

# Monthly Report 11/06

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## Russian Federation: growing economy, deteriorating politics

BY PETER HAVLIK

The Russian economy is expanding at a robust rate of 6% also in 2006. The current GDP growth is driven by private consumption and investment, while the contribution of real net exports is diminishing (the export volume rose by just 4% whereas imports expanded by 24% in the first half of the year). However, the boom in export revenues continues thanks to the high energy prices. The sizeable expansion of imports notwithstanding, the trade surplus reached EUR 90 billion (more than 17% of GDP) and the current account surplus EUR 66 billion (13% of GDP) in the first three quarters of 2006. Given the significant

improvements in the terms of trade by more than 80% during 2000-2005, Russian domestic absorption can grow much faster than GDP – even with rising trade and current account surpluses. The government budget is enjoying huge surpluses as well (close to 8% of GDP in both 2005 and 2006), foreign exchange reserves exceeded EUR 220 billion at the end of September 2006. In addition, the Stabilization Fund, established in 2004 and fed from a portion of windfall energy export revenues, surpassed EUR 60 billion. The Fund's assets are mainly invested in USD- and EUR-denominated assets (each 45% of the Fund, the rest in British pounds) and the operations are managed by the Central Bank.

The highly favourable financial indicators notwithstanding, industry and agriculture are

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expanding rather slowly whereas the construction sector benefits from rising investment, particularly in housing. Domestic consumer and investment demand is increasingly covered by imports. Imports are surging not only thanks to better quality, but more and more also due to declining price competitiveness of domestic producers. The rouble appreciation, in both nominal and especially real terms, fosters the import substitution even more. In addition, domestic production costs are increasing as wages are rising much faster than labour productivity; unit labour costs (ULCs) are shooting up. According to wiiw estimates, Russian ULCs were rising on average by about 25% annually during the past five years, which implies that they more than trebled between the years 2000 and 2005. In the first half of 2006, ULC growth continued as a combined result of rising wages (+24%), rouble appreciation (+6%) and only modest productivity growth (less than 6%, all year on year).

Symptoms of a Russian Dutch Disease variety are thus becoming apparent as the bulk of export revenues stems from resource-based industries. Revenues from energy exports accounted for nearly two thirds of the total in the first three quarters of 2006; exports of metals account for a big part of the rest. The related huge foreign exchange inflows strengthen the appreciation pressure and boost money supply. With the recent nominal appreciation (below 28 RUB per USD; less than 34 RUB per EUR) and persisting inflation, the rouble has appreciated in real terms by more than 30% against the euro between January 2003 and September 2006 (and by more than 50% against the US dollar).<sup>1</sup> Both the record foreign exchange inflows (with the related money supply expansion) and the strong growth of consumer demand fuel inflationary pressures: annual inflation exceeds 10% (producer price inflation is even higher). wiiw expects consumer price inflation to remain close to 10% next

year as well. Growing incomes and employment (and declining unemployment) make Russia attractive to foreign migrant workers who help to mitigate the effects of adverse demographic trends. However, the recent crackdown on the Georgian minority (not to mention the pogroms on Chechens in Northern Russia) is extremely disturbing. The wave of Russian nationalism is apparently endorsed by the political leadership as a part of the ill-advised economic blockade: already in spring 2006 the imports of Georgian wine and mineral water were banned under the pretext of food safety; the blockade has temporarily been widened to transport and money transfers.

Reforms have stalled in the past couple of years. Economic policy decisions are increasingly being overshadowed by politics – both apparently related to the looming issue of Putin's successor. With the 2008 presidential elections approaching, the domestic political climate is becoming rougher. In this context, the assassinations of prominent journalists and bankers are tragic enough. Yet the above-mentioned conflict with Georgia (which may easily escalate over the secession from Georgia demanded by Abkhazia and South Ossetia and could even spread near to the EU border over a similar demand by Transnistria) has potentially even graver consequences for Russia – as well for the EU. The latter is concerned mainly with energy supplies; the future of the EU-Russia Partnership and Cooperation Agreement, which expires in 2007, is uncertain. Along with the country's growing economic strength, also Russia's external policies are becoming more assertive. In particular, the Kremlin is gaining confidence that it can re-establish foothold in the former Soviet republics (or at least prevent a more intensive involvement of the EU in this region). The strategy seems to bear some fruit, for example in Ukraine but also elsewhere, as the influence of Russian investments

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<sup>1</sup> Real appreciation was even higher with industrial producer prices used as a deflator: 70% vis-à-vis the euro and more than 80% vis-à-vis the US dollar in the same period.

is rapidly increasing.<sup>2</sup> Meanwhile, Gazprom, Rosneft and other large state-owned (or controlled) corporations are going global. Russian energy and metals giants acquire assets abroad, not least in the former Soviet republics. Simultaneously, the inflows of FDI to Russia are rising, thanks to both the returning Russian offshore capital and the country's improved credit rating. Russia's accession to the WTO has been delayed again (an agreement with the USA is still pending, Georgia may block it as a retaliation). The future of EU-Russian relations after the expiry of the Partnership and Cooperation Agreement is unclear though energy will doubtlessly play a dominant role.

Broadly speaking, the economic outlook is positive and investments (including FDI) are picking up. Taking into account the diminishing contribution of real net exports to GDP, wiiw expects that growth will likely settle below 6% in the coming years. With more money and power consolidation at home, Russian self-confidence will grow further. However, sustainable and broader-based long-term growth will require even more investments, as well as the related economic restructuring and substantial improvements in the transparency of legal regulations.

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<sup>2</sup> Without much notice in the West, Russian capital already dominates energy and telecommunication sectors in the post-Soviet space – see the recent paper on 'Russian investments in the CIS' available from wiiw's website (<http://indeunis.wiwi.ac.at/index.php?action=content&id=publications>).

Table RU

## Russia: Selected Economic Indicators

	2001	2002	2003	2004	2005 <sup>1)</sup>	2005 January-June	2006	2006 forecast	2007
Population, th pers., end of period <sup>2)</sup>	145649	144964	144168	143474	142739	143100	14200	142000	141500
Gross domestic product, RUB bn, nom.	8943.6	10830.5	13243.2	16966.4	21598.0	9429.0	12065.3	25300	29000
annual change in % (real)	5.1	4.7	7.3	7.2	6.4	5.4	6.5	6.2	5.9
GDP/capita (EUR at exchange rate)	2345	2514	2641	3294	4285	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	6440	6940	7510	8280	9040	.	.	.	.
Gross industrial production									
annual change in % (real)	2.9	3.1	8.9	8.3	4.0	3.4	4.4	4.3	4.0
Gross agricultural production									
annual change in % (real)	7.5	1.5	1.4	3.1	2.0	0.5	1.4	.	.
Construction output total									
annual change in % (real)	9.9	2.7	14.4	10.1	10.5	5.8	8.3	.	.
Consumption of households, RUB bn, nom.	4318.1	5400.3	6547.6	8132.6	10152.5	4628.3	5704.2	.	.
annual change in % (real)	9.5	8.5	7.5	11.6	11.1	10.5	11.4	11.5	11
Gross fixed capital form., RUB bn, nom.	1689.3	1939.3	2408.2	3106.5	3926.1	1459.2	1802.7	.	.
annual change in % (real)	10.2	2.8	12.8	11.3	10.5	9.0	9.7	11	10
LFS - employed persons, th, avg.	65123	66659	66432	67275	68258	67650	68100	.	.
annual change in %	0.1	2.4	-0.3	1.3	1.5	-0.9	0.7	.	.
Reg. employment in industry, th pers., avg. <sup>3)</sup>	14692	14534	14345	14301	14593	.	.	.	.
annual change in % <sup>3)</sup>	1.0	-1.1	-1.3	-0.3	-0.9	.	.	.	.
LFS - unemployed, th pers., average	6423.7	5698.3	5959.2	5674.8	5608.5	5728.7	5699.2	.	.
LFS - unemployment rate in %, average	9.0	7.9	8.2	7.8	7.6	7.8	7.7	7.5	7
Reg. unemployment rate in %, end of period	1.6	2.1	2.3	2.6	2.5	2.5	2.3	.	.
Average gross monthly wages, RUB	3240.4	4360.3	5498.5	6739.5	8550.2	7934.0	9897.0	.	.
annual change in % (real, gross)	19.9	16.2	10.9	10.7	10.2	7.9	12.3	.	.
Consumer prices, % p.a.	21.6	16.0	13.6	11.0	12.5	13.2	10.2	10	8
Producer prices in industry, % p.a.	19.1	11.8	15.6	24.0	20.7	23.4	13.7	15	13
General governm.budget, nat.def., % GDP									
Revenues	30.0	32.5	31.3	32.0	39.7	37.3	44.6	.	.
Expenditures	27.1	31.6	29.9	27.5	31.6	25.9	33.0	.	.
Deficit (-) / surplus (+), % GDP	3.0	0.9	1.3	4.5	8.1	11.4	11.6	.	.
Public debt, nat.def., in % of GDP <sup>4)</sup>	44.1	37.0	28.6	21.7	14.9	.	.	.	.
Refinancing rate of NB % p.a., end of per.	25	21	16	13	12	13	11.5	.	.
Current account, EUR mn <sup>5)</sup>	37885	30788	31329	47125	66839	33236	45924	85000	77000
Current account in % of GDP	11.1	8.4	8.2	9.9	10.9	12.7	12.9	11.8	9.0
Gross reserves of NB, excl. gold, EUR mn	37026	42290	58531	88663	148094	122727	205515	.	.
Gross external debt, EUR mn	169530	147067	148776	157423	217647	190100	229059	.	.
FDI inflow, EUR mn <sup>5)</sup>	3069	3660	7041	12422	12174	10449	11553	.	.
FDI outflow, EUR mn <sup>5)</sup>	2828	3736	8606	11085	10365	5707	5579	.	.
Exports of goods, BOP, EUR mn <sup>5)</sup>	113744	113468	120265	147357	195709	85395	117227	250000	260000
annual growth rate in %	0.2	-0.2	6.0	22.5	32.8	30.3	37.3	28	4
Imports of goods, BOP, EUR mn <sup>5)</sup>	60022	64470	67304	78327	100682	42848	56684	130000	150000
annual growth rate in %	23.8	7.4	4.4	16.4	28.5	22.6	32.3	29	15
Exports of services, BOP, EUR mn <sup>5)</sup>	12773	14393	14359	16321	19739	8420	10667	24000	26000
annual growth rate in %	23.6	12.7	-0.2	13.7	20.9	16.3	26.7	22	8
Imports of services, BOP, EUR mn <sup>5)</sup>	22967	24848	23997	27132	31670	12935	15885	38000	42000
annual growth rate in %	30.9	8.2	-3.4	13.1	16.7	9.6	22.8	20	11
Average exchange rate RUB/USD	29.17	31.35	30.69	28.81	28.30	27.98	27.65	28	27
Average exchange rate RUB/EUR (ECU)	26.13	29.65	34.69	35.81	35.22	35.96	34.00	35	34
Purchasing power parity RUB/USD, wiiw	8.15	9.27	10.36	12.07	14.04	.	.	15	16
Purchasing power parity RUB/EUR, wiiw	9.52	10.74	12.20	14.24	16.69	.	.	19	20

Notes: 1) Preliminary. - 2) Resident population. - 3) From 2005 according to NACE. - 4) wiiw estimate. - 5) Converted from USD to EUR at the official cross exchange rate.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

## Ukraine: the time of big business returns

BY VASILY ASTROV

After several months of protracted negotiations and the eventual failure to form another 'orange' coalition, August 2006 witnessed the formation of the so-called 'anti-crisis' coalition with the right-of-the-centre pro-Russian Party of Regions at its core (the two minor coalition partners being the Socialists and the Communists). Viktor Yanukovich became Ukraine's prime-minister once again – but this time with considerably more powers provided by the new constitution. The relations between the newly formed coalition and the 'Our Ukraine' party of President Yushchenko remain intricate. Although the two sides signed a Universal Declaration providing a formal consensus on the key policy issues and opening the possibility for 'Our Ukraine' to join the government, the subsequent developments were marked by considerable tensions, resulting in four 'orange' ministers submitting their resignation and announcing their switch into opposition. However, given the reluctance of President Yushchenko to lose supporters in the government, the final position of 'Our Ukraine' in the new political pattern is far from being settled. In any case, given its majority in the Verkhovna Rada (the Parliament), the present coalition could easily fill the government vacancies with its own people.

The first announcements and steps of the new government indicate a return to a 'multi-vector' foreign policy, thereby putting more emphasis on relations with Russia. In particular, accession to the WTO appears increasingly likely to be synchronized with that of Russia, thus implying further delays. Also, the Rada has yet to pass a package of 19 WTO-related legislative bills, and two bilateral protocols on market access – with Kyrgyzstan and Taiwan – are still pending. At the same time, integration into the EU is on the agenda once again, at least as far as the Ukrainian side is concerned. In contrast, the prospects of NATO

membership have been put on hold. In the area of economic policy, the government is returning to the more liberal course pursued prior to the 'Orange revolution'. In particular, it is likely to focus on improving the business environment (especially for the big business) by further tax cuts. The strategy of easing the fiscal pressure on businesses envisages *inter alia* cutting the corporate profit tax from 25% to 20%, re-instating the Special Economic Zones that were abolished by the Tymoshenko 'orange' government, and shifting the social insurance burden from employers to employees. The latter is to be achieved by adopting a unified social tax instead of the several social insurance funds so far and by setting a new rate of 29% for employers (instead of 38% at present) and 16.4% for employees (instead of 3.5%). Also, there are plans to cut the VAT rate from 20% to 18%. After two years of relatively abundant budget spending, the government share in GDP is to be depressed below 30% once again, while the 2.6% consolidated deficit envisaged by the 2007 budget draft is to be covered largely by the UAH 10 billion worth privatization receipts. Meanwhile, the already modest privatization target set for the year 2006 – UAH 2.1 billion, or some USD 400 million – will not be reached, despite the newly announced privatization plans in the electricity sector. Simultaneously, the government aims to pursue a more protectionist stance in trade policy and maintain a competitive exchange rate.

The country's economic recovery, starting in spring 2006, has taken full swing. In January-September 2006, real GDP grew by 6.2% – much faster than over the same period of 2005 (3%). Growth was primarily driven by services, particularly retail and wholesale trade (+13.7%), but also construction was boosted by recovering investments (+12.2% in the first half of 2006). Industrial output has been picking up as well (+5.5% in January-September), largely due to the strong expansion of metals production (+8.6%) taking once more advantage of the soaring steel prices. At the same time, agricultural output fell by 2.8%. The grain harvest turned out to be lower than expected, prompting the government to impose licensing of grain

exports and subsequently an export quota on grain, which is likely to be in place until the middle of next year. More generally, while market reforms may accelerate in a number of areas, agriculture will probably continue to remain an important exception, primarily under the pressure from the two left-wing minor coalition partners. In particular, the moratorium on the free sale of agricultural land, due to expire on 1 January 2007, will probably be prolonged until 2008 (the respective law has already been passed in the first reading).

Given greater political stability and the upswing in the world steel prices, the short-term economic prospects are good. In particular, we expect growth of around 6.5% in 2006 and 7% next year. Also, under the new government, the relations with Russia will almost certainly improve, and signs of this are already visible. Thus, according to the recent agreement, in 2007 the border price of imported natural gas will stand at USD 130 per thousand cubic metres – a generally favourable deal for Ukraine despite an increase by some 40%,

given the current world trends and the planned price hikes within Russia. The 2007 budget draft is based on the projections of 6.5% economic growth, consumer price inflation of 7.5%, producer price inflation of 14.4%, and an average exchange rate of UAH 5.1 per USD. By and large, these assumptions appear to be realistic, although consumer inflation will probably be slightly higher, given the delayed impact of the recent gas price hikes for households and the spillovers from producer prices (the latter rose by 10.3% in the first nine months of 2006 alone). The recent upturn in exports (+7.9% in January-August 2006 in dollar terms), though much below the 21.2% increase in imports, implies that the trade and the current account deficits will turn out to be relatively small (though rising). Still, the government target of a trade *surplus* of USD 160 million in 2007 through export promotion appears absolutely unrealistic – especially taking into account the expected pick-up in FDI and the related imports of investment goods.

