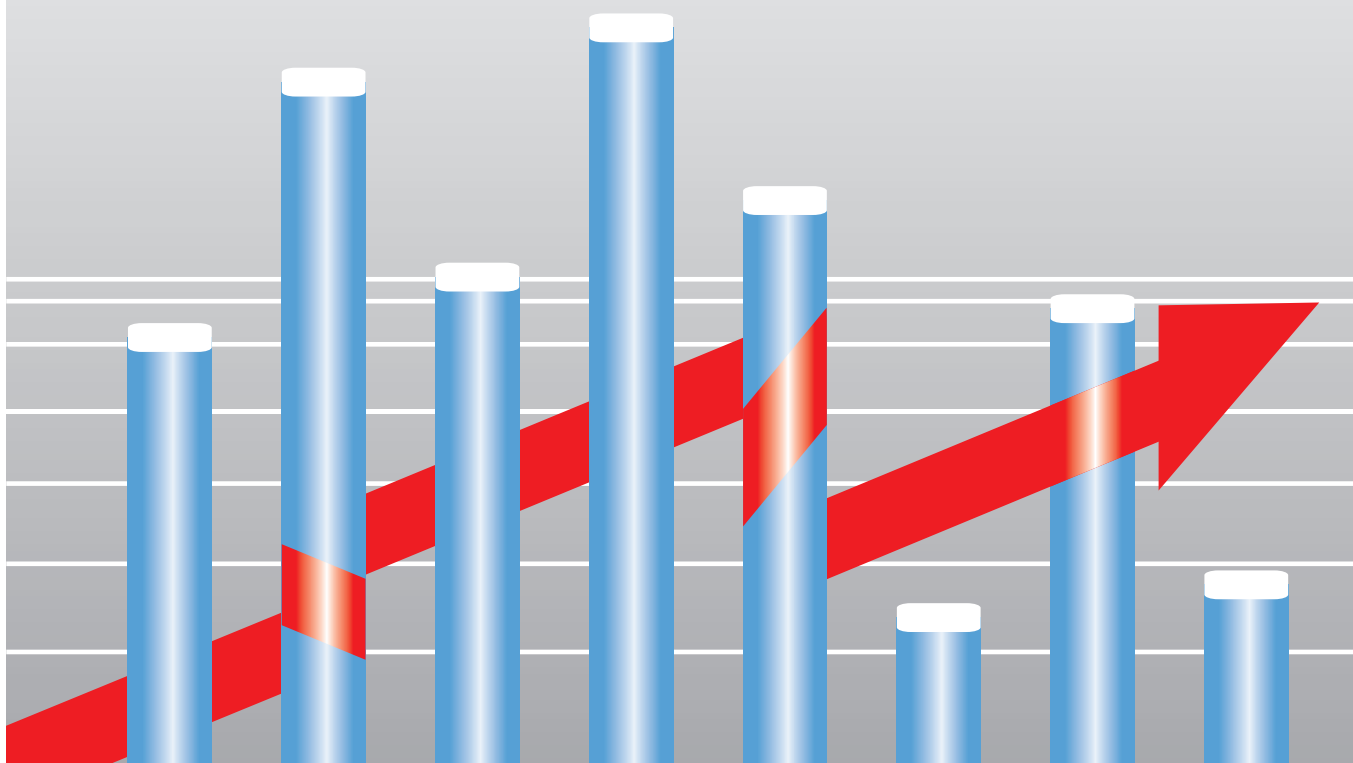




Republic of Srpska
Investment-Development Bank



ECONOMIC MONITOR

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ACRONYMS

RS	Republic of Srpska
BiH	Bosnia and Herzegovina
LFS	Labour Force Survey
IRBRS	Republic of Srpska Investment-Development Bank
GDP	Gross Domestic Product
GVA	Gross Value Added
y/y	Year on year (same period last year)
BAM	Convertible Mark
FBiH	Federation of Bosnia and Herzegovina
CPI	Consumer Price Index
CBBH	Central Bank of Bosnia and Herzegovina
EU	European Union
IMF	International Monetary Fund
RSIS	Republic of Srpska Institute of Statistics
RSEI	Republic of Srpska Employment Institute
FEI	Federation Employment Institute
BHAS	Bosnia and Herzegovina Agency for Statistics
RSPDIF	Republic of Srpska Pension and Disability Insurance Fund
BARS	Banking Agency of the Republic of Srpska
EURIBOR	Euro Interbank Offered Rate
CL	Credit Line
BIRS	Republic of Srpska Stock Exchange Index
SASX-10	Sarajevo Stock Exchange Main Index
BELEXline	Belgrade Stock Exchange General Share Index
CROBEX	Zagreb Stock Exchange Official Share Index
CEFTA	Central European Free Trade Agreement
SITC	Standard International Trade Classification
H	Half Year
Q	Quarter

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I SUMMARY

The past year, 2010, was marked by **gradual recovery of domestic economic activity**. **RS emerged from recession already in Q2** when GDP value was increased by 0.4% (y/y). This positive trend was present until the end of the year, as domestic economy increased by 1.5% and 1.4% (y/y) in Q3 and Q4, respectively.

Continuing with positive trend of expansion from the preceding period, **the RS industrial production grew at 5.0% in 2010 (y/y)**, which is, at the same time, the highest growth rate in the region. Concurrently, **a 5.1% growth in physical volume of production in the field of manufacturing** was led by expansion in sectors of *production of basic metals* (31.8%), *production of leather, leather goods and footwear* (24.0%) and *production of coke and oil derivatives* (12.5%). 2010 also witnessed a moderate credit expansion which, at the end of year amounted to 6.9% (y/y). Economic recovery at the global level reflected positively on the total RS foreign trade exchange which recorded an inter-annual increase of the value amounting to 18.9%, with simultaneous **growth of 30.2% in exports** and **13.6% in imports**.

On the other hand, negative effects of the world economic crisis caused a sharp decline in **construction activity which recorded a contraction of 21.9%** at the inter-annual level. **The average number of unemployed persons increased by 4.1% (y/y)**, while average salaries and pensions almost stagnated. The consumption in RS responded positively to the first signs of global as well as domestic recovery and its level was reflected on **the inflation rate which stood at 2.5% in 2010**.

Owing to a high level of openness and sensibility, domestic economic trends will be consistent with global economic trends in the forthcoming period as well. The IMF estimates **that the BiH GDP will increase at the rate of 2.2% in 2011 (y/y) and it will mostly originate from the expected expansion of domestic export**.

II REAL SECTOR

2.1 Emergence from recession and economic growth in 2010

At the end of 2010, the *Republic of Srpska Institute of Statistics* published, for the first time, data on quarterly gross domestic product (GDP) which included the period from Q3 of 2009 to Q3 of 2010 (see Chart 1). In this way, formal basis was created for an increase in efficiency in the very process of macroeconomic planning and control of fulfilment of the promoted macroeconomic goals, as well as comparability of the dynamics of domestic economic growth with the growth of countries in closer and wider region.

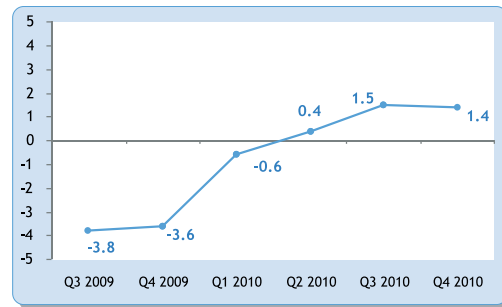
The past year, 2010, was marked by a gradual upturn in the overall RS economic activity. Namely, after a fall of 0.6% (y/y) in Q1, Q2 registered an economic growth of 0.4%, which accelerated during Q3 when it amounted to 1.5%. In Q4 of 2010, the RS GDP was higher by 1.4% as compared to the same period in 2009. Besides, a positive economic growth in Q2 simultaneously indicated that domestic economy emerged from recession.²

In Q4 of 2010, the GDP value in the EU 27 grew at the rate of 2.1% (y/y).³ Concurrently, according to the relevant estimates of the IMF, the gross world product will be higher by 5.0% in 2010 (y/y).⁴ Owing to a great openness and sensibility to global trends, it is reasonable to expect that the domestic economy will also achieve a positive economic growth, both in 2010 and 2011.⁵ This expectation is supported by the IMF estimates according to which the BiH GDP will record a growth of 0.8% and 2.2% in 2010 and 2011, respectively. Simultaneously, according to estimates of the RS Government for 2010 and 2011, stated in the *RS Economic Policy for 2011*, an inter-annual real growth of the RS GDP will amount to 0.5% and 2.5%, respectively.

