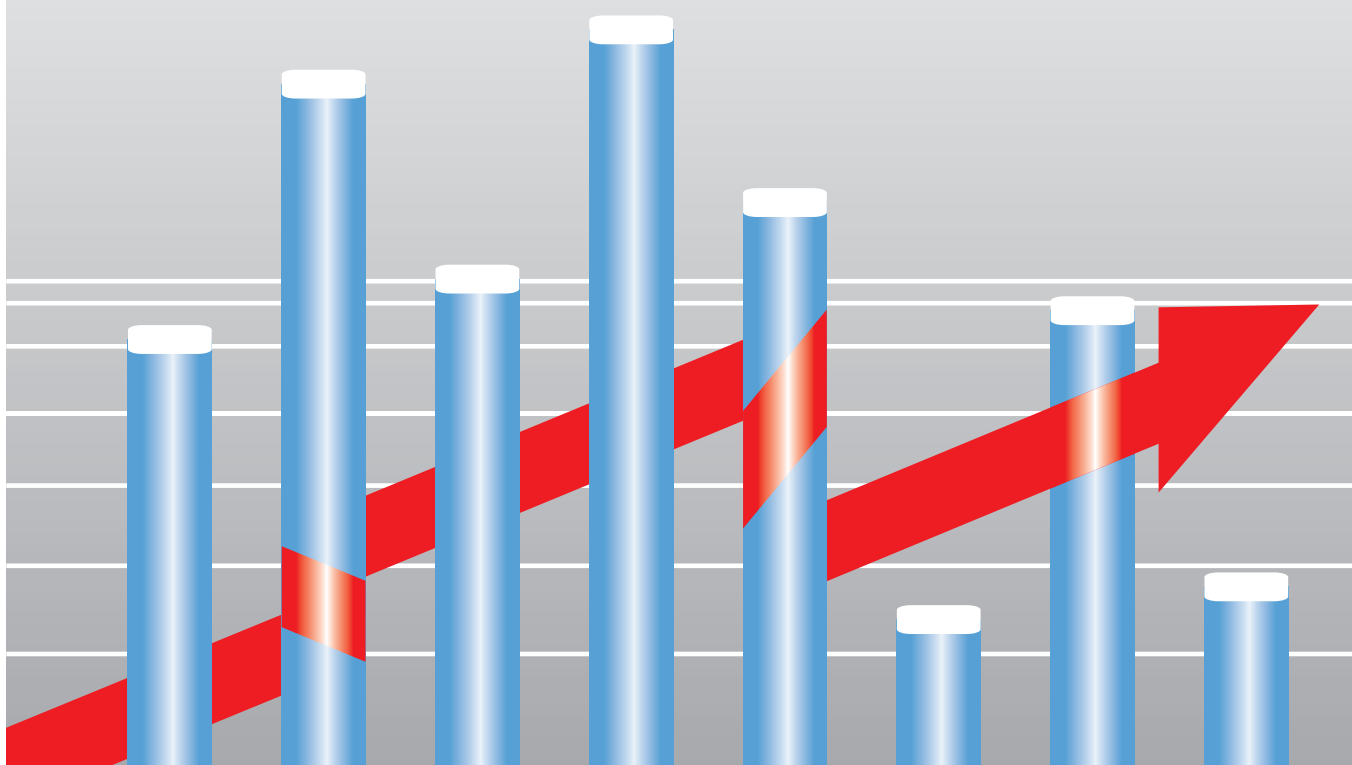




Republic of Srpska
Investment-Development Bank



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
y/y	Year on year (same period last year)
pp	Percentage Point
BAM	Convertible Mark
FBiH	Federation of Bosnia and Herzegovina
CPI	Consumer Price Index
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	General Share Index of Belgrade Stock Exchange
CROBEX	Official Index of Zagreb Stock Exchange
CEFTA	Central European Free Trade Agreement
CBBH	Central Bank of Bosnia and Herzegovina
H	Half Year
Q	Quarter
EA	Euro Area

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I SUMMARY

The macroeconomic trends in the first half of 2011 were marked by moderate economic recovery. Namely, after a temporary contraction in 2009, **RS recorded an economic growth of 0.8% in 2010** which was also exhibited in Q1 and Q2 2011, when GDP value grew at rates of 1.6% and 1.7%, respectively (y/y).

In the first six months of 2011, **RS industrial production**, led by strong expansion in the sector of *mining and quarrying* (+23.0%), **grew at an inter-annual rate of 3.6%**. In the same period, **a growth of 14.2% in the value of completed construction works** suggests a possible interruption of negative trends in this field which were present in the previous period. **Domestic consumption**, quantified by an increase in the value of turnover in retail trade in RS which amounted to 9.8% (y/y) in H1 2011, was supported by **modest credit expansion**. Namely, total loans in RS, grew at a rate of 9.9% (y/y) during H1 2011, while the average net salary in the period January-June was higher by 3.7%. Along with **an inter-annual growth in exports and imports amounting to 16.0% and 15.8% respectively**, an export-import ratio amounted to 57.8% in H1 2011, which is by about 4 percentage points higher than the ratio in 2010.

On the other hand, **negative impacts of the recent economic crisis are still visible in the domestic labour market**. Thus the average number of unemployed persons was higher by 1.6% (y/y) in the first six months, while the average number of employed persons in Q1 2011 almost stagnated (-0.6%). **Global intensification of the inflation, triggered by growth in prices of oil and food products in international markets, reflected negatively on the general level of prices in RS**, which grew at a rate of 4.0% (y/y) in the first six months of 2011.

According to the current IMF projections for 2011, the **BiH economy will grow at a rate of 2.2%**. However, due to an “extrovert” orientation of the domestic economy, global trends are almost immediately mirrored in the socio-economic reality of RS and BiH. In such circumstances, every potential global stagnation will negatively reflect on the overall results of the domestic economy.

II REAL SECTOR

2.1 Gross Domestic Product in 2010

In 2010, RS GDP registered a real inter-annual growth of 0.8%, while the same indicator at the BiH level grew at a rate of 0.7% (see Chart 1). Namely, a gradual recovery of the major international trading partners (see Chart 2) and the related expansion of the domestic export,¹ as well as increase in industrial production² and domestic consumption³ were the main generators of the RS economic expansion in 2010. The positive trend of growth in the overall economic activity was visible in the first half of 2011, given that the RS GDP in Q1 and Q2 grew at a rate of 1.6% and 1.7%, respectively (y/y).⁴

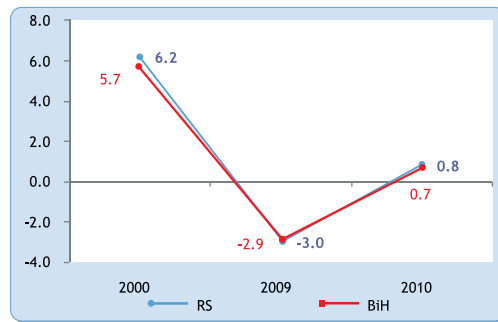
In comparison to the neighbouring countries and major international trading partners, it is evident that in 2010 RS achieved higher real GDP growth than Bulgaria, Croatia and Romania (see Chart 2). Besides, the economic growth of Italy, Slovenia and Serbia reflected positively on the overall level of domestic economic activity, given that it concerns the most important RS trading partners.

The RS GDP per capita amounted to BAM 5,797 in 2010 and it is higher by BAM 67 in comparison to 2009 (see Chart 3). In the same period, the BiH GDP per capita amounted to BAM 6,371, with an inter-annual growth of 2.0%.

When observing the RS GDP structure in 2010, mining and quarrying sector achieved the highest real inter-annual growth of 11.0%, followed by manufacturing sector with 4.5%, and health and social work with 4.1% (see Table 1). At the BiH level, the highest real growth was recorded in manufacturing sector, 6.9%, followed by electricity sector, 3.6%, and other community, social and personal service activities, 3.0% (y/y).

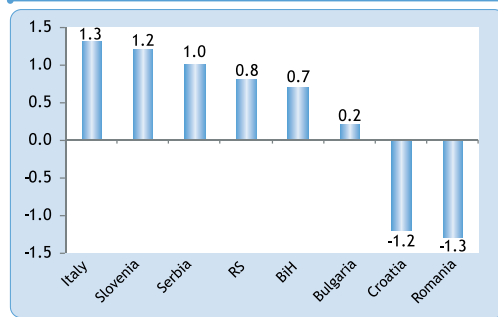
In the period January-December 2010, the sector of fishing achieved the highest real decrease in activity, namely 32.9% at the level of RS and 24.2% at the BiH level (see Table 2). However, the final effect of this contraction on the total level of economic activity is negligible considering a minor relative importance of this area for the overall economic structure.