Table UA

Ukraine: Selected Economic Indicators

	2001	2002	2003	2004	2005 <sup>1)</sup>	2005 January-June	2006	2006 forecast	2007
Population, th pers., end of period	48457.1	48003.5	47622.4	47280.8	46929.5	47075.3	46756.6	46600	46300
Gross domestic product, UAH mn, nom.	204190	225810	267344	345113	424741	181793	224837	490800	577700
annual change in % (real)	9.2	5.2	9.6	12.1	2.6	4.1	5.4	6.5	7
GDP/capita (EUR at exchange rate)	872	931	928	1100	1411	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4250	4630	5130	5930	6260	.	.	.	.
Gross industrial production									
annual change in % (real)	14.3	7.0	15.8	12.5	3.1	5.0	3.6	6.5	6
Gross agricultural production									
annual change in % (real)	10.2	1.2	-11.0	19.7	-0.1	6.4	3.2	.	.
Construction output total									
annual change in % (real)	3.5	-5.8	26.5	17.2	-6.6	-7.7	6.5	.	.
Consumption of households, UAH mn, nom.	112260	124560	146301	180956	238961	104454	139679	.	.
annual change in % (real)	9.6	9.5	12.4	13.5	16.6	16.0	19.8	.	.
Gross fixed investment, UAH mn, nom.	32573	37178	51011	75714	93096	30616	39076	.	.
annual change in % (real)	20.8	8.9	31.3	28.0	1.9	8.5	12.2	15	15
LFS - employed persons, th, avg.	19971.5	20091.2	20163.3	20295.7	20680.0	20373.4	20737.4	.	.
annual change in %	-1.0	0.6	0.4	0.7	1.9	0.8	1.8	.	.
Reg. employees in industry, th pers., avg. <sup>2)</sup>	3811.0	3578.1	3416.0	3408.3	3415.8	3413.5	3368.4	.	.
annual change in %	-6.2	-6.1	-4.5	-0.2	0.2	0.4	-1.3	.	.
LFS - unemployed, th pers., average	2455.0	2140.7	2008.0	1906.7	1600.8	1741.4	1518.5	.	.
LFS - unemployment rate in %, average	10.9	9.6	9.1	8.6	7.2	7.9	6.8	6.8	6.6
Reg. unemployment rate in %, end of period	3.7	3.8	3.6	3.5	3.1	3.0	2.7	2.9	2.7
Average gross monthly wages, UAH	311.1	376.4	462.3	589.6	806.2	725.1	967.8	.	.
annual change in % (real, gross)	20.7	20.0	16.7	17.0	20.4	17.0	23.1	.	.
Consumer prices, % p.a.	12.0	0.8	5.2	9.0	13.5	14.1	8.4	8.5	10
Producer prices in industry, % p.a.	8.6	3.1	7.8	20.4	16.8	21.0	6.9	10	8
General governm.budget, nat.def., % GDP									
Revenues	26.9	27.4	28.2	26.5	31.6	32.2	35.0	.	.
Expenditures <sup>3)</sup>	27.2	26.7	28.4	29.7	33.4	31.3	35.5	.	.
Deficit (-) / surplus (+), % GDP	-0.3	0.7	-0.2	-3.2	-1.9	1.0	-0.5	-2.5	-2.6 <sup>4)</sup>
Public debt in % of GDP	36.5	33.5	29.0	24.7	24.7	.	.	.	.
Refinancing rate of NB % p.a., end of period	12.5	7.0	7.0	9.0	9.5	9.0	8.5	.	.
Current account, EUR mn <sup>5)</sup>	1565	3360	2559	5560	2030	1727	-637	-1000	-1500
Current account in % of GDP	3.7	7.5	5.8	10.6	3.1	6.4	-1.8	-1.2	-1.6
Gross reserves of NB excl. gold, EUR mn <sup>6)</sup>	3353	4088	5386	6838	16165	10665	13782	.	.
Gross external debt, EUR mn <sup>7)</sup>	13785	12247	19055	22528	32827	27710	33176	.	.
FDI inflow, EUR mn <sup>5)</sup>	884	734	1261	1380	6263	529	1518	.	.
FDI outflow, EUR mn <sup>5)</sup>	26	-5	12	3	221	16	92	.	.
Exports of goods, BOP, EUR mn <sup>5)</sup>	19074	19770	21013	26906	28093	14575	13691	29000	30500
annual growth rate in %	12.1	3.6	6.3	28.0	4.4	12.8	-6.1	3	5
Imports of goods, BOP, EUR mn <sup>5)</sup>	18853	19018	20555	23895	29004	13917	15372	33000	36300
annual growth rate in %	16.6	0.9	8.1	16.3	21.4	27.7	10.4	14	10
Exports of services, BOP, EUR mn <sup>5)</sup>	4459	4958	4615	6325	7503	3432	3768	8500	9000
annual growth rate in %	8.5	11.2	-6.9	37.0	18.6	20.1	9.8	13	6
Imports of services, BOP, EUR mn <sup>5)</sup>	3995	3743	3934	5329	6054	2945	3320	7000	7500
annual growth rate in %	16.4	-6.3	5.1	35.5	13.6	13.8	12.7	16	7
Average exchange rate UAH/USD	5.372	5.327	5.333	5.319	5.125	5.199	5.050	5	5
Average exchange rate UAH/EUR (ECU)	4.814	5.030	6.024	6.609	6.389	6.692	6.201	6	6
Purchasing power parity UAH/USD, wiiw	0.912	0.943	0.998	1.120	1.308	.	.	.	.
Purchasing power parity UAH/EUR, wiiw	0.987	1.013	1.091	1.227	1.442	.	.	.	.

Notes: 1) Preliminary. - 2) Excluding small enterprises. - 3) From 2004 including lending minus repayments. - 4) According to budget draft submitted to the Parliament in September 2006. - 5) Converted from USD. - 6) Useable. - 7) Up to 2002 long-term debt only.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

## Croatia: record FDI inflow

BY HERMINE VIDOVIC

Croatian GDP growth tapered off from 6% in the first quarter of 2006 to 3.6% in the second quarter. The slowdown was mainly due to the deceleration of investment growth along with a weakening of household consumption, reporting the lowest growth in the past few of years. The latter is also reflected in the slow growth of retail trade turnover, up 1.5% during the first eight months of the year. Household borrowing, though rising rapidly, was channelled into housing investment rather than into current consumption.

Industrial output growth has developed unevenly since the beginning of the year. During the first nine months production rose by 3.9%. Production of radio, television and communication equipment expanded by 39%, machinery and equipment and motor vehicles soared by about one third each and production of leather products rose by 28%. Output reductions were most pronounced in the manufacture of coke and chemicals, of electrical machinery and apparatus, tobacco and wearing apparels. Labour productivity in industry grew by 5.3% – mainly at the cost of employment reductions – in the first eight months of the year.

According to the Croatian Pension Insurance Institute, employment rose by 3% in the first half of the year, while registration data indicate only a 0.7% employment increase. Employment continued to fall in agriculture and manufacturing and increased in the service sectors such as trade and business services. Between February and July registered unemployment was falling, reaching the lowest level since the early 1990s, but it increased again thereafter.

According to customs statistics, both exports and imports grew dynamically in the first eight months of 2006, up 17.6% and 16.6% respectively. The trade deficit reached close to EUR 6 billion and was EUR 800 million higher than in the same period a year earlier. Exports to the EU increased

above average, while imports performed slightly below average. By contrast, imports from Russia and Serbia expanded dynamically, the latter becoming also an important destination for Croatian exports (up 47%). After a slump in 2005, shipbuilding reported a remarkable export growth during the first eight months of 2006. The current account (data available for the first half of the year) ran a EUR 3.3 billion deficit, that is nearly EUR 600 million more than in the same period a year earlier. Apart from the rising trade deficit, the deterioration of the current account is attributable to the worsening of the income balance and a reduction of current transfers.

2006 may turn out to be the year with the highest FDI inflow recorded so far. Already in the first half of the year the FDI inflow reached EUR 1.1 billion. This was primarily resulting from acquisitions, such as the sale of Splitska Banka to Société Générale; only recently the sale of the pharmaceutical company Pliva to the US-based company Barr has been confirmed. In addition, the sale of further stakes of the Croatian telecom company HT and the oil company INA was approved by the Croatian government. The privatization receipts of these companies are earmarked for the repayment of the so-called pensioners' debt (pension arrears from the 1990s). Since 1993 FDI worth EUR 12.5 billion has entered Croatia, most of which in financial intermediation, followed by telecommunications and the chemical (pharmaceutical) and petrochemical industries.

The rapid rise of foreign debt has been a central issue in the past several years. Repeated attempts by the National Bank to curb credit growth – mainly by raising reserve requirements – have remained largely unsuccessful. Hence, it is questionable whether the recent debt reductions in July and August – by a total of almost EUR 700 million as against June – indicate a reversal of trends. Since December last year the structure of external debt by debtors has undergone noticeable changes. The share of government and banks' debt has been declining while that of other sectors' (mainly enterprises) debt and foreign direct investment has



been rising. The decline of the government's foreign indebtedness is mainly due to the shift of budget financing from external to domestic sources. At the beginning of October, the IMF approved the third and final review of the stand-by arrangement with Croatia signed in August 2004. In its statement the Fund emphasized the country's achievements in reducing the budget deficit and decreasing the reliance of government financing on external sources. However, the growing current account deficit and the high level of foreign indebtedness are a cause for concern. According to Prime Minister Ivo Sanader, Croatia is not going to sign a new stand-by agreement after the expiration of the current arrangement in November this year. Instead, future relations with the Fund will be based on Article IV consultations.

In July the government adopted a supplementary budget. In contrast to the past, when budget deficits were revised upwards, this year the opposite was the case: After revenues in the first months of the year had been higher than anticipated, the general government deficit was revised downwards from an originally planned 3.2% to 3% of the expected GDP.

Croatia's aspirations for an early entry into the EU have been repeatedly challenged, such as in late September, when European Commission President Barroso called for an enlargement pause until the EU had 'sorted out the institutional question'. Enlargement Commissioner Olli Rehn recently stated that the EU was cautious about new commitments but sticking to existing commitments (i.e. towards Croatia and other Western Balkan countries and Turkey). Croatian officials remain optimistic on the country's EU accession; Prime Minister Sanader has stated repeatedly that Croatia would be ready to join the EU by 2009.

Economic prospects remain positive provided that Croatia does not slip into a severe debt crisis. Supported primarily by domestic demand, GDP may grow by about 4% in both 2006 and 2007. Assuming that earnings from tourism will be only slightly higher than in 2005 and that the trade deficit will continue to widen, the current account will deteriorate further in 2006 and close with a higher deficit than last year, at about 8% of GDP.

Table HR

## Croatia: Selected Economic Indicators

	2001	2002	2003	2004	2005 <sup>1)</sup>	2005 January-June	2006	2006 forecast	2007
Population, th pers., mid-year	4437	4443	4442	4439	4442	4442	.	.	.
Gross domestic product, HRK mn, nom.	165640	181231	198422	212826	229031	107899	117268	245300	261500
annual change in % (real)	4.4	5.6	5.3	3.8	4.3	3.5	4.8	4	4
GDP/capita (EUR at exchange rate)	4998	5507	5906	6397	6972	3270	.	.	.
GDP/capita (EUR at PPP - wiiw)	8630	9380	9980	10610	11450	.	.	.	.
Gross industrial production <sup>2)</sup>									
annual change in % (real)	6.0	5.4	4.1	3.7	5.1	4.8	2.9	4	4
Gross agricultural production									
annual change in % (real)	8.5	7.7	-15.9	11.9	-8.7	.	.	.	.
Construction industry, hours worked <sup>2)</sup>									
annual change in % (real)	3.6	12.8	22.8	2.0	-0.8	-6.0	11.7	.	.
Consumption of households, HRK mn, nom.	98054	108027	115081	122100	130576	64796	69050	.	.
annual change in % (real)	4.5	7.7	4.6	3.9	3.4	3.4	3.0	3	3
Gross fixed capital form., HRK mn, nom.	36984	44105	56662	60866	65391	31538	36784	.	.
annual change in % (real)	7.1	13.9	24.7	4.4	4.8	1.9	12.6	9	7
LFS - employed persons, th, avg. <sup>3)</sup>	1469	1528	1537	1563	1573	1566	.	.	.
annual change in %	-5.4	.	0.6	1.7	0.7	-1.1	.	.	.
Reg. employees in industry, th pers., avg.	287.2	281.0	282.6	281.7	278.9	278.9	275.2	.	.
annual change in %	-1.6	-2.2	0.6	-0.3	-1.0	-0.9	-1.3	.	.
LFS - unemployed persons, average	277.0	266.0	256.0	249.5	229.0	236.0	.	.	.
LFS - unemployment rate in %, average	15.9	14.8	14.3	13.8	12.7	13.1	.	12.5	12
Reg. unemployment rate in %, end of period	23.1	21.3	18.7	18.5	17.8	17.2	16.0	17	16.5
Average gross monthly wages, HRK	5061	5366	5623	5985	6248	6179	6549	.	.
annual change in % (real, net)	1.6	3.1	3.8	3.7	1.6	1.7	1.3	.	.
Consumer prices, % p.a. <sup>4)</sup>	4.9	1.7	1.8	2.1	3.3	3.2	3.7	3.5	3
Producer prices in industry, % p.a.	3.6	-0.4	1.9	3.5	3.0	4.0	3.5	3	2.4
General governm.budget, IMF-def., % GDP									
Revenues	44.0	46.3	45.1	45.4	44.9	.	.	.	.
Expenditures	50.7	51.4	51.3	50.2	49.0	.	.	.	.
Deficit (-) / surplus (+), % GDP	-6.7	-5.0	-6.2	-4.8	-4.1	.	.	-4	-3.8
Public debt in % of GDP% <sup>5)</sup>	50.3	50.7	51.2	52.0	52.7	.	.	52	53
Discount rate % p.a., end of period	5.9	4.5	4.5	4.5	4.5	4.5	4.5	.	.
Current account, EUR mn	-817.6	-2095.3	-1865.7	-1404.2	-1992.6	-2719.3	-3286.9	-2700	-2500
Current account in % of GDP	-3.7	-8.6	-7.1	-4.9	-6.4	-18.7	-20.5	-8.0	-7.1
Gross reserves of NB excl. gold, EUR mn	5333.6	5651.3	6554.1	6436.2	7438.4	7065.7	8743.6	.	.
Gross external debt, EUR mn	13458.3	15054.8	19810.6	22780.7	25540.8	24261.6	27458.2	.	.
FDI inflow, EUR mn	1502.5	1196.8	1784.5	990.4	1402.7	937.1	1124.7	.	.
FDI outflow, EUR mn	173.3	601.3	106.1	281.9	184.4	112.7	23.1	.	.
Exports of goods, BOP, EUR mn	5318.8	5293.1	5571.7	6603.1	7216.6	3388.8	3973.3	8400	9300
annual growth rate in %	7.0	-0.5	5.3	18.5	9.3	9.1	17.2	16	11
Imports of goods, BOP, EUR mn	9922.6	11253.4	12545.9	13330.9	14738.3	7068.6	8178.1	16900	18900
annual growth rate in %	17.2	13.4	11.5	6.3	10.6	8.9	15.7	15	12
Exports of services, BOP, EUR mn	5481.3	5832.3	7565.9	7636.7	8052.6	2443.7	2662.9	.	.
annual growth rate in %	23.4	6.4	29.7	0.9	5.4	-1.5	9.0	.	.
Imports of services, BOP, EUR mn	2178.5	2547.5	2632.9	2867.8	2734.7	1311.6	1396.8	.	.
annual growth rate in %	10.5	16.9	3.4	8.9	-4.6	2.0	6.5	.	.
Average exchange rate HRK/USD	8.34	7.86	6.70	6.04	5.95	5.78	5.95	.	.
Average exchange rate HRK/EUR (ECU)	7.47	7.41	7.56	7.50	7.40	7.43	7.31	7.3	7.4
Purchasing power parity HRK/USD, wiiw	3.77	3.75	3.82	3.86	3.74	.	.	.	.
Purchasing power parity HRK/EUR, wiiw	4.33	4.35	4.47	4.52	4.51	.	.	.	.

Notes: 1) Preliminary. - 2) Enterprises with more than 20 employees. -3) From 2002 according to census March 2001. - 4) In 2001 retail prices. - 5) Including guarantees.

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

## Serbia: still in search of stability

BY VLADIMIR GLIGOROV

This has been an eventful year for Serbia, as was expected. In spring, Montenegro voted for independence in a referendum and the state union of Serbia and Montenegro ceased to exist. At the end of October, Serbia adopted a new constitution, thus confirming that it is a fully independent state. Early elections are expected by the end of the year. By that time or shortly afterwards, a decision on the final status of Kosovo should be taken by the international community. That should settle most of the constitutional issues that have faced Serbia for almost two decades now.

This year has been eventful for the economy as well. At the beginning of the year, inflation was accelerating and was headed towards a rate above 15% year on year. However, in the second half of the year, the central bank and the government put the brakes on inflation, the former by letting the exchange rate appreciate significantly and the latter by keeping the prices under its control practically frozen. The decline of oil prices has also allowed the government to strongly reduce the prices of oil and gasoline. As a consequence, inflation has slowed down significantly with deflation being reported in a couple of months, e.g., in August and October. All of these measures were targeted at the end-year passing of the constitution and the holding of elections. In order to still continue to support public and private consumption, the privatization of the mobile telephone company and of a couple of banks was speeded up. This brought about the highest inflow of foreign investments so far. They are expected to top USD 4 billion by the end of the year.

GDP growth has been strong as well and industrial production has also recovered in the second half of the year. Consumption has been the main driving force of growth. Public consumption has been increasing and further and more significant increases have been put into the revised budget.

The revision was adopted in September, again with the clear intention to influence the results of the upcoming elections. If the planned public expenditures are implemented, that may very well amount to an increase in public spending in the order of 4% of GDP. Wages have also gone up by close to 10% in real terms and further increases have been promised.

In contrast to consumption, investments have not been growing. Though there is some disagreement about the real level of investments and about its overall growth, no significant overall improvements can be detected. There are some signs, however, that apart from continued public investments, investments in services and construction are growing quite strongly. Some of that growth is the consequence of rising savings and of banks' increasing credit activities. This should continue given the low level of monetization of the Serbian economy.

Thus, with the strong growth of spending supported by falling prices of imports and the virtual freeze on the prices that are under administrative control – about 45% of all prices – there are risks that inflation has been repressed and may return with vengeance once the elections are over.

In this environment, the central bank has decided to move away from the fixed exchange rate policy that it has followed though not very consistently in about the past two years and to start introducing the instruments needed to pursue inflation targeting. For the moment, it is still relying mostly on high reserve requirements, which have been set at 60% in the first half of 2006. But it has let the exchange rate appreciate, to the tune of 10% nominally during this year. In addition, it has continued to sterilize almost all of the money that is created through the inflow of foreign currency. Thus, foreign currency reserves have increased by about as much as has the inflow of foreign investments and the interest rates have been kept at a rather high level in spite of the strong inflow of foreign currency and growing credit activity by the banks. That policy, as can be expected, supports

currency appreciation, investments into central bank and government securities and into private consumption, but does not support investment in industrial production.

The intended goal of the central bank is to stop intervening in the foreign exchange market and to start conducting a monetary policy relying only on open market operations. It has started with a relatively high interest rate and intends to decrease it as inflation declines. In order to anchor expectations, the central bank has started issuing inflation targets for this and the coming year. The target is in reality a band that is rather wide, e.g., for the next year between 4% and 8%. It also comes with the caveat that it applies only to the prices that are under the influence of the monetary authorities, which is about 55% of all prices, that is all the prices that are not under direct or indirect administrative control. That all suggests that the central bank is still not sure it has acquired the necessary credibility to commit itself to a more precise inflation target.

