6	29.2	21.2	-8.2	.	.
Imports of services, BOP, EUR mn ⁵⁾	1968	1982	2175	2562	2640	1171	1240	.	.
annual growth rate in %	16.9	0.7	9.7	17.8	3.0	-4.3	6.0	.	.
Average exchange rate HRK/USD	7.11	8.28	8.34	7.86	6.70	6.86	6.13	.	.
Average exchange rate HRK/EUR (ECU)	7.58	7.63	7.47	7.41	7.56	7.56	7.53	7.6	7.6
Purchasing power parity HRK/USD, wiiw	3.80	3.89	3.95	4.01	4.07	.	.	.	.
Purchasing power parity HRK/EUR, wiiw	4.14	4.27	4.34	4.36	4.39	.	.	.	.

Notes: 1) Preliminary. - 2) From 2000 according to census March 2001. - 3) Enterprises with more than 20 employees. - 4) From 2002 consumer prices, % p.a. - 5) wiiw calculated from USD.

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

Serbia and Montenegro: growth recovers

BY VLADIMIR GLIGOROV

After three years of stagnation or anaemic growth, recovery is on the way. Serbia expects growth of industrial production and of GDP of at least 4%. The latter will be boosted by the rebound of agricultural production, which had plummeted due to drought last year. Also, services, which are the largest sector, are growing as are construction and transport. In Montenegro, tourism, a major sector, has been doing much better this year.

Macroeconomic stability is a concern in Serbia, though not in Montenegro. Inflation has accelerated in Serbia, after three years of deceleration. It is expected to top 10% rather than declining to around 8% as planned at the beginning of the year. In Montenegro, which uses the euro, inflation should continue to slow down and reach about 3%.

More worrisome has been the rising current account deficit in Serbia, which is projected to be above 13% of GDP in 2004. This is caused by the growing trade deficit. Imports are covered by just over 30% by exports this year. More important is the slow growth of exports, with perhaps some improvement in the second half of the year. Contrary to that, imports have continued to grow quite strongly. As a consequence, the trade deficit may end up at around EUR 5.5 billion this year, which is close to 30% of GDP.

In view of the growing external imbalance, the Serbian central bank has continued to let the dinar depreciate, though at an unannounced speed. This year the rate of depreciation has been higher than the rate of inflation, but with the acceleration of the latter that may not be sustainable in the future. Also, the effects of depreciation on imports are hard to assess because there has been an increase in the supply of credits by the banks, which has supported imports of investment but also of consumer goods. Therefore, the central bank

has been pursuing a tight monetary policy throughout the year.

These measures have not proved efficient, however – mainly because of the uncertainty about the fiscal policy, which has been the main factor throughout the whole year. Initially, the new Serbian government had announced that it would pursue an expansionary fiscal policy promising increased subsidies, infrastructure investments and wages. Upon the objections by the IMF, however, the government agreed to lower the projected fiscal deficit to below 3% of GDP by increasing revenues rather than slashing expenditures. In view of growing inflation and the rising current account deficit, it finally decided to decrease overall expenditures mainly by cutting down on investments and subsidies and promising a halt to wage increases. It intends to continue with an even more restrictive fiscal policy next year, in particular by introducing a freeze on expenditures on wages in the public sector. Thus, next year, Serbia should be pursuing both restrictive monetary and restrictive fiscal policies.

Montenegro has very limited possibilities to affect the money supply as it uses the euro. Thus, its main concern has been fiscal adjustment. In the past few years, after the introduction of the German mark and then the euro as its official currency, Montenegro has been relying on fiscal deficits, financed mainly through borrowing from local banks, to keep the economy growing, albeit quite slowly. Starting from last year, the government has started to reform the public sector. Taxes have been lowered and expenditures have not been increased. Also, privatization has been accelerated. This year's growth of both industry and services, i.e., tourism, have helped these efforts.

In Serbia, privatization has slowed down this year. It is expected that this will change next year. Privatization is not popular, but the fiscal squeeze is melting down public resistance. Several banks should be privatized as well as one of the mobile phone providers. After that, state-owned

companies in the oil and energy sector should be next in line. Also, there is a lot of property connected with the military complex that could be sold. This will produce problems, one of them having to do with the distribution of assets between Serbia and Montenegro. Privatizations in both states are driven mostly by fiscal needs and have also produced a fair amount of scandals and allegations of corruption. To an extent, the latter brought the former Serbian government down; it will probably be a source of political instability in the future too.

Serbia and Montenegro have been lagging in the process of European and NATO integration. EU integration was delayed because of the obstruction of both Serbia and Montenegro of the process of their internal economic harmonization that was set as a precondition by the EU. In early autumn this year, the EU decided to have a two-track approach to these two states that are joined together in a state union. Thus, it is expected that the EU will produce a feasibility study on the preparedness of these two states to start negotiating their Stability and Association Agreements with the EU. In view of the lack of cooperation of Serbia with the Hague Tribunal for war crimes in former Yugoslavia, it is conceivable that the negotiations with Montenegro but not with Serbia will start next year.

The same problem stands in the way of Serbia and Montenegro joining the NATO Partnership for Peace programme. These issues will have to be resolved one way or the other next year when also the decision on the final status of Kosovo will have to be taken. It is difficult to predict now how all that will influence political stability in Serbia (political stability in Montenegro looks as being less of a problem at this point). Early parliamentary elections are likely anyway because the current government has lost most of its popular support. Those political instabilities may have negative consequences for economic developments in both states, especially if fiscal policy continues to change about every three months and if privatization is further delayed.

Table CS

Serbia and Montenegro: Selected Economic Indicators^{*)}

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004	2004 forecast	2005
Population, th pers., mid-year	8372.7	8342.5	8326.4	8304.7	8300.0	.	.	.	.
Gross domestic product, CSD mn, nom.	191585	396494	782434	946200	1055900	.	.	1242000	1434000
annual change in % (real) ²⁾	-18.0	5.2	5.3	3.8	2.0	.	.	5	5
GDP/capita (EUR at exchange rate)	1950	3106	1581	1874	1949	.	.	.	.
Gross industrial production ³⁾									
annual change in % (real)	-23.1	11.1	0.0	1.7	-2.7	-2.4	7.9	4	5
Gross agricultural production									
annual change in % (real)	-1.0	-12.9	17.2	-2.1	-7.0	.	.	.	.
Construction output, value of work done									
annual change in % (real)	-9.9	14.4	-29.8	.	.	.	.	.	.
Actual final consump. of househ., CSD mn, nom.	147781	302081	.	.	.	.	.	.	.
Gross fixed investment, CSD mn, nom.	24868	59316	80003	.	.	.	.	.	.
annual change in % (real)	-26.3	13.3	-4.1	.	.	.	.	.	.
LFS - employed persons, th, Oct.	3325.0	3324.0	3320.0	3220.8	3131.0	.	.	.	.
annual change in %	-14.6	0.0	-0.1	-3.0	-2.8	.	.	.	.
Reg. employees in industry, th pers., avg.	804.5	764.7	744.0	685.8	642.0	616 ⁴⁾	560 ⁴⁾	.	.
annual change in %	-9.3	-5.0	-2.7	-7.8	-6.4	.	9.1 ⁴⁾	.	.
LFS - unemployed persons, average	528.0	480.5	490.2	517.3	562.0	.	.	.	.
LFS - unemployment rate in %, average	13.7	12.6	12.9	13.8	15.2	.	.	15	15
Reg. unemployment rate in %, end of period ⁴⁾⁵⁾	25.5	26.7	27.9	31.2	31.9	32.0	31.8	32	32
Average net monthly wages, CSD ⁶⁾	1309	2588	5545	9113	11486	10579	13192	.	.
annual change in % (real, net)	-15.0	6.5	13.3	24.7	15.2	.	13.9	.	.
Consumer prices, % p.a.	44.9	86.0	88.9	16.5	9.4	11.7	9.6	12	10
Producer prices in industry, % p.a.	43.4	106.5	85.1	8.7	4.6	5.2	7.1	8	5
General governm. budget, nat. def., % GDP									
Revenues	41.4	35.0	41.0	53.6	52.6	.	.	.	.
Expenditures	.	.	.	.	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	.	.	.	.	.	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	26.3	26.3	16.4	9.5	9.0	9.0	8.5	.	.
Current account, EUR mn ⁴⁾⁷⁾	-672	-382	-729	-1828	-1697	-919	-1307	-2400	-2500
Current account in % of GDP ⁴⁾	-7.1	-3.9	-5.5	-11.7	-11.7	.	.	-16.3	-15.5
Gross reserves of NB, excl. gold, EUR mn ⁷⁾	157.9	429.9	1138.6	2076.8	2728.2	2357.5	3255.5	.	.
Gross external debt, EUR mn ⁷⁾⁸⁾	12422	12292	13306	11352	9641	.	.	.	.
FDI net, EUR mn ⁴⁾⁷⁾	105	55	186	502	1197	112.7	260.6	.	.
Exports of goods, BOP, EUR mn ⁴⁾⁷⁾	1572	2097	2252	2547	2180	1189.6	1206.3	2500	2750
annual growth rate in %	-41.9	33.4	7.4	13.1	.	.	1.4	15	10
Imports of goods, BOP, EUR mn ⁴⁾⁷⁾	3092	4048	5439	6674	6446	3163.9	4049.1	8000	9000
annual growth rate in %	-28.6	30.9	34.4	22.7	.	.	28	24	13
Exports of services, BOP, EUR mn ⁴⁾⁷⁾	442	681	832	854	886	418.5	530.2	.	.
annual growth rate in %	-45.8	54.1	22.2	2.6	.	.	26.7	.	.
Imports of services, BOP, EUR mn ⁴⁾⁷⁾	228	320	363	567	632	279.6	381.1	.	.
annual growth rate in %	-39.4	40.4	13.4	56.2	.	.	36.3	.	.
Average exchange rate CSD/USD	11.01	16.69	66.84	64.19	57.44	57.73	57.61	.	.
Average exchange rate CSD/EUR (ECU)	11.74	15.30	59.44	60.79	65.26	64.01	70.30	76	80

