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ACRONYMS

| | |
|----------|--|
| RS | Republic of Srpska |
| BiH | Bosnia and Herzegovina |
| BARS | Banking Agency of the Republic of Srpska |
| IRBRS | Republic of Srpska Investment-Development Bank |
| GDP | Gross Domestic Product |
| y/y | Year over year (same period last year) |
| BAM | Convertible Mark |
| S | Securities |
| EU | European Union |
| IMF | International Monetary Fund |
| RSIS | Republic of Srpska Institute of Statistics |
| BHAS | Bosnia and Herzegovina Agency for Statistics |
| EUROSTAT | Statistical Office of the European Union |
| Q | Quarter |
| RSEI | Republic of Srpska Employment Institute |
| BIRS | Republic of Srpska Stock Exchange Index |
| LFS | Labour Force Survey |
| CPI | Consumer Price Index |
| RSPDIF | Republic of Srpska Pension and Disability Insurance Fund |
| EURIBOR | European Interbank Offered Rate |

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1. SUMMARY

The beginning of 2013 brought an economic upturn in the Republic of Srpska. Namely, in conditions of more favourable global economic trends and developments, **the RS economic activity**, measured by real GDP growth rate, **recorded inter-annual quarterly growth rates of 1.9% in Q1, 2.4% in Q2, 1.9% in Q3 and 2.0% in Q4 2013.** Considering the wider regional context, besides RS, only Serbia saw positive GDP growth rates in every individual quarter of the last year.

The primary impetus to domestic economic recovery originated from good industrial results, especially in the sector of *textile and wood processing industry*. Thus the physical volume of the overall industrial production grew by 4.1% in 2013. Concurrently, the RS exports and imports grew at 9.0% and 1.4% respectively. Under circumstances of a more dynamic export growth as compared to the import growth in the course of last year, the total foreign trade deficit was reduced by almost BAM 150 million.

During 2013, positive trends were noted in the RS construction sector which achieved a growth of 0.8% in the value of works performed at an inter-annual level. Furthermore, **the labour market also showed signs of recovery:** the number of persons registered by the *RS Employment Institute* decreased by 1.3%, while the number of the employed was higher by 1.4% in September in comparison to the employment figure from March 2013.

In circumstances of a moderate decrease in interest rates on short-term and long-term borrowings during the first nine months of 2013, **total loans in the RS banking system grew by 4.7% y/y.** In the same period, **total deposits in domestic banks increased by 6.2%**, led by deposit growth in the retail sector (+14.7%). As part of the slowdown in inflationary trends, which was observed in a wider region, **the average consumer price in RS remained unchanged in 2013 as compared to the level in the previous year.**

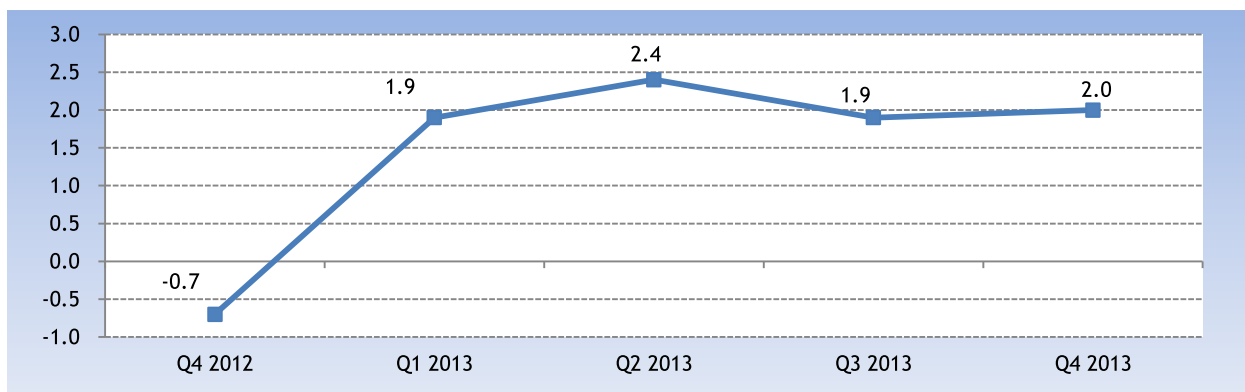
The economic growth is expected to continue in 2014, both on a global scale and in the context of domestic economy. Namely, according to expectations of the RS Government stated in the *Economic Policy of the Republic of Srpska for 2014*, **the RS economy will grow at the real rate of 2.0%** which should be, according to the IMF estimates, the rate of total BiH economic growth in 2014.

2. REAL SECTOR

2.1 Gross domestic product

A period of short-term contraction in 2012 was followed by a gradual upturn of total domestic economic activity during 2013, with an inter-annual growth of RS GDP of 2.1%.¹ When observed by quarter, GDP grew at a rate of 1.9% in Q1, 2.4% in Q2, and at 1.9% and 2.0% in Q3 and Q4, respectively (see Chart 1).

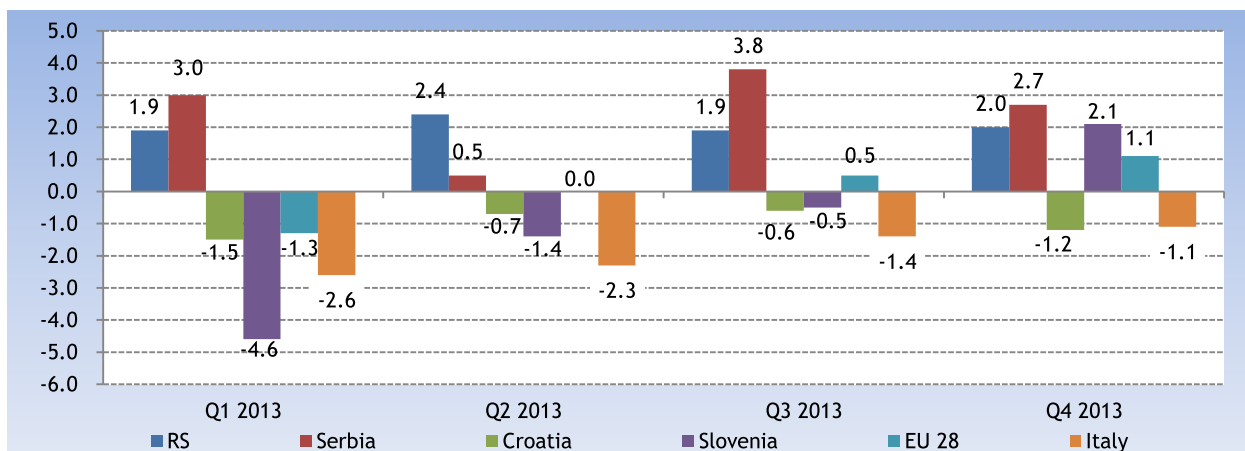
Chart 1: Quarterly RS GDP, production approach, real growth rates (y/y), in %



Source: RSIS

The neighbouring countries, which are simultaneously primary markets for the domestic export offer, achieved mixed economic results during 2013 (see Chart 2). Namely, **besides RS, only Serbia recorded positive GDP growth rates in each quarter of the last year.** The EU28 GDP growth was evident in Q3 and Q4, while the last quarter saw a moderate increase of economic activity in Slovenia as well. Given the importance of the EU's economic recovery for production and overall export results, it is a positive signal which directly reflects on the total economic trends in our local context.

Chart 2: Quarterly real GDP growth rates in the RS's major foreign trade partner countries, (y/y), in %

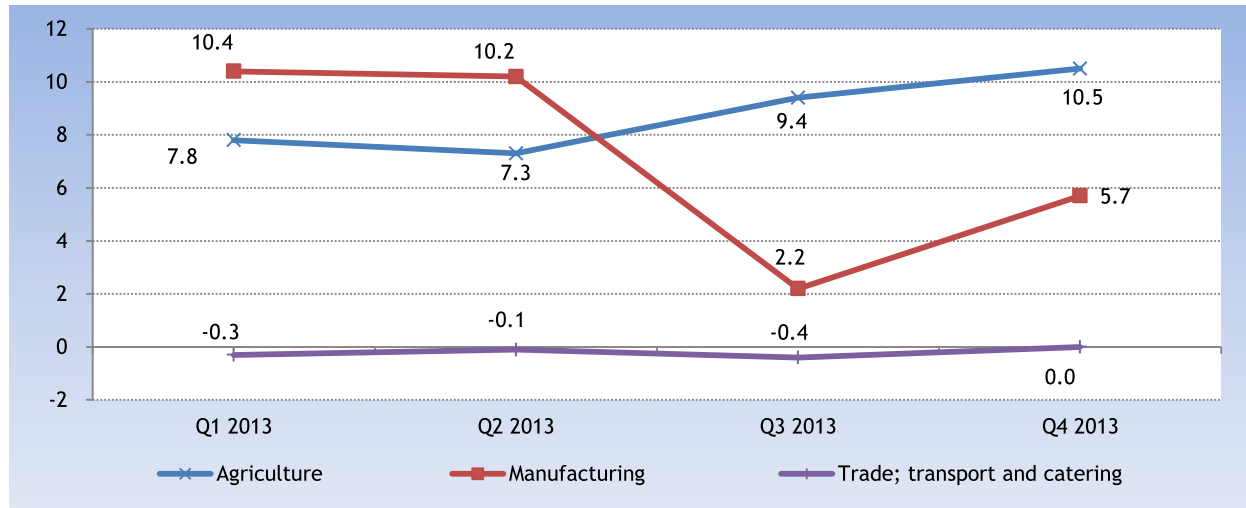


Source: RSIS

¹ Arithmetic average of quarter GDP growth rates in 2013

The economic growth during 2013 was primarily related to a gradual recovery of export demand for domestic products.² Thus good export results in the sector of *electricity production and supply* (+260.2%), *agriculture* (+14.4%) and *manufacturing industry* (+4.2%) have established the **agriculture and manufacturing sectors as primary generators of the overall domestic economic recovery since the beginning of 2013.** (see *Chart 3*).³ On the other side, under the influence of a higher volatility of domestic consumption, the sectors of *trade, transport and catering* saw a moderate inter-annual drop in the value, with negative contribution to the RS GDP growth.

Chart 3: Quarterly GDP growth rates of selected economic sectors in RS (y/y), in %



Source: RSIS

A high increase in exports during the last quarter of 2013,⁴ as well as moderate recovery of domestic consumption which ensued at the end of the year,⁵ clearly indicate a **continuation of the positive economic trends in 2014 as well.** Namely, according to the RS Government's projections for 2014, as stated in the document *Economic Policy of the Republic of Srpska for 2014*, **the domestic economy will increase at a real rate of 2.0%** which should correspond to the BiH overall economic growth, in line with the IMF's projections. However, as before, the economic developments in the local settings will be primarily conditioned by the wider economic context as well as very dynamics of recovery of the key export markets of the Republic of Srpska.

2.2 Industrial production

In 2013, the physical volume of industrial production in RS grew by 4.1% at an inter-annual level. In that way, following a temporary interruption during 2012, a long-term positive trend of domestic industrial expansion has continued. (see *Chart 4*).

² More about the RS export results will be elaborated in the following chapters of the Economic Monitor.

³ Data about the production value in the sector of electricity supply are not available.

⁴ The RS exports grew by 13.5% in Q4 2013, y/y. Source: RSIS

⁵ Total turnover in the RS retail and wholesale trade grew by 2.2% during the last quarter of 2013 in comparison to the same period last year. Source: RSIS

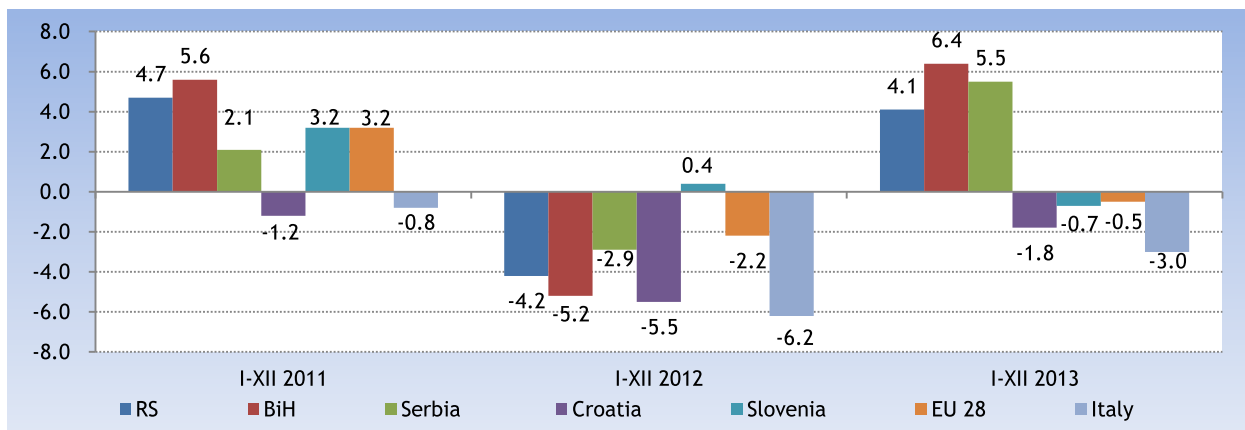
Chart 4: Growth rates of industrial production in RS, y/y, in %



Source: RSIS

In the wider regional context, **the industrial growth was evident only in case of Serbia**, while negative industrial trends were recorded in Croatia, Slovenia, Italy and the EU (see Chart 5). However, dependence of the domestic economic trends on the wider economic context is best confirmed exactly by the RS industrial results. Thus, the improvement of industrial trends in the major export partner countries, through increase in demand, led to strengthening of the total industrial production in RS.

