

## External demand serves as the growth engine of industrial production

**According to Statistics Estonia, in August 2010 the production of industrial enterprises grew 23% compared to August of the previous year. This year the growth of production has mainly influenced by the increase in external demand, since domestic market has slightly livened up only during the last months.**

The moderate growth reported at the beginning of 2010 was followed by a rapid increase — in April enterprises gave 19%, in May 17% and in June and July over 20% more production than in the corresponding months of 2009.

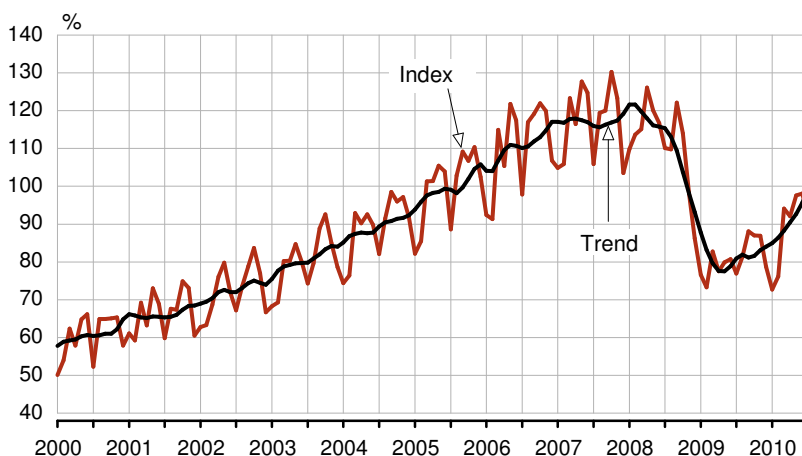
The production of manufacturing increased 22% compared to August of the previous year. Export sales of the manufacturing production increased significantly (41%). In August, nearly two thirds of the whole production of manufacturing was sold on the external market. The demand on the domestic market was considerably lower — the domestic sales increased 3% compared to August of the previous year.

In August, production exceeded the previous year's level in most branches of industry. The growth in the production of manufacturing was most influenced by the branches holding bigger shares — manufacturing of electronic products where the production increased by more than two times, and manufacturing of wood where the growth was 33%. With respect to the branches of manufacturing holding smaller shares, the production increased considerably in the manufacturing of motor vehicles, machinery and equipment and metals mainly due to the increase in exports. The rapid growth in production was partly also influenced by the low reference base in 2009; this effect will last until the end of 2010. Regardless of the rapid increase, the industrial production just reached the level of 2005.

In August 2010 compared to July, the seasonally adjusted industrial production did not change; the production of manufacturing grew 1%.

In August 2010 compared to August 2009, the production of electricity increased 53% and the production of heat 8%. The increase in energy production was mainly caused by a growing demand for energy induced by more active manufacturing as well as by the growth in the exports of electricity.

### The volume index and trend of production in manufacturing, January 2000 – August 2010 (2005 = 100)



**Change in volume index of industrial production, August 2010**  
(percentages)

Economic activity	change compared to the previous month according to seasonally adjusted data <sup>a</sup>	change compared to the corresponding month of the previous year	
		according to unadjusted data	according to working-day adjusted data <sup>b</sup>
TOTAL	0.2	26.1	22.8
Energy production	-11.7	41.5	41.5
Mining	-0.9	21.7	19.8
Manufacturing	1.3	25.7	22.2
manufacture of food products	2.2	1.7	0.0
manufacture of beverages	1.1	2.3	-0.7
manufacture of wood and wood products	-2.5	36.2	32.8
manufacture of fabricated metal products	14.7	-2.8	-6.3
manufacture of computer, electronic and optical products	4.9	128.3	121.5
manufacture of electrical equipment	3.4	15.2	11.1
manufacture of chemicals and chemical products	5.7	17.4	13.9
manufacture of motor vehicles	9.9	177.5	168.7
manufacture of rubber and plastic products	8.5	43.8	38.0
manufacture of building materials	-6.6	11.1	8.0

<sup>a</sup> In case of the seasonally adjusted volume index, the impact of the differing numbers of working days in a month and seasonally recurring factors has been eliminated. It is calculated only in comparison with the previous period.

<sup>b</sup> In case of the working-day adjusted volume index, the impact of the differing number of working days in a month has been eliminated. It is calculated only in comparison with the corresponding period of the previous year.

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More detailed data have been published in the Statistical Database  
(<http://www.stat.ee/database>).