

# MACRO ROUND-UP

Helgi's Pocket Guide

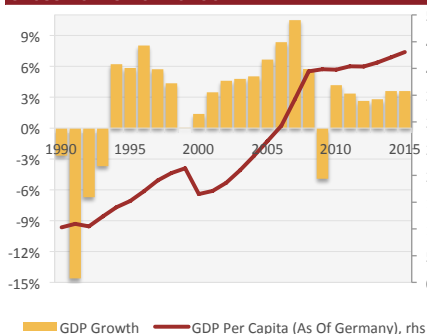
December 2012

Slovakia

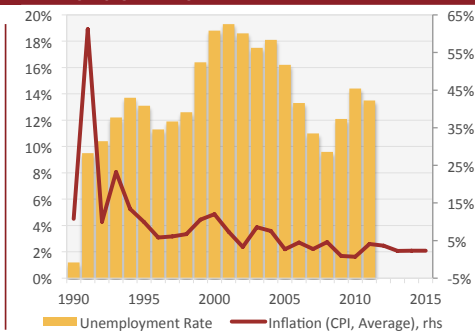
SLOVAK ECONOMY AT A GLANCE	1995	2000	2005	2010	2015e
GDP (Current USD)	25,240	20,482	47,976	87,235	103,305
GDP Growth	5.8%	1.4%	6.7%	4.2%	3.6%
GDP Per Capita (Current USD)	4,701	3,790	8,859	15,971	18,763
GDP Per Capita (As Of Germany)	15.2%	16.5%	26.4%	39.8%	43.1%
Inflation, CPI (Average)	9.9%	12.0%	2.7%	0.7%	2.3%
Short-Term Interest Rate (3-Month Interbank Interest Rate)		8.6%	2.9%	0.8%	
Unemployment Rate	13.1%	18.8%	16.2%	14.4%	
Gross Average Monthly Wage (USD)	325	408	827	1,019	
Current Account Balance (As % Of GDP)	1.5%	-2.4%	-6.5%	-2.5%	0.2%
Exports (As % Of GDP)	58%	71%	76%	103%	
Government Budget Balance (As % Of GDP)	0.4%	-12.3%	-2.8%	-7.7%	
Public Debt (As % Of GDP)	22%	50%	34%	41%	48%
FX Rate To USD (Annual Average)	0.80	1.09	0.80	0.75	