Chart 1: Real Growth of RS and BiH GDP (y/y), in %



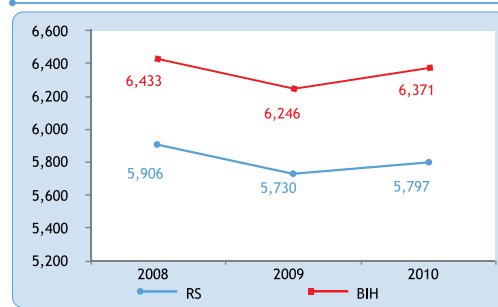
Source: RSIS and BHAS

Chart 2: Real GDP growth in RS and BiH, neighbouring countries and major international trading partners in 2010 (y/y), in %



Source: RSIS, BHAS, Statistics Institute of Serbia (estimate), Croatian Bureau of Statistics and Eurostat

Chart 3: RS and BiH GDP per capita, in BAM



Source: RSIS and BHAS

Table 1: Sectors with highest real growth rates in 2010 (y/y), in %

Sector	RS			BiH		
	2008	2009	2010	2008	2009	2010
C Mining and quarrying	20.7	-10.4	11.0	12.1	-8.1	0.7
D Manufacturing	1.9	2.3	4.5	6.3	-6.3	6.9
N Health and social work	1.5	3.1	4.1	2.3	2.9	2.3
H Hotels and restaurants	-3.8	-5.3	3.6	-2.2	-7.8	0.8
O Other community, social and personal service activities	6.5	9.7	3.4	5.1	0.4	3.0
E Electricity, gas and water supply	10.5	3.6	3.0	9.7	0.8	3.6

Source: RSIS and BHAS

1. In 2010, RS export grew at an inter-annual rate of 30.2%. Source: RSIS

2. RS industrial production was higher by 5.0% (y/y) in 2010. Source: RSIS

3. According to the RSIS data, turnover in retail trade in RS was higher by 6.7% in 2010 as compared to 2009.

4. Source: RSIS

Besides *the fishing sector*, a real decline in activity in 2010 was witnessed by *construction sector* and *agriculture, hunting and forestry sector*. Namely, in circumstances where non-urgent spending is postponed due to a decrease in disposable income⁵ and application of a more conservative credit policy by domestic banking sector, **the construction industry recorded a contraction of 7.9% in RS and 11.6% at the level of BiH (y/y)**.

The decrease in sown areas in RS which amounted to 3.6% in 2010,⁶ as well as a 6.0% drop in total loans provided by the banking sector to this field⁷ resulted in the **contraction of 5.7% (y/y) in agricultural production of RS**. In the same period, the overall *agricultural production* in BiH recorded a real fall of 6.4% (y/y).

The structure of domestic economy did not change substantially in 2010 (see Table 3). Thus *trade* (12.4%) and *agriculture* (10.7%) accounted for the largest share in the structure of RS GDP, while most dominant sectors at BiH level were *trade* (13.2%) and *manufacturing* (11.3%).

In 2010, the RS GDP grew at a nominal rate of 1.0%. In the same period, the highest positive contribution to the growth originated from *taxes* (1.19 pp), *trade* (0.49 pp) and *transport* (0.46 pp). On the other hand, *construction industry* (1.02 pp), *manufacturing* (0.55 pp) and *agriculture* (0.42 pp) exerted the highest negative impact on the level of economic activity (see Chart 4).

2.2 Industrial Production

In the first half of 2011, **industrial production achieved an inter-annual growth of 3.6% in RS and 7.7% at BiH level**. A constant industrial growth in RS significantly contributed to mitigating and overcoming the negative effects of the global economic crisis on domestic social and economic environment.⁹

Observing the structure of industrial production in RS, it is evident that the sector of **mining and quarrying witnessed an inter-annual expansion of 23.0%** in H1 2011, with acceleration of growth amounting to 3.3 pp¹⁰ (see Chart 5). A rise in physical volume of production in this field was strongly supported by growth in the areas of *mining of coal and lignite, extraction of peat* (+25.6%) and *other mining and quarrying* (+97.1%).

The growth of RS manufacturing sector during H1 2011 was intensified by one percentage point and it amounted to 5.7% (y/y). Expansion in this sector of industry, among other things, was led by an increase in physical volume of production in the following sectors: *manufacture of leather, leather products and footwear* (+35.4%), *manufacture of wood and wood and cork products* (+19.4%) and *production of furniture* (+30.9%). Thus a gradual economic recovery in domestic and wider international context resulted in the

Table 2: Sectors with negative real growth in 2010 (y/y), in %

Sector	RS			BiH		
	2008	2009	2010	2008	2009	2010
B Fishing	24.3	1.9	-32.9	23.4	14.4	-24.2
F Construction	18.8	-6.0	-7.9	16.9	-7.2	-11.6
A Agriculture, hunting and forestry	6.1	-3.4	-5.7	4.3	-1.8	-6.4

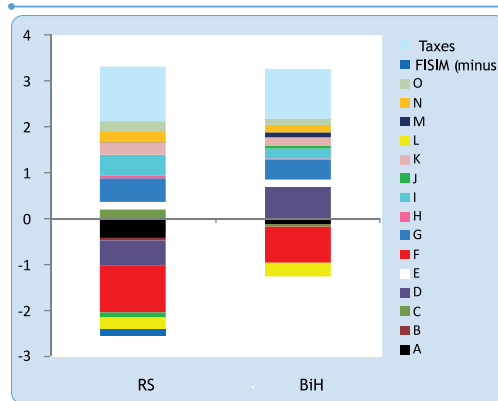
Source: RSIS and BHAS

Table 3: Sectors with highest share of GDP in 2010, in %

Sector	RS			BiH		
	2008	2009	2010	2008	2009	2010
G Retail and wholesale trade	13.5	12.1	12.4	13.4	13.1	13.2
A Agriculture, hunting and forestry	11.5	11.2	10.7	7.5	7.3	7.1
L Public administration and defense, compulsory social security	9.1	10.2	9.8	8.9	9.8	9.3
K Real estate, renting and business activities	8.3	8.9	9.1	8.3	9.0	9.0
D Manufacturing	8.7	9.5	8.9	11.4	10.8	11.3
I Traffic, storage and communications	6.5	6.6	7.0	6.7	6.9	6.9

Source: RSIS and BHAS

Chart 4: Contributions to nominal GDP growth, in pp⁸



Source: RSIS, BHAS and IRBRS calculations

5. In 2010, the unemployment rate according to LFS increased by 2.2 pp in RS (from 21.4% in 2009 to 23.6% in 2010) and by 3.1 pp at BiH level (from 24.1% in 2009 to 27.2% in 2010). In the same period, average net salaries nominally almost stagnated (decline of 0.5% in RS; rise of 1.0% at BiH level).

6. Source: RSIS

7. Source: Annual Report of the RS Banking Agency for 2010.

8. See Table 3, Statistical Annex.

9. In 2009, RS industry grew at a rate of 19.0%, while in 2010 it grew at a rate of 5.0%. On the other side, after contraction of 3.3% in 2009, BiH industrial production in 2010 was higher by 1.6%.

10. In the first half of 2010, the sector of mining and quarrying grew at a rate of 19.7% (y/y). Source: RSIS

upturn of demand and consequently in the volume of production in the *wood processing industry*.

After 2010's record level of production in power plants of the RS power company Elektroprivreda due to extremely favourable hydrometeorological conditions, **the RS sector of electricity, gas and water supply recorded a contraction of 5.8% (y/y) in the period January-June 2011.**

In the period January-June 2011, **the industrial production at the BiH level was also led by expansion in the area of mining and quarrying (+19.7%).** In the same period, *manufacturing sector* grew at an inter-annual rate of 8.4%, while *electric power sector* grew at a rate of 0.4%.

In the future period, **trends in domestic industrial production will correspond to global developments in demand and industrial production**, especially developments in the EU.¹¹ Namely, a high level of correlation of domestic trends with those in the EU is a consequence of well-developed network of business relations which were established in the previous period (*about 40% of total RS foreign trade is conducted with the EU countries*).

