Balance of Payments

Balance of Payments, Jan–Sept 2003, EUR million	Inflows	Outflows	Balance[1]	Balance Jan–Sept 2002
Current account	11,059.2	11,003.4	55.9	333.9
Trade balance (FOB)	8,459.6	8,800.4	-340.7	-87.9
Services	1,863.9	1,450.1	413.8	481.0
Factor services	412.4	486.7	-74.3	-156.8
Unrequited transfers	323.3	266.2	57.1	97.7
Capital and financial account	1,311.6	-1,411.8	-100.2	-335.4
Capital account	8.0	-3.0	5.0	0.9
Capital transfers	5.8	-1.1	4.7	1.7
Non-produced, non-financial assets	2.2	-1.9	0.3	-0.7
Financial account	1,303.6	-1,408.8	-105.2	-336.4
Direct investment	77.2	-194.6	-117.4	953.1
Portfolio investment	22.8	-118.9	-96.1	60.3
Other long-term capital investment	1,203.6	-765.1	438.5	-188.2
Assets	0.0	-718.6	-718.6	-638.4
Liabilities	1,203.6	-46.5	1,157.1	450.2
International reserves (BS)	0.0	-330.2	-330.2	-1,161.6
Statistical error	44.4	0.0	44.4	1.6

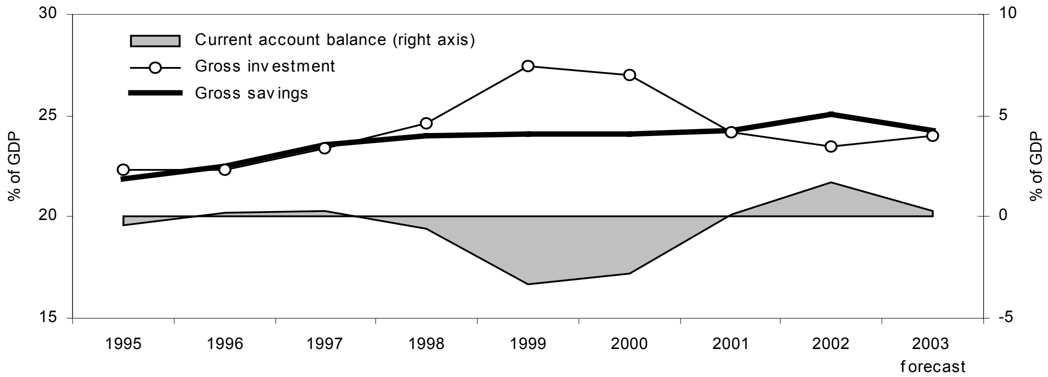
Source of data: BS. *Note*: [1]minus sign (-) indicates imports over exports in the current account, increase in assets or decrease in liabilities in the capital and financial accounts, and growth of reserve assets.

The seasonal impact on international trade tends to be positive in **September** because trade usually revives after the summer holidays and industrial production also intensifies. Exports of goods climbed by 49.8% and imports of goods by 36.2% in nominal terms in September over August, while industrial production increased by 32.8%.

With economic conditions in EU members being less favourable, **total exports** rose by just 2.2% year on year in the **first three quarters** (exports of goods were up 2.5% and exports of services 0.9%). Slovenian exporters managed to partly offset the modest growth in export earnings from EU markets by increasing exports to CEFTA countries, non-European OECD members and the Russian Federation where real **export earnings** climbed by an average of 18.6%. **Total imports** rose by 5.5% (imports of goods increased by 5.5% and imports of services by 5.7%), suggesting an increase in domestic demand. Broken down by end-use product groups, imports of investment goods rose the most, especially imports of industrial machinery (up 18.4%), indicating a rise in manufacturing's investment activity. Imports of consumer goods also increased, implying a rise in household spending, while imports of intermediate goods rose the least owing to weak growth in industrial production. With the terms of trade remaining unchanged, the nominal **surplus in trade** in goods and services narrowed due to changes in the volume of trade in goods and services. From the point of view of the **saving-investment gap**, this year's current account surplus narrowed because domestic investment rose faster than domestic savings.

The structure of the capital and financial account changed as the **net financial flow** (excluding international monetary reserves) totalled EUR 225 million in the first three quarters of this year compared to the EUR 825.2 seen in the same period last year. Slovenia was a net exporter of foreign direct and portfolio investment. As regards outward direct investment, Slovenia's equity capital mainly increased in the countries of former Yugoslavia, while inward direct investment primarily involved loans extended by a foreign investor to a domestic enterprise, according to the Bank of Slovenia. Short-term commercial credits fell from EUR 472.2 million to EUR 206.7 million owing to subdued growth in exports of goods compared to last year. The overall net loan position, regardless of capital affiliation, shows that Slovenia was a net recipient of loans, amounting to EUR 1,020.6 million in the first three quarters (just EUR 353.3 million was seen in the same period last year). A rise was mainly seen in the long-term international borrowing of commercial banks, which mostly pushed gross external debt up to total EUR 12,807 million at the end of September. At the end of September, the **stock of international monetary reserves** amounted to EUR 6,121.8 million, while the stock of commercial banks' foreign exchange reserves totalled EUR 1,023.4 million. International monetary reserves were sufficient to cover 5.4 average months' worth of imports of goods and services.

Graph: **The saving-investment gap as a % of GDP**



Source of data: SORS, IMAD's forecast.