IMAD

autumn forecast of economic trends 2019

Autumn Forecast of Economic Trends 2019
(Jesnska napoved gospodarskih gibanj 2019)

Publisher: IMAD, Ljubljana, Gregorčičeva 27
Responsible Person: Marijana Bednaš, MSc, Director

Editor: Tanja Kosi Antolič, PhD

Authors of Autumn Forecast of Economic Trends (listed alphabetically):
Barbara Bratuž Ferk, MSc, Urška Brodar, Lejla Fajić, Marko Glažar, PhD, Marjan Hafner, MSc, Matevž Hribernik, MSc, Katarina Ivas, MSc, Lenart Milan Lah, MSc, Mojca Koprivnikar Šušteršič, Mateja Kovač, MSc, Janez Kušar, MSc, Jože Markič, PhD, Helena Mervic, Tina Nenadič, MSc, Mitja Perko, MSc, Jure Povšnar, Denis Rogan, Dragica Šuc, Msc, Branka Tavčar, Ana Vidrih, MSc, Eva Zver, MSc

Editorial Board: Marijana Bednaš, MSc, Lejla Fajić, Alenka Kajzer, PhD, Rotija Kmet Zupančič, MSc, Janez Kušar, MSc

Translated by: Marija Kavčič
DTP: Bibijana Cirman Naglič, Mojca Bizjak

Print: Eurograf d.o.o.
Circulation: 105 copies

Ljubljana, September 2019

ISSN 2536-3107 (print)
ISSN 2536-3115 (pdf)

©2019, Institute of Macroeconomic Analysis and Development
The contents of this publication may be reproduced in whole or in part provided that the source is acknowledged.

Contents

Summary

Amid the moderation of economic momentum and uncertainties in the international environment, economic growth will ease to 2.8% this year and remain at similar levels in the next two (3.0% and 2.7% respectively). This year's moderation, somewhat more pronounced than projected in the spring, will mainly reflect the economic slowdown in trading partners and deteriorated expectations for the rest of the year. This year these factors will be reflected particularly in lower growth in investment and a considerable negative contribution of net exports, as private consumption growth will remain relatively high. In 2020 GDP growth will be up somewhat, temporarily, due to the positive impact of (six) more working days. A significant role in maintaining solid growth rates over the forecast period will be played by domestic consumption. It will be supported by a continuation of relatively favourable labour market conditions and further growth in investment (construction investment in particular), but its growth will weaken gradually under the impact of more moderate growth in employment. The growth of exports and, to somewhat lesser extent, imports will moderate in 2020 and 2021 after accelerating this year, and the contribution of net exports to GDP growth will remain negative. The forecast takes into account the forecasts of international institutions for Slovenia's trading partners – which otherwise indicate a small recovery of their economic growth in the next two years (surrounded by highly negative risks) – and the expected gradual deterioration in cost competitiveness of Slovenian exporters.

With a significant contribution of accelerated exports of pharmaceuticals, export and import growth will be higher this year than in 2018 before moderating in 2020 and 2021. This year's growth of exports will be higher than in 2018 despite somewhat weaker growth of imports in Slovenia's trading partners. The higher growth is a consequence of a significant acceleration of growth in pharmaceutical and oil exports, which we assess arises mainly from imports (i.e. re-exports), in the pharmaceutical segment owing to the start-up of a new specialised distribution centre. The moderation in this part of exports, together with a gradual deterioration in cost competitiveness (owing to rising labour costs and relatively low productivity growth), will contribute to lower growth in exports in the next two years. Import growth will also ease after this year's rise but is set to remain higher than export growth owing to solid growth in domestic consumption. The growth contribution of net exports will thus remain negative, but less so than this year. The current account surplus will fall somewhat gradually, but it will remain higher than 4%.

Private consumption growth will remain relatively high this year, before moderating in the subsequent two years mainly owing lower growth in employment. This year's growth of private consumption will be underpinned by increased earnings and social transfers, a continuation of robust growth in employment, and a further increase in the volume of consumer loans. In the next two years it will slow gradually, partly as a consequence of somewhat lower growth in social transfers, but mainly due to the expected lower growth in employment. This will reflect lower growth in economic activity and increasingly limited labour supply due to the ageing of the population. Wage growth will strengthen, this year more notably in the public and next year in the private sector. It will be affected by the shrinking labour supply and by agreements with the public-sector trade unions and legislative changes.

The growth of investment in machinery and equipment in 2019–2021 will be lower than in previous years, while the strong growth of construction investment will continue. The lower growth of investment in machinery and equipment will be to a large extent due to weaker growth in (foreign) demand and increased uncertainties internationally. Over the whole forecast period, the growth of gross fixed capital formation will thus be driven mainly by construction investment. This year's increase in construction investment will be even larger than last year, underpinned by stronger investment in both buildings and civil-engineering works. The strong growth of housing investment, having accelerated in the second half of last year after several years of stagnation or moderate growth, will continue, while the construction of non-residential buildings will record more moderate growth than last year.

The growth of final government consumption will decline. Its gradual moderation in the 2019–2021 period, following last year's rise, will be mainly related to lower growth in employment and, presumably, expenditure on goods and services.

Inflation will increase somewhat over the forecast period. This year it will remain below 2% primarily owing to year-on-year lower energy prices. In 2020 and 2021 prices will continue to rise, not only in services, but also in non-energy goods. Considering the oil price assumptions, the contribution of energy will be slightly negative in 2020, meaning that inflation will hover around or slightly above 2%.

The estimates of the output gap and the majority of non-financial indicators indicate a mature phase of the economic cycle, with growth moderating particularly under the impact of international developments. The output gap will remain positive over the forecast period. Several other, particularly non-financial, indicators also indicate a mature phase of the economic cycle, with growth moderating particularly under the impact of international developments. Indicators pointing in the same direction as the output gap include the still rapid price growth in the property market and the high values of capacity utilisation and labour shortage indicators. Labour shortage is one of the reasons for the strengthening of wage growth, which will exceed productivity growth this year after lagging behind it for several years. Inflation remains moderate, as does the growth of bank loans.

Among the risks that could lead to lower economic growth than forecast in the baseline scenario, significant negative risks in the international environment predominate. Global risks are mainly related to protectionist measures and the unpredictability of economic measures in the US in general. In Europe, risks are related to the uncertainty about the time and manner of the UK's withdrawal from the EU (the risk of an unregulated, "hard" Brexit). Factors that could contribute to lower economic growth in trading partners than predicted by international institutions and that were taken into account in the forecast also include a faster easing of economic growth in China, financial market volatility, geopolitical risks (especially in connection with Iran) and a related risk of higher oil prices. As downside risks are significant, we also prepared a forecast for an alternative scenario. Under this scenario, which assumes 2 pps and 1 pp lower growth in foreign demand in 2020 and 2021 respectively than the baseline scenario, GDP growth would be slightly below 2% in 2020 and at 2% in 2021.

Forecast of Slovenia's main macroeconomic aggregates

		Autumn forecast (September 2019)		
	2018	2019	2020*	2021
GROSS DOMESTIC PRODUCT				
GDP, real growth in %	4.1	**2.8**	**3.0**	**2.7**
GDP, nominal growth in %	6.4	**5.4**	**5.5**	**5.2**
GDP in EUR billion, current prices	45.8	**48.2**	**50.9**	**53.6**
Exports of goods and services, real growth in %	6.6	**7.8**	**5.0**	**4.8**
Imports of goods and services, real growth in %	7.7	**9.2**	**5.8**	**5.5**
External trade balance (contribution to GDP growth in pps)	*-0.2*	***-0.5***	***-0.2***	***-0.2***
Private consumption, real growth in %	3.4	**3.4**	**2.7**	**2.2**
Government consumption, real growth in %	3.2	**2.2**	**1.7**	**1.4**
Gross fixed capital formation, real growth in %	9.4	**6.8**	**6.8**	**7.0**
Change in inventories and valuables (contribution to growth in pps)	*0.2*	***-0.2***	***0.0***	***0.0***
EMPLOYMENT, WAGES AND PRODUCTIVITY				
Employment according to the SNA, growth in %	3.2	**2.5**	**1.4**	**0.8**
Number of registered unemployed, annual average in '000	78.5	**74.1**	**70.8**	**67.6**
Registered unemployment rate in %	8.2	**7.7**	**7.2**	**6.9**
ILO unemployment rate in %	5.1	**4.3**	**4.0**	**3.8**
Gross wages per employee, nominal growth in %	3.4	**4.6**	**5.1**	**4.9**
Gross wages per employee, real growth in %	1.6	**2.8**	**3.1**	**2.5**
- private sector	2.3	**2.3**	**3.2**	**2.5**
- public sector	1.3	**4.0**	**3.0**	**2.6**
Labour productivity (GDP per employee), real growth in %	0.9	**0.3**	**1.5**	**1.9**
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE in EUR billion	2.6	**2.3**	**2.4**	**2.3**
- as a % of GDP	5.7	**4.9**	**4.7**	**4.3**
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec/Dec, in %)	1.4	**2.3**	**2.2**	**2.3**
Inflation (annual average in %)	1.7	**1.8**	**2.0**	**2.3**
Real effective exchange rate deflated by unit labour costs	0.4	**1.3**	**1.4**	**0.4**
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth in %	3.6	**3.0**	**3.2**	**3.3**
GDP in the euro area, real growth in %	1.8	**1.0**	**1.1**	**1.2**
Oil price (Brent crude in USD/barrel)	71.0	**62.9**	**57.4**	**56.5**
Non-energy commodity prices (USD), growth in %	3.9	**-2.0**	**2.1**	**1.5**
USD/EUR exchange rate	1.181	**1.123**	**1.115**	**1.115**

Source: Year 2018 SURS, BoS, ECB, EIA, 2019–2021 IMAD forecasts.
Note: * The forecast takes into account the difference in the number of working days between years. In 2020 this difference is significant (an increase of 6).

The Autumn Forecast of Economic Trends is based on statistical data, information and adopted measures known at the cut-off date of 5 September 2019.

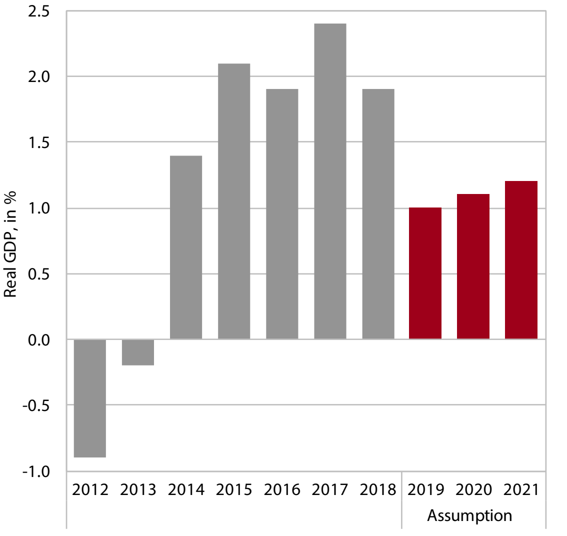
autumn forecast
of economic trends 2019

1. Assumptions of the Autumn Forecast of Economic Trends 2019

1.1 International environment

In preparing the forecast, we took into account the latest forecasts from international institutions, which project a further slowdown in economic growth in trading partners this year and its slight recovery in the next two amid otherwise pronounced negative risks. Prospects for the world economy have deteriorated further amid a significant deceleration of growth in global trade and weak activity in manufacturing in recent months. These factors have a negative effect on new export orders and manufacturing production in the euro area, particularly in the German economy. On the other hand, the ECB's expansionary monetary policy stance, wage growth and low unemployment are still having a favourably impact on private consumption and investment. Moreover, the fiscal policy of the euro area is also becoming more expansionary. International institutions thus predict 1.0% euro area GDP growth for this year, while in the next two years growth will be somewhat higher due to the expected weakening of negative factors and a favourable impact of more working days. On main export markets outside the euro area, last year's relatively strong economic growth will continue, while the forecasts for this year's GDP growth in Russia are significantly lower than last year's realisation given the weak growth in the first half of the year. The forecasts for economic growth in the majority of trading partners are somewhat lower for the entire period than those taken into account in the spring forecast. Owing to considerable uncertainties – related particularly to US and Chinese protectionist measures and an increased likelihood of an unregulated Brexit –, they are also surrounded with negative risks (see Section 3).

Figure 1: GDP in the euro area



Source: Eurostat; assumption by IMAD.

The forecast takes into account the technical assumption of a decline in the average oil price this year and in the next two and moderate growth in euro

Table 1: Assumptions of the forecast for economic growth in Slovenia's main trading partners

Real GDP growth rates (%)	2018	2019		2020		2021
		March 2019	September 2019	March 2019	September 2019	September 2019
EU	1.9	1.3	**1.2**	1.5	**1.2**	**1.3**
Euro area	1.8	1.2	**1.0**	1.4	**1.1**	**1.2**
Germany	1.4	1.0	**0.5**	1.4	**1.1**	**1.2**
Italy	0.9	0.1	**0.1**	0.7	**0.5**	**0.6**
Austria	2.7	1.6	**1.5**	1.6	**1.5**	**1.5**
France	1.5	1.3	**1.2**	1.4	**1.2**	**1.3**
Croatia	2.6	2.6	**3.0**	2.5	**2.6**	**2.5**
Russia	2.3	1.5	**1.2**	1.6	**1.9**	**1.8**

Sources: For 2018 Eurostat (for EU Member States) and Consensus Forecasts (for Russia); for other years Consensus Forecasts, August 2019; Eastern Consensus Forecasts, August 2019; EC Summer Forecast, July 2019; Focus Economics, September 2019; IMF World Economic Outlook, July 2019; OECD Economic Outlook, May 2019; IMAD estimate.

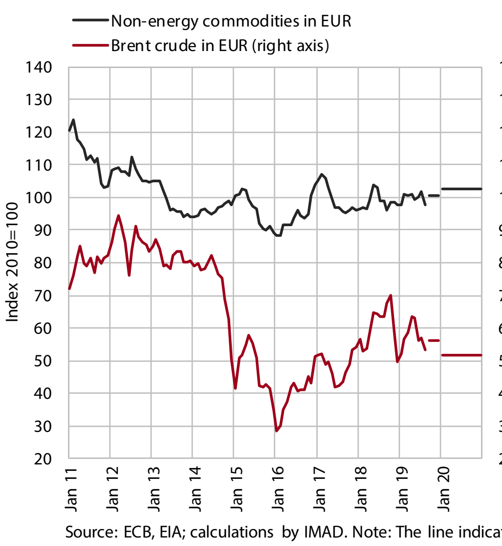
Table 2: Assumptions for oil, non-energy commodity prices and the USD/EUR exchange rate

		2019		2020		2021
	2018	March 2019	September 2019	March 2019	September 2019	September 2019
Brent Crude prices, in USD	71.0	63.2	**62.9**	62.6	**57.4**	**56.5**
Brent Crude prices, in EUR	60.2	55.7	**56.0**	55.2	**51.5**	**50.7**
Non-energy commodity prices in USD, growth*, in %	3.9	-2.0	**-2.0**	2.5	**2.1**	**1.5**
USD/EUR exchange rate	1.181	1.135	**1.123**	1.134	**1.115**	**1.115**

Sources: EIA, IMF, ECB; IMAD estimate.
Note: The assumptions are made on the basis of the average prices between 1 and 21 August 2019. * Composition of euro area imports.

prices of non-energy commodities.[1] Based on price developments in the first eight months of this year and prices on futures markets, the technical assumption for the average Brent Crude price underlying the forecast for 2019 is USD 62.9 per barrel, which represents a significant decline on the previous year. The assumption for subsequent years is even somewhat lower. The fall in oil prices in euros is slightly less pronounced (this year by 7.0% and in the next two by 8.0%), taking into account the technical assumption for the EUR/USD exchange rate. The technical assumption regarding non-energy commodity prices means a decline in dollar prices by 2% this year and an increase of 2.1% in the next, while prices in euros will increase moderately in all three years of the projection.

Figure 2: Oil and non-energy commodity prices

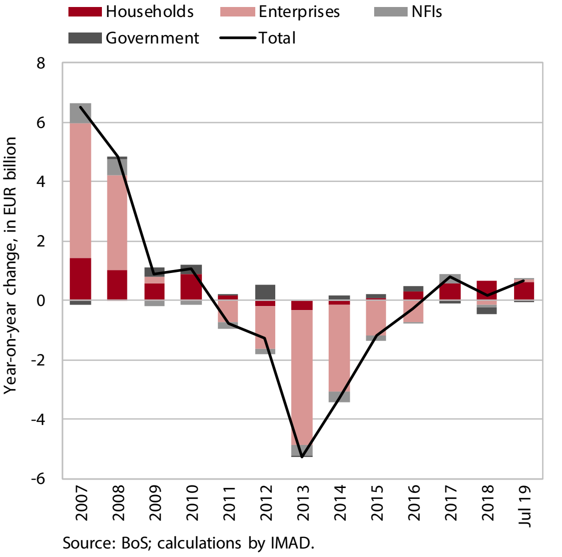


Source: ECB, EIA; calculations by IMAD. Note: The line indicates the annual average based on the assumption of the forecast.