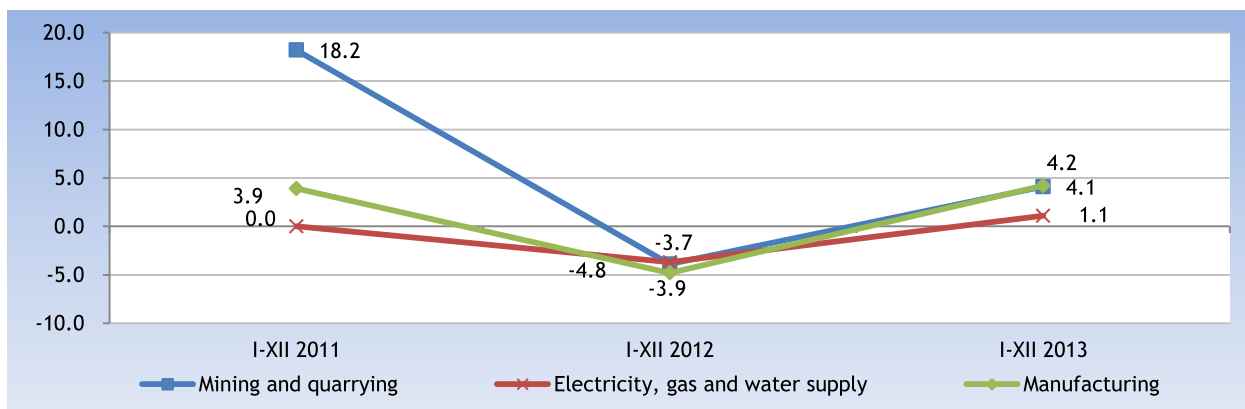
Chart 5: Comparative review of industrial production growth (y/y), in %



Source: National statistics offices

All RS industry sectors saw a rise in the production activity during 2013. An inter-annual growth of 4.2% was achieved in the *manufacturing* sector, 4.1% in the sector of *mining and quarrying* and 1.1% in the sector of *electricity production and supply* (see Chart 6).

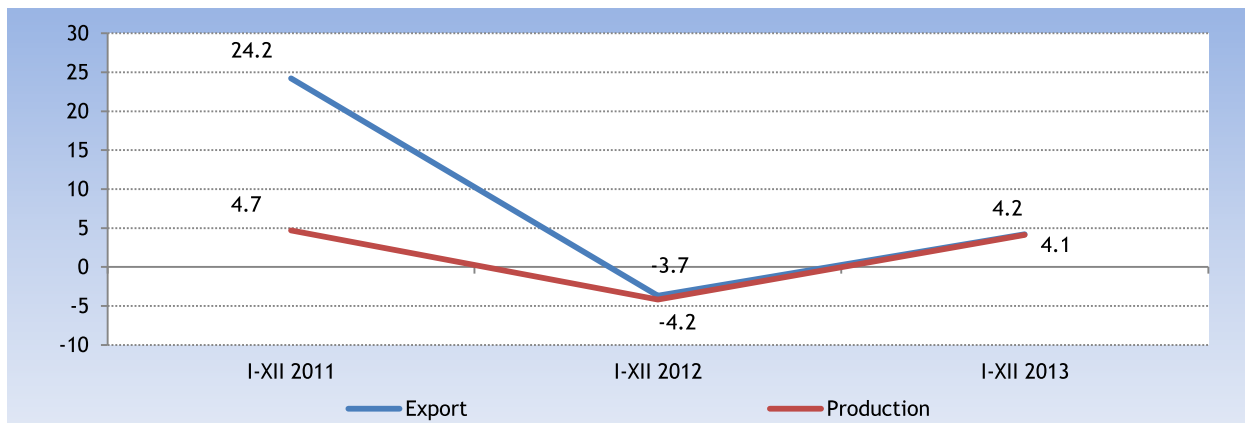
Chart 6: Growth rates of RS industry sectors (y/y), in %



Source: RSIS

An increase in the export demand, under conditions of limited domestic consumption represent a primary driver of growth in the *manufacturing industry*. In such circumstances, the majority of manufacturing sectors saw an increase in production, among which the following industries were most prominent: *manufacturing of food* (+14.8%), *manufacturing of textiles* (+20.7%), *manufacturing of clothes* (+31.2%), *wood processing* (+14.2%) and *manufacture of furniture* (+20.7%). A positive correlation between the production volume and export value of manufacturing sector is shown in *Chart 7*.

Chart 7: Change rates of the RS production and the manufacturing sector export (y/y), in %



Source: RSIS

A moderate recovery of the metal processing and electric power industry had a positive impact on the results of the *mining and quarrying sector* in 2013. Namely, *mining of coal and lignite* achieved production growth of 5.4%, while the sector of *mining of metal ores* noted an increase of 9.6% in the physical volume of production. Simultaneously, owing to favourable hydrological conditions, but also very good capital equipment of the thermal energy plants,⁶ *the electricity production in RS* grew by 1.1%.

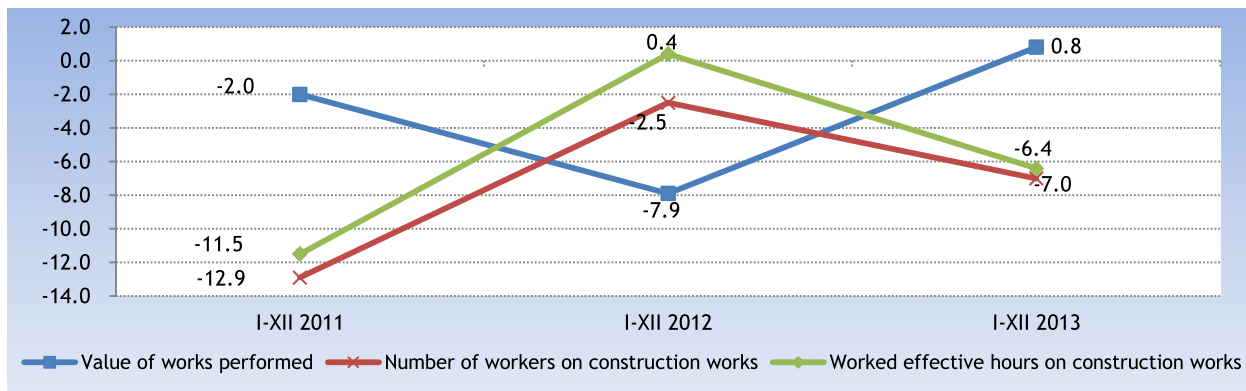
In the coming period, **the industrial trends will significantly influence the dynamics of the RS total social and economic recovery**. However, having in mind the aforementioned extrovert orientation of the domestic economy, global economic trends will primarily determine total industrial results in the RS through results of the export-oriented sectors of industry.

2.3 Construction sector

During 2013, positive trends were recorded in the RS construction sector. Namely, a growth of 0.8% (y/y) interrupted a long-term negative trend of decrease in *the value of performed construction works* in RS. However, unfavourable tendencies are still present when it comes to the *number of workers engaged at construction sites* and *effective hours performed on construction works* (see *Chart 8*).

⁶ The Thermal Power Plant Gacko and the Thermal Power Plant Ugljevik conducted capital repairs in 2012 and 2010, respectively, which secured stability and increase in their production capacities. The share of thermal energy plants in total production of electric energy in RS stands at 59.6%, according to the *Energy Balance of the Republic of Srpska for 2013*.

Chart 8: Change rates of the RS construction sector (y/y), in %

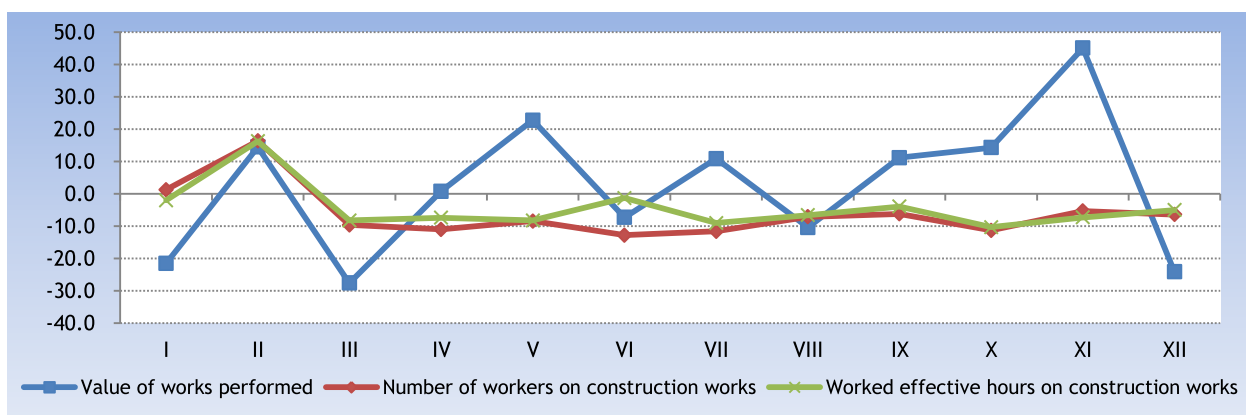


Source: RSIS

The economic growth which was registered in RS during 2013 did not completely neutralize negative effects of the economic crisis on this sector. However, as before, the segment of *transport infrastructure* had a dominant share in the structure of the total *value of completed construction works* in RS,⁷ thus activities on construction of the Banja Luka – Dobož highway certainly provided a significant impetus to a moderate recovery of this economic sector in 2013.

During 2013, the value of performed construction works was characterized by higher monthly volatility (see Chart 9). The upward trend, observed since August, was interrupted in the last month of 2013.⁸ On the other side, the number of workers engaged and effective hours performed on construction works did not record significant monthly variations, but the values of these indicators of construction activity were below their level from 2012.

Chart 9: RS construction sector monthly dynamics in 2013 (y/y), change rates, in %



Source: RSIS

The dynamics of recovery of total construction activity will be primarily affected by the overall economic developments in RS. In any case, further dynamization of the economic activity, as well as implementation of already initiated infrastructure projects will positively reflect on the trends and total results of this extremely important RS economic sector.

⁷ The share of works completed in relation to transport infrastructure in the total value of performed works in RS amounted to 51.4% in 2010, 51.87% in 2011 and 46.6% in 2012. Source: RSIS

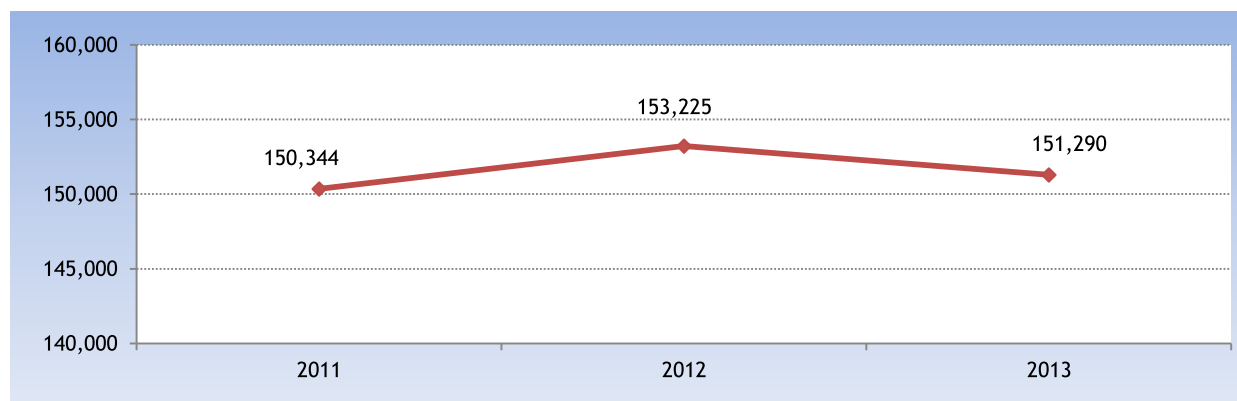
⁸ Partly under the influence of seasonal variation on construction activities.

