

Monthly Report | 12/11

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Next year's wiiw Spring Seminar
will take place on
Friday, 23 March 2012

Poland: new government, but not-so-new policy?

BY LEON PODKAMINER

The Civic Platform (PO) won the parliamentary elections held on 9 October 2011. For the first time the Polish electorate chose to keep the ruling party in office. To some extent this success is due to the waning popularity of PO's two major political competitors: the populist-nationalistic Law and Justice Party (PIS, managed dictatorially by the erstwhile Prime Minister, Jaroslaw Kaczynski), and SLD, the fake Social-Democrats. The political and rhetorical talents of Prime Minister Donald Tusk, once again convincingly put on display during the electoral campaign, in no small measure contributed to the success. But it was Poland's steady economic growth and continuing improvements in the living standards achieved over the past four years, amid crises hitting all of Europe, which were essential. Moreover, during its reign, the Tusk government did not initiate any meaningful reform that could have alienated any significant part of the electorate. PO, a party with avowedly liberal roots, in practice followed an unusually opportunistic course, much to the dissatisfaction of 'the true free-market proponents' (such as Leszek Balcerowicz, the architect of Poland's painful shock-therapy of the 1990s and the former Governor of the National Bank of Poland). The proponents of radical reforms (that 'have to be painful') were reportedly sent by Mr. Tusk 'to the dentist'. He may well have remembered the undignified collapse of the cabinets obsessed with reforms: in 1991 and especially in 2001. (In both cases Mr. Balcerowicz presided over the design and implementation of the reforms that eventually proved costly and unproductive, to say the least.)

It may be important to understand that to some extent keeping reforms (and reformers) at bay was justified – or excused – by purely political circumstances. The hostile State President, the late Lech Kaczynski, was correctly expected to veto any significant piece of the government legislation while

the junior coalition partner, the farmers' party (PSL), was unwilling to accept changes unpalatable to its own clientele. Besides, any meaningful reforms did not, at first, seem to be any urgent matter. The Tusk government took over in late 2007 – but that year ended with a tiny public sector deficit (1.9% of the GDP). The fast expansion of the public sector deficit in 2008-2010 did not seem to be a problem because the same development was observed as a reaction to the crisis – even approvingly – everywhere. Besides, unlike elsewhere, the expansion of the deficit did seem to be productive in Poland: at least it helped to prevent recession.

The circumstances under which the second government of Mr. Tusk has just formed are different. The present State President Bronislaw Komorowski (an erstwhile political ally of Mr. Tusk) is looking forward to reform initiatives. So are many well-intentioned (no doubt) domestic economists and foreign analysts. Moreover, unlike in 2008-2010, 'the financial markets', rating agencies, international financial organizations and the European Commission, all expecting 'determined reforms', do not save on openly expressed warnings and encouragements.

In the parliamentary exposé inaugurating his second term as chief of government (delivered 18 November 2011), Mr. Tusk seems to have addressed two different audiences: external and internal. The message to the external audience reads: 'The government is determined to implement far-reaching and fundamental reforms. As far as public finances are concerned, the government promises a fast consolidation. Specifically, the public sector deficit is to fall to 3% of the GDP already in 2012, with the public debt/GDP ratio declining to 52% (and then to 47% in 2015)'. The message to the internal audience appears, on closer examination, to be less frightening than might have been expected. While warning of 'external crisis knocking at our door', the government actually promises to move forward quite slowly and restricting some (minor) hardships to the 'better off'. The most contentious issue (the lengthening of the retirement

age) will take decades to be finally settled. Other contentious issues (relating to the taxation of farmers' incomes and to the public financing of the farmers' social security systems) are to be discussed yet. (They have been 'discussed' for twenty years already.) Anyway, almost all measures announced are to take effect only in 2013. Apparently, the short-term tactics is to somehow squeeze the deficit/GDP ratio to a 'safe level' without inflicting any additional social pain. If this tactics succeeds, further reforms could be either postponed or made even less unpleasant. If, however, this tactics does not yield the expected fiscal improvements, the government could eventually try do mete out some unpleasant measures, to at least some social strata.

The new government formed by Mr. Tusk does not differ much from the previous one, at least as far as economic matters go. This may support the view

that the economic policy will try to follow the old pattern. Jan Vincent-Rostowski retained his Finance Ministry while Waldemar Pawlak, the head of the Farmers' Party, remains the Economics Minister. However, the fact that Jolanta Fedak (also from the Farmer's Party), the former Minister of Labour and Social Affairs, has not been reappointed cannot be overlooked. She was an exceptionally strong, competent and energetic public servant: the unwinding of the wasteful pension-system reform (in 2011) could not have happened without her dogged determination. Of course, such a strong personality, loyal also to her party's clientele, might be a problem if left in charge of vitally important matters such as the public financing of the farmers' pension system. The omission to reappoint Ms. Fedak suggests that Mr. Tusk counts with the possibility of having to end, sooner rather than earlier, the massive subsidization of farmers' incomes and social security.

Banks in Poland should be under domestic control

BY STEFAN KAWALEC*

The course of the world financial crisis, the growing government debt crisis in the EU member states as well as the expected results of implementation of the Basel III Capital Accord justify a substantial re-examination of the structure of Polish banking. The actions of the regulatory authorities should lead to structural changes, supporting the fulfilment of the role of a stable and effective financial intermediary by the banks, as well as limiting the country's macroeconomic risk.

With the exception of Poland, most banking systems of the largest EU economies are dominated by banks holding their decision-making centres in the given country. At least two, three or even more large banks controlled locally operate in practically every country. These are privately owned banks and to a large extent they are protected against hostile takeovers.

In Poland, the seventh largest economy in the EU in terms of GDP, the banking sector is dominated by banks controlled by foreign banking groups. These banks hold over two-thirds of the banking sector's assets. At the early stage of transformation, Poland did not have the expertise to properly manage banks in a market economy and there were no domestic investors with sufficient capital who could become competent and trustworthy controlling shareholders of banks. Through the bank privatization process the government placed particular importance on seeking credible, strategic foreign investors, able to provide the banks with capital support, adequate managerial control and

speedy transfer of know-how. Their emergence in the 1990s contributed to the modernization and development of the banking system; it also had a positive impact on the development of the Polish economy.

Today, after over 20 years of transformation, the Polish financial market has sufficiently developed and no longer needs to rely on management carried out by following directions from external headquarters. There is a large number of domestic managers who have gained practical experience and are capable of managing banks. There is also a large group of professional institutional investors, primarily pension funds and mutual funds, having substantial capital at their disposal and holding managerial teams capable of skilled evaluation and participation in a professional system of corporate governance. Moreover, there is a strong and relatively competent supervisory infrastructure.

Banks should collect deposits and grant loans

The ability to generate domestic savings and to use them effectively for investments which boost productivity is the key factor behind economic growth. The best way for foreign capital to support economic growth is through direct investments.

Foreign loan capital transferred through the banking system may temporarily contribute to economic growth but is also a source of risk. The inflow of foreign loan capital, particularly in the case when it is used to finance consumption or real estate, may lead to the erosion of competitiveness and the formation of asset bubbles in the market. The gravity of these risks could be seen in the example of Ireland and the Baltic countries, which with the support of foreign loan funds had reached high growth rates for a certain period of time, but then went through a sudden crisis and their economies shrank dramatically. Therefore, the key function of the banking sector is the effective and stable financial intermediation in collecting domestic deposits and granting loans to companies and households.

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The economy is growing and the credit supply is decreasing

The domination of foreign-owned and controlled banks upsets performing that function by the banking sector, which has been clearly visible during the world financial crisis. A bank in Poland controlled by an international banking group will look not only at the condition of the Polish economy or its own financial standing, but will also pay close attention to the situation of the entire banking group. As a result, problems in the economy of the home country of the group, or financial difficulties of the group, may significantly retard the performance of the financial intermediary function in Poland by the subsidiary bank. Such a situation, if it pertains to a single bank, does not necessarily constitute a major problem in a country with a competitive banking system such as Poland. The situation becomes more serious when the disturbances resulting from external events affect a larger number of banks. In 2009, as a result of the world financial crisis, the USA and the EU countries – where the headquarters of banking groups controlling over two-thirds of assets of the Polish banking sector are located – found themselves in recession. As a result, the international banking groups operating in Poland reported significant losses in their home markets and had to take advantage of government support. Despite the fact that Poland was the only country in Europe to enjoy real GDP growth (by 1.6%) in 2009, the foreign banking groups operating in Poland limited the availability of credit for Polish enterprises. In 2010, a further decline in corporate lending granted by the dominant banking group on the Polish banking sector was reported, despite a fairly decent real GDP growth rate (3.8%). Overall real GDP growth in Poland in 2009-2010 was 5.6%, whereas corporate lending by the banking sector dropped by 6.3%. If one were to subtract the credits extended by the largest Polish-controlled bank PKO BP and by cooperative banks from the group, the real drop in lending to enterprises by all other banks in these years amounted to a total of 11%.

The real drop in corporate lending in 2009-2010 was undoubtedly caused by weaker demand of

enterprises for loans resulting from weakening investments, but it certainly was not the only factor. That is documented by the differences in the growth of loans for enterprises among the different segments of the banking market. In the same period, PKO BP increased its loan portfolio for enterprises by 23% in real terms, and cooperative banks by 36%. These data are consistent with the everyday observation that in 2009 PKO BP was the only bank in the group of the 10 largest banks willing to grant loans to new corporate clients.

Table 1

**Total real growth in the period 2009-2010
in per cent**

Polish GDP	5.6
Growth of loans for enterprises in the entire banking sector	-6.3
of which:	
PKO BP	22.7
Cooperative banks	36.5
Other (i.e. excluding PKO BP and cooperative banks)	-11.0

Source: Own calculations on the basis of NBP and KNF data and banks' financial statements.

A situation in which those banks that control over two-thirds of the banking sector's assets limit granting loans to enterprises, and the increase in corporate lending is carried out by local banks, which have only one third of the sector's assets, is not healthy and has to raise concerns. On the one hand, this limits the corporate sector's access to credit. On the other hand, the very dynamic growth of loans from cooperative banks and PKO PB bears the risks over the average quality of credits extended.

Adverse consequences for clients seeking credit

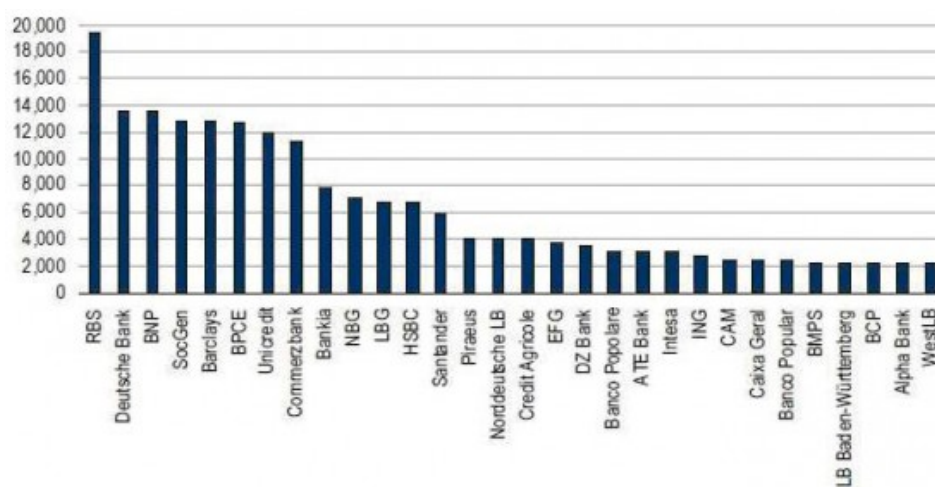
In the coming months and years, we can expect a continuation of serious disturbances in serving the financial intermediary function by banks controlled by foreign financial institutions. This may result in stunted growth of enterprises and limited GDP growth in Poland. All indicators point to the fact that the financial sector in Europe and the rest of the world will be going through serious turbulence.

Foreign banking groups will have to limit their financial leverage as a result of implementing Basel III requirements, and European banking groups will suffer from capital loss as a result of the deterioration of the value of euro government bonds threatened by the potential insolvency of countries of the eurozone.

The preliminary estimates of the European Banking Authority (EBA) predict that European banks will have to collect EUR 106 billion of new capital as a result of the recent decision made at the EU summit on reducing Greece's external debt and increasing capital ratios, but other forecasts put the number much higher. The estimates of capital

Figure 1

Capital gap with the assumptions adopted in the latest EBA stress-test (in EUR million)*



* Tier 1 capital ratio of 9%.

Source: Estimations of Credit Suisse, Tier 1 – core capital (common stock and retained earnings).

requirements of the largest European banks according to Credit Suisse Bank are shown in Figure 1.

Among the institutions presented in the chart, there are financial groups controlling a major share of assets of the Polish banking sector as well as institutions declaring interest in further bank acquisitions in Poland. It is therefore important to pay close attention to the opinions of banks themselves and external experts indicating that due to very low share prices and difficulties in raising private capital, instead of trying to obtain expensive new capital, banks will try to reduce their balance sheets on the asset side, including cutting down the availability of credit¹. There is a real risk that in the case of difficulty with raising capital or disturbances in, and growth of, risk perception on the home market, a

given banking group might limit its lending activity in Poland, even when the subsidiary bank in Poland has enough capital and there is room for stable growth of credit. Financial consolidation within a group will allow the regulatory capital released in that manner in Poland to be used on other markets where the group is in lack of capital. Polish enterprises for which the access to credit will be limited will be victims of such an approach.

Threats faced by domestic banking supervision

The experience of the global banking crisis has shown that interest rates alone may not always be able to effectively secure macroeconomic stability in the country. In order to successfully stop booms in particular segments of the local market, there may be a need to adjust certain parameters of banks' operations – such as capital requirements, maximum loan to real estate value or loan to income ratio – to local conditions.

¹ 'Top banks say capital push too expensive', *Financial Times*, 13 October 2011.

Such methods of applying prudential regulations in order to achieve macroeconomic stability are called macro-prudential policy. Two researchers from the Polish central bank (the National Bank of Poland – NBP), Andrzej Sławiński and Tomasz Chmielewski, pay particular attention to the fact that the application of macro-prudential policy will be hindered following an adoption of the European Commission directive introducing the so-called ‘maximum harmonization’ of supervisory rules.² In such a case, the power to influence the banks’ policy by means of prudential parameters would be vested only with the supervisor at the banking group level, and the parameters would be uniform for the entire area of operation of the banking group within the EU.

Thus, the Polish banking supervisor would be deprived of the power to adjust prudential parameters to the local conditions for banks that are members of banking groups headquartered in other EU countries, which today control nearly two-thirds of the banking sector assets. Moreover, Sławiński and Chmielewski warn that the anticipated centralization of capital and liquidity management in large international banking groups would in practice mean the abolishment of requirements ensuring the liquidity and stability of the capital base in individual subsidiary banks, operating in countries other than their parent bank.