1.2 Sources of finance

In an environment of very favourable borrowing conditions, which will continue for at least a year, the growth of corporate and household loans increased somewhat again in the first half of this year. With rising household consumption, particularly the volume of household loans continued to grow. The growth of indebtedness in the form of housing loans remained moderate, while the growth of the volume of consumer loans remained relatively strong.[2] In consumer loans, borrowers are exposed to significantly higher interest rates[3] than in other types of loans. After last year's decline,

Figure 3: Change in loan volumes in the Slovenian banking sector



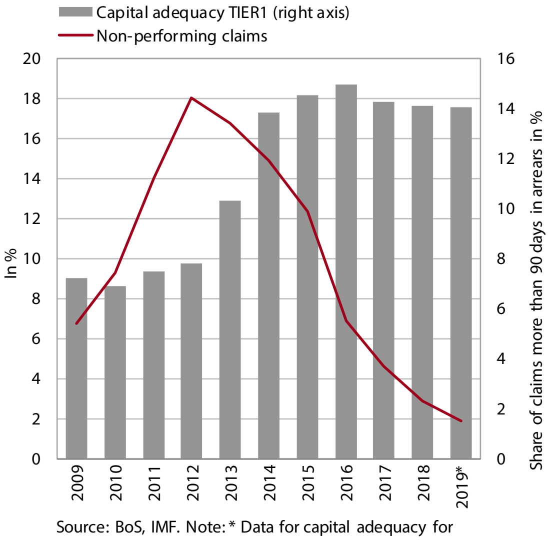
Source: BoS; calculations by IMAD.

[1] The oil price assumption is based on the average futures prices and the USD/EUR exchange rates between 1 and 21 August 2019. The assumption for non-energy commodity prices is made on the basis of ECB data and estimates made by international institutions available up to 21 August 2019.

[2] This is also pointed out by the Bank of Slovenia (most recently in its press release from 3 September 2019). At the end of last year, the Bank of Slovenia extended the macroprudential recommendation from housing to consumer loans, which should help prevent any relaxation of banks' credit standards, despite the continuation of strong growth in this type of loans (Financial Stability Report, June 2019, p. 48).

[3] Interest rates for consumer loans (over 5% on average) are almost 3 pps higher than interest rates for housing loans.

Figure 4: Sources of finance for non-financial corporations in Slovenia



Source: BoS, IMF. Note: * Data for capital adequacy for 2019 refer to Q1, data for non-performing claims to June.

the volume of corporate and NFI loans has increased slightly again in recent months, which is a consequence not only of increased borrowing in the trade sector, but also lower corporate deleveraging. The volume of new lending to enterprises stopped declining, but it remains low. Consistent with the ECB's forward guidance announcements, the very favourable bank lending conditions are set to continue for at least a year.

The situation in the banking system is stable. The capital adequacy indicator shows that the bank capitalisation is sufficient, in general, and it represents no barrier to bank lending activity. Lending activity is rising, which was reflected in almost 3% year-on-year growth in the banking system's interest income in the first half of the year. This had a positive impact on banks' profits, although in the first half of this year such growth arose mainly from higher non-interest income (almost 40% growth) and was still also due to the release of provisions and impairments. After ten years of declining bank dependency on external funding, the liabilities of the domestic banking system to foreign banks increased somewhat in recent months, but their share remained low, at slightly above 4% of the banking system's total assets.[4] Low interest rates continue to compromise the maturity structure of sources of funding for the banking system. Only overnight deposits are on the rise, these already accounting for almost 70% of domestic non-banking sector deposits. The quality of bank assets continues to improve steadily, the share of claims more than 90 days in arrears having fallen below 2% by the end of the first half of the year.

[4] In 2008 this type of liabilities accounted for over 35% of the banking system's total assets.

1.3 Public finance

The autumn forecast assumes a continuation of a nominal general government surplus this year and in the coming years. Current data of the consolidated general government balance show a surplus[5] in the first seven months of this year, which should widen somewhat by the end of the year and reach 0.9% of GDP in the broader general government sector in the year as a whole.[6] These data indicate retention of the relatively high revenue growth and acceleration of expenditure growth. Amid the still favourable labour market developments, revenue growth arises from strong growth in social contributions and accelerated growth in receipts from EU funds, with tax revenue growth being more moderate than last year, this primarily due to the easing of the tax burden on holiday allowance.[7] The acceleration of expenditure this year is underpinned by the majority of expenditure categories, except investment expenditure, which moderated somewhat after last year's very strong growth, and expenditure on interest, which is still declining. The strongest expenditure growth is recorded in the areas of wages, other compensation of employees and transfers to individuals and households, which has to do with the adopted measures.[8] The forecast assumes that the general government balance will remain positive in the next few years. We estimate that revenue growth will remain underpinned primarily by rising revenues from taxes and social contributions, amid continued relatively solid growth in domestic consumption. Inflows from EU funds are also expected to be higher than in previous years. Expenditure growth will be similar to revenue growth, assuming no policy change. Like this year, it will be largely driven by growth in compensation of employees and social transfers, while being curbed by a further decline in interest expenditure and a probable containment of growth in more flexible categories, such as expenditure on goods and services. In the next few years, coinciding with the second half of the period of absorption of funds from the EU financial framework 2014–2020, we also expect further growth in government investments.[9]

[5] According to the consolidated general government budgetary accounts on a cash basis, MF, August 2019.

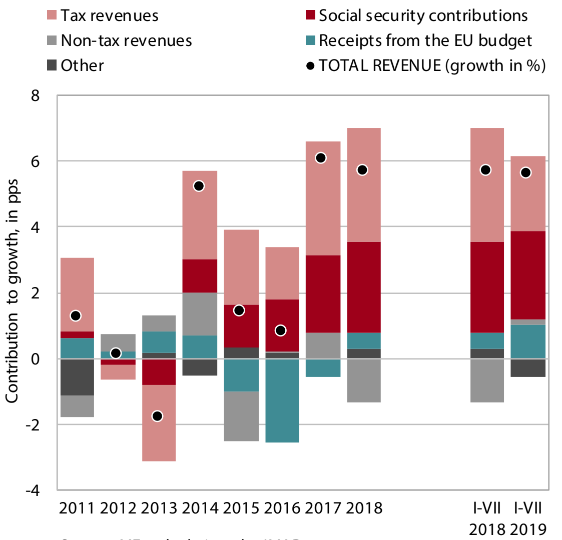
[6] According to the accrual principle, Stability Programme 2019, April 2019.

[7] The amount of personal income tax revenue lost due to this measure totalled around EUR 100 million in the first seven months of this year.

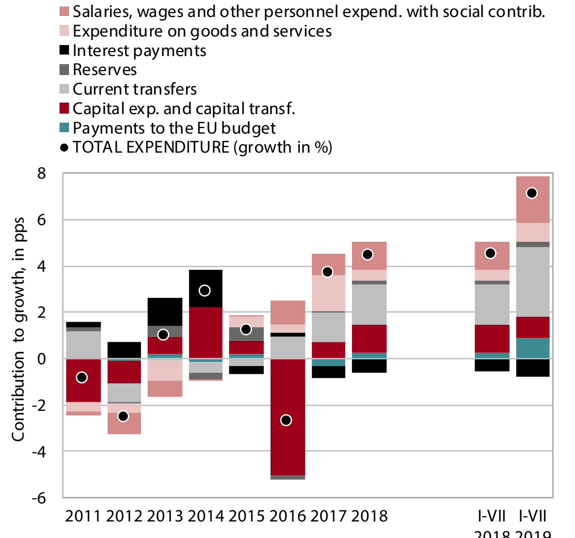
[8] In the area of compensation of employees, particularly with the Agreement on Salaries and Other Payments of Labour Costs in the Public Sector (December 2018). In the area of transfers, in 2019 social transfers to individuals and households will be indexed to inflation, an extraordinary pension adjustment will be carried out in addition to the regular indexation, and the annual pension supplement will be raised. The criteria for state scholarship eligibility are to be relaxed and restrictions on the payment of certain parental allowances and benefits lifted (maternity and paternity compensation etc.). The amount of the minimum income remains at the increased level from the second half of 2018. The adopted Personal Assistance Act and the Social Inclusion of Disabled Persons Act broadened the scope of beneficiaries and the level of assistance, which is increasing expenditure on disability benefits and attendance allowance.

[9] A stronger momentum of EU funds absorption is also envisaged in the Implementation Plan for the Operational Programme for the Implementation of the EU Cohesion Policy (July 2019 Amendment).

Figure 5: Revenue (left) and expenditure (right) of the consolidated general government balance on a cash basis (GFS)

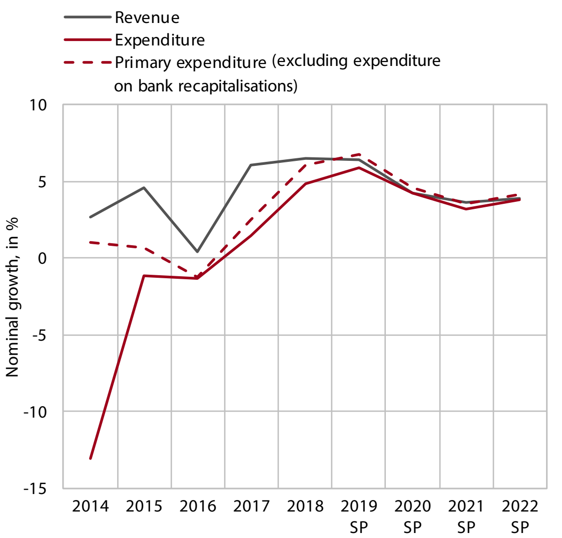


Source: MF; calculations by IMAD.

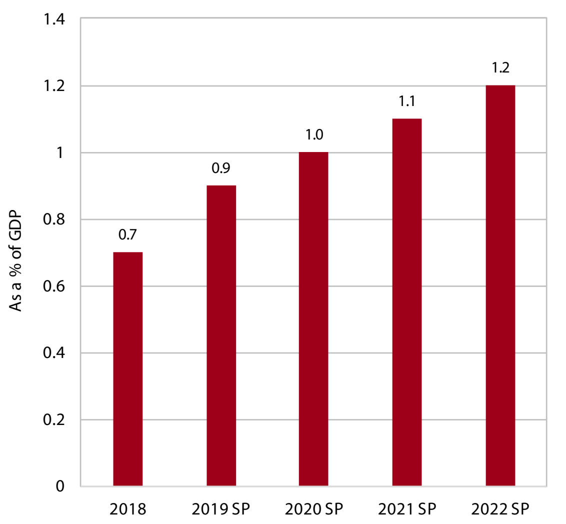


Source: MF; calculations by IMAD.

Figure 6: Projections of general government revenue, expenditure (left) and balance (right), Stability Programme 2019



Source: Stability Programme 2019.



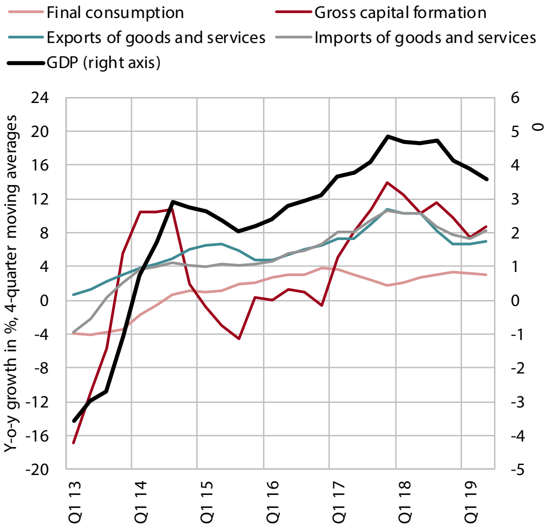
Source: Stability Programme 2019.

2 Forecast of economic trends in Slovenia

2.1 Gross domestic product – consumption aggregates

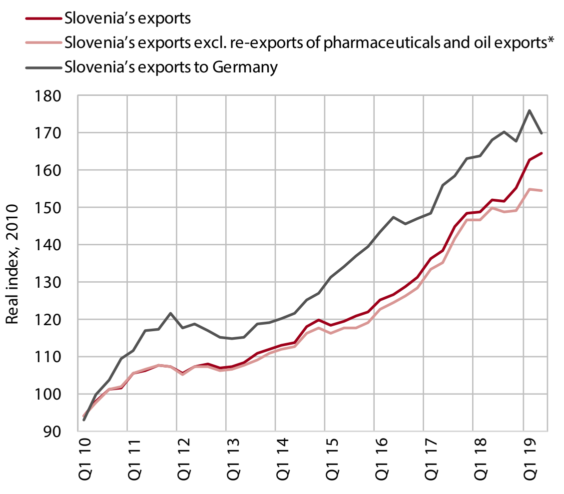
Economic growth, which started to ease last year (4.1%) after the 2017 peak (4.9%), moderated further in the first half of the year (2.9%). Household consumption continued to increase moderately under the impact of the still rising employment and higher growth in wages and social transfers. The strong growth of construction investment continued, supported also by government investment. Investment in machinery and equipment was also somewhat higher, but its growth slowed, reflecting the moderation of export orders, greater uncertainties in the international environment and weaker business expectations. This, together with the negative contribution of changes in inventories, is a significant factor behind this year's slowdown in GDP growth. A moderation was also recorded for the majority of exports, which reflects lower growth in foreign demand. The growth of total exports rose in the

Figure 7: GDP and its expenditure components



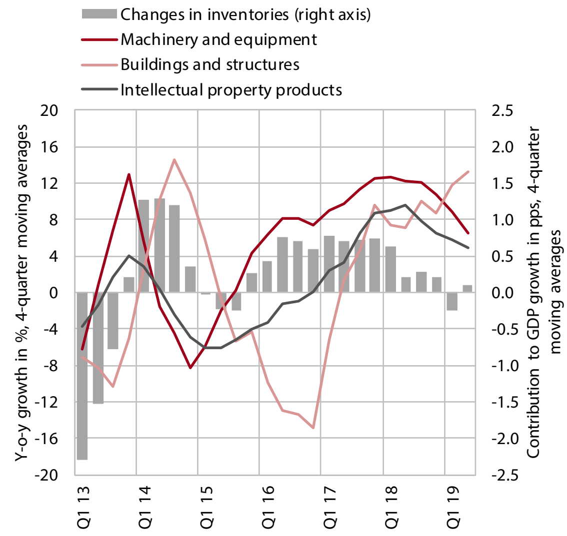
Source: SURS; calculations by IMAD.

Figure 8: Real exports



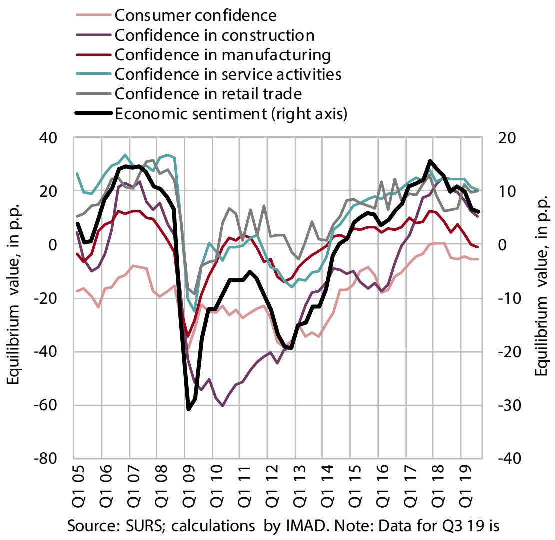
Source: SURS; calculations by IMAD. Note: * Exports excluding increased re-exports of pharmaceuticals to Switzerland and excluding oil exports; IMAD estimate.

Figure 9: Gross capital formation



Source: SURS; calculations by IMAD.

Figure 10: Business and consumer confidence in the economy

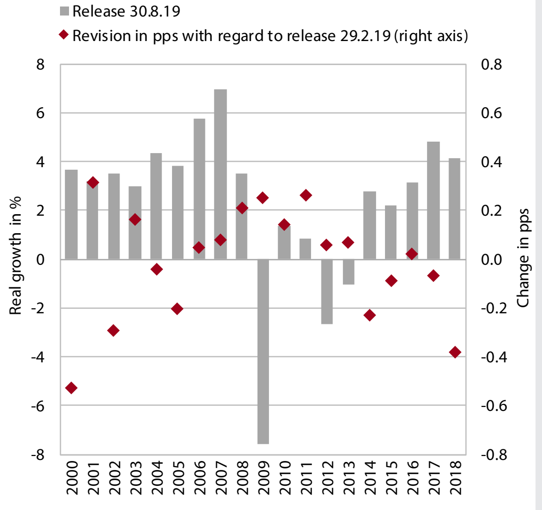


Source: SURS; calculations by IMAD. Note: Data for Q3 19 is the average of the values for July and August.

