

Manufacturing	Slovenian Economic Mirror	IMAD
	No. 2/2004	p. 14

Selected economic indicators	Growth rates, %		
	Jan–Dec 2003/ Jan–Dec 2002	Jan–Dec 2002/ Jan–Dec 2001	Jan–Dec 2001/ Jan–Dec 2000
Production volume ¹	1.6	2.0	2.8
- highly export-oriented industries ^{1a}	3.6	7.5	5.1
- mainly export-oriented industries ^{1b}	1.3	-1.0	2.2
- mainly domestic market-oriented industries ^{1c}	0.4	0.6	-1.9
Average number of employees ¹	-2.0	-2.8	-0.6
Labour productivity ²	3.7	4.9	3.4
Stock levels	5.9	-2.0	4.9
Average gross wage ³	1.9	1.7	2.2
Industrial producer prices	2.9	5.2	9.9
- producer prices/inflation	-2.6	-2.1	1.4

Source of data: SORS, calculations by the IMAD. Notes: ¹figures cover enterprises employing 10 or more workers; ^{1a}manufacturing industries (DF, DG, DK, DM) which earn over 70% of their average revenues from sales in foreign markets, according to data for Slovenian commercial companies released by the Agency for Public Legal Records and Related Services; ^{1b}manufacturing industries (DB, DC, DD, DH, DJ, DL, DN) which earn 50% to 70% of their average revenues from sales in foreign markets; ^{1c}manufacturing industries (DA, DE, DI) which earn less than 50% of their average revenues from sales in foreign markets; ²production volumes per employee; ³real growth – calculated by the consumer price index.

Manufacturing recorded **fluctuating economic activity** in 2003. Average **production volumes** exceeded the level of 2002 by 1.6% and were slightly above the autumn forecasts. A breakdown by quarters shows moderate 1.4% year-on-year growth in the first quarter, followed by a period of decline. In the second and third quarters, production volumes fell by 0.2% and 0.3%, respectively, while production surged by 5.8% year on year in the last quarter. These dynamics led to a strong **upward trend** as early as in autumn, while production volumes climbed by 0.2% in December over November, according to the Tramo-Seats method.

In 2003, the strongest production volumes growth was seen in **highly export-oriented industries**, which also raised employment by 2.4% and reduced stocks per unit of production by 2.3% (see graph). The best performing industry was the manufacture of chemicals and chemical products, where production activity climbed the most (up 11.8%). On the other hand, the worst performing industry was the manufacture of machinery and equipment, with production volumes falling the most (down 6%). **Mainly export-oriented industries** recorded 1.3% average growth in production volumes, however, employment dropped by 2.3% and stocks per unit of production rose by 12.4% at the same time. The manufacture of electrical and optical equipment recorded the strongest production growth of 11.3%, while stocks per unit of production surged by 30.8%. Production dropped the most in labour-intensive industries of leather products (down 13%) and textiles and textile products (down 11.4%). Production activity in **mainly domestic market-oriented industries** stagnated, with none of the industries diverging significantly from the average, while stock levels declined by 5.9%.

The business climate improved significantly in early 2004 after it had been relatively low since October. According to the **SORS' survey on business trends in manufacturing**, the **composite confidence indicator** comprising total order books, stock levels and production expectations was again positive in February after being negative for four months. It improved by 2.0 percentage points compared to January and 9.0 percentage points compared to December. The indicator was 5.6 percentage points above the average monthly value of 2003. Similarly, the seasonally adjusted series of monthly values improved slightly and showed an upward tendency. The share of surveyed enterprises expecting an improvement in the business climate was 1.0 percentage point more than the share of those expecting a worsening.

Graph: **Growth in selected manufacturing indicators broken down by export orientation, 2003**



Source of data: SORS, calculations by the IMAD.