2.4 Labour market

2.4.1 Unemployment

During 2013 there were on average **151,290 unemployed persons**⁹ registered with the RS *Employment Institute*, which represents an inter-annual decrease of 1.3% (see Chart 10). In the same period, total number of the unemployed in BiH grew by 1.7% and reached the number of 552,494 persons.¹⁰

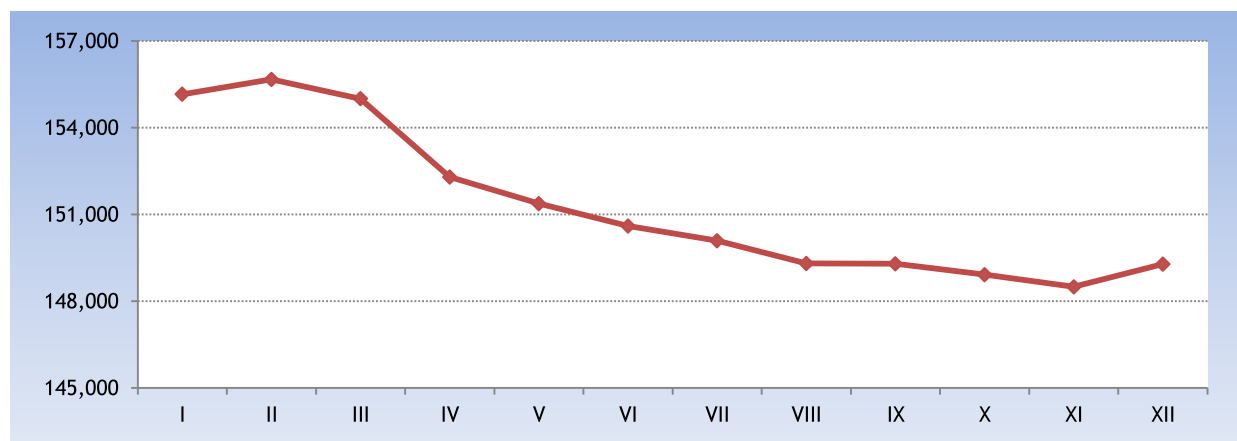
Chart 10: Number of unemployed persons in RS, by year



Source: RS Employment Institute and IRBRS calculations

An increase in the domestic economic activity in 2013 positively reflected on the domestic labour market which showed signs of recovery. On a monthly level, a **decrease in the number of unemployed persons was observed** during the period March-December due to which the number of job seekers registered reduced by 5,714 persons (see Chart 11).¹¹

Chart 11: Monthly overview of unemployment figures in RS, period January to December 2013



Source: RSEI

According to the internationally comparable *Labour Force Survey for 2013*, the RS unemployment rate amounted to 27.0%, while at the BiH level it stood at 27.5%.

⁹ IRBRS calculations on the basis of RSEI monthly data

¹⁰ IRBRS calculations on the basis of BHAS monthly data.

¹¹ The number of unemployed persons registered by RSEI amounted to 154,998 in March 2013, while in December 2013 it stood at 149,284 persons.

A high level of unemployment was evident in the countries of wider region with moderate fluctuations during 2013. Thus December unemployment rate stood at 10.7% (-0.1 pp) in EU28, 12.0% (+0.1 pp) in the euro zone and Croatia 18.6% (+0.9 pp).¹²

A positive trend of decrease in the number of unemployed persons in RS was followed by the trend of increase in employment as of the second half of 2013. Namely, **the average number of the employed in September 2013 amounted to 240,305 persons which represents an increase of 1.4%** as compared to their number from March 2013. The overview of sectors with the highest relative share in the total employment, with the corresponding rates of increase at the end of the third quarter of 2013 is given in *Table 1*.

Table 1: RS employment growth rates, by sector

| Sector | Employment growth, IX 2013/III 2013, % | Share in total employment figure, IX 2013, % |
|--|--|--|
| Manufacturing | 4.1 | 19.5 |
| Wholesale and retail trade, repair of motor vehicles and motorcycles | -1.1 | 18.5 |
| Public administration and defence; compulsory social security | 0.0 | 9.9 |
| Education | -1.5 | 8.9 |
| Human health and social work | -0.4 | 7.0 |
| Accommodation and food service activities, hotels and restaurants | 2.9 | 4.8 |
| Construction | 3.9 | 4.7 |

Source: RSIS

Observed by sector, positive growth rates were recorded in a number of sectors, among which *manufacturing industry* (+4.1%) which engages almost 1/5 of the total number of persons employed in RS. On the other hand, although there was a drop of 1.1%, *wholesale and retail trade, repair of motor vehicles and cycles*, along with *manufacturing industry*, retained its dominance in the structure of total domestic employment.

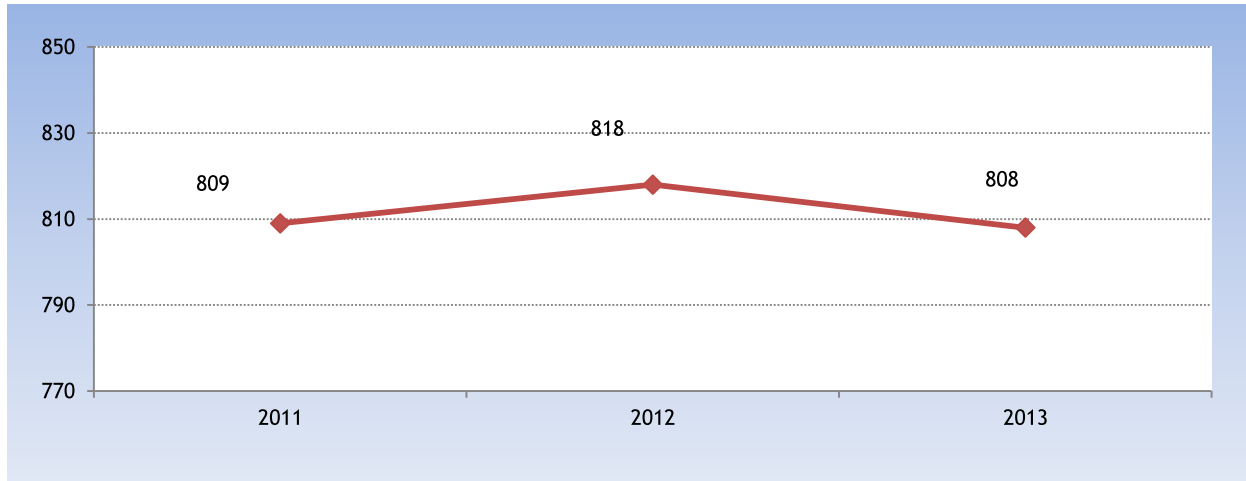
In the coming period, **trends on the labour market will be directly conditioned by the overall economic trends, as much in local as in wider regional and global context.** In any case, the expected increase in economic activity as well as implementation of other relevant measures envisaged by the *RS Economic Policy for 2014*, should contribute to the comprehensive recovery and long-term stabilization of the domestic labour market.

2.4.2 Salaries and pensions

In 2013, with an inter-annual nominal decrease of 1.2%, **the average net salary in RS amounted to BAM 808** which is corresponding to the level in 2011 (*see Chart 12*).

¹² The unemployment rate in the EU was 10.8%, eurozone 11.9% and Croatia 17.7%. Source: EUROSTAT and Croatian Employment Institute

Chart 12: Average RS net salary, by year, in BAM

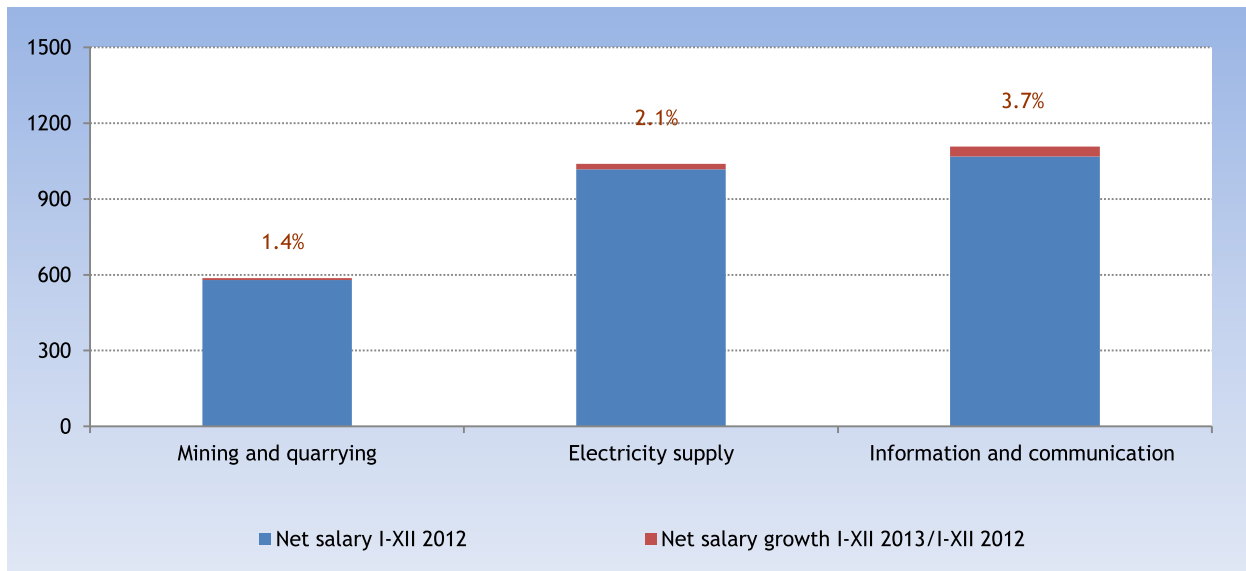


Source: RSIS

The drop in the value of the average RS salary during 2013 is primarily connected to a decrease of earnings in the public sector: *education (-6.5%) and public administration and defence and compulsory social security (-5.0%)*. According to the RS Government decision, the salaries of budget beneficiaries were reduced by 10.0% at the beginning of the year, which reflected on the total average at the RS level. However, by subsequent Government decisions, the salaries of public sector employees were increased, which will have a positive effect on the RS average net salary during 2014.¹³

On the other side, an increase in net salaries was recorded in the activities mostly in the private sector as well as RS energy sector, namely: *mining and quarrying, electricity, gas and steam supply and air conditioning and information and communication (see Chart 13)*.

Chart 13: Average net salary growth by sector in RS

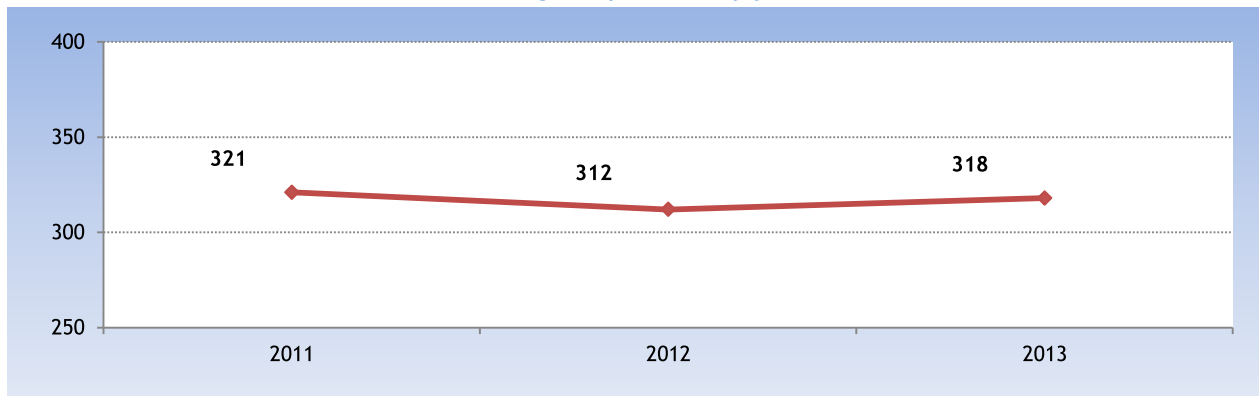


Source: RSIS

¹³ On 1 July 2013, the RS Government issued the Decision to increase salaries of budget beneficiaries by 5%. The Decision to raise salaries of budget beneficiaries with secondary level education to the 2008 level has been in force since 20 February 2014. The Decision refers to over 14,000 budget beneficiaries, while salary increase ranges between 5 and 15%. Source: RS Government.