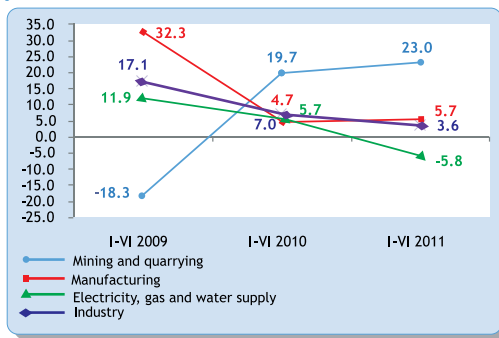
2.3 RS Construction Activity

The construction sector is of great importance for the domestic economy, with 4.8% share in the RS GDP in 2010 and accounting for the same percentage in total RS employment. In the first half of 2011, **the value of completed construction works grew at a rate of 14.2%.** In the same period, *the number of engaged workers and completed effective hours on construction works* saw an inter-annual contraction (see Chart 6).

As of 30 June 2011, **the housing loans in RS recorded a mild growth of 3.1%** which shows a stagnation in this component of private consumption as compared to the end of 2010. Besides, there was no positive contribution to construction industry on the part of the RS economy which gave preference to the maintenance of current liquidity over the implementation of long-term investments. This policy has a deferred effect on the financial position and perspectives of growth and development of enterprises and thus affects indirectly the level of the overall construction activity in RS.¹²

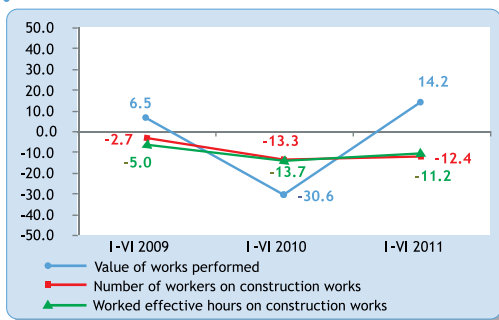
On a monthly level, *the value of completed works* lagged behind the last year's levels only in January and April (see Chart 7).

Chart 5: Growth rates of RS industrial production and major sectors of industry (y/y), in %



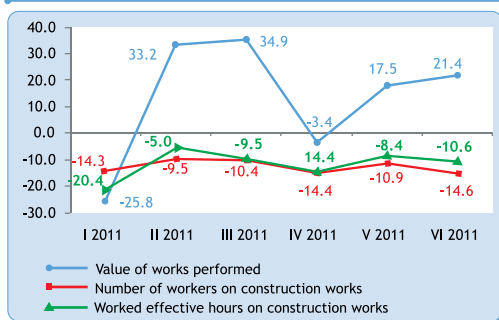
Source: RSIS

Chart 6: Growth rates in RS construction activity (y/y), in %



Source: RSIS

Chart 7: Growth rates in RS construction activity, by month (y/y), in %



Source: RSIS

11. According to the latest data available from Eurostat, industrial production in June 2011 grew by 1.7% in EU27 and by 2.9% in EA17 (y/y). Source: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/4-12082011-AP/EN/4-12082011-AP-EN.PDF

12. As of 30 June 2011 and compared to the end of 2010, short-term corporate loans grew by 13.0%, while long-term loans grew by 3.0%. Source: Report on Banking System of the Republic of Srpska for period 1 January 2011 to 30 June 2011.

The launching of large investment projects (such as hydro and thermal power projects, construction of Banjaluca-Doboj highway) would ensure increase in the level of the RS construction activity,¹³ which would positively reflect on the employment rate and total economic growth in the forthcoming period.

2.4 Labour Market

2.4.1 Unemployment

A moderately rising trend of unemployment has been present since the beginning of 2011. Namely, according to data of the RS Employment Institute, the average number of the unemployed in RS amounted to 149,674 persons¹⁴ in the first six months of 2011 and it is higher by 1.6% when compared to the same period last year (see Chart 8). Similar trend is observed for the labour market in FBiH considering that the number of unemployed persons grew at an inter-annual rate of 2.5%.¹⁵

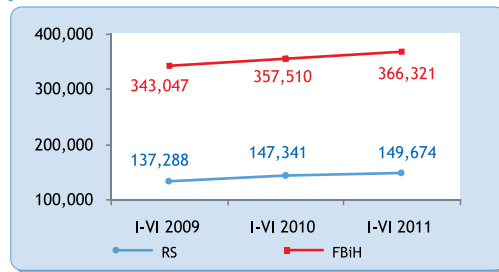
Adverse trends in the RS labour market facilitated the deterioration of the unemployment rate. Namely, according to the internationally comparable Labour Force Survey data for 2011,¹⁶ the unemployment rate in RS is higher by 0.9 percentage points as compared to 2010 (see Table 4).

The increase in unemployment rate represents a consequence of the recent economic crisis which is also evident in a wider, international context.¹⁷ A trend of moderate contraction in the number of unemployed persons during Q2 2011 corresponds to the trend of seasonal engagement of workers. (see Chart 9). Concurrently, the number of newly employed persons, which were deleted from the records of the RS Employment Institute, was higher by 81 persons in the period January to June 2011 as compared to the average in 2010.¹⁸

The level of total employment in RS did not change significantly during Q1 2011. With an inter-annual contraction of 0.6%, the number of employed persons in March 2011 amounted to 239,988.¹⁹ Table 5 shows which sectors achieved the highest rates of positive and negative growth.

The highest positive contribution to RS employment comes from the sector of real estate, renting and business activities (7.9%), while the sector of fishing (-10.2%) had a major impact on the relative decrease in the number of the unemployed.

Chart 8: RS and FBiH unemployment trends



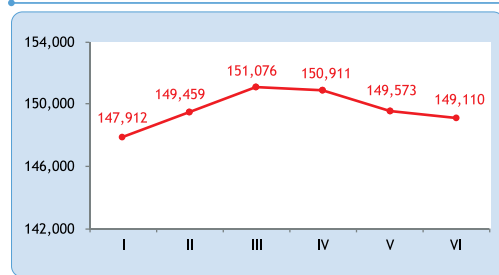
Source: RSEI, FEI and IRBRS calculations

Table 4: RS and BiH unemployment rates according to LFS, in %

Description	2010	2011
RS	23.6	24.5
BiH	27.2	27.6

Source: RSIS and BHAS

Chart 9: Monthly overview of RS unemployment, January-June 2011



Source: RSEI

Table 5: Rates of employment growth in RS, by sector

Sector	III 2011 / III 2010 (%)
Real estate, renting and business activities	7.9
Education	4.6
Other community, social and personal service activities	2.9
Manufacturing	-5.6
Construction	-7.2
Fishing	-10.2

Source: RSIS

13. But also activities of other sectors which are related to this sector of economy.

14. IRBRS calculation based on RSEI monthly data.

15. According to data of FEI, average number of the unemployed in FBiH in H1 2011 amounted to 366,321 person.

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

17. In December 2010, the average unemployment rate in the Eurozone amounted to 10.0% and it is higher by 2.8 pp in comparison to December 2007, i.e. period immediately preceding the global economic crisis. In the same period, the unemployment rate in Spain amounted to 20.2% (+11.6 pp), Ireland, 13.8% (+9.3 pp), the United States of America, 9.4% (+4.4 pp).

18. According to data of the RS Employment Institute, the average number of individuals deleted from the records due to employment in the period January-June 2011 amounted to 1,969 persons, while their number amounted to 1,888 persons in the same period last year.

19. RSEI publishes data on the number of employed persons twice a year, in March and September.

In March 2011, the National Assembly of the Republic of Srpska adopted the *Republic of Srpska Employment Strategy for period 2011-2015* which is focused on maintenance of the achieved level of employment, active participation of the young in the labour market as well as employment of marginalized groups of population.

2.4.2 Salaries and pensions

In the first six months of 2011, **the average net salary reached the value of BAM 808 and it is nominally higher by 3.7% (y/y)**. In the same period, the average net salary at the BiH level increased by 2.4% (see Chart 10).

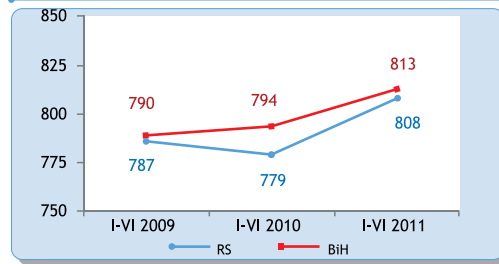
Besides the fact that the average net salary achieved a nominal growth, its real value dropped by 0.2% (y/y) due to a rise in inflationary trends during the first half of 2011.

