

## Slovakia | Instant Comment

# Industry fares better than expected in July

### Industrial Output (y/y)

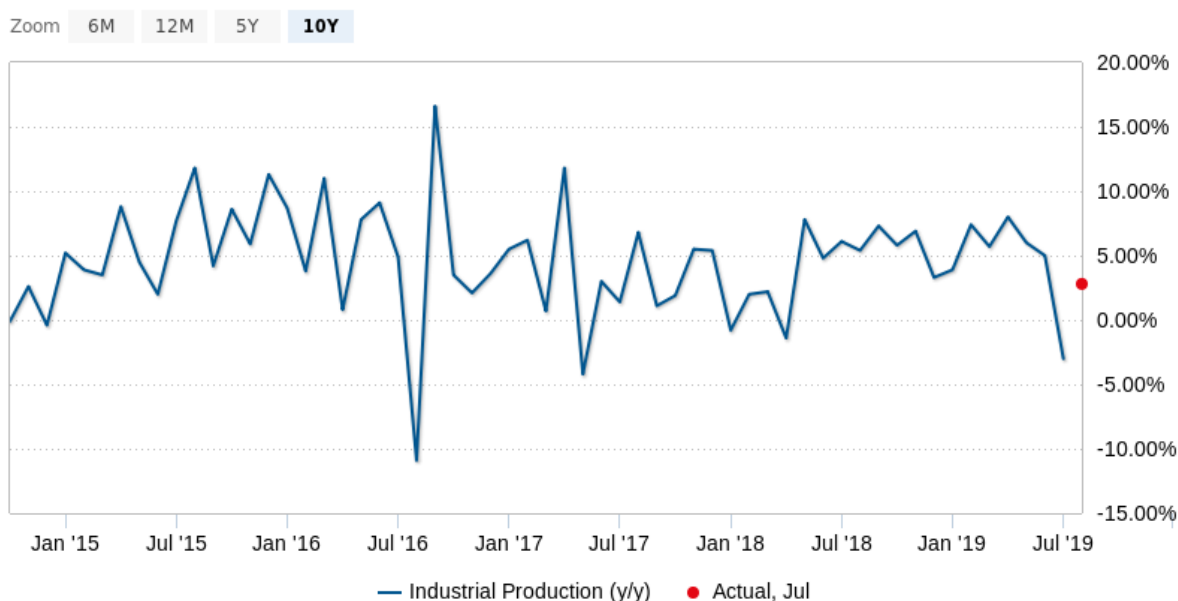
Actual, Jul:	<b>2.8%</b>	Previous:	<b>-1.9%</b>	Erste:	<b>-1.8%</b>	Consensus:	<b>N.A.</b>
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**Industrial production rose by 2.8% y/y (+0.7% m/m) in July**, surpassing expectations and growing faster than expected despite the planned summer breaks at some major industrial plants (mostly in the car sector). The largest driver was electrical equipment manufacturing (+36.8% y/y), followed by manufacture of other machinery (+19.3 % y/y) and rubber and plastics products (+10.7% y/y). On the other hand, the largest drag on IP was manufacture of metals (-14.7% y/y) and car manufacturing (-5.8% y/y).

**Production in construction continued its unfavourable trend and fell by 7% y/y in July.** On a seasonally-adjusted basis, it marked a monthly decrease of 2% m/m.

The weaker external environment is partially compensated by the boost to car production, courtesy of the fourth car plant, as well as the recent improvement in manufacture of electrical equipment. Despite the positive July print, the clouds present in the external environment have not subsided yet and some weakness from German manufacturing filtered into the Slovak industry, too.

**We expect this year's GDP growth to average 2.5%.** Even though the domestic side of the economy should continue to support growth, the external environment remains overcast – slower growth in Germany and China, uncertain Brexit outcome, unresolved protectionism in foreign trade and possible impact on local car makers.



Source: Stat. Office Of The Slovak Republic

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Slovakia | Industrial Output

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#### **Published by:**

**Erste Group Bank AG**  
**Group Research**  
**1100 Vienna, Austria, Am Belvedere 1**  
**Head Office: Wien**  
**Commercial Register No: FN 33209m**  
**Commercial Court of Vienna**

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