Almost as a rule, certain time period is required for transmission of global economic trends into domestic financial and real flows, usually one to two quarters. Namely, EU 27 has started recording a GDP growth since Q1, while this positive trend in the RS economy has been present since Q2 of 2010 (see Chart 2). In circumstances of growing unemployment⁶ and a real decline in average salary value⁷ that reflected negatively on the citizens' purchasing power, a growth in export demand for domestic products⁸, which is related to an increase in industrial production in the major foreign trade partner countries, is the main trigger of upturn in domestic economic activity in 2010.

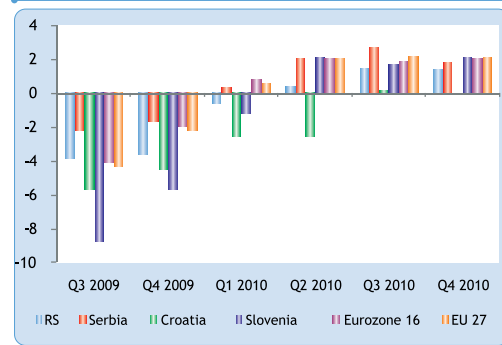
Besides the external factor and its positive contribution to recovery of domestic economy, the efforts of domestic authorities and the measures taken to mitigate and overcome negative effects of the global economic crisis should not be ignored either. Also,

Chart1: RS quarterly GDP, real growth rates, in %, (y/y)¹



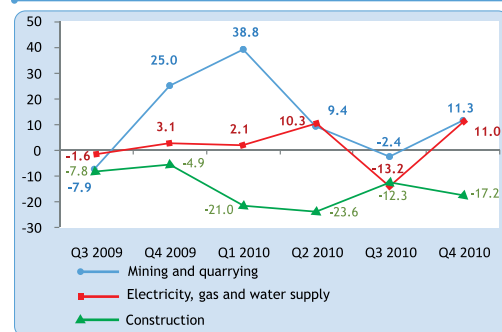
Source: RSIS

Chart 2: Comparative Rates of Real Growth of Quarterly GDP, in %, y/y



Source: Eurostat and national/entity statistics institutes

Chart 3: Sectors with Highest and Lowest Rates of Economic Growth⁹ in RS in Q4 2010, in %, (y/y)



Source: RSIS

1. RS GDP data for Q4 2010 were published by the Republic of Srpska Institute of Statistics in March 2011.

2. Recession is defined as a period of decline in gross domestic product for two consecutive quarters.

3. http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-15022011-AP/EN/2-15022011-AP-EN.PDF

4. According to the same source, world GDP in 2011 will achieve growth of 4.4% (y/y).

5. Official data on GDP values in RS and BiH at an annual level are not available yet.

6. Survey unemployment rate in RS stood at 23.6% in 2010 (y/y) and it is higher by 2.2 percentage points as compared to 2009

7. The average RS salary in 2010 amounted to BAM 784 and it is really lower by 3.0% as compared to 2009.

8. The value of RS export in 2010 is higher by 30.2% in comparison to 2009. Source: RSIS

9. Data for all sectors/activities are provided in the Statistical Annex, Table 1

investments from the Republic of Srpska Development Programme, not only greatly alleviated the impact of the economic crisis on the financial and real sector in RS, but also determined the dynamics of its recovery.

In Q4 of 2010, the sector of mining and quarrying achieved the highest real GDP growth of 11.3% (y/y), followed by sector of electricity, gas and water supply with 11.0% (y/y). Concurrently, construction sector, which was strongly affected by negative impacts of the global economic crisis, recorded a GVA fall of 17.2% (y/y).

Further expansion of domestic export, led by recovery of global demand, will generate the main positive contribution to total economic growth in RS and BiH. However, possible adverse trends in the field of aggregate consumption and investments may jeopardize the anticipated economic growth.

2.2 Industrial production

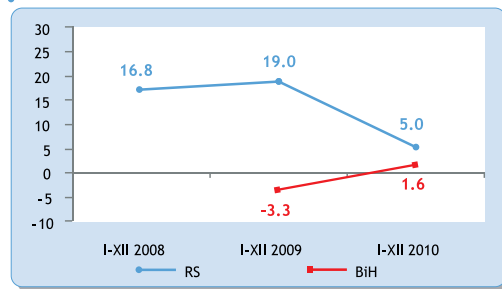
In 2010, the RS industrial production continued with the trend of growth observed in the past period. (see Chart 4). Namely, the growth rate accomplished in the physical volume of industrial production in RS amounted to 5.0% in 2010 (y/y), which, in comparison to 2009, represents a slowdown in expansion by 14 percentage points.¹⁰ In the same period, there is an evident **trend of recovery in industrial production at the BiH level**, which, following a drop of 3.3% in 2009 (y/y), grew at the inter-annual rate of 1.6%. A gradual upturn in export demand for domestic products, primarily products of *metal* and *wood industry*, strongly boosted the growth of domestic production in 2010.¹¹

If industrial production is observed within the regional context, RS achieved the highest growth rate in the overall industrial production. **In the same period, an inter-annual increase in the production volume in all sectors of industry was recorded only in RS** (see Chart 5).

In 2010, the RS sector of **manufacturing achieved an increase of 5.1% (y/y) in physical production volume while sectors of mining and quarrying and electricity, gas and water supply achieved a growth of 9.1% and 3.0% (y/y), respectively** (see Chart 6). Production growth in the sector of *manufacturing* was strongly led by expansion in the fields of *production of basic metals* (31.8%), *production of leather and leather goods and footwear* (24.0%) and *production of coke and oil derivatives* (12.5%). Concurrently, an increase in the sector of *mining and quarrying* primarily originates from the production growth in the field of *mining of metal ores* amounting to 55.8% (y/y), which is in line with a gradual global recovery of the economic activity as well as increase in demand for metals and metal products.

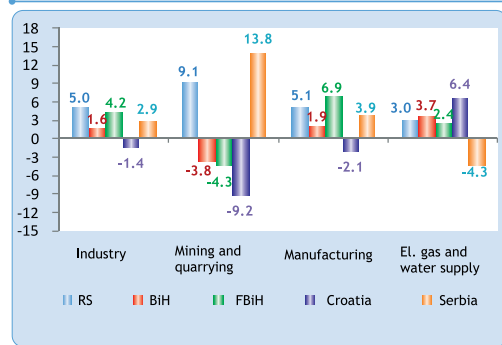
Owing to extremely favourable hydrometeorological situation in 2010, *the sector of electricity, gas and water supply* continued with production growth from the previous period. According to data from the *RS Energy Balance for 2011*, production in power plants of the RS power company Elektroprivreda in 2010 amounted to 6,174.03 GWh (gigawatt hours) which is the highest level of production generated so far. Given that power production in RS exceeds its consumption, 20-30%¹³ of production surpluses are sold on other markets, while electricity was recognized as an important RS export product.¹⁴

Chart 4: Growth Rates of Physical Volume of Industrial Production, in %, (y/y)¹²



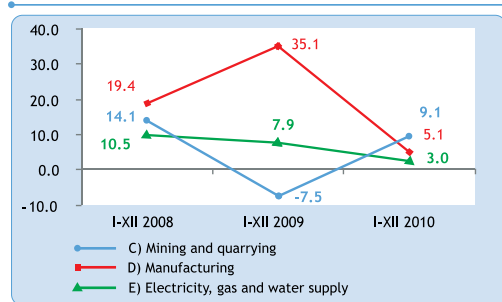
Source: RSIS and BHAS

Chart 5: Variation Rates of Industrial Production in the Region, in %, y/y



Source: National/entity statistics institutes

Chart 6: Growth Rates of RS Industrial Sectors, in %, y/y



Source: RSIS

10. In 2009, RS industrial production grew at the rate of 19.0% (y/y). Source: RSIS

11. In 2010, at the BiH level, *sectors of production of basic metals and production of furniture* achieved a rise in export, amounting to 80.6% and 26.6%, (y/y) respectively. Source: BHAS

12. Data on BiH industrial production in 2008 are not available.

13. RS Energy Balance for 2011.

14. In 2010, 11.9% of the total RS export related to export in the sector of electricity, gas and water supply. Source: RSIS

In the same period, at the BiH level, sectors of *manufacturing and electricity, gas and water supply* achieved a production growth of 1.9% and 3.7% (y/y) respectively, while sector of *mining and quarrying* recorded an inter-annual contraction of 3.8%.

The data on monthly dynamics of production in the sectors of *furniture and metal products* also demonstrate a **gradual recovery of the RS metal and wood industry** during 2010. The furniture production is characterized by an increased monthly volatility. However, positive changes which were evident in Q4 indicate that producers in this sector gradually emerge from the crisis. On the other side, the upward trend in the production of metal products was temporarily interrupted in the middle of the year. (see Chart 7).

In 2010, **consequences of global economic crisis reflected negatively on the level of overall employment in the industry** which was lower by 4.8% as compared to 2009. This negative trend is especially evident in the sector of *manufacturing* where a total number of employees was reduced by 6.3% (y/y). In particular, it is necessary to highlight that the trend of total industrial employment is mostly under the influence of trends manifested in the sector of *manufacturing* which participates with 77.7% in the structure of total number of persons employed by industry and 20% in the structure of total number of persons employed in RS.¹⁵ Simultaneously, **the number of the employed persons had an increase only in the sector of mining and quarrying** (see Chart 8).

