

Monthly Economic Report – June 2005

Stockmarkets

	Turnover in KM	% change on previous month Turnover in KM
Sarajevo (SASE)	29,541,141	+19.00
Banja Luka	6,759,475	-41.14

Trade, exchange rates and budgets

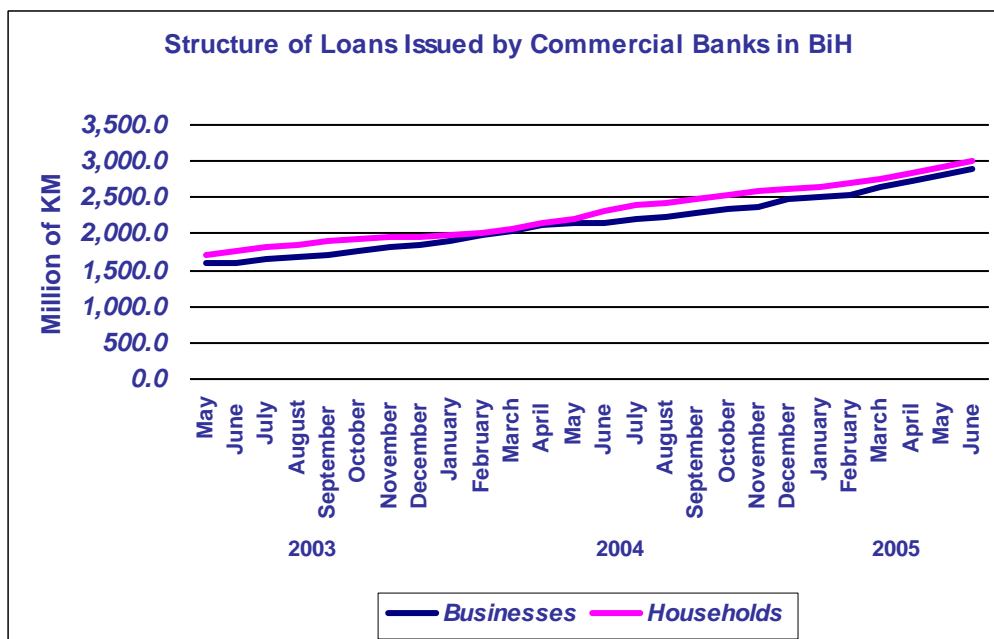
	Jun 05 Import / Exports	% change on previous year Imports / Exports	Jan-Jun 05 Imports / Exports
'000s of KM			
Trade performance	1,037,046 337,785	+ 16.71 + 37.50	5,030,901 / 1,783,840

Prices and Earnings and Unemployment

Net Salaries:	FBiH	KM 556.42 (June 05)
	RS	KM 471 (June 05)
BiH Consumer price index	0.5%	(as of year end 2004)
Unemployment	Latest	Previous month
FBiH	335,000 (June)	330,827 (May)
RS	Figures not available	

Money and interest rates

Money supply (April 05) % change on year ago	Narrow (M ₁)	+ 9.12%
	Broad (M ₂)	+18.43%
Average Interest rates % p.a. (April 05)	Bank Lending: Short	9.99 Long 8.18
Rates Banks pay for deposits	Demand	0.45 Term 3.74



Million	Buying	Selling	Jan – Jun Balance
Demand for KM	145.2	323.8	129.6

The BiH Money Supply continues to expand at the same rate as observed in the previous months of 2005. Generally however, the money supply appears to be growing more slowly than before.

Although the KM has been under selling pressure in May, more foreign currency KM was exchanged into KM in the month of June so as to offset the previous negative balance. The positive balance remaining is close to KM130 million.

The Sarajevo Stock Exchange saw the value of its turnover rise by 19 percent over the figure for May.

The Banja Luka Stock Exchange had a less successful month of June with the value of its turnover falling by more than 40 percent.

The disparity in share volume on the two markets highlights the fact that relatively thin trading on both bourses means that they are inclined to show large fluctuations in monthly turnover on the strength of major movement on one or two chips. They also reflect continuing disparities in the economic environment in different parts of BiH.

BiH's Trade Figures show a continued rise in exports in the month of June – both relative and absolute. This represents a continuation of the positive trend that began earlier, indicating a steady rate of exports. However, it should be noted that the rate of import growth has also remained steady.

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

Salaries in the RS continued to rise, on average, recording a KM10 increase according to the RS Statistical Institute. Salaries in FBiH have remained relatively unchanged in the same period.

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, Breaux of Statistics of BiH, FBiH & RS, Sarajevo and Banja Luka Stock Exchanges