Notes: CSD: new international currency code for the dinar. - *) Excluding Kosovo and Metohia. - 1) Preliminary. - 2) Based on GMP. - 3) Excluding private enterprises. - 4) From 2003 Serbia only. - 5) In % of unemployed plus employment. - 6) From 2002 including various allowances for Serbia; the half year data refer to Serbia only. - 7) Converted from USD. - 8) In 2003 including a part of Montenegrin foreign debt.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Macedonia: stagnation returns

BY VLADIMIR GLIGOROV

This year began with a collapse in industrial production. Though the quality of the statistics was immediately challenged by the government, the subsequent corrections have confirmed the decline, albeit a smaller one. Similarly, GDP declined in the first half of 2004. Unemployment rose to record levels, around 37% of the labour force. In the second half of the year the situation has been improving and the full year 2004 may just happen to end up with a slight growth of GDP.

These developments were mostly the consequence of the economic policy that was followed. The government and the central bank became worried about the increased public spending in the second half of 2003 and overreacted with both fiscal and monetary tightening. That led to a near-deflation and also to a contraction of the economy. The policies have been eased in the meantime, but the damage has been done and the climb-up out of the recession is proving harder than expected.

The developments on the current account yet point in the direction of recovery. Imports are growing, though perhaps more of consumer than investment goods. Exports were sluggish in the first half of the year but should have been recovering somewhat in the second. As in other countries in the Balkans, private transfers from abroad finance the bulk of imports. In the end, the current account deficit may end up being around 6% of the GDP. It will have to be financed by increased borrowing as foreign direct investment has been very low this year. The crisis of 2001 has left a lasting influence on the investors as the country risk is declining rather slowly. It is expected that some of the remaining privatization opportunities and structural reforms will spur foreign investments in the next couple of years.

Macedonia applied for EU membership in the spring of this year. The European Commission has sent the questionnaire the answer to which should be the basis for its decision on whether and when to start negotiations for membership. The decision is expected some time next year. If it is positive, even only conditionally, that would be a significant boost to the country's stability and may increase its internal confidence as well as its attractiveness for foreign businessmen and investors.

In the meantime, however, doubts are growing about the economic policy that has been pursued so far. Since 1994, Macedonia has had a fixed peg, initially with the German mark and now with the euro (there was one modest devaluation in 1997). Also, it has managed to have an almost balanced budget except in the years during and after the internal violent conflict, i.e., in the years of 2001 and 2002. Already in 2003 the budget deficit was quite low, just above 1% of GDP. This prudent fiscal policy can be expected to continue in the medium run. Monetary policy has also been mostly restrictive, especially during the crisis years of 2001 and 2002.

During this whole ten-year period, price stability was mostly assured, but growth proved to be elusive. As is usual in these circumstances, the stress has been on structural reforms. Those have proved to have a rather weak effect in an economy with a very high and stubborn unemployment rate. The same dilemma is being faced by the current government. Though there are many reforms that are still to be conceived and implemented, there is the issue of the appropriateness of the policy mix that has been used so far. The demand for stability is high in a country that is still in a process of nation- and state-building, but growth and opportunity are becoming increasingly needed.

Table MK

Macedonia: Selected Economic Indicators

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004	2004 forecast	2005
Population, th pers., mid-year	2017.1	2026.4	2034.9	2020.2	2027.0	.	.	.	.
Gross domestic product, MKD mn, nom.	209010	236389	233841	243970	253493	.	.	266300	282500
annual change in % (real)	4.3	4.5	-4.5	0.9	3.2	.	.	2	4
GDP/capita (EUR at exchange rate)	1709	1921	1887	1981	2041	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	5700	6010	5850	6100	6420	.	.	.	.
Gross industrial production									
annual change in % (real) ²⁾	-2.6	3.0	-3.1	-5.3	4.7	3.5	-21.7	0	3
Gross agricultural production									
annual change in % (real)	1.0	1.0	-10.2	-2.3	1.8	.	.	.	.
Construction output, value added									
annual change in % (real)	10.4	-1.1	-14.4	0.6	4.1	.	.	.	.
Consumption of households, MKD mn, nom.	145693	175965	163788	188179	.	.	.	.	.
annual change in % (real)	3.6	11.2	-11.7	12.5	.	.	.	.	.
Gross fixed capital form., MKD mn, nom.	34710	38332	34716	40448	.	.	.	.	.
annual change in % (real)	-1.4	-1.5	-8.6	17.6	.	.	.	.	.
LFS - employed persons, th. avg.	545.2	549.8	599.3	561.3	545.1	.	.	.	.
annual change in %	1.0	0.8	9.0	-6.3	-2.9	.	.	.	.
Reg. employees in industry, th pers., avg. ³⁾	119.8	114.4	122.5	110.9	106.7	108.6	102.8	.	.
annual change in % ³⁾	5.5	-4.5	-4.8	-9.5	-3.8	-6.6	-5.3	.	.
LFS - unemployed persons, average	261.5	261.7	263.2	263.5	315.9	.	.	.	.
LFS - unemployment rate in %, average	32.4	32.2	30.5	31.9	36.7	.	.	36	35
Reg. unemployment rate in %, end of period	.	.	.	.	.	.	.	.	.
Average net monthly wages, MKD	9664	10193	10552	11279	11824	11691	12185	.	.
annual change in % (real, net)	3.6	-0.3	-1.9	5.0	3.6	6.5	3.5	.	.
Retail prices, % p.a.	-1.1	10.6	5.2	1.4	2.4	0.3	0.7	3	2
Producer prices in industry, % p.a.	-0.1	10.7	2.0	-0.9	-0.3	0.6	0.1	2	2
Central governm. budget, nat.def., % GDP									
Revenues	24.2	26.7	22.6	23.8	21.3	.	.	.	.
Expenditures	23.8	24.4	28.0	26.8	22.3	.	.	.	.
Deficit (-) / surplus (+), % GDP	0.3	2.3	-5.5	-3.0	-1.0	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	8.9	7.9	10.7	10.7	6.5	6.5	6.5	.	.
Current account, EUR mn ⁴⁾⁶⁾	-30.4	-78.5	-272.1	-379.9	-246.9	-157.2	-304.8	-250	-250
Current account in % of GDP	-0.9	-2.0	-7.1	-9.5	-6.0	.	.	-5.8	-5.7
Gross reserves of NB, excl. gold, EUR mn ⁶⁾	428.0	461.5	845.5	692.8	786.9	.	.	.	.
Gross external debt, EUR mn ⁵⁾⁶⁾	1431.9	1545.2	1638.3	1486.3	1417.0	1427.2	1449.4	.	.
FDI inflow, EUR mn ⁶⁾	30.7	189.4	493.2	82.6	83.8	21.8	71.1	.	.
FDI outflow, EUR mn ⁶⁾	0.3	-0.7	1.0	0.1	0.3	0.5	0.1	.	.
Exports of goods, BOP, EUR mn ⁶⁾	1117	1433	1291	1181	1205	587.2	589.1	1300	1400
annual growth rate in %	-3.0	28.3	-9.9	-8.5	2.0	3.8	0.3	8	8
Imports of goods, BOP, EUR mn ⁶⁾	1582	2182	1879	2035	1959	969.6	1035.3	2100	2200
annual growth rate in %	-1.8	37.9	-13.9	8.3	-3.7	-0.2	6.8	7	5
Exports of services, BOP, EUR mn ⁶⁾	256	344	273	269	289	.	.	.	.
annual growth rate in %	92.4	34.2	-20.5	-1.6	7.5	.	.	.	.
Imports of services, BOP, EUR mn ⁶⁾	217	291	295	295	291	.	.	.	.
annual growth rate in %	16.3	34.1	1.3	0.2	-1.3	.	.	.	.
Average exchange rate MKD/USD	56.90	65.89	68.04	64.74	54.30	55.63	49.95	.	.
Average exchange rate MKD/EUR (ECU)	60.62	60.73	60.91	60.98	61.26	61.3	61.29	62	64
Purchasing power parity MKD/USD, wiiw	16.70	17.69	17.90	18.23	18.05	.	.	.	.
Purchasing power parity MKD/EUR, wiiw	18.19	19.42	19.65	19.80	19.49	.	.	.	.

