

Balance of Payments	Slovenian Economic Mirror	IMAD
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Balance of Payments, Jan–Oct 2003, EUR million	Inflows	Outflows	Balance ¹	Balance Jan–Oct 2002
Current account	12,437.7	12,306.4	131.3	415.5
Trade balance (FOB)	9,553.4	9,891.4	-338.0	-59.8
Services	2,075.0	1,601.2	473.8	527.7
Factor services	453.2	515.1	-61.9	-156.0
Unrequited transfers	356.1	298.7	57.4	103.6
Capital and financial account	1,393.3	-1,548.7	-155.3	-411.9
Capital account	6.3	-4.1	2.2	1.0
Capital transfers	6.2	-1.1	5.1	1.8
Non-produced, non-financial assets	0.1	-3.0	-2.9	-0.8
Financial account	1,387.0	-1,544.6	-157.5	-412.9
Direct investment	94.1	-226.3	-132.1	936.9
Portfolio investment	-5.8	-141.6	-147.5	35.6
Other long-term capital investment	1,298.7	-912.2	386.5	-140.3
Assets	0.0	-862.3	-862.3	-742.1
Liabilities	1,298.7	-49.9	1,248.8	601.7
International reserves (BS)	0.0	-264.5	-264.5	-1,245.0
Statistical error	24.0	0.0	24.0	-3.6

Source of data: BS. Note: 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 favourable developments in international trade which began in September continued in **October 2003**, resulting in a surplus in the trade balance. The volume of **trade in goods** expressed in euros increased by 5% year on year in nominal terms (exports of goods were up by 3.6% and imports of goods by 6.3%). In the **first ten months**, exports of goods increased by 2.6% and imports of goods by 5.6% in nominal terms against the same period the year before. As a result of the modest export growth, manufacturing's production volumes grew by just 0.6% in this period (also see p. 12). Out of the three most export-oriented industries, accounting for 41% of total exports of goods (see graph), chemicals, chemical products and man-made fibres increased their exports by 15% and machinery and equipment by 4.0%, while exports of transport equipment dropped by 6.7%. With import flows rising faster than export flows, the nominal trade deficit widened almost six-fold year on year in the first ten months of 2003.

Along with the narrowing of the **current account surplus**, assets in the capital and financial account rose less in the first ten months of 2003 than in the same period the year before. **Slovenia's outward direct investment**, mainly taking place in the form of equity capital, equalled 0.9% of the estimated GDP, the most seen since 1992. While the domestic **portfolio investment** abroad rose, non-residents' investment in Slovenian securities began to slow down in July. According to figures from the Bank of Slovenia, net assets (short-term commercial credits) in the countries of former Yugoslavia increased by EUR 129.8 million, net assets in the EU by EUR 75.9 million, and those in the USA by EUR 60 million. **Loans** extended between non-affiliated residents and non-residents rose by EUR 1,059 million (up EUR 492.9 million in the first ten months of 2002). As a result of differences in the cost of borrowing in Slovenia and abroad, international borrowing increased; commercial banks borrowed most as they encouraged domestic enterprises to take out foreign currency loans. At the end of 2003, the **central bank's international monetary reserves** totalled EUR 6,900.3 million, while commercial banks' reserves totalled EUR 1,126.2 million. In the first ten months of 2003, growth in the Bank of Slovenia's international reserves was weaker than in the same period the year before because of lower inflows of direct investment.

Graph: Exports of goods broken down by the Standard Classification of Activities, %