After adjustments,¹⁴ **the average RS net pension amounted to BAM 318 in 2013**, which is higher by 1.9% than the average from the previous year, 2012 (see Chart 14).

Chart 14: Average RS pension, by year, in BAM



Source: RSPDF and IRBRS calculations

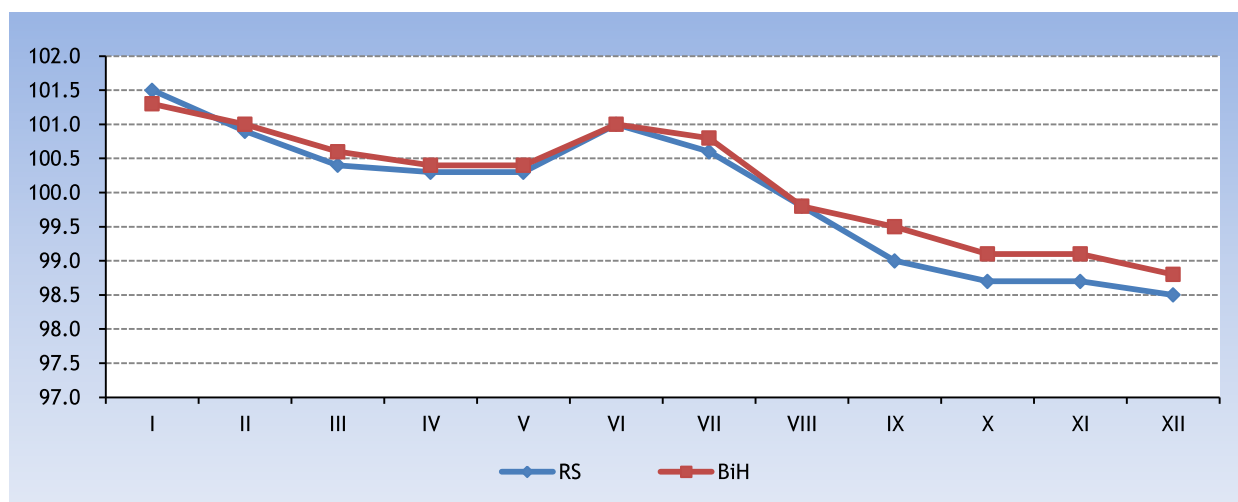
¹⁴ At the beginning of 2013, pursuant to provisions of the *Law on Disability and Pension Insurance*, the pensions for 2013 were adjusted at the rate of 1.6%, while as of 1 January 2014, on the basis of extraordinary adjustments, pensions in RS were raised by 2%. Source: RSPDIF.

3. PRICES AND FINANCIAL SECTOR

3.1 Prices

In 2013, average consumer prices in RS remained unchanged in comparison to 2012, while, in the same period, a negative change of 0.1% was registered at BiH level. Observed on a monthly level, the inflationary trends in RS as well as in the whole BiH entered a zone of negative growth, i.e. deflation already in August (see Chart 15).

Chart 15: Annual inflation rate in RS and BiH - Consumer Price Index (CPI) in 2013 (y/y), by month



Source: RSIS and BHAS

The trend of price growth deceleration was observed in the wider region.¹⁵ In comparison to the values from 2012, the annual inflation in the EU, eurozone and Croatia was reduced by 1.1 percentage points during 2013 (see Chart 16). Concurrently, this decrease amounted to 2.0 percentage points in Italy, 0.9 in Slovenia and 0.5 in Germany. As already pointed out, with 2.1 percentage points decrease RS saw a “zero” inflation, while reduction of 2.2 percentage points was noted for the overall BiH economy.

Except alcoholic beverages and tobacco,¹⁶ the prices of consumer goods in RS mostly remained at the last year’s level or they were lower: food (+0.7%) non-alcoholic beverages (-1.4%), clothes (-6.4%), footwear (-12.3%). In the same period, under the influence of oil price stagnation on the world markets¹⁷ transportation costs were reduced by 0.9% on average at an inter-annual level.

Under conditions of continuous decrease in consumer prices, the last quarter of 2013 saw a moderate recovery of domestic consumption. Namely, after a fall of 3.9% in Q1, 1.7% in Q2, and 2.2% in Q3, the total turnover in RS (wholesale and retail trade) grew at a rate of 2.2% during Q4 (see Chart 17). Thus, the effect of demand growth on the general price level was absent. Quite the

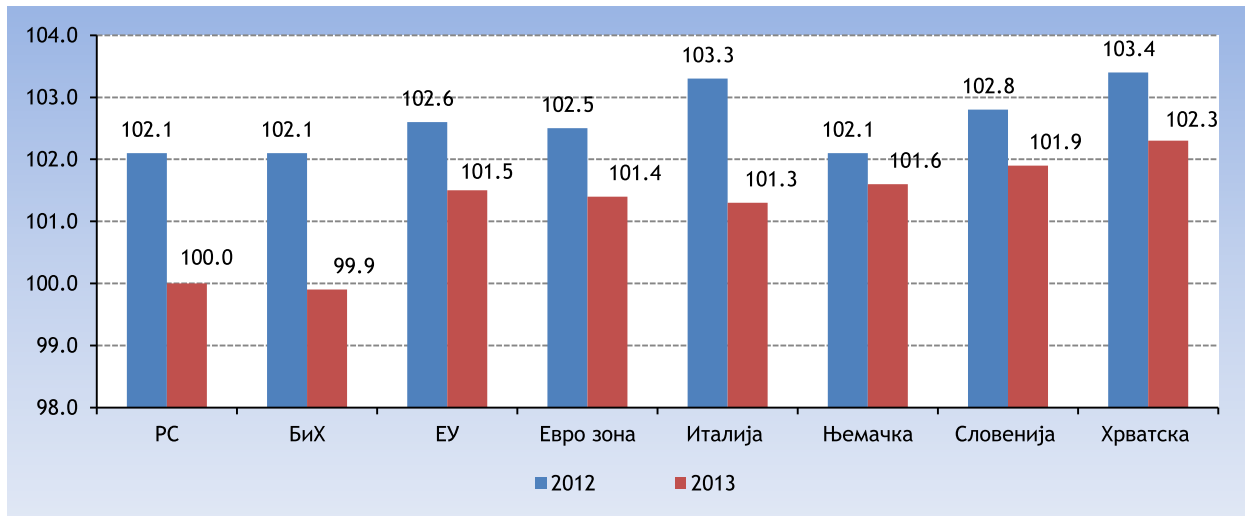
¹⁵ The annual inflation in Serbia was 7.8% which was the same percentage as in 2012. Source: The Statistics Office of the Republic of Serbia.

¹⁶ In 2013, alcoholic beverages were, on average, more expensive by 1.5%, while tobacco was more expensive by 7.3% due to introduction of additional excise taxes. Source: RSIS

¹⁷ At the end of 2013, the OPEC basket price amounted to 107.94 USD per barrel and it was almost equal to its value as at end of 2012 (107.76 dollars).

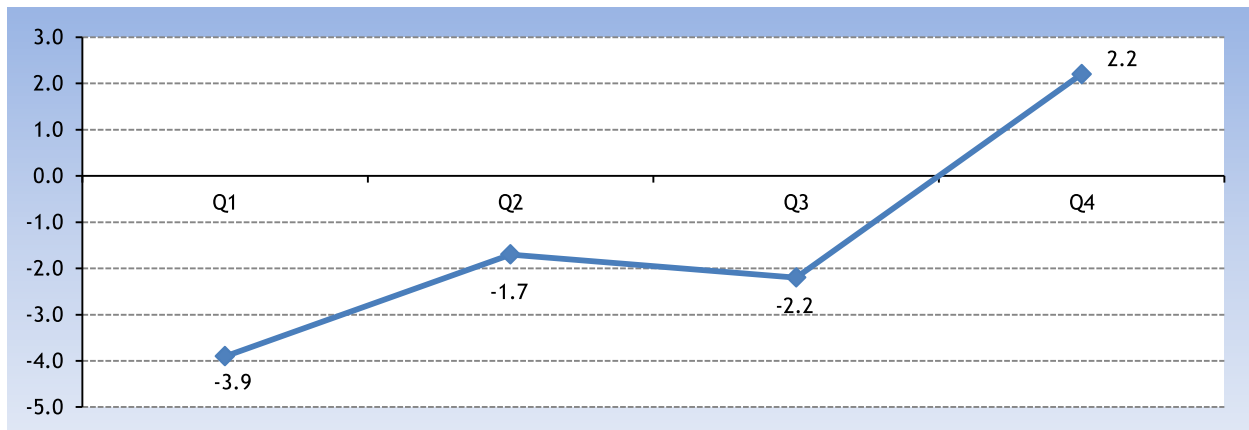
contrary, the recovery of demand followed only after the intensification of deflationary trends in the domestic economy.

Chart 16: Annual inflation rate in the region - Consumer Price Index (CPI) in 2012 and 2013



Source: RSIS, BHAS and EUROSTAT

Chart 17: Quarterly growth rates of distributive trade (wholesale and retail) in 2013 (y/y), in %



Source: RSIS

During the previous year, 2013, **the producer prices for industrial products grew on average by 0.3%**. Observed by industrial sectors, this growth stood at 1.8% in the sector of *mining and quarrying* and by 0.2%, in *manufacturing*, while producer prices in the sectors of *electricity, gas and hot water supply* maintained their level from 2012. Thus a moderate growth of producer prices, owing to the absence of supply price impact on inflationary trends, contributed, to a great extent, to the stagnation of the general price level in RS.

The beginning of 2014 has brought fear of further deepening of deflationary trends which, through a drop in prices, have demotivated producers in terms of maintaining the accomplished level of economic activity which results in the decrease of production and the overall employment.¹⁸ However, according to the IMF estimates,¹⁹ this type of scenario doesn't seem possible, considering

¹⁸ In January 2014, RS saw a deflation of 1.8% at an inter-annual level. Source: RSIS

¹⁹ According to the IMF estimates, BiH inflation will amount to 1.1% in 2014.

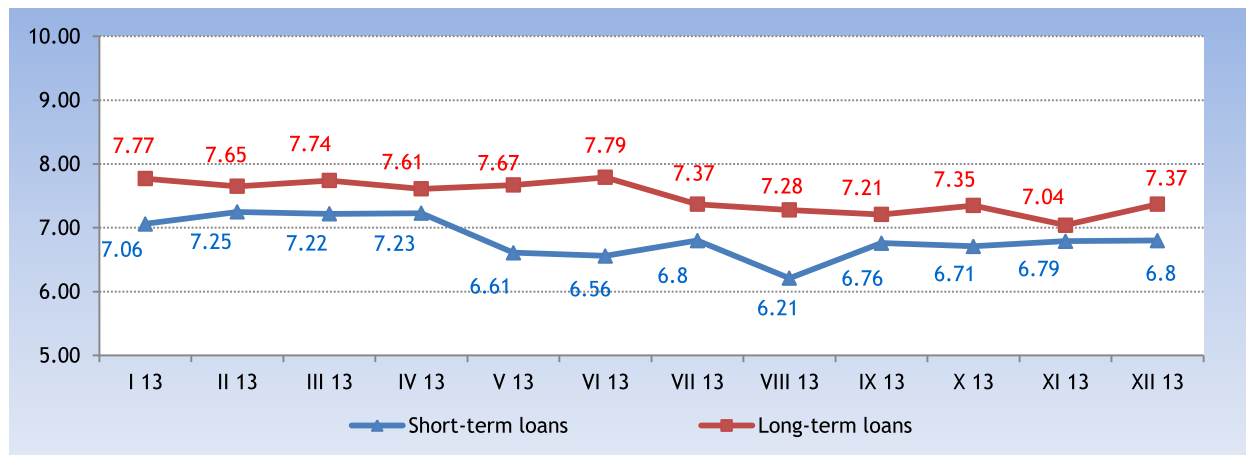
the expectations that the global intensification of economic activity would increase the dynamics of total inflationary trends through growth of demand and recovery of prices.