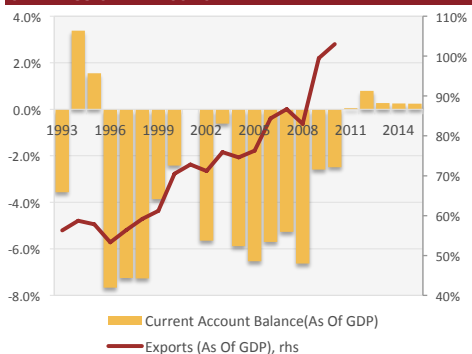
## GROSS DOMESTIC PRODUCT



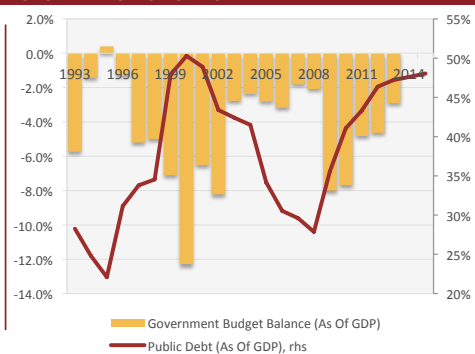
## INFLATION & UNEMPLOYMENT



## OPENNESS OF THE ECONOMY

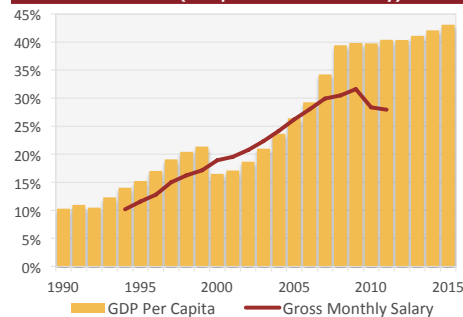


## BUDGET DEFICIT & PUBLIC DEBT

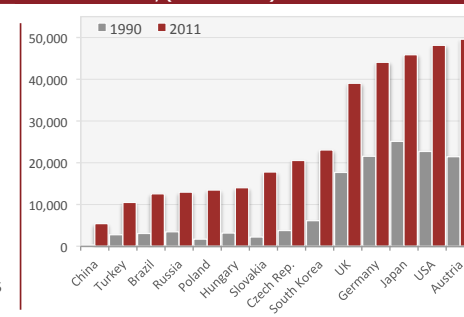


Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

## GDP & GROSS WAGE (Comparison With Germany)

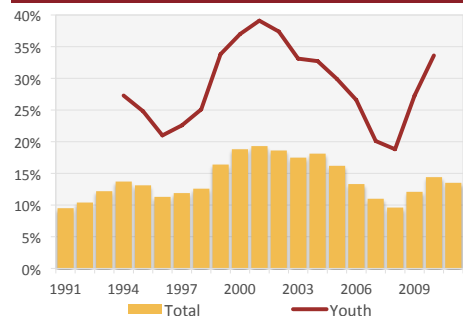


## GDP PER CAPITA, (Current USD)

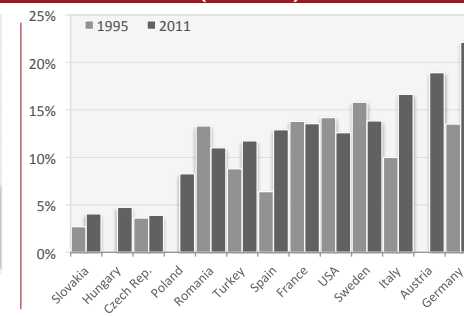


Slovakia's GDP has grown by an impressive 10% a year on average since 1990 in nominal USD terms. Slovak GDP has exceeded USD 16,000 per capita. Since the collapse of the Soviet Union in 1991, Slovak GDP per capita has increased from around 10% of Germany's level to nearly 40% in 2010. Thanks mainly to the reforms made at the beginning of this century, the Slovak economy remains the tiger in the former Soviet Bloc in Central Europe, overhauling Greece and Portugal in GDP per capita when purchasing parity is taken into account.

## UNEMPLOYMENT RATE

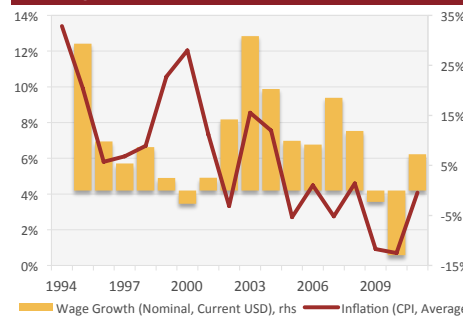


## PART-TIME WORKERS (As Of Total)

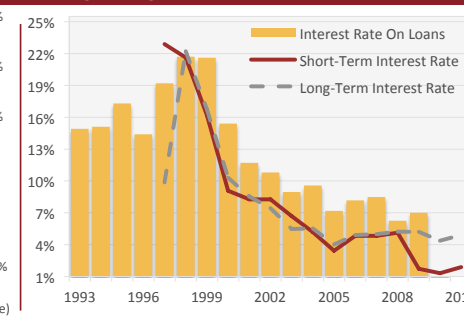


High unemployment remains one of the key macroeconomic concerns. The unemployment rate reached 13.5% at the end of 2011, or 367,900 people were looking for a job. Despite being a smaller headache than in the rest of the EU, the structure of unemployment remains a problem, especially among youngsters and in those who are 50+ years old or in certain regions where unemployment easily reaches twice the nationwide level. The Slovak labour market is not flexible enough, as only 3% of Slovaks work part-time, compared to over 20% in Germany.