Box 1: The new estimate of 2018 GDP

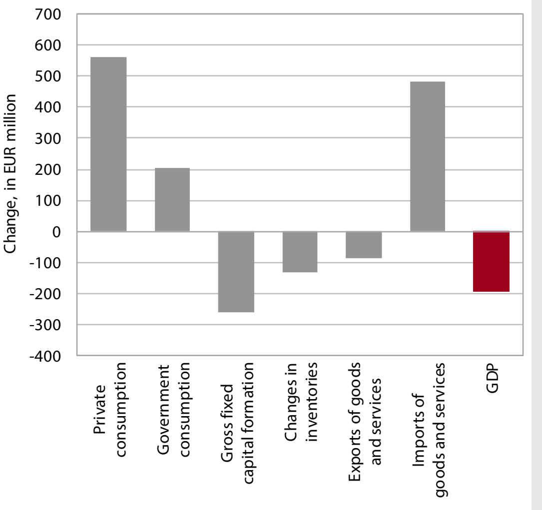
The release of the first annual GDP estimate for 2018 (and revised data for the period from 1995 onwards) changed the starting points for the preparation of the forecast. In August 2019 SURS published the first annual estimate of GDP for 2018 and revised national accounts data for the period from 1995. The most recent GDP estimate for 2018 is EUR 193 million lower than the first estimate released in February this year. The estimate of real GDP growth is also lower, by 0.4%. The difference is largely due to the lower new estimate of (growth in) gross capital formation and a smaller contribution of the balance of external trade, whereas the new estimate of the real growth of private and government consumption in 2018 is higher than the first estimate. Nominal changes in the estimates of individual GDP components are significant. The new estimate of private consumption is EUR 562 million higher than the first estimate, which changes the estimate of Slovenian consumer savings and hence the starting point for the preparation of the forecast. The estimate of government consumption also rose, by slightly more than EUR 200 million. Meanwhile, the new estimates of gross capital formation and the balance of external trade are significantly lower than the first estimates upon the release of quarterly data. The change in gross capital formation (minus EUR 394 million) arises from a lower estimate of gross fixed capital formation and a smaller increase in inventories, whose contribution to GDP growth (0.2 pps) is more moderate than according to the first estimate (0.6 pps). The change in the estimate of exports of goods and services is relatively small, but the new estimate of imports is markedly higher, the contribution of the balance of external trade to GDP growth thus dropping from 0.3 to –0.2 pps.

Figure 11: Revision of data on real GDP growth



Source: SURS.

Figure 12: Revision of data on expenditure components of GDP at current prices in 2018



Source: SURS; calculations by IMAD.

Table 3: Forecast for economic growth

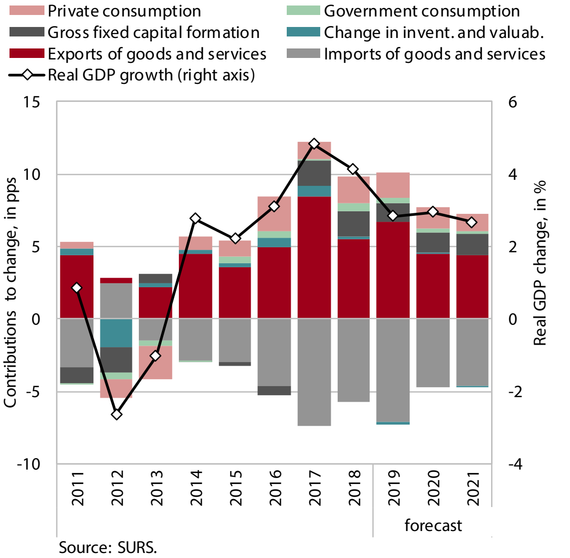
Real growth rates, in %	2018	2019 March 2019	2019 September 2019	2020 March 2019	2020 September 2019	2021 September 2019
GDP	4.1	3.4	**2.8**	3.1	**3.0**	**2.7**
Exports	6.6	5.1	**7.8**	5.3	**5.0**	**4.8**
Imports	7.7	6.0	**9.2**	5.8	**5.8**	**5.5**
External balance of goods and services (contribution to growth in pps)	*-0.2*	*-0.1*	***-0.5***	*0.1*	***-0.2***	***-0.2***
Private consumption	3.4	2.9	**3.4**	2.4	**2.7**	**2.2**
Government consumption	3.2	2.2	**2.2**	1.9	**1.7**	**1.4**
Gross fixed capital formation	9.4	7.7	**6.8**	7.0	**6.8**	**7.0**
Change in inventories and valuables (contribution to growth in pps)	*0.2*	*0.1*	***-0.2***	*0.0*	***0.0***	***0.0***

Source: SURS; 2019–2021 forecast by IMAD.
Note: * The forecast takes into account the difference in the number of working days between years. In 2020 this difference is significant (an increase of 6).

first half of this year, mostly on account of accelerated export growth in pharmaceutical and medicinal goods, which – under the impact of the start up of a new pharmaceutical distribution centre – mainly arises from imports (rather than domestic production). Stronger imports of these products, alongside robust growth in domestic consumption, contributed to an acceleration of growth in imports. The contribution of net exports to GDP growth was thus slightly negative. In the first half of this year, economic growth was still significantly higher than the EU average (3.1% compared with 1.5%, seasonally adjusted), despite the softening, and somewhat higher than the long-term average (2.7%).[10]

Economic growth will moderate to 2.8% this year and remain at similar levels in the next two (3.0% and 2.7% respectively). In 2019–2021 economic growth will be lower than in the previous three years. This year's moderation will be somewhat more pronounced than predicted in the Spring Forecast. This will be largely a consequence of slower growth in foreign demand and more uncertainty in the external environment, because of which the negative contribution of net exports will be more pronounced, the growth of gross fixed capital formation lower and the contribution of changes in inventories considerably lower this year than projected in the spring. Growth in construction investment will remain high. Despite somewhat weaker growth in foreign demand, export growth will strengthen further this year, reflecting significantly accelerated growth in exports of pharmaceutical and medicinal products, which – under the impact of the start up of a new pharmaceutical distribution centre – mainly arises from imports. The relatively strong growth of private consumption will continue, boosted by favourable labour market conditions and rising disposable income. Following this year's slowdown, real GDP growth will otherwise increase somewhat, temporarily, next year under the positive impact of (six) more working days. A significant role in maintaining solid growth rates over the forecast period will be played by domestic consumption. Its growth will be supported by a continuation of relatively favourable labour market developments and the still high confidence among consumers and in the service sector. Growth in private and government consumption will ease off gradually, to a large extent owing to the expected lower growth in employment. Total export growth is forecast to slow, given a gradual deterioration in cost competitiveness and more moderate growth in exports of pharmaceutical and medicinal products in the next two years. Import growth will also slow, following this year's acceleration, but it will remain higher than export growth amid solid growth in domestic consumption. The contribution of net exports to GDP growth will therefore be negative.

Figure 13: Slovenia's GDP – expenditure structure

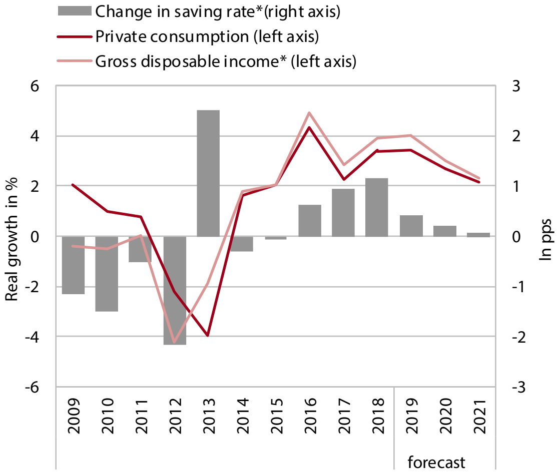


Source: SURS.

[10] The average annual real GDP growth for the 1996–2018 period.

Private consumption growth will remain relatively high this year, before moderating in the subsequent two years particularly owing to lower growth in employment. This year's growth of private consumption will derive from increased earnings and social transfers (see footnote 9), a continuation of relatively strong employment growth and the easing of the tax burden on holiday allowance. It will also be boosted by further growth in consumer loans. With consumer confidence significantly above the long-term average, consumption is expected to rise fastest in the segments of services and some semi-durable goods, while the growth of durable goods consumption will moderate from the high levels seen in previous years. In the coming years private consumption growth will follow growth in disposable income, which will moderate slightly as a consequence of the expected lower growth of employment (see Section 2.3). Assuming no-policy change, lower growth will also be recorded for social transfers.

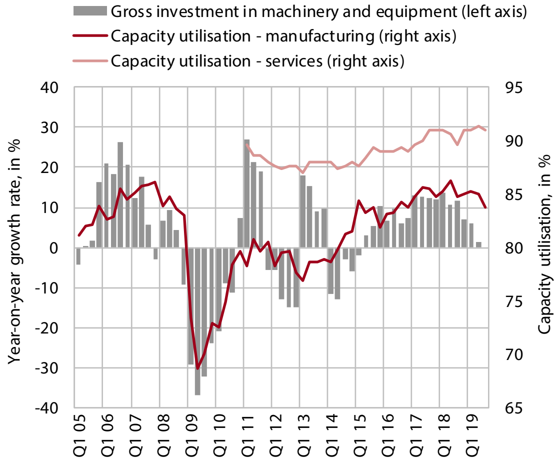
Figure 14: Growth in private consumption and disposable income and change in the household and NPISH saving rate



Source: SURS; forecast by IMAD.
Note: Data on gross disposable income (* deflated by private consumption deflator) and saving rates for 2009–2018 will change with the release of non-financial sector accounts at the end of September.

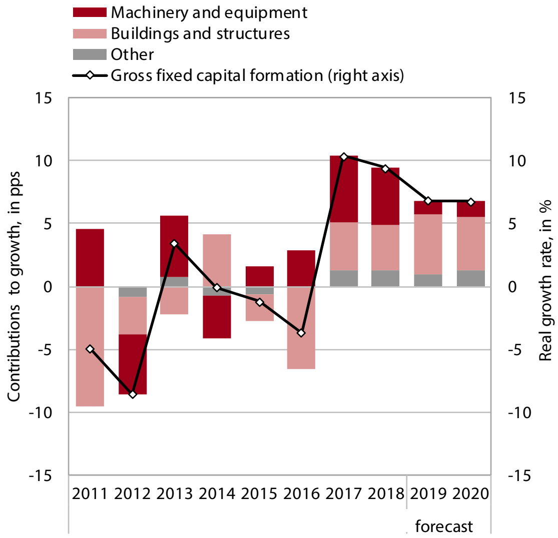
The growth of investment will remain relatively strong in 2019–2021. After the substantial growth in the first half of the year, investment is otherwise expected to rise at a moderate pace in the remainder of the year. Over the whole forecast period, its growth will mostly be driven by construction investment, as already in the first half of this year. Construction investment growth will even be stronger than last year, arising from higher investment in both buildings and civil-engineering works. Further growth in the construction of civil-engineering works is also indicated by data on the value of new contracts, alongside the increased absorption of EU funds.[11] The strong growth of housing investment, which accelerated in the second half of last year after several years of stagnation or moderate growth, will also continue. In the construction of non-residential buildings, growth is expected to be more moderate than last year,[12] this mainly as a result of a lower investment rate in service (particularly non-tradable) activities.[13] Investment in machinery and equipment will also record

Figure 15: Gross investment in machinery and equipment and capacity utilisation



Source: SURS; calculations by IMAD. Note: Data for investment growth from 2012 onwards are revised and thus not fully comparable with data before 2012. For Q3 19, the figure for capacity utilisation in service activities is the average for July and August

Figure 16: Gross fixed capital formation by technical structure



Source: SURS; calculations by IMAD.

[11] 70% year-on-year growth in the first half of this year.

[12] The lower growth is also indicated by a 6% year-on-year decline in the value of new contracts in the first half of this year.

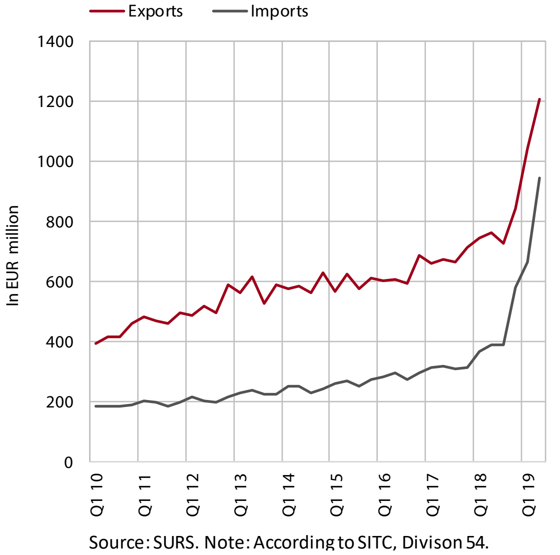
[13] The investment rate (defined as the ratio of gross fixed capital formation to value added) fell more than expected last year (construction, trade, information and communication activities) following several years of growth in some non-tradable activities.

weaker growth than in previous years, largely owing to lower growth in (foreign) demand and heightened uncertainties internationally. Capacity utilisation in manufacturing, which boosted the growth of investment in machinery and equipment in the previous two years, has been falling after its mid-2018 peak, reaching a three-year low at the beginning of the third quarter of this year.

The growth of government consumption will gradually decline in 2019–2021. The bulk of growth will still arise from employment growth in the general government sector and growth in expenditure on goods and services, though these are moderating. This year's moderation of employment growth compared with the high growth rates in some activities (in state administration) in previous years is expected. This is also related to the shortage of workers, particularly in social work, defence activities and the police. A continuation of moderate growth in these expenditure categories is also expected for the coming years. In view of the adopted agreement, wage growth will also remain relatively high in the general government sector.[14]

With a significant impact from accelerated exports of pharmaceuticals, export growth will be higher this year than last, before moderating in the next two. This year's export growth will be higher than in 2018 despite somewhat weaker growth of imports in Slovenia's trading partners. The higher growth will be a consequence of a significant acceleration of growth in exports of pharmaceutical and medicinal products and oil, which we estimate arises mainly from imports (i.e. re-exports), in the pharmaceutical segment owing to the start-up of a new specialised distribution centre. Next year, growth in this part of exports is projected to moderate, which will, together with a gradual deterioration in cost competitiveness,[15] owing to a relatively rapid increase in unit labour costs, contribute to lower growth in exports

Figure 17: Nominal exports and imports of pharmaceutical and medicinal products

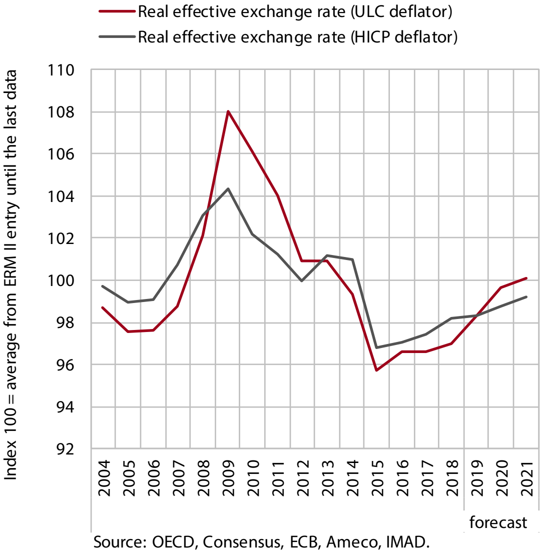


Source: SURS. Note: According to SITC, Divison 54.

Figure 18: Exports of goods and services and foreign demand

Source: SURS, EC, OECD, Focus Economics; forecast and calculations by IMAD. Note: * Real imports of goods and services of the trading partners weighted by Slovenia's share of exports to these countries.

Figure 19: Cost competitiveness



Source: OECD, Consensus, ECB, Ameco, IMAD.

[14] Wage growth is the main factor in maintaining relatively high nominal growth in government consumption in the next two years.

[15] After a longer period of relatively favourable trends, cost competitiveness started to deteriorate in the second half of 2018. This holds true particularly for manufacturing, the most export-oriented sector of the economy. Over the forecast period the accelerated wage growth (amid the still moderate productivity growth) will be reflected in rising unit labour costs (see Table 9 in the Statistical Appendix), whose dynamics are expected to be less favourable than in trading partners on average.

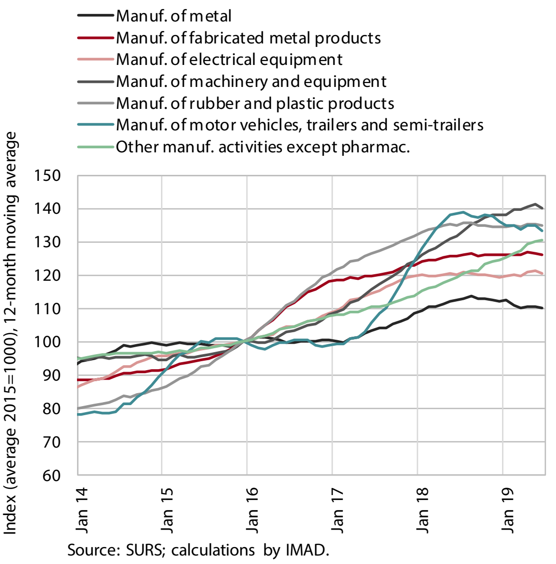
in the next two years. In 2020 the slowdown will be mitigated somewhat by a positive effect of (six) more working days. Real export growth will still be higher than growth in foreign demand,[16] but the difference between the two (i.e. export performance) will be significantly smaller.

Import growth will also be higher this year than last, while in the next two it will slow together with export growth. This year goods and services imports will expand even more than last year, reflecting not only the strong growth in construction works and further growth in other investment and private consumption, but also strong growth in re-export activity in the segment of pharmaceutical and medicinal products[17] and oil. This is set to moderate in the next two years, which – together with lower growth in imports of intermediates tied to exports and lower growth in investment in machinery and equipment – will result in lower growth in imports.

