

# Manufacturing

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Selected economic indicators	Growth rates, %			
	April 2004/ March 2004	April 2004/ April 2003	Jan–Apr 2004/ Jan–Apr 2003	Jan–Dec 2003/ Jan–Dec 2002
Production volume <sup>1</sup>	-11.1	-0.7	2.9	1.6
- highly export-oriented industries <sup>1a</sup>	-18.0	-3.9	4.2	3.6
- mainly export-oriented industries <sup>1b</sup>	-10.0	2.6	3.7	1.3
- mainly domestic-market-oriented industries <sup>1c</sup>	-3.6	-2.8	-0.2	0.4
Average number of employees <sup>1</sup>	0.2 <sup>2</sup>	-1.7 <sup>2</sup>	-1.9 <sup>2</sup>	-2.0
Labour productivity <sup>2</sup>	16.8 <sup>2</sup>	10.5 <sup>2</sup>	6.2 <sup>2</sup>	3.7
Stock levels	-4.2	8.6	13.1	5.9
Average gross wage <sup>3</sup>	-2.8	2.9	4.0	1.9
Industrial producer prices	0.7	3.4	2.9	2.9
- producer prices/inflation	0.2	-0.1	-0.7	-2.6

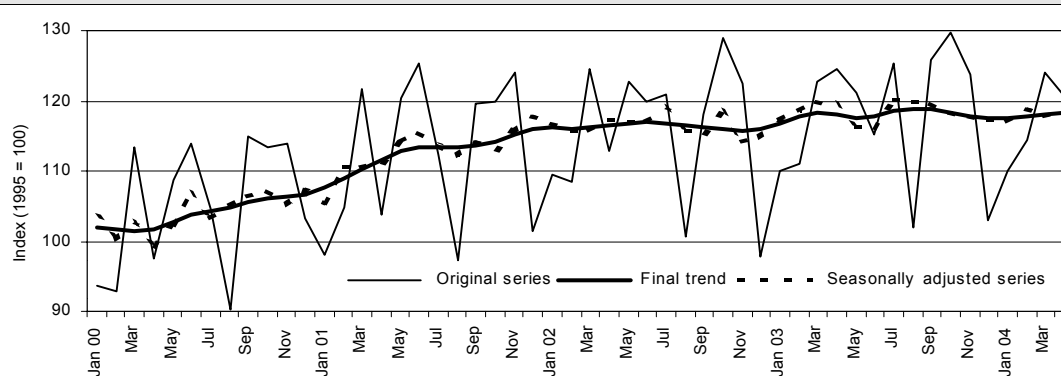
Source of data: SORS, calculations by the IMAD. Notes: <sup>1</sup>figures cover enterprises employing 10 or more workers; <sup>1a</sup>manufacturing industries (DF, DG, DK, DM) which earn over 70% of their average revenues from sales in foreign markets, according to data for Slovenian commercial companies released by the Agency for Public Legal Records and Related Services; <sup>1b</sup>manufacturing industries (DB, DC, DD, DH, DJ, DL, DN) which earn 50% to 70% of their average revenues from sales in foreign markets; <sup>1c</sup>manufacturing industries (DA, DE, DI) which earn less than 50% of their average revenues from sales in foreign markets; <sup>2</sup>production volumes per employee; a figure for March 2004; <sup>3</sup>real growth – calculated by the consumer price index.

Manufacturing sustained the strong **value-added growth** from the last quarter of last year when year-on-year growth was 4.7%. Value added increased by 4.4% year on year in the first quarter of this year, which was in line with the forecasts from the Spring Report.

In April, **production volumes** dropped by 11.1% over March primarily due to a shorter working month (3 days or 13% of the working time less). Production volumes fell by 0.7% over April last year, which was one working day longer (about 5% of the working time), while they climbed by 2.9% in the first four months compared to the same period last year. **Highly export-oriented industries**, which accounted for 26% of total production according to the SORS, recorded the highest growth in production volumes (4.2%) in the first four months against the same period last year. The biggest growth was seen in the manufacture of chemicals and chemical products, going up by 6.8%. **Medium export-oriented industries**, which represented 49% of the total production, increased their production volumes by 3.7%. The manufacture of electrical and optical equipment performed the best, recording 14.2% growth. Production activity in **mainly domestic market-oriented industries** dropped by 0.2%, with the biggest falls being recorded in the manufacture of coke, petroleum products and nuclear fuel (down 14.4%) and the manufacture of other non-metallic mineral products (down 5.2%).

After rising in the first four months, the level of business optimism in manufacturing dropped in June for the second month running. According to the SORS' **business tendency survey**, the **composite confidence indicator** comprising total order books, stock levels and production expectations was again negative in June and dropped by 5.0 percentage points compared to May and by 10.0 percentage points compared to April. The indicator was 3.6 percentage points above the average monthly value of 2003, but it was 3.5 percentage points below the monthly average of this year. The share of surveyed enterprises expecting a worsening in the business climate was 1.0 percentage point more than the share of those expecting an improvement. The seasonally adjusted series of monthly values continued to be positive in June (2.0); it remained at May's level and was 2.0 percentage points behind April's value, which was the highest this year.

Graph: Manufacturing production volumes



Source of data: SORS, IMAD's calculations using the Tramo-Seats method.