Notes: 1) Preliminary. - 2) Excluding small enterprises. - 3) From 2001 according to NACE. - 4) Including grants. - 5) Medium- and long-term. - 6) Converted from USD to EUR.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

Ukraine: a good grain harvest and booming exports

BY VASILY ASTROV

The presidential election campaign in Ukraine is approaching its finish. Prime Minister Viktor Yanukovich (who polled 39.9% of the vote in the first round of the election held on 31 October) will face the right-wing opposition leader Viktor Yushchenko (39.2% of the vote)¹ in the runoff scheduled for 21 November. In line with predictions, the campaign abounded with scandals and mutual accusations, the most serious one being the alleged 'poisoning' of Mr. Yushchenko which resulted in his temporary withdrawal from the campaign. The outcome of the second round seems far from obvious, especially after Mr. Yushchenko has largely lost his initial advantage in ratings over Mr. Yanukovich due to generally biased media coverage and the recent populist policies of the government (most notably, doubling the minimum pension effective from September). In turn, Mr. Yushchenko has been trying to soften his radically pro-western and fairly nationalistic image by e.g. pledging to ease border regulations with Russia and Belarus and upgrade the status of languages other than Ukrainian.

The popular support of Mr. Yanukovich is certainly helped by the exceptional economic upswing currently underway, with real GDP growing by 13.4% year-on-year in January-September. Across sectors, the biggest increase in value added was recorded in agriculture, hunting and forestry (+24.7%), albeit from a very low base reflecting the disastrous cereals harvest in 2003. Industry, too, has recorded an impressive 14.4% growth of output, although monthly data give a picture of gradual deceleration after a peak in March. As in 2003, domestic investment demand remained very strong well into 2004 (32.2% real growth in the first half of the year), but it was additionally supplemented by booming exports. In January-August, merchandise exports grew by 33.1% year-on-year in euro terms (and even more in dollar terms) – much faster than imports (17.6%), explaining the record high current account surplus of 15.5% of GDP in the first half of

the year. The exports of major items such as steel, aluminium and transport vehicles, have performed extremely well. Also, a preliminary agreement has reportedly been reached with the EU on extending the 2004 quota for Ukrainian steel from 184 to 606 thousand tons in order to accommodate Ukraine's steel exports to the new EU members. However, Ukraine's export duty on scrap metal (an important input for steel production in the EU) appears to be a stumbling block for further trade liberalization.

On the import side, the bulk of the increase is due to the higher import volumes of investment goods, but also to the rising oil price. It is believed, though, that from January 2005 onwards, the high price of fuels imported from Russia will be mitigated by a switch to the 'country of destination' principle of VAT taxation – the first tangible result of the Common Economic Space agreement signed last year.

The introduction of a flat 13% personal income tax in January resulted in a 8.6% real decline in its collection in the first eight months of 2004 (year-on-year). However, the consolidated budget was in surplus (+0.6% of GDP), although for the year as a whole a deficit of some 3% of GDP is expected due to the election-motivated increase in social spending. Thus, the government continues borrowing, especially abroad, benefiting from both globally low interest rates and the country's improved credit standing. Following the upgrading of Ukraine's sovereign rating by Standard and Poor's from B to B+ in July, the government placed another USD 500 million worth of five-year maturity eurobonds at the six-month LIBOR rate plus 337.5 basis points. The 2005 central budget draft submitted to the parliament targets a deficit of 1.3% of GDP. The actual budget performance is likely to be better, given the fairly conservative assumptions underlying the draft budget: real GDP growth of 8.6% and consumer inflation of 6.2%. In particular, the inflationary pressure is likely to be stronger, given the already rapid rise in industrial producer prices (19% in January-September 2004 year-on-year) and some temporarily imposed price caps, such as for gasoline and bread. Finally, the 'big' privatization is far from being over, and privatization receipts will continue to shape to a great extent public finances in Ukraine.

