

# Instant Comment Slovakia

## Industrial production at 5.6% y/y in February

Industrial Production (y/y)

Actual, Feb:	<b>5.6</b>	Previous:	<b>7.4</b>	Erste:	<b>6.0</b>	Consensus:	<b>4.5</b>
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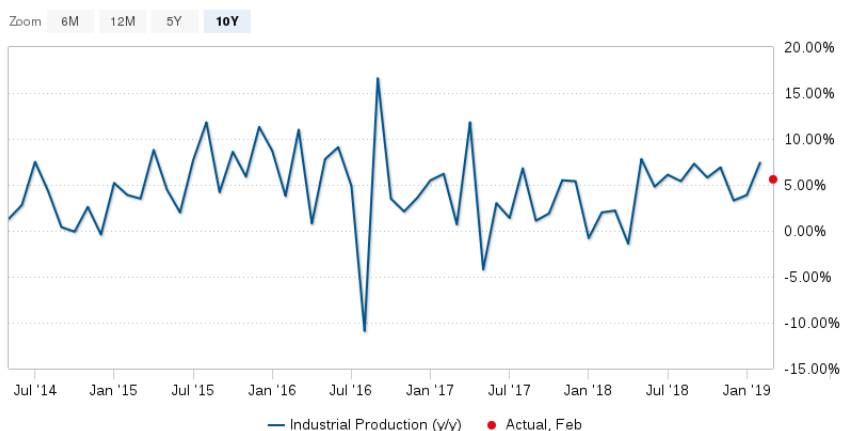
**Industrial production rose by 5.6% y/y in February, slightly below our above-consensus forecast.** On a seasonally-adjusted monthly basis, IP increased by 0.2%. The overwhelming driver of growth was car production (+14.6% y/y), followed by manufacture of machinery (+25.2% m/m).

**Production in construction marked an increase of 1.7% y/y in February** (corresponding to a monthly uptick of 0.3% m/m).

### Looking Forward:

Despite the clouds present in the external environment, industrial production continued on a good growth path. **A noticeable boost of car production is due to the fourth car plant**, which is gradually moving up to its full production volume (expected to be reached in 2019-20). Construction production fared well in February, having improved after a shaky start of the year.

**Overall, we expect economic growth to average 3.4% this year, driven predominantly by domestic demand.** The external environment is likely to remain overcast (Germany, Euro Area and China slowing down, uncertainty stemming from Brexit and possible inconveniences arising from these issues for the local car sector). The slowdown in GDP growth is attributable to external demand changes and should prove to be temporary. We stick to our 2020 growth forecast of 3.6%.



Source: Stat. Office Of The Slovak Republic

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