

# Monthly Economic Report – September 2004

## Stockmarkets

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

## Trade, exchange rates and budgets

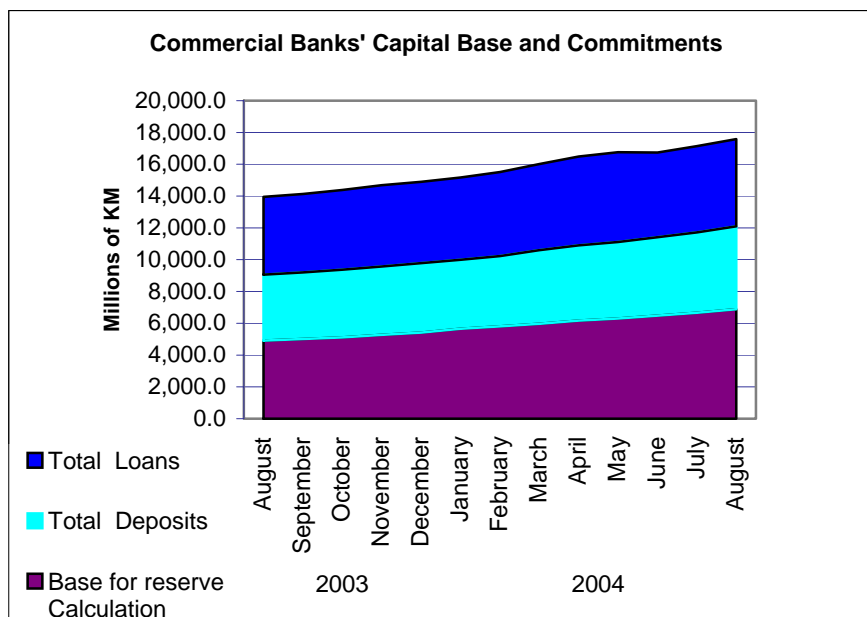
	Aug. 04 Import / Exports	% change on previous year Imports / Exports	Jan-Aug. Imports / Exports
'000s of KM			
<b>Trade performance</b>	<b>872,174 251,219</b>	<b>+ 15.75 +24.56</b>	<b>5,556,472 1,698,267</b>

## Prices and Earnings and Unemployment

Net Salaries:	FBiH	<b>KM 535.85</b> (Aug. 04)
	RS	<b>KM 434</b> (Aug.04)
<b>BiH Consumer price index</b>	<b>0.6%</b>	<b>(as of year end 2003)</b>
Unemployment	Latest	Previous month
<b>FBiH</b>	<b>321.093</b> (Aug)	<b>309,866</b> (Jul.)
<b>RS</b>	<b>Figures not available</b>	

## Money and interest rates

Money supply (Aug. 04) % change on year ago	Narrow (M <sub>1</sub> )	<b>+16.88%</b>
	Broad (M <sub>2</sub> )	<b>+21.73%</b>
Average Interest rates % p.a. (Aug 04)	Bank Lending: Short	<b>10.28</b> Long <b>9.33</b>
Rates Banks pay for deposits	Demand	<b>0.84</b> Term <b>3.96</b>



Million	Buying	Selling	Jan-Aug Balance
<b>Demand for KM</b>	<b>156</b>	<b>218.8</b>	<b>+434.4</b>

**The BiH Money Supply** has expanded at a steady rate over the last month, consistent with the trend in the preceding 11 months, while KM bank deposits have expanded at a much higher rate, also consistent with an established trend. These trends have been accompanied by an expansion in the BiH banks' capital base, leading in turn to an expansion in bank credits. As this pattern has been sustained for the last year, it is reasonable to expect that it will remain for some time.

**The KM continues to enjoy investor confidence.** From January to August 2004, the Central Bank sold a net total of KM 434.4 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 434.4 million has come into the BiH economy since the beginning of the current year.

**The Sarajevo Stock Exchange** had a relatively less than successful August – the value of turnover fell by more than 30 percent compared to the figure for June.

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

**BiH's Trade Figures** show a significant rise in exports year-on-year – but the value of imports is still larger than exports. Nevertheless, the ever increasing growth rate of BiH exports may actually be indicating that the Free Trade Agreements that BiH has signed with neighbouring countries may actually be starting to show positive effects.

**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).*