2.2. Value added by activity

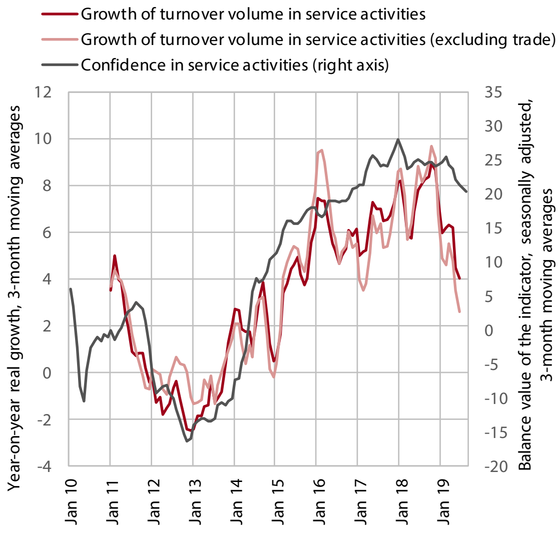
Value added growth slowed in the first half of this year, mostly on account of lower growth in a number of export-oriented activities. In the first half of this year, value added was, as last year, higher year on year in almost all activities, but its growth was more moderate than last year (3.0% in total; 2018: 4.1%). Value added growth in manufacturing was otherwise still somewhat higher than last year, but largely as a consequence of accelerated production growth in the pharmaceutical industry according to our assessment. Production growth in most other manufacturing activities was lower than in the same period of last year, consistent with the slowing growth in foreign demand (especially in the second quarter of this year). This was mainly the case in the manufacture of metal, rubber and plastic products (year-on-year stagnation) and motor vehicles and metals (somewhat lower volume than in the first half of last year). The slowdown in overall value added growth is also due to weaker growth in employment and architectural services, transportation and storage activities, accommodation and food service activities, and trade. The growth of value added in construction strengthened further, this for both civil-engineering works and buildings.

Figure 20: Industrial production volume in manufacturing by sub-industries



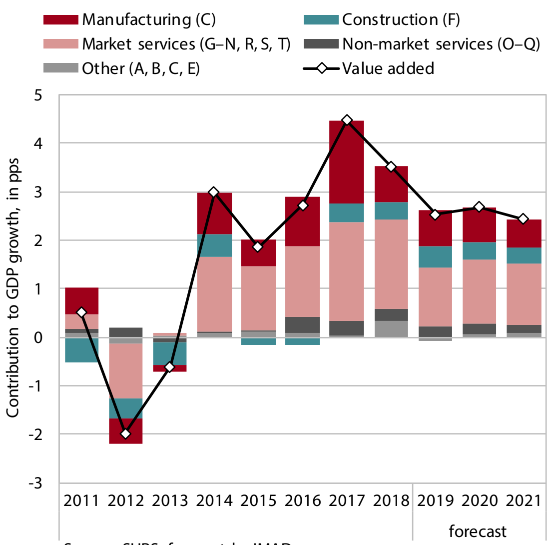
Source: SURS; calculations by IMAD.

Figure 21: Real turnover growth and confidence in service activities



Source: SURS, calculations by IMAD.

Figure 22: Contributions to GDP growth by activity



Source: SURS; forecast by IMAD.

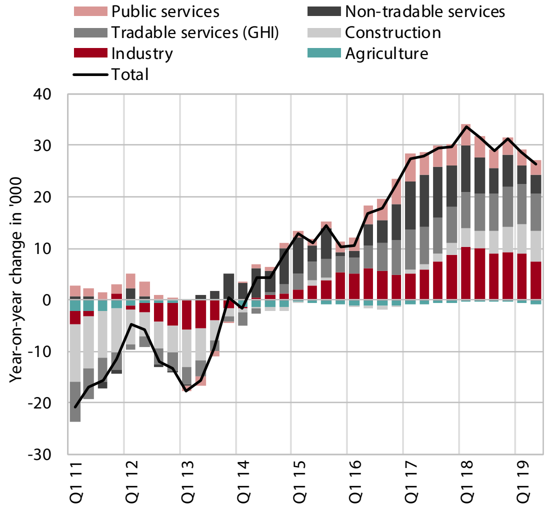
[16] Measured as the weighted growth of trading partners' imports.
[17] Increased trading in pharmaceutical and medicinal products is related to the recent increase in warehousing capacities specialised for this type of goods.

The growth of value added in 2019–2021 will be lower than in the previous three years. The moderation, which will be most pronounced this year (from last year's 4.1% to 2.9%), will mainly reflect lower economic growth in trading partners (which was also affected by a slowdown in the European car industry), but also the absence of favourable temporary impacts from the previous two years.[18] In the next two years, foreign demand will otherwise increase somewhat more than this year. In 2020 value added growth will also be positively affected by six more working days. It will nevertheless remain lower than in 2016–2018, owing not only to lower growth in foreign demand, but also (i) the pressure of rising unit labour costs on export competitiveness, (ii) a lack of appropriately skilled workers in certain activities and (iii) somewhat more moderate growth in the pharmaceutical industry. After this year's slight acceleration, value added growth in manufacturing will thus moderate gradually by 2021. In view of this and somewhat lower growth in private consumption, value added growth is also expected to ease off in trade and accommodation and food service activities. The growth of value added in construction will also be gradually lower, but its contribution to growth will remain high.

2.3 Employment and unemployment

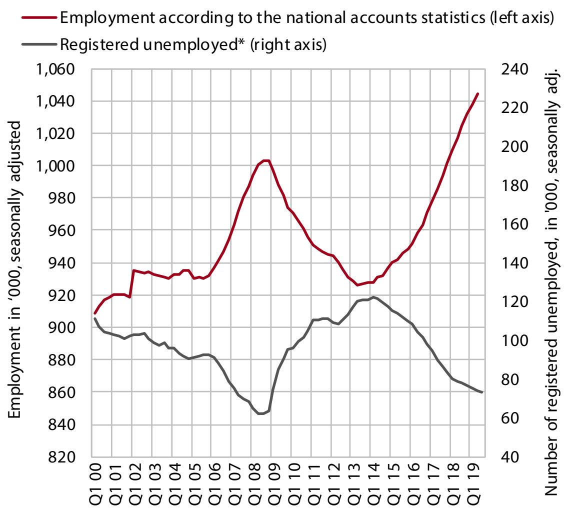
After last year's rapid growth, employment[19] increased further this year, while unemployment declined. Employment growth, reaching the highest level on record, started to slow somewhat, though remaining relatively strong and broad-based. It was up in all private sector activities, notably construction and again in manufacturing, trade, transportation, and accommodation and food service activities.[20] A large share of enterprises, particularly in labour-intensive industries, continues to face a shortage of appropriately skilled workers, which often limits the extent of their activity. Employment growth in the recent period thus mainly reflects the hiring of foreign nationals,[21] but also, partly, the increased labour market participation of those who had previously not been actively seeking employment.[22] The number of registered unemployed declined further in the first eight months of this year, albeit somewhat less than last year. According to our estimate, this was a consequence of a smaller number of appropriately skilled job-seekers and also the softening of economic activity. Overall, 71,544 persons were registered as unemployed at the end of August, 5.8% fewer than in the same month last year.

Figure 23: Breakdown of employment change



Source: SURS; calculations by IMAD.
Note: Employment according to national accounts.

Figure 24: Number of employed and number of registered unemployed



Sources: SURS, ESS; calculations by IMAD. Note: * The data for Q3 2019 is the average of July and August.

Employment growth will be easing gradually in the 2019–2021 period under the impact of weaker growth in economic activity and, increasingly, demographic trends. Demand for labour is estimated to remain a key factor in attracting foreign workers. Net

[18] The start-up of production of a new car model in 2017.

[19] Employment according to the national accounts statistics.

[20] The sectors where employment was down year on year are financial and insurance activities and agriculture.

[21] In the first half of 2019, the number of employed foreign nationals increased by 22.9% year on year and the number of employed Slovenian citizens by 1.1%. The share of employed foreigners in the total number of employed persons was 10.9% (up 1.8 pps year on year). Foreign nationals contributed around 67.8% to year-on-year growth in the total number of the employed. Growth in the number of employed foreigners started to increase in 2014 as a consequence of strong activity growth in sectors that typically stand out in the share of foreign workers (such as construction, administrative and support service activities, transportation and storage, accommodation and food service activities, and manufacturing).

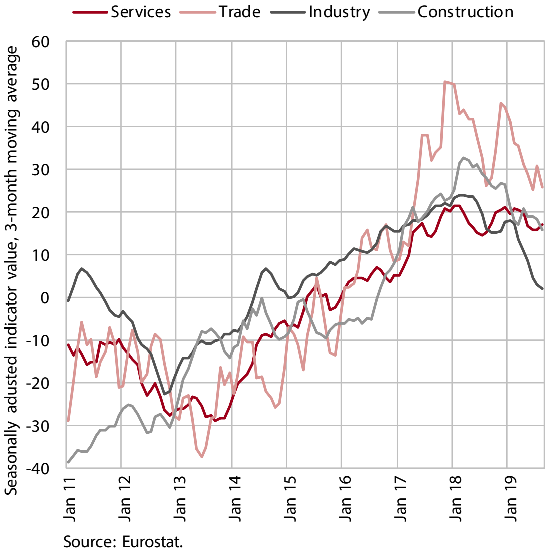
[22] The labour force participation rate (which shows the number of persons who are either employed or actively seeking employment as a percentage of the working-age population) rose by 1 pp in the 20–64 age-group in the first quarter of this year, totalling 79.7%.

Table 4: Forecasts for employment and unemployment

(%)	2018	2019 March 2019	2019 September 2019	2020 March 2019	2020 September 2019	2021 September 2019
Employment according to the SNA, growth	3.2	2.0	**2.5**	1.0	**1.4**	**0.8**
Number of registered unemployed, annual average, in '000	78.5	73.8	**74.1**	68.5	**70.8**	**67.6**
Registered unemployment rate	8.2	7.6	**7.7**	7.0	**7.2**	**6.9**
ILO unemployment rate	5.1	4.3	**4.3**	3.9	**4.0**	**3.8**

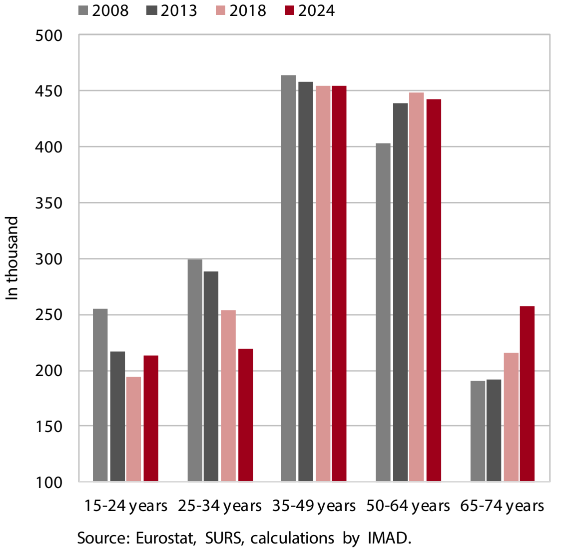
Source: SURS; 2011–2021 forecast by IMAD.

Figure 25: Expectations about employment in the next 12 months



Source: Eurostat.

Figure 26: Population (15–74 years) by age group



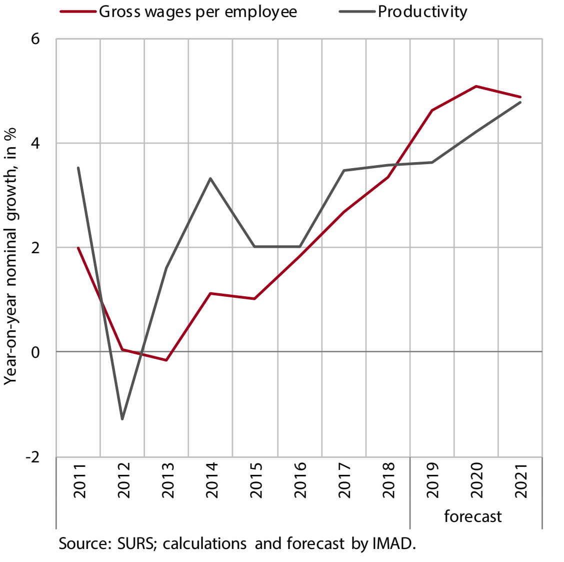
Source: Eurostat, SURS, calculations by IMAD.

migration will therefore remain relatively high. The labour force participation rate will also increase further. In an environment of moderating economic activity, both will help mitigate the pressure of demographic trends. The number of unemployed will drop further this year and in the next two, albeit more slowly than in the previous period. Amid somewhat lower employment growth, this will also be attributable to increasingly limited supply of labour,[23] with unemployment falling below its long-term (equilibrium) level. Labour market conditions will therefore represent an ever greater barrier to value added growth.

2.4 Wages

After several years of moderate growth rates,[24] wages started to rise faster last year; in the first half of the

Figure 27: Average gross wages per employee and productivity



Source: SURS; calculations and forecast by IMAD.

[23] The broader measures of labour slack otherwise show somewhat more underutilised potential, but their values are rapidly falling and indicate limited possibilities for increasing employment, both in the number of persons and in the number of hours worked. For more on this see the Spring Forecast of Economic Trends 2019, p. 18.

[24] The low growth of nominal wages in previous years was mainly a consequence of low growth in prices and productivity, but also relatively high unemployment and changes in the sectoral employment structure. See Autumn Forecast of Economic Trends 2017, p. 15.

Table 5: Forecast for average gross wage per employee

Growth rates, in %	2018	2019 March 2019	2019 September 2019	2020 March 2019	2020 September 2019	2021 September 2019
Gross wage per employee – nominal	3.4	5.0	**4.6**	5.5	**5.1**	**4.9**
- private sector	4.0	5.0	**4.1**	5.7	**5.2**	**4.8**
- public sector	3.0	5.3	**5.8**	5.1	**5.0**	**4.9**
Gross wage per employee – real	1.6	3.3	**2.8**	3.5	**3.1**	**2.5**
- private sector	2.3	3.3	**2.3**	3.7	**3.2**	**2.5**
- public sector	1.3	3.6	**4.0**	3.1	**3.0**	**2.6**

Source: SURS; 2019–2021 forecast by IMAD.

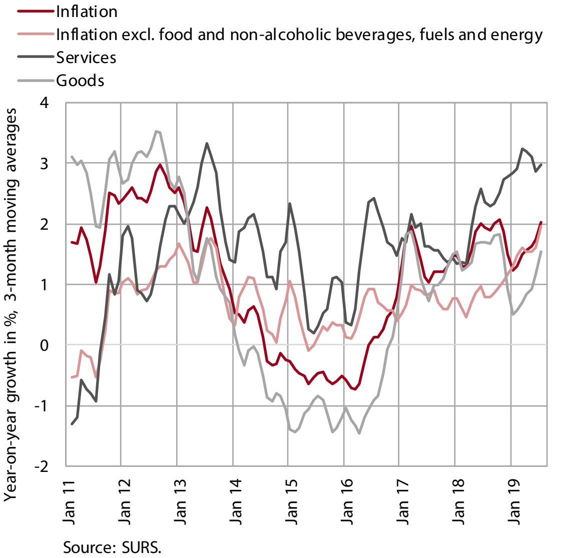
year their growth increased further, particularly in the general government sector. The higher total growth was attributable to the acceleration of wage growth in the government sector as a consequence of not only the implementation of agreements with trade unions at the end of last year and regular promotions, but also the increase in the minimum wage at the beginning of the year. The latter, in addition to strong business performance and increased shortage of workers, contributed to further wage growth in the private sector. In the private sector, wages rose the most in activities with great labour shortages and large shares of minimum wage recipients (administrative and support service activities, accommodation and food service activities, and manufacturing).

Wage growth will strengthen particularly this year, but also slightly in the next two, influenced not only by limited labour supply, but also by agreements with the public sector trade unions[25] and legislative changes. In the private sector the growth of the average gross wage will accelerate somewhat next year, reflecting both labour shortages and increases in the minimum wage.[26] In the public sector, wage growth will already rise this year, this under the impact of agreements with the trade unions and, to a lesser extent, consecutive increases in the minimum wage.[27] Total wage growth will otherwise be limited slightly by the hiring of foreign workers. This is most common in activities with below-average wages, which is reducing the average wage. Owing to these pressures, wage growth will no longer lag behind productivity growth, as was typical of the period before and after the crisis.

2.5 Inflation

Inflation will rise somewhat over the forecast period, from 1.8% this year to 2.3% in 2021. In the eight months to August, average inflation totalled 1.7%. This is similar to that in the same period of last year, but the structure of the contributions of individual price categories has changed. The contribution of external factors, such as energy prices,[28] was significantly lower year on year, while the contribution of other prices, particularly non-energy industrial goods (where a reversal was seen in recent months after a longer period of year-on-year

Figure 28: Year-on-year consumer price growth



Source: SURS.

[25] The agreed changes refer, *inter alia*, to the classification of jobs into higher pay grades, the payment of performance-related bonuses (for regular work and increased workload) and a permanent shift in the payment of promotions to December of each year.

[26] The Act Amending the Minimum Wage Act adopted in December 2018 set the level of the minimum wage for the next period. The minimum wage was raised to 886.63 euros as of 1 January 2019 and to 940.58 euros as of 1 January 2020, when all remaining allowances and part of the pay for regular work performance and pay for business performance will be excluded from the minimum wage. The act also provides that, as of 2021, the minimum wage shall be calculated by a formula which ties the level of the minimum wage to minimal living costs – the minimum net wage should be at least 20% and not more than 40% higher than the minimum living costs (in 2016 these were estimated at 613 euros).