However, the discussion on the introduction of the maximum harmonization of supervisory rules has not been concluded yet and there is still hope that the Polish government will take appropriate steps and find allies to prevent it from happening. If ‘maximum harmonization’ is introduced, its dangerous effects will be directly proportional to the share of foreign-controlled banks in the Polish banking sector.

Adverse consequences for public debt financing

The dominance of banks ruled from foreign headquarters will also affect the stability of the financing

of public debt, while in the case of disturbances in the global economy it may become a major source of macroeconomic instability. Let us not forget that domestic banks are an important category of buyers of public debt instruments. The ability of banks to invest in attractive Treasury securities is restricted by limits on Polish risk imposed by their foreign headquarters.

Although some foreign banks hold large liquidity surpluses in Polish zloty (PLN), they do not invest them in Treasury debt which yields higher interest, but instead – due to the risk limits – they deposit their liquid funds into current accounts kept with the central bank or invest them in short-term NBP money bills. Banks deposited about PLN 100 billion in NBP money bills, which is nearly equal to the value of their Treasuries portfolio, which was worth PLN 117 billion at the end of July 2011. Consequently, to a larger extent the burden of financing the public debt rests on foreign investors. In the case of potential disturbances in the global economy or other events increasing the aversion to Polish risk among foreign investors, the limits on Polish risk imposed on Polish banks owned by foreign banking groups may be sharply reduced.

Therefore, in a stress situation Polish Treasury bonds are likely to be sold off at the same time by foreign investors and by the majority of banks operating in Poland. This is why, especially in the current state of the global economy, the dominance of banks controlled by foreign banking groups seriously increases the risk of financing for the Polish public debt.

The regulators should not allow a deposit bank which plays an important role in the system to be forced to observe limits imposed by any external party on the sovereign risk of a country whose budget is implicitly guaranteeing the deposits collected by this bank. It is important to point out that bank deposits in Poland are guaranteed by the Bank Guarantee Fund (BGF) financed from contributions paid by the insured banks. In the event of a severe crisis when the funds of BGF turn out to be insufficient to cover the guaranteed amounts, BGF

² Andrzej Sławiński and Tomasz Chmielewski, ‘Dusząca harmonizacja’ (Choking harmonization), *Rzeczpospolita* (Polish daily), 21 October 2011.

may apply for a loan from NBP or ask for a loan from the central budget.

The idea is not to force banks to purchase unlimited amounts of public debt, but to create a situation in which a bank's policy in this respect is determined autonomously by the bank's management and is not subject to limits imposed by foreign headquarters. In practice, in the case of banks being members of international banking groups, it is very difficult to ensure that such limits are not set externally. Therefore, the measures taken by regulators to ensure that banks important to the stability of the system are controlled locally, are justified.

Adverse consequences for human capital development

Despite being international entities, banks often maintain their national nature. The geographical location of their headquarters is really important. What this translates into is a system where the strategic decisions and key managerial decisions are made at the headquarters level, while the local management is responsible for the implementation of these decisions. Banks owned by foreign banking groups offer limited development and career opportunities to local managers. In theory, it is possible to be promoted to the headquarters where the strategic decisions are made, and there have been such cases, but they should rather be treated as exceptions to the rule: *It is difficult for a foreigner in mainland Europe to be promoted to the top bank management.* US corporations are more open in this respect.

Poland has many well-educated and efficient managers, capable of formulating strategies and managing the growth of banks. Moreover, many young people in Poland have all the makings of becoming great managers in the future. From the point of view of the country's human capital development, it is important that young ambitious people having are not forced to emigrate, but are able to fulfil their ambitions at home. Large banks and companies should have their headquarters in Poland.

Regulators should care about local control

Among the effects of the global financial crisis are the ownership changes taking place in the Polish banking sector. In the past two years, in the aftermath of problems encountered in their home countries, four European banking groups (Allied Irish Banks of Ireland, Eurobank EFG of Greece, BCP of Portugal, and KBC of Belgium) have decided to sell their Polish banks (BZ WBK, Polbank, Kredyt Bank, and Millenium Bank respectively). As of 30 June 2011, the above-mentioned banks held in total 14% of the Polish banking sector's assets. It is possible that soon other banks operating in Poland and controlled by foreign banking groups may be put up for sale.

The group of potential buyers of the banks sold in Poland includes financial groups from the euro-zone, which is currently going through a serious crisis. The potential buyers from Italy, Spain or France are threatened by the prospect of a further deterioration of ratings. This may be caused by the burden placed on their balance sheets by the sovereign bonds of the excessively indebted countries, or may be a result of reduced rating of their home country. An analysis conducted by the Polish Financial Supervision Authority (KNF) covering twelve countries of Central and Eastern Europe shows that a deterioration in the rating of the dominant entity entails reduced lending of the subsidiary operating in the local market.³

Polish regulators should not be just passive bystanders watching the changes in control over banks important for the Polish financial system. The government should take active measures to mitigate the risk posed by the structure of the banking system to the stability of operation of the banking sector, and to the macroeconomic stability of the country. In no case should we allow the

³ Michał Kruszka, 'Banki zależne od zagranicznych instytucji finansowych – Wybrane aspekty stabilności systemów finansowych w Krajach Europy Wschodniej' (Banks dependent on foreign financial institutions – selected aspects of financial systems stability in the East European countries), Office of the Polish Financial Supervision Authority, Warsaw, 2011.

changes in the control over banks to contribute to an increase of risk. One of the thrusts of the actions taken in this respect should be aimed towards increasing the share of banks controlled and managed locally.

Dispersed shareholding as a remedy

What exactly can be done? It is worth considering the dispersed shareholding model without a strategic investor which was adopted by OTP, a Hungarian bank, roughly a dozen years ago. In 1995, this national Hungarian savings and commercial bank had been privatized in a way which created dispersed shareholding, making a takeover by a strategic investor impossible. The majority of shares were sold to portfolio investors.

Initially, the bank was protected against a potential takeover by special rights granted to the Treasury ('golden share') and provisions of the articles of association limiting the maximum share in the capital and votes held by an individual investor to no more than 10% for Hungarian investors and no more than 5% for foreign investors. At present, the Treasury holds no significant share. The articles of association limit the right of one investor by allowing him or her to exercise a maximum of 25% of votes at the annual general meeting (or 33% of votes in the case when another investor controls more than 10% of votes).

Since its privatization, OTP has remained independent - not controlled by any foreign institution, despite the fact that the majority of its shares are held by international portfolio investors. The bank is managed by Hungarian managers, while the decision-making centre is located in the bank's headquarters in Budapest. Over the years the bank has expanded abroad and currently owns eight subsidiary banks in the region.

OTP has also had tough moments in its history, for example a serious liquidity threat at the peak of the global financial crisis after the collapse of Lehman Brothers in 2008. But the shares of OTP have been ranked among the favourites of portfolio investors in Central and Eastern Europe. It needs to be em-

phasized that there is no perfect ownership structure model which alone could guarantee effective operation, safety and success. In order to ensure stability, it is important that the banks controlled locally have adequate capitalization, a competent management, and are subject to effective state supervision.

Risk of subordination to the State Treasury

While supporting ownership changes aimed at increasing the share of banks controlled locally, one should avoid seemingly easy solutions which, instead of reducing the systemic risk in the banking sector, have the opposite effect. One should especially avoid a situation in which the State Treasury or its subordinate entities take control over the banks. What should also be avoided is an ownership structure model in which the State Treasury, while a minority shareholder, controls the institution, due to the fact that the remaining shareholders are dispersed.

In a bank controlled by the State Treasury, the fate of managers depends on their relations with politicians and on the election calendar. It poses a serious risk to the efficiency and stability of the financial institution's operation as, and in some cases, it makes the management prone to meeting political expectations. As international experience shows, it frequently leads to the weakening or even insolvency of an institution.⁴

Excessive concentration in the banking sector is undesirable, keeping in mind the fact that in Europe and in the USA there is an ongoing discussion on banks that are 'too big to fail' and pose a serious systemic risk. Regulators should not allow for a situation where the largest banks increase their market share by way of taking over their competitors.

⁴ Wojciech Kwaśniak, 'Państwo w bankach – sądy wzajemnie sprzeczne' (State in banks – judgements mutually contradictory), *obserwatorfinansowy.pl*, 6 October 2010.

Stable shareholding without a strategic investor is possible

Over the past ten years, a strong segment of domestic institutional investors has emerged, with the pension funds playing a leading role. These investors are gaining increasingly more experience in exercising corporate governance. This can create favourable conditions for a stable shareholding structure without strategic investors in large banks.

To ensure stability and prevent a foreign institution from taking over a Polish bank, provisions in articles of association should limit the maximum number of votes of one shareholder (or a group of connected shareholders) to 10% of votes in the General Shareholders Meeting. Alternatively, the regulators may block acquisition of more than 10% of shares by any single shareholder.

Reviewing investors' commitments

A systematic review of the commitments made by foreign investors at the time of taking over the majority stakes in domestic banks should be carried out. Strategic investors who do not fulfil their commitments, or have ceased to guarantee stable operations of their Polish subsidiary and thus break the conditions, under which they acquired the majority stakes, should be asked to withdraw from the role of strategic investor.

Strategic investors who intend to sell their local banks should be warned that the Polish regulators will object to sell-out to foreign banking groups facing a rating downgrade, or coming from countries facing the risk of such a downgrade.

Institutional cooperation is necessary

The proposed actions require an agreement and cooperation between the Polish Financial Supervision Authority (KNF), the National Bank of Poland (NBP) and the government.

There are various possible ways of transforming a bank controlled by a foreign financial institution into a bank controlled locally.

For example:

- The existing strategic investor may sell shares held through a stock exchange in such a way that a single investor does not hold more than 10% of shares.
- The majority stake may be purchased by an investor who guarantees the transformation of the bank taken over into a stable bank controlled locally through, among other things, the introduction into the by-laws of the bank of a provision limiting the maximum number of votes of one shareholder (or a group of linked shareholders) to 10% of votes at the General Meeting. The investor transforming the bank into a bank controlled locally may be exempt from this restriction for a specified period of time. The NBP may facilitate the transformation of the bank controlled by a foreign financial institution into a bank controlled locally by providing help in solving the problem of financing in the case of withdrawing loans by the outgoing strategic investor.

Potential investors transforming the bank controlled by a foreign financial institution into a bank controlled locally may be, for example:

- a local private bank;
- a bank controlled by the State Treasury with credible and professional management, whose ownership structure upon acquisition and increased capital will be transformed according to the OTP model;
- a non-financial investor, e.g. a private equity fund, which will lead the consortium of institutional investors.

The purpose of the regulators' policy should not be to eliminate the banks dependent on foreign banking groups, but to reduce their share in the banking sector's assets to a reasonable level. It would be reasonable to gradually reverse the existing structure in which banks dependent on foreign financial institutions hold around two-thirds of assets of the sector, while the share of banks controlled locally accounts for only one third. Obviously this ratio should serve as a guideline rather than be set in stone.

The state has a strong mandate to act

The arguments presented here regarding the regulators may raise doubts. The following question begs to be asked: What is the mandate of regulators to interfere in such a decisive way in the structure of the banking sector? How can such actions be reconciled with the rules governing the operation of the European Union?

This is the answer: The contemporary banking sector uses support in the form of public guarantees of security:

- the institution of a central bank guarantees banks access to emergency financial liquidity;
- the state system of guaranteeing deposits protects banks against outbreaks of panic;
- the policy of developed countries does not allow for a collapse of banks deemed 'systemically important'.

Without such public guarantees of security, the banking system would not have been able to achieve its contemporary size and to operate under the current capital to assets ratios. In the 19th century in the USA, when there was no such public support for banks, the capital to assets ratio in banks accounted for approximately 40%. At present, in large European banks this relation is 10-20 times lower and sometimes accounts for less than 2%. Basel III provides for the introduction of a minimum ratio of capital to assets at 3%.

The banks operating in Poland, including those dependent on foreign banking groups, collect deposits which are insured by the Bank Guarantee Fund (BGF) and the Polish taxpayers are liable for their repayment. At the same time, foreign parent banks do not guarantee repayment of deposits held in subsidiary banks. A senior Polish supervisor, Wojciech Kwaśniak, wrote in 2007: 'In recent years, Polish banking supervision has asked all banks owned by international investors: whether under the regulations in the home country of the dominant entity, the dominant entity guarantees the deposits made at the bank, whether under a signed agreement with the subsidiary bank, the dominant entity undertook to extend such a guarantee or

whether under a unilateral declaration, the dominant entity undertook to extend such a guarantee? The answers received from all banks, both from the EU and from outside the EU, were negative.'⁵

Mr. Kwaśniak also points to the fact that the reputation does not provide certainty that the dominant bank will, under emergency, give full support to its subsidiary. This was evidenced by the abandonment in 2002 by German Bayerische Landesbank of its subsidiary bank in Croatia (Rijecka Banka). Mr. Kwaśniak stresses that within the European Union member states independently incur fiscal costs of interventions made to rescue the banks at risk.

Formal and informal state guarantees for the banking sector are not illusory. Over the past several dozen years the taxpayers of many countries, including the most developed ones, have repeatedly incurred significant costs of banks' rescues. Ireland is the best example. As a result of the banking crisis that began in 2008, the relation of public debt to GDP in Ireland rose from 25% in 2007 to 95% in 2010 and the country was on the verge of bankruptcy (the direct costs of banks' recapitalization totalled 36% of GDP).

Taking into account the importance of efficiency of the banking system to the economy and the fiscal risk resulting from the state's implicit guarantee for the stability of banks, it is obvious that the public authorities may and should take action to shape the structure of the banking sector with the objective of assuring the banking sector's capability of financing the economy while limiting the fiscal risk.

Let me end by quoting the expression used by Stanislaw Kluza, former chairman of the Polish Financial Supervision Authority: 'Banks in Poland have to be domesticated.'

⁵ Wojciech Kwaśniak, 'Nadzór nad integrującym się rynkiem europejskim' (Supervision over the European market undergoing integration), 2007.

Bulgaria: fiscal space and competitiveness

BY VLADIMIR GLIGOROV AND MICHAEL LANDESMANN

External imbalances

Following the outbreak of the economic crisis in 2008, analysts became aware of the vulnerability of countries (especially those on fixed exchange rate regimes) with regard to external balances. Bulgaria, which is a fixed exchange rate country, experienced the most sharply deteriorating current account position (reaching -30% of GDP in 2007) before the crisis. This development had been driven by developments in the trade balances.

Behind the current accounts position lies a rather weak comparative longer-term performance in exports. Bulgaria has the weakest long-term export performance (over the period 1995-2010) amongst all the New Member States (NMS) as regards total exports. The sharply deteriorating current accounts situation is reflected in the capital accounts. Bulgaria incurred the strongest disequilibria of any NMS before the crisis: while the net capital inflows were covered in more or less equal amounts through net FDI and credit inflows in 2008, net credit inflows collapsed in 2009 ('sudden stop') and did not recover after that. The specific situation of Bulgaria (not shared by all NMS) is that debt – including foreign denominated debt – is held mostly by the corporate sector of the economy. In the following we shall argue that this constitutes currently the major drag on the recovery prospects of the economy.