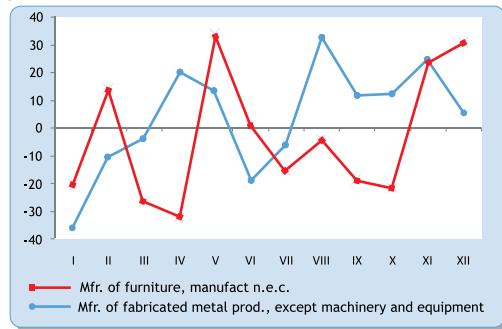
2.3 RS Construction Activity

Construction industry is a sector of domestic economy where negative impacts of the global economic crisis were highly visible during 2010 (see Chart 9). Namely, the value of performed works in 2010 was lower by 21.9% (y/y) which, as compared to 2009, represents a further acceleration of decline by 13.9 percentage points. In the same period, **there were 12.7% less workers engaged in construction works**.

Based on monthly data on the value of completed construction works and the number of workers engaged in construction works in 2010, it is evident that throughout the year they were below the 2009 level (see Chart 10). However, intensification of business activities by companies in the context of the overall RS economic upturn that has been present since Q2 of 2010, could contribute to an increase of investments in new capacities¹⁶. This would, in the end, reflect positively on the level of total engagement of construction operations.

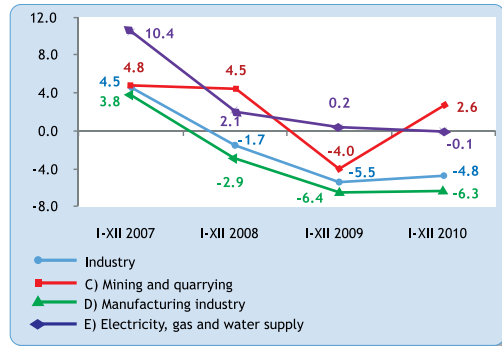
The population sector, through its expressed and potential demand for housing units considerably determines trends in the construction sector. Thus,

Chart 7: Monthly Growth Rates in Production of Furniture and Metal Products in RS in 2010, in %, y/y



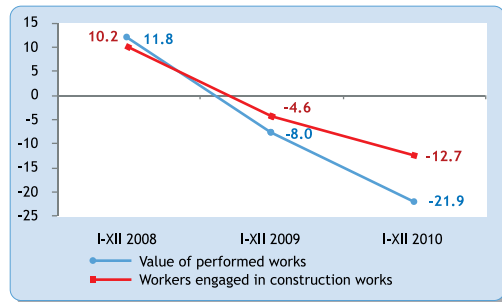
Source: RSIS

Chart 8: Variation Rates in Number of Employees in the RS Industry, by Sector, in %, y/y



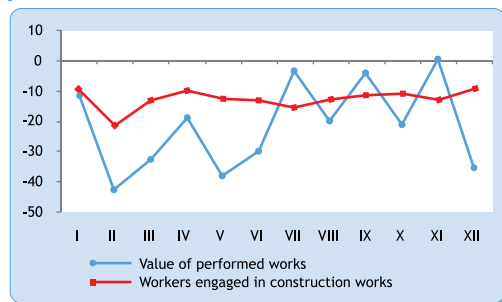
Source: RSIS

Chart 9: Growth Rates in RS Construction Activity, in %, y/y



Source: RSIS

Chart 10: Growth Rates in RS Construction Activity, by month, in %, y/y



Source: RSIS

15. According to RSIS data, there were 5,170 workers employed in the sector of *mining and quarrying*, while 49,625 and 9,615 workers were employed in the sectors of *manufacturing and supply of electricity, gas and water*.

16. In 2009, non-residential buildings participated with 33.3% in the structure of the total value of completed construction works in RS. Source: RSIS

further decline in the purchasing power of citizens would negatively reflect on the level of total demand for housing units. **Intensification of public investment projects is a good method to compensate weakening of the private investment initiatives and alleviate their negative effect on the construction industry.** In that sense, a potential commencement of the implementation of Banja Luka – Dobož Highway construction project would ensure further incentive for the overall construction activity in RS.

2.4 Labour Market

2.4.1 Unemployment

In 2010, in accordance with the data of the *RS Employment Institute*, **the average number of unemployed persons in RS amounted to 145,343 and it is higher by 4.1% as compared to the number in 2009 (see Chart 11).** Concurrently, **the number of the unemployed in FBiH grew at the rate of 3.8% (y/y).**

According to the internationally comparable *Labour Force Survey* data for 2010, there was an evident presence of an increasing trend of domestic unemployment rate,¹⁷ which **was higher by 2.2 percentage points** in comparison to 2009 (see *Table 1*).

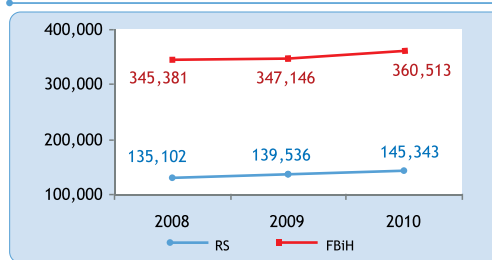
An increase in the number of unemployed persons in RS in 2010 undoubtedly indicates presence of negative effects of the global economic crisis which also affected domestic labour market through a slowdown of economic activity. Nevertheless, it should be stressed that **the growth rate of unemployment gradually slowed down from February 2010 onwards**, which sends a positive signal and indicates the first signs of recovery (see *Chart 12*).

The trend of decrease in the RS employment rate was stopped in the second half of 2010. Namely, in September 2010, **the number of employed persons in RS stood at 247,388 and it is higher by 2.4% in comparison to the same number in March 2010.** *Table 2* shows an overview of sectors which achieved the highest growth in the number of employed persons.

In the observed period, **a positive contribution to the rise in the number of employed persons was achieved in all business sectors except for fishing** which recorded a negative variation of 3.7%. Simultaneously, **the average number of newly employed persons**, which were deleted from the records of the *RS Employment Institute* in 2010 **amounted to 2,040 persons, which is by 212 persons higher than the average number in 2009.**

In 2010, the RS Government implemented the **„First Job“ Project which enabled employment of 1,500 trainees** with university degree. In the forthcoming period, the RS Government will focus on tackling the issue of high unemployment. In that sense, *the RS Employment Strategy for period 2011-2015* was adopted, as envisaged by the *RS Economic Policy for 2011*.

Chart 11: RS and FBiH Unemployment Trends, by year



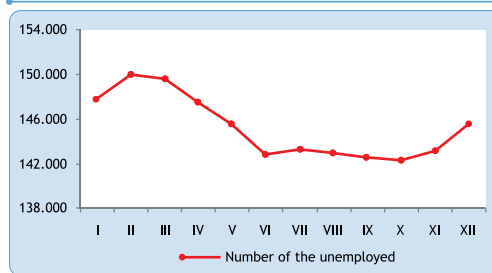
Source: RSEI, FEI and IRBRS calculations

Table 1: RS and BiH Unemployment Rates according to LFS, in %

Description	2009	2010
RS	21.4	23.6
BiH	24.1	27.2

Source: RSIS and BHAS

Chart 12: Monthly Overview of RS Unemployment in 2010



Source: RSEI

Table 2: Employment Growth by Sector in RS

Sector	IX 2010/III 2010 (%)
Mining and quarrying	6.1
Other community, social and personal service activities	5.2
Agriculture, hunting and forestry	3.8
Health care and social work	3.8

Source: RSIS and IRBRS calculations

17. The survey is conducted annually, in line with the methodology of the International Labour Organization (ILO).

2.4.2 Salaries and pensions

The past year, 2010, was marked by **stopping of the expansion of the average RS net salary value and its moderate contraction**. Namely, the average net salary amounted to BAM 784 and **it is nominally lower by 0.5% (y/y)**. A similar trend is evident at the BiH level, given that the average salary almost stagnated when compared to 2009 (see *Chart 13*).

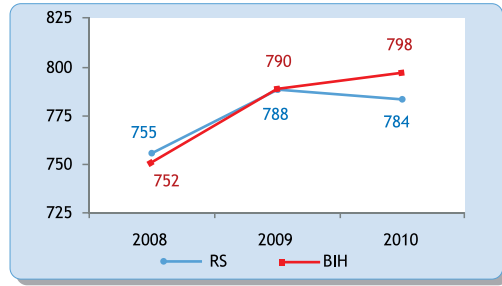
The acceleration of inflationary trends during 2010 deepened the real decline in the purchasing power of citizens, quantified by real variation in the value of the average RS net salary (see *Table 3*).