[27] The rise in the minimum wage and the removal of allowances will have a greater effect on wages in the private sector. According to SURS data, in 2018 as a whole around 32,800 persons employed by legal persons that are not budget users were paid wages in the amount of the minimum wage; among those employed by legal persons that are budget users, the figure was around 7,500. In private sector activities, minimum wage recipients are mainly employed in manufacturing, trade, construction, accommodation and food service activities, and transportation.

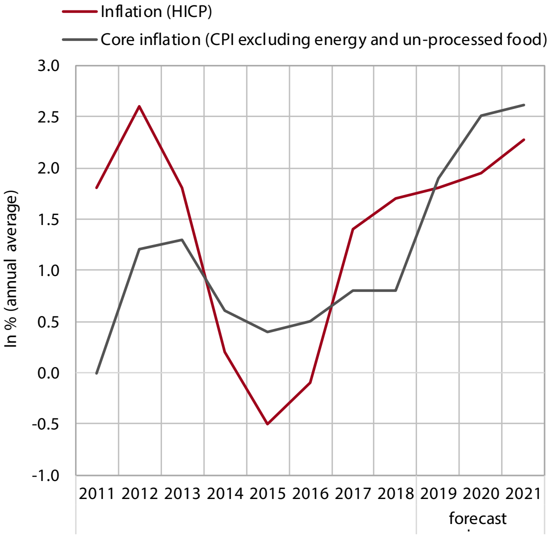
[28] The contribution of energy has otherwise risen somewhat since the beginning of the year, but remains relatively low (compared to August last year).

Table 6: Inflation forecast

in %	2018	2019		2020		2021
		March 2019	September 2019	March 2019	September 2019	September 2019
Inflation – Dec/Dec	1.4	2.2	**2.3**	2.2	**2.2**	**2.3**
Inflation – annual average	1.7	1.6	**1.8**	1.9	**2.0**	**2.3**

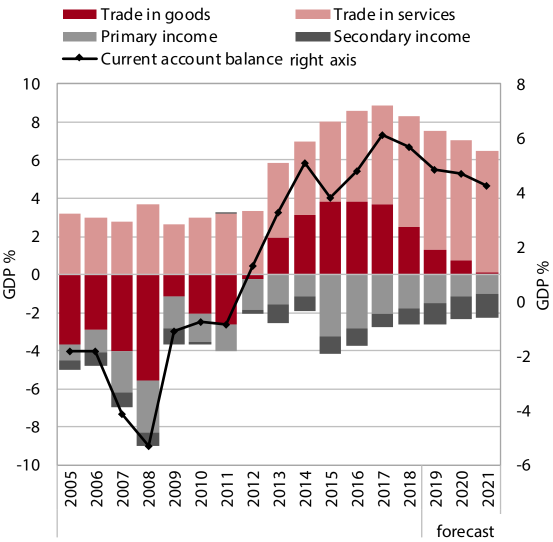
Source: SURS; 2019–2021 forecast by IMAD.

Figure 29: Headline and core inflation



Source: SURS; calculations by IMAD.

Figure 30: Current account balance



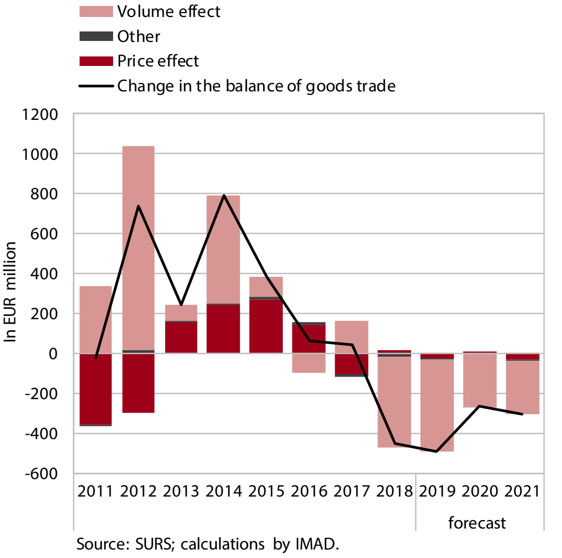
Source: BoS; calculations and forecast by IMAD.

declines) was higher. Core inflation (excluding energy and food prices), which has mainly been driven by growth in services prices already for four years, started to rise gradually in the middle of last year, reaching 2.3% this August. Considering the oil price assumptions (see Section 1.1), the contribution of energy prices to inflation will drop further in the remainder of the year. Price growth in both services and goods will continue to be boosted by solid growth in household consumption. The growth of goods prices will also be attributable to higher prices of unprocessed food owing to this year's less favourable weather conditions. Reflecting further solid growth in demand and the strengthening of cost pressures, in the next two years prices will continue to rise in both services and non-energy goods. Based on the oil price assumptions, the contribution of energy will be slightly negative in 2020. Inflation will thus hover around or slightly above 2%.

2.6 Current account

The current account surplus as a share of GDP will decline somewhat in 2019–2021 but will remain above 4%. The continuation of the high surplus relative to GDP is a consequence of strong private sector saving amid a still relatively low level of investment and

Figure 31: Breakdown of change in the nominal external trade balance in goods



Source: SURS; calculations by IMAD.

Table 7: Forecast for the current account of the balance of payments – balance of payments statistics

		2019		2020		2021
	2018	March 2019	September 2019	March 2019	September 2019	September 2019
Current account, EUR million	2,593*	3,162	2,348	3,247	2,398	2,289
Current account, as a % of GDP	5.7*	6.5	4.9	6.3	4.7	4.3

Source: BoS – Balance of payments statistics, 2019–2021 forecast by IMAD.
Note: * In July 2019 the data on the balance of payments for 2009–2018 were revised. With the revision, the current account balance for 2018 was lowered from 7.0% to 5.7%, which changed the starting point for the forecast and significantly contributed to the change in the forecast with regard to March 2019.

moderate private consumption. The surplus will continue to be driven by trade in both goods and services, but the contribution of trade in goods will be ever smaller. This will be the main factor behind the surplus decline from last year's 5.7% to slightly above 4% by 2021. The surplus in *goods trade,* which was down last year in nominal terms after several years of growth, will continue to narrow over the forecast period to be almost eliminated in 2021. More specifically, goods exports are forecast to rise more moderately than goods imports (see Section 2.1), which will continue to be underpinned by relatively solid growth in domestic consumption. Price movements will have no significant impact on the goods trade balance.[29] The long-term upward trend in the *surplus of trade in services* will continue (in nominal terms as well as in terms of share of GDP), the key contributions still coming from higher trade surpluses in transport and travel services. The deficit in the balance of *primary income* will be narrowing over the forecast period (in nominal terms), owing, among other things, to lower payments of interest on external government debt. The deficit of *secondary income* will increase (nominally and, slightly, as a share of GDP), thus contributing somewhat to the moderation of the current account surplus, which will mainly reflect higher payments into the EU budget and higher net outflows of private sector transfers.

[29] Amid the assumed relatively low volatility of energy and other commodity prices, export and import prices will see moderate growth in the forecast period and the terms of trade will have a neutral effect on the current account balance.

3 Risks to the baseline forecast and alternative scenario for economic growth

If any of the mainly negative external risks materialised, Slovenia's economic growth could be lower than in the baseline scenario. Uncertainties in the international economic environment have been rising in recent times. Global risks are mainly related to protectionist measures and the unpredictability of economic measures in the US in general.[30] In Europe, risks are related to the uncertainty about the time and manner of the UK's withdrawal from the EU (the risk of an unregulated, "hard" Brexit). Factors that could lead to lower economic growth in trading partners than predicted by international institutions and taken into account in the forecast also include a faster easing of economic growth in China, financial market volatility, and geopolitical risks (especially in connection with Iran) and a related risk of higher oil prices. Over the medium term, a downside risk to euro area economic growth is also associated with political changes.[31]

Factors in the domestic environment, which are not taken into account in the forecast, are broadly balanced from the aspect of a possible impact on economic growth. With a change in saving behaviour (i.e. interruption of the trend of increased saving) and a possible adoption of new economic policy measures (for example in pensions or wages or in the form of tax cuts), household consumption could be somewhat higher than under the baseline scenario. This could lead to adjustment of more flexible general government expenditure categories in order to adhere to fiscal goals.

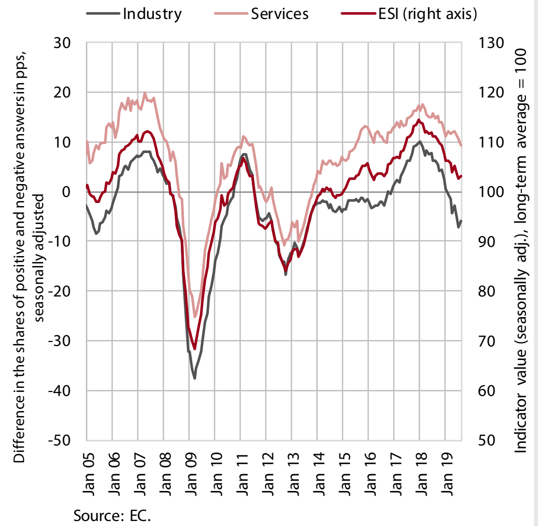
[30] Some of Slovenia's man trading partners (especially Germany) would be directly affected particularly by a possible increase in US tariffs on imports of cars and car parts, which would, especially indirectly, also affect economic activity in Slovenia (see the Autumn Forecast of Economic Trends 2018, Box 3). Economic growth in trading partners and, in turn, Slovenia would also be adversely affected by a further deepening of trade tensions between the US and China.

[31] Political changes in some countries may lead to significant changes in economic policy orientations, the effects of which could spill over to the entire euro area or EU.

Box 2: Alternative scenario of economic growth

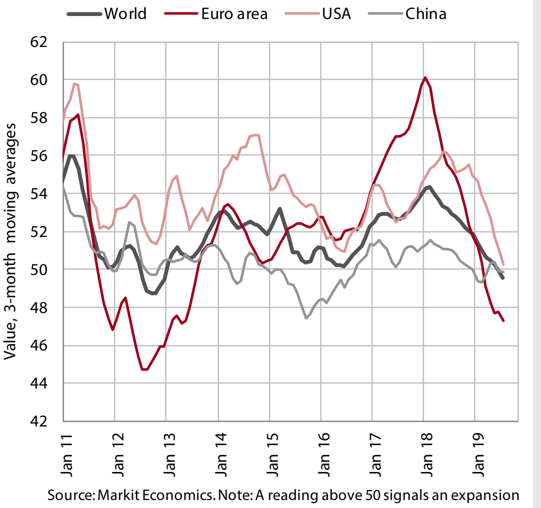
Assuming 2 pps and 1 pp lower growth in foreign demand in 2020 and 2021 respectively than in the baseline scenario, GDP growth would be slightly below 2% next year and at 2% in 2021. The movements of most short-term economic indicators and indicators of confidence in the world and EU economies have been deteriorating further after international institutions published their last forecasts for trading partners that we took into account when preparing our autumn forecast. This, together with the already mentioned elevated uncertainties in the external environment, indicates that foreign demand growth may slow more than projected in the baseline scenario. Therefore we prepared an alternative scenario for economic growth, assuming a more marked easing of growth in foreign demand, which would affect particularly the export-oriented part of the economy.

Figure 32: Economic sentiment in the euro area



Source: EC.

Figure 33: Purchasing Managers' Index (PMI) for manufacturing



Source: Markit Economics. Note: A reading above 50 signals an expansion in manufacturing activity, while a figure below 50 indicates a contraction.

Table 8: Forecast for real GDP growth – alternative scenario

Real growth, in %	2020		2021	
	Baseline scenario	Alternative scenario	Baseline scenario	Alternative scenario
Foreign demand	3.2	1.2	3.3	2.3
GDP	3.0	1.7	2.7	2.0

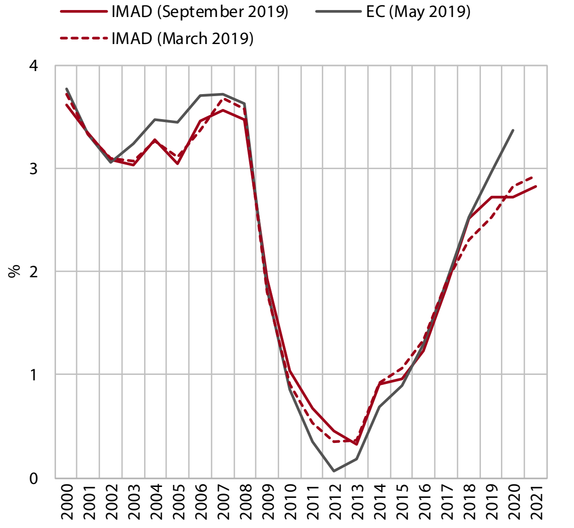
Source: Alternative scenario of IMAD forecast.

4 Output gap and potential GDP growth

Potential GDP growth will be relatively strong in 2019–2021; it is predicted to be around 2.8%.[32] The expected potential growth is approaching the pre-crisis levels, indicating that the more than ten-year period of relatively weak potential GDP growth (which reflected the effects of the crisis) is coming to an end.[33] The greatest contribution to potential growth in the forecast period will continue to arise from total factor productivity (1.5 pps), whose growth will be similar to that before the crisis. With strong investment growth, the contribution of capital rises in the 2019–2021 period but remains significantly lower on average (0.6 pps) than the long-term average before the crisis.[34] This is a consequence of the low volume of investment after the onset of the crisis. Labour will contribute 0.7 pps on average to potential growth in this period, though its contribution will diminish slightly towards 2021. This is a consequence of a trend decline in the number of hours worked per worker, while the contribution of the increase in the activity rate remains positive. The contribution of the size of the working-age population is neutral. The natural unemployment rate will be lower than before the crisis throughout the forecast period.

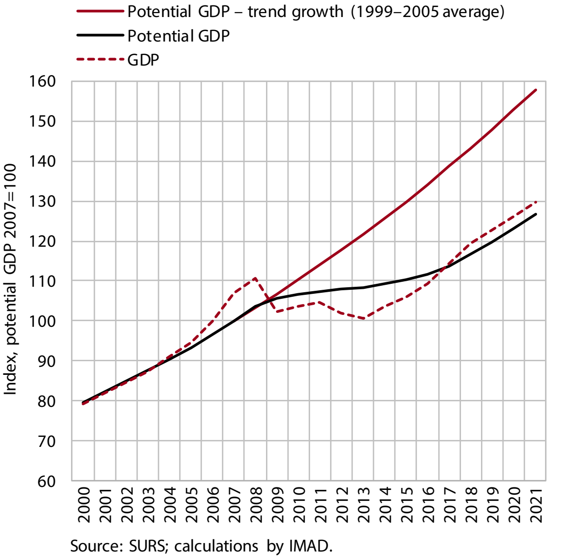
Like the output gap estimate (this year slightly above 2%), several other, particularly non-financial, indicators also indicate a mature phase of the economic cycle, with growth easing gradually particularly under the impact of external developments. The estimates based on the Autumn Forecast indicate that Slovenia has a positive output gap, which will amount to from 2.3% to 2.5% in the 2019–2021 period. Pointing in the same direction as the output gap with regard to the phase of the economic cycle are the still rapid price growth in the property market and the still high values of capacity utilisation and labour shortage indicators. Data for the latter two indicate a moderation in the recent quarters, in manufacturing probably mainly owing to lower growth in foreign demand. Other financial and price indicators mostly reach moderate growth rates, particularly inflation and growth in the volume of bank loans to the private sector. Wage growth is otherwise strengthening gradually. After lagging behind productivity growth for several years, it will exceed it this year and next according to our estimates. Although it started to decline gradually relative to GDP in 2018, the current account surplus will remain above 4% this year and in the next two, which is related to the still relatively low volume of investment and moderate private consumption.

Figure 34: Potential GDP growth, comparison of calculations by IMAD and the EC



Source: SURS; calculations by IMAD and the EC.

Figure 35: GDP, potential GDP and potential GDP without the crisis (with growth since 2007 equal to the average growth in 1999–2005)



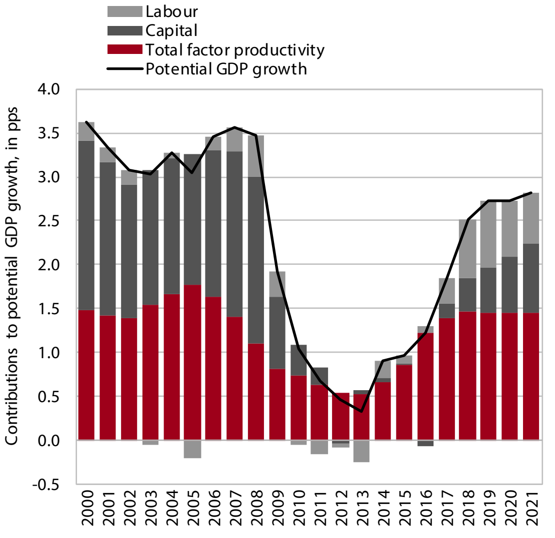
Source: SURS; calculations by IMAD.

