

Monthly Economic Report – May 2005

Stockmarkets

	Turnover in KM	% change on previous month Turnover in KM
Sarajevo (SASE)	24,828,481 (May)	- 27.57
Banja Luka	9,540,366 (May)	-12.70

Trade, exchange rates and budgets

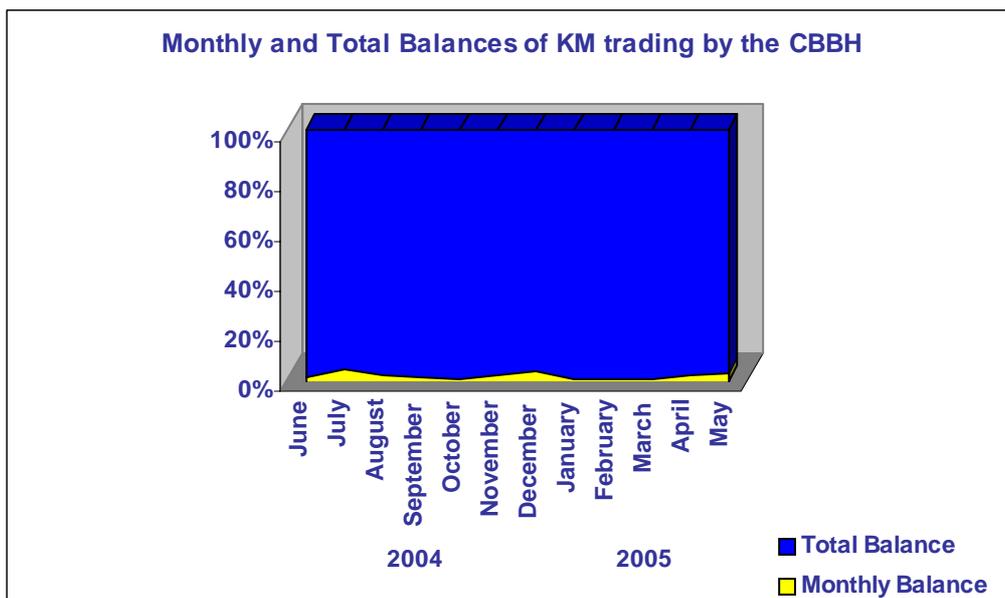
	May 05 Import / Exports	% change on previous year Imports / Exports	Jan-May 05 Imports / Exports
‘000s of KM			
Trade performance	971,658 365,242	+ 12.32 + 37.82	3,993,855 / 1,446,055

Prices and Earnings and Unemployment

Net Salaries:	FBiH	KM 554.98 (May 05)
	RS	KM 464 (May 05)
BiH Consumer price index	0.6%	(as of year end 2003)
Unemployment	Latest	Previous month
FBiH	330,827 (May)	331.639 (April)
RS	Figures not available	

Money and interest rates

Money supply (April 05) % change on year ago	Narrow (M ₁)	+ 7.68%
	Broad (M ₂)	+18.98%
Average Interest rates % p.a. (April 05)	Bank Lending: Short	9.65 Long 9.25
Rates Banks pay for deposits	Demand	0.60 Term 3.44



Million	Buying	Selling	Jan - May Balance
Demand for KM	326.6	233.5	- 49.1

The BiH Money Supply has expanded only very slightly in the course of May 2005, as the corrective measures taken by the Central Bank in the course of 2004 (raising the commercial banks' reserve requirement) continue to exert an influence.

The KM was under selling pressure in the period January to March. After a positive balance in April the month of May saw a small negative balance again. Thus, more KM was exchanged into foreign currency by a margin of KM 49 million. Nevertheless, this figure represents less than 2 percent of the Central Bank's total reserves.

The Sarajevo Stock Exchange saw the value of turnover fall by more than 25 per cent over the figure for April.

The Banja Luka Stock Exchange also had a less successful month, with the value of its turnover falling by more than 12 per cent.

These results appear to reflect seasonal downturns, also observed in 2004. In the past, these downturns have often been followed by strong rallies during the autumn months.

BiH's Trade Figures showed a continued rise in exports in the month of May – both relative and absolute. This represents a continuation of the positive trend that began at the start of 2004. However, it should be noted that imports have also maintained a steady rate of growth, albeit at a lower rate than exports.

Unemployment figures in the Federation are **high and apparently static**. The RS does not report monthly unemployment

Salaries in the RS have risen by around 11 per cent, on average according to the RS Statistical Institute. The similar figure in FBiH has shown only a negligible increase over the same period.

M₁: Monetary aggregate M_1 comprises cash outside banks and demand deposits in domestic currency of all domestic institutional sectors (except for deposits of the central government).

M₂: Monetary aggregate M_2 consists of M_1 in addition to time and savings deposits in domestic currency, demand deposits in a foreign currency and time and savings deposits in a foreign currency of all domestic institutional sectors (except for deposits of the central government).

Sources: Central Bank of BiH, Breaux of Statistics of BiH, FBiH & RS, Sarajevo and Banja Luka Stock Exchanges