¹ Based on 97.67% of votes

Table UA

Ukraine: Selected Economic Indicators

	1999	2000	2001	2002	2003 ¹⁾	2003 January-June	2004	2004 forecast	2005
Population, th pers., end of period ²⁾	49710.8	49291.2	48457.1	48003.5	47622.4	47789.6	47441.0	47300	47000
Gross domestic product, UAH mn, nom.	130442	170070	204190	225810	264165	111499	137541	322500	372600
annual change in % (real)	-0.2	5.9	9.2	5.2	9.4	9.2	12.7	12.5	9
GDP/capita (EUR at exchange rate)	595	683	872	931	917	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	3400	3690	4190	4570	5150	.	.	.	.
Gross industrial production									
annual change in % (real)	4.0	13.2	14.3	7.0	15.8	12.6	15.9	14	12
Gross agricultural production									
annual change in % (real)	-6.9	9.8	10.2	1.2	-10.2	-6.0	-2.3	.	.
Construction output total									
annual change in % (real)	-8.0	9.1	16.7	-0.7	23.1	22.0	30.3	.	.
Consumption of households, UAH mn, nom.	71310	92406	112260	124560	144954	.	.	.	.
annual change in % (real)	-1.9	2.5	9.6	9.5	12.4	.	.	.	.
Gross fixed investment, UAH mn, nom.	17552	23629	32573	37178	51011	16002.6	23707.6	.	.
annual change in % (real)	0.4	14.4	20.8	8.9	31.3	27.5	32.2	30	15
LFS - employed persons, th, avg. ³⁾	20048.2	20419.8	20238.1	20400.7	20163.3	20604.6 ⁴⁾	20042.6	.	.
annual change in %	-12.8	1.9	-0.9	0.8	0.8 ⁴⁾	1.2 ⁴⁾	.	.	.
Reg. employees in industry, th pers., avg. ⁵⁾	3932.0	3445.0	3811.0	3578.1	3415.6	.	3398.9	.	.
annual change in %	-5.1	-12.4	-6.2	-6.1	-4.5	.	-1.1	.	.
LFS - unemployed persons, average	2698.8	2707.6	2516.9	2301.0	2008.0	2067	1916.2	.	.
LFS - unemployment rate in %, average	11.9	11.7	11.1	10.1	9.1	9.1	8.7	8.7	8.5
Reg. unemployment rate in %, end of period	4.3	4.2	3.7	3.8	3.6	3.7	3.5	3.5	3.5
Average gross monthly wages, UAH ⁵⁾	177.5	230.1	311.1	376.4	462.3	424.2	542.4	.	.
annual change in % (real, gross)	-5.4	1.1	20.7	20.0	16.7	17.5	19.1	.	.
Consumer prices, % p.a.	22.7	28.2	12.0	0.8	5.2	3.3	7.4	8.5	8
Producer prices in industry, % p.a.	31.1	20.9	8.6	3.1	7.8	7.5	17.3	20	7
General governm.budget, nat.def., % GDP									
Revenues	25.2	28.9	26.9	27.4	28.5	29.8	28.0	27.5 ⁶⁾	29.5 ⁷⁾
Expenditures	26.7	28.3	27.2	26.7	28.6	27.6	27.5	30.4 ⁶⁾	30.9 ⁷⁾
Deficit (-) / surplus (+), % GDP	-1.5	0.6	-0.3	0.7	-0.2	2.2	0.4	-2.9 ⁶⁾	-1.3 ⁷⁾
Public debt in % of GDP	61.0	45.3	36.5	33.5	29.4	.	.	.	.
Refinancing rate of NB % p.a., end of period	45.0	27.0	12.5	7.0	7.0	7.0	7.5	.	.
Current account, EUR mn ⁸⁾	1559	1602	1565	3360	2559	1642	3269	4500	5000
Current account in % of GDP	5.2	4.7	3.7	7.5	5.8	8.7	15.5	8.9	8.6
Gross reserves of NB excl. gold, EUR mn ⁸⁾⁹⁾	1042	1453	3353	4088	5386	5245	7784	.	.
Gross external debt, EUR mn ⁸⁾¹⁰⁾	13456	12759	13785	12247	19055	.	21435	.	.
FDI inflow, EUR mn ⁸⁾	466	644	884	734	1261	638	720	.	.
FDI outflow, EUR mn ⁸⁾	7	1	26	-5	12	11	0	.	.
Exports of goods, BOP, EUR mn ⁸⁾	12400	17008	19074	19770	21013	9626	12948	26300	28900
annual growth rate in %	2.3	37.2	12.1	3.6	6.3	3.8	34.5	25	10
Imports of goods, BOP, EUR mn ⁸⁾	12170	16165	18853	19018	21251	9383	11038	24500	26400
annual growth rate in %	-15.6	32.8	16.6	0.9	11.7	3.5	17.6	15	8
Exports of services, BOP, EUR mn ⁸⁾	3637	4111	4459	4958	4615	2227	2256	4500	4500
annual growth rate in %	4.8	13.0	8.5	11.2	-6.9	-5.1	1.3	-2	0
Imports of services, BOP, EUR mn ⁸⁾	2155	3433	3995	3743	3237	1513	1564	3000	3000
annual growth rate in %	-4.3	59.3	16.4	-6.3	-13.5	-23.2	3.3	-7	0
Average exchange rate UAH/USD	4.130	5.440	5.372	5.327	5.333	5.334	5.328	5.3	5.3
Average exchange rate UAH/EUR (ECU)	4.393	5.029	4.814	5.030	6.024	5.882	6.538	6.4	6.4
Purchasing power parity UAH/USD, wiiw	0.705	0.849	0.912	0.944	0.993	.	.	.	.
Purchasing power parity UAH/EUR, wiiw	0.768	0.932	1.001	1.026	1.072	.	.	.	.

Notes: 1) Preliminary. - 2) In 2001 according to census 5 Dec 2001. - 3) In 2003 revised data according to census 2001. - 4) Unrevised data. - 5) Excluding small enterprises. - 6) Based on governm. budget, incl. amendments. - 7) Based on governm. draft budget. - 8) Converted from USD to NCU, and from NCU to EUR at the official exchange rates. - 9) Useable. - 10) Up to 2002 long-term debt only.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

CONVENTIONAL SIGNS AND ABBREVIATIONS

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion
BGN	Bulgarian lev (1 BGN = 1000 BGL)
CZK	Czech koruna
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
ROL	Romanian leu
RUB	Russian rouble (1 RUB = 1000 RUR)
SIT	Slovenian tolar
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar
M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:

National statistical offices and central banks; wiiw estimates.

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B U L G A R I A: Selected monthly data on the economic situation 2003 to 2004

(updated end of Oct 2004)

		2003							2004								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total ¹⁾	real, CMPY	14.9	12.7	10.1	15.6	17.6	11.0	23.0	10.2	20.6	17.8	14.2	21.3	21.5	16.5	18.3	.
Industry, total ¹⁾	real, CCPY	15.5	15.1	14.4	14.6	14.9	14.5	15.3	10.2	15.3	15.9	15.5	16.6	17.5	17.3	17.4	.
Industry, total	real, 3MMA	12.3	12.6	12.8	14.5	14.6	17.2	14.8	18.0	15.9	17.2	17.4	19.0	19.7	18.8	.	.
LABOUR																	
Employees total	th. persons	2069	2076	2067	2063	2050	2034	2005	2078	2098	2118	2148	2165	2181	.	.	.
Employees in industry	th. persons	676	675	671	669	664	661	652	672	675	675	682	681	680	.	.	.
Unemployment, end of period	th. persons	506.4	489.3	480.9	472.6	476.3	489.6	500.7	537.1	527.3	507.5	487.8	466.7	452.4	446.8	442.2	.
Unemployment rate ²⁾	%	13.7	13.2	13.0	12.8	12.9	13.2	13.5	14.5	14.2	13.7	13.2	12.6	12.2	12.1	11.9	.
Labour productivity, industry ¹⁾	CCPY	11.5	11.1	10.5	10.9	11.3	11.1	12.0	9.5	14.7	15.5	14.9	15.9	16.8	.	.	.
Unit labour costs, exch.r. adj.(EUR) ¹⁾	CCPY	-6.9	-6.6	-6.2	-6.3	-6.6	-6.1	-6.7	-4.3	-7.8	-8.3	-7.7	-8.3	-9.0	.	.	.
WAGES, SALARIES																	
Total economy, gross	BGN	274.0	276.0	273.0	286.0	276.0	286.0	302.0	279.0	278.0	292.0	289.0	296.0	290.0	.	.	.
Total economy, gross	real, CMPY	2.1	1.3	-0.5	1.4	-1.5	0.1	1.4	-0.7	0.7	0.4	0.1	-1.0	-1.3	.	.	.
Total economy, gross	USD	163	160	155	164	165	171	190	180	180	183	177	181	180	.	.	.
Total economy, gross	EUR	140	141	140	146	141	146	154	143	142	149	148	151	148	.	.	.
Industry, gross	EUR	147	143	142	149	144	149	154	144	144	155	149	152	156	.	.	.
PRICES																	
Consumer	PM	-2.2	0.9	0.8	0.9	0.7	1.8	1.8	1.4	0.3	-0.1	0.3	0.0	-1.8	1.2	-0.4	0.9
Consumer	CMPY	1.2	2.0	3.5	3.6	3.3	5.1	5.6	6.4	6.6	6.2	6.1	6.8	7.3	7.6	6.3	6.3
Consumer	CCPY	0.8	1.0	1.3	1.6	1.7	2.0	2.3	6.4	6.5	6.4	6.3	6.4	6.6	6.7	6.7	6.6
Producer, in industry ¹⁾	PM	1.1	0.4	0.7	0.7	0.9	0.3	0.8	0.7	-0.8	1.4	0.9	1.1	-0.5	1.6	0.2	.
Producer, in industry ¹⁾	CMPY	4.2	4.2	4.3	3.7	4.1	4.9	4.2	3.1	1.0	1.4	6.1	8.5	6.8	8.1	7.5	.
Producer, in industry ¹⁾	CCPY	5.6	5.4	5.2	5.1	5.0	5.0	4.9	3.1	2.0	1.8	2.9	4.0	4.4	5.0	5.3	.
RETAIL TRADE																	
Turnover	real, CCPY	3.0	.	.	3.8	.	.	.	.	.	.	.	.	.	.	.	.
FOREIGN TRADE^{3,4)}																	
Exports total (fob), cumulated	EUR mn	3252	3874	4417	5004	5607	6149	6668	500	1083	1718	2316	2917	3613	4400	5069	.
Imports total (cif), cumulated	EUR mn	4541	5412	6152	6933	7830	8716	9611	709	1497	2412	3350	4337	5327	6322	7235	.
Trade balance, cumulated	EUR mn	-1289	-1538	-1735	-1929	-2223	-2567	-2942	-208	-414	-694	-1034	-1419	-1714	-1922	-2166	.
FOREIGN FINANCE																	
Current account, cumulated ⁵⁾	EUR mn	-922	-888	-752	-741	-949	-1220	-1505	-228	-355	-492	-718	-934	-959	-724	.	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.677	1.720	1.756	1.745	1.673	1.672	1.593	1.550	1.547	1.594	1.634	1.632	1.611	1.595	1.606	1.600
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CPI ⁶⁾	real, Jan00=100	81.2	82.7	84.1	83.1	79.0	77.3	72.3	69.7	69.8	72.4	74.2	74.5	75.2	73.4	74.3	73.3
BGN/USD, calculated with PPI ⁶⁾	real, Jan00=100	80.7	82.2	83.6	82.8	79.1	78.6	74.6	73.1	73.9	75.7	77.6	77.8	77.5	75.8	76.3	.
BGN/EUR, calculated with CPI ⁶⁾	real, Jan00=100	93.0	92.2	91.7	91.1	90.6	89.0	87.7	86.5	86.4	86.9	87.0	87.3	88.9	87.8	88.4	87.6
BGN/EUR, calculated with PPI ⁶⁾	real, Jan00=100	89.7	89.4	88.9	88.3	87.5	87.4	86.6	86.2	87.1	86.4	86.1	85.6	86.0	84.9	85.1	.
DOMESTIC FINANCE																	
M0, end of period ⁷⁾	BGN mn	3356	3483	3616	3624	3569	3559	3874	3718	3718	3723	3785	3830	3961	4131	4275	4346
M1, end of period ⁷⁾	BGN mn	6834	7110	7314	7416	7422	7377	8030	7788	7853	7835	7987	8036	8422	8736	9048	9374
Broad money, end of period ⁷⁾	BGN mn	14328	14788	15246	15243	15878	15733	16566	16519	16739	16806	17190	17401	18161	18365	18345	18916
Broad money, end of period	CMPY	18.4	18.8	19.7	18.9	22.6	19.7	19.6	21.4	21.4	23.0	23.7	25.0	26.8	24.2	20.3	24.1
BNB base rate (p.a.) ^{end of period}	%	2.5	2.5	2.6	2.6	2.6	2.6	2.9	2.5	2.4	2.6	2.6	3.9	2.5	2.5	2.4	2.4
BNB base rate (p.a.) ^{end of period⁸⁾}	real, %	-1.6	-1.6	-1.6	-1.1	-1.4	-2.1	-1.3	-0.6	1.5	1.2	-3.3	-4.3	-4.1	-5.2	-4.7	.
BUDGET																	
Central gov. budget balance ^{sum.}	BGN mn	577.7	612.4	656.7	758.5	851.1	732.2	-110.6	-65.1	-162.8	120.9	405.3	601.2	782.4	778.0	990.4	.