Public and other debts

From a macro-policy point of view, the key risk is the state of the corporate sector. One indication of that is the development of debts, as can be seen in the following series of graphs showing the distribution by debtors – public and private – and the exposure to foreign creditors since the year 2000. Figures 1a and 1b show that private and foreign debts have soared before the crisis.

Figure 1a

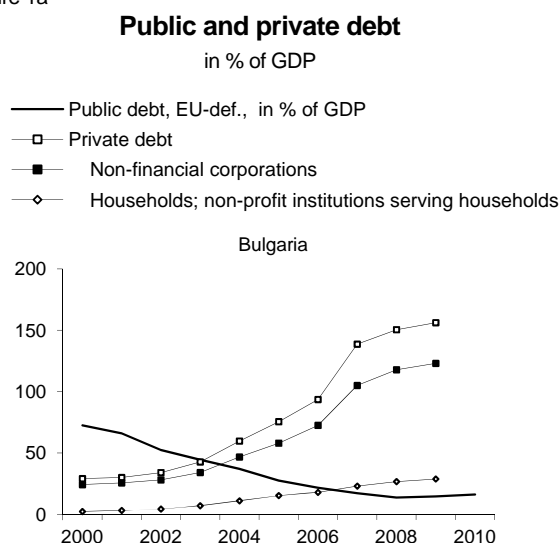
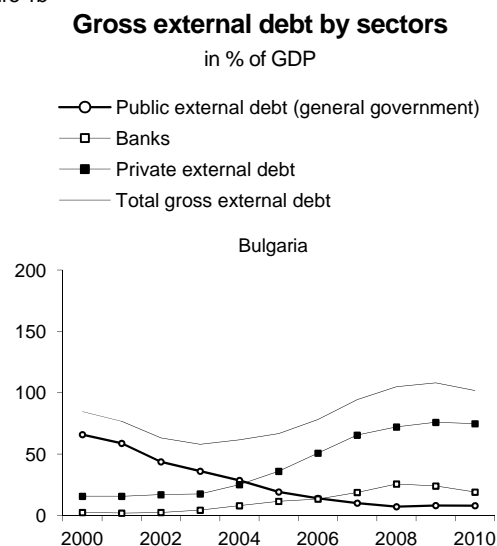


Figure 1b



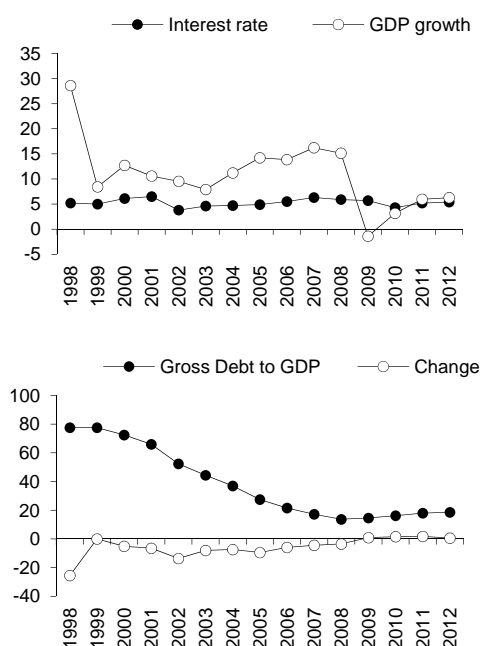
Source: Eurostat.

The level of risk in the corporate sector and thus to the economy is not easy to determine. One indication is the development of the interest rates and yields on public debt and government bonds respectively as compared with the interest rates on corporate loans. As a rule, effective interest rates on government debt were below the growth rate of the economy and are projected by the European Commission to remain so in the near future, Figure 2. With a balanced budget or small deficits, the public debt to GDP ratio was declining before the crisis and is now stable.

Figure 2

GDP growth, interest rate and public debt

Bulgaria



Note: Interest rate refers to actual interest payments on public debt; both interest rate and growth rate are in nominal terms,

Source: Eurostat.

After the eruption of the financial crisis, the yield on long-term government bonds shot up but declined over time and is now at around the pre-crisis level. This is not just characteristic of Bulgaria, but by and large of most NMS. In comparison, the perceived increase of risk in the case of Bulgaria was not as dramatic as in the case of some other countries. The difference with the developments in the Baltic states is particularly important because those countries rely on currency board exchange rate regimes and also had low or very low public debt before the crisis.

The key issue here is whether this increase in the yields on government bonds was the consequence of the increased risk of public debt default or was an indication of the financial problems, that is of an increased risk of bank failures and perhaps of an all-out banking crisis. The sell-out of government bonds may have been prompted by the need of the banks to sell them in order to stem the risk of a run on the banks developing. So, it might not have been the increased demand for public borrowing

due to the widening of the fiscal deficit, but the preventive action on the part of the banks to ensure their unimpeded liquidity.

By comparison, the interest rates on corporate loans were quite high before the crisis and increased somewhat during the crisis only to return to the pre-crisis level or thereabout. This is the case with both loans with shorter and with long maturity. They are granted at an interest rate of about 10%, which is about twice as much as the interest rates paid on public debt and almost twice the yield on long-term government bonds. These high interest rates are not influenced by rising corporate debt, as is clear from the fact that they have been quite stable in the pre-crisis and the post-crisis period. More than half of the corporate debt is foreign, and is probably financed with lower interest rates than those reported here. In any case, there is no doubt that the demand for corporate loans has been much higher than that for government bonds, which probably explains the wide spread between them.

These high and remarkably stable nominal interest rates hide significant variability in real interest rates. Before the crisis, the rate of inflation was rather high, reflecting the high inflow of foreign currency. In the aftermath of the crisis, inflation decelerated and real interest rates were for a while very high before inflation accelerated and real interest rates came down to zero or even below. A slowdown of inflation may increase the real costs of borrowing as long as the nominal interest rates continue to be remarkably stable. In fact, the level of producer prices has hardly increased and thus the expectations of the inflation rate may be quite low. This would lead to further deterioration of the financial position of the corporate sector.

Thus, the temporary hike in the yield of government bonds probably indicates the liquidity problems that the banks faced rather than being the consequence of higher public borrowing requirements, while the supply of, as well as the demand for, corporate finance had fallen sharply and remained subdued. The latter may be due to the attempt of the corpo-

rations to deleverage and may also be an indication that investments are rather unattractive in a stagnant or slowly recovering economy.

Given these interest rates, it seems that public debt is sustainable even if the government were to decide to run fiscal deficits and borrow in order to support public consumption and investment while the corporate sector can hardly sustain its debt let alone borrow more at those high interest rates given that prospects for growth of the economy are nowhere near where they need to be for borrowing at those interest rates to be sustainable.

The households seem to be in a better position at least when it comes to their level of indebtedness. In other countries, e.g. Greece, Ireland, but also the Baltic countries and Poland, households increased their debt exposure strongly in the decade or so before the crisis. Bulgarian households are not indebted to any significant extent. It is probably the case that they are facing rather high interest rates and other stringent conditions that make it difficult for them to borrow. Also, unlike in some other countries where banks are quite happy to lend to households, it may be the case that they were making money lending to the corporations and the households could not compete with such higher interest rates that the corporations were charged with in Bulgaria.

Monetary constraint on fiscal policy and asset price bubbles

Public debt is low because the government is committed to balanced budgets and even to surpluses when growth rates are high. The commitment reflects the assumption that the sustainability of the currency board regime depends on a balanced fiscal policy. Otherwise, it is believed, increased public spending will lead to growing current account deficits, which will become unsustainable and thus will lead to the collapse of the exchange rate.

The problem with this argument is that it assumes that private sector debt development will tend to be

in conformity with a sustainable current account development if the exchange rate is set at the right level initially. Or, put differently, if the exchange rate is not overvalued to begin with, free cross-border private financial flows will not lead to exchange rate misalignment especially if fiscal policy is targeting price stability. This is also the notion embedded in the EU and the eurozone approach to inflation control in countries without the available instruments for an active monetary policy. The necessary condition for this to work is that interest rates, adjusted for differences in risks, are equalized across countries. If inflation rates are the same, nominal interest rate equalization is needed in order for private debt flows to be sustainable in the sense of current account sustainability. If, however, interest rates diverge beyond what could be justified by differences in risks, current account deficits can widen to unsustainable levels. If interest rates are lower, domestic demand will be high, while if they are higher, supply of capital will be too strong. In both cases, the adjustment will be via faster inflation, especially in the prices of assets. Bulgarian corporate borrowing costs have clearly been much higher over a considerable period of time and corporate debt continued to increase at a fairly rapid rate, certainly faster than in creditor countries. The reason for these developments is the existence of an asset bubble. If asset prices are low initially, they may be attractive enough for investments to be financed even with quite high interest rates. Thus, the demand for credits will keep interest rates high and asset price inflation will go along with a rapid inflow of foreign finance. That will widen the current account deficit and indicate exchange rate overvaluation though not in terms of wages but in terms of assets.

It is often assumed that fixed exchange rate and currency board regimes are essentially the same except for the difference in the strength of the commitment on the part of the monetary and fiscal authorities. So, if anything, currency boards should lead to faster and more stable alignment with the external, in this case euro, inflation and interest rates. This is not altogether correct. First, currency board countries can run higher inflation rates, and

are also more prone to deflationary shocks, because their whole supply of money is endogenous and can be high with high current account deficits and low with surpluses. Bulgaria tried various measures to control the expansion of credit, and that may have had positive effects on the households, but not on the corporations which can borrow abroad. The second difference is that the interest rate tends to remain higher than in the anchor country (e.g. Germany) as the exchange rate risk is removed by being taken over by the central bank, demand for credit may be higher than justified by true risks and thus may push interest rates higher.

Overall investment activity during the pre-crisis period had been very strong (though not as much as in the Baltic countries). Thereafter, investment plummeted. There has been some recovery in the past few quarters, but the level is still well below the peak one. Generally, investment developments in countries with flexible exchange rates have been much more orderly. Moreover, there is some evidence that the pre-crisis expansion encouraged disproportionate growth in largely non-tradable sectors of the economy (construction, wholesale and retail trade, hotels and restaurants, financial intermediation, real estate). It appears that the contribution of construction and real estate sectors to GDP growth at constant prices more or less doubled over the two periods, they even tripled when measured at current prices: this is solid evidence for an asset price bubble in the construction/housing sector and for the distortion effect of this bubble (and the underlying investment and financing patterns) on the structure of real activity and on relative prices.

A further indicator for distortions in the economic structure which the pre-crisis boom introduced shows up in a comparative analysis of the presence of foreign direct investment in the different sectors of the economy. Bulgaria only managed to attract 20% of FDI stocks into manufacturing as compared to 40% and more in most of the Central European economies.

Patterns of recovery following the economic crisis

What are the consequences of the pre-crisis pattern of growth which was strongly driven by an expansion of non-tradable sectors and accompanied by strong asset price inflation? Once these asset prices decline, financial and economic crisis are the outcome. Indeed, there is indication that corporate sector deleveraging is taking place and also some asset deflation. There is less evidence of a strong income contraction, though some decline of household consumption has indeed happened. Evidence for the deleveraging process is provided by the fact that the ratio of banking sector assets to capital has declined very strongly. The loans provided to the non-financial private sector dropped sharply (more than in most of the other NMS).

Moving now to the developments of different components of demand, household consumption increased significantly before the crisis but then declined only to stagnate in the past two years or so. However, compared to other currency board countries and also Romania when it comes to the increase, the developments are not as dramatic; it is back to the level at the beginning of 2007, while in the Baltic countries and Hungary it is back to 2005 or thereabout.

As a consequence of the decline in consumption and even more investment, there has been a dramatic reversal on the current account. It has equilibrated from very high deficits in the period prior to the crisis and the country is expected to run quite low deficits once recovery strengthens. Overall growth has become export dependent.

It can be argued that this is related to the decline in investment. But the decline in investment seems to have followed primarily from high interest rates on corporate debt. If that is correct, it is probably true that the exchange rate is not misaligned in terms of wages, but might have been overvalued in terms of asset price developments. The implication of this is that increased government and household con-

sumption may not be a threat to the stability of the exchange rate.

The issue of competitiveness and wage developments

Wages are low when compared to most other low-income countries in Europe. This is reflected in very low unit labour costs compared to other NMS. Still, a couple of years before the crisis there was strong growth of unit labour costs (ULC).

The question is whether this has been encroaching on competitiveness. We have mentioned that Bulgaria had overall a very lacklustre performance in exports. However, there is no evidence that the Bulgarian export performance has deteriorated in relative terms over the period in which there was a sharp rise in unit labour costs prior to the crisis. Bulgaria does not belong to the top performers, in terms of export shares in overall imports of the EU-27, but there is also no evidence of falling behind over the most recent years when relative labour unit costs have risen quite sharply.

Hence, to assess whether this was a process of erosion of competitiveness, the level needs to be taken into account and also the growth of ULC in other countries. Judging from the developments of exports one cannot conclude that there was a strong misalignment of the real exchange rate. This is in stark contrast to the disastrous development of the current account and the trade balance referred to earlier. There we argued that Bulgaria showed strongly deteriorating developments in the trade balance. Our take on this is that these current account developments are not to be explained by too high a wage inflation prior to the crisis but the very strong net capital inflows motivated by high interest rates (hence the willingness of the private sector to take up debt) and leading to asset price inflation.

Policy challenges and the scope for change

The key challenge is the weakness in the corporate sector. Though industrial production is recovering, it is still below the pre-crisis level by more than 10% and even more in terms of potential output. Con-

struction is still reporting high negative growth rates. That implies the existence of excess capacity and a debt overhang. In addition, employment contraction was rather strong though wages continued to grow. There is a continuous decline in investment (fixed capital formation). Hence, there is an underlying deflationary pressure in the corporate sector even though producer prices, partly driven by higher costs, e.g. energy prices, and partly due to rising exports, were increasing until March 2011 and have fallen since then.

In the post-crisis period, exports have supported recovery, but this is bound to change due to the slowdown in Europe. Thus, it cannot be expected that the country will grow out of the financial and labour market problems with a combination of high foreign investment inflows and growing exports. There is the need to support domestic demand as well as supply side adjustment.

On the demand side, the government is not constrained if it decides that it wants to increase development finance or wants to support consumption and investment by financing its expenditures by debt rather than from taxes. It clearly can adopt tax smoothing policies with countercyclical aims. In the current circumstances its borrowing costs are below the nominal GDP growth rate, which means that even with some fiscal deficit the public debt to GDP ratio can remain stable and might even continue to decline.

