

# The Money Market – Household Savings

Household savings in banks	SIT billion, nominal		Real growth rates, in %	
	31. December 2002	30. November 2003	30. November 2003/ 31. October 2003	30. November 2003/ 30. November 2002
<b>Total savings</b>	1,978.3	2,108.5	0.2	5.5
<b>Tolar savings, total</b>	1,159.7	1,268.6	0.3	7.3
Demand deposits	403.0	453.4	1.0	6.1
Short-term deposits	550.4	601.1	0.3	9.1
Long-term deposits	205.9	213.7	-0.9	4.6
<b>Foreign currency savings</b>	818.6	839.9	0.1	3.3
Short-term, demand d.	721.8	759.7	0.2	6.1
Long-term deposits	96.8	80.2	-1.4	-17.5

Sources of data: Monthly Bulletin of the BS, calculations by the IMAD.

**Household savings in banks** continued to rise modestly in **November 2003**. They climbed by just 3.6% in real terms in the first eleven months, 1.5 percentage points less than in the same period of 2002. Sight deposits increased the most, while long-term deposits fell due to ongoing falls interest rates. **Net flows of tolar and foreign currency deposits** amounted to SIT 77.2 billion in the first eleven months, 33.9% less than the year before in real terms. If tolar sight deposits are excluded since they are generally not intended as savings, net inflows into domestic banks would only total SIT 30.8 billion, the least since 1992.

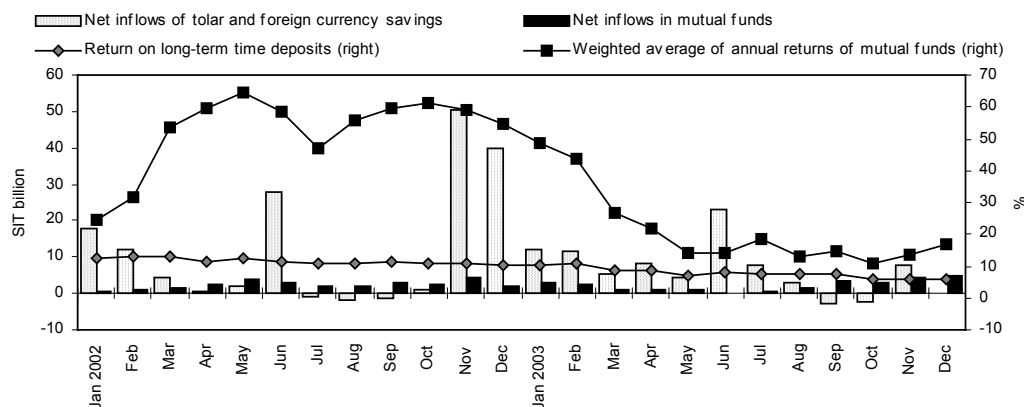
**Mutual funds** recorded an inflow of SIT 25.9 billion in 2003, close to half of which was seen in the last quarter; however, these inflows were 6.4% lower than in 2002. December saw the biggest net monthly inflow so far, amounting to SIT 4.8 billion. Assets held by mutual funds totalled as much as SIT 92.8 billion at the end of 2003, 67.6% more than at the end of 2002 in real terms. This was due to a rise in securities prices on the Ljubljana Stock Exchange (domestic securities still account for the vast majority of investments of mutual funds) as well as new inflows (also see p. 9). The average annual weighted return (depending on the size of the mutual fund) was 16.8%, 35.9 percentage points lower than in 2002, while returns ranged from 9.8% to 23.6% depending on the mutual fund (from 12.3% to 60.5% in 2002).

Household **tolar savings** rose by 4.6% in real terms in the first eleven months, the least so far and 5.2 percentage points less than in the same period of 2002. Despite the regular monthly inflows coming under the National Housing Savings Scheme, which totalled SIT 20.3 billion in the first eleven months, long-term tolar deposits fell by 0.7% in real terms. **Net inflows of tolar deposits** amounted to SIT 62.1 billion and were 48.9% lower than the year before in real terms.

Household **foreign currency savings** rose by 2.4% in real terms in the first eleven months thanks to the 5% real rise in short-term deposits, while these savings were stagnant in the same period of 2002. **Net inflows** totalled SIT 15.1 billion, representing 19.5% of all inflows of household deposits.

According to data from the Bank of Slovenia, the fall in **interest rates on time deposits** slowed down slightly in **January** since it was only the interest rate on deposits tied for 181 days to one year that recorded a 0.1 of a percentage point fall to 4.8%. After one and a half years, the interest rate on sight deposits was cut by 0.2 of a percentage point to 0.8%. The **average interbank interest rate** dropped to 4.7% in December, the lowest level in 2003, thanks to the favourable bank liquidity. Similarly, the SITIBORs of short maturities dropped, while those of maturities of over three months stayed at the level of November 2003.

Graph: Comparison of monthly net inflows of household deposits in banks and mutual funds & their returns



Source of data: BS, www.finance-on.net, calculations by the IMAD.