[32] Potential GDP (and its growth) from a macroeconomic perspective. This is not the maximum possible output of an economy but rather the output an economy can achieve without creating inflationary pressures. This means that output is often higher than potential output. IMAD calculates potential GDP growth by a production function method, which does not differ from the European Commission's method in its essential attributes. The disparities between the calculations by IMAD and the EC are largely the result of different lengths of the forecast periods – IMAD's estimates are based on forecasts for a longer period (t+6), while the EC forecasts are made for a significantly shorter period (t+2). The disparities in output gap estimates also arise from the differences in the forecasts of macroeconomic indicators and in some input data (IMAD uses the August revision of SURS data and updated demographic projections calculated using a microsimulation model by the IER (source: SURS); moreover, in the series of data on employment according to national accounts statistics, IMAD's calculations also take into account a correction for the break in the data series in 2002).

[33] The long-term effect of the crisis is still reflected in a lower level of potential GDP (Figure 35).

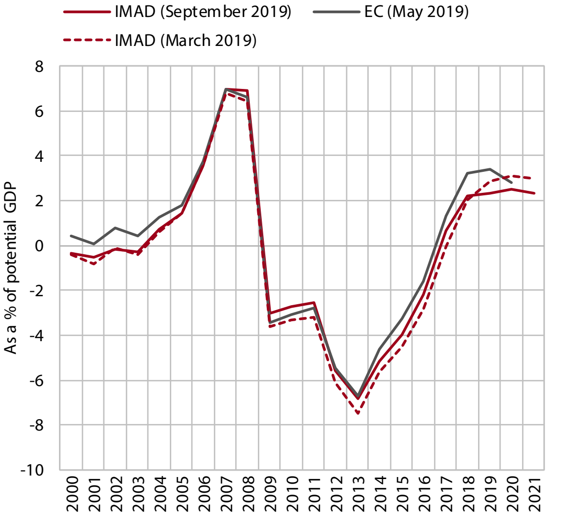
[34] In 2000–2008, the contribution of capital to potential GDP growth was relatively stable, averaging 1.7 pps.

Figure 36: Contributions of individual components to potential GDP growth



Source: calculations by IMAD.

Figure 37: Output gap, a comparison of calculations by IMAD and the EC



Source: SURS; calculations by IMAD and the EC.

statistical appendix

Table of contents

Table 1: Main macroeconomic indicators of Slovenia

Real growth rates in %, unless otherwise indicated

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast	
GROSS DOMESTIC PRODUCT	0.9	-2.6	-1.0	2.8	2.2	3.1	4.8	4.1	2.8	3.0	2.7
GDP in EUR m* (current prices, fixed exchange rate 2007)	37,059	36,253	36,454	37,634	38,853	40,367	42,987	45,755	48,242	50,910	53,581
GDP per capita in EUR (current prices and at current exchange rate)	18,052	17,626	17,700	18,253	18,830	19,551	20,809	22,083	23,350	24,641	25,934
GDP per capita in USD (current prices and at current exchange rate)	25,129	22,646	23,508	24,249	20,892	21,641	23,508	26,080	26,222	27,475	28,916
GDP per capita (PPS)[1]	21,700	21,800	21,900	22,700	23,800	24,100	25,500	27,000			
GDP per capita (PPS EU28=100)[1]	83	82	82	82	82	83	85	87			
EMPLOYMENT AND PRODUCTIVITY											
Employment according to National Accounts	-1.7	-0.9	-1.1	0.4	1.3	1.8	3.0	3.2	2.5	1.4	0.8
Registered unemployed (annual average in thousand)	110.7	110.2	119.8	120.1	112.7	103.2	88.6	78.5	74.1	70.8	67.6
Rate of registered unemployment in %	11.8	12.0	13.1	13.1	12.3	11.2	9.5	8.2	7.7	7.2	6.9
Rate of unemployment by ILO in %	8.2	8.9	10.1	9.7	9.0	8.0	6.6	5.1	4.3	4.0	3.8
Labour productivity (GDP per employee)	2.6	-1.7	0.1	2.4	0.9	1.3	1.8	0.9	0.3	1.5	1.9
WAGES											
Gross wage per employee - nominal growth in %	2.0	0.1	-0.2	1.1	1.8	1.8	2.7	3.4	4.6	5.1	4.9
Private sector activities	2.6	0.5	0.6	1.4	1.7	1.7	2.9	4.0	4.1	5.2	4.8
Public service activities	1.0	-0.9	-1.3	0.9	2.3	2.3	2.9	3.0	5.8	5.0	4.9
Gross wage per employee - real growth in %	0.2	-2.4	-2.0	0.9	2.0	2.0	1.3	1.6	2.8	3.1	2.5
Private sector activities	0.8	-2.0	-1.2	1.2	1.8	1.8	1.5	2.3	2.3	3.2	2.5
Public service activities	-0.8	-3.4	-3.0	0.7	2.4	2.4	1.5	1.3	4.0	3.0	2.6
INTERNATIONAL TRADE											
Exports of goods and services	6.9	0.5	3.1	6.0	4.7	6.5	10.8	6.6	7.8	5.0	4.8
Exports of goods	8.0	0.4	3.3	6.3	5.3	6.2	11.0	6.5	8.1	4.9	4.7
Exports of services	2.5	1.1	2.0	5.0	2.4	7.7	9.9	7.2	6.8	5.6	5.0
Imports of goods and services	5.3	-3.5	2.1	4.2	4.3	6.7	10.7	7.7	9.2	5.8	5.5
Imports of goods	6.0	-4.3	2.9	3.8	5.1	7.0	11.1	8.5	9.9	5.8	5.6
Imports of services	1.9	1.0	-2.3	6.1	0.1	4.7	8.6	3.0	5.4	5.7	5.0

Table 1: Main macroeconomic indicators of Slovenia - continue

Real growth rates in %, unless otherwise indicated

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
BALANCE OF PAYMENTS STATISTICS											
Current account balance in EUR m	-302	479	1,204	1,924	1,482	1,942	2,635	2,593	2,348	2,398	2,289
- As a per cent share relative to GDP	-0.8	1.3	3.3	5.1	3.8	4.8	6.1	5.7	4.9	4.7	4.3
External balance of goods and services in EUR m	205	1,138	2,130	2,636	3,110	3,462	3,820	3,807	3,630	3,582	3,496
- As a per cent share relative to GDP	0.6	3.1	5.8	7.0	8.0	8.6	8.9	8.3	7.5	7.0	6.5
FINAL DOMESTIC DEMAND											
Final consumption	0.6	-2.2	-3.4	1.1	2.1	3.9	1.7	3.4	3.1	2.5	2.0
As a % of GDP	77.1	77.8	75.7	73.9	72.8	73.0	71.1	70.6	70.9	70.7	70.4
in which:											
Private consumption	0.8	-2.2	-3.9	1.6	2.0	4.4	2.3	3.4	3.4	2.7	2.2
As a % of GDP	56.5	57.5	56.1	55.0	54.0	53.9	52.7	52.3	52.4	52.2	51.8
Government consumption	-0.1	-2.4	-2.0	-0.2	2.3	2.5	0.3	3.2	2.2	1.7	1.4
As a % of GDP	20.6	20.4	19.6	18.9	18.8	19.1	18.4	18.3	18.5	18.5	18.6
Gross fixed capital formation	-4.9	-8.5	3.4	-0.1	-1.2	-3.7	10.4	9.4	6.8	6.8	7.0
As a % of GDP	19.9	19.0	19.6	19.1	18.7	17.4	18.3	19.2	19.9	20.7	21.6
EXCHANGE RATE AND PRICES											
Ratio of USD to EUR	1.392	1.286	1.328	1.329	1.110	1.107	1.129	1.181	1.123	1.115	1.115
Real effective exchange rate - deflated by CPI[2]	-1.0	-1.2	1.2	-0.2	-4.2	0.3	0.4	0.8	0.1	0.4	0.5
Inflation (end of the year), %[3]	2.0	2.7	0.7	0.2	-0.4	0.5	1.7	1.4	2.3	2.2	2.3
Inflation (year average), %[3]	1.8	2.6	1.8	0.2	-0.5	-0.1	1.4	1.7	1.8	2.0	2.3
Brent Crude Oil Price USD / barrel	111.3	111.7	108.6	98.9	52.4	44.8	54.3	71.0	62.9	57.4	56.5

Source of data: SURS, BS, Eurostat, calculations and forecasts by IMAD.
[1] Measured in purchasing power standard.
[2] Growth in value denotes real appreciation of national currency and vice versa.
[3] Consumer price index.

Table 2a: Gross value added by activity and gross domestic product

EUR million, current prices

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
A	Agriculture, forestry and fishing	794.0	711.8	718.6	759.1	814.6	806.2	796.4	963.2	893.0	891.4	938.2
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	8,043.5	8,111.6	8,363.0	8,736.8	9,080.9	9,480.9	10,203.4	10,724.0	11,458.0	12,142.6	12,710.3
	of which: C Manufacturing	6,748.9	6,790.4	6,984.6	7,385.1	7,747.0	8,145.6	8,866.6	9,346.4	10,034.4	10,640.2	11,134.8
F	Construction	1,891.5	1,819.8	1,657.9	1,852.3	1,808.3	1,816.4	2,014.2	2,286.3	2,629.7	2,826.0	3,027.9
GHI	Trade, transportation and storage, accommodation and food service activities	6,462.8	6,239.8	6,303.8	6,497.2	6,852.4	7,248.1	7,808.9	8,404.6	8,901.2	9,393.4	9,939.8
J	Information and communication	1,320.7	1,349.6	1,321.2	1,391.5	1,357.4	1,384.8	1,477.8	1,537.8	1,713.1	1,858.7	2,009.8
K	Financial and insurance activities	1,651.0	1,362.6	1,257.6	1,304.1	1,362.2	1,349.5	1,428.2	1,519.0	1,568.4	1,655.1	1,741.9
L	Real estate activities	2,470.6	2,399.4	2,572.5	2,529.9	2,652.9	2,699.7	2,805.3	2,939.3	3,015.6	3,182.4	3,295.8
MN	Professional, scientific, technical, administrative and support services	3,042.8	2,985.8	3,011.0	3,222.7	3,346.6	3,458.2	3,798.3	4,088.7	4,221.7	4,455.2	4,742.4
OPQ	Public administration, education, human health and social work	5,698.0	5,630.9	5,446.7	5,389.7	5,469.2	5,806.8	6,083.0	6,402.0	6,820.3	7,172.4	7,521.3
RST	Other service activities	890.9	863.6	856.5	848.9	847.2	902.3	934.7	973.6	941.2	1,044.2	1,152.5
1. TOTAL VALUE ADDED		**32,265.7**	**31,475.2**	**31,508.8**	**32,532.0**	**33,591.7**	**34,952.8**	**37,350.2**	**39,838.5**	**42,162.0**	**44,621.5**	**47,079.9**
2. CORRECTIONS (a - b)		4,792.8	4,778.1	4,945.6	5,102.3	5,260.9	5,413.8	5,636.9	5,916.3	6,080.1	6,288.8	6,500.9
a) Taxes on products and services		4,821.2	4,813.2	4,979.0	5,134.7	5,291.0	5,445.6	5,669.2	5,951.8	6,116.6	6,326.8	6,540.8
b) Subsidies on products and services		28.3	35.1	33.5	32.4	30.1	31.9	32.3	35.5	36.5	38.0	39.8
3. GROSS DOMESTIC PRODUCT (3=1+2)		**37,058.6**	**36,253.3**	**36,454.3**	**37,634.3**	**38,852.6**	**40,366.6**	**42,987.1**	**45,754.8**	**48,242.1**	**50,910.2**	**53,580.8**

Source of data: SURS, forecasts by IMAD.

Table 2b: Gross value added by activity and gross domestic product

Structure in %, current prices

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
A	Agriculture, forestry and fishing	2.1	2.0	2.0	2.0	2.1	2.0	1.9	2.1	1.9	1.8	1.8
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	21.7	22.4	22.9	23.2	23.4	23.5	23.7	23.4	23.8	23.9	23.7
	of which: C Manufacturing	18.2	18.7	19.2	19.6	19.9	20.2	20.6	20.4	20.8	20.9	20.8
F	Construction	5.1	5.0	4.5	4.9	4.7	4.5	4.7	5.0	5.5	5.6	5.7
GHI	Trade, transportation and storage, accommodation and food service activities	17.4	17.2	17.3	17.3	17.6	18.0	18.2	18.4	18.5	18.5	18.6
J	Information and communication	3.6	3.7	3.6	3.7	3.5	3.4	3.4	3.4	3.6	3.7	3.8
K	Financial and insurance activities	4.5	3.8	3.4	3.5	3.5	3.3	3.3	3.3	3.3	3.3	3.3
L	Real estate activities	6.7	6.6	7.1	6.7	6.8	6.7	6.5	6.4	6.3	6.3	6.2
MN	Professional, scientific, technical, administrative and support services	8.2	8.2	8.3	8.6	8.6	8.6	8.8	8.9	8.8	8.8	8.9
OPQ	Public administration, education, human health and social work	15.4	15.5	14.9	14.3	14.1	14.4	14.2	14.0	14.1	14.1	14.0
RST	Other service activities	2.4	2.4	2.3	2.3	2.2	2.2	2.2	2.1	2.0	2.1	2.2
1. TOTAL VALUE ADDED		**87.1**	**86.8**	**86.4**	**86.4**	**86.5**	**86.6**	**86.9**	**87.1**	**87.4**	**87.6**	**87.9**
2. CORRECTIONS (a - b)		12.9	13.2	13.6	13.6	13.5	13.4	13.1	12.9	12.6	12.4	12.1
a) Taxes on products and services		13.0	13.3	13.7	13.6	13.6	13.5	13.2	13.0	12.7	12.4	12.2
b) Subsidies on products and services		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
3. GROSS DOMESTIC PRODUCT (3=1+2)		**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source of data: SURS, forecasts by IMAD.

Table 3a: Gross value added by activity and gross domestic product

EUR million

		constant previous year prices								constant 2018 prices		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
A	Agriculture, forestry and fishing	724.7	736.4	704.8	733.0	858.7	819.4	785.1	895.6	953.6	962.6	972.3
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	7,831.7	7,860.3	8,078.2	8,695.4	8,891.7	9,505.6	10,212.9	10,570.9	11,040.5	11,404.8	11,718.4
	of which: C Manufacturing	6,561.1	6,555.4	6,740.2	7,300.8	7,593.1	8,140.6	8,841.0	9,183.1	9,692.2	10,031.4	10,312.3
F	Construction	1,818.0	1,743.4	1,652.1	1,820.9	1,792.9	1,747.4	1,967.2	2,174.7	2,480.6	2,653.1	2,813.6
GHI	Trade, transportation and storage, accommodation and food service activities	6,433.2	6,154.5	6,261.0	6,522.2	6,858.4	7,229.7	7,707.8	8,276.7	8,736.7	9,029.4	9,318.4
J	Information and communication	1,294.3	1,323.3	1,366.6	1,383.8	1,419.0	1,348.2	1,445.4	1,541.7	1,599.3	1,686.5	1,770.8
K	Financial and insurance activities	1,634.4	1,587.4	1,325.1	1,239.6	1,261.4	1,406.0	1,342.8	1,417.3	1,563.8	1,610.0	1,658.3
L	Real estate activities	2,529.2	2,477.5	2,409.6	2,605.0	2,534.5	2,662.5	2,729.8	2,823.0	2,961.4	3,004.3	3,049.4
MN	Professional, scientific, technical, administrative and support services	3,055.6	3,010.2	2,999.7	3,287.1	3,373.6	3,447.2	3,722.2	4,034.6	4,168.5	4,291.5	4,420.2
OPQ	Public administration, education, human health and social work	5,668.2	5,772.8	5,592.5	5,460.5	5,400.5	5,593.2	5,927.7	6,181.0	6,504.4	6,605.3	6,684.6
RST	Other service activities	887.3	863.3	865.8	847.1	842.5	893.0	915.6	949.1	990.2	1,014.4	1,034.7
1. TOTAL VALUE ADDED		**31,876.8**	**31,529.3**	**31,255.6**	**32,594.5**	**33,233.0**	**34,652.2**	**36,756.2**	**38,864.4**	**40,998.9**	**42,262.0**	**43,440.6**
2. CORRECTIONS (a - b)		4,800.3	4,551.1	4,624.6	4,868.9	5,233.0	5,413.3	5,561.5	5,892.9	6,055.9	6,183.0	6,300.3
a) Taxes on products and services		4,883.4	4,579.9	4,660.4	4,901.7	5,266.3	5,443.0	5,594.5	5,927.2	6,091.7	6,219.7	6,337.8
b) Subsidies on products and services		83.1	28.8	35.8	32.8	33.3	29.7	33.0	34.3	35.8	36.6	37.5
3. GROSS DOMESTIC PRODUCT (3=1+2)		**36,677.1**	**36,080.4**	**35,880.1**	**37,463.4**	**38,466.0**	**40,065.5**	**42,317.6**	**44,757.4**	**47,054.8**	**48,445.0**	**49,741.0**

Source of data: SURS, forecasts by IMAD.