A positive contribution to the increase in average salary in the first half of 2011 comes from the following sectors of economy: *mining and quarrying, manufacturing and construction industry* (see Chart 11).

In the same period, slow salary growth in public sector is a consequence of legal reduction in salaries of civil servants. For that reason, **the rise in wages in the coming period will be primarily determined by trends within the RS private sector.**

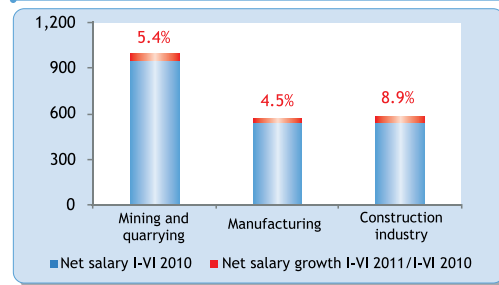
The value of the average net pension in RS nominally stagnated in the first six months of 2011 (see Chart 12).

Chart 10: Average RS and BiH net salary trends, in BAM



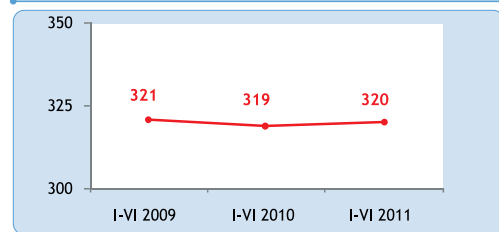
Source: RSIS and BHAS

Chart 11: Average RS net salary growth by sector



Source: RSIS

Chart 12: Average RS pension, in BAM



Source: RSPDIF and calculations of IRBRS

III PRICES AND FINANCIAL SECTOR

3.1 Prices

In the first half of 2011, **inflation in RS, measured by Consumer Price Index (CPI), amounted to 4.0% while at the BiH level it amounted to 3.6% (y/y)**. A significant intensification of the domestic inflationary trends came also from the growth of producer prices which achieved an inter-annual expansion of 5.8% in H1.²⁰

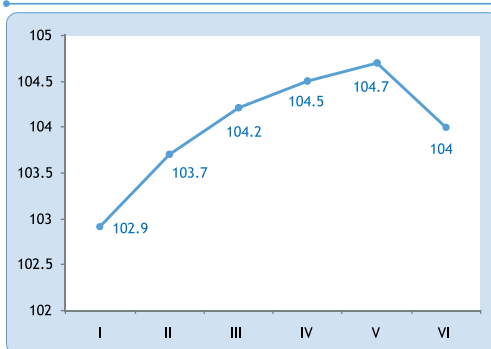
Since the beginning of the year, not considering the seasonal downward variation in prices occurring during summer months, **the RS inflation has been continuously growing** (see Chart 13). In such circumstances, **the domestic consumption, quantified by the value of the RS turnover in retail trade grew at an inter-annual rate of 9.8% in H1 2011.**

Besides administratively determined prices,²¹ **the level of inflation in RS was greatly affected by price trends in categories of fast moving consumer goods.** Namely, in the period January-June 2011, prices of *food* grew at an inter-annual rate of 6.2%, *non-alcoholic beverages* at a rate of 6.8%, *tobacco* at a rate of 11.5%, *alcoholic beverages* at a rate of 2.0%, while the decrease of prices in categories of *clothes* (-3.9%) and *footwear* (-5.8%) relaxed the overall inflationary pressure.

The intensification of inflationary trends was seen in the wider region as well. Thus, in the period of only one year, the inflation in Serbia tripled, while other economies, including the domestic economy, were marked by a more moderate pace of growth in general level of prices (see Chart 14).

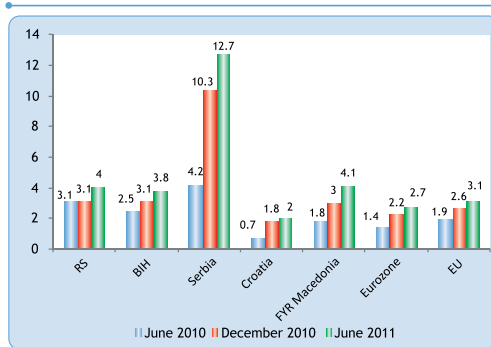
The adverse weather conditions, significant global instability and natural disasters triggered a rise in prices of food products²² and fuel²³ in the international markets, which resulted in the intensification of inflation. Namely, emerging economies like ours are directly linked to the wider economic and geopolitical developments. In that way, RS has been affected by the current global trends so that **the domestic inflation has been imported from abroad** and it is fully contingent on trends in the wider social and economic context. According to the current IMF projections, **the inflation in BiH will amount to 4.0%** in 2011, while it is expected to calm down in 2012 when it should fall to 2.5%.²⁴

Chart 13: Inter-annual inflation rate, measured by Consumer Price Index (CPI) in RS in H1 2010, by month



Source: RSIS

Chart 14: Inflation in the region - inflation rate in June and December 2010 and June 2011 (y/y), in %



Source: RSIS and State Statistics Institutes

20. In 2010, an inter-annual inflation in RS amounted to 2.5%, while producer prices were higher by 2.3%. Source: RSIS

21. In the category of administratively determined prices in H1 2011, prices of water and utilities were higher by 11.3%, communications by 10.5%, transport by 7.7%, electric power and other sources of energy 1.8%. Source: RSIS

22. In 2010, food prices, expressed in dollars, were higher by 11.4%, beverages by 14.1%, agricultural raw materials as input for processing industry, by 33.2%. According to the IMF projections for 2011, food prices will be higher by 24.1%, beverages by 23.9%, and agricultural raw materials by 24.8%. Source: IMF World Economic Outlook, April 2011

23. After a rise of 29.5% in 2010, according to the European Commission projections, oil prices in 2011 will increase by 46.4%. Source: Economic Forecast, Spring 2011

24. Calming down of domestic inflation directly corresponds to the expected fall in oil prices amounting to 4.3%, food of 4.7%, beverages of 3.5% and agricultural raw materials of 11.5%. Source: IMF World Economic Outlook, April 2011

3.2 Financial Markets

3.2.1 Banking Sector

During the first six months of 2011, the level of interest rates on long-term loans in RS was characterized by a mild oscillation. In the same period, interest rates on short-term loans were moderately adjusted downwards as compared to their level at the end of 2010 (see Chart 15).

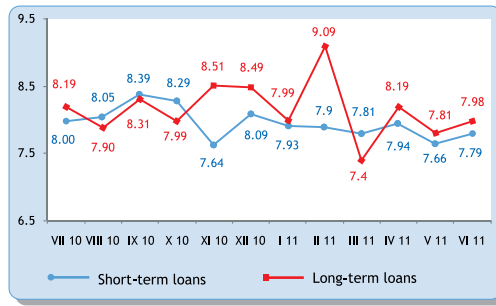
Although the *European Inter Bank Offered Rate-EURIBOR* has been rising constantly since the beginning of 2011, the level of lending interest rates in the local financial market almost stagnated. Namely, the rate of six-month EURIBOR as of 27 September 2011 stood at 1.738% and it was higher by 0.511 percentage points in comparison to its value as of 31 December 2010.²⁵ Among other things, the growth of EURIBOR was also affected by the increase of the *European Central Bank's* reference interest rate to 1.5%,²⁶ as a part of measures employed toward restraining inflation in the countries of the Eurozone. In view of the continuous upward trend in EURIBOR rates, it would be unrealistic to expect a significant decrease of lending interest rates in the domestic banking market during the second half of 2011.

Lending interest rates at the BiH level saw a moderate downward adjustment in the period January-June 2011, which is highly visible when it comes to interests on long-term loans to individuals (see Chart 16).

Despite the restrictive policy implemented by domestic banks with the aim to maintain the business stability and safety, the level of overall lending activity in RS exhibited a mild increase during H1 2011 when compared to H1 2010. Namely, at the end of June 2011, total loans reached the value of BAM 4,134.3 million²⁷ with an inter-annual growth of 9.9% (see Chart 17). In the same period, corporate and retail loans grew at 11.9% and 5.7%, respectively (y/y).

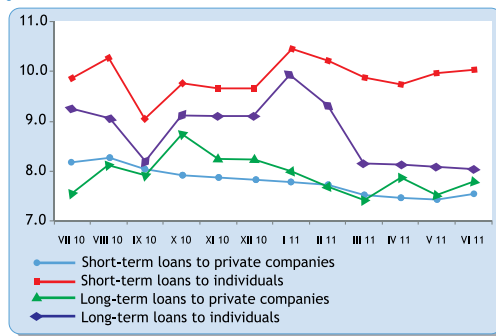
Since the beginning of its lending programme until the end of September 2011, the Republic of Srpska Investment-Development Bank extended a total of BAM 697 million under nine credit lines²⁸ (see Table 6).