Despite the contraction of the average RS net salary, certain economic sectors achieved a positive variation as compared to the salary level in 2009. In particular, the highest salary growth was recorded in the following sectors: **mining and quarrying, trade and hotels and restaurants** (see *Chart 14*).

A fall in the value of the average RS net salary is a direct consequence of budgetary savings, including the legal decision on reducing the salaries of civil servants which has been in force since 1 January 2010. A similar trend may be expected in the future given that the *Law on Amendments and Supplements to the Law on Income Tax*, which **abolished the non-taxable part of income and increased the tax rate from 8.0% to 10.0%** and the *Law on Amendments and Supplements to the Law on Contributions*, which **increased the aggregate contribution rate from 30.6% to 33.0%** have been implemented since 1 February 2011.

In 2010, the value of the average RS pension remained unchanged as compared to the previous year and it amounted to BAM 320 (see *Chart 15*).

Chart 13: Average RS and BiH Net Salary Trend, in BAM



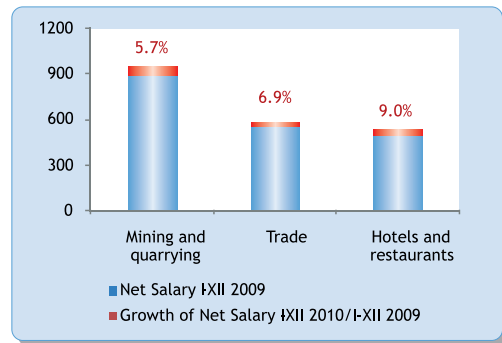
Source: RSIS and BHAS

Table 3: Nominal and Real Growth of the Average RS Net Salary, in 2010

Description	I-XII 2010/I-XII 2009 (%)
Nominal growth	-0.5
CPI	2.5
Real growth	-3.0

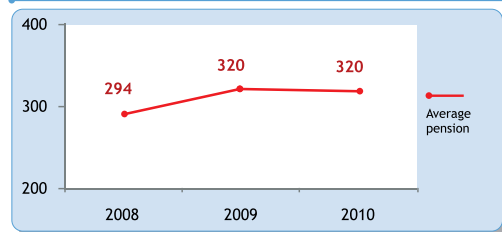
Source: RSIS and IRBRS calculations

Chart 14: Average Net Salary Growth in RS, by Sector



Source: RSIS

Chart 15: Average RS Pension (in BAM)



Source: RSPDIF and IRBRS calculations

III PRICES AND FINANCIAL SECTOR

3.1 Prices

In 2010, an inter-annual inflation rate in RS, measured by Consumer Price Index (CPI) amounted to 2.5%. Concurrently, general price level at the BiH level grew at the rate of 2.1% (y/y). Provided that seasonal variation, which is common during summer months, is not considered, the inflation in RS and BiH permanently accelerated (see Chart 16).

Consumption reacted positively to the first signs of recovery in domestic economy from distortionary effects of the global economic crisis. Namely, in 2010, trade in retail shops in RS increased by 6.7% (y/y), while trading volume in Q4 grew at the inter-annual rate of 11.4%.

The deepening of the inflation during 2010 (see Chart 17) in circumstances of a real drop in wages generates additional pressure on the level of living standard. However, the intensity of weakening in consumer pessimism neutralized negative effects of the growth in general price level and decline of purchasing power on domestic consumption.

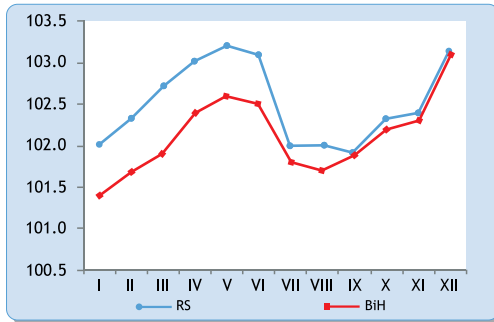
In 2010, the deepening of the inflation in RS originated mostly from the growth of administratively determined prices, namely: communications (+8.3%), water and utilities (+6.6%), electric power (+4.6%)¹⁸. On the other hand, a drop in prices in categories of food (-1.1%) and clothes and footwear (-3.7%) affected the weakening of intensity of the inflationary pressure on domestic economy.

Apart from RS and Slovenia where the inflation stagnated in December as compared to its level in June, it is evident that inflationary trends have accelerated in wider region (see Chart 18). Concurrently, Serbia is the only country in the region which is characterized by double-digit inflation rate, as well as its strong deepening during H2 2010.¹⁹

According to the European Commission projections, during 2011, oil prices will grow at the rate of 11.3%.²⁰ The IMF estimates that the food prices in the world will be lower by 2.2% in the same period.²¹ However, the trend of increase in food product prices which has been present worldwide including our country since July 2010 (see Chart 19) challenges the viability of the stated IMF projections, to a great extent.

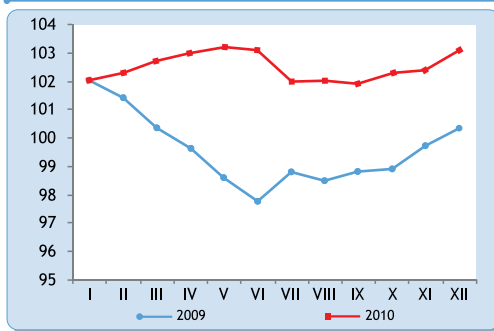
Domestic inflation is highly sensitive to fuel price trends, but also food which participates with over 30% in the structure of Consumer Price Index (CPI). The

Chart 16: Inter Annual Inflation Rate, measured by Consumer Price Index (CPI) in RS and BiH in 2010, by month



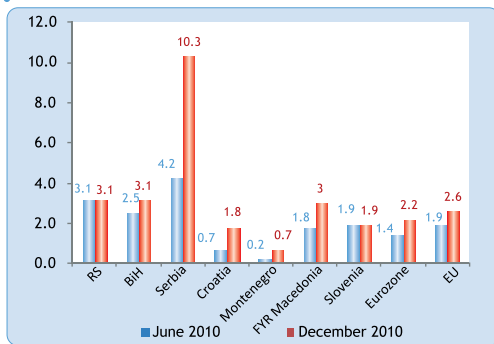
Source: RSIS and BHAS

Chart 17: General Price Level in RS in 2009 and 2010, Comparative Ratio, by month



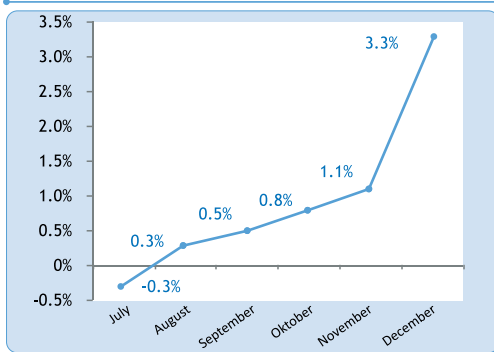
Source: RSIS

Chart 18: Inflation in the Region - Inflation Rate in June and December 2010, in%, y/y



Source: RSIS and State Statistics Institutes

Chart 19: Relative Variation in Food Prices in RS, in 2010



Source: RSIS

18. In 2010, the highest individual contribution to the growth of the general price level in RS originated from the growth of prices in the category of alcoholic beverages and tobacco amounting to 20.5% (y/y). Specifically, prices of alcoholic beverages grew at the rate of 1.4% and tobacco at the rate of 32.4%.

19. An inter-annual inflation rate was higher by 6.1 percentage point in December 2010 as compared to the rate in June.

20. Source: European Economic Forecast, Autumn 2010.

21. Source: IMF, World Economic Outlook, October 2010.

expected global price increase of these categories of products will reflect on the general price level in RS and BiH, which jeopardizes the sustainability of the expectations expressed so far concerning the level of domestic inflation.²²

3.2 Financial Markets

3.2.1 Banking Sector

During 2010, interest rates on long term loans witnessed a minor rise as compared to the end of 2009. Concurrently, the interest rates on short term loans were characterized by moderate decline and their falling below the level of interest rates on long term loans in Q2 and during Q4 of 2010 (see Chart 20).

After a constant decline from October 2008, the value of the European Interbank Offered Rate – EURIBOR, had a mild increase during 2010 and this trend has also been noted since the beginning of 2011. Namely, as at 31 March 2011, the six month EURIBOR stood at 1.546% which is by 0.55 pp higher as compared to its value as at 4 January 2010.²³ In comparison to interest rates in the eurozone, interest rates in RS maintained the same high level which was the result of a hindered access to capital in the international financial markets, but also conservative lending policy implemented by the domestic banking sector.

At the BiH level, active interest rates remained at the same level until the end of 2010 as compared to the end of 2009, with smaller fluctuation during the third quarter of 2010 (see Chart 21).

