

Instant Comment Slovakia

Industrial production growth accelerates in March

Industrial Production (y/y)

Actual, Mar:	7.3	Previous:	5.6	Erste:	5.8	Consensus:	5
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Industrial production rose by 7.3% y/y in March, exceeding both our and consensus expectations. On a seasonally-adjusted monthly basis, IP increased by 1.2%. The overwhelming driver of growth was car production (+13.6% y/y), followed by manufacture of machinery (+24.1% m/m). On the other hand, the largest drag on IP was manufacture of metals which marked a 9.5% y/y fall in March. **Following a fairly good start of the year, production in construction fell by 0.5% y/y in March** (corresponding to a monthly decrease of 0.2% m/m).

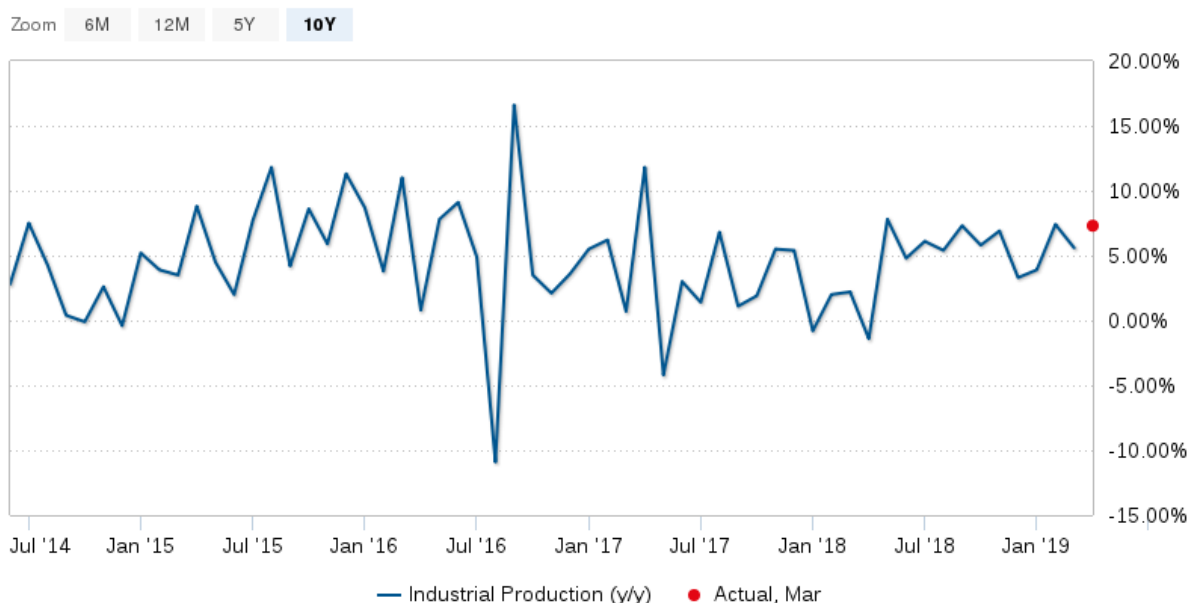
Looking Forward:

Despite the clouds present in the external environment, industrial production growth inched up in March. **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).**

Given the different timing of Easter this year (April vs. March last year), April figures are likely to be less rosy.

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

Erste Group Research
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Analyst:
Katarina Muchova
+421 2 486 24762
muchova.katarina@slsp.sk

Contacts

Group Research

Head of Group Research

Friedrich Mostböck, CEFA +43 (0)5 0100 11902

CEE Macro/Fixed Income Research

Head: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357
Zoltan Arokszállasi, CFA (Fixed income) +43 (0)5 0100 18781
Katarzyna Rzentarzewska (Fixed income, Poland) +43 (0)5 0100 17356
Malgorzata Krzywicka (Fixed income) +43 (0)5 0100 17338

Croatia/Serbia

Alen Kovac (Head) +385 72 37 1383
Mate Jelić +385 72 37 1443
Ivana Rogic +385 72 37 2419

Czech Republic

David Navratil (Head) +420 956 765 439
Jiri Polansky +420 956 765 192
Michal Skorepa +420 956 765 172

Hungary

Orsolya Nyeste +361 268 4428
Zsombor Varga +361 373 2830

Romania

Horia Braun-Erdei (Head) +40 3735 10424
Eugen Sinca +40 3735 10435
Dorina Ilasco +40 3735 10436

Slovakia

Maria Valachyova (Head) +421 2 4862 4185
Katarina Muchova +421 2 4862 4762

Major Markets & Credit Research

Head: Gudrun Egger, CEFA +43 (0)5 0100 11909
Ralf Burchert, CEFA (Agencies) +43 (0)5 0100 16314
Hans Engel (Global Equities) +43 (0)5 0100 19835
Margarita Grushanina (Austria, Quant Analyst) +43 (0)5 0100 11957
Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183
Heiko Langer (Covered Bonds/Financials) +43 (0)5 0100 85509
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574
Carmen Riefler-Kowarsch (Covered Bonds/Financials) +43 (0)5 0100 19632
Rainer Singer (Euro, US) +43 (0)5 0100 17331
Bernadett Povaszai-Römhild, CEFA (Corporate Bonds) +43 (0)5 0100 17203
Elena Statelov, CIIA (Corporate Bonds) +43 (0)5 0100 19641
Gerald Walek, CFA (Euro, CHF) +43 (0)5 0100 16360