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

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

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

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

7) According to ECB methodology.

8) Deflated with annual PPI.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2003 to 2004

(updated end of Oct 2004)

		2003							2004								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	6.2	4.8	8.0	5.2	5.2	4.8	8.9	3.8	7.1	15.3	10.1	12.7	15.1	11.0	8.7	.
Industry, total	real, CCPY	5.6	5.5	5.8	5.7	5.7	5.6	5.8	3.8	5.5	9.0	9.3	10.0	10.8	10.8	10.6	.
Industry, total	real, 3MMA	4.7	6.3	6.0	6.0	5.1	6.2	5.7	6.6	9.0	11.0	12.7	12.6	13.0	11.7	.	.
Construction, total	real, CMPY	12.1	15.9	18.7	14.5	12.0	13.9	8.6	15.0	9.7	21.4	62.4	-3.7	-3.7	0.3	9.4	.
LABOUR																	
Employees in industry ¹⁾	th. persons	1125	1125	1119	1120	1123	1143	1137	1124	1129	1134	1134	1133	1135	1135	1133	.
Unemployment, end of period	th. persons	501.0	520.4	525.0	529.4	522.4	521.0	542.4	569.5	570.8	559.8	535.1	520.4	517.5	532.1	536.0	530.2
Unemployment rate ²⁾	%	9.5	9.9	10.0	10.1	9.9	9.9	10.3	10.8	10.9	10.6	10.2	9.9	9.9	9.2	9.3	9.1
Labour productivity, industry ¹³⁾	CCPY	8.7	8.4	9.0	9.3	9.3	8.6	9.0	4.2	7.1	10.3	10.4	11.7	12.2	11.2	11.0	.
Unit labour costs, exch.r. adj.(EUR) ¹³⁾	CCPY	-4.4	-4.8	-5.8	-6.3	-6.3	-5.7	-6.0	-2.0	-3.3	-5.2	-5.4	-6.7	-6.9	-5.6	-4.9	.
WAGES, SALARIES																	
Industry, gross ¹⁾	CZK	16414	16580	15570	16010	16668	18803	18067	16443	15665	16890	16913	17595	17587	17667	16863	.
Industry, gross ¹⁾	real, CMPY	6.5	5.8	3.9	8.5	5.6	5.3	6.1	3.7	6.7	7.9	4.4	2.4	4.1	3.3	5.0	.
Industry, gross ¹⁾	USD	609	591	537	555	609	688	686	634	603	628	624	661	675	687	649	.
Industry, gross ¹⁾	EUR	523	520	482	495	521	588	559	502	477	512	520	550	556	560	533	.
PRICES																	
Consumer	PM	0.0	0.1	-0.2	-0.5	0.1	0.5	0.2	1.8	0.2	0.1	0.0	0.4	0.2	0.4	0.0	-0.8
Consumer	CMPY	0.3	-0.1	-0.1	0.0	0.4	1.0	1.0	2.3	2.3	2.5	2.3	2.7	2.9	3.2	3.4	3.0
Consumer	CCPY	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.1	2.3	2.3	2.3	2.3	2.4	2.5	2.6	2.7	2.7
Producer, in industry	PM	-0.2	-0.2	0.1	0.4	0.6	0.4	0.2	0.8	0.3	0.8	0.8	0.8	1.1	0.8	0.9	0.3
Producer, in industry	CMPY	-0.9	-0.6	-0.5	0.0	-0.1	0.4	0.9	1.6	1.6	2.1	3.7	4.9	6.3	7.3	8.1	8.0
Producer, in industry	CCPY	-0.7	-0.7	-0.7	-0.6	-0.5	-0.5	-0.3	1.6	1.6	1.8	2.3	2.8	3.4	3.9	4.4	4.8
RETAIL TRADE																	
Turnover	real, CMPY	7.8	7.2	6.1	9.6	3.6	0.6	6.2	-1.5	2.1	2.9	2.9	0.9	3.7	0.2	3.7	.
Turnover	real, CCPY	4.4	4.8	5.0	5.5	5.3	4.9	5.0	-1.5	0.4	1.3	1.7	1.5	1.9	1.6	1.9	.
FOREIGN TRADE⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	21353	24812	27850	31684	35843	39594	43066	3299	7122	11444	15960	20592	25213	29652	33666	.
Imports total (fob), cumulated	EUR mn	21905	25735	28991	32807	37135	41151	45245	3297	6996	11425	16317	20966	25543	30134	34223	.
Trade balance, cumulated	EUR mn	-553	-924	-1141	-1123	-1292	-1557	-2179	2	127	19	-356	-374	-330	-482	-557	.
Exports to EU-15 (fob) ⁶⁾ , cumulated	EUR mn	14753	17137	19199	21842	24763	27397	29762	2881	6208	9970	13847	17863	21793	25694	29154	.
Imports from EU-15 (fob) ⁶⁾ , cumulated	EUR mn	13025	15401	17271	19548	22125	24454	26805	2236	4890	8070	11458	14960	18325	21820	24742	.
Trade balance with EU-15 ⁶⁾ , cumulated	EUR mn	1728	1736	1928	2294	2639	2943	2957	644	1318	1900	2389	2903	3467	3874	4413	.
FOREIGN FINANCE																	
Current account, cumulated ⁴⁾	EUR mn	-1430	-2181	-2664	-2925	-3529	-4108	-4937	-162	-223	-463	-1132	-1408	-1731	-2732	-3303	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	26.9	28.0	29.0	28.8	27.4	27.3	26.3	25.9	26.0	26.9	27.1	26.6	26.0	25.7	26.0	25.9
CZK/EUR, monthly average	nominal	31.4	31.9	32.3	32.4	32.0	32.0	32.3	32.7	32.9	33.0	32.5	32.0	31.6	31.5	31.6	31.6
CZK/USD, calculated with CPI ⁷⁾	real, Jan00=100	76.6	79.7	83.0	83.2	78.7	78.1	74.9	72.9	73.3	76.3	77.2	75.9	74.4	73.0	73.8	74.1
CZK/USD, calculated with PPI ⁷⁾	real, Jan00=100	79.1	82.2	85.2	84.7	80.4	79.8	77.0	76.3	76.6	79.2	80.0	79.1	76.8	75.5	75.8	75.2
CZK/EUR, calculated with CPI ⁷⁾	real, Jan00=100	87.5	88.7	90.2	91.1	90.1	89.7	90.7	90.2	90.6	91.3	90.4	88.9	87.7	87.1	87.6	88.2
CZK/EUR, calculated with PPI ⁷⁾	real, Jan00=100	87.7	89.1	90.4	90.2	88.6	88.3	89.0	89.8	90.0	90.2	88.6	86.9	85.0	84.3	84.2	83.9
DOMESTIC FINANCE																	
M0, end of period	CZK bn	215.2	216.2	218.2	219.4	221.3	224.7	221.4	222.0	223.8	224.1	227.4	229.0	235.1	233.3	233.8	236.9
M1, end of period ⁸⁾	CZK bn	821.9	838.9	839.0	864.6	865.5	887.7	902.8	885.0	888.5	893.0	901.5	939.3	945.3	933.2	965.7	965.5
M2, end of period ⁸⁾	CZK bn	1648.6	1686.0	1707.7	1695.7	1707.3	1726.0	1766.1	1752.2	1758.9	1749.4	1796.5	1812.9	1816.7	1820.2	1834.4	1839.7
M2, end of period ⁸⁾	CMPY	4.0	5.5	5.0	5.4	4.2	4.6	6.9	6.5	6.8	7.7	8.3	9.2	10.2	8.0	7.4	8.5
Discount rate (p.a.), end of period	%	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50
Discount rate (p.a.), end of period ⁹⁾	real, %	2.1	1.9	1.5	1.0	1.1	0.6	0.1	-0.6	-0.6	-1.1	-2.6	-3.7	-4.7	-5.6	-6.1	-6.0
BUDGET																	
Central gov. budget balance, cum.	CZK mn	-53399	-62113	-71886	-80268	-82942	-92209	-109053	7307	-2852	-7819	-38070	-45423	-49702	-48799	-50687	-40520

