

Money supply aggregates, exchange rates, the Bank of Slovenia's interest rates					
Money aggregates, % growth	2002		2003		
	Dec 2002/ Dec 2001	Φ Oct 02-Dec 02/ Φ Oct 01-Dec 01	June 2003/ May 2003	June 2003/ June 2002	Φ Apr 03-June 03/ Φ Apr 02-June 02
Base money	7.4	10.9	N/A	N/A	N/A
M1	13.8	14.8	7.8	15.0	12.5
M2	26.4	24.3	1.5	21.7	21.3
M3	22.8	22.7	1.0	16.5	16.4
End-of-month exchange rate, % rise	Dec 2002/ Dec 2001	Φ Jan 02-Dec 02/ Φ Jan 01-Dec 01	June 2003/ May 2002	June 2003/ June 2002	Φ July 02-June 03/ Φ July 01-June 02
EUR	4.0	4.1	0.3	3.3	3.8
USD	-11.9	-2.0	3.1	-11.1	-11.0
Nominal interest rates, %	Dec 02	Jan-Dec 02	Oct-Dec 02	Apr-June 03	June 2003
Overnight deposit	4.0	4.0	4.0	4.0	3.5
Repo DBZ ¹ 7-d	9.3	10.1	9.7	7.9	7.1
Repo DBZ ¹ 60-d	10.7	10.7	10.7	-	-
TBZ ² 60-d	8.4	8.4	8.6	7.2	6.7
TBZ ² 270-d	9.7	9.7	9.9	7.7	7.0

Source of data: the BS. Notes: ¹ foreign currency bills (7- and 60-days), ² tolar bills (60- and 270-days). N/A – not available; figures have not yet been issued.

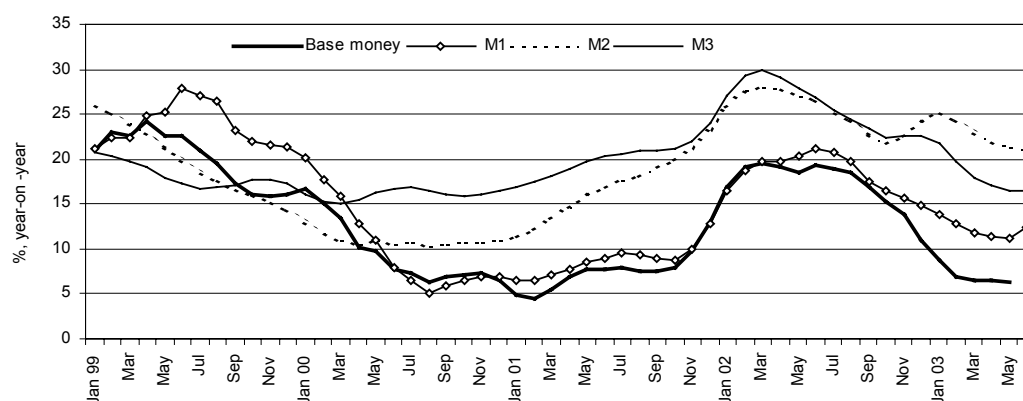
The amount of **base money** rose by SIT 30.1 billion in June, the biggest rise in the last 12 months. The Bank of Slovenia increased the amount of base money by SIT 64.1 billion through temporary purchases of foreign exchange (more than in the first five months as a whole), it withdrew SIT 28.3 through tolar bills, while the stock of overnight deposits rose by SIT 4.6 billion. The stock of swaps continued to increase and amounted to SIT 648.2 billion in June. **Growth in broad monetary aggregates** strengthened in June, the same as in June last year. The M1 monetary aggregate surged month on month mainly because of a rise in tolar sight deposits, while year-on-year growth was 15.0%, the highest this year. The M3 monetary aggregate increased about a third less, while its year-on-year growth was 16.5%.

The BS' selection of monetary instruments was mainly influenced by conditions in the foreign exchange market, which changed little compared to the preceding three months. The **net supply of foreign exchange** in the spot market continued to be relatively high in June, totalling SIT 86.5 billion. The greatest supply was generated by non-residents, offering a net of SIT 66.9 billion in foreign exchange (SIT 274.2 in the first six months as a whole), while the net supply of enterprises amounted to SIT 17.8 billion (SIT 31.0 billion). The futures market also saw no major changes: non-residents continued to create net demand for foreign exchange, which totalled SIT 55.2 billion (SIT 216.6 billion in the first six months).

Following the excess supply of foreign exchange in the spot market and the BS' extensive intervention, a **steady depreciation of the tolar** was sustained. After having fallen to 0.2%, depreciation again climbed to 0.3% in June. Depreciation measured year on year continued to decline gradually; falling to 3.3% in June, 0.8 of a percentage point lower than in June last year.

The BS' **interest rates** also continued to **decline**. After having cut all its key interest rates in the first half of June, the BS lowered the interest rate on overnight deposits at the end of June by 0.5 of a percentage point to 3.5%.

Graph: Average growth rates of monetary aggregates



Source of data: BS.