

<b>Manufacturing</b>	Slovenian Economic Mirror	IMAD
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Selected economic indicators	Growth rates, %			
	Nov 2003/ Oct 2003	Nov 2003/ Nov 2002	Jan–Nov 2003/ Jan–Nov 2002	Jan–Dec 2002/ Jan–Dec 2001
Production volume <sup>1</sup>	-2.8	6.1	1.1	2.0
- highly export-oriented industries <sup>1a</sup>	6.1	20.4	2.3	7.5
- mainly export-oriented industries <sup>1b</sup>	-8.2	3.0	1.1	-1.0
- mainly domestic market oriented industries <sup>1c</sup>	2.1	-2.2	0.0	0.6
Average number of employees <sup>1</sup>	0.3 <sup>2</sup>	-2.1 <sup>2</sup>	-2.0 <sup>2</sup>	-2.8
Labour productivity	3.5 <sup>2</sup>	6.2 <sup>2</sup>	2.7 <sup>2</sup>	4.9
Stock levels	1.2	8.6	5.9	-2.0
Average gross wage <sup>2</sup>	2.0 <sup>2,3</sup>	2.7 <sup>2,3</sup>	2.0 <sup>2,3</sup>	1.7 <sup>3</sup>
Industrial producer prices	0.2	2.0	3.0	5.2
- producer prices/inflation	-0.1	-2.9	-2.6	-2.1

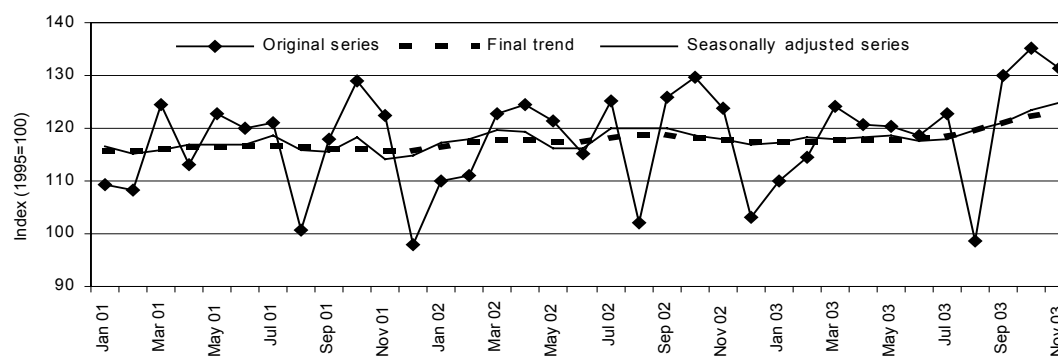
Source of data: SORS, calculations by the IMAD Notes: <sup>1</sup>figures cover enterprises employing 10 or more workers; <sup>1a</sup>manufacturing industries (DF, DG, DK, DM) which earn over 70% of their average revenues from sales in foreign markets, according to data for Slovenian commercial companies 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 activity continued to **strengthen in November 2003**. **Production volumes** shrank by 2.8% compared to October as a result of fewer working days (November was 2 working days shorter, about 9% of the working time), however, production increased by 6.1% year on year, with November 2002 having the same number of working days. From January to November, production volumes increased by 1.1% compared to the same period the year before. A breakdown by quarters shows moderate 1.4% year-on-year growth in the first quarter, which was 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 5.0% year on year in October and November. These dynamics led to a strong **upward trend** (see graph), climbing by 0.8% in November over October, according to the Tramo-Seats method.

In the first eleven months, **highly export-oriented industries** saw the strongest year-on-year growth in production volumes. Industries that performed particularly well were the manufacture of chemicals and chemical products, where production activity climbed by 9.7%. On the other hand, the worst performing industry was the manufacture of machinery and equipment, with production volumes falling by 6.8%. **Mainly export-oriented industries** recorded 1.1% production volumes growth, with the manufacture of electrical and optical equipment enjoying the strongest growth of 13.1%, however, stock levels surged by 44.9% at the same time. Production activity in **mainly domestic market oriented industries** stagnated, with the manufacture of food, beverages and tobacco recording the only notable rise of 0.5%.

The business climate has been deteriorating since September's improvement and, contrary to data on production volumes, indicates no upward cycle in production activity. According to the SORS' survey on **business trends in manufacturing**, the **composite confidence indicator** comprising total order books, stock levels and production expectations was negative in December for the third month running after falling by another 4.0 percentage points compared to November. The indicator was 3.4 percentage points below the average monthly value of 2003. The seasonally adjusted series of the indicator's monthly values was also negative and showed no signs of improvement. The share of surveyed enterprises expecting a worsening in the business climate was 8.0 percentage points more than the share of those expecting an improvement.

Graph: **Manufacturing production volumes**



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