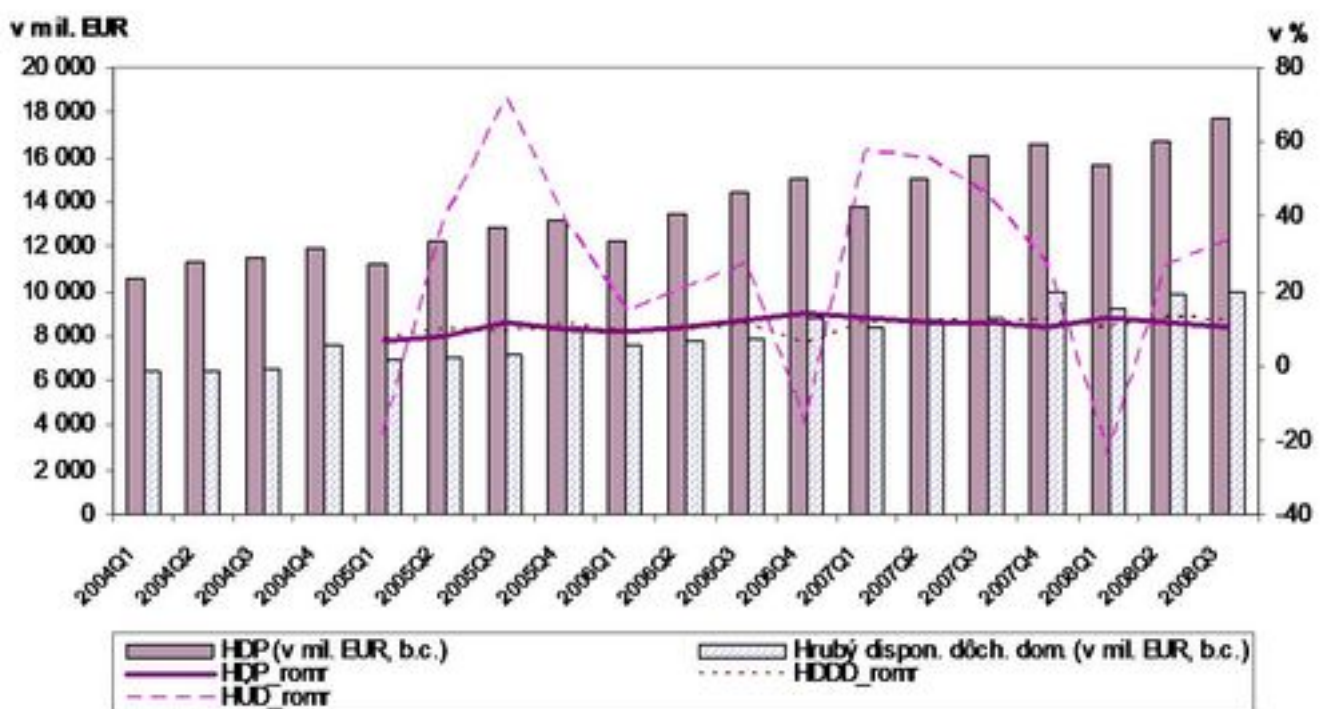


Working breakfast - a new communication platform came into being



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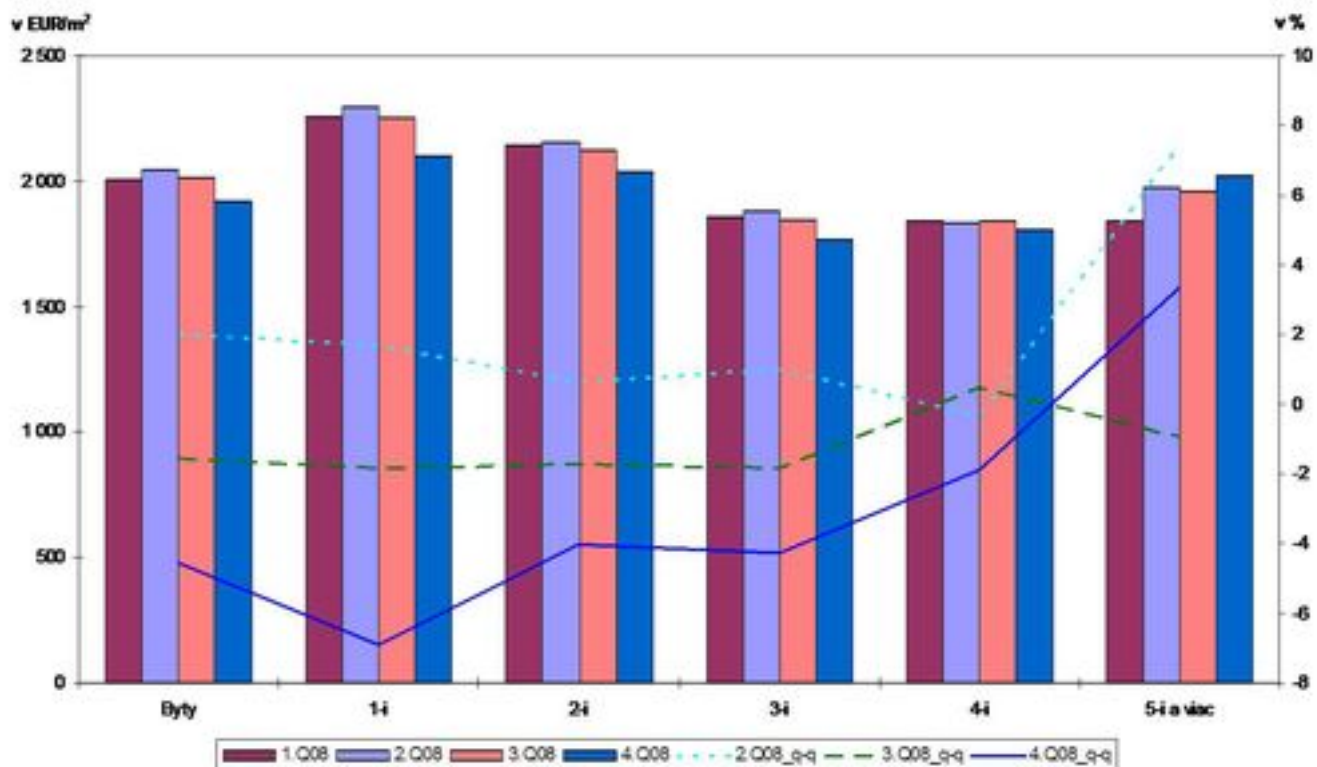
Zdenko Krajčír from the Institute of Financial Policy of the SR Department of the Treasury acquainted with the importance of macroeconomic prognosis for the all-public administration and the state budget. In September 2008, when nobody anticipated yet, that the crisis would influence our economy so substantially, its growth was estimated for 6.5 percentages, in November for 4.6 percentages only and the actual prognosis from the end of January speaks only about 2.4 percentages. The data for the first quarter will disclose to which extend the number will be realistic, by him, for which it is needed to wait till the mid of May. Although Slovakia ought to be the most quickly developing state according to EK, Krajčír did not exclude that the value can be lower yet and the deficit of public finances can achieve up to 3 percentages border of GDP, under which it had to drop due to Euro currency transition. Last indicators (export, industrial production) show minus values namely. Already in the second half of this year revival of Slovak economy ought to come, according to the chief of IFP, but just in the form of drop the stoppage ad interim. Its restart is expected there, where it kinked up - it means in the industrial sector.



Mikuláš Cár from the National Bank of Slovakia mentioned that we would be glad if we remain in plus numbers in year 2009 at all. Domestic market is delayed according to him and the global crisis impact in the form of depression going to deceleration is visible only by steps. As he added, considerable regional differentiation outlasts - substantial part of estate building and transactions are still realized in the Bratislava district. The positive factor is, that crystallization and standardisation of Slovak estate market arise also thanks the financial crisis. As he added, decisive influence for real estates prices development has demand factors (GDP, total volume of offered credits to households, number of inhabitants in the age from 25 to 44 years) and offering factors (volume of production connected with the building-up of flat houses).

