

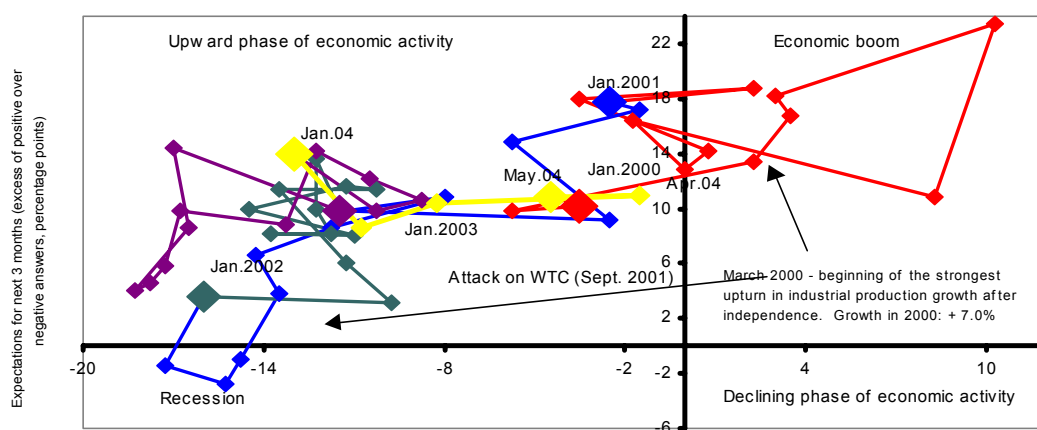
Selected economic indicators	Growth rates, %			
	March 2004/ Feb 2004	March 2004/ March 2003	Jan-Mar 2004/ Jan-Mar 2003	Jan-Dec 2003/ Jan-Dec 2002
Production volume ¹	17.0	8.6	4.2	1.6
- highly export-oriented industries ^{1a}	26.1	12.6	8.1	3.6
- mainly export-oriented industries ^{1b}	11.9	9.7	3.8	1.3
- mainly domestic-market-oriented industries ^{1c}	20.7	2.4	1.0	0.4
Average number of employees ¹	0.1 ²	-2.0 ²	-2.0 ²	-2.0
Labour productivity ²	1.5 ²	2.6 ²	3.8 ²	3.7
Stock levels	5.6	13.9	14.6	5.9
Average gross wage ³	4.7 ³	7.2 ³	4.2 ³	1.9 ³
Industrial producer prices	0.5	3.1	2.7	2.9
- producer prices/inflation	-0.1	-0.4	-1.0	-2.6

Source of data: SORS, calculations by the IMAD. Notes: figures 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; a figure for February 2004; ³real growth – calculated by the consumer price index.

Figures on production volumes from the SORS show that manufacturing's production activity maintained a relatively high level in the **first quarter**. After rising by 3.0% year on year in January and edging down 0.5% in February, production volumes increased strongly by 8.6% year on year in March partly thanks to more working days being involved. In the first quarter, production volumes increased by 4.2% over the same period last year. The biggest growth was seen in highly export-oriented industries (see table). March's production volumes rose modestly according to the trend rate, edging up by just 0.05% over February (using the Tramo-Seats method), suggesting that growth may slow down in the second quarter.

Manufacturing's production trends can also be assessed by means of the level of business optimism/pessimism prevailing in the business community. We have compiled a picture on the basis of the **SORS' business tendency survey** that attempts to determine the **phase of manufacturing's business cycle**. Assuming that the business cycle moves regularly, the curve should follow a clockwise direction; when the current climate and business expectations are positive (i.e. the quadrant in the upper right corner), manufacturing's economic trend is positive, however, when these two variables are negative (i.e. the quadrant in the lower left corner), recession tendencies appear. Manufacturing's position in the **spring months of 2004** is in the upper left quadrant (see graph). The indicators of the current business situation continue to be negative. While they revealed a tendency for improvement in April, they deteriorated again in May. Business expectations, on the other hand, seem positive; they were on a slight upward trend in the first two months, but practically stagnated in April and May. In May, 4.5 percentage points more surveyed companies estimated that the current business conditions were below the normal level than the opposite; 10.8 percentage points more managing directors expected an improvement in the business climate over its worsening in the next three to four months. The curve showing the combination of both variables only roughly followed a clockwise direction in both 2004 and the entire period under observation. Nevertheless, it is still clear that the curve moved to the right and slightly upward from February to April and turned back to the left slightly in May. The latter indicates that the move from the phase of rising economic activity to the phase of economic peak is unlikely to take place in the second quarter.

Graph: **Business climate in manufacturing (January 2000–May 2004, seasonally adjusted data)**



Current business situation (excess of positive over negative answers, percentage points).
Source of data: SORS, calculations by the IMAD.