Table 3b: Gross value added by activity and gross domestic product

Real growth rates in %

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
A	Agriculture, forestry and fishing	5.2	-7.3	-1.0	2.0	13.1	0.6	-2.6	12.5	-1.0	1.0	1.0
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	2.7	-2.3	-0.4	4.0	1.8	4.7	7.7	3.6	3.0	3.3	2.7
	of which: C Manufacturing	3.2	-2.9	-0.7	4.5	2.8	5.1	8.5	3.6	3.7	3.5	2.8
F	Construction	-9.6	-7.8	-9.2	9.8	-3.2	-3.4	8.3	8.0	8.5	7.0	6.0
GHI	Trade, transportation and storage, accommodation and food service activities	1.9	-4.8	0.3	3.5	5.6	5.5	6.3	6.0	4.0	3.4	3.2
J	Information and communication	0.0	0.2	1.4	4.7	2.0	-0.7	4.4	4.3	4.0	5.5	5.0
K	Financial and insurance activities	-3.9	-3.9	-2.8	-1.4	-3.3	3.2	-0.5	-0.8	3.0	3.0	3.0
L	Real estate activities	-0.4	0.3	0.4	1.3	0.2	0.4	1.1	0.6	0.8	1.5	1.5
MN	Professional, scientific, technical, administrative and support services	1.7	-1.1	0.5	9.2	4.7	3.0	7.6	6.2	2.0	3.0	3.0
OPQ	Public administration, education, human health and social work	0.5	1.3	-0.7	0.3	0.2	2.3	2.1	1.6	1.6	1.6	1.2
RST	Other service activities	1.4	-3.1	0.3	-1.1	-0.8	5.4	1.4	1.5	1.7	2.5	2.0
1. TOTAL VALUE ADDED		**0.6**	**-2.3**	**-0.7**	**3.4**	**2.2**	**3.2**	**5.2**	**4.1**	**2.9**	**3.1**	**2.8**
2. CORRECTIONS (a - b)		2.8	-5.0	-3.2	-1.5	2.6	2.9	2.7	4.5	2.4	2.1	1.9
a) Taxes on products and services		2.8	-5.0	-3.2	-1.6	2.6	2.9	2.7	4.6	2.4	2.1	1.9
b) Subsidies on products and services		4.0	1.8	2.0	-1.9	2.8	-1.2	3.7	6.1	1.0	2.2	2.3
3. GROSS DOMESTIC PRODUCT (3=1+2)		**0.9**	**-2.6**	**-1.0**	**2.8**	**2.2**	**3.1**	**4.8**	**4.1**	**2.8**	**3.0**	**2.7**

Source of data: SURS, forecasts by IMAD.

Table 4a: Gross domestic product and primary incomes

EUR million, current prices

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
1. Compensation of employees	**18,921.9**	**18,486.9**	**18,073.4**	**18,408.0**	**18,935.4**	**19,954.3**	**21,243.0**	**22,813.4**	**24,600.7**	**26,272.2**	**27,794.3**
Wages and salaries	16,245.2	15,817.0	15,479.2	15,792.6	16,223.9	17,155.8	18,267.7	19,603.7	21,141.4	22,570.9	23,875.2
Employers' social contributions	2,676.7	2,669.9	2,594.2	2,615.4	2,711.5	2,798.5	2,975.3	3,209.7	3,459.3	3,701.2	3,919.1
2. Taxes on production and imports	**5,238.8**	**5,275.3**	**5,474.7**	**5,638.3**	**5,799.1**	**5,955.0**	**6,196.9**	**6,524.1**	**6,716.1**	**6,939.1**	**7,169.6**
Taxes on products and services	4,821.2	4,813.2	4,979.0	5,134.7	5,291.0	5,445.6	5,669.2	5,951.8	6,116.6	6,326.8	6,540.8
Other taxes on production	417.6	462.0	495.7	503.6	508.1	509.3	527.6	572.3	599.5	612.2	628.8
3. Subsidies	**625.0**	**606.0**	**673.7**	**581.5**	**528.1**	**548.1**	**575.3**	**610.4**	**586.5**	**656.7**	**642.7**
Subsidies on products and services	28.3	35.1	33.5	32.4	30.1	31.9	32.3	35.5	36.5	38.0	39.8
Other subsidies on production	596.6	570.9	640.3	549.1	498.1	516.2	543.0	575.0	550.0	618.7	602.9
4. Gross operating surplus / mixed income	**13,522.8**	**13,097.1**	**13,580.0**	**14,169.5**	**14,646.4**	**15,005.4**	**16,122.5**	**17,027.7**	**17,511.8**	**18,355.7**	**19,259.7**
Consumption of fixed capital	7,418.6	7,640.3	7,705.5	7,792.2	7,991.3	8,093.2	8,283.8	8,674.3	8,924.8	9,418.4	9,912.5
Net operating surplus	6,104.3	5,456.8	5,874.5	6,377.3	6,655.1	6,912.2	7,838.7	8,353.5	8,587.0	8,937.3	9,347.3
5. Gross domestic product (5=1+2-3+4)	**37,058.6**	**36,253.3**	**36,454.3**	**37,634.3**	**38,852.6**	**40,366.6**	**42,987.1**	**45,754.8**	**48,242.1**	**50,910.2**	**53,580.8**

Source of data: SURS, forecasts by IMAD.

Table 4b: Gross domestic product and primary incomes

Structure in %, current prices

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
1. Compensation of employees	**51.1**	**51.0**	**49.6**	**48.9**	**48.7**	**49.4**	**49.4**	**49.9**	**51.0**	**51.6**	**51.9**
Wages and salaries	43.8	43.6	42.5	42.0	41.8	42.5	42.5	42.8	43.8	44.3	44.6
Employers' social contributions	7.2	7.4	7.1	6.9	7.0	6.9	6.9	7.0	7.2	7.3	7.3
2. Taxes on production and imports	**14.1**	**14.6**	**15.0**	**15.0**	**14.9**	**14.8**	**14.4**	**14.3**	**13.9**	**13.6**	**13.4**
Taxes on products and services	13.0	13.3	13.7	13.6	13.6	13.5	13.2	13.0	12.7	12.4	12.2
Other taxes on production	1.1	1.3	1.4	1.3	1.3	1.3	1.2	1.3	1.2	1.2	1.2
3. Subsidies	**1.7**	**1.7**	**1.8**	**1.5**	**1.4**	**1.4**	**1.3**	**1.3**	**1.2**	**1.3**	**1.2**
Subsidies on products and services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other subsidies on production	1.6	1.6	1.8	1.5	1.3	1.3	1.3	1.3	1.1	1.2	1.1
4. Gross operating surplus / mixed income	**36.5**	**36.1**	**37.3**	**37.7**	**37.7**	**37.2**	**37.5**	**37.2**	**36.3**	**36.1**	**35.9**
Consumption of fixed capital	20.0	21.1	21.1	20.7	20.6	20.0	19.3	19.0	18.5	18.5	18.5
Net operating surplus	16.5	15.1	16.1	16.9	17.1	17.1	18.2	18.3	17.8	17.6	17.4
5. Gross domestic product (5=1+2-3+4)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source of data: SURS, forecasts by IMAD.

Table 5a: Gross domestic product by expenditures

EUR million, current prices

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**37,058.6**	**36,253.3**	**36,454.3**	**37,634.3**	**38,852.6**	**40,366.6**	**42,987.1**	**45,754.8**	**48,242.1**	**50,910.2**	**53,580.8**
2	EXPORTS OF GOODS AND SERVICES	26,032.6	26,425.6	27,055.1	28,659.2	29,974.3	31,474.4	35,752.7	39,064.8	42,499.5	45,100.4	47,745.9
3	IMPORTS OF GOODS AND SERVICES	25,581.8	25,193.4	25,350.3	26,117.4	26,865.5	28,024.2	31,943.0	35,276.2	38,889.5	41,539.5	44,273.0
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	450.8	1,232.2	1,704.8	2,541.7	3,108.8	3,450.2	3,809.7	3,788.7	3,610.0	3,560.8	3,472.9
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	36,607.8	35,021.1	34,749.5	35,092.6	35,743.8	36,916.3	39,177.4	41,966.1	44,632.1	47,349.4	50,108.0
6	FINAL CONSUMPTION (6=7+8)	28,569.8	28,220.3	27,609.3	27,801.3	28,298.3	29,472.8	30,558.1	32,315.9	34,221.3	35,998.5	37,738.2
7	PRIVATE CONSUMPTION	20,949.5	20,840.7	20,449.4	20,692.9	20,985.0	21,759.9	22,635.4	23,922.1	25,295.0	26,559.6	27,780.8
	- Households	20,587.3	20,503.2	20,107.0	20,339.1	20,640.2	21,416.4	22,277.8	23,542.2	24,902.5	26,150.3	27,353.6
	- NPISH's	362.2	337.5	342.4	353.8	344.8	343.5	357.6	379.9	392.5	409.4	427.2
8	GOVERNMENT CONSUMPTION	7,620.3	7,379.5	7,159.9	7,108.4	7,313.3	7,712.9	7,922.6	8,393.8	8,926.3	9,438.9	9,957.4
9	GROSS CAPITAL FORMATION (9=10+11)	8,038.0	6,800.8	7,140.2	7,291.3	7,445.6	7,443.6	8,619.3	9,650.3	10,410.8	11,350.9	12,369.8
10	GROSS FIXED CAPITAL FORMATION	7,391.1	6,899.6	7,157.3	7,191.0	7,247.8	7,019.4	7,874.7	8,798.9	9,622.8	10,539.0	11,564.0
11	CHANGES IN INVENTORIES AND VALUABLES	646.9	-98.8	-17.1	100.3	197.8	424.2	744.7	851.4	788.0	811.9	805.8

Source of data: SURS, forecasts by IMAD.

Table 5b: Gross domestic product by expenditures

Structure in %, current prices

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
										forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2	EXPORTS OF GOODS AND SERVICES	70.2	72.9	74.2	76.2	77.1	78.0	83.2	85.4	88.1	88.6	89.1
3	IMPORTS OF GOODS AND SERVICES	69.0	69.5	69.5	69.4	69.1	69.4	74.3	77.1	80.6	81.6	82.6
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	1.2	3.4	4.7	6.8	8.0	8.5	8.9	8.3	7.5	7.0	6.5
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	98.8	96.6	95.3	93.2	92.0	91.5	91.1	91.7	92.5	93.0	93.5
6	FINAL CONSUMPTION (6=7+8)	77.1	77.8	75.7	73.9	72.8	73.0	71.1	70.6	70.9	70.7	70.4
7	PRIVATE CONSUMPTION	56.5	57.5	56.1	55.0	54.0	53.9	52.7	52.3	52.4	52.2	51.8
	- Households	55.6	56.6	55.2	54.0	53.1	53.1	51.8	51.5	51.6	51.4	51.1
	- NPISH's	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8
8	GOVERNMENT CONSUMPTION	20.6	20.4	19.6	18.9	18.8	19.1	18.4	18.3	18.5	18.5	18.6
9	GROSS CAPITAL FORMATION (9=10+11)	21.7	18.8	19.6	19.4	19.2	18.4	20.1	21.1	21.6	22.3	23.1
10	GROSS FIXED CAPITAL FORMATION	19.9	19.0	19.6	19.1	18.7	17.4	18.3	19.2	19.9	20.7	21.6
11	CHANGES IN INVENTORIES AND VALUABLES	1.7	-0.3	0.0	0.3	0.5	1.1	1.7	1.9	1.6	1.6	1.5

Source of data: SURS, forecasts by IMAD.

Table 6a: Gross domestic product by expenditures

EUR million

		constant previous year prices								constant 2018 prices		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
											forecast	
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**36,677.1**	**36,080.4**	**35,880.1**	**37,463.4**	**38,466.0**	**40,065.5**	**42,317.6**	**44,757.4**	**47,054.8**	**48,445.0**	**49,741.0**
2	EXPORTS OF GOODS AND SERVICES	24,978.2	26,161.7	27,234.8	28,681.3	30,018.0	31,914.7	34,871.8	38,115.9	42,111.4	44,236.3	46,356.8
3	IMPORTS OF GOODS AND SERVICES	24,209.6	24,677.4	25,725.4	26,404.1	27,245.3	28,652.1	31,010.8	34,394.2	38,531.2	40,760.4	42,987.8
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	768.6	1,484.3	1,509.4	2,277.2	2,772.6	3,262.5	3,861.0	3,721.7	3,580.2	3,475.8	3,368.9
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	35,908.5	34,596.2	34,370.7	35,186.3	35,693.4	36,803.0	38,456.6	41,035.6	43,474.6	44,969.1	46,372.0
6	FINAL CONSUMPTION (6=7+8)	28,001.1	27,931.8	27,255.5	27,923.8	28,387.8	29,392.6	29,985.9	31,585.8	33,304.8	34,132.2	34,829.4
7	PRIVATE CONSUMPTION	20,584.2	20,490.6	20,020.4	20,781.5	21,112.7	21,899.6	22,251.5	23,409.7	24,726.3	25,403.6	25,974.2
	- Households	20,226.5	20,153.6	19,677.9	20,427.7	20,769.2	21,558.7	21,900.9	23,037.6	24,342.6	25,012.1	25,574.8
	- NPISH's	357.7	337.0	342.5	353.8	343.5	340.9	350.6	372.1	383.7	391.6	399.4
8	GOVERNMENT CONSUMPTION	7,416.9	7,441.2	7,235.1	7,142.3	7,275.1	7,493.1	7,734.4	8,176.1	8,578.5	8,728.6	8,855.2
9	GROSS CAPITAL FORMATION (9=10+11)	7,907.4	6,664.3	7,115.3	7,262.4	7,305.6	7,410.3	8,470.7	9,449.9	10,169.8	10,836.9	11,542.7
10	GROSS FIXED CAPITAL FORMATION	7,287.4	6,759.2	7,136.3	7,152.8	7,103.8	6,980.2	7,747.0	8,617.1	9,397.2	10,040.9	10,748.8
11	CHANGES IN INVENTORIES AND VALUABLES	620.0	-94.9	-21.0	109.6	201.8	430.1	723.7	832.7	772.6	796.0	793.8

Source of data: SURS, forecasts by IMAD.

Table 6b: Gross domestic product by expenditures

Real growth rates in %

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
											forecast	
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**0.9**	**-2.6**	**-1.0**	**2.8**	**2.2**	**3.1**	**4.8**	**4.1**	**2.8**	**3.0**	**2.7**
2	EXPORTS OF GOODS AND SERVICES	6.9	0.5	3.1	6.0	4.7	6.5	10.8	6.6	7.8	5.0	4.8
3	IMPORTS OF GOODS AND SERVICES	5.3	-3.5	2.1	4.2	4.3	6.7	10.7	7.7	9.2	5.8	5.5
4	*EXTERNAL BALANCE OF GOODS AND SERVICES*[1]	*1.1*	*2.8*	*0.8*	*1.6*	*0.6*	*0.4*	*1.0*	*-0.2*	*-0.5*	*-0.2*	*-0.2*
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	-0.2	-5.5	-1.9	1.3	1.7	3.0	4.2	4.7	3.6	3.4	3.1
6	FINAL CONSUMPTION (6=7+8)	0.6	-2.2	-3.4	1.1	2.1	3.9	1.7	3.4	3.1	2.5	2.0
7	PRIVATE CONSUMPTION	0.8	-2.2	-3.9	1.6	2.0	4.4	2.3	3.4	3.4	2.7	2.2
	- Households	0.8	-2.1	-4.0	1.6	2.1	4.5	2.3	3.4	3.4	2.7	2.2
	- NPISH's	-1.1	-6.9	1.5	3.3	-2.9	-1.1	2.1	4.1	1.0	2.0	2.0
8	GOVERNMENT CONSUMPTION	-0.1	-2.4	-2.0	-0.2	2.3	2.5	0.3	3.2	2.2	1.7	1.4
9	GROSS CAPITAL FORMATION (9=10+11)	-2.8	-17.1	4.6	1.7	0.2	-0.5	13.8	9.6	5.4	6.6	6.5
10	GROSS FIXED CAPITAL FORMATION	-4.9	-8.5	3.4	-0.1	-1.2	-3.7	10.4	9.4	6.8	6.8	7.0
11	*CHANGES IN INVENTORIES AND VALUABLES*[1]	*0.4*	*-2.0*	*0.2*	*0.3*	*0.3*	*0.6*	*0.7*	*0.2*	*-0.2*	*0.0*	*0.0*

Source of data: SURS, forecasts by IMAD.
Note: [1] Contribution to real GDP growth (percentage points).

