

<b>The Money Market – Loans</b>	Slovenian Economic Mirror	IMAD
	No. 12/2003	p. 8

Domestic banks' loans	Nominal amounts, SIT billion		Real loan growth, %	
	31. Dec 2002 <sup>1</sup>	31. Oct 2003	31. Oct 03/30. Sept 03	31. Oct 03/31. Oct 02
<b>Total tolar loans</b>	1,672.0	1,815.3	1.8	5.2
<b>Tolar loans to comp. and OFO*</b>	977.5	1,051.3	2.5	6.0
Short-term, overdrafts, advances	529.7	556.0	1.7	2.3
Long-term	447.8	495.3	3.5	10.5
<b>Foreign currency loans to comp., OFO</b>	448.7	590.5	3.2	37.0
<b>Household tolar loans</b>	573.1	624.3	0.6	4.2
Short-term, overdrafts, advances	118.5	124.2	0.5	1.0
Long-term	454.6	500.1	0.6	5.0
<b>Government tolar loans</b>	121.4	139.7	1.0	3.1
Short-term, overdrafts, advances	27.6	40.0	-5.5	-8.5
Long-term	93.8	99.7	3.9	8.6

Source of data: the BS, calculations by the IMAD. Notes: \*OFO – other financial organisations, <sup>1</sup>data were corrected in April this year because of the transfer of DARS' loans from the government to the corporate sector.

The volume of domestic banks' tolar lending to enterprises and OFO, households, and the government increased by a significant 1.8% in real terms in October, the most since June 1999 which saw 2.1% growth. October's growth was mostly fuelled by a 2.5% rise in tolar lending to enterprises and OFO, adding 1.5 percentage points to total loan growth. In the first ten months of 2003, tolar loans were up by 4.1% in real terms, while they fell by 2.2% in real terms in the same period the year before. **Net flows** of tolar loans amounted to SIT 139.5 billion and were over twice the level seen in the same period of 2002 in real terms.

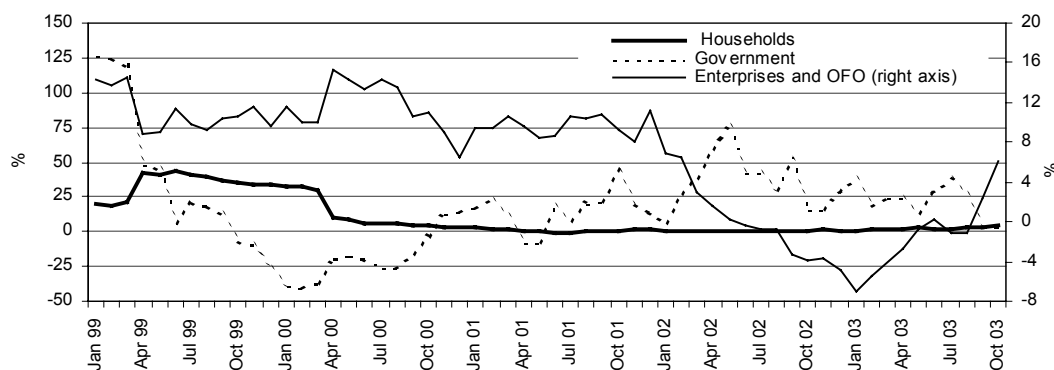
Tolar lending to **enterprises and OFO**, representing 57.9% of total tolar lending, climbed by 3.1% in real terms in the first ten months of 2003 mainly owing to the growth experienced from July to September (3.7%). This lending dropped by 7.5% in real terms in the same period of 2002. It is encouraging that long-term loans, which enterprises largely use to finance development projects, rose by as much as 6.1% in real terms in the first ten months of 2003, the most since 1998. **Net flows** also indicate marked growth in tolar lending; they totalled SIT 72.7 billion in the first ten months, while the same period of 2002 saw a net repayment of loans, totalling SIT 13.2 billion. **Foreign currency loans** were still highly attractive thanks to the differences in the cost of borrowing; they rose by 31.7% in real terms in the first ten months of 2003, 2.4 percentage points more than the year before. Enterprises and OFO raised a net amount of SIT 156.9 billion in foreign currency loans, as much as 41.7% more than in the same period of 2002 in real terms. In September, enterprises repaid **loans taken out abroad** in net terms for the first time in 2003, totalling SIT 0.2 billion.

Like lending to enterprises and OFO, lending to **households** strengthened in the first ten months of 2003, going up by 4.5% in real terms chiefly due to a 5.5% real rise in long-term loans, which represented 80.1% of total lending to households. **Net flows** of long-term loans amounted to SIT 45.5 billion, 29.3% more than in the same period of 2002 in real terms, and represented 93.2% of total net flows of household loans.

The **government** reduced its borrowing in the first ten months of 2003 compared to the year before; it took out SIT 18 billion in tolar loans in net terms, 58.6% less than in 2002 in real terms, while it repaid foreign currency loans in a net amount of SIT 6.7 billion.

In December, **short-term lending interest rates** on corporate and household loans dropped by 0.1 of a percentage point to 10% and 9.6%, respectively. Interest rates on **long-term loans** fell by 0.4 of a percentage point to 10.7% for enterprises, while those for households dropped by 0.3 of a percentage point to 9%.

Graph: Year-on-year growth in tolar lending to enterprises and OFO, households, and the government



Source of data: BS, calculations by the IMAD.