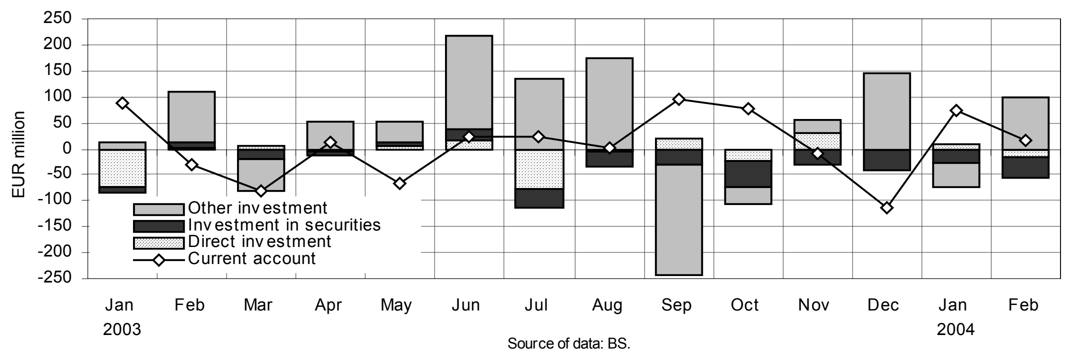
Balance of Payments, Jan-Feb 2004, EUR million	Inflows	Outflows	Balance[1]	Balance Jan-Feb 2003
Current account	2,326.0	2,234.2	91.9	56.4
Trade balance (FOB)	1,841.5	1,879.6	-38.0	-81.3
Services	331.9	255.2	76.7	91.4
Factor services	94.1	49.6	44.5	36.9
Unrequited transfers	58.5	49.8	8.7	9.4
Capital and financial account	277.5	-374.3	-96.8	-52.8
Capital account	1.3	0.0	1.3	-1.3
Capital transfers	0.4	0.0	0.3	-0.1
Non-produced, non-financial assets	1.0	0.0	0.9	-1.2
Financial account	276.2	-374.3	-98.1	-51.5
Direct investment	30.9	-40.4	-9.5	-70.0
Portfolio investment	0.0	-68.6	-68.6	-0.5
Financial derivatives	0.0	-0.3	-0.3	0.0
Other long-term capital investment	245.3	-190.9	54.4	109.2
Assets	33.6	-189.9	-156.3	-151.8
Liabilities	211.7	-1.0	210.7	260.9
International reserves (BS)	0.0	-74.1	-74.1	-90.2
Statistical error	4.9	0.0	4.9	-3.6

Source of data: BS. *Note*: [1]minus sign (-) in the balance indicates the excess of imports over exports in the current account and the rise in assets in the capital and financial account and the central bank's international reserves.

Exports of goods (measured in euros) increased by 11.9% month on month and 6.8% year on year in **February** in nominal terms. **Export growth was sustained** in the first two months as exports rose by 4.2% over the same period last year. Following the economic pick-up in EU members, exports to this area began to strengthen in the last quarter of 2003. Exports to former CEFTA countries were sustained at a high level. Exports to Russia rose notably, thanks to the low level seen in the same period last year and were mainly driven by exports of medical and pharmaceutical products, as did exports to Croatia, where Slovenia restarted exporting electricity in the second half of 2003. Imports of goods also increased in February, up 16.9% month on month and 1.2% year on year in nominal terms. **Import growth** was relatively **modest** in the first two months over the same period last year due to the importation of a civil aircraft in February last year. Excluding this transaction, imports of investment goods would have risen by 4% instead of edging down 0.8%, while total imports of goods would have increased 0.8 of a percentage point more (by 2.5%). Manufacturing's production growth was too modest (0.6% year on year in the first two months) to step up imports of intermediate goods (down 0.2%), while imports of consumer goods (up 6.0%) reflected the rise in private consumption. The **current account surplus** increased year on year in the first two months mainly due to stronger export than import flows of goods and services.

The capital and financial account of the balance of payments (excluding international reserves) recorded a **net capital outflow** of EUR 24 million in the first two months compared to the net capital inflow of EUR 38.7 million seen in the same period last year. Capital outflows continued to involve direct and portfolio investment. Portfolio investment recorded a particularly strong increase, mainly that of domestic investors which totalled EUR 67.5 million in the first two months (EUR 30.9 million in the same period last year). In addition to domestic banks and insurance companies, individuals were increasingly involved in securities trading. Inward foreign direct investment increased slightly compared to last year, involving mainly equity investment and less loans between affiliated companies. As regards outward direct investment, the biggest rise was seen in investment in the countries of former Yugoslavia. Other investment included short-term commercial credits, which rose strongly and amounted to EUR 131.6 million (EUR 36.6 million in the same period last year) as a result of faster growth in exports of goods to the countries of former Yugoslavia and the Russian Federation. As far as liabilities are concerned, the inflow of loans was lower than in the same period last year (EUR 97.4 million and EUR 158.9 million, respectively) chiefly due to lower corporate borrowing abroad (see p. 10). At the end of February, the stock of international reserves amounted to EUR 6,998.3 million, while the foreign exchange reserves of commercial banks totalled EUR 920.4 million. International reserves were sufficient to cover 6.6 average months' worth of imports of goods and services.

Graph: **Current and financial transactions in the balance of payments, EUR million**



Source of data: BS.