Table 7: Balance of payments - balance of payments statistics

EUR million

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
I. CURRENT ACCOUNT	**-302**	**479**	**1,204**	**1,924**	**1,482**	**1,942**	**2,635**	**2,593**	**2,348**	**2,398**	**2,289**
1. GOODS	-974	-81	708	1,181	1,476	1,536	1,579	1,128	636	372	68
1.1. Exports of goods	21,042	21,256	21,692	22,961	24,039	24,991	28,478	31,133	33,876	35,855	37,896
1.2. Imports of goods	22,016	21,337	20,984	21,780	22,563	23,454	26,899	30,005	33,239	35,484	37,828
2. SERVICES	1,179	1,220	1,422	1,454	1,634	1,925	2,241	2,678	2,994	3,211	3,427
2.1. Exports	4,972	5,151	5,368	5,699	5,940	6,501	7,288	7,963	8,659	9,282	9,889
- Transport	1,309	1,346	1,398	1,529	1,654	1,839	2,076	2,335	2,496	2,660	2,835
- Travel	2,041	2,053	2,094	2,140	2,162	2,271	2,523	2,704	2,863	3,022	3,175
- Other	1,622	1,752	1,877	2,030	2,124	2,391	2,689	2,924	3,300	3,601	3,880
2.2. Imports	3,794	3,932	3,946	4,245	4,306	4,575	5,047	5,285	5,665	6,072	6,462
- Transport	725	713	738	814	846	917	1,005	1,007	1,085	1,150	1,218
- Travel	1,111	1,065	1,068	1,119	1,109	1,176	1,322	1,389	1,498	1,595	1,682
- Other	1,958	2,153	2,140	2,311	2,351	2,482	2,720	2,889	3,082	3,327	3,562
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	**205**	**1,138**	**2,130**	**2,636**	**3,110**	**3,462**	**3,820**	**3,807**	**3,630**	**3,582**	**3,496**
Exports of goods and services	26,015	26,407	27,060	28,660	29,979	31,491	35,766	39,097	42,534	45,138	47,785
Imports of goods and services	25,810	25,269	24,930	26,025	26,869	28,029	31,946	35,290	38,904	41,555	44,290
3. PRIMARY INCOME	**-524**	**-585**	**-562**	**-437**	**-1,255**	**-1,139**	**-886**	**-807**	**-713**	**-597**	**-545**
3.1. Receipts	960	681	590	888	1,070	1,259	1,374	1,592	1,585	1,531	1,555
- Compensation of employees	127	166	205	238	302	355	378	454	508	540	570
- Investment	580	207	54	368	511	637	703	792	737	646	653
- Other primary income	253	309	331	282	258	267	293	345	340	345	332
3.2. Expenditure	1,483	1,266	1,152	1,325	2,326	2,398	2,260	2,399	2,298	2,128	2,100
- Compensation of employees	101	99	105	118	126	132	149	173	195	213	231
- Investment	1,328	1,097	917	1,063	2,057	2,081	1,929	2,022	1,893	1,696	1,643
- Other primary income	54	70	130	144	143	184	182	204	210	219	226
4. SECONDARY INCOME	**17**	**-74**	**-364**	**-274**	**-372**	**-381**	**-299**	**-406**	**-568**	**-588**	**-661**
4.1. Receipts	993	930	629	706	730	713	828	789	764	789	768
4.2. Expenditure	976	1,004	994	980	1,103	1,094	1,127	1,196	1,333	1,377	1,430
II. CAPITAL ACCOUNT	**-85**	**41**	**162**	**79**	**412**	**-303**	**-324**	**-225**			
1. Non-produced non-financial assets	-12	-4	-10	-24	-37	-45	-76	-47			
2. Capital transfers	-73	45	172	102	449	-258	-248	-178			
III. FINANCIAL ACCOUNT	**-248**	**21**	**1,619**	**2,273**	**1,774**	**1,187**	**2,088**	**2,527**			
1. Direct investment	-640	-466	-47	-584	-1,269	-864	-495	-933			
- Assets	-3	-439	24	155	292	434	570	362			
- Liabilities	636	27	71	739	1,560	1,298	1,065	1,295			
2. Portfolio investment	-1,758	250	-4,097	-3,954	3,035	5,023	2,987	750			
3 Financial derivatives	155	89	27	-51	-98	-270	-185	-86			
4. Other investment	2,066	178	5,731	6,773	219	-2,606	-308	2,743			
4.1. Assets	716	557	912	4,801	-653	-2,221	-1,381	2,031			
4.2. Liabilities	-1,350	379	-4,819	-1,972	-872	385	-1,073	-713			
5. Reserve assets	-72	-31	5	89	-113	-97	89	52			
IV. NET ERRORS AND OMISSIONS	**139**	**-499**	**254**	**270**	**-120**	**-452**	**-223**	**158**			

Source of data: BS, forecasts by IMAD.
Note: The Slovenian Balance of Payments and International Investment Position conforms to the methodology of the the IMF's 'Balance of Payments and International Investment Position Manual'.

Table 8: Labour market

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
LABOUR SUPPLY											
Activity rate (20-64 years, in %)	74.5	74.9	74.9	75.1	76.0	76.2	78.6	79.5	80.0	80.8	81.4
Active population (ILO definition - in thousands)	1,020	1,013	1,008	1,015	1,008	995	1,027	1,033	1,042	1,051	1,058
- yearly growth (in %)	-2.1	-0.6	-0.6	0.7	-0.7	-1.3	3.2	0.7	0.8	0.9	0.6
EMPLOYMENT AND UNEMPLOYMENT											
Employment (National accounts concept, in thousands)	947.2	938.3	927.7	931.7	943.9	960.7	989.4	1,020.7	1,046.2	1,061.1	1,069.1
- yearly growth (in %)	-1.7	-0.9	-1.1	0.4	1.3	1.8	3.0	3.2	2.5	1.4	0.8
Employment (ILO concept, in thousands)	936.2	923.7	906.0	917.0	917.6	915.1	959.0	980.5	997.2	1009.1	1017.2
- yearly growth (in %)	-3.1	-1.3	-1.9	1.2	0.1	-0.3	4.8	2.2	1.7	1.2	0.8
Employment rate (20-64 yeras, in %)	68.4	68.3	67.2	67.8	69.1	70.1	73.4	75.4	76.6	77.5	78.3
Formal employment (statistical register,in thousands) *	824.0	810.0	793.6	797.8	804.6	817.2	845.5	872.8	894.3	906.3	913.7
- yearly growth (in %)	-1.3	-1.7	-2.0	0.5	0.9	1.6	3.5	3.2	2.5	1.3	0.8
Paid employment (in thousands)	729.1	717.0	698.7	703.0	713.1	730.5	755.3	780.2	801.5	813.2	820.7
- yearly growth (in %)	-2.4	-1.6	-2.6	0.6	1.4	2.4	3.4	3.3	2.7	1.5	0.9
Self employed (in thousands)	94.9	93.0	94.9	94.8	91.6	86.7	90.2	92.6	92.8	93.1	93.1
- yearly growth (in %)	8.1	-2.1	2.1	-0.1	-3.4	-5.3	4.0	2.7	0.3	0.2	0.0
Unemployment (ILO concept, in thousands)	83.3	89.7	101.8	98.0	90.5	79.7	67.5	52.8	44.5	42.3	40.4
- yearly growth (in %)	10.8	7.7	13.5	-3.7	-7.7	-11.9	-15.3	-21.8	-15.7	-4.9	-4.5
Unemployment (registered, in thousands)	110.7	110.2	119.8	120.1	112.7	103.2	88.6	78.5	74.1	70.8	67.6
- yearly growth (in %)	10.1	-0.5	8.8	0.2	-6.1	-8.5	-14.1	-11.5	-5.5	-4.5	-4.5
Unemployment rate (ILO concept, in %)	8.2	8.9	10.1	9.7	9.0	8.0	6.6	5.1	4.3	4.0	3.8
Unemployment rate (registered, in %)	11.8	12.0	13.1	13.1	12.3	11.2	9.5	8.2	7.7	7.2	6.9

Sources of data: SURS, ESS, forecasts by IMAD and Eurostat.
Note: * According to the Statistical Register of Employment, including the estimate of self employed farmers.

Table 9: Indicators of international competitiveness

annual growth rates in %

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									forecast		
Effective exchange rate[1]											
Nominal	0.0	-1.4	0.9	0.2	-3.1	1.0	0.5	0.7	-0.2	0.3	0.0
Real - based on consumer prices	-1.0	-1.2	1.2	-0.2	-4.2	0.3	0.4	0.8	0.1	0.4	0.5
Real - based on ULC in economy as a whole	-1.9	-3.0	0.0	-1.5	-3.7	0.9	0.0	0.4	1.3	1.4	0.4
Unit labour costs components											
Nominal unit labour costs	-1.0	0.7	0.4	-1.1	0.6	1.8	1.2	3.0	4.5	3.6	2.9
Compensation of employees per employee	1.6	-1.0	0.5	1.2	1.5	3.1	3.0	3.9	4.9	5.1	4.9
Labour productivity, real [2]	2.6	-1.7	0.1	2.3	0.9	1.3	1.8	0.9	0.3	1.5	1.9
Real unit labour costs	-2.0	0.3	-1.2	-1.5	-0.4	1.0	-0.4	0.7	1.9	1.0	0.4
Labour productivity, nominal [3]	3.7	-1.2	1.7	2.8	1.9	2.1	3.4	3.2	2.9	4.1	4.5

Sources of data: SURS national accounts statistics, ECB, OECD, Consensus Forecasts, European Comision, calculations and forecasts by IMAD.
Notes: [1] Harmonised effective exchange rate - 37 group of trading partners; 19 extra Euro area and 18 Euro area countries; a rise in the value indicates appreciation and of national currency and vice versa. [2] GDP per employee (in constant prices); [3] GDP per employee (in current prices).

Table 10a: Consolidated general government revenues; GFS - IMF Methodology

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2011	2012	2013	2014	2015	2016	2017	2018
I. TOTAL GENERAL GOVERNMENT REVENUES	**14,982**	**14,999**	**14,728**	**15,494**	**15,714**	**15,842**	**16,803**	**18,593**
TAX REVENUES	**13,209**	**13,118**	**12,648**	**13,193**	**13,746**	**14,240**	**15,162**	**16,225**
TAXES ON INCOME AND PROFIT	2,724	2,657	2,137	2,386	2,585	2,681	2,967	3,296
Personal income tax	2,054	2,077	1,868	1,916	1,986	2,079	2,197	2,447
Corporate income tax	668	577	265	468	595	599	766	846
SOCIAL SECURITY CONTRIBUTIONS	5,268	5,244	5,127	5,272	5,474	5,721	6,092	6,550
TAXSES ON PAYROLL AND WORKFORCE	29	26	23	20	20	20	21	22
TAXES ON PROPERTY	215	234	254	245	238	256	274	278
DOMESTIC TAXES ON GOODS AND SERVICES	4,856	4,876	5,027	5,191	5,347	5,433	5,723	5,989
Value added tax	2,992	2,905	3,029	3,153	3,229	3,272	3,504	3,757
Excise duties	1,462	1,560	1,491	1,491	1,515	1,551	1,585	1,560
TAXES ON INTERN. TRADE AND TRANSACTIONS	100	83	77	78	82	82	83	90
OTHER TAXES	17	-1	1	0	1	48	1	0
NON-TAX REVENUES	**829**	**912**	**989**	**1,184**	**956**	**963**	**1,089**	**1,351**
CAPITAL REVENUES	65	63	67	53	96	96	91	153
DONATIONS RECEIVED	**10**	**9**	**33**	**19**	**12**	**10**	**9**	**12**
TRANSFERED REVENUES	**54**	**52**	**53**	**5**	**21**	**51**	**52**	**56**
RECEIPTS FROM THE EU BUDGET	**815**	**845**	**938**	**1,040**	**882**	**481**	**399**	**797**

Source of data: MF, Ministry of Finance Bulletin and Government Finance Accounts of the Republic of Slovenia, SURS.

Table 10b: Consolidated general government revenues; GFS - IMF Methodology

per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2011	2012	2013	2014	2015	2016	2017	2018
I. TOTAL GENERAL GOVERNMENT REVENUES	**40.4**	**41.4**	**40.4**	**41.2**	**40.4**	**39.2**	**39.1**	**40.6**
TAX REVENUES	**35.6**	**36.2**	**34.7**	**35.1**	**35.4**	**35.3**	**35.3**	**35.5**
TAXES ON INCOME AND PROFIT	7.3	7.3	5.9	6.3	6.7	6.6	6.9	7.2
Personal income tax	5.5	5.7	5.1	5.1	5.1	5.1	5.1	5.3
Corporate income tax	1.8	1.6	0.7	1.2	1.5	1.5	1.8	1.8
SOCIAL SECURITY CONTRIBUTIONS	14.2	14.5	14.1	14.0	14.1	14.2	14.2	14.3
TAXSES ON PAYROLL AND WORKFORCE	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
TAXES ON PROPERTY	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6
DOMESTIC TAXES ON GOODS AND SERVICES	13.1	13.5	13.8	13.8	13.8	13.5	13.3	13.1
Value added tax	8.1	8.0	8.3	8.4	8.3	8.1	8.2	8.2
Excise duties	3.9	4.3	4.1	4.0	3.9	3.8	3.7	3.4
TAXES ON INTERN. TRADE AND TRANSACTIONS	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
OTHER TAXES	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
NON-TAX REVENUES	**2.2**	**2.5**	**2.7**	**3.1**	**2.5**	**2.4**	**2.5**	**3.0**
CAPITAL REVENUES	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.3
DONATIONS RECEIVED	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**
TRANSFERED REVENUES	**0.1**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**
RECEIPTS FROM THE EU BUDGET	**2.2**	**2.3**	**2.6**	**2.8**	**2.3**	**1.2**	**0.9**	**1.7**

Source of data: MF, Ministry of Finance Bulletin and Government Finance Accounts of the Republic of Slovenia, SURS.

Table 11a: Consolidated general government expenditure; GFS - IMF Methodology

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2011	2012	2013	2014	2015	2016	2017	2018
II. TOTAL EXPENDITURES	**16,546**	**16,126**	**16,286**	**16,755**	**16,956**	**16,497**	**17,102**	**18,067**
CURRENT EXPENDITURE	**6,927**	**6,814**	**6,838**	**7,043**	**7,168**	**7,407**	**7,733**	**7,967**
WAGES AND OTHER PERSONNEL EXPENDITURE	3,330	3,185	3,114	3,116	3,124	3,278	3,406	3,583
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	553	543	503	494	486	508	533	585
PURCHASES OF GOODS AND SERVICES	2,443	2,373	2,239	2,233	2,311	2,371	2,627	2,633
INTEREST PAYMENTS	527	648	840	1,097	1,043	1,074	985	868
RESERVES	74	65	143	103	204	176	183	297
CURRENT TRANSFERS	**7,819**	**7,687**	**7,671**	**7,592**	**7,540**	**7,700**	**7,913**	**8,235**
SUBSIDIES	496	503	520	467	399	397	425	444
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	6,533	6,384	6,343	6,335	6,371	6,496	6,665	6,925
OTHER CURRENT TRANSFERS	789	800	809	789	770	807	822	866
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	**1,396**	**1,235**	**1,351**	**1,717**	**1,815**	**962**	**1,078**	**1,431**
CAPITAL EXPENDITURE	1,024	915	1,032	1,451	1,520	784	891	1,159
CAPITAL TRANSFERS	372	320	319	266	295	178	187	273
PAYMENTS TO THE EU BUDGET	**405**	**390**	**425**	**403**	**433**	**427**	**378**	**433**
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	**-1,564**	**-1,127**	**-1,558**	**-1,261**	**-1,242**	**-654**	**-299**	**526**

Source of data: MF, Ministry of Finance Bulletin and Government Finance Accounts of the Republic of Slovenia, SURS.

Table 11b: Consolidated general government expenditure; GFS - IMF Methodology

Per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2011	2012	2013	2014	2015	2016	2017	2018
II. TOTAL EXPENDITURES	**44.6**	**44.5**	**44.7**	**44.5**	**43.6**	**40.9**	**39.8**	**39.5**
CURRENT EXPENDITURE	**18.7**	**18.8**	**18.8**	**18.7**	**18.5**	**18.3**	**18.0**	**17.4**
WAGES AND OTHER PERSONNEL EXPENDITURE	9.0	8.8	8.5	8.3	8.0	8.1	7.9	7.8
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	1.5	1.5	1.4	1.3	1.3	1.3	1.2	1.3
PURCHASES OF GOODS AND SERVICES	6.6	6.5	6.1	5.9	5.9	5.9	6.1	5.8
INTEREST PAYMENTS	1.4	1.8	2.3	2.9	2.7	2.7	2.3	1.9
RESERVES	0.2	0.2	0.4	0.3	0.5	0.4	0.4	0.7
CURRENT TRANSFERS	**21.1**	**21.2**	**21.0**	**20.2**	**19.4**	**19.1**	**18.4**	**18.0**
SUBSIDIES	1.3	1.4	1.4	1.2	1.0	1.0	1.0	1.0
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	17.6	17.6	17.4	16.8	16.4	16.1	15.5	15.1
OTHER CURRENT TRANSFERS	2.1	2.2	2.2	2.1	2.0	2.0	1.9	1.9
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	**3.8**	**3.4**	**3.7**	**4.6**	**4.7**	**2.4**	**2.5**	**3.1**
CAPITAL EXPENDITURE	2.8	2.5	2.8	3.9	3.9	1.9	2.1	2.5
CAPITAL TRANSFERS	1.0	0.9	0.9	0.7	0.8	0.4	0.4	0.6
PAYMENTS TO THE EU BUDGET	**1.1**	**1.1**	**1.2**	**1.1**	**1.1**	**1.1**	**0.9**	**0.9**
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	**-4.2**	**-3.1**	**-4.3**	**-3.4**	**-3.2**	**-1.6**	**-0.7**	**1.2**

Source of data: MF, Ministry of Finance Bulletin and Government Finance Accounts of the Republic of Slovenia, SURS.

Acronyms

Acronyms in the text

BoS – Bank of Slovenia, **CPI** – consumer price index, **EC** – European Commission, **ECB** – European Central Bank, **EIA** – Energy Information Administration, **ESS** – Employment Service of Slovenia, **EU** – European union, **EUR** – Euro, **GDP** – Gross domestic product, **GFS** – Government Finance Statistics, **HICP**-Harmonised Index of Consumer Prices, **IER** – Institute for Economic Research, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **LFS**- Labour Force Survey, **NPISHs** – Non-Profit Institutions Serving Households, **OECD** – Organization for Economic Co-operation and Development, **SURS** – Statistical Office of the Republic of Slovenia, **TR** – Current Account, **UK** – United Kingdom, **ULC** – Unit Labour Costs, **USA** – United States of America, **USD** – US Dollar.

autumn forecast of economic trends 2019

ISSN 2536-3107