Chart 15: RS Lending Interest Rates, in %



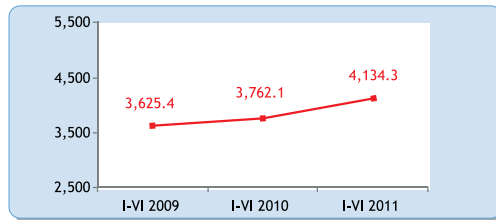
Source: BARS

Chart 16: BiH Lending Interest Rates, in %



Source: CBBH

Chart 17: Total RS Loans, in million BAM



Source: BARS

Table 6: Overview of IRBRS loans by credit line, period 1 April 2008-28 September 2011

Credit Lines	Amount in BAM
CL for start-up activities	2,967,286.06
CL for micro-business in agriculture	17,330,956.64
CL for agriculture	61,146,360.50
CL for entrepreneurs and enterprises	372,539,369.31
Housing loans	184,931,694.98
CL for municipalities	35,825,000.00
Loans for demobilized soldiers	3,529,854.90
Lons for SMEs (EAF)	3,740,000.00
Loans for SMEs (EIB)	15,000,000.00
TOTAL	697,010,522.39

Source: IRBRS

25. Source: www.euribor-ebf.eu

26. The European Central Bank increased its reference interest rate from 1% to 1.25% in April 2011 and subsequently in July 2011 the rate was increased to 1.5%. Source: www.ecb.int

27. 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.

28. Loans to unemployed demobilized soldiers of the RS Army became operational at the end of 2010, while the World Bank and the European Investment Bank loans to SMEs started to be implemented in the first half of 2011.

By ensuring continuity of its lending activities, IRBRS significantly contributed to the maintenance of the overall social and economic stability in RS during escalation of adverse effects of the global economic crisis, but also in the period of upturn in the domestic economy and its return to a positive path of growth and development. The banking sector's credit portfolio is supported to a great extent by IRBRS, given that loans originating from domestic sources, which are fully financed from the IRBRS funds, make up 79% of the total loan sources of the RS banks.²⁹ In the first half of 2011, the Bank started with implementation of the projects based on arrangements with *the World Bank* and *the European Investment Bank*, whereby additional funds were secured for financing development and priority projects as well as current liquidity of small and medium enterprises.

The trend of decline in deposits in 2010 was also noticeable in H1 2011. Namely, total deposits collected in RS as of 30 June 2011 amounted to BAM 3,846.5 million, with an inter-annual contraction of 5.1% (see Chart 18).

The contraction in total deposits is largely a consequence of 43.5% (y/y) decrease in deposits by government institutions, which are committed

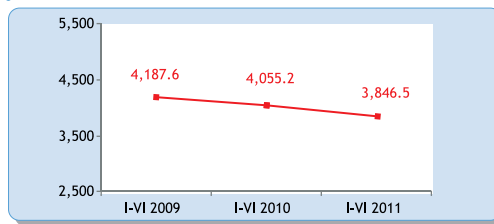
for the purpose of investments, loans and other types of public consumption.³⁰ In the same period, citizens' deposits grew at an inter-annual rate of 18.0%,³¹ which is of great importance in view of building and maintaining the stability of financing sources in the RS banking sector. Besides, their positive variation represents a reliable sign of restoration of the citizens' confidence in the banking sector, i.e. its stability and long-term outlook.

3.2.2 Stock Exchanges

During the first half of 2011, the value of *Republic of Srpska Stock Exchange Index (BIRS)* grew by 10.1%, thus it amounted to 1,052.23 points at the end of June.³² With moderate monthly volatility, which is a characteristic of other indices in the region (see Chart 19), BIRS exceeded its value at the end of H1 2010³³ by almost 30.0%.

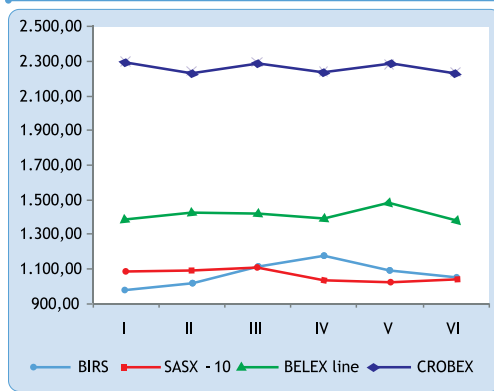
In the first six months of 2011, total turnover at the *Banjaluka Stock Exchange* almost tripled in comparison to the same period last year. Namely, the turnover amounting to a total of BAM 192.4 million³⁴ was achieved through 13,260 individual transactions, and it exceeded the total turnover in 2010, which amounted to BAM 176.2 million. With an inter-annual growth of 76.7%, the average amount of individual transaction in H1 reached the value of BAM 14,508.³⁵

Chart 18: Total Deposits in RS, in million BAM



Source: ABRS

Chart 19: Value of stock exchange indices in the region in H1 2011, by month



Source: Banjaluka Stock Exchange and stock exchanges in the region

29. Out of the total number of loans provided by the RS banks, 79% consist of loans originating from the domestic sources (IRBRS), 18% loans from foreign banks, 2% loans from international funds and 1% from other sources. Source: Report on Banking System of the Republic of Srpska for period 1 January 2011 to 30 June 2011.

30. Source: Report on Banking System of the Republic of Srpska for period 1 January to 30 June 2011.

31. Citizens' deposits take the largest share in the structure of the RS banking sector deposits, i.e. 41% of the total deposits. According to data of BARS as of 30 June 2011, citizens' deposits amounted to BAM 1,573.7 million.

32. As of 30 June 2011.

33. As of 30 June 2010, BIRS value amounted to 824.18 points. Source: Banjaluka Stock Exchange

34. In the period January-June 2010, total turnover at the Banjaluka Stock Exchange amounted to BAM 66,909,313 and it was achieved through 8,150 individual transactions. Source: Banjaluka Stock Exchange.

35. The average value of a transaction conducted during the first half of 2010 amounted to BAM 8,210.

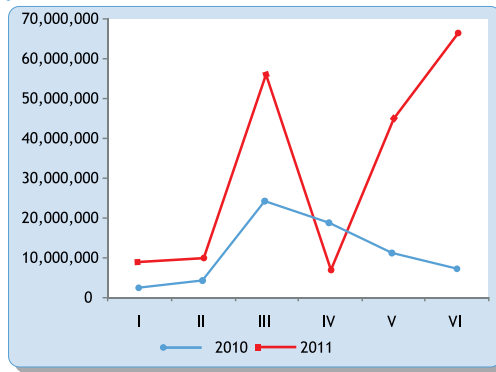
Since the beginning of 2011, except in April, the turnover at the Banjaluka Stock Exchange has constantly exceeded the value in 2010 (see Chart 20). Namely, a sharp rise in turnover in March, May and June is mostly the result of successful implementation of *public offerings of bonds*³⁶ and *public offerings of RS treasury bills*.³⁷

The level of total liquidity in the domestic capital market was strongly affected by the implementation of *public offerings of treasury bills and public offerings of bonds* which participated with 60.0% in the structure of total turnover at the Banjaluka Stock Exchange in the first six months of 2011 (see Chart 21). In the same period, **the relative importance of regular trade in shares and bonds dropped by 5.7 percentage points.**³⁸

As of 30 June 2011, the value of market capitalization at the Banjaluka Stock Exchange amounted to BAM 4.2 billion and it is higher by 7.2% as compared to the end of 2010³⁹ or 11.5% in comparison to the end of H1 2010.⁴⁰ The average market capitalization reacted positively to the growth of liquidity and thus it was constantly higher than the average market capitalization in 2010 (see Chart 22).