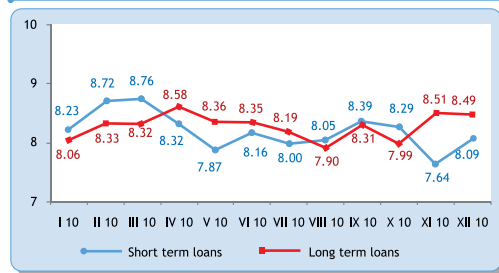
A mild credit expansion in RS continued in 2010 as well. Namely, at the end of 2010, with an inter-annual growth of 6.9%, the value of the total loans²⁴ in RS amounted to BAM 3,954 million (see Chart 22).

The Republic of Srpska's banking sector, in difficult business conditions and limited access to sources of funding, implemented a more restrictive lending policy, with the aim to maintain business stability and safety as well as preserve liquidity. In the future period, the credit growth in the banking sector will depend on the intensity of upturn in domestic economy, rise in the number of employed and their income but also disposability and availability of resources in the international financial markets.

As at 31 March 2011, the Republic of Srpska Investment-Development Bank disbursed loans amounting to BAM 622.2 million through seven credit lines²⁵ which is shown in Table 4.

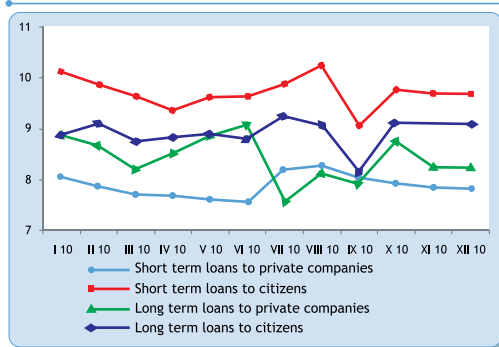
In 2010, IRBRS continued to justify its role as key financier of domestic economy given that its loans make up 79.0%²⁶ of the total loan sources of the RS

Chart 20: RS Active Interest Rates (in %)



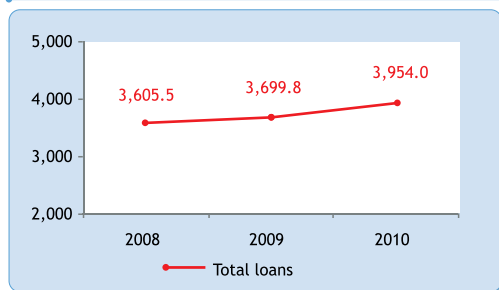
Source: RSBA

Chart 21: BiH Active Interest Rates (in %)



Source: CBBH

Chart 22: Total RS Loans (in million BAM)



Source: ABRS

Table 4: Overview of IRBRS Loans, by Credit Line, period 1/4/2008 to 31/03/2011

Credit Lines	Amount in BAM
CL for start-up activities	2,682,414.39
CL for micro-business in agriculture	15,199,083.38
CL for agriculture	54,251,360.50
CL for entrepreneurs and enterprises	349,846,019.31
Housing loans	161,834,743.18
CL for municipalities	35,825,000.00
Loans for demobilized soldiers	2,539,950.00
TOTAL	622,178,570.76

Source: IRBRS

22. According to statements in the RS Economic Policy for 2011, general price level in RS will grow at the rate of 2.3%.

23. Source of data: www.euribor.org

24. According to data of the RS Banking Agency, gross loans as at 31 December 2010 were stated by applying IAS which included loans classified under "E" category of risk. The growth of gross loans in 2010 grew by 3% (y/y) in line with previous methodology.

25. Loans to unemployed demobilized soldiers of the RS Army became operational at the end of 2010.

26. Source: The Report on Banking System of the Republic of Srpska for period 1 January 2010 to 31 December 2010.

banks. Thus, to a greater extent, IRBRS contributed to a mild increase of gross loans in RS.²⁷ In the forthcoming period, by continuous tailoring of its activities to objective needs of the market, the Bank will strive to contribute to development of the overall domestic economic environment, through providing financial support to development projects.

The RS deposit level was on decline during 2010 (see Chart 23). Namely, in the period January-December 2010, total RS deposits amounted to BAM 3,778 million which represents a **contraction of 9.1% (y/y)**.

However, even though there was a drop in the total deposit level as of 31 December 2010, **the citizens' deposits²⁸ achieved a growth of 18.0%** as compared to the end of 2009. The growth trend of this category of deposits indicates a gradual recovery of the citizens' confidence in the stability of domestic banking sector. Besides, it has a great importance for securing stability of the sources of funding of the banking sector.

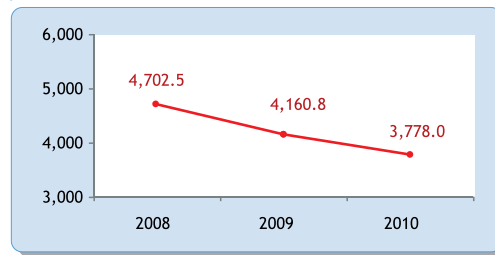
Pursuant to the CBBH decision in force since 1 February 2011, **the statutory reserve rate for deposits with maturity up to one year has decreased from 14.0% to 10.0%**. In this way, additional liquid assets were made available for commercial banks in the amount of BAM 300 million which should indirectly reflect on the liquidity of the BiH banking sector.

3.2.2 Stock Exchanges

Following a sharp decline of 16.9% in H1 2010, **the value of the Republic of Srpska Stock Exchange Index (BIRS) gradually recovered during H2.** Namely, at the end of 2010²⁹, the BIRS value stood at 956.12 points which is by 16.0% higher than its value at the end of H1 (824.18 points).³⁰ However, as compared to the end of 2009, BIRS lost 3.6% of its value.

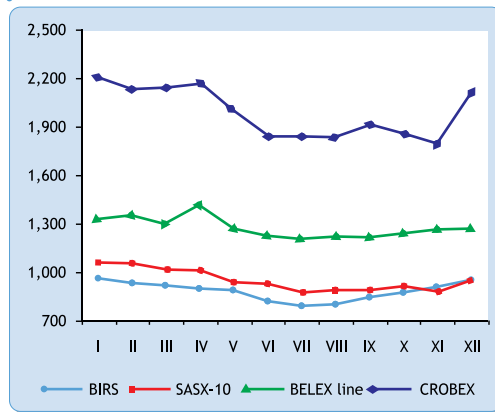
Despite a considerable recovery of the domestic capital market liquidity during H2 2010, **a total turnover at the Banjaluka Stock Exchange was lower by 2.4%** in comparison to its value from 2009.³¹ Besides, **monthly turnover was marked by increased volatility** (see Chart 25). Specifically, a sharp rise in the turnover value which is observable in March, July and December originates mostly from *block trades* and *public offerings of shares and bonds*.³²

Chart 23: Total RS Deposits (in million BAM)



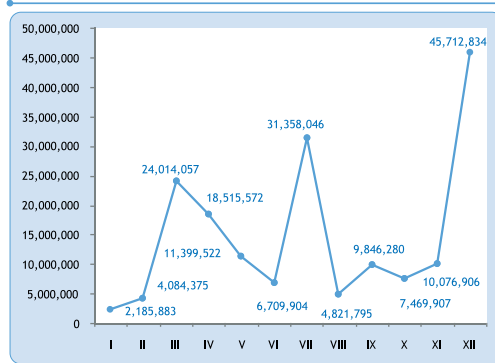
Source: BARS

Chart 24: Value of Stock Exchange Indices in the Region in 2010, by month



Source: Banjaluka Stock Exchange and Regional Stock Exchanges

Chart 25: Total Turnover at Banja Luka Stock Exchange in 2010, by month, in BAM



Source: Banjaluka Stock Exchange

27. According to the RS Banking Agency, a 3.0% growth of gross loans in RS as at 31 December 2010 as compared to 31 December 2009, in line with previous methodology, is financed mostly from current loan repayments and IRBRS loan funds.

28. Citizens' deposits take the largest share in the structure of deposits of the RS banking sector. According to BARS data their share amounted to 39.0% at the end of 2010.

29. As of 31 December 2010.

30. As of 30 June 2010.

31. In 2010, total turnover at the Banjaluka Stock Exchange amounted to BAM 176,195,081 of which BAM 66,909,313 was achieved in H1 and BAM 109,285,768 was achieved in H2.