## INFLATION



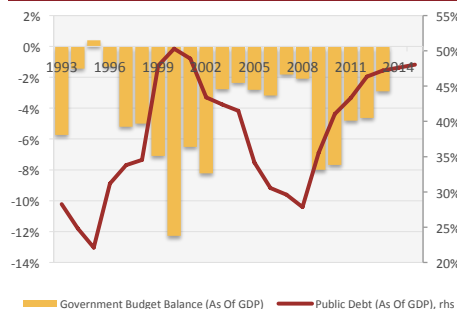
## INTEREST RATES



Following hefty reforms at the beginning of the 1990s and again at the start of the new century, the Slovak economy has no significant problems with inflation now. In the last five years, the inflation rate has been 2.7% on average. And thanks to having few external or internal imbalances, relatively low public debt and a strong banking sector, Slovaks enjoy the low interest rates that its membership of the Eurozone offers.

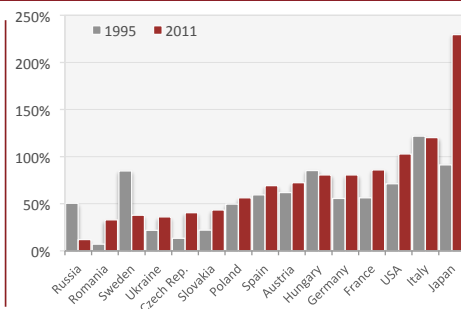
Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

### BUDGET DEFICIT & PUBLIC DEBT

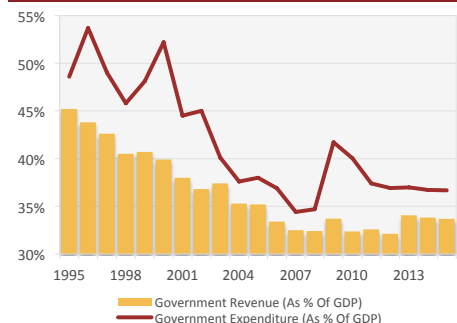


Slovaks belong among the least indebted Europeans, as public debt accounts for less than 45% of GDP. Private debt is also relatively small, with total bank loans being at only 46% of GDP. Similarly to others, however, the trend is the main worry here. The country has been running a budget deficit of more than 3% of GDP over the last decade, while overall public debt has risen fourfold since 2000. Japan, where public debt increased from 91% in 1995 to over 200% in 2010, serves as a worrying example.

### PUBLIC DEBT (As Of GDP)

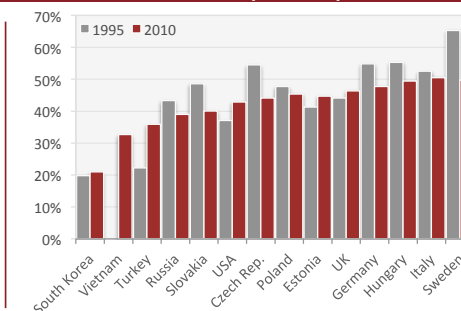


### ROLE OF STATE

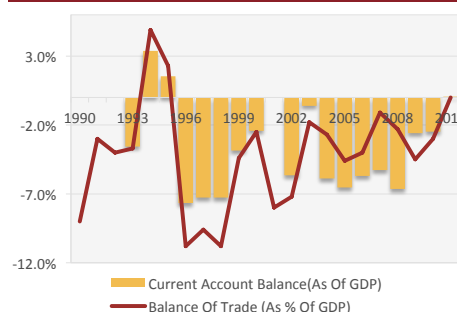


Slovakia belongs among the countries with relatively minor involvement of the Government in the economy, at least within the European comparison. Government revenues have been oscillating at around 40% of GDP over the last decade. Having said that, the Government has been very "European" in running a budget deficit larger than 3% a year over the last decade.

