

Balance of Payments	Slovenian Economic Mirror	IMAD
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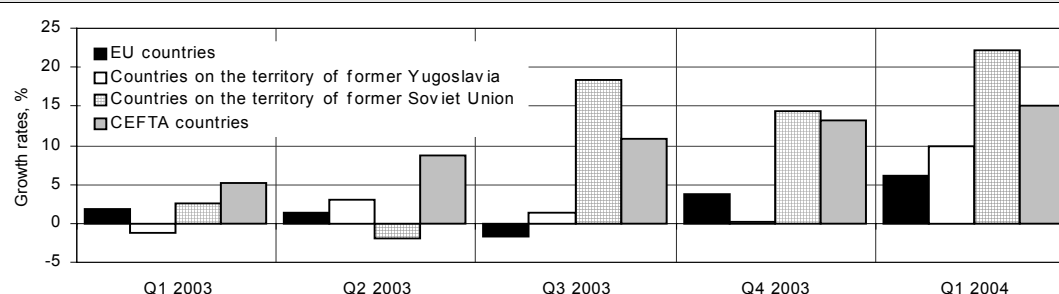
Balance of Payments, Jan-Mar 2004, EUR million	Inflows	Outflows	Balance ¹	Balance Jan-Mar 2003
Current account	3,765.5	3,721.6	44.0	-25.1
Trade balance (FOB)	2,984.9	3,087.1	-102.2	-151.3
Services	545.8	409.0	136.8	139.9
Factor services	143.3	140.6	2.8	-23.0
Unrequited transfers	91.5	84.9	6.6	9.3
Capital and financial account	508.8	-486.5	22.3	30.7
Capital account	1.6	-0.8	0.8	-0.7
Capital transfers	0.6	-0.7	-0.1	0.5
Non-produced, non-financial assets	1.0	-0.1	0.9	-1.2
Financial account	507.2	-485.7	21.5	31.4
Direct investment	46.4	-68.8	-22.4	-64.3
Portfolio investment	48.0	-93.6	-45.6	-19.1
Financial derivatives	0.0	-0.5	-0.5	0.0
Other long-term capital investment	334.6	-322.8	11.8	45.8
Assets	0.0	-322.8	-322.8	-240.8
Liabilities	334.6	0.0	334.6	286.8
International reserves (BS)	78.2	0.0	78.2	69.0
Statistical error	0.0	-66.4	-66.4	-5.6

Source of data: BS. Note: ¹minus 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.

The volume of merchandise trade increased significantly in **March**: exports of goods climbed by 17.3% and imports of goods by 21.2% over February in nominal terms (measured in euros). Compared to March last year, exports of goods were up by 14.6% and imports of goods by 14.4%. In the **first quarter, exports of goods** increased by 8% in nominal terms over the same period last year. While high export growth was maintained with the former countries of CEFTA, Yugoslavia and the Soviet Union (see SEM 4/2002:6), export growth strengthened with the EU-15 (see graph). This was chiefly due to increased exports to Germany (up 5.2%) and Austria (up 22.4%), which more than offset the falls in exports to France (down 2.3%) and Italy (down 4.7%). Trade with Germany recorded the biggest rise in exports of leather products, furniture and prefabricated buildings, while exports of passenger cars increased after having declined previously. Exports to Austria recorded a similar composition, while trade with France and Italy recorded the biggest fall in exports of passenger cars and parts, probably reflecting the difficulties in their car industries. **Imports of goods** increased by 5.9% in the given period. Imports of consumer and investment goods increased the most (up 12.2% and 10.9%, respectively), suggesting a further strengthening of domestic private and investment spending. As world commodity prices rose notably, imports of raw materials and semi-manufactures (up 8.9%) increased the most among intermediate goods. The contribution of **net exports** to economic growth is estimated to have been positive in the first quarter after having been negative for five quarters in a row. In addition to stronger export than import flows, the **current account ran a surplus** thanks to the slightly improved terms of trade in goods and services.

The capital and financial account (excluding international reserves) recorded a **net capital outflow** of EUR 56.7 million in the first quarter (EUR 37.6 million in the same period last year). While Slovenia's outward direct investment continued to increase, foreign direct investment in Slovenia also rose, mainly involving equity investment. Portfolio investment saw the biggest growth in the non-banking sector's investment in foreign shares. Following the strong growth in merchandise exports, short-term commercial credits increased substantially and totalled EUR 149.6 million (EUR 17.3 million in the same period last year). The international borrowing of enterprises, amounting to EUR 73.7 million, was lower than in the same period last year (EUR 118 million). Enterprises borrowed extensively in the domestic market mainly because restrictions on foreign currency borrowing have been removed and interest rates dropped (see p. 9). The central bank's foreign exchange reserves totalled EUR 6,674.7 million at the end of March and those of commercial banks totalled EUR 965.4 million. Total foreign exchange reserves were sufficient to cover 6.6 average months' worth of imports of goods and services.

Graph: **Quarterly rates of growth in exports of goods (EUR), %**



Source of data: SORS, calculations by the IMAD.