1) Enterprises employing 20 and more persons.

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

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

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

5) Cumulation starting January and ending December each year.

6) From January 2004 EU-25.

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

8) Recalculated from January 2002 according to ECB monetary standards.

9) Deflated with annual PPI.

R U S S I A: Selected monthly data on the economic situation 2003 to 2004

(updated end of Oct 2004)

		2003							2004								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	7.0	7.1	5.5	8.0	7.2	7.1	7.9	7.5	8.7	6.6	6.7	5.5	9.2	4.4	6.8	3.5
Industry, total	real, CCPY	6.8	6.8	6.6	6.8	6.8	6.8	7.0	7.5	8.1	7.6	7.4	7.0	7.4	7.0	6.9	6.5
Construction, total	real, CMPY	14.3	15.0	14.3	14.7	14.6	11.6	16.6	13.3	13.8	14.2	15.8	14.9	13.3	7.5	5.9	.
LABOUR																	
Employment total ¹⁾	th. persons	66000	66500	66800	66700	66600	66600	66100	65600	65000	65800	66600	67400	67500	67800	68100	68300
Unemployment, end of period ²⁾	th. persons	6014	6025	5968	5988	6053	6029	6271	6604	6890	6451	6007	5572	5504	5499	5455	5481
Unemployment rate ²⁾	%	8.4	8.3	8.2	8.2	8.3	8.3	8.7	9.1	9.6	8.9	8.3	7.6	7.5	7.5	7.4	7.4
WAGES, SALARIES																	
Total economy, gross	RUB	5550.0	5615.0	5491.0	5556.0	5864.0	5990.0	7344.0	5932.0	6141.0	6428.0	6448.0	6524.0	7003.0	6982.0	6873.0	6976.0
Total economy, gross	real, CMPY	9.3	7.2	7.4	8.6	11.6	13.5	14.3	13.5	18.0	16.8	14.6	13.4	14.5	12.6	12.4	12.7
Total economy, gross	USD	182	185	181	182	194	211	250	206	215	225	225	225	241	240	235	239
Total economy, gross	EUR	156	162	162	162	166	180	203	163	170	184	187	187	198	196	193	196
Industry, gross	EUR	183	198	206	200	198	219	230	190	200	215	222	220	229	230	238	.
PRICES																	
Consumer	PM	0.8	0.7	-0.4	0.3	1.0	1.0	1.1	1.8	1.0	0.8	1.0	0.7	0.8	0.9	0.4	0.4
Consumer	CMPY	13.9	13.9	13.3	13.2	13.1	12.4	12.0	11.3	10.7	10.3	10.3	10.2	10.2	10.5	11.3	11.5
Consumer	CCPY	14.3	14.3	14.1	14.0	13.9	13.8	13.6	11.3	11.0	10.8	10.7	10.6	10.5	10.5	10.6	10.7
Producer, in industry	PM	0.7	2.2	1.4	1.4	1.2	0.5	0.6	4.2	3.4	1.7	2.7	2.1	2.5	1.2	1.5	2.0
Producer, in industry	CMPY	14.3	13.9	13.5	13.8	12.8	12.1	13.0	17.3	19.6	20.1	21.6	24.4	26.6	25.4	25.5	26.3
Producer, in industry	CCPY	18.2	17.6	17.0	16.6	16.2	15.8	15.6	17.3	18.4	19.0	19.7	20.6	21.6	22.2	22.6	23.0
RETAIL TRADE																	
Turnover ³⁾	real, CMPY	8.7	7.8	6.1	7.0	7.1	7.1	8.1	16.3	4.4	7.5	14.4	12.2	14.5	9.6	12.1	.
Turnover ³⁾	real, CCPY	8.7	8.5	8.2	8.1	8.0	7.9	7.9	16.3	10.4	9.4	10.7	11.0	11.6	11.3	11.4	.
FOREIGN TRADE⁴⁾⁵⁾⁶⁾																	
Exports total, cumulated	EUR mn	56861	66902	77668	87970	98836	108697	120193	9336	18795	29815	41562	52653	64363	76220	89491	.
Imports total, cumulated	EUR mn	30712	36589	42258	47991	54028	59782	66703	4170	9200	15347	21736	27838	34333	41059	47730	.
Trade balance, cumulated	EUR mn	26149	30313	35410	39979	44807	48915	53490	5167	9595	14467	19826	24815	30031	35161	41760	.
FOREIGN FINANCE																	
Current account, cumulated ⁷⁾	EUR mn	17863	.	.	24410	.	.	31719	.	.	10207	.	.	19464	.	.	29272
EXCHANGE RATE																	
RUB/USD, monthly average	nominal	30.469	30.360	30.349	30.599	30.165	28.389	29.434	28.839	28.515	28.529	28.686	28.989	29.030	29.082	29.219	29.220
RUB/EUR, monthly average	nominal	35.594	34.560	33.876	34.300	35.296	33.261	36.134	36.377	36.092	35.018	34.446	34.817	35.298	35.673	35.628	35.661
RUB/USD, calculated with CPI ⁸⁾	real, Jan00=100	67.8	67.2	67.7	68.3	66.6	61.8	63.4	61.3	60.3	60.3	60.2	60.7	60.6	60.0	60.1	59.8
RUB/USD, calculated with PPI ⁸⁾	real, Jan00=100	67.1	65.2	64.5	64.4	63.1	58.9	61.0	58.1	55.9	55.4	54.7	55.0	53.9	53.6	53.1	52.1
RUB/EUR, calculated with CPI ⁸⁾	real, Jan00=100	77.6	74.8	73.8	74.7	76.2	71.2	76.7	75.8	74.7	72.2	70.6	71.2	71.6	71.7	71.5	71.2
RUB/EUR, calculated with PPI ⁸⁾	real, Jan00=100	74.6	70.8	68.6	68.5	69.7	65.4	70.5	68.4	65.7	63.1	60.7	60.4	59.8	59.9	59.1	58.0
DOMESTIC FINANCE																	
M0, end of period	RUB bn	917.0	940.9	966.3	957.1	975.8	1002.1	1147.0	1130.6	1164.1	1165.5	1230.1	1220.5	1276.1	1315.0	1290.6	.
M1, end of period	RUB bn	1821.8	1808.5	1844.3	1871.2	1850.2	1899.0	2181.9	2126.9	2197.1	2244.6	2255.8	2286.3	2425.3	2375.9	2372.0	.
M2, end of period	RUB bn	3339.7	3400.4	3448.9	3573.0	3543.1	3617.7	3962.1	3946.1	4093.0	4190.3	4333.7	4365.7	4543.2	4547.9	4568.2	.
M2, end of period	CMPY	41.7	41.5	41.1	43.2	39.6	39.0	39.4	42.1	40.4	40.2	42.0	38.0	36.0	33.7	32.5	.
Refinancing rate (p.a.) ^{end of period}	%	16.0	16.0	16.0	16.0	16.0	16.0	16.0	14.0	14.0	14.0	14.0	14.0	13.0	13.0	13.0	13.0
Refinancing rate (p.a.) ^{end of period⁹⁾}	real, %	1.5	1.9	2.2	2.0	2.9	3.5	2.7	-2.8	-4.7	-5.0	-6.2	-8.4	-10.8	-9.9	-10.0	-10.5
BUDGET																	
Central gov. budget balance, cum.	RUB bn	184.3	213.6	223.8	238.9	287.7	316.1	227.7	102.5	115.5	134.7	169.8	255.4	354.1	435.8	.	.