### GOVERNMENT EXPENDITURES (As Of GDP)



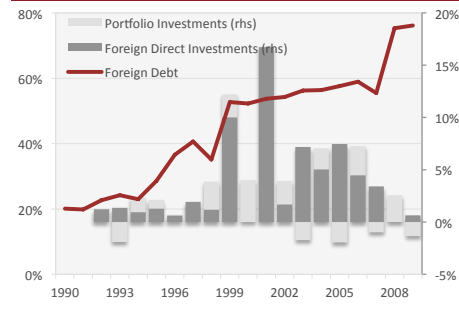
### CURRENT ACCOUNT AND TRADE DEFICIT



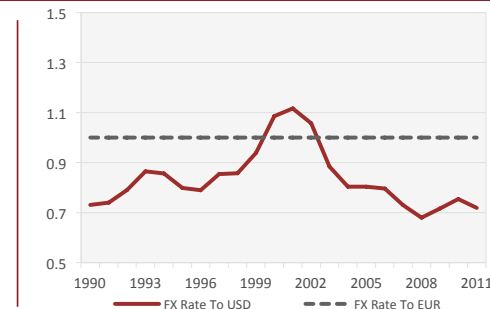
The Slovak economy is one of the most open in the world. The sum of exports and imports accounts for more than 200% of GDP. Thanks to large-scale privatisation and the arrival of foreign companies, solid infrastructure and cultural and economic proximity to Germany, the Slovak economy is very export-oriented. Cars and machinery represent more than half of total exports (mainly to Germany); on the other hand, fuels and machinery are the main import items, mainly from the East.

Source: World Bank, National Statistical Office, United Nations forecast, Helgi Analytics calculation

### CAPITAL FLOW & FOREIGN DEBT (As Of GDP)

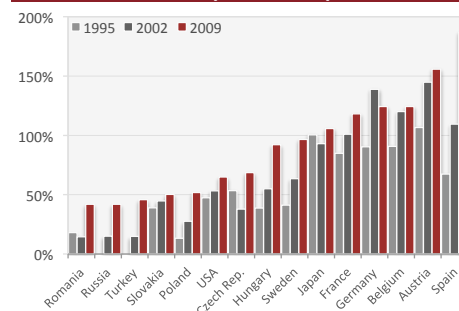


### FOREIGN EXCHANGE RATE (Annual Average)

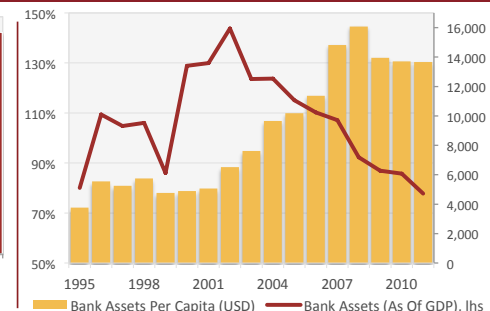


The Slovak economy has been a net recipient of foreign capital over the last two decades, getting almost USD 30 bil in total, or 3.5% of GDP a year. Foreign indebtedness used to be relatively low at below 60% of GDP (a similar level when compared to Poland or the Czech Republic), though it has risen to around 80% of GDP in the recent years. An optimist would say this is still only a half when compared to Hungary, for example. The overall positive picture is translated into the impressive performance of the Slovak currency before joining the Euro in 2009.

