

# Monthly Economic Report - August 2004

## Stockmarkets

	Turnover in KM	% change on previous month Turnover in KM
<b>Sarajevo (SASE)</b>	<b>11,117,337 (Jul.)</b>	<b>- 33.47</b>
<b>Banja Luka</b>	<b>6,237,199 (Jun)</b>	<b>+24.07</b>

## Trade, exchange rates and budgets

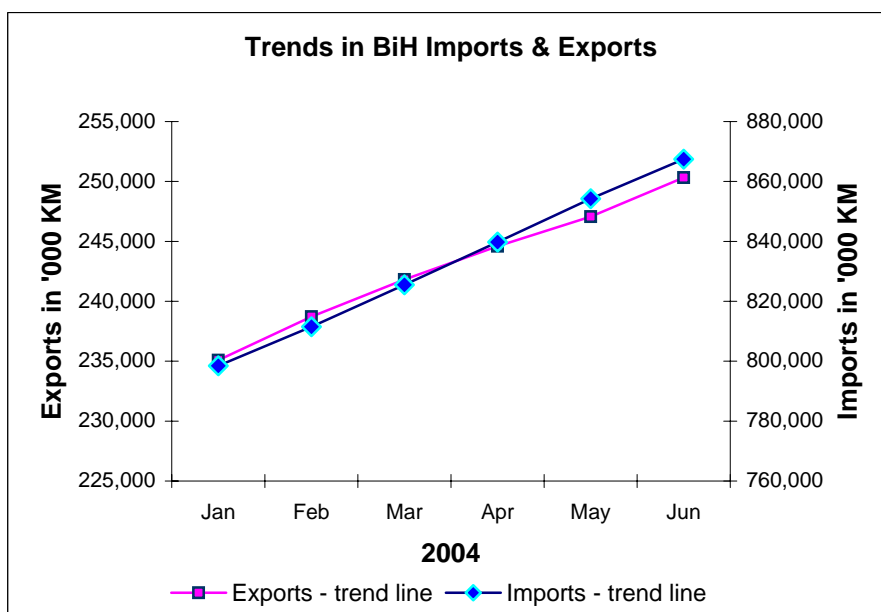
	Jun 04 Import / Exports	% change on previous year Imports / Exports	Jan-Jun Imports / Exports
'000s of KM			
<b>Trade performance</b>	<b>859,860 243,626</b>	<b>+ 12 +1</b>	<b>4,684,298 1,447,048</b>

## Prices and Earnings and Unemployment

Net Salaries:	FBiH	<b>KM 537.51 (Jun. 04)</b>
	RS	<b>KM 427 (Jun 04)</b>
<b>BiH Consumer price index</b>	<b>0.6%</b>	<b>(as of year end 2003)</b>
Unemployment rate	Latest	Previous month
<b>FBiH</b>	<b>311.619 (Jun)</b>	<b>309,866 (May)</b>
<b>RS</b>	<b>Figures not available</b>	

## Money and interest rates

Money supply (Jun 04)	% change on year ago	Narrow (M <sub>1</sub> )	<b>+11.93%</b>
		Broad (M <sub>2</sub> )	<b>+22.39%</b>
Average Interest rates % p.a. (Jun 04)	Bank Lending:	Short	<b>10.15</b> Long <b>8.57</b>
Rates Banks pay for deposits	Demand	<b>0.84</b>	Term <b>3.63</b>



Million	Buying	Selling	Jan-Jun Balance
<b>Demand for KM</b>	<b>551.3</b>	<b>599.0</b>	<b>+371.6</b>

**The BiH Money Supply** has expanded at a steady rate over the past period, and at the same time, KM bank deposits have expanded much at a much higher rate than before – an encouraging sign for the economy of BiH. These trends indicate a sustained and growing confidence in the prospects for continuing economic recovery.

**The KM** continues to enjoy investor confidence. From January to June 2004, the Central Bank sold a net total of KM 371.6 million. This means that the holders of Euro and other foreign currencies, on balance, exchanged more money into KM than the holders of KM exchanged into other currencies. This is an encouraging sign; it means that KM 371.6 million came into the BiH economy in the first half of the year.

**The Sarajevo Stock Exchange** had a relatively less than successful July – the value of turnover fell by more than 30% over the figure for June.

**The Banja Luka Stock Exchange** recorded a rise in turnover of 24% during the month of June, however. Total capitalization of the two markets still remains modest.

**BiH's Trade Figures** show a small rise in imports and exports year-on-year – but the value of imports still remains three or fourfold larger than exports, a significant trade deficit.

**Unemployment** figures in the Federation remain stubbornly high. The RS does not report monthly unemployment figures.

**M<sub>1</sub>:** *Monetary aggregate M<sub>1</sub> comprises cash outside banks and demand deposits in domestic currency of all domestic institutional sectors (except for deposits of the central government).*

**M<sub>2</sub>:** *Monetary aggregate M<sub>2</sub> consists of M<sub>1</sub> 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 Bosnia-Herzegovina, Statistical Bureaux of FBiH & RS, Sarajevo & Banja Luka Stock Exchanges