It is often argued that the fiscal space is much more limited due to fiscal risks, i.e. contingent liabilities to the households, corporations and the banks, but they decline with faster recovery. As long as GDP and growth remain below potential, fiscal risks are higher and the fiscal space is narrow. Given the existing public debt to GDP ratio of below 20% and the limit of the existing fiscal rule at 40% of GDP, there is a 20 percentage-points space for contingent fiscal risks, which are hardly likely to be realized except under most adverse circumstances. Similarly, there is that much space for increased public spending in order to boost growth and employment. That could be stretched over a period of

time depending on the absorption capacity and government efficiency. The real issue is, what should the government spend money on?

Increased public spending should not present too much problems as long as it is for investments. One target could be to increase investments in infrastructure and other projects that could support the recovery in construction. These projects could also be based on public and private partnership in order to assure efficiency and better management. As is well known from development finance, well-targeted infrastructure and similar investments make a positive contribution to exporting capacities because of the significant reduction of the fixed costs that particular industries face in start-up investments. Those also need not have negative effects on structural fiscal balances. (The IMF has expressed the same opinion.) The other target could be the support for the restructuring of the corporate sector. Some of that should happen within the corporate sector itself, with bankruptcies, mergers and acquisitions, and privatizations, if the latter are needed. The government could review the incentive structure in the product market and adopt the appropriate legislation. In addition to that, some fiscally supported measures of industrial policy could prove useful especially in view of the need to increase overall industrial capacity and not only to recover the lost production.

The issue may be raised as to the financing of public debt due to the current crisis of the sovereign in the euro area. Borrowing costs for Bulgaria have been rather stable and comparatively low. If nominal growth of GDP could be kept above 5%, as seems quite achievable, it is hard to see why interest rates on newly issued government bonds should be priced at a much higher interest rate than it is now.

In principle, there is scope for increased private revenues because they are low as a share of GDP for a country such as Bulgaria. The problem is that the accessible sources of revenue are most probably indirect taxes. An additional source of revenue could be taxes on real estate, which may make

sense from the point of view of efficient allocation, as this should discourage too much investment in real estate. But it is hard to get rid of regressive taxes in a country in which tax evasion is pervasive and not only in the informal sector. An overall spending and revenue reform would surely be important, but that is a separate topic that is not dealt with in this article.

The feasibility of these policies depends less on their sustainability than on the existence of the appropriate capacity. We have argued in this article that there is fiscal space for the appropriate increase in public spending – the issue is whether there is governing capacity to implement these types of policies within the existing governance setup. The existing policy mix was chosen in the wake of the deep crisis in 1996-1997 and it has been sustained on the fear of such a crisis repeating itself if monetary and fiscal constraints are relaxed. However, that policy mix had led to significant misallocation of resources as exemplified by the asset bubble and by unsustainable external imbalances. The adjustment is needed and given that monetary policy is probably more difficult to modify, it is fiscal policy that has to take the lead.

Also on the demand side, in spite of rather fast growth of wages in the couple of years before the crisis and more moderate increases in the aftermath of the crisis, private consumption has been low and is expected to remain low due to negative developments in the labour market. That suggests that some corrections in income and taxation policies could be helpful. These could strengthen the bargaining power of labour so that its compensation does not fall below its productivity as was the case for many years, except for the short period before the crisis. The current fall in employment will tend to depress wages and that will have a depressing effect on aggregate demand. That could be counteracted not only with better wage bargaining but also with cuts of taxes that fall on labour. The latter would be a measure that should be beneficial to investments too.

Investments could be supported by measures that bring down nominal interest rates. Those have been remarkably stable and often negative in real terms due to high inflation. In the past, they supported fast growth of corporate debt – domestic, but also increasingly foreign. That of course did not help exports and fuelled the asset bubble. This is not uncharacteristic of currency board regimes which dispense of outside money and thus depend on the availability of foreign currency and credit. The opposite developments can be expected if access to credit remains low as it has been since the crisis. If indeed inflation decelerates, real interest rates will increase which will make the process of deleveraging in the corporate sector even more difficult. Policy makers need to take that into account. It may be the case that investments are not growing because of the expectation that credit costs will actually increase once inflation moderates. Measures that are intended to strengthen the balance sheets of the banks and those that increase competition in the financial market may lead to a decline of interest rates *pari passu* with a deceleration of inflation. Programmes to support borrowing by small and medium-sized enterprises that tend to be especially adversely affected by low credit supply could also be introduced.

However, the remarkable stability of the nominal interest rates asked of the corporate sector is essentially the consequence of the passive monetary policy under the currency board arrangement. Though the central bank did use reserve requirements and credit controls to stem the fast growth of foreign finance, it is much more constrained in times when monetary expansion would be useful. In such a regime, the interest rate is not a monetary instrument and can be affected only by indirect measures. In the aftermath of the crisis, foreign finance declined and banks rely mostly on domestic deposits. That limits the supply of credit, which indeed has hardly increased in the past few years. In addition, there is the risk of contagion from the Greek banking and the crisis of the sovereign. Thus, there are no short-term solutions to the high costs of finance. In a currency board regime, interest rates should decline with the speed-up of

growth especially if it is not followed by an unsustainable widening of the current account deficit. In other words, the solution to high interest rates is increased supply of credit, which in the currency board regime has to come via the balance of payments. There are possibilities to increase the supply of credit through development banks and in some cases interest or subsidies to the principal have been used. Those have limited scope in a currency board regime. So, the key is a speed-up of growth with a sustainable current account development.

Overall change in the policy mix, in summary, follows the change in the external environment: growth needs to depend on domestic demand and in that public expenditures and proper incentives in the product and the labour markets need to play the major role.

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STATISTICAL ANNEX

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

NEW: As of January 2011, time series for the three Baltic countries – **Estonia, Latvia, Lithuania** – are included in the wiiw Monthly Database.

Conventional signs and abbreviations used

.	data not available
%	per cent
PP	change in % against previous period
CPPY	change in % against corresponding period of previous year
CCPPY	change in % against cumulated corresponding period of previous year (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
NACE Rev. 1	statistical classification of economic activities in the European Community, Rev. 1 (1990) / Rev. 1.1 (2002)
NACE Rev. 2	statistical classification of economic activities in the European Community, Rev. 2 (2008)
LFS	Labour Force Survey
CPI	consumer price index
HICP	harmonized index of consumer prices (for new EU member states)
PPI	producer price index
p.a.	per annum
mn	million (10 ⁶)
bn	billion (10 ⁹)
avg	average
eop	end of period
NCU	national currency unit (including 'euro-fixed' series for euro-area countries)

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RON	Romanian leu
BAM	Bosnian convertible mark	LVL	Latvian lats	RSD	Serbian dinar
BGN	Bulgarian lev	LTL	Lithuanian litas	RUB	Russian rouble
CZK	Czech koruna	MKD	Macedonian denar	UAH	Ukrainian hryvnia
HRK	Croatian kuna	PLN	Polish zloty		

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Slovakia (from January 2009, 'euro-fixed before) and Slovenia (from January 2007, 'euro-fixed' before)

USD US dollar

M1 currency outside banks + demand deposits / narrow money (ECB definition)

M2 M1 + quasi-money / intermediate money (ECB definition)

M3 broad money

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

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BULGARIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	3.8	6.8	3.6	5.7	6.7	10.1	15.4	7.2	8.8	9.1	1.6	5.1	2.5	1.6	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-1.4	-0.5	-0.1	0.5	1.0	10.1	12.7	10.6	10.2	10.0	8.4	7.9	7.2	6.5	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	3.1	4.7	5.4	5.4	7.4	10.4	10.6	10.2	8.3	6.3	5.1	3.1	3.1	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	-10.7	-13.9	-11.6	0.8	-14.2	-12.2	-13.1	-18.4	-22.1	-16.9	-3.7	-14.2	-8.1	-10.5	.
Construction, NACE Rev. 2 ²⁾	real, CCPY	-21.4	-20.7	-19.8	-18.3	-18.0	-12.2	-12.7	-14.8	-16.8	-16.8	-14.6	-14.5	-13.7	-13.4	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	3104.2	.	.	3023.7	.	.	2890.7	.	.	2934.1	.	.	.	.
Employed persons, LFS	CCPPY	.	-6.7	.	.	-6.2	.	.	-4.0	.	.	-4.3	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	326.6	.	.	382.4	.	.	395.5	.	.	369.8	.	.	.	.
Unemployment rate, LFS	%	.	9.5	.	.	11.2	.	.	12.0	.	.	11.2	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	7.6	.	.	8.0	.	.	15.2	.	.	12.3	.	.	.	.
WAGES																
Total economy, gross	BGN	630	649	650	667	691	663	663	689	710	698	690	691	683	704	.
Total economy, gross ³⁾	real, CPPY	6.0	5.5	5.6	6.9	5.9	4.0	3.9	3.6	6.9	5.5	4.8	4.9	5.2	5.4	.
Total economy, gross	EUR	322	332	332	341	353	339	339	352	363	357	353	353	349	360	.
Industry, gross, NACE Rev. 2	EUR	322	330	326	330	345	328	329	351	350	347	354	345	345	355	.
PRICES																
Consumer - HICP	PP	0.2	0.2	0.2	0.5	0.8	0.5	0.6	0.4	-0.1	0.1	-0.3	0.4	-0.1	0.0	0.3
Consumer - HICP	CPPY	3.2	3.6	3.6	4.0	4.4	4.3	4.6	4.6	3.3	3.4	3.5	3.4	3.1	2.9	3.0
Consumer - HICP	CCPPY	2.6	2.7	2.8	2.9	3.0	4.3	4.5	4.5	4.2	4.0	4.0	3.9	3.8	3.7	3.6
Producer, in industry, NACE Rev. 2	PP	0.9	0.1	-0.3	1.5	2.0	1.7	1.6	1.0	1.3	-1.3	-0.3	0.9	-1.3	1.6	.
Producer, in industry, NACE Rev. 2	CPPY	11.0	9.6	10.3	11.3	12.2	12.2	13.9	13.6	12.6	9.3	9.1	9.5	7.1	8.6	.
Producer, in industry, NACE Rev. 2	CCPPY	7.4	7.6	7.9	8.2	8.5	12.2	13.1	13.2	13.1	12.3	11.8	11.4	10.9	10.6	.
FOREIGN TRADE⁴⁾																
Exports total (fob), cumulated	EUR mn	9814	11249	12710	14166	15561	1590	3080	4777	6382	8043	9639	11480	13153	.	.
Imports total (cif), cumulated	EUR mn	11990	13622	15382	17387	19245	1593	3196	5026	6929	8903	10801	12690	14441	.	.
Trade balance, cumulated	EUR mn	-2176	-2373	-2672	-3221	-3684	-3	-116	-249	-547	-860	-1162	-1210	-1288	.	.
Exports to EU-27 (fob), cumulated	EUR mn	6019	6880	7788	8683	9469	943	1872	2906	3850	4893	5930	7064	8114	.	.
Imports from EU-27 (cif), cumulated	EUR mn	6969	7950	9001	10200	11256	898	1852	2919	4007	5170	6189	7300	8294	.	.
Trade balance with EU-27, cumulated	EUR mn	-950	-1070	-1212	-1518	-1787	45	21	-12	-157	-278	-260	-235	-180	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	395	.	.	-476	.	.	147	.	.	244	.	.	.	.
EXCHANGE RATE																
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
BGN/USD, monthly average	nominal	1.517	1.497	1.407	1.432	1.479	1.464	1.433	1.397	1.354	1.363	1.359	1.371	1.364	1.420	1.427
EUR/BGN, calculated with CPI ⁵⁾	real, Jan07=100	113.0	113.0	112.8	113.3	113.4	114.4	114.5	113.7	112.9	112.9	112.7	113.6	113.2	112.5	112.5
EUR/BGN, calculated with PPI ⁵⁾	real, Jan07=100	113.2	113.0	112.4	113.6	114.8	115.6	116.6	116.7	117.3	115.9	115.6	116.2	114.9	116.3	.
USD/BGN, calculated with CPI ⁵⁾	real, Jan07=100	112.7	114.4	121.7	120.3	117.1	118.2	120.9	123.3	126.2	125.0	125.1	124.3	124.5	119.4	119.5
USD/BGN, calculated with PPI ⁵⁾	real, Jan07=100	107.3	108.9	114.3	113.4	110.8	112.2	114.5	116.6	119.6	116.6	116.7	116.4	116.3	113.0	.
DOMESTIC FINANCE																
Currency in circulation	BGN mn, eop	7119	7076	7023	6953	7356	6943	6857	6824	6859	6865	6974	7235	7350	7379	.
M1	BGN mn, eop	19051	19051	18877	19069	18386	18042	18349	18246	18388	18363	18737	19501	20352	20100	.
Broad money	BGN mn, eop	50514	50333	50395	50966	50741	50939	51414	51946	52245	52664	53112	54512	55244	55494	.
Broad money	CPPY	9.3	8.3	8.2	8.9	6.3	7.3	6.1	7.3	7.5	7.7	7.9	9.4	9.4	10.3	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-9.8	-8.6	-9.2	-10.0	-10.7	-10.7	-12.1	-11.8	-11.0	-8.3	-8.1	-8.5	-6.4	-7.8	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	BGN mn	.	-556	.	.	-2208	.	.	387	.	.	278	.	.	.	.

1) Enterprises with 10 and more persons.

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

3) Nominal wages deflated with HICP.

4) From 2007 intra-/extra-EU trade methodology.