### BANKING PENETRATION (Loans To GDP)

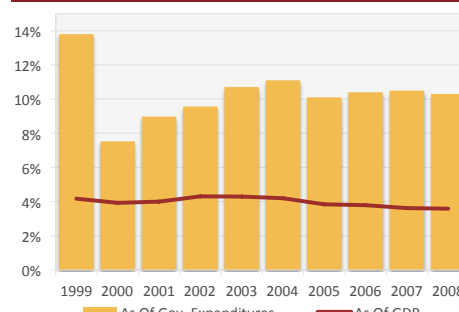


### BANK ASSETS

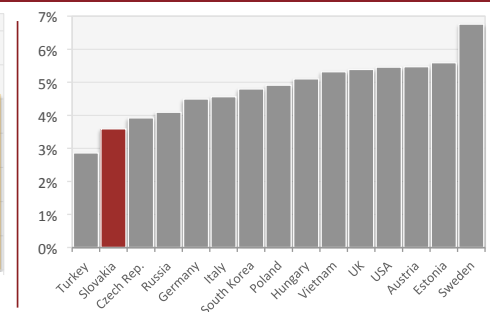


The Slovak banking sector is one of the strongest in Europe. Following a crisis in the 1990s, nearly all banks are foreign-owned now. The system is well capitalised (Tier 1 of 12%), well funded (loans to deposits at 90%) and decently profitable. The banking sector is relatively small. Assets represent only 78% of GDP and households have relatively few debts (retail loans account for 23% of GDP, compared to 34% of retail deposits). Asset quality remains good, with non-performing loans representing only 5% of total loans.

### PUBLIC EDUCATION SPENDING



### PUBLIC EDUCATION SPENDING, 2008 (As Of GDP)



Education is one of the headaches in Slovak society. Although benefiting from the solid past (Slovak students are around the average or slightly below the OECD countries in terms of the PISA survey), the whole education system is heavily under-funded. The Slovaks spend less than 4% of GDP on education, one of the lowest shares in Europe.

Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

POPULATION		2003	2004	2005	2006	2007	2008	2009	2010	2011
Population	<i>mil</i>	5.41	5.41	5.42	5.42	5.43	5.44	5.45	5.46	5.47
Population (As % Of World Population)	%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Persons Per Household	<i>persons</i>	3.26	3.25	3.24	3.18	3.20	3.17	3.10	3.11	3.11
Share Of Population (0–14 Years Of Age)	%	18%	18%	17%	17%	16%	16%	16%	15%	15%
Share Of Population (15–64 Years Of Age)	%	70%	71%	71%	72%	72%	72%	73%	73%	73%
Share Of Population (65+ Years Of Age)	%	11%	11%	12%	12%	12%	12%	12%	12%	12%
Median Age	<i>years</i>	34.5	34.8	35.1	35.5	35.8	36.2	36.5	36.9	37.3
Old Age Dependency Ratio	%	16%	16%	16%	16%	16%	16%	17%	17%	17%
Youth Dependency Ratio	%	26%	25%	24%	23%	23%	22%	21%	21%	21%
Life Expectancy, both sexes	<i>years</i>	74.0	74.0	74.3	74.3	74.8	75.0	75.3	75.6	
Life Expectancy At 65, both sexes	<i>years</i>	15.3	15.5	15.5	15.6	15.8	16.1	16.3	16.3	
Total Fertility Rate	<i>children</i>	1.20	1.24	1.25	1.24	1.25	1.32	1.41		
Urban Population As Of Total	%	56%	56%	56%	55%	55%	55%	55%	55%	55%