32. In March, a block trade concerning shares of the issuer *Balkan Investment Bank a.d. Banjaluka* was conducted in the total value of BAM 14,936,210 and in July, block trade of shares of the issuer *IEFK Banka AD Banjaluka*, in the amount of BAM 12,672,000 and *Balkan Investment Bank a.d. Banjaluka*, amounting to BAM 7,625,751. In December, a public offering of the shares issued by *Osiguranje Aura a.d. Banja Luka* amounting to BAM 2,000,000 was completed as well as public offerings of the shares issued by: *Municipality of Kneževo*, BAM 5,600,000, *Municipality of Gradiška*, BAM 7,000,000, *Municipality of Srbač*, BAM 1,000,000 and *Planinsko Dobro, a.d. Nevesinje*, BAM 1,000,000. Source: Banjaluka Stock Exchange

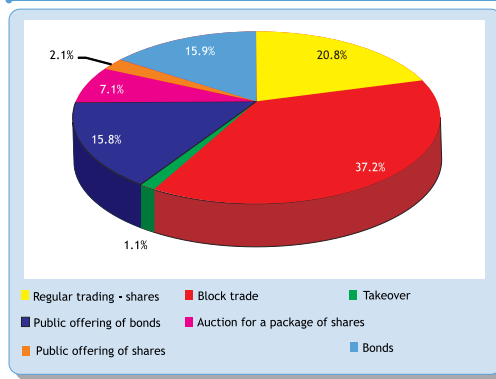
During 2010, the domestic market strengthened its role as an instrument of corporate control and concentration of ownership, given that the share of *block trade* in the structure of total turnover grew by 26.5 percentage points and it amounts to 37.2% (see Chart 26). In the same period, relative importance of *regular trade* reduced further by 6.3 percentage points.³³

In 2010, total trade of bonds at the Banjaluka Stock Exchange grew at the rate of 11.4% and it reached the value of BAM 55.9 million³⁴ whereby a **multi year trend of increase in relative importance of debt securities is continued**. Namely, primary and secondary trade of bonds participated with 31.7% in the total turnover which is almost by 4 percentage points higher than their participation in 2009.³⁵ In that respect, almost ½ of the total bond trade comprised trade of the bonds issued by the Republic of Srpska.³⁶

As at 31 December 2010, the value of the market capitalization at the Banjaluka Stock Exchange amounted to BAM 3.9 billion and it was smaller by 3.1% as compared to its value at the end of 2009.³⁷ The market capitalization also reacted positively on the gradual recovery of liquidity, which marked the trends at the Banjaluka Stock Exchange in H2 and its value was permanently increasing in the same period (see Chart 27).

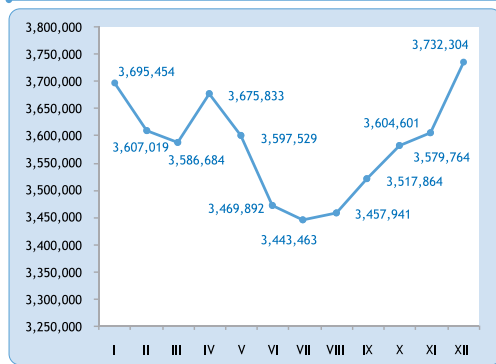
IRBRS investments participated with 26.2% in the structure of total turnover at the Banjaluka Stock Exchange in the period January to December 2010.³⁸ In the same period, IRBRS supported public issues of municipal bonds of the following issuers: *Municipality of Gradiška, second issue*, with BAM 7,000,000, *Municipality of Istočni Stari Grad* with BAM 312,800, *Municipality of Brod* with BAM 2,634,600, *Municipality of Kneževo* with BAM 5,600,000, *Municipality of Kotor Varoš* with 4,197,000 and *Municipality of Srbac, first issue*, with BAM 1,500,000 and the second issue with BAM 1,000,000. Besides, IRBRS achieved significant role in the field of capital strengthening of the RS financial sector where BAM 16 million was invested in 2010. By its activities in the capital market, IRBRS achieved a significant role in the area of **maintenance and strengthening of stability and prosperity of domestic financial and real sector**.

Chart 26: Structure of Total Turnover at Banjaluka Stock Exchange in 2010



Source: Banjaluka Stock Exchange

Chart 27: Average Value of Market Capitalization at Banja Luka Stock Exchange, in 2010, by month, in 000 BAM



Source: Banjaluka Stock Exchange

33. Regular trade in the structure of total turnover at the Banjaluka Stock Exchange participated with 37.0% in 2008 and 27.1% in 2009, respectively. Source: Banjaluka Stock Exchange.

34. In 2009, total turnover of bonds amounted to BAM 50.1 million. Source: Banjaluka Stock Exchange

35. Bond trade participated with 10.8% in the structure of total trade at the Banjaluka Stock Exchange. Source: Banjaluka Stock Exchange.

36. The following bonds are in question: RS- old foreign currency savings 1, RS- old foreign currency savings 2, RS- old foreign currency savings 3, Republic of Srpska- war reparations settlement 1, Republic of Srpska- war reparations settlement 2, Republic of Srpska- war reparations settlement 3, Republic of Srpska- war reparations settlement 4.

37. As at 31 December 2009, the value of market capitalization at the Banjaluka Stock Exchange amounted to BAM 4,059,844,924.87 Source: Banjaluka Stock Exchange.

38. In 2010, total IRBRS investments in securities amounted to BAM 46,130,642, of which BAM 41,433,605 refers to purchase, and BAM 4,697,037 refers to sale of securities.

IV FOREIGN TRADE

The value of the total RS foreign trade in 2010, with an inter-annual growth of 18.9%, exceeded the record from 2008 (see Chart 28). Concurrently, total foreign trade activity at the level of BiH grew at a relatively modest rate of 15.8% (y/y).

In 2010, the value of RS exports is higher by 30.2% (y/y). Simultaneously, under the influence of recovery in domestic consumption, RS imports witnessed an inter-annual growth of 13.6%. The export-import ratio amounted to 53.7%³⁹, while foreign trade deficit had a further decline by 1.0%⁴⁰ (see Chart 29).

In the period January to December 2010, BiH exports and imports grew at the rate of 28.3% and 10.3%, respectively (y/y). From recording BAM 9.6 billion in 2008, BiH foreign trade deficit dropped to BAM 6.5 billion at the end of 2010. In the same period, export-import ratio improved by additional 7.3 percentage points and it amounted to 52.1%⁴¹ (see Chart 30).

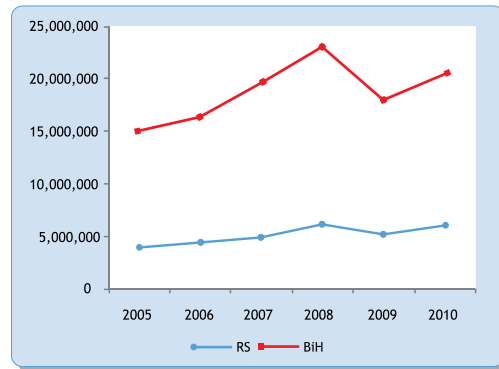
Following a temporary contraction of the value in achieved export in 2009,⁴² a multi year trend of growth of RS export competitiveness continued during 2010, quantified by the average value of achieved export per capita (see Chart 31).

The RS foreign trade activity is characterized by high level of sector concentration. Namely, in 2010, oil and oil derivatives dominated in the structure of the overall RS foreign trade given that 23.7% of export and 28.3% of import related particularly to this category of products.

Currently about 2/3 of foreign trade volume in the world is implemented through different forms of free trade of goods and services with tendency to further increase its participation. A similar trend is evident in RS considering that around 75%⁴³ of the total foreign trade in 2010 was implemented in the EU countries⁴⁴ and signatories of the Central European Free Trade Agreement (CEFTA)⁴⁵. Concurrently, the most important individual RS export partners were Serbia (17.6%), Italy (15.6%) and Croatia (13.2%), while RS import partners were Russia (23.4%), Serbia (21.0%) and Italy (8.8%).

The growth of RS export in 2010 was led by the following sectors of the Standard International Trade Classification (SITC)⁴⁶: mineral fuels and lubricants (52.1%) and crude materials, inedible except fuels (45.9%). In the same period, the largest individual contribution to expansion of the domestic import stemmed from the rise in import of crude

Chart 28: Total RS and BiH Foreign Trade Volume, by year, in 000 BAM



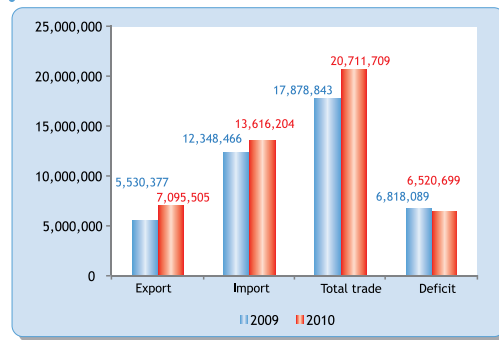
Source: RSIS and BHAS

Chart 29: Comparative Ratio of RS Foreign Trade Activity in 2009 and 2010, in 000 BAM



Source: RSIS

Chart 30: Comparative Ratio of BiH Foreign Trade Activity in 2009 and 2010, in 000 BAM



Source: BHAS

39. A more intensive growth of export as compared to the growth of import resulted in significant improvement of export-import ratio. For example, this rate amounted to 46.4% in 2008 and 46.9% in 2009. Source:RSIS

40. During 2009, RS foreign trade deficit already contracted by 14.7%.

41. In 2009, export-import ratio grew by 3.6 percentage points and it amounted to 44.8%. Source: BHAS

42. In 2009, the RS export recorded an inter-annual fall of 13.0% due to the impact of global financial and economic crisis on slowdown of economies of major foreign trade partners.