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

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

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	13.7	12.3	8.3	15.4	11.9	16.2	12.7	8.7	4.7	14.6	7.9	4.4	5.9	2.5	.
Industry, NACE Rev. 2	real, CCPY	9.4	9.7	9.6	10.1	10.3	16.2	14.4	12.3	10.3	11.2	10.6	9.8	9.3	8.5	.
Industry, NACE Rev. 2	real, 3MMA	10.7	11.3	12.0	11.8	14.5	13.6	12.3	8.6	9.3	9.0	9.1	6.2	4.2	.	.
Construction, NACE Rev. 2	real, CPPY	-0.8	-4.5	1.6	1.1	-10.0	5.4	10.2	6.0	-6.6	-3.5	-4.8	-11.2	-7.7	-6.8	.
Construction, NACE Rev. 2	real, CCPY	-10.2	-9.3	-7.9	-6.8	-7.1	5.4	7.9	7.1	2.4	0.6	-0.7	-2.7	-3.6	-4.1	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	4912.1	.	.	4918.8	.	.	4864.4	.	.	4908.4	.	.	.	.
Employed persons, LFS	CCPPY	.	-1.3	.	.	-1.0	.	.	0.7	.	.	0.6	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	374.1	.	.	362.9	.	.	376.1	.	.	354.6	.	.	.	.
Unemployment rate, LFS	%	.	7.1	.	.	6.9	.	.	7.2	.	.	6.7	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	14.7	.	.	13.9	.	.	9.5	.	.	7.8	.	.	.	.
WAGES																
Total economy, gross	CZK, quart. avg.	.	23528	.	.	25565	.	.	23160	.	.	23984	.	.	.	.
Total economy, gross ¹⁾	real, CPPY	.	0.3	.	.	-1.4	.	.	0.3	.	.	0.6	.	.	.	.
Total economy, gross	EUR, quart. avg.	.	944	.	.	1032	.	.	950	.	.	986	.	.	.	.
Industry, gross, NACE Rev. 2 ²⁾	EUR, quart. avg.	.	925	.	.	1028	.	.	945	.	.	994	.	.	.	.
PRICES																
Consumer - HICP	PP	-0.3	-0.2	-0.3	0.2	0.5	0.8	0.0	0.2	0.2	0.6	-0.1	0.3	-0.1	-0.2	0.3
Consumer - HICP	CPPY	1.5	1.8	1.8	1.9	2.3	1.9	1.9	1.9	1.6	2.0	1.9	1.9	2.1	2.1	2.6
Consumer - HICP	CCPPY	0.9	1.0	1.1	1.1	1.2	1.9	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.9	2.0
Producer, in industry, NACE Rev. 2	PP	-0.9	0.0	-0.3	0.6	1.5	0.1	0.3	0.8	0.6	0.6	-0.2	-0.1	0.0	0.6	.
Producer, in industry, NACE Rev. 2	CPPY	1.5	2.2	1.3	1.7	2.8	2.5	3.0	4.1	4.0	3.2	2.2	2.9	3.8	4.4	.
Producer, in industry, NACE Rev. 2	CCPPY	-0.9	-0.6	-0.4	-0.2	0.0	2.5	2.7	3.2	3.4	3.3	3.2	3.1	3.2	3.3	.
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	63175	72688	82245	92063	100311	9215	18229	28822	38229	48285	58465	67535	76585	86879	.
Imports total (cif), cumulated	EUR mn	59791	68875	77874	87291	95536	8492	16922	26615	35490	44973	54437	62968	71889	81329	.
Trade balance, cumulated	EUR mn	3384	3813	4371	4772	4774	724	1308	2207	2739	3312	4027	4568	4697	5551	.
Exports to EU-27 (fob), cumulated	EUR mn	53244	61210	69291	77537	84265	7773	15387	24255	32169	40622	49078	56664	64103	72517	.
Imports from EU-27 (cif), cumulated	EUR mn	44921	51773	58483	65552	71553	6330	12709	20048	26552	33625	40635	46923	53327	60407	.
Trade balance with EU-27, cumulated	EUR mn	8323	9436	10808	11984	12712	1443	2678	4206	5616	6997	8443	9741	10777	12111	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-4031	.	.	-4664	.	.	876	.	.	-1171	.	.	.	.
EXCHANGE RATE																
CZK/EUR, monthly average	nominal	24.81	24.65	24.53	24.63	25.17	24.45	24.28	24.39	24.30	24.38	24.29	24.34	24.27	24.56	24.84
CZK/USD, monthly average	nominal	19.24	18.87	17.65	18.03	19.04	18.30	17.79	17.42	16.83	16.99	16.88	17.06	16.92	17.83	18.12
EUR/CZK, calculated with CPI ⁴⁾	real, Jan07=100	114.1	114.3	114.3	113.8	111.2	115.9	116.2	114.6	114.5	114.7	115.2	115.7	115.7	113.4	112.1
EUR/CZK, calculated with PPI ⁴⁾	real, Jan07=100	104.7	105.1	105.1	104.8	103.1	105.2	105.5	104.8	105.0	105.4	105.6	104.9	105.3	104.4	.
USD/CZK, calculated with CPI ⁴⁾	real, Jan07=100	113.8	115.8	123.3	120.9	114.8	119.8	122.7	124.3	128.0	127.0	127.9	126.7	127.3	120.4	119.0
USD/CZK, calculated with PPI ⁴⁾	real, Jan07=100	99.3	101.2	106.9	104.6	99.5	102.0	103.6	104.7	107.0	106.0	106.6	105.1	106.6	101.4	.
DOMESTIC FINANCE																
Currency in circulation	CZK bn, eop	352.6	355.5	356.8	356.5	357.5	356.2	357.5	358.1	361.7	360.5	364.3	364.1	363.7	368.3	.
M1	CZK bn, eop	1969.5	1982.3	1977.8	2003.6	2021.7	2022.4	2034.5	2027.4	2042.0	2067.6	2044.4	2058.6	2076.5	2084.4	.
Broad money	CZK bn, eop	2732.5	2726.5	2730.1	2729.5	2760.0	2737.1	2738.3	2717.4	2755.2	2767.8	2736.2	2762.1	2747.7	2777.8	.
Broad money	CPPY	2.7	3.9	3.0	2.4	1.9	2.5	2.7	1.3	1.0	0.1	-0.7	0.6	0.6	1.9	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-0.7	-1.4	-0.5	-0.9	-2.0	-1.7	-2.2	-3.2	-3.1	-2.4	-1.4	-2.1	-3.0	-3.5	.
BUDGET																
General gov. budget balance ⁷⁾ , cum.	CZK mn	.	-110739	.	.	-176987	.	.	-48033	.	.	-50851	.	.	.	.

1) Nominal wages deflated with HICP.

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

3) From 2004 intra-/extra-EU trade methodology.

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

5) Two-week repo rate.

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

E S T O N I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	23.2	28.4	31.4	35.0	38.6	32.6	31.7	33.8	27.6	27.2	24.0	20.8	29.0	5.6	.
Industry, NACE Rev. 2	real, CCPY	14.2	15.9	17.5	19.2	20.8	32.6	32.2	32.8	31.5	30.6	29.4	28.2	28.3	25.4	.
Industry, NACE Rev. 2	real, 3MMA	24.0	27.8	31.6	34.9	35.4	34.3	32.8	31.1	29.6	26.2	24.0	24.7	17.9	.	.
Construction, NACE Rev. 2	real, CPPY	.	1.1	.	.	-4.7	.	.	34.6	.	.	11.5	.	.	.	.
Construction, NACE Rev. 2	real, CCPY	.	-15.0	.	.	-12.5	.	.	34.6	.	.	19.9	.	.	.	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	578.2	.	.	592.9	.	.	591.3	.	.	602.6	.	.	.	.
Employed persons, LFS	CCPPY	.	-6.2	.	.	-4.2	.	.	6.8	.	.	7.3	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	105.9	.	.	93.2	.	.	99.3	.	.	92.1	.	.	.	.
Unemployment rate, LFS	%	.	15.5	.	.	13.6	.	.	14.4	.	.	13.3	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	26.0	.	.	28.2	.	.	29.6	.	.	25.9	.	.	.	.
WAGES																
Total economy, gross	EUR, quart. avg.	.	759	.	.	814	.	.	792	.	.	857	.	.	809	.
Total economy, gross ¹⁾	real, CPPY	.	-2.2	.	.	-1.0	.	.	-0.7	.	.	-1.0	.	.	1.1	.
Industry, gross, NACE Rev. 2	EUR, quart. avg.	.	772	.	.	807	.	.	797	.	.	843	.	.	824	.
PRICES																
Consumer - HICP	PP	0.0	0.8	0.6	0.3	0.5	0.0	0.7	0.8	0.8	0.4	-0.1	0.6	0.3	0.6	-0.1
Consumer - HICP	CCPY	2.8	3.8	4.5	5.0	5.4	5.1	5.5	5.1	5.4	5.5	4.9	5.3	5.6	5.4	4.7
Consumer - HICP	CCPPY	1.8	2.0	2.2	2.5	2.7	5.1	5.3	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.2
Producer, in industry, NACE Rev. 2	PP	1.0	0.4	0.2	0.4	-0.2	0.5	0.0	0.4	0.9	0.5	0.5	0.3	-0.1	0.1	0.0
Producer, in industry, NACE Rev. 2	CCPY	4.7	4.9	4.9	5.3	5.1	5.2	4.7	4.8	4.8	4.5	5.2	5.1	3.9	3.6	3.4
Producer, in industry, NACE Rev. 2	CCPPY	2.3	2.6	2.8	3.1	3.2	5.2	4.9	4.9	4.9	4.8	4.9	4.9	4.8	4.6	4.5
FOREIGN TRADE ²⁾																
Exports total (fob), cumulated	EUR mn	5256	6101	6947	7815	8748	819	1656	2737	3837	4960	5919	6853	7888	8983	.
Imports total (cif), cumulated	EUR mn	5709	6560	7415	8319	9250	896	1783	2949	4111	5254	6257	7267	8354	9453	.
Trade balance, cumulated	EUR mn	-452	-459	-468	-504	-503	-78	-126	-213	-274	-295	-338	-414	-466	-470	.
Exports to EU-27 (fob), cumulated	EUR mn	3605	4198	4805	5408	5999	581	1140	1827	2599	3283	3969	4591	5289	6012	.
Imports from EU-27 (cif), cumulated	EUR mn	4511	5224	5934	6656	7376	628	1299	2182	3022	3892	4721	5563	6453	7371	.
Trade balance with EU-27, cumulated	EUR mn	-906	-1027	-1129	-1248	-1377	-47	-160	-355	-423	-609	-753	-972	-1163	-1359	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	344	.	.	513	.	.	-53	.	.	-19	.	.	.	.
EXCHANGE RATE																
EUR/EUR, monthly average	nominal	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
EUR/USD, monthly average	nominal	0.776	0.765	0.720	0.732	0.756	0.749	0.733	0.714	0.692	0.697	0.695	0.701	0.697	0.726	0.730
EUR/EUR, calculated with CPI ³⁾	real, Jan07=100	109.1	109.6	109.9	110.1	109.9	110.3	110.5	110.2	110.4	110.8	110.7	111.8	111.9	111.8	111.3
EUR/EUR, calculated with PPI ³⁾	real, Jan07=100	109.3	109.3	109.3	109.3	108.1	107.5	106.8	106.3	106.3	107.1	107.7	107.5	107.6	107.3	107.2
USD/EUR, calculated with CPI ³⁾	real, Jan07=100	108.8	111.0	118.6	116.9	113.4	114.0	116.7	119.6	123.5	122.6	122.9	122.4	123.1	118.6	118.2
USD/EUR, calculated with PPI ³⁾	real, Jan07=100	103.6	105.3	111.2	109.1	104.3	104.3	104.9	106.2	108.4	107.7	108.7	107.7	108.9	104.2	104.3
DOMESTIC FINANCE																
Currency in circulation ⁴⁾	EUR mn, eop	481	471	453	413	262	2074	2050	2045	2062	2064	2081	2099	2084	2101	2117
M1 ⁴⁾	EUR mn, eop	4604	4637	4672	4845	4908	4749	4707	4705	4770	4862	4876	4853	4881	4938	5036
Broad money ⁴⁾	EUR mn, eop	8269	8290	8333	8390	8494	8459	8370	8383	8403	8479	8465	8533	8695	8738	8782
Broad money ⁴⁾	CCPY	1.9	2.8	2.8	5.0	3.0	.	.	.	.	.	.	.	.	.	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.0	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.3	1.3	1.3	1.5	1.5	1.5	1.5
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-3.5	-3.7	-3.9	-4.1	-4.0	-4.0	-3.5	-3.6	-3.4	-3.2	-3.8	-3.4	-2.3	-2.0	-1.8
BUDGET																
General gov. budget balance ⁷⁾ , cum.	EUR mn	.	-15	.	.	37	.	.	-77	.	.	96	.	.	.	.

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

- 1) Nominal wages deflated with HICP.
- 2) From 2004 intra-/extra-EU trade methodology.
- 3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 4) From January 2011 Estonia's contributions to EMU monetary aggregates. M1 and Broad money without currency in circulation.
- 5) TALIBOR one-month interbank offered rate (Estonia has a currency board).
- 6) Deflated with annual PPI.
- 7) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