1) Based on labour force survey.

2) According to ILO methodology.

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

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

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

6) Based on balance of payments statistics.

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

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

9) Deflated with annual PPI.

S L O V A K REPUBLIC: Selected monthly data on the economic situation 2003 to 2004

(updated end of Oct 2004)

		2003							2004								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	9.5	2.2	1.2	3.3	5.1	3.2	4.3	0.4	8.1	11.1	5.0	8.5	3.5	-0.7	7.3	.
Industry, total	real, CCPY	7.6	6.8	6.1	5.8	5.7	5.4	5.3	0.4	4.2	6.6	6.2	6.7	6.1	5.1	5.4	.
Industry, total	real, 3MMA	4.7	4.4	2.3	3.3	3.9	4.2	2.7	4.2	6.6	8.1	8.3	5.6	3.8	3.3	.	.
Construction, total	real, CMPY	3.3	5.8	9.4	14.3	8.3	6.7	11.5	0.5	3.3	3.4	2.4	0.9	2.4	0.1	2.8	.
LABOUR																	
Employment in industry	th. persons	563.8	562.4	561.7	565.1	566.2	561.2	549.1	544.3	544.8	548.2	555.9	559.2	564.0	565.9	569.3	.
Unemployment, end of period	th. persons	427.6	422.8	415.6	407.6	407.1	420.2	452.2	469.2	466.4	452.6	431.7	410.8	399.5	392.1	381.4	379.8
Unemployment rate ¹⁾	%	14.6	14.5	14.3	13.9	13.8	14.2	15.6	16.6	16.5	16.0	15.3	14.5	13.9	13.7	13.2	13.1
Labour productivity, industry	CCPY	7.0	6.1	5.5	5.1	5.0	4.8	4.8	1.0	5.1	7.5	7.0	7.4	6.7	5.6	5.6	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	2.5	3.7	4.3	5.0	5.3	5.5	5.4	10.9	7.5	6.1	6.1	4.9	5.6	7.0	7.5	.
WAGES, SALARIES																	
Industry, gross	SKK	16140	15289	14688	15085	16069	17995	17259	15707	14806	16050	16204	16392	17597	16713	16445	.
Industry, gross	real, CMPY	1.6	-3.4	-4.3	-0.4	1.2	-1.0	-1.9	1.2	1.4	4.3	1.2	-1.6	0.8	0.7	4.5	.
Industry, gross	USD	455	416	392	406	456	511	514	486	461	487	485	489	535	514	499	.
Industry, gross	EUR	389	366	350	363	389	437	420	385	365	397	404	408	441	419	410	.
PRICES																	
Consumer	PM	0.4	0.0	1.0	0.5	0.1	0.2	0.2	4.4	0.8	0.1	0.0	0.4	0.2	0.3	-0.1	0.0
Consumer	CMPY	8.4	8.7	9.2	9.5	9.6	9.8	9.3	8.3	8.5	8.2	8.0	8.3	8.1	8.5	7.2	6.7
Consumer	CCPY	7.8	7.9	8.1	8.2	8.4	8.5	8.6	8.3	8.4	8.3	8.2	8.3	8.2	8.3	8.2	8.0
Producer, in industry	PM	0.0	0.2	-0.2	0.1	-0.1	0.3	0.0	1.3	1.0	0.2	-0.1	0.2	0.2	0.1	0.5	0.3
Producer, in industry	CMPY	8.2	8.2	8.0	8.0	8.0	8.7	8.6	4.4	2.3	2.1	2.2	3.0	3.2	3.1	3.7	4.0
Producer, in industry	CCPY	8.3	8.3	8.3	8.2	8.2	8.3	8.3	4.4	3.3	2.9	2.7	2.8	2.8	2.9	3.0	3.1
RETAIL TRADE²⁾																	
Turnover	real, CMPY	-9.3	-7.6	-5.7	-5.8	-5.0	-3.3	-0.7	0.5	4.0	7.1	7.4	7.8	10.5	11.9	8.1	.
Turnover	real, CCPY	-6.1	-6.3	-6.2	-6.2	-6.1	-5.8	-5.2	0.5	2.3	3.9	4.8	5.4	6.2	7.0	7.1	.
FOREIGN TRADE^{3,4)}																	
Exports total (fob) ⁵⁾ , cumulated	EUR mn	9042	10706	12261	13985	15821	17641	19361	1500	3144	5005	7020	8980	10851	12576	14274	.
Imports total (fob) ⁵⁾ , cumulated	EUR mn	9278	11053	12594	14340	16234	18084	19926	1476	3104	5022	7071	9079	11178	13070	14905	.
Trade balance ⁵⁾ , cumulated	EUR mn	-236	-348	-333	-355	-413	-443	-565	25	40	-17	-52	-99	-328	-493	-631	.
Exports to EU-15 (fob) ⁶⁾ , cumulated	EUR mn	5603	6573	7476	8473	9614	10733	11742	1262	2651	4192	5908	7569	9133	10594	.	.
Imports from EU-15 (fob) ⁶⁾ , cumulated	EUR mn	4711	5661	6461	7357	8336	9286	10236	1055	2258	3695	5225	6778	8338	9740	.	.
Trade balance with EU-15 ⁶⁾ , cumulated	EUR mn	892	912	1015	1117	1278	1447	1505	207	394	497	683	791	795	854	.	.
FOREIGN FINANCE																	
Current account, cumulated ³⁾	EUR mn	-182	-205	-154	-176	-176	-172	-248	33	109	99	89	-200	-511	-667	-730	.
EXCHANGE RATE																	
SKK/USD, monthly average	nominal	35.5	36.7	37.5	37.1	35.3	35.2	33.6	32.3	32.1	32.9	33.4	33.5	32.9	32.5	32.9	32.8
SKK/EUR, monthly average	nominal	41.5	41.8	41.9	41.5	41.3	41.1	41.1	40.7	40.6	40.4	40.1	40.2	39.9	39.9	40.1	40.1
SKK/USD, calculated with CPI ⁷⁾	real, Jan00=100	74.7	77.4	78.5	77.6	73.6	73.1	69.5	64.3	63.8	65.8	67.1	67.3	66.2	65.1	66.0	65.8
SKK/USD, calculated with PPI ⁷⁾	real, Jan00=100	74.3	76.5	78.5	77.9	74.5	74.0	70.9	68.1	67.4	69.5	71.4	72.4	71.2	70.6	71.3	70.9
SKK/EUR, calculated with CPI ⁷⁾	real, Jan00=100	85.6	86.2	85.8	84.8	84.3	83.9	84.0	79.7	78.9	78.9	78.7	78.8	78.1	77.8	78.5	78.4
SKK/EUR, calculated with PPI ⁷⁾	real, Jan00=100	82.7	83.1	83.7	82.8	82.4	81.9	81.8	80.2	79.3	79.3	79.2	79.6	78.9	79.0	79.4	79.0
DOMESTIC FINANCE																	
M0, end of period	SKK bn	86.6	87.7	90.8	89.1	90.2	91.7	91.8	91.7	91.7	90.8	90.9	91.9	93.2	93.8	95.4	96.3
M1, end of period	SKK bn	248.7	251.9	256.2	256.9	258.7	264.4	276.9	261.2	265.5	258.9	260.8	268.0	279.2	279.7	282.8	288.7
M2, end of period	SKK bn	702.0	722.3	729.6	725.7	732.2	740.5	750.7	739.0	744.1	724.0	731.9	723.2	744.7	749.7	755.3	761.9
M2, end of period	CMPY	3.4	4.3	4.8	5.2	5.4	5.4	5.2	5.2	4.3	1.9	2.8	0.6	6.1	3.8	3.5	5.0
Discount rate (p.a.) ⁸⁾ , end of period	%	6.50	6.50	6.50	6.25	6.25	6.25	6.00	6.00	6.00	5.50	5.00	5.00	5.00	4.50	4.50	4.50
Discount rate (p.a.) ^{8,9)} , end of period	real, %	-1.6	-1.6	-1.4	-1.6	-1.6	-2.3	-2.4	1.6	3.7	3.3	2.8	2.0	1.8	1.4	0.7	0.5
BUDGET																	
Central gov. budget balance, cum.	SKK mn	-27619	-31190	-33104	-37675	-40396	-42779	-55997	-2658	-4424	1175	5723	-2270	-12455	-18551	-24786	-29422

