

## **ECONOMIC UPDATE** *(July 2005)*

### **Real wages and private consumption rising**

Slovakia's economic success, massive investments pouring into the country, structural reforms, low tax and significant improvement of the business environment have started to bear fruits for the population.

Real wages have risen by 7% y/o/y, employment is growing. Private consumption and retail sales are soaring on the back of higher disposable incomes. Profits of Slovak companies have risen by 32% y/o/y (by 80% in the service industry).

Meanwhile, Slovakia's favourable business environment is making the country attractive for local entrepreneurs as well. 2004 has seen the largest increase (nearly 27% y/o/y) in self-employed and business owners, which in Slovakia has been historically very low.

*Source: Trend*

### **Bratislava's GDP exceeds EU 15 average**

Bratislava's living standards have exceeded the EU 15 average. GDP per capita in Bratislava now stands at 110% of the (per capita) GDP of the EU 15.

### **MF raises GDP outlook**

Ministry of Finance (MF SR) lifted its GDP growth outlook for 2005 – 2007. It now expects the economy to grow by 5%, 5.3% and 6.1%, respectively.

*Source: BJS; MF SR*