GROWTH & STRUCTURE OF THE ECONOMY		2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (Current USD)	<i>USD mil</i>	33,342	42,242	47,976	55,915	75,144	94,712	87,461	87,235	96,089
GDP Growth	%	4.8%	5.0%	6.7%	8.4%	10.5%	5.8%	-4.9%	4.2%	3.4%
GDP Per Capita (Current USD)	<i>USD</i>	6,164	7,806	8,859	10,312	13,836	17,406	16,042	15,971	17,804
GNI Per Capita (PPP)	<i>USD</i>	13,540	14,510	15,500	17,700	20,020	22,600	22,100	23,120	
Gross Capital Formation (As Of GDP)	%	24.6%	26.3%	28.9%	28.0%	27.8%	27.7%	16.3%	19.8%	21.9%
Gross Savings (As Of GDP)	%	18.2%	19.7%	20.3%	19.7%	22.2%	21.4%	16.3%	19.8%	21.9%
Industrial Production Growth	%	15.2%	3.8%	0.8%	15.6%	17.0%	3.4%	-13.8%	18.8%	6.9%
Retail Sales Growth	%									
Industry, Added Value (As Of GDP)	%	35%	37%	37%	39%	39%	38%	35%	35%	
Manufacturing, Added Value (As Of GDP)	%	23%	24%	24%	24%	24%	23%	20%	21%	
Services, Added Value (As Of GDP)	%	61%	59%	60%	57%	58%	57%	61%	61%	
Construction Industry, Added Value (As Of GDP)	%	5.4%	5.5%	6.0%	6.9%	7.4%	8.8%	8.6%		
Transport, Storage & Communication (As Of GDP)	%	9.0%	8.2%	7.8%	6.5%	6.9%	6.7%	6.4%		
Trade, Restaurants & Hotels (As Of GDP)	%	13%	15%	15%	15%	15%	16%	16%		
Agriculture, Value Added (As Of GDP)	%	4.5%	4.1%	3.7%	3.6%	4.1%	4.2%	3.9%	3.9%	

PUBLIC, FOREIGN & PRIVATE INDEBTEDNESS		2003	2004	2005	2006	2007	2008	2009	2010	2011
Government Budget Balance (As Of GDP)	%	-2.8%	-2.4%	-2.8%	-3.2%	-1.8%	-2.1%	-8.0%	-7.7%	-4.8%
Government Revenues (As Of GDP)	%	37%	35%	35%	33%	33%	32%	34%	32%	33%
Government Expenditures (As Of GDP)	%	40%	38%	38%	37%	34%	35%	42%	40%	37%
Public Debt (As Of GDP)	%	42%	42%	34%	31%	30%	28%	36%	41%	43%
Foreign Debt (As Of GDP)	%	54%	56%	56%	58%	59%	55%	75%	76%	
Bank Loans (As Of GDP)	%	46%	44%	44%	50%	52%	45%	50%	48%	45%
Bank Corporate Loans (As Of GDP)	%	17%	13%	18%	22%	23%	22%	24%	22%	21%
Bank Retail Loans (As Of GDP)	%	8.6%	11%	12%	16%	18%	22%	23%	24%	23%
Mortgage Loans (As Of GDP)	%	5.9%	7.3%	7.8%	10%	11%	12%	15%	16%	16%
Bank Consumer Loans (As Of GDP)	%	2.6%	3.4%	4.1%	5.9%	6.5%	10.0%	7.7%	7.6%	7.0%

INFLATION, FOREX & INTEREST RATES		2003	2004	2005	2006	2007	2008	2009	2010	2011
Inflation, CPI (Average)	%	8.6%	7.5%	2.7%	4.5%	2.8%	4.6%	0.9%	0.7%	4.1%
Long-Term Interest Rate (10-Year Gov. Bond Yield)	%	5.0%	5.0%	3.5%	4.4%	4.5%	4.7%	4.7%	3.9%	4.4%
Short-Term Interbank Interest Rate (3-Month)	%	6.2%	4.7%	2.9%	4.3%	4.3%	4.6%	1.2%	0.8%	1.4%
Interest Spread To USD, 10-Year Gov. Bond	%	1.0%	0.8%	-0.8%	-0.4%	-0.1%	1.1%	1.5%	0.7%	1.6%
Interest Spread To USD, 3M IBOR	%	5.0%	3.1%	-0.6%	-0.8%	-0.9%	1.4%	0.3%	0.3%	1.0%
FX Rate To USD (Average)	<i>per USD</i>	0.88	0.80	0.80	0.80	0.73	0.68	0.72	0.75	0.72
FX Rate To EUR (Average)	<i>per EUR</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit [www.helgilibrary.com](http://www.helgilibrary.com)

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Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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