HUNGARY: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	18.3	11.3	8.6	15.0	7.7	13.4	14.8	9.5	7.0	7.2	-1.4	0.2	4.4	3.0	.
Industry, NACE Rev. 2	real, CCPY	10.4	10.5	10.3	10.8	10.5	13.4	14.1	12.4	11.0	10.2	8.1	6.9	6.6	6.1	.
Industry, NACE Rev. 2	real, 3MMA	12.9	12.3	11.6	10.5	12.1	11.9	12.4	10.3	7.9	4.1	1.9	0.9	2.5	.	.
Construction, NACE Rev. 2	real, CPPY	-2.2	-9.6	-13.5	-3.7	-12.7	-5.0	-4.3	-9.1	-12.5	-3.8	-12.2	-17.6	-12.1	-12.0	.
Construction, NACE Rev. 2	real, CCPY	-10.6	-10.5	-10.8	-10.2	-10.5	-5.0	-4.6	-6.5	-8.2	-7.2	-8.2	-9.7	-10.1	-10.4	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	3822.5	.	.	3804.3	.	.	3732.5	.	.	3808.8	.	.	.	.
Employed persons, LFS	CCPY	.	-0.2	.	.	0.0	.	.	0.4	.	.	0.6	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	465.7	.	.	462.1	.	.	489.8	.	.	460.7	.	.	.	.
Unemployment rate, LFS	%	.	10.9	.	.	10.8	.	.	11.6	.	.	10.8	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPY	14.1	13.4	12.5	12.3	11.6	8.0	8.5	6.8	5.6	4.9	3.1	2.2	2.1	1.9	.
WAGES																
Total economy, gross ¹⁾	HUF th	194.0	195.6	195.8	213.1	210.7	210.2	202.6	216.9	214.7	212.0	212.0	210.2	206.7	205.7	.
Total economy, gross ¹⁾²⁾	real, CPPY	-1.7	-1.3	-2.9	-5.0	-8.8	-2.1	0.5	-5.8	1.4	2.9	1.1	3.0	2.9	1.4	.
Total economy, gross ¹⁾	EUR	689	693	715	774	759	763	747	801	809	794	794	785	759	722	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	720	719	734	842	802	774	757	816	834	844	827	791	788	743	.
PRICES																
Consumer - HICP	PP	-0.5	-0.1	0.4	0.2	0.4	0.9	0.4	1.0	0.7	0.2	-0.2	-0.3	-0.1	0.0	0.5
Consumer - HICP	CCPY	3.6	3.7	4.3	4.0	4.6	4.0	4.2	4.6	4.4	3.9	3.5	3.1	3.5	3.7	3.8
Consumer - HICP	CCPY	5.0	4.9	4.8	4.7	4.7	4.0	4.1	4.3	4.3	4.2	4.1	4.0	3.9	3.9	3.9
Producer, in industry, NACE Rev. 2	PP	-0.1	-0.9	-0.7	1.4	0.0	-1.7	0.2	0.0	-0.2	0.2	-0.7	0.4	0.6	3.0	.
Producer, in industry, NACE Rev. 2	CCPY	11.0	9.9	9.1	10.2	10.1	5.6	4.9	5.0	3.1	-0.5	-2.5	-2.2	-1.5	2.5	.
Producer, in industry, NACE Rev. 2	CCPY	4.5	5.1	5.5	5.9	6.2	5.6	5.2	5.2	4.6	3.6	2.5	1.8	1.4	1.5	.
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	45573	52216	58846	66025	72024	6176	12924	20294	26739	33621	40221	46467	52929	.	.
Imports total (cif), cumulated	EUR mn	42144	48274	54516	60928	66514	5772	11683	18225	24208	30384	36375	42261	48221	.	.
Trade balance, cumulated	EUR mn	3430	3942	4330	5097	5510	404	1240	2069	2531	3237	3846	4205	4708	.	.
Exports to EU-27 (fob), cumulated	EUR mn	35191	40308	45538	51192	55589	4840	9980	15646	20577	25800	30871	35629	40427	.	.
Imports from EU-27 (cif), cumulated	EUR mn	28718	32867	37028	41312	45009	3818	7971	12588	16740	21170	25375	29598	33661	.	.
Trade balance with EU-27, cumulated	EUR mn	6474	7441	8510	9881	10581	1022	2009	3058	3838	4630	5496	6031	6766	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	885	.	.	1061	.	.	381	.	.	1119	.	.	.	.
EXCHANGE RATE																
HUF/EUR, monthly average	nominal	281.5	282.1	274.0	275.5	277.6	275.3	271.2	270.9	265.3	267.0	266.9	267.7	272.4	285.1	296.8
HUF/USD, monthly average	nominal	218.3	215.9	197.2	201.7	210.0	206.1	198.7	193.5	183.7	186.0	185.5	187.7	189.9	207.0	216.5
EUR/HUF, calculated with CPI ⁴⁾	real, Jan07=100	98.9	98.2	101.2	100.7	99.7	101.9	103.4	103.4	105.7	105.1	105.0	104.9	102.7	97.6	93.9
EUR/HUF, calculated with PPI ⁴⁾	real, Jan07=100	99.9	98.5	100.5	100.9	99.2	97.3	98.2	97.4	98.5	98.2	97.6	97.3	96.4	94.6	.
USD/HUF, calculated with CPI ⁴⁾	real, Jan07=100	98.6	99.4	109.2	107.0	103.0	105.3	109.2	112.2	118.2	116.4	116.6	114.8	113.0	103.5	99.7
USD/HUF, calculated with PPI ⁴⁾	real, Jan07=100	94.7	94.9	102.2	100.7	95.8	94.4	96.5	97.4	100.5	98.8	98.5	97.4	97.6	91.9	.
DOMESTIC FINANCE																
Currency in circulation	HUF bn, eop	2176.3	2173.5	2177.3	2204.7	2218.3	2174.6	2165.5	2138.2	2144.6	2155.3	2195.7	2245.6	2297.3	2369.9	.
M1	HUF bn, eop	6329.8	6317.2	6271.9	6473.6	6634.9	6427.3	6406.9	6444.0	6360.7	6386.0	6450.8	6553.0	6594.6	6822.6	.
Broad money	HUF bn, eop	16495.6	16199.8	16280.9	16387.0	16492.7	16207.5	16238.6	16204.9	16232.9	16366.4	16292.3	16459.3	16581.1	17093.1	.
Broad money	CCPY	3.5	2.5	3.2	3.8	3.2	2.7	2.0	0.8	-0.1	0.1	-0.8	0.8	0.5	5.5	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	5.3	5.3	5.3	5.5	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Central bank policy rate (p.a.) ⁵⁾⁶⁾	real, %	-5.2	-4.3	-3.6	-4.3	-4.0	0.4	1.1	0.9	2.9	6.5	8.7	8.4	7.6	3.5	.
BUDGET																
General gov. budget balance ⁷⁾ , cum.	HUF bn	.	-938	.	.	-1147	.	.	2229	.	.	1940	.	.	.	.

- 1) Enterprises with 5 and more employees.
- 2) Nominal wages deflated with HICP.
- 3) From 2004 intra-/extra-EU trade methodology.
- 4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 5) Base rate (two-week NB bill).
- 6) Deflated with annual PPI.
- 7) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

L A T V I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	24.6	21.8	20.6	16.9	19.1	9.5	10.1	12.3	9.1	14.6	13.0	6.2	9.2	9.6	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	12.3	13.4	14.2	14.4	14.8	9.5	9.8	10.7	10.3	11.1	11.5	10.7	10.5	10.3	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	21.8	22.3	19.7	18.9	15.3	13.0	10.7	10.5	12.0	12.2	11.2	9.4	8.4	.	.
Construction, NACE Rev. 2	real, CPPY	.	-13.1	.	.	-9.6	.	.	-15.1	.	.	-0.9	.	.	19.6	.
Construction, NACE Rev. 2	real, CCPY	.	-28.6	.	.	-23.5	.	.	-15.1	.	.	-6.2	.	.	6.1	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	960.3	.	.	951.0	.	.	944.3	.	.	966.5	.	.	.	.
Employed persons, LFS	CCPPY	.	-6.3	.	.	-4.3	.	.	3.1	.	.	3.2	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	210.0	.	.	193.4	.	.	188.3	.	.	187.0	.	.	.	.
Unemployment rate, LFS	%	.	17.9	.	.	16.9	.	.	16.6	.	.	16.2	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	21.8	.	.	19.4	.	.	3.0	.	.	4.5	.	.	.	.
WAGES																
Total economy, gross	LVL	445	442	443	442	479	447	440	463	460	462	469	472	469	459	.
Total economy, gross ²⁾	real, CPPY	-0.7	1.8	2.4	2.0	0.6	1.1	-0.5	0.9	-0.2	-0.5	0.3	-0.7	0.8	-0.6	.
Total economy, gross	EUR	628	623	624	623	675	635	625	655	649	651	661	666	661	647	.
Industry, gross, NACE Rev. 2	EUR	621	626	619	606	657	611	598	650	627	636	660	.	.	.	.
PRICES																
Consumer - HICP	PP	-0.7	0.4	0.3	0.2	0.2	1.3	0.3	0.7	1.1	0.4	0.2	-0.2	-0.4	0.3	0.2
Consumer - HICP	CPPY	-0.4	0.3	0.9	1.7	2.4	3.5	3.8	4.1	4.3	4.8	4.7	4.2	4.6	4.5	4.3
Consumer - HICP	CCPPY	-2.5	-2.2	-1.9	-1.5	-1.2	3.5	3.7	3.8	3.9	4.1	4.2	4.2	4.3	4.3	4.3
Producer, in industry, NACE Rev. 2	PP	0.5	0.5	-0.2	-0.1	0.1	0.9	0.8	0.9	2.1	0.7	0.4	0.8	0.3	-0.4	.
Producer, in industry, NACE Rev. 2	CPPY	6.4	6.7	6.3	8.0	7.7	7.7	8.3	8.5	8.7	7.6	7.0	7.7	7.5	6.6	.
Producer, in industry, NACE Rev. 2	CCPPY	0.7	1.3	1.8	2.4	2.8	7.7	8.0	8.2	8.3	8.2	8.0	7.9	7.9	7.7	.
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	4420	5136	5831	6514	7190	621	1269	2047	2783	3587	4345	5099	5948	6822	.
Imports total (cif), cumulated	EUR mn	5362	6206	7032	7871	8819	721	1502	2460	3324	4294	5177	6180	7180	8201	.
Trade balance, cumulated	EUR mn	-943	-1070	-1201	-1357	-1628	-100	-232	-413	-542	-707	-831	-1081	-1232	-1379	.
Exports to EU-27 (fob), cumulated	EUR mn	2986	3465	3932	4387	4835	435	882	1412	1912	2475	2955	3455	3991	4558	.
Imports from EU-27 (cif), cumulated	EUR mn	4055	4704	5337	5981	6709	525	1111	1833	2491	3228	3911	4689	5459	6270	.
Trade balance with EU-27, cumulated	EUR mn	-1069	-1240	-1405	-1594	-1874	-89	-230	-421	-580	-753	-956	-1234	-1468	-1712	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	574	.	.	535	.	.	47	.	.	92	.	.	.	.
EXCHANGE RATE																
LVL/EUR, monthly average	nominal	0.709	0.709	0.709	0.709	0.710	0.703	0.704	0.707	0.709	0.709	0.709	0.709	0.709	0.709	0.706
LVL/USD, monthly average	nominal	0.549	0.543	0.510	0.519	0.537	0.526	0.516	0.505	0.491	0.494	0.493	0.497	0.495	0.515	0.515
EUR/LVL, calculated with CPI ⁴⁾	real, Jan07=100	112.2	112.3	112.3	112.3	111.7	114.6	114.3	113.3	113.5	113.9	114.3	114.6	113.9	113.5	113.8
EUR/LVL, calculated with PPI ⁴⁾	real, Jan07=100	107.8	107.9	107.4	106.9	105.9	106.8	106.8	106.3	107.3	108.3	108.8	109.2	109.7	108.9	.
USD/LVL, calculated with CPI ⁴⁾	real, Jan07=100	111.3	112.9	120.0	118.0	113.6	117.8	120.1	122.0	126.1	125.7	126.5	125.7	125.6	120.2	120.0
USD/LVL, calculated with PPI ⁴⁾	real, Jan07=100	102.2	104.0	109.3	106.7	102.2	103.6	105.0	106.2	109.4	108.9	109.8	109.4	111.1	105.8	.
DOMESTIC FINANCE																
Currency in circulation	LVL mn, eop	758	760	777	776	807	790	796	795	815	818	838	876	873	888	.
M1	LVL mn, eop	3364	3409	3455	3513	3771	3723	3788	3690	3724	3798	3868	3855	3949	3940	.
Broad money	LVL mn, eop	6252	6333	6215	6329	6548	6494	6543	6514	6453	6544	6481	6443	6507	6487	.
Broad money	CCPY	10.6	12.8	11.1	11.9	11.5	11.8	10.0	7.1	4.3	6.1	5.4	4.4	4.1	2.4	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Central bank policy rate (p.a.) ⁵⁽⁶⁾	real, %	-2.7	-3.0	-2.7	-4.2	-3.9	-3.9	-4.5	-4.6	-4.7	-3.8	-3.2	-3.9	-3.7	-2.9	.
BUDGET																
General gov. budget balance ⁷⁾ , cum.	LVL mn	.	-497	.	.	-1051	.	.	-82	.	.	-46	.	.	.	.

1) Enterprises with 20 and more persons.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

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

5) Refinancing rate.

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

LITHUANIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	11.0	8.2	17.5	16.9	15.6	16.9	13.1	14.1	7.7	13.6	10.8	5.8	6.6	8.3	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	2.6	3.2	4.6	5.8	6.6	16.9	15.0	14.7	12.9	13.1	12.7	11.6	11.0	10.6	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	7.8	12.2	14.2	16.6	16.4	15.2	14.7	11.6	11.8	10.7	10.0	7.7	6.9	.	.
Construction, NACE Rev. 2	real, CPPY	.	6.7	.	.	16.2	.	.	15.9	.	.	16.7	.	.	18.4	.
Construction, NACE Rev. 2	real, CCPY	.	-15.4	.	.	-7.9	.	.	15.9	.	.	16.4	.	.	17.3	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	1351.2	.	.	1367.1	.	.	1340.4	.	.	1385.1	.	.	.	.
Employed persons, LFS	CCPPY	.	-6.4	.	.	-5.1	.	.	0.9	.	.	2.6	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	292.0	.	.	281.9	.	.	277.6	.	.	255.6	.	.	.	.
Unemployment rate, LFS	%	.	17.8	.	.	17.1	.	.	17.2	.	.	15.6	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	13.9	.	.	15.3	.	.	11.9	.	.	8.6	.	.	.	.
WAGES																
Total economy, gross	LTL	.	2082	.	.	2122	.	.	2072	.	.	2108	.	.	2116	.
Total economy, gross ²⁾	real, CPPY	.	-4.5	.	.	-2.7	.	.	-1.2	.	.	-2.1	.	.	-2.8	.
Total economy, gross	EUR	.	603	.	.	614	.	.	600	.	.	610	.	.	613	.
Industry, gross, NACE Rev. 2	EUR	.	619	.	.	625	.	.	614	.	.	620	.	.	.	.
PRICES																
Consumer - HICP	PP	-0.2	0.6	0.4	0.0	0.8	0.4	0.1	1.0	1.0	0.8	-0.1	-0.2	-0.3	0.8	-0.1
Consumer - HICP	CCPY	1.8	1.8	2.6	2.5	3.6	2.8	3.0	3.7	4.4	5.0	4.8	4.6	4.4	4.7	4.2
Consumer - HICP	CCPPY	0.5	0.6	0.8	1.0	1.2	2.8	2.9	3.2	3.5	3.8	4.0	4.0	4.1	4.2	4.2
Producer, in industry, NACE Rev. 2	PP	0.0	0.2	0.9	1.9	2.9	1.1	2.5	3.2	1.2	-0.3	-1.1	1.8	-1.0	1.2	0.1
Producer, in industry, NACE Rev. 2	CCPY	9.2	11.3	12.0	12.7	16.1	15.1	15.7	15.4	14.8	14.1	12.1	15.3	14.2	15.3	14.3
Producer, in industry, NACE Rev. 2	CCPPY	8.9	9.2	9.5	9.8	10.3	15.1	15.4	15.4	15.2	15.0	14.5	14.6	14.6	14.7	14.6
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	9573	11010	12562	14082	15651	1436	2931	4571	6078	7851	9613	11271	13017	.	.
Imports total (cif), cumulated	EUR mn	10838	12495	14158	15920	17653	1658	3332	5222	7052	9044	10980	12818	14748	.	.
Trade balance, cumulated	EUR mn	-1264	-1485	-1596	-1837	-2002	-222	-401	-651	-974	-1193	-1367	-1547	-1732	.	.
Exports to EU-27 (fob), cumulated	EUR mn	5906	6765	7709	8635	9544	945	1834	2801	3673	4738	5764	6810	7920	.	.
Imports from EU-27 (cif), cumulated	EUR mn	6101	7044	8016	9029	9989	838	1751	2908	3985	5128	6191	7205	8226	.	.
Trade balance with EU-27, cumulated	EUR mn	-194	-279	-307	-394	-445	107	83	-107	-312	-390	-426	-394	-306	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	202	.	.	410	.	.	-46	.	.	-302	.	.	.	.
EXCHANGE RATE																
LTL/EUR, monthly average	nominal	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453	3.453
LTL/USD, monthly average	nominal	2.678	2.642	2.484	2.527	2.612	2.584	2.530	2.466	2.391	2.406	2.400	2.421	2.407	2.507	2.519
EUR/LTL, calculated with CPI ⁴⁾	real, Jan07=100	111.1	111.5	111.6	111.4	111.5	112.4	112.0	111.9	112.3	113.1	113.1	113.3	112.7	112.9	112.5
EUR/LTL, calculated with PPI ⁴⁾	real, Jan07=100	114.0	113.9	114.7	116.4	118.7	118.7	120.9	123.6	124.2	123.9	122.6	124.3	123.3	124.4	124.5
USD/LTL, calculated with CPI ⁴⁾	real, Jan07=100	110.2	112.1	119.3	117.0	113.4	115.6	117.6	120.5	124.8	124.9	125.2	124.4	124.4	119.6	118.6
USD/LTL, calculated with PPI ⁴⁾	real, Jan07=100	108.0	109.7	116.7	116.2	114.5	115.2	118.7	123.5	126.6	124.7	123.7	124.5	124.9	120.8	121.1
DOMESTIC FINANCE																
Currency in circulation	LTL mn, eop	7510	7499	7600	7627	7848	7724	7783	7758	7924	7928	8045	8283	8249	8273	.
M1	LTL mn, eop	24822	25171	25568	26307	27398	26742	27305	27174	27384	27947	28109	28537	28258	28879	.
Broad money	LTL mn, eop	45812	45532	45960	46713	48115	47307	47618	47687	47721	48111	48495	49168	49561	50083	.
Broad money	CCPY	10.2	11.1	9.5	9.0	8.9	9.5	8.5	8.4	6.9	7.0	7.4	7.8	8.2	10.0	.
Central bank policy rate (p.a.) ⁵⁾	%, eop	1.0	0.9	1.0	1.1	1.1	1.0	1.2	1.1	1.3	1.4	1.4	1.6	1.6	1.5	1.5
Central bank policy rate (p.a.) ⁵⁾⁽⁶⁾	real, %	-7.5	-9.3	-9.9	-10.3	-12.9	-12.3	-12.5	-12.4	-11.8	-11.1	-9.5	-11.9	-11.0	-12.0	-11.2
BUDGET																
General gov. budget balance ⁷⁾ , cum.	LTL mn	.	-4579	.	.	-6734	.	.	-1763	.	.	-3147	.	.	.	.