Exports have continued to grow quite strongly in 2006, most probably by 25%. Imports, however, have also continued to rise and so has the trade deficit. The deficit is still larger than the exports and will end up at above 25% of GDP. Not very much changes if trade in services is added, because the latter is balanced. The income balance is in growing deficit, due to the rising costs of servicing the foreign debt. Still, the current account deficit will end at around 13% of GDP, because of the significant inflow of remittances. If the current trends in wages and in public consumption are continued, the trade and current account deficits will increase even further.

All in all, political stability is yet to be achieved while fiscal and monetary policies continue to be highly politicized and therefore highly volatile. Most of the persistent disequilibria show no sign of stabilization. Though the government decided to use a part of the privatization receipts to pay back some of the debts to the IMF and the World Bank ahead of time, foreign debt has continued to rise. Also, high growth rates have not stopped the decline in employment. Finally, with the intended increases in public spending, the fiscal balance may again become a significant concern especially if the process of disinflation continues.

The prospects for the Serbian economy in the short run are positive. Domestic demand will remain strong and that will support growth of around 5%. The main uncertainty is the government that will emerge after the elections in December or January. If it is a weak one, which is quite likely, major macroeconomic adjustments cannot be expected and then the main issue will be price stability and fiscal consolidation. Thus, stability is still elusive in Serbia.

Table Serbia

## Serbia: Selected Economic Indicators

	2001	2002	2003	2004	2005 <sup>1)</sup>	2005 January-June	2006	2006 forecast	2007 forecast
Population, th pers., mid-year <sup>2)</sup>	7736.4	7500.0	7480.6	7463.2	7450.0	.	.	.	.
Gross domestic product, CSD mn, nom.	708423	919231	1095402	1310300	1601000	.	.	1883000	2175000
annual change in % (real)	5.1	4.5	2.4	9.3	6.8	8.0	6.6	5	5
GDP/capita (EUR at exchange rate)	1540	2020	2251	2419	2583	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	4560	5020	5170	5810	6360	.	.	.	.
Gross industrial production <sup>3)</sup>									
annual change in % (real)	0.1	1.8	-3.0	7.1	0.8	-2.1	6.3	4.5	4
Gross agricultural production									
annual change in % (real)	27.9	-2.1	-11.4	26.0	-3.4	.	.	.	.
Construction output total									
annual change in % (real) <sup>4)</sup>	-14.3	-7.4	10.8	3.5	2.0	.	.	.	.
Consumption of households, CSD mn, nom.	575195	784493	948591	1177080	1426621	.	.	.	.
annual change in % (real)	.	.	.	.	4.9	.	.	.	.
Gross fixed capital form., CSD mn, nom.	65498	120502	154544	253333	273852	.	.	.	.
annual change in % (real)	.	.	.	.	-2.4	.	.	.	.
LFS - employed persons, th. Oct <sup>5)</sup>	3105.6	3000.2	2918.6	2930.8	2733.4	.	.	.	.
annual change in %	0.4	-3.4	-2.7	0.4	-6.7	.	.	.	.
Reg. employees in industry, th pers., avg.	704.5	648.1	605.3	562.2	536.1	537.0	503.0	.	.
annual change in %	.	-8.0	-6.6	-7.1	-4.7	-6.0	-6.3	.	.
LFS - unemployed, th pers., average <sup>5)</sup>	432.7	459.6	500.3	665.4	719.9	.	.	.	.
LFS - unemployment rate in %, average <sup>5)</sup>	12.2	13.3	14.6	18.5	20.8	.	.	22	23
Reg. unemployment rate in %, end of period <sup>6)</sup>	.	30.5	31.9	26.4	27.1	27.0	27.6	32	34
Average gross monthly wages, CSD <sup>7)</sup>	8691	13260	16612	20555	25514	23586	29543	.	.
annual change in % (real, net)	16.5	29.9	13.6	10.1	6.4	6.2	9.4	.	.
Consumer prices, % p.a.	93.3	16.6	9.9	11.4	16.2	16.3	14.5	12	10
Producer prices in industry, % p.a.	87.7	8.8	4.6	9.1	14.2	13.4	15.3	10	10
General governm. budget, nat.def., % GDP									
Revenues	39.1	44.3	43.1	45.0	.	.	.	.	.
Expenditures	40.7	48.0	47.3	46.5	.	.	.	.	.
Deficit (-) / surplus (+), % GDP	-1.6	-3.7	-4.2	-1.5	.	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	16.4	9.5	9.0	8.5	8.5	8.5	8.5	.	.
Current account, EUR mn <sup>8)</sup>	-318	-1323	-1301	-2279	-1819	-622	-1134	-2800	-3200
Current account in % of GDP	-2.7	-8.7	-7.7	-12.6	-9.5	.	.	-13.0	-13.0
Gross reserves of NB, excl. gold, EUR mn	1138.6	2076.8	2728.2	3008.0	4753.7	3512.9	6156.7	.	.
Gross external debt, EUR mn	12609	10768	10858	10355	13064	11392	13773	.	.
FDI net, EUR mn <sup>8)</sup>	184	504	1204	777	1252	506	720	.	.
Exports of goods, BOP, EUR mn <sup>8)9)</sup>	2032	2348	2599	2997	3679	1835	2266	4600	5500
annual growth rate in %	13.3	15.5	10.7	15.3	22.7	.	23.5	25	20
Imports of goods, BOP, EUR mn <sup>8)9)</sup>	4608	5774	6413	8341	8162	3611	4627	10200	12200
annual growth rate in %	31.0	25.3	11.1	30.1	-2.1	.	28.1	25	20
Exports of services, BOP, EUR mn <sup>8)9)</sup>	685	795	906	1171	1294	596	697	.	.
annual growth rate in %	49.3	16.0	13.9	29.3	10.6	.	16.9	.	.
Imports of services, BOP, EUR mn <sup>8)9)</sup>	413	657	720	1020	1293	581	724	.	.
annual growth rate in %	35.2	59.1	9.5	41.7	26.7	.	24.6	.	.
Average exchange rate CSD/USD	66.36	64.40	57.58	58.38	67.21	63.72	70.56	.	.
Average exchange rate CSD/EUR (ECU)	59.46	60.68	65.05	72.57	83.19	81.36	86.92	85	87
Purchasing power parity CSD/USD, wiiw	17.50	21.10	24.20	25.80	28.00	.	.	.	.
Purchasing power parity CSD/EUR, wiiw	20.10	24.40	28.30	30.20	33.80	.	.	.	.

Notes: 1) Preliminary. - 2) From 2002 according to census 2002. 2005: wiiw estimate. - 3) From 2004 according to NACE and new weighting system. - 4) Gross value added. - 5) From 2004 according to census 2002 and revisions based on ILO and Eurostat methodology. - 6) Until 2003 jobseekers, rate in percent of labour force excluding farmers. - 7) From 2002 including various allowances. - 8) Converted from USD. - 9) January-June 2005 and 2006 including trade with Montenegro.

Source: wiiw Database incorporating national statistics; wiiw forecasts.

## Macedonia: speed-up of growth still elusive

BY VLADIMIR GLIGOROV

In mid-year, parliamentary elections brought about a change of government. The new coalition includes four parties with rather different programmes. The largest party, VMRO, and its splinter party with the same name combine liberal, populist and nationalist elements in their ideologies. The other Macedonian party in the government, the Socialist Party, is basically of an old socialist type. Finally, the Albanian party, the Party for Democratic Progress, represents the minority of the ethnic Albanians (the largest Albanian party was in the previous government and is now in opposition) and has traditionally been more nationalist than the other Albanian parties. Two-thirds of the population is ethnic Macedonian and around 25% is ethnic Albanian. The fact that the more popular Albanian party was left out of the governing coalition did lead to some public protests. In Macedonia, the inclusion of an Albanian party in the government is the precondition for stability, but it remains to be seen whether it can be maintained even if one of the ethnic groups is represented by a minority party.

Given the ideological and political diversity of the governing coalition, it is difficult to evaluate the realism of the government programme. It is a combination of a series of structural reforms, tax reform and pro-growth economic policies. The latter have been opposed by the IMF in the past, but that may be changing now. In the recent IMF reports on the Macedonian economy, the more relaxed monetary policy and increased public investments are not criticized outright.

The reason for that is the realization that stability is not the main problem; the lack of growth is. Indeed, with fiscal balance and now with the sharp decline in the current account deficit, the real threat to stability comes from low employment and high unemployment. Although the government and the IMF continue to argue that structural reforms of the

labour market are the answer, it is now increasingly realized that very little can be achieved without faster and sustained growth. That requires a change in economic policy.

For a decade or so, Macedonian economic policy was based on the stability of consumption with growth expected to be driven by investments and growing exports. For a variety of reasons, exports have not been expanding. Investments have not been rising either, partly because of rather high interest rates that the central bank believed were necessary to prop up its reserves and defend the exchange rate, which is a hard peg to the euro. In addition, fiscal balance was considered crucial for macroeconomic stability. All in all, Macedonia was able to grow by about 2% per year on average in the past ten years.

Last year, the central bank has been following a much more relaxed monetary policy, which can be seen from the fact that interest rates have declined quite sharply. This has not led to a speed-up of the core inflation, though consumer prices did grow somewhat faster in 2005. This year inflation has, if anything, decelerated somewhat. Also, foreign currency reserves have been growing due to growing inflows of mostly private transfers, or perhaps growing inflows into the banking system. Indeed, though the trade deficit has remained high and is even widening this year, the current account deficit has decreased sharply in 2005 and though it is expected to be larger this year, it should still be around 3% of GDP.

The previous government did succeed in convincing the IMF that it could run a fiscal deficit of 0.6% of GDP. The new government intends to change the tax system with the goal of lowering the tax burden and also of introducing certain fiscal incentives for inventors. That should suggest an intention to allow higher fiscal deficits. It also raises the issue of the government's ability to manage the fiscal incentives in a non-corrupt manner.

That is why structural reforms are seen as being very important. It has been a long-standing

complaint by practically all international institutions and also by the EU that the judiciary system is not very effective and efficient. The whole system of public governance is ripe for an overhaul. The government has promised to speed up these reforms, but there are some doubts whether it will deliver given its populist inclinations.

Other structural reforms have to do with the labour market, with the banking system, with increased competition in the product market, and with investments in human capital. Perhaps the more pressing issue is the performance of the banking sector. Though monetary policy has been more relaxed, the interest rates charged by the banks have not declined as much as it would be warranted. Also, credit expansion, which is very strong throughout the region of Southeast Europe, is perhaps the weakest in Macedonia. All that indicates that the banking system is still quite concentrated and somewhat inefficient. Letting more banks in or liberalizing further the capital account or both would seem to be needed.

The short-term prospects of the Macedonian economy are not impressive. This year industrial production is growing rather sluggishly and GDP growth will remain at 4% at best. As in other Balkan economies, consumption is the main source of growth. Exports are also growing, though slower than imports. In the future, public investments should be expected to increase and there is certainly room for stronger credit expansion supporting growth in private investments. Given that public and foreign debts are at moderate levels, somewhat larger current account and fiscal deficits should not prove to be destabilizing.

# MACEDONIA

Table MK

## Macedonia: Selected Economic Indicators

	2001	2002	2003	2004	2005 <sup>1)</sup>	2005 January-June	2006	2006 forecast	2007
Population, th pers., mid-year <sup>2)</sup>	2034.9	2020.2	2026.8	2032.5	2035.0	.	.	.	.
Gross domestic product, MKD mn, nom.	233841	243970	251486	265257	284027	.	.	302800	324300
annual change in % (real) <sup>3)</sup>	-4.5	0.9	2.8	4.1	3.6	3.9	2.7	3.5	4
GDP/capita (EUR at exchange rate)	1887	1981	2025	2128	2277	.	.	.	.
GDP/capita (EUR at PPP - wiiw)	5000	5210	5350	5690	6010	.	.	.	.
Gross industrial production									
annual change in % (real) <sup>4)</sup>	-2.9	-4.8	4.1	-2.2	7.0	9.3	1.1	3	5
Gross agricultural production									
annual change in % (real)	-10.2	-2.3	4.5	6.8	2.2	.	.	.	.
Construction output, value added									
annual change in % (real)	-14.4	0.6	13.3	7.4	-6.8	.	.	.	.
Consumption of households, MKD mn, nom.	163788	188179	191873	209075	.	.	.	.	.
annual change in % (real)	-11.6	12.5	-1.5	8.0	.	.	.	.	.
Gross fixed capital form., MKD mn, nom.	34716	40448	42110	47286	.	.	.	.	.
annual change in % (real)	-8.6	17.6	1.1	10.9	.	.	.	.	.
LFS - employed persons, th. avg.	599.3	561.3	545.1	523.0	545.3	530.1	563.0	.	.
annual change in %	9.0	-6.3	-2.9	-4.1	4.3	-0.1	6.2	.	.
Reg. employees in industry, th pers., avg.	122.5	110.9	106.7	101.5	97.6	98.9	95.3	.	.
annual change in %	-4.8	-9.5	-3.8	-4.9	-3.9	-3.8	-3.6	.	.
LFS - unemployed, th pers., average	263.2	263.5	315.9	309.3	323.9	325.4	318.7	.	.
LFS - unemployment rate in %, average	30.5	31.9	36.7	37.2	37.3	38.0	36.2	37	37
Reg. unemployment rate in %, end of period	.	.	.	.	.	.	.	.	.
Average gross monthly wages, MKD	17886	19025	19950	20771	21330	21037	22740	.	.
real growth rate, % (net wages)	-1.9	5.0	3.6	4.4	2.2	2.1	4.8	.	.
Consumer prices, % p.a.	5.5	1.8	1.2	-0.4	0.5	0.2	3.1	3	3
Producer prices in industry, % p.a.	2.0	-0.9	-0.3	0.9	3.2	2.3	5.7	4	4
General governm. budget, nat.def., % GDP <sup>5)</sup>									
Revenues	34.4	34.9	33.4	33.2	32.7	.	.	.	.
Expenditures	40.8	40.0	34.5	33.2	32.5	.	.	.	.
Deficit (-) / surplus (+), % GDP	-6.3	-5.0	-1.1	0.0	0.2	.	.	.	.
Public debt in % of GDP	.	.	.	.	.	.	.	.	.
Discount rate, % p.a., end of period	10.7	10.7	6.5	6.5	6.5	6.5	6.5	.	.
Current account, EUR mn <sup>6)7)</sup>	-272.1	-379.9	-132.1	-334.2	-65.5	-102.6	-69.3	-150	-150
Current account in % of GDP	-7.1	-9.5	-3.2	-7.7	-1.4	.	.	-3.1	-2.9
Gross reserves of NB, excl. gold, EUR mn	845.5	692.8	718.4	665.2	1041.4	719.8	1241.3	.	.
Gross external debt, EUR mn <sup>8)</sup>	1621.4	1513.2	1439.4	1475.7	1849.1	1614.5	1725.3	.	.
FDI inflow, EUR mn <sup>7)</sup>	493.2	82.6	85.4	126.5	80.3	54.1	254.1	.	.
FDI outflow, EUR mn <sup>7)</sup>	1.0	0.1	0.3	0.9	2.2	0.2	-0.6	.	.
Exports of goods, BOP, EUR mn <sup>7)</sup>	1291	1181	1208	1347	1640	774	844	2000	2200
annual growth rate in %	-9.9	-8.5	2.3	11.5	21.7	29.6	9.1	20	10
Imports of goods, BOP, EUR mn <sup>7)</sup>	1879	2035	1959	2243	2491	1189	1339	3100	3800
annual growth rate in %	-13.9	8.3	-3.7	14.5	11.0	14.2	12.7	25	20
Exports of services, BOP, EUR mn <sup>7)</sup>	273	269	290	329	379	166	210	.	.
annual growth rate in %	-20.5	-1.6	7.8	13.4	15.4	21.7	27.1	.	.
Imports of services, BOP, EUR mn <sup>7)</sup>	295	292	299	372	407	182	220	.	.
annual growth rate in %	1.3	-0.8	2.2	24.7	9.2	4.1	21.0	.	.
Average exchange rate MKD/USD	68.04	64.74	54.30	49.41	49.29	47.75	49.93	.	.
Average exchange rate MKD/EUR (ECU)	60.91	60.98	61.26	61.34	61.30	61.39	61.20	62	62
Purchasing power parity MKD/USD, wiiw	19.67	20.00	19.67	19.42	19.54	.	.	.	.
Purchasing power parity MKD/EUR, wiiw	22.97	23.18	23.18	22.93	23.23	.	.	.	.

Notes: 1) Preliminary. - 2) From 2002 according to census November 2002; 2005 wiiw estimate. - 3) Last revision of GDP according to national statistics is 4.0%. - 4) Enterprises with more than 10 employees, from 2004 new methodology. - 5) Revenues excluding privatization incomes, expenditures excluding financing items. 2005 data projected. - 6) Including grants. - 7) Converted from USD. - 8) Medium- and long-term debt.

Source: wiiw Database incorporating national statistics; wiiw forecasts.



## INDEUNIS: joint research project on transition, integration and restructuring in the New EU Member States and the Newly Independent States

BY PETER HAVLIK

INDEUNIS, an international research project coordinated by wiiw and financed by the European Commission from the 6<sup>th</sup> Framework Programme, brings together ten research institutes from *Austria, Poland, Hungary, Estonia, Finland, Russia, Belarus, Kazakhstan* and *Ukraine* which jointly investigate the recent experience with economic transition, industrial restructuring and integration in both the New EU Member States from Central and Eastern Europe (NMS) and selected Newly Independent States (NIS: Russia, Ukraine, Belarus, Kazakhstan and Moldova).<sup>1</sup> In March 2006 some 19 papers from the initial stage of the INDEUNIS project ('Industrial Restructuring in the NIS: experience of and lessons from the new EU Member States') were published – see wiiw's website at [www.wiiw.ac.at](http://www.wiiw.ac.at) > Research networks > INDEUNIS. The latest INDEUNIS papers analyse the patterns of structural change and integration on EU-NIS borders as well as the challenges of EU enlargement and WTO accession. Besides, a number of case studies on restructuring experiences in Moldova, Kazakhstan and the Baltic Sea region, as well as on the development prospects of the automotive industry in Russia, is also available on the project website.