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

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

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

4) Cumulation starting January and ending December each year.

5) From January 2004 new methodology effective from the 1st May 2004.

6) From January 2004 EU-25.

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

8) From January 2002 corresponding to the 2-week limit rate of NBS.

9) Deflated with annual PPI.

U K R A I N E: Selected monthly data on the economic situation 2003 to 2004

(updated end of Oct 2004)

		2003							2004								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PRODUCTION																	
Industry, total	real, CMPY	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Industry, total	real, CCPY	12.6	14.0	14.7	15.3	15.7	15.6	15.8	16.1	18.2	18.8	17.7	16.9	15.9	14.7	14.4	14.4
Industry, total	real, 3MMA	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
LABOUR																	
Unemployment, end of period	th. persons	1012.7	996.1	982.8	961.8	938.6	949.9	988.9	1003.6	1045.4	1061.2	1044.6	1005.8	962.5	945.0	925.6	914.0
Unemployment rate ²⁾	%	3.7	3.6	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.9	3.8	3.7	3.5	3.4	3.4	3.3
WAGES, SALARIES ¹⁾																	
Total economy, gross	UAH	476.2	489.5	479.2	498.3	498.3	489.5	550.9	499.7	510.1	545.1	547.9	555.0	601.5	608.0	604.2	630.8
Total economy, gross	real, CMPY	19.1	14.5	16.1	19.9	17.3	14.4	14.9	15.3	21.4	23.0	21.6	17.6	16.9	14.9	14.7	14.4
Total economy, gross	USD	89	92	90	93	93	92	103	94	96	102	103	104	113	114	114	119
Total economy, gross	EUR	76	81	81	83	80	78	84	74	76	84	86	87	93	93	93	97
Industry, gross	EUR	.	.	.	.	.	.	.	97	97	108	110	111	114	117	.	.
PRICES																	
Consumer	PM	0.1	-0.1	-1.7	0.6	1.3	1.9	1.5	1.4	0.4	0.4	0.7	0.7	0.7	0.0	-0.1	1.3
Consumer	CMPY	5.9	7.4	5.8	6.2	6.9	8.1	8.2	8.1	7.4	6.6	6.6	7.4	8.0	8.1	9.9	10.7
Consumer	CCPY	3.3	3.9	4.1	4.4	4.6	4.9	5.2	8.1	7.8	7.4	7.2	7.2	7.4	7.5	7.8	8.1
Producer, in industry	PM	0.0	1.0	1.0	0.9	0.7	1.5	1.7	1.6	2.9	2.2	3.3	2.1	1.5	0.1	1.6	1.9
Producer, in industry	CMPY	5.3	5.3	6.8	7.4	8.0	9.4	11.2	12.4	14.9	15.0	18.4	20.6	22.4	21.3	22.0	23.2
Producer, in industry	CCPY	7.5	7.2	7.1	7.2	7.3	7.5	7.8	12.4	13.7	14.1	15.2	16.3	17.3	17.9	18.4	19.0
RETAIL TRADE																	
Turnover ³⁾	real, CCPY	15.3	16.9	17.2	18.2	18.8	18.9	21.0	19.1	21.5	24.3	22.9	22.3	21.4	21.0	20.5	19.9
FOREIGN TRADE ⁴⁾⁵⁾																	
Exports total (fob), cumulated	EUR mn	9330	11143	12877	14692	16585	18430	20408	1686	3543	5736	8209	10438	12660	14902	17136	.
Imports total (cif), cumulated	EUR mn	8928	10732	12513	14354	16311	18131	20356	1374	3059	5051	6961	8702	10695	12814	14720	.
Trade balance, cumulated	EUR mn	402	411	364	338	274	299	52	312	484	685	1248	1736	1964	2088	2416	.
FOREIGN FINANCE																	
Current account, cumulated ⁶⁾	EUR mn	1642	.	.	2237	.	.	2559	.	.	1335	.	.	3269	.	.	.
EXCHANGE RATE																	
UAH/USD, monthly average	nominal	5.333	5.332	5.332	5.332	5.332	5.332	5.332	5.331	5.331	5.330	5.329	5.327	5.322	5.318	5.314	5.310
UAH/EUR, monthly average	nominal	6.225	6.066	5.951	5.968	6.238	6.239	6.541	6.725	6.735	6.526	6.405	6.383	6.456	6.524	6.469	6.480
UAH/USD, calculated with CPI ⁷⁾	real, Jan00=100	81.4	81.6	83.3	83.1	81.9	80.2	78.9	78.2	78.3	78.5	78.2	78.0	77.7	77.5	77.5	76.5
UAH/USD, calculated with PPI ⁷⁾	real, Jan00=100	82.2	81.1	80.5	80.1	80.0	78.6	77.6	77.4	75.6	74.5	72.8	72.4	71.5	71.6	70.6	69.2
UAH/EUR, calculated with CPI ⁷⁾	real, Jan00=100	93.4	91.1	91.1	91.1	94.1	92.4	95.7	97.0	97.0	94.1	92.1	91.5	91.9	92.9	92.4	91.3
UAH/EUR, calculated with PPI ⁷⁾	real, Jan00=100	91.4	88.2	85.9	85.3	88.6	87.4	90.0	91.3	89.1	85.0	81.1	79.6	79.3	80.3	78.7	77.3
DOMESTIC FINANCE																	
M0, end of period	UAH mn	29375	30080	31072	30862	31549	31318	33119	31501	32672	33580	35836	35810	36890	39244	40563	42296
M1, end of period	UAH mn	46815	47276	48315	50293	49341	49467	53129	49792	51387	54970	56750	57873	60814	62488	64884	70345
Broad money, end of period	UAH mn	79034	80786	83048	86495	86856	88295	95043	92643	96050	101151	105104	109435	113961	117130	121476	130277
Broad money, end of period	CMPY	54.4	49.8	47.5	49.8	48.0	48.2	47.3	47.4	47.9	45.1	45.0	47.9	44.2	45.0	46.3	50.6
Refinancing rate (p.a.) ^{end of period}	%	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5	7.5	7.5	7.5
Refinancing rate (p.a.) ^{end of period⁸⁾}	real, %	1.6	1.6	0.2	-0.4	-0.9	-2.2	-3.8	-4.8	-6.9	-7.0	-9.7	-11.3	-12.2	-11.4	-11.9	-12.8
BUDGET																	
General gov. budget balance, cum.	UAH mn	2500.9	2889.3	4028.2	3991.5	3636.2	4111.6	-489.9	1614.7	1814.9	1203.7	660.5	1488.6	600.7	819.9	1122.9	.

1) Excluding small firms.

2) Ratio of unemployed to the economically active.

3) Official registered enterprises.

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

5) Cumulation starting January and ending December each year.

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

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

8) Deflated with annual PPI.

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