

# The Money Market – Loans

Domestic banks' loans	Nominal amounts, SIT billion		Real loan growth, %	
	31. Dec 2002	31. May 2003	31. May 03/30. Apr 03	31. May 03/31. May 02
<b>Total tolar loans</b>	1,671.6	1,715.8	0.8	1.5
<b>Tolar loans to comp. and OFO*</b>	977.5	995.2	0.6	-0.7
Short-term, overdrafts, advances	529.7	531.7	0.2	-4.8
Long-term	447.8	463.5	1.0	4.5
<b>Foreign currency loans to comp., OFO</b>	446.1	507.7	3.5	38.0
<b>Household tolar loans</b>	573.1	596.5	1.2	3.1
Short-term, overdrafts, advances	118.5	119.4	2.6	1.6
Long-term	454.6	477.1	0.8	3.5
<b>Government tolar loans</b>	121.0	124.0	0.4	12.6
Short-term, overdrafts, advances	27.1	28.0	3.8	-25.0
Long-term	93.8	96.0	-0.6	31.9

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

**Domestic banks' tolar lending to enterprises and OFO, households and the government** rose by 0.8% month on month in May in real terms. This was one of the highest growth rates in the last two years, but the volume of loans was still 1.6 percentage points below December's level because of the falls seen earlier in the year. The biggest rise of 4.5% was seen in overdrafts and advances, representing 6% of total tolar loans, while the weakest rise of 0.1% was seen in short-term loans. Net flows of tolar loans totalled SIT 42.4 billion in the first five months, recording a real rise of 80.4% over the same period last year.

The volume of tolar lending to **enterprises and OFO** climbed for the fourth month running, however, this volume was still 1.4% below December's level because of the real falls seen earlier in the year (the same period last year saw a fall of 5.5%). Long-term loans rose by 0.3% in real terms in the first five months, but they recorded 4.7% growth in the last four months alone. Short-term loans, overdrafts and advances dropped by 2.8% in real terms over December. Enterprises raised long-term loans in a total net amount of SIT 15.7 billion in the first five months, while they repaid a total net amount of SIT 3.4 billion in the same period last year. Above-average growth in **foreign currency lending** continued because it was more attractive than tolar lending. In May, foreign currency loans climbed by 3.5% in real terms. This was the strongest growth after July 2002, when a rise of 4.4% was recorded. Foreign currency loans rose by 14.8% in real terms over December, 3.5 percentage points more than in the same period last year. **Net flows** of foreign currency loans totalled SIT 29.5 million in May and SIT 85.1 billion in the first five months, recording a real rise of as much as 82.3% from the same period last year.

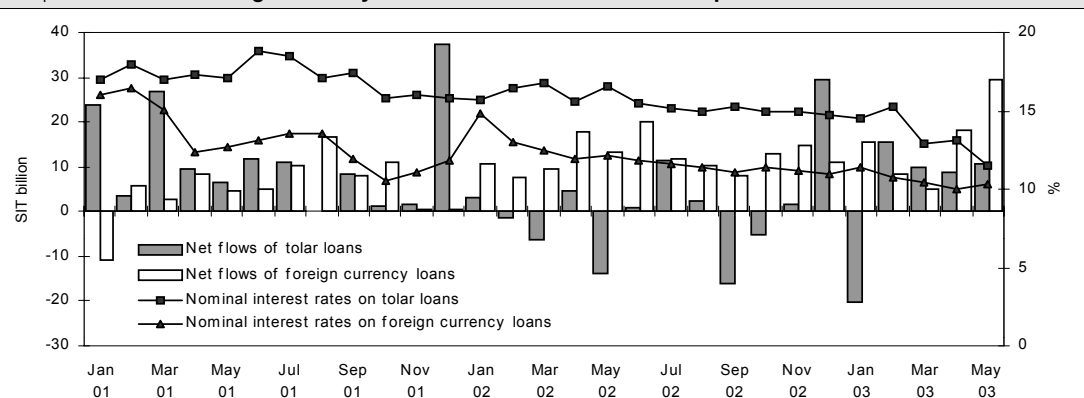
**External borrowing** of domestic enterprises increased slightly this year; enterprises raised loans abroad in a total net amount of SIT 25.9 billion in the first four months, 4 times more in real terms than in the same period last year.

**Tolar lending to households** climbed by 1.2% in real terms in May and by 0.8% in the first five months (the same period last year saw a 1.8% real fall). This growth was mainly underpinned by long-term loans, which increased by 1.7% in real terms (the opposite of what was seen in the last two years) and added 1.4 percentage points to total household loan growth. A real fall of 2.4% in overdrafts and advances and short-term loans reduced the total loan growth by 0.6 of a percentage point. In the first five months, net flows of tolar household loans totalled SIT 22.1 billion and were 45.4% higher than in the same period last year in real terms. **Household indebtedness** measured as a ratio of loans to deposits remained at a level of 0.29 for six consecutive months.

As a result of June's rise in the tolar indexation clause (TOM), **long-term nominal lending interest rates** rose by 1.4 percentage points to 11.1% on household loans and by 1.5 percentage points to 13.0% on corporate loans. The rise in long-term lending interest rates was slightly stronger (0.4 of a percentage point) than the rise in long-term deposit interest rates.

**Short-term** lending interest rates fell by 0.3 of a percentage point to 10.4% on household loans and 10.8% on corporate loans. This was a weaker fall than the one seen in short-term deposit interest rates (see p. 7).

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



Source of data: BS.