

## **ECONOMIC UPDATE** *(February 2006)*

### **2005 Data**

#### **Strong economy**

Slovakia's economy grew by 6% y/o/y in 2005. Still higher growth is expected in 2006, 6.3 – 7% depending on source.

#### **Rising wages**

Average monthly wage in Slovakia was SKK 17,274 – an increase of 9.2% y/o/y. Real wages have risen by 6.3% y/o/y.

#### **Growing job creation**

Employment has grown for the fifth year in a row. Unemployment dropped by 1.9% in 2005, down to 16.2%. The Slovak Statistics Office expects it to fall further to 15.5% in 1H06.

Core NLB unemployment (seasonally adjusted measure) fell below 11%.

#### **Low inflation**

Inflation came to 2.7% - the lowest level in Slovakia's history.

*Source: Statistics Office; BJS*

#### **NBS hikes base rate to 3.5%**

In late February 2006 National Bank of Slovakia (NBS) raised its base rate by 50bp, to 3.5%.

*Source: NBS*