43. In the same period, at BiH level, this indicator amounts to 78%. Source: BHAS

44. In 2010, 49.7% of the RS export and 35.2% of the RS import originated from the EU. Source: RSIS

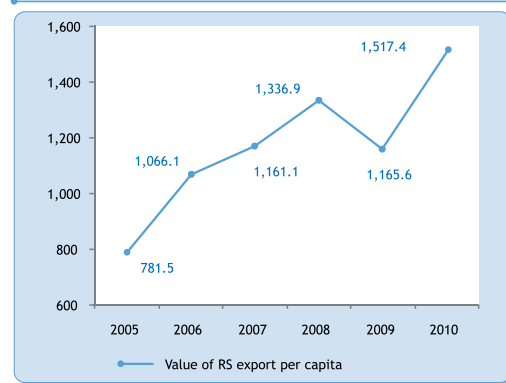
45. Countries – signatories of the Agreement (Albania, BiH, Croatia, FYR Macedonia, Moldavia, Montenegro, Serbia and the UNMIK/Kosovo, as customs territory pursuant to the United Nations Security Council Resolution No. 1244) participated in the structure of total RS exports and imports with 40.8% and 31.0%, respectively. Source: RSIS

46. An inter-annual expansion of export was recorded in all sectors of SITC except in the sector of animal and vegetable oils, fats and waxes.

materials, inedible except fuels (53.2%) and mineral fuels and lubricants (44.6%). Despite a considerable growth in import of raw materials, which is a reliable indicator of upturn in domestic processing industry,⁴⁷ **RS maintained the status of net exporter of raw materials considering** it involves one of the two sectors⁴⁸ where surplus was achieved in the foreign trade of goods amounting to about BAM 300 million.

The recovery of domestic consumption will determine, to a great extent, the trend of import in the forthcoming period, given that a notable part of aggregated consumption is satisfied exactly through the import.⁴⁹ Due to high relative importance which raw materials have for domestic export activity,⁵⁰ **the dynamics of recovery of industrial production in developed countries** and therefore demand for raw materials, **will primarily affect the volume of domestic export.**

Chart 31: Competitiveness of RS Export - value of export per capita



Source: RSIS

47. This statement is supported by the fact that in 2010, *import for inward processing in RS* grew at the rate of 18.2% (y/y).

48. Except in the sector of *crude materials, inedible except fuels*, surplus amounting to BAM 29 million was achieved in the sector of *other finished products*.

49. Almost ¼ of RS import in the period January to December 2010 was made up of non-durable consumer goods. Source: RSIS

50. Raw materials participated with 20.2% in the structure of total RS exports in 2010. Source: RSIS

V STATISTICAL APPENDIX

Table 1: Three-month RS GDP, real growth rates, production approach

Sector	Variations compared to the same quarter (Q) of the previous year, %						
	2009		2010				
	Q3	Q4	Q1	Q2	Q3	Q4	
A	Agriculture, hunting and forestry	-2.4	-3.2	-4.4	-2.6	-1.5	-4.0
B	Fishing	2.5	2.7	3.8	3.4	3.1	4.7
C	Mining and quarrying	-7.9	25.0	38.8	9.4	-2.4	11.3
D	Manufacturing	2.0	-4.2	-3.1	2.3	10.7	6.6
E	Electricity, gas and water supply	-1.6	3.1	2.1	10.3	-13.2	11.0
F	Construction	-7.8	-4.9	-21.0	-23.6	-12.3	-17.2
G	Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	-12.0	-11.2	1.2	3.9	8.6	7.7
H	Hotels and restaurants	-17.4	4.6	-2.8	2.3	7.6	4.3
I	Transport, storage and communication	-3.4	-6.8	2.2	3.4	3.0	2.0
J	Financial intermediation	14.8	18.5	2.1	2.5	-0.2	-0.1
K	Real estate, renting and business activities	-6.3	-7.2	0.0	0.6	1.4	0.5
L	Public administration and defense, compulsory social security	3.8	0.4	-0.8	-0.2	1.3	1.5
M	Education	2.7	2.4	3.3	3.8	3.5	4.0
N	Health and social work	4.5	1.2	2.2	2.3	3.5	2.1
O	Other community, social and personal service activities	12.5	1.9	1.5	1.0	1.8	2.8
	FISIM (minus)	29.2	29.2	4.7	3.8	2.3	5.5
	GROSS VALUE ADDED	-3.8	-3.6	-0.6	0.4	1.5	1.4
	Taxes on products, services and import, subsidies excluded	-3.8	-3.6	-0.6	0.4	1.5	1.4
	GROSS DOMESTIC PRODUCT	-3.8	-3.6	-0.6	0.4	1.5	1.4

Source: RSIS

Table 2: Three-month GDP of the regional countries

	Variations compared to the same quarter of the previous year, in %							
	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
RS	n/a	n/a	-3.8	-3.6	-0.6	0.4	1.5	1.4
Serbia	-4.3	-4.5	-2.2	-1.7	0.3	2.0	2.7	1.8
Croatia	-6.7	-6.3	-5.7	-4.5	-2.5	-2.5	0.2	n/a
Slovenia	-8.4	-9.4	-8.8	-5.7	-1.2	2.1	1.7	2.1
Eurozone 16	-5.0	-4.9	-4.1	-2.0	0.8	2.0	1.9	2.0
EU 27	-5.0	-5.1	-4.3	-2.2	0.6	2.0	2.2	2.1

Source: Eurostat and national/entity statistics institutes

Table 3: Indices of physical volume of RS industrial production in 2010

Index period	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Baseline period	Same period last year												
Industry	105.0	111.0	101.8	105.8	111.0	112.1	101.5	88.5	105.9	102.5	97.3	111.6	114.1
C) Mining and quarrying	109.1	133.9	151.3	143.4	126.4	101.0	96.9	75.3	105.2	100.8	109.1	100.0	125.9
D) Manufacturing	105.1	105.1	101.5	100.0	104.9	112.4	103.9	99.9	109.4	110.8	101.8	106.8	103.9
E) Electricity, gas and water supply	103.0	111.7	92.8	102.2	114.6	117.8	100.1	76.8	99.1	88.0	84.8	126.7	123.8

Source: RSIS

Table 4: Indices of physical volume of BiH industrial production in 2010

Index period	I-XII 2009	2010												
		I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Baseline period	Same period last year													
Industry	96.7	101.6	99.5	99.5	104.3	102.7	105.2	95.7	95.3	107.1	98.8	99.9	102.0	108.7
C) Mining and quarrying	97.2	96.2	91.6	100.5	102.8	97.8	85.2	85.5	80.3	98.1	96.2	100.9	105.8	109.6
D) Manufacturing	95.4	101.9	97.5	97.5	104.4	101.6	106.3	98.6	101.8	114.4	99.2	98.5	98.9	102.9
E) Electricity, gas and water supply	100.1	103.7	106.6	103.8	104.9	110.0	113.8	91.6	83.2	89.7	99.3	104.1	109.7	124.7

Source: BHAS

Table 5: RS Construction activity in 2010, indices

Index period	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Value of works performed, in 000 BAM	78.1	88.2	57.4	67.2	81.0	61.9	69.8	96.6	79.4	95.6	78.3	100.0	64.7
Number of workers on construction works	87.3	90.5	78.7	86.9	89.8	87.2	87.0	84.5	87.5	88.5	89.0	86.9	90.6
Worked effective hours on construction works	85.5	105.0	75.6	88.1	86.7	84.1	84.2	80.1	86.4	85.6	85.3	85.2	87.2

Source: RSIS

Table 6: RS Construction activity, by year, indices

	I-XII 2006	I-XII 2007	I-XII 2008	I-XII 2009	I-XII 2010
Value of works performed	109.2	129.6	111.8	92.0	78.1
Number of workers on construction works	88.7	107.9	110.2	95.4	87.3
Worked effective hours on construction works	94.5	104.9	109.6	93.5	85.5

Source: RSIS

Table 7: Unemployment in RS in 2010

Category	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Number of unemployed	145,343	147,816	150,036	149,687	147,724	145,710	143,073	143,309	142,856	142,625	142,388	143,266	145,620
Newly entered into the records	5,258	5,171	5,805	5,641	4,442	3,773	4,832	5,461	4,609	5,708	5,441	5,712	6,500
Total deleted from the records	5,351	3,164	3,578	6,073	6,333	5,856	8,258	5,581	5,263	5,967	5,530	4,624	3,990
Deleted from the records due to employment	2,040	967	1,335	1,952	2,056	2,085	2,933	2,224	1,919	2,970	2,667	1,918	1,451