Research by the *Vienna Institute for International Economic Studies – wiiw (Austria)* analyses the trade integration between the enlarged EU and the NIS, in particular the evolution of regional and commodity trade composition. A detailed market share analysis reveals the emerging specialization

patterns. The recent developments indicate closer trade integration among the NMS, a declining trade integration among the NIS, as well contradictory shifts in the NMS-NIS exports and imports. The importance of the NIS as export markets for the NMS is growing, in particular for the NIS neighbours. The key NMS manufacturing export commodities are chemicals, machinery & equipments, motor vehicles and food products whereas NMS manufacturing imports from the NIS concentrate on a couple of basic manufactures such as basic metals, refined petroleum, chemicals and fabricated metal products. Wide-ranging modernization and industrial restructuring in the NMS has been facilitated by the process of EU integration and massive inflows of FDI whereas the resource specialization of the NIS generally increased as reforms and restructuring were delayed. Trade integration in the Baltic Sea Region was investigated by the *Institute of Baltic Studies – IBS (Estonia)*. The authors find that the competitiveness of industry in Estonia, Latvia, Lithuania and Poland is still lagging behind. An equalization of export prices has predominantly taken place in the trade with raw materials. In trade with the majority of manufactured goods there are deficits as these economies continue to act as lower value-added parts of the cross-border clusters in the whole Baltic Sea region.

The accession to the EU has brought about changes in the NMS trade regimes. Their effects are explored in the paper prepared by the *Foreign Trade Research Institute – IKCHZ (Poland)* by the example of Poland's trade with its eastern neighbours, Russia and Ukraine. The study concentrates on the effects of the adoption of the Common External Tariff (CET) and the EU's preferences for imports from Russia and Ukraine. The CET effects on trade in industrial products have been limited since the increase in duties affected only 5% of Russian and 9% of Ukrainian exports to Poland. The adoption of EU trade defence instruments had a greater impact, in particular on Polish imports of steel (first of all from Ukraine) and fertilizers (mostly from Russia). Nevertheless, other factors, largely unrelated to EU

<sup>1</sup> Apart from individual research papers, the INDEUNIS website provides a detailed description of the entire project, its individual work packages as well as contact addresses of the participants.

accession, have had a stronger impact on Polish trade with Russia and Ukraine. The non-registered transborder trade turnover, also in relation to Poland's eastern neighbours, has been growing during the transition period. The peak was reached in the period 1992-1998, yet the Russian crisis adversely affected many small Polish businesses. The recovery observed after 2000 was temporary as conditions deteriorated during Poland's integration with the EU. The value of the registered trade of Poland's eastern voivodships with their neighbours is small and the commodity structure very unstable. The development of trade is hampered by the small absorptive capacity of the regional markets, by the low competitiveness of manufactured goods as well as by the limited amount of goods and services offered for exports. The involvement of foreign investors in these regions is limited. Border regions suffer from shortage of capital resources and thus do not foster modernization and competitiveness. The example of Kaliningrad illustrates the barriers that limit the development of transborder cooperation. These include differences in the administrative systems, in particular the low degree of independence of local authorities, a weak infrastructure, the visa regime, unstable law and limitations for investments in Russia. Poland's economic cooperation with the Kaliningrad District is mostly perceived as a vehicle to enter the enormous Russian market.

The economic development and industrial restructuring in regions that border on the EU has been more rapid than in other Russian border areas. The paper by the *Institute of Economy, Russian Academy of Sciences – IE RAS (Russia)* shows that among the factors contributing to this discrepancy are the more developed institutions that support economic cooperation between Russia and the EU. The paper argues that a simultaneous strengthening of cross-border cooperation and the development of the neighbouring regions' economies would have positive implications for Russia's global political and economic role. Still, Russia is concerned about the enlargement of the EU and its multifaceted and controversial impact on economic transition and industrial restructuring

processes. The comprehensive analysis of these issues undertaken by IE RAS argues that Russia is trying to foster its specific vision of the European integration based on two pillars: the European Union in the West and Russia-initiated integration models in the East. In this way Russia could retain its political and economic influence on the post-Soviet European space whereas the EU's Neighbourhood Policy (ENP) is viewed with suspicion. The conflict of interests between the EU and Russia is increasingly apparent: the mutual economic relations are characterized by ambiguity and competition which negatively affect the efficiency of this collaboration.

The Russian concept of regional integration (the Common Economic Space, CES, between Russia, Ukraine, Belarus and Kazakhstan) is analysed in another paper by IE RAS. The originally designed concept is not viable while the sole creation of a free economic zone is appealing to Ukraine only. Nevertheless, the basic CES idea is supported by the business community. This integration project should be viewed as a 'bridge' between the EU and the CIS, and as a part of the evolving Common European Economic Space between the EU and Russia. This form of cooperation could serve as a consolidation factor on the post-Soviet space, and secure a combination of the two major directions in Russian foreign economic policy, i.e. the cooperation with both the CIS countries and the EU. This meets also the interests of the 'problematic' party to CES Agreement, i.e. Ukraine, as it is consistent with the latter's priority strategy of European integration.

The effects of EU enlargement and WTO accession on Russia were investigated also by the *Development Centre – DC RF (Russia)*. Their paper shows that in the short run there was a modest increase in Russian energy exports to the NMS, mirrored by a more significant rise of finished goods imports from the NMS to Russia. The potentially negative impact on Russian agricultural and machinery exports would be lower than a possible decline in energy exports. The survey among Russian managers revealed organizational,

economic and political factors that impede an increase in EU-Russian trade, and the attitudes towards WTO accession. Enterprises already involved in foreign trade stress deficiencies in Russian economic policies, such as the complex taxation, low quality of output and the lack of information on commercial legislation in the EU as impediments. Enterprises that operate only on the domestic market mention the low product quality and a poor knowledge of EU legislation as drawbacks. The opinions regarding WTO accession are split, but those who are in favor slightly prevail. One of the main factors that shape the negative attitudes towards WTO are fears of foreign competition. However, such attitudes are shaped by the situation in the enterprises themselves rather than by the potential increase of competitive pressures. The attitudes regarding the financial implications of WTO accession are unclear, though generally those companies that are already exposed to foreign markets are not afraid of WTO accession; they expect an increase in foreign investments and approve the arrival of foreign banks and other financial institutions. The position of domestically oriented enterprises is uncertain and highly sceptical.

Indeed, the negotiations on Russia's accession to WTO have been dragging on for one and a half decades. A paper by IE RAS (Russia) reviews in detail the negotiation results as of mid-2006, the key terms of accession, as well as systemic problems such as the conformity of Russian economic and trade policies with WTO rules. The authors conclude that Russia's WTO accession would represent a step ahead in the complicated and controversial recovery in the new historical and economic circumstances, consolidating a proper place of Russia in the global economy by securing fair and mutually beneficial trade relations.

The EU enlargement brought about some gains to Belarus as well. The paper by the *Center for International Economic Studies, Academy of Sciences of Belarus – CIES (Belarus)* estimates that exports increased by around USD 200 million; the net effect for GDP amounted to about

USD 80 million (about 3.4% GDP). As for non-tariff and anti-dumping measures, Belarus' loss due to the NMS' adoption of EU trade policies is estimated at around USD 50 million annually.

The papers dealing with Ukraine address the labor market adjustment costs of trade liberalization (*O. Pindyuk, Ukraine*), issues related to state aid and the challenges of relocating economic activities from the NMS to Ukraine (*International Centre for Policy Studies – ICPS, Ukraine*). Estimates show that the changes in tariffs have not significantly affected Ukraine's labor market, while the decrease in non-tariff barriers positively influenced wages and had a negative impact on employment. The decline in labour market rigidities had a positive impact on employment and a negative one on wages. The amount of state aid in Ukraine has recently been reduced, yet so far without any institutional changes. The adopted decisions are unsustainable; the future policy-making remains unpredictable. The resulting inefficiency and inconsistency of state aid allocation is costly. The paper concludes that given the risks of price volatility and the need to implement a number of international commitments, Ukraine's government should introduce new institutions and procedures for a more efficient allocation of state aid. Ukraine still lags behind the NMS in attracting foreign investors – despite its lower labour costs, relative freedom from costly EU regulations, and a more dynamic domestic market. The ICPS expects more greenfield investments in Ukraine at the expense of the NMS over the next ten years, yet no relocation of existing businesses. The analysis shows that Ukraine will maintain wage competitiveness over the entire forecast period. However, improvements in the business environment and progress in liberalizing trade relations with the EU will have a very significant impact on Ukraine's potential for business relocation.

Russian outward investments in the CIS represent a relatively recent and not sufficiently investigated phenomenon. Two papers by the *Turku School of Economics and Business Administration – TSEBA (Finland)* illustrate how Russian investments (often

via third countries and not captured by the official statistics) dominate the energy and telecommunications sectors in most CIS countries and in this way exert a considerable leverage in the region. Even in Finland, which almost fully depends on Russia regarding energy imports while Russia is the largest export market for Finnish manufactures, the dependency on Russia requires mutual strategic partnerships and investment cooperation.

Last but not least, the latest set of INDEUNIS papers includes also studies on Moldova and Kazakhstan which investigate country-specific restructuring experiences and trade integration. A case study on Russia's automotive industry (by DC RF), as well as a more academic paper dealing with intra-industry trade and related labour market adjustment costs in selected EU countries (by the *Institute of Economics, Hungarian Academy of Sciences – IE HAS, Hungary*), were conducted as well.

On the whole, the INDEUNIS research results show that EU enlargement has had largely positive – if only small – effects on the Newly Independent States. WTO accession and closer EU-NIS integration are seen as desired targets though the Russian views regarding specific integration strategies sometimes differ from those of the remaining NIS, particularly Ukraine. There is a broader agreement in the project team that simultaneous EU-NIS integration would bring more benefits to all parties concerned.

## Conventional signs and abbreviations

used in the following section on monthly statistical data

.	data not available
%	per cent
CMPY	change in % against corresponding month of previous year
CCPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)
3MMA	3-month moving average, change in % against previous year.
CPI	consumer price index
PM	change in % against previous month
PPI	producer price index
p.a.	per annum
mn	million
bn	billion
BGN	Bulgarian lev (1 BGN = 1000 BGL)
CZK	Czech koruna
EUR	Euro, from 1 January 1999
HRK	Croatian kuna
HUF	Hungarian forint
PLN	Polish zloty
RON	Romanian leu (1RON = 10000 ROL)
RUB	Russian rouble (1 RUB = 1000 RUR)
SIT	Slovenian tolar
SKK	Slovak koruna
UAH	Ukrainian hryvnia
USD	US dollar
M0	currency outside banks
M1	M0 + demand deposits
M2	M1 + quasi-money

Sources of statistical data:

National statistical offices and central banks; wiiw estimates.

*Please note:* wiiw Members have **free online access** to the wiiw Monthly Database Eastern Europe.

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

# C Z E C H REPUBLIC: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	7.1	5.1	8.9	8.5	8.0	10.0	7.3	15.8	11.8	17.3	3.8	12.2	10.5	12.2	7.4	.
Industry, total <sup>1)</sup>	real, CCPY	5.3	5.2	5.7	6.0	6.2	6.6	6.7	15.8	13.8	15.1	12.1	12.1	11.8	11.9	11.3	.
Industry, total <sup>1)</sup>	real, 3MMA	6.2	7.0	7.5	8.4	8.9	8.5	10.9	11.6	15.1	10.9	11.1	8.9	11.6	10.0	.	.
Construction, total	real, CMPY	19.1	6.0	6.5	9.4	13.8	6.6	8.6	-1.2	-8.2	8.7	-3.0	10.5	10.0	12.2	6.4	.
<b>LABOUR</b>																	
Employees in industry <sup>2)</sup>	th. persons	1125	1131	1132	1130	1141	1147	1141	1139	1144	1147	1143	1144	1143	1147	1147	.
Unemployment, end of period	th. persons	489.7	500.3	505.3	503.4	491.9	490.8	510.4	531.2	528.2	514.8	486.2	463.0	451.1	458.3	458.7	454.2
Unemployment rate <sup>3)</sup>	%	8.6	8.8	8.9	8.8	8.5	8.4	8.9	9.2	9.1	8.8	8.3	7.9	7.7	7.9	7.9	7.8
Labour productivity, industry <sup>2,4)</sup>	CCPY	6.4	6.3	7.0	7.4	7.7	8.0	8.2	14.2	11.8	13.3	10.5	10.7	10.5	10.7	9.8	.
Unit labour costs, exch.r. adj.(EUR) <sup>2,4)</sup>	CCPY	5.7	5.2	4.8	4.5	4.1	3.9	3.5	-1.9	0.1	-1.6	0.8	1.4	1.6	1.4	2.1	.
<b>WAGES, SALARIES</b>																	
Industry, gross <sup>2)</sup>	CZK	18570	18238	18058	17943	18184	21464	19629	17992	17284	18814	19588	20066	19716	19265	19054	.
Industry, gross <sup>2)</sup>	real, CMPY	3.4	1.1	5.1	2.7	1.5	2.7	1.5	3.2	3.0	3.6	2.3	4.7	3.2	2.6	2.3	.
Industry, gross <sup>2)</sup>	USD	752	728	750	751	736	865	803	758	726	789	842	906	879	858	866	.
Industry, gross <sup>2)</sup>	EUR	618	604	610	612	613	734	677	626	608	657	687	710	695	677	676	.
<b>PRICES</b>																	
Consumer	PM	0.6	0.3	0.0	-0.3	0.9	-0.3	-0.1	1.4	0.1	-0.1	0.1	0.5	0.3	0.4	0.2	-0.7
Consumer	CMPY	1.8	1.7	1.7	2.2	2.6	2.4	2.2	2.9	2.8	2.8	2.8	3.1	2.8	2.9	3.1	2.7
Consumer	CCPY	1.6	1.6	1.7	1.7	1.8	1.9	1.9	2.9	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9
Producer, in industry	PM	-0.2	0.1	0.0	0.2	0.4	-0.3	-0.6	1.0	0.2	0.1	0.3	0.3	0.2	0.7	0.3	-0.2
Producer, in industry	CMPY	2.7	2.0	1.1	1.0	0.3	0.0	-0.4	0.3	0.3	0.3	0.5	1.6	1.9	2.4	2.7	2.3
Producer, in industry	CCPY	5.5	5.0	4.5	4.1	3.7	3.3	3.0	0.3	0.3	0.3	0.4	0.6	0.8	1.1	1.3	1.4
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	4.6	1.2	7.1	3.8	3.4	3.3	2.1	6.9	7.8	6.9	5.5	7.0	6.6	6.4	6.8	.
Turnover	real, CCPY	4.6	4.1	4.5	4.4	4.3	4.2	4.0	6.9	7.3	7.2	6.8	6.8	6.7	6.7	6.7	.
<b>FOREIGN TRADE<sup>5,6)</sup></b>																	
Exports total (fob), cumulated	EUR mn	30175	34776	39847	45610	51350	57543	62734	5721	11338	17926	23587	29990	36418	42009	47810	.
Imports total (fob), cumulated	EUR mn	28935	33559	38775	44360	50007	56115	61437	5274	10673	16965	22635	28964	35113	40746	46618	.
Trade balance, cumulated	EUR mn	1240	1217	1072	1250	1343	1429	1297	446	665	961	952	1026	1306	1263	1192	.
Exports to EU-25 (fob), cumulated	EUR mn	25577	29427	33642	38488	43295	48514	52734	4820	9525	14992	19755	25140	30538	35233	40078	.
Imports from EU-25 (fob) <sup>7)</sup> , cumulated	EUR mn	20778	24075	27774	31784	35704	39910	43601	3641	7427	11912	15865	20343	24677	28654	32666	.
Trade balance with EU-25, cumulated	EUR mn	4799	5351	5868	6705	7591	8604	9133	1180	2098	3080	3890	4798	5861	6579	7412	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>5)</sup>	EUR mn	-349	-729	-1086	-1370	-1286	-1687	-2070	106	59	76	-431	-694	-1678	-2501	-3009	.
<b>EXCHANGE RATE</b>																	
CZK/USD, monthly average	nominal	24.7	25.0	24.1	23.9	24.7	24.8	24.4	23.7	23.8	23.8	23.3	22.1	22.4	22.4	22.0	22.3
CZK/EUR, monthly average	nominal	30.0	30.2	29.6	29.3	29.7	29.3	29.0	28.7	28.4	28.6	28.5	28.3	28.4	28.4	28.2	28.4
CZK/USD, calculated with CPI <sup>8)</sup>	real, Jan03=100	117.8	116.0	120.1	119.3	116.1	116.2	118.3	122.6	122.1	121.2	123.3	129.5	127.8	128.0	130.5	127.9
CZK/USD, calculated with PPI <sup>8)</sup>	real, Jan03=100	113.9	111.0	114.5	112.4	106.4	107.3	108.7	112.2	113.8	113.5	115.5	120.6	118.8	118.8	121.5	119.6
CZK/EUR, calculated with CPI <sup>8)</sup>	real, Jan03=100	103.9	103.6	105.5	105.7	105.3	106.5	107.2	109.8	110.9	109.4	109.4	110.5	110.3	110.5	111.5	110.0
CZK/EUR, calculated with PPI <sup>8)</sup>	real, Jan03=100	108.2	107.4	109.2	109.9	108.5	110.0	110.3	111.5	112.6	111.3	111.4	112.2	112.0	111.9	113.1	112.1
<b>DOMESTIC FINANCE</b>																	
M0, end of period	CZK bn	253.2	253.0	252.9	256.3	258.5	262.7	263.8	261.8	264.8	267.3	272.7	273.3	279.9	279.1	282.4	.
M1, end of period	CZK bn	1004.0	1004.2	1028.2	1015.2	1048.5	1078.2	1087.3	1099.9	1103.5	1086.0	1111.0	1160.7	1141.3	1177.8	1193.0	.
M2, end of period	CZK bn	1913.0	1908.3	1920.5	1919.2	1933.9	1965.6	1992.1	1989.6	2002.2	2011.2	2051.9	2061.5	2073.2	2073.2	2099.7	.
M2, end of period	CMPY	5.2	4.8	4.6	4.2	5.0	6.8	8.0	8.9	8.6	9.0	9.0	7.8	8.4	8.6	9.3	.
Discount rate (p.a.), end of period	%	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50
Discount rate (p.a.), end of period <sup>9)</sup>	real, %	-1.9	-1.2	-0.3	-0.2	0.7	1.0	1.4	0.7	0.7	0.7	0.5	-0.5	-0.9	-1.2	-1.5	-0.8
<b>BUDGET</b>																	
Central gov. budget balance, cum.	CZK mn	3763	10259	10008	25748	15181	201	-56338	3427	-557	15754	-19955	-12202	7642	-445	-6440	1490

1) According to new calculation.