By Juraj Barta from the Slovak Savings the question, why we are decreasing so quickly has its anti-question: why we were growing so quickly. Real estate credits experienced the period of growth, but it is decelerating now. A drop of demand and a reduction of purchase ability also transfer the crisis. The first speaker pointed out already this moment: until the demand for final products is not, their prices have to drop, what presses to the margin of profit and wages drop. As he reminded, Slovakia had about 10% growth in year 2007, one year after that 7-8 percentages only and if the crisis was not it would show 6-7 percentages this year. „Although value of money increased, their lending is more accessible than 1 or 2 months ago. In order portfolio of bank credits would not spill, they have to look out for risk branches,“ Barta reacted for critics of banks restrictive policy.

It is ominous for Slovakia, that its growth was based on international investmetns and that our factories lost clients abroad, Juraj Karpíš from INESS Company, thinks. It is more important whether EU will follow USA in decreasing rates of interests or whether particular counties will be able to pay debts in long-term horizon, he said. And which branches will experience industrial pick-up like first? „Momentarily short-term and long-tem changes in structure of our economy arise. Some companies will defunct surely, interest will shift to products of daily consumption like food and health services.“



During the working breakfast active participants tried to formulate also their own proposals, views or prognosis to several commonly addressed questions.

1. Measures, which are needed be taken in the not easy times

Andrej Ďurkovský: „To save up in the period of crisis does not mean to take money from self-administrative bodies away, but to use them in order to stabilize job positions through public orders addressed to a private sector.“

Zdenko Krajčír: „Breaking public financiers will not help to pick-up domestic economy. Slovakia backwards in spending Euro funds - it is needed be changed. Tax loads of physical persons will decrease in the frame of the latest governmental anti-crisis measures package by the increase of the deductible item, the value of depreciated tangible assets of legal persons will increase and the state will pay payments instead of workers, who their employers let on 60-percentage wages only.“

Juraj Barta: „Unification of tax and insurance collection is important, by which expenditures of firms would reduce.“

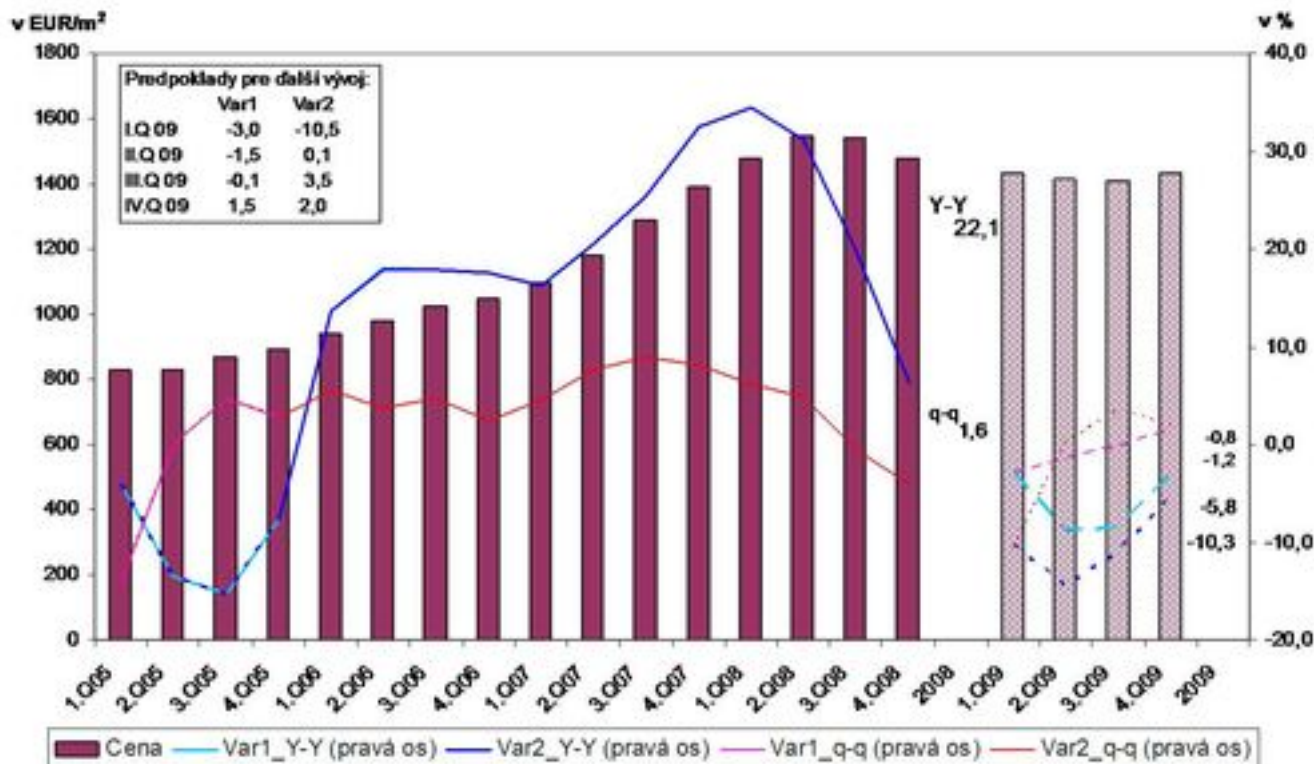
2. Resistance of our country against presses of the global crisis