Source: RSEI

Table 8: Average RS net salary in 2010, by sector, in BAM

Sectors	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Total	784	778	722	771	786	774	789	786	785	794	779	791	798
A Agriculture, hunting and forestry	583	563	568	574	569	582	583	584	577	598	592	590	588
B Fishing	631	607	632	618	606	649	640	639	629	641	656	613	639
C Mining and quarrying	944	897	1005	906	904	950	1018	926	941	929	945	969	957
D Manufacturing	551	532	544	532	555	553	542	569	547	556	557	559	565
E Electricity, gas and water supply	920	921	943	905	893	912	930	904	914	912	934	942	944
F Construction	555	548	534	520	532	544	541	551	542	582	580	582	573
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	585	577	579	568	588	576	573	583	579	595	598	594	600
H Hotels and restaurants	531	522	532	533	531	519	539	553	532	523	528	531	537
I Transport, storage and communication	773	616	791	785	778	793	787	780	769	771	784	784	788
J Financial intermediation	1,221	1,236	1,216	1,212	1,241	1,233	1,207	1,204	1,222	1,225	1,213	1,212	1,230
K Real estate, renting and business activities	619	598	642	629	612	602	625	617	617	618	630	612	629
L Public administration and defense, compulsory social security	1,046	1,082	1,050	1,040	1,038	1,020	1,054	1,036	1,047	1,055	1,030	1,041	1,055
M Education	885	911	825	881	906	883	877	898	886	900	837	891	894
N Health and social work	1,018	1,041	1,025	994	1,025	1,023	1,022	1,011	1,019	1,017	1,018	1,015	1,019
O Other community, social and personal service activities	615	608	617	602	617	620	609	613	612	615	623	619	626

Source: RSIS

Table 9: Average BiH net salary in 2010, by sector, in BAM

Sectors	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Total	798	789	782	798	799	795	798	799	800	800	795	805	818
A Agriculture, hunting and forestry	649	632	617	646	645	652	654	655	661	662	648	652	656
B Fishing	597	580	591	604	581	614	603	603	604	597	611	583	602
C Mining and quarrying	825	810	834	817	817	821	831	819	837	836	818	829	834
D Manufacturing	567	555	551	560	567	565	564	577	571	568	569	572	587
E Electricity, gas and water supply	1,125	1,114	1,082	1,122	1,108	1,103	1,123	1,121	1,120	1,119	1,160	1,176	1,147
F Construction	524	518	515	516	517	521	521	525	529	531	529	532	530
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	563	554	555	560	563	562	561	562	566	565	566	567	575
H Hotels and restaurants	533	531	532	530	526	525	538	541	535	536	536	537	535
I Transport, storage and communication	899	864	892	914	903	910	907	897	910	896	888	888	912
J Financial intermediation	1,277	1,244	1,236	1,260	1,287	1,302	1,270	1,270	1,283	1,266	1,270	1,275	1,354
K Real estate, renting and business activities	726	725	740	733	730	720	725	726	720	726	721	718	726
L Public administration and defense, compulsory social security	1,102	1,101	1,095	1,097	1,093	1,092	1,100	1,095	1,095	1,099	1,099	1,117	1,139
M Education	857	858	843	857	866	858	853	855	855	857	847	865	866
N Health and social work	995	994	960	1,010	1,001	994	998	996	998	992	981	995	1,014
O Other community, social and personal service activities	730	729	729	729	726	732	726	727	729	732	724	732	742

Source: BHAS

Table 10: RS Average Pensions in 2010, in BAM

Period	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Amount	320	321	319	319	319	319	320	320	320	320	320	320	320

Source: RSPDIF

Table 11: Overview of the RS Inflation Trends in 2010, measured by CPI (Consumer Price Index)

Index period	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Base period	same period previous year												
TOTAL	102.5	102.0	102.3	102.7	103.0	103.2	103.1	102.0	102.0	101.9	102.3	102.4	103.1
Food and non-alcoholic beverages	99.2	96.4	96.8	97.1	97.7	98.0	98.7	99.8	100.3	100.7	101.0	101.3	103.3
Alcoholic beverages and tobacco	120.5	131.7	131.3	130.8	130.6	130.6	130.4	110.1	110.6	112.3	112.5	112.5	112.1
Clothing and footwear	96.3	96.3	96.5	96.3	96.0	96.4	96.1	96.1	96.2	96.0	96.5	96.8	96.6
Housing, water, electricity, gas and other fuels	104.1	105.4	105.5	105.2	105.4	105.1	105.1	104.2	102.8	102.1	102.5	102.7	102.8
Furnishings, household equipment and routine maintenance of the house	99.8	99.3	99.5	99.6	99.5	99.6	99.6	99.8	100.1	99.9	100.2	100.1	100.5
Health care	102.8	102.8	103.0	103.0	103.1	103.6	103.4	103.4	103.3	102.6	102.5	102.1	101.3
Transport	106.5	105.4	106.6	109.7	111.5	111.6	108.5	104.5	103.8	103.0	104.8	104.4	105.3
Communications	108.3	108.2	108.2	108.2	108.3	108.3	108.3	108.4	108.4	108.4	108.4	108.4	108.4
Recreation and culture	100.0	100.6	100.5	100.0	99.9	100.0	100.1	100.1	100.0	99.7	99.6	99.7	99.7
Education	105.4	106.2	105.8	105.8	105.8	105.8	105.8	105.8	105.8	104.5	104.5	104.5	104.5
Restaurants and hotels	100.4	100.7	100.6	100.4	100.1	100.1	100.1	99.9	100.2	100.2	100.7	100.7	100.6
Other goods and services	100.7	101.1	101.1	100.4	100.5	100.9	101.1	101.1	101.0	100.6	100.4	100.1	100.1

Source: RSIS

Table 12: Active lending interest rates in RS in 2010, in %

Category	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Interest rates on short term loans	8.23	8.72	8.76	8.32	7.87	8.16	8.00	8.05	8.39	8.29	7.64	8.09
Interest rates on long term loans	8.06	8.33	8.32	8.58	8.36	8.35	8.19	7.90	8.31	7.99	8.51	8.49
Total loans	8.18	8.60	8.61	8.40	8.01	8.23	8.06	8.00	8.36	8.14	8.02	8.27

Source: BARS

Table 13: Active lending interest rates in BiH in 2010, in %

Category	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Interest rates on short term loans to private enterprises	8.06	7.87	7.71	7.68	7.63	7.57	8.19	8.27	8.04	7.93	7.87	7.84
Interest rates on short term loans to citizens	10.12	9.86	9.63	9.37	9.62	9.63	9.86	10.25	9.06	9.75	9.68	9.67
Interest rates on long term loans to private enterprises	8.88	8.70	8.23	8.53	8.89	9.11	7.58	8.14	7.94	8.75	8.26	8.25
Interest rates on long term loans to citizens	8.89	9.10	8.75	8.84	8.89	8.82	9.25	9.07	8.16	9.12	9.09	9.10

Source: CBBH

Table 14: RS and BiH Foreign Trade in 2010, in 000 BAM

Republic of Srpska	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Export	2,177,809	124,947	168,462	199,214	181,466	182,182	203,199	210,840	160,234	187,353	180,419	198,072	180,839
Import	4,053,076	213,691	298,690	297,530	320,238	367,745	336,963	363,939	362,025	409,691	336,565	370,451	371,717
Trade volume	6,230,885	338,638	467,152	496,744	501,704	549,927	540,162	574,779	522,259	597,044	516,984	568,523	552,556
Trade balance	-1,875,267	-88,744	-130,228	-98,316	-138,772	-185,563	-133,764	-153,099	-201,791	-222,338	-156,146	-172,379	-190,878
Export import ratio in %	53.7	58.5	56.4	67.0	56.7	49.5	60.3	57.9	44.3	45.7	53.6	53.5	48.6
Bosnia and Herzegovina	I-XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Export	7,095,505	419,359	515,554	604,026	593,530	604,426	642,462	637,868	582,763	628,236	593,735	663,505	608,200
Import	13,616,204	719,309	944,800	1,086,357	1,128,933	1,175,398	1,173,358	1,237,003	1,168,247	1,278,485	1,212,568	1,201,004	1,281,004
Trade volume	20,711,709	1,138,668	1,460,354	1,690,383	1,722,463	1,779,824	1,815,820	1,874,871	1,751,010	1,906,721	1,806,303	1,864,509	1,889,204
Trade balance	-6,520,699	-299,950	-429,246	-482,331	-535,403	-570,972	-530,896	-599,135	-585,484	-650,249	-618,833	-537,499	-672,804
Export import ratio in %	52.1	58.3	54.6	55.6	52.6	51.4	54.8	51.6	49.9	49.1	49.0	55.2	47.5

Source: RSIS i BHAS

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