2) Enterprises employing 20 and more persons.

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

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

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

6) Cumulation starting January and ending December each year.

7) According to country of origin.

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

9) Deflated with annual PPI.

## H U N G A R Y: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total	real, CPMY	6.1	5.4	11.7	8.6	9.6	7.8	5.7	13.2	11.2	15.4	2.3	10.5	9.2	12.2	9.0	.
Industry, total	real, CCPY	5.6	5.6	6.3	6.6	6.9	7.0	6.9	13.2	12.2	13.4	10.5	10.5	10.3	10.5	10.3	.
Industry, total	real, 3MMA	8.1	7.6	8.5	9.9	8.7	7.8	8.8	9.9	13.4	9.6	9.5	7.4	10.6	10.1	.	.
Construction, total	real, CPMY	23.5	17.6	13.5	36.3	11.0	18.7	14.6	12.2	-3.2	15.7	-7.6	-7.8	-8.1	1.2	-3.3	.
<b>LABOUR</b>																	
Employees in industry <sup>1)</sup>	th. persons	760.7	762.5	759.9	759.2	759.9	756.7	752.8	751.8	752.6	751.4	748.9	750.2	751.3	753.3	752.5	.
Unemployment <sup>2)</sup>	th. persons	299.5	298.7	302.5	308.6	308.3	305.4	309.9	317.6	326.5	323.6	318.5	309.4	305.7	311.1	314.5	318.3
Unemployment rate <sup>2)</sup>	%	7.1	7.1	7.2	7.3	7.3	7.2	7.3	7.5	7.8	7.7	7.5	7.3	7.2	7.3	7.4	7.5
Labour productivity, industry <sup>1)</sup>	CCPY	9.0	9.1	10.0	10.3	10.5	10.6	10.7	17.2	15.7	16.5	13.5	13.2	12.5	13.0	12.6	.
Unit labour costs, exch.r.adj.(EUR) <sup>1)</sup>	CCPY	2.1	1.5	0.5	-0.1	-0.7	-1.1	-1.7	-9.7	-9.2	-10.4	-9.1	-8.7	-8.8	-10.2	-10.2	.
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	HUF	155668	151352	148438	150339	152714	175837	179843	195616	157291	162499	162145	166112	165704	164350	164353	.
Total economy, gross <sup>1)</sup>	real, CPMY	2.8	3.7	3.2	3.9	3.3	3.9	2.0	3.4	6.0	5.2	5.7	3.6	3.5	5.4	7.0	.
Total economy, gross <sup>1)</sup>	USD	761	740	747	750	729	825	844	944	747	749	750	808	771	751	768	.
Total economy, gross <sup>1)</sup>	EUR	625	614	607	611	607	700	712	780	625	623	611	633	609	592	599	.
Industry, gross <sup>1)</sup>	EUR	610	595	607	598	585	714	663	592	588	622	590	650	604	567	598	.
<b>PRICES</b>																	
Consumer	PM	0.3	0.0	-0.4	0.2	0.0	0.2	0.0	0.1	0.2	0.6	0.7	1.0	0.3	0.2	0.0	2.5
Consumer	CCPY	3.8	3.7	3.6	3.7	3.2	3.3	3.3	2.7	2.5	2.3	2.3	2.8	2.8	3.0	3.5	5.9
Consumer	CCPY	3.7	3.7	3.7	3.7	3.6	3.6	3.6	2.7	2.6	2.5	2.5	2.5	2.6	2.6	2.7	3.1
Producer, in industry	PM	0.0	-0.4	0.1	0.8	0.8	0.4	0.0	0.6	0.1	1.8	1.1	0.1	2.4	1.2	0.3	0.1
Producer, in industry	CCPY	5.0	4.2	3.4	3.8	4.1	4.1	4.5	4.3	4.4	5.4	5.8	5.3	7.9	9.5	9.7	9.0
Producer, in industry	CCPY	4.6	4.5	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.7	5.0	5.0	5.5	6.1	6.5	6.8
<b>RETAIL TRADE</b>																	
Turnover	real, CPMY	6.8	5.1	6.2	7.4	6.8	7.0	3.5	7.5	6.0	2.9	6.1	5.4	3.6	4.0	5.1	.
Turnover	real, CCPY	5.0	5.0	5.1	5.4	5.6	5.7	5.5	7.5	6.7	5.3	5.5	5.5	5.1	4.9	5.0	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	23916	27722	31565	36427	40896	45851	50090	4178	8389	13493	17865	22831	27714	32143	36542	.
Imports total (cif), cumulated	EUR mn	25047	29341	33631	38603	43418	48625	52993	4344	8805	14143	18695	23808	28787	33549	38244	.
Trade balance, cumulated	EUR mn	-1132	-1619	-2066	-2176	-2523	-2774	-2903	-165	-415	-650	-830	-977	-1073	-1406	-1703	.
Exports to EU-25 (fob), cumulated	EUR mn	18506	21416	24269	27930	31401	35207	38283	3220	6443	10255	13526	17240	20888	24211	27372	.
Imports from EU-25 (cif) <sup>5)</sup> , cumulated	EUR mn	17299	20326	23153	26565	29831	33295	36126	2885	5906	9586	12552	16071	19522	22764	25811	.
Trade balance with EU-25, cumulated	EUR mn	1207	1091	1117	1365	1570	1912	2158	334	537	670	974	1169	1366	1447	1561	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-2787	.	.	-4627	.	.	-6002	.	.	-1537	.	.	-3006	.	.	.
<b>EXCHANGE RATE</b>																	
HUF/USD, monthly average	nominal	204.6	204.6	198.8	200.6	209.4	213.0	213.0	207.1	210.6	216.9	216.3	205.5	214.9	218.8	214.0	215.7
HUF/EUR, monthly average	nominal	249.0	246.4	244.4	245.9	251.7	251.1	252.7	250.9	251.6	260.8	265.3	262.5	271.9	277.6	274.3	274.7
HUF/USD, calculated with CPI <sup>6)</sup>	real, Jan03=100	118.0	117.5	119.8	117.7	112.5	111.6	112.1	114.5	112.6	109.5	109.5	115.9	110.9	108.8	111.0	112.9
HUF/USD, calculated with PPI <sup>6)</sup>	real, Jan03=100	106.1	104.4	106.7	103.6	97.6	97.7	98.2	100.7	100.7	99.3	99.7	104.1	101.5	100.2	102.8	102.1
HUF/EUR, calculated with CPI <sup>6)</sup>	real, Jan03=100	104.0	105.0	105.3	104.4	101.9	102.5	101.5	102.6	102.2	98.8	97.2	98.9	95.7	93.9	94.9	97.1
HUF/EUR, calculated with PPI <sup>6)</sup>	real, Jan03=100	100.8	101.2	101.7	101.4	99.4	100.3	99.6	100.1	99.6	97.4	96.1	96.9	95.8	94.4	95.7	95.6
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>7)</sup>	HUF bn	1456.7	1466.8	1475.2	1491.4	1532.7	1570.7	1600.3	1551.4	1555.5	1622.7	1663.9	1661.5	1724.9	1730.3	1762.8	.
M1, end of period <sup>7)</sup>	HUF bn	4417.1	4436.1	4533.7	4643.4	4692.1	4960.0	5188.8	4863.8	4959.2	5318.2	5323.4	5358.3	5573.2	5610.9	5506.8	.
Broad money, end of period <sup>7)</sup>	HUF bn	10253.9	10367.2	10469.0	10621.1	10673.6	10915.6	11230.7	11224.6	11354.6	11925.4	11779.2	11770.6	12157.6	12215.2	12236.9	.
Broad money, end of period <sup>7)</sup>	CCPY	14.4	14.1	13.2	14.5	14.1	14.4	14.5	16.2	16.3	19.7	15.9	14.6	18.6	17.8	16.9	.
NBH base rate (p.a.),end of period	%	7.0	6.8	6.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.3	6.8	7.3	7.8
NBH base rate (p.a.),end of period <sup>8)</sup>	real, %	1.9	2.4	2.8	2.1	1.8	1.8	1.4	1.6	1.5	0.6	0.2	0.7	-1.5	-2.5	-2.2	-1.1
<b>BUDGET</b>																	
Central gov.budget balance <sup>8)</sup>	HUF bn	-798.6	-741.3	-769.0	-780.9	-738.7	-744.7	-545.0	-144.4	-440.6	-682.7	-794.2	-859.7	-1158.4	-1141.3	-1266.7	.

1) Economic organizations employing more than 5 persons.

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

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

4) Cumulation starting January and ending December each year.

5) According to country of dispatch.

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

7) According to ECB monetary standards.

8) Deflated with annual PPI.

## P O L A N D: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry <sup>1)</sup>	real, CMPY	6.9	2.6	4.8	5.9	7.6	8.5	9.5	9.7	10.2	16.5	5.7	19.1	12.2	14.3	12.6	11.7
Industry <sup>1)</sup>	real, CCPY	1.5	1.7	2.1	2.5	3.1	3.6	4.1	9.7	10.0	12.3	10.6	12.3	12.2	12.5	12.5	12.4
Industry <sup>1)</sup>	real, 3MMA	3.5	4.8	4.5	6.1	7.3	8.5	9.2	9.8	12.3	10.8	13.7	12.2	15.1	13.0	12.8	.
Construction <sup>1)</sup>	real, CMPY	29.9	17.3	6.5	10.5	6.8	5.8	8.2	-7.9	-3.4	15.7	4.1	13.3	15.7	4.9	15.4	21.3
<b>LABOUR</b>																	
Employees <sup>1)</sup>	th. persons	4770	4772	4776	4788	4798	4804	4799	4862	4861	4870	4889	4901	4918	4928	4943	4957
Employees in industry <sup>1)</sup>	th. persons	2427	2422	2424	2428	2434	2436	2430	2457	2458	2464	2468	2471	2478	2484	2490	2495
Unemployment, end of period	th. persons	2827.4	2809.0	2783.3	2760.1	2712.1	2722.8	2773.0	2866.7	2865.9	2822.0	2703.6	2583.0	2487.6	2443.4	2411.6	2363.6
Unemployment rate <sup>2)</sup>	%	18.0	17.9	17.7	17.6	17.3	17.3	17.6	18.0	18.0	17.8	17.2	16.5	16.0	15.7	15.5	15.2
Labour productivity, industry <sup>1)</sup>	CCPY	0.5	0.6	1.0	1.4	2.0	2.5	3.0	8.0	8.3	10.5	8.8	10.4	10.3	10.4	10.3	10.1
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	18.6	17.3	16.2	15.6	14.9	14.4	13.0	1.9	1.7	-0.7	1.1	0.3	-0.4	-0.5	-0.5	-0.9
<b>WAGES, SALARIES</b>																	
Total economy, gross <sup>1)</sup>	PLN	2513	2507	2481	2484	2539	2678	2789	2471	2526	2614	2570	2550	2625	2648	2612	2611
Total economy, gross <sup>1)</sup>	real, CMPY	3.1	2.0	1.3	0.3	5.1	6.2	1.2	3.2	4.3	5.1	3.4	4.4	3.7	4.5	3.7	3.9
Total economy, gross <sup>1)</sup>	USD	753	737	755	777	779	795	858	782	796	811	804	836	828	841	858	838
Total economy, gross <sup>1)</sup>	EUR	619	612	613	633	647	674	723	646	666	675	656	655	654	662	669	658
Industry, gross <sup>1)</sup>	EUR	630	617	618	637	639	697	738	648	678	681	661	661	664	679	676	662
<b>PRICES</b>																	
Consumer	PM	-0.2	-0.2	-0.1	0.4	0.4	-0.2	-0.2	0.2	0.0	-0.1	0.7	0.5	-0.3	0.0	0.3	0.2
Consumer	CMPY	1.4	1.3	1.6	1.8	1.6	1.0	0.7	0.6	0.7	0.4	0.7	0.9	0.8	1.1	1.3	1.5
Consumer	CCPY	3.1	2.8	2.7	2.6	2.5	2.3	2.2	0.6	0.6	0.8	0.8	0.9	1.0	1.0	1.1	1.1
Producer, in industry	PM	0.3	0.2	0.1	-0.3	-0.1	0.1	-0.7	0.2	-0.1	0.7	1.5	0.4	0.9	0.7	-0.1	-0.1
Producer, in industry	CMPY	0.0	0.0	-0.2	-0.5	-0.9	-0.4	0.2	0.3	0.7	0.9	1.7	2.3	3.0	3.5	3.3	3.6
Producer, in industry	CCPY	1.8	1.5	1.3	1.1	0.9	0.8	0.7	0.3	0.5	0.6	0.9	1.2	1.5	1.8	1.9	2.1
<b>RETAIL TRADE</b>																	
Turnover <sup>1)</sup>	real, CMPY	8.8	3.2	5.6	2.9	5.7	6.4	6.2	8.6	9.9	10.1	13.3	13.4	10.5	10.8	10.9	14.4
Turnover <sup>1)</sup>	real, CCPY	-1.9	-1.0	-0.2	0.1	0.6	1.2	1.5	8.6	9.6	9.0	10.1	10.6	10.5	10.8	11.1	11.6
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	33973	39693	45260	51872	58747	65512	71720	6367	12856	20253	26990	34331	41719	48507	55352	.
Imports total (cif), cumulated	EUR mn	38292	44740	51247	58688	66233	73941	81018	6996	14327	22650	29998	38464	46556	54485	62265	.
Trade balance, cumulated	EUR mn	-4319	-5047	-5986	-6816	-7485	-8428	-9299	-629	-1471	-2397	-3008	-4133	-4837	-5977	-6913	.
Exports to EU-25 (fob), cumulated	EUR mn	26151	30557	34696	39694	45078	50508	55149	5154	10099	15966	21185	26904	32596	37763	42729	.
Imports from EU-25 (cif) <sup>5)</sup> , cumulated	EUR mn	25376	29705	33752	38544	43498	48559	52853	4321	8864	14329	18940	24304	29526	34482	38975	.
Trade balance with EU-25, cumulated	EUR mn	774	852	944	1149	1580	1948	2296	833	1235	1637	2245	2599	3071	3281	3754	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-1575	-1913	-2408	-2736	-3093	-3595	-4125	-211	-1050	-1406	-1976	-2380	-2595	-3070	-3680	.
<b>EXCHANGE RATE</b>																	
PLN/USD, monthly average	nominal	3.336	3.399	3.287	3.195	3.260	3.367	3.252	3.160	3.174	3.223	3.198	3.049	3.171	3.149	3.045	3.115
PLN/EUR, monthly average	nominal	4.060	4.097	4.045	3.925	3.926	3.972	3.856	3.825	3.794	3.875	3.919	3.894	4.016	3.997	3.901	3.970
PLN/USD, calculated with CPI <sup>6)</sup>	real, Jan03=100	114.1	111.3	114.4	116.9	114.7	111.7	115.9	118.5	117.8	115.3	116.0	121.6	116.4	116.8	120.9	118.4
PLN/USD, calculated with PPI <sup>6)</sup>	real, Jan03=100	110.3	107.1	110.0	109.7	104.8	103.1	106.4	108.8	109.9	108.8	110.2	115.0	111.1	111.9	115.6	112.9
PLN/EUR, calculated with CPI <sup>6)</sup>	real, Jan03=100	100.4	99.2	100.2	103.2	103.5	102.2	104.8	106.1	106.6	103.9	102.8	103.7	100.1	100.6	103.2	101.6
PLN/EUR, calculated with PPI <sup>6)</sup>	real, Jan03=100	104.6	103.6	104.6	107.0	106.4	105.5	107.8	108.0	108.5	106.5	106.1	106.8	104.5	105.1	107.5	105.5
<b>DOMESTIC FINANCE</b>																	
M0, end of period	PLN bn	53.8	55.3	55.2	55.3	55.8	55.9	57.2	55.3	56.3	58.4	61.3	61.2	64.2	64.9	64.9	66.2
M1, end of period <sup>7)</sup>	PLN bn	188.0	185.7	193.3	192.5	195.9	202.5	208.0	204.5	211.5	209.7	223.8	226.2	233.1	235.5	239.4	.
M2, end of period <sup>7)</sup>	PLN bn	379.1	379.7	386.2	390.5	395.3	396.7	402.5	397.2	404.1	408.1	412.3	420.0	426.6	429.2	435.5	440.3
M2, end of period	CMPY	8.8	9.2	9.9	11.4	6.9	11.2	9.8	10.3	10.9	9.8	9.5	9.8	12.5	13.1	12.8	12.8
Discount rate (p.a.)end of period	%	5.5	5.3	5.3	4.8	4.8	4.8	4.8	4.8	4.5	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Discount rate (p.a.)end of period <sup>8)</sup>	real, %	5.5	5.3	5.5	5.3	5.7	5.2	4.5	4.4	3.8	3.3	2.5	1.9	1.2	0.7	0.9	0.6
<b>BUDGET</b>																	
Central gov.budget balance, cum.	PLN mn	-18248	-17331	-18537	-17782	-20649	-22272	-27495	772	-6716	-9275	-10070	-14718	-17694	-15543	-14483	-14494

1) Enterprises employing more than 9 persons.

2) Ratio of unemployed to the economically active.

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

4) Cumulation starting January and ending December each year.

5) According to country of origin.

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

7) Revised according to ECB monetary standards.

8) Deflated with annual PPI.