Zdenko Krajčír: „Slovak presents the small open economy with practically zero resistance. World economy is interconnected by financial channels to such extend, that already south-eastern Asia and Japan proceeds to negative values.“

Mikuláš Cár: „All turbulences on financial markets are proceeded very quickly and latest indicators show, that estimates will be needed be re-evaluated.“

Juraj Barta: „Slovak economy is not resistant for that yet, because the volume of its export directed to markets touched by the crisis is exceedingly high.“

Juraj Karpiš: „We entirely depend on it, what will happen in the biggest economies of the world- the USA, the European Union and Japan.“



3. Estimated development of inflation in Slovakia

Zdenko Krajčír: „Fortifying exchange rate of crown defened inflation till now. However, it is the only

positive risk simultaneously, because it stimulates growth of purchase ability.“

Mikuláš Cár: „Because competencies of NBS relating to determination of exchange rates were taken away, inflation is only a question of time after Euro is transited.“

Juraj Barta: „Considering, that after Euro transition there will not be policy of the central bank yet, which would make anti-inflation measures, we are endangered by the risk of inflation increasing next years.“

Juraj Karpiš: „If the European central bank will start buying debts of particular countries the press for inflation will increase.“

Media, which will intermediate dialog

Great honour for the Internet magazine Stavebné fórum.sk was, that Andrej Ďurkovský, major of the SR capital Bratislava, took its first working breakfast under his patronage and came to open it personally to Radisson SAS Carlton Hotel in spite of his working load. Its main contribution consists in the establishment of a new - open and informal communication platform at which representatives of state, communal as well private sectors begun discussion in the period of not merry macroeconomic situation. In case of Bratislava, which already presents traditionally the most productive region of Slovakia with the biggest volume of investment projects and transactions, it helps to make the relation between economists of the state and its capital clear in detail.

The progressive worldwide crisis requires still more close co-operation already now not only between states but between regions as well. And actually the working breakfast of Stavebné fórum.sk has the ambition to become the media, which can intermediate such the above-border dialog effectively. Most of participants invite such opportunity in the current hard period, by which we are actually passing by, and expressed the interest in continuing similar meetings.

Photo - archive SF.sk and NBS

Graph n° 1 - GDP, HDDD and HÚD development

Graph n° 2 - Development of flats prices in the Bratislava region in year 2008

Graph n° 3 - Actual and possible development of real estates prices for housing in year 2009

Source: NBS according to NARKS data

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