

# CONTENTS

I ECONOMIC POLICY SURVEY .....	5
ESTONIA .....	5
Financial Sector .....	5
Inflation .....	5
Real Economy .....	6
Government Sector .....	7
II ECONOMIC DEVELOPMENTS .....	8
EXTERNAL ENVIRONMENT .....	8
Global Background .....	8
United States of America .....	8
Japan .....	9
Euro Area .....	9
Nordic Countries .....	10
Baltic Countries .....	10
Central Europe .....	11
Russia .....	12
International Financial and Commodity Markets .....	12
ESTONIAN ECONOMY .....	13
Economic Growth .....	13
Domestic Demand .....	14
Investments and Private Consumption .....	14
Public Sector .....	14
External Balance .....	14
Domestic Supply .....	15
Sale and Export of Industrial Production .....	15
Employment and Unemployment .....	16
Wages and Productivity .....	17
<i>BACKGROUND INFORMATION</i>	
<i>LEVEL OF CONCENTRATION IN THE MANUFACTURING PRODUCTION IN ESTONIA ...</i>	18
<i>WHY HAS THE CONTINUOUS DEPRECIATION OF THE DOLLAR NOT</i>	
<i>IMPROVED ESTONIA'S TRADE BALANCE? .....</i>	19
III INFLATION .....	21
Consumer Price Index .....	21
Real Exchange Rate of the Kroon .....	22
IV MONETARY ENVIRONMENT .....	23
Liquidity Environment and Interest Rates .....	23
Capital Flows .....	24
Monetary and Loan Aggregates .....	24
V FINANCIAL SECTOR DEVELOPMENT .....	27
Banking .....	27
Banks' Assets and Their Quality .....	27
Liabilities .....	29
Return on Equity .....	30
Securities Market .....	30
Stock Market .....	30
Bond Market .....	31
Other Financial Intermediaries .....	31
Investment Funds .....	31
Insurance .....	32