3.2 Financial markets

3.2.1 Banking sector

The lending interest rates in the RS banking sector recorded a moderate decrease during 2013. Thus average December interest rates on short-term loans amounted to 6.8% which is lower by 0.4 percentage points as compared to the January rate. In the same period, the interest rates on long-term loans decreased by 0.26 percentage points and stood at 7.37% as at end of 2013. (see Chart 18).

Chart 18: Lending interest rates in RS, in %



Source: BARS

In 2013, there were no significant fluctuations of the EURIBOR rate. As of 31 December 2013, the six-month EURIBOR amounted to 0.389% which is only by 0.007 percentage points higher than the rate at the beginning of the year.²⁰ Throughout the year, in order to give an extra boost to the economic recovery of the eurozone, the European Central Bank reduced its reference rate to a record low 0.25%.²¹ In any case, as before, **future trends on the international capital markets will have a dominant influence on the level of interest rates in RS and simultaneously on the volume of demand for loans.**

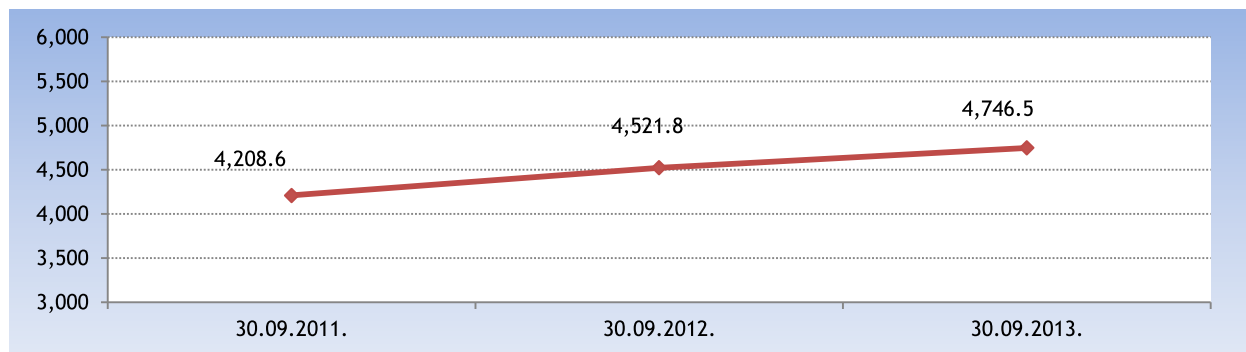
A growth in the RS lending activity was evident during the first three quarters of 2013. Namely, at the end of September, total loans in RS reached the level of BAM 4,746.5 million, with an increase of 4.7% at an inter-annual level (see Chart 19). In the structure of loans, a dominant share belongs to the items *loans to private enterprises* and *loans to individuals*, which recorded an inter-annual growth of 3.8% and 4.5%, respectively, during the first nine months.²²

²⁰ As of 2 January 2013, the six-month EURIBOR stood at 0.319%. Source: www.euribor-ebf.eu

²¹ In November 2013, the European Central Bank reduced its reference rate from 0.50% to 0.25%. Source: <http://www.ecb.europa.eu/ecb/html/index.en.html>

²² As of 30 September 2013, loans to private enterprises participated with 44%, while loans to individuals had a share of 37% in the structure of total RS loans. Source: *Report on Banking System of the Republic of Srpska for period 1 January 2013 to 30 September 2013.*

Chart 19: Total loans in RS, in million BAM



Source: BARS

The Republic of Srpska Investment Development Bank (IRBRS) loans have largely contributed to the increase of total lending activity in the Republic of Srpska's banking sector. Until the end of March 2014, a total of BAM 1,326.7 million was invested in loans (see Table 2).

Table 2: Overview of IRBRS loans by credit line as of 31 March 2014

| Credit lines | Amount in BAM |
|--|-------------------------|
| CL for start-up activities | 3,446,287.38 |
| CL for micro-business in agriculture | 29,485,418.08 |
| CL for agriculture | 79,468,362.83 |
| CL for entrepreneurs and enterprises | 489,842,115.02 |
| Housing loans | 260,999,578.61 |
| CL for municipalities | 35,825,000.00 |
| Loans to demobilized soldiers | 5,652,754.90 |
| Loans for SMEs (EAF) | 51,242,430.93 |
| Loans for SMEs (EIB) | 97,783,437.00 |
| Loans to enterprises | 40,561,049.36 |
| Loans for agriculture and agricultural processing | 41,005,137.79 |
| Loans for agriculture and agricultural produce processing industry | 3,900,000.00 |
| Loans for healthcare facilities | 10,000,000.00 |
| Projects implemented through RSDEF and RSHF | 177,466,553.00 |
| TOTAL | 1,326,678,124.90 |

Source: IRBRS

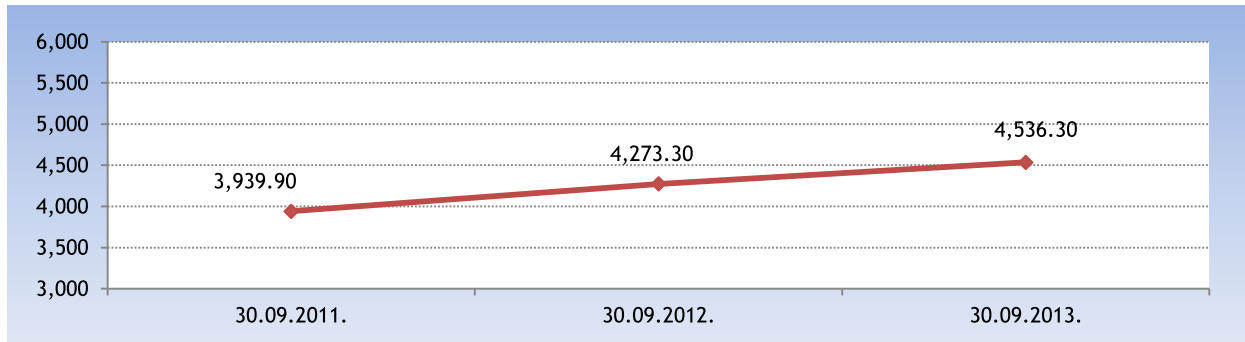
By providing adequate financial support to development and other priority projects in RS and especially in circumstances of hindered access to sources of finance and deterioration in liquidity of business entities and individuals, **IRBRS contributed to the maintenance of the overall stability of the domestic economy.** The loan portfolio of the banking sector was significantly supported exactly by IRBRS loans. Namely, as of 30 September 2013, within the structure of the RS banks' sources of finance,²³ **loans originating from the domestic sources, which were fully provided by IRBRS, participated with 75.0%.**²⁴

²³ Loans (as sources of funding) are an item in the liability structure of the RS banking sector (14% share as of 30 September 2013). Other liability items are: deposits (70%), borrowings (0%), subordinated debts (0%), other liabilities (2%), value adjustments and reserves required for potential loss (1%) and capital (13%). Source: *Report on Banking System of the Republic of Srpska for period 1 January 2013 to 30 September 2013.*

²⁴ Out of the total number of loans taken by the RS banks, 75% belongs to loans originating from domestic sources (IRBRS), 21% loans from foreign banks, 3% loans from international funds and 1% from other sources. Source: *Report on Banking System of the Republic of Srpska for period 1 January 2013 to 30 September 2013.*

With an inter-annual growth rate of 6.2%, a total of BAM 4,536.3 million was deposited in the RS banks, as of 30 September 2013 (see Chart 20).

Chart 20: Total deposits in RS, in million BAM



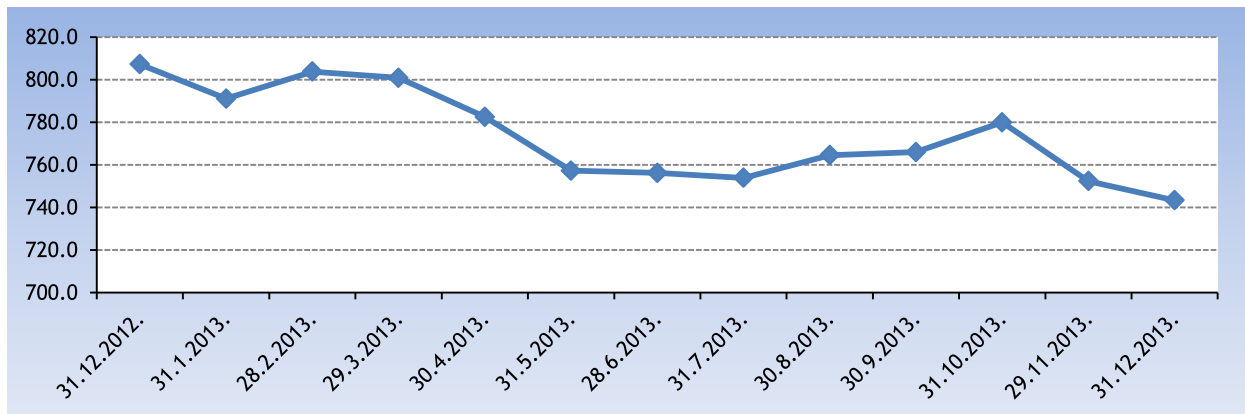
Source: BARS

The growth of total deposits was primarily connected with the increase of savings by individuals. Namely, at the end of September 2013, with an inter-annual growth of 14.7%, share of deposits by individuals in the total structure of deposits amounted to 46%. Besides, a considerable contribution to deposit growth originates from the 15.6% rise in deposits by private enterprises.

3.2.2 Stock Exchanges

During 2013, the *Republic of Srpska Stock Exchange Index (BIRS)* lost 7.9% of its value as at end of 2012. Its value stood at 743.36 as of 31 December 2013, which was 63.87 points less than the BIRS level at the end of the previous year (see Chart 21).²⁵

Chart 21: Value of Republic of Srpska Stock Exchange Index -BIRS



Source: Banja Luka Stock Exchange

A total turnover of BAM 375.9 million was achieved at the Banja Luka Stock Exchange during 2013, through 30,636 individual transactions. The achieved turnover was higher by 44.0% as compared to the results from 2012, i.e. the number of completed transactions was higher by 14.1%.²⁶ As a result, the average value per transaction grew by almost 1/3 and reached the level of BAM 12,270.²⁷

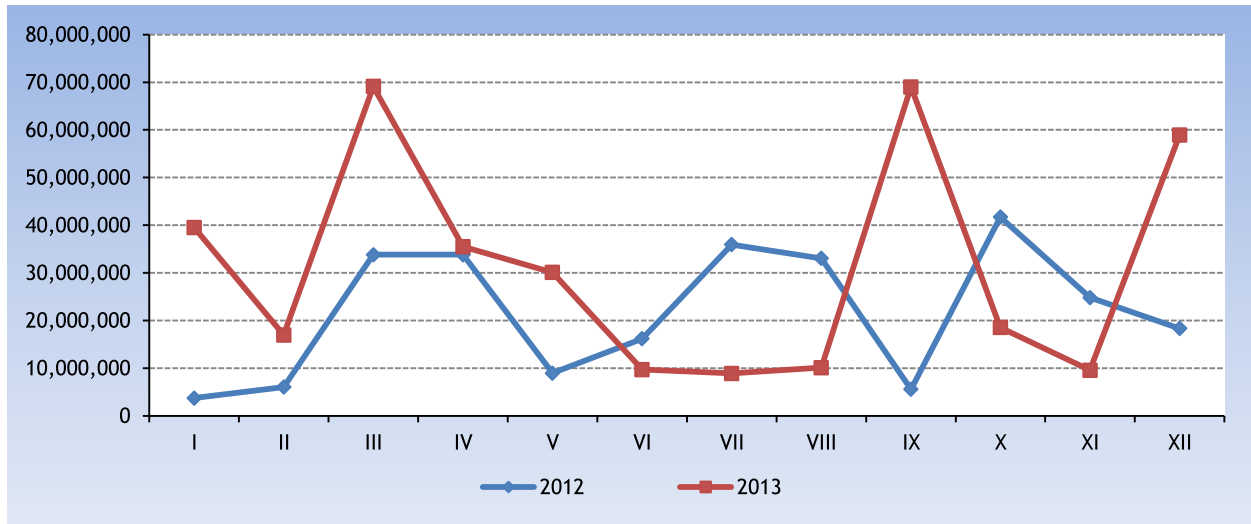
²⁵ As of 31 December 2012, the BIRS value stood at 807.23 points. Source: Banja Luka Stock Exchange

²⁶ In 2012, total turnover at the Banja Luka Stock Exchange amounted to BAM 260,931,941, and it was achieved through 26,842 individual transactions.

