

Analysis and quantification of the Euro-changeover effect on the price development in the SR

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Since 1 January 2009, the Slovak Republic (SR) has become the 16th Eurozone member country. The SR complied with the Maastricht criteria in the period of significant growth of the economy, as the real GDP increased in 2008 by 6.4%. However, the main development tendency of the Slovak economy during the previous year was the slowdown of the dynamics of its growth. This slowdown was caused by the development of the aggregated demand, the growth of which had been decreasing since the beginning of the previous year and in real terms it fell down in the 4th quarter. The decisive factor of the decrease of aggregated demand at the end of the previous year was the decrease of external demand caused by the global economic crisis.

In 2008, the dynamics of growth of the Slovak economy slowed down, however, the inflation slightly increased - from 2.8% in 2007 up to 4.6% in 2008 (at the average). In this connection, the justified questions might arise, e.g. if, from when and to what extent the development of consumer prices could be influenced also by the preparation for the Euro-changeover or it was affected only by the sole Euro-changeover. This is to say that the impact of the Euro-changeover might appear with a certain advance or it can be shown only after a certain time delay after its introduction. Thus, it is necessary to analyse the price development at the consumer market for a longer time period, not only during a couple of months prior to after the Euro introduction. The results of analysis and the quantification of the impact of Euro-changeover on the price development in the SR are subject of the submitted paper.