# S L O V A K REPUBLIC: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	1.7	4.9	4.5	5.4	4.1	5.8	8.7	7.3	4.9	16.5	3.5	10.9	12.1	8.2	13.8	.
Industry, total	real, CCPY	1.7	2.1	2.4	2.8	2.9	3.2	3.6	7.3	6.1	9.7	8.1	8.7	9.3	9.1	9.7	.
Industry, total	real, 3MMA	2.8	3.6	4.9	4.7	5.1	6.1	7.2	7.0	9.7	8.4	10.3	8.9	10.5	11.4	.	.
Construction, total	real, CMPY	25.2	17.3	15.1	20.7	9.4	15.8	0.5	4.6	19.9	18.0	11.6	20.2	16.3	17.5	21.6	.
<b>LABOUR</b>																	
Employment in industry	th. persons	581.2	581.9	584.6	582.1	584.7	586.4	578.5	555.2	556.6	558.3	563.2	567.5	570.5	571.3	574.2	.
Unemployment, end of period	th. persons	325.4	322.4	318.7	327.8	322.2	322.6	333.8	342.4	337.3	329.3	315.6	302.6	296.5	291.3	282.0	279.9
Unemployment rate <sup>1)</sup>	%	11.1	11.0	10.9	11.2	10.9	10.9	11.4	11.8	11.7	11.4	11.0	10.6	10.4	10.2	9.9	9.8
Labour productivity, industry	CCPY	-1.4	-1.1	-0.8	-0.4	-0.1	0.2	0.7	8.5	7.1	11.0	9.6	10.3	10.9	10.8	11.5	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	15.8	14.2	13.5	12.6	12.1	11.4	10.6	-0.6	-3.3	-5.7	-2.7	-1.9	-2.5	-2.1	-2.6	.
<b>WAGES, SALARIES</b>																	
Industry, gross	SKK	18513	17610	17721	17687	18448	21496	19912	17755	17279	18365	18102	19393	19820	19069	18870	.
Industry, gross	real, CMPY	2.9	1.8	3.9	2.8	3.7	3.3	3.2	0.6	-6.4	0.4	2.9	5.1	2.4	3.1	1.3	.
Industry, gross	USD	585	547	563	564	570	655	624	572	552	589	593	658	659	630	641	.
Industry, gross	EUR	480	453	458	460	474	555	526	473	462	490	484	516	521	497	501	.
<b>PRICES</b>																	
Consumer	PM	0.3	-0.3	-0.1	0.2	1.1	0.0	0.1	2.1	0.6	0.0	0.3	0.4	0.1	0.2	0.0	-0.3
Consumer	CMPY	2.5	2.0	2.0	2.2	3.3	3.4	3.7	4.1	4.4	4.5	4.5	4.8	4.6	5.0	5.1	4.6
Consumer	CCPY	2.6	2.5	2.5	2.4	2.5	2.6	2.7	4.1	4.3	4.3	4.4	4.5	4.5	4.6	4.6	4.6
Producer, in industry	PM	1.0	0.6	0.8	0.5	0.5	1.8	-0.6	1.4	1.4	0.7	0.7	0.8	0.2	0.6	0.6	.
Producer, in industry	CMPY	4.8	5.3	5.6	5.8	5.7	7.4	7.0	8.7	9.9	9.9	9.8	9.9	9.1	9.0	8.8	.
Producer, in industry	CCPY	3.3	3.6	3.8	4.1	4.2	4.5	4.7	8.7	9.3	9.5	9.6	9.7	9.6	9.5	9.4	.
<b>RETAIL TRADE<sup>2)</sup></b>																	
Turnover	real, CMPY	8.0	7.5	11.7	12.7	14.4	12.3	6.3	6.6	6.5	10.0	8.6	9.3	10.7	8.5	8.0	.
Turnover	real, CCPY	8.8	8.6	9.0	9.4	9.9	10.1	9.7	6.6	6.6	7.7	7.9	8.2	8.6	8.6	8.5	.
<b>FOREIGN TRADE<sup>3)4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	11954	13968	16067	18486	20975	23583	25773	2167	4438	7148	9532	12304	15117	17647	20455	.
Imports total (fob), cumulated	EUR mn	12765	14903	17012	19501	22165	24878	27751	2384	4927	7758	10390	13350	16338	19040	21964	.
FORI Trade balance, cumulated	EUR mn	-811	-935	-945	-1015	-1190	-1295	-1978	-218	-488	-610	-858	-1047	-1221	-1393	-1509	.
Exports to EU-25 (fob), cumulated	EUR mn	10284	12015	13751	15816	17958	20184	22015	1919	3892	6242	8270	10657	13039	15114	.	.
Imports from EU-25 (fob) <sup>6)</sup> , cumulated	EUR mn	9174	10725	12220	14053	15963	17894	19778	1494	3155	5124	6881	8918	10995	12884	.	.
Trade balance with EU-25, cumulated	EUR mn	1110	1290	1532	1763	1996	2290	2237	424	738	1118	1388	1739	2043	2230	.	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>3)</sup>	EUR mn	-1309	-1495	-1586	-1765	-1949	-2146	-3288	-244	-427	-622	-981	-1451	-1647	-1821	.	.
<b>EXCHANGE RATE</b>																	
SKK/USD, monthly average	nominal	31.6	32.2	31.5	31.4	32.4	32.8	31.9	31.0	31.3	31.2	30.5	29.5	30.1	30.3	29.4	29.4
SKK/EUR, monthly average	nominal	38.5	38.8	38.7	38.5	38.9	38.7	37.9	37.5	37.4	37.5	37.4	37.6	38.0	38.4	37.7	37.5
SKK/USD, calculated with CPI <sup>7)</sup>	real, Jan03=100	130.3	127.1	129.2	128.6	125.6	124.9	129.0	134.4	133.8	133.6	135.7	140.5	137.6	136.4	140.1	139.6
SKK/USD, calculated with PPI <sup>7)</sup>	real, Jan03=100	120.4	117.4	120.1	117.7	111.8	114.0	117.0	121.1	123.6	124.7	126.9	131.4	128.6	127.5	132.0	.
SKK/EUR, calculated with CPI <sup>7)</sup>	real, Jan03=100	114.7	113.3	113.5	113.9	113.7	114.3	116.7	120.5	121.2	120.7	120.5	120.0	118.5	117.7	119.6	119.9
SKK/EUR, calculated with PPI <sup>7)</sup>	real, Jan03=100	114.1	113.5	114.4	115.1	113.8	116.7	118.5	120.4	122.1	122.3	122.5	122.4	121.1	120.0	122.8	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>8)</sup>	SKK bn	108.1	110.1	111.4	112.6	113.6	114.9	119.8	118.8	119.4	120.1	121.3	121.9	124.5	124.4	125.8	.
M1, end of period <sup>8)</sup>	SKK bn	428.5	421.7	433.2	443.0	445.8	464.4	486.0	477.7	493.5	486.0	485.5	512.9	521.7	528.1	512.8	.
Broad money, end of period <sup>8)</sup>	SKK bn	774.3	779.7	785.8	792.0	800.4	798.4	831.4	824.9	833.9	840.7	850.2	851.2	861.2	871.8	892.4	.
Broad money, end of period <sup>8)</sup>	CMPY	9.6	8.9	8.0	7.3	7.6	6.3	7.8	8.6	9.1	10.3	9.4	10.5	11.2	11.8	13.6	.
Discount rate (p.a.) <sup>9)</sup> , end of period <sup>9)</sup>	%	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	4.0	4.0	4.5	4.5	4.8
Discount rate (p.a.) <sup>9)</sup> , end of period <sup>9)10)</sup>	real, %	-1.7	-2.2	-2.5	-2.6	-2.5	-4.1	-3.7	-5.2	-6.3	-5.8	-5.8	-5.4	-4.7	-4.2	-4.0	.
<b>BUDGET</b>																	
Central gov. budget balance, cum.	SKK mn	-1149	1922	-5065	-8107	-5115	-7553	-33886	12083	6347	157	180	-11700	-10246	-5244	-5716	-5134

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

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

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

4) Cumulation starting January and ending December each year.

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

6) According to country of origin.

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

8) According to ECB methodology.

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

10) Deflated with annual PPI.

## S L O V E N I A: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	6.9	3.8	0.7	2.5	3.1	7.5	6.0	7.3	8.4	7.3	0.9	9.7	4.3	7.1	10.9	.
Industry, total <sup>1)</sup>	real, CCPY	2.7	2.8	2.6	2.6	2.6	3.1	3.3	7.3	7.9	7.7	5.9	6.7	6.3	6.4	6.9	.
Industry, total <sup>1)</sup>	real, 3MMA	3.8	4.2	3.5	4.0	6.1	7.1	7.6	7.7	7.7	5.5	6.0	5.0	7.0	7.2	.	.
Construction, total <sup>2)</sup>	real, CMPY	13.2	1.8	-1.2	-4.7	-8.2	8.6	13.2	-3.9	7.7	1.0	-3.2	-2.8	11.8	15.8	2.9	.
<b>LABOUR</b>																	
Employment total	th. persons	816.1	813.5	812.7	816.1	817.5	818.3	813.6	812.5	814.1	817.3	819.9	823.6	827.4	825.2	825.2	.
Employees in industry	th. persons	240.4	239.2	238.3	238.1	238.3	238.1	235.8	235.1	234.9	234.8	234.6	235.1	235.8	.	.	.
Unemployment, end of period	th. persons	88.9	91.1	90.6	91.1	94.2	93.9	92.6	95.2	94.1	91.4	90.0	87.1	84.9	85.6	83.1	.
Unemployment rate <sup>3)</sup>	%	9.8	10.1	10.0	10.0	10.3	10.3	10.2	10.5	10.4	10.1	9.9	9.6	9.3	9.4	9.1	.
Labour productivity, industry	CCPY	4.1	4.3	4.2	4.2	4.4	4.9	5.2	10.2	10.6	10.4	8.6	9.4	8.9	8.9	.	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	1.5	1.1	1.4	1.4	1.3	1.4	0.5	-2.6	-3.3	-3.5	-2.4	-3.2	-2.5	-2.7	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	th. SIT	271.7	271.4	279.0	277.4	279.5	314.0	290.5	281.6	277.4	285.7	279.9	286.3	285.7	283.0	290.1	.
Total economy, gross	real, CMPY	2.7	1.6	3.2	1.3	1.6	6.9	-1.5	2.8	3.2	3.2	1.2	2.1	2.2	2.3	0.8	.
Total economy, gross	USD	1381	1364	1432	1420	1403	1545	1437	1423	1384	1432	1429	1526	1510	1498	1551	.
Total economy, gross	EUR	1134	1133	1165	1158	1167	1310	1213	1175	1158	1192	1168	1195	1192	1181	1211	.
Industry, gross	EUR	998	993	1042	1028	1036	1221	1060	1061	1021	1079	1027	1065	1070	1043	.	.
<b>PRICES</b>																	
Consumer	PM	0.1	0.7	-0.6	1.0	0.2	-0.5	0.0	-0.5	0.4	0.8	0.8	0.9	-0.3	-0.2	0.6	0.4
Consumer	CMPY	1.9	2.3	2.1	3.2	3.1	2.1	2.3	2.4	2.2	1.9	2.7	3.2	2.9	1.9	3.2	2.5
Consumer	CCPY	2.5	2.4	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.2	2.3	2.5	2.6	2.5	2.6	2.5
Producer, in industry	PM	0.0	-0.2	0.3	0.3	0.2	0.1	0.4	-0.1	0.6	0.4	0.3	0.1	0.3	0.1	-0.2	0.6
Producer, in industry	CMPY	2.4	2.0	2.1	1.9	1.8	1.8	1.8	1.3	1.6	2.0	2.0	2.4	2.7	2.9	2.4	2.7
Producer, in industry	CCPY	3.6	3.3	3.2	3.0	2.9	2.8	2.7	1.3	1.4	1.6	1.7	1.9	2.0	2.1	2.2	2.2
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	11.7	7.2	14.5	8.2	8.0	18.9	14.3	8.4	9.9	9.2	8.1	9.4	4.9	8.4	2.2	.
Turnover	real, CCPY	7.4	7.4	8.2	8.2	8.2	9.2	9.7	8.4	9.1	9.2	8.9	9.0	8.2	8.3	7.5	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	7051	8201	9236	10577	11868	13229	14397	1230	2489	3980	5288	6725	8190	9609	10740	.
Imports total (cif), cumulated	EUR mn	7491	8686	9908	11363	12745	14313	15804	1255	2632	4275	5598	7144	8700	10237	11512	.
Trade balance total, cumulated	EUR mn	-440	-485	-672	-787	-877	-1084	-1408	-24	-142	-295	-310	-419	-510	-628	-772	.
Exports to EU-25 (fob), cumulated	EUR mn	4861	5623	6290	7185	8056	8977	9770	899	1795	2828	3702	4685	5687	6638	7369	.
Imports from EU-25 (cif) <sup>5)</sup> , cumulated	EUR mn	6058	7087	8062	9255	10366	11575	12788	973	2033	3360	4404	5643	6906	8159	9172	.
Trade balance with EU-25, cumulated	EUR mn	-1197	-1464	-1772	-2070	-2310	-2598	-3018	-74	-238	-532	-702	-958	-1219	-1521	-1804	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-93	-137	-140	-152	-147	-260	-548	53	-39	-123	-71	-88	-57	-284	-337	.
<b>EXCHANGE RATE</b>																	
SIT/USD, monthly average	nominal	196.7	198.9	194.9	195.3	199.3	203.2	202.2	197.9	200.4	199.5	195.9	187.6	189.2	188.9	187.1	188.1
SIT/EUR, monthly average	nominal	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6	239.6
SIT/USD, calculated with CPI <sup>7)</sup>	real, Jan03=100	112.2	111.2	112.3	111.9	109.6	107.8	108.8	109.7	108.5	109.4	111.2	116.6	115.1	114.7	116.3	116.1
SIT/USD, calculated with PPI <sup>7)</sup>	real, Jan03=100	104.3	101.6	103.2	100.4	96.2	95.8	97.1	98.3	99.1	99.8	100.9	104.6	103.6	103.1	103.9	104.0
SIT/EUR, calculated with CPI <sup>7)</sup>	real, Jan03=100	98.6	99.2	98.5	99.0	99.1	98.7	98.4	98.1	98.3	98.7	98.9	99.4	99.0	98.8	99.2	99.6
SIT/EUR, calculated with PPI <sup>7)</sup>	real, Jan03=100	98.8	98.3	98.2	98.0	97.8	98.1	98.4	97.6	97.9	97.8	97.5	97.2	97.4	97.0	96.7	97.3
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>8)</sup>	SIT bn	179.2	179.0	174.6	177.6	186.0	177.1	187.2	202.7	206.8	207.5	220.9	216.5	220.7	212.1	210.3	.
M1, end of period <sup>8)</sup>	SIT bn	1074.7	1057.4	1051.6	1068.4	1079.1	1073.4	1151.4	1683.9	1694.1	1740.5	1764.7	1795.3	1824.8	1813.6	1812.7	.
Broad money, end of period <sup>8)</sup>	SIT bn	4031.2	4048.1	4088.3	4155.8	4164.5	4248.9	4258.2	3498.5	3524.7	3570.2	3546.0	3593.4	3627.3	3698.8	3683.9	.
Broad money, end of period <sup>8)</sup>	CMPY	4.6	4.3	5.5	6.1	7.5	8.0	5.5	-14.0	-13.3	-12.8	-14.4	-11.7	-10.0	-8.6	-9.9	.
Refinancing rate (p.a.), end of period	%	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.50	3.25	3.25	3.25	3.50	3.50	3.75	3.75
Refinancing rate (p.a.), end of period <sup>9)</sup>	real, %	1.1	1.5	1.4	1.6	1.7	1.7	1.9	2.4	1.9	1.2	1.2	0.8	0.8	0.6	1.3	1.0
<b>BUDGET</b>																	
General gov. budget balance, cum.	SIT bn	-84.7	-82.1	-62.3	-47.5	-49.9	-36.9	-71.8	16.2	-17.7	-31.2	-15.5	-21.3	-16.5	-5.2	.	.

1) Data in 2005 according to new methodology introduced in July 2005.

2) Effective working hours, construction put in place of enterprises with 20 and more persons employed.

3) Ratio of unemployed to the economically active.

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

5) Cumulation starting January and ending December each year.

6) According to country of dispatch.

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

8) From 2006 harmonized ECB methodology.

9) Deflated with annual PPI.

