

<b>Manufacturing</b>	Slovenian Economic Mirror	IMAD
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Selected economic indicators	Growth rates, %			
	Oct 2003/ Sept 2003	Oct 2003/ Oct 2002	Jan–Oct 2003/ Jan–Oct 2002	Jan–Dec 2002/ Jan–Dec 2001
Production volume <sup>1</sup>	3.8	4.0	0.6	2.0
- highly export-oriented industries <sup>1a</sup>	7.1	8.6	0.5	7.5
- mainly export-oriented industries <sup>1b</sup>	4.4	2.1	0.9	-1.0
- mainly domestic market oriented industries <sup>1c</sup>	-1.3	0.9	0.2	0.6
Average number of employees <sup>1</sup>	0.1 <sup>2</sup>	-2.3 <sup>2</sup>	-1.9 <sup>2</sup>	-2.8
Labour productivity	32.2 <sup>2</sup>	5.8 <sup>2</sup>	2.1 <sup>2</sup>	4.9
Stock levels	2.1	8.4	5.6	-2.0
Average gross wage <sup>2</sup>	0.9 <sup>2,3</sup>	2.9 <sup>2,3</sup>	1.9 <sup>2,3</sup>	1.7 <sup>3</sup>
Industrial producer prices	0.1	2.1	3.1	5.2
- producer prices/inflation	-0.2	-2.6	-2.5	-2.1

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>figure for September 2003; <sup>3</sup>real growth – calculated by the consumer price index.

Manufacturing's **production volumes** increased by 3.8% in **October** over September, with each month having the same number of working days. Production activity increased by 4.0% over October last year, which also had the same number of working days. In the first ten months, production rose by 0.6% compared to the same period last year. These developments led to the first marked rise in the production volumes' **trend rate** this year, going up by 0.6% over September, according to the Tramo-Seats method. If the long-term trend is extrapolated to the whole year, production volumes should increase by 1.0% to 1.3% in 2003 over the year before, which is in line with the Autumn Report forecast (IMAD 2003).

Unlike Germany, Slovenia's main trading partner, which has enjoyed an upward trend in the business climate for several months now, Slovenia has recorded stagnation at the level of end-2002 (see graphs). According to the SORS' **survey on business trends in manufacturing**, the **composite confidence indicator** was negative in November and dropped by 2.0 percentage points compared to October. The seasonally adjusted series of monthly values was also negative and did not show any signs of improvement. The share of surveyed companies expecting an improvement in the business climate was 4.0 percentage points less than the share of companies expecting a worsening. November's fall was mainly due to a lower level of production expectations for the next three to four months. The estimates of stock levels and total order books improved, however, in November (the same as throughout this year) there were still more companies estimating that total orders are currently below normal levels, and the share of these companies was 10.0 percentage points more than the share of those estimating orders to be above normal levels. Business expectations for the next three to four months dropped substantially in November over October and suggest **uncertainty** in terms of seizing short-term business opportunities in domestic and international environments. The surveyed executives do anticipate a rise in export and total demand (these indicators are not included in the composite confidence indicator), however, the share of these executives seems to be much less than in October or previous months. In November, the share of those anticipating growth in exports and total demand in the next three to four months was just 9.0 and 10.0 percentage points more than the share of those expecting a decline (16.0 and 19.0 in October and 34.0 and 38.0 in September).

Graph: **Business climate in Slovenia (left) and Germany (right) in 2003**

