

Monthly Economic Report – February 2005

Stockmarkets

	Turnover in KM	% change on previous month Turnover in KM
Sarajevo (SASE)	2,127,066 (Feb.)	-1.5
Banja Luka	13,061,962 (Feb.)	+48.76

Trade, exchange rates and budgets

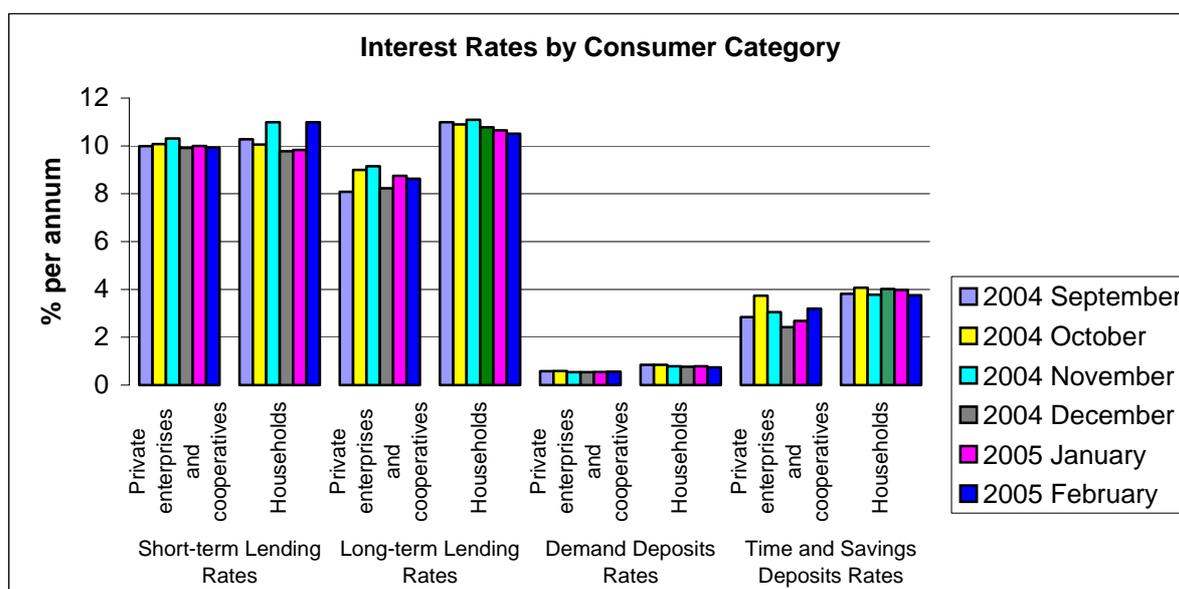
	Feb. 05 Import / Exports	% change on previous year Imports / Exports	Jan-Feb. 05 Imports / Exports
'000s of KM			
Trade performance	659,707 248,907	+ 18.03 + 41.00	1,212,373 467,401

Prices and Earnings and Unemployment

Net Salaries:	FBiH	KM 544.86 (Feb.05)
	RS	KM 460 (Mar.05)
BiH Consumer price index	0.6%	(as of year end 2003)
Unemployment	Latest	Previous month
FBiH	330,398 (Feb.)	325,738 (Jan.)
RS	Figures not available	

Money and interest rates

Money supply (Feb. 05)	% change on year ago	Narrow (M ₁)	+10.50%
		Broad (M ₂)	+21.38%
Average Interest rates % p.a. (Dec. 04)	Bank Lending:	Short	10.99 Long 10.51
Rates Banks pay for deposits	Demand	0.74	Term 3.76



Million	Buying	Selling	Jan - Feb Balance
Demand for KM	175.9	183.6	-24.6

The BiH Money Supply has expanded steadily in the course of February 2005. The 2004 momentum of this expansion has continued in 2005 at approximately the same speed, and can therefore be expected to continue for some time.

Although the KM continues to enjoy investor confidence the months of January and February saw slightly more KM exchanged into other currencies than the other way around. However, this is having no apparent effect on either the money supply or the Bank's reserves, which remain plentiful and much larger than the actual supply of KM which they were supposed to cover.

The Sarajevo Stock Exchange had a successful December – the value of turnover rose by more than 47 percent over the figure for November – January figures were not available at the time of going to print.

The Banja Luka Stock Exchange had a successful month of February, with the value of its turnover rising by more than 40 percent.

The seasonal nature of the fluctuations in the two capital markets in BiH remains much in evidence– the most remarkable slowdowns taking place in August and January. These are then followed by strong rallies and occasional dips. Nevertheless, both markets have recorded strong overall rates of growth, averaging around 20 percent per annum.

BiH's Trade Figures show a significant rise in exports in the month of February– both relative and absolute. This accentuates a positive trend that began at the start of 2004. However, imports seem to have maintained a steady rate of growth too in January, in line with their previous form.

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

M₁: *Monetary aggregate M₁ 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 M₂ consists of M₁ 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, Bureaux of Statistics of BiH, FBiH & RS, Sarajevo and Banja Luka Stock Exchanges