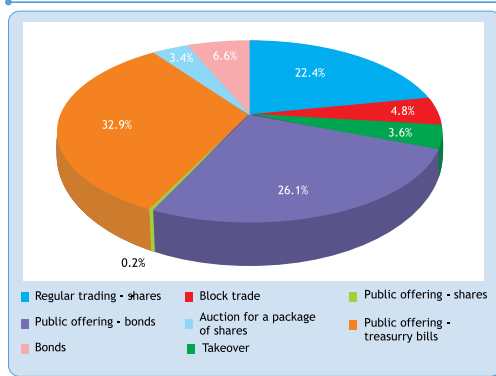
In the period January–June 2011, almost ¼ of the total turnover at the Banjaluka Stock Exchange was related to IRBRS investment activities (purchase and sale of securities).⁴¹ In the observed period, the Bank supported the following public issues of municipal bonds: *Municipality of Laktaši, second issue*, with BAM 4,500,000, *Municipality of Novi Grad*, with BAM 2,000,000 and *Municipality of Lopare, second issue*, with BAM 277,500. Also, IRBRS strongly encouraged corporate borrowers to issue bonds in which IRBRS invested about BAM 36 million. Through its overall activities in the domestic capital market, **the Bank has provided a significant contribution to further market growth and development, while, at the same time, it has been established as one of the leading institutional investors.**

Chart 20: Total turnover at Banja Luka Stock Exchange, period January to June 2010 and January to June 2011, by month, in BAM



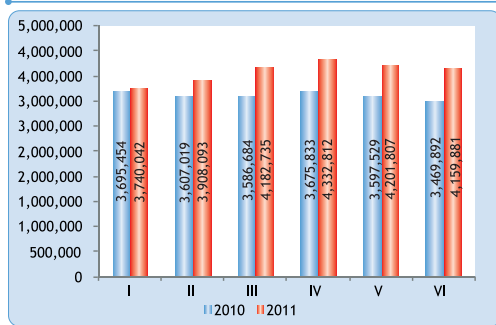
Source: Banjaluka Stock Exchange

Chart 21: Structure of total turnover at Banja Luka Stock Exchange in H1 2011



Source: Banjaluka Stock Exchange

Chart 22: Average value of market capitalization at Banja Luka Stock Exchange, in periods January-June 2010 and January-June 2011, by month, in 000 BAM



Source: Banjaluka Stock Exchange

36. In March, public offerings of bonds were successfully completed for the following issuers: Municipality of Laktaši in the amount of BAM 4,500,000 and Jahorina OC a.d.Pale in the total amount of BAM 15,000,000. In June, the following public offerings of bonds were completed: Atlantik BB d.o.o. Banja Luka in the amount of BAM 1,500,000, Kaldera Company d.o.o. Laktaši, BAM 7,000,000 and Unis-Fabrika cijevi AD Derвента, BAM 20,000,000.

37. The first auction of RS treasury bills was conducted on 11 May 2011 and the second on 20 June 2011. During the first auction, a total turnover amounted to BAM 35,558,640 and during the second it amounted to BAM 27,638,686.

38. Regular trading in shares and bonds participated with 29.0% in the structure of total turnover at the Banjaluka Stock Exchange in H1 2011 and with 34.7% in the same period of 2010. Source: Banjaluka Stock Exchange.

39. The value of market capitalization as of 31 December 2010 amounted to BAM 3,934,902,172.36. Source: Banjaluka Stock Exchange.

40. The value of market capitalization as of 30 June 2010 amounted to BAM 3,785,743,674.94. Source: Banjaluka Stock Exchange

41. In the period January–June 2011, total IRBRS investments in securities amounted to BAM 47,436,849, of which BAM 42,817,500 referred to purchase and BAM 4,619,349 was related to sale.

IV FOREIGN TRADE

In the first six months of 2011, **the value of total RS foreign trade grew at an inter-annual rate of 15.8%**. In the same period, the RS exports and imports were higher by 16.0% and 15.8%, respectively (see Chart 23). The export-import ratio amounted to 57.8% which is **about 11 percentage points higher than ratio in 2008 and 2009** and by 4 percentage points higher than 2010 ratio.⁴²

The total foreign trade activity at BiH level, led by intensive growth in exports amounting to 20.5% and imports amounting to 18.2%, was higher by 19.2% at an inter-annual level in the period January to June 2011 (see Chart 24). During H1, export-import ratio improved by additional 3.1 pp and it amounted to 55.2%.⁴³

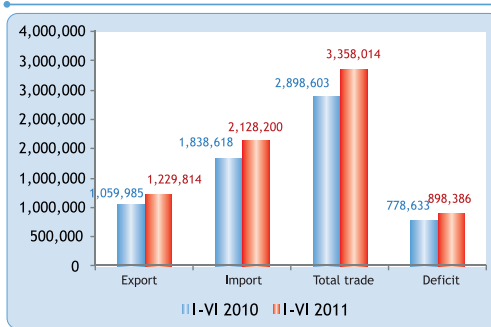
Following a contraction in 2009⁴⁴ and 2010,⁴⁵ first half of 2011 saw a growth of foreign trade deficit. Namely, due to considerably higher dynamics of growth of imports which almost equalled the rate of growth of domestic export, the RS foreign deficit increased by 15.4%, while total deficit at the BiH level is higher by 15.9% (y/y).

During the first half of 2011, the import of *durable consumer goods* decreased by 4.1%. In the same period, due to recovery of global, personal and investment consumption, the exports of *capital goods* and *durable consumer goods* in RS grew at a rate of 27.4% and 23.6% respectively.

In the period January-June 2011, about 41% of the RS foreign trade was conducted with the EU countries (50.9% of exports and 34.8% of imports)⁴⁶ and with the countries signatories of the Central European Free Trade Agreement-CEFTA⁴⁷ almost 31% (39.2% of exports and 26.2% of imports).⁴⁸ In the same period, the main RS export partners included *Serbia (16.3%), Italy (15.1%) and Croatia (13.8%)*, whereas import partners included *Russia (24.4%), Serbia (17.7%) and Italy (8.7%)*.

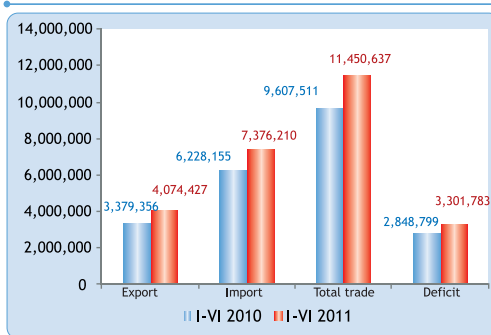
In the first six months of 2011, **economies in the region, except Croatia, were marked by high relative growth of export which exceeded the import growth dynamics** (see Chart 25). Thus the results achieved by these economies exceeded the expectations of the global growth in foreign trade as well as its growth at the level of developing countries. Namely, according to the IMF estimates, **after a 3.9% rise in the volume of world trade in 2010, it is expected to slow down to 3.5% in 2011.**⁴⁹ The export growth of developing economies will slow down from 1.7% in 2010 to 1.6% in 2011, while the import growth rate will remain unchanged as compared to 2010 (2.8%).

Chart 23: Comparative ratio of RS foreign trade activity in period January-June 2010 and January-June 2011, in 000 BAM



Source: RSIS

Chart 24: Comparative ratio of BiH foreign trade activity in period January-June 2010 and January-June 2011, in 000 BAM



Source: BHAS

42. Export-import ratio in 2008 amounted to 46.4%, in 2009 it amounted to 46.9%, in 2010 it amounted to 53.7%. Source: RSIS

43. In 2010, export-import ratio amounted to 52.1% which represents a growth of 7.3 pp compared to 2009 (44.8%). Source: BHAS

44. In 2009, RS deficit in foreign trade dropped 14.7%, while at BiH level it decreased by 28.8% (y/y). Source: RSIS and BHAS

45. During 2010, negative balance in the foreign merchandise trade at an inter-annual level was smaller by 1.0% in RS and by 4.4% at BiH level. Source: RSIS and BHAS

46. In the same period, about 50% of total BiH merchandise trade was conducted with the EU (56.1% of exports and 45.5% of imports). Source: BHAS

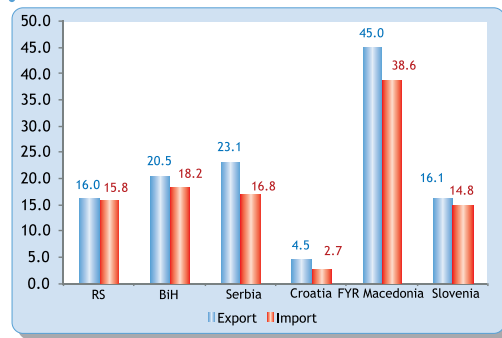
47. Countries – signatories of the Agreement (Albania, BiH, Croatia, FYR Macedonia, Moldova, Montenegro, Serbia and the UNMIK/Kosovo, as customs territory pursuant to the United Nations Security Council Resolution No. 1244) participated in the structure of total RS exports and imports with 40.8% and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

48. In the first six months of 2011, 27.9% of total BiH international merchandise trade was conducted with CEFTA signatories (33.4% of exports and 24.8% imports). Source: BHAS

49. Source: World Economic Outlook Update, IMF April 2011

In the forthcoming period, total **RS and BiH** foreign trade activity will be affected by two groups of factors, those that result only in the **nominal growth of its value** (*global price growth*) and the other ones that result in the **increase in both value and volume** (*level of domestic consumption - private and investment, global demand trends, industrial production, etc*).