²⁷ The average value of a transaction amounted to BAM 9,720 in 2012.

In 2013, the total turnover on the RS capital market was marked by an increased monthly volatility (see Chart 22). A sharp rise in the value of stock exchange turnover in January, March, September and December originated primarily from the successful implementation of *public offerings of the RS treasury bills*.²⁸ Thus, the total liquidity of the domestic capital market was determined mainly by the turnover volume in the debt segment.

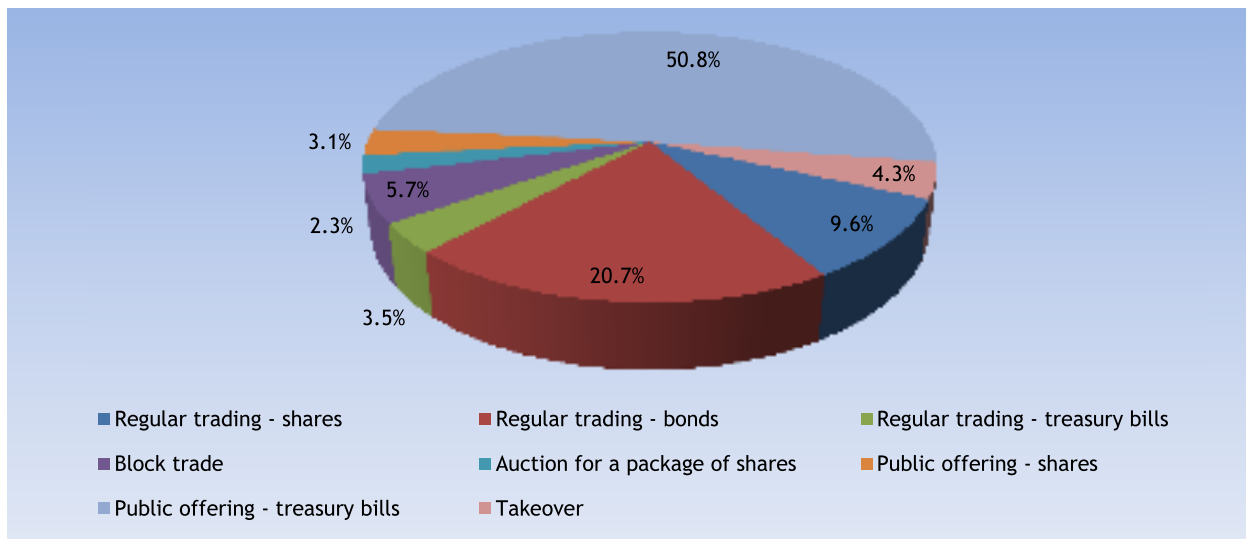
Chart 22: Total turnover at Banja Luka Stock Exchange in 2012 and 2013, by month, in BAM



Source: Banja Luka Stock Exchange

In conditions when financing of public needs relies, to a great extent, on domestic sources of funding, *public offerings of the RS treasury bills* recorded a dominant share in the structure of total turnover at the Banja Luka Stock Exchange during 2013, at a level of 50.8% (see Chart 23). In the same period, there were no issues of *municipal bonds* or *primary issues of share capital* which is primarily connected with postponement of the implementation of more important investment projects, both at the level of local communities and the level of total RS economy.

Chart 23: Structure of total turnover at Banja Luka Stock Exchange in 2013

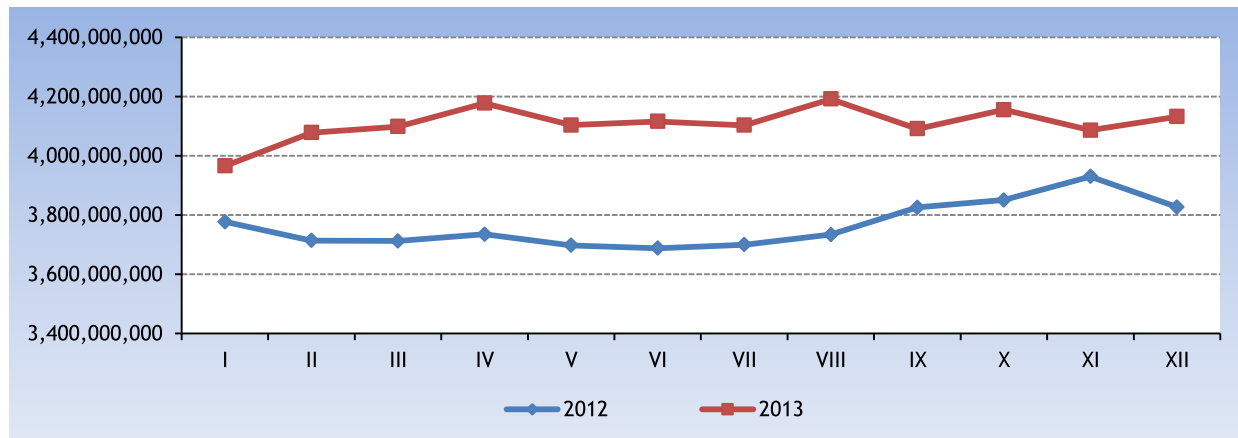


Source: Banja Luka Stock Exchange

²⁸ In 2013, auctions of the RS treasury bills were held in January (BAM 24,080,000), March (BAM 52,194,197), April (BAM 20,103,325), and May (21,557,108), September (BAM 52,167,900) and December (BAM 20,784,288). Source: Banja Luka Stock Exchange

The value of market capitalization at the Banja Luka Stock Exchange amounted to BAM 4.1 billion as of 31 December 2013 and it is higher by 5.2% in comparison to its value as at end of 2012.²⁹ The market capitalization had a positive effect on the increase of market liquidity and constantly recorded average monthly values above level from 2012 (see Chart 24).

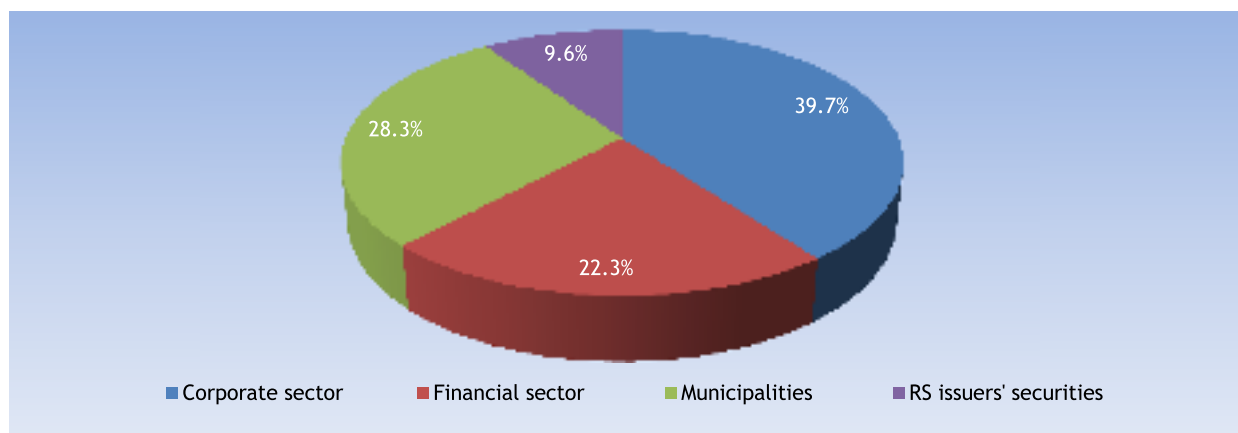
Chart 24: Average monthly value of market capitalization at Banja Luka Stock Exchange in 2012 and 2013



Source: Banja Luka Stock Exchange

By the end of 2013, IRBRS invested a total of BAM 261.5 million in securities of issuers from the RS territory. In this way, the RS economy was supported with additional BAM 103.9 million, while sectoral structure of investments as of 31 December 2013 is shown in Chart 25.

Chart 25: Sectoral structure of IRBRS investments in securities as of 31 December 2013, in %



Source: IRBRS

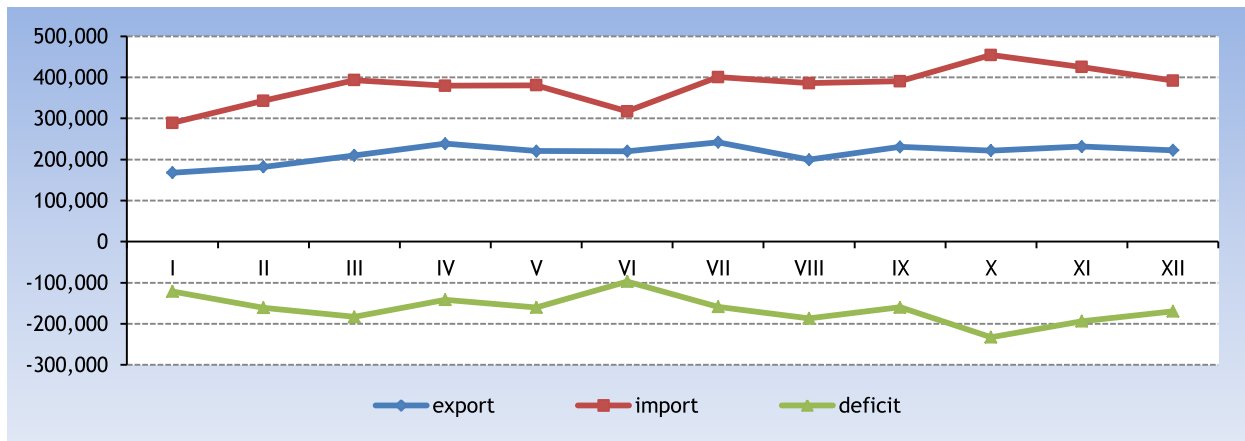
In the period 2008-2013, total IRBRS investments in securities (*purchase and sale*) participated with 17.6%. The average value of individual transaction (*purchase of securities*) amounted to BAM 4.1 million, which shows that the Bank has become one of the key institutional investors in RS since its founding. Thus, IRBRS had a large influence on the development and further building of the RS capital market through its investment activities, and concurrently on the diversification of the sources of funding for the corporate sector, local communities and financial sector as well as maintenance of the market liquidity, in the first line through increase in turnover volume.

²⁹ The value of market capitalization amounted to BAM 3,928,654,260.37 as at 31 December 2012. Source: Banja Luka Stock Exchange

4. FOREIGN TRADE

Following a 3.9% decrease in 2012, the volume of total RS foreign trade grew by 4.0% during 2013. In the same period, **exports grew at a rate of 9.0%**,³⁰ while **imports grew at 1.4% at an inter-annual level**.³¹ **The export-import ratio grew from 52.9% in 2012 to 56.9%** (see Chart 26).

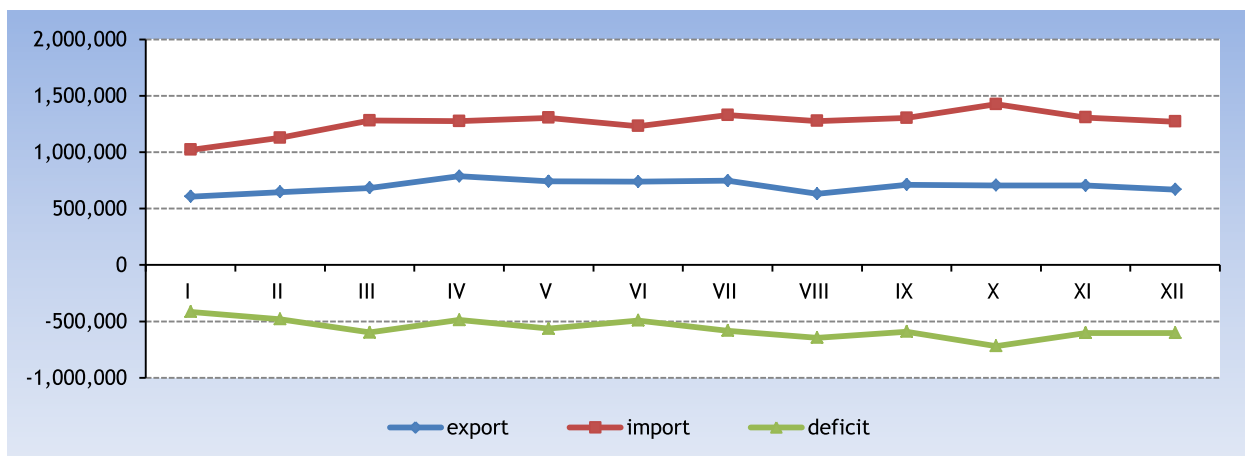
Chart 26: RS foreign trade activity in 2013, in 000 BAM



Source: RSIS

Under the influence of export growth of 6.6% on one side and import decrease of 0.5% on the other side, **total foreign trade activity in BiH grew by 1.9% in 2013** at an inter-annual level (see Chart 27). During the last year, the export-import ratio increased by additional 3.7 percentage points and it amounted to 55.2%.

