

Private Consumption	Slovenian Economic Mirror	IMAD
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Selected private consumption indicators	Real year-on-year growth rates, %				
	Q1 03	Q1 03	Q1 03	Q1 03	Q1 04
Private consumption ¹	1.8	3.3	3.0	3.6	3.7
Household consumption ¹	1.7	3.2	3.0	3.6	3.7
Consumption of NPISH ¹	5.8	4.8	5.1	2.0	3.0
Household income ^{2,3}	0.6	2.1	1.9	3.1	5.3
Household loans (end-of-period stock) ³	1.3	2.4	3.8	6.8	9.3
Household savings in banks (end-of-period stock) ⁴	7.4	7.6	8.2	5.2	4.7
Imports of consumer goods ^{3,5}	-2.2	0.8	2.4	4.1	11.0
Gross domestic product (GDP) ¹	2.2	2.1	2.3	2.5	3.7
Private consumption contribution to GDP growth (percent. points)	1.2	1.9	1.7	2.0	2.0

Sources of data: SORS, APLRS, Ministry of Finance, Bank of Slovenia, calculations by the IMAD. Notes: ¹2000 constant prices; ²net wages, other remuneration (payments based on contracts for work and services and copyright contracts, work-related allowances, other personal income), transfers to individuals and households; ³deflated by the consumer price index; ⁴deflated by the consumer price index and the nominal effective exchange rate; ⁵calculated from data in tolar terms.

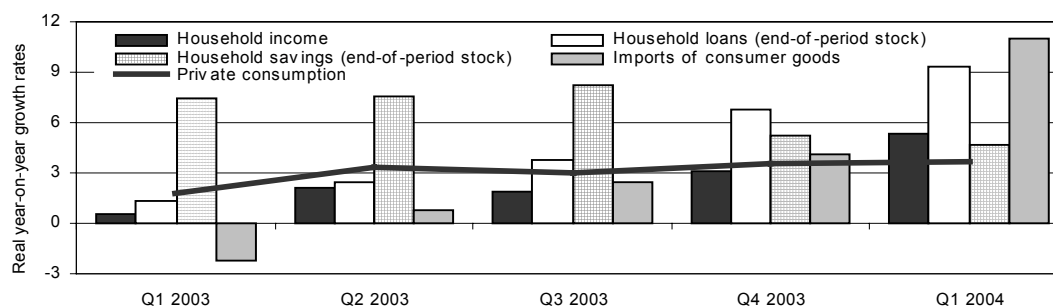
Private consumption, which has been growing since early 2003, rose by 3.7% year on year in the first quarter in real terms and contributed 2 percentage points (52.8%) to GDP growth. Together with the releasing of GDP figures for the first quarter, the SORS revised private consumption growth downwards for the first quarter of 2003 by 0.7 of a percentage point, while GDP growth remained unchanged. Hence, the relatively strong growth seen in the first quarter of this year was partly due to last year's low level.

Household income, rising by 5.3% year on year in the first quarter in real terms, recorded stronger growth than private consumption. According to figures from the APLRS, the net wage bill increased by 4.0% in real terms (the highest quarterly growth after the first quarter of 2001), other remuneration rose by 9.6%, while transfers to individuals and households were up by 5.2% in real terms, according to the consolidated general government revenue and expenditure. The rise in **commercial banks' loans to households**, which has strengthened since the end of the first quarter of 2003, accelerated to 9.3% year on year in the first quarter. As a result, the **loan burden on households** (the ratio of loans to registered household income, calculated using the BS data) rose from 2.7 in the first quarter of 2003 to 2.9 this year. At the same time, real growth in **household savings in banks** declined and totalled 4.7% year on year at the end of the first quarter. **Household indebtedness** (loans to deposits) therefore increased from 0.29 to 0.30.

Other indicators also suggest robust household spending in the first quarter. **Imports of consumer goods** surged by 11.0% year on year in the first quarter in real terms (they fell in the same period last year). According to the Directorate for Administrative Interior Affairs, the number of first **passenger car** registrations climbed by 17.6% in the first quarter over the year before. Similarly, **VAT charged on final consumers** indicates a robust rise in consumption: it increased by 6.9% in real terms in the first quarter over the year before (a fall was seen in the same period last year) and reached a record high after the third quarter of 2002. The BS' figures on **receipts and expenditures on travel** show that Slovenian households' expenditure on travel abroad rose by 15.7% in nominal terms in the first quarter, exceeding foreign visitors' expenditure in Slovenia by 9.2 percentage points.

Data available for the **second quarter** also indicate further growth in household spending. In April and May, the net wage bill rose slightly more, up 4.2% year on year in real terms, while transfers to individuals and households rose less, going up by 2.0%. The upward trend in loans and the downward trend in bank savings continued in the second quarter, with the respective growth rates being 10.6% and 3.3% year on year at the end of the quarter, and household indebtedness climbed to 0.31 as a result. Imports of consumer goods rose strongly (15.1% year on year in real terms). Even though the second quarter of 2003 saw a record increase of 23%, the number of first passenger car registrations recorded a 3.2% rise in the same quarter of this year. The difference between residents' expenditure on travel abroad and non-residents' expenditure in Slovenia widened further in April and May: the former rose by 18.4% year on year in nominal terms and the latter by just 6.6%.

Graph: **Movements in private consumption and selected aggregates**



Sources of data: SORS, APLRS, MF, BS, IMAD's calculations