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1. T – Bills auctions

There was one T- Bills auction realized in August. In year 2010 was already sold EUR 2,420.7 millions of T-Bills with average interest rate 1.082 % p.a. by total demand EUR 5,834.9 millions.

T-Bills	ISIN	Auction date	Maturity	Bid amount [EUR million]	Accepted amount [EUR million]	Accepted interest rate [% p. a.]	Auction type
ŠPP 04	SK6120000055	23.8.2010	13.7.2011	456.9	148.5	1.500	Dutch
Sum				456.9	148.5		

2. T – Bills outstanding

Total nominal amount issued equals to EUR 4 billion. For repo trades and auction sale on secondary market is available approximately EUR 2.41 billion in nominal value.

T-Bills	ISIN	Issue date	Maturity	Sold [EUR millions]	MFSR account [EUR millions]	Total amount [EUR millions]
ŠPP 04	SK6120000048	20.1.2010	19.1.2011	1,060.6	939.4	2,000.0
ŠPP 05	SK6120000055	14.7.2010	13.7.2011	529.3	1,470.7	2,000.0
Sum				1,589.9	2,410.1	4,000.0

3. Government bonds auctions

There were two auctions realized in August. Total amount of sold bonds is EUR 4,318.9 millions in year 2010.

Bond	ISIN	Auction date	Maturity	Coupon interest [% p.a.]	Nominal amount [EUR million]		Accepted yields (price) to maturity [% p.a. (%)]		
					Bids	Accept	Min.	Average	Max.
ŠD 213	SK4120007071	16.8.2010	24.2.2016	3.50	334.0	226.6	2.999	3.245	3.299
ŠD 214	SK4120007204	30.8.2010	2.9.2010	4,00	243.6	135.6	3.563	3.692	3.753
Sum					577.6	362.2			

Till the end of year has to take place 6 auctions, one of them can be replaced by a syndicate.

Auctions of government bonds in year 2010	Realized	Remained
ŠD 206 - original maturity 20 years and fix interest rate coupon	3	1
ŠD 210 - original maturity 6 years and float interest rate coupon	2	0
ŠD 212 - original maturity 2 years and zero coupon	3	2

ŠD 213 - original maturity 6 years and fix interest rate coupon	5	2
ŠD 214 - original maturity 10 years and fix interest rate coupon	2	0
Sum	15	5
Auction for decision	3	1

4. Government bonds outstanding

There are 4 bond lines open for further auctions at the end of August, because the rest of ŠD211 in nominal value EUR 50 million is left on MFSR property account for secondary market support in the frame of „last resort lending“ to primary dealers. Total nominal value of bonds ready for sale on primary market is EUR 3,931 millions.

Bond	ISIN	Issue date	Maturity	Outstanding [million EUR]	Available for sale [million EUR]
ŠD 206	SK4120004987	10.05.2006	10.05.2026	1,049.8	278.0
ŠD 212	SK4120006990	27.01.2010	27.01.2012	767.8	232.2
ŠD 213	SK4120007071	24.02.2010	24.02.2016	943.6	2,056.4
ŠD 214	SK4120007104	27.04.2010	27.04.2020	1,635.6	1,364.4
Sum					3,931.0

5. Government loans

No loan was drawdown in August.

6. State financial liabilities

Financial liabilities of Slovakia are presented without financial sources from State Treasury and money market loans and deposits. Data as of August 31st, 2010.

Financial liability type	Financial liability value [EUR million]
Government bonds	21,046.5
T- Bills	1,589.7
Government loans	859.5
SUM	23,495.7

7. State budget balance

State budget expenditures were bigger than revenues approximately of EUR 2,822.5 million on August 31st, 2010.

8. Outlook for September

In September there is no redemption of government financial liabilities coming from state bonds and T-Bills. There are two auctions of bonds and one auction of T – Bills planed in September.

Date		Bond	ISIN	Auction type (competitive)	Available for sale [EUR million]	Supposed sale [EUR million]
auction	settlement					
13.9.2010	16.9.2010	ŠD212	SK4120006990	American	232.2	232.2
27.9.2010	29.9.2010	ŠD213	SK4120007071	American	2,056.4	150.0+

Status data are as of August 31st, 2010

Some of the planned auction can be postponed to December for “clean market” reason in case of issuing new benchmark bond via syndicate.

In order to request of market participants there will be in October new line of 3 years maturing floating rate coupon (EURIBOR) bond opened and also first competitive auction will take place on October 11, 2010.

Slovak economy as of August 15th, 2010 (monthly indicators)

Inštitút finančnej politiky, MF SR

(Detailed information on web site: <http://www.finance.gov.sk/en/Default.aspx?CatID=547>)

The overview is compiled by the 15th day of the month as most of the indicators are available at this time (a lag of one and half month).

Positive news:

- + The year-on-year growth in manufacturing continued in June, albeit at a slightly slower pace. The **industrial production index** (seasonally adjusted) remained on the May level, however with the positive contribution of the base effect, the year-on-year growth reached to 23.5%. The industrial production (seasonally adjusted) thus reached its pre-crisis level recorded in the first half of 2008. The fastest growing sector was the manufacturing of computer, electronic and optical product which recorded almost 90% growth compared to June 2009.
- + **Retail sales** recorded a slight year-on-year growth of 1%, which is the highest growth since December 2008.
- + **Nominal wages in selected sectors** (almost two thirds of total employment) continued to grow on a year-on-year basis in June, with the growth reaching 4.9%.
- + The stabilization of the **labour market** continues. Although the **employment in selected sectors** has fallen by 4.1% compared to the previous year, the fall is gradually levelling off and the number of employees grew by over a thousand compared to previous month. The rate of **registered disposable unemployment** increased to 12.3%, however this was the month when most of the graduates register for unemployment. Seasonally adjusted registered disposable unemployment rate decreased in June.
- + The year-on-year growth in **export of goods** by 25.9% continues to confirm growing foreign demand. Stronger growth in **imports** (by 19.8%) hints at the recovery of the investment activity.
- + The sentiment indicator in Slovakia continued to grow in July, driven mainly by industrial and retail confidence, which is already reaching the pre-crisis levels.

Negative news:

- The economic sentiment in Germany measured by the **ZEW and IFO indicators** decreased for a second month in a row, indicating negative expectations for our largest trading partner for the second half of 2010.
- The year-on-year drop of **car registrations** by 43.4% is caused mainly by the car scrapping scheme, which positively influenced the numbers in the previous year.

Main message

Monthly indicators imply a positive trend for Slovak industrial production in the upcoming period. However, the job creation remains subdued for now.