Chart 27: BiH foreign trade activity in 2013, in 000 BAM



Source: BHAS

A positive trend of deficit decrease in the international merchandise trade was evident in 2013. Namely, owing to a more dynamic export growth as compared to the import growth, the RS international trade deficit decreased by 7.1% or almost by BAM 150 million.

Despite significant pre-conditions for development of food industry, **RS continuous to be a large net importer of food.** Thus in 2013, **the value of the food imported was BAM 625 million**, while

³⁰ In circumstances of global economic deceleration and fall in demand which marked 2012, the exports from RS decreased by 7.3%. Source: RSIS

³¹ Under the influence of reduced domestic consumption and contraction of total economic activity which happened primarily due to unfavourable global economic trends, the RS imports decreased by 2.0% during 2012. Source: RSIS

the deficit was BAM 421 million. However, a long-term positive trend of export growth was noted in this area, which implies a continuous strengthening of competitiveness of the domestic demand on the international markets.³²

Owing to recovery of the domestic consumption which ensued in the last quarter of 2013, the import of *consumer goods* (durable and non-durable) grew by 2.1% at an inter-annual level. In the same period, under the influence of moderate recovery of global, personal and investment spending, export of *capital products and durable consumer goods* from RS grew at a rate of 12.4% and 22.2% respectively.

In 2013, 51.0% of the overall merchandise trade in RS was conducted with the EU countries³³ (70.5% of exports and 39.9% of imports),³⁴ while 20.1% was conducted with signatories of the Central European Free Trade Agreement (CEFTA)³⁵ (23.0% of exports and 18.5% of imports).³⁶ Concurrently, the most important RS export partners were: Serbia (15.9%), Italy (15.9%) and Croatia (12.5%). On the other hand, owing to a great import dependence of manufacturing capacities of oil industry, the leading RS import partners are *Russia* (26.8%), followed by *Serbia* (16.8%) and *Italy* (9.8%).

In the coming period, **total RS and BiH foreign trade activity will primarily depend on the dynamics of global economic recovery³⁷ and further strengthening of the export demand³⁸ (on the side of domestic exports)** and recovery of domestic economy, primarily through the increase of personal and investment spending (*on the import side*).

³² The export of food products from RS grew at an inter-annual rate of 4.5% in 2010, 5.1% in 2011, 2.0% in 2012 and 9.9% 2013. Source: RSIS

³³ The official accession of Croatia to the EU on 1 July 2013 resulted in additional increase in the participation of the EU countries in the structure of total merchandise trade, both at RS and BiH level.

³⁴ In the same period, about 65% of the total merchandise trade in BiH was performed with the EU (*73.6% exports and 60.1% imports*). Source: BHAS

³⁵ Countries – signatories of the Agreement are Albania, BiH, Croatia (which left CEFTA by acquiring EU membership), FYR Macedonia, Moldavia, Montenegro, Serbia and the UNMIK/Kosovo (as customs territory pursuant to the United Nations Security Council Resolution No. 1244)

³⁶ During 2013, 12.8% of total BiH merchandise foreign trade was done with CEFTA countries (*15.9% of exports and 11.1% of imports*). Source: BHAS

³⁷ In 2014, according to the IMF projection, the global economic growth will be 3.6% which is by 0.6 percentage points more than the growth in 2013. Source: IMF, World Economic Outlook, April 2014

³⁸ After a rise of 3.0% in 2013, in accordance with the IMF estimates, the world trade will increase by additional 4.3% during 2014. Source: IMF, World Economic Outlook, April 2014

5. STATISTICAL ANNEX

Table 1: Three-month RS Gross Domestic Product, real growth rates (%), production approach, y/y

| Дјелатности | 2012. | | | | | 2013. | | | | | |
|-------------|---|------|------|------|------|-------|------|------|------|------|------|
| | I | II | III | IV | I-IV | I | II | III | IV | I-IV | |
| A | Agriculture, hunting and forestry | -8.4 | -5.5 | -8.0 | -9.5 | -7.9 | 7.8 | 7.3 | 9.4 | 10.5 | 8.8 |
| B C D E | Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply, sewerage, waste management and remediation activities | -6.3 | -3.6 | -4.6 | -2.2 | -4.1 | 4.6 | 7.2 | 3.8 | 2.9 | 4.6 |
| | Of which: C Manufacturing | -9.3 | -5.3 | -1.3 | -3.1 | -4.5 | 10.4 | 10.2 | 2.2 | 5.7 | 6.8 |
| F | Construction | -5.6 | -3.9 | -4.4 | -0.4 | -3.2 | -5.6 | -3.0 | -3.4 | 0.0 | -2.6 |
| G H I | Wholesale and retail trade, repair of motor vehicles, motorcycles; Transport and storage; accommodation services, catering services, hotels and restaurants | 0.3 | 1.4 | 0.6 | 0.4 | 0.7 | -0.3 | -0.1 | -0.4 | 0.0 | -0.2 |
| J | Information and communication | 3.3 | 1.6 | 0.1 | 0.7 | 1.4 | 0.2 | 0.4 | 0.3 | 0.1 | 0.2 |
| K | Financial and insurance activities | 2.3 | 5.2 | 7.9 | 5.2 | 5.1 | 2.2 | 2.3 | 2.7 | 3.1 | 2.6 |
| L | Real estate activities | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 | -0.9 | -0.8 | -0.3 | -0.8 |
| M N | Professional, scientific and technical activities; Administrative and support service activities | 1.2 | 1.4 | 1.6 | 1.5 | 1.4 | 1.0 | 1.5 | 2.1 | 2.9 | 1.9 |
| O P Q | Public administration and defence; compulsory social security; education; Human health and social work activities | 1.5 | 1.8 | 3.3 | 3.5 | 2.5 | 1.0 | 1.0 | 1.0 | 0.5 | 0.9 |
| R S | Arts, entertainment and recreation | -0.7 | 1.6 | 2.2 | 2.7 | 1.5 | 2.1 | 2.9 | 3.6 | 2.4 | 2.8 |
| | FISIM (minus) | 5.1 | 6.7 | 7.3 | 6.2 | 6.3 | 2.3 | 1.9 | 2.2 | 2.8 | 2.3 |
| | GROSS VALUE ADDED | -1.8 | -0.8 | -1.2 | -0.7 | -1.1 | 1.9 | 2.4 | 1.9 | 2.0 | 2.1 |
| | Taxes on products, minus subsidies | -1.8 | -0.8 | -1.2 | -0.7 | -1.1 | 1.9 | 2.4 | 1.9 | 2.0 | 2.1 |
| | GROSS DOMESTIC PRODUCT | -1.8 | -0.8 | -1.2 | -0.7 | -1.1 | 1.9 | 2.4 | 1.9 | 2.0 | 2.1 |

Source: RSIS

Table 2: Rates of change in RS industrial production in 2013, in %, y/y

| RS Industry | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--------------------------------------|-------|------|------|-------|------|------|------|------|------|-------|-------|-------|------|
| Industry | 4.1 | -2.5 | 5.3 | -3.4 | 11.7 | 3.5 | 3.2 | 22.3 | 5.0 | -4.2 | 0.7 | 4.4 | 4.7 |
| B) Mining and quarrying | 4.1 | -4.3 | 13.4 | -22.2 | 5.0 | 0.6 | -2.0 | 27.2 | -4.0 | -2.6 | 18.1 | -10.2 | 40.6 |
| C) Manufacturing | 4.2 | 8.3 | 23.3 | -0.5 | 14.4 | -1.6 | 1.0 | 14.7 | -5.1 | -6.6 | -2.3 | 8.1 | 4.9 |
| D) Electricity, gas and water supply | 1.1 | -4.4 | -5.8 | 9.4 | 6.9 | 11.1 | 1.4 | 20.3 | 23.4 | -18.8 | -10.6 | 0.9 | -9.3 |

Source: RSIS

Table 3: Rates of change in BiH industrial production in 2013, in %, y/y

| BiH Industry | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--------------------------------------|------------|------------|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Industry | 6.4 | 2.0 | 11.2 | 6.8 | 11.4 | 6.1 | 3.7 | 6.8 | 3.6 | 4.4 | 7.9 | 8.9 | 7.0 |
| B) Mining and quarrying | -4.2 | -5.8 | -0.5 | -13.3 | -0.8 | -6.2 | -20.4 | -13.0 | -2.0 | 1.5 | 8.4 | -5.2 | 15.7 |
| C) Manufacturing | 8.9 | 6.9 | 17.6 | 5.0 | 14.8 | 10.4 | 7.1 | 9.0 | 2.6 | 4.4 | 7.9 | 11.6 | 17.0 |
| D) Electricity, gas and water supply | 5.4 | 2.9 | 12.7 | 29.4 | 9.4 | -3.4 | 4.8 | 8.3 | 8.2 | -2.9 | 4.4 | 10.5 | -15.9 |

Source: BHAS

Table 4: Rates of change in RS construction activity in 2013, in %, y/y

| RS Construction Industry | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--|-------|-------|------|-------|-------|------|-------|-------|-------|------|-------|------|-------|
| Value of works performed | 0.8 | -21.5 | 14.5 | -27.6 | 0.8 | 22.8 | -7.3 | 10.9 | -10.4 | 11.2 | 14.3 | 45.1 | -24.1 |
| Number of workers on construction works | -7.0 | 1.3 | 16.4 | -9.6 | -11.0 | -8.4 | -12.8 | -11.6 | -7.1 | -6.2 | -11.3 | -5.3 | -6.4 |
| Worked effective hours on construction works | -6.4 | -2.0 | 16.3 | -8.2 | -7.4 | -8.2 | -13.0 | -9.0 | -6.6 | -3.9 | -10.3 | -7.3 | -5.0 |

Source: RSIS

Table 5: RS Unemployment in 2013

| Category | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of the unemployed | 151,290 | 155,155 | 155,672 | 154,998 | 152,295 | 151,372 | 150,601 | 150,091 | 149,307 | 149,293 | 148,917 | 148,496 | 149,284 |
| Newly registered unemployed persons | 5,480 | 5,999 | 5,184 | 5,279 | 4,873 | 4,677 | 5,006 | 6,300 | 5,073 | 5,997 | 5,934 | 5,287 | 6,146 |
| Total deleted from the records | 5,088 | 3,873 | 4,278 | 5,227 | 6,002 | 5,023 | 4,977 | 5,942 | 4,895 | 5,299 | 5,461 | 5,127 | 4,946 |
| Deleted from the records due to employment | 2,333 | 1,396 | 2,070 | 2,390 | 2,916 | 2,199 | 2,310 | 2,701 | 2,073 | 2,733 | 2,513 | 2,486 | 2,209 |