Chart 25: Inter-annual growth in exports and imports in period January-June 2011, in %



Source: RSIS and entity statistics institutes

V STATISTICAL ANNEX

Table 1: Gross Domestic Product and Gross Value Added for RS at current prices, production approach

Sector	Gross value added (000 BAM)			Structure, %			Real growth,%		
	2008	2009	2010	2008	2009	2010	08/07	09/08	10/09
A Agriculture, hunting and forestry	977,617	921,037	886,709	11.5	11.2	10.7	6.1	-3.4	-5.7
B Fishing	5,458	6,468	2,833	0.1	0.1	0.0	24.3	1.9	-32.9
C Mining and quarrying	169,204	137,757	155,527	2.0	1.7	1.9	20.7	-10.4	11.0
D Manufacturing	736,521	780,722	735,440	8.7	9.5	8.9	1.9	2.3	4.5
E Electricity, gas and water supply	394,352	406,620	419,960	4.6	4.9	5.1	10.5	3.6	3.0
F Construction	507,483	483,496	399,596	6.0	5.9	4.8	18.8	-6.0	-7.9
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	1,147,208	991,725	1,032,335	13.5	12.1	12.4	9.6	-11.7	1.9
H Hotels and restaurants	117,846	119,046	124,775	1.4	1.4	1.5	-3.8	-5.3	3.6
I Transport, storage and communication	547,778	540,687	578,811	6.5	6.6	7.0	-4.5	-12.6	25.4
J Financial intermediation	220,849	237,705	228,301	2.6	2.9	2.7	8.4	17.5	0.9
K Real estate, renting and business activities	704,360	732,980	753,770	8.3	8.9	9.1	-0.3	-6.1	2.5
L Public administration and defense, compulsory social security	773,288	837,902	814,873	9.1	10.2	9.8	4.0	3.0	0.8
M Education	323,795	356,573	358,329	3.8	4.3	4.3	5.2	4.0	2.8
N Health and social work	391,344	352,715	371,393	4.6	4.3	4.5	1.5	3.1	4.1
O Other community, social and personal service activities	135,819	155,011	173,279	1.6	1.9	2.1	6.5	9.7	3.4
FISIM (minus)	182,251	185,147	174,243	2.1	2.3	2.1	25.6	29.3	3.7
Gross value added	6,970,671	6,875,297	6,861,688	82.1	83.6	82.6	6.2	-3.0	0.8
Net taxes on products	1,518,616	1,347,677	1,445,286	17.9	16.4	17.4	6.2	-3.0	0.8
GDP at market prices	8,489,287	8,222,974	8,306,974	100.0	100.0	100.0	6.2	-3.0	0.8
Population-mid-year estimate	1,437,477	1,435,179	1,433,038						
Gross Domestic Product per capita, BAM	5,906	5,730	5,797						

Source: RSIS

Table 2: Gross Domestic Product and Gross Value Added for BiH at current prices, production approach

Sector	Gross value added (000 BAM)			Structure in %			Real growth %		
	2008	2009	2010	2008	2009	2010	08/07	09/08	10/09
A Agriculture, hunting and forestry	1,842,644	1,759,391	1,733,432	7.5	7.3	7.1	4.3	-1.8	-6.4
B Fishing	8,036	10,405	6,386	0.0	0.0	0.0	23.4	14.4	-24.2
C Mining and quarrying	512,295	500,430	491,701	2.1	2.1	2.0	12.1	-8.1	0.7
D Manufacturing	2,827,418	2,588,548	2,757,317	11.4	10.8	11.3	6.3	-6.3	6.9
E Electricity, gas and water supply	1,022,046	1,061,498	1,098,903	4.1	4.4	4.5	9.7	0.8	3.6
F Construction	1,340,151	1,269,079	1,082,681	5.4	5.3	4.4	16.9	-7.2	-11.6
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	3,299,982	3,143,085	3,242,704	13.4	13.1	13.2	7.2	-6.0	0.4
H Hotels and restaurants	496,686	484,537	491,149	2.0	2.0	2.0	-2.2	-7.8	0.8
I Transport, storage and communication	1,661,487	1,648,936	1,698,298	6.7	6.9	6.9	7.4	-4.1	0.7
J Financial intermediation	852,233	869,019	883,638	3.4	3.6	3.6	5.8	6.0	0.1
K Real estate, renting and business activities	2,059,518	2,158,664	2,207,123	8.3	9.0	9.0	1.8	-0.8	1.4
of which imputed rent	1,128,851	1,164,414	1,164,876	4.6	4.9	4.8			
L Public administration and defense, compulsory social security	2,191,304	2,349,212	2,274,239	8.9	9.8	9.3	3.6	1.8	0.7
M Education	1,114,566	1,160,528	1,181,219	4.5	4.8	4.8	3.9	1.8	2.0
N Health and social work	1,091,845	1,095,379	1,135,058	4.4	4.6	4.6	2.3	2.9	2.3
O Other community, social and personal service activities	473,797	493,824	527,558	1.9	2.1	2.2	5.1	0.4	3.0
FISIM (minus)	682,945	675,832	674,924	2.8	2.8	2.8	10.7	11.4	1.1
Gross Value Added	20,111,063	19,916,703	20,136,482	81.4	83.0	82.2	5.7	-3.0	0.7
Taxes on products and services and import less subsidies	4,606,518	4,087,010	4,349,058	18.6	17.0	17.8	5.7	-2.9	0.7
GROSS DOMESTIC PRODUCT AT MARKET PRICES	24,717,581	24,003,713	24,485,540	100.0	100.0	100.0	5.7	-2.9	0.7
Population-mid-year estimate	3,842	3,843	3,843						
Gross Domestic Product per capita, BAM	6,433	6,246	6,371						

Source: BHAS

Table 3: Contributions to nominal GDP growth, by sector, in pp

Sector		Republic of Srpska			Bosnia and Herzegovina		
		2008	2009	2010	2008	2009	2010
A	Agriculture, hunting and forestry	0.81	-0.67	-0.42	0.49	-0.34	-0.11
B	Fishing	0.00	0.01	-0.04	0.00	0.01	-0.02
C	Mining and quarrying	0.59	-0.37	0.22	0.37	-0.05	-0.04
D	Manufacturing	0.84	0.52	-0.55	1.73	-0.97	0.70
E	Electricity, gas and water supply	1.14	0.14	0.16	1.20	0.16	0.16
F	Construction	1.49	-0.28	-1.02	1.29	-0.29	-0.78
G	Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	3.77	-1.83	0.49	2.76	-0.63	0.42
H	Hotels and restaurants	0.02	0.01	0.07	0.13	-0.05	0.03
I	Transport, storage and communication	1.22	-0.08	0.46	0.78	-0.05	0.21
J	Financial intermediation	0.32	0.20	-0.11	0.25	0.07	0.06
K	Real estate, renting and business activities	0.25	0.34	0.25	0.53	0.40	0.20
L	Public administration and defense, compulsory social security	1.89	0.76	-0.28	1.49	0.64	-0.31
M	Education	1.24	0.39	0.02	0.98	0.19	0.09
N	Health and social work	1.96	-0.46	0.23	1.19	0.01	0.17
O	Other community, social and personal service activities	0.38	0.23	0.22	0.24	0.08	0.14
	FISIM (minus)	0.49	0.03	-0.13	0.26	-0.03	0.00
	Gross Value Added	15.42	-1.12	-0.17	13.17	-0.79	0.92
	Taxes on products and services and import less subsidies	0.06	-2.01	1.19	0.33	-2.10	1.09
	Gross Domestic Product at market prices	15.49	-3.14	1.02	13.50	-2.89	2.01

