

The Money Market – Loans

Domestic banks' loans	Nominal amounts, SIT billion		Real loan growth, %	
	31 Dec 2002	30 Nov 2003	31 Nov 03/31 Oct 03	30 Nov 03/30 Nov 02
Total tolar loans	1,672.0	1,828.5	0.4	5.3
Tolar loans to comp. and OFO*	977.5	1,059.9	0.5	6.4
Short-term, overdrafts, advances	529.7	558.3	0.1	3.4
Long-term	447.8	501.6	1.0	9.9
Foreign currency loans to comp., OFO	448.7	603.6	2.0	35.4
Household tolar loans	573.1	627.8	0.3	3.4
Short-term, overdrafts, advances	118.5	123.1	-1.2	-4.4
Long-term	454.6	504.7	0.6	5.5
Government tolar loans	121.4	140.7	0.4	5.9
Short-term, overdrafts, advances	27.6	40.9	1.8	1.3
Long-term	93.8	99.8	-0.2	8.0

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

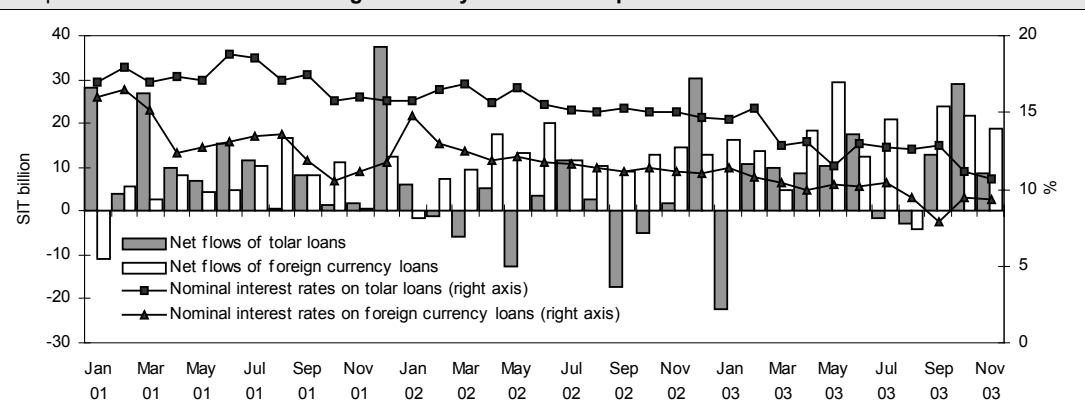
In November, the volume of domestic banks' tolar lending to enterprises and other financial organisations, households, and the government rose for the third month running, so lending climbed by 4.6% in real terms in the first eleven months of 2003 (the same period of 2002 saw a real fall of 1.9%). The biggest rise was seen in overdrafts and advances (up 19.3% in real terms), however, they only added 1.1 percentage points to overall growth because of their small share, while growth was mainly fuelled by the 6.2% real rise in long-term lending, adding 3.7 percentage points. Net flows of tolar loans amounted to SIT 152.4 billion and were 114.3% higher than in the same period of 2002 in real terms.

Growth continued to be mainly fuelled by lending to enterprises and OFO (representing 58% of all tolar loans), which contributed 0.3 of a percentage point to November's monthly growth. This type of lending kept rising since February 2003, except in July, and increased by 3.7% in real terms in the first eleven months of last year. This was a much better figure compared to the real fall of 7.3% seen in the same period of 2002, but still below the robust rates of growth seen before. While growth was primarily fuelled by short-term loans in previous years, over 90% of the growth was due to the 7.1% real rise in long-term loans in the first eleven months of 2003. Net flows of tolar loans amounted to SIT 81.4 billion in the first eleven months, while SIT 11.6 billion was repaid in net terms in the same period of 2002. Foreign currency loans were still significantly cheaper; they climbed steadily after January 2001 and represented 36.3% of all domestic banks' lending to enterprises and OFO according to the latest figures. Foreign currency loans were up 34.3% in real terms in the first eleven months of 2003, 0.9 of a percentage point more than the year before, and net foreign currency borrowing totalled SIT 175.7 billion, 40.2% more than in the same period of 2002 in real terms. Enterprises continued to raise loans abroad, with net external borrowing totalling SIT 104.8 billion in the first ten months, 21.6% more than in the same period of 2002 in real terms.

Lending to households increased by 4.7% in real terms in the first eleven months of 2003, more than in the last few years, but significantly less than before 2000. This increase was due to the 6.2% real rise in long-term loans, while short-term loans, overdrafts and advances dropped by 0.7%. Net flows of long-term tolar loans confirm these trends; they totalled SIT 50.1 billion and represented 96% of all net flows of tolar loans. Household indebtedness measured as a ratio of loans to deposits remained at a level of 0.3 for the third month running.

After long-term lending interest rates dropped by an average of 4.2 percentage points and short-term lending interest rates by 2 percentage points in 2003, they continued to fall slightly in January 2004. Compared to December, a 0.1 of a percentage point fall was seen in short-term interest rates on corporate loans, down to 9.8%, short-term interest rates on household loans, falling to 9.5%, and long-term interest rates on corporate loans, falling to 10.2%, while long-term interest rates on household loans stayed at 9%.

Graph: Net flows of tolar and foreign currency loans to enterprises and OFO & interest rates



Source of data: BS.