## B U L G A R I A: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	6.2	7.0	6.5	1.7	9.2	7.8	6.3	7.6	8.9	5.7	2.7	10.3	5.7	3.0	10.5	.
Industry, total <sup>1)</sup>	real, CCPY	6.9	7.0	6.9	6.3	6.6	6.7	6.7	7.6	8.3	7.3	6.1	7.0	6.7	6.2	6.7	.
Industry, total	real, 3MMA	6.6	6.6	5.0	5.8	6.3	7.7	7.2	7.5	7.3	5.7	6.2	6.2	6.2	6.3	.	.
<b>LABOUR</b>																	
Employees total	th. persons	2264	2285	2279	2266	2260	2261	2234	2201	2213	2237	2250	2265	2276	.	.	.
Employees in industry	th. persons	718	720	719	715	714	713	708	699	701	702	705	705	704	.	.	.
Unemployment, end of period	th. persons	411.6	405.5	399.0	388.5	386.5	383.9	397.3	432.3	426.2	401.5	378.9	355.3	340.1	331.8	323.8	.
Unemployment rate <sup>2)</sup>	%	11.1	10.9	10.8	10.5	10.4	10.4	10.7	11.7	11.5	10.8	10.2	9.6	9.2	9.0	8.7	.
Labour productivity, industry <sup>1)</sup>	CCPY	2.2	2.2	2.2	1.7	2.0	2.0	2.0	10.6	11.1	10.1	8.8	9.6	9.1	.	.	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	4.4	4.6	4.6	5.3	5.2	5.1	5.2	-1.3	-1.5	-0.6	0.9	0.0	0.2	.	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	BGN	314	317	310	324	317	321	340	324	322	340	343	346	345	.	.	.
Total economy, gross	real, CMPY	3.4	3.4	1.5	1.4	0.5	-0.9	-0.2	3.4	1.0	0.9	2.4	-0.1	1.5	.	.	.
Total economy, gross	USD	195	195	195	203	195	193	206	201	197	209	215	226	223	.	.	.
Total economy, gross	EUR	161	162	159	166	162	164	174	166	165	174	175	177	176	.	.	.
Industry, gross	EUR	168	164	162	170	168	166	175	167	168	179	178	176	182	.	.	.
<b>PRICES</b>																	
Consumer	PM	-1.3	0.1	0.6	1.4	1.2	1.0	0.8	0.8	3.0	0.3	0.4	0.0	-1.6	-0.5	-0.2	0.3
Consumer	CMPY	5.1	3.9	5.0	5.4	6.5	6.9	6.5	6.6	8.7	8.7	8.1	8.5	8.2	7.6	6.8	5.6
Consumer	CCPY	4.4	4.3	4.4	4.5	4.7	4.9	5.0	6.6	7.6	8.0	8.0	8.1	8.1	8.1	7.9	7.7
Producer, in industry <sup>1)</sup>	PM	0.7	1.1	0.2	1.3	0.8	0.5	0.7	-0.5	1.5	-0.2	1.8	3.1	0.3	0.9	0.3	.
Producer, in industry <sup>1)</sup>	CMPY	7.2	6.6	6.6	7.0	6.3	7.7	9.8	8.8	9.6	6.8	7.5	11.5	11.1	10.9	11.0	.
Producer, in industry <sup>1)</sup>	CCPY	6.6	6.6	6.6	6.6	6.6	6.7	7.0	8.8	9.2	8.4	8.1	8.8	9.2	9.5	9.6	.
<b>FOREIGN TRADE<sup>3)4)</sup></b>																	
Exports total (fob), cumulated	EUR mn	4386	5245	6027	6800	7716	8596	9454	816	1692	2667	3656	4642	5699	6770	7836	.
Imports total (cif), cumulated	EUR mn	6592	7864	9137	10404	11831	13290	14682	1233	2457	3933	5344	6868	8361	9957	11618	.
Trade balance, cumulated	EUR mn	-2206	-2618	-3110	-3604	-4115	-4694	-5228	-418	-764	-1266	-1688	-2226	-2661	-3187	-3782	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>5)</sup>	EUR mn	-1074	-1066	-1084	-1226	-1576	-2012	-2427	-441	-685	-1118	-1471	-1733	-1820	-1823	-1903	.
<b>EXCHANGE RATE</b>																	
BGN/USD, monthly average	nominal	1.608	1.625	1.591	1.597	1.628	1.660	1.650	1.614	1.638	1.627	1.597	1.532	1.546	1.542	1.527	1.538
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, calculated with CP <sup>6)</sup>	real, Jan03=100	118.1	116.5	119.1	119.0	117.8	117.6	119.8	122.5	124.0	124.6	126.3	131.0	127.5	126.9	127.6	127.1
BGN/USD, calculated with PP <sup>6)</sup>	real, Jan03=100	113.0	111.6	113.3	111.1	107.2	107.3	109.1	110.1	111.8	112.1	115.1	122.6	121.4	122.0	123.6	.
BGN/EUR, calculated with CP <sup>6)</sup>	real, Jan03=100	104.2	104.2	104.6	105.6	106.7	107.9	108.5	109.6	112.6	112.5	112.3	111.8	110.0	109.5	109.0	109.4
BGN/EUR, calculated with PP <sup>6)</sup>	real, Jan03=100	107.4	108.2	108.0	108.9	109.3	110.1	110.7	109.3	110.6	110.0	111.2	114.1	114.5	114.8	115.1	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period <sup>7)</sup>	BGN mn	4848	5058	5147	5213	5134	5096	5396	5092	5080	5113	5190	5284	5503	5687	5829	5917
M1, end of period <sup>7)</sup>	BGN mn	11167	11494	11713	11566	11792	11729	12443	11840	12058	12371	12430	13085	13444	14182	14505	14758
Broad money, end of period <sup>7)</sup>	BGN mn	22778	23211	23663	23746	23939	24010	25260	24633	25125	25558	25771	26568	27535	28183	28986	29621
Broad money, end of period	CMPY	25.4	26.4	29.0	26.6	27.0	27.3	23.9	20.0	21.1	10.1	17.1	18.4	20.9	21.4	22.5	24.7
BNB base rate (p.a.) <sup>end of period</sup>	%	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.3	2.3	2.5	2.6	2.6	2.7	2.8	3.0
BNB base rate (p.a.) <sup>end of period<sup>8)</sup></sup>	real, %	-4.7	-4.3	-4.3	-4.6	-4.0	-5.2	-7.0	-6.0	-6.7	-4.2	-4.7	-8.0	-7.6	-7.3	-7.3	.
<b>BUDGET</b>																	
Central gov. budget balance <sub>sum.</sub>	BGN mn	1007.7	1001.5	1198.9	1339.3	1488.3	1611.8	1333.9	137.0	457.7	619.9	978.8	1237.7	1454.9	1606.3	1941.0	.

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 more than 100 mean real appreciation.

7) According to ECB methodology.

8) Deflated with annual PPI.

## R O M A N I A: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	-0.7	-6.2	2.3	2.7	1.7	1.6	2.2	5.4	4.3	4.3	0.6	16.0	10.7	10.0	6.7	.
Industry, total <sup>1)</sup>	real, CCPY	3.4	1.9	1.9	2.0	2.0	2.0	2.0	5.4	4.9	4.7	3.6	6.1	6.9	7.3	7.2	.
Industry, total	real, 3MMA	-3.7	-1.6	-0.5	2.2	2.0	1.8	3.0	3.9	4.7	3.1	6.8	9.0	12.2	9.1	.	.
Construction, total	real, CCPY	3.3	3.8	4.5	5.4	6.3	7.3	8.2	20.5	20.0	20.9	18.3	17.2	17.5	17.3	17.6	.
<b>LABOUR</b>																	
Employees total	th. persons	4577.8	4567.5	4563.2	4554.6	4538.0	4537.6	4501.2	4556.2	4565.6	4582.0	4589.7	4604.0	4612.2	4617.4	4615.3	.
Employees in industry	th. persons	1722.2	1712.6	1699.4	1690.3	1680.6	1670.7	1652.3	1684.0	1680.8	1678.5	1666.7	1663.9	1653.1	1645.3	1640.4	.
Unemployment, end of period	th. persons	488.8	489.3	499.0	493.8	499.7	504.8	523.0	548.0	554.6	545.9	512.3	481.2	465.9	446.8	446.5	.
Unemployment rate <sup>2)</sup>	%	5.6	5.6	5.7	5.6	5.7	5.7	5.9	6.2	6.3	6.2	5.9	5.5	5.3	5.1	5.1	.
Labour productivity, industry	CCPY	5.4	4.3	4.5	4.8	5.0	5.2	5.4	8.8	8.6	8.4	7.5	9.9	10.7	11.0	11.1	.
Unit labour costs, exch.r. adj.(EUR)	CCPY	22.0	24.0	24.8	25.0	25.1	24.6	24.0	9.9	10.2	12.0	12.1	9.2	7.9	7.1	6.5	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	RON	943.6	957.0	963.0	965.0	974.0	1017.0	1121.0	1100.0	1017.0	1101.0	1120.0	1109.0	1112.0	1122.0	1122.0	.
Total economy, gross	real, CMPY	7.1	7.7	9.2	8.3	7.4	7.8	6.0	6.2	7.1	10.4	7.7	9.8	10.0	10.4	9.9	.
Total economy, gross	USD	318	323	338	337	325	328	364	366	343	377	393	404	397	398	407	.
Total economy, gross	EUR	261	268	275	275	271	278	306	302	287	314	321	316	313	314	318	.
Industry, gross	EUR	256	265	274	277	262	268	296	262	268	302	301	299	300	305	313	.
<b>PRICES</b>																	
Consumer	PM	0.3	1.0	0.1	0.6	0.9	1.2	0.5	1.0	0.2	0.2	0.4	0.6	0.2	0.1	-0.1	0.1
Consumer	CMPY	9.7	9.3	8.9	8.5	8.1	8.7	8.6	8.9	8.5	8.4	6.9	7.3	7.1	6.2	6.0	5.5
Consumer	CCPY	9.4	9.4	9.3	9.2	9.1	9.0	9.0	8.9	8.7	8.6	8.2	8.0	7.8	7.6	7.4	7.2
Producer, in industry	PM	0.2	0.7	1.2	0.7	1.7	0.7	-0.1	1.4	1.1	0.4	1.8	1.5	1.1	0.8	1.2	.
Producer, in industry	CMPY	10.4	9.3	8.8	8.1	8.2	8.8	9.6	9.8	11.7	11.3	10.6	11.7	12.7	12.9	13.0	.
Producer, in industry	CCPY	12.3	11.9	11.5	11.1	10.8	10.6	10.5	9.8	10.7	10.9	10.8	11.0	11.3	11.5	11.7	.
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	14.2	14.2	22.6	11.7	9.2	12.4	30.3	25.4	26.7	24.0	16.3	32.1	28.4	28.5	22.7	.
Turnover	real, CCPY	18.4	17.5	18.2	17.4	16.5	16.0	17.6	25.4	26.0	25.4	23.1	24.9	25.5	25.9	25.5	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	10527	12530	14394	16466	18407	20436	22255	1774	3880	6218	8086	10393	12673	14887	16888	.
Imports total (cif), cumulated	EUR mn	14740	17521	20220	23066	26144	29462	32569	2420	5287	8575	11517	15048	18528	21974	25321	.
Trade balance, cumulated	EUR mn	-4213	-4990	-5826	-6600	-7737	-9025	-10313	-646	-1407	-2358	-3431	-4656	-5855	-7087	-8432	.
Exports to EU-25 (fob), cumulated	EUR mn	7275	8590	9745	11153	12477	13935	15043	1237	2681	4256	5473	6950	8486	10016	11340	.
Imports from EU-25 (cif), cumulated	EUR mn	9288	11025	12611	14366	16340	18417	20251	1456	3142	5160	6947	9212	11467	13690	15730	.
Trade balance with EU-25, cumulated	EUR mn	-2013	-2436	-2866	-3213	-3863	-4482	-5208	-219	-462	-904	-1474	-2262	-2980	-3674	-4390	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated	EUR mn	-2975	-3412	-3248	-4363	-4891	-6023	-6891	-323	-831	-1465	-2219	-3113	-3985	-4878	-5924	.
<b>EXCHANGE RATE</b>																	
RON/USD, monthly average	nominal	2.969	2.961	2.851	2.865	2.993	3.097	3.084	3.006	2.963	2.918	2.849	2.745	2.801	2.817	2.753	2.769
RON/EUR, monthly average	nominal	3.614	3.566	3.506	3.510	3.598	3.653	3.659	3.645	3.540	3.507	3.491	3.507	3.548	3.572	3.528	3.527
RON/USD, calculated with CPI <sup>6)</sup>	real, Jan03=100	134.8	136.0	140.7	139.3	134.2	132.3	134.1	137.8	139.9	141.7	144.4	150.0	146.9	145.8	148.8	148.0
RON/USD, calculated with PPI <sup>6)</sup>	real, Jan03=100	139.6	139.2	145.1	141.3	134.2	132.6	133.6	137.9	143.5	146.1	150.8	157.5	155.3	154.7	160.2	.
RON/EUR, calculated with CPI <sup>6)</sup>	real, Jan03=100	119.1	121.8	123.8	123.8	121.8	121.5	121.6	123.5	127.1	128.2	128.5	128.2	126.8	126.1	127.4	127.5
RON/EUR, calculated with PPI <sup>6)</sup>	real, Jan03=100	132.8	135.1	138.5	138.6	137.0	136.2	135.7	137.1	142.2	143.5	145.8	146.7	146.6	146.0	149.5	.
<b>DOMESTIC FINANCE</b>																	
M0, end of period	RON mn	9582	9790	9985	10341	10258	10348	11386	10977	11165	11480	12471	12595	13557	13926	13959	.
M1, end of period	RON mn	18495	19162	20456	20964	21289	21133	24551	23560	23508	23843	24593	26080	27781	28930	29771	.
M2, end of period	RON mn	74200	74080	76745	80152	81098	81402	86332	85727	85677	87528	88034	91747	95054	95888	98302	.
M2, end of period	CMPY	46.5	41.1	39.9	41.3	41.3	43.1	33.9	35.8	31.4	28.8	27.4	27.5	28.1	29.4	28.1	.
Discount rate (p.a.),end of period <sup>5)</sup>	%	8.0	8.0	8.0	8.3	7.7	7.5	7.5	7.5	7.5	8.5	8.5	8.5	8.5	8.5	8.8	8.8
Discount rate (p.a.),end of period <sup>5)6)</sup>	real, %	-2.2	-1.2	-0.7	0.1	-0.4	-1.2	-1.9	-2.1	-3.8	-2.5	-1.9	-2.8	-3.7	-3.9	-3.7	.
<b>BUDGET</b>																	
Central gov.budget balance, cum.	RON mn	-725.9	-255.6	50.7	403.0	1363.8	653.2	-2182.9	850.9	851.4	472.6	674.3	830.9	-444.7	755.7	-8.1	.

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

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

3) Cumulation starting January and ending December each year.

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

5) Reference rate of RNB.

6) Deflated with annual PPI.

## C R O A T I A: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	12.3	5.4	4.7	6.0	7.2	6.4	3.1	5.9	7.3	6.0	-3.2	4.1	-1.1	5.2	9.8	3.0
Industry, total <sup>1)</sup>	real, CCPY	4.8	4.9	4.9	5.0	5.2	5.3	5.1	5.9	6.6	6.4	3.7	3.8	2.9	3.3	4.1	3.9
Industry, total <sup>1)</sup>	real, 3MMA	8.7	7.5	5.4	6.0	6.5	5.5	5.0	5.3	6.4	3.1	2.3	-0.1	2.7	4.4	5.9	.
Construction, total, effect, work, time <sup>1)</sup>	real, CMPY	-3.6	-3.6	5.5	5.6	8.8	8.0	4.4	13.3	17.1	16.9	3.8	13.7	7.5	8.3	9.7	.
<b>LABOUR</b>																	
Employment total	th. persons	1434.2	1444.5	1446.3	1436.9	1429.7	1425.4	1417.2	1406.6	1403.8	1406.7	1416.3	1429.6	1444.1	1455.5	1456.2	.
Employees in industry	th. persons	279.4	279.6	279.5	278.5	279.4	279.1	277.4	273.1	274.6	274.8	275.5	276.3	276.8	276.8	277.0	.
Unemployment, end of period	th. persons	297.6	293.2	291.0	294.3	300.6	305.5	307.9	314.2	313.6	311.3	302.4	287.3	274.5	270.8	271.1	279.0
Unemployment rate <sup>2)</sup>	%	17.2	16.9	16.8	17.0	17.4	17.7	17.8	18.3	18.3	18.1	17.6	16.7	16.0	15.7	15.7	16.1
Labour productivity, industry <sup>1)</sup>	CCPY	3.1	3.2	3.3	3.4	3.6	3.7	3.5	5.2	6.8	7.0	4.7	4.9	4.1	4.5	5.3	.
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	3.5	2.9	3.0	2.8	2.8	2.9	3.1	4.3	2.6	2.5	4.0	3.7	4.6	4.0	.	.
<b>WAGES, SALARIES</b>																	
Total economy, gross	HRK	6348	6199	6306	6202	6184	6588	6409	6386	6326	6650	6459	6780	6684	6550	.	.
Total economy, gross	real, CMPY	1.4	-0.5	2.0	0.8	0.4	1.1	0.8	2.2	2.4	2.8	2.1	2.5	1.2	2.2	.	.
Total economy, gross	USD	1057	1023	1055	1025	1008	1054	1028	1046	1032	1090	1081	1190	1167	1147	.	.
Total economy, gross	EUR	868	849	858	835	837	893	867	866	863	908	883	932	921	904	.	.
Industry, gross	EUR	795	780	797	783	768	833	796	795	797	850	807	867	871	839	.	.
<b>PRICES</b>																	
Consumer	PM	-0.1	-0.2	0.1	0.5	0.7	0.2	0.5	0.6	0.8	0.1	0.2	0.5	-0.1	-0.8	0.1	0.0
Consumer	CMPY	2.9	3.1	3.1	3.8	4.1	3.8	3.6	3.9	3.6	3.0	3.5	4.0	4.0	3.4	3.4	2.8
Consumer	CCPY	3.2	3.2	3.2	3.2	3.3	3.4	3.3	3.9	3.8	3.5	3.5	3.6	3.7	3.6	3.6	3.5
Producer, in industry	PM	-0.2	0.8	0.1	0.8	0.5	0.0	-0.3	0.5	0.7	0.3	0.1	0.4	-0.2	0.1	0.2	-0.3
Producer, in industry	CMPY	2.4	2.3	1.5	2.1	1.8	2.3	2.7	3.2	3.6	3.6	3.4	3.7	3.7	3.0	3.1	2.0
Producer, in industry	CCPY	4.0	3.7	3.4	3.2	3.1	3.0	3.0	3.2	3.4	3.5	3.4	3.5	3.5	3.5	3.4	3.3
<b>RETAIL TRADE</b>																	
Turnover	real, CMPY	7.3	2.0	5.1	3.6	1.7	2.0	2.9	3.6	5.3	0.3	1.5	0.2	-0.5	1.6	1.9	.
Turnover	real, CCPY	3.2	3.0	3.4	3.3	3.1	3.1	3.2	3.6	4.4	1.7	2.3	1.8	1.4	1.5	1.5	.
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	3308	3885	4443	5117	5688	6357	7064	605	1192	1970	2555	3257	3902	4609	5229	.
Imports total (cif), cumulated	EUR mn	7136	8417	9600	10914	12350	13659	14933	1134	2424	3955	5324	6829	8362	9822	11213	.
Trade balance, cumulated	EUR mn	-3828	-4532	-5157	-5797	-6661	-7303	-7869	-529	-1233	-1985	-2769	-3572	-4460	-5213	-5984	.
Exports to EU-25 (fob), cumulated	EUR mn	2139	2485	2831	3251	3642	4098	4510	392	794	1291	1690	2155	2602	3029	3408	.
Imports from EU-25 (cif), cumulated	EUR mn	4725	5601	6333	7180	8048	8934	9788	643	1474	2449	3399	4448	5459	6458	7297	.
Trade balance with EU-25, cumulated	EUR mn	-2586	-3116	-3502	-3929	-4406	-4837	-5277	-251	-680	-1158	-1709	-2293	-2856	-3429	-3889	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>6)</sup>	EUR mn	-2719	.	.	-482	.	.	-1993	.	.	-2014	.	.	-3287	.	.	.
<b>EXCHANGE RATE</b>																	
HRK/USD, monthly average	nominal	6.007	6.062	5.975	6.052	6.136	6.252	6.234	6.102	6.129	6.098	5.974	5.698	5.726	5.711	5.683	5.794
HRK/EUR, monthly average	nominal	7.313	7.305	7.348	7.432	7.386	7.375	7.389	7.378	7.327	7.325	7.313	7.273	7.256	7.246	7.276	7.385
HRK/USD, calculated with CPI <sup>6)</sup>	real, Jan03=100	116.6	114.8	116.1	113.9	112.8	111.8	113.1	115.4	115.5	115.7	117.3	122.9	122.0	120.9	121.4	119.1
HRK/USD, calculated with PPI <sup>6)</sup>	real, Jan03=100	109.5	108.0	108.8	105.2	101.7	101.4	101.8	103.6	105.5	106.1	107.4	112.0	110.8	110.4	111.2	108.7
HRK/EUR, calculated with CPI <sup>6)</sup>	real, Jan03=100	102.5	102.3	101.6	100.5	101.7	102.2	102.2	103.2	104.5	104.2	104.0	104.7	104.7	104.0	103.5	102.0
HRK/EUR, calculated with PPI <sup>6)</sup>	real, Jan03=100	103.6	104.3	103.4	102.5	103.2	103.6	103.0	102.8	104.0	103.9	103.4	104.0	104.0	103.7	103.3	101.5
<b>DOMESTIC FINANCE</b>																	
M0, end of period	HRK bn	12.2	13.1	12.7	12.2	11.9	11.7	12.2	11.7	11.8	12.1	12.7	13.0	14.0	14.9	14.6	.
M1, end of period	HRK bn	36.7	38.3	37.8	36.7	37.1	37.2	38.8	37.2	37.2	38.2	39.2	40.8	42.2	45.0	45.0	.
Broad money, end of period	HRK bn	142.6	145.6	151.1	151.6	152.5	154.7	154.6	152.0	151.7	153.6	155.1	158.1	163.1	170.3	174.2	.
Broad money, end of period	CMPY	10.1	9.4	10.4	9.3	10.2	10.8	10.5	9.4	9.3	11.3	12.5	12.4	14.4	17.0	15.3	.
Discount rate (p.a.), end of period	%	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Discount rate (p.a.), end of period <sup>7)</sup>	real, %	2.1	2.2	3.0	2.4	2.7	2.2	1.8	1.3	0.9	0.9	1.1	0.8	0.8	1.5	1.4	2.5
<b>BUDGET</b>																	
Central gov. budget balance, cum. <sup>8)</sup>	HRK mn	-6784	-7603	-6557	-5995	-6994	-6936	-6874	-883	-1742	-2803	-3097	-3381	-3475	-3426	-2641	.