Source: IRBRS calculations based on Statistics Institutes data

Table 4: Industrial production in RS, indices

Index period	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Baseline period	Same period last year								
Industry	105.0	104.6	103.6	108.8	101.7	103.6	102.8	97.3	107.9
C) Mining and quarrying	109.1	129.0	123.0	157.3	126.4	113.7	114.7	107.0	133.8
D) Manufacturing	105.1	107.8	105.7	109.8	105.2	108.5	106.1	98.4	108.0
E) Electricity, gas and water supply	103.0	94.7	94.2	98.0	90.8	94.6	92.2	91.8	96.9

Source: RSIS

Table 5: Industrial production in BiH, indices

Index period	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Baseline period	Same period last year								
Industry	101.6	110.5	107.7	117.5	106.6	108.0	103.2	102.3	110.4
C) Mining and quarrying	96.2	115.7	119.7	131.7	112.9	106.4	119.4	120.8	131.1
D) Manufacturing	101.9	113.7	108.4	122.5	109.9	109.9	103.3	102.0	107.3
E) Electricity, gas and water supply	103.7	101.2	100.4	103.3	96.7	103.6	94.7	94.8	110.0

Source: BHAS

Table 6: RS construction activity, indices

Index period	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Baseline period	Same period last year								
Value of works performed, in 000 BAM	78.1	117.0	114.2	74.2	133.2	134.9	96.6	117.5	121.4
Number of workers on construction works	87.3	88.7	87.6	85.7	90.5	89.6	85.6	89.1	85.4
Worked effective hours on construction works	85.5	88.7	88.8	79.6	95.0	90.5	85.6	91.6	89.4

Source:RSIS

Table 7: Unemployment in RS

Category	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Number of unemployed	145,343	149,482	149,674	147,912	149,459	151,076	150,911	149,573	149,110
Newly entered into the records	5,258	6,131	5,351	6,282	5,611	6,500	4,796	4,374	4,544
Total deleted from the records	5,351	3,919	4,470	3,648	3,606	4,502	4,708	5,467	4,891
Deleted from the records due to employment	2,040	1,586	1,969	1,429	1,489	1,841	1,983	2,771	2,300

Source: RSEI

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

Sectors	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Total	784	803	808	798	804	807	803	816	817
A Agriculture, hunting and forestry	583	594	595	613	598	578	595	595	599
B Fishing	631	592	600	667	545	508	576	594	648
C Mining and quarrying	944	994	999	971	1,062	957	929	1,029	1,057
D Manufacturing	551	560	567	553	559	567	576	569	578
E Electricity, gas and water supply	920	951	950	942	986	927	933	961	954
F Construction	555	585	584	593	600	566	568	592	591
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	585	604	603	603	602	607	598	603	604
H Hotels and restaurants	531	553	550	540	574	550	537	555	547
I Transport, storage and communication	773	767	793	774	655	871	858	802	789
J Financial intermediation	1,221	1,245	1,256	1,268	1,202	1,255	1,326	1,225	1,247
K Real estate, renting and business activities	619	636	639	623	638	645	643	634	645
L Public administration and defense, compulsory social security	1,046	1,060	1,059	1,042	1,074	1,064	1,045	1,061	1,068
M Education	885	875	881	848	882	893	859	898	901
N Health and social work	1,018	1,030	1,032	1,049	1,031	1,008	1,033	1,026	1,042
O Other community, social and personal service activities	615	621	625	630	617	617	621	626	636

Source: RSIS

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

Sectors	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Total	798	808	813	807	799	818	811	821	820
A Agriculture, hunting and forestry	649	656	662	663	643	663	659	666	675
B Fishing	597	559	571	616	530	511	559	577	609
C Mining and quarrying	825	860	886	857	862	862	887	912	937
D Manufacturing	567	570	575	568	561	580	577	582	580
E Electricity, gas and water supply	1,125	1,136	1,141	1,137	1,113	1,156	1,124	1,163	1,150
F Construction	524	540	543	539	537	543	540	551	550
G Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	563	566	567	565	562	570	567	569	569
H Hotels and restaurants	533	535	537	532	537	536	536	543	538
I Transport, storage and communication	899	881	892	872	852	917	913	900	895
J Financial intermediation	1,277	1,333	1,315	1,328	1,329	1,343	1,309	1,275	1,306
K Real estate, renting and business activities	726	721	722	730	712	721	725	721	725
L Public administration and defense, compulsory social security	1,102	1,131	1,135	1,129	1,130	1,133	1,134	1,140	1,142
M Education	857	852	859	839	854	864	859	870	868
N Health and social work	995	988	993	1,000	952	1,008	984	1,007	1,005
O Other community, social and personal service activities	730	733	733	735	732	731	728	736	735

Source: BHAS

Table 10: Overview of inflation trend in RS, measured by Consumer Price Index- CPI

Index period	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Baseline period	Same period last year								
TOTAL	102.5	103.6	104.0	102.9	103.7	104.2	104.5	104.7	104.0
Food and non-alcoholic beverages	99.2	105.4	106.3	103.7	105.7	106.8	107.2	107.9	106.3
Alcoholic beverages and tobacco	120.5	107.6	107.8	107.5	107.6	107.7	107.8	107.9	108.4
Clothing and footwear	96.3	95.6	95.5	95.7	95.4	95.7	95.6	95.2	95.4
Housing, water, electricity, gas and other fuels	104.1	102.3	102.4	101.8	102.6	102.4	102.7	102.2	102.7
Furnishings, household equipment and routine maintenance of the house	99.8	100.1	100.3	100.5	100.0	99.8	100.4	100.5	100.8
Health care	102.8	100.2	99.5	100.5	100.3	99.8	99.3	98.8	98.5
Transport	106.5	107.0	107.7	105.9	106.9	108.3	108.8	108.9	107.3
Communications	108.3	110.8	110.5	110.8	110.8	110.9	110.2	110.2	110.2
Recreation and culture	100.0	99.8	100.0	100.0	99.6	99.7	100.0	100.3	100.6
Education	105.4	99.5	99.6	99.5	99.5	99.6	99.6	99.6	99.6
Restaurants and hotels	100.4	100.5	100.6	100.4	100.5	100.7	100.7	100.8	100.8
Other goods and services	100.7	99.6	99.5	99.5	99.4	100.0	99.6	99.5	99.0

Source: RSIS

Table 11: Lending interest rates in RS, in %

Category	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Interest rates on short term loans	8.25	7.87	7.85	7.93	7.90	7.81	7.94	7.66	7.79
Interest rates on long term loans	8.3	7.92	7.95	7.99	9.09	7.40	8.19	7.81	7.98
Total loans	8.27	7.89	7.89	7.94	8.40	7.59	8.03	7.74	7.87

Source: BARS

Table 12: Lending interest rates in BiH, in %

Category	XII 2010	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Interest rates on short-term loans to private companies	7.84	7.78	7.70	7.54	7.49	7.46	7.54
Interest rates on short-term loans to individuals	9.67	10.45	10.22	9.86	9.74	9.96	10.03
Interest rates on long-term loans to private companies	8.25	8.00	7.72	7.45	7.86	7.54	7.80
Interest rates on long-term loans to individuals	9.10	9.93	9.31	8.15	8.13	8.11	8.03

Source: CBBH

Table 13: RS and BiH Foreign Trade, in 000 BAM

Republic of Srpska	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Export	2,177,809	579,434	1,229,814	175,612	191,390	212,435	213,851	207,627	228,912
Import	4,053,076	970,544	2,128,200	282,137	318,159	370,045	344,250	344,718	467,781
Trade volume	6,230,885	1,549,978	3,358,014	457,749	509,549	582,480	558,101	552,345	696,693
Trade balance	-1,875,267	-391,110	-898,386	-106,525	-126,769	-157,610	-130,399	-137,091	-238,869
Export-import ratio	53.7	59.7	57.8	62.2	60.2	57.4	62.1	60.2	48.9
Bosnia and Herzegovina	I-XII 2010	I-III 2011	I-VI 2011	I 2011	II 2011	III 2011	IV 2011	V 2011	VI 2011
Export	7,095,505	1,972,482	4,074,427	618,599	647,876	706,007	705,415	690,335	706,195
Import	13,616,204	3,393,651	7,376,210	951,437	1,115,821	1,326,394	1,284,369	1,281,803	1,416,387
Trade volume	20,711,709	5,366,133	11,450,637	1,570,036	1,763,697	2,032,401	1,989,784	1,972,138	2,122,582
Trade balance	-6,520,699	-1,421,169	-3,301,783	-332,838	-467,945	-620,387	-578,954	-591,468	-710,192
Export-import ratio	52.1	58.1	55.2	65.0	58.1	53.2	54.9	53.9	49.9

Source: RSIS and BHAS

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