1) Sold production.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

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

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

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

P O L A N D: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾²⁾	real, CPPY	13.6	11.7	8.0	10.0	11.4	10.2	10.4	6.8	6.7	7.8	1.9	1.8	7.9	7.8	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, CCPY	11.6	11.6	11.2	11.1	11.1	10.2	10.3	9.0	8.4	8.3	7.2	6.4	6.6	6.7	.
Industry, NACE Rev. 2 ¹⁾²⁾	real, 3MMA	11.9	11.0	9.9	9.8	10.6	10.7	9.0	7.9	7.1	5.4	3.8	3.8	5.9	.	.
Construction, NACE Rev. 2 ²⁾	real, CPPY	8.5	13.4	9.4	14.2	12.3	10.9	18.7	24.2	15.6	23.9	17.0	16.5	10.8	18.0	.
Construction, NACE Rev. 2 ²⁾	real, CCPY	-2.2	0.0	1.3	2.6	3.8	10.9	14.9	18.7	17.7	19.4	18.8	18.3	17.0	17.2	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	16199	.	.	16075	.	.	15875	.	.	16163	.	.	.	.
Employed persons, LFS	CCPPY	.	0.4	.	.	0.6	.	.	1.9	.	.	1.5	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	1627.4	.	.	1649.1	.	.	1771.4	.	.	1689.9	.	.	.	.
Unemployment rate, LFS	%	.	9.2	.	.	9.3	.	.	10.1	.	.	9.5	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	13.0	12.7	12.0	11.7	11.5	7.5	7.5	6.0	5.5	5.4	4.3	3.7	4.0	.	.
WAGES																
Total economy, gross ²⁾	PLN	3407	3404	3440	3526	3848	3392	3422	3634	3598	3484	3600	3612	3591	3582	3617
Total economy, gross ²⁾³⁾	real, CPPY	2.3	1.2	1.2	1.0	2.4	1.4	0.7	0.0	1.7	-0.2	2.0	1.5	1.4	1.7	1.3
Total economy, gross ²⁾	EUR	854	861	871	892	963	872	872	905	906	884	907	904	872	826	831
Industry, gross, NACE Rev. 2	EUR	868	871	864	928	1009	871	890	909	918	894	939	928	895	835	826
PRICES																
Consumer - HICP	PP	-0.3	0.5	0.3	0.2	0.3	1.0	0.2	0.9	0.5	0.5	-0.3	-0.2	0.0	0.0	0.7
Consumer - HICP	CPPY	1.9	2.5	2.6	2.6	2.9	3.5	3.3	4.0	4.1	4.3	3.7	3.6	4.0	3.5	3.8
Consumer - HICP	CCPPY	2.7	2.7	2.7	2.6	2.7	3.5	3.4	3.6	3.7	3.8	3.8	3.8	3.8	3.8	3.8
Producer, in industry, NACE Rev. 2	PP	-0.2	0.2	0.1	0.3	1.3	0.3	1.2	1.5	0.8	-0.3	0.3	0.5	0.5	1.3	.
Producer, in industry, NACE Rev. 2	CPPY	4.1	4.5	4.2	4.9	6.4	6.3	7.6	9.3	8.9	6.5	5.8	6.1	6.8	8.0	.
Producer, in industry, NACE Rev. 2	CCPPY	0.9	1.3	1.6	1.9	2.3	6.3	6.9	7.7	8.0	7.7	7.4	7.2	7.2	7.3	.
FOREIGN TRADE ⁴⁾																
Exports total (fob), cumulated	EUR mn	77657	88874	99999	110766	120483	10278	21041	32966	44051	55782	67213	77738	89110	.	.
Imports total (cif), cumulated	EUR mn	85715	97925	110277	122809	134306	11240	23141	36132	48565	61534	74338	86278	98432	.	.
Trade balance, cumulated	EUR mn	-8058	-9051	-10278	-12043	-13823	-962	-2100	-3166	-4514	-5751	-7125	-8541	-9322	.	.
Exports to EU-27 (fob), cumulated	EUR mn	61584	70430	79211	87869	95314	8293	16789	26226	34897	43911	52786	61092	69574	.	.
Imports from EU-27 (cif), cumulated	EUR mn	60687	69526	78442	87206	95064	7769	16160	25777	34225	43341	52175	60656	68605	.	.
Trade balance with EU-27, cumulated	EUR mn	897	904	769	663	250	524	628	449	672	570	611	435	969	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-10187	.	.	-16486	.	.	-3134	.	.	-6560	.	.	.	.
EXCHANGE RATE																
PLN/EUR, monthly average	nominal	3.990	3.955	3.950	3.952	3.996	3.890	3.926	4.015	3.969	3.940	3.970	3.995	4.120	4.338	4.352
PLN/USD, monthly average	nominal	3.094	3.027	2.842	2.893	3.023	2.911	2.877	2.868	2.749	2.746	2.759	2.801	2.872	3.150	3.175
EUR/PLN, calculated with CPI ⁵⁾	real, Jan07=100	101.1	102.2	102.4	102.4	100.9	105.2	103.9	101.5	102.5	103.7	102.6	102.2	98.9	93.3	93.4
EUR/PLN, calculated with PPI ⁵⁾	real, Jan07=100	100.8	101.6	101.7	101.5	100.7	102.7	102.2	100.6	101.7	102.3	101.8	101.3	98.9	94.8	.
USD/PLN, calculated with CPI ⁵⁾	real, Jan07=100	100.8	103.5	110.5	108.7	104.2	108.7	109.8	110.1	114.6	114.8	114.0	111.9	108.8	99.0	99.1
USD/PLN, calculated with PPI ⁵⁾	real, Jan07=100	95.6	97.9	103.4	101.3	97.2	99.7	100.4	100.5	103.7	102.9	102.8	101.4	100.1	92.1	.
DOMESTIC FINANCE																
Currency in circulation	PLN bn, eop	92.7	91.7	92.0	91.5	92.7	90.6	91.4	92.2	93.9	93.5	95.1	96.7	97.2	99.3	.
M1	PLN bn, eop	421.0	419.2	420.2	428.8	449.2	436.4	444.2	458.9	441.1	447.2	451.2	440.5	449.2	444.8	.
Broad money	PLN bn, eop	749.6	752.9	756.6	763.4	783.6	769.1	775.0	800.2	789.2	794.5	796.3	798.1	815.8	829.5	.
Broad money	CCPY	9.4	8.9	6.4	9.1	8.8	8.2	8.3	10.9	9.4	7.7	7.2	7.4	8.8	10.2	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	3.5	3.5	3.5	3.5	3.5	3.8	3.8	3.8	4.0	4.3	4.5	4.5	4.5	4.5	4.5
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-0.6	-0.9	-0.7	-1.3	-2.7	-2.4	-3.6	-5.1	-4.5	-2.1	-1.2	-1.5	-2.2	-3.3	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	PLN mn	.	-59489	.	.	-111000	.	.	-10011	.	.	-33130	.	.	.	.

- 1) Sold production.
- 2) Enterprises with 10 and more employees.
- 3) Nominal wages deflated with HICP.
- 4) From 2004 intra-/extra-EU trade methodology.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) Reference rate (7-day open market operation rate).
- 7) Deflated with annual PPI.
- 8) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

R O M A N I A: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2 ¹⁾	real, CPPY	5.3	5.0	1.6	7.9	9.9	11.7	12.9	9.8	3.6	7.5	1.1	1.5	10.4	5.5	.
Industry, NACE Rev. 2 ¹⁾	real, CCPY	5.3	5.2	4.8	5.1	5.5	11.7	12.3	11.4	9.3	8.9	7.5	6.6	7.0	6.8	.
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	4.5	3.9	4.8	6.3	9.7	11.5	11.4	8.7	7.0	4.0	3.3	4.0	5.6	.	.
Construction, NACE Rev. 2	real, CPPY	-16.9	-12.0	-3.9	-16.4	-1.0	-11.5	0.6	-2.8	-6.1	4.4	-9.9	16.0	4.5	2.7	.
Construction, NACE Rev. 2	real, CCPY	-16.8	-16.1	-14.7	-14.9	-13.2	-11.5	-5.6	-4.5	-5.0	-2.7	-4.6	-1.4	-0.5	-0.1	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	9482.7	.	.	9052.5	.	.	9068.7	.	.	9209.8	.	.	.	.
Employed persons, LFS	CCPY	.	-0.1	.	.	0.0	.	.	1.5	.	.	-0.8	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	702.7	.	.	713.7	.	.	740.6	.	.	710.9	.	.	.	.
Unemployment rate, LFS	%	.	6.9	.	.	7.3	.	.	7.6	.	.	7.2	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPY	19.5	18.7	17.6	17.3	17.1	15.4	15.3	14.0	11.3	10.2	8.2	6.8	6.9	6.3	.
WAGES																
Total economy, gross ¹⁾	RON	1846	1846	1846	1900	2067	1963	1944	2056	2066	2008	2026	2027	2005	2017	.
Total economy, gross ¹⁾²⁾	real, CPPY	-7.0	-7.9	-9.0	-5.5	-5.3	-6.7	-6.9	-8.2	-3.4	-5.7	-3.8	3.4	4.1	5.6	.
Total economy, gross ¹⁾	EUR	435	433	431	442	481	461	458	494	504	488	483	478	472	471	.
Industry, gross, NACE Rev. 2 ³⁾	EUR	456	458	448	457	508	456	452	491	512	491	487	490	483	482	.
PRICES																
Consumer - HICP	PP	0.2	0.6	0.6	0.5	0.5	0.8	0.8	0.6	0.7	0.2	-0.3	-0.4	-0.3	-0.2	0.6
Consumer - HICP	CCPY	7.6	7.7	7.9	7.7	7.9	7.0	7.6	8.0	8.4	8.5	8.0	4.9	4.3	3.5	3.6
Consumer - HICP	CCPY	5.2	5.5	5.7	5.9	6.1	7.0	7.3	7.5	7.8	7.9	7.9	7.5	7.1	6.7	6.3
Producer, in industry, NACE Rev. 2	PP	0.4	1.4	0.2	0.9	1.2	1.6	0.8	1.1	0.0	-0.3	0.7	1.0	-0.2	0.9	.
Producer, in industry, NACE Rev. 2	CCPY	6.6	7.9	7.8	8.1	9.6	10.2	10.9	11.1	9.6	8.0	8.4	9.3	8.6	8.1	.
Producer, in industry, NACE Rev. 2	CCPY	5.3	5.6	5.8	6.0	6.3	10.2	10.6	10.7	10.5	10.0	9.7	9.6	9.5	9.4	.
FOREIGN TRADE ⁴⁾																
Exports total (fob), cumulated	EUR mn	23383	26905	30421	34043	37338	3429	6949	11074	14467	18298	22044	25828	29287	.	.
Imports total (cif), cumulated	EUR mn	29522	33879	38157	42726	46864	3633	7573	12607	17000	22028	26673	31137	35448	.	.
Trade balance, cumulated	EUR mn	-6139	-6974	-7736	-8682	-9526	-204	-624	-1533	-2533	-3730	-4630	-5309	-6162	.	.
Exports to EU-27 (fob), cumulated	EUR mn	16948	19510	22062	24758	26948	2452	5064	7984	10429	13132	15765	18352	20772	.	.
Imports from EU-27 (cif), cumulated	EUR mn	21367	24508	27748	31156	33986	2584	5503	8957	12145	15682	19017	22297	25367	.	.
Trade balance with EU-27, cumulated	EUR mn	-4419	-4998	-5685	-6398	-7038	-132	-439	-974	-1715	-2550	-3252	-3945	-4595	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-4262	.	.	-4922	.	.	-759	.	.	-2720	.	.	.	.
EXCHANGE RATE																
RON/EUR, monthly average	nominal	4.240	4.266	4.279	4.294	4.293	4.262	4.246	4.162	4.100	4.114	4.194	4.241	4.251	4.284	4.324
RON/USD, monthly average	nominal	3.288	3.264	3.079	3.143	3.247	3.190	3.111	2.973	2.839	2.867	2.915	2.973	2.963	3.111	3.155
EUR/RON, calculated with CPI ⁵⁾	real, Jan07=100	92.1	91.8	91.7	91.7	91.6	93.4	94.1	95.5	97.0	96.8	94.7	93.7	93.0	91.5	91.0
EUR/RON, calculated with PPI ⁵⁾	real, Jan07=100	97.2	97.7	97.4	97.4	97.7	98.9	99.4	101.6	102.3	101.8	100.7	100.1	99.9	99.6	.
USD/RON, calculated with CPI ⁵⁾	real, Jan07=100	91.8	92.9	98.9	97.4	94.6	96.5	99.3	103.6	108.4	107.1	105.2	102.6	102.3	97.1	96.6
USD/RON, calculated with PPI ⁵⁾	real, Jan07=100	92.2	94.1	99.0	97.2	94.3	96.0	97.7	101.5	104.3	102.4	101.6	100.3	101.1	96.8	.
DOMESTIC FINANCE																
Currency in circulation	RON mn, eop	26954	26788	26831	26244	26808	26393	27051	26250	26833	26477	26976	28501	28744	29387	.
M1	RON mn, eop	80415	81536	78543	79961	81630	80048	79277	77801	77853	78094	80109	82355	82357	83917	.
Broad money	RON mn, eop	195570	195819	194633	197399	202867	199168	197929	196430	196388	198152	200073	204514	205650	209012	.
Broad money	CCPY	6.2	6.6	5.7	6.4	7.1	7.2	5.4	3.5	2.9	2.9	2.6	5.5	5.2	6.7	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-0.4	-1.5	-1.4	-1.7	-3.0	-3.6	-4.2	-4.3	-3.1	-1.6	-2.0	-2.8	-2.2	-1.7	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	RON mn	.	-25240	.	.	-35699	.	.	-4542	.	.	-9129	.	.	.	.

