

Monthly Economic Report - July 2004

Stockmarkets

	May 30 Turnover in KM	% change on previous month Turnover in KM
Sarajevo (SASE)	16,711,468	+61
Banja Luka	5,012,116	- 23.28

Trade, exchange rates and budgets

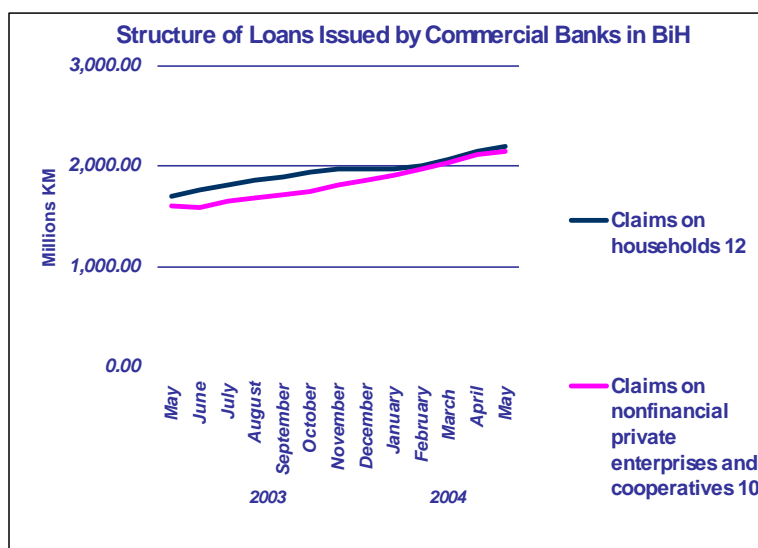
	May 04 Import / Exports		% change on previous year Imports / Exports		Jan-May Imports / Exports	
	'000s of KM					
Trade performance	862,888	256,478	-5.5	+23.5	3,880,7506	1,203,422

Prices and Earnings and Unemployment

Net Salaries:	FBiH	KM 529.67 (Apr. 04)
	RS	KM 418 (May 04)
BiH Consumer price index	0.6%	(as of year end 2003)
Unemployment rate	Latest	Previous month
FBiH	309.866 (April)	309,875 (Mar)
RS	Figures not available	

Money and interest rates

Money supply (May 04) % change on year ago	Narrow (M ₁)	+38.9%
	Broad (M ₂)	+16.5%
Average Interest rates % p.a. (May 04)	Bank Lending: Short	10.26 Long 8.91
Rates Banks pay for deposits	Demand	0.84 Term 3.40



Million	Buying	Selling	Jan-April Balance
Demand for KM	571.4	455.2	+323.9

The BiH Money Supply has continued to expand at a steady rate over the past month. Whilst bank deposits have been rising, interest rates have, on average been falling in the last month: long term rates by 3% and short-term rates by nearly 2%. At the same time commercial banks issued over KM 2000 million in loans to both households and private enterprises in BiH in the last year. These trends indicate a sustained and growing confidence in the prospects for continuing economic recovery as well as into the stability of the BiH economy.

The KM continues to enjoy investor confidence. From January to May 2004, the Central Bank sold a net total of KM 323.9 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 actually means that KM 116.2 million came into the BiH economy in just one month since the last report came out.

The Sarajevo Stock Exchange had a dynamic month in May – the value of turnover rose by more than 60% over the figure for April. Trading in privatization & investment funds and a few blue chip companies lifted the indices in recent past.

The Banja Luka Stock Exchange recorded a fall in turnover during the same period. Total capitalization of the two markets remains modest.

BiH's Trade Figures show a rise in exports year-on-year – and a slight fall in imports. Nevertheless, the value of imports is still several times higher than that of exports, a worrying sign if it persists.

Unemployment figures in the Federation remain nearly unchanged since the last report; just nine people seem to have found jobs between March and April. 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).*

References: Central Bank of Bosnia and Herzegovina, Bureaux of Statistics (FBiH &RS), Sarajevo and Banja Luka Stock Exchanges