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

2) Ratio of unemployed to the economically active population.

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

4) Cumulation starting January and ending December each year.

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

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

7) Deflated with annual PPI.

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

## R U S S I A: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total <sup>1)</sup>	real, CMPY	6.0	3.9	3.0	4.9	3.6	6.0	4.8	4.3	0.9	4.1	4.9	11.2	2.9	3.6	6.3	5.6
Industry, total <sup>1)</sup>	real, CCPY	3.5	3.5	3.4	3.6	3.6	3.8	3.9	4.3	2.6	3.1	3.6	5.0	4.7	4.5	4.7	4.8
Industry, total <sup>1)</sup>	real, 3MMA	3.6	4.3	3.9	3.8	4.8	4.8	5.0	3.4	3.1	3.3	6.6	6.2	5.8	4.3	5.2	.
Construction, total	real, CMPY	7.4	12.9	11.6	10.4	13.6	16.2	15.6	-7.5	-3.5	10.7	12.1	10.9	14.5	14.5	12.4	18.3
<b>LABOUR<sup>2)</sup></b>																	
Employment total	th. persons	68600	68900	69300	69100	68900	68700	68300	67600	67600	67900	68200	68500	68900	69170	69637	69410
Unemployment, end of period	th. persons	5400	5397	5395	5444	5491	5543	5660	5776	5893	5780	5674	5571	5501	5430	5363	5290
Unemployment rate	%	7.3	7.3	7.2	7.3	7.4	7.5	7.7	7.9	8.0	7.8	7.7	7.5	7.4	7.3	7.2	7.1
<b>WAGES, SALARIES</b>																	
Total economy, gross	RUB	8637	8651	8616	8906	8701	8931	11319	9016	9255	9914	9833	10257	11106	10883	10900	11070
Total economy, gross	real, CMPY	8.8	9.8	11.6	14.7	12.8	14.0	16.0	10.9	11.5	10.7	11.8	15.7	17.7	14.9	15.2	13.4
Total economy, gross	USD	303	301	303	314	305	311	393	319	328	356	357	379	412	404	407	414
Total economy, gross	EUR	249	250	246	256	253	263	331	263	274	296	291	297	325	319	318	325
Industry, gross <sup>3)</sup>	EUR	245	248	249	252	259	266	302	257	263	285	286	287	299	308	312	.
<b>PRICES</b>																	
Consumer	PM	0.6	0.5	-0.1	0.3	0.6	0.7	0.8	2.4	1.7	0.8	0.4	0.5	0.3	0.7	0.2	0.1
Consumer	CMPY	13.3	12.9	12.3	12.2	11.7	11.2	10.9	10.7	11.2	10.7	9.9	9.6	9.2	9.5	9.8	9.6
Consumer	CCPY	13.2	13.1	13.0	12.9	12.8	12.7	12.5	10.7	10.9	10.8	10.6	10.4	10.2	10.1	10.1	10.0
Producer, in industry	PM	0.1	0.5	2.0	2.8	0.9	-0.9	-2.1	0.5	3.3	2.1	0.6	1.8	0.8	1.7	2.2	1.4
Producer, in industry	CMPY	21.4	20.6	20.8	20.5	19.4	16.0	13.4	13.4	15.7	15.2	13.1	12.1	12.9	14.2	14.4	12.9
Producer, in industry	CCPY	23.4	22.9	22.6	22.4	22.1	21.4	20.7	13.4	14.6	14.8	14.3	13.9	13.7	13.8	13.9	13.7
<b>RETAIL TRADE</b>																	
FORI Turnover <sup>4)</sup>	real, CMPY	13.6	12.8	13.1	13.8	12.9	12.2	14.8	10.8	10.1	10.8	11.0	11.9	11.4	13.7	13.6	.
Turnover <sup>4)</sup>	real, CCPY	12.2	12.3	12.4	12.6	12.6	12.6	12.8	10.8	10.5	10.6	10.7	11.0	11.0	11.4	11.7	.
<b>FOREIGN TRADE<sup>5)(6)</sup></b>																	
Exports total, cumulated	EUR mn	85395	103059	120528	138178	156521	175258	195673	17269	35752	56131	75745	97152	117227	137585	159603	.
Imports total, cumulated	EUR mn	42848	51758	60475	69270	78796	89135	100663	7130	15830	26357	35403	45336	56684	67558	78872	.
Trade balance, cumulated	EUR mn	42547	51301	60053	68909	77725	86124	95010	10139	19923	29774	40342	51817	60543	70027	80731	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>8)</sup>	EUR mn	33236	.	.	48821	.	.	66839	.	.	24463	.	.	45924	.	.	.
<b>EXCHANGE RATE</b>																	
RUB/USD, monthly average	nominal	28.498	28.694	28.480	28.380	28.563	28.763	28.805	28.228	28.195	27.874	27.564	27.065	26.983	26.916	26.762	26.746
RUB/EUR, monthly average	nominal	34.725	34.568	35.015	34.808	34.338	33.951	34.162	34.293	33.733	33.492	33.767	34.524	34.209	34.155	34.274	34.087
RUB/USD, calculated with CPI <sup>9)</sup>	real, Jan03=100	137.3	136.5	136.7	136.1	135.6	136.7	138.1	143.2	145.5	147.6	148.5	151.3	151.9	152.9	153.8	154.0
RUB/USD, calculated with PPP <sup>9)</sup>	real, Jan03=100	155.7	153.4	156.4	156.8	153.4	153.2	150.4	153.0	160.6	165.6	166.8	171.4	172.6	174.7	179.6	182.2
RUB/EUR, calculated with CPI <sup>9)</sup>	real, Jan03=100	120.9	122.0	120.1	120.6	122.9	125.3	125.1	127.9	131.9	133.4	132.0	129.3	130.8	131.9	131.5	132.4
RUB/EUR, calculated with PPP <sup>9)</sup>	real, Jan03=100	147.7	148.7	149.1	153.5	156.3	157.0	152.6	151.6	158.7	162.5	161.1	159.7	162.5	164.5	167.4	170.7
<b>DOMESTIC FINANCE</b>																	
M0, end of period	RUB bn	1650.7	1701.8	1703.3	1740.7	1752.0	1765.8	2009.2	1875.6	1890.1	1928.8	2027.8	2096.9	2233.4	2290.3	2351.6	2400.8
M1, end of period	RUB bn	3144.3	3162.5	3240.8	3371.9	3340.1	3413.2	3858.5	3662.0	3686.7	3855.9	3957.7	4205.2	4479.3	4504.9	4652.1	.
M2, end of period	RUB bn	6015.9	6087.4	6286.5	6458.4	6482.7	6604.8	7221.1	7035.6	7155.7	7392.9	7534.2	7877.6	8304.8	8407.9	8570.4	.
M2, end of period	CMPY	32.4	33.8	37.6	39.3	37.0	35.7	36.3	35.7	33.9	34.4	34.7	37.2	38.0	38.1	36.3	.
Refinancing rate (p.a.) <sup>end of period</sup>	%	13.0	13.0	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	11.5	11.5	11.5	11.5
Refinancing rate (p.a.) <sup>end of period</sup> <sup>10)</sup>	real, %	-7.0	-6.3	-6.5	-6.2	-5.3	-2.6	-1.3	-1.3	-3.2	-2.8	-1.0	-0.1	-1.2	-2.4	-2.6	-1.2
<b>BUDGET</b>																	
Central gov. budget balance, cum.	RUB bn	942.2	1036.5	1172.9	1162.0	1429.6	1636.7	1612.9	221.7	390.8	575.9	692.0	894.7	1083.4	1270.0	.	.

1) According to NACE C+D+E.

2) Based on labour force survey.

3) Manufacturing industry only.

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

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

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

7) Based on balance of payments statistics.

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

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

10) Deflated with annual PPI.

## U K R A I N E: Selected monthly data on the economic situation 2005 to 2006

(updated end of October 2006)

		2005							2006								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>PRODUCTION</b>																	
Industry, total	real, CMPY	-0.9	-2.4	0.9	0.9	2.4	2.0	5.3	-2.9	1.5	1.3	0.5	10.0	9.6	11.4	9.1	6.2
Industry, total	real, CCPY	5.0	3.9	3.5	3.2	3.1	2.9	3.1	-2.9	-0.6	0.2	0.4	2.4	3.6	4.8	5.4	5.5
Industry, total	real, 3MMA	0.3	-0.8	-0.2	1.4	1.8	3.2	1.5	1.3	0.0	1.1	3.9	6.7	10.3	10.0	8.9	.
<b>LABOUR</b>																	
Employees <sup>1)</sup>	th. persons	11339	11371	11361	11361	11357	11306	11220	11245	11296	11352	11378	11381	11412	11440	11430	11413
Employees in industry <sup>1)</sup>	th. persons	3408	3413	3410	3407	3407	3394	3368	3374	3380	3380	3367	3355	3354	3351	3342	3334
Unemployment, end of period	th. persons	858.3	825.4	800.4	780.6	762.9	809.7	881.5	899.9	923.8	913.7	868.7	805.8	749.1	715.3	694.7	676.1
Unemployment rate <sup>2)</sup>	%	3.0	2.9	2.8	2.8	2.7	2.9	3.1	3.2	3.3	3.2	3.1	2.9	2.7	2.5	2.5	2.4
Labour productivity, industry <sup>1)</sup>	CCPY	4.4	3.4	3.1	2.9	2.8	2.7	3.0	-2.1	0.3	1.3	1.6	3.7	5.0	6.3	7.0	7.2
Unit labour costs, exch.r. adj.(EUR) <sup>1)</sup>	CCPY	20.2	23.2	24.9	26.1	27.2	29.1	30.6	50.8	47.2	46.3	42.2	34.3	29.4	25.3	22.6	21.0
<b>WAGES, SALARIES<sup>1)</sup></b>																	
Total economy, gross	UAH	823	837	831	856	882	897	1020	865	905	987	984	1003	1064	1079	1073	1087
Total economy, gross	real, CMPY	19.6	20.0	19.7	19.2	23.3	24.3	31.3	22.9	22.6	25.8	24.9	22.3	21.0	19.9	20.2	16.3
Total economy, gross	USD	163	166	165	170	175	178	202	171	179	195	195	199	211	214	212	215
Total economy, gross	EUR	134	138	134	138	145	150	170	142	150	163	159	156	166	169	166	169
Industry, gross	EUR	156	163	165	166	171	177	188	173	177	194	182	174	187	193	194	196
<b>PRICES</b>																	
Consumer	PM	0.6	0.3	0.0	0.4	0.9	1.2	0.9	1.2	1.8	-0.3	-0.4	0.5	0.1	0.9	0.0	2.0
Consumer	CMPY	14.4	14.8	14.9	13.9	12.4	12.0	10.3	9.8	10.7	8.6	7.4	7.3	6.8	7.4	7.4	9.1
Consumer	CCPY	14.1	14.2	14.3	14.2	14.0	13.8	13.5	9.8	10.2	9.7	9.1	8.7	8.4	8.3	8.2	8.3
Producer, in industry	PM	-0.8	-1.6	0.7	1.9	0.0	-0.1	0.3	1.2	0.3	0.4	1.4	1.0	0.7	1.2	2.1	1.7
Producer, in industry	CMPY	17.7	15.7	14.7	14.7	12.9	10.4	9.6	10.7	8.1	6.5	5.4	4.7	6.3	9.4	10.9	10.7
Producer, in industry	CCPY	21.0	20.2	19.5	18.9	18.3	17.5	16.8	10.7	9.4	8.4	7.6	7.0	6.9	7.3	7.7	8.1
<b>RETAIL TRADE</b>																	
Turnover <sup>3)</sup>	real, CCPY	21.1	21.8	23.0	23.1	22.4	22.4	23.0	31.3	28.4	26.5	27.4	27.2	27.0	26.1	25.6	25.0
<b>FOREIGN TRADE<sup>4)5)</sup></b>																	
Exports total (fob), cumulated	EUR mn	13227	15518	17702	19992	22415	24908	27498	1933	4041	6645	9055	11494	14126	16770	19522	.
Imports total (cif), cumulated	EUR mn	12918	15508	18090	20695	23349	26084	29030	2241	4895	8116	10792	13643	16501	19412	22416	.
Trade balance, cumulated	EUR mn	309	10	-387	-703	-934	-1176	-1533	-309	-854	-1472	-1737	-2150	-2375	-2641	-2894	.
<b>FOREIGN FINANCE</b>																	
Current account, cumulated <sup>6)</sup>	EUR mn	1727	.	.	2076	.	.	2030	.	.	-618	.	.	-637	.	.	.
<b>EXCHANGE RATE</b>																	
UAH/USD, monthly average	nominal	5.055	5.053	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050	5.050
UAH/EUR, monthly average	nominal	6.151	6.090	6.208	6.200	6.070	5.961	5.983	6.101	6.037	6.064	6.180	6.428	6.396	6.402	6.469	6.432
UAH/USD, calculated with CPI <sup>7)</sup>	real, Jan03=100	125.5	125.4	124.8	124.0	124.7	127.2	128.9	129.4	131.5	130.4	128.7	128.7	128.6	129.4	129.1	131.7
UAH/USD, calculated with PPI <sup>7)</sup>	real, Jan03=100	137.5	133.6	133.5	132.2	129.0	130.8	131.8	132.3	134.7	135.0	135.5	135.6	136.0	136.7	139.6	142.0
UAH/EUR, calculated with CPI <sup>7)</sup>	real, Jan03=100	110.2	111.6	109.3	109.4	112.6	116.2	116.4	115.8	118.8	117.5	114.1	109.9	110.4	111.3	110.0	112.8
UAH/EUR, calculated with PPI <sup>7)</sup>	real, Jan03=100	130.1	128.9	126.9	128.8	131.0	133.6	133.3	131.3	132.7	132.1	130.5	126.2	127.7	128.4	129.6	132.5
<b>DOMESTIC FINANCE</b>																	
M0, end of period	UAH bn	51.3	53.8	53.8	55.5	54.9	55.1	60.2	56.8	57.0	58.6	61.0	61.1	64.3	66.2	67.4	.
M1, end of period	UAH bn	83.8	84.8	85.5	90.1	88.7	92.7	98.6	92.1	93.6	96.2	97.5	99.8	104.7	108.6	109.1	.
Broad money, end of period	UAH bn	156.3	159.1	164.8	171.0	174.8	180.1	194.1	188.8	191.3	195.3	201.2	207.4	214.1	221.5	226.4	.
Broad money, end of period	CMPY	37.2	35.9	35.6	31.3	38.5	43.8	54.3	50.1	46.1	39.4	37.4	40.2	37.0	39.2	37.4	.
Refinancing rate (p.a.) <sup>end of period</sup>	%	9.0	9.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5
Refinancing rate (p.a.) <sup>end of period</sup> <sup>8)</sup>	real, %	-7.4	-5.8	-4.5	-4.5	-3.0	-0.8	-0.1	-1.1	1.3	2.8	3.9	4.5	2.0	-0.8	-2.1	-2.0
<b>BUDGET</b>																	
General gov. budget balance, cum.	UAH mn	1735	2959	6907	5816	5309	3216	-7735	2508	2497	380	-856	1183	-996	-971	2524	.

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 more than 100 mean real appreciation.

8) Deflated with annual PPI.

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