Source: RSEI

Table 6: Average RS net salary in 2013, by sector, in BAM

| Sectors | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total | 808 | 811 | 811 | 799 | 798 | 796 | 816 | 803 | 811 | 813 | 808 | 811 | 820 |
| A Agriculture, hunting and forestry | 650 | 632 | 625 | 626 | 647 | 639 | 652 | 630 | 636 | 668 | 674 | 682 | 679 |
| B Mining and quarrying | 1,044 | 1,049 | 1,033 | 1,009 | 1,015 | 990 | 1,113 | 1,074 | 1,019 | 1,048 | 1,069 | 1,019 | 1,086 |
| C Manufacturing | 587 | 587 | 583 | 574 | 582 | 577 | 597 | 595 | 585 | 583 | 586 | 589 | 601 |
| D Electricity, gas, steam supply and air-conditioning | 1,039 | 1,043 | 1,052 | 1,025 | 1,032 | 1,019 | 1,073 | 1,049 | 1,027 | 1,035 | 1,036 | 1,022 | 1,050 |
| E Water supply, sewerage, waste management, remediation activities | 637 | 604 | 639 | 629 | 626 | 615 | 650 | 644 | 648 | 659 | 641 | 638 | 646 |
| F Construction | 549 | 580 | 558 | 550 | 542 | 550 | 544 | 542 | 553 | 540 | 555 | 538 | 548 |
| G Wholesale and retail trade, repair of motor vehicles and motorcycles | 603 | 600 | 597 | 585 | 591 | 606 | 619 | 613 | 613 | 614 | 596 | 598 | 608 |
| H Transport and communications | 621 | 633 | 633 | 613 | 608 | 614 | 625 | 609 | 606 | 607 | 628 | 629 | 630 |
| I Accommodation and food service activities, hotels and restaurants | 534 | 558 | 544 | 508 | 536 | 520 | 546 | 522 | 540 | 530 | 539 | 531 | 533 |
| J Information and communication | 1,107 | 727 | 1,108 | 1,116 | 1,116 | 1,138 | 1,139 | 1,115 | 1,113 | 1,111 | 1,144 | 1,114 | 1,120 |
| K Financial and insurance activities | 1,293 | 1,220 | 1,309 | 1,301 | 1,274 | 1,286 | 1,320 | 1,297 | 1,298 | 1,268 | 1,283 | 1,305 | 1,319 |
| L Real estate activities | 712 | 591 | 724 | 716 | 724 | 626 | 725 | 709 | 722 | 791 | 724 | 731 | 725 |
| M Professional, scientific and technical activities | 771 | 823 | 823 | 774 | 769 | 804 | 745 | 754 | 720 | 748 | 818 | 744 | 764 |
| N Administrative and support service activities | 542 | 519 | 554 | 547 | 539 | 553 | 539 | 535 | 545 | 544 | 536 | 544 | 545 |
| O Public administration and defense; compulsory social security | 1,027 | 1,070 | 1,026 | 1,003 | 1,001 | 999 | 1,010 | 1,006 | 1,036 | 1,041 | 1,040 | 1,044 | 1,048 |
| P Education | 819 | 889 | 800 | 796 | 795 | 797 | 780 | 796 | 846 | 852 | 832 | 815 | 829 |
| Q Human health and social work activities | 1,037 | 1,029 | 1,060 | 1,036 | 1,026 | 1,035 | 1,073 | 1,014 | 1,054 | 1,041 | 1,018 | 1,025 | 1,037 |
| R Arts, entertainment and recreation | 554 | 571 | 566 | 558 | 563 | 537 | 526 | 550 | 541 | 556 | 551 | 564 | 562 |
| S Other service activities | 808 | 859 | 683 | 838 | 793 | 740 | 851 | 830 | 858 | 820 | 819 | 836 | 830 |

Source: RSIS

Table 7: Average BiH net salary by sector, in BAM

| Sectors | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total | 827 | 829 | 815 | 819 | 824 | 832 | 822 | 830 | 828 | 826 | 833 | 828 | 838 |
| A Agriculture, hunting and forestry | 721 | 722 | 694 | 699 | 715 | 731 | 703 | 727 | 714 | 719 | 748 | 726 | 740 |
| B Mining and quarrying | 957 | 959 | 951 | 929 | 936 | 950 | 973 | 957 | 955 | 953 | 975 | 959 | 992 |
| C Manufacturing | 587 | 588 | 574 | 582 | 585 | 588 | 587 | 591 | 585 | 585 | 591 | 587 | 596 |
| D Electricity, gas, steam supply and air-conditioning | 1,311 | 1,338 | 1,258 | 1,281 | 1,308 | 1,332 | 1,274 | 1,341 | 1,318 | 1,293 | 1,334 | 1,334 | 1,319 |
| E Water supply, sewerage, waste management, remediation activities | 752 | 756 | 745 | 747 | 743 | 755 | 746 | 757 | 754 | 755 | 760 | 753 | 756 |
| F Construction | 535 | 538 | 531 | 531 | 531 | 536 | 527 | 533 | 540 | 532 | 542 | 537 | 541 |
| G Wholesale and retail trade, repair of motor vehicles and motorcycles | 578 | 576 | 564 | 571 | 574 | 581 | 576 | 585 | 582 | 578 | 579 | 582 | 585 |
| H Transport and communications | 764 | 761 | 774 | 767 | 758 | 754 | 773 | 773 | 752 | 767 | 762 | 760 | 762 |
| I Accommodation and food service activities, hotels and restaurants | 536 | 547 | 534 | 525 | 538 | 538 | 541 | 530 | 536 | 532 | 534 | 533 | 538 |
| J Information and communication | 1,190 | 1,185 | 1,154 | 1,173 | 1,191 | 1,227 | 1,166 | 1,217 | 1,194 | 1,171 | 1,222 | 1,174 | 1,200 |
| K Financial and insurance activities | 1,336 | 1,298 | 1,319 | 1,337 | 1,349 | 1,392 | 1,343 | 1,314 | 1,341 | 1,303 | 1,324 | 1,334 | 1,381 |
| L Real estate activities | 793 | 748 | 777 | 784 | 767 | 768 | 801 | 803 | 798 | 816 | 812 | 818 | 828 |
| M Professional, scientific and technical activities | 856 | 862 | 856 | 842 | 882 | 870 | 832 | 856 | 849 | 866 | 863 | 843 | 849 |
| N Administrative and support service activities | 571 | 562 | 577 | 569 | 571 | 576 | 568 | 564 | 571 | 578 | 570 | 568 | 576 |
| O Public administration and defense; compulsory social security | 1,137 | 1,140 | 1,127 | 1,127 | 1,127 | 1,128 | 1,129 | 1,129 | 1,141 | 1,145 | 1,145 | 1,149 | 1,152 |
| P Education | 836 | 841 | 829 | 827 | 828 | 832 | 831 | 830 | 829 | 852 | 843 | 841 | 847 |
| Q Human health and social work activities | 1,025 | 1,045 | 988 | 1,011 | 1,022 | 1,052 | 1,008 | 1,036 | 1,039 | 1,013 | 1,042 | 1,010 | 1,033 |
| R Arts, entertainment and recreation | 653 | 663 | 692 | 648 | 645 | 637 | 639 | 647 | 649 | 652 | 658 | 651 | 654 |
| S Other service activities | 1,010 | 1,023 | 959 | 996 | 1,024 | 1,009 | 1,011 | 1,005 | 1,065 | 1,016 | 1,000 | 1,006 | 1,004 |

Source: BHAS

Table 8: Overview of RS inflation trend in 2013, measured by Consumer Price Index - CPI

| Index period | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|---|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Baseline period | Same period last year | | | | | | | | | | | | |
| TOTAL | 100.0 | 101.5 | 100.9 | 100.4 | 100.3 | 100.3 | 101.0 | 100.6 | 99.8 | 99.0 | 98.7 | 98.7 | 98.5 |
| Food and non-alcoholic beverages | 100.4 | 103.1 | 102.0 | 101.6 | 101.9 | 101.9 | 103.1 | 101.8 | 101.0 | 98.7 | 97.1 | 96.5 | 96.3 |
| Alcoholic beverages and tobacco | 105.4 | 105.6 | 105.4 | 106.1 | 105.5 | 105.9 | 106.0 | 105.5 | 105.2 | 105.0 | 105.0 | 104.9 | 104.7 |
| Clothing and footwear | 91.7 | 92.1 | 90.9 | 91.6 | 92.9 | 93.2 | 93.0 | 90.5 | 88.8 | 90.9 | 92.2 | 92.5 | 91.6 |
| Housing, water, electricity, gas and other fuels | 100.3 | 101.1 | 100.8 | 100.6 | 100.0 | 100.0 | 100.0 | 100.1 | 100.2 | 100.2 | 100.5 | 100.0 | 99.8 |
| Furnishings, household equipment and routine maintenance of the house | 99.9 | 99.8 | 99.7 | 99.5 | 100.5 | 100.4 | 99.8 | 100.0 | 100.2 | 99.8 | 99.7 | 100.2 | 99.8 |
| Health care | 100.0 | 100.4 | 100.4 | 100.4 | 99.9 | 99.7 | 99.9 | 99.8 | 100.0 | 100.1 | 100.0 | 99.8 | 99.8 |
| Transport | 99.1 | 101.9 | 101.5 | 98.7 | 97.2 | 97.5 | 99.8 | 100.5 | 97.7 | 96.9 | 98.2 | 99.6 | 99.8 |
| Communications | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 |
| Recreation and culture | 100.5 | 100.8 | 100.8 | 100.9 | 100.8 | 100.8 | 100.8 | 100.7 | 100.4 | 100.2 | 100.2 | 100.1 | 100.0 |
| Education | 101.4 | 100.9 | 101.5 | 101.5 | 101.5 | 101.5 | 101.5 | 101.5 | 101.5 | 101.4 | 101.4 | 101.4 | 101.4 |
| Restaurants and hotels | 100.0 | 99.9 | 99.9 | 99.9 | 100.0 | 100.0 | 100.0 | 99.9 | 99.9 | 100.0 | 100.0 | 100.0 | 100.0 |
| Other goods and services | 100.2 | 101.1 | 99.8 | 100.6 | 100.3 | 100.0 | 99.6 | 99.7 | 100.2 | 99.8 | 99.7 | 100.3 | 100.0 |

Source: RSIS

Table 9: RS Lending interest rates in 2013, in %

| Category | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|------------------------------------|-------|------|------|------|------|------|------|------|------|------|------|------|------|
| Interest rates on short-term loans | 6.85 | 7.06 | 7.25 | 7.22 | 7.23 | 6.61 | 6.56 | 6.80 | 6.21 | 6.76 | 6.71 | 6.79 | 6.80 |
| Interest rates on long-term loans | 7.45 | 7.77 | 7.65 | 7.74 | 7.61 | 7.67 | 7.79 | 7.37 | 7.28 | 7.21 | 7.35 | 7.04 | 7.37 |
| Total loans | 7.14 | 7.3 | 7.4 | 7.40 | 7.4 | 7 | 7.1 | 7.1 | 6.79 | 7 | 7.1 | 6.9 | 7.2 |

Source: BARS

Table 10: RS and BiH foreign trade in 2013, in 000 BAM

| Republic of Srpska | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
|--------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Export | 2,588,104 | 168,025 | 182,220 | 210,184 | 238,435 | 220,764 | 220,173 | 242,098 | 199,427 | 230,912 | 221,870 | 231,500 | 222,497 |
| Import | 4,551,601 | 289,214 | 342,893 | 393,365 | 379,748 | 380,770 | 317,176 | 400,481 | 385,911 | 390,579 | 454,480 | 424,992 | 391,993 |
| Trade volume | 7,139,705 | 457,239 | 525,113 | 603,549 | 618,183 | 601,534 | 537,349 | 642,579 | 585,338 | 621,491 | 676,350 | 656,492 | 614,490 |
| Trade balance | -1,963,497 | -121,189 | -160,673 | -183,181 | -141,312 | -160,006 | -97,003 | -158,382 | -186,485 | -159,666 | -232,611 | -193,492 | -169,496 |
| Export-import ratio in % | 56.9 | 58.1 | 53.1 | 53.4 | 62.8 | 58.0 | 69.4 | 60.5 | 51.7 | 59.1 | 48.8 | 54.5 | 56.8 |
| Bosnia and Herzegovina | I-XII | I | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
| Export | 8,380,275 | 606,655 | 646,378 | 682,644 | 787,181 | 740,824 | 739,155 | 747,246 | 630,293 | 711,543 | 706,502 | 704,282 | 669,126 |
| Import | 15,169,792 | 1,021,000 | 1,126,980 | 1,280,534 | 1,275,083 | 1,304,766 | 1,230,737 | 1,329,176 | 1,275,592 | 1,302,937 | 1,424,593 | 1,307,187 | 1,271,008 |
| Trade volume | 23,550,067 | 1,627,655 | 1,773,358 | 1,963,178 | 2,062,264 | 2,045,590 | 1,969,892 | 2,076,422 | 1,905,885 | 2,014,480 | 2,131,095 | 2,011,469 | 1,940,134 |
| Trade balance | -6,789,517 | -414,345 | -480,602 | -597,890 | -487,902 | -563,942 | -491,582 | -581,930 | -645,299 | -591,394 | -718,091 | -602,905 | -601,882 |
| Export-import ratio in % | 55.2 | 59.4 | 57.4 | 53.3 | 61.7 | 56.8 | 60.1 | 56.2 | 49.4 | 54.6 | 49.6 | 53.9 | 52.6 |

Source: RSIS and BHAS

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