1) Enterprises with 4 and more employees.

2) Nominal wages deflated with HICP.

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

4) From 2007 intra-/extra-EU trade methodology.

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

6) One-week repo rate.

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

SLOVAKIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	17.2	13.2	12.5	17.1	20.5	19.6	10.9	7.1	7.7	11.5	4.3	4.3	4.3	7.4	.
Industry, NACE Rev. 2	real, CCPPY	20.7	19.7	18.9	18.7	18.8	19.6	15.1	12.1	11.0	11.1	9.9	9.1	8.5	8.4	.
Industry, NACE Rev. 2	real, 3MMA	15.2	14.1	14.3	16.5	19.0	16.8	12.1	8.5	8.7	7.8	6.7	4.3	5.4	.	.
Construction, NACE Rev. 2	real, CPPY	-1.2	-6.6	4.1	0.8	0.0	-0.8	-7.9	0.5	-7.2	-4.3	-1.2	-3.9	-6.5	5.3	.
Construction, NACE Rev. 2	real, CCPPY	-7.0	-6.9	-5.7	-5.0	-4.6	-0.8	-4.6	-2.5	-4.1	-4.1	-3.5	-3.6	-4.1	-2.8	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	2335.0	.	.	2339.4	.	.	2332.0	.	.	2355.6	.	.	.	.
Employed persons, LFS	CCPPY	.	-2.9	.	.	-2.1	.	.	2.1	.	.	2.0	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	383.6	.	.	377.4	.	.	376.1	.	.	356.7	.	.	.	.
Unemployment rate, LFS	%	.	14.1	.	.	13.9	.	.	13.9	.	.	13.2	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	28.7	26.5	24.5	23.4	22.8	13.5	9.1	6.3	5.3	5.5	4.5	3.9	3.5	3.5	.
WAGES																
Total economy, gross ¹⁾	EUR, quart. avg.	.	750	.	.	844	.	.	746	.	.	781	.	.	.	.
Total economy, gross ²⁾	real, CPPY	.	2.7	.	.	2.7	.	.	-0.6	.	.	-1.0	.	.	.	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR	763	782	774	926	868	765	750	809	797	840	850	816	813	817	.
PRICES																
Consumer - HICP	PP	-0.1	0.0	0.0	0.3	0.2	2.1	0.3	0.4	0.5	0.3	-0.1	-0.2	0.1	0.3	0.2
Consumer - HICP	CCPY	1.1	1.1	1.0	1.0	1.3	3.2	3.5	3.8	3.9	4.2	4.1	3.8	4.1	4.4	4.6
Consumer - HICP	CCPPY	0.5	0.6	0.6	0.6	0.7	3.2	3.4	3.5	3.6	3.7	3.8	3.8	3.8	3.9	4.0
Producer, in industry, NACE Rev. 2	PP	0.0	-0.2	0.2	0.0	0.2	1.4	0.5	0.8	0.7	0.3	-0.3	-0.4	0.5	-0.1	.
Producer, in industry, NACE Rev. 2	CCPY	2.0	1.9	2.1	1.5	1.9	4.4	5.7	5.8	5.6	5.1	4.5	3.4	3.8	4.0	.
Producer, in industry, NACE Rev. 2	CCPPY	-0.8	-0.5	-0.2	-0.1	0.1	4.4	5.1	5.3	5.4	5.3	5.2	4.9	4.8	4.7	.
FOREIGN TRADE ³⁾																
Exports total (fob), cumulated	EUR mn	30287	34822	39674	44611	48707	4120	8540	13611	18169	23121	27961	32225	36696	.	.
Imports total (fob), cumulated	EUR mn	30315	34921	39773	44696	49080	3959	8275	13252	17857	22780	27494	31791	36137	.	.
Trade balance, cumulated	EUR mn	-28	-99	-99	-85	-373	161	265	360	312	341	467	434	559	.	.
Exports to EU-27 (fob), cumulated	EUR mn	25582	29403	33451	37633	41074	3611	7385	11682	15571	19778	23889	27515	31263	.	.
Imports from EU-27 (fob), cumulated	EUR mn	21693	25029	28539	32146	35336	2847	5997	9659	12928	16498	19950	23027	26200	.	.
Trade balance with EU-27, cumulated	EUR mn	3890	4374	4912	5487	5739	764	1388	2023	2643	3281	3939	4488	5063	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-1530	.	.	-2270	.	.	156	.	.	-171	.	.	.	.
EXCHANGE RATE ¹⁾																
EUR/USD, monthly average ⁴⁾	nominal	0.7756	0.7653	0.7195	0.7320	0.7564	0.7485	0.7327	0.7143	0.6924	0.6969	0.6950	0.7011	0.6972	0.7262	0.7296
EUR/EUR, calculated with CPI ⁵⁾	real, Jan07=100	112.8	112.5	112.2	112.3	111.9	114.6	114.4	113.6	113.5	113.8	113.8	114.1	114.0	113.6	113.5
EUR/EUR, calculated with PPI ⁵⁾	real, Jan07=100	104.8	104.3	104.3	103.8	103.0	103.4	103.2	103.1	103.0	103.5	103.3	102.4	103.1	102.7	.
USD/EUR, calculated with CPI ⁵⁾	real, Jan07=100	112.5	113.8	121.0	119.3	115.5	118.5	120.9	123.3	126.9	125.9	126.3	124.9	125.4	120.5	120.5
USD/EUR, calculated with PPI ⁵⁾	real, Jan07=100	99.3	100.5	106.0	103.6	99.4	100.3	101.4	103.0	105.1	104.2	104.3	102.6	104.4	99.8	.
DOMESTIC FINANCE																
Currency in circulation ¹⁽⁶⁾	EUR mn, eop	7117	7113	7130	7142	7324	7160	7149	7186	7265	7320	7420	7500	7432	7489	.
M1 ¹⁽⁶⁾	EUR mn, eop	24937	24904	24599	25401	26443	25967	25959	25334	25448	25582	25888	25367	25411	25377	.
Broad money ¹⁽⁶⁾	EUR mn, eop	39459	39131	39160	39572	40578	40573	40397	40131	40441	40674	40872	40687	41422	41071	.
Broad money ¹⁽⁶⁾	CCPY	3.2	3.5	4.3	4.5	4.4	6.1	3.9	2.8	1.8	1.6	3.9	3.6	5.0	5.0	.
Central bank policy rate (p.a.) ⁷⁾	%, eop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.5	1.5	1.5	1.5
Central bank policy rate (p.a.) ⁷⁽⁸⁾	real, %	-1.0	-0.9	-1.1	-0.5	-0.9	-3.3	-4.4	-4.5	-4.2	-3.7	-3.1	-1.8	-2.2	-2.4	.
BUDGET																
General gov. budget balance ¹⁽⁹⁾ , cum.	EUR mn	.	-3117	.	.	-5054	.	.	-664	.	.	-1589	.	.	.	.

1) Slovakia has introduced the Euro from 1 January 2009.

2) Nominal wages deflated with HICP.

3) From 2004 intra-/extra-EU trade methodology.

4) Reference rate from ECB.

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

6) From January 2009 Slovakia's contributions to EMU monetary aggregates.

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

8) Deflated with annual PPI.

9) According to ESA'95 excessive deficit procedure.

Source: wiw Monthly Database incorporating Eurostat and national statistics.

SLOVENIA: Selected monthly data on the economic situation 2010 to 2011

(updated end of Nov 2011)

		2010					2011									
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	12.4	4.0	4.8	4.3	13.8	13.9	6.9	6.7	3.6	4.6	3.7	-1.0	-1.5	2.5	.
Industry, NACE Rev. 2	real, CCPY	6.0	5.8	5.7	5.5	6.2	13.9	10.3	8.9	7.6	7.0	6.4	5.3	4.5	4.3	.
Industry, NACE Rev. 2	real, 3MMA	7.2	6.6	4.4	7.4	10.3	11.5	8.9	5.8	5.1	4.0	2.5	0.5	0.1	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-13.1	-18.7	-18.0	-17.5	-12.2	-20.9	-23.6	-29.7	-27.0	-29.4	-36.2	-27.0	-31.2	-17.0	.
Construction, NACE Rev. 2 ¹⁾	real, CCPY	-17.0	-17.2	-17.3	-17.3	-17.0	-20.9	-22.2	-25.3	-25.8	-26.7	-28.7	-28.4	-28.8	-27.4	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	968.1	.	.	963.4	.	.	928.4	.	.	937.9	.	.	.	.
Employed persons, LFS	CCPPY	.	-1.3	.	.	-1.5	.	.	-3.8	.	.	-3.4	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	73.0	.	.	80.7	.	.	85.9	.	.	78.0	.	.	.	.
Unemployment rate, LFS	%	.	7.1	.	.	7.8	.	.	8.5	.	.	7.7	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	.	13.0	.	.	12.2	.	.	12.4	.	.	9.4	.	.	.	.
WAGES																
Total economy, gross	EUR	1487	1486	1488	1634	1534	1496	1494	1524	1505	1516	1521	1500	1524	1507	.
Total economy, gross ²⁾	real, CPPY	2.6	1.5	0.6	2.4	0.9	1.0	2.3	-0.7	-0.6	0.3	0.4	0.3	1.3	-0.8	.
Industry, gross, NACE Rev. 2	EUR	1353	1335	1337	1552	1408	1352	1381	1412	1357	1377	1391	1357	1423	1381	.
PRICES																
Consumer - HICP	PP	0.1	-0.4	0.1	0.3	0.1	-0.4	0.0	1.4	0.7	0.8	-0.6	-1.1	0.3	0.6	0.8
Consumer - HICP	CCPY	2.4	2.1	2.1	1.6	2.2	2.3	2.0	2.4	2.0	2.4	1.6	1.1	1.2	2.3	2.9
Consumer - HICP	CCPPY	2.2	2.1	2.1	2.1	2.1	2.3	2.2	2.2	2.2	2.2	2.1	2.0	1.9	1.9	2.0
Producer, in industry, NACE Rev. 2	PP	0.2	0.0	0.3	0.2	0.2	1.1	1.1	0.4	0.4	-0.1	0.5	-0.1	0.2	-0.1	-0.1
Producer, in industry, NACE Rev. 2	CCPY	3.4	3.0	3.3	3.9	4.2	5.2	6.0	6.0	5.7	4.2	4.4	4.1	4.2	4.1	3.7
Producer, in industry, NACE Rev. 2	CCPPY	1.2	1.4	1.6	1.8	2.0	5.2	5.6	5.7	5.7	5.4	5.3	5.1	5.0	4.9	4.8
FOREIGN TRADE³⁾																
Exports total (fob), cumulated	EUR mn	13939	16047	18078	20165	22026	1854	3804	6101	8153	10329	12493	14583	16444	.	.
Imports total (cif), cumulated	EUR mn	14225	16352	18501	20702	22700	1872	3874	6235	8301	10580	12670	14704	16641	.	.
Trade balance total, cumulated	EUR mn	-286	-305	-423	-538	-674	-18	-70	-134	-147	-251	-177	-121	-198	.	.
Exports to EU-27 (fob), cumulated	EUR mn	9903	11433	12893	14394	15656	1407	2815	4468	5928	7496	9004	10465	11750	.	.
Imports from EU-27 (cif), cumulated	EUR mn	9789	11221	12633	14069	15403	1219	2562	4171	5528	7122	8554	9948	11225	.	.
Trade balance with EU-27, cumulated	EUR mn	113	212	261	325	252	188	254	297	401	374	450	517	525	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-206	.	.	-297	.	.	-48	.	.	14	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ⁴⁾	nominal	0.7756	0.7653	0.7195	0.7320	0.7564	0.7485	0.7327	0.7143	0.6924	0.6969	0.6950	0.7011	0.6972	0.7262	0.7296
EUR/EUR, calculated with CPI ⁵⁾	real, Jan07=100	103.6	102.8	102.7	102.8	102.3	102.3	101.8	102.1	102.2	103.0	102.4	101.8	101.8	101.8	102.2
EUR/EUR, calculated with PPI ⁵⁾	real, Jan07=100	99.7	99.5	99.5	99.3	98.5	98.5	98.9	98.4	98.0	98.0	98.5	98.0	98.5	98.1	98.0
USD/EUR, calculated with CPI ⁵⁾	real, Jan07=100	103.3	104.1	110.8	109.2	105.6	105.7	107.6	110.8	114.3	114.0	113.7	111.4	112.0	108.0	108.6
USD/EUR, calculated with PPI ⁵⁾	real, Jan07=100	94.5	95.8	101.2	99.1	95.1	95.6	97.2	98.3	99.9	98.6	99.4	98.2	99.7	95.3	95.3
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	3352	3346	3369	3373	3449	3377	3369	3384	3411	3445	3475	3537	3504	3532	.
M1	EUR mn, eop	8292	8233	8231	8363	8420	8482	8492	8424	8514	8553	8507	8554	8576	8540	.
Broad money	EUR mn, eop	18868	18778	18754	18979	18984	18969	19020	18883	18914	19149	19164	19347	19365	19397	.
Broad money	CCPY	2.6	1.8	2.2	3.0	2.4	1.6	3.0	1.2	1.5	1.4	2.2	2.4	2.6	3.3	.
Central bank policy rate (p.a.) ⁶⁾	%, eop	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.5	1.5	1.5	1.5
Central bank policy rate (p.a.) ⁶⁾⁷⁾	real, %	-2.3	-2.0	-2.2	-2.8	-3.1	-4.0	-4.7	-4.8	-4.2	-2.9	-3.0	-2.5	-2.6	-2.5	-2.1
BUDGET																
General gov. budget balance ⁸⁾ , cum.	EUR mn	.	-1723	.	.	-2071	.	.	-829	.	.	-1571	.	.	.	.

- 1) Enterprises with 20 and more employees or turnover limits and output of some non-construction enterprises.
- 2) Nominal wages deflated with HICP.
- 3) From 2004 intra-/extra-EU trade methodology.
- 4) Reference rate from ECB.
- 5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.
- 6) Official refinancing operation rate for euro area (ECB).
- 7) Deflated with annual PPI.
- 8) According to ESA'95 excessive deficit procedure.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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