CEE Equity Research

Head: Henning Eßkuchen +43 (0)5 0100 19634
Daniel Lion, CIIA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420
Michael Marschallinger, CFA +43 (0)5 0100 17906
Christoph Schultes, MBA, CIIA (Real Estate) +43 (0)5 0100 11523
Vera Sutedja, CFA, MBA (Telecom, Steel) +43 (0)5 0100 11905
Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343
Martina Valenta, MBA +43 (0)5 0100 11913

Croatia/Serbia

Mladen Dodig (Head) +381 11 22 09178
Anto Augustinovic +385 72 37 2833
Magdalena Doleneć +385 72 37 1407
Davor Spoljar, CFA +385 72 37 2825

Czech Republic

Petr Bartek (Head) +420 956 765 227
Marek Dongres +420 956 765 218
Jan Safranek +420 956 765 218

Hungary

József Miró (Head) +361 235 5131
András Nagy +361 235 5132
Tamás Pletser, CFA +361 235 5135

Poland

Tomasz Duda (Head) +48 22 330 6253
Cezary Bernatek +48 22 538 6256
Konrad Grygo +48 22 330 6254
Mateusz Krupa, CFA +48 22 330 6251
Michal Pilch +48 22 330 6255
Emil Poplawski +48 22 330 6252

Romania

Caius Rapanu +40 3735 10441

Turkey

Umut Cebir +90 2129120445
Lina Barokas +90 2129120445

Treasury – Erste Bank Vienna

Group Markets Retail Sales

Head: Christian Reiss +43 (0)5 0100 84012

Markets Retail Sales AT

Head: Markus Kaller +43 (0)5 0100 84239

Group Markets Execution

Head: Kurt Gerhold +43 (0)5 0100 84232

Retail & Sparkassen Sales

Head: Uwe Kolar +43 (0)5 0100 83214

Corporate Treasury Product Distribution AT

Head: Christian Skopek +43 (0)5 0100 84146

Fixed Income Institutional Sales

Institutional Distribution non CEE

Head: Jaromir Malak +43 (0)5 0100 84254
Karin Rattay +43 (0)5 0100 84118
Christian Kienesberger +43 (0)5 0100 84323
Bernd Bollhof +49 (0)30 8105800 5525
Rene Klasen +49 (0)30 8105800 5521
Christopher Lampe-Traupe +49 (0)30 8105800-5507
Charles-Henry La Coste de Fontenilles +43 (0)5 0100 84115
Bernd Thaler +43 (0)5 0100 84119

Bank Distribution

Head: Marc Frieberthäuser +49 (0)711 810400 5540
Sven Kienzle +49 (0)711 810400 5541
Michael Schmotz +43 (0)5 0100 85542
Ulrich Inhofner +43 (0)5 0100 85544
Klaus Vosseler +49 (0)711 810400 5560
Andreas Goll +49 (0)711 810400 5561
Mathias Gindele +49 (0)711 810400 5562

Institutional Distribution CEE

Head: Jaromir Malak +43 (0)5 0100 84254

Institutional Distribution PL and CIS

Pawel Kielek +48 22 538 6223
Michal Jarmakowicz +43 50100 85611

Institutional Distribution Slovakia

Head: Sarlota Sipulova +421 2 4862 5619
Monika Smelikova +421 2 4862 5629

Institutional Distribution Czech Republic

Head: Ondrej Cech +420 2 2499 5577
Milan Bartos +420 2 2499 5562
Barbara Suvadova +420 2 2499 5590

Institutional Asset Management Czech Republic

Head: Petr Holecek +420 956 765 453
Martin Perina +420 956 765 106
Petr Valenta +420 956 765 140
David Petracek +420 956 765 809
Blanca Weinerova +420 956 765 317

Institutional Distribution Croatia

Head: Antun Buric +385 (0)7237 2439
Zvonimir Tukač +385 (0)7237 1787
Natalija Zujic +385 (0)7237 1638

Institutional Distribution Hungary

Head: Peter Csizmadia +36 1 237 8211
Attila Hollo +36 1 237 8209
Gabor Balint +36 1 237 8205

Institutional Distribution Romania and Bulgaria

Head: Ciprian Mitu +43 (0)50100 85612
Crisitan Adascalita +40 373 516 531

Group Institutional Equity Sales

Head: Brigitte Zeitberger-Schmid +43 (0)50100 83123
Werner Fürst +43 (0)50100 83121
Josef Kerekes +43 (0)50100 83125
Cormac Lyden +43 (0)50100 83120

Business Support

Bettina Mahoric +43 (0)50100 86441

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Group Research
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Head Office: Wien
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